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24 August 2018

Dear Sir/Madam

CABINET

A meeting of the Cabinet has been arranged to take place on **TUESDAY, 4TH SEPTEMBER 2018 at 6.00 PM** in the **COMMITTEE ROOM** District Council House, Lichfield to consider the following business.

Access to the Committee Room is via the Members' Entrance.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Neil Turner', is written in a cursive style.

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

To: Members of Cabinet

Councillors Wilcox (Chairman), Pritchard (Vice-Chair), Mrs Little, Leytham, A Yeates and Spruce



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AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. Money Matters 2018/19 - Review of Financial Performance against the Financial Strategy 3 - 26
4. Monitoring the Delivery of the Strategic Plan 27 - 48
5. Disposal of Land at Leyfields and Netherstowe, Lichfield 49 - 54
6. Procurement Service Improvement 55 - 62
7. Neighbourhood Area Designations - Determination of Applications for Designation 63 - 66
8. Delivering the Property Investment Strategy 67 - 188

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.

9. 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"

10. Tenancy of 21 - 23 Market Street, Lichfield 189 - 194

This report is to be considered in private since it contains 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.

11. Minutes of the Meeting of the Asset Strategy Group held on 12 July 2018 195 - 198

The Minutes of the Asset Strategy Group are to be considered in private since they contain 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 other organisations.



Money Matters : 2018/19 Review of Financial Performance against the Financial Strategy

Cabinet Member for Finance and Democracy

Date: 4 September 2018
Agenda Item: 3
Contact Officer: Anthony Thomas
Tel Number: 01543 308012
Email: Anthony.thomas@lichfielddc.gov.uk
Key Decision? YES
Local Ward Members : Full Council

Agenda Item 3



Cabinet

1. Executive Summary

- 1.1 The report covers the financial performance from April to June (Quarter One) for 2018/19.
- 1.2 The Net Cost of Services is projected to be above budget by **£36,030** and Corporate Budgets (Treasury and Section 31 Grants) are projected to be on budget, a total of **£36,030**.
- 1.3 Three service areas are currently in the process of identifying their share of the Efficiency Plan target for 2017/18 that remains outstanding of **£83,670**.
- 1.4 The Council on 20 February 2018 approved a transfer to general reserves of **£26,990**.
- 1.5 The projected budget performance detailed in 1.2 means a lower transfer of **£6,180** is currently projected to general reserves.
- 1.6 The Capital Programme is projected to be below budget by **(£495,000)** resulting in profiling updates.
- 1.7 Capital receipts are projected to be **(£300,000)** compared to the Approved Budget of **(£0)**.
- 1.8 In terms of Council Tax, Business Rates, Sundry Debtors and Supplier Payment Performance:
 - The Council's collection performance on Council Tax based on debt covering all years is **29.25%** and this is consistent with previous years.
 - There is a projected surplus for Council Tax and the Council's share of **(£19,530)** with **£0** included in the 2019/20 budget.
 - Income raised has increased by **(£1,173,551)** due to the issue of a large invoice related to the Better Care Fund of (£905,000).
 - In addition Invoices Outstanding has reduced by **(£622,816)** due to lower debt for the Joint Waste Service and the transfer of Leisure Centres management.
 - The Council is projected to be paying gross Business Rate levy (including the volatility allowance) of **£2,023,000** to the GBS pool and will receive **(£387,000)** of returned levy. Therefore the projected 'net levy allowance' is **£1,636,000**.
 - Retained Business Rate Income is currently projected to be **(£252,100)** higher than the Approved Budget.
 - The Council's collection performance on Business Rates based on debt covering all years is **26.01%**. This is lower than previous years due to the inclusion of two new large valuations where the valuation process has led to a delay in the issue of the bills and the payment plans, the implementation of the Local Discretionary Rate Relief scheme and other changes in payment plans.
 - There is a projected surplus for Business Rates and the Council's share of **(£22,300)** with **£0** included in the 2019/20 budget.
 - The payment of suppliers within 30 days in 2018/19 is **80.18%** and this is consistent with previous years.
- 1.9 The Council's investments achieved a risk status that was more secure than the aim of A- and yield exceeded all four of the industry standard LIBID yield benchmarks.
- 1.10 Staffordshire Authorities are likely to submit an application to be a Business Rates Pilot in 2019/20.

2. Recommendations

- 2.1 To note the report and issues raised within and that Leadership Team with Cabinet Members will continue to closely monitor and manage the Medium Term Financial Strategy 2017-22.
- 2.2 To formally accept the offer of **£905,939** by the Better Care Fund Partnership Board to support expenditure on Disabled Facilities Grants in 2018/19.
- 2.3 To approve 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).
- 2.4 To note 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).
- 2.5 To note the three consultations currently taking place regarding Local Government Finance.
- 2.6 To approve 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.
- 2.7 To approve 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.
- 2.8 The decision on the exact level and timing of the investment in the CCLA Diversified Income Fund be delegated to the Cabinet Member for Finance and Democracy and the Head of Finance and Procurement.

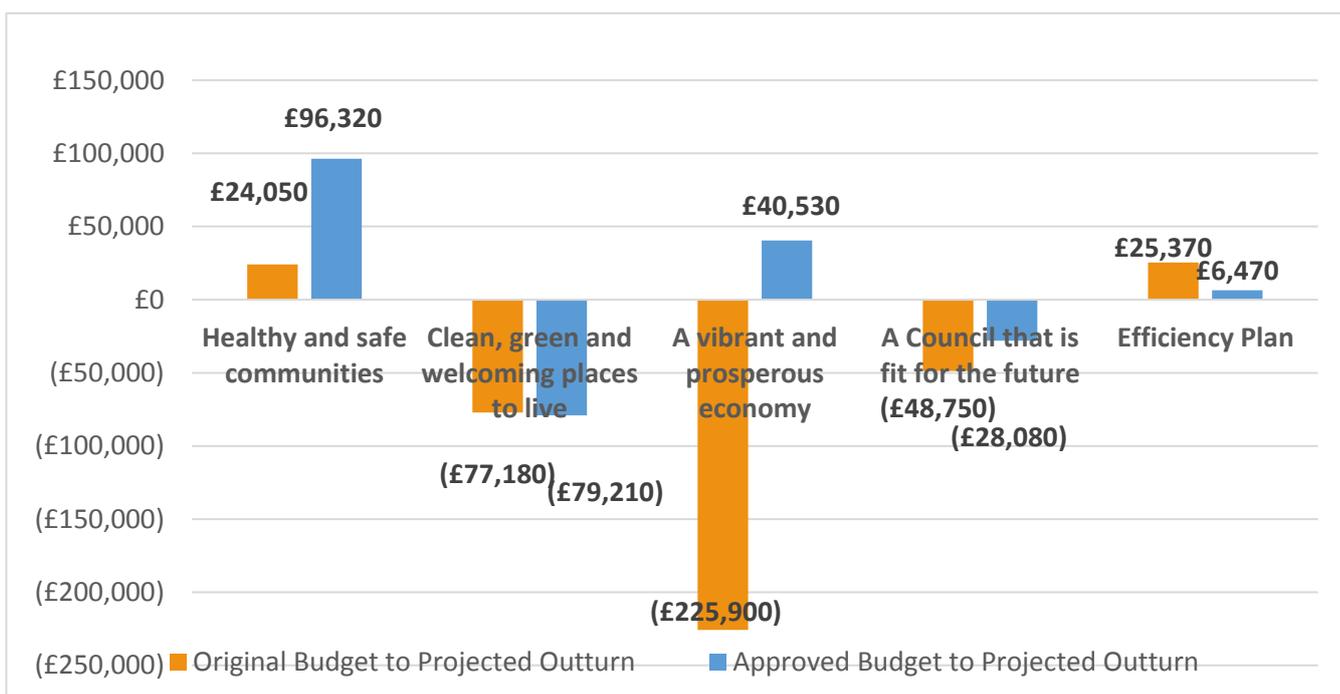
3. Background

Budget Management

- 3.1. The MTFS 2017-22 approved by Council on 20 February 2018 included the Original Budget for 2018/19 and sets out the allocation of resources and the policies and parameters within which managers are required to operate.
- 3.2. Throughout the financial year, Money Matters reports will be provided to Cabinet and Briefing Notes to Strategic (Overview and Scrutiny) Committee at 3, 6 and 8 months to monitor financial performance.
- 3.3. The Money Matters reports update the Approved Budget to reflect latest projections and the 8 month Money Matters report will form the basis of the Revised Approved Budget for 2018/19 and will be approved by Council on 19 February 2019.

The Revenue Budget

- 3.4. The detailed financial performance is shown in **APPENDIX B** and in summary in the graph below:



Performance compared to the Approved Budget

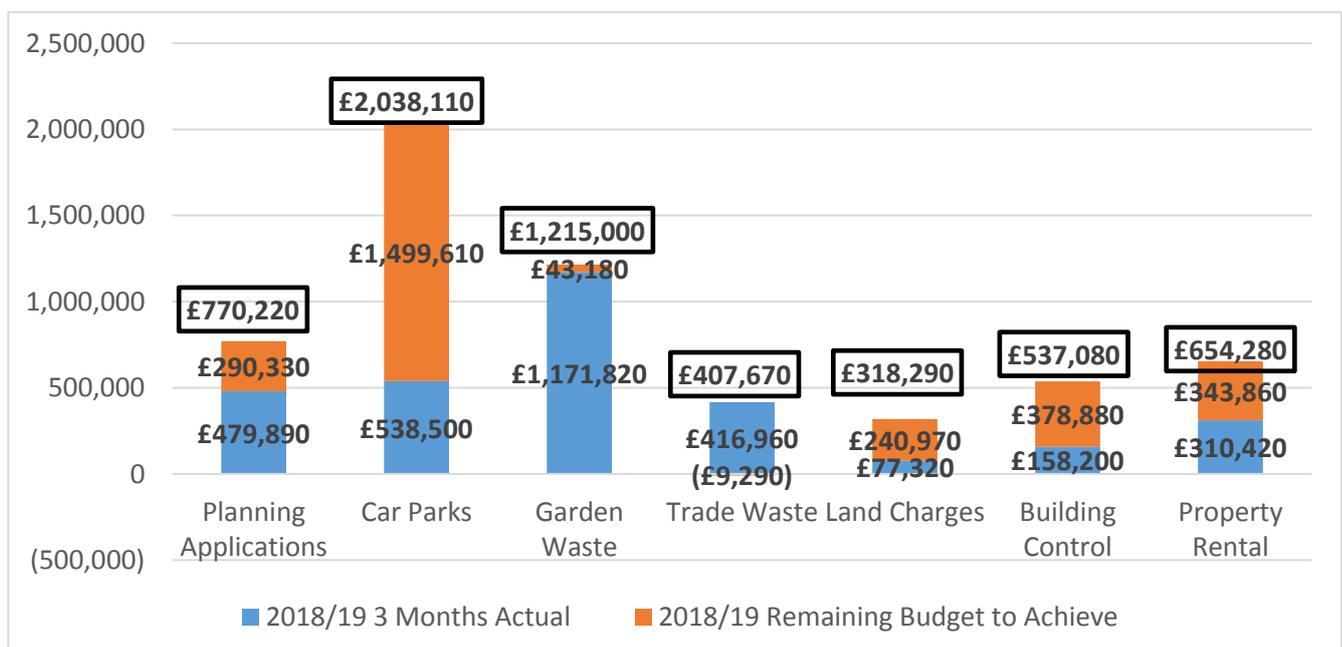
3.5. The projected variance to the Approved Budget related to one off and recurring items that impact on general reserves in 2018/19 of **£36,030** are shown in summary in the table below and in more detail in **APPENDIX B** by Service Area.

	Approved Budget	
	Virements	Variance
Healthy and Safe Communities		
• CCTV Contract increase		19,620
• Transfers	76,700	
Clean, green and welcoming places to live		
• Fairer Charging SLA ceased and additional grant income		3,960
• Efficiency Plan	(6,470)	
• Transfers	(76,700)	
A vibrant and prosperous economy		
• Property Rental income loss related to New Look		27,230
• Transfers	13,300	
A Council that is fit for the future		
• Employee savings, additional grant income		(11,970)
• Previous Chair and Vice Chairman underspend		(2,810)
• Transfers	(13,300)	
Efficiency Plan		
• Savings/income found in this quarter	6,470	
Total – Net Cost of Services	£0	£36,030
Reduced transfer from the Birmingham Road Earmarked Reserve to ensure sufficient resources are available to progress alternatives		252,100
Additional Business Rates income from Section 31 Grant		(252,100)
Additional Transfer (to) / from General Reserves	£0	£36,030

Fees and Charges

3.6. The Council is becoming more reliant on income from fees and charges due to the reductions in government funding. Therefore it is important that these increasingly important income streams are monitored closely due to the increasing risk within the Approved Budget.

3.7. The chart below shows the largest fees and charges budgets together with the actual income achieved for the first three months (figures in brackets are where the annual budget has been exceeded):



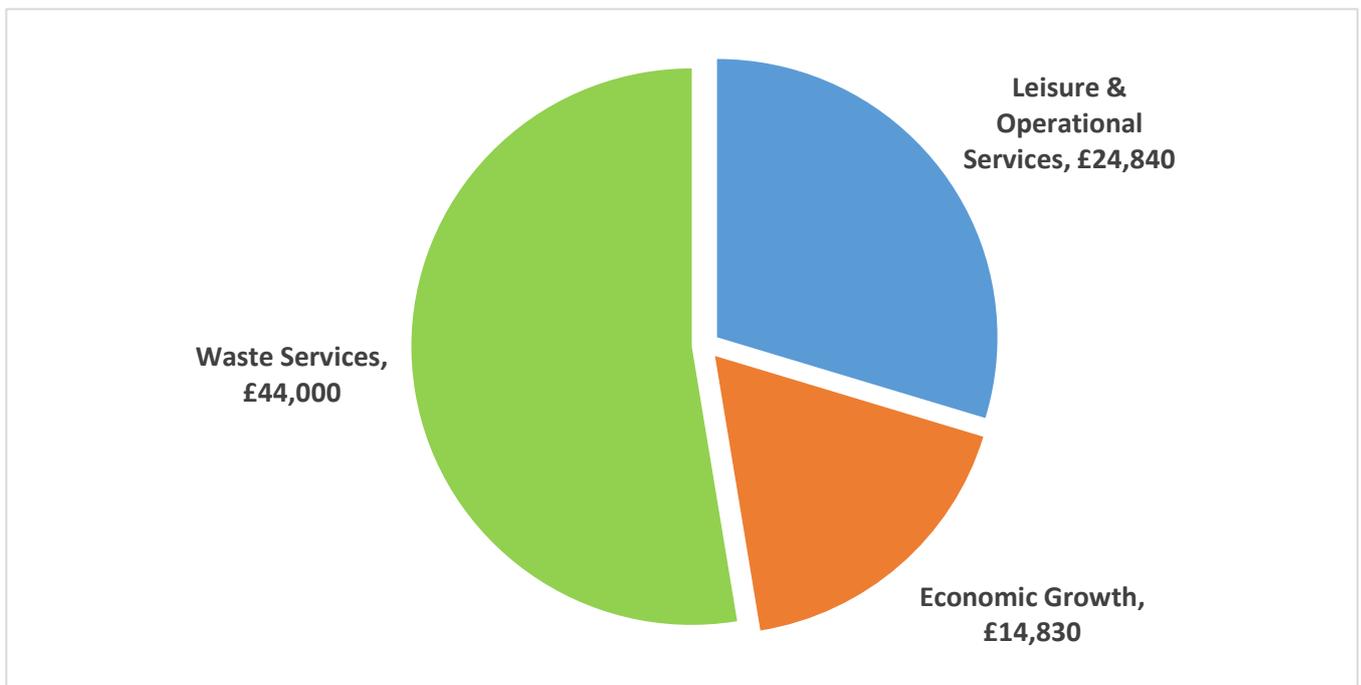
Projected Outturn for Waste Service and the CCTV Contract

- 3.8. The financial position for Waste Services is difficult to forecast. There are many variables that could impact on the position. The variable factors include the following:
- As this is the first year of charging for garden waste collection, it is difficult to predict the number of subscriptions that will be achieved which will impact not only on the income from charging for collection but also impact on recycling credits received.
 - There has in recent months been a sudden increase in the number of rejected loads of dry recyclate at the recycling centre because of high levels of contamination. This has resulted in additional costs and lost income.
 - The impact of the Chinese ban on plastics and other recycled materials. Our income share from the sale of dry recyclate relies on the world market price for each commodity, and it is very likely that the price and hence our income will fall over the coming months.
- 3.9. It is anticipated that as the financial year progresses a clearer picture will emerge and forecasts will be updated to reflect this.
- 3.10. The CCTV security contract has been procured by the operating agents of Three Spires Shopping Centre; the preferred supplier is Axis Security Services Ltd which has increased the contract price. The Council contributes **51%** of the contract costs and the annual budget increase is **£19,620**.

The Efficiency Plan

- 3.11. A number of service areas have overachieved their element of the overall target of **(£250,000)**. However there are three service areas that are still to achieve their share of the target as shown below:

	Services where target has been achieved	Services where target has not been achieved	Total
Target	111,000	139,000	250,000
Delivered	(148,860)	(55,330)	(204,190)
Balance Outstanding	(£37,860)	£83,670	£45,810

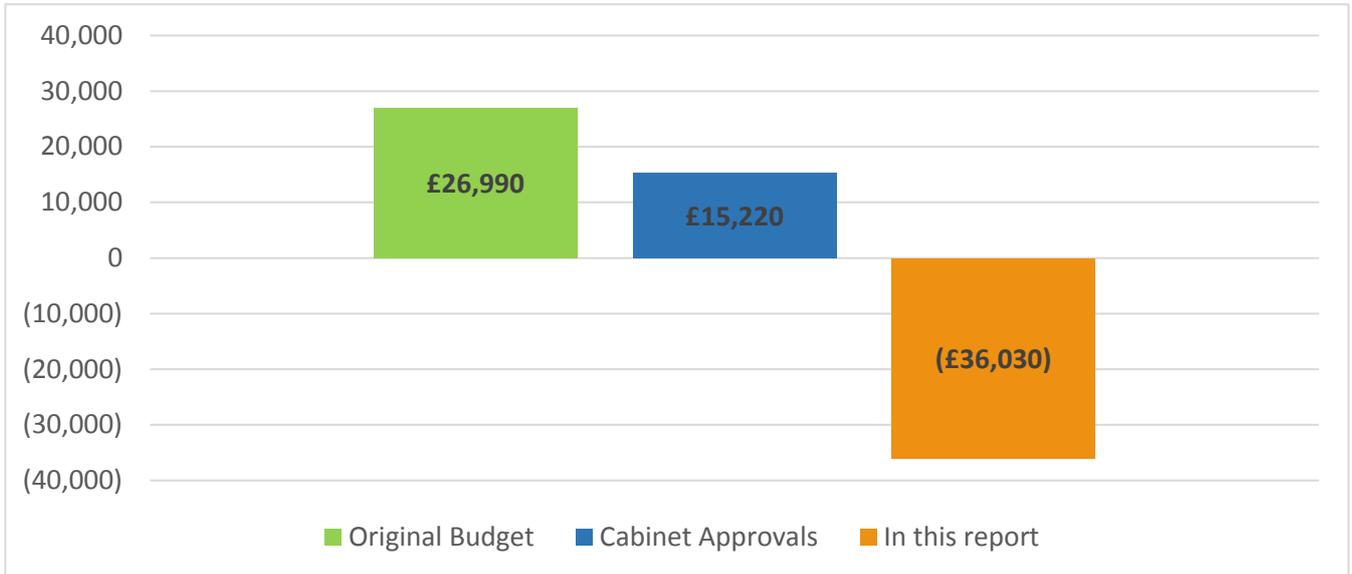


- 3.12. These service areas are currently considering options to deliver these outstanding targets and progress will be reported in Money Matters reports during the financial year.

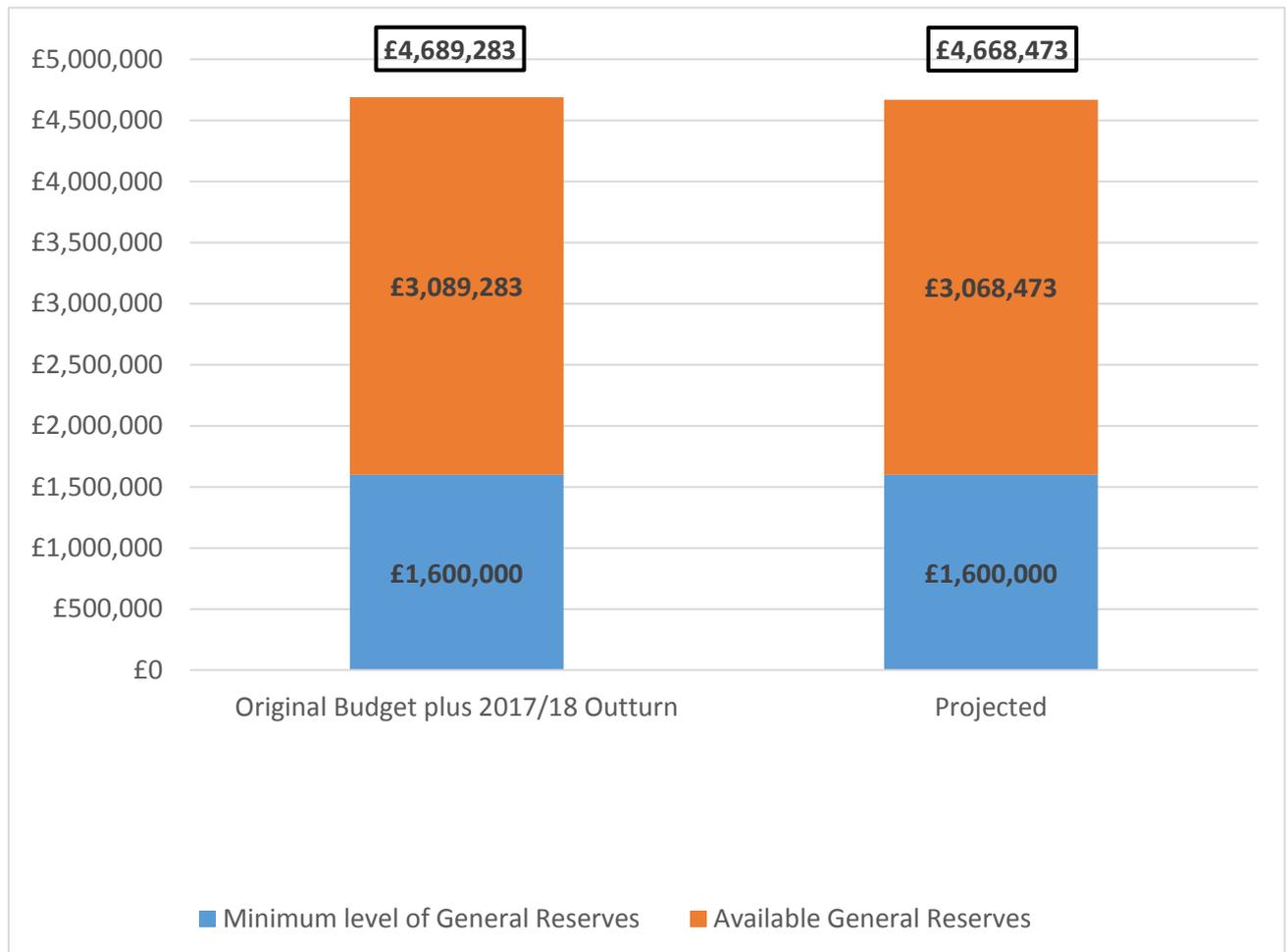
Revenue General Reserves

3.13. The Council's Original Budget approved a contribution to General Reserves of **£26,990**. The Approved Budget following approvals by Cabinet and Council currently shows a contribution to General Reserves at the three months stage of **£42,210**.

