

Open

Cabinet

Agenda

6pm
Tuesday, 16th July 2019
Council Chamber
Wyre Forest House
Finepoint Way
Kidderminster



Cabinet

The Cabinet Members and their responsibilities:-

Councillor G Ballinger	Leader of the Council & Strategy & Finance
Councillor F Oborski MBE	Deputy Leader & Economic Regeneration, Planning & Capital Investments
Councillor N Martin	Housing, Health, Well-being & Democratic Services
Councillor H Dyke	Culture, Leisure & Community Protection
Councillor J Thomas	Operational Services

Scrutiny of Decisions of the Cabinet

The Council has one Scrutiny Committee that has power to investigate policy issues and question members of the Cabinet who have special responsibility for a particular area of the Council's activities. The Cabinet also considers recommendations from this Committee.

In accordance with Section 10 of the Council's Constitution, Overview and Scrutiny Procedure Rules, and Standing Order 2.4 of Section 7, any item on this agenda may be scrutinised by the Scrutiny Committee if it is "called in" by the Chairman or Vice-Chairman of the Overview & Scrutiny Committee and any other three non-Cabinet members.

The deadline for "calling in" Cabinet decisions is 5pm on Friday 26th July 2019.

Councillors wishing to "call in" a decision on this agenda 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

Urgent Key Decisions

If the Cabinet needs to take an urgent key decision, the consent of the Scrutiny Committee Chairman must be obtained. If the Scrutiny Committee Chairman is unable to act the Chairman of the Council or in his/her absence the Vice-Chairman of the Council, must give consent. Such decisions will not be the subject to the call in procedure.

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.

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

Documents referred to in this agenda may be viewed on the Council's website - www.wyreforestdc.gov.uk/council/meetings/main.htm

Wyre Forest District Council

Cabinet

Tuesday, 16th July 2019

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.	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.	
3.	Minutes To confirm as a correct record the Minutes of the meeting held on the 19th June 2019.	7
4.	CALL INS a verbal update will be given on any decisions which have been "called in" since the last meeting of the Cabinet.	
5.	Items Requiring Urgent Attention To consider any item which, in the opinion of the Chairman requires consideration at the meeting as a matter of urgency.	
6.	Public Participation In accordance with the Council's Scheme for Public Speaking at Meetings of Full Council/Cabinet, to allow members of the public to present petitions, ask questions, or make statements, details of which have been received by 12 noon on Monday 8 th July 2019. (See front cover for contact details).	

7.		
7.1	Councillor F Oborski MBE	
	<p>Local Plan Pre-Submission Consultation</p> <p>To consider a report from the Corporate Director: Economic Prosperity and Place to agree the documentation for re-opening the Local Plan Pre-Submission Publication consultation, referred to as the Regulation 19 Consultation.</p> <p><i>Please be advised that appendices 1, 2 3 and 4 have been circulated electronically.</i></p> <p>To also consider recommendations from the Overview and Scrutiny Committee from its meeting on 4th July 2019.</p>	9

8.		
8.1	Councillor G Ballinger	
	<p>Asset Management Strategy</p> <p>To consider a report from the Corporate Director: Economic Prosperity and Place to seek agreement of the adoption of an Asset Management Strategy, as part of the Capital Strategy, to guide the Council in the overall management of assets within its developing portfolio of assets acquired through the Capital Portfolio Fund.</p> <p>To also consider recommendations from the Overview and Scrutiny Committee from its meeting on 4th July 2019.</p>	424
8.2	Write-off of Amounts Outstanding Report	
	<p>To consider a report from the Corporate Director: Resources which enables the Cabinet to give consideration to writing off the sum of £71,989.90 in respect of debts that cannot be collected.</p>	472
8.3	Appointment of Honorary Alderman	
	<p>To consider a report from the Chief Executive in respect of appointment of an Honorary Alderman.</p>	477

9.	To consider any other business, details of which have been communicated to the Solicitor to 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.	
10.	<p>Exclusion of the Press and Public</p> <p>To consider passing the following resolution:</p> <p>“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”.</p>	

Part 2

Not open to the Press and Public

11.		
11.1	<p>Councillor G Ballinger</p> <p>Agenda Item 8.1 Asset Management Strategy</p> <p>Appendix 2 – Appendices to the Asset Management Strategy</p>	-
11.2	<p>Councillor F Oborski MBE</p> <p>Disposal of Land in Stourport</p> <p>To consider a report from the Corporate Director: Economic Prosperity and Place to agree a disposal of land.</p> <p>To also consider recommendations from the Overview and Scrutiny Committee from its meeting on 4th July 2019.</p>	-
12.	<p>To consider any other business, details of which have been communicated to the Solicitor to 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.</p>	

WYRE FOREST DISTRICT COUNCIL

CABINET

COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY, KIDDERMINSTER

19TH JUNE 2019 (6 PM)

Present:

Councillors: G W Ballinger (Chairman), F M Oborski MBE (Vice-Chairman), H E Dyke, N Martin and J W R Thomas.

Observers:

Councillors: N J Desmond, C E E Edginton-White, I Hardiman and M J Hart.

The Chairman welcomed everyone to the meeting and advised that the BBC were filming the meeting for future broadcast as part of a programme on independent-led Councils for the Sunday Politics Show.

CAB.01 Apologies for Absence

There were no apologies for absence.

CAB.02 Declarations of Interests by Members

No declarations of interest were made.

CAB.03 Minutes

Decision: The minutes of the Cabinet meeting held on 26th March 2019 and the minutes of the meeting of the Sub-Committee held on 1st May 2019 be confirmed as a correct record and signed by the Chairman.

CAB.04 Call Ins

No decisions had been called in since the last Cabinet meeting.

CAB.05 Items Requiring Urgent Attention

There were no items requiring urgent attention.

CAB.06 Public Participation

There was no public participation.

CAB.07 Wyre Forest District Local Plan Review: Revised Local Development Scheme (Project Plan 2019 – 21)

A report was considered from the Head of Strategic Growth which provided an update on the progress made in undertaking the Local Plan Review, and sought agreement for a revised Local Development Scheme (Project Plan

2019-2021).

The Cabinet Member for Economic Regeneration, Planning and Capital Investments presented the report and formally moved the recommendations for approval.

She explained that, following receipt of the large number of responses to the public consultation on the revised Local Plan Pre-Submission document in 2018, it was realised that there was some anomalies to the evidence base studies. Therefore there was a need to re-open the public consultation. She added that a full report on the consultation version of the plan would come forward to the Cabinet meeting in July 2019.

The Cabinet Member for Culture, Leisure and Community Protection seconded the proposal.

The Chairman of the Overview and Scrutiny Committee, Councillor M Hart, presented the recommendations from the Overview and Scrutiny Committee. He said that the Committee supported the revised timetable.

Decision: In line with the recommendations from the Overview and Scrutiny Committee from its meeting on 13th June 2019:

The proposed revised Local Development Scheme Project Plan 2019 – 2021 as set out in Appendix 1 of the report, be adopted.

There being no further business, the meeting ended at 6.07pm.



CABINET
16th July 2019

Subject: Local Plan Pre-Submission Publication

OPEN	
CABINET MEMBER:	Councillor Fran Oborski - Cabinet Member for Economic Regeneration, Planning and Capital Investments
RESPONSIBLE OFFICER:	Corporate Director: Economic Prosperity & Place.
CONTACT OFFICER:	Helen Smith
APPENDICES: <i>(Note: digital appendix).</i>	<p>Appendix 1: Amendments to Local Plan Pre-Submission document (July 2019).</p> <p>Appendix 2: Local Plan Pre-Submission Publication – Policies Map (July 2019).</p> <p>Appendix 3: Consultation Plan.</p> <p>Appendix 4: Updated/additional technical evidence base documents:</p> <ul style="list-style-type: none">• Transport Evidence Paper (June 2019)• A450 Corridor Enhancement Report (June 2019)• SLC Rail Technical Note on Blakedown Station Car Park Needs (June 2019)• WFDC Infrastructure Delivery Plan (IDP) (June 2019)• Viability Assessment Note (June 2019)• WFDC Golf Facility Review (June 2019)• Burlish Golf Course Vision document (June 2019).

1. Purpose of Report

- 1.1 The purpose of this report is to:
- 1.2 Agree the documentation for re-opening the Local Plan Pre-Submission Publication consultation, referred to as the Regulation 19 consultation. This is the final stage of consultation before submission of the Local Plan to the Secretary of State. The Pre-Submission Publication document is shown in Background Paper 16.1, and the proposed changes to the draft Local Plan are shown in Appendix 1 and 2 of this report.
- 1.3 Agree the draft Consultation Plan for the re-opened Pre-Submission Publication consultation to be held from 2nd September 2019 until 5pm on 14th October 2019. The draft Consultation Plan is set out in Appendix 3 of this report.
- 1.4 Agree the technical evidence base studies undertaken in spring 2019 for the Local Plan Review. The technical evidence base studies are in Appendix 4.

2. Recommendation

- 2.1 The Cabinet is asked to DECIDE to:
 - a) Approve the Local Plan Pre-Submission Publication documentation for the re-opened public consultation (Regulation 19) (as shown in appendix 1 to 3);
 - b) Agree the technical evidence base studies (in appendix 4) as part of the evidence base for the Local Plan; and
 - c) Delegate authority to the Corporate Director: Economic Prosperity & Place in consultation with the Cabinet Member for Economic Regeneration, Planning and Capital Investments to make any necessary amendments to the consultation documentation up to the launch of the consultation that may arise from the receipt of additional information following this meeting.

3. Background

- 3.1 The review of the Local Plan began in late 2015 with the Issues and Options consultation. Since the close of that consultation, officers worked with the Local Plans Review Panel (LPRP) to bring forward the next stage of the review which was the Preferred Options consultation (Regulation 18).
- 3.2 The Preferred Options consultation (Reg 18) outlined a combination of Core sites and options A and B which gave two potential options for growth and commenced on 15th June 2017 and ended on 14th August 2017. It was carried out in compliance with the Council's adopted Statement of Community Involvement (2013). The consultation included contacting individuals and organisations on the Local Plan database, public drop-in sessions, and information provided via the Council's website and social media. At the end of

the consultation process the Council had received over 5,000 responses from members of the public, developers, organisations and statutory consultees.

- 3.3 A summary of the key issues from the Preferred Options consultation was made available to LPRP at the LPRP meeting on 15th January 2018. Feedback from the consultation on the preferred options sites was also provided to LPRP at the meetings held on 19th February 2018 and 19th March 2018.
- 3.4 Following the Preferred Options consultation, work commenced on the Pre-Submission Publication version of the Local Plan. Further technical evidence base work was undertaken in relation to the proposed site allocations and the findings of this with officer recommendations were presented to LPRP on 24th September 2018 and 15th October 2018. LPRP thus reviewed the proposed site allocations and made their recommendations to officers.
- 3.5 On 15th October 2018 LPRP considered the proposed Local Plan Pre-Submission Publication document (Background Paper 16.1) in its entirety. This enabled the LPRP to consider the draft policies, including the development strategy proposed for the district. This October 2018 version of the Pre-Submission Document and supporting evidence base studies were then approved by Cabinet on 30th October 2018 and consulted on during November/December 2018.
- 3.6 However, following receipt of consultation responses to that consultation, it was agreed with Worcestershire County Council that the transport evidence would benefit from further clarification, and it has been necessary to update some of the technical evidence base documents.
- 3.7 The finalisation of sites to be included in the Pre-Submission document can only be completed when the technical evidence base studies are completed and are consistent with other evidence base documents due to their interdependency. The key studies that have been updated/produced are as follows:-
 - Transport Evidence Base Paper (June 2019)
 - A450 Corridor Enhancement Report (June 2018)
 - SLC Rail Technical Note on Blakedown Station Car Park Needs (June 2019)
 - Infrastructure Delivery Plan (June 2019)
 - Viability Assessment Note (June 2019)
 - WFDC Golf Facility Review (June 2019)
 - Burlish Golf Course Vision document (June 2019)
- 3.8 The Council's Five Year Housing Land Supply Report has also been updated to provide the most up-to-date information on the Council's five year housing supply as of 1st April 2019. It also incorporates the Government's introduction of the Housing Delivery Test and how this affects Wyre Forest District.
- 3.9 These updates to the various evidence base studies have led to sections of the Local Plan Pre-Submission Document needing to be updated. As a result,

the Local Plan Pre-Submission Document (October 2018) has required updates to the following sections:-

- Foreword
 - Chapter 1 – Introduction and Context
 - Chapter 6 – A Sustainable Future: Development Strategy
 - Policy 8G – Site Provision for Travelling Showpeople
 - Chapter 10 – A Good Place to do Business – amendment to Table 10.0.1
 - Chapter 13 – Transport and Accessibility
 - Part C of Local Plan – Proposed Allocations to include:
 - Site allocation at Blakedown and amendment to the settlement boundary for Blakedown village.
 - Removal of Yew Tree Walk site AKR/18.
 - Site allocation LI/10 – a change to employment use.
 - Site allocation LI/12 – a change to Travelling Showpeople use.
 - Site allocation LI/13 – new employment site.
 - Minster Road Outdoor Sports Area.
 - South Kidderminster Enterprise Park.
 - Local Plan Policies Map updates.
- 3.10 The amendments to the Local Plan and the updated technical evidence base documents were presented to LPRP for their consideration and recommendations on 1st July 2019. The amendments to the Local Plan and the updated technical evidence base documents can be viewed in the Appendix section (15) of this report.
- 3.11 The recommendations of the Local Plans Review Panel were considered by the Overview and Scrutiny Committee on 4th July 2019. Their subsequent recommendations are included in this report at 3.12.
- 3.12 Overview and Scrutiny Committee recommend to Cabinet that:
- The Pre-Submission Publication consultation documentation, the updated technical evidence base studies, and the draft Consultation Plan be approved; subject to the following proposed amendments;
1. the publicity leaflet for residents to be produced in colour;
 2. an additional drop-in session be held in Bewdley on 19th September 2019, from 2pm to 4.30pm at Wribbenhall Parish Rooms;
- In making these recommendations Overview and Scrutiny Committee noted that a final decision on the Plan to be submitted to the Secretary of State had to be taken by Council in 2020.
- 4. Purpose of the Local Plan Pre-Submission Publication Consultation**
- 4.1 The Pre-Submission Publication Consultation represents the third stage in the review of the District's Local Plan. The first stage was the Issues and Options

Consultation in late 2015. This was followed by the second stage in Summer 2017 for the Preferred Options consultation.

