

Open

Overview & Scrutiny Committee

Agenda

6pm
Thursday, 2nd November 2017
Council Chamber
Wyre Forest House
Finepoint Way
Kidderminster



Overview & Scrutiny Committee

Members of Committee:

Chairman: Councillor H E Dyke
Vice-Chairman: Councillor M Rayner

Councillor J R Desmond
Councillor K Henderson
Councillor S J Walker
Councillor S J Williams

Councillor P Dyke
Councillor D Little
Councillor H S Williams
Councillor R Wilson

Would Members please note that, to ensure continuity in scrutiny, substitutes should only be appointed for the Scrutiny Committee in exceptional circumstances.

Information for Members of the Public:

Part I of the Agenda includes items for discussion in public. You have the right to inspect copies of Minutes and reports on this Agenda as well as the background documents used in the preparation of these reports.

Part II of the Agenda (if applicable) deals with items of "Exempt Information" for which it is anticipated that the public may be excluded from the meeting and neither reports nor background papers are open to public inspection.

Declaration of Interests by Members – interests of members in contracts and other matters

Declarations of Interest are a standard item on every Council and Committee agenda and each Member must provide a full record of their interests in the Public Register.

In addition, alongside the Register of Interest, the Members Code of Conduct ("the Code") requires the Declaration of Interests at meetings. Members have to decide first whether or not they have a disclosable interest in the matter under discussion.

Please see the Members' Code of Conduct as set out in Section 14 of the Council's constitution for full details.

Disclosable Pecuniary Interest (DPI) / Other Disclosable Interest (ODI)

DPI's and ODI's are interests defined in the Code of Conduct that has been adopted by the District.

If you have a DPI (as defined in the Code) in a matter being considered at a meeting of the Council (as defined in the Code), the Council's Standing Orders require you to leave the room where the meeting is held, for the duration of any discussion or voting on that matter.

If you have an ODI (as defined in the Code) you will need to consider whether you need to leave the room during the consideration of the matter.

Co-opted Members

Scrutiny Committees may wish to appoint Co-Opted Members to sit on their committee in order to add value to the scrutiny process. To appoint a Co-Opted Member, a Committee must first agree to appoint either a specific person or to approach a relevant organisation to request that they put forward a suitable representative (e.g. the local Police Authority). Co-Optees are non voting by default but Committees can decide to appoint voting rights to a Co-Optee. The Co-Option of the Member will last no longer than the remainder of the municipal year.

Scrutiny Committees can at any meeting agree to terminate the Co-Option of a Co-Opted Member with immediate effect. Where an organisation is appointed to put forward a Co-Opted Member, they are able to send a substitute in exceptional circumstances, provided that they notify Democratic Services in advance. Co-Opted Members must sign up to the Members Code of Conduct before attending their first meeting, failure to sign will mean that they are unable to participate. This also applies to substitute Co-Opted Members, who will need to allow sufficient time before a meeting in order to sign the Code of Conduct.

The following will apply:

- i) The total number of voting co-opted members on any Scrutiny Committee will not exceed 25% at any one time.
- ii) The total number of voting Co-opted Members on any Review Panel will not be limited.
- iii) Those Co-opted Members with voting rights will exercise their rights in accordance with the principles of decision making set out in the constitution.

For Further information:

If you have any queries about this Agenda or require any details of background papers, further documents or information, you should contact Louisa Bright, Principal Committee and Member Services Officer, Wyre Forest House, Finepoint Way, Kidderminster, DY11 7WF. Telephone: 01562 732763 or email louisa.bright@wyreforestdc.gov.uk

Wyre Forest District Council

Overview & Scrutiny Committee

Thursday, 2nd November 2017

Council Chamber, Wyre Forest House, Finepoint Way, Kidderminster

Part 1

Open to the press and public

Agenda item	Subject	Page Number
1.	Apologies for Absence	
2.	Appointment of Substitute Members To receive the name of any Councillor who is to act as a substitute, together with the name of the Councillor for whom he/she is acting.	
3.	Declarations of Interests by Members In accordance with the Code of Conduct, to invite Members to declare the existence and nature of any Disclosable Pecuniary Interests (DPI's) and / or Other Disclosable Interests (ODI's) in the following agenda items and indicate the action that they will be taking when the item is considered. Please see the Members' Code of Conduct as set out in Section 14 of the Council's Constitution for full details.	
4.	Minutes To confirm as a correct record the Minutes of the meeting held on the 5th October 2017.	7
5.	Treasury Management Strategy Statement and Annual Investment Strategy Mid-year Review Report 2017-18 To consider a report from the Corporate Director: Resources which provides a mid-year review of the Council's treasury management policies, practices and activities in accordance with the CIPFA Treasury Management Code of Practice.	11
6.	Local Plan Project Timetable To consider a report from the Head of Strategic Growth which provides an update on the progress in undertaking the Local Plan Review and sets out a new project timetable.	32

7.	Planning for the Right Homes in the Right Places – Consultation Response To consider a report from the Corporate Director: Economic Prosperity & Place which sets out the draft responses to the consultation – Planning for the Right Homes in the Right Places, which was launched by the Department for Communities & Local Government on 14 th September 2017.	55
8.	Review of Joint Municipal Waste Management Strategy (JMWMS) for Herefordshire and Worcestershire 2004 – 2034 To consider a report from the Operational Services Manager which seeks approval of the Joint Municipal Waste Management Strategy (JMWMS) for Herefordshire and Worcestershire 2004 - 2034.	78
9.	Work Programme To review the work programme for the current municipal year with regard to the Corporate Plan Priority, Annual Priorities and the Forward Plan.	91
10.	Press Involvement To consider any future items for scrutiny that might require publicity.	
11.	Depot 2020 Masterplan – Improve and Invest To consider a report from the Corporate Director: Community Well-being and Environment which details proposals for further investment in the site of the Council's operational depot at Green Street with the objective of improving and investing in the asset to increase functionality and sustainability. Report to follow	-
12.	To consider any other business, details of which have been communicated to the Solicitor of the Council before the commencement of the meeting, which the Chairman by reason of special circumstances considers to be of so urgent a nature that it cannot wait until the next meeting.	
13.	Exclusion of the Press and Public To consider passing the following resolution: “That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting during the consideration of the following item of business on the grounds that it involves the likely disclosure of “exempt information” as defined in paragraph 3 of Part 1 of Schedule 12A to the Act”.	

Part 2

Not open to the Press and Public

14.	Agenda Item No. 11 Depot 2020 Masterplan – Improve and Invest Appendix 2 – Financial Appraisal	-
15.	To consider any other business, details of which have been communicated to the Solicitor of the Council before the commencement of the meeting, which the Chairman by reason of special circumstances considers to be of so urgent a nature that it cannot wait until the next meeting.	

WYRE FOREST DISTRICT COUNCIL

OVERVIEW & SCRUTINY COMMITTEE

COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY, KIDDERMINSTER

THURSDAY 5TH OCTOBER 2017 (6 PM)

Present:

Councillors: H E Dyke (Chairman), M Rayner (Vice-Chairman), J R Desmond, P Dyke, K Henderson, D Little, T L Onslow, S J Walker, H S Williams and S J Williams.

Observers

Councillors: I Hardiman, N Knowles and F M Oborski MBE.

OS.41 Apologies for Absence

Apologies for absence were received from Councillor R Wilson.

OS.42 Appointment of Substitutes

Councillor T L Onslow was a substitute for Councillor R Wilson.

OS.43 Declarations of Interests by Members

No declarations of interest were made.

OS.44 Minutes

Decision: The minutes of the meeting held on 7th September 2017 be confirmed as a correct record and signed by the Chairman.

OS.45 Annual Update from the Section 106 Officer Monitoring Group

The Committee received an annual update from the S106 Officer Monitoring Group on the Council's current S106 schemes.

The Cultural Services Manager provided the Committee with a brief background to the report, advising that Members were given the opportunity to appraise the Council's current S106 projects in an annual update to ensure Members were fully informed about matters which affect their electoral ward.

Members were led through the report and considered each project in turn. A Member queried whether the funding for affordable housing in four social rented units were ward specific or whether they could be allocated to anywhere in the Wyre Forest area. The Committee Services Officer was asked to request a response from the Head of Strategic Growth which would then be circulated to the Committee.

The Vice-Chair of the Overview and Scrutiny Committee queried the sum of £10,000 secured for modelling works to provide a solution to air quality issues in Blackwell Street, Kidderminster. The Planning Development Manager explained that modelling works were computer based and showed the flow of traffic to help deliver the aspirations set out within the adopted Churchfields Masterplan.

A discussion ensued regarding the Public Open space contribution for Blackwell Street, Kidderminster which had been allocated to Brinton Park. In response to a Member's question regarding why money was not allocated to St George's Park which is closer to Blackwell Street, the Cultural Services Manager explained that contributions were allocated to where they could be most effectively spent, which in this instance was Brinton Park; a strategic park for the whole district.

Agreed: The annual update from the Officer Monitoring Group on the Council's current 106 schemes be noted. Another update would be received in 12 months.

OS.46

Processes for Business Rates Debt Recovery

The Committee considered a report from the Revenues, Benefits and Customer Services Manager which outlined the National Non Domestic Rates (NNDR) debt collection procedures in order to minimise write offs.

The Revenues, Benefits and Customer Services Manager led Members through the report and explained that this was a complex subject which had been simplified for the purpose of the report. She advised Members that in 2016 the Council created the post of NNDR Officer specifically to manage the NNDR caseload, which included the collection of business rates. She referred to point 2.6 of the report to Overview and Scrutiny Committee, which provided details of the percentage of business rates collected from 2008/9 to 2016/17. The Revenues, Benefits and Customer Services Manager highlighted that there was a reduction in the amount collected in 2016/17 which was attributed to the liquidation of a large High Street property owner and a late payment from another large unit.

The Revenues, Benefits and Customer Services Manager further explained that a lot of issues faced by the Council are rates avoidance. She referred to the case studies in Appendix 3 of the report to Overview and Scrutiny Committee which provided examples of instances of rates avoidance which were both time consuming and complex. She confirmed that in 2014/15 the Government issued a consultation on rates avoidance which Wyre Forest District Council responded to and added that the most common forms of avoidance included repeated contrived periods of occupation by charities.

In answer to a Member's question regarding the recovery process and when debts are considered for write-offs, the Corporate Director: Resources explained that the decision to write off a debt was a final resort after all other options were exhausted. She confirmed that it was unfortunately inevitable that some businesses would fail and the Council took steps to ensure that write offs were covered with suitable provision.

In response to a Member's question regarding where the write offs from Wyre

Forest District Council benchmarked with other authorities, the Revenues, Benefits and Customer Services Manager explained that the Council was comparable with its neighbours.

The Chairman of the Overview and Scrutiny Committee thanked the Revenues, Benefits and Customer Services Manager and the Principal Revenues Officer for their contribution and added that the report would be a good reference for future use.

Agreed: The report be noted.

OS.47

Scrutiny of Business Cases in respect of the Capital Portfolio Fund and Development Loan Fund.

The Committee considered a report from the Chief Executive that invited consideration of a proposal to establish a sub-committee of the Overview and Scrutiny committee to consider business cases in respect of the capital portfolio fund and development loan fund.

The Chief Executive led Members through the report. He advised that establishing a sub committee would allow flexibility for business cases to be scrutinised. He added that the sub-committee would meet only when the timing of the decision making process meant that the full Committee could not consider a business case.

Councillor Steven Walker entered the meeting at this point (6.56 pm)

Members welcomed the opportunity for the establishment of a sub committee and additional scrutiny, which was a positive way forward.

A discussion ensued regarding the political balance of the sub-committee. In response to a Member's question the Chair of the Overview and Scrutiny Committee confirmed that, due to the political balance of the Council, the current Vice- Chair of the Overview and Scrutiny Committee would be unable to sit on the sub-committee as a member. She added that this decision had been debated previously at Overview and Scrutiny Committee. The Chief Executive advised that the size of the sub-committee meant that three of the groups would be represented. However the fourth and smallest group would not have a seat as a result of the current political balance.

Agreed: The Committee resolved:

- 1.1.1 to establish a sub-committee consisting of five members of the Overview and Scrutiny Committee, politically balanced;**
- 1.1.2 that substitution of members is permitted in accordance with paragraph 3.11 of the Council Procedure Rules;**
- 1.1.3 that the terms of reference of the sub-committee are solely to scrutinise, and make recommendations upon, business cases in respect of the capital portfolio fund and development loan fund;**

- 1.1.4 that the sub-committee shall be chaired by the Chairman of the Overview and Scrutiny Committee. In the event that the Chairman is unable to be present at a meeting of the sub-committee, the sub-committee shall appoint one of its members to chair that meeting.**

OS.48 Overview and Scrutiny Work Programme:

A report was considered from the Chief Executive that invited the Committee to agree to additions to its work programme.

The Chief Executive advised that members of the Committee had informally met with Officers to discuss the work programme in light of the Local Government Association's Peer Review. He added that the Chair and Vice-Chair of the Overview and Scrutiny Committee had identified potential issues that could be considered, which were set out in point 3.2 of the report to the Overview and Scrutiny Committee.

Members welcomed the additions to the work programme and noted in particular the inclusion of Police and Communities Together (PACT) meetings. It was acknowledged that the nature of the meetings had changed over the years and it was important for the topic to be discussed. The Chair of the Overview and Scrutiny Committee commented that proposed additions to the work programme were issues that members of the public had contacted Councillors about and therefore it was important to include them.

The Chief Executive explained that the informal discussions about the work programme had touched on the arrangements for review panels. It was suggested that, whilst any councillor can propose items for scrutiny, Overview and Scrutiny Committee members should expect to lead the process and chair each newly established review panel. He advised Members that the Committee could recommend that the Constitution be amended to embed this requirement.

Agreed: The proposals set out in paragraph 3.2 of the report to the Overview and Scrutiny Committee be included in the Overview and Scrutiny work programme.

Recommend to Council: The Council's constitution be amended to incorporate the additions to the work programme as set out in paragraph 3.2 of the report.

OS.49 Feedback from Cabinet

Agreed: The content of the Cabinet decision list following consideration of the recommendations from its meeting on 20th September 2017 be noted.

OS.50 Press Involvement

There were no future items for scrutiny that might require publicity.

There being no further business the meeting ended at 7.14pm.

WYRE FOREST DISTRICT COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

2ND NOVEMBER 2017

**Treasury Management Strategy Statement and
Annual Investment Strategy Mid-year Review Report 2017-18**

OPEN	
CABINET MEMBER:	Councillor N J Desmond
RESPONSIBLE OFFICER:	Corporate Director: Resources
CONTACT OFFICERS:	Tracey Southall - Ext. 2100 tracey.southall@wyreforestdc.gov.uk Helen Ogram - Ext. 2907 helen.ogram@wyreforestdc.gov.uk Lisa Hutchinson Lisa.hutchinson@wyreforesdc.gov.uk
APPENDICES:	Appendix 1 - Prudential and Treasury Indicators

1. PURPOSE OF REPORT

- 1.1 To provide Members with a mid-year review of the Council's treasury management policies, practices and activities in accordance with the CIPFA Treasury Management Code of Practice.

