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Lichfield district council

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Monday, 31 January 2022

Dear Sir/Madam

CABINET

A meeting of the Cabinet has been arranged to take place on **TUESDAY, 8TH FEBRUARY, 2022 at 6.00 PM IN THE COUNCIL CHAMBER** District Council House, Lichfield to consider the following business.

Access to the Council Chamber is via the Members' Entrance.

Yours faithfully

Christie Tims
Chief Operating Officer

To: Members of Cabinet

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

AGENDA

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"

Medium Term Financial Strategy

Report of the Cabinet Member for Finance, Procurement and Revenues & Benefits

Date:	8 February 2022
Agenda Item:	3
Contact Officer:	Simon Fletcher / Anthony Thomas
Tel Number:	01543 308001 / 01543 308012
Email:	simon.fletcher@lichfielddc.gov.uk Anthony.thomas@lichfielddc.gov.uk
Key Decision?	**YES**
Local Ward Members	Full Council

Lichfield district council

Cabinet

1. Executive Summary

The Medium Term Financial Strategy (MTFS)

1.1 The ability to deliver the outcomes set out in the **Strategic Plan** is dependent on the resources available in the MTFS.

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

1.3 The timetable for consideration of the various elements of the MTFS is detailed in the table below:

Date		Meeting	Topics
	06/07/2021	Cabinet	Budget timetable, Budget principles, MTFS update, Budget consultation and budget assumptions for 2022/23
	16/09/2021	Overview and Scrutiny Committee	To review the Draft Medium Term Financial Strategy
Budget Consultation (Oct to Nov)	05/10/2021	Cabinet (withdrawn)	An update on the Draft Medium Term Financial Strategy
Budget Consultation (Oct to Nov)	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

1.4 There remains 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.

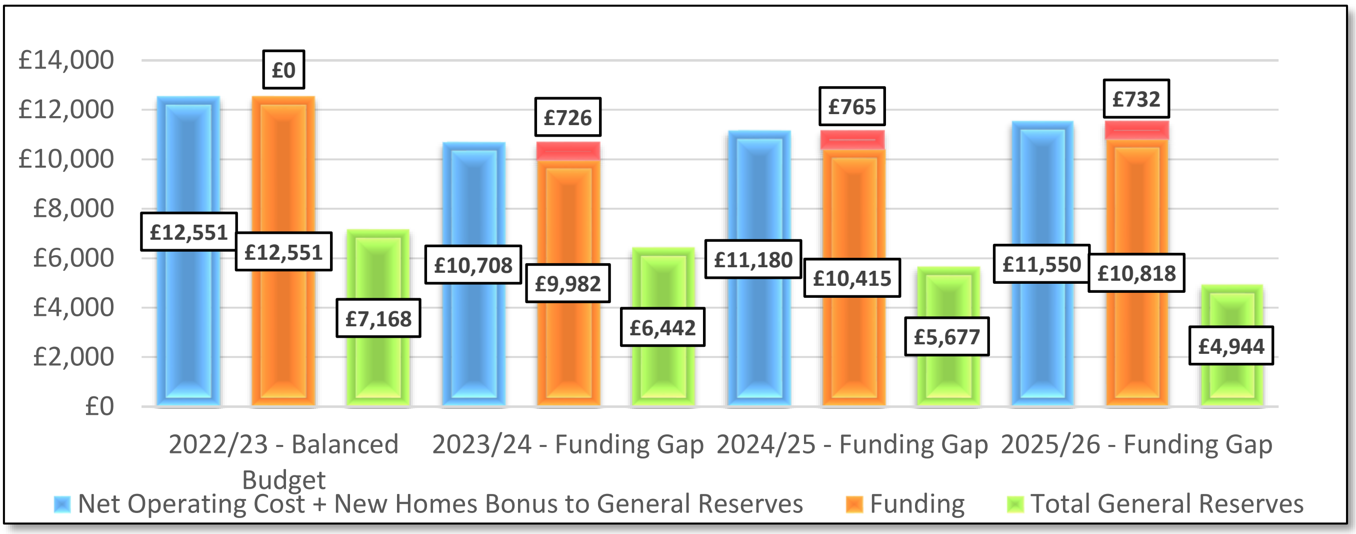
1.5 The Council has a statutory duty to undertake budget consultation, set a balanced budget and to calculate the level of Council tax for its area.

1.6 This report updates forecasts from those provided at the Cabinet meeting on 6 July 2021, following review by Overview and Scrutiny Committee, review by Audit and Member Standards Committee, receipt of the Provisional Local Government Finance Settlement for 2022/23 and further develops the planned approach to closing the projected funding gap in the revenue budget.

1.7 A very small number of updates have been made to detailed information contained in earlier reports to Overview and Scrutiny Committee and Audit and Member Standards Committee to reflect the availability of more up to date or accurate information.

The Revenue Budget

1.8 The Revenue Budget (in £000) with a balanced budget in 2022/23 and Funding Gaps (shown in red in the graph below) in later years is shown in detail at **APPENDIX A** and in summary below:



1.9 The Original Budget for 2021/22 approved by Council on 16 February 2021 approved a balanced budget.

1.10 A report elsewhere on this agenda related to financial performance in 2021/22 shows a projected contribution to General Reserves of **£173,670** compared to the Approved Budget with a **£199,350** contribution to General Reserves.

1.11 The MTFS from 2022/23 onwards has been prepared in the context of unprecedented volatility and uncertainty and whilst estimates have been made on the potential impact, there remains significant uncertainty in 2022/23 and subsequent years.

1.12 The Council is legally required to balance the budget in the first year of 2022/23 and to set out its proposals to balance the further financial years. In 2022/23 a 'balanced budget' where income equals expenditure is recommended.

1.13 In later years, it is assumed that the Review of Needs and Resources (Fair Funding Review), Business Rates Reform and a new housing incentive scheme will be implemented from 2023/24. It is projected that District Councils including Lichfield DC will be detrimentally impacted by these changes through lower funding and therefore at this stage Funding Gaps are projected.

1.14 At the end of 2022/23, the Council is projected to have **£5,568,000** of general reserves available (£7,168,000 of total general reserves less the Minimum Level of Reserves of £1,600,000) to assist with balancing the budget in future years, if needed.

1.15 General Reserves based on current projections, are sufficient to balance the budget until 2025/26. However this is not a sustainable approach and the Council will need to continue to make savings or achieve additional income to close the Funding Gap.

1.16 As part of the Revenue Budget, a Corporate Fees and Charges Policy shown at **APPENDIX B** is also recommended for approval.

The Capital Strategy, the Capital Programme and Treasury Management

1.17 The Capital Strategy, the Capital Programme and Treasury Management related items are outlined in **APPENDICES C, D, E, F and G.**

The CFO's Report on the Robustness of the Budget and the Adequacy of Reserves

1.18 In accordance with the Local Government Act 2003 (Sections 25-27) and to comply with CIPFA Guidance on Local Authority Reserves and Balances, the CFO is required to formally report to Members on the robustness of the Budget and the adequacy of Reserves **(APPENDIX H)**.

Budget Consultation

1.19 The results of the Budget Consultation for 2022/23 are summarised in the consultation section and the executive summary is provided at **APPENDIX I** with the full results on the website.

2. Recommendations

That Cabinet recommend to Council for approval:

2.1 The 2022/23 Revenue Budget, including the Amount to be met from Government Grants and Local Taxpayers of **£12,551,000**, the District Council Tax Requirement of **£7,456,000** and a proposed level of Council Tax (the District Council element) for 2022/23 of **£187.85** (an increase of **£2.78** or **1.50%**) for a Band D equivalent property.

2.2 The MTFS 2021-26 Revenue Budgets and 25 year Revenue Budget model set out in **APPENDIX A**.

2.3 The Corporate Fees and Charges Policy at **APPENDIX B**.

2.4 The MTFS 2021-26 Capital Strategy including the 25 year capital investment model and the Capital Programme shown in **APPENDICES C & D**.

2.5 The Minimum Revenue Provision Statement for 2022/23, at **APPENDIX E**, which sets out the Council's policy of using the asset life method for making prudent provision for debt redemption.

2.6 Treasury Management Strategy Statement for 2022/23 including proposed limits shown at **APPENDIX F**. The only change being proposed is to increase the limits and indicators to enable an increase in Strategic Pooled Fund investments from **£10m** to **£15m**.

2.7 The Investment Strategy Report **(APPENDIX G)** including the proposed limits for 2022/23.

2.8 The Capital and Treasury Prudential Indicators for 2021-26 in the financial implications section.

2.9 The Authorised Limit Prudential Indicator shown within the financial implications section.

2.10 The CFO's report on the robustness of the Budget and adequacy of Reserves shown in **APPENDIX H** in compliance with the requirements and duties of the Local Government Act 2003.

That Cabinet:

2.11 Delegate responsibility to the Cabinet Member for Finance, Procurement and Revenues & Benefits and the Head of Finance and Procurement to repay any external loans where there is an economic benefit to the Council and this can be achieved through the use of existing approved budgets.

3. Background

MTFS Budget Principles

3.1. To assist in preparing the Medium Term Financial Strategy, in common with a number of Councils, a set of principles were established to guide the preparation and management of the MTFS.

3.2. 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.

The Provisional Local Government Finance Settlement for 2022/23

3.3. The elements of the Provisional Finance Settlement for 2022/23 received on **16 December 2021**, relevant to this Council are:

Core Spending Power (CSP)

- A one-year settlement has been announced for 2022-23.
- Priority in the settlement is "stability in the immediate term", with a more fundamental review of local government funding starting in 2022.
- Core Spending Power is the Government's preferred measure of Local Government resources including the income from Council Tax, retained Business Rates (based on Government baselines and therefore excluding any retained growth) and grants such as New Homes Bonus.
- For Lichfield District Council, Core Spending Power from 2021/22 to 2022/23 is assumed to increase by **5.2%** compared to the average for Shire Districts of **4.3%** and for England of **6.9%** (**4%** in real terms):

	Core Spending Power		
	2021/22 £	**2022/23** £	**Change** £
Retained Business Rates - Baseline	£2,116,752	£2,117,089	£337
Additional Business Rate related Income	£110,292	£173,922	£63,630
Council Tax (assumes maximum allowable increase and average historic growth in properties)	£7,197,631	£7,488,089	£290,458
Lower Tier Services Grant	£151,399	£94,952	(£56,447)
Services Grant	£0	£145,924	£145,924
New Homes Bonus	£1,282,298	£1,401,105	£118,807
Total	**£10,858,372**	**£11,421,081**	**£562,709**
			5.2%

- A comparison of Lichfield District Council's **5.2%** increase to other comparators is shown at **APPENDIX A**.
- The **5.2%** assumes Council Tax will increase by the maximum allowed – **c70%** of the additional income is assumed to come from this option.
- In its CSP figures, DLUHC has assumed that the tax base will increase in 2022-23 by **1.4%** in line with the CTB1 submitted in 2021 – **c30%** of the additional income is assumed to come from this option.

Local Government Funding Reform

- Ministers will be re-starting the local government funding reforms in the spring of 2022. This means that the Fair Funding Review and Business Rates baseline reset are both going to be under consideration again, for possible implementation in 2023-24.
- The following announcement was made:

  Government is committed to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources. The data used to assess this has not been updated in a number of years, dating from 2013-14 to a large degree, and even as far back as 2000. Over the coming months, we will work closely with the sector and other stakeholders to update this and to look at the challenges and opportunities facing the sector before consulting on any potential changes. As part of this we will look at options to support local authorities through transitional protection. Councils should note the one-off 2022/23 Services Grant provided in the Local Government Finance Settlement in 2022/23 will be excluded from potential transitional protections

Business Rates

- Staffordshire and Stoke on Trent Business Rates Pool announced for 2022/23 subject to all authorities confirming participation following the Provisional Settlement.
- The Business Rates reset has not been implemented for 2022/23 and therefore the Council will retain its accumulated Business Rates growth in excess of the Government set baseline level.

Council Tax Principles

- District Councils will be able to increase their Band D by the higher of **1.99%** or **£5**. A **£5** increase for Lichfield District Council equates to an increase of **2.70%**.
- Parish councils will continue to not be subject to the referendum limits. As in previous years, the government has indicated it will keep this approach under review for future years.

New Homes Bonus (NHB)

- A one year only allocation for 2022/23 which for Lichfield District Council is **£721,230** and the total payment including legacy payments for previous years is **£1,401,105**. This compares to the payment in 2021/22 of **£1,282,298**, and is an increase of **£118,807** (**9%**).
- There have been no changes to the scheme for 2022/23, with a single year's new allocation made alongside the outstanding legacy payment for 2019/20. There is no planned legacy payment for 2022/23 (as in 2020/21 and 2021/22).

Negative Revenue Support Grant

- This has once again been abated for 2022/23.

Lower Tier Services Grant

- The 'one off' grant for 2021/22 of £111m has been extended into 2022/23 to ensure no authority has a reduction in Core Spending Power.
- For Lichfield District Council, the allocation is **£94,952.**

Services Grant

- This new £822m grant has been distributed using the same methodology as is used for Revenue Support Grant.
- For Lichfield District Council, the allocation is **£145,924.**
- It would appear that this means of distribution is for one year only and that (a) whilst the funding will remain in future years, it will be distributed differently and (b) the government has confirmed there will be no transition arrangements for changes to this aspect of the CSP in future years.

3.4. The Provisional Settlement is subject to the outcome of consultation and the Council responded to this by 13 January 2022.

3.5. The Settlement is more advantageous that the assumptions used in the Draft MTFS. This because the Provisional Settlement included an additional New Homes Bonus payment for 2022/23, some additional 'one off' grant funding and because Local Government Finance Reform has been delayed by at least a further year, business rate growth will be retained. This additional funding means that the level of uncertainty for 2022/23 can be reduced to **Medium**.

3.6. However the financial benefits at this stage, only impact on 2022/23 with the majority of key income streams (Business Rates, Review of Needs and Resources/Fair Funding Review and New Homes Bonus) currently being reviewed for implementation potentially in 2023/24. Therefore the level of uncertainty or risk from **2023/24** remains as **High**.

The Revenue Budget

3.7. The Draft Revenue Budget has been updated to reflect:

- The inclusion of updated projections from the 6 and 8 month Money Matters Reports.
- The inclusion of financial implications from any further Approved Reports.
- The Provisional Local Government Finance Settlement with the 'windfall' benefit recommended to be transferred to the Strategic Priorities earmarked reserve which can then be used to fund enabling works for economic growth based projects.
- Any significant inflationary or other changes identified from the detailed review of base budgets.
- The removal of the savings proposals detailed below following consultation with Cabinet:

Description	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Remove civic car	(3)	(3)	(3)	(3)
Remove civic function	(2)	(2)	(2)	(2)
No refreshments at elections	0	(1)	(1)	(1)
Closure of the Lichfield Shop mobility Service.	(4)	(4)	(4)	(4)
Closure of the three Burntwood Public Conveniences.	(7)	(7)	(7)	(7)
Sub Total - items removed	**(16)**	**(17)**	**(17)**	**(17)**

3.8. The inflationary impact compared to the approved Medium Term Financial Strategy is shown below:

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Inflation Changes	**10**	**17**	**24**	**31**

3.9. The budget variations compared to the approved Medium Term Financial Strategy are shown below:

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Employee profile changes	(3)	11	37	42
Additional contingency for COVID affected income streams	0	0	113	189
Windfall allocated to Strategic Priorities Earmarked Reserve	1,993	0	0	0
MTFS Savings/Income and Growth Bids				
Total growth bids	564	722	745	751
Total savings/income proposals	(2,087)	(2,424)	(2,505)	(2,595)
Total Budget Variations	**467**	**(1,691)**	**(1,610)**	**(1,613)**

3.10. The funding changes compared to the approved Medium Term Financial Strategy are shown below:

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Retained Business Rates – additional retained growth	(974)	(8)	(197)	(418)
Business Rates Cap – additional compensation grant	(174)	0	0	0
Council Tax – lower income from lower projected increases	95	234	289	303
New Homes Bonus – allocation in 2022/23 and then no awards	(721)	0	0	0
Lower Tier Services Grant – additional year	(95)	0	0	0
Services Grant – new one year grant	(146)	0	0	0
Council Tax Collection Fund – projected surpluses	(33)	(13)	0	0
Total Funding Changes	**(2,048)**	**213**	**92**	**(115)**

Modelled Changes and their Impact on the Revenue Budget and the Funding Gap

3.11 The Revenue Budget central scenario modelled changes and their impact on the Funding Gap, together with scenarios based on more optimistic and more pessimistic assumptions, is summarised below:

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Approved MTFS Revenue Budget Funding Gap	**1,571**	**2,187**	**2,259**	**2,429**
Inflation Changes	10	17	24	31
Budget Variations	467	(1,691)	(1,610)	(1,613)
Funding Changes	(2,048)	213	92	(115)
Sub Total Modelled Changes	**(1,571)**	**(1,461)**	**(1,494)**	**(1,694)**
Central Scenario Funding Gap	**0**	**726**	**765**	**732**
More Optimistic scenario	**(558)**	**(310)**	**(386)**	**(517)**
More Pessimistic scenario	**869**	**1,422**	**1,484**	**1,695**

3.12 The Recommended Revenue Budget using the Central Scenario is shown in detail at **APPENDIX A** and in summary below:

	2021/22 Original Budget £000	2021/22 Approved Budget £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
LEVEL OF UNCERTAINTY / RISK	**HIGH**	**MEDIUM**	**MEDIUM**	**HIGH**	**HIGH**	**HIGH**
Enabling people	1,483	1,453	1,513	1,547	1,579	1,538
Shaping place	3,402	3,515	4,083	4,348	4,449	4,580
Developing prosperity	(621)	(311)	(436)	(373)	(346)	(290)
A good council	6,321	6,291	6,463	6,697	6,991	7,310
Windfall Income allocated to Strategic Priorities	0	0	1,993	0	0	0
MTFS Savings and Bids	0	0	(1,523)	(1,702)	(1,760)	(1,844)
COVID-19 Impacts	1,137	1,012	377	189	189	189
Corporate Expenditure (inc. New Homes Bonus)	229	238	82	1	78	68
Revenue Expenditure	**11,951**	**12,199**	**12,551**	**10,708**	**11,180**	**11,550**
Revenue Funding	(11,951)	(11,962)	(12,551)	(9,982)	(10,415)	(10,818)
Central Scenario Funding Gap	**0**	**237**	**0**	**726**	**765**	**732**

	2021/22 Original Budget £000	2021/22 Approved Budget £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
LEVEL OF UNCERTAINTY / RISK	**HIGH**	**MEDIUM**	**MEDIUM**	**HIGH**	**HIGH**	**HIGH**
Employees	13,916	14,006	14,713	15,171	15,636	16,117
Premises	1,124	1,071	1,134	1,174	1,212	1,203
Transport	1,653	1,628	1,649	1,664	1,679	1,696
Supplies and Services	5,278	6,246	6,671	4,713	4,720	4,734
Third Party Payments	664	668	505	513	525	448
Transfer Payments	13,492	13,492	13,492	13,492	13,492	13,492
COVID-19 Impacts	1,430	1,012	377	189	189	189
External Income	(25,654)	(26,161)	(26,072)	(26,209)	(26,351)	(26,397)
Corporate Expenditure	(363)	(173)	(198)	1	78	68
Revenue Expenditure	**11,540**	**11,788**	**12,271**	**10,708**	**11,180**	**11,550**
Revenue Funding	**(11,951)**	**(11,962)**	**(12,551)**	**(9,982)**	**(10,415)**	**(10,818)**
New Homes Bonus to general reserves	411	411	280	0	0	0
Central Scenario Funding Gap	**0**	**237**	**0**	**726**	**765**	**732**

Income Scenarios

3.13 The headline assumptions used in each of the three scenarios are detailed below:

Central Scenario

- **Council Tax** – lower annual property growth, a **20%** increase in working age Council Tax support in 2022/23 reducing to **10%** in 2024/25 and **1.5%** annual Band D Council Tax increases.
- **New Homes Bonus** – legacy payments and a one year payment paid in 2022/23 and no replacement scheme from 2023/24.
- **Business Rates** – negative Revenue Support Grant is abated in 2022/23 and then forms part of funding regime from 2023/24 with no transitional arrangements. Business Rate Growth is retained in full in 2022/23 and then an element is retained from 2023/24. The Council is part of the Business Rates Pool in 2022/23.
- **Sales, Fees and Charges** – a risk based (high **100%** impacted, medium **80%** impacted and low **60%** impacted) headline reduction of **4.5%** in 2022/23 reducing to **2.5%** from 2024/25.

Optimistic Scenario

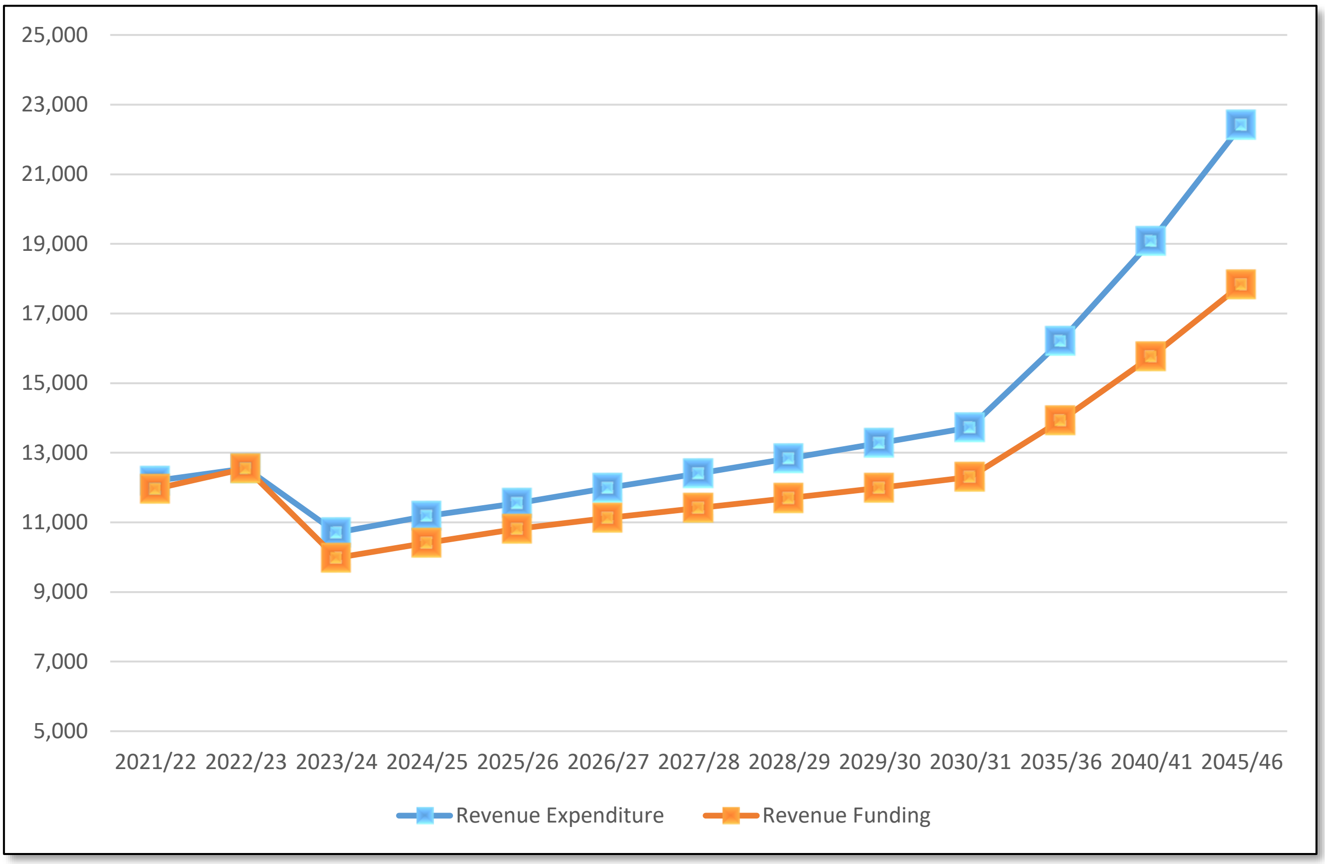
- **Council Tax** – lower annual property growth, a **20%** increase in working age Council Tax support in 2022/23 reducing to **0%** in 2024/25 and **£5** Band D Council Tax increases in all years.
- **New Homes Bonus** – legacy payments paid until 2022/23 and a replacement scheme from 2023/24 with an annual income commencing at **(£300,000)** in 2023/24 and reducing to **(£100,000)** from 2025/26.
- **Business Rates** – negative Revenue Support Grant is abated in 2022/23 and then forms part of funding regime from 2023/24 with no transitional arrangements. Business Rate Growth is retained in full in 2022/23 and then a larger element is retained from 2023/24. The Council is part of the Business Rates Pool in 2022/23.
- **Sales, Fees and Charges** – a risk based (high **50%** impacted, medium **30%** impacted and low **10%** impacted) headline reduction of **1.0%** in all years.

Pessimistic Scenario

- **Council Tax** – lower annual property growth, a **50%** increase in working age Council Tax support in 2022/23 reducing to **10%** in 2024/25 and **1.50%** Band D Council Tax increases in all years.
- **New Homes Bonus** – legacy payments paid until 2022/23 and no replacement scheme from 2023/24.
- **Business Rates** – negative Revenue Support Grant is abated in 2022/23 and then forms part of funding regime from 2023/24 with no transitional arrangements. Minimal Business Rate Growth is retained from 2022/23. The Council is not part of the Business Rates Pool in 2022/23.
- **Sales, Fees and Charges** – a risk based (high **100%** impacted, medium **100%** impacted and low **60%** impacted) headline reduction of **7.0%** in 2022/23 reducing to **2.5%** from 2024/25.

Longer Term Financial Planning

3.14 The updated longer term financial plan is shown in detail at **APPENDIX A** and in the chart below:



3.15 The MTFS assumes an ongoing saving from the Being a Better Council Programme of **£995,000** that will need to be identified during 2022/23.

3.16 The Being a Better Council ongoing saving along with other savings and additional income proposals totalling **£1,092,000** assumed in the MTFS may not be fully delivered in 2022/23. Therefore in the event that not all of the proposals are delivered at the start of the financial year, then general reserves may be required to balance the revenue budget in the short term.

3.17 A funding gap after the incorporation of these savings is projected from 2023/24 onwards and this will mean that subject to the outcome of the local government finance reforms, the identification of options to deliver further sustainable savings/additional income will remain necessary.

Corporate Fees and Charges Policy

3.18 The Finance and Procurement Team instigated a review of the approach being taken to setting fees and charges within the Council to ensure best practice is being applied to this increasingly important set of local income streams.

3.19 One of the recommendations of the review was the implementation of a corporate charging policy based on best practice.

3.20 The Corporate Fees and Charges Policy is shown at **APPENDIX B** following review by the Overview and Scrutiny Committee on 20 January 2022.

3.21 The policy will be used to ensure a consistent approach to setting fees and charges is adopted across the Council in the development of future Medium Term Financial Strategies.

The Capital Strategy

3.22 The Capital Strategy is shown at **APPENDIX C** and sets out the Council's framework for managing the Capital Programme including:

- **Capital expenditure**, including the approval process, long-term financing strategy, asset management, maintenance requirements, planned disposals and funding restrictions.
- **Debt and borrowing and treasury management**, including projections for the level of borrowing, capital financing requirement and liability benchmark, provision for the repayment of debt, the authorised limit and operational boundary for the coming year and the authority's approach to treasury management.
- **Commercial activities**, including due diligence processes, the authority's risk appetite, proportionality in respect of overall resources, requirements for independent and expert advice and scrutiny arrangements.
- **Other long-term liabilities**, such as financial guarantees.
- **Knowledge and skills**, including a summary of that available to the authority and its link to the authority's risk appetite.

3.23 As the Council's Chief Financial Officer, I have assessed the current overall risk as **Material (yellow)**.

The Capital Programme

3.24 The Draft Capital Programme has been updated to reflect:

- The inclusion of updated projections from the 6 and 8 month Money Matters Reports.
- The inclusion of financial implications from any further Approved Reports.
- The inclusion of a Capital Contingency budget to manage the risk of construction inflation.

3.25 The recommended additional capital investment is summarised below:

Details	Assessed Score	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Car Park Barriers Property Planned Maintenance Budget	70		36 (36)			
Council Meeting Broadcast Equipment Property Planned Maintenance Budget	54		90 (90)			
IT Hardware Council Funding	25 year model					175 (175)
Property Maintenance Council Funding	25 year model					140 (140)
Bin Purchases Existing Revenue Budgets	25 year model					150 (150)
Vehicles Council Funding	25 year model					150 (150)
Disabled Facilities Grants External Funding	25 year model					914 (914)
Home Repair Assistance Council Funding	25 year model					25 (25)
Capital Contingency	Inflation Risk		100	100	100	100

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Projected Capital Spend	**0**	**226**	**100**	**100**	**1,654**
External Funding					(914)
Existing Revenue Budgets					(150)
Existing Capital Budgets		(126)			
Council Funding - Revenue Budget		(100)	(100)	(100)	(590)
Total Funding	**0**	**(226)**	**(100)**	**(100)**	**(1,654)**
Shortfall in Funding & Borrowing Need	**0**	**0**	**0**	**0**	**0**

3.26 A number of projects contained in the Approved Capital Programme have revenue implications such as operating costs, the cost of debt repayment, revenue funding or savings.

3.27 Capital Bids submitted as part of the Service and Financial Planning process are also required to identify any ongoing revenue implications and where debt is to be utilised for funding, debt repayment costs are calculated.

3.28 The Capital Programme revenue implications contained in the Approved Budget (at the 8 month's stage of 2021/22) and the revenue implications of Capital Bids are shown below:

Revenue Implications	**2021/22 £000**	**2022/23 £000**	**2023/24 £000**	**2024/25 £000**	**2025/26 £000**
Interest on Loan to the LA Company	0	(4)	(18)	(22)	(22)
Friary Grange - Refurbishment	135	135	135	135	0
Coach Park Operation Costs	0	0	50	50	50
IT Hardware	9	4	(38)	9	9
Replacement Leisure Centre Debt Costs	0	0	0	294	290
Financial Information System	(20)	(40)	(40)	(40)	(40)
Revenue Budget - Bin Replacement	240	150	150	150	0
Revenue Budget - Other Projects	223	0	0	0	0
Revenue Budget - Corporate	0	0	213	0	0
Sub Total - Approved Budget	**587**	**245**	**452**	**576**	**287**
Revenue Budget - Corporate	0	100	100	100	590
Revenue Budget - Bin Replacement	0	0	0	0	150
Sub Total - Service and Financial Planning	**0**	**100**	**100**	**100**	**740**
Capital Programme Total	**587**	**345**	**552**	**676**	**1,027**

3.29 The Capital Programme is summarised below and is shown in detail at **APPENDIX D**:

	2021/22		**2022/23**	**2023/24**	**2024/25**	**2025/26**
	Original Budget £000	**Revised Budget £000**	**£000**	**£000**	**£000**	**£000**
LEVEL OF UNCERTAINTY / RISK	**HIGH**	**MEDIUM**	**MEDIUM**	**HIGH**	**HIGH**	**HIGH**
Enabling people	3,375	2,794	4,792	3,596	1,315	939
Shaping place	1,102	1,984	421	3,127	280	300
Developing prosperity	935	577	1,676	193	0	0
A good Council	1,118	1,056	1,064	331	331	506
Capital Expenditure	**6,530**	**6,411**	**7,953**	**7,247**	**1,926**	**1,745**
Capital Funding	(6,252)	(6,083)	(5,604)	(4,987)	(1,926)	(1,745)
Borrowing Need	278	328	2,349	2,260	0	0

General Capital Receipts	(888)	(1,689)	(368)	(317)	(97)	(690)
Capital Receipts earmarked to Housing	(197)	(694)	(694)	(694)	(694)	(694)
Total Capital Receipts	**(1,085)**	**(2,383)**	**(1,062)**	**(1,011)**	**(791)**	**(1,384)**

Treasury Management

3.30 CIPFA has defined Treasury Management as :

"the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

3.31 The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk. The successful identification, monitoring and control of risk are an important and integral element of its treasury management activities. The main risks to the Council's treasury activities are:

- Liquidity Risk (Inadequate cash resources)
- Market or Interest Rate Risk (Fluctuations in interest rate levels)
- Inflation Risk (Exposure to inflation)
- Credit and Counterparty Risk (Security of Investments)
- Refinancing Risk (Impact of debt maturing in future years)
- Legal and Regulatory Risk

3.32 The Strategy also takes into account the impact of the Council's Revenue Budget and Capital Programme on the Balance Sheet position, the current and projected Treasury position, the Prudential Indicators and the outlook for interest rates.

3.33 **Minimum Revenue Provision Statement 2022/23**

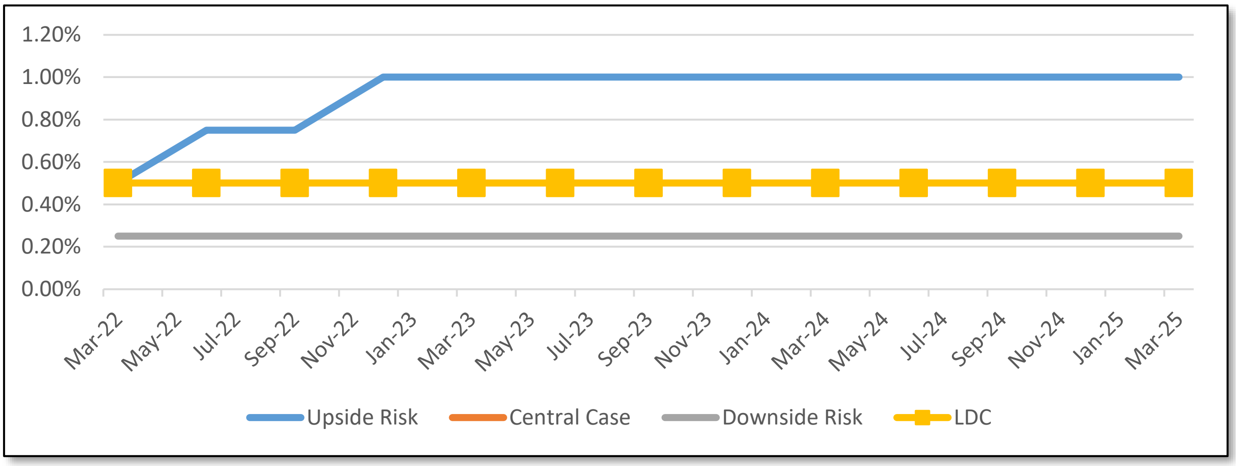
- The Council is required to make prudent provision for debt redemption (known as Minimum Revenue Provision (MRP)) and each year the Council must approve its MRP statement and this will include an allowance for finance leases that appear on the Council's Balance Sheet.
- The Council proposes to continue basing its MRP on the estimated life of the asset **(APPENDIX E)**.

3.34 **Balance Sheet Projections**

- Integrated Revenue Budgets and a Capital Programme budgets are prepared. These budgets together with the actual Balance Sheet from the previous financial year are used to prepare Balance Sheet projections.
- Balance Sheet projections (**APPENDIX F**) are significant in assessing the Treasury Management Position in terms of borrowing requirement, investment levels and the Investment Strategy.

3.35 **Treasury Management Advice and the Expected Movement in Interest Rates**

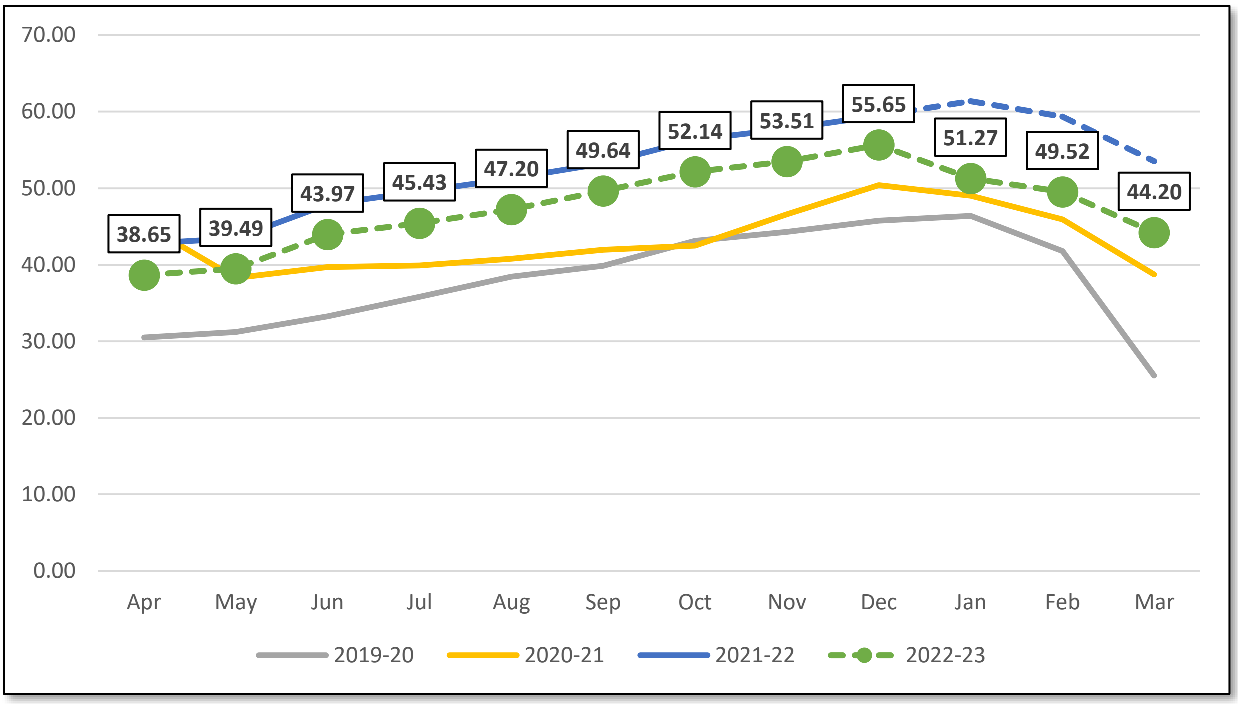
- The Official Bank Rate outlook provided by the Council's Treasury Advisor, together with the Council's assumption (also the central case) where interest rates will climb to **0.50%** in March 2022 and then remain at that level, is shown below:



- The Council assumptions have been used as the basis for preparation of the investment income and borrowing budgets for 2022/23 and future years.

3.36 **Cash Flow Forecast**

- Treasury Management includes the management of the Council's cash flows as a key responsibility. The cash flow forecast takes account of the income the Council receives including Housing Benefits Grant, Council Tax and Business Rate income and expenditure such as payments to precepting bodies, employee costs and Housing Benefit Payments.
- The graph below shows average investment levels throughout the financial year with a significant reduction in February and March due to minimal Council Tax income being received.



- The planned monthly cash flow forecast for the 2022/23 financial year has been used to calculate the investment income budget. The key components of this calculation are the average level of investment balances and the rate or yield achieved.
- The Treasury Management estimates for 2022/23 for both investment income and borrowing are shown in the table below:

Treasury Management	2022/23 Original Budget	
	Investment Income	**Borrowing**
Average Balance	£47.56m	£1.93m
Average Rate[1]	1.45%	2.20%

Gross Investment Income	(£690,000)	
Corporate Revenue funding Capital		£100,000
External Interest		£44,000
Internal Interest		£1,000
Minimum Revenue Provision (less Finance Leases)		£47,000
Net Treasury Position	**(£690,000)**	**£192,000**
	(£498,000)	

- The gross investment income been estimated as **(£690,000)** and this equates to **5%** of The Council's total funding of **(£12,551,000)** in 2022/23.

[1] Budgeted average rate for the entire financial year.

3.37 **Treasury Management Strategy Statement (TMSS) and the Annual Investment Strategy**

- The Treasury Investments and their limits are shown in detail at **APPENDIX F**.
- The approved TMSS includes a Prudential Indicator for investments for periods longer than a year of **£10m**. At present, the Council has **£10m** (cash value) invested in Strategic Funds. Therefore due to the relative success of these investments, Balance Sheet Projections and benchmarking, the recommendation is to increase the Prudential Indicator for Principal Sums invested for periods longer than a year to **£15m,** the counterparty limit for each strategic fund from **£4m** to **£5m** and any group of pooled funds under the same management limit from **£11m** to **£15m**.

3.38 **Investment Strategy Report for 2022/23**

- The investment strategy that is shown at **APPENDIX G** meets the requirements of statutory guidance issued by the government in January 2018. It focuses on how the Authority invests its money to support local public services and earns investment income from any commercial investments.

Opinion of CFO on the Adequacy of Reserves and the Robustness of the Estimates

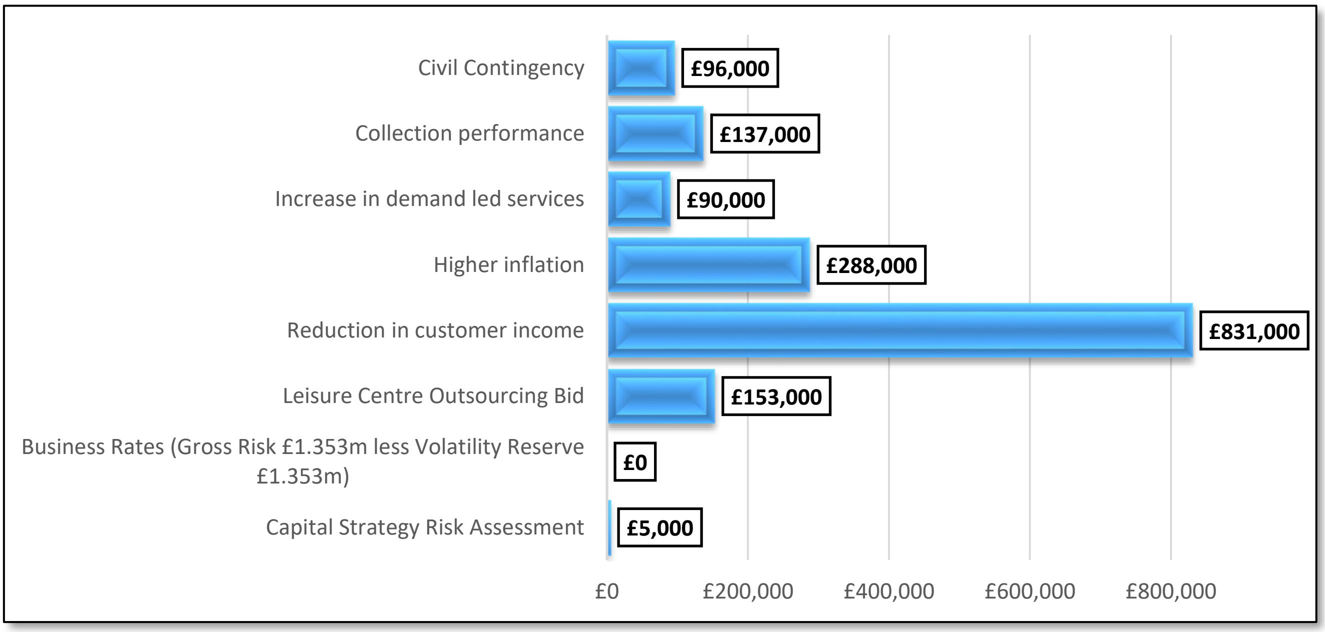
3.39 The Chartered Institute of Finance and Accountancy (CIPFA) provided the second release of its Financial Resilience Index February 2021 and the third release is imminent (Lichfield DC's information compared to all District Councils and Nearest Neighbours is shown at **APPENDIX H**). The index showed this Council's position on a range of measures associated with financial risk.

3.40 The release is still based on backward looking measures rather than the future financial challenges identified in forward looking Medium Term Financial Strategies, therefore it will not take into account the significant and ongoing impact of the COVID-19 pandemic but will provide a baseline for future comparison.

3.41 The Resilience Index for 2021 identified that in the majority of the measures selected, including those related to the level and change in reserves, this Council was at the lower end of the risk spectrum compared to all other District Councils and Nearest Neighbour Authorities. This has meant that the added financial resilience and sustainability concerns presented by COVID-19 whilst being challenging, has not been a significant risk at this stage for this Council.

3.42 It remains prudent for the Council to maintain an adequate 'working balance' or Minimum Level that is part of its general reserves. A risk assessment approach in line with Best Practice is used to determine the required Minimum Level and the level of general and earmarked reserves.

3.43 The main elements of the risk assessment are shown in detail at **APPENDIX H** and below:



3.44 The Chief Finance Officer (CFO) has been involved throughout the entire budget process, including revising the MTFS, input to the drafting of the budget, the ongoing financial monitoring and reporting process, evaluation of investments and savings, engagement with Members of the Cabinet and Overview and Scrutiny Committee, advising colleagues, the strategic choices activities, challenge and evaluation activities, and scrutiny of the budget.

3.45 I am of the opinion that for a Council of this size and with our recent record of prudent spending, effective Risk Management, robust budgeting and effective Budget monitoring and control, a General Minimum Reserve level of **£1,600,000** remains adequate.

3.46 It is important to note that whilst the level for 2022/23 is the same as 2021/22, there have been changes to specific risks such as an allowance for higher inflation. In addition, several risks such as Business Rates have specific earmarked reserves and specific budget risk based reductions related to income streams including sales, fees and charges have been incorporated within the MTFS.

Projected General Reserves

3.47 The total projected level of general reserves are shown below using the central scenario together with projections using more optimistic and pessimistic scenarios[2]:

	2021/22		2022/23	2023/24	2024/25	2025/26
	Original Budget £000	Approved Budget £000	£000	£000	£000	£000
LEVEL OF UNCERTAINTY / RISK	**HIGH**	**MEDIUM**	**MEDIUM**	**HIGH**	**HIGH**	**HIGH**
Available General Reserves Year Start	**5,114**	**5,114**	**5,288**	**5,568**	**4,842**	**4,077**
(Funding Gap)	0	(237)	(0)	(726)	(765)	(732)
New Homes Bonus in excess of the 'Cap'	411	411	280	0	0	0
Available General Reserves Year End	**5,525**	**5,288**	**5,568**	**4,842**	**4,077**	**3,344**
Minimum Level	1,600	1,600	1,600	1,600	1,600	1,600
Total Projected General Reserves	**7,125**	**6,888**	**7,168**	**6,442**	**5,677**	**4,944**

More Optimistic scenario	**7,125**	**6,888**	**7,726**	**8,036**	**8,421**	**8,938**
More Pessimistic scenario	**7,125**	**6,888**	**6,299**	**4,877**	**3,392**	**1,697**

3.48 There is currently an unprecedented level of uncertainty in relation to Local Government Finance with a number of planned reforms. This unprecedented uncertainty has been amplified by the COVID-19 pandemic that will likely have an ongoing and long term impact on revenue budgets.

3.49 Financial planning in these circumstances with any degree of certainty is incredibly difficult especially when it is not clear when or if any of the planned reforms will be implemented.

3.50 However the scenarios in this report provide an indication of the impact on the MTFS from the use of different assumptions. Two of the three scenarios utilised currently project a funding gap in 2023/24 and up to 2025/26. The projected funding gaps are principally due to:

- The projected impact of the Review of Needs and Resources (formerly the Fair Funding Review) and the review of Business Rate Baselines where resources are likely to be redistributed from District Councils to Upper Tier authorities. These reviews reflect the need for additional funding to address the increasing demographic demands in adult social care and children's services.
- The additional costs related to delivering existing services such as inflation, pension costs, an increasing population and more properties.
- The desire to deliver new or enhanced often discretionary services such as a replacement leisure centre.

[2] The information in this table has been updated from the version presented to Overview and Scrutiny on 20 January 2022 to reflect updated projections used elsewhere in the Medium Term Financial Strategy such as the chart at para 1.7 and the Balance Sheet Projections in Appendix F.

3.51 A replacement leisure centre of **£5,000,000** funded by borrowing has been included in the Approved MTFS. The estimated cost of borrowing of **£294,000** impacting from 2024/25 onwards for a budgeted period of 25 years has also been included in the Approved Revenue Budget.

3.52 This borrowing will be a long term financial commitment for the Council. Therefore given the range of financial projections at this time of unprecedented uncertainty, Council will need to be aware that to enter into long term commitments of this nature carry a very high risk that a balanced budget cannot be achieved or maintained.

3.53 It is very important therefore to highlight that to mitigate the risk of a statutory notice, focused on the inability to deliver a balanced budget, a robust and deliverable savings plan will need to be agreed together with a commitment to its delivery before any financial commitment can take place.

Alternative Options	In the main, the options are focused on the level of resource allocated to Strategic Priorities and the level of Council Tax increase.

<table>
<tr>
<td>Consultation</td>
<td>
Overview and Scrutiny Committee at its meeting on 20 January 2022 scrutinised the MTFS 2021-2026 and the following enhancements to the Draft Corporate Fees and Charges Policy were identified and have been incorporated into the draft for Cabinet to consider:

Greater clarity where the term cost recovery has been used – updated to full cost recovery in line with the legislative framework.
Greater clarity over the use of terms such as revenue, income and profit – these terms have been updated to income and surplus.

Audit and Member Standards Committee reviewed the Treasury Management Strategy Statement at its meeting on 3 February 2022 and the Chair will provide feedback to Cabinet as appropriate.
The budget consultation was launched on 4 October 2021 and was open until 30 November.
The primary method of response to the consultation was via an online questionnaire. The questionnaire was based on a similar question set to that used in 2020 to enable comparison with previous results. The questionnaire included a range of questions derived originally from Staffordshire County Council’s Feeling the Difference survey and giving residents an opportunity to express their views on trust in, and satisfaction with, local public services. This was followed by questions asking respondents to rate service areas in terms of importance and spending priority. The final set of questions asked respondents for their views on the council’s approach to fees and charges and to potential future levels of Council Tax.
A total of 264 people responded to the survey. This represents 0.316% of the adult population of the district and represents an increase of 116 respondents from the previous budget consultation in 2020
The summary results of the Budget Consultation are included at APPENDIX I and the key areas are summarised in the paragraphs below.
Service Areas and their level of Importance
Respondents were asked to consider a wide range of service priority areas that align to strategic priorities. Areas that were highlighted as most important were; household waste collection and recycling, running the council and its services efficiently, and maintaining parks and open spaces. Also in the top five areas of importance were street cleansing and tackling anti-social behaviour. The top four priority areas are the same as highlighted in the 2020 survey.
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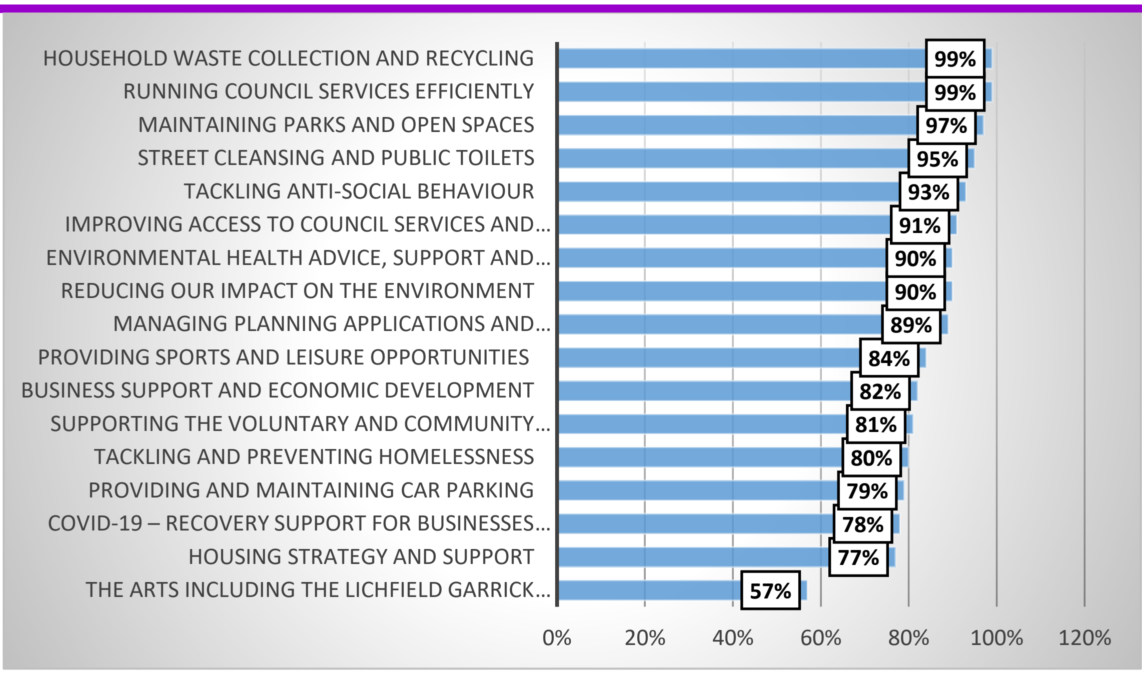


Spending Priorities and Council Tax

There was a continued feeling from respondents to the survey that spending should be maintained rather than increased across the majority of service areas. Only in one area were the majority of respondents in favour of reducing spending – the Arts including the Lichfield Garrick.

Fees and income

The largest proportion of respondents (69%) felt that either Lichfield District Council's approach to fees was currently about right or that no additional fees should be introduced.

Only 32% felt that there was scope for increases and put forward alternative suggestions for sources of income generation which ranged from commercial sponsorship, increased or more regular fines, large-scale events or ideas for reductions in spending.

Council Tax

The majority of respondents (87%) indicated that an increase in Council Tax would be acceptable with 54% of the total expressing that an increase of 2% or £5 would be acceptable to them.

Financial Implications

Prudential and Local Indicators (PIs)

The Prudential and Local Indicators are shown below (rounding may result in slight differences):

Capital Strategy Indicators							
Prudential Indicators							
Indicators	2020/21 Actual	2021/22 Original	2021/22 Revised	2022/23 Original	2023/24 Original	2024/25 Original	2025/26 Original
Capital Investment							
Capital Expenditure (£m)	£3.264	£6.530	£6.411	£7.953	£7.247	£1.926	£1.745
Capital Financing Requirement (£m)	£3.016	£2.444	£2.747	£4.637	£9.265	£8.598	£7.931
Gross Debt and the Capital Financing Requirement							
Gross Debt	(£2.862)[3]	(£2.167)	(£2.473)	(£1.863)	(£9.079)	(£8.255)	(£7.429)
Borrowing in Advance - Gross Debt in excess of the Capital Financing Requirement	No	No	No	No	No	No	No
Total Debt							
Authorised Limit (£m)	£6.591	£15.435	£15.435	£15.238	£20.688	£20.440	£19.755
Operational Boundary (£m)	£6.591	£7.007	£7.007	£6.811	£11.610	£11.208	£10.803
Proportion of Financing Costs to Net Revenue Stream (%)	5%	5%	6%	4%	5%	6%	6%

[3] Updated from £2.295m to include £0.607m for the long term element of finance leases.

Local Indicators

Indicators	2020/21 Actual	2021/22 Original	2021/22 Revised	2022/23 Original	2023/24 Original	2024/25 Original	2025/26 Original
Replacement of Debt Finance or MRP (£m)	(£0.747)	(£0.561)	(£0.663)	(£0.459)	(£0.449)	(£0.667)	(£0.667)
Repayment of Burntwood Leisure Centre Loan and new additions	(£0.542)	(£0.000)	(£0.306)	(£0.000)	(£0.000)	(£0.000)	(£0.000)
Capital Receipts (£m)	(£0.000)	(£0.537)	(£0.036)	(£0.010)	(£0.010)	(£0.011)	(£0.684)
Housing Capital Receipts (£m)	(£0.434)	£0.000	(£0.260)	£0.000	£0.000	£0.000	£0.000
Liability Benchmark (£m)	£25.033	£11.755	£22.081	£19.075	£12.849	£12.756	£14.676
Treasury Management Investments (£m)	£37.330	£23.813	£34.140	£30.936	£29.510	£29.014	£30.529

Treasury Management Indicators

Prudential Indicators

	Lower Limit	Upper Limit	As at 31/03/21	As at 31/12/21
Refinancing Rate Risk Indicator	0%	100%	0%	0%
Under 12 months	0%	100%	8.67%	9.61%
12 months and within 24 months	0%	100%	8.77%	9.72%
24 months and within 5 years	0%	100%	26.95%	29.87%
5 years and within 10 years	0%	100%	29.96%	25.69%
10 years and within 20 years	0%	100%	25.64%	25.12%
20 years and within 30 years	0%	100%	0%	0%
30 years and within 40 years	0%	100%	0%	0%
40 years and within 50 years	0%	100%	0%	0%
50 years and above	0%	100%	0%	0%

Investment Income - Interest Rate Exposure

	2022/23	2023/24
Revenue budget - Investment Income	(£690,000)	(£758,000)
Budget subject to Interest Rate Exposure	**(£150,000)**	**(£218,000)**
Budget with a 1% fall in interest rates	(£540,000)	(£540,000)
Budget with a 1% rise in interest rates	(£1,017,000)	(£1,070,000)

External Borrowing - Interest Rate Exposure

	2022/23	2023/24
Revenue budget - External Interest	£44,000	£40,000
Budget subject to Interest Rate Exposure	**£0**	**£0**
Budget with a 1% fall in interest rates	£44,000	£40,000
Budget with a 1% rise in interest rates	£44,000	£40,000

Indicators	2020/21 Actual	2021/22 Original	2021/22 Revised	2022/23 Original	2023/24 Original	2024/25 Original	2025/26 Original
Principal Sums invested for periods longer than a year (£m)	£8.000	£10.000	£10.000	£15.000	£15.000	£15.000	£15.000

Local Indicators

Indicators	2020/21 Actual	2021/22 Original	2021/22 Revised	2022/23 Original	2023/24 Original	2024/25 Original	2025/26 Original
	£m	£m	£m	£m	£m	£m	£m
Balance Sheet Summary and Forecast							
Borrowing Capital Financing Requirement	£2.410	£2.336	£2.334	£4.636	£6.849	£6.603	£6.356
Internal (over) Borrowing	£0.155	£0.277	£0.274	£2.773	£0.187	£0.343	£0.501
Investments (or New Borrowing)	£37.330	£23.813	£34.140	£30.936	£29.510	£29.014	£30.529
Liability Benchmark	£25.033	£11.755	£22.081	£19.075	£12.849	£12.756	£14.676

	Target
Security	
Portfolio average credit rating	A-
Liquidity	
Temporary Borrowing undertaken	£0.000
Total Cash Available within 100 days (maximum)	90%

Approved by Section 151	Yes

Legal Implications	No specific legal implications. The recommended Medium Term Financial Strategy, is part of the Budget Framework and will therefore require the approval of Full Council.
Approved by Monitoring Officer	Yes

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 Lichfield District Council's Strategic Plan.

GDPR/Privacy Impact Assessment	There are no specific implications related to the Medium Term Financial Strategy

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
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**	Likelihood : Green Impact : Red Severity of Risk : Yellow	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	Likelihood : Yellow Impact : Red Severity of Risk : Red	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	Likelihood : Red Impact : Red Severity of Risk : Red	The Council responded to the 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/earmarked 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	Likelihood : Red Impact : Red Severity of Risk : Red	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	Likelihood : Yellow Impact : Red Severity of Risk : Red	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	Sustained higher levels of inflation in the economy	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow	To maintain a watching brief on economic forecasts, ensure estimates reflect latest economic projections and where possible ensure income increases are maximised to mitigate any additional cost. In addition, a Capital Contingency Budget has been included in the Capital Porgramme.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
Strategic Risk SR3: Capacity and capability to deliver / strategic plan to the 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	Likelihood : Yellow Impact : Red Severity of Risk : Yellow	The use of general and earmarked reserves to fund any shortfall	Likelihood : Green Impact : Green Severity of Risk : Green
H	The Council cannot achieve its approved Delivery Plan or Being a Better Council objectives for 2022/23	Likelihood : Yellow Impact : Red Severity of Risk : Red	There will need to be consideration of additional resourcing and/or reprioritisation to reflect the impact of the pandemic and the BABC Programme	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	Likelihood : Yellow Impact : Red Severity of Risk : Red	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	Likelihood : Red Impact : Red Severity of Risk : Red	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

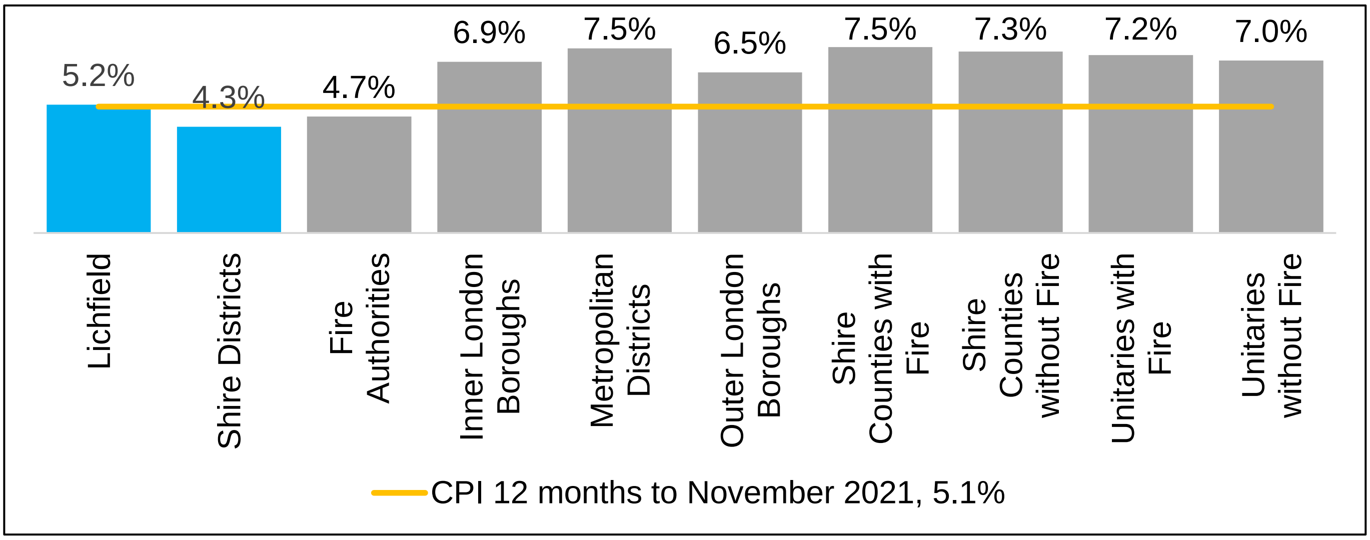
- CIPFA Code of Practice for Treasury Management in the Public Services.
- The Prudential Code for Capital Finance in Local Authorities.
- Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2020-25 – Cabinet 9 February 2021.
- Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2020-25 – Council 16 February 2021.
- Money Matters: 2020/21 Review of Financial Performance against the Financial Strategy – Cabinet 8 June 2021.
- Medium Term Financial Strategy – Cabinet 6 July 2021.
- Money Matters: 2021/22 Review of Financial Performance against the Financial Strategy – Cabinet 7 September 2021.
- Money Matters: Calculation of Business Rates in 2022/23, Council Tax Base for 2022/23 and the Projected Collection Fund Surplus / Deficit for 2021/22 - Cabinet 7 December 2021.
- Money Matters: 2021/22 Review of Financial Performance against the Financial Strategy – Cabinet 7 December 2021.
- Service and Financial Planning Submissions.
- Full Budget Consultation Results and Business Survey Results

Relevant web links

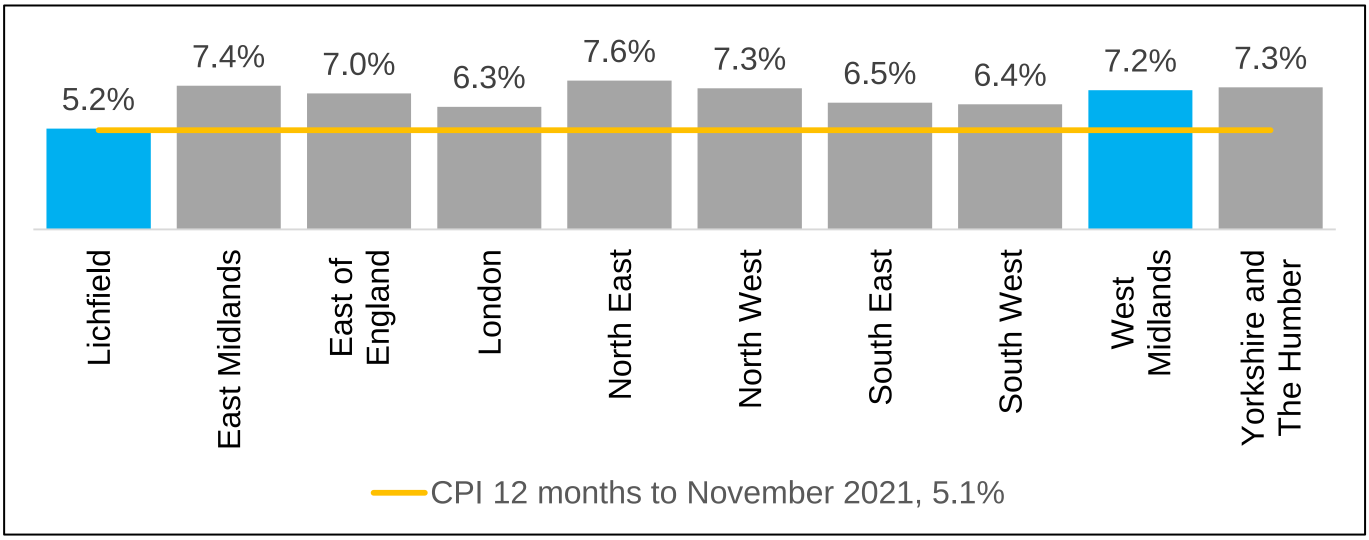
MTFS Background Budget Consultation Feedback Report January 2022 - AMENDED DRAFT.pdf (lichfielddc.gov.uk)

Core Spending Power Increase Comparators

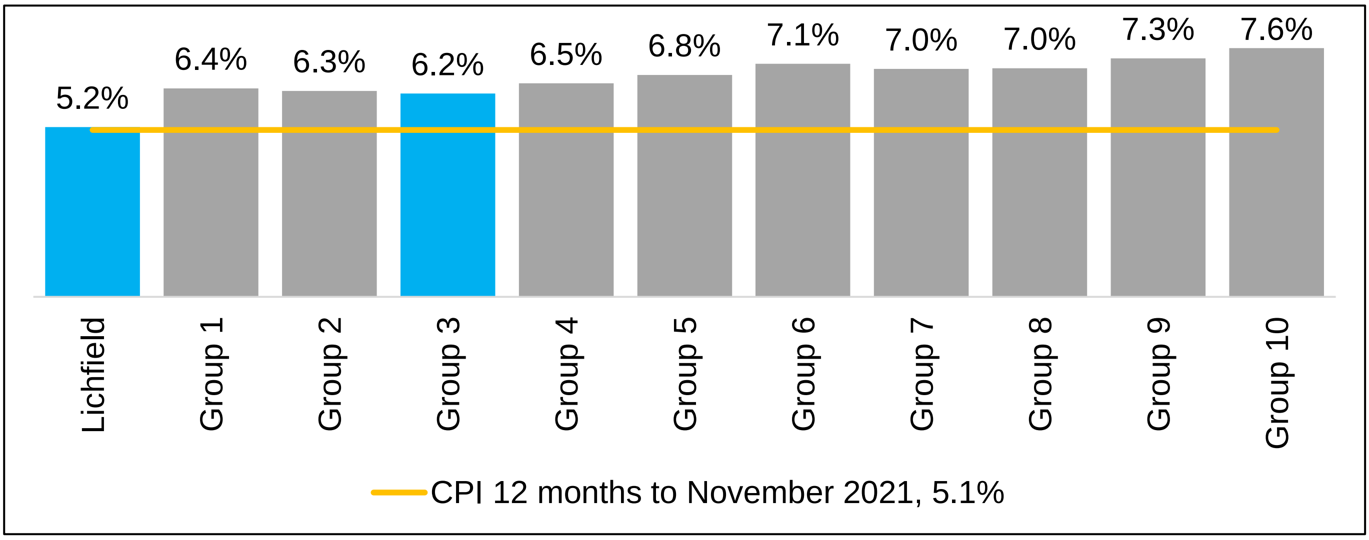
Change in Core Spending Power by Authority Type



Change in Core Spending Power by Region



Change in Core Spending Power by level of Deprivation (IMD deciles)



APPENDIX A

Recommended Revenue Budget 2021/22 to 2025/26 (£000)

	2021/22 Original Budget £000	2021/22 Approved Budget £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
LEVEL OF UNCERTAINTY / RISK	**HIGH**	**MEDIUM**	**MEDIUM**	**HIGH**	**HIGH**	**HIGH**
Developing prosperity	(621)	(311)	(436)	(373)	(346)	(290)
A good council	6,321	6,291	6,463	6,697	6,991	7,310
Enabling people	1,483	1,453	1,513	1,547	1,579	1,538
Shaping place	3,402	3,515	4,083	4,348	4,449	4,580
MTFS Savings and Bids	0	0	(1,523)	(1,702)	(1,760)	(1,844)
Windfall Income allocated to Strategic Priorities	0	0	1,993	0	0	0
COVID-19 - General Recovery	(4)	(129)	377	189	189	189
COVID-19 - Specific Risks	1,141	1,141	0	0	0	0
Net Cost of Services	**11,722**	**11,961**	**12,469**	**10,707**	**11,102**	**11,482**
Corporate expenditure	(182)	(173)	(198)	1	78	68
Net Operating Cost	**11,540**	**11,788**	**12,271**	**10,708**	**11,180**	**11,550**
Retained Business Rates Baseline Funding	(3,122)	(3,122)	(3,311)	(2,341)	(2,480)	(2,628)
Business Rates Cap	(110)	(110)	(174)	0	0	0
Lower Tier Services Grant	(151)	(151)	(95)	0	0	0
Local Council Tax Support Grant	(126)	(126)	0	0	0	0
Services Grant	0	0	(146)	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
New Homes Bonus - Contingency Budget	(371)	(371)	(721)	0	0	0
Collection Fund (Surplus)/Deficit	38	27	32	52	0	0
Council Tax	(7,198)	(7,198)	(7,456)	(7,693)	(7,935)	(8,190)
Total Funding	**(11,951)**	**(11,962)**	**(12,551)**	**(9,982)**	**(10,415)**	**(10,818)**
New Homes Bonus to general reserves	411	411	280	0	0	0
MTFS Funding Gap / (transfer to general reserves)	**0**	**237**	**0**	**726**	**765**	**732**
Council Tax Base	**39,032**	**39,032**	**39,695**	**40,350**	**41,004**	**41,695**
Band D Council Tax	**£180.07**	**£180.07**	**£187.85**	**£190.66**	**£193.52**	**£196.43**

