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Wednesday, 9 November 2022

Dear Sir/Madam

OVERVIEW & SCRUTINY COMMITTEE

A meeting of the Overview & Scrutiny Committee has been arranged to take place **THURSDAY, 17TH NOVEMBER, 2022 at 6.00 PM IN THE COMMITTEE ROOM** District Council House, Lichfield to consider the following business.

Access to the committee room is via the Members' Entrance.

The meeting will be live streamed on the Council's [YouTube channel](#)

Yours faithfully

A handwritten signature in black ink, appearing to read 'Christie Tims'.

Christie Tims
Chief Operating Officer

To: **Members of Overview & Scrutiny Committee**

Councillors M Wilcox (Chair), Norman (Vice-Chair), Cross, Eagland, Evans, Grange, Gwilt, Leytham, Ho, A Little, Robertson, Silvester-Hall, Mrs Tranter and A Yeates



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AGENDA

1. Apologies for Absence
2. Declarations of Interests
3. Minutes of the Previous Meeting 5 - 14
4. Work Programme 15 - 16
5. Health Matters 17 - 20
6. Medium Term Financial Strategy 21 - 38
7. Local council tax reduction scheme consultation feedback and proposals 39 - 54
8. Update from Task Groups Verbal Report
9. **Dual Stream Recycling Implementation** 55 - 86

Sections of this report have been redacted as it contains information not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. The full report has been sent to the Committee separately and any discussion on this exempt information will be held in private session.



OVERVIEW & SCRUTINY COMMITTEE

4 OCTOBER 2022

PRESENT:

Councillors M Wilcox (Chair), Cross, Eagland, Evans, Grange, Leytham, Ho, Robertson and Mrs Tranter

(In accordance with Council Procedure Rule No.17 Councillors Eadie, Lax, Pullen, Smith and Strachan attended the meeting).

1 APOLOGIES FOR ABSENCE

Apologies were received from Councillors Norman, A Little, Silvester-Hall and A Yeates.

2 DECLARATIONS OF INTERESTS

There were no declarations of interests.

3 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting held on 19 July 2022 were agreed as a correct record.

4 WORK PROGRAMME

The Committee noted the Work Programme and the Chair confirmed that the next meeting was scheduled to take place on 17 November 2022 and the Dual Waste Recycling item, MTFs and update from Task Groups were to be discussed. The Chair requested any additions/alterations to the Work Programme to be forwarded to him. If anything else is added members will be advised at the pre-O&S Teams meeting.

5 PLANNING COMMITTEE PROTOCOLS

The Committee received the amended planning committee protocols and guidance note from the Monitoring Officer as a number of concerns had been raised. Councillor Marshall, the current Chair of Planning Committee, attended virtually to explain that the protocols had been amended on the operation of the Member Call-on procedures only. It now stated that non-committee Ward Members would be given 5 minutes to speak rather than the previous 10 minutes as a number of meetings had been lengthy and protracted. Councillor Marshall explained that a test of 3 minutes for objectors/agents had also been trialled but this had not worked and so, after a discussion with the then members of the planning committee after a planning committee meeting, an informal consensus had been reached that 5 minutes should be offered to every party with a special dispensation for any non-committee Ward Member to ask the Chair for the 10 minutes if they felt 5 minutes was not long enough. Members were unhappy with the change as Ward Members represented (very often) a lot of residents and it would be the final opportunity they have to speak in objection and decisions made at Planning Committee can affect peoples' lives. It was felt 10 minutes was normally required if not more. The Chair's discretionary decision making could also be challenged and a lot of discussion took place. Members also felt the proposed changes should have come to an O&S meeting so

the planning process could be revisited. Members suggested the Planning Officers should cut down their presentations rather than the speaker times. The call-in procedure was also queried as Members were not consulted on any amendments made during an application. Would it not be possible to align the member's call-in procedure to the neighbour consultation period? Councillor Marshall noted this and had highlighted it to the planning team. Councillor Marshall stated he had a comparison chart with data from other neighbouring authorities about their allowed speaker times and it was evident that none of these authorities were as lenient as Lichfield allowing the Ward members 10 minutes.

RESOLVED:- (1) It was agreed that an evidence based decision was needed and Councillor Marshall was asked to collate 6 months of data from the Planning Committee meetings and return to March O&S Committee meeting;
(2) Cllr Marshall was asked to look at the call-in procedures with the planning team again.

6 UPDATE FROM TASK GROUPS

Councillor Baker, Chair of the New Leisure Centre Task Group attended virtually and gave an update on the task groups work to date:-

- Terms of Reference include a focus on the NEW Leisure Centre from concept through to final design and build (2024);
- Timeline developed with Lead Officers and Cabinet Members and despite additional issues to be assessed and resolved and a re-assessment of funding opportunities the project is running close to these with a slippage of approx. 3 months;
- Members have been fully engaged, motivated and spirited in their desire to deliver the best we can to match the needs of and for the benefits of all residents current and future but also aware of the financial and physical constraints;
- The need to be sustainable and have long term viability understood;
- Officers have provided hard work, support and engagement and are an integral part of the process;
- The task group have examined, discussed and suggested recommendations/next steps on a breadth of relevant topics e.g.
 - Site selection and reasoning
 - ANOG
 - Potential designs – incorporating flexibility and long term sustainability economically and adaptability as needs change
 - Funding and related facility provisions
 - Section 122 consultation and analysis of responses
 - Comms Plans, stakeholders and consultees – ongoing
 - Likely mitigations to ensure smooth passage of project now and long term
 - Co-location/partnerships
 - Appropriation and go ahead
 - Outline/reserved matters planning – next steps
- The task group is currently seeking a date for the next meeting and regular briefing meetings are held between the Chair and Officers with input from the portfolio holder as appropriate.

The following questions were asked:-

- Have we worked out the running costs?
- Have we worked out the operational costs?
- Is it a viable option long-term?
- Why has this site been chosen?
- We need an urgent comms plan sent out to residents to explain why this site has been chosen

RESOLVED:- That the views of the Committee be considered by the Task Group and Cabinet Members.

7 HEALTH MATTERS

Councillor Wilcox reported that he had attended yesterday's Staffordshire County Council's Health & Care Overview and Scrutiny Committee on behalf of Lichfield District Council and gave his report of the meeting to the Committee:-

- George Bryan Centre - concerns still being assessed and Tamworth's Councillor Claymore and Christopher Pincher, MP, are now also involved and fighting for this facility in Tamworth. Update expected in the spring next year.
- There seems to be a change regarding the reopening of the Samuel Johnson's Maternity Services as there are not enough midwives. However, another paper was due to come back from the Integrated Care Board at November's meeting.
- Consideration for Mental Health matters including CAMHS was also discussed and this item is also due to come back to November's meeting.

Councillor Wilcox explained that the priorities seem to be GP led at the moment but he assured members that he was continuing to pressure and lobby on behalf of the district and so was Cllr Silvester-Hall who was a fellow member serving on the committee and Cllr Cox was the Vice-Chair. Members highlighted the word "transformation" used again and were concerned as mental health facilities in the community do not work and stated there were no facilities similar to the George Bryan Centre. The Stafford facility had no more room. Similarly, the Samuel Johnson Maternity Service was all set up and this hospital was meant to be a replacement for the Victoria Hospital for all the residents in the district. The Committee noted the previously circulated briefing papers provided by the Councillor Wilcox on the outcome of the County Council meetings.

RESOLVED:- The information received was noted and Councillor Wilcox assured members he would continue to lobby on behalf of the district.

8 MEDIUM TERM FINANCIAL STRATEGY

The Cabinet Member for Finance & Commissioning, Councillor Strachan, introduced this item and said, as everyone was aware, the finances in government had been moving very quickly recently so apologised that elements in the report had already been superseded.

The Assistant Director - Finance & Commissioning, Mr Thomas, gave a position statement presentation covering a selection of things that had changed very recently:-

- Spending Review 2021 and Core Spending Power
- The Medium Term Fiscal Plan – government announced very recently and changed yesterday

- The Medium Term Fiscal Plan and Local Government Funding
- The Energy Bill Relief Scheme for Businesses and other Non-Domestic Customers
- Usable Reserve Trends
- Business Rate Pooling for 2023/24

He asked members to note:-

- Core Spending Power - Percentage increases – last year this looked like a good settlement from the Spending Review for grant funding with an increase of 7.9% for 2022/23 – however for 2023/24 and 2024/25 there is no allowance for inflationary increases which is a bigger issue in the current economic environment.
- There is an assumption in government core spending figures that councils will raise their council tax by maximum allowable level and there is Tax base growth and the assumption is that more money will be raised locally.
- Council tax funding is increasing and therefore a bigger proportion is being funded locally through council tax payments.
- Funding that comes from business rates and revenues support grants reducing.
- New homes bonus has dropped significantly in last 3 years because there has been one-off payments, at the moment there is money in the funding settlement for it but will it survive?
- Medium term fiscal plan – This was updated yesterday so it will be published later this month now. It will set out further details of fiscal rules/how debt will be reduced.
- Government wants to stick to spending settlements for this spending review settlement period which implies it is unlikely there will be any additional funding for local governments within that period.
- Budget will be published in the spring with a further OBR forecast.
- Local Government Funding - Chancellor suggested spending review levels are being adhered to so it is likely to mean public spending cuts as inflation is significantly higher than projected. Local government not immune from those cuts.
- Although an extra £2.7 billion has been given to councils, this was based on inflation projections last year and a large portion of that is from council tax income but not the extra money; it is permission from the government to raise council tax payments locally to fund the services.
- In our projections we have increased the cost of utility/energy costs as the government have introduced an Energy Bill Relief Scheme but only for a 6 month period to partly mitigate this impact. It does not specify local authorities are eligible but it is assumed we will fall in to its scope. However, it is not quite as generous as the headlines say, as there is not actually a cap – there is a cap to a point but then it is left to individuals to fund the difference. Finance are trying to work through the numbers and identify what level of support this gives the council as there is still an element of exposure to those costs.
- Usable Reserve trends – level of reserves increased and District Councils have had the biggest increase because they have been exposed to the most risks with the changes through local government funding on business rates and new homes bonus schemes.
- Business Rates Pooling – we have opted to remain in Staffordshire & Stoke on Trent business rates pool. If it is successful we as a District Council will retain approximately £400,000 which would otherwise have gone to the government. Staffordshire County Council will receive extra funding, likewise the Police and Fire Service. An outcome of whether this pool stays in place is expected in December.

A number of questions were raised by Members and answered focusing on key risk areas, budgetary pressures, inflation pressures and why another £2m had been allocated to the Birmingham Road site.

Cllr Strachan presented an overview of the MTFs Report and said this is the truly consultative phase in the budget process and comments may form part of the emerging budget plan. He appealed for comments and observations which could be assessed as part of the budget process and possibly built in. He recognised that there was a special Budget O&S Committee meeting scheduled for December.

Councillor Strachan said a number of assumptions were in the report and no longer applied as Mr Thomas had mentioned in his presentation. He told members that the funding gap of slightly over £1m was built in for the first year and confirmed this would be funded from general reserves. He reassured the committee that it was not all bad news as there was money coming from the UK shared prosperity fund – proposed investment plan presentation later in the agenda and Mr Percival had advised him that a further £400,000 was also available from the Rural England prosperity fund which we needed to prepare an investment plan for – deadline 30 November so optimistically there were funds due to come to us as an authority.

Councillor Strachan advised that Council tax was a key area for consultation and asked members for comments on how better Lichfield could deploy the Local Council Tax Support Schemes to support the residents in our area, (there has been 1,500 consultation responses and positive support from Staffordshire County Council already)

And comment on the rates of council tax. He advised that no decision had yet been made on this and advised that he had concerns about any projection to rise council tax year by year and said it needed a careful balancing exercise.

The following questions were asked:-

- In relation to negative RSG – are we at risk of this with any of the changes?
- Re: What we can set aside on the windfalls revenue side – we have a significant employment gap between people with disabilities most deserving of support and able bodied people in district – approx. 20% - can we help?
- Inflationary pressures – gas and electricity – February is a strange time to end a support scheme, can we ask central government what is going to happen after February before January? We will need to make a decision in January at Council so any decision on the future will be difficult without knowing their future plans.
- Potential for future council tax rises – what would a freeze this year look like if we went to 1.5% the following years? Or a potential freeze this year and 2% for the following three years?
- Could Central Government move the cap on council tax increase?
- Capital Investment – additional £3.8m will not fund Leisure Centre so if dependant on other monies should it be spent elsewhere?
- Similarly re: Birmingham Road investment – we know there is a significant need for investments elsewhere, is this a good allocation of the monies?
- Re: New Depot – Is this not churlish when we have pressing needs now in city centre? Should be addressed if and when the national waste strategy is implemented.

The following observations were given:-

- Birds Street regeneration – city centre works needed more.
- Climate Change – Solar PV/insulating is very important to meet response to the climate emergency. This impact on revenue position could potentially be well received to take on.
- Greenway – liked idea – adequate linkage from greenway to public active travel routes and tourism hotspots i.e. Lichfield Cathedral to Chasewater.

- CCTV – Any discussions on CCTV should seek an investment from the Police & Crime Commissioner.
- Appendix D quotes £100,000 from the new Property Company – sceptical that this will be achieved.
- The identified potential investments are important and hope that Burntwood Town Centre does go ahead as waited such a long time for it and been promised on a number of occasions previously.
- If government are suggesting that councils will raise their council tax by maximum allowable levels and they will have to raise more money locally it does give the feeling that they are not looking at any other way of offering support.

RESOLVED:- That the views of the committee be considered by Cabinet and members give some thought to the budget in readiness for November and December's O&S meetings.

9 **BRIEFING NOTE: LICHFIELD DISTRICT COUNCIL'S INVESTMENT PLAN FOR THE COUNCIL'S UK SHARED PROSPERITY FUND (UKSPF) CONDITIONAL ALLOCATION**

The Deputy Leader of Cabinet and Cabinet Member for Economic Development, Councillor Eadie, gave a verbal report on Lichfield District Council's Investment Plan for the Council's UK Shared Prosperity Fund conditional allocation as a briefing note had been circulated to all in advance of the meeting.

Councillor Eadie said this funding was coming from Central Government to put in to communities – place, skills and in terms of supporting active lives. He said the projects to be invested were listed at Appendix 1, the measure of outcomes which had been identified were at Appendix 2 and Appendix 3 were things which had been considered but not requested this time. Councillor Eadie said the wording used by officers did give a little wriggle room and some small variances may be achieved but the proposals had been written as open and transparent as possible to be able to achieve the funding. He highlighted that the first thing in terms of the proposals to be delivered was a Community Hub in Burntwood as it was recognised that an investment in Burntwood was a pressing need within the district. He assured members that the project was not “Lichfield centric” and the proposals were across the whole of the district with only some financial support for the cinema development in the Lichfield area. Councillor Eadie said money was proposed to support active lives for Us Girls and Play Streets and it was evident we had also listened to businesses and there was a proposal for transport assistance to enable workforces to travel to businesses outside the local transport times on offer at the moment.

The following questions were asked:

- What is the degree of risk – is the funding ring-fenced? When is it to come and is it in jeopardy because of the current turmoil?
- Incubator space – As we do not own premises in Burntwood (other than the depot), what is plan delivering incubator space there?
- Localities work – having cash set aside is positive, but the current budget per project is £5,000 – what do we do if there is an overspend or underspend – has this got to go back to Central Government or can it be used for another project?
- How have the projects been identified?
- How are we going to involve members in the communities?

- As there are 45 projects across 22 wards and we have 47 members, how will this work?
- It was noted that £45k was due to be spent in this financial year – is this not optimistic – can we roll over or has it got to go back to Central Government?
- Can we offer Play Streets project long-term?
- Is there an opportunity to marketing in the district to talk about the manufacturing sector given the obvious strengths in the district?
- Transport assistance – Can we include the industrial estates in Fazeley as well as Fradley and Burntwood? This would serve our residents in the south and east of Lichfield.
- Workforce development – positive to upskill but can this lead to improved employment, improved economic activity and improved wages?
- Some of the projects that did not go in to the proposal – why were these decisions made not to explore and what was the criteria?

The following views were given:-

- Pleased to hear Burntwood Community Hub is a project as it has been promised for years.
- Incubator spaces – could we talk to Staffordshire County Council and partners about their premises elsewhere i.e. Chasewater Innovation Centre was used in the past.
- Pleased not Lichfield Centric as transport problems for workforce accessing industrial estates in Burntwood also.
- Project of Us Girls is fully supported.
- Delighted there had been discussion with landowners as not been able to do things we want to because of land banking, mainly in the Chasetown Ward.

RESOLVED:- That the views of the committee be considered by Cabinet.

10 DELIVERY OF DISABLED FACILITIES GRANTS

The Cabinet Member for Housing, Ecology & Climate Change, Councillor Lax, introduced the briefing paper on Delivery of Disabled Facilities Grants and said there was also a Cabinet Report now available with all the financial details as all legal issues had now been resolved and this item was no longer in private and confidential.

Councillor Lax advised that this was no longer going to be a shared service with Tamworth Borough Council and it would mean we have control of the service and can monitor as we go along and provide a holistic approach. She reassured members that the money to be used was ring-fenced and thanked Anthony Thomas, Lucy Robinson and Simon Fletcher for all the work to date.

Councillor Lax said the current contract with Millbrook expires on 31 March 2023 and we will take over the contract with support from Cherry Whites, the outside consultants we currently use, who will stay on board as we transition over and offer their expertise and support. She advised that Lucy Robinson had secured the computer system for exclusive use at Lichfield and the service would run like an in-house service and would mean we will be able to apply our own housing assistance policy and make decisions relating to the mandatory grants as well as discretionary grants if suitable. Councillor Lax said we will be using an Independence Community Interest Company (Plymouth) Dynamic Purchasing System whereby any contractor locally can apply to be registered and “cleared” by the company at no expense to them and they will provide us with the due diligence for the contractor providing warranties for the work they do and providing insurance etc. etc. It was envisaged that once on that system we can grow our own pool of contractors and have a more dynamic team who can respond more speedily than that which we have experienced with the current provider. It will also

mean we can use staff from within our own property company (Latco) who have the skillsets for the work to be carried out i.e. surveyors. It was known that some staff will be TUPE'd over to us from Milbrook which is a legal requirement but the details were yet to be received.

The following questions were asked:-

- We know there is circa 200 people on a backlog list – what will we do to tackle this?
- Will we see regular data to see how we are performing as an organisation in delivery going forward? (Briefing papers perhaps every 3 months after April 2023 suggested).
- What pressure will we put on the people who are providing the adaptations?
- Have we set a target on how many adaptations we want to see happen?
- Will staff TUPE'd over receive additional training to perform appropriately and not bring any bad habits with them?

The following views were given:-

- Great to see this service as there have been issues for a long, long time and we have to get it right. Happy to see stated a “seamless customer journey” as this is vitally important for people who need disability grants. We need a much more robust service.
- Need to ensure backlog of cases dealt with.
- Greater chance of being successful if running it on our own.
- The biggest factor on this was the delivery of Milbrook to do the job when they said they would.
- Very pleased with new service but we have previously offered this service with our own in-house staff and it went outside to the professionals to deliver, do hope we have the staff in place to take on this big responsibility, a lot of homework, a lot of visiting, a lot to take on as it is a vast job.
- Scheme welcomed.

RESOLVED:- That the views of the committee be considered by Cabinet.

11 DUAL STREAM RECYCLING IMPLEMENTATION

This item was deferred to the next meeting to be held on 17 November as the Cabinet member was unable to attend today's meeting.

12 EXCLUSION OF PRESS AND PUBLIC

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”

IN PRIVATE

13 JOINT VENTURE

The Chief Executive, Mr Simon Fletcher, reported that there was now a Cabinet report available relating to the joint venture between the District Council and Evolve Estates (owners of the Three Spires Shopping Centre) to deliver a cinema and associated food and beverage units. It was noted that the MTFs would be updated to include this project in the Capital Programme.

It was asked if full consultation had taken place with all the shops in the precinct as flag ship stores at the proposed site had previously been successful for drawing a daytime economy and a cinema may be aimed more at a night time economy causing concern of reduced footfall for those other retail shops. It was reported that Evolve Estates were undertaking this consultation and they would be asked to supply the responses as soon as possible.

RESOLVED: That the item be noted.

(The Meeting closed at 8.30 pm)

CHAIR

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OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME FOR 2022-23

AGENDA ITEM	DETAILS/REASONS	15.06.22	19.07.22	15.09.22	17.11.22	15.12.22	19.01.23	16.03.23	25.05.23	TASK GROUP REQUIRED YES/NO	OFFICER LEAD	MEMBER LEAD
Terms of Reference	To remind the Committee of the terms of reference and suggest any amendments	√								NO	CLL	
Councillor Community Fund	To follow and monitor the scheme	√								NO	Gareth Davies	Cllr R. E Cox
Corporate Peer Challenge 6 month review	To consider update recently received	√									Christie Tims	Cllr A. Smith
Economic Prosperity Strategy	To consider the Strategy	√									David Moore	Cllr I. Eadie
Dual Waste Recycling	Consider the review being undertaken and way forward				√						Ben Percival	Cllr E. Little
Local Council Tax Support Scheme (now in with the MTFS report)	To consider the consultation and options			√	√		√				Anthony Thomas	Cllr R. Strachan
UK Shared Prosperity Fund	To discuss the received briefing paper			√							Jonathan Percival	Cllr I. Eadie
Joint Venture	To receive information and give views (confidential item)			√							Simon Fletcher	Cllr D. Pullen
DFG Delivery Options	To consider options (confidential item)			√							Christie Tims	Cllr A. Lax
Burntwood Town Deal	To receive an update		√								David Moore	Cllr I. Eadie

OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME FOR 2022-23

Notes from Task groups	Lichfield City Masterplan Task Group New Leisure Centre Task Group Climate Change Task Group Dual Stream Recycling Task Group Councillor Community Fund	√			√								
Medium Term Financial Strategy				√	√		√					Anthony Thomas	Cllr R. Strachan
Lichfield Youth Council	To consider proposals		√									Simon Fletcher	Cllr R. Cox
Area Panels	To consider proposals		√									Simon Fletcher	Cllr R. Cox
Budget Proposals	Special Meeting to consider proposals for the budget					√						Anthony Thomas	Cllr R. Strachan
BRIEFING PAPERS:-													
Money Matters												Anthony Thomas	Cllr R. Strachan

Health and Care Overview and Scrutiny Committee 3 October 2022 Work Programme 2022/23

This document sets out the work programme for the Health and Care Overview and Scrutiny Committee for 2022/23.

The Health and Care Overview and Scrutiny Committee is responsible for:

- Scrutiny of matters relating to the planning, provision and operation of health services in the Authority's area, including public health, in accordance with regulations made under the Health and Social Care Act 2001 and subsequent guidance.
- Scrutiny of the Council's work to achieve its priorities that Staffordshire is a place where people live longer, healthier and fulfilling lives and In Staffordshire's communities people are able to live independent and safe lives, supported where this is required (adults).