2. RECOMMENDATION

Overview and Scrutiny Committee recommends to Council to:-

- 2.1 **Approve this Treasury Management Mid-year Review and updated Prudential Indicators.**

3. BACKGROUND

- 3.1 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.
- 3.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow

surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

3.3 Accordingly, treasury management is defined as:

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

3.4 The Chartered Institute of Public Finance and Accountancy’s (CIPFA) Code of Practice on Treasury Management (revised 2011) was adopted by this Council on 29th February 2012.

3.5 The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement that sets out the policies and objectives of the Council’s treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the Full Council of an Annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a **Mid-year Review Report** and an Annual Report (stewardship report) covering activities during the previous year.
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Treasury Management Review Panel who considered and endorsed this report on 30th October 2017, and made recommendations to this Committee. Council approval will then be sought.

3.6 This mid-year report has been prepared in compliance with CIPFA’s Code of Practice on Treasury Management, and covers the following:

- An economic update for the first half of the 2017-18 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council’s capital expenditure (prudential indicators);
- A review of the Council’s investment portfolio for 2017-18;

- A review of the Council's borrowing strategy for 2017-18;
- A review of any debt rescheduling undertaken during 2017-18;
- A review of compliance with Treasury and Prudential Limits for 2017-18.

4. ECONOMIC UPDATE (as provided by Capita Asset Services)

4.1 Economic performance to date and outlook

4.1.1 United Kingdom (UK)

After the UK economy surprised on the upside with strong growth in 2016, growth in 2017 has been disappointingly weak; quarter 1 came in at only +0.3% (+1.7% y/y) and quarter 2 was +0.3% (+1.5% y/y) which meant that growth in the first half of 2017 was the slowest for the first half of any year since 2012. The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling after the referendum, feeding increases in the cost of imports into the economy. This has caused, in turn, a reduction in consumer disposable income and spending power and so the services sector of the economy, accounting for around 75% of Gross Domestic Product (GDP), has seen weak growth as consumers cut back on their expenditure. However, more recently there have been encouraging statistics from the manufacturing sector which is seeing strong growth, particularly as a result of increased demand for exports. It has helped that growth in the European Union (EU), our main trading partner, has improved significantly over the last year. However, this sector only accounts for around 11% of GDP so expansion in this sector will have a much more muted effect on the average total GDP growth figure for the UK economy as a whole.

The Monetary Policy Committee (MPC) meeting of 14th September 2017 surprised markets and forecasters by suddenly switching to a much more aggressive tone in terms of its words around warning that Bank Rate will need to rise. The Bank of England Inflation Reports during 2017 have clearly flagged up that they expected Consumer Price Index (CPI) inflation to peak at just under 3% in 2017, before falling back to near to its target rate of 2% in two years time. Inflation actually came in at 2.9% in August 2017, (this data was released on 12th September 2017), and so the Bank revised its forecast for the peak to over 3% at the 14th September 2017 meeting MPC. The MPC focus was on an emerging view that with unemployment falling to only 4.3%, the lowest level since 1975, and improvements in productivity being so weak, that the amount of spare capacity in the economy was significantly diminishing towards a point at which they now needed to take action. In addition, the MPC took a more tolerant view of low wage inflation as this now looks like a common factor in nearly all western economies as a result of increasing globalisation. This effectively means that the UK labour faces competition from overseas labour e.g. in outsourcing work to third world countries, and this therefore depresses the negotiating power of UK labour. However, the

Bank was also concerned that the withdrawal of the UK from the EU would effectively lead to a decrease in such globalisation pressures in the UK, and so would be inflationary over the next few years.

It therefore looks very likely that the MPC will increase Bank Rate to 0.5% in November 2017 or, if not, in February 2018. The big question after that will be whether this will be a one off increase or the start of a slow, but regular, increase in Bank Rate. As at the start of October 2017, short sterling rates are indicating that financial markets do not expect a second increase until May 2018 with a third increase in November 2019. However, some forecasters are flagging up that they expect growth to improve significantly in 2017 and into 2018, as the fall in inflation will bring to an end the negative impact on consumer spending power while a strong export performance will compensate for weak services sector growth. If this scenario were to materialise, then the MPC would have added reason to embark on a series of slow but gradual increases in Bank Rate during 2018. While there is so much uncertainty around the Brexit negotiations, consumer confidence, and business confidence to spend on investing, it is far too early to be confident about how the next two years will pan out.

4.1.2 United States of America (US)

Growth in the American economy has been volatile in 2015 and 2016. 2017 is following that path again with quarter 1 coming in at only 1.2% but quarter 2 rebounding to 3.1%, resulting in an overall annualised figure of 2.1% for the first half year. Unemployment in the US has also fallen to the lowest level for many years, reaching 4.4%, while wage inflation pressures, and inflationary pressures in general, have been building. The Federal Reserve (Fed) has started on a gradual upswing in rates with three increases since December 2016; and there could be one more rate rise in 2017 which would then lift the central rate to 1.25 – 1.50%. There could then be another four more increases in 2018. At its June meeting, the Fed strongly hinted that it would soon begin to unwind its \$4.5 trillion balance sheet holdings of bonds and mortgage backed securities by reducing its reinvestment of maturing holdings.

4.1.3 Eurozone (EZ)

Economic growth in the EU, (the UK's biggest trading partner), has been lack lustre for several years after the financial crisis despite the European Central Bank (ECB) eventually cutting its main rate to -0.4% and embarking on a massive programme of Quantitative Easing (QE). However, growth picked up in 2016 and now looks to have gathered ongoing substantial strength and momentum thanks to this stimulus. GDP growth was 0.5% in quarter 1 (2.0% y/y) and 0.6% in quarter 2 (2.3% y/y). However, despite providing massive monetary stimulus, the ECB is still struggling to get inflation up to its 2% target and in August inflation was 1.5%. It is therefore unlikely to start on an upswing in rates until possibly 2019.

4.1.4 China and Japan

Chinese economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

Japan is struggling to stimulate consistent significant growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

4.2 Capita's interest rate forecast:

- 4.2.1 The Council's treasury advisor, Capita Asset Services, provides the following forecast (the forecasts are for Public Works Loan Board (PWLB) certainty rates; ie, 20 basis points below the standard PWLB rates):

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
5yr PWLB rate	1.50%	1.60%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB rate	2.20%	2.30%	2.30%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB rate	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%
50yr PWLB rate	2.70%	2.70%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%

- 4.2.2 Capita Asset Services undertook its last review of interest rate forecasts on 9th August 2017 after the quarterly Bank of England Inflation Report. There was no change in MPC policy at that meeting. However, the MPC meeting of 14th September 2017 revealed a sharp change in sentiment whereby a majority of MPC members said they would be voting for an increase in Bank Rate "over the coming months". It is therefore possible that there will be an increase to 0.5% at the November 2017 MPC meeting. If that happens, the question will then be as to whether the MPC will stop at just withdrawing the emergency Bank Rate cut of 0.25% in August 2016, after the result of the EU withdrawal referendum, or whether they will embark on a series of further increases in Bank Rate during 2018.

- 4.2.3 The overall balance of risks to economic recovery in the UK is currently to the downside but huge variables over the coming few years include just what final form Brexit will take, when finally agreed with the EU, and when.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- UK economic growth and increases in inflation are weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU and US.
- Geopolitical risks in Europe, the Middle East and Asia, which could lead to increasing safe haven flows.
- A resurgence of the Eurozone sovereign debt crisis.
- Weak capitalisation of some European banks.
- Monetary policy action failing to stimulate sustainable growth and to get inflation up consistently to around monetary policy target levels.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include:

- The pace and timing of increases in the Fed funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

5. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY UPDATE

- 5.1 The Treasury Management Strategy Statement (TMSS) for 2017-18 was approved by this Council on 22nd February 2017.
- 5.2 There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.
- 5.3 The Council's Annual Investment Strategy, which is incorporated in the TMSS, outlines the Council's investment priorities as follows:
- Security of Capital
 - Liquidity
- 5.4 The Council will also aim to achieve the optimum return (yield) on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term, and only invest with highly credit rated financial institutions, using Capita's suggested creditworthiness approach and credit default swap (CDS) overlay information provided by Capita. However, consideration is given to special tranche rates that are occasionally offered by those banks that are part-nationalised.

Agenda Item No. 5

- 5.5 A breakdown of the Council's current investment portfolio as at 30th September 2017 is shown in Section 7 of this report.
- 5.6 Borrowing rates fluctuated slightly during the second quarter of the 2017-18 financial year, responding to market reaction to the commencement of the Brexit process. The Council may be required to undertake further external borrowing during the next six months and will monitor the market to secure the most advantageous rates. Investments during the first six months of the year have been in line with the strategy, and there have been no deviations from the strategy.
- 5.7 As outlined in Section 4 above, there is still considerable uncertainty and volatility in the financial and banking market, both globally and in the UK.

6. THE COUNCIL'S CAPITAL POSITION (PRUDENTIAL INDICATORS)

- 6.1 This part of the report is structured to update:
- The Council's capital expenditure plans;
 - How these plans are being financed;
 - The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
 - Compliance with the limits in place for borrowing activity.
- 6.2 Prudential Indicator for Capital Expenditure

The table below shows the revised estimates for capital expenditure and the changes since the capital programme was agreed for the Budget. The change in the totals is a result of slippage between years of the programme following a review of expected cash outflows and not a result of a variation to approved spending plans.

Capital Expenditure by Service/Major Schemes	2017-18 Original Estimate £'000	2017-18 Mid Year Position £'000	2017-18 Latest Revised Estimate £'000
Chief Executive & Solicitor to the Council	400	-	-
Community Well-being and Environment	1,394	105	962
Economic Prosperity and Place	4,994	681	4,028
Capital Portfolio Fund/Loans to Third Parties	35,000	-	12,000
Resources	86	59	191
Vehicle, Equipment and Systems Renewals	940	98	1,047
Total	42,814	943	18,228

6.3 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	2017-18 Original Estimate	2017-18 Mid Year Position	2017-18 Latest Revised Estimate
	£'000	£'000	£'000
Supported (RSG Settlement)	-	-	-
Unsupported	42,814	943	18,228
Total spend	42,814	943	18,228
Financed by:			
Capital receipts	2,043	59	1,885
Capital grants	1,167	474	1,616
Revenue	-	112	816
Total financing	3,210	298	4,317
Borrowing need	39,604	943	13,911

6.4 Changes to the Prudential Indicators for the Capital Financing Requirement, External Debt and the Operational Boundary

The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period. This is termed the Operational Boundary.

Prudential Indicator – Capital Financing Requirement

The latest estimate of the Capital Financing Requirement is reduced due to some capital programme slippage and the rescheduling of funding from capital receipts from asset disposals. In addition, the £25m Capital Portfolio Fund and £10m Loans to Third Parties Capital schemes have been, and will continue to be re-profiled once individual business cases are approved.

Prudential Indicator – External Debt / the Operational Boundary

	2017-18 Original Estimate £'000	2017-18 Latest Revised Estimate £'000
CFR	56,476	31,559
External Debt/Operational Boundary	58,000	58,000*

*It is not proposed to revise the External Debt/Operational Boundary prudential indicator in order to allow for maximum flexibility should there be a suitable call on the Capital Portfolio/Loans to Third Parties schemes.

6.5 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, gross borrowing will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2017-18 and next two financial years. This allows some flexibility for limited borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent (TMSS Section 8.5).

Limits to Borrowing Activity	2017-18 Original Estimate £'000	2017-18 Latest Revised Estimate £'000
Gross Borrowing	55,703	31,002
Less Investments	(14,000)	(16,000)
Less Icelandic Investments (currently frozen)	-	(20)
Net Borrowing	41,703	14,982
CFR (year end position)	56,476	31,559

The Corporate Director: Resources reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

6.6 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised Limit for External Debt	2017-18 Original Indicator £'000	2017-18 Revised Indicator £'000
Borrowing	65,000	65,000

7. INVESTMENT PORTFOLIO 2017-18

7.1 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in Section 3, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the current 0.25% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis together with other risks which could impact on the creditworthiness of banks prompts a low risk and short term strategy. Given this risk environment and the fact that increases in Bank Rate are likely to be gradual and unlikely to return to the levels seen previously, investment returns are likely to remain low.

7.2 The investment portfolio yield for the first six months of the year against the benchmark (7 Day LIBID) is shown below:

Benchmark	Benchmark Return	Council Performance to 30/09/2017	Investment Interest Earned to 30/09/2017
7 day LIBID	0.112%	0.406%	£39,660

As illustrated, the authority out-performed the benchmark by 30 bank basis points (bps). The Council's original budgeted investment return for 2017-18 was £39,670. The original budget assumed an average rate of return of 0.25%. The increase is mainly due to the new TMSS for 2017-18, enabling more fixed term deposits yielding slightly higher rates than those achieved on instant access investments. In addition, the Council has used some higher yielding notice accounts and the Council's own bank, Lloyds, for a one year investment.

The Council is also a member of the Capita Benchmarking Club, the results of which are reported separately to the Treasury Management Review Panel at its September and January meetings.

7.3 The tables below show investments held at 1st April 2017 compared to investments held at 30th September 2017, excluding Icelandic investments.

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Investments Held With	1 st April 2017 £	Average Rate of Return	Duration
Santander	50,000	0.15%	Instant Access
Lloyds	312,030	0.15%	Instant Access
Svenska Handelsbanken	3,490,000	0.20%	Instant Access
Standard Life Money Market Fund	4,000,000	0.24%	Instant Access
Black Rock Money Market Fund	4,000,000	0.21%	Instant Access
Federated Prime Money Market Fund	2,000,000	0.22%	Instant Access
Federated Prime Short Term Cash Fund	2,000,000	0.65%	Trade Plus 1 Day
Santander	2,000,000	0.80%	120 Day Notice
Santander	1,000,000	0.65%	95 Day Notice
RBS (Certificate of Deposit)	1,000,000	0.67%	Fixed to 21/03/18
UBS AG Bank (Certificate of Deposit)	1,000,000	0.67%	Fixed to 11/09/17
Lloyds	1,000,000	0.65%	Fixed to 28/04/17
Lloyds	1,000,000	0.60%	Fixed to 31/08/17
Lloyds	1,000,000	0.60%	Fixed to 06/09/17
Total	23,852,030		

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Investments Held With	30 th September 2017 £	Average Rate of Return	Duration
Santander	50,000	0.15%	Instant Access
Lloyds	380,000	0.15%	Instant Access
Svenska Handelsbanken	3,525,030	0.20%	Instant Access
Standard Life Money Market Fund	1,000,000	0.16%	Instant Access
Black Rock Money Market Fund	1,000,000	0.16%	Instant Access
Federated Prime Money Market Fund	1,360,000	0.16%	Instant Access
Federated Prime Money Short Term Cash Fund	2,000,000	0.42%	Trade Plus 1 Day
Lloyds	1,000,000	0.45%	95 Day Notice
Lloyds	1,000,000	0.50%	175 Day Notice
Goldman Sachs	1,000,000	0.555%	180 Day Notice
RBS (Certificate of Deposit)	1,000,000	0.67%	Fixed to 21/03/18
RBS (Certificate of Deposit)	1,000,000	0.63%	Fixed to 12/07/18
RBS (Certificate of Deposit)	1,000,000	0.57%	Fixed to 03/09/18
Lloyds	1,000,000	0.80%	Fixed to 27/04/18
Santander	1,000,000	0.70%	Fixed to 03/01/18
Santander	1,000,000	0.70%	Fixed to 19/01/18
Santander	1,000,000	0.70%	Fixed to 19/01/18
Total	19,315,030		

7.4 As illustrated in the economic background section above, investment rates available in the market are at an historical low point. The average level of funds available for investment purposes in the first six months of 2017-18 was £19,539,046. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme, including the timing of prudential borrowing. As detailed in 7.3, the Council has protected its budgetary position to some extent by fixing out some deposits for longer periods, i.e. 6 months to 1 year, therefore protecting an element of the portfolio from any further potential drop in rates.