3.14. This report identifies (**£36,030**) a reduction of the contribution to general reserves to **£6,180** and this is shown in the graph below:

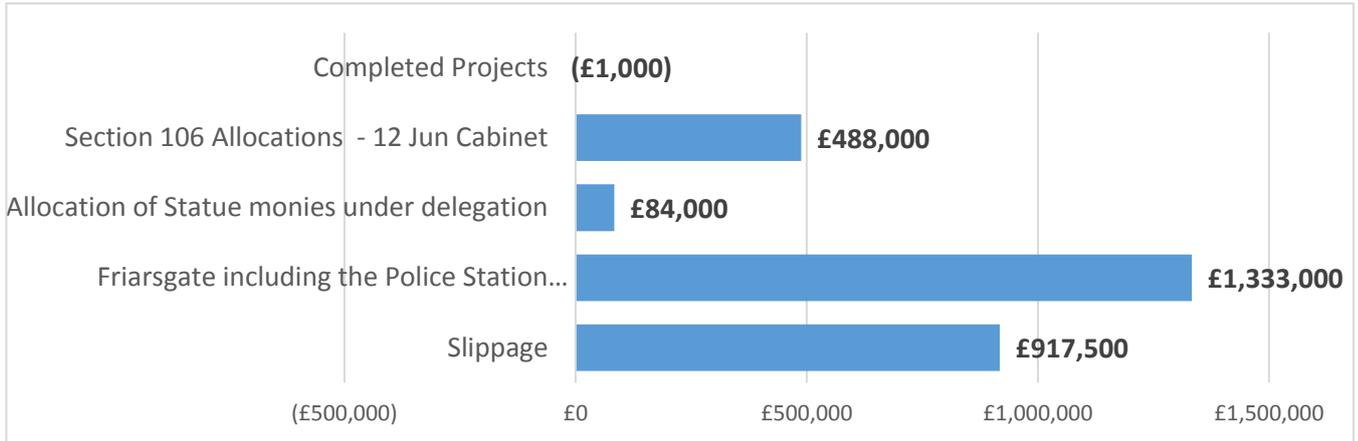


3.15. The following Revenue general reserves are available to assist the Council in meeting General Fund expenditure as part of the Medium Term Financial Strategy:

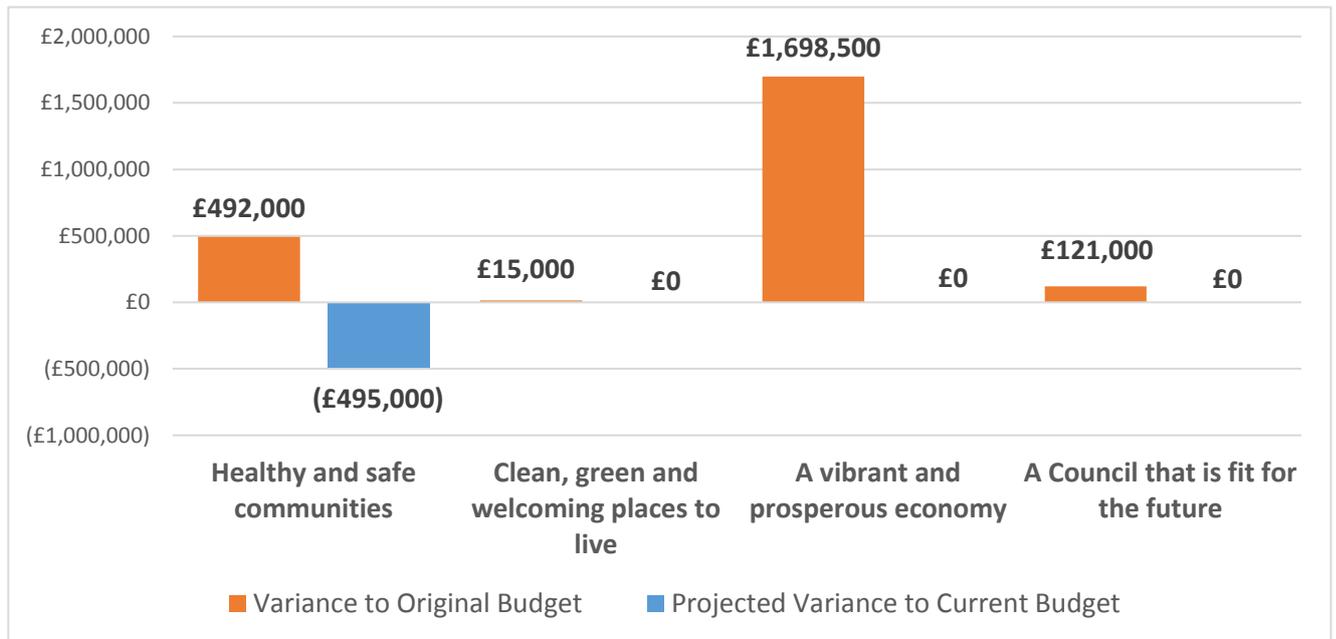


The Capital Programme

3.16. The budgetary changes of **£2,821,500** from the Original Budget of **£10,242,000** to the Approved Budget of **£13,063,500** is shown in the graph below:



3.17. We are projecting that the Capital Programme performance will be below budget by **(£495,000)** or **4%** compared to the Approved Budget. This below budget performance compared to both the Original and the Approved Budgets is shown by the Strategic Plan's priorities in the graph below and in detail at **APPENDIX C**:



Performance compared to the Approved Budget

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

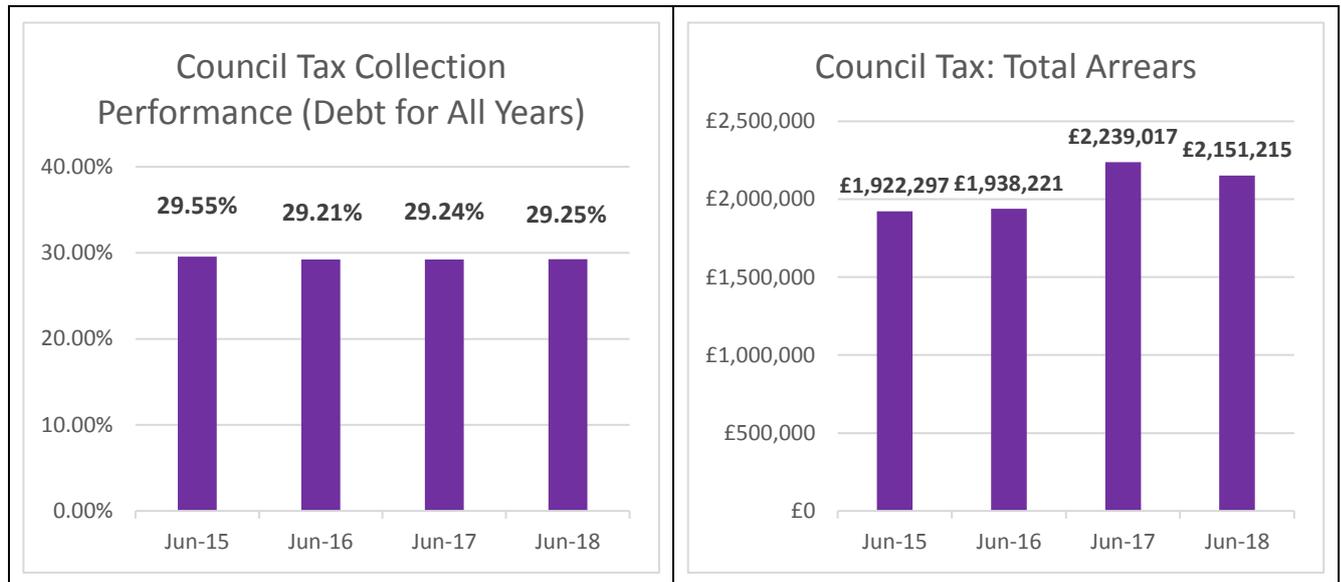
	Approved Budget Variance
Healthy and Safe Communities	
• Disabled Facilities Grants – Grant for Better Care Fund £154,000 higher than budgeted.	154,000
• Housing Grants – An options appraisal is under way and therefore it is unlikely this sum will be spent in 2018/19.	(649,000)
Total	(£495,000)

Capital Receipts

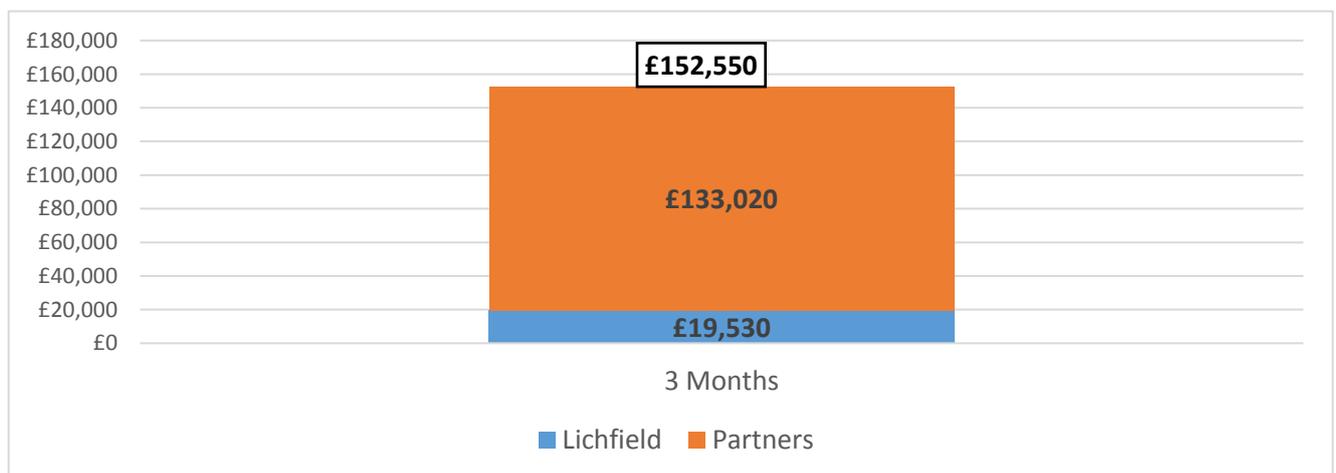
3.21. The budget and actual for Capital Receipts is **£0**, however the projection for 2018/19 is **(£300,000)** due to the planned sale of two assets.

Council Tax

- 3.22. The Council is responsible for the collection of Council Tax for all precepting authorities in 2018/19 totalling **£63m**.
- 3.23. The collection performance for Council Tax for the first three months of the last four financial years is shown in the graph below:



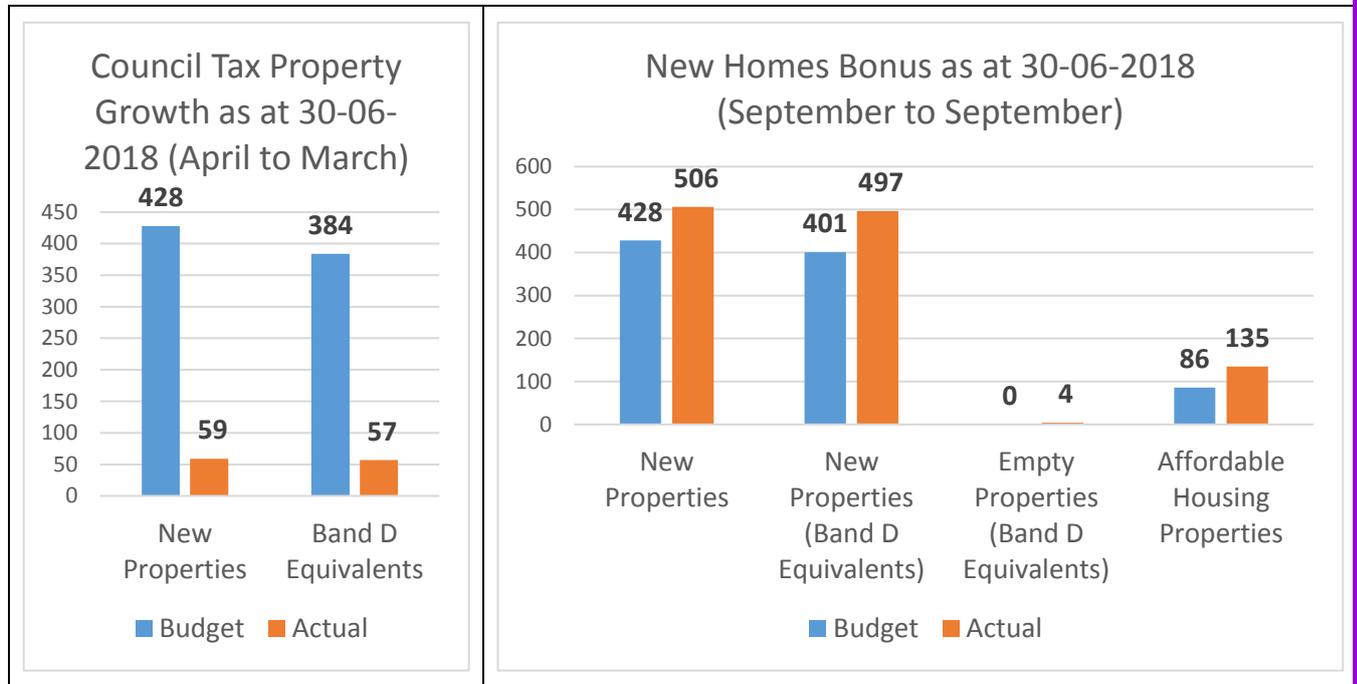
- 3.24. The collection performance has remained consistent with the same period in previous financial years. The level of arrears is marginally higher than the average for the previous three years. This can be attributed to several factors including the impact of the Local Council Tax Support Scheme, more properties to collect Council Tax from and the introduction of the Adult Social Care Precept.
- 3.25. A summary of the Projected Council Tax Collection Fund performance (The Budget assumed a breakeven position) is shown in the graph below and is based on Lichfield's (including Parishes) current share of Council Tax of **13%**:



- 3.26. The main reasons for the projected surplus of **(£152,550)** are:
- There was a higher surplus than projected in 2017/18 of **(£11,248)**.
 - The net yield from Council Tax in 2018/19 is projected to be **(£141,302)** higher than estimated. This is due to lower Local Council Tax Support discount and higher Council Tax income net of other discounts and exemptions.
- 3.27. The projected surplus in 2018/19 includes the actual surplus in 2017/18 together with performance related to 2018/19. The Council's share of the projected surplus of **(£19,530)** will be included in the 2019/20 Budget and will therefore also impact on the Funding Gap in that financial year.

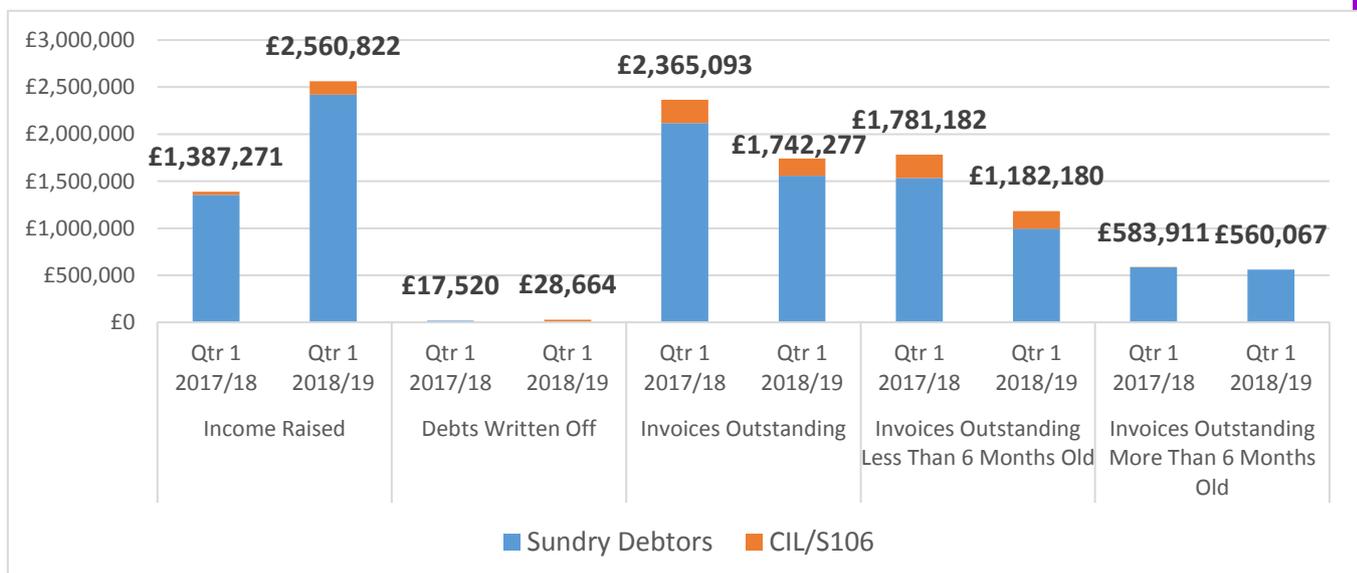
Housing Supply

- 3.28. Housing supply is one of the key assumptions in the current Approved Medium Term Financial Strategy because it impacts on the income we receive from both Council Tax and New Homes Bonus.
- 3.29. The first graph shows completions for Council Tax (based on the financial year April to March) for April 2018 to June 2018. This shows that actual delivery in the first three months is lower than the budget.
- 3.30. The second graph shows the components in the New Homes Bonus calculation (based on the Council Tax Base Return year) from September 2017 to June 2018. In terms of new properties, delivery is higher than the target and would mean in theory (this is subject to any changes in the baseline level of 0.4%) the Council would receive higher New Homes Bonus than has been budgeted.



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

- 3.31 The Council commenced the collection of CIL in 2016/17 and initially the level collected has been relatively low, however as more properties are built the amount of both CIL and S106 is increasing.
- 3.32 To provide Members with a view on overall 'sundry' debt we will now provide figures for both sundry debt such as Trade Waste, Building Control and Property Leases together with CIL and S106.
- 3.33 The transactions levels and collection performance in 2018/19 compared to 2017/18 is shown below:



3.34 The Sundry Debtors, CIL and Section 106 performance is shown in detail at **APPENDIX D**. The main variances are below:

- **Income Raised (increase of £1,173,551 or 85%):** An invoice was raised for the Better Care Fund grant of **£905,000** this year. There was no corresponding invoice last year.
- **Invoices Outstanding (reduction of £622,816 or 26%):** this reduction is due to lower invoices outstanding related to waste and Leisure Centres (due to the transfer to Freedom Leisure).

Business Rates

3.35. The Council will collect Business Rates for all partners in 2018/19 totalling **£36m**.

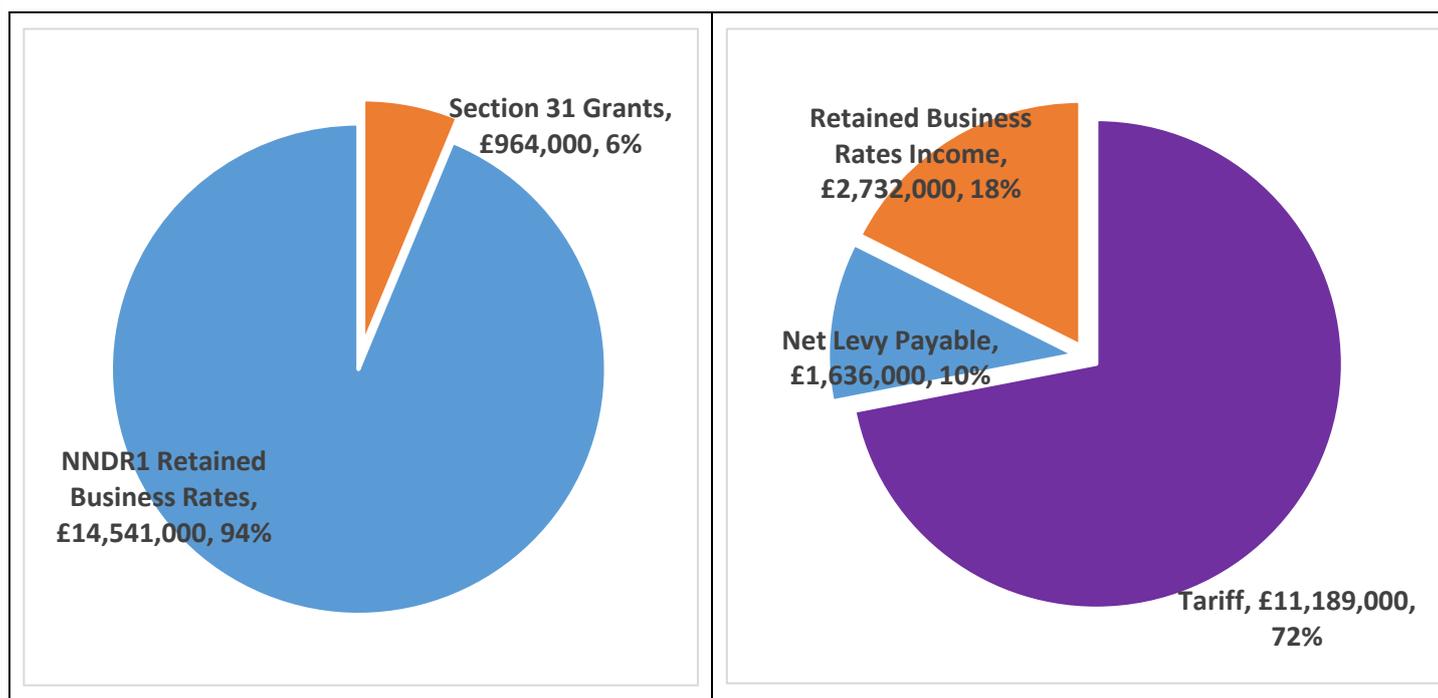
3.36. The Council receives a **40%** share of Business Rates income. The Council's share included in its budget is based on the NNDR 1 estimated level together with Section 31 grants for certain reliefs granted. The Council must then pay the Government set tariff and any net levy based on growth above the Government set baseline (or receive safety net in the event that business rates have reduced more than a set percentage below the baseline).