Link to Council's Strategic Plan Outcomes and Priorities

- Inspire healthy, independent living
- Support more families and children to look after themselves, stay safe and well

We review our work programme at every meeting. Our focus in scrutiny is on tangible outcomes for the residents of Staffordshire, to use the data provided and members experience to debate and question the evidence, to provide assurance in what is being done and reassurance that matters within the health and care system are moving in the right direction. Scrutiny of an issue may result in recommendations for NHS organisations in the county, the County Council and for other organisations.

Councillor Jeremy Pert
Chairman of the Health and Care Overview and Scrutiny Committee

Health and Care Overview and Scrutiny Committee Work Programme 2022-23

Date	Topic	Background/Outcomes		
Committee Meetings, Reviews and Consultations				
		Background	Basis	Outcomes from Meeting
Monday 30 May 2022 at 10.00 am Scheduled	<ul style="list-style-type: none"> Elective Recovery Changes to the Healthy Communities Service from April 2023. Work programme 2022-23 		Risk & Performance Public Health Planning	Considered plans to address backlog & requested further information Noted the increased focus on priority services & outcomes, change to eligibility criteria, impact in communities and early prevention. Planning and prioritisation of work programme items
Tuesday 21 June 2pm	Healthier Communities day		Public Health	Workshop feedback and findings will form the evidence base for a report to committee.
Monday 11 July 2022 at 10.00 am Scheduled	<ul style="list-style-type: none"> ICS and ICB Update Primary Care Access update Maternity Transformation Health Watch Intro to HW year 1 priorities, focal investigations topics The Families Health & Wellbeing (0-19) service. (Pre-decision) 	ICS ICS ICS Healthwatch Pre-decision	Risk & Performance Risk & Public Concern Transformation Partnership Public Health	Peter Axon Lynn Millar Helen Slater Bas Tazim SoS HealthWatch Karen Coker H&C
Monday 1 August 2022 at 10.00 am Scheduled	<ul style="list-style-type: none"> ICS Transformation - George Bryan - Inpatient Mental Health Services 	ICS	Transformation	Additional information was requested to strengthen the business case. Information arising from scrutiny and comments of the Committee informed discussion of Inpatient Mental Health Services at Integrated Care Board on 18 August 2022.
Monday 19 September 2022 at 10.00 am	Cancelled – Queens Funeral (B/H)			
Thursday 22 September 2022 at 1:30pm.	<ul style="list-style-type: none"> RWT Acute Trust QA performance update 	Joint with Wolverhampton Hybrid link available	Performance	HCOSC invited - joint scrutiny of RWT Quality Account

Monday 3 October 2022 at 10.00 am	<ul style="list-style-type: none"> System Pressure update ICB Performance Social Care Performance The future of Supported Living Services in Staffordshire Clinical Policy Alignment 	Social Care	<ul style="list-style-type: none"> Risk and performance Performance Performance Pre-decision Transformation 	<ul style="list-style-type: none"> ICB ICB Dr Richard Harling Sarah Taylor (Cabinet 19 October) ICB
Monday 17 October 2022 at 10.00 am Scheduled	<ul style="list-style-type: none"> Workforce Planning <ul style="list-style-type: none"> Health and Care Acute Trusts Ockenden Report Inpatient Mental Health Services 		Workforce Risk &performance Transformation	H&C / ICS/ UHDB/UHNM/ NSCHT https://www.donnaockenden.com/wp-content/uploads/2022/03/FINAL_INDEPENDENT_MATERNITY_REVIEW_OF_MATERNITY_SERVICES_REPORT.pdf ICB
Monday 28 November 2022 at 10.00 am Scheduled	<ul style="list-style-type: none"> Feedback from the Healthier Communities Workshop Public Health Dashboard Primary Care Access Plan Update 		Wider determinants Performance Risk and public concern	Cllr Edgeller /Claire McIver Claire McIver Lynn Miller
Monday 30 January 2023 at 10.00 am Scheduled	<ul style="list-style-type: none"> MPFT performance update NSCHT performance update UHDB Acute Trust QA performance update 		Performance	Ben Richards
Monday 20 March 2023 at 10.00 am Scheduled	<ul style="list-style-type: none"> Dentistry 		Risk and Performance	Children's Dentistry – Keep Stoke Smiling (inc. Staffs) Fluoridisation/orthodontic access, 2023 transfer to ICS commissioning

Work programme for 2022-23 - items		Background	Basis	Target Scheduling Date
To Be Scheduled	<ul style="list-style-type: none"> Impact of air pollution on health 	Work planning	Risk	
	<ul style="list-style-type: none"> Impact of Long COVID 		Risk	
	<ul style="list-style-type: none"> Obesity and Diabetes 	29/11/21	Public Health	
	<ul style="list-style-type: none"> Social prescribing 	29/11/21	Public Health	
	<ul style="list-style-type: none"> NHS estate – fit for twenty first century 	13/12/21	Planning, Policy & Processes	
	<ul style="list-style-type: none"> End of Life – compassionate communities 		Patient journey	
	<ul style="list-style-type: none"> Winter Flu UHMN Critical incident lessons learnt 			
	<ul style="list-style-type: none"> Innovation / technology 	30.05.2022		Staffordshire University/ ICS – demonstration of technology
	<ul style="list-style-type: none"> Health Visitor Service 	30.05.2022		
	<ul style="list-style-type: none"> NHS Visual Impairment Service 	30.05.2022		
	<ul style="list-style-type: none"> Draft Mental Health Strategy 		Policy Public Health	Jan Cartman -Frost Strategy delayed

	<ul style="list-style-type: none"> • PH outcomes and services (Children's) • Mental Health Support in Schools 		Partnership working	Natasha Moody / Karen Coker bring this at the same time as strategy and MHST Karen Coker/ MPFT/ NSCHT
	<ul style="list-style-type: none"> • Adult Social Care Reform 			

Work Groups / Inquiries planned and ongoing – 1. Women's Health WG; 2. Mental Health session; 3. Innovation Day; 4. Developing Healthier Communities Workshop & report

Item	Focus	Suggested Items
The Role of Community Hospitals within the Wider Health Economy (CCGs, MPFT, D&BUHFT)	Transformation	
Going Digital in Health	Transformation	Requested at meeting on 16 March 2021 Part of transformation programme

<p>Membership</p> <p>Jeremy Pert Chairman) Richard Cox (Vice-Chairman - Overview) Ann Edgeller (Vice-Chairman – Scrutiny)</p> <p>Jak Abrahams Charlotte Atkins Philip Atkins Keith Flunder Thomas Jay Phil Hewitt Jill Hood Bernard Peters Janice Silvester-Hall Ian Wilkes</p> <p>Borough/District Councillors</p> <p>Jill Hood (Stafford) Philippa Haden (Cannock Chase) Patricia Ackroyd (East Staffordshire) Michael Wilcox (Lichfield) Ian Wilkes (Newcastle-under-Lyme) Barbara Hughes (Staffordshire Moorlands) Lin Hingley (South Staffordshire) Rosemary Claymore (Tamworth)</p>	<p>Calendar of Committee Meetings</p> <p>at County Buildings, Martin Street, Stafford. ST16 2LH (at 10.00 am unless otherwise stated)</p> <p>Monday 30 May 2022 at 10.00 am; Tuesday 21 June 2022 at 14.00 am – Wider Determinants Workshop Monday 11 July 2022 at 10.00 am; Monday 1 August 2022 at 10.00 am; Monday 19 September 2022 at 10.00 am; Thursday 22 September 2022 at 3:30 Joint RWT with Wolverhampton Ccl Monday 17 October 2022 at 10.00 am; Monday 28 November 2022 at 10.00 am; Monday 30 January 2023 at 10.00 am; Tuesday 20 March 2023 at 10.00 am;</p> <p>Work Group Meetings</p> <p>Womens Health WG Monday 13 June 2022 at 2.30pm</p> <p>Innovations Day TBA</p> <p>Integrated Care Hubs District meeting TBA</p>
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Medium Term Financial Strategy (MTFS)

Cabinet Member for Finance and Commissioning

Date: 17 November 2022

Agenda Item:

Contact Officer: Anthony Thomas

Tel Number: 01543 308012

Email: Anthony.thomas@lichfielddc.gov.uk

Key Decision? YES

Local Ward All Wards

Members



Overview and Scrutiny Committee

1. Executive Summary

- 1.1 The ability to deliver the outcomes set out in the **Lichfield District Council Strategic Plan**, and beyond, is dependent on the resources available in the MTFS.
- 1.2 The MTFS was approved by Council on 22 February 2022 and this is refreshed each year to:
 - Remove the previous financial year and in this MTFS this is 2021/22
 - Formally add the new financial year and in this MTFS this is 2026/27 and
 - Refresh and update assumptions to reflect the latest information available
- 1.3 The MTFS is the overall budget framework and consists of the Revenue Budget, Capital Strategy and Capital Programme, Earmarked Reserves and General Reserves.
- 1.4 There have been reports to Cabinet and Council that have updated the MTFS since its initial approval.
- 1.5 The Treasury Management Strategy Statement and Annual Investment Strategy are also important components of the MTFS. These components, under the Constitution, are the responsibility of the Audit and Member Standards Committee and, therefore, will be considered by that Committee as part of the development of the Draft MTFS.
- 1.6 The timetable for consideration of the development is summarised below:

	Date	Meeting	Topics
Budget Consultation (June to December)	05/07/2022	Cabinet	Budget timetable, Budget principles, MTFS update, Budget consultation and Budget assumptions for 2023/24
	15/09/2022	Overview and Scrutiny Committee	To review the Draft Medium Term Financial Strategy
	04/10/2022	Cabinet	An update on the Draft Medium Term Financial Strategy
	17/11/2022	Overview and Scrutiny Committee	To review the Draft Medium Term Financial Strategy
	06/12/2022	Cabinet	Set the Council Taxbase for 2023/24
	NEW 15/12/2022	Overview and Scrutiny Committee	Special Meeting to consider Budget Proposals
	19/01/2023	Overview and Scrutiny Committee	To review the Draft Medium Term Financial Strategy
	02/02/2023	Audit and Member Standards Committee	To review the Treasury Management Strategy Statement
	14/02/2023	Cabinet	To recommend the Medium Term Financial Strategy and Council Tax increase to Council
	28/02/2023	Council	Approve the Medium Term Financial Strategy, updated Local Council Tax Support Scheme and set the Council Tax

- 1.7 There remains an inherently high level of uncertainty surrounding the Local Government Finance Regime with the residual impact of the COVID-19 pandemic, the cost of living and wider economic crisis and other potential Government Policy changes.

- 1.8 The Council has a statutory duty to undertake budget consultation, set a balanced budget and calculate the level of Council Tax for its area.
- 1.9 The Approved Capital Programme together with a projection for 2026/27 from the longer term capital investment model, is also included for consideration.

2. Recommendations

- 2.1. To note the specific updates on:
 - The Medium Term Fiscal Plan.
 - Local Government and Wider Finance Issues.
 - Business Rates Revaluation.
 - The financing of a replacement Leisure Centre and the potential impact on the Medium Term Financial Strategy (pending the Local Government Finance Settlement).
- 2.2. To provide views to Cabinet in relation to:
 - The approach to fees and charges increases for 2023/24.
 - The management of financial risk in the Medium Term Financial Strategy.
 - The potential level of the District's Council Tax increase for 2023/24.

3. Background

The Medium Term Financial Strategy (MTFS)

- 3.1. Council approved the MTFS (Revenue and Capital) 2021-26 on 22 February 2022 which covers the financial years 2021/22 to 2025/26 (with a further projection for 2026/27 prepared by Finance for forward planning purposes).
- 3.2. The MTFS includes:
 - **The Revenue Budget** related to the day to day delivery of the Council's services, such as waste collection
 - **General Reserves** related to the amount of money available to balance the budget in the short term or fund short term initiatives
 - **The Capital Programme** and its financing for longer term expenditure in relation to the Council's assets, such as property
- 3.3. The Revenue Budget and Capital Programme are connected by:
 - Any financing of the Capital Programme from the Revenue Budget
 - The repayment of borrowing and the receipt of income from investments
 - Expenditure, income and savings resulting from capital investment
- 3.4. The Council updates its Budget forecasts at 3, 6 and 8 month intervals.
- 3.5. To assist in understanding the level of uncertainty or risk present in relation to the Local Government Funding Regime, we allocate each financial year a risk rating:
 - **Low** – all significant components of the Local Government Funding Regime are known and understood
 - **Medium** – all significant components of the Local Government Funding Regime are known although there is some uncertainty around how specific elements will operate
 - **High** – there is uncertainty around all significant components of the Local Government Funding Regime

MTFS Budget Principles

- 3.6. To assist in preparing the MTFS, in common with a number of Councils, a set of principles were established to guide the preparation and management of the MTFS.
- 3.7. 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

Medium-Term Fiscal Plan: Statement on updated Fiscal Measures

- 3.8. The new Chancellor made a statement on 17 October 2022 bringing forward a range of fiscal measures in advance of the Medium-Term Fiscal Plan, which is due to be announced on 31 October 2022 (subsequently updated to an Autumn Statement that will be provided on 17 November 2022).
- 3.9. The measures announced and over the last couple of weeks will increase tax revenues by £32bn, and will start to offset the deficit in the public finances. The Government's fiscal objective is that debt should be reducing in the medium term. Without an Office for Budget Responsibility (OBR) forecast, we do not have an official estimate of the budget deficit but instead we will have to rely on the Institute for Fiscal Studies (IFS) and their updated Green Budget that they published last week.
- 3.10. In that report, the IFS estimate is that the fiscal shortfall will be some £60bn (in their central case). This is a major turnaround from the OBR's forecast in March 2022 that there would be a surplus of £30bn from 2023-24 onwards.
- 3.11. The IFS also modelled more pessimistic scenarios. Their "dislodged expectations" scenario assumes persistent inflation (5-6%), aggressive monetary tightening (interest rates of 6-7%), and a projected recession. In this scenario, the budget deficit remains at around £130bn over the medium term and public sector net debt would exceed 110% of GDP by 2026-27. The measures announced today make that scenario less likely but it cannot be discounted entirely.
- 3.12. Despite the reversal of tax-cutting measures, even in the IFS' central case, the Government will have to find a further £28bn if it is going to meet its fiscal target of falling debt by the medium term. Some of this might be mitigated by better-than expected growth, or by lower interest rates (the IFS assumes that interest payments will increase to £103bn in 2023-24, up from £51bn in the OBR's March forecast). Even in a best-case scenario, though, spending cuts are going to be required.

- 3.13. In the short term, local authorities will want to know whether the Spending Review 2021 funding allocations will be honoured. The previous Chancellor had confirmed that they would be – but the new Chancellor has not made a similar commitment, and so we have to assume that funding cuts in this spending review period are still on the table. Indications are that capital projects are a more likely target than revenue savings in the short term, and that any efficiency savings would be re-cycled within departments. But we are unlikely to get any confirmation until 31 October at the earliest.
- 3.14. If funding cuts are going to happen within local government in the short term, where would these be most likely to fall:
- The most obvious target is the funding for the new social care charging reforms. Grant funding is £3.6bn over the next two years, with actual costs expected to be higher, and potentially rising to £6bn per year towards the end of the decade.
 - Within the current settlement, the funding streams that are easiest to change are New Homes Bonus, Lower Tier Services Grant, and 22-23 Services Grant. It is more likely that they could be redirected to fund pressures (e.g. social care) rather than cut altogether.
 - Reducing the level of funding for the Business Rate increases cap compensation. Freezing the multiplier and fully compensating authorities on the existing basis would be expensive (based on RPI at 11.8%, the cost would be around £1.5bn). A new Chancellor with a focus on tax raising does change the assumptions here. Freezing the multiplier seems less likely than it did, although a 10% increase in the multiplier does not seem likely either. Compensating authorities at a lower rate might be one of the savings that could be offered up (say, at CPI or at an intermediate rate, such as 5%) – but there is a risk with no prior consultation having taken place.
 - Funding settlements in the next spending review are likely to be very tight indeed. The OBR forecasts increases in Departmental Expenditure Limits (DEL) of 3.9% and 3.7% in 2025-26 and 2026-27 respectively. These uplifts are likely to be reduced and some services (particularly the NHS and Defence) are likely to take the lion’s share of increases.

An Update on Local Government and Wider Finance Issues

- 3.15. The national picture both politically and economically is incredibly uncertain and volatile at present. There have been a number of announcements that could be superseded, changed or reversed.
- 3.16. However the main ones are summarised below:
- On 5 October 2022, the Minister of State for Local Government and Building Safety announced that there will be no fair funding review during the current spending review period.
 - On 6 October 2022, it was confirmed that the Government will not uplift the public spending budgets announced in the October 2021 Spending Review as shown below – when inflation was less than half of what it is now:

	2021-22	2022-23	2023-24	2024-25
Settlement Funding Assessment (SFA)	14,809.7	14,882.2	14,882.2	14,882.2
Improved Better Care Fund	2,077.0	2,139.8	2,139.8	2,139.8
Social Care Grant	1,710.0	2,346.4	2,346.4	2,346.4
Lower Tier Services Grant (LTSG)	111.0	111.0	111.0	111.0
22-23 Services Grant		822.0	822.0	822.0
Rural Services Delivery Grant	85.0	85.0	85.0	85.0
New Homes Bonus	622.3	556.0	556.0	556.0
Grant funding within Core Spending Power	19,415.0	20,942.4	20,942.4	20,942.4
		7.9%	0.0%	0.0%

- The Government's Core Spending Power based Council Tax income assumptions (assuming maximum increases and Taxbase growth) in the October 2021 Spending Review were:

	2021/22 £bn	2022/23 £bn	2023/24 £bn	2024/25 £bn
Government assumed Council Tax Income	£30,327	£31,742	£33,171	£34,663
% Annual Change		4.7%	4.5%	4.5%

- On 11 October 2022, there were reports that financial uncertainty had split opinion over whether local government should push for a multi-year settlement or another single year deal.

Business Rates Revaluation

- 3.17. A Business Rate revaluation will be implemented on 1 April 2023 with a draft list in December 2022.
- 3.18. A revaluation is assumed at a national level to be revenue neutral. This is achieved by adjusting the rate in the pound (multiplier) depending on whether total Rateable Value reduces or increases.
- 3.19. For a local authority, revenue neutrality is achieved by changing the Business Rate tariff over three years.
- 3.20. One further consequence of a revaluation is that businesses will appeal against Rateable Values that increase and therefore if these appeals are successful the level of business rate income will reduce.
- 3.21. To manage this risk, an allowance is included in the rate in the pound (multiplier) and local authorities also include risk budgets as part of Business Rate Estimates within Collection Funds.
- 3.22. In addition, the revaluation in 2023 will also involve the transfer of some infrastructure assets from local authority lists to the central list and this will result in further adjustments to Business Rate Tariffs.

An Update on the financing of a Replacement Leisure Centre

- 3.23. The Approved Medium Term Financial Strategy includes provision for a replacement leisure centre in Lichfield City based on the following assumptions:
- A capital contribution of **£5,000,000** funded entirely by external borrowing.
 - The life of the asset was estimated to be **25 years**.
 - External borrowing would use a Public Works Loans Board Equal Instalment of Principal (EIP) loan.
 - The loan is budgeted to cost **1.87%** and would be repaid over **25 years**.
 - The loan would be drawn down at the start of the 2024/25 financial year.
- 3.24. The current economic climate and the challenges it presents, mean a number of these assumptions will need to be revisited to ensure estimates continue to remain robust.
- 3.25. The key risks are summarised below:
- The level of interest rates being used by the Bank of England to reduce inflation to 2%.
 - The level of inflation especially raw materials and construction inflation.
 - The operating costs and income of leisure centres.

The Impact of Inflation and the Level of Interest Rates

- 3.26. The impact of the increase in interest rates (rate on 20/10/2022 and a higher level of 10%) on the cost of borrowing **£5,000,000** whilst assuming all other assumptions remain as budgeted would be:

	Debt Repayment 1.87%	Operating Cost	Total	Debt Repayment 4.98%	Debt Repayment 10.00%	Additional Cost	
						4.98%	10.00%
1 - 2024/25	£294,000	£0	£294,000	£447,000	£695,000	£153,000	£401,000
2 - 2025/26	£290,000	£0	£290,000	£437,000	£675,000	£147,000	£385,000
3 - 2026/27	£286,000	£0	£286,000	£427,000	£655,000	£141,000	£369,000
4 - 2027/28	£282,000	£0	£282,000	£417,000	£635,000	£135,000	£353,000
Later years	£5,040,000	£0	£5,040,000	£6,447,000	£8,715,000	£1,407,000	£3,675,000
Total - 25 years	£6,192,000	£0	£6,192,000	£8,175,000	£11,375,000	£1,983,000	£5,183,000

- 3.27. The impact of higher levels of capital expenditure and external borrowing in excess of the budgeted level of **£5,000,000** using the rates above would be:
- At **4.98%**, each £1m of additional external borrowing would cost an additional **£90,000** in year 1 and an extra £5m would cost an additional **£447,000** in year 1.
 - At **10.00%**, each £1m of additional external borrowing would cost an additional **£139,000** in year 1 and an extra £5m would cost an additional **£695,000** in year 1.

The Operating Costs and Income of Leisure Centres

- 3.28. The current assumption is that a replacement leisure centre would break even. The impact of COVID-19 and the current economic climate mean it is highly likely that this assumption will need to be revisited.
- 3.29. There is also a relationship between the activities, capital cost and the operating cost of a leisure centre and the optimum solution is to achieve a centre that remains financially sustainable over its life.
- 3.30. In terms of financial modelling:
- **A leisure centre costing £17.5m** – the second Levelling Up Fund bid included business plan modelling provided by Max Associates. This modelling in a mature year 5, projects an operating surplus of **(£13,000)**, capital replacement (lifecycle) costs of **£180,000** and a net deficit of **£167,000**.
 - **A leisure centre costing £10.0m** – this option has not specifically been modelled. However as part of the Max Associates modelling, a scenario where income is 10% lower was modelled and can be used as a proxy for a smaller centre. This modelling in a mature year 5, projects an operating deficit of **£140,000** excluding capital replacement (lifecycle) costs.
 - The aim continues to be that the replacement leisure centre will operate on a breakeven basis and therefore options are currently being identified to achieve this aim.

Options available to ensure the Leisure Centre Financing is Sustainable

- 3.31. The Council's operating costs and projected funding gap has increased significantly due to the current economic climate which means in the absence of additional funding/savings/additional income that current General Reserves will be required to provide a sustainable Medium Term Financial Strategy.
- 3.32. Any construction project that involves long term external borrowing in the current economic climate involves significant financial risk.
- 3.33. In addition, where the leisure centre business plan is based on income assumptions involving usage in the current economic climate and increasing costs such as energy, this adds further significant risk to financial sustainability.
- 3.34. There are a number of areas the Council will need to consider to ensure the replacement leisure centre remains financially sustainable:
- There needs to be a sustainable balance between the activities provided in the centre, the capital cost and the annual operating cost.
 - The use of fixed rate long term external borrowing in the current climate needs to be minimised. This could be achieved by initiatives including external funding, the use of 'windfall' income from the Finance Settlement and the use of an element of reserves through internal borrowing which is currently a lower cost option than external borrowing.
 - The identification of savings/additional income within the Revenue base budget that can be repurposed to finance any additional borrowing and operating costs.
- 3.35. The management of these risks will need to be a key consideration in terms of the financing for a replacement leisure centre.