4.2 The aim of the Pre-Submission consultation is to seek views on whether the emerging Local Plan is legally compliant and if it is considered to be 'sound'. All responses received by the Council will be submitted to the Government appointed Planning Inspector.

4.3 A consultation on the Local Plan Pre-Submission Document was held in November/December 2018. The Council has decided to re-open the pre-submission consultation to allow further representations to be made on the Local Plan following updates to some of the evidence base studies. Consultation responses received for the November/December 2018 pre-submission consultation will still be submitted to the Planning Inspectorate at submission stage (unless withdrawn or superseded by consultees with responses to the consultation that will be held in September/October 2019).

5. Pre-Submission Publication Consultation Document

5.1 The Pre-Submission Publication document takes account of:

- The extensive evidence base that has been built up since 2015;
- The Issues and Options consultation reported in November 2015 to Cabinet;
- The Preferred Options consultation reported to Overview and Scrutiny and Cabinet in October 2018;
- Duty to Cooperate conversations with neighbouring local authorities, the County Council, relevant Statutory Organisations and key infrastructure providers;
- Advice received from the Local Plans Review Panel.

5.2 Given the changes to the updated technical evidence base documents and the National Planning Policy context, attention is particularly drawn to the following key issues:

- Housing need and land supply
- Transport Modelling and transport evidence
- Infrastructure Delivery Plan
- Viability Assessment update
- Changes made to the consultation version of the Local Plan

5.3 Housing need and land supply

5.4 The Pre-Submission Publication seeks to allocate a sufficient number of sites to accommodate the housing need identified in the Wyre Forest Housing Need Study (HNS) 2018. The HNS (2018) report considered the future housing need for Wyre Forest District based on the standard methodology developed by the Ministry of Housing, Communities and Local Government (MHCLG). Based on the standard methodology and 2017 affordability ratios,

the minimum local housing need for Wyre Forest was calculated as 276 dwellings per year using the 2016-based MHCLG household projections.

- 5.5 During 2018/19 the Government consulted on proposed changes to national planning policy and its associated guidance including the standardised methodology for assessing local housing need. As a result of this consultation, the NPPF and its associated Planning Policy Guidance (PPG) (in relation to Housing and Economic Needs Assessment) were both updated in February 2019. These changes have implications for the district's housing requirement.
- 5.6 When the standard methodology for calculating housing need was first brought in during September 2018, the 2016-based household projections were used in the calculation. Across the country as a whole, this meant that the Government would not achieve its goal of building 300,000 dwellings a year by the mid 2020s with delivery estimates as low as 212,000 dwellings per annum expected using this methodology. In Wyre Forest, the 2016-based household projections gave a housing need figure of 276 dwellings per annum. This is the figure used in the Pre-Submission Local Plan of October 2018.
- 5.7 The updated NPPF and PPG now requires housing needs assessments to use the 2014-based household projections to set the baseline for the standard method calculation. In most cases this would give rise to a higher requirement figure but this recalculation would give a revised figure for Wyre Forest of 248 dwellings per annum.
- 5.8 Using the 2014-based household projections instead of the 2016 ones would generate a national requirement for around 266,000 dwellings which is still far short of the 300,000 the Government aspire to. It should also be remembered that the standard methodology establishes a **minimum** need and not an **actual** housing need.
- 5.9 The PPG Housing and Economic Needs Assessment as updated in February 2019 is clear that the standard methodology provides a minimum annual local housing need figure and that a Local Plan will be considered sound if it plans to meet housing need according to the standard method. However, any method reliant on the 2016-based household projections will not be considered sound (presumably on the basis that it was assumed that the new calculation would give rise to a higher figure). The Wyre Forest Local Plan is using the 2016-based data, so this departure from using the standardised methodology will need to be fully justified. In WFDC's situation, our housing need is actually higher using the 2016 data than the 2014 data so this helps to meet the Government's aspirations of delivering more housing.
- 5.10 As noted, the revised NPPF sets out that the housing requirement calculated using the standard methodology should be used as the starting point for looking at housing need and is not equal to the actual need. The justification for using the higher housing number in the Local Plan is as follows:

- Evidence from the Housing Needs Study (2018) suggests that there is a significant need for affordable housing within the District with 158 dwellings needed each year of the Plan period. It is however, not realistic to expect this amount of affordable housing to be delivered. Since April 2010, 777 affordable dwellings have been delivered – an average of 86 a year. The majority of these have been provided by Wyre Forest Community Housing on 100% affordable sites. A target of 90 affordable homes per year has been set for the Local Plan. This is seen as realistic. Viability issues have reduced the amount of affordable housing being brought forward on large brownfield sites such as British Sugar (12%) and Georgian Carpets (24%). According to the Housing Needs Study, 22% of households cannot afford even social rent levels and therefore it is paramount that a higher housing figure is used in the plan to encourage social rent housing on private developments via S106 agreements.
- Another argument for using a higher housing figure is to encourage economic growth in the District. The North Worcestershire Economic Development and Regeneration team have been successful in bringing new firms into the district to replace jobs lost with the decline of the carpet industry. In order to attract high quality well-paid jobs into the District, we not only need to provide land for employment development but a wide range of housing on attractive sites at a range of locations. This will encourage people to relocate to the District, not just to live but also to work.
- The Council is now proposing an allocation of approximately 6,365 dwellings over a 20 year period (2016-36). The clear and firm legal advice is that the Council allocates around 15% more than required, to allow for sites not coming forward. Using the 276 figure, the Local Plan would be over allocating by 15%.
- A final reason for using a higher housing figure is to help with the overall national housing supply situation. An annual delivery of 276 dwellings is considered feasible. Proposals for a number of large brownfield allocations are now well-advanced and these are expected to have developers on site prior to the Local Plan examination where potential Green Belt releases will be debated.

5.11 Transport modelling and transport evidence updates

- 5.12 The Transport Evidence Paper (June 2019) details the transport modelling work undertaken by the County Council and their consultant, Jacobs, to assess the growth and identify the transport interventions necessary to support the Local Plan.
- 5.13 The results of the modelling work at AM and PM peak travel times has identified impacts on the road network around Kidderminster and the Kidderminster ring road is expected to experience worsening congestion. The A449, A450 and Stourport town centre are also expected to experience worsening congestion. The highway network will experience average speeds reduced to 23 to 24kph during peak periods and journey times along the key routes are all expected to worsen as a result of the proposed growth.

- 5.14 The results of the transport modelling work have been used to identify the measures contained within the transport section of the Wyre Forest Infrastructure Delivery Plan (IDP). In order to mitigate the impact a combination of measures across all modes is required. Investment in alternative modes of travel to provide real travel choice will help to reduce congestion and delays across the transport network. The County Council has produced a separate report on the proposed A450 corridor enhancements (see Appendix 4).

5.15 SLC Rail report about Blakedown Station Car Park needs

- 5.16 A separate report on Blakedown Railway Station has been provided by Worcestershire County Council as part of the suite of documents forming the transport evidence for the Local Plan. This separate report sets out the justification as to why an additional car park is required at Blakedown railway station, which would be in addition to the site already allocated within the emerging Local Plan at Station Yard for 80 car parking spaces. The additional car park would be located on the site off Station Road and would provide an additional 170 car parking spaces plus 50 residential units. The justification for this additional car parking site includes the following reasons:

- The current station only offers car parking for 10 spaces. As a result of this, there are many vehicles parked on the local streets next to the railway. The additional car park would help to relieve the pressure for parking on the local roads.
- Worcestershire County Council's Rail Investment Strategy (WRIS-2017) identifies increased railway station car parking capacity as a key facilitator in providing access to transformed, sustainable rail connectivity between the County and other UK economies.
- The WRIS has assumed that the ratio of car parking spaces to passenger numbers should remain, at minimum, 1 to 9 given the rural nature of the county, requiring in turn a minimum growth of more than 1,577 new spaces across Worcestershire.
- The significant growth proposed at Lea Castle and East of Kidderminster within the Wyre Forest Local Plan Review provide further justification for an increased demand and therefore parking capacity at Blakedown railway station.

- 5.17 It is important to note that this site is a Green Belt site, and would therefore involve the loss of green belt land. The draft policy for Blakedown railway station car park is included in the changes made to the draft Local Plan (see para 5.30 of this report).

- 5.18 The response the Council received from Worcestershire County Council to the Pre-Submission Local Plan consultation held last year in November/December 2018 stated the following about the site at Blakedown railway station:

“WCC is content with the transport policies in the plan, which prioritise sustainable transport and include some critical schemes for the district.

However, the sustainable approach to rail is undermined by failure to allocate land for the further phase 2 expansion of Blakedown station and associated car parking provision. Although this may appear to be a minor matter, the consequence of this is to undermine the sustainable transport strategy WCC have sought to achieve through the Local Transport Plan 4 and the Rail Investment Strategy, and its impact may be wider than WFDC itself.

Rail travel offers an alternative to road-based travel, particularly for local commuting into and out of the West Midlands conurbation, not only for existing and new residents, but more widely, and is an opportunity to deliver modal shift from car to rail transport which is more sustainable and will assist in reducing congestion. Delivering the phase 1 and 2 expansion of Blakedown station is critical, because to secure future funding from Government – directly or indirectly – for road improvement schemes, WCC must be able to demonstrate that all reasonable alternatives have been explored and the opportunities for sustainable travel prioritised and delivered. Failure to allocate land for the phase 2 of Blakedown station totally undermines this case.

A suitable area of land was submitted to the plan through the call for sites, but unfortunately has not been included in the draft plan, despite it being (with regard to transport) a sustainable location. This requirement was outlined in WCC's adopted Local Transport Plan 4, and has been discussed with Wyre Forest District Council Officers at a number of meetings concerning the Local Plan.

Through the Duty to Co-operate we would like to work together to address this omission, and to develop a solution which enables us to deliver the required expansions and sustainable transport aspirations of the Wyre Forest Local Plan and the Local Transport Plan."

- 5.19 It should be noted that the SLC report was provided only recently and was not available to inform the pre-submission plan that was the subject of consultation in 2018. If the current SLC report had been available before last autumn, the Council would have been able to take account of it in the pre-submission plan in 2018.

5.19 **Infrastructure Delivery Plan (IDP)**

- 5.20 The purpose of the Wyre Forest Infrastructure Delivery Plan (IDP) is to set out the infrastructure requirements as part of the evidence base to support the proposals contained in the Wyre Forest Local Plan Review, which covers the period 2016 to 2036. The revised IDP will replace the Council's draft IDP published with the Pre-Submission consultation in November 2018.
- 5.21 Infrastructure can be defined in simple terms as the facilities that help local people to live their everyday lives. It includes physical "hard" infrastructure (e.g. roads), physical social infrastructure (e.g. school buildings, new or expanded health centres) and green infrastructure (e.g. woodland).

- 5.22 The IDP carries 'living document' status and is subject to on-going change. It is a technical evidence document designed to inform policy rather than be policy itself. The NPPF requires an IDP to be produced alongside a Local Plan at plan making stage. Key statements in the NPPF are made at paragraphs 16b, 20 and 57.
- 5.23 The total infrastructure cost for the Local Plan has been identified as £124 million. This is made up of the following infrastructure requirements:-
- Transport = £63.8m
 - Education = £45.8m (total cost of primary and secondary education infrastructure)
 - Sport & Recreation = £5.05m
 - GPs = £4.1m
 - Acute Health = £4m
 - Police = £749k
 - Waterway = £430k
- 5.24 The IDP has identified secured funding for £19.1m and a possible 27.6m from S106 contributions. Therefore, the IDP has identified a funding gap of £77.3 million. Note that nearly all infrastructure delivery plans produced will have an infrastructure funding gap and this IDP is no different. The funding scenario is always in a state of change and any funding gap will be a snapshot in time. Nevertheless, this version of the IDP can provide a sound estimate of the funding gap as it is currently known. It is important to note the funding gap doesn't mean infrastructure projects will not be delivered. This is because the funding gap is expected to reduce over the lifetime of the plan as contributions are collected and appropriate funding bids are successful. The emerging Local Plan, supported by its IDP, will play an important role in supporting a successful bidding process. Future work with developers, infrastructure providers including WCC and LEPs will be vital to ensure deliverability.
- 5.25 **Viability Assessment update**
- 5.26 A Pre-Submission Viability Note has been completed to provide an update of the Wyre Forest District Local Plan viability position prior to submission. This is the third time viability has been reviewed in this plan making process following:
- Local Plan Viability Assessment (May 2017);
 - Local Plan Viability Assessment Update (October 2018).
- 5.27 The headline issues the report has identified include:
- This updated report considers changes in National Planning Policy Framework and Planning Practice Guidance alongside an update to the proposed infrastructure costs on the strategic sites in the plan.
 - Since the last assessment infrastructure costs and requests for revenue support for services have increased from an average of £12,994 to £17,494 per dwelling.

- This is due to an increase in transport and education costs with new requests being made by NHS Acute Trust and WFDC Waste Collection.
- Currently only approximately £2,500 per dwelling can be afforded for infrastructure funding.
- The affordable housing percentage was tested at 30% ranging down to 0%.
- With the previous viability position of affordable housing at 25% and full infrastructure costs and revenue costs the viability has worsened.

5.28 It should be noted that despite attempts to obtain evidence to support requests made, there are significant gaps in information to enable the requests to be fully considered in some instances.