7.5 Investment Counterparty criteria

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function. However, yields continue to be low whilst the Council adheres to the low risk strategy due to the current economic climate.

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The investment counterparty criteria continue to be very sensitive to any changes in the banking sector; this is particularly true for changes in the Credit Default Swap (CDS) overlay.

8. **EXTERNAL BORROWING**

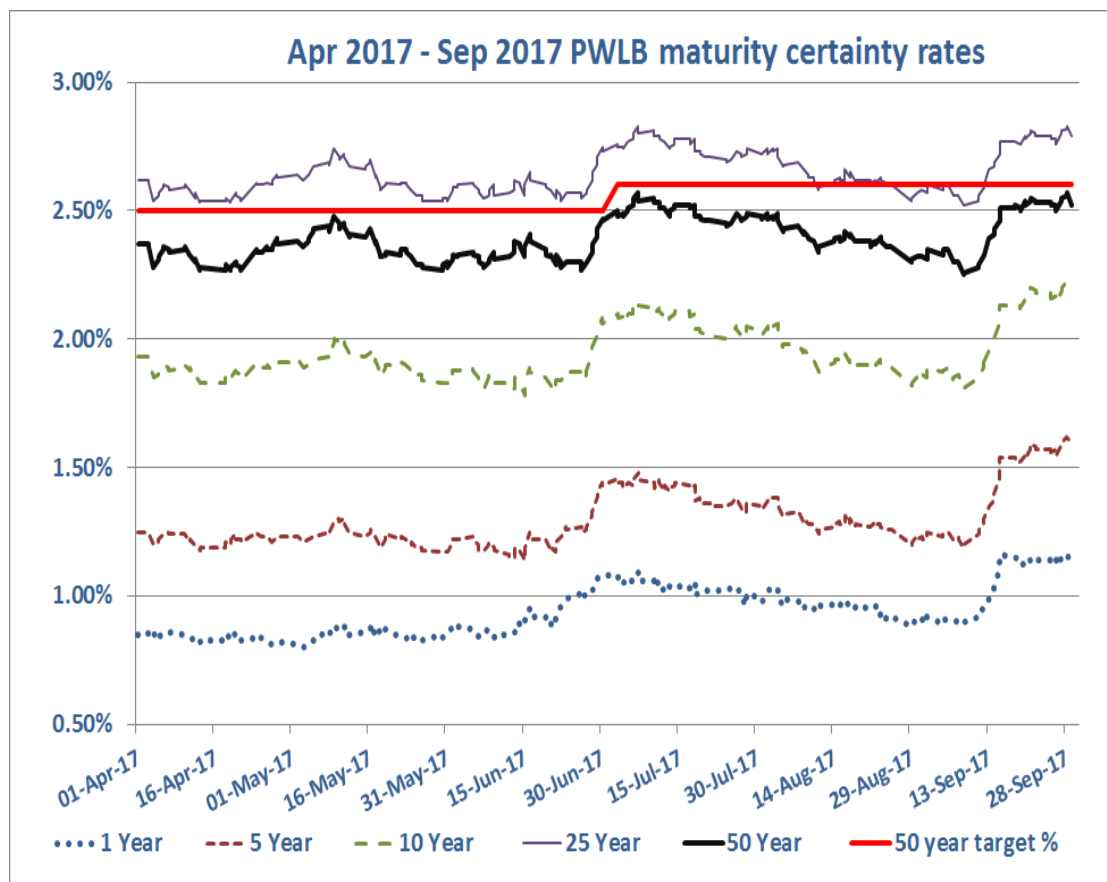
- 8.1 The Council's capital financing requirement (CFR) – as at 1st April 2017 was £17.545m, projected to rise to £51.563m by 31st March 2021. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council's external borrowing totalled £17m at 1st April 2017. No new borrowing has been undertaken in 2017/18.
- 8.2 The table below shows the Council's external borrowing as at 30th September 2017.

Lender	Principal	Date	Type	Interest Rate	Maturity
PWLB	£1m	15/03/13	Fixed interest rate	2.62%	15/03/22 (9 years)
PWLB	£1m	02/04/13	Fixed interest rate	1.52%	02/04/18 (5 years)
PWLB	£1m	29/07/14	Fixed interest rate	3.99%	29/07/33 (19 years)
PWLB	£1m	20/10/14	Fixed interest rate	3.54%	20/10/56 (42 years)
PWLB	£1m	02/12/14	Fixed interest rate	3.44%	02/12/39 (25 years)
PWLB	£1m	20/01/15	Fixed interest rate	2.99%	20/01/39 (24 years)
PWLB	£1m	04/02/15	Fixed interest rate	2.87%	04/02/41 (26 years)
PWLB	£1m	04/02/15	Fixed interest rate	2.80%	04/02/37 (22 years)
PWLB	£1m	08/04/15	Fixed interest rate	2.96%	08/04/35 (20 years)
PWLB	£1m	02/07/15	Fixed interest rate	3.35%	02/07/32 (17 years)
PWLB	£1m	20/07/15	Fixed interest rate	3.40%	20/07/31 (16 years)
PWLB	£1m	29/07/15	Fixed interest rate	3.13%	29/07/30 (15 years)
PWLB	£1m	06/08/15	Fixed interest rate	2.96%	06/08/28 (13 years)
PWLB	£1m	02/02/16	Fixed interest rate	2.99%	02/02/63 (48 years)

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Lender	Principal	Date	Type	Interest Rate	Maturity
PWLB	£1m	24/06/16	Fixed interest rate	2.21%	24/06/26 (10 years)
PWLB	£1m	03/03/17	Fixed interest rate	2.42%	03/03/62 (45 years)
Derbyshire County Council	£1m	31/03/17	Fixed interest rate	0.80%	29/03/19 (2 years)
Total	£17m				

- 8.3 Further borrowing may be undertaken during this financial year.
- 8.4 As outlined below, the general trend has been relatively minor fluctuations in interest rates during the first quarter, but then a rise towards the end of the second quarter, following the commencement of the Brexit process.
- 8.5 The graph below shows the movement in PWLB maturity rates for the first six months of the year.



9. DEBT RESCHEDULING

- 9.1 Debt rescheduling opportunities have been very limited in the current economic climate given the consequent structure of interest rates, and following the increase in the margin added to gilt yields which has impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year.

10. COMPLIANCE WITH TREASURY AND PRUDENTIAL LIMITS

- 10.1 It is a statutory duty for the Council to determine and keep under review the “Affordable Borrowing Limits”. Council’s approved Treasury and Prudential Indicators (affordability limits) are outlined in the approved Treasury Management Policy and Strategy Report.
- 10.2 During the financial year to date the Corporate Director: Resources confirms that the Council has operated within the treasury limits and Prudential Indicators set out in the Council’s Treasury Management Strategy Statement and in compliance with the Council’s Treasury Management Practices.
- 10.3 The Prudential and Treasury Indicators are shown in Appendix 1. These have been updated for the slippage in the Capital Programme and the associated requirements to undertake external borrowing.

11. LOCAL ISSUES

- 11.1 The Council had £9m invested in Icelandic Banks at the time of collapse in October 2008. In January 2014 the Council sold its Landsbanki claim, recovering almost 97% of the £3million that it had deposited.
- 11.2 The table below details the Council’s remaining Icelandic investments as at 30th September 2017.

Bank	Original Investment £	Interest Claimed £	Total Claim £	Dividends Received £	Balance Outstanding including Interest Due £	Balance Outstanding Principal Only £
Kaupthing Singer & Friedlander	5,000,000	156,378	5,156,378	4,344,249	812,129	787,500
Heritable Bank	1,000,000	31,110	1,031,110	1,010,488	20,622	20,357
Total	6,000,000	187,488	6,187,488	5,354,737	832,751	807,857

- 11.3 As the capital programme expenditure progresses and balances of reserves that contribute to the make-up of the cash reserves available for investment reduce, external borrowing will be used as an affordable means of funding for approved projects. The timing of this borrowing is

crucial, particularly given the continuing volatility in borrowing interest rates. Advice will be sought, as usual from Capita and appropriate market information referenced. The Corporate Director: Resources currently considers that cash balances should be held at no less than £5m for a Council of our size (including the Council's Working Balance of £1m). This forecast reduction in daily cash balances, together with the current limitations on the counterparty list, that are highly likely to continue, will make longer term investments more challenging to manage.

- 11.4 The most significant issue facing the Council remains its financial position. The net revenue budget will have reduced from £16.4m in 2009-10 to £10.7m in 2019-20 based upon current plans. This represents a fall of around 35% in absolute terms, and more in real terms. The Wyre Forest Forward Programme and the approved budget proposals contribute towards closing the gap between what we are spending and our income.
- 11.5 Significant funding challenges will continue for local government throughout this Parliament because austerity will continue at least until the middle of the next decade and local government is not a "protected" area. The impetus for control of day-to-day public spending, to deliver value for money to aid the overall economy, continues. This is exacerbated by the uncertainty due to the fundamental reform of funding streams including the phasing out of Revenue Support Grant (RSG), the possibility of 100% Business Rates Retention and transfer of new burdens and potential further reform of New Homes Bonus funding. It is now clear that the fair funding review will not be implemented until 2020 but the timetable for other elements remains unclear: certainly, by 2020 the funding of local government including this Council will be very different.
- 11.6 The Chartered Institute of Public Finance and Accountancy, (CIPFA), is currently conducting an exercise to consult local authorities on revising the Treasury Management Code and Cross Sectoral Guidance Notes, and the Prudential Code. CIPFA is aiming to issue the revised codes during November 2017. A particular focus of this exercise is how to deal with local authority investments which are not treasury type investments e.g. by investing in purchasing property in order to generate income for the authority at a much higher level than can be attained by treasury investments. One recommendation is that local authorities should produce a new report to members very similar to Capital Strategies previously required by the DCLG. The aim of reintroducing this approach is to give a high level summary of the overall capital strategy and to enable members to see how the cash resources of the authority have been apportioned between treasury and non treasury investments. Officers are monitoring developments and will report to members when the new codes have been agreed and issued and on the likely impact on this authority.

- 11.7 The EU has now set a deadline of 3rd January 2018 for the introduction of regulations under The Markets in Financial Instruments Directive 2 (MIFID II). From this date, all Local Authorities will automatically revert to retail status for investment purposes unless we meet criteria to elect up to professional status. This change to retail status from our current professional status will not provide Councils with any additional protection due to our classification as large organisations, but would limit our ability to invest in certain classes of investment. These regulations will govern the relationship that financial institutions conducting lending and borrowing transactions will have with local authorities from that date. Capita, our retained Treasury Management advisors, assure us that this will have little effect on this authority as we meet criteria to elect to opt up to professional status. They strongly advise all Councils to do this where it is a counterparty requirement, to allow us to continue to use the range of investment options we currently utilise within our Treasury Management Service Strategy. We have commenced this process and are actively working with providers for each type of investment instrument we use, apart from for cash deposits with banks and building societies.

12. KEY ISSUES

- 12.1 The Key issues are contained in sections 3 to 11 of this report.
- 12.2 As reported previously, the returns the Council is currently receiving from investments are significantly lower than those achieved during years up to 2007-08. Although we are forecasting increases in interest rates in later years, increases are expected to be modest and implemented over a long period. This together with the lower sums available to invest as detailed in this report will result in lower investment income.

13. FINANCIAL IMPLICATIONS

- 13.1 The Financial Implications of the treasury management function will be included in the Council's Medium Term Financial Strategy and Budget and Policy Framework, currently being prepared.

14. LEGAL AND POLICY IMPLICATIONS

- 14.1 The Local Government Act 2003 supplemented by Regulations set out a new framework for a prudential system for local authority capital finance. This Act, together with CIPFA's Prudential Code for Capital Finance in Local Authorities, came into effect on 1st April 2004. This code together with recent revised editions, guides decisions on what Local Authorities can afford to borrow and has statutory backing under Regulations issued in accordance with the Local Government Act 2003.
- 14.2 Adoption of the CIPFA Code of Practice on Treasury Management in the Public Services as part of the Authority's Standing Orders and

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Financial Regulations, gives it the status of a “code of practice made or approved by or under any enactment”, and hence proper practice under the provisions of the Local Government and Housing Act 1989.

- 14.3 Consultation on potential revisions to the Treasury Management Code and Prudential Code ended on 30th September 2017 with new Codes expected to be issued in November 2017. The impact of any changes will be reflected in the new Treasury Management Service Strategy for 2018-19 and reported to members in January/February 2018.

15. RISK MANAGEMENT

- 15.1 The Council is aware of the risks of passive management of the treasury portfolio. With the support of its external consultants we continue to proactively manage our investments. Capita Asset Services – Treasury Solutions (formerly Sector Treasury Services) are the Council’s advisors, appointed from 1st September 2010. The current contract for Treasury Services was secured from 1st September 2015 for 3 years with the option to extend for a further 2 years on favourable terms.
- 15.2 Shorter-term variable rates and likely future movement in these rates predominantly determine the Council’s investment return. These returns can therefore be volatile and, whilst the risk of loss of principal is minimised through the lending list, accurately forecasting returns can be difficult.
- 15.3 The Council continues to progress its most significant capital investment proposals in many years as well as major injections of finance in its key priority of securing the economic prosperity of the district. The affordability of capital has been helped by historically low interest rates keeping the costs of borrowing relatively low. However this is an issue we continue to monitor closely.
- 15.4 The anticipated Autumn Statement and the Government’s continuing intention to fundamentally review local government finance including changes to Business Rates retention and the phasing out of Revenue Support Grant means there is further uncertainty over funding. The lack of detailed information on future funding represents a risk to the ensuing budget cycle as we are planning against many unknowns and have little/no ability to influence future funding levels going into the future. These macro-economic issues will have a knock-on effect to treasury management for all councils.

16. EQUALITY IMPACT ASSESSMENT

- 16.1 This is a financial report and there is no requirement to consider an Equality Impact Assessment.

17. CONCLUSION

- 17.1 See Recommendations.

18. CONSULTEES

- 18.1 Capita Asset Services – Treasury Solutions (Treasury Advisors).
18.2 Leader of the Council.
18.3 Cabinet Member for Resources.
18.4 Corporate Leadership Team.

