

5 June 2017

Dear Sir/Madam

## CABINET MEETING

A meeting of the Cabinet has been arranged to take place on **TUESDAY 13 JUNE 2017** at **6.00 PM** in **THE COMMITTEE ROOM, DISTRICT COUNCIL HOUSE, LICHFIELD** to consider the following business.

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

Yours faithfully



Neil Turner BSc (Hons) MSc  
Director of Transformation & Resources

### To: **Members of the Cabinet**

Councillors: Wilcox (Leader), Pritchard (Deputy Leader), Eadie, Pullen, Smith and Spruce.

1. Apologies for Absence
2. Declarations of Interest
3. Money Matters 2016/17: Review of Financial Performance Against the Financial Strategy (copy attached)

### 4. EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED: "That as publicity would be prejudicial to the public interest by reason of the confidential nature of the business to be transacted, the public and press be excluded from the meeting for the following items of business, which would involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972"

5. Friarsgate: Amendments to the Friarsgate Agreement (copy attached)

(A copy of the Council's 'Strategic Plan at a Glance' is attached for information).



# Money Matters : 2016/17 Review of Financial Performance against the Financial Strategy

## Cabinet Member for Finance and Democracy

Date:	13 June 2017
Agenda Item:	3
Contact Officer:	Anthony Thomas
Tel Number:	01543 308012
Email:	Anthony.thomas@lichfielddc.gov.uk
Key Decision?	YES
Local Ward Members :	Full Council

Cabinet

## 1. Executive Summary

- 1.1 The report covers the financial performance for the financial year 2016/17.
- 1.2 All of the Efficiency Plan targets of **(£350,000)** in 2016/17 and for 2017/18 onwards of **(£500,000)** have been achieved.
- 1.3 The Revenue Budget at the Net Cost of Service level was **(£400,009)** below budget, corporate spend and funding is **£14,903** more than the budget and therefore the net below budget performance is **(£385,106)**.
- 1.4 The Original budgeted transfer to general reserves was **£8,560** as approved by Council on 23 February 2016. The Approved Budget currently shows a transfer to general reserves of **£307,500** and **£692,606** was transferred to general reserves. Therefore, general reserves are **£385,106** higher than the Approved Budget.
- 1.5 The Capital Programme was below budget by **(£379,080)**; recommendation 2.3 below is for slippage of **£426,000** in 2016/17 to be carried forward to 2017/18.
- 1.6 The Council received higher capital receipts compared to the Approved Budget of **(£734,553)**.
- 1.7 In terms of Council Tax and Business Rates:
  - The Council's collection performance on Council Tax based on debt covering all years is **97.49%** and this is **1%** lower compared with the same period in previous financial years due to additional properties added to the valuation list and the effects of welfare reform with some debtors now having multiple year's debts.
  - The Council's share of the Council Tax actual surplus in 2016/17 is **(£36,008)** compared to the budgeted share of **(£40,000)** included in the 2017/18 Budget. Therefore the balance of **£3,992** will be included in the 2018/19 Budget.
  - The Council will be paying Business Rate levy of **£642,568** to the Greater Birmingham and Solihull (GBS) pool and will receive **(£208,516)** of returned levy. This is **£37,752** more net levy than the Approved Budget after taking account of the budgeted volatility allowance.
  - Therefore, overall Retained Business Rate Income after taking into account other changes of **(£9,786)**, is **£27,966** less than the Approved Budget.
  - The Council's collection performance on Business Rates based on debt covering all years is **97.22%** and this remained consistent with 2015/16 although there is a reduction compared to 2014/15.
  - The Council's share of the Business Rates actual surplus in 2016/17 is **(£1,080,450)** compared to the budgeted share of **(£789,000)** included in the 2017/18 Budget. Therefore the balance of **(£291,450)** will be included in the 2018/19 Budget.
- 1.8 The Council's investments achieved a risk status of **AA-** that was more secure than the aim of **A-** and yield exceeded all four of the industry standard London Interbank (LIBID) yield benchmarks.

## 2. Recommendations

- 2.1 To note the report and issues raised within.
- 2.2 To note that Leadership Team with Cabinet Members will continue to closely monitor and manage the Medium Term Financial Strategy.
- 2.3 To approve **£426,000** of Capital Programme slippage related to 2016/17 being added to the Approved Budget in 2017/18 as outlined at **APPENDIX D**.

That Cabinet recommends to Council :

- 2.4 To approve the actual 2016/17 Prudential Indicators contained within the report.

## 3. Background

### Budget Management

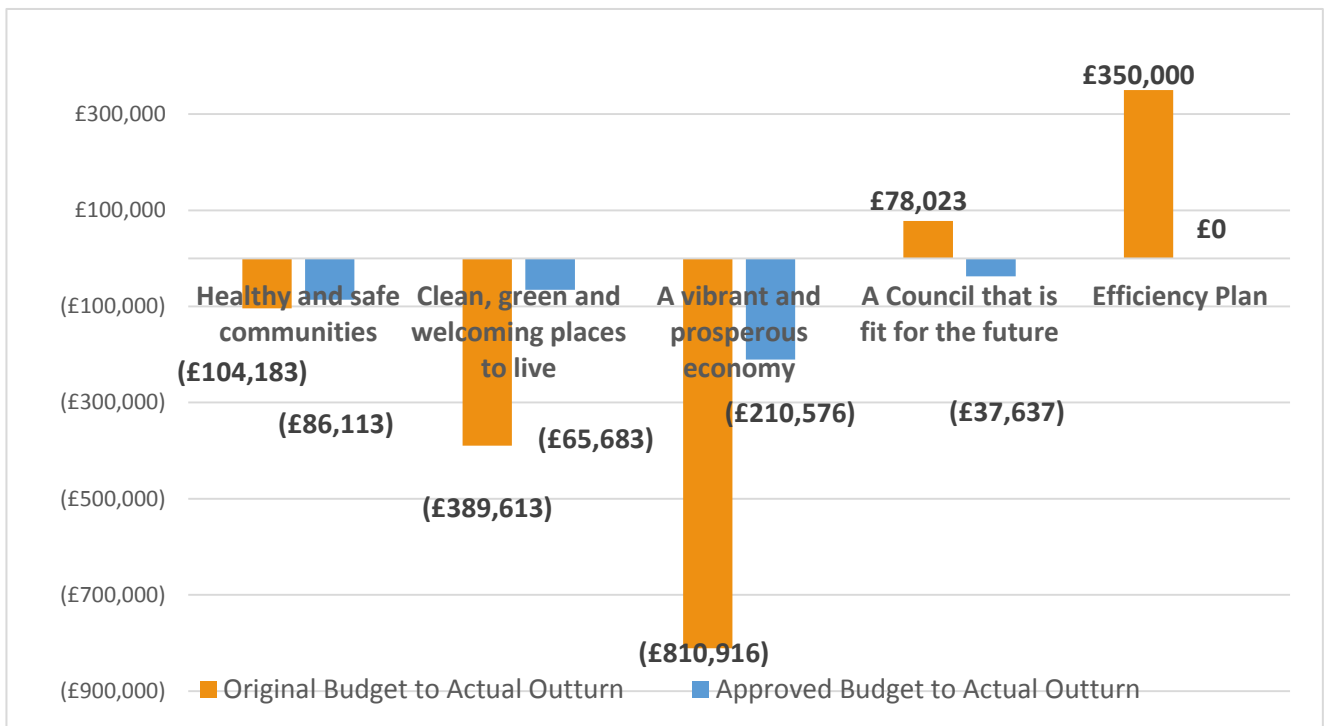
- 3.1. The MTFs (R&C) 2016-20 approved by Council on 23 February 2016 included the Original Budget for 2016/17 and set out the allocation of resources and the policies and parameters within which managers are required to operate.
- 3.2. Throughout the financial year, Money Matters reports were provided to both Cabinet and Strategic (Overview and Scrutiny) Committee at three, six and eight month intervals to monitor financial performance.
- 3.3. The Money Matters reports update the Approved Budget to reflect latest projections and the eight month Money Matters report formed the basis of the Revised Approved Budget for 2016/17 approved by Council on 21 February 2017.

### The Revenue Budget

- 3.4. The Medium Term Financial Strategy included Efficiency Plan targets of **(£350,000)** in 2016/17 and for 2017/18 onwards of **(£500,000)**. The targets have been exceeded as shown in the graph below and at **APPENDIX A**.



3.5. A summary of the financial performance at the Net Cost of Services level by the new Strategic Plan Priorities compared to both the Original Budget and the Approved Budget is shown below.



3.6. The detail related to these figures and the gross expenditure and gross income are shown at **APPENDIX B**.

#### Performance compared to the Original and Approved Budgets

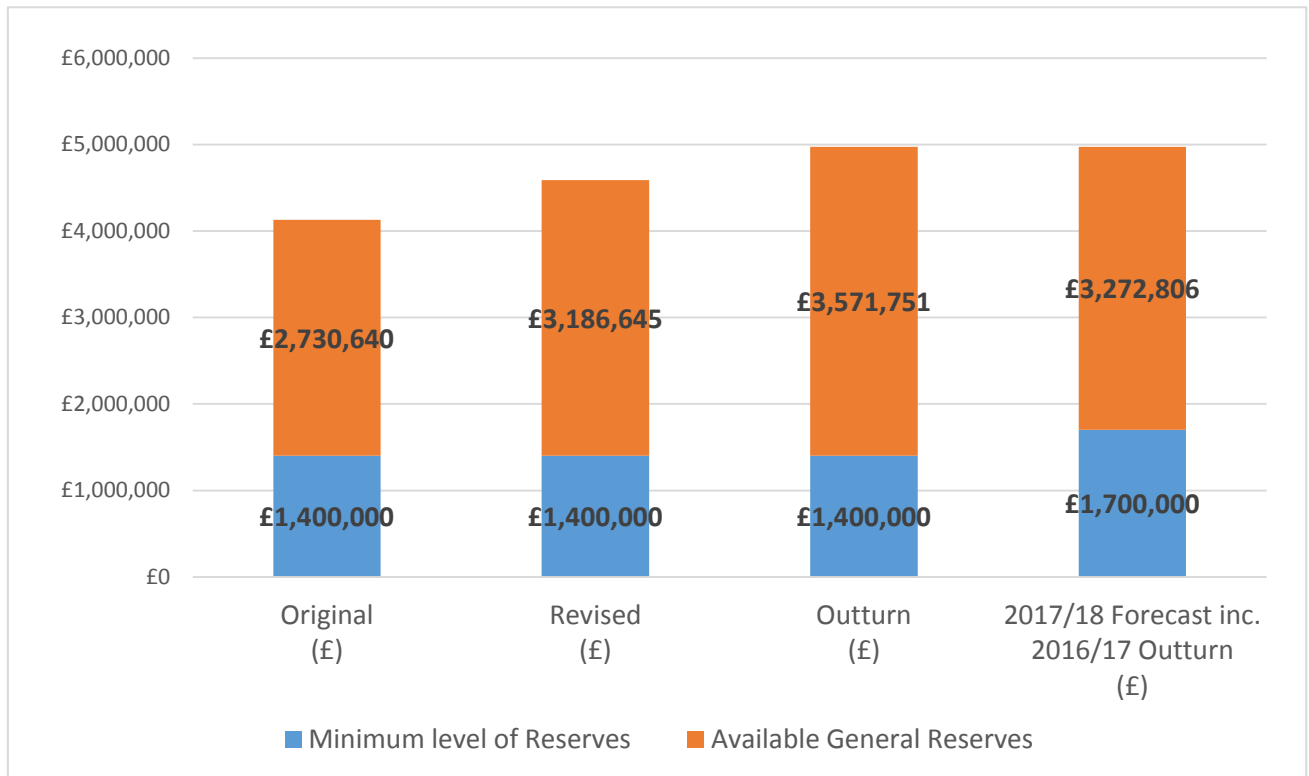
3.7. At the Net Cost of Service level, the actual variance compared to both the Original and Approved Budgets is summarised below and shown in detail compared to the Approved Budget in **APPENDIX B**:

	Original Budget	Approved Budget
<b>Healthy and Safe Communities</b>		
• Items Reported at eight months	(18,070)	
• Increased Leisure Centre income	(73,000)	(73,000)
• Increased Licensing income	(26,000)	(26,000)
• Other Items	12,887	12,887
<b>Clean, green and welcoming places to live</b>		
• Items Reported at eight months	(323,930)	
• Increased Recycling Credits and Other Items	(65,683)	(65,683)
<b>A vibrant and prosperous economy</b>		
• Items Reported at eight months	(600,340)	
• Increased Car parking income	(107,000)	(107,000)
• Increased Planning Applications	(79,000)	(79,000)
• Other Items	(24,576)	(24,576)
<b>A Council that is fit for the future</b>		
• Items Reported at eight months	115,660	
• Vacant posts	(23,000)	(23,000)
• Increased Court fee income	(12,000)	(12,000)
• Other Items	(2,637)	(2,637)
<b>Efficiency Plan</b>		
• Items Reported at eight months	350,000	
<b>Total – Net Cost of Services</b>	<b>(£876,689)</b>	<b>(£400,009)</b>
Net Treasury		994
Funding		£13,909
<b>Additional Transfer to General Reserves</b>		<b>£385,106</b>

## Revenue General Reserves

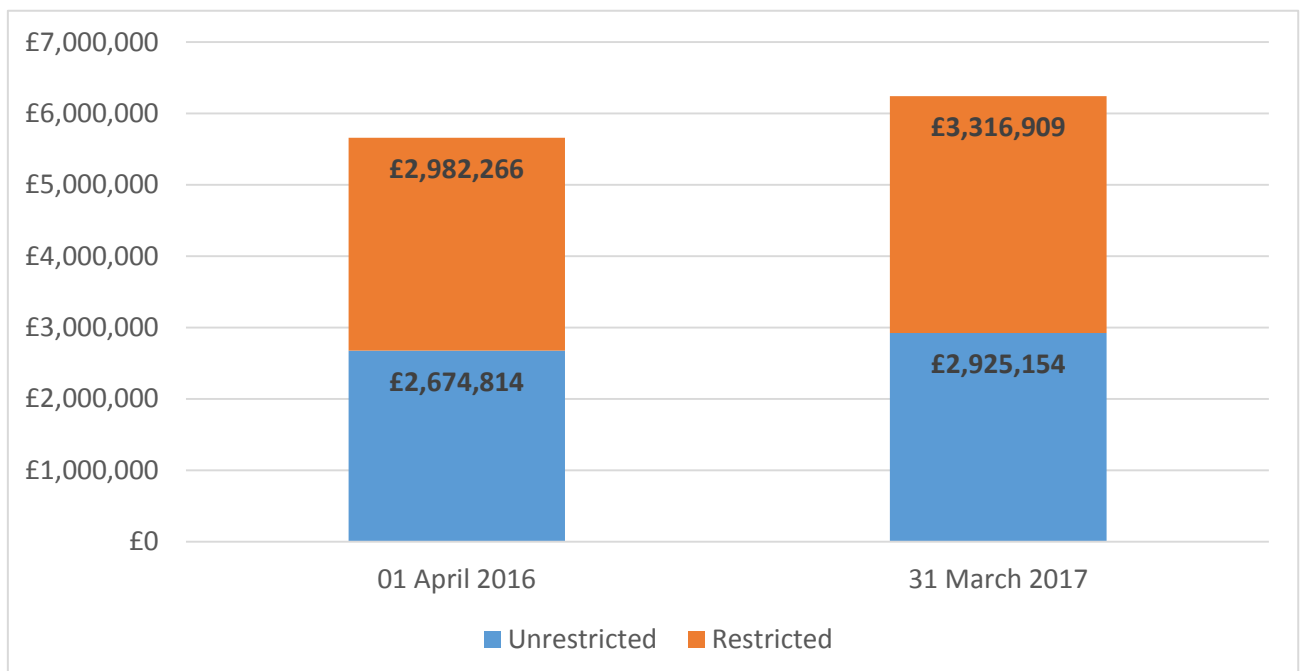
3.8 The Original Budgeted transfer to general reserves was **£8,560**. The Council has approved throughout the financial year transfers to general reserves of **£298,940** and therefore the Approved Budget shows a transfer to general reserves of **£307,500**.

3.9 This report identifies a transfer to general reserves of **£692,606** and therefore general reserves will be **£385,106** higher than the Approved Budget as shown at **APPENDIX B** and in the graph below:



3.10 Earmarked reserves are classified into unrestricted reserves where there are no restrictions over their use and restricted reserves where their establishment or use is determined by a legal or partnership agreement such as the Birmingham Road car park reserve.

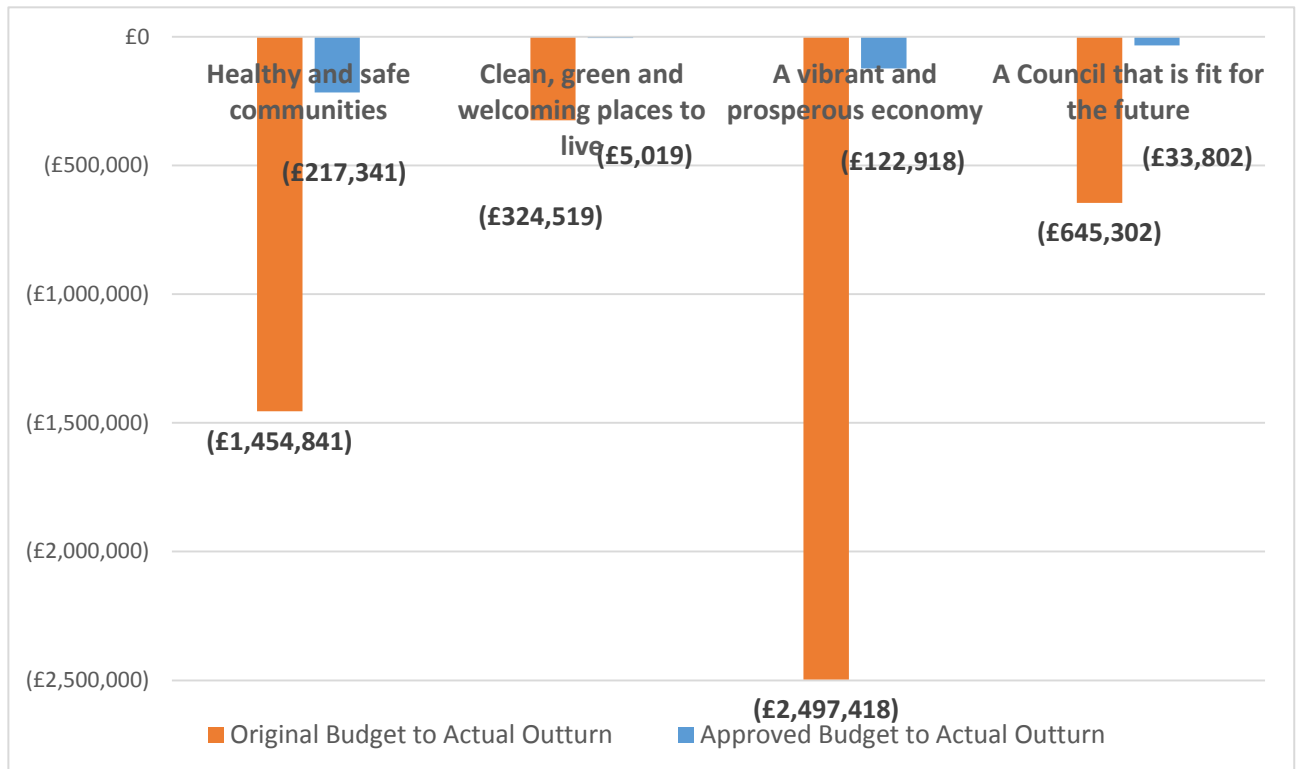
3.11 A summary of earmarked reserves is shown in the chart below and in detail at **APPENDIX C**.



