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Monday, 21 January 2019

Dear Sir/Madam

STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE

A meeting of the Strategic (Overview and Scrutiny) Committee has been arranged to take place **TUESDAY, 29TH JANUARY, 2019 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.

Yours Faithfully

A handwritten signature in black ink, appearing to read 'Neil Turner', is written over a light blue horizontal line.

Neil Turner BSc (Hons) MSc
Director of Transformation & Resources

To: Members of Strategic (Overview and Scrutiny) Committee

Councillors Strachan (Chairman), Mrs Woodward (Vice-Chair), Mrs Barnett (Vice-Chair), Constable, Mrs Evans, Greatorex, Powell, Rayner, Smith, Tittley and White



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AGENDA

- | | | |
|----|---|---------|
| 1. | Apologies for Absence | |
| 2. | Declarations of Interest | |
| 3. | Minutes of the Previous Meeting | 3 - 6 |
| 4. | Work Programme | 7 - 10 |
| 5. | Medium Term Financial Strategy (Revenue and Capital) 2018-23 (MTFS) | 11 - 78 |
| 6. | Communications Activity Report | 79 - 86 |



STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE

22 NOVEMBER 2018

PRESENT:

Councillors Strachan (Chairman), Mrs Woodward (Vice-Chair), Mrs Barnett (Vice-Chair), Grestorex, Tittley and White.

(In accordance with Council Procedure Rule No.17 Councillors Mrs Little, Spruce, Wilcox and A. Yeates attended the meeting).

19 APOLOGIES FOR ABSENCE

Apologies were received from Councillors Constable, Powell, Rayner and Smith.

The Committee thanked the Head of Leisure & Operational Services who had recently left and the Head of Development Services who would soon be leaving the authority for their work and input at Lichfield District Council.

20 DECLARATIONS OF INTEREST

Councillors Tittley, Mrs Woodward and White declared personal interests in any reference to Staffordshire County Council as they are also Members of that authority.

21 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on the 5th September 2018 were signed as a correct record. It was noted that some aspects of the Property Investment Strategy report was confidential and it was questioned as to why. It was reported that the information contained in those appendices had been commissioned from outside agencies and making them public would be in breach of contract as it was privileged information. The Chairman gave a commitment to consider access to information regarding similar items in the future.

22 WORK PROGRAMME

The work programme was noted.

23 DRAFT MEDIUM TERM FINANCIAL STRATEGY 2018-2023 - PROPOSALS FOR CLOSING THE REVENUE FUNDING GAP

The Committee received a report on the approved Medium Term Financial Strategy (MTFS), Draft Capital Programme and its Revenue implications and finally proposals for closing the Revenue Budget funding gaps.

It was reported that the MTFS would be approved in as approved in February and due to emerging cost pressures such as pay awards and changes to funding from grants and local taxpayers, the Approved MTFS identified funding gaps from 2019/20 onwards. It was reported that a review had been conducted earlier than in previous years to allow for Members views on proposals to reduce this gap before the MTFS came forward for approval. It was noted that the proposals did not include fundamental reviews including waste management. It was also noted that there were reserves to close the gap but only on a short term basis.

It was also reported that the Capital Programme was reviewed annually and 10 capital investment bids had been identified with 2 of them, invest to save projects.

Regarding Capital projects, it was felt by some Members that there was not equity across the district especially in Burntwood. It was asked if there was a lack of opportunity or drive to deliver projects in Burntwood and it was reported that progress had been made with increased activity with landowners of the area. It was also reported that many of the projects benefitted the district as a whole. When asked for proposals, it was requested that a review of equipment in parks including Burntwood parks as investment was needed and it was agreed to look at this further.

It was asked if the recent letter from CIPFA regarding commercial properties had been received and what the thoughts were regarding its advice on borrowing for commercial use and associated risks. It was reported that the advice had been given following some local authorities borrowing high amounts however the district council had robust plans in place and there would be a rigorous system in place when deciding investments. It was agreed that a copy of the CIPFA Statement would be circulated to the Committee.

It was asked if there was any pending investment opportunities and it was reported that a team to consider due diligence was required before any investment was considered. It was also asked if the assumptions used to calculate the Funding Gap proposal figures for the Property Investment Strategy could be sent to the Committee and this was agreed.

Members then asked what lobbying was taking place to Government regarding the reduction of funding to Local Government and it was reported that as Chairman of the West Midlands Local Government Association, the Leader of Council was making them aware of the impact of the cuts and a paper had been produced to this effect. It was reported that MP's were being approached as well. When asked, it was noted that the WMLGA did believe that the Council Tax cap should be removed with the final decision the amount of council tax paid made at the ballot box by residents however it was felt that central Government did not share this view.

It was asked what affect losing two Heads of Service could have in delivering savings and it was reported that interim arrangements would be put in place whilst a review of the structure took place. Staffing number were then discussed further and it was noted that although a reduction in headcount could mean a saving, it could also result in loss of services that can be delivered. It was also noted that all opportunities including shared services were and would continue to be considered.

Disabled Facilities Grants (DFGs) were discussed and it was noted that the Council no longer had to match what was received from Government and that figure was not expected to fall. It was noted that need was increasing and the importance of DFGs was still high as it allowed residents to remain in their own homes. It was suggested that renovation of care equipment be considered as it could result in a saving from purchasing new.

It was asked if proposals around public conveniences and shopmobility be reconsidered as they are beneficial to visitors of the district not just residents.

When asked, it was confirmed that no acceptable bids had been received for S106 monies to provide affordable housing and a report with further proposals will be considered by the Community, Housing and Health (Overview & Scrutiny) Committee.

Officers were thanked for the report and proposals given.

RESOLVED: That the views given on the Capital Bids and Funding Gap proposals be noted and the additional areas as discussed be considered as part of the development of the new Medium Term Financial Strategy.

24 OUR APPROACH TO DIGITISATION: PROGRESS REPORT

The Committee received a report updating them on work undertaken to deliver channel shift and digitisation and outlining the progress that has been made in delivering the five 'strategic' projects.

It was reported that online forms had minimised demand on Connects staff, although the introduction of new services like garden waste had increased the number of calls, and this had allowed for better customer service as there was now capacity to deal with more queries including more benefits issues at that first point of contact.

Members asked why the use of Direct Debit had not been incorporated within the garden waste subscription processes in the first two years of operation.

It was reported that in developing the initial administration processes to go live with garden waste in 2017, the potential for allowing payment by direct debit was reviewed.

It was noted that whilst the council used direct debit facilities to collect council tax and rates and other payments, there was little scope to extend existing direct debit processes/systems to allow for the collection of garden waste subscriptions. Existing systems rely on signed paper forms which could not integrate with the garden waste administration processes.

It was noted that the number of direct debit payments was likely to be relatively small and relatively infrequent. The garden waste subscription is paid annually (unlike council tax which is collected monthly) and the value is small at £36/£72 etc. Furthermore, It was also unclear how many additional customers would sign up for a subscription because of the ability to pay by direct debit.

Further work had been undertaken to assess the cost and return of incorporating direct debits into the processes but the business case was insufficiently persuasive to progress at the time. There were concerns that significant investment was required to design, develop and implement a sign-up and collection process that was integrated with the administrative process – without any prospect that it would result in more customers or lower administration costs.

It was asked if the cost could now be investigated again and it was reported that this review was already underway.

When asked, it was noted that data was currently being collected to how many new signups there had been for the 2019 green waste subscription.

The Committee discussed the implications of channel shift and still providing a service to older and vulnerable people who may struggle with digital communications. It was felt that the only way to maximise efficiencies was to turn off analogue systems completely however this could in turn alienate some demographics. The Committee noted that either way brought risk however further options to help these older and vulnerable people could be explored including using charities to help fill in forms, develop easy to use applications, explore simple technology like text messaging and encourage other family members to support where possible. It was also agreed that some other services where there were a few vulnerable users could be offered online only including taxi licensing.

When asked, it was confirmed that specifications for systems were written with the requirement that they must integrate with other systems in use or approved. It was noted that this approach was easier now that the ICT service had been insourced and there had been a good level of engagement with relevant services.

The Innovation Task Group was discussed and it was agreed to place Councillor Smith as Chairman to replace Councillor A. Yeates who had moved from the Committee. It was felt that a technical expert could be advantageous in aiding the group as to what was possible and available and it was noted that advice of that nature was provided by suppliers and Councillor Smith had a background in the field that would be beneficial.

The Committee thanked the Officers for their work so far in delivering digitisation.

- RESOLVED:**
- 1) That the report be noted;
 - 2) That the need for ongoing input from the Innovation Task Group to test new emerging customer facing online processes be noted; and
 - 3) That the membership of the Innovation Task Group be amended to include Councillor Smith as Chairman and delete Councillor A. Yeates.

(The Meeting closed at 8.00 pm)

CHAIRMAN

STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE WORK PROGRAMME FOR 2018-19

Item	5 Sept 2018	22 Nov 2018	29 Jan 2019	Details/Reasons		Officer	Member Lead
Policy Development							
Terms of Reference	✓			To remind the Committee of the terms of reference and suggest any amendments		CLL	RS
The Delivery of the Property Investment Strategy	✓					BW	CS
The Digital Strategy	✓					CT	EL

STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE WORK PROGRAMME FOR 2018-19

Item	5 Sept 2018	22 Nov 2018	29 Jan 2019	Details/Reasons		Officer	Member Lead
Draft Medium Term Financial Strategy 2018-2023 – Proposals for Closing the Revenue Funding Gap		✓		<p>Report to include</p> <ul style="list-style-type: none"> • The 2018/19 Revenue Budget such as spend by type, external income by type, spend by Cabinet Member and spend by Strategic Priority to provide context. • The projected Revenue Funding Gaps and the reasons for their existence. • The draft Capital Programme and its relationship to the Revenue Budget. • The proposals submitted by Leadership Team and Cabinet and how they would reduce the Revenue Funding Gap. • Seek to obtain the Committee's views on the proposals and then seek any other options from the Committee that they would recommend are considered. 			
Our approach to Innovation		✓		To update on projects	A Well Managed Council -	NT/CT	EL
Medium Term Financial Strategy (Revenue and Capital) 2018-21			✓	Scrutinise the Council's resource plans in relation to the delivery of the Strategic Plan priorities	A Well Managed Council - We'll keep a tight control and management of the Council's finances	NT/AT	CS

STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE WORK PROGRAMME FOR 2018-19

Item	5 Sept 2018	22 Nov 2018	29 Jan 2019	Details/Reasons		Officer	Member Lead
Corporate Communications Strategy			✓			NT/CT	EL
Briefing Papers							
Money Matters 2018/98: Review of Financial Performance against the Financial Strategy - April to November 2017			✓	Scrutinise financial performance and the revised estimate for the full year.	A Well Managed Council - We'll keep a tight control and management of the Council's finances	AT	CS

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Medium Term Financial Strategy (Revenue and Capital) 2018-2023 (MTFS)

Report of the Cabinet Member for Finance and Democratic Services

Date: 29 January 2019

Agenda Item:

Contact Officer: Diane Tilley / Anthony Thomas

Tel Number: 01543 308001 / 01543 308012

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Anthony.thomas@lichfielddc.gov.uk

Key Decision? YES

Local Ward Full Council

Members



**Strategic
(overview and
Scrutiny)
Committee**

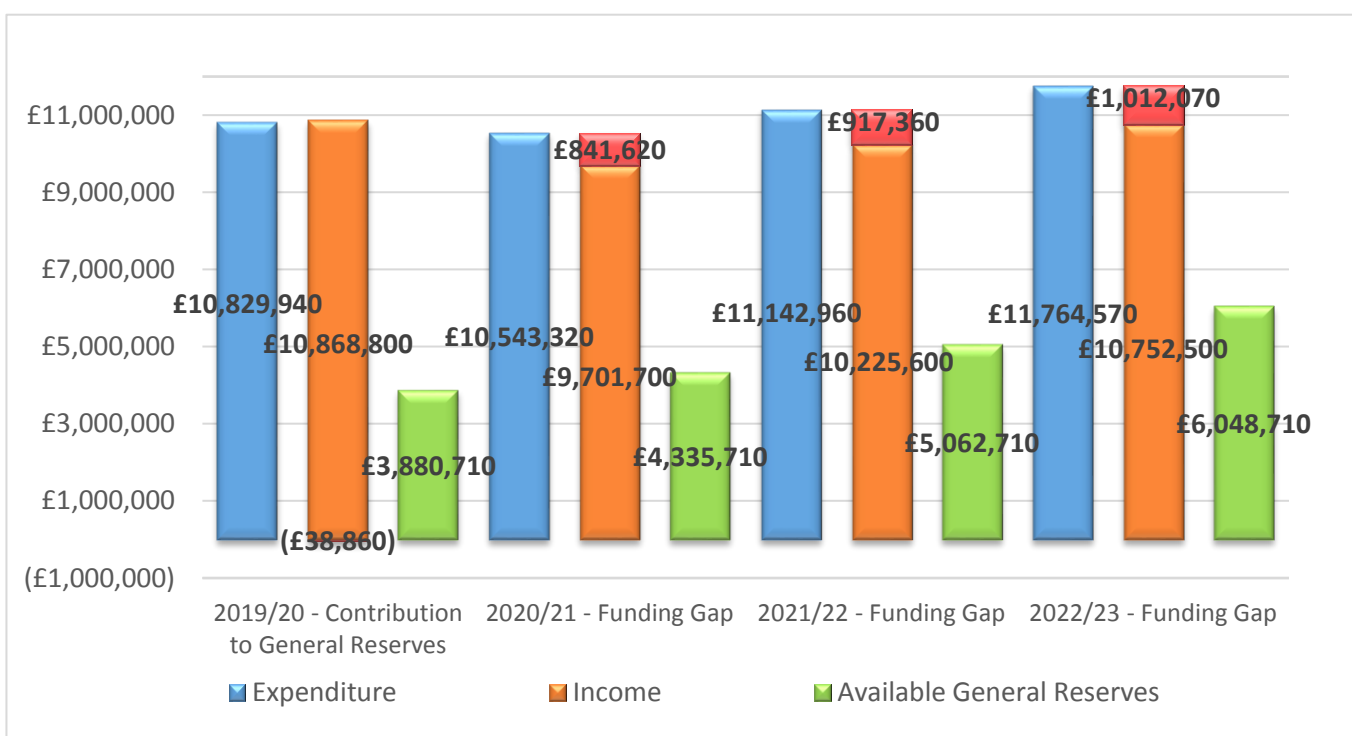
1. Executive Summary

The Medium Term Financial Strategy (MTFS)

- 1.1 The ability to deliver the outcomes set out in the **Lichfield District Council Strategic Plan 2016-20** and beyond is dependent on the resources available in the MTFS.
- 1.2 The Council has a statutory duty to set a balanced budget and to calculate the level of Council Tax for its area. The Chief Financial Officer (CFO) has a statutory duty to ensure the figures provided for estimating and financial planning are robust and will stand up to Audit scrutiny.
- 1.3 The Local Government Act 2003 places duties and requirements on the Authority on how it sets and monitors its budgets, including the CFO's report on the Robustness of the Budget and adequacy of Reserves and this report forms part of the MTFS.

The Revenue Budget

- 1.4 The Revenue Budget with a transfer to general reserves in 2019/20 and Funding Gaps (shown in red in the graph below) in later years is shown in detail at **APPENDIX A** and in summary below:



- 1.5 A separate Briefing Note related to financial performance in 2018/19 has been circulated to Members of the Committee and this shows a projected contribution to General Reserves of **£642,570** compared to the Approved Budget of **(£1,990)** from General Reserves.
- 1.6 The Council is legally required to balance the budget in the first year (2019/20) of the MTFS and to set out its proposals to balance the further financial years - 2020/21, 2021/22 and 2022/23.
- 1.7 The MTFS proposes a transfer to General Reserves of **£38,860** plus **£110,000** of New Homes Bonus in excess of the 'cap' for 2019/20 and in later years a projected Funding Gap has been identified. The Council would have **£3,880,710** of general reserves available (after taking account of the Minimum Level of Reserves) after this contribution to assist with balancing the budget in future years, if needed.
- 1.8 The Council will need to make savings or achieve additional income to close the Funding Gap by 2022/23.

The Capital Strategy and the Capital Programme

- 1.9 The Capital Strategy required by the Prudential Code and the Capital Programme are outlined in **APPENDICES B & C**.

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

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

2. Recommendations

That the Committee scrutinise the MTFS and provide feedback to Cabinet in relation to:

- 2.1 The 2019/20 Revenue Budget, including the Amount to be met from Government Grants and Local Taxpayers of **£11,371,400** and a proposed level of Council Tax (the District Council element) for 2019/20 of **£175.07** (an increase of **£5.08** or **2.99%**) for a Band D equivalent property.
- 2.2 The MTFS 2018-23 Revenue Budgets set out in **APPENDIX A**.
- 2.3 The MTFS 2018-23 Capital Strategy and Draft Capital Programme (**APPENDICES B & C**).
- 2.4 The requirements and duties that the Local Government Act 2003 places on the Authority on how it sets and monitors its Budgets, including the CFO's report on the robustness of the Budget and adequacy of Reserves shown in **APPENDIX D**.

3. Background

The Revenue Budget

Inflation

- 3.1. The key inflation based assumptions (including the Past Service element of employer Pensions assessed by the Pension Fund Actuary for the period 1 April 2017 until 31 March 2020 with a new valuation from 1 April 2020) are shown below:

Key Assumptions	Financial Year				
	2018/19	2019/20	2020/21	2021/22	2022/23
Pay Award (from 2020/21 was 1%)	2.00%	2.00%	2.00%	2.00%	2.00%
Employer's National Insurance Rate (average)	9.13%	9.26%	9.34%	9.44%	9.53%
Employer's Pension (%)	16.20%	16.20%	16.20%	16.20%	16.20%
Employer's Pension (Actuary Past Service Element)	£664,270	£777,270	£921,270	£1,066,270	£1,211,270
Employer's Pension (Other)	£170,980	£169,220	£172,560	£176,000	£179,540
Non Contractual Inflation	2.00%	2.00%	2.00%	2.00%	2.00%
Base Rate (for borrowing and investment)	0.75%	0.75%	0.75%	0.75%	0.75%
Investment Returns	0.87%	1.07%	1.06%	1.08%	1.08%

- 3.2. The inflationary impact contained in the Medium Term Financial Strategy compared to the approved Medium Term Financial Strategy is shown below:

Inflation by Type		2019/20	2020/21	2021/22	2022/23
Pay - award			104,600	211,100	319,900
Pay - other		28,560	12,120	10,950	16,690
Premises:	Utilities & NDR Inflation	480	3,400	5,230	7,300
Transport		420	(630)	(1,740)	(840)
Services:	Supplies, Services, Third Party, Transfer	(7,110)	(13,940)	(15,140)	(20,860)
Expenditure Inflation		22,350	105,550	210,400	322,190
Fees & Charges Inflation (Waste & Building Control)		(12,430)	(21,260)	(31,720)	(42,270)
Total Change in Inflation		£9,920	£84,290	£178,680	£279,920

Budget Variations

- 3.3. The budget variations, identified by Heads of Service and through detailed review of the base budgets, compared to the approved Medium Term Financial Strategy are:

Base Budget Variations by Type		2019/20	2020/21	2021/22	2022/23
Increments / NI / Pension and NLW Differentials		61,650	50,090	60,670	65,900
Payroll Contract		10,000	10,000	12,000	12,000
Communications Review		5,000	5,000	5,000	5,000
Terms and Conditions Review		20,000	20,000	(12,000)	(8,000)
Website Replacement		17,500	17,500	17,500	17,500
Building Control Shared Service Expansion		(47,430)	(51,320)	(55,280)	(59,330)
Money Matters six months recurring savings		(5,250)	(5,250)	(5,250)	(5,250)
Money Matters eight months recurring savings		(22,000)	(22,000)	(22,000)	(22,000)
Net Treasury Position		(65,500)	(63,500)	(35,500)	(29,500)
Corporate Earmarked Reserve Changes		1,244,560	(57,120)	(770)	59,230
All Other		11,360	3,750	2,750	(8,250)
Total Variations		£1,229,890	(£92,850)	(£32,880)	£27,300

The Provisional Finance Settlement for 2019/20 and a Summary of the Revenue Budget

- 3.4. The elements of the Provisional Finance Settlement for 2019/20 received on 13 December 2018, relevant to this Council, have been included:
- The removal of Negative Revenue Support Grant for 2019/20 – **reducing the funding gap by £453,000.**
 - Additional New Homes Bonus for 2019/20 of **£468,000** (£1,278,000 compared to the Budget of £810,000) – **this is proposed to be used to part fund the loan to the Development Company.**
 - Staffordshire and Stoke on Trent were one of 15 successful Business Rate Pilots for 2019/20 and this will result in an estimated **£568,000** of additional Business Rates income – **this is proposed to be set aside for economic growth / income generating activities.**
 - Other additional grants for 2019/20 (receivable in 2018/19) – this will increase general reserves by **£37,000.**
- 3.5. However these financial benefits impact on 2019/20 only with the majority of key income streams (Business Rates, Fair Funding and New Homes Bonus) being reviewed from 2020/21.

3.6. The Provisional Finance Settlement for 2019/20 is better than projected and a number of changes have been made to the Funding Gap proposals presented to the Strategic (Overview and Scrutiny) Committee on 22 November 2018:

- The income from the Property Investment Strategy has an updated profile based on acquisitions commencing in 2019/20, rather than 2018/19, with the total being **£45m** rather than **£58m**.
- The projected procurement savings from the new arrangement with Wolverhampton MBC (1% per annum) have been reclassified to an amber deliverability rating (from red).
- The projected savings related to all proposals classified with a red deliverability rating have now been removed (although work will continue on their assessment).

3.7. The detailed Revenue Budget by Strategic Priority and Service Area is shown at **APPENDIX A** and below:

Revenue Budget	Financial Year				
	2018/19	2019/20	2020/21	2021/22	2022/23
Approved Net Budget Requirement	£10,454,390	£10,641,070	£10,750,040	£11,004,280	£11,286,850
Provision for inflation	Included in the Net Budget Requirement	£9,920	£84,290	£178,680	£279,920
Budget variations		(£19,110)	(£92,850)	(£32,880)	£27,300
Transfers to corporate reserves		£1,359,000	£455,000	£727,000	£986,000
Capital Programme revenue implications		(£271,000)	(£272,000)	(£468,000)	(£615,000)
Funding gap proposals - Green		(£22,580)	(£22,850)	£48,860	£62,770
Funding gap proposals - Amber		(£364,760)	(£323,710)	(£280,380)	(£228,670)
Revised Net Budget Requirement	£10,454,390	£11,332,540	£10,577,920	£11,177,560	£11,799,170
Funding	(£11,096,960)	(£11,371,400)	(£9,736,300)	(£10,260,200)	(£10,787,100)
Funding Gap / (Transfer to General Reserves)	(£642,570)	(£38,860)	£841,620	£917,360	£1,012,070

3.8. The transfers to earmarked reserves are related to:

Transfers to corporate reserves	Financial Year				
	2018/19	2019/20	2020/21	2021/22	2022/23
New Homes Bonus in excess of "cap"	Included in the Net Budget Requirement	£110,000	£455,000	£727,000	£986,000
New Homes Bonus (Property Company Loan)		£468,000	£0	£0	£0
Business Rates Pilot		£568,000	£0	£0	£0
Business Rates Collection Fund Surplus		£213,000	£0	£0	£0
Total transfer to Reserves	£0	£1,359,000	£455,000	£727,000	£986,000

3.9. The Council will still need to identify initiatives to close the projected funding gap from 2020/21 onwards.

The Capital Strategy

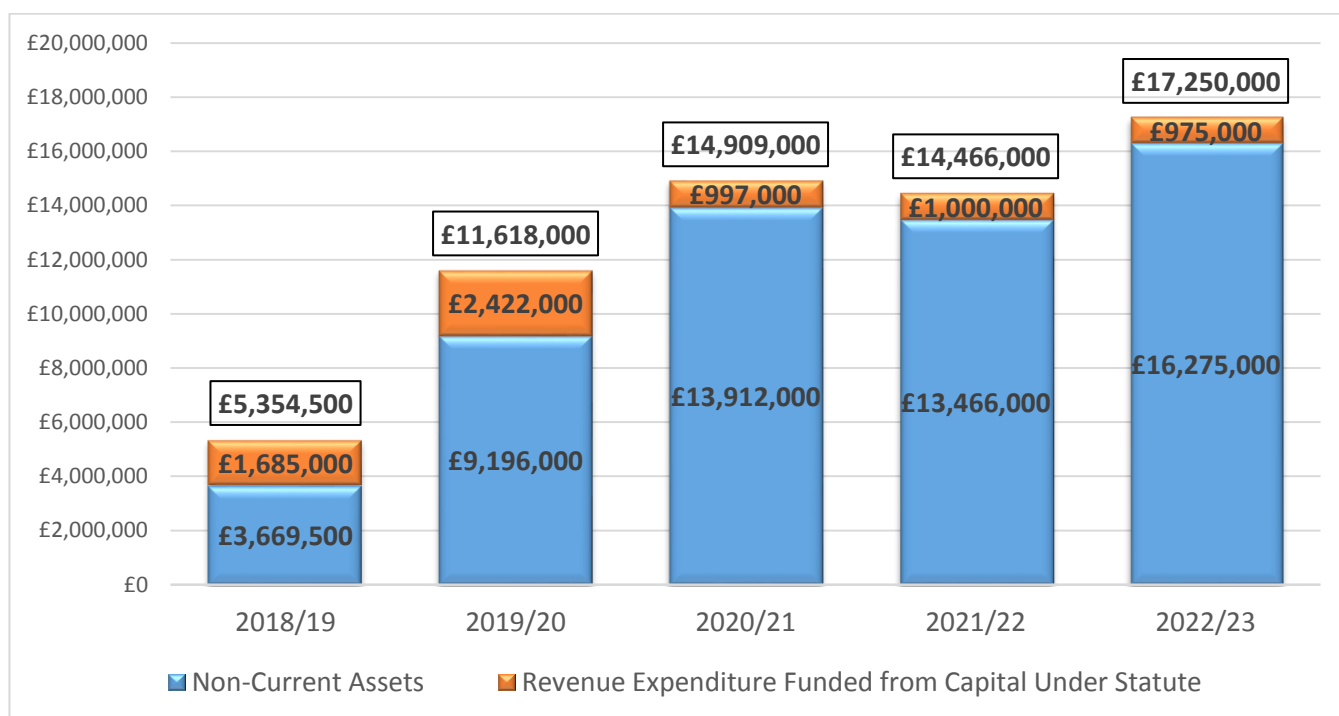
3.1 The Capital Strategy is shown at **APPENDIX B** and sets out the Council's framework for managing the Capital Programme including:

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

3.2 The key risks associated with the Capital Strategy are principally related to the Property Investment Strategy and its funding given this is planned to be funded through borrowing. As the Council's Chief Financial Officer I have assessed the current overall risk as a **yellow or material level of risk**.

The Capital Programme

3.3 The Capital Programme (Revenue Expenditure Funded from Capital under Statute relates to projects such as Disabled Facilities Grants) is shown in detail at **APPENDIX C** and below:

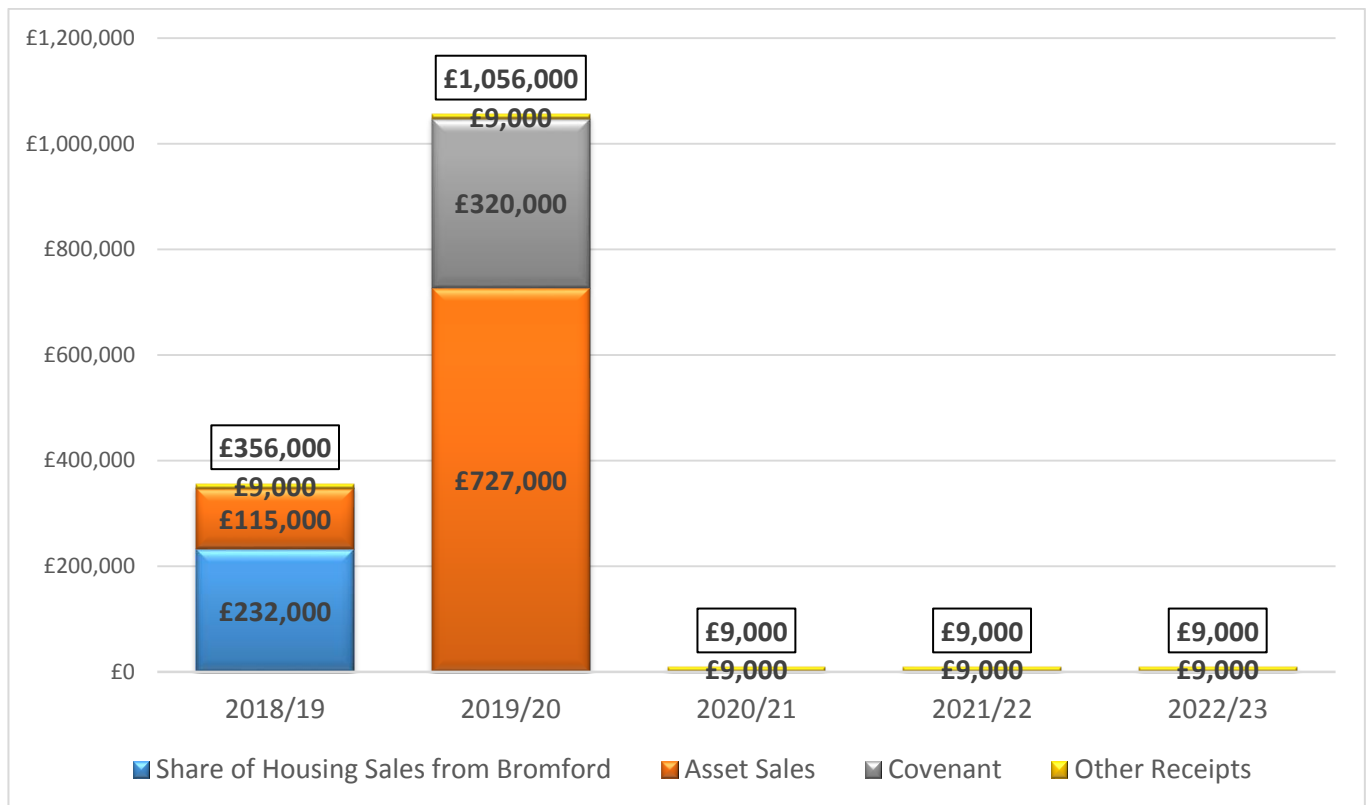


3.4 As an interim measure pending a detailed planning exercise to agree a longer term re-development plan for the Birmingham Road site, the District Council will shortly be seeking the necessary consents to carry out works to parts of the existing site. This scheme will allow the Council to address issues relating to some of the existing structures (former police station, bus station buildings and the bus station itself) and the quality of the environment and provide for a more presentable form of development within the townscape whilst more substantial and comprehensive plans are worked up.

3.5 The approved and recommended additional budgets for the Birmingham Road Site together with the Birmingham Road Site earmarked reserve are shown in detail at **APPENDIX C**.