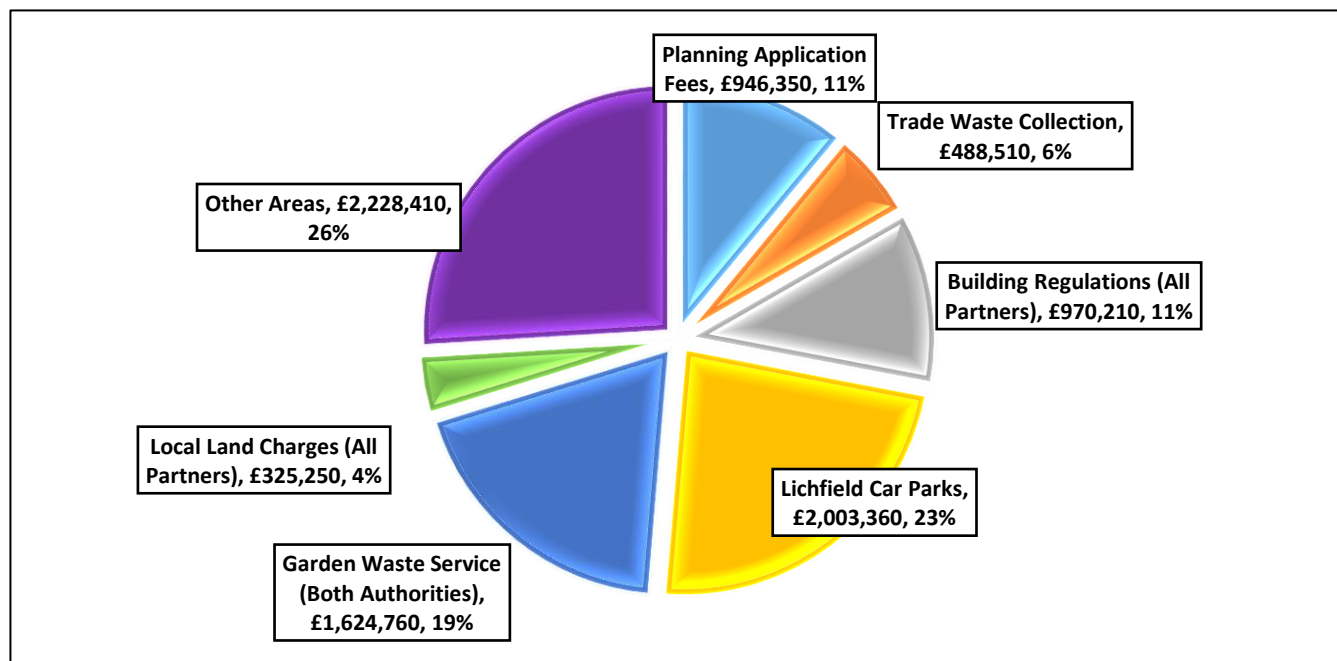
The Approved and Projected Revenue Budget

- 3.36. In the current economic climate, projections are being updated regularly to reflect changes within the Council and in the external environment.
- 3.37. Projections provided to the Committee on 4 October 2022 have been updated in relation to:
- Inflation pressures specifically the completion of more detailed pay award modelling based on the new Target Operating Model.
 - The cost of external borrowing in light of increasing interest rates.
 - The impact of the decision to underwrite the rent on the former Debenhams building for a 12 month period.
 - Projected external audit increases of **150%** from 2023/24 following the conclusion of the Public Sector Audit Appointments procurement.
 - Transitional protection for salary reductions in the Target Operating Model.
 - Further budget pressures and savings.
 - Projected additional grant income for Business Rates as a result of the higher level of inflation.
- 3.38. The approved and projected Revenue Budget (including approved changes and a forward projection for 2026/27 from the 25 year model) is shown in detail at **APPENDIX A** and in summary below:

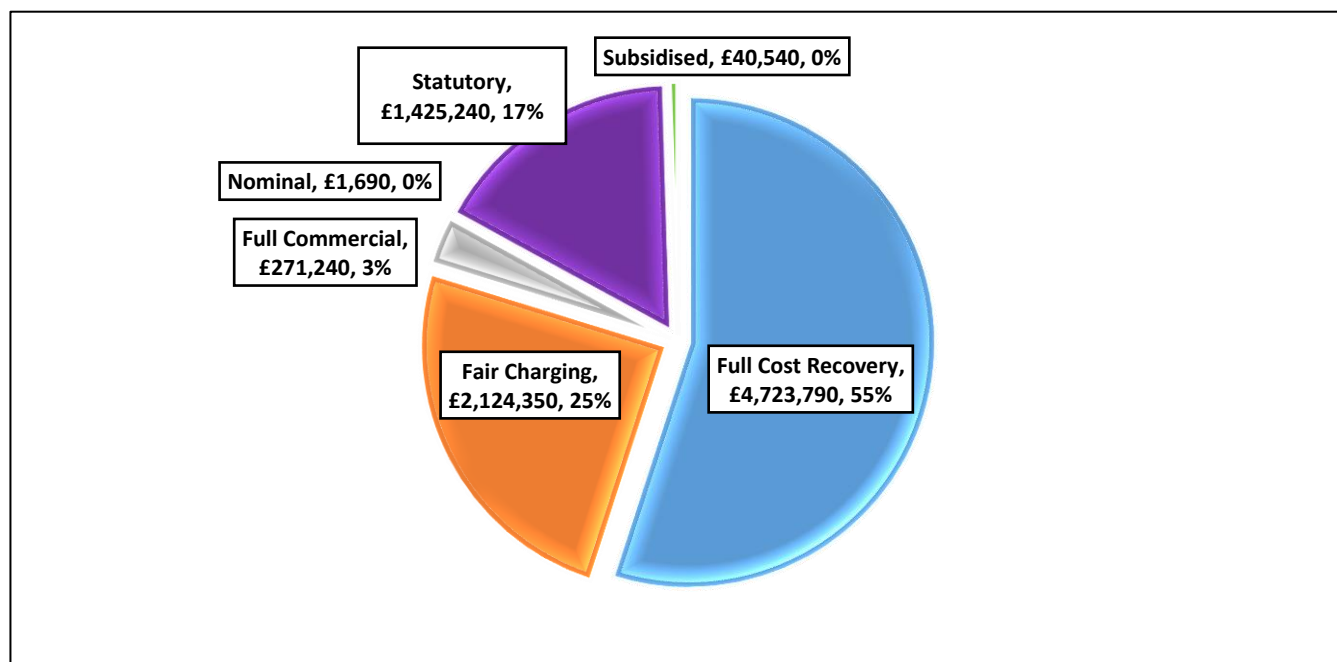
	2022/23		2023/24	2024/25	2025/26	2026/27
	Original Budget £000	Approved Budget £000				
LEVEL OF UNCERTAINTY / RISK	MEDIUM	MEDIUM	HIGH	HIGH	HIGH	HIGH
Revenue Expenditure	12,551	12,561	11,021	11,410	11,858	12,789
Revenue Funding	(12,551)	(12,551)	(9,982)	(10,415)	(10,818)	(11,088)
Approved Budget Funding Gap	0	10	1,039	995	1,040	1,701
Updated Projections						
Updated inflation pressures	0	247	104	100	74	80
Additional cost of £5m borrowing - leisure centre	0	0	0	153	147	141
Underwriting rent for former Debenhams	0	138	12	0	0	0
External Audit projected fee increase	0	0	86	86	86	86
Transitional protection related to the TOM	0	10	20	10	0	0
Budget pressures less savings	0	(70)	(75)	(93)	(4)	(4)
Additional business rates cap grant - inflation	0	(300)	0	0	0	0
Projected Budget Funding Gap	0	35	1,186	1,251	1,343	2,004
More Optimistic Scenario	0	35	182	250	366	1,000
More Pessimistic Scenario	0	35	1,914	2,120	2,578	3,239

Fees and Charges

3.39. The current approved budgets in relation to income from fees and charges is provided in detail at **APPENDIX B** and in summary for 2023/24 below:



3.40. The pricing policy for fees and charges in 2023/24 is assessed to be:



3.41. In line with the approved corporate fees and charges policy, the level of inflation should be taken into account when setting fees and charges for the year ahead in order to maintain the level of income in real terms.

3.42. It is important to highlight that Section 93 of the Local Government Act 2003, limits non statutory prices to a full cost recovery pricing policy.

3.43. The Approved Medium Term Financial Strategy assumed that a number of fees and charges would be increased in 2023/24 to ensure that prices reflect higher operating costs.

3.44. The budget assumptions presented to this Committee on 4 October 2022 identified a minimum price increase for 2023/24 of **2.50%** (excluding the garden waste service) to ensure that fees and charges remain affordable and do not significantly impact on use in the current economic climate.

The Approved and Projected MTFs and General Reserves

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

	2022/23		2023/24	2024/25	2025/26	2026/27
	Original Budget £000	Approved Budget £000				
LEVEL OF UNCERTAINTY / RISK	MEDIUM	MEDIUM	HIGH	HIGH	HIGH	HIGH
Available General Reserves Year Start	5,246	5,246	4,441	3,560	2,309	965
Money Matters Quarter 1	0	(1,050)	0	0	0	0
(Funding Gap) / transfer to General Reserves	0	(35)	(1,186)	(1,251)	(1,343)	(2,004)
Collection Fund Surplus	0	0	305	0	0	0
New Homes Bonus in excess of the 'Cap'	280	280	0	0	0	0
Available General Reserves Year End	5,526	4,441	3,560	2,309	965	(1,039)
Minimum Level	1,600	1,600	1,600	1,600	1,600	1,600
Total Projected General Reserves	7,126	6,041	5,160	3,909	2,565	561
More Optimistic scenario	7,126	6,041	6,164	5,914	5,547	4,547
More Pessimistic scenario	7,126	6,041	4,432	2,312	(267)	(3,506)

- 3.46. At present, the minimum level of general reserves is approved at **£1,600,000**. However this level was approved prior to increased level of risk presented by the current economic climate.

The Management of Financial Risk

- 3.47. The specific risk activities considered as part of the risk assessment in the Approved Medium Term Financial Strategy to establish the minimum level of general reserves are identified below:

Activity Area	Severity of Risk 22/02/2022	2022/23 Reserve Amounts £000
Capital Strategy	Material	5
Business Rates	Severe	0
Partnerships and Outsourcing	Material	153
High Risk Streams of Income including Fees and Charges	Severe	794
Inflation Assumptions	Severe	288
Demand Led Services	Material	90
Collection of Income Performance	Material	135
Civil Contingency	Tolerable	127
Other	Tolerable	8
Total Minimum Reserves		1,600

- 3.48. It is highly likely that the severity of risk focused on Partnerships and Outsourcing, Inflation Assumptions and Collection of Income Performance will need to increase. This increase in risk severity will result in the minimum level of general reserves being set at a higher level whilst the current economic conditions persist.
- 3.49. Any increase in the minimum level of general reserves will reduce the level of available general reserves that can be used to balance the revenue Budget or fund capital or revenue projects.

3.50. More specific financial/volatility risks are managed through earmarked reserves and these are identified below:

	Actual	Projected	
	01/04/2022 £000	31/03/2023 £000	31/03/2024 £000
Zurich Insurance	29	25	21
Lichfield District Council Elections	205	233	261
Judicial Review/Planning Appeals	201	201	201
Community Infrastructure Levy Volatility	108	0	0
Business Rates Volatility Reserve	1,745	1,353	1,353
Strategic Investments Volatility	329	740	814
Dry Recycling Contract - LDC Share	104	104	104
Freedom Pensions Guarantee	114	141	168
Homeless & Repossession Prevention Fund	29	29	29
Earmarked Reserves - Specific Risks	2,864	2,826	2,951

3.51. In addition to the minimum level of general reserves and the risk based earmarked reserves, given the fluid and volatile economic climate, it may also be necessary to include a contingency revenue budget within the approved Medium Term Financial Strategy.

3.52. A contingency revenue budget would enable emerging budget pressures or mitigations to be approved up to the level of the contingency budget without the need for approval by Council.

The Projected Capital Programme

3.53. The current Projected Capital Programme is shown in summary below and in detail at **APPENDIX C**:

Strategic Priority	Projected Capital Programme					
	2022/23		2023/24	2024/25	2025/26	2026/27
	Original Budget £000	Approved Budget £000	Budget £000	Budget £000	Budget £000	Projection £000
LEVEL OF UNCERTAINTY / RISK	MEDIUM	MEDIUM	HIGH	HIGH	HIGH	HIGH
Enabling People	4,792	5,946	3,826	1,315	939	959
Shaping Place	421	1,230	3,127	280	300	315
Developing Prosperity	1,676	3,083	3,702	2,329	0	10
Good Council	1,064	1,356	363	340	465	405
Capital Expenditure	7,953	11,615	11,018	4,264	1,704	1,689
Capital Funding	5,604	9,091	8,758	4,264	1,704	1,689
Borrowing Need	2,349	2,524	2,260	0	0	0

3.54. This projected Capital Programme has increased by **£11,419,000** compared to the Original Capital Programme. The detailed changes are shown in detail at **APPENDIX C** with the main changes summarised below:

- Slippage from 2021/22 - **£1,650,000**.
- Money Matters Quarter 1 including UK Shared Prosperity Fund - **£1,944,000**.
- Review of Reserves - **£1,077,000**.
- A Cinema for Lichfield District - **£4,019,000**.
- Long Term Model Projection for 2026/27 - **£1,659,000**.

3.55. Further capital investment including priorities identified by this Committee at the meeting on 4 October 2022, will be considered as the Medium Term Financial Strategy develops and the outcome of the Local Government Finance Settlement is provided by Government in December 2022.

3.56. Any capital investment that cannot be funded by capital receipts, revenue, grants, contributions or reserves will result in a borrowing need. Any borrowing need will need to be financed through borrowing and this will result in additional capital financing costs together with any costs of operation being incurred in the revenue budget.

The Level of Council Tax

3.57. The Approved MTFS modelled that Council Tax would increase annually by **1.50%**.

3.58. There are, however, alternative approaches available and two options requested by the Committee on 4 October 2022 are provided below, together with potential maximum increase and freeze scenarios (projections are based on the Draft Council Taxbase and additional income is enclosed by brackets):

	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Projection £000
Approved MTFS Council Tax Income	(£7,456)	(£7,693)	(£7,935)	(£8,190)	(£8,407)
Approved / Modelled Increase	1.50%	1.50%	1.50%	1.50%	1.50%
Council Tax Band D	£187.85	£190.66	£193.52	£196.43	£199.37
Draft Council Taxbase	39,695	40,534	41,016	41,579	42,233
Draft MTFS Council Tax Income	(£7,456)	(£7,728)	(£7,937)	(£8,167)	(£8,420)
Cumulative change in Council Tax Income	£0	(£35)	(£37)	(£15)	(£28)

Modelled options and the impact on Council Tax income:
£5 increase in all years
Freeze in 2023/24 and then 1.50%
Freeze in 2023/24 and then 1.99%
Freeze in all years

(£124)	(£180)	(£244)	(£371)
£79	£115	£143	£111
£79	£77	£65	(£10)
£79	£230	£379	£474

3.59. In determining the level of Council Tax increase for 2023/24 and beyond Cabinet will need to take into consideration the following key factors:

- The assumptions the Government utilises to calculate Core Spending Power in the Finance Settlement and Council Tax Referendum Principles for 2023/24
- The Council's Band D Council Tax and comparisons to other similar authorities
- The relevant budget principles approved by Council
- The projected funding gap from 2023/24 onwards, the significant level of uncertainty related to the economy, cost of living, Local Government Finance Reform and the legal requirement to set a balanced budget (taking into account the level of general reserves).

Alternative Options	In the main, the options are focused on the level of resource allocated to Strategic Priorities, the strategy to be utilised to achieve a balanced budget and the level of Council Tax increase. These options are considered in the Report.
Consultation	There is a duty under S65 Local Government Finance Act 1992 to consult ratepayers (or bodies appearing to represent ratepayers) about proposed expenditure prior to calculating the Council Tax requirement under S31a (England). The consultation project commenced in June 2022 and will run through to December 2022. This could facilitate rapid analysis of the results of the consultation before a final feedback report is submitted in January 2023.
Financial Implications	These are contained in the background section of the report.
Approved by Section 151 Officer	Yes
Legal Implications	No specific legal implications. The recommended changes to the Medium Term Financial Strategy are not part of the approved Budget Framework and will require the approval of Full Council.

Approved by Monitoring Officer	Yes
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Contribution to the Delivery of the Strategic Plan	The report directly links to overall performance and especially the delivery of the Strategic Plan.
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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.
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Crime & Safety Issues	These areas are addressed as part of the specific areas of activity prior to being included in the Strategic Plan.
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Environmental Impact	These areas are addressed as part of the specific areas of activity prior to being included in the Strategic Plan.
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GDPR / Privacy Impact Assessment	There are no specific implications related to the Medium Term Financial Strategy.
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	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 2023	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. 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	A property team has been recruited via the Company 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.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
Strategic Risk SR3: Capacity and capability to deliver / strategic plan to the emerging landscape				
G	The Council cannot achieve its approved Delivery Plan for 2023/24	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
H	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

I	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
<p>Background documents</p> <ul style="list-style-type: none"> • Medium Term Financial Strategy (Revenue and Capital) 2021-2026 (MTFS) – Cabinet 8 February 2022 • Money Matters: 2021/22 Review of Financial Performance against the Financial Strategy – Cabinet 7 June 2022 • Local Council Tax Support Scheme Review – Cabinet 5 April 2022 • Medium Term Financial Strategy (MTFS) – Cabinet 11 July 2022 • Local Council Tax Support Scheme Permission to Consult – Cabinet 11 July 2022 • Money Matters: 2022/23 Review of Financial Performance against the Financial Strategy – Cabinet 6 September 2022 • Money Matters: Review of Reserves – Cabinet 6 September 2022 • Lichfield District Youth Council – Policy Proposal – Cabinet 6 September 2022 • Joint Venture – A cinema for Lichfield District – Cabinet 11 October 2022 • Medium Term Financial Strategy (Revenue and Capital) 2023-27 – Cabinet 11 October 2022 				
<p>Relevant web links</p>				

Approved and Projected Revenue Budgets

	2022/23 Original Budget £000	2022/23 Approved Budget £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
LEVEL OF UNCERTAINTY / RISK	MEDIUM	MEDIUM	HIGH	HIGH	HIGH	HIGH
Enabling people	1,527	1,339	1,421	1,416	1,423	1,453
Shaping place	4,083	4,215	4,353	4,492	4,591	4,719
Developing prosperity	(436)	(126)	(639)	(659)	(699)	(606)
A good council	6,919	8,644	5,824	5,993	6,195	6,744
COVID-19 (assigned to car parking in the Approved Budget)	377	0	0	0	0	0
Money Matters 3 Months	0	0	325	350	605	603
Lichfield District Youth Council	0	10	20	30	0	0
Net Cost of Services	12,470	14,082	11,304	11,622	12,115	12,913
Corporate expenditure	(198)	(751)	(282)	(213)	(232)	(307)
Net Operating Cost	12,272	13,331	11,022	11,409	11,883	12,606
Retained Business Rates Baseline Funding	(2,306)	(2,306)	(1,714)	(1,857)	(2,055)	(2,181)
Retained Business Rates Growth Allowance	(1,005)	(1,005)	(627)	(624)	(573)	(500)
Business Rates Cap	(174)	(174)	0	0	0	0
Lower Tier Services Grant	(95)	(95)	0	0	0	0
Services Grant	(146)	(146)	0	0	0	0
New Homes Bonus - Contingency Budget	(721)	(721)	0	0	0	0
New Homes Bonus - Base Budget	(400)	(400)	0	0	0	0
New Homes Bonus - to General Reserve	(280)	(280)	0	0	0	0
Collection Fund (Surplus)/Deficit	32	32	52	0	0	0
Council Tax	(7,456)	(7,456)	(7,693)	(7,935)	(8,190)	(8,407)
Total Funding	(12,551)	(12,551)	(9,982)	(10,416)	(10,818)	(11,088)
Transfer to or (from) general reserves	0	(1,050)	0	0	0	0
New Homes Bonus (Transfer to general reserves)	280	280	0	0	0	0
Approved Funding Gap	0	10	1,040	993	1,065	1,518
Other Projected Changes		25	146	258	278	486
Projected Budget Funding Gap		35	1,186	1,251	1,343	2,004

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

	Cabinet or Decision Date	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Original Budget Council 22/02/2022		0	726	765	732	905
Approved Changes						
Pension Contributions	05/04/2022	0	(32)	(151)	(272)	10
Money Matters 3 Months	06/09/2022	1,050	326	350	605	603
Lichfield District Youth Council	06/09/2022	10	20	30	0	0
Transfer from General Reserves	06/09/2022	(1,050)	0	0	0	0
Previously Projected Updates	This Report				(25)	183
Approved Funding Gap		10	1,040	994	1,040	1,701
Projections						
Updated inflation pressures	This Report	247	104	100	74	80
Additional cost of £5m borrowing - leisure centre		0	0	153	147	141
Underwriting rent for former Debenhams		138	12	0	0	0
External Audit projected fee increase		0	86	86	86	86
Transitional protection related to the TOM		10	20	10	0	0
Budget pressures less savings		(70)	(76)	(91)	(4)	(4)
Additional Business rates cap grant - inflation		(300)	0	0	0	0
Projected Budget Funding Gap			35	1,186	1,251	1,343