## The Capital Programme

3.12 There has been one budget addition of **£37,000** to the Current Budget of **£2,925,000** and therefore the Approved Budget is **£2,962,000**.

3.13 The Capital Programme performance was below budget by **(£379,080)** or **13%** compared to the Approved Budget. This below budget performance compared to both the Original and the Approved Budgets is shown by the new Strategic Plan's priorities in the graph below and in detail at **APPENDIX D**:



### Performance compared to the Original and Approved Budgets

3.14. There was a variance compared to the Original and Approved Budgets that are related to:

	Original Budget	Approved Budget
<b>Healthy and Safe Communities</b>		
• Items Reported at eight months	(£1,237,500)	
• Disabled Facilities Grants	(£62,486)	(£62,486)
• Friary Grange Squash Courts / Sports Hall	(£50,000)	(£50,000)
• King Edwards / Burntwood Leisure Centre synthetic pitches	(£68,651)	(£68,651)
• Other Items	(£36,204)	(£36,204)
<b>Clean, green and welcoming places to live</b>		
• Items Reported at eight months	(£319,500)	
• Other Items	(£5,019)	(£5,019)
<b>A vibrant and prosperous economy</b>		
• Items Reported at eight months	(£2,411,500)	
• Cannock Chase Special Area of Conservation budget addition	£37,000	
• Friarsgate Project	(£73,877)	(£73,877)
• Other Items	(£49,041)	(£49,041)
<b>A Council that is fit for the future</b>		
• Items Reported at eight months	(£611,500)	
• Other Items	(£33,802)	(£33,802)
<b>Total</b>	<b>(£4,922,080)</b>	<b>(£379,080)</b>

3.15. The below budget performance compared to the Approved Budget of (£379,080) can be categorised as:

- Delays in spend taking place which is known as slippage of (£426,000).
- Technical adjustments including new finance leases of £142,000.
- Other adjustments including project underspends of (£95,080).

3.16. The slippage in 2016/17 of £426,000 is recommended to be added to the Capital Programme in 2017/18 when this delayed spend is planned to take place. The slippage together with the Revised Budget for 2017/18 is shown in **APPENDIX D**.

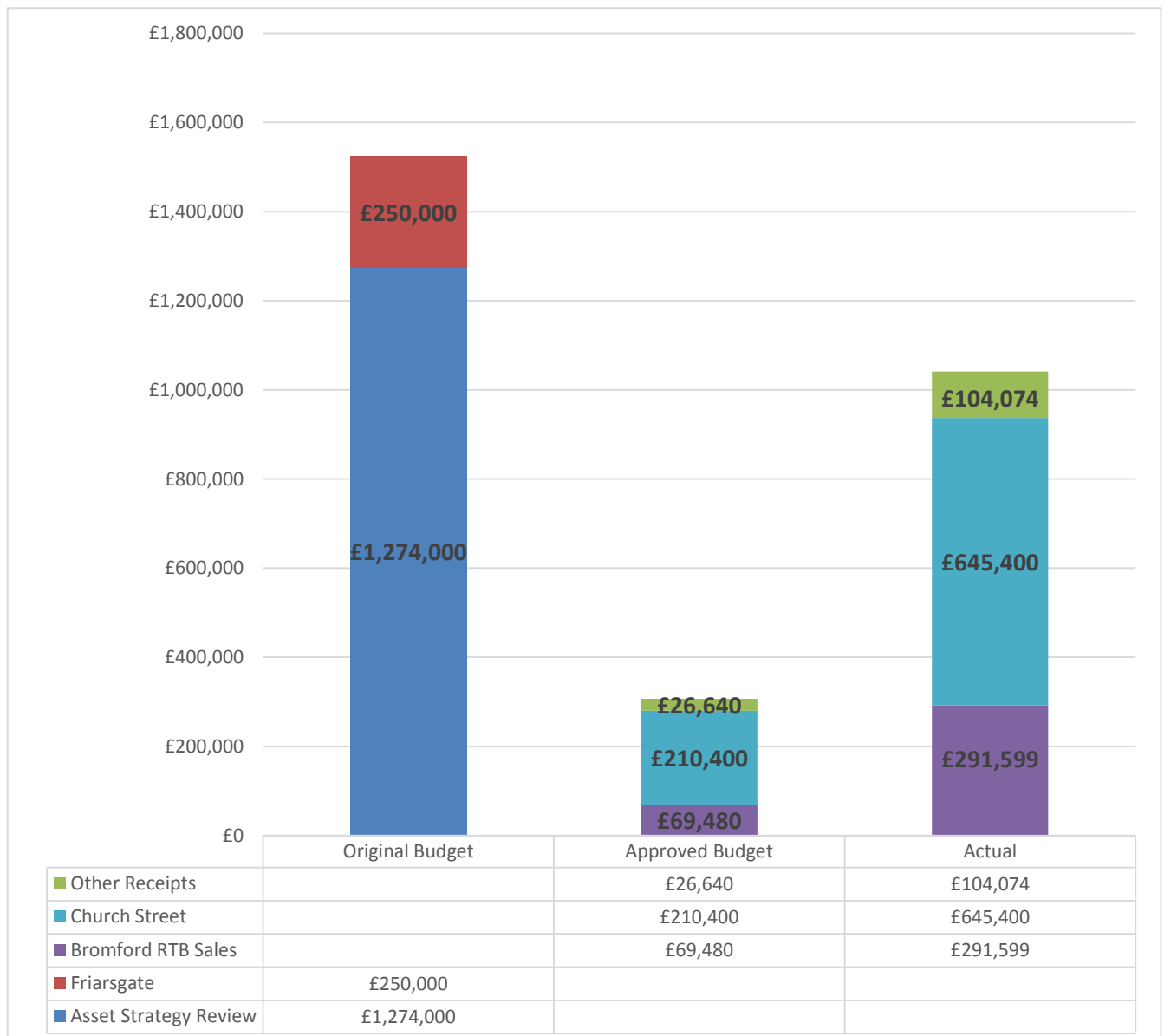
### Capital Receipts

3.17. There have been (£1,041,073) of actual capital receipts received in 2016/17 compared to the Approved Budget of (£306,520).

3.18. The additional capital receipts received of (£734,553) is related to:

- An additional 'profit share' receipt related to the land sale at Church Street for (£435,000).
- The Council's share of Right to Buy sales of (£222,119).
- Other small sales in excess of the Capital Receipts threshold of £10,000 of (£77,434).

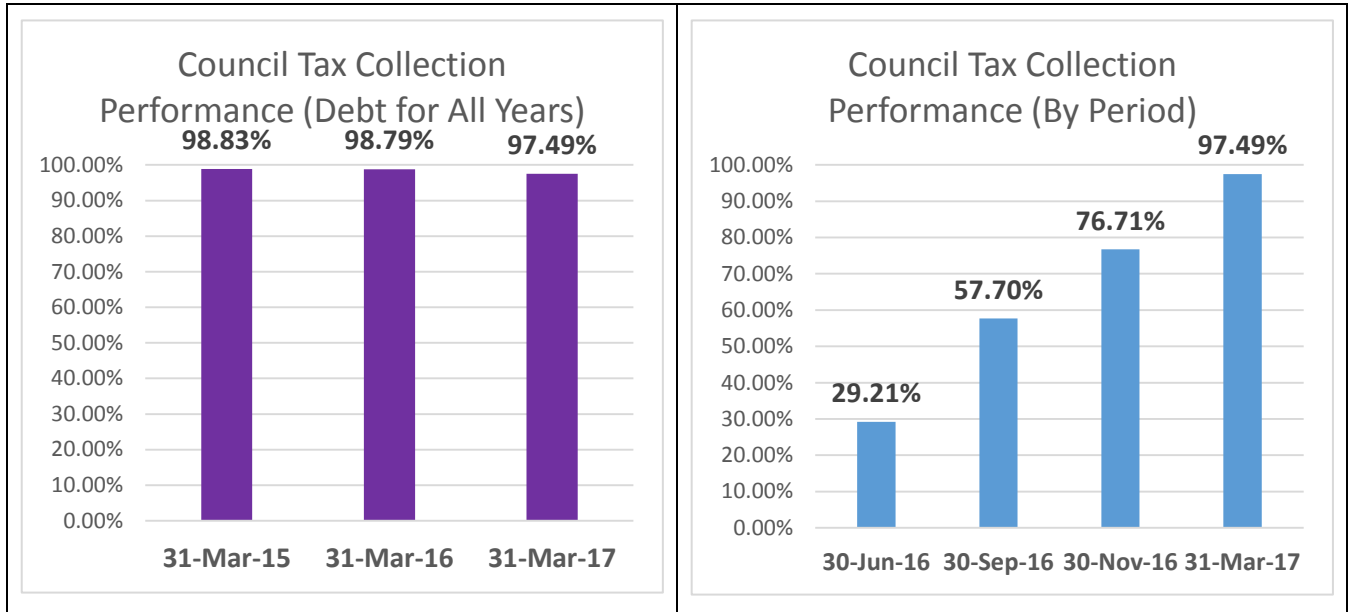
3.19. The Original and Approved Budgets together with the actual capital receipts received are shown in the graph below:



## Council Tax

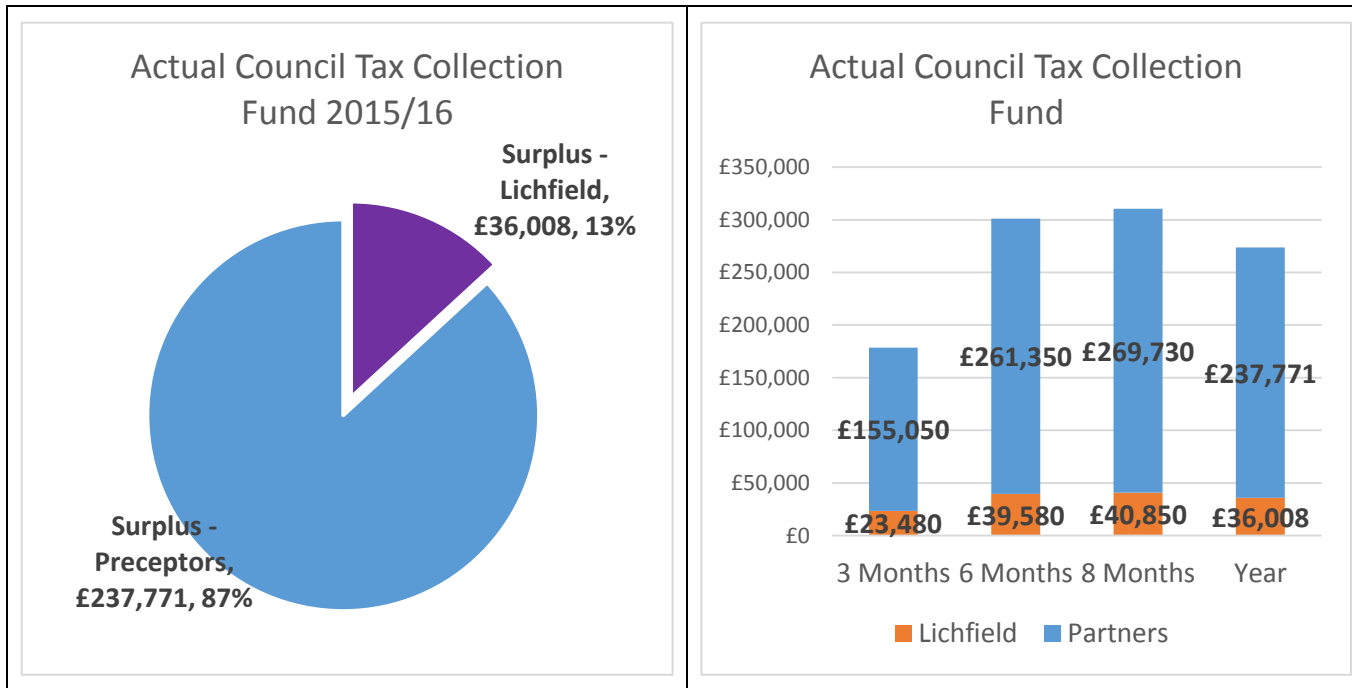
3.20. The Council is responsible for the collection of Council Tax for all precepting authorities in 2016/17 totalling **£56m**.

3.21. The collection performance for Council Tax for the last three financial years is shown in the graphs below:



3.22. The collection performance has reduced in 2016/17 by over **1%** compared with the same period in previous financial years due to additional properties added to the valuation list and the effects of welfare reform with some debtors now having multiple year's debts.

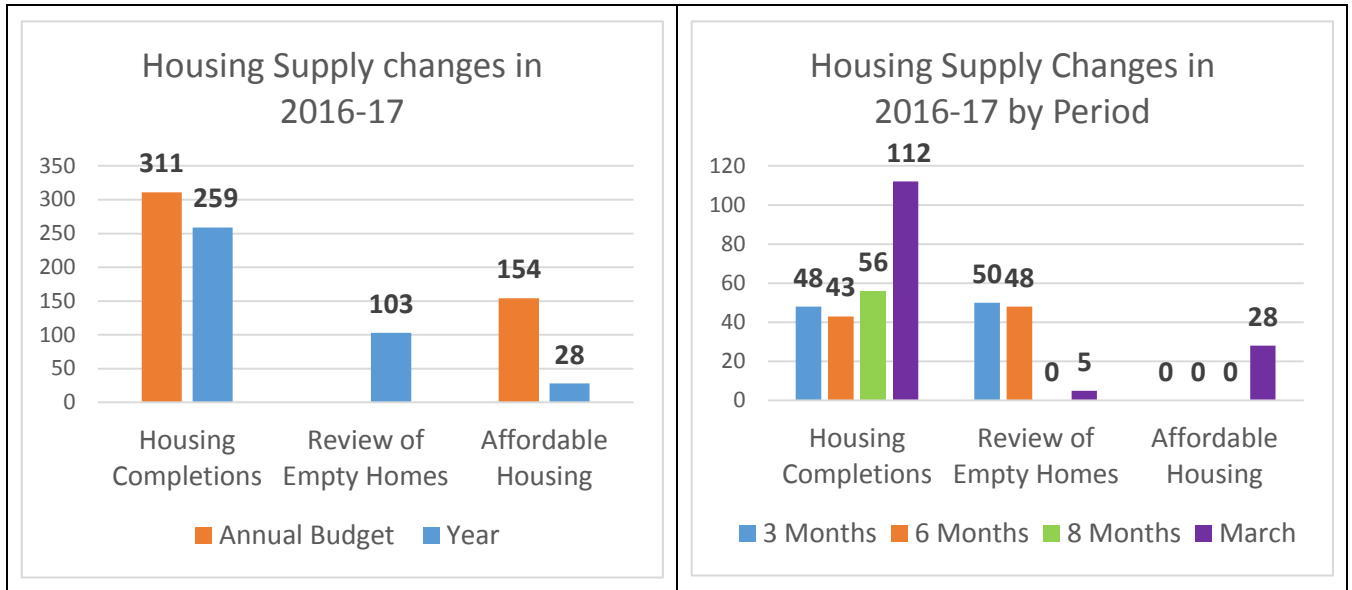
3.23. A summary of the Council Tax Collection Fund performance and surplus of **(£273,780)** (the Revised Budget assumed a surplus of **(£310,580)**) is shown in the graphs below with detail shown at **APPENDIX E** and is based on Lichfield's (including parishes) current share of Council Tax of **13%**:



3.24. The actual surplus in 2016/17 of **(£36,008)** includes the actual surplus in 2015/16 together with performance related to 2016/17. The Council estimated the surplus to be **(£40,000)** and this has been included in the 2017/18 Budget, the balance of **£3,992** will therefore be included in the 2018/19 Budget.



3.25. Housing supply is one of the key assumptions in the Medium Term Financial Strategy because it impacts on the income we receive from Council Tax and New Homes Bonus. The actual using information on housing completions and the review of empty homes from Council Tax is shown in the two graphs below:



### Business Rates

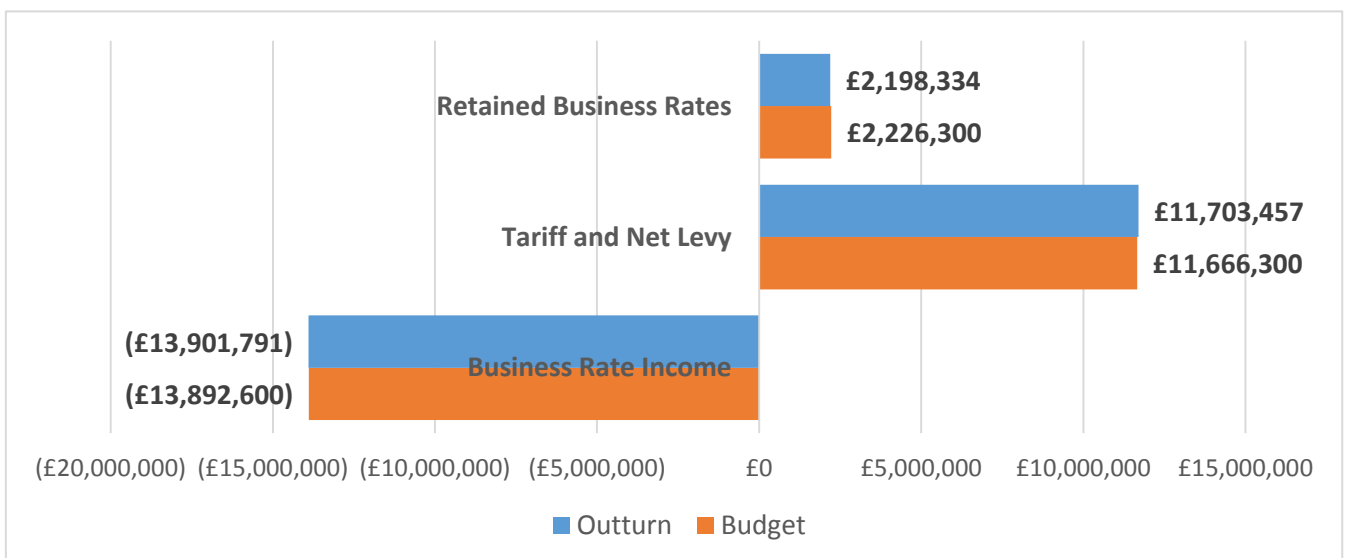
3.26. The Council will collect Business Rates for all partners in 2016/17 totalling **£35m**.

