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4 February 2019

Dear Sir/Madam

CABINET

A meeting of the Cabinet has been arranged to take place on **TUESDAY 12TH FEBRUARY, 2019 at 6.00 PM IN THE COMMITTEE ROOM** District Council House, Lichfield to consider the following business.

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

Yours faithfully

A handwritten signature in black ink, appearing to read 'Neil Turner'.

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

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| 1. | Apologies for Absence | |
| 2. | Declarations of Interest | |
| 3. | Adoption of Revised CCTV Code of Practice | 3 - 44 |
| 4. | Money Matters: 2018/19 Review of Financial Performance Against the Financial Strategy | 45 - 68 |
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| 6. | Fradley Neighbourhood Plan Final Decision Statement | 127 - 196 |
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| 8. | <p>Exclusion of Press and Public</p> <p style="margin-left: 40px;">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"</p> | |
| 9. | <p>Lichfield Garrick Theatre</p> <p style="margin-left: 40px;"><i>This report is to be considered in private since it contains exempt information (as defined in Paragraph 3, Part 1 of Schedule 12A of the Local Government Act 1972) relating to the financial affairs of the Authority and an external organisation.</i></p> | 201 - 218 |
| 10. | <p>Digital Strategy - Server Support Contract</p> <p style="margin-left: 40px;"><i>This report is to be considered in private since it contains exempt information (as defined in Paragraph 3, Part 1 of Schedule 12A of the Local Government Act 1972) relating to the financial/business affairs of the Authority.</i></p> | 219 - 224 |



Adoption of revised CCTV Code of Practice

Report of Cabinet Member for Finance and Democratic Services

Date: 12 February 2019

Agenda Item: 3

Contact Officers: Neil Turner – Director of Transformation & Resources
Bal Nahal – Head of Legal, Property & Democratic Services

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Key Decision? YES

Local Ward

Members Of interest to all ward Members



CABINET

1. Executive Summary

- 1.1 The Council operates a number of CCTV systems including the Public Static Scheme run in partnership with the Three Spires Shopping Centre, fixed systems at the council house and the depot, the waste and streetscene fleet system, cameras worn by environmental health officers, and fly-tipping surveillance cameras.
- 1.2 In operating these systems, the council is required to observe the Government's Surveillance Camera Code of Practice which provides guidance on the appropriate use of cameras.
- 1.3 To demonstrate compliance, Cabinet approved its own Code of Practice in March 2017 which described why and how it uses CCTV systems.
- 1.4 The Code of Practice has been reviewed – and redrafted - to ensure that it allows the council to implement the Joint Waste Service's Improvement Plan and this report seeks Cabinet approval to re-adopt the Code.
- 1.5 The revised Code of Practice 2019 is attached at **Appendix A**.
- 1.6 Revisions have been included to allow the following:
 - To describe additional purposes for having a CCTV system on its waste fleet. These additional purposes will allow footage to be used to help enhance customer care and to investigate service complaints; to help improve productivity; and for training purposes;
 - To make it easier to request viewings;
 - To update job titles;
 - Removal of reference to systems in leisure centres and in Beacon Park;
 - To clarify meaning and remove duplication and contradiction;
 - To correct grammatical and other errors.

2. Recommendations

- 2.1 It is recommended that Cabinet approves the CCTV Code of Practice.

3. Background

3.1 In June 2013 the Secretary of State introduced the Surveillance Camera Code of Practice pursuant to the Protection of Freedoms Act 2012. It provides guidance on the appropriate and effective use of surveillance camera systems and contains 12 principles:

- (1) Use of a surveillance camera system must always be for a specified purpose which is in pursuit of a legitimate aim and necessary to meet an identified pressing need.
- (2) The use of a surveillance camera system must take into account its effect on individuals and their privacy, with regular reviews to ensure its use remains justified.
- (3) There must be as much transparency in the use of a surveillance camera system as possible, including a published contact point for access to information and complaints.
- (4) There must be clear responsibility and accountability for all surveillance camera system activities including images and information collected, held and used.
- (5) Clear rules, policies and procedures must be in place before a surveillance camera system is used, and these must be communicated to all who need to comply with them.
- (6) No more images and information should be stored than that which is strictly required for the stated purpose of a surveillance camera system, and such images and information should be deleted once their purposes have been discharged.
- (7) Access to retained images and information should be restricted and there must be clearly defined rules on who can gain access and for what purpose such access is granted; the disclosure of images and information should only take place when it is necessary for such a purpose or for law enforcement purposes.
- (8) Surveillance camera system operators should consider any approved operational, technical and competency standards relevant to a system and its purpose and work to meet and maintain those standards.
- (9) Surveillance camera system images and information should be subject to appropriate security measures to safeguard against unauthorised access and use.
- (10) There should be effective review and audit mechanisms to ensure legal requirements, policies and standards are complied with in practice, and regular reports should be published.
- (11) When the use of a surveillance camera system is in pursuit of a legitimate aim, and there is a pressing need for its use, it should then be used in the most effective way to support public safety and law enforcement with the aim of processing images and information of evidential value.
- (12) Any information used to support a surveillance camera system which compares against a reference database for matching purposes should be accurate and kept up to date.

3.2 The Council adopted its first Code of Practice, built on these principles, in 2017.

- 3.3 The revised Code of Practice covers all of the Council's CCTV operations encompassing the public static scheme, Waste and Streetscene Fleet, the depot, Council Offices, Body Worn Cameras and Fly Tipping Cameras.
- 3.4 The Code of Practice has been redrafted to facilitate the Joint Waste Service's Improvement Plan which proposes the use of the Waste Fleet CCTV to allow the proactive use of footage for the purposes of improving productivity, training of supervisors and crews, and to enhance customer care.
- 3.5 Whilst the Code may allow the council to use the CCTV for this purpose, a supplementary Protocol is being discussed with the union. This Protocol, which will be agreed with the union, will describe how, when and who can access and use footage for the purposes of monitoring and improving productivity and identifying the training needs of staff.
- 3.6 Additional changes also include:
- To allow the public static scheme to monitor the progress of a person that may appear to be vulnerable, for instance to track a lost child;
 - To update job titles;
 - The removal of reference to systems in leisure centres and in Beacon Park;
 - To clarify meaning and remove duplication and contradiction; and
 - To correct grammatical and other errors.

Alternative Options	The council is expected to have a Code of Practice for the operation of its CCTV systems but the Code could be drafted in a number of ways.
Consultation	<p>The original Code was adopted following consultation with the Police and with the managing agents for the Three Spires.</p> <p>All system managers have been consulted on the redrafting of the Code.</p> <p>The principal changes to the Code relate to the operation of the Waste Fleet operated by the Joint Waste Service and there has been extensive discussion with employees of the Service and the union.</p>
Financial Implications	There are no financial implications directly related to the adoption of the Code.
Contribution to the Delivery of the Strategic Plan	<p>The purpose of the CCTV scheme is to make the district a safer and more welcoming place at any time of day or night, giving residents and visitors the opportunity to live their lives fully and without fear. This commitment is reflected in our Strategic Plan (2016-2020) which sets out to ensure the district has:</p> <ol style="list-style-type: none"> 1. A vibrant and prosperous economy encouraging more visitors and businesses. 2. Healthy and safe communities where people feel safer and less worried about crime and anti-social behaviour. 3. Clean, green and welcoming places which are accessible and safe.
Equality, Diversity and Human Rights Implications	The Code of Practice ensures the scheme is operated in accordance with all relevant legislation and guidance that have equality, diversity and human rights implications.

Crime & Safety Issues	One of the objectives of the CCTV systems is to prevent, reduce, investigate and detect crime.
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GDPR/Privacy Impact Assessment	The Code details how the Council will manage its CCTV systems and the data in accordance with GDPR and requirements for privacy impact assessments.
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	Risk Description	How We Manage It	Severity of Risk (RYG)
A	That the Council operates CCTV in contravention of the Surveillance Camera Code of Practice pursuant to the Protection of Freedoms Act 2012, the Data Protection Act 1998, Human Rights Act 1998 and Regulation of Investigative Powers Act 2000.	Utilisation of the Code of Practice for the operation of the Council's Public CCTV systems. Close working relationship with the Control Room based at the Three Spires Management Suite.	Green
B	The Code does not provide enough authority to be able to use the CCTV system in a way that allows the Waste Improvement Plan to be implemented	The Code has been drafted in consultation with the Union and employees of the Waste Service. The protocols in accessing and using the system for the purposes of improving productivity and identifying training needs will be incorporated in a subservient Protocol which will be agreed with the council's Employee Liaison Group which includes union representatives.	Green

Background documents – Appendix A Code of Practice
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Lichfield District Council CCTV Code of Practice

- Public Static Scheme
- Waste Fleet including Streetscene vehicles
- Depot
- Council Offices
- Body Worn Cameras
- Fly-tipping Surveillance Cameras

February 2019

Owner: Head of Legal, Property and Democratic Services

Published on the council's website at lichfielddc.gov.uk/cctv

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1. Introduction

- 1.1 This Code of Practice demonstrates the Council's compliance with the Surveillance Code of Practice published by the Home Office in June 2013 and the principles of surveillance by consent which are set out within that code.
- 1.2 This Code, and compliance with this Code, is the responsibility of the Council's Head of Legal, Property & Democratic Services.
- 1.3 This Code covers the following CCTV systems: Public Static Scheme, Waste Fleet including streetscene; Council Offices, Depot; and body worn cameras and fly tipping mobile cameras used by Regulatory Services.
- 1.4 The Council uses each CCTV system for its own specific purpose with its own operational protocols. This Code describes how the Council demonstrates compliance in respect of each and all of its systems.
- 1.5 The purpose of this Code is to ensure that the CCTV systems are justified, used effectively and that their use complies with the relevant legislation.
- 1.6 The systems will not be used for any other purpose than those described in this Code.
- 1.7 This Code is to ensure that the Council, staff involved in managing, operating and running the system, and the public, are protected from inappropriate operation of the systems.
- 1.8 When clarification or interpretation is required as to the extent and meaning of this Code, advice should be sought from the Head of Legal, Property & Democratic Services, or, for matters relating to the Waste Fleet, the Chairman of the Employee Liaison Group.

2. Purpose of each of the CCTV Systems

2.1 The Council operates 6 separate systems:

- a. Public Static system
- b. Waste Fleet system including Streetscene vehicles
- c. Depot system
- d. Council offices system
- e. Body-worn camera system
- f. Fly-tipping surveillance system

a. Public Static system

- 2.2 The Council is in partnership with the managing agents of the Three Spires Shopping Centre (Three Spires), Lichfield, to provide and operate a static CCTV system that covers the streets and other public areas of Lichfield city centre, and other retail areas of Lichfield and Burntwood.
- 2.3 The Council and Three Spires are jointly responsible for the fair and effective operation of all aspects of the Public Static system.
- 2.4 The system complies both with this Code and a separate Operational Manual.
- 2.5 The system comprises a number of colour and monochrome cameras and is operated from a Control Room located at the Three Spires Shopping Centre, Gresley Row, Lichfield.
- 2.6 The images from these cameras are recorded and monitored 24 hours a day, 365 days a year.
- 2.7 The Three Spires Manager, CCTV staff, including the Control Room Manager, and other representatives of the operating company – currently Axis – and the council's Technical Assistant have authorised routine access to the Control Centre.
- 2.8 Day to day management of the system is the responsibility of the Control Room Manager.
- 2.9 All recorded material is the property of Lichfield District Council, which retains copyright.

b. Waste Fleet including Streetscene vehicles

- 2.10 The Council provides and operates a CCTV system with cameras mounted upon each of the Joint Waste Service's fleet of waste vehicles. The Waste Service collects domestic and trade waste from properties throughout Lichfield district, Tamworth borough and part of North Warwickshire for disposal at sites inside and outside the collection areas.
- 2.11 In addition, a number of vehicles used by the Streetscene team also have CCTV cameras.

- 2.12 The Council is solely responsible for the fair and effective operation of the system.
- 2.13 The system complies both with this Code and separate Operational Protocols.
- 2.14 The system comprises a number of colour cameras mounted on each vehicle which view the vehicle and its immediate environment.
- 2.15 The images from these cameras are recorded whilst the vehicle is in use.
- 2.16 Images are recorded to an in-cab device which is not accessible to the crew. Access to the in-cab device is restricted to authorised personnel only.
- 2.17 The CCTV footage can be downloaded via secure Wifi link from the vehicle to a computer with password protected software.
- 2.18 Day to day management of the system is the responsibility of the General Manager.
- 2.19 All recorded material is the property of Lichfield District Council, which retains copyright.

c. Depot

- 2.20 The Council provides and operates a CCTV system that records activity inside and outside the depot buildings, Plant Lane, Burntwood.
- 2.21 The Council is solely responsible for the fair and effective operation of the system.
- 2.22 The system comprises a number of colour cameras focusing on areas including but not limited to the gate, car park, fuel store, entry doors and inside the buildings.
- 2.23 The images from these cameras are recorded 24 hours per day, 365 per day.
- 2.24 Live images can be viewed from within the depot but there is no routine monitoring.
- 2.25 Live images may be monitored by a third party alarm receiving centre if an alarm is triggered.
- 2.26 Day to day management of the system is the responsibility of the council's Operational Services Manager.
- 2.27 All recorded material is the property of Lichfield District Council, which retains copyright.

d. Council Offices

- 2.28 The Council provides and operates a CCTV system that records activity in and around the Council Offices, Frog Lane, Lichfield.

- 2.29 The Council is solely responsible for the fair and effective operation of the system.
- 2.30 The images from these cameras are recorded on a motion detection basis 24 hours a day, 365 days. The cameras are not monitored.
- 2.31 Day to day management of the system is the responsibility of the council's Information and Communications Technology Manager.
- 2.32 All recorded material is the property of Lichfield District Council, which retains copyright.

e. Body Worn Cameras (BWC)

- 2.33 The Regulatory Services team sometimes use body worn cameras whilst on visits or undertaking patrols.
- 2.34 The Council is solely responsible for the fair and effective operation of the system.
- 2.35 These cameras are used to record incidents where the team member believes there to be a threat of confrontation with a member of the public. Recording is stopped at the end of the visit.
- 2.36 Any member of the public who is being spoken to and who may be recorded on body worn cameras will be made aware of the fact that they are being recorded.
- 2.37 Day to day management of the system is the responsibility of the council's Head of Regulatory Services.
- 2.38 All recorded material is the property of Lichfield District Council, which retains copyright.

f. Fly Tipping Surveillance Cameras

- 2.39 The Regulatory Services team sometimes use covert surveillance cameras for the purposes of investigating persistent fly-tipping.
- 2.40 The Council is solely responsible for the fair and effective operation of the system.
- 2.41 The system comprises portable, battery powered cameras which are positioned at known fly-tipping hotspots which have been recently used to dispose of waste illegally.
- 2.42 Where cameras are located covertly, the Council will seek authorisation from a Magistrates Court via the Regulation of Investigatory Powers Act (RIPA). Such RIPA authorisations will only be sought for a limited duration, in line with guidance.
- 2.43 These cameras are motion activated and recording takes place for a set period of time following activation.

- 2.44 Day to day management of the system is the responsibility of the council's Head of Regulatory Services.
- 2.45 All recorded material is the property of Lichfield District Council, which retains copyright.

3. The 12 Principles of the national Code of Practice

- 3.1 This Code has been set out in the order of the 12 principles as described in the Surveillance Camera Commissioner Codes of Practice.

4. Principle 1 – Purpose, Aim, Pressing Need

Use of a surveillance cameras system must always be for a specified purpose which is in pursuit of a legitimate aim and necessary to meet an identified pressing need.

For all systems

4.1 The purpose and aims of all of these systems to meet a pressing need are to:-

- protect areas and premises used by the public and employees
- deter and detect crime and anti-social behaviour
- assist in the identification of offenders leading to their arrest and successful prosecution
- increase public reassurance
- discourage aggressive or violent behaviour towards staff
- improve public safety

4.2 In addition, there are additional purposes and aims of the individual systems as follows:

For public static system

- Maintain and enhance the commercial viability of the city and encourage continued investment
- Encourage better use of city facilities and attractions

For the waste fleet system including Streetscene

- help the Council to meet its responsibilities under the Health and Safety at Work Act 1974 and associated Regulations
- record evidence that might be used to investigate accidents, 'near-misses', dangerous occurrences or other incidents
- investigate incidents that have caused harm to people or damage to property
- investigate damage to a vehicle or an unexplained change in the condition of a vehicle;
- examine reported 'near misses' for lessons learned
- investigate complaints about the behaviour of members of the public towards staff
- investigate complaints made about the behaviour of staff on matters which affect the health and safety of any person or safety of equipment or the way it is used
- reassure employees that crime or aggressive or violent behaviour towards them will not be tolerated
- to help improve the efficiency of operations
- to monitor and improve compliance with safe working practices and to help identify training needs

- use as training aids for the demonstration of good and poor operational practice (where permission of those identifiable has been received).
- reduce the likelihood of vexatious or frivolous complaints from members of the public
- check customer service complaints and to improve customer care.

Using footage from the waste vehicles will:

- assist the Council and its insurers to defend or progress insurance claims
- help reduce insurance premiums
- protect the vehicle from damage or theft
- provide evidence to help understand the cause and seriousness of accidents, 'near misses' and dangerous occurrences
- help investigate reported breaches of the Health and Safety Policy and established working practices
- provide evidence to resolve complaints, grievances or whistleblowing reports
- provide evidence to support the inquiries of enforcement bodies
- help train staff
- help improve productivity levels
- enhance customer care

For the Fly-tipping surveillance systems

- Investigate and detect fly tipping

5. Principle 2 – Privacy and Reviews

The use of a surveillance camera system must take into account its effect on individuals and their privacy, with regular reviews to ensure its use remains justified.

Public Static System

- 5.1 The council respects and supports the individual's entitlement to go about their lawful business and this is a primary consideration in the operation of the System. Although there is inevitably some loss of privacy when CCTV cameras are installed, cameras will not be used to monitor individuals in the ordinary course of lawful business. Individuals will only be monitored if there is reasonable cause to suspect that an offence has been or may be about to be committed, or there is concern about an individual's immediate safety.
- 5.2 The system observes the following practices:
1. The Control Centre Operators must only use the cameras to view public areas and not to look into the interior of any private premises. The only exceptions to this rule is if an authorised operation is mounted under the Regulation of Investigatory Powers Act or an immediate response to a police or other enforcement agencies' request for assistance following a crime being committed, or if an Operator, whilst operating the cameras in accordance with this Code of Practice, nevertheless happens to observe something which she/he believes indicates that a serious crime is being, or is about to be committed in a non-public area.
 2. Static Cameras must be positioned in such a way as not to view private areas
 3. Any event where an Operator takes a decision to view or continue viewing a private area must be entered into the Incident Log. The details must include location, time, date, camera number and the reason for the observation. Operators will be required to justify their actions. Any breach of this condition of employment will result in disciplinary proceedings and may lead to the dismissal of the Operator.
 4. A privacy impact assessment of each camera in the system will be undertaken annually by the Technical Assistant.
 5. The public are informed of a CCTV system being in operation through the use of appropriate signage throughout the monitored area.

Waste Fleet and Streetscene

- 5.3 The council respects and supports the individual's entitlement to go about their lawful business and this is a primary consideration in the operation of the System. Although there is inevitably

some loss of privacy when CCTV cameras are installed, cameras will not be used to monitor individuals, including employees, in the ordinary course of lawful business.

- 5.4 Footage may be used subsequently to assess operations with a view to improving productivity or for training.
- 5.5 The system observes the following practices:
1. The cameras are not monitored.
 2. The cameras are positioned to enable a view of the vehicle and its immediate environment. The view of the camera is fixed in relation to the vehicle. Any view into a private area is unintended and temporary.
 3. Footage is reviewed either to investigate a specific incident or is sampled to maintain and improve operational efficiency.
 4. A privacy impact assessment of each camera position on a vehicle will be undertaken annually by the Transport Officer.
 5. The public are informed of a CCTV system being in operation through the use of appropriate signage on the vehicle and on the uniform of the crew.
 6. Employees are advised that the CCTV system is in operation through in-cab signs, letter of appointment, briefings and minutes of the Health and Safety Committee.

Depot

- 5.6 The council respects and supports the individual's entitlement to go about their lawful business and this is a primary consideration in the operation of the System. Although there is inevitably some loss of privacy when CCTV cameras are installed, cameras will not be used to monitor individuals, including employees, in the ordinary course of lawful business.
- 5.7 The system observes the following practices:
1. The cameras are only monitored when an alarm – intruder, fire or smoke - is raised.
 2. The cameras are positioned in such a way as not to view private areas.
 3. A privacy impact assessment of each camera will be undertaken annually by the Operational Services Manager.
 4. The public are informed of a CCTV system being in operation through the use of appropriate on-site signage.
 5. Employees are advised that the CCTV system is in operation.

Council House

- 5.8 The council respects and supports the individual's entitlement to go about their lawful business and this is a primary consideration in the operation of the System. Although there is inevitably some loss of privacy when CCTV cameras are installed, cameras will not be used to monitor individuals, including employees, in the ordinary course of lawful business.
- 5.9 The system observes the following practices:

1. The cameras are not monitored.
2. The cameras are positioned in such a way as not to view private areas.
3. A privacy impact assessment of each camera will be undertaken annually by the Information and Communications Manager.
4. The public are informed of a CCTV system being in operation through the use of appropriate on-site signage.
5. Employees are advised that the CCTV system is in operation.

Body-Worn Cameras

- 5.10 The council respects and supports the individual's entitlement to go about their lawful business and this is a primary consideration in the operation of the System. Although there is inevitably some loss of privacy when CCTV cameras are worn, cameras will not be used to monitor individuals, including employees, in the ordinary course of lawful business.
- 5.11 The system observes the following practices:
1. The cameras are worn by members of the Environmental Health team whilst undertaking visits and patrols.
 2. The cameras record the experience – footage and sound – experienced by the officer wearing the camera.
 3. The cameras are only to be activated in a situation where the officer feels that there is a real risk of threat/intimidation/confrontation and/or needs to gather evidence.
 4. A privacy impact assessment of the system will be undertaken annually by the Environmental and Protection Manager.
 5. The public are informed of a CCTV system being in operation verbally and through the use of appropriate on-clothing signage.
 6. A verbal warning should be given prior to activation of the cameras. Upon activation the officer will inform the member of the public that:-
 - The camera is recording
 - Their name and the number of the case
 - The names of other persons present
 - That they are working on behalf of Lichfield District Council
 - They will also state the date, time and location
 7. Recording should last for the length of the incident and there should be a new recording for each incident.
 8. Upon returning to the office an incident log should be completed and the camera handed over to the designated officer in charge of collecting incident evidence to be downloaded.
 9. No individual EHO should download their evidence from their own cameras or tamper with evidence. If this were to occur the EHO would face disciplinary proceedings.
 10. All evidence should be deleted from the camera once it has been downloaded.

Fly-tipping Surveillance System

- 5.12 The council respects and supports the individual's entitlement to go about their lawful business and this is a primary consideration in the operation of the System. Although there is inevitably some loss of privacy when CCTV cameras are installed, cameras will not be used to monitor individuals in the ordinary course of lawful business.
- 5.13 The system observes the following practices:
1. The cameras are only positioned at locations where there is known to be a persistent problem with fly-tipping.
 2. The cameras are positioned in such a way as not to view private areas.
 3. The cameras are activated by motion sensors and record for a set time following activation.
 4. Footage is only recovered, viewed and saved if fly-tipping has taken place since the camera was set.
 5. Footage recorded that is not relevant to a fly-tipping incident will be deleted as soon relevant evidence has been saved.
 6. Footage taken when there is no evidence of fly-tipping will be deleted without viewing.
 7. A privacy impact assessment of each deployment will be undertaken by the Environmental Protection and Housing Manager.
 8. Signs are displayed to inform members of the public that the areas is being monitored unless RIPA authorisation has been obtained from a Magistrates' Court which means no signage is required.

6. Principle 3 – Transparency and Contact

There must be as much transparency in the use of a surveillance camera system as possible, including a published contact point for access to information and complaints.

Cameras and Signage

- 6.1 All cameras are sited so that they are clearly visible, although some are mounted within protective domes. No hidden cameras will be used (except for Fly Tipping cameras), nor will the council utilise any non-functioning or 'dummy cameras'.
- 6.2 Publicity will be given to the system by clear signing within the monitored area. This will ensure that both the maximum deterrent value is achieved and that the public are clearly aware when they are in a monitored area. The system will not record sound in public places with the exception of Body Worn Cameras. Body Worn Cameras will also have clear signage on the uniform of the attending officer.
- 6.3 Moveable cameras used for monitoring fly tipping will be discreetly located but signage will be in the area unless RIPA authorisation has been obtained from a Magistrates Court which means no signage is required.
- 6.4 If any re-deployable CCTV cameras are used then these are normally mounted on posts and send their images back to the CCTV Control Room via an encrypted radio signal. The use of these cameras is governed in exactly the same way as the fixed position cameras and they will be operated in accordance with this Code of Practice.

Access to information

- 6.5 This Code is available at the Council reception and on its website lichfielddc.gov.uk/cctv
- 6.6 The point of contact is the Council's Head of Legal, Property & Democratic Services at Lichfield District Council, and can be contacted either by email: cctv@lichfielddc.gov.uk or by phone 01543 308000.

Complaints

- 6.7 Complaints about any aspect of the council's CCTV systems will be considered through the council's normal complaints procedure.
- 6.8 Details about the procedure are on the its website: lichfielddc.gov.uk/complaints

Transparency

- 6.9 An annual report on the use and operation of the CCTV systems is produced and published on the council's website at lichfielddc.gov.uk/cctv.
- 6.10 The annual report covers a calendar year and publication is expected in around February.

7. Principle 4 - Accountability

There must be clear responsibility and accountability for all surveillance camera system activities including images and information collected, held and used.

- 7.1 Overall responsibility for the Code and the council's Single Point of Contact for its CCTV systems is the Head of Legal, Property and Democratic Services
- 7.2 The following Council officers are responsible for the CCTV systems:
 - Public Static Scheme – Technical Assistant
 - Waste Fleet / Streetscene – General Manager / Operational Services Manager respectively
 - Depot – Operational Services Manager
 - Council Offices – Information and Communications Technology Manager
 - Body Worn Camera – Environmental Protection and Housing Manager
 - Fly-tipping surveillance cameras – Environmental Protection and Housing Manager
- 7.3 Those identified above are also responsible for the development and operation of each system, for ensuring there is appropriate consultation and transparency over its purpose, deployment and for reviewing how effectively it meets its purpose.
- 7.4 They are also responsible for the images and information collected, held and used.
- 7.5 They are also responsible for undertaking an annual audit of the system to ensure compliance with the code.

8. Principle 5 – Policies for Use

Clear rules, policies and procedures must be in place before a surveillance camera system is used, and these must be communicated to all who need to comply with them

Public Static CCTV System Staffing

- 8.1 The Control Room will be operated on a 24-hour basis.
- 8.2 Staff are employed by an operator company (currently Axis) under contract to Three Spires.
- 8.3 Staff are appointed subject to approved vetting procedures, to ensure their suitability for the work.
- 8.4 Three Spires requires that the operator company ensures that all staff are trained to a proficient level and are licensed by the Security Industry Authority before they are allowed to take up an operational position in the Control Room.
- 8.5 Training will include:
 - Use of equipment
 - Observation techniques
 - Council procedures and record keeping
 - Report procedures and action on incidents
 - Evidence handling
 - Actions in the event of an emergency
 - Legislation and crime prevention
 - Operational exercises
- 8.6 A suitably qualified member of the operator company will supervise all training at all times.
- 8.7 The operator company will also ensure that all operators are provided with annual “Refresher Training” to ensure that the highest operating and management standards are maintained.
- 8.8 The operator company will ensure that training records are maintained for each member of staff employed in the Control Room.
- 8.9 Conditions of employment will require a “Confidentiality Clause” which prohibits public and private disclosure of information obtained during monitoring. This clause will be effective both during and after staff service on the scheme.
- 8.10 Staff will be required to provide the Police from time to time with statements required for evidential purposes.

- 8.11 Three Spires, the operator company (Axis) and the Council all reserve the right to exclude permanently from the Control Room, and/or require the dismissal of, any Operator who is in breach of this Code.

Operating Efficiency

- 8.12 The Control Room Duty Operators will confirm daily the operational efficiency of the system and the link to the Police. Any defects will be reported to the Council. They will be logged and remedial action will be taken as quickly as possible.
- 8.13 The Operator will endeavour to ensure that there is at least one person in the Control Room at all times.
- 8.14 All use of the cameras shall accord with the purposes and key objectives of the Scheme as developed in training and specific operating instructions to staff, and shall comply with the Code.
- 8.15 Images and records will be reviewed periodically, and without prior notice to staff, by Three Spires and audited by the Council to ensure that this is happening. Staff will be aware that they will be subject to this audit of their recordings and will be required to justify their interest in a member of the public or particular premises. In the event of an emergency requiring evacuation of the Control Room, procedures will be put into operation to ensure the continued operation and security of the system.

Access

- 8.16 The Control Room door has an access control system and will remain secured at all times. Routine access to the Control Centre will be limited to:
- Duty CCTV staff
 - Designated officers of the Council
 - Designated police officers
 - Police officers who have been authorised by the Police Duty Officer and by prior arrangement with the CCTV Manager or duty CCTV staff.

Visitors

- 8.17 Organised visits for viewing the operation of the system will be arranged from time to time, but these may be subject to change or termination at short notice to meet operational requirements. Operation of equipment will only be carried out by the duty staff. All other persons wishing to visit the Control Room must make their request to the Technical Assistant. Visitors may be asked to make their request in writing specifying the reasons for that request.
- 8.18 It is important that operations are managed with the minimum of disruption. Casual visits will not be permitted. All visitors will sign a log detailing their name, company, organisation, and their arrival/departure times. This log will be subject to regular audit and assessed to ensure compliance with the Code and operating procedures.

Contractors

- 8.19 Access for contractors will be necessary from time to time for the purpose of maintaining the Control Room and its equipment. This will be limited to that strictly necessary for the work. At no time will contractors be left unattended in the Control Room. All contractors' visits will be logged.

Police

- 8.20 The Police should not require access to the Control Centre unless specifically designated or authorised. Police officers attending unexpectedly shall only be admitted after the purpose of the visit has been approved by contact with the Police Duty Officer or the CCTV Supervisor. Their attendance will be logged.

Control Room Operation

- 8.21 Every effort will be made to ensure that there is always at least one Operator present in the Control Room.
- 8.22 An Incident Log will be maintained on the basis of date and time of day throughout operation. It will give brief details of all incidents monitored and show all relevant actions taken by Operators.
- 8.23 A Visitor Log will be maintained in the Control Room which all visitors will be required to complete. The entry will show the time, duration, date and intended purpose of the visit.
- 8.24 A Media Movement Log will be maintained.

Waste Fleet and Streetscene

- 8.25 The Code ensures that appropriate controls and processes are in place for the correct use of the images including data security.
- 8.26 The application of the Code is reviewed at least annually by the council's Employee Liaison Group.
- 8.27 Day to day control (specification, maintenance, access to equipment/ software, system checks etc.) will be managed by the General Manager together with the Transport Officer.
- 8.28 Only the Operational Services Manager, the General Manager, the Transport Officer, Head of Legal, Property & Democratic Services, and the Health and Safety Manager will have access to the keys for the locked compartments on the vehicles.
- 8.29 The data on the hard disk is encrypted and the footage can only be viewed with specific password protected software only available on the dedicated workstation for this purpose. The CCTV footage can either be retrieved by removing the encrypted disk from the cab or downloaded via

secure Wi-Fi link from the vehicle to a computer with password protected software. It is the role of the General Manager to ensure these passwords are kept private.

- 8.30 Only the General Manager, the Operational Services Manager, the Transport Officer, Head of Legal, Property & Democratic Services or Health and Safety Manager will have access to the software.
- 8.31 Viewing of images is restricted to footage requested in accordance with approval processes described at section 10.
- 8.32 Specific evidential material will be retained in a separate temporary file stored in a password protected folder for the period of the investigation or prosecution and then be deleted.
- 8.33 Details of viewing of digital images will be logged in the CCTV image access register which will be maintained by the Transport Officer

Depot and Council Offices

- 8.34 The Code ensures that appropriate controls and processes are in place for the correct use of the images including data security.
- 8.35 Only the Operational Services Manager, and delegated representatives, and the Information and Communications Technology Manager, and delegated representatives, have access to recordings for the depot and council offices respectively.
- 8.36 Specific evidential material will be retained in a separate temporary file for the period of the investigation or prosecution and then be deleted. Details of viewing of digital images will be logged in the CCTV image access register which will be maintained by the Council's Head of Legal, Property & Democratic Services.

Body Worn Cameras / Fly Tipping Surveillance Cameras

- 8.37 The Body Cameras will only be operated if officers wearing devices believe that there is the potential for threat or confrontation or there is a need to gather evidence.
- 8.38 Staff who use body worn cameras will generally be those undertaking patrols for littering and dog fouling. Any staff using body worn cameras will be trained in their use and in the requirements to advise anyone being recorded that they are on camera.
- 8.39 Any officers wishing to deploy fly tipping cameras shall be trained in their use and also in the requirements of RIPA. Any proposed deployments will initially be discussed with the Environmental Protection and Housing Manager with a view to determining if grounds exist which warrant a RIPA authorisation application to the Magistrates Court.
- 8.40 All covert deployment of fly tipping CCTV shall only take place if a RIPA authorisation has been obtained and then only for the duration authorised by the Court.

Principle 6 – Information storage

No more images and information should be stored than that which is strictly required for the stated purpose of a surveillance camera system, and such images and information should be deleted once their purposes have been discharged.

For all systems

- 8.41 For all systems other than waste fleet / streetscene, data / images will be stored for no longer than 30 days to allow time for any requests for information to be made. After the 30 day period all data / images will be deleted / destroyed unless covers by section 9.3 or 9.4.
- 8.42 For waste fleet / streetscene images are automatically over-written after approximately 30 days of usage. The exact period of retention is dependent upon the number of hours that the vehicle has been in operation.
- 8.43 Any data passed to a third party including the police, other enforcement agent or insurance company, will be noted and will then become the responsibility of the third party to delete/destroy once it has finished being used.
- 8.44 In certain circumstances images may be retained or copied for training, demonstration or evidential purposes. Authority to retain images is provided by the procedure described in section 10.
- 8.45 The council retains the copyright of all images in order to prevent use by third parties in a way that is contrary to this policy.

Control of DVD/CD Media

- 8.46 All images reproduced on any media will remain the property of the Council. Each new downloaded recording must be clearly and uniquely marked before it is issued.
- 8.47 At the point of re-production, a record shall be made of the identification number of the media, date, time of insertion and time of removal in the Media Movement Log (for public static system) or similar log for other systems.
- 8.48 For the public static scheme only, except for evidential, training and demonstration purposes media containing recordings must not be removed from the Control Room under any circumstances.
- 8.49 All media will be erased prior to disposal.

Copying Images

- 8.50 If after viewing the images, there is a requirement to copy the recording, in order to protect it and to provide it as evidence then one copy shall be provided for the requesting officer. A second copy will also be made and stored safely. This second copy may be used to make further copies if required.
- 8.51 Copies remaining in the possession of the Council will be destroyed once investigations and proceedings related to those investigations are complete.
- 8.52 If the request has come from an enforcement agency, or on advice of the Head of Legal, Property & Democratic Services or insurance company, then a master copy will be made and placed in the Council's safe until the investigations and proceedings related to the investigation are concluded.
- 8.53 Any media containing images should be uniquely marked and the number recorded for ease of identification.

9. Principle 7 – Access to Retained Images

Access to retained images and information should be restricted and there must be clearly defined rules on who can gain access and for what purpose such access is granted; the disclosure of images and information should only take place when it is necessary for such a purpose or for law enforcement purposes.

DVD/CD Recording

- 9.1 Recorded materials may need to be submitted as evidence in criminal or other legal proceedings and therefore should be of good quality, and be accurate in content. All such material will be treated in accordance with strictly defined procedures to provide continuity of evidence and to avoid contamination of the evidence.
- 9.2 Recorded material will not be sold, shared or used for commercial purposes or the provision of entertainment.
- 9.3 The showing of recorded material to the public will only be allowed either, if at the outset of potential action against the council that the footage clearly demonstrates that the claim is without merit (in order to minimise legal and insurance costs) or in accordance with the law; either in compliance with the needs of Police in connection with the investigation of a crime, which will be conducted in accordance with the provisions of this Code of Practice, or in any other circumstances provided by law.
- 9.4 The use of recorded material to demonstrate a claim is without merit may only be undertaken by the Health and Safety Manager or Insurance Officer with the express authority of the Director of Transformation & Resources, the Head of Corporate Services, or the Head of Legal, Property & Democratic Services.

Access to Images

- 9.5 The principal external source of requests for access to images is expected to be from the Police, other enforcement agencies or insurance companies. The Duty Operators / points of contact may deal with these requests.
- 9.6 Other requests for access, such as for monitoring traffic flows (example for public static scheme only), must be made in writing to the relevant Council Manager, specifying the reasons for the request.
- 9.7 Such reviewing may be refused and if allowed must be directly supervised at all times.
- 9.8 Access to images by third parties will not normally be allowed except where a formal agreement is in force relating to monitoring of third party cameras.

- 9.9 There may be circumstances in which the Council is subject to a court order to release images in connection with civil disputes. These cases are likely to be rare, but the Council would be unable to refuse to release material in these circumstances.
- 9.10 Access to disks containing the evidence for lawyers acting for defendants or victims in connection with criminal proceedings will be provided under the Disclosure of Evidence Act by the Police, Crown Prosecution Service or enforcement agency dealing with the case.
- 9.11 There may be a request under the Data Protection Act or the Freedom of Information Act to allow individuals to see or be informed about any data held about them. Since data is only stored for a maximum of 30 days it is vital that such requests are made in writing to the Council as quickly as possible but in any event within 21 days to allow the relevant data to be held.
- 9.12 No other access will be allowed unless approved by the relevant Council Manager and approval would only be given if the request falls within the purposes and objectives of the system and in accordance with the Code of Practice.

Viewing images and the provision of Evidence

- 9.13 Images from the CCTV recordings will be viewed only in the following circumstances:
- For the purposes of investigating a specific incident identified by a date, time or location, and brought to the attention of the Council by a member of staff, a member of the public, or another organisation.
 - For the purposes of investigating the cause of damage to the vehicle when it is not clear how and when it was caused.
 - For the waste fleet system, for the purposes of promoting productivity, customer care and training.
- 9.14 In the first instance, the images will be viewed only by the Council, unless the police or other enforcement agency, have requested access for the purposes of detecting crime or in the case of civil claims an insurance company or its representatives.

Process for Approving the Viewing of Images

- 9.15 It is critical that a full and detailed record is kept of all viewings of the systems and all instances when images are used and that images are only viewed for the purposes described by this Code.
- 9.16 To view specific incidents from the Public Static / Depot / Council offices, Waste Fleet/ Streetscene systems, the “Access to CCTV – Image Request Form”, (appendix 1) must be completed for access to footage.

- 9.17 For sampling of footage from the waste fleet / streetscene, then the separate Protocol on the Proactive Use of CCTV must be followed. This protocol is to be approved and reviewed annually by the Employee Liaison Group.

Using the Access to CCTV – Image Request Form'

- 9.18 A completed 'Access to CCTV – Image Request Form' must describe the following:
- The purpose of the request
 - Confirmation that the purpose complies with a reason for the system
 - The incident, or complaint, that is being investigated ;
- 9.19 The form must also identify who is requesting the image to be reviewed. Any person can request to view the CCTV footage but an officer identified at 10.20 must determine the suitability of each request and authorise the viewing of the footage.
- 9.20 The following employees can authorise requests to view images but may not authorise their own requests.

Employees able to approve CCTV Image requests.

1. Chief Executive
 2. Chief Executive of Tamworth Borough Council (for waste fleet system only)
 3. Director
 4. Head of Legal, Property & Democratic Services
 5. Head of Regulatory, Health and Wellbeing Services (for body worn and fly tipping cameras only)
 6. Head of Corporate Services
 7. Health and Safety Manager
 8. Internal Audit Manager
 9. Insurance Officer (for insurance or potential insurance claims only)
 10. Operational Services Manager (for waste fleet system only, only at request of enforcement agencies or to investigate damage to a vehicle).
- 9.21 Approval will not be granted for any request which is not for a permitted purpose. No authorisation will be granted for 'fishing trips'.
- 9.22 A comprehensive record of all requests – approved or otherwise – will be maintained together with the request forms.
- 9.23 If approval to view the images is granted, then the recording will be viewed at the depot / control room /council office unless the images relate to an actual insurance claim whereby the footage will be downloaded and sent on disk to the Insurance Officer.

- 9.24 In the event of an incident relating to a specific individual, the employee or employee's representatives may ask for the recording to be viewed in order to provide evidence for the employee.
- 9.25 In such instances, the request of the employee will be considered for authorisation by the Director of Transformation & Resources or the Head of Corporate Services. There will be a presumption that this request will be permitted provided that the request is in accordance with the usual criteria for requesting a viewing.

Police Role – Public Static system only

- 9.26 The control of the cameras and monitoring is in the hands of the Control Room staff only. The Police may request assistance in order to:
- Assist with the deployment of resources
 - Monitor potential public disorder or other major security situations
 - Assist in the prevention or detection of crime
 - Facilitate the apprehension and prosecution of offenders in relation to crime and public order
 - Assist with the detection of moving traffic offences where it is considered that the public safety is at risk
- 9.27 Such requests will usually arise after the Police have been contacted by the Duty Operator. In these circumstances the Police Duty Operator may request the Duty Operator to take further action. In circumstances when problems are anticipated, arrangements may be made for a Police Officer to be present within the Control Room for liaison purposes. This will normally apply for the duration of the incident and will be subject to the arrangements made by the Police Duty Officer. On each occasion a record must be made in the Incident Log.

Major Incidents / Emergency Planning - Public Static system only

- 9.28 If appropriate, during a major civil emergency, the Chief Executive, or their designated deputy, will authorise the deployment of a Liaison Officer from the emergency planning response team into the Control Room.
- 9.29 The Duty Operator(s) will give assistance and technical advice as required in all matters concerning the deployment and use of the facilities within the CCTV Control Centre.

Using CCTV images as evidence

- 9.30 The CCTV images obtained in the investigation of an incident may be used by the requesting officer as they see fit to use such evidence. For instance, it may be provided in defence or in

pursuit of an insurance claim, to investigate a whistleblowing complaint, -all or to be used in evidence, either in support or in defence, of a disciplinary investigation.

- 9.31 In certain circumstances it may be used as a health and safety training aid but only with the permission of the employee(s) involved.

Recording Systems

- 9.32 All staff required to operate CCTV equipment are to receive training in the use of the equipment and must conform to this Code at all times.
- 9.33 They will be required to sign a 'Confidentiality Statement' which prohibits them from making any material available for purposes other than those stated in The Code.
- 9.34 Any other staff having access to the equipment will also sign a confidentiality statement (included on the request to view form).

Control of Images

- 9.35 All images will remain the property and copyright of Lichfield District Council. Where copies of images are made they will be clearly marked copy with indelible ink. Each use or issue of an image will be noted in the relevant CCTV Image Access Register. Both the image and the register will be stored in a secure place. All recording media will be erased prior to reuse or disposal.

10. Principle 8 - Standards

Surveillance camera system operators should consider any approved operational, technical and competency standards relevant to a system and its purpose and work to meet and maintain those standards.

SIA Licences and Vetting

- 10.1 Control Room staff whether employed by the council or the operator body must have an SIA licence.
- 10.2 All staff involved in the review and export of recordings of the static camera system should also have a BS7858 background check carried out.
- 10.3 Council employees monitoring only council cameras only do not need a SIA CCTV operator licence

Technical Standards

- 10.4 The systems must be installed and maintained by professional CCTV Installation and Maintenance contractors who can ensure that installations meet relevant installation standards and that suitable fit-for-purpose equipment is installed that will be reliable and deliver clear images.

11. Principle 9 – Security and Safeguards

Surveillance camera system images and information should be subject to appropriate security measures to safeguard against unauthorised access and use.

- 11.1 The following measures are in place to protect against unauthorised access and use:
- 11.2 Public Static scheme – Control Room is secure to which only authorised staff / visitors are permitted to enter. Details of viewing of digital images will be logged in the CCTV image access register which will be maintained by the Duty Manager.
- 11.3 Waste Fleet/Streetscene - Only the General Manager, Operational Services Manager, the Transport Officer, Head of Legal, Property & Democratic Services and Health and Safety Manager have access to the keys for the locked compartments on the fleet vehicles.
- 11.4 In addition the data on the vehicles' hard disk is encrypted and the footage can only be viewed with specific password protected software only available on a dedicated workstation.
- 11.5 It is the role of the General Manager to ensure these passwords are kept private. Only the General Manager, Operational Services Manager, the Transport Officer, Head of Legal, Property & Democratic Services, or Health and Safety Manager will have access to the software.
- 11.6 Details of viewing of digital images will be logged in the CCTV image access register which will be maintained by the General Manager.
- 11.7 Depot / Council Offices – Recordings will be stored on the secure server and will be accessible only by the Operational Services Manager / ICT Manager respectively. Details of viewing of digital images will be logged in the CCTV image access register which will be maintained by Operational Services Manager / ICT Manager respectively
- 11.8 Body Worn and Fly tipping cameras - All recordings downloaded by the Environmental Protection and Housing Manager will be kept in a password protected folder. Details of viewing of digital images will be logged in the CCTV image access register which will be maintained by Environmental Protection and Housing Manager.
- 11.9 Specific evidential material will be retained in a separate temporary file for the period of the investigation or prosecution and then be deleted.

12. Principle 10 – Review, Audit and Reports

There should be effective review and audit mechanisms to ensure legal requirements, policies and standards are complied with in practice, and regular reports should be published.

Annual Review

- 12.1 An annual review should be carried out by system managers to re-confirm the systems remains necessary, proportionate and effective in meeting their stated purpose.
- 12.2 The review should assess
- The location of each camera against its stated purpose, its legitimate aim and its pressing need.
 - The image quality of the camera
 - Correct locations of camera privacy zones
 - The number of times the camera has been used during incidents and in evidence and for other purposes
 - Whether a camera should be removed or relocated.
- 12.3 This review shall be completed by 31 January each year.

Reporting

- 12.4 For Waste Fleet, in order to ensure compliance with the policy the “Joint Waste Service Health and Safety Group” will discuss as required the number and type of requests made for CCTV viewing and release.
- 12.5 In addition the Health and Safety Manager will produce a report on the waste fleet for review by the Employee Liaison Group on an annual basis every February.
- 12.6 An annual report should be produced in February by the Head of Legal, Property and Democratic Services detailing the findings of the annual review including usage data. This report should be published on the Council’s website.

13. Principle 11

When the use of a surveillance camera system is in pursuit of a legitimate aim, and there is a pressing need for its use, it should then be used in the most effective way to support public safety and law enforcement with the aim of processing images and information of evidential value.

Equipment Health Checks

Systems with live viewing capability (Public static /council offices /depot)

- 13.1 Staff must check the health of the CCTV system on a regular basis. (Sample form at Appendix 2).
- 13.2 Checks will be carried out on a daily basis (for public static) and monthly for (council offices / depot) on every camera to check cameras are working, check the image quality and test Pan/Tilt/Zoom functionality.
- 13.3 Checks on the public static system will be carried out once per month to test the quality of the recordings during daylight and after dark and to check the recording duration of each camera.

Systems with no live viewing (Waste Fleet, Body Worn Cameras, Fly Tipping Cameras)

- 13.4 These are systems where footage is not viewable live and can only be accessed retrospectively by collecting a hard drive from the vehicle, or downloading the footage via the Wi-Fi link at the Depot, recovering a Body Worn or Fly Tipping Camera or starting video recorder replay software. Checks are necessary to ensure cameras are working and recording and that the time and date programmed into equipment is correct. Checks will be carried out once per month unless there is good reason to believe functionality may be impaired and a check is required more imminently.
- 13.5 Where cameras are used infrequently, such as for fly tipping, the cameras will be checked prior to each deployment.
- 13.6 Initial checks may also be carried out when new equipment is installed or purchased.
- 13.7 Additionally health checks are carried out on the Waste Fleet. This will include a check of the whole recording system to ensure it is in good health and working correctly. The check will include a single snapshot being taken from each vehicle camera to allow the authorised officer to check the camera position.

Time and Date Checks

- 13.8 All CCTV systems contain a clock used to timestamp recordings. The system health check audit must check the clocks in the system against the actual time and date and any discrepancies corrected. The health check sheet must record any discrepancy that was found so that timestamps on recordings made by the recorder can be related to the actual time and date.

Checks and Fault Reporting

- 13.9 Checks will be carried out by the relevant officer/manager or an appointed member of staff and the date and time of each audit will be recorded on the system health check sheet along with the staff name and the findings. Copies of recordings will not be made of any footage for the purpose of audits.
- 13.10 Any faults identified with the equipment are to be reported to the System manager.

Camera Operation

- 13.11 Staff are to be trained in the proper operation of the CCTV system where Pan/Tilt/Zoom cameras are used to ensure they can correctly operate the system and know how to gather the highest quality evidence and maintain continuity of evidence through the use and knowledge of neighbouring cameras, paths, alleys and roads.

Operator Efficiency Review

- 13.12 Images and records of operator usage will be reviewed periodically, and without prior notice to staff, to ensure that equipment checks and suitable camera operation is occurring. Staff will be aware that they will be subject to this audit of their recordings and will be required to justify their interest in a member of the public or particular premises.

Maintenance and Cleaning

- 13.13 The Council will ensure a suitable CCTV contractor is engaged to clean and maintain the camera system and to repair faults.

Audit Trail

- 13.14 Records must be kept of who has reviewed footage, who has exported it and which cameras were involved as part of the chain of evidence for law enforcement agencies and other users of camera footage.

14. Principle 12

Any information used to support a surveillance camera system which compares against a reference database for matching purposes should be accurate and kept up to date

- 14.1 The systems do not reference any databases for matching purposes.
- 14.2 Images are timestamped and equipment must be synchronised with an accurate master clock.

Appendix 1. Image request forms

ACCESS TO CCTV IMAGE REQUEST FORM

You must fill this form in if you require access to CCTV images held by Lichfield District Council

Declaration: I understand that any information I obtain from recording medium is protected under the Data Protection Act 1998 and General Data Protection Regulations 2018.

Details of Person Requesting Image Viewing

Print Full Name

Position

Signature

Date of request

The reason for viewing/releasing the image

To enable the investigation into the circumstances surrounding (tick as appropriate)

☐

- incidents that have caused harm to people or damage to property,

☐

- damage to the vehicle or an unexplained change in the condition of the vehicle (waste only);

☐

- reported 'near misses' or dangerous occurrences

☐

- incidents relating to allegations made by staff or members of the public of accidents, near misses or damage caused by the operations of, around, or condition of, the vehicle (waste only),

☐

- complaints about the behaviour of members of the public towards staff

☐

- complaints made about the behaviour of staff on matters which affect the health and safety of any person or safety of equipment or the way it is used

☐

- prevent and detect crime and anti-social behaviour targeted at vehicles, property or staff.