5.29 Following consultation on the draft IDP earlier this year, Highways England and the NHS Acute Trust have indicated requirements for additional S106 contributions. In relation to Highways England this was to help fund the improvements at Junction 4 of the M5 motorway. However, as Highways England were not able to provide detailed evidence as to the impact of Wyre Forest traffic on this, the Council requested further information and unfortunately this has not been forthcoming. In relation to the NHS Acute Trust, the request was for revenue funding in relation to a additional demand generated from the new housing developments in the absence of government funding in year one. Again, further evidence was requested in relation to this request but this has also not been forthcoming. As the IDP is a live document that can still be updated, both these bodies will have an opportunity to respond again in the re-opened consultation; so these potential additional requirements have been removed from the Infrastructure Delivery Plan under consideration at this time.

5.30 Changes made to the consultation version of the Local Plan

5.31 Updates to the Local Plan evidence base work have required some changes being made to the Local Plan. These changes include amendments to the following sections of the Local Plan:

- Foreword
- Chapter 1 – Introduction and Context
- Chapter 6 – A Sustainable Future: Development Strategy
- Policy 8G – Site Provision for Travelling Showpeople
- Chapter 10 – A Good Place to do Business – amendment to Table 10.0.1
- Chapter 13 – Transport and Accessibility
- Part C of Local Plan – Proposed Allocations to include:
 - Site allocation at Blakedown and amendment to the settlement boundary for Blakedown village.
 - Removal of Yew Tree Walk site AKR/18.
 - Site allocation LI/10 – a change to employment use.
 - Site allocation LI/12 – a change to Travelling Showpeople use.
 - Site allocation LI/13 – new employment site.
 - Minster Road Outdoor Sports Area.

- South Kidderminster Enterprise Park.
 - Local Plan Policies Map updates.
- 5.32 These changes to the Local Plan Pre-Submission document are presented in a separate document shown in Appendix 1 and 2 of this report. These changes will be presented in the clearest possible way for the purposes of the consultation which is due to commence on 2nd September 2019.
- 5.33 Changes in particular include amendments to Chapter 6 of the Local Plan following updates to the Council's Five Year Housing Land Supply position and the Government's introduction of the Housing Delivery Test and changes to the Standardised Methodology for calculating housing need.
- 5.34 Amendments to the Local Plan include an additional site allocation at Blakedown for car parking for the railway station and residential use. This has already been discussed in this report at paragraph 5.15 onwards. Additional car parking is needed at Blakedown railway station to meet the demand for car parking spaces for rail users on the commuter line to the Black Country and Birmingham as evidenced in the SLC Rail document. In addition to the car parking, housing development on the site would enable the car parking development and would also help towards meeting the future housing needs in Blakedown.
- 5.35 The site allocation 'Yew Tree Walk, AKR/18' has been removed from the Local Plan as a number of issues came to light since the site was proposed. It has been concluded that the site does not meet the criteria for being on the Brownfield Land Register and should therefore be removed from the Local Plan. This is because there is no evidence that the site was used for the extraction of sand and gravel and there is no evidence to show that it has been previously developed as defined by the NPPF. There is also concern over the stability of the land and the practicality of actually building on the site, which would have implications for the deliverability of this site.
- 5.36 There has been an amendment to the location of the Travelling Showpeople site (now site LI/12) and the addition of a new employment site (LI/13). In the Pre-Submission Local Plan consulted on in November 2018, the site LI/10 was allocated as the site for Travelling Showpeople. Since the consultation, further discussions have been had with the Travelling Showpeople family and they have shown preference for site LI/12 (which currently houses the former Burlish golf club house, shop and storage shed). This site (LI/12) was a proposed allocation in the Local Plan for employment use. These two sites have therefore been switched around to help meet the needs of the Travelling Showpeople family. A new employment site (LI/13) has been added into the Local Plan to help unlock employment use within this area and aid the access route to site allocations LI/10 and LI/12. However, it is important to note that this land is located within the Green Belt and would therefore result in the loss of 1.96ha of green belt land.
- 5.37 The changes to the Local Plan also include an amendment to the allocation for Minster Road Outdoor Sports Area. This is following further evidence base

work on the former Burlish Golf Course site (which can be viewed in Appendix 4).

6. Sustainability Appraisal

- 6.1 When producing Local Plans, local authorities are required to consider, at each stage of production, the impacts their proposals are likely to have on sustainable development. The emerging Local Plan is subject to ongoing Sustainability Appraisal incorporating the requirements of Strategic Environmental Assessment (SA/SEA) as required through NPPF. SA/SEA is a means of ensuring that the likely social, economic and environmental effects of the Local Plan are identified, described and appraised to identify how they support the Council's sustainable development objectives.
- 6.2 At the Pre-Submission Publication stage of the Local Plan a SA/SEA has been undertaken. The Sustainability Appraisal (2018 & 2019 update) is a detailed technical document and is an important background paper to the emerging Local Plan. It has been used to inform the Local Plan and will be made available as a part of the Local Plan Pre-Submission Publication (Reg 19) consultation.

7. Consultation Arrangements

- 7.1 Cabinet is asked formally to agree the Pre-Submission version of the Local Plan for consultation and to the re-opening of the Local Plan Pre-Submission Publication consultation. The consultation will run from Monday 2nd September until 5pm on Monday 14th October 2019.
- 7.2 A draft Consultation Plan is attached at Appendix 3. It includes specific details on the proposed dates, timescale and consultation methods that Officers intend to use. The Pre-Submission Publication Consultation will open formally on 2nd September 2019 for a 6 week period; the reopening of the consultation will allow the public the maximum opportunity to respond to the updated pre-submission version of the local plan and the updated evidence base.
- 7.3 Consultees will be able to respond to the Pre-Submission documentation either online, via email or via post, with encouragement to use digital means for ease of administrative handling. Consultation response forms must be used and no late responses will be accepted.
- 7.4 There will be four drop-in sessions during the consultation period as listed below for the public to address their questions to staff.

Date	Time	Venue
Wednesday 11 th September 2019	3pm to 6pm	Blakedown Parish Rooms 18 Belbroughton Road Blakedown DY10 3JG
Wednesday 18 th September 2019	3pm to 7pm	Corn Exchange Kidderminster Town Hall DY10 1BD

Thursday 19 th September 2019	2pm to 4:30pm	Wribbenhall Parish Rooms Bewdley DY12 1BY
Saturday 28 th September 2019	10am to 1pm	Stourport Civic Hall DY13 8UJ

8. Consultation

8.1 Cabinet and Corporate Leadership Team.

8.2 The updated evidence base and revised local plan are being considered by the Local Plans Review Panel and Overview and Scrutiny Committee. The Committee's recommendations will be reported to the Cabinet.

9. Related Decisions

9.1 Previous stages of development and consultation on the local plan, as set out in the report above.

10. Relevant Council Policies/Strategies

10.1 Wyre Forest District Local Plan Pre-Submission Publication Document (2018).

10.2 Wyre Forest District Local Plan Review Preferred Options Document (2017).

10.3 Wyre Forest District Local Plan Review Issues and Options Document (2015).

11. Implications**11.1 Financial Implications**

The cost of preparing the Local Plan Review has been met by the Planning Policy budget. The District Council will be required to meet the costs of the examination of the Local Plan and this will be met from the existing Planning Policy budgets.

11.2 Legal and policy implications

11.3 The procedures which the Council is required to follow when producing a Local Plan derive from the Planning and Compulsory Purchase Act 2004 (as amended) and the Town and Country Planning (Local Development) (England) Regulations 2012.

11.4 The legislation states that a local planning authority must only submit a plan for examination which it considers to be sound. This is defined by the National Planning Policy Framework (NPPF, 2018) as being:

- **Positively Prepared** – providing a strategy which, as a minimum, seeks to meet the area's objectively assessed needs, and is informed by

agreements with other authorities, so that unmet need from neighbouring areas is accommodated where it is practical to do so and is consistent with achieving sustainable development;

- **Justified** – an appropriate strategy, taking into account the reasonable alternatives, and based on proportionate evidence;
- **Effective** – deliverable over the plan period, and based on effective joint working on cross-boundary strategic matters that have been dealt with rather than deferred, as evidenced by the statement of common ground; and
- **Consistent with national policy** – enabling the delivery of sustainable development in accordance with the policies in the NPPF.

- 11.5 In order for the draft Local Plan to pass the tests of soundness, it is necessary for it to be based on an adequate, up to date and relevant evidence base. The Council also has a legal duty to comply with the Statement of Community Involvement in preparing the Plan and also has a legal 'Duty to Co-operate'.
- 11.6 Should the Local Plan be successful at examination stage, the District Council will be required to formally adopt the plan and it will become part of the Development Plan for the purposes of determining planning applications.

12. Risk Management

- 12.1 The re-opening of the consultation has allowed the Council to take account of updated evidence base information and responses from statutory consultees to the 2018 consultation, in accordance with the "duty to cooperate". The changes now proposed reduce the risk of sustainable objections to the plan in front of the inspector.
- 12.2 The main risks in failing to progress a Local Plan for the Wyre Forest District in compliance with laws, regulations and guidance are as follows:
- The plan is found 'unsound' at examination leading to 'withdrawal' of further work;
 - Direct interventions by Government into the District Council's Local Plan making;
 - Inability to steer, promote or restrict development across its administrative area;
 - Potential damage to the Council's image and reputation if a development plan is not adopted in an appropriate timeframe.

13. Equality Impact Needs Assessment

- 13.1 No negative impacts have been identified. A number of the policies included within the Pre-Submission Plan help to promote equality and eliminate discrimination.

14. Wards affected

- 14.1 All wards within the district are affected.

15. Appendices

- 15.1 Appendix 1 – Amendments to Local Plan Pre-Submission document (July 2019)
- 15.2 Appendix 2 – Local Plan Pre-Submission Publication – Policies Map (July 2019)
- 15.3 Appendix 3 – Consultation Plan.
- 15.4 Appendix 4 – Updated/additional technical evidence base documents:
- Transport Evidence Paper (June 2019)
 - A450 Corridor Enhancement Report (June 2019)
 - SLC Rail Technical Note on Blakedown Station Car Park Options (June 2019)
 - WFDC Infrastructure Delivery Plan (IDP) (June 2019)
 - Viability Assessment Note (June 2019)
 - WFDC Golf Facility Review (June 2019)
 - Burlish Golf Course Vision document (June 2019)

16. Background Papers

- 16.1 Local Plan Review Pre-Submission Publication document (October 2018):
<https://www.wyreforestdc.gov.uk/media/3993526/Pre-Submission-Publication-October-2018-.pdf>
- 16.2 Local Plan Review Preferred Options document (June 2017):
<http://www.wyreforestdc.gov.uk/media/3024240/Preferred-Options-Documents-June-2017.pdf>
- 16.3 Local Plan Review Issues and Options document (September 2015):
<http://www.wyreforestdc.gov.uk/media/1462993/I-O-Consultation-Version-September-2015-WEB.pdf>

Officer Contact Details:

Name: Helen Smith

Title: Spatial Planning Manager

Contact Number: 01562 732195

WYRE FOREST DISTRICT COUNCIL

**Cabinet
Tuesday 16th July 2019**

**Recommendations from the Overview and Scrutiny Committee
Thursday 4th July 2019**

Wyre Forest District Local Plan: Pre-Submission Publication

The Committee received a report from the Spatial Planning Manager which set out the documentation for re-opening the Local Plan Pre-Submission Publication consultation, referred to as the Regulation 19 consultation. Members acknowledged that this was the final stage of consultation before submission of the Local Plan to the Secretary of State.

The Committee considered the progress in the preparation of: the Pre-Submission Publication Consultation (Regulation 19) documentation (as shown in background paper 16.1, and amendments in appendix 1 and 2 of the report); and the updated technical evidence base papers (as shown in appendix 4 of the report); and the draft Consultation Plan for the Pre-Submission Publication consultation (as shown in appendix 3 of the report).

Members welcomed the proposal for the postal distribution of leaflets to be undertaken by Royal Mail and agreed that it would be beneficial for the leaflets to be printed in colour. Members felt that an additional drop-in session should be held in Bewdley, to provide residents with an opportunity to attend any one of the sessions across the three towns within the District. There was full support from the Committee for the consultation plan.

Recommend to Cabinet that:

The Pre-Submission Publication consultation documentation, the updated technical evidence base studies, and the draft Consultation Plan be approved; subject to the following proposed amendments;

- 1. the publicity leaflet for residents to be produced in colour;**
- 2. an additional drop-in session be held in Bewdley on 19th September 2019, from 2pm to 4.30pm at Wribbenhall Parish Rooms;**

In making these recommendations Overview and Scrutiny Committee noted that a final decision on the Plan to be submitted to the Secretary of State had to be taken by Council in 2020.

Background papers:

See the report on page 10 of the pdf at this link:

<http://www.wyreforest.gov.uk/council/meetings/com193.htm#mt7616>

WYRE FOREST DISTRICT COUNCIL**Cabinet 16th July 2019****Asset Management Strategy**

OPEN WITH SOME EXEMPT APPENDICES	
CABINET MEMBER:	Councillor Fran Oborski – Cabinet Member for Economic Regeneration, Planning and Capital Investments
RESPONSIBLE OFFICER:	Mike Parker – Corporate Director: Economic Prosperity & Place
CONTACT OFFICER:	Mike Parker ext 2500 Mike.parker@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 – Asset management Strategy (nb some of the appendices to this document are exempt)

1. PURPOSE OF REPORT

- 1.1 To agree the adoption of an Asset Management Strategy, as part of the Capital Strategy, to guide the Council in the overall management of assets within its developing portfolio of assets acquired through the Capital Portfolio Fund.