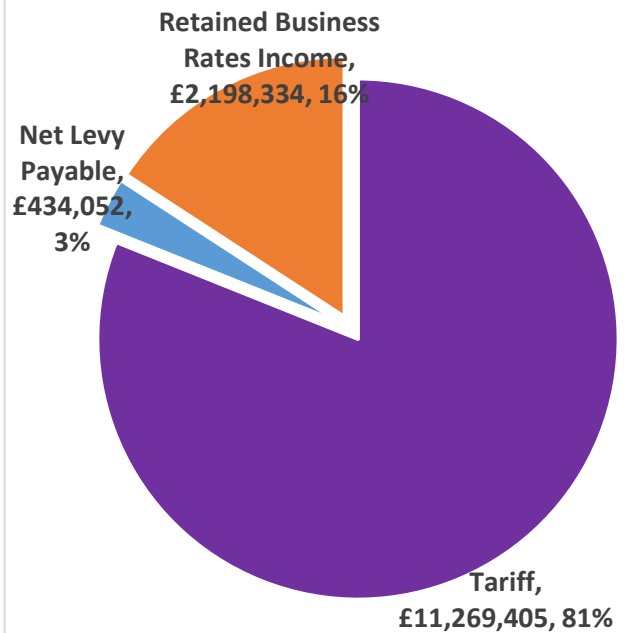
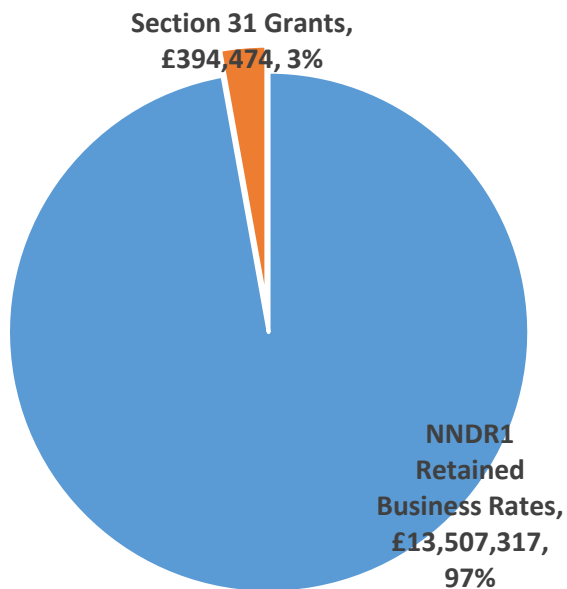
3.27. The Council receives a **40%** share of Business Rates income. The Council's share included in its budget is based on the NNDR 1 estimated level together with Section 31 grants for certain reliefs granted. The Council must then pay the Government set tariff and any net levy based on growth above the Government set baseline (or receive safety net in the event of Business Rates having reduced more than a set percentage below the baseline).

3.28. The Retained Business Rate income for 2016/17 is **(£2,198,334)** compared to the Approved Budget of **(£2,226,300)**, a reduction of **£27,966**. This is because:

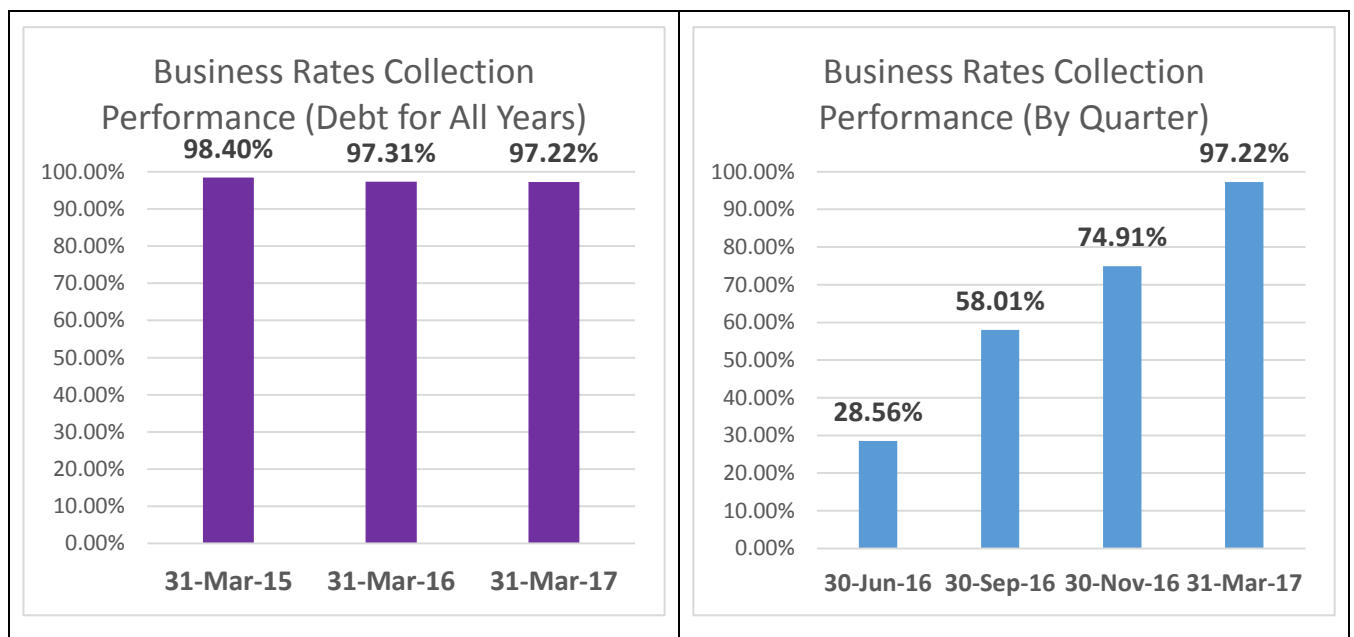
- The Council's in year share of Business Rates in the Collection Fund is higher than budgeted (see below for further details) and this will mean additional net levy payments of **£37,752** although this partially offset by a lower tariff payment of **(£595)**.
- Business Rate Income was **(£9,191)** higher than the budget.

3.29. The detail of the Council's actual and budgeted share of Business Rates income, the tariff and net levy, and the Retained Business Rates in 2016/17 are shown in detail at **APPENDIX E** and in the graphs below:



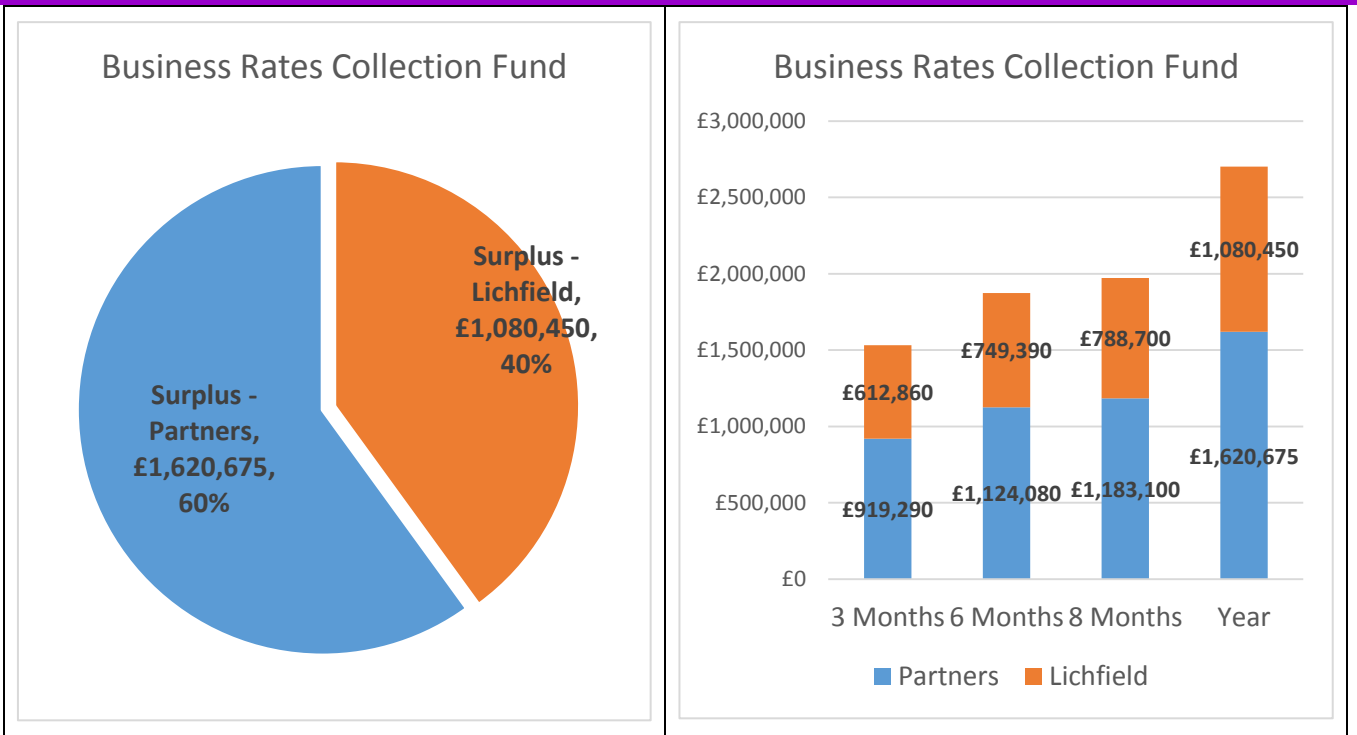


3.30 The collection performance for Business Rates for the last three financial years is shown in the graphs below:



3.31 The collection performance has remained consistent with 2015/16 although there is a reduction compared to 2014/15.

3.32 A summary of the Business Rates Collection Fund performance and surplus of (£2,701,125) (the Revised Budget assumed a surplus of (£1,971,800)) is shown in the graphs below with (the detail based Lichfield's prescribed share of 40%, is shown at APPENDIX E):

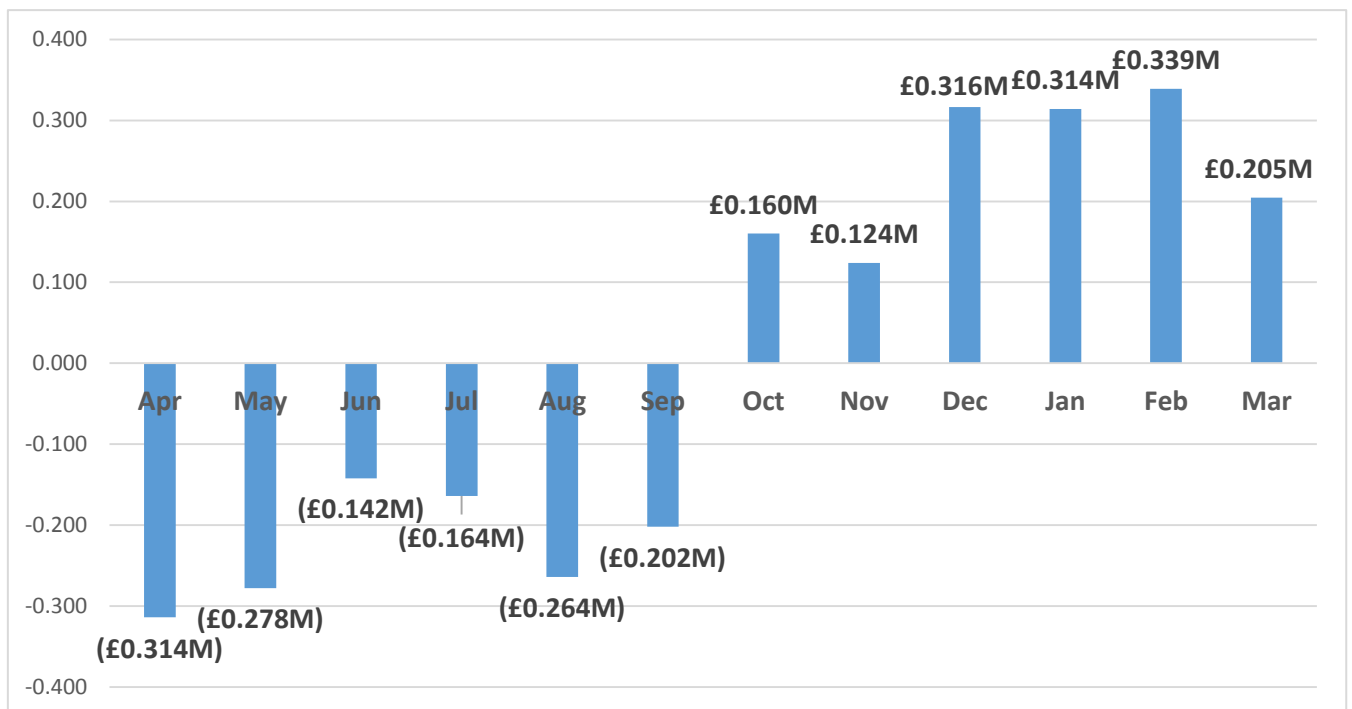


3.33 The main reasons for the additional surplus of (£729,325) compared to the Revised Budget are:

- Lower provision for appeals of (£420,360).
- Lower provision for losses on collection of (£494,474).
- Other reasons £185,509.

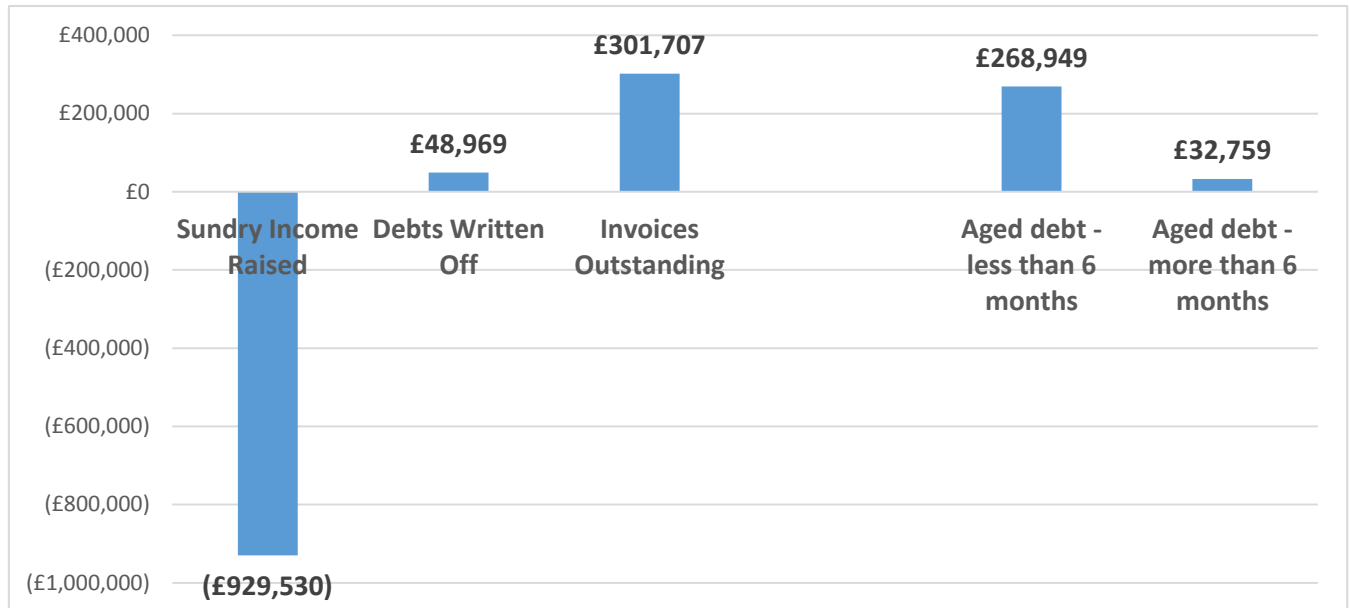
3.34 The actual surplus in 2016/17 of (£1,080,450) includes the surplus in 2015/16 together with performance related to 2016/17. The Council estimated the surplus to be (£789,000) and this has been included in the 2017/18 Budget, the balance of (£291,450) will therefore be included in the 2018/19 Budget.

3.35 Another key assumption in the Medium Term Financial Strategy is the level of growth or decline in Business Rates. The Original Budget assumed the only reduction in Rateable Value during 2016/17 would be in relation to properties impacted by the Friarsgate development. The variance in Rateable Value during 2016/17 compared to the Approved Budget is shown in the graph below:



## Sundry Debtors

3.36 A summary of key transaction levels and collection performance for Sundry Debtors at 31 March in 2016/17 compared to 2015/16 is shown in the graph below:



3.37 The collection performance is shown in detail at **APPENDIX E** and is summarised below:

- The value of income raised has decreased by **(£929,530)** or (11.68%) due primarily to a significant reduction in the number and value of Section 106 invoices issued of (£783,000).
- The value of write offs has increased by **£48,969** or 108.95% due to the write off of a large Housing Benefit Overpayment invoice where the debtor has deceased and an insolvent business.
- Overall invoices outstanding have increased by **£301,707** or 16.40% due to several large invoices outstanding for Section 106 and waste services.
- The increase in those outstanding for less than 6 months by **£268,949** or 21.52% due to waste invoices issued in February and March 2017 that were still outstanding at the end of March 2017.
- The increase in those outstanding for more than 6 months by **£32,759** or 5.55% is due to one large Section 106 invoice where payment is being held by Solicitors until a legal matter is resolved.