Approved Fees and Charges Budgets

Area	2022/23	2023/24	2024/25	2025/26	2026/27
Full Cost Recovery	£4,502,840	£4,723,790	£4,832,350	£4,913,590	£4,937,260
Abandoned Vehicles	£500	£500	£500	£500	£500
Beacon Park	£70,910	£73,130	£75,350	£77,530	£77,530
Building Regulations	£948,300	£970,210	£991,560	£1,013,330	£1,035,560
Burntwood Leisure Centre	£10,890	£10,890	£10,890	£10,890	£10,890
Burntwood Parks	£4,650	£4,770	£4,880	£4,990	£4,990
Bus Station	£21,000	£43,000	£43,000	£43,000	£43,000
Civic Services	£3,100	£3,100	£3,100	£3,100	£3,100
Closed Circuit Television	£1,000	£1,000	£1,000	£1,000	£1,000
Community Lottery	£12,000	£12,000	£12,000	£12,000	£12,000
Corporate Debt Recovery	£211,150	£216,300	£221,450	£226,600	£226,600
Corporate Management	£1,540	£2,020	£1,510	(£670)	(£1,240)
Democratic Services	£18,750	£18,750	£18,750	£18,750	£18,750
District Council House	£3,400	£3,400	£3,400	£3,400	£3,400
E-Business & Information Strategy	£4,500	£4,500	£4,500	£4,500	£4,500
Environmental Protection Act Consents	£7,230	£7,230	£7,230	£7,230	£7,230
Food Safety	£16,800	£17,210	£17,620	£18,030	£18,030
Grounds Maintenance	£265,140	£291,660	£325,290	£330,930	£330,930
Guided Tours	£5,200	£5,370	£5,540	£5,710	£5,750
Health & Safety	£190	£190	£190	£190	£190
Homelessness Service	£9,000	£9,000	£9,000	£9,000	£9,000
Housing Enforcement & Licensing	£1,500	£1,500	£1,500	£1,500	£1,500
Licensing	£211,920	£211,920	£211,920	£211,920	£211,920
Lichfield Car Parks	£1,000	£1,000	£1,000	£1,000	£1,000
Lichfield Parks	£3,070	£3,140	£3,200	£3,270	£3,260
Lichfield Tourism Information	£13,840	£14,180	£14,510	£14,850	£14,850
Local Land Charges	£305,030	£310,740	£316,600	£322,620	£322,620
Local Land Charges-LDC EIR	£14,510	£14,510	£14,510	£14,510	£14,510
Operational Services - Invest to Save	£59,670	£61,940	£63,030	£64,160	£65,320
Other Land and Property	£10,920	£10,920	£10,920	£10,920	£10,920
Planning Applications	£68,860	£58,860	£58,860	£58,860	£58,860
Plant Lane Depot	£6,900	£6,900	£6,900	£6,900	£6,900
Promotion of District	£0	£6,870	£7,030	£7,190	£7,190
Spatial Policy and Delivery Service	£11,800	£12,090	£12,370	£12,660	£12,660
Sports Development	£1,080	£1,080	£1,110	£1,140	£1,140
Stowe & Minster Pools	£900	£920	£950	£1,010	£1,010
Street Cleansing	£124,250	£122,130	£124,860	£127,590	£127,590
Street Naming and Numbering	£36,700	£37,100	£37,510	£37,920	£37,920
Trade Waste Collection	£364,720	£364,720	£364,720	£364,720	£364,720
Trade Waste Collection -Recycling	£79,630	£80,430	£81,230	£82,040	£82,860
Waste Shared Service	£1,571,290	£1,708,610	£1,742,860	£1,778,800	£1,778,800
Fair Charging	£1,758,820	£2,124,350	£2,170,770	£2,216,170	£2,216,170
Beacon Park	£34,000	£34,000	£34,000	£34,000	£34,000
Lichfield Car Parks	£1,636,830	£2,002,360	£2,048,780	£2,094,180	£2,094,180
Other Land and Property	£7,960	£7,960	£7,960	£7,960	£7,960
Waste Shared Service	£80,030	£80,030	£80,030	£80,030	£80,030
Full Commercial	£171,240	£271,240	£271,240	£271,240	£271,240
Leisure Centre Management (Freedom)	£171,240	£171,240	£171,240	£171,240	£171,240
Local Authority Company (LWMTS)	£0	£100,000	£100,000	£100,000	£100,000
Nominal	£1,690	£1,690	£1,690	£1,690	£1,690
Other Land and Property	£1,500	£1,500	£1,500	£1,500	£1,500
Public Conveniences	£190	£190	£190	£190	£190
Statutory	£1,425,240	£1,425,240	£1,425,240	£1,425,240	£1,425,240

APPENDIX B

Area	2022/23	2023/24	2024/25	2025/26	2026/27
Civil Parking Enforcement	£84,260	£84,260	£84,260	£84,260	£84,260
Community Infrastructure Levy Administration	£39,060	£39,060	£39,060	£39,060	£39,060
Electoral Registration	£1,760	£1,760	£1,760	£1,760	£1,760
Environmental Protection Act Consents	£12,280	£12,280	£12,280	£12,280	£12,280
Housing Enforcement & Licensing	£5,000	£5,000	£5,000	£5,000	£5,000
Planning Applications	£741,490	£741,490	£741,490	£741,490	£741,490
Planning Applications 50%	£146,000	£146,000	£146,000	£146,000	£146,000
Trade Waste Collection -Recycling	£4,820	£4,820	£4,820	£4,820	£4,820
Waste Shared Service	£390,570	£390,570	£390,570	£390,570	£390,570
Subsidised	£40,540	£40,540	£40,540	£40,540	£40,540
Public Conveniences	£2,000	£2,000	£2,000	£2,000	£2,000
Trade Waste Collection	£38,540	£38,540	£38,540	£38,540	£38,540
Grand Total	£7,900,370	£8,586,850¹	£8,741,830	£8,868,470	£8,892,140

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 and 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.

¹ Updated from the information presented to this Committee on 4 October 2022 based on Money Matters quarter 1 and latest projections.

Projected Capital Programme

Project	Projected Capital Programme (R=>500k, A=250k to 500k and G=<250k)						
	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000	Corporate
New Build Parish Office/Community Hub	92	0	0	0	0	92	0
Replacement of canopy and installation of artificial grass	3	0	0	0	0	3	0
Burntwood Leisure Centre Sinking Fund Projects	69	0	0	0	0	69	0
Friary Grange - Short Term Refurbishment	158	0	0	0	0	158	0
Replacement Leisure Centre	2,524	2,260	0	0	0	4,784	0
Burntwood Leisure Centre - Decarbonisation Scheme	18	0	0	0	0	18	0
Accessible Homes (Disabled Facilities Grants)	1,343	1,272	1,272	914	914	5,715	0
Decent Homes Standard	97	0	0	0	0	97	0
Energy Insulation Programme	0	22	22	25	25	94	0
Unallocated S106 Affordable Housing Monies	242	22	21	0	0	285	0
Burntwood Community Hub	0	250	0	0	0	250	0
Conversion of 36a Bore Street	576	0	0	0	0	576	360
Vehicle Replacement Programme - Env Health	0	0	0	0	20	20	0
Streethay Community Centre	600	0	0	0	0	600	0
Changing Places Fund	94	0	0	0	0	94	0
Play Equipment at Chase Terrace Park	25	0	0	0	0	25	0
Burntwood Park Play Equipment	75	0	0	0	0	75	0
Zip Wire in Burntwood	30	0	0	0	0	30	0
Enabling People Total	5,946	3,826	1,315	939	959	12,985	360
Loan to Council Dev Co.	150	0	0	0	0	150	0
Lichfield St Johns Community Link (CIL)	35	0	0	0	0	35	0
Staffordshire Countryside Explorer (CIL)	44	0	0	0	0	44	0
Lichfield Public Conveniences	40	0	0	0	0	40	40
Vehicle Replacement Programme (Waste)	0	2,818	0	0	0	2,818	0
Bin Purchase	150	150	150	150	150	750	0
Dual Stream Recycling	267	0	0	0	0	267	0
Vehicle Replacement Programme (Other)	229	159	130	150	165	833	315
Env. Imps - Upper St John St & Birmingham Road	7	0	0	0	0	7	0
The Leomansley Area Improvement Project	3	0	0	0	0	3	0
Falkland Road Fosseyway Canal Walk	260	0	0	0	0	260	0
Burntwood Public Conveniences	45	0	0	0	0	45	0
Shaping Place Total	1,230	3,127	280	300	315	5,252	355
Vehicle Replacement Programme (Car Parks)	0	0	0	0	10	10	0
Coach Park	807	43	0	0	0	850	288
BRS Enabling Works	535	535	0	0	0	1,070	0
Car Parks Variable Message Signing	150	0	0	0	0	150	0
Old Mining College - Refurbish access and signs (S106)	13	0	0	0	0	13	0
Cinema Development	892	2,674	1,783	0	0	5,349	850
Incubator Space	354	300	546	0	0	1,200	0
Pay on Exit System at Friary Multi Storey	93	0	0	0	0	93	0
Card Payment in All Car Parks	123	0	0	0	0	123	0
Pay on Exit System at Lombard Street	0	150	0	0	0	150	0
Electric Vehicle Charge Points	80	0	0	0	0	80	0
Car Park Barriers	36	0	0	0	0	36	36
Developing Prosperity Total	3,083	3,702	2,329	0	10	9,124	1174
Property Planned Maintenance	206	213	190	190	230	1,029	1029
IT Infrastructure	300	50	50	0	175	575	475
ICT Hardware	0	0	0	175	0	175	175
Building a Better Council	665	0	0	0	0	665	665
Committee Audio-Visual Hybrid Meeting Platform	85	0	0	0	0	85	85
Construction Inflation Contingency	100	100	100	100	0	400	400
A Good Council Total	1,356	363	340	465	405	2,929	2,829
Projected Capital Programme	11,615	11,018	4,264	1,704	1,689	30,290	4,718

Funding Source	Projected Capital Programme					
	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Capital Receipts	2,427	43	190	50	387	3,097
Capital Receipts - Housing	360	0	0	0	0	360
Revenue - Corporate	100	313	100	565	183	1,261
Corporate Council Funding	2,887	356	290	615	570	4,718
Grant	2,716	1,866	2,261	939	939	8,721
Section 106	323	0	0	0	0	323
CIL	939	0	0	0	0	939
Reserves	2,007	3,568	1,563	0	30	7,168
Revenue - Existing Budgets	150	150	150	150	150	750
Sinking Fund	69	0	0	0	0	69
Leases	0	2,818	0	0	0	2,818
Internal Borrowing	0	0	0	0	0	0
Total	9,091	8,758	4,264	1,704	1,689	25,506
External Borrowing	2,524	2,260	0	0	0	4,784
Projected Capital Programme	11,615	11,018	4,264	1,704	1,689	30,290

Reconciliation of Original Capital Programme to this Projected Capital Programme

	Cabinet or Decision Date	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Original Budget Council 22/02/2022		7,953	7,247	1,926	1,745	0	18,871
Approved Changes							
Slippage from 2021/22	07/06/2022	1,650					1,650
Allocation of CIL Monies	08/02/2022	860					860
36A Bore Street Briefing note	20/12/2021	360					360
MTFS	05/07/2022	(37)	50	50			63
Burntwood Zip Line	25/07/2022	30					30
Money Matters Qtr 1	06/09/2022	548	532	905	(41)		1,944
Money Matters Review of Reserves	06/09/2022	77	1,000				1,077
Play Equipment at Chase Terrace Park	06/10/2022	25					25
A Cinema for Lichfield District	11/10/2022	427	2,209	1,383			4,019
Projections							
Updated Projections ²	This Report	(50)					(50)
Money Matters Qtr 2 (Provisional)	06/12/2022	(228)	(20)			30	(218)
Long Term Model	22/02/2022					1,659	1,659
Projected Capital Programme		11,615	11,018	4,264	1,704	1,689	30,290

² The Energy Insulation project of £50k in the final two years can be funded from an existing grant.

Proposed new Local Council Tax Reduction Scheme



CLlr Rob Strachan, Cabinet Member for Finance and Commissioning.

Date: 17 November 2022
 Contact Officer: Lizzie Barton, Assistant Director of Customer, Residents and Business
 Tel Number: 01543 306060
 Email: lizzie.barton@lichfielddc.gov.uk
 Key Decision? YES
 Local Ward Members

OVERVIEW & SCRUTINY

1. Executive Summary

- 1.1 Lichfield District Council has consulted widely on proposed changes to its Local Council Tax Reduction Scheme (LCTRS) for working-age claimants.
- 1.2 The proposed changes include:
1. Introducing an income-based banded discount scheme.
 2. Allowing residents in all council tax bands to claim council tax reduction if eligible.
 3. Not considering the housing element of Universal Credit when calculating income.
 4. Not considering Personal Independence Payments and Disability Living Allowance when calculating income and providing a further £85 per week disregard where an applicant, their partner or a dependant is in receipt of a disability benefit.
 5. Not considering Carer’s Allowance, the support component of the Employment and Support Allowance and Child Benefit when calculating income.
 6. Not considering War Pensions, War Widows/Widower’s Pensions and War Disablement Pensions when calculating income.
 7. Altering/awarding a claimant’s reduction based on the date a new claim or change is submitted, rather than weekly.
 8. Introducing a standard £50 per week earnings disregard for all working applicants.
 9. Limiting the number of dependant children within the calculation for council tax reduction to a maximum of two for all applicants.
 10. Removing the requirement for non-dependant deductions.
 11. Removing extended payments.
 12. Changing the backdating provisions within the scheme.
- 1.3 The aim of the proposed changes is to make the scheme:
- **Better for claimants** Provide more financial support to residents on the lowest incomes, distribute the support given more fairly to claimants based on their incomes and circumstances, create less paperwork and confusion, provide more financial stability, and deliver greater customer satisfaction. Reduce debt recovery activity carried out with the most financially vulnerable residents.
 - **Better for council taxpayers** Allow the council to streamline administration and reduce unnecessary paperwork and costs.

- 1.4 1,619 residents gave their views over a 12-week period on the proposed changes and all changes were supported by most respondents (see Appendix 2).
- 1.5 The major preceptors, including Police, Fire and Staffordshire County Council, were consulted in relation to the changes and all were supportive of the changes.

2. Recommendations

- 2.1 The Committee is asked to confirm whether they support the introduction of a new income banded Local Council Tax Reduction Scheme for working age claimants with effect from 1 April 2023 in line with all proposals (detailed in Appendix 1), except for the removal of extended payments.
- 2.2 The Committee is asked to confirm whether they support the retention of extended payments to better support residents who gain employment (see 3.21).
- 2.3 The Committee is asked to note that subject to their input, the proposals will be considered for approval by Cabinet in December. If the scheme is approved, the exact rates for the 2023 – 2024's Local Council Tax Reduction Scheme will be brought to Cabinet and Full Council in February 2023 as part of the council tax setting proposals.

3. Background

- 3.1 Since council tax was introduced in 1993, people on low incomes have been able to claim support to pay their council tax bills. Until 2013, this was through the nationally designed council tax benefit scheme.
- 3.2 On 1 April 2013, the Government transferred responsibility for council tax support to local councils. Since then, local councils have had a duty to design and deliver Local Council Tax Reduction Schemes (LCTRS) for working-age claimants.
- 3.3 Local Council Tax Reduction Schemes apply to working-age claimants only. Pension-age claimants receive support under the nationally prescribed scheme in line with The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations.
- 3.4 The council's current scheme was launched in April 2013. It fundamentally mirrored the outgoing national council tax benefit Scheme.
- 3.5 There are many variations of schemes across the country, ranging from more generous schemes that mirror the national scheme, through to those that aim to limit who is eligible and severely restrict the level of help given.
- 3.6 Many councils have simplified their schemes to address changes brought about by welfare reform and Universal Credit, including introducing income-banded schemes for working age claimants. Such schemes are recognised as being able to deliver more financial security/stability to customers, and to reduce the administrative burden on councils administering the schemes.

- 3.7 Nationally there is a strong view that there should be an increase in the level of support to those households on the lowest of incomes. This view has gained momentum over the past few years and has been reinforced since the COVID-19 crisis as well as the recent cost of living increase, both of those have had a major effect on incomes generally.
- 3.8 To date, Cabinet has fully supported the consultation on the proposed changes to the scheme and demonstrated an appetite to support the maximum number of claimants possible through the scheme.

Why consider changing the scheme?

- 3.9 The council is keen to consider altering the current scheme for several reasons:
- The administration grant the council receives from government is reducing year-on-year, however the cost of administering the scheme is not reducing. This is primarily due to inbuilt complexities in the current scheme – for example every time an applicant’s income changes, their case must be reassessed, and their award must be reprofiled.
 - Universal Credit (UC) is undoubtedly a contributing factor to this, especially for claimants who are in employment. Claimants’ UC is recalculated every month which can generate new files for the council to process. For claimants receiving fluctuating wages, this means they receive a revised award every month and, therefore, a revised council tax bill, which is costly to administer and deliver.
 - This reprofiling of payments creates a high level of uncertainty for both customers and the council. Payments made by customers can be delayed because of the requirement to give 14 days’ notice, meaning customers do not have the opportunity to apportion their remaining council tax payments over as many instalments. On average 40% of UC claimants have between eight and twelve changes in entitlement each year. These changes result in amendments to council tax bills, the re-calculation of instalments, delays, and resetting of recovery arrangements.
 - The ability to award 100% reduction to those on the on very low incomes will prevent hundreds of households being chased for small amounts of debt, as well as reduce debt recovery related costs. Studies have shown that the collection of a minimum amount is expensive, with recovery fees often exceeding the debt the customer originally owed (Institute of Fiscal Studies¹). Whilst the principle of all working age households paying ‘something’ was initially thought to be a positive approach, the reality is that households on the lowest incomes have been unable to pay this amount, leading to additional court costs, and enforcement costs and a reduction in customer wellbeing. These charges and costs often need to be written off as uncollectable.
 - Universal Credit claimants often fail to claim council tax support because of the belief that they have claimed it as part of the UC process, leading to a loss of financial support to those most in need.
 - Due to the complex nature of assessments, benefit assessor skills are required to process Local Council Tax Reduction Scheme (LCTRS) cases/changes.
 - The administration of the current scheme is complex, with staff having to request significant amounts of information from applicants. This means the timescales for processing applications is lengthy, mainly due to the complexity and evidence required to support the applications. A simplified scheme will allow the possibilities of awards being automated, resulting in a prompt award of support, so meeting customers’ need for real-time changes to their bill according to changes in their circumstances.

¹ <https://www.ifs.org.uk/publications/13827>

- Above all, the cost of administering the scheme remains high, whilst customer satisfaction is reducing as customers are often confused by the nature and regularity of correspondence they receive and are less able to budget/manage their money based on fluctuating awards.
- Equally future potential savings the council may hope to achieve following the introduction of Universal Credit is being hampered. This is because the council's unique caseload is relatively constant, as regardless of the type of benefits a resident is claiming, the council's assessors still need to regularly review their case.

3.10 There are approximately 2,370 working-age claimants of LCTRS which costs approximately £2.443 million per annum to deliver, not including administration costs. This cost is accounted for in the Collection Fund, whilst the administration costs (net of Government Grant) are accounted for in the General Fund

The consultation results

3.11 1,619 residents gave their views as part of the consultation that ran for 12 weeks between 25 July 2022 and 16 October 2022. A summary of the results is included at Appendix 2. It is worth noting that the survey only asked for free-form text comments from people who disagreed with any of the proposals. As such, supportive free-form text comments were not gathered have not been captured as part of the consultation exercise, so it is important to view the balance of feedback in this light.

Proposal	Consultation question	Yes	No	Don't know
1	Should the council introduce an income banded discount scheme?	63%	18%	19%
2	Should residents in all council tax bands be able to claim?	69%	13%	18%
3	Should the housing element of Universal Credit not be considered when calculating income?	64%	17%	19%
4	Should Personal Independence Payments and Disability Living Allowance not be considered when calculating income and should a further £85 per week disregard be applied if an applicant, their partner or a dependant is in receipt of a disability benefit.	81%	6%	13%
5	Should Carer's Allowance, the support component of the Employment & Support Allowance and Child Benefit not be considered when calculating income?	76%	10%	14%
6	Should War Pensions, War Widows/Widower's Pensions and War Disablement Pensions, not be considered when calculating income?	82%	6%	12%
7	Should a claimant's award/amendment be based on the date it was submitted, rather than weekly?	81%	5%	14%
8	Should the council introduce a standard £50 per week earnings disregard for all working applicants?	66%	11%	23%
9	Should the council limit the number of dependent children within the calculation to a maximum of two?	69%	13%	18%
10	Should the council remove non-dependant deductions?	62%	16%	22%
11	Should the council remove extended payment provision?	68%	11%	21%
12	Should the council change the backdating provisions within the scheme?	80%	6%	14%

The income banded scheme

3.12 In the new scheme, the council will consider the amount of income a household earns, disregarding :

- Personal Independence Payments and Disability Living Allowance.
- The housing element of Universal Credit and Housing Benefit payments.
- Carer's Allowance and the support component of Employment & Support Allowance.
- Child Benefit
- War Pensions, War Widows/Widower's Pensions and War Disablement Pensions.
- Passported benefits including Income Support, Job Seekers' Allowance Income Based and Employment & Support Allowance (income related) and any income for recipients of these benefits.

3.13 The council will also disregard a £50 per week of earnings if the recipient/their partner in the household is working, and a further £85 per week (of any income) if an applicant, their partner, or a dependant is in receipt of a disability benefit.

3.14 Based on the earnings remaining, the council will then place the household into one of the below bands and award a reduction based on their household make-up and net weekly income:

Band	Council tax reduction	Single person – net income per week ²	Single person with one child/young person – net income per week	Single person with two or more children/young persons – net income per week	Couple with no children – net income per week	Couple with one child/young person – net income per week	Couple with two or more children/young persons – net income per week
1*	100%	£0 to £77.49	£0 to £162.49	£0 to £228.99	£0 to £121.49	£0 to £206.49	£0 to £273.49
2	75%	£77.50 to £117.49	£162.50 to £202.49	£229 to £268.99	£121.50 to £161.49	£206.50 to £246.49	£273.50 to £313.49
3	50%	£117.50 to 157.49	£202.50 to £242.49	£269 to £308.99	£161.50 to £201.49	£246.50 to £286.49	£313.50 to £353.49
4	25%	£157.50 to £197.49	£242.50 to £282.49	£309 to £348.99	£201.50 to £241.49	£286.50 to £326.49	£353.50 to £393.49
5	0%	£197.50 or more	£282.50 or more	£349 or more	£241.50 or more	£326.50 or more	£393.50 or more

3.15 When a claimant's earnings then fluctuate within the band (for example between £77.50 - £117.49 a week), the amount of council tax reduction they get won't change. However, if their earnings cross the threshold of a band – for example go from £117.49 to £185.59 (change from Band 2 to Band 4), the amount of council tax reduction they would receive would change from 75% to 25%.

3.16 Whilst banded schemes offer more stability, there will inevitably be some people who are worse off than on a tapered scheme (as per the council's current scheme). This is because if a resident's income is on the borders of a band (as illustrated in 3.15), they could receive significantly less council tax support if they earned just a little more, as they could jump into a lower band that offers significantly less support, rather than the current tapered reduction. This is known as a 'cliff-edge'.

3.17 In the proposed banded scheme model (see 3.14), the impact of cliff edges has been minimised by creating income bands that are sufficiently wide enough to avoid constant changes in discount.

² The council looks at net weekly income – after tax, National Insurance and half of pension contributions.

- 3.18 The actual income bands used in the 2023/2024 scheme will be based on the model detailed at 3.14 but will be amended to reflect the new council tax level and any changes to Universal Credit that occur in the coming months.
- 3.19 The final proposed rates and final council tax regulations will be brought to Cabinet and Full Council in February 2023 for approval, as part of the council tax setting proposals. Thereafter new rates will be agreed each year at Full Council.