☐

- Review customer complaints (waste only)

Details:

Details of Person authorising the request (must be postholder at s10.19 of Code of Practice)

Print Full Name

Position

Signature

Date

Access approved ☐

Access not approved ☐

Reasons.....

Details of Person Obtaining/Releasing the Image (must be approved officer as defined by the Code of Practice)

Print Full Name

Position

Signature

Date and times Image to be released/Viewed.....

Vehicle/Camera Reference to be released

Details of person to whom Images released

I certify that, in line with Lichfield District Council policies, I accept responsibility for the recorded images and will use them only as prescribed by the Data Protection Act 2018 and GDPR

Print Full Name

Position

Signature

Date and times of Image released.....

Vehicle/Camera Reference to be released

Serial Number of CD/DVD

- **Appendix 2. Sample System Health Check Form**

SYSTEM HEALTH CHECK AUDIT FORM

Lichfield District Council, District Council House, Frog Lane, Lichfield, Staffs. WS13 6YU

You must fill this form in when carrying out the system health check audits

Declaration: I understand that any information viewed during the audit will remain confidential is subject to the Data Protection Act and GDPR and will not be copied in any way.

Site/Vehicle/Camera Details

E.G. BWC or Fly Tipping Camera serial number. Building Address (Depot). Vehicle Registration

Live Image Quality and Camera Control

Confirm that there is a clear, fault free, image from each camera on the system.

For Pan/Tilt/Zoom cameras a check of the pan, tilt and zoom functions must be made

E.G. List of cameras checked for example Cameras 1 to 17 and list of cameras with PTZ control that were checked

Recorded Image Quality

Confirm that there is a clear, fault free image recorded during daylight hours for each camera.

Confirm that there is a clear, fault free image recorded during darkness for each camera

Check the date of the oldest recording for each camera

E.G. List of cameras checked for example Cameras 1 to 17 and make note of the oldest recording

Time and Date Checks

Compare the time and date of the clock in the CCTV system with an accurate clock (the talking clock or a computer synchronised to a master clock). Note any time difference and if the CCTV system clock was adjusted

E.G. Digital Recorder time 12:01:30. Actual time 12:01:10. Time difference 20 seconds

Print Full Name

Position

Signature

Date

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

Cabinet Member for Finance and Democratic Services

Date: 12 February 2019
Agenda Item: 4
Contact Officer: Anthony Thomas
Tel Number: 01543 308012
Email: Anthony.thomas@lichfielddc.gov.uk
Key Decision? **No (see Medium Term Financial Strategy)**
Local Ward Members : **Full Council**

Agenda Item 4



Cabinet

1. Executive Summary

- 1.1 The report covers the financial performance from April to November (eight Months) for 2018/19.
- 1.2 At the six month stage the projection was a transfer from general reserves of **(£1,990)**. At the eight month stage it is projected that a contribution of **£642,570** will be made to general reserves.
- 1.3 The Capital Programme is projected to be below budget by **(£3,670,000)** resulting in profiling updates.
- 1.4 Capital receipts are projected to be **(£347,000)** compared to the Approved Budget of **(£482,000)**.
- 1.5 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 **76.08%** and this is consistent with previous years.
 - There is a projected surplus for Council Tax and the Council's share of **(£29,490)** with **(£29,000)** included in the draft 2019/20 budget.
 - Income raised has increased by **£976,027** due to the issue of a high value invoice for Disabled Facilities Grants during November 2018 in addition to CIL and Section 106 as development triggers are reached.
 - Invoices outstanding have increased by **£389,244** mainly due to CIL and Section 106 due as development triggers are reached.
 - The Council is projected to be paying gross Business Rate levy (including the volatility allowance) of **£1,733,000** to the GBS pool and will receive **(£422,000)** of returned levy. Therefore the projected 'net levy allowance' is **£1,311,000**.
 - Retained Business Rate Income is currently projected to be **(£3,082,000)** compared to the Approved Budget of **(£2,732,000)**, an increase of **(£350,000)**. This is because a volatility allowance to manage inherent risks such as higher levy or lower Section 31 grants is included in the budget. Projections indicate that a significant element of this allowance will not be required in 2018/19.
 - The Council's collection performance on Business Rates based on debt covering all years is **72.08%**. This is due primarily to the award of local discretionary relief resulting in some payers being one month behind the statutory scheme (paying May to February rather than April to January) and this has had a negative effect on the collection rates. The impact on performance will be resolved by March.
 - There is a projected surplus for Business Rates and the Council's share of **(£212,700)** with **(£213,000)** included in the draft 2019/20 budget.
 - The payment of suppliers within 30 days in 2018/19 is **81.93%** and this is consistent with previous years.
- 1.6 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.

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 approve an update to the Capital Programme expenditure budget for Disabled Facilities Grants in 2018/19 to **£1,193,000**, funded by **£22,000** of council resources, **£100,000** from Housing Grant Monies, **£906,000** of Better Care Fund (BCF) and **£165,000** of MHCLG Grant.
- 2.3 To delegate to the Cabinet Member for Finance and Democratic Services and the Cabinet Member for Regulatory Services, Housing & Wellbeing to update the Capital Programme expenditure budget for Disabled Facilities Grants to reflect any further receipt of external grant.
- 2.4 To approve an update to the Capital Programme expenditure budget for City Centre Strategy and Interpretation in 2018/19 to **£23,500**, funded by **£1,000** of council resources, **£1,500** of Section 106, **£7,000** from city centre sinking fund and **£14,000** contribution from Lichfield City Council.
- 2.5 To note the successful net claim for repayment of leisure VAT of **(£896,940)** for the Council from HMRC with this sum recommended to be transferred to an earmarked reserve pending a decision on its use.

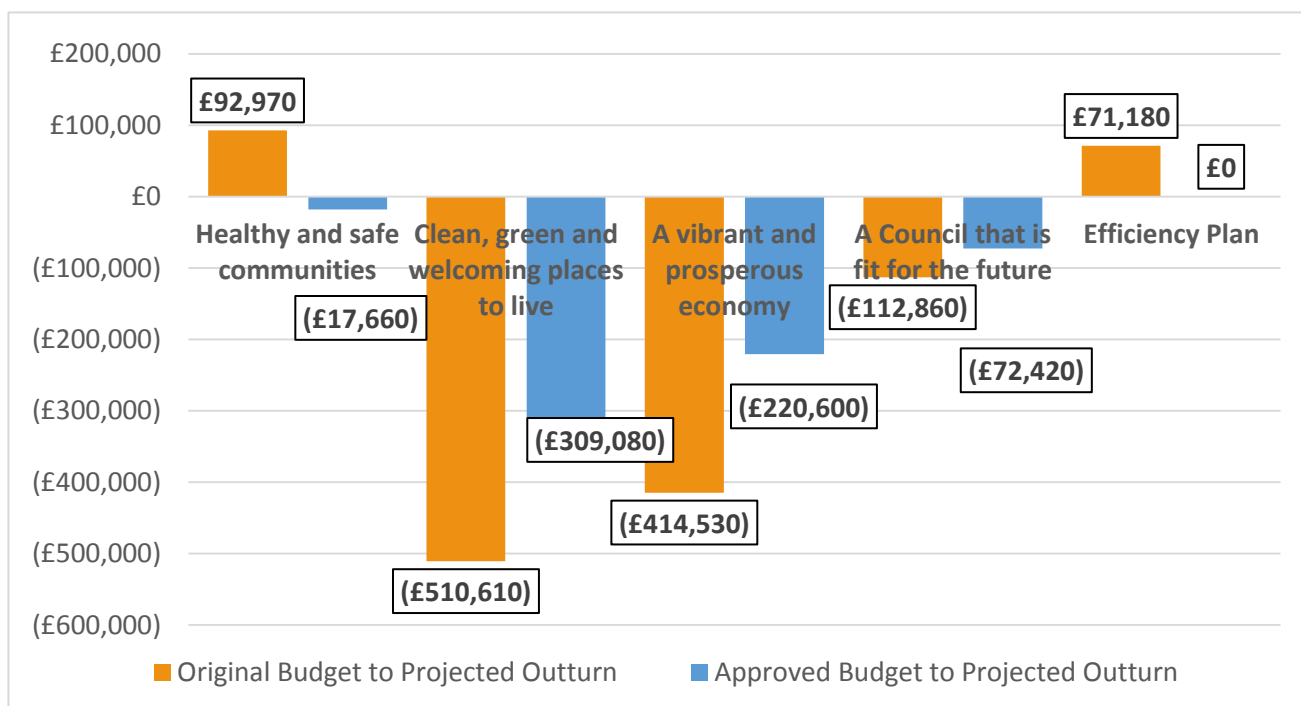
3. Background

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 three, six and eight months to monitor financial performance.
- 3.3. The Money Matters reports update the Approved Budget to reflect latest projections and the eight 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 A** and in summary in the graph below:



Performance compared to the Approved Budget

3.5. The projected variance related to one off and recurring items that impact on general reserves in 2018/19 is shown in summary below and in detail at **APPENDIX B** by Service Area.

	Approved Budget		
	Virement	Funding Gap Proposals	Other Variances
Health and safe communities			(896,940)
• Leisure VAT Reclaim less Fees			896,940
• Earmarked Reserve Request - Net Leisure VAT Reclaim			(25,000)
• Additional Licensing Income and Consultancy Underspend			
Clean, green and welcoming places to live			(33,200)
• Additional CIL Administration Income			33,200
• Earmarked Reserve Request - CIL volatility reserve			(24,670)
• Additional S106 Monitoring Fee and Underspend on Consultants			(39,800)
• Additional Government Grant Income & Housing Benefit Overpayments			(27,000)
• Additional Street Naming & Numbering income			(30,000)
• Grounds Maintenance underspend due to unseasonably hot summer			30,000
• Earmarked Reserve Request - Vehicle Sinking Fund			(30,800)
• Increased income and reduced spend on Joint Waste Service			
• Transfers			
A vibrant and prosperous economy			48,630
• Birmingham Road Expenditure			(48,630)
• Birmingham Road Expenditure funded from Earmarked Reserve			(40,000)
• Additional Car Park income			(93,580)
• Additional Net Development Management Savings and HS2 income		(30,000)	23,000
• Earmarked Reserve Request - Planning Appeals			80,000
• Earmarked Reserve Request - Development Management Improvement Programme			
• Property Investment Strategy		(125,000)	
• Additional Property Rental, Trade Waste income & savings and other		(2,780)	(44,310)
• Transfers			
A council that is fit for the future			(50,980)
• Vacant Posts			(43,440)
• Postage, Procurement SLA and other underspends			(28,000)
• ICT and Performance Supplies & Services underspend		30,000	20,000
• Earmarked Reserve Request - Corporate Training			
Total - Net Cost of Services	0	(295,180)	(324,580)
Net Treasury		(14,000)	1,000
Total - Net Operating Cost		(309,180)	(323,580)
			(632,760)
Earmarked Reserves			316,000
• Earmarked Reserve Request transfer to part fund Loan to Development Company			(73,920)
• Earmarked Reserves no longer required			
• Proposed removal of transfer from Birmingham Road Site reserve. This will increase the resources immediately available and enable the removal of planned transfers to the reserve in later years totalling £332,000 thereby reducing Funding Gaps.			285,080
Funding			(350,000)
• Retained Business Rates due to release of volatility allowance			(141,000)
• New Homes Bonus above 'cap'			(47,960)
• Other Government Grants			
Projected Variance to Approved Budget			(£644,560)

Leisure VAT Claim

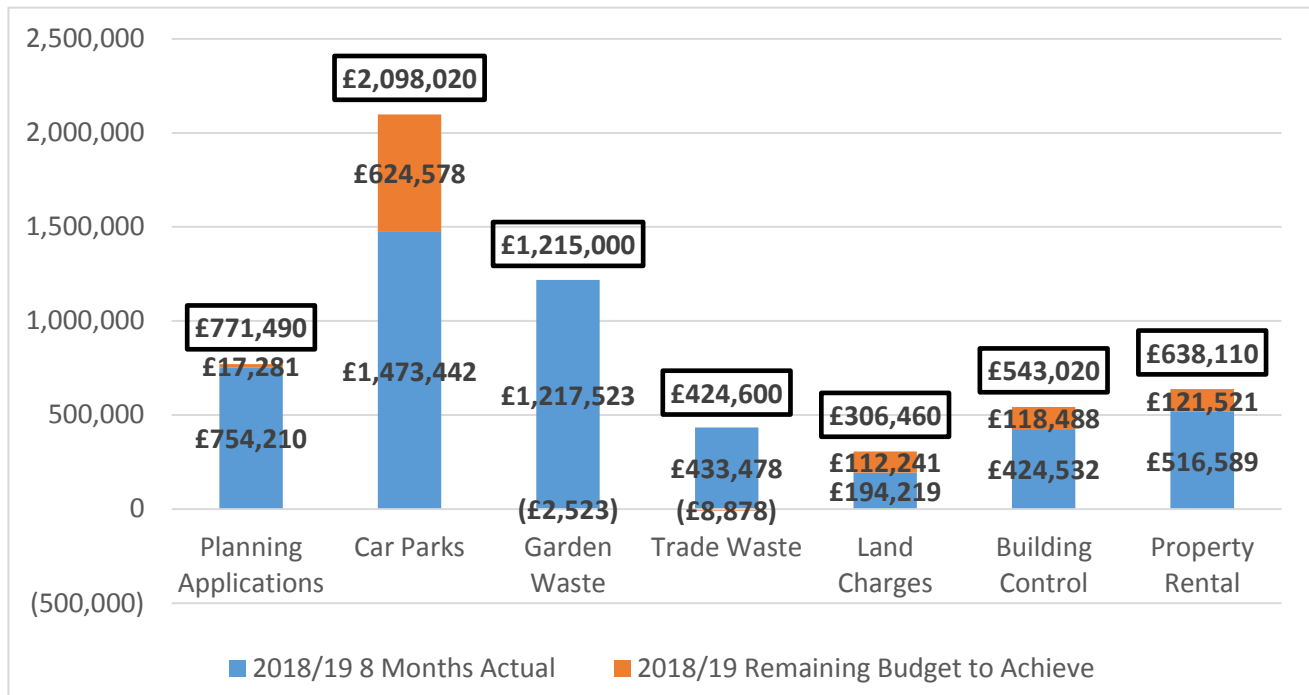
3.6. Cabinet on 13 February 2018 was informed that in 2015 the Council submitted a claim for the repayment of VAT on sporting services supplied for the benefit of those taking part in sport as part of a case submitted by Ealing Council and led by PWC on a 'no win no fee' basis to the European Court of Justice (ECJ).

3.7. This case focussed on the principle of inconsistency in UK law compared to EU law regarding exemption and supplies of sporting services compared to other bodies such as Trusts etc.

- 3.8. In July 2017 Ealing won the case in the ECJ and HMRC accepted the decision and also confirmed they will not be seeking to invoke unjust enrichment provisions and therefore reduce the value of the claim.
- 3.9. The initial claim was for **(£400,000)** with PWC receiving 20% or circa **£80,000** of this sum as the lead organisation.
- 3.10. The Council will receive **(£896,940)** net of fees in the final updated claim.

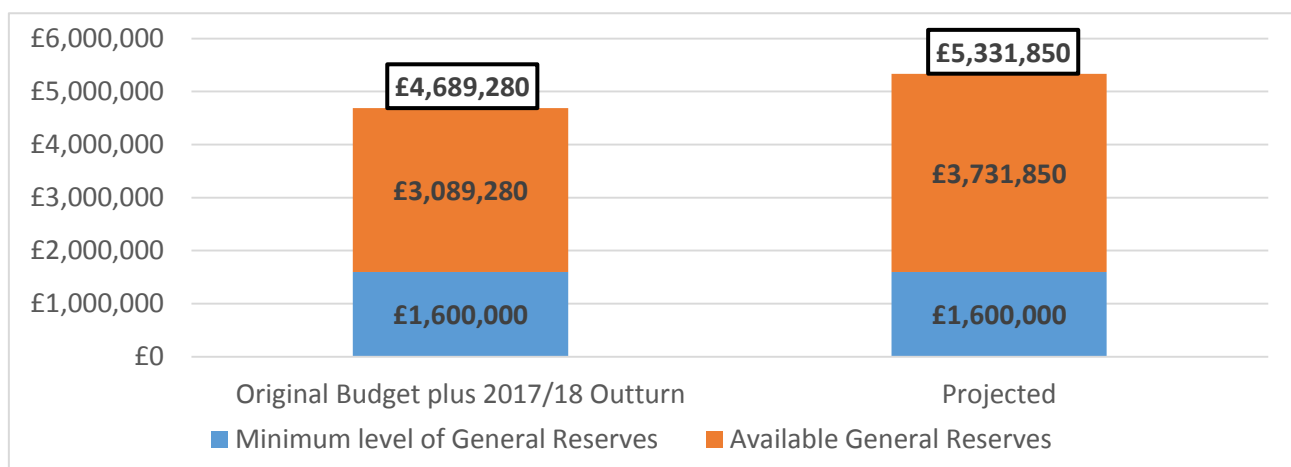
Fees and Charges

- 3.11. 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.
- 3.12. The largest fees and charges budgets together with the actual income achieved for the first eight months (figures in brackets are where the Approved Budget has been exceeded) are:



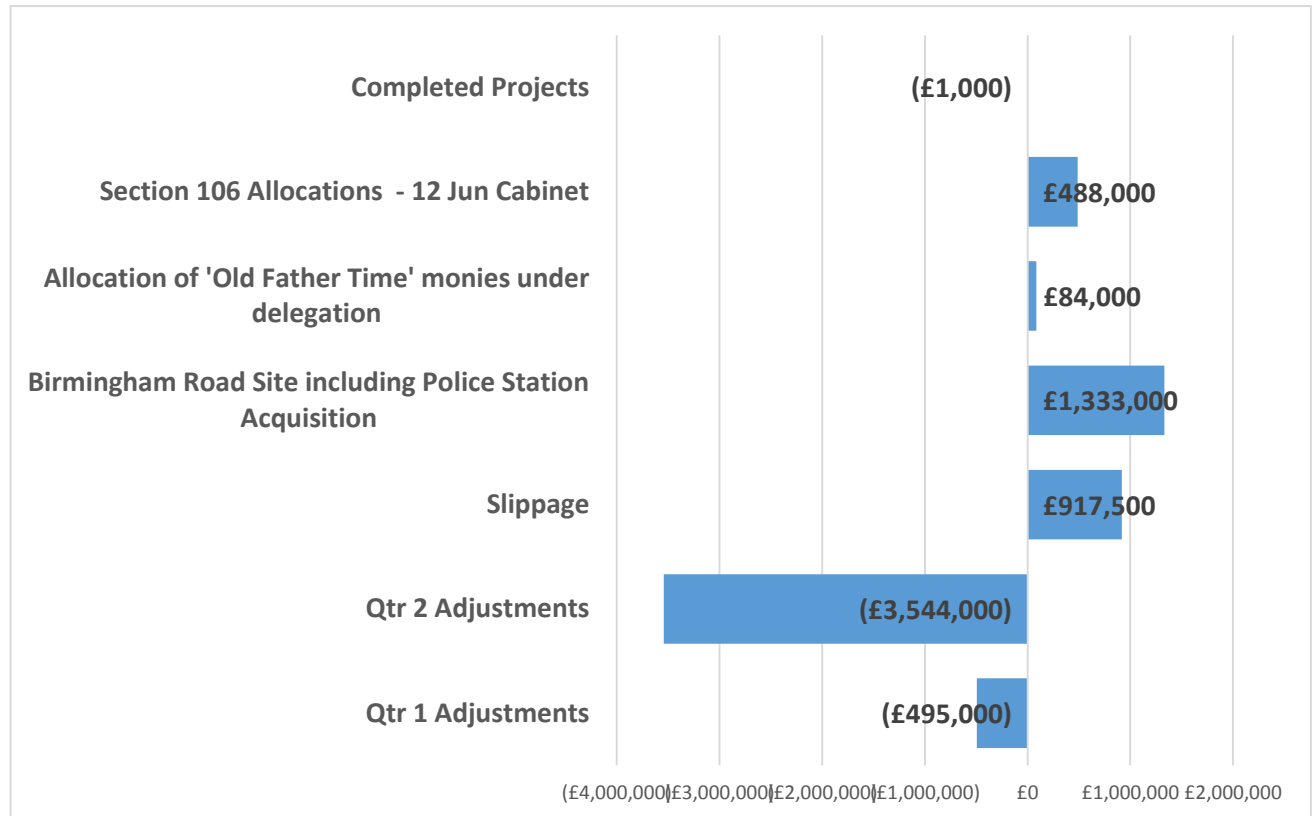
Revenue General Reserves

- 3.13. The Council's Approved Budget at the six months stage approved a contribution from General Reserves of **(£1,990)**. At the eight month stage, there has been a lower than planned expenditure or higher income of **£644,560**. Therefore the projected contribution to general reserves is **£642,570**.
- 3.14. The projected Revenue general reserves available to assist the Council in meeting General Fund expenditure as part of the Medium Term Financial Strategy:

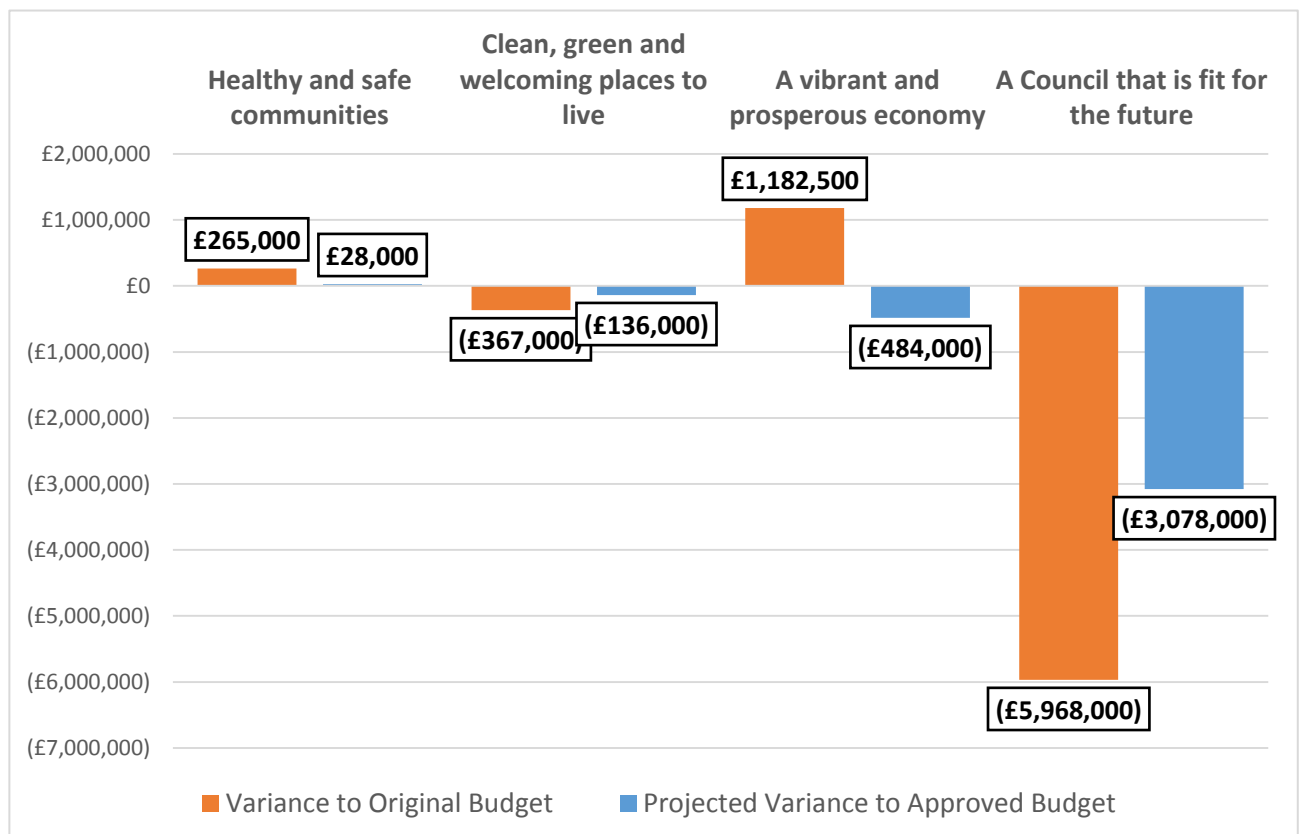


The Capital Programme

3.15. The budgetary changes of **(£1,217,500)** from the Original Budget of **£10,242,000** to the Approved Budget of **£9,024,500** are shown below:



3.16. The Capital Programme performance is projected to be below budget by **(£3,670,000)** or **41%** 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

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

	Approved Budget Variance
Healthy and Safe Communities	
• Accessible Homes (Disabled Facilities Grants) – New grant + extra funding allocated	£265,000
• Home Repair Assistance Grants – Not required	(£20,000)
• Affordable Housing Section 106 Monies – Budget moved to 2019/20	(£400,000)
• Re-siting/improvement of Armitage War Memorial – Budget moved to 2019/20	(£40,000)
• Burntwood Leisure Centre Enhancement Work – Budget moved to 2019/20	(£140,000)
• Leisure Review: Capital Investment – Budget brought forward from later years	£363,000
Clean, Green and Welcoming Places to Live	
• Canal Towpath Improvements (Brereton & Ravenhill) – Budget moved to 2019/20	(£25,000)
• Environmental Imps. – St John Street & Birmingham Road– Budget moved to 2019/20	(£7,000)
• Cannock Chase SAC – Budget moved from 2019/20	£19,000
• Vehicle Replacement Programme – Budget moved to 2019/20	(£123,000)
A Vibrant and Prosperous Economy	
• Birmingham Road Site Support – former Project closed	(£187,000)
• Birmingham Road Site Support – Castle Dyke/Frog Lane – former Project closed	(£81,000)
• City Centre Strategy and Interpretation – External funding and use of sinking fund	£22,000
• Coach Park – Budget moved to 2019/20	(£238,000)
A Council that is Fit for the Future	
• Asset Management – District Council House – Budget moved to 2019/20	(£103,000)
• IT and Channel Shift Programme – Budget moved from 2019/20	£25,000
• Property Investment Strategy – Budget moved to 2019/20	(£3,000,000)
Total	(£3,670,000)

Disabled Facilities Grant

3.18. On 5 December 2018 the Ministry for Housing, Communities and Local Government (MHCLG) provided details of the allocation of a further £55m of funding for Disabled Facilities Grants in 2018/19 as announced in the Autumn Budget.

3.19. This funding will be paid directly to lower tier councils unlike funding allocated as part of the Better Care Fund. The Council's maximum allocation is **£165,361** and this will mean an update to the Capital Programme.

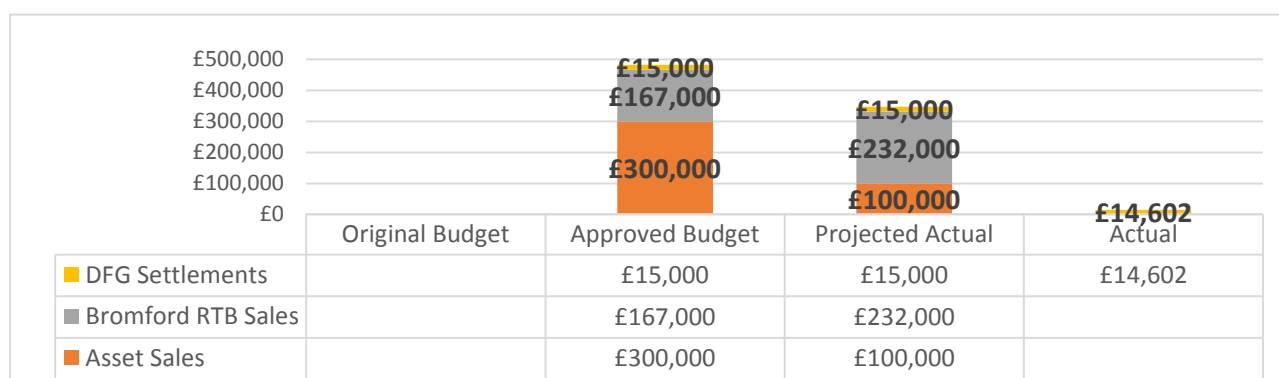
3.20. In addition, Stafford Borough Council have accepted their additional funds to pass onto other Districts in the Staffordshire partnership where need exceeds resources such as Lichfield District Council. Stafford Borough Council is to receive **£150,000** of additional grant.

City Centre Strategy and Interpretation

3.21. As part of the City Centre Strategy, the signage around Lichfield City Centre to assist visitors is to be enhanced using an existing earmarked reserve and monies from Lichfield City Council.

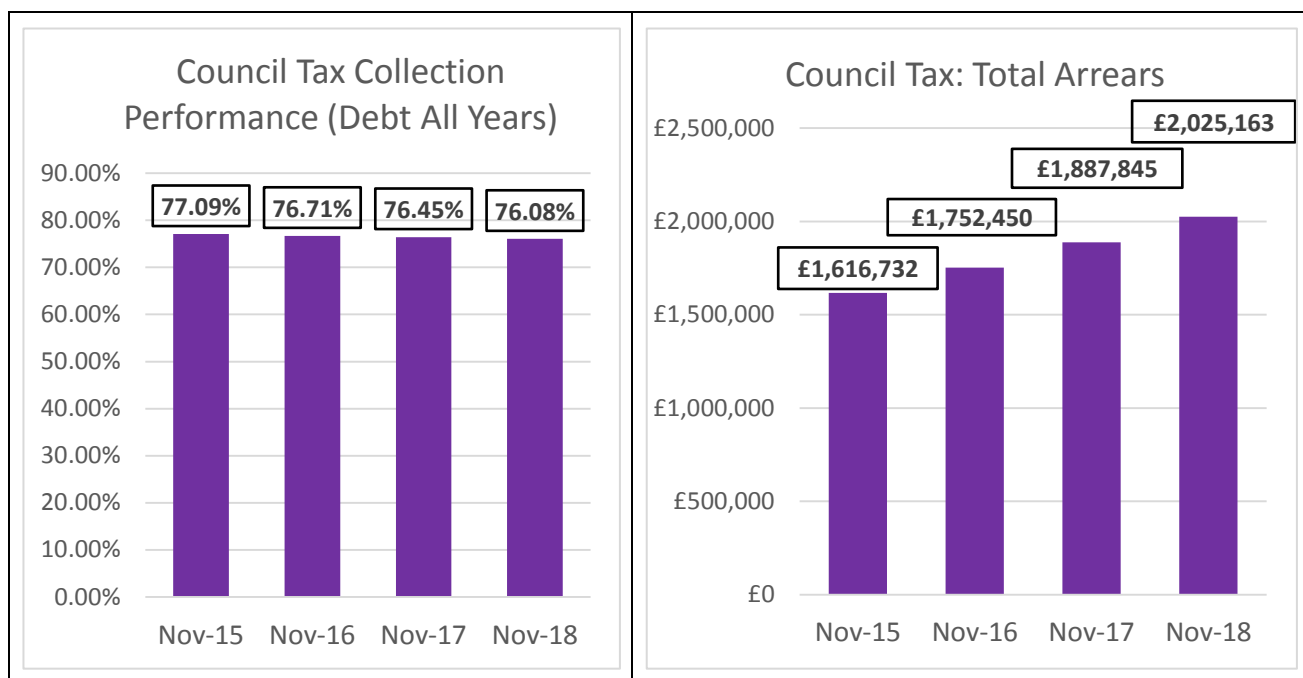
Capital Receipts

3.22. The Original Budget, Approved Budget, projected and actual capital receipts received are:

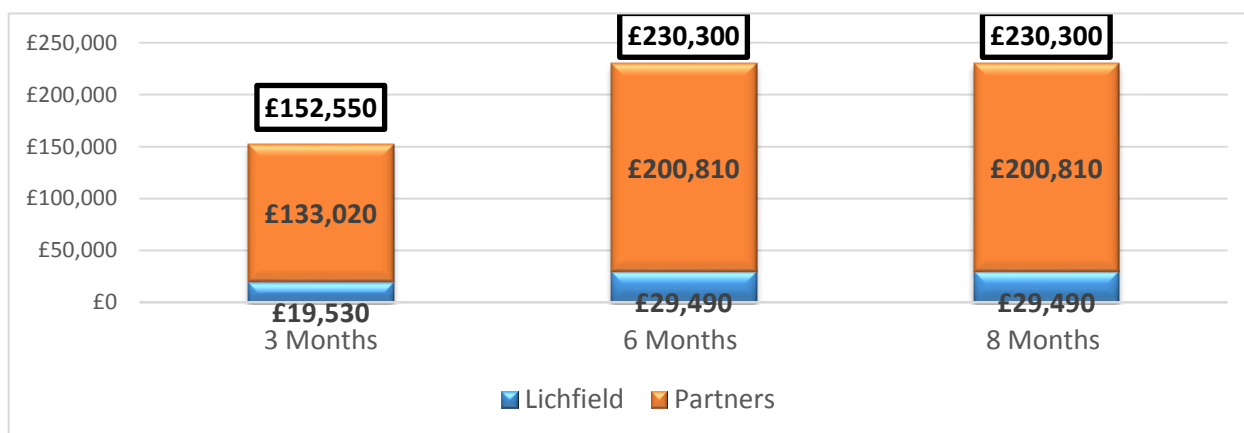


Council Tax

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



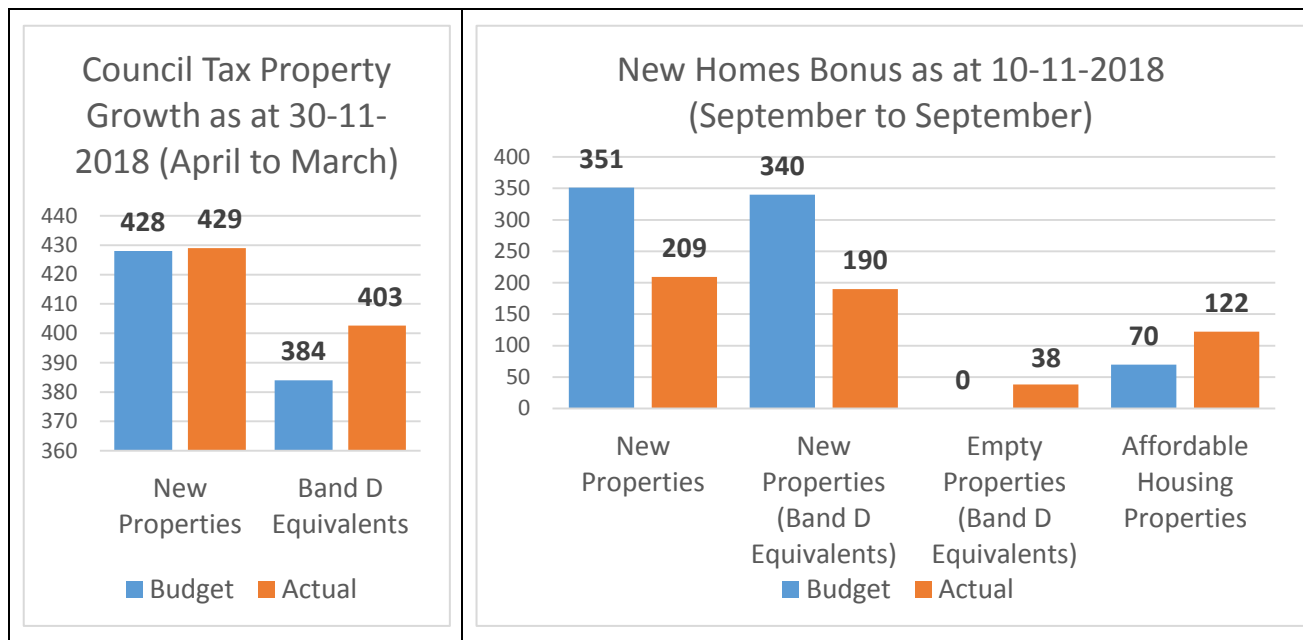
- 3.25. The collection performance has remained consistent with the same period in previous financial years. The level of arrears is marginally higher than the average for the previous three years. However this remains at **4%** of the net collectable debt, which is the same as in 2017.
- 3.26. A summary 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%**:



- 3.27. The main reasons for the projected surplus of **(£230,300)** 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 **(£219,052)** higher than estimated. This is due to lower Local Council Tax Support discount and higher Council Tax income net of other discounts and exemptions.
- 3.28. 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 **(£29,490)** will be included in the 2019/20 Budget.

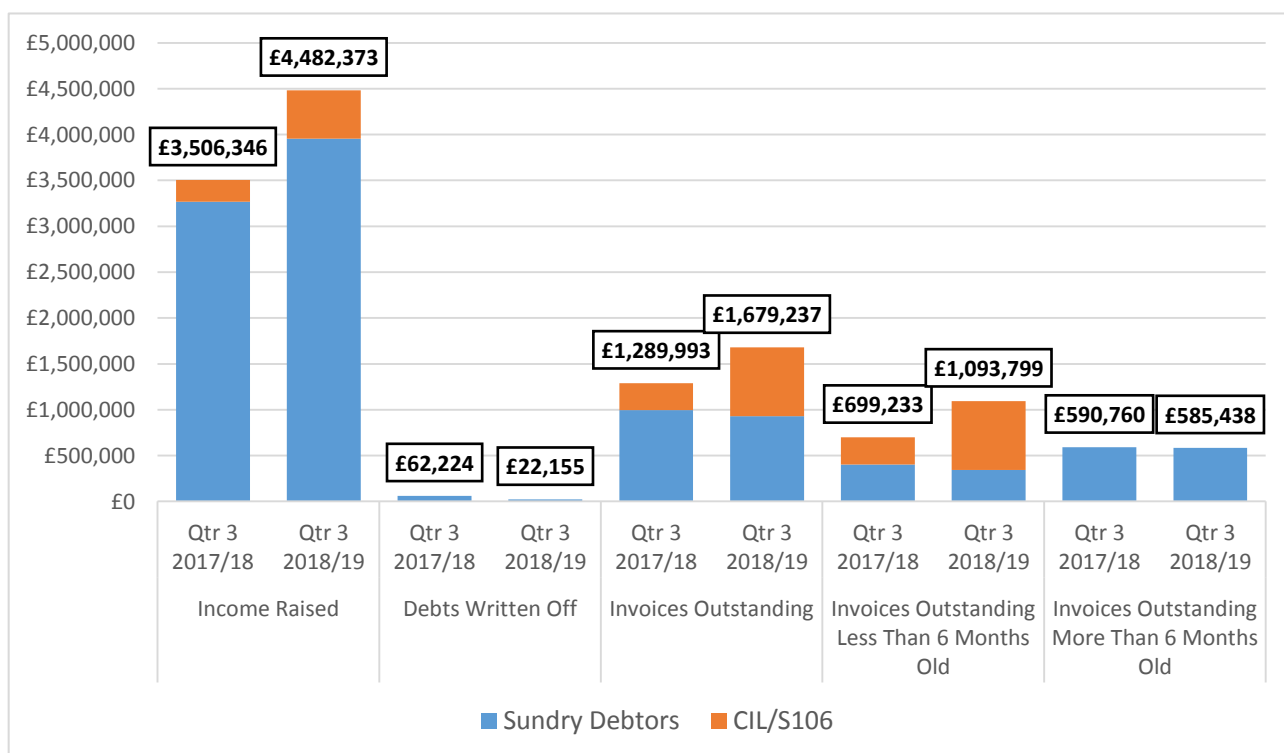
Housing Supply

- 3.29. 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.
- 3.30. The first graph shows completions for Council Tax (based on the financial year April to March) for April 2018 to November 2018. This shows that actual delivery in the first eight months is higher than the budget.
- 3.31. The second graph shows the components in the New Homes Bonus calculation (based on the Council Tax Base Return year) from September 2018 to September 2019.



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

- 3.32. To provide Members with a view on overall 'sundry' debt we 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 main variances are related to:

- Income raised: increase of **£976,027** due to the issue of a high value invoice for Disabled Facilities Grants during November 2018 in addition to CIL and Section 106 as development triggers are reached.
- Invoices outstanding: increase of **£389,244** due mainly to CIL and Section 106 due as development triggers are reached. This includes an invoice where Section 106 triggers were met related to the transfer of Walsall Road but where title issues mean the transfer cannot be completed.

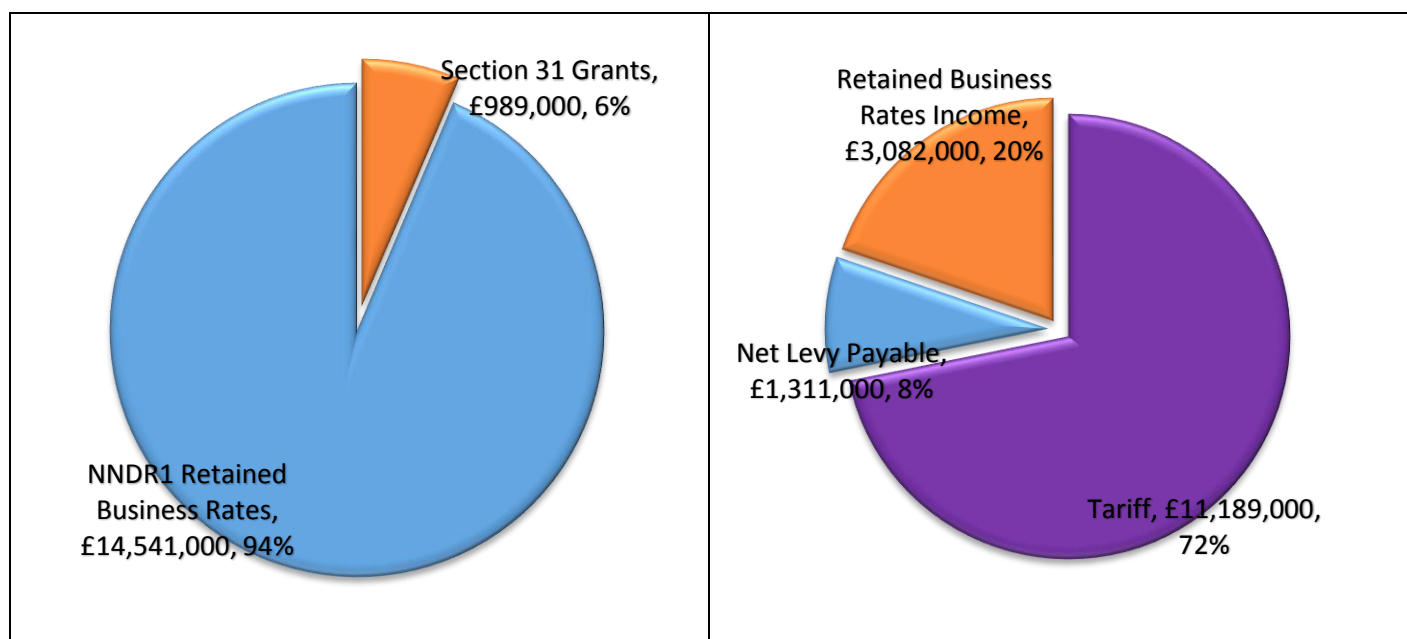
Business Rates

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

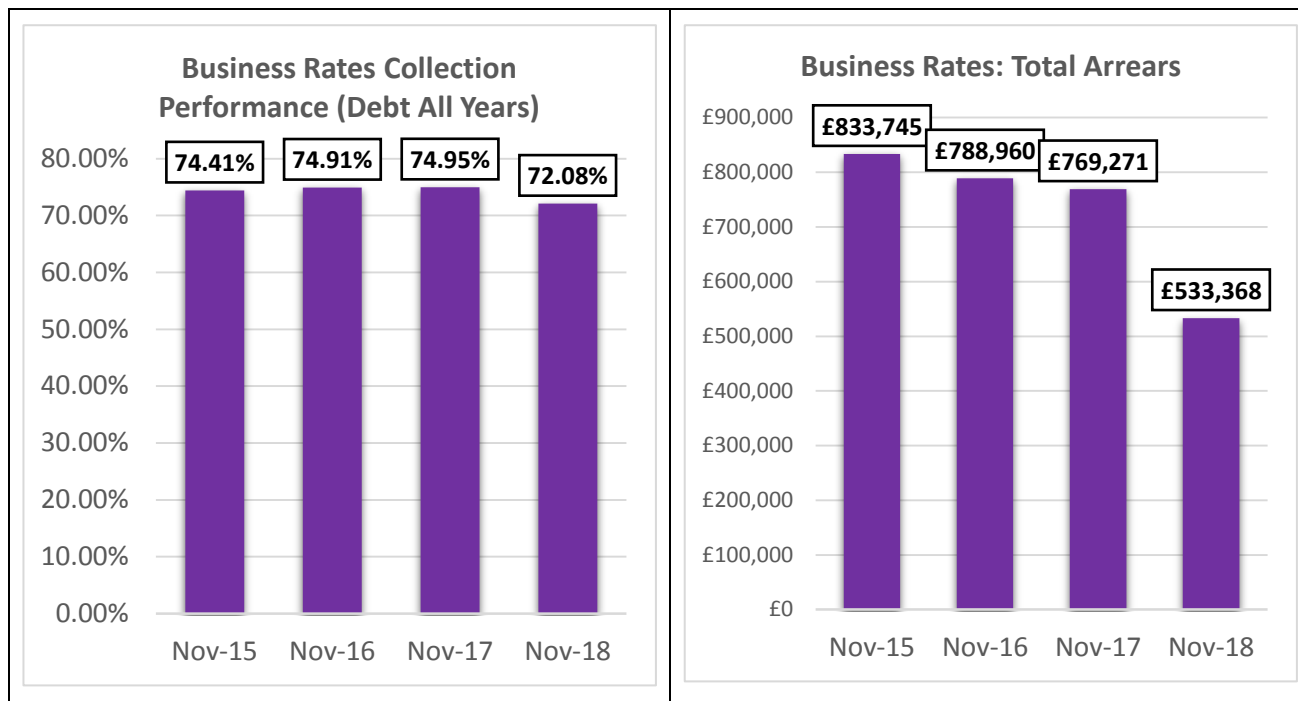
3.36. The Council receives a **40%** share of Business Rates income. The Council's share included in its budget is based on the NNDR 1 estimated level together with Section 31 grants for certain reliefs granted. The Council must then pay the Government set tariff and any net levy based on growth above 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 is projected to be **(£3,082,000)** compared to the Approved Budget of **(£2,732,000)**, additional income of **(£350,000)**. This additional income is because a volatility allowance to manage inherent risks such as higher levy or lower Section 31 grants is included in the budget. Projections indicate that a significant element of this allowance will not be required in 2018/19.

3.38. 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 below:



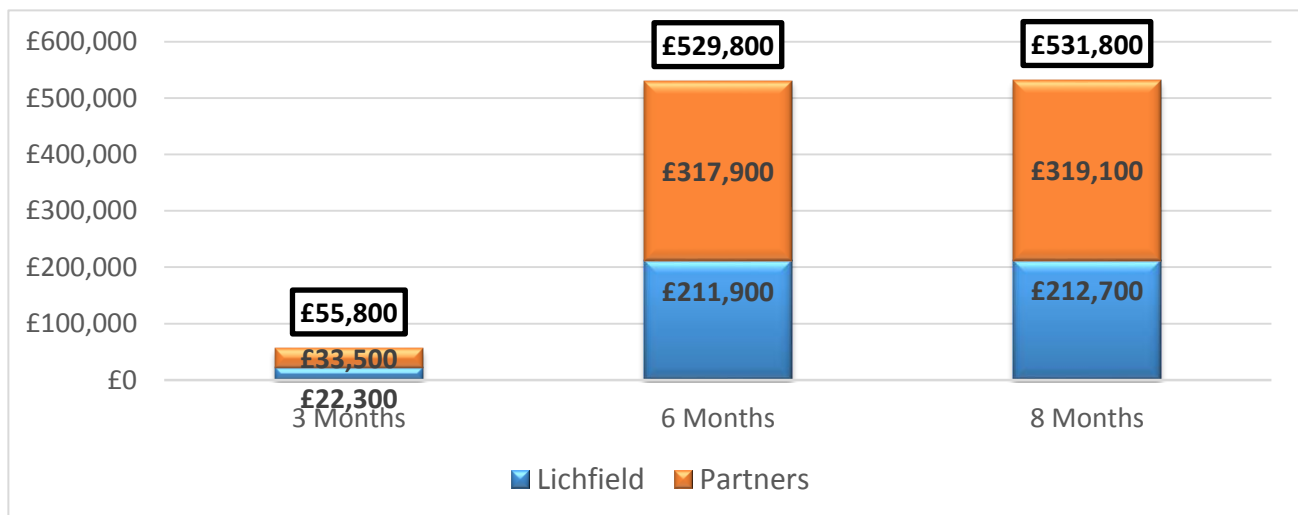
3.39. The collection performance for Business Rates for the eight months of the last four financial years is:



3.40. The collection performance for total arrears is lower than the average for the three previous financial years. This is due primarily to the award of local discretionary relief resulting in some payers being one month behind the statutory scheme (paying May to February rather than April to January) and this has had a negative effect on the collection rates. The impact on performance will be resolved by March.

3.41. The level of arrears at November 2018 is lower than the average for the previous three years, although in 2017 there were several large assessments that had a liability order and which are paying as billed this year.

3.42. 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%**:



3.43. The main reasons for the projected surplus of (**£531,800**) are:

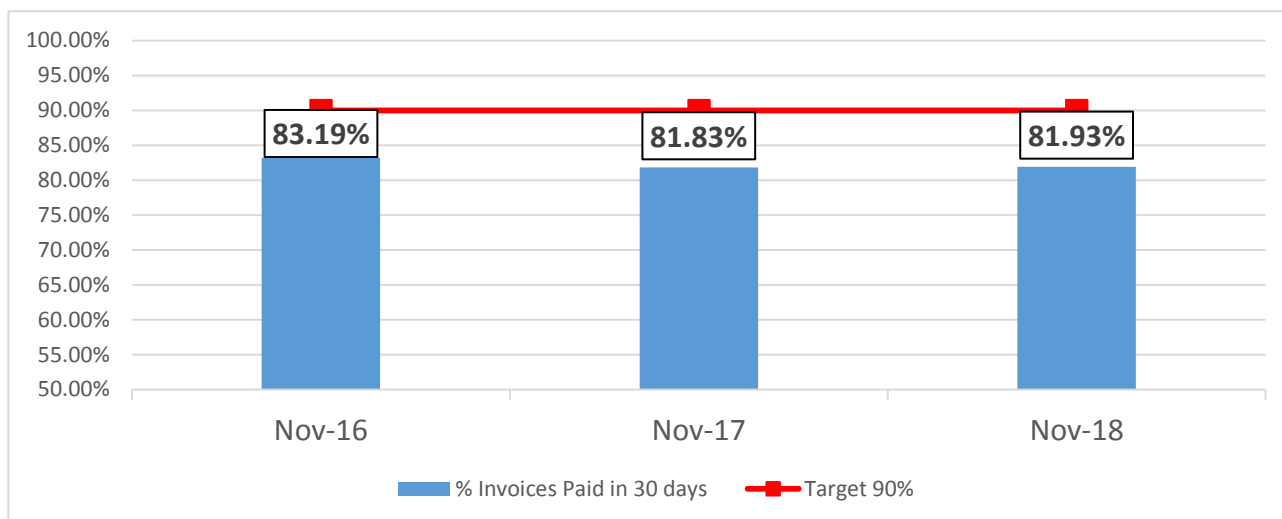
- There was a lower surplus than projected in 2017/18 of **£61,373**.
- There was additional net income projected of (**£593,173**) due to projected changes in the level of income, the Bad Debt Provision and the level of appeals.