3.37. The Retained Business Rate income for 2018/19 is projected to be **(£2,732,000)** compared to the Approved Budget of **(£2,479,900)**.

3.38. There is projected to be **(£252,100)** of additional income due to:

- Section 31 Grant income is higher than budgeted due to reliefs announced in the Summer Budget 2017 for supporting small business, discretionary relief and support for public houses.
- The calculation of Small Business Rate Relief was also changed as announced in the Budget 2016. The change resulted in the permanent doubling of the relief together with increases in the thresholds that would mean more business would benefit.
- A consultation was undertaken in the Provisional Local Government Finance Settlement 2018/19 from December 2017 to January 2018 on the calculation of Section 31 Grant for both 2017/18 (due to disconnect of the budget announcement and the receipt of NNDR1 returns for 2017/18) and later years.
- The results of the consultation were received as part of the NNDR1 for 2018/19 although this was too late to be incorporated into the Medium Term Financial Strategy. Therefore the projected calculation for 2018/19 has been included in this report.

3.39. The detail of the Council's actual and budgeted share of Business Rates income, the tariff and net levy and retained Business Rates in 2018/19 is shown in detail at **APPENDIX D** and in the graphs below:



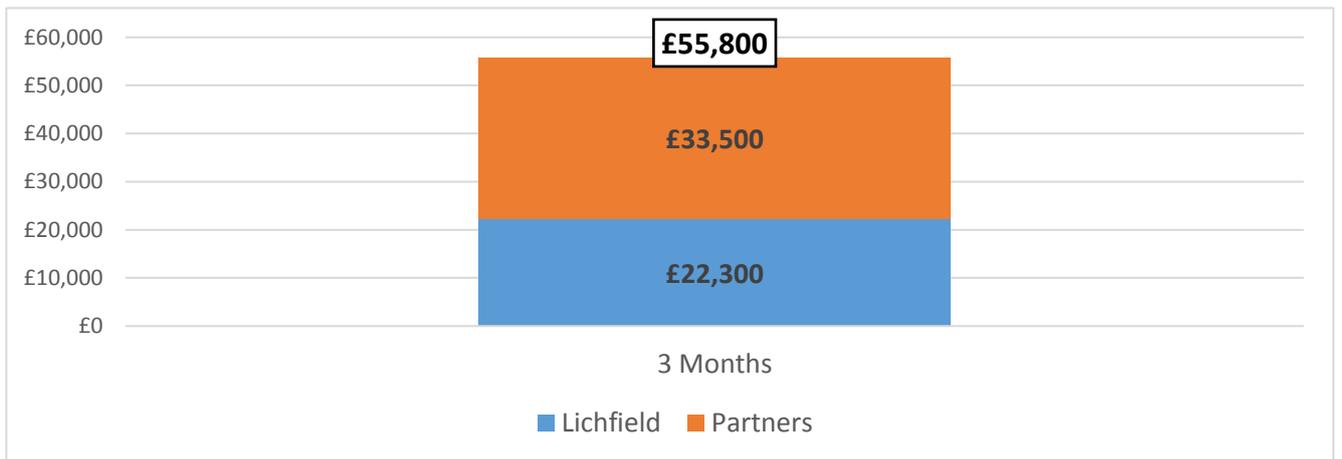
3.40 The collection performance for Business Rates for the first three months of the last four financial years is shown in the graph below:



3.41 The collection performance for total arrears is lower than the average for the three previous financial years (although in year performance has improved), this is due to the inclusion of two new large valuations where the valuation process has led to a delay in the issue of the bills and the payment plans, the implementation of the Local Discretionary Rate Relief scheme and other changes in payment plans.

3.42 The level of arrears at June 2018 is lower than the average for the previous three years and less than the level at June 2017.

3.43 A summary of the projected Business Rates Collection Fund performance is shown in the graph below (the budget assumed a breakeven position) and is based on Lichfield's prescribed share of **40%**:



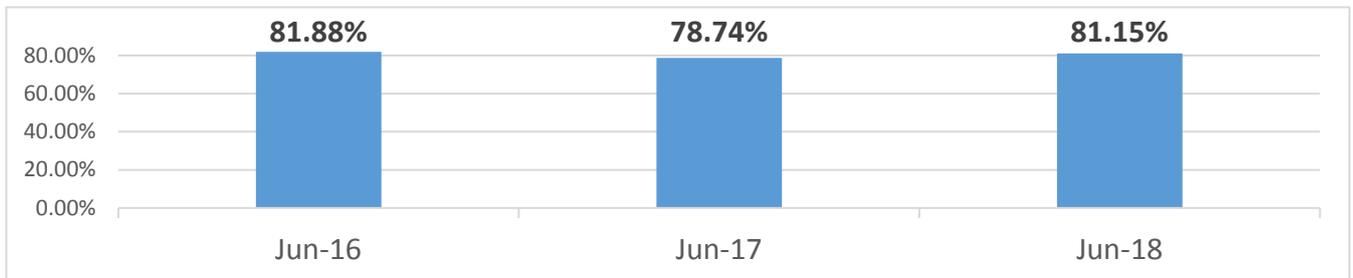
3.44 The main reasons for the projected surplus of **(£55,800)** are:

- There was a lower surplus than projected in 2017/18 of **£61,373**.
- There was additional net income projected of **(£117,173)** due to projected changes in the level of income, the Bad Debt Provision and the level of appeals.

3.45 The Council's share of the projected surplus in 2018/19 is **(£22,300)** compared to the budget where breakeven was assumed.

Supplier Payment Performance

- 3.46 The Public Contracts Regulations 2015 require the publication of the Council performance in processing payments to Suppliers. Under the regulations, the Council should pay all undisputed invoices within 30 days of receipt.
- 3.47 Supplier payment performance has previously been reported as part of our Performance Monitoring process however to improve transparency we now include this information as part of the Money Matters Reports.
- 3.48 The performance of payments to suppliers for the first three months of the last three years is shown below:



- 3.49 The Council is reviewing its processes to improve payment performance by implementing improvements to the Procure to Pay process.
- 3.50 The Council has not received any claims or made any payments of late interest in any of the periods.

Consultations

- 3.51 There are currently three consultations taking place in relation to Local Government Finance:
- **The 2019-20 Local Government Finance Settlement Technical Consultation** – this consultation runs from 24 July 2018 to 18 September 2018 and includes 5 questions. The questions include subjects such as Council Tax Referendum principles (3% or £5 for District Councils), a preferred approach to resolve negative Revenue Support Grant (use of the Government’s share of Business Rates) that would mean the Council would not pay £453,000 in 2019/20 and potential changes to the New Homes Bonus regime in 2019/20 (an increase in the baseline from 0.4) and a potential new approach from 2020/21.
 - **Mitigating the impact of fair value movements on pooled investment funds on local authority budget setting** – this consultation runs from 25 July 2018 to 28 September 2018 and includes 8 questions. The questions deal with the financial impact of the implementation of International Financial Reporting Standard (IFRS) 9 from 1 April 2018 in relation to pooled investment funds such as the Council’s investment in the CCLA property fund. Prior to the implementation of this standard, any ‘book losses’ would not impact on the general fund until the investment was sold, this new standard (its origins date back to the financial crash) requires an estimate of losses to be made when the investment is made and is adjusted throughout the life of the investment. This will have a real financial impact on budgets and reserves (we have already set up an earmarked reserve) therefore the Government is consulting on implementing a statutory override to negate the impacts of the new standard.
 - **CIPFA Resilience Index for English Councils** – this consultation runs from 4 July 2018 to 24 August 2018 and contains 5 questions. These questions focus on providing ‘an independent assessment of the financial resilience of every English Council based on a key set of metrics’.

Staffordshire Business Rates Pilot for 2019/20

- 3.52 Staffordshire Authorities submitted an unsuccessful application to be a Business Rates Pilot for 2018/19 however the Government on 24 July 2018 issued a prospectus for applications in 2019/20 for submission by 25 September 2018.

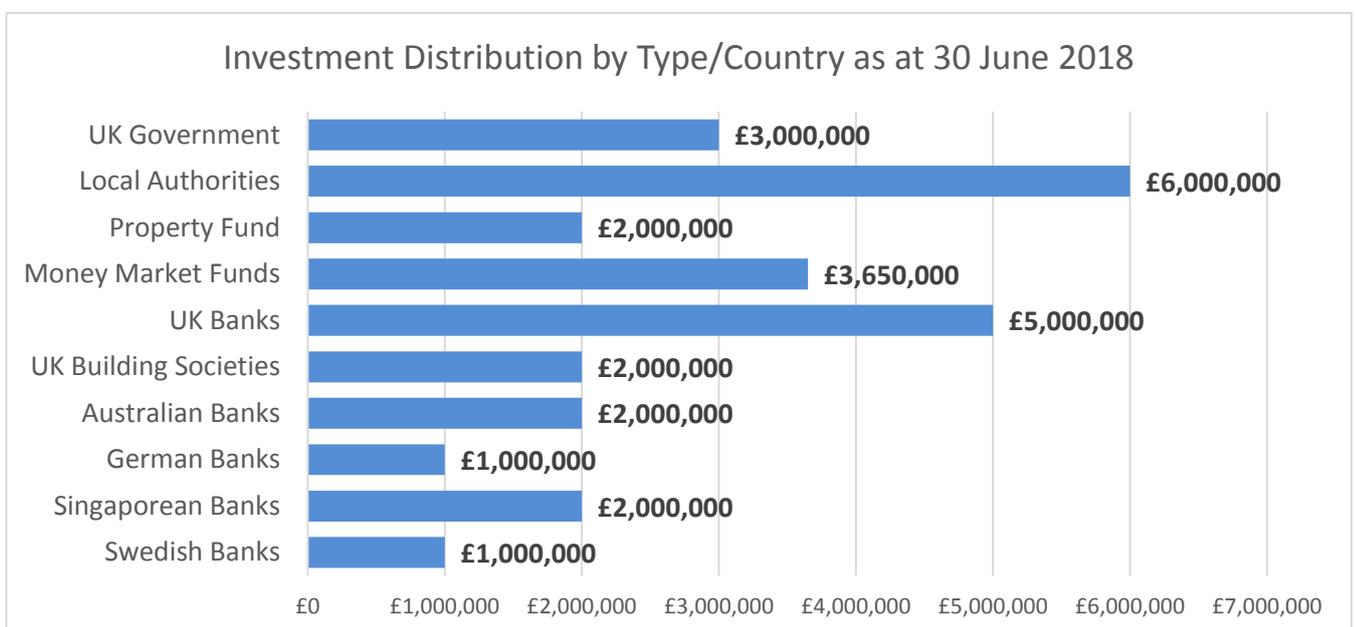
- 3.53 The financial modelling indicates a windfall to Staffordshire of **£13.2m** and Lichfield's share would be circa **£0.6m**. However it is important to note the 'no detriment' (i.e. there is a Government guarantee the Council will be no worse off compared to not being a pilot) principle of previous pilots will not form part of 2019/20 pilots and therefore there is an element of additional risk. However the significance of the windfall is such that these risks are deemed acceptable and it is recommended we work with Stoke, Staffordshire CC and the other districts to submit a bid for pilot in 19/20.
- 3.54 For the reasons set out in the report relating to the timescale for responses, any decisions relating to the determination of the application are unsuitable for a call-in.

Treasury Management

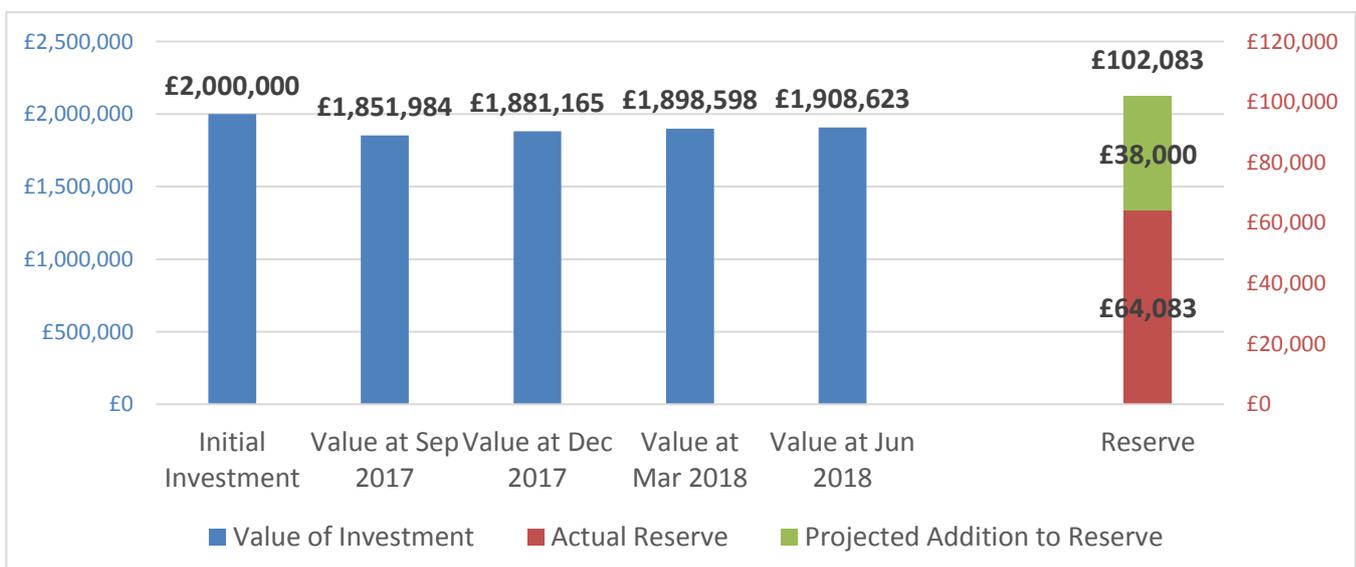
- 3.55 The performance of the Treasury Management function should be measured against the investment objectives of Security (the safe return of our monies), Liquidity (making sure we have sufficient money to pay for our services) and Yield (the return on our investments).

The Security of Our Investments

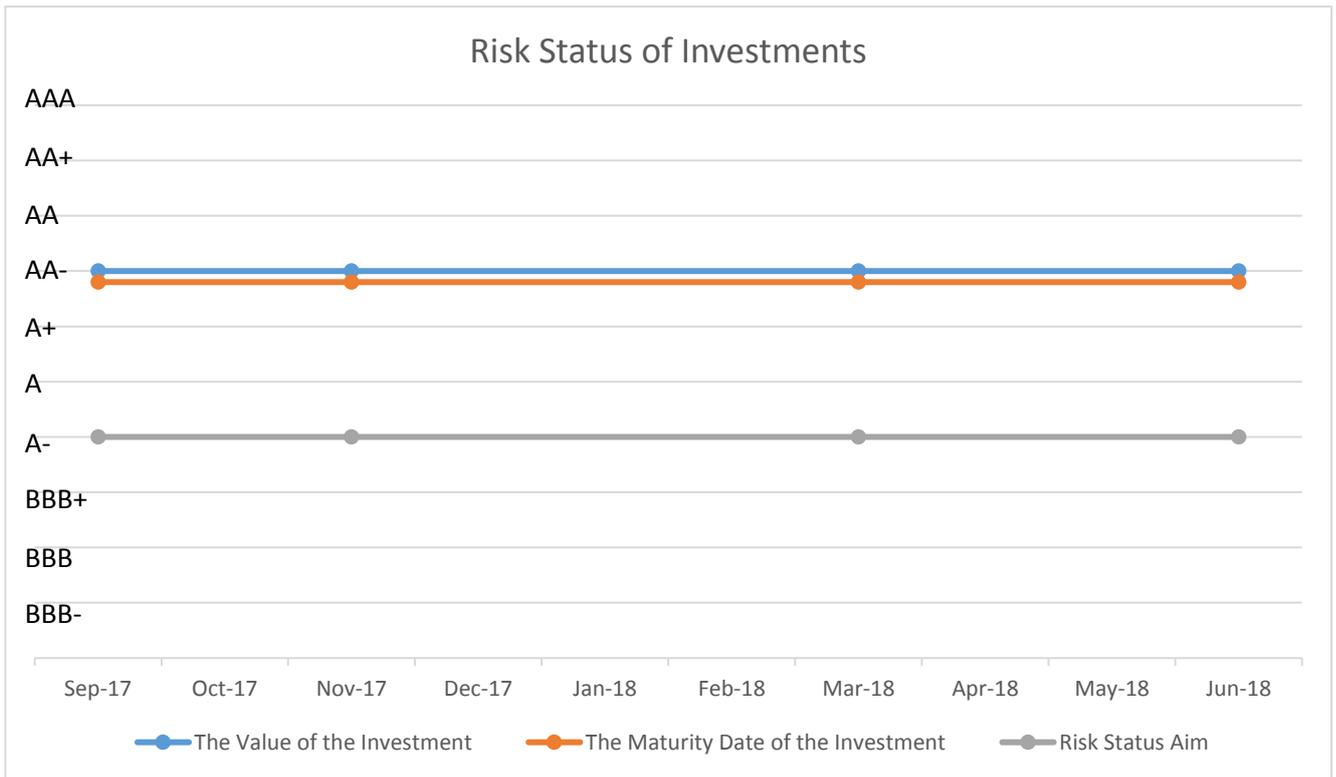
- 3.56 The investments the Council had at the 30 June 2018 of **£27,650,000** by type and country are summarised in the graph below and in more detail at **APPENDIX E**:



- 3.57 The current value of the Property Fund investment together with the projected value of the earmarked reserve at the end of 2018/19 intended to offset reductions in value is shown in the graph below:

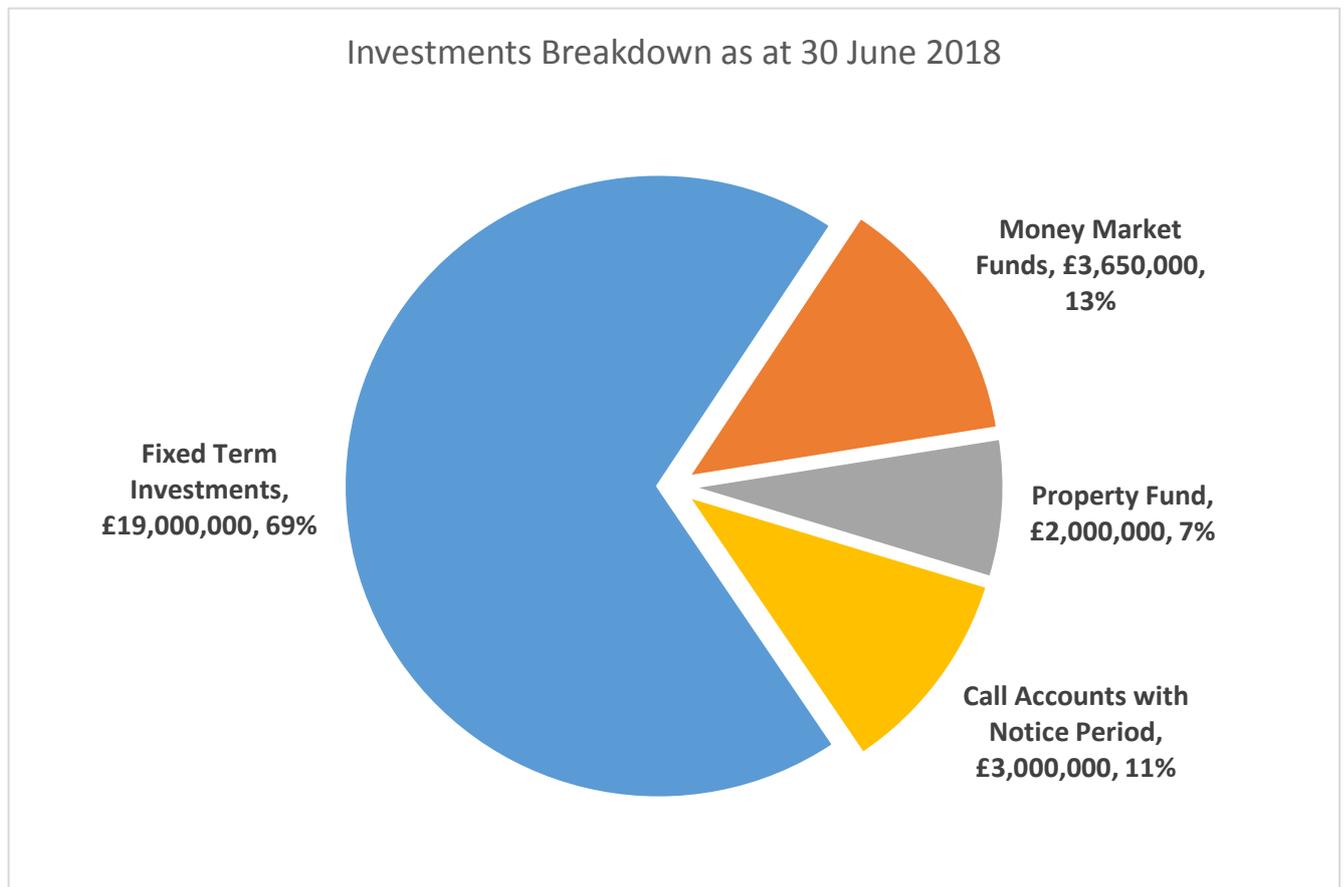


3.58 Our aim for the risk status of our investments was **A-**. The risk status based on the length of the investment and the value for a twelve month period is summarised in the graph below:



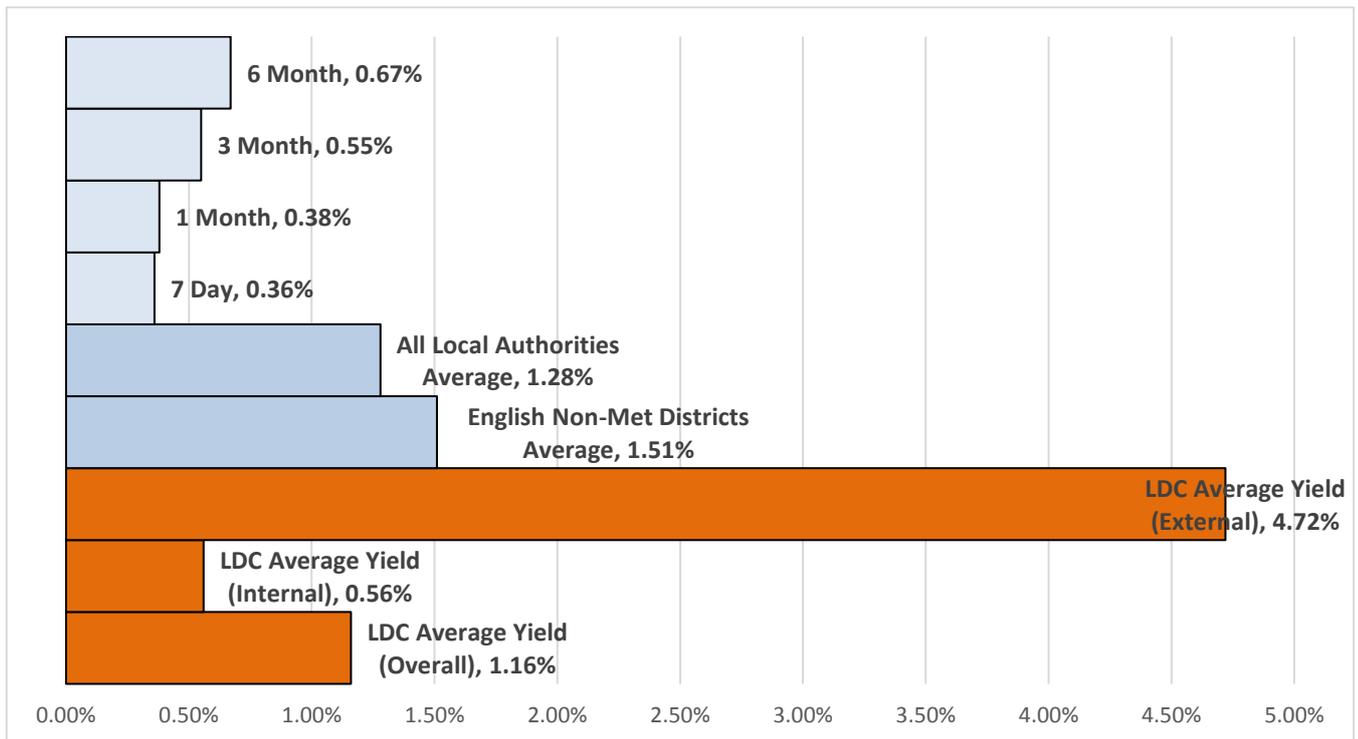
The Liquidity of our Investments

3.59 The Council has not had to temporarily borrow during 2018/19 and retains a proportion of its investments in instant access Money Market Funds to ensure there is sufficient cash available to pay for goods and services. The proportion of investments (with the Property Fund shown with its original investment value of £2m) of this type is shown in the graph below:



The Return or Yield of our Investments

3.60 The graph below shows the yields the Council achieved (internal investments, external investments i.e. the Property Fund and the overall yield) compared to a number of industry standard benchmarks shown in pale blue below (including our preferred benchmark of the 7 day LIBID rate) and the overall yield for Arlingclose clients.



