

Public Document Pack

LICHFIELD DISTRICT COUNCIL

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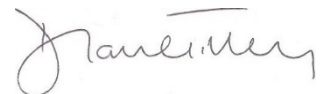
8 October 2018

To: Members of the Lichfield District Council

In accordance with Paragraph 4(2) of Part 1 of Schedule 12 to the Local Government Act 1972, you are hereby summoned to attend the meeting of the Lichfield District Council which will be held in the Council Chamber, District Council House, Frog Lane Lichfield on **TUESDAY, 16 OCTOBER 2018 at 6.00 pm.**

Prayers will be said by Reverend L Collins.

Access to the Council Chamber is via the Members' Entrance or the main door to the vestibule.



Chief Executive

A G E N D A

1. Apologies for Absence (if any)
2. Declarations of Interest
3. To Approve as a Correct Record the Minutes of the Previous Meeting. Pages 5 – 18
4. To Receive the Returning Officer's Certificate of Election of District Councillor and Report of Declaration of Acceptance of Office for Ward No. 20 (Stowe)
5. Chairman's Announcements
6. Report of the Leader of the Council on Cabinet Decisions from the Meetings Held on 4 September And 9 October (To Follow) and Cabinet Member Decisions (Grey Enclosure). Pages 19 – 22
7. Minutes of the Strategic (Overview and Scrutiny) Committee (Blue Enclosure). Pages 23 - 26
8. Minutes of the Community, Housing And Health (Overview & Scrutiny) Committee (Green Enclosure). Pages 27 - 30
9. Minutes of the Economic Growth, Environment and Development (Overview & Scrutiny) Committee (Buff Enclosure). Pages 31 - 34
10. The Chairmen Indicated Below to Move that the Proceedings of the Following Committees (Volume 46 Part 2 Minute Book) be Received and, Where Necessary, Approved and Adopted.

Committee	2018	Pages	Chairman
Audit & Member Standards	25 July	35 - 41	M. C. Tittley
Planning Committee	30 July	43 - 46	T. Marshall
Planning Committee	3 September	47 - 49	T. Marshall
Employment	24 September	51 - 53	M. G. Boyle

11. **Membership of Committees**

- (i) To approve changes to the Membership of Committees as set out at Appendix A (yellow enclosure). Page 55
- (ii) That Councillor Ball replace Councillor Drinkwater as Vice-Chairman of Economic Growth, Environment & Development (Overview and Scrutiny) Committee

12. Amendments to the Constitution

To approve amendments to the terms of reference of the Licensing and Consents Panel as set out at Appendix B. Pages 57 - 58

13. Questions

To answer any questions under procedure rule 11.2

14. Proposals from the Cabinet

(i) Procurement Service Improvement

To approve the changes to the Medium Term Financial Strategy (as set out at Appendix C) resulting from the Cabinet's consideration of the [Procurement Service Improvement report](#) on 4 September 2018.

(ii) Medium Term Financial Strategy

To approve any recommendations of Cabinet made at the meeting held on 9 October 2018 in connection with the Medium Term Financial Strategy - Appendix D (to follow)

(iii) Neighbourhood Area Designations - Determination of Applications for Designation

To agree the continuation of the delegated authority granted to the Cabinet Member for Economic Growth, Environment & Development Services and the Director of Place and Community to determine applications for the designation of Neighbourhood Areas.

(iv) Delivering the Property Investment Strategy

To agree the recommendations set out in the report at Appendix E. Pages 63 - 184

The Appendices to the report are confidential since they contain commercially sensitive information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

15. **EXCLUSION OF PUBLIC AND PRESS**

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

EXEMPT ITEMS NOT ISSUED TO PUBLIC AND PRESS

16. Confidential Report of the Leader of the Council on Cabinet Decisions from the Meeting Held on 4 September 2018 (Pink Enclosure) and Confidential Cabinet Member Decisions. Pages 185 – 186

This report is to be considered in private since it is likely to involve the disclosure of exempt information (as defined by Paragraph 3, Part 1 of Schedule 12A of the Local Government Act 1972) relating to the financial interests of the council and the business affairs of a tenant/company.

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COUNCIL

17 JULY 2018

PRESENT:

R. J. Awty (Chairman)
Bacon, Mrs N (Vice Chairman)

Banevicius, Mrs S. W.
Boyle, Mrs M. G.
Constable, Mrs B. L.
Cox, R. E.
Drinkwater, E. N.
Eagland, Mrs J. M.
Evans, Mrs C. D.
Humphreys, K. P.
Leytham, D. J.

Little, Mrs E. A.
Mosson, R. C.
Marshall, T.
O'Hagan, J. P.
Pullen, D. R.
Rayner, B. L.
Salter, D. F.
Shepherd, Miss O. J.
Spruce, C. J.

Stanhope MBE, Mrs M.
Strachan, R. W.
Tittley, M. C.
Tranter, Mrs E. H.
M. A. Warfield
White, A. G.
Woodward, Mrs S. E.
Yeates, B. W.

25 APOLOGIES FOR ABSENCE (IF ANY)

Apologies for absence were received from Councillors Mrs Barnett, Bamborough, Eadie, Greatorex, Mrs Pullen, Ray, Smith and Wilcox.

26 DECLARATIONS OF INTEREST

There were no declarations of interest.

27 TO APPROVE AS A CORRECT RECORD THE MINUTES OF ANNUAL COUNCIL HELD ON 15 MAY 2018

It was proposed and duly seconded "that the Minutes of the Annual Meeting of the Council held on 15 May 2018 as printed and previously circulated be taken as read, approved as a correct record and signed by the Chairman.

28 TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE EXTRAORDINARY MEETING OF COUNCIL HELD ON 26 JUNE 2018

It was proposed and duly seconded "that the Minutes of the Meeting of the special Council held on 26th June 2018 as printed and previously circulated be taken as read, approved as a correct record and signed by the Chairman."

Mr Mark Hooper, Democratic and Legal Officer was thanked by the Council for producing a detailed record of the meeting.

29 TO RECEIVE THE RETURNING OFFICERS CERTIFICATE OF ELECTION OF DISTRICT COUNCILLOR AND REPORT OF DECLARATION OF ACCEPTANCE OF OFFICE FOR WARD NO 10 (CURBOROUGH)

It was reported that Colin Ball had been elected as a District Councillor for Curborough Ward at an election on 5 July 2018 and that his Declaration of Acceptance of Office had been completed. Councillors Mrs Woodward and Pritchard welcomed Councillor Ball to the Council.

RESOLVED: That the Returning Officer's Certificate of Election for Councillor Ball for Curborough Ward be received.

30 CHAIRMAN'S ANNOUNCEMENTS

(a) Councillor Colin Ball

The Chairman welcomed the newly elected Councillor Ball to the Council.

(b) Chairman's Blog

The Chairman reported that his blog was now up and running and available for all to see what he is doing during his term in office.

He said he took part in the 100th anniversary of Aethelflaed, Lady of the Mercians and was pleased to see Councillor Miss Shepherd play the role of the ruler.

(c) Chairman's Civic Service

The Chairman reminded Councillors of the Civic Service on Sunday 22nd July at 3pm at St. Michael's Church.

(d) Sam Gillian

The Chairman welcomed Mr Gillian who was on work experience within Legal and Democratic Services to the chamber.

31 REPORT OF THE LEADER OF THE COUNCIL ON CABINET DECISIONS FROM THE MEETING HELD ON 12 JUNE AND CABINET MEMBER DECISIONS (GREY ENCLOSURE).

1 – Money matters 2017/18: review of the Financial Performance Against the Financial Strategy – April to March 2018

Councillor Mrs Evans asked what the implications of the Capital Programme slippage was and what the money would be spent on. Councillor Pritchard replied that had not been discussed but was most likely be from DFGs. He stated that he would confirm the details of the slippage and give the information to all Members.

2 – Compulsory Purchase Order at Land at the Windmill, Grange Lane, Lichfield

Councillor Mrs Woodward asked, on behalf of Councillor Drinkwater what the cost and purpose was of the CPO. Councillor Pritchard reported that it was to enable and facilitate development with a nil cost to the Council.

3 – Community Infrastructure Levy: Allocating and Spending CIL: Additional Guidance

Councillor Mrs Banevicius asked if CIL would be split evenly across the District. Councillor Pritchard replied that that it would be spent where needed and Burntwood would not be ignored. He informed the Council that there was body which considered all needs for CIL monies along with the CIL123 document.

6 - Allocation of Non Site Specific Section 106 Relating to Planning Application 03/00627/OUT (Hawksyard)

Councillor Cox stated that he welcomed the decision overall but accepted with a heavy heart that allocation of S106 monies had been given for projects in Brereton and Ravenhill parish in Cannock Chase as it was a lot of money for one project when there were so many others in the area. Councillor Pritchard reported that Armitage with Handsacre was granted all funds that were applied for.

10 – Friarsgate

Councillor Mrs Woodward referred to the decision of purchasing the Police Station and that the cost rose from £1.4m to £1.913m and requested clarification as to why this had happened. She also asked if any discussions had taken place with the Police and Crime Commissioner regarding the purchase. Councillor Pritchard informed the Council that the £1.4m figure was for the purchase of the Police Station. He reported that the extra amount included demolition and insurance costs. He also reported that some of these extra costs had been offset with the Police having a unit within the Friarsgate scheme to use as an office but as that this was no longer happening, the full amount had been recalculated for the purchase.

32 MINUTES OF THE MEETING OF THE JOINT ECONOMIC GROWTH, ENVIRONMENT & DEVELOPMENT AND STRATEGIC (OVERVIEW & SCRUTINY) COMMITTEE HELD ON 30 MAY 2018

It was proposed and duly seconded “that the Minutes of the Joint Economic Growth, Environment & Development and Strategic (Overview & Scrutiny) Committees held on 30 May 2018 as printed and previously circulated be taken as read, approved as a correct record and signed by the Chairman.”

33 REPORT OF THE CHAIRMAN OF THE COMMUNITY, HOUSING AND HEALTH (OVERVIEW & SCRUTINY) COMMITTEE (GREEN ENCLOSURE)

Councillor Miss Shepherd submitted the report on the items considered by the Community, Housing & Health (Overview and Scrutiny) Committee on 31 May 2018.

2 – Update on the Merger of Burton Hospitals NHS Foundation Trust and Derby Teaching Hospitals NHS Foundation Trust

Councillor Ball stated that he had concerns at the statement that there would not be any redundancies and hoped for some evidence to back this up as this has been the case elsewhere. He requested that the subject remain as an item on the work programme for the Committee to monitor.

Councillor Mrs Evans requested further information on the proposed bus service between the Burton and Derby hospital sites and what the cost of the service would be. She had concerns that it would be further to travel from Burntwood especially for elderly and this should be considered.

Councillor Mrs Banevicius hoped that the quality of services provided would improve from the current offer.

Councillor Miss Shepherd responded that the item would return to the Committee in January or March to receive a further update. She assured that the Committee would continue to seek assurance that there would not be any redundancies along with information regarding bus services.

Councillor White stated that he wished to see improvements of services and this should be a clinically led process. He reported that there would be a reshaping of provisions and gave the example that treatment for stroke would move to Derby as the specialists are at that site with the option of attending Queens hospital if required. He said he was reassured that the Samuel Johnson and Sir Robert Peel community hospitals would remain along with the Accident & Emergency Unit at Queen's Hospital for the foreseeable future.

COUNCILLOR WHITE DECLARED A PERSONAL INTEREST AS A MEMBER OF THE SUSTAINABILITY & TRANSFORMATION PLAN BOARD

Councillor Mrs Constable reminded the Council that the public needed reassurances too and there was concern regarding travel.

Councillor Leytham reported that initially the Staffordshire County Council Healthy Staffordshire Select Committee was reluctant of the merger but this had changed through further scrutiny and they were now satisfied.

Councillor Mrs Woodward said she supported the merger however felt more detail was required and she was pleased that the item would be returning to the Committee. She felt that the NHS could not afford to have specialists in all centres and services needed to be sustainable. She believed a there needed to be a clear communications plan to residents to help the community to understand.

4 – Standing Items

Councillor Mrs Woodward asked whether the Committee could track the progress of the cessation of services at Hawthorn House.

COUNCILLOR WHITE DECLARED A PERSONAL INTEREST AS THE STAFFORDSHIRE COUNTY COUNCIL CABINET MEMBER FOR HEALTH, CARE AND WELLBEING

COUNCILLOR MRS EAGLAND DECLARED A PERSONAL INTEREST AS A MEMBER OF THE STAFFORDSHIRE COUNTY COUNCIL HEALTH STAFFORDSHIRE SELECT COMMITTEE

Councillor Mrs Baker stated that as the new Chairman for the Committee she had noted the request and would put it on the work programme.

34 REPORT OF THE CHAIRMAN OF THE ECONOMIC GROWTH, ENVIRONMENT AND DEVELOPMENT (OVERVIEW & SCRUTINY) COMMITTEE (BUFF ENCLOSURE).

Councillor Cox submitted his report on the items considered by the Economic Growth, Environment and Development (Overview and Scrutiny) Committee on 20 June 2018.

2 – Work Programme

Councillor Ball remarked that he would be joining the Committee and asked the Chairman whether he felt there was a need for a cross party working group to consider plans for the Friarsgate site.

Councillor Cox responded that the Committee would look at plans as and when appropriate and the item would be included on the work programme.

35 THE CHAIRMEN INDICATED BELOW TO MOVE THAT THE PROCEEDINGS OF THE FOLLOWING COMMITTEES (VOLUME 48 PART 1 MINUTE BOOK) BE RECEIVED AND, WHERE NECESSARY, APPROVED AND ADOPTED.

(a) Planning Committee – 4 June 2018

It was proposed by Councillor Marshall “that the Minutes of the Meeting of the Planning Committee held on 4 June 2018 be approved and adopted.”

RESOLVED: That the Minutes of the Meeting of the Planning Committee held on 4 June 2018 be approved and adopted.

(b) Planning Committee – 2 July 2018

It was proposed by Councillor Marshall “that the Minutes of the Meeting of the Planning Committee held on 2 July 2018 be approved and adopted.”

RESOLVED: That the Minutes of the Meeting of the Planning Committee held on 2 July 2018 be approved and adopted.

(c) Employment Committee – 3 July 2018

It was proposed by Councillor Mrs Baker “that the Minutes of the Meeting of the Employment Committee held on 3 July 2018 be approved and adopted.”

Councillor Mrs Woodward asked how it was ensured that Members sign up to the Equality and Diversity Strategy. Councillor Mrs Baker reported that training was provided and was well attended by Councillors. She also reported that all staff were made aware of the Strategy and given a copy as well as at interview stage.

RESOLVED: That the Minutes of the Meeting of the Employment Committee held on 3 July 2018 be approved and adopted.

(d) Regulatory and Licensing Committee – 5 July 2018

It was proposed by Councillor B. Yeates “that the Minutes of the Meeting of the Regulatory and Licensing Committee held on 5 July 2018 be approved and adopted.”

Councillor Mrs Stanhope noted that Scrap Metal Licensing was a Cabinet function and requested that Cabinet Members informed residents of applications to ensure to ensure they know how many are operating in their area.

Councillor Mrs Woodward expressed the importance of the Environmental Crime Strategy for Lichfield and requested that maintenance of open space be checked by all Members as these areas can become degraded over time.

Councillor White also welcomed the Environmental Crime Strategy and requested that the Chairman work with other agencies to monitor commercial fly-tipping in the area. He reported that it was an increasing issue with tippers coming from the north of the County to illegally dispose of waste in the more rural areas. He noted that private land owners had the greatest difficulties with this problem.

Councillor B. Yeates reported that the Committee were keeping an eye on all fly-tipping and he would ensure that all members are informed of open space maintenance matters.

RESOLVED: That the Minutes of the Meeting of the Regulatory and Licensing Committee held on 5 July 2018 be approved and adopted.

36 MEMBERSHIP OF COMMITTEES AND OUTSIDE BODIES

It was proposed by Councillor Pritchard “that the changes to the membership of Committees as submitted be approved.”

Councillor Mrs Woodward said she was pleased that her concerns of the lack of replacement Members on Strategic (Overview & Scrutiny) Committee had been considered and that Councillor Rayner would now be joining the Committee. She welcomed him to the Committee and looked forward to working with him and his valuable input.

RESOLVED: That the Membership of Committees and Outside Bodies as submitted be approved.

37 REVISED PAY POLICY STATEMENT

Councillor Mrs Woodward noted the Gender Pay report and that Lichfield District Council was doing well compare to other local authorities and private companies however more could still be done to improve. She also felt that the workforce was not biased towards one gender with 54% women and 46% men and flexible working patterns were supportive but should be monitored.

Councillor Ball asked for a report on roles that have essential car user allowance with details of the split between higher and lower grade officers.

Councillor Mrs Little responded that she would get this information to Councillor Ball.