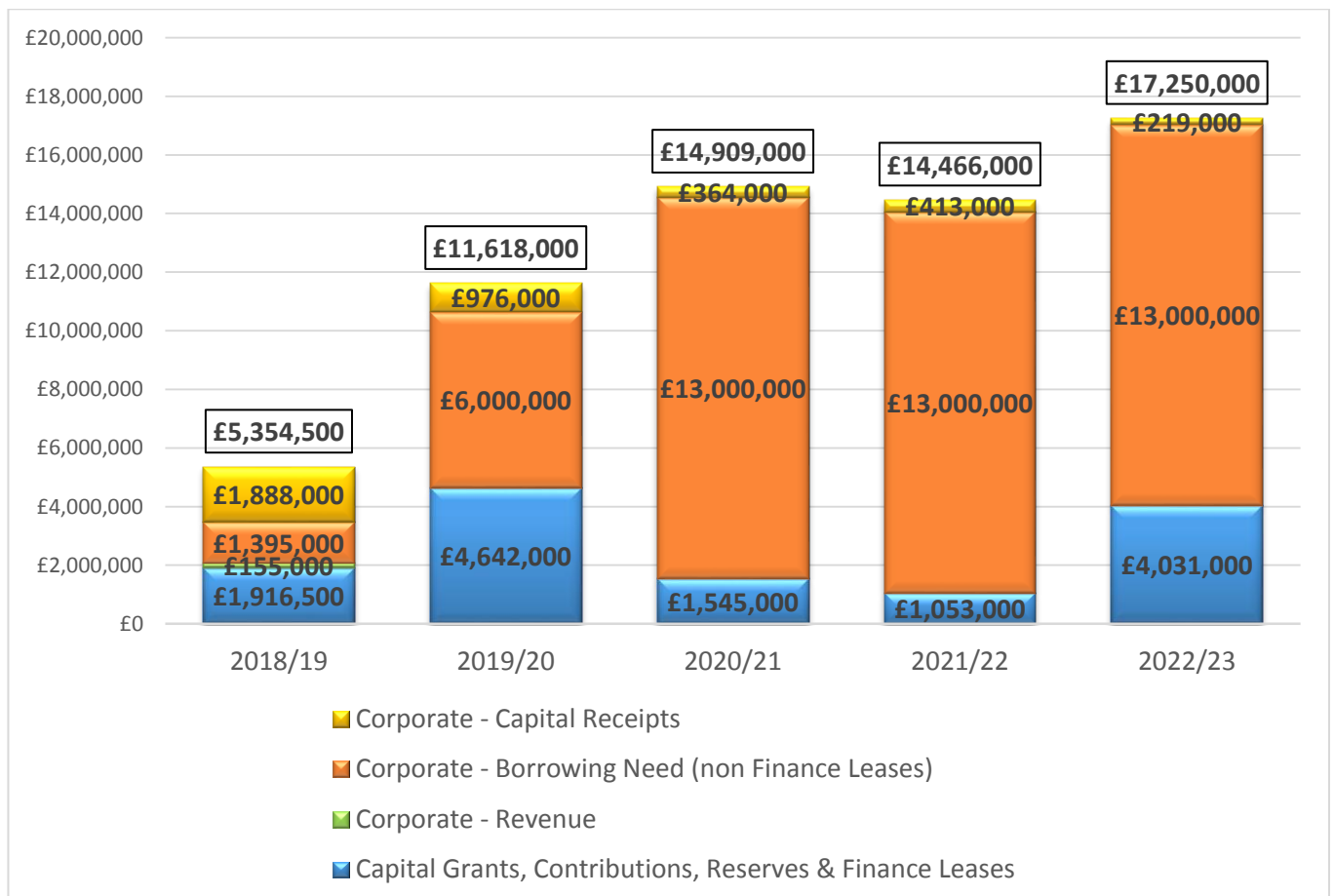
Capital Receipts

3.6 The projected Capital Receipts included in the MTFs are shown in the graph below:



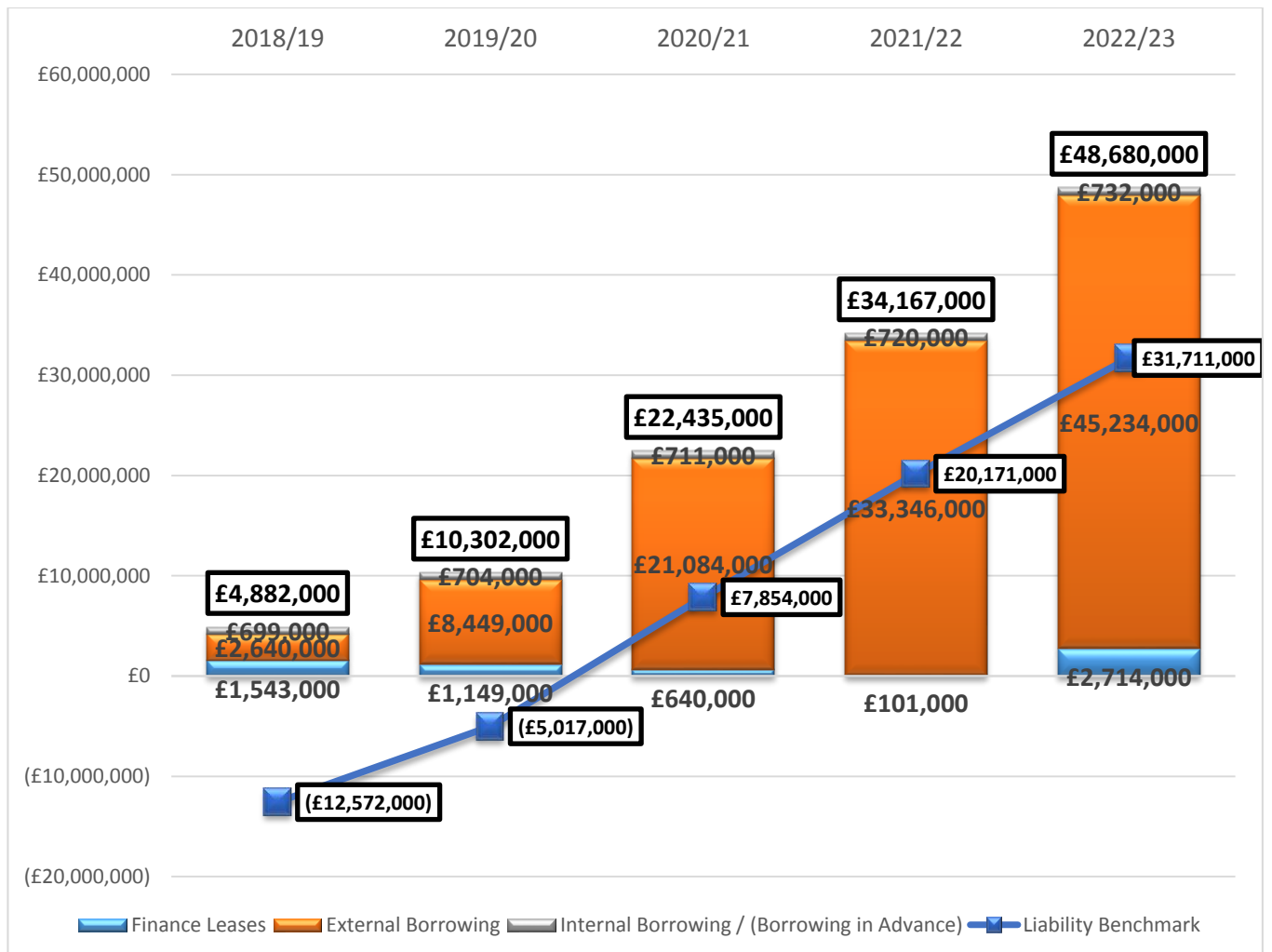
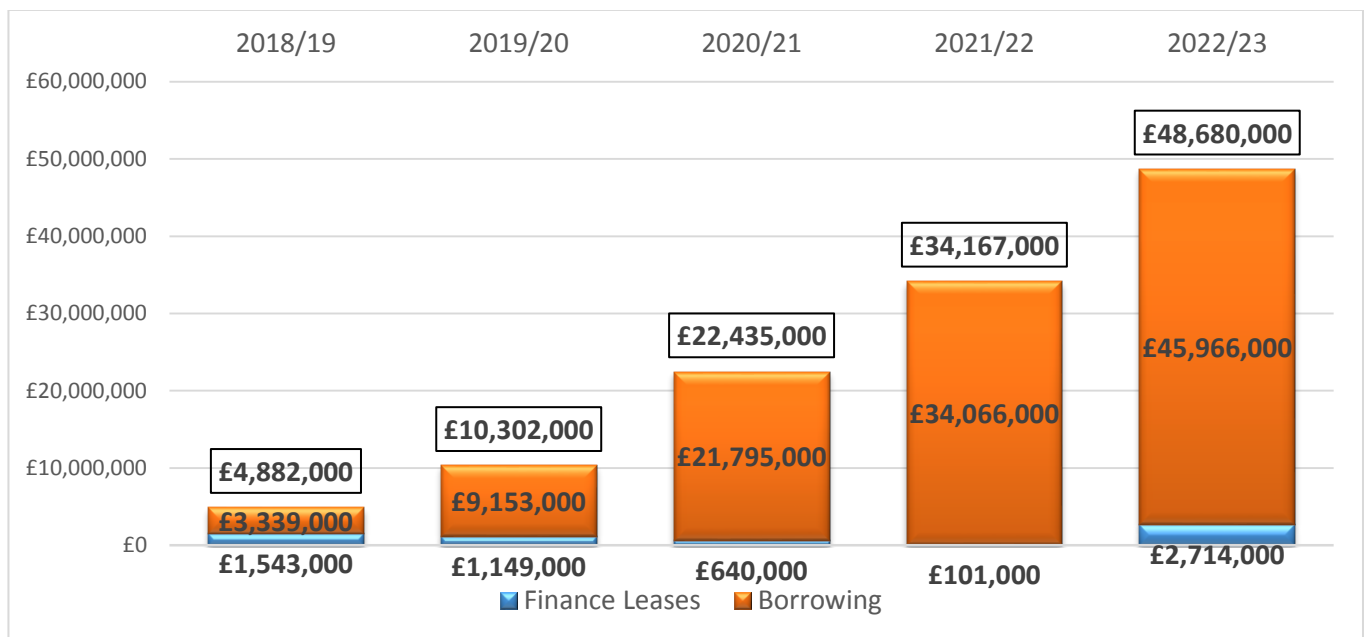
The Funding of the Capital Programme

3.7 The funding of the Capital Programme including the element funded by the corporate sources of funding of revenue, borrowing and capital receipts is shown in detail at **APPENDIX C** and in summary below:



The Cumulative Borrowing Need and its Financing

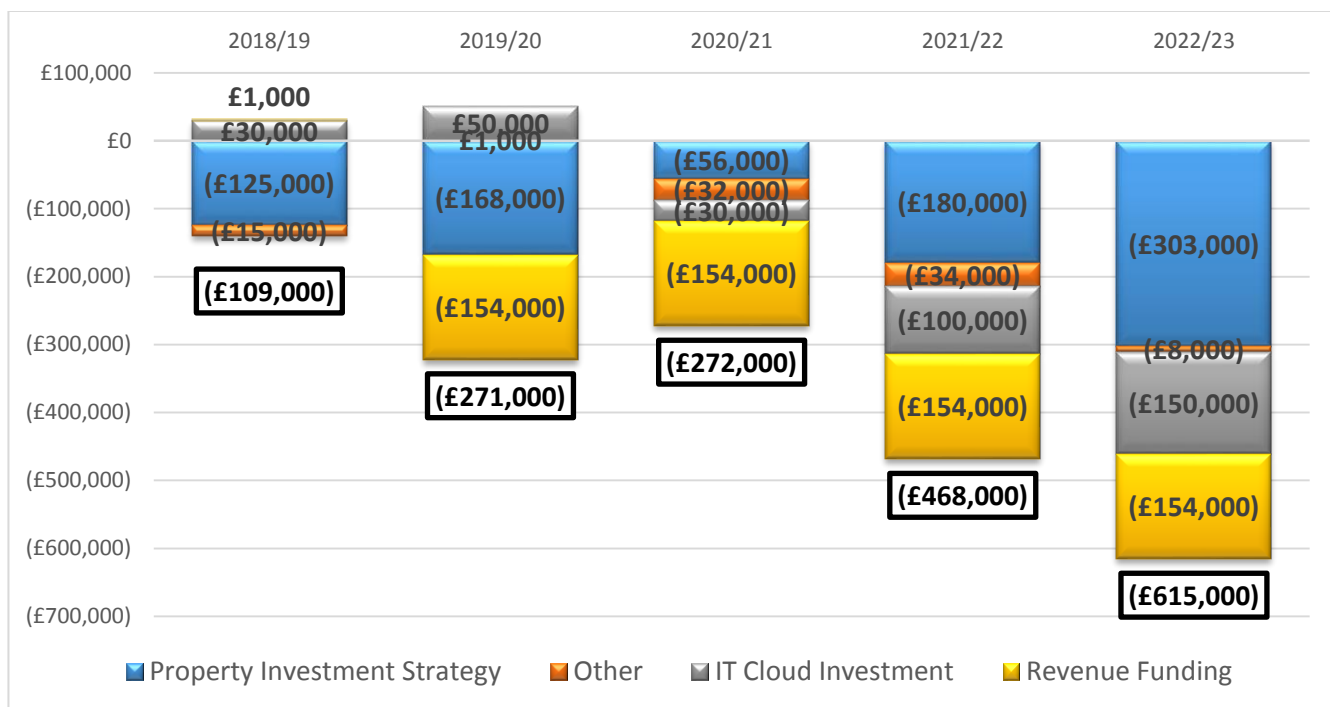
- 3.8 The projected Cumulative Borrowing Need related to the Capital Programme and its financing from borrowing and finance leases is shown in detail at **APPENDIX C** and in summary below:



- 3.9 The **liability benchmark** is the lowest risk level of borrowing determined by keeping cash and investment balances to a minimum level of **£10m** at each year end to maintain liquidity but minimise credit risk.
- 3.10 The chart above indicates that based on current Balance Sheet projections the Council can reduce external borrowing by circa **£12m** through the use of internal borrowing and this approach will be considered as part of the financing strategy.

Revenue Implications of the Capital Programme

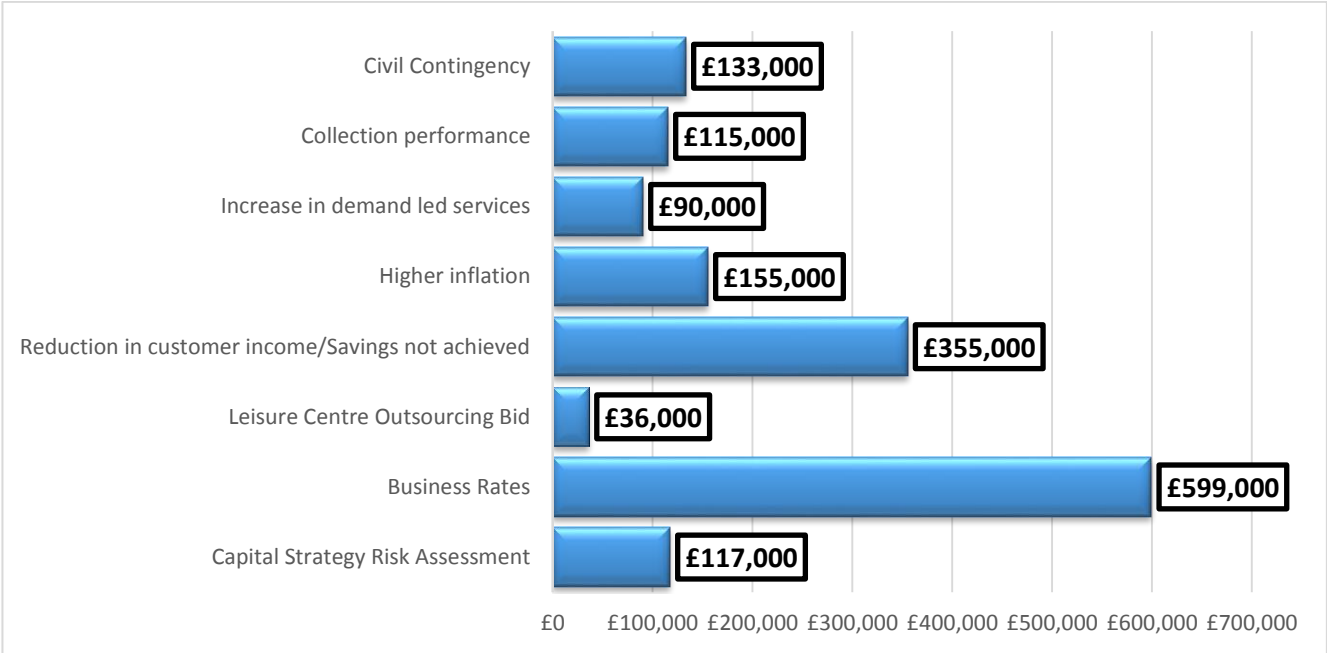
- 3.11 The Revenue Implications of the Capital Programme (using a prudent approach to the net income for the Property Investment Strategy) compared to the Approved Budget are shown in detail at **APPENDIX C** and in summary below:



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

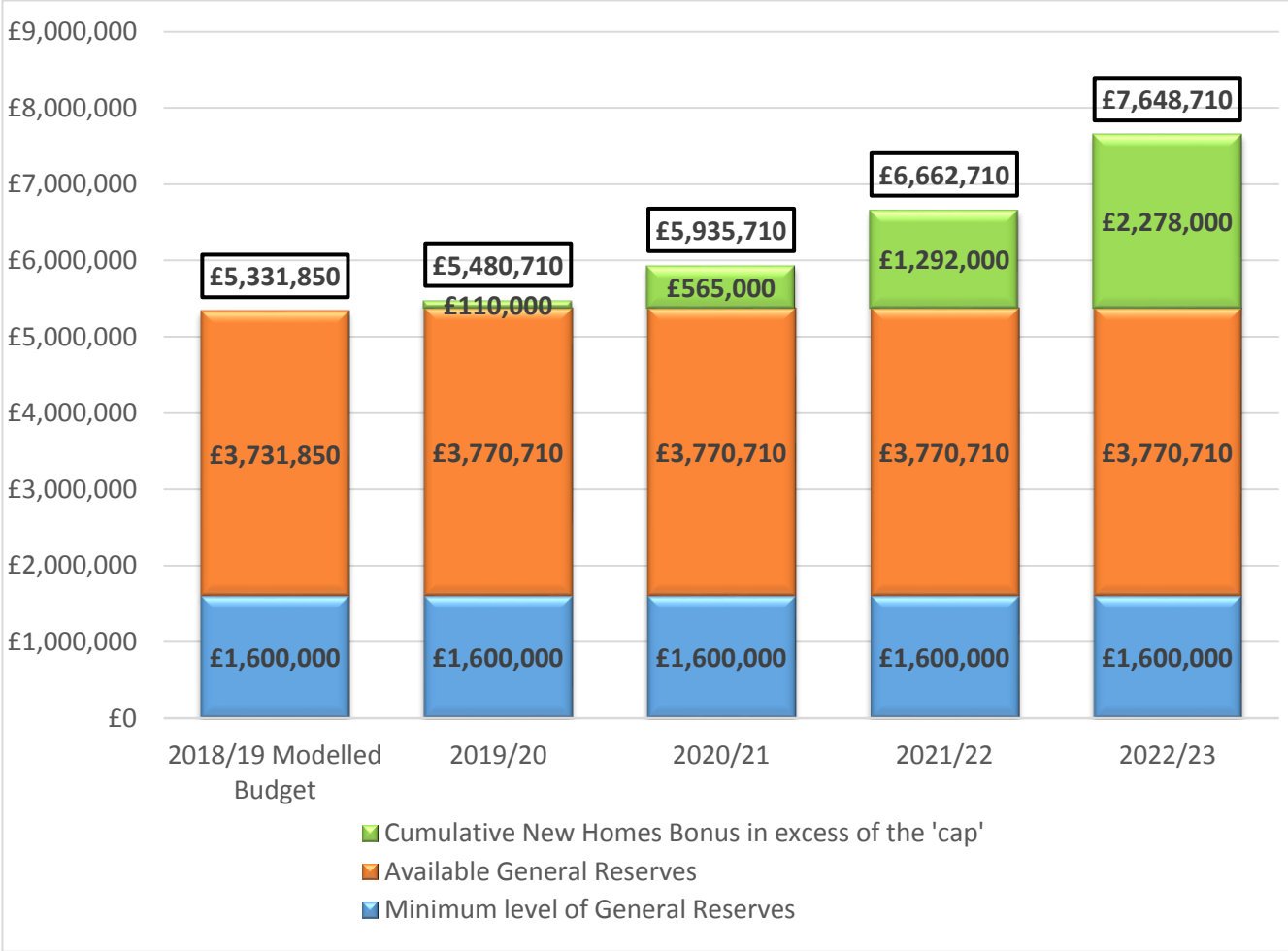
- 3.12 The Chartered Institute of Finance and Accountancy (CIPFA) has recently consulted on the provision of a Financial Resilience Index. The Council responded to the consultation on 15 August 2018 and the outcome of the consultation was published on 4 December 2018.
- 3.13 CIPFA's key changes as a result of the consultation include:
- The removal of the composite index that combined a number of factors into a single weighted measure.
 - Providing the report initially to local authorities and their auditors, via their S151 officer, themselves rather than publishing openly; and
 - Adaptations to some of the indicators – and these will remain under review and subject to feedback from users in the coming months.
- 3.14 The factors now relate to the level of reserves and the trend on use and change plus ratios of key income streams (Council Tax, Government Grants and Business Rates) to Net Revenue Expenditure and the External Auditor's Value for Money Assessment.
- 3.15 CIPFA's recommended good practice is that the Chief Finance Officer refers to the range of indicators in the Section 25 statement for 2019/20 prior to it becoming a requirement in the Financial Management Code.
- 3.16 It is prudent for the Council to maintain an adequate 'working balance' or Minimum Level that is part of its general reserves. A risk assessment approach in line with Best Practice is used to determine the required Minimum Level and the level of general and earmarked reserves.
- 3.17 The Chief Finance Officer has been involved throughout the entire budget process, including revising the MTFS, input to the drafting of the budget, the ongoing financial monitoring and reporting process, evaluation of investments and savings, engagement with Members of the Cabinet and Overview and Scrutiny Committees, advising colleagues, the strategic choices activities, challenge and evaluation activities, and scrutiny of the budget.

3.18 The Proposed Minimum Level is **£1,600,000**. The main elements of the risk assessment are shown in detail at **APPENDIX D** and are summarised below:



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

3.20 The projected level of general reserves categorised by the Minimum Level, the level of reserves available for use by the Council for the MTFS and New Homes Bonus in excess of the “cap” should New Homes Bonus continue in its current form from 2020/21 are shown below:



Alternative Options	There are no alternative options.
Consultation	<p>There were 340 (129 in 2017) responses and the results of the Budget Consultation for 2019 are summarised below and shown in detail at APPENDIX E.</p> <p>The three Council Services classified as high importance (75% to 100% of respondents agree the service is very or fairly important) were:</p> <ol style="list-style-type: none"> 1. Waste Collection from homes (97.4%) - High 2. Street cleansing and public toilets (92.9%) - High 3. Parks and open spaces (92.3%) - High <p>In terms of Funding Gap proposals:</p> <ul style="list-style-type: none"> • No proposals aimed at reducing investment in waste collection from homes or parks and open spaces were identified. • A proposal related to reducing investment in public toilets and Shopmobility was identified but has subsequently been removed. <p>The three Council services classified as low or some importance (0% to 49% of respondents agree the service is very or fairly important) were:</p> <ol style="list-style-type: none"> 1. Central costs (22.4%) - Low 2. Private sector housing (36.0%) - Some 3. The arts including the Lichfield Garrick (41.1%) - Some <p>In terms of Funding Gap proposals and previous initiatives:</p> <ul style="list-style-type: none"> • In terms of central costs, a number of proposals were identified including improved procurement and ICT investment that have been included in the MTFS. In addition, there are a number of Fit for the Future reviews planned in relation to central costs. • A Fit for the Future review for Housing including Private Sector Housing is planned. • The subsidy provided to the Lichfield Garrick has reduced from £663,200 in 2013/14 to £310,000 in 2017/18 and to £250,000 in 2018/19. <p>In terms of fees, charges, income and other opportunities:</p> <ul style="list-style-type: none"> • The Council should explore opportunities for any other new fees or charges – 29% • The Council should not introduce additional fees unless absolutely necessary to deliver basic services – 53% • The current approach is about right – 16% <p>In terms of setting the Council Tax:</p> <ul style="list-style-type: none"> • Some increase in the Council Tax – 59% with 41% indicating they would not be receptive to any increase in 2019/20 • Increase the Council Tax by 2.99% - 49% <p>The information provided through the budget consultation is based on the views of 0.75% of Council Taxpayers (45,440) and therefore must not be considered in isolation when considering the Medium Term Financial Strategy.</p>

Financial Implications	The financial implications are shown in the background section of the report and the Appendices.
Contribution to the Delivery of the Strategic Plan	The report directly links to overall performance and especially the delivery of Lichfield District Council's Strategic Plan 2016-20 and beyond.
Equality, Diversity and Human Rights Implications	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan 2016-20.
Crime & Safety Issues	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan 2016-20.
GDPR/Privacy Impact Assessment	There are no specific implications related to the Medium Term Financial Strategy

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Council Tax is not set by the Statutory Date of 11 March 2019 .	Full Council set with reference to when major preceptors and Parishes have approved their Council Tax Requirements.	Green - Tolerable
B	Planned Capital Receipts are not received.	The budget for capital receipts will be monitored as part of The Council's normal budget monitoring procedures.	Green - Tolerable
C	Achievement of The Council's key Council priorities.	Close monitoring of performance and expenditure; maximising the potential of efficiency gains; early identification of any unexpected impact on costs including Central Government Policy changes, movement in the markets, and changes in the economic climate.	Green - Tolerable
D	Implementation of the Check, Challenge and Appeal Business Rates Appeals and more frequent revaluations.	To closely monitor the level of appeals. An allowance of 4.7% (in line with the DCLG Allowance) for appeals has been included in the Business Rate Estimates.	Red - Severe
E	The review of the New Homes Bonus regime in 2020/21.	Not all of the projected New Homes Bonus is included as core funding in the Base Budget. In 2020/21 £600,000 is included and this is then being reduced by £100,000 per annum.	Red - Severe
F	The increased Localisation of Business Rates and the Fair Funding Review in 2020/2021.	To assess the implications of proposed changes and respond to consultations to attempt to influence the policy direction in the Council's favour.	Red - Severe
G	The affordability and risk associated with the Capital Strategy.	Recruit an estates management team to provide professional expertise and advice in relation to the Property Investment Strategy and to continue to take a prudent approach to budgeting.	Yellow - Material

Background documents

- CIPFA Code of Practice for Treasury Management in the Public Services.
- The Prudential Code for Capital Finance in Local Authorities.
- Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2017-22 – Cabinet 13 February 2018.
- Friarsgate – Coach Park Land Acquisition – Cabinet 13 February 2018.
- Award of Insurance Contract – Cabinet 13 March 2018.
- Managing the end of the ICT Support Contract – Cabinet 1 May 2018.
- Friarsgate – Cabinet 12 June 2018.
- Money Matters: 2017/18 Review of Financial Performance against the Financial Strategy – Cabinet 12 June 2018.
- Money Matters: 2018/19 Review of Financial Performance against the Financial Strategy – Cabinet 4 September 2018.
- The Medium Term Financial Strategy (Revenue and Capital) 2018-23 (MTFS) – Cabinet 9 October 2018.
- Delivering the Property Investment Strategy – Cabinet 4 September 2018 and Council 16 October 2018.
- Money Matters: 2018/19 Review of Financial Performance against the Financial Strategy – Cabinet 4 December 2018.
- Budget Consultation Report 2019/20.