2. RECOMMENDATION

Cabinet is asked to DECIDE to:

- 2.1 **Approve the Asset Management Strategy as part of the Capital Strategy 2019-22 and recommend it's adoption to Council;**

3. BACKGROUND

- 3.1 As part of its medium term financial strategy, the Council has agreed a proposal to use its prudential borrowing capability to create a new Capital Portfolio Fund of up to a maximum of £25m. The Council adopted a strategy to support the expenditure from the fund at its Cabinet meeting in June 2017 and in March 2018 refreshed its Capital Portfolio Fund Strategy as part of its Capital Strategy 2018-21. The latest Capital Strategy for 2019-22 was agreed at February 2019 Council.
- 3.2 To date the Council has completed six acquisitions through the Capital Portfolio Fund. The total spend and commitments from the £25m Capital Portfolio Fund approval is currently c£17.6m.
- 3.3 The Council recognises that it has a responsibility to ensure that the newly acquired assets are properly managed on a day to day basis, but also that the Council has an agreed strategy for the overall maintenance of the portfolio of assets to ensure that their capital and revenue values are maximized to ensure the full benefit of owning them is realised by the Council.

- 3.4 In order to assist the Council and to build capacity and experience consultants have been appointed to manage both the properties and the portfolio. The Council is in the process of appointing BNP Paribas to manage the properties on a day to day basis, having successfully undertaken an open tender process and similarly the Council has appointed Jones Valerio to support the overall management of the portfolio of assets and it is this latter function that this paper and the Asset Management Strategy refers to.
- 3.5 Both sets of consultants will work alongside each other as there is a crossover between their roles; Jones Valerio will need to ensure that BNP Paribas are maintaining the assets and supporting the needs of tenants to ensure that each asset is well maintained and maximising its capital and revenue potential.
- 3.6 The draft of the strategy will be presented to the meeting of Overview and Scrutiny Committee on 4th July and their recommendation reported to this meeting.

4. KEY ISSUES

- 4.1 The Council's Capital Portfolio Fund Strategy sets out the guidelines it uses when considering making a new acquisition; the proposed Asset Management Strategy (Appendix 1) sits alongside that Strategy as part of the Council Capital Strategy to determine how the Council will manage the assets once acquired to ensure that their revenue and capital values are maintained and grown, the overall aim being to grow the value of the initial £25m investment. It should be noted that some of the appendices to the Strategy are exempt documents as they contain bespoke commercially sensitive documents that are the intellectual property of Jones Valerio.
- 4.2 The Capital Portfolio Strategy makes clear the Council's purposes behind using these funds to support the economic growth of the district and it is important that the Asset Management Strategy is also clear about the Council's aims; Part 1 of the Strategy sets out the Council's economic aims of the portfolio and recognizes the government guidance within which the Council operates.
- 4.3 The Ministry for Housing, Communities and Local Government (MHCLG) issued new statutory Guidance on Local Government Investments in early February 2018. The Asset Management Strategy has been developed to accord with the Government's advice.
- 4.4 The Asset Management Strategy is structured around each of the acquired assets having an individual Strategic Asset Level Business Plan (SALBP). This will enable the Council to oversee the individual assets and at a glance determine their 'live' status in terms of planned activity and performance. All decisions made by the Council on each asset are transparently made using the Procedure Guidance and Client Approval process which gives a clear audit of decisions made regarding each asset. In turn the collective SALBPs then forms the overall Asset Management Strategy where the Council will be able to monitor performance against the strategic objectives of growing capital and revenue value as well as taking holistic decisions about the overall balance of the portfolio in terms of asset sector, location, lot size etc and to form a view about relative performance against agreed KPIs and local and regional market benchmarks.
- 4.5 Performance reporting is a key tenet of the Strategy and Part 9 sets out the manner in which regular reporting will take place to ensure the Council is always up to date with

the performance of individual assets as well as the overall performance of the portfolio.

- 4.6 Part 10 of the Strategy sets out the Key Performance Indicators (KPI) against which the performance of the portfolio will be judged.

5. FINANCIAL IMPLICATIONS

- 5.1 As part of its medium term financial strategy, the Council has agreed a proposal to use its prudential borrowing capability to create a new Capital Portfolio Fund of up to a maximum of £25m. The Council adopted a strategy to support the expenditure from the fund at its Cabinet meeting in June 2017 and in March 2018 refreshed its Capital Portfolio Fund Strategy as part of its Capital Strategy 2018-21. The latest Capital Strategy for 2019-22 was agreed at February 2019 Council.
- 5.2 The adoption of this Asset Management Strategy will ensure the Council monitors the performance of the individual assets acquired as well as the overall portfolio of assets to maximise the capital values and revenue returns of the acquisitions and in so doing it will enable the Council to make key decisions regarding the assets such as whether to retain or dispose of them.
- 5.3 The costs associated with appointing consultants to advise on the day to day management of the assets are met primarily through the service charge paid by tenants and otherwise from the revenue returns from the assets. The fees for the appointment of Jones Valerio is determined as a percentage of the overall value of the portfolio.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 The Capital Strategy was agreed by Cabinet in March 2018 to ensure the Council has due regard to the MHCLG Guidance and this includes an updated Capital Portfolio Fund Strategy; this was agreed by Council at the May 2018 meeting. The strategy is revised annually together with the Capital programme and presented alongside the MTFS for member consideration. The revised 2019-22 Capital Strategy was agreed by Cabinet on 18th December 2018 and Council on 27th February 2019. is made.

7. EQUALITY IMPACT NEEDS ASSESSMENT

- 7.1 An Equalities Impact Assessment is not required.

8. RISK MANAGEMENT

- 8.1 Without the Asset Management Strategy to complement the Capital Portfolio Fund Strategy the Council would not be able to meet the MHCLG statutory guidelines, nor maintain proper governance over the development of its assets or the overall performance of the portfolio.

9. CONCLUSION

- 9.1 The Council is successfully developing a portfolio of assets acquired using its Capital Portfolio Fund to support its continued delivery of a growing local economy; adopting

the proposed Asset Management Strategy ensures that the Council will be able to monitor the performance of the individual assets and collectively the whole portfolio to ensure that it delivers capital and revenue growth.

10. CONSULTEES

10.1 Corporate Leadership team

11. BACKGROUND PAPERS

11.1 Capital Strategy 2019-22



Wyre Forest District Council

Asset Management Strategy



Capital Strategy 2019-2022

JONES VALERIO

INVESTMENT MANAGEMENT

26th June 2019

Executive Summary

The Council's Capital Strategy 2019-2022 is in line with Government Guidance on Local Government Investments (3rd Edition) issued under section 15(1)(a) of the Local Government Act 2003 and is effective for financial years commencing on or after 1st April 2018.

As part of the Capital Strategy the Council also has in place a Capital Portfolio Fund Strategy to guide its acquisition decisions; this Asset Management Strategy (AMS) is to be adopted by the Council to meet its key goals of supporting its local economic growth ambitions by creating a balanced property acquisitions portfolio to derive long term economic and regeneration benefits for the district whilst simultaneously providing sustainable net revenue income streams.

This AMS is necessary for the Council to articulate both the decisions made about the goals of the Capital Portfolio Fund (the Portfolio) and the ways in which the Council and the Asset Manager (AM) will achieve those goals.

It is intended to guide the Council in their decision-making moving forward and has been prepared by Jones Valerio Ltd (the AM) who were appointed on the 24th April 2019 to act for Wyre Forest District Council (the Council) and its Members.

The document sets out the strategy for property acquisitions and the ongoing ownership, asset management and decision making processes of those assets acquired within the Portfolio.

The AMS will be reviewed and commented upon each quarter by the AM as part of the Quarterly Fund Reporting (QFR) and in addition will be reviewed and updated annually as part of the contract.

For the purposes of this report, whilst the two do not work in isolation, the AMS is explained as an Asset Management Strategy separately to the Capital Portfolio Fund Strategy to aid understanding and linkage.

Each property asset acquired will be fully appraised by the AM via the Asset Management Strategy, including Strategic Asset Level Business Plans (SALBP) and included in the QFR and KPI's.

Where relevant the AMS in the QFR will highlight property assets as suitable for potential disposal where this is considered to benefit the Council's economic objectives, with receipts from asset sales to be recycled back into the Capital Portfolio Fund to enable new property acquisitions.

Team and Resources

Asset Management

To achieve the key AMS goals the Council has appointed an external asset management advisor, Jones Valerio Ltd (the AM).

The AM is appointed to provide advice on acquisitions made through the Capital Portfolio Fund and an Asset Portfolio Management Service. The AM will recommend further professional advisor engagement based upon the Portfolio activity requirement.

The AM is responsible for developing, reviewing and renewing the AMS, advising on acquisitions and disposals to build a balanced portfolio, implementing the SALBPs and reporting to the Council via a QFR to responsible Council Officers and lead Members, with bi-annual reports to the Overview and Scrutiny Committee and Cabinet.

Property Management

The Council has also appointed BNP Paribas (the Property Manager) to undertake the day-to-day activities of each asset, to include for example those matters relating to property operations such as collection of rent or service charge administration.

The AM will interact with the Property Manager primarily in relation to property management activity, who as AMs are responsible for strategic advice relating to the Council's Portfolio, including the individual tenant agreements and vacant property.

Monitoring Performance

Identification and familiarity with the various roles, responsibilities and resources is a key aspect of enabling the advisors to the Portfolio to work well together.

The AM will monitor and report on the performance of advisors to the Portfolio, including the Property Manager, to ensure that all actions and activities undertaken are conducted effectively.

Contents Page

1	Economic Agenda and Government Guidance	Page 1
2	The Strategic Goals	Page 4
3	The Strategic Model	Page 5
4	Client Consultation and Property Market Analysis	Page 7
5	Acquisition Strategy	Page 9
6	Asset Management Strategy	Page 23
7	Strategic Asset Level Business Plans	Page 29
8	Procedure Guidance & Client Approval	Page 31
9	Quarterly Fund Reporting	Page 32
10	Key Performance Indicators	Page 35
11	Report Appendices	Page 39

Economic Agenda

- 1.1 As part of the Council's Medium Term Financial Strategy 2017-2020 the Council has established a Capital Portfolio Fund (the Portfolio), initially of £25m sourced through borrowing from Public Works Loan Board (PWLb), to acquire assets that support its priority for regeneration and economic growth whilst also providing additional net income streams.
- 1.2 One of the Council's Corporate Priorities is to *"support you to contribute to a successful local economy"* and that key to delivering on this priority is to *"help new businesses to start up successfully and to support existing businesses to achieve sustainable business growth"*.
- 1.3 In 2016 the Council adopted its Strategy for Enabling Business Growth and Enterprise in Wyre Forest which builds on that Corporate Priority setting out three approaches the Council proposed to take to support the Corporate Priority – Direct Commissioning, Enabling and Engaging and Support and Signposting. It is under the Direct Commissioning work stream that the Council proposes to directly support the provision of new accommodation through property acquisitions and by constructing accommodation on land already in its ownership.
- 1.4 Also in 2016 the Council adopted a new Strategic Asset Management Plan (SAMP) which sets out how the Council is strategically managing its operational and non operational buildings; of the stated objectives of the SAMP for the next 5 years, one is *"to support business growth and economic development"* which it is envisaged would include housing developments; the SAMP is fundamentally linked to the Council's Strategy for Enabling Business Growth & Enterprise. The Capital Portfolio Fund is a key vehicle to deliver these objectives.

- 1.5** The Council has a well established vision for economic regeneration of the area which was set out in 2009 in the ReWyre initiative; this conceptual strategy has been responsible for much of the Council's economic regeneration and economic aspirations for the last ten years and was the driver for the collaboration of the three North Worcestershire authorities including Redditch BC and Bromsgrove DC.
- 1.6** In 2011 Wyre Forest District Council became the host authority for the North Worcestershire Economic Development & Regeneration Service (NWEDR) on behalf of Redditch and Bromsgrove. As part of the North Worcestershire group of authorities the Council is also a member of two Local Enterprise Partnerships (Worcestershire and Greater Birmingham & Solihull). Membership of the two LEPs is a key foundation of the councils' collective ambitions to support their local economies and reflects the functional economic geography of the North Worcestershire economy.
- 1.7** The Council is an active LEP member and has successfully attracted funding from both, through the Local Growth Fund for key regeneration projects; as such the Council has a vested interest in the successful growth of the LEP areas where it has a functional economic geography and supports the delivery of their respective Strategic Economic Plans (SEP) and developing Local Industrial Strategies (LIS) as this will benefit the district as a whole.
- 1.8** The Council has therefore decided that it will consider the acquisitions of its Portfolio across this combined LEP geography.

Government Guidance

- 1.9 Statutory guidance issued by the Secretary of State under section 15 (1)(a) of the Local Government Act 2003, requires that local authorities are required to *“have regard”* to *“such guidance as the Secretary of State may issue”*.
- 1.10 The Council will continue to ensure the prudent management of its acquisitions and to ensure they meet its strategic economic ambitions and having regard to security and liquidity of capital in accordance with the Government guidance.
- 1.11 The Council will ensure procedures are in place for monitoring, assessing and mitigating the risk of loss of invested sums.
- 1.12 Effective management and control of risk are prime objectives of the policies and procedures.
- 1.13 It should be noted that further power is conferred upon an authority by the Localism Act 2011 (the 2011 Act). Section 1 of the 2011 Act introduced a new General Power of Competence. Under the provision, a local authority has the power to do anything that individuals generally of full legal capacity may do. The Act is widely drawn and includes references to commercial activities and does not have to be of benefit to the local authority's area.
- 1.14 The Localism Act requires that any Council's actions being done for a *“commercial purpose”* must be done *“through a company”*, principally being a company within the meaning of s.1 (1) Companies Act 2006.
- 1.15 Reporting against the prudential indicators included within the Capital Strategy will be included in the monitoring reports to Overview and Scrutiny and Cabinet in accordance with Code Guidance.

Purpose

- 2.1 Setting and achieving goals is the hallmark of a successful strategy and the overarching strategy for any traditional real estate investor is to reduce security and liquidity risk, and to increase capital value and revenue streams.
- 2.2 For the Council, there is a specific fundamental element incorporated into the strategy which is to achieve operational economic benefits whilst also providing a net revenue income stream.