19. BACKGROUND PAPERS

- 19.1 Local Government Act 2003.
19.2 CIPFA's Revised Prudential Code for Capital Finance in Local Authorities, 2011.
19.3 CIPFA's Revised Code of Practice on Treasury Management in the Public Services, 2011.
19.4 Local Government and Housing Act 1989.
19.5 Council 22/02/17 – Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and updated Prudential Indicators 2017-18.
19.6 Council 27/09/17 - Annual Report on Treasury Management Service and Actual Prudential Indicators 2016-17.
19.7 CIPFA Consultation Papers on Treasury Management Code of Practice and Prudential Code ending 30th September 2017

APPENDIX 1 Prudential and Treasury Indicators

PRUDENTIAL INDICATORS	2016-17	2017-18	2018-19	2019-20	2020-21
	actual	estimate	estimate	estimate	estimate
	£'000	£'000	£'000	£'000	£'000
Capital Expenditure	5,821	18,228	19,488	10,878	1,382
Ratio of financing costs to net revenue stream	3.63%	10.09%	22.55%	22.47%	22.71%
Gross Borrowing					
brought forward 1 April	16,009	17,004	31,002	45,000	53,000
carried forward 31 March	17,004	31,002	45,000	53,000	51,000
Capital Financing Requirement as at 31 March	17,545	31,559	45,983	53,589	51,563
Annual change in Capital Financing Requirement	3,399	14,014	14,424	7,606	(2,026)
Incremental impact of capital investment decisions		£ p	£ p	£ p	£ p
Increase in council tax (band D) per annum		4.15	(0.03)	(1.09)	(1.09)

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TREASURY MANAGEMENT INDICATORS	2016-17	2017-18	2018-19	2019-20	2020-21
	actual	estimate	estimate	estimate	estimate
	£'000	£'000	£'000	£'000	£'000
Authorised Limit for external debt -					
borrowing	33,000	65,000	65,000	65,000	65,000
other long term liabilities	0	0	0	0	0
TOTAL	33,000	65,000	65,000	65,000	65,000
Operational Boundary for external debt -					
borrowing	20,000	58,000	58,000	58,000	58,000
other long term liabilities	0	0	0	0	0
TOTAL	20,000	58,000	58,000	58,000	58,000
Actual/Forecast external debt	17,004	31,002	45,000	53,000	51,000
Upper limit for fixed interest rate exposure					
Net principal re fixed rate investments	100%	100%	100%	100%	100%
Upper limit for variable rate exposure					
Net principal re variable rate borrowing / investments	100%	100%	100%	100%	100%
Upper limit for total principal sums invested for over 364 days	£	£	£	£	£
(per maturity date)	2m	2m	2m	2m	2m

Maturity structure of fixed rate borrowing during 2016-17	upper limit	lower limit
under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%



Overview & Scrutiny Committee

Briefing Paper

Report of: Kate Bailey
Date: Thursday, 2nd November 2017
Open

Local Plan Project Timetable

1. Summary

- 1.1 The purpose of this report is to update committee on the progress in undertaking the Local Plan Review and to recommend to Cabinet a new project timetable.

2. Background

- 2.1 Councils are required to publish up to date information on their progress in preparing their Local Plans against the Local Development Scheme (LDS). Wyre Forest District Council publishes its LDS on the Planning Policy web pages of the Council's website.
- 2.2 The LDS was last reviewed in November 2016; key progress since then has been:
- a) The development of the evidence base to support the Local Plan including a Green Belt study, an update to the Objectively Assessed Housing Needs (AOHN), Open Spaces, Playing Pitches and Built Facilities Study, Infrastructure Delivery Plan and the Viability Study.
 - b) The Preferred Options document went out to consultation on two strategic growth options (A and B) during the summer and the ongoing analysis of the responses.
 - c) The policy implications of the white paper and recently published "Planning for the Right Homes in the Right Places" consultation paper.
 - d) A comprehensive assessment of sites
 - e) The "making" of the Churchill and Blakedown Neighbourhood Plan
 - f) Support for the development of the Bewdley Neighbourhood Plan and an Upper Arley Neighbourhood Plan (Please see Appendix 1 for further details)
- 2.3 It is important to keep the LDS up-to-date to help provide certainty to local stakeholders, developers and communities to assist in District wide regeneration.

3. Key Issues

- 3.1 The Preferred Options consultation commenced in June and ended on 14th August 2017. There has been a very welcome level of public engagement in

the process, both face to face at the drop-in sessions held across the district as well as in writing and this has resulted in a large volume of responses that will take a little longer than originally anticipated to process and to fully understand the impact of. This means that the timetable (the Project Plan) requires revisiting to ensure all the responses can be considered and responded to in line with the Statement of Community Involvement.

- 3.2 There are a number of other more complex matters that have arisen since the previous Project Plan was agreed; the consequences of the Greenbelt review, the national methodology associated with calculating the OAHN and consequential changes required to the Infrastructure Delivery Plan and Viability work. Furthermore, Worcestershire County Council has also indicated that they expect it will take between 4 – 6 months to complete the traffic modelling for the highways requirements associated with the growth options that would form the next stage of the pre-submission consultation.
- 3.3 The revised Local Development Scheme 2017-19 is attached at Appendix 1 to this report. The early part of the plan would see public consultation on the pre-submission document taking place in July 2018. This document would then be submitted to the Secretary of State with a view to having an Examination in Public with the Planning Inspector in early 2019 and plan adopted later that year, although the latter elements of the plan are subject to the Planning Inspectorates timetable.
- 3.4 The key proposed changes in the revised LDS are in summary;
- a) Publication of the pre-submission document for a 6 week consultation in July – August 2018
 - b) Full Council approval for the submission of the plan to the Secretary of State in November 2018
 - c) Examination in Public throughout the early part of 2019 and adoption of the Local Plan by summer 2019

4. Options

- 4.1 The committee may wish to:
- Note the progress on review of the Local Plan and recommend to Cabinet that the Local Plan Project Timetable (Appendix 1) is approved.
 - Put forward alternative or additional proposal to recommend to Cabinet.

5. Consultation

- 5.1 The revised project timetable has been considered by the Local Plan Review Panel and Corporate Leadership Team.

6. Related Decisions

- 6.1 Not applicable.

7. Relevant Council Policies/Strategies

7.1 Not applicable.

8. Implications

8.1 Resources: There will be ongoing expenditure in relation to the Local Plan evidence base as the various studies are updated to support the Pre-Submission document and this will be met by existing budgets.

9. Equality Impact Needs Assessment

9.1 There is no requirement to undertake an Equality Impact Needs Assessment.

10. Wards affected

10.1 All wards.

11. Appendices

11.1 Appendix 1 – LDS Project Plan

12. Background Papers

Not applicable.

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Wyre Forest District

DEVELOPMENT PLAN

REVISED PROJECT PLAN

(LOCAL DEVELOPMENT SCHEME)

2017-2019

November 2017

For more information contact:

Wyre Forest District Council
Planning Policy Section

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Email: planning.policy@wyreforestdc.gov.uk

Website: www.wyreforestdc.gov.uk



Wyre Forest District Council

JARGON GUIDE

AMR Authority Monitoring Report

An annually produced document which sets out the progress made in achieving the timetable set out in the Local Development Scheme as well as measuring the effectiveness of the development plan policies.

CIL Community Infrastructure Levy (CIL)

The Planning Act 2008 enables local planning authorities to charge a Community Infrastructure Levy (CIL) in its area. The CIL must be set at an appropriate level to help fund strategic infrastructure for the Council and the local community to support planned growth, but not too high to render growth commercially unviable.

CS Community Strategy

Local Authorities are required by the Local Government Act 2000 to prepare this, with the aim of improving the social, environmental and economic wellbeing of their areas.

LP Local Plan

Collective term given to all statutory documents that form the Development Plan for the District. These currently comprise of the Core Strategy, Site Allocations and Policies Local Plan, Kidderminster Central Area Action Plan and a Policies Map. This portfolio of documents will be replaced by a single (integrated) Local Plan document when the Review is completed.

SA Sustainability Appraisal (SA)

A tool for appraising policies to ensure that they balance social, economic and environmental development objectives which incorporates the requirements of the 2001 Strategic Environmental Assessment (SEA) Directive. The 2004 Planning and Compulsory Purchase Act requires SA to be undertaken for all Local Development Documents.

SCI Statement of Community Involvement

This sets out the planning authority's proposals for involving the local community in plan-making. It is not a DPD but it is, however, subject to independent examination.

SPD Supplementary Planning Document

These will cover a range of issues and expand on the policies contained within Local Plans. They are, however, not part of the development plan and will not be subject to independent examination.

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1. PURPOSE OF THE PROJECT PLAN

1.1 This project plan (the Local Development Scheme) provides up to date information for stakeholders and the general public about the status and coverage of Development Plan Documents and the Council's intention for their future preparation. It sets out:

- a) Which Planning Policies are currently in force in the District
- b) What the Council's intentions are for the plan making framework over the next two years to 2019

1.2 Since the previous version of this document was published twelve months ago the bulk of the document remains unaffected. There are however updates to this document in respect of :

- Paragraphs 3.2 - 3.3 – Progressing the Local Development Framework
- Paragraph 5.1 – District wide Local Plan
- Paragraph 8.7 – Bewdley Neighbourhood Plan
- Appendix A – REVISED Programme for the preparation of the Local Plan
- Appendix A – Programme for preparation of Bewdley Neighbourhood Plan REVISED

1.3 The project plan includes information relating to timescales and resources, the content of new plans and their scope and coverage.

Background

1.3 Councils should continue to prepare and maintain a "Local Development Scheme" (project plan), specifying the documents that will make up their

Development Plan; their subject matter and area and the timetable for their preparation and revision.

- 1.4 Under changes brought about through the Localism Act 2011, aimed at simplifying the planning system, Councils are no longer required to submit the Local Development Scheme to the Secretary of State, but they must publish up-to-date information on their progress in preparing Local Plans against the project plan.

Key changes introduced to the LDS in this review

- 1.5 The District Council's first LDS was formally submitted to the Secretary of State in February 2005 and came into effect on 27th March 2005. Since then the Project Plan has progressively been refined through a process of monitoring and review. This document provides a review of timescales to focus on the production of a single Local Plan for the District.
- 1.6 The key changes introduced as part of this review are the reprogramming of the timetable to take account of the updating of the evidence base and the production of the District's new Local Plan.
- 1.7 Since the last LDS Review, the Chaddesley Corbett and Churchill and Blakedown Neighbourhood Plans have been made. Two more Town and Parish Councils are now progressing a Neighbourhood Plan and further information is included on these.

2. CURRENT DISTRICT LOCAL PLANNING POLICY

- 2.1 At present the main Planning Policies for the District are contained in the following documents:
- Wyre Forest Adopted Core Strategy (December 2010)
 - Wyre Forest Adopted Site Allocations and Policies Local Plan (July 2013)
 - Kidderminster Central Area Action Plan (July 2013)
 - Worcestershire Adopted Waste Core Strategy (2012)

- Worcestershire Minerals Local Plan Saved Policies
- Chaddesley Corbett Neighbourhood Plan (September 2014)

Wyre Forest Adopted Core Strategy (December 2010)

- 2.2 The Core Strategy was formally adopted by the Council in December 2010 following an Independent Examination by a Planning Inspector. This is the key strategic level document for the District and sets out the broad strategy and vision for development within the District up until 2026. The Core Strategy was adopted prior to the publication of the National Planning Policy Framework and carried forward the housing, employment and retail targets allocated to the District in the West Midlands Regional Spatial Strategy (WMRSS). The WMRSS was revoked in 2013 and Local Authorities are now required to set their own development plan targets.

Wyre Forest Adopted Site Allocations and Policies Local Plan (July 2013)

- 2.3 The Site Allocations and Policies Local Plan was formally adopted by the Council in July 2013 following Independent Examination which included a consistency assessment against the National Planning Policy Framework policies. This contains the detailed site allocations and their associated policies in order to meet the overarching Development Strategy. It also contains a number of generic Development Management policies.

Kidderminster Central Area Action Plan (July 2013)

- 2.4 The Kidderminster Central Area Action Plan was formally adopted by the Council in July 2013 following Independent Examination which included a consistency assessment against the National Planning Policy Framework policies. This contains detailed policies for sites within the central area of Kidderminster and has a strong focus on regeneration.

Supplementary Planning Documents/Supplementary Guidance

- 2.5 The District Council has found it helpful to prepare additional guidance to further clarify some of the Local Plan policies. These documents have been formally adopted by the Council as Supplementary Planning Documents (SPD) and as such can be afforded material consideration.

2.6 Worcestershire County Council has also produced Supplementary Guidance in relation to Education Contributions, Landscape Character Assessment and a Green Infrastructure Strategy. These have been endorsed by the District Council and are therefore a material consideration against which planning applications should be assessed.

2.7 The table below relates to existing Supplementary Planning Guidance/Documents for the Wyre Forest District. They are capable of being a material consideration in determining planning applications.

Table 1: Existing Supplementary Planning Guidance/Documents

Document Title	Current Status	Brief Description	Relevant DPD
Wyre Forest Cycling Strategy	Adopted SPG (2002)	Proposed cycle route network & promotion of cycling	- Core Strategy - Site Allocations - KCAAP
Shop Front Design Guide within Historic Areas	Adopted SPG (2004)	Design Guidance for new, replacements or alterations to existing shop fronts in historic settings.	- Site Allocations
Severn Road Development Brief	Adopted SPG (2001)	Redevelopment Proposals for three sites on the eastside of Stourport on Severn town centre.	- Site Allocations
Bridge Street Basins Link Development Brief	Adopted SPD (2005)	Redevelopment proposals for a site on the east side of Stourport-on-Severn town centre linking Bridge Street and the Canal Basins.	- Site Allocations
Planning Obligations	Adopted SPD (September 2016)	Sets out the District Council's requirements for developer contributions.	- Core Strategy - Site Allocations - KCAAP
Churchfields Masterplan	Adopted SPD (2011)	Development brief for Churchfields area of Kidderminster as a key regeneration opportunity.	- Core Strategy - KCAAP
Landscape Character Assessment	Adopted SG (Dec 2011)	Detailed guidance on landscape character assessment for Worcestershire produced by WCC.	- Core Strategy - Site Allocations
Affordable Housing	Adopted SPD (July 2014)	Detailed guidance on applying the District's Affordable Housing policies.	- Core Strategy - Site Allocations - KCAAP
Design Guidance	Adopted SPD (June 2015)	Guidance for applicants and developers on design and local distinctiveness.	- Core Strategy - Site Allocations - KCAAP

3. REVIEW OF THE ADOPTED CORE STRATEGY AND PREPARATION OF A DISTRICT LOCAL PLAN

3.1 The remainder of this Project Plan will consider the preparation of new Local Plans which will form the Development Plan and these are set out in more detail in Appendix A (Programme Management Timetable), Appendix B (Neighbourhood Plans), and Appendix C (Profiles & milestones).

3.2 Since the last review of the Local Development Scheme in November 2016, the Council has made the following progress in meeting its milestones:

- Completion of the Local Plan “Issues and Options (September 2015)”
 - public consultation;
- “Issues and Options” consultation responses analysed and considered alongside Objective Assessment of Housing Needs and Employment Land Review outputs;
- Retail Needs Study received;
- Strategic Flood Risk and Water Cycle Study received;
- Preparation of the Preferred Options document;
- Public consultation on the Preferred Options document (June – August 2017);
- Development of the evidence base including a review of the Green Belt, preparation of a Infrastructure Delivery Plan, an assessment of open spaces, playing pitches and built facilities and an updated Objectively Assessed Housing Needs;
- Churchill and Blakedown Neighbourhood Plan became formally ‘made’ after it was officially adopted by Wyre Forest District Council on 26th July 2017;
- Facilitating progress on Neighbourhood Plan for Bewdley and Upper Arley.

