



BROMSGROVE DISTRICT COUNCIL

MEETING OF THE OVERVIEW AND SCRUTINY BOARD

MONDAY 29TH OCTOBER 2018, AT 6.00 P.M.

PARKSIDE SUITE - PARKSIDE

SUPPLEMENTARY DOCUMENTATION

The attached papers were specified as "to follow" on the Agenda previously distributed relating to the above mentioned meeting.

4. Council Tax Support Scheme Report - Pre Scrutiny (Pages 1 - 14)
5. Corporate Peer Challenge Action Plan (Pages 15 - 46)
14. Development of the Burcot Lane Site (Pages 47 - 78)

K. DICKS
Chief Executive

Parkside
Market Street
BROMSGROVE
Worcestershire
B61 8DA

24th October 2018

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LOCAL COUNCIL TAX SUPPORT SCHEME 2019/20

Relevant Portfolio Holder	Cllr Brian Cooper
Portfolio Holder Consulted	Yes
Relevant Head of Service	Amanda Singleton
Ward(s) Affected	All
Ward Councillor(s) Consulted	None Specific
Key Decision / Non-Key Decision	Key Decision

1. SUMMARY OF PROPOSALS

- 1.1 The Council Tax Support Scheme (CTSS) for working age applicants must be reviewed annually.
- 1.2 This report provides information on the work undertaken by the Customer Access and Financial Support Service to date amendments to the CTSS for implementation by 1st April 2019 and sets out proposals for public consultation.

2. RECOMMENDATIONS

The Cabinet is asked to RESOLVE:

to undertake a formal consultation with the major preceptors and the public on the proposed design of a revised scheme to take place for 8 weeks from 1st October. The results of the consultation will be presented to Overview and Scrutiny and Cabinet in January when it will consider any recommendations that will go to full Council in February.

3. KEY ISSUES

- 3.1 The CTSS replaced Council Tax Benefit with effect from 1 April 2013.
- 3.2 Under the Government's Council Tax Reduction provisions, the scheme for Pensioners is determined by Central Government and the scheme for working age applicants is determined by the Council. Pensioners broadly receive the same level of support that was previously available under the Council Tax Benefit scheme.
- 3.3 The scheme has also been amended each year for general changes in applicable amounts and for non-dependant deductions.
- 3.4 Council has previously agreed a minimum council tax contribution from working age claimants as 20%. Further to this members agreed to consider reducing the minimum contribution to 15% with effect from 2019. This change will require formal consultation as it is an amendment to the existing scheme.

- 3.6 Consultation is also required to implement 100% discount for care leavers, which the authority has previously committed to considering, subject to consultation, from 1st April 2019.

Financial Implications

- 3.7 The financial impacts for existing claimants will continue to be profiled and the final scheme presented following the consultation period.
- 3.8 Based on the initial financial modelling that has been undertaken, a revised scheme to increase support to 85%, would result in an estimated cost of £100k. Initial information provided by County Council and cross referenced to Council Tax information indicates that the cost of 100% for care leavers will be approximately £11k.
A share of the cost would be attributable to the precepting bodies and discussions would have to be held to address any concerns they had in meeting additional costs.
- 3.9 The estimated current level of expenditure for the support provided to working age claimants only is approximately £1.7m

Legal Implications

- 3.10 On 1 April 2013 Council Tax Benefit was abolished and replaced by a new scheme discount scheme. Under s13A and Schedule 1A of the Local Government Finance Act 1992 (inserted by s10 Local Government Act 2012), each local authority was required to make and adopt a Council Tax Support Scheme specifying the reductions which are to apply to the amounts of council tax payable within their districts
- 3.11 Statutory Instrument 2012/2885, "The Council Tax Reduction Schemes (Prescribed Requirements)(England) Regulations 2012" ensured that certain requirements prescribed by the Government were included in each Scheme (subsequently amended by S.I. 2012/3085)
- 3.12 As the billing authority the Council is required by the Local Government Finance Act 2012 to consider whether to revise its scheme or to replace it with another scheme, for each financial year.
- 3.13 The Authority must adopt its scheme, and make any revisions, no later than 11th March in the financial year preceding the one when it will take effect.
- 3.14 Paragraph 3 to Schedule 1A into The Local Government Finance Act 1992 set out the preparation that must be undertaken prior to the adoption or revision of a scheme, including prescribed consultation requirements.
- 3.15 In addition, where there are changes to the scheme which has the effect of reducing or removing a reduction to which any class of persons is entitled then the authority is

obliged, under paragraph 5(4) of Schedule 1A, to include such transitional provision relating to that reduction or removal as the authority thinks fit.

Service / Operational Implications

- 3.16 The changes will present minor procedural amendments to the operation of the Council Tax Reduction scheme. The maximum level of support will be increased to 85% and a separate class of persons to include care leavers will be inserted into the scheme, this will allow a different level of support to be provided to care leavers, as opposed to ordinary working age claimants.

Customer / Equalities and Diversity Implications

Hardship Policy

- 3.17 The current CTSS scheme contains provision for taxpayers to make an application for additional discount where they experience exceptional hardship. It is proposed that the scheme continues to include the same provisions to protect individuals who experience exceptional hardship. Where any group of person is likely to experience hardship, this will be addressed as part of the overall scheme design. The Hardship Policy will continue to be an integral part of the scheme for the foreseeable future.

In 2017/18 79 CTSS claimants were provided with support through the CTSS Hardship Fund.

Consultation

The result of the consultation will be included in the report to Overview and Scrutiny and Cabinet, setting out the final recommendation

- 3.19 Under the Public Sector Equality Duty (section 149 of the Equality Act 2010) the Council must have due regard to (i) eliminating unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advancing equality of opportunity between people from different groups, and (iii) fostering good relations between people from different groups. To this end an equality impact assessment (Appendix 1) has been carried out to inform the final recommendations.
- 3.20 The consultation will be sent to all working age Council Tax Support claimants and a sample of council tax payers. In addition it will be our precepting bodies, stakeholders, landlord forum and voluntary sector agencies. It will be available on line and hard copies in the customer service centre.

4. RISK MANAGEMENT

- 4.1 Any changes to council tax support can have financial implications for the Council and the major preceptors as well as for our residents and therefore extensive

financial modelling has been carried out to understand the implications of the proposals.

- 4.2 Officers ensure that support on managing finances and advice on other potential benefits is made available to anyone experiencing financial hardship.
- 4.3 Any changes to the CTSS must be consulted on. The consultation must be meaningful and allow an appropriate period of time as failure to do so could result in a challenge.

5. APPENDICES

Appendix 1 – Equality Impact Assessment
Appendix 2 – Current discounts and disregards.

6. BACKGROUND PAPERS

Held in Revenues Service

AUTHOR OF REPORT

Name: David Riley
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Equality Assessment Record

1. What is the name of the service, policy, procedure or project being assessed?

Council Tax Support Scheme (CTSS)

2. Briefly describe the aim of the service, policy, procedure or project. What needs or duties are it designed to meet?

The CTSS provides assistance to people on low incomes to help them pay their council tax.

When council tax benefit was abolished and replaced by localised council tax schemes in 2013, central government protected pensioners with a view that they are unable to take advantage of employment and unable to alter their financial situation.

The proposed alterations to the scheme will continue to protect pensioners who will get the same level of council tax support as they do now.

The proposals to change the CTRS from 2019/20 are as follows:

Increase support for working age claimants from a maximum of 80% to 85%.

Provide Council Tax Support of 100% for care leavers under the age of 21 and additional support for care leavers up to their 25th birthday

3. Indicate which of the following applies:-

This is a current service or policy and should be equally accessible to all sections of the Community or all employees

No

A decision is likely to be made to change, reduce or stop providing this service.

No

A new initiative or service is being considered or proposed.

Yes

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4. List your known customers and stakeholders (e.g. partner organisations, community groups)

People of working age on low incomes.

5. Describe simply how you know who they are?

The Local Government Finance Act prescribes details of the scheme to be used for pension age applicants under the Council Tax Reduction Scheme (Prescribed Requirements) Regulations 2012.
 Certain aspects of the scheme for working age applicants are also included within those regulations.

6. How relevant is the General Equality Duty to this service, policy or procedure?

Rate as H, M, L (high, medium or low) or No relevance. If all answers are “low” or “no” relevance go straight to question 10. When considering relevance for each protected group, use professional judgment and experience, previous Equality Impact Assessments, or any other information that you have to hand which demonstrates how relevant a service is to a particular protected group.

Protected Group	Indicate H/M/L or No Relevance	Evidence used	Further evidence needed Yes/No
Age	L	The changes will provide additional support for all working age claimants. Pensioner claimants will unaffected. An automatic entitlement to discount with no income test for care leavers will mean that they are treated more favourably than other young people.	N
Disability	N	The proposed changes to the scheme continues to disregard disability benefits	N
Transgender (Gender Dysphoria)	N	No impact	N
Marriage and Civil Partnership	N	No impact	N
Pregnancy and Maternity	N	No impact	N
Race	N	No impact	N
Religion or Belief	N	No impact	N
Sex (Male/ Female)	N	No impact	N

Sexual Orientation	N	No impact	N
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7. Is there evidence of actual or potential unfairness for the following equality groups?

Protected Group	Indicate Yes or No	Evidence of unfairness	Further Evidence Needed Yes/No
Age	N	<p>When creating the local scheme, the Council have given due regard to central government's stipulation that people of pension age must be protected.</p> <p>In previous public consultation the principle of 'Every household with working age claimants should pay something' was agreed.</p> <p>This principle ensures a degree of fairness as it applies across all groups who are of working age.</p> <p>The scheme is devised to incentivise working age people to seek employment.</p> <p>The changes to treatment of care leavers are supported by organisation's such as the Children's society.</p> <p>For those young people and working age people who are in severe hardship or unable to increase their income, the Council manages a discretionary hardship fund to support them following a detailed review of the individual's and household's circumstances.</p>	N
Disability	N	The proposed changes to the scheme continues to disregard disability benefits	N
Transgender (Gender Dysphoria)	N	n/a	N
Marriage and Civil	N	n/a	N

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Partnership			
Pregnancy and Maternity	N	n/a	N
Race	N	n/a	N
Religion or Belief	N	n/a	N
Sex (Male/ Female)	N	n/a	N
Sexual Orientation	N	n/a	N

If all answers are “No”, go straight to Question 10.