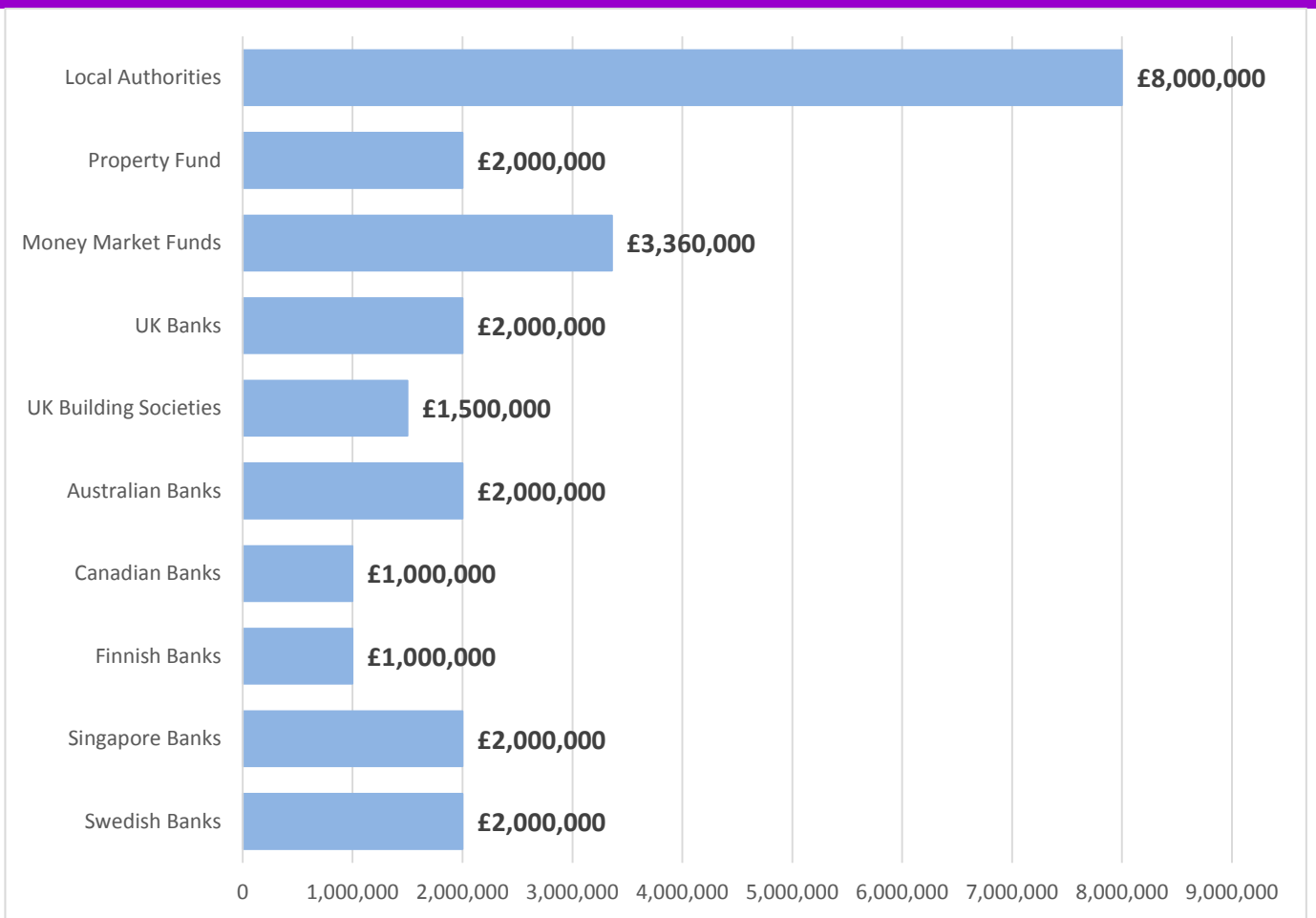
## Treasury Management

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

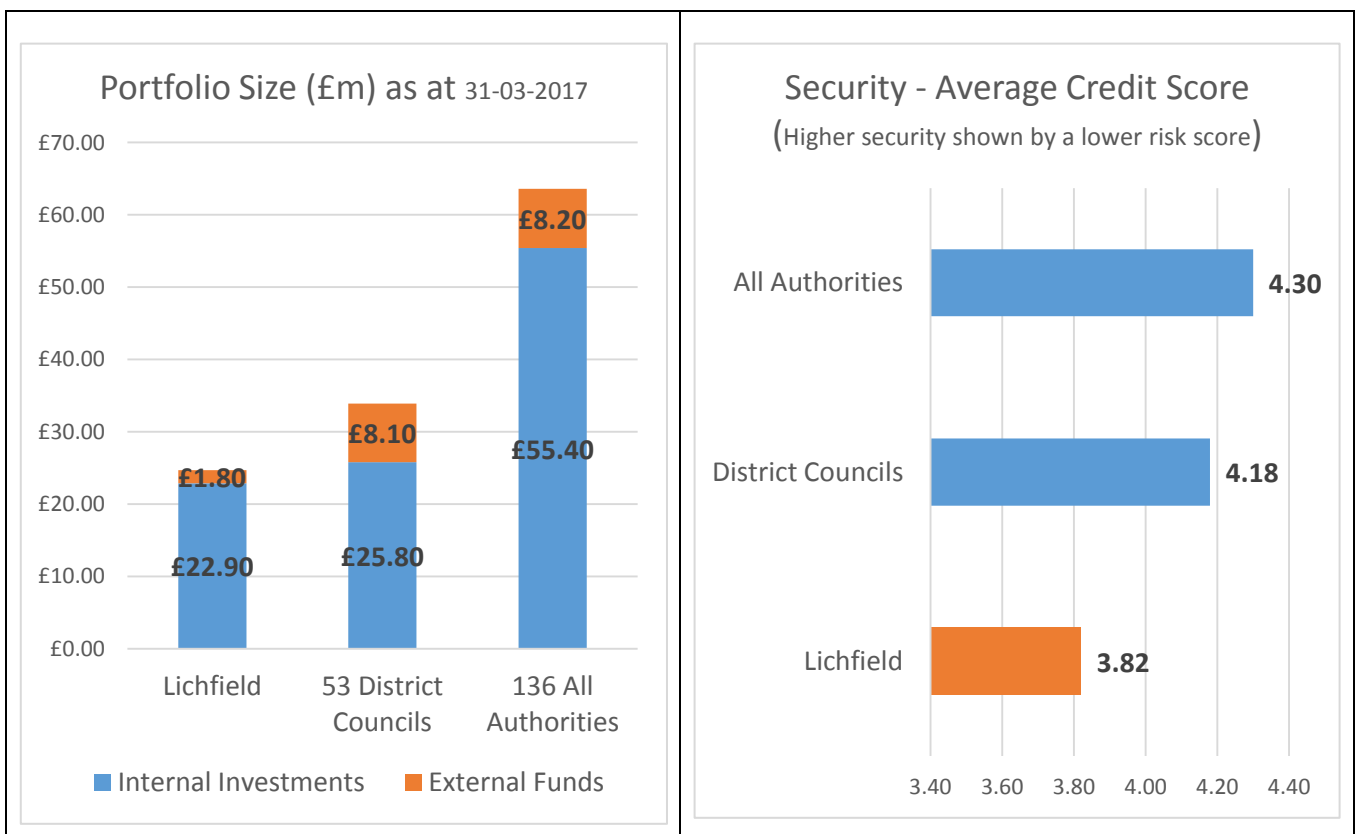
3.39. In addition, external borrowing is considered against the objectives of it being affordable (the impact on the budget and Council Tax), prudent and sustainable (over the whole life).

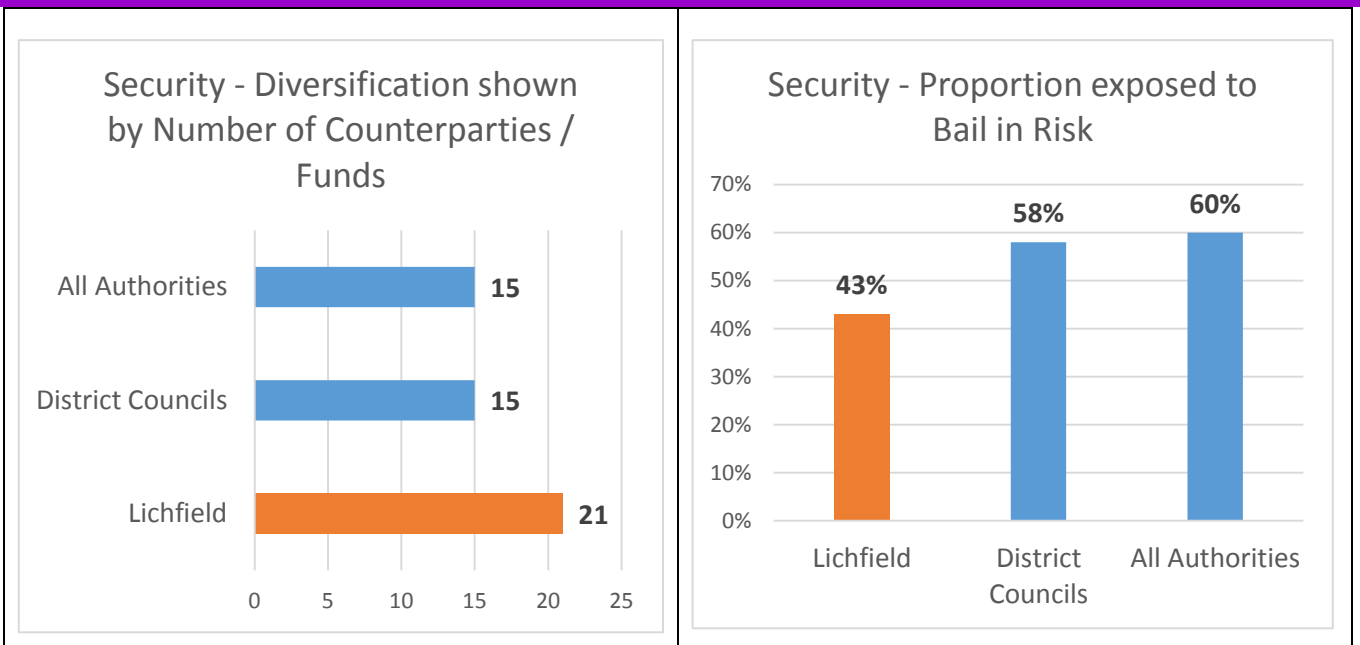
## The Security of Our Investments

3.40. The investments the Council had at the 31 March 2017 of **£24.86m** (with the property fund valued at original investment of **£2m**) by type and Country are summarised in the graph below and in more detail at **APPENDIX F**:

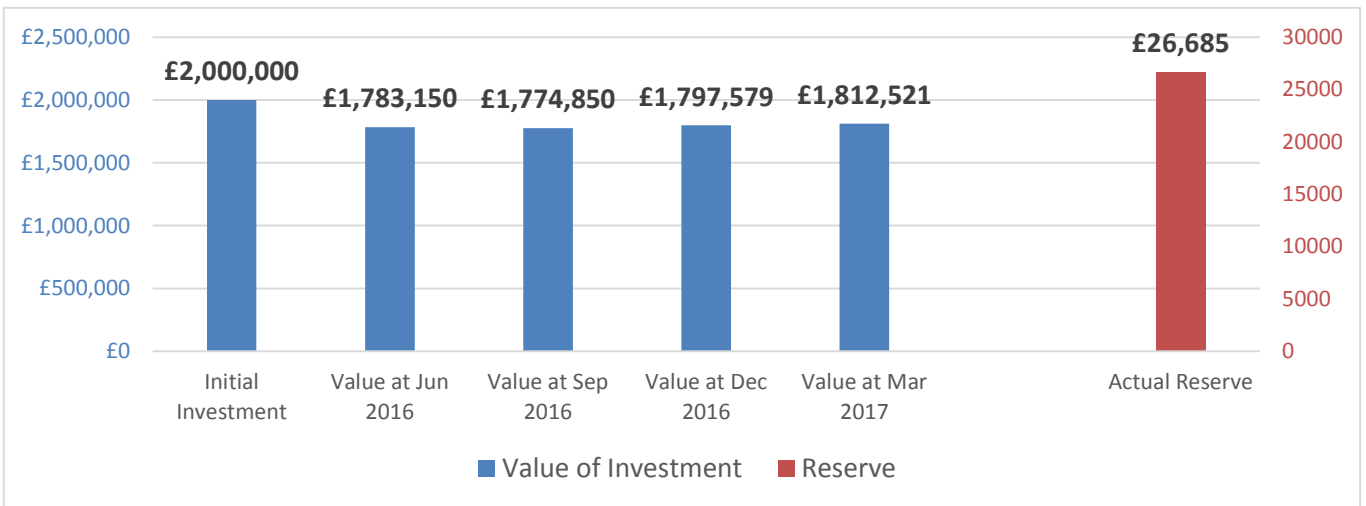


3.41. A comparison of the Council’s portfolio size (with the property fund valued at its current value of **£1.8m**), average credit score, level of diversification and level of exposure to ‘Bail in’ risk compared to all Arlingclose Clients is shown in the charts below:

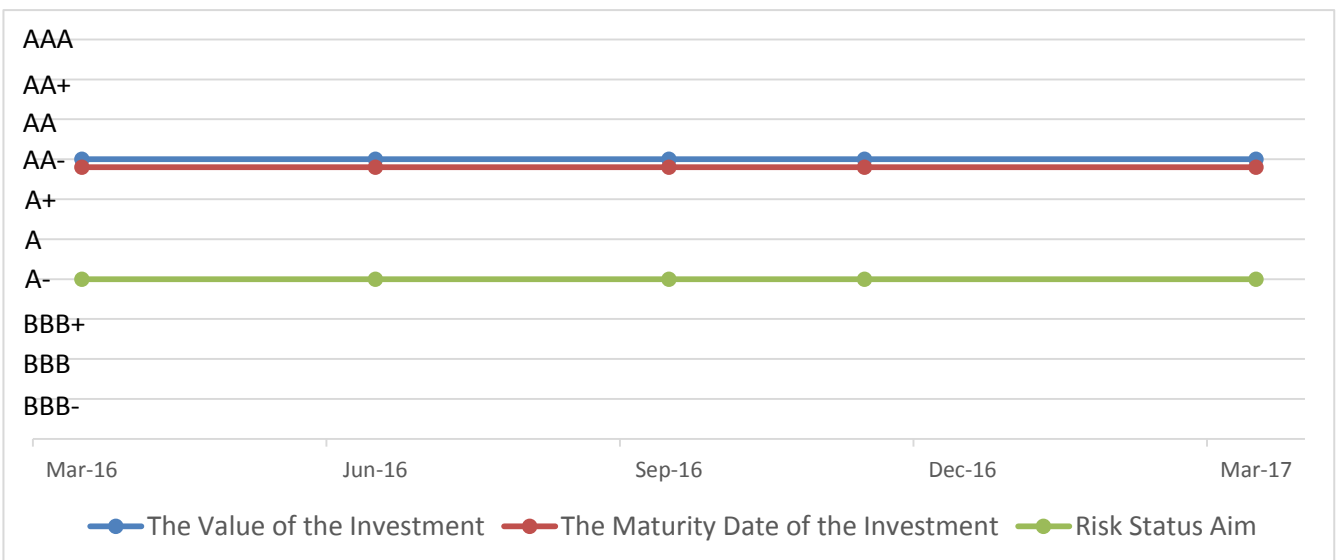




3.42. The current value of the Property Fund investment together with the value of the earmarked reserve at the end of 2016/17 intended to offset reductions in value is shown in the graph below:

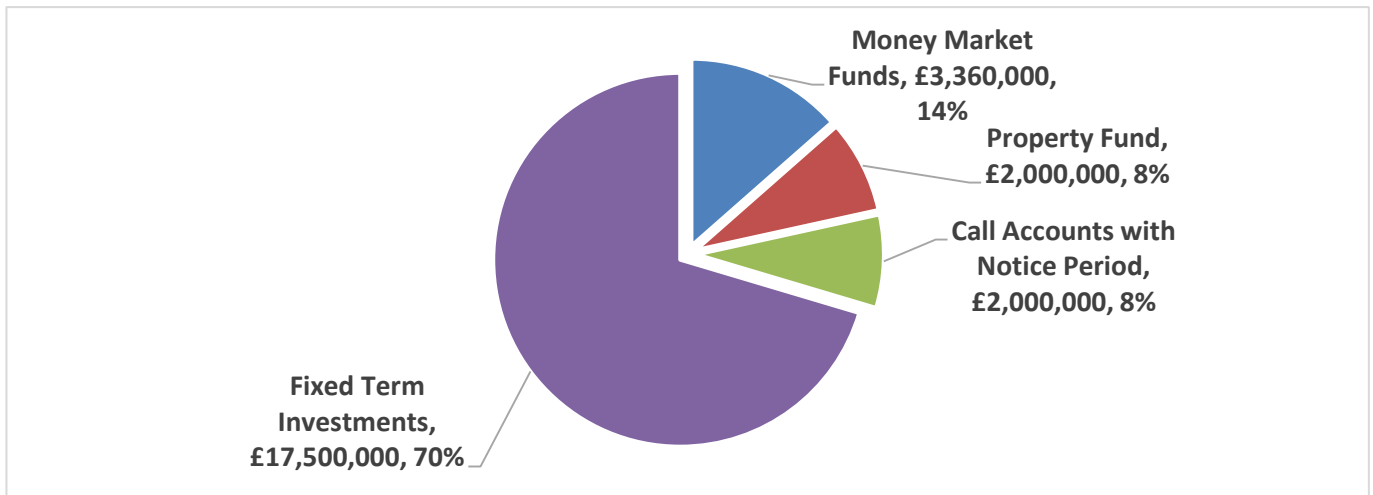


3.43. Our aim for the risk status of our investments was A-. The risk status based on the length of the investment and the value for a 12 month period is summarised in the graph below:

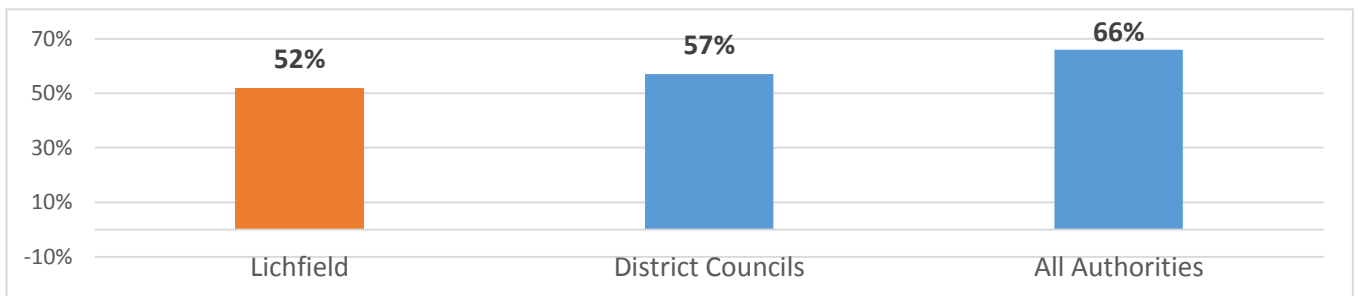


## The Liquidity of our Investments

3.44. The Council has not had to temporarily borrow during 2016/17 and retains a proportion of its investments in instant access Money Market Fund investments to ensure there is sufficient cash available to pay for goods and services. The investments by type are shown in the graph below:

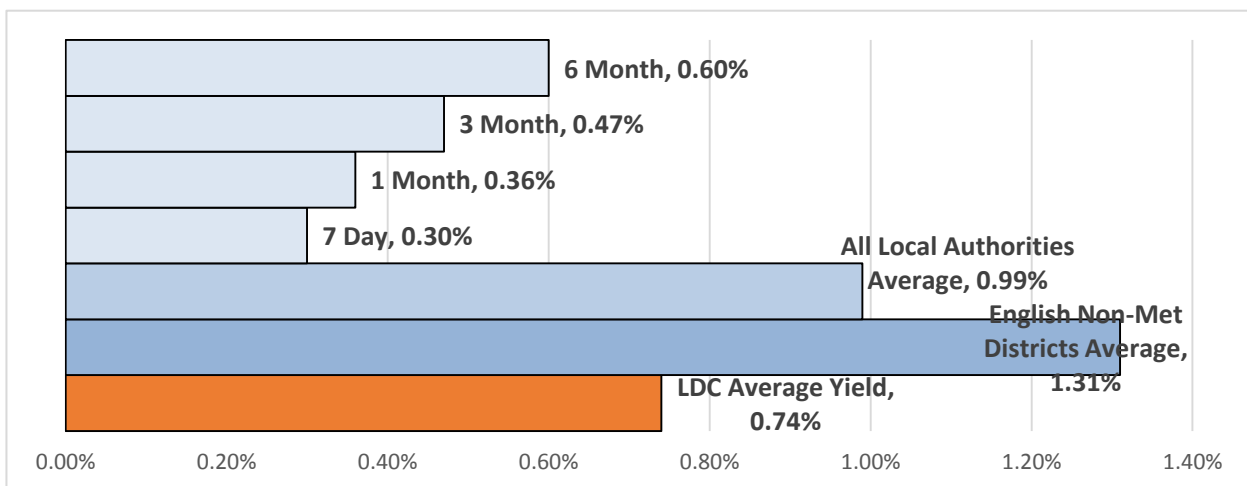


3.45. The proportion of the investment portfolio available within 100 days compared to all Arlingclose clients is shown in the graph below:



## The Return or Yield of our Investments

3.46. The yield the Council achieved compared to a number of industry standard benchmarks (including our preferred benchmark of the seven day LIBID rate) and all Arlingclose clients is shown in the graph below:



3.47. The investment activity during the financial year generated (£186,928) of net investment income.

## Alternative Options

There are no alternative options.