3.44. The Council's share of the projected surplus in 2018/19 is (**£212,700**) will be included in the 2019/20 Budget.

Supplier Payment Performance

3.45. 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.

3.46. The performance of payments to suppliers for the first eight months of the last three years is:



3.47. The Council is reviewing its processes to improve payment performance by implementing improvements to the Procure to Pay process.

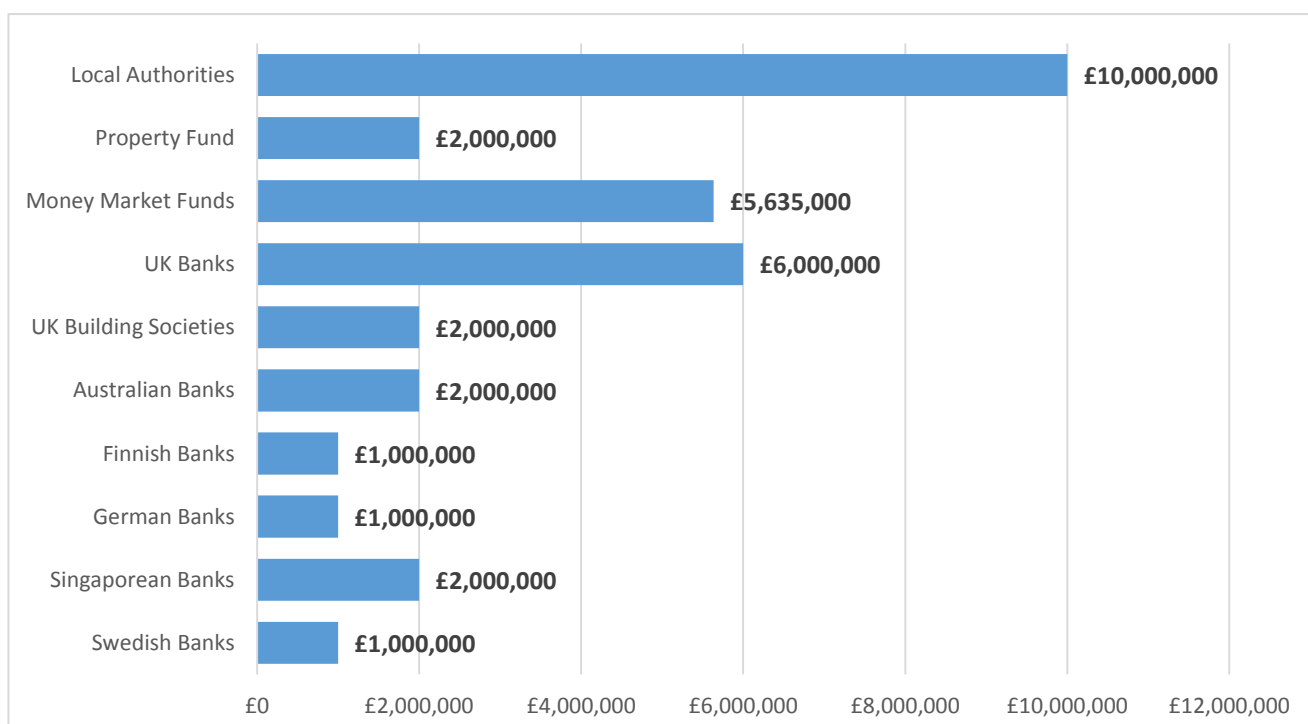
3.48. The Council has not received any claims or made any payments of late interest in any of the periods.

Treasury Management

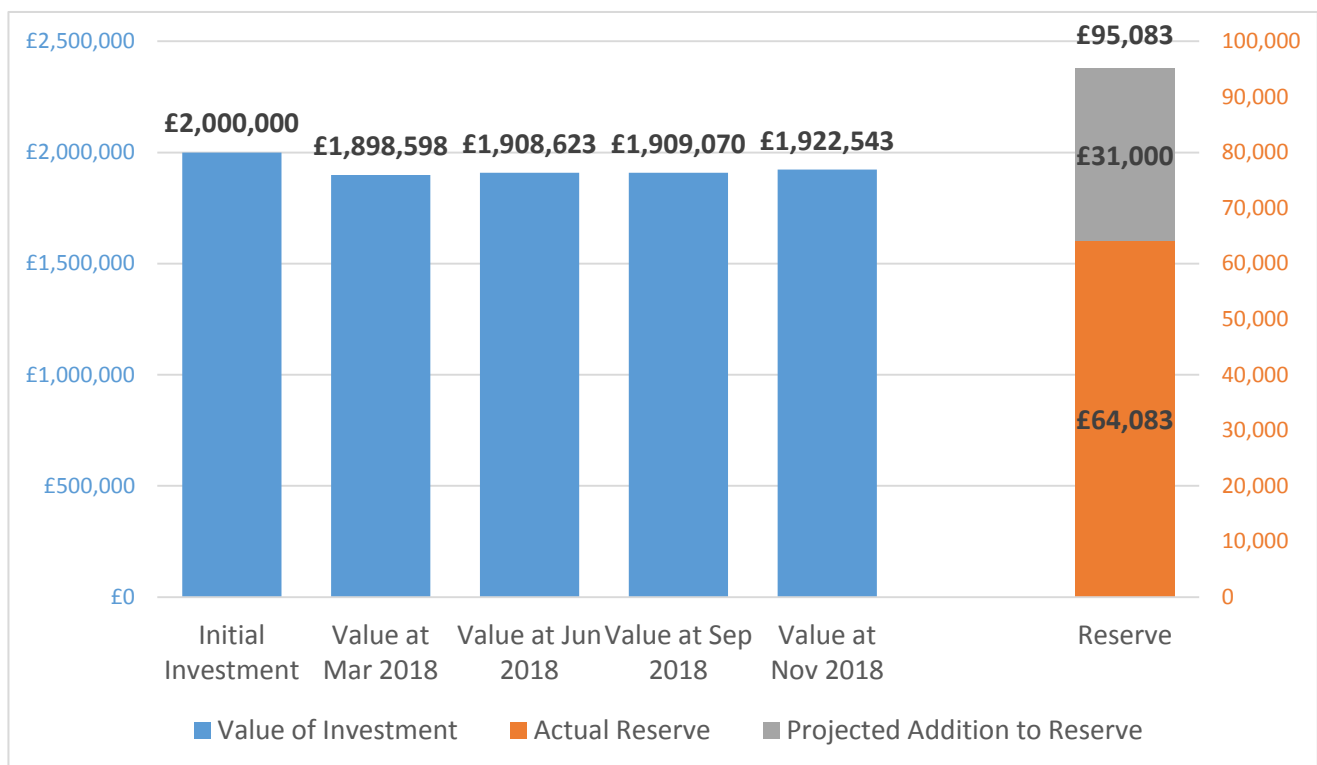
3.49. The performance of the Treasury Management function should be measured against the investment objectives of Security (the safe return of our monies), Liquidity (making sure we have sufficient money to pay for our services) and Yield (the return on our investments).

The Security of Our Investments

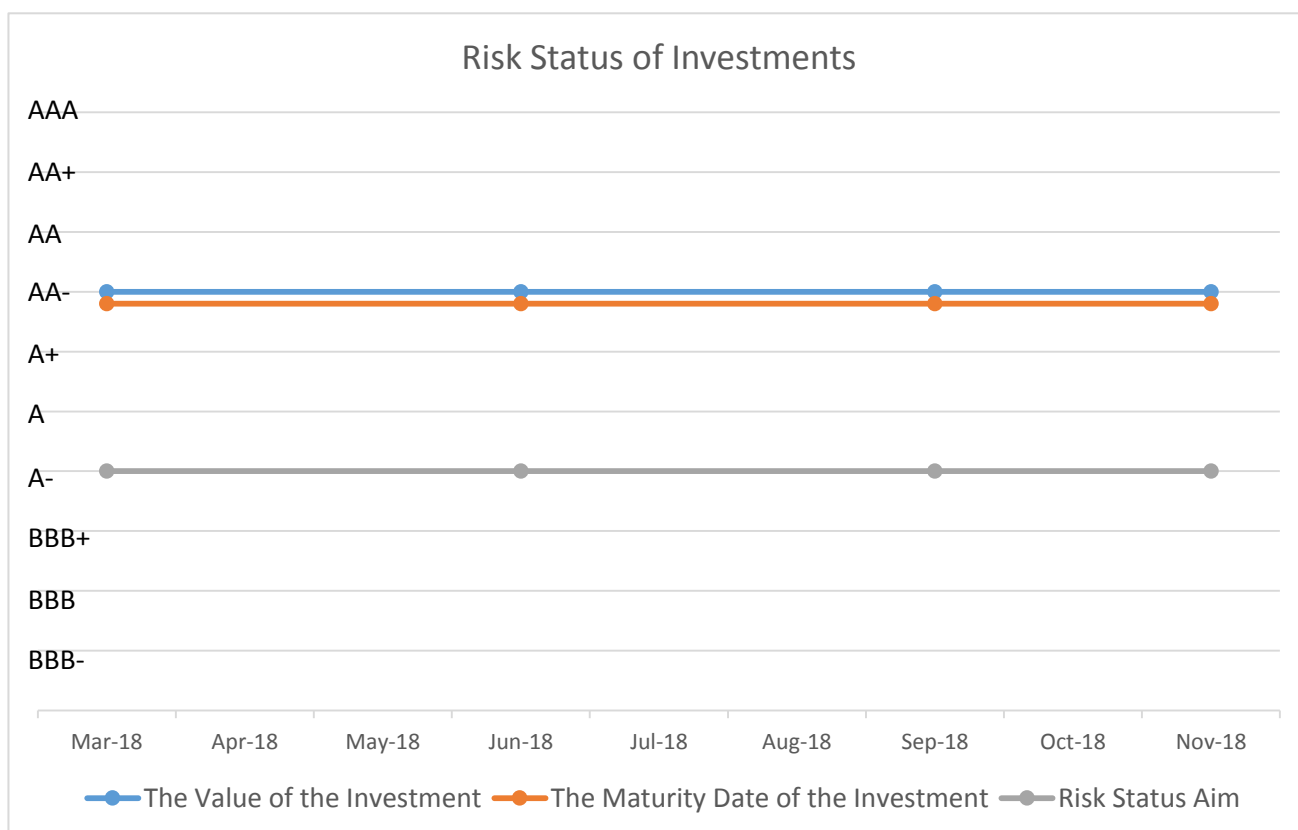
3.50. The investments the Council had at the 30 November 2018 of **£32,635,000** by type and country are summarised in the graph below and shown in more detail at **APPENDIX D**:



3.51. 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:

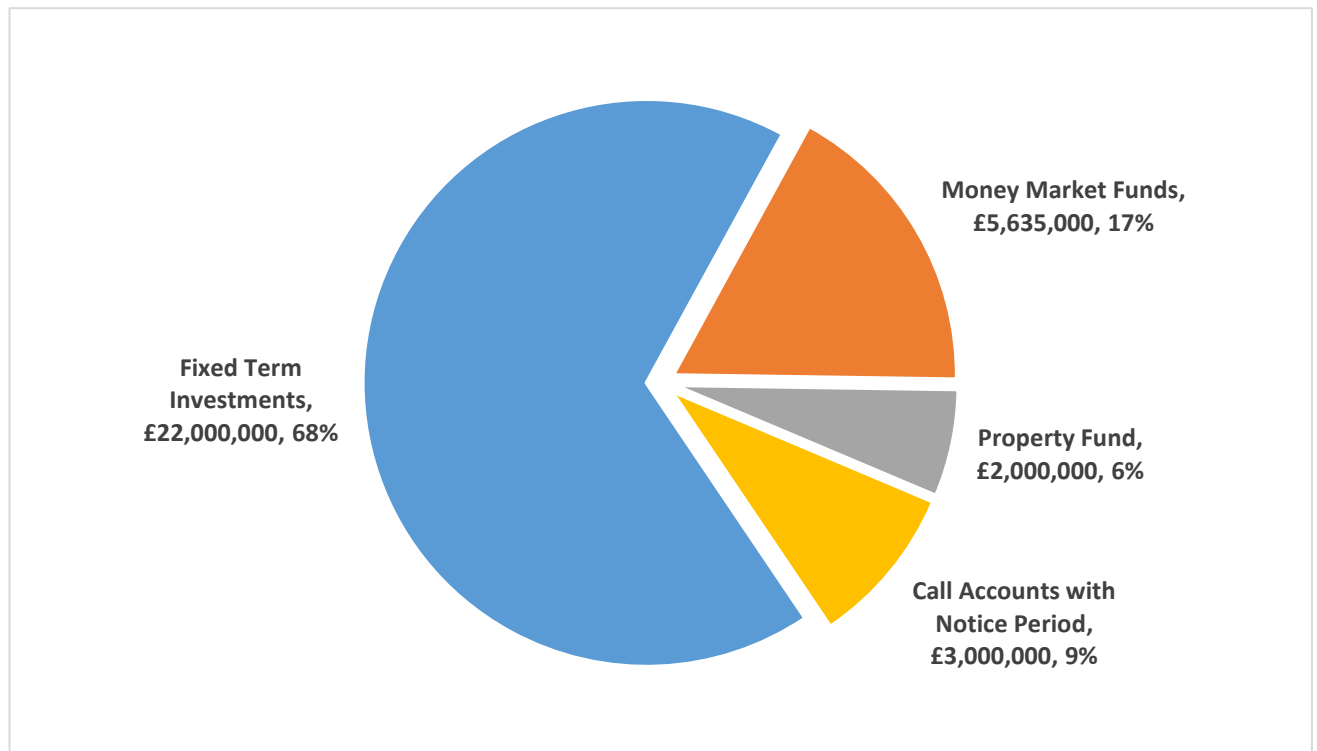


3.52. Our aim for the risk status of our investments was **A-**. The risk status based on the length of the investment and the value for a twelve month period is summarised in the graph below:



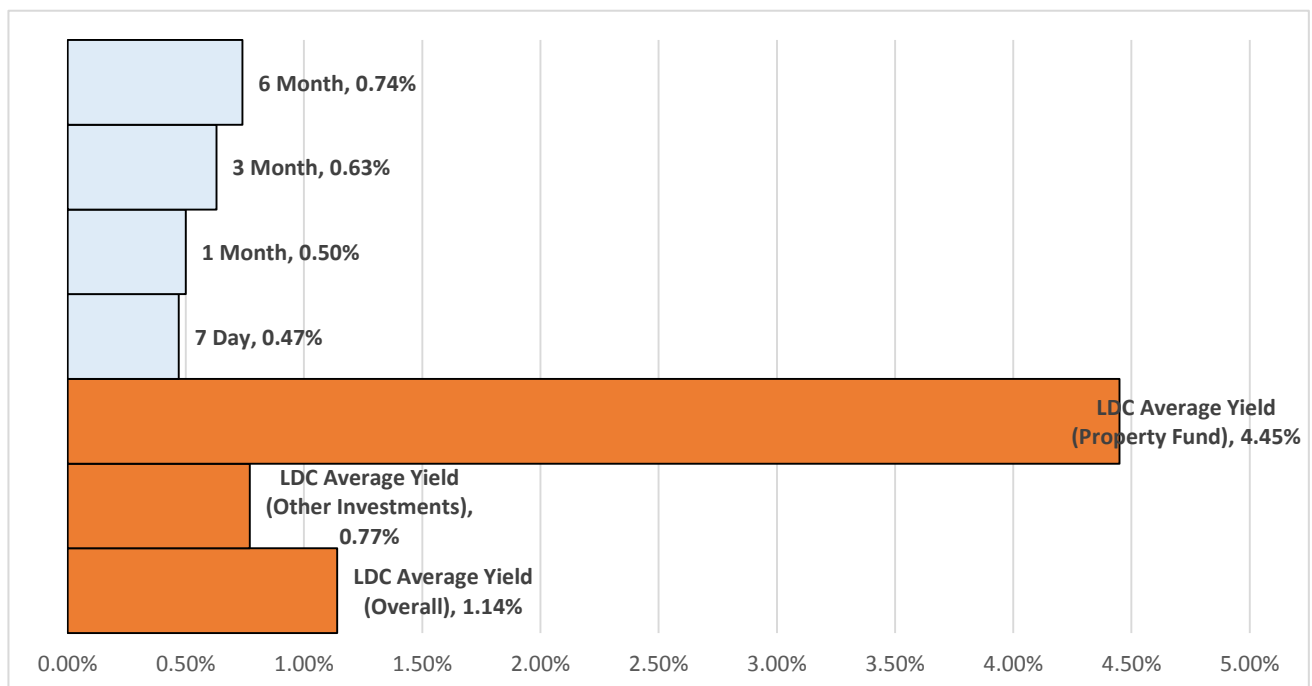
The Liquidity of our Investments

3.53. 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

3.54. 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).



3.55. The investment activity during the financial year is projected to generate **(£284,000)** of gross investment income compared to a budget of **(£270,000)**.

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	<p>At this eight months stage in the year, for the period up to November 2018, we forecast a contribution <u>to</u> general reserves of £642,570 will be made, against a budgeted contribution of (£1,990) <u>from</u> general reserves.</p> <p>Further detailed analysis on the Financial Performance up to November 2018 is shown in the attached Appendices.</p>
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.
GDPR/Privacy Impact Assessment	None identified in this report.

	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	<p>Close monitoring of expenditure.</p> <p>Maximising the potential of efficiency gains.</p> <p>Early identification of any unexpected impact on costs, for example, central Government policy, movement in the markets, and changes in the economic climate.</p> <p>Prioritisation of capital expenditure.</p> <p>Project management of projects.</p>	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	<p>The Council maintains a comprehensive cash flow model that is updated on a daily basis to reflect actual and planned cash flows.</p> <p>An element of the Council's investment portfolio will be invested in instant access accounts.</p>	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	<ul style="list-style-type: none"> • 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 • Money Matters: Review of Financial Performance 2018/19 – Cabinet 4 September 2018 • Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2018-23 – Cabinet 9 October 2018 • Money Matters: Review of Financial Performance 2018/19 – Cabinet 4 December 2018 • Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2018-23 – Cabinet 9 October 2018
Relevant web link	<u>Cabinet – Lichfield District Council</u>

Revenue Financial Performance
Variance to Budget 2018/19

Area	2018/19						
	Original Budget £	Approved Budget £	Projected Outturn £	Projected Variance £	● = adverse ☑ = favourable	Variance to Original Budget £	2018/19 Target Variance (+/-) £
Health and safe communities	1,808,850	1,919,480	1,901,820	(17,660)	☑	92,970	
Clean, green and welcoming places to live	3,427,580	3,226,050	2,916,970	(309,080)	☑	(510,610)	
A vibrant and prosperous economy	(652,350)	(846,280)	(1,066,880)	(220,600)	☑	(414,530)	
A council that is fit for the future	6,281,510	6,241,070	6,168,650	(72,420)	☑	(112,860)	
Efficiency Plan	(71,180)	0	0	-		71,180	
Net Cost of Services	10,794,410	10,540,320	9,920,560	(619,760)		(873,850)	0
Chief Executive	796,010	689,380	681,380	(8,000)	☑	(114,630)	6,000
Finance and Procurement	1,628,490	1,605,320	1,563,880	(41,440)	☑	(64,610)	13,000
Legal, Property and Democratic Services	424,800	551,650	399,650	(152,000)	☑	(25,150)	13,000
Revenues, Benefits and Customer Services	725,470	672,510	596,270	(76,240)	☑	(129,200)	19,000
Corporate Services	2,560,830	2,630,630	2,625,630	(5,000)	☑	64,800	22,000
Leisure & Operational Services	2,422,310	2,445,770	2,432,460	(13,310)	☑	10,150	28,000
Regulatory Services, Housing & Wellbeing	1,264,250	1,306,330	1,281,330	(25,000)	☑	17,080	15,000
Development Services	61,310	(45,170)	(67,250)	(22,080)	☑	(128,560)	30,000
Economic Growth	82,920	(183,550)	(242,040)	(58,490)	☑	(324,960)	34,000
Waste Services	899,200	867,450	649,250	(218,200)	☑	(249,950)	70,000
Efficiency Plan	(71,180)	0	0	-		71,180	-
Net Cost of Services	10,794,410	10,540,320	9,920,560	(619,760)		(873,850)	250,000
Net Treasury Position	104,860	64,710	51,710	(13,000)			
Revenue Contributions to the Capital Programme	154,000	154,000	154,000	-			
Net Operating Cost	11,053,270	10,759,030	10,126,270	(632,760)			
Transfer (from) / to General Reserve	26,990	(1,990)	642,570	644,560			
Transfer (from) / to Earmarked Reserves	(774,360)	(199,040)	328,120	527,160			
Net Revenue Expenditure	10,305,900	10,558,000	11,096,960	538,960			
Financed by:							
Retained Business Rates	(2,479,900)	(2,732,000)	(3,082,000)	(350,000)			
Business Rates Cap	(42,000)	(42,000)	(47,000)	(5,000)			
Levy Account Surplus	-	-	(32,000)	(32,000)			
New Homes Bonus	(800,000)	(800,000)	(941,000)	(141,000)			
Other Government Grants	-	-	(10,960)	(10,960)			
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 8 Months Budget Performance

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(8,000)	Chief Executive	(8,000)	-	-	-
(41,440)	Finance and Procurement	(39,440)	(2,000)	-	-
(152,000)	Legal, Property and Democratic Services	(133,000)	-	(19,000)	-
(76,240)	Revenues, Benefits and Customer Services	(31,440)	(5,000)	(39,800)	-
(5,000)	Corporate Services	22,000	-	(27,000)	-
(13,310)	Leisure & Operational Services	(13,310)	-	-	-
(25,000)	Regulatory Services, Housing & Wellbeing	(8,000)	-	(17,000)	-
(22,080)	Development Services	43,920	-	(66,000)	-
(58,490)	Economic Growth	21,710	-	(80,200)	-
(218,200)	Waste Services	92,390	-	(295,590)	(15,000)
(13,000)	Net Treasury Position	(13,000)	-	-	-
(£632,760)	Net Operating Cost	(£66,170)	(£7,000)	(£544,590)	(£15,000)

Chief Executive

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(8,000)	Vacant Post Saving	(8,000)	-	-	-
(£8,000)	Total	(£8,000)	-	-	-

Finance and Procurement

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(19,500)	Delay in new Procurement SLA	(19,500)	-	-	-
(11,000)	Vacant Post Saving	(11,000)	-	-	-
(7,000)	Supplies and Services underspend	(5,000)	(2,000)	-	-
(3,940)	Minor Underspend	(3,940)	-	-	-
(£41,440)	Total	(£39,440)	(£2,000)	-	-

Legal, Property and Democratic Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(125,000)	Delay in new Property Investment Strategy	(125,000)	-	-	-
(8,000)	Supplies and Services underspend	(8,000)	-	-	-
(19,000)	Additional Property Rental Income	-	-	(19,000)	-
(£152,000)	Total	(£133,000)	-	(£19,000)	-

Revenues, Benefits and Customer Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(18,000)	Grant income related to Universal Credit implementation	-	-	(18,000)	-
(21,800)	Housing Benefit Overpayments increased	-	-	(21,800)	-
(30,000)	Vacant Post savings	(30,000)	-	-	-
(5,000)	Reduction in postage	-	(5,000)	-	-
(1,440)	Minor Underspend	(1,440)	-	-	-
(£76,240)	Total	(£31,440)	(£5,000)	(£39,800)	-

Corporate Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
30,000	IT Cloud – revenue Implications of Capital Spend	30,000	-	-	-
(28,000)	ICT and Performance Supplies and Service underspend	(28,000)	-	-	-
(27,000)	Additional Street Naming and Numbering income	-	-	(27,000)	-
20,000	Earmarked Reserve Request – Corporate Training	20,000	-	-	-
(£5,000)	Total	£22,000	-	(£27,000)	-

Leisure and Operational Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(10,530)	Street Lighting redistribution and saving	(10,530)	-	-	-
(2,780)	Arts Development Ceasing	(2,780)	-	-	-
(30,000)	Grounds Maintenance underspend due to unseasonably hot summer	(30,000)	-	-	-
30,000	Earmarked Reserve Request – Streetscene Vehicle Sinking Fund	30,000	-	-	-
(£13,310)	Total	(£13,310)	-	-	-

Regulatory Services, Housing and Wellbeing

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(17,000)	Additional Licensing Income	-	-	(17,000)	-
(8,000)	Underspend on consultancy fees	(8,000)	-	-	-
(£25,000)	Total	(£8,000)	-	(£17,000)	-

Development Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(113,000)	Development Management - Additional Income and lower expenditure	(53,000)	-	(60,000)	-
103,000	Earmarked Reserve Request – Planning Appeals and Development Improvement Programme	103,000	-	-	-
(6,000)	Additional HS2 Income	-	-	(6,000)	-
(4,530)	Regrading of post	(4,530)	-	-	-
(1,550)	Minor Balance	(1,550)	-	-	-
(£22,080)	Total	£43,920	-	(£66,000)	-

Economic Growth

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(40,000)	Additional Car Park income	-	-	(40,000)	-
48,630	Birmingham Road Expenditure	48,630	-	-	-
(48,630)	Birmingham Road Spend funded from Earmarked Reserve	(48,630)	-	-	-
(24,520)	Lower consultancy use and additional S106 monitoring income	(17,520)	-	(7,000)	-
6,030	Street Lighting Redistribution	6,030	-	-	-
(33,200)	Additional CIL administration income	-	-	(33,200)	-
33,200	Earmarked Reserve Request – CIL volatility reserve	33,200	-	-	-
(£58,490)	Total	£21,710	-	(£80,200)	-

Waste Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(60,350)	Administration saving on garden waste	(60,350)			
(135,830)	Increased income from garden waste subscriptions			(135,830)	
(306,260)	Tapering of reduction in recycling credit on garden waste			(306,260)	
(20,170)	Saving on costs to remove unwanted garden waste bins	(20,170)			
80,520	Reduction in collection infrastructure savings on chargeable green waste service due to higher take up	80,520			
97,390	Increase in gate fee for disposal of dry recyclate due to Chinese export ban	97,390			
146,500	Reduction in Shared service contribution from the above			146,500	
(15,000)	Additional income from trade refuse				(15,000)
(5,000)	Saving on trade refuse disposal costs	(5,000)			
(£218,200)	Total	£92,390	-	(£295,590)	(£15,000)

Net Treasury Position

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(13,000)	Increased net interest receipts	-	-	(13,000)	-
(£13,000)	Total	-	-	(£13,000)	-

Capital Programme Performance in 2018/19

Project	Original Budget	Approved Budget	Actual To Date	Projected Actual	Projected Variance
Burntwood Leisure Centre Enhancement Projects	£42,000	£140,000		£0	(£140,000)
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	£579,715	£1,395,000	£363,000
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	£15,000	£21,000	
Armitage with Handsacre Village Hall heating upgrade		£20,000	£15,000	£20,000	
Armitage with Handsacre Village Hall storage container		£16,000	£10,000	£16,000	
Re-siting/improvement of Armitage War Memorial and surrounding area		£120,000		£80,000	(£40,000)
Replacement of canopy and installation of artificial grass at Armitage		£13,000		£13,000	
Accessible Homes (Disabled Facilities Grants)	£772,000	£928,000	£582,218	£1,193,000	£265,000
Home Repair Assistance Grants	£15,000	£35,000		£15,000	(£20,000)
Decent Homes Standard	£437,000	£0		£0	
Energy Insulation Programme	£20,000	£41,000	£3,887	£41,000	
DCLG Monies	£212,000	£0		£0	
Unallocated S106 Affordable Housing Monies	£400,000	£400,000		£0	(£400,000)
Housing Redevelopment Scheme - Packington		£40,000		£40,000	
Healthy and Safe Communities	£2,649,000	£2,886,000	£1,205,820	£2,914,000	£28,000
Darnford Park	£13,000	£0		£0	
Canal Towpath Improvements (Brereton & Ravenhill)		£25,000		£0	(£25,000)
Vehicle Replacement Programme	£168,000	£138,000	£14,750	£15,000	(£123,000)
Shortbutts Park, Lichfield	£23,000	£0		£0	
Env. Improvements - Upper St John St & Birmingham Road	£7,000	£7,000		£0	(£7,000)
Stowe Pool Improvements	£100,000	£0		£0	
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	£28,907	£62,000	£19,000
Clean, Green and Welcoming Places to Live	£447,000	£216,000	£43,657	£80,000	(£136,000)
Data Management System	£6,000	£11,000		£11,000	
Birmingham Road Site Support	£313,000	£330,000	£143,493	£143,000	(£187,000)
Birmingham Road Site - Castle Dyke/Frog Lane Enhancement	£100,000	£81,000		£0	(£81,000)
Birmingham Road Site - Railway Station Forecourt Enhancements	£5,000	£0		£0	
Birmingham Road Site - Coach Park	£450,000	£243,000	£5,000	£5,000	(£238,000)
Birmingham Road Site - Police Station Acquisition		£1,805,000	£1,785,027	£1,805,000	
Sankey's Corner Environmental Improvements		£3,000	£3,000	£3,000	
City Centre Strategy and Interpretation		£1,500		£23,500	£22,000
Car Parks Variable Message Signing	£32,000	£0		£0	
Old Mining College - Refurbish access and signs		£14,000	£1,296	£14,000	
Lichfield Festival Parade and Website (Lichfield City Art Fund)		£14,000	£13,752	£14,000	
St Mary's Cultural Hub (Lichfield City Art Fund)		£45,000	£31,729	£45,000	
Erasmus Darwin Lunar Legacy (Lichfield City Art Fund)		£25,000	£10,769	£25,000	
A Vibrant and Prosperous Economy	£906,000	£2,572,500	£1,994,068	£2,088,500	(£484,000)
Property Investment Strategy	£6,000,000	£3,000,000		£0	(£3,000,000)
IT and Channel Shift Programme	£152,000	£162,000	£117,924	£187,000	£25,000

APPENDIX C

Project	Original Budget	Approved Budget	Actual To Date	Projected Actual	Projected Variance
Asset Management - Works resulting from Condition Survey	£88,000	£188,000	£70,324	£85,000	(£103,000)
A Council that is Fit for the Future	£6,240,000	£3,350,000	£188,248	£272,000	(£3,078,000)
Capital Programme Total	£10,242,000	£9,024,500	£3,431,793	£5,354,500	(£3,670,000)

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

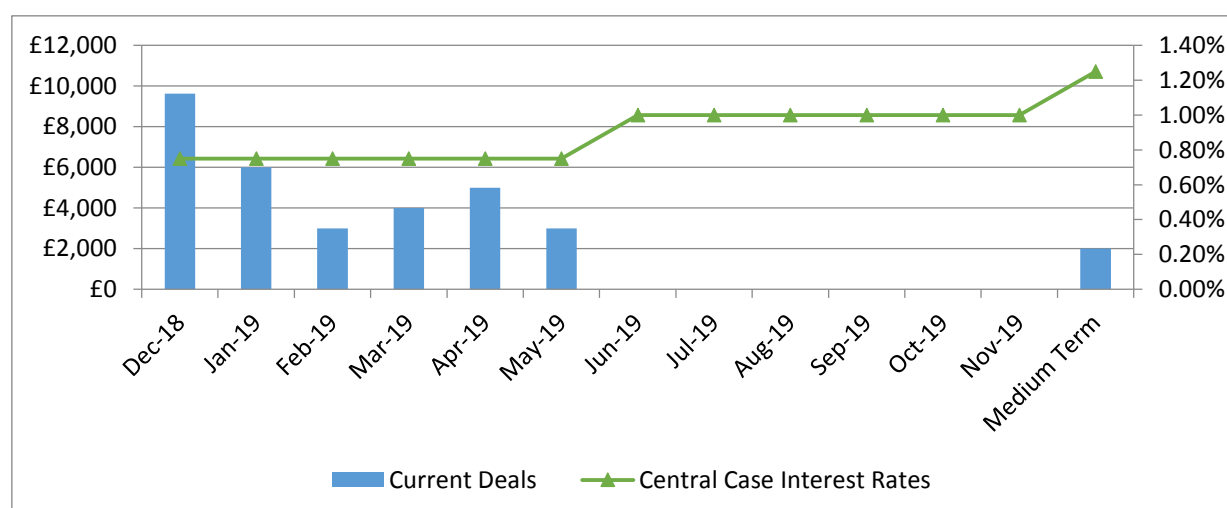
Funding Source	Original Budget	Approved Budget	Projected Actual	Projected Variance
Capital Receipts	£670,000	£2,650,000	£1,888,000	(£762,000)
Revenue Contributions	£154,000	£154,000	£155,000	£1,000
Council Funding	£824,000	£2,804,000	£2,043,000	(£761,000)
Borrowing Need	£6,780,000	£4,032,000	£1,395,000	(£2,637,000)
Capital Grants and Contributions	£2,452,000	£1,720,500	£1,544,500	(£176,000)
Reserves and Sinking Funds	£186,000	£468,000	£372,000	(£96,000)
Capital Programme Total	£10,242,000	£9,024,500	£5,354,500	(£3,670,000)

Investments in the 2018/19 Financial Year

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

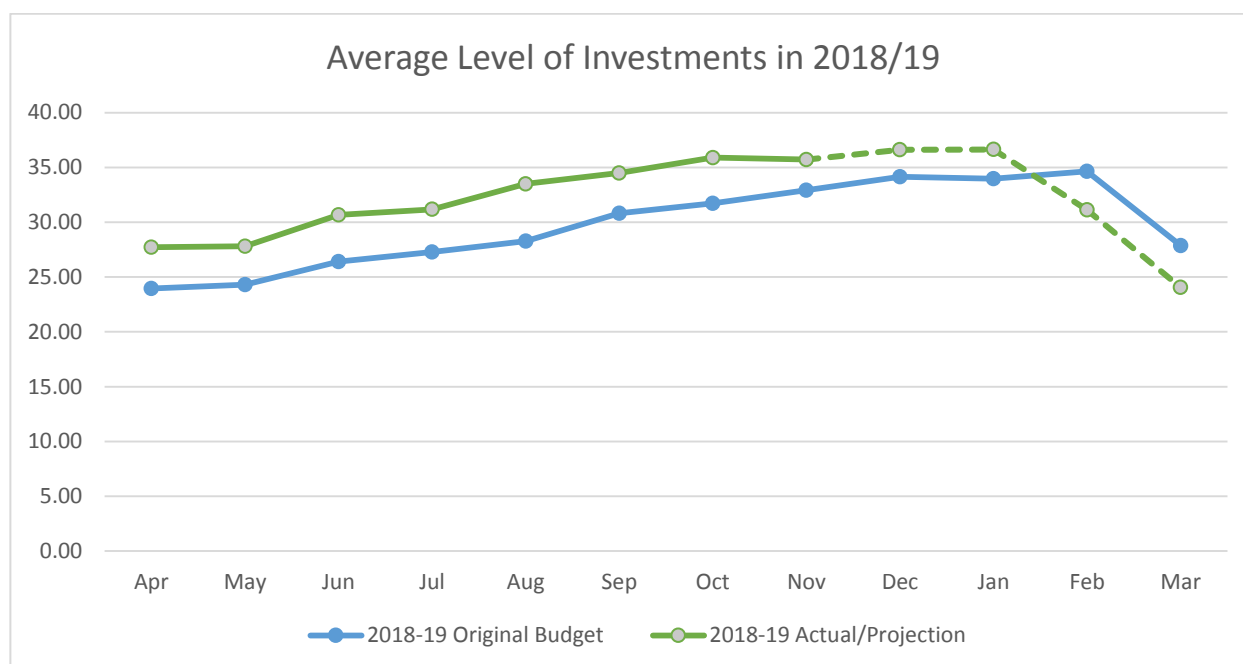
Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating	Foreign Parent
Money Market Funds						
Invesco Aim	£1,000,000	01-Dec-18	Instant Access	0.70%	0	N/A
Goldman Sachs	£635,000	01-Dec-18	Instant Access	0.67%	0	N/A
Blackrock Institutional	£1,000,000	01-Dec-18	Instant Access	0.70%	0	N/A
Legal & General	£1,000,000	01-Dec-18	Instant Access	0.71%	0	N/A
BNP Paribas MMF	£1,000,000	01-Dec-18	Instant Access	0.75%	0	N/A
Amundi	£1,000,000	01-Dec-18	Instant Access	0.74%	0	N/A
Property Fund						
CCLA Property Fund	£2,000,000	N/A	N/A	4.11%	N/A	No
Fixed Term Investments						
United Overseas Bank	£1,000,000	17-May-19	168	0.84%	AA-	
Surrey Heath Borough Council	£2,000,000	13-Dec-18	13	0.60%	LOCAL	
DBS Bank	£1,000,000	03-Dec-18	3	0.71%	AA-	
Australia and New Zealand Banking Group	£1,000,000	12-Dec-18	12	0.70%	AA-	
Slough Borough Council	£2,000,000	07-Jan-19	38	0.60%	LOCAL	
Close Bros	£1,000,000	21-Jan-19	52	0.80%	A	
North Ayrshire Council	£2,000,000	23-Jan-19	54	0.80%	LOCAL	
Woking Borough Council	£2,000,000	26-Feb-19	88	0.85%	LOCAL	
Blaenau Gwent County Borough	£2,000,000	03-Apr-19	124	0.90%	LOCAL	
Coventry Building Society	£1,000,000	05-Apr-19	126	0.82%	A	
Landesbank Hessen-Thüringen (Helaba)	£1,000,000	09-Apr-19	130	0.88%	A	
Commonwealth Bank of Australia	£1,000,000	19-Mar-19	109	0.71%	AA-	
Nationwide	£1,000,000	19-Mar-19	109	0.71%	A	
Lloyds	£1,000,000	15-May-19	166	1.00%	A+	
Barclays Bank	£1,000,000	08-Mar-19	98	0.77%	A	
Call Accounts with Notice Period						
Santander	£1,000,000	29-May-19	180	0.95%	A	
Goldman Sachs International Bank	£1,000,000	05-Mar-19	95	0.80%	A	
Svenska Handelsbanken AB	£1,000,000	04-Jan-19	35	0.65%	AA-	
Certificates of Deposit						
Nordea Bank AB	£1,000,000	08-Feb-19	70	0.84%	AA-	
Standard Chartered	£1,000,000	05-Apr-19	126	0.88%	A	
Total Investments	£32,635,000					

The maturity profile of these investments at 30 November 2018 compared to our Treasury Management advisor Arlingclose's 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).

	Budget	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	87 days
Temporary Borrowing	£0	£0
<u>Yield</u>		
Average amount we had available to invest (£m)	£30.90m	£32.10m
Average Interest Rate (%)	0.81%	0.89%
Gross Investment Income (£)	(£270,000)	(£284,000)
Net Treasury Position including borrowing (£)	£64,710	£35,790

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

Report of the Cabinet Member for Finance and Democratic Services

Date: 12 February 2019

Agenda Item: 5

Contact Officer: Diane Tilley / Anthony Thomas

Tel Number: 01543 308001 / 01543 308012

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Key Decision? YES

Local Ward Full Council

Members



Cabinet

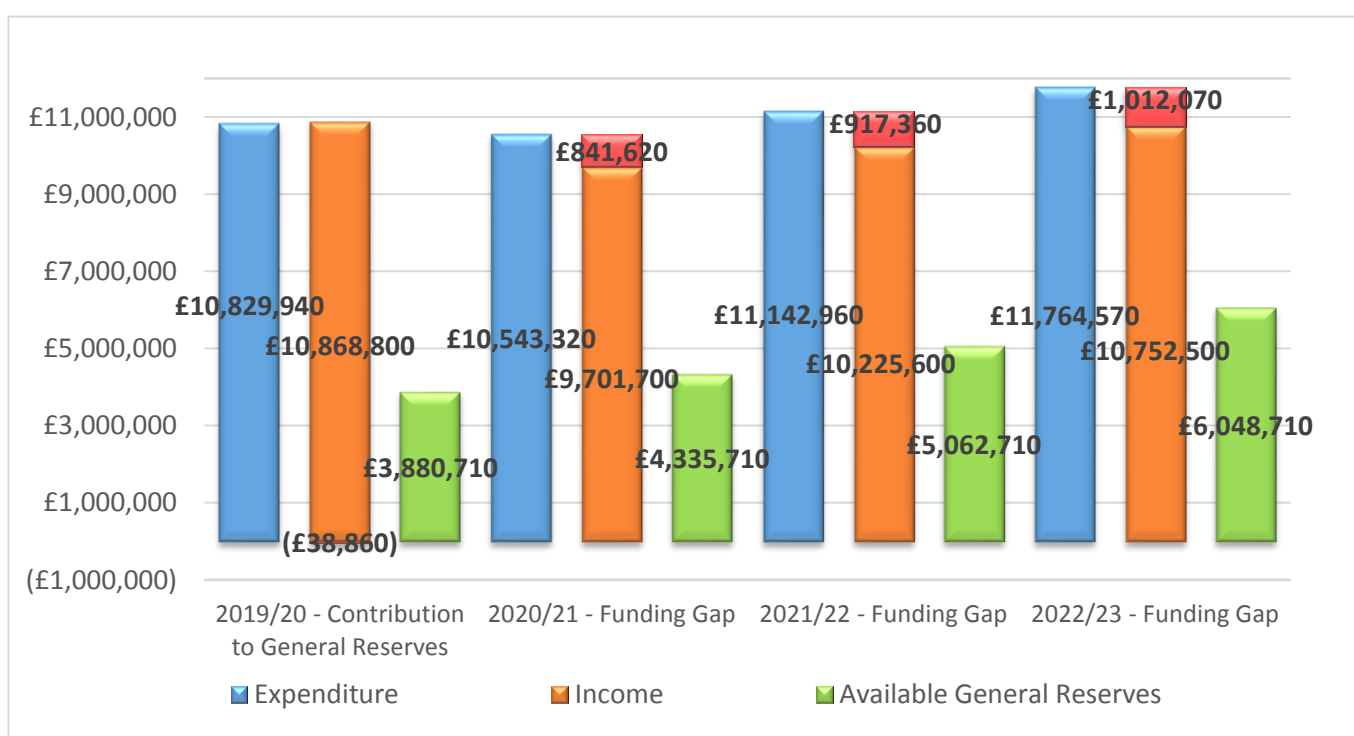
1. Executive Summary

The Medium Term Financial Strategy (MTFS)

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

The Revenue Budget

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



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

Treasury Management, the Capital Strategy and the Capital Programme

- 1.8 The Treasury Management Strategy Statement incorporates the Annual Investment Strategy and it covers the financing and investment strategy for the forthcoming financial year.
- 1.9 The purpose of this paper is, therefore, to review:
- The Capital Strategy and Capital Programme, outlined in **APPENDICES B & C**.
 - Minimum Revenue Provision Statement 2019/20 (**APPENDIX D**).
 - Treasury Management Strategy Statement for 2019/20 (**APPENDIX E**).
 - Treasury Investments and their Limits (**APPENDIX E**).
 - The Investment Strategy Report for 2019/20 (**APPENDIX F**) as required under Statutory Guidance in January 2018.
 - The Capital and Treasury Prudential Indicators 2018-23 in the financial implications section.
- 1.10 All treasury activity will comply with relevant statute, guidance and accounting standards.

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

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

2. Recommendations

That Cabinet recommend to Council for approval:

- 2.1 The 2019/20 Revenue Budget, including the Amount to be met from Government Grants and Local Taxpayers of **£11,371,400** and a proposed level of Council Tax (the District Council element) for 2019/20 of **£175.07** (an increase of **£5.08** or **2.99%**) for a Band D equivalent property.
- 2.2 The MTFS 2018-23 Revenue Budgets set out in **APPENDIX A** including the results of the Budget Consultation.
- 2.3 The MTFS 2018-23 Capital Strategy and Capital Programme (**APPENDICES B & C**).
- 2.4 The Minimum Revenue Provision Statement 2019/20, at **APPENDIX D**, which sets out the Council's policy of using the asset life method as the basis for making prudent provision for debt redemption.
- 2.5 Treasury Management Strategy Statement for 2019/20 including proposed changes (**APPENDIX E**).
- 2.6 The Investment Strategy Report (**APPENDIX F**) including the proposed limits for 2019/20.
- 2.7 The Capital and Treasury Prudential Indicators for 2018-23 in the financial implications section.
- 2.8 The Authorised Limit Prudential Indicator shown within the financial implications section.
- 2.9 The requirements and duties that the Local Government Act 2003 places on the Authority on how it sets and monitors its Budgets, including the CFO's report on the robustness of the Budget and adequacy of Reserves shown in **APPENDIX G**.

3. Background

The Revenue Budget

Inflation

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

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

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

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

Budget Variations

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

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

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

3.4. The elements of the Provisional Finance Settlement for 2019/20 received on 13 December 2018, relevant to this Council, have been included:

- The removal of Negative Revenue Support Grant for 2019/20 – **reducing the funding gap by £453,000.**
- Additional New Homes Bonus for 2019/20 of **£468,000** (£1,278,000 compared to the Budget of £810,000) – **this is proposed to be used to part fund the loan to the Development Company.**
- Staffordshire and Stoke on Trent were one of 15 successful Business Rate Pilots for 2019/20 and this will result in an estimated **£568,000** of additional Business Rates income – **this is proposed to be set aside for economic growth / income generating activities.**
- Other additional grants for 2019/20 (receivable in 2018/19) – this will increase general reserves by **£37,000.**

3.5. However these financial benefits impact on 2019/20 only with the majority of key income streams (Business Rates, Fair Funding and New Homes Bonus) being reviewed from 2020/21.