3.3 During 2017-19 we anticipate that our resources will be concentrated on:

- Consideration of the Preferred Option consultation responses and preparation of the pre-submission document;
- Undertake further evidence based work as the pre-submission document develops;
- Updating the Infrastructure Delivery Plan in line with the emerging Local Plan.
- Continue to facilitate progress on Neighbourhood Plans for Bewdley and Upper Arley.

4. STATEMENT OF COMMUNITY INVOLVEMENT (SCI)

4.1 The District Council's first Statement of Community Involvement was formally adopted by the Council in April 2006. In February 2013 the District Council adopted a Revised Statement of Community Involvement in order to reflect changes to the regulations governing the preparation of Local Plans, the introduction of neighbourhood planning and changes to consultation on planning applications. The Revised Statement of Community Involvement provides a set of clear guidelines and minimum standards that the community and interest groups can expect when Local Plans are being prepared. It provides guidance on how bodies carrying out neighbourhood planning should undertake consultation and sets out the methods of consultation the District Council will use when undertaking its statutory duties in relation to neighbourhood planning. The document also clarifies the community participation and public consultation arrangements for the determination of planning applications.

4.2 The SCI can be viewed on the Councils website here:
<http://www.wyreforestdc.gov.uk/planning-and-buildings/planning-policy/statement-of-community-involvement.aspx>

5. LOCAL PLANS

2017 to 2019

District wide Local Plan

- 5.1 During 2015 we commenced a review of the Adopted Core Strategy. This started with an Issues and Options consultation in September 2015. This work stream will take the opportunity to produce a single District-wide Local Plan rather than continuing with three separate Development Plan Documents. This work, along with the fresh evidence generated within this process, will directly influence the development of a Local Plan “Preferred Option”. The original intention had been to consult upon this document in early 2017; however, due to the complexity of the emerging evidence base and implications of new Government legislation (especially arising from the Housing and Planning Act 2016) it was necessary to delay publication and consultation on the Preferred Option until June 2017.
- 5.2 The Council received a substantial number of responses to the Preferred Options consultation and this has lead to the requirement to delay progression to the next stage to be able to properly consider the consultation. The key amendment to this document (Appendix 1) reflects this.

6. SUPPLEMENTARY PLANNING DOCUMENTS (SPDs)

- 6.1 SPDs provide further detail, guidance and clarification on specific areas of planning policy and development management within the Wyre Forest District.
- 6.2 The need for further SPDs will be monitored and kept under review during the 2017-19 time period and up to date information will be included in the Project Plan as and when necessary. Some of the Supplementary Planning Guidance relates to sites which are currently being developed out and will therefore be subject to review in the next LDS as developments are completed and they are no longer required.

7. COMMUNITY INFRASTRUCTURE LEVY (CIL)

- 7.1 The District Council is currently still considering the potential to bring forward a Community Infrastructure Levy (CIL) Charging Schedule for the area in consultation with the other Worcestershire Authorities. CIL would allow the authority to raise funds from new developments and rates should be set in consultation with local communities and developers and will provide certainty up front about how much money developers will be expected to contribute.
- 7.2 Charging Authorities must produce a charging schedule setting out the levy's rate in their area, which must strike an appropriate balance between the desirability of funding infrastructure and the potential effects of the levy upon the economic viability of development across their area.
- 7.3 To progress a tariff we will require up to date evidence about the effect of the levy on economic viability to demonstrate that any proposed rate strikes an appropriate balance. The level of CIL charge must only be set on the basis of viability. A decision was made by Cabinet in 2013 to postpone progression on CIL and to consider it in line with the Local Plan Review. This position will be reviewed alongside the on-going development of the pre-submission document.

8. NEIGHBOURHOOD DEVELOPMENT PLANS

- 8.1 Neighbourhood Planning is central to the Government's Localism Agenda. The right to produce Neighbourhood Development Plans is introduced through the Localism Act 2011.
- 8.2 As the Local Planning Authority we must provide advice and assistance to Parish and Town Councils or Neighbourhood Forums in unparished areas, should they wish to bring forward a Neighbourhood Development Plan/Order for their area. We will take an active role in advising and supporting community groups, sharing evidence and information. This is proving to be a considerable draw on the

resources of the Planning Policy Section going forward and will need to be kept under review with regard to allocating additional staff resources to this function.

8.3 Under the Neighbourhood Planning Regulations it is the District Council's role to:

1. Determine applications for neighbourhood areas
2. Publish Neighbourhood Plans which are submitted to the District Council and notify relevant bodies of their receipt.
3. Organise an independent examination for a Neighbourhood Development Plan/Order
4. Organise a Local Referendum
5. Make the Neighbourhood Development Plan as part of our Local Plan if a majority "yes" vote is secured at the referendum.

8.4 The District Council has four designated Neighbourhood Areas within the District:

- Chaddesley Corbett Parish
- Churchill and Blakedown Parish
- Bewdley Parish
- Upper Arley Parish

8.5 To date, there are two 'made' Neighbourhood Plans within the District. These are Chaddesley Corbett Parish Neighbourhood Plan, which was formally 'made' on 25th September 2014 and Churchill and Blakedown Parish Neighbourhood Plan which was formally 'made' on 26th July 2017. In addition to these made neighbourhood plans there are other communities in the early stages of preparing a Neighbourhood Plan.

8.6 The application for the designation of the Parish of Bewdley as a Neighbourhood Plan Area for the purpose of neighbourhood planning was approved on 10th June 2015, following a consultation held during April – May 2015. The Qualifying Body is Bewdley Town Council, who is currently preparing a draft Neighbourhood Plan.

8.7 The application for the designation of the Parish of Upper Arley, as a Neighbourhood Area for the purpose of neighbourhood planning was approved on 24th July 2015, following a consultation held during May – June 2015. Upper

Arley Parish Council and the Qualifying Body and are in the early stages of preparing their Neighbourhood Plan.

- 8.8 Appendix B sets out the stages communities have reached with preparing their neighbourhood plans.

APPENDIX A – Programme for the preparation and review of Local Plan

Local Plan – revised November 2017

	<u>2017</u>				<u>2018</u>												<u>2019</u>											
	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Local Plan Review	1	1	1	1	2	2	2	2	2	3	4	4	5	5	6	7	8	8	8	8	9	9	10					

Key

No/Colour	Stage
1	Consideration of Preferred Options consultation responses
2	Development of Pre-Submission Plan
3	Cabinet approval of Pre-Submission Plan consultation
4	Pre-submission Plan Public Consultation
5	Consideration of consultation responses and finalisation of submission plan
6	Full Council approval for submission to Secretary of State
7	Submission to Secretary of State
8	Independent Examination and Proposed Modifications consultation
9	Receipt of Inspector's Report
10	Council adoption of Local Plan

APPENDIX B – NEIGHBOURHOOD PLANS

Neighbourhood Plans in Wyre Forest District

The following table sets out the progress made to date by communities in preparing Neighbourhood Plans within the District. The Council's webpages at <http://www.wyreforestdc.gov.uk/planning-and-buildings/planning-policy/neighbourhood-planning.aspx> will be updated as progress is made.

Communities with a Designated Neighbourhood Area	<ul style="list-style-type: none"> - Chaddesley Corbett Parish - Churchhill and Blakedown Parish - Bewdley Parish - Upper Arley Parish
Communities with a Published Draft Neighbourhood Plan	None
Communities with a Draft Neighbourhood Plan Submitted for Examination	None
Communities with a Draft Neighbourhood Plan ready for, or at, Referendum	None
Communities with a 'Made' Neighbourhood Plan	<ul style="list-style-type: none"> - Chaddesley Corbett Parish - Churchill and Blakedown Parish

APPENDIX C – Profiles and Milestones

1. STATEMENT OF COMMUNITY INVOLVEMENT

Overview:

- **Role & Coverage:** Sets out how the District Council will involve stakeholders and the local community in the preparation of all Local Development Documents and the consideration of planning applications.
- **Coverage:** District-wide
- **Status:** Non Development Plan LDD
- **Conformity:** Regulations and requirements set out by Government and the District Council's Consultation Strategy 2004
Planning and Compulsory Purchase Act 2004 as amended
 -

Key Milestones:

- REVIEWED: FEBRUARY 2013
- MONITOR THROUGH ANNUAL MONITORING REPORT AND REVIEW IF SIGNIFICANT LEGISLATIVE CHANGES OCCUR.

2. CORE STRATEGY

Overview:

- **Role & Coverage:** Strategic document setting out the vision and spatial planning framework for the District up to 2026. Includes generic strategy and core policies on subjects including housing; climate change and the environment; economy, town centres, local distinctiveness and transport infrastructure.
- **Coverage:** District-wide
- **Status:** Local Plan
- **Conformity:** Regulations and requirements set out by Government
National Planning Policy

Key Milestones:

- ADOPTED: DECEMBER 2010
- MONITOR AND REVIEW THROUGH ANNUAL MONITORING PROCESS.
- LOCAL PLAN REVIEW COMMENCED IN 2015 FOLLOWING EVIDENCE BASE COLLATION AND RENEWAL IN 2014.
- ISSUES AND OPTIONS CONSULTATION COMPLETED OCTOBER 2015.
- ADDITIONAL EVIDENCE BASE COMMISSIONS REQUIRED TO SUPPORT PREPARATION OF PREFERRED OPTION.
- COMPLETION OF PREFERRED OPTION DEVELOPMENT JUNE 2017
- PUBLIC CONSULTATION OF PREFERRED OPTIONS DOCUMENT UNDERTAKEN IN JUNE – AUGUST 2017.
- CONSIDERATION OF PREFERRED OPTIONS CONSULTATION RESPONSES COMMENCED IN SEPTEMBER 2017. THIS WILL BE FOLLOWED BY THE PREPARATION OF THE PRE-SUBMISSION DOCUMENT.

3. SITE ALLOCATIONS AND POLICIES LOCAL PLAN

Overview:

- **Role & Coverage:** Identifies the specific sites that will provide for the District's development needs in the period up to 2026, in conformity with the Adopted Core Strategy. It will also designate specific areas for protection/safeguarding during the plan period and include some generic development control policies.
- **Coverage:** District-wide
- **Status:** Local Plan
- **Conformity:** Regulations and requirements set out by Government
 - National Planning Policy
 - Core Strategy

Key Milestones:

- ADOPTED: JULY 2013
- MONITOR AND REVIEW THROUGH ANNUAL MONITORING PROCESS. INCORPORATE INTO DISTRICT WIDE LOCAL PLAN IN PARALLEL WITH CORE STRATEGY REVIEW.
- REVIEWED AS INTEGRAL PART OF PREFERRED OPTION PREPARATION AND ON-GOING LOCAL PLAN REVIEW PREPARATION.

4. KIDDERMINSTER CENTRAL AREA ACTION PLAN

Overview:

- **Role & Coverage:** To provide a detailed planning policy framework, which sets out the strategy and policies for the development of the town's central area, and helps to achieve this regeneration. The KCAAP will help to stimulate regeneration and investment in the town by providing certainty and confidence for potential investors, as well as providing the basis for co-ordinating the actions of a range of public and private sector partners.
- **Coverage:** Central Kidderminster including the Town Centre, Horsefair, Comberton Hill, Mill Street and Park Lane
- **Status:** Local Plan
- **Conformity:** Regulations and requirements set out by Government
 - National Planning Policy
 - Core Strategy

Key Milestones:

- ADOPTED: JULY 2013
- MONITOR AND REVIEW THROUGH ANNUAL MONITORING PROCESS. INCORPORATE INTO DISTRICT WIDE LOCAL PLAN IN PARALLEL WITH CORE STRATEGY REVIEW.
- REVIEWED AS INTEGRAL PART OF PREFERRED OPTION PREPARATION AND ON-GOING LOCAL PLAN REIVEW PREPARATION.



Overview & Scrutiny Committee

Briefing Paper

Report of: Mike Parker
Date: 2nd November 2017

Open

Planning for the Right Homes in the Right Places – Consultation Response

1. Summary

- 1.1 On 14th September 2017 the Department for Communities & Local Government launched its consultation – Planning for the Right Homes in the Right Places – which further develops some of the issues raised in the February 2017 White Paper – Fixing Our Broken Housing Market. Consultation responses are required to be submitted by 9th November 2017. Full details of the consultation can be found here:

<https://www.gov.uk/government/consultations/planning-for-the-right-homes-in-the-right-places-consultation-proposals>

2. Background/Information

- 2.1 This consultation deals with four principal issues:
- I. A standardised methodology for calculating a local authority's housing need;
 - II. A Statement of Common Ground across administrative boundaries;
 - III. Making Viability Assessments simpler, quicker and more transparent;
 - IV. Increasing planning application fees linked to housing delivery.

3. Key Issues

- 3.1 The proposed standard methodology for calculating local housing need, which does not take into account anticipated employment growth, will consist of three components.
- I. A demographic baseline based on projections of household growth over a 10 year period.
 - II. The demographic baseline can then be modified to account for house prices using median affordability ratios published by the Office for National Statistics (ONS). The second part of the methodology therefore would include a multiplier for less affordable areas. This means in areas where house prices are more than four times average earning, the multiplier would increase.

- III. The third component will see the methodology include a cap on the level of any increase. For any local authority which has adopted their local plan in the last five years, the new annual local housing need figure will be capped at 40 per cent above the annual requirement within the local plan.
- 3.2 If the local planning authority does not have an up-to-date local plan (i.e. adopted over five years ago) then the government will cap any local housing need at 40 per cent above whichever is higher of the projected household growth for their area over the plan period or the annual housing requirement set out in their local plan.
- 3.3 The government's expectation is that the proposed method is adopted by local authorities when assessing housing need. Where an alternative method is adopted that results in a lower need than the government methodology this will be tested rigorously through examination of the plan. Where a local authority puts forward proposals that give a local housing need figure higher than that through the proposed approach, Planning Inspectors will be advised to work on an assumption that the approach taken is sound.
- 3.4 Alongside the consultation, government published a 'Housing need data consultation table' which sets out by authority the expected annual housing delivery targets based on the new calculation. For Wyre Forest the figure is 246 units per annum. Members will be aware that the proposed numbers in the Council's recent Preferred Options Local Plan consultation set a target of 300 units per annum as proposed in the supporting Objectively Assessed Housing Need (OAHN). This of course was a figure within a range of 199-332 units per annum and reflected the Council's employment growth ambitions. The figure of 300 remains valid in the context of the government's new methodology and the ability to propose figures above the standard methodology calculation.
- 3.5 It is proposed that all local planning authorities should produce a statement of common ground setting out cross-boundary matters, including the housing need for the area, distribution and proposals for meeting any shortfalls and record where agreement has, and has not been reached. This will provide evidence as to how a local planning authority has met the duty to co-operate with a view to enabling examination of local plans to progress more quickly. It is proposed that all local planning authorities (regardless of where they are in the plan-making cycle) should have a statement of common ground in place within twelve months following publication of the revised NPPF and an outline statement in place within six months.
- 3.6 The consultation proposes a number of changes with a view to improving certainty and transparency in the assessment of viability for plan-making and decision-taking, through amendments to policy and guidance. This includes seeking views on how national guidance could be updated to encourage viability assessments to be simpler, quicker and more transparent, for example through a standardised report. The consultation also proposes a requirement that local plans should identify the infrastructure and affordable

housing needed, how these will be funded and the contribution developers will be expected to make. In addition it proposes to make clear in the National Planning Policy Framework that where policy requirements have been tested for their viability, that the issue should not usually need to be tested again at the planning application stage.