Councillor Mrs Banevicius noted that there was 312 members of staff and asked how many there were in 2015 and the cost of consultancy since that date. She noted that there were four apprenticeships out of a target of seven and asked how many were under the age of 25 as she felt young people were not being helped.

It was proposed by Councillor Mrs Boyle, seconded by Councillor Mrs Little and

RESOLVED: That the 2018/19 Pay Policy Statement be approved.

38 QUESTIONS

Q1. Question from Councillor Rayner to the Leader of the Council:

“As the village of Fradley grows it has become clear to members of the Parish Council that a larger body of representatives would be best placed to represent the Community. The Parish Council has asked if the Council would consider expanding the membership of the Parish Council to ensure the new community’s needs are heard at a local level. Please may the Council confirm whether this will be considered moving forward by Lichfield District Council.”

Response from the Leader of the Council:

“It is important that parish councils represent an identifiable community and that they have sufficient capacity to undertake their work. Of course over time the size and shape of parishes need to be reviewed so that they reflect the communities and areas that they serve.

The Local Government and Public Involvement in Health Act 2007 describes how such reviews are conducted and how any changes are agreed and implemented.

The Act says that Lichfield District Council is considered to be the ‘principal council’ on parish matters in this area and it has the authority to decide where parish councils are established; where parish boundaries are drawn and the number of councillors for each parish council.

To consider changes affecting such matters, the council must conduct a community governance review to ensure that any decision takes into account the views of local people. A review can be initiated by a decision of this council, or by the submission of a petition of parish residents.

The council acknowledges that it is some time since parishes were reviewed in the district and that recent and planned housing developments may mean that some boundaries between parishes may no longer be sensible or that the size of some councils may not be quite right.

It is understood that a community governance review can take 12 months to complete. Given the need to consult widely with the community and with other stakeholders, it is anticipated that a review will be scoped in late 2019.”

Councillor Rayner then asked the following supplementary question:

“Is this to be scoped in 2019 and when will it go forward as a review?”

Councillor Pritchard responded

“It will be scoped in 2019 to go forward in 2020”

Q2. Question from Councillor Mrs Woodward to the Leader of the Council:

In his New Year’s Message for 2018 which is still on the District Council website, the Leader said:

“Looking back on 2017, there have been many highlights. We demolished the former Tempest Ford showroom and garage site and two houses on Frog Lane in Lichfield, in

preparation for Friarsgate. The site is now ready for construction work to start on the main scheme, which includes shops, restaurants, a cinema, housing and more, this coming year.

Would the Leader accept that he was overly optimistic in this judgement of the Friarsgate project?"

Response from the Leader of the Council:

"I have a generally optimistic approach to life, and whilst hindsight is a great thing, I did have and still hold the belief that although the present Friarsgate Scheme is at an end, we do now have a wonderful opportunity to develop this and other sites within the City to deliver what Lichfield requires and deserves in today's changing markets.

Councillor Mrs Woodward then asked the following supplementary question:

"This was more blind optimism and the demolition of Tempest Ford is regarded as a highlight? We have all received the email from the owner and I have emailed the Leader of the Council for a meeting with all key stakeholders and no date has been set as yet despite reminders. The formal response given was insulting."

Councillor Pritchard gave the following response

"It has been difficult to get all parties together as it includes external people but as soon as I have dates, I will come back to you."

Q3 Question from Councillor Ball to the Cabinet Member for Regulatory Services, Housing and Wellbeing:

"What is the current average weekly rent for 1, 2 and 3 bed roomed homes class as "affordable rent" homes and also the current average weekly rent for the same type of properties classed as "social rent" homes in Lichfield District and how many of the 50 social housing for rent dwellings built in 2015/16 and 2016/17 were "affordable rent" homes and how many were "social rent" homes?"

Response from the Cabinet Member for Regulatory Services, Housing and Wellbeing:

"The latest available information that we can access on the average weekly rents of Registered Providers with housing stock in Lichfield District is shown in the table below.

Lichfield District average rents at 31 st March 2017	1 bed	2 bed	3 bed
Average weekly Affordable Rent for general needs properties	£87.84	£102.76	£118.16
Average Weekly Social Rent for general needs properties	£77.05	£87.49	£99.07

Note: the Affordable Rent figures include service charges; the Social Rent figure excludes any service charges.

The source of this information is: <https://www.gov.uk/government/statistics/statistical-data-return-2016-to-2017> It has been supplied to Homes England (formerly the

Homes and Communities Agency) by all Registered Providers through an annual statistical return.

Of the 50 social housing for rent homes built in 2015/16 and 2016/17, 45 were affordable rent and 5 were social rent.”

Councillor Ball then asked the following supplementary question:

“I am surprised social rent is not much lower than affordable rent. Out of 50 affordable homes, only five are social rent. Does the Cabinet Member agree that is appalling?”

Councillor A Yeates gave the following response:

“I have found out that social and affordable rents can differ from road to road and is not an exact science and I am working with Officers and with your help will move this subject forward.”

Q4 Question from Councillor Ball to the Cabinet Member for Corporate and Customer Services, Revenues and Benefits:

What is the average waiting time for people to receive Universal Credit in Lichfield District and also the longest and shortest waiting times in the District, since Universal Credit was introduced to Lichfield?”

Response from the Cabinet Member for Corporate and Customer Services, Revenues and Benefits:

“This data is not kept by Local Authorities as Universal Credit (UC) is administered by the Department for Work and Pensions. (DWP) The DWP regularly report on various statistics and have this month published a “Universal Credit Statistical Ad hoc: Length of payment delays for New Claims to Universal Credit.” This is a national report and there is no specific data to the Lichfield District.

The full report can be found here

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/723427/length-of-payment-delays-for-new-claims-to-universal-credit-feb-2018-statistics.pdf

Councillor Ball then asked the following supplementary question:

“I believe there are serious flaws with Universal Credit and find it concerning that 73% of UC tenants are in debt. The Audit Commission has reported on this. Does the Cabinet Member agree with my concerns?”

Councillor Mrs Little then gave the following response

“I would like to investigate this further and also meet with Councillor Ball to discuss all his concerns in more depth.”

Q5 Question from Councillor Ball to the Leader of the Council:

“Can the Leader please tell me the level of financial reserves that the District Council had at the end of the last Labour administration’s time in office and what is the level today?”

Response from the Leader of the Council:

“The Usable Reserves at 31/3/2000 was £28.345m (Audited Accounts in the financial year political control changed of May 1999) and at 31/3/2018 was £17.255m (Unaudited Accounts)”

Councillor Ball then asked the following supplementary question:

“Out of the £17.255m reserves is free and not committed and how much has been spent in Burntwood and Lichfield?”

Councillor Pritchard gave the following response

“I will get back to you with exact amounts but on the question regarding reserves however £4.4m was allocated for Burntwood Leisure Centre, £1.8m for Disability Grants and £2.6m for the depot in Plant Lane in Burntwood.

Q6 Question from Councillor Mrs Evans to the Cabinet Member for Operational Services, Leisure and Waste:

“In answer to my supplementary question on the 26 June regarding Redwood Park in Burntwood, Councillor Leytham said “he would take steps to ensure the information provided is correct and the actions referred to have been implemented.” Can he now tell me what he has done since then to make progress on this issue?”

Response from the Cabinet Member for Operational Services, Leisure and Waste:

“In the first instance I met with Chris Cook, Head of Leisure & Operational Services following the last Council meeting to systematically review the bullet points provided by Chris relating to previous actions undertaken by LOPS regarding the removal of the park gate locking service on 1st September. I am pleased to confirm the accuracy of the information provided and further confirm that all suggested actions had been duly implemented.

Since that time the LOPS team have continued to monitor the situation and confirm that to date no robust evidence has been provided to support the view that incidents of Anti-Social Behaviour (ASB) has increased. It is however acknowledged that residents have raised concerns within the vicinity regarding the potential for an increase in ASB.

In order to identify some form of intervention in relation to Redwood Park, the Head of LOPS and Operational Services Manager (Gary Brownridge) met with Councillors Evans & Woodward in Burntwood on 2nd July to discuss the potential for members of the community to act as key holders and develop an informal "friends of" group to assist with control of vehicle access into the Park. On 6th July Chris Cook & Gary Brownridge subsequently met with two members of the community adjacent to Redwood Park and discussed and agreed a process and procedure for controlled entry for vehicles and keys have subsequently been provided. The assistance of the local members and the community is appreciated and this will be reviewed in September.”

Councillor Mrs Evans then asked the following supplementary question:

“It was a positive meeting but the Police agree that there is a rise in anti social behaviour. Can we have the figures of this rise?”

Councillor Leytham gave the following reply

“I will get these figures of all ASB in Parks throughout the district to you”

Q7 Question from Councillor Mrs Evans to the Cabinet Member for Operational Services, Leisure and Waste:

"In view of the considerable problems caused by plastics, particularly those which are discarded and causing immeasurable harm to the environment, can Councillor Leytham please tell me what further steps he is going to take, to ensure Lichfield District Council is addressing the situation?"

Response from the Cabinet Member for Operational Services, Leisure and Waste:

"As far as the Joint Waste Service is concerned we will continue to provide all residents with the opportunity to recycle plastic bottles, trays and pots at the kerbside. We also provide a commercial recycling service which allows businesses to recycle plastic.

We employ 2 recycling officers who work directly with residents to encourage and educate them on minimising waste and correct recycling.

The Council's new draft Environmental Crime Strategy has very recently been approved for consultation and whilst this does not contain proposals to specifically tackle plastic waste, it does seek to tackle littering and fly tipping, which should reduce the amount of plastic waste affecting the environment on a local level.

If there are any instances of fly tipping we clear the site quickly and on every occasion try and find evidence to identify the offenders. We are also working with the communications team in relation to the potential of utilising the Bartec system to see if it provides operational improvements."

Councillor Mrs Evans then asked the following supplementary question:

"Can I be assured that collection of plastics will be monitored?"

Councillor Leytham gave the following response

"Yes and education of what can and cannot be recycled will be required as it is very complex."

Q8 Question from Councillor Pullen to the Leader of the Council:

"Can the Leader tell me what discussions have taken place with either him or Officers over LEP funding for any projects within the District?"

Response from the Leader of the Council:

"On behalf of the Council officers have been involved in discussions about possible LEP funding to support regeneration in Burntwood and separately feasibility work in respect of Lichfield City Centre. The first of these would potentially deliver infrastructure improvements which would unlock a development site, the second is to consider the viability and mix of development capable of being delivered on a site within the city centre.

Staffordshire County Council as Highway Authority and with the support of the District Council are seeking GBSLEP funding to assist with completion of the Lichfield Southern Bypass having separately gained Government funding in the amount of £5m to deliver the project.

Monies totalling £5 million from the GBSLEP and SSLEP were committed to the former Friarsgate scheme to support non-commercial elements – following the decision of the Council in respect of that scheme discussions are now taking place with the GBSLEP and SSLEP about whether the aforementioned monies could be still utilised to support related non-commercial infrastructure or would need to revert back to the LEP's for re-allocation.”

Q9 Question from Councillor Mrs Tranter to Cabinet Member for Regulatory Services, Housing and Wellbeing:

“Can the Portfolio Holder tell me what progress has been made in delivering new health facilities for Burntwood?”

Response to Cabinet Member for Regulatory Services, Housing and Wellbeing:

“Staffordshire County Council have been working with NHS England and the Darwin Practice (formerly the Spires Practice and Fulfen Practice who have recently merged) to bring forward a new health centre development at the site of the County Council owned Greenwood House.

South East Staffordshire and Seisdon Peninsula Clinical Commissioning Group submitted an application to NHS England's Estates and Technology Transformation Fund in June 2016 for the design and construction costs of the new health centre. This application was confirmed as being successful in May 2017, subject to a due diligence process.

Further design work has been carried out by the County Council's appointed architects over the past 12 months to finalise the design of the building.

A report seeking further permissions to proceed with the project is due to be considered by Staffordshire County Council's Cabinet tomorrow (Wednesday 18th July). Full details of the recommendations can be found on the SCC website”

<http://moderngov.staffordshire.gov.uk/ieListDocuments.aspx?CId=123&MId=8628&Ver=4>

Councillor Mrs Tranter then asked the following supplementary question:

“How long does the due diligence on Greenwood House take?”

Councillor A. Yeates gave the following reply

“I will let you know as soon as I receive any information however there is a meeting at Staffordshire County Council tomorrow.”

Q10 Question from Councillor Rayner to the Leader of the Council:

“What consultation has taken place in relation to the Fairer Funding Review being undertaken by Government and our settlement under the Regional Support Grant.”

Response from the Leader of the Council:

“I attended the LGA Annual Conference at the beginning of July, where a number of Authorities like ourselves who are facing a negative Regional Support Grant Settlement expressed real concern to James Brokenshire the new Secretary of State

for Housing, Communities and Local Government, who agreed to look into this position once the consultation period had finished and before any decisions were taken.”

The consultations we have responded to and lobbying we have undertaken in relation to Local Government Finance including the Fair Funding Review:

Self Sufficient Local Government : 100% Business Rate Retention – Ministry of Housing, Communities and Local Government from 05/7/2016 to 26/9/2016 – responded 26/9/2016

Business Rates Reform : Call for Evidence on Needs and Distribution – Ministry of Housing, Communities and Local Government from 05/7/2016 to 26/9/2016 – responded 26/9/2016

Business Rates Design of the Reformed System - Ministry of Housing, Communities and Local Government from 15/2/2017 to 3/5/2017 – responded 3/5/2017

Business Rates Retention Inquiry – Communities and Local Government Select Committee – responded 14/11/2017

Financial Sustainability of Local Authorities – National Audit Office – responded 07/12/2017

2 Letters to Michael Fabricant MP on Negative Revenue Support Grant and Business Rates and New Homes Bonus in February 2018.

Fair Funding Review - Ministry of Housing, Communities and Local Government from 19/12/2017 to 12/03/2018 – responded 12/3/2018

Technical Paper 3 : Spreading the Risk of Valuation Losses across the Local Government Sector to reduce volatility - Ministry of Housing, Communities and Local Government – responded 29/6/2018

Q11 Question from Councillor Mrs Boyle to the Deputy Leader of the Council:

“Is the Deputy Leader involved in any negotiations with the West Midlands Combined Authority or the elected Mayor in relation to Housing allocations in Lichfield District, particularly concerning the Green Belt?”

Response from the Deputy Leader of the Council to Councillor Mrs Boyle:

“No, there are no discussions taking place with either the WMCA or WMCA Mayor concerning housing allocations in Lichfield District. The Council has recently undertaken a public consultation as regards a future Local Plan Review – any possible allocation of land for housing over and above that contained in our adopted Local Plan Strategy and soon to be examined Land Allocations Document, will be considered as part of this exercise.”

(The Meeting closed at 7.20 pm)

CHAIRMAN

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**FOR COUNCIL
16 OCTOBER 2018
AGENDA ITEM:
(GREY ENCLOSURE)**

REPORT OF THE LEADER OF THE COUNCIL

CABINET DECISIONS – 4 SEPTEMBER 2018

1. Money Matters 2018/19 - Review of Financial Performance Against the Financial Strategy

The Cabinet:

- 1.1 Noted the report and issues raised within and that Leadership Team with Cabinet Members will continue to closely monitor and manage the Medium Term Financial Strategy 2017-22.
- 1.2 Formally accepted the offer of £905,939 by the Better Care Fund Partnership Board to support expenditure on Disabled Facilities Grants in 2018/19.
- 1.3 Approved an update to the Capital Programme expenditure budget of £154,000 (from £774,000 to £928,000) for Disabled Facilities Grants in 2018/19, funded by £22,000 of council resources, and £906,000 of Better Care Fund (BCF).
- 1.4 Noted the award of a new contract to Axis Security Services Ltd for a 3 year period and the resulting increase in budget required for the CCTV Contract over the period of £58,860 (£19,620 in 2018/19).
- 1.5 Noted the three consultations currently taking place regarding Local Government Finance.
- 1.6 Approved the Council being part of the Staffordshire Business Rates Pilot for 2019/20 and to delegate authority to the Leader, Chief Executive and Head of Finance and Procurement to agree the application.
- 1.7 Approved an investment of up to £2m in the CCLA Diversified Income Fund with income received in excess of 2.5% transferred to an earmarked reserve to manage volatility risk.
- 1.8 Delegated the decision on the exact level and timing of the investment in the CCLA Diversified Income Fund to the Cabinet Member for Finance and Democracy and the Head of Finance and Procurement.

2. Monitoring the Delivery of the Strategic Plan

The Cabinet:

- 2.1 Noted the 2017/18 end of year performance as detailed in the 2017/2018 Corporate Annual Action Plan.

- 2.2 Noted the new Performance Development Framework and adopted the new Delivery Plan 2018-2020 and draft Corporate Indicators.