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

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

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

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

3.8. The transfers to earmarked reserves are related to:

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

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

The Capital Strategy

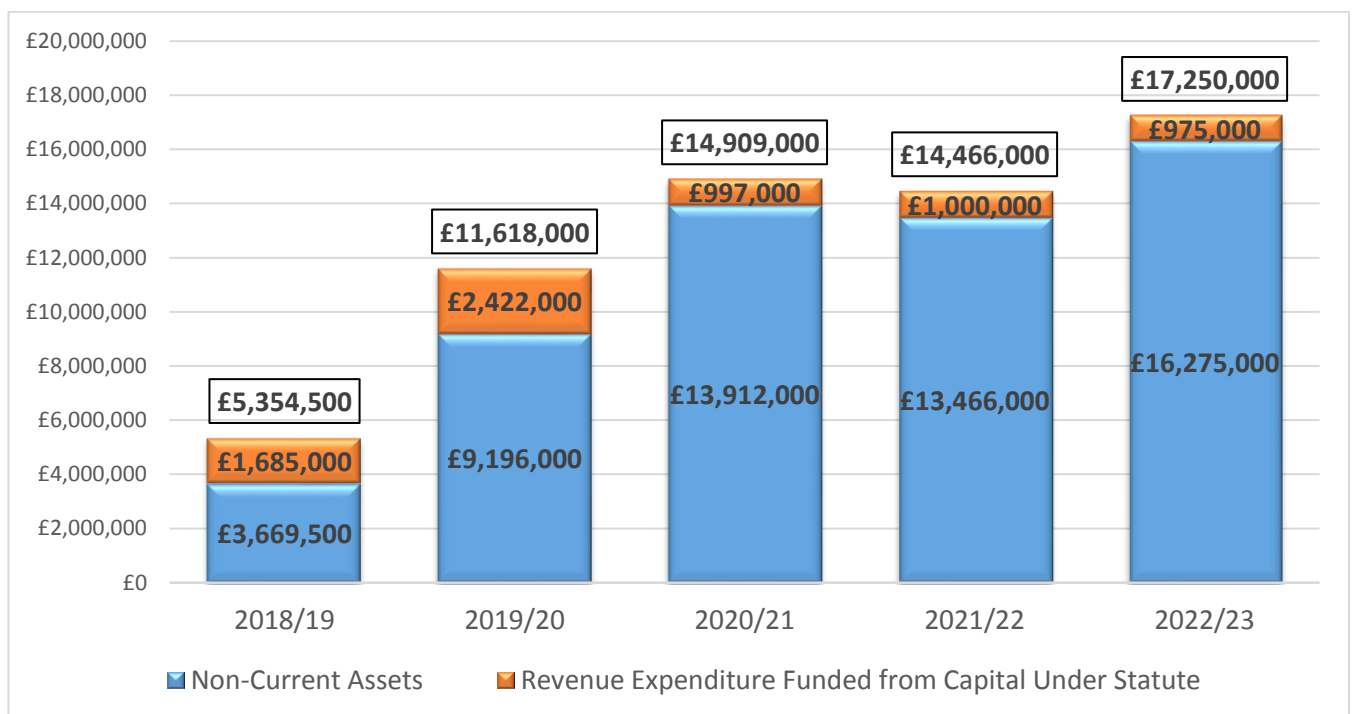
3.10 The Capital Strategy is shown at **APPENDIX B** and sets out the Council's framework for managing the Capital Programme including:

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

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

The Capital Programme

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

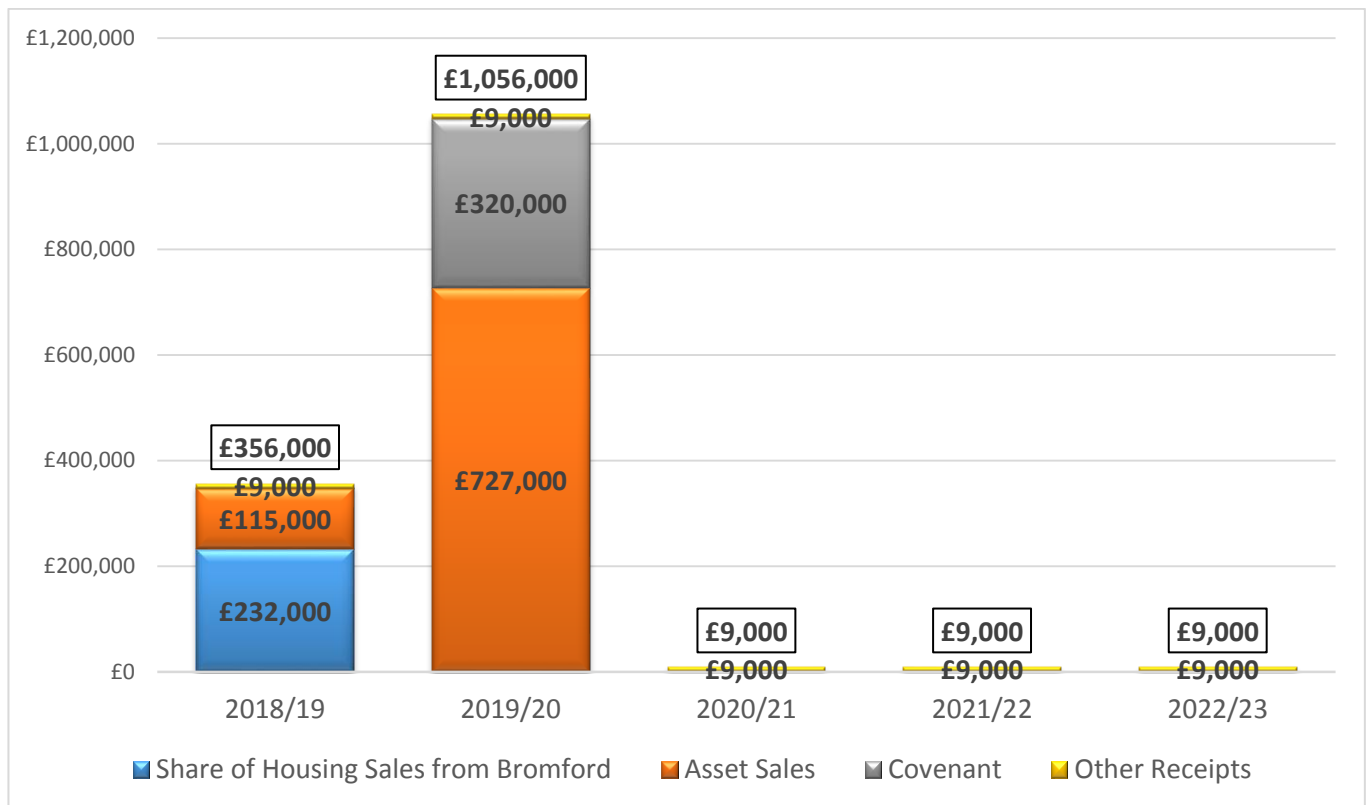


3.13 As an interim measure pending a detailed planning exercise to agree a longer term re-development plan for the Birmingham Road site, the District Council will shortly be seeking the necessary consents to carry out works to parts of the existing site. This scheme will allow the Council to address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

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

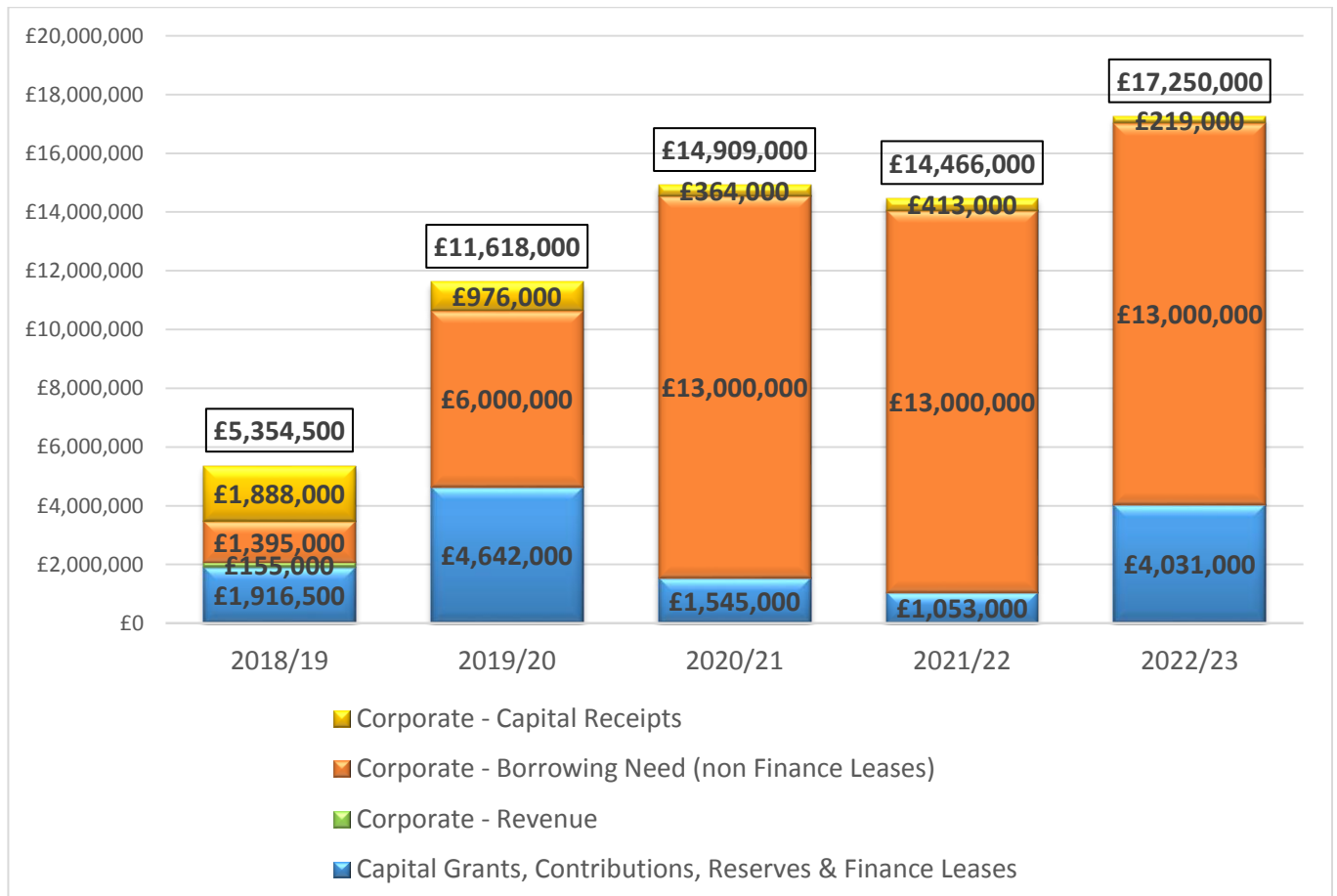
Capital Receipts

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



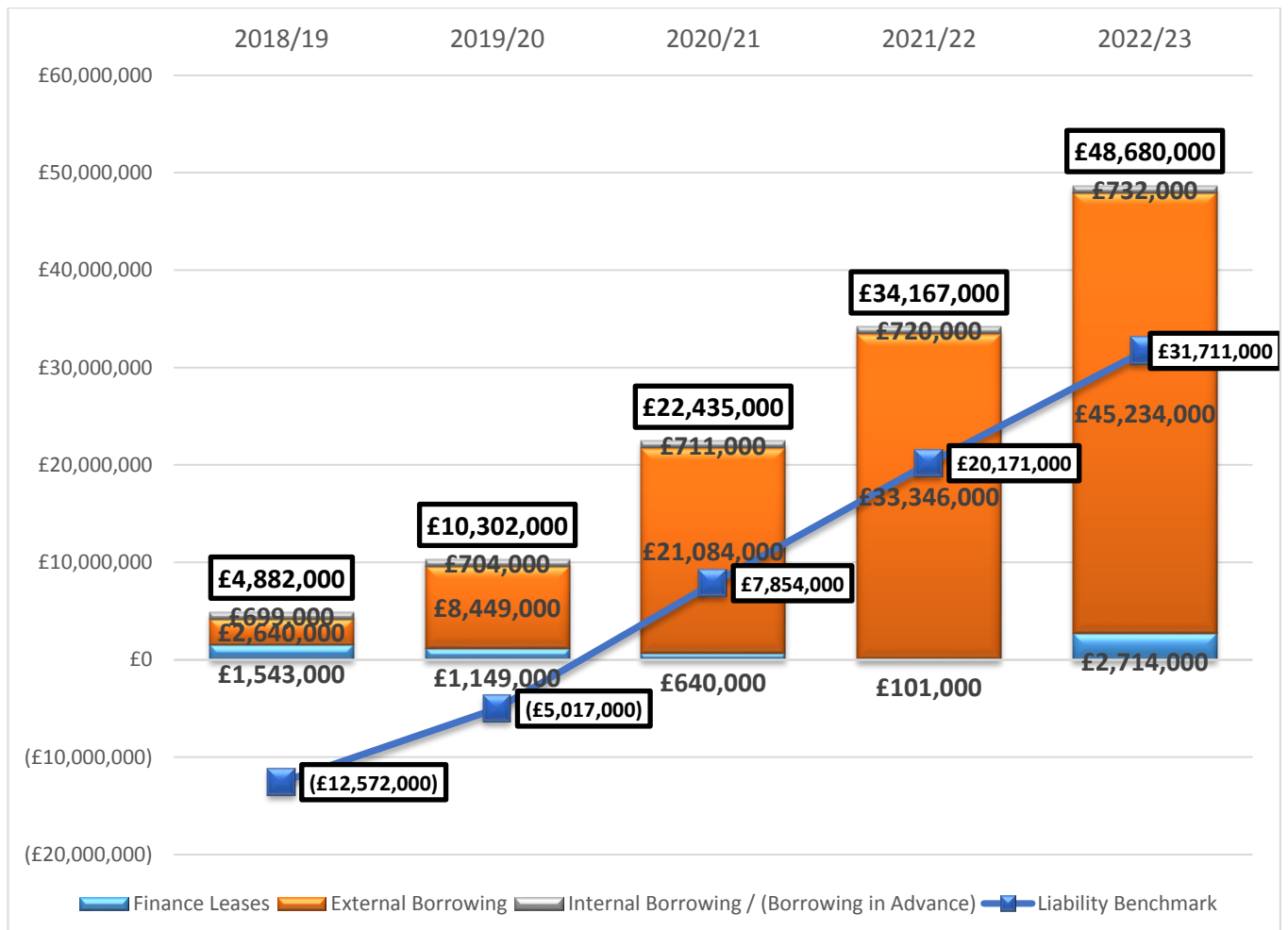
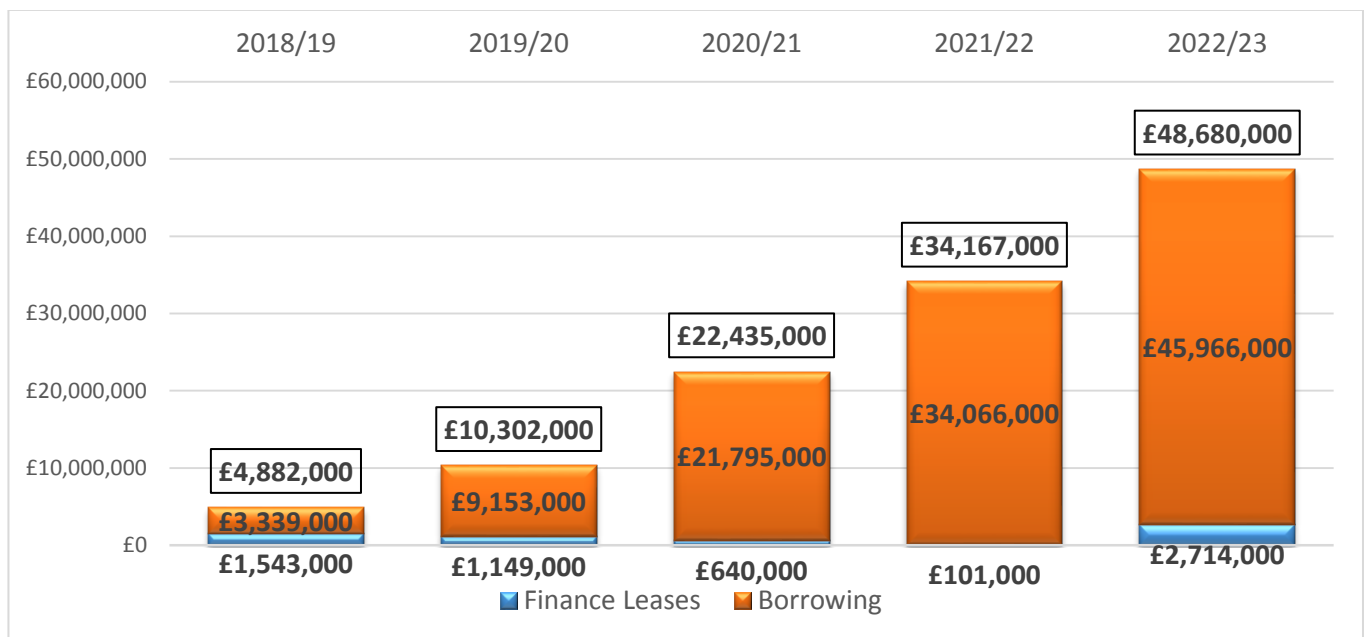
The Funding of the Capital Programme

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



The Cumulative Borrowing Need and its Financing

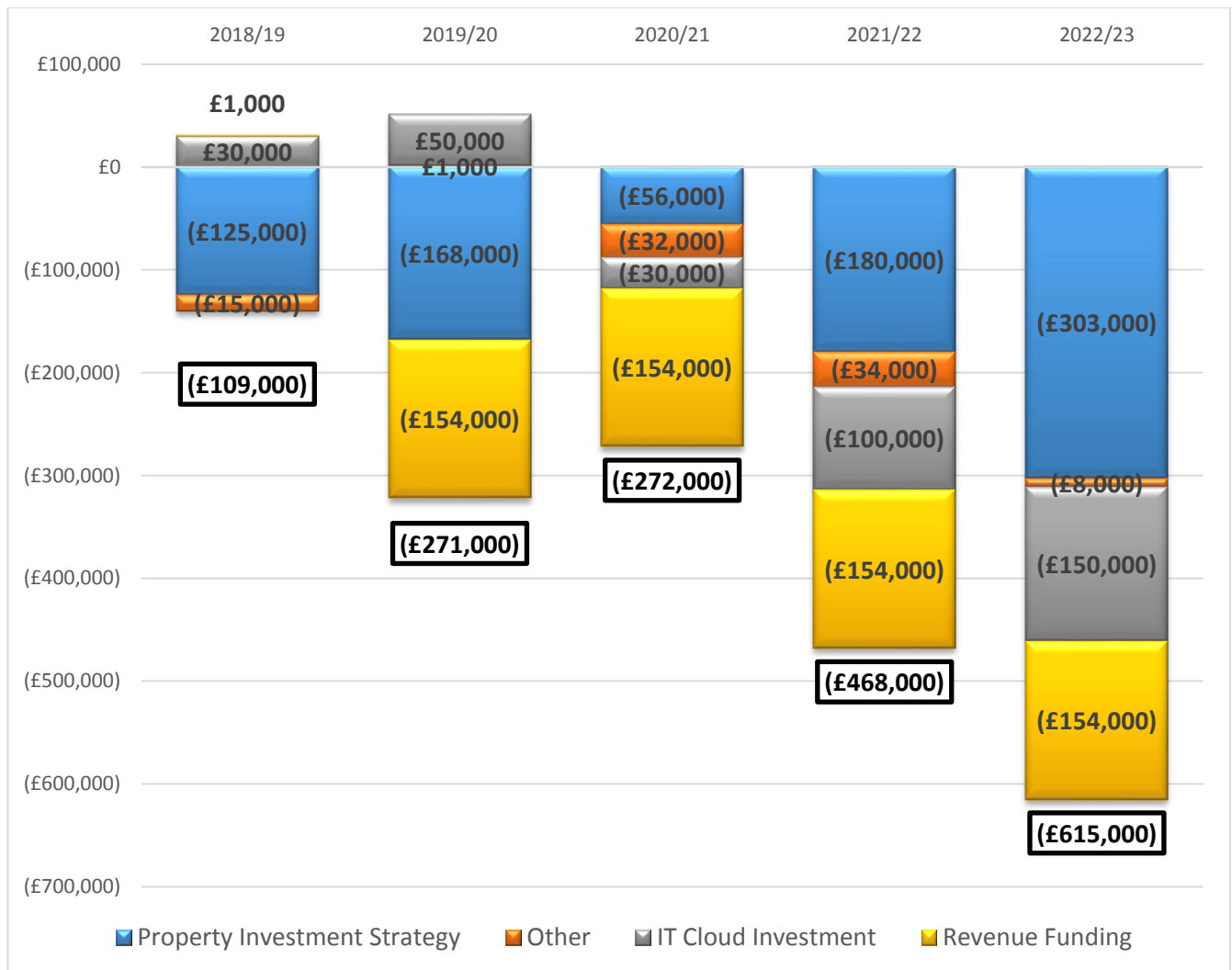
- 3.17 The projected Cumulative Borrowing Need related to the Capital Programme and its financing from borrowing and finance leases is shown in detail at **APPENDIX C** and in summary below:



- 3.18 The **liability benchmark** is the lowest risk level of borrowing determined by keeping cash and investment balances to a minimum level at the end of each year (£10m in 2018/19) to maintain liquidity but minimise credit risk.
- 3.19 The chart above indicates that based on current Balance Sheet projections the Council can reduce external borrowing by circa **£12m** through the use of internal borrowing and this approach will be considered as part of the financing strategy.

Revenue Implications of the Capital Programme

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



Treasury Management

- 3.21 CIPFA has defined Treasury Management as :

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

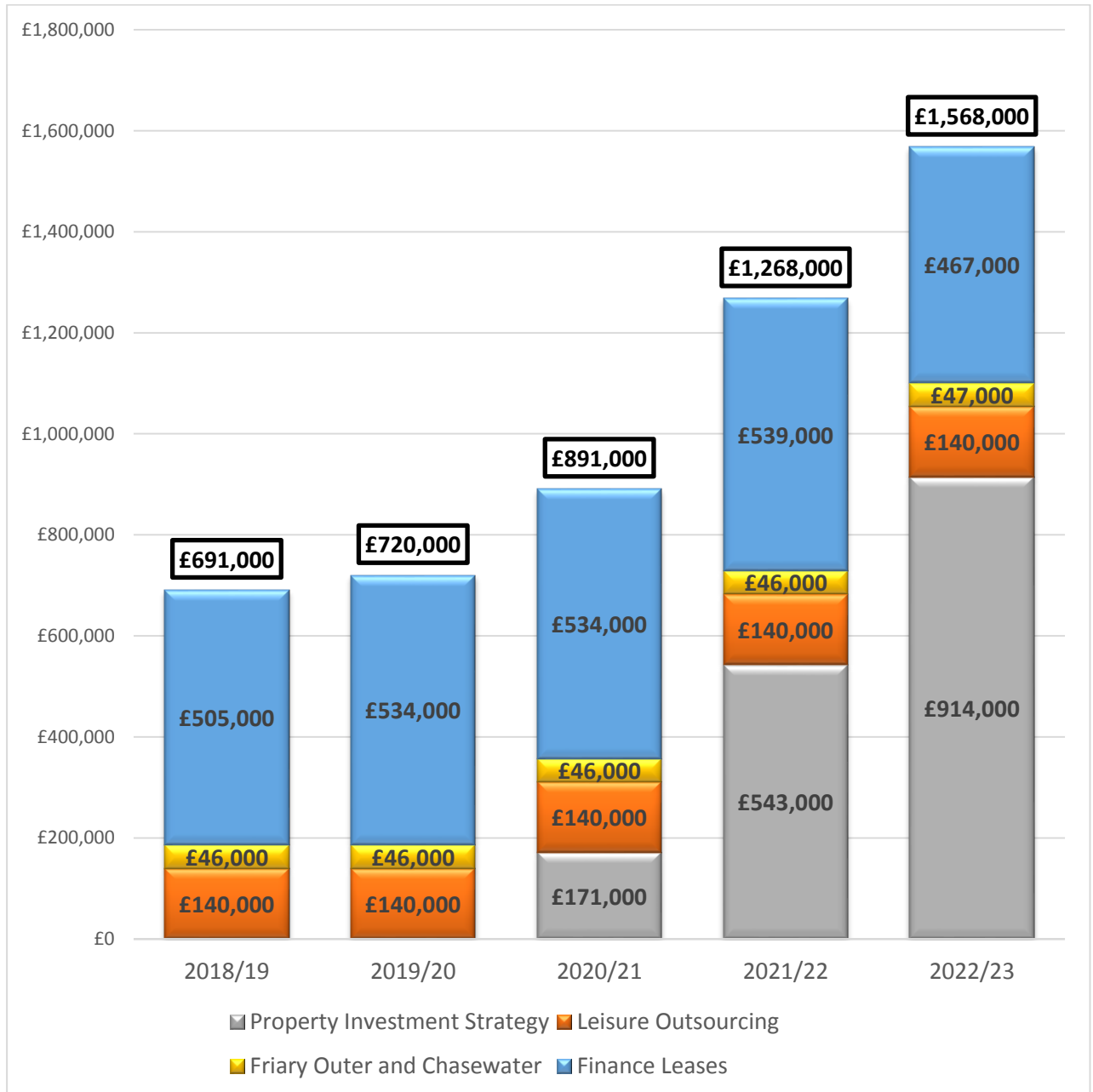
- 3.22 The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk. The successful identification, monitoring and control of risk are an important and integral element of its treasury management activities. The main risks to the Council’s treasury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

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

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

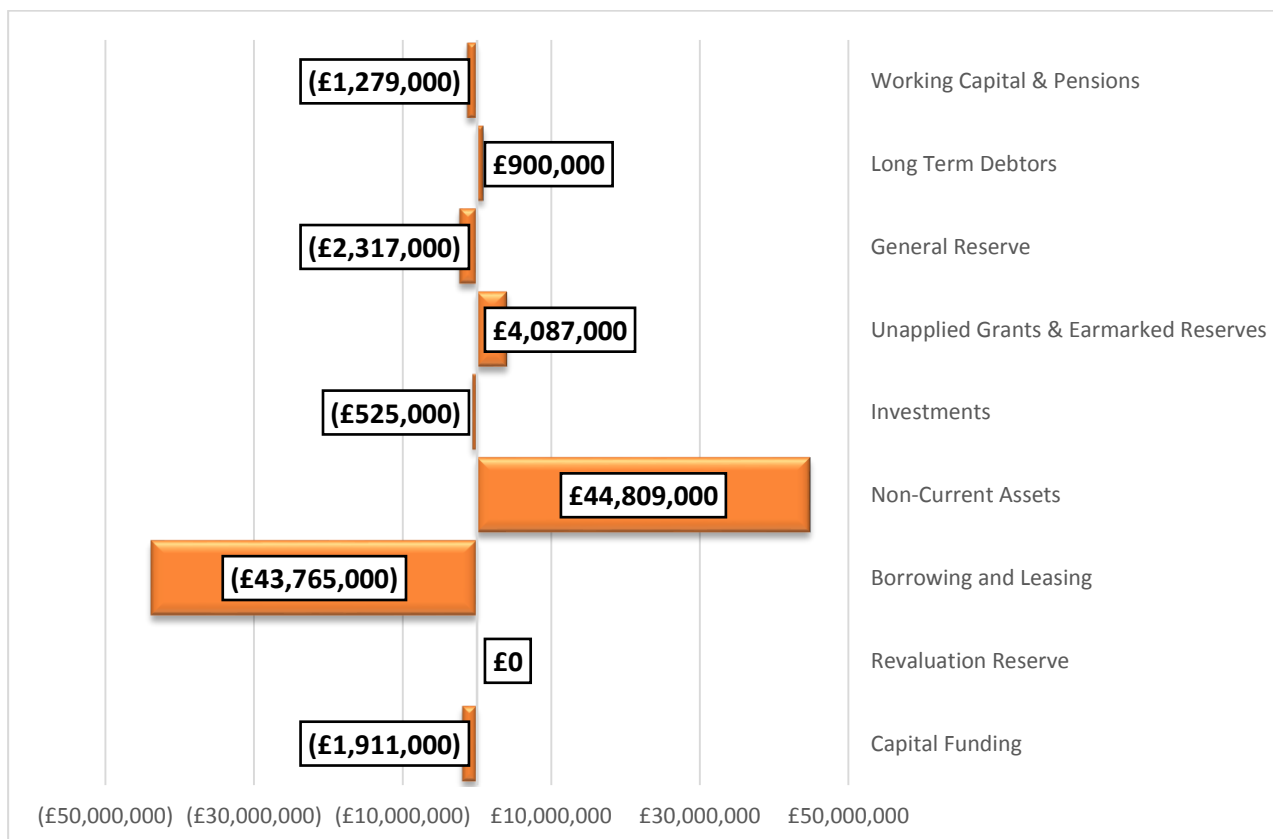
3.24 Minimum Revenue Provision Statement 2019/20

- The Council is required to make prudent provision for debt redemption (known as Minimum Revenue Provision (MRP)) and each year the Council must approve its MRP statement and this will include an allowance for finance leases that appear on the Council's Balance Sheet.
- As in previous years, the Council proposes to base its MRP on the estimated life of the asset (**APPENDIX D**). The estimated MRP chargeable during the Medium Term Financial Strategy is shown below:



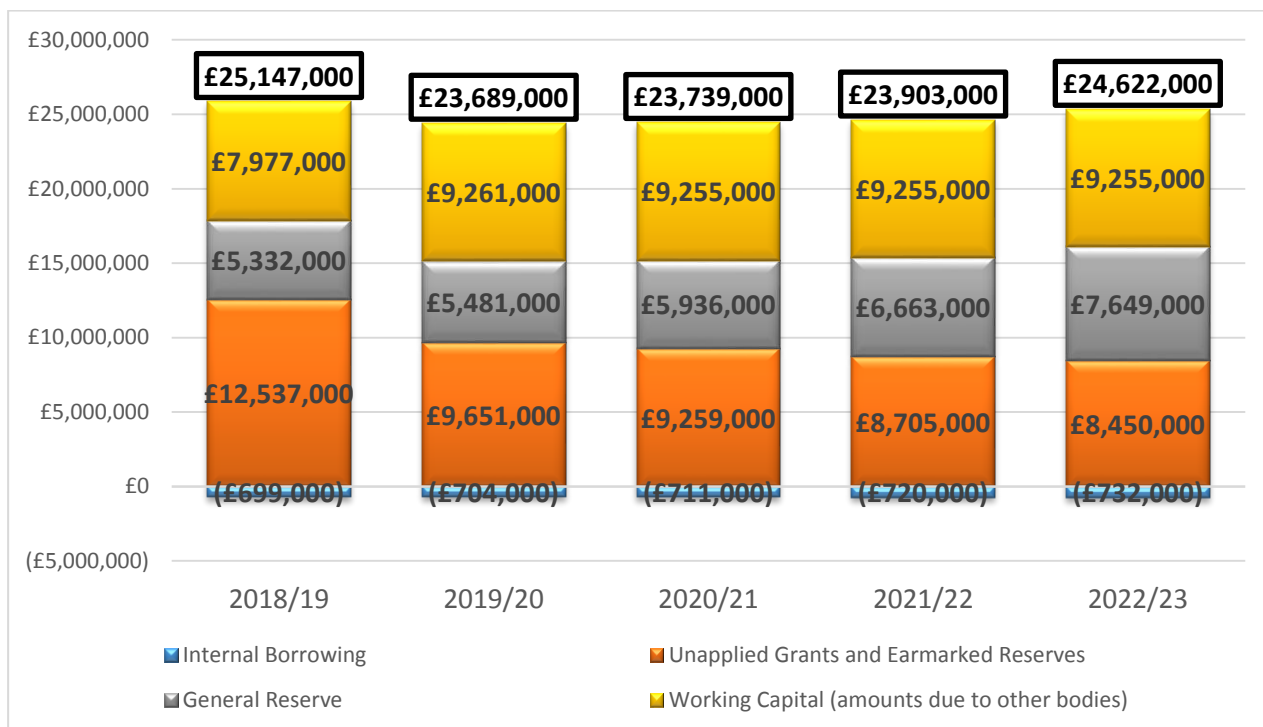
3.25 Balance Sheet Projections

- We prepare integrated Revenue Budgets and a Capital Programme. These budgets together with the actual Balance Sheet from the previous financial year are used to also prepare Balance Sheet projections.
- These Balance Sheet projections (**APPENDIX E**) are significant in assessing the Council's Treasury Management Position in terms of borrowing requirement, investment levels and our Investment Strategy. The projected changes in the Balance Sheet over the Strategy period 2018/19 to 2022/23 are summarised below:



- The reasons for these projected changes are explained below:
 1. **Working Capital & Pensions** – no significant change is projected. However the Pension Fund Actuary will provide an up to date assessment at 31 March 2019 and a three year Pension Fund Revaluation will take place for 2020/21 to 2022/2023 and these both could result in material changes.
 2. **Long Term Debtors** – Council agreed on 16 October 2018 a loan of up to **£900,000** to the Local Authority Company for a period of 5 years (repayment is assumed in 2023/24 as a capital receipt).
 3. **General Reserve** – there will be an increase as a result of the contributions in 2018/19 and 2019/20 together with the transfer of projected New Homes Bonus in excess of the 'cap'.
 4. **Unapplied Grants and Earmarked Reserves** - the value is projected to reduce as capital receipts, grants, contributions and reserves are used to fund the Capital Programme, are used to fund projects in the Revenue Budget and are paid to others.
 5. **Investments** – the value is projected to reduce as capital receipts, grants, contributions and reserves are used to fund the Capital Programme.
 6. **Non-Current Assets** – Non Current Assets will significantly increase with the delivery of the Property Investment Strategy.
 7. **Borrowing and Leasing** – the capital investment in Non-Current Assets will predominantly be financed through an increase in external borrowing.
 8. **Capital Funding** – this will increase as a result of the use of grants, contributions and capital receipts to fund capital investment.

- The Balance Sheet Projections (**APPENDIX E**) also show the projected year end investment levels and the sources of cash:



3.26 Treasury Management Advice and the Expected Movement in Interest Rates

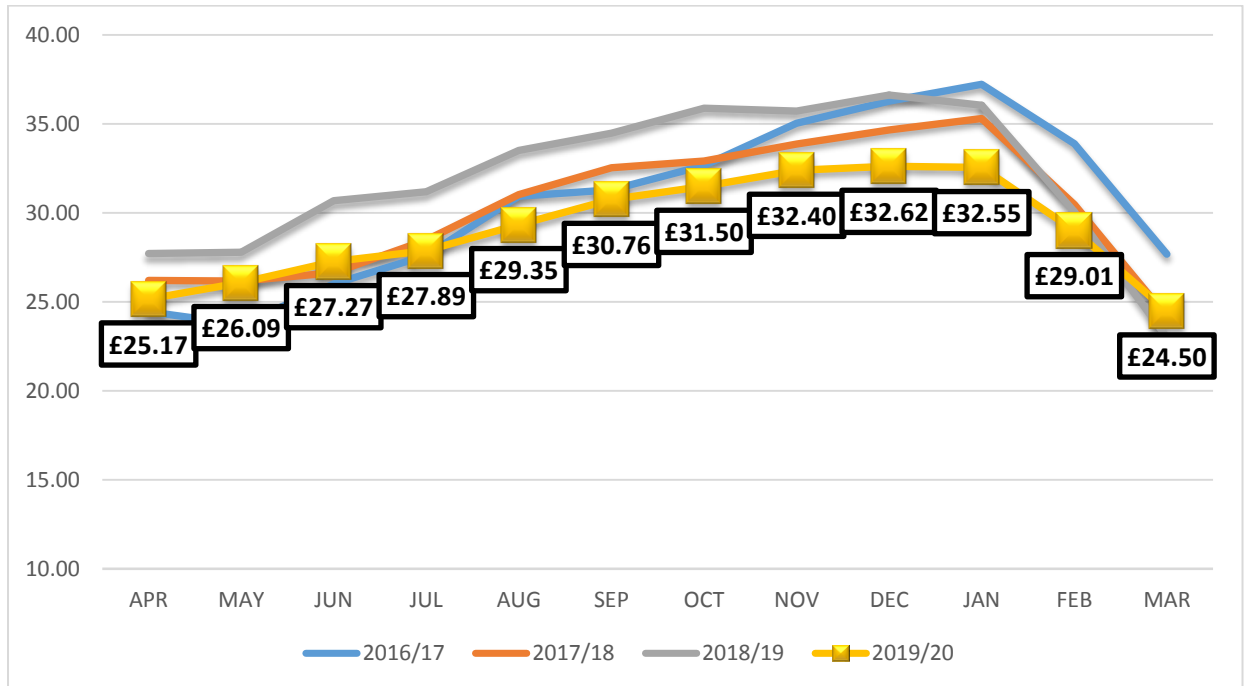
- The Official Bank Rate outlook provided by the Council's Treasury Advisor, together with the Council's assumption where interest rates remain at the current level of **0.75%** is shown below:



- The Council assumption is based on BREXIT uncertainty and the possible monetary policy responses including the level of interest rates. The Council assumptions has been used as the basis for preparation of the investment income and borrowing budgets for 2019/20 and future years.

3.27 Cash Flow Forecast

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



- The planned monthly cash flow forecast for the 2019/20 financial year has been used to calculate the investment income budget. The key components of this calculation are the average level of investment balances and the rate or yield achieved.
- The Treasury Management estimates for 2019/20 for both investment income and borrowing are shown in the table below:

Treasury Management	2019/20	
	Investment Income	Borrowing
Average Balance	£27.28M	£5.54M
Average Rate	1.00%	2.36%

Investment Income	(£230,000)	
CCLA Transfer to Reserves	£30,000	
External Interest		£56,000
Internal Interest		£4,000
Minimum Revenue Provision		£186,000
Total	(£200,000)	£246,000
	£46,000	

- The gross interest receipts have been estimated as **(£230,000)** (this equates to **9%** of The Council's income from Retained Business Rates of **£2,525,800** in **2019/20**), transfers to the Property Reserve of **£30,000** and therefore Net Investment income is **(£200,000)**.

3.28 Treasury Management Strategy Statement and the Annual Investment Strategy

- The Treasury Investments and their Limits are shown in detail at **APPENDIX E** with proposed changes shown in red.
- The proposed changes for 2019/20 compared to those approved for 2018/19 are:
 1. The majority of Money Market Funds are domiciled in Luxembourg or Ireland and therefore to provide contingency up to and following BREXIT, a new category of UK Domiciled Pooled Funds has been created with a limit of **£5m per fund** (there are currently two and the Council has accounts with both).
 2. As part of the move to greater diversification, a new category of Corporates (excluding the Council Company) has been created with a limit of **£250,000 per Company**. Loans to unrated Companies will only be considered following an external credit assessment.
 3. A new investment limit for Real Estate Investment Trusts of **£5m**.

3.29 Investment Strategy Report for 2019/20

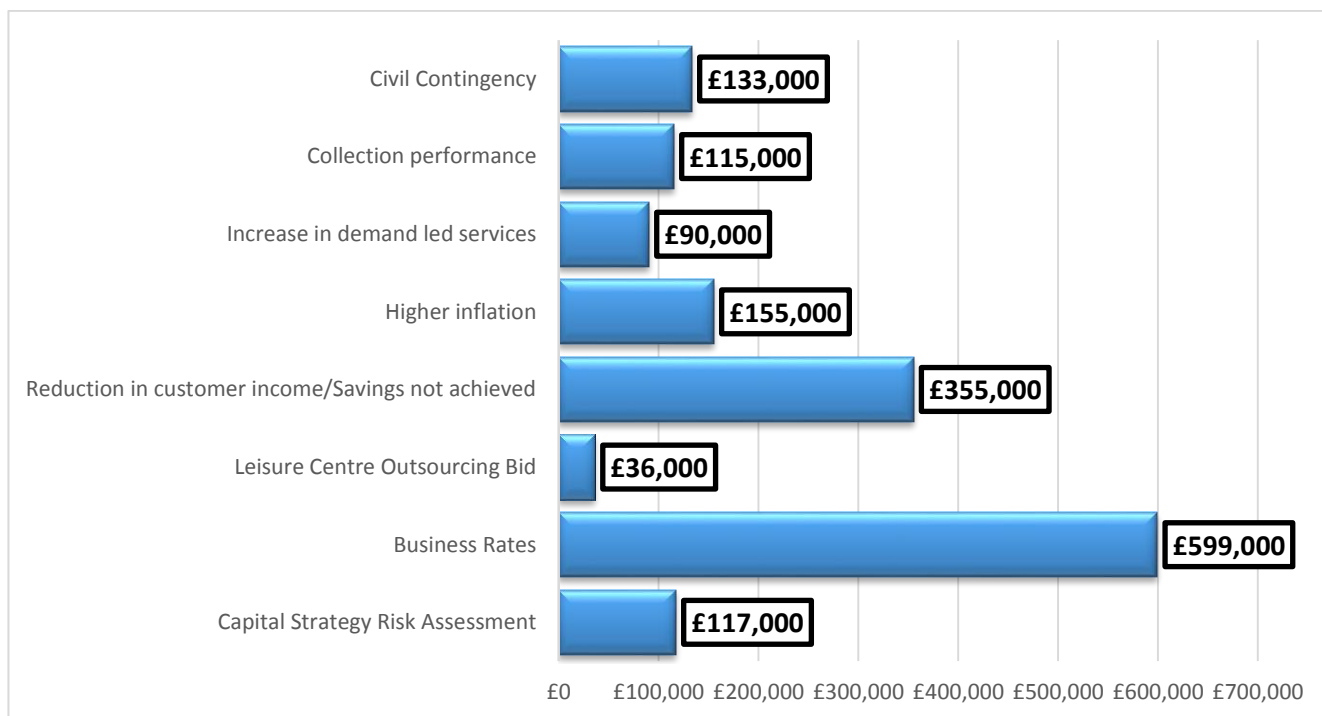
- This investment strategy is a new report for 2019/20 (**APPENDIX F**), meeting the requirements of statutory guidance issued by the government in January 2018, and focuses on how the Authority invests its money to support local public services and earns investment income from commercial investments.

The Use of General Reserves and the Minimum Level

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

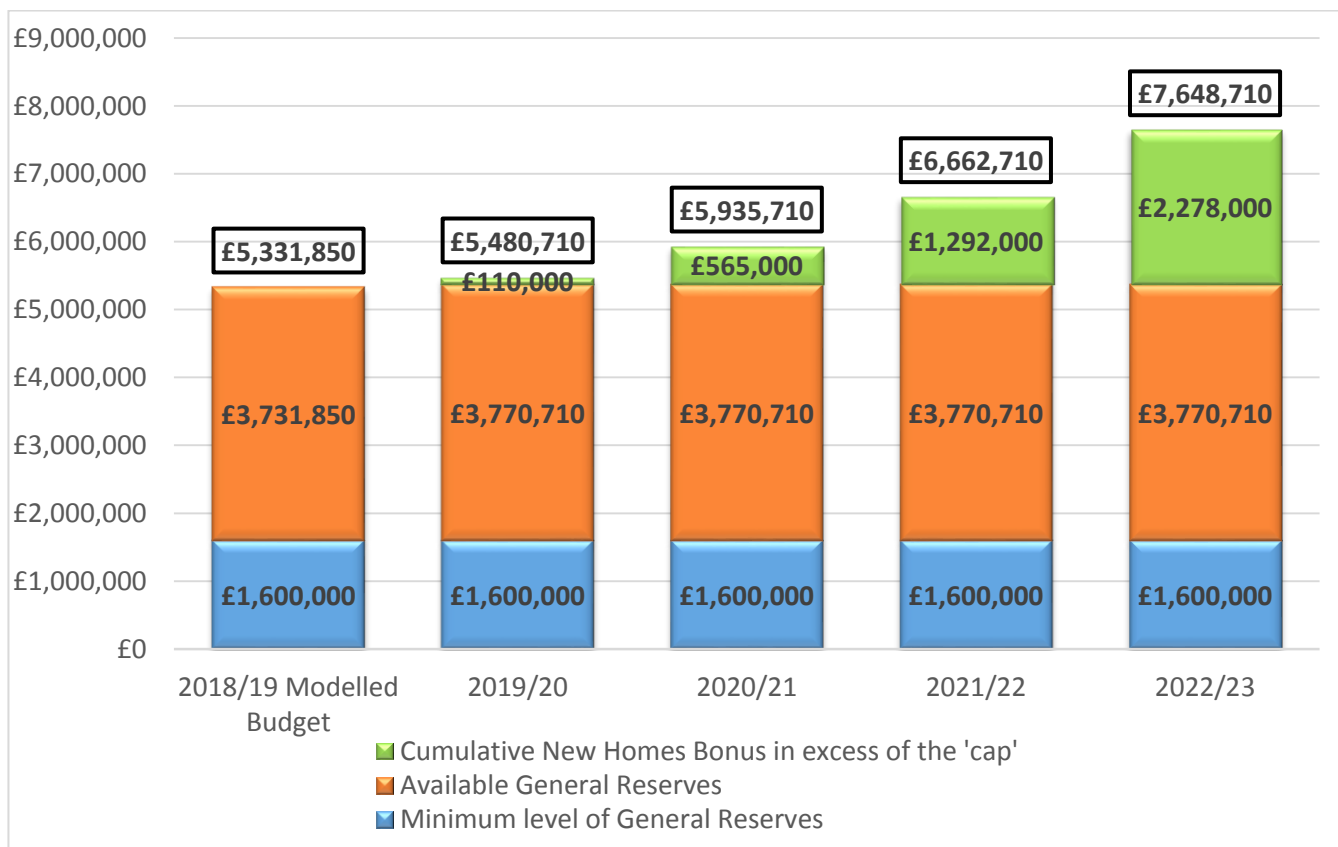
- 3.30 The Chartered Institute of Finance and Accountancy (CIPFA) has recently consulted on the provision of a Financial Resilience Index. The Council responded to the consultation on 15 August 2018 and the outcome of the consultation was published on 4 December 2018.
- 3.31 CIPFA's key changes as a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

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



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

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



Alternative Options There are no alternative options.

Consultation

There were **340 (129 in 2017)** responses and the results of the Budget Consultation for 2019 are summarised below.

The three Council Services classified as high importance (75% to 100% of respondents agree the service is very or fairly important) were:

1. Waste Collection from homes (**97.4%**) - **High**
2. Street cleansing and public toilets (**92.9%**) - **High**
3. Parks and open spaces (**92.3%**) - **High**

In terms of Funding Gap proposals:

- **No proposals aimed at reducing investment in waste collection from homes or parks and open spaces were identified.**
- **A proposal related to reducing investment in public toilets and Shopmobility was identified but has subsequently been removed.**

The three Council services classified as low or some importance (0% to 49% of respondents agree the service is very or fairly important) were:

1. Central costs (**22.4%**) - **Low**
2. Private sector housing (**36.0%**) - **Some**
3. The arts including the Lichfield Garrick (**41.1%**) - **Some**

In terms of Funding Gap proposals and previous initiatives:

- **In terms of central costs, a number of proposals were identified including improved procurement and ICT investment that have been included in the MTFS. In addition, there are a number of Fit for the Future reviews planned in relation to central costs.**
- **A Fit for the Future review for Housing including Private Sector Housing is planned.**
- **The subsidy provided to the Lichfield Garrick has reduced from £663,200 in 2013/14 to £310,000 in 2017/18 and to £250,000 in 2018/19.**

In terms of fees, charges, income and other opportunities:

- The Council should explore opportunities for any other new fees or charges – **29%**
- The Council should not introduce additional fees unless absolutely necessary to deliver basic services – **53%**
- The current approach is about right – **16%**

In terms of setting the Council Tax:

- Some increase in the Council Tax – **59%** with **41%** indicating they would not be receptive to any increase in 2019/20
- Increase the Council Tax by 2.99% - **49%**

The information provided through the budget consultation is based on the views of **0.75%** of Council Taxpayers (45,440) and therefore must not be considered in isolation when considering the Medium Term Financial Strategy.

Strategic (Overview and Scrutiny) Committee at its meeting on 29 January 2019 scrutinised the MTFS 2018-23 and the Chair will provide feedback to the Cabinet, as appropriate.

Audit and Member Standards scrutinised the Treasury Management Strategy Statement 2019/20 at its meeting on 6 February 2019 and the Chair will provide feedback as appropriate.

Prudential and Local Indicators (PIs)

The Prudential and Local Indicators are shown below:

Capital Strategy Indicators							
Prudential Indicators							
Indicators	2017/18 Actual	2018/19 Original	2018/19 Revised	2019/20 Original	2020/21 Original	2021/22 Original	2022/23 Original
Capital Investment							
Capital Expenditure (£m)	£2.608	£10.242	£5.355	£11.618	£14.909	£14.466	£17.250
Capital Financing Requirement (£m)	£4.177	£10.552	£4.881	£10.301	£22.435	£34.167	£48.680
Gross Debt and the Capital Financing Requirement							
Gross Debt	(£3.418)	(£10.142)	(£4.183)	(£9.598)	(£21.725)	(£33.448)	(£47.949)
Borrowing in Advance - Gross Debt > Capital Financing Requirement	No	No	No	No	No	No	No
Total Debt							
Authorised Limit (£m)	£3.991	£21.377	£15.082	£21.598	£34.787	£47.435	£59.481
Operational Boundary (£m)	£3.991	£13.122	£7.197	£13.006	£25.641	£37.903	£49.791
Proportion of Financing Costs to Net Revenue Stream (%)	5%	7%	5%	6%	11%	18%	24%
Local Indicators							
Indicators	2017/18 Actual	2018/19 Original	2018/19 Revised	2019/20 Original	2020/21 Original	2021/22 Original	2022/23 Original
Replacement of Debt Finance (£m)	(£0.616)	(£0.699)	(£0.691)	(£0.720)	(£0.891)	(£1.268)	(£1.568)
Capital Receipts (£m)	(£0.426)	£0.000	(£0.356)	(£1.056)	(£0.009)	(£0.009)	(£0.009)
Liability Benchmark (£m)	£13.242	£2.345	£12.572	£5.017	(£7.854)	(£20.171)	(£31.711)
Treasury Investments (£m)	£24.519	£20.911	£25.147	£23.689	£23.739	£23.903	£24.622

Treasury Management Indicators		
Prudential Indicators		
	Lower Limit	Upper Limit
Refinancing Rate Risk Indicator	0%	100%
Under 12 months	0%	100%
12 months and within 24 months	0%	100%
24 months and within 5 years	0%	100%
5 years and within 10 years	0%	100%
10 years and within 20 years	0%	100%
20 years and within 30 years	0%	100%
30 years and within 40 years	0%	100%
40 years and within 50 years	0%	100%
50 years and above	0%	100%

Investment Income - Interest Rate Exposure (excluding property and Diversified Income funds)		
	2019/20	2020/21
Budget - Investment Income	(£230,000)	(£232,000)
Budget - Interest Rate Exposure	(£150,000)	(£92,000)
Budget with a 1% fall	(£80,000)	(£140,000)
Budget with a 1% rise	(£481,000)	(£452,000)

External Borrowing - Interest Rate Exposure		
	2019/20	2020/21
Budget - External Interest	£56,000	£226,000
Budget - Interest Rate Exposure	£0	£174,000
Budget with a 1% fall	£56,000	£162,000
Budget with a 1% rise	£56,000	£282,000

Indicators	2017/18 Actual	2018/19 Original	2018/19 Revised	2019/20 Original	2020/21 Original	2021/22 Original	2022/23 Original
Principal Sums invested for periods longer than a year (£m)	£2.000	£6.000	£6.000	£6.000	£6.000	£6.000	£6.000

Local Indicators							
Indicators	2017/18 Actual	2018/19 Original	2018/19 Revised	2019/20 Original	2020/21 Original	2021/22 Original	2022/23 Original
	£m	£m	£m	£m	£m	£m	£m
Balance Sheet Summary and Forecast							
Borrowing Capital Financing Requirement	£2.129	£8.975	£3.338	£9.152	£21.794	£34.065	£45.965
Internal (over) Borrowing	£0.759	£0.410	£0.698	£0.703	£0.710	£0.719	£0.731
Investments (or New Borrowing)	(£24.519)	(£20.910)	(£25.147)	(£23.689)	(£23.739)	(£23.903)	(£24.622)
Liability Benchmark	(£13.242)	(£2.345)	(£12.572)	(£5.017)	£7.854	£20.171	£31.711

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

Contribution to the Delivery of the Strategic Plan

The report directly links to overall performance and especially the delivery of Lichfield District Council's Strategic Plan 2016-20 and beyond.

Equality, Diversity and Human Rights Implications

These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan 2016-20.

Crime & Safety Issues

These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan 2016-20.