Relevant web links

Revenue Budget 2018/19 to 2022/23

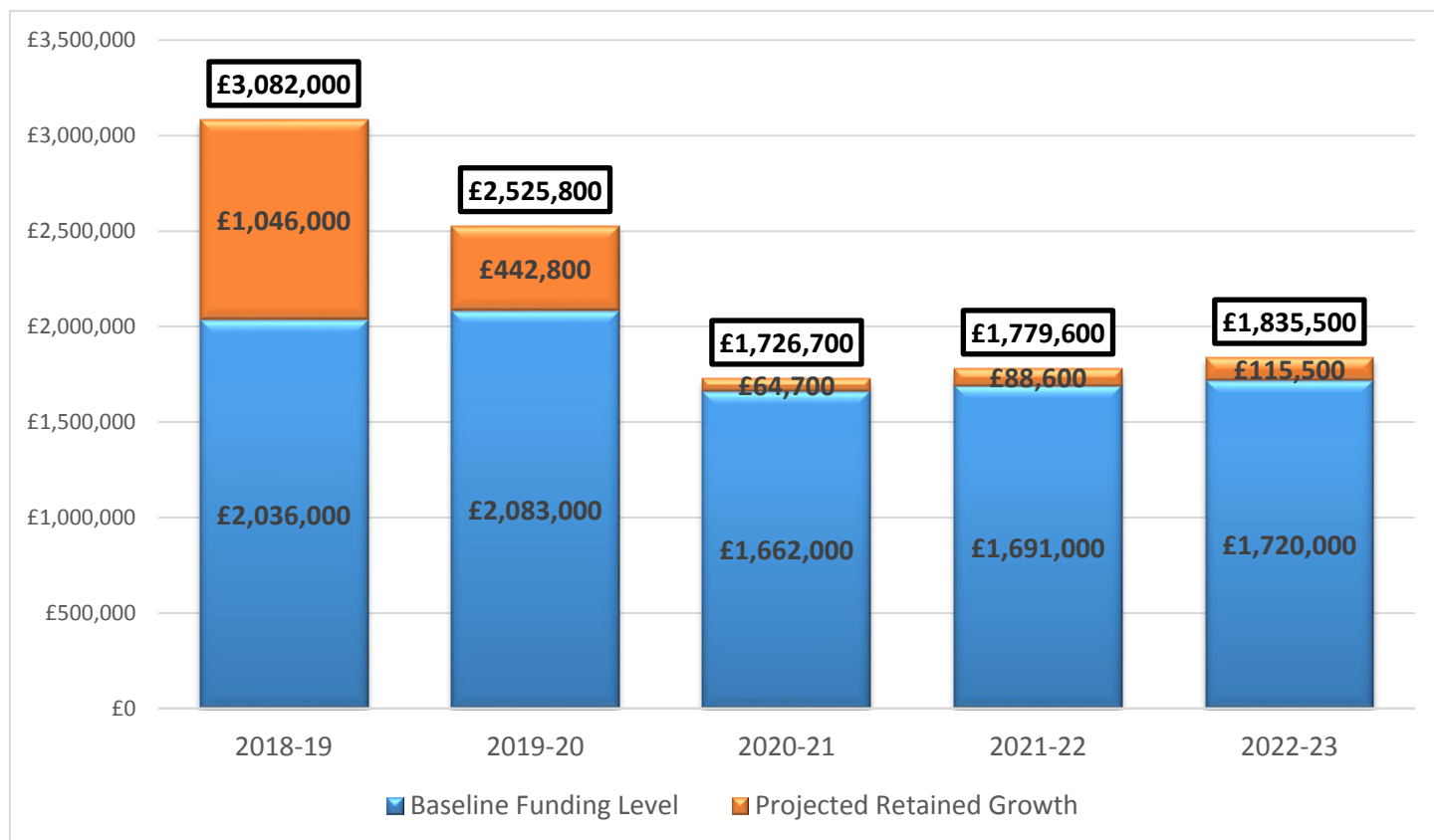
GENERAL FUND TOTAL REQUIREMENT DISTRICT COUNCIL PURPOSES						
FOR FINANCIAL YEARS 2018/19 to 2022/23 ANALYSED BY STRATEGIC PRIORITY AND SERVICE AREA						
BUDGET	2018/19		2019/20	2020/21	2021/22	2022/23
	Original Budget	Revised Budget	Original Budget	Original Budget	Original Budget	Original Budget
	£	£	£	£	£	£
LEVEL OF UNCERTAINTY / RISK	LOW		LOW	HIGH		
Strategic Priority						
Healthy and safe communities	1,808,850	1,901,820	1,602,920	1,446,230	1,437,950	1,433,270
Clean, green and welcoming places to live	3,427,580	2,916,970	3,463,090	3,481,720	3,586,350	3,685,170
A vibrant and prosperous economy	(652,350)	(1,066,880)	(1,206,470)	(1,865,070)	(2,421,540)	(2,947,530)
A council that is fit for the future	6,281,510	6,168,650	6,181,710	6,467,610	6,726,310	7,004,150
Efficiency Plan	(71,180)	0	0	0	0	0
Additional Savings Required	0	0	0	(841,620)	(917,360)	(1,012,070)
Funding Gap Proposals (less Revenue Contribution to the Capital Programme and Council Tax Empty Property Charges)	0	0	(469,740)	(429,960)	(510,920)	(592,300)
Net Cost of Services	10,794,410	9,920,560	9,571,510	8,258,910	7,900,790	7,570,690
Service Area						
Chief Executive	796,010	681,380	459,650	468,870	476,770	487,010
Finance & Procurement	1,628,490	1,563,880	1,798,770	1,971,690	2,144,420	2,316,330
Legal, Property & Democratic Services	424,800	399,650	249,790	(495,350)	(1,100,980)	(1,680,830)
Revenues, Benefits and Customer Services	725,470	596,270	763,730	813,940	868,040	918,900
Corporate Services	2,560,830	2,625,630	2,568,180	2,643,380	2,695,350	2,770,730
Leisure & Operational Services	2,422,310	2,432,460	2,163,860	2,015,940	2,025,650	2,041,470
Regulatory Services, Housing & Wellbeing	1,264,250	1,281,330	1,300,670	1,335,180	1,363,740	1,390,090
Development Services	61,310	(67,250)	12,220	14,560	33,030	54,150
Economic Growth	82,920	(242,040)	(223,930)	(211,540)	(176,020)	(142,280)
Waste Services	899,200	649,250	948,310	973,820	999,070	1,019,490
Efficiency Plan	(71,180)	0	0	0	0	0
Additional Savings Required	0	0	0	(841,620)	(917,360)	(1,012,070)
Funding Gap Proposals (less Revenue Contribution to the Capital Programme and Council Tax Empty Property Charges)	0	0	(469,740)	(429,960)	(510,920)	(592,300)
Net Cost of Services	10,794,410	9,920,560	9,571,510	8,258,910	7,900,790	7,570,690
Net Treasury Position	104,860	51,710	316,000	936,360	1,546,380	2,144,380
Revenue Contributions to the Capital Programme	154,000	154,000	0	0	0	0
Net Operating Cost	11,053,270	10,126,270	9,887,510	9,195,270	9,447,170	9,715,070
Transfer to General Reserve	26,990	501,570	38,860	0	0	0
New Homes Bonus (Transfer to General Reserves)	0	141,000	110,000	455,000	727,000	986,000
Less : Transfer (from) / to Corporate Earmarked Reserves	(774,360)	328,120	1,335,030	86,030	86,030	86,030
Amount to be met from Government Grants and Local Taxpayers	£10,305,900	£11,096,960	£11,371,400	£9,736,300	£10,260,200	£10,787,100
Retained Business Rates	(2,479,900)	(3,082,000)	(2,525,800)	(1,726,700)	(1,779,600)	(1,835,500)
Business Rates Cap	(42,000)	(47,000)	(68,000)	0	0	0
Levy Account Surplus	0	(32,000)	0	0	0	0
Business Rates Pilot	0	0	(568,000)	0	0	0
Other Government Grants	0	(10,960)	0	0	0	0
New Homes Bonus	(800,000)	(800,000)	(1,168,000)	(600,000)	(500,000)	(400,000)
New Homes Bonus (Transfer to General Reserves)	0	(141,000)	(110,000)	(455,000)	(727,000)	(986,000)
Council Tax Collection Fund surplus	(42,000)	(42,000)	(63,600)	(34,600)	(34,600)	(34,600)
Business Rates Collection Fund surplus	(591,000)	(591,000)	(213,000)	0	0	0
Council Tax Requirement	(6,351,000)	(6,351,000)	(6,655,000)	(6,920,000)	(7,219,000)	(7,531,000)
Council Tax Base	37,360	37,360	38,011	38,381	38,877	39,376
Lichfield District Council Tax Requirement (Maximum 2.99%)	£169.99	£169.99	£175.07	£180.31	£185.70	£191.25

Funding Gap Audit Trail	Financial Year				
	2018/19	2019/20	2020/21	2021/22	2022/23
LEVEL OF UNCERTAINTY/RISK	LOW	LOW	HIGH	HIGH	HIGH
ORIGINAL FUNDING GAP	(£26,990)	£1,305,000	£2,006,360	£2,034,090	£2,086,000
<u>Budget Monitoring in 2018/19</u>					
2017/18 Money Matters	(£17,700)	(£17,700)	(£17,700)	(£17,700)	(£17,700)
3 Month's Money Matters	£29,560	£32,370	£32,370	£5,140	£5,140
6 Month's Money Matters	(£49,680)	(£5,250)	(£5,250)	(£5,250)	(£5,250)
8 Month's Money Matters	(£644,560)	(£22,000)	(£22,000)	(£22,000)	(£22,000)
Cabinet and Council Reports	£80,650	(£120,900)	(£473,190)	(£444,350)	(£443,590)
Efficiency Plan Target Exceeded	(£13,850)	(£13,850)	(£13,850)	(£13,850)	(£13,850)
<u>Modelled Changes</u>					
Inflation		£9,920	£84,290	£178,680	£279,920
Budget Variations		(£19,110)	(£92,850)	(£32,880)	£27,300
Negative Revenue Support Grant		(£453,000)	£0	£0	£0
Business Rates Cap		(£5,000)	£0	£0	£0
Council Tax		(£40,000)	(£36,000)	(£62,000)	(£100,000)
Levy Account Surplus		£0	£0	£0	£0
Council Tax Collection Fund		(£29,000)	£0	£0	£0
Retained Business Rates		(£2,000)	(£2,000)	(£3,000)	(£3,000)
<u>"Windfall" or Projected High Risk Income Transferred to Reserves</u>					
Business Rates Pilot		(£568,000)	£0	£0	£0
Transfer of Business Rates Pilot to Reserves		£568,000	£0	£0	£0
New Homes Bonus in excess of the "cap"		(£110,000)	(£455,000)	(£727,000)	(£986,000)
Transfer of New Homes Bonus to Reserves		£110,000	£455,000	£727,000	£986,000
Business Rates Collection Fund		(£213,000)	£0	£0	£0
Transfer of Business Rate Collection Fund to Reserves		£213,000	£0	£0	£0
<u>Funding Gap Proposals</u>					
Capital Programme		(£271,000)	(£272,000)	(£468,000)	(£615,000)
Green		(£22,580)	(£22,850)	£48,860	£62,770
Amber		(£364,760)	(£323,710)	(£280,380)	(£228,670)
MTFS FUNDING GAP	(£642,570)	(£38,860)	£841,620	£917,360	£1,012,070

Revenue Budget key Revenue Streams

Retained Business Rates

The budgets for Retained Business Rates income, with Business Retention reform and the Fair Funding Review presenting significant risks to the assumptions made from 2020/21, are:



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

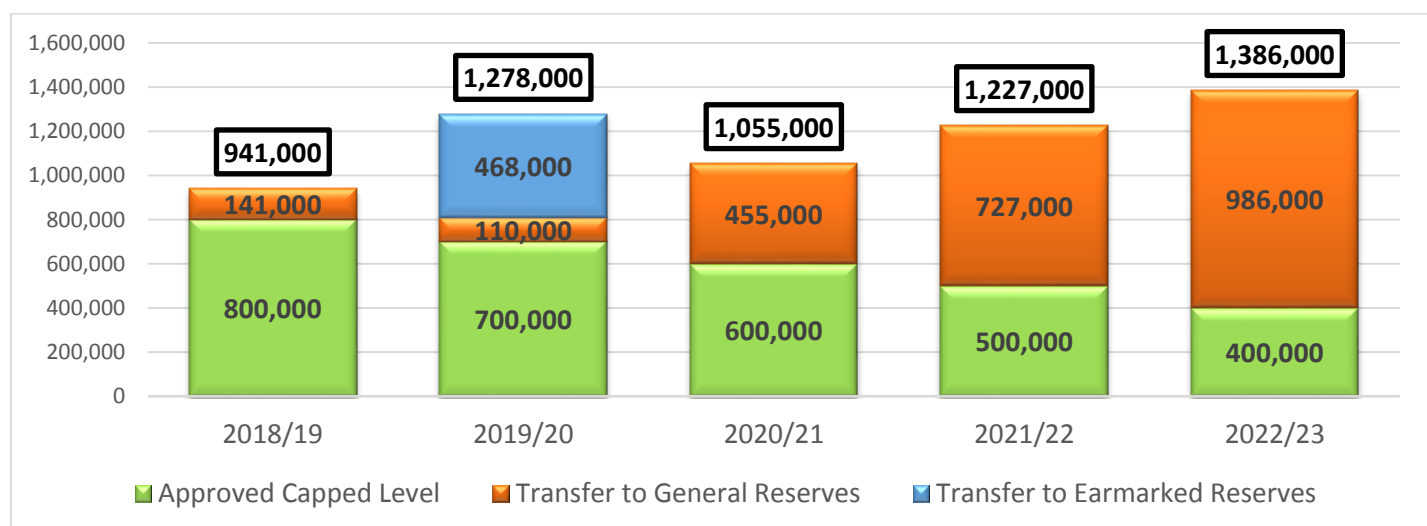
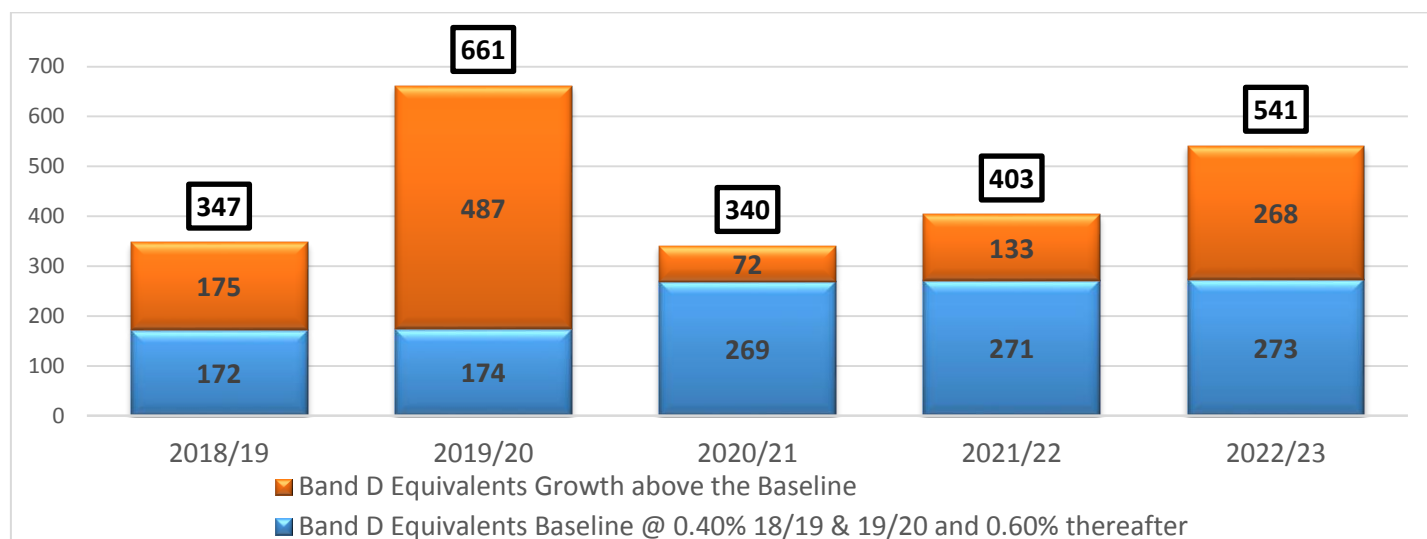
	2018-19	2019-20	2020-21	2021-22	2022-23
Approved MTFS (2019/20 - Negative RSG of £453,000)	£2,732,000	£2,070,800	£1,724,700	£1,776,600	£1,832,500
MTFS	£3,082,000	£2,525,800	£1,726,700	£1,779,600	£1,835,500
Change	£350,000	£455,000	£2,000	£3,000	£3,000

The Council has access to a number of financial models and these can be used to identify alternative outcomes (using various parameters such as national Local Government expenditure, how the expenditure is split between policy areas, tier splits and tax bases, relative needs and spend funded by Council Tax) to those identified above:

	2019-20	2020-21	2021-22	2022-23
CIPFA Central (No impact of Fair Funding Review)	£3,500,000	£2,800,000	£2,700,000	£3,100,000
Pixel – MTFP (Current Baseline for 2020/21 plus CPI pa thereafter)	£2,898,000	£1,662,000	£1,691,000	£1,720,000
Pixel - Fair Funding (scenario 1 for 2020/21 plus 2% pa thereafter)	£2,083,000	£1,458,000	£1,487,000	£1,517,000
Pixel - Fair Funding (scenario 2 for 2020/21 plus 2% pa thereafter)	£2,083,000	(£1,056,000)	(£1,077,000)	(£1,099,000)
Pixel - Fair Funding (scenario 3 for 2020/21 plus 2% pa thereafter)	£2,083,000	(£2,012,000)	(£2,052,000)	(£2,093,000)

New Homes Bonus

The budgets for housing supply and New Homes Bonus income, with the review from 2020/21 presenting a significant risk, are:



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

Capped Level	2018-19	2019/20	2020/21	2021/22	2022/23
Approved MTFS	£800,000	£700,000	£600,000	£500,000	£400,000
MTFS	£800,000	£700,000	£600,000	£500,000	£400,000
Change	-	-	-	-	-

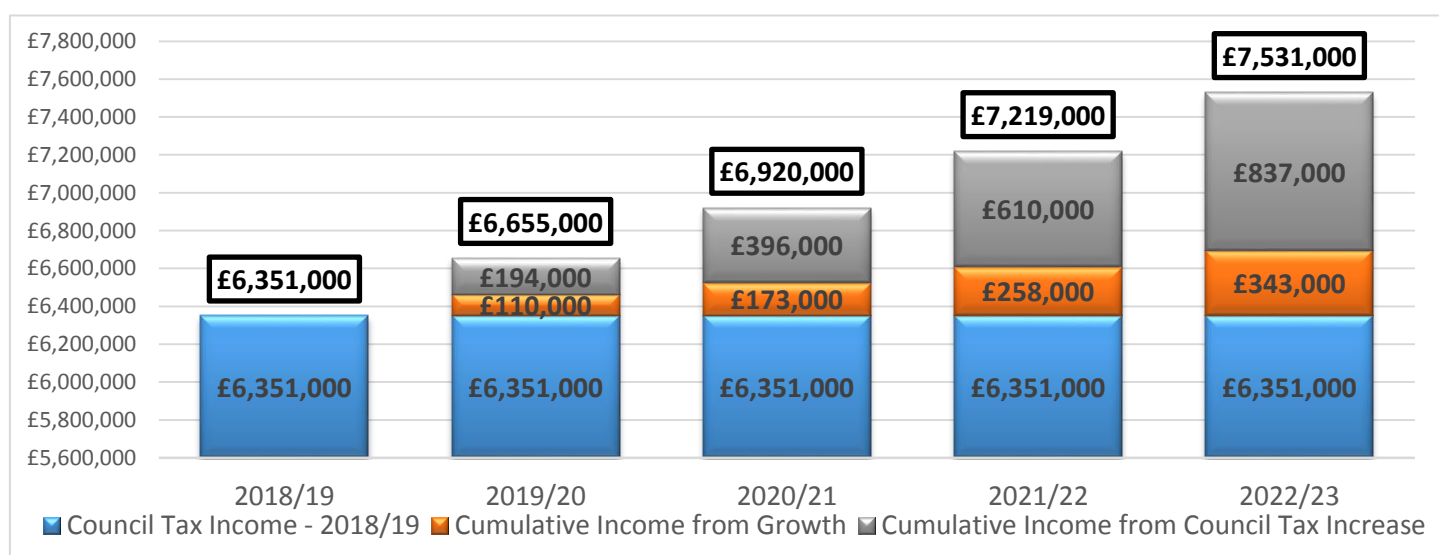
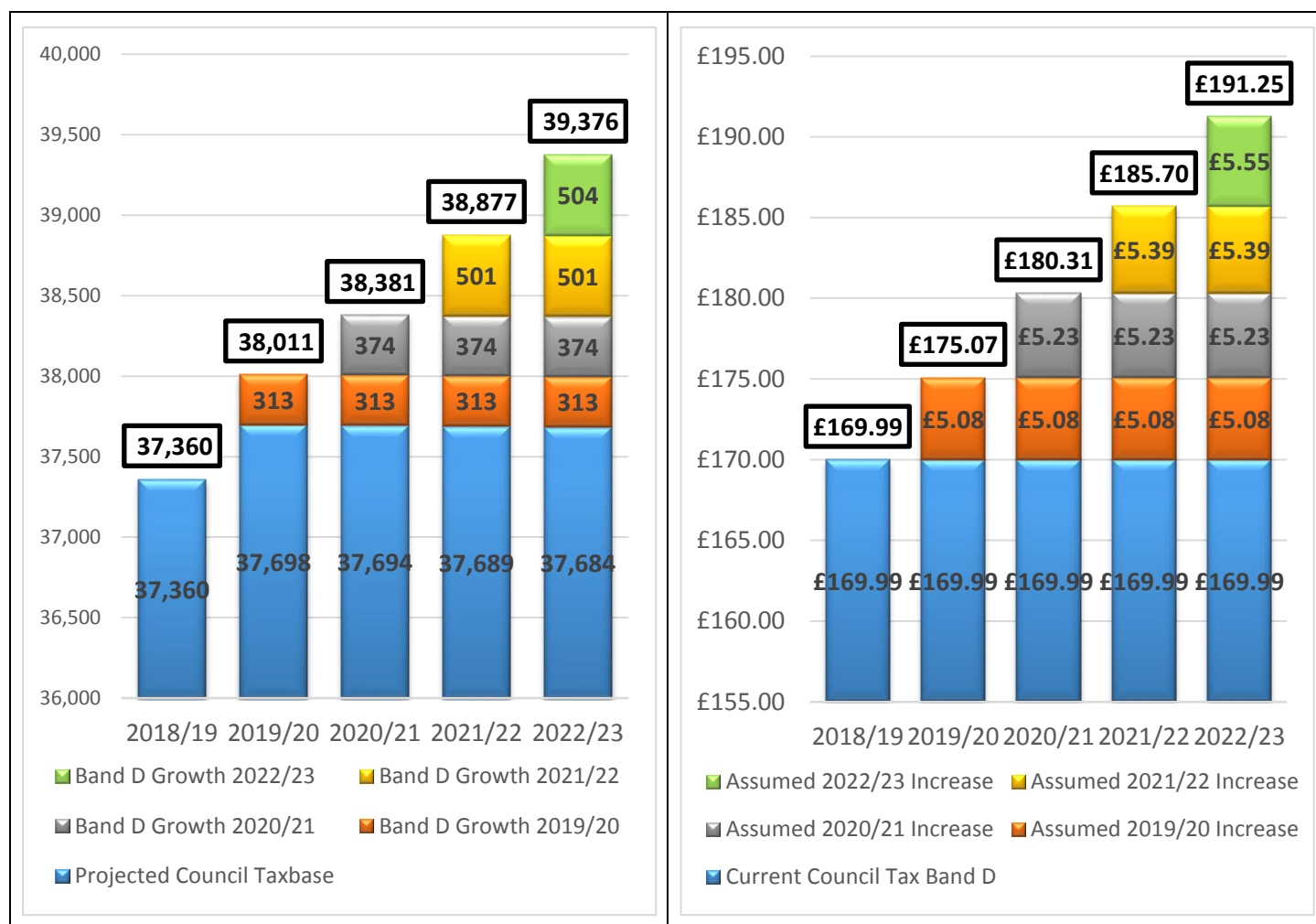
Total amount of New Homes Bonus	2018-19	2019/20	2020/21	2021/22	2022/23
Approved MTFS	£941,000	£810,000	£741,000	£980,000	£1,015,000
MTFS	£941,000	£1,278,000	£1,055,000	£1,227,000	£1,386,000
Change	-	£468,000	£314,000	£247,000	£371,000

The Council has access to a number of different financial models and these can be used to identify alternative outcomes to those presented above:

	2019-20	2020-21	2021-22	2022-23
Pixel - Continues Post 2020/21 (0.4%)	£1,278,000	£1,181,000	£1,492,000	£1,600,000
Pixel - Legacy Payments only (0.4%)	£1,278,000	£939,000	£911,000	£680,000
CIPFA Central, remains with 'pot' lower	£1,500,000	£1,200,000	£1,000,000	£800,000
Pixel - Ends 2020/21 (0.4%)	£1,278,000	£0	£0	£0

Council Tax

The Approved Budgets for Council Taxbase (with a modelled **2.99%** increase to Council Tax Band D) and income are:



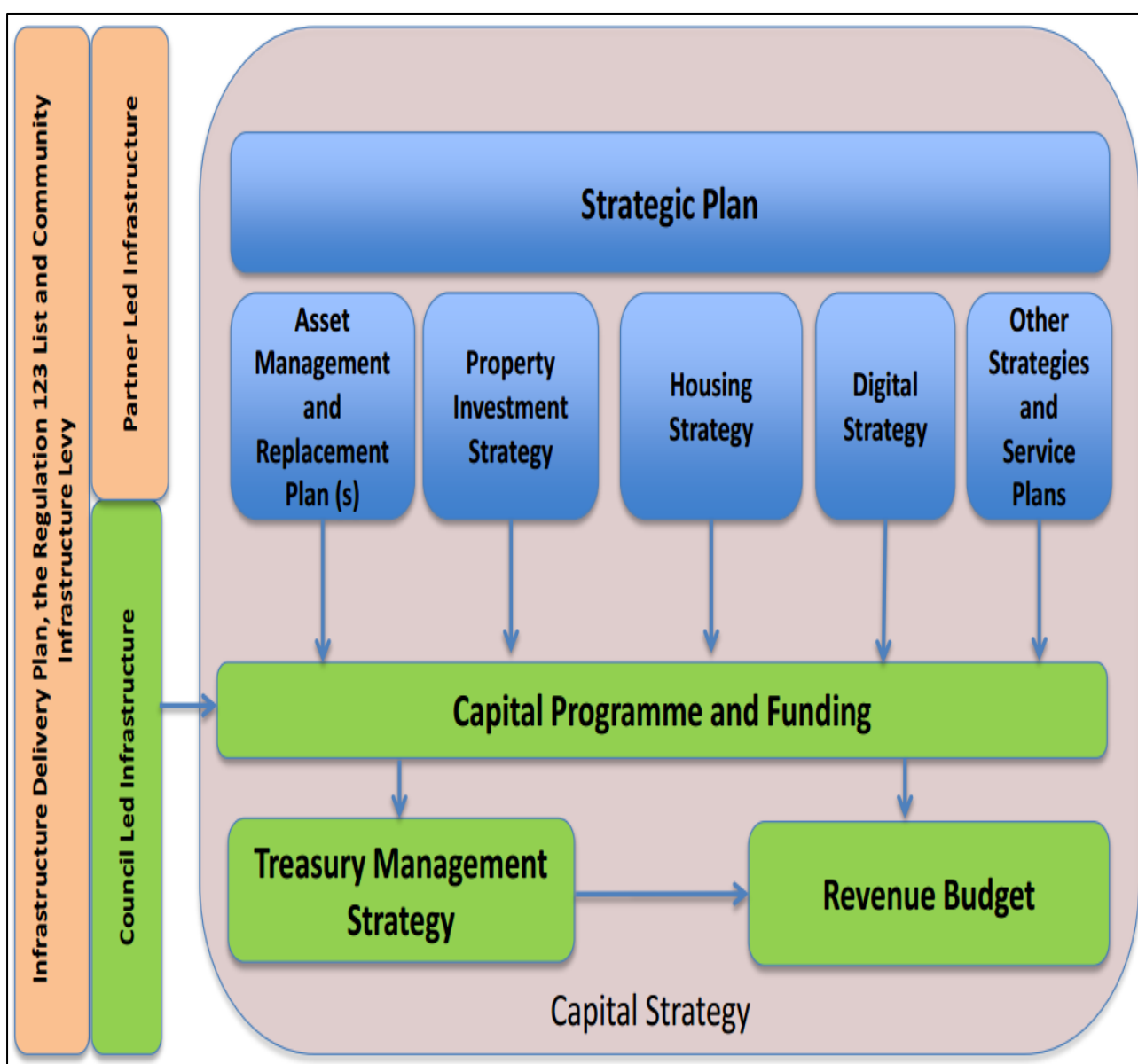
The change in Council Tax income compared to the Approved Medium Term Financial Strategy is shown below:

	2018-19	2019/20	2020/21	2021/22	2022/23
Approved MTFS	£6,351,000	£6,615,000	£6,884,000	£7,157,000	£7,431,000
MTFS	£6,351,000	£6,655,000	£6,920,000	£7,219,000	£7,531,000
Change	-	£40,000	£36,000	£62,000	£100,000

Capital Strategy

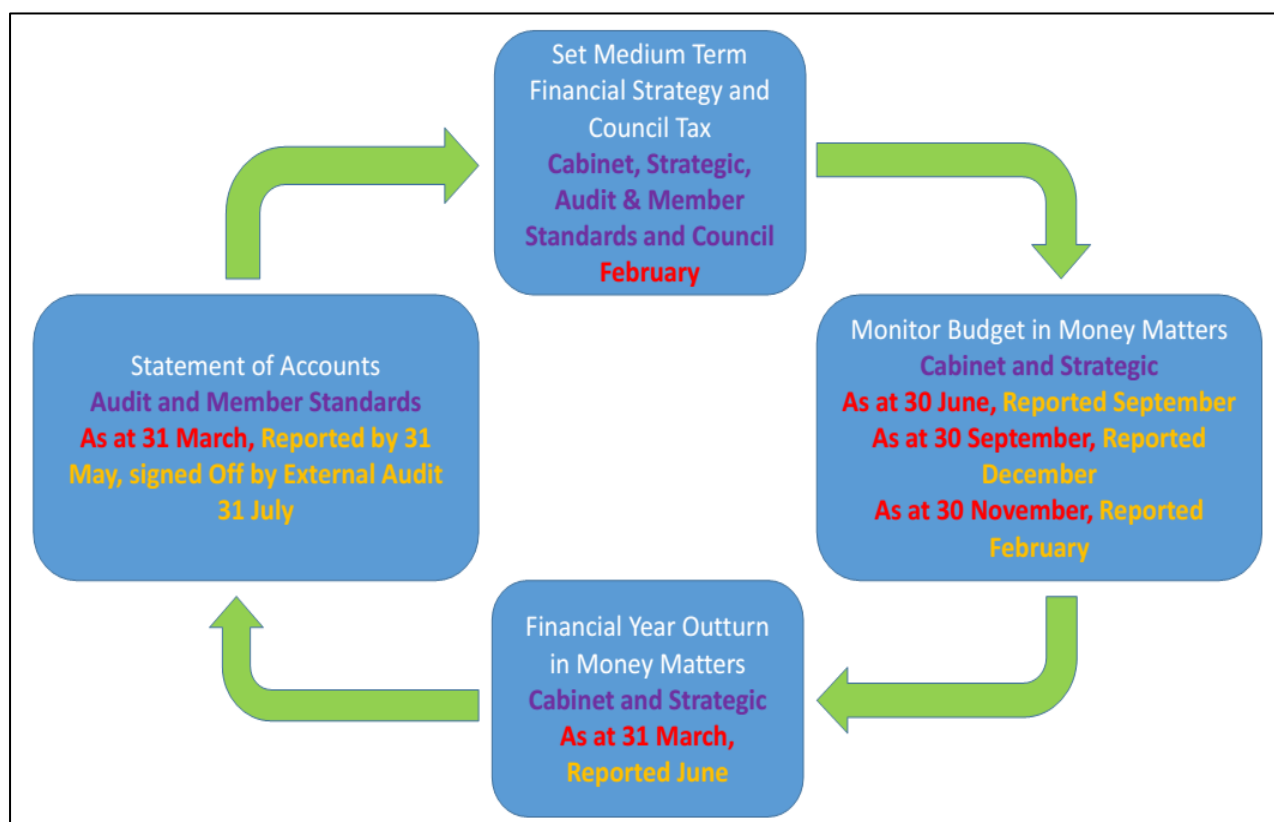
1. Introduction

- 1.1. The updated Prudential Code requires the completion of a Capital Strategy that will need to be approved by Full Council.
- 1.2. The Capital Strategy is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 1.3. It will form part of the Councils integrated revenue, capital and balance sheet planning. The Council already undertakes elements of the new requirements although some areas such as Asset Management Planning will need further development.
- 1.4. The Prudential Code now requires all of this information to be all brought together in a single place as shown below:



2. The Capital Programme

2.1. The financial planning process including the Capital Programme and its Governance is shown below:



The Capital Programme Process

2.2. Capital Programme Bids and their revenue implications are identified by Leadership Team annually in August/September, together with changes to resources such as new disposals, to inform the process for compiling the Medium Term Financial Strategy.

2.3. Where capital investment exceeds the resources available then a prioritisation process is applied.

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

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

2.5. There is however an element of contributions, which afford an element of discretion on how they are allocated. These contributions towards social and community facilities are linked to the development proposed.

2.6. Whilst some of these financial contributions are very specific in terms of the projects on which they must be spent, a proportion is to be allocated towards appropriate social and community schemes that result in time from the proposed development.