3. Disposal of Land at Leyfields and Netherstowe, Lichfield

- 3.1 The Cabinet agreed to dispose of land at Leyfields, Lichfield and Netherstowe, Lichfield to Bromford Housing Association for the provision of affordable housing on the terms recommended by the District Valuation Officer.

4. Procurement Service Improvement

The Cabinet:

- 4.1 Acknowledged the report and the current work being done to improve procurement practices and outcomes.
- 4.2 Approved the entry in to a service level agreement with Wolverhampton City Council to deliver procurement support for a period of four and a half years (until 2022/23) at total cost of £260,085 (not including any inflation or software cost increases).
- 4.3 Recommend to Council the approval of changes to the Medium Term Financial Strategy detailed in the financial implications section of the report.

5. Neighbourhood Area Designations - Determination of Applications for Designation

- 5.1 The Cabinet agreed that Full Council be recommended to maintain the delegated authority granted to the Cabinet Member for Economic Growth, Environment & Development Services and the Director of Place and Community to determine applications for the designation of a neighbourhood area.

6. Delivering the Property Investment Strategy

The Cabinet:

- 6.1 Agreed the appointment of two posts within the newly created estates team.
- 6.2 Recommended to Council the use of general reserves to provide contingency funding for any shortfall within the budget and amend the Medium Term Financial Strategy for the necessary changes to Property Management Budgets as detailed in the financial implications section of the report.
- 6.3 Recommended that Council amend the Approved Investment Strategy to approve a loan of up to £900,000 to the local authority company for a period of 5 years.
- 6.4 Recognised the creation of a new officer group to provide cross-organisation focus to asset management.

- 6.5 Recognised the need to create a local authority company to deliver the Council's development and housing ambitions.
- 6.6 Recommended to Council the delegation of the next steps to the Leader and Chief Executive particularly:
- A change in the constitution to replace the Asset Strategy Group with a new member consultative group.
 - A change in the constitution to delegate property acquisitions of up to £2m to the leader and chief executive, with oversight by the s151 officer and monitoring officer.
 - The creation of a company including the setting up of a board, shareholder committee, memorandum and articles of association, shareholder agreement and loan terms.
 - Amendment of the constitution to incorporate the company.

DECISIONS MADE BY CABINET MEMBERS

7. Garden Waste Subscription Rate for 2019

- 7.1 The Cabinet Member for Operational Services, Leisure and Waste agreed that the subscription rate for the Garden Waste Service in 2019 remain at £36 per bin.

**MICHAEL J WILCOX
LEADER OF THE COUNCIL**

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STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE

5 SEPTEMBER 2018

PRESENT:

Councillors Strachan (Chairman), Mrs Barnett (Vice-Chair), Mrs Evans, Rayner, Tittley and White.

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

12 APOLOGIES FOR ABSENCE

Apologies were received from Councillors Constable, Greatorex, Powell and Woodward

13 DECLARATIONS OF INTEREST

None

14 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on the 21 March 2018 were recorded and signed as a correct record by the Chairman.

15 TERMS OF REFERENCE

The Terms of reference taken Article 6 of Part of the Lichfield District Council Constitution were noted.

16 WORK PROGRAMME

The work programme was discussed and it was requested and agreed that the Property Strategy return as an item to the Committee in January to review and consider next steps.

It was also requested that the current Strategic Plan be evaluated at the last meeting of the municipal year before the new Plan is devised in the next Council.

The LEPs Government paper was discussed and it was noted that although Local Authorities may not have a choice on what the governance options were, Members may have opinions which O&S could consider.

It was noted that consideration of the corporate communications strategy had been requested and agreed to be added to the work programme.

17 DIGITAL STRATEGY

The Committee received a presentation by the Head of Corporate Services on the emerging Digital Strategy which would be considered by Cabinet in November.

It was reported that the work leading up to the strategy undertaken as part of the innovation programme had investigated the systems map for the Council, and developed a set of key

principles to improve customer experience and efficiency and support cost reduction. The Digital Strategy carried through these principles and set out our ambitions to support the services to transform and realise the power of digitalisation. A cloud readiness assessment has been undertaken and this has demonstrated that significant revenue savings could be made in migrating to cloud based systems over traditional models of upfront investment in ICT. It was also noted that bringing IT support in house has already created efficiencies within the ICT revenue budget, and further use of cloud could extend these savings further.

The Committee agreed to keep the Innovation Task Group and allow them to continue their work in testing new systems as their feedback had been invaluable especially with the implementation of the Green Waste Subscription service. It was reported that the year two subscription notifications were currently being planned.

It was discussed that it would be intended to move to Cloud based systems and this raised concerns with Committee Members around security and data protection. It was reported that the system providers had their own teams of security specialists and were providing high levels of security to other customers which include banks and government departments. This dedicated and highly trained round the clock monitoring and support would far outweigh any local protections that could be put in place. The Committee noted that security requirements were written into the contracts. When asked, it was reported that a cyber security audit had taken place for all the Council's systems and any issues raised had been addressed. Along with this, penetration testing had also taken place for key systems and any known holes had been closed. Members requested further details of the complete Strategy and security testing results.

Productivity and savings were then discussed and it was reported that the cash savings would potentially only be achieved through switching off or reducing other channels as we move to more digital means. The committee were advised that the Digital strategy provided the environment and systems to enable change and the effective management of data but the realisation of efficiencies as a result of those improvements would be made from reviewing processes as part of the fast reviews in the Fit for the Future programme as these costs sat within service budgets and not ICT spend.

It was asked if other local authorities could be invited to share the use of LDCs systems and it was reported that some current systems and contracts would have to be revised to enable this. As part of the Fit for the Future programme fundamental reviews will consider where services can be delivered and these assessments would include a review of core systems including the Revenues and Benefits processing system, which is due for procurement review in 2019. Members were advised that the introduction of online forms in Revenues and Benefits was paid for via funding from the LGA to increase digital access to the service and the roll out of the forms had gone very well

Legacy data was then considered and it was noted that if it was on a server and not maintained, there would be a cost to access it for systems that we no longer intend to use. It was noted that this is a consideration of all projects to only retain access to information we have a right to keep and intention to use. An example was given of work being done through the IDOX project to migrate legacy planning data from the existing document management system (DMS) to the new DMS. It was also reported that as part of the ending of the ICT support contract an Information Manager post had been created to ensure the curation and effective use of all data and information in the Council going forward.

RESOLVED: That the information received be noted and points raised be noted by Cabinet.

The Committee received a report setting out proposals to meet the ambitions of the agreed Property Investment Strategy through an in-house property service to manage the council's property estate and the creation of a local government company to develop, sell or lease residential property.

As the item had been already considered by Cabinet, before the item was formally opened for consideration, the Chairman requested views on whether Members would wish for an Overview & Scrutiny Call-In. It was agreed that as the final decision would be made at Council, an amendment based on the Committees views could be made to the report before any decision was taken.

The Leader of the Council introduced the item to the Committee and noted that many other local authorities had already begun doing what was proposed in the report. He reminded the Committee that there was a continuing need to deliver services but as government funding would soon cease we need to look to create alternative income streams.

The recommendations were then introduced to the Committee and it was reported that alternative options had been considered but not deemed viable. It was noted that risks had been thought through and Brexit implications was the greatest concern.

Members asked for clarification on whether the already approved £45m borrowing for the Investment Strategy would be used for the proposed company and it was reported that the company was not part of that Strategy and so it would be funded through other routes including the use of reserves. When asked, it was confirmed that the borrowing as approved in the Investment Strategy was broken down and within the MTFS. Members were pleased to note that it was intended to start with the small target of 5 properties per annum to allow the company to grow.

It was noted that any Fit for the Future projects to modernise systems or processes to carry out the implementation of Property Management had already been budgeted for with resources already in place.

Governance arrangements were then discussed at length and the Committee had some concerns regarding the proposed delegations to the Leader of the Council and Chief Executive and in particular to allow property acquisitions of up to £2m with the oversight of the Section 151 and Monitoring Officers. The Committee were concerned that there was no scrutiny which could lead to exposing individuals to risk. It was reported that the proposal was based on other local authorities with a two stage process with due diligence being carried out before any transactions made. Members requested that the governance arrangements be made clearer and it was proposed that an amendment be made to the draft delegations to say that 'an offer' of up to £2m could be made.

Conflicts of interests of Officers also being Directors and Company Secretary was then discussed and it was confirmed that they would be subject to Section 225 of the Companies Act however deputy Statutory Officers could step in if necessary. It was also clarified that as council Officers, they make recommendations and Councillors make the final decisions and in the case of the company, the shareholder, which would be Lichfield District Council, would make any decision. The Committee accepted that this approach would allow risks of conflicts of interests to be managed and also noted that it would be short term solution and new company directors would be sought when profitable. Assurances were given that the level of commitment required from Officers to be Directors and Company Secretary was manageable.

It was asked if Directors had authority to change the Memorandum of Association and Articles of Association and it was confirmed that the council as the shareholder would retain the right to approve any changes.

When asked it was confirmed that there could be opportunities for second or third party shareholders to be invited but there could be risks of bias in council decision making.

The long term vision for the council was considered and it was noted that the Investment arm should yield quicker results regarding income and the property company would take longer to become profitable as it would require an initial period of reinvestment.

When asked it was noted that audits of the company would be done separately and published on companies' house giving transparency. This information would also be reported to the relevant cabinet member along with a proposed member scrutiny committee.

It was noted that PSP may still be utilised.

RESOLVED: That the Strategic (Overview & Scrutiny) Committee endorse the Cabinet decisions subject to the following amendment to the proposed delegation to the Leader and Chief Executive to read;

- A change to the constitution to delegate the Leader and Chief Executive to make an offer for property acquisitions of up to £2m with oversight by the S151 officer and Monitoring Officer.

(The Meeting closed at 8.00 pm)

CHAIRMAN

**COMMUNITY HOUSING AND HEALTH (OVERVIEW AND SCRUTINY)
COMMITTEE**

12 SEPTEMBER 2018

PRESENT:

Councillors Mrs Baker (Chairman), Mrs Evans (Vice-Chair), Miss Shepherd (Vice-Chair), Ball, Bamborough, Mrs Constable, Hoult, O'Hagan, Ray and Mrs Eagland.

(In accordance with Council Procedure Rule No.17 Councillor Yeates attended the meeting).

8 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Mrs Boyle, Eadie and Humphreys.

9 DECLARATIONS OF INTERESTS

Councillor O'Hagan declared a personal interest as he is currently employed by the Southern Staffordshire and Shropshire Mental Health Service of the Midlands Partnership Foundation Trust based at Burton Queens Hospital.

10 MINUTES OF THE PREVIOUS MEETING

The Minutes of the Meeting held on 31 May 2018 as previously circulated were taken as read and approved as a correct record.

11 PRESENTATION FROM NEW DISABLED FACILITIES GRANTS PROVIDER

The Chairman advised that Millbrook Health Care had been appointed to manage and deliver disabled facilities grants in Lichfield District. She welcomed Mr Lee Davies, a Director at Millbrook Health Care who gave a presentation outlining:

- the history of the company,
- the services they provided and customer feedback
- the service deliver model in Staffordshire
- transition issues
- performance, service improvement and performance management
- governance arrangements.

Members were given the opportunity to ask questions and it was proposed that an update on the delivery of disabled facilities grants be provided in six months' time.

RESOLVED: That a briefing paper on the delivery of disabled facilities grants be provided to Members of the Committee in six months.

12 WORK PROGRAMME

Consideration was given to the Work Programme for 2018/19. It was noted that an update would be received on the merger of Burton Hospitals NHS Foundation Trust and Derby Teaching Hospitals NHS Foundation Trust in January. This would give an opportunity to address, amongst other things, the proposed bus service between Burton and Derby

Hospitals, the construction of the proposed car park and concerns over redundancies and potential reductions in health service as a result of the merger.

13 HEALTH AND WELLBEING STRATEGY DELIVERY PLAN

It was noted that on 26 March 2018 the Committee had endorsed the emerging Health and Wellbeing Strategy (HWS). The HWS:

- explored the Council's impact on the health and wellbeing of residents,
- identified service areas and activities that impacted on the determinants of health,
- built on the evidence contained in the Strategic Plan,
- provided a picture of the key local health and wellbeing indicators and highlighted areas for improvement.

Consideration was given to the revised HWS Delivery Plan 2018-2021 which contained the actions and outcomes required to address the identified priorities. These had been informed by existing and emerging policies and strategies from across the Council.

Clarification was provided in respect of a number of issues including the dementia awareness timescales and the identification of priority wards.

In response to a question about the possibility of overcommitting in some areas given the resources available, it was confirmed that Leisure Services were comfortable with the targets, some of which were provided for in the Freedom Leisure Contract.

With regard to funding, it was advised that the £54,000 funding allocation from residual Locality Commissioning Board funds was in addition to services that were already being provided.

It was acknowledged that the provision of affordable homes was reliant on the housing market, although the Council could influence provision and the trend had been improving with 135 affordable homes delivered in 2017-18.

The strategy and delivery plan was welcomed and commended and the hope was expressed that it would lead to a lot of positive outcomes in the future.

RESOLVED: That the revised Health and Well Being Strategy and Health and Well Being Delivery Plan be recommended to Cabinet for Approval.

14 EXCLUSION OF PUBLIC AND PRESS

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

IN PRIVATE

15 ALLOCATIONS SCHEME

A report was submitted that reviewed the current housing allocation scheme and housing register and consideration was given to a revised scheme that reflected current legislation (including the Homelessness Reduction Act 2017), guidance and local priorities.

It was proposed that Bromford would continue to manage and administer the housing register on the Council's behalf and that a bespoke housing register based on the revised allocation scheme be developed in partnership with Bromford to replace the current Homes Direct platform.

Members noted that the priority grades A, B, C and D were being changed to Emergency, 1, 2 and 3 and regret was expressed that, due to the demand in other categories, category D was being removed since this contained applicants with no identified housing need.

Reference was made to the closure of Bluebell House in Lichfield which had provided accommodation for young people and it was hoped that the building could be brought back into use as soon as possible. It was advised that a planning application had been submitted by Midland Heart for a housing scheme for over 55 year olds.

In response to a question about the criteria regarding housing related debt it was confirmed that exceptional cases would be examined on their own merit. It was also advised that discretionary housing payments were available and the budget had not been fully spent in recent years.

RECOMMENDED: (1) That the revised Allocation Scheme be recommended to Council for approval.

(2) That the proposal for Bromford to continue to manage and administer the housing register on the Council's behalf and jointly develop a bespoke housing register to replace the current operating system be noted.

IN PUBLIC

16 COMMUNITY LOTTERY SCHEME

A report was submitted on the proposed establishment of a lottery to enable local community groups and charities to raise funds and help the Council to provide support for the local voluntary and community sector.

Confirmation was sought that the current budget of £177,000 grant funding provided by the District Council would not be reduced. It was advised that this level of support had been approved by Cabinet in July 2017 for three years.

The Committee discussed the proposal and agreed that it would need to consider the results of the consultation with the local community and voluntary sector before being able to fully endorse the idea.

It was advised that the staff resources involved in establishing and running the scheme could not be determined at the present time since data from other authorities on this aspect of running a lottery was not available.

RECOMMENDED: That the idea of establishing a local lottery scheme be approved subject to the outcome of consultation with the community and voluntary sector and its further scrutiny by the Committee.

17 STANDING ITEMS

(a) Lichfield District Health Provision

It was reported that Staffordshire County Council's Cabinet had approved the redevelopment of Greenwood House, Burntwood to provide a new purpose-built health centre with adjoining pharmacy and associated car parking following the successful application to NHS England's Technology Transformation Fund.

Members noted that a public exhibition on the proposed health centre had been arranged for 18 September following which an application for Planning Consent would be finalised.

(b) Staffordshire Health Select Committee

The Committee received an update on the most recent meeting of the Staffordshire Health Select Committee.

(The Meeting closed at 8.26 p.m.)

CHAIRMAN

**ECONOMIC GROWTH, ENVIRONMENT AND DEVELOPMENT (OVERVIEW
& SCRUTINY) COMMITTEE**

19 SEPTEMBER 2018

PRESENT:

Councillors Cox (Chairman), Ball (Vice-Chair), Warfield (Vice-Chair), Mrs Baker, Mrs Eagland, Marshall, Smith and Mrs Stanhope MBE.

(In accordance with Council Procedure Rule No.17 Councillors Leytham, Pritchard and Wilcox attended the meeting).

23 APOLOGIES FOR ABSENCE

Apologies were received from Councillors Drinkwater and Mrs Fisher

24 DECLARATIONS OF INTEREST

There were no declarations of interests.

25 INTRODUCTIONS

The Chairman welcomed Councillor Ball to the Committee and to role of Vice-Chairman. He reminded Members that the position would be ratified at Council in October but that Councillor Ball was acting in the role as of this moment. The Chairman also thanked Councillor Drinkwater for all his hard work and input as the previous Vice-Chairman and passed on the Committees well wishes to him and his wife.