GDPR/Privacy Impact Assessment

There are no specific implications related to the Medium Term Financial Strategy

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Council Tax is not set by the Statutory Date of 11 March 2019 .	Full Council set with reference to when major preceptors and Parishes have approved their Council Tax Requirements.	Green - Tolerable
B	Planned Capital Receipts are not received.	The budget for capital receipts will be monitored as part of The Council's normal budget monitoring procedures.	Green - Tolerable
C	Achievement of The Council's key Council priorities.	Close monitoring of performance and expenditure; maximising the potential of efficiency gains; early identification of any unexpected impact on costs including Central Government Policy changes, movement in the markets, and changes in the economic climate.	Green - Tolerable
D	Implementation of the Check, Challenge and Appeal Business Rates Appeals and more frequent revaluations.	To closely monitor the level of appeals. An allowance of 4.7% (in line with the DCLG Allowance) for appeals has been included in the Business Rate Estimates.	Red - Severe

	Risk Description	How We Manage It	Severity of Risk (RYG)
E	The review of the New Homes Bonus regime in 2020/21.	Not all of the projected New Homes Bonus is included as core funding in the Base Budget. In 2020/21 £600,000 is included and this is then being reduced by £100,000 per annum.	Red - Severe
F	The increased Localisation of Business Rates and the Fair Funding Review in 2020/2021.	To assess the implications of proposed changes and respond to consultations to attempt to influence the policy direction in the Council's favour.	Red - Severe
G	The affordability and risk associated with the Capital Strategy.	Recruit an estates management team to provide professional expertise and advice in relation to the Property Investment Strategy and to continue to take a prudent approach to budgeting.	Yellow - Material

Background documents

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

Relevant web links

Revenue Budget 2018/19 to 2022/23

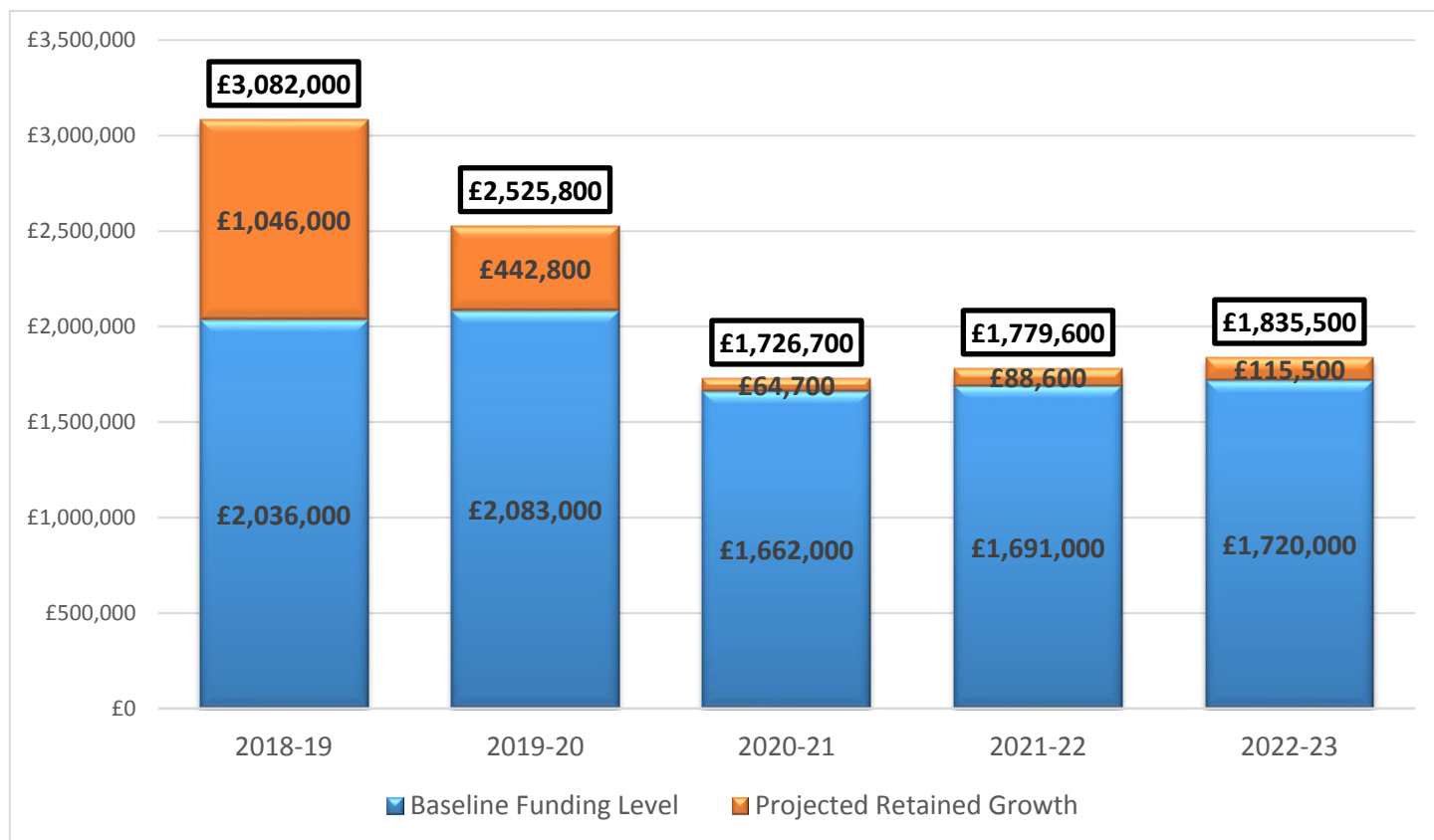
GENERAL FUND TOTAL REQUIREMENT DISTRICT COUNCIL PURPOSES						
FOR FINANCIAL YEARS 2018/19 to 2022/23 ANALYSED BY STRATEGIC PRIORITY AND SERVICE AREA						
BUDGET	2018/19		2019/20	2020/21	2021/22	2022/23
	Original Budget	Revised Budget	Original Budget	Original Budget	Original Budget	Original Budget
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

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

Revenue Budget key Revenue Streams

Retained Business Rates

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



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

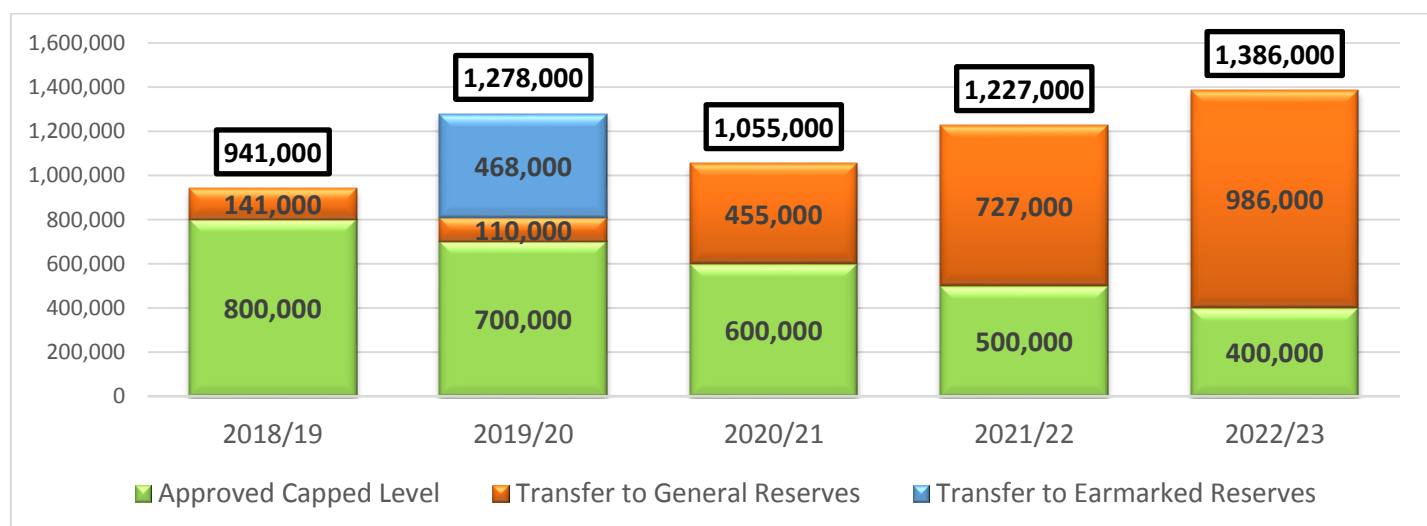
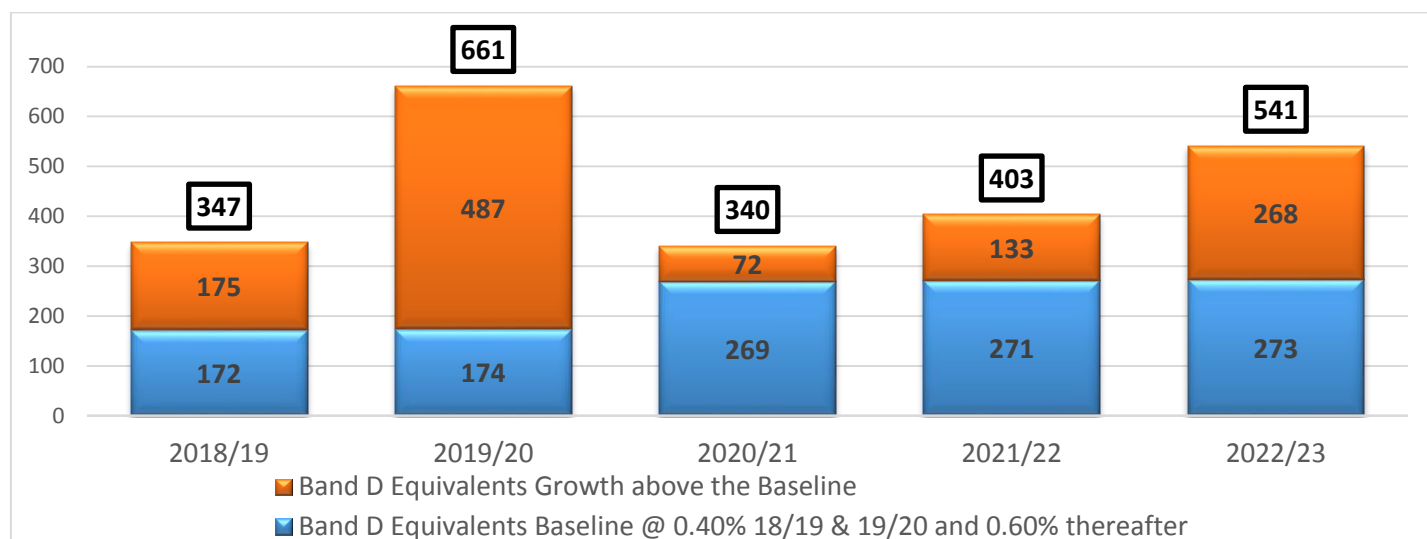
	2018-19	2019-20	2020-21	2021-22	2022-23
Approved MTFS (2019/20 - Negative RSG of £453,000)	£2,732,000	£2,070,800	£1,724,700	£1,776,600	£1,832,500
MTFS	£3,082,000	£2,525,800	£1,726,700	£1,779,600	£1,835,500
Change	£350,000	£455,000	£2,000	£3,000	£3,000

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

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

New Homes Bonus

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



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

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

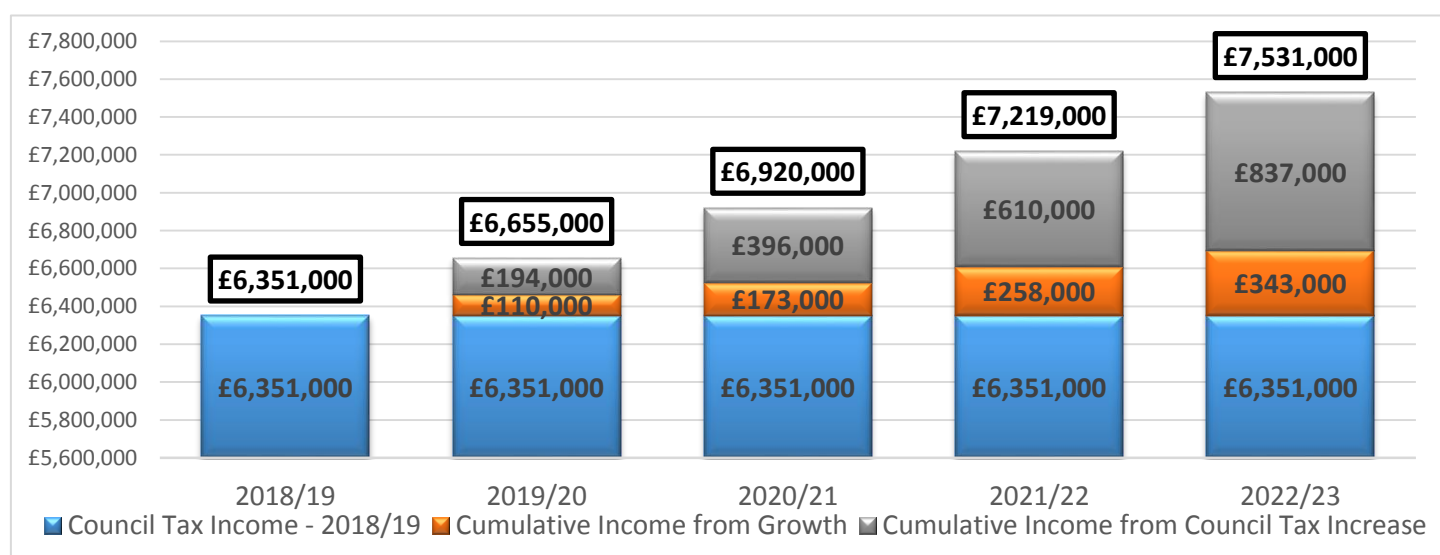
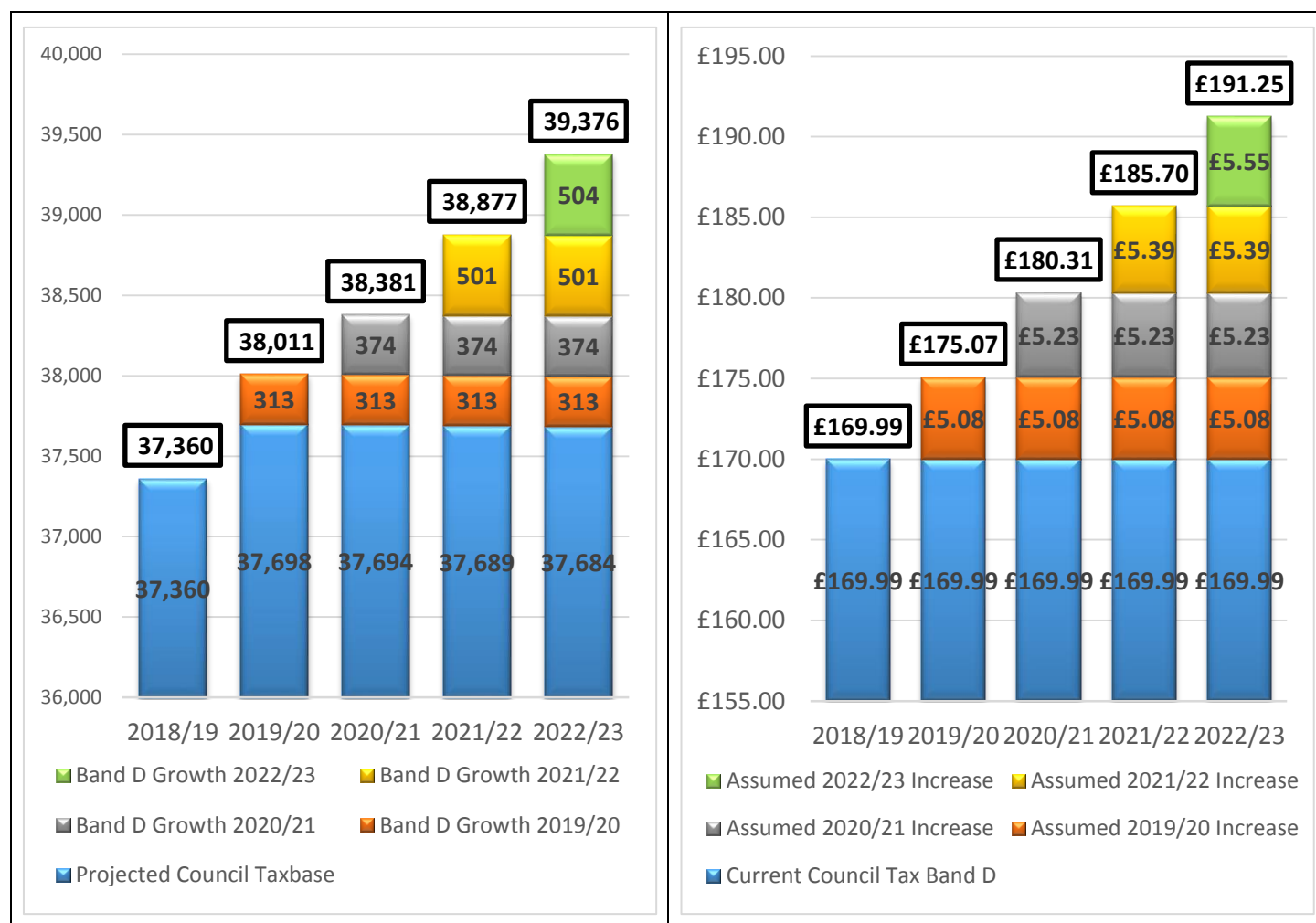
Total amount of New Homes Bonus	2018-19	2019/20	2020/21	2021/22	2022/23
Approved MTFS	£941,000	£810,000	£741,000	£980,000	£1,015,000
MTFS	£941,000	£1,278,000	£1,055,000	£1,227,000	£1,386,000
Change	-	£468,000	£314,000	£247,000	£371,000

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

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

Council Tax

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



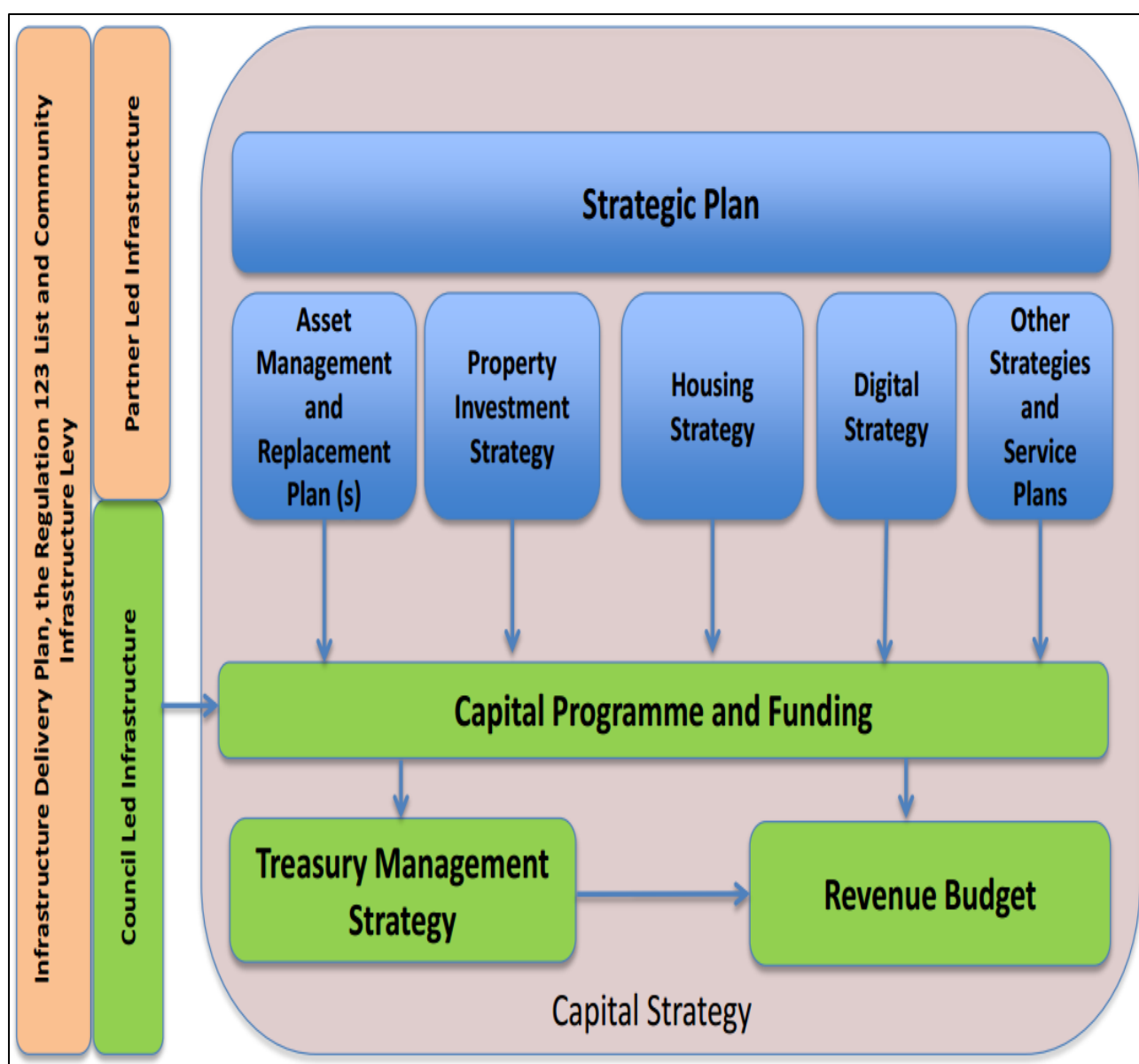
The change in Council Tax income compared to the Approved Medium Term Financial Strategy is shown below:

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

Capital Strategy

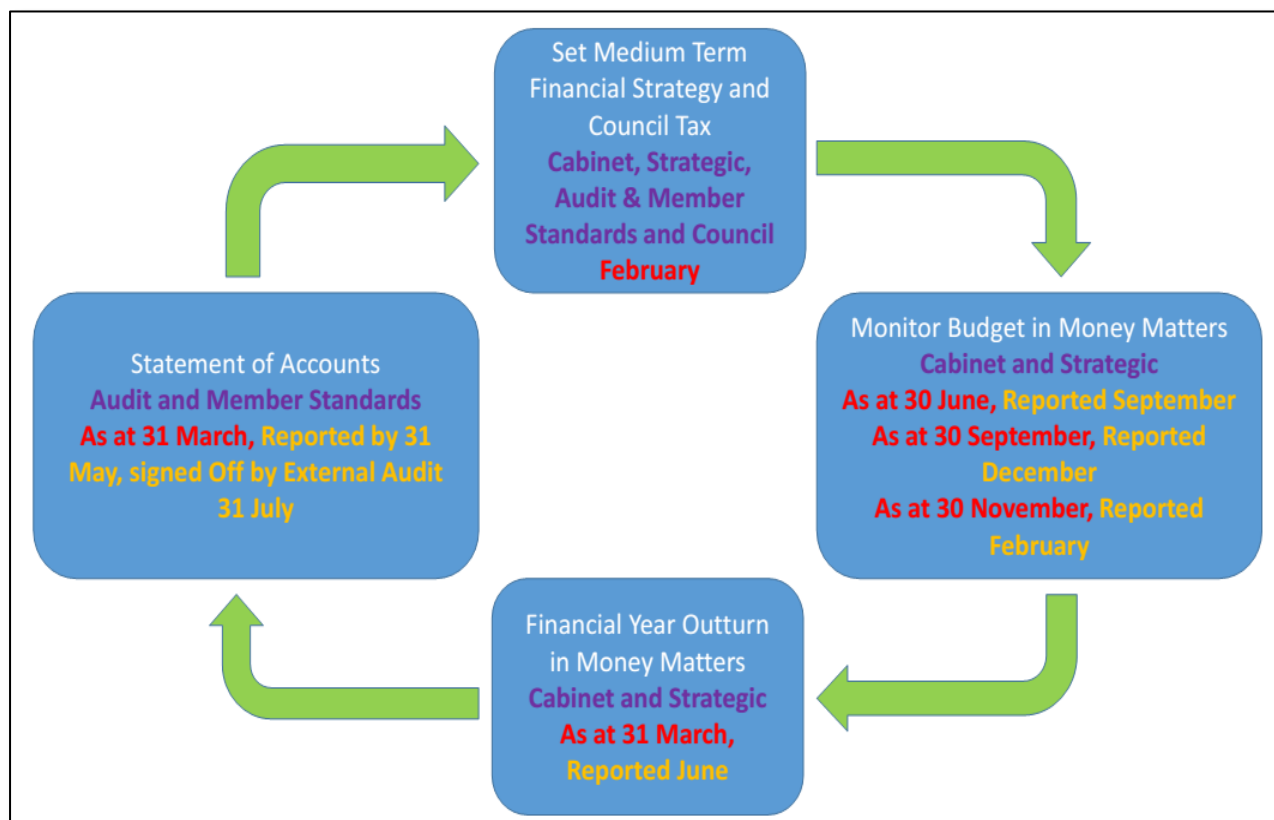
1. Introduction

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



2. The Capital Programme

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



The Capital Programme Process

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

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

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

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

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

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

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

APPENDIX B

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

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

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

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

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

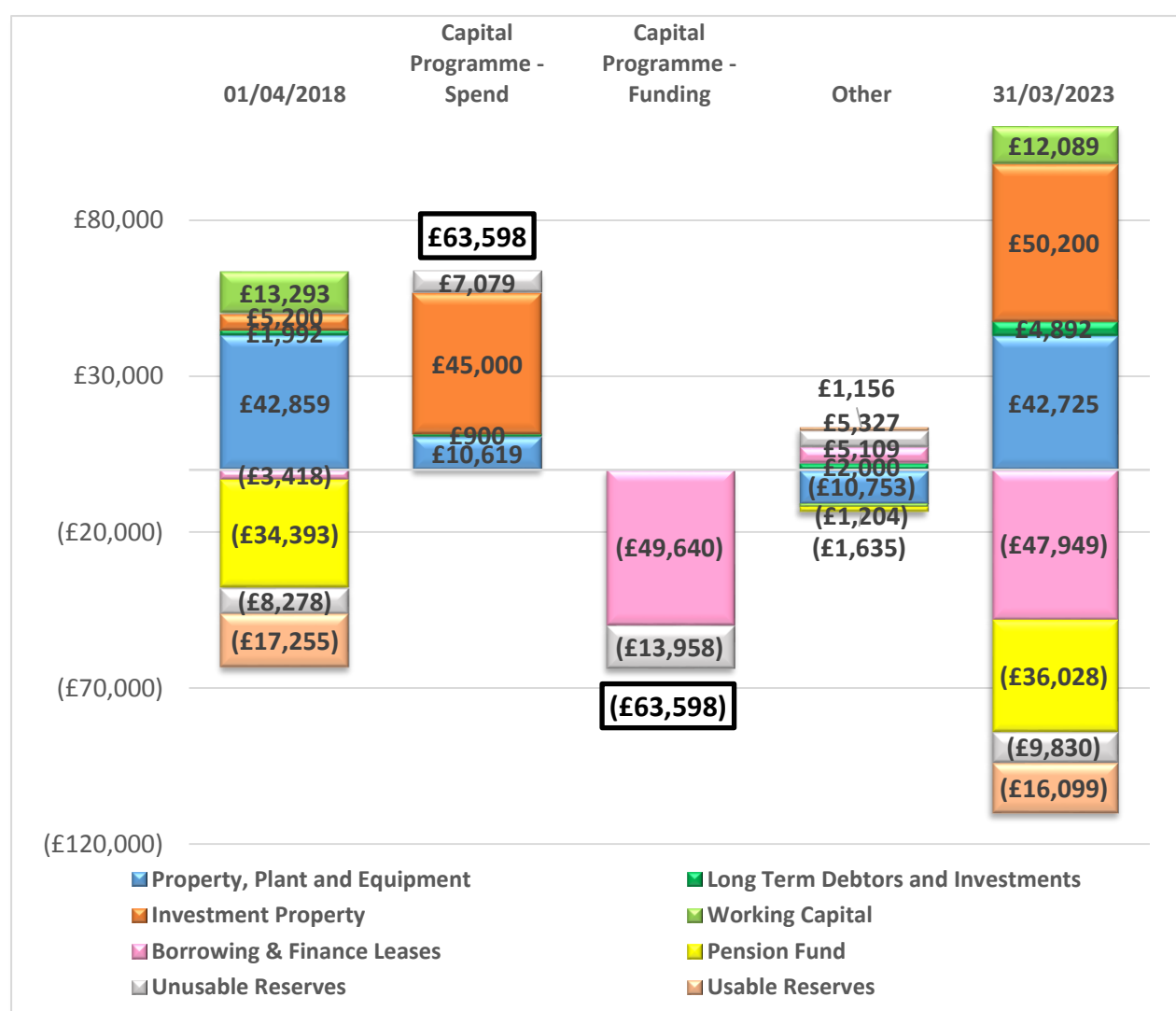
2.10. Planned disposals (and grant repayments) resulting in capital receipts and their use in funding the Capital Programme are shown in the table below:

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

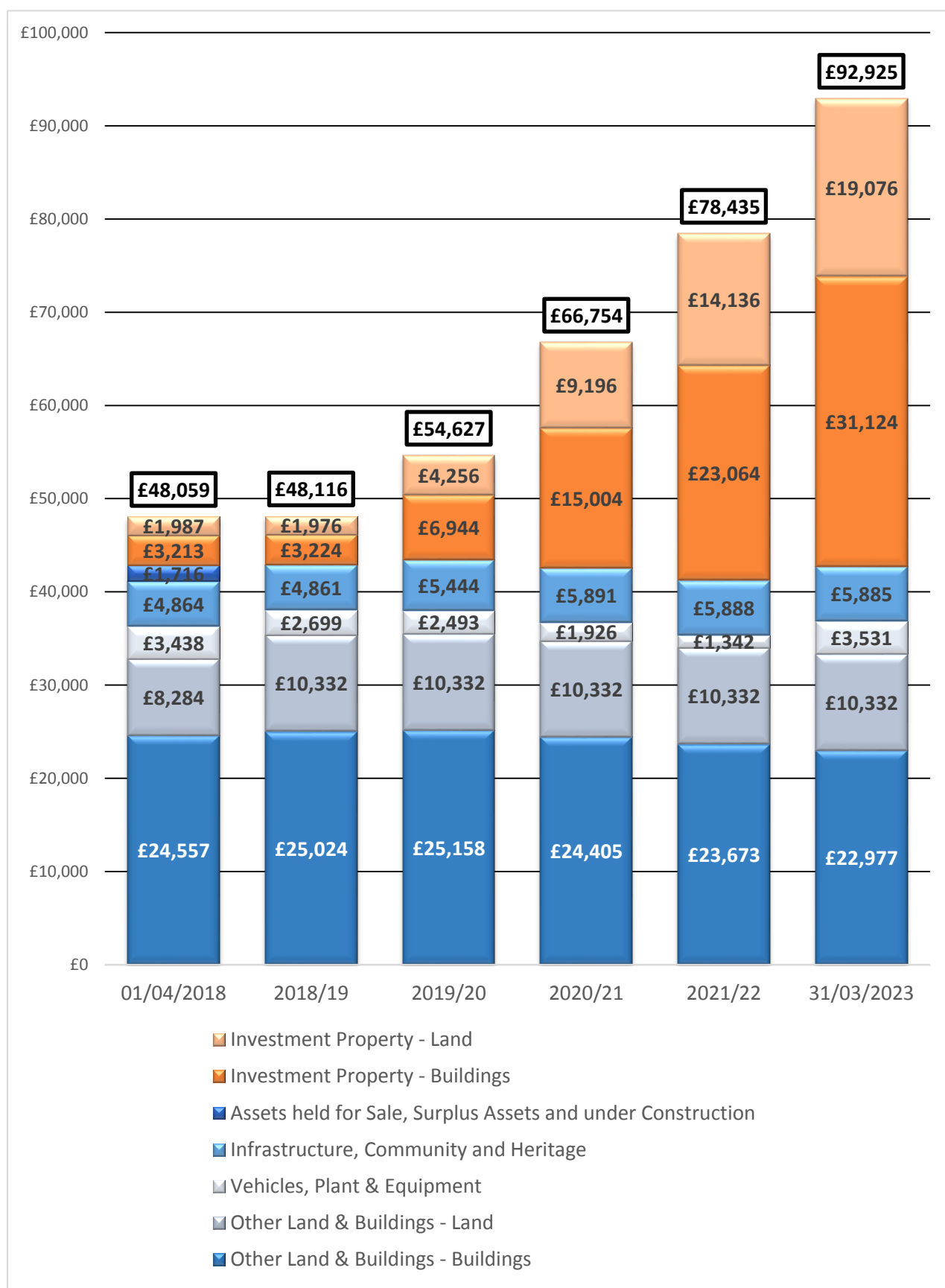
* - these capital receipts are subject to risks such as receipt of planning permission or an option agreement and therefore £649,000 has not been used to fund spend.

3. The Balance Sheet

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

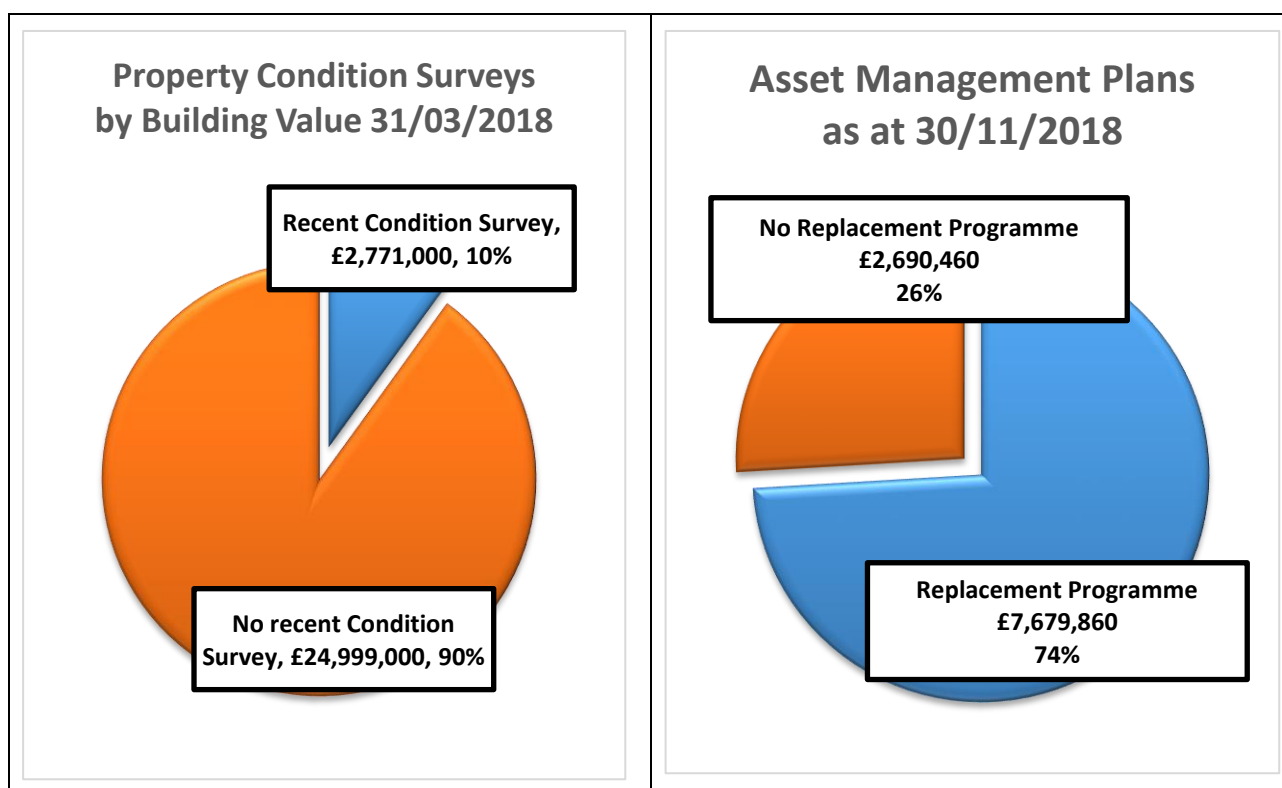


3.2. The property asset element of long term assets i.e. excluding long term investments and debtors together with investment property is shown in more detail below in £000:

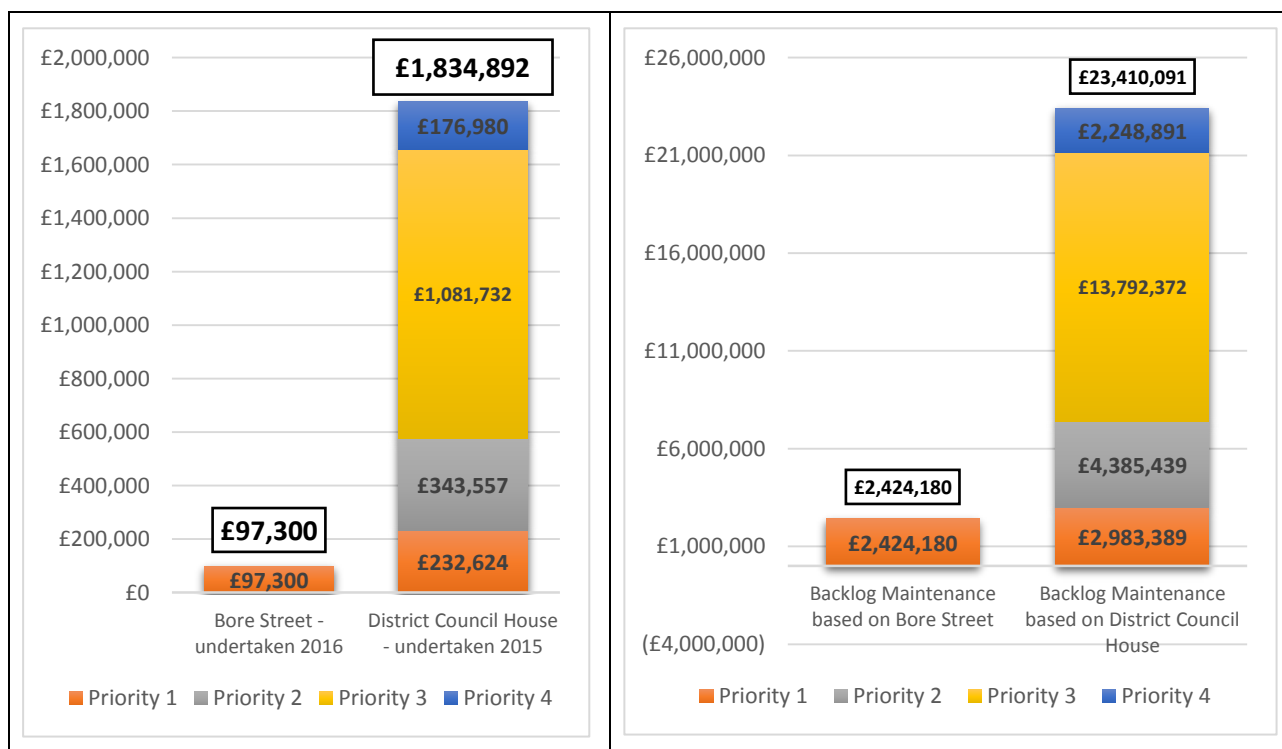


4. Asset Management Planning

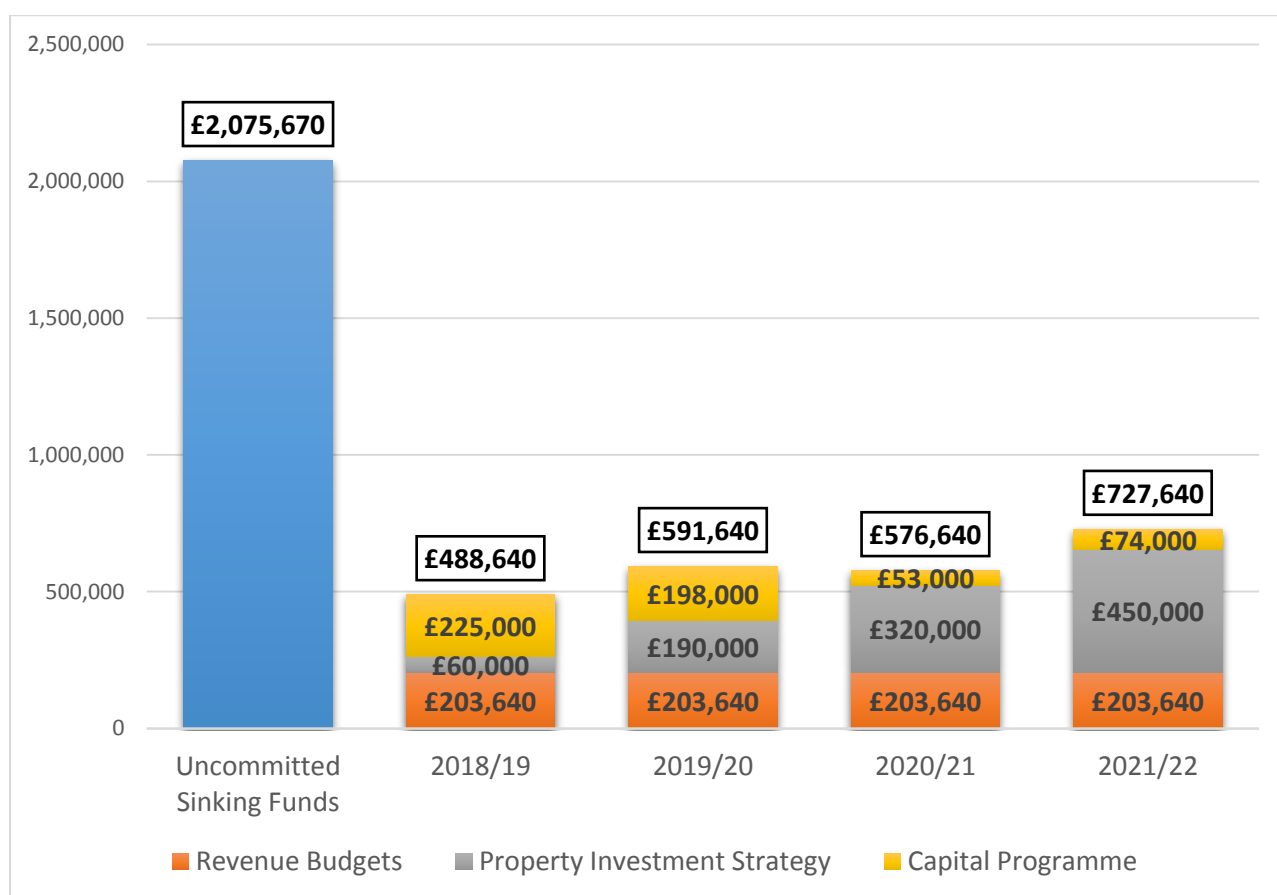
- 4.1. The level of property assets with recent Property Condition Surveys (i.e. undertaken within the last five years) and the current level of Asset Management Plans by asset value is shown below:



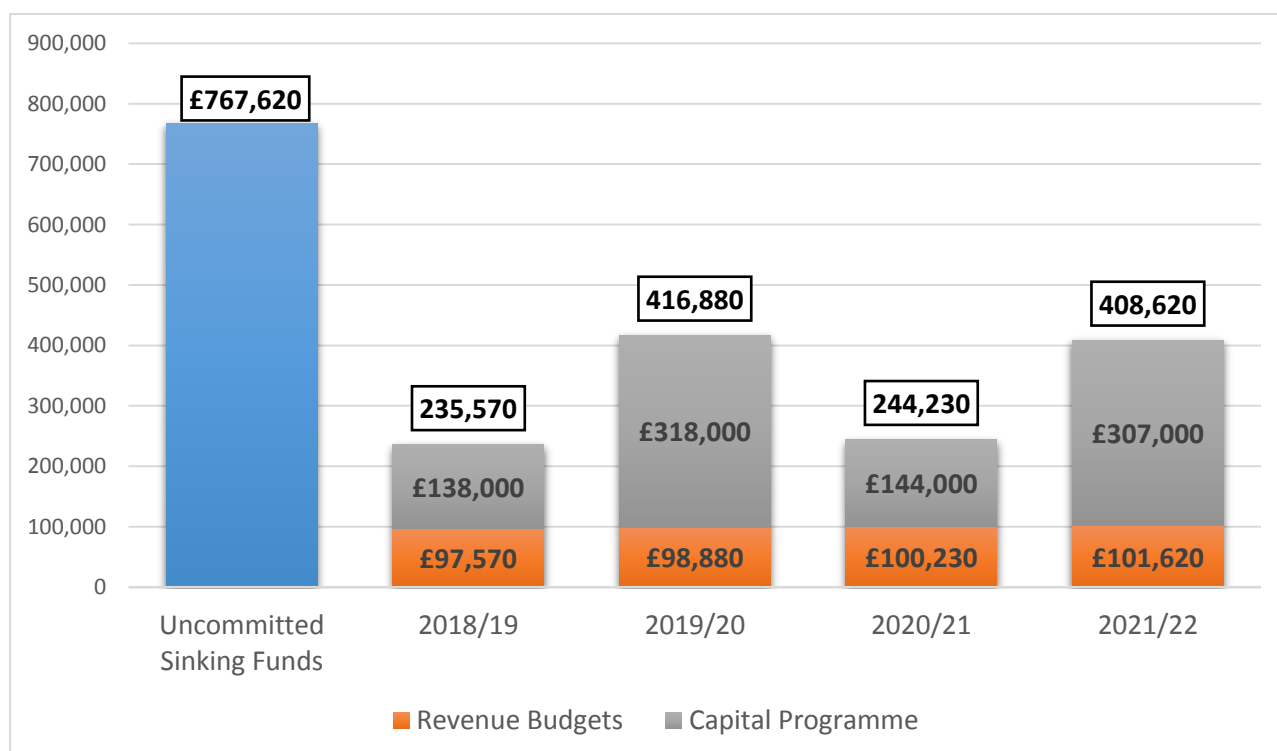
- 4.2. The level of backlog maintenance identified in the two recent condition surveys can be used to project the potential level for all property assets using the ratios identified in these surveys:



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



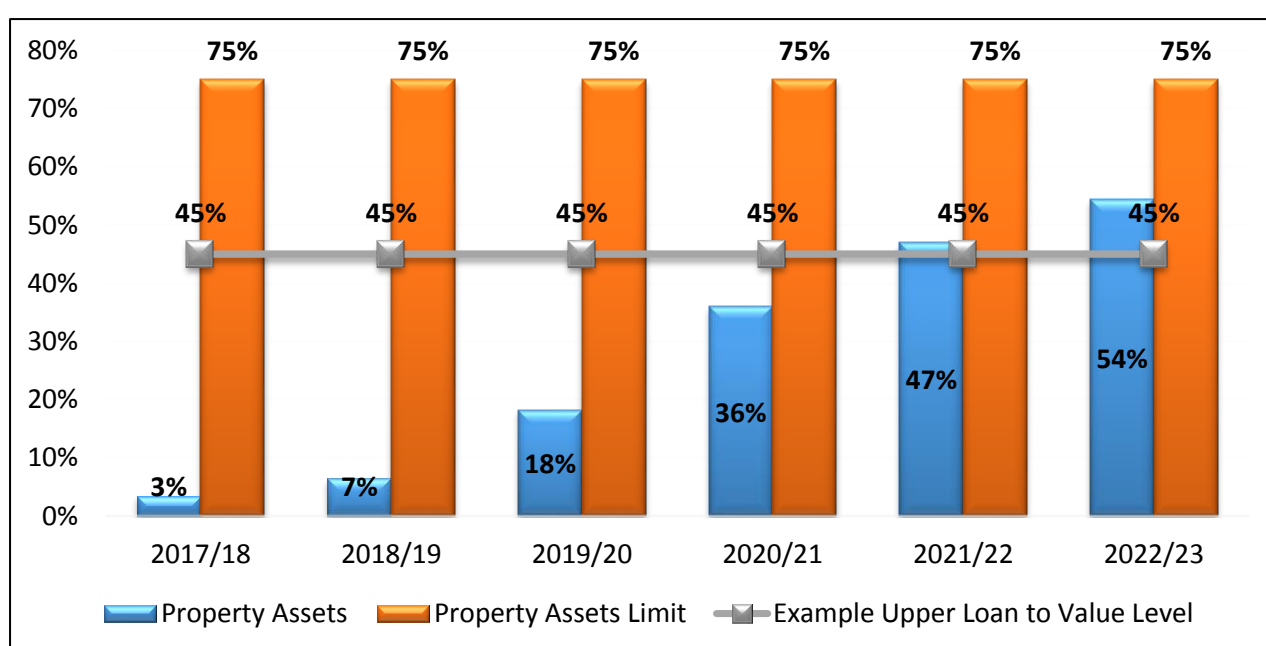
4.4. The resources identified for replacement and maintenance of vehicles, plant and equipment assets are:



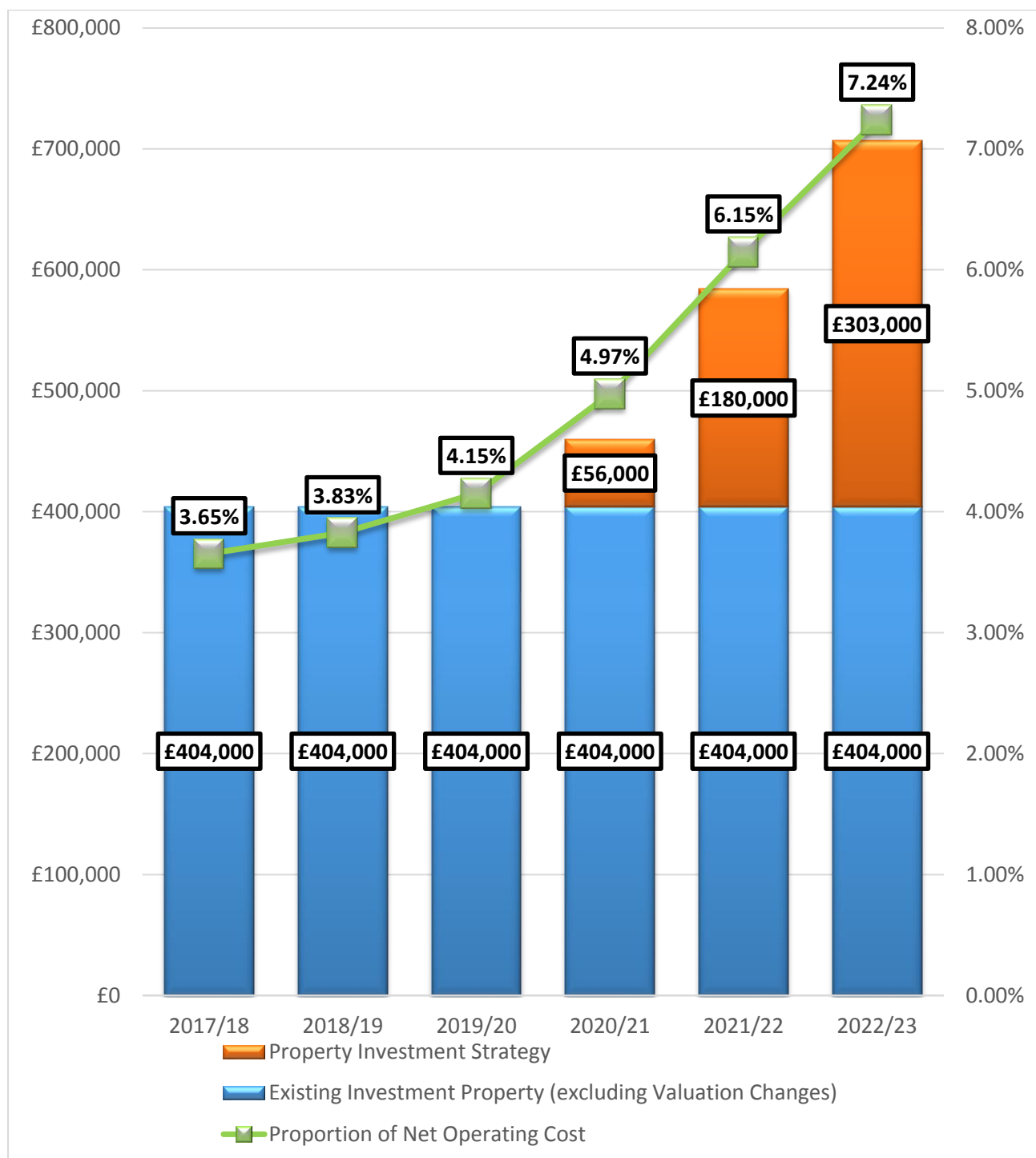
5. The Property Investment Strategy

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

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



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



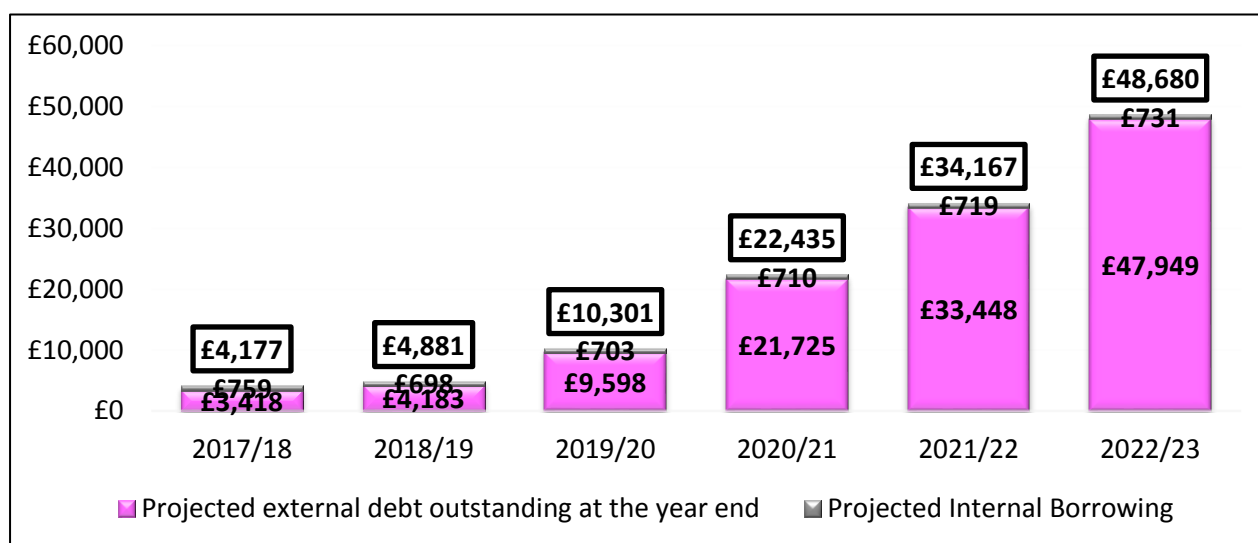
5.12. The Council has a joint venture partnership with PSP for property and also approved the creation of a Local Authority company to deliver on development and housing ambitions.