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

APPENDIX B

- 2.8. The **Capital Programme** and its **funding** covering the period 2018/19 to 2022/23 by Strategic Priority to be approved by Council on 19 February 2019 is summarised below:

Project	Capital Programme						Corporate £000
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000	
Healthy & Safe Communities	2,914	2,376	975	975	975	8,215	352
Clean, Green and Welcoming Places to Live	80	2,158	616	332	3,100	6,286	351
A Vibrant and Prosperous Economy	2,089	673	0	0	0	2,762	2,197
A Council that is Fit For the Future	272	6,411	13,318	13,159	13,175	46,335	1,115
Grand Total	5,355	11,618	14,909	14,466	17,250	63,598	4,015

Funding Source	Capital Programme						Total £000
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000	
Usable Capital Receipts	1,888	976	364	413	219	3,860	
Revenue	155	0	0	0	0	155	
Corporate Council Sources	2,043	976	364	413	219	4,015	
External Grants and Contributions	1,281	1,863	1,358	931	931	6,364	
Section 106	264	906	43	25	0	1,238	
Earmarked Reserves	365	1,498	119	97	20	2,099	
Sinking Fund	7	235	0	0	0	242	
Finance Leases	0	140	25	0	3,080	3,245	
Grand Total	3,960	5,618	1,909	1,466	4,250	17,203	63,598
In Year FUNDING GAP (Borrowing Need)	1,395	6,000	13,010	13,000	13,000	46,395	
Cumulative FUNDING GAP (Borrowing Need)	3,338	9,151	21,793	34,064	45,964	45,964	
Available Capital Receipts	(1,538)	(1,618)	(1,263)	(859)	(649)	(649)	

- 2.9. The Revenue implications are shown below (excluding contributions to or from earmarked reserves):

Revenue Implications	Capital Programme					
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
<u>Leisure Outsourcing</u>						
Income	(218)	(218)	(218)	(218)	(218)	(1,090)
Minimum Revenue Provision	139	139	140	139	140	697
External Interest	12	22	20	18	15	87
Sub Total	(67)	(57)	(58)	(61)	(63)	(306)
<u>Property Investment Strategy</u>						
Income	0	(180)	(750)	(1,530)	(2,310)	(4,770)
Management and External Interest	0	180	523	808	1,094	2,605
Minimum Revenue Provision	0	0	171	542	913	1,626
Sub Total	0	0	(56)	(180)	(303)	(539)
Digital Strategy	30	50	(30)	(100)	(150)	(200)
<u>Chasewater and Friary Outer etc.</u>						
Minimum Revenue Provision	47	47	47	47	47	235
Loss of Investment Income	5	6	7	10	9	38
External Interest	35	34	32	30	29	160
Sub Total	88	87	86	87	85	432
Revenue Budget	155	0	0	0	0	155
Capital Programme	205	80	(58)	(254)	(431)	(458)
Change to Approved Budget	(109)	(271)	(272)	(468)	(615)	(1,735)

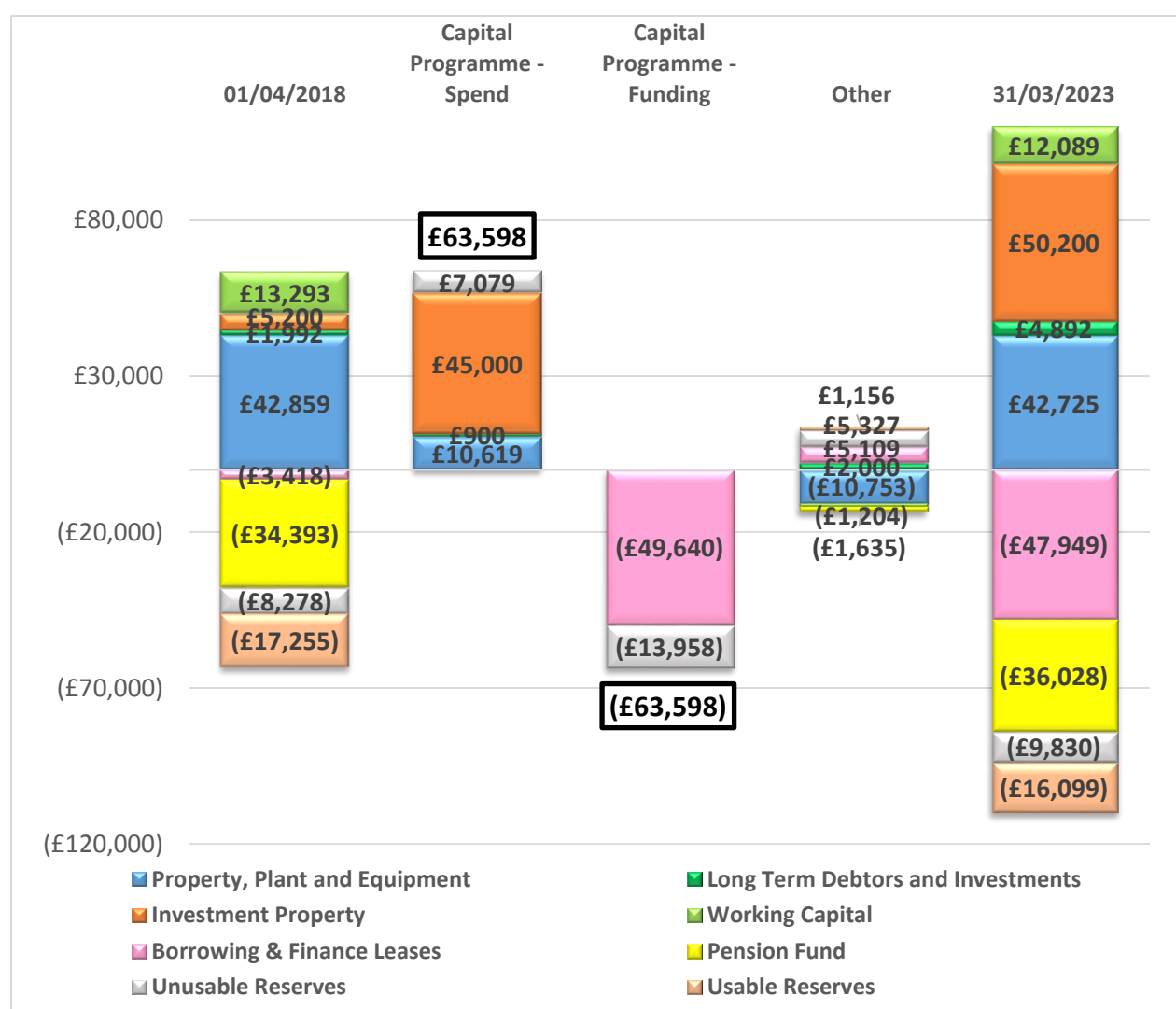
2.10. Planned disposals (and grant repayments) resulting in capital receipts and their use in funding the Capital Programme are shown in the table below:

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Opening Balance	(3,070)	(1,538)	(1,618)	(1,263)	(859)	(3,070)
Sale of Mill Lane Link, Fazeley	(115)	0	0	0	0	(115)
Sale of Beacon Cottage*	0	(200)	0	0	0	(200)
Sale of land at Netherstowe and Leyfields*	0	(527)	0	0	0	(527)
Right to Buy Receipts	(232)	0	0	0	0	(232)
Release of Covenant Guardian House*	0	(320)	0	0	0	(320)
Other Receipts	(9)	(9)	(9)	(9)	(9)	(45)
Utilised in Year	1,888	976	364	413	219	3,860
Closing Balance	(1,538)	(1,618)	(1,263)	(859)	(649)	(649)

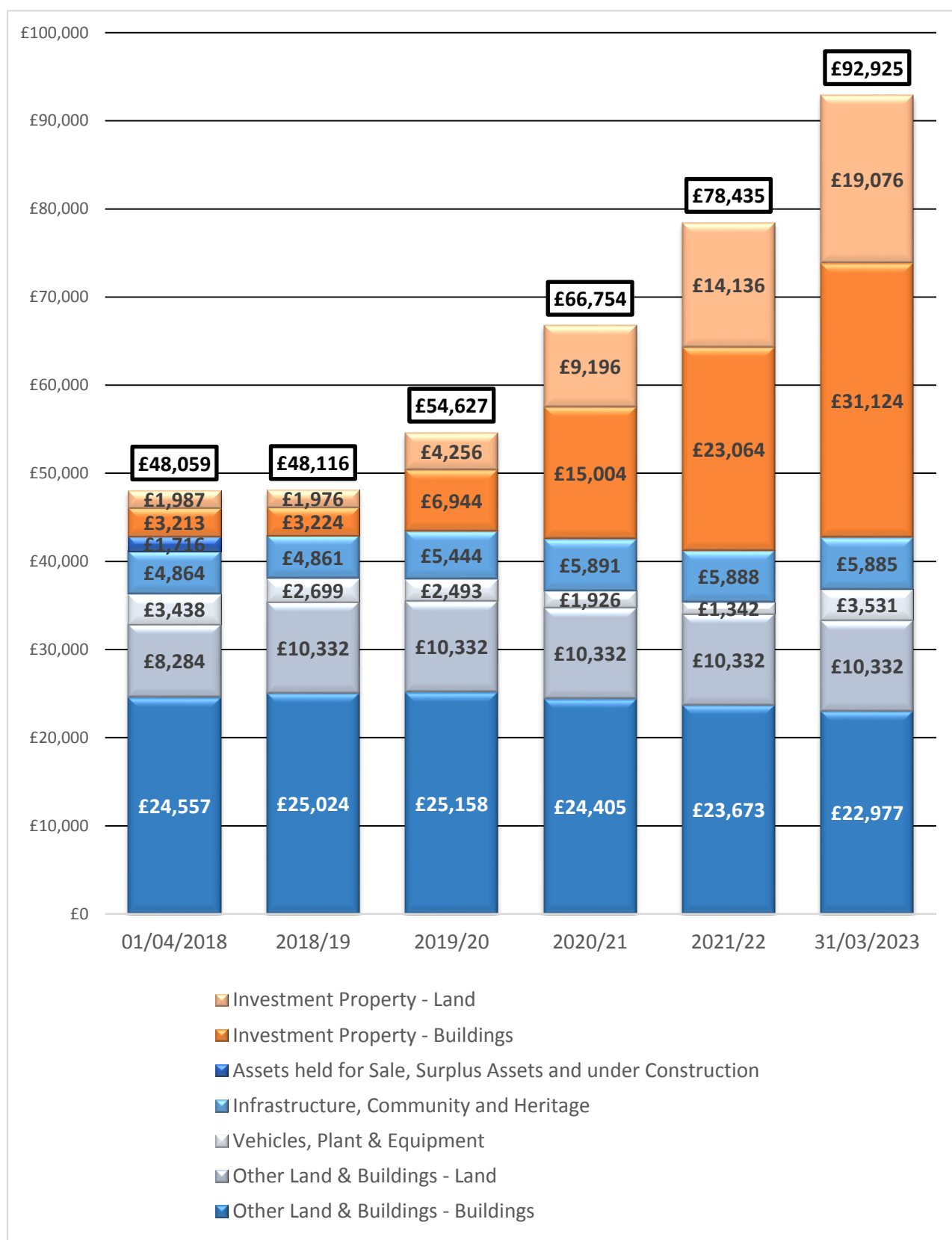
* - these capital receipts are subject to risks such as receipt of planning permission or an option agreement and therefore £649,000 has not been used to fund spend.

3. The Balance Sheet

3.1. The Capital Programme and its funding will significantly impact on the Council's Balance Sheet through property acquisitions funded by borrowing:

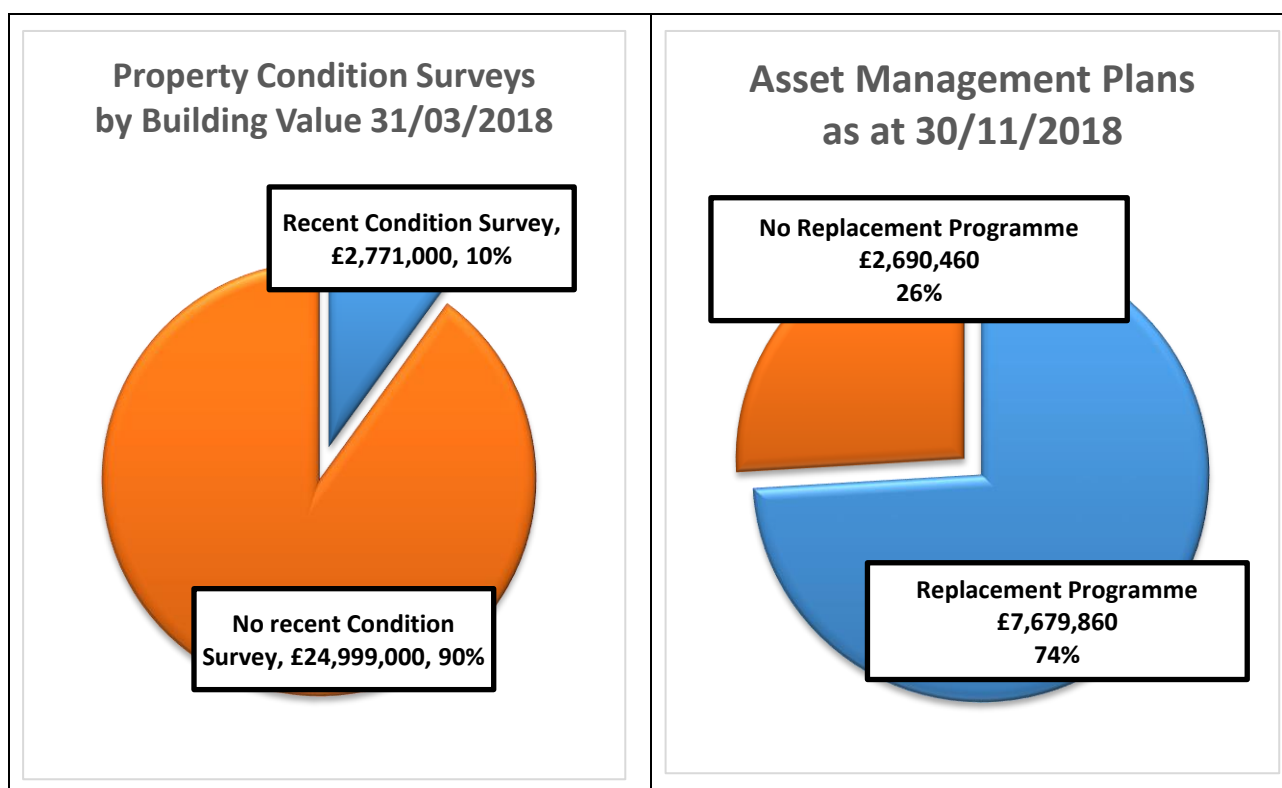


3.2. The property asset element of long term assets i.e. excluding long term investments and debtors together with investment property is shown in more detail below in £000:

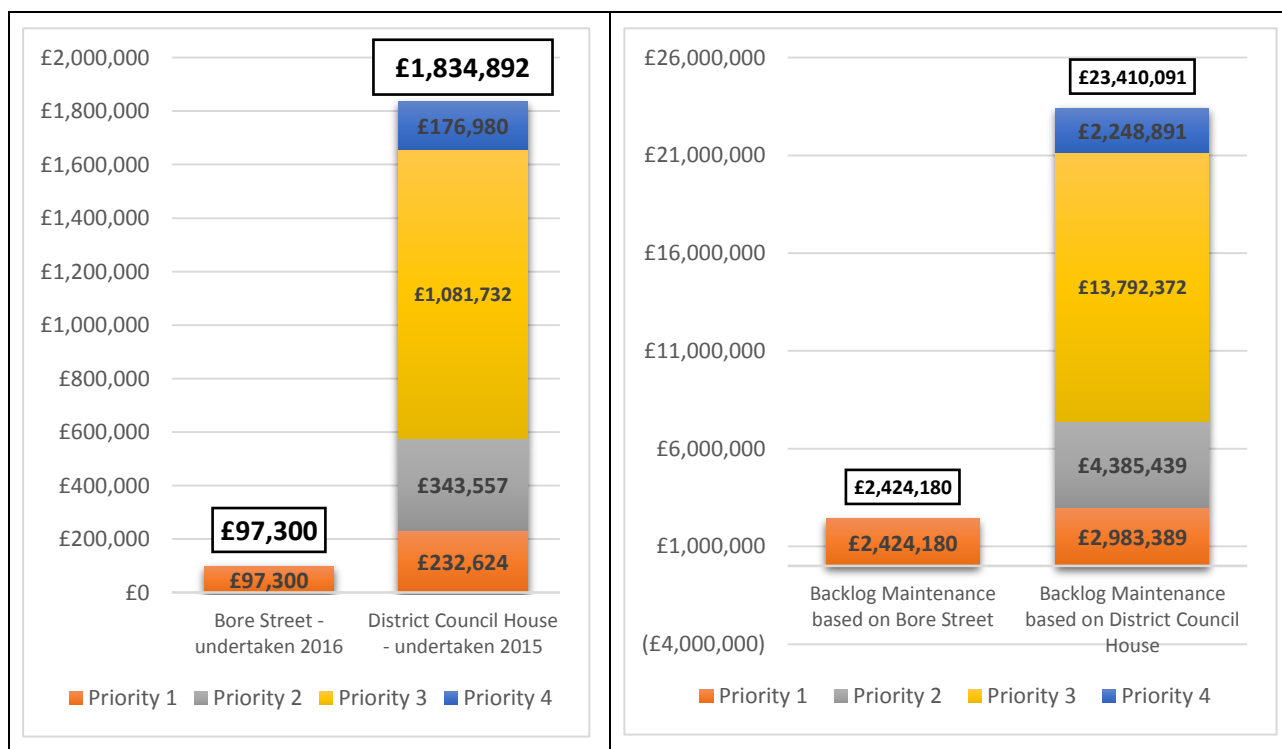


4. Asset Management Planning

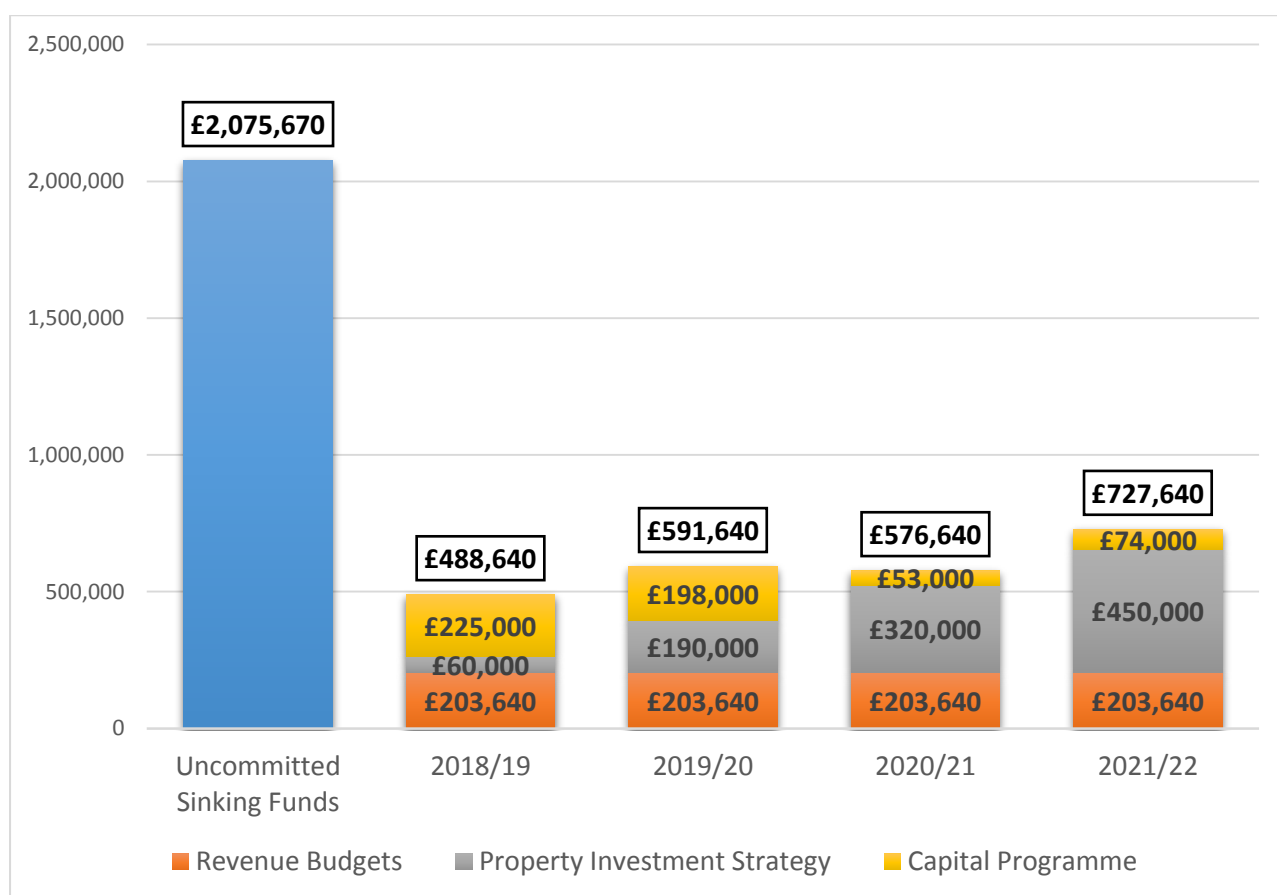
- 4.1. The level of property assets with recent Property Condition Surveys (i.e. undertaken within the last five years) and the current level of Asset Management Plans by asset value is shown below:



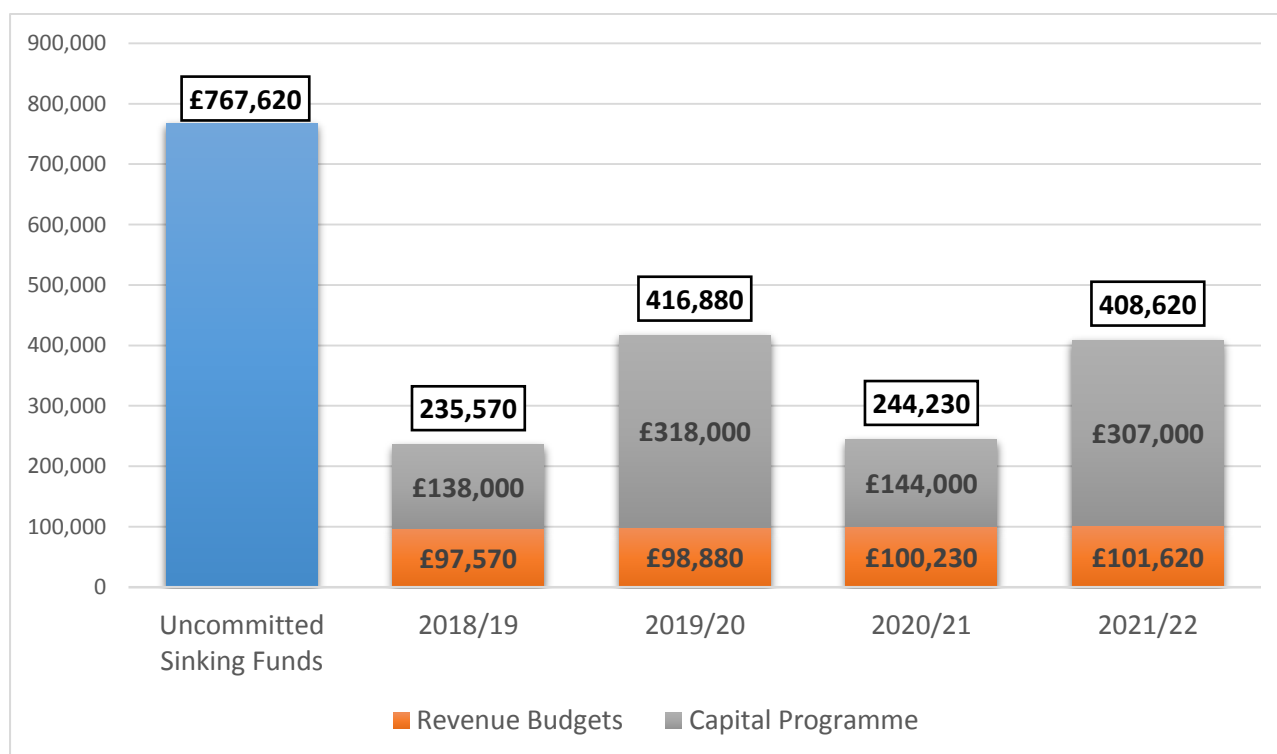
- 4.2. The level of backlog maintenance identified in the two recent condition surveys can be used to project the potential level for all property assets using the ratios identified in these surveys:



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



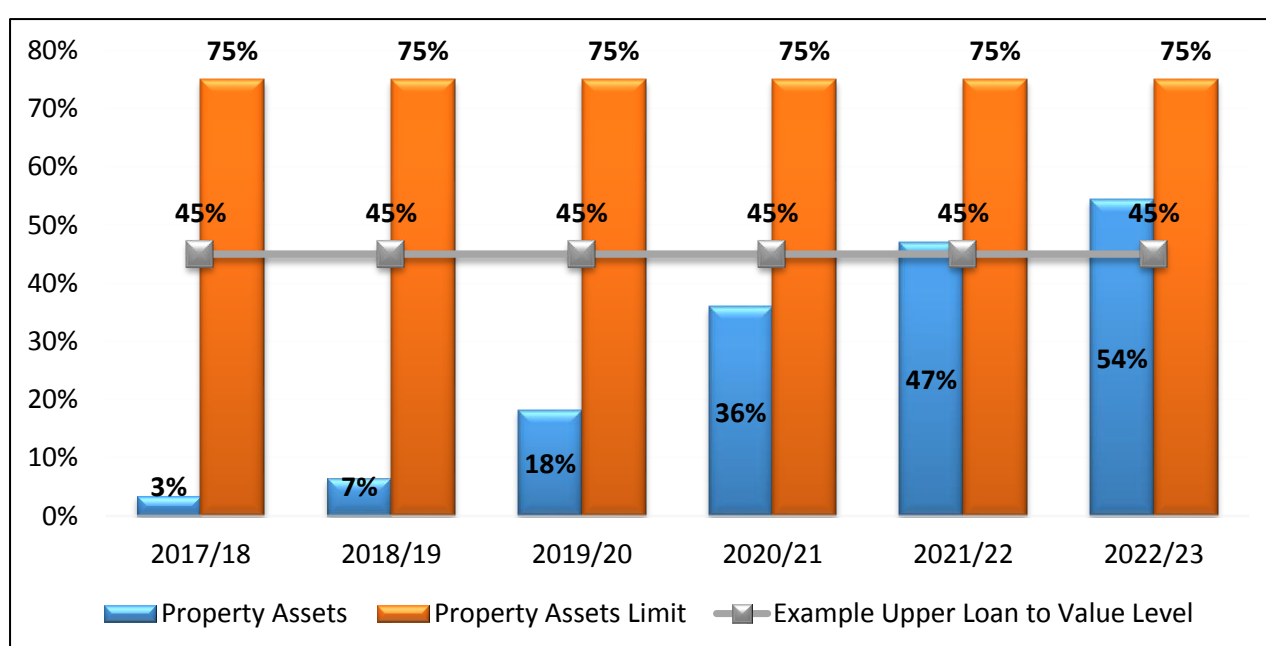
4.4. The resources identified for replacement and maintenance of vehicles, plant and equipment assets are:



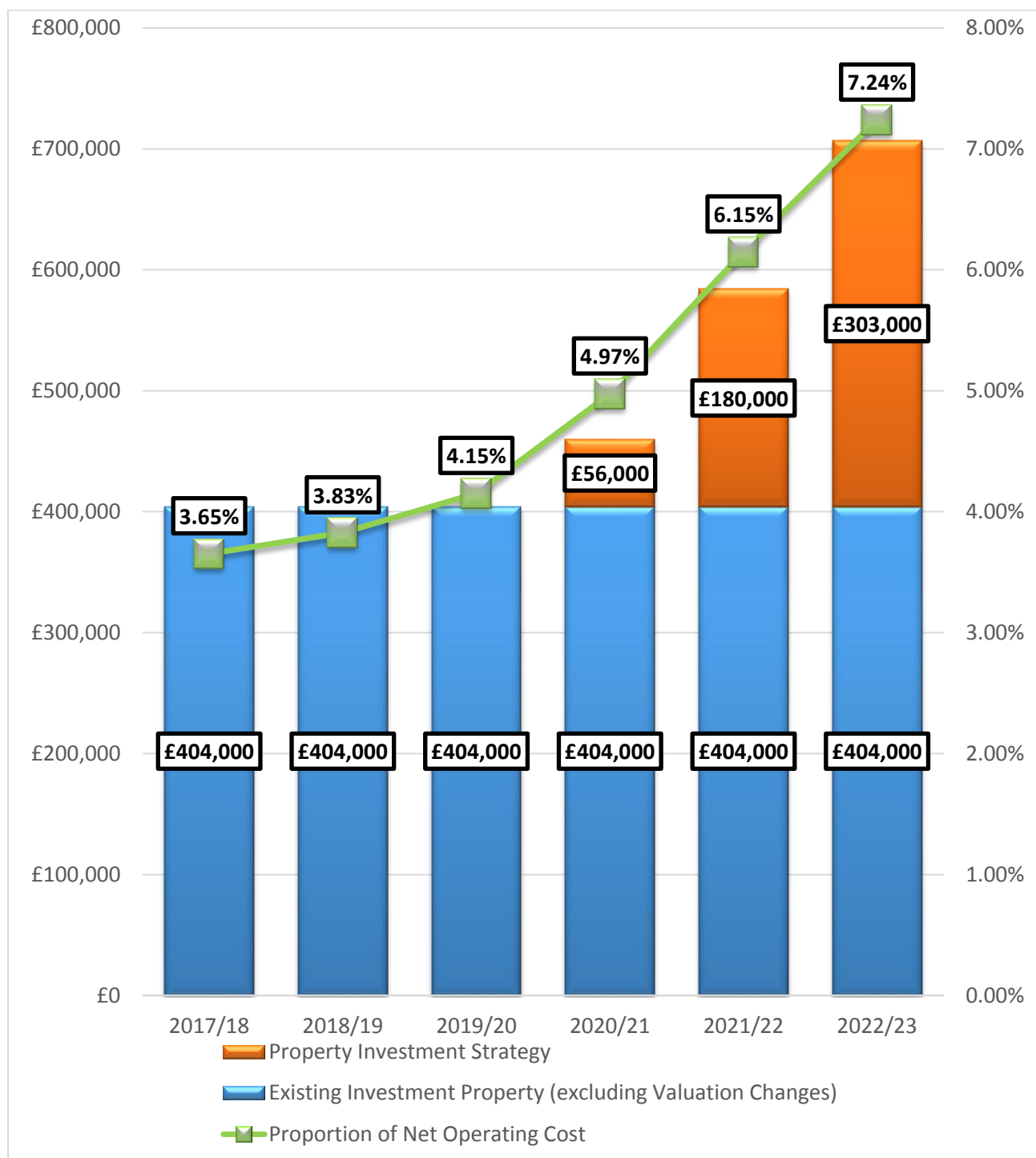
5. The Property Investment Strategy

- 5.1. Council approved the property investment strategy on 16 October 2018 and plans to invest **£45m** to develop a prudent investment property portfolio to provide an ongoing source of income while supporting the strategic objectives of the Council by; promoting economic growth, facilitating development, shaping communities and enabling financial sustainability.
- 5.2. The Council must give due consideration to the drivers for investment (below), along with the guidance from CIPFA and the Ministry of Housing, Communities and Local Government. The latter is a clear steer to look at investments as listed below, where yield is the last consideration after security and liquidity, so that a focus on the potential return on investment does not hamper the need for appropriate due diligence and assessment of risk.
 1. **Security** – ensure capital sums are largely protected from loss.
 2. **Liquidity** – ensure money is available when required to meet ongoing needs.
 3. **Yield** – ensure there is a viable and sustainable return on investment.
- 5.3. To ensure the maximum number of benefits are achieved, that public perception is considered and that management cost are optimised, the following principles have been selected by the Council to govern any decisions made on property investment;
 - **Local** – property will be within the District of Lichfield, or within the functional economic geography. It should be close enough to allow it to be effectively managed and maintained, as well as being appealing to tenants or purchasers now and in the future.
 - **Diversified** – property investment will be diversified to broaden the portfolio and so reduce the risk, with a focus given to particular groups, such as housing and offices, when justification is clear and evidenced
 - **Strategic** – property investment should be for the long-term and be regularly rebalanced to support our strategic priorities as well as being acceptable to our community
 - **Prudent** – property investment will be appropriately risk assessed. Where acquisition is being considered, the current tenancy should offer some security in relation to the length of tenure, strength of the covenant and ongoing viability of the tenant. Where development is being considered, likely tenancies and pre-lets would need to be leveraged to support any financial assessment.
 - **Profitable** – property investment will provide a return on investment, either through lettings or sales. The yield on the property should exceed the ongoing costs for management, maintenance and borrowing, while considering the full costs of acquisition or development (e.g. Stamp Duty, legal fees, external valuations and structural surveys). To ensure these principles are considered in each case any decision to invest will be supported by the introduction of an assessment methodology, considering the key aspects of the property, such as; location, tenancy strength, tenure, lease length, repairing terms and size. This could be done through an assessment matrix, which would provide a level of assurance and objectivity to decision making.