Proposals and retaining extended payments

- 3.20 Over 60% of respondents agreed with all proposed changes, and no significant areas of detailed concern were raised.
- 3.21 Since the consultation, the team has reviewed the administration of the new scheme in detail and identified that removing **extended payments** for people who move from unemployment into employment does not present a significant workload, nor does it represent a large annual spend (approx. £700 per annum). Extended payments are where someone who was unemployed, but gains employment, retains the same council tax reduction for the first four weeks of their employment, so that they do not face bills as soon as they start working and their wage may not yet have been paid. The aim of extended payments is to make it as easy as possible for someone to remain in work. As such, given the new scheme is designed to encourage and support people into and to remain in work, that despite the consultation feedback, extended payments are retained in the new scheme.
- 3.22 Beyond this one change, this report proposes that the council adopt the proposed changes that were consulted on in full. These are captured in the proposed draft scheme (see Appendix 1).
- 3.23 As with any new scheme, the council will undertake constant monitoring throughout the first year of the scheme's operation to identify any impacts (positive and negative) on residents. Any exceptional financial hardship will be addressed through the proposed Exceptional Hardship Scheme (see 3.23 – 3.24). Any other impacts will be incorporated into and addressed as part of the annual review of the scheme that will take place each year in advance of the council tax setting proposals being brought to Cabinet and Full Council.

Envisaged benefits of the new scheme

- 3.24 Overall the benefits of the proposed new scheme include:
- Residents on the **lowest incomes will receive more support** through the new scheme and could receive up to 100% council tax discount. This means they won't be chased for small amounts of council tax debt that they can't pay, potentially ending up deeper in debt when court summons and recovery costs are added to their accounts. Equally the council can focus its debt recovery activity on those who can pay their debts but are avoiding doing so. This will boost the wellbeing of hundreds of residents across the district as well as boost collection rates and reduce debt write-offs.
 - The scheme will result in a **simplified claim process** for all claimants and get money out to more eligible households.
 - **Speed of processing will be increased** as new claims will be able to be calculated promptly without the need to request further information which inevitably leads to delays. The new scheme will also lend

itself to automation of more processes, with the potential to further speed up claims and changes of circumstances.

- Most Universal Credit applicants will not need to apply separately for Local Council Tax Support, and for all other applicants, the claiming process will be simplified significantly. This will **increase the number of eligible households the scheme supports**, boost welfare and minimise the amount of backdating.
- Residents whose circumstances change (where their income goes up or down a band) will need to fill in a **simple online form** to notify the council, so their award amount can be amended. Residents who had a recent claim with the council, but it went out of payment due to an increase in income would need to fill in a **simple online form** to notify the council that they are now eligible for payment, should their income drop. The council will aim to automate the award changes based on these notifications.
- The new scheme will avoid constant changes in customer's awards, meaning customers will know month on month what they need to pay towards their council tax, and so help to **maintain the council's current high collection rates**. The increased level of discount will also assist all those applicants on the lowest incomes, again improving the overall collection rate.
- **Resident will better understand where they are in relation to their council tax reduction and what they need to pay**, and only significant changes in their income will affect the level of council tax reduction they receive.
- The new scheme is designed to **reflect other council tax discounts and exemptions**, any changes will be effective from the day of change rather than the Monday of the following week.
- A **wider pool of staff will be able to administer the scheme**, without significant levels of training or expertise, supporting the new team's approach to more generic working.
- The overall **cost of administering the scheme will reduce over time**.

Transition to the new scheme and the Exceptional Hardship Scheme

- 3.25 Most councils introduce a discretionary hardship approach to support the introduction of the banded scheme by providing financial assistance to anyone who faces undue financial hardship whilst the scheme is embedded. This approach meets the requirement to have transitional support within any change to the scheme, it will also ensure individual applicants are dealt with in a fair and equitable manner.
- 3.26 It is proposed that the Lichfield District Exceptional Hardship Scheme will form part of the Local Council Tax Support scheme and fall to be paid through the Collection Fund, in the same way any debt write offs are also paid through the Collection fund. Given the scheme is more generous, it is predicted that the demand on this fund will be limited.

Alternative Options	<p>The alternative to introducing a new scheme for Local Council Tax Support from 2023/24 is to leave the existing scheme in place.</p> <p>This would be a short-term option; lead to increasing costs of administration; and in the longer term, significantly affect the collection of Council Tax and the effectiveness of the scheme to support households within the Council's area.</p>
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Consultation	<p>A full consultation has been undertaken in line with the statutory requirement with:</p> <ul style="list-style-type: none"> • The Staffordshire Police, Fire and Rescue and Crime Commissioner; and • The public <p>An analysis of the public consultation is included within Appendix 2.</p>
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Financial Implications	<p>The current Local Council Tax Support scheme is projected to cost approximately £4.986m (including the pensioner scheme) which is borne by the council's Collection Fund.</p> <p>The budgeted cost is shared between the Council and the Major Precepting Authorities in the following proportions in 2022/23:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Band D</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Staffordshire County Council</td> <td>£1,401.30</td> <td>71.07%</td> </tr> <tr> <td>Staffordshire Commissioner - Police and Crime</td> <td>£248.57</td> <td>12.61%</td> </tr> <tr> <td>Staffordshire Commissioner - Fire & Rescue</td> <td>£80.35</td> <td>4.08%</td> </tr> <tr> <td>Lichfield District Council</td> <td>£187.85</td> <td>9.53%</td> </tr> <tr> <td>Parish Councils (Average)</td> <td>£53.56</td> <td>2.72%</td> </tr> <tr> <td>Total</td> <td>£1,971.63</td> <td>100.00%</td> </tr> </tbody> </table> <p>Based on current modelling, were the new scheme to be in place at the current time, the costs would be £5.530m.</p> <p>The approved budget contained in the Collection Fund that provides funding (a more generous scheme is likely to reduce the level of arrears and therefore bad debts) for the LCTS scheme is shown overleaf.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Collection Fund</th> <th>Budget 2022-23</th> <th>Budget 2023-24</th> <th>Budget 2024-25</th> <th>Budget 2025-26</th> <th>Budget 2026-27</th> </tr> </thead> <tbody> <tr> <td>Local Council Tax Support</td> <td>£5,426,850</td> <td>£5,253,500</td> <td>£5,355,580</td> <td>£5,459,660</td> <td>£5,565,770</td> </tr> <tr> <td>Base Scheme</td> <td>£4,570,930</td> <td>£4,713,650</td> <td>£5,089,440</td> <td>£5,188,350</td> <td>£5,289,190</td> </tr> <tr> <td>Allowance for COVID-19 and Cost of Living</td> <td>£855,920</td> <td>£539,850</td> <td>£266,140</td> <td>£271,310</td> <td>£276,580</td> </tr> <tr> <td>Sub Total</td> <td>£5,426,850</td> <td>£5,253,500</td> <td>£5,355,580</td> <td>£5,459,660</td> <td>£5,565,770</td> </tr> <tr> <td>Bad Debts (c1%)</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Base Allowance</td> <td>£780,410</td> <td>£808,440</td> <td>£837,560</td> <td>£868,280</td> <td>£895,210</td> </tr> <tr> <td>Sub Total</td> <td>£780,410</td> <td>£808,440</td> <td>£837,560</td> <td>£868,280</td> <td>£895,210</td> </tr> <tr> <td>Budgets potentially impacted by a review of LCTS</td> <td>£6,207,260</td> <td>£6,061,940</td> <td>£6,193,140</td> <td>£6,327,940</td> <td>£6,460,980</td> </tr> </tbody> </table>		Band D	%	Staffordshire County Council	£1,401.30	71.07%	Staffordshire Commissioner - Police and Crime	£248.57	12.61%	Staffordshire Commissioner - Fire & Rescue	£80.35	4.08%	Lichfield District Council	£187.85	9.53%	Parish Councils (Average)	£53.56	2.72%	Total	£1,971.63	100.00%	Collection Fund	Budget 2022-23	Budget 2023-24	Budget 2024-25	Budget 2025-26	Budget 2026-27	Local Council Tax Support	£5,426,850	£5,253,500	£5,355,580	£5,459,660	£5,565,770	Base Scheme	£4,570,930	£4,713,650	£5,089,440	£5,188,350	£5,289,190	Allowance for COVID-19 and Cost of Living	£855,920	£539,850	£266,140	£271,310	£276,580	Sub Total	£5,426,850	£5,253,500	£5,355,580	£5,459,660	£5,565,770	Bad Debts (c1%)						Base Allowance	£780,410	£808,440	£837,560	£868,280	£895,210	Sub Total	£780,410	£808,440	£837,560	£868,280	£895,210	Budgets potentially impacted by a review of LCTS	£6,207,260	£6,061,940	£6,193,140	£6,327,940	£6,460,980
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	The approved budgets are currently sufficient to accommodate the projected cost of this revised scheme although this will be reviewed in the current economic climate as part of the annual update to the MTFs.
Approved by Section 151 Officer	Yes
Legal Implications	<p>Schedule 1A (3) of the Local Government Finance Act 1992, states: Before making a scheme, the authority must:</p> <ul style="list-style-type: none"> • consult any major precepting authority which has power to issue a precept to it, • publish a draft scheme in such manner as it thinks fit, and • consult such other persons as it considers are likely to have an interest in the operation of the scheme. <p>In addition, in order to set a new scheme, the Council is obliged to make a resolution by 11 March of the year prior to the scheme coming into place.</p> <p>The council has and will adhere to the above guidance in relation to the proposed redevelopment of its scheme.</p>
Approved by Monitoring Officer	Yes
Equality, Diversity and Human Rights Implications	<p>The move to the new scheme will either have a neutral or positive affect to the majority of working age claimants. From modelling 1890 claimants will receive more support that under the previous scheme.</p> <p>As with all changes however there will be up to 369 claimants who may receive less support that previous. In all of those cases, further support will be available through the Council's Exceptional Hardship Fund.</p> <p>A full EIA has been completed and in attached within Appendix 3.</p>
Contribution to the Delivery of the Strategic Plan	The review of LCTRS underpins our priority of developing prosperity encouraging economic growth and being a good council that is responsive and customer focussed.
Crime & Safety Issues	No specific issues.
Environmental Impact	The reduction in administration together with the removal of notification letters etc. will have a positive environmental impact
GDPR / Privacy Impact Assessment	No specific issues.

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	New Score (RYG)
A	The accuracy of the modelling tool data is critical to the financial modelling of the schemes Revenues and Benefits Manager, Benefits Project lead	Likelihood: Yellow Impact: Yellow Severity: Yellow	Monthly monitoring of the modelling to check results. A mock test year to be carried out to determine accuracy of the information	Likelihood: Green Impact: Yellow Severity: Green
B	Current Economic situation could result in more claims	Likelihood: Yellow Impact: Yellow Severity: Yellow	This risk is the same with any scheme, however the more generous the scheme, the higher the potential costs of the overall scheme. This will be monitored throughout year 1 (2023/2024) of the new scheme and any adverse changes will be addressed in revisions put forward for the following year's (2024/2025) scheme.	Likelihood: Yellow Impact: Yellow Severity: Yellow
D	Challenge to the legality of the scheme.	Likelihood: Green Impact: Yellow Severity: Yellow	Some councils have had the legality of the scheme challenged. The council is confident that it has not however proposed any changes that have previously been challenged. It has also complied with all the legal requirements for implementing a new scheme. This will be monitored ongoing during the first year of the scheme.	Likelihood: Green Impact: Yellow Severity: Yellow

Background documents

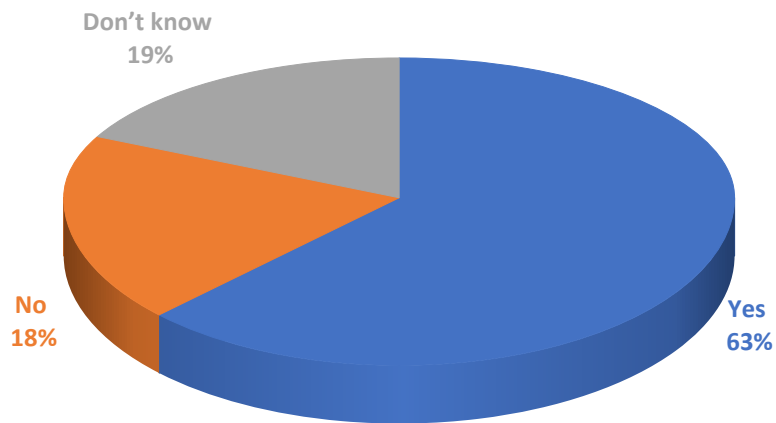
- **Appendix 1** Draft new Local Council Tax Regulations 2023-2024.
- **Appendix 2** Consultation summary.
- **Appendix 3** Equality Impact Assessment (see Appendix 3).

Relevant web links

- [Local Council Tax Support Scheme Review presented to Cabinet 5 April 2022.](#)

Appendix 1 Consultation summary

Proposal 1 Should the council introduce an income-based banded discount scheme?

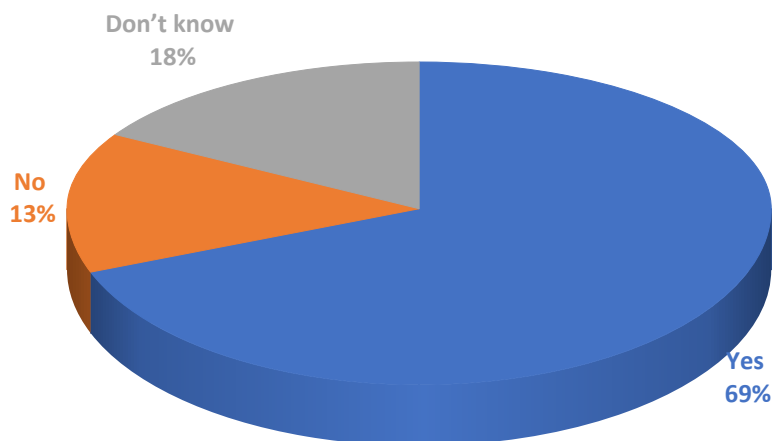


63% of people who responded agreed with this proposal. 705 answered.

What this would mean for claimants: In the current scheme if a claimant's salary alters (for example they work a few more or a few less hours), their council tax support must be reprofiled which can result in a resident receiving an amended award each month. This is costly to administer and confusing to residents, leaving them unclear as to what they need to pay. Introducing a banded scheme means that if a claimant's, or their partner's, income varies within a band, the council tax support they receive will not change, and their council tax bill will not be reprofiled. As such banded schemes can provide greater stability from month-to-month.

Summary of concerns: Concerns this scheme will affect single person discount (it does not and this needs to be clearly communicated to alleviate concerns). Concerns those earning more should not receive less council tax reduction than those earning less. Concerns the scheme will discourage people to work. Concerns the income bands prevent those families earning just over the maximum threshold to receive any reduction. Concerns those with two children should not get more reduction than those with one. Concerns benefits are unfair overall to working people who don't qualify.

Proposal 2 Should residents in all council tax bands be able to claim?

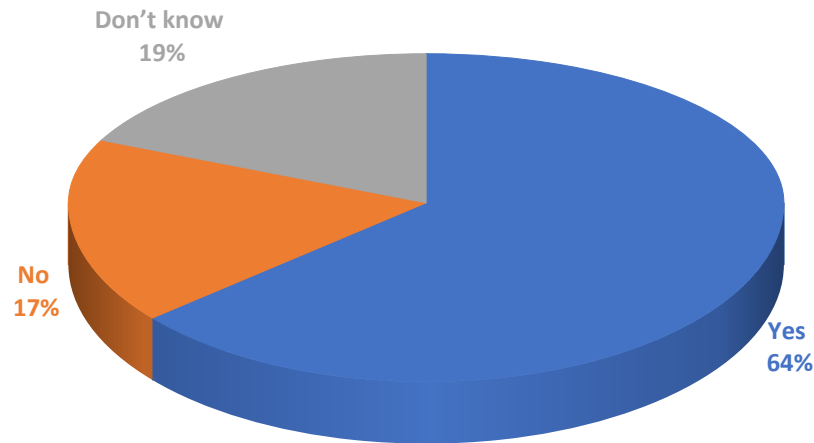


64% of people who responded agreed with this proposal. 512 answered.

What this would mean for claimants: In the current scheme if a resident lives in a band E, F or G property they are unable to claim, regardless of their earnings. Under the proposals anyone will be able to claim if they are eligible based on their income level, regardless of council tax band.

Summary of concerns: Concern that people who live in higher bands should be eligible for support. Agreement that council tax bands are not representative of a family's financial situation. Disagreement that people in higher bands should be able to claim, as they typically have bigger homes in better areas and should move if they cannot afford the higher costs.

Proposal 3 Should the housing element of Universal Credit not be considered when calculating income?

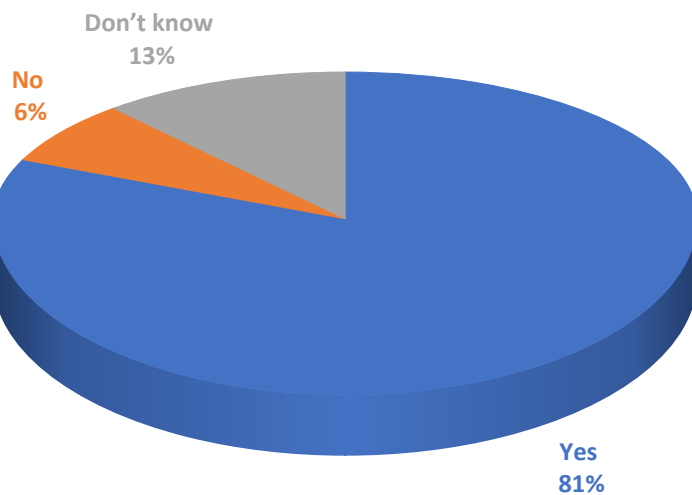


64% of people who responded agreed with this proposal. 559 answered.

What this would mean for claimants: Universal Credit claimants can be awarded a housing element, which goes directly to qualifying housing costs, such as rent or mortgage interest. Housing costs can either be owner-occupier costs (mortgage interest) or rent. This element replaces housing benefit. Under the proposed new scheme, this would not be taken into consideration when calculating a person's income.

Summary of concerns: Concerns that benefits are unfair overall to working people who don't qualify. Concerns all benefits should be taken into consideration as otherwise it is unfair to people who do not claim benefits. Concerns that simplifying the scheme could be detrimental.

Proposal 4 Should Personal Independence Payments and Disability Living Allowance not be considered when calculating income and should a further £85 per week disregard be applied if an applicant, their partner or a dependant is in receipt of a disability benefit.

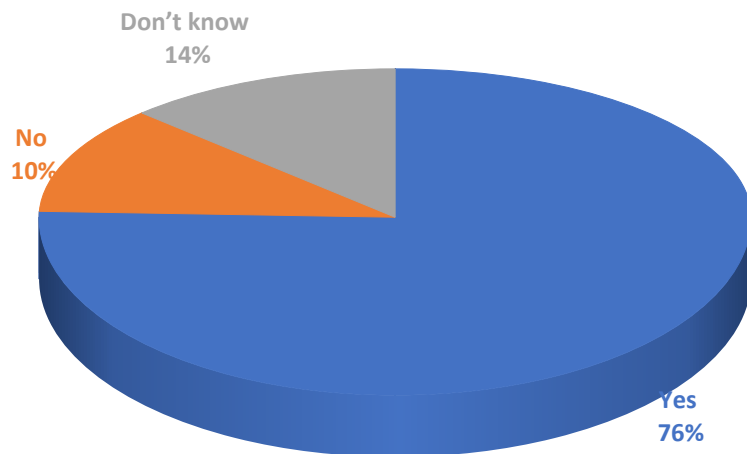


81% of people who responded agreed with this proposal. 474 answered.

What this would mean for claimants: The council will not consider Personal Independent Payments or Disability Living Allowance when calculating excess income and will disregard a further £85 of income if an applicant, their partner or dependent is in receipt of a disability benefit.

Summary of concerns: Concerns that PIP is not means tested. Concerns that some claimants of disability benefits are fit for work. Recognition that such benefits would support people who have extra costs due to a disability, but the measure would disadvantage working families on very low incomes.

Proposal 5 Should Carer’s Allowance, the support component of the Employment & Support Allowance and Child Benefit not be considered when calculating income?

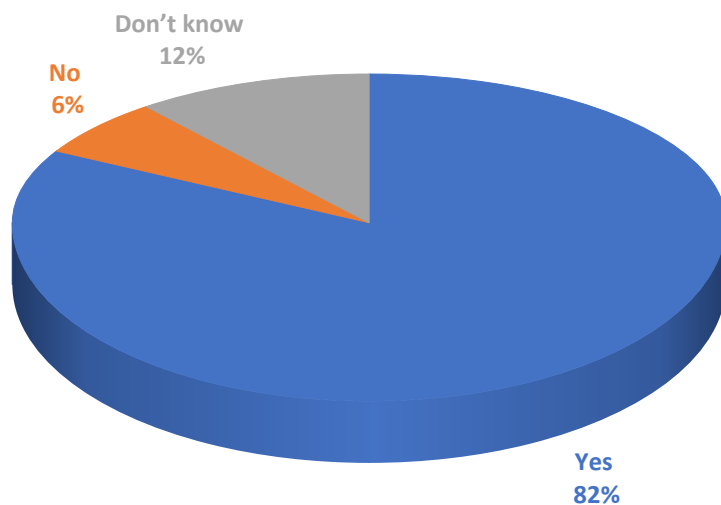


81% of people who responded agreed with this proposal. 470 answered.

What this would mean for claimants: The council will not consider Carer’s Allowance, the support component of Employment & Support Allowance or Child Benefit when calculating excess income

Summary of concerns: Concerns people who are not eligible are claiming these benefits. Concerns protecting vulnerable families will disadvantage other families. Concerns benefits are calculated when looking at mortgages, so why are they being disregarded in relation to council tax support. Concerns child benefit should not be disregarded.

Proposal 6 Should War Pensions or War Disablement Pensions³ not be considered when calculating income?



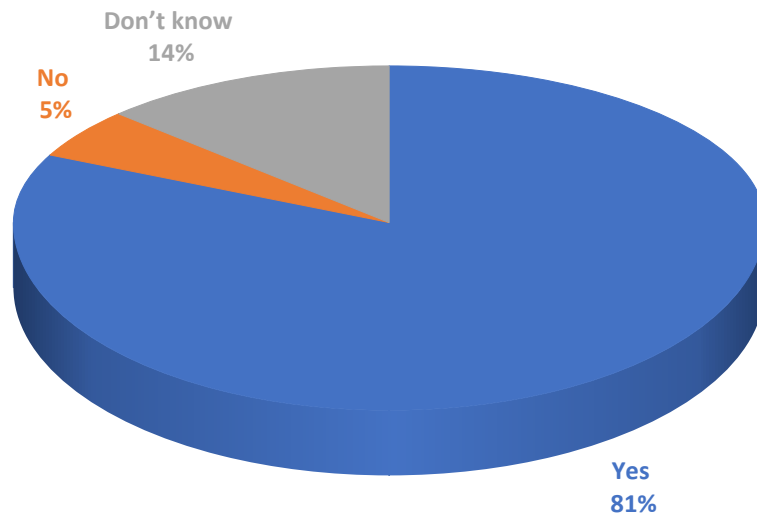
82% of people who responded agreed with this proposal. 468 answered.

What this would mean for claimants: The council will not consider War Pensions, War Widows/Widower’s Pensions or War Disablement Pensions when calculating excess income and thereby meets its obligation under the Armed Forces Covenant.

Summary of concerns – full comments can be seen in Appendix 2b: Concerns that it excludes recipients of widow’s allowance. Concerns this is not fair to all. Concerns people who chose to go to war understand the consequences, so this is unfair to others.