8. What is the justification for any actual or potential unfairness identified in question 7, for example, disproportionate cost? Describe briefly your reasons.

Protected Group	Justification for actual or potential unfairness
Age	N/A
Disability	N/A
Transgender (Gender Dysphoria)	N/A
Marriage and Civil Partnership	N/A
Pregnancy and Maternity	N/A
Race	N/A
Religion or Belief	N/A
Sex (Male/ Female)	N/A
Sexual Orientation	N/A

9. If you have identified any area of actual or potential unfairness that cannot be justified, can you eliminate or minimise this?

Hardship Fund is available to people of any age to apply for additional support and their need would be assessed on a case by case basis.

10. Describe simply or list the additional information used to complete this assessment including professional judgment and how that was used in your decisions.

Research and financial modelling by Policy in Practice, along with professional judgement, data and evidence of Council Tax support claimants, and feedback from FIT Officers has been used to consider whether this proposal is fair and equitable.

11. What plans do you have to monitor any changes identified?

The following will be will be monitored each year.
 Claim numbers
 Cost of the scheme
 Applications for hardship and/or transitional relief

12. The actions required to address these findings are set out below.

Action Required	By Whom	By When	Signed when completed	Priority	Expected outcomes
Agree consultation on scheme	Council	October 2018			
Agree final scheme	Council	February 2019			

13. Equality assessment undertaken by Amanda Singleton, Head of Customer Access and Financial Support

7th August 2018

When you have completed this assessment, retain a copy and send an electronic copy to the Policy Team (Equalities) attaching any supporting evidence used to carry out the assessment.

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Appendix Two

Format and Questions - Council Tax Support Scheme Consultation

Bromsgrove District Council

Council Tax Support Scheme Consultation 2019

Background to the consultation

What is the consultation about?

Each year Bromsgrove District Council has to decide whether to change the Local Council Tax Support Scheme for working age people in its area. This year, we are deciding whether changes should be made to increase the maximum level of support we give to working age claimants and deciding whether young people leaving care should pay Council Tax.

What is Local Council Tax Support?

Council Tax Support is a Council Tax discount. The level of the discount awarded is based on the income of the household. The maximum discount that a working age household can receive is currently 80%, a discount of up to 100% is available for pensioners.

Why is a change to the Council Tax Support Scheme being considered?

Until April 2013 there was a national scheme called Council Tax Benefit. Local Councils became responsible for Local Council Tax Support Schemes from 1st April 2013. The Council aims to keep its Council Tax Support Scheme aligned with welfare benefits such as Housing Benefit and Universal Credit to assist in administration. As those benefits change, similar changes need to be made to the Council Tax Support Scheme. The Local Council Tax Support schemes also allow more support to be given to groups of people that we identify as vulnerable or in need of greater levels of support.

There are three reasons why we are proposing changes to our Council Tax support scheme, these are

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1. To maintain a link between Local Council Tax Support and national welfare benefits.

We make changes to personal allowances and income disregards so that the Council Tax Support Scheme is determined in line with national benefits.

2. To consider increasing the level of Council Tax Support to a maximum of 85%

At present working age claimants receive a maximum level of support of 80%, we are asking whether this maximum amount of support should be increased to 85%.

3. To provide support to young people leaving local authority care.

All Local Authorities have a special responsibility for the wellbeing of Children in Care and Care Leavers. This role is known as being a Corporate Parent, and as Corporate Parents, Bromsgrove District Council, wants to support all children and young people to achieve the best in their childhood, adolescence and adulthood.

We understand that young people leaving care rarely have the support that families can offer to help them become independent. The Government and The Children's Society agree that care leavers need additional support and that all local authorities have a role to play in providing this support.

Care leavers who live in their own homes are liable for the full Council Tax, and at present can receive up to 80% Council Tax Support which is reduced as their income increases. We are asking whether Care Leaver under 21 should receive 100% Council Tax support, regardless of income, and whether care leavers aged 21 to 25 should have a tapered level of support.

Questions

I have read the background information about the Council Tax Support Scheme and the reasons for consultation?

Yes No

I agree that the Council Tax Support Scheme should be amended so that personal allowances remain in line with national benefits?

Yes No

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The Current Council Tax support scheme allows working age claimants a maximum level of support of 80% - as their income increases they lose support. For every £1.00 that their income increases the level of support is reduced by 20p. Increasing the maximum level of support to 85% of liability would have an estimated cost of £100,000

Should the Council keep the current Council Tax support scheme?

Yes No

Should the Council increase the level of support to 85%?

Yes No

Extra Support for Care Leavers

Young people leaving care and moving into their own homes will be liable for Council Tax. If they are not working or they are on a low income then the maximum amount of Council Tax support they can receive at present would be 80% of their liability.

We are asking whether you agree that care leavers, because they do not have the same family support networks as other young people, should receive additional support.

Do you agree that Care Leavers under 21 years of age should receive 100% Council Tax Support?

Yes No

Should this support to young care leavers be reduced as their income increases?

Yes No

Should care leavers aged 21 to 25 continue to receive Council Tax support regardless of their income?

Yes No

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Should support for care leavers aged 21 to 25 be provided up to a maximum of 100% and reduced as their income increases?

Yes No

At what age do you think care leavers should be treated in the same was as other young people?

18 19 20

21 22 23

24 25

Do you receive Local Council Tax Support?

Yes No

Do you pay Council Tax to Bromsgrove District Council?

Yes No

Corporate Peer Challenge – Bromsgrove DC and Redditch BC 2018

OPEN

Relevant Portfolio Holder	Councillor Geoff Denaro (Leader of the Council)
Portfolio Holder Consulted	√
Relevant Head of Service	Kevin Dicks, Chief Executive
Ward(s) Affected	N/A
Ward Councillor(s) Consulted	N/A
Key Decision / Non-Key Decision	Non key decision

1. SUMMARY OF REPORT

- 1.1 To inform members about the outcome and next steps resulting from the Local Government Association Corporate Peer Challenge which took place 22-24th January and 23rd February 2018

2. RECOMMENDATION(S)

- 2.1 Members are asked to discuss and note the attached letter and action plan following the Local Government Association Corporate Peer Challenge which took place in January and February 2018.

3. KEY ISSUES

Financial Implications

- 3.1 The cost of the corporate peer challenge is included within the authorities' annual subscription to the LGA. Other costs are internal ones related to officer time. The cost of implementing the CPC action plan will be met from current budgets (unless separate specific reports are required).
- 3.2 There are no direct financial implications arising from this report.

Legal Implications

- 3.3 None arising directly from this report.

Service / Operational Implications

Background

- 3.4 Since 2012 the Local Government Association (LGA) has provided, as part of its support to the sector, the facilitation of Corporate Peer Challenge (CPC) reviews whereby senior members and officers from other local authorities, supported by LGA staff, visit the Councils with the objective to inform their improvement plans and how to develop corporate learning. It is designed to be forward looking, and to facilitate reflection on issues and how they may be resolved. While it can be used as an external 'health check' on the authorities corporate governance, the peer challenge is not a form of inspection.
- 3.5 The CPC was an opportunity to pause and reflect on what the Partnership (Bromsgrove District and Redditch Borough Council) has achieved so far and to reflect on its future direction of travel and the issues the Councils will face.
- 3.6 The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges. These are the areas we believe are critical to councils' performance and improvement:
- Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
 - Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
 - Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?
 - Political and managerial leadership: Does the council provide effective political and managerial leadership through its elected members, officers and constructive relationships and partnerships with external stakeholders?
 - Governance and decision-making: Is political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change to be implemented?
- 3.7 In addition to these questions the Councils asked the peer team to consider: "Whether the Councils' and partnership's direction of travel is the right one?"
- 3.8 The CPC team comprised of:
- Matt Prosser, Chief Executive, Dorset Councils Partnership Serving: North Dorset DC , West Dorset DC and Weymouth & Portland Borough Council
 - Cllr Paul James, Leader, Gloucester City Council
 - Cllr Tudor Evans, Leader, Labour Group, Plymouth City Council
 - Bindu Arjoon, Director, Exeter City Council

- Claire Taylor, Director Customers and Service Development, Cherwell and South Northants Councils
- Karen Iveson, Chief Finance Officer Selby DC and Assistant Director North Yorkshire CC
- Raj Khera, LGA programme support
- Clare Hudson, LGA Peer Challenge Manager

The Process

- 3.9 The peer team were based at both the Bromsgrove and Redditch offices during the four day review. There was an initial 'scene setting' and 'checking the brief' discussion with the Chief Executive and Leader. These were done separately for each Council.
- 3.10 Meetings and discussion sessions then took place with a range of officers, members and other stakeholders/partners enabling the peer team to explore the issues relevant to the purpose, scope and suggested terms of reference for the peer review.
- 3.11 At the end of the initial on-site activity (22nd – 24th January) there was a feedback session and members of the Executive (Redditch), Cabinet (Bromsgrove) and Corporate Management Team were invited to attend and presented with the findings of the initial 3 day review. A further day (23rd February) was then held for the team to review their initial findings based upon further discussions and investigations. Again the Executive (Redditch), Cabinet (Bromsgrove) and Corporate Management Team were invited to attend.
- 3.12 This has been followed by a written feedback report (Appendix 1), summarising the peer team's feedback with their recommendations for improvement. This report was received just prior to the "purdah" period (for the Redditch Borough Council elections) and the Leaders of both Councils agreed that due to this that the publication of the report should be delayed.
- 3.13 Following consideration by the Senior Management Team and Leaders of both Councils, these have been pulled together into an Action Plan (appendix 2). Due to the change of political control in Redditch this report has been delayed in order to allow the new leader and Executive in Redditch to discuss this with their counterparts in Bromsgrove.

Customer / Equalities and Diversity Implications

- 3.14 None directly associated with this report.