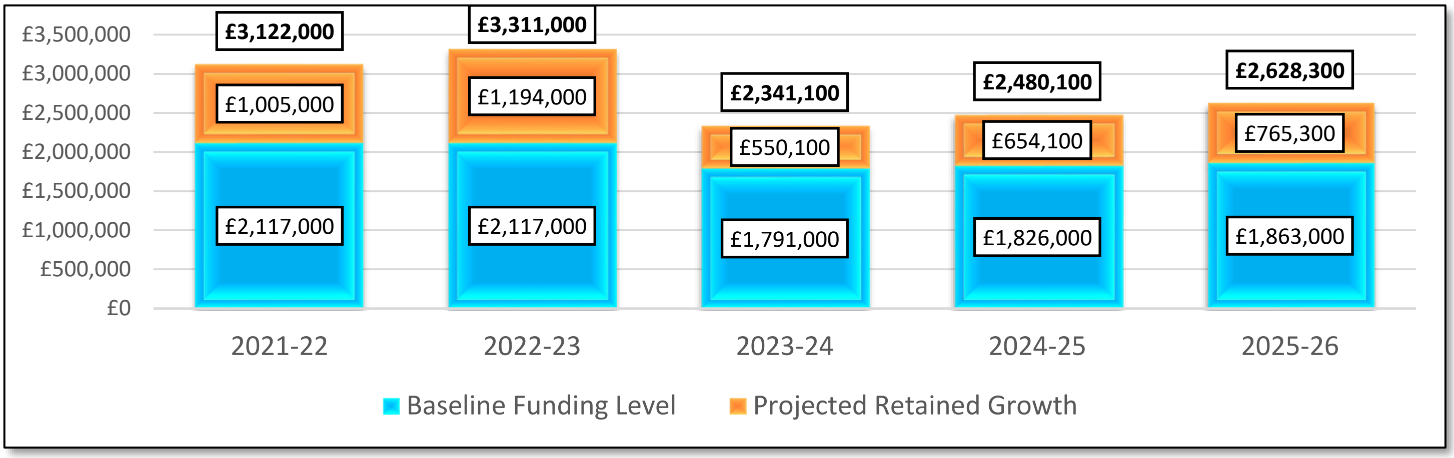
Reconciliation of Original Funding Gap to Recommended Revenue Budget Funding Gap

	Financial Year				
	2021/22	2022/23	2023/24	2024/25	2025/26
ORIGINAL FUNDING GAP	**£0**	**£1,324**	**£2,005**	**£2,121**	**£2,309**
Budget Monitoring in 2021/22					
3 Month's Money Matters	(24)	(3)	(3)	(3)	(3)
6 Month's Money Matters	0	(2)	(2)	(2)	(2)
8 Month's Money Matters	26	0	0	0	0
Cabinet and Council Reports	236	253	188	144	125
Approved Budget	**237**	**1,571**	**2,187**	**2,259**	**2,429**
Modelled Changes	Included in 8 Month's Money Matters Report				
Inflation		10	17	24	31
Budget Variations		(3)	11	150	231
MTFS Savings and Bids		(1,523)	(1,702)	(1,760)	(1,844)
Transfer 'Windfall' income from one year Provisional Finance Settlement to strategic priorities earmarked reserve		1,993	0	0	0
Retained Business Rates		(974)	(8)	(197)	(418)
Business Rates Cap		(174)	0	0	0
Council Tax		95	234	289	303
New Homes Bonus		(721)	0	0	0
Lower Tier Services Grant		(95)	0	0	0
Services Grant		(146)	0	0	0
Council Tax Collection Fund		(33)	(13)	0	0
MTFS FUNDING GAP	**£237**	**£0**	**£726**	**£765**	**£732**

Revenue Budget Key Revenue Streams

Retained Business Rates

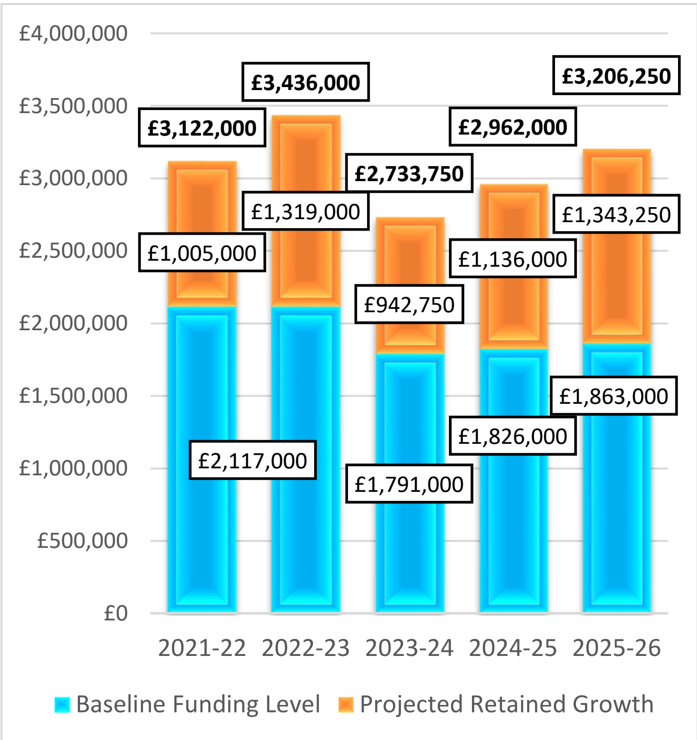
The Central Scenario budget for Retained Business Rates income, with Business Retention reform and the Review of Needs and Resources (Fair Funding Review) presenting significant risks to the assumptions made from 2023/24, are:

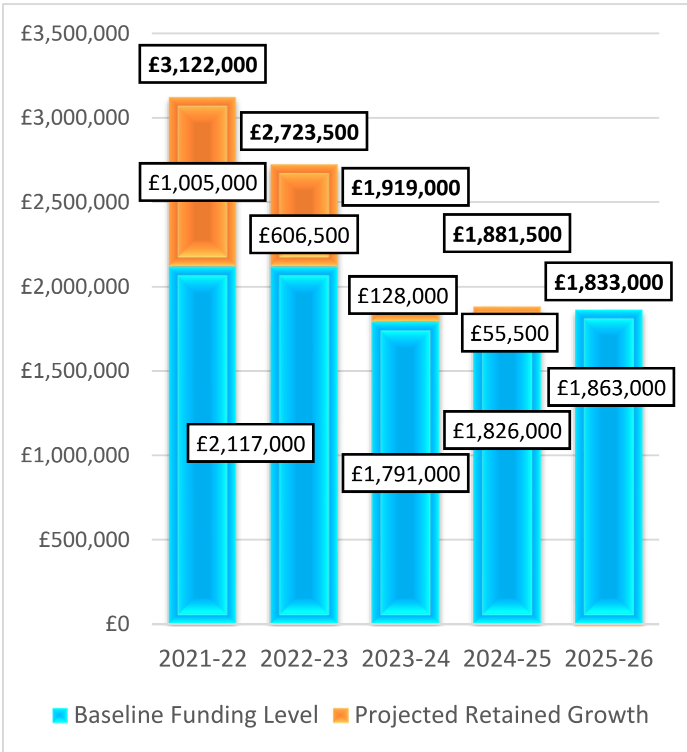


The change in retained Business Rates compared to the Approved Medium Term Financial Strategy is shown below:

	2021-22	2022-23	2023-24	2024-25	2025-26
Approved MTFS (assumed Review of Needs and Resources and Business Rates Reset from 2022/23)	(£3,122,000)	(£2,337,000)	(£2,333,000)	(£2,283,000)	(£2,210,000)
Draft MTFS (assumes Review of Needs and Resources and Business Rates Reset from 2023/24)	(£3,122,000)	(£3,311,000)	(£2,341,100)	(£2,480,100)	(£2,628,300)
Change – higher income	-	**(£974,000)**	**(£8,100)**	**(£197,100)**	**(£418,300)**

The budgets based on more optimistic (including from 2023/24 the majority of growth being retained) or more pessimistic (including the majority of growth from 2023/24 being redistributed) assumptions are also provided below:



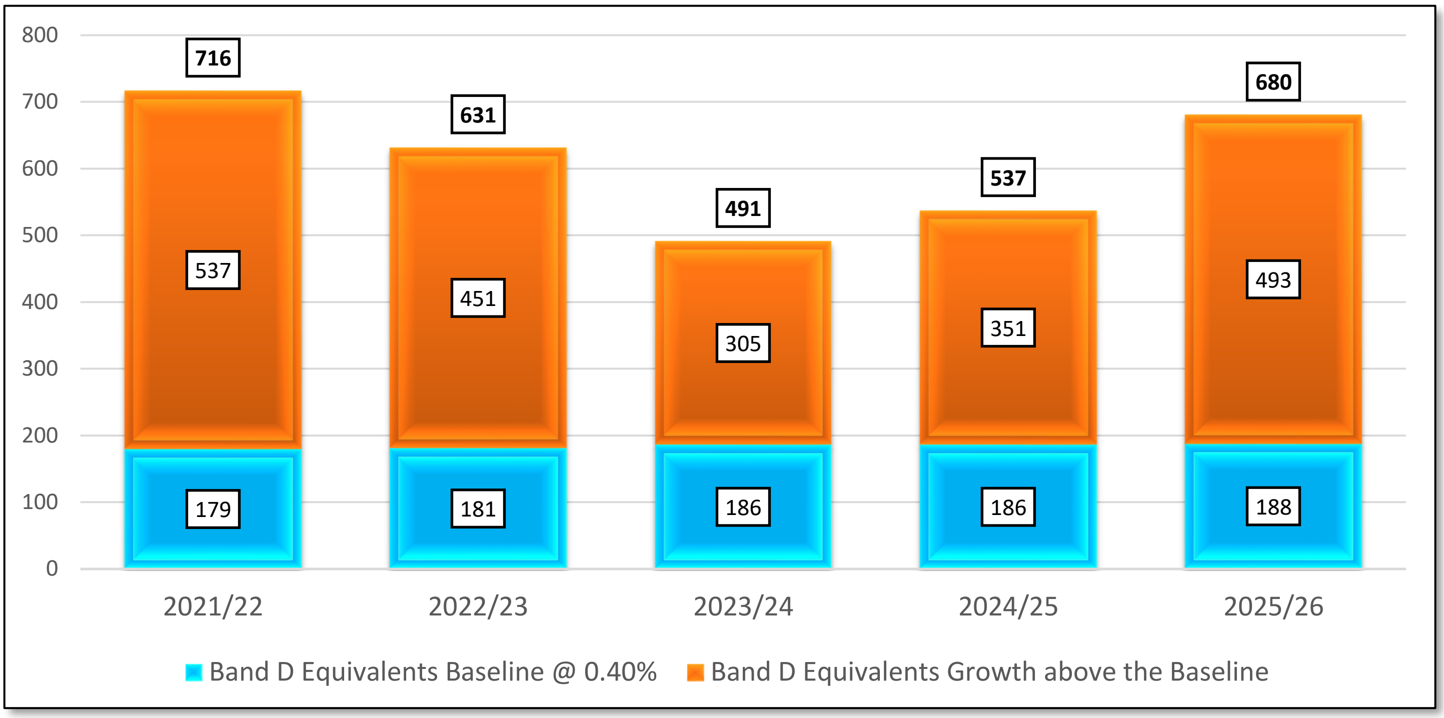


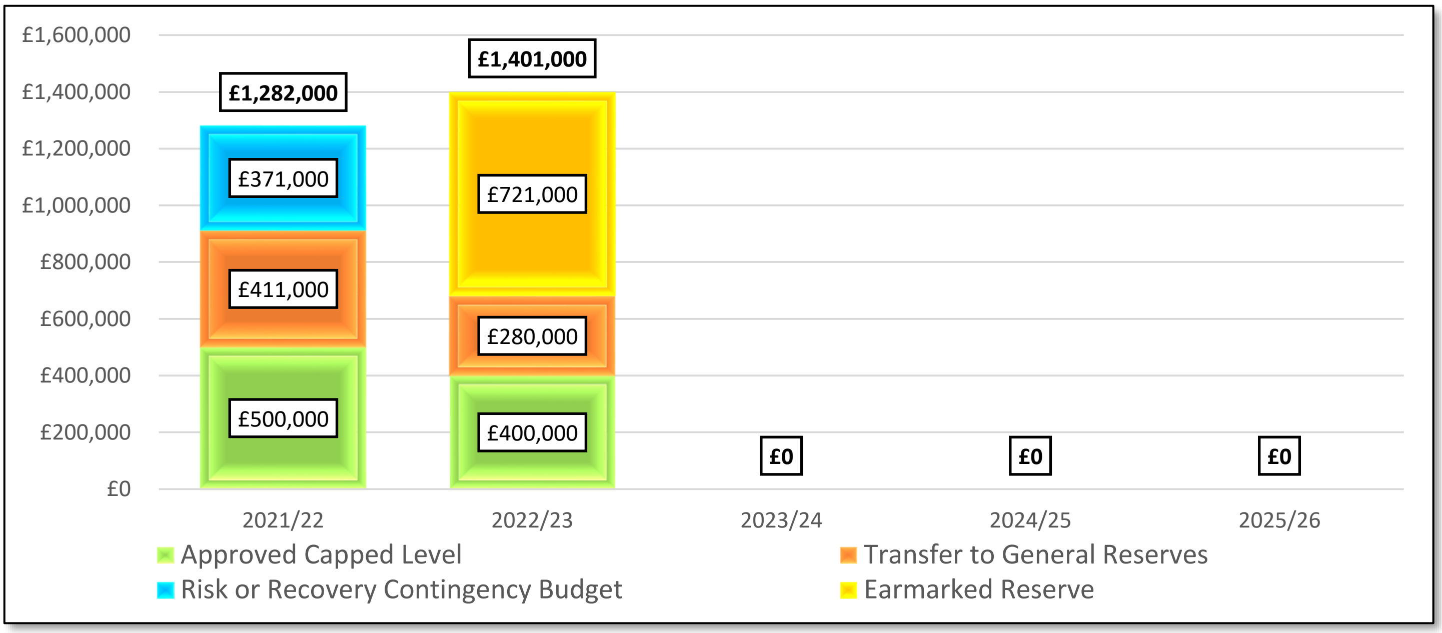
At present, the Medium Term Financial Strategy does not include any allowances for managing the transition from the current Local Government Finance system to the new Local Government Finance System.

APPENDIX A

New Homes Bonus

The budgets for housing supply (based on the current New Homes Bonus reward system) and New Homes Bonus, with the planned review in 2022/23 providing uncertainty beyond 2023/24 are:





The change in New Homes Bonus income compared to the Approved Medium Term Financial Strategy is shown below:

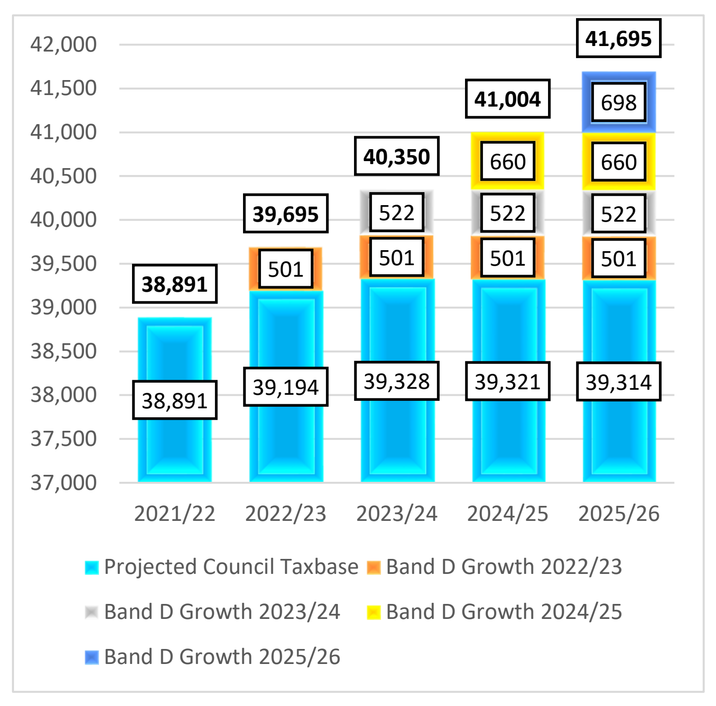
Capped Level	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Approved MTFS	(£500,000)	(£400,000)	-	-	-
Draft MTFS	(£500,000)	(£400,000)	-	-	-
Change	-	-	-	-	-

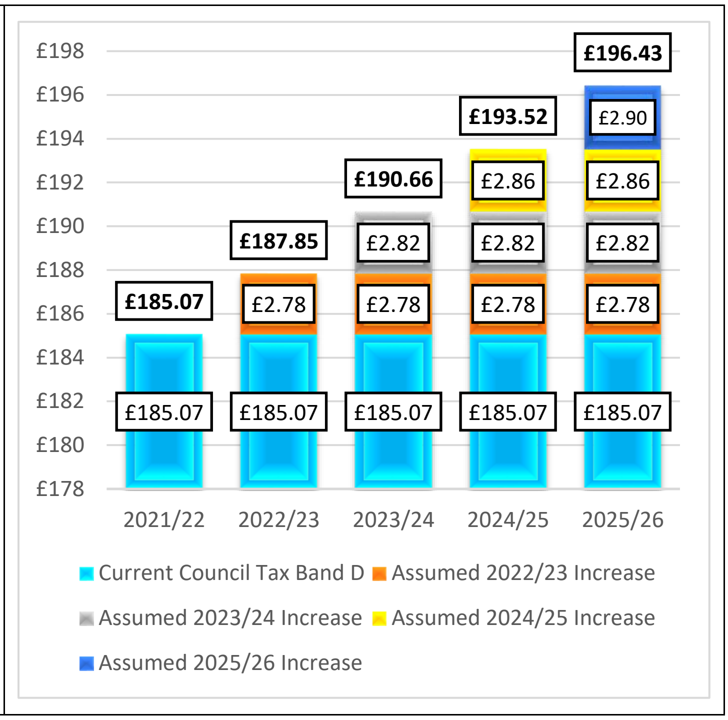
Total amount of New Homes Bonus	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Approved MTFS	(£911,000)	(£680,000)	-	-	-
Draft MTFS	(£911,000)	(£1,401,000)	-	-	-
Change – higher income	-	**(£721,000)**	-	-	-

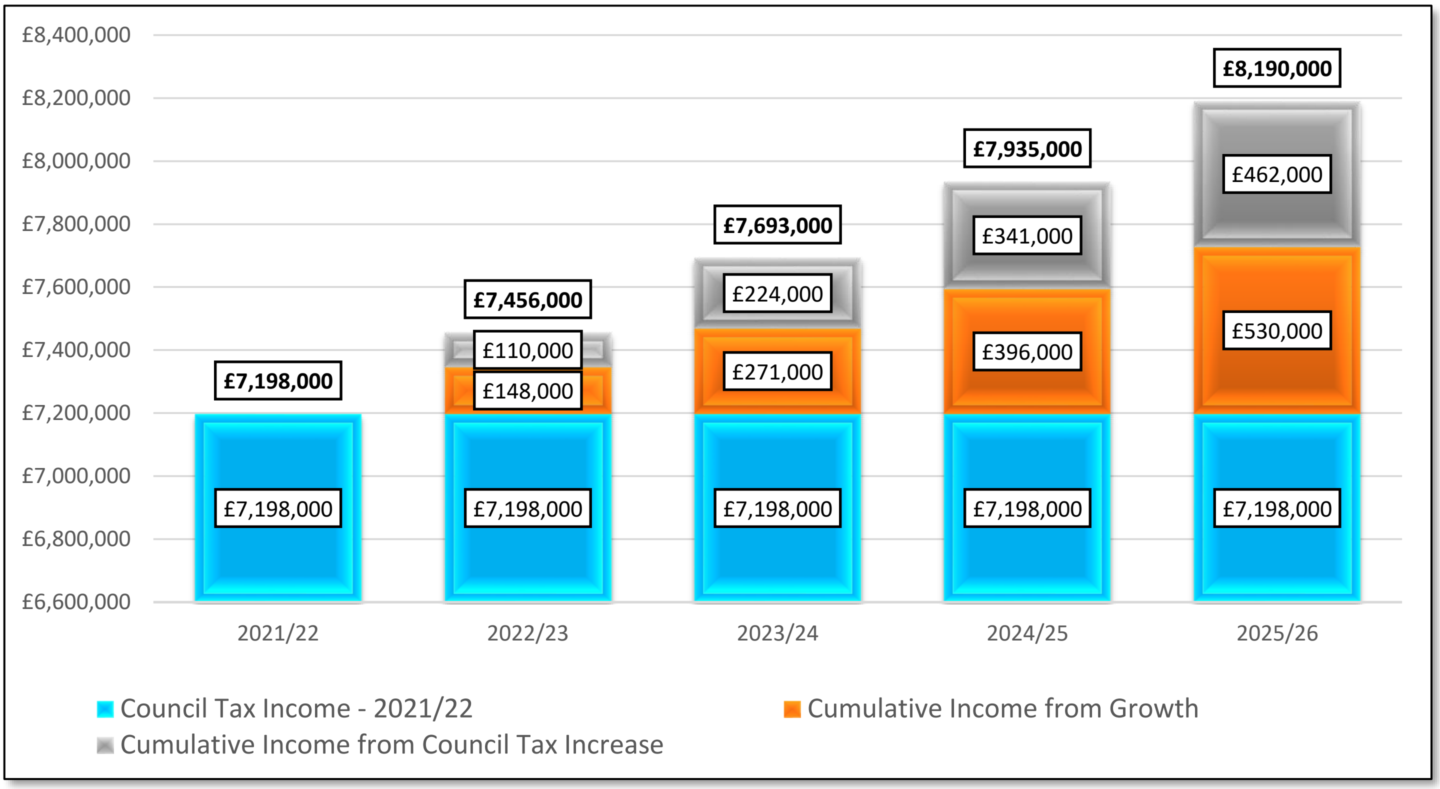
APPENDIX A

Council Tax

The Approved Budgets for Council Tax base (with a modelled increases to Council Tax Band D) and income are:







The change in Council Tax income compared to the Approved Medium Term Financial Strategy is shown below:

	2021/22	2022/23	2023/24	2024/25	2025/26
Approved MTFS	(£7,198,000)	(£7,551,000)	(£7,927,000)	(£8,224,000)	(£8,493,000)
Draft MTFS	(£7,198,000)	(£7,456,000)	(£7,693,000)	(£7,935,000)	(£8,190,000)
Change – lower projected income	-	**£95,000**	**£234,000**	**£289,000**	**£303,000**

Revenue Budget – 25 Year Model (1 to 10 years, 15 years, 20 years and 25 years)

Key Assumptions													
Year	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**	**2035/36**	**2040/41**	**2045/46**
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**15**	**20**	**25**
Council Tax Base	38,891	39,695	40,350	41,004	41,695	42,167	42,167	42,470	42,773	43,076	44,591	46,106	47,621
Projected Residential Growth - LHN							303	303	303	303	303	303	303
Projected Council Tax Base							**42,470**	**42,773**	**43,076**	**43,379**	**44,894**	**46,409**	**47,924**
Council Tax Band D	£185	£188	£191	£194	£196	£199	£203	£207	£212	£216	£238	£263	£290
Modelled Council Tax Increase	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%
LG Futures Property Based Unit Cost	£53	£54	£55	£56	£57	£58	£59	£61	£62	£63	£70	£77	£85
Core Budget Inflation Allowance						2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Funding and Pension Inflation Allowance						2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

	Medium Term Financial Strategy					**Additional Projections**							
	2021/22	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**	**2035/36**	**2040/41**	**2045/46**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**15**	**20**	**25**
Modelled Total Expenditure	**12,199**	**12,551**	**10,708**	**11,180**	**11,550**	**11,550**	**11,993**	**12,451**	**12,924**	**13,412**	**16,097**	**19,232**	**22,888**
Inflation and Budget Variations													
Provision for Pay and Other Inflation						274	296	308	319	332	398	476	567
Budget Pressure - Residential Growth						27	18	18	19	19	21	23	26
Provision for Budget Variations													
Revenue Implications of Capital Bids						0							
Sub Total	**12,199**	**12,551**	**10,708**	**11,180**	**11,550**	**11,851**	**12,307**	**12,777**	**13,262**	**13,763**	**16,516**	**19,732**	**23,481**
Other Projections													
Annual Increase in Past Service Pensions						145	148	151	154	157	173	191	211
Replacement for FGLC Debt Costs						(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Total Modelled Expenditure	**12,199**	**12,551**	**10,708**	**11,180**	**11,550**	**11,993**	**12,451**	**12,924**	**13,412**	**13,916**	**16,686**	**19,919**	**23,688**

APPENDIX A

	Medium Term Financial Strategy					Additional Projections							
	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000	2035/36 £000	2040/41 £000	2045/46 £000
Modelled Funding:													
<u>Retained Business Rates</u>													
Baseline Funding Level	(2,117)	(2,117)	(1,799)	(1,826)	(1,863)	(1,900)	(1,938)	(1,977)	(2,017)	(2,057)	(2,271)	(2,507)	(2,768)
Retained Growth - full & phased resets	(1,005)	(1,194)	(542)	(654)	(765)	(781)	(796)	(812)	(829)	(845)	(933)	(1,030)	(1,137)
<u>New Homes Bonus / Replacement</u>													
New Homes Bonus - total receipt	(1,282)	(1,401)	0	0									
New Homes Bonus - Replacement					0	0	0	0	0	0	0	0	0
<u>Council Tax and Other Funding</u>													
Collection Fund and one off funding	(360)	(383)	52	0	0	0	0	0	0	0	0	0	0
Council Tax	(7,198)	(7,456)	(7,693)	(7,935)	(8,190)	(8,407)	(8,636)	(8,871)	(9,111)	(9,358)	(10,687)	(12,192)	(13,894)
Total Modelled Funding	**(11,962)**	**(12,551)**	**(9,982)**	**(10,415)**	**(10,818)**	**(11,088)**	**(11,371)**	**(11,660)**	**(11,956)**	**(12,260)**	**(13,891)**	**(15,730)**	**(17,800)**

Modelled Funding Gap/(General Reserves)	**237**	**0**	**726**	**765**	**732**	**905**	**1,080**	**1,264**	**1,456**	**1,656**	**2,795**	**4,190**	**5,888**

Memorandum Item	Legacy Payments				New Scheme			
New Homes Bonus - Base Budget	(500)	(400)	0	0	0	0	0	0

	Medium Term Financial Strategy					Additional Projections							
General Reserves Year Start	**5,114**	**5,288**	**5,568**	**4,842**	**4,077**	**3,345**	**2,441**	**1,361**	**97**	**(1,360)**	**(3,016)**	**(3,016)**	**(3,016)**
Contributions from Revenue Account	(237)	0	(726)	(765)	(732)	(905)	(1,080)	(1,264)	(1,456)	(1,656)	0	0	0
New Homes Bonus in excess of the 'Cap'	411	280	0	0	0								
Available General Reserves Year End	**5,288**	**5,568**	**4,842**	**4,077**	**3,344**	**2,441**	**1,361**	**97**	**(1,360)**	**(3,016)**	**(3,016)**	**(3,016)**	**(3,016)**
Minimum Level	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600			
Total General Reserves	**6,888**	**7,168**	**6,442**	**5,677**	**4,944**	**4,041**	**2,961**	**1,697**	**240**	**(1,416)**			

Corporate Fees and Charges Policy

Introduction

There are a range of reasons why authorities should have a corporate charging policy in place:

- Charging has a significant role to play as a policy instrument, contributing towards the achievement of corporate and service objectives.
- Charges can be used as a tool to manage demand or influence behaviour, through encouraging/discouraging the use of services and/or the patterns of use of services.
- The policy can provide clarity over why different charges are set for different user groups e.g. through the use of discounts/concessions.
- Charging as an income source can contribute towards the achievement of financial objectives, linked to the Medium-Term Financial Strategy, given its significance, particularly in the context of decreasing external funding.

Corporate Charging Principles

It is recommended that, when setting charges, these are set so as to:

1. Contribute to the achievement of corporate and service objectives
2. Maximise potential income, to achieve financial objectives, unless there is an explicit policy decision to subsidise the service
3. Be capable of being justified, in comparison with other similar providers
4. Take account of the ability of different users to pay, through the use of discounts and concessions, where appropriate
5. Differentiate between differing levels of a service being provided
6. Take account of the views of and minimise the impact upon users, where new or significantly higher charges are proposed, and where this is possible
7. Optimise the ease of collection of charges and minimise the costs of collection
8. Be regularly reviewed, using the latest available market information, and revised/updated, based upon such new information

The rationale for each of these charging principles is discussed further below.

1. Contribute to the achievement of corporate and service objectives

1.1 Charges are clearly not an end in themselves, but should be used as a means to contribute towards the achievement of specific corporate and service objectives. Managers should therefore be able to identify whether or not a service can legally be charged for and, if so, clearly articulate how, through charging for the service and in the level and application of the charge, they are contributing towards these objectives.

1.2 As identified above, there will be instances where charging is prohibited or restricted; however, even under such statutory frameworks, it is still good practice to make the link between the levels of service provided e.g. basic, enhanced, and the policy objective being addressed.

1.3 A summary of the current pricing policies adopted and the policy objective that they are primarily intended to achieve are summarised in the table below:

Pricing Policy	Policy Objective
Full commercial	The Council seeks to maximise income within an overall objective of generating surpluses to offset related overheads e.g. trading companies for property and investment, trade refuse collection.
Fair charging	The Council seeks to maximise income, but subject to a defined policy constraint e.g. charges for car parking. Alternatively, a full commercial rate may not be determinable or the Council may be a monopoly supplier of services.
Full Cost recovery	A Council wishes to make the service generally available, but does not wish to subsidise the service e.g. street naming. Therefore prices are based on the direct cost and overheads related to the activity.
Subsidised	Council policy is to make the service widely accessible, but believe users of the service should make some contribution from their own resources e.g. leisure charges.
Nominal	The Council wishes the service to be fully available, but sets a small user charge e.g. confirmation of residency letter.
Free	Council policy is to make the service fully available and funded through corporate resources, rather than specific fees e.g. free access to parks/public open spaces.
Statutory	Charges are set in line with national legal requirements and there is no local discretion over the level of the charge e.g. planning application fees. In some instances, there might be statutory constraints, whereby there is some limited, but not complete, and discretion over the level of the charge.

2. Maximise potential income, to achieve financial objectives, unless there is an explicit policy decision to subsidise the service

2.1 There will clearly be a need for charges to contribute towards the achievement of financial objectives, particularly in the context of the current financial climate (assuming that these do not conflict with the overall policy framework). If the legal powers exist to charge, managers will need to justify the reasons for any instances where charges are not being made.

2.2 Generating/maximising income not only has financial benefits, but can also allow the service to develop capacity, deliver efficiency and sustain continuous service improvement. The example financial policies for charging/constraints set out in the table above should assist in identifying what financial objective is intended to be achieved from the charge, and, as can be seen, there will be a range of circumstances where it is not appropriate to maximise potential income.

2.3 However, the key issue for the Council in financial terms, is to ensure that managers do not inadvertently provide a subsidised service where there is no explicit policy objective to do so. This could take place for a number of reasons, such as:

- Not taking account of the full costs of service provision e.g. capital costs, overheads/recharges, costs of collection, as well as direct costs of provision
- Not increasing charges for inflation or only rolling forward by inflation annually and not taking account of the increased costs of service provision e.g. where fuel costs increase significantly above inflation
- Charging the same amount for different types of service user e.g. a commercial operator and a member of the public
- Instances where the charge is set inappropriately low, resulting in over-use or abuse of the service

2.4 In order for charges to be set at an appropriate level, therefore, this will require managers to have a robust understanding of the full range of costs associated with the provision of the service.

2.5 In addition, when setting charges, managers will need to be aware of the relationship between the level of charge and the potential impact upon demand, in terms of optimum price sensitivity e.g. as a higher charge may not necessarily maximise total income, if usage decreases disproportionately.

3. Be capable of being justified, in comparison with other similar providers

3.1 Clearly, where Councils have discretion over the level of their charges, they are free to exercise local member and service choice, taking into account factors such as the type and quantity of chargeable services that they provide and therefore the level of charges and associated subsidy.

3.2 Charges often vary considerably, even between similar authorities, and there may be reasons why charges may vary in this manner e.g. the use of alternative models of service provision. However, there are equally areas for which authorities are unable to explain why their service charges (or even expenditure as a whole) differs so widely from other similar providers and where they may not even be aware of such differences in the first instance.

3.3 There is therefore a need to compare charges, both with other authorities and with private sector providers, where there is an external market, and understand reasons for any differences. Such differences are not necessarily a cause for concern e.g. higher charges may have been levied as a result of a deliberate policy to provide a higher level of service, to seek to discourage excessive use etc., but should be capable of being validated.

4. Take account of the ability of different users to pay, through the use of discounts and concessions

4.1 As identified previously, there will be a number of instances where it is appropriate for charges to be subsidised for different types of users. These could include, for example:

- To achieve a specific policy objective e.g. encouraging healthy living through subsidised use of leisure facilities
- Structuring charges differently e.g. a lower rate per hour for car parking at off-peak times, to ration service use at peak times when demand exceeds supply
- Where users have limited financial means e.g. as measured by receipt of certain types of benefit and/or reduced rates for children and older people
- Applying concessions for certain types of users e.g. free parking for local residents
- Discounts linked to loyalty/take-up of the service e.g. for frequent users

4.2 The Council may have a corporate policy on service user groups which receive subsidised access to all (or many) services e.g. children's and older people's discounts. For certain services, eligibility criteria for services may also be established.

4.3 Key factors that the Council will need to take into account when considering the use of eligibility criteria/discounts/concessions include:

- The link between the discount/concession and the policy/service objective that the charge is intended to contribute towards
- The link between the discount/concession and the Council's diversity/equalities policies
- Whether a generic concession should be applied for all services e.g. those in receipt of means-tested benefits, or whether the concession should be targeted towards a specific user group, depending upon individual service issues
- How the discount/concession will be funded e.g. from other users of the same service, from Council Taxpayers more widely, and the financial implications of the subsidy
- The need to review the degree to which eligibility criteria/discounts/concessions remain appropriate over time e.g. as take-up increases
- Minimising the burden upon those applying for discounts/concessions e.g. ensuring that they do not have to provide duplicate information to more than one Council service
- The link between take-up of benefits and maximising overall Council resources e.g. if benefit take-up contributes towards funding received from central government
- Whether the concession or discount is funded through cross-subsidy by other service users, through higher charges, or whether it is funded corporately.
- The costs of determining and managing the discount or concession.

5. Differentiate between differing levels of a service being provided

5.1 Where the Council has discretion over the level of charge and also the level of service provided, it is important that the charge reflects the degree of usage of service resources and value added.

5.2 Whilst the same level of staffing resources may be required in some cases, the service user could be receiving higher added value under a quicker turnaround option or a more frequent service, for example, and therefore a higher premium for the service may be appropriate.

6. Take account of the views of and minimise the impact upon users, where new or significantly higher charges are proposed, and where this is possible

6.1 Where the Council is operating in a competitive environment, users have the freedom to use alternative providers if similar services are provided at lower cost. Consultation can be highly important, however, where the Council is in a monopoly position and needs to provide equity to service users.

6.2 Where charges are being regularly reviewed, there will be instances where the review identifies that higher service charges are required e.g. to take account of higher service costs. This may be even more of an issue where service charges have not been reviewed for some time, and have not therefore kept pace with increasing costs.

6.3 It is important that the impact upon service users of any proposed changes to charges is identified, both from an individual perspective e.g. affecting their ability to pay/use the service, and also from a Council-wide perspective e.g. affecting the extent to which policy objectives will now be achieved and the potential demand for, and therefore the level of income received for, the service.

6.4 This will be assisted by an understanding of the impact of previous changes in charges on levels of service use for different groups of service users; although, as such information may not be readily available, it will be important that this is collected in future, whenever such changes are made. In addition, consultations on services should take account of user views on levels of charges and the perceived value for money received.

7. Maximise the ease of collection of charges and minimise the costs of collection

7.1 The efficient collection of charges clearly has significant benefits in terms of minimising potential arrears levels i.e. the easier that it is made for charges to be paid, the more likely that payment will be made in practice.

7.2 In terms of administering charges, there are a number of areas which should be explicitly considered:

- Service charges and the way in which they will be paid/collected should be transparent to users
- The costs of collection should be proportionate to the actual level of income being collected
- A range of alternative payment methods e.g. format, frequency, venues, should be offered to users, with potential incentives being considered for the most efficient payment methods e.g. electronic payment, direct debit
- Procedures for the collection of arrears and write-off of debts should be clearly set out and consistently followed for all service users
- Where arrears have built up, this information should be reported to managers responsible for providing the service, in order that they are aware of any such issues from a service management perspective

8. Be regularly reviewed, using the latest available market information, and revised where appropriate

8.1 As identified previously, service charges should be contributing to the achievement of defined policy, service and financial objectives and it is therefore vital that charges (and eligibility criteria/discounts/concessions) are reviewed on a regular basis to ensure that this continues to be the case.

8.2 The council may wish to distinguish between those fees and charges that need approval by members and those that do not. In addition, a de-minimis limit could also be set for such a review, although clearly, it will be important that areas not currently charged for (but which could potentially be) are also considered. In terms of scope, all external charges should be considered, and it may also be appropriate to include charges made through external Service Level Agreements e.g. traditional ‘blue collar’ services.

8.3 In order for such review to be effective, managers will need to take into account relevant market information e.g. changes in legislation; patterns of service use; benchmarking data; price sensitivity; opportunities to introduce or extend charges etc.

8.4 This need not necessarily be a highly detailed exercise, but managers should at least be certain that charges are achieving their intended objective(s) and have been set appropriately. If this is not the case, clearly managers will need to amend charges accordingly e.g. increasing charges if the costs of provision have increased or amending discount/concession schemes if they are no longer relevant

Recommended Capital Strategy

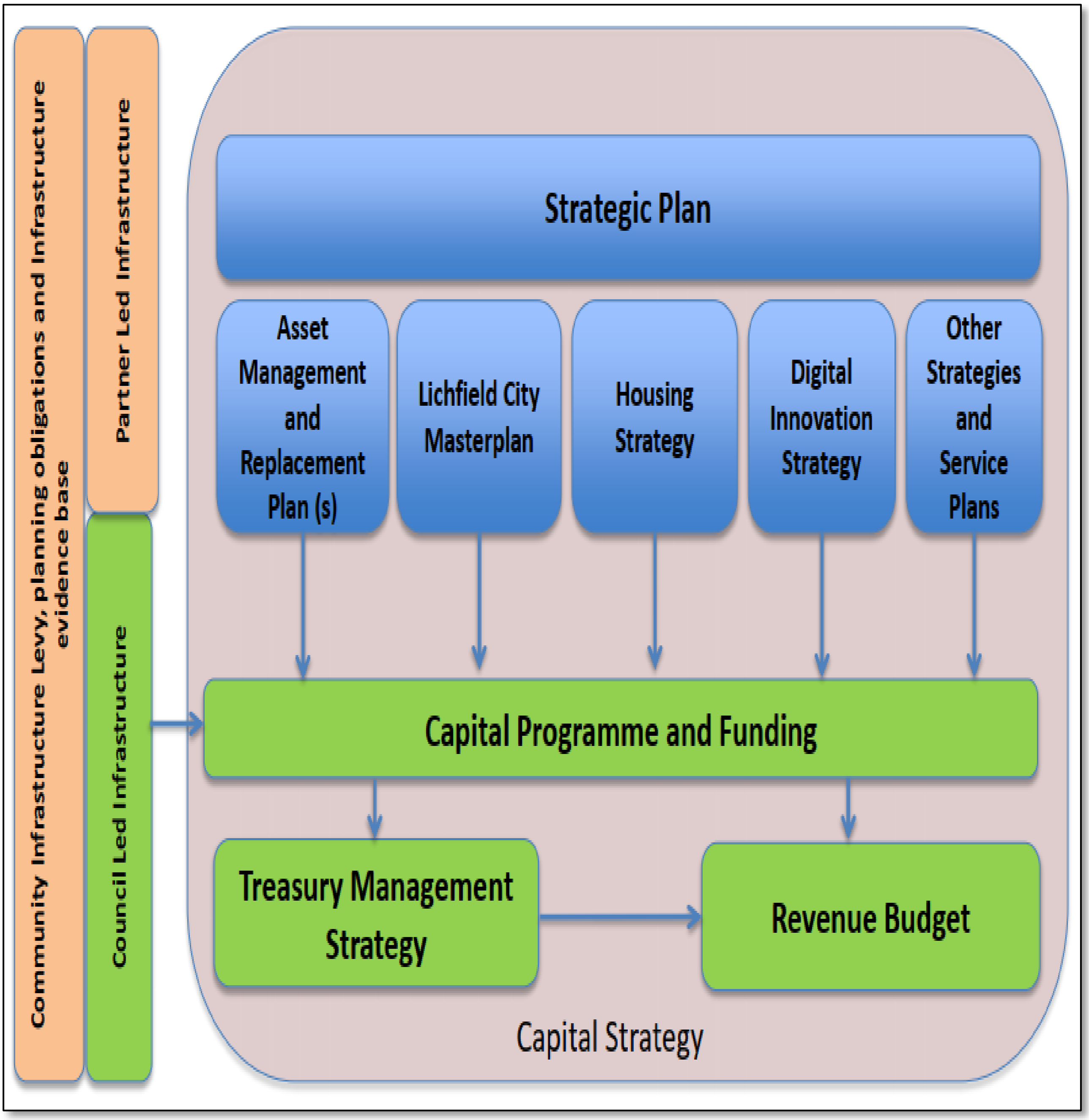
1. Introduction

1.1. The Prudential Code requires the completion of a Capital Strategy that is approved by Full Council.

1.2. The Capital Strategy provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

1.3. The Capital Strategy forms part of the Councils integrated revenue, capital and balance sheet planning. The Council already undertakes elements of the requirements although some areas, such as Asset Management Planning, are subject to ongoing development.

1.4. The Prudential Code now requires all of this information to be brought together in a single place as shown below:



2. The Capital Programme

2.1. The financial planning process and its Governance is shown below:

The Financial Planning Timetable and Governance Responsibility

Service and Financial Planning	July	Medium Term Financial Strategy
	August	
Review Medium Term Financial Strategy	September	Money Matters as at 30 June
	October	Medium Term Financial Strategy
Review Medium Term Financial Strategy	November	
Mid Year Treasury Management Report	November	
	December	Money Matters as at 30 September
	December	Medium Term Financial Strategy
	December	Set Council Taxbase and approve Collection Fund Projections
Review Medium Term Financial Strategy	January	
Review Treasury Management and Capital Strategies	February	Money Matters as at 30 November
Approve the Medium Term Financial Strategy and set the Council Tax	February	Recommend Medium Term Financial Strategy and Council Tax to Council
	March	
	April	
Draft Statement of Accounts	May	
	June	Money Matters as at 31 March
Annual Treasury Management Report	July	
	August	
Statement of Accounts (was 31 July but for 2 years extended to 30 September)	September	

Key:
Pink = internal timelines
Blue = Cabinet
Salmon = Cabinet & Overview and Scrutiny Committee
Amber = Overview and Scrutiny Committee
Green = Audit & Member Standards Committee
Purple = Council

The Capital Programme Process

2.2. Given our current financial position, our priorities and responsibilities and as Asset Management Plans are developed, it is probable that capital needs will be identified that exceed resources available thus necessitating a more transparent and robust process to inform Members during the development of the MTFS.

2.3. The capital bid process has been incorporated into the service and financial planning process to provide a holistic approach. The capital bid element of the process has been designed to ensure consistency, objectivity, equity and transparency to the prioritisation and allocation of capital funding, while ensuring maximum value for money.

2.4. A summary of the process is identified below:

- Service identifies a budget requirement and consults with the Finance and Procurement Team.
- Service requests funding by completing and submitting a funding bid form.
- Service completes a funding bid financial profile form and submits this with their bid.
- Service completes a funding bid assessment form and submits this with their bid.
- The Finance and Procurement Team reviews all bids and assessments and requests clarification where required.
- The Finance and Procurement Team reviews bids using the assessment criteria and ensure the bids are included in the relevant service and financial planning submission.
- Leadership Team review all service and financial planning submissions and ongoing capital investment needs identified in the 25 year capital investment model before recommending the allocation of funding either through a Cabinet Report or through the MTFS.
- Finance and Procurement monitor funding allocations and spend, reporting to Leadership Team as part of Money Matters Reports.
- Where the project budget or annual allocation is **£500,000 or more**, a review of performance is not already separately monitored, and the service completes work / project outlined within the bid, the service will undertake a review (i.e. post-project review) within 6 months of work being completed, providing this to Finance and Procurement to include in a report to Leadership Team.

Planning Obligations - Section 106 and Community Infrastructure Levy (CIL)

2.5. As part of the planning process, financial contributions from planning obligations, including the Community Infrastructure Levy, are received from new developments. The vast majority is spent directly on infrastructure works or will be spent in line with the Infrastructure Delivery Plan (IDP).

2.6. In some cases there is an element of discretion on how they are allocated. These contributions towards social and community facilities are linked to the development proposed.

2.7. The Council’s Capital Programme includes a number of projects that are to be funded by Section 106 and CIL; this is a significant source of funding and there is a significant level of interest from the community in relation to the allocation of sums to projects.

2.8. The **Draft Capital Programme** and its **funding** by Strategic Priority is summarised below:

	Draft Capital Programme						
Strategic Priority	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**Total £'000**	**Corporate £'000**
Enabling People	£2,794	£4,792	£3,596	£1,315	£939	£13,436	£55
Shaping Place	£1,984	£421	£3,127	£280	£300	£6,112	£338
Developing Prosperity	£577	£1,676	£193	£0	£0	£2,446	£415
Good Council	£1,056	£1,064	£331	£331	£506	£3,288	£2,923
Grand Total	**£6,411**	**£7,953**	**£7,247**	**£1,926**	**£1,745**	**£25,282**	**£3,731**

	Draft Capital Programme						
Funding Source	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**Total £'000**	
Capital Receipts	£909	£1,331	£61	£231	£91	£2,623	
Capital Receipts - Statue	£5	£0	£0	£0	£0	£5	
Revenue - Corporate	£0	£100	£313	£100	£590	£1,103	
Corporate Council Funding	**£914**	**£1,431**	**£374**	**£331**	**£681**	**£3,731**	
Grant	£1,633	£2,741	£1,316	£1,315	£914	£7,919	
Section 106	£708	£254	£0	£0	£0	£962	
CIL	£44	£35	£0	£0	£0	£79	
Reserves	£1,885	£993	£329	£130	£0	£3,337	
Revenue - Existing Budgets	£463	£150	£150	£150	£150	£1,063	
Sinking Fund	£64	£0	£0	£0	£0	£64	
Leases	£372	£0	£2,818	£0	£0	£3,190	
Internal Borrowing	£0	£0	£0	£0	£0	£0	
Total	**£6,083**	**£5,604**	**£4,987**	**£1,926**	**£1,745**	**£20,345**	**£25,282**
External Borrowing	**£328**	**£2,349**	**£2,260**	**£0**	**£0**	**£4,937**	
Grand Total	**£6,411**	**£7,953**	**£7,247**	**£1,926**	**£1,745**	**£25,282**	

2.9. The Revenue implications of the Capital Programme are shown below:

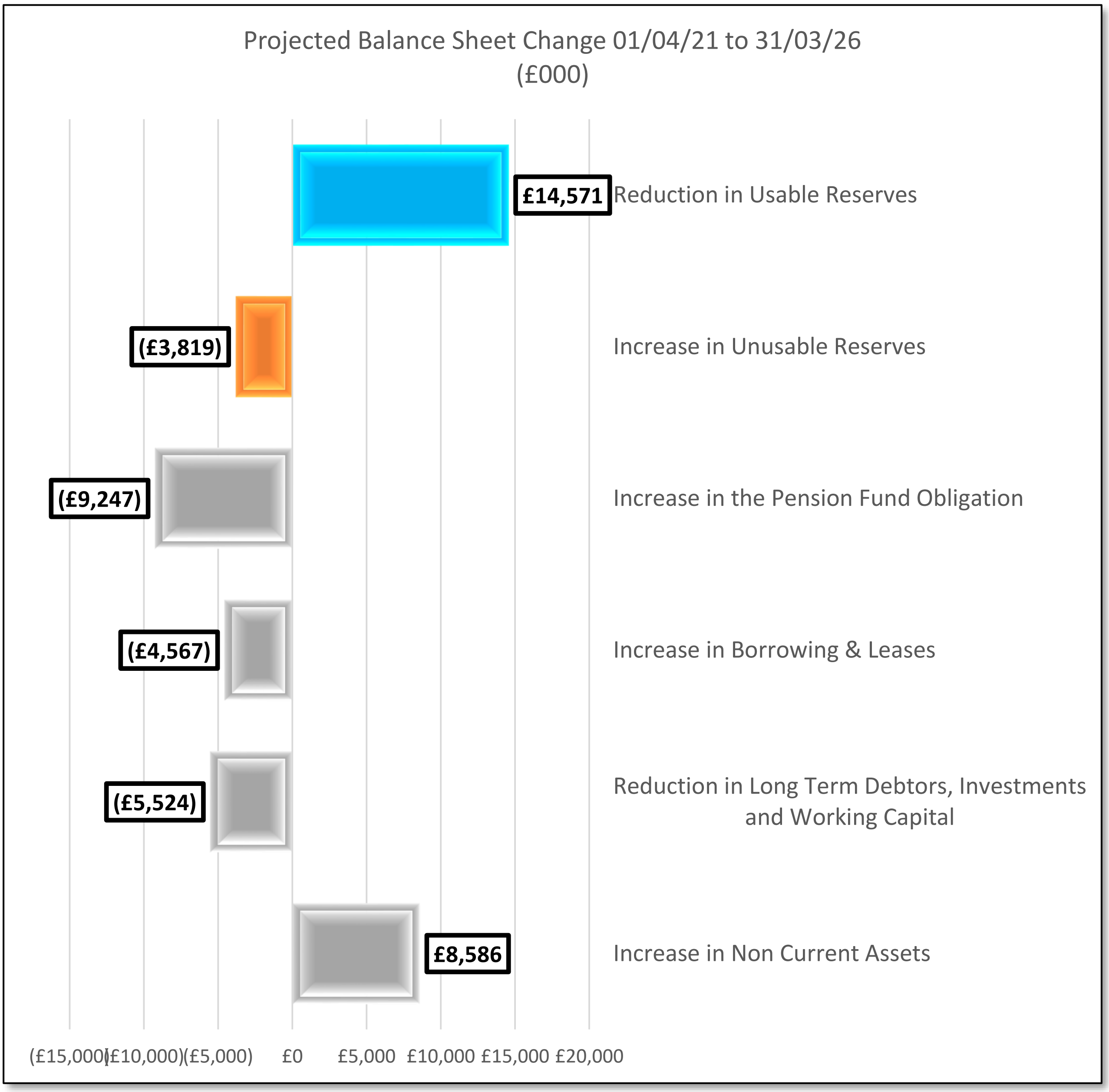
Revenue Implications	**2021/22 £000**	**2022/23 £000**	**2023/24 £000**	**2024/25 £000**	**2025/26 £000**
Interest on Loan to the LA Company	0	(4)	(18)	(22)	(22)
Friary Grange - Refurbishment	135	135	135	135	0
Coach Park Operation Costs	0	0	50	50	50
IT Hardware	9	4	(38)	9	9
Replacement Leisure Centre Debt Costs	0	0	0	294	290
Financial Information System	(20)	(40)	(40)	(40)	(40)
Revenue Budget - Bin Replacement	240	150	150	150	0
Revenue Budget - Other Projects	223	0	0	0	0
Revenue Budget - Corporate	0	0	213	0	0
Sub Total - Approved Budget	**587**	**245**	**452**	**576**	**287**
Revenue Budget - Corporate	0	100	100	100	590
Revenue Budget - Bin Replacement	0	0	0	0	150
Sub Total - Service and Financial Planning	**0**	**100**	**100**	**100**	**740**
Capital Programme Total	**587**	**345**	**552**	**676**	**1,027**

2.10. Projected Capital Receipts are shown in the table below:

Capital Receipts	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £'000
Opening Balance	**(2,578)**	**(1,689)**	**(368)**	**(317)**	**(97)**	**(2,578)**
Repayment of Company Loan	0	0	0	0	(675)	(675)
Other Receipts	(36)	(10)	(10)	(11)	(9)	(76)
Utilised in Year	909	1,331	61	231	91	2,623
Repayment of BLC Investment	16	0	0	0	0	16
Closing Balance	**(1,689)**	**(368)**	**(317)**	**(97)**	**(690)**	**(690)**
Housing Receipts						
Opening Balance	**(434)**	**(694)**	**(694)**	**(694)**	**(694)**	**(434)**
Right to Buy Receipts	(260)					(260)
Closing Balance	**(694)**	**(694)**	**(694)**	**(694)**	**(694)**	**(694)**

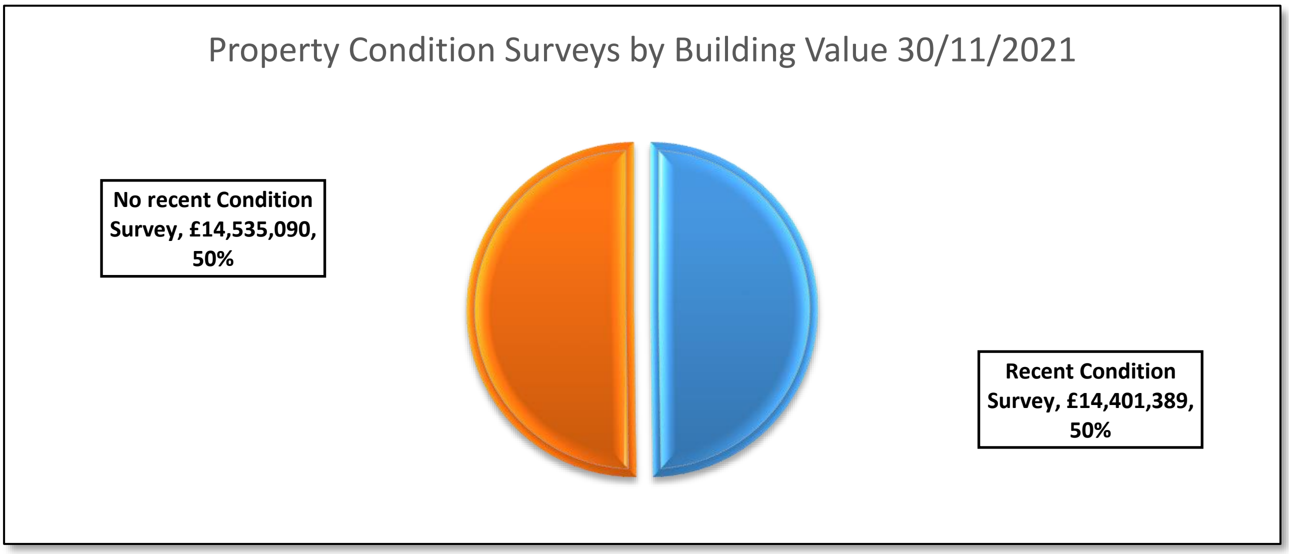
3. The Balance Sheet (in £000s)

3.1. The Revenue Budget, Capital Programme and its funding will impact on the Council's Balance Sheet:



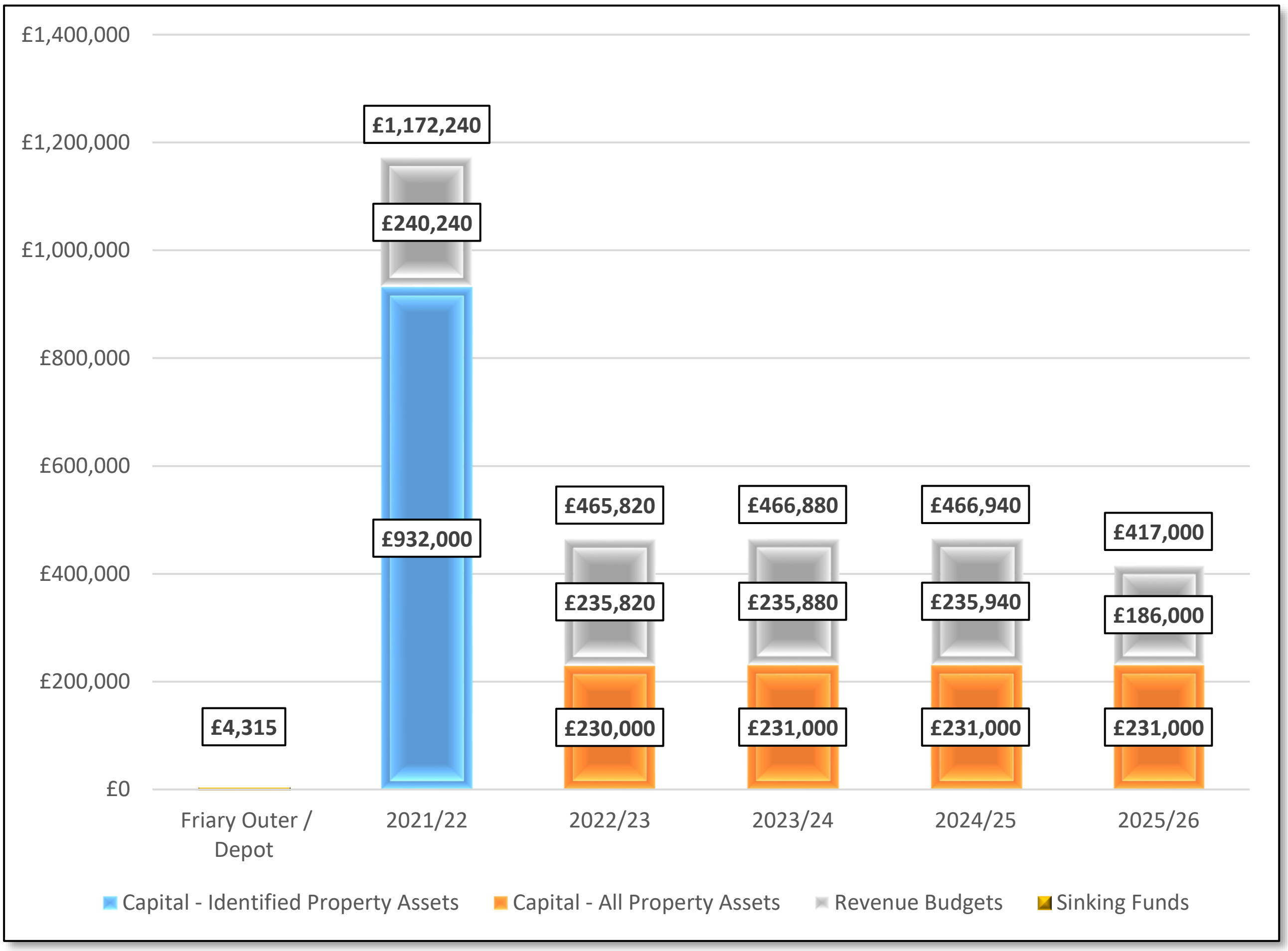
4. Asset Management Planning

4.1. The Estates Team is currently in the process of undertaking Property Condition Surveys for Property Assets owned by the Council. Progress to date is shown below:

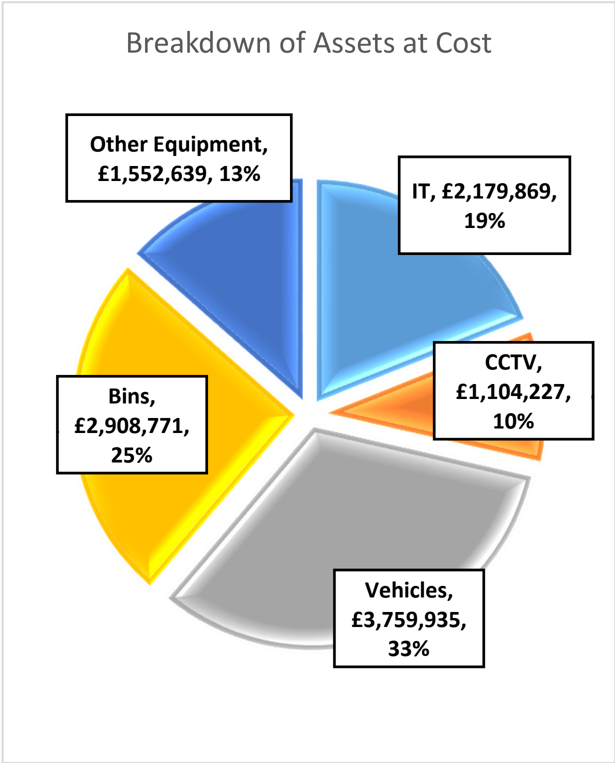


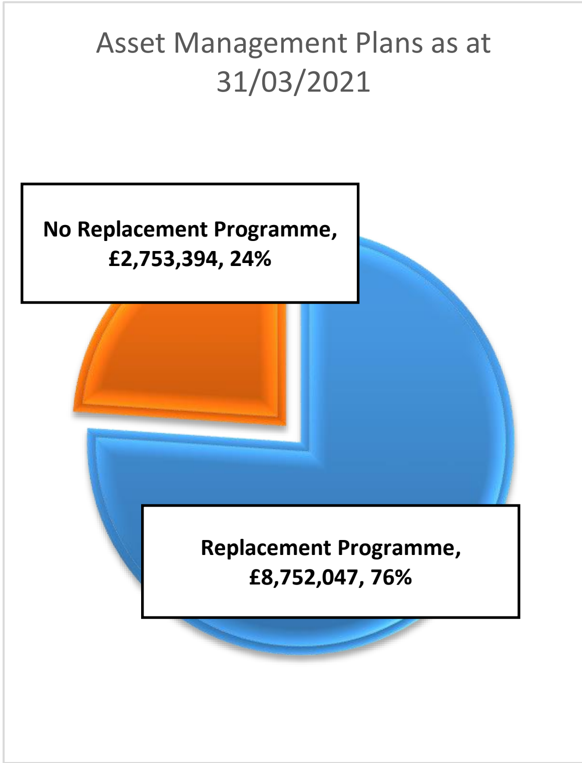
4.2. For financial planning purposes, an annual budget of **£230,000** (based on a % of projected asset value) has been included in the Capital Programme and Longer Term Capital Investment Plan.

4.3. The resources identified for enhancement and maintenance of property assets are:

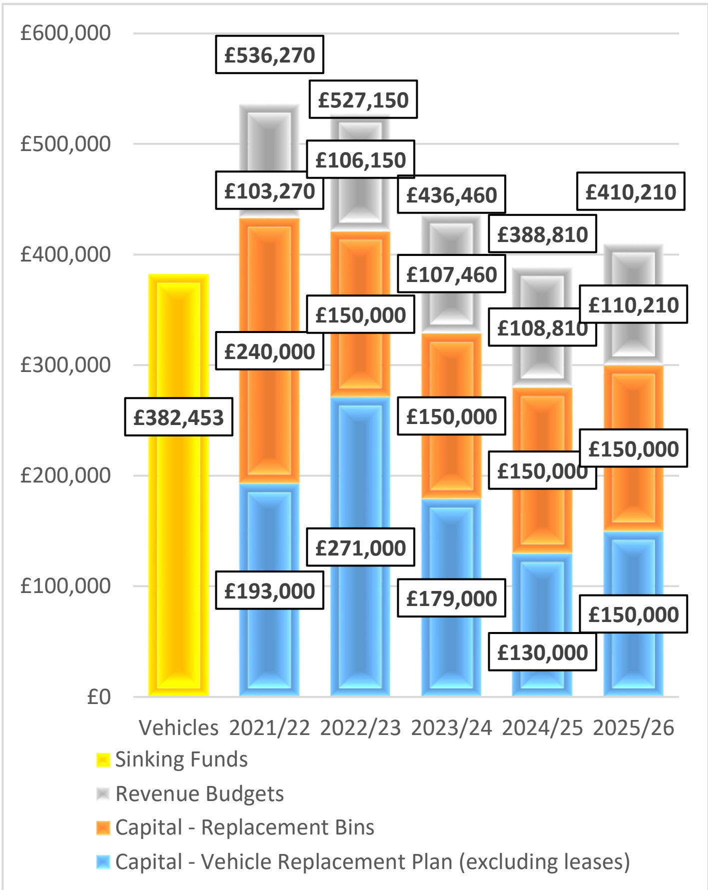


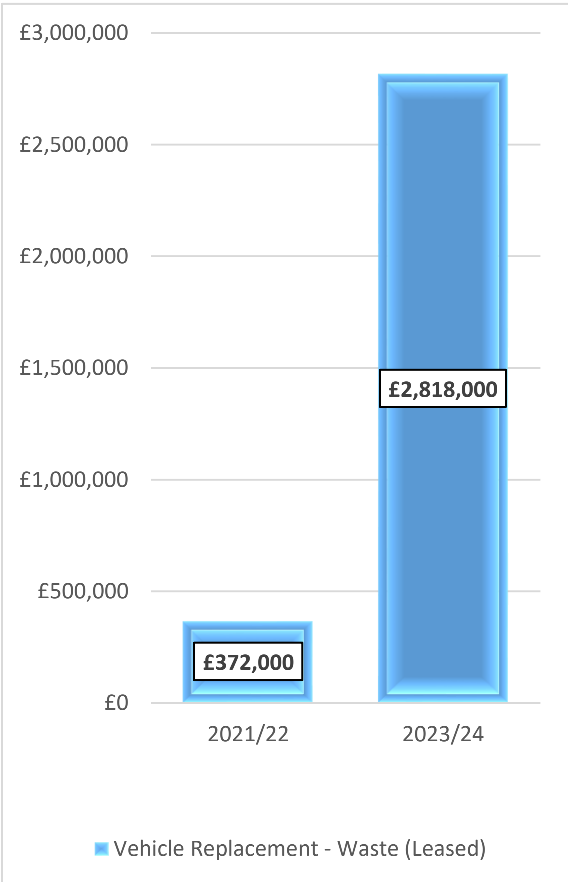
4.4. The Asset Management Plans in place for vehicles, plant and equipment assets are:





4.5. The resources identified for replacement and maintenance of vehicles, plant and equipment are:





5. Longer Term Capital Investment Planning

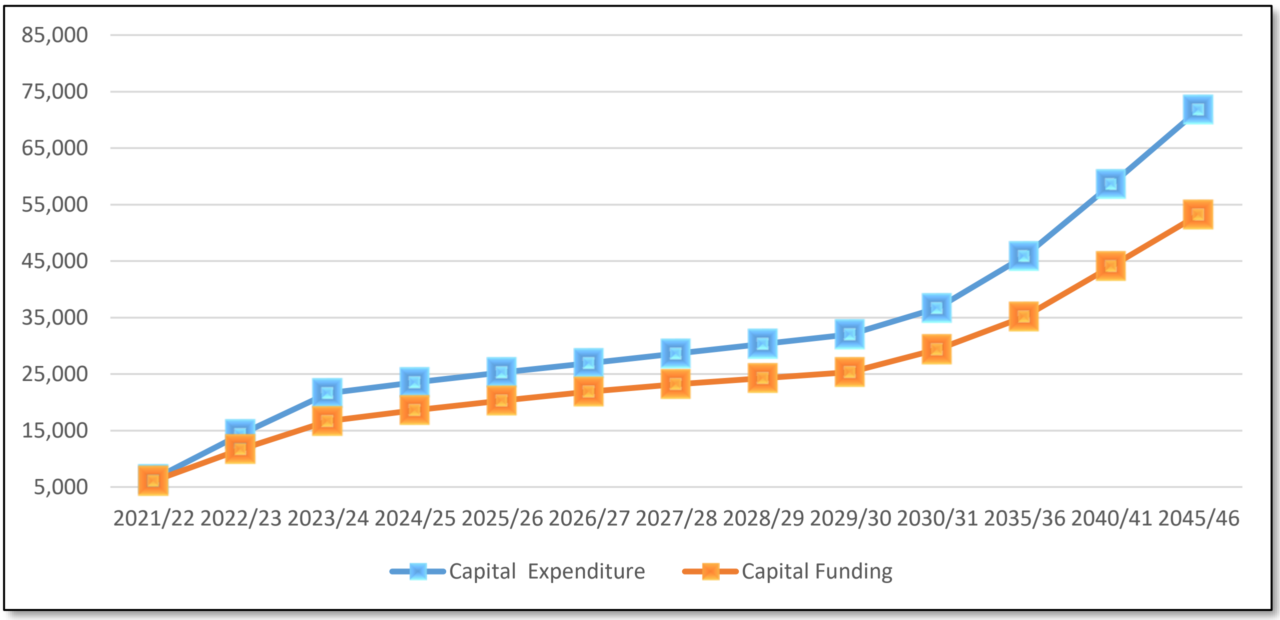
5.1. The Medium Term Financial Strategy covers a relatively short period of time (current financial year plus the next four years) and this short horizon is not reflective of the longer term investment needs associated with asset ownership.

5.2. Therefore it is prudent to also produce financial plans that cover a longer term financial planning horizon such as 25 years.

5.3. The following key assumptions have been utilised in producing the longer term financial plan:

- Annual core inflation of **2%**.
- Population in Lichfield District increases by an annual average of **0.33%**.
- The proportion of the population aged 65 and over increases from **24%** in 2021/22 to **28%** by 2045/46.
- The value of building assets increases from **£35m** in 2021/22 to **£46m** in 2025/26 with the building of a new Leisure Centre.
- An assessment of Property Planned Maintenance budgets at a percentage of building value or **£230,000** per annum has been utilised with annual inflationary increases.
- An assessment of ICT investment using the average level of investment in the last Capital Bid submitted of **£175,000** from 2025/26 has been utilised with annual inflationary increases.

5.4. The longer term capital investment plan is shown in detail at **ANNEX 1** and in the chart below:



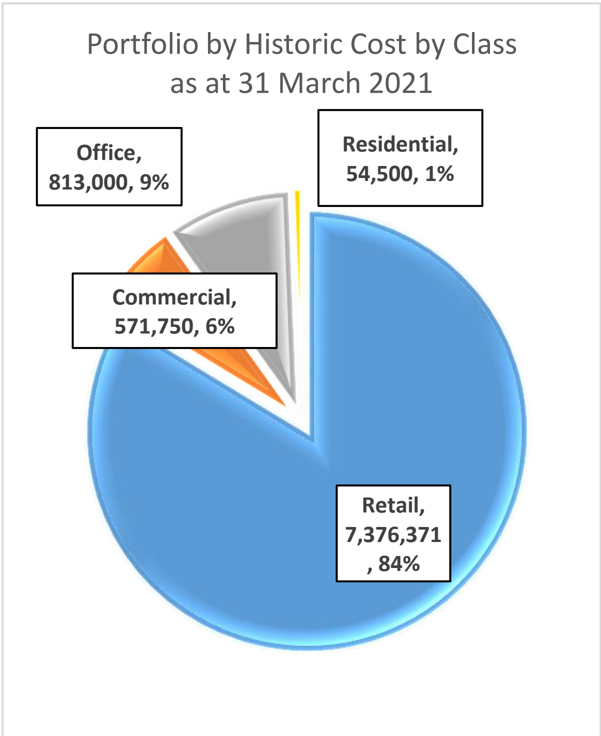
5.5. The difference between capital expenditure and funding would result in an increase in the cumulative level of borrowing need of **£19m** (including £5m approved for the new Leisure Centre).