- 5.4. Investment, including property acquisitions, always attracts a level of risk and higher returns are often associated with higher risks. This is one of the reasons for every decision to be appropriately risk assessed, while the overall portfolio should be adequately managed to reduce the overall risk attached to it.
- 5.5. Risk will come from a number of factors, including;
- **Economic** – periods of rental decline or lack of income, the costs of maintaining the property and falls in property values in a recessionary environment, certain property market segments or certain geographical areas becoming less attractive than others.
 - **Political** – changes to national government or local priorities
 - **Customer** – reputational damage from resident perception of investment
 - **Legislative** – changes to ownership, investment or borrowing legislation
- 5.6. Ongoing risk, will be managed through standard risk management policies and procedures, ensuring appropriate transparency and challenge.
- 5.7. The Property Investment Strategy acquisitions are planned to be funded by borrowing. The level of property value funded by borrowing is known as gearing and in the private sector is measured as the loan to value (LTV) ratio.
- 5.8. The private sector will set a maximum loan to value range for property typically **35% to 45%** to manage the risk that the loans outstanding are unable to adapt to changing asset strategy or property value. This will be evident in a recession where typically property values reduce and loans therefore can exceed property value (known as negative equity).
- 5.9. A negative equity scenario can make it difficult to rebalance the portfolio through disposals due to the existing loan repayments that will still need to be paid whilst income is no longer received.
- 5.10. The projected gearing ratio, the limit identified in the property investment strategy and an example upper loan to value limit from a property investment company is shown below:



5.11. The level of the Net Budget that will be supported by the Property Investment Strategy (excluding valuation movements) is:



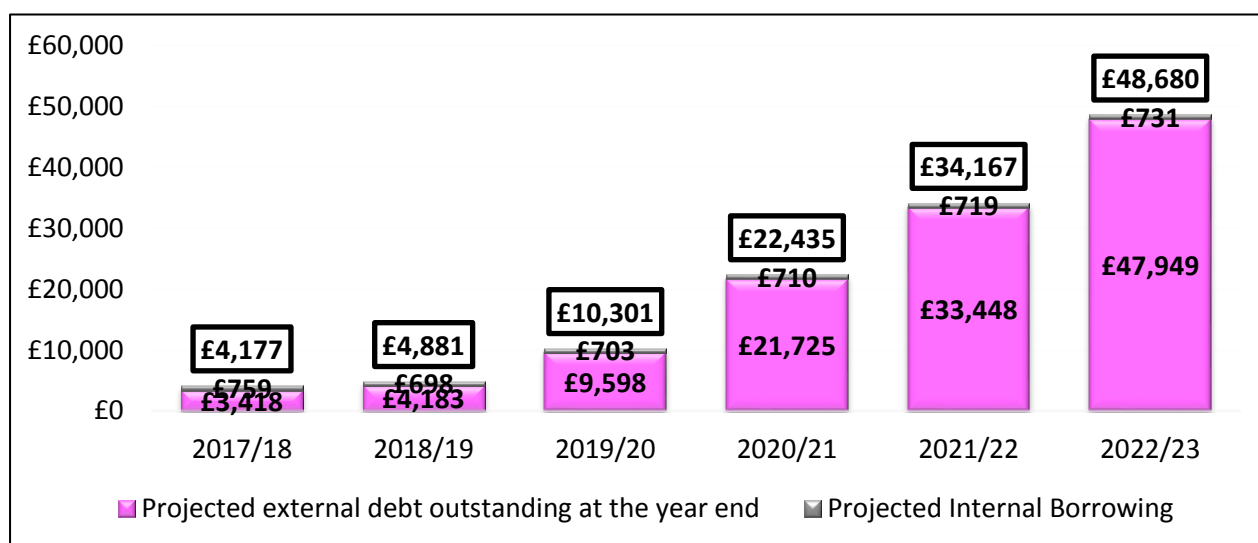
5.12. The Council has a joint venture partnership with PSP for property and also approved the creation of a Local Authority company to deliver on development and housing ambitions.

5.13. The Capital Programme includes a loan of up to **£900,000** in 2019/20 for a period of 5 years to facilitate housing development and is assumed to be interest free.

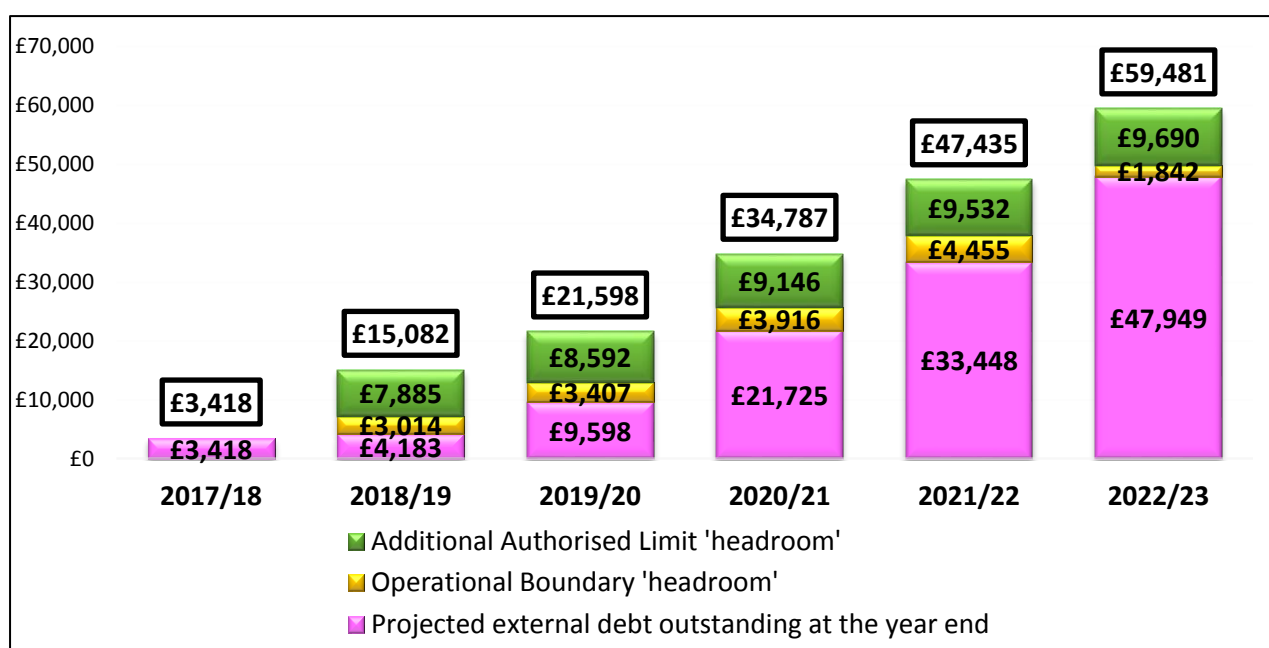
5.14. At present no income stream from the company other than the loan repayment that will be treated as a capital receipt is assumed in the Medium Term Financial Strategy.

6. Debt Management

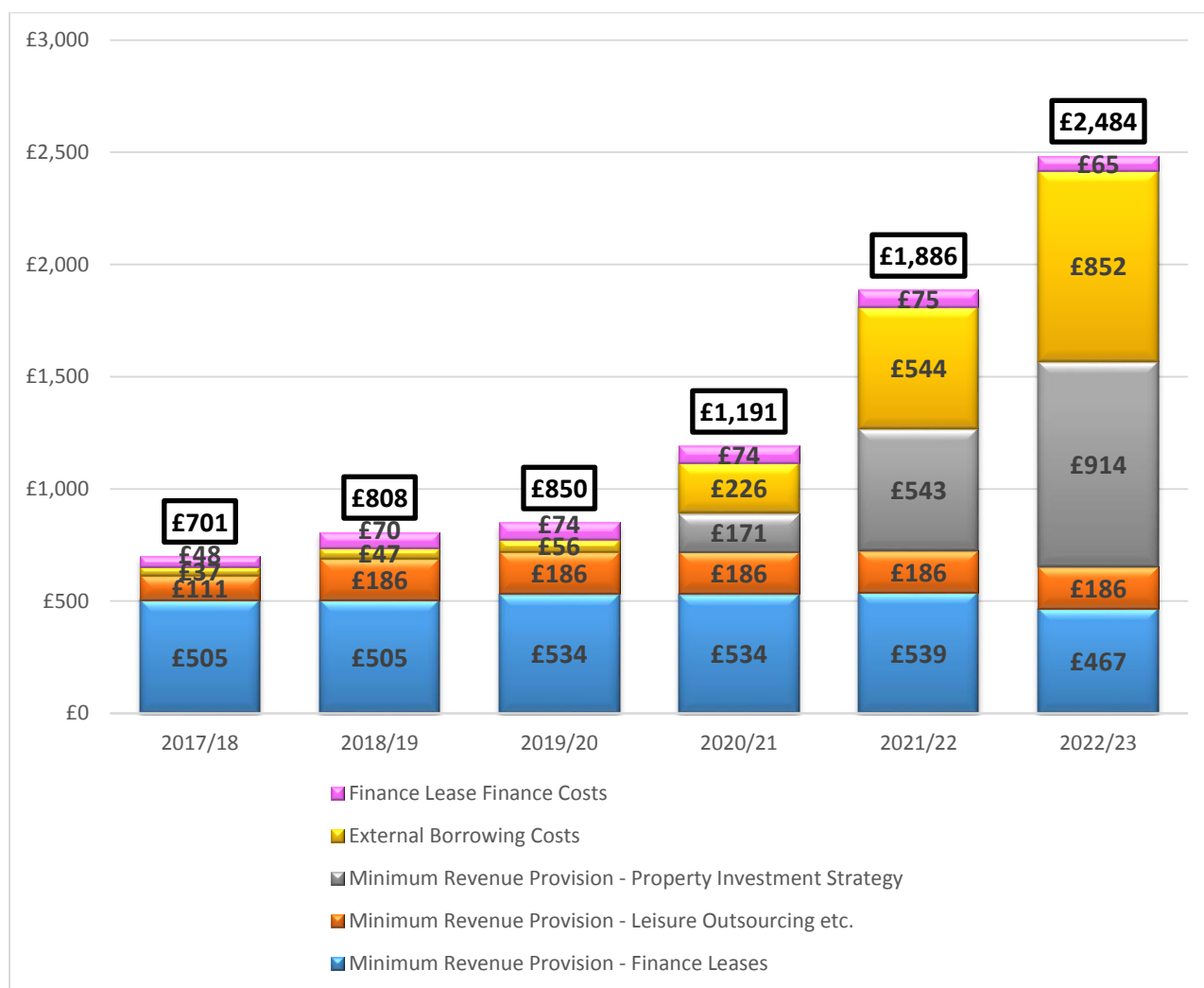
- 6.1. At the 31 March 2018 the Council had a relatively low level of debt outstanding of **£3.418m** in the form of external borrowing and finance leases.
- 6.2. The investment in Burntwood Leisure Centre as part of the Leisure Outsourcing, the implementation of the Property Investment Strategy and the renewal of the waste fleet through a contract hire arrangement will mean debt is projected to increase to **£47.949m** by 31 March 2023.
- 6.3. The projected **Capital Financing Requirement** or borrowing need, **projected level of external debt** and projected level of internal borrowing in (£000) is shown below:



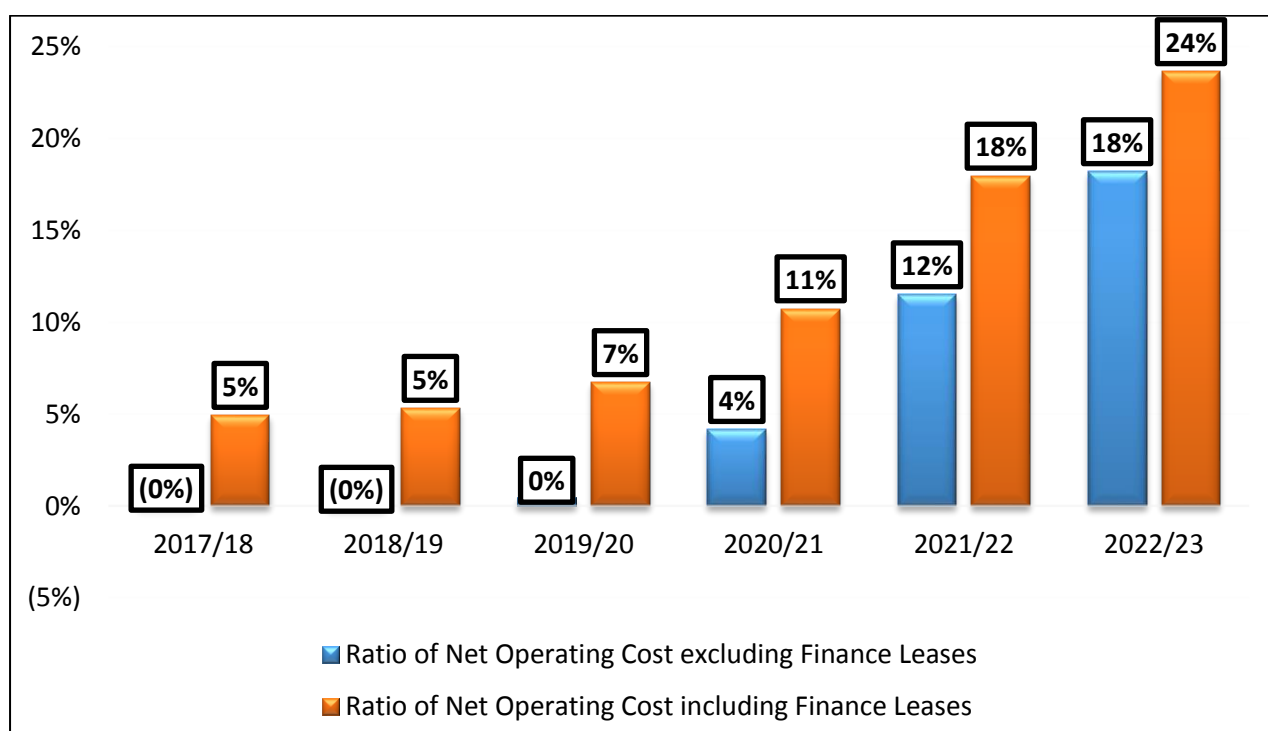
- 6.4. The Council is managing its debt through setting Prudential Indicators related to the statutory maximum known as the **Authorised Limit** and an **Operational Boundary** as shown below in (£000):



- 6.5. The level of debt determines the cost of debt servicing (Minimum Revenue Provision which is similar to depreciation with asset cost divided by assessed asset life plus the cost of finance) in £000:



6.6. The proportion of the net budget allocated to financing costs (net of investment income) is below:



7. Financial Guarantees

- 7.1. In addition, to the debt projections shown above in relation to external borrowing and finance leases, the Council also acts as a guarantor for an admitted body that delivers services on behalf of the Council.
- 7.2. In the event that it is probable that these guarantees will be required a financial provision would be created to mitigate the risk.
- 7.3. The guarantees identified in the Statement of Accounts under the Contingent Liabilities note are:
 - **The Lichfield Garrick** – the guarantee relates to the pensions of transferred employees and at 31 March 2018 the risk of default was assessed as less than **1%** and therefore the financial risk to the Council is **£5,000**.
 - **Freedom Leisure** - the guarantee relates to the pensions of transferred employees and at 31 March 2018 the risk of default was assessed as less than **1%** and therefore the financial risk to the Council is **£97,000**. Freedom Leisure have been admitted to the Pension Fund using a 'pass through' agreement where the Council bears all market related risks such as investment returns. The Pension Fund actuary assessed a market related bond to manage these risks to be **£677,000**. The Council agreed to the creation of an earmarked reserve projected to total **£267,080** at the end of the ten year contract period from the leisure outsourcing savings with any additional sum to be provided by General Reserves.
- 7.4. These guarantees are assessed throughout the year, in terms of the financial viability of the organisations for which the guarantee is provided, to determine whether a financial provision will need to be created.

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

- 8.1. The Council's risk appetite along with the majority of Local Government is increasing due to the need to offset funding reductions from Central Government with income from alternative and commercial sources. This approach is evident with the approval by Council on 16 October 2018 of the Property Investment Strategy that involves the creation of a Local Authority Development Company and plans to invest in commercial property.
- 8.2. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Head of Finance and Procurement is a qualified accountant with 30 years' experience, the Council is in the process of recruiting a new Estates Team to manage existing property and deliver the Property Investment Strategy. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA and the Association of Accounting Technicians.
- 8.3. Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers and has access to property professionals through the PSP joint venture. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.
- 8.4. The Council does not plan to utilise the flexible use of capital receipts for transformation projects.

9. Prudential and Local Indicators

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

Prudential Indicators							
Indicators	2017/18 Actual	2018/19 Original	2018/19 Revised	2019/20 Original	2020/21 Original	2021/22 Original	2022/23 Original
Capital Investment							
Capital Expenditure (£m)	£2.608	£10.242	£5.355	£11.618	£14.909	£14.466	£17.250
Capital Financing Requirement (£m)	£4.177	£10.552	£4.881	£10.301	£22.435	£34.167	£48.680
Gross Debt and the Capital Financing Requirement							
Gross Debt	(£3.418)	(£10.142)	(£4.183)	(£9.598)	(£21.725)	(£33.448)	(£47.949)
Borrowing in Advance - Gross Debt > Capital Financing Requirement	No	No	No	No	No	No	No
Total Debt							
Authorised Limit (£m)	£3.991	£21.377	£15.082	£21.598	£34.787	£47.435	£59.481
Operational Boundary (£m)	£3.991	£13.122	£7.197	£13.006	£25.641	£37.903	£49.791
Proportion of Financing Costs to Net Revenue Stream (%)	5%	7%	5%	7%	11%	18%	24%
Local Indicators							
Indicators	2017/18 Actual	2018/19 Original	2018/19 Revised	2019/20 Original	2020/21 Original	2021/22 Original	2022/23 Original
Replacement of Debt Finance (£m) ¹	(£0.616)	(£0.699)	(£0.691)	(£0.720)	(£0.891)	(£1.268)	(£1.568)
Capital Receipts (£m)	(£0.426)	£0.000	(£0.356)	(£1.056)	(£0.009)	(£0.009)	(£0.009)
Liability Benchmark (£m) ²	£13.243	£2.345	£12.572	£5.017	(£7.854)	(£20.171)	(£31.711)
Treasury Investments (£m)	£24.519	£20.911	£25.119	£23.373	£23.137	£23.082	£23.430

10. Chief Finance Officer Assessment of the Capital Strategy

- 10.1. The key risks associated with the Capital Strategy are principally related to the Property Investment Strategy and its funding given this is planned to be funded through borrowing.
- 10.2. I have assessed the current overall risk as **85** out of **144** based on the following factors:

	Likelihood	Impact	Overall
Minimum			0
Capital Strategy			
Slippage Occurs in the Capital Spend	4	2	8
Planned Capital Receipts are not received	3	4	12
Actual Cash flows differ from planned Cash flows	2	2	4
Property Investment Strategy			
Slippage Occurs in the Capital Spend	4	2	8
Change of Government policy including regulatory change	2	4	8
The form of exit from the EU adversely impacts on the UK economy including the Property Market and Borrowing Costs	3	4	12
There is a cyclical 'downturn' in the wider markets	3	3	9
There is insufficient expertise to implement the Property Investment Strategy	3	4	12
Inability to acquire or dispose of assets due to good opportunities not being identified	3	4	12
Assessed Level of Risk			85
Maximum			144

¹ Total Minimum Revenue Provision.

² The lowest risk level of borrowing by keeping cash and investment balances to a minimum level of £10m at each year end to maintain liquidity but minimise credit risk (the liability benchmark calculation reduces the level of cash that is invested in the financial markets to the minimum level through the use of internal borrowing).

Capital Programme

Project	Capital Programme						
	(R=>£500k, A= £250k to £500k and G = <£250k)						
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000	Corporate £000
LOPS - BLC Enhancement Work	0	95	0	0	0	95	0
LOPS - Other Burntwood Leisure Centre Sinking Fund	0	140	0	0	0	140	0
LOPS - Friary Grange Capital Works	50	0	0	0	0	50	0
LOPS - Leisure Review: Capital Investment	1,395	0	0	0	0	1,395	0
ECON - Play Equipment at Hill Ridware Village Hall	0	71	0	0	0	71	0
ECON - New Build Parish Office/Community Hub	0	92	0	0	0	92	0
ECON - Fradley Village Heating & CCTV	15	0	0	0	0	15	0
ECON - Fradley Youth & Community Centre	15	0	0	0	0	15	0
ECON - Replacement of children's play equipment	21	0	0	0	0	21	0
ECON - Armitage with Handsacre Village Hall heating	20	0	0	0	0	20	0
ECON - Armitage with Handsacre Village Hall storage	16	0	0	0	0	16	0
ECON - Re-siting/improvement of Armitage War Memorial	80	40	0	0	0	120	0
ECON - Replacement of canopy and artificial grass	13	0	0	0	0	13	0
REGH - Accessible Homes (Disabled Facilities Grants)	1,193	1,104	950	950	950	5,147	352
REGH - Home Repair Assistance Grants	15	15	15	15	15	75	0
REGH - Decent Homes Standard	0	197	0	0	0	197	0
REGH - Energy Insulation Programme	41	10	10	10	10	81	0
REGH - DCLG Monies	0	212	0	0	0	212	0
REGH - Unallocated S106 Affordable Housing Monies	0	400	0	0	0	400	0
REGH - Housing Redevelopment Scheme - Packington	40	0	0	0	0	40	0
Healthy & Safe Communities Total	2,914	2,376	975	975	975	8,215	352
LOPS - Darnford Park (S106)	0	13	0	0	0	13	0
LPDE - Loan to Council Dev. Co.	0	900	0	0	0	900	116
ECON - Canal Towpath (Brereton & Ravenhill)	0	211	0	0	0	211	0
WC - Vehicle Replacement Programme	0	140	25	0	3,080	3,245	0
LOPS - Vehicle Replacement Programme	15	301	119	307	20	762	210
LOPS - Shortbutts Park, Lichfield	0	23	0	0	0	23	20
ECON - Env. Improvements - Upper St John St	0	7	0	0	0	7	0
LOPS - Stowe Pool Improvements (S106) (Jul 2012)	0	550	450	0	0	1,000	5
ECON - The Leomansley Area Improvement Project	3	0	0	0	0	3	0
ECON - Cannock Chase SAC	62	13	22	25	0	122	0
Clean, Green and Welcoming Places to Live Total	80	2,158	616	332	3,100	6,286	351
REGH - Data Management System	11	0	0	0	0	11	0
ECON - Birmingham Road Site Support	143	0	0	0	0	143	143
ECON - Birmingham Road Site - Coach Park	5	238	0	0	0	243	243
ECON - Birmingham Road Site - Police Station Acquisition	1,805	0	0	0	0	1,805	1,676
ECON - Birmingham Road Site - Short Term Redevelopment	0	353	0	0	0	353	0
ECON - Sankey's Corner Environmental Improvements	3	0	0	0	0	3	0
ECON - City Centre Strategy and Interpretation	24	0	0	0	0	24	1
ECON - Car Parks Variable Message Signing	0	32	0	0	0	32	0
ECON - Old Mining College - Refurbish access and signs	14	0	0	0	0	14	0
ECON - Lichfield Festival Parade and Website	14	0	0	0	0	14	14
ECON - St Mary's Cultural Hub	45	0	0	0	0	45	45
ECON - Erasmus Darwin Lunar Legacy	25	0	0	0	0	25	25
ECON - St. Chads Sculpture	0	50	0	0	0	50	50
A Vibrant and Prosperous Economy Total	2,089	673	0	0	0	2,762	2,197
LPDE - Property Investment Strategy	0	6,000	13,000	13,000	13,000	45,000	0
LOPS - Depot Sinking Fund	0	11	0	0	0	11	11

APPENDIX C

Project	Capital Programme (R=>£500k, A= £250k to £500k and G = <£250k)						
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000	Corporate £000
CORP - IT Innovation	187	167	110	50	50	564	459
CORP - IT Infrastructure	0	105	55	35	15	210	210
CORP - IT Cloud	0	25	100	0	0	125	125
CORP - District Council House	85	103	53	74	110	425	310
A Council that is Fit For the Future Total	272	6,411	13,318	13,159	13,175	46,335	1,115
Grand Total	5,355	11,618	14,909	14,466	17,250	63,598	4,015

Funding Source	Capital Programme						
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000	
Usable Capital Receipts	1,888	976	364	413	219	3,860	63,598
Revenue	155	0	0	0	0	155	
Corporate Council Sources	2,043	976	364	413	219	4,015	
External Grants and Contributions	1,281	1,863	1,358	931	931	6,364	
Section 106	264	906	43	25	0	1,238	
Earmarked Reserves	365	1,498	119	97	20	2,099	
Sinking Fund	7	235	0	0	0	242	
Finance Leases	0	140	25	0	3,080	3,245	
Grand Total	3,960	5,618	1,909	1,466	4,250	17,203	
In Year FUNDING GAP (Borrowing Need)	1,395	6,000	13,000	13,000	13,000	46,395	
Cumulative FUNDING GAP (Borrowing Need)	3,338	9,151	21,793	34,064	45,964	45,964	
Available Capital Receipts	(1,538)	(1,618)	(1,263)	(859)	(649)	(649)	

MTFS Audit Trail	Financial Year					
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Cabinet 13 February 2018	10,242	17,707	14,551	14,207	0	56,707
<u>Budget Monitoring in 2018/19</u>						
2017/18 Money Matters (Slippage)	918					918
3 Month's Money Matters						
• Rephasing	(649)	649				0
• Other Changes	154					154
6 Month's Money Matters						
• Rephasing	(3,544)	3,544				0
8 Month's Money Matters						
• Rephasing	(3,569)	3,579	(10)			0
• Other Changes	(101)					(101)
Cabinet and Council Reports		900				900
Completed Projects	(1)					(1)
Section 106 Allocations	488	106				594
Allocation of 'Old Father Time' monies under delegation	84	50				134
Birmingham Road Site including Police Station Acquisition	1,333	(2,658)	(50)			(1,375)
<u>Modelled Changes</u>						
Capital Bids		388	418	259	4,250	5,315
Rephasing of Property Investment Strategy		(13,000)			13,000	0
Birmingham Road Site - Short Term Redevelopment		353				353
Capital Programme	5,355	11,618	14,909	14,466	17,250	63,598

Birmingham Road Site - Short Term Redevelopment and Future Options Appraisal

Approved Budget

Birmingham Road Site	Approved Budget					
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Support	143					143
Police Station Acquisition	1,805					1,805
Coach Park Acquisition	5	238				243
Sub Total Capital Programme	1,953	238	0	0	0	2,191
<u>Police Station Acquisition</u>						
Other	8					8
Demolition	100					100
Sub Total Revenue Budget	108	0	0	0	0	108
Total Approved Budget	2,061	238	0	0	0	2,299

Funded by:						
Corporate Capital Resources	1,824	238				2,062
Earmarked Reserve – Condition Survey	39					39
Earmarked Reserve - BRS	198					198
Total Funding	2,061	238	0	0	0	2,299

Birmingham Road Site - Short Term Redevelopment and Future Options Appraisal

Recommended Additional Budgets

Short Term Development and Future Options Appraisal	Recommended Budget					
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Bus Station Works		167				167
Landscaping Works		111				111
Other Works		30				30
Fees		45				45
Sub Total Capital Programme	0	353	0	0	0	353
Master Planning		60				60
Fees	49	45	28	28		150
<u>Demolition</u>						
Total Cost		233				233
Less : Approved	(100)					(100)
Sub Total Revenue Budget	(51)	338	28	28	0	343
Total Recommended Budget	(51)	691	28	28	0	696

Funded by:						
Earmarked Reserve - BRS	(51)	691	28	28	0	696
Total Funding	(51)	691	28	28	0	696

Birmingham Road Site Earmarked Reserve

Short Term Development and Future Option Appraisal	BRS Earmarked Reserve					
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Opening Balance	(1,306)	(1,159)	(452)	(408)	(380)	(1,306)
<u>Approved Budget</u>						
Police Station Acquisition	198					198
Major Projects Team		16	16			32
<u>Recommended Budget</u>						
Revenue	(51)	338	28	28	0	343
Capital	0	353	0	0	0	353
Closing Balance	(1,159)	(452)	(408)	(380)	(380)	(380)

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

Context

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

Adequacy of Reserves

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

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

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

The Council's aim is to have a prudent level of General Reserves available for unforeseen financial risks. The Council projects general reserves of **£3,731,850** at 31 March 2019. The minimum level of Reserves for 2019/20 onwards is **£1,600,000** and has been determined by Risk Assessment. This is **14%** of the amount to be met from Government Grants and Local Taxpayers in 2019/20 of **£11,371,400**.