4. RISK MANAGEMENT

4.1 No risks have been identified arising directly from this report.

5. APPENDICES

Appendix 1 – Corporate Peer Challenge Feedback Report
Appendix 2 – Corporate Peer Challenge Action Plan

6. BACKGROUND PAPERS

Peer Review for Bromsgrove District and Redditch Borough Councils position
Statement

AUTHOR OF REPORT

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Corporate Peer Challenge Bromsgrove DC and Redditch BC

22-24th January and 23rd February 2018

Feedback Report

1. Executive Summary

Bromsgrove DC and Redditch BC generally provide good and valued services to their communities. The councils are well regarded by partners having invested significantly in their ability to influence within the sub-region and beyond. Bromsgrove DC (BDC) and Redditch BC (RBC) are open to new ideas and approaches and this has allowed them to meet financial challenges to date. They have retained a focus on meeting customer needs despite falling funding. The councils now need to consider how they will structure and position themselves into the future in order to better understand and pre-empt customer needs going forward and continue to deliver services within their future budget constraints.

Bromsgrove and Redditch are very different communities facing very different challenges. It is a testament to the pragmatism of their leadership that they came together in 2008 to share a chief executive and then management team. The majority of service areas have subsequently become shared services whilst retaining their individual identities. Whilst Bromsgrove has remained Conservative controlled, since 2008, there have been several changes of council leader. Redditch although currently Labour, has also had changes of political control as well as leadership, but supported by a single chief executive they have remained steady in their support for sharing services and the benefits it has bought to each council individually.

Through working together the councils have delivered over £7.5m of savings across the two councils since 2010/11 and are continuing to deliver around £1.5m per annum. There remains scope for further efficiencies and service improvements. Members in both councils are engaged and committed and able to clearly articulate what they view as their councils' ambition and role within the community. In delivering this vision members are supported by an experienced and dedicated workforce loyal to improving their communities within a largely traditional workforce structure.

In order to meet the challenges ahead and maximise their strengths within the region the peer team suggest that the councils should focus on ensuring improved corporate ownership of financial management with tighter control of budget savings, and guarantee that expenditure is directed only towards agreed priority areas. More rigour should be introduced into developing and analysing business cases, and to their impact on priority setting. The councils should also be clearer about how they will track progress on key projects and savings and report against them. This should include identifying the consequences and mitigation if delivery does not progress as planned.

The councils also need to re-assess what they are seeking to achieve from the shared services partnership moving forward. Whilst it has delivered savings, resilience and a greater opportunity to lever influence it has not established a single workforce or culture. This means that siloes and duplication remain deeply entrenched and, combined with a need to invest in IT systems and digital solutions, all of which act as a barrier to greater efficiencies and innovation.

2. Overall messages

The peer team has significant experience of working in shared services partnership and it was striking to us that whilst the vast majority of colleagues work across both councils there is very little sense of partnership identity. A decade into sharing services the peer team would have expected a seamless workforce delivering services through a culture of collaboration to two sovereign councils operating in a single structure that would be more streamlined than two separate workforces.

The peer team found councils led by members who are extremely passionate about their communities, the role of the council, and are highly regarded by partners. Yet, we would question whether you have been able to maximise the benefits of joint working and truly embrace the benefits it could bring. We frequently heard reference to 'that's the Bromsgrove way' or 'the Redditch way' meaning staff are expending unnecessary time and energy navigating a structure and governance system that is more complex than it needs to be.

The peer team refer to this needless complexity and in some cases out of date and inferior systems and approaches as the foundations of shared services throughout this report. Our contention is that if you could improve these core services (ICT, HR and finance) that are the foundation of shared services and make them genuinely efficient and supportive you could free up space for innovation, creativity and collaboration. This could give you the opportunity to redefine your shared ambition.

3. Key recommendations

There are a range of suggestions and observations within the main section of the report that will inform some 'quick wins' and practical actions, in addition to the conversations onsite. The following are the peer team's key recommendations to the Councils:

- Pause and reflect on the shared service journey to date – celebrate your success – use the 10 year anniversary as a moment to do this
- Prioritise the work on tightening financial processes so that they provide the most up to date profiling, model the best in the sector and support strong decision making
- Spend more time together – introduce more joint informal meetings at political level
- Create space to have conversations about the future with your valued partners
- Redefine the shared future journey and ambition
- Define a new shared culture from the bottom up – with input from officers and members
- Share this emerging culture with partners and collectively shape the future community leadership role for the councils and partners
- Establish a single workforce and reduce duplication and time spent navigating two structures and systems of governance
- Having established the above use this re-energised culture to enable officers and members to design services to meet and pre-empt customer needs within your financial envelope.

Further recommendations can be found throughout the various sections of the report and a summary of recommendation are in Annex I.

4. Summary of the Peer Challenge approach

It is important to stress that this was not an inspection. Peer challenges are improvement-focused and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement plans. The peers used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

This report provides a summary of the peer team's findings. In presenting this report the peer challenge team has done so as fellow local government officers and members, not professional consultants or inspectors. It builds on the feedback presentation provided by the peer team at the end of their on-site visit 22-24th January 2018, and a subsequent visit to explore recommendations on 23rd February 2018. Our findings, unless clearly stated, refer to both Bromsgrove DC and Redditch BC. By its nature, the peer challenge is a snapshot in time.

Peers reviewed a range of information to ensure we were familiar with the Councils, the challenges it is facing and its plans for the future. We have spent 4 days onsite at Bromsgrove and Redditch councils during which we have:

- Spoken to 120 people including a range of council staff together with councillors and external stakeholders
- Gathered information and views from 50 meetings, visits to key sites and additional research and reading
- Collectively spent more than 300 hours to determine our findings – the equivalent of one person spending around 8 ½ weeks in Bromsgrove and Redditch

Feedback was provided to an invited audience of staff and councillors on day three of our visit and again on day four and this report will be accompanied with the offer of bespoke follow up. We appreciate that some of the feedback may be about things you are already addressing and progressing.

The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected your requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with you. The peers who delivered the peer challenge were:

- Matt Prosser, Chief Executive, Dorset Councils Partnership Serving: North Dorset DC, West Dorset DC and Weymouth & Portland Borough Council
- Cllr Paul James, Leader, Gloucester City Council
- Cllr Tudor Evans, Leader, Labour Group, Plymouth City Council
- Bindu Arjoon, Director, Exeter City Council

- Claire Taylor, Director Customers and Service Development, Cherwell and South Northants Councils
- Karen Iveson, Chief Finance Officer Selby DC and Assistant Director North Yorkshire CC
- Raj Khera, LGA programme support
- Clare Hudson, LGA Peer Challenge Manager

Scope and focus

The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges. These are the areas we believe are critical to councils' performance and improvement:

1. Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
2. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
3. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?
4. Political and managerial leadership: Does the council provide effective political and managerial leadership through its elected members, officers and constructive relationships and partnerships with external stakeholders?
5. Governance and decision-making: Is political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change to be implemented?

In addition to these questions the Councils asked the peer team to consider:

Whether the Councils' and partnership's direction of travel is the right one?

5. Feedback

5.1 Reflections on the Councils' progress

The two Councils have demonstrated that they are willing to respond to their customer needs and flex their service offers appropriately. To do this both Councils are willing to consider new ideas and approaches and recognise that they can best deliver for their communities by working strongly in partnership, within their own areas and beyond. The workforce is extremely long serving with considerable experience. Staff have responded to challenges by developing and introducing new methods of service delivery,

particularly guided by a systems thinking approach. The Chief Executive has been instrumental in driving forward change and is clearly the guiding voice on transformation within the Councils.

Despite this drive for change the peer team heard time and again that the councils consistently adopt too many priorities and then take too long to implement them. This has led some colleagues to fear 'initiative fatigue' and whilst there is excitement about the potential income that the new focus on commercialisation can bring there is also a weariness that 'this is the latest thing' and an 'add-on' to the day job.

Business cases are now an accepted form of developing and introducing change but they should be closer linked to financial reporting. Whilst business cases are routinely used to develop new areas it was not clear to the peer team what the approach is for de-prioritisation. This is resulting in the organisations not being able to focus in on what is most important to them, and has the highest likelihood of delivery.

This is amplified by inconsistencies in financial reporting, which has been highlighted by external auditors. Greater corporate ownership of financial management is needed. Members 'do not trust the numbers', and as a result can be unwilling to take decisions that might impact on service provision.

5.2 Reflections on the shared services partnership

'Shared services has allowed us to sharpen our skills'

Since 2008 the Councils have come to share most services resulting in efficiencies and greater resilience. The peer team heard of many cases of improved customer outcomes as a result. For staff it has presented opportunities to sharpen and deepen their skills and explore new ways of working. There are many positives to the shared work, but there appears to still be a legacy of two separate organisations as opposed to one partnership serving two sovereign councils.

Shared services partnerships are most successful when partners are viewed as equitable with a fair system of apportioning costs. Bromsgrove and Redditch are different size organisations with varying size of workforce and they rightly agreed at the outset to apportion costs and recharge accordingly. Since then the issue of recharges has been revisited at various moments, but without an agreed corporate approach. This has resulted in a consistent 'poking of the wasps nest' with recharges being viewed as an opportunity to seek to redress the balance if it is felt that one Council is paying 'less than its fair share'. The partnership should adopt a transparent policy to review recharges at certain points or times – or more fundamentally move to a single workforce.

Bromsgrove and Redditch are two Councils operating two models seeking to deliver services under one partnership. The partnership itself has very limited identity. Whilst this may be entirely appropriate from the customer perspective by having very little shared identity and culture the shared services partnership has not been able to evolve from sharing services to a truly shared partnership.

As you move forward there is an opportunity to maximise the benefits of shared working by establishing more of a joint culture and identity, and a single workforce. In the peer team's experience customers and partners are not concerned whether they speak to someone from Bromsgrove or Redditch or Bromsgrove and Redditch/Redditch and Bromsgrove. Indeed one of the most valued services highlighted to the peer team was recycling and waste collection which is one of the few services branded 'Bromsgrove and Redditch'.

