

LWM – Annual Report 2023/24

Cabinet Member for Finance and Commissioning, Cabinet Member for Leisure, Parks and Major Projects

Date: September 2024
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Key Decision? No
Local Ward Members NA



Lichfield
District Council

Cabinet

1. Executive Summary

- 1.1 This paper introduced the second annual report for LWM Traded Services Limited, the council's wholly owned company.
- 1.2 The shareholder agreement and articles of association for the company ensure the council retains oversight of operations and direct control over the most important governance aspects of decision making. The agreement includes the requirement for the shareholder to receive reports on performance.
- 1.3 This 2023/24 annual report sets out performance of the company over the last financial year, as well as looking forward to priorities agreed for 2024/25. The report also meets statutory requirements set out in Section 172 of the Companies Act.

2. Recommendations

- 2.1 That Cabinet reviews the LWM Traded Services Ltd Annual Report 2023/24 and approves its publication.

3. Background

- 3.1 This paper introduces the performance of our wholly owned company, LWM Traded Services Ltd, in its second year of trading.
- 3.2 Over the last year, the company has built on a solid first year of activity in 2022/23. The company has formalised support structures for areas such as IT, Finance and HR and grown significantly, introducing a number of new services, most notably Leisure Centres and Disabled Facilities Grants provision, as well as some smaller functions.
- 3.3 Highlights from the services provided by the company, set out in the approved Annual Business Plan, which was agreed by Cabinet Member Decision, included:
 - **Landlord Services** – acting as the corporate landlord for the council, managing and maintaining the council's assets owned or leased by it. The company undertook 300 site/asset inspections during the year. The team negotiated 22 new leases, maintained the council's 18 corporate buildings and completed 432 reactive maintenance requests.

- **Project Management** – managing all major building projects to ensure they are delivered on time and to budget. The company managed £2.4m of building contracts, creating a further 9 incubator offices, 5 new work rooms and 3 new meeting rooms in our District Council House business hub.
- **Talent Acquisition** – servicing the sourcing, attracting, hiring and onboarding of office based employees for the council and clients. Several internal vacancies were filled by this services during the year with an average hiring timeline of 4 weeks (from CV submitted to offer being made), significantly faster than had previously been achieved.
- **Communications** – providing better resourced, motivated and technically capable service to communicate with residents. During the year, the use of digital and video tool to reach more residents was expanded, increasing the number of people reached by council communications by 23% compared to the 2022/23.
- **Leisure** – providing access to, management and promotion of our two leisure centres to help more people be more active, more often. The service has been turned around in its first year of trading within LWM, with an average of approximately 54,000 visits to our centres per month, a 12% growth in income and a 15.5% growth in memberships.
- **Disabled Facilities Grants** – administering and facilitating grants to residents on behalf of the council, helping to meet the cost of adapting a property or the needs of elderly or disabled residents across the district. This year 148 adaptations were approved totally £1.3m of spend on adaptations.

3.4 The Annual Business Plan (2024/25), again agreed by Cabinet Member Decision, sees the introduction of further new services areas in the current financial year, and these are introduced through the report. The directors of LWM have agreed to the introduction of the following new service areas:

- **Human Resources** – From April 2024, the company has started to provide HR services to the council. Staff TUPE transferred on 1 April and have merged with the small team already providing the service to the company. The aim of this new area is to create efficiencies from a single team providing services to both organisations and, longer term, to look to trade elements of the service to neighbouring councils.
- **Planning & Regeneration Consultancy** – Part of the Planning function has transferred from the council to the company. The new ‘Major Applications Service’, for developments greater than 30 properties, supports our desire to improve planning services to residents and businesses and allows us to create a planning consultancy capable of trading to other local authorities.
- **Temporary Accommodation** – Earlier this year, the company was asked to help the council provide a growth in accommodation in-district, to better support the needs of residents. LWM now has a role to identify, provide and manage temporary accommodation in the district.

3.5 In addition to the new service areas requested of the company by the council, the directors of LWM agreed the creation of a new **Ecology Brokerage** service, and this was launched on 1 April 2024. This new service will match the need of developers to offset lost biodiversity on development sites with the availability of under-utilised land in the district. This exciting new service is fee earning service and has emerged from the new requirements set out in the Environment Act.