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

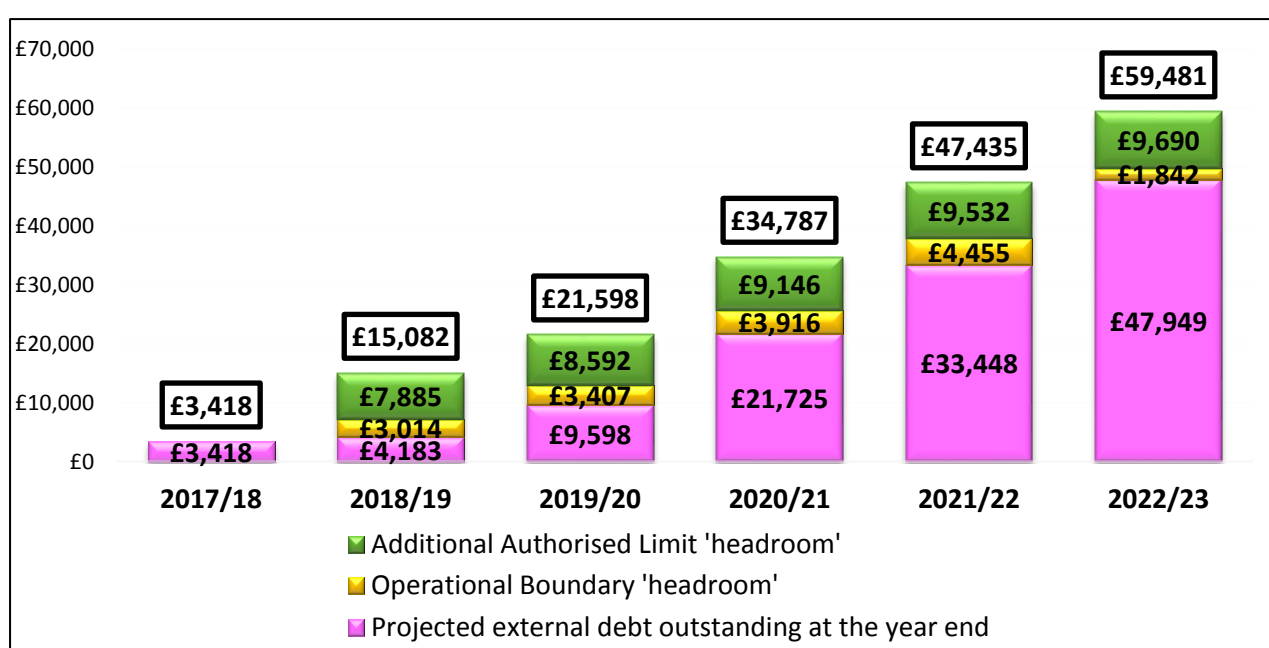
5.14. At present no income stream from the company other than the loan repayment that will be treated as a capital receipt is assumed in the Medium Term Financial Strategy.

6. Debt Management

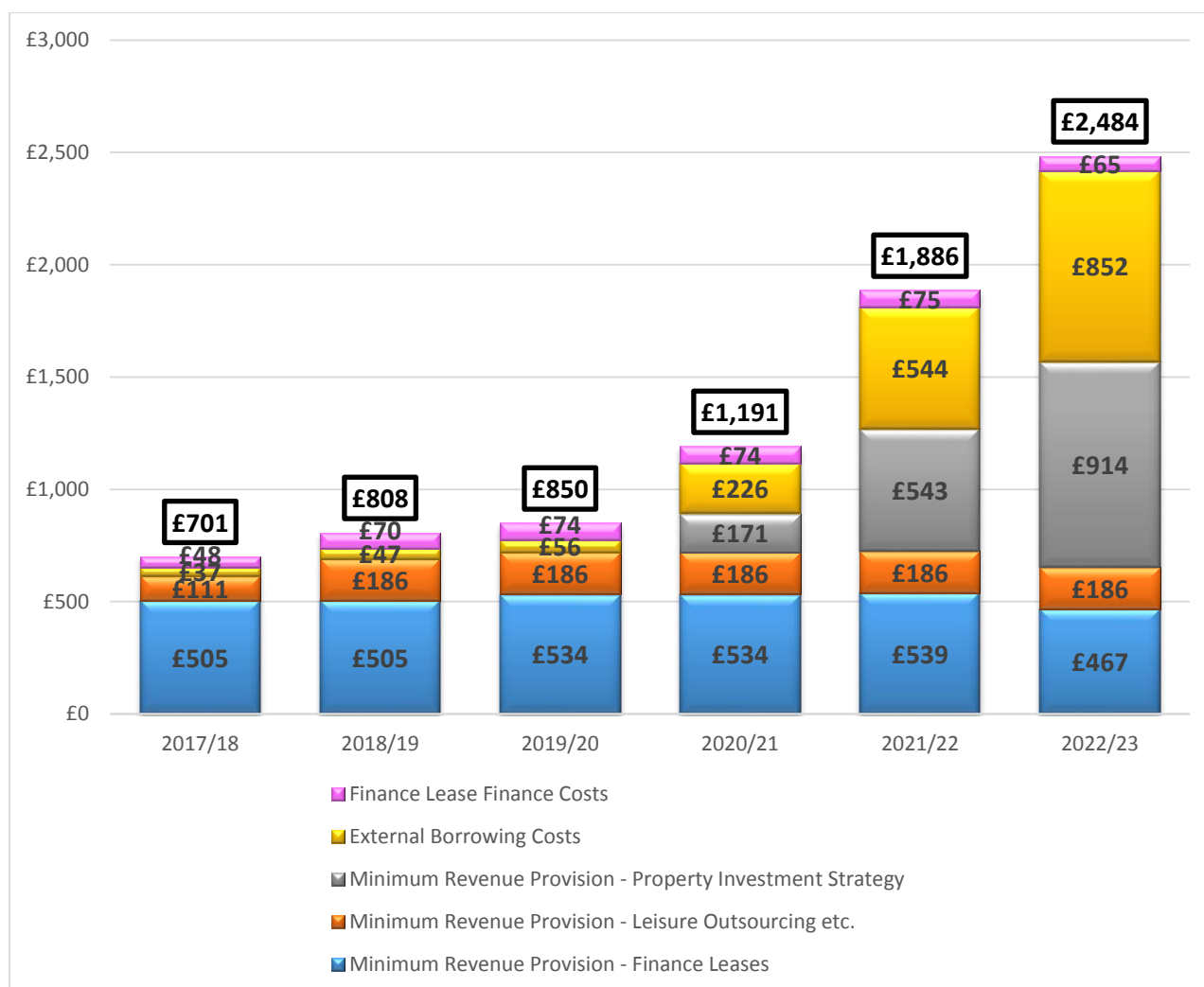
- 6.1. At the 31 March 2018 the Council had a relatively low level of debt outstanding of **£3.418m** in the form of external borrowing and finance leases.
- 6.2. The investment in Burntwood Leisure Centre as part of the Leisure Outsourcing, the implementation of the Property Investment Strategy and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



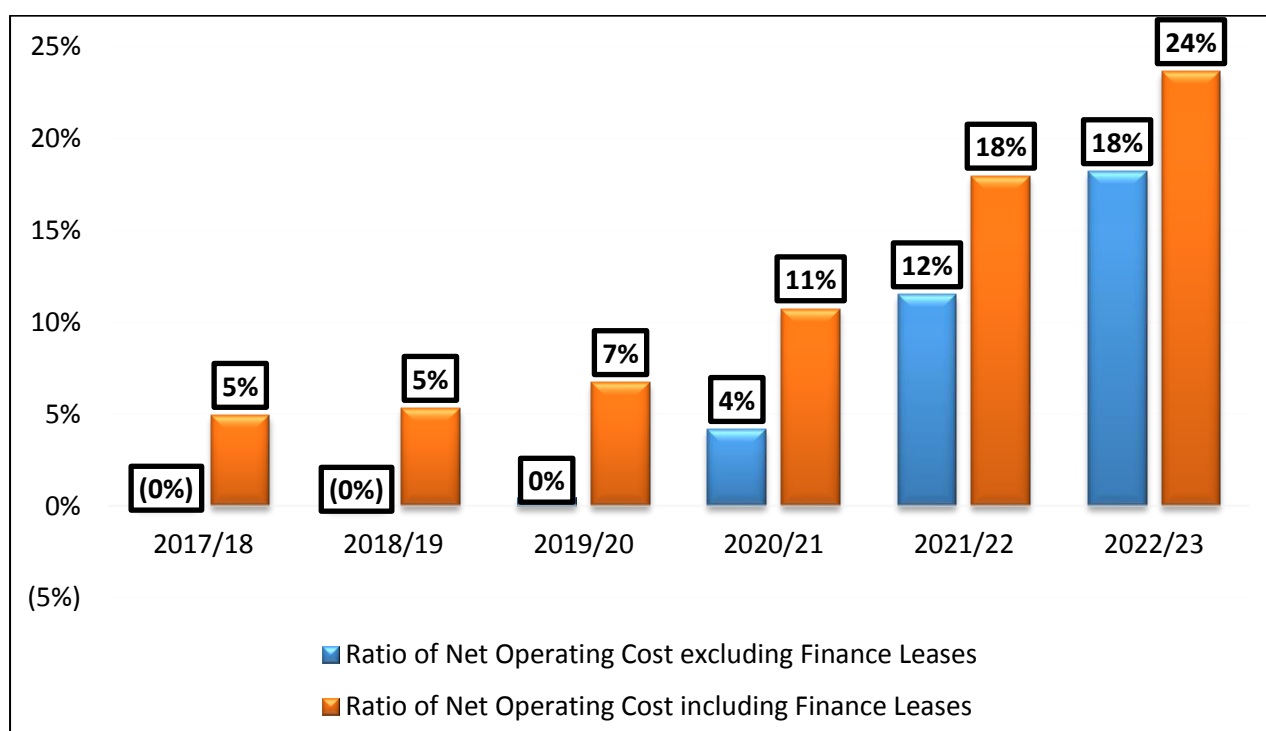
- 6.4. The Council is managing its debt through setting Prudential Indicators related to the statutory maximum known as the **Authorised Limit** and an **Operational Boundary** as shown below in (£000):



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



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



7. Financial Guarantees

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

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

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

9. Prudential and Local Indicators

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

Prudential Indicators							
Indicators	2017/18 Actual	2018/19 Original	2018/19 Revised	2019/20 Original	2020/21 Original	2021/22 Original	2022/23 Original
Capital Investment							
Capital Expenditure (£m)	£2.608	£10.242	£5.355	£11.618	£14.909	£14.466	£17.250
Capital Financing Requirement (£m)	£4.177	£10.552	£4.881	£10.301	£22.435	£34.167	£48.680
Gross Debt and the Capital Financing Requirement							
Gross Debt	(£3.418)	(£10.142)	(£4.183)	(£9.598)	(£21.725)	(£33.448)	(£47.949)
Borrowing in Advance - Gross Debt > Capital Financing Requirement	No	No	No	No	No	No	No
Total Debt							
Authorised Limit (£m)	£3.991	£21.377	£15.082	£21.598	£34.787	£47.435	£59.481
Operational Boundary (£m)	£3.991	£13.122	£7.197	£13.006	£25.641	£37.903	£49.791
Proportion of Financing Costs to Net Revenue Stream (%)	5%	7%	5%	7%	11%	18%	24%
Local Indicators							
Indicators	2017/18 Actual	2018/19 Original	2018/19 Revised	2019/20 Original	2020/21 Original	2021/22 Original	2022/23 Original
Replacement of Debt Finance (£m) ¹	(£0.616)	(£0.699)	(£0.691)	(£0.720)	(£0.891)	(£1.268)	(£1.568)
Capital Receipts (£m)	(£0.426)	£0.000	(£0.356)	(£1.056)	(£0.009)	(£0.009)	(£0.009)
Liability Benchmark (£m) ²	£13.243	£2.345	£12.572	£5.017	(£7.854)	(£20.171)	(£31.711)
Treasury Investments (£m)	£24.519	£20.911	£25.147	£23.689	£23.739	£23.903	£24.622

10. Chief Finance Officer Assessment of the Capital Strategy

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

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

¹ Total Minimum Revenue Provision.

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

Capital Programme

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

APPENDIX C

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

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

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

Birmingham Road Site - Short Term Redevelopment and Future Options Appraisal

Approved Budget

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

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

Birmingham Road Site - Short Term Redevelopment and Future Options Appraisal

Recommended Additional Budgets

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

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

Birmingham Road Site Earmarked Reserve

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

Minimum Revenue Provision Statement 2019/20

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

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

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

- For capital expenditure incurred after 1 April 2008 where no financial support is provided by the Government through the Finance Settlement, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments. MRP on purchases of **freehold land** will be charged over a maximum of **50 years**. MRP on expenditure not related to assets but that has been **capitalised by regulation or direction** (Revenue Expenditure Funded by Capital under Statute or REFCUS) will be charged over a maximum of **20 years**.
- For assets acquired by **finance leases**, MRP will be determined as being equal to the **element of the charge that is used to reduce the Balance Sheet liability**.
- For **capital expenditure loans to third parties that are repaid** in annual or more frequent instalments of principal, the Council will make **nil MRP**, but instead apply the capital receipts arising to reduce the Capital Financing Requirement or Borrowing Need. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate delaying the MRP until the year after the assets become operational.

Treasury Management

Introduction

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

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

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

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

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

A Liability benchmark compares the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as used in the Balance Sheet projections, but that cash and investment balances are kept to a minimum level (£10m in 2018/19) to maintain sufficient liquidity but minimise credit risk through the use of Internal Borrowing.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast Capital Financing Requirement (CFR) or Borrowing Need over the next three years. The table shows that the Authority expects to comply with this recommendation during 2019/20.

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Capital Financing Requirement (Borrowing)	£2,130	£3,338	£9,153	£21,795	£34,066	£45,966
Capital Financing Requirement (Finance Leases)	£2,047	£1,543	£1,149	£640	£101	£2,714
Total	£4,177	£4,881	£10,302	£22,435	£34,168	£48,680

External Borrowing	(£1,370)	(£2,640)	(£8,449)	(£21,084)	(£33,346)	(£45,234)
Finance Leases	(£2,048)	(£1,543)	(£1,150)	(£641)	(£102)	(£2,715)
Total	(£3,418)	(£4,183)	(£9,598)	(£21,725)	(£33,448)	(£47,949)

Liability Benchmark	£13,243	£12,572	£5,017	(£7,854)	(£20,171)	(£31,711)
Higher Projected External Borrowing compared to Liability Benchmark	(£14,612)	(£15,212)	(£13,466)	(£13,230)	(£13,175)	(£13,523)

Balance Sheet Projections 2018-23

	Type	2017/18 Actual £000s	2018/19 Budget £000s	2019/20 Budget £000s	2020/21 Budget £000s	2021/22 Budget £000s	2022/23 Budget £000s	2018/23 Change £000s
Property, Plant and Equipment	ASSET	41,968	42,325	42,836	41,963	40,644	42,134	(191)
Heritage Assets	ASSET	515	515	515	515	515	515	0
Investment Property	ASSET	5,200	5,200	11,200	24,200	37,200	50,200	45,000
Intangible Assets	ASSET	76	76	76	76	76	76	0
Assets Held for Sale	ASSET	300	0	0	0	0	0	0
Long Term Debtors	DEBT	93	93	93	93	93	93	0
Long Term Debtors (Company Loan)	LOAN	0	0	900	900	900	900	900
Investments	INV	24,418	25,046	23,588	23,638	23,802	24,521	(525)
Borrowing	BOLE	(1,370)	(2,640)	(8,449)	(21,084)	(33,346)	(45,234)	(42,594)
Finance Leases	BOLE	(2,048)	(1,543)	(1,150)	(641)	(102)	(2,715)	(1,172)
Working Capital	CRED	(9,227)	(9,030)	(8,540)	(8,534)	(8,534)	(8,534)	496
Pensions	CRED	(34,393)	(35,154)	(36,028)	(36,028)	(36,028)	(36,028)	(874)
TOTAL ASSETS LESS LIABILITIES		25,532	24,887	25,041	25,098	25,219	25,928	1,041

Unusable Reserves								
Revaluation Reserve	REV	(9,016)	(9,016)	(9,016)	(9,016)	(9,016)	(9,016)	0
Capital Adjustment Account	CAP	(34,865)	(34,217)	(36,208)	(36,202)	(36,150)	(36,128)	(1,911)
Deferred Credits	CRED	(47)	(47)	(947)	(947)	(947)	(947)	(900)
Pension Scheme	CRED	36,028	36,028	36,028	36,028	36,028	36,028	0
Benefits Payable During Employment Adjustment Account	CRED	132	132	132	132	132	132	0
Collection Fund	UGER	(611)	(208)	0	0	0	0	208
Available for Sale Financial Instruments Reserve	INV	101	101	101	101	101	101	0
Usable Reserves								
Unapplied Grants and Contributions	UGER	(1,641)	(1,418)	(582)	(542)	(517)	(492)	926
Usable Capital Receipts	UGER	(3,070)	(1,538)	(1,618)	(1,263)	(859)	(649)	889
Burntwood Leisure Centre Sinking Fund	UGER	(236)	(236)	0	0	0	0	236
City Centre Redevelopment Sinking Fund	UGER	(25)	(18)	(18)	(18)	(18)	(18)	0
Elections, Public Open Spaces & Building Regulations	UGER	(780)	(780)	(780)	(780)	(780)	(780)	0
Three Spires Multi Storey	UGER	(2,057)	(2,207)	(2,357)	(2,507)	(2,507)	(2,507)	(300)
Other Earmarked Reserves	UGER	(4,904)	(6,111)	(4,275)	(4,128)	(4,003)	(3,983)	2,128
Grant Aid - Development	UGER	(20)	(20)	(20)	(20)	(20)	(20)	0
General Fund Balance	GEN	(4,521)	(5,332)	(5,481)	(5,936)	(6,663)	(7,649)	(2,317)
TOTAL EQUITY		(25,532)	(24,887)	(25,041)	(25,098)	(25,219)	(25,928)	(1,041)

Reserves Available to cover Investment Losses		(9,470)	(11,481)	(9,794)	(10,102)	(10,704)	(11,670)	(189)
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Summary								
Capital Funding	CAP	(34,865)	(34,217)	(36,208)	(36,202)	(36,150)	(36,128)	(1,911)
Revaluation Reserve	REV	(9,016)	(9,016)	(9,016)	(9,016)	(9,016)	(9,016)	0
Borrowing and Leasing	BOLE	(3,418)	(4,183)	(9,598)	(21,725)	(33,448)	(47,949)	(43,765)
Non-Current Assets	ASSET	48,059	48,116	54,627	66,754	78,435	92,925	44,809
Investments	INV	24,519	25,147	23,689	23,739	23,903	24,622	(525)
Unapplied Grants & Earmarked Reserves	UGER	(13,344)	(12,536)	(9,650)	(9,258)	(8,704)	(8,449)	4,087
General Reserve	GEN	(4,521)	(5,332)	(5,481)	(5,936)	(6,663)	(7,649)	(2,317)
Long Term Debtors	DEBT	93	93	93	93	93	93	0
Long Term Debtors (Company Loan)	LOAN	0	0	900	900	900	900	900
Working Capital & Pensions	CRED	(7,507)	(8,071)	(9,355)	(9,349)	(9,349)	(9,349)	(1,278)
Total		0	0	0	0	0	0	0
Internal Borrowing		760	699	704	711	720	732	33

Liability Benchmark								
Capital Financing Requirement (Borrowing)		2,130	3,339	9,153	21,795	34,066	45,966	42,627
Working Capital & Pensions		(7,507)	(8,071)	(9,355)	(9,349)	(9,349)	(9,349)	(1,278)
Usable Reserves		(17,865)	(17,868)	(15,131)	(15,194)	(15,367)	(16,098)	1,770
Minimum Level of Investments		10,000	10,028	10,316	10,602	10,821	11,192	1,164
Total		(13,242)	(12,572)	(5,017)	7,854	20,171	31,711	44,283

Borrowing Strategy

The Authority currently projects **£2.640 million** of loans at 31 March 2019, an increase of **£1.270 million** on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast above shows that the Authority expects to borrow up to **£6.000 million** in 2019/20.

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

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

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2019/20 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Authority may arrange forward starting loans during 2019/20, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

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

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

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

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

- leasing
- hire purchase
- sale and leaseback

The Authority has previously raised all of its long-term borrowing from the Public Works Loans Board (PWLB) but it continues to investigate other sources of finance, such as local authority loans and bank loans that may be available at more favourable rates.

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

Short-term and variable rate loans: These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators.

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

Investment Strategy

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In 2019/20, the Authority's investment balance is projected to range between **£24.50 million** and **£32.62 million**.

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

Negative interest rates: If the UK enters into a recession in 2019/20, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy: Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to further diversify into more secure and/or higher yielding asset classes during 2019/20. This is especially the case for the estimated **£8 million** that is available for longer-term investment. The majority of the Authority's surplus cash is currently invested in short-term unsecured bank deposits, certificates of deposit and money market funds. This diversification will represent a continuation of the new strategy adopted in the last few years.

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

Approved counterparties: The Authority may invest its surplus funds with any of the counterparty types in the table below, subject to the cash limits (per counterparty) and the time limits shown.

Approved investment counterparties and limits

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£1m 5 years	£1m 20 years	£2m 50 years	£1m 20 years	£1m 20 years
AA+	£1m 5 years	£1m 10 years	£2m 25 years	£1m 10 years	£1m 10 years
AA	£1m 4 years	£1m 5 years	£2m 15 years	£1m 5 years	£1m 10 years
AA-	£1m 3 years	£1m 4 years	£2m 10 years	£1m 4 years	£1m 10 years
A+	£1m 2 years	£1m 3 years	£2m 5 years	£1m 3 years	£1m 5 years
A	£1m 13 months	£1m 2 years	£2m 5 years	£1m 2 years	£1m 5 years
A-	£1m 6 months	£1m 13 months	£2m 5 years	£1m 13 months	£1m 5 years
None	£0.5m 6 months	n/a	£2m 25 years	£50,000 5 years	£0.5m 5 years
Pooled funds and real estate investment trusts		£2m per fund			
UK Domiciled Pooled Funds		£5m per fund			

This table must be read in conjunction with the notes below

Credit rating: Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

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

Banks secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

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

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made either following an external credit assessment or to a maximum of **£250,000** per company as part of a diversified pool in order to spread the risk widely.

Registered providers: Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England). As providers of public services, they retain the likelihood of receiving government support if needed.

Pooled funds: Shares or units in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

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

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

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

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

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

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

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

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Investment limits: The Authority's revenue reserves available to cover investment losses are forecast to be **£11.481 million** on 31st March 2019. In order that no more than **1%** of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government, other Local Authorities and UK Domiciled Pooled Funds) will be **£1 million**. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Investment limits

	Cash limit
Any single organisation, except the UK Domiciled Pooled Funds, UK Central Government and UK Local Authorities	£1m each
UK Domiciled Pooled Funds	£5m each
UK Central Government	unlimited
UK Local Authorities	£2m each
Any group of organisations under the same ownership	£1m per group
Any group of pooled funds under the same management	£4m per manager
Negotiable instruments held in a broker's nominee account	£12m per broker
Foreign countries	£2m per country
Registered providers and registered social landlords	£5m in total
Unsecured investments with building societies	£2m in total
Loans to unrated corporates (excluding the Council's Company)	£2m in total
Money market funds	£12m in total
Real estate investment trusts	£5m in total

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

Related Matters

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

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

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

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

Financial Derivatives: In the absence of any explicit legal power to do so, the Authority will not use standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments, including pooled funds and forward starting transactions, may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.

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

Other Options Considered

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

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

Investment Strategy Report 2019/20

Introduction

The Authority invests its money for three broad purposes:

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

This investment strategy is a new report for 2019/20, meeting the requirements of statutory guidance issued by the government in January 2018, and focuses on the second and third of these categories.

Treasury Management Investments

The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between **£24.50 million** and **£32.62 million** during the 2019/20 financial year.

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

Further details: Full details of the Authority's policies and its plan for 2019/20 for treasury management investments are covered in a separate document in this report, the treasury management strategy.

Service Investments: Loans

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

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

Category of borrower	31.3.2018 actual			2018/19	2019/20
	Balance owing	Loss allowance	Net figure in accounts	Projection	Proposed Limit
Subsidiaries	£0	£0	£0	£0	£900,000
Employees – car loans	£17,830	£0	£17,830	£17,830	£100,000
Housing Loans - secured	£44,320	£0	£44,320	£44,320	£45,000
Housing Loans - unsecured	£2,771	£0	£2,771	£2,771	£3,000
Homelessness Loans	£28,555	(£11,299)	£17,256	£17,256	£50,000
TOTAL	£93,476	(£11,299)	£82,177	£82,177	£1,098,000

Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts from 2018/19 onwards will be shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent including placing charges on properties for housing loans (secured) and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment: The most significant loan for a service purpose is the **£900,000** loan for **5 years** to the Council Development Company for the provision of housing. The Board of Directors of the Company will initially consist of Council employees and therefore the Council will be able to manage the repayment risk through project due diligence and the monitoring of selected projects.

Commercial Investments: Property

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

Loan Commitments and Financial Guarantees

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

Proportionality

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

Borrowing in Advance of Need

Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Authority has chosen not to follow this guidance and plans to borrow for this purpose to fund the approved Property Investment Strategy. The Authority's policies in investing the money borrowed, including management of the risks, for example, of not achieving the desired profit or borrowing costs will be managed as part of the Authority's overall management of its treasury risks.

Capacity, Skills and Culture

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

Investment Indicators

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

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

Total Investment Exposure	31/03/2018 Actual £000	31/03/2019 Forecast £000	31/03/2020 Forecast £000	31/03/2021 Forecast £000	31/03/2022 Forecast £000	31/03/2023 Forecast £000
Treasury Management Investments	£24,519	£25,147	£23,689	£23,739	£23,903	£24,622
Commercial Investments: Property	£5,200	£5,200	£11,200	£24,200	£37,200	£50,200
TOTAL INVESTMENTS	£29,719	£30,347	£34,889	£47,939	£61,103	£74,822
Commitments to Lend	£0	£0	£900	£900	£900	£900
TOTAL EXPOSURE	£29,719	£30,347	£35,789	£48,839	£62,003	£75,722

How investments are funded: Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

Investments funded by borrowing

Investments Funded by Borrowing	31/03/2018 Actual £000	31/03/2019 Forecast £000	31/03/2020 Forecast £000	31/03/2021 Forecast £000	31/03/2022 Forecast £000	31/03/2023 Forecast £000
Commercial Investments: Property	£0	£0	£6,000	£19,000	£32,000	£45,000
TOTAL FUNDED BY BORROWING	£0	£0	£6,000	£19,000	£32,000	£45,000

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

Investment rate of return (net of all costs)

Investments Net Rate of Return	31/03/2018 Actual %	31/03/2019 Forecast %	31/03/2020 Forecast %	31/03/2021 Forecast %	31/03/2022 Forecast %	31/03/2023 Forecast %
Treasury Management Investments	0.66%	0.86%	0.98%	1.01%	1.03%	1.03%
<u>Commercial Investments</u>						
Property (exc. valuation changes)	7.77%	7.77%	7.77%	7.77%	7.77%	7.77%
Property Investment Strategy	0.00%	0.00%	1.00%	1.00%	1.00%	1.00%
ALL INVESTMENTS	8.43%	8.63%	9.75%	9.78%	9.80%	9.80%

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

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

Context

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

Adequacy of Reserves

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

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

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

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

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

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

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

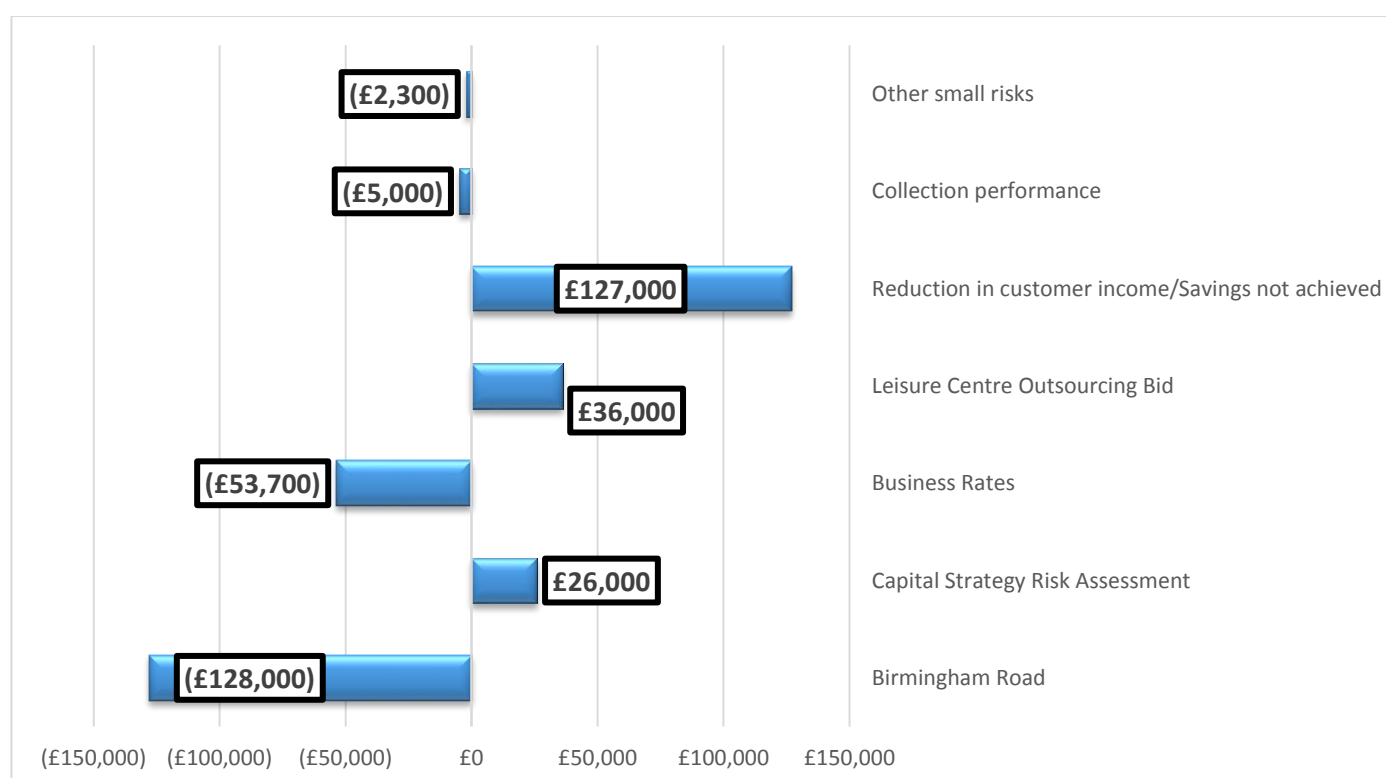
Use of General Revenue Reserves

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

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

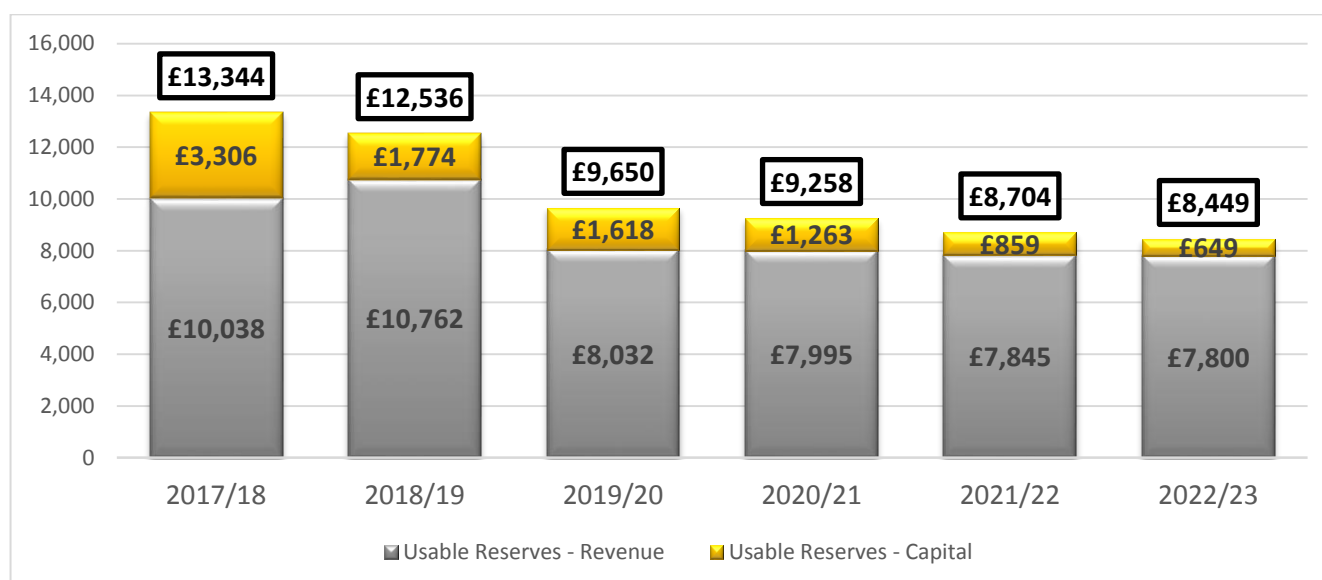
The table below shows the financial risk assessment made for **2019/20**:

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



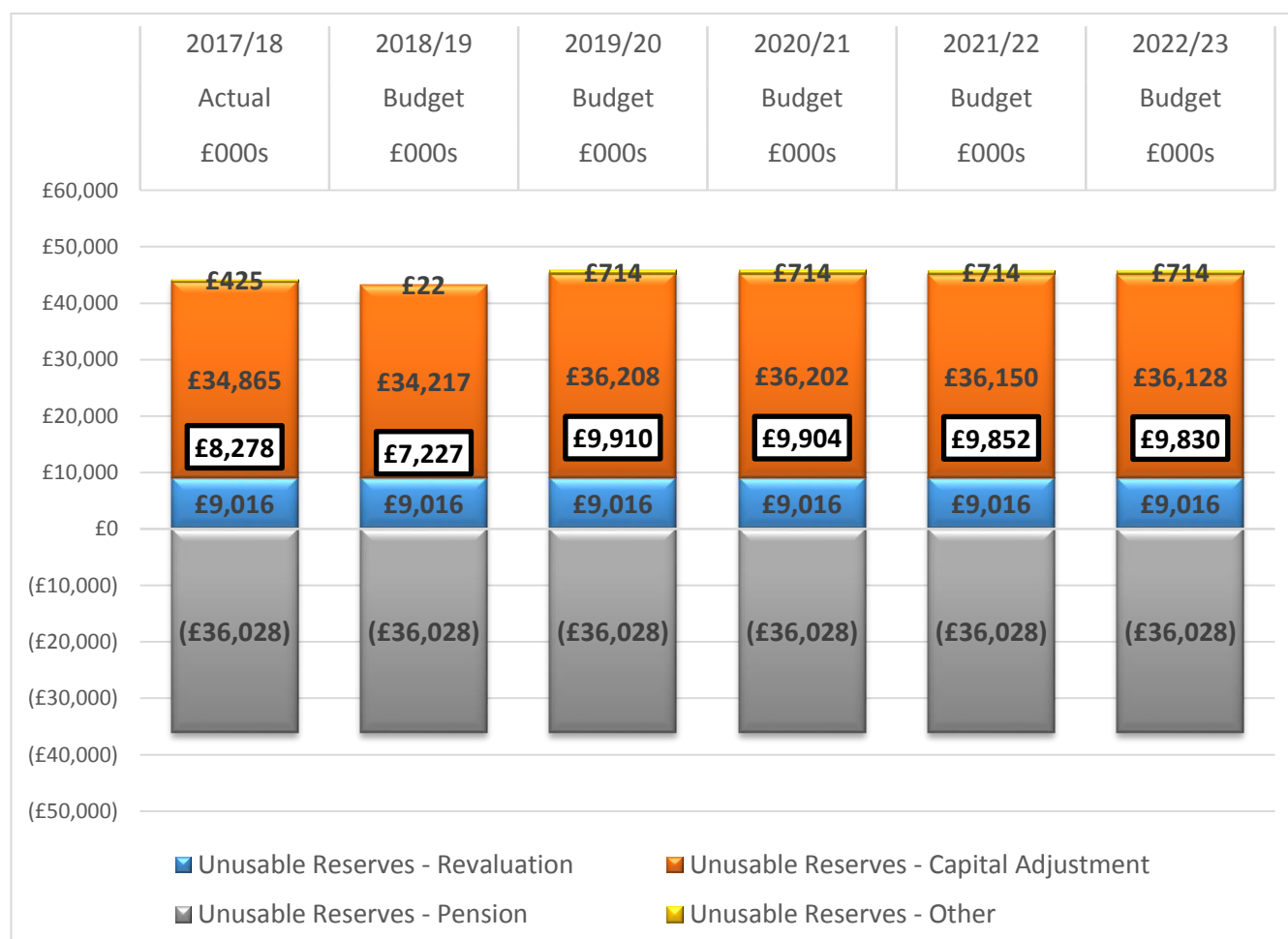
Other Reserves (in addition to General Reserves)

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



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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fradley Neighbourhood Plan Final Decision Statement

Councillor Ian Pritchard, Cabinet Member for Economic Growth, Environment & Development Services



Date:	12 February 2019
Agenda Item:	6
Contact Officer:	Patrick Jervis
Tel Number:	01543 308196
Email:	Patrick.jervis@lichfielddc.gov.uk
Key Decision?	No
Local Ward Members	All Fradley ward members

CABINET

1. Executive Summary

- 1.1 This report relates to the preparation of a Neighbourhood Plan covering Fradley which has recently been subject to referendum. The Fradley Neighbourhood Plan received a majority Yes vote at its referendum held on 31 January 2019. The District Council now has to formally 'make' the Fradley Neighbourhood Plan, following which it will form a part of the Development Plan in Lichfield District.

2. Recommendations

- 2.1 That cabinet notes the results of the referendum for the Fradley Neighbourhood Plan as presented at paragraph 3.3 of this report.
- 2.2 That the Cabinet agrees to the making of the Fradley Neighbourhood Plan and that this decision is then reported to Full Council.

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.
- 3.2 The Neighbourhood Planning (General) Regulations 2012 require that Neighbourhood Plans are subject to a referendum. The referendum was held in accordance with the Neighbourhood Planning (Referendum) Regulations 2012. All those eligible to vote in the Fradley Neighbourhood Area voted Yes or No to the following question, "Do you want Lichfield District Council to use the Neighbourhood Plan for Fradley to help it decide planning applications in the Neighbourhood Area?" If the majority (50% +1) of the turnout vote in favour the Local Planning Authority (Lichfield District Council) must make the Neighbourhood Plan.
- 3.3 The referendum for Fradley was held on 31 January 2019. The Fradley Neighbourhood Plan referendum received a turnout of 21.5%, with 453 (87.6%) votes in favour and 64 (12.3%) votes against the making of the Neighbourhood Plan.
- 3.4 The 2012 Regulations require that upon the completion of the referendum the Local Planning Authority is required to publish a 'Decision Statement' on their website. This Decision Statement will state that the Neighbourhood Plan has been successful at referendum and will now be 'made', and will form a part of the Development Plan for Lichfield District. A proposed Decision Statement in respect of the Fradley Neighbourhood Plan is attached at **Appendix A**.

- 3.5 The Cabinet is asked to note the referendum results set out at paragraph 3.3 of this report and the Decision Statement and agree to the making of the Fradley Neighbourhood Plan. The Fradley Neighbourhood Plan is attached at **Appendix B**. The decision of the Cabinet will then need to be endorsed by Full Council.
- 3.6 Subject to a decision to make the Neighbourhood, the District Council will need to publish the Decision Statement online, and provide the Decision Statement to the Qualifying Body (Fradley and Streethay Parish Council) and any other stakeholder who has requested to be notified of the decision. The Neighbourhood Plan will form a part of the Development Plan for Lichfield District and will be used in determining planning applications. The made Neighbourhood Plan will be published online and the prescribed persons will be notified.

Alternative Options	<ol style="list-style-type: none"> 1. The Lichfield District Council refuses to make the Neighbourhood Plan. The Council can only do this if it considers this would breach, or be incompatible with any EU Obligation or any of the Convention Rights. 2. Following the making of the Neighbourhood Plan, Lichfield District Council can decide to modify or revoke the Neighbourhood Plan, in line with the Regulations.
Consultation	<ol style="list-style-type: none"> 1. In line with the Regulations the Neighbourhood Plan has been through numerous consultation periods. A Consultation Statement detailing the consultation undertaken throughout the Neighbourhood Plan process was provided by the Qualifying Body (Fradley and Streethay Parish Council) as part of their Neighbourhood Plan Submission Documentation. 2. The Neighbourhood Plan Referendum was publicised according to the Neighbourhood Planning (Referendum) Regulations 2012.
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. A grant of £20,000 will be applied for during the next available funding window following the referendum. 2. Communities with Neighbourhood Plans in place will be entitled to 25% of the Community Infrastructure Levy (CIL) receipts generated by eligible development in their area. Communities with no Neighbourhood Plan will be entitled to 15%.
Contribution to the Delivery of the Strategic Plan	<ol style="list-style-type: none"> 1. The Neighbourhood Plan demonstrates that it is in broad conformity with the Local Plan Strategy (2015) which conforms with the Strategic Plan.
Equality, Diversity and Human Rights Implications	<ol style="list-style-type: none"> 1. The extensive consultation procedures provided for by the Planning and Compulsory Purchase Act 2004 ensure that consultation is undertaken with the wider community and covers human rights matters. 2. The Neighbourhood Planning (Referendum) Regulations 2012 ensure that all those eligible were entitled to vote in the referendums. 3. Equality Impact Assessments (EqIA) have been completed for the Fradley Neighbourhood Plan and is attached at Appendix C.
Crime & Safety Issues	<ol style="list-style-type: none"> 1. Crime and community safety issues may be considered as part of the Neighbourhood Plans.
GDPR/Privacy Impact Assessment	<ol style="list-style-type: none"> 1. A Privacy Impact Assessment has been undertaken.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Qualifying Body propose the replacement of the Neighbourhood Plan.	Ensure the Qualifying Body produce the replacement Neighbourhood Plan in accordance to the Neighbourhood Planning (General) Regulations 2012.	Green
B	Lichfield District Council decide to modify the made Neighbourhood Plan.	Lichfield District Council in line with the Regulations will seek the permission of Qualifying Body before modifying the Neighbourhood Plan, and will carry out the process in accordance with the Regulations.	Green
C	Lichfield District Council decide to revoke the made Neighbourhood Plan.	Lichfield District Council will gain permission from the Secretary of State before revoking the Neighbourhood Plan, the revocation will be in accordance with the Regulations.	Green
D	Secretary of State revokes the made Neighbourhood Plan.	This would be outside the control of the District Council.	Green

Background documents

1. Neighbourhood Planning (General) Regulations 2012 & Amendments
2. Neighbourhood Planning (Referendum) Regulations 2012 & Amendments
3. Fradley Neighbourhood Plan (Referendum Version)
4. Lichfield District Local Plan Strategy

Relevant web links

1. Copies of the submitted neighbourhood plans can be found via:
 - www.lichfielddc.gov.uk/Fradleynp

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Fradley Neighbourhood Plan Development Plan

Decision Statement published pursuant to the Localism Act 2011 Schedule 38A (9) and Regulations 19 & 20 of the Neighbourhood Planning (General) Regulations 2012

1. Summary:

- 1.1 Lichfield District Council decided by resolution of Cabinet on **12 February 2019** to make the Fradley Neighbourhood Development Plan under Section 38A(4) of the Planning and Compulsory Purchase Act 2004 (as amended). The Fradley Neighbourhood Development Plan now forms part of the Development Plan for Lichfield District.

2. Reasons for decision:

- 2.1 The Fradley Neighbourhood Plan meets the Basic Conditions and its promotion process is compliant with legal and procedural requirements. Paragraph 38A(4)(a) of the Planning and Compulsory Purchase Act 2004 requires the Council to make the Neighbourhood Plan if more than half of those voting in the referendum have voted in favour of the Plan being used to help decide planning applications in the area. The Plan was endorsed by more than the required threshold in the referendum on 31 January 2019.

3. Background:

- 3.1 On 21 May 2014 Fradley and Streethay Parish Council requested that the Fradley Neighbourhood Area be designated for the purposes of producing a Neighbourhood Development Plan for the area. Following a six week consultation Lichfield District Council designated the Fradley Neighbourhood Area on 9 December 2015.
- 3.2 In November 2017 Fradley and Streethay Parish Council published the draft Fradley Neighbourhood Plan for a minimum six week consultation, in line with Regulation 14 of the Neighbourhood Planning (General) Regulations 2012 which closed in January 2018.
- 3.3 The Fradley Neighbourhood Plan was submitted by the Parish Council to Lichfield District Council in May 2018 for assessment by an Independent Examiner. The Plan (and associated documents) was publicised for consultation by Lichfield District Council for six weeks between 22 May 2018 and 3 July 2018 (the Local Authority publicity consultation). Mr Nigel McGurk BSc (Hons) MCD MBA MRTPI was appointed

as the Independent Examiner and all comments received at the Local Authority publicity consultation were passed on for his consideration.

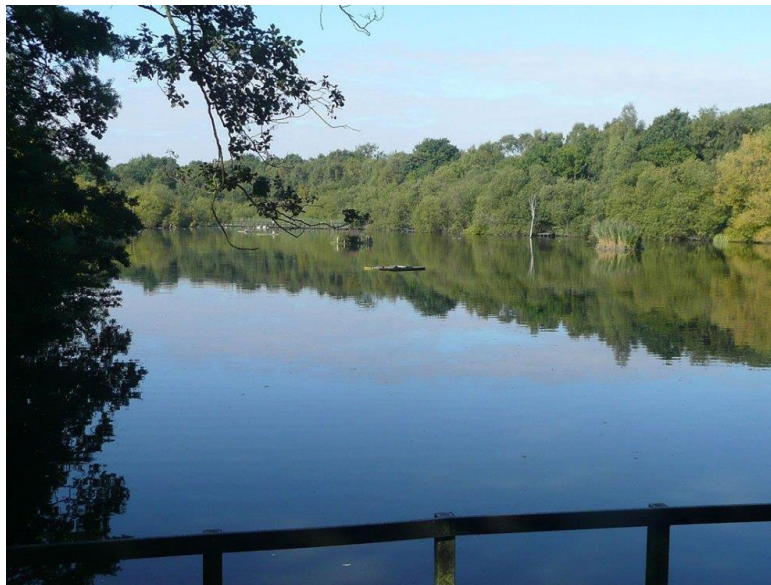
- 3.4 The Examiner's report concluded that, subject to modifications, the Fradley Neighbourhood Plan met the necessary basic conditions (as set out in Schedule 4b (8) of the Town and Country Planning Act 1990, as amended by the Localism Act 2011) and subject to these modifications being made it should proceed to referendum.
- 3.5 A referendum was held on Thursday 31 January 2019, 87.6% of those who voted were in favour of the Neighbourhood Plan, the turnout was 21.5%. Paragraph 38A (4)(a) of the Planning and Compulsory Purchase Act 2004 as amended requires that the Council must make the Neighbourhood Plan if more than half of those voting have voted in favour of the plan.

This decision statement can be viewed online on the Lichfield District Council website at: www.lichfielddc.gov.uk/fradleynp. It can also be viewed in hard copy at:

Lichfield District Council, District Council House, Frog Lane, Lichfield, WS13 6YY -
Monday to Friday 8.45am to 5.15pm



Fradley Neighbourhood Plan 2017-2029



Made 12th February 2019

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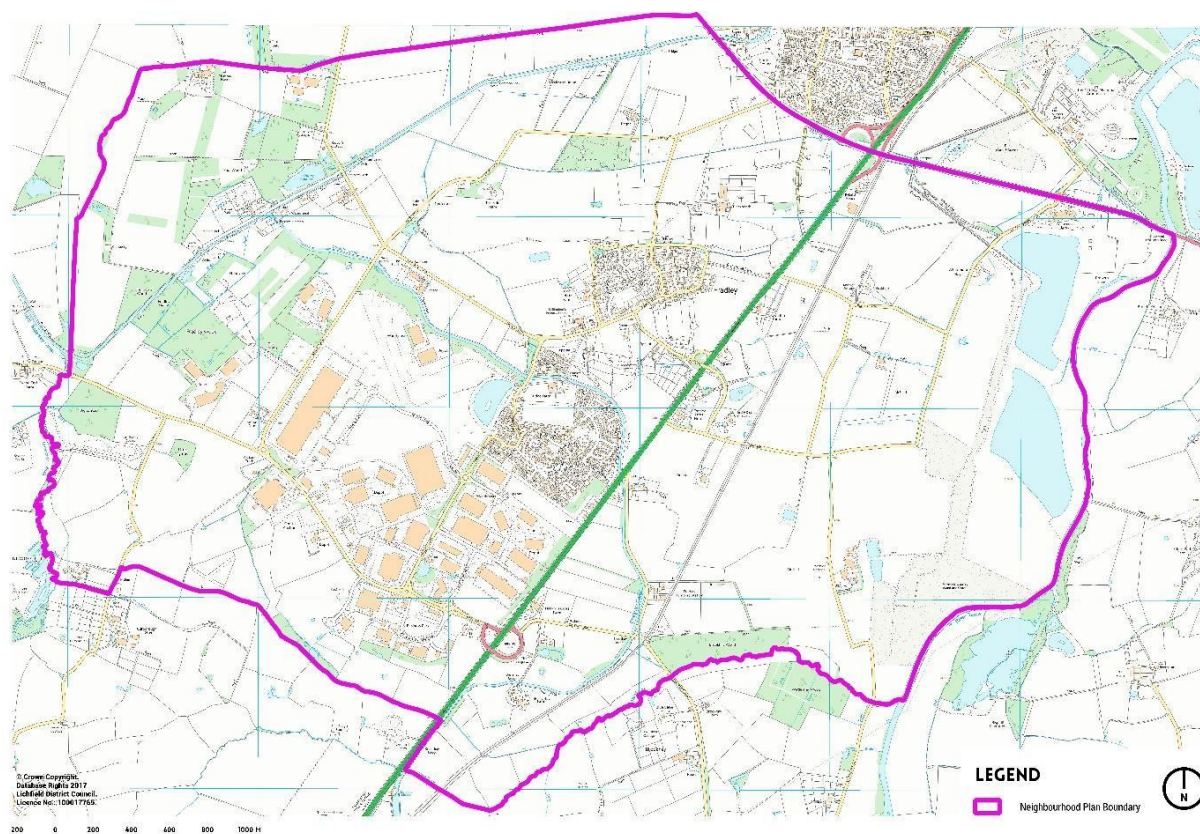
1 INTRODUCTION

Purpose of the plan

- 1.1 This document represents the Neighbourhood Plan for Fradley neighbourhood area for the period 2017 to 2029. The Plan contains a vision for the future of Fradley and sets out clear planning policies to realise this vision.
- 1.2 The principal purpose of the Neighbourhood Plan is to guide development within the neighbourhood area. It also provides guidance to anyone wishing to submit a planning application for development within the neighbourhood area. The process of producing a plan has sought to involve the community as widely as possible. The different topic areas are reflective of matters that are of considerable importance to Fradley, its residents, businesses and community groups.
- 1.3 Some of the Neighbourhood Plan policies are general and apply throughout the Plan area, whilst others are site or area-specific and apply only to the appropriate areas illustrated on the relevant map. Once made, the policies of the Plan form part of the development plan. Development should be carried out in accordance with the development plan, the policies of which should be taken as a whole.
- 1.4 The process of producing the Neighbourhood Plan has identified a number of actions which have not been included in the policies' sections. This is because these are not specifically related to land use matters and therefore sit outside the jurisdiction of a Neighbourhood Plan. These actions will be addressed by the Parish Council outside of the Neighbourhood Plan process.