26 MINUTES OF THE PREVIOUS MEETING

The Minutes of the previous meeting were approved and signed as a correct record.

27 PRESENTATION BY THE ENVIRONMENT AGENCY

The Committee received a presentation from the Environment Agency (EA) on Planning and Flood Risk. They reported that they had two strategic roles in the Planning system which included advice on the Local Plan and Development control and detailed these in depth to Members.

It was reported that the EA expected Local Plans to have Strategic Flood Risk Assessment Level 1 with a preference to avoid flood risk or manage if factors means level 2 or 3 site are required for development.

It was then noted that the EA was a statutory consultee regarding planning applications. It was reported that the County Council was the lead local flood authority for certain types of water concerns like surface water drainage but the EA would comment on flood risks.

The EA presented what calculations they use when considering flood risks and what they expected developers to do to mitigate these risks. They reported that the two questions they pose when considering applications were would it firstly be "Made safe for its lifetime" and secondly "without increasing flood risk elsewhere". They then wished it to be noted that

responding to planning consultations was not a simple yes or no but object to the principle or in the details of the application along with recommendations of planning conditions.

The Committee then asked questions and wanted reassurances that the models used were correct especially with changing data and the added complication of climate change. It was reported that uncertainties were written into the models.

Members then wanted to know what data sources were used to create flooding models and whether local knowledge was included. It was reported that information was taken from known flooding events and physical gauges and models were updated whenever the data changed. It was noted that anecdotal evidence should be used when collating site specific data and it would be investigated if this had not happened. The Committee suggested that a reporting mechanism with Parish Councils could be advantageous to the EA.

Members asked how often flooding zones were reviewed as there had been an instance where the Planning Committee had approved an application based on a 'no objection representation made by the EA only for the flood zone to change on the site soon after. Members expressed their concern that the Planning Committee were making decisions based on out dated professional advice. The EA committed to investigate when the zoning changed for the site in question and let Members know. They also agreed to look at why local knowledge had not been considered when initially giving their comments on the planning application. They did assure the Committee that the models now used suggested that the site was safe and reported that they would pass these models on to help reassure residents in the area.

Further concern was expressed regarding sewage works especially in the Fradley area and it was agreed that the EA would discuss these issues with Seven Trent Water on the Committee's behalf.

When asked, it was confirmed that dredging of rivers did not make a big enough positive impact and now the preferred method was to re-naturalise them as it was more environmentally friendly.

The Environment Agency was thanked for their attendance and their assistance to the Committee.

RESOLVED: That the information given be noted.

28 PROPOSAL FOR A SMALL BUSINESS GRANT SCHEME

Committee received a report on the proposed small business grant scheme. It was reported that the scheme would award up to 50% grant funding ranging from £500 to £1500 and to qualify, existing businesses would have to have been trading for no more than three years or be persons looking to start a business in the district.

It was noted that other local authorities had already introduced similar schemes and it would aid meet the Council's Strategic Plan priority a vibrant and prosperous economy.

Members welcomed the proposals and felt it would encourage businesses to grow in the district. Reassurances were sought that robust monitoring would be undertaken to ensure the grants awarded were adding value. It was reported that a review of the use of the grant would be undertaken 6 months after being given. It was also reported that the applying business or individual would have to be a member of the Enterprise for Success programme which would ensure they received business advice and courses to help them make the best use of the grant given.

Members expressed a need to ensure there was no duplication with other forms of funding as it would allow all sectors of business to have the opportunity to receiving grants. It was noted that this was especially the case with business to consumer types.

There were concerns of what available resources there were to undertake the awarding of grants but were reassured that this had been taken into account when devising the scheme.

Members then requested that there be reviewable outputs written into the scheme to allow for robust monitoring and it was reported that there would be budget based and job creation targets and these could be reported back to the Committee.

The Committee expressed their disappointment at the sale of industrial units as they were a good model for business start up however accepted the reasons for their sale.

RESOLVED: That Cabinet be recommended to approve the proposal for a Small Business Grant Scheme.

29 LOCAL PLAN AND RELATED SPATIAL POLICY MATTERS UPDATE

The Committee received an update on the Local Plan. It was reported that the Local Plan Allocations document had recently been examined by the Planning Inspectorate at a public hearing and the Council was now awaiting the Inspectors report.

The Committee expressed their thanks to Mr Ashley Baldwin, Spatial Policy and Delivery Manager, and all Officers in his department for all the work they have undertaken at the examination hearing and overall for the whole process.

It was noted that the examination stage of the Allocations document had not ended and the Inspector had requested further information on a number of points including reliance on larger allocation sites. It was reported that a requirement for main modifications to the document was expected and if this was the case, these would be reported to Members

The results of the consultation on the Local Plan Review Scope, Issues and Option was noted as concluding on the 11th June 2018 and the responses received were included in the report. Feedback from the effectiveness of the consultation was also reported and the Committee was pleased to note that this would be taken on board for the next consultation which was due in January 2019. Members did request that mailshots were not used due to the cost. It was suggested that Mosaic be utilised if possible to help target specific demographics. It was also suggested that Councillors highlight the consultation when meeting with residents.

The use of greenbelt was discussed further and it was noted that the Council's position for the Land Allocations document was exhaust non Green Belt land this was expressed at the examination hearing by both the Council's Counsel and Members speaking as witnesses. It was noted that some responses from the consultation had suggested that greenbelt needs to be released. However these views were primarily from promoters of sites with land in the Green Belt. When asked, it was agreed that the Infrastructure Development Plan could be used to help improve sustainability of the settlements and site allocations.

Duty to Cooperate was discussed and it was noted that this was continuing and a Statement of Common Ground with Tamworth Borough Council was agreed at the Land Allocations EiP. .

The proposed new NPPF was noted and in particular, windfall sites. It was asked if a policy could be introduced to prevent back garden development and it was reported that the NPPF still leaned towards the presumption of development and so any policy would have to be very robust.

The housing need for Birmingham was discussed and the Committee still felt that all brownfield sites should be considered by the GBHMA Authorities before looking outside their area to need their need. It was noted that it could be the case that sites are not suitable for housing but for employment needs but Officers will continue to articulate this point with Birmingham

- RESOLVED:** (a) That the progress associated with the Local Plan Allocations and Local Plan Review be noted;
- (b) That the summary of representations received to the Local Plan Review Issues and Options consultation and the officer responses be noted;
- (c) That the need to review the content of the Statement of Community Involvement in more detail and subsequently present this to Cabinet to request permission consult on the proposed changes be noted;
- (d) That the recent progress in relation to neighbourhood plans within Lichfield District be noted.

30 WORK PROGRAMME

The work programme was considered and it was reported that an additional meeting had been provisionally scheduled for 21st November 2018.

It was noted that the item on Festivals and Events would be led by the Leisure, Parks and Waste Management (Overview & Scrutiny) Committee however a report on the economic and tourism benefits of these events would be considered by this Committee.

It was noted that Councillor Marshall had agreed to Chair the BRS Member Working Group which would include Members across the Council and be cross party based. It was also reported that updates from the group would be fed back to this Committee and Cabinet.

RESOLVED: That the work programme be noted and amended as agreed.

(The Meeting closed at 8.25 pm)

CHAIRMAN

AUDIT AND MEMBER STANDARDS COMMITTEE

25 JULY 2018

PRESENT:

Councillors Tittley (Chairman), Hoult (Vice-Chair), Mrs Boyle, Marshall, Strachan, Mrs Tranter and Mrs Woodward

Observer: Councillor Spruce (Cabinet Member for Finance & Democratic Services)

Officers In Attendance: Ms Jane Irving, Ms B Nahal, Mrs A Struthers, Mr A Thomas and Ms W Johnson

Also Present: Mr John Gregory (Grant Thornton UK LLP) (External Auditor) and Ms Laurelin Griffiths (Grant Thornton UK LLP) (External Auditor) and Ms Kirsty Lees (Grant Thornton UK LLP) (External Auditor)

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Rayner and Councillor Mosson.

2 DECLARATIONS OF INTEREST

Councillor Tittley and Councillor Mrs Woodward declared disclosable pecuniary interests in relation to Friary Grange Leisure Centre (Agenda item no. 8 – Risk Management Update) as both are Members of Staffordshire County Council and left the room when this item was discussed.

3 MINUTES OF THE PREVIOUS MEETING

The Minutes of the Meeting held on 22 March 2018, as printed and previously circulated, were taken as read and approved as a correct record.

4 ANNUAL TREASURY MANAGEMENT REPORT

Mr Thomas delivered a Presentation on the Annual Treasury Management report and explained that this was the end of year report covering all treasury activity and prudential indicators for 2017/18. A summary of the capital programme performance from the original budget to the actual was explained and reasons were given for the budget reductions from Original to Approved budget together with actual performance to Approved Budget – Affordable Housing projects, Friarsgate projects and the Leisure outsourcing. The Burntwood Leisure sinking fund had now been superseded by the Leisure outsourcing and members were advised the Approved Budget reflected more current circumstances - £759,515 less than the Approved Revised Budget of £3,368,000. The capital receipts comparisons were presented and Mr Thomas explained that the turmoil in the financial markets in May 2018 caused by the results of the Italian election meant we were able to borrow the £1.395m to be used to fund the capital works at Burntwood Leisure Centre at a rate lower than had been provided in the Approved Budget. The level of investments had been pretty consistent to previous years. The Capital Financing Requirement (Borrowing Need) was in line with the Approved Budget, however, this was likely to increase in future years due to the Property Investment Strategy being funded by borrowing and the new leasing standard where more leases will appear on the Council's Balance Sheet. The liquidity of our investments were

highlighted as we had not had to temporarily borrow during 2017/18 to ensure there is sufficient cash available to pay for goods and services and the investments by type were illustrated. Mr Thomas said there were new accounting procedures (IFRS9) that had come in to force on 1 April 2018 whereby the new standard would see us having to set money aside to reflect any reduction in value of the investment and there was a difference of opinion between the Council and its Treasury Advisors (Arlingclose) and the External Auditors in relation to the accounting treatment for the Property Fund Investment under the new standard. The balance sheet and cash flow statements were presented and explanations provided for significant differences between 31 March 2017 and 31 March 2018.

Concerns were raised around the right to buy receipts in relation to reducing the access to affordable housing by people within the district. Mr Thomas explained that the Council had transferred the former Council Housing in 1997 to a Housing Association and therefore it no longer had any control over the policy on sales. However, the Council still had a role in terms of Strategic Housing through the Local Plan.

The LDC Average Yield figure of 4.8% was questioned as it looked quite high and it was explained that this related solely to the investment in the Property Fund.

The risk section of the report detailed the Council's plans to dispose of the Bore Street Shops yet it was assumed this was an error and it was agreed to amend this statement because the Council had decided to retain this asset.

Discussions then took place and reassurance was sought about the impact of IFRS9. Mr Thomas said there was a difference of opinion at the moment although it should have no impact in 2018/19 due to the possibility of a Statutory Override (subsequent to the meeting a consultation has been issued). Revised guidance clarifying the accounting treatment and the earmarked reserve that had been set up previously to manage this type of risk. If the standard is applied in a way that is different to that the Council has assumed then any impact on the 18/19 financial position will be mitigated by the earmarked reserve. However, the election in our accounts this year is a prudent measure that keeps all options open moving forward. The External Auditor advised that this came in to effect on 1 April 2018 and in her opinion the issue has no impact on the Council's position for the 2017/18 financial year and so has not affected their opinion.

It was asked if the impacts of the outsourcing of the Burntwood Leisure Centre were presumed for 18/19 and Mr Thomas advised that it was decided to invest in the Burntwood building and to use public sector borrowing to improve the building i.e. improve energy efficiency/expand the size of the health spa. A question was raised regarding why the Council's average credit score at 31 March 2018 was higher than other Arlingclose clients. Mr Thomas confirmed that Lichfield's position has always been quite prudent/conservative when comparisons are made with other Authorities but always these figures are done at a spot in time and things could always change the very next day. He said our objective was always where we approve a relatively higher risk investment to have risk mitigation in place as was the case with the Property Fund having an earmarked reserve in place. This was reassuring the members felt.

It was asked what the level of external borrowing was now and Mr Thomas said due to the funding of the capital investment in Burntwood Leisure Centre it would be £1.4m higher than that quoted at 31 March 2018 on page 16.

- RESOLVED:** (1) The report was reviewed and issues raised within discussed;
- (2) The actual 2017/18 prudential indicators contained within the report were also reviewed and discussed.

5 STATEMENT OF ACCOUNTS

Members considered the Statement of Accounts 2017/18 and Mr Thomas delivered a Presentation to explain the report in more detail. Mr Thomas explained that The Accounts and Audit (England) Regulations now require a Local Authority to certify its set of Accounts by 31 May and publish an Audited set by 31 July each year and the Council's Constitution assigns responsibility for considering and approving the Statement of Accounts to the Audit & Member Standards Committee to enable the Chairman to sign them off. Mr Thomas explained that part of the findings were in Agenda item no. 6 – External Auditors Audit Findings Report but Mr Thomas said there were no significant issues of concern for the Committee to consider.

Mr Thomas summarised the main reasons why the general fund deficit (expenditure greater than income) of £450,000 becomes greater deficit on provision of services in the comprehensive income and expenditure statement (CIES) of £3,181,000. He explained that the Council prepared its Money Matters Reports during the year on a Statutory Funding Basis (excluding items such as depreciation and the full cost of pensions) and the CIES was prepared using accounting standards as if the Council was a Company. The movement in reserves statement showed how usable unusable (accounting reserves such as the pensions reserve) reserves has changed during the financial year. The balance sheet for 2017/18 was explained as being a snapshot of the Council's assets, liabilities, cash balances and reserves at the year-end date. The major changes in the balance sheet during the financial year were explained and the cashflow statement shows why the level of cash and cash equivalents had increased by £864,000 during the financial year.

Members asked questions on the Annual Governance Statement including the statement "we ensure that communication methods are effective and that members and officers are clear about their roles with regards to community engagement" – this was challenged as a member said they had never been asked within their role to take place in any community engagement. It was agreed that this was interpretation - it related to the training members were offered which enabled them to engage within their constituents in their wards – the statement was more aspirational than mechanical.

Comments were made that the budget consultation was far too short;

The triangulation meetings with Cabinet members was queried as some members were not aware of these and had not been invited to any. Councillor Spruce said he was aware of 3 members of Cabinet who did have triangulation meetings and it was felt this needed to be more visible to Chairmen and Vice-Chairmen. Ms Bal Nahal explained to the committee that if triangulation meetings are required by an Overview & Scrutiny Chairman then it is an option and these meetings had taken place in the past but Chairmen did not always feel them necessary.

Members queried why the Council had spent £103,000 more on additional bin purchases in the joint waste service. Mr Thomas explained that this was due to the joint waste service arrangements with Tamworth Borough Council – he explained that it was not unbudgeted – it was included in the revenue budget. However, from an accounting perspective these were related to the purchase of assets and needed to be shown on the Council's balance sheet and therefore the cost and funding had been transferred to the Capital Programme.

Members congratulated Mr Thomas and his team for the well-presented Statement of Accounts 2017/18 and report and his clear explanation.

RESOLVED: The Committee:

- (1) Noted the External Auditor's Audit Findings Report at Agenda item no 6;
- (2) Approved the Letter of Representation at Appendix A; and
- (3) Approved the Council's Statement of Accounts for 2017/18 at Appendix B.

6 AUDIT FINDINGS REPORT FOR LICHFIELD DISTRICT COUNCIL 2017/18

Mr John Gregory, External Auditor, presented Grant Thornton's Audit Findings Report for year ending 31 March 2018 and explained that under the International Standards of Auditing they were required to report whether in their opinion the Council's financial statements give a true and fair view of the Council's position and Council's expenditure and income for the year have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. Also, whether other information published is materially inconsistent with the financial statements or their knowledge obtained in the audit or otherwise to be materially misstated.

Mr Gregory said this was the first year that all local authorities have been asked to publish their Statement of Accounts with Auditor's findings by 31 July and only 85-90% will have met this deadline but Lichfield District Council had met this deadline which was a good thing. Mr Gregory focussed on the key points within the report. Minimal amendments had been made to the financial statements as a result of the audit. Work had still been ongoing at the time of writing the report to determine whether the Council's approach to accounting for the pension liability relating to the staff that transferred under TUPE for the outsourcing of the Leisure Services was appropriate. Mr Gregory explained that the Statement of Accounts had been prepared on the basis that the actuarial risk for the individuals had transferred to the provider along with the employees and so it was no longer the Council's risk and so no longer a Council liability for their pension. Mr Gregory was now able to confirm to the committee that after very careful consideration of this, the External Auditor's view was that this had been treated correctly in the Statement of Accounts and no changes were to be made, the issue had been satisfactorily resolved and they were happy with how this matter had been recorded.