3.6 This Annual Report once again provides an opportunity for both the company and the council, as shareholder, to reflect on the achievements of 2023/24 as well as look forward to new business development in 2024/25

Alternative Options	None
Consultation	The council shareholder representative was consulted through the development of this Annual Report.
Financial Implications	<p>It is important given the Council is the sole shareholder, and the significant increase in the level of financial risk with a larger operation, that oversight is maintained on financial performance. This enables the Council to have an early indication of any areas of underperformance that could subsequently impact on the Council's Medium Term Financial Strategy. To provide this oversight, a high level summary of in year financial performance is provided in each Money Matters Report to Cabinet and Briefing Note to Overview and Scrutiny Committee at 3, 6, 8 and 12 month points of the financial year.</p> <p>The Annual Report 2023/24 to Cabinet and Audit Committee provides additional oversight and does not include any further financial burdens that have not already been considered by Cabinet as part of agreeing updates to the business plan. A summary of accounts has been provided in the Annual Report 2023/24.</p>
Approved by Section 151 Officer	Yes
Legal Implications	<p>The Shareholder Agreement and Articles of Association ensure the council retains oversight of operations and direct control over the most important governance aspects of decision making.</p> <p>The company can only act in accordance with the Business Plan. Changes to the Business Plan require shareholder (i.e. council) approval.</p> <p>Directors are required to act in the best interests of the company and there is potential for conflicts of interest with their council roles. Processes are in place to manage potential conflicts.</p>
Approved by Monitoring Officer	Yes
Contribution to the Delivery of the Strategic Plan	<p>The Company supported the ambition (in 2023/24) to</p> <ul style="list-style-type: none"> Be a good council that is; financially sound, transparent and accountable and responsive and customer focussed.
Equality, Diversity and Human Rights Implications	There are no equality, diversity and human rights implications.
EIA logged by Equalities Officer	No. Equalities Officer confirmed not required.
Crime & Safety Issues	There are no crime and safety issues arising from this paper.
Data assessment	Not required.

Environmental Impact (including Climate Change and Biodiversity).	There are no environmental impacts.
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GDPR / Privacy Impact Assessment	There are no GDPR/privacy implications arising specifically from this report.
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	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	Insufficient capacity in support services to enable advice and guidance to be provided to the company.	Severity – Y Likelihood – G Impact – Y	No income is assumed from the company for services provided to the company in the council’s approved budget.	Severity – G Likelihood – G Impact – G
B	Service standards are not achieved or fraud, corruption or financial mismanagement occurs in the company	Severity – G Likelihood – G Impact – Y	Internal Audit continues to have a role in assessing the suitability of internal company controls as part of the council’s approach to governance oversight and financial stewardship of the company. This also includes any open book arrangements and agreement requirements for audit ‘access’ to records / systems and employees.	Severity – G Likelihood – G Impact – G
C	The council and company breaches procurement (TECKAL), subsidy control, transfer pricing requirements	Severity – R Likelihood – Y Impact – R	Advice is taken as business cases are developed to ensure risks are identified and mitigated. The council monitors the 20% level based on the business plan provided by LWM, with a 10% warning threshold.	Severity – G Likelihood – G Impact – G
D	The company does not have the required skills and capacity on the Board to manage its expanded portfolio	Severity – Y Likelihood – Y Impact – Y	In Q3 2023/24 an internal audit was conducted on the company, including its governance arrangements. Some recommendations were made by the audit team which the company directors are now considering. It is likely changes will be implemented to the shareholder arrangement and board make-up during 2024/25	Severity – G Likelihood – G Impact – G
E	The company does not have the required support infrastructure to manage its expanded portfolio	Severity – Y Likelihood – Y Impact – Y	The company has invested in the infrastructure needed to effectively manage its operations. In 2023/24, HR, IT, Finance and governance arrangements were outsourced. However, in 2024/25 these services will be brought in-house to provide greater control.	Severity – G Likelihood – G Impact – G

Background documents	Any previous reports or decisions linked to this item Appendix 1: The 2023/24 Annual Report
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Relevant web links	
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