Policy context

- 1.5 This document represents the Neighbourhood Plan for Fradley neighbourhood area. It represents one part of the development plan for the neighbourhood area over the period 2017 to 2029, the other part being the 2015 Lichfield District Local Plan which will be made up of the adopted Local Plan Strategy (adopted February 2015) and the Local Plan Allocations Document.
- 1.6 Lichfield District Council, as the local planning authority, designated the Fradley Neighbourhood Area in December 2014 to enable Fradley Parish Council to prepare the Neighbourhood Plan. The Plan has been prepared by the community through the Fradley Neighbourhood Plan (FNP) Steering Group on behalf of Fradley Parish Council.
- 1.7 The FNP has been prepared in accordance with the Town & Country Planning Act 1990, the Planning & Compulsory Purchase Act 2004, the Localism Act 2011 and the Neighbourhood Planning Regulations 2012 (which were amended in 2015). The FNP Steering Group has prepared the plan to establish a vision for the future of the parish and to set out how that vision will be realised through planning and controlling land use and development change over the plan period 2017 to 2029.
- 1.8 The map in Figure 1.1 below shows the boundary of the Neighbourhood Plan area.

Figure 1.1: Fradley neighbourhood plan area boundary

1.9 The Fradley Neighbourhood Plan is required to be in general conformity with the strategic policies of the development plan. The strategic policies for Lichfield District over the period to 2029 are mainly provided by the 2015 Local Plan.

1.10 In the Local Plan, the focus for growth is the main settlements of Lichfield City and Burntwood, although the settlement of Fradley is identified as a location for a strategic development allocation. Core Policy 1 of the Local Plan states:

"Fradley will remain a focus for employment, but will also play a major role in meeting housing need with an expansion of the existing settlements. This will be supported by community, education and health facilities, as well as public transport measures and green infrastructure, to assist in the creation of a cohesive and sustainable community."

1.11 Growth in Fradley is expected to accommodate approximately 12% of the overall district housing growth requirement, which equates to 1,250 dwellings.

1.12 The Local Plan also contains more specific strategic policies for Fradley. In summary:

- Policy Frad1: Fradley Environment:
 - high quality green infrastructure shall provide physical and visual connections to the countryside;
 - land north of Hay End Lane and west of Old Hall Lane shall incorporate green corridors and green space at the edges;

- A green corridor will be provided along the southern side of the Coventry Canal which will include the retention of significant existing vegetation wherever possible;
- Adequate mitigation from the impacts of the adjacent employment park on new development will be provided, which may include buffer planting;
- Allotments should also be included as part of the green infrastructure and should be located so as to be accessible by all parts of the community;
- New development shall improve access for all on to the canal and should ensure appropriate enhancements are made to the canal network up to Fradley Junction.
- Policy Frad2: Fradley Services and Facilities:
 - Initiatives to improve existing facilities or proposals to provide a range of new facilities and social infrastructure will be supported. Additional primary education facilities will be provided, including nursery provision.
 - Land for a new health care facility will be provided close to the existing local centre (Stirling Centre) and will be safeguarded for such a use.
 - Sports pitches will also be provided which will include a minimum of 2 football pitches and a cricket pitch. Opportunities to provide a sports/social club and associated sports facilities should also be explored.
 - Existing pedestrian and cycle routes will be retained and enhanced and new routes will be created to enable safe and convenient connections.
 - Improvements will also be made to the frequency of bus service.
 - Improvements to the local and strategic highway network will be undertaken commensurate with the scale of development.
 - All options will be explored to improve the Hilliard's Cross and Fradley Village Junctions on the A38(T).
- Policy Frad3: Fradley Economy:
 - Fradley will remain as a major focus for employment through the implementation of existing commitments and redevelopment.
 - Smaller units and 'incubator' employment units will also be encouraged within Fradley.
- Policy Frad4: Fradley Housing:
 - Development will be focused on the former airfield, utilising current brownfield land, along with further housing development accommodated on land to the north of the Coventry Canal and on land north of Hay End Lane and west of Old Hall Lane.
 - New development will provide a housing mix to reflect local housing need, especially providing smaller 1 and 2 bedroom properties for first time buyers and to meet the housing needs of an ageing population.

- 1.13 It is noted that the Lichfield Local Plan Allocations Document is emerging through the planning system. Plan-makers have considered this document and the information supporting it, during the drafting of the Plan.

Monitoring the Plan

- 1.14 Fradley Parish Council, as the Neighbourhood Plan authority, will be responsible for maintaining and periodically revisiting the Plan to ensure relevance and to monitor delivery. Given that a review of the Lichfield Local Plan was committed to by Lichfield District Council in 2017, it is expected that the Fradley Neighbourhood Plan will be reviewed within three years of being made.

2 LOCAL CONTEXT

History of Fradley

- 2.1 Fradley first appeared in 12th-century records as 'Frodeleye', or 'Frod's lea'. Historically it formed part of the parish of Alrewas until, in April 2009, Fradley and nearby Streethay split from Alrewas and Orgreave to form 'Fradley with Streethay' parish. The Parish holds many historic buildings:

St Stephen's Church

- 2.2 St Stephen's Church, built in 1861, still stands proudly on the corner of Church Lane and Old Hall Lane and hosts many Australian war graves from World War Two. The Church was refurbished in 2015/2016 with a new roof, rewired and a new extension built on the side overlooking the grave yard.



St Stephen's School

- 2.3 A quaint Victorian schoolhouse, which had stood beside the St Stephens Church since 1875, was demolished in 2008 to make room for modern classrooms to accommodate Fradley's growing child population.



Farming in Fradley

- 2.4 Although Fradley no longer has any working farms, the following former farmhouses can still be seen: Bycars Farm, Bridge Farm, Hilliards Cross Farm and Old Hall Farm. Some of the fields are either rented out or the landowners use subcontractors to do the planting and cropping work.



Trent & Mersey and Coventry Canals

- 2.5 Fradley is surrounded by canals and nearby Fradley Junction is where the Trent & Mersey and Coventry Canals merge. Fradley Junction is a well-known local beauty spot with a selection of cafés, with a public house (the White Swan) and is a hive of boating activities. It is one of the Midlands' most peaceful and picturesque waterside locations in the heart of Staffordshire, enhanced by the presence of a nature reserve. James Brindley was commissioned to build the Coventry Canal in 1768 and the Trent & Mersey Canal in 1777.



The Royal Air Force in Fradley

- 2.6 Prior to World War II the village comprised only St Stephen's church, St Stephen's school, several farms and smallholdings and a scattering of private dwellings. During the intervening years the village has seen momentous changes, starting with the construction in 1939 of the famous RAF Station Lichfield on Fradley Common.

- 2.7 In August 1940 the Royal Air Force moved in, along with Hurricanes, Oxford and Anson aircraft. Spitfires arrived in 1941 and Wellington Bombers followed in 1942. Alongside RAF personnel training in the Wellingtons, there were a large number of Australians and some Canadians and Czechs.
- 2.8 The RAF left in 1958 and the whole site was sold by the Air Ministry in 1962. In 2000 a memorial to all who served at RAF Lichfield was constructed opposite St Stephen's church, which is home to the war graves of the Australian aircrew and one German Luftwaffe pilot who lost their lives. Their graves continue to be treated with great reverence by the community.
- 2.9 Fradley has over recent years absorbed many changes, but parts of the village still retain much of their original charm and character.

Fradley Park

- 2.10 In 1998 major redevelopment started on the former airfield, with the construction of factories, warehouses and 750 new houses. Fradley Park is a 300-acre warehousing and distribution development, which covers most of the former airfield.

Fradley Village Hall

- 2.11 Fradley Village Hall started its life as an old Nissen hut, sited next to St Stephen's School, which had been transported piece by piece by one of the local farmers from the Cotswolds in 1953. This was eventually replaced by a new building in approximately 1978 until a fire occurred on 5th November during the mid-1990s. The current Village Hall, designed to represent an RAF hangar, was built in 1999 and a new Youth and Community Hall was built on adjacent land 10 years later.

Since the 1980s

- 2.12 There have been several housing developments built within the Fradley parish since the early 1980s. The first of these developments were within the ancient village boundary creating the Statfold Lane development off Church Lane. Further houses were built in the 1990s to develop the Edwards Farm Road estate and as the RAF Fradley site was cleared for industrial development, the area to the north east side of Common Lane was also developed for housing. This phase of development was completed in 2005. Development was also started to the north west of Common Lane in 2016 for a further 1,000 homes.



- 2.13 Further development for 400 houses is committed in the Fradley neighbourhood area and expected to be delivered over the next five years. This, along with the site at Bridge Farm proposed for allocation for 80 dwellings in the Lichfield Local Plan Allocations Focused Changes DPD (January 2018), will deliver a total of 1,415 dwellings. More detail is provided in Section 4.

Profile of the community today

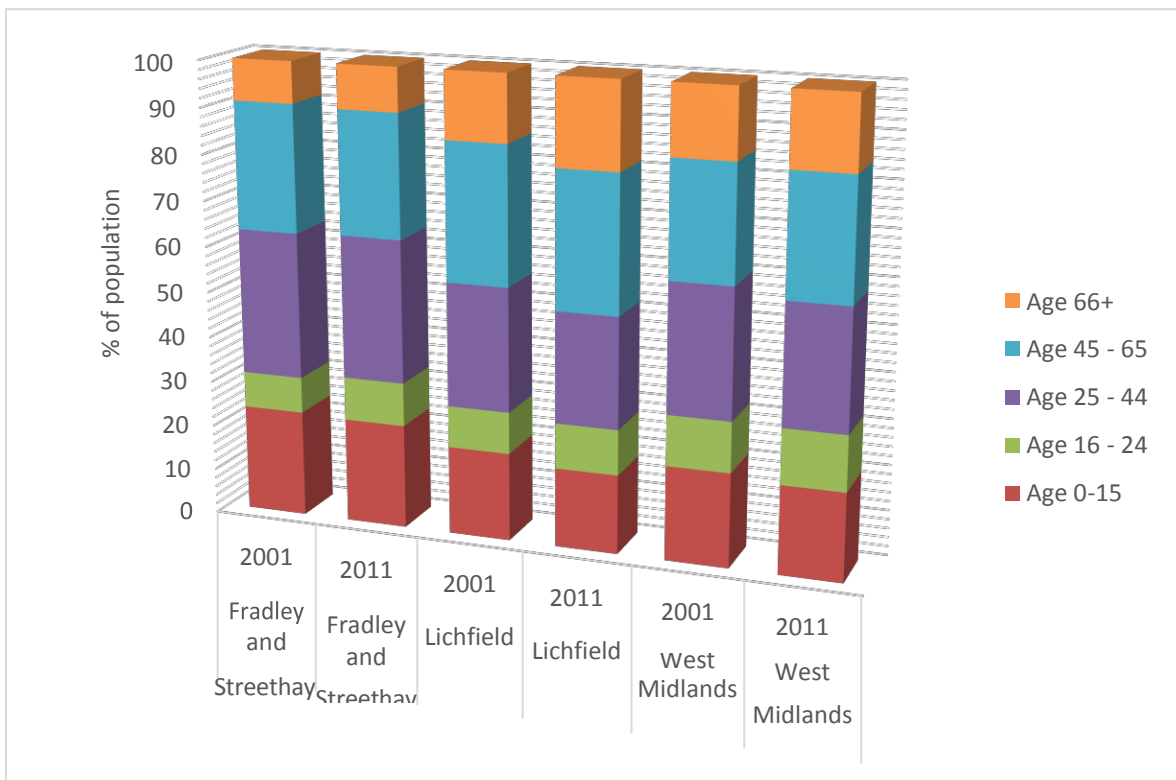
- 2.14 Unless otherwise stated, all data comes from the Census. It should be noted that the figures presented below are for the whole of Fradley and Streethay parish which is larger than the Neighbourhood Plan area.

Population change

- 2.15 The population of Fradley and Streethay parish was 3,753 in 2011. This increased by 53% over the ten years since 2001. Since 2011 the population has increased further, by 4.7% in 2015 to 3,932¹.
- 2.16 The population of Fradley and Streethay parish aged 25-44 is high and remained broadly constant over the period 2001 to 2011. By contrast, the proportion of this age group, common of young families, was declining in the district and the West Midlands region.
- 2.17 The proportion of people of retirement age (66+) is correspondingly low in Fradley and Streethay and has remained static over the period 2001 to 2011. This compares to a large and growing proportion of retirees in the district and region. This is shown in Figure 2.1.

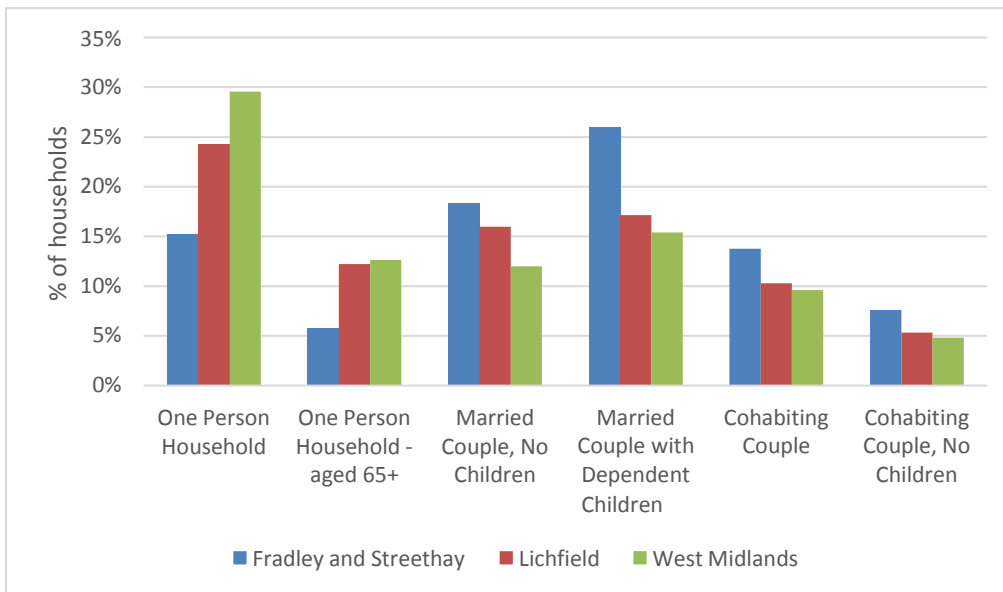
¹ Source: LGA -

<http://reports.esd.org.uk/reports/14?b2q9ecbe=201703291150501&pat=LA&pa=E07000194%3APARNCP>

Figure 2.1: Age profile, 2001 and 2011

Housing types

- 2.18 Figure 2.2 compares household types. This demonstrates that Fradley and Streethay is a very popular location for families, with over one-quarter of households consisting of a married couple with dependent children. It also has a high proportion of co-habiting couples, most of which have no children. This suggests it is a popular place for young couples to come and start a family. The parish has a corresponding low proportion of one-person households, particularly of retirement age.

Figure 2.2: Household Type, 2011

Economic activity

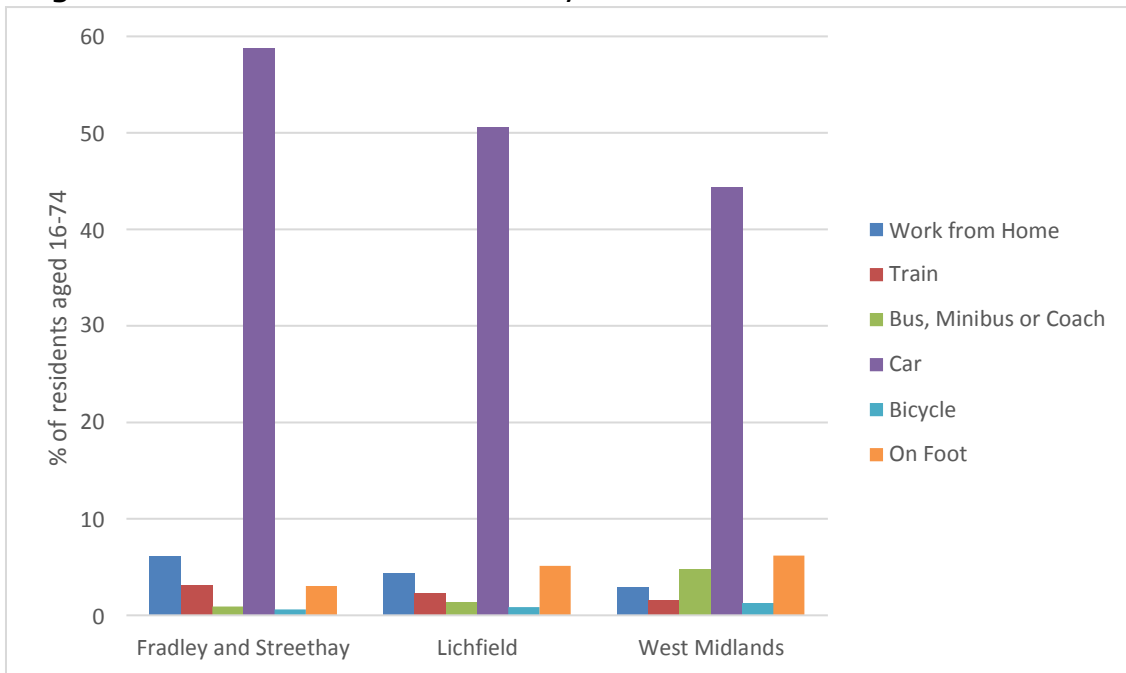
- 2.19 Over 76% of the residents in Fradley and Streethay are economically active compared to 69% in Lichfield District and 68% in West Midlands. Of these, 47% are employed full-time, well above the district and regional averages. Self-employment is also strong, at over 11% of the resident workforce.

Figure 2.3: Economic activity, 2011

Travel to Work

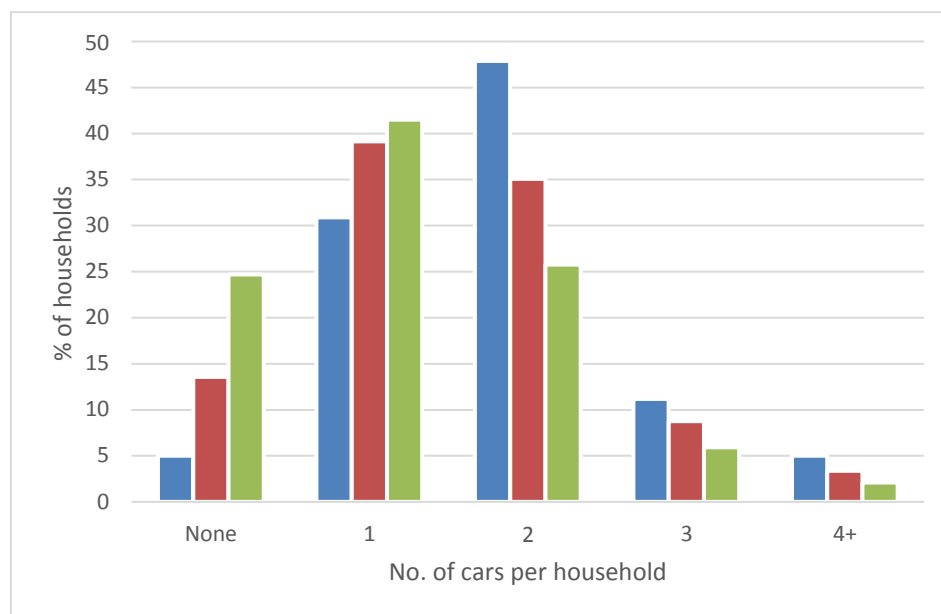
- 2.20 Figure 2.4 shows that nearly 60% of residents travel to work by car, well above the district and regional averages. Corresponding rates of bus and train use are low, which reinforces the view that alternatives are limited. Few people walk or cycle to work which suggests that only a small number work at Fradley Park.

Figure 2.4: Method of travel to work, 2011



Car Availability

- 2.21 Car ownership in Fradley and Streethay is high. Only 5% of households don't own a car in the parish, compared with 14% in Lichfield and 25% in the West Midlands. Many of these households own at least two cars, with the average being 1.84 cars per household. This compares with just 1.51 cars per household in the district and 1.20 cars per household across the region (Figure 2.5).

Figure 2.5: Car availability, 2011

Local infrastructure and assets

Community facilities

- 2.22 The community has access to the following community facilities in Fradley:
- Community hall
 - Village hall
 - Hay End Multi-Use Games Area (MUGA) and skate park
 - Worthington Road play area
 - Statfold Lane playing field
- 2.23 The village hall is regularly hired out by Fradley residents and organisations and is also used by people from outside the area. It is difficult to book the hall and can only be done several months in advance. The community hall is used mainly by the uniform organisations, e.g. scouts and guides. The low ceiling means it is not suitable for indoor racket sports which restricts what it can be used for. However, the hall is still regularly hired out for events, even though it is not the preferred option.
- 2.24 St Stephen's Church is in constant use for worship, community events and its meeting room is hired by various groups.



- 2.25 The Stirling Centre provides basic convenience services, anchored by a Co-op store. The other services include a hair salon, café, pharmacy and two food take-aways, one of which is also a restaurant. The Co-op is very busy, serving both residents and employees from the industrial units. Through the Neighbourhood Plan questionnaires, the community made it very clear that there was a strong desire for extra parking at the Stirling Centre. This has since been addressed by the owners, with a further 30 spaces having been created. Also at the Stirling Centre is a private gym, which is very popular.

Health

- 2.26 Fradley lacks a GP surgery and this is a significant issue - over one-third of those responding to the Neighbourhood Plan questionnaire considered this to be 'essential', with the nearest GP surgery being in Alrewas. As part of the planning permission for development at Fradley Park, land is provided for a new primary healthcare facility. However, changes to the provision of healthcare nationally mean that the focus of primary healthcare facilities will be delivering them 'at scale' in the form of a smaller number of large hubs that provide more than just traditional GP surgeries. The local Clinical Commissioning Group has confirmed that it is not part of its plans to provide a branch surgery at Fradley. In light of this, it is unlikely that the land set aside for healthcare provision at Fradley Park will be brought forward for a primary healthcare facility.

Transport and movement

- 2.27 Vehicle movement is an issue on Fradley. The main strategic route is provided by the A38 which runs immediately to the east of the settlements of Fradley Village and Fradley South. Difficulties with access to the A38 at both the Hilliards Cross and Fradley Lane junctions is an issue which is likely to be exacerbated by the additional development in the neighbourhood area.



- 2.28 Within Fradley village, there are also traffic pinchpoints around St Stephen's Primary School where Fradley Village Hall is also located and close to this, at the junction of Old Hall Lane and Church Lane. This is particularly problematic at school drop-off and pick-up times.
- 2.29 In Fradley South there are localised pinchpoints along Turnbull Road where the design of the estate roads that support new development here result in traffic problems.



- 2.30 Fradley has a good network of footpaths and footways. Cycle routes are more restricted, with an east-west link to the National Cycle Network route which skirts the northern boundary of the neighbourhood area. This link also provides access over the A38.

Heritage

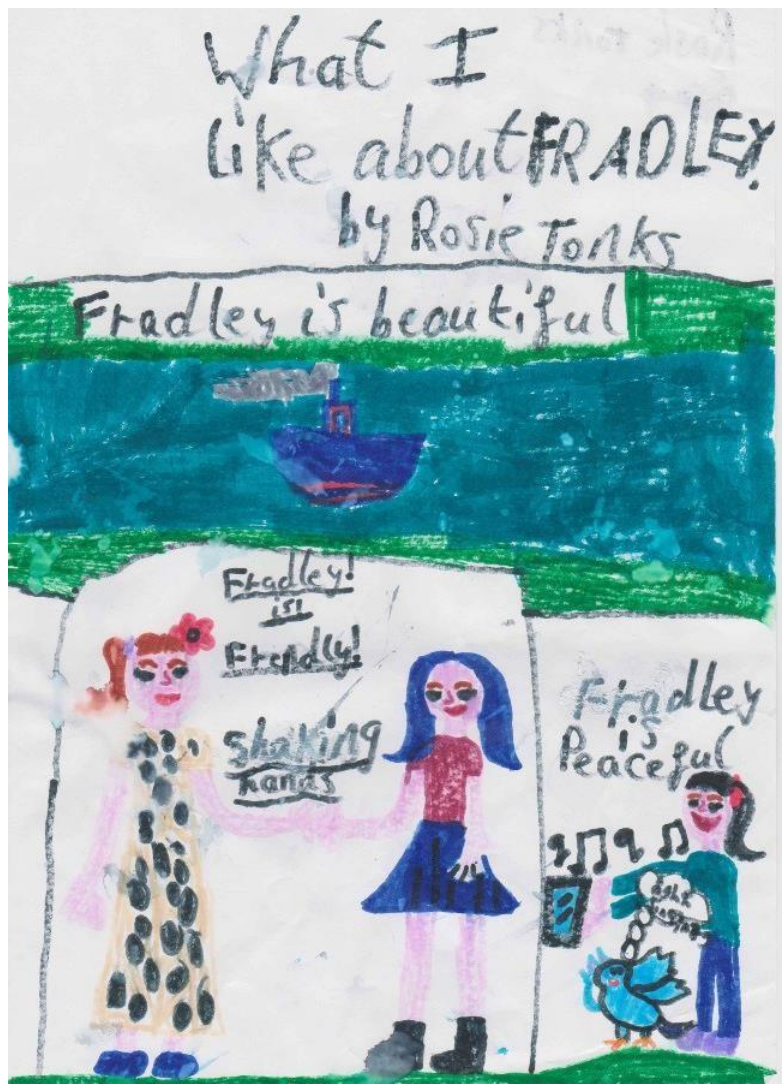
- 2.31 As the summary of the history of Fradley has shown, the parish has a rich heritage. This is recognised by existing heritage and planning policy and designations - the Neighbourhood Plan area contains two conservation areas, two Scheduled Monuments (out of only 16 in the whole district) and 19 listed buildings, all of which are designated heritage assets.
- 2.32 Furthermore there are a large number of entries on the Historic Environment Record (HER) relating to both designated and non-designated heritage assets. The non-designated heritage assets are mainly archaeological and include ridge and furrow and crop marks showing habitation of the area from the Neolithic period onwards.

- 2.33 The heritage relating to World War Two is also considered to be of great interest and importance. With the historical presence of RAF Lichfield, there are a number of WW2 structures that still remain, including hangars and pillboxes.

3 VISION AND OBJECTIVES

Challenges for Fradley

- 3.1 The Neighbourhood Plan seeks to address, as far as is possible, the challenges that face the community of Fradley. In summary these challenges are:
- The likely rapid growth of the population through a significant number of large developments being granted planning permission over a short period of time.
 - Inadequate sports provision.
 - Lack of health, recreational and community facilities.
 - Limited employment space for start-up micro-businesses to flourish.
 - Traffic movement and associated congestion through the village, coupled with limited alternatives to the car.



Source: Rosie Tonks

Vision for Fradley

- 3.2 In consultation with the community, the established vision for Fradley is as follows:

In 2029, Fradley is a sustainable and desirable place to live. This has been achieved principally through the provision of community infrastructure projects. In particular this has included new football and cricket pitches along with changing rooms and social facilities, new play and youth facilities and a community hub, consisting of a library, pub and space for a range of community activities.

Alongside new development, Fradley's local environment has been preserved through the protection given to local green spaces and the design of high quality amenity green spaces into the new residential areas.

Movement by means other than the car has been achieved by improving cycle paths and pedestrian routes, which has helped to create a healthier community.

Small local businesses have been supported in their growth, helping to make Fradley a place where people can live and work. In particular, the community hub has provided flexible workspace and meeting rooms for small businesses which has allowed these businesses to grow and thrive.

Despite the significant growth that has occurred, the character of the village and neighbourhood area as a whole has been maintained through the promotion of high quality and sympathetic development.

- 3.3 This complements the strategic vision for Fradley identified in the Lichfield District Local Plan (p122).

Neighbourhood Plan Objectives

- 3.4 The objectives of the Neighbourhood Plan as identified through engagement with the community are as follows:

1. To provide an appropriate mix of community, leisure and retail facilities that are accessible to both Fradley village and Fradley South to address the growing needs of the community
2. To protect and enhance the integrity of the environment (including the historic environment) and to maintain a close relationship between village and countryside
3. To resist the coalescence of Fradley with neighbouring villages or Lichfield
4. To retain an attractive and distinctive built environment with appropriate access to green space
5. To develop and grow cycle paths and footpaths through the neighbourhood area
6. To minimise the impact of vehicular movement and parking
7. To provide the potential for start-up businesses to thrive and grow

8. To promote social cohesion within the community

3.5 These objectives come under five main themes:

- Overall Spatial Strategy
- Community Infrastructure
- Character and Environment
- Economy
- Movement

3.6 We address each in turn on Sections 4 to 8.

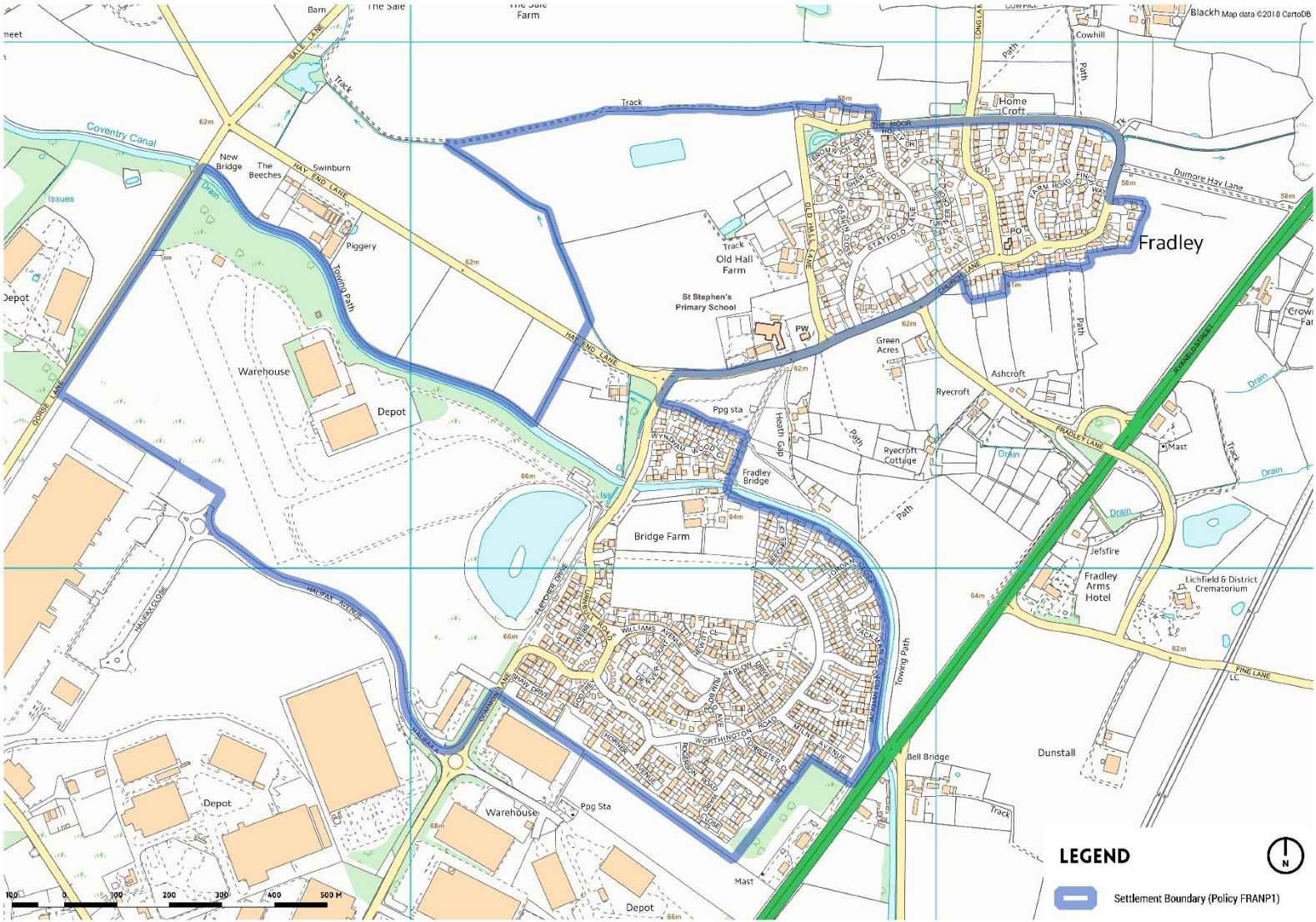
4 SPATIAL STRATEGY

- 4.1 Fradley is designated in the Lichfield District Local Plan as a Key Rural Settlement. As such, development within Fradley will be supported, not least as this will help the settlement to continue to provide for the services and facilities required by a growing community.

POLICY FRANP1: FRADLEY VILLAGE SETTLEMENT BOUNDARIES

Development within the settlement boundaries, as shown on Figure 4.1 below, will be supported.

Figure 4.1: Village settlement boundary



5 COMMUNITY INFRASTRUCTURE

- 5.1 In a small but growing community such as Fradley, the local community facilities are vital for it to prosper. Without these community facilities, people would have to travel elsewhere to access such facilities, with the most likely destination being Lichfield City. With the limited access to public transport, this will mean an increase in unsustainable car journeys.



- 5.2 The community facilities in Fradley perform more than just a role of preventing people going elsewhere for their leisure activities. They help to create a strong community, bringing people together to share common interests and making Fradley a very desirable place to live.

Retention of existing community facilities

- 5.3 Given the limited number and capacity of existing community facilities, the loss of any existing community facility to an alternative use will be strongly resisted by the Parish Council. The Parish Council would support the re-provision of community facilities so long as such re-provision would result in at least an equivalent, but preferably, a better new facility.
- 5.4 This reinforces Lichfield Local Plan Policy HSC2, although this only seeks to protect against the loss of playing fields and sports facilities, rather than all community facilities.



POLICY FRANP2: EXISTING COMMUNITY FACILITIES

Proposals that would result in the loss of existing community facilities will only be supported where they are replaced by equivalent or better provision in terms of quantity and quality in a suitable location.

Provision of new/expanded community facilities

- 5.5 The emerging growth in Fradley will significantly increase the population of Fradley. This is expected to have two effects – firstly, to increase demand for existing community facilities, and secondly to create demand for new types of community facility.
- 5.6 It is important that provision of new community facilities is made and in particular, that the opportunities to provide these as part of the new developments is taken. However, this must reflect the need to ensure that new facilities are provided in the right location. There is little value in providing new facilities in close proximity to existing facilities of the same type in one part of Fradley, when another part of the community is poorly served by such facilities. Equally, it may be more appropriate to expand existing provision rather than provide further facilities which may overall dilute the offer. A common example of this are play and youth facilities where expanded provision creates a stronger overall offer which addresses what young people actually want.

Sports facilities

- 5.7 Lichfield Local Plan Policy HSC2 requires that all Strategic Development Allocations (i.e. development at Fradley Park) should provide playing field facilities at a minimum level of 1.23ha per 1,000 population, including around 200m² for changing and pavilion space and 0.025ha for parking.
- 5.8 Lichfield Local Plan Policy Frad2 identified the need for a minimum of two football pitches and a cricket pitch to serve its SDA growth. The policy also recommended exploration of the need for a sports/social club and associated sports facility.
- 5.9 Development with outline planning permission at Hay End Lane will provide two football pitches, changing facilities and associated car parking.
- 5.10 Evidence gathered to inform the Neighbourhood Plan² shows that, based on the existing provision and proposed growth in Fradley of the 1,250 dwellings on the SDA, there is a need for between two and three adult football pitches. This is in line with the Local Plan strategy for Fradley and the Lichfield District Playing Pitch, Tennis and Bowls Strategy³.
- 5.11 In light of the emerging growth that is additional to that at the SDA, it is considered that, in addition to the two football pitches proposed as part of development at Hay End Lane, a further pitch should be provided. Ideally, to allow year-round use, one of these pitches should be an artificial surface which is floodlit. Alongside this, provision of a mini-football pitch for junior players is considered to be necessary to support activity across all age groups – currently there is no provision for junior football in Fradley.
- 5.12 Along with the additional pitch provision, the parish Council would like to see a new 600m² sports and social facility which incorporates changing facilities to serve the additional pitches; and an additional circa 750m² of car parking.
- 5.13 The Parish Council would also like to see the provision of a new cricket pitch, pavilion and appropriate changing facilities.
- 5.14 There is also a wider aspiration for a new bowling green, potentially to be provided alongside new sports pitch and pavilion provision, with facilities then being shared. However, at the present time, further work is needed to justify such provision.
- 5.15 Engagement with promoters of land on the edge of Fradley has demonstrated a willingness, in principle, to provide new sports facilities as part of any possible development that would come forward. This is therefore considered to represent a good opportunity to provide the facilities that are needed to support the growing population of Fradley. What will be important to ensure is that the location of any sports facilities makes them easily accessible to the whole community of Fradley - on foot and by bicycle as well as by car - rather than just those on any new development.

² Navigus (2017) *Fradley Sports Pitches, Amenity Green Space and Equipped Areas of Play Study*, for Fradley Parish Council

³ Neil Allen Associates (2012) *Playing pitch, tennis and bowls strategy*, for Lichfield District Council

POLICY FRANP3: PROVISION OF NEW/EXPANDED SPORTS FACILITIES

Proposals for new and/or improved community facilities within, or adjacent to village settlement boundaries, that would respect local character and residential amenity, and which do not result in harm to highway safety, will be supported.

Other community facilities

- 5.16 Fradley currently has two community halls serving it. However, these are limited in size and the range of activities that can be supported and are already fully used. In particular they are not suited to changing ways of providing community facilities, specifically through co-location. Community space increasingly should be flexible so that it can cater for the wide range of needs. The existing facilities were never designed to enable this. Moreover, for some of the new development in the planning pipeline, such as that at Fradley Park, the new residents will be a long way from these facilities which will discourage their use as well as being accessed on foot or by bicycle.
- 5.17 The community has expressed strong interest in having a pub serve the area and the planning permission granted for development of land at Fradley Park included the provision of a new public house. As of March 2018, there is interest from a brewery in providing such a facility as a multi-purpose venue, including possibly a café and community hub. This is considered to represent a good location for such a facility in terms of its ability to be easily accessed by the community.
- 5.18 Such provision does not automatically require a commercial operator to provide and run such a facility. Recently there have been growing numbers of examples of communities taking over the running of such facilities. Whilst this is commonly an existing pub, the same principle could apply to new provision. Engagement with the community as part of the Neighbourhood Plan process has demonstrated interest in running the pub as a community facility. Such a scenario would then create the potential for this to be used as a multi-use community facility.
- 5.19 The community is currently served by a mobile library unit. There is a wish to have a more permanent library facility in Fradley and again, there is the potential to run this as a community concern, either as part of local authority library provision or alternatively as an independent facility.
- 5.20 As is identified in the Economy section of the Neighbourhood Plan, the encouragement and growth of small and start-up businesses needs managed workspace and rooms to hold meetings. A community hub could provide this, with meeting space being provided either permanently or within space that can be reconfigured for alternative use outside of the working day.
- 5.21 The principle of provision of a new multi-purpose facility is therefore supported by the Neighbourhood Plan. This should ideally provide for a range of uses that include a pub/café and a community hub. What is important is that it is located where it can be easily accessed by the community. In particular, this means it should be within easy walking and cycling distance for the majority of existing residents of Fradley and for the new population who will live on the new developments in the planning pipeline.

POLICY FRANP4: PROVISION OF A COMMUNITY HUB

Proposals for a new community hub within, or adjacent to village settlement boundaries, will be supported.

Play and youth facilities

5.22 The Lichfield Open Space Assessment¹, as informed by evidence gathered to inform the Neighbourhood Plan⁵, recognised the need to improve the two existing play areas serving Fradley. Moreover, this noted that the Worthington Road play area – the only actual play area for children in Fradley – lies some distance from the northern half of Fradley so its accessibility is limited. There is a need therefore for new provision to address the Lichfield Local Plan requirement in Policy HSC1 to provide play facilities within 480m/10 minutes' walk.

5.23 This also does not recognise the type of play facility that is needed. The Worthington Road facility is aimed at younger children, whereas the Hay End MUGA and skatepark



is more for older children. As well as further Local Equipped Areas for Play (LEAPs) for young children, there is a need for a facility to serve the needs of older children. This should be in the form of a Neighbourhood Equipped Area for Play (NEAP) and, based on the Local Plan standards, the scale of growth at the SDA justifies the provision of a NEAP.

5.24 In addition, application of the Local Plan standards also demonstrates that provision of an additional MUGA is justified.

5.25 Development with outline planning permission at Hay End Lane and with full planning permission at Brookfield Hay End Lane will each provide a LEAP.

5.26 As Figure 5.1a shows, applying the 10-minute/480m Local Plan accessibility threshold to the existing and proposed play facilities still leaves many in the existing community much further away than they should be to reasonably expect regular use. Figure 5.1b shows that provision as part of the proposed developments will help to address this but will still not provide coverage for the whole community. Further provision is therefore encouraged.

5.27 The preferred location for provision of any new LEAPs, a new NEAP and a new MUGA

⁴Lichfield District Council (2016) Open Space Assessment

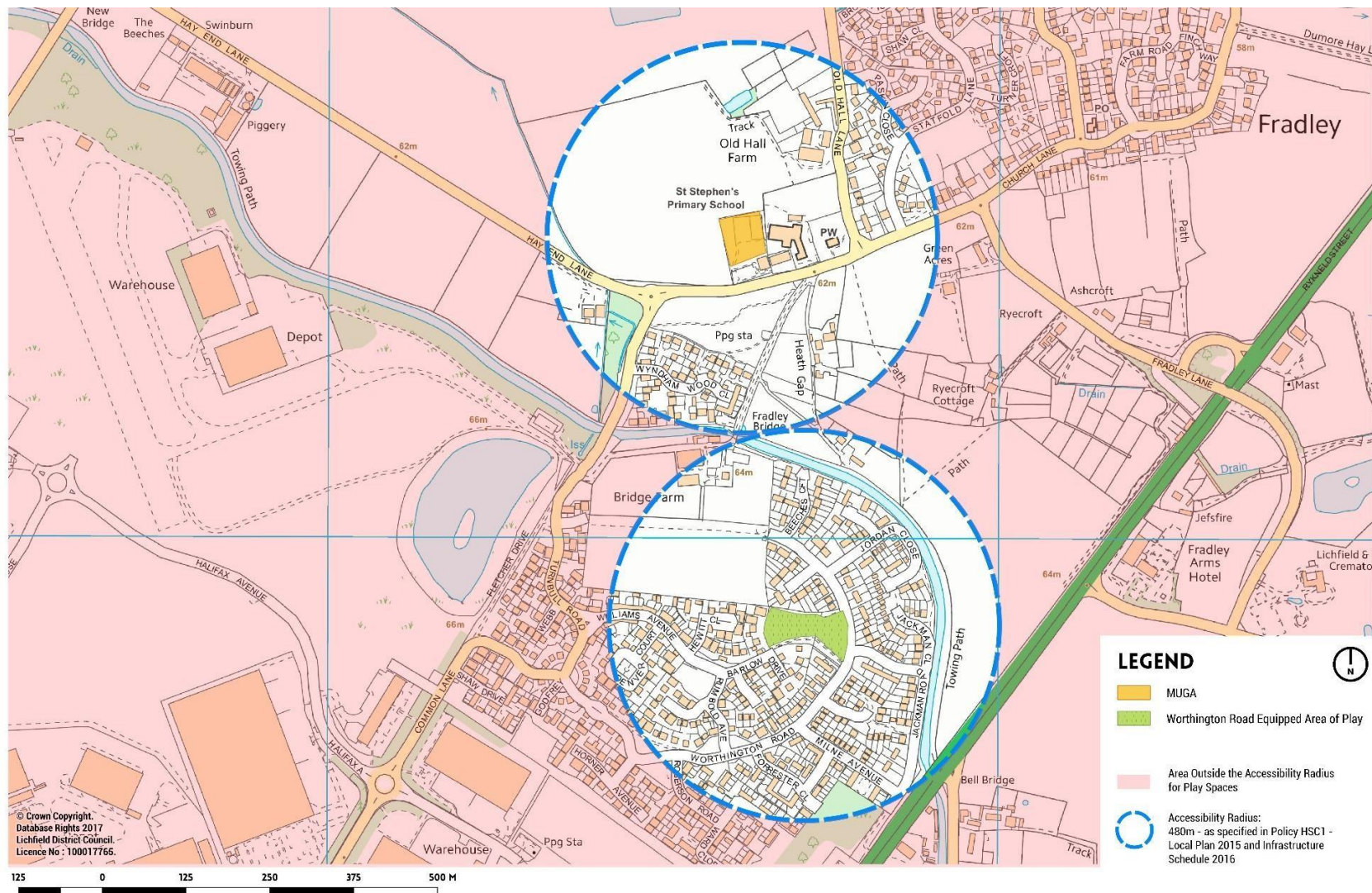
⁵ Navigus (2017) Fradley Sports Pitches, Amenity Green Space and Equipped Areas of Play Study, for Fradley Parish Council

are either west or north-west of Fradley Village or nearer to Fradley South which is particularly lacking in access to formal areas of play.

POLICY FRANP5: PROVISION OF PLAY AND YOUTH FACILITIES

Proposals for a new and/or improved play and youth facilities within, or adjacent to village settlement boundaries, that respect local character and residential amenity, and which do not result in harm to highway safety, will be supported.

Figure 5.1a: Accessibility thresholds of existing play and youth facilities



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6 CHARACTER AND ENVIRONMENT

Character and design

- 6.1 Particular issues raised by the community of Fradley are the concern that the significant amount of new development emerging in Fradley could start to dominate the overall visual appearance of the Neighbourhood Plan area and ultimately dilute the character that makes it the place it is today.
- 6.2 Adverse impacts of inappropriate developments can include the following:
- Loss of significance to heritage assets, including impacts on setting
 - Changes to the grain and overall density which defines local character
 - Loss of amenity, overshadowing, overlooking
 - Noise
 - Loss of green links/ trees /hedgerows/vegetation
 - Visual intrusion
 - Visual separation
 - Loss of parking
 - Difficulties with recycling and waste collections/bin storage
- 6.3 It is considered important that development must be designed so that it sits appropriately within its surroundings. It is acknowledged that, if development is of a different mix of housing, e.g. 2- and 3-bed dwellings in a predominantly 4- and 5-bed dwelling area, then densities may differ slightly. However, it is vital that the design of such developments does not have a negative impact on the amenity of existing residents in the neighbouring properties.



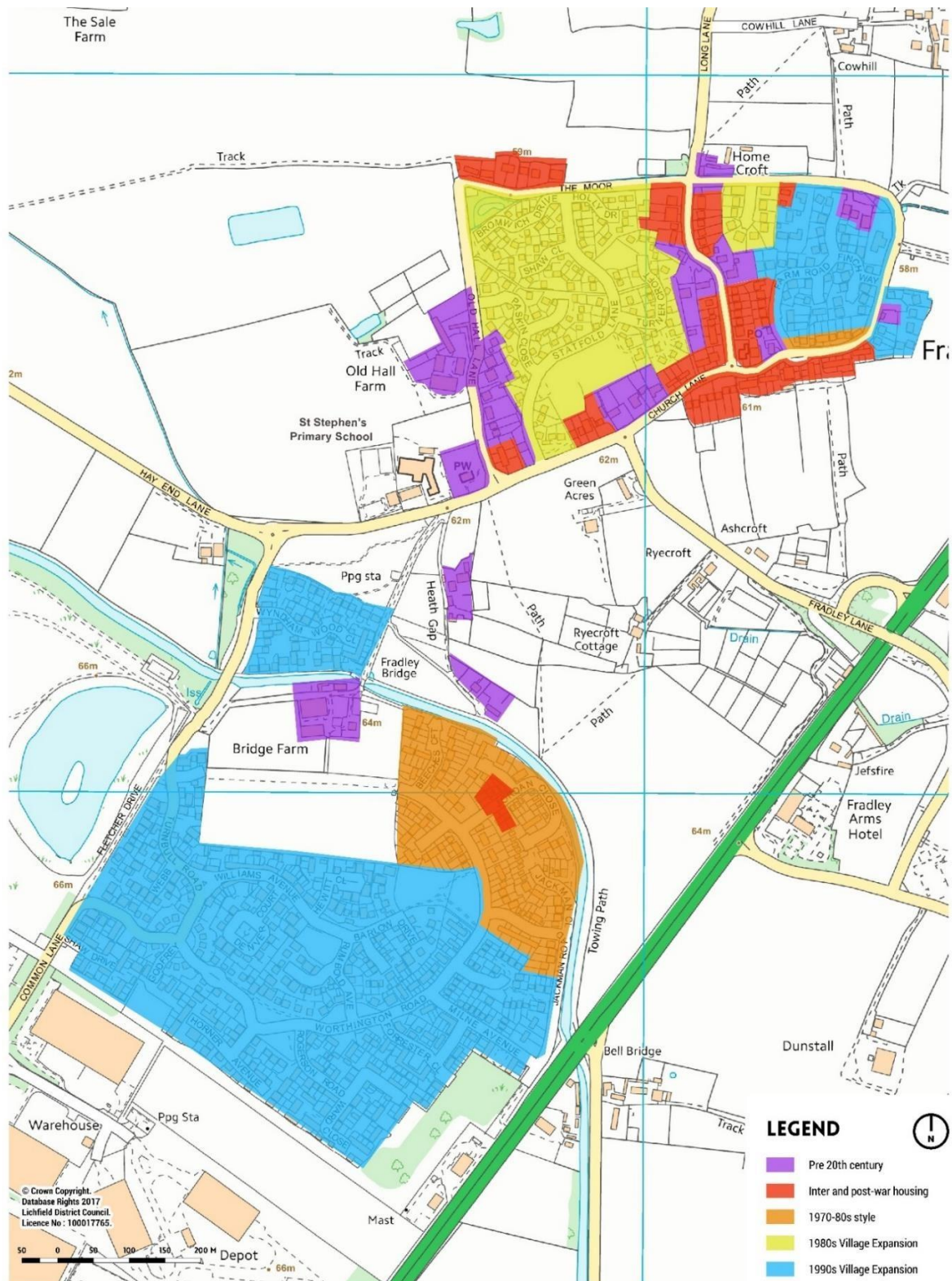
- 6.4 The objectives of this policy are to ensure that safe and attractive residential layouts are promoted.
- 6.5 The Parish Council would like to see the following things taken into account by new development:
- Plot width - plots should be of sufficient width to allow a building(s) to be sited with adequate separation between dwellings. The width of the remaining and the new plot should be similar to that prevailing in the immediate area.