The Strategic Goals

- 2.3 The key strategic goals (or objectives) identified are as follows:

- * Prioritise property acquisitions which support business growth and the delivery of various economic development objectives.

- * To acquire properties that provide a contribution to the ongoing financial sustainability of the Council by generating net income streams in accordance with the Council's corporate and financial objectives.

- * Prioritise property acquisitions that yield optimal rental growth and stable income within an acceptable risk range and meeting all due diligence requirements.

- * Maximise return whilst minimising risk through effective asset management initiatives as outlined in this strategy.

- * Protect capital invested in acquired properties.

- * Build a balanced property portfolio that is proportionate to the overall financial position of the Council and balances the risk of the Portfolio across sector, geography and asset value.

- * Identify potential disposals that will help deliver economic benefit with proceeds from sale to be recycled into further property acquisitions subject to appropriate Capital Programme approvals.

Purpose

- 3.1** The purpose of The Strategic Model as displayed in Appendix 11.1 and shown on the following page as a flowchart, ensures that the Analysis, Strategy, Planning, Delivery and Reporting Phases are all considered in the AMS and also acts as a guide through the various parts of this document.

Client Consultation and Property Market Analysis

- 3.2** Within the Analysis Phase it is necessary to carry out initial and regular Client Consultation to establish where any changes to strategy may be required in addition to property market information and analysis as further explained in Part 4.

Asset Management Strategy

- 3.3** The Strategy Phase is covered by the AMS and is further explained in Part 5 and Part 6 respectively along with the various portfolio activities identified in The Strategic Model.

Strategic Asset Level Business Plans

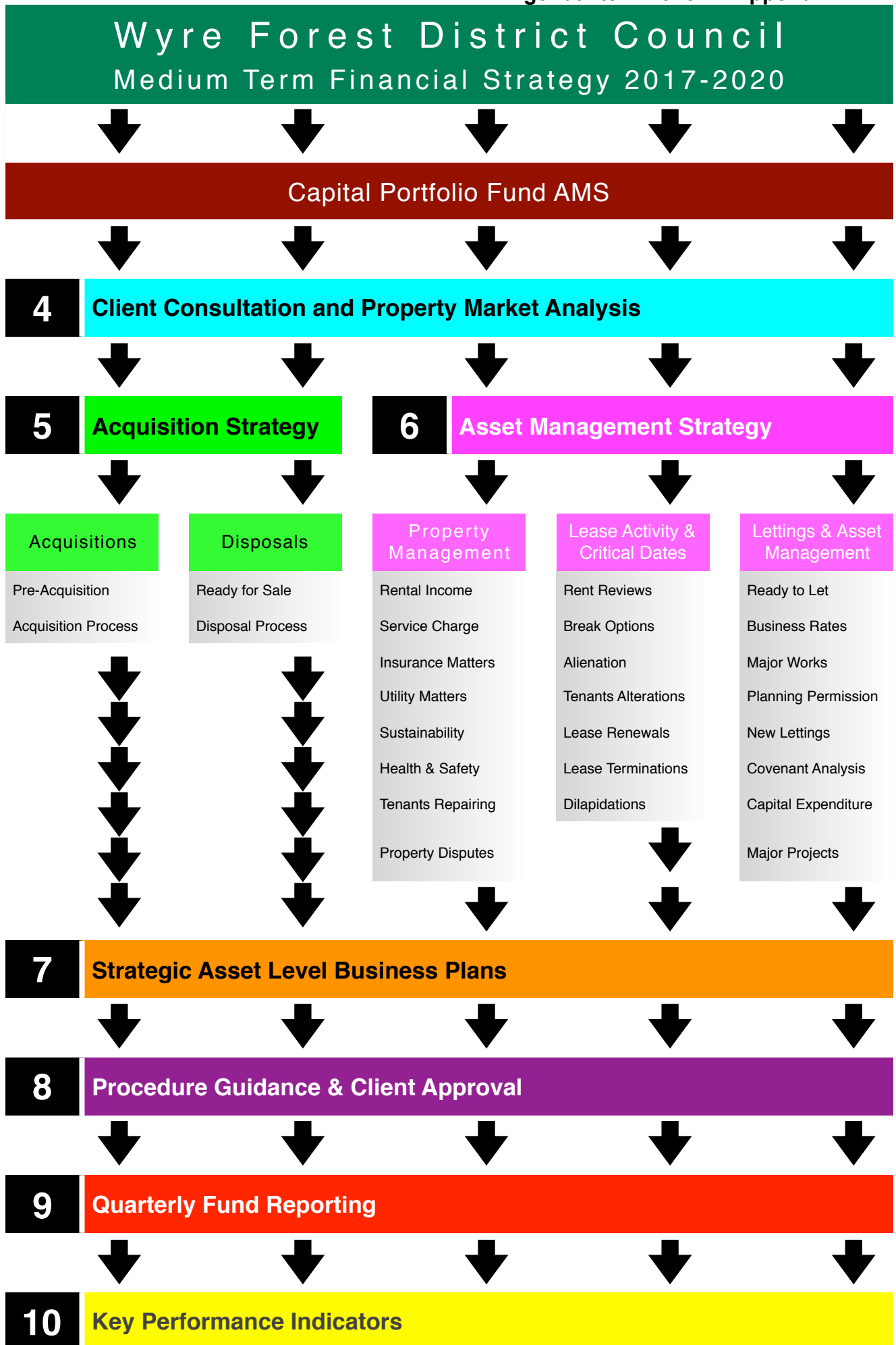
- 3.4** The Planning Phase of The Strategic Model focuses on the production of working asset level plans to deliver the portfolio goals and drive performance. SALBPs are produced for individual assets as further explained in Part 7.

Procedure Guidance & Client Approval

- 3.5** Delivery Phase of The Strategic Model is essential for the goals to be successfully achieved. The chosen method for this within the strategy is a Procedure Guidance document which is further explained in Part 8.

Quarterly Fund Reporting & Key Performance Indicators

- 3.6** The Reporting Phase of The Strategic Model and the inclusion of KPI's is explained in Parts 9 and 10 respectively.



Client Consultation

- 4.1 The Strategic Model requires a full understanding of the Council's needs to ensure that the AMS is fit for purpose and aligned to achieve the Council's goals.
- 4.2 To ensure the adopted AMS remains fit for purpose it must be regularly reviewed which is achieved by regular Client consultation to identify any risks and opportunities that may impact on the performance of the Portfolio so that action and changes to strategy, can be implemented.
- 4.3 This is achieved by regular dialogue and communication with the Council and is also commented on and reported at Portfolio level in the QFR.
- 4.4 At least once per year, the AM will arrange a full review of all aspects of the AMS and the Council's Capital Portfolio Strategy, with the respective SALBPs which sit beneath it, being reviewed and updated quarterly.

Property Market

- 4.5 Investment and occupational market research is a very important factor as it influences the decision making processes and is therefore reported in the Quarterly Fund Report.
- 4.6 The AM will resource property market research from a variety of different and reliable sources so a balanced view can be arrived at.
- 4.7 Most of the larger nationally represented commercial property agents produce regular market updates, insights and commentary, produced by their own in-house research teams. Their reports provide a rich and relevant commentary which the AM will analyse, interpret and report in the QFR.
- 4.8 The AM will also hold regular meetings with agents to identify and understand market developments and industry changes. The agents will be operating and/or specialising in the sectors and geographical areas of interest to the Council's portfolio.

Benchmarking and Outlook

- 4.9** The QFR includes an initial strategic section on the investment and occupational market characteristics and projections.
- 4.10** The AM will rely on monthly property performance indices which track capital value and rental growth statistics for retail, office and industrial sectors to benchmark the performance of the Portfolio. This information will come from monthly index data reported by the larger nationally represented commercial property agencies shortly after the end of each month.
- 4.11** Property sector performance data, in combination with other market research and economic forecasts and data, is utilised to make alignments to the Portfolio to achieve a balanced portfolio and also to measure and benchmark performance.
- 4.12** Benchmarking and outlook will influence the treatment of assets within the Portfolio, and in conjunction with the SALBPs will help determine which assets should be considered for disposal, and which asset types should be identified as suitable replacements into the Portfolio to achieve the goals.

Introduction

- 5.1 The Asset Management Strategy (AMS) comprises two parts, which are explained as an Acquisition Strategy and Asset Management Strategy separately to aid understanding and linkage. This section 5 covers the Acquisition Strategy. The Asset Management Strategy is covered in section 6.
- 5.2 The Strategic Model requires a full understanding of the Council's acquisition needs to ensure that the AMS is fit for purpose and aligned to achieve the Council's goals and to do this the AM will ensure there is alignment between the Capital Portfolio Fund Strategy, which sets out the parameters for acquisitions to be made, and the AMS.
- 5.3 The Acquisition Strategy does not work in isolation from the Asset Management Strategy. For example each potential acquisition and disposal will need to be appraised via the Asset Management Strategy as to its potential impact on the overall performance of the Portfolio.

Portfolio Valuers

- 5.4 An independent valuer (the Portfolio Valuer) will be appointed to value the assets within the Portfolio on an annual basis.
- 5.5 The AM will provide the Portfolio Valuer with all the necessary data for the valuations to be undertaken, and will update the Portfolio Valuer when changes occur so that these can be reflected in the valuation data quarterly for the QFR.
- 5.6 Portfolio valuation is necessary to identify the overall performance of the Portfolio and individual assets, so that shifts in value (either upwards or downwards) can be identified on a quarterly basis via the QFR.
- 5.7 The Portfolio Valuers may also be required to assist the AM to model certain scenarios to understand the impact of the individual assets in the Portfolio to assist with acquisition and disposal justification and decision making.

- 5.8** The Portfolio Valuers will also be responsible for providing the AM with certain KPIs as set out in Part 10. These KPIs along with all other KPIs (including prudential indicators) will be reported by the AM within the QFRs.
- 5.9** The KPIs will enable the AM to benchmark the performance of the Portfolio, and to make recommendations accordingly.

The Outline Strategy

- 5.10** The Acquisition Strategy is a key component of the overall AMS.
- 5.11** The Acquisition Strategy is primarily focused on the Portfolio's purchases and disposals, employing a diligent acquisition and separate disposal process to ensure that new purchases and chosen disposals will support the strategic economic goals.
- 5.12** The AMS includes the AM establishing an outline SALBP prior to purchase, which enables portfolio impact to be assessed working in conjunction with the Asset Management Strategy.

Balanced Portfolio

- 5.13** An essential part of any strategic risk conscious property owner is to understand and incorporate diversification theory into their acquisition and asset management strategy. This includes balancing the Portfolio in terms of risk by considering sector balance, geographic balance and asset value variation.
- 5.14** To mitigate risks, it is imperative that the Portfolio's exposures are tracked and benchmarked against current and future market forecasts and economic changes.
- 5.15** In terms of potential acquisitions and disposals into and out of the Portfolio, the impact on the balance will be a constant factor. For example, market intelligence may be a leading indicator to dispose of assets from a particular sector to mitigate future risk. Both the tracking and advise on risk mitigation is included in the acquisition considerations and the QFR accordingly.

Sourcing Acquisitions

- 5.16** As part of the Asset Purchase and Asset Disposal Advice, and an Asset Management Service, the AM is responsible for sourcing all new acquisitions into the Portfolio.
- 5.17** Acquisition opportunities will be principally sourced from national and local investment advisors. The AM will approach investment agents directly, informing them of the live requirements on behalf of the Council's Portfolio.
- 5.18** The AM is required to maintain and provide an updated Acquisition Opportunities Schedule to the Council on a weekly basis to ensure market opportunities are identified to the Council.

Pre-Acquisitions

- 5.19** Alongside ensuring a strategic fit, the key considerations for acquiring asset includes the following items listed and explained further below;
- * Geography
 - * Location
 - * Property Sectors
 - * Security of Income
 - * Financial Covenant Strength
 - * Liquidity of Capital
 - * Financial Returns
 - * Impact on Portfolio
 - * Lease Length
 - * Property Fundamentals
 - * Macro and Micro Location

- * Rental Value and Reversionary Scope
- * Tenant Suitability
- * Ethical Considerations
- * Sustainability
- * Legal and Material Liabilities
- * Asset Management Initiatives
- * Management of the Property

Geography

- 5.20** The Council will prioritise acquisition opportunities within the district but will also retain the discretion to make acquisitions outside the district within the geography of the LEP areas where it is a member.
- 5.21** Whilst it will always be the Council's preference to acquire assets within the district area to support regeneration and local economic development, the Council recognises that it has an interest in the success of the LEPs of which the district council is a member and that acquiring assets across this wider geography can have direct and indirect economic benefits for the district and its residents.
- 5.22** The Council has an interest in supporting the growth of the wider functional economic geography of the LEP areas on the basis that it will benefit locally from the wider City-Region success.
- 5.23** To that end therefore the Council may consider acquisitions that support this wider economic benefit covering Worcestershire, Birmingham, Solihull, Cannock, Lichfield, Tamworth and East Staffordshire areas as these are included within the 2 LEPs' geography.

Location

- 5.24** All locations within the Geography will be considered, which will fall under different categories identified as major prime, micro prime, major secondary, micro secondary and tertiary.

- 5.25** Different locations are an important facet of a balanced portfolio to diversify locational risks and to assist with improving returns. These categories are explained further under Macro and Micro Location.

Property Sectors

- 5.26** Acquisitions will not be limited to any particular sector, as flexibility to react to market change is key to being able to deliver the envisaged returns and a balanced portfolio.