The Value for Money key findings was discussed as the Friarsgate Development had now been discontinued and the External Auditors had reported that they were satisfied that the Council had a clear chain of reporting and governance in place regarding the Friarsgate development and that regular updates had been provided. They felt the Council's forward financial planning was not reliant on the success of this and so the decision to not continue had no detrimental effect on the Council's financial plans. They therefore concluded that for the 2017/18 year the risk had been sufficiently mitigated and Lichfield District Council had proper arrangements to secure value for money.

Members were relieved on this opinion and asked if the report would be updated to reflect this new verbal opinion around pensions. Mr Gregory said the neatest way to deal with this update would be to update the Annual Audit Letter to reflect these new findings and opinion and this was noted.

Members felt a lot was to be learnt from the Northamptonshire Report distributed some time ago about visibility of audit and audit trails. The Chairman said he was very keen to examine anything with limited assurance so something can be done before it is too late. The Minutes of the Audit & Member Standards meetings were felt to be very important to show the lines of accountability and it was confirmed that the Minutes were now more detailed and presented to Council as well as on the website for the general public. Councillor Spruce commented that the reduced timescales within which to produce this detail had been very demanding and congratulated Mr Thomas and his team who had dealt with a lot of change so late in the day. Councillor Spruce felt the clean Audit Statement was something everyone should be incredibly proud of and the committee wholeheartedly agreed.

RESOLVED: The Committee noted the External Auditor's Audit Findings Report.

7 ANNUAL REPORT FOR INTERNAL AUDIT

Members considered the Internal Audit Annual Report and Progress Report December 2017 to March 2018 from Mrs Struthers (Audit Manager). Mrs Struthers said the report showed activity and performance for the 2017/18 financial year and the outcome of the Internal Audit's Review of the internal control, risk management and governance framework for the period December 2017 to March 2018. Mrs Struthers explained that the Internal Audit section had made good progress in the year in relation to its targets, achieving all of the targets and no limited assurances were given to the Audit Reviews completed during December 2017 to March 2018. The Chairman said this was pleasing and gave credit to Mrs Struthers and her team for achieving this. The overall opinion was discussed and the committee were happy with the progress made and there being no high priority actions outstanding.

RESOLVED: (1) The Annual Report of Internal Audit for 2017/18 be noted;
(2) The performance report for Internal Audit activity from December 2017 to March 2018 be noted.

8 RISK MANAGEMENT UPDATE

Members considered the Risk Management Update from Mrs Struthers (Audit Manager). Mrs Struthers advised that the corporate risks are reviewed by Leadership Team and updated regularly and two new project risks had been identified – Friary Grange Leisure Centre (planned or unplanned closure) and the forthcoming end of the ICT Support Contract. Both Heads of Service had been asked to attend to explain to the committee the reasons why these risks had been added:-

Mr Richard King (Director of Place & Community) was introduced to speak on behalf of Mr Christopher Cook who was Head of Leisure & Operational Services responsible for the Friary Grange Leisure Centre.

Mr King explained that the 45 year old building at The Friary Grange Leisure Centre was in a poor state of repair and in urgent need of remedial works including a roof replacement. However, at the moment Lichfield District Council had a different view to Staffordshire County Council about the responsibility of the building. Mr King advised that members and officers were currently meeting to try to agree a maintenance programme and so Mr Cooke had felt it necessary to add this on to the corporate risk register as if no investment was given to the building it could result in closure. Mr King said Lichfield District Council had already commissioned a condition survey to determine the level of investment required and the survey had identified an investment of £1.7m was required to enable the short term serviceability of the building.

Ms Christie Tims (Head of Corporate Services) was then introduced to the committee as she was responsible for managing the end of the ICT support contract. Ms Tims explained that the ICT support contract had been outsourced 14 years ago and the current contract was due to expire 1 October 2018. Ms Tims said it was felt to be a risk as we move to in-house support, bringing in-house three existing employees who deliver the contract for Northgate and recruit two new members of LDC staff to help facilitate this. She said the existing contract with Northgate was no longer fit for purpose to support our digitalisation agenda and our move towards cloud based systems. The contract has been split into several smaller support contracts alongside the development of a support desk and the project was currently progressing well and on-track. Ms Tims said she was confident the risk would decrease once new staff were employed and in her opinion this risk would be bridged quite quickly.

Members discussed the first risk of "failure to respond to changing demographics" at length as it was known that Lichfield had a more rapidly ageing population than other areas. Councillor Spruce (Cabinet Member for Finance & Democratic Services) was asked if there was any way

we could add “active planning” to our assessments, plans and policies. The committee felt a failure to respond to changing demographics was hard to quantify as it was the unknown yet everyone agreed the means testing of older people was inevitable.

The inadequate office support was also a concern when discussing the Financial Sustainability of the Council risk. Councillor Spruce confirmed that the Cabinet were spending a lot of time discussing how to take commercialisation forward and were again meeting on 24 August 2018. Councillor Spruce said they were concentrating on non-property streams of income rather than the property ones. Members asked if all councillors could feed in to this meeting as it was recognised that the government had lessened funding and we needed to either find new streams of income or reduce services. Councillor Spruce advised that the meeting on 24 August was to look at the legal pitfalls and strategic side of commercialisation and it would be open to everyone in due course. He was asked if he could perhaps brief this committee at the next meeting on 14 November and this was agreed.

The Government had recently issued a consultation on the Local Government Finance Settlement for 2019/20 that included a preferred approach for removing Negative Support Grant and the prospect of changes in the New Homes Bonus regime for both 2019/20 and 2020/21 onwards. In addition the prospectus for groups of authorities wishing to be a Business Rates Pilot for 2019/20 had also been issued and it was likely that the Council would be part of a pilot bid for Staffordshire and Stoke on Trent.

9 RIPA REPORTS POLICY AND MONITORING

Members considered the RIPA (Regulation of Investigatory Powers Act 2000) Report from Ms Bal Nahal, Head of Legal, Property & Democratic Services, Solicitor and Monitoring Officer together with the Office of Surveillance Commissioner (OSC) Inspection Report and findings. Ms Nahal advised that over the last 7 years there has been no RIPA Investigations at Lichfield District Council but the OSC had recently carried out an inspection. The inspection report was tabled for members’ comments and Ms Nahal highlighted that the only recommendations made were for refresher training for all key personnel (including both the Senior Responsible Officer and Authorising Officers) and a small amendment to the RIPA Policy and Procedure only. The OSC had felt that despite the fact that Lichfield District Council had not been the subject of an inspection for a long period, there was in place a comprehensive RIPA Policy and Procedure which provided a helpful guide for any Council Investigator considering the use of covert surveillance or CHIS. Ms Nahal explained that the only amendment to the RIPA Policy and Procedure recommended was the amendment on the top of page 5 of the policy (page 262 of the agenda pack) which referred to “covert profiles” being used to undertake surveillance. Discussions took place around observations on line and utilising social media and other sites and it was agreed that Lichfield District Council does not really do enough to reach the magistrates’ threshold now as Benefit Fraud Investigations have been moved to the Department of Works & Pensions.

RESOLVED: That the Audit & Member Standards Committee:

- (1) Endorse the recommendations of the Office of Surveillance Commissioner;
- (2) Note the findings of the report and changes to the RIPA Policy to Council for ratification;
- (3) Endorse the RIPA monitoring report for the last financial year.

10 PLANNED AUDIT FEE 2018/19

Grant Thornton (External Auditors) presented the Planned Audit fee letter for 2018/19 which the committee agreed to sign off as the scale fee for 2018/19 had been set by PSAA at

£35,412. It was confirmed that there were no changes to the overall work programme and the scale fee covered:-

- Grant Thornton's audit of financial statements;
- Grant Thornton's work to reach conclusions on the economy, efficiency and effectiveness in Lichfield District Council's use of resources (the value for money conclusion); and
- Grant Thornton's work on Lichfield District Council's accounts return (if applicable).

It was explained that the scale fee excludes any work requested by Lichfield District Council that may be agreed to be undertaken outside of the Code Audit and each additional piece of work will be separately agreed.

11 WORK PROGRAMME

A revised Work Programme was circulated as an additional meeting on 24 April 2019 had been added for the Annual Governance Statement to be discussed.

(The Meeting closed at 7.40 pm)

CHAIRMAN

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PLANNING COMMITTEE

30 JULY 2018

PRESENT:

Councillors Marshall (Chairman), Powell (Vice-Chair), Mrs Baker, Bamborough, Mrs Evans, Mrs Little, Matthews, Pritchard, Mrs Stanhope MBE and Strachan

10 APOLOGIES FOR ABSENCE

Apologies were received from Councillor Mrs Bacon, Mrs Barnett, Cox, Drinkwater and Councillor A Yeates.

11 DECLARATIONS OF INTEREST

Councillor Pritchard declared a prejudicial interest in relation to application 17/01629/FUL – 15 Gaiafields Road, Lichfield as he is professionally involved with the Applicant's Agent and left the room whilst this application was considered.

12 MINUTES OF PREVIOUS MEETING

Subject to the inclusion of apologies being added from Councillor Powell, the Minutes of the Meeting held on 2 July 2018 previously circulated were taken as read, approved as a correct record and signed by the Chairman.

13 PLANNING APPLICATIONS

Applications for permission for development were considered with the recommendations of the Director of Place and Community and any letters of representation and petitions together with a supplementary report of observations/representations received since the publication of the agenda in association with Planning Applications 17/01629/FUL, 17/00016/FULM, 18/00648/FULM and 18/00931/FUL.

17/01629/FUL – Demolition of existing bungalow and erection of 1No replacement dwelling with single storey garden room
15 Gaiafields Road, Lichfield
For Mr A Garratt

RESOLVED: That planning permission be approved subject to conditions contained in the report of the Director of Place and Community, including those amended by the supplementary report.

(PRIOR TO CONSIDERATION OF THE APPLICATION, REPRESENTATIONS WERE MADE BY MR IAN GOODWIN (OBJECTOR), COUNCILLOR RAY (WARD COUNCILLOR) AND MR RON OLIVER (APPLICANT'S AGENT)).

17/00016/FULM – Construction of 118 two, three and four bedroom timber clad holiday and leisure lodges, layout and construction of internal site roads and parking areas, creation of play areas and internal footpaths, layout and creation of two balancing ponds, construction of a reception building with meeting space, office, fitness suite, toilets and bike hire and laying out of 2.5ha greenspace for nature conservation and leisure, including nature trail and dog walk, extensive tree planting and creation of species rich flower meadow

RESOLVED: That planning permission be **refused** for the following reasons:-

1. The proposals would have a detrimental impact on the safety of pedestrians and horses utilising the local highway network. The development would therefore be contrary to policy BE1 (High Quality Development) of the Lichfield District Local Plan Strategy (2015); Policy T&M2 (Pedestrian/Cycle Access And Connections) of the Whittington and Fisherwick Neighbourhood Plan and Government Guidance contained within the National Planning Policy Framework.
2. The proposals would result in the over intensive use of the site, causing detrimental impact on the character of the rural area. The development would therefore be contrary to Core Policy 3 (Delivering Sustainable Development), and policy BE1 (High Quality Development) of the Lichfield District Local Plan Strategy (2015); Policy D1 (The Design of New Development) and D2 (Reflecting Local Character and Design in new development) of the Whittington and Fisherwick Neighbourhood Plan and Government Guidance contained within the National Planning Policy Framework.
3. The proposals would cause harm to biodiversity found within the local area. The development would therefore be contrary to Core Policy 13 (Our Natural Resources) and Policy NR3 (Biodiversity, Protected Species and their Habitats) of the Lichfield District Local Plan Strategy (2015); and the Biodiversity and Development Supplementary Planning Document; Policy NE&L2 (Biodiversity and Habitats) of the Whittington and Fisherwick Neighbourhood Plan and Government Guidance contained within the National Planning Policy Framework.
4. The proposals by reason of its siting and location would represent an unsustainable form of development in a rural area. The development would therefore be contrary to Core Policy 3 (Delivering Sustainable Development) and policy BE1 (High Quality Development) of the Lichfield District Local Plan Strategy (2015); the Rural Development Supplementary Planning Document and Government Guidance contained within the National Planning Policy Framework.

(PRIOR TO CONSIDERATION OF THE APPLICATION, REPRESENTATIONS WERE MADE BY MS JULIET BARLOW (OBJECTOR - ON BEHALF OF WHITTINGTON HURST & BROOKHAY RESIDENTS ASSOCIATION), COUNCILLOR LEYTHAM (WARD COUNCILLOR) AND MR LEIGH IBBOTSON (APPLICANT)).

18/00648/FULM – Erection of 2 no. industrial buildings, earth bund and acoustic fence, retaining structures, associated roadways, yards, parking, landscaping, attenuation ponds and other related infrastructure

Liberty Park, Burton Old Road, Lichfield

For: Liberty Property UK Limited and Stoford Developments Ltd

RESOLVED: That;

- (1) Subject to the owners/applicants first entering into a Section 106 Legal Agreement under the Town and Country Planning Act (as amended) to secure contributions/planning obligations towards:-
 1. Highway Improvement Works;
 2. Pedestrian Infrastructure Improvements; and
 3. Travel Plan Monitoring Sum.

- (2) If the S106 legal agreement is not signed/completed by the 30 October 2018 or the expiration of any further agreed extension of time, then powers be delegated to officers to refuse planning permission based on the unacceptability of the development without the required contributions and undertakings as outlined in the report.

Planning permission be approved, subject to conditions contained in the report of the Director of Place and Community, including those amended by the supplementary report.

18/00931/FUL – Removal of condition 8 and variation of condition 2 of planning permission 17/01366/COU with regards to the removal of 1no parking space
The Old Forge, 1 Manor Road, Kings Bromley, Burton upon Trent, Staffordshire. DE13 7HZ
For Mr J Crockett

RESOLVED: That planning permission be approved subject to conditions contained in the report of the Director of Place and Community.

(PRIOR TO CONSIDERATION OF THE APPLICATION, REPRESENTATIONS WERE MADE BY MS JANET HODSON (APPLICANT'S AGENT)).

14 ISSUES PAPER - PLANNING APPLICATION REF. 18/00840/OUTMEI - OUTLINE APPLICATION FOR UP TO 210 DWELLINGS, PUBLIC OPEN SPACE, LANDSCAPING, SUSTAINABLE URBAN DRAINAGE, ACCESS AND ASSOCIATED INFRASTRUCTURE (ALL MATTERS RESERVED EXCEPT ACCESS) LOCATION: LAND OFF BROWNS LANE, TAMWORTH

Consideration was given to an Issues Paper relating to the proposed development.

RESOLVED: That the following issues also be addressed in the assessment of the above application:

- Consideration should be given to alternative access points, rather than Browns Lane.
- Noted traffic problems experienced in the area – so traffic surveys needed which take into account other committed developments in the area, including the monitor and manage approach at other nearby developments.
- Consider matters related to prematurity, as this is not in the Local Plan.

15 CONFIRMATION OF TREE PRESERVATION ORDER NO. 409-2018 - TREES AT HOMELEIGH, CROFT FARM AND SHENSTONE HOUSE, SHENSTONE WOODEND, LICHFIELD, STAFFORDSHIRE. WS14 0LF

Confirmation of Tree Preservation Order No. 409-2018 – Trees at Homeleigh, Shenstone Woodend

RESOLVED: That the Planning Committee confirm the Tree Preservation order without modifications.

16 CONFIRMATION OF TREE PRESERVATION ORDER NO. 412-2018 - TREES AT HOMESTEAD, 8 THE BECK, ELFORD, TAMWORTH, STAFFORDSHIRE. B79 9BP

Confirmation of Tree Preservation Order No. 412-2018 – Trees at Homestead, 8 The Beck, Elford, Staffordshire. B79 9BP

RESOLVED: That the Planning Committee confirm the Tree Preservation order with modifications.

(PRIOR TO CONSIDERATION OF THE APPLICATION, REPRESENTATIONS WERE MADE BY MR BEN CRUTCHLEY (SITE OWNER)).

(The Meeting closed at 8.57 pm)

CHAIRMAN

PLANNING COMMITTEE

3 SEPTEMBER 2018

PRESENT:

Councillors Marshall (Chairman), Mrs Bacon, Mrs Baker, Bamborough, Mrs Barnett, Cox, Mrs Evans, Matthews, Pritchard, Mrs Stanhope MBE, Strachan and A Yeates

17 APOLOGIES FOR ABSENCE

Apologies were received from Councillor Powell (Vice-Chair) and Councillor Drinkwater.

18 DECLARATIONS OF INTEREST

Councillor Strachan declared a personal interest in relation to application 18/00979/FUL as the speaker in support is a colleague.

19 MINUTES OF PREVIOUS MEETING

The Minutes of the Meeting held on 30 July 2018 previously circulated were taken as read, approved as a correct record and signed by the Chairman.