- 3.7 The consultation confirms that it will bring forward regulations at the earliest opportunity to enable local authorities to increase planning application fees by 20 per cent, to honour the commitment in the Housing White Paper. The consultation also seeks views on additional criteria that local authorities could be required to meet to allow them to increase fees by a further 20 per cent. The housing White Paper suggested that this could be applied to those authorities who are delivering the homes their communities need.
- 3.8 The draft consultation responses are appended to this report.

5. Options

- 5.1 As there is no Cabinet meeting scheduled between this meeting of Overview and Scrutiny and the deadline for consultation responses it is proposed that the recommendations from this Committee are considered as part of a following Strong Leader report to finalise the Council's formal response to the consultation.
- 5.2 Overview and Scrutiny Committee is therefore invited to either:
- I. Agree and recommend the draft responses appended; or
 - II. Agree alternative and/or additional responses.

6. Appendices

- 6.1 The draft responses to the consultation questions

7. Background Papers

National Planning Policy Framework (NPPF)
Local Plan Review Preferred Options document

Officer Contact Details:

Mike Parker
Corporate Director: Economic Prosperity & Place
Ext: 2500

Consultation response proforma

If you are responding by email or in writing, please reply using this questionnaire pro-forma, which should be read alongside the consultation document. You are able to expand the comments box should you need more space

Your Details (Required fields are indicated with an asterix(*))

Family Name (Surname)*	
First Name*	
Title	
Address	
City/Town*	
Postal Code*	
Telephone Number	
Email Address*	

Are the views expressed on this consultation your own personal views or an official response from an organisation you represent?* (please tick as appropriate)

- ☐ Personal View
- ☒ Organisational Response

Name of Organisation (if applicable)

Wyre Forest District Council

If you are responding on behalf of an organisation, please tick the box which best describes your organisation

- ☒ Local Authority (including National Parks, Broads Authority, the Greater London Authority and London Boroughs)
- ☐ Neighbourhood Planning Body/Parish or Town Council
- ☐ Private Sector organisation (including housebuilders, housing associations, businesses, consultants)
- ☐ Trade Association / Interest Group/Voluntary or Charitable organisation

Other (Please specify)

--

Proposed approach to calculating the local housing need

Question 1 (a)

do you agree with the proposed standard approach to assessing local housing need? If not, what alternative approach or other factors should be considered?

- ☐ Yes
- ☒ No
- ☐ Not sure / don't know

Please enter your comments here

The proposed methodology (para 17) proposes use of average annual growth over a 10 year period and that this should be satisfactory on the basis that plans are expected to be reviewed every five years to plan over the preparation and duration of the plan period. However the Local Plan is expected to plan for a least a fifteen year period duration and it therefore creates uncertainty as to the figure to be used for the last five years of the Plan period.

Whilst acknowledging that a universally applied methodology would have the benefits of reducing uncertainty and help speed up the process of Local Plan adoption, care needs to be taken that this doesn't become a 'top down' central government approach to tackling local housing delivery and thereby eliminating the local authority from reflecting local circumstances into the calculation. The unexpected production of the housing data calculations accompanying this consultation is already having unhelpful consequences of local interpretation of these figures on ongoing appeals.

The 40% cap appears to be an arbitrary figure and does not seem to reflect any local circumstances matters that may be causing difficulty with delivery. It may be impossible for councils to simply 'switch on' such delivery in the short and medium term.

There is concern that the standardised methodology doesn't take enough account of meeting affordable housing needs locally. The ability to deliver new affordable housing as a percentage of new housing developments means that the calculation of quantity to deliver enough affordable housing to meet local needs is in direct proportion to the overall numbers of dwellings delivered and this isn't addressed as part of the methodology.

Question 1(b)

how can information on local housing need be made more transparent?

Please enter your comments here

A requirement for consistent and regular (annual) publication of data by individual councils.

Question 2

do you agree with the proposal that an assessment of local housing need should be able to be relied upon for a period of two years from the date a plan is submitted?

☐ Yes

☒ No

☐ Not sure / don't know

Please enter your comments here

Fixing the figures at point of submission of the Plan is too late in the process of preparing the Plan to leave until the submission stage, it needs to be sooner. Councils can spend some considerable time progressing through public consultations using one figure only for it to change immediately prior to submission thus undermining the credibility of the Plan once it is under Examination. The point of fixing should be the point at which the Council formally agrees its Pre Submission document.

Question 3

do you agree that we should amend national planning policy so that a sound plan should identify local housing needs using a clear and justified method?

☒ Yes

☐ No

☐ Not sure / don't know

☐

Please enter your comments here

This is logical in the context of the common approach to methodology.

Question 4

do you agree with our approach in circumstances when plan makers deviate from the proposed method, including the level of scrutiny we expect from the Planning Inspectors?

☒

Yes

☐

No

☐

Not sure / don't know

Please enter your comments here

Agreed as long as 'policy off' figures establish the housing need numbers and 'policy on' figures comprise the numbers of houses planned for in the Local Plan.

Question 5(a)

do you agree that the Secretary of State should have discretion to defer the period for using the baseline for some local planning authorities? If so, how best could this be achieved, what minimum requirements should be in place before the Secretary of State may exercise this discretion, and for how long should such deferral be permitted?

☒

Yes

☐

No

☐

Not sure / don't know

Please enter your comments here

Councils that are already underway with a review of their Local Plan now must be afforded the ability to request a deferral if they consider it appropriate where otherwise their ability to adopt their Plan in accordance with their Project Plan timeline would be compromised.

Question 5(b)

do you consider that authorities that have an adopted joint local plan, or which are covered by an adopted spatial development strategy, should be able to assess their five year land supply and/or be measured for the purposes of the Housing Delivery Test, across the area as a whole?

☒

Yes

☐

No

☐

Not sure / don't know

Please enter your comments here

No further comments

Question 5 (c)

do you consider that authorities that are not able to use the new method for calculating local housing need should be able to use an existing or an emerging local plan figure for housing need for the purposes of calculating five year land supply and to be measured for the purposes of the Housing Delivery Test?

☒

Yes

☐

No

☐

Not sure / don't know

Please enter your comments here

No further comments

Question 6

do you agree with the proposed transitional arrangements for introducing the standard approach for calculating local housing need?

☒

Yes

☐

No

☐

Not sure / don't know

Please enter your comments here

Agreed but there needs to be some dispensation for the Secretary of State to vary the transitional arrangements if a Council can demonstrate exceptional circumstances where the adoption of a Plan would be significantly undermined by the application for the transitional arrangements.

Statement of Common Ground

Question 7(a)

do you agree with the proposed administrative arrangements for preparing the statement of common ground?

☒

Yes

☐

No

☐

Not sure / don't know

Please enter your comments here

The principle of the Statement of Common Ground is understood and agreed, however it must be clear that this does not become reinterpreted as a requirement to agree and resolve all matters where there may be disagreement as this simply may not be feasible; the DTC is not a 'Duty to Agree' and nor should the SCG aim to do this. Further definition needs to be given to the concept of what an 'interest' in an issue actually constitutes in order for that party to be a signatory; having an 'interest in' and 'being interested in' are significantly different and a body being interested in a matter must not allow them to stifle the progress of the Local Plan if they are not satisfied with the SCG.

Provision has to be made for key infrastructure providers (transport and statutory undertakers) to be required to engage in the SCG where their input is essential.

Question 7(b)

how do you consider a statement of common ground should be implemented in areas where there is a Mayor with strategic plan-making powers?

Please enter your comments here

No comment as this does not apply to us.

Question 7(c)

do you consider there to be a role for directly elected Mayors without strategic plan-making powers, in the production of a statement of common ground?

☐ Yes

☐ No

☒ Not sure / don't know

Please enter your comments here

This does not apply to us

Question 8

do you agree that the proposed content and timescales for publication of the statement of common ground are appropriate and will support more effective co-operation on strategic cross-boundary planning matters?

☒

Yes

☐

No

☐

Not sure / don't know

Please enter your comments here

However, care needs to be taken with the expectation that agreement will be in place within 12 months of the Framework publication that agreement will be reached regarding the process for agreeing the distribution of housing g across a HMA as this could prove extremely challenging in some areas.

Question 9(a)

do you agree with the proposal to amend the tests of soundness to include that:

i) plans should be prepared based on a strategy informed by agreements over the wider area; and

ii) plans should be based on effective joint working on cross-boundary strategic priorities, which are evidenced in the statement of common ground?

☐

Yes

☐

No

☒

Not sure / don't know

☐

Please enter your comments here

This requirement is considered unnecessary sat alongside the Duty to Cooperate test of soundness as it is unnecessary duplication. If the SCG isn't satisfactory then the DTC test will have been failed.

Question 9(b)

do you agree to the proposed transitional arrangements for amending the tests of soundness to ensure effective co-operation?

☒

Yes

☐

No

☐

Not sure / don't know

Please enter your comments here

No further comments

Planning for a mix of housing needs

Question 10(a)

do you have any suggestions on how to streamline the process for identifying the housing need for individual groups and what evidence could be used to help plan to meet the needs of particular groups?

Please enter your comments here

The guidance for preparing Strategic Housing Market Assessments (SHMAs), as well as the NPPF, should be amended to make clear the identification of housing needs for different groups. Close working with County Council/Unitaries to get a better understanding of the needs for care and retirement accommodation will be especially important.

Question 10(b)

do you agree that the current definition of older people within the National Planning Policy Framework is still fit-for-purpose?

☒ Yes

☐ No

☐ Not sure / don't know

Please enter your comments here

No further comments

Neighbourhood Planning

Question 11(a)

should a local plan set out the housing need for designated neighbourhood planning areas and parished areas within the area?

☒

Yes

☐

No

☐

Not sure / don't know

Please enter your comments here

This should add clarity to the NP process, focus local communities on how they plan for the realistic delivery of housing for their area and prevent any time consuming disagreements about local housing need and supply. However in order to do this there would need to be a sensible correlation between the boundary of the NP and the Council's geography for calculating its housing numbers. NP boundaries don't necessarily follow Council administrative boundaries and this may cause some difficulty in disaggregating figures.

☐☐☐

Question 11(b)

do you agree with the proposal for a formula-based approach to apportion housing need to neighbourhood plan bodies in circumstances where the local plan cannot be relied on as a basis for calculating housing need?

☐ Yes

☐ No

☒ Not sure / don't know

Please enter your comments here

Any housing need number for an emerging Neighbourhood Plan area or parish should use the proposed “current proportional population” approach set out in paragraph 99 – but add defined additional percentage to the total. This would then be the “starting point” for the parish’s housing need, and would have the twin benefits of boosting delivery of housing in neighbourhood plan areas, whilst adding robustness and buffers to the overall numbers in a district where there may be constraints in some areas preventing the normal minima from being met.

Where there are significant areas of a district which are highly constrained, the proposed approach is even more problematic; it would not be possible for neighbourhood plans in these areas to meet their housing need, based on the ‘apportionment’ approach. This could therefore lead to a shortfall in the provision of homes across the district. The only sensible approach in this case would be for housing numbers to be left entirely to the Local Plan to distribute, with Neighbourhood Plans indicating instead preferred locations of housing growth rather than exact numbers and locations of sites.

Proposed approach to Viability Assessment

Question 12

do you agree that local plans should identify the infrastructure and affordable housing needed, how these will be funded and the contributions developers will be expected to make?

☒

Yes

☐

No

☐

Not sure / don't know

Please enter your comments here

This isn't really any different to the current situation.

Question 13

in reviewing guidance on testing plans and policies for viability, what amendments could be made to improve current practice?

Please enter your comments here

No further comments

Question 14

do you agree that where policy requirements have been tested for their viability, the issue should not usually need to be tested again at the planning application stage?

☐ Yes

☒ No

☐ Not sure / don't know

Please enter your comments here

Although the principle of this is understood it is much more of a complex issue than the question sets out. Clearly if a development at planning application stage is able to deliver everything required that has been set out at the Local Plan stage then no further viability assessment should be necessary; however, experience tells us that it is more often the case that by the time a proposal is manifested in a planning application the developer will claim that it is not viable to deliver the expectations set out in the Local Plan, especially so the later an application is submitted after the Local Plan has been adopted, and in such circumstances viability has to be rigorously tested through the determination of the planning application.

Question 15

how can Government ensure that infrastructure providers, including housing associations, are engaged throughout the process, including in circumstances where a viability assessment may be required?

Please enter your comments here

From experience the engagement of housing associations isn't the issue here, it is the engagement of the infrastructure providers and if government is serious about their engagement they must make it compulsory.

Question 16

what factors should we take into account in updating guidance to encourage viability assessments to be simpler, quicker and more transparent, for example through a standardised report or summary format?

Please enter your comments here

This approach is unlikely to help the situation; current experience is that developers on the whole are used to taking an 'open book' approach to viability appraisals in the knowledge that information shared with the council is confidential, as soon as there are moves to make this more transparent it is likely that such an open book cooperation will be lost. It is considered that this suggestion is trying to solve a problem that isn't really that extensive.

Question 17(a)

do you agree that local planning authorities should set out in plans how they will monitor and report on planning agreements to help ensure that communities can easily understand what infrastructure and affordable housing has been secured and delivered through developer contributions?

☒

Yes

☐

No

☐

Not sure / don't know

Please enter your comments here

No further comments

Question 17(b)

what factors should we take into account in preparing guidance on a standard approach to monitoring and reporting planning obligations?

Please enter your comments here

Need to take account of frequency of reporting and level of detail required. It will not assist anyone if this becomes an industry in itself and in particular it will dilute even further the stretched resources within planning departments; so simple, light touch but containing essential information.

Question 17(c)

how can local planning authorities and applicants work together to better publicise infrastructure and affordable housing secured through new development once development has commenced, or at other stages of the process?

Please enter your comments here

Press releases, local newspapers, digital bulletins and newsletters, Council and housebuilders websites, signage at development sites, developer roadshow briefings and information packs to all residents are all potential options. In particular, signage at development sites could indicate the total numbers of completions (market and affordable) both in the current (financial) year and overall at the development and would be strongly encouraged (accepting that there can be differences of opinion as to when exactly a "completion" can be said to have occurred).

Planning fees

Question 18(a)

do you agree that a further 20 per cent fee increase should be applied to those local planning authorities who are delivering the homes their communities need? What should be the criteria to measure this?

- ☒ Yes
- ☐ No
- ☐ Not sure / don't know

Please enter your comments here

This is very much a qualified "yes". For too many years now the cost of determining planning applications has risen in real terms and not been met by consequent rises in planning application fees. Coupled with increasing de-regulation of the planning system to 'simplify' it without requisite fee income to support the council's role in administering it, this has further deteriorated the ability of councils to adequately fund their planning teams. Government needs to once and for all deal with the matter of delegating fee setting to the local level and not continue to use fee income as a stick to beat councils with. The government should cease the misguided belief that controlling councils in this way is somehow going to increase the delivery of new houses; for the greater part of the country the potential to deliver more new homes rests with the development industry, they build houses, not councils, and that is where the government ought to be focussing its attention.

☐
☐
☐

Question 18(b)

do you think there are more appropriate circumstances when a local planning authority should be able to charge the further 20 per cent? If so, do you have views on how these circumstances could work in practice?