## Consultation

Consultation is undertaken as part of the Strategic Plan 2016-20 and with Leadership Team.

## Financial Implications

### Prudential indicators (PI) 2016/17:

- We can confirm that the Council has complied with its Prudential Indicators for 2016/17; these were originally approved by Council at its meeting on 23 February 2016 and were fully revised and approved by Council on 21 February 2017.
- In compliance with the requirements of the CIPFA Code of Practice this report provides members with a Summary Report of the Treasury Management Activity during 2016/17.
- None of the other Prudential Indicators have been breached. The Prudential Indicators are shown in detail in **APPENDIX G** and are summarised in the table below :

PI	Details	Revised Budget	Actual	Compliant
1	Capital Expenditure (£)	£2.925m	£2.583m	
2	Ratio of Financing Costs to Net Revenue Stream (%)	5%	5%	
3	Capital Financing Requirement (£)	£4.806m	£4.793m	
4	Gross external borrowing does not exceed the Capital Financing Requirement in the current year plus the next two years	True	True	
	Actual external debt	£3.962m	£3.991m	
5	Incremental impact of capital investment decisions on Band D Council Tax (£)	(£0.12)	£0.35	
6	Authorised Limit (£)	£13.732m	£4.044m	
7	Operational Boundary (£)	£5.405m	£4.044m	
8	Adoption of the CIPFA Code of Practice in Treasury Management	Yes	Yes	
9	Is our gross debt in excess of our Capital Financing Requirement and are we therefore borrowing in advance of need?	No	No	
10	Upper limit for investments fixed interest rate exposure (Highest)	(100%)	(76%)	
10	Upper limit for investments variable interest rate exposure (Highest)	100%	100%	
11	Upper limit for borrowings fixed interest rate exposure (Highest)	(100%)	(100%)	
11	Upper limit for borrowings variable interest rate exposure (Highest)	30%	0%	
<b>Maturity Structure of Fixed Rate Borrowing (upper limit) (%)</b>				
12	Under 12 months	100%	4.79%	
12	12 months and within 24 months	100%	4.23%	
12	24 months and within 5 years	100%	12.69%	
12	5 years and within 10 years	100%	21.16%	
12	10 years and within 20 years	100%	42.31%	
12	20 years and within 30 years	100%	14.81%	
12	30 years and within 40 years	100%	0.00%	
12	40 years and within 50 years	100%	0.00%	
12	50 years and above	100%	0.00%	
13	Principal Sums invested > 364 days (£m)	£6.000m	£2.000m	
14	Credit Risk	We consider security; liquidity and yield, in that order, when making investment decisions.		

## Contribution to the Delivery of the Strategic Plan

The MTFS underpins the delivery of the Strategic Plan 2016-20.

## Equality, Diversity and Human Rights Implications

There are no additional Equality, Diversity or Human Rights implications.

## Crime & Safety Issues

There are no additional Crime and Safety Issues.



	Risk Description	How We Manage It	Severity of Risk
<b>A</b>	Management of the Council's Revenue and Capital budget is critical to the successful delivery of key Council priorities, and control measures need to be in place to manage the re-scheduling or re-profiling of projects and to respond to the changing financial climate including the impact of the EU Referendum	Close monitoring of expenditure. Maximising the potential of efficiency gains. Early identification of any unexpected impact on costs, for example, central Government policy, movement in the markets, and changes in the economic climate. Prioritisation of capital expenditure. Project management of projects.	Red - Severe
<b>B</b>	Counterparty default	This Approved Annual Investment Strategy utilises more counterparties and financial instruments to diversify the portfolio and reduce this risk.	Yellow - Material
<b>C</b>	Collection performance for Council Tax and Business Rates reduces.	Regular monitoring in the Money Matters Reports throughout the financial year.	Yellow - Material
<b>D</b>	Actual cash flows are different to those that are planned	The Council maintains a comprehensive cash flow model that is updated on a daily basis to reflect actual and planned cash flows. An element of the Council's investment portfolio will be invested in instant access accounts.	Yellow - Material
<b>E</b>	Planned capital receipts are not received	The Council plans to dispose of a number of assets to fund capital investment including the Bore Street Shops. The sale of the Bore Street Shops is being monitored closely to ensure any subsequent financial implications are included in the MTFs.	Red - Severe
<b>F</b>	New Government policies including the level of cuts to Communities and Local Government	To ensure any new policies such as those related to Business Rates and New Homes Bonus are evaluated and the impact is incorporated into the MTFs.	Red - Severe

### Background Documents

- CIPFA Code of Practice for Treasury Management in the Public Services
- The Prudential Code for Capital Finance in Local Authorities
- Money Matters: Calculation Of Business Rates – National Non Domestic Rates 2016/17 and Council Tax Base 2016/17, together with Collection Fund Surplus / (Deficit) For 2015/16 – 12 January 2016
- Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2016-20 Cabinet - 9 February 2016
- Procurement of Contract Hire Vehicles – Cabinet 9 February 2016
- Review of the Civic Function – Cabinet 5 April 2016
- Re-procurement of property and place related software applications – Cabinet 5 April 2016
- Re-procurement of Desktop Operating Software Contract – Cabinet 5 April 2016
- Approval of Formal Car Parking Strategy – Cabinet 10 May 2016
- Proposed Revised Charges for Street Naming and Numbering – Cabinet 5 July 2016
- Broadband Connections – Cabinet 5 July 2016
- Money Matters : 2016/17 Review of Financial Performance against the Financial Strategy – Cabinet 6 September 2016
- Friarsgate – Coach Park Lease – 4 October 2016
- Friarsgate - Amendments to the Development Agreement – Cabinet 1 November 2016
- Money Matters : 2016/17 Review of Financial Performance against the Financial Strategy – Cabinet 6 December 2016
- Money Matters : Council Tax, National Non Domestic Rates and Pension Contributions – Cabinet 17 January 2017
- Money Matters : 2016/17 Review of Financial Performance against the Financial Strategy – Cabinet 7 February 2017
- Money Matters : The Medium Term Financial Strategy (Revenue and Capital) 2016-21 (MTFS) – Cabinet 7 February 2017

### Relevant web link

## Cabinet Reports – the Efficiency Plan

Cabinet Date	Report Title	2016/17	2017/18	2018/19	2019/20
09/02/2016	Procurement of Contract Hire Vehicles	(17,870)	(17,870)	(17,870)	(17,870)
05/04/2016	Review of the Civic Function	(5,810)	(7,380)	(7,380)	(7,380)
05/04/2016	Re-procurement of property and place related software applications	4,930	3,930	3,400	2,850
05/04/2016	Re-procurement of Desktop Operating Software Contract	2,800	2,800	2,800	2,800
10/05/2016	Approval of Formal Car Parking Strategy	(114,870)	(172,300)	(172,300)	(172,300)
05/07/2016	Proposed Revised Charges for Street Naming and Numbering	(4,530)	(10,200)	(10,200)	(10,200)
05/07/2016	Broadband connections	7,490	7,490	7,490	7,490
06/09/2016	Money Matters : 2015/16 Review of Financial Performance against the Financial Strategy	(29,690)	(29,690)	(29,690)	(29,690)
06/09/2016	Money Matters : 2016/17 Quarter 1 Recurring Savings	(75,670)	(75,670)	(75,670)	(75,670)
06/12/2016	Money Matters : 2016/17 Quarter 2 Recurring Savings	(116,780)	(116,780)	(116,780)	(116,780)
06/12/2016	Money Matters : 2016/17 Quarter 2 Recurring Savings beyond target	0	(1,220)	(1,220)	(1,220)
07/02/2017	Money Matters : 2016/17 Month 8 Recurring Savings beyond target	0	(110,530)	(110,530)	(110,530)
07/02/2017	Medium Term Financial Strategy	0	(8,740)	(8,740)	(8,740)
	<b>Efficiency Plan – Ongoing Savings</b>	<b>(£350,000)</b>	<b>(£536,160)</b>	<b>(£536,690)</b>	<b>(£537,240)</b>
	Efficiency Plan – above target savings in 2016/17	<b>(£111,750)</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
	Efficiency Plan - Total	<b>(£461,750)</b>	<b>(£536,160)</b>	<b>(£536,690)</b>	<b>(£537,240)</b>
	<b>Target</b>	<b>(£350,000)</b>	<b>(£500,000)</b>	<b>(£500,000)</b>	<b>(£500,000)</b>
	<b>Overachievement</b>	<b>(£111,750)</b>	<b>(£36,160)</b>	<b>(£36,690)</b>	<b>(£37,240)</b>

## Analysis of gross expenditure, income and net expenditure for 2016/2017

Area	Actual Outturn		
	Gross Expenditure £	Gross Income £	Net Expenditure £
<b>Strategic Priority</b>			
Healthy and safe communities	4,306,520	(2,530,353)	1,776,167
Clean, green and welcoming places to live	27,505,523	(24,043,756)	3,461,767
A vibrant and prosperous economy	4,107,536	(5,262,622)	(1,155,086)
A council that is fit for the future	6,326,529	(1,006,006)	5,320,523
<b>Net cost of services</b>	<b>42,246,108</b>	<b>(32,842,737)</b>	<b>9,403,371</b>
<b>Service Area</b>			
Chief Executive	721,849	(2,950)	718,899
Finance and Procurement	1,428,439	(17,935)	1,410,504
Legal, Property and Democratic Services	1,130,778	(1,102,899)	27,879
Revenues, Benefits and Customer Services	20,289,326	(19,787,700)	501,626
Corporate Services	2,612,117	(261,540)	2,350,577
Leisure and Operational Services	5,121,044	(2,601,205)	2,519,839
Regulatory, Housing and Wellbeing	1,774,775	(564,983)	1,209,792
Development Services	1,963,590	(2,092,172)	(128,582)
Economic Growth	1,859,662	(2,193,681)	(334,019)
Waste Services	5,344,528	(4,217,672)	1,126,856
<b>Net cost of services</b>	<b>42,246,108</b>	<b>(32,842,737)</b>	<b>9,403,371</b>
Net Treasury Position	132,726	(219,072)	(86,346)
Revenue Contributions to the Capital Programme	181,500	0	181,500
<b>Net Revenue Expenditure</b>	<b>42,560,334</b>	<b>(33,061,809)</b>	<b>9,498,525</b>

## Revenue Financial Performance – Variance to Budget 2016/17

Area	Updated Original Budget £	Approved Budget £	Actual £	Variance £	2016/17 Target Variance (+/-) £	Variance ● = adverse ☑ = favourable	Variance to Updated Original Budget £
<b>Strategic Priority</b>							
Healthy and safe communities	1,880,350	1,862,280	1,776,167	(86,113)		☑	(104,183)
Clean, green and welcoming places to live	3,851,380	3,527,450	3,461,767	(65,683)		☑	(389,613)
A vibrant and prosperous economy	(344,170)	(944,510)	(1,155,086)	(210,576)		☑	(810,916)
A council that is fit for the future	5,242,500	5,358,160	5,320,523	(37,637)		☑	78,023
Efficiency Plan	(350,000)	-	-	-			-
<b>Net Cost of Services</b>	<b>10,280,060</b>	<b>9,803,380</b>	<b>9,403,371</b>	<b>(400,009)</b>			<b>(1,226,689)</b>
<b>Service Area</b>							
Chief Executive	849,370	707,760	718,899	11,139	4,000	●	(130,471)
Finance and Procurement	984,000	1,412,960	1,410,504	(2,456)	7,000	☑	426,504
Legal, Property and Democratic Services	296,130	23,590	27,879	4,289	10,000	●	(268,251)
Revenues, Benefits and Customer Services	723,570	570,130	501,626	(68,504)	19,000	☑	(221,944)
Corporate Services	2,434,330	2,393,600	2,350,577	(43,023)	22,000	☑	(83,753)
Leisure and Operational Services	2,522,060	2,523,000	2,519,839	(3,161)	53,000	☑	(2,221)
Regulatory, Housing and Wellbeing	1,348,170	1,230,940	1,209,792	(21,148)	16,000	☑	(138,378)
Development Services	181,530	(44,920)	(128,582)	(83,662)	24,000	☑	(310,112)
Economic Growth	16,770	(220,140)	(334,019)	(113,879)	27,000	☑	(350,789)
Waste Services	1,274,130	1,206,460	1,126,856	(79,604)	68,000	☑	(147,274)
Efficiency Plan	(350,000)	-	-	-	-		350,000
<b>Net Cost of Services</b>	<b>10,280,060</b>	<b>9,803,380</b>	<b>9,403,371</b>	<b>(400,009)</b>	<b>250,000</b>		<b>(876,689)</b>
Net Treasury Position	(25,000)	(87,340)	(86,346)	994		●	(61,346)
Revenue Contributions to the Capital Programme	154,000	181,500	181,500	-			27,500
<b>Net Operating Cost</b>	<b>10,409,060</b>	<b>9,897,540</b>	<b>9,498,525</b>	<b>(399,015)</b>			<b>(910,535)</b>
Transfer (from) / to General Reserve	8,560	307,500	692,606	385,106		☑	
Transfer to Earmarked Reserves	108,020	258,960	258,960	-			
<b>Net Revenue Expenditure</b>	<b>£10,525,640</b>	<b>£10,464,000</b>	<b>10,450,091</b>	<b>(13,909)</b>			
<b>Financed by:</b>							
Retained Business Rates	(2,320,000)	(2,226,300)	(2,198,334)	27,966		●	
Business Rates Cap	-	(32,360)	(41,020)	(8,660)		☑	
Revenue Support Grant	(773,000)	(773,000)	(773,444)	(444)		☑	
Transition Grant	(51,940)	(51,940)	(51,939)	1		●	
Parish Local Council Tax Support	107,000	107,000	106,802	(198)		☑	
New Homes Bonus	(1,882,700)	(1,878,000)	(1,878,082)	(82)		☑	
Returned New Homes Bonus	-	(4,400)	(4,411)	(11)		☑	
Other Government Grants	-	-	(4,408)	(4,408)		☑	
Business Rates Collection Fund Deficit	310,000	310,000	310,404	404		●	
Council Tax Collection Fund (Surplus)	(58,000)	(58,000)	(58,425)	(425)		☑	
Council Tax	(5,857,000)	(5,857,000)	(5,857,234)	(234)		☑	

## Transfers from General Reserves

Cabinet Date	Report Title	2016/17
05/04/2016	Re-procurement of property and place related software applications	19,500
05/07/2016	Fit for the Future Leisure Review Appointment of Professional Advisors	100,000
06/09/2016	Money Matters : 2016/17 Quarter 1 One-Off Costs	2,940
06/12/2016	Money Matters : 2016/17 Quarter 2 One-Off Costs	6,730
07/02/2017	Money Matters : 2016/17 Month 8 One-Off Costs	(428,110)
	<b>General Reserve</b>	<b>(£298,940)</b>

## Reasons for the Outturn Budget Performance by Service Area

## Net Operating Cost

Variance £		Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
11,139	Chief Executive	10,389	-	750	-
(2,456)	Finance and Procurement	4,459	(4,000)	(2,915)	-
4,289	Legal, Property and Democratic Services	387,288	-	(382,999)	-
(68,504)	Revenues, Benefits and Customer Services	(112,814)	(7,000)	58,310	(7,000)
(43,023)	Corporate Services	(5,703)	-	(37,320)	-
(3,161)	Leisure and Operational Services	105,444	-	(108,605)	-
(21,148)	Regulatory, Housing and Wellbeing	61,455	-	(82,603)	-
(83,662)	Development Services	104,900	-	(188,562)	-
(113,879)	Economic Growth	43,572	-	(157,451)	-
(79,604)	Waste Services	175,208	-	(246,812)	(8,000)
<b>(400,009)</b>	<b>Net Cost of Services</b>	<b>774,198</b>	<b>(11,000)</b>	<b>(1,148,207)</b>	<b>(15,000)</b>
994	Net Treasury Position	(3,034)	-	4,028	-
<b>(£399,015)</b>	<b>Net Operating Cost</b>	<b>£771,164</b>	<b>(£11,000)</b>	<b>(£1,144,179)</b>	<b>(£15,000)</b>

## Chief Executive

Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
12,498	Chief Executive - actuarial strain PA CHH	12,517	-	(19)	-
(1,359)	Minor Balance	(2,128)	-	769	-
<b>£11,139</b>	<b>Total</b>	<b>£10,389</b>	<b>-</b>	<b>£750</b>	<b>-</b>

## Finance and Procurement

Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(11,434)	Internal Audit Services - various underspends in supplies and services and in agency staff	(11,434)	-	-	-
6,005	Internal Business Support Services - pressure in subscriptions & periodicals and professional fees, PET fees repaid as officer left	8,525	-	(2,520)	-
(5,357)	Income Services - security agency reduction in cash counting service	(1,357)	(4,000)	-	-
16,162	Shared Financial Management Information System - new PSN link installed but both lines running during transition period	16,162	-	-	-
(11,172)	Procurement - no fixed element charged and services picking up their own costs	(11,169)	-	(3)	-
(1,374)	Corporate Management - unders/overs	10	-	(1,384)	-
(1,534)	Minor Balance	(2,526)	-	992	-
6,248	Approved at Leadership Team Earmarked Reserves	6,248	-	-	-
<b>(£2,456)</b>	<b>Total</b>	<b>£4,459</b>	<b>(£4,000)</b>	<b>(£2,915)</b>	<b>-</b>