20 PLANNING APPLICATIONS

Applications for permission for development were considered with the recommendations of the Director of Place and Community and any letters of representation and petitions together with a supplementary report of observations/representations received since the publication of the agenda in association with Planning Applications 18/00082/FULM, 18/00979/FUL and 18/00983/FUL.

18/00082/FULM – Demolition of 2no existing office buildings (Use Class B1) and erection of 3no storage and distribution units (Use Class B1(C), B2/B8), with ancillary offices, ancillary plant, service yard, access, parking, landscaping and associated infrastructure and works, including the removal of part of Wellington Crescent
Land at Wellington Crescent Fradley Park, Lichfield
For: Legal and General UK Property Fund

RESOLVED: That planning permission be approved subject to conditions contained in the report of the Director of Place and Community and:

(1) Subject to the owners/applicants first entering into a Unilateral Undertaking under the Town and Country Planning Act (as amended), to secure contributions/planning obligations towards:-

1. Travel Plan and Monitoring Fee

(2) If the Unilateral Undertaking is not signed/completed by the 3 December 2018 or the expiration of any further agreed extension of time, then powers be delegated to officers to refuse planning permission based on the unacceptability of the development without the required contributions and undertakings as outlined in the report.

(PRIOR TO CONSIDERATION OF THE APPLICATION REPRESENTATIONS WERE MADE BY MR JOHN JARMAN (OBJECTOR) AND MR TOM ARMFIELD (APPLICANT'S AGENT)).

18/00979/FUL – Retention of alterations to existing outbuilding/annex
1 The Grange, Upper Longdon
For Mrs A Steven

RESOLVED: That planning permission be approved subject to conditions contained in the report of the Director of Place and Community, including those amended by the supplementary report and additional conditions:-

- 3(i) Within 3 months of the date of this decision, a detailed landscape and planting scheme shall be submitted to and approved in writing by the Local Planning Authority. This shall include hedge/screen planting to the north/north west boundary along Upper Way (behind the boundary wall). The approved landscape and planting scheme shall thereafter be implemented within eight months of the development being brought into use, unless otherwise agreed in writing by the Local Planning Authority.
- (ii) Any tree, hedge or shrub planted as part of the approved landscape and planting scheme (or replacement tree/hedge) on the site and which dies or is lost through any cause during a period of 5 years from the date of first planting shall be replaced in the next planting season with others of a similar size and species, unless otherwise agreed in writing by the Local Planning Authority.

Reason: In the interests of the visual amenity of the locality and to ensure that any initial plant losses to the approved landscaping scheme are overcome, in accordance with the provisions of Core Policy 3 and Policy BE1 of the Local Plan Strategy, the Trees, Landscaping and Development Supplementary Planning Document and the National Planning Policy Framework.

4. Notwithstanding the provisions of the Town and Country Planning (General Permitted Development) Order 2015 (as amended), (or any Order revoking and re-enacting the Order with or without modification) no development contained in Classes A or E of Schedule 2 (Part 1) of the Order shall be carried out without the prior written permission, on application, to the Local Planning Authority.

Reason: To ensure that an acceptable level of private amenity space is retained for the property, in accordance with Policy BE1 of the Local Plan Strategy, the Sustainable Design Supplementary Planning Document and the National Planning Policy Framework.

(PRIOR TO CONSIDERATION OF THE APPLICATION REPRESENTATIONS WERE MADE BY MR DARREN JAKEMAN (SUPPORTER) AND MR RUSSELL STEVEN (APPLICANT)).

18/00983/FUL – Raising of roof to first floor section including 4no bedrooms and ensuites, single storey extension to side to extend family room
Spion Kop, Lichfield Road, Hopwas
For Mr Paul Gray

RESOLVED: That planning permission be approved subject to conditions contained in the report of the Director of Place and Community.

(PRIOR TO CONSIDERATION OF THE APPLICATION REPRESENTATIONS WERE MADE BY MR CLIVE CHAPMAN (OBJECTOR), COUNCILLOR LEYTHAM (WARD COUNCILLOR) AND MR ROB DUNCAN (APPLICANT'S AGENT)).

(The Meeting closed at 7.50 pm)

CHAIRMAN

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EMPLOYMENT COMMITTEE

24 SEPTEMBER 2018

PRESENT:

Councillors Mrs Boyle (Chairman), Salter (Vice-Chair), Mrs Banevicius, Cox, Greatorex, Rayner and B Yeates

7 APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Mrs Eagland.

8 DECLARATIONS OF INTEREST

There were no declarations of interests.

9 MINUTES OF THE PREVIOUS MEETING

The Minutes of the meeting held on 3 July 2018, as printed and circulated were taken as read, approved and signed by the Chairman.

10 UPDATE ON WORKFORCE PLAN

The Head of Corporate Services gave an update on the People Strategy discussed at the previous meeting. Unfortunately, she explained that it had not been possible to complete all the sessions with the staff as hoped and the final session had now been planned for mid-October meaning the draft People Strategy would not now be available until the end of October. An update was, however, circulated showing the localised issues from the Heads of Service meetings and the anecdotal group findings were illustrated from the Working Group. The Head of Corporate Services explained that the key areas were in red on the update and the priorities were discussed. It was confirmed that an Employee Survey had been circulated to all staff and the closing date for this was Friday 28 September so an analysis of the results would be available in due course.

It was asked if a percentage of replies was yet known and it was confirmed that we had a 50% return with still a week to go. However, problems had been incurred with some of the operational services who were not having time to complete the surveys whilst doing their day job i.e. Joint Waste Service but this was being overcome.

The culture of recognition where our people feel valued and appropriately rewarded with what matters to them was discussed as members wondered what else we could do to motivate employees. A physical thank you letter or email was all we could do at the moment as members disagreed with an "Employee of the Month" idea as felt this could have a negative effect on the rest of the team. The HR Manager said any ideas would be welcome and the Head of Corporate Services said adding an annual leave day could be something we could offer as this used our internal resources but the needs of the service must be able to allow for this additional absence. The HR Manager agreed that in the operational side of the Council this could be a good incentive, however, the needs of the business must come first and employees are already given flexibility and flexi-time in addition to their annual leave entitlement.

Members noted the progress to date and agreed that we seemed to be going in the right direction and as long as opportunities were available for those who wanted to further themselves then there was nothing more that could be done. The HR Manager agreed that if employees did want to improve and develop themselves then they only had to ask their

manager; this organisation did seek to identify talented people and help them achieve their potential.

11 APPRENTICESHIP UPDATE

The Committee received a progress report on the apprenticeship target which all public bodies with more than 250 employees must supply by 30 September each year from 2018 to 2021. Discussions took place around the progress for 1 April 2017 to 31 March 2018 and due to the outsourcing of the leisure services the head count was clarified. The levy was explained in more detail and it was illuminated that if any funds placed into our levy account were not used by us within a 2 year period then they are returned back into the Central Government account.

The HR Manager explained that some Councils are using the levy to develop existing staff rather than using the levy to bring in new apprentices. We have found attracting applicants has been difficult in the past 12 months, limited resources and ever decreasing budgets has put strain on existing resources. The cost of some apprenticeships (professional bodies) are more costly that they use to be some are up to £9,000 per year for one apprentice which could be on a 2 year program. Youngsters were just not applying even though Leadership Team/HR have been encouraging managers and challenging all Heads of Service to use the apprenticeship scheme.

A lot of concerns had been around the time to train and unfortunately the training providers are charging a lot more now for the training required for the professional roles. Discussions took place around the central coordination of this scheme and whether it may be better to have a central function looking at doing this as it was realised that some services may not be as appropriate as others to accommodate an apprenticeship. The Head of Corporate Services said this was understood and the potential of a generic apprenticeship had been deliberated but this post would need funding as would technically be an extra post and so Lichfield District Council would need to invest in them. It was hoped an apprenticeship could be considered as part of the development program for each member of staff.

Members agreed that the apprenticeship scheme was a good idea but noted the down side as well. They would have liked to see more under 25's coming through but noted the National Minimum Wage at apprenticeship rate is insufficient to attract the young people and that we were doing all that we could.

RECOMMENDED: That members of the committee note the progress made to date in using our Apprenticeship Levy and achieving the 2.3% workforce target.

12 GENDER PAY REPORTING

The Committee received the Gender Pay Report using snap shot data as at 31 March 2018 as the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 (S1 2017/353) require public sector employers with 250 or more employees to publish their gender pay gap information.

It was recognised that last year Lichfield District Council had a significantly different workforce mix and the change was due to the leisure outsourcing. Most staff in leisure were part-time and a large proportion were female. The comparative data was considered and it was agreed that Lichfield did not compare too badly with other Authorities.

It was confirmed that we do not have any barriers or restrictions on the job roles within the Joint Waste Service but it had a tendency to be men attracted to these roles. A higher proportion of females tended to work part-time and these were often low paid roles such as cleaners. We have a clear policy of paying employees equally for the same or equivalent work regardless of their sex, which is equal pay, and separate to Gender Pay – which is reflection on the make-up of the workforce.

RECOMMENDED: The Committee noted the gender pay gap figures for 2018 and the contents of the report for publication.

(The Meeting closed at 6.50 pm)

CHAIRMAN

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CHANGES TO COMMITTEE MEMBERSHIP 2018/19

Committee	Change
Strategic (Overview and Scrutiny) Committee	Add Cllr A Smith
Economic Growth, Environment & Development (Overview and Scrutiny) Committee	Add Councillor Mrs M. G. Boyle Add Councillor Mrs A Lax

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Minor amendment to the Constitution

Chairman of Regulatory and Licensing Committee

Date: 16th October 2018
 Agenda Item: 12
 Contact Officer: Gareth Davies
 Tel Number: 01543 308741
 Email: gareth.davies@lichfielddc.gov.uk
 Key Decision? YES
 Local Ward All
 Members



Council

1. Executive Summary

1.1 Regulatory and Licensing Committee recently revised the Council’s Street Trading Policy. The new policy created a process for selecting which event would be given consent, if more than one event organiser wants to run an event on a given day. This requires an addition to the Council’s Constitution to add this responsibility to the Licensing Sub-Committee.

2. Recommendations

2.1 That Council approves an amendment to Part 3 Sec 1 of the Council’s Constitution to the responsibility for functions of the Licensing Sub-Committee to read: *To consider and determine appeals in respect of: traffic orders, hackney carriage and private hire licences, or any licence, permit or consent and consider and determine bids for street trading events within the remit of the Regulatory and Licensing Committee.*

3. Background

- 3.1 Regulatory and Licensing Committee recently revised the Council’s Street Trading Policy.
- 3.2 Prior to this revision events were granted consent or not on a first come first served basis. With the significant increase in events it became more likely that there would be competition for dates and the new policy created a bidding process.
- 3.3 Part 3 Section 1 of the Council’s Constitution currently states that the Licensing Sub-Committee has the following responsibility: *To consider and determine appeals in respect of: traffic orders, hackney carriage and private hire licences, or any licence, permit or consent within the remit of the Regulatory and Licensing Committee.*
- 3.4 It is proposed that a new responsibility for the Licensing Sub-Committee is added to the Council’s Constitution to consider and determine bids for street trading events.

Alternative Options	1. This is the most appropriate Committee for this function.
Consultation	1. None. (However, please note the revised street trading policy was widely consulted on)
Financial Implications	1. Any expenditure is contained within existing budgets.
Contribution to the	1. The Street Trading Policy contributes to our strategic priorities in providing a

Appendix B

Delivery of the Strategic Plan	vibrant and prosperous economy and healthy and safe communities by encouraging events and ensuring that they run safely.
Equality, Diversity and Human Rights Implications	1. No identified impact.
Crime & Safety Issues	1. No identified impact.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A			
B			
C			
D			
E			

Background documents – Street Trading Policy

Relevant web links- <https://www.lichfielddc.gov.uk/Business/Licensing-and-permits/Downloads/Street-trading-policy.pdf>

Procurement Service Improvement

Report of Cabinet

Date:	16 October 2018
Agenda Item:	14 (i)
Contact Officer:	Anthony Thomas and Billy Webster
Tel Number:	01543 308012 and 01543 308225
Email:	anthony.thomas@lichfielddc.gov.uk and billy.webster@lichfielddc.gov.uk
Key Decision?	YES
Local Ward Members	All.



Council

1. Executive Summary

- 1.1 To approve updates to the Medium Term Financial Strategy in relation to the Procurement Service that were not part of the budget framework approved by Council on 20 February 2018.

2. Recommendations

- 2.1 To approve an update the Medium Term Financial Strategy based on the financial implications identified in the Cabinet Report (reproduced in the financial implications section) in relation to improvements to the Procurement Service.

3. Background

- 3.1 The existing relationship with Staffordshire County Council (SCC) is out of date, and the contractual terms are no longer being met. The support being offered is limited to larger (EU) procurement, and managers are left to self-serve on smaller value procurement exercises. The current contract anticipates that we would be required to spend £600 for the support provided to simple EU procurement exercises. We have around 36 contracts that are above the EU threshold, running on average for 4 years. Therefore, if nine contracts were to be retendered each year, this would cost a minimum of £5,400 per annum.
- 3.2 The contract review date is 30 September 2018, at which point it is proposed that there will be a requirement to redraft the arrangement and revise the terms to more effectively meet our needs.
- 3.3 Individual discussions with contract owners (managers) and a group workshop, provided a sense that procurement was felt as being an add-on. It was viewed as an activity that is not undertaken frequently and as such, there was often limited knowledge or time available to achieve the best outcome.
- 3.4 There was a clear demand for procurement expertise to provide advice, guidance and support, and contract owners felt this would bring significant benefit to procurement activities and outcomes, enabling better value for money from our contracts.
- 3.5 The information from this work, along with an analysis of procurement practices in other councils, were used to create an updated requirements specification. This introduced an advisory line, greater support, proactive analysis and reporting, an onsite presence, and access to templates and systems. This was tested with some contract owners internally and procurement a procurement expert from the Local Government Association (LGA).
- 3.6 An exercise was undertaken to consider the options available, including; continuing with the existing arrangement, recruiting a procurement officer, purchasing the services from another council or outsourcing the service to the private sector. It was felt that the resilience and relevant expertise offered through a service provided through another council would offer the best price and fit.

Appendix C

- 3.7 Discussions were held with several councils in the region which led to quotes being requested from two of them. A quote was received from Wolverhampton City Council with a cost of £56,490 per annum (£260,085 for a four and a half year agreement). It is proposed that a four and a half year agreement is entered as this will give time to develop and embed our procurement approach, however we will have an annual break clause should the arrangement need to be reconsidered.
- 3.8 This is equivalent to the likely costs of recruiting a salaried procurement expert, however the proposal provides greater resilience as we will have access to a large procurement team, while also providing access to existing systems and processes thereby removing the need for us to procure or develop these separately.
- 3.9 It should be noted that the procurement service in Wolverhampton is well considered across their peers in the region, and have been praised for their work in regards to social value and innovative procurement, work they can replicate for our council. In addition, as a unitary council, they procure all of the services that a district council would, making them more synergistic than a county council.
- 3.10 Wolverhampton City Council have also provided a one-off cost of up to £47,100 to support the improvement of current practices, supporting the work outlined earlier in this report, to increase skills, knowledge and expertise, while increasing compliance and reducing risk. This work has already begun using internal support, and a budget for further improvements and the first six months of the contract are identified within the fit for the future budget, hence the option of additional support is being considered.
- 3.11 A range of potential contract savings have already been identified through the review, and it believed that with improved support these could be achieved. It is anticipated that this arrangement would be self-funding as it would be set a realistic target to reduce procurement spend by 1% each year (equivalent to around £86,970). This is not an unrealistic achievement as some neighbouring authorities have already set and achieved this target.

Alternative Options	<p>1. As explained in the report, an exercise was undertaken to consider the options available, including; continuing with the existing arrangement, recruiting a procurement officer, purchasing the services from another council or outsourcing the service to the private sector. It was felt, and can be evidenced, that the resilience and relevant expertise offered through a service provided through another council would offer the best price and fit.</p> <p>2. Doing nothing was not an option as we were not fully compliant and are at risk of not ensuring best value in regards to procurement and contract management.</p>
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Consultation	Cabinet on 9 October 2018.
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Financial Implications		2018/19	2019/20	2020/21	2021/22	2022/23	Total
	<u>Procurement Support</u>						
	Ongoing Support	£34,125	£56,490	£56,490	£56,490	£56,490	£260,085
	Sub Total	£34,125	£56,490	£56,490	£56,490	£56,490	£260,085
	Inflationary Allowance @ 3% of ongoing support	£0	£1,690	£1,750	£1,800	£1,850	£7,090
	Total Cost	£34,125	£58,180	£58,240	£58,290	£58,340	£267,175
	<u>Existing Budgets</u>						
	Procurement Support	£2,500	£5,000	£5,000	£5,000	£5,000	£22,500
	Commercialisation and Transformation	£31,625	£0	£0	£0	£0	£0
	Balance to be funded by Procurement Savings	£0	£53,180	£53,240	£53,290	£53,340	£244,675
Indicative 1% reduction in	£86,970	£86,970	£86,970	£86,970	£86,970		

	procurement spend	
Contribution to the Delivery of the Strategic Plan	<p>1. Vibrant and prosperous economy – the work will ensure the council uses its money in the most effective way while providing opportunities for more local companies to be aware of the opportunities to work with the council and could enable more money to be spent in the Lichfield economy.</p> <p>2. Healthy and safe communities – the inclusion of social value in to our procurement activities will enhance our communities through jobs, apprenticeships and other benefits.</p>	
Equality, Diversity and Human Rights Implications	There are no equality, diversity or human rights implications.	
Crime & Safety Issues	There will be no impact on our duty to prevent crime and disorder within the District (Section 17 of the Crime and Disorder Act, 1988).	
GDPR/Privacy Impact Assessment	Not relevant.	