- ☒ Yes
- ☐ No
- ☐ Not sure / don't know

Please enter your comments here

See 18a above, delegate fee setting locally and let councils decide.

Question 18(c)

should any additional fee increase be applied nationally once all local planning authorities meet the required criteria, or only to individual authorities who meet them?

- ☒ Apply nationally
- ☐ Apply to Individual authorities only
- ☐ Not sure / don't know

Please enter your comments here

See 18 a above

Question 18(d)

are there any other issues we should consider in developing a framework for this additional fee increase?

Please enter your comments here

Councils need more certainty regarding future application fee increases so that they can properly plan their budgets, rather than the uncertain and sporadic approach that has been taken over the last few years.

Other issues

Question 19

having regard to the measures we have already identified in the housing White Paper, are there any other actions that could increase build out rates?

☒

Yes

☐

No

☐

Not sure / don't know

Please enter your comments here

Government needs to stop prevaricating and get on with introducing measures that will hold the house builders to account for their delivery and in parallel increasing the powers available to councils to bring forward suitable land for development where the private sector is failing to do that.

Your opinion is valuable to us. Thank you for taking the time to read the consultation and respond.



Overview & Scrutiny Committee

Briefing Paper

Report of: Steve Brant, Operational Services Manager

Date: 2nd November 2017

Open

Review of Joint Municipal Waste Management Strategy (JMWMS) for Herefordshire and Worcestershire 2004 - 2034

1. Summary

- 1.1 To approve the Joint Municipal Waste Management Strategy (JMWMS) for Herefordshire and Worcestershire 2004 - 2034.

2. Background

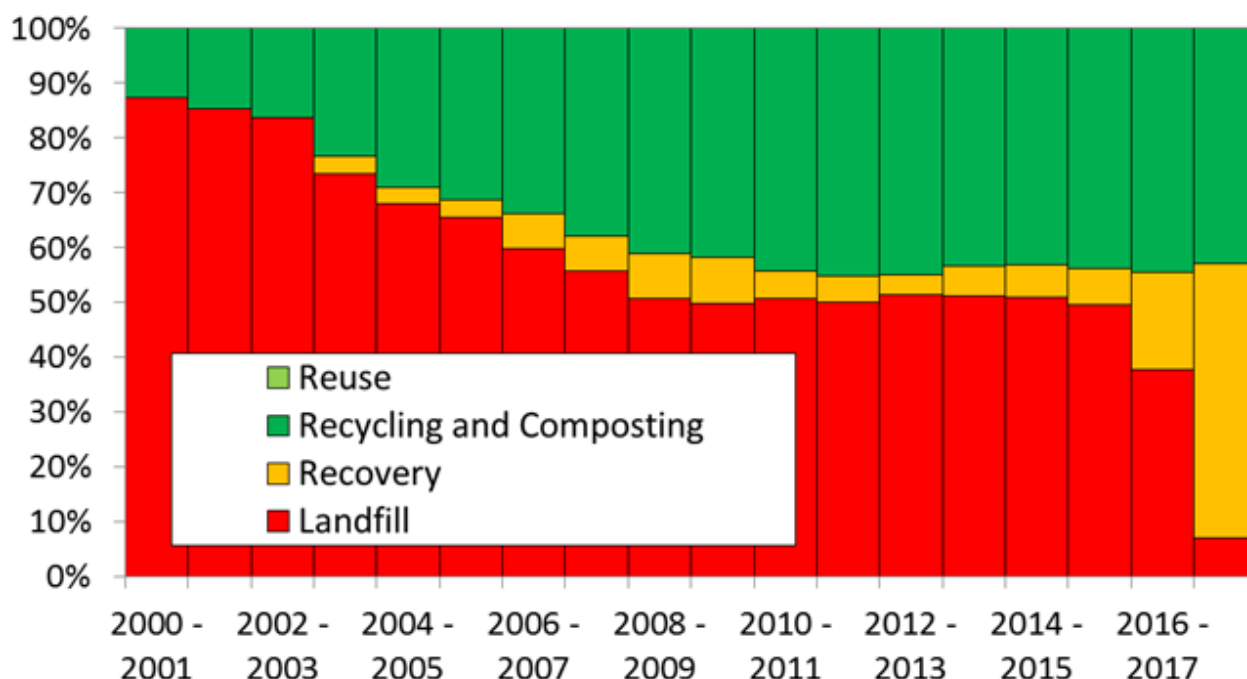
- 2.1 Further to a comprehensive review of the JMWMS in 2011, an Addendum has been produced (Appendix 1) to update the Strategy on achievements and to ensure that it remains relevant and fit for purpose.
- 2.2 The existing strategy needs to be amended to reflect the changes in national policy, local provision and projections for future demand that have occurred since the current strategy was adopted.
- 2.3 The JMWMS for Herefordshire and Worcestershire was first published in 2004 and covers the period 2004 to 2034. It is a joint strategy across the six Worcestershire district councils, Worcestershire County Council in Worcestershire and Herefordshire Council, reflecting the partnership across Herefordshire and Worcestershire in relation to a shared waste disposal service.
- 2.4 The JMWMS underwent a complete review in 2009 to reflect significant developments in national waste policy and required changes to our waste management service. The JMWMS was adopted by all partner authorities in 2009 and in 2011 when it was refreshed to include an updated residual waste options appraisal which took into account the site location for the proposed energy from waste (EfW) facility (this was not known in 2009).
- 2.5 Key objectives of the adopted JMWMS were as follows:
 - a. For all authorities to collect the same materials for recycling through a commingled collection system whilst restricting frequency or container capacity to prevent waste and increase recycling.

- b. To develop alternative waste treatment solutions to promote sustainable waste management, balancing environmental, social and economic impacts
- 2.6 In 2014 the Herefordshire Council and Worcestershire County Council agreed a variation to our waste disposal service with the contractor, Mercia Waste Management, to design, build and operate a 200,000 tonne per annum EfW facility. This facility became fully operational in March 2017 and produces enough electricity to power 32,000 homes.

3. Key Issues

- 3.1 An addendum to the JMWMS strategy has been produced that reflects these achievements, including the following updates and information:
- 3.2 Information on changes to national waste management policy being the introduction of the Waste (England and Wales) Regulations 2011, which transposed much of the EU Waste Framework Directive into UK law, this had the following impact on services:
 - a. Required waste producers to apply the waste management hierarchy where waste prevention is highest priority and disposal to landfill is lowest. The JMWMS uses the waste hierarchy as one of its fundamental principles.
 - b. Required councils who did not provide a separate collection of glass, paper, plastics and metal to undertake an assessment to demonstrate how the service they provide is technically, environmentally or economically practicable (TEEP) in collecting high quality materials suitable for recycling. The partner councils jointly carried out an assessment which found that changing to separate collection of individual materials would not be technically, environmentally or economically practicable.
 - c. An update of waste management data including waste growth predictions which are expected to continue to grow proportionate to growth in household numbers. Current property levels are at 46,447.
 - d. An update of recycling, recovery and disposal performance which in respect of recycling has seen little change in performance since the 2011 refresh due to constraints on resources. However significant improvement in recovery and disposal performance is expected following the recent opening of the new EfW facility and performance since 2000 is illustrated in the figure below:-.

- 3.3 Due to there being no new objectives or policy at a national level, a light touch approach has been taken in reviewing the JMWMS; with a focus on refreshing the waste growth and performance data. Advice from an experienced and qualified waste management consultant commissioned by Worcestershire County Council on behalf of the partnership, supported this approach and informed the refresh.
- 3.4 The addendum does not attempt to set new objectives or policy, and should be read in conjunction with the existing JMWMS (Appendix 2)



- 3.5 A summary of our progress to date in achieving the targets set out in the strategy is included below:

2011 Target		Actual	Updated target
1	In order to ensure that this target is robust, we are currently developing a meaningful target that will enable us to monitor our carbon footprint and set targets for reduction.	No target set	Carbon emissions are measured by respective councils in line with their carbon management plans. There are no plans to separately measure and report emissions from waste management services.
2	To achieve the national reductions in household	Worcestershire achieved a 42.3%	The target remains 45% reduction by 2020.

2011 Target		Actual	Updated target
	residual waste (waste not re-used, recycled or composted) of 35% by 2015 and 45% by 2020, based on 2000 levels.	reduction and Herefordshire a 49% reduction	
3	To work towards achieving national recycling/composting levels of household waste of 45% by 31st March 2015 and 50% by 31st March 2020.	The partnership achieved 40% in 2014/15, with Wyre Forest achieving 31.9%	The aspiration of meeting the 2020 target remains but the partnership is only committed to maintaining current levels (42.4% in 2016/17) of recycling and composting, making improvements where financially viable.
4	To meet the requirements of the Household Waste Recycling Act 2003 to collect at least 2 recyclable materials from each household by end 2010	All councils collect glass, paper, plastic, metals and cardboard.	Target achieved and no further target set as we are meeting our statutory requirements
5	By 2015 or earlier if practicable, we will recover value from a minimum of 78% of municipal waste.	The partnership recovered 49.8% of its waste in 2014/15.	The target remains 78% recovery of municipal waste, the partnership expects to achieve this in the current year 2017/18
6	To reduce the amount of biodegradable municipal waste land filled in order to meet the yearly allowances set by Government under the Landfill Allowance Trading Scheme.	National target abolished in 2013 and no longer applicable	National target abolished in 2013 and no longer applicable

- 3.6 The Senior Officer Group and Strategic Waste Management Board, consisting of lead Members from all partners, senior officers and the District Council Cabinet Member with responsibility for Operational Services, have been consulted and updated throughout the process. A workshop was carried out in January 2016, where Members and officers provided the following feedback which has been reflected in the addendum to the JMWMS:-

None of the councils have plans to change their existing waste collection regime

Any measure of the impact of council waste management on climate change should be simple and relate only to waste disposal services

Recognition that the 50% recycling target will be difficult to achieve without introducing separate food waste collection or free garden waste collection all households

Consensus that the existing 50% recycling target should be retained but the difficulties in achieving the target should be explained in the review

Agreement that a 90% diversion from landfill target was feasible for 2030

- 3.7 The next review of the JMWMS will be in 2022 or earlier if a significant change in policy is required, for example due to change in national policy.

4. Options

- 4.1 There are no corporate implications or changes to policy arising from the adoption of the addendum to the JMWMS. The addendum has been produced following a review of the JMWMS to incorporate a number of changes and an update of performance across the strategy geographical footprint.
- 4.2 The committee is asked to consider the addendum attached as appendix 2 and to identify any comments for consideration by the Cabinet.

5. Implications

- 5.1 Resources:

There are no financial implications arising from the recommendations. The addendum does not attempt to set new objectives or policy.

- 5.2 Equalities:

The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.

The provision of our waste management services is operated in line with equality legislation and an impact assessment has not been undertaken in respect of this update of the existing strategy.

- 5.3 Partnership working:

This is a joint management strategy written and delivered in partnership with local authority partners in Herefordshire and Worcestershire

- 5.4 Risk:

There are no additional risks that have not already been considered in previous reports, as the review does not attempt to set new objectives or policy.

The key risk identified in the strategy is that our performance currently falls short of the 2020 50% national recycling target. The addendum provides an update on our current performance and although we are committed to

maintain our current level of performance explains how increasing performance is not possible with current staffing and budget constraints.

6. Equality Impact Needs Assessment

6.1 Not applicable.

7. Wards affected

7.1 All wards.

8. Appendices

8.1 Appendix 1 - Addendum to JMWMS

Appendix 2 - link to Joint Municipal Waste Management Strategy 2004 – 2034

http://www.worcestershire.gov.uk/downloads/file/4156/waste_strategy

9. Background Papers

None.

Officer Contact Details:

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Title: Operational Services Manager
Contact Number: x 2922

Waste Strategy for Herefordshire and Worcestershire: A Review

Introduction

Herefordshire & Worcestershire's Joint Municipal Waste Management Strategy: *Managing Waste for a Brighter Future* (herein the Strategy) was first published in 2004. It was prepared and adopted by the eight local authorities across Herefordshire & Worcestershire (the Partnership).

A detailed review and republication of the Strategy was completed in 2011. This set a suite of principles, policies and targets for the management of municipal waste across both counties. As part of this, and in line with Government guidance, the Partnership committed to review the Strategy at least every 5 years.

This Addendum provides a summary of the 2016 review of the Strategy. In particular it includes:

- information on significant changes/ developments in Government waste management policy since 2011, including potential future changes to European policy;
- updates on waste management data including waste growth predictions; and
- commentary on performance against key principles, policies and targets within the Strategy.

The Addendum does not attempt to set new objectives or policy, and should be read in conjunction with the existing Strategy.

The review process and the production of this Addendum have been undertaken by the Strategic Waste Management Board (SWMB), which represents the eight authorities across Herefordshire & Worcestershire.

Key Changes Since 2011

Policy

There have been limited changes to national waste management policy since 2011. The *Waste Management Plan for England* was published in 2013. This did not introduce new policies but instead provided an update on the current waste management situation in England and brought existing waste policies under the umbrella of one national plan.

The *Waste Regulations 2011 (as amended 2012)*, implemented in January 2015, require everyone involved in waste management, including waste producers, to take all reasonable measures to apply the waste hierarchy. Commitment to the waste hierarchy is already, and continues to be, a key principle of the Strategy.

These regulations also aim to improve the quality and quantity of material being collected for recycling by placing a duty on waste collectors to ensure recyclable material (particularly glass, paper, plastics and metal) is collected separately where it is necessary to ensure the

recovery of high quality recyclables and where this is technically, environmentally or economically practicable (TEEP). The authorities within Herefordshire & Worcestershire have undertaken an assessment of their waste collections services to ensure compliance with the Regulations. This assessment has been issued to the Environment Agency and a full copy is available (found on Worcestershire County Council's website: http://www.worcestershire.gov.uk/info/20232/recycling_and_waste/1015/waste_strategy)

The European Commission's Circular Economy Package '*Closing the Loop – an EU action plan for the Circular Economy*' was formally published in December 2015. A circular economy is an alternative to a traditional linear economy (make, use, dispose) in which we keep resources in use for as long as possible, extract the maximum value from them whilst in use, then recover and regenerate products and materials at the end of each service life. The Package aims to extract the maximum value and use from all raw materials, products and waste, fostering energy savings and reducing greenhouse gas emissions.

The Package puts forward revised legislative proposals on waste which include: 65% recycling for municipal waste and 90% diversion from landfill, by 2030. The Partnership fully supports the principles behind the 'circular economy' and will closely monitor how the UK Government responds to the EU proposals, and how this may impact this Strategy going forward.

Infrastructure

Since publication of the Strategy, the Partnership has made significant progress in plans to divert residual waste from landfill. Worcestershire County Council and Herefordshire Council have a long term contract with Mercia Waste Management (MWM) for the delivery of their responsibilities as Waste Disposal Authorities. As part of the contract, MWM obtained planning permission, has managed the construction of and is now operating, an Energy from Waste (EfW) facility at Hartlebury. This facility will divert an additional 200,000 tonnes of municipal waste from landfill.



Envirecover Energy from Waste facility under construction.

The Partnership also continues to invest in their existing processing and collection capabilities. EnviroSort, the Partnership's Material Reclamation Facility has just been refurbished to include the provision of a glass breaker and improved fire protection system.