³ Please note, individuals can claim War Pensions when they are not of pensionable age and so are still considered under the working-age scheme.

Proposal 7 Should a claimant's award/amendment be based on the date it was submitted, rather than weekly?

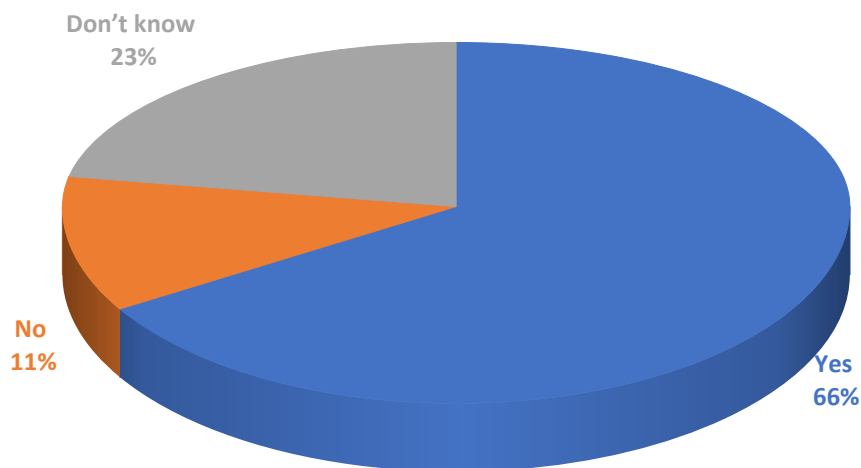


81% of people who responded agreed with this proposal. 485 answered.

What this would mean for claimants: In the current scheme if a new applicant applies, or an applicant has a change in income, the change to council tax reduction comes into effect from the Monday after the application/change occurs. Under the new proposals, the change would take effect from the date of application/date of change.

Summary of concerns: Concerns this is a change for change's sake. Comments people do not understand the proposed change.

Proposal 8 Should the council introduce a standard £50 per week earnings disregard for all working applicants?

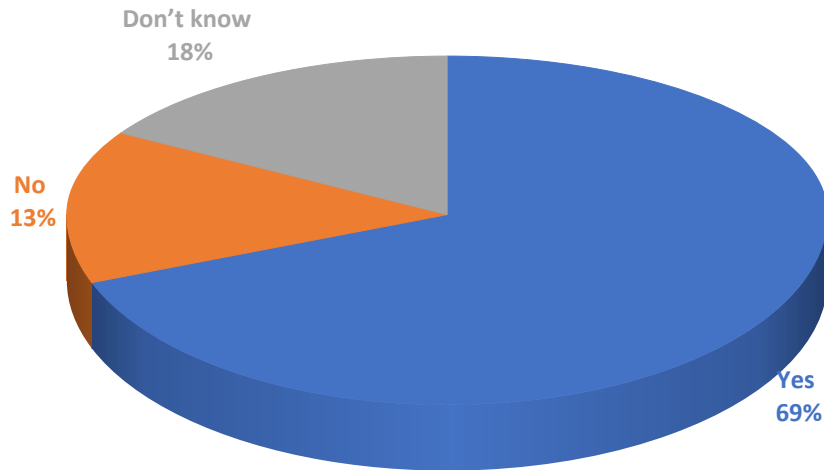


66% of people who responded agreed with this proposal. 528 answered.

What this would mean for claimants: To encourage people into work, the council will ignore £50 of earnings per week. This will replace the current standard disregards and additional earnings disregards.

Summary of concerns: Concerns this will disproportionately affect single parents who cannot work as many hours due to high childcare costs. Concerns anyone working should not receive help. Concerns the £50 level is too high and a lower disregard should be considered. Concerns this scheme will affect single person discount which it will not and this needs to be clearly communicated to alleviate concerns.

Proposal 9 Should the council limit the number of dependent children within the calculation to a maximum of two?

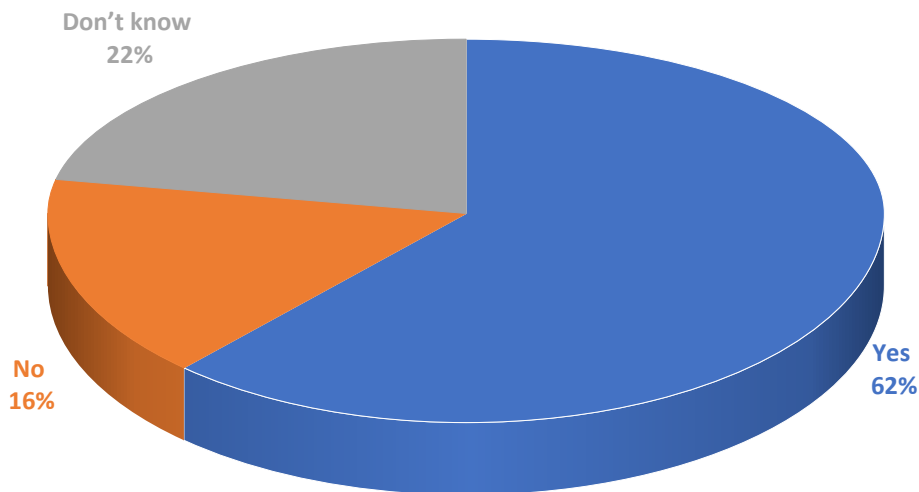


69% of people who responded agreed with this proposal. 636 answered.

What this would mean for claimants: Families with two children will receive the same level of council tax reduction as families with three or more children, so larger families would not receive a greater reduction based on the number of children they have.

Summary of concerns: Concerns this is unfair to families with a larger number of children who will have higher costs. Views families with larger children should not get more reduction because they have more children. Concerns benefits are unfair to working people who do not qualify.

Proposal 10 Should the council remove non-dependant deductions?

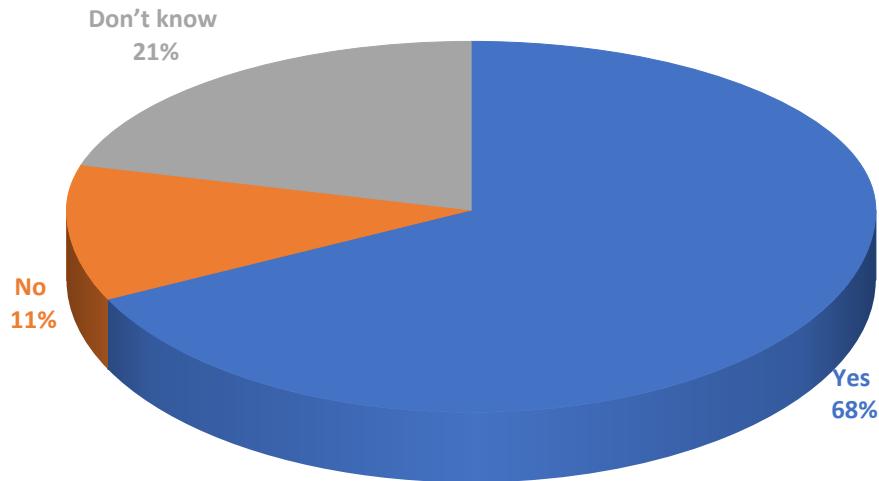


62% of people who responded agreed with this proposal. 581 answered.

What this would mean for claimants: There will be no reduction to the support given if an applicant has non-dependants living with them. This is a significant change and means that the administration of the scheme will be more straightforward, whilst also protecting low-income families where adult sons and daughters for example remain at home after leaving education or return home for any reason.

Summary of concerns: Concerns that non dependents may be paying rent to the liable party and the scheme will not take this into consideration. Concerns benefits are unfair to working people who do not qualify. Support for this approach in relation to young adults (18–25-year-olds). Concerns the whole household income should be considered. Support that more people living in the household will generate higher costs, so claimants should not see a drop in reduction.

Proposal 11 Should the council remove extended payment provision?

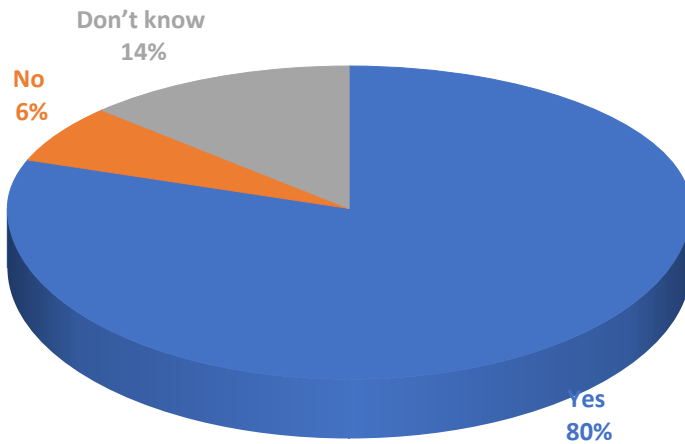


68% of people who responded agreed with this proposal. 496 answered.

What this would mean for claimants: Extended payments are provided to people who were not working and then gain work for four weeks, as a way of encouraging people into work/to stay in work.

Summary of concerns: Concerns this should be retained or reduced (in terms of weeks) to keep people in work to support people trying to improve their situation. Concerns this should not be retained, and once people have found work, payments should stop. Concerns benefits are unfair to working people who do not qualify.

Proposal 12 Should the council change the backdating provisions within the scheme?



80% of people who responded agreed with this proposal. 482 answered.

What this would mean for claimants: The council would be able to back-date claims if the resident can show they should have been entitled to support, regardless of whether they can show good cause for not having claimed previously in a timely manner.

Summary of concerns: Concerns that six months is excessive. Suggestions the period should be shorter, for example 1, 2 or 3 months. Concerns there is any backdate at all, and people should be awarded it from the day they receive it. Concerns this will open the scheme up to people claiming backdates when they are not eligible.

Dual Stream Recycling Implementation

Cabinet Member for Waste and Recycling



Date:	15 September 2022
Contact Officer:	Simon Fletcher, Chief Executive
Tel Number:	07961202055
Email:	simon.fletcher@lichfielddc.gov.uk
Key Decision?	no
Local Ward Members	All

Overview and Scrutiny Committee

1. Executive Summary

- 1.1 This report provides the outcome of a review requested following the severe disruption caused to many residents, in May 2022, by the initial implementation of the new dual-stream recycling service to households across the district. The review was undertaken by an independent industry expert; it covers the design and implementation of the new service and was concluded on 12 August 2022. The review included interviewing officers and members, observation of collection rounds and data analysis.
- 1.2 The conclusion and key recommendations of the review are considered and, along with additional comments from the Overview & Scrutiny Committee, will be used to inform both the next phase of the project and a 9-point Service Plan for the Joint Waste Service in the medium term.

2. Recommendations

- 2.1 That the Committee note the report of the independent expert into the design and implementation of dual stream recycling collection services in Lichfield and provide comments.
- 2.2 That the Committee consider and comment on how the three key recommendations arising from the report could be achieved, i.e. the need to:
- Improve scrutiny of the joint waste service, using scenario planning, pilots, and progressive implementation of major change.
 - Ensure the service team has sufficient skills, competences, and confidence to implement major change programmes going forward.
 - Increase the acquisition, use and interpretation of service data, including an increased focus on trend analysis and operational analytics.

3. Background

- 3.1 The Tamworth and Lichfield Joint Waste Service (JWS) has now largely implemented the agreed changes to the recycling service; transitioning to dual-stream collections, with residents asked to separate paper and card from glass, cans and plastics. There remain a small portion of households, approximately 3500 across Lichfield and Tamworth - notably flats and houses of multiple occupation (HMOs), who have not moved onto the new service yet, and there are some known ongoing issues with communal bins and households who generate unusual levels of waste.

3.2 Councillors received significant numbers of concerns from residents at the outset of the implementation of this new service and consequently, a review of its design and implementation was requested. The purpose of this report is to provide the Committee with the findings of that report.

Implementation

3.3 The implementation of the new service took place over an 8-week period from 4 April to 27 May. During this period a range of service changes were implemented:

Date	Activity
4 April – 15 April	Delivery of bins
18 April – 27 May	Delivery of bags
2 May	New round structure for recycling, refuse and organics commenced
2 May	First dual stream recycling rounds (number) commenced – jointly with co-mingled service
17 May	Final co-mingled rounds ceased

3.4 Whilst it was considered that implementing all these changes concurrently was unavoidable, it is clear from the report's findings that while the roll out benefitted from having a detailed implementation plan and risk register, it was not clear if any assumptions were tested or scrutinised prior to the roll out.

3.5 Other issues were identified only through the intervention of the two Chief Executives (from Lichfield and Tamworth):

- The new rounds implemented as part of the new recycling service rollout, undertaken by a commercial organisation rather than one experienced at providing a local authority service, together with the decision to divert drivers from collection rounds to bag deliveries, significantly restricted the crews' capacity and capability to complete new recycling rounds.
- There was therefore a period of persistent round non-completions which adversely impacted on residents, particularly following the commencement of dual-stream collections from 2 May.
- There was frustration from ward Councillors and residents over a lack of urgency in the response to these issues which were being reported daily.
- Despite training prior to implementing the new service, waste crews were unclear in some areas over what could be recycled, and over side-waste and whether it was to be collected or not. The service was slow in implementing 'toolbox talks' to aid understanding of the collection crews.
- Bin 'tagging' caused significant anger to residents as crews were correctly refusing to collect waste put out, but without explaining on the red and yellow tags exactly why.
- The inability of the service to complete daily co-mingled and dual stream rounds led to capacity being moved from other services (refuse and organics) to support. This further exacerbated residents' frustrations because it led to these services also failing to collect full rounds at times.
- Early positive communications with residents over the new service were lost as it was not backed-up with daily, consistent messaging.

3.6 These issues inevitably placed enormous pressure on the service, not helped by an initial slow response to them and this pressure was worsened by a number of other factors:

- Two drivers resigned at the start of the roll-out (the scarcity of HGV drivers is a national challenge). Both drivers have subsequently returned.
- Our waste reprocessor also had to move to dual-stream disposal – leading to persistent delays (90-minutes+) tipping the RCVs (Refuse Collection Vehicles). There was a slow reaction to the

issues extended wait times was causing to the remainder of rounds. Fortunately, these problems now appear to be resolved.

- The period of highest pressure – delivering bags whilst running both dual-stream and co-mingled collections – was increased due to bag delivery delays and pausing the delivery of new bags to focus on requests for second bags.

The impact on service completions is presented as Appendix 1. (to follow)

3.7 The independent review details commentary on 7 specific areas of implementation. The follow section sets out this commentary, along with the lessons the services has learned from it.

Review commentary	Service learning
<p>New Vehicles and Driver Training – Twin track vehicles used to collect the bin and bags had to be specially ordered in and drivers and loaders trained. The vehicles design meant 35% capacity was given to paper and card and 65% capacity to glass, plastic and mixed metals.</p>	<p>There is limited flexibility in how the load is separated – the RCV has 3 bin lifts, so the load has to be split in thirds.</p> <p>Tonnages collected do support this split. In the first 10 weeks 962 tonnes (36%) of paper & card were collected, 1,686 (64%) tonnes glass, cans and plastics.</p>
<p>Round Review – New service takes longer as an operative has to attend each property because of the additional time used in emptying a blue bin and blue bag. To assist in the design of the new rounds, consultants from Biffa were commissioned and suggested an additional two crews with vehicles.</p>	<p>The new rounds were slower than modelled, with crews collecting from fewer households per hour than anticipated. Initial modelling suggested an average of 8.5 recycling crews per day (and the service budgeted such), the round review suggested this could be reduced to 7.8 – which was what the new service was launched at. The service is currently running at 8.8 crews.</p> <p>A further review of the rounds is intended (some days are easier than others), which may bring the number of crews closer to the budgeted 8.5.</p>
<p>Public Information Campaign – Initial information was sent and received well. However, once problems started occurring, public response became hostile. Additional negative public comments were received following a press release stating that the blue bags procured were not the correct size. This exasperated the situation.</p>	<p>Communications was a critical point of failure in the project. Both the Joint Waste and Customer Contact teams were overwhelmed by the volume of complaints and service requests that were received – all of which required an element of manual processing and many required double-handling (Customer Contact then Joint Waste). The service became slow to respond to even the most routine requests, exacerbating resident dissatisfaction.</p> <p>The waste service presents a huge opportunity for better customer response automation (very high volumes of very low complexity queries).</p>
<p>Staffing – The report identifies that there is considerable pressure on the availability of HGV drivers. A national shortage and wage inflation led at the point of implementation to two drivers leaving. Therefore, there was a shortage of</p>	<p>Diverting drivers to bag deliveries, plus the unexpected departure of 2 drivers at the start of the service roll-out left the service stretched and</p>

<p>drivers during a critical part of the implementation.</p>	<p>ill-resourced to respond to pressures when initial implementation struggled.</p> <p>Transferring bag deliveries to a third party was an option considered, however it was felt that an external contractor with less district knowledge could have led to inconsistent and unreliable deliveries. In hindsight, this may have been the wrong decision.</p> <p>The service has now implemented a driver training plan to up-skill existing staff to both fill driver vacancies and provide greater resilience for staffing pressures. The service is targeting the training of 10 additional drivers by the end of the municipal year.</p>
<p>Management of the Implementation Programme – The report identifies whether at the point of implementation began to go wrong whether the programme was managed in an active way and mitigation actions followed. The report furthermore states that in a materially changing environment, it is vital to have staff with experience of managing change and have both the governance and executive structures in place to support real time decision making and date to test assumptions.</p>	<p>A critical omission in the project management was an escalation route for risks and issues. As a result, when the lack of (additional) driver availability became a critical point of failure – whilst it may not have been possible to mitigate the underlying issue - the service was slow to manage the consequences and did not quickly get on the front-foot to support residents and keep them informed.</p> <p>The service is governed by a Joint Waste Committee (JWC) consisting of the Leaders and Portfolio Holders from the two authorities. There is the potential for the JWC to act as an explicit Project Board for any subsequent service changes of this magnitude.</p>
<p>Data – The report finds that data that the service collects is not assembled or analysed from past rounds to inform understanding and future services. The only exception is data surrounding the number of missed property collections. The author of the report recommends the Bartec system to track collections and this data can be extremely useful and should be a source for better trend analysis and service reviews.</p>	<p>As with communications, there is a huge opportunity to use automation and improved systems to enhance the way the service handles the large amount of data collected and translate that data into management information that can be used to drive service improvement and better inform future service changes.</p>
<p>Transportation and Tipping Off – The distance from the BTS and effectiveness of it were two further issues that compounded the problems associated with the implementation.</p>	<p>The limited waste transfer and disposal infrastructure within Staffordshire restricts options – the current disposal contractor is the only disposal facility within practicable travel time from Lichfield & Tamworth. The service is already engaging with the contractor to improve systems and reduce turnaround times. The issue</p>

	of improved Staffordshire waste infrastructure is being progressed at Chief Executive level.
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Initial Performance / Impact of the new Dual Stream Recycling Service

- 3.8 Full dual-stream collections commenced 30 May and tonnages have been monitored. Weekly tonnages for the first 10 weeks of the dual stream collections are presented as Appendix 2. (to follow)
- 3.9 Whilst it remains early to draw conclusions from (joint Lichfield and Tamworth) data, initial indications include:
- Following the completion of the implementation phase, service reliability has improved but clearly at the beginning of implementation this service struggled and regularly failed to complete rounds effectively.
 - No appreciable increase in residual waste. Over the first 10 weeks of the new service the average weekly residual tonnage was 650 tonnes – the average for the 3 months prior to the switch was 760 tonnes per week. This suggests that recycled material is not finding its way into the refuse stream.
 - Missed bin reports have reduced from their initial peak.
 - Rejected / contaminated bins have also reduced from their initial peak in weeks 1-4 but would appear to be plateauing at a little over 1,100 per week or around 1.4% of households.
 - The quality of the recycling collected has been transformed – which was the fundamental intention of the transition to dual stream. Prior to the transition, levels of contamination in our recycling were around 14%; since the switch every single load of recycling has achieved the new contamination thresholds of 1% paper and 5% for glass, cans, and plastic.

Next Steps

- 3.10 The implementation of the dual stream recycling to general households has been largely completed, the service has stabilised with collections restored and recycling being collected. However, the dual stream project is not at an end, key activities over the next 3-6 months include:

Activity	Target date
Assessing and supporting the households that are continuing to struggle with the new service.	31 October 2022
Assessing the effectiveness of the recycling bags – whilst the majority of households are managing with one bag (6,500 or 8% have requested a second bag), capacity remains a concern.	31 December 2022
Smoothing and levelling the new recycling rounds to ensure that resources are deployed most efficiently – currently some days / rounds are notably more challenging than others.	31 October 2022
Planning for Christmas collections – especially in the context of the increased amounts of paper and card produced over the festive period.	31 October 2022

Transitioning multi-occupancy properties onto dual-stream collections. These properties (with communal bins) have tended to produce poorer quality recycling with higher levels of contamination which will struggle to meet the more stringent contamination levels for dual stream. Officers are currently assessing the multi-occupancy properties (201 sites across both authorities).	28 February 2023
Transitioning 250 trade waste customers onto dual-stream recycling.	28 February 2023

- 3.11 Following the Dynamic Outcomes Review recommendations, it is proposed that the Tamworth and Lichfield Joint Waste Committee be asked to undertake oversight and scrutiny of this next phase of the project implementation. This would include more detailed assessment of operational implementation plans, with a particular focus on risk and issue management. The Committee’s views on whether this will sufficiently improve scrutiny of this service are welcomed.
- 3.12 The review also identifies challenges with communications and the use of data. Problems with service consistency in May overwhelmed communications channels; responses to service requests were slow, a failing service and poorly implemented service transition was cultivated and the messaging regarding the intent of the change – to improve recycling – was lost. The Council has recently introduced a robot to process Universal Credit Change of Circumstances applications – which has been very successful, processing two thirds of applications. There is an opportunity to end-to-end automate the majority of Joint Waste service requests and it is proposed that this is the next service to explore the implementation of robot technology.

Conclusion

- 3.13 The initial sense of chaos experienced by residents through the change from a co-mingling to dual-stream recycling service has now settled. While the rollout is not fully complete, and there remain issues that need to be responded to, the service is performing better again and delivering better outputs in terms of improved recycling. However, the project implementation involved a period of service disruption that significantly impacted residents and must not be repeated. The Dynamic Outcomes Review has identified the learning points that must be used to inform both the latter stages of this project and the subsequent service changes that are anticipated based in the Government Waste and Resources Strategy.

Alternative Options	Not applicable for scrutiny – options are being sought for consideration before final action plans are agreed.
Consultation	All officers and members involved in key decisions were contacted (as was practicable).
Financial Implications	<p>Council on 14 December 2021 approved the following budgets for the implementation of dual stream recycling:</p> <ul style="list-style-type: none"> • Capital and transition costs – Total £329,000 funded by contributions from Lichfield DC of (£193,000) and Tamworth BC of (£136,000). • Central Assumptions Revenue Cost – Total up to 2025/26 of £1,038,000 less cost sharing with Staffordshire CC of (£504,000) results in a cost to the Joint Waste Service of £534,000. This is funded by contributions from Lichfield DC of (£310,000) and Tamworth BC of (£224,000).