6. Understanding of the local context and priority setting

'We don't stop doing one thing before we move on to the next'

The Councils have generally strong relationships with their partners and use these to inform their priority setting. This is often acquitted through well regarded projects and programmes, the Connecting Families approach was consistently praised for its impact. Community groups welcome the support provided to them and feel they are able to make a significant contribution to the community through working with the Councils. Both Bromsgrove and Redditch are viewed as highly committed and valued partners. Engagement with the youth sector appeared varied across the two Councils and the Councils should identify opportunities to share practice.

These partnerships are increasingly looking towards economic development and growth. Bromsgrove DC are widely regarded to be making good progress on economic development, following a change of policy emphasis which has been evidenced by expert analysis. There is a sense of excitement about the regeneration of Redditch town centre and plans for a potential business improvement district. The Councils must ensure that they are clear what they want to achieve with economic development and do not seek to take on new priority work streams without first considering what they will no longer pursue.

Partnership working is broad and valued but it was often difficult for the peer team to understand what the vision and ambition of those partnerships is. The vision of partnership working could be clearer and communicated more consistently internally and externally. As part of clarifying this vision the peer team would encourage the Councils to regularly appraise the added value that partnership working brings. In doing so do not be afraid to make changes to the way you work with partners.

Both Councils share six 'strategic purposes' which provide a rational for the delivery of services, but the broad nature of them means doing almost anything can be justified by them. Consequently it is difficult to identify what is a priority and what it isn't. Both Councils need to take time to consider what their priorities are, to articulate them clearly and to decide a process for deprioritisation. Resources should then be allocated against them, and regularly reviewed.

Recommendations – Corporate

- Be clear about how you identify when something is no longer a corporate priority – and what it means

- When change is introduced guarantee that it is introduced with greater pace and rigour – with clear lines of accountability at the officer and political level
- Invest more time in considering what role all levels of the organisation contribute towards corporate aims – transformation is everyone’s role. Ensure that transformation is adequately resourced with clear programme and project governance, and appropriate skills.
- Management approaches need more consistency to support the development of a single corporate culture
- Establish greater consistency in the foundations of shared services – ICT, HR, Finance should all be enablers of change

Signpost – Adur and Worthing Councils

These two councils operated shared management and services including a single digital strategy. They have taken a radical approach to creating a technology platform which enables rapid ‘self-build’ of applications, enabling design and prototyping of new approaches at pace and with low risk. Other partners such as the county council, health and the community and voluntary sector can build their own applications on the same platform, holding all the local data in one place. The benefits of doing this across two councils, rather than one, include being able to target shared resources more effectively across a broader area. It has also created opportunities for generating revenue streams.

7. Leadership of place

‘The councils are proactive in making changes for residents’

The political and managerial leadership of Bromsgrove and Redditch Councils is perceived as positive and leaders are viewed as voices committed to improving their communities. The leaders and Chief Executive have been instrumental in ensuring that the Council’s voices are heard, and valued. There is a refreshing honesty about the relationships with the county, with all partners recognising the strengths and weaknesses in this. It was not clear to us how this relationship could be rebalanced and where and when the strategic conversations that are needed about the future of local government in Worcestershire are taking place.

The implementation of a systems thinking approach and development of strategic purposes for each council has helped to facilitate an outward focus in officers and members alike. This transformation has also impacted on partners who in turn have begun to question and appraise their own strategic purposes. The systems thinking approach has allowed members and officers to explore openly options for change – however it has not always led to change being actually delivered.

Both Councils have invested time and resource in understanding the needs of their localities, including their differences and similarities. Leaders now need to capitalise on this to drive appropriate regeneration and development. The introduction of Place Teams has established greater flexibility in responding to customer need in localities and is seen as having a positive impact. This more flexible approach to identifying and meeting customer need, and working closely with customers to shape future demand could be further explored.

The Councils have a broadly positive relationship with the local media, and the Councils' proactive approach to external communications has been critical to maintaining this. Building on this the peer team would encourage the Councils to consider what more could be done to maximise communications channels and outreach. The Councils do make some use of social media, but this can come across as a broadcast approach to communications. There is potential for the Councils to explore what greater role communications can play in their partnership working and development of the future vision of town centres.

Recommendations

- Re-examine your existing commitments and have an honest conversation about whether they are sustainable, relevant or appropriate
- Evaluate the opportunities for maximising your influence – and focus your energy and leadership on where you can be most effective

Signpost – Suffolk Coastal and Waveney Councils

In Suffolk Coastal and Waveney they have developed shared capacity with their local clinical commissioning group (CCG) to develop a joint approach to public health. By co-funding a key senior post, and having them co-located with council and health partners, they are able to reduce duplication, more closely align strategies and delivery and collectively agree a vision for improved health outcomes that they can each understand their role in.

8. Organisational leadership and governance

'We need to stop letting political posturing get in the way' - Bromsgrove
'We have seats at the table, we now need to turn that to influence' - Redditch

There are clear examples of positive working relationships between members and senior officers. However, the team were struck by numerous instances where the tone of debate has resulted in criticism of individual officers. This is not acceptable and needs to be addressed. This relates solely to Bromsgrove DC, but it has a resulting impact on Redditch.

There are strong and positive relationships between senior leaders and Trade Unions. There is a significant opportunity to capitalise on these relationships by actively engaging Trade Unions in workforce planning, and Organisational Development strategy development, evaluation and implementation.

The peer team found some evidence that systems thinking and transformation has prompted officers to think and act more responsively – though this is not universal. The peer team would encourage leaders to consider how to spread the pockets of transformation throughout the Councils and beyond with partners.

Colleagues understand that the councils' financial outlooks are challenging and that delivering transformation efficiencies and income from commercial activities is critical to securing a sustainable future. To drive this forward a clearer articulation of the ambition and expectation of service areas is needed and should be regularly revisited. Support services have not been able to consistently underpin transformation and the systems thinking approach. The quality and breadth of support has hampered implementation.

This is amplified by being two separate workforces and in some cases distinct HR policies which causes confusion.

Lines of accountability for key programmes and projects need to be clearer, from officer level to portfolio holder. Too often the response was that major projects are the responsibility of the Chief Executive. This invests too much in one role and could expose the Councils to significant risk. Progress on project delivery should be regularly reported on – not simply to committees but also internally to colleagues and externally to partners. Lines of accountability for the delivery of transformation also need to be clearer, and understood by all. This would provide an opportunity to critically challenge, celebrate success, define when projects are completed, and gives licence to de-prioritise.

Scrutiny plays a vital and active role in challenging and probing the Councils' plans and actions. Having the Leader of the Opposition chairing the Scrutiny and Overview Committee in Bromsgrove is valued. There is also a long and valued history (in Redditch) of Opposition colleagues chairing Overview and Scrutiny, Audit and Governance Committees and having places on the Council Executive. Indeed scrutiny provides the opportunity to engage positively with members to inform decision making, including agreeing when something is no longer a priority. The peer team would encourage the Councils to more proactively use scrutiny as a forum for discussing and helping to define the future of the partnership.

During our time onsite the peer team routinely heard about the negative impact that political discourse has had on delivering ambitions in Bromsgrove. The distinctive role of officers and members needs to be clarified and the agreed boundaries adhered to, both in terms of political debate and operational decision-making. An understanding on all sides of what is appropriate behaviour must be established and enforced. The role of the Monitoring Officer is key here, and must be strongly supported by senior officers and leaders.

It is felt by some members that mistakes contained within reports to council and how this impacts on conduct during debate of those reports both act as triggers for confrontational and negative debate. This must be remedied at the most senior level.

Recommendations – governance

- Take action at Bromsgrove District Council to raise the conduct of political debate so that it is constructive and does not undermine the council's reputation, as well as the local government sector
- Review processes for supporting members at council meetings, and where necessary, implement change to ensure members are well supported
- Ensure that boundaries between officers and members are publicly clarified and that their implementation is regularly reviewed
- Review Council Procedures to ensure that they can support constructive debate
- Ensure that report proofing procedures are 'watertight' and errors are not published
- Establish clearer lines of accountability for the leadership and delivery of major programmes and projects – that is appropriately dispersed throughout the organisation to mitigate potential risk in investing too much in one role.

Signpost – Dorset Councils Partnership

Since the establishment of the three councils partnership serving West Dorset, North Dorset and Weymouth and Portland Councils in 2015 senior leaders have placed great emphasis on regular, shared dialogue between members and officers on strategic issues. The senior management team meets weekly with the leaders and deputy leaders of the three councils to understand the issues they have common views on, and those they don't.

9. Financial planning and viability

'Finance is not given the importance it should be'

Shared services have delivered sustained savings for both councils. The emerging plans for commercialisation are an encouraging opportunity. In Bromsgrove specifically the £20m investment and acquisition strategy provides a base for future income streams. Having developed the strategy it must be adequately resourced and reported against. These recommendations would apply equally to Redditch should they proceed with emerging plans for an investment fund. Acknowledging the inherent risks of a borrowing backed strategy, investments must be supported with sound business cases and subject to robust due diligence - ensuring risks and opportunities are clearly understood in the context of the councils longer term financial outlook, and benefits fully realised within the required timescales. Both councils have now adopted Commercialisation Strategies and the plans for implementation and the move away from a traditional budgeting approach towards one with a more defined risk appetite now needs to be better and more widely communicated within the Councils.

Budget planning and monitoring needs to be strengthened. Senior leaders have recognised this and some improvements in financial processing are already underway including more senior finance resource. This needs to be matched with consistent opportunities for financial and budget management – at every level of the organisation. The development of a business case to introduce a new financial system that can underpin future change is urgently needed and should be hastened and delivered within the next financial year. This is critical for both officers and members to have more confidence in financial planning as well as providing an adequate response to concerns raised by external auditors.

Financial management is the responsibility of the Leadership Team and managers but the peer team found limited evidence of truly corporate ownership. Budget planning takes place within directorates but it is not clear how the corporate budget and spend is matched to agreed priorities. As a result the peer team were not assured that budget planning is adequately focused on the overall financial challenge, instead it appears to focus on meeting service needs and demands over a relatively short term horizon. A clearer focus on corporate level budgeting will enable a more strategic, long term approach to financial management. This should include more overt and regular probing of the levels of reserves and capital expenditure to ensure these are directed towards priorities and sufficient to manage the risks the Councils are facing. The councils should continually question how their resources can deliver services but can also contribute to place shaping and longer term ambitions.