## Legal, Property and Democratic Services

Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
20,821	Democratic Services redundancy and actuarial strain	21,320	-	(499)	-
(7,090)	Legal Services - income from legal services provided	(2,410)	-	(4,680)	-
(5,342)	Other Land and Property - underspend of supplies and services	(5,683)	-	341	-
(99,227)	Election Expenses - income to cover costs of general and parish elections, latter higher than anticipated	264,486	-	(363,713)	-
(3,873)	Minor Balance	10,575	-	(14,448)	-
99,000	Approved at Leadership Team Earmarked Reserves from election expenses above	99,000	-	-	-
<b>£4,289</b>	<b>Total</b>	<b>£387,288</b>	<b>-</b>	<b>(£382,999)</b>	<b>-</b>

## Revenues, Benefits and Customer Services

Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(6,773)	Central Postage - savings from new Postage contract and reduction in usage	227	(7,000)	-	-
(8,828)	Customer Services - income from providing services to a Local Authority	91	-	(1,919)	(7,000)
(16,076)	Corporate Debt Recovery - additional court fee income	(3,888)	-	(12,188)	-
(11,804)	Revenue Collection - employee savings from vacant posts	1,034	-	(12,838)	-
(22,285)	The Benefits Service - additional grants received requested for Earmarked Reserve	(5,620)	-	(16,665)	-
(7,656)	DWP Additional Administration Grant - additional grants received requested for Earmarked Reserve	12,003	-	(19,659)	-
2,402	Housing Benefits - Payments - increase in Bad Debt Provision	(119,173)	-	121,575	-
2,516	Minor Balance	2,512	-	4	-
<b>(£68,504)</b>	<b>Total</b>	<b>(£112,814)</b>	<b>(£7,000)</b>	<b>£58,310</b>	<b>(£7,000)</b>

## Corporate Services

Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(2,216)	Communications and Information - additional income from services provided	(593)	-	(1,623)	-
(3,554)	Central Reprographics - lower printing usage	(3,554)	-	-	-
(6,723)	Other Personnel - underspend of Management Development budget	(6,723)	-	-	-
(4,762)	Performance - lower spend than expected	(4,755)	-	(7)	-
5,701	District Council House - additional spend due to unplanned maintenance	12,483	-	(6,782)	-
(27,580)	Street Naming and Numbering - additional income	(2,011)	-	(25,569)	-
(3,889)	Minor Balance	(550)	-	(3,339)	-
<b>(£43,023)</b>	<b>Total</b>	<b>(£5,703)</b>	<b>-</b>	<b>(£37,320)</b>	<b>-</b>

## Leisure and Operational Services

Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
5,639	HOS - Leisure & Operational Services - no budget as post not planned to be filled until April 2017	5,639	-	-	-
(12,999)	Parks Management - marketing budget transferred from prior Director of LP not spent to be reviewed at Q1 2017/18 with all other LOPS budgets	(10,358)	-	(2,641)	-
59,726	Beacon Park - storm damage to trees plus £10k excess on insurance claim	58,163	-	1,563	-
19,215	Burntwood Parks - locking of parks cost higher than anticipated as hoped to stop this activity	18,105	-	1,110	-
6,992	Friary Grange Leisure Centre - expenditure needs to be offset with under on KEVI as mainly due to employees, income up mainly due to swimming	40,931	-	(33,939)	-
3,406	Friary Grange Leisure Centre - Catering - income down due to school discouraging snacking in favour of healthy eating	(2,762)	-	6,168	-
(31,758)	King Edward VI Leisure Centre see friary above for expenditure - income down due to closure of synthetic pitch	(46,101)	-	14,343	-
(54,807)	Burntwood Leisure Centre - income up mainly due to swimming and gym memberships	5,519	-	(60,326)	-
10,590	Burntwood Leisure Centre - Catering - café closed in January so income and expenditure both down	(46,208)	-	56,798	-
(11,835)	Burntwood Leisure Centre - Inspire Gym - employee vacancies	(11,835)	-	-	-
2,670	Minor Balance	94,351	-	(91,681)	-
<b>(£3,161)</b>	<b>Total</b>	<b>£105,444</b>	<b>-</b>	<b>(£108,605)</b>	<b>-</b>

## Regulatory Services, Housing &amp; Wellbeing

Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(5,897)	Community Transport - proceeds of minibus sales	1,259	-	(7,156)	-
9,938	Homelessness Service - agency staff, temporary accommodation greater than expected	18,614	-	(8,676)	-
5,147	Private Sector Housing - expenditure on compulsory purchase, IT licences, Marches Energy payment	5,147	-	-	-
(13,286)	Prevention Assistance Fund - increase in bad debt provision, more loans underwritten	7,432	-	(20,718)	-
6,508	Public Health - increased number of public burials	7,533	-	(1,025)	-
(6,023)	Noise Pollution - overtime and casual pay underspend	(6,004)	-	(19)	-
(5,879)	Air Pollution - consultant not completed work	(5,879)	-	-	-
12,273	Environmental Protection Act Consents - casuals used to backfill vacant post, less HS2 income could not be claimed	10,643	-	1,630	-
(2,803)	Licensing - increased income from animal boarding	260	-	(3,063)	-
(11,911)	Taxi Licensing - increased expenditure in licensing stationery, increased income from hackney, private hire and combined driver applications	6,752	-	(18,663)	-
(11,574)	Licensing - increased income	(956)	-	(10,618)	-
(4,959)	Minor Balance	9,336	-	(14,295)	-
7,318	Approved at Leadership Team Earmarked Reserves	7,318	-	-	-
<b>(£21,148)</b>	<b>Total</b>	<b>£61,455</b>	<b>-</b>	<b>(£82,603)</b>	<b>-</b>

## Development Services

Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(139,048)	Planning Applications - additional fee income, the 2017/18 budget has been increased by 100k as part of the MTFs	(15,413)	-	(123,635)	-
(4,614)	Minor Balance	60,313	-	(64,927)	-
60,000	Approved at Leadership Team Earmarked Reserves	60,000	-	-	-
<b>(£83,662)</b>	<b>Total</b>	<b>£104,900</b>	<b>-</b>	<b>(£188,562)</b>	<b>-</b>

Please Note - £100,000 of additional planning fees has already been included in the base budget for 2017/18 onwards in the Approved Medium Term Financial Strategy.

## APPENDIX B

### Economic Growth

Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(46,339)	Planning Policy - additional grant income received (30k - requested for Earmarked Reserve) and vacant posts	(16,646)	-	(29,693)	-
(6,183)	District Highways - lower Street Nameplates spend	(6,183)	-	-	-
(13,141)	Closed Circuit Television - lower maintenance costs requested for Earmarked Reserve	(11,659)	-	(1,482)	-
(8,082)	Bus Station - lower maintenance spend	(10,788)	-	2,706	-
(106,651)	Lichfield Car Parks - additional car park income received, the 2017/18 budget has been increase by 75k as part of the MTFS	(9,410)	-	(97,241)	-
(4,547)	District Car Parks- lower maintenance spend	(4,547)	-	-	-
(2,757)	Minor Balance	28,984	-	(31,741)	-
73,821	Approved at Leadership Team Earmarked Reserves	73,821	-	-	-
<b>(£113,879)</b>	<b>Total</b>	<b>£43,572</b>	<b>-</b>	<b>(£157,451)</b>	<b>-</b>

Please Note - £75,000 of additional car parking fees has already been included in the base budget for 2017/18 onwards in the Approved Medium Term Financial Strategy.

### Waste Services

Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(65,706)	Waste Shared Service - recycling tonnages up hence gate fee and income from recycling credits up	173,921		(239,627)	
(9,700)	Trade Waste Collection - increase in customer base	984		(2,684)	(8,000)
(4,198)	Minor Balance	303	0	(4,501)	
<b>(£79,604)</b>	<b>Total</b>	<b>£175,208</b>	<b>£0</b>	<b>(£246,812)</b>	<b>(£8,000)</b>

### Net Treasury

Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
994	Minor Balance	(3,034)	-	4,028	-
<b>£994</b>	<b>Total</b>	<b>(£3,034)</b>	<b>-</b>	<b>£4,028</b>	<b>-</b>

### Funding

Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(659)	Local Taxes	145,623	-	(146,282)	-
27,966	Business Rates	224,973	-	(197,007)	-
(13,398)	Minor Balance	(237)	-	(13,161)	-
<b>13,909</b>	<b>Total</b>	<b>£370,359</b>	<b>-</b>	<b>(£356,450)</b>	<b>-</b>



## Earmarked Reserves

Unrestricted Earmarked Reserves

Reserve Name	Initial Set Up Year	Earmarked Reserves 1 April 2016 £	Carried Forward 31 March 2017 £
<b>Chief Executive</b>			
Fit for the Future	2013/14	(418,225)	(312,092)
<b>Chief Executive Total</b>		<b>(418,225)</b>	<b>(312,092)</b>
<b>Finance and Procurement</b>			
Spend Analysis	2014/15	(16,298)	(16,298)
Business Rates	2014/15	(275,039)	0
Payment Kiosk	2014/15	(20,000)	(10,805)
Property Income Volatility	2016/17	0	(26,685)
Audit additional cover	2016/17	0	(6,248)
<b>Finance and Procurement Total</b>		<b>(311,337)</b>	<b>(60,036)</b>
<b>Corporate Services</b>			
Digitisation Programme	2008/09	(40,200)	(40,200)
IAS 19 - Employee Benefits	2014/15	(69,650)	(69,650)
Condition Survey of DCH	2016/17	0	(154,000)
<b>Corporate Services Total</b>		<b>(109,850)</b>	<b>(263,850)</b>
<b>Revenues, Benefits and Customer Services</b>			
Revenues & Benefits Service Improvement	2014/15	(185,380)	(209,720)
Customer Services Channel Shift	2011/12	(17,000)	0
Customer Services - Countercall System	2014/15	(3,648)	0
<b>Revenues, Benefits and Customer Services Total</b>		<b>(206,028)</b>	<b>(209,720)</b>
<b>Legal, Property and Democratic Services</b>			
Three Spires Head Lease Rent	2014/15	(33,000)	0
Individual Electoral Registration	2014/15	(33,270)	(33,270)
Lichfield District Council Election	1984/85	(14,001)	(141,001)
Elections Additional Support	2015/16	(114,780)	(84,820)
<b>Legal, Property and Democratic Services Total</b>		<b>(195,051)</b>	<b>(259,091)</b>

**APPENDIX C**

Reserve Name	Initial Set Up Year	Earmarked Reserves 1 April 2016 £	Carried Forward 31 March 2017 £
<b>Economic Growth</b>			
Inward Investment and Place Marketing	2010/11	(44,000)	(66,540)
HS2	2013/14	(44,806)	(44,630)
Friarsgate	2014/15	(382,250)	(641,210)
Tourism System Upgrade	2015/16	(15,700)	(15,700)
Spatial Policy Office Expenses	2015/16	(1,250)	0
CCTV Sinking Fund	2015/16	(20,358)	(33,534)
DCLG Grants Custom/Self/Register	2016/17	0	(35,495)
Local Plan Allocations Examination	2016/17	0	(31,000)
<b>Economic Growth Total</b>		<b>(508,364)</b>	<b>(868,109)</b>
<b>Development Services</b>			
Grant Aid -Development Historic Building Grants	1982/83	(9,600)	(15,540)
Grant Aid -Development Nature Conservation Fund	1982/83	(10,000)	(10,000)
Judicial Review/Planning Appeals	2013/14	(199,160)	(249,160)
Back scanning of Planning Apps	2016/17	0	(40,000)
Planning Agency Staff	2016/17	0	(60,000)
Gypsy Site Legal Expenses	2016/17	0	(10,000)
<b>Development Services Total</b>		<b>(218,760)</b>	<b>(384,700)</b>
<b>Leisure and Operational Services</b>			
Arts Development	2014/15	(1,026)	0
Wharf Lane	2007/08	(4,314)	(4,314)
Comprehensive Tree Survey	2012/13	(32,280)	(17,577)
Friary Grange Leisure Centre - Reception, Catering/Viewing area & Gym	2013/14	(807)	(807)
FGLC - Evolve Cardio Equipment	2013/14	(2,970)	(2,970)
Burntwood Leisure Centre Synthetic Pitch Renewal	2013/14	(40,000)	0
King Edward VI Leisure Centre Synthetic Pitch Renewal	2013/14	(115,000)	0
National Memorial Arboretum	2014/15	(14,745)	0
Vehicle for Parks Team	2014/15	(6,604)	0
Transfer of Property	2014/15	(24,250)	(22,556)
Squash Courts and Sports Hall Floors Friary Grange Leisure Centre	2014/15	(50,000)	(50,000)
Leisure Services Review	2014/15	(2,000)	(57,762)
Grounds Maintenance Vehicles and Equipment Sinking Fund	2014/15	(69,600)	(90,006)
Trunk Road Sweeping	2014/15	(40,550)	(13,550)
Friarsgate Shopmobility Equipment	2015/16	(5,000)	0
Pockets Parks Programme	2015/16	(11,000)	(11,000)
Positive Futures		(2,971)	(2,971)
Garrick - Repairs to ventilation system	2015/16	(15,000)	(4,972)
<b>Leisure and Operational Services Total</b>		<b>(438,116)</b>	<b>(278,484)</b>

**APPENDIX C**

Reserve Name	Initial Set Up Year	Earmarked Reserves 1 April 2016 £	Carried Forward 31 March 2017 £
<b>Regulatory Services, Housing and Wellbeing</b>			
Building Safer Communities	2010/11	(10,203)	(6,703)
EH - Vehicle Maintenance/Replacement	2011/12	(23,941)	(6,999)
Homeless & Repossession Prevention Fund	2010/11	(16,021)	(14,289)
Stock Condition Survey	2015/16	(65,000)	(50,310)
Public Health Funding	2013/14	(11,666)	0
Web Site Development Rate My Place	2014/15	(11,400)	(11,400)
Shropshire & Staffordshire Homelessness Prevention Partnership residual grant funding	2015/16	(8,487)	(8,487)
Letting Agent Regulations	2015/16	(761)	(761)
Smoke & Carbon Monoxide Regulations	2015/16	(835)	(835)
Community Transport Bus proceeds	2016/17	0	(7,318)
<b>Regulatory Services, Housing and Wellbeing Total</b>		<b>(148,314)</b>	<b>(107,102)</b>
<b>Joint Waste</b>			
Dry Recycling Contract - LDC Share	2014/15	(100,570)	(161,771)
IAS 19 Employee Benefits - LDC Share	2014/15	(20,200)	(20,200)
<b>Joint Waste Total</b>		<b>(120,770)</b>	<b>(181,971)</b>
<b>Total Unrestricted Earmarked Reserves</b>		<b>(2,674,814)</b>	<b>(2,925,154)</b>

**Restricted Earmarked Reserves**

Reserve Name	Earmarked Reserves 1 April 2016 £	Carried Forward 31 March 2017 £
<b>Economic Growth</b>		
POS-Worthington Road ,Fradley	(1,834)	(1,834)
Darwin Park Estate Lights	(10,684)	(7,108)
Birmingham Road Car Park Repairs and Renewals	(1,715,560)	(1,878,878)
Friary Multi Storey Bromford Sinking Fund	(1,140)	(1,755)
<b>Economic Growth Total</b>	<b>(1,729,218)</b>	<b>(1,889,575)</b>
<b>Development Services</b>		
South Staffordshire Building Control Partnership - Building Regulations Reserve	(146,055)	(184,344)
LATC Set Up Costs	0	(25,000)
South Staffs DC Land Charges Reserve	(19,499)	(41,879)
<b>Development Services Total</b>	<b>(165,554)</b>	<b>(251,223)</b>
<b>Leisure and Operational Services</b>		
POS-Cannock Road (97/00877) Area K Larks Rise Burntwood	(7,853)	(7,853)
POS-St Matthews Site, Burntwood(97/00295)	(72,065)	(72,065)
POS-Beacon School, Lichfield (99/00638) Beacon Park	(3,212)	(3,212)
Section 106-Forest of Mercia 10/01563	(700)	(700)
POS-Fradley South (96/00203) Alexander Close	(1,517)	(1,517)
Public Open Spaces	(5,534)	(5,534)
Commuted sums for Hawksyard/160236 A	(218,218)	(218,218)
Commuted sums for Darwin Park/160236 A	(14,437)	(14,437)
Public Open Space at Darwin Park	(123,676)	(123,676)
Charter Place Shortbutts Lane S106	0	(28,730)
HLF LDC Contribution	(34,401)	(34,401)
Heritage Lottery Fund - Management	(8,250)	(8,250)
FGLC Synthetic Pitch Sinking Fund	(13,360)	(16,700)
<b>Leisure and Operational Services Total</b>	<b>(503,223)</b>	<b>(535,293)</b>
<b>Joint Waste</b>		
Waste Shared Service Property growth - LDC Share	(284,628)	(284,628)
Waste Shared Service Property growth - TBC Share	(210,373)	(210,373)
Dry Recycling Contract - TBC Share	(74,340)	(120,140)
IAS 19 Employee Benefits TBC Share	(14,930)	(14,930)
Payments in Advance for Fleet - TBC Share	0	(10,750)
<b>Joint Waste Total</b>	<b>(584,270)</b>	<b>(640,820)</b>
<b>Total Restricted Earmarked Reserves</b>	<b>(2,982,266)</b>	<b>(3,316,909)</b>

### Capital Programme Performance in 2016/17

Priority	Original Budget £	Approved Budget £	Actual Outturn £	Variance £		Variance to Original Budget £
Healthy and safe communities	2,771,000	1,533,500	1,316,159	(217,341)	●	(1,454,841)
Clean, green and welcoming places to live	1,219,000	899,500	894,481	(5,019)	✓	(324,519)
A vibrant and prosperous economy	2,749,000	374,500	251,582	(122,918)	●	(2,497,418)
A council that is fit for the future	766,000	154,500	120,698	(33,802)	✓	(645,302)
<b>Total Capital Expenditure</b>	<b>£7,505,000</b>	<b>£2,962,000</b>	<b>£2,582,920</b>	<b>(£379,080)</b>		<b>(£4,922,080)</b>

**KEY :** ✓ Actual within **£0.1m** of our approved budget  
 ● Actual not within **£0.1m** of our approved budget

### Vehicle, Equipment and Systems Renewal Schedule 2016/17

The vehicle, equipment and systems renewal schedule in 2016/17 included in the Capital Programme is shown in the table below:

Area	Vehicle Type	Capital Programme	Progress on procurement during 2016/17
Joint Waste	26t RCV	£280,000	2 leased
Joint Waste	16t RCV	£110,000	Leased
Joint Waste	18t RCV	£260,000	2 leased
Joint Waste	3.5t Box Van	£30,000	Leased
Street Cleansing	7.5t Compactor	£65,000	Leased
Environmental Health	Van	£19,442	Purchased
Joint Waste	15t Refuse Vehicle	£17,000	Purchased
Grounds Maintenance	Mowers	£32,200	Purchased
Grounds Maintenance	3.5t Tipper	£21,989	Purchased

### Capital Investment at Burntwood Leisure Centre - The Sinking Fund

Under the terms of the funding agreement with the National Lottery in relation to Burntwood Leisure Centre (BLC), LDC is required to set aside resources to be used for the future repair and renewal of BLC in a 'Sinking Fund'. Monitoring information for all approved projects is shown in the table below:

Project Name	Annual Spend in 2016/17		
	Budget £	Outturn £	Variance £
Planned maintenance	£95,000	£62,561	(£32,439)
Replacement Treadmills	£40,000	£39,975	(£25)
<b>TOTAL</b>	<b>£135,000</b>	<b>£102,536</b>	<b>(£32,464)</b>

## Capital Programme Slippage

Project	Original Budget	Slippage	Revised Budget
BLC Enhancement Work	42,000	32,000	74,000
Other Burntwood Leisure Centre Sinking Fund Projects	128,000		128,000
Darnford Park (S106)		13,000	13,000
Play Area at Hawksyard (S106)		1,000	1,000
Squash Court and Sports Hall Floors (FGLC)		50,000	50,000
Accessible Homes (Disabled Facilities Grants)	850,000	62,000	912,000
Home Repair Assistance Grants	15,000		15,000
Decent Homes Standard	437,000		437,000
Energy Insulation Programme	10,000	30,000	40,000
DCLG Monies	212,000		212,000
Unallocated S106 Affordable Housing Monies	400,000		400,000
Website Development : 'Rate my Place'		11,000	11,000
Housing Redevelopment Scheme	80,000		80,000
Depot Sinking Fund		11,000	11,000
Vehicle Replacement Programme	167,000	17,000	184,000
Friarsgate Support	1,830,000	74,000	1,904,000
Friarsgate - Castle Dyke/Frog Lane Enhancement	50,000	(11,000)	39,000
Oakenfield Play Area (Sinking Fund)		9,000	9,000
Garrick Square	58,000		58,000
Shortbutts Park, Lichfield		33,000	33,000
Env. Improvements - Upper St John St & Birmingham Road (S106)		7,000	7,000
Sankey's Corner Environmental Improvements - Phase 4 (S106)		3,000	3,000
Fazeley Crossroads Environmental Improvements		4,000	4,000
City Centre Strategy and Interpretation (S106) (Jul 2012)		1,500	1,500
Stowe Pool Improvements (S106) (Jul 2012)	100,000		100,000
Car Parks Variable Message Signing (S106) (Jul 2012)	32,000		32,000
Proactive Information Solutions Upgrade Programme	200,000	(48,000)	152,000
Community Building at Hawksyard (S106) (Oct 2012)	320,000		320,000
The Leomansley Area Improvement Project		3,000	3,000
Ancient Monument (Friary)		1,500	1,500
Canal Culvert at Huddlesford	100,000		100,000
Asset Management: District Council House	1,000	31,000	32,000
Old Mining College - Refurbish access and signs (S106)		14,000	14,000
Asset Management - Works resulting from Condition Survey	300,000	40,000	340,000
Cannock Chase SAC		37,000	37,000
	<b>5,332,000</b>	<b>426,000</b>	<b>5,758,000</b>

## Council Tax

Favourable ● Adverse

### Collection Performance

	Council Tax			
	31 March 2016	31 March 2017	Change	
Amount Collected as a %	98.79%	97.49%	(1.30%)	●
In year arrears outstanding at 31 March	£798,209	£901,862	12.99%	●
Previous years arrears at 31 March	£828,107	£887,623	7.19%	●
Total arrears outstanding at 31 March	£1,626,316	£1,789,485	10.03%	●
Write offs as at 31 March	£59,999	£63,913	6.52%	●

### Collection Fund

	Original Budget £m	Revised Budget £m	Outturn £m	Variance £m
<b>(Surplus) / Deficit Brought Forward</b>	<b>(£0.45)</b>	<b>(£0.32)</b>	<b>(£0.32)</b>	<b>£0.00</b>
Amount Due	(£56.34)	(£56.86)	(£56.84)	£0.02
Bad Debt Provision	£0.00	£0.08	£0.10	£0.02
Payments to Partners including LDC	£56.34	£56.34	£56.34	£0.00
Transfers estimated surplus to Partners	£0.45	£0.45	£0.45	£0.00
<b>(Surplus) / Deficit Carried Forward</b>	<b>(£0.00)</b>	<b>(£0.31)</b>	<b>(£0.27)</b>	<b>£0.04</b>
<b>Share of the (Surplus) or Deficit</b>				
Lichfield District Council	(0.00)	(0.04)	(0.04)	0.00
Office of the Police and Crime Commissioner Staffordshire	(0.00)	(0.04)	(0.03)	0.00
Staffordshire County Council	(0.00)	(0.22)	(0.19)	0.03
Staffordshire Fire and Rescue	(0.00)	(0.01)	(0.01)	0.00
	<b>(£0.00)</b>	<b>(£0.31)</b>	<b>(£0.27)</b>	<b>£0.04</b>

Lichfield District Council (Surplus) / Deficit in 2016/17 to be included in 2018/19 Budget	<b>£0.00</b>
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## Business Rates

Favourable ● Adverse

### The Council's Retained Business Rates Income

The Council's Budget in 2016/17				
	Original Budget £	Revised Budget £	Outturn £	Variance £
<b>NNDR 1 Based Retained Business Rates</b>	(£13,507,000)	(£13,507,000)	(£13,507,317)	(£317)
<u>Section 31 Grants (Lichfield's 40% Share)</u>				
Small Business Rates Relief	(£382,400)	(£385,600)	(£392,326)	(£6,726)
Long Term Empty Properties	(£800)	(£11,200)	(£1,468)	£9,732
In lieu of transitional relief	(£5,600)	£8,800	(£4,785)	(£13,585)
Retail Relief	£0	£2,400	£4,105	£1,705
Less : Tariff Payable	£11,270,000	£11,270,000	£11,269,405	(£595)
<b>Pre Levy or Safety Net Income</b>	<b>(£2,625,800)</b>	<b>(£2,622,600)</b>	<b>(£2,632,386)</b>	<b>(£9,786)</b>
<b>NNDR 3 Based Levy Payments</b>				
Less : Levy Payable @ 50%	£470,400	£488,300	£642,568	£154,268
Volatility Allowance	£15,400	£67,000	£0	(£67,000)
Levy from the Business Rates Pool (32.5%)	(£153,000)	(£159,000)	(£208,516)	(£49,516)
<b>Post Levy or Safety Net Income</b>	<b>(£2,293,000)</b>	<b>(£2,226,300)</b>	<b>(£2,198,334)</b>	<b>£27,966</b>

### Collection Performance

	Non Domestic Rates			
	31 March 2016	31 March 2017	Change	
Amount Collected as a %	97.31%	97.22%	(0.09%)	●
In year arrears outstanding at 31 March	£905,635	£961,137	6.13%	●
Previous years arrears at 31 March	£363,120	£247,262	(31.91%)	<input checked="" type="checkbox"/>
Total arrears outstanding at 31 March	£1,268,755	£1,208,399	(4.76%)	<input checked="" type="checkbox"/>
Write offs as at 31 March	£137,080	£448,682	227.31%	●

### Collection Fund

	Original Budget £m	Revised Budget £m	Outturn £m	Variance £m
<b>(Surplus) / Deficit Brought Forward</b>	<b>£1.46</b>	<b>£0.22</b>	<b>£0.22</b>	<b>£0.00</b>
Amount Due	(£34.53)	(£35.62)	(£35.48)	£0.14
Bad Debt Provision	£0.32	£0.80	£0.31	(£0.49)
Appeals	£0.32	£0.20	(£0.22)	(£0.42)
Payments to Partners including LDC	£33.77	£33.77	£33.77	£0.00
Collection Allowance	£0.12	£0.12	£0.12	(£0.00)
Transitional Protection	£0.00	£0.00	£0.05	£0.05
Transfers estimated deficit from Partners	(£1.46)	(£1.46)	(£1.46)	(£0.00)
<b>(Surplus) / Deficit Carried Forward</b>	<b>£0.00</b>	<b>(£1.97)</b>	<b>(£2.70)</b>	<b>(£0.73)</b>
<b>Share of the (Surplus) or Deficit</b>				
Lichfield District Council (40%)	£0.00	(£0.79)	(£1.08)	(£0.29)
Central Government (50%)	£0.00	(£0.99)	(£1.35)	(£0.36)
Staffordshire County Council (9%)	£0.00	(£0.18)	(£0.24)	(£0.07)
Staffordshire Fire and Rescue (1%)	£0.00	(£0.02)	(£0.03)	(£0.01)
	<b>£0.00</b>	<b>(£1.97)</b>	<b>(£2.70)</b>	<b>(£0.73)</b>

Lichfield District Council (Surplus) / Deficit in 2016/17 to be included in 2018/19 Budget	<b>(£0.29)</b>
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## Sundry Debtor Performance

Favourable ● Adverse

Details	31 March 2016	31 March 2017	All Debts Change	All Debts Change	
	All Debts	All Debts			
Value of sundry income raised	£7,959,162	£7,029,632	(£929,530)	(11.68%)	●
Value of debts written off	£44,946	£93,915	£48,969	108.95%	●
Value of invoices outstanding	£1,839,791	£2,141,498	£301,707	16.40%	●
<b>% of income raised</b>	<b>23.12%</b>	<b>30.46%</b>			●

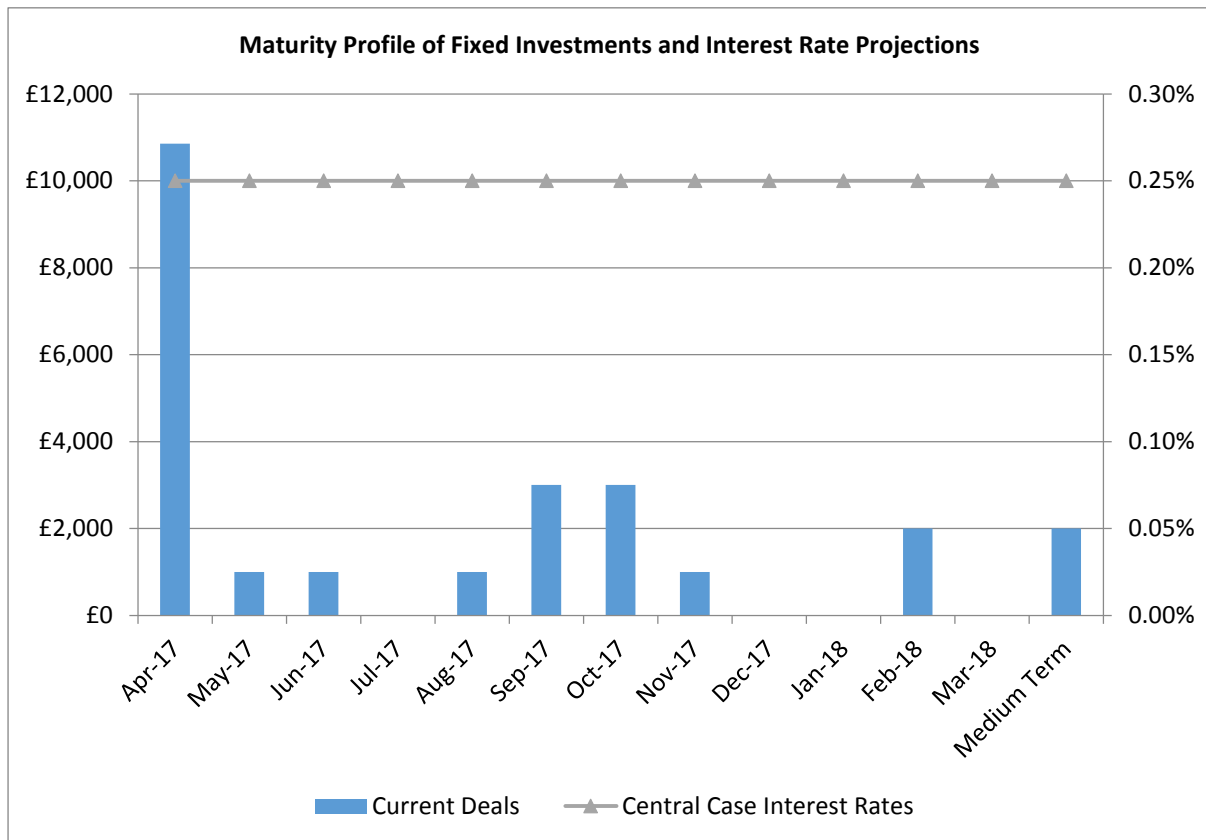
Aged Debtor Analysis					
Less than 6 months	£1,249,936	£1,518,885	£268,949	21.52%	●
More than 6 months	£589,855	£622,614	£32,759	5.55%	●

### Investments in the 2016/17 Financial Year

The table below shows a breakdown of our investments at the end of March 2017:

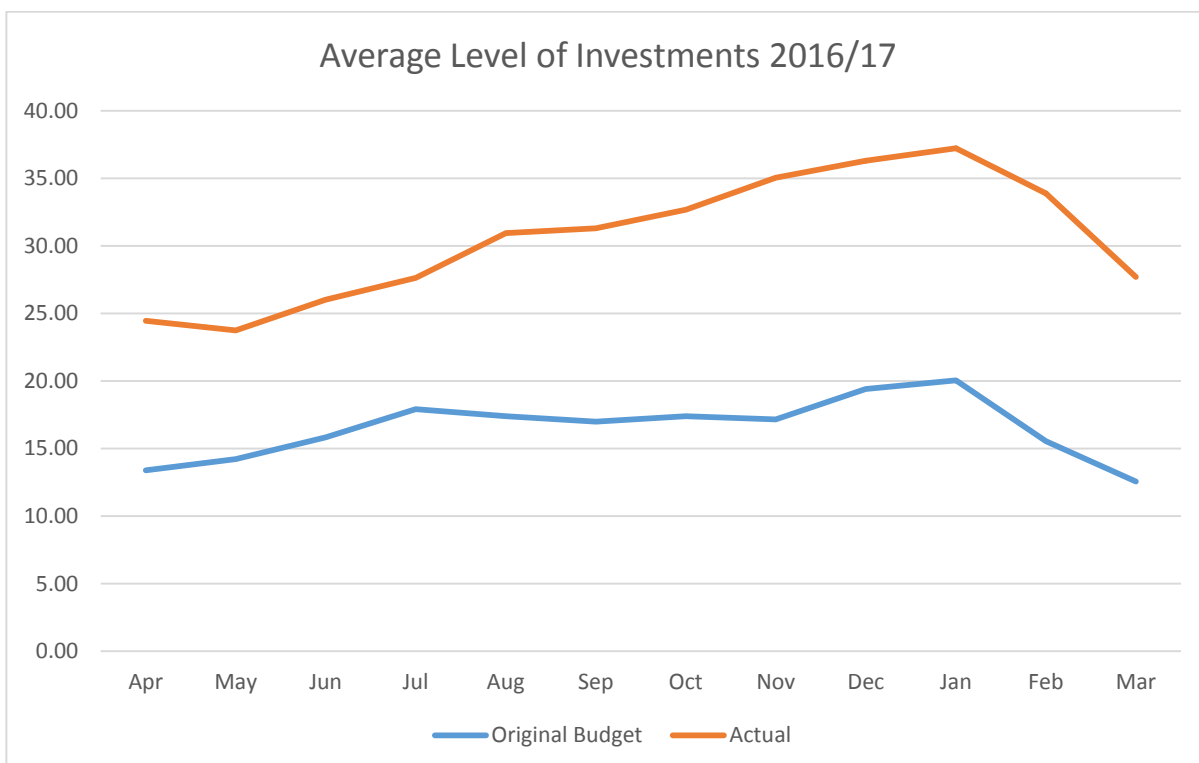
Counterparty	Principal	Matures	Days to Maturity	Rate	Lowest Credit Rating	Country
<b>Money Market Funds</b>						
LEGAL & GENERAL INVESTMENT MANAGEMENT	£560,000	01-Apr-17	1	0.24%	A+	N/A
BNP PARIBAS ASSET MANAGEMENT	£1,000,000	01-Apr-17	1	0.30%	A+	N/A
INVESCO AIM	£1,000,000	01-Apr-17	1	0.31%	AA-	N/A
ABERDEEN ASSET MANAGEMENT	£800,000	01-Apr-17	1	0.26%	A+	N/A
<b>Property Fund</b>						
CCLA - LAMIT PROPERTY FUND	£2,000,000	30-Apr-21	N/A	4.15%	N/A	UK
<b>Fixed Term Investments</b>						
NATIONWIDE BUILDING SOCIETY	£1,000,000	18-Apr-17	18	0.42%	A	UK
LLOYDS BANK PLC	£1,000,000	15-Nov-17	229	1.00%	A	UK
DBS BANK LTD	£1,000,000	18-Apr-17	18	0.48%	AA-	SINGAPORE
UNITED OVERSEAS BANK LTD	£1,000,000	18-Aug-17	140	0.48%	AA-	SINGAPORE
COMMONWEALTH BANK OF AUSTRALIA	£1,000,000	03-Apr-17	3	0.40%	AA-	AUSTRALIA
COVENTRY BUILDING SOCIETY	£500,000	05-Apr-17	5	0.37%	A	UK
OP CORPORATE BANK PLC	£1,000,000	19-Apr-17	19	0.44%	AA-	FINLAND
AUSTRALIA AND NEW ZEALAND BANKING GROUP	£1,000,000	12-Jun-17	73	0.40%	AA-	AUSTRALIA
<b>Fixed Term Investments - Local Authorities</b>						
BROXTOWE BOROUGH COUNCIL	£2,000,000	19-Feb-18	325	0.45%	AA	UK
THURROCK BOROUGH COUNCIL	£2,000,000	11-Apr-17	11	0.40%	AA	UK
LANCASHIRE COUNTY COUNCIL	£2,000,000	31-Oct-17	214	0.37%	AA	UK
SURREY HEATH BOROUGH COUNCIL	£2,000,000	18-Sep-17	171	0.45%	AA	UK
<b>Call Accounts with Notice Period</b>						
SANTANDER UK PLC	£1,000,000	27-Sep-17	180	0.90%	A	UK
SVENSKA HANDELSBANKEN	£1,000,000	05-May-17	35	0.25%	AA-	SWEDEN
<b>Certificates of Deposit</b>						
NORDEA BANK AB	£1,000,000	13-Apr-17	13	0.75%	AA-	SWEDEN
CANADIAN IMPERIAL BANK OF COMMERCE	£1,000,000	10-Oct-17	193	0.56%	A+	CANADA
<b>Total Investments</b>	<b>£24,860,000</b>					

The maturity profile of these investments at 31 March 2017 compared to our Treasury Management advisor Arlingclose interest rate forecasts is shown in the graph below:



**Cash Flow for 2016/17**

The graph below compares the budget for average investment levels in 2016/17 with the actual levels.