	The full implementation of the new approach to dual stream recycling is ongoing and a number of next steps are proposed as part of the review. Therefore at this stage it is difficult to accurately project the ultimate level of any additional costs compared to the Approved Budget. However, once the implementation including the proposed next steps is sufficiently complete, the full costs of the implementation will be determined and provided to the relevant Committees.
Approved by Section 151 Officer	Yes

Legal Implications	Procurement matters relating the dual stream implementation are still sub- judice and therefore exempt from publication until a legal resolution is in place. Sections of the report have been redacted from publication on this basis but will be available for members to consider in the confidential section of the agenda.
Approved by Deputy Monitoring Officer	Yes

Contribution to the Delivery of the Strategic Plan	Improvement of recycling rates is a key outcome for the Council Delivery Plan. This report seeks to clarify the lessons learned for future projects and an action plan to take the service forward.
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Equality, Diversity and Human Rights Implications	None relevant to the review
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Crime & Safety Issues	None relevant to the review
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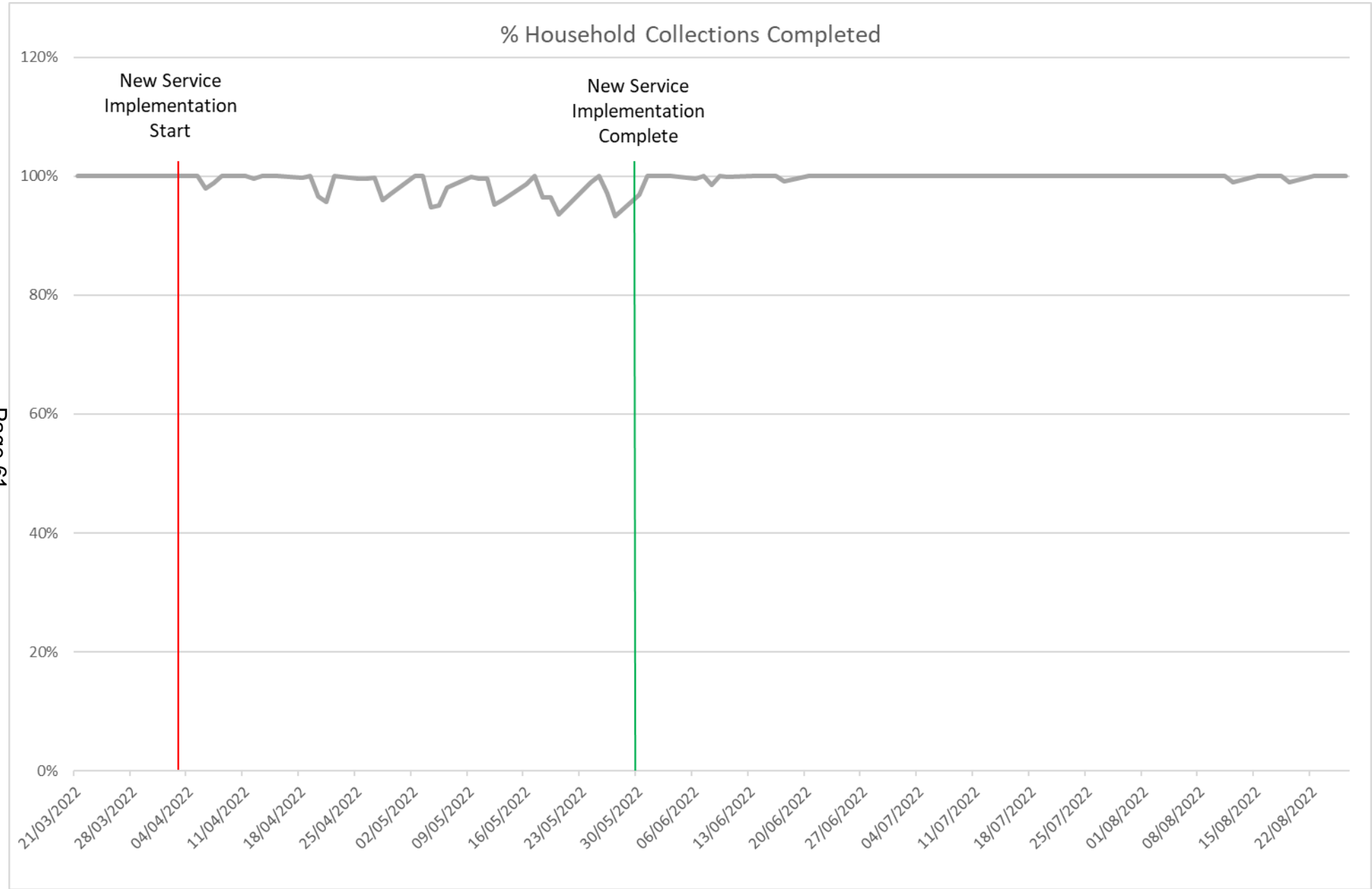
Environmental Impact	Clearly recycling rates will be impacted by the scheme and tracking has begun. It is still to early to draw conclusions from the data but there are encouraging signs of reduction in refuse, which is a key outcome to support delivery of the Strategic Plan.
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GDPR / Privacy Impact Assessment	None relevant to the review. Relevant exemptions have been applied.
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	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	Publication of the report will jeopardise any ongoing legal or contractual discussions.	Likelihood: Red Impact: Yellow Severity of Risk: Red	Exemptions applied in line with the Local C	Likelihood: Green Impact: Yellow Severity of Risk: Green
B				
C				
D				
E				

None	Background documents Introduction of Dual Stream Recycling in 2022 & Associated Financial Matters Cabinet 7 September 2021 and Council 9 November 2021 Dual Stream Recycling Financial Matters update Cabinet 12 October 2021 and Council 14 December 2021
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None	Relevant web links
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THE DESIGN AND IMPLEMENTATION OF DUAL STREAM RECYCLING COLLECTION IN LICHFIELD AND TAMWORTH

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Redacted Copy Issued 13 September 2022

Author Steven Foster
Interim Project manager
Lichfield District Council

Redacted by Christie Tims, Chief Operating Officer

1. Background

This report was commissioned by Lichfield District Council ('Lichfield') and Tamworth Borough Council ('Tamworth') (together 'the Councils') to review the planning and implementation of a new dual stream recycling service which was rolled out in April and May 2022. The report seeks to focus on lessons learned in advance of future major changes to waste collections being introduced at a national level, for example, to include separated food collections and increased recycling rates.

The report is structured as follows

- Section 1 Background
- Section 2 Context
- Section 3 Strategy
- Section 4 Procurement of the Blue Bags
- Section 5 Twin Track Vehicle Sizing
- Section 6 Implementation
- Section 7 Commentary on Specific Areas of Implementation
- Section 8 Conclusions and Recommendation

Lichfield and Tamworth have a joint waste service and a shared service team which manages the in-house collection of household waste. Although led by Lichfield and Tamworth, the move to using a new service for dry mixed recyclable material ('DMR') collection was also followed by three other Councils in the County: Cannock Chase District Council; East Staffordshire Borough Council; and South Staffordshire District Council.

The report is based on information provided and it may be that other data exist which were not made available as part of this process at the time of the analysis.

The report does not seek to make legal or financial policy statements or recommendations outside of a general intention to support the Councils in the future planning of strategic change.

1. CONTEXT

The Councils are Waste Collection Authorities and are therefore responsible for the collection of household residual waste ('black bag waste'). Under an agreement with the Waste Disposal Authority ('WDA'), being Staffordshire County Council, the Councils also collect and dispose of DMR placed in kerbside bins and bags by householders.

As set out below, the rationale for changing the collection policy of the Councils was driven by both financial and strategic factors.

The Councils had a contract with Biffa Waste Management Services for disposal of fully comingled DMR (comprising glass, plastics, metals, paper and card) but this was due to expire in March 2022. The Councils had been informed that they faced significant increases in costs if they were to retain a fully comingled collection policy. Finance was therefore a key driver for change.

In addition, there was a strategic drive by the Chief Executives and Leaders of all the Districts and Boroughs in Staffordshire to harmonise as much as possible the collections of DMR across the County. The move was supported by Staffordshire County Council (who has the statutory responsibility of disposing of DMR) and

which, through financial incentives, delegated the collection and transport of DMR to the Districts and Boroughs.

Also, through the UK's Resources and Waste Strategy ('RWS'), Councils will be required to implement changes to collection processes of which three in particular will have an impact on the Councils' services:

- a. Separation of food waste using separate food containers;
- b. Improved recycling levels and quality (i.e. reduced contamination); and
- c. A scheme to make producers pay for waste generated by their products ("Extended Producer Responsibility").

There is therefore a strategic imperative to improve recycling and to prepare for future changes in waste collection.

The new service introduced in April and May 2022 was a 'dual stream' DMR collection service for which the key features (for most households) are:

- Fortnightly collections of DMR from households;
- A dual stream approach collecting household recycling by use of:
 - A 240 litre blue bin for the collection of glass, plastics and metals;
 - An 81 litre blue bag for the collection of paper and card¹;
- New 'twin track' vehicles to collect the dual stream materials separately in one vehicle.

Households in rural areas received a purple bin rather than a blue bag because of access issues. Communal properties (e.g. flats) continue to comingle their DMR in one receptacle.

2. STRATEGY

The Councils were facing steep increases in the prices charged by third party recycling companies ('off takers') for the disposal of comingled DMR waste.

Comingled DMR waste is costly to separate because most machine driven separation processes cannot easily remove clean paper and card materials from glass bottles and metal (e.g. cans and/or foil) which diminishes the value of separated materials and/or makes it harder to re-process them. As a result, many Councils have moved to a dual stream recycling approach where paper and/or card is collected in one receptacle and glass, plastics and metal in another.

The Councils do not currently collect food waste separately (it is to be placed in the black, residual waste, bin). Garden waste collection is available for an annual fee.

A strategic review paper by Frith Resource Management² in October 2019 ("Frith Report") set out a number of options for Lichfield (and Tamworth) to consider their future waste collections. At the time the Councils had a

¹ <https://www.lichfielddc.gov.uk/recycling-bins-waste/guide-bins-goes-bin/3> and <https://www.tamworth.gov.uk/blue-bin>
² *Service Change and Delivery Options*, Frith Resource Management, October 2019

policy of fully ‘co-mingling’ all DMR material streams. This means that a single 240 litre bin was used by householders for mixed recyclates: glass, metal, plastics, paper and card.

Although the move to dual stream recycling would appear to be largely financially driven, the Frith Report sought to identify the best qualitative collection options for dry mix recyclates given national recycling policies.

The Frith Report concluded that an option based around a dual-stream collection based on properties having two bins for DMR³ would be the most cost effective, but the report also suggested that each of the bins would be collected every four weeks with a fortnightly collection pattern for properties.

It is not clear when the decision to move from the ‘two bins, four weekly’ proposal to the ‘bin and bag fortnightly’ proposal was made. The Frith report is dated October 2019, and, by January 2021, the Joint Waste Committee (‘JWC’) was considering six options as set out in Table 1.

Table 1: Excerpt from Tamworth And Lichfield Joint Waste Committee Paper, 25th January 2021

In order to expedite decision making a preliminary appraisal of the options still available to the Districts has recently been undertaken. The options included in the appraisal are as follows:

1. Retain commingled collections and responsibility for disposal.
2. Retain commingled collections and transfer responsibility for disposal to the County Council.
3. Introduce dual stream collections using an additional bin for paper/card and retain responsibility for disposal.
4. Introduce dual stream collections using an additional bin for paper/card and transfer responsibility for disposal to the County Council.
5. Introduce dual stream collections using a bag for paper/card and retain responsibility for disposal.
6. Introduce dual stream collections using a bag and transfer responsibility for disposal to the County Council.

Appendix B of the January 2021 paper included a detailed SWOT analysis for each of the six options, but did not at that time make a recommendation. Many (but not all) of the later problems with the implementation of the service were correctly identified as ‘weaknesses’ in the SWOT analysis of Option 5 (see Annex 1).

Notably, the January 2021 paper stated “Residents would present glass/cans/plastic in the existing blue bin and card/paper in a 70 litre hessian bag”. It is not clear how the move from a ‘70 litre’ bag to an 81 litre bag – which was the capacity finally procured - was proposed and authorised.

In May 2021 a further report to the JWC recommended Option 5 which was a strategy likely to be pursued by all the Districts in the County area.

³ So three bins in total: Black bin, DMR 1 bin and DMR 2 bin.

Cabinet papers for Lichfield and Tamworth in June and July 2021 set out the options and made a recommendation to adopt a bag and bin twin track solution (Option 5) for adoption in April 2022 (albeit the recommendation remained conditional on receiving additional funding from the County Council as WDA).

Table 2: Excerpt from Lichfield Cabinet Report, 6 July 2021 and Tamworth Cabinet Report 30 June 2021

Option 5 does substantially reduce the capital cost of the additional container as residents are provided with a bag instead of a bin, this is the system currently in place in both Stafford and Newcastle. The downside to this option is that there would be a significant increase in operational costs as it is much slower to collect a bin and a bag from each property thus extra crews would be required. The vehicles are more expensive as they are multi compartmental. The Districts would benefit from a lower gate fee and income from both the Recycling Credit and the sale of the materials but this option would have a significant impact on the revenue budget.

The Cabinet reports did not set out in detail the implementation plans for the change in service. Interviews conducted as part of this report suggested that a similar scheme introduced a year earlier in both Stafford Borough Council and Newcastle Under Lyme Borough Council was working well and, perhaps, as a consequence, the new DMR service was not piloted within the Councils' area. It later emerged that the services in Stafford and Newcastle Under Lyme had operational differences, and the blue bags were of a different (larger) size. Not running any pilots was a bold move and this decision would have benefitted from being scrutinized and tested through the JWC. It is not clear from the documents provided if running a pilot was considered.

The Cabinet Reports were largely focused on the financial impact of the change to service and the relationship with the WDA. Risks reported to Cabinet were largely financial, as can be seen from Table 3.

Table 3 Tamworth Cabinet report 8 July 2021

LEGAL/RISK IMPLICATIONS BACKGROUND.

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

The Cabinet report did not mention any particular challenging implementation issues, although the summary Options Appraisal provided (see Annex 2) did see 'public dissatisfaction with change' as a risk area.

3. PROCUREMENT OF THE BLUE BAGS – CONFIDENTIAL REDACTED

- Woven PP Blue coated 140gm fabric, 3% UV stab
- Weighted flat base of 450gr
- 81 litre capacity (dimensions 45x45x40cm)
- Top flap the same size as the base, with velcro along all 3 sides, with a white area on the top of the flap, central, for an address to be written on in marker pen.
- Two long carry handles at the top from the sides and one tipping handle across the base

4. TWIN TRACK VEHICLE SIZING

Central to the new DMR collection strategy was a new ‘Twin Track’ vehicle which contained two compacting units, one for paper and card and the other for other dry mixed recyclates.

The vehicles, provided by Dennis Eagle, are split on a 35% plus 65% basis with the smaller side for paper and card. It is not clear how this size was selected (or whether other vehicles and configurations were considered) but the selection does seem to reflect the tonnage data provided.

The strategy for the new DMR collection was put in place in 2021. As can be seen in Table 6, it is possible at the time that the split was correct for the waste collected by reference to 2019/20 – which might have been the latest data available. Certainly the data from 2020/21 does not suggest that different split was necessary.

Table 6: Volumes of Paper and Card collected kerbside as a proportion of all DMR collected

DMR: Kerbside Collection				
	ALL DMR	Paper	Card	
2019/20	tonnes	tonnes	tonnes	
Lichfield	10,683	3,562	826	
% of All DMR		33.3%	7.7%	41%
Tamworth	7,767	2,440	673	
% of All DMR		31%	9%	40%
2020/21				
Lichfield	11,568	3,099	1,013	
% of All DMR		26.8%	8.8%	36%
Tamworth	8,268	2,125	880	
% of All DMR		25.7%	10.6%	36%
2021/22				
Lichfield	10,652	2,925	1,095	
% of All DMR		27.5%	10.3%	38%
Tamworth	7,743	1,978	693	
% of All DMR		25.54%	8.95%	34%

The relative proportions of waste matter: as soon as either side is full, the entire vehicle is taken off round and driven to the Biffa Transfer Station (“BTS”) in Aldridge for tipping.

It is not clear how or when the analysis to justify the selection of vehicles was undertaken. Other specifications are available in the market, and capacity is a product of both tonnage and compaction density. Given the fact that once one side of the vehicle is full it is effectively not available, modelling of capacity would have been helpful. A pilot project would have assisted with this issue.

It is understood that four of the twin track vehicles are leased and therefore could be replaced over time to reflect emerging waste patterns.

5. IMPLEMENTATION

Cabinet papers show that the decision to roll out dual stream recycling was taken in mid 2021 following earlier discussions with the JWC.

The presentation to the Project Team dated 15 November 2021 refers to the creation of the project team, risk register, and members' working group. If Cabinets gave agreement to the new dual stream regime as early as June 2021, then the interval in setting up a project team until November could have had consequences on the later roll out, particularly given the original timetable of having bags delivered by 1 March 2022.

It would appear from evidence collected that sufficient advance thought had been given to aspects of the implementation roll out namely the distribution of new bags, letters distributed to individual residents, and a change awareness campaign. Project Team minutes (21 January 2022) refer to plans for informing the public of the future change (e.g.: through social media, personalised letters, and leaflets) based on similar approaches used in Stafford for their DMR change plan. These plans seem well thought through given Stafford's experience.

Implementation plans including risk registers were created and shared with relevant committees. A number of the key risks were identified in the SWOT analysis, but it is not clear whether the service team could respond to the actual roll out challenges in the implementation period as they happened.

A key issue to determine is whether there was a series of related or unrelated events which mean that the service could not be ruled out smoothly. In summary, although implementation planning was in place, the following sequence of events conspired to disrupt the service:

- The blue bags were delivered late, leading to
- Collection operatives diverted to delivering bags to properties, leading to
- Missed collections, leading to
- Public disquiet and complaints.

Although the implementation plan was adjusted to take into account the delays in delivery of the blue bags, the actual demands of delivering the bags (combined with the press release mentioned above) led to a failure in service between 4 April and 30 May.

Data provided as part of this report shows a pattern of missed collections over the period (Figure 2).

Figure 2: Missed collections (all rounds, refuse and recycling).

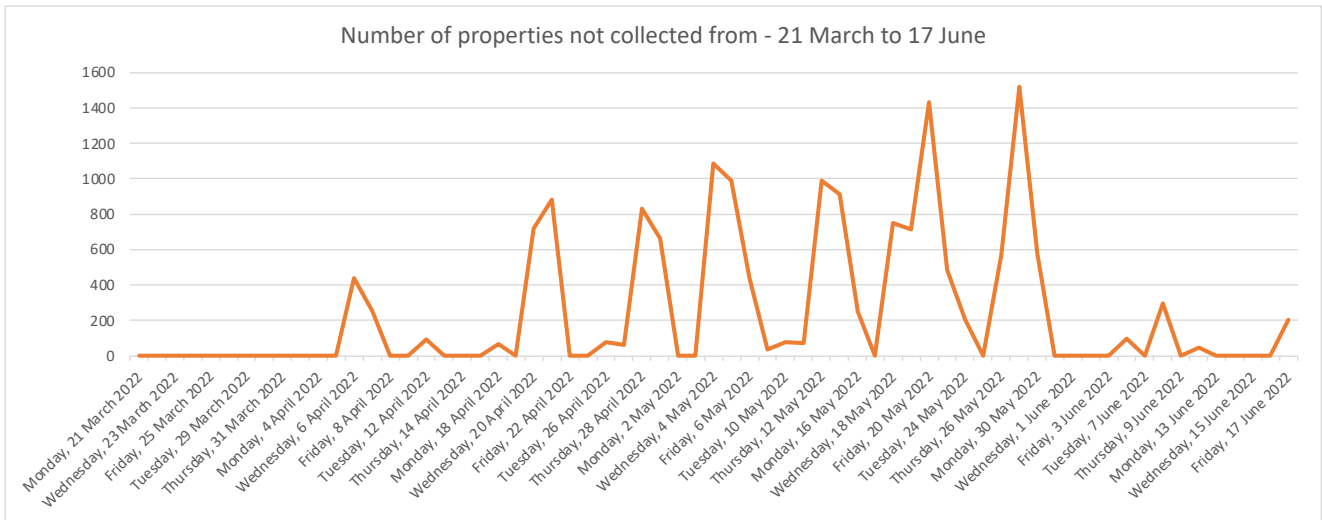


Figure 2 shows a pattern of missed collections getting gradually worse from early April and culminating in peaks towards the end of May. This correlates with the period when bag distribution was taking place (and which completed on 27 May). Missed collections affected both refuse (black bag) and DMR rounds, which may indicate some co-dependencies in the service (e.g., staffing).

A further trend which can be seen from the data is that most missed collections occurred on Wednesday, Thursday and Fridays – which are the rounds in Lichfield. See Table 7.

Table 7 – Top 20 days for missed collections by property

Day	Total Properties	Missed Properties	% missed
Friday, 27 May 2022	22776	1522	6.68%
Friday, 20 May 2022	22167	1433	6.46%
Wednesday, 4 May 2022	20963	1088	5.19%
Thursday, 5 May 2022	20323	990	4.87%
Thursday, 12 May 2022	20567	988	4.80%
Thursday, 21 April 2022	20308	884	4.35%
Thursday, 28 April 2022	20569	829	4.03%
Friday, 13 May 2022	22740	913	4.01%
Wednesday, 18 May 2022	21063	750	3.56%
Thursday, 19 May 2022	20347	715	3.51%
Wednesday, 20 April 2022	20911	718	3.43%
Monday, 30 May 2022	18780	577	3.07%
Friday, 29 April 2022	22711	663	2.92%
Thursday, 26 May 2022	20588	569	2.76%
Monday, 23 May 2022	20133	485	2.41%
Wednesday, 6 April 2022	20714	441	2.13%
Friday, 6 May 2022	22104	439	1.99%
Wednesday, 8 June 2022	19190	296	1.54%
Monday, 16 May 2022	18642	251	1.35%
Thursday, 7 April 2022	20192	253	1.25%

This pattern of information was not readily available in consolidated form until requested for analysis in this report. This could point to a weakness in the implementation phase in that the importance of data collection, monitoring and trend analysis is not fully recognised.

6. COMMENTARY ON SPECIFIC AREAS OF IMPLEMENTATION

a. New Vehicles and Driver Training

The twin track vehicles used to collect the bin and new bags had to be especially ordered in and drivers and loaders trained in their operations. The design of the vehicles was such that 35% of the capacity it was given over to paper and card and 65% of the capacity was given over to glass, plastic and mixed metals. The loading system is a commonly used bin lifting and tipping process which continued to work well for the blue bins.

The blue bags, however had to be first emptied into a separate blue bin on the paper and card side of the twin track truck which when full would then be tipped into the vehicle.