- 5.27** The current Capital Portfolio Fund Strategy is to shape the Portfolio towards the following sectors :

- * Office (in town centre and out of town business park locations)
- * Industrial/Warehouse (on or within close proximity to major road/motorway infrastructure, or on established and/or modern industrial estates)
- * Leisure/Food & Beverage (town centre/local centre locations; out of town retail parks, or locations with main road prominence)
- * Mixed Use (town centre/local centre locations; or locations with main road prominence)
- * Residential

Security of Income

- 5.28** Security of income is an important factor in proportionality. For example, a small office suite, within a multi-let office building (representing a small percentage of the overall aggregate income of the property and let on a short lease) will present less risk to the Portfolio than that of a single let asset.
- 5.29** Tenants which are deemed to display strong financial strength will be favoured but consideration will be given to all financial covenant strengths in context with other fundamentals of the other acquisition criteria.
- 5.30** Guidelines on acceptable financial covenant of a tenant/s are described below.

Financial Covenant Strength

- 5.31** Predominantly those tenants demonstrating 3 years of pre-tax profit equal to or exceeding 3 times the annual rent or a net worth of 5 times annual rent, or 50% of income from tenants meeting this criteria in the case of multi let properties, will be favoured.
- 5.32** There may be instances where the property fundamentals and pricing are attractive enough to accept tenant covenants that do not meet this criteria.

Liquidity of Capital

- 5.33** The scope for realising capital, from the disposal of an asset, in the shortest time possible is of significant importance.
- 5.34** For example a property in poor condition, in a weak location, let to a strong covenant on a long lease places a disproportionate reliance on the financial covenant of the tenant and if it were to become vacant could prove difficult to re-let and sell.
- 5.35** To determine a property's capital liquidity the following features of the property should exist:
1. properties that are considered capable of being re-let in a short period of time if they were to become vacant;
 2. demonstrate strong prospects for renewal upon lease expiry/expiries;
 3. considered to be sensibly priced and not over-rented and therefore offer reversionary potential on renewal of lease/leases or upon new lettings;
 4. Significantly underpinned by its vacant possession value.

5.36 Financial Returns

Suitable property acquisition opportunities will be screened using the Council's adopted KPMG Financial Appraisal model. It calculates both a Net Present Value (NPV) and Internal Rate of Return (IRR) helping to identify acquisitions that produce a positive NPV and an IRR in excess of the cost of capital.

- 5.37** In addition to the KPMG Financial Appraisal model, other property appraisal methods may be necessary, to assess the underlying property's site value and vacant possession value (often referred to as 'residual value').
- 5.38** Based upon the Council's adopted financial modelling, it is envisaged that potential acquisitions that demonstrate a Net Initial Yield (NIY) below 6% may not meet the required returns, however some properties demonstrating a higher reversionary profile may still be viable if acquired off a lower initial yield (the 6% NIY should generally result in a minimum of a 1% Net Yield that is generally used as a threshold by the Council currently).
- 5.39** The Internal Rate of Return (IRR) and net impact on the Councils MTFS is also an important consideration.

Impact on Portfolio

- 5.40** All potential acquisitions will need to be assessed on their potential impact on the Portfolio.
- 5.41** For example a property may meet most of the required acquisition criteria but may expose the Portfolio to being overweight in a sector that is weakening, or may expose the Portfolio to high income void risks if lease expiries occur at the same time as a lease expiry on another asset within the Portfolio.

Lease Length

- 5.42** The Average Weighted Unexpired Lease Term (AWULT) is an important indicator of the projected future income of the portfolio. Traditionally longer leases are favoured by property investors ahead of shorter term leases.
- 5.43** For those acquisitions that demonstrate shorter AWULT, the properties must be considered capable of being re-let in a short period of time if they were to become vacant, and they should also demonstrate strong prospects for renewal upon lease expiry/expiries;
- 5.44** The impact of any potential acquisition on the overall Portfolio AWULT will also be considered as part of the Asset Management Strategy as it is reported as part of the QFR.

Property Fundamentals

- 5.45** Emphasis must be placed on properties which display the right property fundamentals.
- 5.46** Generally these will be properties that are modern and non-bespoke in nature with good accessibility. Older buildings with higher obsolescence factors may score poorly unless there is an underlying story, for example a potential for uplift in value achievable through redevelopment or refurbishment should the property become vacant.

Macro and Micro location

- 5.47** Generally, the relative importance of the macro location compared to the micro location increases as does the project and property size.
- 5.48** Secondary and tertiary locations describe properties that are generally in a less advantageous area to the macro and micro locations.
- 5.49** Consideration needs to be given to a property's location within the macro, micro, secondary and tertiary contexts.

Rental Value and Reversionary scope

- 5.50** The rental value of the property will need to be assessed to gauge the overall impact on the Portfolio. Generally properties which are over-rented should be avoided unless the purchase price reflects a suitable discount.
- 5.51** Properties which display reversionary potential. For example, properties which are considered to offer scope for the rent to be increased upon rent review, lease renewal or on a new lease following expiry will be favourable.

Tenant Suitability

- 5.52** The Council must take into account the type, nature and activity of tenant/s when considering an acquisition.
- 5.53** The Council has a responsibility to acquire prudently and conscientiously and must avoid acquisitions of properties where tenants may be deemed unfavourable for a variety of reasons.

Ethical Considerations

5.54

Business case proposals to acquire property will include the consideration of ethical issues and will exclude acquisitions in the following types of activity, as set out in the Capital Strategy: Violence, The Sex Industry, Gambling or betting, Material that may be regarded as offensive or discriminatory, Political Parties.

Legal and Material Liabilities

5.55

Thorough pre-acquisition and acquisition due diligence is necessary to determine legal and material risks that may affect the performance of a property and the performance of the Portfolio, so that these can be avoided or mitigated.

5.56

To identify and reduce legal and material risks the AM will follow certain procedures and checklists as set out in the Procedures Guidance (see Acquisitions section below).

Asset Management Initiatives

5.57

Asset management initiatives are primarily those initiatives that are identified by the AM that are designed to maintain or improve the value of an asset although there are a range of activities included in the SALBPs that identify opportunities to reduce risk that do not necessarily carry quantified impact.

5.58

In the pre-acquisition stage the AM will provide an outline SALBP which may highlight potential initiatives if not already identified by the vendor in their market approach and brochure.

Management of the Property

5.59

Properties will differ in the amount of management time and resources required to maintain and/or add value, and reduce exposure to risk.

5.60

For example, modern single let assets may have fewer lease events and activities, requiring less time and resource to manage compared to older multi-let assets with numerous lease events, common areas, and service charge activities.

- 5.61** Consideration will need to be given to the ease of management of certain assets in context to implementing effective asset management and time resources to other assets within the Portfolio.

The Evaluation Matrix

- 5.62** As an additional measure to the above Pre-Acquisition Criteria the AM and the Council will consider whether acquisition opportunities meet the AMS by applying a simple Evaluation Matrix as identified below.
- 5.63** This is a preliminary tool used to help initial assessment of acquisition suitability and should not be relied upon as a detailed appraisal of opportunities.
- 5.64** All opportunities will require the robust pre-acquisition procedures to be followed, meeting the Portfolio's Capital Portfolio Fund Strategy Criteria, Government Guidance and AMS, in addition to the KPMG Financial Viability Model.
- 5.65** The AM will score each acquisition proposal using the matrix; any opportunity will need to score a minimum of 250 to be considered acceptable as a potential acquisition.
- 5.66** Those opportunities scoring 250 and above will then be subject to further appraisal and due diligence, set out in the Pre-Acquisition and Acquisition stages.

		Excellent / Very Good	Good	Acceptable	Marginal	Poor
Weight						
Criteria		5	4	3	2	1
Location	20	Major Prime	Micro Prime	Major Secondary	Micro Secondary	Tertiary
Tenant Covenant	20	Single tenant with strong financial covenant	Single tenant with good financial covenant	Multiple tenants with strong financial covenants	Multiple tenants with good financial covenants	Tenants with poor financial covenant strength
Tenure	10	Freehold	Leasehold with 125 years plus	Leasehold with between 75-125 years	Leasehold with between 10-75 years	Leasehold with less than 10 years
Lease Length	20	Greater than 15 years	Between 10-14 years	Between 6-9 years	Between 3-5 years	Less than 2 years or vacant
Repairing Terms	10	Full Repairing and Insuring	Internal Repairing (100% recoverable)	Internal Repairing (partially recoverable)	Internal Repairing (non recoverable)	Landlord repairing
Building Quality/ Obsolescence	15	Newly built	Recently refurbished	Average condition and likely to continue to be fit for current use for 25+ years	Aged property with redevelopment potential	Nearing end of useful life/ use unlikely to continue when lease expires
Lot Size	5	Up to £4m	Between £4m-£6m	Between £7m-£10m	Between £10m-£15m	Less than £250k or more than £25m

Acquisitions

5.67 The Pre-Acquisition process described above is to ascertain the initial suitability of an acquisition into the Portfolio. It forms stage one of the acquisition process.

5.68 When an asset has been identified as a suitable acquisition to be pursued, the acquisition process will begin.

5.69 The acquisition process is described in the AM's Procedures Guidance document. This sets out the following stages of the acquisition process, which the AM will facilitate, coordinate and report on as follows;

- * Completion of the KPMG Financial Viability Model and stage 1 Checklist, including initial scoring Risk Matrix.

- * Client approval to be obtained by appropriate Member approval to proceed to acquisition due diligence (note reporting will be in "Part 11.Exempt" as this will contain commercially sensitive information).

- * AM undertakes acquisition due diligence, which will include an inspection of the property, review of leases/title/legal documents and investigation into covenants and other relevant information available at the time.

- * Submission of formal client approved conditional offer letter.

- * Agree Heads of Terms.

- * Appointment of Client's solicitor.

- * Appointment of valuation and building survey.

- * Production of an Acquisition Report (AR). The purpose of the AR is to summarise all relevant information in respect of the proposed acquisition including commentary on the forecast financial return and the overall outline business plan for the property. The AR will also provide commentary on any third party reports, highlighting where necessary, any further information/comfort required before completing the acquisition.

- * Report on Title. The AM will seek from the Client's Solicitor, a Report on Title to be appended and read in conjunction with the IM.
- * The AM will procure, prior to exchange of contracts, a Purchase Report from the introducing agent where retained.
- * The AM will be responsible for notifying all relevant professionals on timings of exchange and completion, and will notify Portfolio Valuers once completion has occurred so that the Portfolio valuation can be updated.

Disposals

- 5.70 During the lifecycle of the Portfolio it may be necessary and or opportunistic to seek to dispose of an asset/s, as highlighted previously, to balance the portfolio. This will primarily be driven by market forecasts and economic factors.
- 5.71 In addition, the success of the Asset Management Strategy (Part 6 below), which will be reflected in the asset and portfolio valuations, can also be a driver for disposal.

Ready for Sale

- 5.72 As part of the AMS, it is essential that properties to be disposed of are provided with the best opportunity to achieve best value in the shortest time possible as timing is key.
- 5.73 The approach adopted seeks to ensure that any information, measures and actions that require attention/completion prior to sale are known, to enable the risk or opportunity to be reduced or realised.
- 5.74 The Ready for Sale process is set out in the AM's Procedures Guidance Document.

Asset Disposal Process

- 5.75 The Asset Disposal Process is a specific part of the AM's Procedures Guidance Document.

- 5.76** For disposal the procedure covers timing of disposal, valuation approval, selection of selling agent, sales advice, managing the sales process and off-market procedure.
- 5.77** The Asset Disposal Process is set out in the Procedures Guidance document.

The Strategic Model

- 6.1** As per the Strategic Model, the Asset Management Strategy does not work in isolation from the Acquisition Strategy. For example each potential acquisition and disposal will need to be appraised via the Asset Management Strategy as to its potential impact on the overall performance of the Portfolio.

The Outline Strategy

- 6.2** The Asset Management Strategy adopts a risk and opportunities focused approach utilising a calculation of Performance Components to create SALBPs as identified in Part 7 of this report.
- 6.3** The Asset Management Strategy relies upon the SALBPs to drive quarterly activity, which is controlled and arranged by the Procedures Guidance as explained in Part 8 of this report.
- 6.4** The Asset Management Strategy also utilises the various performance measures adopted as part of the QFR explained in Part 9 of this report.
- 6.5** The performance measures adopted are Key Performance Measures explained in Part 10 of this report.
- 6.6** The Asset Management Strategy is inherently focused on ensuring delivery of three categorised areas of activity as identified in The Strategic Model;
- * Property Management
 - * Lease Activity and Critical Dates
 - * New Lettings and Asset Management Activity
- 6.7** The Asset Management Strategy to risk and opportunities is explained in the summary activities below, each of which is controlled by procedures as further explained in Part 8 of this report.

Property Management

Rent Demands

- 6.8** Rent demands should go out to occupiers at least six weeks before the lease due date with digital transmissions preferable. Pre-chasing of persistent late paying occupiers is to be provided if possible. Any requested or proposed changes to the collection regime as determined by the lease or licence obligations are to be justified and approved by the AM.

Security of Tenure

- 6.9** Security of tenure is a phrase used to describe the statutory right granted to tenants under the 1954 Landlord and Tenant Act to remain in occupation of its premises after its lease term expires. It means that the tenancy is protected by the 1954 Act and will continue to run until it is brought to an end in a prescribed way under the 1954 Act, regardless of the term set out in the lease.
- 6.10** Our approach to security of tenure is not to demand post expiry for non-protected tenancies without the prior approval from the AM to avoid potential unwanted security of tenure issues. Tenants requirements under protected tenancies must be utilised to best advantage by the landlord especially as a negotiating tool during lease renewals and where development opportunities are to be realised.

Credit Control

- 6.11** Regularity of contact with tenants as part of a consistent long-term approach to delivering rent collection out-performance. Take fair and appropriate actions early during the quarter period to avoid often more complex and drawn out historic arrear issues, with those that do become historic, to be dealt with pragmatically and quickly.

Rent Collection

- 6.12** Strong results are a market indicator of the performance of both the credit control function and the overall strength of the tenant covenants, which in turn can impact on the value of the held assets.