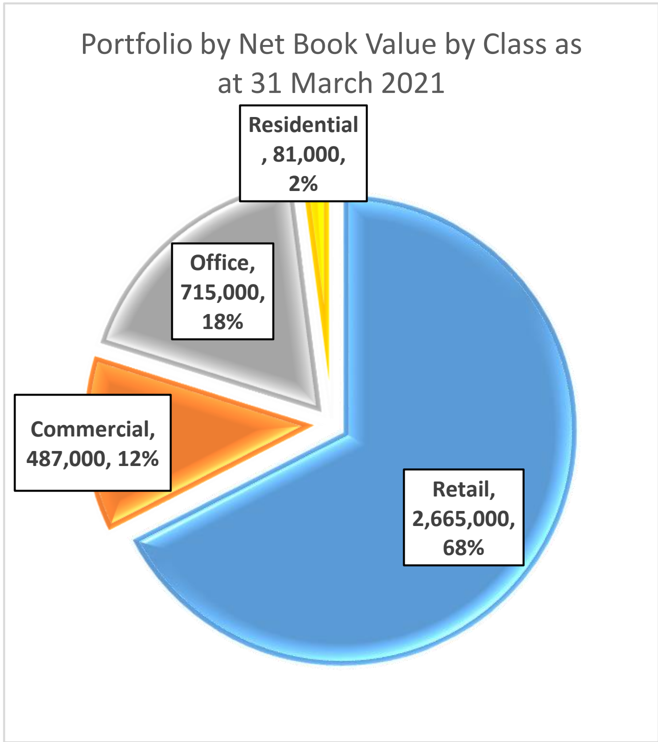
5.6. This additional borrowing need would result in additional and increasing debt repayment costs in the revenue budget thereby further increasing the Funding Gap.

5.7. However the borrowing need can be reduced through actions such as the receipt of external funding or sale of assets.

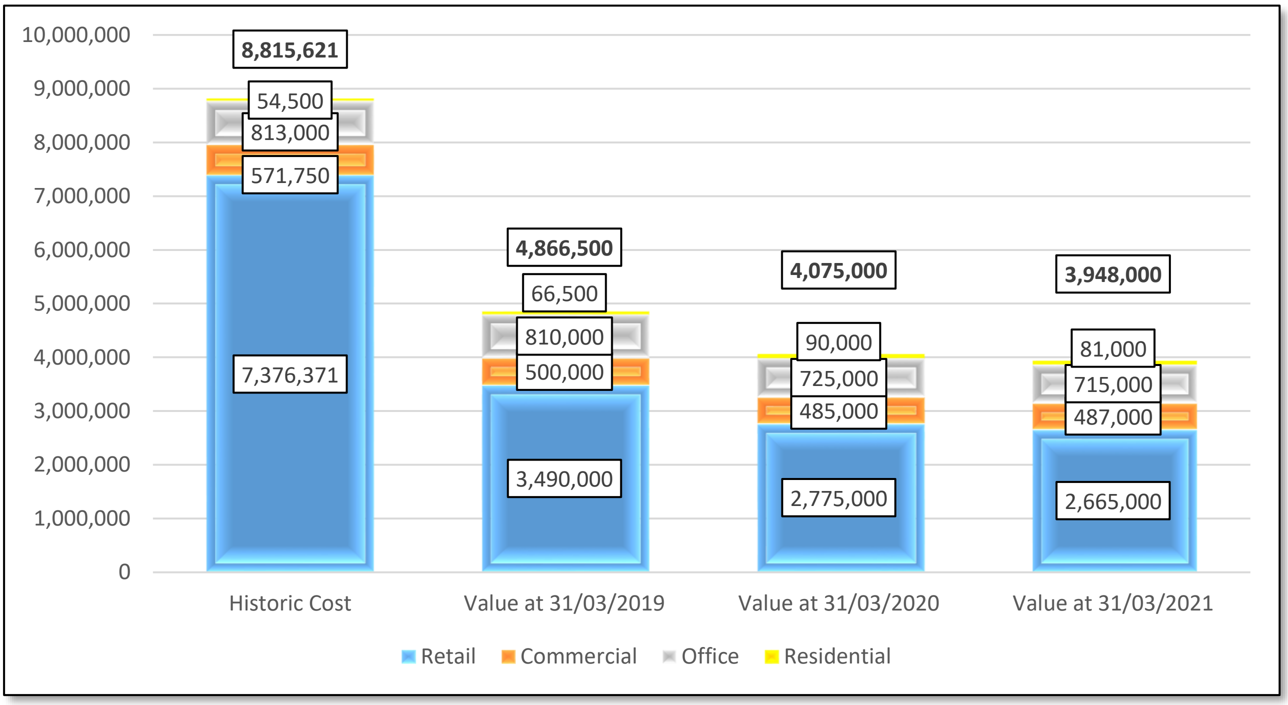
6. Current Investment in Property

6.1. The Council also owns a number of properties that provide an income return and the composition of the portfolio at 31 March 2021 is shown below:





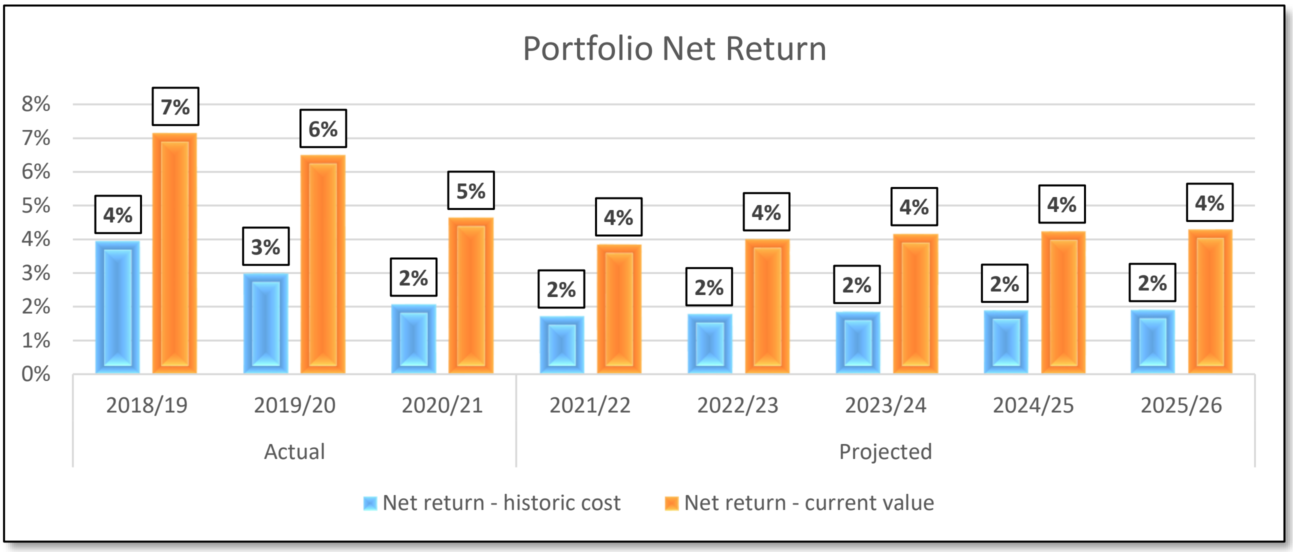
6.2. The value of these properties over the last three years is shown below:



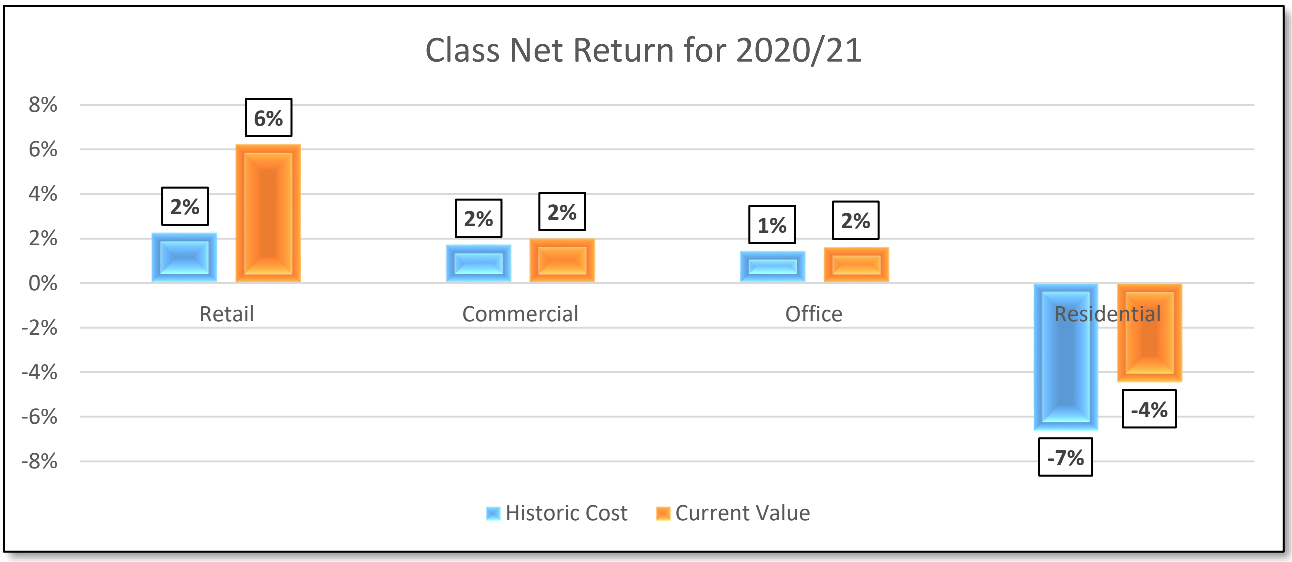
6.3. The value of these properties (mainly those classed as retail) have reduced because the value assessed by the external valuer is based on prevailing rental levels.

6.4. These properties were acquired without the need for borrowing and therefore the loan to value ratio for the portfolio is **0%**.

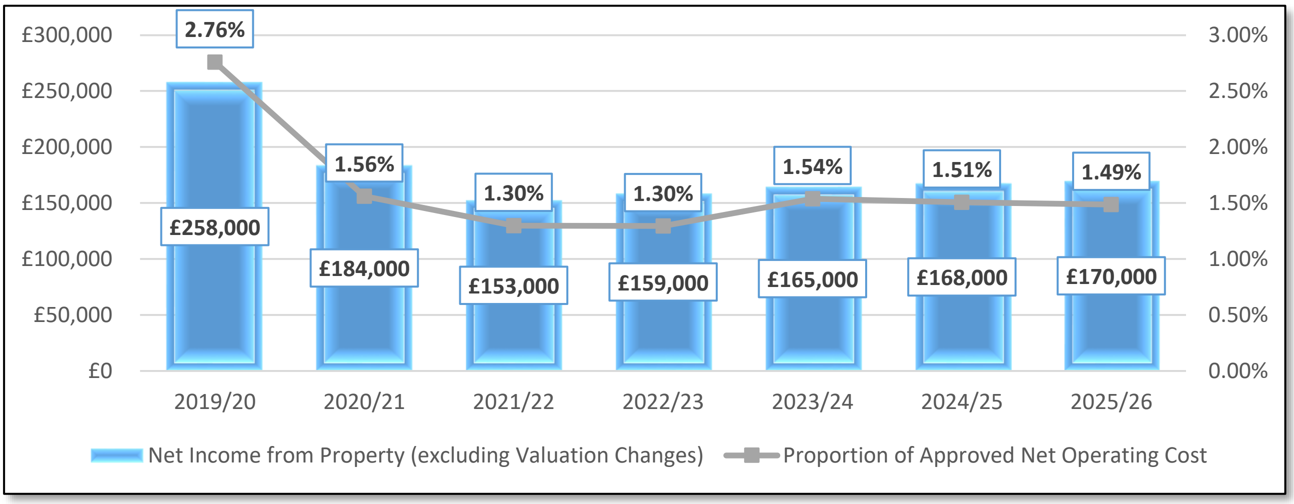
6.5. The portfolio net return based after taking account of management costs using historic asset cost and current value is shown in the chart below:



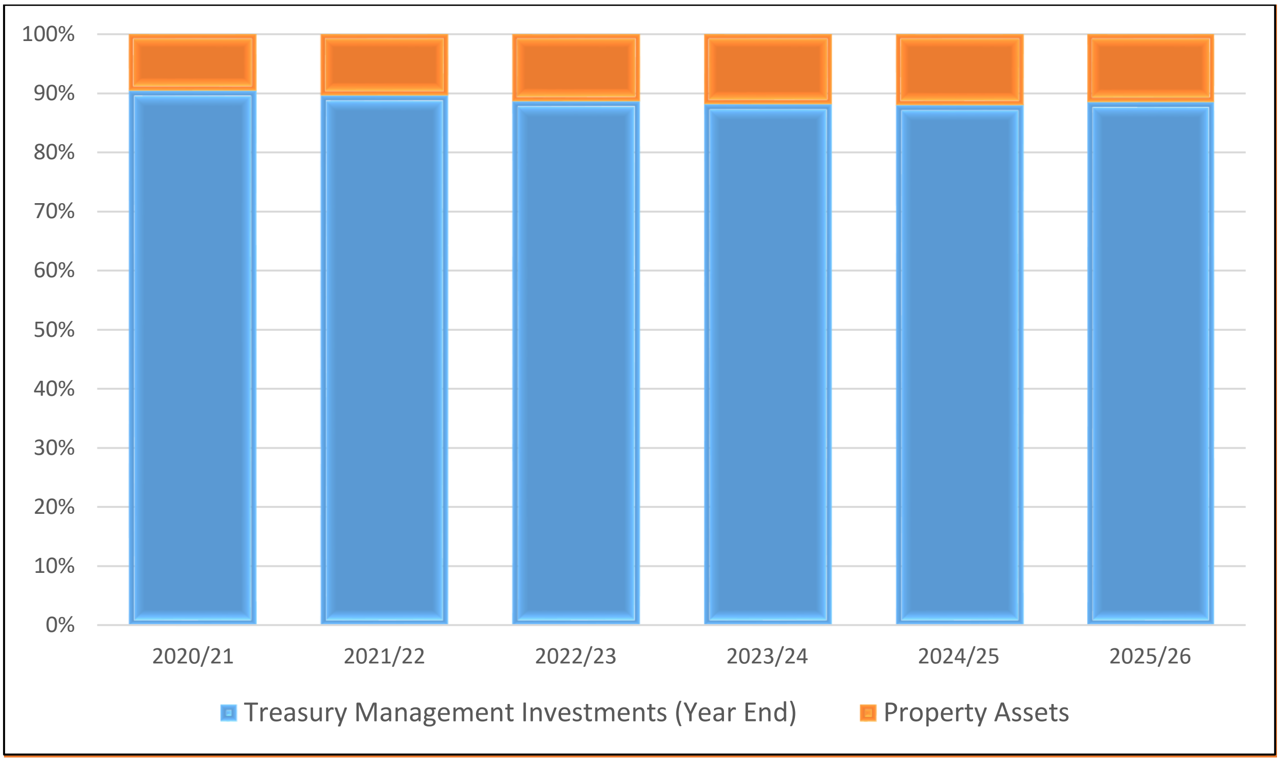
6.6. The net return is further analysed for 2020/21 by class of investment within the portfolio:



6.7. The proportion of the Revenue Budget supported by income from these properties is shown below:



6.8. The ratio of Treasury Management investments to property asset investments is shown below:



6.9. The Council has a Local Authority Trading Company Lichfield Housing Limited, which was incorporated in September 2019 with an aim to deliver housing development although the potential for other services to be delivered by the Company is currently being reviewed.

6.10. The Council undertook an equity investment of **£225,000** in 2020/21 and plans to advance a loan of up to **£675,000** to Lichfield Housing Limited in 2021/22, for a period of up to **5 years,** to facilitate housing development, subject to appropriate schemes being identified.

6.11. The loan to the Company will produce a gross income stream at **4%** from the company and the loan repayment will be treated as a capital receipt in 2025/26 in the Medium Term Financial Strategy. At present, no dividend income is assumed to be received from the Company.

7. Debt Management

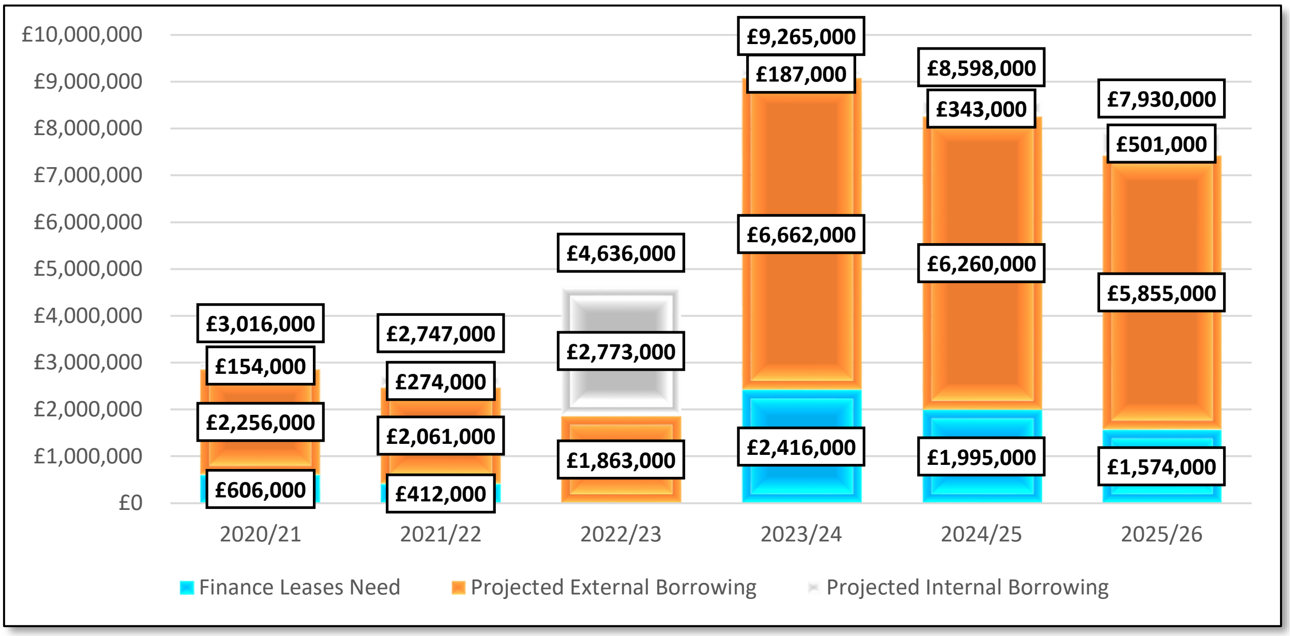
7.1. The Capital Programme is funded from a variety of sources. A number of these sources such as capital receipts, the revenue budget, grants, contributions and reserves utilise resources that are immediately available or are receivable. However when capital expenditure is approved, and these resources are not available, then a **Capital Financing Requirement** (CFR) or borrowing need results.

7.2. The CFR is managed through the approval by Council of the Medium Term Financial Strategy including the Capital Programme and Prudential Indicators.

7.3. The CFR must be financed through borrowing or finance leases (external debt) or by temporarily utilising internal resources (internal borrowing).

7.4. At 31 March 2021 the Council had a relatively low level of external debt outstanding of **£2.862m**. The new leisure centre and the renewal of the waste fleet will mean external debt is projected to increase to **£7.429m** by 31 March 2026.

7.5. The projected CFR (the total for each column), **external debt** (finance leases and external borrowing) and **internal borrowing** is shown below:



7.6. The CFR is related to:

- Historic capital expenditure for the Chasewater Dam, Friary Outer Car Park and vehicles funded by finance leases.
- Planned capital expenditure for the new Leisure Centre and the renewal of the waste fleet funded potentially by a lease type arrangement.

7.7. The Council manages its external debt through setting Prudential Indicators, related to the statutory maximum, known as the **Authorised Limit** and a lower warning level known as the **Operational Boundary**.

7.8. The external debt projections are based on the approved Capital Programme however to manage unforeseen events, an element of flexibility or 'headroom' is included in the Prudential Indicators:

- **Operational Boundary** – flexibility is included to enable internal borrowing to be converted to external debt or for example, to ensure accounting changes such as those proposed for all leases to be classed as finance leases, to be incorporated without breaching the limit.
- **Authorised Limit** – this provides additional flexibility to manage unusual cash flows that necessitate temporary borrowing such as Government Grants not being paid.

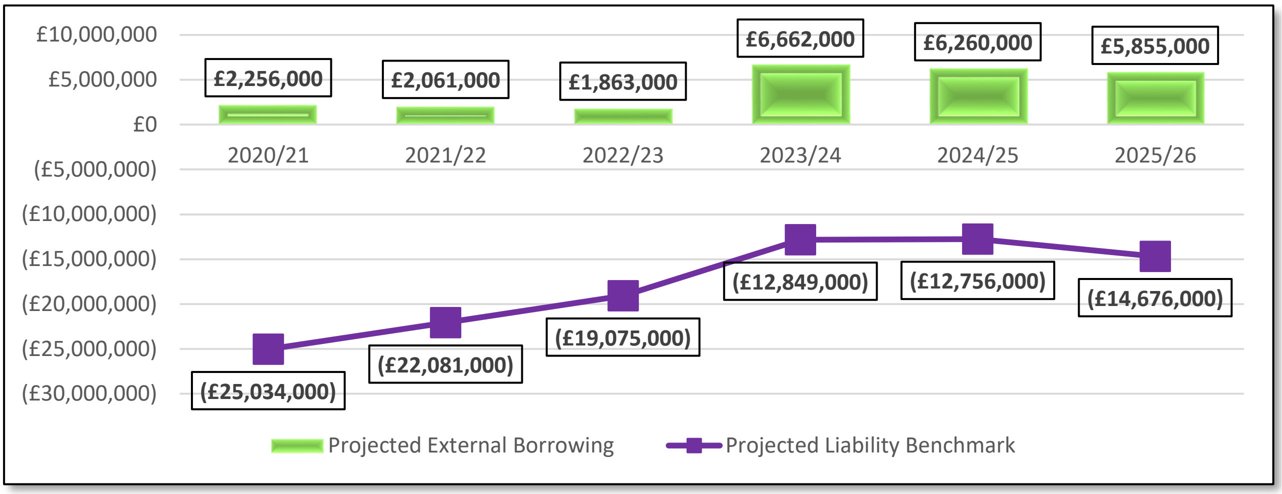
7.9. The external debt and Prudential Indicator projections based on the Capital Programme are:

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Borrowing		£10,987,000	£10,790,000	£16,240,000	£15,992,000	£15,307,000
Leases		£4,448,000	£4,448,000	£4,448,000	£4,448,000	£4,448,000
Authorised limit	**£6,591,000**	**£15,435,000**	**£15,238,000**	**£20,688,000**	**£20,440,000**	**£19,755,000**
Borrowing		£2,560,000	£2,363,000	£7,162,000	£6,760,000	£6,355,000
Leases		£4,448,000	£4,448,000	£4,448,000	£4,448,000	£4,448,000
Operational boundary	**£6,591,000**	**£7,008,000**	**£6,811,000**	**£11,610,000**	**£11,208,000**	**£10,803,000**

Projected borrowing	£2,256,000	£2,060,000	£1,863,000	£6,662,000	£6,260,000	£5,855,000
Projected leases	£606,000	£412,000	£1,000	£2,416,000	£1,995,000	£1,575,000
Projected total external debt outstanding at year end	**£2,862,000**	**£2,472,000**	**£1,864,000**	**£9,078,000**	**£8,255,000**	**£7,430,000**

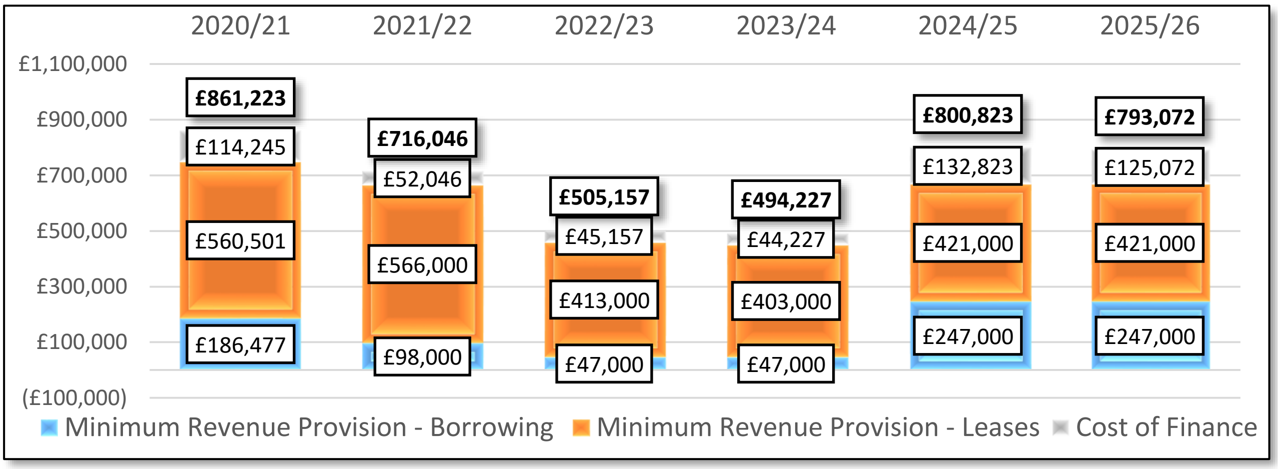
7.10. The **liability benchmark** is the lowest risk level of <u>external borrowing</u> by keeping cash and investments to a minimum of **£10m** at each year end to maintain liquidity but minimise credit risk.

7.11. The projected level of external borrowing, together with the projected liability benchmark is:

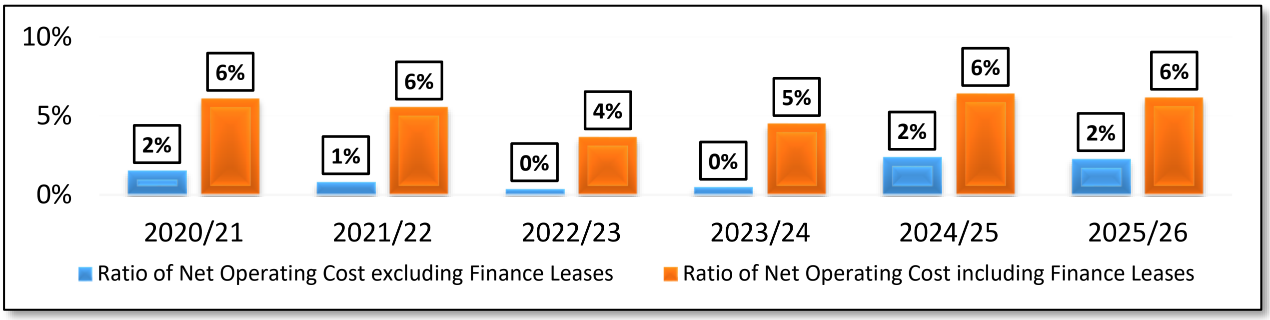


7.12. The chart above indicates that based on current Balance Sheet projections where usable reserves are reducing, the Council has sufficient resources to fund additional internal borrowing.

7.13. The cost of debt servicing includes the cost of finance and Minimum Revenue Provision (MRP). Debt is only a temporary source of finance since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as MRP:



7.14. The proportion of the net budget allocated to financing costs is:



7.15. The Minimum Revenue Provision and therefore the financing costs ratio increases in 2024/25 due to the inclusion of the debt costs commencing at **£294,000** for the new leisure centre.

8. Financial Guarantees

8.1. In addition to the debt projections shown above, in relation to external borrowing and finance leases, the Council also acts as a guarantor for an admitted body that delivers services on behalf of the Council.

8.2. In the event that it is probable that these guarantees will be required a financial provision is created to mitigate the risk. The guarantees identified in the Statement of Accounts under the Contingent Liabilities note are:

- **The Lichfield Garrick** – the guarantee relates to the pensions of transferred employees and at 31 March 2021 the risk of default was assessed as less than **1%** and therefore the financial risk to the Council is **£3,603.** This guarantee is currently being reviewed with the Pension Fund Administration Authority given the last active member has left the employ of the Lichfield Garrick.
- On 1 February 2018, **Freedom Leisure** took over the management of the **Council's Leisure Centres**. 96 staff were transferred by TUPE via a pass through agreement. An assessment has been carried out by management of the risk and potential financial consequences should the Council be called to settle these liabilities. For 2020/21, the risk is very difficult to quantify after Covid-19, but has been assessed at moderate, between **5%** or **£363,424** and **30%** or **£2,288,699**. This is based on the operating environment nationally, the overall financial position of Freedom Leisure, the contract between Freedom and the Council, and the support provided both by the Government and Lichfield District Council.

8.3. These guarantees are assessed throughout the year, in terms of the financial viability of the organisations for which the guarantee is provided, to determine whether a financial provision will need to be created. The COVID-19 pandemic has increased the level of financial risk in relation to these two guarantees, although additional funding has been provided by the Council and other funders as mitigation. However the situation will need to be kept under constant review.

9. The Authority's Risk Appetite, Knowledge and Skills

9.1. The Council's risk appetite, along with the majority of Local Government, is increasing due to the need to offset funding reductions from Central Government with income from alternative sources.

9.2. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Head of Finance and Procurement is a qualified accountant with 30 years' experience, the Council has recruited a new Estates Team to optimise the management of existing property. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA and the Association of Accounting Technicians.

9.3. Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers and has access to property professionals through the Estates Team. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

9.4. The Council plans to utilise the flexible use of capital receipts for transformation projects such as the Being a Better Council Programme.

10. Prudential and Local Indicators

10.1. The Prudential and Local Indicators in relation to the Capital Strategy are shown below:

Prudential Indicators							
Indicators	2020/21 Actual	2021/22 Original	2021/22 Revised	2022/23 Original	2023/24 Original	2024/25 Original	2025/26 Original
Capital Investment							
Capital Expenditure (£m)	£3.264	£6.530	£6.411	£7.953	£7.247	£1.926	£1.745
Capital Financing Requirement (£m)	£3.016	£2.444	£2.747	£4.637	£9.265	£8.598	£7.931
Gross Debt and the Capital Financing Requirement							
Gross Debt	(£2.862)[4]	(£2.167)	(£2.473)	(£1.863)	(£9.079)	(£8.255)	(£7.429)
Borrowing in Advance - Gross Debt in excess of the Capital Financing Requirement	No	No	No	No	No	No	No
Total Debt							
Authorised Limit (£m)	£6.591	£15.435	£15.435	£15.238	£20.688	£20.440	£19.755
Operational Boundary (£m)	£6.591	£7.007	£7.007	£6.811	£11.610	£11.208	£10.803
Proportion of Financing Costs to Net Revenue Stream (%)	5%	5%	6%	4%	5%	6%	6%

Local Indicators							
Indicators	2020/21 Actual	2021/22 Original	2021/22 Revised	2022/23 Original	2023/24 Original	2024/25 Original	2025/26 Original
Replacement of Debt Finance or MRP (£m)	(£0.747)	(£0.561)	(£0.663)	(£0.459)	(£0.449)	(£0.667)	(£0.667)
Repayment of Burntwood Leisure Centre Loan and new additions	(£0.542)	(£0.000)	(£0.306)	(£0.000)	(£0.000)	(£0.000)	(£0.000)
Capital Receipts (£m)	(£0.000)	(£0.537)	(£0.036)	(£0.010)	(£0.010)	(£0.011)	(£0.684)
Housing Capital Receipts (£m)	(£0.434)	£0.000	(£0.260)	£0.000	£0.000	£0.000	£0.000
Liability Benchmark (£m)	£25.033	£11.755	£22.081	£19.075	£12.849	£12.756	£14.676
Treasury Management Investments (£m)	£37.330	£23.813	£34.140	£30.936	£29.510	£29.014	£30.529

11. Chief Finance Officer Assessment of the Capital Strategy

11.1. I have assessed the current overall risk as **32** out of **64** based on the following factors:

	Likelihood	Impact	2022/23	2021/22
Minimum			**0**	**0**
Capital Strategy				
Slippage Occurs in the Capital Spend	4	2	8	8
Planned Capital Receipts are not received	2	2	4	12
The Capital Programme does include investment to realise all of the Council's Strategic aims	4	4	16	0
Actual Cashflows differ from planned Cashflows	2	2	4	4
Assessed Level of Risk			**32**	**24**
Maximum			**64**	**48**

11.2. Therefore I believe the level of risk is Material (Yellow).

[4] Updated from £2.295m to include £0.607m for the long term element of finance leases.

Capital Programme – 25 Year Model (1 to 10 years, 15 years, 20 years and 25 years)

Key Assumptions													
Year	**2021/22 1**	**2022/23 2**	**2023/24 3**	**2024/25 4**	**2025/26 5**	**2026/27 6**	**2027/28 7**	**2028/29 8**	**2029/30 9**	**2030/31 10**	**2035/36 15**	**2040/41 20**	**2045/46 25**
Population Projections	105,293	105,709	106,073	106,432	106,749	107,070	107,398	107,724	108,040	108,335	110,002	111,955	113,959
% Increase in Population		0.40%	0.34%	0.34%	0.30%	0.30%	0.31%	0.30%	0.29%	0.27%	0.32%	0.37%	0.33%
% of population 65 and over	24.33%	24.48%	24.70%	24.88%	25.03%	25.31%	25.57%	25.80%	26.09%	26.44%	27.49%	27.90%	27.63%
Projected Council Tax Base							42,470	42,773	43,076	43,379	44,894	46,409	47,924
Asset Values (£000)													
Buildings	31,277	34,534	36,298	35,757	35,196	42,196	42,196	42,196	42,196	42,196	42,196	42,196	42,196
Leisure Centre Cost above £5m			7,000	7,000	7,000								
Land	13,292	13,292	13,292	13,292	13,292								
Vehicles, Plant and Equipment	3,228	3,974	6,379	5,766	5,349								
Other Assumptions													
Core Budget Inflation Allowance						2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Asset Management Condition Allowance						0.55%							

Key Assumptions	**Medium Term Financial Strategy**					**Additional Projections**							
	2021/22 £000	**2022/23 £000**	**2023/24 £000**	**2024/25 £000**	**2025/26 £000**	**2026/27 £000**	**2027/28 £000**	**2028/29 £000**	**2029/30 £000**	**2030/31 £000**	**2035/36 £000**	**2040/41 £000**	**2045/46 £000**
New Assets													
Loan in Council Company	675												
Replacement Leisure Centre	328	2,349	2,260										
Housing Investment	496	334	22	21									
New Coach Park		1,137	43										
New Coach Park - Land	300												
Sub Total	**1,799**	**3,820**	**2,325**	**21**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Existing Property													
Property Planned Maintenance		230	231	231	231	230	235	239	244	249	275	303	335
BRS - Short Term Redevelopment	13												
Equipment Storage	125												
Burntwood Leisure Centre	507												
Multi Storey Car Park	259												
Beacon Park Pathway	37												
Burntwood Park	116												
District Council House	425												
Construction Inflation Contingency		100	100	100	100								
Public Conveniences	85												
Sub Total	**1,567**	**330**	**331**	**331**	**331**	**230**	**235**	**239**	**244**	**249**	**275**	**303**	**335**
Vehicles, Plant and Equipment													

Bin Purchases/Dual Stream Recycling	569	150	150	150	150	150	151	152	153	154	160	165	170
Vehicles - Waste	437		2,818							2,874			
Vehicles - Other	128	239	179	130	150	165	169	172	175	179	197	218	241
ICT Investment	131				175	175	179	182	186	190	209	231	255
Building a Better Council	150	600											
Car Park Strategy		480	150										
Car Park Barriers		36											
Committee Audio-Visual Hybrid Meetings		90											
New Financial Information System	225	44											
Sub Total	**1,640**	**1,639**	**3,297**	**280**	**475**	**490**	**498**	**506**	**515**	**3,397**	**567**	**614**	**666**
Other Capital Investment													
Disabled Facilities Grants	921	1,654	1,272	1,272	914	914	926	937	951	966	1,020	1,053	1,062
Home Repair Assistance / Energy Insulation	6	4	22	22	25	25	25	25	25	25	25	25	25
Other Projects	478	506	0	0	0								
Sub Total	**1,405**	**2,164**	**1,294**	**1,294**	**939**	**939**	**951**	**962**	**976**	**991**	**1,045**	**1,078**	**1,087**
Total Modelled Expenditure	**6,411**	**7,953**	**7,247**	**1,926**	**1,745**	**1,659**	**1,684**	**1,708**	**1,734**	**4,637**	**1,886**	**1,996**	**2,088**

Key Assumptions	**Medium Term Financial Strategy**					**Additional Projections**							
	2021/22 £000	**2022/23 £000**	**2023/24 £000**	**2024/25 £000**	**2025/26 £000**	**2026/27 £000**	**2027/28 £000**	**2028/29 £000**	**2029/30 £000**	**2030/31 £000**	**2035/36 £000**	**2040/41 £000**	**2045/46 £000**
Corporate Funding													
Capital Receipts	(909)	(1,331)	(61)	(231)	(91)	(475)	(225)						
Capital Receipts - Statue	(5)												
Revenue - Corporate	0	(100)	(313)	(100)	(590)								
Other Funding													
Disabled Facilities Grant - New		(1,474)	(1,272)	(1,272)	(914)	(914)	(926)	(937)	(951)	(966)	(1,020)	(1,053)	(1,062)
Disabled facilities Grant - Existing	(921)	(180)											
Home Repair Assistance / Energy Insulation	(6)	(4)	(22)	(22)									
Other Grants	(706)	(1,083)	(22)	(21)									
Section 106	(708)	(254)											
CIL	(44)	(35)											
Reserves	(1,885)	(993)	(329)	(130)									
Revenue - Existing Budgets	(463)	(150)	(150)	(150)	(150)	(150)	(151)	(152)	(153)	(154)	(160)	(165)	(170)
Burntwood Leisure Centre Sinking Fund	(64)												
Finance Leases	(372)		(2,818)			0	0	0	0	(2,874)	0	0	0
Total Modelled Funding	**(6,083)**	**(5,604)**	**(4,987)**	**(1,926)**	**(1,745)**	**(1,539)**	**(1,302)**	**(1,090)**	**(1,104)**	**(3,995)**	**(1,180)**	**(1,218)**	**(1,232)**
Annual Borrowing Need	**328**	**2,349**	**2,260**	**0**	**0**	**120**	**382**	**618**	**630**	**642**	**707**	**778**	**856**
Cumulative Borrowing Need	**328**	**2,677**	**4,937**	**4,937**	**4,937**	**5,057**	**5,439**	**6,058**	**6,688**	**7,331**	**10,733**	**14,477**	**18,597**

Recommended Capital Programme

Project	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Total £000	Corporate
	Draft Capital Programme (R=>500k, A=250k to 500k and G=<250k)						
New Build Parish Office/Community Hub	0	92	0	0	0	92	0
Armitage with Handsacre storage container	6	0	0	0	0	6	0
Armitage War Memorial and surrounding area	120	0	0	0	0	120	0
Canopy and artificial grass at Armitage	3	0	0	0	0	3	0
Burntwood LC CHP Unit	64	0	0	0	0	64	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	37	0	0	0	0	37	30
Burntwood Leisure Centre - Decarbonisation	443	0	0	0	0	443	0
Accessible Homes (Disabled Facilities Grants)	921	1,654	1,272	1,272	914	6,033	0
Home Repair Assistance Grants	6	4	0	0	0	10	0
Decent Homes Standard	0	147	0	0	0	147	0
Energy Insulation Programme	0	0	22	22	25	69	25
DCLG Monies	0	212	0	0	0	212	0
Unallocated S106 Affordable Housing Monies	496	334	22	21	0	873	0
Vehicle Replacement Programme - Env Health	0	0	20	0	0	20	0
Burntwood Park Resurfacing	11	0	0	0	0	11	0
Burntwood Park Play Equipment	75	0	0	0	0	75	0
Burntwood Park Fencing	30	0	0	0	0	30	0
Enabling People Total	**2,749**	**4,792**	**3,596**	**1,315**	**939**	**13,391**	**55**
Canal Towpath (Brereton & Ravenhill)	44	0	0	0	0	44	0
Loan to Council Dev Co.	675	0	0	0	0	675	116
Lichfield St Johns Community Link	0	35	0	0	0	35	0
Staffordshire Countryside Explorer	44	0	0	0	0	44	0
Lichfield Public Conveniences	40	0	0	0	0	40	40
Vehicle Replacement Programme (Waste)	437	0	2,818	0	0	3,255	32
Bin Purchase	240	150	150	150	150	840	0
Dual Stream Recycling	329	0	0	0	0	329	0
Vehicle Replacement Programme (Other)	128	229	159	130	150	796	150
Upper St John St & Birmingham Road	0	7	0	0	0	7	0
The Leomansley Area Improvement Project	3	0	0	0	0	3	0
Cannock Chase SAC	44	0	0	0	0	44	0
Burntwood Public Conveniences	45	0	0	0	0	45	0
Shaping Place Total	**2,029**	**421**	**3,127**	**280**	**300**	**6,157**	**338**
Multi Storey Car Park Refurbishment Project	259	0	0	0	0	259	0
Vehicle Replacement Programme (Car Parks)	0	10	0	0	0	10	0
Coach Park	300	1,137	43	0	0	1,480	374
Birmingham Road Site - Short Term	13	0	0	0	0	13	0
Car Parks Variable Message Signing	0	150	0	0	0	150	0
Old Mining College - Access and signs	0	13	0	0	0	13	0
Pay on Exit System at Friary Multi Storey	0	150	0	0	0	150	0
Card Payment in All Car Parks	0	100	0	0	0	100	0
Pay on Exit System at Lombard Street	0	0	150	0	0	150	0
Electric Vehicle Charge Points	0	80	0	0	0	80	0
Car Park Barriers	0	36	0	0	0	36	36
St. Chads Sculpture (Lichfield City Art Fund)	5	0	0	0	0	5	5
Developing Prosperity Total	**577**	**1,676**	**193**	**0**	**0**	**2,446**	**415**
Equipment Storage	125	0	0	0	0	125	111
Property Planned Maintenance	0	230	231	231	231	923	923
New Financial Information System	225	44	0	0	0	269	219
Decarbonisation - Council House/Pavilion	263	0	0	0	0	263	0
IT Infrastructure	108	0	0	0	0	108	108
ICT Hardware	5	0	0	0	175	180	180
IT Innovation	18	0	0	0	0	18	18
Building a Better Council	150	600	0	0	0	750	750
Committee AV Hybrid Meeting Platform	0	90	0	0	0	90	90
First Floor Office Refit	162	0	0	0	0	162	124
Construction Inflation Contingency	0	100	100	100	100	400	400
Good Council Total	**1,056**	**1,064**	**331**	**331**	**506**	**3,288**	**2,923**
Recommended Capital Programme	**6,411**	**7,953**	**7,247**	**1,926**	**1,745**	**25,282**	**3,731**

Funding Source	Draft Capital Programme 2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Total £000
Capital Receipts	909	1,331	61	231	91	2,623
Capital Receipts - Statue	5	0	0	0	0	5
Revenue - Corporate	0	100	313	100	590	1,103
Corporate Council Funding	**914**	**1,431**	**374**	**331**	**681**	**3,731**
Grant	1,633	2,741	1,316	1,315	914	7,919
Section 106	708	254	0	0	0	962
CIL	44	35	0	0	0	79
Reserves	1,885	993	329	130	0	3,337
Revenue - Existing Budgets	463	150	150	150	150	1,063
Sinking Fund	64	0	0	0	0	64
Leases	372	0	2,818	0	0	3,190
Internal Borrowing	0	0	0	0	0	0
Total	**6,083**	**5,604**	**4,987**	**1,926**	**1,745**	**20,345**
External Borrowing	**328**	**2,349**	**2,260**	**0**	**0**	**4,937**
Recommended Capital Programme	**6,411**	**7,953**	**7,247**	**1,926**	**1,745**	**25,282**

Reconciliation of Original Capital Programme to this Recommended Capital Programme

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Total £000	Cabinet or Decision Date
Original Budget Council 16/02/2021	**6,530**	**8,430**	**4,278**	**1,608**	**0**	**20,846**	
Approved Changes							
Acceptance of Decarbonisation Grant	263					263	09/02/2021
Slippage from 2020/21	762					762	08/06/2021
Money Matters Mth 3	(116)	86	20			(10)	07/09/2021
Introduction of Dual Stream Recycling	229					229	07/09/2021
Lichfield City Centre Car Parking Strategy	330	118	150			598	09/11/2021
Dual Stream Recycling	100					100	09/11/2021
Building a Better Council	77	257	(160)	(174)		0	09/11/2021
Money Matters Mth 6	(873)	711	25	161	0	24	07/12/2021
Rough Sleeper Grant	140					140	07/12/2021
Money Matters Mth 8	(1,031)	(1,749)	2,834	231	91	376	08/02/2022
Other Proposed Changes							
Construction Contingency		100	100	100	100	400	08/02/2022
Projections for 2025/26							
Long Term Model					1,554	1,554	16/02/2021
Recommended Capital Programme	**6,411**	**7,953**	**7,247**	**1,926**	**1,745**	**25,282**	

APPENDIX E

Minimum Revenue Provision Statement 2022/23

Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP). Although there has been no statutory minimum since 2008. The Local Government Act 2003 requires this Council to have regard to the Department of Levelling Up, Housing and Communities (DLUHC) guidance on MRP most recently issued in 2018.

The broad aim of the DLUHC Guidance is to ensure that debt is repaid over the period that is reasonably commensurate with that over which the capital expenditure provides benefits.

The DLUHC Guidance requires the Council to approve an annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP.

- For capital expenditure incurred after 1 April 2008 where no financial support is provided by the Government through the Finance Settlement, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments. MRP on purchases of **freehold land** will be charged over a maximum of **50 years**. MRP on expenditure not related to assets but that has been **capitalised by regulation or direction** (Revenue Expenditure Funded by Capital under Statute or REFCUS) will be charged over a maximum of **20 years**.
- For assets acquired by **finance leases**, MRP will be determined as being equal to the **element of the charge that is used to reduce the Balance Sheet liability**.
- Where former operating leases have been brought onto the balance sheet on 1st April 2022 due to the adoption of the *IFRS 16 Leases* accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or discounts, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.
- For **capital expenditure loans to third parties that are repaid** in annual or more frequent instalments of principal, the Council will make **nil MRP**, but instead apply the capital receipts arising to reduce the Capital Financing Requirement or Borrowing Need. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate delaying the MRP until the year after the assets become operational.

Treasury Management

Introduction

Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy.

As part of the MTFS, we prepare integrated Revenue Budgets and a Capital Programme. These budgets, together with the actual Balance Sheet from the previous financial year, are used to also prepare Balance Sheet projections. These Balance Sheet Projections are shown on the next page.

These Balance Sheet projections are significant in assessing the Council's Treasury Management Position in terms of borrowing requirement (including comparison to a **Liability Benchmark** explained below), investment levels and our Investment Policy and Strategy.

A Liability benchmark compares the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as used in the Balance Sheet projections, but that cash and investment balances are kept to a minimum level (**£10m**) to maintain sufficient liquidity but minimise credit risk through the use of Internal Borrowing.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast Capital Financing Requirement (CFR) or Borrowing Need over the next three years. The table shows that the Council expects to comply with this recommendation.

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Capital Financing Requirement (Borrowing)	£2,410	£2,335	£4,636	£6,849	£6,603	£6,356
Capital Financing Requirement (Finance Leases)	£606	£412	£0	£2,416	£1,995	£1,574
Total	**£3,016**	**£2,747**	**£4,636**	**£9,265**	**£8,598**	**£7,930**

External Borrowing	(£2,256)	(£2,061)	(£1,863)	(£6,662)	(£6,260)	(£5,855)
Finance Leases	(£606)	(£412)	£0	(£2,416)	(£1,995)	(£1,574)
Total	**(£2,862)**	**(£2,473)**	**(£1,863)**	**(£9,078)**	**(£8,255)**	**(£7,429)**

Liability Benchmark	£25,033	£22.081	£19.075	£12.849	£12.756	£14.676

Balance Sheet Projections 2021-26

(Rounding may result in slight differences in figures in the wider Report)

	Type	2020/21 Actual £000s	2021/22 Budget £000s	2022/23 Budget £000s	2023/24 Budget £000s	2024/25 Budget £000s	2025/26 Budget £000s	2020/26 Change £000s
Non-Current Assets	ASSET	44,575	47,121	51,125	55,293	54,140	53,161	8,586
Equity Investment in Local Authority Company	ASSET	225	225	225	225	225	225	0
Long Term Debtors	CRED	165	165	165	165	165	165	0
Long Term Investment (Company Loan)	LOAN	0	675	675	675	675	0	0
Investments[5]	INV	37,289	34,140	30,936	29,510	29,014	30,529	(6,760)
Borrowing	BOLE	(2,256)	(2,060)	(1,863)	(6,662)	(6,260)	(5,855)	(3,599)
Finance Leases	BOLE	(606)	(412)	(1)	(2,416)	(1,995)	(1,575)	(969)
Working Capital	CRED	(13,580)	(13,386)	(12,688)	(12,516)	(12,344)	(12,344)	1,236
Pensions	CRED	(41,554)	(43,918)	(46,490)	(45,554)	(48,103)	(50,801)	(9,247)
TOTAL ASSETS LESS LIABILITIES		**24,258**	**22,550**	**22,086**	**18,720**	**15,518**	**13,507**	**(10,752)**

Unusable Reserves								
Revaluation Reserve	REV	(10,131)	(10,131)	(10,131)	(10,131)	(10,131)	(10,131)	0
Capital Adjustment Account	CAP	(31,653)	(35,143)	(37,258)	(36,797)	(36,311)	(35,325)	(3,672)
Deferred Credits	CRED	(47)	(47)	(47)	(47)	(47)	(722)	(675)
Pension Scheme	CRED	43,821	45,136	46,490	47,884	49,321	50,801	6,980
Benefits Payable During Employment Adjustment Account	CRED	460	460	460	460	460	460	0
Collection Fund	CRED	6,037	3,457	528	0	0	0	(6,037)
Available for Sale Financial Instruments Reserve	CRED	41	(374)	(374)	(374)	(374)	(374)	(415)
Usable Reserves								0
Unapplied Grants and Contributions	UGER	(3,618)	(3,184)	(2,452)	(2,408)	(2,323)	(2,323)	1,295
Usable Capital Receipts	UGER	(3,042)	(2,408)	(1,087)	(1,036)	(816)	(1,409)	1,633
Burntwood Leisure Centre Sinking Fund	UGER	(64)	0	0	0	0	0	64
Earmarked Reserves - Unrestricted	UGER	(15,145)	(9,994)	(8,427)	(7,694)	(7,484)	(7,404)	7,741
Earmarked Reserves - Restricted	UGER	(4,204)	(3,433)	(2,620)	(2,136)	(2,136)	(2,136)	2,068
General Fund Balance	GEN	(6,714)	(6,888)	(7,168)	(6,442)	(5,677)	(4,944)	1,770
TOTAL EQUITY		**(24,258)**	**(22,550)**	**(22,086)**	**(18,720)**	**(15,518)**	**(13,507)**	**10,752**

Reserves Available to cover Investment Losses	**(21,859)**	**(16,882)**	**(15,595)**	**(14,136)**	**(13,161)**	**(12,348)**	**9,511**

Summary								
Capital Funding	CAP	(31,653)	(35,143)	(37,258)	(36,797)	(36,311)	(35,325)	(3,672)
Revaluation Reserve	REV	(10,131)	(10,131)	(10,131)	(10,131)	(10,131)	(10,131)	0
Borrowing and Leasing	BOLE	(2,862)	(2,473)	(1,863)	(9,079)	(8,255)	(7,429)	(4,567)
Non-Current Assets	ASSET	44,800	47,346	51,350	55,518	54,365	53,386	8,586
Investments	INV	37,289	34,140	30,936	29,510	29,014	30,529	(6,760)
Unapplied Grants & Earmarked Reserves	UGER	(26,073)	(19,019)	(14,586)	(13,273)	(12,758)	(13,271)	12,801
General Reserve	GEN	(6,714)	(6,888)	(7,168)	(6,442)	(5,677)	(4,944)	1,770
Long Term Debtors	DEBT	165	165	165	165	165	165	0
Long Term Investment (Company Loan)	LOAN	0	675	675	675	675	0	0
Working Capital & Pensions	CRED	(4,822)	(8,672)	(12,120)	(10,147)	(11,087)	(12,980)	(8,158)
Total		**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**0**
Internal Borrowing		**154**	**274**	**2,773**	**187**	**343**	**501**	**347**

Liability Benchmark								
Capital Financing Requirement (Borrowing)		2,409	2,333	4,635	6,848	6,601	6,355	3,946
Working Capital, Pensions & Long Term Debtors		(4,657)	(8,507)	(11,955)	(9,982)	(10,922)	(12,815)	(8,158)
Usable Reserves		(32,787)	(25,907)	(21,754)	(19,715)	(18,435)	(18,215)	14,571
Minimum Level of Investments		10,000	10,000	10,000	10,000	10,000	10,000	0
Total		**(25,033)**	**(22,081)**	**(19,075)**	**(12,849)**	**(12,756)**	**(14,676)**	**10,359**

[5] Investments used in Prudential Indicator of £37.330m in 2020/21 is £37.289m for investments + £0.041m 'book loss' shown in the available for sale financial instruments reserve. The projected 'book gain' in future years has been excluded from the investment figures in the Prudential Indicators.

Borrowing Strategy

The Council currently projects **£2.060 million** of loans outstanding at the 31 March 2022, a decrease of **£0.196 million** on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast on the previous page shows that the Council does not expect to need to borrow in 2022/23. The Council may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of **£15.238 million**.

Objectives: The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Strategy: Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2022/23 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Council has previously raised all of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.

Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Council may borrow short-term loans to cover unplanned cash flow shortages.

Sources of borrowing: The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Staffordshire County Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

Short-term and variable rate loans: These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Treasury Investment Strategy

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's treasury investment balance has ranged between **£42.7 million** and **£61.4 million** and similar levels are expected in the forthcoming year.

Objectives: The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Negative interest rates: The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy: Given the increasing risk and very low returns from short-term unsecured bank investments, the Council aims to further diversify into more secure and/or higher yielding asset classes during 2022/23. This is especially the case for the estimated £15m that is available for longer-term investment. A reducing proportion of the Council's surplus cash remains invested in short-term unsecured bank deposits and money market funds. This diversification will represent a continuation of the strategy adopted in 2019.

Business models: Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved counterparties: The Council may invest its surplus funds with any of the counterparty types in the table below, subject to the limits shown (recommended changes are in red).

Sector	**Time limit**	**Counterparty limit**	**Sector limit**
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£2m	Unlimited
Secured investments *	25 years	£2m	Unlimited
Banks (unsecured) *	13 months	£1m	Unlimited
Building societies (unsecured) *	13 months	£1m	£2m
Registered providers (unsecured) *	5 years	£1m	£5m
Money market funds *	n/a	£4m	Unlimited
UPDATE : Strategic pooled funds	n/a	**£5m (Approved £4m)**	**£15m (Approved £10m)**
Real estate investment trusts	n/a	£1m	£5m
Other investments *	5 years	£0.5m	£2m

This table must be read in conjunction with the notes below

*** Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than **A-**. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of **£500,000 per counterparty** as part of a diversified pool e.g. via a peer-to-peer platform.

Government: Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

Operational bank accounts: The Council may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below **£500,000 per bank**. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

Investment limits: The Council's revenue reserves available to cover investment losses are forecast to be **£16.9 million** on 31st March 2022. In order that no more than 10% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government and pooled funds) will be **£2 million**. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than **£500,000** in operational bank accounts count against the relevant investment limits.

Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Investment limits

	Cash limit
UPDATE: Any group of pooled funds under the same management	**£15m per manager (Approved) £11m per manager**
Negotiable instruments held in a broker's nominee account	£12m per broker
Foreign countries	£2m per country

Liquidity management: The Council uses an excel spreadsheet for cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

The Council will spread its liquid cash over a number of providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

The CIPFA Code requires the Council to include the following in its treasury management strategy.

Financial derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Markets in Financial Instruments Directive: The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Head of Finance and Procurement believes this to be the most appropriate status.

Financial Implications

The budget for investment income in 2022/23 is **£0.690 million**, based on an average investment portfolio of **£47.56 million** at an interest rate of **1.45%**. The budget for external debt interest paid in 2022/23 is **£0.044 million**, based on an average external debt portfolio of **£1.93 million** at an average interest rate of **2.20%**. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

Where investment income exceeds budget, e.g. from higher risk investments including pooled funds, or debt interest paid falls below budget, e.g. from cheap short-term borrowing, then yield in excess of **3.60%** of the revenue savings will be transferred to treasury management volatility reserves to cover the risk of capital losses or lower interest rates payable in future years.

Other Options Considered

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Head of Finance and Procurement, having consulted the Cabinet Member for Finance, Procurement and Revenues & Benefits, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Investment Strategy Report 2022/23

Introduction

The Council invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

This investment strategy is a new report, meeting the requirements of statutory guidance issued by the government in January 2018, and focuses on the second and third of these categories.

Treasury Management Investments

The Council typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between **£38.65 million** and **£55.65 million** during the 2022/23 financial year.

Contribution: The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.

Further details: Full details of the Council's policies and its plan for 2022/23 for treasury management investments are covered in a separate document in this report, the treasury management strategy.

Service Investments: Loans

Contribution: The Council lends money to its employees for car loans, inherited housing loans from Birmingham City Council, makes loans to individuals to reduce the risk of homelessness and will lend to its subsidiary to support the development of local housing.

Security: The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Council, upper limits on the outstanding loans to each category of borrower have been set as follows:

Category of borrower	31.3.2021 actual			2021/22	2022/23
	Balance owing	Loss allowance	Net figure in accounts	Projection	Proposed Limit
Subsidiaries	£0	£0	£0	£675,000	£675,000
Employees – car loans	£0	£0	£0	£0	£100,000
Housing Loans - secured	£44,320	£0	£44,320	£44,320	£45,000
Housing Loans - unsecured	£2,771	£0	£2,771	£2,771	£3,000
Homelessness Loans	£12,708	(£12,708)	£0	£0	£50,000
TOTAL	**£59,799**	**(£12,708)**	**£47,091**	**£722,091**	**£873,000**

Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts are shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent including placing charges on properties for housing loans (secured) and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment: The most significant loan for a service purpose is the **£675,000** loan for **5 years** to the Council Development Company for the provision of housing. The Board of Directors of the Company will initially consist of Council employees and therefore the Council will be able to manage the repayment risk through project due diligence and the monitoring of selected projects.

Commercial Investments: Property

See the Capital Strategy at **APPENDIX C**.

Loan Commitments and Financial Guarantees

See the Capital Strategy at **APPENDIX C**.

Proportionality

See the Capital Strategy at **APPENDIX C**.

Borrowing in Advance of Need

Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Council does not currently plan to undertake this type of activity.

Capacity, Skills and Culture

See the Capital Strategy at **APPENDIX C**.

Investment Indicators

The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

Total risk exposure: The first indicator shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and guarantees the Council has issued over third party loans.

Total Investment Exposure	31/03/21 Actual £000	31/03/22 Forecast £000	31/03/23 Forecast £000	31/03/24 Forecast £000	31/03/25 Forecast £000	31/03/26 Forecast £000
Treasury Management Investments	£37,330	£34,140	£30,936	£29,510	£29,014	£30,529
Commercial Investments: Property	£3,948	£3,948	£3,948	£3,948	£3,948	£3,948
TOTAL INVESTMENTS	**£41,278**	**£38,088**	**£34,884**	**£33,458**	**£32,962**	**£34,477**
Commitments to Lend	£0	£675	£675	£675	£675	£675[6]
TOTAL EXPOSURE	**£41,278**	**£38,763**	**£35,559**	**£34,133**	**£33,637**	**£35,152**

How investments are funded: Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the Council does not currently intend purchasing any commercial type investments. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure

Rate of return received: This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Investment rate of return (net of all costs)

Investments Net Rate of Return	31/03/21 Actual %	31/03/22 Forecast %	31/03/23 Forecast %	31/03/24 Forecast %	31/03/25 Forecast %	31/03/26 Forecast %
Treasury Management Investments	0.82%	0.73%	1.45%	1.64%	1.71%	2.12%
Loan to Council Owned Company[7]	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%
ALL INVESTMENTS	**0.82%**	**0.73%**	**4.45%**	**4.64%**	**4.71%**	**5.12%**

Other Investment Indicators	31/03/21 Actual %	31/03/22 Forecast %	31/03/23 Forecast %	31/03/24 Forecast %	31/03/25 Forecast %	31/03/26 Forecast %
Net Return – Historic Cost	2%	2%	2%	2%	2%	2%
Net Return – Current Value	4%	4%	4%	4%	4%	4%

See the Capital Strategy at **APPENDIX C**.

[6] Repayment is assumed during 2025/26.
[7] Net rate assumes 1% loss of investment income

CFO Report on Robustness of the Budget and Adequacy of Reserves – Supporting Information

Context

In accordance with the Local Government Act 2003 (Sections 25-27) and to comply with CIPFA Guidance on Local Authority Reserves and Balances, the CFO is required to formally report to Members on the robustness of the Budget and the adequacy of Reserves. The CFO is appropriately qualified under the terms of Section 113 of the Local Government Finance Act 1988.

Adequacy of Reserves

The CFO assesses and determines the appropriate level of Reserves and Provisions using a variety of mechanisms, including:

- Being significantly involved in the Budget setting process, the annual financial cycle and engaged in the strategic leadership of the organisation as a member of the Leadership Team including wider corporate roles beyond that of finance;
- Leading and writing on the annual revision of the MTFS;
- Challenging the budget at various stages of preparation, including the reasonableness of the key budget assumptions and sensitivities such as estimates for inflation and corporate financial pressures, realism of income targets and the extent to which known trends and liabilities are provided for:
    - Meetings with specific colleagues to examine particular areas or issues;
    - An in-depth review of the financial risks assessment;
    - Review of the movements, trends (including a comparison to the level at other Councils) and availability of contingency, provisions and earmarked reserves to meet unforeseen cost pressures in the context of future pressures and issues;
    - The use of professional experience and best professional judgement;
    - The use of appropriate professional, technical guidance and local frameworks;
    - Knowledge of the colleagues involved in the process, particularly finance professionals, including their degree of experience and qualifications;
    - Review of the strength of financial management and reporting arrangements, including internal control and governance arrangements. This is undertaken in consultation with relevant colleagues and Members of the Cabinet.

It is prudent for Councils to maintain an adequate 'working balance', that is part of General Reserves. A Risk Assessment approach is used to determine the required level of General Reserves and Provisions.

The Council's aim is to have a prudent level of General Reserves available for unforeseen financial risks. The Council projects available general reserves of **£6,888,000** at 31 March 2022 and **£7,168,000** at 31 March 2023. This is **55%** and **57%** of the amount to be met from Government Grants and Local Taxpayers in 2022/23 of **£12,551,000**.

The minimum level of Reserves for 2022/23 onwards is **£1,600,000** and has been determined by Risk Assessment**.**

In recommending an adequate level of Reserves, the CFO considers and monitors the opportunity costs of maintaining particular levels of Reserves and Balances and compares these to the benefits accrued from having such Reserves. The opportunity cost of maintaining a specific level of Reserves is the 'lost' opportunity for example, of investing elsewhere to generate additional investment income, or using the funds to invest in service improvements.

In assessing this, it is important to consider that Reserves can only be used once and are therefore potentially only "one off" sources of funding. Therefore, any use of General Reserves above the lower minimum threshold is only ever used on one-off items of expenditure.

Expenditure - the level of Reserves is also determined by use of a comprehensive risk assessment to ensure they represent an appropriately robust "safety net" that adequately protects the Council against potential unbudgeted costs.

Use of General Revenue Reserves

The above assessment demonstrates that General Revenue Reserves are at an appropriate level as determined in accordance with the MTFS and the CFO's professional advice. The MTFS allows any Reserves above the level required by the Strategy to be used to fund one-off items of expenditure. No General Revenue Reserves below the minimum threshold are being used to support the 2022/23 budget and beyond.

CIPFA provides guidance for determining the minimum level of Reserves. The Council uses the method based on risk assessment. The approach to the risk assessment of Reserves has taken into account CIPFA guidance (LAAP 99) (Guidance note on Local Authority Reserves and Balances).

The table below shows the financial risk assessment made for **2022/23** with increases in the level of risk shown as positive numbers (red) and reductions in the level of risk enclosed in brackets (green):

Activity Area	Severity of Risk	2022/23 Reserve Amounts £	2021/22 Reserve Amounts £	Change £
Capital Strategy	Material	£5,000	£264,000	(£259,000)
Business Rates	Severe	£0	£69,000	(£69,000)
Partnerships and Outsourcing	Material	£153,000	£152,000	£1,000
High Risk Streams of Income including Fees and Charges / Savings	Severe	£831,000	£645,000	£186,000
Inflation Assumptions	Severe	£288,000	£155,000	£133,000
Demand Led Services	Material	£90,000	£90,000	£0
Collection of Income Performance	Material	£137,000	£139,000	(£2,000)
Civil Contingency	Tolerable	£127,000	£127,000	£0
Other	Tolerable	(£31,000)	(£41,000)	£10,000
Total Minimum Reserves		**£1,600,000**	**£1,600,000**	**£0**

Other Reserves (in addition to General Reserves)

A review of the level of Earmarked Reserves has been undertaken as part of the annual Budget preparation. The projected levels are shown in the Balance Sheet Projections. Ongoing review of Earmarked Reserves takes place as part of the Money Matters Reports in line with the approved earmarked reserves policy to ensure we are only holding funds for known and essential purposes.

The Council also holds other Unusable Reserves that arise out of the interaction of legislation and proper accounting practice and these are included in the Balance Sheet projections.

The **CFO** has been involved throughout the entire budget process, including revising the MTFS, input to the drafting of the budget, the ongoing financial monitoring and reporting process, evaluation of investments and savings, engagement with Members of the Cabinet and Overview and Scrutiny Committees, advising colleagues, the strategic choices activities, challenge and evaluation activities, and scrutiny of the budget. The following sections outline particular activities and documents.

Process - a robust budget process has been used within the overall context of the MTFS.

Timetable - the process started in July 2021 and the draft budget was completed in December 2021 prior to the Provisional Financial Settlement for Local Government 2022/23. This enabled formal scrutiny of the budget making process in January 2022. The final budget is due to be set at Council on 22 February 2022, well within the statutory deadline of 11 March 2022.

Member involvement and Scrutiny (including budget monitoring) - formal Member involvement has been extensive, particularly through the Cabinet in conjunction with Leadership Team, Overview & Scrutiny Committee and Audit and Member Standards Committee, which has fed upwards to Cabinet.

Consultation – from 1 October 2021 to 30 November 2021, we carried out a budget consultation to find out what people who live in the District think about the services we provide and their view on an acceptable level of Council Tax increase.

Challenge - there are various points of challenge at various stages of the Budget, meetings of Leadership Team, Cabinet and the Scrutiny process itself.

Localism Act - Right to approve or veto excessive Council Tax rises - The Secretary of State has determined a **2%** or **£5.00** (whichever is the higher) limit for Council Tax increases for 2022/23. If an Authority proposes to raise taxes above the limit they will have to hold a referendum to get approval for this from the local voters who will be asked to approve or veto the rises.

Ownership and accountability - the budget has progressed through the Service and Financial Planning process including review by management within services and Leadership Team. Budget holders were sent copies of budget estimate working papers for their respective areas of service responsibility.

Current financial position - the budget is a statement of financial intent, reflecting The Council's vision, plans and priorities. It also sets the financial spending parameters for each financial year and as such, the CFO assessment of the adequacy of Reserves, also includes the risk of services overspending and/or under-spending their budgets and the impact of this on the financial health of the Council and its level of Reserves. The current financial position has been reported throughout the year.

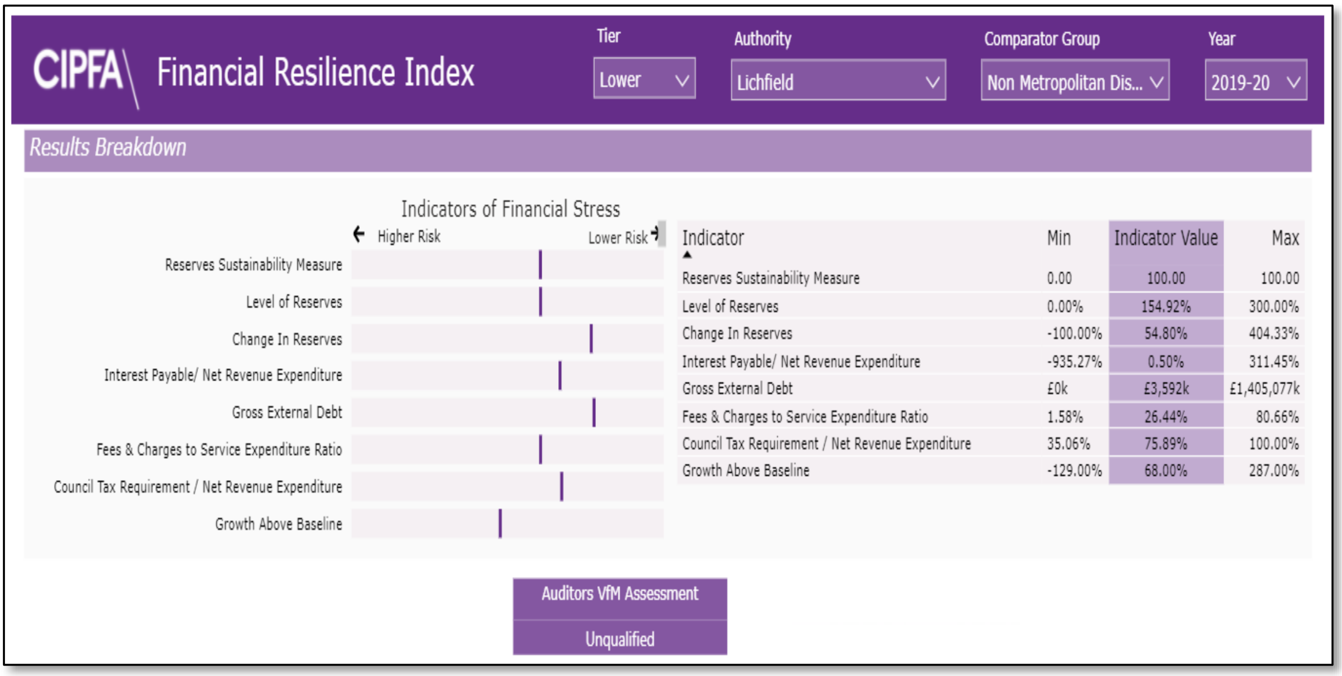
Key assumptions - The pay and prices used in the budget are derived from current intelligence, are considered appropriate and compare with those used by other Councils. Fees and charges have been reviewed and changes are reflected in the overall budget. The Capital Receipts to be used for the Capital Programme are based on estimates of both timing and value.

Financial risks – The Council continues to use an embedded good practice Risk Assessment approach both when setting the Budget and in validating estimated outturns. This continues for the 2021/22 outturn and 2022/23 plus Budget. The minimum level of General Reserves is considered to be adequate to cover all but the most unusual and serious combination of risks.