3.61 The investment activity during the financial year is projected to generate **(£183,000)** of net investment income compared to a budget of **(£183,000)**.

The CCLA Diversified Income Fund

3.62 CCLA launched the Diversified Income Fund on 2 December 2016 and the Approved Annual Investment Strategy allows the Council to invest up to **£2m**.

3.63 The fund is actively managed which restricts volatility and at 30 June 2018 the yield was **3.12%**. The fund invests in a diversified set of assets and at 30 June 2018 this included United Kingdom Shares **14.28%**, Overseas Shares **15.71%**, Fixed Interest (Bonds) **23.19%**, Cash **10.79%**, contractual and other income **11.91%**, Infrastructure and Operational Assets **13.54%**, Property **9.01%** and Private Equity and Other **1.57%**.

3.64 The advice of Arlingclose the Council's Treasury Management Advisors has been sought and they have indicated they are comfortable with an investment in this fund for a **3 to 5 year** period.

Alternative Options

There are no alternative options.

Consultation

Consultation is undertaken as part of the Strategic Plan 2016-20 and with Leadership Team.

Financial Implications

At this three months stage in the year, for the period up to June 2018, we forecast a contribution to general reserves of **£6,180** will be made, against a budgeted contribution of **£26,990** to general reserves.

Further detailed analysis on the Financial Performance up to June 2018 is shown in the attached Appendices.

Contribution to the Delivery of the Strategic Plan

The MTFS underpins the delivery of the Strategic Plan 2016-20.

Equality, Diversity and Human Rights Implications

There are no Equality, Diversity or Human Rights implications arising.

Crime & Safety Issues

There are no Crime and Safety Issues arising.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Management of the Council's Revenue and Capital budget is critical to the successful delivery of key Council's priorities, and control measures need to be in place to manage the re-scheduling or re-profiling of projects and to respond to the changing financial climate including the impact of the EU Referendum result	Close monitoring of expenditure. Maximising the potential of efficiency gains. Early identification of any unexpected impact on costs, for example, central Government policy, movement in the markets, and changes in the economic climate. Prioritisation of capital expenditure. Project management of projects.	Red – Severe
B	Counterparty default	This current Strategy utilises more counterparties and financial instruments to diversify the portfolio and reduce this risk.	Yellow – Material
C	Actual cash flows are different to those that are planned	The Council maintains a comprehensive cash flow model that is updated on a daily basis to reflect actual and planned cash flows. An element of the Council's investment portfolio will be invested in instant access accounts.	Yellow – Material
D	Planned capital receipts are not received	Capital Receipts are only included in the MTFS projections either following a Governance Approval or where the money is legally committed to be received.	Green – Tolerable
E	New Government policies including the level of cuts to Communities and Local Government	To ensure any new policies such as those related to Business Rates and New Homes Bonus are evaluated and the impact is incorporated into the MTFS.	Red – Severe
F	The Check, Challenge and Appeal information provided by the Valuation Office Agency related to the 2017 List is insufficient to undertake robust appeals forecasts	We are currently using historic levels of appeals from the 2005 and 2010 lists together with the allowance of 4.7% contained in the 2018/19 Business Rates Multiplier to assess the level of appeals provision.	Red – Severe

Background Documents

- CIPFA Code of Practice for Treasury Management in the Public Services
- The Prudential Code for Capital Finance in Local Authorities
- Money Matters: Council Tax and National Non Domestic Rates – Cabinet 6 December 2017.
- Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2017-22 Cabinet – Cabinet 13 February 2018.
- Friarsgate Coach Park Land Acquisition – Cabinet 13 February 2018.
- The Award of Insurance Contract – Preferred Bidder - Cabinet 13 February 2018.
- Renewal of Conservation Advice to South Staffordshire Council – Cabinet 13 March 2018.
- Managing the end of the ICT Support Contract – Cabinet 1 May 2018.
- Money Matters 2017/18 – Cabinet 12 June 2018.
- Friarsgate – Cabinet 12 June 2018.

Relevant web link

[Cabinet – Lichfield District Council](#)

Audit Trail – The Approved Revenue Budget

	Original Budget	Council Reports ¹	Virements below £50,000	Approved Budget	Virements above £50,000	Recommended Budget
Strategic Priority						
Healthy and safe communities	1,808,850			1,808,850	(72,270)	1,736,580
Clean, green and welcoming place to live	3,427,580	(1,200)	(420)	3,425,960	3,650	3,429,610
A vibrant and prosperous economy	(652,350)	(337,560)	2,510	(987,400)	68,620	(918,780)
A council that is fit for the future	6,281,510	(20,670)		6,260,840		6,260,840
Efficiency Plan	(71,180)	18,900		(52,280)		(52,280)
Net Cost of Services	10,794,410	(340,530)	2,090	10,455,970	0	10,455,970
Service Area						
Chief Executive	796,010		(19,550)	776,460		776,460
Finance and Procurement	1,628,490	(9,400)		1,619,090		1,619,090
Legal, Property and Democratic Services	424,800		19,060	443,860		443,860
Revenues, Benefits and Customer Services	725,470	(3,000)		722,470		722,470
Corporate Services	2,560,830	(8,270)	(2,570)	2,549,990		2,549,990
Leisure & Operational Services	2,422,310		(6,610)	2,415,700		2,415,700
Regulatory, Housing & Wellbeing	1,264,250			1,264,250		1,264,250
Development Services	61,310	(1,200)		60,110		60,110
Economic Growth	82,920	(337,560)	11,760	(242,880)		(242,880)
Waste Services	899,200			899,200		899,200
Efficiency Plan	(71,180)	18,900		(52,280)		(52,280)
Net Cost of Services	10,794,410	(340,530)	2,090	10,455,970	0	10,455,970
Net Treasury Position	104,860			104,860		104,860
Revenue Contributions to the Capital Programme	154,000			154,000		154,000
Net Operating Cost	11,053,270	(340,530)	2,090	10,714,830	0	10,714,830
Less : Transfer (from) / to General Reserve	26,990	15,220	0	42,210		42,210
Less : Transfer (from) / to Earmarked Reserves	(774,360)	325,310	(2,090)	(451,140)		(451,140)
Amount to be met from Government Grants and Local Taxpayers:	£10,305,900	£0	£0	£10,305,900	£0	£10,305,900
Business Rates	(2,479,900)			(2,479,900)		(2,479,900)
Business Rates Cap	(42,000)			(42,000)		(42,000)
New Homes Bonus	(800,000)			(800,000)		(800,000)
Council Tax Collection Fund	(42,000)			(42,000)		(42,000)
Business Rates Collection Fund	(591,000)			(591,000)		(591,000)
Council Tax	(6,351,000)			(6,351,000)		(6,351,000)

¹ Cabinet Reports relate to Friarsgate Coach Park Land Acquisition 13 February 2018, the Award of Insurance Contract – Preferred Bidder Cabinet 13 March 2018, Renewal of Conservation Advice to South Staffordshire Council 13 March 2018, managing the end of the ICT Support Contract 1 May 2018, Money Matters 2017/18, and Friarsgate 12 June 2018.

Revenue Financial Performance – Variance to Budget 2018/19

Area	2018/19						
	Original Budget £	Recommended Budget £	Projected Outturn £	Projected Variance £	● = adverse ☑ = favourable	Variance to Original Budget £	2018/19 Target Variance (+/-) £
Healthy and safe communities	1,808,850	1,736,580	1,832,900	96,320	●	24,050	
Clean, green and welcoming places to live	3,427,580	3,429,610	3,350,400	(79,210)	☑	(77,180)	
A vibrant and prosperous economy	(652,350)	(918,780)	(878,250)	40,530	●	(225,900)	
A council that is fit for the future	6,281,510	6,260,840	6,232,760	(28,080)	☑	(48,750)	
Efficiency Plan	(71,180)	(52,280)	(45,810)	6,470	●	25,370	
Net Cost of Services	10,794,410	10,455,970	10,492,000	36,030		(302,410)	0
Chief Executive	796,010	776,460	776,460	-		(19,550)	6,000
Finance and Procurement	1,628,490	1,619,090	1,607,090	(12,000)	☑	(21,400)	13,000
Legal, Property and Democratic Services	424,800	443,860	468,280	24,420	●	43,480	13,000
Revenues, Benefits and Customer Services	725,470	722,470	714,460	(8,010)	☑	(11,010)	19,000
Corporate Services	2,560,830	2,549,990	2,549,990	-		(10,840)	22,000
Leisure & Operational Services	2,422,310	2,415,700	2,415,700	-		(6,610)	28,000
Regulatory Services, Housing & Wellbeing	1,264,250	1,264,250	1,264,250	-		0	15,000
Development Services	61,310	60,110	53,640	(6,470)	☑	(7,670)	30,000
Economic Growth	82,920	(242,880)	(211,260)	31,620	●	(294,180)	34,000
Waste Services	899,200	899,200	899,200	-		0	70,000
Efficiency Plan	(71,180)	(52,280)	(45,810)	6,470	●	25,370	-
Net Cost of Services	10,794,410	10,455,970	10,492,000	36,030		(302,410)	250,000
Net Treasury Position	104,860	104,860	104,860	-			
Revenue Contributions to the Capital Programme	154,000	154,000	154,000	-			
Net Operating Cost	11,053,270	10,714,830	10,750,860	36,030			
Transfer (from) / to General Reserve	26,990	42,210	6,180	(36,030)			
Transfer(from) / to Earmarked Reserves	(774,360)	(451,140)	(199,040)	252,100			
Net Revenue Expenditure	£10,305,900	£10,305,900	£10,558,000	£252,100			
Financed by:							
Retained Business Rates	(2,479,900)	(2,479,900)	(2,732,000)	(252,100)			
Business Rates Cap	(42,000)	(42,000)	(42,000)	-			
New Homes Bonus	(800,000)	(800,000)	(800,000)	-			
Business Rates Collection Fund (Surplus)/Deficit	(591,000)	(591,000)	(591,000)	-			
Council Tax Collection Fund (Surplus)/Deficit	(42,000)	(42,000)	(42,000)	-			
Council Tax	(6,351,000)	(6,351,000)	(6,351,000)	-			

The projected variance compares projected actual (outturn) to recommended budget.

☑ = projected favourable variance and ● = projected adverse variance

Reasons for the 3 Months Budget Performance

Projected Variance £		Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
-	Chief Executive	-	-	-	-
(12,000)	Finance and Procurement	-	(12,000)	-	-
24,420	Legal, Property and Democratic Services	(2,810)	-	-	27,230
(8,010)	Revenues, Benefits and Customer Services	-	(9,980)	-	1,970
-	Corporate Services	-	-	-	-
-	Leisure and Operational Services	-	-	-	-
-	Regulatory, Housing & Wellbeing	-	-	-	-
(6,470)	Development Services	-	(6,470)	-	-
31,620	Economic Growth	-	31,620	-	-
-	Waste Services	-	-	-	-
6,470	Efficiency Plan	-	-	-	-
£36,030	Net Operating Cost	(£2,810)	£3,170	-	£29,200

Finance and Procurement

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(12,000)	Transfer of Car Park Bank Charges	-	(12,000)	-	-
(£12,000)	Total	-	(£12,000)	-	-

Legal, Property and Democratic Services

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
27,230	Property Rental income loss related to New Look	-	-	-	27,230
(2,810)	Previous Chair and Vice Chair Underspend	(2,810)	-	-	-
£24,420	Total	(£2,810)	-	-	£27,230

Revenues, Benefits and Customer Services

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
6,370	Fairer Charging SLA ceasing due to transfer to Staffs	-	-	-	6,370
(4,980)	County Council	-	-	-	-
(4,980)	Employee Savings	-	(4,980)	-	-
(4,400)	Additional Government Grants	-	-	-	(4,400)
(5,000)	Consultants budget not required	-	(5,000)	-	-
(£8,010)	Total	-	(£9,980)	-	£1,970

Development Services

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(6,470)	Savings from reduction in hours and supplies budgets	-	(6,470)	-	-
(£6,470)	Total	-	(£6,470)	-	-

Economic Growth

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
19,620	CCTV Contract price increase	-	19,620	-	-
12,000	Transfer of Car parks Bank Charges	-	12,000	-	-
£31,620	Total	-	£31,620	-	-

Capital Programme Performance in 2018/19

Project	Original Budget	Approved Budget	Actual To Date	Projected Actual	Projected Variance
BLC Enhancement Work	£42,000	£104,000		£104,000	
Other Burntwood Leisure Centre Sinking Fund Projects		£128,000		£128,000	
Play Area at Hawksyard	£1,000	£0		£0	
Squash Court and Sports Hall Floors (FGLC)		£50,000		£50,000	
Leisure Review: Capital Investment	£750,000	£1,032,000		£1,032,000	
Renovation and Replacement of Play Equipment at Hill Ridware Village Hall		£71,000		£71,000	
New Build Parish Office/Community Hub		£92,000		£92,000	
Fradley Village Heating & CCTV		£15,000		£15,000	
Fradley Youth & Community Centre Cladding & Porch		£15,000		£15,000	
Replacement of children's play equipment at Upper Lodge Play Area		£21,000		£21,000	
Armitage with Handsacre Village Hall heating upgrade		£20,000		£20,000	
Armitage with Handsacre Village Hall storage container		£16,000		£16,000	
Re-siting/improvement of Armitage War Memorial and surrounding area		£120,000		£120,000	
Replacement of canopy and installation of artificial grass at Armitage		£13,000		£13,000	
Accessible Homes (Disabled Facilities Grants)	£772,000	£774,000	£185,192	£928,000	£154,000
Home Repair Assistance Grants	£15,000	£35,000		£35,000	
Decent Homes Standard	£437,000	£437,000		£0	(£437,000)
Energy Insulation Programme	£20,000	£41,000	£2,726	£41,000	
DCLG Monies	£212,000	£212,000		£0	(£212,000)
Unallocated S106 Affordable Housing Monies	£400,000	£400,000		£400,000	
Housing Redevelopment Scheme - Packington		£40,000		£40,000	
Healthy and Safe Communities	£2,649,000	£3,636,000	£187,918	£3,141,000	(£495,000)
Darnford Park	£13,000	£13,000		£13,000	
Canal Towpath Improvements (Brereton & Ravenhill)		£105,000		£105,000	
Vehicle Replacement Programme (Waste Vehicles)	£30,000	£30,000	£14,750	£30,000	
Vehicle Replacement Programme (Grounds Maintenance)	£138,000	£138,000		£138,000	
Shortbutts Park, Lichfield	£23,000	£23,000		£23,000	
Env. Improvements - Upper St John St & Birmingham Road	£7,000	£7,000		£7,000	
Stowe Pool Improvements	£100,000	£100,000		£100,000	
The Leomansley Area Improvement Project	£3,000	£3,000		£3,000	
Canal Culvert at Huddlesford	£90,000	£0		£0	
Cannock Chase SAC	£43,000	£43,000		£43,000	
Clean, Green and Welcoming Places to Live	£447,000	£462,000	£14,750	£462,000	£0
Data Management System	£6,000	£11,000		£11,000	
Birmingham Road Site Support	£313,000	£330,000	£64,070	£330,000	
Birmingham Road Site - Castle Dyke/Frog Lane Enhancement	£100,000	£81,000		£81,000	
Birmingham Road Site - Railway Station Forecourt Enhancements	£5,000	£0		£0	
Birmingham Road Site - Coach Park	£450,000	£243,000		£243,000	
Birmingham Road Site - Police Station Acquisition		£1,805,000	£1,774,955	£1,805,000	
Sankey's Corner Environmental Improvements		£3,000		£3,000	
City Centre Strategy and Interpretation		£1,500		£1,500	
Car Parks Variable Message Signing	£32,000	£32,000		£32,000	
Old Mining College - Refurbish access and signs		£14,000		£14,000	
Lichfield Festival Parade and Website (Lichfield City Art Fund)		£14,000		£14,000	
St Mary's Cultural Hub (Lichfield City Art Fund)		£45,000		£45,000	

APPENDIX C

Project	Original Budget	Approved Budget	Actual To Date	Projected Actual	Projected Variance
Erasmus Darwin Lunar Legacy (Lichfield City Art Fund)		£25,000		£25,000	
A Vibrant and Prosperous Economy	£906,000	£2,604,500	£1,839,025	£2,604,500	£0
Property Investment Strategy	£6,000,000	£6,000,000		£6,000,000	
Depot Sinking Fund		£11,000		£11,000	
IT and Channel Shift Programme	£152,000	£162,000	£51,539	£162,000	
Asset Management - Works resulting from Condition Survey	£88,000	£188,000		£188,000	
A Council that is Fit for the Future	£6,240,000	£6,361,000	£51,539	£6,361,000	£0
Capital Programme Total	£10,242,000	£13,063,500	£2,093,233	£12,568,500	(£495,000)

- Variance projected to be more than £100,000 / Variance projected to be less than £100,000

Funding Source	Original Budget	Approved Budget
Capital Receipts	670,000	2,682,000
Revenue Contributions	154,000	154,000
Council Funding	824,000	2,836,000
Borrowing Need	6,780,000	7,062,000
Capital Grants and Contributions	2,452,000	2,605,500
Reserves and Sinking Funds	186,000	560,000
Capital Programme Total	£10,242,000	£13,063,500

Projected Actual	Projected Variance
2,682,000	
154,000	
2,836,000	0
7,062,000	
2,110,500	(495,000)
560,000	
£12,568,500	(£495,000)



Council Tax

	Council Tax				
	Debt Covering All years				In year Debt
	30-Jun-17	30-Jun-18	Change		30-Jun-18
Amount Collected as a %	29.24%	29.25%	0.01%	☑	36.00%
In year arrears outstanding	£932,529	£786,969	(£145,560)	☑	£786,969
Previous years arrears	£1,306,488	£1,364,246	£57,758	●	
Total arrears outstanding	£2,239,017	£2,151,215	(£87,802)	☑	
Write offs	£10,356	£4,517	(£5,839)	☑	

Sundry Debtor Performance

Details	30-Jun-17	30-Jun-18	All Debts Change (%)	Variance
	All Debts £	All Debts £		
Value of sundry income raised in quarter	1,354,527	2,420,225	78%	☑
Value of debts written off	17,520	9,272	(47%)	☑
Value of all invoices outstanding	2,119,053	1,556,645	(26%)	☑
Aged Debt Analysis				
Less than 6 months	1,535,967	996,548	(35%)	☑
More than 6 months	583,086	560,067	(4%)	☑

CIL/Section 106 Performance

Details	30-Jun-17	30-Jun-18	All Debts Change (%)	Variance
	All Debts £	All Debts £		
Value of demands raised in quarter	32,744	140,596	329%	☑
Value of debts written off	0	19,392	N/A	●
Value of all demands outstanding	246,040	185,632	(25%)	☑
Aged Debt Analysis				
Less than 6 months	245,215	185,632	(24%)	☑
More than 6 months	825	0	N/A	☑

Business Rates

The Council's Retained Business Rates Income

	Current Budget £	30-Jun-18 £	Projected Outturn £	Projected Variance £
NNDR 1 Based Retained Business Rates				
Retained Business Rates	(£14,541,000)	(£14,541,000)	(£14,541,000)	£0
<u>Section 31 Grants (Lichfield's 40% Share)</u>				
Small Business Rates Relief	(£912,000)	(£919,000)	(£924,000)	(£12,000)
Small Business Rates Relief 2nd Property Occupied	(£5,000)	(£9,000)	(£9,000)	(£4,000)
Pub Relief	(£19,000)	(£16,000)	(£19,000)	£0
Supporting Small Business Rate Relief	(£11,000)	(£12,000)	(£12,000)	(£1,000)
Discretionary Scheme	(£51,000)	(£47,000)	(£51,000)	£0
Rural Rate Relief	(£1,000)	£1,000	(£1,000)	£0
Less : Tariff Payable	£11,189,000	£11,189,000	£11,189,000	£0
Pre Levy or Safety Net Income	(£4,351,000)	(£4,354,000)	(£4,368,000)	(£17,000)
NNDR 3 Based Levy Payments				
Less : Levy Payable @ 50%	£1,158,000	£1,339,000	£1,190,000	£32,000
Volatility Allowance	£1,089,100	£638,000	£833,000	(£256,100)
Levy from the Business Rates Pool (32.5%)	(£376,000)	(£435,000)	(£387,000)	(£11,000)
Post Levy or Safety Net Income	(£2,479,900)	(£2,812,000)	(£2,732,000)	(£252,100)