Historic Arrears Reporting

- 6.13** Can impact negatively on the overall performance of the portfolio both financially and from a time perspective for professionals involved. All historic arrears require clear instructions agreed as to what actions can be taken; either action or write off.

Write Off Procedure

- 6.14** Where the arrears are agreed or proposed to be Written Off this should be approved by the AM with associated justification.

Service Charge Matters

- 6.15** The performance of the landlord's ability to deliver reliable, accurate, fair and appropriate budgets and reconciliations, in a timely fashion and with appropriate backup information, greatly reduces financial risks from loss or dispute, helps retain tenants and where required re-let vacant premises.

Insurance Matters

- 6.16** Dealing with all insurance matters knowledgeably, swiftly and in a controlled manner can greatly affect the occupiers outlook in terms of the landlords performance in this area and is therefore an important area of portfolio management and will require liaison with the Property Manager.

Gas, Water and Electricity

- 6.17** Our approach to utilities as a potential landlord cost is that services should be aligned for economies of scale and quality of service to positively impact.

Sustainability Matters

- 6.18** Whilst energy performance is primarily focused on energy consumption, it is important for the Portfolio to also ensure that all aspects, including building works and general maintenance are also reviewed against the environmental impact.
- 6.19** Sustainability Targets should be identified by the AM and agreed with the Client once the complete portfolio EPC data has been obtained.

Health & Safety Matters

- 6.20** Non-compliant or disorderly health and safety management can have a negative impact on tenant retention, lettings and sales plus creates a potential reputational risk for the Portfolio if badly managed.
- 6.21** High Level Risks should be notified by the Property Manager to the AM as soon as practicable with proposed actions and requirements to be discussed and agreed.

Tenants Repairing Obligations

- 6.22** Our approach to ensuring tenants compliance with their maintenance and repairing obligations is that failure to do so will ultimately result in higher costs of repair and replacement and therefore compliance should be managed.
- 6.23** We are focused on the risk of tenants not complying with their repairing covenants during their lease and an over reliance on dilapidation liabilities at the end of the lease resulting in landlord shortfalls and liabilities.

Property Disputes

- 6.24** Disputes can have a negative impact on tenant retention, lettings and sales and in addition can become an expense of the landlord in many scenarios.
- 6.25** It is also important to understand why the dispute has arisen with a view to improving the processes to avoid if possible going forward.

Lease Activity & Critical Dates

Rent Reviews

- 6.26** Generally all reviews should be sequenced and seek to obtain open market value or above, whilst having regard to duration of the activity and the respective cost involved.

Break Options

- 6.27** The default position is for the Council not to take any action and the option may or may not be activated. Alternatively the Council may wish to take strategic action to seek to remove a tenant option or activate a landlord's option.

Sub-Letting and Assignment

- 6.28** The approach to both sub-letting and assignment applications is not only to maintain covenant performance but where possible actively improve covenant performance.

Tenants Alterations

- 6.29** The accurate approval of tenants alterations applications in accordance with the lease requirements is an essential part of maintaining the Portfolio performance.
- 6.30** In addition, the strategy seeks to identify opportunities to improve the Portfolio performance where possible, for example by funding tenants works in return for additional rent or receiving a premium for non permitted works.

Tenant Other Applications

- 6.31** The strategy adopted requires the AM to have the opportunity to consider the application early in the process and where possible identify any risk in maintaining and or where possible improving performance.

Lease Renewals / Lease Terminations

- 6.32** Generally all lease renewals should be sequenced and seek to obtain open market value or above whilst having regard to duration of the activity and the respective cost involved. Generally all lease terminations should be supported by financial analysis and justification for the termination.

Dilapidations Liability and Claims

- 6.33** The strategy differentiates between Liability relating to during lease obligations where the tenant retains an ability to carry out works, and Claims where the tenant does not retain an ability to carry out works and the landlord is seeking a financial settlement.
- 6.34** The approach is to identify early in the process which option is preferred having particular regard to the relevant factors. Timing is a key factor in obtaining a strong settlement as traditionally in the market, the longer the settlement negotiations go on for the smaller the percentage of settlement agreed is.

Lettings and Asset Management

Vacant Premises and Ready To Let

- 6.35** The strategy for vacant premises is to ensure that all necessary information is readily available to the incoming tenant in order that timescales for completing legal documentation is as short as possible.

Business Rates Liability

- 6.36** The strategy is to seek to ensure that liability is kept to the minimum by checking liability, and where possible, identifying opportunity to reduce liability. The need to identify the accurate liability is not just of benefit to the Council but the incoming tenant who may well wish to obtain clarification that the liability is accurate and has been considered.

Major Works & Refurbishment

- 6.37** The strategy for Major Works is to ensure they are fully considered and where required, carried out in a safe, efficient and cost effective manner.

Planning Permission

- 6.38** The strategy is to seek to make changes for the benefit of the portfolio either to increase use or to make physical changes to assets.

New Lettings

- 6.39** Letting activity generally requires immersive involvement from the AM, Property Manager and New Letting Advisor to ensure best results in good time.

Capital Expenditure

- 6.40** The strategy ensures that costs are both justified and approved with a schedule of costs maintained as part of the quarterly reporting.

Major Projects and Initiatives

- 6.41** A projects approach is used where relevant to ensure best in class professionals are engaged avoiding a piecemeal approach.

7

Strategic Asset Level Business Plans

Structure

- 7.1 The SALBPs are live documents used by the AM as the working document for the respective asset management activity what will be actively updated as risks and opportunities are progressed.
- 7.2 The data from the SALBPs is linked to the QFR which displays a summary of the Performance Components at a Portfolio level along with a summary of the primary asset impacting activities.

Asset Analysis

- 7.3 The Acquisition Strategy interacts with the SALBPs in three key areas of overall portfolio activity, as below (which is reported to Members):
 - * Pre-acquisition considerations where proposed new acquisitions are modelled into the portfolio to identify changes and assess impact;
 - * During operational activity on held assets to assist with justification of proposed activity to either add value or reduce risk;
 - * Pre-Disposal, to potentially highlight assets that should be sold to improve Portfolio performance or to achieve an opportunistic or special sale value.

Business Planning

- 7.4 This first part of the process requires the Critical Dates (rent reviews, break options, lease expiries, etc) to be identified and incorporated into the plan although reporting, advising and tracking of these activities is held in the QFR .
- 7.5 The AM then carries out a range of research including physical inspections, documentation and engagement with a variety of other professionals and tenants as required.
- 7.6 This section of the business plan also maintains records of any professional advisors engaged in the business plan, plus records of their respective fees.

Performance Components

7.7 The multifarious method the AM uses to produce business plans for individual assets focuses on five definitive areas or Performance Components, identified in outline below:

* Legal & Financial Performance (title, income, leases, covenants, rents, service charge, business rates and insurance);

* Physical Performance (surrounding area, aesthetic impression, signage and branding, health and safety, building surveys, business activities, landlord areas, tenant areas, vacant property, sustainability and accessible information);

* Maintaining Performance (tenant consultation, rent reviews, break options, lease renewals, assignment and subletting, tenant default, lease surrender, tenant alterations and dilapidations);

* Active Performance (tenant consultation, assignment and sub-letting, break options, re-gears, vehicle parking and storage areas);

* Pro-Active Performance (partial sale, change of use, advertising income, development opportunity, relocations, asset positioning, investment/asset opinion, sustainability, competition analysis, refurbishments and right sizing).

* Economic Performance (How the asset continues to deliver economic benefits to the district.

7.8 Each element of the Performance Components are apportioned a respective percentage into current good performance activity, to improve current performance or a residual factor where a risk or opportunity cannot currently be actioned such as a neighbouring site use.

Delivery Plan

7.9 The final and active part of the SALBPs is inclusive of an Investment Analysis, an Activity Register and a Programme Calendar.

7.10 This is used as both a tracking document for the AM and a communication tool with the relevant professionals involved.

8

Procedure Guidance & Client Approval

Purpose

- 8.1 The purpose of the guidance document is primarily to set out the procedure for the various acquisition and asset management activities across the portfolio.
- 8.2 As a working document, it will be controlled and updated by the AM, who remains ultimately responsible for communicating procedure to the relevant professionals engaged in professional activity.

Client Approval Forms

- 8.3 The Client Approval Forms are a digital procedural document that provides transparency to the approval process, from appointment through to completion of the respective activity.
- 8.4 The Client Approval Form process is designed around the requirements of the Council and should be considered and understood from the outset of the instruction by all professionals involved.

Activity Procedures

- 8.5 As highlighted in The Strategic Model and explained in the AMS, there are numerous specific areas of activity where a defined procedure is required and has been devised.

Purpose

- 9.1** The QFR is an essential part of both reporting the past activity, and to an extent and as far as reasonably possible, projecting future activity and required actions and decisions that need to be made ahead.
- 9.2** It provides an opportunity for the Council to both assess, and change direction if required and covers three primary elements to the AMS as identified in the report contents page included in Appendix 11.4 of this document and further explained in outline below.

Strategic Report

- 9.3** This section of the report primarily reports on the strategic aspects of the overall AMS covering the following areas;
- * AMS Commentary
 - * Market Commentary
 - * Standing Portfolio
 - * Portfolio Diversification
 - * Portfolio Sector Balance
 - * Acquisitions and Disposals

Measurement

- 9.4** The Measurement section of the QFR reports the KPI's selected to be relevant to the Portfolio as explained further in Part 10 of this report.
- 9.5** The measures are aligned with traditional commercial property investment portfolio management criteria for assessing the overall performance of investment portfolios.

Asset Management

9.6 This final section of the Quarterly Fund Report is primarily the Asset Management elements covering the following areas;

- * Asset Management Commentary
- * Income Projections and Risk
- * Portfolio Performance Components
- * 18 Month Rent Reviews, Break Options, Lease Expiries
- * Dilapidations Liability and Claims
- * Vacant Property
- * New Lettings
- * Capital Expenditure
- * Major Projects and Initiatives

Appendices

9.7 In addition to the three sections of the report identified above, the report also provides a variety of additional schedules and information including;

- * System Tenancy Schedules
- * Arrears Reports
- * Planned Preventative Maintenance
- * Forward Funding Register
- * Portfolio EPC Register
- * Sustainability Improvement Plans
- * Health and Safety Report

- * Tenant Maintained Parts Register
- * Sub-Letting Applications
- * Tenants Alterations Schedule

Purpose

- 10.1 The AMS relies heavily upon obtaining and understanding the selected KPIs. By tracking the KPIs, portfolio performance can be measured, compared to the market or Client target and greatly aid the decision making process to make change.
- 10.2 Each of the KPI are reported in both data and graphical form to aid understanding and are accompanied with an explanation of the purpose of the KPI and a quarterly explanation from the AM included.

The Key Performance Indicators

Total Property Return

- 10.3 Aims to compare performance of the asset portfolio against actual market performance from the property market index data.

Rental Value Growth

- 10.4 Aims to compare performance of the asset portfolio against actual market performance from the property market index data.

Reversionary Profile

- 10.5 Based upon the valuation Estimated Rental Value (ERV) across the asset portfolio, this KPI aims to project the reversionary income over what we recommend is a five-year period. The reversion is expressed in both cash flow terms and as a percentage of ERV.

Rent Collection

- 10.6 To maximise cash flow and minimise any potential bad debts. This is also an indicator of the quality of the tenants and the credit control effectiveness. We would propose that percentage of rent collection invoiced within 14 days of the due date target is used for KPI reporting, which in the market is traditionally 95%+ on a quarterly basis.

Service Charge Performance

- 10.7** The data simply tracks delivery of both budgets and reconciliations required to be completed during the reported quarter. The data can become particularly important where proposed disposals are considered as this information is of great importance to a purchaser.

Tenant Retention Rates

- 10.8** To identify tenant retention performance where tenant breaks and lease expiries exist, expressed as a percentage ERV split between retained and not retained as a percentage of ERV at risk during the quarter. This helps to demonstrate the overall strength of tenant relationships and the appeal and competitiveness of the market product.

Tenant Covenant Strength Record

- 10.9** To identify the average covenant strength across the portfolio as a financial ranking traditionally on an annual basis but quarterly for this portfolio.
- 10.10** Establishes a point in time of portfolio covenant strength, bolstering confidence of tenant receipts, and highlights changes within the asset portfolio enabling associated asset management actions to be considered potentially increasing value and reducing risk.

Average Weighted Unexpired Lease Term

- 10.11** To identify both average lease term remaining to first break, or expiry, across the portfolio weighted by contracted rental income. This can help demonstrate the effect of new leases or new voids as a single KPI expressed in terms of years.

Void Management Rate

- 10.12** To benchmark the asset portfolio void rate against the European Public Real Estate Association vacancy rate or the clients chosen target rate once income profiles have been established.

Energy Performance

- 10.13** To identify how energy efficient the assessed buildings or entire portfolio are. This KPI can be used to demonstrate changes to the ratings, following for example a landlord refurbishment to a relevant building, but also demonstrate asset portfolio overall performance.

Tenants Repairing Obligations

- 10.14** Repairing obligations not undertaken by tenants create risk within the portfolio and are tracked to identify and control during the year. The data reflects the total number of leases checked for internal and external repairing obligations and a single figure provided.

Property Disputes

- 10.15** Property disputes are defined as those requiring legal advice or action to be taken and in general will exclude traditional tenant rent specific collection issues but includes disputes involving service charge or insurance matters.

The Principle Risks

Inconsistent Strategy

- 10.16** Certain internal or external factors could impact on the strategy such as changing economic conditions requiring strategic change. Changes in the economy can impact adversely on property sector performance resulting in capital depreciation or income not covering the costs of borrowing resulting in a net cost of to the Council of holding the asset. The controls are to review and report this principle risk on a quarterly basis in addition to the annual review by the AM primarily led by local, regional and national research.