Recommendations – finance

- Financial accountability needs greater ownership across the organisation
- Budget planning needs to be more focused on future financial sustainability and not simply meeting service needs and short term demands
- Be clearer about how you track progress and manage risk – on delivering savings and key projects
- Establish a transparent, regularised and proportionate system of reviewing and amending recharges between the two councils – rather than leaving it to specific service areas
- Expedite the business case and implementation of a new finance system

Signpost – 21st century councillor and public servant

These two major pieces of research explore the types of leadership roles and behaviour that are needed in a time of austerity and where the provision of local services and place shaping is more complex than ever. Councillors and officers need to move out of their traditional roles to become municipal entrepreneurs, system architects, commissioners and place shapers in order to deliver good outcomes, alongside partners, with limited resources.
<https://21stcenturypublicservant.wordpress.com/>

10. Capacity to deliver

'We don't agree to stop one thing before we agree to do something else'

Change is a constant in local government and staff have welcomed the opportunity to try new things. Staff have also been engaged in shaping the way that they work – and a tribute to this is the longevity of service of many colleagues. Staff appreciate the efforts put into communicating with them through staff briefings. However change has not been adequately supported by core services such as HR, ICT and Finance. These core services needed to be more consistent and better engaged to deliver and support change.

Performance management is recognised as vital but there are inconsistencies in its implementation – both in terms of delivering services and managing people. Energy is still wasted within both councils in navigating varying approaches to HR and people management. This drains the momentum from the partnership and means that HR is not viewed as an enabler. Performance management is not used routinely enough as an effective tool for learning. There is limited evidence that staff feel the organisation learns from its past experiences, evidenced in the low response rate to the staff survey. The councils should consolidate and invest in these core services and use these refreshed services to invest in leadership development opportunities for all colleagues at all levels – political, managerial, operational.

Similarly ICT provision is mixed but more fundamentally neither council has explored the potential for digital design and delivery. Bromsgrove and Redditch have separate ICT strategies, but this is a 'foundation' service and greater economies of scale and impact could be realised by singularly defining ambition and delivering against it.

Recommendations – transformation

- Consider how to meet customer need and expectation within your financial options using the systems thinking approach. This will help you identify what matters to the customer and design efficient processes to meet this need, removing service boundaries where required.
- Consider how to re-align your customer strategy to most effectively meet customer need within your identified priorities.
- Consider the impact that digital transformation of services can have, releasing capacity whilst improving the customer experience – develop and implement a single digital strategy.
- Develop a clear plan to assess what high volume low complexity transactions can be directed towards more cost effective channels. There is no tension between this and a systems thinking approach - many customers expect and are happy to access council services by means other than face- to-face- as indeed they do for services from other public and private organisations.

Signpost – Breckland and South Holland

Breckland and South Holland councils have a shared management model and a single transformation programme. In 2015 through the LGA's Digital Experts Programme they launched a digitalisation programme to enable customers to 'access the right services at the right time and in the right way'. Since then a new online book and pay service for garden waste in Breckland has been introduced – the number of bookings have increased by 25% and 35% of all bookings are completed online. Similar growth and savings have been realised in South Holland. Customer service centres have been transformed with 'floorwalkers' using tablet devices engaging with customers and manage and channel their queries reducing the need for waits and meeting rooms. Customer self-service access points allow customers to manage their own accounts with the council and feed data to allow the council to reform their services.

11. Looking to the future

Bromsgrove and Redditch have delivered ten years of shared services despite changes in political control and austerity. Throughout this time the Councils have remained highly valued partners and delivered a wide range of valued services. The Councils have focused on moving onto the next thing without necessarily agreeing how they will finish existing projects and priorities.

The peer team suggest that the Councils need to create space to reflect, celebrate success and have open collective conversations about the future. The peer team encourage Bromsgrove DC and Redditch BC to:

Be bold... create space to celebrate success and have collective conversations about the future

Be focused...on delivering what you say you will

Be confident...develop and deliver a shared ambition with a single workforce

12. Next steps

Immediate next steps

We appreciate the senior managerial and political leadership will want to reflect on these findings and suggestions in order to determine how the organisation wishes to take things forward.

As part of the peer challenge process, there is an offer of further activity to support this. The LGA is well placed to provide additional support, advice and guidance on a number of the areas for development and improvement and we would be happy to discuss this. Helen Murray, Principal Adviser is the main contact between your authority and the Local Government Association. Her contact details are, email: helen.murray@local.gov.uk, Telephone: 07884312235.

In the meantime we are keen to continue the relationship we have formed with the Council throughout the peer challenge. We will endeavour to provide signposting to examples of practice and further information and guidance about the issues we have raised in this report to help inform ongoing consideration.

Follow up visit

The LGA Corporate Peer Challenge process includes a follow up visit. The purpose of the visit is to help the Council assess the impact of the peer challenge and demonstrate the progress it has made against the areas of improvement and development identified by the peer team. It is a lighter-touch version of the original visit and does not necessarily involve all members of the original peer team. The timing of the visit is determined by the Council. Our expectation is that it will occur within the next 2 years.

Next Corporate Peer Challenge

The current LGA sector-led improvement support offer includes an expectation that all councils will have a Corporate Peer Challenge or Finance Peer Review every 4 to 5 years. It is therefore anticipated that the Council will commission their next Peer Challenge before 2022.

On behalf of the peer team:

- Matt Prosser, Chief Executive, Dorset Councils Partnership Serving: North Dorset DC , West Dorset DC and Weymouth & Portland Borough Council
- Cllr Paul James, Leader, Gloucester City Council
- Cllr Tudor Evans, Leader, Labour Group, Plymouth City Council
- Bindu Arjoon, Director, Exeter City Council
- Claire Taylor, Director Customers and Service Development, Cherwell and South Northants Councils
- Karen Iveson, Chief Finance Officer Selby DC and Assistant Director North Yorkshire CC
- Raj Khera, LGA programme support
- Clare Hudson, LGA Peer Challenge Manager

February 2018

Annex I

Key Recommendations

- Pause and reflect on the shared service journey to date – celebrate your success – use the 10 year anniversary as a moment to do this
- Prioritise the work on tightening financial processes so that they provide the most up to date profiling, model the best in the sector and support strong decision making
- Spend more time together – introduce more joint informal meetings at political level
- Create space to have conversations about the future with your valued partners
- Redefine the shared future journey and ambition
- Define a new shared culture from the bottom up – with input from officers and members
- Share this emerging culture with partners and collectively shape the future community leadership role for the councils and partners
- Establish a single workforce and reduce duplication and time spent navigating two structures and systems of governance
- Having established the above use this re-energised culture to enable officers and members to design services to meet and pre-empt customer needs within your financial envelope.

Further Recommendations

1. Be clear about how you identify when something is no longer a corporate priority – and what it means
2. When change is introduced guarantee that it is introduced with greater pace and rigour – with clear lines of accountability at the officer and political level
3. Invest more time in considering what role all levels of the organisation contribute towards corporate aims – transformation is everyone's role. Ensure that transformation is adequately resourced with clear programme and project governance, and appropriate skills.
4. Management approaches need more consistency to support the development of a single corporate culture
5. Establish greater consistency in the foundations of shared services – ICT, HR, Finance should all be enablers of change
6. Re-examine your existing commitments and have an honest conversation about whether they are sustainable, relevant or appropriate
7. Evaluate the opportunities for maximising your influence – and focus your energy and leadership on where you can be most effective

8. Take action at Bromsgrove District Council to raise the conduct of political debate so that it is constructive and does not undermine the council's reputation, as well as the local government sector
9. Review processes for supporting members at council meetings, and where necessary, implement change to ensure members are well supported
10. Ensure that boundaries between officers and members are publicly clarified and that their implementation is regularly reviewed
11. Review Council Procedures to ensure that they can support constructive debate
12. Ensure that report proofing procedures are 'watertight' and errors are not published
13. Establish clearer lines of accountability for the leadership and delivery of major programmes and projects – that is appropriately dispersed throughout the organisation to mitigate potential risk in investing too much in one role.
14. Financial accountability needs greater ownership across the organisation
15. Budget planning needs to be more focused on future financial sustainability and not simply meeting service needs and short term demands
16. Be clearer about how you track progress and manage risk – on delivering savings and key projects
17. Establish a transparent, regularised and proportionate system of reviewing and amending recharges between the two councils – rather than leaving it to specific service areas
18. Expedite the business case and implementation of a new finance system
19. Consider how to meet customer need and expectation within your financial options using the systems thinking approach. This will help you identify what matters to the customer and design efficient processes to meet this need, removing service boundaries where required.
20. Consider how to re-align your customer strategy to most effectively meet customer need within your identified priorities.
21. Consider the impact that digital transformation of services can have, releasing capacity whilst improving the customer experience – develop and implement a single digital strategy.
22. Develop a clear plan to assess what high volume low complexity transactions can be directed towards more cost effective channels. There is no tension between this and a systems thinking approach - many customers expect and are happy to access council services by means other than face- to-face- as indeed they do for services from other public and private organisations.