The CIPFA Resilience Index

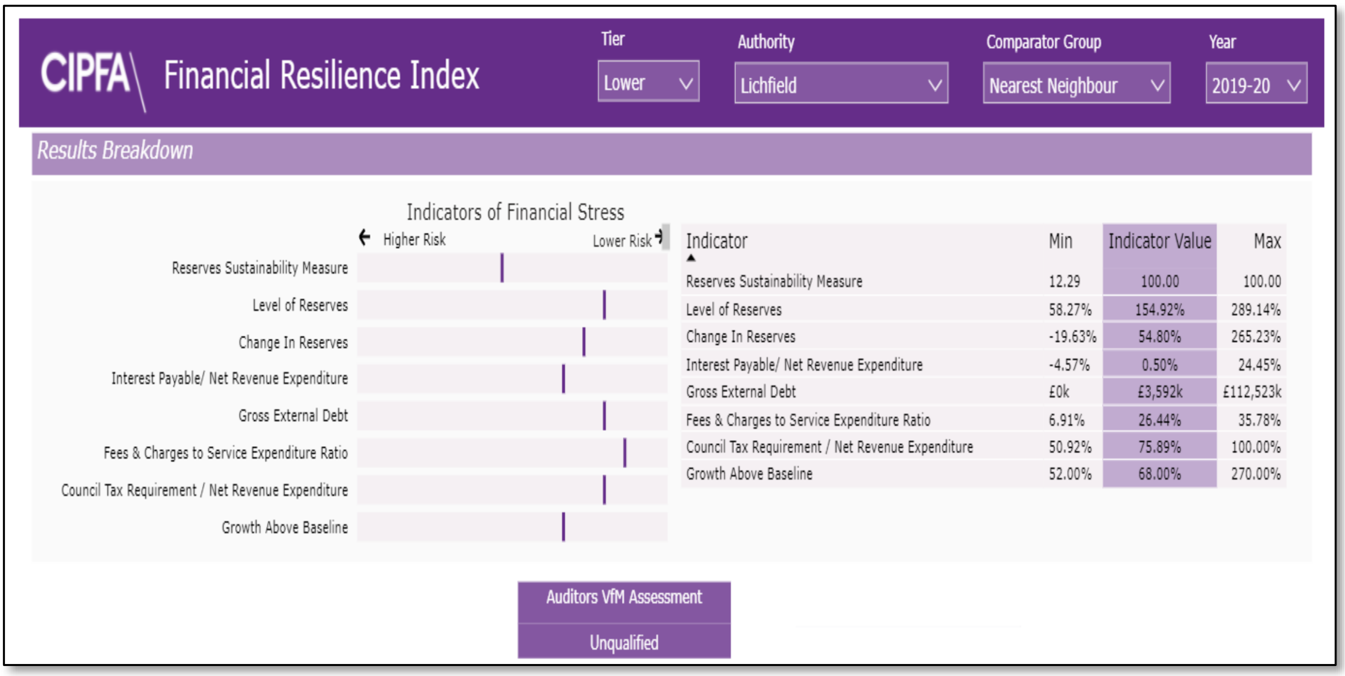
CIPFA published the first release of its Resilience Index in December 2019. The selection of indicators has been informed by the extensive financial resilience work undertaken by CIPFA over the past four years, public consultation and technical stakeholder engagement. The current Index is due to be published in early 2022. In the interim, the 2021 index using a range of measures associated with financial risk is:

District Councils



Indicator	Min	Indicator Value	Max
Reserves Sustainability Measure	0.00	100.00	100.00
Level of Reserves	0.00%	154.92%	300.00%
Change In Reserves	-100.00%	54.80%	404.33%
Interest Payable/ Net Revenue Expenditure	-935.27%	0.50%	311.45%
Gross External Debt	£0k	£3,592k	£1,405,077k
Fees & Charges to Service Expenditure Ratio	1.58%	26.44%	80.66%
Council Tax Requirement / Net Revenue Expenditure	35.06%	75.89%	100.00%
Growth Above Baseline	-129.00%	68.00%	287.00%

Nearest Neighbours



Indicator	Min	Indicator Value	Max
Reserves Sustainability Measure	12.29	100.00	100.00
Level of Reserves	58.27%	154.92%	289.14%
Change In Reserves	-19.63%	54.80%	265.23%
Interest Payable/ Net Revenue Expenditure	-4.57%	0.50%	24.45%
Gross External Debt	£0k	£3,592k	£112,523k
Fees & Charges to Service Expenditure Ratio	6.91%	26.44%	35.78%
Council Tax Requirement / Net Revenue Expenditure	50.92%	75.89%	100.00%
Growth Above Baseline	52.00%	68.00%	270.00%

Summary - Opinion of CFO on the Adequacy of Reserves and the Robustness of the Estimates

I am of the opinion that for a Council of this size and with our recent record of prudent spending, effective Risk Management, robust budgeting and effective Budget monitoring and control, a General Minimum Reserve level of **£1,600,000** remains adequate.

Priorities and Budget Consultation Feedback report

January 2022

Contents

1. Introduction

In the current financial year (2021/22) Lichfield District Council will spend around £11million (£10,991,000) on local services. Over £7million (£7,029,000) of this figure is generated through council tax. The balance (£3,962,000) is funded through business rates, other grants, surpluses and New Homes Bonus.

The government has been reducing the amount of core government grant received be local authorities every year, and next year Lichfield District Council could be required to pay an amount to the Government (although this will be subject to the Spending Review). This means facing significant and ongoing challenges providing the same level of services, and either needing to make further savings or generate additional income to fund the services delivered.

Talking to residents, businesses and community groups and getting their views plays an important part in the process of shaping future decisions on budget priorities and setting council tax.

A total of 264 people responded to the survey. This represents 0.316 of the adult population of the district and represents an increase of 116 respondents from the previous budget consultation in 2020. A full breakdown of respondents can be found in Appendix 1.

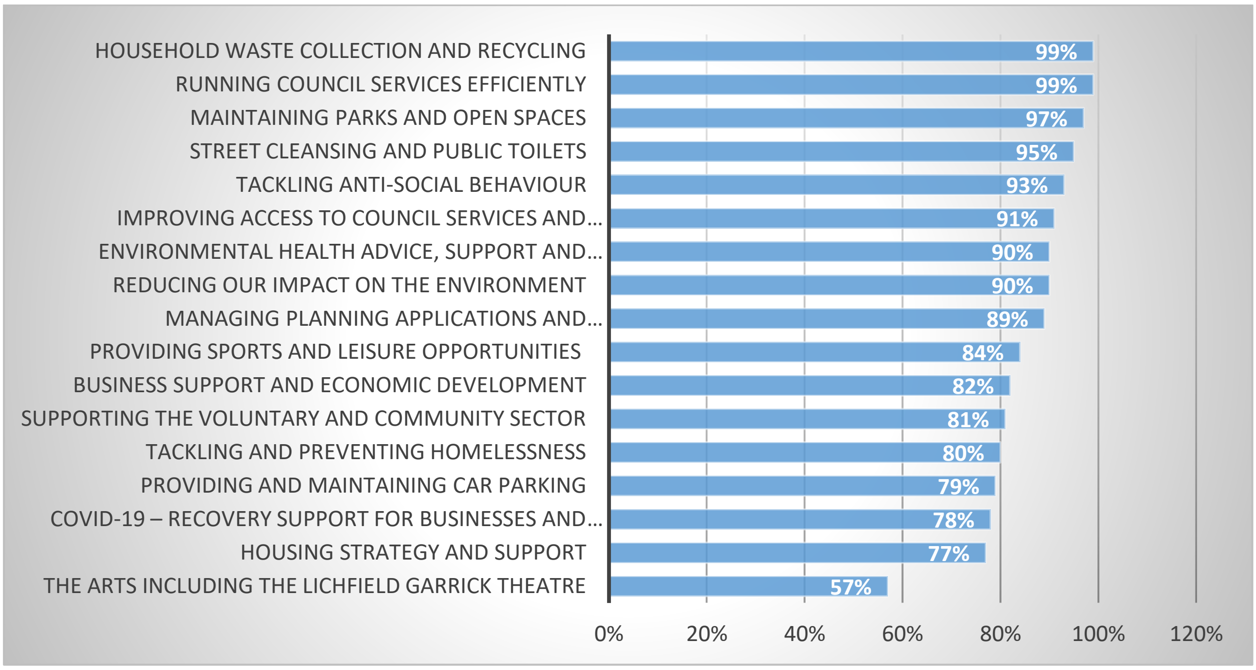
This report focuses on the results of the consultation with residents and the local community. A separate survey has been commissioned by the Economic Development Team and it was decided that this survey would be used as a guide to the priorities of the business community rather than trying to conduct two surveys in parallel aimed at the same audience.

2. Executive Summary

Using a similar question set to allow for comparison with previous budget consultation and resident surveys there was a reduction in overall levels of trust and satisfaction expressed by residents in this year's priorities and budget consultation. It is perhaps worth noting that a national residents' survey conducted by the Local Government Association in October 2021 also registered a decline in satisfaction with local councils.

Lichfield District Council has four strategic priorities set out in its Strategic Plan for 2020 to 2024. These priorities are to Enable People, Shape Place, and Develop Prosperity and Be a Good Council.

Respondents were asked to consider a wide range of service priority areas that align to these strategic priorities. Areas that were highlighted as most important were; household waste collection, recycling and running the council and its services efficiently, maintaining parks and open spaces. Also in the top five areas of importance were street cleansing and tackling anti-social behaviour. The top four priority areas are the same as highlighted in the 2020 survey.



Spending Priorities and Council Tax

There was a continued feeling from respondents to the survey that spending should be maintained rather than increased across the majority of service areas. Only in one area were the majority of respondents in favour of reducing spending – the Arts including the Lichfield Garrick.

Fees and income

The largest proportion of respondents (69%) felt that either Lichfield District Council's approach to fees was currently about right or that no additional fees should be introduced.

Only 32% felt that there was scope for increases and put forward alternative suggestions for sources of income generation which ranged from commercial sponsorship, increased for more regular fines, large-scale events or ideas for reductions in spending.

Council Tax

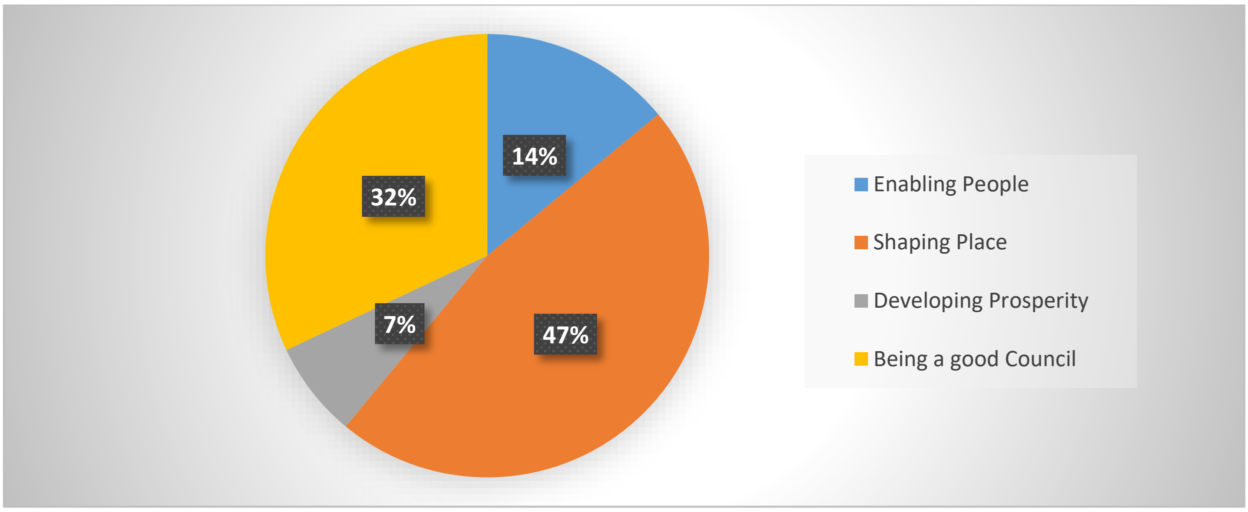
The majority of respondents (87%) indicated that an increase in Council Tax would be acceptable with 54% of the total expressing that an increase of 2% or £5 would be acceptable to them.

3. Methodology and engagement

The budget consultation was launched on 4 October 2021 and was open until 30 November.

The primary method of response to the consultation was via an online questionnaire. The questionnaire was based on a similar question set to that used in 2020 to enable comparison with previous results. The questionnaire included a range of questions derived originally from Staffordshire County Council's Feeling the Difference survey and giving residents an opportunity to express their views on trust in, and satisfaction with, local public services. This was followed by questions asking respondents to rate service areas in terms of importance and spending priority. The final set of questions asked respondents for their views on the council's approach to fees and charges and to potential future levels of Council Tax.

The questionnaire was accessible on-line through the Lichfield District Council website and a dedicated consultation platform. During the consultation period the platform had 1,772 page visits from 700 visitors. Alongside the formal questionnaire, visitors to the consultation platform we're given additional opportunities to engage with the consultation by asking questions, posting ideas and taking part in a poll on the council's strategic priorities. This poll asked respondents to rate which to them was most important of the council's four strategic priorities. The results shown below;



Promotional activity

The consultation was promoted in the October and November LDC e- News which has a mailing list of over 18,500 per edition and promoted through local media and social media. The consultation was featured on the Lichfield Live website on 4 October and in the Lichfield Chronicle.

The consultation was promoted regularly on social media using Twitter and Facebook resulting in total Twitter impressions of 6,870 and Facebook reach of 12,600 across a total of 24 social media posts.

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Money Matters: 2021/22 Review of Financial Performance against the Financial Strategy

Cabinet Member for Finance, Procurement & Revenues and Benefits

Lichfield district council

Cabinet

Date:	8 February 2022
Agenda Item:	4
Contact Officer:	Anthony Thomas
Tel Number:	01543 308012
Email:	Anthony.thomas@lichfielddc.gov.uk
Key Decision?	**YES**
Local Ward Members	**Full Council**

1. Executive Summary

1.1 The report covers the financial performance from April to November (Eight Months) for 2021/22 including updated projections of the financial impact of COVID-19.

1.2 Revenue Budget financial performance is projected to be **£25,680** higher than budget and will therefore reduce the contribution to General Reserves from **£199,350** to **£173,670**.

1.3 The projected level of General Reserves at 31 March 2022 is **(£6,887,611)** and this is **£98,213** lower than the Original Budget of **(£6,985,824)**.

1.4 The Capital Programme is projected to be **(£1,031,000)** lower than the Approved budget due mainly to a re-profiling of the Housing and Property projects.

1.5 Capital Receipts are projected to be **(£286,000)** which is **(£10,000)** higher than the Approved Budget.

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

- **Council Tax collection** in year performance was **75.60%** (75.80% in 2020/21) and total arrears were **£3,292,749** and the Council's share is **£428,057** (£2,771,057 and £360,237 in 2020/21).
- The **Council Tax Collection Fund** is projected to be in deficit, as budgeted, with the Council's c13% share being **£42,810** compared to the Approved Budget of **£126,720**. This additional income of **(£83,910)** will be included in the 2022/23 budget.
- Sundry Debt for income to be collected in 2021/22 has increased by **£835,132 (28%)** compared to 2020/21 and the value outstanding at 30 November 2021 has reduced by **(£168,186) (7%)**.
- **Retained Business Rate Income** is projected to be **(£3,122,000)** in line with the Approved Budget.
- The **Business Rates Collection Fund** is projected to be in deficit, as budgeted, with the Council's 40% share being **£2,884,000** compared to the Approved Budget of **£908,000.** This reduction in income of **£1,976,000** is largely due to additional COVID-19 reliefs up to the end of June 2021. This sum will be included in the 2022/23 budget and will be offset by Section 31 grant.
- There will be a timing difference due to statutory arrangements between receipt of grant in 2021/22 and the period when the deficit is charged to the Revenue Budget. Therefore the Business Rates volatility earmarked reserve will be utilised to 'smooth' the financial impact.
- **Business Rates collection** in year performance was **73.10%** (75.50% in 2020/21) and total arrears were **£665,986** and the Council's share is **£266,395** (£416,866 and £166,746 in 2020/21).
- The payment of suppliers within 30 days was **86.08%** and remains below our **90%** target.

1.7 The Council's investments achieved a risk status of **A+** that was more secure than the aim of **A-** and yield exceeded all four of the industry standard London Interbank (LIBID) yield benchmarks.

2. Recommendations

2.1. To note the report and issues raised within and that Leadership Team with Cabinet Members, will continue to closely monitor and manage the Medium Term Financial Strategy.

2.2. That Cabinet approves an update to the draft Medium Term Financial Strategy elsewhere on this agenda to repurpose the earmarked reserve identified at paragraphs 3.8 and 3.9 of **£505,291** for the purposes identified at paragraph 3.10.

2.3. To accept the Disabled Facilities grant allocation for 2021/22 of **£1,109,194** and to increase the Approved Budget by **£203,000** (from **£1,100,000** to **£1,303,000** with an element profiled for spend in later years).

3. Background

Budget Management

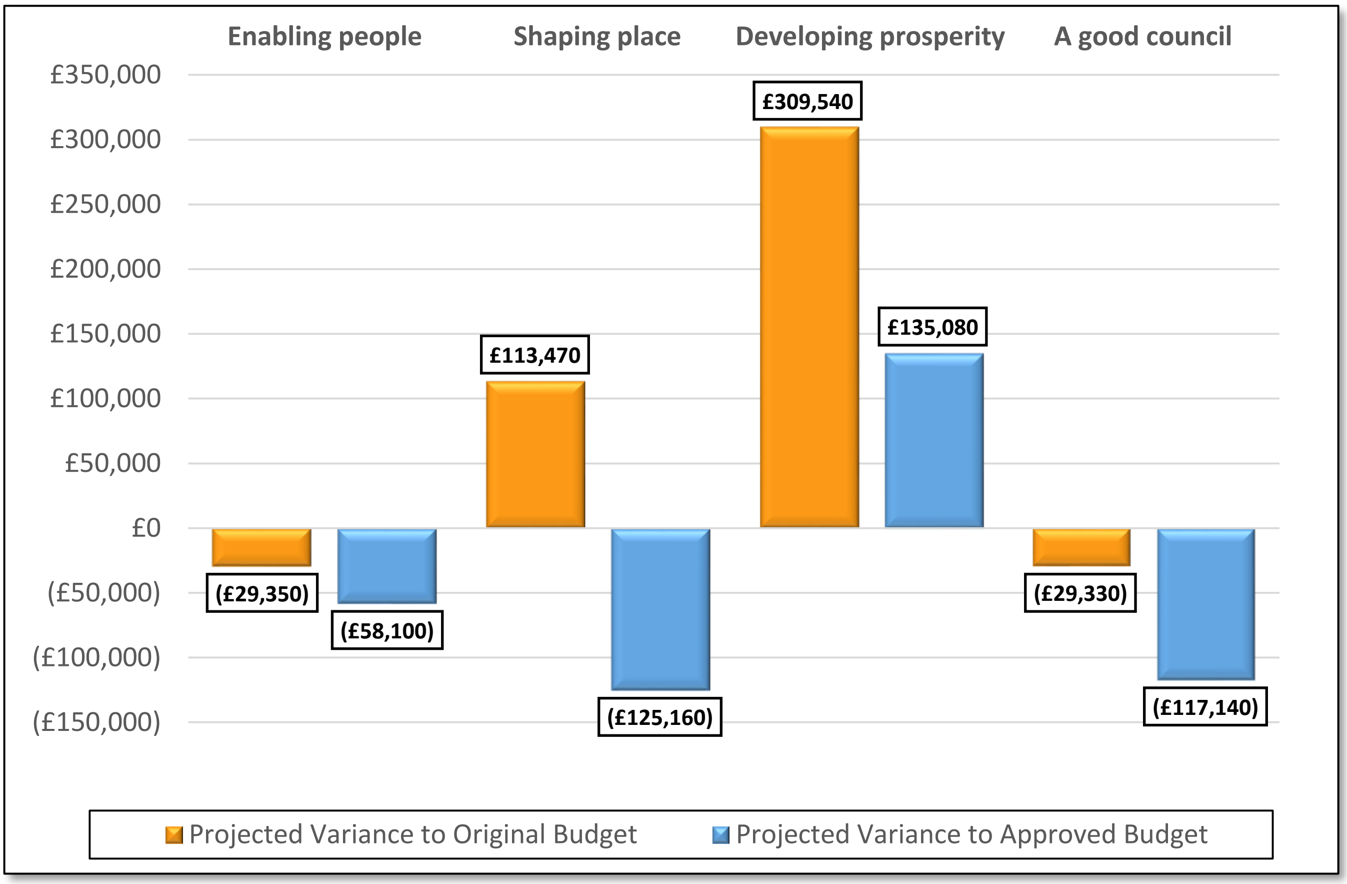
3.1. The MTFS 2020-25 approved by Council on 16 February 2021 included the Original Budget for 2021/22 and set out the allocation of resources and the policies and parameters within which managers are required to operate.

3.2. Throughout the financial year, Money Matters reports are provided to both Cabinet and Overview and Scrutiny Committee at three, six and eight month intervals to monitor performance.

3.3. The Money Matters reports update the Approved Budget for latest projections and the eight month report will form the basis of the Revised Approved Budget for 2021/22 and will be approved by Council on 22 February 2022.

The Revenue Budget

3.4. Financial performance (excluding COVID-19 and Corporate Expenditure) is shown in detail at **APPENDIX A** and in summary below:



Performance compared to the Approved Budget

3.5. In terms of the financial impact of COVID-19, the latest projection for 2021/22 only is an adverse variance of **£193,000** mainly related to the ongoing impact on car parking income compared to the Approved Budget. This is shown in detail at **APPENDIX B.**

3.6. The projected impact will occur over several financial years with the element related to Council Tax and Business Rates collection fund impacting on the revenue budget in later years.

3.7. The overall projected variance is shown in summary below:

	Variance		
	Virement	**COVID-19**	**Other Variances**
Enabling people			
• Vacancy Savings			(13,500)
• Employee savings from staff working on Covid funded activities			(44,500)
• Vacancy Savings			(11,500)
• Street trading fees waived for part year			21,400
• Minor balance			(10,000)
Shaping place			
• Restructure and Other Costs			50,000
• Additional Government Grants received			(107,960)
• Vacancy Savings			(25,260)
• Business Rates refunds on Public Conveniences			(20,200)
• Income received for external services for Ecology, S106 and Conservation			(21,740)
Developing prosperity			
• Restructure and Other Costs			150,000
• Free Car Parking in December initiative loss of income			44,000
• Additional employee costs for Head of Service post			32,840
• Employee savings from development management restructure implementation			(100,000)
• Minor balance			10,740
• Transfers	(2,500)		
A good council			
• Minor balance			(7,580)
• Procurement savings target not achieved			35,000
• Vacancy savings			(147,060)
• Transfers	2,500		
COVID-19			
• Contingency for Covid fees and charges reduction		193,000	
Total - Net Cost of Services	**0**	**193,000**	**(165,320)**
	27,680		
Corporate Expenditure			
Net Treasury - increased interest receipts			9,000
			36,680
Earmarked Reserves			0
Funding			(11,000)
Transfer (to)/from General Reserves			**£25,680**

Earmarked Reserves and the Burntwood Leisure Centre Capital Investment Invest to Save project

3.8. As part of the closure of the accounts in 2020/21 and based on expert advice, the Council created an earmarked reserve of **£505,291** to manage the risk of valuation reductions known as Material Change of Circumstances (MCC) as a result of COVID-19.

3.9. However, the Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Bill received Royal Assent on 15 December 2021 and it legislates to ensure that COVID-19 cannot be taken as a cause of material changes of circumstances for business rates.

3.10. This earmarked reserve of **£505,291** is therefore no longer needed and it is recommended that it is now repurposed to:

Purpose	Amount
Repayment of the outstanding BLC Capital Investment	£291,628
Strategic Priorities earmarked reserve	£213,663
Total	**£505,291**

3.11. The MTFS included an Invest to Save proposal for the early repayment of capital investment funded by borrowing to generate annual savings in Minimum Revenue Provision. The current progress, assuming the recommendation to repurpose the earmarked reserve identified at para 3.10 is approved, would be:

	Budget	Actual	Variance
Balance to be identified	**£979,000**	**£978,830**	**(£170)**
Capital receipts	(£509,000)	(£102,000)	£407,000
Earmarked reserves	(£470,000)	(£519,202)	(£49,202)
Balance still to be identified at 31 March 2021	**£0**	**£357,628**	**£357,628**
Capital receipts	£0	(£16,000)	(£16,000)
Additional Investment Income	£0	(£50,000)	(£50,000)
Recommended repurpose of COVID-19 MCC earmarked reserve	£0	(£291,628)	(£291,628)
Balance to be identified	**£0**	**£0**	**£0**
Annual savings	**(£140,000)**	**(£140,000)**	**£0**

Fees and Charges

3.12. The gross fees and charges budgets for 2021/22 together with actual income achieved over the last seven years are shown in detail at **APPENDIX C**.

3.13. The projected variances for those with the highest value are:

3.14. The reductions (shown as a positive number in the chart above) attributable to COVID-19 are included in the projections shown at **APPENDIX C** although an element will be compensated through the income losses scheme. The reasons for any significant variances are:

- **A projected reduction in income from Car Parks** – the income continues to be impacted by COVID-19 although the element up to the 30 June 2021 will partly be offset by the income compensation scheme. The free parking initiative in December is forecast to reduce net income by **£44,000** (included within the £465,000).

Closing the Funding Gap Progress

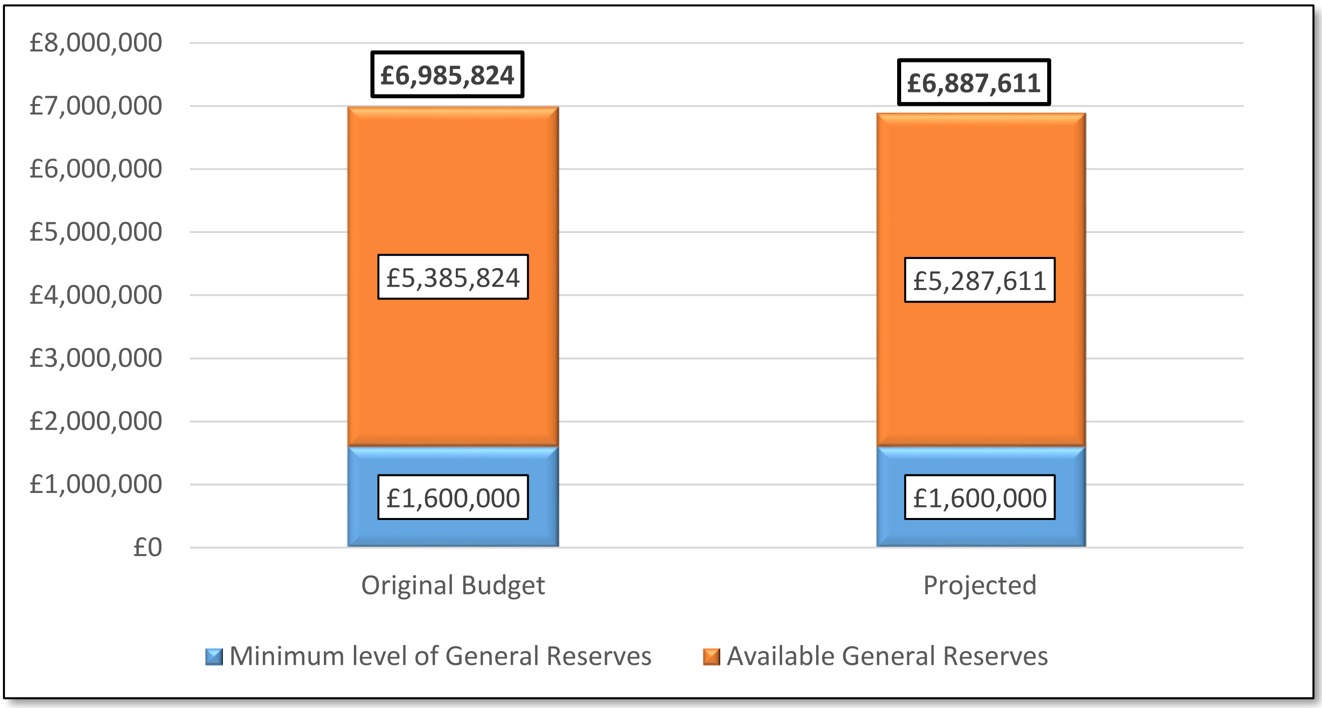
3.15. The progress (excluding any recommendations contained in this report) on closing the Funding Gap is:

Original Funding Gap	Cabinet Date	2021/22 (£411,000)	2022/23 £1,323,870	2023/24 £2,004,530	2024/25 £2,120,570	2025/26 £2,309,400
Payroll Contract	09/02/2021	14,910	(2,990)	(13,190)	(13,190)	(13,190)
Garrick Theatre	13/04/2021	0	(40,000)	(100,000)	(150,000)	(175,000)
Money Matters 2021/22 Three Months	07/09/2021	(24,270)	(3,370)	(3,370)	(3,370)	(3,370)
Dual Stream Recycling	07/09/2021	0	73,000	76,000	79,000	82,000
Development Management Service	07/09/2021	221,010	222,980	224,980	227,990	231,080
Money Matters 2021/22 Six Months	07/12/2021	0	(2,050)	(2,050)	(2,050)	(2,050)
Total Adjustments		**211,650**	**247,570**	**182,370**	**138,380**	**119,470**
Approved Funding Gap / (Contribution to General Reserves)		**(£199,350)**	**£1,571,440**	**£2,186,900**	**£2,258,950**	**£2,428,870**

3.16. The progress on closing the Funding Gap will continue to be monitored throughout the year.

Revenue General Reserves

3.17. The Original Budget estimated general reserves of **£6,985,824** at 31 March 2022. The current projected level is **£6,887,611**, a reduction of **(£98,213)** (with further details at para 1.2) as shown below:



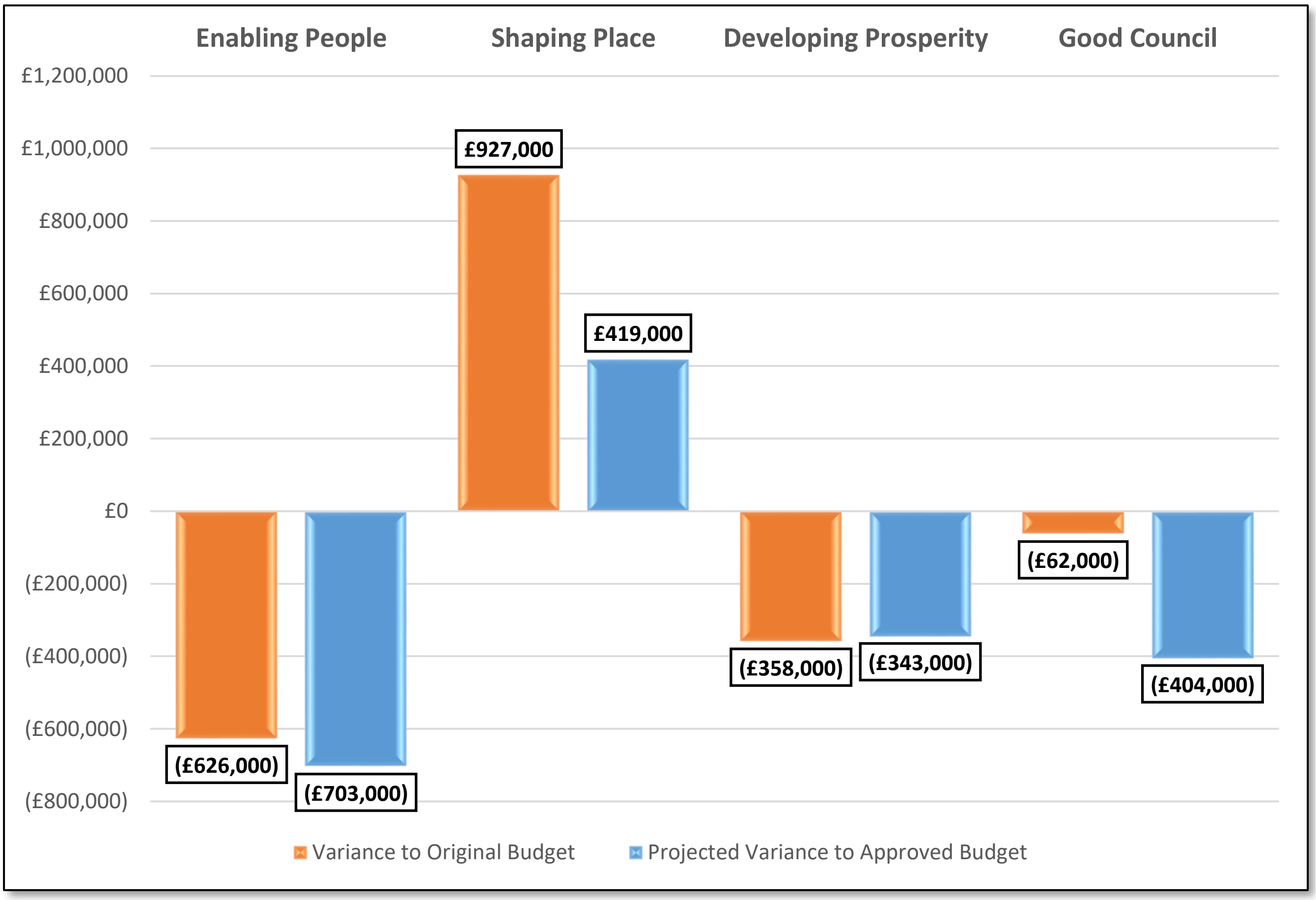
The Capital Programme

3.18. The Original Budget of **£6,530,000** was approved by Council on 16 February 2021. There have been eight updates to this budget during 2021/22:

- Introduction of Dual Stream Recycling in 2022 project of **£229,000** approved by Cabinet on 7 September 2021
- Slippage from 2020/21 of **£762,000** approved by Cabinet on 8 June 2021
- Acceptance of Decarbonisation Grant Funding of **£263,000** approved by Cabinet on 9 February 2021
- Money Matters Quarter 1 of **(£116,000)** Approved by Cabinet on 7 September 2021
- Money Matters Quarter 2 of **(£733,000)** approved by Cabinet on 7 December 2021
- Addition of Lichfield City Centre Car Parking Strategy projects of **£330,000** approved by Cabinet 9 November 2021
- Increase to Dual Stream Recycling budget of **£100,000** approved by Cabinet 9 November 2021
- A budget profile change relating to the Building a Better Council project increasing the 2021/22 budget by **£77,000** approved by Cabinet 9 November 2021

3.19. The Approved Budget is therefore **£7,442,000**.

3.20. The Capital Programme performance is projected to be below budget by **(£1,031,000)** compared to the Approved Budget. This above budget performance, compared to both the Original and the Approved Budgets, is shown by Strategic Plan Priority below and in detail at **APPENDIX D**:

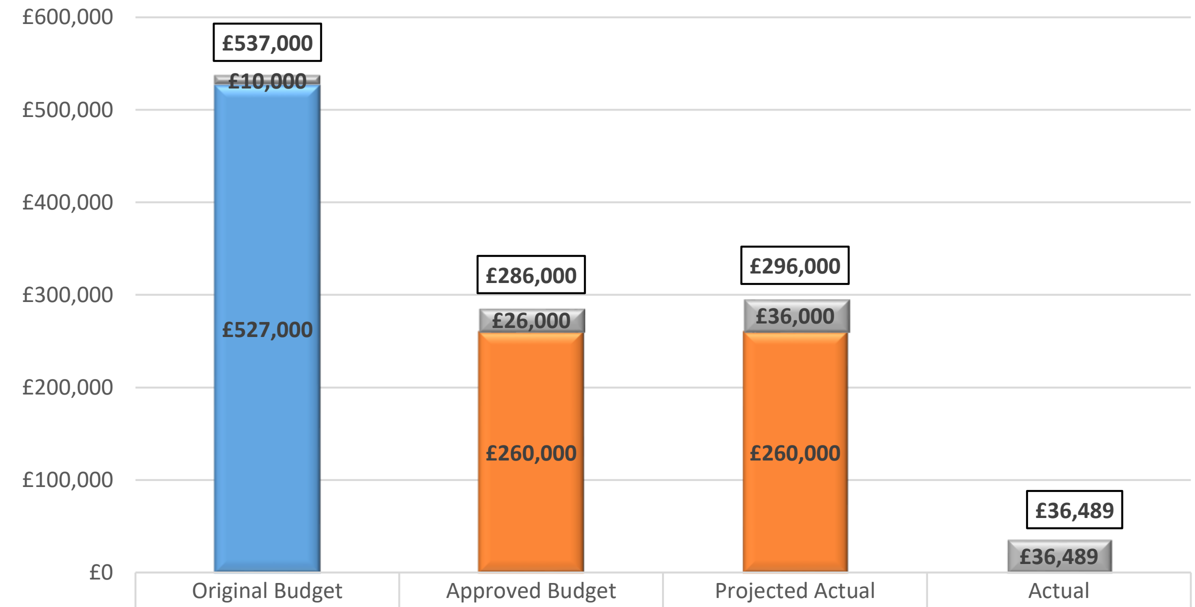


Performance compared to the Approved Budget

3.21. There are projected variances compared to the Approved Budget related to:

	Projected Variances	
	Profiling	**Other**
New Build Parish Office/Community Hub	(£92,000)	
Accessible Homes (Disabled Facilities Grants) – DFG Grant	(£382,000)	£203,000
Home Repair Assistance Grants	(£4,000)	
Decent Homes Standard / DCLG Monies	(£359,000)	
Unallocated S106 Affordable Housing Monies	(£185,000)	
Burntwood Park Resurfacing – funded from revenue underspend		£11,000
Burntwood Park Play Equipment – funded from revenue underspend		£75,000
Burntwood Park Fencing – funded from revenue underspend		£30,000
Enabling People Total	**(£1,022,000)**	**£319,000**
Lichfield St Johns Community Link	(£35,000)	
Vehicle Replacement Programme (Waste) - £32k re-profiled from 22/23 for vehicle purchases, £372k re-profiled from 23/24 to cover lease extension, £12k funded by revenue	£404,000	£12,000
Env. Improvements - Upper St John St & Birmingham Road	(£7,000)	
Burntwood Public Conveniences – funded from revenue underspend		£45,000
Shaping Place Total	**£362,000**	**£57,000**
Old Mining College - Refurbish access and signs	(£13,000)	
Pay on Exit System at Friary Multi Storey	(£150,000)	
Card Payment in All Car Parks	(£100,000)	
Electric Vehicle Charge Points	(£80,000)	
Developing Prosperity Total	**(£343,000)**	**£0**
Property Planned Maintenance	(£328,000)	
District Council House Repair Programme (including changes to the office)	(£76,000)	
A Good Council Total	**(£404,000)**	**£0**
Total Projected Variance	**(£1,407,000)**	**£376,000**
	(£1,031,000)	

3.22. The Original and Approved Budgets, projected and actual capital receipts are shown below:

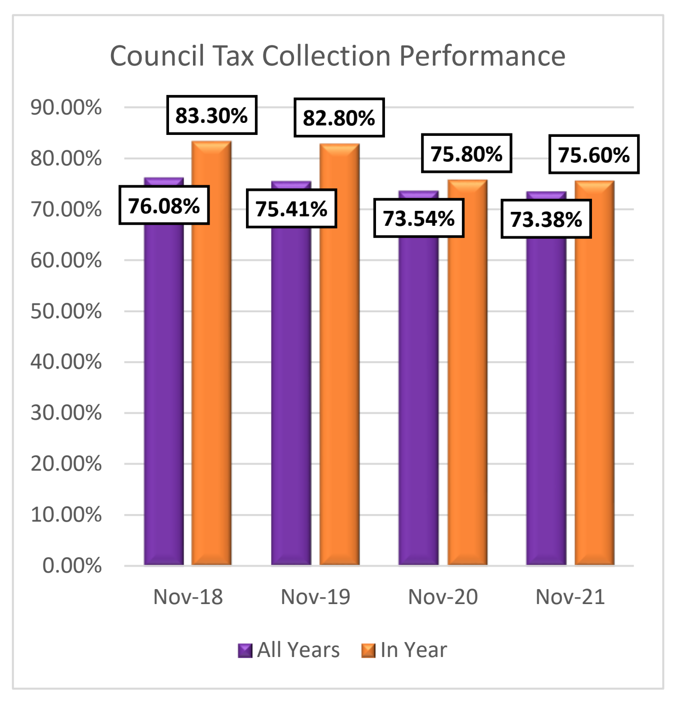


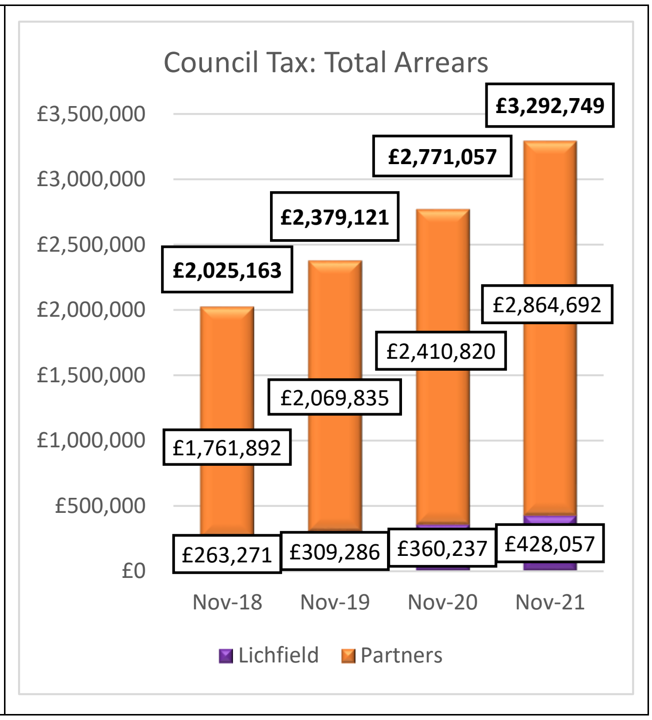
	Original Budget	Approved Budget	Projected Actual	Actual
DFG Settlements	£10,000	£26,000	£36,000	£36,489
Bromford RTB Sales		£260,000	£260,000	
Asset Sales	£527,000	£0		
Total	£537,000	£286,000	£296,000	£36,489

3.23 There is projected to be **(£296,000)** capital receipts received in 2021/22 compared to the Approved Budget of **(£286,000)**.

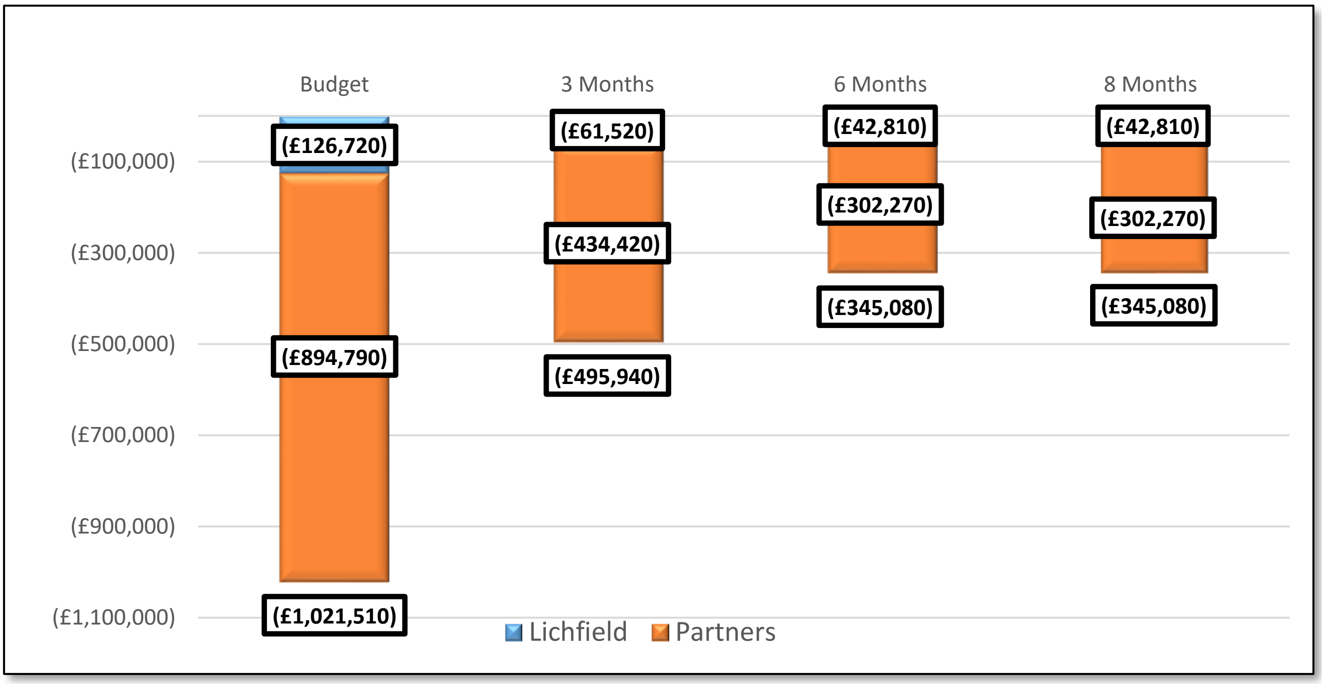
Council Tax

3.34. The collection performance for Council Tax debt is shown below:





3.35. The Council Tax Collection Fund, at the eight month's stage, is projected to be in deficit by **£345,080** and the Council's share is **£42,810** based on Lichfield's (including Parishes) current share of Council Tax of **13%**:

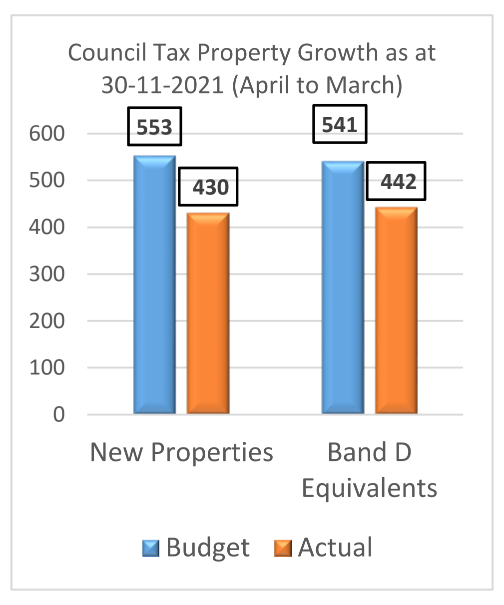


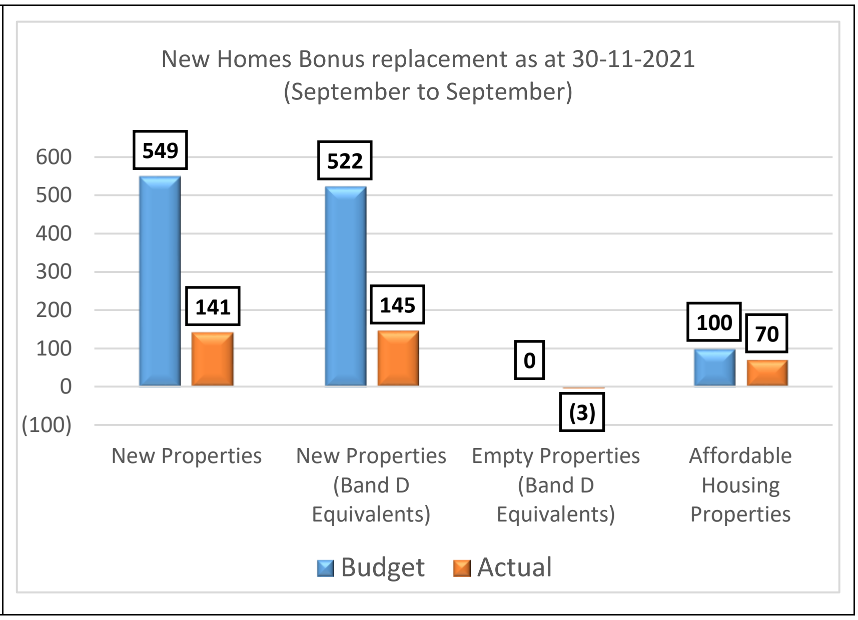
3.36. The main reasons for the projected lower deficit than budgeted of **£676,430** are:

- A lower deficit than budgeted in 2020/21 of **£537,779** (Council share £66,738)
- A higher provision for bad debts of **(£71,658)** (Council share (£8,893))
- A higher Council Tax income of **£210,309** due to housing delivery rates beginning to increase and recover (Council share £26,099).

Housing Supply

3.37. The completions for Council Tax (left hand chart) from April 2021 to November 2021 and New Homes Bonus (right hand chart) from September 2021 to September 2022 are shown below:

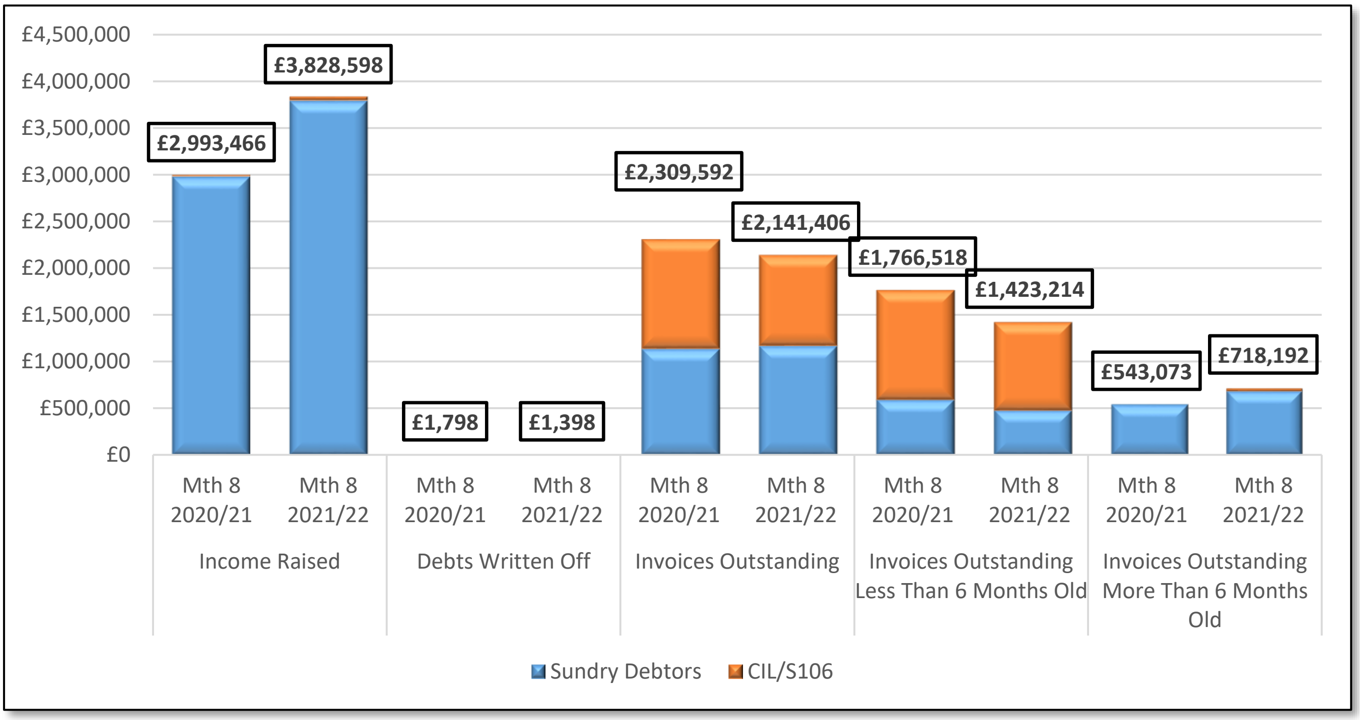




3.38. The current performance is slightly below (22% based on new properties and 18% based on Band D equivalents) the budget at the eight month's stage. However performance could still be impacted by COVID-19 either through delays in completions or updating records of completions. Any delivery delays will impact on Council Tax and potentially New Homes Bonus income in the Medium Term Financial Strategy.

Sundry Debtors (including Community Infrastructure Levy (CIL) and Section 106 (S106))

3.39. The transaction levels and collection performance in 2021/22 compared to 2020/21 is shown below:

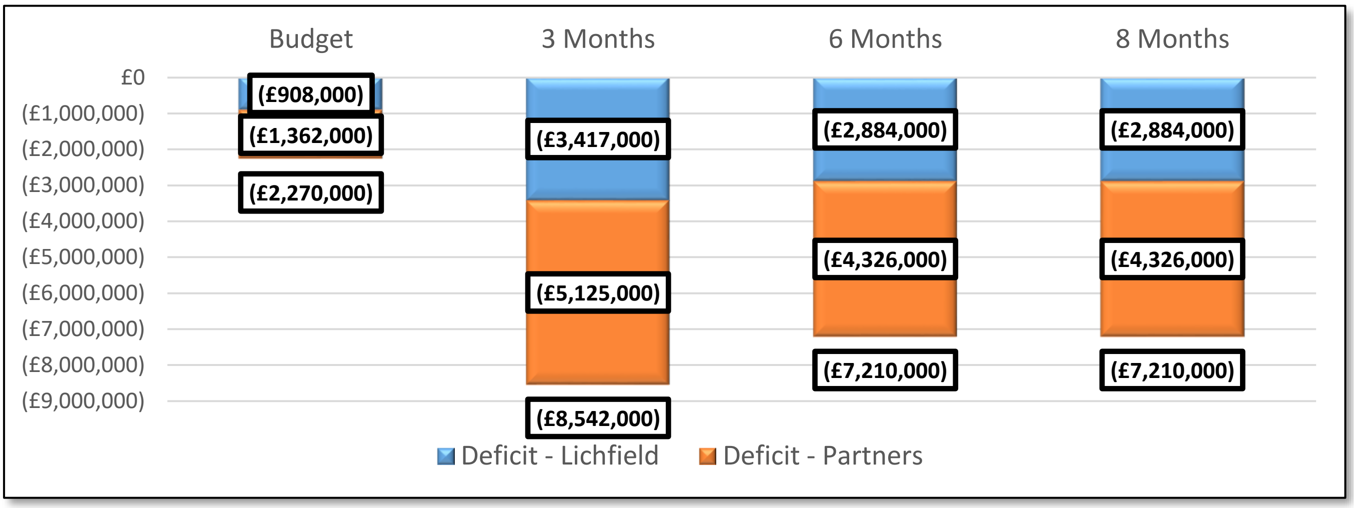


3.40. Income raised between month six and month eight of 2021/22 is **£835,132** or **28%** higher than for the same period in 2020/21. This is due to a number of invoices being raised for the purchase of recycling bags procured on behalf of other authorities.

3.41. Invoices outstanding has decreased by **(£168,186)** or **(7%)**.

Business Rates

3.42. The Business Rates Collection Fund is projected to be in deficit by **£7,210,000**:

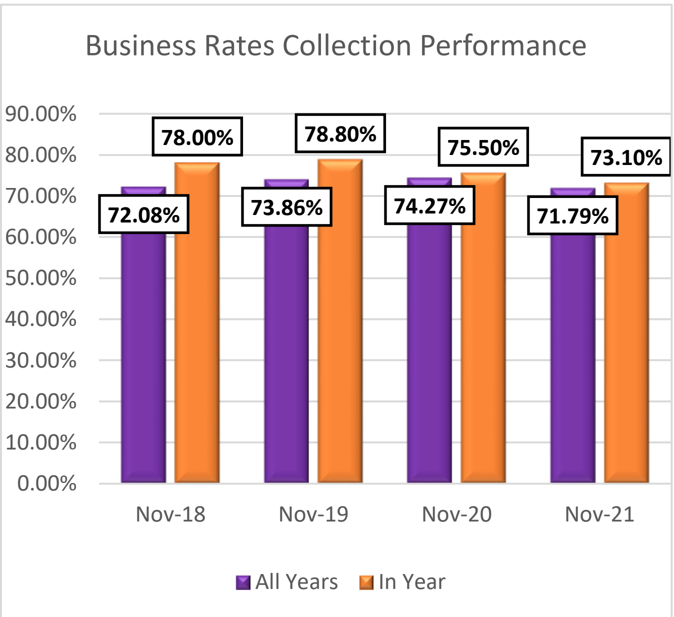


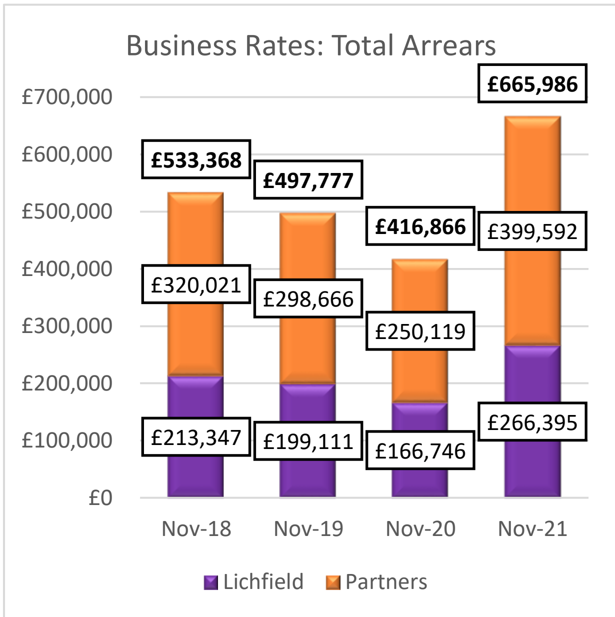
3.43. The main reasons for the projected higher deficit than budgeted of **(£4,940,000)** are:

- A higher deficit than budgeted in 2020/21 of **(£206,833)** (Council share (£82,800))**.**
- Higher allowances for appeals and bad debts of **(£337,000)** (Council share (£134,800)).
- Additional COVID-19 leisure, hospitality and retail reliefs up to the end of June 2021 and other changes in income due of **(£4,396,167)** (Council share (£1,758,500)).

3.44. It is important to note that Section 31 grants receivable in 2021/22 will largely offset this deficit.

3.45. The collection performance for Business Rates is shown below:





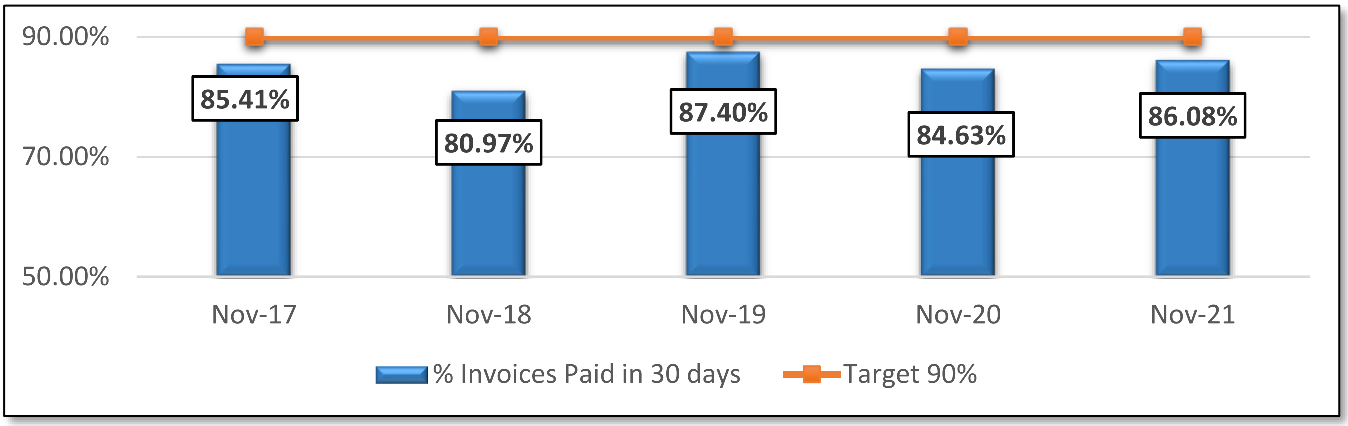
3.46. The Retained Business Rate income is projected to be the same as the Approved Budget of **(£3,122,000)**.

3.47. There are however a number of significant changes within the projection, including the Section 31 grant to offset the additional COVID-19 reliefs in the Collection Fund. These are explained further below:

- The Council's share of additional Section 31 grant to offset COVID-19 reliefs of **(£2,092,000)**.
- Other changes to levy payments and Section 31 grants of **£59,000**.
- Transfer of additional grant and other changes to the Business Rates volatility Earmarked Reserve to offset the deficit in later years of **£2,033,000**.

Supplier Payment Performance

3.48. The performance of invoice payments to suppliers within 30 days for the last five years is:



3.49. There continues to be improvements taking place, including the improvements to procurement, wider use of payment cards for low value transactions and analysis of the performance by Service Area, that are aimed at improving payment performance.

Investment Strategy

3.50. The Council can undertake investments for three broad purposes:

- It approves the support of public services by lending or buying shares in other organisations – **Service Investments.**
- To earn investment income – **Commercial Investments**.
- It has surplus cash, as a result of its day to day activities, when income is received in advance of expenditure or where it holds cash on behalf of another body ready for payment in the future – **Treasury Management Investments**.

3.51. The Government has recognised in recent guidance, as a result of increased commercial activity, that the principles included in Statutory Guidance, requiring that all investments should prioritise security and liquidity over yield must also be applied to service and commercial investments.

3.52. The Guidance requires the approval by Council of an Investment Strategy Report to increase the transparency around service and commercial investment activity. The Council approved its Investment Strategy Report on **16 February 2021**.

Service Investments

3.53. There is one significant approved investment of a service nature and the investment and net return included in the Approved Budget is detailed below:

	Approved Budget				
	2021/22	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Approved Loan to the Local Authority Company	**£675,000**	**£675,000**	**£675,000**	**£675,000**	**£675,000**
Net Income	£0	(£4,000)	(£18,000)	(£22,000)	(£22,000)
Net Return		(0.59%)	(2.67%)	(3.26%)	(3.26%)

3.54. To date, the loan to the Local Authority Company has not taken place and therefore the budgeted interest is not being generated.

Commercial Investments

3.55. No commercial investments are currently planned.

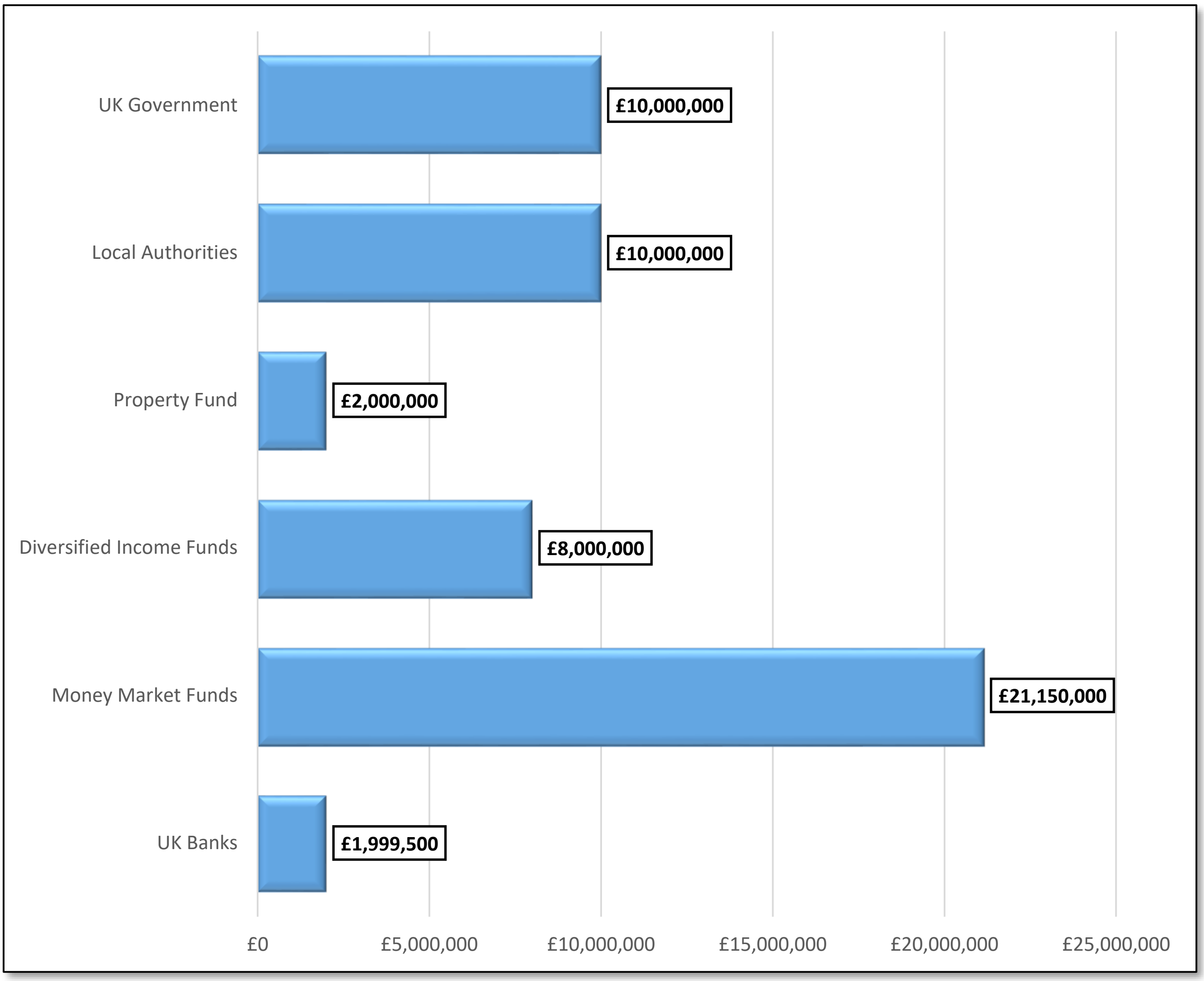
Treasury Management Investments

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

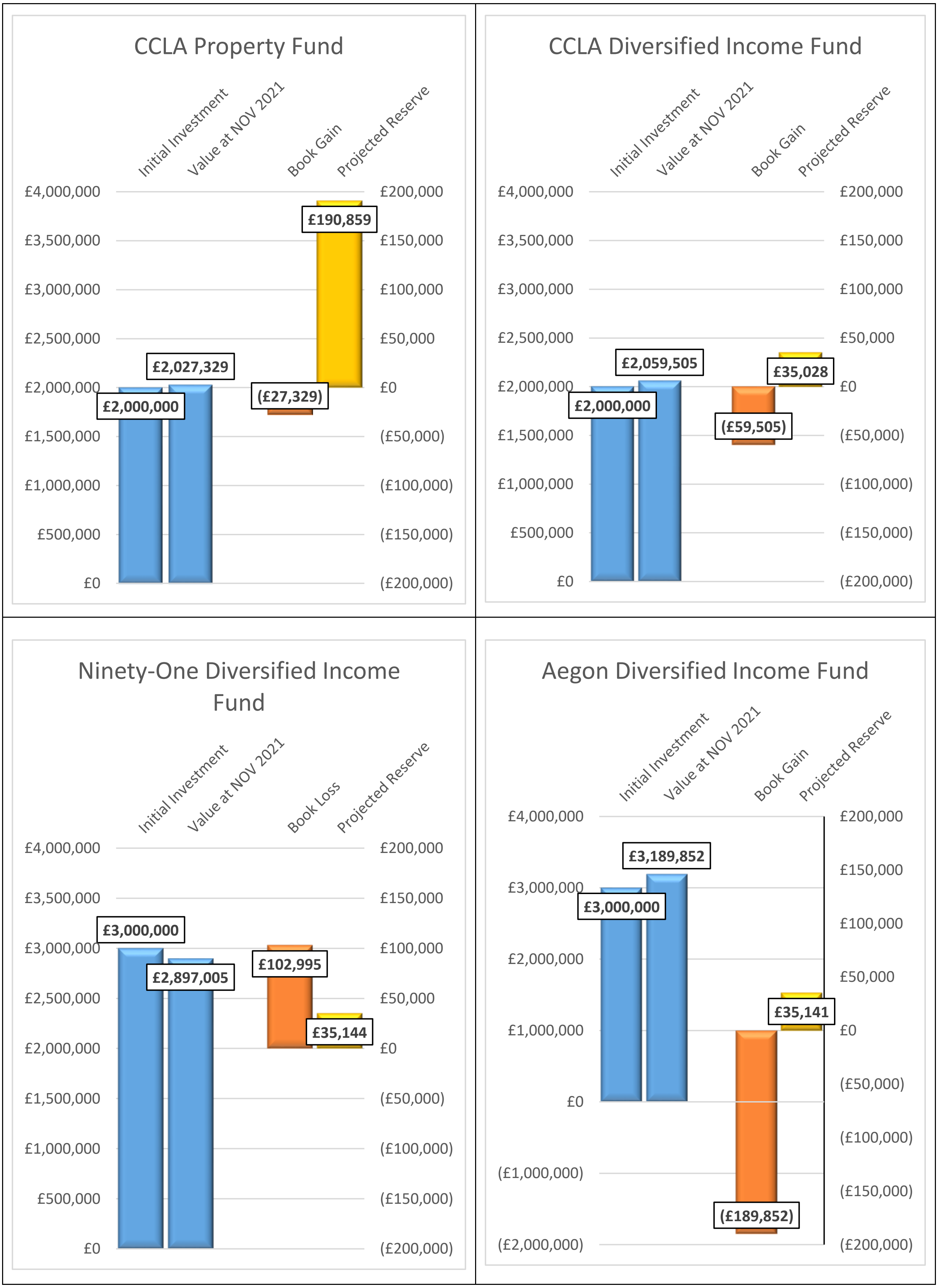
3.57. In addition, external borrowing is considered against the objectives of it being affordable (the impact on the budget and Council Tax), prudent and sustainable (over the whole life).