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Savings not achieved	Monitoring procurement savings through procurement service and capture savings through reporting.	Yellow - Material
B	Legal action	Monitor compliance through active involvement in procurement processes and regular reporting	G Green - Tolerable
C	Fraud	Training to inform and prevent fraud, and the use of effective process and procedures, combined with regular proactive reporting to monitor spend and identify anomalies.	Green - Tolerable
D	Contract failure	Performance monitoring and contract management meetings in place to ensure delivery against agreed targets.	Green - Tolerable

Background documents
Report to Cabinet 4 September 2018

Relevant web links

<https://democracy.lichfielddc.gov.uk/documents/s4147/Item%206%20-%20Cabinet%20Report%20-%20Procurement%20Service%20Improvement%20v3.0.pdf>

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Delivering the Property Investment Strategy

Leader of the Council

Date: 16 October 2018

Agenda Item: 14 (iv)

Contact Officer: Billy Webster

Tel Number: 01543 308225

Email: billy.webster@lichfielddc.gov.uk

Key Decision? YES

Local Ward ALL

Members

Lichfield
district council
www.lichfielddc.gov.uk

COUNCIL

1. Executive Summary

- 1.1 In December 2017, Cabinet approved the Property Investment Strategy, which set out the Council's ambitions in relation to the development of an 'investment' property estate and the development of residential property.
- 1.2 It was agreed that due diligence would be undertaken, using external advisors, to provide assurance of the proposals and confirm our next steps. This work was undertaken between May and July 2018. The outcomes of this work have been used to inform this report and are available in the in the appendices.
- 1.3 As a result of this work, it is proposed that the council retain management of its property estate through a property service, as this provides the most effective governance and tax efficient structure.
- 1.4 To optimise income and deliver our property ambitions, it is necessary to create capacity and capability through the recruitment of property professionals. In addition, a number of projects will be undertaken to improve our systems, information, processes and procedures. Funding will come through existing budgets, increased income, and the fit for the future budget. However, it is also proposed that a contingency budget should also be made available from general reserves to cover any shortfall in the initial years as the team becomes established.
- 1.5 Two new groups will be created to provide oversight and assurance. One will be a member consultative group, replacing the current Asset Strategy Group, and the other will be a cross-council officer group. These groups will provide strategic oversight, direction and scrutiny to the management of our property portfolio.
- 1.6 To meet the expectations of the market in regards to speed of decision making, it is proposed that two new assessment tools are introduced to consider opportunities and where passed, delegated authority is given to the leader and chief executive to make an offer for property acquisitions of up to £2m with oversight by the S151 officer and Monitoring Officer and subject to appropriate due diligence.
- 1.7 The development and sell, or lease, of residential property is different, and will require the creation of a local authority company as we have no duty to undertake this activity. The company will be owned by the council who will be a shareholder, and a member shareholder committee formed to oversee the governance and performance of the company.
- 1.8 Initially, officers will be used as directors and no-one will be directly employed by the company, thereby keeping initial operating costs at a minimum. As the business plan is delivered and capability proven, this will likely change with new directors appointed and staff recruited.
- 1.9 Initially, development will be undertaken through design and build contracts, making use of small to medium contractors or strategic partners where possible. This is in keeping with the Governments ambitions, set out in their "fixing our broken housing market" white paper.
- 1.10 The company will be funded through loans from the council to provide operating capital, with the council obtaining a small income from the interest on these loans as well as any dividend returned

once the company becomes profitable. It is not anticipated that the company will generate a profit within the first 3 years.

- 1.11 In addition, the council will provide the company with land as equity or through direct sale. An initial pipeline of development land has been identified and will be assessed formally through the company. The business plan aims to develop five dwellings a year on existing land and could turn an initial investment of around £900k into a profit of at least £1.1m within five years. A full business plan will be created prior to the company being incorporated and the financial modelling checked by tax and finance advisors.

2. Recommendations

- 1.12 Council agree the use of general reserves to provide contingency funding for any shortfall within the budget and amend the Medium Term Financial Strategy for the necessary changes to Property Management Budgets as detailed in the financial implications section of this report, including the appointment of two posts in the newly created estates team.
- 1.13 Council amend the Approved Investment Strategy to approve a loan of up to £900,000 to the local authority company for a period of 5 years.
- 1.14 Council agrees to the creation of a new officer group to provide cross-organisation focus to asset management.
- 1.15 Council creates a local authority company to deliver our development and housing ambitions.
- 1.16 Council delegate the next steps to the Leader and Chief Executive particularly;
- A change in the constitution to replace the Asset Strategy Group with a new member consultative group
 - A change to the constitution to delegate to the Leader and Chief Executive to make an offer for property acquisitions of up to £2m (subject to due diligence being undertaken) with oversight by the S151 officer and Monitoring Officer.
 - The creation of a company including the setting up of a board, shareholder committee, memorandum and articles of association, shareholder agreement and loan terms
 - Amendment the constitution as necessary to incorporate the above changes including the incorporation of terms of reference for the two groups once agreed.

3. Background

- 1.17 In 2017, the council approved and adopted the Property Investment Strategy, and committed a potential £45m to be invested in to property opportunities. In addition, the strategy set an ambition for the council to begin to develop property, particularly residential, for sale or rental.
- 1.18 To provide sufficient assurance, it was proposed that due diligence should be undertaken by external advisors, specifically relating to perceived areas of risk, these being;
- Advice on governance arrangements, management practices and financial modelling
 - Advice on tax implications
 - Advice on legal issues and companies
- 1.19 A procurement exercise was followed to obtain advisors for each of these three packages of work, and the work undertaken over a three month period, ending in July 2018. The advice provided is available in the appendices of this report, and the main findings used to inform this report.
- 1.20 In addition, further research was undertaken on good practice examples from across the country, as well as consideration given to government policy and guidance, such as the “fixing our broken housing market” white paper.

1.21 Property Management

- 1.22 The Council is legally permitted to hold and manage property and already holds property that attract commercial rents. This is normally done through an estate management function, where property professionals are employed to management and administer the estate. This approach has been adopted, and optimised, by other Councils who have demonstrated success in this area, the most widely used example is that of Eastleigh Borough Council.
- 1.23 The main reasons for councils opting to deliver this activity through a council department is that it is the most tax efficient operating model, it provides the highest level of control and governance, and it provides skilled professionals to support the whole estate (a corporate landlord model) including property held for non-commercial reasons such as place-shaping or regeneration.
- 1.24 The Council does not currently employ a professional lead for property, and as such relies on the use of internal secondments or the use of interim staff. This has led to a lack of consistency in the management of the estate, a lack of clear and effective systems and processes, and limited performance and portfolio management. The outcome has been a property portfolio and income stream that has not been optimised.
- 1.25 To deliver the ambitions within our property investment strategy, it is proposed that the council create capacity and capability through the introduction of a new estates management function. This would initially comprise of up to two posts, these being an estates manager and estates surveyor, who will be tasked with introducing improved systems, processes and practices that will enhance the performance of our estate.
- 1.26 The costs of this new team would be in the region of £90k (including on-costs) and could be met through a combination of existing budgets and increased income. It should be noted that an increase in income of 5% in the next two years is realistic and would almost entirely cover the cost of this new team. It is accepted that this may not be achieved within the first two years as the team is established, and so it is recommended that a contingency budget of £50k per annum is earmarked from our reserves to cover any shortfall.
- 1.27 In addition, several projects would be required to modernise our systems and processes, all of which are in train and already budgeted for through our fit for the future programme. These will be ready to deploy as soon as agreement is gained on the proposed approach, and will allow us to quickly begin to make improvements and potentially acquire properties.
- 1.28 The, additional benefit of creating an estates team is to provide a foundation and capacity to deliver our future investment and property investment aspirations while managing this increasing property portfolio management needs. It should be noted that the property investment strategy outlines an aspiration to invest millions of pounds in property over the next 5 years, and using conservative returns, it is suggested that the council could generate an income of up to £1.6m.
- 1.29 The estates team would be responsible for the monitoring the performance of our estate using key performance indicators, examples are provided in governance report (Appendix A) and include such things as; current value, purchase price, gross or net yield, occupancy, condition, etc..
- 1.30 This would see property being considered for disposal where it is not performing adequately. The exact processes will be mapped and implemented as part of an implementation plan, and with the involvement of the new estates team.

1.31 Property Governance

- 1.32 The council does not have an existing officer group focused on property, and so it is proposed that a new group is created to bring together relevant officers from across the council. The group will provide cross-organisational input in to the management of our property, helping ensure all perspectives are considered when looking at the acquisition or disposal of property, and the ongoing performance management of the estate.

- 1.33 Although the group would not be responsible for making final decisions it would provide a helpful consultative group to ensure best consideration of all decisions being proposed, and reflecting the needs of all services.
- 1.34 In addition to an officer group, it is proposed that the current asset strategy group is replaced by a new member group, aimed at providing strategic direction and political insight, as well a monitoring performance and scrutinising decisions.
- 1.35 Property Investment**
- 1.36 To take advantage of attractive investments in the property market, it is important that the council is able to respond quickly to such opportunities. To do so, there will be a need to have good relationships with agents as well as having an ability to make quick decisions.
- 1.37 It is proposed that the estates team will proactively work with local agents, raising awareness of our willingness to invest, and use professional advisors to offer independent assurance. In addition, a two stage process will be introduced to enable us to appropriately respond to opportunities in the market.
- 1.38 The first stage will assess all opportunities to acquire properties against the criteria set in the property investment strategy, whereby we determine if the property meets our basic criteria and fits within our portfolio. Where the opportunity meets our threshold, we will undertake a financial analysis to determine the return on investment.
- 1.39 For this second assessment, we commissioned the development of a comprehensive financial modeller that can analyse all investments whether acquired or developed. This modeller will be used by our finance and property services to understand the costs and returns of opportunities and determine if they will provide a reasonable return on investment. Both assessments can be undertaken quickly and so opportunities can be realised or rejected in a short timeframe. Only where an opportunity passes both assessments would opportunities be acted on.
- 1.40 Once the decision has been made, the property market will expect the acquisition to be undertaken speedily, and as such this will likely prohibit the council from undertaking normal constitutional approval. Therefore, it is proposed that we mirror the process outlined in our governance advice (Appendix A), and seen in other councils, whereby the Leader and Chief Executive are permitted to make an offer for property acquisitions of up to £2m, in consultation with the s151 officer and monitoring officer, and subject to appropriate due diligence. It should be noted that this will require a change to the constitution.
- 1.41 This delegation provides three distinct levels of assurance to validate the investment, while allowing us to respond quickly, meet market expectations, and take advantage of attractive opportunities. The figure of £2m constitutes around a third of our annual proposed spend for 2018/19 and purchases up to this level are perceived as lower risk and should not cause an imbalance in our preferred portfolio mix (although both of these are to be assessed through the acquisition process).
- 1.42 Any purchases over £2m would follow constituted approvals processes, and all potential purchases will be limited to the approved budget for any given year (unless agreed through full council).
- 1.43 Development of Residential Property**
- 1.44 The government are keen for councils to become actively involved in the housing market, and particularly to engage smaller to medium sized contractors in this industry. In addition, there are significant benefits to the council becoming more engaged in the development and sale, or rental, of residential property, including; financial returns, shaping communities, addressing specific housing shortages (such as affordable housing), and actively addressing the 'broken' housing market.
- 1.45 The council has no existing duty to develop residential property for sale or rental and so can only do so through the creation of a company as outlined in the Localism Act 2011 (General Power of Competence).

- 1.46 The additional benefit of a company is the ability to retain and manage residential property using assured shorthold tenancies, thereby removing the right-to-buy options available to tenants where the council undertakes such activity using protected tenancies.
- 1.47 It is therefore, recommended that the council creates a company limited by shares to undertake all aspects of this work. The company would be owned by the council, who would be the shareholder and so will have ultimate control over the company. Liability will be limited to the nominal value of its share. A shareholder committee would be established to undertake the duties outlined in the shareholder agreement
- 1.48 The shareholder agreement when combined with the articles of association, will ensure the council retains oversight of operations and direct control over the most important governance aspects of decision making. These documents can provide a balance between commercial freedom and flexibility and the maintenance of assurance over reputation and use of public funds. It will retain control over;
- Appointing and removing directors
 - Agreeing the business plan
 - Agreeing and potentially providing funding routes
 - Allocation of additional shares
 - Agreeing changes to the articles of association
 - Declaration of a dividend
 - Required levels of performance
 - Approving and removing auditors
- 1.49 The company would have a board of directors to provide strategic leadership and operational management. Directors have very specific duties and training will be provided to ensure these are understood. The board will be made of existing council officers, which would keep initial operating costs low, and no recompense is currently proposed for officers undertaking these roles. This should be reviewed as the company grows.
- 1.50 The responsibilities of all officers will be clearly outlined to ensure the functions of directors are adequately separated from the function of providing advice to the council as shareholder. It is not envisaged that conflicts will exist but they will be regularly reviewed and managed.
- 1.51 In addition, the company will be required to have a company secretary, who will be responsible for the efficient administration of a company, particularly with regard to ensuring compliance with statutory and regulatory requirements
- 1.52 It is suggested that the following appointments will be likely, however, further work is required to determine the final composition of the board to ensure it has the correct skills and expertise to deliver the objectives;
- The Chief Executive to be the Managing Director
 - The s151 officer, or deputy s151 officer to be the Finance Director (the other would make decisions on behalf of the council when handling transactions between the two)
 - The Head of Economic Growth to be the Operations Director (given their remit for spatial planning and economic growth)
 - The monitoring Officer or Deputy Monitoring Officer to be the Company Secretary but not Company Director
- 1.53 As the business grows, it is likely that officers would be replaced by employed or non-executive directors, something that will be clearly outlined within the Shareholder Agreement.

- 1.54 It is not recommended that members are co-opted on to the board as they will have a clear conflict of interest as they will be representing both the council and company, whereas board members have a fiduciary responsibility to the company when acting as a member of the board (see Appendix C).
- 1.55 At this stage, it is recommended that the company is set up to undertake development, sale and rental of residential property as this will limit the tax liabilities that would exist if the council were to separate these functions between several companies. However, it is also recommended that the council create a company group structure with a passive holding company as this will provide a range of flexibilities should the council set up further companies or joint ventures in the future. In the future there may be some tax benefits to amending the proposed company structure, but in the medium term, this structure appears to offer the best solution for the council's needs and ambitions.
- 1.56 Once approved, it will take up to three months for the company to be incorporated, as work will need to be undertaken to finalise relevant documentation, set-up banking and accounting arrangements, appoint directors, set-up a shareholder committee, undertake final due diligence on a site-by-site basis, and procure contractors to deliver developments.
- 1.57 Funding a Company**
- 1.58 It is anticipated that the company will be funded through 75% borrowing and 25% equity, as is usual in such instances.
- 1.59 It is anticipated that the company will initially focus on residential development on existing council assets, a pipeline of potential sites has been created to provide sufficient information for business planning. These assets will be transferred to the company either as equity or sold at the prevailing market rate. The decision for this will be made on the most advantageous route for the proposed land and development, considering costs and minimising tax liabilities (see Appendix B).
- 1.60 The company will need working capital to be able to undertake the development and so will require loans to meet this need. This can be obtained from a number of sources, such as the banks or private investors, however, it is proposed that the council will provide a loan facility in the first instance. The money for this loan can come from existing budgets, reserves or PWLB borrowing although borrowing in excess of the currently Approved level of £45m will require the approval of Council.
- 1.61 There would be an income stream from the interest differential on the loan (i.e. the interest we charge the company on loans to them will be greater than the interest paid by the council) as the council must lend at a market rate and use the market economy investor principle to avoid state aid issues (i.e. borrow to the company at a rate the market would normally select, and not subsidised).
- 1.62 The company will not initially employ any staff but will instead second members of staff from the council and make payments to the council for this. This will reduce the burden of administering employees and keep initial operating costs low.
- 1.63 It is proposed that the company will procure contractors to design and build all works initially as this will offer the optimal return on investment in the early years. It will also allow us to use small to medium contractors, something central government is keen on.
- 1.64 Each development proposal will go through a robust process of due diligence to ensure a return on investment that is in line with the company performance aspirations set by the shareholder.
- 1.65 As the company grows it can begin to look to create subsidiaries for this work, limiting tax liabilities and ensuring additional control.
- 1.66 The initial work of the company will develop capability, capacity and equity for increasing activity and growing the business in future years. It is likely that this will be reliant on purchasing land or assets from other owners and so profits may be reduced, however the council will be occupying a specific market not entirely provided for within the borough.
- 1.67 The growth of the company will lead to profits and so to dividend payments back to the shareholder, the council.