Bromsgrove District Council and Redditch Borough Council – Corporate Peer Challenge Action Plan

Key Recommendations

Recommendation	Response / Action	Lead Officer	Timescale
<ul style="list-style-type: none"> Pause and reflect on the shared service journey to date – celebrate your success – use the 10 year anniversary as a moment to do this 	<ul style="list-style-type: none"> As a Management Team we recognise that we don't take enough time to celebrate our successes very often and we need to be more proactive of this generally. We will address this moving forward by developing and keeping under review a communications plan to ensure we address this (internally and externally as appropriate). The next set of staff briefings and staff forum will be used as an opportunity to reflect on the journey to date and to celebrate how far we have come. 	Kevin Dicks / Communications Team Kevin Dicks	September 2018 and ongoing September 2018
<ul style="list-style-type: none"> Prioritise the work on tightening financial processes so that they provide the most up to date profiling, model the best in the sector and support strong decision making 	<ul style="list-style-type: none"> The external auditors have recognised significant improvements (in both Councils) as part of their review of the Statement of Accounts. Much remains to be done and this will be mostly addressed through the implementation of the new Enterprise System – the business case for which has been approved by both Councils. Specification has been drawn up to ensure that all feedback from both 	Jayne Pickering	October 2019

	<p>internal customers and auditors has been taken into account</p> <ul style="list-style-type: none"> We will ensure that the improvements in our financial processes will be based on our systems thinking approach. 		
<ul style="list-style-type: none"> Spend more time together – introduce more joint informal meetings at political level 	<ul style="list-style-type: none"> Collaborative working does exist across the County through the Worcestershire Leaders although it is accepted more needs to be made of this given the ongoing financial challenges faced by all councils. 6 weekly meetings are in place for the Leaders and Deputy Leaders of both Councils to meet with the Chief Executive. Regular informal meetings of the Executive / Cabinet to be introduced from November. 	<p>Leaders / Kevin Dicks</p> <p>Leaders / Kevin Dicks</p> <p>Leaders</p>	<p>Ongoing</p> <p>Ongoing</p> <p>November 2018</p>
<ul style="list-style-type: none"> Create space to have conversations about the future with your valued partners 	<ul style="list-style-type: none"> This will predominantly be undertaken with the Leaders of the other Worcestershire Local Authorities at the Worcestershire Leaders Board and through Partnership Executive Group. Discussions to be held with Clinical Commissioning Group through the Alliance Board as to further transformation work with a focus on prevention. 	<p>Leaders</p> <p>Kevin Dicks</p>	<p>November 2018</p> <p>November 2018</p>
<ul style="list-style-type: none"> Redefine the shared future journey and ambition 	<ul style="list-style-type: none"> Each Council will be reviewing their 	<p>Leaders</p>	<p>November</p>

	<p>strategic purposes as part of their annual refresh of the council plan. This will help clarify the direction of travel for each council which will then lead to review of shared future journey.</p> <ul style="list-style-type: none"> • This will lead on to portfolio holder joint discussions (across both councils) under strategic purposes • Agreed by the Leaders (notwithstanding the above) that we should look to expand the shared services arrangements and expand them to take in other partners and using this as a basis for further transformation of services and ability to look at things more commercially. 	<p>Portfolio Holders</p> <p>CMT</p>	<p>2018</p> <p>December 2018</p> <p>December 2018</p>
<ul style="list-style-type: none"> • Define a new shared culture from the bottom up – with input from officers and members 	<ul style="list-style-type: none"> • Work has been going on since the last but one staff survey around the culture of the organisation seeking input from all staff as to what the culture of the council(s) need to be going forward. Whilst there have been improvements in the last staff survey there is still more to do and an action plan will be developed to move this forward. 	<p>Sue Hanley</p>	<p>November 2018</p>
<ul style="list-style-type: none"> • Share this emerging culture with partners and collectively shape the future community leadership role for the councils and partners 	<ul style="list-style-type: none"> • Our priority has to be internally to staff / members. We will focus on our principles and share / discuss them 	<p>Sue Hanley</p>	<p>December 2018</p>

	<p>with partners as appropriate.</p> <ul style="list-style-type: none"> Discussions will be held at Worcestershire Leaders Board around community leadership role. 	Leaders	December 2018
<ul style="list-style-type: none"> Establish a single workforce and reduce duplication and time spent navigating two structures and systems of governance 	<ul style="list-style-type: none"> The Corporate Management Team does not feel there is a significant benefit to moving to a single organisation at this point in time for the following reasons: <ul style="list-style-type: none"> Work is ongoing around the harmonisation of policies and procedures which will address some of the issues that gave rise to this recommendation. This will include delegations (particularly in Redditch) around the HR delegations. Work is ongoing around the harmonisation of the Job Evaluation schemes and the potential costs associated with this – dependent on this consideration will be given to the pros and cons of moving to a single employer. The culture work is ongoing (covered above). 	<p>Deb Poole</p> <p>Deb Poole</p>	<p>September 2018 and ongoing</p> <p>January 2019</p>
<ul style="list-style-type: none"> Having established the above use this re-energised culture to enable officers and members to design services to meet and pre-empt customer needs within your financial envelope. 	<ul style="list-style-type: none"> Ensure departments adopt a systems thinking approach to designing and improving delivery of services: <ul style="list-style-type: none"> Link the use of a systemic 	Deb Poole / CMT	January 2019

	<p>approach to commercial plans where appropriate</p> <ul style="list-style-type: none"> ○ Support staff to enable them to know how to redesign services to meet customers needs ○ Customer strategy – statement of intent 	Amanda Singleton	December 2018
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Further Recommendations

Recommendation	Response / Action	Lead Officer	Timescale
1. Be clear about how you identify when something is no longer a corporate priority – and what it means	<ul style="list-style-type: none"> • Will be addressed as part of corporate and budget planning for 2018/19 – this will cover both budget and also key projects / initiatives 	Leader / Kevin Dicks	February 2019
2. When change is introduced guarantee that it is introduced with greater pace and rigour – with clear lines of accountability at the officer and political level	<ul style="list-style-type: none"> • Business case proforma, using the five case model, is used for all business cases • All major initiatives will be subject to a business case with clear lines of accountability assigned (at officer and political level). • Regular monitoring of these will be included as part of performance reports (adopting a risk based approach) to ensure they are delivered with greater pace and rigour. Heads of Service will ensure initiatives are monitored using the Councils adopted approach to project governance 	CMT	In place
		Cabinet / CMT	September 2018
		Cabinet / CMT	December 2018

<p>3. Invest more time in considering what role all levels of the organisation contribute towards corporate aims – transformation is everyone’s role. Ensure that transformation is adequately resourced with clear programme and project governance, and appropriate skills.</p>	<ul style="list-style-type: none"> • Ensure that systems thinking approach is embraced / adopted in everything that we do • Culture programme to focus on identified priorities supported by leadership and team development and support • Transformation programme to be refocused and widely shared and understood and embraced throughout the organisation • Clarify direction of travel for the organisations and the way we operate • Project governance approach to be implemented and used across the Council 	<p>Deb Poole</p> <p>Sue Hanley/ CMT</p> <p>Kevin Dicks/ Deb Poole</p> <p>Kevin Dicks/ CMT Deb Poole</p>	<p>December 2018</p> <p>March 2019</p> <p>December 2018</p> <p>December 2018 November 2018</p>
<p>4. Management approaches need more consistency to support the development of a single corporate culture</p>	<ul style="list-style-type: none"> • Work is being undertaken with regard to the review of the HR policies and procedures. Training and guidance documentation relating to the revised policies will be made available to all managers 	<p>Deb Poole</p>	<p>November 2018</p>
<p>5. Establish greater consistency in the foundations of shared services – ICT, HR, Finance should all be enablers of change</p>	<ul style="list-style-type: none"> • Enabling services have all been an integral part of the project groups in relation to Leisure Company establishment, HRA business case and development of an Housing Company • Workshops to be held with customer groups (e.g. managers forum) to understand what is required to enable 	<p>Deb Poole / Jayne Pickering</p>	<p>November 2018</p>

	<p>a fundamental change in the approach and culture of enabling services to ensure they proactively support change based on systems thinking principles</p> <ul style="list-style-type: none"> • Consider how services can ensure the enablers can provide them with the support and advice they need 		
6. Re-examine your existing commitments and have an honest conversation about whether they are sustainable, relevant or appropriate	<ul style="list-style-type: none"> • All partnership activity to be reviewed to ensure they are appropriate, relevant and sustainable following review of our clarified strategic priorities 	CMT	December 2018
7. Evaluate the opportunities for maximising your influence – and focus your energy and leadership on where you can be most effective	<ul style="list-style-type: none"> • As a result of 6 above review where the focus will be and where there is capacity 	Leaders	January 2019
8. Take action at Bromsgrove District Council to raise the conduct of political debate so that it is constructive and does not undermine the council's reputation, as well as the local government sector	<ul style="list-style-type: none"> • Responsibility of all Councillors to support and act in accordance with codes of practice and community leadership principles. If this doesn't happen Group Leaders to challenge and resolve. 	Group Leaders	November 2018
9. Review processes for supporting members at council meetings, and where necessary, implement change to ensure members are well supported	<ul style="list-style-type: none"> • Fundamental review of the Constitution at Redditch to ensure decisions taken at the most appropriate level • Further development of Cabinet / Exec members to ensure they are fully 	Leader / Claire Felton Leader	September 2018 November 2018

	<p>briefed on their portfolios / reports on the agenda (ownership)</p> <ul style="list-style-type: none"> • Reconsider the position in BDC to allow officers to speak to clarify points of detail in order to make informed / speedier decisions 	Group Leaders	December 2018
10. Ensure that boundaries between officers and members are publicly clarified and that their implementation is regularly reviewed	<ul style="list-style-type: none"> • Point 9 refers • Undertaken as part of the review of the Constitution 	Leader / Claire Felton	September 2018
11. Review Council Procedures to ensure that they can support constructive debate	<ul style="list-style-type: none"> • Point 9 refers • Undertaken as part of the review of the Constitution 	Leader / Claire Felton	September 2018
12. Ensure that report proofing procedures are 'watertight' and errors are not published	<ul style="list-style-type: none"> • Report writing training to be provided to all managers. • Portfolio Holders and HoS to ensure reports are discussed and signed off at regular briefing sessions to ensure greater ownership 	Claire Felton	December 2018
		Portfolio Holders / CMT	September 2018
13. Establish clearer lines of accountability for the leadership and delivery of major programmes and projects – that is appropriately dispersed throughout the organisation to mitigate potential risk in investing too much in one role.	<ul style="list-style-type: none"> • To be clearly identified within business cases • Project management and monitoring will be undertaken as part of performance report on a risk based approach • Responsibility will be dispersed around portfolio holders and CMT 	Deb Poole / CMT	December 2018