The Security of Our Investments

3.58. The investments the Council had at the 30 November 2021 of **£53,149,500** (with the Property and Diversified Income Funds valued at original investment of **£2m or £3m**) by type and Country are summarised below and in detail at **APPENDIX E**:

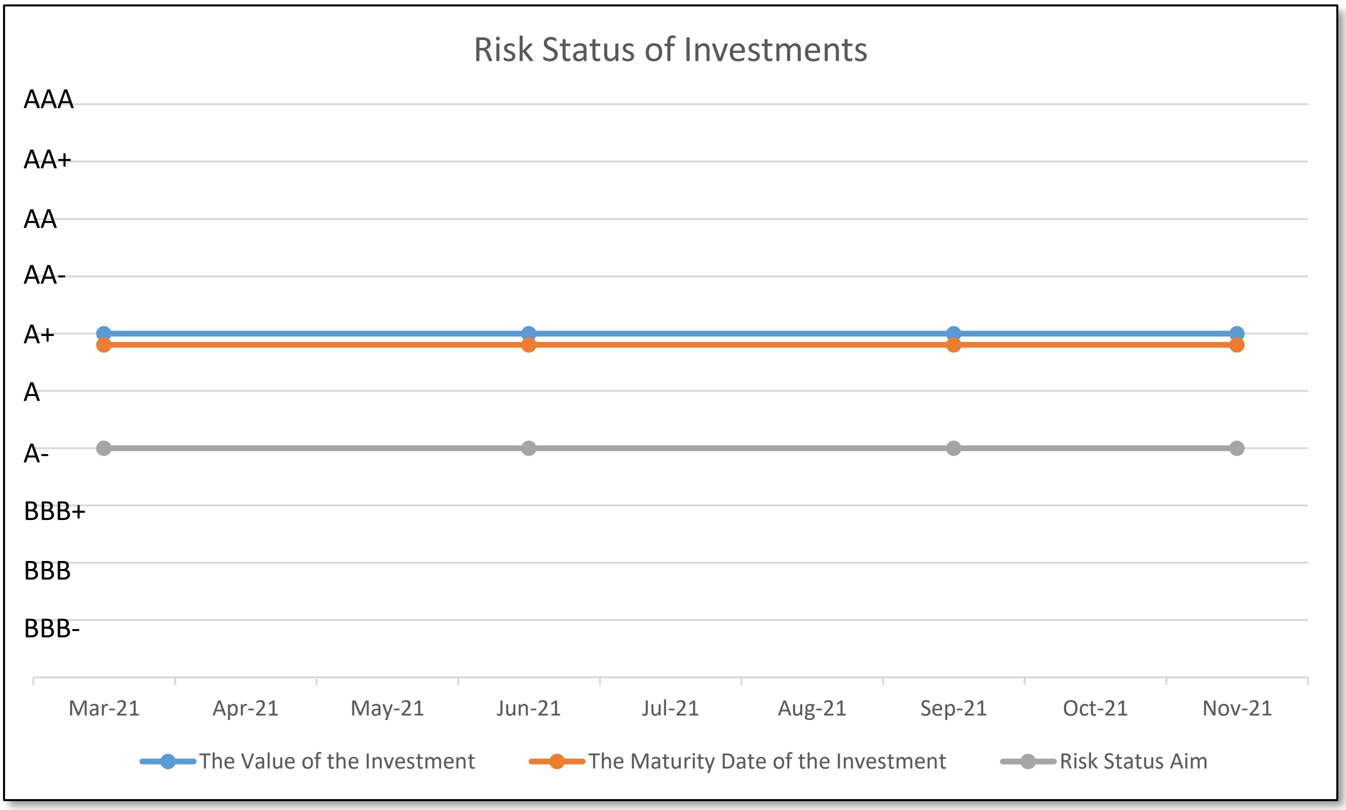


3.59. The current value of the Property Fund and the Diversified Income Funds, together with the projected value of the earmarked reserves in 2021/22 intended to offset reductions in value (these are a book loss until the investment is sold and they become actual), are shown below:



3.60. Overall in terms of strategic investments, there is a 'book gain' of **(£173,691)** and the earmarked reserve to manage volatility risk is projected to be **£296,172**.

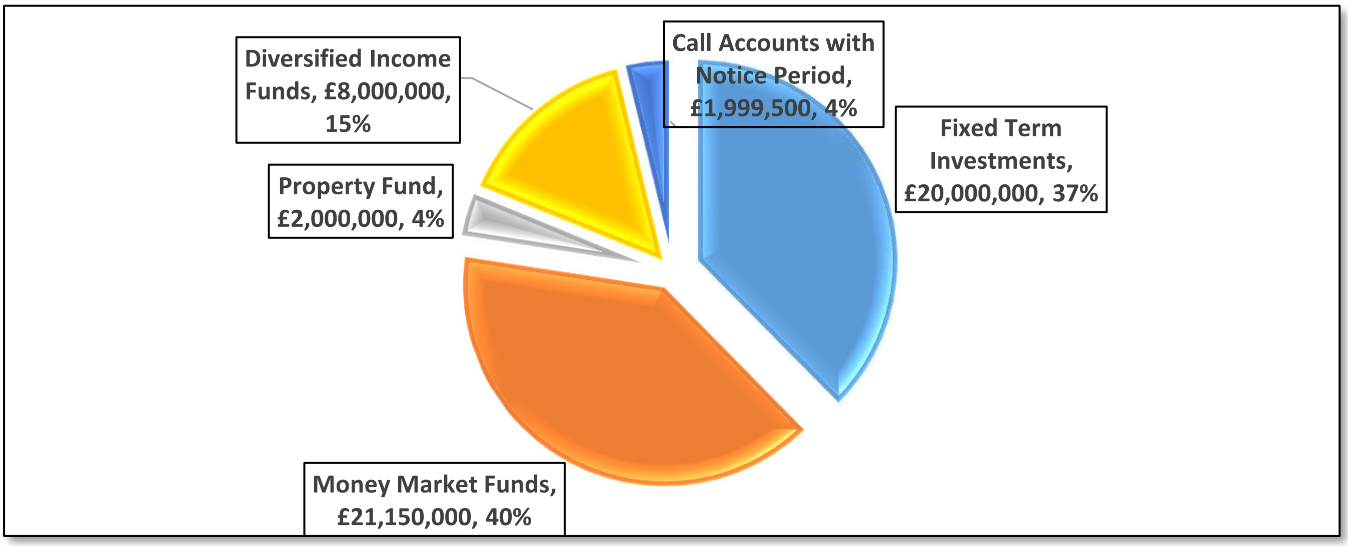
3.61. Our aim for the risk status of our investments was **A-** or higher. The risk status based on the length of the investment and the value for a 12 month period is summarised in the graph below:



The Liquidity of our Investments

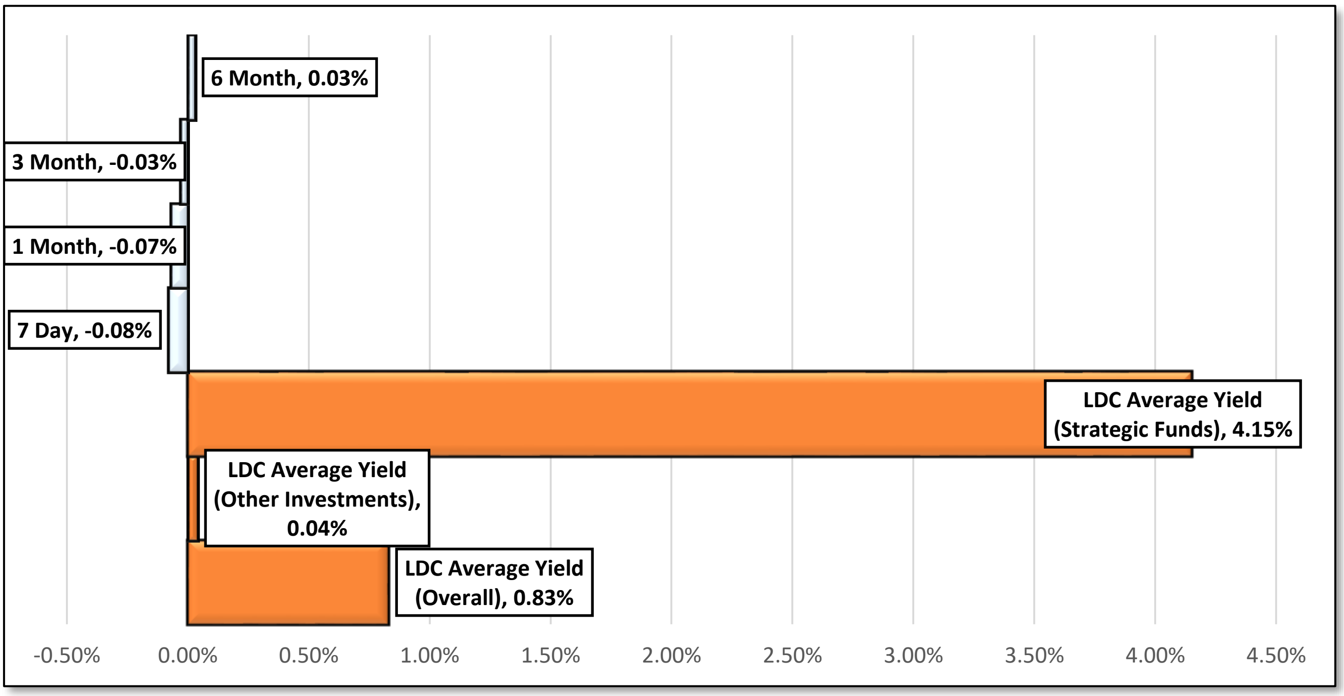
3.62. The Council has not had to temporarily borrow during 2021/22.

3.63. A significant proportion of investments are retained in instant access Money Market Fund investments to ensure there is sufficient cash available to pay for goods and services. The investments by type are shown below:



The Return or Yield of our Investments

3.64. The yield the Council achieved compared to a number of industry standard benchmarks (including our preferred benchmark of the seven day LIBID rate) is shown below:



3.65. The investment activity during the financial year is projected to generate **(£391,000)** of gross investment income compared to a budget of **(£350,000)**.

The External Borrowing Portfolio

3.66. The Council's external borrowing portfolio, including the premiums for early repayment, is shown below:

	Principal	Average Rate	Years to Final Maturity	(Premium) /Discount
PWLB Fixed Equal Instalment of Principal (EIP)	£1,126,280	2.59%	18.3	(£188,826)
PWLB Fixed Annuity	£933,524	1.71%	6.5	(£41,303)
TOTAL Borrowing	**£2,059,804**	**2.19%**	**13.0**	**(£230,129)**

Alternative Options	These are considered as part of the ongoing development of the Strategic Plan and the Medium Term Financial Strategy.

Consultation	Consultation is undertaken as part of the Strategic Plan and with Leadership Team.

Financial Implications	The Medium Term Financial Strategy projected general reserves at 31 March 2022 would be **£6,985,824**. At this eight months stage, general reserves are forecast to be **£6,887,611**. This is a reduction of **(£98,213)** and is related to: • A higher than budgeted contribution in 2020/21 of **£139,117** • Approved updates in 2021/22 summarised in para 3.15 decreasing the contribution by **(£211,650)** • A projected increased contribution contained in this report for 2021/22 of **£167,320)** • The adverse impact of COVID-19 in 2021/22 of **(£193,000)**
Approved by Section 151 Officer	Yes

Legal Implications	No specific legal implications. The recommended changes to the Medium Term Financial Strategy, not part of the approved Budget Framework, will require the approval of Full Council.
Approved by Monitoring Officer	Yes

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

Crime & Safety Issues	There are no additional Crime and Safety Issues.
Environmental Impact	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan.

GDPR/Privacy Impact Assessment	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan.

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
Strategic Risk SR1 - Non achievement of the Council's key priorities contained in the Strategic Plan due to the availability				
A	Council Tax is not set by the Statutory Date of **11 March 2022**	Likelihood : Green Impact : Red Severity of Risk : Yellow	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	Likelihood : Yellow Impact : Red Severity of Risk : Red	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	Likelihood : Red Impact : Red Severity of Risk : Red	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	Likelihood : Red Impact : Red Severity of Risk : Red	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	Likelihood : Yellow Impact : Red Severity of Risk : Red	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	Likelihood : Yellow Impact : Red Severity of Risk : Red	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	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
			years will be updated in the MTFS.	
G	Sustained higher levels of inflation in the economy	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow	To maintain a watching brief on economic forecasts, ensure estimates reflect latest economic projections and where possible ensure income increases are maximised to mitigate any additional cost.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
Strategic Risk SR3: Capacity and capability to deliver / adapt the new s				
H	The financial impact of COVID-19 is not fully reimbursed by Government and exceeds the reserves available resulting in a Section 114 notice	Likelihood : Yellow Impact : Red Severity of Risk : Yellow	The use of general and earmarked reserves to fund any shortfall	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
I	The Council cannot achieve its approved Delivery Plan for 2022/23	Likelihood : Yellow Impact : Red Severity of Risk : Red	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
J	The resources available in the medium to longer term to deliver the Strategic Plan are diminished	Likelihood : Yellow Impact : Red Severity of Risk : Red	The MTFS will be updated through the normal review and approval process	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
K	Government and Regulatory Bodies introduce significant changes to the operating environment	Likelihood : Red Impact : Red Severity of Risk : Red	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	• Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2020-25 – Cabinet 9 February 2021. • Money Matters: 2020/21 Review of Financial Performance against the Financial Strategy – Cabinet 8 June 2021. • Medium Term Financial Strategy – Cabinet 6 July 2021. • Money Matters: 2021/22 Review of Financial Performance against the Financial Strategy – Cabinet 7 September 2021. • Money Matters: Calculation of Business Rates in 2022/23, Council Tax Base for 2022/23 and the Projected Collection Fund Surplus / Deficit for 2021/22 - Cabinet 7 December 2021. • Money Matters: 2021/22 Review of Financial Performance against the Financial Strategy – Cabinet 7 December 2021.

Relevant web link	

Revenue Financial Performance – Variance to Budget 2021/22

Area	2021/22					
	Original Budget £	Approved Budget £	Projected Outturn £	Projected Variance £	Variance to Original Budget £	2021/22 Target Variance (+/-) £
Enabling people	1,482,790	1,511,540	1,453,440	(58,100)	(29,350)	
Shaping place	3,401,930	3,640,560	3,515,400	(125,160)	113,470	
Developing prosperity	(620,830)	(446,370)	(311,290)	135,080	309,540	
A good council	6,320,730	6,408,540	6,291,400	(117,140)	(29,330)	
COVID-19 - General Recovery	(4,000)	(322,000)	(129,000)	193,000	(125,000)	
COVID-19 - Specific Risks	1,141,380	1,141,380	1,141,380	-	-	
Net Cost of Services	**11,722,000**	**11,933,650**	**11,961,330**	**27,680**	**239,330**	**0**
Chief Executive	167,130	294,090	292,230	(1,860)	125,100	2,000
Corporate Services	2,414,920	2,434,190	2,173,450	(260,740)	(241,470)	39,000
Finance and Procurement	1,881,200	1,900,200	1,937,700	37,500	56,500	15,000
Governance & Performance	1,874,760	1,871,810	1,871,810	-	(2,950)	15,000
Regulatory Services, Housing & Wellbeing	1,352,010	1,359,380	1,286,280	(73,100)	(65,730)	16,000
Economic Growth & Development Services	(127,210)	89,540	192,620	103,080	319,830	67,000
Operational Services	3,021,810	3,165,060	3,194,860	29,800	173,050	96,000
COVID-19 - General Recovery	(4,000)	(322,000)	(129,000)	193,000	(125,000)	-
COVID-19 - Specific Risks	1,141,380	1,141,380	1,141,380	-	-	
Net Cost of Services	**11,722,000**	**11,933,650**	**11,961,330**	**27,680**	**239,330**	**250,000**
Net Treasury Position	(182,000)	(182,000)	(173,000)	9,000		
Net Operating Cost	**11,540,000**	**11,751,650**	**11,788,330**	**36,680**		
Transfer (from) / to General Reserve	411,000	199,350	173,670	(25,680)		
Net Revenue Expenditure	**11,951,000**	**11,951,000**	**11,962,000**	**11,000**		
Financed by:						
Retained Business Rates	(3,122,000)	(3,122,000)	(3,122,000)	-		
Business Rates Cap	(110,000)	(110,000)	(110,000)	-		
Lower Tier Services Grant	(151,000)	(151,000)	(151,000)	-		
Local Council Tax Support Grant	(126,000)	(126,000)	(126,000)	-		
New Homes Bonus	(1,282,000)	(1,282,000)	(1,282,000)	-		
Council Tax Collection Fund (Surplus)/Deficit	38,000	38,000	27,000	(11,000)		
Council Tax	(7,198,000)	(7,198,000)	(7,198,000)	-		

General Reserves Projections

	Original	Approved	Projected
Start of year	**£6,574,824**	**£6,713,941**	**£6,713,941**
Budgeted Contribution	£411,000	£411,000	£411,000
Approved Updates	£0	(£211,650)	(£211,650)
This Report	£0	£0	£167,320
COVID-19	£0	£0	(£193,000)
Sub Total In Year	**£411,000**	**£199,350**	**£173,670**
End of year	**£6,985,824**	**£6,913,291**	**£6,887,611**
Change to Original		**(£72,533)**	**(£98,213)**

COVID-19 Projected Impact

Details	Original Budget	Approved Budget	Projection	Projected Variance
Support for Operational Services Contracts	£0	£0	£0	£0
Housing and Homelessness Support	£0	£11,000	£11,000	£0
Additional Hardship / Discretionary Housing Payments	£0	£0	£0	£0
Additional costs of Waste Collection	£0	£0	£0	£0
ICT Support Costs for Remote Working	£0	£0	£0	£0
Additional Personal Protective Equipment (PPE), Building Cleaning and Other Costs	£0	£4,000	£4,000	£0
Bank Charges for Grant Processing	£0	£0	£0	£0
Transport for food deliveries	£0	£0	£0	£0
Project costs	£0	£0	£0	£0
Other costs	£0	£0	£0	£0
Total Additional Costs	**£0**	**£15,000**	**£15,000**	**£0**
Government Support	(£441,000)	(£441,000)	(£441,000)	£0
Cost reimbursements	£0	£0	£0	£0
National Leisure Recovery Fund	£0	£0	£0	£0
Net Additional Costs	**(£441,000)**	**(£426,000)**	**(£426,000)**	**£0**
Reduced Sales, Fees and Charges	£561,000	£233,000	£426,000	£193,000
Income Guarantee Scheme	(£124,000)	(£129,000)	(£129,000)	£0
Reductions in Council Tax (LDC & Parishes 13%) (will impact in later years)	£152,000	£257,000	£257,000	£0
Reductions in Business Rates (LDC 40%) (will impact in later years) see note below	£837,000	£227,000	£227,000	£0
Total Financial Impact	**£985,000**	**£162,000**	**£355,000**	**£193,000**
Impact in 2021/22	**(£4,000)**	**(£322,000)**	**(£129,000)**	**£193,000**
Impact in later years	**£989,000**	**£484,000**	**£484,000**	**£0**

Note : The Business Rates additional retained growth of £1.342m included in the Business Rate estimates is after taking account of this COVID-19 reduction

Fees and Charges

Income Type	Annual Budget £000	Actual £000	Year End Variance £000	Annual Trend 2014/15 Actual £000	2015/16 Actual £000	2016/17 Actual £000	2017/18 Actual £000	2018/19 Actual £000	2019/20 Actual £000	2020/21 Actual £000
Planning Applications	781	717	0	771	629	1,030	824	797	744	695
Car Parks	1,921	1,111	465	1,746	1,748	1,986	2,078	2,198	2,105	752
Garden Waste[1]	1,570	2,055	0	0	0	0	231	1,495	1,478	1,618
Trade Waste	447	504	0	338	390	407	415	443	469	485
Land Charges	298	256	0	183	297	312	279	286	253	272
Building Control	917	751	0	454	507	557	547	553	896	1,032
Property Rental	724	393	0	644	681	687	729	839	744	680
Total of Highest Value Fees & Charges	**6,658**	**5,788**	**465**	**4,134**	**4,251**	**4,980**	**5,102**	**6,611**	**6,689**	**5,535**
Other Income										
Licensing				217	185	236	224	241	245	160
Leisure Centre				1,782	1,819	1,879	1,629	183	0	0
VAT Claim				0	0	0	0	1,103	0	0
Court Costs				252	233	218	198	214	222	154
Recycling				14	347	439	463	331	283	280
Grounds Maintenance				162	161	168	195	217	264	273
Other				1,839	1,139	1,319	1,124	1,057	1,063	908
Total Income				**8,400**	**8,136**	**9,239**	**8,936**	**9,957**	**8,766**	**7,310**

[1] The Garden Waste subscription year opens in October. The amount received that relates to 2022/23 financial year will be carried forward.

Capital Programme 2021/22

Project	Original Budget	Approved Budget	Actual to Date	Projected Actual	Variance
New Build Parish Office/Community Hub	92,000	92,000	0	0	(92,000)
Armitage with Handsacre Village Hall storage	6,000	6,000	5,700	6,000	0
Armitage War Memorial	120,000	120,000	80,000	120,000	0
Artificial grass at Armitage	3,000	3,000	0	3,000	0
Burntwood LC CHP Unit	0	64,000	(4,835)	64,000	0
Friary Grange - Short Term Refurbishment	240,000	209,000	39,180	209,000	0
Replacement Leisure Centre	278,000	328,000	152,267	328,000	0
Beacon Park Pathway	0	37,000	0	37,000	0
Burntwood Leisure Centre - Decarbonisation	532,000	443,000	331,923	443,000	0
Accessible Homes (Disabled Facilities Grants)	1,272,000	1,100,000	431,886	921,000	(179,000)
Home Repair Assistance Grants	22,000	10,000	551	6,000	(4,000)
Decent Homes Standard	147,000	147,000	0	0	(147,000)
Energy Insulation Programme	22,000	0	0	0	0
DCLG Monies	212,000	212,000	0	0	(212,000)
Unallocated S106 Affordable Housing Monies	429,000	681,000	95,736	496,000	(185,000)
Burntwood Park Resurfacing	0	0	11,170	11,000	11,000
Burntwood Park Play Equipment	0	0	0	75,000	75,000
Burntwood Park Fencing	0	0	0	30,000	30,000
Enabling People Total	**3,375,000**	**3,452,000**	**1,143,577**	**2,749,000**	**(703,000)**
Canal Towpath (Brereton & Ravenhill)	36,000	44,000	43,656	44,000	0
Loan to Council Dev Co.	675,000	675,000	0	675,000	0
Lichfield St Johns Community Link (CIL)	35,000	35,000	0	0	(35,000)
Staffordshire Countryside Explorer (CIL)	44,000	44,000	0	44,000	0
Lichfield Public Conveniences	0	40,000	0	40,000	0
Vehicle Replacement Programme (Waste)	0	21,000	65,181	437,000	416,000
Bin Purchase	150,000	240,000	0	240,000	0
Dual Stream Recycling	0	329,000	0	329,000	0
Vehicle Replacement Programme (Other)	108,000	128,000	46,431	128,000	0
Env. Improvements - Upper St John St	7,000	7,000	0	0	(7,000)
The Leomansley Area Improvement Project	3,000	3,000	0	3,000	0
Cannock Chase SAC	44,000	44,000	42,990	44,000	0
Burntwood Public Conveniences	0	0	0	45,000	45,000
Shaping Place Total	**1,102,000**	**1,610,000**	**198,257**	**2,029,000**	**419,000**
Multi Storey Car Park Refurbishment Project	250,000	259,000	170,477	259,000	0
Vehicle Replacement Programme (Car Parks)	10,000	0	0	0	0
Coach Park	625,000	300,000	6,775	300,000	0
Birmingham Road Site - Short Term	0	13,000	323	13,000	0
Car Parks Variable Message Signing	32,000	0	0	0	0
Old Mining College - Refurbish access	13,000	13,000	0	0	(13,000)
Pay on Exit System at Friary Multi Storey	0	150,000	0	0	(150,000)
Card Payment in All Car Parks	0	100,000	0	0	(100,000)
Electric Vehicle Charge Points	0	80,000	0	0	(80,000)
St. Chads Sculpture (Lichfield City Art Fund)	5,000	5,000	5,000	5,000	0
Developing Prosperity Total	**935,000**	**920,000**	**182,575**	**577,000**	**(343,000)**
Equipment Storage	0	125,000	0	125,000	0
Property Planned Maintenance	289,000	328,000	0	0	(328,000)
New Financial Information System	225,000	225,000	151,202	225,000	0
Depot Sinking Fund	11,000	0	0	0	0
District Council House - Decarbonisation	0	263,000	252,497	263,000	0
IT Infrastructure	35,000	108,000	83,553	108,000	0
ICT Hardware	165,000	5,000	4,570	5,000	0
IT Innovation	205,000	18,000	16,950	18,000	0
District Council House Repair Programme	188,000	238,000	0	0	(238,000)
Building a Better Council	0	150,000	0	150,000	0
First Floor Office Refit	0	0	0	162,000	162,000
Good Council Total	**1,118,000**	**1,460,000**	**508,772**	**1,056,000**	**(404,000)**
Approved Budget	**6,530,000**	**7,442,000**	**2,033,182**	**6,411,000**	**(1,031,000)**

Capital Receipts	1,301,000	1,286,000		914,000	(372,000)
Borrowing Need - Borrowing and Finance Leases	278,000	328,000		700,000	372,000
Capital Grants and Contributions	3,071,000	3,259,000		2,385,000	(874,000)
Reserves, Existing Revenue Budgets and Sinking Funds	1,880,000	2,569,000		2,412,000	(157,000)
Capital Programme Total	**6,530,000**	**7,442,000**		**6,411,000**	**(1,031,000)**

Investments in the 2021/22 Financial Year

The table below shows a breakdown of our investments at the 30 November 2021:

Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating	Foreign Parent
Money Market Funds						
Invesco Aim	£3,150,000	01-Dec-21	Instant Access	0.01%		N/A
Federated	£5,000,000	01-Dec-21	Instant Access	0.01%		N/A
Aberdeen	£4,000,000	01-Dec-21	Instant Access	0.01%		N/A
BNP Paribas MMF	£4,000,000	01-Dec-21	Instant Access	0.02%		N/A
CCLA MMF	£5,000,000	01-Dec-21	Instant Access	0.04%		N/A
Strategic Funds						
CCLA Property Fund	£2,000,000	N/A	N/A	3.97%	N/A	No
Ninety-One Diversified Income Fund	£3,000,000	N/A	N/A	3.66%	N/A	No
CCLA Diversified Income Fund	£2,000,000	N/A	N/A	2.82%	N/A	No
Aegon Diversified Income Fund	£3,000,000	N/A	N/A	4.37%	N/A	No
Fixed Term Investments						
Surrey Heath Borough Council	£2,000,000	15-Dec-21	15	0.06%	LOCAL	
Monmouthshire Council	£2,000,000	28-Apr-22	149	0.10%	LOCAL	
Ashford Borough Council	£2,000,000	19-Apr-22	140	0.07%	LOCAL	
Cheltenham Borough Council	£2,000,000	12-May-22	163	0.05%	LOCAL	
Moray Council	£2,000,000	22-Aug-22	265	0.20%	LOCAL	
Debt Management Office	£7,000,000	20-Dec-21	20	0.03%	UK Government	
Debt Management Office	£3,000,000	21-Feb-22	83	0.03%	UK Government	
Call Accounts with Notice Period						
Lloyds	£1,000,000	05-Mar-22	95	0.03%	A+	
HSBC	£999,500	31-Dec-21	31	0.20%	A+	
Total Investments	**£53,149,500**					

Community Infrastructure Levy (CIL) Strategic Allocation Funds Assessment

Cabinet Member for Economic Development, Leisure & Local Plan

Date:	8 February 2022
Agenda Item:	5
Contact Officer:	Stephen Stray
Tel Number:	01543308147 / 07974617308
Email:	stephen.stray@lichfielddc.gov.uk
Key Decision?	**YES**
Local Ward Members	All wards affected

Lichfield district council

Cabinet

1. Executive Summary

1.1 At the 8th June 2021 Cabinet meeting, members approved a report which set out a revised criteria and scoring regime to assess bids for the allocation of Community Infrastructure Levy (CIL) funding to meet strategic infrastructure requirements.

1.2 Amendments to the governance arrangements relating to the allocation of Strategic CIL funds were also recommended and supported by members at the same June Cabinet meeting and confirmed by Full Council at its meeting on the 12th October 2021.

1.3 The decision of cabinet affirmed by Full Council included the following elements:

"… consideration of the future preparation and revision of CIL policies, procedures and proposals including approval of spending discretionary CIL allocations for strategic infrastructure projects is made the responsibility of the Strategic Infrastructure Group (SIG) in conjunction with the Cabinet member for Economic Development and Local Plan, Parks & Leisure.

That the operation of the SIG is scrutinised by the new Overview & Scrutiny committee and/or any such Task Group established for this purpose"

1.4 A bidding round of applications to use CIL was closed on the 1st October 2021 and has been significantly over subscribed. The CIL strategic pot has accrued monies of approximately £1.6 million whilst the bids received totalled approximately £7.9 million.

1.5 In light of this oversubscription, and experience gained in assessing the bids received it is recommended that the current guidance / criteria for SIG's decision-making should be amended for the reasons set out in the report.

1.6 Allocation of Community Infrastructure Levy (CIL) funds for Strategic Infrastructure are also recommended as follows:-

- Fradley & Streethay PC - New Community Centre - £600,000, subject to land transfer arrangements being completed between Miller Homes and Lichfield District Council in line with signed S106 agreement and planning permission being granted for the community centre.
- Lichfield & Hatherton Canal to receive £260,000, subject to the land transfer between SCC and the trust for the section of the route currently in SCC ownership along Falkland Road being confirmed in writing and the regularising of existing project works commenced on the canal route having regard to compliance with planning regulations.
- That the remaining accrued monies amounting to £740,000 are retained and that a future bidding round is expedited during the first half of 2022.

2. Recommendations

2.1 It is recommended that Cabinet agree to:-

a) tighten the current guidance (Appendix 1) to assess bids for the allocation of Community Infrastructure Levy (CIL) funding to preclude bids where there are regulatory / financial / legal concerns by the Council

b) amend the guidance / scoring criteria to:

   i) not accept retrospective bids

   ii) remove the scoring criteria re neighbourhood plan or settlement policy

   iii) Give greater weight to those bids which demonstrate deliverability within a reasonable time scale of 3 years and or are shovel ready.

c) allocate the Community Infrastructure Levy (CIL) funds for Strategic Infrastructure to the following projects:

   - Fradley & Streethay PC - New Community Centre - £600,000 subject to land transfer arrangements being completed and planning permission being granted for the community centre within a reasonable timescale to demonstrate deliverability.
   - Lichfield & Hatherton Canal to receive £260,000, subject to the land transfer in relation to land at Falkland Road between Staffordshire County Council and the trust being confirmed and the regularising of existing project works on the canal route having regard to planning regulations being confirmed within a reasonable timescale to demonstrate deliverability.

d) to retain the remaining CIL monies for a future bidding round.

3. Background

3.1 In June 2021, members of the Council's Cabinet approved a report which set out a revised criteria and scoring regime to assess bids for Community Infrastructure Levy (CIL) funding to meet strategic infrastructure requirements. The revisions took account of issues identified following the first round of bidding in 2018. The amendments sought to ensure that any monies spent in this bidding round are focussed on truly strategic projects and meet the statutory criteria set out in the CIL regulations. The new criteria and scoring methodology focusses on prioritising bids that are consistent with the policies and objectives set out in the Local Plan and its supporting evidence base in the Infrastructure Delivery Plan (IDP) and Infrastructure Funding Statement (IFS) as well as the Council's Corporate Strategic Plan.

3.2 Amendments to the governance arrangements relating to the allocation of Strategic CIL funds were also recommended and supported by members at the same June Cabinet meeting and confirmed by Full Council on the 12th October 2021.

3.3 The CIL Strategic pot has available funding of £1.6 million. The bidding process for applications for the CIL funding opened on 1st August 2021 and closed on 1st October 2021. A total of 9 bids were received, summarised in Table 1 below.

Table 1

Infrastructure Provider	Project	Funding amount requested
Lichfield District Council Operational Services	New Lichfield Leisure Centre	£1,000,000
Lichfield District Council Major Development Projects Team	Pedestrian Priority City Centre Streets.	£110,000

Lichfield District Council Major Development Projects Team	Improvements to Public Realm and Wayfinding within Lichfield City Centre.	£233,104.50
Lichfield District Council Major Development Projects Team	Lichfield City Centre Car Parking enhancements	£280,000
Staffordshire County Council Education *	King Edwards School Expansion – completed project	£1,873,736.69
Staffordshire County Council Education*	Netherstowe School Expansion – project has commenced.	£3,115,986.54
Lichfield & Hatherton Canal Restoration Trust	Restore the canal linking Deanslade Park to Falkland road – Fosseway canal walk	£260,000
Fradley & Streethay PC	New Community Centre	£600,000
Swim House, Lichfield	Funding towards 3 swimming pools	£450,345
Total		**£7,923,172.73**

**With regard to the two SCC Education projects, it is understood that the applicant wished to identify the full extent of the CIL monies they would be seeking in respect of the two projects, and so if supported the applicant under the process in place would require future spending rounds to contribute towards the cost of these projects and would therefore be making future application submissions.*

Project Assessment / Prioritisation

3.4 As the above table demonstrates, the total value of applications received is over £7.9million, so there are insufficient monies to fund all of the bids submitted. A review of the guidance and criteria was undertaken to check whether the guidance including scoring criteria were fit for purpose and/or needed to be amended. The review identified the need to re-consider the guidance / scoring criteria to:

- tighten the guidance on the regulatory / financial / legal elements in the interests of due diligence in awarding monies
- clarify the approach towards retrospective bids
- clarify whether bids should be part of a neighbourhood plan or settlement policy given there isn't district wide neighbourhood plan coverage or the need for duplication in plans / policies
- include a focus on deliverability (shovel readiness) whilst recognising that some projects may also need funding commitment in order to access other funding opportunities.

Regulatory / financial / legal considerations

3.5 The updated bid guidance document (July 2021) at Appendix 1 was provided to those expressing interests in bidding. It sets out that before bid assessment takes place, the following should be checked for bids to be eligible.

- The Expression of Interest Form has been completed satisfactorily
- The organisation has the legal right to carry out the proposed project
- The project is clearly defined as infrastructure as per the CIL Regulations
- The project conforms with the District Council's Infrastructure Funding Statement

3.6 The scoring criteria form also contains a risks section that considers:

- Physical and environmental impacts e.g. flood risk, contamination biodiversity, noise etc.
- Approvals of necessary consents e.g. planning permissions
- Ownership, acquisition or compulsory purchase order issues
- Partnership and governance issues
- Dependency on other projects going ahead

3.7 However, the guidance document does not explicitly set out whether projects should be precluded where they are being applied for from organisations that are:

- In breach of regulatory requirements and or cannot meet financial requirements on other projects elsewhere including where the bid project is dependent on the other projects going ahead.
- Are not able to substantiate claims in the Expression of Interest application
- Do not have appropriate governance in place
- Are using funding to address commercial risk rather than being necessary for project delivery.

3.8 Without such clarity and checks in place, there is a risk that whilst the 'risks / constraints' category scoring may be supressed by concerns, some bids may still score well overall and therefore be awarded monies to projects ultimately with unacceptable financial /reputational risks for the council as the awarding body.

3.9 Accordingly, it is recommended that the guidance should be tightened to prevent the awarding of monies to projects that cannot show they meet a fit and proper test to proceed as referenced above.

<u>Retrospective bids</u>

3.10 In respect of the schools' proposals put forward by Staffordshire County Council, it is noted these projects are either complete or underway. The CIL Regulations (59-60) do allow (subject to certain conditions) for costs incurred in the delivery of infrastructure to be reimbursed. The decision to allow this approach (or not) lies with Lichfield District Council as the CIL Charging Authority. Such an approach is, however, unusual, particularly as the need for funding has effectively been overridden by the fact that development has taken place or is taking place.

3.11 Retrospective projects will inevitably score well in part due to their ability to show delivery and reduced risk by confirming other funding sources are in place also creating an uneven playing field for bid assessment.

3.12 Accordingly, it is recommended that retrospective bids should be excluded as advised in this report.

<u>Inclusion in a neighbourhood plan or settlement policy</u>

3.13 It has been identified that scoring in relation to the Neighbourhood Plans and Settlement policies criteria could result in an uneven playing field for some bids. This is because not every bid may be based in an area with a neighbourhood plan. Furthermore, it is recognised that there could be the potential for uneven scoring against this criteria if a project was not referenced in a neighbourhood plan simply because the decision had been taken when the neighbourhood plan was prepared that to do so would duplicate policies / proposals in the Local Plan / Allocations Development Plan document.

3.14 It is therefore recommended that the scoring criteria related to Neighbourhood plans and Settlement policy should be omitted in the interests of fairness in the bid assessment process.

<u>The approach towards deliverability (shovel readiness)</u>

3.15 The work to date by SIG and the Cabinet Member for Economic Development Leisure & Local Plan has considered whether only projects that are 'shovel ready' should be allocated funds; or whether some monies should be allocated towards projects which score well, but need the CIL funding to secure other funding to allow the project to proceed.

3.16 Ultimately, a balance needs to be struck between ensuring that the community can benefit from those strategic projects that are ready to commence, whilst recognising it may be prudent to retain some monies and allocate them for a specific project or projects that may not be immediately ready. This is because it can be that a commitment is required by other potential founding sources that monies are available from the Strategic CIL pot in order to lever in other monies. Such an approach requires appropriate planning and certainty for such projects to be successful in maximising the potential for match funding.

3.17 The scoring criteria currently give regard to whether the project is deliverable within the next 3 to 5 years, but this is only one consideration in the overall scoring process. It is recommended that greater focus towards deliverability in the scoring is given in the guidance. Given the focus on delivery, it is advised that a delivery period of 3 years is generally appropriate as a basis for allocating funds except where a bid is accepted and sets out a longer time frame in its project plan with specific reasons for doing so which can be justified. It is also recommended that a greater emphasis is placed on milestones being met as part of the contractual arrangements in the award of monies and monies are returned to the strategic pot for reallocation if milestones cannot be met, except where there are clear 'force majeure' circumstances demonstrated. The Council already has in place template contracts used in the previous bidding round and which will be updated to ensure any award is subject to a detailed contract specifying key milestones and evidence requirements of delivery and how monies are being appropriately spent.

Bid Assessment

3.18 Appendix 2 sets out the scoring and ranking of bids by SIG based on the allocation guidance as drafted in July 2021. The assessment was undertaken without the criteria that had reference to neighbourhood plans / settlement policy for the reasons set out earlier in this report.

3.19 Since the submission of the bids, however, circumstances have changed. Taking account of these changes and the considerations outlined in the first part of this report, the narrative below sets out bid recommendations having regard to the proposed changes.

3.20 The Leisure project will now require revision as it was unable to secure some of the match funding sought from other sources and therefore is not currently readily deliverable. In relation to the three bids from the Major Projects team, it is understood further work is now being undertaken in relation to establish whether CIL funding is indeed required. Accordingly funding of these projects is not considered necessary.

3.21 In relation to the bid by Swimhouse Leisure Ltd, clarification from the applicant in the interests of due diligence has indicated that they are a Community Investment Company (CIC), but are awaiting confirmation from the regulator of charitable status. Once the applicant is able to confirm its status, it would be appropriate as part of any due diligence process for officers to then undertake appropriate regulatory / financial checks before consideration is given to the allocation of any funds. Finally, it is understood that some of the match funding is not fully secured and may be dependent to a degree on agreement from other sources once funding from this Strategic Infrastructure Community Infrastructure Levy Pot has been confirmed.

3.22 In relation to the bid by Fradley & Streethay Parish Council for a community hall, checks indicate that the Fradley & Streethay Parish Council has S106 funding of £250,000 available to match fund the bid request and the proposals would be consistent with the adopted Lichfield Local Plan and the Council's corporate strategic objectives. Accordingly, it is considered the project is 'shovel ready' in terms of funding arrangements and is consistent with the scoring criteria objectives. The award would need to be subject to land transfer arrangements being completed between Miller Homes and the District Council and planning permission being granted for the community centre within a reasonable timescale to demonstrate deliverability. In addition, further detail will need to be provided by the Parish Council in terms of ongoing maintenance and management of the building once completed.

3.23 Finally, in relation to the Lichfield & Hatherton Restoration Canal Trust project bid, it is recognised that the delivery of the reopening of the Canal restoration is identified in the adopted and emerging Local Plan and would fit with the corporate plan strategic aims and objectives. However, following due diligence checks, any award would need to be subject to the Trust regularising existing project works on the canal route having regard to compliance with planning regulations. It is also understood that part of the project will require the transfer of land currently in the County Council's ownership. Due diligence checks indicate that the County Council has agreed the principle of transfer, however, the formal legal process is still ongoing. It is understood the legal process is anticipated to be completed soon, whilst members of the Canal Trust are in communication with the District Council in respect of seeking to regularise the other canal projects started having regard to planning regulations. Accordingly, significant delay to address these points is not anticipated, but it is officers' recommendation to Cabinet that any award to the Canal Trust is subject to these conditions being met within a reasonable timescale to demonstrate deliverability. Finally, it is noted that the Canal Trust match funding is predominantly provided in kind by volunteer hours rather financial contributions. It is, however, understood that the trust has received funding in the past and have been able to deliver project work with such an approach.

<u>Concluding Comments</u>

3.24 As referenced earlier in this report, £1.6 million has now been accrued in the Strategic Infrastructure Levy pot. Having undertaken assessment of the bids submitted including having regard to up to date information and having undertaken due diligence checks, it is considered that the following projects can be supported:

- Fradley & Streethay PC - New Community Centre - £600,000 to be match funded with £250,000 from Section 106 Agreement, subject to land transfer arrangements being completed and planning permission being granted for the community centre within a reasonable timescale to demonstrate deliverability and details of ongoing property management being provided following building completion .
- Lichfield & Hatherton Canal receive £260,000, subject to the land transfer in relation to Falkland Road between SCC and the trust being confirmed within a reasonable timescale to demonstrate deliverability and the regularising of existing project works on the canal route having regard to compliance with planning regulations.

3.25 It is recommended that the remaining monies amounting to £740,000 are retained and that a future bidding round is expedited during 2022. This additional time may provide opportunity for some of the unsuccessful projects referenced above to resubmit revised proposals to address any concerns / issues identified. The applicants will receive formal confirmation following the decision making of cabinet.

Alternative Options	1. To retain and continue to accrue monies to create a larger pot that can be used for delivery of some of the projects that currently have not fully secured match funding and or have to undertake steps to be financially and regulatory compliant. This would result in funds that are available at the present time being held back that could allow communities to benefit from monies received either from Community Infrastructure Levy or Section 106 Agreements for the community and may be time sensitive in respect of being spent. 2. To distribute the funds to the Staffordshire County Council Education projects. This would set an unusual approach of funding projects which are either already complete or partially complete rather than on projects where the funding is required to deliver projects not yet commenced and would provide an unlevel playing field for other bids.

Consultation	The report has been prepared having regard to the views of the Strategic Infrastructure Group (SIG) officers in conjunction with the Cabinet member for Economic Development, Leisure and Local Plan. The scoring criteria and

	governance arrangements have previously been subject to Cabinet consideration on the 8th June 2021 and Full Council on 12th October 2021. Views have been sought on amending the scoring criteria / guidance and the bids recommended for funding in this report from Overview & Scrutiny at its meeting on 20th January 2022. Overview & Scrutiny were supportive of the approach outlined in this report including an emphasis on delivery.

Financial Implications	The Fradley & Streethay PC bid will require £250,000 to be provided by the developer in accordance with the terms of the Section 106 agreement held by the Local Authority – The cost of the centre has been estimated at £850,000 being funded by CIL of £600,000 and Section 106 of £250,000
Approved by Section 151 Officer	Yes

Legal Implications	The criteria and guidance for the allocation of funds has regard to the Community Infrastructure Legislation regulations as amended 2019.
Approved by Monitoring Officer	Yes

Contribution to the Delivery of the Strategic Plan	1. Supports the priority of 'Enabling People' through provision of facilities so they can live healthy and active lives. 2. Supports the priority of 'Shaping Place' through delivery of projects consistent with the adopted & emerging Local Plans and supporting IDP & IFS 3. Supports the priority of 'Developing Prosperity' through, enhancing the district and providing certainty for investment. 4. Supports the priority of being a 'Good Council' by accountability, transparency and responsiveness by allocating funds for bids received and which are readily deliverable.

Equality, Diversity and Human Rights Implications	1. The bid guidance has been assessed against the Council's equalities objectives and ability to comply with national legislation.

Crime & Safety Issues	1. NA
Environmental Impact	1. The bid guidance has been considered having regard the Council's Strategic Objectives and the adopted and emerging Local Plan policies which have been informed by the Council' Strategic objectives including for the environment. Any projects subsequently awarded monies will be required to conform to up to date Building Control regulations and conditions attached to any planning consent required.

GDPR / Privacy Impact Assessment	A Privacy Impact Assessment indicates commercial sensitivity is contained within some of the bids, whilst due diligence checks will potentially use confidential information known to the Council. This information will is exempt from publishing in the public domain.

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	The decisions of Cabinet are	Likelihood –	Through the assessment and governance processes in	Likelihood –

	challenged by the bid applicants	Yellow Impact - yellow Risk - yellow	place reviewing the bid criteria and formal notification to bidders of the decisions made with reasons	Green Impact – yellow Risk - Green
B	The monies allocated do not deliver the projects submitted / projects are delayed	Likelihood – Yellow Impact -yellow Risk - yellow	Review of the guidance and assessment criteria and applying of due diligence checks ensure the funds are allocated to schemes in which risk has been mitigated against	Likelihood – Green Impact – yellow Risk - Green
C	The cost of delivering the projects increases due to inflation or changes in specification	Likelihood – Yellow Impact -yellow Risk - yellow	Contingency arrangements will be required by the applicants to be identified in the terms & conditions of the grant agreement	Likelihood – Green Impact – yellow Risk - Green
D	The projects have an adverse impact on the Climate Change pledge approved by Council	Likelihood – Yellow Impact -yellow Risk - yellow	Proposals will need planning permission and will need to be considered having regard to policies in the adopted Local Plan, up to date building regulations and terms of conditions of the grant agreement contract	Likelihood – Green Impact – yellow Risk - Green
E				

Background documents

Cabinet report 8 June 2021
Report to Full Council 12 October 2021
Report to Overview & Scrutiny 20 January 2022

Relevant web links

[Cabinet report 8 June 2021]
[Report to Full Council 12 October 2021]
[Report to Overview & Scrutiny 20 January 2022]

APPENDIX A

Lichfield District Council

Allocating and Spending CIL: Additional Guidance

Community Infrastructure Levy

Community Infrastructure Levy

Allocating and Spending CIL Additional Guidance

Updated July 2021

Context

Lichfield District Council adopted its Community Infrastructure Charging Schedule (CIL) on the 19th April 2016. The supporting Community Infrastructure Levy Governance Administration Procedures were adopted in July 2016 and amended in June 2021.

The Governance Procedure sits underneath the processes and procedures contained within the CIL Regulations and provides details of the local response adopted to enable sustainable development within Lichfield District. Focusing on ensuring corporate and political ownership of the delivery of infrastructure requirements the document explains the statutory requirements and introduces a CIL Allocation Structure amongst other requirements. For ease of reference the Structure is replicated in **Appendix A** of this document. A complete copy of the document can be viewed on the District Council's website, www.lichfielddc.gov.uk.

Allocating and Spending CIL: Guidance

The Governance Procedure established a key principle in terms of the distribution of CIL funding. Receipts remaining after administration costs and monies committed to Special Areas of Conservation and the 'Meaningful Proportion' to our Parish Councils will go into a 'centralised pot' for the purpose of supporting the delivery of strategic and local infrastructure improvements on a district wide basis.

This document provides guidance on how funds within the 'centralised pot' will be distributed and includes advice for applicants (See **Appendix B**) and how to bid for monies (See Expression of Interest Form, **Appendix C**). It aims to help support those applying for CIL funding and establish an annual process for the allocating of monies.

Strategic and Local Infrastructure

Applications for monies will only be considered that deliver infrastructure needs identified in the District Council's Infrastructure Funding Statement and address requirements articulated within the District Council's Infrastructure Delivery Plan. Both these documents are available to view on the District Council's website.

Applicants should note that given the scale of CIL monies available it is very unlikely that CIL funds alone will completely cover the cost of new infrastructure needed to fully support planned development. As such, there will be competing demands for the 'centralised pot'. It is important to ensure that there are robust, accountable and democratic structures in place to ensure the spending of CIL funds are prioritised appropriately.

In accordance with national Regulations, the District will pass on a 'meaningful proportion' of CIL receipts to Parish Councils to support the delivery of local infrastructure requirements. For Parishes where no

Neighbourhood Plan is in place or is still emerging, this will be 15% of CIL (capped per number of dwellings in the Parish area as per the CIL Regulations. Where a Parish has an approved Neighbourhood Plan in place, 25% of CIL (uncapped) will be passed to the Parish Council.

Applying for Strategic CIL Funds

Lichfield District Council will publicise the amount of CIL funding received and available to allocate. Bodies will subsequently be invited to express an interest (EOI) in bidding in for these monies using an EOI template available via the Council's website.

The Expression of Interest Form requests key information:

- What is the name of the project
- How will the project link to the District Council's Infrastructure Funding Statement and Infrastructure Delivery Plan
- What is the cost of the project
- Who are the partners (if any) involved in the project
- What other funding sources are being/have been secured
- When will the project be delivered

Expression of Interest Forms submitted will be reviewed by an Internal Officer Working Group (IOWG), who will ensure that all submitted forms include the key information required, meet basic criteria (listed below) and are therefore eligible for CIL funding.

In order for a project to be considered for CIL funding, the following eligibility criteria needs to be met:

- The Expression of Interest Form has been completed satisfactorily
- The organisation has the legal right to carry out the proposed project
- The project is clearly defined as infrastructure as per the CIL Regulations
- The project conforms with the District Council's Infrastructure Funding Statement

Eligible projects will then be scored by the Strategic Infrastructure Group (SIG).

The factors that projects will be scored against include:

- The need for the project.
- The public benefit of the project.
- The deliverability of the project.
- The value for money that a project provides.

Projects will be viewed favourably if they illustrate a robust match funding portfolio in other funds that wouldn't otherwise be available, particularly where those funds may not be available in future years, or where it makes use of match funding.

SIG will prioritise the eligible projects based on the above evaluation and provide an initial indication of the level of funding the project could receive. This information together with a recommendation will be presented to the Overview and Scrutiny Committee.

Overview and Scrutiny Committee will assess the information received and the recommendation of SIG and duly make a recommendation to Cabinet as to whether a project should receive CIL monies and if so the level of this. In making its recommendations and will provide an explanation as to how that decision was reached.

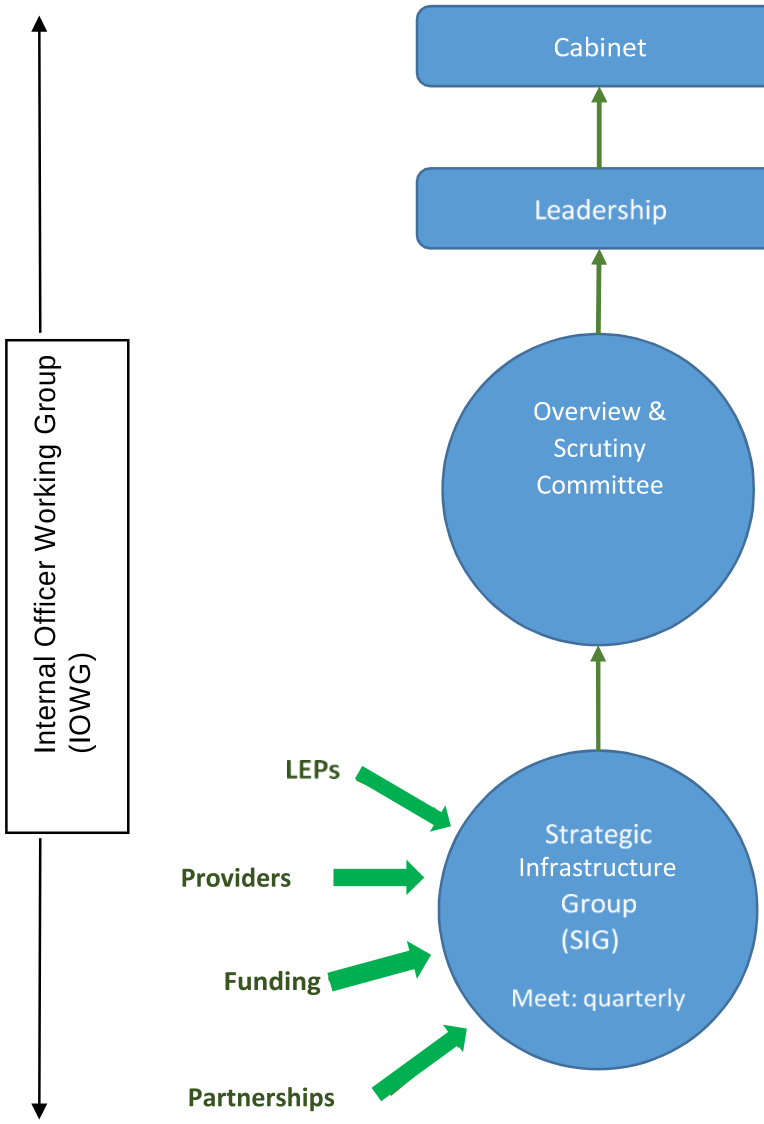
As stated, recommendations from the Overview and Scrutiny Committee will then go forward to Cabinet. If agreed by Cabinet, stakeholders will be informed and funds will be allocated. Cabinet has the right to make a decision which does not accord with that of SIG and the Overview and Scrutiny Committee.

Once the Funding Decision has been made

When CIL funding is allocated to infrastructure providers, the CIL funding can only be used to deliver the agreed infrastructure type or project. As the Charging Authority, the Council will retain the right to recover CIL receipts that have been wrongly spent or not spent within agreed timescales.

To ensure the appropriate and timely delivery of projects, conditions will be attached to the allocation of CIL. Successful infrastructure providers will be required to enter into a Grant Agreement which will confirm the detail of those conditions. The grant agreement will include a commitment to complete quarterly monitoring returns to the Council. These returns will form the basis of a quarterly monitoring report to the Overview and Scrutiny Committee

Appendix A - Strategic CIL Allocation Governance Procedure



Appendix B - Community Infrastructure Levy Guidance for Applicants

Section One: Your Organisation, Your Project Proposal and Details

Please provide contact details including the name of the person that will receive correspondence concerning the bid application. We may wish to request additional information or clarification during the bid evaluation process and therefore you may wish to include contact details of the person within your organisation best able to provide response. Please ALSO use this section to provide a brief summary of your project and its location. You may choose to use maps and plans to articulate the location or details of your project; if so these should be simple and easy to understand. They should also be attached electronically at the end of the form. You should also indicate in this section the arrangements in place for the sound and proper implementation for the project for example who will manage the project.

Section Two: Evidence of Need

Please use this section to provide your reasons why you think your project should be prioritised for CIL Funding. A copy of the District Council's Infrastructure Delivery Plan and Infrastructure Funding Statement can be found online at www.Lichfielddc.gov.uk. Please indicate in this section the arrangement for the sound and proper implementation of the project for example the professional competencies /previous experience you may wish to include supporting evidence; this should be attached electronically at the end of the form.

The money collected from CIL can only be used to fund infrastructure projects in the area that are needed as a result of development:

- Is this project necessary to support local growth?
- Has the applicant provided evidence of need?
- Has the application provided evidence of stakeholder support (where applicable)?
- Does the project offer wider as well as local benefits?
- Does the project contribute towards the delivery of infrastructure by a provider (including the County Council) where it can be satisfactorily demonstrated that the infrastructure would not otherwise be delivered; i.e. that all other possible funding sources are insufficient?
- Does the project contribute to the delivery of the District Council's Corporate Plan?
- Does the project deliver specific objectives and policies of the Lichfield Local Plan Strategy?
- Does the project deliver specific objectives and projects within the Infrastructure Funding Statement and/or Infrastructure Delivery Plan?
- Is this project identified as a priority in a relevant Neighbourhood Plan or Settlement policies within the currently adopted Local Plan Strategy?

Bids are unlikely to be successful unless it can be reasonably demonstrated that there are no other funding mechanisms or streams available that could deliver the project being proposed.

Section Three: Evidence of Stakeholder Support

Details should be provided to demonstrate how the proposal has captured the ambitions of local and interested communities or organisations about the details of the project through a variety of engagement techniques. It would be expected that partner support is evidence in a Letter of Support; they should be attached electronically at the end of the form.

Section Four: Finance, Deliverability and Current funding for the Project

This section provides you with the opportunity to illustrate at what stage in development your project is and how you will develop your project to enable it to become deliverable. This section provides you with the opportunity to request the amount of CIL funding required to enable your project to be delivered. We would also like to understand the other funding streams that are supporting your project and when this funding will become available. Evidence of grant funding support should be attached electronically at the end of the form. Please include in your response proposals for the ongoing maintenance and upkeep of the item of infrastructure. You should also include the costs associated with the implementation of the project for example professional fees, regulatory fees.

Section Five: Constraints and Risks

In this section you should identify the constraints and risks that will shape how you project will be delivered and how you intend to address these constraints. We would expect that the information in this section shapes your response to Section Four in terms of deliverability. You should also include a complete risk assessment which includes actions to manage those risk identified.

Section Six: Declaration

Consideration should be given to who in your organisation should sign the Declaration. Information submitted through the Expression of Interest will, if successful, be used to form the Grant Agreement.

Appendix C

Lichfield District Council: Community Infrastructure Levy, Strategic Fund

Expression of Interest Form

Submission Deadline 1st October 2021 5:00pm

This application form is supported by the following documents:

- **Community Infrastructure Levy (CIL) Governance Administration Procedures and Allocating and Spending CIL**
- **An editable version of the application form can be provided on request.**

Pre-application Criteria

Criteria questions:	**Yes**	**No**
Is this project necessary to support local growth?		
What is the total cost of the project?		
Has match funding and financial commitment from the organisation submitting application form been secured?		
Is the project deliverable within 3-5 years?		

CIL Infrastructure List Project Expression of Interest Form

If you require assistance completing this form, please contact cil@lichfielddc.gov.uk

Organisation and Project Proposal Details	
Project name.	
Details of key person of contact	
Name of organisation submitting this expression of interest.	
Describe your organisation's main purpose and regular activities.	
Brief description of the project, including its purpose, how it will benefit the community and the geographical area it covers.	
What is the legal status of your organisation?	
Evidence of Need	
Please indicate how the evidence of need for this project has been gathered. Include details of any research that you have carried out of strategies/plans which identify this project as a priority.	
What evidence do you have that local people support your project?	

How does the project contribute to the delivery of the District Council's Corporate Plan?	
How does the project contribute to the delivery of the objectives and policies of the current Local Plan Strategy?	
Is this project identified as a priority in the latest Infrastructure Funding Statement?	
Is this project identified as a priority in the latest Infrastructure Delivery Plan?	
Explain how your project meets the following elements	
Explain the existing problem, issue or need that the project addresses.	
To what extent does the project resolve the issue?	
Who are the likely beneficiaries of the project?	
What evidence do you have of consultation with the community or stakeholders for this project?	
Would the project lead to any income generation?	
What measures do you intend to put in place to ensure your project reaches a successful completion?	
Evidence of stakeholder support	
If the project is highways or education related do you have a letter of support from the relevant SCC department? (please attach a copy of the letter to this application form)	
Please provide details of support for the project from other stakeholders or organisations	

Finance. Deliverability and Current funding for the Project	
Total cost of project	
Amount of funding committed to the project by applying organisation (e.g. Parish Council's own CIL funding or precept).	
Details of other match funding secured (amount and organisation providing funds)	
Amount of CIL funding requested	
Please indicate the approximate start and finish dates of the project. (must be deliverable within 3-5 years of application)	

Constraints and Risk

Please indicate which constraints (if any) apply to your project

- Physical and environmental impacts e.g. flood risk, contamination biodiversity, noise etc.
- Approvals of necessary consents e.g. planning permissions
- Ownership, acquisition or compulsory purchase order issues
- Partnership and governance issues
- Dependency on other projects going ahead

Please provide further information about any constraints identified or detail any constraints not listed.	
Please explain to what extent the constraints identified can be overcome.	

Please explain the risks involved in the project and identify measures to reduce or overcome such risks.

Risk	**Management**
Risk: Financial, raising sufficient funds within the time frame	

Risk: Delivery	
Risk: Reputational	
Risk: Other	

Declaration

When you have completed the Expression of Interest, please sign the declaration below.

To the best of my knowledge the information I have provided on this application form is correct. Signed Position in Organisation : Date

Please return this form to cil@lichfielddc.gov.uk

Any Questions

If you have any questions, please email CIL@lichfielddc.gov.uk

Scoring Criteria by SIG group	Project 1 Leisure Centre	Project 2 Public Realm improvements	Project 3 Pedestrianisation measures	Project 4 Car parking Enhancements	Project 5 SCC Netherstowe	Project 6 SCC King Edward	Project 7 Swimming Pool	Project 8 Community Hub	Project 9 Canal extension
Benefit to community / area	27	24	25	23	23	24	23	22	18
Evidence of need	50	37	44	43	48	48	35	38	21
LP/IDP/IFS	52	41	43	43	50	50	25	27	24
Stakeholder Support	46	45	43	48	45	45	28	36	29
Funding options	37	37	38	35	48	45	36	35	17
Minimise risk measures	31	35	38	38	53	58	35	26	17
Ongoing costs	47	50	45	45	60	59	27	34	23
Total	290	269	276	275	327	329	184	192	149
Ranking based on totals	3	6	4	5	2	1	8	7	9

NB – LDC officers advise the SCC education projects are excluded, because they are already completed or underway and accordingly place the projects at an unfair advantage compared to the other projects in respect of certain criteria.

Scoring has not included reference to neighbourhood Plans / settlement policies as not all of the district is covered by neighbourhood plans.

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Birmingham Road Site - Delivery Strategy

Report of the Cabinet Member responsible for Major Projects

Lichfield district council

CABINET

Date:	8th February 2022
Agenda Item:	6
Contact Officer:	David Moore
Tel Number:	07890 037788
Email:	david.moore@lichfielddc.gov.uk
Key Decision?	**YES**
Local Ward Members	Stowe Ward Councillor Angela Lax Councillor Jeyan Anketell Councillor Colin Greatorex

Appendix A – Summary of Soft Market Testing Meetings for the Birmingham Road Site is restricted by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

1. Executive Summary

1.1 Following the approval of the Lichfield City Centre Masterplan in 2020, Lichfield District Council (LDC) is bringing forward its ambition to redevelop the Birmingham Road Site (BRS) in Lichfield. The Council has aspirations for a mixed use scheme for the site, including residential, office space, food & beverage (F&B) units / leisure and cinema uses. The Council has tested these aspirations with the development industry (through a soft market testing exercise), with positive and supportive results. A confidential summary of the findings from the soft market testing meetings can be found in **Appendix A**.

1.2 The Council is now keen to bring this key anchor site forward quickly for delivery, especially as the site is a key component of the masterplan for the development of Lichfield's city centre. The procurement and delivery approach recommended is to develop the site in a multi-phased, multi-zoned approach, enabling different parts of the site to be brought forward quickly, and delivered either concurrently or in parallel. This should accelerate delivery times and reduce overall scheme development costs.

1.3 The Council will now need to commission and complete a series of studies and surveys to inform and initiate the development works to bring the site forward.

2. Recommendations

2.1 It is recommended that Cabinet:

2.1.1 agree to commit to a multi-phased, multi-zoned development approach for the Birmingham Road Site;

2.1.2 delegate authority to the Cabinet Member responsible for Major Projects in conjunction with the Interim Director of Regeneration and S151 Officer, to undertake and commission the required surveys, studies and initial development activities to support delivery of this scheme within existing budgets, except for projects and programmes that need further Cabinet or Council consideration and approval.

3. Background

3.1 The Birmingham Road Site (BRS) is a key gateway of the city centre, covering a 2.8 hectare (7 acre) site in the heart of Lichfield city centre. The site incorporates a range of previous and existing uses, namely an operational bus station, a multi-storey car park, the former car showroom/garage site, and associated public realm and parking on the former police station site. A Map of the Birmingham Road Site and the various land parcels included within it are shown in **Figure 1**.

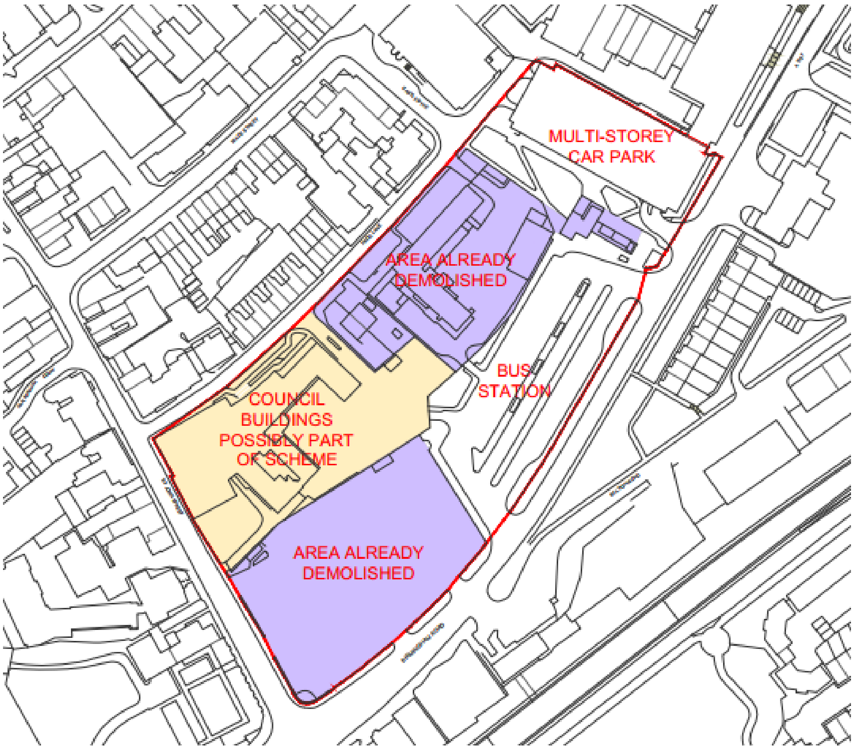


Figure 1: Map of the Birmingham Road Site land parcels

3.2 The Council is in the strong position of owning the land in the Birmingham Road site, so has a great opportunity in a key gateway site to extend the City centre and re-shape the landscape of the City at a time when the future of the high street is being reimagined for the 21st century.

3.3 The Council's aspiration is for a high quality mixed use scheme that promotes city centre diversification, extends the city centre and promotes the "Lichfield Experience". The redevelopment will support wider ambitions to provide a balance of uses that tie in with aspirations outlined in the 2020 Masterplan for a thriving, vibrant and visionary city centre.

3.4 Some early work was done to test if the Council's aspirations for the scheme could be included onto a layout of the site, based on a mixed use scheme comprising residential, food & beverage units, offices, a cinema, public realm and possibly a boutique hotel. The high level work suggests the Council's aspirations can be met with a viable scheme, but the exact layout of the scheme will be determined as the elements of the site are brought forward to the market, whilst ensuring that these schemes comply with the brief that will be given by the Council.

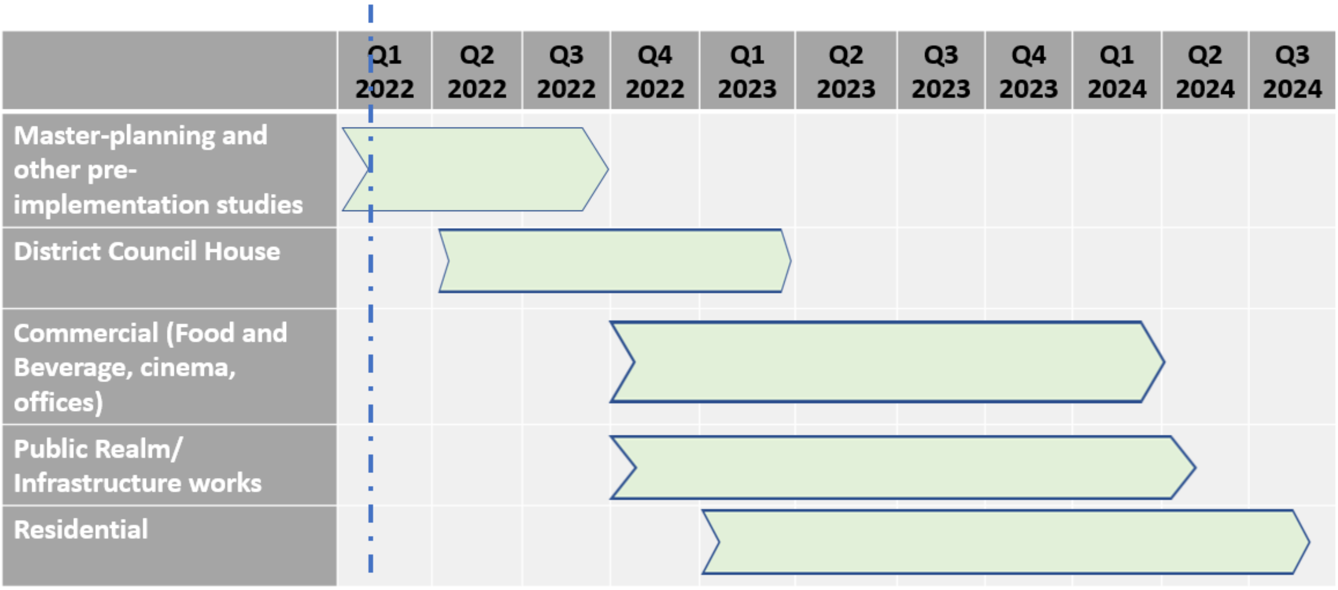
3.5 In order to accelerate delivery, the Council will now bring the site forward for development in a multi-phased multi-zoned approach, bringing forward discrete areas of the scheme against an overarching masterplan for the whole site.

3.6 The Council will lead the early activity to develop the various areas of the site and appoint specialist contractors, rather than following an approach that would otherwise wait for a "master developer" to be appointed, then appoint the specialist contractors. The procurement process to successfully appoint a preferred developer was previously expected to be a 12-18 month process, so the Council's preferred multi-phased approach could be said to accelerate the process and reduce the timescale by the same period.

3.7 The scheme will also allow for a policy-compliant affordable housing provision, and should encourage more residents to move into the City.

3.8 The approach builds on the lessons learned from the previous attempts to develop the site, but it is recognised that there are still risks involved, including the resource requirements for the Council and its advisers in playing a more prominent role in the early stage activity to bring the various parts of the site forward.

3.9 The chart below outlines an indicative programme, illustrating the mutli-phased, multi-zoned approach to deliver the Birmingham Road site. This will be refined and adapted as part of the Masterplanning process for the site.



3.10 A draft Zonal Plan for the site is also attached, as **Appendix B.** This will be amended as the Site Masterplan is refined, but gives an indication of the layout and zoning of how the site will be developed. The Site Masterplan and Zonal plan will then allow the zones to be brought forward for development as individual "parcels", although these parcels will be coordinated and aligned with the Site Masterplan.

Soft Market Testing Process

3.11 The Council carried out some soft market testing (SMT) of the proposal for the site in November 2021 with the development industry, to test developers' reaction to the proposals being put forward to develop the site. A confidential summary of the findings from the soft market testing meetings can be found in **Appendix A**.

3.12 In summary, all the developers engaged as part of the SMT were excited by the opportunity, and recognise the unique nature and opportunity presented by the site, especially as it is a key gateway location.

3.13 The proposed mix of uses were all supported by the developers. Some key comments made by developers as part of the SMT process included:

- *Developers expressed a strong preference for the site to include Council Offices in the scheme*
- *Developers also thought it would be a good opportunity to focus on attracting Young Professionals/Young Families through the residential offer*
- *Developers thought it was important to facilitate the flow of residents, workers and pedestrians from the development into the wider city centre*
- *Developers recognised that further specific advice would be needed to review proposals for a "Boutique Hotel" and to support the development of a cinema on the site.*

Consultation

3.14 The Delivery and Procurement Strategy for the BRS scheme was considered by the City Centre Masterplan Task & Finish Group at a meeting held on 9th December 2021. The group raised the following comments:

- *There was support for the general mix that is proposed.*
- *Agreed that the residential part of the scheme should be targeted at the "younger/professional" market.*
- *Agreed with the % of Affordable Housing included on the scheme.*
- *It was widely agreed that parcelling the site would be a sensible approach to limit the risk of appointing a "master developer" to deliver the scheme. However, a further meeting was requested to spend more time considering the implications of a multi-phase direct delivery approach.*

3.15 A further City Centre Task & Finish Group meeting has been arranged for 2nd February 2022, to provide a further opportunity to discuss the process before the final paper is taken to Cabinet for formal decision. As this meeting will take place after the publication of this report, the Leader of the Council will be asked to summarise any further comments from the Task and Finish Group in the Cabinet meeting of 8th February 2022.