## Performance of the Treasury Management Function

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

### Security:

Our aim for the risk status of our portfolio was **A-** utilising the lowest rating from the three credit rating agencies.

The investments outstanding at the 31 March 2017 had a risk status of **AA-** based on the length of the investment and **AA-** based on the value of the investment, which is a more secure risk status. These risk statuses are both compliant with our aim and the recommendations from our Treasury Management advisors.

In addition, we are currently keeping the length of our investments relatively short term to ensure that we can react to changes in counterparty credit risk very easily.

The time limits were relatively short to manage counterparty credit risk (a bank or building society being unable to repay our investment). We also maintained balances in Money Market Funds to provide for unforeseen cash flow requirements. The average length of investments we have made in 2016/17 is **167 days**.

### Liquidity:

Measuring the performance in relation to liquidity is a much more difficult task and the easiest way to assess performance is to see how frequently we needed to borrow on a temporary basis during the financial year. We are actively managing liquidity risk in 2016/17 by purchasing Certificates of Deposit and Treasury Bills because they can be sold on the secondary market in the event the money is required for unforeseen circumstances. We also have significant sums invested in call accounts and Money Market Funds which provide instant access to cash. Therefore, due to the level of our liquid investments in 2016/17 we did not need to temporarily borrow.

### Yield:

In the year of 2016/17 we have achieved an average interest rate of **0.74%**. This compares to our performance indicator of the average Seven-day London Inter-bank Bid (LIBID) rate, which was **0.30%**, the one month rate was **0.36%**, the three month rate was **0.47%** and the six month rate was **0.60%**.

In terms of interest receipts, there are two key risks/sensitivities:

- a) The interest rate receivable.
- b) The amount of money we have available to invest.

The interest rates, amounts of money we had available to invest, interest receipts, interest paid and net investment income in 2016/17 are shown in the table below:

Details	Budget	Outturn
Average amount we had available to invest (£m)	£30.09m	£30.38m
Average Interest Rate (%)	0.70%	0.74%
Gross Interest Receipts	(215,420)	(218,432)
Less Transfer to Property Income Volatility Reserve	24,180	26,685
Net Interest Receipts	(191,240)	(191,748)
Interest Paid and Other Costs	4,500	4,820
<b>Net Investment Income (£)</b>	<b>(£186,740)</b>	<b>(£186,928)</b>
Car Loan and Other Interest	(1,000)	(639)
External Borrowing Interest	37,400	37,354
Minimum Revenue Provision	63,000	63,867
<b>Net Treasury Position (£)</b>	<b>(£87,340)</b>	<b>(£86,346)</b>

## COMPLIANCE WITH PRUDENTIAL INDICATORS 2016/17

### 1. Background:

There is a requirement under the Local Government Act 2003 for Local Authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators. It should be noted that CIPFA undertook a review of the Code in early 2008 and issued revised Code in November 2009.

The Council implemented its strategy within the limits and parameters set in its treasury policy, strategy statement and Prudential Indicators against the prevailing market conditions and opportunities as follows:

- (a) Financing its capital spending from government grants/usable capital resources/ revenue contributions etc rather than from external borrowing.
- (b) Adhering to the paramount requirement of safeguarding the council's invested balances during a period of unprecedented money market dislocation; maintaining adequate diversification between institutions; optimising investment returns subject to the overriding requirement of security and liquidity.
- (d) Forecasting and managing cash flow and undertaking short-term borrowing and lending to preserve the necessary degree of liquidity.

### 3. Estimates of Capital Expenditure (Prudential Indicator 1):

- 3.1 This indicator is set to ensure that the level of proposed Capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax :

No. 1 Capital Financing	2016/17 Original £m	2016/17 Approved £m	2016/17 Revised £m	2016/17 Final £m	2016/17 Actual £m
Non-Current Assets	5.058	5.941	1.885	1.885	1.843
Revenue Expenditure funded from Capital under Statute	2.447	1.351	1.040	1.077	0.740
<b>Total</b>	<b>£7.505</b>	<b>£7.292</b>	<b>£2.925</b>	<b>£2.962</b>	<b>£2.583</b>

- 3.2 This capital expenditure has been financed as follows:

No. 1 Capital Financing	2016/17 Original £m	2016/17 Approved £m	2016/17 Revised £m	2016/17 Final £m	2016/17 Actual £m
Capital Receipts	2.026	2.033	0.705	0.705	0.352
Burntwood Sinking Fund	0.242	0.095	0.130	0.130	0.097
Other Sinking Funds	0.000	0.000	0.000	0.000	0.046
Capital Grants and Contributions	3.901	2.858	0.835	0.871	0.831
Earmarked reserves etc.	0.693	0.768	0.329	0.329	0.229
Revenue Contributions	0.154	0.177	0.182	0.182	0.283
Finance Leases, Invest to Save and Borrowing	0.489	1.361	0.745	0.745	0.745
<b>Total</b>	<b>£7.505</b>	<b>£7.292</b>	<b>£2.925</b>	<b>£2.962</b>	<b>£2.583</b>

**4. Ratio of Financing Costs to Net Revenue Stream (Prudential Indicator 2):**

3.1 This is an indicator of affordability and demonstrates the revenue implications of capital investment decisions by highlighting the proportion of the revenue budget required to meet the borrowing costs associated with capital spending. The financing costs include existing and proposed capital commitments.

4.2 The ratio is based on costs net of investment income:

<b>No. 2 Ratio of Financing Costs to Net Revenue Stream</b>	<b>2016/17 Original £m</b>	<b>2016/17 Approved £m</b>	<b>2016/17 Revised £m</b>	<b>2016/17 Actual £m</b>
Investment Income	(0.115)	(0.187)	(0.187)	(0.192)
Internal Interest	0.004	0.004	0.004	0.005
External Borrowing Interest	0.037	0.037	0.037	0.037
Finance Lease Interest Charges	0.042	0.019	0.019	0.058
Minimum Revenue Provision	0.654	0.602	0.602	0.615
<b>Total Financing Costs</b>	<b>£0.622</b>	<b>£0.476</b>	<b>£0.476</b>	<b>£0.523</b>
Total Funding Available	£10.526	£10.533	£10.464	£10.450
%	6%	5%	5%	5%

**5. Capital Financing Requirement (Prudential Indicator 3):**

5.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. In order to ensure that over the medium term gross borrowing will only be for a capital purpose, the Council ensures that gross external borrowing does not, except in the short term, exceed the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years.

<b>No. 3 Capital Financing Requirement</b>	<b>2016/17 Original £m</b>	<b>2016/17 Approved £m</b>	<b>2016/17 Revised £m</b>	<b>2016/17 Actual £m</b>
<b>Balance Brought Forward</b>	5.448	4.663	4.663	4.663
Capital Expenditure financed from borrowing etc.	0.489	1.361	0.745	0.745
Minimum Revenue Provision	(0.654)	(0.602)	(0.602)	(0.615)
<b>Balance Carried Forward</b>	<b>£5.283</b>	<b>£5.422</b>	<b>£4.806</b>	<b>£4.793</b>

**6. Gross Borrowing and the Capital Financing Requirement (Prudential Indicator 4):**

6.1 This is a key indicator of prudence and ensured that over the medium term gross borrowing will only be for a capital purpose.

6.2 This gross borrowing is obtained directly from the Council's Balance Sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities and is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

<b>No. 4</b>	<b>Revised £m</b>	<b>31/03/17 £m</b>
LT Borrowing	1.339	1.370
Short Term Element of LT Borrowing	0.076	0.069
Short Term Element of LT Liabilities	0.521	0.505
Other Long Term Liabilities	2.026	2.047
<b>Total</b>	<b>£3.962</b>	<b>£3.991</b>

	<b>2016/17 Original £m</b>	<b>2016/17 Approved £m</b>	<b>2016/17 Revised £m</b>	<b>2016/17 Actual £m</b>
CFR plus next 2 years	5.767	5.767	4.515	4.898
Gross Debt	(4.342)	(3.962)	(3.962)	(3.991)
<b>Gross Borrowing &lt; CFR plus next 2 years</b>	<b>True</b>	<b>True</b>	<b>True</b>	<b>True</b>

The Head of Finance and Procurement (Section 151) reports that the Authority had no difficulty meeting this requirement in 2016/17. There are also no difficulties envisaged for future years.

**7. Incremental Impact of Capital Investment Decisions (Prudential Indicator 5) :**

7.1 This is an indicator of affordability that shows the impact of Capital investment decisions on Council Tax levels when the budget for the year was set.

No.5 Incremental Impact of Capital investment Decisions	2016/17 Original £	2016/17 Approved £	2016/17 Revised £	2016/17 Actual £
Band D Equivalent	£3.77	£2.29	(£0.12)	£0.35

**8. Affordable Borrowing Limit, Authorised Limit and Operational Boundary for External Debt :**

7.1 The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.

**7.2 The Authorised Limit (Prudential Indicator 6):**

This is the maximum amount of external debt that can be outstanding at one time during the financial year. The limit, which is expressed gross of investments, is consistent with the Council's existing commitments, proposals for capital expenditure and financing and with its approved treasury policy and strategy and also provides headroom over and above for unusual cash movements. This limit was originally set at **£13,733,000** for 2016/17 and revised to **£15,254,000**.

**9. Operational Boundary (Prudential Indicator 7):**

This limit is set to reflect the Council's best view of the most likely prudent (i.e. not worst case) levels of borrowing activity and was originally set at **£5,329,000** and revised to **£5,972,000**.

9.1 Levels of debt are measured on an ongoing basis during the year for compliance with the Authorised Limit and the Operational Boundary. The Council maintained its total external borrowing and other long-term liabilities within both limits; at its peak this figure was :

No. 6 and 7 Authorised Limit and Operational Boundary	2016/17 Maximum £m	2016/17 Year Start £m	2016/17 Year End £m
External Borrowing - Long Term	1.415	1.415	1.370
External Borrowing - Short Term	0.077	0.077	0.069
Bank Overdraft	0.000	0.000	0.000
Other Long Term Liabilities - Short Term	0.505	0.414	0.505
Other Long Term Liabilities - Long Term	2.047	1.908	2.047
<b>Total</b>	<b>£4.044</b>	<b>£3.814</b>	<b>£3.991</b>

<u>Details</u>	2016/17 Original £m	2016/17 Approved £m	2016/17 Final £m	2016/17 Maximum £m
Authorised Limit	13.733	13.733	15.254	4.044
Operational Boundary	5.329	5.973	5.972	4.044

**10. Adoption of the CIPFA Treasury Management Code (Prudential Indicator 8) :**

9.1 This indicator demonstrates that the Council has adopted the principles of best practice:

### Adoption of the CIPFA Code of Practice in Treasury Management

- Council approved the adoption of the CIPFA Treasury Management Code at its Full Council meeting on 25 February 2003.
- Council has incorporated any changes resulting from the CIPFA Treasury Management Code within its treasury policies, practices and procedures.
- At its meeting on 23 February 2016, Council originally approved its Prudential Indicators for 2016/17.
- The Prudential Indicators were fully revised and approved by Council on 21 February 2017.

#### 10. Gross Debt (Prudential Indicator 9) :

- 10.1 The purpose of this treasury indicator is to highlight a situation where the Council is planning to borrow in advance of need:

<u>No. 9</u>	2016/17 Original £m	2016/17 Approved £m	2016/17 Revised £m	2016/17 Actual £m
Outstanding Borrowing	(1.492)	(1.415)	(1.415)	(1.439)
Other Long Term Liabilities	(3.052)	(2.547)	(2.547)	(2.552)
<b>Gross Debt</b>	<b>(£4.544)</b>	<b>(£3.962)</b>	<b>(£3.962)</b>	<b>(£3.991)</b>
Capital Financing Requirement	<b>£5.283</b>	<b>£5.422</b>	<b>£4.806</b>	<b>£4.793</b>
<b>Is our Gross Debt in excess of our Capital Financing Requirement and are we borrowing in advance of need?</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>

#### 11. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure (Prudential Indicators 10 and 11) :

- 11.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The exposures are calculated on a gross basis. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

No. 10 and 11	2016/17 Original %	2016/17 Approved %	2016/17 Revised %	2016/17 Highest %	2016/17 Lowest %	2016/17 Average %
<b>Fixed Interest Rates</b>						
Upper Limit on Fixed Interest Rate Exposure on Investments	(100%)	(100%)	(100%)	(76%)	(50%)	(64%)
Upper Limit on Fixed Interest Rate Exposure on Debt	100%	100%	100%	100%	100%	100%
<b>Net Fixed Exposure (No. 10)</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>24%</b>	<b>50%</b>	<b>36%</b>
<b>Variable Interest Rates</b>						
Upper Limit for Variable Rate Exposure on Investments	(100%)	(100%)	(100%)	(100%)	(100%)	(100%)
Upper Limit for Variable Rate Exposure on Debt	30%	30%	30%	0%	0%	0%
<b>Net Variable Exposure (No. 11)</b>	<b>(70%)</b>	<b>(70%)</b>	<b>(70%)</b>	<b>(100%)</b>	<b>(100%)</b>	<b>(100%)</b>

#### 12. Maturity Structure of Fixed Rate borrowing (Prudential indicator 12):

- 12.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.



- 12.2 It is calculated as the amount of borrowing that is fixed rate maturing in each period as a percentage of total borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

No. 12 Maturity Structure of Fixed Rate Borrowing	£	%	Lower Limit	Upper Limit
Under 12 months	68,982	4.79%	0%	100%
12 months and within 24 months	60,880	4.23%	0%	100%
24 months and within 5 years	182,640	12.69%	0%	100%
5 years and within 10 years	304,400	21.16%	0%	100%
10 years and within 20 years	608,800	42.31%	0%	100%
20 years and within 30 years	213,080	14.81%	0%	100%
30 years and within 40 years			0%	100%
40 years and within 50 years			0%	100%
50 years and above			0%	100%
<b>Total</b>	<b>£1,438,782</b>			

**13. Upper Limit for total principal sums invested over 364 days (Prudential Indicator 13) :**

- 13.1 This indicator is set in order to allow the Council to manage the risk inherent in investments longer than 364 days:

No 13 Upper Limit for total principal sums invested over 364 days	2016/17 Original £m	2016/17 Approved £m	2016/17 Revised £m	2016/17 Actual £m
<b>Upper Limit</b>	<b>3.500</b>	<b>3.500</b>	<b>6.000</b>	<b>2.000</b>

**14. Credit Risk (Prudential Indicator 14):**

- 14.1 We consider security, liquidity and yield, in that order, when making investment decisions.
- 14.2 Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in our assessment of counterparty credit risk.
- 14.3 We also consider alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk :
- Published credit ratings of the financial institution (minimum A- or equivalent);
  - Potential for bail-in risk;
  - Credit default swaps (where quoted);
  - Share prices (where available);
  - Economic fundamentals, such as a country's net debt as a percentage of its GDP);
  - Corporate developments, news, articles, markets sentiment and momentum;
  - Subjective overlay.
- 14.4 The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

# our strategic plan at a glance

Read in full at [www.lichfielddc.gov.uk/strategicplan](http://www.lichfielddc.gov.uk/strategicplan)

To be a strong, flexible council that delivers good value, quality services and helps to support a **vibrant and prosperous economy, healthy and safe communities** and **clean, green and welcoming places to live**.

How we create a vibrant and prosperous economy

How we create healthy and safe communities

How we create clean, green & welcoming places to live

## What we will do

Between 2016 and 2020 we will place particular importance on:

- Promoting Lichfield District as a good place to invest through the roll out of the Local Plan.
- Ensuring our district is 'open for business' by welcoming and nurturing new enterprises to start up and succeed in our key business centres and rural areas.
- Delivering support, signposting and networking opportunities to existing businesses to help them thrive.
- Making it easy for businesses to interact with us.
- Understanding, monitoring and adapting to business needs and issues across the district.
- Encouraging increased visitors to our district, increased spend in the local economy and more overnight visitors.
- Delivering good quality and safe car parking in our key retail areas.

- Creating policies and events that promote healthy and active lifestyles for all, including young people – from cycle and safe walking routes, through to events, community activities and more.
- Providing support to help those with disabilities and older people stay healthy and active.
- Creating opportunities to increase the number of residents who are physically active, especially in hard to reach groups.
- Supporting and encouraging the development of clubs and other organisations to increase the quantity and quality of leisure and cultural opportunities across the district.
- Delivering a programme of disabled facilities grants to help people remain living safely at home
- Providing help and advice to prevent homelessness.

- Implementing our Local Plan which will ensure a controlled and balanced growth of the district.
- Developing supplementary planning guidance which will help to preserve our historic environment, support rural communities, and ensure the district continues to be an attractive place.
- Maintaining our parks and open spaces which encourage residents to enjoy the outdoors.
- Restoring the historic features of Stowe Pool and Fields.
- Our joint waste service continues to help our residents recycle a large percentage of their waste.
- Pursuing opportunities to transfer some open spaces to local organisations who can look after them for the enjoyment of all (e.g. playing fields).

## By 2020 there will be:

- More local jobs and more people in employment.
- More new businesses locate in our district.
- More businesses succeed.
- More visitors and greater visitor spend in our district.
- A regenerated Lichfield City centre and an improved retail offer in Burntwood.

- More people will be active and healthy.
- More people will be involved in volunteering and community activity.
- Fewer people and families will be homeless.
- More people will feel safer and less worried about crime and anti-social behaviour.
- More people will be living independently at home.

- More affordable homes in the district.
- Our heritage and open spaces will be well maintained or enhanced.
- Our streets will be clean and well maintained.
- More people will use parks and open spaces.
- New homes, office, retail and manufacturing spaces will be built or developed in line with our Local Plan and planning guidance.

## Our council By 2020:

- Our customers will be more satisfied.
- We will continue to be financially responsible.
- Our organisation will have clear corporate values and be committed to openness and transparency.
- More people will interact with us through our website and digital channels.
- We'll be more innovative in how we deliver services and make a difference locally.

This plan sets out the high level outcomes we want to achieve over the next four years. Every year we produce a one-year action plan that sets out the key activities we will deliver to drive forward the priorities set out in this plan in detail, and the measures and targets we use to check how we are doing. Read our actions plans at [www.lichfielddc.gov.uk/actionplans](http://www.lichfielddc.gov.uk/actionplans)



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district council  
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