Funding

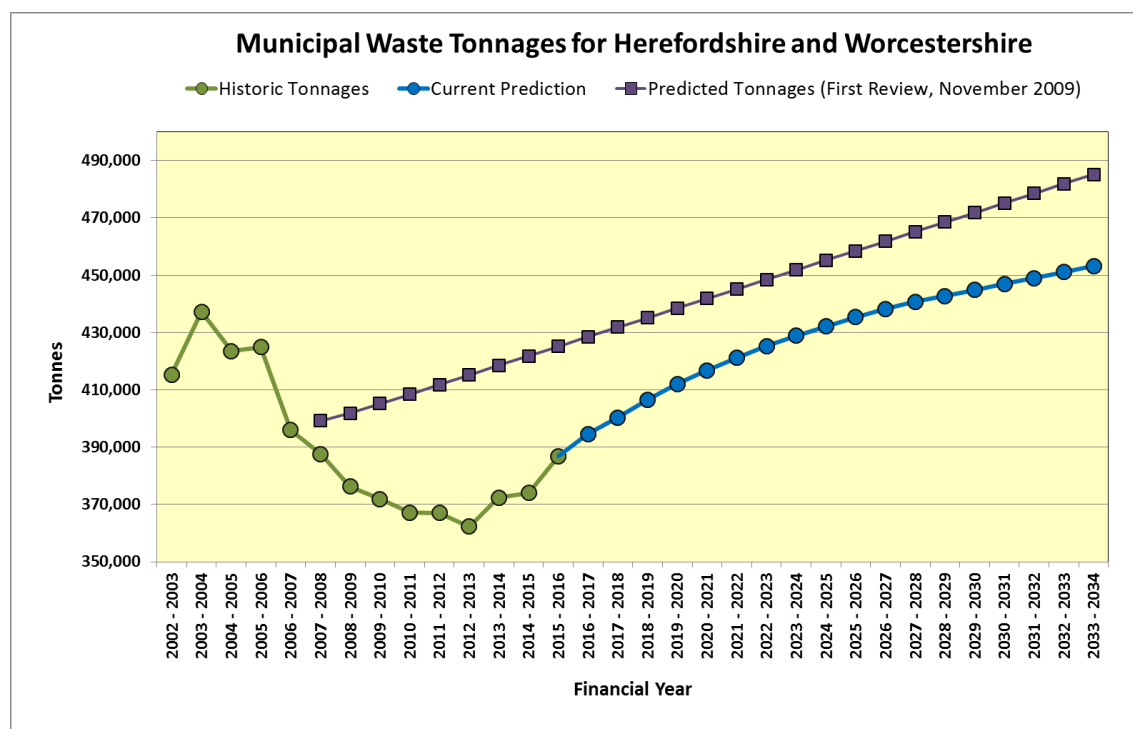
Since 2011, there have been significant cuts to local authority funding. Waste management services across Herefordshire & Worcestershire have had to make efficiency savings of more than £2,000,000. Therefore each authority has had to make very difficult decisions prioritising how funding is allocated. As a result, the aspirations and targets set within the Strategy are increasingly challenging, and in some cases, given the level of funding available, now unrealistic.

Waste Growth

The total municipal waste arising within Herefordshire & Worcestershire in 2015/ 16 was 387,000 tonnes. This has increased by 10,700 tonnes since 2009/10. However, this has been largely down to an increase in the number of households within the authorities. In reality, the amount of municipal waste generated per household has fallen from 1.23 tpa in 2009 to 1.13 tpa in 2015.

The number of households within both Herefordshire & Worcestershire is expected to increase significantly over the next twenty years. As such, although the amount of municipal waste generated per household is not expected to increase, the total amount of municipal waste will. The latest household projection figures have been obtained from the authorities and incorporated into the revised waste projections presented below.

The Partnership will continue to closely monitor waste arisings within the authorities and update predictions against changes to household projections as they become available.



Climate Change

The Partnership continues to understand the importance of viewing waste as a resource and seeks to provide waste management services that work towards minimising greenhouse gas emissions.

The waste collection authorities within Herefordshire & Worcestershire all request environmental policies incorporating carbon footprint information when tendering for services. Work has also been undertaken to optimise the efficiency of waste collection rounds to help reduce fuel consumption.

The recovery of residual waste through the EfW at Hartlebury and its subsequent diversion of waste from landfill, is significantly reducing the carbon footprint of waste management activities across the authorities. The EfW exports electricity directly into the national grid which will help reduce our reliance on fossil fuels. Opportunities for exporting heat from the facility are continually being explored and, if implemented, will provide additional carbon reductions.

Update on Target 1 – Monitoring our Carbon Footprint

Greenhouse gas emissions from waste management activities within Herefordshire & Worcestershire will be reduced by the changes outlined above. The authorities are in the process of collating waste collection and waste disposal data to estimate the carbon impact of their services. However, due to the considerable fund and staff constraints being placed on the authorities, additional, more detailed, monitoring of the greenhouse gas emissions from waste services is not considered to be necessary or appropriate at this time.

Waste Prevention

Waste prevention is a key principle of the Strategy. The Partnership continues to promote waste prevention through support and publicity of the national waste prevention initiatives *Love Food Hate Waste* and *Master Composters*. A Waste Prevention Officer and a Waste Education Officer are in post to help support waste prevention initiatives across the authorities.

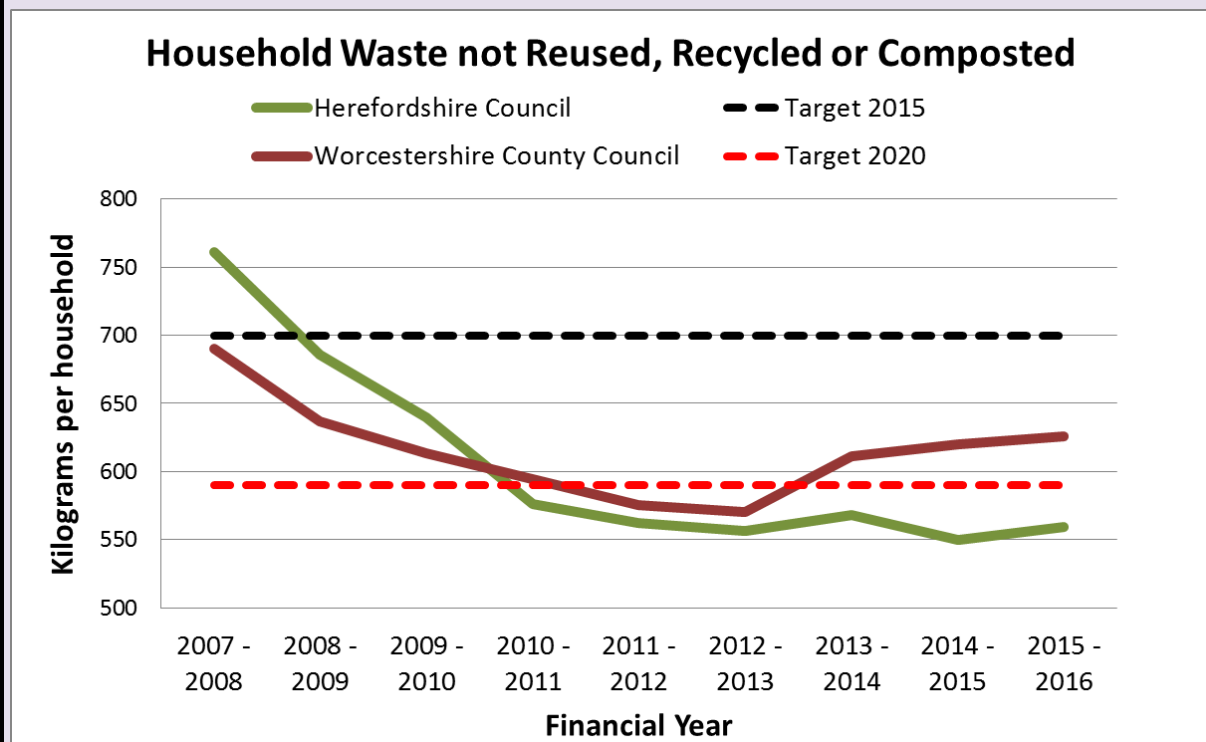
To help encourage reducing the amount of residual waste produced, waste collection authorities now place restrictions on residual waste collections through bin size/ sack number limits.

Reuse has been introduced to a number of the household recycling centres (HRCs) across Herefordshire & Worcestershire. This not only reduces waste to be managed but also supports a number of charities and 3rd sector organisations.

The Partnership understands the importance of coordinated education and awareness raising to promote effective waste prevention. Reduced funding means that the scope for implementing such campaigns is limited at this time. However, where practicable, the authorities will work together to ensure a coherent waste prevention message is publicised.

Update on Target 2 – Reduction in the amount of Household Waste not Reused, Recycled or Composted.

Herefordshire & Worcestershire currently produce 559 and 626 kilograms respectively of household waste per household (kg/hh) that is not reused recycled or composted¹. The Partnership has been successful in achieving the 2015 target of reducing residual household waste by 35% of year 2000 levels. The target for 2020 (a 45% reduction based on 2000 levels) is becoming increasingly challenging due to the significant reductions in funding. However, the Partnership will continue to do whatever is feasible and affordable, to reduce residual waste through waste prevention and increases to recycling/ composting.



¹ 2015-16, NI191 figures from Waste Data Flow

Recycling and Composting

The authorities across Herefordshire & Worcestershire have continued to expand their kerbside recycling collection service which is now available to 100% of properties across the Partnership area. To provide consistency to residents, a common core waste collection service is provided across all the authorities that offers a commingled collection service for materials including paper, card, cartons, cans, plastic and glass². A garden waste collection service is also available to the majority of residents for an additional charge.

Recycling and composting at HRCs continues to improve with the sites now recycling more than 70% of material brought into the site. Recycling of plasterboard is now available, and trial schemes are in operation for the recycling of carpets and mattresses at selected HRCs.

Street sweepings collected by the authorities street cleansing teams are now also recycled.

Bring sites across the Partnership area are being rationalised to reflect the increase in coverage of the kerbside collection service. However, the waste collection authorities are continuing to investigate options for brings sites to recycle material not collected at kerbside, for example textiles and waste electronic & electrical equipment.

A declining, and for some materials, volatile market for recyclable material has provided additional challenges to the Partnership's desire to increase recycling. For example, in 2012 the Partnership recycled more than 12,000 tonnes of timber. However, since 2013, the economics of recycling timber has changed significantly and, as a result, the majority of the timber collected is now used as a biomass fuel for energy production. Whilst this still diverts this material from landfill, it does reduce the amount of material recycled across the Partnership.

In 2014/15, the recycling and composting rate across Herefordshire & Worcestershire was 40%. If the recycling of timber had remained an option for the authorities then the Partnership's target of 43% recycling and composting by 2014 would have been achieved.

Update on Target 3 – Household Recycling & Composting Targets

The Partnership's current recycling and composting performance falls below the national recycling and composting targets of 45% by 2015 and 50% by 2020. The Partnership is still committed to supporting its contribution to the national target by maintaining the current level of performance and, where financially viable, introducing new initiatives to improve overall performance. However, current budget and staffing constraints mean that significant awareness raising to increase participation, or major changes to the services provided, to increase performance is not possible.

Update on Target 4 – Household Waste Recycling Act

The Household Waste Recycling Act 2003 required local authorities in England to collect at least 2 recyclable materials from all households by 2010. Within the Strategy the Partnership committed to continue to meet this requirement. In fact, the Partnership has exceeded these expectations by collecting glass, plastic, metals and paper from more than 95% of households.

² Glass collection is not available to the small proportion of properties that are classified as 'hard to reach' and as such are offered a bag rather than bin collection for recyclables.

Recovery

The Partnership has made significant progress on plans to maximise recovery of residual waste and divert it from landfill. The EfW at Hartlebury is diverting an additional 200,000 tonnes of municipal waste from landfill. The facility exports electricity directly into the national grid. It has also been enabled to operate as a combined heat and power (CHP) plant which will allow the recovery of heat, when an appropriate user becomes available.

Update on Target 5 – Recovery Target

The Partnership aimed to recover value from a minimum of 78% of municipal waste by 2015. A delay in the procurement and build of the EfW has meant that this target has not yet been achieved. However, now that the facility is fully operational, the recovery rate for the Partnership is expected to exceed the target. If a viable market becomes available for the recycling of bottom ash produced as part of the EfW process, then recovery would be further increased.

Disposal

The Partnership, through the activities outlined above is committed to diverting waste away from landfill through prevention, recycling, composting and recovery.

Update on Target 6 – Reduction in Biodegradable Municipal Waste Landfilled.

The Strategy committed to reduce the amount of biodegradable municipal waste landfilled in line with allowances set by Government under the Landfill Allowance Trading Scheme. This Scheme was abolished as part of the Government's Waste Policy Review, and as a result, there is no mechanism for measuring or monitoring performance against this target. The specifics of this target are no longer appropriate and should no longer be considered part of the Strategy. However, the principle behind it, to divert biodegradable waste away from landfill, is still valued by the Partnership, and will be delivered through the Recovery Target (Target 5) described above.

Overview and Scrutiny Committee Work Programme 2017-2018

June 2017

“How are we doing?” Q4 update (Housing and Planning)
Churchill & Blakedown Neighbourhood Plan Adoption
Strategies for the Capital Portfolio Fund and Loans to Third Parties –
Review of Wyre Forest District Local Plan (2015) Consultation on Preferred Options
Tracking Recommendations 2016/2017
Scrutiny Proposal Form
EXEMPT Capital Portfolio Fund: Proposed Acquisition

July 2017

Kidderminster Town Centre Business Improvement District (BID)
Strategic Facilities & Asset Management Plan (including Wyre Forest House Tenancy
Management & Marketing Strategy)
Establishing a Local Authority Trading Company (LATC)
Housing Enforcement Policy Update
Nominations for the Treasury Management Review Panel
EXEMPT Residential Unit Investment Business Case

September 2017

“How are we doing?” Q1 update (Enabling)
Annual Report on Treasury Management Service and Actual Prudential Indicators
2016/17
Wyre Forest Health and Wellbeing Plan Update
Climate Change Update
Open Space, Playing Fields and Sports Built Facilities Strategies
Compulsory Acquisition of Land & Properties & Empty Property Strategy
Public Space Protection Order (PSPO)

October 2017

Annual update from S106 Monitoring Group
‘Write-off’ Procedure
Potential additions to scrutiny work programme
Scrutiny of decisions on capital portfolio fund

November 2017

Treasury Management Mid Year Report
Depot 2020 Masterplan – Improve and Invest
Local Plan Project Plan
Hereford and Worcestershire Joint Municipal Waste Management Strategy Review
(JMWMS)

December 2017

“How are we doing?” Q2 update (Business and People)
Establishment of a LATC

February 2018

“How are we doing?” Q3 update (Place)
Treasury Management Report for 2018/19
Annual review of the North Worcestershire Community Safety Partnership 2017/18
Future use of the former Magistrates' Court, Worcester Street

Review Panels

December 2017 – mid 2018: Availability of affordable and social rented housing

January – March 2018: Police and Communities Together (PACT)

September – November 2018: Review of service standards for highways maintenance
inc grass cutting / weed control

May – July 2018: Review of civil enforcement issues - PSPO

October – December 2018: Review of civil enforcement issues - Parking