- Building line - where the established building line of existing dwellings is a feature of the area, new development should respect that building line.
- Visual separation - new dwellings should have similar spacing between buildings to that commonly found on the street frontage.
- Building height - new buildings should reflect the height of existing buildings. Where existing buildings are of a uniform height, new buildings should respect that height and vice versa.
- Daylight and sunlight - new buildings should not adversely affect neighbouring properties by seriously reducing the amount of daylight available through windows. Blocking direct sunlight from reaching neighbouring properties can cause overshadowing.
- Bin storage - ensure adequate provision, either through access round the outside of the house, or if this is not possible, then specific bin stores to be designed at the front of properties to avoid bins just being left to dominate the frontage of properties.
- Parking and access arrangements - satisfactory arrangements will be required for parking and access. Generally parking should not be to the front of the property using the front garden unless this is the prevailing pattern of parking in the locality. Frontage for parking may not be appropriate in areas where enclosed.
- Boundary treatment - boundary treatment along the frontage should reflect that prevailing in the area. Proposals for open frontages or the use of the frontage for parking will not be acceptable in areas where enclosed front boundaries prevail. Existing hedgerows should be retained unless their location is required to serve the development, for example, access roads.



- 6.6 The character areas in the Fradley Character Area Assessment cover Fradley Village and Fradley South. The extent of the Character Areas are shown in Figure 6.1 below, with the two character areas of Fradley Village and Fradley South shown, along with the period when they were developed.

Figure 6.1: Character Areas in Fradley



Source: Fradley Character Area Assessment

- 6.7 The Character Area Assessments do, in certain circumstances, identify prevailing examples of development which have served to harm the overall character of the area in question. One example is in Fradley South where some of the existing development in parts of Character Area has houses which have no front gardens and have inadequate parking areas⁶. This style of development should be avoided and not replicated.
- 6.8 For each, their landscape character, townscape, built form, vegetation and hard landscape and boundary treatment are described. It provides guidance in respect of each character area and identifies specific features which are encouraged to be replicated or avoided.
- 6.9 Development should respect the rich heritage of Fradley, as outlined in Section 2.
- 6.10 Generally, it is important that all development is of the highest possible design and delivered at a density which reflects an appropriate balance between the need to deliver new development efficiently and the detrimental impacts on quality of life caused by overly dense schemes.
- 6.11 Policy FRANP6 should be read alongside the Lichfield District Council Supplementary Planning Documents (SPD) on Sustainable Design and the Historic Environment.

POLICY FRANP6: CHARACTER AND DESIGN

Proposals for new development or the redevelopment of existing buildings should contribute towards the local distinctiveness of Fradley. They should demonstrate high quality, sustainable and inclusive design and architecture as well as good urban design. Development should respect the residential amenity of neighboring occupiers and have regard to the Fradley Character Area Assessment.

⁶ This is most strongly observed in Williams Avenue, Turnbull Road, Barlow Drive, Rogerson Road, Ward Close and Shaw Drive.

Local Green Spaces

6.12 Under the NPPF, Neighbourhood Plans have the opportunity to designate Local Green Spaces which are of particular importance to them. This will afford protection from development other than in very special circumstances. Paragraph 77 of the NPPF says that Local Green Spaces should only be designated:

- *"where the green space is in reasonably close proximity to the community it serves;*
- *where the green area is demonstrably special to a local community and holds a particular local significance, for example because of its beauty, historic significance, recreational value (including as a playing field), tranquillity or richness of its wildlife; and*
- *where the green area concerned is local in character and is not an extensive tract of land."*

6.13 Whilst there are many smaller green spaces that create an open setting to some of the estates that have been developed, these do not fulfil all of the criteria of the NPPF. The only areas that do are:

- Watersmeet public open space
- Fradley skate park and MUGA
- Worthington Road play area
- Statfold Lane large public open space
- Statfold Lane small public open space
- Public open space at the junction of Williams Avenue and Rumbold Avenue
- Fradley Wood, Gorse Lane

Watersmeet public open space



- 6.14 This space is a pleasant green area to the front of Wyndham Wood Close, in the heart of Fradley, and is unofficially known as the 'village green'. Due to the lack of public open space currently available in Fradley this is a valuable asset to the community. It is also now maturing, having the benefit of oak, sycamore, hawthorn and horse chestnut, creating a nice landscaped aspect. The area is used by many dog walkers, pedestrians and children, enjoying a safe and pleasant environment.

Fradley skate park and MUGA



- 6.15 This space is used extensively by the children of Fradley. St Stephen's Primary School use the MUGA almost daily for team games, making use of the basketball facilities and ball games. Outside the perimeter of the MUGA (but within the whole play area) stands the very popular skate park, providing activities for both skateboards and scooters.

Worthington Road play area



- 6.16 This area is a good sized play area that is central to Fradley South and is also within a 10-15 minute walk from Fradley Village. It blends well within the community and is an attractive and well maintained community area. It is also the only play area in Fradley that caters for smaller children. It provides many pieces of good quality equipment which are in use every day.

Statfold Lane large public open space



- 6.17 This open area is laid to grass and was originally intended for a football pitch when the Statfold Lane estate was built in the 1980s. This area is used by dog walkers, joggers and children playing ball games.

Statfold Lane small public open space



- 6.18 This small space is laid to grass and, as with the larger area on Statfold Lane, this was designated as a childrens' play area when the Statfold Lane estate was built. At that time no play equipment was provided and this remained a mown grassy area. However, the area is well used by children for kick around football games and dog walkers. It is very accessible to residents of Fradley, being a few minutes' walk from anywhere in Fradley village.

POLICY FRANP7: LOCAL GREEN SPACES

A. The following areas shown on the Proposals Map are designated as a Local Green Spaces:

- 1. Watersmeet public open space**
- 2. Fradley skate park and MUGA**
- 3. Worthington Road play area**
- 4. Statfold Lane large public open space**
- 5. Statfold Lane small public open space**
- 6. Public open space at the junction of Williams Avenue and Rumbold Avenue**

B. Areas of Local Green Space will be protected in a manner consistent with the protection of land within Green Belts.

Public open space at the junction of Williams Avenue and Rumbold Avenue



- 6.19 This is an area laid to grass, landscaped with trees and bounded on all sides by a hedgerow. This area of Fradley South contains houses of quite high density with very few front gardens and small back gardens. It provides a welcome green space and serves to enhance this particular area.
- 6.20 This woodland was part of Fradley Airfield which was constructed in World War II. Old derelict WWII brick-built storage facilities still remain on this site amongst the trees. This offers a perfect habitat for roosting bats in the old buildings. These are close to the trees which offer foraging opportunities and due to the close location of the canal at Fradley Junction there is a plentiful supply of water. Also part of the woods contain some farmed fields, offering plentiful, wide flight corridors for the bats. These buildings also offer homes for owls, swallows and house martins. The trees also provide numerous nesting and foraging opportunities for other birds and insects.

Landscape features

- 6.21 Fradley is not set within any landscape areas of recognised value but this does not mean that the community of Fradley does not appreciate the value of the landscape that it has. Whilst much of the undeveloped land around Fradley village and Fradley South has been well-established for farming, there are examples of small-scale features which are particularly distinct within this landscape. These include mature trees and hedgerows. Other prominent features are the numerous water courses and their floodplains which meander through the landscape.
- 6.22 In addition there are a number of heritage assets which form part of the landscape, reflecting its history over time back as far as the Neolithic period. These include pre-historic cropmarks, the Roman road, ridge and furrow, the infrastructure of the canal and the RAF base. With such a flat topography, all of these features are particularly visible within the wider landscape and contribute to its quality.



- 6.23 In the community survey, 94% of respondents thought that it was either important or very important that such features are retained as part of any new development. Sometimes existing features such as hedgerows have to be removed to allow for widened carriageways or footways/cyclepaths, or to provide appropriate visibility splays at road junctions. In such circumstances, development proposals should think about providing appropriate replacement green features elsewhere on the site.

POLICY FRANP8: MINIMISING THE LANDSCAPE IMPACT OF DEVELOPMENT

- A. Development must respect important natural and heritage features and provide net gains in biodiversity where possible. The retention and enhancement of river banks will be supported.**
- B. Development should not result in the net loss of biodiversity or green infrastructure, including hedgerows.**

7 ECONOMY

- 7.1 Within the Fradley Neighbourhood Plan area, Fradley Park provides a significant number of jobs principally in the warehousing and distribution sector. As a strategic employment location, its role is of significant importance, not least for the jobs that it provides.
- 7.2 However, for many people these are not necessarily the types of jobs they are looking to seek. Increasingly, the national economy is seeing growth in service and IT sectors, with much of this growth being through start-up and micro-businesses.
- 7.3 Many of these businesses start at home with people being self-employed. In Fradley and Streethay Parish, the 2011 Census showed that 8.2% of the resident population aged 16 to 74 were self-employed and did not employ anyone else. This was above the district and West Midlands averages (7.6% and 6.5% respectively). Moreover, the 2011 Census also showed that 6.1% of the parish's resident population aged 16 to 74 worked mainly from home. This compared with 4.4% and 3.0% for Lichfield district and the West Midlands respectively.
- 7.4 In order for these businesses to grow and flourish, they do need dedicated workspace. It is common that growing home-based businesses need office/workspace as they take on employees although many homeworkers also choose to take workspace even if they are not looking to grow their business. This is so that they can network and socialise in a working context. All these users are looking for competitively priced, flexible workspace that also provides services such as meeting rooms.
- 7.5 The proposals for a community hub could include provision of flexible workspace and meeting rooms as part of its wider offer. These meeting rooms could then be hired by community groups outside of working hours.

POLICY FRANP9: SMALL-SCALE COMMERCIAL DEVELOPMENT

Within the settlement boundaries and the Fradley Park employment area, the development of small-scale office and/or light industrial (B1 class) employment opportunities, including a new facility as part of a multi-functional community facility will be supported.

- 7.6 At Fradley Park, a growing issue is the lack of provision for heavy goods vehicles (HGVs) to park off the roadway and to be provided with associated comfort facilities. The nature of the distribution sector is that many of these HGVs arrive with goods outside working hours so have to wait for some time before they can access their destination and unload their goods. These drivers have little choice but to park illegally on the roadway. This also has the effect of the HGVs damaging the verges.



- 7.7 It is important that the provision of new units can either provide or demonstrate that there is sufficient provision of off-road lorry parking and access to welfare facilities for drivers.

POLICY FRANP10: PROVISION FOR DISTRIBUTION VEHICLES

Development proposals for additional distribution and warehousing facilities (Class B8) must demonstrate that there is sufficient provision of off-road lorry parking and access to basic facilities (toilets and washing) for drivers.

8 MOVEMENT

Movement routes

- 8.1 In terms of trying to positively influence future patterns of movement into and around Fradley, including the employment area at Fradley Park, the Neighbourhood Plan seeks to focus on making improvements for pedestrians and cyclists in order to encourage more walking and cycling from all the residential areas. Linking the new housing sites, as well as the existing parts of the settlements, into the network of walkways is vital to encourage more walking and less use of the car. Such improvements have a range of benefits including:
- Providing genuine alternatives to the private car as a means of accessing key shops and services, such as the Stirling Centre, local schools and other community facilities;
 - Provide health benefits through increased walking and cycling;
 - Facilitating less congestion at busy times by encouraging children walking to and from school and people walking to the shops rather than 'jumping in the car' for a short journey;
 - Providing a safer environment for the community of Fradley, including for vulnerable users.



- 8.2 Access on foot into and around Fradley and to key facilities such as the local school and the Stirling Centre requires improvement to existing walkways as well as the provision of some new walkways and pedestrian crossing points in order to encourage increases in usage. Work by the Neighbourhood Plan Steering Group has identified and mapped the main footpaths and cycle routes in Fradley. From this, a number of Movement Routes have been identified that will enable access on foot and by bicycle to these key facilities. These are shown in Figure 8.1. It is vital that these Movement Routes are improved and that access to them from the new housing developments can be provided.
- 8.3 For new development, it will be important that safe footpath and, where possible, cycle access is provided to link in with these movement routes. Without this, new

developments will be isolated from the footway and cycle network and will become car-dependent estates.

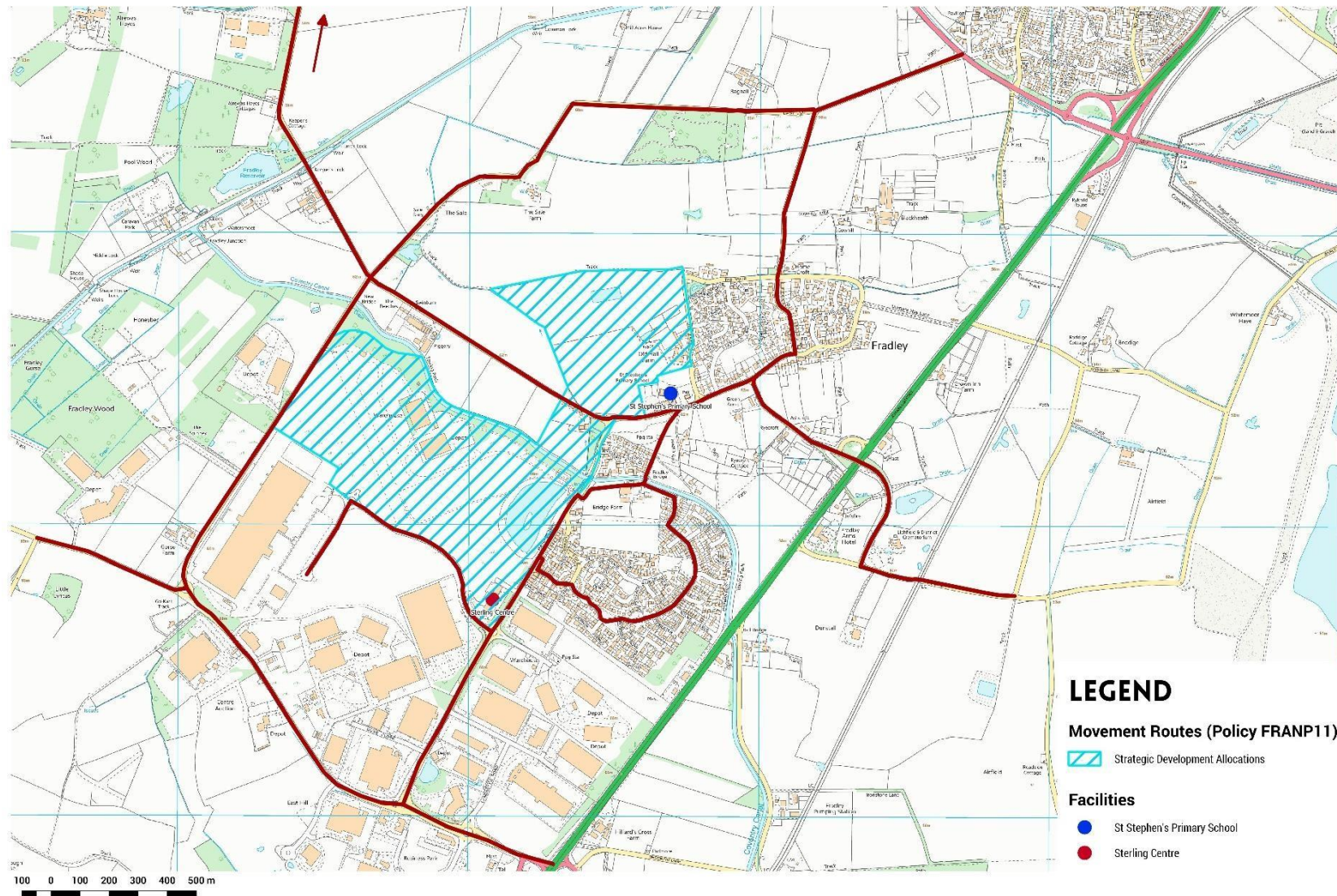
- 8.4 Where improvements are needed, the Parish Council will seek to encourage contributions will be sought through Section 106 agreements and will be used to part-fund these and lever in match funding from other sources.

POLICY FRANP11: CYCLING, WALKING AND DISABILITY ACCESS ROUTES

A. Development proposals to improve cycling, walking and disability access, including those that separate cycle and pedestrian routes from vehicular traffic will be supported.

B. Proposals to enhance the identified Movement Routes will be supported.

Figure 8.1: Movement Routes



Highway pinchpoints

- 8.5 Many members of the community have raised concerns about the impact of growth in terms of vehicular congestion. Whilst Policy FRANP11 seeks to maximise the potential for use of alternative modes of transport to the private car, it is still expected that the increase in traffic created by over 1,250 new dwellings will be significant.
- 8.6 Whilst much of this traffic is residential, there is a significant amount of HGV traffic associated with Fradley South. Where these two come into conflict can create safety issues.



- 8.7 Of particular concern is access to and from the A38, the main route providing wider access from Fradley to neighbouring settlements. Policy Frad2 of the Lichfield Local Plan states that, 'All options will be explored to improve the Hilliard's Cross and Fradley Village Junctions on the A38(T)'.
- 8.8 Whilst the sites already in the planning pipeline will provide the appropriate mitigation for the traffic impacts caused by their respective developments, the cumulative impacts on the highway network and, in particular, in the Hilliard's Cross and Fradley Village junctions will not be known until these developments have been built out. This is unlikely to be until the second half of the Neighbourhood Plan period. However, both prior to this and at the point when the full observed effects are understood, it is vital that new development fully assess the additional impact that they will have. In particular, it will be particularly important that they are able to demonstrate that they will not have a severe detrimental impact on any road junctions, including the two identified junctions.
- 8.9 In addition, development which requires or facilitates significant levels of access across the Gorse Lane canal bridge will need to fully assess the additional impact that this will have. This is a narrow hump-back bridge and is not suitable for significant levels of traffic. Any further development on the north side of the canal could require the provision of a new crossing at this point because the community identified that this would be unsafe to use as a main route.



- 8.10 The Parish Council will seek to work with applicants, the highway authority and other parties to encourage the provision of Transport Assessments or Statements that address the cumulative transport impact on road junctions, particularly Hilliard's Cross and Fradley Village on the A38 and the Gorse Lane Bridge.

9 HOUSING AND CARE NEEDS

- 9.1 Whilst the profile of Fradley and Streethay parish shows that it has a high proportion of families and lower proportions of older people, this is likely to change over the Plan period. Throughout the engagement on the Neighbourhood Plan, the community has expressed a strong desire to stay in Fradley as people age. Consequently, over the lifetime of the Plan it is likely that the profile of the households in Fradley will be more inter-generational, with a greater proportion of older people than at present.
- 9.2 Whilst Policy H1 of the Lichfield District Local Plan makes clear that the development planned in Fradley must provide a mix of dwelling types, sizes and tenures and that the District Council will promote the delivery of supported housing and care homes, there are some specific needs in Fradley which development should address. In particular the Neighbourhood Plan survey identified a strong wish for more bungalows which address the needs of older people. Whilst such provision will therefore be welcomed, it is important that there is flexibility in the types of households that will live in particular types of housing, therefore development should more generally provide housing which meets the needs of older people. In particular, at least some housing on large, strategic developments should be capable of adaptation for older users who may have mobility issues. The focus of District Local Plan Policy H1 is on the provision of 2- and 3-bed units which fits well with the type of housing sought by older people.
- 9.3 For older people, changing needs will not only concern type of housing. For many people, their needs will relate to the type of social care they receive, as some may be unable to continue living in their own homes as they age. There is interest in delivering care facilities for the elderly in Fradley and such provision is supported by the Neighbourhood Plan. The Parish Council will seek to ensure that such provision is well integrated with existing or newly planned development so that residents of any care facilities who are mobile are not isolated from the wider community.

POLICY FRANP12: MEETING THE HOUSING AND CARE NEEDS OF OLDER PEOPLE

- A. In order to ensure that existing residents of Fradley can continue to live in their community as they age and their housing needs change, the provision of dwellings that demonstrably meet the needs of older people or are capable of adaptation to meet such needs will be supported. This is particularly the case for 2- and 3-bed units which are the most appropriate dwelling sizes to address these needs.**
- B. Provision of facilities in Fradley to support the care needs of elderly people (Class C2) will be supported.**

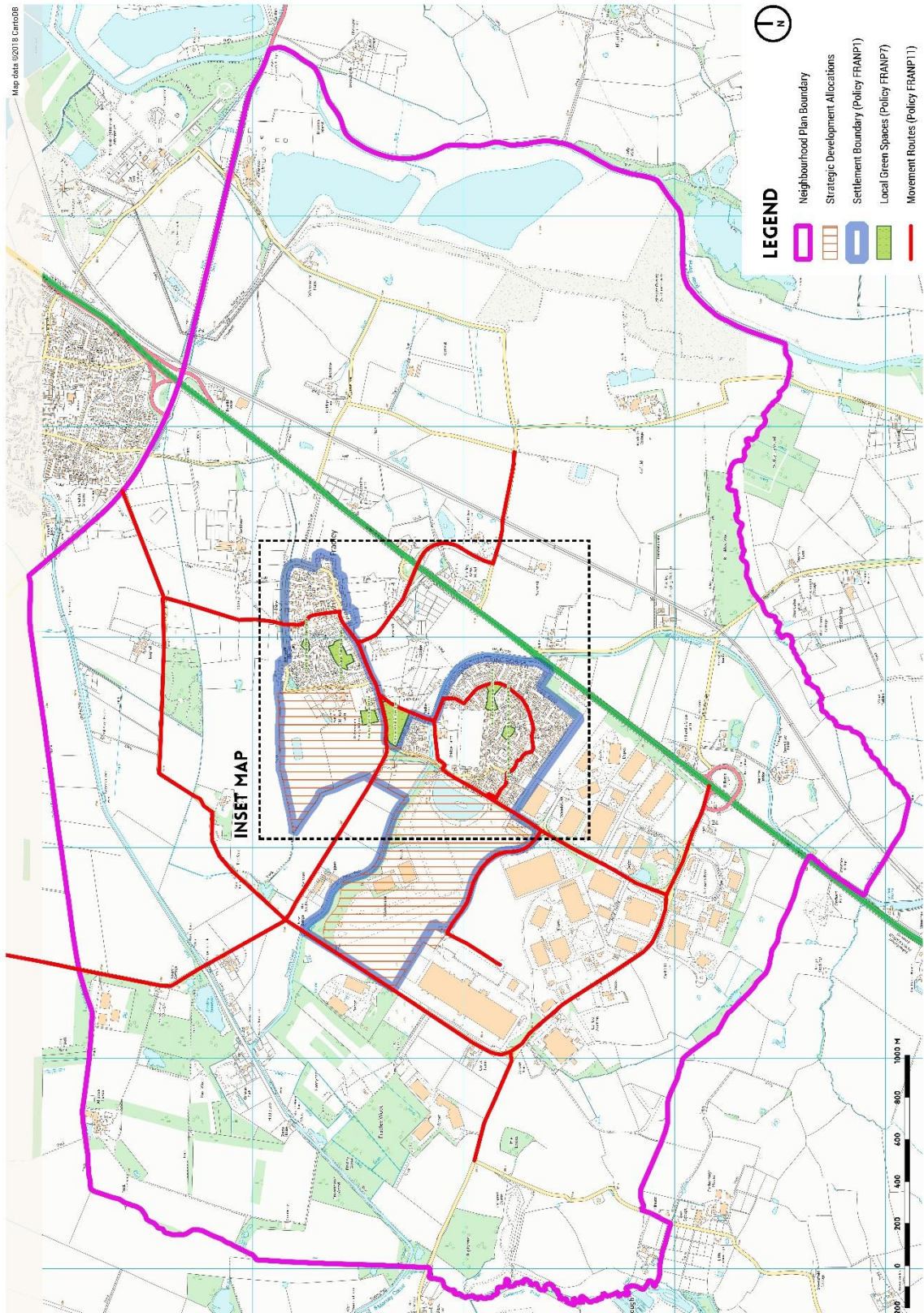
10 NON-POLICY ACTIONS

- 10.1 It must be recognised that the Neighbourhood Plan cannot deliver the full vision; it is either beyond the scope of planning laws or requires remedial action to deal with existing shortcomings. For that to happen individuals and groups in the community as well as the Parish Council must continue their work of building and maintaining a strong community and in working with developers, landowners, businesses and other agencies to provide the facilities best targeted to meet community needs.
- 10.2 The areas in which issues to work on have arisen in the course of consultations are noted in Table 10.1. Inclusion in this list is not meant to signify approval or prioritisation of these issues.

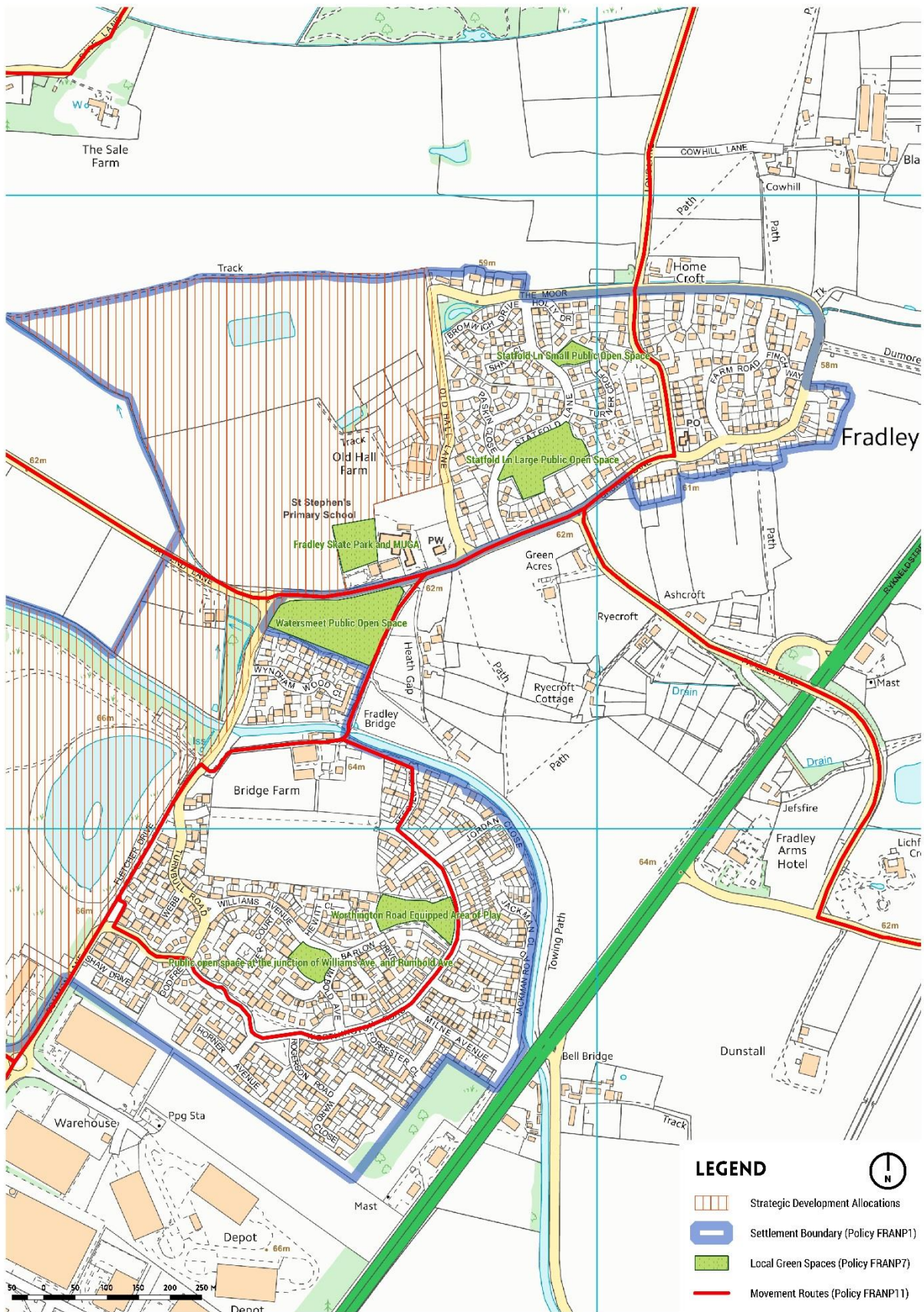
Table 10.1: Non-land use issues to be addressed

Issue	Possible actions
Community Infrastructure	
Lack of allotment provision	Identify a suitable site for allotments and engage with the landowner
Provision of new bowling green	Explore possible locations and gather evidence about demand.
Character and Environment	
Litter	Provision of more litter bins
Biodiversity	Creation of a new wildflower meadow
Wildlife	Develop evidence base to create a green corridor, as previously identified in the ATLAS report
Economy	
Broadband	Get high speed broadband installed in all parts of the settlements
Mobile communications	Encourage new infrastructure to improve mobile signal
Movement	
On-street parking	Work to educate drivers about the impact of parking on pavements
Bus and train travel	Work with providers to get timetables to tie in better
Gorse Lane Bridge	Work with developers to ensure that, if needed, a new bridge is provided to cross the Canal near Gorse Lane
Movement along towpath	Work with developers to improve access for pedestrians and cyclists along canal towpath

11 POLICIES MAPS

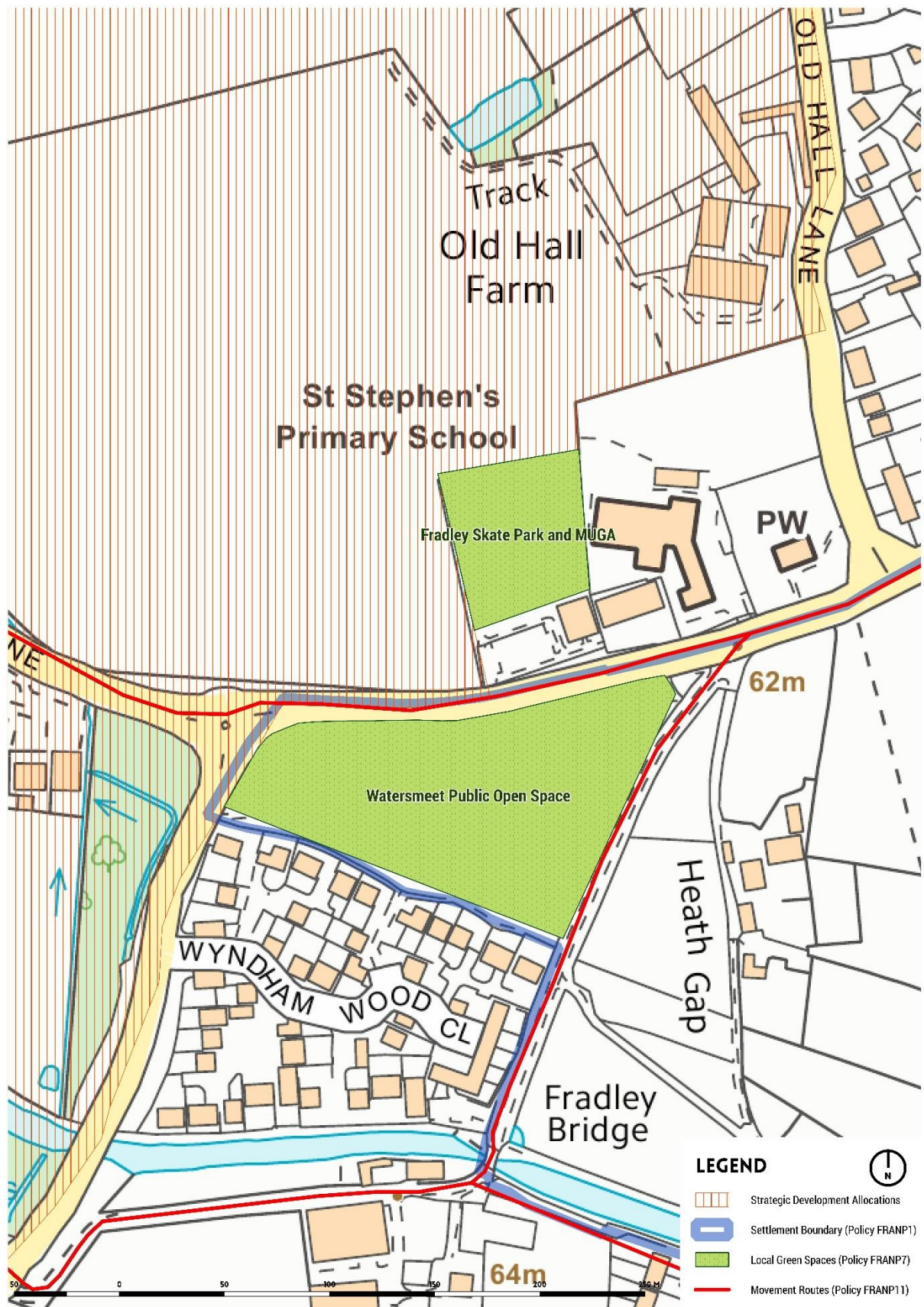


INSET MAP



LOCAL GREEN SPACE INSET MAPS







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equality impact assessment

stage 1 quick check

questionnaire



If you are planning on making a change to an existing service or policy, or launching something new, fill out this quick questionnaire to find out if you need to complete a full equality impact assessment. You can also use this form to check your current services or policies.

To find out more about the legal background to equality impact assessments, or for advice on which of your current services should be assessed, read our equality impact assessment help notes.

Section 1: About you and your service area

Your name:	Craig Jordan
Your service area:	Spatial Policy and delivery
Your director/line manager:	Richard King
Your cabinet member:	CLlr Ian Pritchard

Section 2: About your plans

Name of service/policy you are assessing:	Fradley Neighbourhood Plan
--	----------------------------

Is it? (please delete as appropriate)

- A new policy/planned service

Who are the main users of your service/policy? (please delete any that are not appropriate)

- Mixture of residents and visitors
- Users of a specific service (e.g. leisure centre customers)
- Internal (employees)
- Disability specific groups
- Race specific groups
- Gender specific groups
- Religious groups
- Sexual orientation groups
- Marriage and civil partnerships
- Older people
- Young people
- Other (please specify)


Please briefly describe why you are creating a new service/changing an existing service or reviewing current policy/service (where appropriate, include sources of evidence such as customer feedback):

Fradley and Streethay Parish Council has produced a Neighbourhood Plan to provide specific planning policies for the Fradley Neighbourhood Area. The Plan has been independently examined and found to meet the basic conditions. Following examination the Plan has been subject to a referendum within the neighbourhood area and achieved a success 'yes' vote.

Section 3: Will your plans impact on any particular groups?

3a:  Please fill in all boxes that apply in the table below. If any boxes don't apply, please leave blank.

Hints & tips Think about who will benefit from or be affected by your plans/policy. Will any particular group be negatively affected, or not able to use the service? For further guidance please see Section 3 of the help notes.

Impact of plans	Will your plans have a positive impact on this group? If so please explain why?	Will your plans have a negative impact? If so please explain why?  If there is a negative impact on any group(s), please complete section 4 for each group.
Groups of users		
Age ranges (indicate range/ranges)	Neutral. Whilst the Neighbourhood Plan does not have specific policies relating to defined age groups it has been found to be in general conformity with the adopted Lichfield District Local Plan Strategy which includes policies which consider all age groups within the District.	No.
Disability (physical, sensory or learning)	Neutral. Whilst the Neighbourhood Plan does not have specific policies relating to people with disabilities it has been found to be in general conformity with the adopted Lichfield District Local Plan Strategy which includes policies which seek to ensure that the needs of those with disabilities are met.	No.
Gender/sex	Neutral. Whilst the Neighbourhood plan does not have specific policies relating to issues dealing with gender and sex it has been found to be in general conformity with the adopted Lichfield District Local Plan Strategy which helps to facilitate the delivery of a range of services and facilities which may deal with issues relating to gender and sex. The Local Plan is underpinned by policies relating to sustainable communities which are underpinned by community cohesion, inclusivity and narrowing the equality gap as such the Neighbourhood Plan conforms to this.	No.
Transgender/gender reassignment	Neutral. Whilst the Neighbourhood plan does not have specific policies relating to issues dealing with transgender and gender reassignment it has been found to be in general conformity with the adopted Lichfield District Local Plan Strategy which helps to facilitate the delivery of a range of services and facilities which may deal with issues relating to transgender and	No.

	gender reassignment. The Local Plan is underpinned by policies relating to sustainable communities which are underpinned by community cohesion, inclusivity and narrowing the equality gap as such the Neighbourhood Plan conforms to this.	
Race (includes ethnic or national origins, colour or nationality)	Neutral. Whilst the Neighbourhood plan does not have specific policies relating to issues dealing with race it has been found to be in general conformity with the adopted Lichfield District Local Plan Strategy which helps to facilitate the delivery of a range of services and facilities which may deal with issues relating to race. The Local Plan is underpinned by policies relating to sustainable communities which are underpinned by community cohesion, inclusivity and narrowing the equality gap as such the Neighbourhood Plan conforms to this.	No.
Gypsies and travellers	Neutral. Whilst the Neighbourhood plan does not have specific policies relating to issues dealing Gypsies and Travellers it has been found to be in general conformity with the adopted Lichfield District Local Plan Strategy which includes policies relating to meeting the needs of Gypsies, Travellers and Travelling Showpeople.	No.
Refugees / asylum seekers	Neutral. Whilst the Neighbourhood plan does not have specific policies relating to issues dealing with refugees and asylum seekers it has been found to be in general conformity with the adopted Lichfield District Local Plan Strategy which helps to facilitate the delivery of a range of services and facilities which may deal with issues relating to refugees and asylum seekers. The Local Plan is underpinned by policies relating to sustainable communities which are underpinned by community cohesion, inclusivity and narrowing the equality gap as such the Neighbourhood Plan conforms to this.	No.
Sexual orientation	Neutral. Whilst the Neighbourhood plan does not have specific policies relating to issues dealing with sexual orientation it has been found to be in general conformity with the adopted	No.

	Lichfield District Local Plan Strategy which helps to facilitate the delivery of a range of services and facilities which may deal with issues relating to sexual orientation. The Local Plan is underpinned by policies relating to sustainable communities which are underpinned by community cohesion, inclusivity and narrowing the equality gap as such the Neighbourhood Plan conforms to this.	
Marriage and civil partnerships	Neutral. Whilst the Neighbourhood plan does not have specific policies relating to issues dealing with marriage and civil partnerships it has been found to be in general conformity with the adopted Lichfield District Local Plan Strategy which helps to facilitate the delivery of a range of services and facilities which may deal with issues relating to marriage and civil partnerships. The Local Plan is underpinned by policies relating to sustainable communities which are underpinned by community cohesion, inclusivity and narrowing the equality gap as such the Neighbourhood Plan conforms to this.	No.
Religion or belief (includes lack of belief)	Neutral. Whilst the Neighbourhood plan does not have specific policies relating to issues dealing with religion or belief it has been found to be in general conformity with the adopted Lichfield District Local Plan Strategy which helps to facilitate the delivery of a range of services and facilities which may deal with issues relating to religion or belief. The Local Plan is underpinned by policies relating to sustainable communities which are underpinned by community cohesion, inclusivity and narrowing the equality gap as such the Neighbourhood Plan conforms to this.	No.
Pregnancy and maternity	Neutral. Whilst the Neighbourhood plan does not have specific policies relating to issues dealing with pregnancy and maternity it has been found to be in general conformity with the adopted Lichfield District Local Plan Strategy which helps to facilitate the delivery of a range of services and facilities which may deal with issues	No.

	relating to pregnancy and maternity. The Local Plan is underpinned by policies relating to sustainable communities which are underpinned by community cohesion, inclusivity and narrowing the equality gap as such the Neighbourhood Plan conforms to this.	
Carers or the people cared for (dependants)	Yes. Whilst the Neighbourhood plan does not have specific policies relating to issues dealing with Carers or the people cared for it has been found to be in general conformity with the adopted Lichfield District Local Plan Strategy which includes policies which specifically related to the provision of supported housing, care homes and homes built to Lifetime Homes standards which are applicable to carers and their dependants.	
Other (please specify)		

3b: Further details

Please use this space to provide further details if necessary

Section 4: Can you justify and evidence, or lessen any impact?

4a: ☒ If you have identified a negative impact(s) on any group(s) please complete the below table for each affected each group. If any boxes don't apply, please leave blank. If you didn't identify any negative impact(s) on the previous page, skip to section 6.

Hints & tips Is there something you can do to reduce or alter any negative impact you have identified? *For example when we changed waste and recycling collections to kerbside collections, we offered disabled/less able people assisted collections.* Please list all the evidence you have gathered to support your decision(s) – this could include customer feedback, statistics, comparable policies, consultation results. If you don't have any evidence, please carry out appropriate studies and research to gather the evidence you need to support your decision(s). If you have no/insufficient evidence or cannot gather any, you will need to complete a full EIA. For further guidance, see Section 4 of the help notes.

Actions you need to take	We will make the following change(s) to the service/policy to reduce the negative impact. Explain the change(s) and the evidence you have to support your decision? <input checked="" type="checkbox"/> Use section 4b below if you want to give more details.	We won't make changes as we can justify our decision and there are sound reasons behind our decision. Justify why and detail the evidence you have gathered to support your decision. <input checked="" type="checkbox"/> Use section 4c below if you want to give more details.	There is a negative impact, and we cannot justify it and/or have no, or insufficient, evidence to support our decision. <input checked="" type="checkbox"/> You will need complete a full equality impact assessment. See the help notes for more details.
Groups of users			
Age ranges (indicate range/ranges)			
Disability (physical, sensory or learning)			
Gender / sex			
Transgender / gender reassignment			
Race (includes ethnic or national origins, colour or nationality)			
Gypsies and travellers			
Refugees / asylum seekers			
Sexual orientation			
Marriage and civil partnerships			
Religion or belief (includes lack of belief)			
Pregnancy and maternity			
Carers or the people cared for (dependants)			
Other (please specify)			

4b: Further details on changes

Please use the space below to give more details on the changes you will make, if necessary:

4c: Further details on justification

Please use the space below to give more details on the justification/evidence you have gathered, if necessary:

Section 5: Your action plan

Help notes If, as a result of this assessment, you are going to adapt your plans or policy, please include details below. Please include a quick action plan and key dates that will show how you will review your decisions and when. Please include responsibility and expected outcomes. For full guidance on how to complete this section, please refer to the help notes.

Section 6: Record your actions (delete as appropriate)

I have sent this to Policy and Performance for publication on the intranet and on www.lichfielddc.gov.uk	Yes
Date completed:	1 February 2019

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THE TRANSFER OF THE DISTRICT COUNCIL'S PUBLIC OPEN SPACE IN ARMITAGE WITH HANDSACRE TO THE PARISH COUNCIL



Report of Cllr David Leytham, Cabinet Member for Leisure and Operational Services

Date: 12 February 2019

Agenda Item: 7

Contact Officer: John Smith, LOPS Business Development Manager

Tel Number: 01543 308016

Email: John.smith@lichfielddc.gov.uk

Key Decision? YES

Local Ward Cllr Tittley, Cllr Marshall & Cllr Cox.

Members

CABINET

1. Executive Summary

- 1.1 Lichfield District Council owns and manages several small areas of open space within the parish of Armitage with Handsacre.
- 1.2 Armitage with Handsacre Parish council also own and manage open space within its parish.
- 1.3 It would make sense to consolidate the management and ownership and an opportunity has now been presented on the basis that the parish council has indicated that it would prefer to be in control of local assets for its local community. This supports the principle of devolvement, community ownership and is an approach that has been successfully developed previously by LDC with Chasewater to Staffordshire County Council, POS in Whittington to the parish council and POS at Gentleshaw to Longdon PC.

2. Recommendations

- 2.1 That Cabinet agree to the transfer of LDC assets in the Parish of Armitage with Handsacre to the parish council.
- 2.2 That covenants are placed on the land to protect the council's financial position from future sale and or development of the sites, in particular where an asset has a potential capital receipt value.
- 2.3 That the S106 Agreement Commuted Sum of £185,913 and all its obligations for its intended use of the management and maintenance of Hawksyard play area, be transferred to the parish council.
- 2.4 To acknowledge that a license to operate at the war memorial car park has been granted to support the parish council's ambitions of improvement works to the War Memorial.

3. Background

- 3.1 Ward Members from Armitage with Handsacre Parish Council approached the council to transfer a small car park adjacent to the parish's memorial which they wished to acquire so that improvement works could be completed ready for the WW1 centenary commemorations in November 2018.
- 3.2 Officers from the district council suggested that a more holistic approach to POS in the parish should be applied and that the parish council should agree to adopt all LDC POS in the parish as part of this transfer. LDC's land ownership includes a car park and 3 small areas of open space at Chestnut Close,

Harvey Road and Canon Lane (Hawksyard) and 2 walkways at Poplars Road/Harvey Road and Poplars Rd/St Barbara's Road.

- 3.3 This transfer will continue to protect the open spaces and embraces the Localism Act 2011 by empowering local people to influence the way in which sites within their community are managed and used. The parish council has agreed to this approach.
- 3.4 The district council benefits because it reduces its POS estate; the reduction is minimal compared to the councils wider land ownership, so whilst savings from this cannot be crystallised into cash, it will enable several parts of the council to manage their services more effectively in addition to compliance with the F4F review.
- 3.5 The benefits from re-applying these resources will materialise as we continue to reduce our estate and we seek economies of scale and increased efficiency as a result. This is particularly relevant with the likely withdrawal of SCC funding for the maintenance of highway verges in the district which will have an impact on the grounds maintenance work profile.
- 3.6 The car park has an asset value of £30,000, but has a wider social and community value with it being located adjacent to the local doctors and shops and being the primary safe parking option for local residents wishing to use these facilities. So whilst it has an asset value of £30k it has a greater value as a car park to the local community and if the council reduces its service provision as outlined in paragraph 3.5 the cost savings are likely to exceed this amount in any event.
- 3.7 A covenant will be placed on all assets (including the car park) prior to transfer to ensure that they retain their current use. Whilst this is a robust and diligent approach, the local parish authority has also indicated that they wish to protect the local facilities.
- 3.8 The Hawksyard development has an open space with play area and an associated S106 Agreement with a commuted sum (transfer value £185,913) specifically for the management, maintenance and improvement of this particular area.
- 3.9 The S106 agreement does not specify a time period for the allocation of the commuted sum, just that it needs to be spent directly on the play area. This is a 'live' pot and draw down takes place on a rolling process so the exact figure will only be known at the time of transfer. No other funds or financial contributions will be made available as part of the transfer or in future years
- 3.10 On 12 June 2018, Cabinet awarded Armitage with Handsacre Parish Council £120,000 in S106 monies for re-siting/improvement of Armitage War Memorial and surrounding area; secured through Schedule 2 Part 2 Paragraph 2(b) of a S106 agreement associated with the planning application 03/00627/OUT (Hawksyard).
- 3.11 The grant allocated towards the refurbishment of the Armitage War Memorial is managed through the S106/CIL Joint Member Officer Group which has its own project delivery monitoring process and therefore doesn't need any decision from this report.
- 3.12 In November 2018, the district council granted the parish council a license to occupy the car park, so that it could bring forward the delivery of the war memorial improvements.

Alternative Options

There are a number of options that have been considered.

The council could retain all or some of these sites but that would be contrary to the Fit for the Future Review's objectives for reducing the size of the estate.

The council could seek to remove the protection that these sites enjoy and promote them for development. Enquiries have been made of all of these sites and they are protected by designations like Green Belt, planning obligations, covenants, or are popular and valued open spaces where there is a requirement for good quality parks.

	<p>The council could seek to sell these sites to 3rd parties for a capital receipt but a sale is unlikely given their restrictions.</p>
<p>Consultation</p>	<p>The Council has discussed the proposals with Ward Members from Armitage with Handsacre Parish Council and Asset Strategy Group (ASG).</p> <p>The findings of the Fit for the Future consultation programme suggested that 52% of respondents agreed with the aspiration to transfer parks and open spaces to other organisations. 34% disagreed.</p> <p>Previously, Members of ASG have been consulted, support the process and endorsed reporting the proposal to Cabinet.</p>
<p>Financial Implications</p>	<ol style="list-style-type: none"> 1. The car park has an asset value of £30k and the council will place a covenant on the transfer to protect its interests. The car park is a key component in the package of open spaces being transferred and without its inclusion the transfer would not take place and there are benefits as outlined in paragraph 3.6. 2. The Hawksyard development has an open space with play area and an associated S106 Agreement with a commuted sum (currently £205,913 as reported in the MTFS) specifically for the management, maintenance and improvement of this particular area. Maintenance costs for 2018/19 have not been withdrawn from this sum but are expected to be £20k. This leaves a transfer sum of £185,913. 3. Initially the transfer is not expected to achieve significant financial savings for LDC with total revenue savings for car park management being £388.63 p/a. 4. The total GM costs for POS maintenance at these sites is £4461, this is broken down into chemicals, manpower, fuel and machinery. Manpower and machinery costs make up the bulk of this cost and therefore revenue budgets cannot be reduced following the transfer because they're used at other sites 5. There will be non-cashable savings and efficiencies for street cleansing and grounds maintenance that will allow for redeployment of resources into additional areas such as external works and new adoptions. 6. Whilst there is no impact on savings for the council at this stage, the obligations on the council's maintenance requirements will reduce which gives us more flexibility in responding to the county council's proposed reduction in grass cutting. This is likely to present an opportunity to realise cashable savings in terms of reduction in staffing and machinery. 7. Both parties to pay their own legal fees, expected to be in the region of £2k each. 8. The council will place a covenant on the conveyance which allows for no development or change of use of the site without the Council's (as former owner) permission.
<p>Contribution to the Delivery of the Strategic Plan</p>	<p>The provision of well-maintained public open space helps achieve the following:</p> <ul style="list-style-type: none"> • The creation of safe, strong and proud communities • The improvement of people's health and wellbeing.

	The transfers of these sites will protect and in some cases enhance these areas of public open space.
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Equality, Diversity and Human Rights Implications	None specific to this report
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Crime & Safety Issues	None specific to this report
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GDPR/Privacy Impact Assessment	A Privacy Impact Assessment has been undertaken
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	Risk Description	How We Manage It	Severity of Risk (RYG)
A	The district council cannot agree terms with the Parish Council	Negotiations and discussions have taken place at an appropriately senior level with both parties.	Green
B	Adverse reaction from users and residents	A communications plan can be prepared and implemented to explain why these proposals are in the best interests of the sites, users and taxpayers.	Green
C	The other party fail to manage the sites properly and associated reputational issues	The transfer agreements will commit the Parish Council to maintain the areas for public open space. The Parish council is accountable to its electorate at a local level.	Green

Background documents:

Relevant web links

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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