14. Financial accountability needs greater ownership across the organisation	<ul style="list-style-type: none"> • Training sessions to be held at Managers Forum • Enterprise system implementation will include a full training package for staff • Finance Officers attending DMT meetings to support the change in approach and culture and to clarify the understanding of where the accountability sits • Clear message to be passed on to managers as to responsibility for budgets • Managers to understand potential consequences if accountability not taken 	Jayne Pickering / HOS	November 2018
15. Budget planning needs to be more focused on future financial sustainability and not simply meeting service needs and short term demands	<ul style="list-style-type: none"> • 4 year budget planning to include more scenario and forecasting of potential impact of change • Aim to remove unidentified savings to ensure all funding is identified within the 4 year plan • Assess savings achievement based on risk assessment • Reporting to be presented against MTFP 	Jayne Pickering / HOS	November 2018
16. Be clearer about how you track progress and manage risk – on delivering savings and key projects	<ul style="list-style-type: none"> • Savings to be shown against a risk assessment of delivery • Highlight key projects and risks associated to CMT 	Jayne Pickering	November 2018

17. Establish a transparent, regularised and proportionate system of reviewing and amending recharges between the two councils – rather than leaving it to specific service areas	<ul style="list-style-type: none"> • Fundamental review of basis for sharing costs of overheads / charges • Cost recovery to be reviewed to ensure overheads do not include any direct costs to teams 	Jayne Pickering	February 2019
18. Expedite the business case and implementation of a new finance system	<ul style="list-style-type: none"> • The business case for the Enterprise System has been approved by both Councils. Implementation by October 2019. • Tender out to suppliers 	Jayne Pickering	October 2019
19. Consider how to meet customer need and expectation within your financial options using the systems thinking approach. This will help you identify what matters to the customer and design efficient processes to meet this need, removing service boundaries where required.	<ul style="list-style-type: none"> • Refocus the transformation programme and commercialisation programme • Development of a Customer and Digital Strategy as part of the ongoing transformation programme. Publish “statement of intent” – enable people to do business on line in order to release resources to focus on understanding and delivering against customer need (in line with our principles) 	<p>Deb Poole</p> <p>Amanda Singleton /Deb Poole</p>	<p>September 2018</p> <p>December 2018</p>
20. Consider how to re-align your customer strategy to most effectively meet customer need within your identified priorities.	<ul style="list-style-type: none"> • As 19 above 	As 19 above	As 19 above
21. Consider the impact that digital transformation of services can have, releasing capacity whilst improving the customer experience – develop and implement a single digital strategy.	<ul style="list-style-type: none"> • As 19 above 	As 19 above	As 19 above

<p>22. Develop a clear plan to assess what high volume low complexity transactions can be directed towards more cost effective channels. There is no tension between this and a systems thinking approach - many customers expect and are happy to access council services by means other than face- to-face- as indeed they do for services from other public and private organisations.</p>	<ul style="list-style-type: none"> As 19 above 	<p>As 19 above</p>	<p>As 19 above</p>
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BURCOT LANE REPORT

Relevant Portfolio Holder	Councillor Kit Taylor
Portfolio Holder Consulted	Yes
Relevant Head of Service	Sue Hanley – Deputy Chief Executive
Ward(s) Affected	All
Ward Councillor(s) Consulted	
Non-Key Decision	
This report contains exempt information as defined in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, as amended	

1. SUMMARY OF PROPOSALS

This report follows the Cabinet report on 6th September 2017 providing members with an updated position regarding the funding applications for the Burcot Lane site as shown at appendix 1. It identifies the funding conditions and the development opportunity for the site in the context of these restrictions.

2. RECOMMENDATIONS

Cabinet is asked to RESOLVE that

- 2.1 The indicative plans and projected financial outcomes for the development project be approved and that provided the minimum financial projections are maintained, authority be delegated to the Section 151 Officer to agree the final details when these have been signed off by external advisors when appointed, and after consultation with the Group Leaders**
- 2.3 Agreement in principle is given to establishing a Housing Company to manage retained housing stock subject to the business case for the company being brought to Cabinet for approval;**
- 2.4 Officers proceed to implement the pre-development steps on the site, to include planning and building control applications, demolition of the existing building and the appointment of a Project Development Manager.**

3. KEY ISSUES

Background Information

- 3.1 At the Cabinet meeting on 6 September 2017 members considered the options available to the Council regarding the 1.47 ha (3.64 acres) development site at Burcot Lane being the former Council House and Burcot Hostel site.
- 3.2 At the meeting members considered disposal through an open market sale thereby securing a capital receipt (option 1) , developing the site in partnership

with a Housing Provider (option 2) , or the retention of the site whereby its redevelopment might achieve a medium/long term revenue stream for the council (option 3). Each of these options will deliver housing, but the number of affordable homes delivered, financial risk/returns and level of council involvement varies considerably across the three options. However, the outcome of the Homes England bid now reduces the level of risk in option 3.

- 3.3 In summary option 1 means selling on the open market, replicating the traditional developer led model which focuses primarily on home ownership, and where the proceeds of this activity go to the developer. In this context the report explored detailed professional appraisals from Place Partnership and Harris Lamb Property Consultants that indicated a top-end gross land value in the region of £k per acre (£m). This price reducing in the context of an affordable housing scheme to circa £k at best (£m)
- 3.4 The professional advice received confirmed that it would be 'best practice' and in line with market standards for the site to be offered with the building demolished and with the benefit of planning and building regulations approval. It is estimated that these costs would equate to approximately £m. Therefore the capital receipt would reduce to £m for market (in addition the grant funding would fall away) or £k for 100% affordable provision.
- 3.5 In option 2 discussions with Registered Social Providers have indicated their requirements would be a concentration of a high volume of shared ownership in order to be viable and generate an ongoing revenue stream from the site. This is a product that's beyond many households on low incomes.
- 3.6 In addition within this option the Council would essentially lose control of the letting arrangements on the site and the ongoing revenue stream would be limited to the extent to which a partnership arrangement could be found.
- 3.7 Whilst it may be possible for members to consider the option of entering into a development agreement/partnership with a registered housing provider this may be more difficult to achieve in the context of the challenging timescales that have been identified in the Funding Agreement with Homes England.
- 3.8 Option 3 identified that this model achieved the most properties for rent and keeps outright sales down to a minimum. The table attached as Appendix 4 summarises the variations contained within the three options originally set out in the September 2017 report to cabinet.
- 3.9 The report went on to outline that whilst there was no certainty in this context that officers had registered an expression of interest to the Homes and Community Agency (now Homes England) for financial assistance of £m, which was submitted to the Accelerated Construction Fund in February 2017. Officers had also lodged a bid for financial assistance with the Department of Communities and Local Government (now MHDCLG) via the Land Release Fund.

- 3.10 As the likelihood was that grant funding would come with conditionality and that until the outcome of the bidding was known it would not be possible for members to properly consider the option outlined it was agreed at the meeting that the decision with regard to the future for the site be deferred until the outcome of the funding applications was known.
- 3.11 Members are advised that whilst the Councils bid for Land Release Funding was unsuccessful the application to Homes England for support from the Accelerated Construction Fund has been confirmed.
- 3.12 As members will appreciate the achievement of grant funding for the site significantly influences the possibilities available to the Council in the scope of its development.
- 3.13 In addition the provision of the funding also comes with conditionality that the Council will be bound by in the context of its chosen development scheme.
- 3.14 It will be necessary for the Council to enter into a Funding Agreement to confirm acceptance of the funding offer, this is a legally binding contract which sets out the terms on which the Homes England funding is made available to the Council and it is important that this is set out for members consideration as part of this report.
- 3.15 The Funding Agreement contains a number of conditions precedent which need to be satisfied before the funding from Homes England can be drawn down and these include:
- the provision of evidence regarding the Council's constitution;
 - the satisfactory appointment or proposed appointment of suitable contractors;
 - the issue of a title report by the Council;
 - the registration of appropriate title restrictions and supply of the relevant office copies to Homes England; and
 - the achievement of any milestones that have been pre-agreed to be complete prior to draw-down.
- 3.16 Importantly the funding offer is predicated on the assumption of accelerated construction and as a consequence the focus for the Councils scheme will have to be the speed of delivery and the Funding Agreement contains termination rights in favour of Homes England should certain pre-agreed milestones/outputs not be achieved in the agreed timescale.
- 3.17 In addition the Funding Agreement contains a clawback mechanism where elements of funding can be clawed back by Homes England and will be available to Homes England in the event that certain pre-agreed levels of profit are achieved.

- 3.18 In short for the Council to take advantage of the benefits that the additional funding affords it will be necessary for a more focussed delivery model to be considered and agreed on this site.
- 3.19 Therefore, in the context of option 3 it is still possible for the Council to develop the site within the funding arrangements, and the Council can, in accordance with previous considerations, develop the whole site and then dispose of some or all of the units. Although it should be noted that 30% of the units would have to be affordable housing units and that in order to achieve economic viability on the scheme a number of higher value properties would need to be disposed of on the open market.
- 3.20 It is also important to note at this point that in addition to the provision of housing within the district, at the Cabinet meeting in September 2017 members also considered the importance of exploring the possibility of identifying a scheme that could deliver an ongoing revenue stream for the Council moving forward.
- 3.21 Again in the context of option 3 members are advised that it would be possible for the site to be developed in accordance with the Homes England requirements listed above and for the Council to create a Company into which the residual properties could be transferred.
- 3.22 As members are aware the Worcestershire Strategic Housing Market Assessment (WSHMA) analyses the current housing market and assesses future demand and need for housing within each local authority across the County. In determining the potential housing requirement for Bromsgrove a range of scenarios have been tested and have identified a net dwelling requirement for the period 2011-2030 of 6,980. At the end of September 2018, there were 2591 households currently registering an interest in affordable housing in Bromsgrove.
- 3.23 The WSHMA shows that Bromsgrove and the district has the smallest private rented sector in Worcestershire at only 8.8% compared with the national average of 16.8% and the highest levels of home ownership in the county. Given the above and the ability for a Company to set its own rent levels it would be possible for the Council to develop the site and create a company to manage the residual properties as a way of contributing towards tackling the imbalance of private rented accommodation in the housing market, and support the council's longer term sustainability agenda.
- 3.24 With this in mind officers have worked through a development model which would enable the Council to meet the funding requirements whilst continuing to deliver against the Councils wider strategic purposes for members' consideration and provide an alternative to a freehold disposal of the site and the uncertainty that exists with a partnership with a registered provider. Therefore taking both the financial information (Appendix 3) and the detail outlined in Appendix 4 – the option that offers best value for money is to set up a housing company.