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

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

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

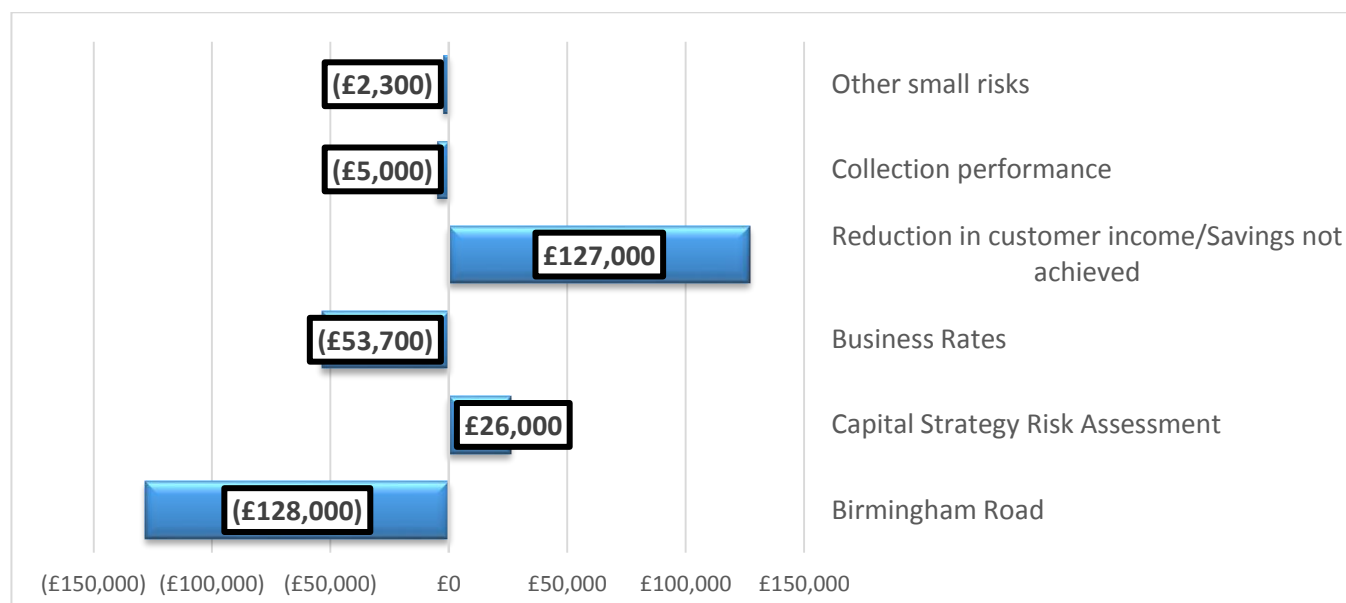
Use of General Revenue Reserves

The above assessment demonstrates that General Revenue Reserves are at an appropriate level as determined in accordance with the MTFS and the CFO's professional advice. The MTFS allows any Reserves above the level required by the Strategy to be used to fund one-off items of expenditure. No General Revenue Reserves below the minimum threshold are being used to support the 2019/20 budget and beyond.

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

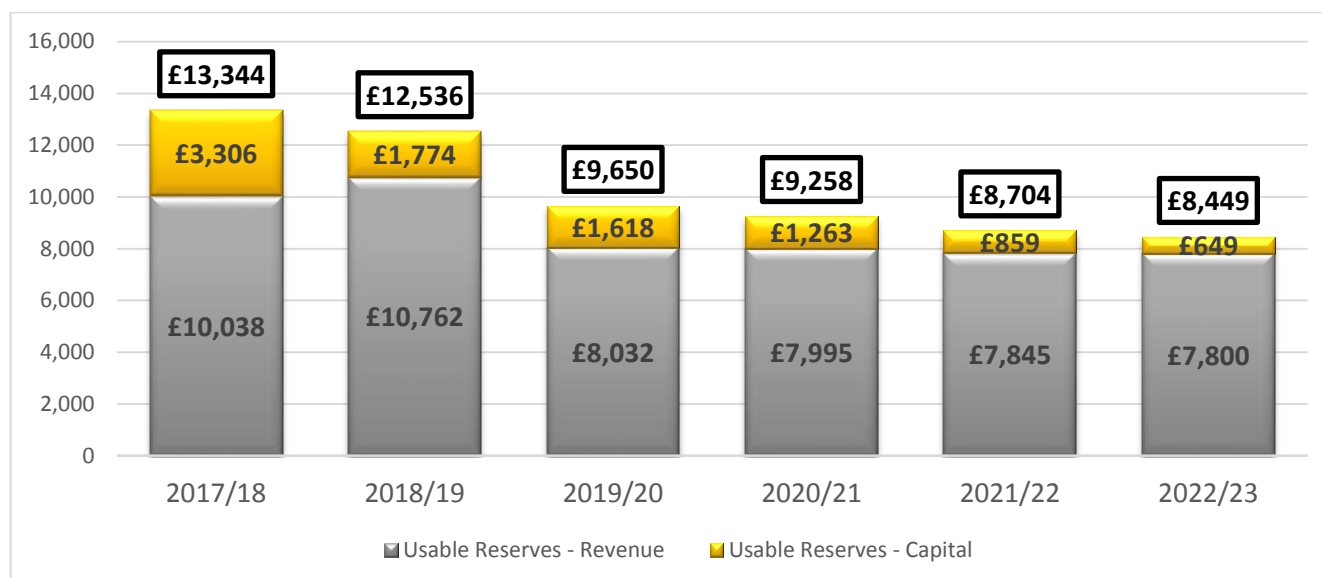
The table below shows the financial risk assessment made for **2019/20**:

Explanation of Risk / Justification of Balances	Severity of Risk	2019/20 Reserve Amounts £	2018/19 Reserve Amounts £	Change £
Birmingham Road Site Revenue Implications	Tolerable	£0	£128,000	(£128,000)
Capital Strategy Risk Assessment	Material	£117,000	£91,000	£26,000
Business Rates	Severe	£599,000	£652,700	(£53,700)
Leisure Centre Outsourcing Bid	Tolerable	£36,000	£0	£36,000
Reduction in customer income/Savings not achieved	Material	£355,000	£228,000	£127,000
Higher inflation	Material	£155,000	£155,000	£0
Increase in demand led services	Material	£90,000	£90,000	£0
Collection performance	Material	£115,000	£120,000	(£5,000)
Civil Contingency	Tolerable	£127,000	£127,000	£0
Other small risks	Tolerable	£6,000	£8,300	(£2,300)
		£1,600,000	£1,600,000	£0



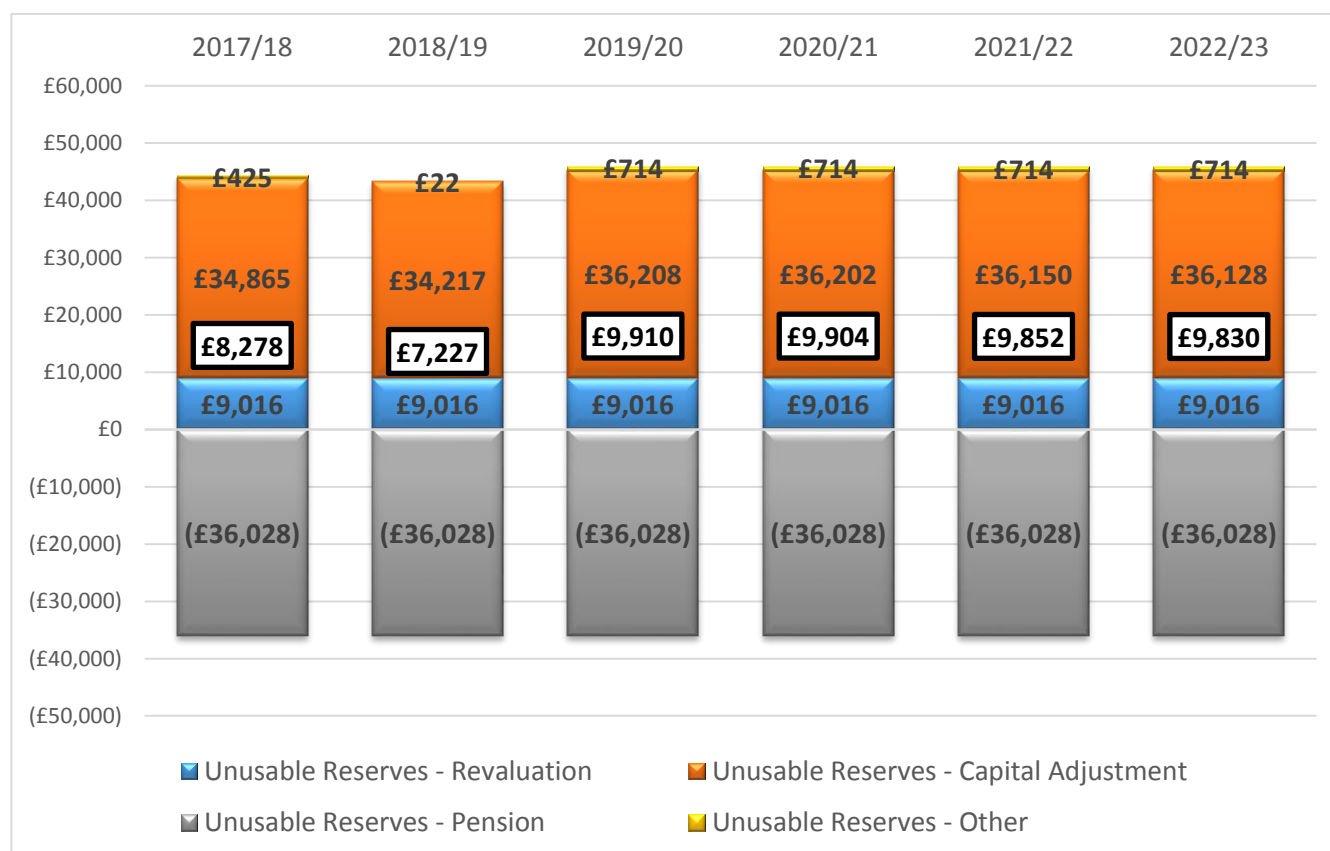
Other Reserves (in addition to General Reserves)

A review of the level of Earmarked Reserves has been undertaken as part of the annual Budget preparation. The projected levels are shown below in £000:



Ongoing review of Earmarked Reserves will take place as part of the Money Matters Reports to ensure we are only holding funds for known and essential purposes.

The Council also holds other Unusable Reserves that arise out of the interaction of legislation and proper accounting practice and the Balance Sheet projections are shown below in £000:



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

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

Timetable - the process started in June 2018 and the draft budget was completed in December 2018 prior to the Provisional Financial Settlement for Local Government 2019/20. This enabled formal scrutiny of the budget making process in January 2019. The final budget is due to be set at Council on 19 February 2019, well within the statutory deadline.³

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

Consultation – In Autumn 2018, we carried out a budget consultation to find out what people who live in the District think about the services we provide and their view on an acceptable level of Council Tax increase.

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

Localism Act - Right to approve or veto excessive Council Tax rises - The Secretary of State has determined a **3% or £5.00** (whichever is the higher) limit for Council Tax increases for 2019/20. If an Authority proposes to raise taxes above the limit they will have to hold a referendum to get approval for this from the local voters who will be asked to approve or veto the rises.

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

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

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

Financial risks – The Council continues to use an embedded good practice Risk Assessment approach both when setting the Budget and in validating estimated outturns. This continues for the 2018/19 outturn and 2019/20 plus Budget. The minimum level of General Reserves is considered to be adequate to cover all but the most unusual and serious combination of risks.

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

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

³ Statutory deadline date for setting Council Tax is by 11 March 2019.



Lichfield District Council

Budget consultation 2019/20

This document has been produced on behalf of Lichfield District Council by the Staffordshire County Council Strategy Team.

Title	Your View, Budget Consultation Report, January 2019
Date created	January 2019
Description	The purpose of this document is to provide Lichfield District Council with the consultation results on the Your View Budget Consultation.
Produced by	Alice Walters Research Officer Strategy Team/Strategy Governance and Change, Staffordshire County Council Tel: 01785 278150 Email: alice.walters@staffordshire.gov.uk
Geographical coverage	Lichfield District
Usage statement	This product is the property of Lichfield District Council. If you wish to reproduce this document either in whole, or in part, please acknowledge the source and the author (s).
Disclaimer	Staffordshire County Council, while believing the information in this publication to be correct, does not guarantee its accuracy nor does the County Council accept any liability for any direct or indirect loss or damage or other consequences, however arising from the use of such information supplied.

APPENDIX E

EXECUTIVE SUMMARY

The Lichfield resident 'Your View' budget consultation survey received 340 responses, from residents with a range of demographic characteristics, but who were not wholly representative of the diversity of the Lichfield population.

Residents identified areas of service which they felt were the most and least important to them, as well as providing their views and opinions on how these services should be funded in the 2019/20 budget. Services have been ranked from 'high importance' to 'low importance' based on survey responses, with the most important being 'Waste collection from homes', and the least important being 'Central costs'.

Recommendations about increasing, protecting, and reducing funding were broadly in line with how important residents felt a service was. As a result, the service thought to be most important, 'Waste collection from homes', sees the highest proportion of residents in favour of protecting existing funding levels, and least important 'Central costs' sees many in favour of spending reductions.

Around 1 in 4 respondents (27%) were in favour of increasing spending on 'Homelessness and the environment', which was the highest proportion of residents in favour of spending increases in any single service area.

Residents also shared their views on where they felt additional funds should be sourced from in order to support a balanced budget in 2019/20.

There was a fairly even split between respondents in favour of, and opposed to a suggested 2.99% increase in Council Tax (49% in favour, 51% opposed), although some of those opposed to a 2.99% increase were willing to accept lesser increases (12% of respondents). Overall 41% responded that they would not be receptive to any increases in 2019/20.

In general respondents did not feel that the council should explore new fees or charges. Only 29% of respondents were receptive to the idea of new charges being explored, compared to 59% of respondents being receptive to some increase in their Council Tax.

Other suggestions around the budget and income opportunities focussed upon;

- Council costs
- Development and regeneration of land, localities and assets
- Leisure, entertainment and infrastructure investment to improve access and attractiveness
- Use of fees and charges both to stimulate economic growth and to generate income
- Making the most of the council's cultural heritage
- The environment
- Events, festivals and the arts
- Volunteering
- Housing
- Parking
- Private sponsorship and delivery of relevant services

Overall, the majority spending position of respondents was that the authority should aim to protect existing levels of spending as far as possible, but with the view that some outlying areas of service should see increased levels of funding, and others see reductions.

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INTRODUCTION

Lichfield District Council has a balanced budget for 2018/19 but has a substantial projected deficit for 2019/20. This means the council will face significant and ongoing financial challenges and will need to make further savings or generate additional income to continue to fund its services.

The council recognised the value and importance of seeking the views of residents before making any funding decisions and launched a consultation in October 2018 to obtain feedback on the importance of its current services, where money should be spent, the level of Council Tax to be set and possible income generation opportunities. This report summarises the results of the consultation with a view to helping the council make informed and appropriate decisions regarding its budget and spending commitments in 2019/20.

In addition to the survey results other assets have been referenced to strengthen the survey findings and ascertain how far they can provide insight into likely opinion across the whole district. This approach introduces new opportunities to better understand the needs, expectations and experiences of different communities and it is hoped that the council explores these more fully to develop a more representative and reliable public voice in the design, development and delivery of its services.

METHODOLOGY

Staffordshire County Council Strategy Team was commissioned to create an online survey as part of the council's arrangements to obtain the views of residents on budget proposals for 2019/10.

The survey was hosted on Lichfield District Council's website and supported with local communications informing how to participate in the consultation. The survey was open during October and November 2018.

Data was captured and processed by Staffordshire County Council and analysed to produce key findings. These findings are included in this report.

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RESPONDENT PROFILE

A total of 340 respondents participated in the survey. This equates to 0.3% of the adult population of Lichfield¹. A full respondent profile can be found in the appendices to this report, but some key points are summarised below:

- A higher proportion of males than females have responded to the survey; 57.5% males to 42.5% female compared to 49.5% males to 50.5% for the overall population
- Over half (54.5%) of respondents were aged 55 and over and more than 1 in 4 respondents (26.4%) were aged 65 to 74 years. Age groups 18-24 and 75+ were under-represented when compared with the district population as a whole while those aged 65-74 were over represented.
- Responses were received from all but two wards across the district (Bourne Vale and Mease Valley), with the highest number of responses coming from the wards of St John's, Stowe and Boley Park.
- Linking postcodes to Mosaic groups, all MOSAIC (Public Sector) Groups were represented amongst respondents though there was over representation in more affluent Groups with most respondents in just four of the 15 groups overall; namely Prestige Positions, Senior Security, Domestic Success and Suburban Stability. All four groups are over-represented when compared to the proportions of this group across the district population overall.

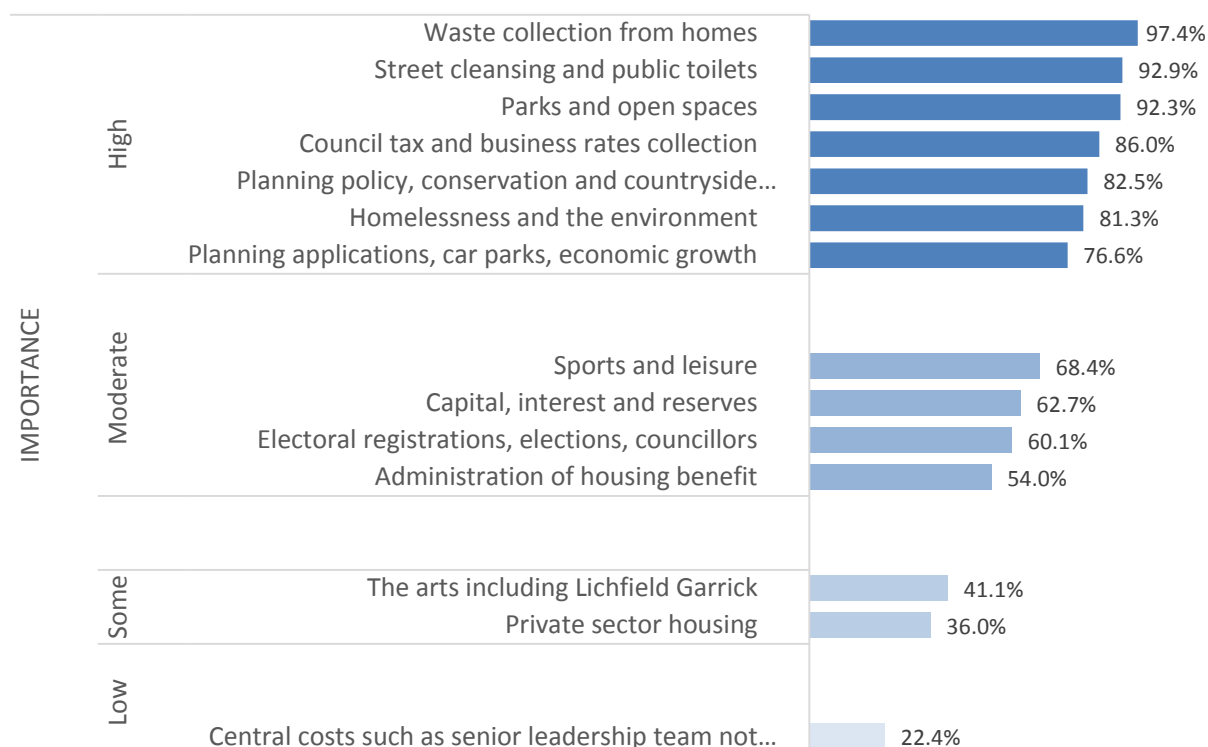
Whilst the respondent cohort is not considered to be representative of the district population demographic, they do provide meaningful insight into the services provided, views on funding, fees and charges, income opportunities and council tax. The 'Supporting information' section of this report helps to provide context and comparators that help to give an impression of how far these results are likely represent opinion across the whole district.

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HOW IMPORTANT ARE THE COUNCIL'S SERVICES?

Respondents were asked to indicate the level of importance they attributed to a range of services provided by the council. In Figure: X all of these services are ranked and classified⁴ based on the proportion of respondents who rated them as very or fairly important helping to give an impression of the services that respondents found most and least important.

Figure X: % of respondents who rated the following services very or fairly important



Overall, highest importance was attached to services supporting cleanliness and the environment, homelessness, council tax and business rates collection, planning, car parks and economic growth with lowest importance attached to the council's internal expenditure/arrangements and areas which some free text comments suggest might not be appropriate for the council including subsidies for the arts (specifically the Garrick Theatre) and private sector housing

The ranking of importance of services is very similar to that in the council's 2017 budget consultation (see Figure X) and mirrors findings in the council's 2014 'Fit for the future' survey where 'Waste collection/recycling', 'Rubbish/fly tipping', 'Cleanliness/litter picks' and 'Cleanliness/safety of restaurants' ranked highest in importance and more administrative commitments such as

⁴ To help provide an impression of priority, results are classified as follows. A similar classification was used in the council's budget survey in 2014.

High importance: 75-100% of respondents agree the service is very or fairly important
Moderate importance: 50-74% of respondents agree the service is very or fairly important
Some importance: 25-49% of respondents agree the service is very or fairly important
Low importance: 0-24% of respondents agree the service is very or fairly important

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‘Production of local plan’, ‘Council tax discounts’, ‘Website services’ and ‘Customer services/freedom of information requests’ were ranked lowest.

Figure X: Overall ranking of council services by their level of importance from highest to lowest. Results of the council's 2017 and 2018 surveys compared⁵

2018 survey	2017 survey
Waste collection from homes	Waste collection from homes
Street cleansing and public toilets	Street cleansing and public toilets
Parks and open spaces	Parks and open spaces
Council tax and business rates collection	Homelessness and the environment
Planning policy, conservation and countryside protection	Council tax and business rates collection
Homelessness and the environment	Planning policy, conservation and countryside protection
Planning applications, car parks, economic growth	Planning applications, car parks, economic growth
Sports and leisure	Sports and leisure
Capital, interest and reserves	Electoral registrations, elections, councillors
Electoral registrations, elections, councillors	Administration of housing benefit
Administration of housing benefit	Private sector housing
The arts including Lichfield Garrick	Capital, interest and reserves
Private sector housing	The arts including Lichfield Garrick
Central costs such as senior leadership team not allocated to individual services	Central costs such as senior leadership team not allocated to individual services

⁵ A direct statistical comparison of levels of importance between the council's 2017 and 2018 budget surveys is not appropriate because different scales were used to measure importance in each of the surveys. However, because respondents were asked to rate the same service areas, a comparison of the rankings of services in the two surveys does provide a useful indicator of likely public priorities. Here, services in the 2018 survey are ranked highest to lowest in terms of the proportion of respondents who rated the service ‘very’ or ‘fairly’ important. Services in the 2017 survey are ranked highest to lowest in terms of the proportion of respondents who rated the service 4 or 5 on a scale of 1 to 5 where 1 was ‘Least important’ and 5 was ‘Most important’.

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HOW THE FINDINGS ALIGN WITH THE COUNCIL'S STRATEGIC PRIORITIES

The council's current strategic priorities focus on:

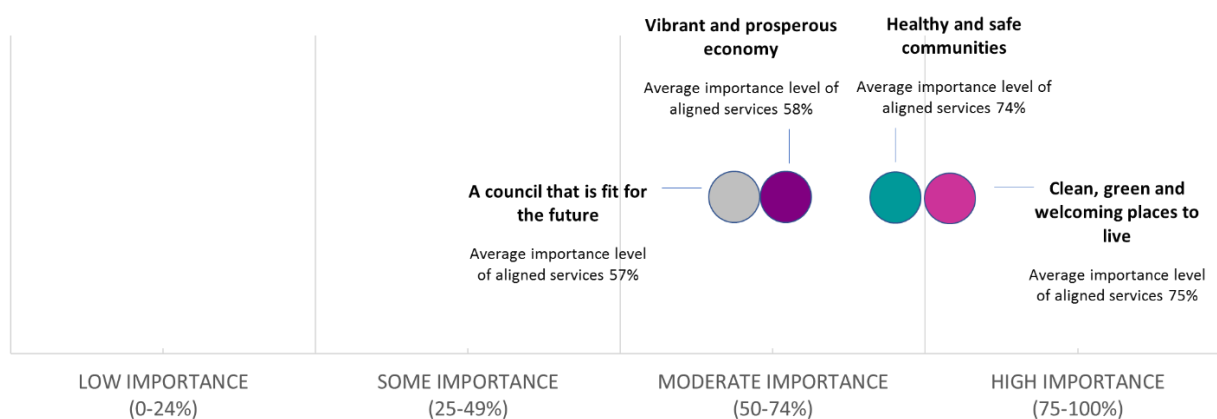
- Vibrant and prosperous economy
- Healthy and safe communities
- Clean, green and welcoming places to live
- A council that is fit for the future

The council grouped services under each of these priorities in its survey questionnaire helping respondents to make an association between services and the strategic priority they support.

By taking an average of the importance ratings of relevant services and using the grading criteria introduced to support Figure X we can obtain an impression of how respondents rate the importance of the **groups** of services aligned with each of the council's strategic priorities. This moves the focus away from individual services and helps to give the council an impression of the importance attached to the service arrangements it has developed to deliver each strand of its strategic plan.

Groups of services aligned with 'A council that is fit for the future' and 'Vibrant and prosperous economy' were collectively graded as of MODERATE importance with average importance levels of 58% and 59% respectively. 'Healthy and safe communities' and 'Clean, green and welcoming places to live' were graded as of HIGH importance with average importance levels of 75% and 76% respectively. Figure X gives an impression of where each of the strategic priorities sit in relation to one another in terms of the importance of its services.

Figure X: Groups of services aligned with the council's strategic priorities graded on a spectrum from Low to High importance



Importance levels for services associated with each strategic priority are now presented in more detail to give a clearer impression of the strength with which they might be supported.

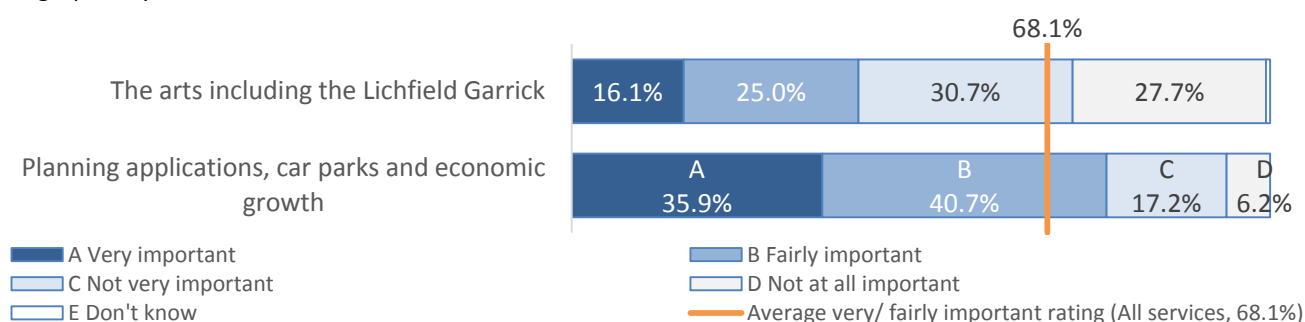
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VIBRANT AND PROSPEROUS ECONOMY

Overall service importance rating: MODERATE

This strategic priority is supported by two of the council's services, 'Planning applications, car parks and economic growth' which was graded as having HIGH importance as an individual service (82.5%) and 'The arts including Lichfield Garrick' which was graded as having SOME importance (41.1%). Of the services aligned with this priority 'Planning applications, car parks and economic growth' has a Very or Fairly important rating above the average importance rating for all services. The Very or Fairly important rating for 'The arts including the Lichfield Garrick' is lower and below the average for all services. Figure X shows the full range of opinion regarding the importance of these services.

Figure X: Detailed importance rating of services aligned with the council's 'Vibrant and prosperous economy' strategic priority

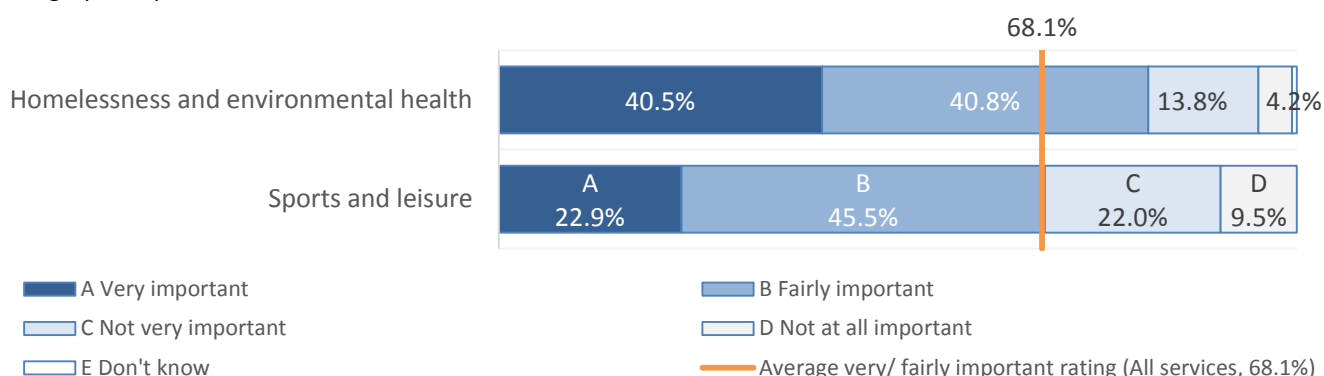


HEALTHY AND SAFE COMMUNITIES

Overall service importance rating: HIGH

This strategic priority is also supported by two of the council's services, 'Sports and leisure' which was graded as having MODERATE importance as an individual service (68.4%) and 'Homelessness and environmental health' which was graded as having HIGH importance (81.3%). Both services aligned with this priority had a Very or Fairly important rating on or above the All Services average of 68.1%. Figure X shows the full range of opinion regarding the importance of these services.

Figure X: Detailed importance rating of services aligned with the council's 'Healthy and safe communities' strategic priority



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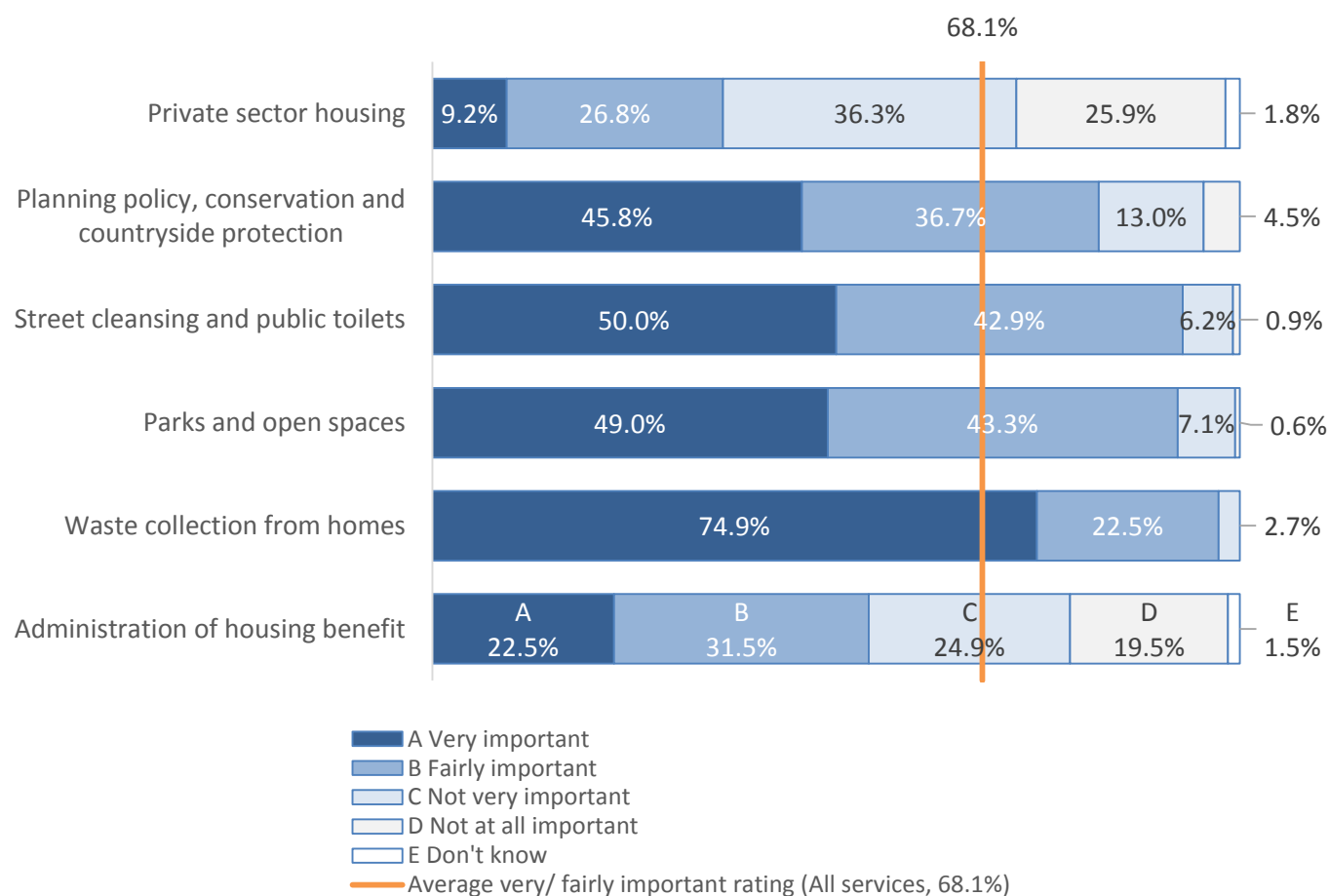
CLEAN, GREEN AND WELCOMING PLACES TO LIVE

Overall service importance rating: HIGH

This strategic priority is supported by six of the council's services, 'Administration of housing benefit' which was graded as having MODERATE importance as an individual service (54.0%). 'Waste collection from homes' (97.4%), the service with the highest importance rating overall, 'Parks and open spaces' (92.3%), 'Street cleansing and public toilets' (92.9%), 'Planning, policy, conservation and countryside protection' (82.5%) were all graded as of HIGH importance, while 'Private sector housing' (36.0%) was graded as of SOME importance as an individual service.