Alternative Options	<ol style="list-style-type: none"> 1. Placing all activity in to a company is an option available to the council, however there would be a significant increase in tax liabilities as the company is not the most tax efficient operating model for managing a property estate and so this was discounted. However, a company is the only option available for housing development due to existing legislation. 2. Outsourcing, particularly in relation to our estate, is an option and discussions were held with companies who could undertake the activity. There is a reduced level of control as the relationship becomes more one of contract management than direct management, and so we would risk losing some flexibility and may not gain the benefit of consolidating the whole property function in to a corporate landlord arrangement (using skills to manage the investment and operational estates). 3. Share Service was considered as other councils are already undertaking this activity, both in relation to investment property and development. Discussions were had with local councils and there was some, but limited input. In regards to investment property, this could be done through another council but this would simply be the administration as the decision-making element would need to remain and so expertise would be needed for this. Such expertise would be required more broadly and so would mean little benefit from sharing. With regards to development, there was limited interest from other councils as this would mean a change to the company structures they have already set-up, or would need a new company set up for this purpose. At this stage, the ability to focus on delivery within our own economic geography and to our own prioritised schemes would be more controlled through our own company. Although discounted at this stage, this option remains a potential for us in the future. 4. Joint Venture, particularly with the set-up of a company, was considered and discussions have taken place with other councils and organisations. Some of these conversations have been fruitful and this remains an option as we move forward and incorporate the company, although the council would wish to retain control over the company. 5. Developable land could be provided for self-build, or sold to other parties for development, thereby removing the need for a company. However the income received by the council would be significantly less and it would not allow the council to build capacity for the future, meaning it would be a short-term benefit with no long-term returns. 6. Doing nothing was considered not to be an option as there are housing needs not currently being delivered, and the existing arrangements for the management of our estate are not sufficient to optimise performance.
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Consultation	<ol style="list-style-type: none"> 1. The Property Investment Strategy was consulted with Leadership Team and Strategic O&S prior to Cabinet and Full Council. 2. This paper has gone to Leadership Team, Cabinet and Strategic O&S prior to Full Council.
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Financial Implications	<u>Changes to the Medium Term Financial Strategy</u>					
	<u>Property Management</u> <p>The creation of an estates team with the required expertise and capacity will enable the Council to manage its existing property portfolio in a more effective way and will also enable the delivery of the Property Investment Strategy.</p>					
		2018/19	2019/20	2020/21	2021/22	2022/23

<u>Estates Team</u>					
Salaries and on costs	£44,110	£88,220	£88,220	£88,220	£88,220
Inflationary Allowances	£0	£950	£1,900	£2,850	£3,850
Total Cost	£44,110	£89,170	£90,120	£91,070	£92,070
<u>Existing Budgets</u>					
Property Services Officer	£10,000	£21,050	£21,270	£21,490	£21,720
Contingency Budget - General Reserves	£34,110	£47,180	£14,580	£0	£0
Increased Income from Existing Property	£0	£20,940	£54,270	£69,580	£70,350

Approved Budgets for Property Rental Income	£654,280	£654,280	£654,280	£654,280	£654,280
Breakeven % Increase in Income			8%	11%	11%

The net income generated from property investment can also be used to fund any shortfall in funding for the Estates Team.

Property Investment

The Approved Budget included in the Medium Term Financial Strategy for the Property Investment Strategy together with the key assumptions used in the budget are detailed below. The Medium Term Financial Strategy was based on a prudent approach of not including projected net income until property deals have been completed.

The table below also identifies the financial implications of using more optimistic and pessimistic assumptions to those assumed in the Approved Budget with details included at **APPENDIX D**:

	Assumed	2018/19	2019/20	2020/21	2021/22
<u>Property Investment Strategy</u>					
Annual Acquisitions / Borrowing		£6,000,000	£13,000,000	£13,000,000	£13,000,000
Cumulative Acquisitions / Borrowing		£6,000,000	£19,000,000	£32,000,000	£45,000,000
Income	5.91%	£0	(£355,000)	(£1,123,000)	(£1,891,000)
Income Risk Allowance	N/a	£0	£0	£8,000	£184,000
Sub Total Income		£0	(£355,000)	(£1,115,000)	(£1,707,000)
Management Costs	£250,000	£125,000	£250,000	£250,000	£250,000
Borrowing Costs commence year after acquisition					
Minimum Revenue Provision - Asset Life	35	£0	£171,000	£543,000	£914,000
External Interest	2.88%	£0	£102,000	£322,000	£543,000
Sub Total Expenditure		£125,000	£523,000	£1,115,000	£1,707,000
Approved Budget		£125,000	£168,000	£0	£0
More Optimistic Assumptions		(£200,030)	(£999,970)	(£1,288,530)	(£1,577,110)
More Pessimistic Assumptions		(£141,750)	(£193,510)	(£75,350)	£42,830

The Approved Budget and financial projections currently assume all of the borrowing to finance the Property Investment Strategy will be through external borrowing. However, it is likely that a proportion will be financed through internal borrowing for three reasons:

- It will reduce treasury risks such as a counterparty not repaying an investment because investments will be lower.
- The Council is required to pay Minimum Revenue Provision (similar to depreciation) based on the asset life irrespective of the type of borrowing. However the finance

cost for internal borrowing is lower than external borrowing. This is because interest rates for investment income are lower than those for external borrowing.

- It retains flexibility to enable the Council to repay a portion early without the significant penalties related to external borrowing from the Public Works Loans Board (PWLB).

Development of Residential Property

The Company set-up costs are included in Approved Budgets.

The summary figures below and the detail at **APPENDIX D** provide a very conservative demonstration that an initial investment of £900,000 in the first year could realise at least £1,000,000 returned by the fifth year (a 12% yield). More detailed financial modelling is required for each site, however, an outline business plan would deliver 5 residential properties each year, sale in the subsequent year and sales money being reinvested on the next development. This does not remove the options available to develop more units within that period or even retain properties for rental where there is a higher yield, thereby converting capital expenditure in to a revenue income.

A full business plan is being developed and will be robustly tested with financial advisors prior to the company being incorporated as this is a required document to set up a company. This work will be undertaken by the council using existing resources as an in-kind contribution to the creation of the company, and it is not proposed that they be passed to the company in order that we can maximise returns.

Development	Base Assumptions	More Optimistic	More Pessimistic
Dwellings	38	38	38
Development and Sale			
Land Value	£455,000	£409,500	£500,500
Development Costs	£7,216,000	£6,494,400	£7,937,600
Sales Costs	£270,600	£243,540	£297,660
Total Costs	£7,941,600	£7,147,440	£8,735,760
Sale Value	(£9,020,000)	(£9,922,000)	(£8,118,000)
Sales Profit	(£1,078,400)	(£2,774,560)	£617,760
Sales Return	12%	28%	-8%
Rental			
Rental Income	(£407,400)	(£448,140)	(£366,660)
Gross Rental Yield	5%	5%	5%

In accordance with the Ministry of Housing, Communities and Local Government (MHCLG) statutory investment guidance issued in 2018, loans to and shareholding in wholly-owned companies or associates, or to third parties or joint ventures are now included in the definition of 'investment'. This will include the £900,000 loan the Council would initially make to cover the operating and development cost.

To comply with State Aid Requirements, any loans by the Council to the Company must be at market rates. The interest differential between the market rate and the cost of borrowing to the Council will provide an income to the council of up at least £10,000 per annum.

Contribution to the Delivery of the Strategic Plan

1. Vibrant and prosperous economy – the work we will do in creating an investment estate, and developing properties, will help nurture our economy in a variety of ways, including the creation of jobs and provision of company premises.

	<ol style="list-style-type: none"> 2. Healthy and safe communities – as part of our role in creating an investment estate and developing properties, we will be place-shaping and so ensuring our communities thrive. 3. Clean, green and welcoming places to live – the development or regeneration of properties will improve Lichfield as a place to live.
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Equality, Diversity and Human Rights Implications	<ol style="list-style-type: none"> 1. There are no equality, diversity or human rights implications.
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Crime & Safety Issues	<ol style="list-style-type: none"> 1. There is limited impact (positively or negatively) on our duty to prevent crime and disorder within the District (Section 17 of the Crime and Disorder Act, 1988). However, the potential development opportunities being considered could have a positive impact through shaping places and removing derelict properties or unused land.
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	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Failure, or poor returns from property investments	To ensure we appropriately analyse investment risks as part of our assessment of potential investments and manage the portfolio actively to remove low performing property where appropriate	Yellow
B	Government legislative changes	We remain vigilant of proposed changes to investments, borrowing and development legislation.	Yellow
C	Brexit	We remain vigilant of the potential impacts of Brexit on property and the economy and build a mixed portfolio to mitigate risks in specific areas, while retaining an appropriate gearing.	Red
D	Reputational risk of setting up a company	Ensure a supportive narrative to the rationale for the company and for the outcomes it will enable and remain vigilant of the news relating to other such council companies across the country	Green
E	Reputational risk of company failing	Monitor performance and governance to ensure there is sufficient work done to understand performance and remove any financial failures	Green
F	State aid legal challenge	Ensure legal advice is followed and sufficient evidence held to support decisions relating to company funding	Green
G	Conflict of interest	Ensure robust processes and procedures are in place and monitored regularly to identify and manage any conflicts	Green
H	Failure to comply with tax legislation	Ensure tax advice is sought, understood and followed	Green
I	Lack of capacity to deliver	Ensure sufficient resources (people and money) is made available to the company to undertake the agreed business plan	Green
J			

Background documents

- Property Investment Strategy

Relevant web links

- [Cabinet Meeting - 5 December 2017](#)
- [Cabinet Meeting – 4 September 2017](#)
- [Strategic Overview and Scrutiny Meeting – 5 September 2018](#)

APPENDIX D
Property Investment Strategy
Alternative Assumptions

More Optimistic assumptions than MTFS					
	Assumed	2018/19	2019/20	2020/21	2021/22
<u>Property Investment Strategy</u>					
Annual Borrowing		£6,000,000	£13,000,000	£13,000,000	£13,000,000
Cumulative Borrowing		£6,000,000	£19,000,000	£32,000,000	£45,000,000
Less : Acquisition Costs	4.75%	(£285,000)	(£902,500)	(£1,520,000)	(£2,137,500)
Cumulative Acquisitions		£5,715,000	£18,097,500	£30,480,000	£42,862,500
Income	7.00%	(£200,030)	(£1,266,830)	(£2,133,600)	(£3,000,380)
Income Risk Allowance	N/a	£0	£0	£0	£0
Sub Total Income		(£200,030)	(£1,266,830)	(£2,133,600)	(£3,000,380)
Management Costs - Estates Team	£0	£0	£0	£0	£0
Borrowing Costs commence year after acquisition					
Minimum Revenue Provision - Asset Life	35	£0	£171,430	£542,860	£914,290
External Interest	2.72%	£0	£95,430	£302,210	£508,980
Sub Total Expenditure		£0	£266,860	£845,070	£1,423,270
Projected Return		(£200,030)	(£999,970)	(£1,288,530)	(£1,577,110)

More Pessimistic assumptions than MTFS					
	Assumed	2018/19	2019/20	2020/21	2021/22
<u>Property Investment Strategy</u>					
Annual Borrowing		£6,000,000	£13,000,000	£13,000,000	£13,000,000
Cumulative Borrowing		£6,000,000	£19,000,000	£32,000,000	£45,000,000
Less : Acquisition Costs	5.50%	(£330,000)	(£1,045,000)	(£1,760,000)	(£2,475,000)
Cumulative Acquisitions		£5,670,000	£17,955,000	£30,240,000	£42,525,000
Income	5.00%	(£141,750)	(£897,750)	(£1,512,000)	(£2,126,250)
Income Risk Allowance	N/a	£0	£0	£0	£0
Sub Total Income		(£141,750)	(£897,750)	(£1,512,000)	(£2,126,250)
Management Costs - Estates Team	£0	£0	£0	£0	£0
Borrowing Costs commence year after acquisition					
Minimum Revenue Provision - Asset Life	35	£0	£169,020	£535,220	£901,430
External Interest	3.47%	£0	£535,220	£901,430	£1,267,650
Sub Total Expenditure		£0	£704,240	£1,436,650	£2,169,080
Projected Return		(£141,750)	(£193,510)	(£75,350)	£42,830

Development of Residential Property Alternative Assumptions

Base Projections								
Development	Plot 1	Plots 2-4	Plot 5	Plot 6	Plot 7	Plot 8	Plot 9	Totals
Dwellings	1	3	3	3	4	8	16	38
Development and Sale								
Land Value	£10,000	£30,000	£10,000	£45,000	£40,000	£80,000	£240,000	£455,000
Development Costs	£56,000	£600,000	£360,000	£600,000	£800,000	£1,600,000	£3,200,000	£7,216,000
Sales Costs	£2,100	£22,500	£13,500	£22,500	£30,000	£60,000	£120,000	£270,600
Total Costs	£68,100	£652,500	£383,500	£667,500	£870,000	£1,740,000	£3,560,000	£7,941,600
Sale Value	(£70,000)	(£750,000)	(£450,000)	(£750,000)	(£1,000,000)	(£2,000,000)	(£4,000,000)	(£9,020,000)
Sales Profit	(£1,900)	(£97,500)	(£66,500)	(£82,500)	(£130,000)	(£260,000)	(£440,000)	(£1,078,400)
Sales Return								12%
Rental								
Rental Income	(£7,800)	(£32,400)	(£32,400)	(£32,400)	(£43,200)	(£86,400)	(£172,800)	(£407,400)
Gross Rental Yield	11%	4%	7%	4%	4%	4%	4%	5%

Costs 10% Lower and Income 10% Higher								
Development	Plot 1	Plots 2-4	Plot 5	Plot 6	Plot 7	Plot 8	Plot 9	Totals
Dwellings	1	3	3	3	4	8	16	38
Development and Sale								
Land Value	£9,000	£27,000	£9,000	£40,500	£36,000	£72,000	£216,000	£409,500
Development Costs	£50,400	£540,000	£324,000	£540,000	£720,000	£1,440,000	£2,880,000	£6,494,400
Sales Costs	£1,890	£20,250	£12,150	£20,250	£27,000	£54,000	£108,000	£243,540
Total Costs	£61,290	£587,250	£345,150	£600,750	£783,000	£1,566,000	£3,204,000	£7,147,440
Sale Value	(£77,000)	(£825,000)	(£495,000)	(£825,000)	(£1,100,000)	(£2,200,000)	(£4,400,000)	(£9,922,000)
Sales Profit	(£15,710)	(£237,750)	(£149,850)	(£224,250)	(£317,000)	(£634,000)	(£1,196,000)	(£2,774,560)
Sales Return								28%
Rental								
Rental Income	(£8,580)	(£35,640)	(£35,640)	(£35,640)	(£47,520)	(£95,040)	(£190,080)	(£448,140)
Gross Rental Yield	11%	4%	7%	4%	4%	4%	4%	5%

Costs 10% Higher and Income 10% Lower								
Development	Plot 1	Plots 2-4	Plot 5	Plot 6	Plot 7	Plot 8	Plot 9	Totals
Dwellings	1	3	3	3	4	8	16	38
Development and Sale								
Land Value	£11,000	£33,000	£11,000	£49,500	£44,000	£88,000	£264,000	£500,500
Development Costs	£61,600	£660,000	£396,000	£660,000	£880,000	£1,760,000	£3,520,000	£7,937,600
Sales Costs	£2,310	£24,750	£14,850	£24,750	£33,000	£66,000	£132,000	£297,660
Total Costs	£74,910	£717,750	£421,850	£734,250	£957,000	£1,914,000	£3,916,000	£8,735,760
Sale Value	(£63,000)	(£675,000)	(£405,000)	(£675,000)	(£900,000)	(£1,800,000)	(£3,600,000)	(£8,118,000)
Sales Profit	£11,910	£42,750	£16,850	£59,250	£57,000	£114,000	£316,000	£617,760
Sales Return								-8%
Rental								
Rental Income	(£7,020)	(£29,160)	(£29,160)	(£29,160)	(£38,880)	(£77,760)	(£155,520)	(£366,660)
Gross Rental Yield	11%	4%	7%	4%	4%	4%	4%	5%

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