The manufacturers of the new twin track vehicles, Dennis Eagle, came to site to assist with short term mechanical glitches and to ensure drivers were trained. To enable the change to the fleet quickly, the existing contract with SFS was extended by 12 months and 12 vehicles were exchanged for 9 twin track vehicles (5 purchased and 4 leased).

The twin track vehicles are larger than the previous recycling collection vehicles and somewhat less manoeuvrable: this created some new driver training requirements but also led to a decision to use purple bins (rather than a blue bag) for paper and card in rural areas where the new twin track vehicles would struggle to attend properties accessed by narrow lanes.

b. Round Review

The new service takes longer for an operative to attend each property because of the additional time used in emptying a blue bin and a blue bag. Two receptacles per property also suggested that operatives could only attend the recycling from one property at a time where previously they could possibly have managed two wheeled bins (from two properties) at once.

To assist in the design of new rounds, consultants from Biffa were commissioned to undertake a collection round review to design both efficient rounds and make recommendations on numbers of staff. Biffa suggested two additional crews with vehicles based on their national experience.

There is some debate as to whether the inputs used by Biffa reflected the workforce and capabilities of the Councils' staff, and any over estimation in efficiency (including tipping off time at the BTS) would have led to delays and missed collections. There is merit in revisiting the structure and pattern of rounds using data gathered on the DMR service since 1 June 2022 (assuming this is the start of a more stable period).

c. Public Information Campaign

Residents were sent an individual letter in March 2022 explaining the move to a bin and bag system and the requirements to separate paper and card from other dry mixed recyclables. The letter was clear, personalised and for the most part understood. Social media supplemented the messaging.

Unfortunately, once problems started occurring, public responses on social media became hostile. A key issue was a press release on 25th April which made a public announcement that the procured blue bags were not of the correct size. Although this in itself should not have made a material difference under normal circumstances,

the fact that the press release came in the middle of a turbulent roll out did spark additional negative public comment.

d. Staffing

Although historically the Councils seem to have had good retention of staff, there is considerable pressure on the availability of HGV drivers. A national shortage and wage inflation led, at the point of implementation, to two drivers leaving the service.

This meant that there was a shortage of drivers for four weeks during a critical part of the implementation of the service roll out. A decision to increase the salaries of the driver workforce to the top of the council scale will have undoubtedly contributed to a better retention of drivers going forward.

A collection round was observed on 20th of June accompanied by a team supervisor and Lichfield's Operations Director. The crew were informative, informed and friendly, interacting well with each other, with me as a guest and with members of the public. In their comments to me, their view was that the initial problems had passed, and the round had settled down.

A further interaction with the crews occurred at the BTS where, having come off the exit weighbridge, the vehicle was reported as not being fully functional. Again, the crew were informative, informed and friendly. A replacement vehicle was requested and arrived within 15 minutes. When I arrived back at the depot some 20 minutes later I observed the malfunctioning vehicle entering the depot.

On the basis of my site visit and collection round attendance, I would conclude that the operational staff are motivated, attentive and informed.

e. Management of the Implementation Programme

The planned roll out benefitted from having a detailed implementation plan and risk register but I'm not clear that any assumptions (specified or implicit) were tested or scrutinised through the JWC.

A key consideration is whether – at the point when implementation began to go wrong – the programme was managed in an active way and mitigation actions followed as set out in the risk register. It is insufficient to simply create risk registers and implementation logs. In a materially changing environment, it is vital to have staff with experience of managing change and have both the governance and executive structures in place to support real time decision making and data to test assumptions.

By early May, it was clear that the implementation was not going well with the key factors creating problems being staff shortages, late delivery of bags, rounds taking longer because of uncertainty on routes, and the collection times themselves taking longer. In addition, growing pressure from social media criticising the Council for its poor roll out of the new service led on the 5th May to a member briefing meeting held at Lichfield to discuss the dual stream recycling implementation project. At that point (or soon after) the relevant cabinet member for the service resigned.

One of the challenges of implementation was that residents were concerned that the blue bag was not of sufficient size for them to put in all their paper and card. As mentioned above, the logic applied was probably that paper and card represented 1/3 of the dry mixed recyclables with glass and paper representing 2/3. On that logic an 81 litre bag (being c.1/3 of 240 litres) should have been sufficient for most residents.

Residents were allowed to request a second blue bag free of charge and the Council (LBC) was intending to issue these additional blue bags once the initial roll out had been completed. A key decision to stop rolling out

initial bags and concentrate on issuing second bags to those customers who already had their first bag may have contributed to a further delay in the wider roll out of the programme.

I have been informed that the initial bag roll out was complete by the 27th of May which meant a full service was available to customers from the 30th of May for both blue bags and purple bins. This excludes multi-occupancy properties where the roll out is not finalised.

f. Data

The service collects data but does not seem to regularly assemble and analyse data from rounds to inform past understanding and future services.

The exception is the number of missed property collections which is discussed above. The Bartec system is used to track collections and this data is extremely useful and should be a source for better trend analysis and service reviews.

For this report the percentage of properties with missed collections were tracked to see if this evidenced an initial deterioration and recovery of service. This information can be seen graphically in Figure 1. Although the data existed in Bartec, it had not been collated in this way by the service to show the pattern in Figure 1.

The implication of this is that although empirically it would seem that the service has gone through a hiatus while the new system was implemented, the service does not track (or perhaps interpret) the data to evidence trends and patterns which might lead to better informed – and earlier – decisions.

g. Transportation And Tipping Off

Two further issues escalated problems encountered as part of the implementation: the distance from the BTS, and the effectiveness of the BTS operated by Biffa in Aldridge, Walsall.

The first of these issues is as a result of the natural geography of Lichfield and Tamworth. The depot in Burntwood is at the western border of the two Councils' areas which means that when collections are being made in the east of Tamworth, a 37 mile round journey is necessary for vehicles to tip off at the BTS. As noted above if either side of the twin track vehicle becomes full then the vehicle must tip off before it can continue its round. This journey time would add to pressures on the teams and lost productivity.

A solution which may be investigated for the long term is the use of an additional transfer station or construction of a new transfer loading station for the aggregation of dry mixed recyclables. Given the large geographic area covered, the siting of such a transfer station needs careful consideration.

The second issue is the efficiency of the reception point (BTS) in Aldridge operated by Biffa. Full vehicles need to go to Aldridge and, under the previous comingled system, would have crossed a single weighbridge for inbound traffic and a single weighbridge for the outbound traffic. Recycling vehicles will thus be weighed in and weighed out with a single tip off of comingled recyclates.

The complexity of the new service is that because of the layout at the BTS, vehicles have to follow a more complex process: weighed in as full; tip off one of the sides of the twin track; depart the facility still containing the other half full; re-enter the BTS to be re-weighed; tip off the second half; and then weighed again on the way out.

Given the number of vehicles going through the BTS at any time this would lead to additional queuing and duplication of effort and a consequent increased in turnaround times. Turnaround times at the BTS were reported (to me in interviews) as being as high as 45 minutes during the initial implementation of this service.

A further point based on observations is that the weighbridge services are not modernised, relying on physical weighbridge tickets completed at the time of entry and departure with the delay as observed of circa 5 minutes to prepare each ticket. Modern weighbridge systems use technology to identify the vehicles, digital weighbridges to record the weighing data, and web services to collate and transmit that data on behalf the customers leading to a much more rapid turnaround time.

These tip-off delay risks issues were not on the risk register provided⁴ but given the observations above, should have been foreseeable. A pilot scheme would have identified the potential addition delays at BTS.

On reletting the DMR contract it would be useful to ensure Biffa (or their successor) provide a modernised weighbridge system and/or add a third weighbridge onsite to enable more efficiency in weighing of tip off tonnage.

7. CONCLUSIONS AND RECOMMENDATIONS

Lessons Learned

- a. It is not clear how the process through which a bag and bin option was developed. Not all meetings of the JWC are minuted (e.g. informal discussions), and no evidence has been provided showing the development of the bag and bin (Option 5) between the Frith Report 2019 and the JWC paper in January 2021. It is therefore recommended that all JWC meetings are minuted at least to the level of key decisions and key action points.
- b. No evidence has been provided as to why an 81 litre bag with dimensions of 45cm by 45cm by 40cm was selected. It is possible to determine that the relationship between the bag and the 240 litre blue bin is that of a 1/3 and 2/3 split which is in accordance with the Twin Tack collection vehicles and DMR figures supported by Table 6⁵. As the Councils seek to introduce new changes as part of the RWS (e.g., food waste), such an audit trail would be useful to ensure decisions are sound and planning is in place.
- c. A project team was established which met on 15 November, 31 January and 8 March. Minutes from these meetings show that the project team were working through the elements of the implementation plan. The delay in delivery of bags was clear by 8 March but it does not seem clear that the implementation plan was adjusted to take the emerging delay into account. References to the risk register in the meeting only referred to staffing risks and made no mention of delay in delivery of bags (which was identified as a red risk). Going forward a more active management of active risks should be built into all project implementation meetings. including acquiring and analysing data to test key assumptions.

⁴ Risk Register 22 June 2022

⁵ It is also noted that a benefit of the bag chosen was that it could be placed inside the blue bin for collection.

- d. A decision was taken to fully implement the change to DMR collections in a short window of April to May 2022. It is unusual to have such a ‘big bang’ approach to major change, and even though Stafford had proven a similar system worked there, it is not apparent that a gap analysis was undertaken to identify potential variances in the proposed Lichfield and Tamworth service.
- e. Given the fact that twin track collection vehicles have to be tipped off when either side is full (a foreseeable risk to service), data should be collected to monitor DMR tonnages, compaction rates, and fill rates so adjustments can be made to rounds.
- f. Oversight and governance of the day-to-day roll out appears to be reactive which may be the result of the senior service team largely acting in self isolation and without clear escalation routes for when issues were emerging. The intervention by chief executives and portfolio holders were helpful but by the time this happened the situation was already not ideal and there was public backlash. It is recommended that through future periods of major changes in waste collection (for example the introduction of food waste and extended producer responsibility) greater oversight is given to implementation and mobilisation activities.
- g. A significant factor underpinning the issues which this service suffered in the roll out appears to be the lack of real time interpretable data. This is a major issue, and it is strongly recommended that a greater emphasis is placed on data management and interpretation and for this to be used in the prediction and management of foreseeable implementation issues.
- h. Although not related to this project directly the geographic area is a challenge and unnecessary avoidable delays are created by the travel times between the Burntwood depot and the East of the collection region (Tamworth). It is recommended that consideration is given to procuring a transfer loading station in the East of the geographic region to allow local tip off of DMR which can then be bulked up and taken to the BTS. This would also enable the waste streams to be delivered separately to the BTS thus avoiding the multiple weighing in issue (although it could instead move the problem to the new transfer station).
- i. Although only partly related to this study, the geographic position of the BTS in Walsall is some considerable distance away from the collection area and this combined with somewhat old fashioned practices at the BTS (most notably the absence of digital weighbridges and the need to cycle twice round the weighbridges to tip off) creates unnecessary delay. It is recommended that, at the next contracting opportunity, Councils insist that the BTS receives investment to modernise (through the contractor) and if not, alternative arrangements are found.
- j. The introduction of mandated food waste collection is a foreseeable, forthcoming and major upheaval for waste collection authorities. To ensure a safe roll out of this major change, the Staffordshire councils should form a working group with the County Council to explore the implementation of food waste collections, education of consumers in sorting compatible waste into the new food waste container, the provision of vehicles, arrangements for the collection and disposal of food waste, and the economics and operational impact of such a change.

Conclusion and Key Recommendations

The implementation of the new dual-stream recycling service suffered from a number of concurrent unfortunate events. Combined together these events led to a public perception of a poor service, initial hostility to a new method of collecting recycling, and a period of incomplete collections.

Many – but not all – of the potential problems had been foreseen through the Frith Report and subsequent risk registers and implementation plans maintained by the service team. However, as ever with such monitoring, the key test is the service reaction when things do go wrong and how emerging issues are managed and resolved.

In early April 2022, when it started to become apparent that there were problems with the service, it took intervention by senior management and political leaders to make decisions, effectively instructing the service leads to do things differently. The issue of whether the day-to-day service leads had the requisite skills and confidence to actively lead the implementation programme is therefore a consideration, as is how key decisions were taken and by whom.

Looking ahead the Councils have to prepare for major changes driven by national waste policy through the RWS and more local challenges as the service is updated and modernised.

1. National policy changes
 - Separate collection of food waste which will entail a further roll out of a separate container and collection regime;
 - Extended producer responsibility which will change the composition of recycled waste collected;
 - An increasing emphasis on increasing recycling levels and reducing contamination; and
 - Potential tightening of export options as the UK seeks to reduce waste arisings.
2. Local service challenges:
 - The dual stream DMR collection is not yet rolled out to multi-occupancy properties;
 - Round reviews and staffing levels which remain above budget as a result of the DMR changes; and
 - Staffing recruitment and retention as there is still pressure on HGV driver availability

To be ready to plan and safely implement these changes, three key recommendations emerge:

1. Improve scrutiny of the joint waste service, using scenario planning, pilots and progressive implementation of major change;
2. Ensure the service team has sufficient skills, competences and confidence to implement major change programmes going forward; and
3. Increase the acquisition, use and interpretation of service data, including an increased focus on trend analysis and operational analytics.

8. ANNEXES

Option 5 – Introduce dual stream collections using a bag for paper/card and retain responsibility for disposal

Description– Residents would present glass/cans/plastic in the existing blue bin and card/paper in a 70 litre hessian bag. The bin and bag would be collected together every fortnight using a split bodied refuse truck. This is except for the hard to reach properties and they would be provided with an additional bin for card/paper with collections taking place on alternate fortnights using a small refuse truck. The Districts would retain responsibility for the disposal of the dry recyclates.

Strengths	<ul style="list-style-type: none"> • The Districts are likely to receive bids because the recycling would be collected as two separate streams. • Separating the dry recyclates into two streams improves quality and also decreases levels of contamination. In particular it helps to keep the paper and card clean which is a requirement of the re-processors. In a single bin the card and paper gets contaminated by leakage from the other materials and shards of broken glass. • Significantly lower gate fees than commingled collections. • The cost of buying bags is considerably lower than for bins. • The bag would be more popular than a bin especially for those residents living in smaller properties. • The bag would provide residents with extra recycling capacity (70 litres) which can be particularly useful at peak periods such as Christmas. • The Districts would continue to receive both Recycling Credits from the County Council and income from the sale of materials. • The service refresh should improve participation and compliance with service rules. • The number of rejected loads should be lower. • Higher income from the sale of materials because of improvements in quality and contamination levels. • Benefit from any upturn in market conditions. • The procurement exercise would evaluate the impact of travelling to all the tipping locations proposed by the bidders.
Weaknesses	<ul style="list-style-type: none"> • Lower collection productivity because the crews would have to empty both a bin and a bag at each property. As a consequence extra crews would be required to provide the recycling service resulting in higher operational costs. • Increase in vehicle lease costs because split bodied trucks are needed to undertake the collection of both waste streams at the same time. Split bodied trucks are more expensive to purchase and maintain than single bodied trucks. They also have a lower payload and need to be tipped off more often. • Split bodied trucks use more fuel than single bodied trucks. • Cost of purchasing and delivering the hessian bag bin. The estimated cost is £180k. • The bags have a much shorter life than bins and tend to go missing because they can be blown away after emptying and may be taken by residents when they move house. Therefore the replacement rate is much higher than for bins and there will additional delivery costs.

	<ul style="list-style-type: none"> • The bag is not completely waterproof causing the paper and card to get wet. • The use of the bag is more likely to cause litter. • The maximum level of permitted contamination in the paper/card is likely to be approximately 2% which would be tight to achieve. • The sorting of waste into two waste streams may cause some public dissatisfaction. • The use of bags has manual handling implications. • A full scale communication campaign would be required because of the service change. • The Districts would still be responsible for the gate fee. • The District has to pay for the cost of rejected loads. • Time and expense occurred in monitoring and procuring the contract
Opportunities	<ul style="list-style-type: none"> • The Extended Producer Responsibility scheme proposed in the National Waste Strategy may financially incentivise dual stream collections by rewarding Districts for achieving higher quality levels. • The Districts may gain greater support from both the Extended Producer Responsibility scheme and the County Council if it retains responsibility for disposal.
Threats	<ul style="list-style-type: none"> • The Districts may not get many bids which would limit competition. This because of a lack of local processors and the Districts do not have the benefit of a transfer station. • The tipping location may be further than the current facility being used which would increase operational costs, despite the procurement exercise evaluating the impact of travelling distance. • The income received from the sale of materials is vulnerable to market volatility. • The proposed deposit return scheme could have an impact on infrastructure requirements, tonnage levels and the income from the sale of materials • Risk of contractual disputes with the provider. • The paper and card is at risk of rejection if it gets too wet in the bag.

Annex 2 – Summary Original Options Appraisal (Used in 2021 for various meetings, including Cabinet Meetings in June and July 2021)

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Methodology	Commingled	Commingled	Dual Stream	Dual Stream	Dual Stream	Dual Stream
Container	Single Bin	Single Bin	Two Bins	Two Bins	Bin and Bag	Bin and Bag
Vehicle	Single body	Single body	Single body	Single body	Split body	Split body
Frequency	Fortnightly	Fortnightly	Alternate Four Weekly	Alternate Four Weekly	Fortnightly	Fortnightly
Disposal Responsibility	District	County Council	District	County Council	District	County Council
Strengths	<ul style="list-style-type: none"> • Simple methodology • Popular with residents • High collection productivity • No extra crews required • Lower vehicle costs • Recycling credit and income from materials • No additional containers • Communication campaign not required • Less manual handling implications • Bin only- less litter and keeps materials dry 	<ul style="list-style-type: none"> • Simple methodology • Popular with residents • High collection productivity • No extra crew required • Lower vehicle costs • No gate fees • No additional containers • Less manual handling implications • Bin only- less litter and keeps materials dry • Monitoring and contact issues dealt by County 	<ul style="list-style-type: none"> • Higher material quality as card/paper separate • More income • High collection productivity • No extra crews required • Lower gate fees • Recycling credit and income from materials • Lower vehicle costs • Service refresh to boost recycling • Less rejections • Less manual handling implications • Bin only- less litter and keeps materials dry 	<ul style="list-style-type: none"> • Higher material quality as paper/card separate • More income • High collection productivity • No extra crews required • No gate fees • Lower vehicle costs • Service refresh to boost recycling • Less rejections • Less manual handling implications • Bin only- less litter and keeps materials dry • Monitoring and contact issues dealt by County 	<ul style="list-style-type: none"> • Higher material quality as card/paper separate • More income • Lower gate fees • Recycling credit and income from materials • Bags cheaper and extra recycling capacity • Less storage issues • Service refresh to boost recycling • Less rejections 	<ul style="list-style-type: none"> • Higher material quality as card/paper separate • More income • No gate fees • Bags cheaper and extra recycling capacity • Less storage issues • Service refresh to boost recycling • Monitoring and contact issues dealt by County
Weakness	<ul style="list-style-type: none"> • Very high gate fees • Lower material quality and less income • Cost of rejected loads • Time and expense of monitoring contract • No additional capacity • No service refresh 	<ul style="list-style-type: none"> • No income from Recycling Credit and materials. • Lower material quality • No additional capacity • No service refresh • Miss out on any EPR and County Council incentives for retaining disposal. 	<ul style="list-style-type: none"> • Cost of second bin • Storage of second bin • Public dissatisfaction with change. • No additional capacity as four week gap. • Time and expense of monitoring contract. • Communication campaign required. 	<ul style="list-style-type: none"> • No income from Recycling Credit and materials • Cost of second bin • Storage of second bin • Public dissatisfaction with change. • No additional capacity as four week gap • Communication campaign required. 	<ul style="list-style-type: none"> • Lower collection productivity • Extra crews required • Higher vehicle costs • Public dissatisfaction with change. • Cost of bag/short life • Litter issues with bag as short life • Manual handling issues • Time and expense of monitoring contract. • Communication campaign required. 	<ul style="list-style-type: none"> • No income from Recycling Credit and materials • Extra crews required • Lower collection productivity • Higher vehicle costs • Public dissatisfaction with change. • Cost of bag/short life • Litter issues with bag • Manual handling issues • Communication campaign required.

Opportunities	<ul style="list-style-type: none"> EPR and County may incentivise retaining disposal. 	<ul style="list-style-type: none"> County may take on responsibility for rejected loads 	<ul style="list-style-type: none"> EPR incentive for better quality as no commingling EPR and County may incentivise retaining disposal. 	<ul style="list-style-type: none"> EPR incentive for better quality as no commingling County may take on responsibility for rejected loads. 	<ul style="list-style-type: none"> EPR incentive for better quality as no commingling EPR and County may incentivise retaining disposal. 	<ul style="list-style-type: none"> EPR incentive for better quality as no commingling County may take on responsibility for rejected loads.
Threats	<ul style="list-style-type: none"> Increased distance to tipping locations. Market volatility affecting income Increase in rejections Deposit return scheme Contractual disputes EPR payments may be lower for commingling 	<ul style="list-style-type: none"> Increased distance to tipping locations. Increase in rejections Deposit return scheme EPR payments may be lower for commingling and transferring disposal responsibility. 	<ul style="list-style-type: none"> Increased distance to tipping locations. Market volatility affecting income Deposit return scheme Contractual disputes National Policy may limit gap between collections to two weeks. 	<ul style="list-style-type: none"> Increased distance to tipping locations. Deposit return scheme EPR payments may be lower for transferring disposal responsibility National Policy may limit gap between collections to two weeks. 	<ul style="list-style-type: none"> Increased distance to tipping locations. Market volatility affecting income Deposit return scheme Contractual disputes Risk of rejection if paper/card gets wet in bag 	<ul style="list-style-type: none"> Increased distance to tipping locations. Deposit return scheme EPR payments may be lower for transferring disposal responsibility Risk of rejection if paper/card gets wet in bag

Annex 3: List of interviewees & Key data sources

Interviews:

Councillor Doug Pullen, Leader, Lichfield District Council

Councillor Jeremy Oates, Leader, Tamworth Borough Council

Councillor Elizabeth Little, Cabinet Member for Waste and Recycling, Lichfield District Council

Councillor Stephen Doyle, Portfolio Holder, Tamworth Borough Council

Simon Fletcher, Chief Executive Officer, Lichfield District Council

Andrew Barrett, Chief Executive Officer, Tamworth Borough Council

Ben Percival, Operations Manager, Lichfield District Council

Nigel Harris, General Manager, Joint Waste Service

Darren Phillips, Operations Manager, Joint Waste Service

Victoria Woodhouse, Customer Relations and Performance Officer, Joint Waste Service

Various crew members on collection round (20 June 2022)

Data Sources:

Councils Cabinet Reports dealing with Dry Mixed Recyclables (2021)

I&G Scrutiny Meeting (24 February 2021)

Minutes of the Joint Waste Committee (Jan 2021 – May 2022)

DMR Briefing notes to Lichfield Leadership Team (June 2021)

DMR Briefing notes to Lichfield Cabinet (July 2021)

YPO Procurement Pack (ITT) for Blue Bag procurement including Specification

Contract with Cromwell Polythene Ltd for Blue Bags

Various other data provided (spreadsheets, day reports, presentations)

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