Next Steps

3.16 In order to bring forward the site under a multi-phased direct delivery approach, the Council will take the lead on initiating the necessary studies and due diligence work before directly appointing the specialist contractors required to develop the individual parts of the site, whilst still ensuring that work is completed to an overarching masterplan for the site.

3.17 Key initial activities will include:-

- updating the masterplan to coordinate activity for the multi-phased development of the site,
- a comprehensive programme delivery plan (for the site and individual elements),
- a financial plan and
- a business plan for the scheme.

3.18 The Council already has a number of studies and surveys that were created for the previous Friarsgate development. These will be reviewed to see which remain relevant, or can be updated with a little additional work. The Council will work with its advisers to develop the necessary studies and documentation to support the development process.

Alternative Options	1. Cabinet could direct officers to follow an alternative procurement and delivery process. 2. Cabinet could decide to not develop the Birmingham Road Site at all.
Consultation	1. The delivery and procurement strategy has been discussed with the City Centre Masterplan project board at a meeting held on the 29th November 2021 and 10th January 2022. 2. The delivery and procurement strategy has been considered by the City Centre Masterplan Task and Finish group at meetings held on the 9th December 2021 and 2nd February 2022. 3. The development opportunities on the BRS have been discussed at a Sounding Board meeting held on the 13th December 2021. 4. There will be public engagement and consultation on the formal development plans as necessary.
Financial Implications	1. The multi-phased, multi-zoned approach means that the Council will take the lead on delivering studies and appointing contractors - work that would still have been needed under a different approach to develop the site using a Master Developer, but the Council will not incur the Master Developer's management charges to oversee these activities, so the process should be less costly for the Council. 2. The studies and initial development activities are expected to be funded from existing budgets, and if additional funding is required, further reports will be brought forward to Cabinet or Council as required. 3. The following approved budgets and resources are available to assist with the delivery of the Lichfield City Masterplan including the Birmingham Road Site: i) A budget of £330,000 to deliver the Lichfield City Masterplan was approved by Council on 13 October 2020 and received additional grant funding from the GBS LEP of £70,000 resulting in an approved budget of £400,000. ii) A budget of £650,000 to deliver the Lichfield City Centre car parking strategy was approved by Council on 14 December 2021. iii) There is currently around £490,000 of the former Multi Storey Car Park and Birmingham Road Site earmarked reserves available after providing funding for the car parking strategy and professional delivery support. This remaining funding can also be used to support further investment in delivery of the Lichfield City Masterplan line with the legal agreement approved by Cabinet on 6 October 2020 and the budget framework approved by Council. iv) Additionally, a further earmarked reserve to support Strategic Priorities and projected to be c£2,500,000 in 2022/23 has been established. This earmarked reserve subject to governance approvals can also be used to support further targeted investment.
Approved by Section 151 Officer	Yes
Legal Implications	1. Any procurement processes for the studies and works will be carried out in compliance the Council's Contract Procedure rules and Public Contracts Regulation 2015. 2. A formal contract will be developed by the Council's Legal Team, appointed to support implementation of the city centre Masterplan projects, prior to starting any tender process.
Approved by Monitoring Officer	Yes
Contribution to the Delivery of the Strategic Plan	1. The Delivery and Procurement process will support the appointment of suitably experienced developers to deliver the development on the BRS. In doing so this will particularly help to support and deliver the Council's strategic objectives of shaping place and developing prosperity.

Equality, Diversity and Human Rights Implications	1. At this stage of the process there are no Equality, Diversity and Human rights implications. As the project moves through the planning and development phases these elements will be considered further to ensure the proposed development meets the needs of everyone who will be able to access it.

Crime & Safety Issues	1. At this stage of the process there are no Crime & Safety issues. As the project moves through the planning and development phases these elements will be considered further to ensure the proposed development plays a positive role in the reduction of crime and safety.
Environmental Impact	1. At this stage of the process there are no Environmental Impacts. As the project moves through the planning and development phases, environmental assessments will be carried out to ensure the proposed development reflects the Councils Climate Change agenda and plays a positive role in improving the city centre environment.

GDPR / Privacy Impact Assessment	1. There is no need for a Privacy Impact Assessment to be undertaken, and there are no GDPR implications that need to be considered based on the recommended approach.

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	The Council's preferred uses for the site are not favourable to the development market. Director of Regeneration, Commercial advisors, Legal Advisors	Red	Soft Market testing has demonstrated that there is interest from developers. Site options will have to be reconsidered.	Green
B	Additional workload requirements slows down the development process. Director of Regeneration, Commissioned Partners	Red	Additional resource to be provided via additional recruitment and/or through Commissioned Partners.	Green
C	Bidder challenges appointment made. Director of Regeneration, Commissioned Partners, Legal Advisors, Procurement Team	Yellow	The procurement exercises will be carried out in line with Contract Procedure rules and best practice. LDC will seek legal advice on legal matters such as interpretation of regulations and in particular where it believes that there could be a risk of legal challenge. Any challenge received would be managed with the support of legal advisors.	Green
D	Heritage Assessment shows that the Listed Council House is not capable of conversion to a hotel or is not viable to convert. Director of Regeneration, Commercial advisors, Legal Advisors	Red	Alternative uses will need to be considered.	Green
E	Hotel demand assessment shows that there is no appetite for another hotel in the city centre. Director of Regeneration, Commercial advisors	Red	Alternative uses will need to be considered.	Green
F	Planning application is being considered for the former Angel Croft that includes a boutique hotel and that may impact on the proposal in this development. Director of Regeneration, Commercial advisors	Red	Alternative uses will need to be considered.	Green

Background documents

Appendix A (Confidential) – Summary of Soft Market Testing Meetings for the Birmingham Road Site.
Appendix B – Indicative Zoning Plan

Relevant web links

Any links for background information which may be useful to understand the context of the report

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Lambert Smith Hampton

1 Indicative zonal plan

There are four edges to the site boundary that each have a different character. Each character area provides an opportunity to integrate with the existing built form and pattern and grain through relationships forming within the streetscenes, frontages, public realm and open spaces.

Create a perimeter block, that follows the earlier pattern and grain of Lichfield City Centre. Which can be illustrated to the block north of the site in between Frog Lane and Wade Street. The perimeter block has active frontages onto the three predominant edges on Birmingham Road, St John Street and Frog Lane.

Birmingham Road

The focal point of the site for arrival into the City by train. An opportunity for the creation of a gateway into the site, as well as drawing people through leading to a 'cultural quarter' type space to the northern boundary and into the Three Spires shopping centre.

St John Street

Create active frontage that has a positive outward relationship with the existing buildings adjacent, in particular the grade one listed building on the corner in the form of

The junction where St John Street and Birmingham Road meet, offers the potential for a 'gateway' building to mark the location and create a sense of arrival to the area, framed by an inviting open space / public realm area.

Frog Lane

District Council House located on corner in listed existing council office building, creating an opportunity to be linked with F&B/Leisure space with potential residential above. The proposed District Council House could also be a Boutique Hotel use. The space in-between the buildings creating an opportunity for open space, perhaps a 'plaza' type space for hotel guests, F&B/leisure users and residential.

Existing residential frontage on Frog Lane to be mirrored with residential frontage, creating a dense but pleasant streetscene with active frontages on both sides. Creating an inviting link down towards the existing Theatre and proposed Cinema site.

Three Spires Shopping Centre

Creation of a link through into the a new 'cultural quarter', where proposed cinema, F&B and potential new council offices are located. With a focal open space tying the area together.

Birmingham Road, Lichfield 1:1250 @ A3 indicative zonal plan

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STAFFORDSHIRE LEADERS BOARD

Report of the Leader of the Council

Lichfield district council

CABINET

Date:	8 February 2022
Agenda Item:	7
Contact Officer:	Simon Fletcher
Tel Number:	01543 308001
Email:	Simon.fletcher@lichfielddc.gov.uk
Key Decision?	**NO**
Local Ward Members	N/A

1. Executive Summary

1.1 Members may be aware the Council along with the County Council and the seven other District and Borough Councils from across Staffordshire have been meeting to formalise a new Leaders Board to facilitate stronger two working and to position the partnership to enter in discussions with the Government for a formal 'County Deal'.

1.2 This report sets out a way to is formalise arrangements for a new Staffordshire Leaders Board.

2. Recommendations

2.1 Agree to the Council's participation in the Staffordshire Leaders Board on the basis of the Terms of Reference set out in Appendix 1 to the report.

2.2 Appoint the Leader of the Council as the Council's representative on the Leaders Board.

2.3 Appoint the Deputy Leader of the Council as the substitute for the Leader on the Leaders Board.

3. Background

3.1 At a meeting of the Leaders and Chief Executives of the County, District and Borough Councils in Staffordshire on the 2 December 2021 the Leaders discussed the strength of the relationship between the nine local authorities and the joint working that was already taking place. The meeting also considered the opportunities that existed to take this work forward by further joint working, and how this might be further enhanced with the support of a devolution deal ("County Deal") from Government providing additional powers and funding.

3.2 The Leaders identified a range of areas where further joint working might be explored in 2022 including:

a) Climate Change – bringing together strategies, skills and expertise for reaching Net Zero.

b) Waste – strengthening the waste partnership, exploring greater collaboration on waste collection, and improve recycling.

c) Economy – continuing to create the right conditions for economic growth, and the creation of more, better-paid jobs and opportunities for the people of Staffordshire.

d) Improving Public Services – Making it as simple and easy for the people of Staffordshire to interact and engage with local public services.

e) Health Inequalities –In support of the establishment of the Integrated Care System and the Health and Wellbeing Board, there is an opportunity for local government partners in Staffordshire to work better, together to tackle many issues that have a significant impact on health, such as housing, parks and open spaces, leisure centres and employment.

3.3 The Leaders also considered how a County Deal might support joint working within Staffordshire. It was felt that a County Deal should not be seen as a one-off bid, but the start of a new, ongoing dialogue with central government, that builds on Staffordshire's strengths, and addresses national challenges at a local level. A County Deal will accelerate delivery of the local authorities' ambitious programmes, improve public services, deliver on the Levelling Up agenda, and produce excellent returns for both the people of Staffordshire and the UK. Initially, the Leaders propose to focus on the following priorities: a. Climate Change – To place Staffordshire as a leading location for the green economy. b. Social Care – To address recruitment pressures in care, ease the pressure on the NHS, and develop innovative solutions that allow Staffordshire people to stay independent, healthy and living at home, for as long as possible. c. Logistics – To support the Logistics sector to be innovative, cleaner, greener and higher value.

3.4 To allow Staffordshire to achieve the above, a full range of additional powers and funding would be required from Government. In exchange for these powers Staffordshire would deliver significant benefits for the people of Staffordshire and beyond, making a significant contribution to the Levelling Up agenda. This would include a significant increase in the number of local green economy jobs, a carbon neutral Staffordshire, and transformed logistics and social care sectors,

3.5 In order to drive this agenda forward the Leaders recognised that the existing informal networking arrangements needed to be put on a more formal footing. They decided that a Joint Committee would provide them with a vehicle that has the status and authority to speak to Government on behalf of the nine authorities, and that has the ability to make decisions itself to drive the existing joint working forward.

3.6 The Leaders therefore decided to take back a proposal to each of their respective Cabinets proposing that their existing informal meetings are formalised as an Executive Joint Committee to be called the Staffordshire Leaders Board. The remit of the Leaders Board will be:

a) To lead and oversee the development of a county devolution deal for Staffordshire with HM Government.
b) To lead and oversee the alignment of relevant local authority action on Climate Change, Waste and Sustainability.
c) To lead and oversee the alignment of relevant local authority plans for Enterprise and Government Funding and Investment streams.
d) To lead and oversee the alignment of local authority interaction with the Health sector in Staffordshire.
e) To lead and oversee the alignment of relevant local authority plans for future Infrastructure.
f) To lead and oversee the alignment of relevant local authority plans in relation to Housing and Homelessness.
g) To initiate, lead and oversee Staffordshire-wide joint initiatives to enhance local government efficiency and effectiveness.
h) To act as a local public sector decision-making body for strategic economic growth.
i) To act as a conduit to other sub-regional and regional bodies such as the Local Enterprise Partnerships and the Midlands Engine.
j) Where appropriate, to agree shared priorities and bids for funding to existing and new funding sources such as Local Growth Funds and the Shared Prosperity Fund.
k) To monitor and evaluate projects and programmes of activity commissioned directly by the Committee.
l) To communicate and, where unanimously agreed, to align activity across Staffordshire on a range of other key public priorities that affect citizens.
m) To prioritise and make decisions on the use of the funding that the Committee may influence or control.

3.7 The Leaders Board will consist of the Leader from each of the nine local authorities and will operate on the basis of one member, one vote.

3.8 Scrutiny will be undertaken by each of the constituent authorities' own scrutiny arrangements.

3.9 The arrangements make provision for the Board to admit Stoke-on-Trent City Council to its membership as an equal member in the future.

3.10 The full Terms of Reference proposed for the Leaders Board are attached as Appendix 1.

Alternative Options	1. Cabinet can chose not to participate in the board, but this would undermine joint working opportunities and prevent access to a potential devolution deal ("County Deal") from Government providing additional powers and funding.

Consultation	1. The Constitution provides that front line Councillors, the Monitoring Officer and the Section 151 Officer will have five clear working days following dispatch of a notification of a proposed decision in which to call in for scrutiny, decisions proposed by the Cabinet or its members. Members have previously been advised of potential joint working opportunities.

Financial Implications	1. There are no immediate and significant financial implications arising from the establishment of the Leaders Board in itself. It is intended that it will derive its support from its constituent members. As and when individual projects are commissioned the board will give consideration to the resource requirements necessary to deliver those projects.
Approved by Section 151 Officer	Yes/no*

Legal Implications	1. The Joint Committee will act as a Joint Committee under Section 9EB of the Local Government Act 2000 and pursuant to Regulation 11 of the Local Authorities (Arrangement for the Discharge of Functions) (England) Regulations 2012. The establishment of joint arrangements in respect of executive functions rests with the Cabinet. The appointment of representatives to executive positions rests with the Leader of the Council.
Approved by Monitoring Officer	Yes/no*

Contribution to the Delivery of the Strategic Plan	1. Projects and areas covered by this board make significant contributions to our strategic plan, including further collaborative working with kay partners.

Equality, Diversity and Human Rights Implications	1. None arising from this report

Crime & Safety Issues	1. None arising from this report
Environmental Impact	1. None arising from this report – although climate change will be an area for joint working within this group

GDPR / Privacy Impact Assessment	1. None arising from this report

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	Limited joint working opportunities	Yellow	This board provides a clear framework and equal participation in issues affect all of Staffordshire. Membership ensures Lichfield District needs are included.	Green
B	Access to devolution funding	Red	Participation ensures a deal can at least be considered	Yellow
C				
D				
E				

	Background documents Any previous reports or decisions linked to this item

	Relevant web links Any links for background information which may be useful to understand the context of the report

APPENDIX 1

The Staffordshire Leaders Board Constitution for the Joint Committee

1. Purpose

1.1 To establish a Joint Committee of the local authorities in Staffordshire to explore opportunities for improved joint working and to develop and implement plans for devolution from Government through a County Deal.

2. Governance

2.1 The Joint Committee will act as a Joint Committee under Section 9EB of the Local Government Act 2000 and pursuant to Regulation 11 of the Local Authorities (Arrangement for the Discharge of Functions) (England) Regulations 2012.

2.2 The Joint Committee will be known as the Staffordshire Leaders Board ("the Leaders Board").

2.3 The Leaders Board will comprise the local authorities within the Staffordshire area: Cannock Chase District Council, East Staffordshire Borough Council, Lichfield District Council, Newcastle-under-Lyme Borough Council, South Staffordshire District Council, Stafford Borough Council, Staffordshire County Council, Staffordshire Moorlands District Council, and Tamworth Borough Council ("the constituent authorities").

2.4 The Leaders Board may admit Stoke-on-Trent City Council to membership at a later date and therefrom they will become a constituent authority with all the same rights and obligations as the other constituent authorities.

2.5 Political Proportionality rules will not apply to the Leaders Board as constituted.

2.6 The Leaders Board will be a legally constituted body with powers delegated to it by the constituent authorities in the following areas:

a) to prioritise and make decisions on the use of the funding that the Leaders Board may influence or control.

b) to review future governance requirements and delivery arrangements and how these can be best achieved in Staffordshire.

c) to have direct oversight of the projects and initiatives which the Leaders Board has initiated or over which it has influence or control of the funding.

d) to have strategic oversight of other key projects and initiatives within its remit as set our herein.

2.7 The Leaders Board will not hold funds or monies on behalf of the constituent authorities.

2.8 Should the Leaders Board work plan necessitate a change in the delegated powers and terms of reference of the Leaders Board any such change would require the approval of all the constituent authorities.

2.9 These terms of reference will be reviewed on a biennial basis or sooner if necessary.

3. Remit

3.1 The remit of the Leaders Board will be:

i. To lead and oversee the development of a county devolution deal for Staffordshire with HM Government.

ii. To lead and oversee the alignment of relevant local authority action on Climate Change, Waste and Sustainability.

iii. To lead and oversee the alignment of relevant local authority plans for Enterprise and Government Funding and Investment streams.

iv. To lead and oversee the alignment of local authority interaction with the Health sector in Staffordshire.

v. To lead and oversee the alignment of relevant local authority plans for future Infrastructure.

vi. To lead and oversee the alignment of relevant local authority plans in relation to Housing and Homelessness.

vii. To initiate, lead and oversee Staffordshire-wide joint initiatives to enhance local government efficiency and effectiveness.

viii. To act as a local public sector decision-making body for strategic economic growth.

ix. To act as a conduit to other sub-regional and regional bodies such as the Local Enterprise Partnerships and the Midlands Engine.

x. Where appropriate, to agree shared priorities and bids for funding to existing and new funding sources such as Local Growth Funds and the Shared Prosperity Fund.

xi. To monitor and evaluate projects and programmes of activity commissioned directly by the Committee.

xii. To communicate and, where unanimously agreed, to align activity across Staffordshire on a range of other key public priorities that affect citizens.

xiii. To prioritise and make decisions on the use of the funding that the Committee may influence or control.

4. Membership

4.1 One member from each constituent authority (such member to be the Leader from each constituent authority) and for the purposes of these terms of reference this member will be known as the principal member.

4.2 Each constituent authority to have a named substitute member who must be an executive member.

4.3 Where both the principal member and the substitute member attend a meeting of the Leaders Board the principal member shall be deemed as representing their authority by the Chair or Vice Chair.

4.4 In the event of any voting member of the Leaders Board ceasing to be a member of the constituent authority which appointed him/her, the relevant constituent authority shall as soon as reasonably practicable appoint another voting member in their place.

4.5 Where a member of the Leaders Board ceases to be a Leader of the constituent authority which appointed him/her or ceases to be a member of the Executive of the constituent authority which appointed him/her, he/she shall also cease to be a member of the Leaders Board and the relevant constituent authority shall as soon as reasonably practicable appoint another voting member in their place.

4.6 Each constituent authority may remove its principal member or substitute member and appoint a different member or substitute as per that authority's rules of substitution, and by providing twenty-four hours' notice to the Chair or the Secretary.

4.7 The Leaders Board may from time to time, following a unanimous vote of those present and voting, co-opt additional non-voting members ("co-opted members") at its discretion but such co-opted members will not be members or officers of the constituent authorities.

4.8 Each constituent authority may individually terminate its membership of the Leaders Board by giving twelve months written notice of its intent to leave the Leaders Board to the Chair or the Secretary. At the end of these twelve months, but not before, the authority will be deemed to no longer be a member of the Leaders Board.

4.9 Where an authority has previously terminated its membership of the Leaders Board it may rejoin the Leaders Board with immediate effect on the same terms as existed prior to its departure.

5. Quorum

5.1 The quorum shall be 5 members. No business will be transacted at a meeting unless a quorum exists at the beginning of a meeting. If at the beginning of any meeting, the Chair or Secretary after counting the members present declares that a quorum is not present, the meeting shall stand adjourned.

6. Chair and Vice Chair

6.1 The Chair of the Leaders Board will be the principal member of Staffordshire County Council (subject to para 6.2 below)

6.2 The Leaders Board will vote annually at its first meeting after all the constituent authorities' annual meetings as to whether the Chair should continue to be the principal member of the County Council or should be the principal member of one of the other constituent authorities.

6.3 The position of Vice Chair shall be filled by the principal member of one of the other constituent authorities of the Leaders Board and this role will rotate annually between those other constituent authorities.

6.4 The Chair or in their absence the Vice Chair or in their absence the member of the Leaders Board elected for this purpose, shall preside at any meeting of the Leaders Board.

6.5 Appointments will be made in May of each year.

6.6 Where, at any meeting or part of a meeting of the Leaders Board both the Chair and Vice Chair are either absent or unable to act as Chair or Vice Chair, the Leaders Board shall elect one of the members of the Leaders Board present at the meeting to preside for the balance of that meeting or part of the meeting, as appropriate. For the avoidance of doubt, the role of Chair and Vice Chair vests in the principal member concerned and in their absence the role of Chair or Vice Chair will not automatically fall to the relevant constituent authority's substitute member.

7. Voting

7.1 One member, one vote for each constituent authority.

7.2 All questions shall be decided by a majority of the votes of the members present, the Chair having the casting vote in addition to their vote as a member of the Committee. Voting at meetings shall be by show of hands.

7.3 On the requisition of any two Members, made before the vote is taken, the voting on any matter shall be recorded by the Secretary so as to show how each Member voted and there shall also be recorded the name of any Member present who abstained from voting.

8. Sub-Committees and Advisory Groups

8.1 The Leaders Board may appoint sub-committees from its membership as required to enable it to execute its responsibilities effectively and may delegate tasks and powers to the sub-committee as it sees fit.

8.2 The Leaders Board may set up advisory groups as required to enable it to execute its responsibilities effectively and may delegate tasks as it sees fit to these bodies, which may be formed of officers or members of the constituent authorities or such third parties as the Leaders Board considers appropriate.

9. Hosting and Administration

9.1 The Leaders Board will at their first meeting decide which of the constituent authorities will be the host authority, and the Head of Democratic Services (or equivalent post) from that authority shall be Secretary to the Committee ("the Secretary").

9.2 The Leaders Board will at their first meeting decide which of the constituent authorities will provide the s151 Officer role

9.3 The Leaders Board will at their first meeting decide which of the constituent authorities will provide the Monitoring Officer & Legal Adviser to the Leaders Board.

9.4 The administrative costs of supporting the committee will be met equally by the constituent authorities, with each authority being responsible for receiving and paying any travel or subsistence claims from its own members.

9.5 The functions of the Secretary shall be:

> a) to maintain a record of membership of the Leaders Board and any subcommittees or advisory groups appointed
>
> b) to publish and notify the proper officers of each constituent authority of any anticipated "key decisions" to be taken by the Leaders Board to enable the requirements as to formal notice of key decisions as given under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 to be met;

c) to carry out such notification to and consultation with members of any appointing constituent authority as may be necessary to enable the Leaders Board to take urgent "key decisions" in accordance with the requirements of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012;

d) to summon meetings of the Leaders Board or any sub-committees or advisory groups;

e) to prepare and send out the agenda for meetings of the Leaders Board or any sub-committees or advisory groups; in consultation with the Chair and the Vice Chair of the Committee (or sub-committee/ advisory group);

f) to keep a record of the proceedings of the Leaders Board or any sub-committees or advisory groups, including those in attendance, declarations of interests, and to publish the minutes;

g) to take such administrative action as may be necessary to give effect to decisions of the Leaders Board or any sub-committees or advisory groups;

h) to perform such other functions as may be determined by the Leaders Board from time to time

10. Meetings

10.1 The Leaders Board will meet no less than quarterly and meetings will be aligned where necessary with deadlines for decisions on resources and investment plans.

10.2 Meetings will be held at such times, dates and places as may be notified to the members of the Leaders Board by the Secretary, being such time, place and location as the Leaders Board shall from time to time resolve.

10.3 Meeting papers will be circulated five clear working days in advance of any meeting. The Chair may choose to accept or reject urgent items that are tabled at any meeting.

10.4 Additional ad hoc meetings may be called by the Secretary, in consultation, where practicable, with the Chair and Vice Chair of the Committee, in response to receipt of a request in writing, which request sets out an urgent item of business within the functions of the Leaders Board, addressed to the Secretary:

(a) from and signed by two members of the Leaders Board, or

(b) from the Chief Executive of any of the constituent authorities.

10.5 The Secretary shall settle the agenda for any meeting of the Leaders Board after consulting, where practicable, the Chair or in their absence the Vice Chair; and shall incorporate in the agenda any items of business and any reports submitted by:

(a) the Chief Executive of any of the constituent authorities;

(b) the Chief Finance Officer to any of the constituent authorities;

(c) the Monitoring Officer to any of the constituent authorities; or

(d) any two Members of the Leaders Board.

10.6 The Leaders Board shall, unless the person presiding at the meeting or the Leaders Board determines otherwise in respect of that meeting, conduct its business in accordance with the procedure rules set out in paragraph 13 below.

11. Access to Information

11.1 Meetings of the Leaders Board will be held in public except where confidential or exempt information, as defined in the Local Government Act 1972, is being discussed.

11.2 These rules do not affect any more specific rights to information contained elsewhere under the law.

11.3 The Secretary will ensure that the relevant legislation relating to access to information is complied with. Each constituent authority is to co-operate with the Secretary in fulfilling any requirements.

11.4 Any Freedom of Information or Subject Access Requests received by the Leaders Board should be directed to the relevant constituent authority(s) for that authority to deal with in the usual way, taking account of the relevant legislation. Where the request relates to information held by two or more constituent authorities, they will liaise with each other before replying to the request.

12. Attendance at meetings

12.1 The Chair may invite any person, whether a member or officer of one of the constituent authorities or a third party, to attend the meeting and speak on any matter before the Leaders Board.

12.2 Third parties may be invited to attend the Leaders Board on a standing basis following a unanimous vote of those present and voting.

12.3 Where agenda items require independent experts or speakers, the Officer or authority proposing the agenda item should indicate this to the Secretary and provide the Secretary with details of who is required to attend and in what capacity. The participation of independent experts or speakers in Leaders Board meetings will be subject to the discretion of the Chair.

13. Procedure Rules

13.1 Attendance

13.1.1 At every meeting, it shall be the responsibility of each member to enter their name on an attendance record provided by the Secretary from which attendance at the meeting will be recorded.

13.2 Order of Business

13.2.1 Subject to paragraph 13.2.2, the order of business at each meeting of the Leaders Board will be:

i. Apologies for absence

ii. Declarations of interests

iii. Approve as a correct record and sign the minutes of the last meeting

iv. Matters set out in the agenda for the meeting which will clearly indicate which are key decisions and which are not

v. Matters on the agenda for the meeting which, in the opinion of the Secretary are likely to be considered in the absence of the press and public

13.2.2 The person presiding at the meeting may vary the order of business at the meeting.

13.3 Disclosable Pecuniary Interests

13.3.1 If a Member is aware that he/she has a disclosable pecuniary interest in any matter to be considered at the meeting, the Member must withdraw from the room where the meeting considering the business is being held:

(a) in the case where paragraph 13.3.2 below applies, immediately after making representations, answering questions or giving evidence;

(b) in any other case, wherever it becomes apparent that the business is being considered at that meeting;

(c) unless the Member has obtained a dispensation from their own authority's Standards Committee or Monitoring Officer. Such dispensation to be notified to the Secretary prior to the commencement of the meeting.

13.3.2 Where a member has a disclosable pecuniary interest in any business of the Leaders Board, the Member may attend the meeting (or a sub–committee or advisory group of the committee) but only for the purpose of making representations, answering questions or giving evidence relating to the business, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

13.4 Minutes

13.4.1 There will be no discussion or motion made in respect of the minutes other than except as to their accuracy. If no such question is raised or if it is raised then as soon as it has been disposed of, the Chair shall sign the minutes.

13.5 Rules of Debate

13.5.1 A Member wishing to speak shall address the Chair and direct their comments to the question being discussed. The Chair shall decide the order in which to take representations from members wishing to speak and shall decide all questions of order. Their ruling upon all such questions or upon matters arising in debate shall be final and shall not be open to discussion.

13.5.2 A motion or amendment shall not be discussed unless it has been proposed and seconded. When a motion is under debate no other motion shall be moved except the following:

i. To amend the motion

ii. To adjourn the meeting

iii. To adjourn the debate or consideration of the item

iv. To proceed to the next business

v. That the question now be put

vi. That a member be not further heard or do leave the meeting vii. To exclude the press and public under Section 100A of the Local Government Act 1972

13.6 Conduct of Members

13.6.1 Members of the Leaders Board will be subject to their own authority's Code of Conduct.

14. Application to Sub-Committees

14.1 The procedure rules and also the Access to Information provisions set out at paragraph 11 shall apply to meetings of any sub-committees of the Leaders Board.

15. Scrutiny of decisions

15.1 Each constituent authority which operates executive arrangements will be able to scrutinise the decisions of the Leaders Board in accordance with that constituent authority's overview and scrutiny arrangements.

16. Winding up of the Leaders Board

16.1 The Leaders Board may be wound up immediately by a unanimous vote of all constituent authorities.

17. Amendment of this Constitution

17.1 This Constitution can only be amended by resolution of each of the constituent authorities.

Procurement of Road Sweeping Contract

Cabinet Member for Economic Development, Leisure & Local Plan

district council

Date:	08/02/2022
Agenda Item:	8
Contact Officer:	Ben Percival/Clair Johnson
Tel Number:	07772 913 265/01543 308 026
Email:	Ben.percival@lichfielddc.gov.uk clair.johnson@lichfielddc.gov.uk
Key Decision?	**YES**
Local Ward Members	All

CABINET

1. Executive Summary

1.1 The Authority's contract for the provision of Road Sweeping of the adopted highway expires 31 March 2022 and cannot be extended further. Following a procurement exercise, a new contract needs to be awarded to a suitable supplier.

2. Recommendations

2.1 That Cabinet approves the award of a 2-year contract for road sweeping services with provision for two 2-year contract extensions (2+2+2) with completion subject to the additional cost of the contract being identified from existing Approved Budgets.

2.2 That Cabinet delegates the approval to utilise the option to extend the contract to the Head of Operational Services in consultation with the Cabinet Member for Economic Development, Leisure & Local Plan.

2.3 That Cabinet determine whether the additional cost of the adopted highway sweeping be kept within approved budgets by either:

- meeting the cost from within the road cleansing budget by reducing the coverage of trunk road cleansing, or
- instructing officers to identify alternative savings from within the wider Operational Services approved budget.

3. Background

3.1 Road Sweeping of the adopted highway is currently undertaken by Burntwood Group. To ensure compliance with Contract Procedure Rules this contract was re-tendered, with a new contract to start in April 2022. This work is separate to the cleansing of the district's trunk roads: A51, A38 and A461.

3.2 Lichfield District Council has a statutory duty to ensure that the district's adopted highways are kept clean. Road Sweeping is a vital part of the Street Cleansing operations.

3.3 The Road Sweeping provision has been carried out by an external supplier since 2008 following a compliant tender process. Prior to this date the service was carried out in-house. The current contract provides approximately 50 hours per week of Road Sweeping inclusive of vehicle, driver, fuel, consumables and traveling costs.

3.4 A procurement process has been undertaken in line with the Council's Contract Procedure Rules and the Public Contract Regulations 2015. The proposed contract term will be 2 years with the option to extend for a further two periods of 2 years.

3.5 A number of compliant bids were returned and evaluated in line with the criteria of Price 70% and Quality 30%; the latter included questions on social and added value. The cost from the preferred supplier (the lowest-cost compliant submission) represents a 47% increase compared to the previous contract. This cost is however considered to represent market value; the market for road sweeping is geographically limited as the contractor is required to travel to / from Lichfield on a daily basis.

3.6 Several factors are considered to have led to this increase:

- Increased driver costs / HGV driver scarcity
- Increased fuel costs
- Legislative changes in 2021 prevent road sweepers from using rebated (red) diesel
- The previous cost was tendered six years ago

3.7 The increased cost of the contract remains within the allocated budget for road cleansing. However this increased cost will require the other road cleansing services to be reviewed – reactive sweeping and trunk road cleansing. It is not recommended that the amount of cleansing of the adopted highway be reduced from the procured 50 hours per week. This is the considered the minimum required to maintain the current good standard of service.

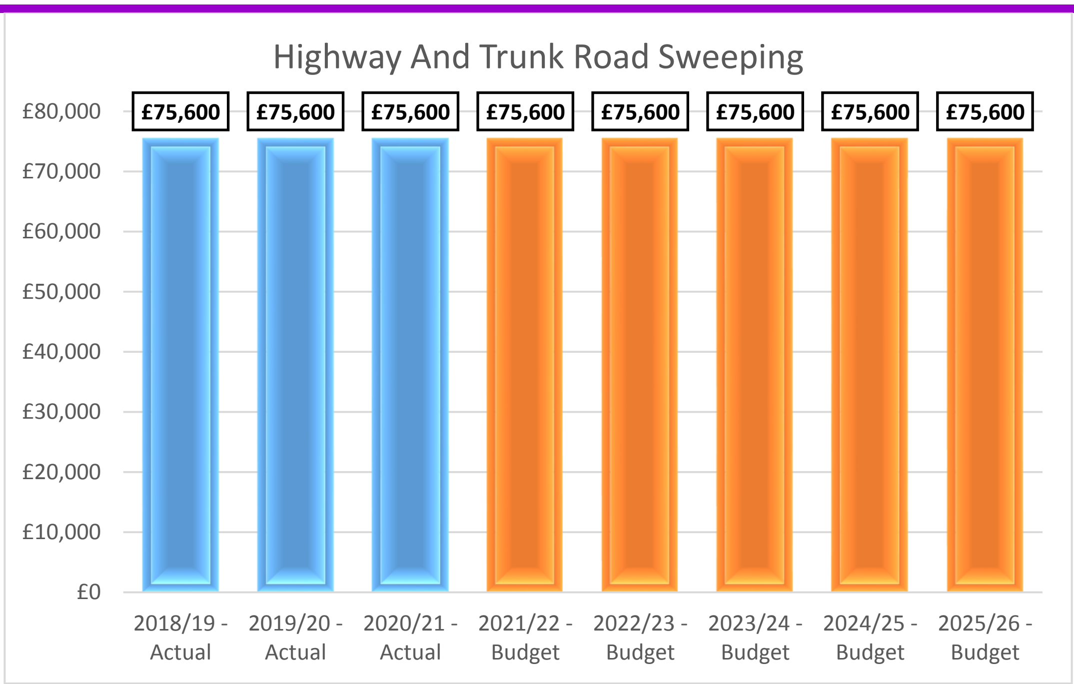
3.8 Bringing the road-sweeping service back in-house was considered. A number of factors – vehicle provision, storage and maintenance, driver availability and training and business resilience – meant that in-house provision was not advantageous at this time.

3.9 Please note that due to the constraints if the Public Contract Regulations 2015 we are unable to provide bid specific information in this report at this time.

Alternative Options	1. Further extend current contract – This would be in breach of CPR's and Public Contract Regulations 2015, potentially leaving the council at risk of legal challenge. 2. To carry out the Road Sweeping in-house. This would increase operational and financial risks. 3. Shared services with neighbouring authorities.

Consultation	1. Leadership Team

Financial Implications	The actual spend on Highway and Trunk Road Sweeping in Operational Services over the previous three financial years 2018/19 to 2020/21 together with Approved Budgets from 2021/22 to 2025/26 is shown below:

	
Approved by Section 151 Officer	Yes

Legal Implications	1. Due to the potential value of the contract, a procurement process complaint with the Public Contract Regulations 2015 is required. 2. Specific insurance policies will be required of the contractor delivering the service. 3. The impact of TUPE will be assessed and addressed appropriately within the invitation to tender documents as appropriate.
Approved by Monitoring Officer	

Contribution to the Delivery of the Strategic Plan	1. The proposal will help to support the council's ambition to ensure clean, green and welcoming places

Equality, Diversity and Human Rights Implications	1. As part of the Invitation to Tender pack, suppliers were required to confirm that they have not had any findings of unlawful discrimination made against them and that they haven't had a complaint upheld against them relating to unlawful discrimination. 2. As part of the Invitation to Tender pack, suppliers were required to answer questions and provide documentation in relation to Modern Slavery and Human Trafficking.

Crime & Safety Issues	1. Keeping the streets clean helps maintain an environment that looks cared for. Such an environment helps encourage people to continue to be respectful of it and discourages littering, graffiti and vandalism.
Environmental Impact	1. Cleaning of road helping to maintain clear drains and water pathways reducing the occurrence of large puddles / localised road based flooding due to block drains. 2. The vehicles used to carry out the road sweeping are specialist vehicles and will be required to meet the latest vehicle emission and engine requirements.

GDPR / Privacy Impact Assessment	None

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	No contract is place to continue the delivery of the Road Sweeping service on the expiry of the current contract on 01/04/2022 Head of Operational Services	Likelihood: Red Impact: Red Severity: Red	Carry out a compliant procurement process and award contract(s) before expiry of current agreement.	Likelihood: Green Impact: Red Severity: Yellow
B	Procurement outcome exceeds the approved budget	Likelihood: Yellow Impact: Red Severity: Red	Ensure the specification and requirements of the service are clear and unambiguous. Ensure full market engagement via an open PCR2015 compliant process.	Likelihood: Green Impact: Red Severity: Yellow
C				
D				
E				

None	**Background documents** Any previous reports or decisions linked to this item

None	**Relevant web links** Any links for background information which may be useful to understand the context of the report

Cannock Chase Special Area of Conservation (SAC) – Revised Memorandum of Understanding and Financial Agreement

Cabinet Member for Economic Development, Leisure & Local Plan

Date:	8 February 2022
Agenda Item:	9
Contact Officer:	Stephen Stray
Tel Number:	01543308147 / 07974617308
Email:	stephen.stray@lichfielddc.gov.uk
Key Decision?	**YES**
Local Ward Members	All wards affected

Lichfield district council

Cabinet

1. Executive Summary

1.1 The purpose of this report is to seek approval to formally agree and sign a revised Memorandum of Understanding (MoU) and associated Finance Agreement relating to the Cannock Chase Special Area of Conservation (SAC) Partnership. The updated MOU and Finance Agreement are set out in Appendix 1 and appendix 2 respectively together with the supporting Planning Evidence Base Report at Appendix 3.

1.2 The existing MOU and Finance Agreement sets out how the Cannock Chase SAC partnership will seek to mitigate and fund the impacts of new residential development upon Cannock Chase SAC and was the subject of a previous decision by this authority on 8th September 2015

1.3 The Cabinet decision on the 8th September 2015 agreed to the then Cabinet Member for Economic Growth, Environment and Development representing the Council on the Cannock Chase Special Area of Conservation Joint Strategic Board (JSB). Cllr Eadie is the current incumbent on the JSB and has been kept informed of the Planning Evidence Based Report supporting the need for the revised MoU and associated Finance Agreement and has along with officers reviewed the revised MoU and Finance Agreement drafted by the Cannock Chase SAC partnership and which are attached to this report.

1.4 The Planning Evidence Based Report has been reviewed by Local Plan Task Group on the 16th December 2021 and will be published as part of the Local Plan Evidence Base.

2. Recommendations

2.1 That Cabinet approves the revised Cannock Chase Special Area of Conservation (SAC) 'Memorandum of Understanding' and associated 'Finance Agreement' (Appendix 1) between the members of the Cannock Chase SAC Partnership.

2.2 That cabinet approves the Cabinet Member for Economic Development, Leisure & Local Plan on behalf of Lichfield District Council to formally sign a sealed version of the MoU and Financial Agreement appended to this report.

2.3 That Cabinet delegate authority to the Cabinet member for Economic Development, Leisure & Local Plan in conjunction with the Head of Economic Growth to continue to agree ongoing mitigation measures relating to the Detailed Implementation Plans (DIPs) schemes.

3. Background

3.1 The main heathland areas of the Cannock Chase Area of Outstanding Natural Beauty (AONB) have been designated as a Special Area of Conservation (SAC) under European Directive 92/43/EEC (The Habitats

Directive) and are afforded the highest degree of policy protection. The Directive was enacted in the United Kingdom by the Habitats Regulations (2017 as amended). Cannock Chase SAC represents the largest area of lowland heathland habitat surviving in England; and is of a very high nature conservation importance. Following the United Kingdom's exit from the European Union the Government has committed to protecting sites designated under the European Directive and to support the objectives of maintaining and where appropriate restoring habitats and species.

3.2 Visitor pressures have been identified as a significant risk to the integrity of the SAC. A recently finalised Planning Evidence Base Review (2017&2021) highlighted the continuing pressures being faced by the SAC as a result of high visitor numbers, including habitat fragmentation and species invasion consistent with nutrient enrichment arising from dog-fouling. Additional housing numbers in areas surrounding the Chase is expected to lead to increased visitor pressure and impacts on the SAC unless measures are taken to mitigate the potential harm.

3.3 The protection afforded to the SAC means that there is a legal duty on Local Planning Authorities when determining planning applications and producing Local Plans to consider the potential impacts of any new development on the integrity of the SAC. If adverse impacts are identified, applications should be refused, and development proposals abandoned unless appropriate mitigation is in place.

3.4 The Cannock Chase SAC Partnership was formed in 2007 and provides a framework for co-ordination between statutory bodies with planning and land use responsibilities in relation to the SAC. A key objective of the Partnership is to develop evidence-based mitigation measures to ensure that new residential development can occur without adversely impacting on the Cannock Chase SAC. This includes mitigating the potential impact from Local Plan policies and site allocations, as well as proposals contained in individual planning applications and projects; thereby ensuring that the integrity of the SAC is maintained, and the requirements of the Habitats Regulations are met.

3.5 The current MOU (2016) emerged from the evidence base which was produced to support the current round of adopted Local Plans, including the Lichfield Local Plan Strategy (2015) and the Lichfield Site Allocations Document (2019). The current MoU was agreed by Cabinet at its meeting 8th September 2015. This evidence base identified that the planned level of housing growth within a 15 kilometre radius (Zone of Influence) of the SAC was likely to have a significant negative effect on the designated site, with a greater part of this impact arising from new housing development within a 0-8km zone. Mitigation measures totalling approximately £1.9 million were identified at this time, with the focus of payment concentrated within the 0-8km area, termed the 'charging zone'. This resulted in a figure of £232 per net dwelling (plus £100 admin charge per Unilateral Undertaking agreement).

3.6 The revised MOU at appendix 1 has been produced in response to updated evidence and the nationally driven demands being placed on Local Planning Authorities to deliver new housing development. An updated Planning Evidence Base Review at appendix 3 (2017 & 2021) examined the effectiveness of the existing mitigation measures and explored options to address future challenges. The studies concluded that the existing 15km Zone of Influence remained valid and was supported by updated visitor survey information. An increase in funding was identified as necessary to support measures to mitigate the impact arising from the housing figures being promoted within ongoing Local Plan reviews undertaken by the Partnership authorities. Detailed Implementation Plans (DIPs) have been produced identifying mitigation measures totalling an additional £6.29 million. The Partnership authorities agreed that the funding of this uplift should apply equally throughout the 15 km Zone of Influence. Should this be funded on a per dwelling basis going forward this would equal a requirement of approximately £290/dwelling. The amended document therefore results in a net increase of £58 per dwelling. A modest fee of £100 is currently charged to the applicant to support legal costs associated with Unilateral Undertaking preparation. It is proposed that fee charges from the 1 April 2022 should capture legal costs plus administration costs s leading to a revised fee of £179.Given the proposal to extend the payment area more locations within Lichfield District Council will be captured and developments within these areas will be required to contribute to SAC mitigation.

3.7 The Financial Agreement at appendix 2 is prepared in tandem with the MOU. The agreement commits the member authorities to collect and remit funds for SAC mitigation to Stafford Borough Council who act as the financially accountable body. The agreement also places a responsibility on all the member authorities to indemnify Stafford Borough Council with respect to the financial costs associated with employing dedicated SAC officers. This includes any costs associated with recruitment and redundancy payments. This includes any reasonable costs associated with recruitment and redundancy payments. It is not considered that this indemnity poses any undue or unacceptable risk to the Council as any costs associated with the indemnity would be appropriately apportioned with all member authorities thereby reducing risks to the Council and can be met through the Council's reserves in the unlikely event of being called upon.

3.8 In addition to ratifying the revised MOU, this report seeks delegated authority to agree to future amendments to mitigation measures which may arise during the implementation period of the Detailed Implementation Plans. It is, however, confirmed that any materially significant changes to the MOU and financial agreement will require future cabinet approval.

Alternative Options	1. An alternative option would be not to engage with Cannock Chase SAC Partnership. It would then be incumbent on the Council as part of the Local Plan Review to identify what separate measures would be necessary to mitigate against potential negative impacts arising from new residential development proposals, in order to meet its statutory duties under the Habitats Regulations 2017 (as amended).

Consultation	1.The Cabinet member for Economic Development, Leisure & Local Plan has been presented with the finding of the Planning Evidence Based Report via his role on the Cannock Chase SAC Joint Strategic Board. He has also been consulted on the draft MoU and Finance Agreement appended. 2.The Planning Evidence Based Report has been reviewed by the Local Plan task Group at its meeting on the 16th December 2021.

Financial Implications	1. Costs are incurred in terms of officer time preparing Unilateral Undertaking agreements to secure financial contributions which are then submitted to Stafford Borough. A modest fee of £100 is currently charged to the applicant to support legal costs associated with the UU. It is proposed that fee charges from the 1 April 2022 should capture legal costs plus administration costs s leading to a revised fee of £179
Approved by Section 151 Officer	Yes

Legal Implications	The Memorandum of Understanding and the Finance Agreement are important legally to be able to show how: a) the Council is addressing its responsibilities as a Competent Authority under the Habitats Regulations 2017 and

	b) to ensure that the Council meets its ongoing and future obligations as regards the Cannock Chase SAC as set out in the adopted Local plan Strategy adopted in 2015, the Allocations Plan adopted 2019 and the emerging review of the Local Plan. If the Council as a Competent Authority is faced with an application for development in the zone of influence which would negatively impacting on the Cannock Chase SAC, then it is required to refuse permission unless either: i) it considers that the proposed mitigation can mitigate the adverse effects – which is what the steps outlined in the MOU and attached documents are intended to do for most applications, provided the developer agrees to take the steps suggested, or ii) if the mitigation options cannot avoid adverse effects, then development consent can only be given if stages 3 and 4 are followed.
Approved by Monitoring Officer	Yes

Contribution to the Delivery of the Strategic Plan	1. Supports the priority of 'Shaping Place' through the Local Plan preparation for allocation of new land uses, preserving the districts assets and ensuring growth is done sustainably and with balanced infrastructure provision. 2. Supports the priority of 'Developing Prosperity' through the Local Plan preparation which makes provision for land use allocations including employment and residential use, thereby encouraging economic growth, enhancing the district and providing certainty for investment. 3. Supports the priority of being a 'Good Council' by accountability, transparency and responsiveness as the update enables the community, business, developers, service and infrastructure providers and other interested organisations to know how Lichfield intends to undertake its competent authority duties.

Equality, Diversity and Human Rights Implications	1. There are no equality, diversity and human rights implications

Crime & Safety Issues	1. There are no crime and safety issues.
Environmental Impact	1. The Council has a responsibility as a competent authority under the Habitat regulations to ensure that the Council meets its ongoing and future obligations as regards the Cannock Chase SAC as set out in the adopted Local plan Strategy adopted in 2015, the Allocations Plan adopted 2019 and the emerging review of the Local Plan.

GDPR / Privacy Impact Assessment	There are no GDPR / Privacy Impact Assessment issues

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	Development Industry challenge the findings of the PEBR and the	Likelihood – Yellow	By agreeing the approach across the partnership, the risk of challenge is reduced.	Likelihood – Green

	approach in the MoU and finance agreement	Impact - yellow Risk - yellow		Impact – yellow Risk - Green
B	The updated financial agreement provides for responsibility on the member authorities to indemnify Stafford Borough Council with respect to the financial costs associated with employing dedicated SAC officers. This includes any costs associated with recruitment and redundancy payments	Likelihood – Green Impact -Yellow Risk - Green	The agreement has had legal input and discussion through the Partnership. No such costs have arisen in the partnership to date. The approach in the MOU requires dedicated SAC officers. Apportionment of any associated risk of costs within the partnership approach remains the most cost-effective way for LDC to meet its competent authority responsibilities This includes any reasonable costs associated with recruitment and redundancy payments. It is not considered that this indemnity poses any undue or unacceptable risk to the Council as any costs associated with the indemnity would be appropriately apportioned with all member authorities thereby reducing risks to the Council and can be met through the Council's reserve in the unlikely event of being called upon.	Likelihood – Green Impact – yellow Risk - Green
C				
D				
E				

Background documents

Cabinet report 8 September 2015

Relevant web links

[Cabinet report 8 September 2015 – item 5]

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MEMORANDUM OF UNDERSTANDING

of the

CANNOCK CHASE SPECIAL AREA OF CONSERVATION (SAC) PARTNERSHIP

between

The Partner Authorities
Cannock Chase District Council
East Staffordshire Borough Council
Lichfield District Council
South Staffordshire District Council
Stafford Borough Council
Wolverhampton City Council
Walsall Borough Council

Key Facilitators
Natural England
Cannock Chase Area of Outstanding Natural Beauty (AONB) Partnership
Staffordshire County Council
Forest England
National Trust
Staffordshire Wildlife Trust

Relating to:

The impact of residential development on

the Cannock Chase Special Area of Conservation

Contents

Definition of Terms

In this Agreement the following words and expressions shall have the following meanings unless the context requires otherwise:

AONB Visitor Management Strategy (VMS)	aims to deliver a sustainable quality visitor experience to the Cannock Chase AONB. The Cannock Chase SAC mitigation proposals (SAMMM) sit within the VMS.
Appropriate Assessment (AA)	is the second stage in a Habitats Regulations Assessment process where consideration is given to the potential impacts on the integrity of a European site (e.g. SAC), either alone or in combination with other plans and projects, with regard to the site's conservation objectives and to its structure and function.
Area of Outstanding Natural Beauty (AONB)	means Cannock Chase Area of Outstanding Natural Beauty which the Cannock Chase SAC sits within. The Cannock Chase Area of Outstanding Natural Beauty (AONB) is a legal designation confirmed under the Countryside and Rights of Way Act 2000 (CROW). Please note that this may be updated with an addendum when the Environment Bill is enacted. An AONB is an outstanding landscape whose distinctive character and natural beauty are so precious that it is in the nation's interest to safeguard them. The designation seeks to protect and enhance natural beauty whilst recognising the needs of the local community and economy. For further information please see http://www.cannock-chase.co.uk/.
Competent Authority	An organisation becomes a competent authority under the Habitats Regulations when the exercise of its functions will, or may affect European Sites (for example classified Special Protection Areas and designated SACs).
Conservation Objectives	objectives defined by Natural England to secure the favourable conservation status of the qualifying features. Each SAC has a formal description of the reasons why the site has been designated, which is contained in the SAC citation and which when combined with the Conservation Objectives provide a framework which should inform any 'Habitats Regulations Assessments' that a competent authority may be required to undertake. The Conservation Objectives also inform any measures necessary to conserve or restore the SAC and/or to prevent the deterioration or significant disturbance of its qualifying features.
Detailed Implementation Plans (DIPs)	a plan of actions to mitigate for the likely increase in the number of visits resulting from new housing development within 15km of the Cannock Chase SAC. A summary of the two DIPs (Car Park and Site User Infrastructure, Education and Engagement) can be found attached to Appendix 2.

Habitats Regulations	the Conservation of Habitats and Species Regulations 20172017 (as amended).
Habitats Regulations Assessment (HRA)	a formal assessment of the implications of new plans or projects which are capable of affecting the designated interest features of a European Site (e.g. SAC) before deciding whether to undertake, permit or authorise such a plan or project. This assessment comprises several distinct stages which are conveniently and collectively described as a 'Habitats Regulations Assessment' (or HRA).
Key Facilitators	means key facilitators to the Partnership with no voting rights
Partnership	means the organisations listed as the Partner Authorities.
Relevant period	the residential development forecast within the Zone of Influence that relates to each of the Partnership Authorities' Local Plan periods.
Special Area of Conservation (SAC)	is a strictly protected site designated under the EC Habitats Directive, described by the UK Government as 'Our best examples of habitats that are either threatened or valuable within the EU'. The overall objective of the Habitats Directive is defined in Article 2 which specifies in particular that: *Measures taken pursuant to this Directive shall be designed to maintain and restore, at a favourable conservation status, natural habitats and species of wild fauna and flora of Community interest.* SAC designation requires Member States to establish conservation measures which correspond to the ecological requirements of Annex I habitats and Annex II species present on the site (Article 6.1), and to take appropriate steps to avoid deterioration of the natural habitats and habitats of species, as well as significant disturbance of species, for which the site is designated (Article 6.2) The Habitats Directive is primarily transposed in England under the Conservation of Habitats and Species Regulations 20172017 (as amended).
Strategic Access Management and Monitoring Measures (SAMMM)	the plan of actions to mitigate for the likely increase in the number of visits as a result of new housing development within 15km of the Cannock Chase SAC that ran from April 2015 until March 2022. The mitigations after this date will also be referred to as the DIPs.
Windfall Housing	windfall housing sites are those that have come forward unexpectedly and not identified for housing through the Local Plan preparation process.

Zone of Influence	Research has shown that 75% of all visitors to the Cannock Chase SAC are from within a 15km radius of the SAC[1,2]. The planned level of residential growth within a 15 kilometre radius from the edge of Cannock Chase SAC is likely to have a significant effect on the SAC in the absence of mitigation. For the purpose of this MOU the 0-15km radius is defined as the Zone of Influence.

[1] 'Cannock Chase SAC Visitor Survey' Footprint Ecology/Durwyn Liley, February 2013

[2] 'Cannock Chase SAC Visitor Survey 2018' Footprint Ecology/Durwyn Liley, May 2019

1.0 Purpose

1.1 The Cannock Chase Special Area of Conservation (SAC) Partnership provides a framework for coordination between statutory bodies having land use planning responsibilities in relation to Cannock Chase SAC.

1.2 The key objective of the Partnership is to use statutory planning processes and specific site and visitor management measures to secure appropriate mitigation for the impacts on the Cannock Chase SAC of Development Plan policies and proposals contained in individual planning applications and projects, thereby ensuring that the integrity of the Cannock Chase SAC is maintained and the requirements of the Habitats Regulations are met.

1.3 This Memorandum of Understanding (MOU) sets out how the Cannock Chase SAC Partnership will take responsibility for a programme of measures to mitigate for the impact residential development has upon the Cannock Chase SAC, and how the Partnership will work together to review, prepare and implement common plans and policies to protect the Cannock Chase SAC, and promote its understanding and appreciation to help to deliver sustainable development.

1.4 This Partnership approach is to provide simplicity for planners and developers providing a consistent approach to the protection of the SAC from the significant effects of residential development through the delivery of a programme of mitigation. It must however be recognised that other forms of development[3] within the 0-15km zone which may give rise to additional visits to Cannock Chase SAC may need to carry out a Habitats Regulations Assessment (HRA). Participation in the developer contributions scheme is optional and if applicants do not wish to participate they will need to provide appropriate information to the Local Planning Authority to allow a bespoke Habitats Regulations Assessment.

2.0 Background

2.1 Sitting within the wider Cannock Chase Area of Outstanding Natural Beauty (AONB), the Cannock Chase SAC was designated in 2005 under the provisions of the European Habitats Directive, the majority of the site having previously been designated as a Site of Special Scientific Interest (SSSI) in 1987. Cannock Chase represents the largest area of heathland habitat surviving in the English Midlands and though much diminished in area from its original extent, as with all lowland heathland zones, the habitat and dependent species are of very high nature conservation importance.

2.2 The Annex I habitat, European Dry Heath is the primary reason for designation of the SAC. The character of this vegetation is intermediate between the upland or northern heaths of England and Wales and those of southern counties. Dry heathland communities belong to NVC types H8 *Calluna vulgaris – Ulex gallii* and H9 *Calluna vulgaris – Deschampsia flexuosa* heaths. Within the heathland,

[3] Other development include but are not limited to Bed and Breakfast establishments, self catering holiday lets, hotels and gypsy sites.

species of northern latitudes occur, such as cowberry *Vaccinium vitis-idaea* and crowberry *Empetrum nigrum*. Cannock Chase has the main British population of the hybrid bilberry *Vaccinium intermedium*, a plant of restricted occurrence. There are important populations of butterflies and beetles, as well as European nightjar and five species of bats. The Annex I habitat that is present as a qualifying feature, but note a primary reason for selection of this site is **Northern Atlantic wet heaths with Erica tetralix.** Wet heath usually occurs on acidic, nutrient-poor substrates, such as shallow peats or sandy soils with impeded drainage. The vegetation is typically dominated by mixtures of cross-leaved heath *Erica tetralix*, heather *Calluna vulgaris*, grasses, sedges and *Sphagnum* bog-mosses.

2.3 The evidence base shows a range of impacts consistent with high visitor numbers[4][5]. An increase in visitor numbers on the scale expected is likely to have a significant effect on the Cannock Chase SAC unless measures are taken to prevent harm. The main impacts are the fragmentation of habitat from a multiplicity of paths and tracks, track and path widening with erosion, trampling and compaction, and eutrophication from dog fouling.

2.4 In October 2005, the judgment the European Court of Justice in the case of Flood Management Plans and the implications of Case C-6/04 Commission Vs United Kingdom, required the UK to extend the requirements of Article 6(3) and (4) of the Habitats Directive to include the assessment of the potential effects of spatial and land use plans on European sites. Evidence commissioned by the SAC Partnership suggests that the planned level of growth within a 15 kilometre radius of the SAC (as set out in Map 1) is likely to have a significant effect on the designated site. The effect of increased visitor numbers consists of additional damage from site use and vehicle emissions[6]. In granting planning permissions the Local Planning Authorities must comply with their duty under the Habitats Regulations as Competent Authorities to ensure appropriate mitigation is delivered prior to developments being built and new visits generated.

3.0 Conservation Objectives

3.1 European Site Conservation Objectives for Cannock Chase Special Area of Conservation

Site Code: 0030107

With regard to the SAC and the natural habitats and / or species for which the site has been designated (the 'Qualifying Features' listed below), and subject to natural change;

Ensure that the integrity of the site is maintained or restored as appropriate, and ensure that the site contributes to achieving Favourable Conservation Status of its Qualifying Features, by maintain or restoring:

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[4] 'Cannock Chase SAC Planning Evidence Base Review' Footprint Ecology/Durwyn Lily, July 2017
[5] 'Cannock Chase SAC Planning Evidence Base Review Stage 2' Footprint Ecology/Durwyn Lily, July 2021
[6] NE advice letter to the partnership dated 10/04/2013 – Vehicle emission issues are dealt with outside the SAMMM and through the Local Plan or development process.

- The extent and distribution of qualifying natural habitats;
- The structure and function (including typical species) of qualifying natural habitats; and,
- The supporting processes on which the qualifying natural habitats rely.

3.2 This document should be read in conjunction with the accompanying Supplementary Advice document, which provides more detailed advice and information to enable the application and achievement of Objectives set out above.

3.3 Qualifying Features:

H4010. Northern Atlantic wet heaths with *Erica tetralix*; Wet heathland with cross-leaved heath

H4030. European dry heaths

4.0 Objectives of the Partnership

4.1 The Partnership's overall objective is to facilitate sustainable residential development whilst ensuring compliance with the Habitats Regulations through securing appropriate developer contributions towards a programme of mitigation. Participation in the developer contribution scheme (as detailed at Appendix 1) is optional. Applicants will need to supply information to the Local Planning Authority to allow a bespoke Habitats Regulations Assessment to be undertaken if they do not wish to participate.

4.2 The objectives of the Cannock Chase SAC Partnership are to secure measures to mitigate for the effects of development[7] by:

- Ensuring that the integrity of the site is maintained, that the site contributes to achieving the Favourable Conservation Status of its Qualifying Features and enabling the sustainable development of the area
- Conserving the Cannock Chase SAC by ensuring that new development does not undermine the delivery of its Conservation Objectives
- Raising awareness and understanding of the biodiversity of the Cannock Chase SAC
- Achieving 'joined up' management with neighbouring protected landscapes and habitats.[8]

[7] Housing and other development such as tourist accommodation which requires HRA and would have an impact on the SAC.
[8] The SAC mitigation proposals (SAMMM) sit within the wider AONB Visitor Management Strategy.

5.0 Key Commitments

5.1 The Partner Authorities:

a) Will work together to develop and implement consistent planning policies in respect of Development Plan documentation and development processes which provide a framework to mitigate for the impact of residential development on Cannock Chase SAC.

b) Will collectively and individually ensure that all plans, projects, and management activities meet the requirements of the Habitats Regulations

c) Agree an evidenced planning obligations and Community Infrastructure Levy charging process will be used to seek contributions from housing proposals

d) Agree that from the date of this MOU, appropriate assessment of housing proposals within the 0-15km Zone of Influence (ZOI) set out in Map 1 will not be required unless these fall beyond the scope of established local housing targets as set out in Appendix 1 or where the applicant does not agree to make contributions.

e) Will develop, agree and monitor, through collaboration and engagement with key facilitators, landowners, including landowners and managers, a 15 year programme of mitigation for Cannock Chase SAC as set out in the Delivery Implementation Plans (DIPs) and based on the delivery of 21,671 dwellings[9]. The effectiveness of the DIPs mitigation proposals will be reviewed on a 5 year basis as part of the MOU review. The Partner Authorities acknowledge that specific projects may require decisions by landowners through their internal governance arrangements.

f) Will on an annual basis monitor housing delivery numbers on which the current mitigation actions in the DIPs are based. A review of the MOU and DIPs will be triggered if the annual review indicates the 21,671 homes figure is being approached within the 15 km ZOI.

g) Will work closely with key facilitators, including landowners, and other complementary designations and initiatives such as the AONB and the Connecting Cannock Chase Partnership and take account of other statutory designations

h) Agree that the area within which the mitigation will be undertaken is the statutorily designated areas of the Cannock Chase SAC, but on occasions will also extend to the wider adjoining areas in relation to specific issues, for example visitor and access network management, where a wider working area may be required to maintain favourable condition of a qualifying feature within the SAC.

i) Agree on the identity of the host Partner Authority which will hold the developer contributions and will act as the financially accountable body. The developer contributions will be spent collectively based on the DIPs. The details of these arrangements will be set out in a legally binding financial agreement between the contributing Partner Authorities and the host Partner

[9] Table 2 Cannock Chase Special Area of Conservation Planning Evidence base Review Stage 2 (2021)

Authority. The level of contributions from each Partner Authority towards the DIPs, whilst this MOU is in force, is provided in Appendix 1 and will be monitored annually by agreement of the Partnership.

j) The finance agreement shall contain provisions to deal with the following matters:
   - The scope of the duties, rights and obligations of the host Partner Authority to the other Partner Authorities and third parties;
   - Responsibility for the recruitment and employment of the SAC Project Team;
   - An indemnity from the other Partner Authorities in favour of the employing Partner Authority in relation to the costs of employing the SAC Team, including on-costs and redundancy payments; and
   - Obligations on the host Partner Authority to report regularly and comply with audit and other public sector requirements

k) Will agree a protocol for decision making on spending the developer contributions based on the mitigation plan (DIPs).

6.0 Roles and Responsibilities

6.1 Although only Competent Authorities have statutory responsibilities, it is acknowledged that other key facilitators participate in the management of the SAC in order to deliver programmes and specific projects.

6.2 The governance of the project will be determined through the Terms of Reference (Appendix 3).

7.0 Governance

7.1 The following governance arrangements and protocols will be maintained to ensure that the requirements of the programme of mitigation and therefore the Habitats Regulations are satisfied. It is proposed that the following governance arrangements are established, with the partnership management structure to be reviewed on a 12 month basis:

- Cannock Chase SAC Joint Strategic Board to meet, or receive reports a minimum of quarterly or as required, with an annual rotating chair from each local authority (as listed in the table at Appendix 1), and supported by the Cannock Chase SAC Project Officer. It will consist of senior representatives from each of the organisations listed in this MoU. Advisory members may be co-opted to represent a specific area of interest or issue of consideration. Terms of Reference have been agreed and are at Appendix 3[10].

[10] Terms of Reference including membership and voting powers agreed through supporting documents at Appendix 3.

- Cannock Chase SAC Project Group will meet monthly or as required, to coordinate and quality assure project delivery, i.e. what is being delivered, where, when and by whom to avoid duplication of effort. This Group will be supported by the Cannock Chase SAC Project Officer and consist of officers from each of the organisations listed in this MOU along with representatives from appropriate organisations in advisory roles. Terms of Reference have been agreed and are at Appendix 3[11].

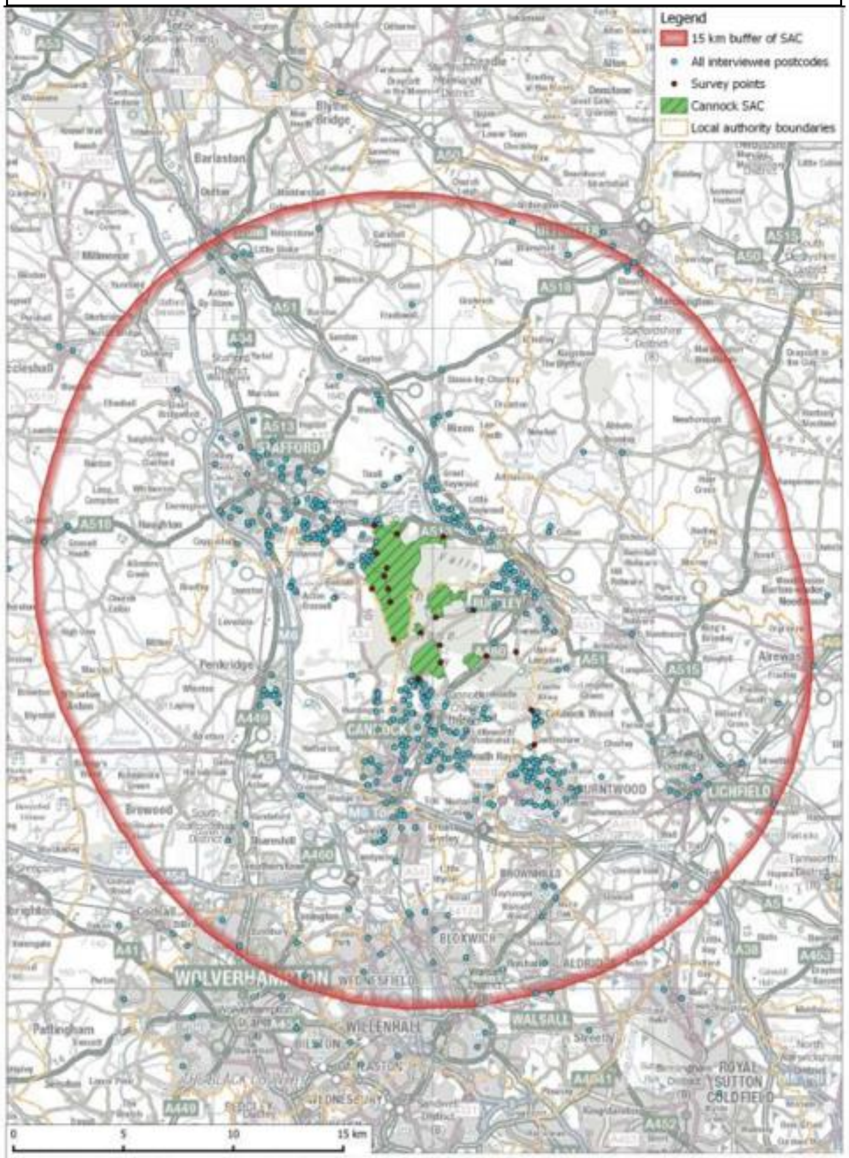
8.0 Commencement and Termination

8.1 This MOU will take effect when it has been signed by all Partners or agreed by the Joint Strategic Board. It is anticipated that this MOU will operate for a period of five years when it will be reviewed. It may be amended by agreement in writing between all Partners. A Partnership member may withdraw from the Partnership at any time by giving 12 months' notice in writing to all Parties.

[11] Terms of Reference including membership and voting powers agreed through supporting documents at Appendix 3.

Map 1

Cannock Chase SAC Zone of Influence



Appendix 1

The Level of Contributions

A1.1 The total cost of the programme of measures required to mitigate for the impact on Cannock Chase SAC of residential development within 15km of the Cannock Chase SAC proposed in current and emerging Local Plans over their Relevant Period is £6,297,104. The details of this programme are provided in the DIPs at Appendix 2.

A1.2 To provide certainty for the Development Plan process and for developers within the Zone of Influence, and to ensure transparency and accountability, a formulae approach has been adopted that sets out a mechanism for the calculation of developer contributions.

A1.3 The total cost of the DIPs has been divided between the Partner Authorities in proportion to the number of homes proposed within the 15km ZOI of Cannock Chase SAC (as illustrated on Map 1) from 1st April 2022 onwards (excluding those which are likely to have planning permission as of end March 2022). The table below sets out the housing numbers, percentage split and proportion of funding which each Partner Authority falling within the 15km ZOI is required to contribute.

Table 1

Local Authority in the 15km ZOI of the Cannock Chase SAC	Housing Numbers proposed in the 15km ZOI from April 2022 (excluding sites with planning permission)	Percentage (%) of total housing delivery	Monies to collect for the DIPs*
Cannock Chase	2,378	11	£690,993
City of Wolverhampton	1,364	6.3	£396,348
East Staffordshire	155	0.7	£45,040
Lichfield	851	3.9	£247,281
South Staffordshire	4,205	19.4	£1,221,878
Stafford	5,412	25	£1,572,605
Walsall	7,306	33.7	£2,122,959
TOTAL	21,671		
DIPs Cost	**£6,297,104**		

A1.4 These contributions will be index linked and subject to an annual review each April in line with the ‘All Items Group’ (Item reference CHAW) of the Retail Prices Index.

A1.5 It is at the discretion of individual Partner Authorities how to collect their total contribution from developments with the 15km ZOI. These contributions systems will be set out in each Partner Authority's 'Guidance to Mitigate the Impact of New Residential Development'. These documents and the calculations they contain may be subject to review. Other types of development and windfall housing sites not included in the calculations within the aforementioned guidance have the potential to impact upon Cannock Chase SAC, and these will need to be assessed and mitigation provided on an individual basis through discussions with Natural England and/or the relevant local authority. The estimated costings in the DIPs will be monitored and may be reviewed and rates recalculated when the MOU is reviewed.

A1.6 The option remains for developers to undertake a Habitats Regulations screening assessment and, where necessary, a full appropriate assessment to demonstrate that a proposal will not, either alone or in combination, adversely affect the integrity of the Cannock Chase SAC.

A1.7 In order for the Developer Contributions Scheme to mitigate the negative effects of development, it is important that the mitigation measures are implemented in a timely manner which reflects the rate at which development comes forward. Each local planning authority will agree the timescale prior to granting planning consent for the collection of developer contributions, which are required to ensure that mitigation is in place prior to occupation to prevent additional harm arising to the Cannock Chase SAC.