- 3.25 As the site is currently identified as a housing site within the Council's Local Plan officers have considered the things that a planning application would require in this context and these include:
- a) Transport impact assessment
 - b) Arbocultural survey
 - c) Protected species and habitat surveys including brook dwellers.
 - d) Flood risk assessment and drainage strategy
 - e) Design drawings for dwellings
 - f) Engineering design drawings for all site development works
 - g) Contaminated land and site investigation
 - h) Demolition method statement
 - i) Design access statement
 - j) Planning statement
 - k) Residential travel plan.
 - l) Statement of Community Involvement
 - m) Statement of Significance (All Saints Church and Crabmill PH)
 - n) Utilities report
- 3.26 In the context of developing the site and in addition to obtaining planning permission it is likely that pre-contract works will be required including a building regulations application, demolition of the existing building and the appointment of a Development Manager. For this reason a recommendation is included for members to agree that these pre-development steps can commence on approval of the recommendation.
- 3.27 In addition, due to the complexity of the project, the appointment of a professional Development Project Manager is considered essential to its successful delivery and again members are being asked to approve this as part of the funding allocation relating to professional fees.

Financial Implications

- 3.28 Officers have undertaken financial modelling associated with each of the proposals detailed above with the financial implications associated with these detailed within appendix 3. These financial projections are based on the current indicative drawings with 61 properties on the site as set out in appendix 2 to this report). The remainder of the assumptions are driven from information provided from a combination of Place Partnership, council expertise and support from officers at Stafford and Rural Homes. All of these figures require more detailed work and investigation as the project is developed to ensure that the council is not exposed to undue financial risks as part of the delivery of this project.
- 3.29 Whilst it is expected that this project will achieve income opportunities, for the Council to ensure that the project does not become a financial liability, any designs drawn up must ensure that the project is effectively self-sufficient as a minimum, and is able to fund all necessary expenditure from future cash flows.

- 3.30 There is also scope for the company once set up to expand its operations, developing further sites or acquiring already built properties. As such, it would begin to achieve economies of scale and be able to generate greater surpluses, if the new properties were acquired at the “right” prices.
- 3.31 As per appendix 3, using the assumptions highlighted in it, the current financial models suggest that the project is financially viable. In scenario 1 a surplus of £k is generated over the 50 year life of the scheme and in scenario 2 a surplus of £m is generated. Further professional advice is being sought to try and increase the number of units on the site as well as reviewing that the assumptions being used in the model are robust as possible. Any increase in units on the site will increase the viability of the scheme, as long as costs are in line with current assumptions and units are not being sold at a loss. The model suggests that flats offer the lowest return on expenditure due to the relatively lower sale price in relation to initial capital cost. Advice about increasing the number of units beyond 61 is also being sought from Homes England. This is because doing so could lead to depreciation in clean land value, which could in turn reduce the level of grant being offered by Homes England.
- 3.32 The rents figures used for the retained properties are currently 100% of the market rent as seen in Redditch. This was used as the council has significant information about these rents, and they are lower than the current market rents in Bromsgrove. As such, they are at a discount to current market levels in Bromsgrove, with any increase in them bringing them closer to the actual market rent levels in the area again increasing the financial viability of the scheme.
- 3.33 Were the council to manage the properties itself, it would further “gain” as it is assumed that existing officers would be able to absorb these management duties therefore gaining a “new income stream” from the project (executive support and management lines in the tables in appendix 3), improving the councils yield on the project.
- 3.34 At present the affordable properties to be built are modelled as being sold at less than they cost to build. This is to enable the social landlord to ensure the future rental levels sustain the initial cost. It is worth stating that officers will negotiate this position with potential purchasers of the affordable properties. Were they to be sold for at least cost; this would improve the financial strength of the model.
- 3.35 The Council tax and potential New Homes Bonus generated are considered external to this model, so do not contribute to the viability of the scheme, they are there to demonstrate the total impact on the council.
- 3.36 The £m grant and all capital receipts generated from sales are to be used to reduce the borrowing costs of the project.

Capital considerations

- 3.37 The costs associated with the redevelopment are summarised in the table below. Should the final scheme not be delivered any fees already spent would be chargeable to revenue. Officers consider this to be of low risk as the overall redevelopment is financially beneficial to the Council.

It is proposed that approval is given to increase the capital programme by £m over the 3 year period as detailed in the table. The associated funding is recommended as £m from the approved grant funding with £m borrowed Public Works Loans Board. The financial projections have included the borrowing costs resulting from the project and have been offset by the potential capital receipt of £m from the sale of units as detailed in the Appendix 3.

Legal Implications

Best Value

- 3.38 The Council is required to comply with its overarching Best Value obligations in terms of income, capital receipt and social benefit. This Best Value duty must be factored into any decision regarding the preferred delivery model.

Funding Agreement

- 3.39 There are a number of risks associated with the Funding Agreement which members should be aware of:
- the conditions precedent referred to above which need to be satisfied prior to drawdown;
 - termination rights in favour of Homes England that crystallise if pre-agreed milestones are not achieved by the Council; and
 - a clawback mechanism where elements of funding can be clawed back by Homes England if certain pre-agreed levels of profit are achieved.

Members are advised that the formula for any claw-back is still in development with Homes England.

Procurement

- 3.40 The build element of the scheme would be subject to the Council's Contract Procedure Rules and Procurement Law.

Corporate Governance

- 3.41 Should the housing company be the agreed delivery model, the recommendation is that the Company is established as a company limited by shares with the Council as sole shareholder. This is a flexible, widely used and well understood vehicle that means that the Council can benefit from income.

Company Business Case

- 3.42 If it is established that the establishment of a Housing Company is the preferred model, a business case will need to be approved for the purposes of the Company.

Service / Operational Implications

- 3.43 These are outlined in the report and appendices.

Customer / Equalities and Diversity Implications

- 3.44 Increasing the supply of affordable housing in the district helps households on low incomes by providing them with good quality and secure accommodation options. Improvement in the market rent sector will help rebalance the private rented sector in the district.

4. RISK MANAGEMENT

- 4.1 It should be noted that the financial proposals are indicative at this stage and will require further work in order to satisfy the funding requirements. This is usual for a project of this nature.
- 4.2 The legal risks associated with the housing company delivery model have been set out above and include:
- Satisfaction of conditions precedent to enable drawdown of funds;
 - The triggering of termination rights by Homes England if milestones are not achieved ;
 - The availability of clawback rights to Homes England if certain levels of profit are reached.”

- 4.3 The project will be subject to planning approval and for this reason site plan included in this report is indicative only, as they may require to be changed on architectural / planning recommendation.

- 4.4 The Council will need to follow the Contract Procedure Rules and Procurement Law in building out the scheme.

5. APPENDICES

1. Site Plan
2. Indicative layout
3. Financial Modelling – *confidential appendix*
4. Options considerations

6. BACKGROUND PAPERS

Report to Cabinet Site Disposal Burcot Lane, Bromsgrove 6th September 2017

7. KEY

N/A

AUTHOR OF REPORT

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Appendix 1

O.S Site Plan



APPENDIX 2 – Indicative layout



BROMSGROVE DISTRICT COUNCIL

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**APPENDIX 4
OPTIONS TABLE:**

Option	Financial implications	Council involvement	Risks/threats	Opportunities	Anticipated Delivery	Strategic Purpose
Option 1 – Dispose on open market	<ul style="list-style-type: none"> Limited assuming successful disposal of site Estimated £m required to make site ready Cost of demolition to council Marketing and legal 	Limited and short term - getting the site clean and green	<ul style="list-style-type: none"> Unknown impediments on site and demolition costs as a whole Changes in economy affecting appetite amongst developers Reduction in affordable housing on viability grounds 	<ul style="list-style-type: none"> Capital receipt Reduce existing debt Overall, low financial risk to council assuming successful disposal 	<p>Predominantly open market housing - small proportion of affordable units - estimate</p> <p>43 open market sale</p> <p>18 affordable for purchase by housing association</p>	Help me find somewhere to live in my locality
Option 2 - Housing Company	<ul style="list-style-type: none"> Costs in setting up housing company and business plan Significant cost of demolition Planning and S106 requirements Cost of development 	Significant and long term	<ul style="list-style-type: none"> Unknown impediments on site and demolition costs as a whole Securing a development agent Changes in economy affecting appetite to purchase on open market Complexities of 	<ul style="list-style-type: none"> Catalyst for wider development role in district - opportunities for local businesses/constructors Projected ongoing revenue stream Council retains assets Rebalance the local housing market - first step Identify other local 	<p>6 open market sale</p> <p>18 affordable for purchase by housing association and</p> <p>37 market rent retained</p>	<p>Help me find somewhere to live in my locality</p> <p>Help me run a successful business</p> <p>Help me be financially</p>

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	<ul style="list-style-type: none"> agent and build • Subsequent marketing and sales/legal • Ongoing management 		<ul style="list-style-type: none"> company governance/tax arrangements • New area/limited expertise • Large financial investment • Is there an ongoing programme • Delivery of 30% affordable housing by RP to be factored in 	<ul style="list-style-type: none"> opportunities for development • Not required to be a Registered Provider¹ • Homes England assistance available via grant 		independent
Option 3 - Partnership with a Registered Provider	Minimal - RP takes these on from the outset but still costly to RP	Limited and short term	<ul style="list-style-type: none"> • Scale of demolition costs/unknowns may negatively impact on final revenue stream • Income stream time-limited • RP may pull out • Lack of guarantees about income for council • Public procurement process 	<ul style="list-style-type: none"> • Ongoing revenue stream • Maximises New Homes Bonus • Tried and tested method of delivery • RP can access HCA funding • Reduces s.106 obligations as all affordable housing 	100% affordable housing on site - RP modelling produced a mix of up to 50% shared ownership with remaining units going for open market sale or affordable rent	Help me find somewhere to live in my locality

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

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