Collection Performance

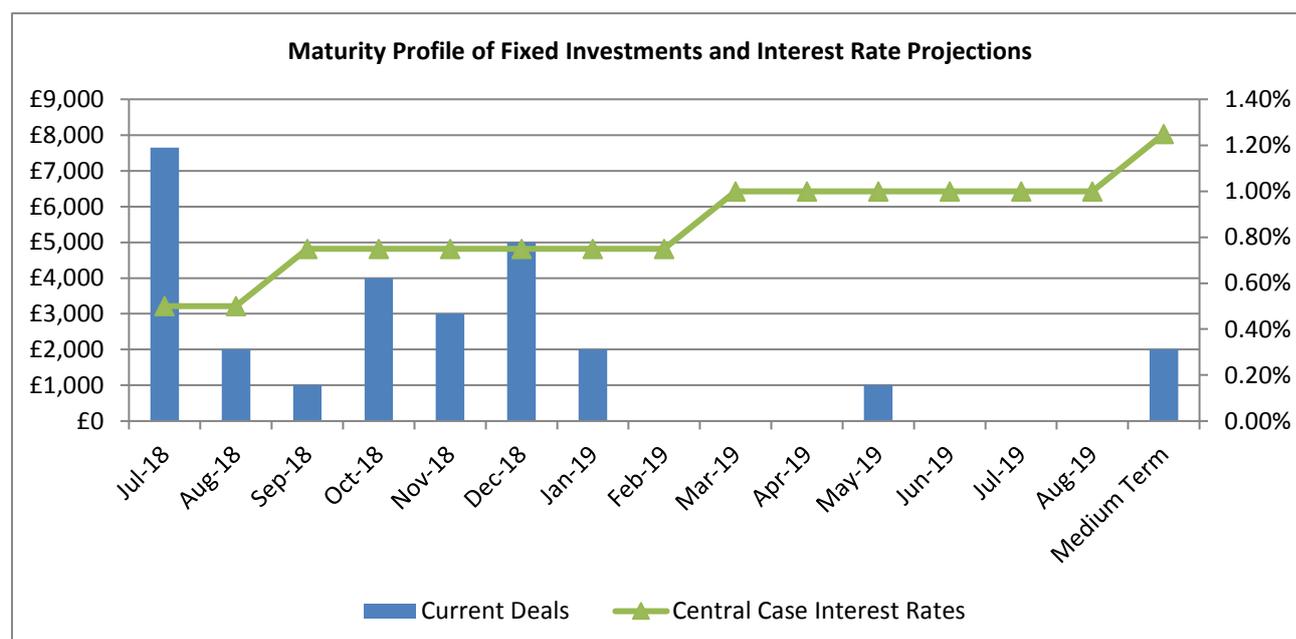
	Non Domestic Rates			
	Debt Covering All years			In year Debt
	30-Jun-17	30-Jun-18	Change	30-Jun-18
Amount Collected as a %	29.16%	26.01%	(3.15%)	31.80%
In year arrears outstanding	£547,511	£432,627	(£114,884)	£432,627
Previous years arrears	£342,093	£355,467	£13,374	
Total arrears outstanding	£889,604	£788,094	(£101,510)	
Write offs	£21,405	£903	(£20,502)	

Investments in the 2018/19 Financial Year

The table below shows a breakdown of our investments at the end of June 2018:

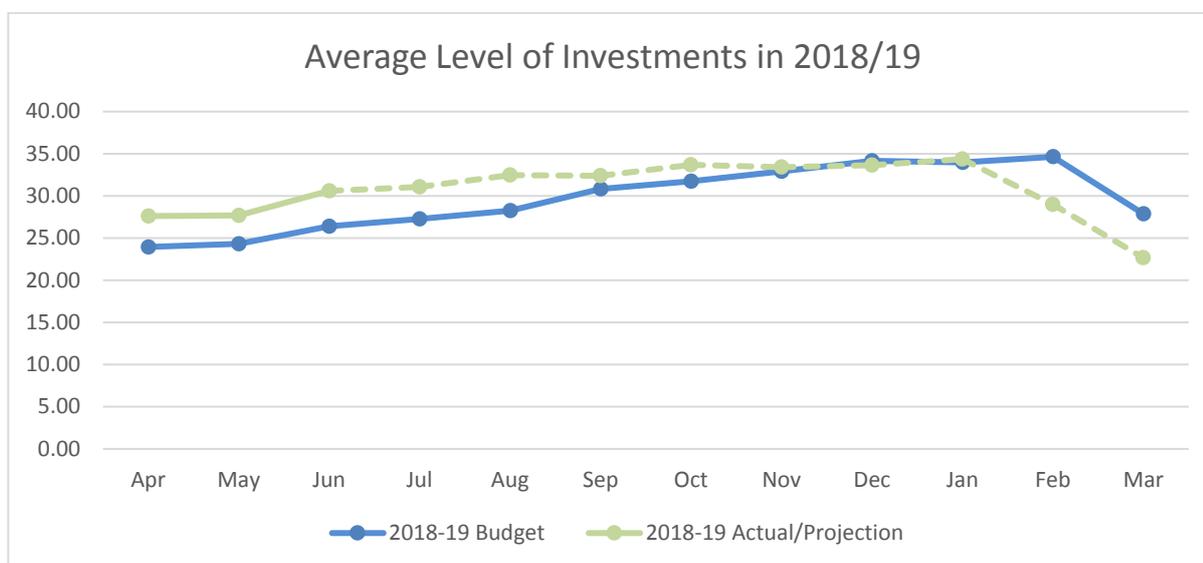
Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating	Foreign Parent
Money Market Funds						
Invesco Aim	£650,000	01-Jul-18	Instant Access	0.49%	AAAMMF	N/A
Legal & General	£1,000,000	01-Jul-18	Instant Access	0.51%	AAAMMF	N/A
BNP Paribas MMF	£1,000,000	01-Jul-18	Instant Access	0.51%	AAAMMF	N/A
Amundi	£1,000,000	01-Jul-18	Instant Access	0.50%	AAAMMF	N/A
Property Fund						
CCLA Property Fund	£2,000,000	N/A	N/A	4.16%	N/A	No
Fixed Term Investments						
Landesbank Hessen-Thüringen (Helaba)	£1,000,000	09-Jul-18	9	0.62%	A	Yes
Coventry Building Society	£1,000,000	05-Oct-18	97	0.63%	A	No
Commonwealth Bank of Australia	£1,000,000	05-Nov-18	128	0.66%	AA-	Yes
Nationwide	£1,000,000	15-Nov-18	138	0.56%	A	No
Lloyds	£1,000,000	15-Nov-18	138	0.75%	A+	No
United Overseas Bank	£1,000,000	17-May-19	321	0.84%	AA-	Yes
Barclays Bank	£1,000,000	24-Aug-18	55	0.50%	A	No
Surrey Heath Borough Council	£2,000,000	13-Dec-18	166	0.60%	LOCAL	No
DBS Bank	£1,000,000	03-Dec-18	156	0.71%	AA-	Yes
Australia and New Zealand Banking Group	£1,000,000	12-Dec-18	165	0.70%	AA-	Yes
Merthyr Tydfil Council	£2,000,000	29-Oct-18	121	0.52%	LOCAL	No
Slough Borough Council	£2,000,000	07-Jan-19	191	0.60%	LOCAL	No
Debt Management Office	£3,000,000	19-Jul-18	19	0.26%	UK Government	No
Call Accounts with Notice Period						
Santander	£1,000,000	27-Dec-18	180	0.70%	A	Yes
Goldman Sachs International Bank	£1,000,000	03-Oct-18	95	0.65%	A	Yes
Svenska Handelsbanken AB	£1,000,000	04-Aug-18	35	0.40%	AA-	Yes
Certificates of Deposit						
Standard Chartered	£1,000,000	17-Sep-18	79	0.58%	A	No
Total Investments	£27,650,000					

The maturity profile of these investments at 30 June 2018 compared to our Treasury Management advisor Arlingclose interest rate forecasts is shown in the graph below:



Cash Flow for 2018/19

The graph below compares the budget for average investment levels in 2018/19 with the actual levels.



Performance of the Treasury Management Function

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

	Target	Actual
<u>Security</u>		
Risk Status (Length of Investment)	A-	AA-
Risk Status (Value of the Investment)		AA-
<u>Liquidity</u>		
Length of Investments (days)	N/A	85 days
Temporary Borrowing	£0	£0
<u>Yield</u>		
Average amount we had available to invest (£m)	£29.57m	£29.57m
Average Interest Rate (%)	0.64%	0.64%
7-day London Inter-bank Bid (LIBID) rate	0.36%	
1 month London Inter-bank Bid (LIBID) rate	0.38%	
3 month London Inter-bank Bid (LIBID) rate	0.55%	
6 month London Inter-bank Bid (LIBID) rate	0.67%	
Net Investment Income (£)	(£183,000)	(£183,000)
Net Treasury Position (£)	£104,860	£104,860

Monitoring the delivery of the Strategic Plan

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



Date:	4 th September 2018
Agenda Item:	Item 4
Contact Officer:	Christie Tims
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Email:	christie.tims@lichfielddc.gov.uk
Key Decision	NO

CABINET

1. Executive Summary

- 1.1 Lichfield District Council is currently mid-way through the period of its Strategic Plan 2016 – 2020.
- 1.2 To date the council has directed and monitored its performance against the Strategic Plan, with Corporate Annual Action Plans and two annual Directorate Action Plans (Transformation & Resources and Place & Community).
- 1.3 Performance has been reported at six and 12 month intervals, with the Corporate Annual Action Plan (CAAP) reported to Cabinet, and the Directorate Actions Plans reported to the relevant Overview & Scrutiny committees.
- 1.4 Progress against the 2017/18 Corporate Annual Action Plan is attached at **Appendix A**.
- 1.5 A mid-plan review of the way the council manages its performance has been carried out during the early part of 2018, and a revised performance framework has been developed (see **Appendix B**).
- 1.6 A key outcome of the review has been the development of the council's new Delivery Plan 2018 – 2020 which it is proposed will replace the CAAP and the two Directorate Action Plans, providing a whole council approach to performance.
- 1.7 The Delivery Plan provides a direct link to the council's Strategic Plan as it maps ongoing actions aligned to commitments set out in the Strategic Plan. It contains only those actions that are strategic in nature or are of cross-departmental importance. By bringing together actions in this way, the Delivery Plan also helps to highlight any resource implications and will ensure corporate prioritisation takes place in a more coordinated way.
- 1.8 The Delivery Plan also captures the performance the council has delivered so far against the aspirations set out in the Strategic Plan, and also maps out the activity that will take place between 2018 and 2020 to support delivery of the overall Strategic Plan. As such it is a longer lasting, more forward focussed and more resilient performance tool.
- 1.9 Actions are mapped directly back to commitments and aspirations in each of the council's priorities in the Strategic Plan. They are also linked to each head of service and team service plans, and to individual staff members' performance and development review targets a thread of activity throughout our organisation. The Delivery Plan has also been reviewed in line with the Medium Term Financial Strategy.
- 1.10 The Delivery Plan also seeks to highlight how these actions relate to the council's Fit for the Future commercialisation themes: investment; income; and innovation. A column is included within the document to highlight these links.
- 1.11 The Delivery Plan 2018 – 2020 will be reviewed on an ongoing basis by the council's Leadership Team to monitor both performance and risk. It will also be reviewed, updated and approved on a six-monthly basis by Cabinet.

1.12 The draft Delivery Plan 2018-20 is attached at **Appendix C**.

The Delivery Plan will be accompanied by a new set of Corporate Indicators (see **Appendix D**) that are aligned with the Strategic Plan's outcomes and which illustrate the socio-economic health of the district.

2. Recommendations

It is recommended that Cabinet

- 2.1 Notes the 2017/18 end of year performance as detailed in the 2017/2018 Corporate Annual Action Plan (see **Appendix A**).
- 2.2 To note the new Performance Development Framework (**Appendix B**) and adopt the new Delivery Plan 2018-2020 (**Appendix C**) and draft Corporate Indicators (**Appendix D**).

3. Background

The 2017/18 Corporate Annual Action Plan

- 3.1 Progress against the 2017/18 Corporate Annual Action Plan (CAAP), which sets out the key activities and projects, measures and targets for the year, is attached at Appendix A.
- 3.2 Of the Actions tracked within the report 4 have been fully completed, 19 have been delivered as expected and planned, 7 are delayed, at risk of delay or outside of target and 5 are severely delayed, under target or now unlikely.

	Total Actions	red	amber	green	complete
Midyear	34	6	9	15	4
End of year	34	5	7	19	4

- 3.3 The 5 key actions severely delayed or unlikely were: commencement of the Friarsgate development , which has now been terminated due to the developer failing to secure a funder; bringing forward the Cricket Lane employment allocation; delivery of the actions within the Physical Activity and Sport Strategy; planning permission granted for 1300 homes; and reducing the number of telephone and face to face calls to the council, which actually went up due to the introduction of the garden waste subscription service and severe weather disruption in December and January.
- 3.4 Any key aspirations from the CAAP that were not achieved have been built into the Delivery Plan for delivery in the coming months.

Improving our Approach to Performance Management

- 3.5 Whilst adopting Annual Action Plans has been successful in recording progress, there are things that we can do to improve our monitoring of performance. For instance, reporting over a specific 12 month period limits our focus and hampers our ability to measure progress towards achieving the strategic objectives. Furthermore, the relatively short period of an Annual Action Plan does not necessarily reflect the time that projects take to evolve or be delivered. In consequence, the Plan can sometimes be extremely task focused and therefore lacking in strategic purpose.
- 3.6 To address this, a review of our performance management framework has been undertaken in consultation with cabinet members, Strategic (O&S) Committee and the leadership team to develop a clearer approach. The new framework creates a golden thread through every level of the organisation

towards our strategic objectives. It is also intended that the reporting of performance will be more timely and effective in determining progress as a result thanks to the use of the Pentana system.

The 2018-20 Delivery Plan

- 3.7 As a result we have developed a Delivery Plan that includes all of the key strategic projects extracted from service plans that Leadership Team have a shared responsibility to deliver, in support of the Strategic Plan outcomes for 2016 to 2020.
- 3.8 It excludes all projects or activities which are delivered wholly under the control of a single service, these remain with each individual head of service and their service plan.
- 3.9 The Delivery Plan also seeks to highlight the council’s activity with its commercialisation aspirations. Projects and actions have been highlighted where they contribute to the three commercialisation pillars of investment; income; and innovation.
- 3.10 The Delivery Plan will be reviewed by Leadership Team and directorates on a regular basis to ensure resources are available to support key strategic projects. This will be in line with our Money Matters Reporting. Updates to the Delivery Plan will then feed through to relevant Overview & Scrutiny committees and then Cabinet every six months.

Measuring the Impact on the Health of the District

- 3.11 The council’s Strategic Plan identifies our aspirations to help Lichfield District to have a vibrant and prosperous economy, health and safe communities and provide clean, green and welcoming places to live. To help us understand the socio-economic health of the district, which in turn informs the rationale for our actions, we need to adopt a set of meaningful and reliable Corporate Indicators.
- 3.12 Our draft Corporate Indicators (CIs) have been developed with the support of the Staffordshire County Council Information Hub. The Information Hub team helped to provide the evidence base which fed into the development of our Strategic Plan in 2015/16 and are supporting us to identify sources of regular and reliable data to demonstrate the impact our work is having on the district as a whole.
- 3.13 The draft CIs set out in Appendix D will be collated as part of the first update on the new Delivery Plan, where they can be assessed for their usefulness and finalised as the baseline for the assessment of progress to the Strategic Plan.
- 3.14 The indicators give a flavour of the impact the council is having on the health and wellbeing of the district against the council’s main strategic themes. Once finalised the indicators will be updated and published annually to demonstrate progress.
- 3.15 This is a pilot collaboration between the County and district in developing a clear understanding of our influence on the issues affecting the population we serve and a step to strengthening partnership working through using similar data sets to inform the improvement of service targeting and delivery.
- 3.16 All service and Delivery plan actions will be monitored within our Pentana performance management system along with local key performance indicators (KPIs). These will be updated in real time and produce performance information that will be used by relevant managers and directors throughout the council.
- 3.17 The Delivery Plan will be available within the system and a high-level public facing view of the plan will be available on Pentana via our website.

Alternative Options	There are numerous ways of monitoring performance and of drafting the Delivery Plan. Cabinet can choose not to have a Delivery Plan and could choose to amend any of the entries in the Plan.
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Consultation	We have consulted widely with Leadership Team, Heads of Service and the Strategic
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	O&S Committee. Specific input has also been sought from the Staffordshire County Council Information Hub.
Financial Implications	None specific – all costs are included in individual service plans and reflected in the MTFS.
Contribution to the Delivery of the Strategic Plan	The new Delivery Plan and Corporate Indicators will demonstrate how the council is delivering directly against the themes and aims set out in the District Council’s Strategic Plan 2016 -20, with greater clarity than the previous Annual Action Plan format.
Equality, Diversity and Human Rights Implications	Equality and diversity implications are dealt with at an appropriate time in the delivery of the actions and projects For example an equality impact assessment will be undertaken on any service change or policy which is identified in this plan.
Crime & Safety Issues	This report, in itself, does not have any impact on crime and safety issues, but these matters are dealt with at an appropriate time in the delivery of projects and actions

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Information provided to Members is too ‘high level’ and inadequate for robust scrutiny.	Members can request further details or a separate report on any item referred to in the report.	Green.
B	There are insufficient resources to achieve all of the actions on the Delivery Plan.	The Delivery Plan is a live document that will be monitored and updated by Leadership team to ensure priority is given to priority actions.	Green
C	The Delivery Plan actions do not achieve the desired outcomes to meet the Strategic Plan 2016-20	The Delivery Plan is supported by a number of Corporate Indicators which will enable us to monitor if the outcomes are being achieved and will adjust accordingly	Green
D	The reporting of the Delivery Plan is not timely.	The Delivery Plan will be reviewed on a regular basis and high level actions will be maintained using the Pentana system so real-time information is available.	Green

Background documents

Relevant web links

Appendix A Corporate Annual Action Plan

CORPORATE ANNUAL ACTION PLAN 2017 / 18

Progress report

Reference no	Ambitions	What will success look like?	Potential Risk RAG	Progress
Vibrant and prosperous economy				
AAP1	Develop Lichfield City and Burntwood Town Centres	Start on site with Friarsgate by the end of 2017	Red (from Amber) 	As the developer was unable to meet the milestones within the Development Agreement by the 30 June 2018 deadline, the Council has served notice to terminate the Development Agreement.
		Planning application considered for Burntwood Town Centre development by June 2017	Complete	Resolution to grant planning permission made for Burntwood town centre site in April 2017. Section 106 agreement, signed and permission formally granted in January 2018.
		Implement City Centre Development Partnership Strategy including: Re-integration of the tourist information centre into St Mary's Heritage Centre.	Green	Agreement reached with Staffordshire County Council (SCC) for TIC to be re-incorporated into St Mary's Heritage Centre on completion of refurbishment works. Works on-going with a move in date of late summer 2018. Sub lease expected to be completed in 2018.
		Planning application determined for new coach park by June 2017	Complete	Planning permission granted in March 2017.
		Submit bid for restoration of Stowe Pool to HLF by June 2017.	Amber (from Green) 	Bid submission delayed until 2018.

Reference no	Ambitions	What will success look like?	Potential Risk RAG	Progress
AAP2	Encourage job creation throughout the district	Support the development of commercial sites at Liberty Park; Wall Island; Fradley Park.	Amber	The Council continues to work with developers/owners on these three sites. <i>At Liberty Park</i> , a revised planning application for Phase 1 is expected in May 2018. <i>At Wall Island</i> , Phase II reserved matters granted in February 2018. Amendments to Phase I (retrospective approval for car parking) approved in December 2017. <i>At Fradley Park</i> , planning permission for Prologis Phase II granted in December 2017 and for land off Wood End Lane in January 2018.
		Review major employment allocations to facilitate development by March 2018	Green	<i>Fradley Park</i> : New website promoting development opportunities now live with 2 development plots and an industrial unit available. <i>Prologis Park Fradley</i> : 2 units are now occupied by Screwfix and Anixter with one development site still available. <i>Imperial Retail Park, Eastern Avenue</i> : Work has begun to redevelop the site and establish a new retail park. The scheme is anchored by Lidl and Costa with the site being capable of housing up to four retailers. <i>Lichfield South Business Park, Wall Island</i> : Phase 3 of the current business park is being created with reserved matters for a research and innovation centre. <i>Former Olaf Johnson site, Burntwood</i> : Work has begun on the former Olaf Johnson site which shall comprise of a minimum of nine units with additional parking.
		Identify and remove barriers to site assembly at Burntwood to facilitate town centre development	Green (from red) 	The Council, SCC and developer are jointly funding the costs of completing land assembly to facilitate development. Preparation works on site.
		Bring forward the Cricket Lane, Lichfield employment allocation	Red	Pre-application discussions ongoing for a planning application for a mixed-use scheme of housing and employment. Application expected in summer 2018.

Reference no	Ambitions	What will success look like?	Potential Risk RAG	Progress
Healthy and safe communities				
AAP3	Ensuring a safe, warm and accessible housing stock	95 Disabled Facilities Grant adaptations completed to allow residents to remain in their own homes. Countywide review of Adaptations completed by March 2018	Green  Green	102 adaptations have been completed during 2017/18. The contract for the delivery of adaptations across Staffordshire has been awarded to Millbrook Healthcare Ltd, starting from 1 April 2018.
AAP4	Preventing cases of homelessness	200 cases of at-risk of homelessness prevented from becoming homeless	Green	202 successful interventions preventing immediate risk of homelessness have been undertaken during 2017/18. 136 were completed by the Council with a further 66 by Citizens Advice South East Staffordshire (CASES) on our behalf.
AAP5	A more active district	Delivery of actions within the Physical Activity and Sport Strategy to include: Adoption of a new Joint Use Agreement at Friary Grange Leisure Centre (September 2017) The transfer of the management and operation of 2 leisure centres to a leisure operator (January 2018)	 Red (from Amber) Green 	The Management Committee has been reinstated to work more collaboratively on the management, maintenance and operation of Friary Grange. Leisure centres and associated product outsourced to Freedom Leisure on 1 February 2018. The council is now working with Freedom Leisure on contract and partnership development with a focus on health and wellbeing.
Clean, green and welcoming places to live				
AAP6	Implement the Local Plan and promote housing growth	Planning permissions granted for 1300 homes At least 633 homes built in	Red Green	Planning permission granted for 416 homes. The 'call in' and associated delay in determining Arkall Farm has removed 1,000 homes from this year's predicted supply, though a decision on 'call-in' is expected shortly which could re-confirm supply. 648 homes completed (102%).