A1.8 The new mitigation programme relates to the delivery of 21,671 homes[12] (which did not have planning permission as of 1st April 2022) within the 15km ZOI from 1st April 2022 onwards. Monitoring of housing delivery and housing numbers proposed will be undertaken on an annual basis by the SAC Partnership. Where monitoring shows that delivery of any of the housing numbers proposed for a Partner authority, as set out in Table 1, are being approached, a review of this MOU will be triggered and new housing numbers and new mitigation measures will be considered.

A1.9 The monies that have and will contribute to the DIPs, previously referred as the SAMMM are outlined in Table 2.

[12] Table 2 Cannock Chase SAC Planning Evidence Base Review Stage 2 (2021)

Table 2

Local Authority in the ZOI of the Cannock Chase SAC	Housing Numbers proposed in the ZoI	Percentage (%) of total housing delivery	Monies to collect for the DIPs, previously SAMMMs*
Cannock Chase	1700	20.0	£394,232
City of Wolverhampton	0	0.0	£0
East Staffordshire	30	0.4	£6,957
Lichfield	1715	20.2	£397,710
South Staffordshire	150	1.8	£34,785
Stafford	4900	57.7	£1,136,315
Walsall		0	£0
TOTAL	**8495**		
DIPs Cost	**£1,970,000**		

A1.10 Developer contributions provided prior to the start date of the new mitigation programme (Table 3) will contribute to the 2011 – 2021 Strategic Access Management and Monitoring Measures plan (SAMMMs) relating to the 0-8km Zone of Payment, outlined in the 2011 MoU and subsequent update in 2017[13]. It should be noted that the monies collected for the DIPs, previously the SAMMMs, or committed before April 2022 both exceed the original budget of £1,970,000.

Table 3

Local Authority in the ZOI of the Cannock Chase SAC	Monies already collected or committed before April 2022
Cannock Chase	£816,374.00
City of Wolverhampton	£0
East Staffordshire	£1,610.00
Lichfield	£247,896.80
South Staffordshire	£90,480.00
Stafford	£896,283.00
Walsall	£0
TOTAL	£2,052,643.80

A1.11 As shown in Table 3, a supplementary £82,643.80 is expected to be collected prior to the commencement of the new DIPs from April 2022, because of higher number of homes being built than originally planned within the ZOI. Any supplementary monies that are to be collected through the previous SAMMM will be reallocated in order to finance mitigation measures in the new DIPs, as the SAMMM has been subsumed into the DIPs.

[13] Memorandum of Understanding for the Cannock Chase Special Area of Conservation Partnership 2011-2021. 2011

Appendix 2

Detailed Implementation Plan

A2.1 The following table of mitigation measures and estimated costings has been prepared by independent consultants in collaboration with the Cannock Chase SAC Partnership to set out Detailed Implementation Plans relating to the Cannock Chase SAC.

Item of Works	Amount remaining to be funded
Resources/events for Engagement Key Stages 1-2 (2020-2040)	£99,195
Resources/events for Engagement Key Stages 3-4 (2020-2040)	£99,195
Resources/events for Engagement with key visitor groups (2020-2040)	£30,000
Creation of Central Website and hosting until 2040	£10,500
Special Project, Forestry England Visitor/mountain bike centre south of A460	£25,000
Special Project, Marquis Drive Masterplan	£25,000
Special Project, Museum of Cannock Chase, Community Hub	£25,000
Circular routes created at each main Car Park: pathworks	£90,000
Orientation panel in each main car-park showing main promoted routes, replacement after 10 years	£15,800
Additional staffing to increase face-to face engagement, (equivalent to 3 full time posts 2020-2040)	£2,364,000
Special Project. Chase Rd	£25,000
Close Car Parks	£150,000
Material (temporary signs etc.) to close damaging habitat fragmentation desire lines	£10,000
New road signs to replace existing ones	£75,000
Installation of Car Park Charging Machines	£70,000
Cost to maintain improved car-parks 2020-2040	£704,900
Circular routes created at each main Car Park: way-markers, replacement after 10 years	£18,750

Circular routes created at each main Car Park: finger posts, replacement after 10 years	£30,300
Orientation panel in each main car-park showing main promoted routes, replacement after 10 years	£22,000
CC SAC Team Admin Assistant (part time, 2020-2040)	£420,000
CC SAC SAMMM Delivery Officer (2020-2030	£400,000
Project manager/Project officer post	£765,000
Monitoring: visitor survey at 5 year intervals	£160,000
Monitoring: Automated counters (15 counters)	£90,000
Contigency (10%)	£572,464
	£6,297,104

Appendix 3

Terms of Reference

Terms of Reference

Cannock Chase SAC Joint Strategic Board

1.0 Introduction

1.1 The Cannock Chase Special Area of Conservation (SAC) Partnership provides a framework for coordination between statutory bodies having land use planning responsibilities in Cannock Chase SAC. These Terms of Reference set out how the Cannock Chase SAC Joint Strategic Board (JSB) will work together to coordinate the delivery of a programme of mitigation, prepare and implement common plans and policies to protect the SAC, promote its understanding and appreciation to help to deliver sustainable development.

1.2 The objective of the Partnership is to use statutory planning processes and specific site and visitor management measures to secure appropriate mitigation for the impacts on the Cannock Chase SAC through Development Plan policies and proposals contained in individual planning applications and projects, thereby ensuring that the integrity of the Cannock Chase SAC is maintained.

1.3 The Cannock Chase SAC Partnership as a whole will provide a vehicle for the agreement of mitigation measures, collection and use of planning obligation monies and monitoring of work carried out.

2.0 Status

Competent Authorities include any statutory body or public office exercising legislative powers, whether on land or sea.

2.1 Each Competent Authority is individually responsible for meeting its duties under the Habitats Regulations. However by jointly preparing, implementing and reviewing the Detailed Implementation Plans (DIPs), it is anticipated that the Competent Authorities will be able to more effectively achieve the aims of the Habitats Regulations in relation to the Cannock Chase SAC, than if they acted alone. This will also relieve individual applicants from the burden of preparation of evidence for Habitats Regulations Assessment and will streamline this aspect of the development management process. To this end the Competent Authorities for the Cannock Chase SAC have formed this legal partnership overseen by this JSB with the Project Group coordinating the delivery, the accumulation of funds and undertaking additional works as directed. The JSB has no additional powers but serves to ensure that all Competent Authorities contribute to the implementation of the mitigation measures.

3.0 Composition

3.1 The membership of the JSB will comprise representatives of all the Competent Authorities, as defined in the Habitats Regulations, for the Cannock Chase SAC and who have signed the Memorandum of Understanding.

- The JSB will comprise one senior representative or their delegated officer representative from each of the Competent Authorities. Additional representatives may attend at the discretion of the Chairman.

4.0 Board Structure and Procedures

- No Competent Authority will have authority over any of the other JSB members.
- The JSB will meet, or receive reports produced by an officer in a project management role, a minimum of quarterly or when required;
- Meetings of the Board will be chaired by each Competent Authority in turn annually.
- Officer support and secretariat services will be provided by the Cannock Chase SAC Project Officer (as defined in the DIPs)
- Agendas, reports and minutes of meetings will be circulated to relevant facilitators.
- The Project Group will be represented at meetings of JSB.
- Wherever possible, decisions made at the JSB will be by means of consensus. A quorum of 50% attendance plus one member will be required for decisions to be ratified. Where a decision is needed urgently, the incoming Chair has delegated authority to make the decision. This must then be reported to the next meeting for retrospective agreement.
- Where a member of the Partnership has proposed a project outside the agreed measures (SAMMM) that body is not entitled to vote on that item.
- Voting rights are limited to the full members of Cannock Chase SAC Partnership, one vote per full member authority.
- The Cannock Chase SAC Project Officer is not entitled to vote.
- With the agreement of members of the JSB members, advisory members may be co-opted to represent a specific area of interest or issue of consideration

5.0 Remit

5.1 The JSB:

- Will exercise its function to secure compliance with the requirements of the Habitats Regulations.
- Will provide a forum for discussion of issues and coordination of activity in a private and confidential setting due to commercial sensitivity of the projects but make relevant reports available to the public where appropriate.
- Will oversee the development, implementation and monitoring of the DIPs, and agree an annual work programme and milestones based upon future projections in order to work towards achieving the Conservation Objectives for the SAC.
- Will collaborate with key facilitators when required on individual projects within the programme.
- Receive and review an annual report on the collection, management and spending of the planning obligations funding.
- Expects that representatives will commit to the actions for delivery within their respective organisations;
- Will review performance and delivery of actions within the plan and make decisions to ensure timely corrective action can be taken where necessary.
- Will advise/steer the Project Group on changing priorities based on evidence and commit to new actions where there is a shortfall in a timely manner.
- Will approve a working budget for the Cannock Chase SAC Project Officer or the officer undertaking this role whilst the post is vacant.

- Will assess projects outside the DIPs over £10,000 for evidence that they are cost effective and provide greater additional mitigation than those within the SAMMM.
- Will rely on input from the Project Group to help inform their decisions and will direct the Project Group where additional/different actions are required.
- Will agree the frequency of the Project Group meetings.
- Will act on behalf of the Partnership organisations in commissioning studies, surveys and reports or other work on relevant matters (with landowner collaboration, where required), including making bids for joint funding and grants relating to the objectives of the body.
- Represent the Cannock Chase SAC and its objectives at public meetings, events, workshops and conferences as and when necessary and, promote and champion the work of the Partnership.
- Will review its Terms of Reference as may be appropriate.

Cannock Chase SAC Project Group

Terms of Reference

1.0 Introduction

1.1 The Cannock Chase Special Area of Conservation (SAC) Partnership provides a framework for coordination between statutory bodies having land use planning responsibilities in Cannock Chase SAC. These Terms of Reference set out how the Cannock Chase SAC Project Group will work together to coordinate the delivery of a programme of mitigation, prepare and implement common plans and policies to protect the SAC, promote its understanding and appreciation to help to deliver sustainable development.

1.2 The objective of the Partnership is to use statutory planning processes and specific site and visitor management measures to secure appropriate mitigation for the impacts on the Cannock Chase SAC of Development Plan policies and proposals contained in individual planning applications and projects, thereby ensuring that the integrity of the Cannock Chase SAC is maintained.

1.3 The Cannock Chase SAC Partnership as a whole will provide a vehicle for the agreement of mitigation measures, collection and use of planning obligation monies and monitoring of work carried out.

2.0 Status

Competent Authorities include any statutory body or public office exercising legislative powers, whether on land or sea.

2.1 Each Competent Authority is individually responsible for meeting its duties under the Habitats Regulations. However by jointly preparing, implementing and reviewing the Detailed Implementation Plans (DIPs), it is anticipated that the Competent Authorities will be able to more effectively achieve the aims of the Habitats Regulations in relation to the Cannock Chase SAC, than if they acted alone. This will also relieve individual applicants form the burden of preparation of evidence for Habitats Regulations Assessment and will streamline this aspect of the development management process. To this end the Competent Authorities for the Cannock Chase SAC have formed this legal partnership overseen by the Joint Strategic Board (JSB) with the Project Group coordinating the delivery, the accumulation of funds and undertaking additional works as directed. The JSB has no additional powers but serves to ensure that all Competent Authorities contribute to the implementation of the mitigation measures.

3.0 Composition

3.1 The membership of the Project Group will comprise all of the Competent Authorities, as defined in the Habitats Regulations, for the Cannock Chase SAC and who have signed the Memorandum of Understanding.

- The Project Group will comprise appropriate officers of the Competent Authorities
- Officers or technical / professional representatives of stakeholder organisations, by invitation.

4.0 Structure and Procedures

- The Project Group will meet a minimum of quarterly.
- Meetings of the Project Group will be chaired by each Competent Authority in turn.
- Officer support and secretariat services will be provided by Cannock Chase SAC Project Officer (as defined in the DIPs) when in post.
- A minimum of 1 member of the Project Group will represent the group at the JSB meetings.
- A quorum of 50% attendance plus one member will be required for decisions to be ratified. Where a decision is needed urgently, the incoming Chair has delegated authority to make the decision. This must then be reported to the next meeting for retrospective agreement.
- Where a member of the Partnership has proposed a project outside the agreed DIPs that body is not entitled to vote on that item.
- Voting rights are limited to the representatives of the Competent Authorities, one vote per full member authority.
- The Cannock Chase SAC Project Officer will not be entitled to vote.
- With the agreement of members of the Project Group, advisory members may be co-opted to represent a specific area of interest or issue of consideration.

5.0 Remit

5.1 The Project Group will be responsible, with external support where agreed, for undertaking the following:

- Advise the JSB as necessary on issues relating to and impacting upon the SAC
- Will coordinate the implementation of the DIPs.
- Provide technical support to the JSB, prepare reports for the JSB's consideration and carry out such actions as may be instructed by the JSB.
- Undertake work identified in the annual work programme or as otherwise prioritised.
- Agree an annual monitoring report for the year ending 31st March prepared by the Cannock Chase SAC Project Officer, together with regular updates on progress for the Board.
- Prepare, agree and maintain a five-year rolling project plan, based upon the objectives of the Partnership.
- The Project Group may establish small project or working groups, resourced as necessary, to progress issues related to delivering the agreed annual work programme.
- Use of delegated authority to consider project substitution up to a value of £10K where projects outside of the DIPs can be proved to provide greater or additional mitigation to those within the DIPs.
- Identification of alternative mitigation projects
- Represent the Cannock Chase SAC and its objectives at public meetings, events, workshops and conferences as and when necessary and, promote and champion the work of the Partnership.
- Annually review the collection, management and spending of the planning obligations funding and prepare an annual report for the JSB.
- Provide information to allow the levels of residential development, spend and outcomes of project work to be monitored.
- Will review its Terms of Reference as may be appropriate.

Signatories:

Signed for and on behalf of
CANNOCK CHASE DISTRICT COUNCIL

Authorised signature: ____________________________

Name: ____________________________
Position: ____________________________
Date: ____________________________

Signed for and on behalf of
EAST STAFFORDSHIRE BOROUGH COUNCIL

Authorised signature: ____________________________

Name: ____________________________
Position: ____________________________
Date: ____________________________

Signed for and on behalf of
LICHFIELD DISTRICT COUNCIL

Authorised signature: ____________________________

Name: ____________________________
Position: ____________________________
Date: ____________________________

Signed for and on behalf of
SOUTH STAFFORDSHIRE DISTRICT COUNCIL

Authorised signature: ____________________________

Name: ____________________________
Position: ____________________________
Date: ____________________________

Signed for and on behalf of
STAFFORD BOROUGH COUNCIL

Authorised signature: ____________________________

Name: ____________________________
Position: ____________________________
Date: ____________________________

Signed for and on behalf of
WOLVERHAMPTON CITY COUNCIL

Authorised signature: ____________________________

Name: ____________________________
Position: ____________________________
Date: ____________________________

Signed for and on behalf of
WALSALL BOROUGH COUNCIL

Authorised signature: ____________________________

Name: ____________________________
Position: ____________________________
Date: ____________________________

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DATED: 2022

STAFFORD BOROUGH COUNCIL (1)

And

CANNOCK CHASE DISTRICT COUNCIL (2)

And

EAST STAFFORDSHIRE BOROUGH COUNCIL (3)

And

LICHFIELD DISTRICT COUNCIL (4)

And

SOUTH STAFFORDSHIRE DISTRICT COUNCIL (5)

And

WOLVERHAMPTON CITY COUNCIL (6)

And

WALSALL BOROUGH COUNCIL (7)

……………………………………………………………………………….…………

AGREEMENT IN RELATION TO

DEVELOPER FINANCIAL CONTRIBUTIONS AND

THE CANNOCK CHASE SPECIAL AREA OF CONSERVATION (SAC)

DETAILED IMPLEMENTATION PLANS (DIPs)

…………………………………………………………………………………………………..

THIS AGREEMENT is made as a Deed on the day of 2022

BETWEEN:

(1) **STAFFORD BOROUGH COUNCIL** of Civic Centre, Riverside, Stafford, Staffordshire ST16 3AQ **(''SBC'')**

(2) **CANNOCK CHASE DISTRICT COUNCIL** of Civic Centre, Beecroft Road, Cannock, Staffordshire WS11 1BG **(''CCDC'')**

(3) **EAST STAFFORDSHIRE BOROUGH COUNCIL** of The Town Hall, King Edward Place, Burton upon Trent, Staffordshire DE14 2EB (**''ESBC''**)

(4) **LICHFIELD DISTRICT COUNCIL** of District Council House, Frog Lane, Lichfield, Staffordshire WS13 6YY (''**LDC**''), and

(5) **SOUTH STAFFORDSHIRE DISTRICT COUNCIL** of Council Offices, Wolverhampton Road Codsall, Staffordshire WV8 1PX (**''SSDC''**)

(6) **WOLVERHAMPTON CITY COUNCIL** of Civic Centre, St. Peters Square, Wolverhampton, WV1 1SH ("**WCC**")

(7) **WALSALL BOROUGH COUNCIL** of Civic Centre, Walsall, WS1 1TP (**WBC**)

Each a ''party'' and together the ''parties''.

BACKGROUND:

(A) On or around 18 January 2017 the parties entered into the Partnership Memorandum of Understanding, or agreed to take effect by the Joint Strategic Board to deliver the Detailed Implementation Plans (DIPs) and implement the Guidance to Mitigate the Impact of new Residential Development document within a 15 kilometre radius of the Cannock Chase Special Area of Conservation.

(B) The parties are members of the Cannock Chase Special Area of Conservation Joint Strategic Board, established for the protection of the Cannock Chase Special Area of Conservation. The parties are also the local planning authorities for their areas.

(C) The Joint Strategic Board has agreed the DIPs for the Cannock Chase Special Area of Conservation. The DIPs are evolving documents and will be agreed on an ongoing basis by the Board.

(D) The parties have agreed to secure the collection of financial contributions from developers in their area by way of agreements or unilateral undertakings under section 106 of the Town and Country Planning Act 1990 or via the Community Infrastructure Levy Regulations 2010 (as amended) to assist in the delivery of the DIPs . This approach is set out in the 'Guidance to Mitigate the Impact of new Residential Development document, as prepared by each party.

(E) SBC has agreed to be the Financially Accountable Body for the Contributions and for the delivery of the Guidance to Mitigate the Impact of new Residential Development in accordance with the terms of this Agreement.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

The following definitions shall apply throughout this Agreement:

Agreed Dates	means the dates upon which the Contribution is payable, being the 1st October and 1st April in each year during the Term.
Authorised Representatives	means the people appointed from time to time as representatives for the parties;
Board	means the Cannock Chase Special Area of Conservation Joint Strategic Board;
Business Day	means any day that is not a Saturday, Sunday or bank holiday or public holiday in England;
Cannock Chase SAC	means the Cannock Chase Special Area of Conservation designated in 2005 under the provisions of European Habitats Directive and located within the Cannock Chase Area of Outstanding Natural Beauty and shown on the plan attached in Schedule 1;
Cannock Chase Special Area of Conservation Partnership	means the Partner Authorities who collect the Contributions to ensure compliance with the Habitat Regulations in relation to the DIPs Assessment in order to mitigate for residential development through the Partner Authorities' local plans;
Confidential Information	means any information received from a disclosing party for the purposes of this Agreement or otherwise relating in any way to the business, operations and activities of the disclosing party that if disclosed in tangible form is marked confidential or if disclosed otherwise is confirmed in writing as being confidential or, whether disclosed in tangible form

	or otherwise, is manifestly confidential (including this Agreement and the relationship between the parties);
Contributing Partners	means the parties responsible for paying the Contributions to SBC in accordance with the terms of this Agreement, namely CCDC, ESBC, LDC, SSDC, WCC and WBC;
Contributions	means the financial contributions paid by developers to the respective parties in respect of residential development within the Zone of Payment and secured by the parties under section 106 of the Town and Country Planning Act1990 or via the Community Infrastructure Levy Regulations 2010 in accordance with the Partnership Memorandum of Understanding and to facilitate the delivery of the DIPs.
Data Protection Legislation	all applicable data protection and privacy legislation in force from time to time in the UK including the UK GDPR; the Data Protection Act 2018 (DPA 2018) (and regulations made thereunder) and the Privacy and Electronic Communications Regulations 2003 (*SI 2003/2426*) as amended;
Detailed Implementation Plans (DIPs)	a plan of actions to mitigate for the likely increase in the number of visits to the Cannock Chase SAC resulting from new residential development within 15km of the Cannock Chase SAC.
EIRs	means the Environmental Information Regulations 2004;
Financial Year	a year as reckoned for taxing or accounting purposes, from 6 April of each year;
Financially Accountable Body	means SBC, the body who has been appointed for the purpose of ensuring the collection and expending of the Contributions and for the delivery of the GMIRD on behalf of the Partners in accordance with the terms of this Agreement;
FOIA	means the Freedom of Information Act 2000;
Force Majeure	means any circumstance not within a party's reasonable control including, without limitation: a prohibitive act of parliament or, prohibitive governmental regulations; acts of God; epidemic or pandemic; war and other hostilities / national emergency (whether war is declared or not), invasion, act of foreign enemies or terrorism; national strikes; exceptional weather conditions; pressure waves caused by aircraft or aerial devices travelling at sonic or supersonic speeds, rebellion, revolution, civil commotion, riots or disorder; ionising radiation, or contamination by radioactivity from any nuclear fuel or nuclear waste, or combustion of

	nuclear fuel, radioactive, toxic, explosive, or other hazardous properties of any explosive nuclear assembly or nuclear component thereof; explosives on site and their removal; or other similar circumstances which are beyond the reasonable control of each of the parties, provided that Force Majeure shall not include any strike or labour dispute involving any parties' personnel or any failure to provide the Services by any of SBC's sub-contractors;
GMIRD	means the Guidance to Mitigate The Impact of Residential Development on the Cannock Chase SAC which forms part of the DIPs and prepared by each individual party to mitigate the impact of residential development within the Zone of Payment on the Cannock Chase SAC;
Habitats Regulations	means the Conservation of Habitats and Species Regulations 2017 (as amended);
Intellectual Property Rights	means patents, rights to inventions, copyright and related rights, trade marks, business names and domain names, rights in get-up, goodwill and the right to sue for passing off or unfair competition, rights in designs, rights in computer software, database rights, rights to use, and protect the confidentiality of, Confidential Information (including know-how) and all other intellectual property rights, in each case whether registered or unregistered and including all applications and rights to apply for and be granted, renewals or extensions of, and rights to claim priority from, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world;
Partner Authorities	means the partner authorities who make up the Cannock Chase Special Area of Conservation Partnership and the parties to this Agreement; "Partners" shall be construed accordingly;
Partnership Memorandum of Understanding	Memorandum of Understanding of the Cannock Chase Special Area of Conservation Partnership signed by the Partner Authorities on or around 18 January 2017 in the form set out in Schedule 3;
Personal Data	as defined in the Data Protection Legislation;
Services	as defined in clause 4.1;
Term	means the term of this Agreement as set out in clause 2.1;

UK GDPR	has the meaning given to it in section 3(10) (as supplemented by section 205(4)) of the Data Protection Act 2018.
Zone of Payment	means residential developments within a 0 - 15 km radius of the boundary of the Cannock Chase SAC as set out in Schedule 2.

1.2 Interpretation

1.2.1 In this Agreement:

a) a reference to this Agreement includes its schedules, appendices and annexes;

b) the table of contents, background section and any clause, schedule or other headings in this Agreement are included for convenience only and shall have no effect on the interpretation of this Agreement;

c) a reference to a 'party' includes that party's successors and permitted assigns;

d) a reference to a 'person' includes a natural person, corporate or unincorporated body (in each case whether or not having separate legal personality) and that person's personal representatives, successors and permitted assigns;

e) a reference to a 'company' includes any company, corporation or other body corporate, wherever and however incorporated or established;

f) a reference to a gender includes the other gender;

g) reference to party means the parties named in this Agreement;

h) words in the singular include the plural and vice versa;

i) any words that follow 'include', 'includes', 'including', 'in particular' or any similar words and expressions shall be construed as illustrative only and shall not limit the sense of any word, phrase, term, definition or description preceding those words;

j) a reference to 'writing' or 'written' includes any method of reproducing words in a legible and non-transitory form.

1.2.2 Any reference to a statute, statutory provision or subordinate legislation shall be construed as referring to:

(i) such legislation as amended and in force from time to time and to any legislation that (either with or without modification) re-enacts, consolidates or enacts in rewritten form any such legislation; and

(ii) any subordinate legislation made under the same before (but not after) the date of this Agreement.

2. TERM

2.1. This Agreement shall commence on the date of this Agreement and shall automatically expire after five (5) years unless extended in accordance with clause 2.2 or terminated earlier in accordance with clause 10 of this Agreement (the "**Term**")

2.2. This Agreement may be extended at any time by mutual written agreement between all the parties.

3. THE CONTRIBUTIONS

3.1. During the Term, the Contributing Partners shall use reasonable endeavours to collect the Contributions and pay those Contributions to SBC on the Agreed Dates or, if not paid on the Agreed Dates, within fourteen (14) days of the Agreed Dates.

3.2. The Contributing Partners shall remit the Contributions to SBC by way of BACS payment or a telegraphic transfer for the attention of the Finance Department by quoting reference 'SAC LA payments'. SBC shall acknowledge receipt in writing of each Contribution received within fourteen (14) days.

3.3. In the event that any or all of the Contributing Partners fail to pay the Contributions to SBC in accordance with clause 3.1, SBC shall refer the relevant details to the Board.

3.4. SBC will keep accurate books of account and financial records in relation to the deposit and expenditure of the Contributions in accordance with sound and prudent financial management.

3.5. SBC shall ensure that all Contributions received from the Contributing Partners are deposited in a high interest-bearing bank account until such time that the Contributions have been expended in accordance with the provisions of the DIPs and the terms of the Partnership Memorandum of Understanding.

3.6. At the beginning of each Financial Year, SBC shall provide and submit to the Contributing Partners:

(a) a written record of all Contributions received during the preceding Financial Year; and

(b) a written record of the expenditure of the Contributions during the preceding Financial Year.

4. ADDITIONAL OBLIGATIONS OF SBC

4.1. SBC shall be responsible for and carry out the project management of the GMIRD (the "**Services**") on behalf of the Board, acting as its agent.

4.2. SBC shall not be obliged to deliver the Services personally and may contract in whole or in part to deliver the Services. SBC shall not be obliged to seek the approval or endorsement of the parties in procuring the Services. SBC shall follow its own corporate governance procedures in relation to the Services.

4.3. SBC and its contractors shall have reference in the provision of the Services to the most up to date version of the DIPs as approved by the Board from time to time.

4.4. SBC shall, for the duration of this Agreement, be responsible for the recruitment and employment of the SAC Project Officer and the SAC Engagement Officer (the "**SAC Officer Roles**").

5. REVIEW & MANAGEMENT

5.1. The DIPs will be reviewed and agreed by the Board from time to time.

5.2. The parties may meet to review the operation of this Agreement annually at the anniversary of this Agreement or at such other times as the parties may agree.

6. FREEDOM OF INFORMATION

6.1 Each party will use reasonable endeavours to assist the other parties to comply with their obligations under the FOIA, the EIRs and any other applicable legislation governing access to information.

6.2 If a party receives a request for information under such legislation ("the Receiving Party") and requires the other parties' assistance in obtaining that information, the other parties will provide such assistance within such reasonable timeframe requested by the Receiving Party (and in any case no later than ten (10) Business Days after receiving the Receiving Party's request) in order for the Receiving Party to comply with its statutory obligations.

6.3 If a request is made under such legislation for information which relates to either the Agreement or one of the other parties, the Receiving Party will immediately consult with the other party(ies) and take their views into consideration when making a decision as to whether or not the requested information should be disclosed, giving serious consideration to whether any statutory exemptions apply.

6.4 If the Receiving Party determines that information (including Confidential Information) must be disclosed, it will notify the other party(ies) of such decision as soon as reasonably practicable.

7. DATA PROTECTION

7.1 No Personal Data is being transferred from one party to another. Should this change in the future, all parties shall agree data processing agreements from time to time that honour each party's obligations under the Data Protection Legislation, such agreement not to be unreasonably withheld.

8. CONFIDENTIALITY

8.1. Subject to clause 8.2, each party shall keep the other parties' Confidential Information confidential and shall not:

8.1.1. use such Confidential Information except for the purpose of performing its rights and obligations under or in connection with this Agreement; or

8.1.2. disclose such Confidential Information in whole or in part to any third party, except as expressly permitted by this clause 8.

8.2. The obligation to maintain confidentiality of Confidential Information does not apply to any Confidential information:

8.2.1. which the other party confirms in writing is not required to be treated as Confidential Information;

8.2.2. which is obtained from a third party who is lawfully authorised to disclose such information without any obligation of confidentiality;

8.2.3. which a party is required to disclose by judicial, administrative, governmental or regulatory process in connection with any action, suit, proceedings or claim or otherwise by applicable law, including the FOIA or the EIRs;

8.2.4. which is in or enters the public domain other than through any disclosure prohibited by this Agreement;

8.2.5. which a party can demonstrate was lawfully in its possession prior to receipt from another party; or

8.2.6. which is disclosed by a party on a confidential basis to any central government or regulatory body.

8.3. A party may disclose another party's Confidential information to those of its Authorised Representatives who need to know such Confidential Information for the purposes of performing or advising on the party's obligations under this Agreement, provided that:

8.3.1. it informs such Authorised Representatives of the confidential nature of the Confidential Information before disclosure; and

8.3.2. it procures that its Authorised Representatives shall, in relation to any Confidential Information disclosed to them, comply with the obligations set out in this clause as if they were a party to this Agreement,

8.3.3. and at all times, it is liable for the failure of any Authorised Representatives to comply with the obligations set out in this clause 8.3.

8.4 The provisions of this clause shall apply during the continuance of the Agreement and indefinitely after its expiry or termination.

9. **INTELLECTUAL PROPERTY**

9.1 The parties agree that all rights, title and interest in or to any information, data, reports, documents, procedures, forecasts, technology and any other Intellectual Property Rights whatsoever owned by a party before the date of this Agreement or developed by any party during the Term, shall remain the property of that party.

9.2 Where a party has provided the another party (the “**Receiving Party**”) with any of its Intellectual Property Rights for use in connection with the Agreement (including without limitation its name and logo), the Receiving Party shall, on termination of this Agreement, cease to use such Intellectual Property Rights immediately and shall either return or destroy such Intellectual Property Rights as requested by the party who provided the Intellectual Property Rights.

10. TERMINATION

10.1 Any party may terminate this Agreement with immediate effect by serving notice in writing on the other parties where a party has breached a material obligation under this Agreement and the breach cannot, in the reasonable opinion of the terminating party, be remedied.

10.2 SBC may terminate this Agreement with immediate effect by serving notice in writing on the other parties where:-

(a) any statute law, primary or secondary legislation should alter the status of the Cannock Chase SAC or alter or affect the validity of the DIPs; or

(b) If the Board determines that the GMIRD and / or the DIPs are no longer needed or are changed in such a way as to render the provisions of this Agreement superseded or unlawful.

10.3 Any Contributing Partner may terminate this Agreement with immediate effect by serving notice in writing to the other parties where:

(a) a Force Majeure Event has disrupted the ability of SBC to perform its obligations under this Agreement for a period of at least 30 consecutive days; or

(b) it becomes unlawful for SBC to continue to act as the Financially Accountable Body (either in whole or in part).

10.4 Any party may terminate this Agreement at any time by giving the other parties no less than three (3) months' notice in writing.

10.5 Any delay by a party in exercising the right to terminate shall not constitute a waiver of such rights.

10.6 On termination or expiry of this Agreement, any Contributions held by SBC, but not spent on the Services, shall be retained by SBC exclusively for the purposes set out in the DIPs or for such other purposes reasonably related the protection or improvement of the Cannock Chase Special Area of Conservation as the Board may determine.

11 LIABILITY AND INDEMNITY

11.1 Subject to clause 11.3 and for the duration of this Agreement, SBC shall indemnify the Contributing Partners for and against all direct damages, losses, costs, claims, charges, liabilities and expenses (including reasonably incurred legal expenses) arising from the arrangement agreed under this Agreement or its termination thereof, which arises as a result of any act or omission of SBC, its officers, employees or contractors.

11.2 Subject to clause 11.3 and for the duration of this Agreement, the Contributing Partners shall each separately indemnify SBC for and against all direct damages, losses, costs, claims, charges, liabilities and expenses (including reasonably incurred legal expenses) arising from the arrangement agreed under this Agreement which arise as a result of any act or omission of any of the Contributing Partners, their officers, employees or contractors.

11.3 Each party's liability under this Agreement shall be limited to the sum of the Contributions handled by SBC under this Agreement in the twelve (12) months preceding the date of the event giving rise to liability.

11.4 If pursuant to this Agreement SBC receives Contributions which have been incorrectly and / or unlawfully collected by a party, that party shall be entitled to request in writing that the unspent Contributions and any accrued interest be returned to them and SBC shall return such Contributions together with any accrued interest which have not been spent at the time of the request, within 30 days of receipt of such a request.

11.5 Each party warrants that the Contributions they pay to SBC can lawfully be spent on delivery of the GMIRD and agrees to indemnify SBC against any claims related to reimbursement of Contributions spent for this purpose.

11.6 For the duration of this Agreement, the Contributing Partners shall each separately indemnify SBC for and against all costs, losses, charges, liabilities, expenses and claims relating to the employment of the SAC Officer Roles, including recruitment and redundancy payments. The Contributing Partners shall not be responsible for any costs, losses, charges, liabilities, expenses or claims if and to the extent that it is caused by the negligence or wilful misconduct of SBC or by breach by SBC of its obligations under clause 4.4.

12 PUBLICITY

12.1 Subject to clause 12.2 no announcement or other public disclosure concerning this Agreement or any of the matters contained in it shall be made by, or on behalf of, a party without the prior written consent of the other parties, such consent not to be unreasonably withheld or delayed (the parties shall consult on the form and content of any such announcement or other public disclosure, as well as the manner of its release).

12.2 If a party is required to make an announcement or other public disclosure concerning this Agreement or any of the matters contained in it by law, any court, any governmental, regulatory or supervisory authority (including any recognised investment exchange) or any other authority of competent jurisdiction, it may do so. Such a party shall:

a) notify the other parties as soon as is reasonably practicable upon becoming aware of such requirement to the extent it is permitted to do so by law, by the court or by the authority requiring the relevant announcement or public disclosure;

b) make the relevant announcement or public disclosure after consultation with the other parties so far as is reasonably practicable; and

c) make the relevant announcement or public disclosure after taking into account all reasonable requirements of the other parties as to its form and content and the manner of its release, so far as is reasonably practicable.

13 FORCE MAJEURE

13.1 A party shall not be liable to the other parties for failure to perform its obligations under this Agreement if that failure is caused by events beyond its reasonable control that constitute Force Majeure.

13.2 If a party is prevented or delayed in performing any of its obligations under this Agreement by Force Majeure, then:

a) it shall diligently take all reasonable steps and act in good faith at all times in order to avoid or minimise its failure caused by the Force Majeure;

b) promptly serve written notice on the other parties without delay, setting out the nature of the circumstances that constitute Force Majeure and stating on what date the Force Majeure took effect, how this will affect its performance of the Agreement and its actions (or proposed actions) to mitigate the effect of the Force Majeure on its performance of this Agreement.

13.3 If at any time during the Term SBC is prevented from performing its obligations under this Agreement due to Force Majeure for a period of at least 30 consecutive days then any Contributing Partner may terminate this Agreement with immediate effect in accordance with clause 10.3.

13.4 In the event of a Contributing Partner terminating this Agreement pursuant to clause 10.3, SBC shall not be liable to any of the Contributing Partners for any delay or non-performance of its obligations under this Agreement to the extent that such non-performance is due to a Force Majeure event.

14 DISPUTE RESOLUTION

14.1 The parties shall make every reasonable effort (acting in good faith at all times) to resolve by agreement any dispute which arises between them concerning any issue relating to this Agreement.

14.2 If a mutually satisfactory resolution cannot be reached within ten (10) Business Days of a dispute being notified in writing by one party to the others, the parties shall comply with the following procedure:

a) The dispute shall be discussed at a meeting of the parties' Authorised Representatives, to be held within ten (10) Business Days of referral to them.

b) If the dispute is not resolved within ten (10) Business Days after the above meeting, the dispute shall be referred to the chief executives of the parties (or their authorised representatives).

(c) If the parties' chief executives fail to resolve the dispute within ten (10) Business Days of its referral to them, any party may refer the dispute for mediation in accordance with the CEDR Model Mediation Procedure.

14.3 The parties shall bear their own legal costs of this dispute resolution procedure, but the costs and expenses of mediation shall be borne by the parties equally.

15. GENERAL

15.1 **Costs**

15.1.1 Each of the parties will pay their own costs and expenses incurred in connection with the negotiation, preparation, execution, completion and implementation of this Agreement.

15.2 **Assignment and Other Dealings**

15.2.1 SBC may assign, subcontract or encumber any right or obligation under this Agreement, in whole or in part, without the Contributing Partners' prior written consent.

15.3 **Entire Agreement**

15.3.1 This Agreement together with any documents referred to in it constitutes the entire agreement between the parties and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating to its subject matter.

15.3.2 Each party acknowledges that in entering into the Agreement it does not rely on and shall have no remedies in respect of any statement, representation, assurance or warranty (whether made innocently or negligently) that is not set out in the Agreement. Each party agrees that it shall have no claim for innocent or negligent misrepresentation or negligent misstatement based on any statement in the Agreement.

15.4 **Variation**

15.4.1 No variation of the Agreement shall be effective unless it is in writing and signed by the parties (or their Authorised Representatives).

15.5 **Waiver**

15.5.1 A waiver of any right or remedy under the Agreement or by law is only effective if given in writing and shall not be deemed a waiver of any subsequent right or remedy.

15.5.2 A failure or delay by a party to exercise any right or remedy provided under the Agreement or by law shall not constitute a waiver of that or any other right or remedy, nor shall it prevent or restrict any further exercise of that or any other right or remedy. No single or partial exercise of any right or remedy provided under the Agreement or by law shall prevent or restrict the further exercise of that or any other right or remedy.

15.6 **Severance**

15.6.1 If any provision or part-provision of the Agreement is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision or part-provision under this clause shall not affect the validity and enforceability of the rest of the Agreement.

15.7 **Notices**

15.7.1 Any notice or other communication given to a party under or in connection with the Agreement shall be in writing and shall be delivered by hand or by first-class post or recorded delivery to the address set out at the beginning of this Agreement and addressed to the Authorised Representative.

15.7.2 Any notice or communication shall be deemed to have been served:

(i) if delivered by hand, at the time the notice is left at the proper address;

(ii) if sent by first-class post, at 9.00 am on the second Business Day after posting; and

(iii) if sent by recorded delivery, at the time the delivery was signed for.

15.7.3 If a notice is served after 4.00pm on a Business Day, or on a day that is not a Business Day, it is to be treated as having been served on the next Business Day.

15.7.4 This clause does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

15.8 **Third Party Rights**

15.8.1 The Agreement does not give rise to any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Agreement.

15.9 **Counterparts**

15.9.1 This Agreement may be executed in any number of counterparts, each of which shall constitute a duplicate original of this Agreement, but all the counterparts shall together constitute the one Agreement.

15.10 **Governing Law**

15.10.1 The Agreement, and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation, shall be governed by, and construed in accordance with, the law of England and Wales.

15.11 **Jurisdiction**

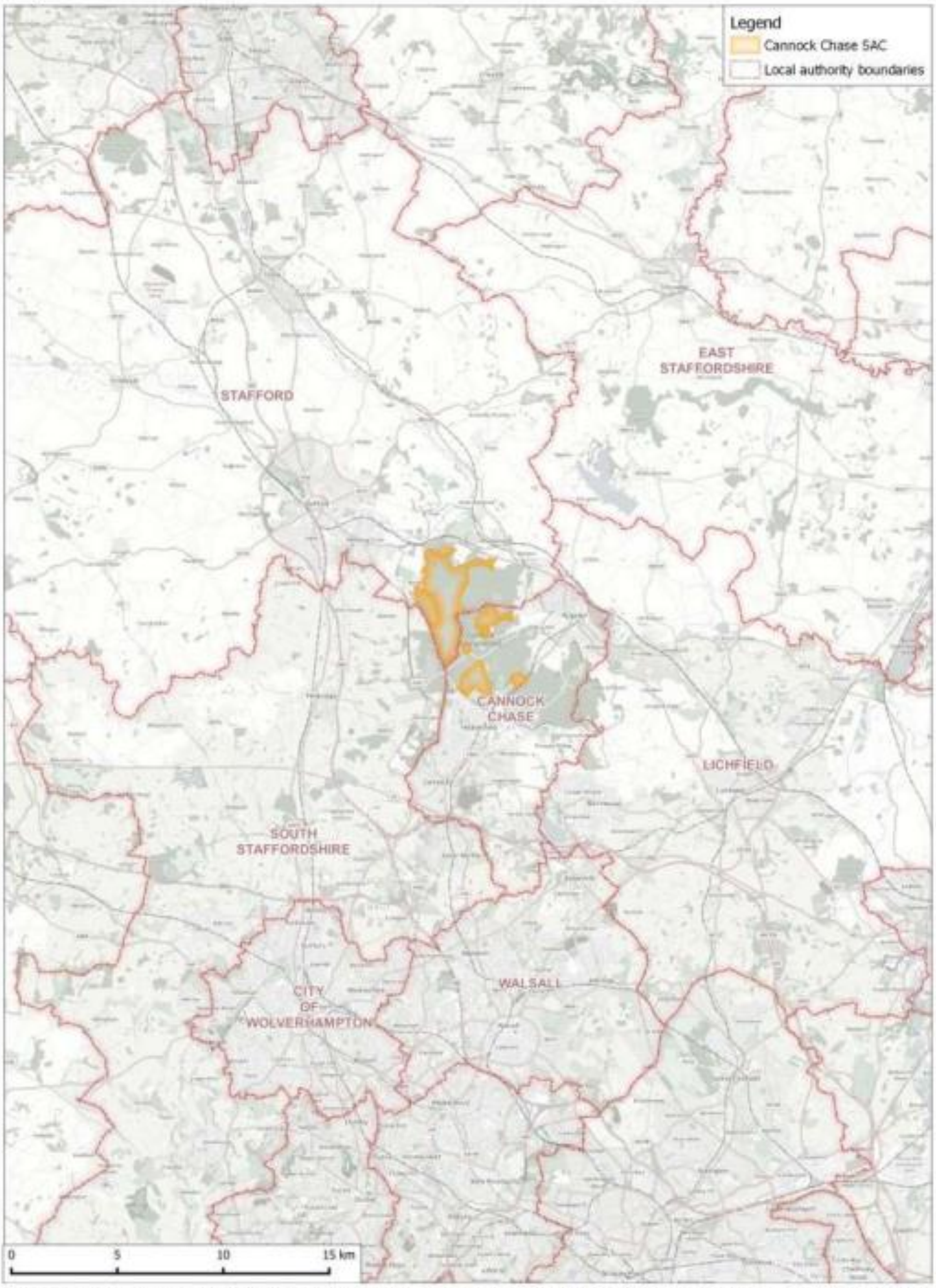
15.11.1 Each party irrevocably agrees that the courts of England shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with the Agreement or its subject matter or formation.

EXECUTED as a **DEED** and is delivered and takes effect on the date stated at the beginning of it.

SCHEDULE 1

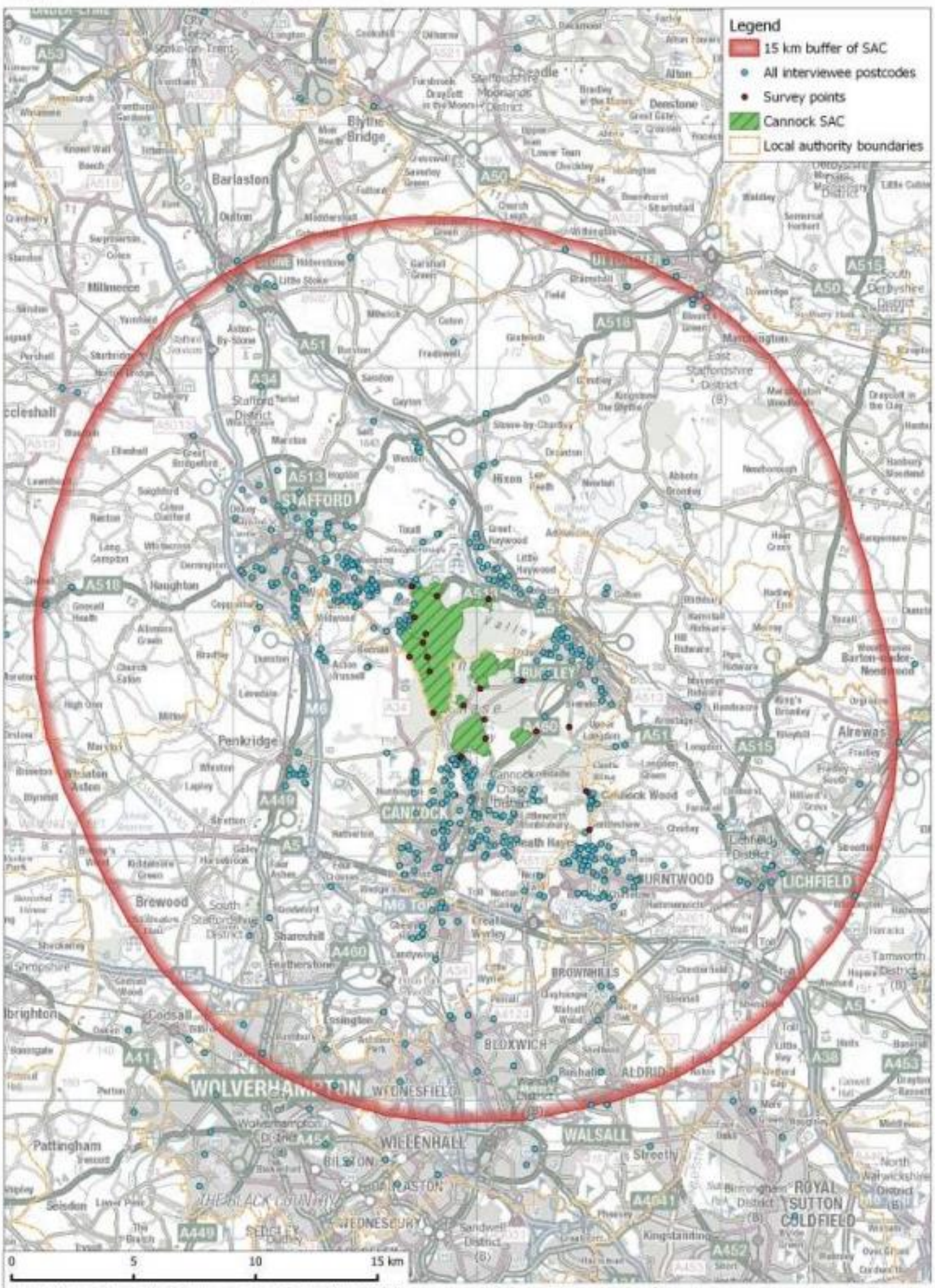
Map 1: Plan of Cannock Chase SAC

Map 1: Location of the Cannock Chase SAC.



SCHEDULE 2

Map 2: Plan of the Cannock Chase SAC 15km Zone of Payment



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SCHEDULE 3

Partnership Memorandum of Understanding

Memorandum of
Understanding.docx

By affixing the **COMMON SEAL** of **STAFFORD BOROUGH COUNCIL**
In the presence of:

………………………………………………………………
Authorised Signatory

By affixing the **COMMON SEAL** of **CANNOCK CHASE DISTRICT COUNCIL**
In the presence of: ………………………………………………………………
Authorised Signatory

By affixing the **COMMON SEAL** of **LICHFIELD DISTRICT COUNCIL**
In the presence of: ………………………………………………………………
Authorised Signatory

By affixing the **COMMON SEAL** of **EAST STAFFORDSHIRE BOROUGH COUNCIL**
In the presence of: ………………………………………………………………
Authorised Signatory

By affixing the **COMMON SEAL** of **SOUTH STAFFORDSHIRE DISTRICT COUNCIL**
In the presence of: ………………………………………………………………
Authorised Signatory

By affixing the **COMMON SEAL**
of **WOLVERHAMPTON CITY COUNCIL**
In the presence of:

………………………………………………………………
Authorised Signatory

By affixing the **COMMON SEAL**
of **WALSALL BOROUGH COUNCIL**
In the presence of:

………………………………………………………………
Authorised Signatory

FOOTPRINT ECOLOGY

Cannock Chase Special Area of Conservation Planning Evidence Base Review Stage 2

Durwyn Liley & Chris Panter

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Footprint Contract Reference: 579
Date: 12th July 2021
Version: Final.
Recommended Citation: Liley, D. & Panter, C. (2020). Cannock Chase SAC Planning Evidence Base Review Stage 2. Report by Footprint Ecology for the SAC Partnership

Summary

This report has been commissioned by Cannock Chase SAC Partnership to review and provide information to update the strategic approach to mitigation for recreation impacts on the SAC. The work has been commissioned to review the geographic scope of the strategy ('zone of influence'), review the levels of likely housing growth over the period 2020-2040, review the Strategic Access Management and Monitoring Measures ('SAMMM') necessary to provide mitigation and their costs; and consider how costs could be apportioned to the anticipated growth. The report follows from an earlier Stage 1 Evidence Base Review produced in 2017.

Zone of influence

The 15km zone derived from the original visitor survey in 2012 still has merit and is supported by more recent visitor survey data from 2018. Use of the 75th percentile (i.e. the distance 75% of visitors originated from, measured as the straight-line distance between the interview location and home postcode) has become the standard way to define a zone of influence for recreation. Using the 2018 data, the 75th percentile for those travelling from home only on a short visit was 14.8km and for all visitors combined it was 15.3km.

The 15km distance is relatively large compared to some other European sites, but certainly not exceptional. This relatively wide draw of Cannock Chase is likely to be down to the particular characteristics of the site (a relatively unique, large, scenic area), the activities undertaken by visitors (it draws mountain bikers from a very wide area for example) and the geographic spread of housing (such that there are some large conurbations at some distance). The 75th percentile for frequent visitors (those visiting at least monthly) from the 2018 data was 7.8km and when mapped this encompasses the main settlements and urban areas from which regular users clearly originate. This provides the option of defining a core area – at 8km – that reflects the area from which the more frequent visitors originate.

Potential levels of future growth within the zone of influence

Using data from surrounding local authorities, pooled by the SAC Partnership the likely scale of growth within 15km is around a 17% increase in the number of residential properties by 2040. Approximately 43,000 new dwellings are anticipated (21,671 of which are anticipated after April 2022, when the tariff is scheduled to be updated). While these figures are indicative and simply a snapshot at this moment in time, they provide the basis by which to ensure a suitable level of mitigation is available and can be secured.

Relevant types of development

This report is focussed on impacts resulting from a net increase in residential units (i.e. C3 Use Class), located within the zone of influence for Cannock Chase SAC. This makes sense as people visiting Cannock Chase directly from home for a short visit account for the majority of access. There are also other uses and forms of development that may have different impacts on the SAC. For example, results from the 2018 visitor survey indicate that, at certain locations and times of year, other types of visitor (such as tourists) account for around a quarter of visits. We provide an overview of the different types of development and how they might be considered within the mitigation scheme. The scheme can be extended to a range of use types including hotels, assisted living and self-catering, caravan and touring holiday accommodation.

Mitigation measures and cost of mitigation

We review mitigation measures and draw on the detailed implementation plans (relating to car-parking and to site-users) which have already been produced and include costings for different mitigation elements. We estimate the total cost of mitigation would be £6,297,104. This total includes the costs to deliver the implementation plans and in addition covers some additional staffing, monitoring and contingency.

We review approaches to collecting developer contributions and a single set tariff for all growth within 15km would give a cost per dwelling of around £290.58[1]. Such an approach would broadly mirror the approach used by other strategic mitigation schemes around the country. We also consider the relative merits of other approaches to apportion costs. These include a two-zone approach which could provide an alternative whereby contributions are higher closer to the SAC.

We also highlight the importance of restricting growth directly adjacent to the SAC boundary (where the risks per dwelling are much higher), and the importance of continuing to limit new residential growth within 400m of the SAC boundary.

[1] i.e. £6,297,104/21,671. This value excludes any administration costs or in-perpetuity funding

Contents

Acknowledgements

This report has been commissioned by the Cannock Chase SAC Partnership and we are grateful to the partners for discussion and comment. Our thanks go to Chris Walsh and Kristie Charlesworth from the SAC team for overseeing the initial commission and Alex Yendole (Stafford Borough Council) for his support. Our thanks also to James Benton from the SAC team who oversaw the finalising of the report. The report has been revised and updated following comments from the SAC Partnership. Fenella Lewin (Footprint Ecology) proofread an early draft.

1. Introduction

Overview

1.1 Cannock Chase Special Area of Conservation (SAC) is an area of internationally important heathland in the West Midlands. It is vulnerable to impacts from recreation linked to the growing population that surrounds the site. In order to comply with the relevant legislation and ensure adequate protection for the SAC, local authorities have established a mitigation approach to address the impacts of new development growth surrounding the SAC.

1.2 This report has been commissioned by Cannock Chase SAC Partnership to review and provide information to update the strategic approach. In particular, the work has been commissioned to:

- Review the geographic scope of the strategy, in terms of the Zone of Influence for recreational pressure from housing and related development on Cannock Chase SAC in light of the results of the most recent visitor survey data;
- To conduct a comprehensive review of the existing Cannock Chase SAC Strategic Access Management and Monitoring Measures (the SAMMM) in light of the Zone of Influence, and projected housing and related development within this Zone.
- To review and update the SAMMM to create a robust program for the mitigation of increasing visitor pressures on the SAC from new development, to form the basis for planning policies to be adopted by the relevant Local Planning Authorities in their Local Plans.

1.3 It follows from a Stage 1 Evidence Base Review produced in 2017 (Hoskin and Liley, 2017).

Context

Cannock Chase SAC

1.4 Cannock Chase SAC is an area of lowland heathland of around 1,244ha (see map 1), which lies entirely within the Cannock Chase Area of Outstanding Natural Beauty (AONB). Situated on a high sandstone plateau with deeply incised valleys, the site is comprised of acidic soils that support a range of heathland, valley mire, ancient woodland and scrub types. It is designated as an SAC[2] for the following qualifying features:

- Northern Atlantic wet heaths with *Erica tetralix* (Wet heathland with cross-leaved heath);
- European dry heaths

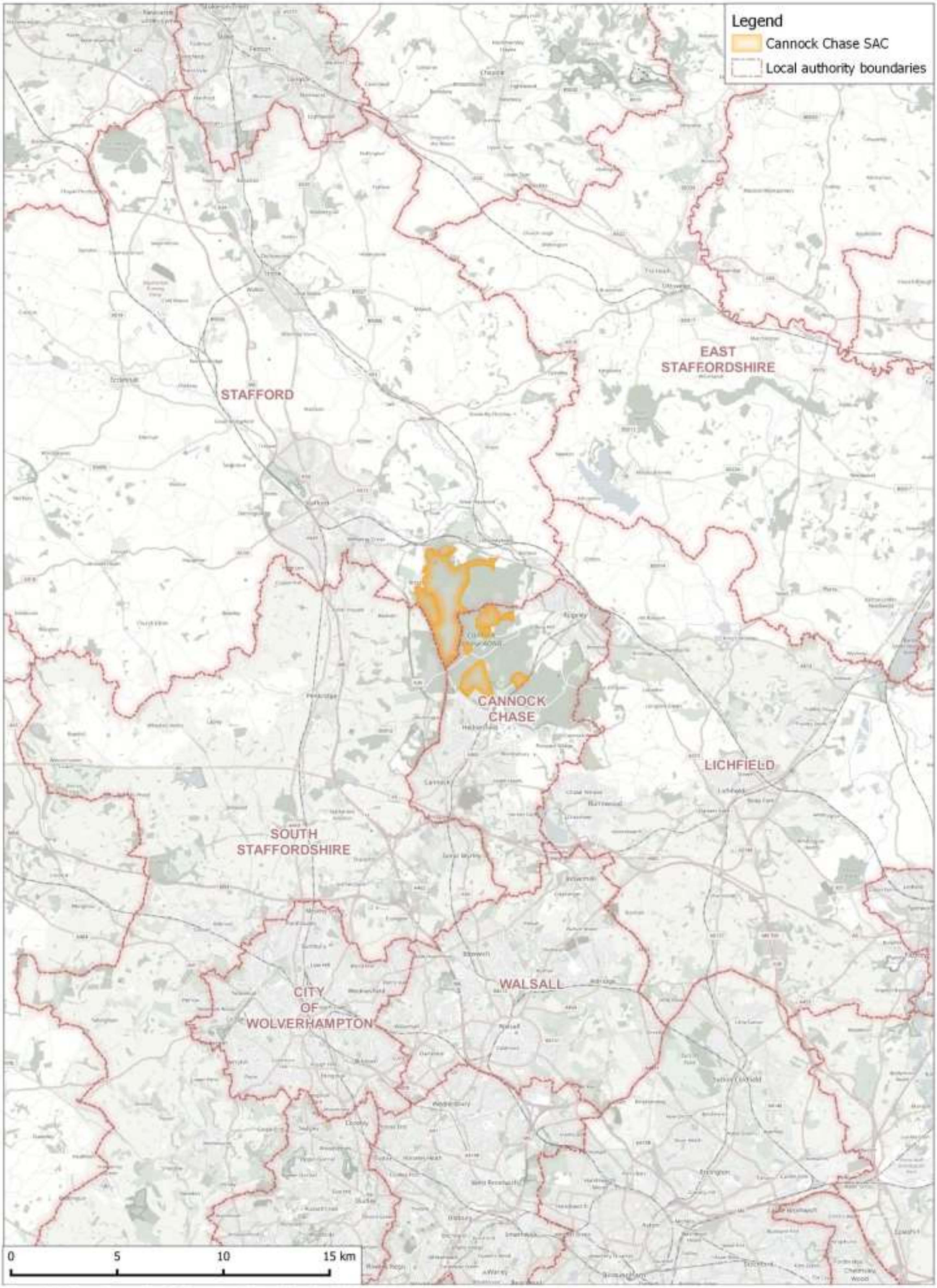
1.5 The valley mire/wet heath communities are rare, threatened vegetation types, being some of the most floristically-rich and representative examples of their type in central England. Within Cannock Chase they are found in the stream valley systems and around pools and depressions.

1.6 The area of lowland dry heathland at Cannock Chase is the most extensive in the Midlands. Its special interest also reflects an unusual floristic character, intermediate between heathlands of northern and upland England, and Wales and those of southern counties. The hybrid bilberry *Vaccinium intermedium* has its main UK stronghold at Cannock Chase. The hot, dry soil conditions found in bare ground in early successional habitats across the dry heathland is important for invertebrates such as mining bees, ants and wasps.

1.7 The designation, protection and restoration of European wildlife sites is embedded in the Conservation of Habitats and Species Regulations 2017, as amended, which are commonly referred to as the 'Habitats Regulations.' The Habitats Regulations are in place to transpose European legislation set out within the Habitats Directive (Council Directive 92/43/EEC), which affords protection to plants, animals and habitats that are rare or vulnerable in a European context, and the Birds Directive (Council Directive 2009/147/EC), which protects rare and vulnerable birds and their habitats. These key pieces of European legislation have been retained by the UK post-Brexit and seek to protect, conserve and restore habitats and species that are of utmost conservation importance and concern across Europe.

[2] See the Natural England website for detail about the qualifying features and the conservation objectives for the SAC

Map 1: Location of the Cannock Chase SAC.



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Impacts of recreation

1.8 There are a range of current pressures and threats on the SAC[3] and one area of particular concern relates to increased visitor pressure and the cumulative impacts of recreation. Impacts from recreation on the nature conservation interest are summarised in a range of sources (Liley et al., 2009; White et al., 2012) and include:

- Disturbance to wildlife;
- Trampling, leading to path widening, vegetation wear, erosion & soil compaction;
- Trampling of invertebrate nest sites;
- Fragmentation of habitats from new desire lines & paths;
- Damage to tree roots where paths pass close to veteran trees;
- Increased risk of wildfire;
- Eutrophication (dog fouling);
- Spread of disease (Phytophora);
- Contamination (e.g. dogs in water courses, litter)
- Vandalism;
- Challenges to achieving necessary management (e.g. grazing, spraying, scrub clearance)
- Resources drawn away from conservation management to deal with recreation.

1.9 Visitor surveys (Liley, 2012; Liley and Lake, 2012; Panter and Liley, 2019) show the main activities as dog walking, walking (without a dog), cycling/mountain biking and jogging. Data derived from the 2010/11 Visitor survey showed that visitors to Cannock Chase appeared to originate from a wider area that those for many similar sites across the UK, with half of all visitors living within 8km of the SAC and 75% within 15km. The range of the 75th percentile was used to establish the zone of influence for assessment of impacts of new development, encompassing land within the boundary of seven different Local Planning Authorities. A smaller 8km Zone was established as the area from which most frequent visitors originated. Using the housing growth figures derived from planned development within the Local Plans of relevant authorities it was originally estimated that, during the period March 2011-March 2026, around 30,134 new dwellings would be created within the 15km zone.

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[3] See the site improvement plan for overview

The Cannock SAC Partnership

1.10 In response to the evidence of significant impact to Cannock Chase SAC linked to increasing recreational pressures, the Cannock Chase SAC Partnership (comprising of 6 Local Planning Authorities(LPAs), Staffordshire County Council, Natural England, and a number of key stakeholders) was formalized under a Memorandum of Understanding in 2016. As Competent Authorities (defined in the Habitats Regulations) local planning authorities have to ensure that policies in their Local Plans for new development do not lead to harm to the SAC in order to demonstrate compliance to the responsibilities placed upon them by regulation 63 of the Habitats Regulations. As such the SAC Partnership has brought the planning authorities within the original zone of influence for the SAC together, with other key stakeholders, to fulfil their duties to the SAC through a collaborative and coordinated approach.

1.11 A suite of Strategic Access Management and Monitoring Measures ('SAMMM') were identified which would be funded through financial contributions from new residential developments within 8km of the SAC (the zone within which most frequent visitors originated).

1.12 In 2017 the Cannock Chase SAC stage 1 of the planning evidence base review was undertaken (Hoskin and Liley, 2017) to act as a 'health check' upon the SAMMM, to review the current situation, check if the SAMMM was still fit for purpose, and act as a platform for further work going forward. The 2017 review concluded that, in the short term, the SAMMM remained fit for purpose, with the scale of works within it sufficient to mitigate the current level and rate of growth within the Zone of influence. However, it was recognised that in the medium to long term the SAMMM (if not reviewed and expanded) was unlikely to remain a robust approach to the mitigation of growing visitor impact due to a number of factors greatly increasing the scale and rate at which residential development was likely to grow within the zone of influence.

Need for this review

1.13 Since signing the 2016 MoU a number of factors have affected the LPAs anticipated residential growth within the Cannock Chase SAC Zone of influence, including Plan reviews and amendment to the national metric used to calculate predicted housing need. A significant factor is the Greater Birmingham and Black Country Housing Market Area's growing housing needs which, at the time of the 2017 stage 1 planning evidence base review, were still being assessed. In 2018 a report by GL Hearn and Wood plc was published, concluding that there was a shortfall against housing requirements (up to 2036) of a minimum of 60,855 new dwellings across the Housing Market Area (HMA). This shortfall would need to be met by LPAs in the surrounding areas, and the report identified 24 broad locations, with 11 identified for further analysis. A number of these locations fell within the Zone of influence of Cannock Chase SAC.

1.14 A Housing Position Statement was published by the HMA authorities in 2020. This concludes that there is a reduced shortfall of 2,597 homes up to 2031 with regard to the Birmingham Plan. However there is an emerging shortfall post-2031 of 29,260 homes with regard to the emerging Black Country Plan (with an end date of 2039). Following publication of the new local housing need method in December 2020 and the need to review the Birmingham Plan in 2022 it is likely that this shortfall will increase further.

1.15 In addition, most of the Local Plans covering the zone of influence are currently under review, and new Plans will cover a longer time period than that covered by the original SAMMM (2026), extending up to 2040, and therefore needing to plan for significantly more residential development. A number of Plan reviews have made a commitment to make a contribution towards the HMA shortfall and future Plan reviews will need to take the growing shortfall into account. It is unknown at this stage how much of the HMA shortfall will ultimately be accommodated within the zone of Influence. Therefore, the new SAMMM will need to provide a degree of flexibility to accommodate additional housing growth within the zone of Influence, beyond that tested in this report.

1.16 There has also been a growth in other types of development within the Zone of influence which also result in increased recreational pressure to the SAC such as hotels, holiday lodges, campsites etc. (class C1 or Sui generis).

Aims for this review and report structure

1.17 This report has therefore been commissioned by the SAC Partnership to complete the review in light of the more recent growth figures and other more recent information.

1.18 As such this report:

- Determines the Zone of Influence for the SAC, utilising the most recent visitor survey data;
- Reviews what types of development could cause harm to Cannock Chase SAC;
- Assesses the likely scale of impact from new development;
- Reviews and updates the SAMMM to ensure it is proportional to determined impacts;
- Determines the likely costs of the updated SAMMM;
- Recommends flexible options for local planning authorities to secure adequate developer contributions.

1.19 The bullet points above form the structure for the report, and they follow the particular requirements as requested by the Cannock Chase SAC Partnership.

2. Zone of Influence

Overview

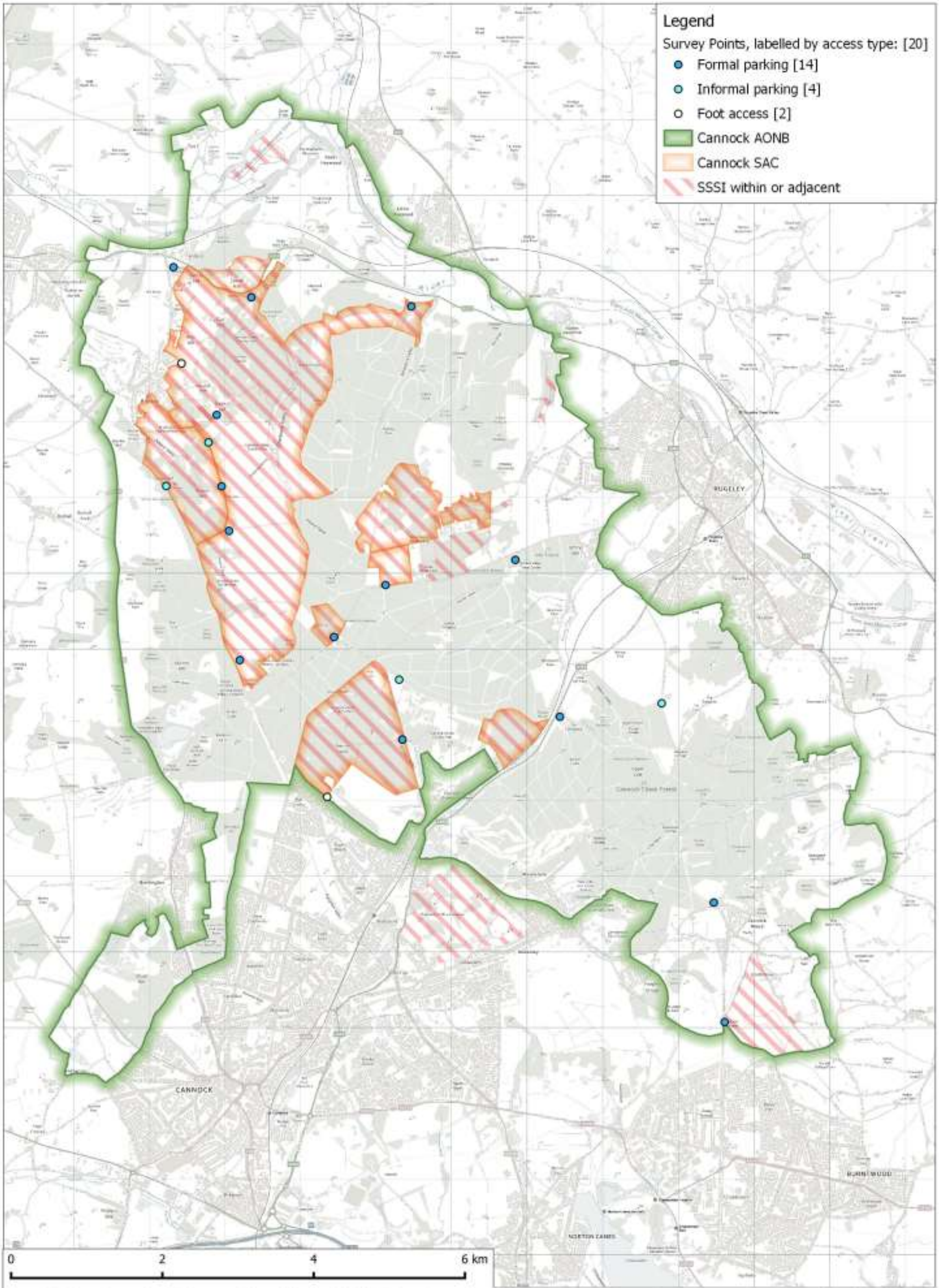
2.1 In this section, we review the most recent visitor survey data and consider implications for the zone of influence. A previous survey in 2012 was used to define the current zone approach (15km) and that survey is now dated. We consider the evidence from the more recent visitor data that might indicate a different approach.

Visitor data used and approach

2.2 The 2018 visitor survey (Panter and Liley, 2019) involved interviews at 20 survey points (Map 1) and included large visitor hubs (e.g. Birches Valley and Marquis Drive), as well as informal car parks, laybys and foot-only access points. Surveys covered a number of months, starting in the summer through to winter 2018. Autumn surveys involved both weekday and weekend surveys (8hrs on each), winter surveys just weekdays (for 8 hrs) and summer school holidays just weekdays (for 8 hrs), at a subset of just five locations. Surveyors approached members of the public using the sites and asked a number of questions.

2.3 The survey generated a total of 937 home postcodes of interviewees that could be accurately mapped (988 people were interviewed in total).

Map 2: Survey points from 2018 survey.



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2.4 For each interviewee's home postcode, the linear (Euclidean) distance between the postcode point location and the survey point was calculated.

2.5 The 2018 surveys involved a major pulse of survey work in the autumn (September) when all survey points were surveyed for the 16 hours, equally split over a weekend day and a weekday. In addition some further survey work was undertaken at selected locations in August (around the bank holiday) and all locations were surveyed for 8 hours (weekday only) in November (see Panter and Liley, 2019 for details).

2.6 In order to determine the zone of influence, only the autumn (September) data were used (634 postcodes). This is because there was a statistically significant difference between weekdays and weekends (indicating that people tend to come from further afield at the weekend). By using the September data only we are therefore reducing any bias from the peak summer period, and ensuring we have a balance of data from all survey points and covering similar survey effort at each location on both weekends and weekdays.