Acquisition and Asset Management Activity

- 10.17** Process and performance of a range of professional advisors can play an important part in delivery of the strategies to include: acquisition and disposal advisory and third parties, appointed lease event advisers, letting / sale agents, valuers, external property managers, internal estates team, legal advisors, asset management reporting.

Non-compliance with Health and Safety

- 10.16** Primarily an external property management function but does impact in other areas. Controls are for the external property manager to report on risks via a suitable system quarterly with performance related targets in place.

Terrorism and Other Interruption

- 10.17** Potential for actions to render property incapable of receiving income and potential reputational damage. Controls are to ensure that buildings have an incident management procedure, fire protection and security measures in place, fire and general risk assessments carried out annually, plus insurance cover to provide for loss of rent and terrorism.

11 Report Appendices

- 11.1** The Strategic Model
- 11.2** Strategic Asset Level Business Plan - Illustrative Example
- 11.3** Procedures Guidance Cover Page and Contents Pages
- 11.4** Quarterly Fund Report Contents Page

WYRE FOREST DISTRICT COUNCIL

**Cabinet
Tuesday 16th July 2019**

**Recommendations from the Overview and Scrutiny Committee
Thursday 4th July 2019**

Asset Management Strategy

The Committee considered a report from the Corporate Director: Economic Prosperity and Place which set out a proposal to agree the adoption of an Asset Management Strategy, as part of the Capital Strategy, to guide the Council in the overall management of assets within its developing portfolio of assets acquired through the Capital Portfolio Fund.

Members welcomed the Strategy and were assured that it had been developed in accordance with statutory guidelines. The Committee fully supported the adoption of the document and welcomed the prospect of receiving bi-annual performance updates of the overall portfolio fund.

Recommend to Cabinet that:

The proposed strategy should be adopted.

Background papers:

See the report on page 90 of the pdf at this link:

<http://www.wyreforest.gov.uk/council/meetings/com193.htm#mt7616>

WYRE FOREST DISTRICT COUNCIL

CABINET MEETING

16th July 2019

WRITE OFF OF AMOUNTS OUTSTANDING

OPEN	
CABINET MEMBER:	Cllr. Graham Ballinger
RESPONSIBLE OFFICER:	Corporate Director: Resources
CONTACT OFFICER:	Fiona Johnson Ext. 2661 E-mail Fiona.johnson@wyreforestdc.gov.uk
APPENDIX 1	Proposed Write-Off Schedule

1. PURPOSE OF REPORT

- 1.1 To enable the Cabinet to give consideration to writing off the sum of £71,989.90 in respect of debts that cannot be collected.

2. RECOMMENDATION

The Cabinet is asked to **DECIDE** that:

- 2.1 The total of £71,989.90 as detailed in the Appendix to this report, be written off, £57,404.33 for National Non-Domestic Rates and £14,585.57 for Council Tax.

3. BACKGROUND

- 3.1 Part 4 of the Council's Constitution, Delegation to Officers, paragraph 1.13, authorises the Corporate Director: Resources as Chief Financial Officer to write off individual debts up to the value, in each case of £5,000. For values, between £5,000 and £9,999.99 write-offs can be made with the approval of the delegated Cabinet Member. The Cabinet is authorised to write off debts of £10,000 and over.
- 3.2 It is therefore necessary for Cabinet to give consideration to the cases scheduled on the appendix to this report. On this occasion, the debts relate to non-domestic rates and council tax.

4. KEY ISSUES

- 4.1 National Non-Domestic Rates are demanded in accordance with the provisions laid down by The Local Government Finance Act 1988; the total annual sum collectable by this Council is circa £30 million, our overall collection rate for 2018/19 was 98.82%. Recovery action is taken in the event of non-payment under the various regulations made by this Act.

- 4.2 Council Tax is demanded in accordance with the provisions laid down by The Local Government Finance Act 1992: the total annual sum collectable by this Council is circa £58 million; our overall collection rate for 2018/19 was 97.15%. Recovery action is taken in the event of non-payment under the various regulations made by this Act.
- 4.3 Every effort has been made to pursue the debts set out in the Appendix. This rigorous recovery work has been a prolonged exercise due to the necessary stages that must be followed for debt recovery.

Write off is only recommended when all recovery avenues have been fully explored, and this is the reason for the debts now presented for write off.

5. FINANCIAL IMPLICATIONS

- 5.1 Under the current Business Rates Retention Regime the cost of non-collection of National Non-Domestic Rates is met both by the Government and the Worcestershire Business Rate Pool. Approval of the proposed write-off detailed in the Appendix of £57,404.33 will be accounted for as part of the Worcestershire Business Rates Pool and result in a loss of income shared between the Pool members and the Government. For further information this Council is participating in the pan-Worcestershire 75% Business Rates Pilot for 2019/20; the accounting for write-offs will result in the same overall financial impact across all parties as for the previous smaller Worcestershire Business Rates Pool arrangements that comprised of Worcestershire County Council, Wychavon District Council, Worcester City Council and this Council.
- 5.2 Under the current Council Tax system the cost of non-collection of Council Tax is met by Worcestershire County Council 69%, The Police and Crime Commissioner for West Mercia 12%, Wyre Forest District Council 12%, Hereford and Worcester Fire Authority 5% and Town/Parish Council 2%. Approval of the proposed write-off detailed in the Appendix of £14,585.57 will be accounted for and result in a loss of income shared between the above.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 None.

7. EQUALITY IMPACT NEEDS ASSESSMENT

- 7.1 This is a financial report and there is no requirement to undertake an Equality Impact Needs Assessment.

8. RISK MANAGEMENT

- 8.1 The principal risk to the Council is loss of National Non-Domestic Rates (Business Rates) income which is a key funding source. However, the budgeting process includes an estimate each year for a small percentage of potential write-offs/provision for bad debts that are unfortunately inevitable given the total annual sum collectable

of circa £30m. The Business Rates accounting regime and membership of the Worcestershire Pool mitigates the risk of impact on this Council as the loss of income is shared between Pool members and the Government.

- 8.2 The loss of Council Tax income to the Council is also a principal risk as this is a key funding source. However the budgeting process includes an estimate each year for a small percentage of potential write-offs/provision for bad debts that are unfortunately inevitable given the total annual sum collectable of circa £58m.

9. CONCLUSION

- 9.1 The amount set out in the Appendix cannot be collected and should be written off.

10. CONSULTEES

- 10.1 Corporate Leadership Team
Leader of the Council and Cabinet Member for Strategy and Finance

11. BACKGROUND PAPERS

- 11.1 Overview and Scrutiny Report 5th October 2017– Processes for Business Rates Debt Recovery .

Appendix 1 - Schedule of Write-offs

Debt Type	Payer	Address	Reason for Write-Off	Amount £
NDR	Purr Perfect Ltd 00391395	Shop and premises, Unit 10 Josiah Mason Mall, Kidderminster. DY10 1EJ	Business Rate debt related to occupied rates for the period 01/06/2017 to 31/03/2018 and 01/04/2018 to 31/05/2018. The company sold bags and suitcases from the shop unit. Liability Orders were made by Kidderminster Magistrates on 20th June 2018 and 12th September 2018. Instructions were passed to Enforcement Agents but they were unable to collect any payments and instructions were returned no trace. The company has now been dissolved at Companies House on 11th December 2018.	10,816.28
NDR	Magnesium Castings Ltd 00101748	Workshop and premises, Unit 77 Frank Salt Building, Barracks Road, Stourport-on-Severn, DY13 9QB	Business Rate debt related to occupied rates for the period 01/04/2011 to 31/03/2012, 01/04/2013 to 31/03/2014, 01/04/2014 to 31/03/2015, 01/04/2015 to 31/03/2016, 01/04/2016 to 31/03/2017, 01/04/2017 to 31/03/2018 and 01/04/2018 to 31/10/2018. The company occupied the unit with effect from 01/04/2000 and carried out forging, pressing, stamping and roll -forming metal. Payment in full was made for each financial year 2000 to 2010. Liability Orders were made by Kidderminster Magistrates on 8th July 2011, 28th June 2013, 4th July 2014, 3rd July 2015, 1st July 2016, 28th July 2017 and 12th September 2018. Instructions were passed to Enforcement Agents and they did collect some payments, but payments stopped and the instructions were returned no legal access. The company has not traded for some time as the director has been unwell, but the company still had the tenancy on the unit, and goods and machinery remained inside. The Landlord has now taken the unit back. The company is still active on Companies House but not trading.	46,588.05

PROPOSED WRITE-OFFS

Debt Type	Payer	Address	Reason for Write-Off	Amount £
CTAX	Mr & Mrs X 1392948	Property in Wyre Forest Rural ward and Bewdley	Council Tax relates to occupied council tax for the period 01/04/2005 to 31/03/2006, 01/04/2006 to 31/03/2007, 01/04/2007 to 31/03/2008, 01/04/2008 to 31/03/2009, 01/04/2009 to 31/03/2010, 01/04/2010 to 31/03/2011, 01/04/2011 to 31/03/2012, 01/04/2012 to 31/03/2013, 01/04/2013 to 31/03/2014, 01/04/2014 to 31/03/2015, 01/04/2015 to 31/03/2016, 01/04/2016 to 31/03/2017, 01/04/2017 to 31/03/2018, 01/04/2018 to 31/03/2019 and 01/04/2019 to 31/03/2020. Mrs X has had significant illness and is cared for full time by her husband. They have no property assets and live in rented accommodation. Liability Orders were made by Kidderminster Magistrates on 15th September 2005, 8th June 2006, 9th August 2007, 12th June 2008, 11th June 2009, 15th June 2010, 8th July 2011, 15th June 2012, 28th June 2013, 4th July 2014, 20th November 2015, 1st July 2016, 28th July 2017 and 12th September 2018. Instructions were passed to Enforcement Agents and they did collect some payments but payments stopped and the instructions were returned insufficient assets and also no legal access. Mr and Mrs X are a vulnerable elderly couple, the Council Tax Section has tried on numerous occasions to get them to apply for Council Tax reduction and any benefits they would be entitled to , however we have not had any contact from them. In February 2019 a Revenues Team Leader and the Financial Inclusion Officer visited the property to see if they could speak to Mr and Mrs X, however no one would open the door and they saw the property was in a poor state of repair and it had been adapted for a disabled person. As the property is rented the Council Tax Section feel there are no other suitable avenues for collection of the outstanding Council Tax.	14,585.57
			Total Write-offs requested	71,989.90

WYRE FOREST DISTRICT COUNCIL**CABINET**
16th July 2019**Appointment of Honorary Alderman**

OPEN	
CABINET MEMBER:	Councillor Graham Ballinger, Leader of the Council and Cabinet Member for Strategy and Finance
RESPONSIBLE OFFICER:	Chief Executive
CONTACT OFFICER:	Ian Miller, Ext. 2700 ian.miller@wyreforestdc.gov.uk
APPENDICES	None

1. PURPOSE OF REPORT

- 1.1 To consider a recommendation to Council in respect of appointment of an Honorary Alderman.

2. RECOMMENDATION

- 2.1 **That the Cabinet consider recommending the Council to confer the title of Honorary Alderman on Councillor Stephen Williams in accordance with Section 249 of the Local Government Act 1972.**

3. BACKGROUND

- 3.1 It falls within the Cabinet's terms of reference, under the appointment procedure for Honorary Aldermen agreed by Council on 27 May 2015, to consider and make a subsequent recommendation to Council on nominations to the position of Honorary Alderman.
- 3.2 The Cabinet is requested to consider applications by Councillor Marcus Hart and Councillor Fran Oborski to nominate Councillor Stephen Williams to the position of Honorary Alderman of the District.
- 3.3 The appointment procedure provides that a person shall be deemed to be eligible for consideration to be nominated to the position of Honorary Alderman if he or she:-
- (i) has rendered a minimum of 20 years' service as a Member of Wyre Forest District Council; and
 - (ii) has rendered eminent or notable service to the District by serving as Chairman, Vice-Chairman or Leader of the Council, Chairperson of a major Council Committee, member of Cabinet or Leader or Deputy Leader of any political group.
- 3.4 Councillor Stephen Williams was first elected to the Council in 1999 and retired at the ordinary elections in 2019. Uniquely in the history of the Council, he served as

Chairman of the Council on four occasions in 2005/06, 2008/09, 2014/15 and 2018/19. Councillor Williams in addition served as chairman of the Planning Committee for over a decade and was widely respected in that role. He remains a member of Chaddesley Corbett Parish Council on which he has served for upwards of forty years.

- 3.5 The nominee has indicated his willingness to accept nomination for the position of Honorary Alderman.
- 3.6 If the Cabinet is so minded to support the nomination, in accordance with the Council's Appointment Procedure, it will be necessary for the Cabinet's recommendation to be submitted for consideration at an extraordinary meeting of the Council, convened for that purpose.

4. KEY ISSUES

- 4.1 The nominee meets the eligibility criteria set out in the appointment procedure. The other requirements of the appointment procedure have been met: the application has been submitted by members of two different political groups and the nominee has confirmed his willingness to accept nomination.

5. FINANCIAL IMPLICATIONS

- 5.1 The cost of holding an extraordinary meeting of Council, the Badge of Office and Scroll can be met from existing budgets for democratic and civic services.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 The Council has the power to appoint honorary aldermen and alderwomen under section 249 of the Local Government Act 1972.

7. EQUALITY IMPACT NEEDS ASSESSMENT (EIA)

- 7.1 The report relates to an appointment that would be made by Council and no equality impact screening assessment is required. .

8. RISK MANAGEMENT

- 8.1 No relevant risks have been identified.

9. CONCLUSION

- 9.1 The Cabinet is invited to consider recommending that the Council confer the title of Honorary Alderman on Councillor Stephen Williams.

10. CONSULTEES

- 10.1 Corporate Leadership Team.

11. BACKGROUND PAPERS

Honorary Alderman appointment procedure – report to full Council, 27 May 2015.
Section 249 of the Local Government Act 1972
<http://www.legislation.gov.uk/ukpga/1972/70/section/249>