Four of the six services aligned with this priority have a combined Very/Fairly important rating above the 'All services' average of 68.1%. Three of the services are rated Very or Fairly important by at least 9 out of 10 respondents. 'Waste collection from homes' has a **Very** important rating of 74.9% which is higher than the combined Very/Fairly average for 'All services'. Conversely, 'Private sector housing' is supported by just over 1 in 3 respondents. Figure X shows the full range of opinion regarding the importance of these services.

Figure X: Detailed importance rating of services aligned with the council's 'Clean, green and welcoming places to live' strategic priority



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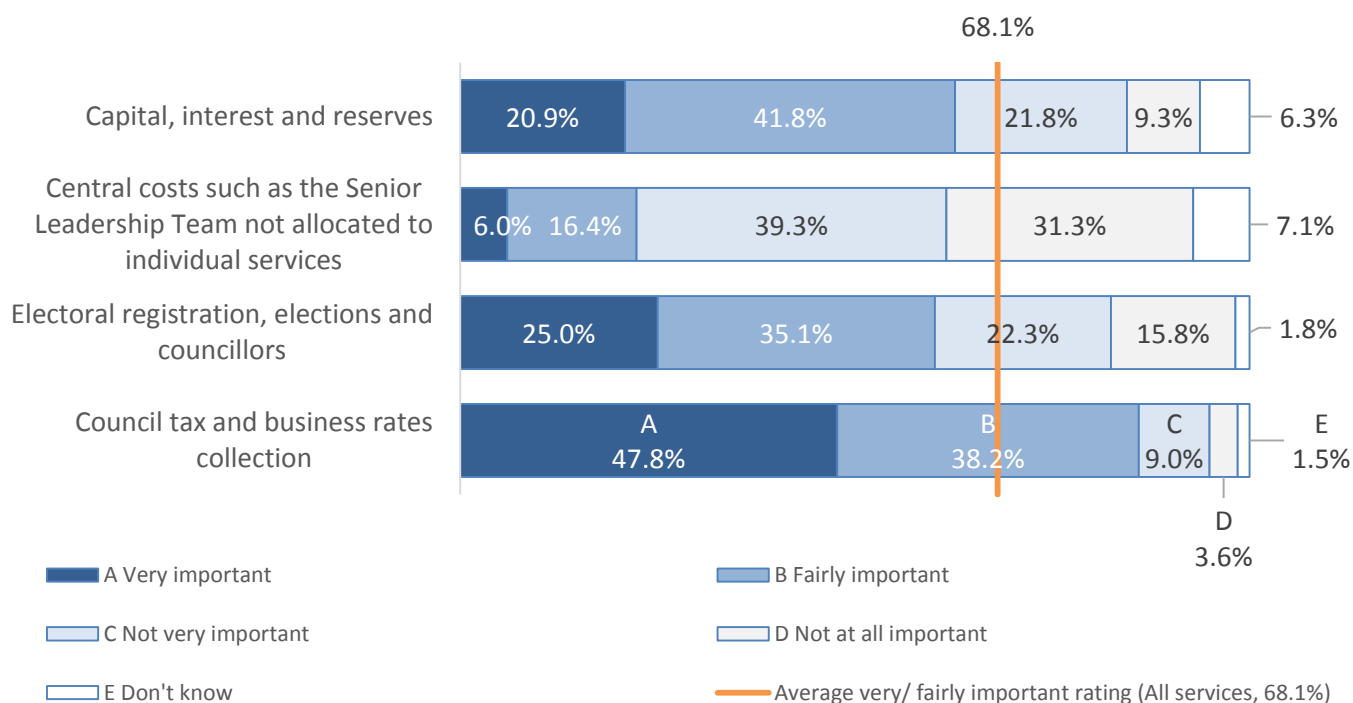
A COUNCIL THAT IS FIT FOR THE FUTURE

Overall service importance rating: MODERATE

This strategic priority is supported by four of the council's services, 'Council tax and business rates collection' (86.0%) which was graded as having HIGH importance as an individual service, 'Electoral registration, elections and councillors' (60.1%) and 'Capital, interest and reserves' (62.7%) both graded as having MODERATE importance, and 'Central costs such as the senior leadership team not allocated to individual services' (22.4%) which was graded as of LOW importance as an individual service.

Only 'Council tax and business rates collection' had a combined Very/Fairly importance rating above the 'All services' average of 68.1%. All other services had a lower than average rating. This group of services included the lowest rated service 'Central costs such as the Senior Leadership Team not allocated to individual services' which received a Very or Fairly important rating from just over 1 in 5 respondents. Figure X shows the full range of opinion regarding the importance of these services.

Figure X: Detailed importance rating of services aligned with the council's 'A council that is fit for the future' strategic priority

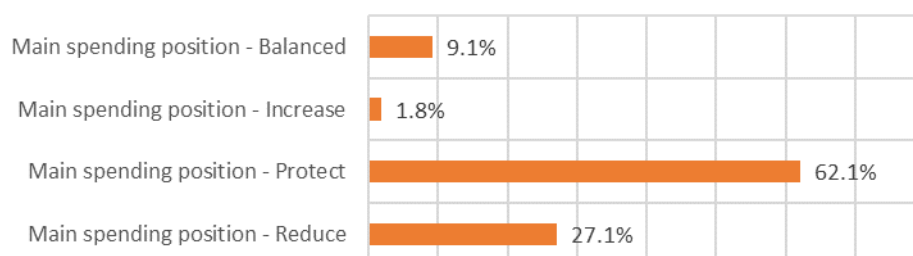


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WHAT SPENDING POSITION SHOULD THE AUTHORITY TAKE?

Looking across all questions in the survey it is possible to identify respondents overall spending position, in terms of whether across the range of services they were mostly in favour of reducing spend, protecting spending, increasing spending, or striking a balance; between increases and protection in some areas of service and reductions in others.

The majority of respondents (211, 62%) appear to be in favour of a spending approach which centres around protecting existing spending as far as possible in most areas of service; with more than half of these respondents (125) suggesting that while, in the majority of areas, existing spend should be protected overall, there were some outlying areas where increases or reductions would be preferred.



Around a quarter (92, 27%) are in favour of reducing spend in most areas of service, rather than increasing or protecting existing spend – however, negligible numbers of respondents were in favour of reducing spend in every single service area, with most of those whose overall spending position centred on reductions, still suggesting protection or increases in one or more service area.

There were a number of respondents (31, 9%) whose overall position was based on balancing increases and spending protection in some areas against reductions in other areas.

Regardless of their overall preferred spending position, more than half of all respondents (201, 59%) were able to identify at least one area of service where they would increase levels of spending AND one other area of service where they would prefer reductions. Almost all respondents (323, 95%) identified at least one area of service where they felt that there should be some reduction in spending.

Overall, it is inferred that the spending position of respondents appears to be the following; that they are mostly in favour of protecting existing spend in many areas of service, and have ideas about which areas could see reductions in order ensure the protection of funding for the services most important to them.

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WHERE SHOULD THE COUNCIL INCREASE, PROTECT OR REDUCE SPENDING?

Respondents were clear about which areas of service were most important to them; however, they did not necessarily believe that funding should be increased (and sometimes protected) in some of the areas that they considered important areas of service delivery.

For areas that respondents considered to be 'not important', however, the dominant position is that spending should be reduced, with a minority sometimes feeling that spending could still be protected, even though the particular area of service was not important to them. If an area was considered to be 'not important' respondents very rarely felt that any increases in spending were justifiable.

The area of highest importance for respondents was 'waste collection from homes' however, it was felt that the most important spending consideration for waste collection was that existing spend should be protected (258 respondents, 76%), with some (61, 18%) feeling that spend in this area could be increased.

The area that was most commonly identified for spending increase was 'homelessness and environmental health' which 27% of respondents (93) picked out as a service area which might require additional financial resource.

The large majority (221, 65%) of respondents highlighted 'central costs' as an area which they considered to be less important than other areas of service, and felt that it would be appropriate to reduce levels of spending.

The five areas commonly identified as both important and a priority for **spending increase** were;

1. Homelessness and environmental health; 27% of respondents would increase
2. Street cleansing and public toilets; 19% of respondents would increase
3. Parks and open spaces; 19% of respondents would increase
4. Waste collection from homes; 18% of respondents would increase
5. Planning policy, conservation and countryside protection; 16% of respondents would increase

The five areas most commonly identified as important and in need of **spending protection** were;

1. Waste collection from homes; 76% of all respondents would protect funding
2. Street cleansing and public toilets; 70% of all respondents would protect funding
3. Council tax and business rates collection; 66% of all respondents would protect funding
4. Parks and open spaces; 65% of all respondents would protect funding
5. Planning policy, conservation and countryside protection; 54% of all respondents would protect funding

The five areas most commonly identified by respondents as areas for **spending reduction** were;

1. Central costs such as the Senior Leadership Team; 76% of all respondents would reduce spend
2. Private sector housing; 68% of all respondents would reduce spend
3. The arts including the Lichfield Garrick; 59% of all respondents would reduce spend
4. Electoral registration, elections and councillors; 58% of all respondents would reduce spend
5. Administration of housing benefit; 43% of all respondents would reduce spend

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COUNCIL TAX



More than half of respondents (199, 59%) felt that some increase in Council Tax in order to support the 2019/20 budget was acceptable.

Of those who responded to the survey, 167 (49%) reported that they would accept a 2.99% increase, in line with the maximum increase permitted by parliament of three percent; with around 12% (41) respondents identifying that they were willing to accept an increase in Council Tax, but only if it was a 2.5% increase or lower, and preferably 2%.

Respondents whose overall spending position was one where they felt that the authority should mainly aim to protect existing spending were more likely than average to accept increases in Council Tax. Around 2-out-of-3 (65%) of those who mainly want the authority to protect spending were willing to accept increases in their council tax, with those whose preference was to mainly reduce spending less likely to accept increases in Council Tax (42%).

FEES AND CHARGES FOR SERVICES

Overall those responding to the survey appeared to be more willing to accept increases in Council Tax than see the exploration of new fees or charges to cover any budgetary short falls.

While 59% responded that they would accept a degree of increase in Council Tax, only 29% (99 respondents) felt that the authority should explore opportunities for any other new fees or charges in order to raise funds.

Slightly more than half (180, 53%) of respondents commented that the authority should categorically not introduce any additional fees or charges unless it was absolutely necessary in order to deliver basic minimum standards of service, with a further 16% (54) stating that the current fees and charges system was about right.

There were some links between respondents preferred overall spending position, and their willingness to accept exploration of new fees and charges; 65% (60) of those whose spending position was mainly focussed on reduction were also clear that they did not want to see any new charges, compared to 53% of respondents overall – with those who were in favour of an approach that protected existing spend, no more or less likely than respondents overall to be in favour of new charges or fees (30% compared to 29%).

OVERALL SPENDING POSITION AND APPROACH TO RAISING CAPITAL

The overall position of survey respondents was that the authority, in general, should mainly aim to protect existing spend in most areas, but with a few very specific areas being singled out as options for potential spending increases and for spending reduction.

Respondents are broadly willing to accept increases in Council Tax, and mostly the maximum permissible increase, in order for spending protection to take place - but appear to be less willing to

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accept the implementation of any new fees or charges unless it is absolutely necessary in order to guarantee basic service delivery.

INCOME OPPORTUNITIES THE COUNCIL SHOULD INVESTIGATE

In addition to funding from council tax and additional fees and charges the council is keen to identify other sources of income to deliver high quality services to the people of Lichfield. Respondents were asked their opinion on whether there were any areas which were worth investigating as an income opportunity. Over a third (38.3%) thought that there were avenues to explore and their suggestions have been themed and are summarised below.

DEVELOPMENT AND REGENERATION (49 COMMENTS)

Respondents felt that it is key to develop and regenerate areas and services in the district in order to bring in more businesses (be it independent or national chains) and in turn encourage more people to visit the area and spend their money, *“city regeneration. It greatly lags behind Sutton Coldfield, Tamworth and Stafford.”*

Burntwood was mentioned numerous times, with respondents expressing disappointment in how this area seems to get overlooked with major investment tending to have been focussed on Lichfield city :

- *“Burntwood never gets a look in please look at getting this back to a vibrant place where people want to shop”*
- *“Rejuvenate Burntwood Town so that more businesses are interested - especially Sankeys Corner”*

Chasewater was also somewhere where respondents suggested investment and expansion, *“development of the Burntwood side of Chasewater to produce a 'marina type' development including a hotel, cinema, pub and restaurants - This should also include a large free car park”*

Friarsgate

Friarsgate was mentioned a number of times by respondents who expressed anger at public money being poured into an unsuccessful and unwanted investment, *“monies wasted on investments that failed to [transpire], ie £6 million already invested in the Friarsgate project which failed to materialise!”*

Several respondents suggested how this failed investment could be transformed into something more beneficial to the community:

- *“All the land that was to be Friars Gate make a 'rough' (non tarmac) car park, (like 'Carols' did off Lombard Street), charge BUT issue 2 identical tickets to value of car parking fee, one to display and one to be used to reduce cost of food, clothing, other items in shops which sign up to the scheme. Shops get 90% of ticket price paid to customer back from LDC.”*
- *“Friars Gate cost us far too much money and was doomed years ago, the land could be used for affordable housing.”*

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Infrastructure and facilities

The development of infrastructure and leisure facilities was cited by a number of respondents,

- *“build a state of the art bus exchange containing a cafe , toilets etc which would make Lichfield an attractive place for tourism which would bring in more income”*
- *“investing in the bus station, a shopping centre that will attract business and a cinema, leisure & entertainment area is absolutely priority now.”*
- *“Property investment including affordable housing”*

Respondents felt that *“investment now will repay in years to come and attract more people to the city & improve economy.”*

Several respondents recognised the importance of promotion of the area, *“we should promote town centres better which in turn brings companies and visitors spending income which also increases income for councils.”*

CHARGES/RATES/FEEs (45 COMMENTS)

Car park charges

Charges for car parking was discussed by a number of respondents with some stating that the Council should *“reduce car parking fees”* to encourage more visitors to the area, while others suggesting *“Increased car parking charges”* as a means of income generation.

Some respondents suggested that a change in parking payment might also encourage people to visit the district: *“stop Pay and Display parking, have 30 minutes free and pay on exit. This would allow tourists to stay longer and people to pay for the services they receive. It would bring more people into the city centre and would encourage them to stay longer making it all more vibrant.”*

Blue badge charges

A number of respondents thought that it would be acceptable for the Council to implement a *“charge for blue badge parking”* while a couple of respondents felt that the Council should *“charge councillors and council staff for parking at work, except when use of [a] car is required for carrying out specific duties.”*

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Business rates

Business rates were seen as an area where a reduction could be a means of generating income and improving the area in the longer term. Respondents thought it appropriate to *“encourage small business with reduced rent and rates for two years as a start up plan”* and acknowledged that *“reducing shop rents/rates, encouraging small independent and unique shops that would encourage more visitors to Lichfield, [would result in] increasing revenue.”*

Planning fees

Planning fees were also an area of discussion and respondents felt it would be appropriate to *“increase planning fees”* with one respondent suggesting it should be *“based on project value”*. Several respondents suggested that companies that built larger projects should be liable for higher fees/charges to contribute to local infrastructure, *“higher contributions from builders etc to cover costs of traffic measures, waste collection, extra school and health facilities necessary as a result of their development.”*

Events

There were a variety of comments about events in the district. Some respondents felt that certain events should be reviewed, *“please look at the costs of ceremonial events / town crier / town twinning etc to see if savings can be made”*, *“there are lots of festivals in Lichfield and very little in the surrounding areas. If this should continue then visitor fees should apply for concerts and it should be reviewed whether the return from these events is justified.”*

Others suggested that some income could be generated from events that go ahead across the districts by introducing a small fee to existing, and currently free, events, *“charges for events such as proms in the park etc....these do not have to be excessive but free is not acceptable”*. One respondent also suggested *“charging festival promoters for street cleaning and waste collection”* after their events .

Other

Other suggestions for possible income generation through fees or charges include:

- *“charge house builders when they don't build the houses within an allotted time.”*
- *“fine contractors who start work on roads late or finish late”*
- *“raise the cost of getting married at the registry office “*

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SAVINGS (33 COMMENTS)

Central costs

Respondents most commonly expressed their view that savings could be made on central costs such as staffing levels and expenses:

- *"Trimming of non essential staff, parking wardens, admin, senior and most importantly middle management across all sectors."*
- *"Reduce fees paid to councillors "*
- *"Reduce expenses claims and hospitality for meetings."*
- *"Reduce high paid wages for high management."*

Some respondents suggested merging councils functions to reduce costs, *"reduce the precepts to the parish councils and take the clerk/admin tasks of these councils 'in house'"*, *"three layers of council is ridiculous and money is wasted when your customers don't know who to contact."*

Funding for the arts

Funding for the arts, specifically the subsidisation of the Lichfield Garrick was also viewed as an area where money could be saved, *"no more money for Lichfield Garrick. Look at increasing ticket prices or corporate sponsorship of seating."*

Outsourcing or volunteering

Others felt that by outsourcing some services, gaining sponsorship or by encouraging greater levels of social action and volunteering then the district could make savings to expenditure:

- *"Get groups of volunteer's together, to help with street cleaning, parks, carparks etc. will help the lonely people and save money."*
- *"Private sponsorship of parks Private companies to run sports centres and leisure activities"*

INNOVATION /OTHER SUGGESTIONS (12 COMMENTS)

Several respondents suggested some innovative ways to generate income or save money. Three respondents suggested that *"the Council should examine the potential for further income generation through sources like renewable energy generation"*. Aside from this, the suggestions were very individual in nature and could not be summarised any further.

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OTHER SUGGESTIONS IN TERMS OF THE COUNCIL'S PRIORITIES AND BUDGET

There were 146 fresh responses to this question from which the following themes emerged. Many respondents reiterated messages included in the previous section. Nevertheless, a summary is included here for completeness

THE COUNCIL

It is likely that many of the comments relating to this theme were informed by the 'Friarsgate' initiative.

Comments relating to members included reductions in the number of councillors, their payments, the pageantry, ceremonial expenses and 'frivolities' of office and an end to twinning arrangements. The council needs to modernise and become more open and transparent in order to better connect with residents and in particular young people. There needs to be greater care with how public money is spent. Further savings could be achieved by the council joining up with neighbouring authorities, reduction or merging of tiers of local government and the sale of council buildings.

Comments relating to officers included flattening and cutting management, tighter control of salaries, reducing back office staff, making staff more accountable for performance, merging of functions with other councils, reducing agency and consultancy staff, reducing bureaucracy and introducing more efficient processes.

FAIRNESS

A number of comments touched on issues of fairness and equitable charging and provision of services. Examples included village dwellers getting less than the city but paying more, the council spending in a way that benefits everyone regardless of where they live, the council tax process being re-evaluated so that bigger homes pay more, and the council being sensitive to the needs and challenges faced by the homeless, the young and the struggling.

Some of the strongest comments about fairness related to Burntwood with a strong sense that 'Lichfield gets everything' and that Burntwood is the poor relation.

"For the whole of my 25 years on earth I have watched Burntwood get nothing, and Lichfield get everything. While you are spending money on theatres and other arts, we are slowly going downhill....while we watch Lichfield and the places around us grow, we are simply falling through the cracks.... it's always been the same and I'd be surprised if it changed now"

Comments conveyed a sense that through lack of investment Burntwood is falling behind and becoming less safe and that there is a growing need for regeneration. It was also suggested that there is an overemphasis on building houses rather than developing the area which is putting strain on infrastructure in the area.

FRIARSGATE

Comments clearly convey a sense of frustration with the outcome of this project. Suggestions included drawing a line under the matter, 'finishing the job' to get at least some benefit from it, using the land set aside for 'Friarsgate' for income generation, learning lessons to avoiding further 'risky' ventures and holding those involved to account.

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CHARGES

Many comments reiterated responses to Question 11. Again, there was a dichotomy between those who favoured increasing charges and those who saw more benefit in decreases.

Suggestions for increased charges included increases to Brown Bin charges, scrapping free parking for disabled drivers and charging pensioners a nominal amount for bus travel.

Those who favoured reductions in charges highlighted reducing or at least not increasing parking charges to encourage visitors to the district, dissatisfaction with charges for waste as counterproductive for the environment and reducing rates/rents for commercial premises to encourage new businesses. Suggested initiatives included free parking for the first 2 hours, making council tips free for all, including small traders, not charging for bin collections and being careful not to make charges for market stalls so high as to endanger Lichfield's historic status as a 'market town'.

CULTURAL HERITAGE

Comments focused on Lichfield's 'distinctive' character and encouraged the council not to 'ape' larger cities and towns but to "concentrate on developing the independent shops and businesses that Lichfield does so well [and] shaping the Tourism offer to be more individual".

THE ENVIRONMENT

Comments highlighted the disrepair of pavements and roads, increasing fly tipping and the need to create more green space rather focus entirely on development. Suggestions for how to improve and maintain a pleasant environment included providing materials for volunteers to carry out road repairs, making more use of the voluntary sector and introducing work experience opportunities to help the council with street cleaning and refuse collection, reducing grass cutting in the town and introducing more wild flowers, encouraging people to lawn rather than pave gardens to keep the area green, educating people to prevent waste and taking a more holistic approach where all environmental challenges are dealt with at the same time, for example cutting back vegetation at the same time as carrying out road repairs.

EVENTS, FESTIVALS AND THE ARTS

Attitudes to events and festivals were mixed with some for and some against. Those against felt that their benefit to the area was not proven and a perception that they cost more than they bring in. Others felt they were good for the local economy and could contribute to development of the area, again mentioning the example of Chasewater Park.

There were comments about the Garrick theatre with most wanting to see its subsidies ended. However, there was a view that the council should take back control and help local youth and theatre groups so that they don't have to leave Lichfield for opportunities to practice and develop.

There were also opposing views about the arts generally with suggestions that the city should invest more in the arts contrasting with the view that the arts should not be a priority.

HOUSING

There were mixed views on housing. On the one hand it was suggested that provision of affordable social housing should be a priority, including the council having the power to use empty private property to house people. On the other hand, there was the view that house building should be stopped with land given to commercial use, all new residential build should be paused with a refocus on infrastructure and shops, building should only be on brownfield sites and the council should reduce social housing and focus on developing the Friarsgate site.

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PARKING

Generally, there was a view that good parking was part of the solution to making the city more accessible. It was again suggested that land awaiting development, such as the Tempest Ford and Friarsgate sites, could be used as temporary parking sites.

SHOPS

There were mixed views on the types of shops to be encouraged in Lichfield. Some felt that its character is partly defined by its independent shops while others feared the loss of big name stores such as Marks and Spencer and potentially Debenhams

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SUPPORTING INFORMATION

Two other sources have been used to help strengthen and extract more value from the survey results. Feeling the Difference⁶, Staffordshire's biannual public opinion survey, and MOSAIC social segmentation data developed by Experian, the leading global information services company⁷. The following is intended to illustrate for the council how, going forward, it can obtain additional value from its consultation results and increase the benefits from future consultations using available assets.

FEELING THE DIFFERENCE

Feeling the Difference provides robust insight regarding the experience of living in Staffordshire. While each individual survey provides a statistically valid representation of opinion for the whole of Staffordshire the survey programme is designed so that incrementally results become valid for each of the local authority areas within the county. When the results of four surveys are combined Feeling the Difference becomes meaningful for local authority areas. With 25 surveys having been completed to date there is now a strong body of data for use at local authority level.

WHAT MAKES SOMEWHERE A GOOD PLACE TO LIVE AND WHAT MOST NEEDS IMPROVING

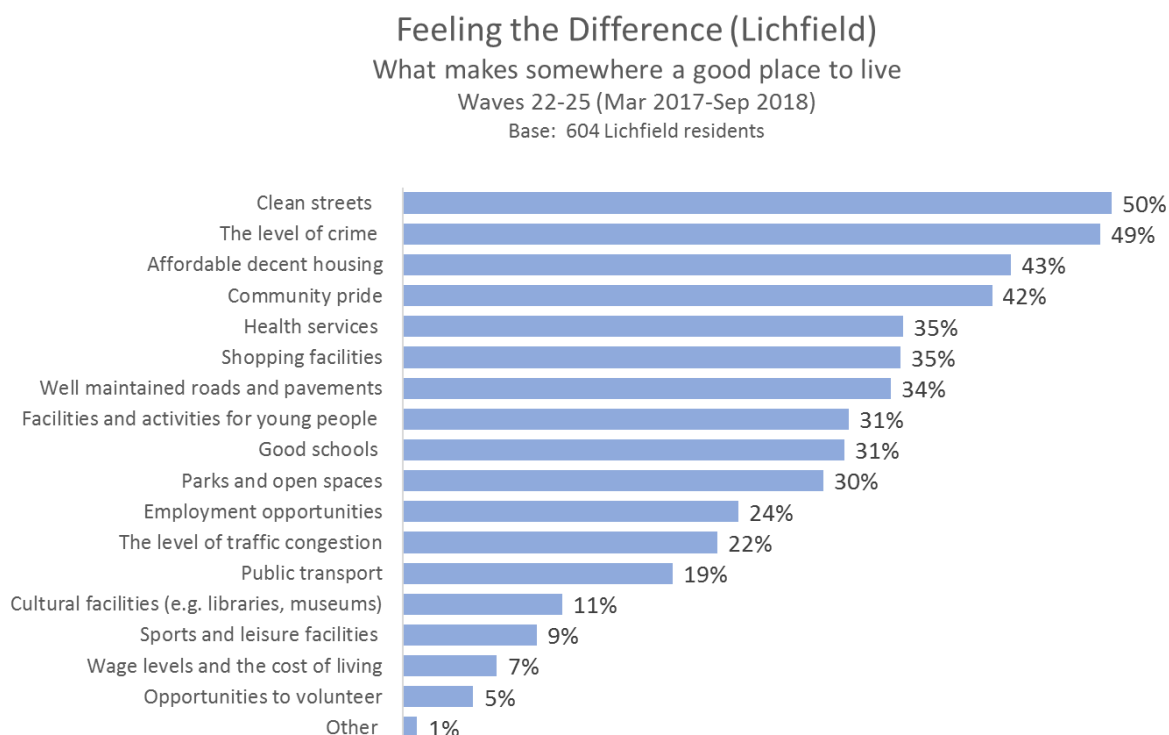
Figure X shows what respondents to Feeling the Difference in Lichfield identified as the most important factors in making somewhere a good place to live in surveys 22 to 25 between March 2017 and September 2018. 'Clean streets' and 'Affordable decent housing' are among factors most frequently identified and link to some of the services identified as HIGH importance in the budget survey. 'Shopping facilities' at 35% is higher than the average for Staffordshire (28%) and aligns with suggestions for development of Lichfield and Burntwood in free text comments in the

⁶ Feeling the Difference is Staffordshire's most robust and long-standing public opinion survey. First commissioned in 2008 there have been 25 surveys to date. Surveys take place biannually in six-month intervals. Each survey is designed to provide a statistically valid representation of opinion of Staffordshire residents aged 16 and over regarding their local area as a place to live, what is most important and what most needs improving, local issues, personal wellbeing, participation in public life (volunteering), perceptions of local services, feelings of safety and policing and justice. Each survey engages at least 1650 Staffordshire residents. Face-to-face interviews take place in randomly selected lower super-output areas to obtain a representative sample stratified by age, gender, locality, ethnicity and social group. Interviews take place across the whole of Staffordshire and Stoke-on-Trent and the programme is designed to provide a meaningful representation of opinion in local authority areas by aggregating data obtained in each area from four surveys. Feeling the Difference is a powerful benchmark/reference for local surveys as findings from smaller samples can be compared and validated using the large and consistent dataset that has now been created through the Feeling the Difference programme. The Feeling the Difference question set has been consistent since survey 15 (September 2013). This survey is generally used as the starting point for survey findings used in research. Results in this paper draw on combinations of surveys from 15 to 25 (September 2018) as appropriate.

⁷ MOSAIC (Public Sector) is a social/locality segmentation dataset and supporting toolkit developed by Experian. It draws on a wide range of data sources to classify postcodes and households into 15 Groups and 66 Types each with its own set of attributes. Amongst its many uses MOSAIC (Public Sector) is a powerful touchstone against which to validate local survey and other data. It is used here as a filter for Lichfield District Council 2018_19 budget survey results to help ascertain any likely variation across different community groups within the district. For more information about MOSAIC (Public Sector) segmentation click on the link below

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Figure X: The most important factors in making somewhere a good place to live as identified by residents of Lichfield in four Feeling the Difference public opinion survey between March 2017 and September 2018.