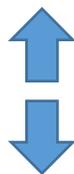
Reference no	Ambitions	What will success look like?	Potential Risk RAG	Progress
		<p>accordance with the 5 year housing land supply trajectory for 2017/18</p> <p>At least 158 affordable homes built in accordance with the targets of the Local Plan.</p> <p>Strategic housing sites plan reviewed by March 2018</p> <p>Adoption of Site Allocations Plan by March 2018</p>	<p></p> <p>Amber</p> <p></p> <p>Green</p> <p>Green</p>	<p>135 affordable homes completed (85%).</p> <p>Barriers to Growth monitoring tool adopted and being used to inform progress on development of strategic housing sites.</p> <p>Consultation completed. Officers assessing responses with a report to Cabinet in May 2018.</p>
AAP7	Mitigating the effects on local communities and the environment of the Government's HS2 proposals	<p>Phase 1 – Commence considering and determining applications and environmental health consents in line with qualifying authority status.</p> <p>Phase 2 – Ensure timely and meaningful responses to consultations on draft Environmental Impact Assessment and route design refinement.</p>	<p>Green</p> <p>Green</p>	<p>First schedule 61 COPA (pollution control) application given consent in January 2018. No complaints have arisen as a result of the works involved. All planning approvals determined within the statutory time-frame.</p> <p>Petition formally lodged to Phase 2a Hybrid Bill and negotiations commenced with HS2 in advance of planned appearance at Select Committee to seek to address points raised.</p>
A council that is fit for the future				
AAP8	Implement Fit for the Future programme and outcomes of the Corporate Council Review	<p>Delivery Plans implemented for the following reviews</p> <ul style="list-style-type: none"> Revenues and Benefits 	<p>Green (from Amber)</p> <p></p>	<p>Actions implemented include:</p> <ul style="list-style-type: none"> Introduction of landlords' portal Training of front line staff to enable more requests for service to be completed at the first point of contact Procurement of revenues and benefits forms package to enable enhanced consumer experience New team structure agreed and consultation period completed and new structure partly implemented. Benefits claim forms made available on line to customers in March 2018

Reference no	Ambitions	What will success look like?	Potential Risk RAG	Progress
		<ul style="list-style-type: none"> Economic Development 	Green	<p>Highlights by theme;</p> <p>Place (in addition to highlights described elsewhere):</p> <ul style="list-style-type: none"> Lichfield BID has placed 4 footfall counters around the city, hosting events throughout the year, provide a networking opportunity for businesses and have introduced a Joint Procurement Scheme which source and manage contracts for individual businesses, saving BID members money. 95.4% of premises within Lichfield District have access to UK superfast broadband (>24Mbps) <p>Business:</p> <ul style="list-style-type: none"> Business support clinics have taken place within Lichfield District in partnership with the 2 Growth Hubs covering the area. As part of Tamworth and Lichfield for Business, there were 199 attendees at the Tamworth and Lichfield Business Show in November 2017. Work is currently taking place on gathering further data on the local business population with a business survey being undertaken later this year. 9 Lichfield District businesses have been approved for the Business Growth Programme, creating 27 jobs. 63 business enquiries have been received since the end of August 2017. <p>People:</p> <ul style="list-style-type: none"> 169 businesses or individuals have enquired regarding the Enterprise for Success programme, creating 16 jobs. The Higher Level Skills Match programme has launched providing local SMEs with graduate level skills development, recruitment and advice services.

Reference no	Ambitions	What will success look like?	Potential Risk RAG	Progress
		<p>Complete and implement new arrangements for Scrutiny</p> <p>Prepare and adopt new People Strategy by March 2018 including the adoption of new</p> <ul style="list-style-type: none"> flexible working policy car parking policy <p>Consider and agree future use of Council House by March 2018.</p>	<p>Complete</p> <p>Amber</p> <p>Amber</p>	<p>Council agreed in May 2017 to maintain four committees. The terms of reference for co-ordinating group and task groups were strengthened and more regularly used.</p> <p>People Strategy is being prepared in consultation with Leadership Team, for formal adoption later this year.</p> <p>A bid for funding for the exploratory works for the Lichfield Hub concept was submitted to the Government's One Public Estate programme but was unsuccessful. The project's key partners including the district and county council are continuing with the project and have allocated budget to allow these works and studies to be progressed.</p>
AAP9	<p>Ensure revenue and capital budgets are managed efficiently and effectively</p> <p>Reduce dependence of the revenue budget on income from government grant.</p> <p>Implement the four strands of the Efficiency Plan 2016 – 2020.</p>	<p>2016/17 Accounts audited and unqualified by July 2017</p> <p>Outturn at 31st March 2018 to be +/- £250,000 of the original revenue budget</p> <p>Maintain collection rates of council tax and non-domestic rates of at least 98.5%</p> <p>Adopt and implement approach to commercialisation by November 2017</p>	<p>Complete</p> <p>Green</p> <p>Green</p> <p>Amber</p>	<p>We received an unqualified opinion on 26 September 2017 and this was reported to Audit (and Member Standards) Committee.</p> <p>The Net Cost of Services outturn at £10,162,512 was (£72,288) below the Approved Budget</p> <p>Collection related to the 2017/18 financial year: Council Tax: 98.8% Business Rates: 98.96%</p> <p>Collection related to all financial years: Council Tax: 97.50% Business Rates: 98.60%</p> <p>Commercialisation was repositioned within the refreshed Fit for the Future programme, as a key cross-cutting strand. The refreshed programme was communicated in September 2017, scoped in November 2017 and work has been ongoing to formally launch the programme in April 2018. The commercialisation strategy was replaced by a Property Investment Strategy which was approved in November 2017</p>
AAP10	Encourage more	Adopt, by May 2017, and	Amber	Innovation/channel shift/digitisation programme being

Reference no	Ambitions	What will success look like?	Potential Risk RAG	Progress
	customers to use digital means to interact with the council	implement innovation/channel shift/ digitisation programme	 Green	implemented with on the following delivered: <ul style="list-style-type: none"> - Single customer account with on line forms and new CRM; - Benefits forms now online - Revenues on-line forms in testing - Committee services system introduced in January 2018 - Line of business system for Regulatory Services identified
		More transactions completed on-line by customers	Green (from Amber)	New on line opportunities provided through Landlord Portal and leisure centre bookings. Garden waste subscriptions, and other waste processes available on line. By May 2018, 79% of garden waste subscriptions have been completed online.
		More processes completed with fewer interventions by staff	Green (from Amber)	6 Processes for Joint Waste, 4 Benefits processes (including the Landlord Portal) now fully automated.
		Reduced number of telephone and face to face calls to the council.	Red 	During the year there were 136,789 telephone calls and 23,448 face to face visits compared with 113,746 and 21,743 respectively. The increase coincides with the go-live of garden waste subscriptions and bad weather which affected waste collections.

Indicates upward trend since reporting



Indicates downward trends since reporting

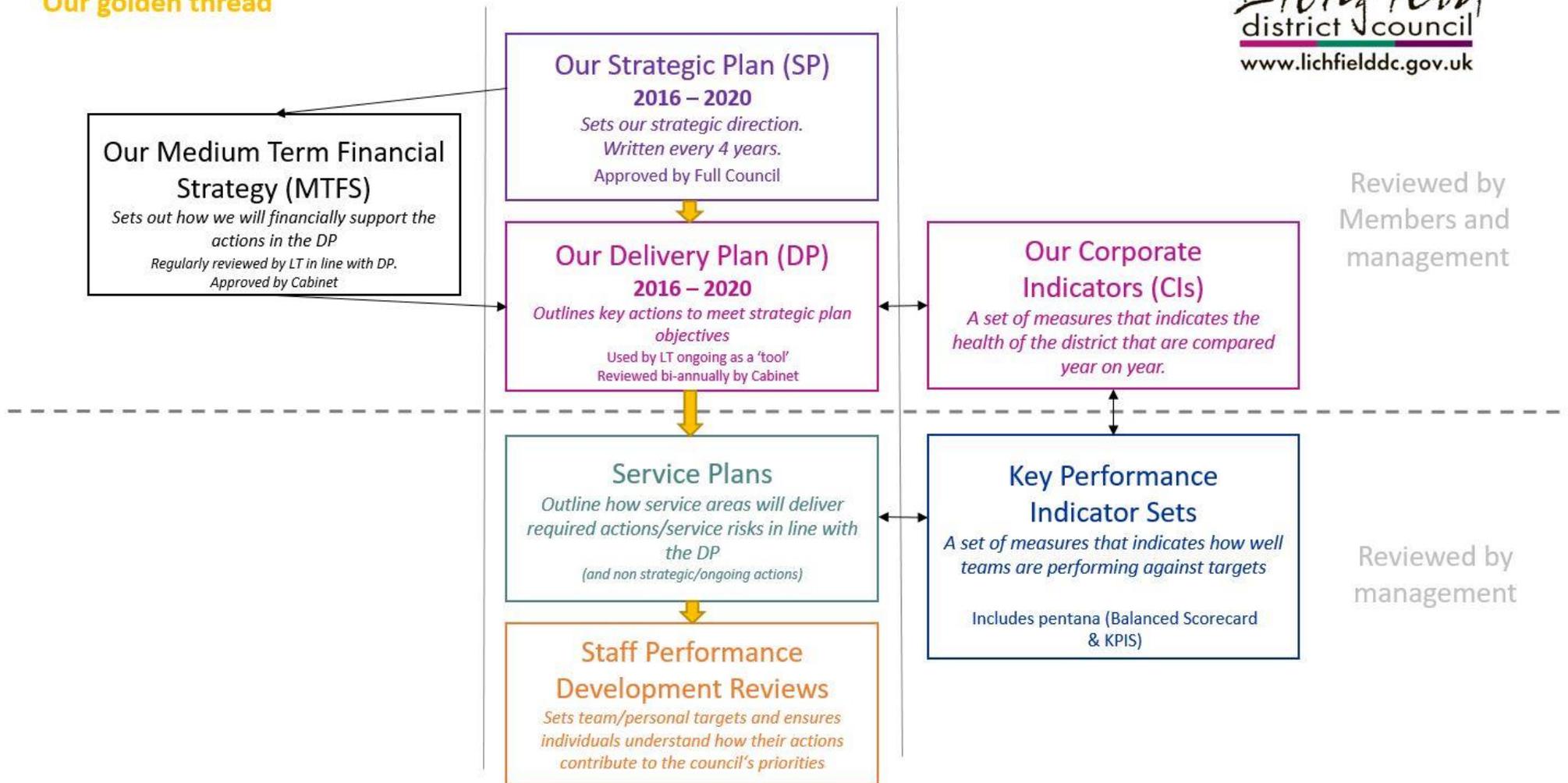
Appendix B Performance Management Framework



A new approach to performance management

Our golden thread

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Appendix C

Lichfield District Council Delivery Plan

2018 - 2020

FJF Mapping
Income
Innovate
Invest

Vibrant and prosperous economy

By 2020 we will work to ensure there are: more local jobs - more people in employment - more new businesses locate in our district - more businesses succeed - more visitors to the district - greater visitor spend in the district - a regenerated Lichfield City Centre - an improved retail offer in Burntwood

Our Strategic Plan commitment - what we will do	Key projects we have/will deliver to meet our aims		By when	FJF - Income / Innovate / Invest	Lead HOS	Supporting HOS
	Key projects delivered (2016 - 2018)	Key projects (2018 - 2020)				
Promoting Lichfield District as a good place to invest through the roll out of the local plan	<i>Supported developments of new sites including Screwfix site, Burntwood Business Park, Lichfield South Wall Island and other key sites at Fradley.</i>	Deliver outstanding commercial allocated sites and S106/CIL agreements, including Liberty Park, Wall Island, Cricket Lane and further sites at Fradley.	March 2020	Income	Development Services	Legal, Property & Democratic Services / Finance & Procurement / Economic Growth
Ensuring our district is 'open for business' by welcoming and nurturing new enterprises to start up and success in our key business centres and rural areas.	<i>Supported various business ventures to move into district (including Screwfix at Fradley creating up to 700 new jobs). Delivered an inward investment prospectus.</i>	Use the inward investment prospectus as the basis for discussions with development industry and other partners to attract new investment into our centres, on allocated housing and employment sites and suitable windfall opportunities.	Ongoing	Income	Economic Growth	Customer Services, Revenues & Benefits / Development Services / Regulatory Services, Housing & Wellbeing, Environmental Health
		Work with Make it in Stoke and Staffs and the GBSLEP Investment Company and to attract new investment opportunities into the District.	Ongoing	Income	Economic Growth	
Delivering support, signposting and networking opportunities to existing businesses to help them thrive.	<i>Provided ongoing business support to enquirers. 159 businesses supported through our Business Enterprise Programme.</i>	Continue to work with the two LEP Growth Hubs and partners to support business and promote the Business for Growth and Enterprise for Success Programmes, aiding existing businesses and new start ups. Environmental Health to carry out advisory visits to all new food businesses to assist operators in achieving the highest food hygiene rating they can.	Ongoing	Income	Economic Growth	Regulatory Services, Housing & Wellbeing, Environmental Health
Making it easier for businesses to interact with us.	<i>Launched the landlords portal (for private rented housing). Introduced e-billing for business rates.</i>	Design and embed new approach to trade waste booking and processing to make it easier for potential customers to deal with the council	Ongoing	Income	Joint Waste	Customer Services, Revenues & Benefits / Corporate Services
		Promote e-billing for business rates and BID	March 2019	Innovate	Customer Services, Revenues & Benefits / Corporate Services	Economic Growth

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		Roll out Jadu business account	Mid 2019	Innovate	Customer Services, Revenues & Benefits / Corporate Services	Economic Growth
Understanding, monitoring and adapting to business needs and issues across the district.	<i>Economic Growth Strategy adopted, including extensive business consultation.</i>	Review and adopt revised discretionary rates relief policy.	March 2019	Income	Customer Services, Revenues & Benefits	Finance & Procurement / Economic Growth
Encouraging increased visitors to our district, increase spend in our local economy and more overnight stays.	<i>Supported Lichfield BID, signed up to Lichfield City Centre Development Strategy, supported redevelopment of St Mary's in the Market Square, delivered ongoing marketing initiatives, supported growing events programme (Lichfield Food, Christmas festival etc.), launched Lichfield Art Fund. Planning permission for new coach park granted in March 2017.</i>	Launch new tourism website and associated branding and marketing for Lichfield City and the wider district.	Summer 2018	Income	Economic Growth	Corporate Services / Leisure and Operational Services
		Deliver major event programme in the parks, including Lichfield Proms in Beacon Park and Drive in Movies	Annually	Income	Leisure & Operational Services	Corporate Services / Finance and Procurement
		Roll out new street trading policy and support safe delivery of events through the Strategic Advisory Group.	December 2018	Income	Regulatory Services, Housing & Wellbeing, Environmental Health	Economic Growth / Legal, Property and Democratic Services
		Improve gateway to city centre for coach and bus passengers.	March 2020	Income	Economic Growth	Development Services / Finance & Procurement
Delivering good quality and safe car parking in our key retail areas.		Consider car parking issues as part of Lichfield City master plan, including the future of the Multi-Storey Car Park.	March 2019	Income	Economic Growth	Development Services / Finance & Procurement
We will influence and encourage	Key projects delivered (2016 - 2018)	Key projects (2018 - 2020)	Milestones		Lead HOS	Supporting HOS
Undertake master planning to deliver a mixed use development in Lichfield City Centre and ensure it meets the needs of our community, particularly young people.	<i>Land acquired.</i>	Consult with stakeholders and residents to develop plans for the Birmingham Road site.	Ongoing		Economic Growth	Development Services / Finance & Procurement / All
		Refresh development brief for Bird Street car park.	Autumn 2018		Economic Growth	Development Services / Finance & Procurement / Legal, Property & Democratic Services
Help to support the delivery of an improved retail experience in Burntwood.	<i>Planning permission granted for Burntwood town centre site in April 2017. Section 106 agreement in negotiation signed and permission formally issued Jan 2018. District and county councils and developer have agreed to jointly fund costs of completing land assembly for town centre to facilitate development.</i>	Support delivery of Burntwood Town Centre - actively pursue development opportunities for the blue hoarding site in partnership with the landowner and Staffordshire County Council.	Ongoing		Economic Growth	Development Services
		Lobby partners for delivery of a new health centre(s) to serve the residents of Burntwood.	Ongoing		Economic Growth	All
Work with, influence and encourage landowners to make better use of under-used or derelict brownfield sites.	<i>Planning Permission for Phase 1 of Liberty Park granted Dec 2017. Planning Permission for Prologis Phase II granted Dec 2017. Planning permission for Land off Wood End Lane granted</i>	Encourage detailed proposals to come forward at key commercial sites including Lichfield South, Burntwood Business Park, Fradley Park and Liberty Park.	Ongoing	Income	Economic Growth	Development Services / Regulatory Services, Housing & Wellbeing, Environmental Health

	<i>Jan 2018. Planning permission for amendments to Phase 1 retrospective approved Dec 2017 and Phase 2 reserved matters, granted February 2018.</i>	Receive application for mixed use development (housing and employment) at Cricket Lane.	Summer 2018	Income	Development Services	
Encourage more visitors by enhancing and better promoting the arts, heritage, retail and cultural offer of the city and district with partnerships including the Lichfield BID, Lichfield City Centre Development Partnership and Burntwood Business Community.	<i>Established Lichfield City Centre Development partnership and adopted Lichfield City Centre Development Strategy.</i>	Progress plans and proposals contained in the Lichfield City Centre Development Strategy.	Ongoing	Income	Economic Growth	Leisure & Operational Services / Development Services
Foster and encourage BIDs in other areas.	<i>Helped to establish Lichfield BID. Supported business community to investigate BIDs in Fradley and Burntwood.</i>	Support the rebalot of the Lichfield BID in 2019/2020.	2019/20	Income	Economic Growth	Customer Services, Revenues & Benefits / Finance & Procurement
Encourage apprenticeships and other youth based work schemes.	<i>7 apprenticeships in place at council.</i>	New opportunities to be identified and promoted across all service areas - target 9 apprenticeships in place annually.	Ongoing		Corporate Services / Economic Growth	All

Healthy and safe communities

By 2020 we will work to ensure: more people will be healthy & active - more people will be involved in volunteering & community activity - fewer people & families will be homeless - more people will feel safer & less worried about crime and anti-social behaviour - more people will be living independently at home

Key projects we have/will deliver to meet our aims						
Strategic Plan commitment - what we will do	Key projects delivered (2016 - 2018)	Key projects (2018 - 2020)	Milestones		Lead HOS	Supporting HOS
Creating policies and events that promote healthy and active lifestyles for all, including young people - from cycle and safe walking routes through to events, community activities and more.	<i>Physical Activity & Sports Strategy written and adopted. Sports development programme delivered annually. Parks events programme delivered annually.</i>	Work with Sport England to undertake a review of the council's Physical Activity and Sports Strategy (PASS).	Sept 2018		Leisure & Operational Services	Regulatory Services, Housing & Wellbeing, Environmental Health
Providing support to help those with disabilities and older people stay healthy and active.	<i>Leisure centres schemes delivered. Sports development programme delivered annually. Parks events programme delivered annually.</i>	Deliver Health and Wellbeing Delivery Plan 2018 - 2023 which will enable targeted intervention based on identified need.	March 2023		Regulatory Services, Housing & Wellbeing, Environmental Health	Leisure & Operational Services
Creating opportunities to increase the number of residents who are physically active, especially in hard to reach groups.	<i>Outsourced management of Burntwood and Friary Grange Leisure Centres. Sports development programme delivered annually. Parks events programme delivered annually.</i>	Utilise Sport England Facilities Planning Model to develop options appraisal and feasibility study for the future potential replacement Friary Grange leisure centre.	July 2019	Invest	Leisure & Operational Services	Finance & Procurement / Development Services / Economic Growth
		Produce a ten year Local Facility Football Pitch Plan and use this doc to review the council's current Playing Pitch Strategy.	September 2018	Income	Leisure & Operational Services	Economic Growth / Regulatory Services, Housing & Wellbeing, Environmental Health
Supporting and encouraging the development of clubs and other organisations to increase the quantity and quality of leisure across the district.	<i>Transferred King Edward VI leisure centre. Introduced Tennis for Free in Beacon Park; granted landlord's consent to facility development at Lichfield City FC and Burntwood St Matthews CC.</i>	Revised partnership and funding agreement with Garrick theatre confirmed.	October 2018		Leisure & Operational Services	Finance & Procurement / Legal, Property & Development Services

Delivering a programme of disabled facilities grants to help people remain living safely at home.	<i>90 disabled adaptations delivered. Participated in the DFG review and retendering of county adaptation service called SILIS (Supporting Independent Living in Staffordshire) through Millbrook Healthcare which starts 1 April 2018.</i>	Deliver Disabled Facilities Grants (DFGs) capital programme.	March 2019		Regulatory Services, Housing & Wellbeing, Environmental Health	Finance & Procurement
Providing help and advice to prevent homelessness.	<i>Provided homelessness service - 17 households placed in B&B / 45 in Bromford temporary accommodation (2017/18) and 33 households placed in B&B / 48 in Bromford temporary accommodation (2016/17). A total of 202 successful preventions have been undertaken in 2017-18, 136 by LDC and 66 by CASES. Reviewed the homelessness service to implement the Homelessness Reduction Act 2017.</i>	Develop a revised Housing and Homelessness Strategy 2019-2022.	December 2019		Regulatory Services, Housing & Wellbeing, Environmental Health	Economic Growth / Development Services
		Adopt and implement revised Discretionary Housing Payment Policy.	December 2018		Customer Services, Revenues & Benefits	Corporate Services / Regulatory Services, Housing & Wellbeing, Environmental Health
We will influence and encourage	Key projects delivered (2016 - 2018)	Key projects (2018 - 2020)	Delivery date		Lead HOS	Supporting HOS
Deliver joined up, cohesive plans and funding decisions across partners.	<i>Established We Love Lichfield Fund, delivered small grants scheme annually, established Lichfield District Locality Commissioning Board -</i>	Monitor the impact and achievement of outcomes for the community and voluntary sector funding agreements.	March 2019	Income	Regulatory Services, Housing & Wellbeing, Environmental Health	
Reduce the fear of crime by promoting and communicating the successes in community safety and crime trends.	<i>Community safety initiatives delivered. Adopted Community Safety Delivery Plan.</i>	Deliver Community Safety Delivery Plan.	March 2019	Income	Regulatory Services, Housing & Wellbeing, Environmental Health	Corporate Services / Legal, Property & Democratic Services