Approaches to calculating a zone

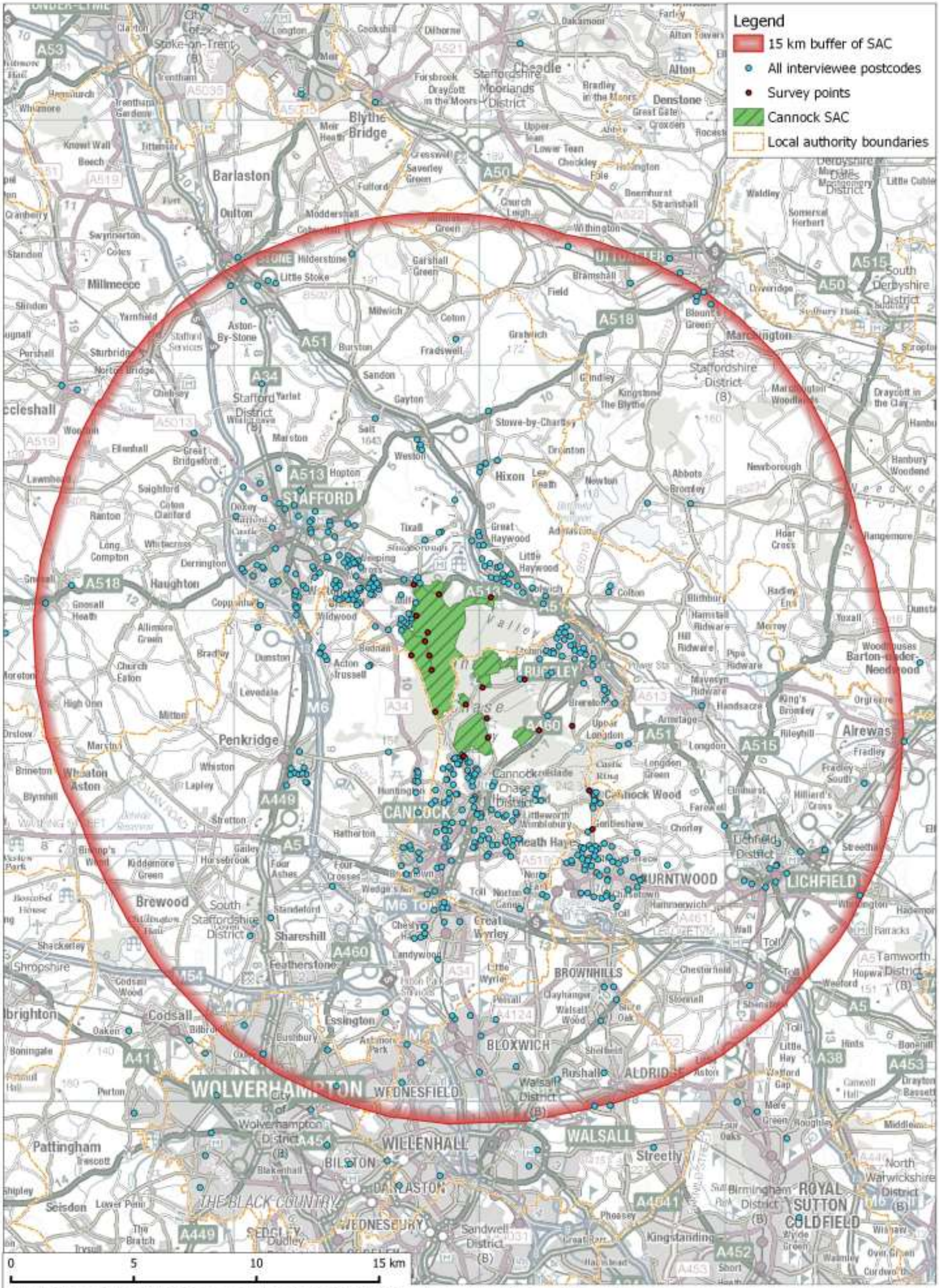
2.7 The 2012 visitor survey (Liley, 2012) was used to determine the original zone of influence at 15km. The 2018 survey differed in the approach and had a more robust, balanced survey design that allows data to be pooled more easily for analysis (see Liley, 2012 for discussion). Nonetheless the two surveys generated very similar results (Table 1), to the extent that the median distance (all interviewees) was 6.2km in both surveys.

Table 1: Summary of selected metrics from 2012 survey and 2018. .

Measure	2012	2018
Total interviewees	4809	988
Number of interviewee postcodes	3206	937
% interviewees from Stafford Borough	24	30
% interviewees from Cannock Chase District	29	26
% interviewees from Lichfield District	14	12
% interviewees from South Staffordshire District	9	8
% interviewees from Walsall Borough	5	4
% interviewees from East Staffordshire Borough	2	3
% interviewees from City of Wolverhampton	3	2
median distance all interviewees	6.2km	6.2km
75th percentile, all interviewees	15.1km	15.3km

2.8 The 75th percentile (i.e. the distance within which 75% of interviewees lived) from the interview data, applied as a buffer of fixed distance around the European site boundary, provides a standard approach to defining a zone of influence. It is how the original 15km zone of influence was defined for Cannock Chase (based on the 2012 visitor data) and mirrors the approach used widely at other sites to define a zone of influence. The 75th percentile has been used at heathland sites (such as the Dorset Heaths, Ashdown Forest SPA/SAC, the Suffolk Sandlings SPA, the Thames Basin Heaths SPA), coastal sites (such as the Solent) and at woodland SAC sites such as Epping Forest SAC. While these sites differ in recreation use and habitat, the overall principle is sound - the use of the 75th percentile means the area within which the majority of visitors live can be identified. The 15km zone is shown in Map 3, with the interviewee postcode data from the 2018 survey alongside.

Map 3: 15km zone and 2018 postcode data.



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2.9 From Map 3 it can be seen the original 15km buffer fits the 2018 data well. In 2018, the 75th percentile for those travelling from home only was 14.8km and for all visitors combined it was 15.3km. The continued use of the 75th percentile is an obvious starting point for a zone of influence and therefore is considered robust.

2.10 In order to further check the approach of the 75th percentile we mapped a series of other options for a zone. In all cases these other options are based on the data from the 2018 autumn survey period and those interviewees who were travelling directly from home:

1) Original approach - a single set distance buffer of 15km from the SAC boundary (i.e. 75th percentile), as shown in Map 3.
   a) Variation using 7.8km (75th percentile for frequent visitors).
   b) Variation using 9.0km (75th percentile for all interviewees excluding cyclists/mountain bikers).
2) Convex hull – a boundary enclosing the postcodes in which 75% of interviewees lived.
3) Travel distance – using 16km travel distance (the travel distance from the SAC car parks in which 75% of interviewees lived).
4) Travel time – using 18 minute isochrome (the travel time from the SAC car parks in which 75% of interviewees lived).
5) Accounting for geographic barriers - Option 1 (15km single distance buffer of the SAC) clipped by eye to follow existing geographic boundaries (i.e. where there might be physical barrier to access):
   a) As Option 1 but clipped to M54-M6.
   b) As Option 1 but clipped to follow the A449-M6.

2.11 These provide a range of different ways in which a zone could be defined and these are shown in Figure 1. The Figure allows visual comparison of each option against the postcode data and compared to the original 15km approach. The options are discussed in turn below.

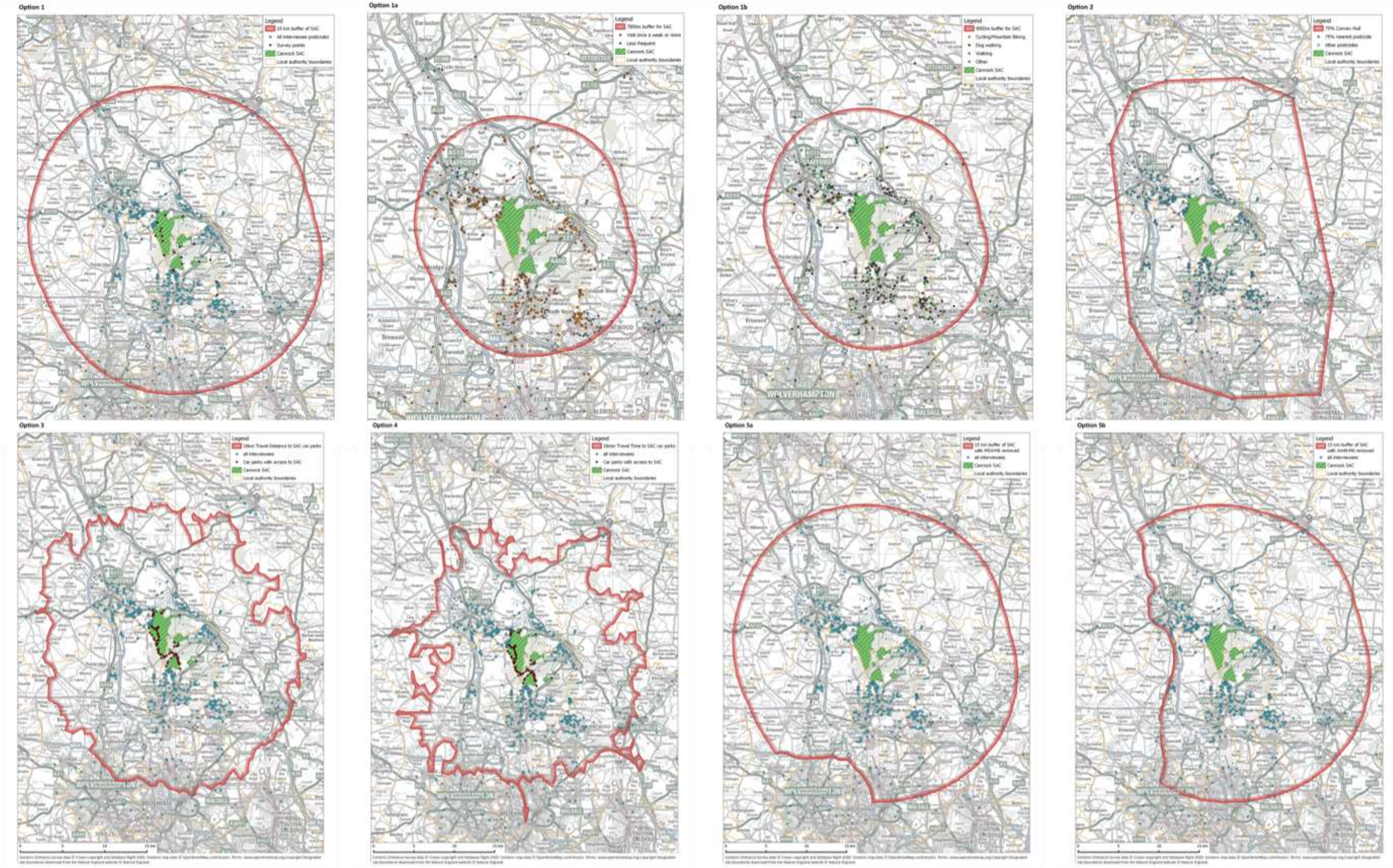


Figure 1: Example option maps.

Discussion of different options

2.12 Option 1 represents the original approach and a set buffer of a fixed distance applied to the SAC boundary[4]. For comparison we have also plotted 1a which considered the 75% radius of frequent visitors that stated they visited at least once a month (7.8km) and 1b) all interviewees except cyclists/mountain bikers (9.0km). The fixed buffer approach is straight forward to apply and easy to interpret. It is interesting to note that the 7.8km works well to capture a high proportion of interviewee postcodes and neatly encapsulates the main settlements of Stafford, Cannock and Rugeley.

2.13 Option 2 produces an irregularly shaped zone, based on the location of individual home postcodes as bounds of the shape. The convex hull is drawn by selecting the closest 75% of postcodes (based on distance from postcode to survey point) and then enclosing them in as simple a shape as possible, with a polygon that is defined by the outer points. The Zone of influence covers 8 local authorities (note a different 8 to Option 1); City of Wolverhampton, Birmingham City, Stafford Borough, Cannock Chase District, East Staffordshire Borough, Lichfield District, South Staffordshire and Walsall Councils. It is interesting to note that the shape is not circular, but instead is flattened along a north/south axis, suggesting that people living to the north and south tend to come from further afield.

2.14 To resolve issues with linear distances and provide checks of the reality of access via the road network we used travel distances/time from the SAC for options 3 and 4. Travel distance bands were calculated in GIS with a plugin which uses the Open Street Map road network to determine distances out from car parks providing access to the SAC[5]. Travel distance bands were at 2 km intervals and the number of interviewees' home postcodes within each band calculated. Around 75% lived within a 16km travel distance which was therefore used as the outer limit of the zone.

2.15 This 16km travel distance zone (Option 3) covers 7 local authorities: Cannock Chase District, City of Wolverhampton, East Staffordshire Borough, Lichfield District, South Staffordshire, Stafford Borough and Walsall Councils.

2.16 Travel distances consider how far away areas are from the SAC, but do not consider how accessible they are in terms of time. Travel time (Option 4) factors in ease of access along major routes such as motorways. The travel time bands were created in GIS with the same method as used for travel distance, based on the car

[4] For reference, in all cases buffers have been drawn with the option set to 50 line segments
[5] Using QGIS 3.8 with the OSM OpenRouteService Tool plugin https://openrouteservice.org/

parks which provide access to the SAC. Travel times were created using the OSM road network, but informed by the speed restrictions on each type of road. It is important to note that this assumes travel speed is the maximum speed limit for the road and as such is the fastest hypothetical possible distance.

2.17 We used 18 minutes to define the outer zone in Option 4 as this represented the time band within which 75% of visitors originated. This zone covered 7 local authorities (the same 7 as Option 3); Cannock Chase District, City of Wolverhampton, East Staffordshire Borough, Lichfield District, South Staffordshire, Stafford Borough and Walsall Councils.

2.18 Both the options using travel time (Option 3) and travel distance (Option 4) result in a highly complex and irregular shape, which is determined by the variation in the road network or travel times. Such boundaries are complex to define, may change over time and are very much dependent on the software and algorithms used. The travel time option (Option 4) has a particularly complex shape.

2.19 Option 5 incorporates geographic barriers, drawing on the zone shown in Option 1 but clipping to existing geographic barriers to give a more pragmatic boundary that reflects the local geography.

2.20 Two examples are mapped, both involve Option 1 modified using main roads. Option 5a uses the M54-M6 as a clip to the 15 km simple radius (this modification removes City of Wolverhampton) and then Option 5b using the A449-M6. It can be seen that neither of these seem to fit the postcode data well and produce very irregular shapes that are potentially hard to justify.

Wider context and additional considerations

2.21 The 15km zone derived from the original survey in 2012 still has merit and is supported by the more recent data from 2018. We have mapped some alternative options as illustrative examples of different zone approaches. These highlight that alternative approaches result in irregular, more variable shapes that are likely to be complex to apply in policy. In some cases the resulting zone is over influenced by particular postcodes (convex hull approach) or the vagaries of the road network (travel distance or travel time).

2.22 Other strategic mitigation approaches utilise the 75th percentile to define a fixed buffer, although in some cases this has been adjusted to account for estuaries and coastlines (e.g. Suffolk, South-east Devon) or the complexities created by multiple over-lapping zones applied to different European sites. Adopting a different zone approach at Cannock Chase to the 75th percentile and 15km would therefore represent a marked departure from what has become a national approach.

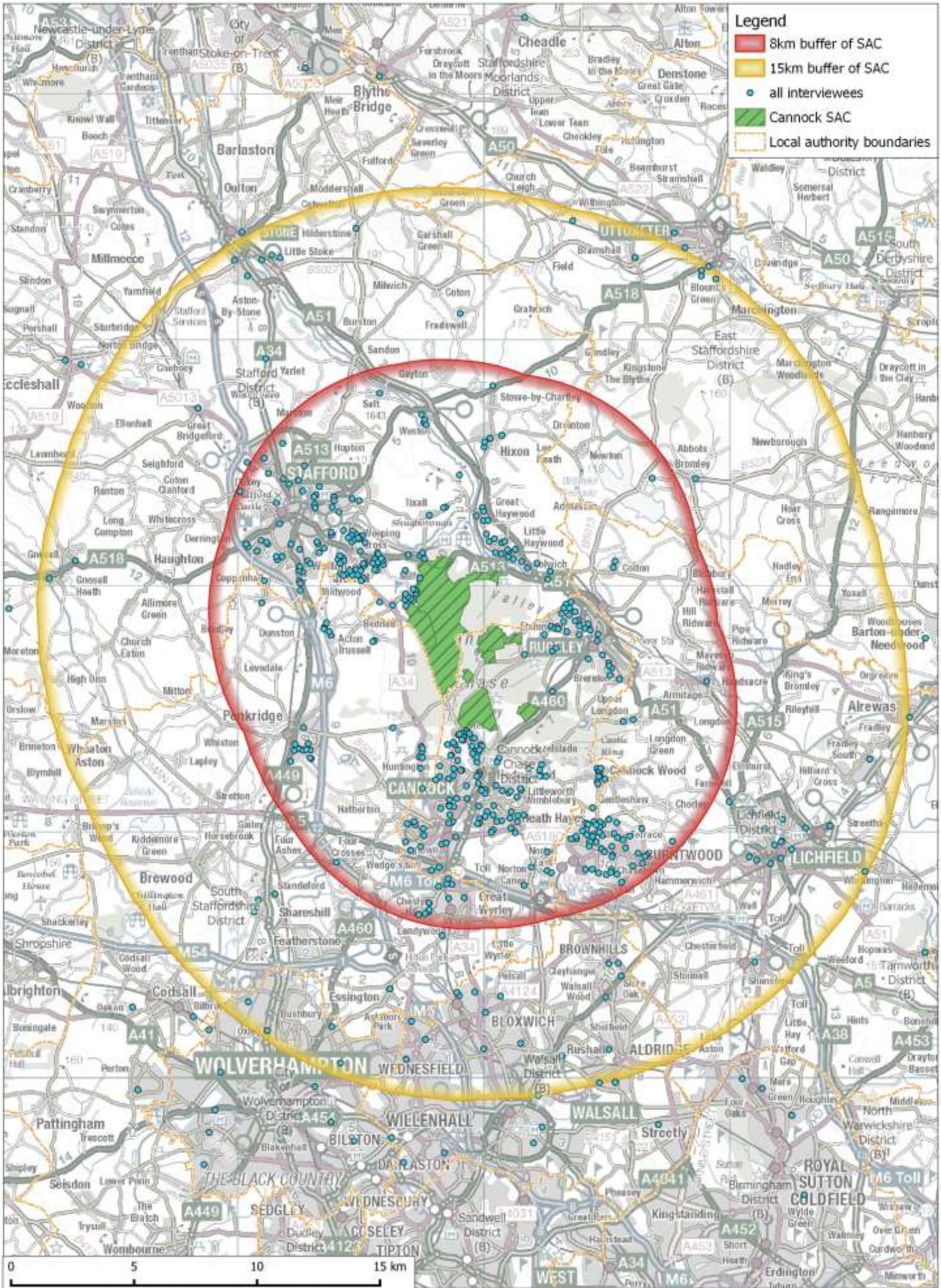
2.23 To provide context, selected examples of the 75th percentile (drawn from similar surveys undertaken by Footprint Ecology at other countryside sites and derived from all interviews), ranked by distance, include:

- Rodborough Common: 3.9km (Panter and Caals, 2019a)
- Epping Forest: 6.2km (Liley et al., 2018)
- South Downs (heathland sites only): 6.7km (Lake and Liley, 2014)
- East Devon Pebblebed Heaths: 8.2km (Liley et al., 2016b)
- Ashdown Forest: 9.6km (Liley et al., 2016a)
- Deben Estuary: 14.2km (Lake et al., 2014)
- Hatfield Forest: 17.8km (Saunders et al., 2019)
- Purbeck: 18.8km (Cruickshanks and Floyd, 2014)
- Braunton Burrows: 19.2km (Liley and Saunders, 2019)
- Cotswold Beechwoods: 20.5km (Panter and Caals, 2019b)
- New Forest (heathland and woodland areas only): 21.4km (Liley et al., 2020)
- North Norfolk Coast: 147.5km (Panter et al., 2017)
- Norfolk Broads: 194.7km (Panter et al., 2017).

2.24 The examples above include a range of different types of sites with a different draw, many are AONB and a couple are National Parks. The two extreme examples – the Norfolk Coast and the Norfolk Broads - are well known tourist destinations where high proportions of visitors were holiday makers.

2.25 It can be seen that the 15km distance is relatively large compared to some other sites, but certainly not exceptional. This relatively wide draw of Cannock Chase is likely to be due to the particular characteristics of the site (a relatively unique, large, scenic area), the activities undertaken by visitors (it draws mountain bikers from a very wide area, for example) and the geographic spread of dwellings (such that there are some large conurbations at some distance). It is notable that the 7.8km zone (Option 1a), based on frequent visitors, visually captures the main settlements and urban areas from which visitors clearly originate. This can be seen in Map 4 which shows the current zone approach (i.e. 8km and 15km) in relation to the 2018 visitor survey data. The 8km (i.e. equivalent to the 7.8km rounded) reflects the area from which the more frequent visitors originate.

Map 4: An 8km and 15km buffer of the SAC shown in relation to the 2018 interviewee postcode data.



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3. Scale of future residential growth

3.1 The scale of potential future growth (i.e. number of dwellings) to 2040 were provided by the SAC Partnership and indicate around 43,000 new dwellings are anticipated. It is important to note that these figures are indicative and simply provide a snapshot of the likely cumulative growth at a given point in time. While the number of dwellings that actually come forward may differ, the figure does provide a means to review the mitigation, and ensure sufficient mitigation is broadly available to address the risks. Growth figures are intended as a general guide subject to Local Plan processes being completed.

3.2 The number of dwellings that are anticipated within the 15km zone of influence, by authority, are summarised in Table 2. The table shows totals anticipated before 2022 and after 2022 as this is the point at which the developer contributions are intended to be revised. The data in Table 2 are further broken down further in Table 3 to show the totals within 0-8km and 8-15km.

3.3 As of the end of 2018, postcode data indicates there were around 112,697 residential properties within 0-8km of Cannock Chase SAC and around 255,831 within 15km. From these figures, the level of growth 2019-2040 would represent an increase of around 17% (for both 0-8km and 0-15km).

Table 2: Estimate of dwellings that will be constructed, both allocated and unallocated within the Zone of Influence (0-15km from the SAC) over the period 2019-2040. Data provided by the SAC Partnership and intended to provide indicative estimates of likely growth, by authority.

District	Developments permitted before 2022	Developments without planning permission	Total
Cannock Chase	3,694	2,378	6,072
Wolverhampton	1,225	1,364	2,589
East Staffordshire	588	155	743
Lichfield	5,672	851	6,523
South Staffordshire	874	4,205	5,079
Stafford	6,832	5,412	12,244
Walsall	1,973	7,306	9,279
Total	**20,858**	**21,671**	**42,529**

Table 3: Estimates of numbers of dwellings that will be constructed, both allocated and unallocated, within 0-8km and 8-15km, 2019-2040, by authority. Data provided by the SAC Partnership.

District	0-8km			8-15km			0-15km
	Developments permitted before 2022	Developments without planning permission	Total	Developments permitted before 2022	Developments without planning permission	Total	Total
Cannock Chase	3,694	2,378	6,072	0	0	0	6,072
Wolverhampton	0	0	0	1,225	1,364	2589	2,589
East Staffs.	7	33	40	581	122	703	743
Lichfield	1388	237	1625	4284	614	4898	6,523
South Staffs.	390	1,406	1796	484	2,799	3283	5,079
Stafford	5,637	3,632	9269	1,195	1,780	2975	12,244
Walsall	0	0	0	1,973	7,306	9279	9,279
Total	**11,116**	**7,686**	**18,802**	**9,742**	**13,985**	**23,727**	**42,529**

4. Types of development

Overview

4.1 This report is focussed on impacts resulting from a net increase in residential units (i.e. C3 Use Class), located within the Zone of Influence for Cannock Chase SAC. This makes sense as people visiting Cannock Chase directly from home for a short visit account for the majority of access (Panter and Liley, 2019). There are also other uses and forms of development that may have different impacts on the SAC. For example, results from the 2018 visitor survey (Panter and Liley, 2019) indicate that, at certain locations and times of year, other types of visitor (such as tourists) account for around a quarter of visits.

4.2 Relevant types of development are summarised in Table 4 alongside how they might be considered within the mitigation scheme.

Table 4: Summary of types of use, whether they could have a likely significant effect alone or in-combination upon the SAC when coming forward within the 15km zone of influence, mitigation requirements and how applications could contribute to the mitigation. Adapted from a similar table in the Dorset Heaths Planning Framework 2020-2025.

Use Class	Use description	Likely significant effect	Mitigation	Contribution
C1	Hotels, guest house	Possibly	Case by case basis	1 room = 1 residential unit
C2	Specialist housing, i.e. assisted living	Possibly	Contribution as per C3 net additional dwelling. No publicly available parking capacity if in proximity to SAC.	1 room = 1 residential unit
C2	Specialist housing, i.e. sheltered housing/nursing home	No	No publicly available parking capacity if in proximity to SAC	
C2	Residential institutions, i.e. boarding schools, residential colleges and training centres	Possibly	Case by case basis contributions as per C3 housing. No publicly available parking capacity if in proximity to SAC.	1 room = 1 residential unit
C2	Residential institutions, i.e. hospitals	No	No publicly available parking capacity if in proximity to SAC	
C3	Net additional dwelling	Yes	Standard as per this report	Per house or flat
C3	Replacement dwelling	No	No	
C3	Extension or granny annex	Possibly	No	

Use Class	Use description	Likely significant effect	Mitigation	Contribution
C3	Retirement dwellings	Yes	Contribution as per C3 housing.	Per house or flat
C4	Houses in Multiple Occupation <6 residents	Yes	Contribution as per C3 housing.	1 residential unit
	Houses in Multiple Occupation (Sui generis over 6 residents)	Yes	Contribution as per C3 housing.	Every extra room>6 residents is: 1 room=1 residential unit
	Self-catering, caravan and touring holiday accommodation	Yes	Contribution as per C3 housing.	Each self-catering or tourist unit=1 residential unit with option to adjust for occupancy
	Gypsies and travellers	Yes	Contribution as per C3 housing.	1 pitch = 1 residential unit
	University managed student accommodation	Yes	Contribution as per C3 housing. Potential for exemptions for large scale managed student accommodation assessed on case by case basis.	Each self contained cluster flat or studio=1 residential unit

4.3 We acknowledge there is likely to be some variation within the different uses listed in the table and as such many will require case by case assessment. We provide further discussion and context for each below:

Use Class C1 – Hotels

4.4 Hotel use can be very varied and include business use, conferences, weddings and tourism. Many hotels will provide for a range of uses and as such it may be difficult to rule out recreation use of Cannock Chase. It should be noted however that the Cannock Chase SAC visitor survey in 2018 interviewed just 11 people (1% of interviewees) who were staying away from home. A key factor will be the location. As such hotels should be assessed on a case by case basis with advice from Natural England. Where the use is clearly targeted towards recreation use and Cannock Chase, each room could be treated as a flat.

Use Class C2

4.5 Assisted living, sheltered housing or extra care housing where occupants are still active will be equivalent to residential development and a residential flat. Any contributions to the mitigation scheme will need to include the staff accommodation.

4.6 Specialist nursing homes where residents are no longer active will not need to provide mitigation as they will not contribute to the overall increase in recreation use. These types of homes are more specialist than standard sheltered accommodation with a 24-hour warden and instead would be, for example, those targeted to the advanced stages of dementia or those for the frail elderly.

4.7 Hospitals will also not generate increased recreational use.

Houses in Multiple Occupation

4.8 Due to the permitted interchangeability of C3 dwellings and C4 Houses in Multiple Occupation, C4 Houses in Multiple Occupation need to be treated as a single dwelling if there is provision for up to 6 residents. However, where a proposal is for more than 6 residents (sui generis), further mitigation will be necessary. Each additional occupied room should be expected to provide additional mitigation equating to one flat, i.e. a proposal for a 7 room House in Multiple Occupation will be assumed to result in one additional room and will have to provide a financial contribution equating to a flat. This is because more than 6 unrelated people in a single dwelling would exceed the average expected occupancy of any single dwelling.

Self-catering, caravan and touring holiday accommodation

4.9 Self-catering and touring proposals are different to hotels as they are likely to be very much more focussed towards recreational use (i.e. business use is unlikely) and such proposals are likely to have broadly similar impacts to residential units. It should be noted however that the Cannock Chase SAC visitor survey in 2018 interviewed just 11 people (1% of interviewees) who were staying away from home

4.10 A study of tourism use of the Pebblebed Heaths in Devon, aimed at identifying how local tourism use per dwelling compared to residential use, broadly found comparable rates of use, i.e. 1 self-catering unit generated a similar level of recreation use as a residential unit (Panter and Liley, 2017). The Dorset Heaths Planning Framework allows an adjustment for these kind of proposals to allow for occupancy, such that each unit contributes 60% of the amount for a residential unit, due to typical occupancy being for 60% of the year. For Cannock Chase, the default could be to assume each self-catering, caravan or touring holiday accommodation unit contributed the same amount as a residential unit unless there is sufficient evidence to show very limited use of a substantial part of the year (for example sites closed during the winter), and in such cases an adjustment for occupancy could be made.

Gypsies and Travellers

4.11 There is no evidence to indicate that the occupants of permanent or transit sites for gypsies and travellers would have any level of recreational access need which is substantially different to residents in Use Class C3 dwellings. As such this kind of use could contribute to strategic mitigation with each pitch treated as the same as one flat.

Student Accommodation

4.12 There is limited evidence of student use of countryside sites. Nonetheless it is to be expected that large blocks of managed student accommodation are likely to be in campus-type locations that provide informal greenspace nearby, involve restrictions on dog ownership, are not necessarily occupied year-round and students are potentially less likely to own cars and drive to countryside sites for recreation. Such applications will need to be assessed on a case by case basis and where there are potential risks, contributions could be possible.

5. Mitigation

The initial SAMMM and original costing

5.1 Mitigation measures are set out in the MoU from 2017 that manage the increasing recreation coming forward over time. The mitigation measures are focussed on access management and monitoring on and around the SAC. This is slightly different to the approaches at most (but not all) other European site mitigation schemes where Suitable Alternative Natural Greenspaces (SANGs) are an additional component of mitigation. At the outset, discussions between the Cannock SAC Partnership and Natural England resulted in the suggestion that the provision of off-site SANGs should not be included within the initial MoU due to their relatively high cost when compared to on-site mitigation measures that should be prioritised in the first instance. The difficulty of replicating a large-scale open landscape, which is one of the main attractants for Cannock Chase, is also a driver for focussing on the on-site measures.

5.2 In addition to the on-site measures, Natural England has also encouraged Staffordshire County Council and Forestry England as key landowners at Cannock Chase to work together to facilitate additional, sustainable visitor access within the wider Cannock Chase AONB outside the SAC.

5.3 The on-site measures that made up the original SAMMM, committed to within the MoU, are provided in Table 5. These were intended to cover the period 2011-2026, i.e. 15 years, and related to a total cost of £1,970,000. Following a review in 2018 the costs were reallocated to account for underspend in some areas and to allow greater spend in some other areas. The 2018 costs are also included in Table 5 with a description of the reasons for the change.

Table 5: Original SAMMM measures and costs, as agreed in the MoU, compared with revised expenditure as of 2018.

Measure	Cost £K	Duration	Explanation	2018 review revised cost	Reasons for change
Project initiation: business plan; agreement of partner responsibilities (Memorandum); recruitment of project staff.	£50,000	Year 0	A simple assumption that there is a cost in employing the Lichfield DC project team for project initiation.	£9,870	Actual costs incurred
Staff: one full-time project manager and one full-time visitor engagement officer	£1,400,000	Years 1 to 10	Project Manager £40K salary plus overheads = £80K. Engagement officer salary £30K, plus overheads = £60K. Costs dependent on managing body. These staff set up and manage all consultancy and other contracts, and undertake all engagement work above	£751,320	Actual costs incurred
Engagement of three of four key sectors: walkers and dog walkers; cyclists; horse riders. Development of volunteering and education programmes. Promotional and interpretation material	£30,000	Years 1 to 10	Cost here only includes promotional and interpretation material, which would consist largely of web-based material. The other cost of sector engagement is staff time and is adequately built into the figures below	£140,110	Additional £32,500 for website; Additional £30,000 for educational resources/ events; Additional £40,000 for educational infrastructure.
Strategies: an overarching strategy for visitors and nested strategies for car parking, track and footpath management and each visitor sector, plus a monitoring strategy	£135,000	Years 2 and 3	Consultancy costs. Overarching strategy including monitoring £50K, car parking £40K, each of three visitor sectors £15K	£34,600	Actual cost for producing strategies
Physical management: improvement of paths and tracks; implementation of parking plan; waymarking and on-site interpretation panels	£255,000	Years 1 to 15	Contract costs. Paths and tracks: quoted cost £10 per m; 1km a year for 10 years; followed by 100m a year for 5 years. Assume implementation of a parking plan will be cost neutral (funded by car park charges). Panels and waymarking £50K.	£958,504	Additional £703,504 added for further improvement of paths and tracks; implementation of parking plan; waymarking and on-site interpretation panels & the installation and upkeep of dog bins

Measure	Cost £K	Duration	Explanation	2018 review revised cost	Reasons for change
Monitoring	£100,000	Years 4 to 15	Consultancy costs. Two repeats of the aerial survey of paths and tracks, £10K each to include ground truthing and targeted biological monitoring as necessary. Two visitor surveys £40K each	£75,596	Actual costs incurred; second aerial survey dropped.
TOTAL	**£1,970,000**	**Years 1 to 15**		**£1,970,000**	

Tariffs collected and commitments as of July 2020

5.4 As of July 2021, a total of **£1,066,857.08** had been collected.

5.5 Existing financial commitments totaled **£791,599** and therefore **£275,258.08** remains to be allocated.

5.6 The £791,599 has been spent as follows:

- £140,770 for the SAC Team staffing, including all overheads, June 2021-June 2021;
- £305,003 for the SAC Team staffing, including all overheads, June 2017- June 2021;
- £7,794 for the planning evidence base review by Footprint Ecology;
- £210,397 for the delivery of the detailed implementation plan objectives on National Trust land over a ten year period;
- £2,185 previous administration support from Lichfield District Council;
- £34,600 for the detailed implementation plans: a Car Parking Strategy and a Site User Strategy;
- £28,309 for creation of the Cannock Chase hub website with 5 year agreement for hosting, provision and maintenance;
- £2,540 for the Animation of the Cannock Chase Code
- £32,875 as a contribution to the Staffordshire Wildlife Trust Learning Hub project;
- £3,765 to reprint the 6 Visitor Centre Leaflets;
- £2,331 for the creation and hosting of the SAC Partnership Consultation Website by Lichfield District Council;
- £2,800 for the Creation of a Report on the 2019 Public consultation on the detailed implementation plans;
- £4,000 accommodation costs;
- £3,000 as a contribution to the Brindley Heath village interpretation board & signs.

Future mitigation requirements

Measures in detailed implementation plans

5.7 Looking forwards, mitigation is required for the impacts associated with a level of growth of around 43,000 dwellings over the period 2019-2040.

5.8 The mitigation achieved to date, as summarised above, has included the production of detailed implementation plans. These have involved drawing on monitoring data and extensive discussion with the SAC partnership, site owners and land managers to devise a package of measures. These are clearly set out and essentially ready to be implemented. These works have been estimated in the detailed implementation plans to cost a total of £7,820,250, of which £1,098,614 of the existing SAMMM budget has already been spent or committed, leaving an estimated £6,721,636 as measures that have been identified, phased through to 2040 and ready to be implemented.

5.9 These measures form the basis of future mitigation and are summarised in Table 6 (at the end of this section), which draws on the figures in the Site User Detailed Implementation Plan. They include some special projects where the funding will help contribute towards the early planning and design work of large projects, for example relating to a master plan for Marquis Drive and a new Forestry England visitor/mountain bike facility. The money allocated is a proportion of the overall costs and would ensure that mitigation delivery is incorporated into the design from the outset.

Other measures or revisions to detailed implementation plan costings

5.10 There are however further measures and cost considerations which need to form part of the mitigation package. All of these measures are included in Table 6. From a review of the measures in the detailed implementation plans, we identify the following as additional requirements:

- Revision of staff costs;
- Monitoring;
- Contingency:
- In-perpetuity funding.

5.11 These are considered in more detail below.

Revision of staff costs

5.12 The staff costs in Table 6 cover (for period 2020-2040, unless otherwise indicated):

- Increased provision for face-face engagement (i.e. funds that could be used to fund increased face-face engagement by partners, boosting their own staffing): £1,400,000;
- Additional staffing to increase face-to face engagement, (equivalent to 2 full time posts within the SAC team): £1,576,000;
- CC SAC SAMMM Implementation and Monitoring Assistants (two posts that would undertake monitoring and help with implementation works/projects): £1,400,000;
- Part-time administrator (with a role to provide financial administration as well as potentially helping to coordinate volunteers, deal with enquiries and cover social media): £420,000;

- Delivery officer (role for period 2020-2030 only and overseeing works such as car park changes, signage and other infrastructure): £400,000.

5.13 The above totals reflect a level of staffing of the equivalent of 7 full-time and 1 part-time posts with an overall budget of £5,196,000. These are additional to the staffing already currently in place. Increased staffing is a key aspect of mitigation and common to all other strategic mitigation schemes. It is critical that the staff-time is focussed on visitor engagement and mitigation delivery on the ground, and the above posts all reflect that. However, there is a need for some consideration of the relative balance of staffing and roles and we suggest the following changes:

- A simplification and a slight reduction in the staffing such that the implementation and monitoring posts are condensed to 1 post and are simply included within the face-face engagement staff, such that there are 3 face-face engagement posts, 1 of which would have a monitoring role.
- 3 face-to-face engagement posts are currently considered sufficient rather than supplication with funding staff through partner organisations.
- Provision for a Project Manager or Project Officer with oversight of the mitigation delivery as a whole. This post would involve the line-management of other staff and provide the interface with planning officers and partners, preparing reports, financial reporting and setting budgets and priorities for reviews. This is equivalent to the current Project Officer post (which is currently budgeted to run until 2023) and not costed within the detailed implementation plans. Assigning an annual cost of £45,000 for this post, would mean a further £765,000[6] would be required.

5.14 The potential structure and relative costs of the proposed staffing are summarised in Figure 2. These are intended to be a guide; a review of staffing and roles should be undertaken to ensure the best distribution of skills and the relative balance of dedicated posts within an 'SAC team' compared to boosting the current engagement provision for different partners. The diagram does not include the current engagement officer post (see bullets at paragraph 5.6).

5.15 As set out in Figure 2 the overall cost of staffing would be around £3,949,000.

[6] i.e. £45,000*17 to cover the period 2023-2040

Figure 2: Indicative diagram showing potential staffing and costs

Monitoring

5.16 Monitoring is an important component of mitigation delivery. Monitoring needs to provide the delivery staff with information on how measures are working and any emerging issues so that problems can be resolved. This is particularly important during a period of change, for example relating to car parking.

5.17 Drawing from the detailed implementation plans, monitoring will need to include:

- Regular vehicle counts across the whole SAC and other parts of the AONB in-line with current transects (no additional cost as part of duties of SAC partnership staff);
- Visitor survey repeated at 5 year intervals, involving interviews with visitors (£160,000 total cost for 4 repeats);
- Path condition monitoring and assessment (undertaken by SAC partnership staff);
- Automated counters to record footfall at selected key paths to give overall trend of use and changes over time (£6,000 per counter per 20 years, suggested at 15 locations, giving total cost of £90,000);
- Incident recording (e.g. fires, off-road vehicles, dangerous parking, fly-tipping) in a standard way to allow them to be mapped and data compared between years, undertaken by partnership staff.

Contingency

5.18 It is important that there is flexibility in the budget to allow for variation in the actual costs of implementation and to allow funding to be reallocated and resources targeted differently if necessary. This is particularly the case given the relatively long time period (2020-2040) under review. The pandemic has highlighted how recreation use can change markedly and there is some uncertainty as to how recreation use of countryside sites might change after the pandemic. Emerging trends, such as the use of electric bikes, might mean priorities and visitor needs shift. Given the varying land ownership and organisations involved in delivering some measures, operational factors may change. Some of the elements that are costed, such as the special projects, may generate further work elements where additional mitigation could be secured, for example through changes at Marquis Drive. Providing contingency provides scope to cover these eventualities and the flexibility in-case of change.

In-perpetuity

5.19 Mitigation measures must be able to be relied upon to address adverse effects on site integrity over the full lifetime of the plan or project. In this report the focus has been on growth in the number of dwellings over the period 2020-2040, and as such it will be necessary to ensure mitigation is of sufficient duration to resolve impacts from these dwellings well beyond 2040.

5.20 While there is some variation between strategic mitigation schemes as to how in-perpetuity costs are apportioned, most assume a requirement to ensure the mitigation is in place for 80 years and resources are secured accordingly. This will mean allocating sufficient funds to maintain staffing, parking improvements, path improvements etc. well beyond 2040. Monitoring can however allow for the adjustment of measures in the future.

5.21 The Solent Mitigation Strategy sets aside around 60% of annual contributions into an investment pot which will fund measures in perpetuity[7]. Such an approach could be adopted by the Cannock Chase authorities, but will require careful calculation and regular review given the impact of the pandemic and likely low interest rates. Further specialist financial advice should be sought to calculate how in-perpetuity costs should be incorporated. In-perpetuity funding could be adjusted to reflect the car parking revenue which will allow money to be reinvested in the site.

[7] E.g. see the Bird Aware Solent annual report from 2019/20

Table 6: Mitigation costs, drawn from the future SAMMM measures set out in detailed implementation plans 'DIPs'. SU refers to the Site User Detailed Implementation Plan and CP refers to the Car Park Detailed Implementation Plan. The shading reflects the DIPs too, with blue shading indicating those measures in the site user plan and grey reflecting those in the car park plan. Orange shading reflects those measures that are either new or where the costs or detail in the DIP have been amended. For the original costs and details in the DIPs, see Appendix 3 of the Site User Plan (with the costs being the same here apart from those rows shaded orange).

Item of Works	Included in which SAMMM DIP	Cost to implement SAMMM DIP item	Currently amount from 2016 SAMMM budget allocated	Amount remaining to be funded
Resources/events for Engagement Key Stages 1-2 (2020-2040)	SU	(£6,000 per annum) £120,000	£20,805	£99,195
Resources/events for Engagement Key Stages 3-4 (2020-2040)	SU	(£6,000 per annum) £120,000	£20,805	£99,195
Resources/events for Engagement with key visitor groups (2020-2040)	SU	(£3,000 per annum) £60,000	£30,000	£30,000
One-off cost Creation of Learning Hub at Wolseley Centre	SU	£34,000	£34,000	£0
Creation of Central Website and hosting until 2040	SU	£45,000	£34,500	£10,500
Re-instatement of vehicular ditching, bollards etc. around SAC	CP	(3.62km @ £15 per m) £54,300	£54,300	£0
Re-instatement of vehicular ditching, bollards etc. around SAC	CP	(2.38km @ £15 per m)£35,700	£35,700	£0
One-off Cost for improvements to Car Parks	CP	£567,350	£567,350	£0
Special Project, Forestry England Visitor/mountain bike centre south of A460	SU	£25,000	£0	£25,000
Special Project, Marquis Drive Masterplan	SU	£25,000	£0	£25,000
Special Project, Museum of Cannock Chase, Community Hub	SU	£25,000	£0	£25,000
Circular routes created at each main Car Park: path works	SU	£335,900	£245,900	£90,000

Item of Works	Included in which SAMMM DIP	Cost to implement SAMMM DIP item	Currently amount from 2016 SAMMM budget allocated	Amount remaining to be funded
Circular routes created at each main Car Park: waymarkers	SU	£18,750	£18,750	£0
Circular routes created at each main Car Park: finger posts	SU	£30,300	£30,300	£0
Orientation panel in each main car-park showing main promoted routes	SU	£22,000	£6,200	£15,800
Additional staffing to increase face-to face engagement, (equivalent to 3 full time posts 2020-2040)	Amended from SU	(£78,800 per annum) £2,364,000	£0	£2,364,000
Special Project. Chase Rd	CP	£25,000	£0	£25,000
Close Car Parks	CP	£150,000	£0	£150,000
Material (temporary signs etc.) to close damaging habitat fragmentation desire lines	SU	£10,000	£0	£10,000
New road signs to replace existing ones	SU	£75,000	£0	£75,000
Installation of Car Park Charging Machines	CP	£70,000	£0	£70,000
Cost to maintain improved car-parks 2020-2040	CP	£704,900	£0	£704,900
Circular routes created at each main Car Park: way-markers, replacement after 10 years	SU	£18,750	£0	£18,750
Circular routes created at each main Car Park: finger posts, replacement after 10 years	SU	£30,300	£0	£30,300
Orientation panel in each main car-park showing main promoted routes, replacement after 10 years	SU	£22,000	£0	£22,000
CC SAC Team Admin Assistant (part-time, 2020-2040)	SU	(£21,000 per annum) £420,000	£0	£420,000

Item of Works	Included in which SAMMM DIP	Cost to implement SAMMM DIP item	Currently amount from 2016 SAMMM budget allocated	Amount remaining to be funded
CC SAC SAMMM Delivery Officer (2020-2030)	SU	(£40,000 per annum) £400,000	£0	£400,000
CC SAC SAMMM Implementation and Monitoring Assistant (x2) (2020-2040)	Was in SU, now removed			
Project manager/Project officer post	New	£45,000 per annum for 17 years		£765,000
Monitoring: visitor survey at 5 year intervals	New	£40,000 x4		£160,000
Monitoring: Automated counters (15 counters)	New	£6,000 per counter to cover 20 years, 15 counters		£90,000
Total 10% contingency				£5,724,640 £572,464
Total (inc contingency)				**£6,297,104**

Page 248

6. Options for LPAs to secure adequate developer contributions

6.1 Previous sections of this review have identified the likely scale of growth over the period 2020-2040 and identified the scale of mitigation measures necessary to address the growth.

6.2 In this section we review options for developer contributions, considering how the costs of mitigation might be apportioned. We consider four different broad approaches as to how developer contributions could be applied:

- Standard payment across whole zone of influence;
- Each local planning authority sets local rate and triggers for payment;
- Payment zones across zone of influence with 'no payment' zones;
- Scaled payment zones within selected distance bands.

6.3 These different approaches are considered in more detail below. The cost of mitigation measures as set out in the previous section is £6,297,104 and the level of growth anticipated is around 43,000 (with 21,671 new dwellings anticipated post April 2022). We use these figures to show how different options could work. However, it should be noted that it is proposed to introduce revised developer contributions in 2022. Any calculation of per dwelling contributions at that time will need to check the amount of revenue collected through the current contributions and the amount of mitigation these have funded, and as such the figures will not necessarily reflect those used in this section.

Standard payment across whole zone of influence

6.4 A standard payment across the whole zone of influence is the simplest approach and the most straight forward to apply. It mirrors the approach most commonly used in other strategic mitigation schemes and would be calculated by dividing the overall cost of mitigation by the number of dwellings anticipated across the whole zone.

6.5 With a total cost of mitigation estimated at £6,297,104 and 21,671 dwellings this would give a cost per dwelling of £290.58. This does not take into account in-perpetuity costs or any administration fee (for collecting the contributions[8]). It is broadly in line with costs for European site mitigation in other parts of the country. For example, the 'flat rate' for the Solent in 2020 was £595[9], in Dorset the rate applied to flats to cover SAMM is £277[10], in Suffolk the rate varies from £122-£321[11].

6.6 There is potential to vary this according to dwelling types, for example to account for people who live in flats (potentially less likely to own a pet) compared to those in larger houses with gardens that are perhaps more likely to own pets. The Dorset Heaths Planning Framework[12] applies a differential cost to flats compared to houses, while the Solent applies a rate proportionate to the number of bedrooms[13]. While these approaches are potentially fairer and proportionate, it is complex to predict the number of different sized dwellings that are likely to come forward and to apportion costs appropriately.

Each local planning authority sets local rate and triggers for payment

6.7 The overall level of growth of around 43,000 dwellings within 15km is spread across relevant local authorities as shown in Figure 3.

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[8] Any such administration fee would need to be set up as necessary by each authority
[9] see Bird Aware Solent website for details.
[10] See Dorset Heaths Planning Framework for details.
[11] See East Suffolk Council website for details; the variation in rate relates to different zones which are mapped based on the relevant European sites as the mitigation scheme relates to multiple designated sites.
[12] See Dorset Heaths Planning Framework for details.
[13] With the levy in 2020 varying from £356 for a 1 bedroom property to £927 for a 5 bedroom property see Bird Aware Solent website for details.

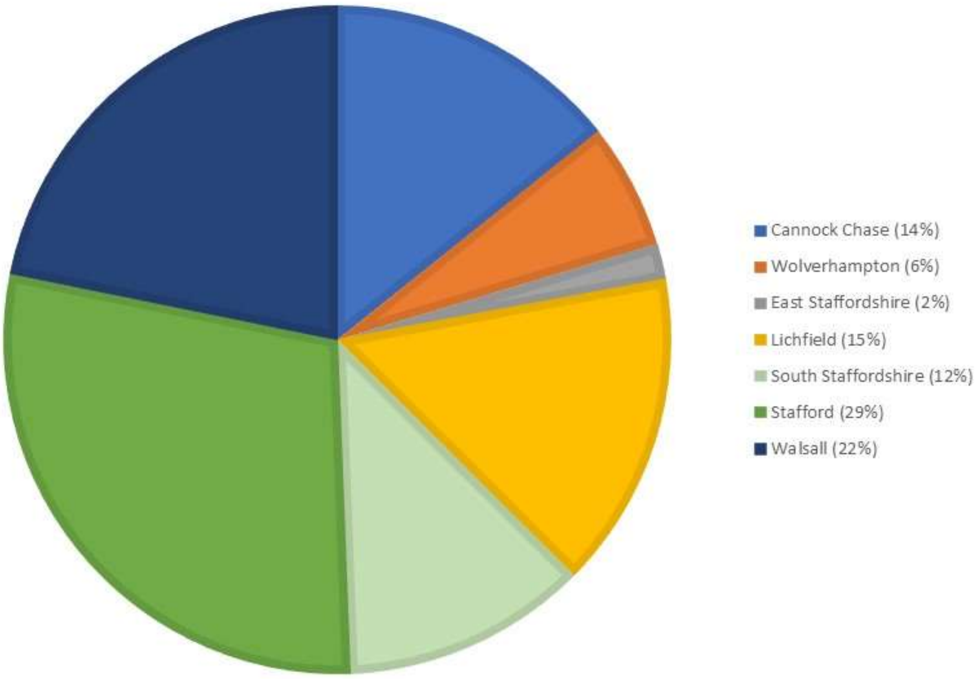

Figure 3: Summary of the percentage of new growth within 15km for each local authority.

6.8 The overall cost of the mitigation package is estimated at £6,297,104. Using the proportions shown in Figure 3, the relative contribution per authority can be calculated and this could then allow each local authority to determine the best way to collect developer contributions. Essentially, as long as the necessary revenue to fund mitigation is collected, it does not matter how each authority chooses to apply a tariff.

6.9 This would allow each authority to vary how contributions are collected and rates could be different in each authority to account for bedrooms, types of development, location etc. This gives each local authority autonomy in how the rates are applied and allows approaches to be tailored as appropriate, but does mean that rates might vary across authority boundaries. This could risk confusion from developers and risk of challenge if approaches are deemed unfair.

6.10 There are some parallels in the Thames Basin Heaths as there are clear differences between authorities. While each dwelling contributes towards SAMM in a standard way, contributions also cover SANG and these vary per authority. Each planning authority produces a mitigation strategy that is in line with an overarching delivery framework (Thames Basin Heaths Joint

Strategic Partnership Board, 2009), and tariffs are set by each authority to account for variations in SANG costs and how SANG are delivered.

6.11 The advantages of each local authority collecting contributions in different ways relate to the potential to adapt the contribution requirements. There are a range of different legal options for securing developer contributions and an authority by authority approach allows different authorities to tailor the way contributions are collected accordingly. The risk is that if the costs are apportioned per authority based on the overall level of anticipated growth, and the actual level of growth in a local authority is markedly different, the relative contributions for each authority also has to change and this could lead to complexity and a lack of fairness.

Payment zones across zone of influence with 'no payment' zones

6.12 The current approach at Cannock Chase uses a zone of influence of 15km whereby likely significant effects are triggered, and contributions are sought only from development within 8km, in recognition that development closer to the SAC is likely to generate more recreational use.

6.13 We have identified that 75% of frequent visitors originate from a zone of 7.8km, i.e. the 8km zone currently in use. Within 8km, the level of anticipated growth is 7,686 dwellings (post 2022). If these dwellings were to fund all mitigation (£6,297,104), then the cost per dwelling would be £819.30.

6.14 This approach means that the costs for mitigation are not shared equally within the zone of influence.

Scaled payment zones within selected distance bands

6.15 Visit rates do vary with distance from the SAC. Essentially the closer people live, the more likely they are to visit the SAC. This relationship is shown in Figure 4, which shows visit rates in relation to distance from the SAC, based on the 2018 visitor survey. This shows a pattern whereby visit rates decline steeply within the first 4km or so and level out at around 10km to a relatively low rate.

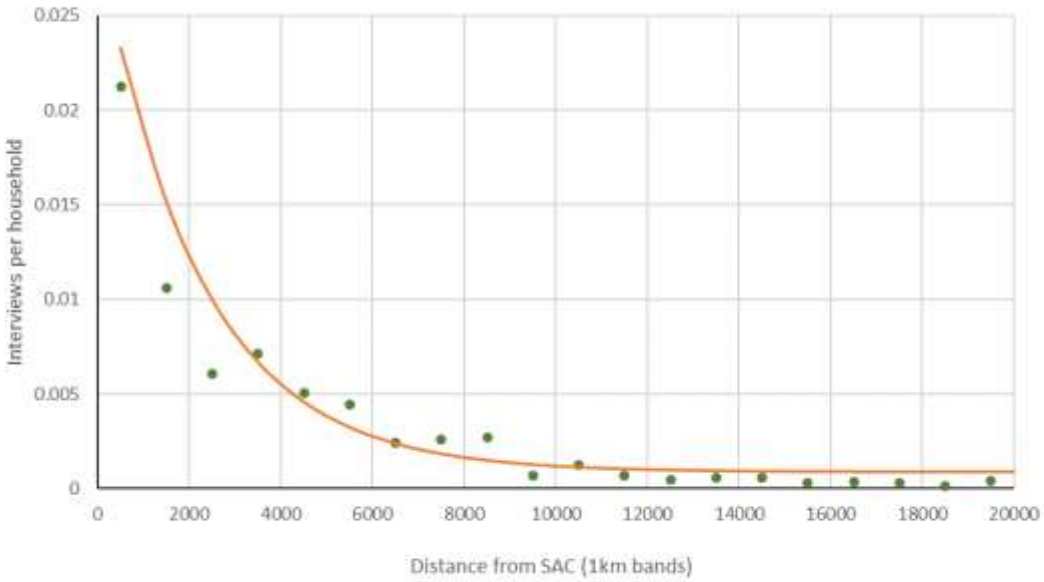

Figure 4: Visit rates in relation to distance from the SAC (in 1km bands). Data from the 2018 visitor survey and from pooled data (937 postcodes). Interviewees per household is the number of interviewees from each band divided by the total number of residential properties in the band. Orange trend line manually fitted by eye and with reference to r^2. Y=-0.00045x y=0.028e$^{-0.009x}$-0.00045. r2=0.926.

6.16 Based on Figure 4 it is possible to calculate the relative impact of development close to the SAC compared to that further away. The fitted line would suggest that the level of access expected from 24.7 dwellings in the 14-15km distance band would be equivalent to 1 dwelling in the 0-1km band.

6.17 This could be extended to give differential payment rates for different zones, based on the difference in visit rates. Two zone options are suggested in Table 7, one involving 2km bands and one split at 8km. These visit rates could be used to derive zone-based tariffs. For example, in the two zone option the difference between the zones is 4.5. A single dwelling in the 0-8km zone would therefore be expected to contribute 4.5 times as much as a dwelling in the 8-15km band. With a total cost of £6,297,104 and an approximate split between 7,686 dwellings anticipated within 0-8km and 13,985 between 8 and 15km, this would mean a tariff of £583.40 for dwellings in the 0-8km zone and £129.64 in the 8-15km zone.

Table 7: Summary of adjustments per zone for different zone options

Distance band	Mid-point	Predicted visit rate at mid point	Equivalent number of dwellings
2km bands			
0-2km	1000	0.018754	1
2-4km	3000	0.008159	2.3
4-6km	5000	0.003851	4.9
6-8km	7000	0.0021	8.9
8-10km	9000	0.001388	13.5
10-12km	11000	0.001098	17.1
12-14km	13000	0.000981	19.1
14-15km	14500	0.000941	19.9
Two Zones			
0-8km	4500	0.004596	1
8-15km	12000	0.00103	4.5

6.18 The approach of calculating differential rates for different zones addresses the problem of differential visit rates and the risk of unfairly charging those at greater distances from the SAC. The disadvantages relate to the complexity of the calculations and greater risks of development sites spanning multiple zones. In the Thames Basin Heaths (see Burley, 2007 for discussion) it was originally proposed to have a two broad zones with different levels of developer contributions (in addition to a 0-400m zone where there was a presumption against new development). Ultimately a single charging zone was adopted due to the complexities and challenges posed by a multiple zone system.

Further considerations

6.19 Ultimately a single standard per dwelling tariff may prove to be simpler and more transparent when establishing local authority apportionments across the partnership. A single tariff agreed across authorities and reviewed regularly, allows money to be collected in a central pot and used to fund mitigation in direct proportion to the development that is anticipated to come forward. It would also help to ensure consistent payments are received should there be changes in the distribution of future growth across the 15km ZoI over the period to 2040. The tariff could be collected in different ways in each authority and there may be different administrative charges etc., but this would still ensure a relative degree of fairness across authority boundaries and transparency in how the tariff is calculated. A single tariff to calculate local authority apportionments across the zone would be in accordance with other SAC mitigation schemes seen across the country.

6.20 Differential zones would allow for different levels of contribution according to proximity to the SAC. Such a system could be established such that development with 8km pays 4.5 times more than development further to broadly reflect more frequent visit rates in the core 0-8km zone. This would more closely reflect the existing mitigation system where by development in the 0-8km zone currently contributes towards SAC mitigation. However, given the higher levels of development planned across the 15km ZoI, the partnership may wish to consider the appropriateness and practicalities of a two zoned approach when balanced against the benefits of taking forward a unified partnership approach towards SAC mitigation and compliance with the Habitats Regulations.

7. Discussion

7.1 The funding of strategic mitigation for European sites typically follows the 'polluter pays' principle whereby local planning authorities as competent authorities will ask developers to fund the mitigation measures necessary for the competent authority to conclude that a development project will not have an adverse effect on site integrity. It is common practice for local planning authorities to either use funding secured from each individual development with a S106 legal agreement, or to prioritise the necessary amount of funding from the Community Infrastructure Levy (CIL).

7.2 In this report we have considered the scale of likely plan-led growth through to around 2040 within a zone of influence around Cannock Chase SAC, and identified the mitigation required to ensure adverse effects on integrity can be ruled out from in-combination effects of growth at plan-level. We have reviewed options for collecting contributions from developers to fund the mitigation.

7.3 Guidance is clear that European site mitigation should be effective, reliable, timely, guaranteed to be delivered and as long-term as needed to achieve the necessary objectives (Tyldesley et al., 2020). Mitigation measures proposed by a plan maker should be incorporated into the plan such that they are integral to it and guaranteed to be delivered. Any doubts about the effectiveness, reliability, timing, delivery or duration of mitigation measures should be addressed by the competent authority before they are relied on when applying the integrity test.

7.4 As such this report is important in ensuring that the approach used by local authorities around Cannock Chase is sufficient and addresses the level of growth coming forwards. We build on the previous review (Hoskin and Liley, 2017) and draw on the considerable breadth of the evidence base relating to Cannock Chase SAC. In particular, the detailed implementation plans provide a clear basis in setting out an agreed programme of mitigation work and measures around Cannock Chase.

Timings of future reviews

7.5 This evidence base review has focussed on local plan led growth over the period through to 2040 and as such is looking well into the future. Estimates of growth and costs of mitigation are based on the 2020-2040 time period and clearly there are many uncertainties ahead. Regular review and checks are essential. Furthermore this document is a review of evidence rather than setting a clear strategy.

7.6 In Dorset, a joint SPD is agreed between local authorities every 5 years and each SPD updates and builds on the last, providing updated figures on growth and mitigation focus. For Cannock Chase, regular review at 5 year intervals seems an appropriate timescale and within this there should be flexibility to annually review the levels of contribution and funding priorities. Five-year reviews provide the opportunity to set the tariff approach, zones of influence, joint working and governance arrangements. They would also provide the opportunity to consider wider issues such as viability.

Role of 400m zone and SANG

7.7 This review has been structured to follow the specification provided by the Cannock Chase Partnership and address the particular issues raised. Two additional areas are worth further discussion and, while outside the specification, are relevant to mitigation delivery. These areas are the impacts of growth particularly close to the SAC and the role of SANGs.

Growth particularly close to the SAC

7.8 Development in the areas directly adjacent to the European site boundary pose a higher risk due to the proximity. Recreation use is much higher and local residents are able to walk from their home directly onto the European site. This is clear from the Figure 4, which highlights the particularly high visit rates close to the SAC boundary. Furthermore, people accessing on foot from nearby areas can do so through numerous small paths and as such can by-pass the main entry points. As such they are not likely to pass rangers, interpretation boards, dog bins etc, instead they can simply use the easiest route available. Desire lines and informal routes can form, away from the main paths. Opportunities to intercept/engage with very local visitors or deflect them to other locations are much reduced compared to those travelling by car to main car-parks. People living very close to the site will use the space as their de facto greenspace and are likely to use it in a very different way to those who make a choice to visit and travel some distance.

7.9 Urban impacts such as dumping of garden waste and increased fire incidence (e.g. Kirby and Tantram, 1999) are likely to relate to residential properties and development in close proximity, and are harder to address because the impacts can occur spread over a wide front, rather than around main car-parks (which is where those travelling to the site by car are most likely to have barbeques etc).

7.10 A 400m zone around Cannock Chase SAC in which there was a presumption against development was recommended by Underhill-Day and Liley (2012) and the need to avoid growth within 400m was subsequently established in the Cannock Chase Local Plan (2014)[14]. The 400m zone has not been discussed in the main body of this report but it has a very important role to play in mitigation delivery. Development directly adjacent to the SAC poses a much higher risk, while mitigation measures are likely to be less successful.

7.11 Risks are higher as recreation use is much greater from homes directly adjacent to the SAC (see Figure 4 in this report). Fire risk, fly-tipping and other urban effects are also likely to be more acute for development in close proximity to the edge of the heath.

7.12 Mitigation through SAMMM (i.e. access management and wardening) are likely to be less relevant to development in close proximity to European sites as it is harder to intercept visitors who enter from multiple informal access points (e.g. back gardens) and are likely to use the heath at a wide range of times of day (and even during the night). Indeed, the SAMMM approach is very much focussed around parking. For those who live within 400m of the SAC (a short walking distance) the SAC will provide the de facto greenspace to use and potentially seen as an extension to their garden. That will differ from the use by people who travel to the site and make an effort to visit, potentially driving and arriving at a main car-park. Very local visitors will be less likely to use the main entry points (car parks etc.) where it is easy to engage with them. Mitigation is therefore much harder if not impossible for development adjacent to SAC and as such it is important that the 400m zone is firmly established and continues. The approach is used at multiple other SAC sites where mitigation through SAMMs is only for development that is set back from the European site, beyond 400m (or in some cases even 500m).

Role of SANGs

7.13 SANGs were suggested as a potential approach for mitigation for residential growth and recreation impacts in the original Cannock Chase visitor impact

[14] See para 4.89 pf Cannock Chase Local Plan https://www.cannockchasedc.gov.uk/sites/default/files/local_plan_part_1_09.04.14_low_res.pdf

mitigation strategy work (Underhill-Day and Liley, 2012). SANGs have not been taken forward to date, due to the concerns that Cannock Chase has a particular draw that is hard to replicate, and because SANGs are often costly. The strategic mitigation approach at Cannock Chase is, however, relatively unique among heathland mitigation schemes in the relative focus on SAMMMs type approaches.

7.14 It is noteworthy that in Dorset, and indeed some other areas, off-site mitigation approaches have evolved and encompass a range of off-site mitigation works aimed at deflecting use away from the sensitive European site. For example, options include:

- New dedicated greenspace sites managed by local authorities or others and funded through contributions from multiple developments scattered over a wide area ('strategic SANGs'). These might be new country parks or similar with a range of facilities and wide draw;
- New greenspace directly linked to a single new development, particularly large sites, whereby it is integrated into the development or directly adjacent;
- Improvements to existing greenspace sites to increase their capacity, for example through additional parking or improving safety;
- Changes to local green infrastructure to make it work better for local residents, for example improving local footpath networks or creating new path linkages;
- Setting recreation back from the European site, for example shifting car-parks or access points or opening up land for access around the site boundary;
- Creating dedicated facilities for particular user groups, such as BMX jumps.

7.15 The car parking detailed implementation plan rationalises parking and shifts the focus away from the SAC, and as such deflects access away from the SAC. Looking to the future there is potentially a greater role for these kind of approaches, and should high levels of growth continue around Cannock Chase, securing options for greenspace and effectively utilising the range of countryside access opportunities should be explored in more detail. A scoping study to review green infrastructure options and reassess SANG type approaches around Cannock Chase is therefore recommended prior to the next future review (potentially in 5 years) of the mitigation approaches or tariff.

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Procurement of Joint Waste Partnership Fuel

Cabinet Member for Climate Change & Recycling

Date:	8/2/2022
Agenda Item:	10
Contact Officer:	Ben Percival/Clair Johnson
Tel Number:	07772 913 265/01543 308 026
Email:	Ben.percival@lichfielddc.gov.uk clair.johnson@lichfielddc.gov.uk
Key Decision?	**YES**
Local Ward Members	**All**

Lichfield district council

CABINET

1. Executive Summary

1.1 There is an on-going requirement for the supply of fuel for use by the Joint Waste Services and other Operational Services vehicles. We are seeking approval to undertake a procurement process to establish a multi-year framework agreement to ensure continuity of supply and price competition.

2. Recommendations

2.1 That Cabinet approves the procurement of a 4 year framework contract to one or more suppliers.

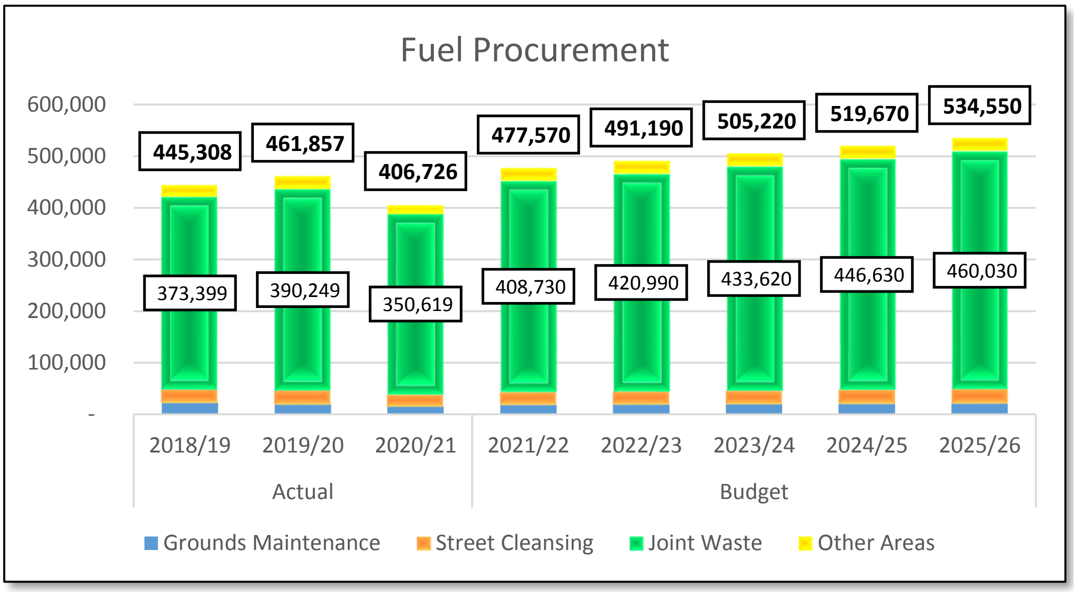
2.2 That Cabinet delegates the approval to award the resultant contract, subject to being within approved budgets, following on from the procurement process to the Head of Operational Services in consultation with the Cabinet Member for Climate Change & Recycling.

3. Background

3.1 The Joint Waste Service currently obtain several quotes each time they need to purchase fuel. Suppliers submit their best costs and delivery times based on the volume required. This can sometimes lead to favourable costs due to price fluctuations, however due to the accumulated value, a longer-term contractual solution is required.

3.2 We propose carrying out a procurement process to implement a framework agreement with several suppliers being appointed. Purchases of fuel will then be made on a mini-competition basis to ensure that we can take advantage of full competition between the suppliers. This will ensure we continue to achieve value for money whilst being compliant with procurement regulations. The framework will be for a maximum of 4 years.

Alternative Options	1. Do nothing – this would not be in compliance with the Contract Procedures Rules and Public Contract Regulations 2015, potentially leaving the council at risk of legal challenge. 2. Call-off from third party framework agreement – there are currently no third-party framework agreements that include the local / regional supplies we currently use
Consultation	1. Leadership Team

Financial Implications	The actual spend and Approved Budgets for fuel are shown in the chart below: 
Approved by Section 151 Officer	Yes

Legal Implications	1. Due to the potential value of the contract, a procurement process complaint with the Public Contract Regulations 2015 is required. 2. Specific insurance policies will be required of the contractor delivering the service.
Approved by Monitoring Officer	

Contribution to the Delivery of the Strategic Plan	1. Ensuring the Joint Waste Services and Operational Services have the necessary Fuel Supply provision helps them to deliver their services, which in turn support the Strategic aims of; • A Good Council that is – transparent and accountable • Shaping Place – to keep it green and safe 2. Aim to appoint local suppliers where possible

Equality, Diversity and Human Rights Implications	1. As part of the Invitation to Tender pack, suppliers will be required to confirm that they adhere to all relevant legislation, as well as answering questions on their recruitment processes to ensure they are non-discriminatory. 2. As part of the Invitation to Tender pack, suppliers will be required to answer questions and provide documentation in relation to Modern Slavery and Human Trafficking.

Crime & Safety Issues	None
Environmental Impact	Alternative fuel options are currently being explored as part of the review of future fleet options for the Joint Waste Service.

GDPR / Privacy Impact Assessment	None

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	Legal challenge due to no aggregated contract in place Head of Operational Services	Likelihood: Red Impact: Red Severity: Red	Carry out a compliant procurement process and award contract(s).	Likelihood: Green Impact: Green Severity: Green
B	Procurement outcome exceeds the approved budget Head of Operational Services	Likelihood: Yellow Impact: Red Severity: Red	Ensure the specification and requirements of the service are clear and unambiguous. Ensure full market engagement via an open PCR2015 compliant process.	Likelihood: Green Impact: Red Severity: Yellow
C	Fluctuations in the price of fuel. Joint Waste General Manager	Likelihood: Red Impact: Red Severity: Red	The mini competitions will continue to ensure the most advantageous market price is accessed.	Likelihood: Red Impact: Yellow Severity: Yellow

None	**Background documents** Any previous reports or decisions linked to this item

None	**Relevant web links** Any links for background information which may be useful to understand the context of the report

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Agenda Item 13

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