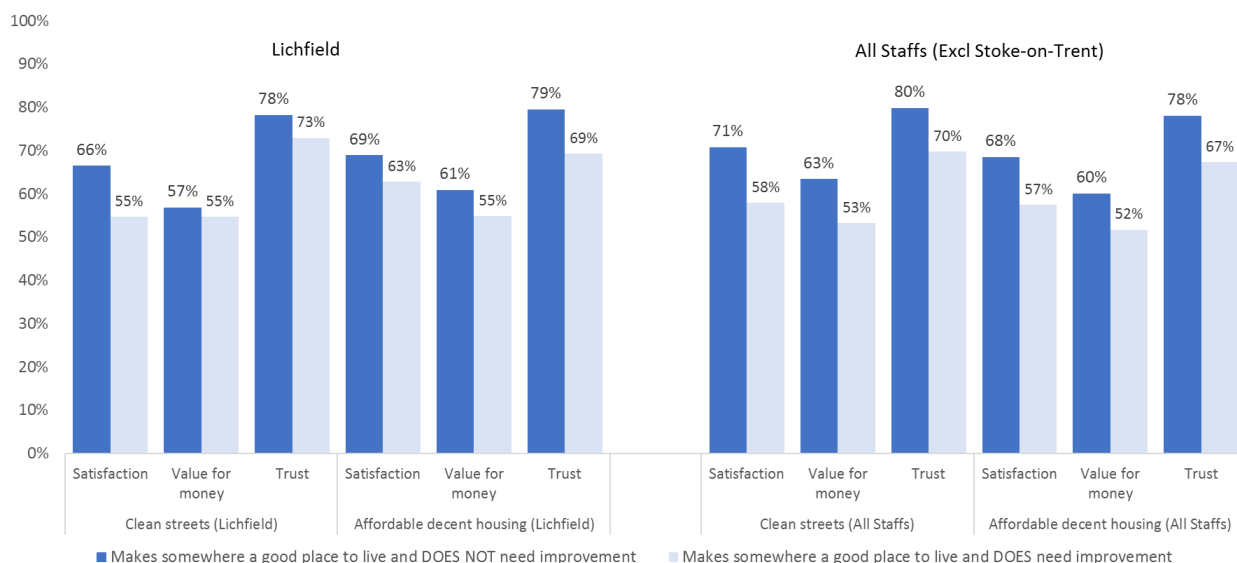
Feeling the Difference shows that recognition of some of these factors has been consistently increasing over time in Lichfield with notable upward trends in 'Affordable decent housing', 'Well maintained roads and pavements', 'Shopping facilities' and 'Community pride', all of which have increased by between 15% and 22% in surveys over the five years since September 2013 and all are now substantially above averages for the rest of Staffordshire.

Feeling the Difference also indicates a growing sense in Lichfield that some of these factors, all identified in the budget survey, need improving. For example, compared with the first available four survey average for Lichfield (surveys 15-18, September 2013 to March 2015) the proportion of respondents indicating that 'Clean streets' needs improving has risen from 19% to 30%, 'Community pride' from 5% to 17%, 'Public transport' from 14% to 22%, 'Well maintained roads and pavements' from 25% to 47% and 'Shopping facilities' from 11% to 26%.

It is important to recognise and respond to priorities identified by the public as not doing so can impact on the reputation of the council. For example, Feeling the Difference suggests that failing to deliver 'Clean streets' and 'Affordable decent housing', both identified as HIGH importance service areas in the budget survey, can impact on public perceptions of service delivery, value for money and trust in the local council. Figure X shows the impact on reputation where factors identified as making somewhere a good place to live are also identified as needing improvement. A profile for all Staffordshire (excluding Stoke-on-Trent) is included to reinforce results for Lichfield by showing how similar impact is mirrored in a much larger dataset.

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Figure X: How factors identified both as making somewhere a good place to live AND needing improvement can impact on the perceptions of local council service delivery, value for money and trust



MOSAIC (Public Sector) segmentation

Helping to identify likely differences of opinion across the district

Of the 340 people who responded to the budget consultation 260 provided a valid postcode that could be profiled using MOSAIC (Public Sector) locality segmentation. Each respondent postcode was paired with one of 15 MOSAIC (Public Sector) Group classifications. Figure X provides a list of Group names and short descriptions. As a rule of thumb Groups sit on spectrum of affluence starting with more affluent at Group A moving progressively through to more economically and socially challenged at Group O.

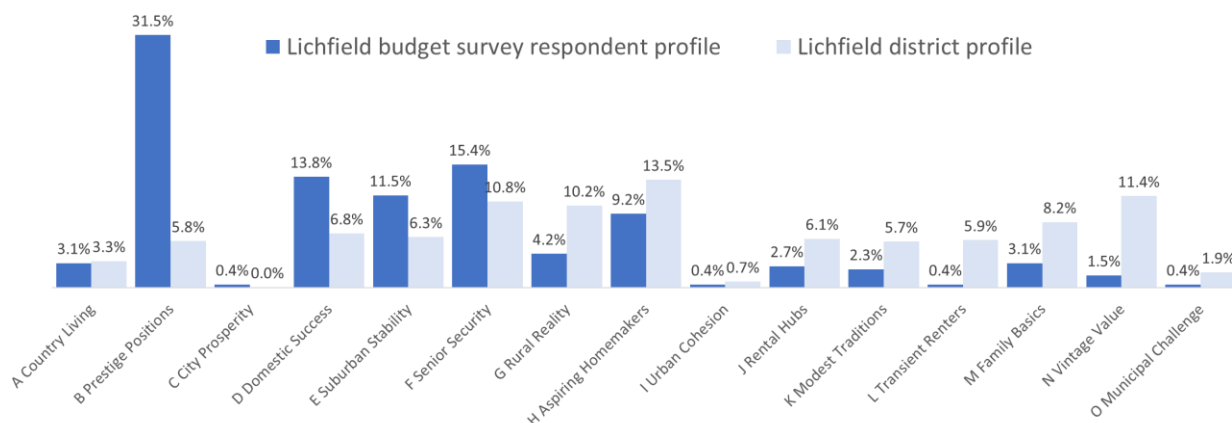
Figure X: MOSAIC Group names and short descriptions

Group	Group Name	One-Line Description
A	Country Living	Well-off owners in rural locations enjoying the benefits of country life
B	Prestige Positions	Established families in large detached homes living upmarket lifestyles
C	City Prosperity	High status city dwellers living in central locations and pursuing careers with high rewards
D	Domestic Success	Thriving families who are busy bringing up children and following careers
E	Suburban Stability	Mature suburban owners living settled lives in mid-range housing
F	Senior Security	Elderly people with assets who are enjoying a comfortable retirement
G	Rural Reality	Householders living in inexpensive homes in village communities
H	Aspiring Homemakers	Younger households settling down in housing priced within their means
I	Urban Cohesion	Residents of settled urban communities with a strong sense of identity
J	Rental Hubs	Educated young people privately renting in urban neighbourhoods
K	Modest Traditions	Mature homeowners of value homes enjoying stable lifestyles
L	Transient Renters	Single people privately renting low cost homes for the short term
M	Family Basics	Families with limited resources who have to budget to make ends meet
N	Vintage Value	Elderly people reliant on support to meet financial or practical needs
O	Municipal Challenge	Urban renters of social housing facing an array of challenges

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Once classified, respondent postcodes were profiled and compared with the MOSAIC (Public Sector) profile for Lichfield district. Figure X shows how the two profiles compared.

Figure X: MOSAIC (Public Sector) Group profiles for budget survey respondents and Lichfield district



It is clear that there is over representation of more affluent Groups amongst survey respondents. At the same time there is representation from all 15 Groups in the budget survey respondent profile making it possible to use MOSAIC (Public Sector) a little further to explore how far the survey results potentially reflect opinion across the whole district. Groups are combined into three sets (A-C, D-F and G-O) to help with analysis. Figure X overleaf shows importance ratings for the council's services by these combinations of Groups and by gender and age group. The 5 services rated most highly by each of these respondent types are shaded to enable comparison. While there is not enough data for this to be a robust indicator of opinion there is a clear indication that the importance ratings of the council's services might have some consistency across the whole district.

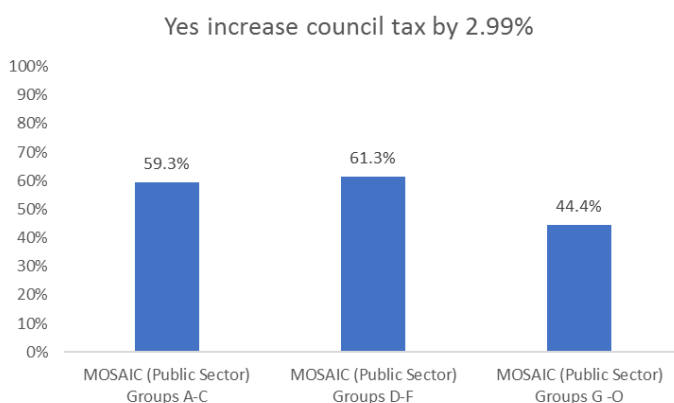
Again, while there are some differences in priority and degree, there are signs of potential similarity in preferences for where the council's money should and should not be spent. All three MOSAIC (Public Sector) Group combinations used above also identify 'Street cleansing and public toilets', 'Parks and open spaces' and 'Homelessness and the environment' among their top 5 services for spending increase (though Groups A-C generally appear less inclined to support increases in expenditure than other Groups). Similarly, all identify 'Central costs such as senior leadership team not allocated to individual services', 'Electoral registrations, elections, councillors', 'Private sector housing', 'Capital, interest and reserves' as services least supported for increase. 'Waste collection from homes', 'Council tax and business rates collection', 'Street cleansing and public toilets', and 'Parks and open spaces' are included by all in their top 5 services for protected spend and 'Central costs such as senior leadership team not allocated to individual services', 'Private sector housing', 'The arts including Lichfield Garrick' and 'Electoral registrations, elections, councillors' are included by all in their top 5 services for spend reduction.

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Figure X: Importance rating of the council's services by different respondent types with the top 5 highest ranked services highlighted

Strategic priority	Service	MOSAIC Group			Gender		Age in years						No.	Grand total
		A-C	D-F	G-O	Female	Male	18-34	35-44	45-54	55-64	65-74	75+		
A vibrant and prosperous economy	1a. Planning applications, car parks, economic growth	81%	79%	67%	83%	72%	68%	80%	77%	80%	76%	76%	258	77%
	1b. The arts including Lichfield Garrick	51%	41%	35%	46%	37%	36%	54%	33%	40%	46%	23%	138	41%
Healthy and safe communities	2a. Sports and leisure	68%	73%	71%	79%	59%	73%	85%	75%	66%	62%	37%	230	68%
	2b. Homelessness and the environment	74%	83%	86%	89%	73%	86%	69%	89%	82%	76%	80%	271	81%
Clean, green and welcoming places to live	3a. Administration of housing benefit	56%	61%	57%	59%	49%	36%	54%	54%	52%	58%	60%	180	54%
	3b. Waste collection from homes	97%	99%	95%	97%	97%	91%	96%	98%	100%	97%	100%	329	97%
	3c. Parks and open spaces	96%	93%	90%	92%	91%	95%	92%	88%	91%	94%	90%	311	92%
	3d. Street cleansing and public toilets	92%	96%	87%	93%	92%	91%	87%	91%	98%	92%	100%	314	93%
	3e. Planning policy, conservation and countryside protection	82%	87%	68%	85%	78%	77%	75%	88%	83%	80%	83%	274	83%
	3f. Private sector housing	35%	42%	29%	44%	30%	32%	33%	35%	37%	37%	43%	121	36%
A council that is fit for the future	4a. Council tax and business rates collection	88%	87%	83%	86%	84%	73%	75%	84%	86%	94%	97%	288	86%
	4b. Electoral registrations, elections, councillors	60%	66%	59%	67%	54%	61%	50%	58%	52%	65%	80%	202	60%
	4c. Central costs such as senior leadership team not allocated to individual services	33%	19%	24%	26%	19%	20%	19%	18%	18%	29%	27%	75	22%
	4d. Capital, interest and reserves	66%	65%	57%	66%	59%	43%	54%	53%	65%	75%	80%	210	63%

MOSAIC (Public Sector) profiling can also help to identify where there is potential difference in opinion across the district. For example, there is early indication that residents in more challenged social groups/communities may potentially be less supportive of higher level council tax increases. Figure X shows how each of the different combinations of MOSAIC (Public Sector) Groups responded to the question, 'Would you consider a 2.99% increase to be an acceptable council tax increase for the 2019/20 budget'.



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While profiling of the budget 2019/20 consultation results cannot provide a definitive representation of opinion across the whole district it does help to bring out lines of enquiry that the council should pursue as it progresses with its budget plans going forward. It is recommended that the council explore new and different ways to seek and understand the views of Lichfield residents, including use of assets such as locality segmentation and Feeling the Difference. In this way it will progress well with its strategic commitments to deliver good customer service in line with its 'Customer promise' and consult with local residents in a variety of ways.

Lichfield's online budget 2019/20 consultation confirms that digital consultation methods can capture broad-based and useful public feedback and should be included within its strategic ambition to interact with people more through its website and digital channels. Given that more than 80% of Staffordshire residents are on line at least once a day there is scope to develop use of online surveys still further as part of consultation arrangements used by the council

In addition to local online surveys it is suggested that the council explore the use of social segmentation data. This offers an economic way to strengthen local survey findings, identify differences in opinion and source wider insight to enrich findings and inform responses that will best serve particular communities.

Staffordshire's Feeling the Difference public opinion survey has rich data pertaining to Lichfield that is currently under-used. Feeling the Difference could usefully be part of the council's ongoing consultation arrangements to provide useful insight into the value and impact of services and where they might need improving.

The council might also consider bespoke local surveys with a representative sample of local residents to provide a spine for all other consultation arrangements and a dataset that will be extremely useful in helping to validate other research.

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Communications activity report

CLlr Liz Little, Cabinet Member for Corporate Services & Customer Services, Revenues and Benefits

Date:

January 2019

Contact Officer:

Neil Turner, Director of Transformation & Resources
Christie Tims, Head of Corporate Services
Elizabeth Barton, Corporate Communications and Performance Manager

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Key Decision?

NO

Local Ward

None – not geographically specific

Members



**Strategic (O&S)
Committee**

1. Executive Summary

- 1.1 The committee have requested an opportunity to review three main areas of the council's communication activity:
 - Our approach to media relations and the policies and procedures we have in place to ensure consistency and responsiveness of our activities with the press.
 - General council communications, including the costs, reach and editorial approach used by our corporate communications team in managing our websites, social media and LDC News.
 - Our approach to designing and distributing service specific marketing materials and publications, including the cost of key publications and their impact.
- 1.2 The council corporate communication's function oversees the development and delivery of internal and external communication activities. They take a lead in all media management, the council's website and main social media accounts. They provide training, advice and support for all other service specific communications and marketing activity, including the design of key documents, however the control of these documents and specific activities ultimately remains the responsibility of the relevant Head of Service.
- 1.3 The corporate team employs 4 members of staff, which includes a full-time web manager, full-time graphic designer and part-time PR and media officer, managed by the corporate communications and performance manager amongst their other duties (total team 3.5 FTE).
- 1.4 The team has a moderate supplies and service budget of £30k which includes £14,600 contract costs associated with our website and intranet, and £9,480 to design, print and distribute LDC news.
- 1.5 The corporate communications and performance manager also manages the corporate print contract, currently delivered by Walsall MBC which covers all corporate publications, meeting agenda packs and corporate stationary such as letterheads and pre-addressed envelopes.
- 1.6 The print contract has a £21,700 budget for 2018/19, which is likely to be underspent by around £4,500 if current use continues, as traditional print requirements reduce and email use increases. An additional £26,000 is spent from other service budgets on specific publications via the print contract.
- 1.7 In order that publicity is well coordinated, legal and cost effective, it is necessary to have a media protocol in place. Our media and social media policy (www.lichfielddc.gov.uk/mediapolicy) is designed to provide councillors and officers with clear guidance to follow when dealing with the media and includes specific guidance on Purdah.

1.8 The communications team also manages the overarching communications activity for the council via:

Tool	Cost	Detail	Reach
External			
Council website www.lichfielddc.gov.uk	£13,400 per annum, plus any one-off developments, plus officer time	4* SOCITM rated website. Managed in line with content guidelines.	2018 visits: 458,897 2018 unique visitors: 266,177
Facebook	Officer time	An interactive Facebook page, 94% customer response rate.	1,723 followers (wider reach with re-posts)
Twitter	Officer time	A busy twitter feed, with over 8,000 followers, 3,500 likes and over 9,000 tweets. Set up in 2008.	8,150 approx. followers averaging 50k a month reach
LDC News	Up to £8,000 plus officer time (£4,000 per edition including distribution to 28,000 households)	Bi-annual council newsletter that carries key council stories and updates, including councillor promotion post-election, and Your View consultations.	Delivered to approximately 50% of local households and available online.
Headlines – members and partners	Officer time	Council e-news sent to all members and key partners, including county council, housing and tourism partners etc.	All members and approx. 60 partners.
Various websites including Active Lichfield, Lichfield Historic Parks, Southern Staffordshire Building Control, Lichfield Proms, Birmingham Road	Officer time, plus limited artwork costs and hosting/ maintenance costs (Active Lichfield only). Any external development costs are funded by the commissioning teams.	The team develops, supports and content manages a range of sister websites.	Various visitor numbers.
Various publications (newsletters, leaflets, banners, adverts) including annual recycling calendars, Historic Parks, Lichfield Proms, HMO posters and strategy	Officer time, plus limited artwork costs. Any external artwork costs are funded by the commissioning teams.	The team produces a range of literature – from regular newsletters through to information leaflets, enforcement cards and calling cards, and supports commercial activities such as the drive-in movies	Various audiences, detailed in comms plans specific to the service, event or project.
Internal			
Team LDC – internal staff newsletter	Officer time	Monthly staff newsletter that highlights key information and staff news	All staff
Key messages from Leadership Team	Officer time	Regular update from Leadership Team on key messages for staff.	All staff
Brian – the council's intranet	Officer time, plus support costs (approx. £7,000, depending on issues/support required)	Internal staff web platform/intranet that contains policies, guidance and information for all staff to support their daily work	All staff
Staff group emails	Officer time	Sporadic updates on key issues that affect staff – from pay negotiations through to health and safety information.	All staff

- 1.9 The team supports a wide range of service specific promotions and marketing for individual teams and projects and is positioned to support the council's commercial ambitions – from promoting the council's garden waste service through marketing the council's shared building control service and the annual tourism marketing publications.
- 1.10 Service specific marketing is developed in partnership with service areas and governed through contact reports that set out the objectives, actions and milestones and also allow for evaluation. The style and tone of communications/marketing are governed by some overarching principles set by the communications team, including the council's Plain English guide (www.lichfielddc.gov.uk/plainenglish) and corporate style guide (www.lichfielddc.gov.uk/styleguide).
- 1.11 Corporate templates have been developed for general leaflets and promotions to reduce costs, and uphold the council's corporate identity.
- 1.12 The committee also requested details on the promotion of parks, festivals and events, tourism and waste. To assist in this an analysis of print spend has been undertaken of the services who produce high value publications.

2. Recommendations

It is recommended that the committee:

- 2.1 Notes the contents of the report.

3. Background

Media approach

- 3.1 The objectives of council's media approach are to:
- Improve people's understanding of the work of the council, the services it provides and how to access them.
 - Support the council's strategic objectives.
 - Defend the council from inaccurate or misleading information.
 - Protect and enhance the council's reputation as a provider of quality services and as a good employer.
- 3.2 The communications team achieves this by:
- Creating and maintaining positive relationships with local, regional and trade press.
 - Issuing media releases and responding to media enquiries with openness, consistency, responsiveness, accuracy, accessibility and legality.
 - Promoting the decisions of the council in a way that people understand.
 - Delivering a coordinated approach to the media and linking it with wider communications activity.
 - Using media enquiries as a way to drive service improvements where appropriate.
 - Developing strong relationships across services and with councillors to ensure a constant flow of information to the media.
 - Working with officers and members to develop media awareness.
 - Being clear about legal frameworks and clearly explaining roles and responsibilities.
 - Responding robustly to inaccurate reporting in the media.
- 3.3 All media statements and releases are expected to comply with the Plain English guide. This is to ensure that they are easy for people to understand and have a consistent approach. Communications officers always:
- Use plain language and cut out jargon.
 - Ensure any technical terms, or acronyms are explained simply.
 - Check work for factual accuracy, spelling and grammar.
 - Check the statement is correct and in accordance with legislation.
 - Seek advice from management/monitoring officer when dealing with controversial or legal matters.

- 3.4 Approval of press releases is carried out in accordance with the council's media and social media policy (www.lichfielddc.gov.uk/mediapolicy). In 2016/17 133 press releases were issued, in 2017/18 this increased to 148. Press statements are issued in response to media enquiries. In 2016/17 26 statements were issued, in 2017/18 there were 28.
- 3.5 During Purdah the activities of those individuals directly involved in the elections, particularly in relation to council-led publicity, communications and use of council resources are restricted. Any councillor directly involved in an election as a candidate, an election agent, canvasser, or in any other role is subject to restrictions on their usual role in council communications.

Council website and digital support

- 3.6 A key element of our communication activity is the council website, www.lichfielddc.gov.uk which has been rated consistently as four star by Better Connected for the last three years. That means we're in the **top 4% of shire districts/boroughs** nationwide, and the **top 9% of local government websites overall**. Only 39 out of 414 council websites were awarded a four star rating, and of these, only seven others were district or borough councils. 44% of local government websites were found to provide an overall bad user experience.
- 3.7 We have the highest performing council website in Staffordshire (joint with SCC), and one of only four councils in the West Midlands region to achieve the full four stars – **we are the only district/borough council in the region to achieve four stars**. The development and use of our website provides a vital foundation for our digital and channel shift ambitions.
- 3.8 We aim for all content on the website is written in plain English and the overall design of the site is created to ensure it will reproduce clearly on mobile devices and work effectively with assistive technologies, such as screen readers for sight impaired customers, in line with the council's content guidelines (www.lichfielddc.gov.uk/contentguidelines) We also limit the use of attachments and pdf documents which are designed for print, as these do not make for a great user experience. Similarly, we restrict the use of pictures to improve search and accessibility of our site.
- 3.9 The team develops and manages a portfolio of specialist council websites including www.southernstaffs-buildingcontrol.co.uk, www.lichfielddc.gov.uk/lichfieldproms, www.lichfielddc.gov.uk/spending, www.lichfieldhistoricparks.co.uk, www.lichfielddc.gov.uk/councillorwelcomepack and www.activelichfield.co.uk and www.lichfielddc.gov.uk/chairmansblog
- 3.10 The team also provides a range of digital services and project support – from leading the procurement of the council's new CRM system, through to project managing the launch of the technology to support the garden waste charging scheme. The team also tests and streamlines all online processes to ensure they are usable and the customer journey is positive. This work helped to ensure that over 75% of all garden waste sales have been carried out online, reducing the impact on the council's telephone lines/Lichfield Connects. This approach is also helping to increase the number of self-serve customers and underpins the work of the Fit for the Future programme.

Social media

- 3.11 The communications team operates a twitter account for Lichfield District Council (@Lichfield_DC) which has around 8,140 followers with an average reach of 50k a month. The twitter feed is used at least daily to promote key council services and announcements and re-tweets relevant content. Tweets often include images and artwork created as part of Twitter campaigns – for example, 'Save time, get online'.
- 3.12 Our Facebook page (<https://www.facebook.com/lichfielddc>) has 1,723 likes that allow our posts to appear in newsfeeds for Facebook users and are regularly re-posted with thousand more seeing content.

- 3.13 The team does not currently pay for any advertising on Twitter and Facebook, however this has been trialled in the leisure service (with communications support) for specific events/recruitment and may be rolled out further if proven successful following evaluation.
- 3.14 The team spends time responding to customer tweets and Facebook posts to ensure residents are appropriately and helpfully responded to. Whilst the sites are free to access and use, they do use officer time in developing the posts and tweets, scheduling and dealing with responses. Due to the nature of the medium, users expect instant responses and use these channels to raise complaints and service requests.
- 3.15 The team is working with the HR service to look at the potential use of LinkedIn and Glassdoor to support recruitment and potentially lower costs.
- 3.16 The team regularly monitors and considers other forms of social media, which it may adopt depending on customer demand and market analysis.

LDC News and launch of council emailer

- 3.17 The communications team issues a bi-annual newsletter to residents called LDC News. The costs are just under £4,000 per issue including print and distribution.
- 3.18 LDC News is issued inside the Lichfield Mercury, which is a low cost method however the distribution of the publication has dropped significantly as the Mercury has cut back on its own distribution.
- 3.19 In the past we have used a variety of more costly distribution methods, including SOLUS and direct door drops with distribution companies. These often resulted in over delivery to areas outside our district (resulting in complaints), and numerous complaints about hundreds of copies being dumped in skips/hedges etc. 100% coverage is not necessarily achievable for a reasonable cost, and the team do their best to balance cost/distribution.
- 3.20 Currently 28,000 copies are issued, which includes 21,500 copies via the Lichfield Mercury and a 7,500 via SOLUS. The team recognises the publication is not inclusive as it does not reach all customers and it is not feasible to offer an 'opt in' option for customers who do not currently receive it to request it, although copies are also made available in council offices and to members.
- 3.21 As such, the team is working to develop the council's approach to email marketing, which the team developed to significant success for the year two garden waste service (74% of sales to date have been made online and a large percentage have been via the email marketing). The team envisages that over time, depending on customer recruitment to the email database, that an online emailer could replace or supplement the production of LDC News. Plans are currently in development which will include a full equality impact assessment and will be brought to Cabinet at some point in early 2019.

Other key publications / campaigns / work

- 3.22 The team supports the publication of a range of service-led items – from the annual recycling calendars, through to quarterly Lichfield Historic Parks newsletter and a range of leaflets and strategy documents, ranging from housing strategies through to environmental strategies.

The team also devises and leads a range of promotional and marketing campaigns – from the recent digital services campaign that has seen an increase in online interaction, through to the recent campaign that has successfully encouraged residents not to use black bin bags in the blue bins.

When working with Tamworth on joint waste promotions, the team takes the lead in delivering all comms related work, including writing and designing the Waste Less survey and guide to recycling.



- 3.23 The team also supports the delivery of all new online services and offers a Plain English service and usability testing in partnership with the performance team.

Design support and tourism publications

- 3.24 The communications team provides a graphic design service to teams across the council and advises on design in line with the council's style guide. Projects range from supporting the development of local plan documents, through to the council's annual tourism promotion work. Approximately 70% of the in-house design capacity within the comms team is used to support tourism activity.

- 3.25 The team supported the council's tourism team, Visit Lichfield, to deliver the following publications in 2018/2019:

Publication	Description	Print run	Printing Cost*
Visitor guide 2018	80 page booklet	60,000	£14,720
Visitor guide 2019	16 page gate fold leaflet	30,000	£2,869
What's on spring/summer 2018	32 page booklet	50,000	£5,208
What's on autumn/winter 2018	12 page leaflet	10,000	£770

*Distribution costs are excluded from these figures.

- 3.26 A review of the marketing approach for tourism recommended a reduction in the size and quantity of the What's On and Visitor Guides as people no longer tend to read such large publications. With the large investment that had been made to improve the Visit Lichfield website, this has been an area of focus for the Tourism team as it was time consuming for them to collate the listings, sell advertising, format it for print and then proof a considerable amount of information.
- 3.27 In December 2018 the tourism team launched their "Marketing Opportunities with Visit Lichfield" flyer, which has been circulated by email to businesses that have previously advertised in the printed What's On and Visitor Guides. As more targeted tourism and marketing material is developed in 2019, this will be produced digitally where possible, with small print runs for targeted locations only.

Consultation and feedback

- 3.28 During a recent residents' focus group, communication with the council was discussed. From those present there was no one clear preference for the method or format in which the council communicates, whether that is according to the target audience group or the issue or service being discussed. However, participants did offer a useful insight in to why and where they would prefer certain types of communication for different things.
- 3.29 Newspapers, leaflets, the council website, news websites, social media, SMS and direct mailing were all discussed and the group recognised that different groups would use different channels. In particular engagement with rural areas was seen as a challenge, unless there were active community groups operating in

those areas. The use of social media was felt to be low amongst these groups, due to the profile of volunteers, with more traditional printed means, such as newspapers, leaflets and copies of LDC News being useful.

- 3.30 Participants liked reading information about their local area in newspapers, though few could recall seeing council notices or press releases. These were seen to be quite accessible – particularly free press delivered through the door where these deliveries take place.
- 3.31 Awareness of council newsletters was mixed. Most were aware that there is a newsletter, but not everyone was able to comment on its content as they had thrown it away without reading it. Older participants were particularly positive about the newsletter and liked that it was delivered through the door, whereas others had chosen not to read it because they did not think it was relevant to them or because they preferred to get their information online. Those who liked the idea of a newsletter were keen to ensure it contained articles on progress against key concerns and included points of contact for key services and issues. There was some discussion regarding costs and overall participants felt that the newsletter was value for money, but were concerned about ensuring coverage to locations where free newspaper deliveries do not happen.
- 3.32 Email communication was identified in the focus groups as being the most useful tool for keeping up to date with council information. Participants suggested that they would welcome the opportunity to sign up to an e-newsletter which would contain short headlines with links to further information online if so desired. They felt that information could be tailored to individuals by selecting which topics they were interested in when they signed up.

Alternative options	All communication activity is reviewed on a regular basis and there will most likely be fundamental shifts in activity as we continue to move away from paper and towards more digital means of interaction over the coming months. A Fit for the Future review is due to take place in this area as part of the programme to consider our longer term aspirations for digital media and customer experience and how these support our commercial ambitions.
Financial implications	There are no financial implications arising specifically from this report. Any financial implications made regarding marketing and communication spend have been considered as part of the service or relevant project budget and where relevant are contained within the report.
Consultation	During recent focus groups the extent and value of our communication plans were discussed and key communication methods reviewed. This demonstrated a need to maintain a mix of communication methods for the various audiences in the short term, whilst developing longer term mechanisms to engage by tailored email linked to digital content and channels.
Contribution to the delivery of the Strategic Plan	Lichfield District Council's Strategic Plan 2016 – 2020 sets out our ambition to become a council that is 'fit for the future'. This includes: <ul style="list-style-type: none"> • Making our top services fully bookable online and so easy to use that people choose to go online as a first port of call. Our website is key to this ambition. • Seeking out ways to increase productivity and efficiency through our Fit for the Future programme and service reviews.
Equality, diversity and human rights implications	<ul style="list-style-type: none"> • It is acknowledged that whilst many residents/customers are digitally enabled and will engage with the council online – the take-up of garden waste online is evidence of that – some people will not. • Appropriate channels/new systems are tested with an equality impact assessment to ensure that no individual, or group of people, is adversely affected. • Furthermore, customer engagement, testing and feedback will be a consideration as the communication mechanisms are reviewed and developed.
Crime & safety issues	None identified.

	Risk Description	How We Manage It	Severity of Risk (RYG)
The programme and individual projects have comprehensive risk logs but key risks to the programme include:			
A	Ineffective communication protocols	The protocols are reviewed on a regular basis to ensure they are robust and lessons are learned when issues arise.	Green
B	Insufficient capacity to support communication activity	Communications mechanisms are constantly reviewed and the overall approach to communication and resources necessary to achieve our ambitions will be subject to a review as part of our Fit for the Future programme.	Yellow
C	Reputational damage	Protocols are in place to manage and eliminate reputational damage as a result of communication activity.	Green

Background documents

LDC's media and social media policy www.lichfielddc.gov.uk/mediapolicy

LDC's Plain English guide www.lichfielddc.gov.uk/plainenglish

LDC's Style guide www.lichfielddc.gov.uk/styleguide

LDC's content guidelines for website and Brian www.lichfielddc.gov.uk/contentguidelines