Clean, green & welcoming places to live

By 2020 we will work to ensure there are: more affordable homes in the district - our heritage & open spaces will be well maintained or enhanced - our streets will be clean and well maintained - more people will use parks and open spaces - new homes will be built - new offices will be built - new retail space will be built - new manufacturing spaces will be built

Key projects we have/will deliver to meet our aims						
Our Strategic Plan commitment - what we will do	Key projects delivered (2016 - 2018)	Key projects (2018 - 2020)	Delivery date		Lead HOS	Supporting HOS
Implement our Local Plan which will ensure a controlled and balanced growth of our district.	<i>Delivered Strategic Development Allocations (SDAs) for Burntwood, East of Lichfield, Streethay and Fradley. Supported Neighbourhood Plans in Alrewas, Armitage with Handsacre, Burntwood, Colton, Elford, Fradley, Hammerwich, Lichfield City, Little Aston, Longdon, Shenstone, Stonnall, Streethay, Wall, Whittington & Fisherwick and Wiggington & Hopwas. Facilitated the allocation of discretionary S106 obligations and put in place a Community Infrastructure Levy Charging Regime and Governance arrangements to support infrastructure provision. Planning permission for 416 homes granted (32% of 17/18 target), 378 homes completed (60% of 17/18 target).</i>	Adopt Local Plan land allocations.	December 2018	Income	Economic Growth	Development Services / Leisure & Operational Services
		Deliver SDAs for South of Lichfield, Cricket Lane and Deanslade Farm in accordance with housing trajectories.	March 2020	Income	Economic Growth	Development Services
		Submit the Local Plan Site Allocations Document for examination and have this formally adopted following independent scrutiny.	March 2019	Income	Economic Growth	Legal, Property & Democratic Services
		Encourage completion of housing that has been granted permission. Work with developers and other partners to overcome any barriers to delivery.	Ongoing	Income	Development Services	Economic Growth

		Support planning applications on outstanding allocated sites or suitable windfall sites to help meet housing targets.	Ongoing	Income	Economic Growth	Development Services
		Begin the review of the Local Plan.	Spring 2018	Income	Economic Growth	Development Services
		In line with agreed policies and procedures begin allocating discretionary CIL receipts to assist in delivering supporting infrastructure.	Ongoing	Invest	Economic Growth	Development Services / Finance & Procurement / Legal, Property & Democratic Services
Developing supplementary planning guidance which will help to preserve our historic environment, support rural communities and ensure the district continues to be an attractive place.	<i>Carried out conservation area appraisals and delivered management plans in Alrewas, Clifton Campville, Colton, Elford, Fazeley and Bonehill, Fradley Junction, Harlaston, Haunton, Hints, Hopwas, Kings Bromley, Lichfield City, Little Aston, Mavesyn Ridware and Shenstone.</i>	Support the development of conservation areas in Drayton Bassett, Wall and Wiggington.	December 2018		Development Services	Legal, Property & Democratic Services
		Review the buildings at risk register.	March 2019		Development Services	
		Adopt local list of historic buildings for Burntwood & Hammerwich.	October 2018		Development Services	Legal, Property & Democratic Services
Maintaining our parks and open spaces which encourage residents to enjoy the outdoors.	<i>Delivered parks maintenance programme. Delivered ongoing requirements of Heritage Lottery Funding investment into Lichfield Historic Parks. Delivered parks events programme.</i>	Implement air quality action plan.	July 2018		Regulatory Services, Housing & Wellbeing,	
		Implement environmental crime strategy.	October 2018		Regulatory Services, Housing & Wellbeing, Environmental Health	Legal, Property & Democratic Services / Leisure & Operational Services
Restore the historic features of Stowe Pool and Fields	<i>Reviewed and rewritten the HLF submission in liaison with the HLF.</i>	Defer to next plan period.	2020 onwards	Invest	Leisure & Operational Services	Economic Growth / Development Services / Finance & Procurement
Continuing to help our residents recycle a large percentage of waste	<i>Launched garden waste charging service. Delivered food waste campaign.</i>	Implement action plan for improving collection productivity for Joint Waste.	March 2019	Income	Joint Waste	Corporate Services
Pursuing opportunities to transfer some open spaces to local organisations who can look after them for the enjoyment of all (e.g. playing fields).	<i>Transferred Hospital Road Playing Fields, Gentleshaw Common and Whittington open space. Delivered preliminary work for tennis CIC at Beacon Park.</i>	Explore opportunities for further community asset transfers.	Autumn 2018		Leisure & Operational Services	Finance & Procurement
		Transfer line of Lichfield Canal to trust.	March 2020		Legal, Property & Democratic Services	Leisure and Operational Services
		Implement public open space transfer/adoptions plan and review existing policy.	October 2018		Leisure & Operational Services	Finance & Procurement / Economic Growth / Development Services / Legal, Property & Democratic Services
We will influence and encourage	Key projects delivered (2016 - 2018)	Key projects (2018 - 2020)	Delivery date		Lead HOS	Supporting HOS
Work with developers and social landlords to encourage investment in affordable housing and encourage the development of owner occupied, shared ownership and rented housing to meet the needs of local people.	<i>140 affordable homes delivered (rent and shared ownership) between 2016-2018. Facilitated the delivery of a discount market sale scheme at Hawksyard - 24 apartments now sold at 80% of</i>	Work with housing developers and housing associations to encourage the development of new affordable home and regeneration of existing housing stock.	Ongoing		Regulatory Services, Housing & Wellbeing, Environmental Health	Development Services / Economic Growth

	<i>market value. Completed the compulsory purchase of an empty property now an affordable home for rent owned by one of the council's approved registered providers.</i>	Identify and transfer land in our ownership suitable for affordable housing development.	March 2020		Legal, Property & Democratic Services	Finance & Procurement / Economic Growth / Development Services / Leisure and Operational Services / Regulatory Services, Housing & Wellbeing, Environmental Health
		Work with housing associations to invest available capital and Section 106 funds to help deliver affordable homes.	December 2018	Invest	Regulatory Services, Housing & Wellbeing, Environmental Health	Development Services / Finance & Procurement / Economic Growth
Work to mitigate the adverse impact of HS2 on communities and businesses across the district.	<i>Liaised with HS2 project at all levels, including representation at route wide planning forum. Submitted formal responses to phase 1. Petition formally lodged to Phase 2a and negotiations commenced with HS2 in advance of planned appearance at select committee to seek to address points raised.</i>	Respond to HS2 planning applications and work with Staffordshire County Council and local communities to mitigate impacts of HS2 on Lichfield District.	Ongoing		Economic Growth & Development Services	Corporate Services

A council that is fit for the future

By 2020 we will work to ensure that: our customers will be more satisfied - we will continue to be financially responsible - our organisation will have clear corporate values and be committed to openness and transparency - more people will interact with us through our website and digital channels - we will be more innovative in how we deliver services and make a difference locally

Key projects we have/will deliver to meet our aims						
Strategic Plan commitment - what we will do	Key projects delivered (2016 - 2018)	Key projects (2018 - 2020)	Delivery date		Lead HOS	Supporting HOS
Being financially stable, developing innovative approaches to generating income and less reliant on government grant funding	<i>Delivered unqualified audit accounts year on year. Council tax collection: 2016/17 98.8% (in year) and 97.5% (all years) 2017/18 98.9% (in year) and 97.5% (all years). Business rate collection: 2016/17 97.5% (in year) and 97.2% (all years) 2017/18 99.0% (in year) and 98.6% (all years).</i>	Approve MTFs annually.	Annually by February	Income	Finance & Procurement	All
		Deliver unqualified audited accounts.	Annually by end of July	Income	Finance & Procurement	All
Embed our corporate values throughout the organisation	<i>Adopted corporate values and communicated internally and to members.</i>	Approve & roll out People Strategy.	September 2019		Corporate Services	All
Deliver good customer service in line with our customer promise and ensure information we publish is accessible and available in other formats	<i>Adopted customer promise, delivered training (including equalities), developed Plain English guidance (including accessibility guidance).</i>	Review the customer promise and develop customer engagement plan.	December 2018		Corporate Services / Customer Services, Revenues & Benefits	All
Make our top service requests fully bookable online and so easy to use that people choose to go online as a first port of call.	<i>Procured single customer account, new CRM system and online forms, developed innovation principles, launched garden waste service and suite of integrated online waste forms. Launched online benefits claim form. Delivered user</i>	Approve & roll-out Digital Strategy.	March 2019	Innovate	Corporate Services	Finance & Procurement
		Roll-out Jadu to wider services and decommission Lagan.	Summer 2019	Innovate	Revenues, Benefits & Customer Services and Corporate Services	All

	<i>acceptance testing on all forms.</i>	Launch Modern Gov - democratic system - to members and officers.	Spring 2019	Innovate	Legal, Property & Democratic Services	Corporate Services
		Deliver line of business system and integrations for regulatory services.	Winter 2018/spring 2019	Innovate	Regulatory Services, Housing & Wellbeing, Environmental Health	Customer Services, Revenues & Benefits / Corporate Services
		Deliver line of business system and integrations for leisure and operational services.	Summer 2019	Innovate	Leisure & Operational Services	Customer Services, Revenues & Benefits / Corporate Services
		Roll out IDOX DMS to planning.	October 2018	Innovate	Development Services	Corporate Services
		Continue digitisation programme for waste processes.	Summer 2018	Innovate	Joint Waste	Customer Services, Revenues & Benefits / Corporate Services
		Implement online forms for revenues and benefits and introduce e-billing.	Summer 2018	Innovate	Customer Services, Revenues & Benefits	Corporate Services
Consult with local residents in a variety of ways.	<i>Consultation strategy drafted, user acceptance testing skills acquired in house. UAT delivered on all new online forms.</i>	Roll-out consultation plan.	Summer 2018		Corporate Services	All
		Increase resident involvement in democratic process and promote member recruitment through Local Democracy Week.	Autumn 2018		Legal, Property & Democratic Services	Corporate Services
		Establish resident focus group.	Autumn 2018		Corporate Services	Customer Services, Revenues & Benefits
Work together as one council.	<i>Relaunched code of conduct and suite of new employee policies, adopted Asset Strategy. O&S review completed. New constitution adopted.</i>	Deliver staff survey.	Autumn 2018		Corporate Services	All
		Develop new Strategic Plan 2020 - 2024.	Autumn/winter 2019		Corporate Services	All
		Adopt and implement Property Asset Management Strategy.	December 2018	Invest	Legal, Property & Democratic Services	Finance & Procurement/ Economic Growth / Leisure & Operational Services / Corporate Services /
		Roll out new approach to commercialisation.	December 2018		Assistant Chief Executive	All
		Ensure the council is prepared to meet its responsibilities as a category 1 emergency responder in line with our Emergency Planning Annual Action Plan.	March 2019		Regulatory Services, Housing & Wellbeing, Environmental Health	All
Seeking out ways to increase productivity and efficiency through our Fit for the Future programme and service reviews.	<i>Agreed approach to commercialisation and Fit for the Future relaunch.</i>	Relaunch Fit for the Future.	Summer 2018	Innovate	Corporate Services	All
		Deliver elections review.	October 2018		Legal, Property & Democratic Services	Finance & Procurement
		Deliver waste, parks and grounds maintenance review.	March 2019		Leisure & Operational Services and Joint Waste	Corporate Services / Finance & Procurement
		Deliver development management review including implementing DMS and upgrade to IDOX enterprise.	Summer 2019	Innovate	Development Services	Corporate Services / Finance & Procurement
		Implement property investment strategy.	March 2019	Invest	Assistant Chief Executive	Legal, Property & Democratic Services

		Bring forward and adopt business case for development of Bore Street shops.	December 2018	Income	Legal, Property & Democratic Services	Finance & Procurement / Corporate Services / Economic Growth
		Consider future office requirements for council and deliver business case.	January 2019	Invest	Legal, Property & Democratic Services	Corporate Services / Finance & Procurement
		Explore future opportunities for a debtors solution that supports our commercial and digital ambitions.	Spring 2019	Innovate	Customer Services, Revenues & Benefits	Finance & Procurement
		Deliver revenues and benefits service review phase 2.	March 2019	Innovate	Customer Services, Revenues & Benefits	Corporate Services / Finance & Procurement

Appendix D

Lichfield District Council Draft Corporate Indicators
2018 - 2020

Community Outcomes	Success will be measured by	Corporate Indicators	Data Source	Frequency	Level
Vibrant and prosperous economy	More local jobs and more people in employment	Number of jobs (total employment)	ONS - Job Density / Business Register and Employment Survey (BRES)	Annually	District
		Percentage increase in occupational sector (major groups 1 - 3)	ONS - Annual Population Survey (APS)	Quarterly	District
		% of the working age population (16-64) in employment	ONS - Annual Population Survey (APS)	Quarterly	District
		% of the working age population claiming Job Seekers Allowance including Universal Credit	ONS - Claimant Count	Monthly	Ward
		Adult Qualifications Levels - The percentage of adults 16-64 with NVQ level 3 or above	Annual Population Survey	Annually	District
	More new businesses locate in our district	Total value of RV	Revs team	Quarterly	District
		New measure of retail/office floorspace	VOA (Valuation Office) NOMIS	Annually	District
		Number of business start-ups	ONS - Business Demography / Banksearch	Annually	District / Banksearch provides ward level data
	More businesses succeed	Vacancy rates	EG team collate	Annually	District
	More visitors and greater visitor spend in our district	Number of visitors to the district	Visit Lichfield tourism statistics (annual) and Enjoy Staffordshire Tourism Statistics	Annually	TBC
		Visitor spending	Visit Lichfield tourism statistics (annual) and Enjoy Staffordshire Tourism Statistics	Annually	TBC
		New offices, retail and manufacturing space will be built	Number of non domestic premises/ properties	VOA (Valuation Office) NOMIS	Annually
Community Outcomes	Success will be measured by	Corporate Indicators	Data Source	Frequency	Level
Healthy and safe communities	More people will be active and healthy	Percentage of adults (aged 19+) that meet the Chief Medical Officer's recommendations for physical activity (150+ moderate intensity equivalent minutes per week)	Active Lives Survey	Annually	District
		Percentage of respondents in Lichfield who feel happy	Feeling the Difference public opinion survey	Biannual (March and September)	District
	More people involved in volunteering & community activity	% or respondents who have given unpaid help to groups, clubs or organisations	Feeling the difference survey (combined waves)	6 months	District
	Fewer people & families will be homeless	% of the population who find it difficult or very difficult to cope on current income	Mosaic	Annually	Ward
		Percentage of households in fuel poverty	DWP	Annually	LSOA
		Rough sleeping rate per 1,000 households	Ministry of Housing, Communities & Local Government	Quarterly	District
	More people will feel safer & less worried about crime and anti-social behaviour	Proportion of households in council tax arrears	Lichfield DC	TBC by LDC	TBC by LDC
		% of respondents who feel fairly/very safe in their local area during the day	Feeling the Difference public opinion survey	Biannual (March and September)	District
		% of respondents who feel fairly/very safe in their local area after dark	Feeling the Difference public opinion survey	Biannual (March and September)	District
		% of residents who feel that there is a fairly/very big problem with ASB in their local area	Feeling the Difference public opinion survey	Biannual (March and September)	District
	More people will be living independently at home	Overall rate of reported anti-social behaviour	Staffordshire Police	Monthly	District
		Rate of recorded crime	Staffordshire Police	Monthly	District
		Number of SCC supported people living in residential or nursing care	CareDirector, SCC	Monthly	District
		Number of SCC supported people newly admitted to residential or nursing care	CareDirector, SCC	Monthly	District
	Number of people receiving short term support to maximise independence	CareDirector, SCC	Monthly	District	
Community Outcomes	Success will be measured by	Corporate Indicators	Data Source	Frequency	Level
Clean, green and welcoming places to live	More affordable homes in the district	Housing affordability ratio	ONS	Annually	District
		Number of new affordable houses built	District	Annually	District
		Net change in the number of houses	DCLG	Annually	District
		Median house prices	ONS	Quarterly	District
	Our heritage & open spaces will be well maintained or enhanced	% residents who are satisfied with their area as a place to live	Feeling the Difference public opinion survey	Biannual (March and September)	District
	Our streets will be clean and well maintained	% of respondents who identify clean streets as a factor that most needs improving	Feeling the Difference public opinion survey	Biannual (March and September)	District
		% of respondents who identify well maintained roads and pavements as a factor that most needs improving	Feeling the Difference public opinion survey	Biannual (March and September)	District
		% waste recycled	LDC	Annually	District
	More people will use parks and open spaces	% of respondents who identify parks and open spaces as a factor in making somewhere a good place to live	Feeling the Difference public opinion survey	Biannual (March and September)	District
		% of respondents who identify parks and open spaces as a factor that most needs improving	Feeling the Difference public opinion survey	Biannual (March and September)	District
Community Outcomes	Success will be measured by	Corporate Indicators	Data Source	Frequency	Level
A council that is fit for the future/Corporate Health Indicators	Our customers will be more satisfied	Number of complaints	LDC	Biannual (March and September)	District
	We will continue to be financially responsible	% residents satisfied with overall level of service provided by LDC	LDC - new satisfaction measure to be agreed.	Annually	District
		Level of General Reserves	LDC	Monthly	District
		Efficiency of financial reporting - Audited Statement of Accounts produced and authorised for issue by 31 July with an unqualified External Audit Opinion.	LDC financial reporting	Annually	Council
		Efficiency of financial monitoring - quarterly financial monitoring reports to Cabinet and Strategic (Overview and Scrutiny) Committee and three Treasury Management reports annually to Audit and Member Standards Committee.	LDC financial reporting	Annually	Council
		Revenue outturns - does not vary by more than +/- £250,000 of the Approved Budget.	LDC financial reporting	Annually	Council
		Payments to suppliers - at least 90% of undisputed invoices have been paid within 30 days	LDC financial reporting	Annually	Council
		Efficiency of financial reporting - Draft Statement of Accounts produced, authorised and published by 31 May.	LDC financial reporting	Annually	Council
		Value for money - the External Auditors' unqualified Value for Money Judgement.	LDC financial reporting	Annually	Council
		Number of LDC garden waste subscriptions	LDC	Monthly	District
	Our organisation will have clear corporate values and be committed to openness and transparency	% of employees who enjoy their job	LDC staff survey	Every 3 years	Council
		% of employees who feel well informed	LDC staff survey	Every 3 years	Council
		% of employees who feel valued by the organisation	LDC staff survey	Every 3 years	Council
	More people will interact with us through our website and digital channels, we'll be more innovative in how we delivery services	Number of customer accounts (Ladu)	LDC	Annually	District
		Number of self-serve transactions carried out by customers (Ladu)	LDC	Monthly	District
		Number of self-serve transactions carried out by customers (revenues & benefits)	LDC	Monthly	District
		Number of fully digital 'self-serve' services offered via the council's website	LDC	Monthly	District
		% employees who feel fit for the future is helping to positively shape the council.	LDC staff survey	Every 3 years	Council
		% employees who know what being a commercial council means	LDC staff survey	Every 3 years	Council
	Our staff workforce will be healthy, efficient and well trained	% days lost to sickness	HR	Annually	Council
		Number of training days	HR	Annually	Council
		% staff turnover	HR	Annually	Council
Number of full time equivalent (FTE) staff		HR	Annually	Council	
Number of staff in 1-3 groups (Managers, directors and senior officials', 'Professional occupations' and 'Associate profession and technical')		HR	Annually	Council	
	% of annual Performance Development Reviews (PDRs) completed.	HR	Annually	Council	

Please note the lighter grey bars indicate these are Corporate Health Indicators

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Disposal of Land at Leyfields and Netherstowe, Lichfield



Report of : Councillor Ashley Yeates, Cabinet Member for Regulatory Services, Housing and Wellbeing

Date : 4 September 2018
 Agenda Item : 5
 Contact Officer : Richard King
 Tel Number : 01543 308060
 Email : richard.king@lichfielddc.gov.uk
 Key Decision? YES
 Local Ward Members : Cllrs Norma Bacon and Colin Ball

CABINET

1. Executive Summary

- 1.1 One of the Council’s strategic objectives is to increase the supply of Affordable Housing. Following a review of Council owned land that could be disposed of for such purposes, discussions were progressed with Bromford Housing regarding the disposal of two public open space areas for the provision of affordable housing development.
- 1.2 Bromford have expressed a desire to purchase the sites at Leyfields, Lichfield and Netherstowe, Lichfield.
- 1.3 The District Valuer’s report has now been received on the valuation for the sites and Cabinet is being recommended to approve the disposal of the two sites to Bromford for redevelopment.

2. Recommendations

- 2.1 That Cabinet agree to dispose of the land at Leyfields, Lichfield and Netherstowe, Lichfield to Bromford for the provision of affordable housing on the terms recommended by the District Valuation Officer.

3. Background

- 3.1 Following consideration of Council owned sites in the District with development potential, discussions were held with Bromford Housing regarding the opportunity to provide affordable housing on land at Leyfields and Netherstowe, Lichfield.
- 3.2 Attached at **Appendix A** is a plan showing the land at Leyfields and attached at **Appendix B** is a plan showing the land at Netherstowe.
- 3.3 Bromford have produced a scheme proposing 14 units at Leyfields and 8 units at Netherstowe. A pre-application process was also entered into by Bromford to identify any issues relating to development of the two sites. The major issue to be addressed is the loss of Public Open Space. The sale is dependent upon planning consent being forthcoming for the developments. The implications of the loss of Public Open Space will be dealt with as part of the planning application process.
- 3.4 The District Valuer was instructed to give his valuation of the sites and his report has now been received.

- 3.5 The District Valuer has advised that the Council’s Freehold interest in the land at Leyfields amounts to £390,000 on the basis of affordable dwelling units being provided and in respect of the Freehold interest of the land at Netherstowe this is valued at £265,000 on the same basis.
- 3.6 The best consideration would be achieved from a Registered Social Housing Provider as they are considered to be a Special Purchaser given the grant funding they benefit from.
- 3.7 Whilst other Registered Social Landlords could potentially develop the sites, there are benefits that only accrue from Bromford doing the developments. They own adjacent properties, there is marriage value at Leyfields in particular as they can provide access and they can manage the new properties in a co-ordinated manner maximising the role of the existing neighbourhood coaches.
- 3.8 It is recommended that Council now proceeds to dispose of the two sites concerned for the provision of affordable housing on the basis of the valuations received. Each party will bear their own costs in the legal transfer of the land. The disposal would be subject to Bromford obtaining planning consent for the developments.

Alternative Options	<ol style="list-style-type: none"> 1. Council could retain the land as Public Open Space and not seek to have these sites developed. This would mean that Council would forego a significant Capital Receipt and also forego the opportunity of providing much needed affordable housing accommodation. 2. Council could offer the land for sale on the open market but the District Valuer has confirmed that the best consideration will be achieved by a disposal for Affordable Housing because of the grant the Registered Social Provider receives, which gives them a status of a special purchaser. 3. An alternative would be for Council to develop the site itself although this would mean engaging a developer or setting up a company to deliver the development. There would be cost implications and potential time delays in doing so and therefore it is felt that working with Bromford as a partner will deliver Affordable Housing in the shortest timescale. 4. Discussions did take place with Bromford about a Joint Venture development with Bromford, but Bromford’s preference was for the sites to be sold to them on a straightforward disposal basis for which the Council would receive a Capital Receipt.
Consultation	<ol style="list-style-type: none"> 1. Consultation has taken place with the Asset Strategy Group and also the Ward Members regarding the proposed disposals.
Financial Implications	<ol style="list-style-type: none"> 1. The proposed disposal of the freehold interest at Leyfields would realise a Capital Receipt of £390,000 and the Capital Receipt for the disposal of the freehold interest at Netherstowe would be £265,000. Council would also benefit from New Homes Bonus of around £88,000 over 4 years and Council Tax of around £3000 per annum. No CIL would be received as they are Affordable Houses. 2. Each party would be responsible for their own costs in dealing with the conveyance. Council’s costs are likely to be less than £5,000. 3. Lichfield District Council is also responsible for the District Valuer’s costs. The final invoice is awaited but will not exceed £3,000 plus VAT.

Contribution to the Delivery of the Strategic Plan	1. The development of new affordable homes will help reduce homelessness, which will contribute towards the theme of healthy and safe communities.
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Equality, Diversity and Human Rights Implications	1. The new homes will have a positive impact on the availability of affordable homes for those in need, particularly from low income households.
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Crime & Safety Issues	1. There are no crime and safety issues arising from the report.
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	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Planning permission is not granted for the redevelopment of the sites.	Pre-application discussions have already been undertaken to identify any potential issues relating to redevelopment of the sites.	Y



NETHERSTOWE			
SCHEDULE OF ACCOMMODATION			
TYPE	NO.	AREA (m ²)	PARKING
1B2P FLAT	8	47,585.8	100%
TOTAL	8		

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Rev	Date	Revised	Rev By

 <p>OAKLEY ARCHITECTS</p> <p>OAKLEY ARCHITECTS LTD 28 HILLWOOD ROAD WEST WILLOW ROAD WEST WILLOW, LEICESTERSHIRE LE15 7JG T: 0151 238 8485 E: oia@oakleyarchitects.co.uk www.oakleyarchitects.co.uk</p>	<p>Client OAKLEY Bromford</p> <p>Project Bromford S105</p> <p>Drawn: Tair Netherstowe, Urfeld Option 2</p> <p>Drawn: SCALE 1:500 (A3) 26/06/2017</p> <p>Drawn By USA OAKLEY</p> <p>208 NUMBER 201717</p>	<p>Rev: DAVID DAVEN</p> <p>26/06/2017</p> <p>Checked By SIMON OAKLEY</p> <p>208 NUMBER 02</p>
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Procurement Service Improvement

Cabinet Member for Finance and Democratic Services

Date:	4 September 2018
Agenda Item:	6
Contact Officer:	Anthony Thomas and Billy Webster
Tel Number:	01543 308012 and 01543 308225
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Key Decision?	YES
Local Ward Members	All.



CABINET

1. Executive Summary

- 1.1 Procurement within local government is extremely important as bad practices can lead to legal challenges, financial loss and reputational damage.
- 1.2 The council's approach to procurement and contract management changed in 2011 with the service largely being dissolved and replaced by an agreement put in place with Staffordshire County Council to provide procurement advice and support. The Council chose to implement a decentralised approach to procurement.
- 1.3 As part of the management restructure in 2017, the responsibility for procurement moved to the Head of Finance and Procurement who requested a review be undertaken to assess the current level of performance and compliance.
- 1.4 The review found that the council spent around £8,696,955 on goods and services, raising around 5,494 invoices against 852 unique suppliers. The information analysis provided an insight in to the current situation and identified areas for further analysis and improvement.
- 1.5 It became clear that a lack of corporate procurement leadership has led to fragmented and differentiated procurement practices, raising the risks of non-compliance with procurement rules and legislation. This resulted in an improvement plan being created and is being delivered.
- 1.6 Money was obtained from the Local Government Association (LGA) to provide expert advice, and assist our ambition to improvement procurement, leading to;
 - A revised approach to training to develop knowledge and skills. This has been specified and is currently being commissioned.
 - A refreshed procurement portal on the intranet (Brian), providing all the necessary information and documentation to enable more self-help and self-service, while promoting good practice. This has been drafted and is in the process of being built.
 - A project to further roll out the use of procurement cards (council credit cards) to reduce the number of invoices for low level spend, and one-off transactions, and so save around £15,000 in administering and processing invoices.
- 1.7 Our contract procedure rules were updated in the new constitution to ensure that all requirements were clearly identified and articulated, further reducing the risk of non-compliance.
- 1.8 In addition, the agreement between Staffordshire County Council was identified as being out of date with many of the contractual terms are no longer being met. This arrangement has a review date of 30 September 2018.
- 1.9 Through engagement with contract owners, it was clear that the support being offered did not meet our needs and so a revised service requirements document was created. 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.

- 1.10 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, the equivalent to recruiting a salaried procurement expert. However, the proposal provides greater resilience with access to a large procurement team and their procurement systems.
- 1.11 A range of potential contract savings have already been identified and it believed that with the improved support the arrangement could 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.

2. Recommendations

- 2.1 Acknowledge the report and the current work being done to improve procurement practices and outcomes
- 2.2 Cabinet approve the entry in to a service level agreement with Wolverhampton City Council to deliver our 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)
- 2.3 Cabinet recommend to Council the approval of changes to the Medium Term Financial Strategy detailed in the financial implications section of this report.

3. Background

- 3.1 Procurement within local government is extremely important as it is governed by a complex range of rules and legislation, aimed at ensuring good practice, best value and mitigating the risk of fraud. As a public body, spending public funds any non-compliance can put the council at risk both in terms of financially and to our reputation.
- 3.2 The council's approach to procurement and contract management changed in 2011 when the function was largely dissolved due to senior posts becoming vacant. As a result, an agreement was put in place with Staffordshire County Council to provide procurement advice and support and staff were transferred to the County to support delivery.
- 3.3 A review of this arrangement in 2015 showed that there had been changes within the Procurement Team at the County Council which was resulting in a reduced level of support. In addition, the decentralised model within Lichfield District Council (LDC) had led to a more fragmented approach to procurement with different practices being used across the organisation.
- 3.4 As part of the management restructure, responsibility for procurement was transferred, and in 2017 a further review of the service and practices was request of the Head of Finance and Procurement. The aim of the review was to consider;
 - Our approach to procurement strategy, the procurement code and responsibilities
 - The effectiveness of our communication, learning and development
 - Our response to transparency requirements
 - The accuracy or our contracts register and processes related to it
 - The contract procedure rules in relation to our commercialisation agenda
 - The contractual relationship with Staffordshire County Council

- The historic and projected spend and how this is being managed (contract management)
- Compliance with procurement law and our own governance

3.5 Money was bid for, and obtained, from the Local Government Association (LGA) to support this review and the delivery of an improvement plan. This has already resulted in a clear plan for improvement, some of which is already underway.

3.6 Procurement Analysis

3.7 The review analysed the spend data from across the organisation in the three years until 2016/17, and discovered the following;

- £8,696,955 total spend
- 5,494 total number of invoices
- 852 unique suppliers
- 41% of transactions are one-off
- 13% of suppliers provide more than 12 invoices each year
- 6 average suppliers per subjective code
- 2% of suppliers account for 54% of annual spend (focus for savings)
- 51% of suppliers account for 2% of spend (focus for process improvement)

3.8 Procurement Practices

3.9 The review of practices across the organisation identified a number of opportunities to introduce best practice, reduce costs and remove areas of potential non-compliance. Improvements could be introduced across the procurement lifecycle and not simply focused on buying goods or services, but also how contracts are managed to provide value.

3.10 Managers will be expected to ask if procurement is the right solution, or if there is a better way, such as sharing, doing it ourselves or innovating. This can be overlooked particularly where a good or service is being retendered. Instead, there should be an early assessment of the market and, where required, engagement with key suppliers.

3.11 If procurement is the preferred route, then the method will be determined by the level of spend as well as four other factors, these being;

- Repeatability (is the procurement going to be repeated or one-off)
- Complexity (how complex is the procurement)
- Value and Risk (value of the procurement or the level of risk to the authority)
- Commonality (is it common to a number of services or authorities or specific to us)

3.12 For example, low value, low risk and non-repeatable purchases would not require a formal tender exercise and may often not even require quotes, and so should be done using the fastest and least costly route e.g. procurement or council credit card.

3.13 The council is not always best placed to determine how goods or services are delivered, and so there should be a move away from conformance specifications and towards outcome specifications. This will allow clear outcomes to be set, and potentially measured, while permitting the supplier to work with us to determine the best way to achieve them, providing space to innovate.

3.14 Procurement Skills and Guidance

3.15 Training has historically focused on the rules, regulations and legislation, and has been less focused on developing skills and expertise. Therefore, the training is currently being redesigned to provide bite-size sessions focused on four key areas of skills, knowledge and expertise, these being;

- An overview of procurement
- Writing a specification
- Conducting a procurement exercise
- Managing a contract

3.16 This will be supported by a refreshed procurement portal on the intranet (Brian), providing all the necessary information and documentation to enable more self-help and self-service, while promoting good practice.

3.17 The decentralised approach to procurement has led to a number of areas for improvement, where savings could be realised by aggregating or disaggregating contracts. The recent review of higher value contracts has provided examples of where this could take place although there are likely to be other opportunities as the lower value contracts are also considered.

3.18 It is recommended that contracts are reviewed cross-organisation and aggregated in to corporate contracts where there is an opportunity exists, for example; where there are similar products or services, or where goods and services are aligned (i.e. equipment purchase and maintenance).

3.19 Procurement Methods

3.20 The council pay around 5,000 invoices each year from around 850 suppliers. The process of raising purchase orders, receipting goods and paying invoices is quite intensive and costly. Case studies from other councils have shown that moving to e-procurement can produce savings through the automation of elements of the process. This is reliant on our software provider and suppliers being able to utilise this, and as such provides limitations in the savings available to us.

3.21 However, the National Audit Office (NAO) stated that despite traditional payment methods, such as invoices, decreasing in price over time, the benefit of using different means of payment, such as purchase cards, could potentially save 35%, or £5 per transaction. In addition, a recent case study at Dudley Metropolitan Borough Council demonstrated savings of up to £28 per transaction.

3.22 The council have purchase cards (business credit cards) in use across the council but uptake has been limited. However, a project has begun to increase the use of this payment method in a sensible and structured way, as it can provide savings along with some additional reporting and governance benefits. If all low value, low risk and non-repeatable purchases used purchase cards as their means of payment then this could provide a minimum annual saving of around £15,000.

3.23 Corporate Compliance

3.24 The council has contract procedure rules that set out the procurement routes expected for procurement exercises, depending on the overall value of the contract to be let. This ranges from small one-off purchases, to very high-value corporate contracts.

3.25 In addition, under the Local Government Transparency Code 2015, LDC is required to publish a range of information relating to financial transactions. This includes;

- All expenditure exceeding £500 (incl.; date of expenditure, department, beneficiary, summary of purpose, amount, VAT that cannot be recovered and merchant category).
- All procurement card transactions (incl.; date of transaction, department, beneficiary, amount, VAT that cannot be recovered, summary of purpose and merchant category).
- All procurement details of invitations to tender over £5000 (incl.; reference number, title, description of good or services sought, start date of contract, end date of contract, review dates of contracts, department responsible)
- All procurement details of contracts, frameworks or other legally enforceable agreement over £5000 (incl.; reference number, title of agreement, department responsible, description of good or services, supplier name and details, sum to be paid over the length of the contract or estimated

annual spend or budget, VAT that cannot be recovered, start date of contract, end date of contract, review dates of contracts, whether the contract was an invitation to quote or invitation to tender, whether or not the supplier is a SME, voluntary or charitable organisation with registration number).

- 3.26 It should also be noted, that as a result of the Procurement Policy Note (PPN) 07/16 the council are required to publish opportunities or awards over £25,000 on to Contract Finder (the government portal for public sector contracts, <https://www.gov.uk/contracts-finder>).
- 3.27 Currently, the council are largely compliant with all of these requirements but the review did identify areas for improvement. The most significant issues identified during the review was a lack of awareness by contract owners to update the council's contract register when contracts are retendered, and to ensure contracts finder was updated also.
- 3.28 The revised contract procedure rules are now clear on the need to undertake both of these actions, and the revised guidance being released on the intranet will also be clear on the above requirements. The contract register has also been updated and published and so we remain compliant with our transparency obligations. However this process remains a manual exercise as we do not have specific software for procurement and contract management, something that is being investigated.
- 3.29 Procurement Support**
- 3.30 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.
- 3.31 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.
- 3.32 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.
- 3.33 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.
- 3.34 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).
- 3.35 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.
- 3.36 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.

- 3.37 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.
- 3.38 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.
- 3.39 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.
- 3.40 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	<ol style="list-style-type: none"> 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. 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.
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Consultation	<ol style="list-style-type: none"> Consultation has been undertaken with a range of officer groups and procurement experts.
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Financial Implications	<u>Changes to the Medium Term Financial Strategy (Cashable Savings)</u>						
		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 procurement spend	£86,970	£86,970	£86,970	£86,970	£86,970		

	<p><u>Efficiency Savings (Non Cashable Savings)</u> Reduction in invoice processing costs of £15,000 due to the movement to other payment routes such as purchase cards</p>
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<p>Contribution to the Delivery of the Strategic Plan</p>	<ol style="list-style-type: none"> 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. 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.
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<p>Equality, Diversity and Human Rights Implications</p>	<ul style="list-style-type: none"> • There are no equality, diversity or human rights implications.
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<p>Crime & Safety Issues</p>	<ol style="list-style-type: none"> 1. 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).
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	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.	Y
B	Legal action	Monitor compliance through active involvement in procurement processes and regular reporting	G
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.	G
D	Contract failure	Performance monitoring and contract management meetings in place to ensure delivery against agreed targets.	

<p>Background documents</p> <ul style="list-style-type: none"> • Constitution (https://www.lichfielddc.gov.uk/Council/Constitution.aspx)
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<p>Relevant web links</p> <ul style="list-style-type: none"> • Transparency Code (https://www.gov.uk/government/publications/local-government-transparency-code-2015) • Contract Finder (https://www.gov.uk/contracts-finder)
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Neighbourhood Area Designations – determination of applications for designation

Report of the Cabinet Member for Economic Growth, Environment & Development Services:
Councillor I. Pritchard



Date:	4 September 2018
Agenda Item:	7
Contact Officer:	Patrick Jervis/Ashley Baldwin
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Key Decision?	YES
Local Ward Members	All ward members

CABINET

1. Executive Summary

- 1.1 In July 2015 a meeting of the Full Council determined to grant delegated powers to the Cabinet Member for Economic Growth, Environment & Development and the Strategic Director for Democratic, Development and Legal services to determine applications from parish councils for their areas to be designated as Neighbourhood areas. Since that time the Neighbourhood Planning Regulations have been amended with regard to Neighbourhood area designation to require Council's to automatically designate a Neighbourhood area where a Parish Council applies for all of its area to be designated without the need for consultation. As such this report seeks to clarify the delegated authority previously granted in line with the amended Neighbourhood plan regulations.

2. Recommendations

- 2.1 That the Cabinet supports a recommendation to Full Council 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.

3. Background

- 3.1 Neighbourhood planning is one of the provisions of the 2011 Localism Act allowing local communities to bring forward detailed policies and plans which can form part of the statutory planning process for an area and its residents. The first statutory stage in the production of a neighbourhood plan is for the relevant body (in Lichfield District this must be the Parish Council) to have their area designated as a neighbourhood area.
- 3.2 Previously applications for the designation of a neighbourhood area were required to be subject to six weeks formal consultation prior the District Council's consideration of the designation. In 2015 amendments were made to the regulations which required the District Council to undertake this process, inclusive of the six week consultation, within 8 weeks of the application being made. Following this the District Council resolved to grant delegated authority to the Cabinet Member for Economic Growth, Environment & Development Services to determine such applications where these could not be made by committee within the 8 week timescale prescribed by the regulations.
- 3.3 Since that time further amendments have been made to the Neighbourhood Planning regulations. One such amendment inserts regulation 5A which requires the Local Authority to designate the

neighbourhood area as applied for where this area is the whole area of a Parish Council without the requirement for public consultation. Now that the Cabinet member title and regulations have changed since the original delegated authority was granted it is important that a Cabinet members are brought up to speed with this changes. Subject to Cabinet agreement this will result in an update to the constitution. This will ensure neighbourhood area designations can be made without delay and in accordance with the amended neighbourhood planning regulations.

3.4 It is therefore recommended that the delegated authority previously granted be maintained and that where a neighbourhood area designation application is made by a Parish Council for their whole area that the Cabinet Member for Economy, Environment & Economic Growth would determine the application and designate the area.

Alternative Options	<ol style="list-style-type: none"> 1. Members receive a report for each area designation following an application by a Parish Council. This would result in a delay to the designation of neighbourhood areas which is not consistent with the updated regulations.
Consultation	<ol style="list-style-type: none"> 1. In line with the Regulations any draft neighbourhood plan will be required to be subject to at least two formal public consultations. These consultation stages are required by legislation and must take place in order for the neighbourhood plan to progress.
Financial Implications	<ol style="list-style-type: none"> 1. The Government has made grant aid available to District Councils in recognition of the level of resourcing required in the administration of Neighbourhood Plans. Government guidance states that ‘this money is to ensure LPAs receive sufficient funding to enable them to meet new legislative duties on neighbourhood planning. Specifically, it covers the neighbourhood planning duties in the Localism Act which are to provide advice and assistance; to hold an examination; and to make arrangements for a referendum’. However it should be noted that the level of grant aid has decreased over time. 2. Upon successful referendum the District Council becomes eligible and can apply for a grant of £20,000. 3. Communities with Neighbourhood Plans in place will also be entitled to 25% of the Community Infrastructure Levy (CIL) receipts generated by eligible development in their area (uncapped). Communities with no Neighbourhood Plan will be entitled to 15% (capped).
Contribution to the Delivery of the Strategic Plan	<ol style="list-style-type: none"> 1. The Neighbourhood Plan will need to demonstrate that it is in broad conformity with the Local Plan Strategy which conforms with the Strategic Plan.
Equality, Diversity and Human Rights Implications	<ol style="list-style-type: none"> 2. The extensive consultation procedures provided for by the Planning and Compulsory Purchase Act 2004 ensure that consultation is undertaken with the wider community.
Crime & Safety Issues	<ol style="list-style-type: none"> 1. Crime and Community safety issues may be considered as part of an emerging Neighbourhood Plan.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Cabinet do not agree to delegation of authority. This would result in a delay in the designation for future neighbourhood area designation applications.	Report designation applications to members through Cabinet. This would result in a delay to designations which would not accord with the regulations.	Y
B	Further changes made to neighbourhood planning regulations.	Officers assess any future regulation changes and prepare future advice/reports for members if any such regulatory changes would require changes to delegated authority.	Y

Background documents

1. [Neighbourhood Planning \(General\) Regulations 2012](#)

Relevant web links

[Local Plan](#)

[Neighbourhood Plans](#)

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Delivering the Property Investment Strategy

Leader of the Council

Date: 4 September 2018

Agenda Item: 8

Contact Officer: Billy Webster

Tel Number: 01543 308225

Email: billy.webster@lichfielddc.gov.uk

Key Decision? YES

Local Ward ALL

Members



CABINET

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 acquisition decisions up to the value of £2m.
- 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 £1.8m 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.
- 1.12 It should be noted that this report and recommendations will be considered by Strategic Overview and Scrutiny Committee prior to it proceeding to Full Council in October, thereby permitting any observations from that committee to be reflected in the final report.

2. Recommendations

- 1.13 Cabinet agree the appointment of two posts within the newly created estates team
- 1.14 Cabinet recommend 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 this report.
- 1.15 Cabinet recommend to Council to 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.
- 1.16 Cabinet recognise the creation of a new officer group to provide cross-organisation focus to asset management
- 1.17 Cabinet recognise the need to create a local authority company to deliver our development and housing ambitions
- 1.18 Cabinet recommend to Council the delegation of 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

3. Background

- 1.19 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.
- 1.20 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

- 1.21 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.
- 1.22 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.
- 1.23 Property Management**
- 1.24 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.
- 1.25 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.
- 1.26 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.
- 1.27 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.
- 1.28 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 reserved cover any shortfall.
- 1.29 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.
- 1.30 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 £1.5m.
- 1.31 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..
- 1.32 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.

1.33 Property Governance

- 1.34 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.
- 1.35 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.
- 1.36 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.

1.37 Property Investment

- 1.38 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.
- 1.39 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.
- 1.40 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.
- 1.41 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.
- 1.42 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 approve property acquisitions of up to £2m, in consultation with the s151 officer and monitoring officer. It should be noted that this will require a change to the constitution.
- 1.43 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).
- 1.44 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).

1.45 Development of Residential Property

- 1.46 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.

- 1.47 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).
- 1.48 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.
- 1.49 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
- 1.50 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
- 1.51 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.
- 1.52 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.
- 1.53 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
- 1.54 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

- 1.55 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.
- 1.56 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).
- 1.57 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.
- 1.58 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.

1.59 Funding a Company

- 1.60 It is anticipated that the company will be funded through 75% borrowing and 25% equity, as is usual in such instances.
- 1.61 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).
- 1.62 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.
- 1.63 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).
- 1.64 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.
- 1.65 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.
- 1.66 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.
- 1.67 As the company grows it can begin to look to create subsidiaries for this work, limiting tax liabilities and ensuring additional control.
- 1.68 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.

1.69 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.
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 and will go to Strategic O&S prior to Full Council.
Financial Implications	<u>Changes to the Medium Term Financial Strategy</u>

Property Management

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.

	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 to at least £10,000 per annum.

<p>Contribution to the Delivery of the Strategic Plan</p>	<ol style="list-style-type: none"> 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. 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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<p>Equality, Diversity and Human Rights Implications</p>	<ol style="list-style-type: none"> 1. There are no equality, diversity or human rights implications.
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<p>Crime & Safety Issues</p>	<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](#)

Property Investment Strategy Alternative Assumptions

More Optimistic assumptions than MTFS					
	Assumed	2018/19	2019/20	2020/21	2021/22
Property Investment Strategy					
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
Property Investment Strategy					
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%

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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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