

# Public Document Pack

## LICHFIELD DISTRICT COUNCIL

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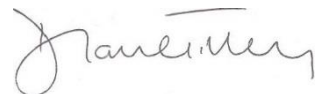
**District Council House**  
**Frog Lane**  
**Lichfield**  
**WS13 6YY**

**8 February 2021**

To: Members of the Lichfield District Council

In accordance with Paragraph 4(2) of Part 1 of Schedule 12 to the Local Government Act 1972, you are hereby summoned to attend the meeting of the Lichfield District Council which will be held on **TUESDAY, 16 FEBRUARY 2021 at 6.00 pm.**

In light of the current Covid-19 pandemic and government advice on social distancing, the meeting will be held online and streamed live on the Council's [YouTube channel](#).



Chief Executive

### A G E N D A

1. Apologies for absence (if any)
2. Declarations of interest
3. To approve as a correct record the Minutes of the previous meeting (3 – 12)
4. Chairman's Announcements
5. Report of the Leader of the Council on Cabinet Decisions from the Meetings held on 12 January and 9 February and Cabinet Member Decisions (13 – 16)
6. Minutes of the Community, Housing & Health (Overview & Scrutiny) Committee (17 – 20)
7. Minutes of the Leisure, Parks & Waste Management (Overview & Scrutiny) Committee (21 – 24)
8. Minutes of the Economic Growth, Environment & Development (Overview & Scrutiny) Committee (25 – 28)
9. Minutes of the Strategic (Overview & Scrutiny) Committee (29 – 34)
10. Minutes of Planning Committee

*The Chairman of the Planning Committee to move that the proceedings of the meetings held on 14 December 2020 and 11 January 2021 be received and where necessary approved and adopted (35 – 38).*

11. Minutes of Employment Committee

*The Chairman of the Employment Committee to move that the proceedings of the meeting held on 15 December 2020 be received and where necessary approved and adopted (39 – 40)*

12. Minutes of Audit & Member Standards Committee

*The Chairman of Audit & Member Standards Committee to move that the proceedings of the meeting held on 3 February 2021 be received and where necessary approved and adopted. (41 – 48)*

13. Medium Term Financial Strategy

*To agree the Medium Term Financial Strategy (Revenue and Capital) 2020-2025 and the Council Tax Resolution 2021-2022 (49 – 144)*

14. Calendar of Meetings

*To approve the Calendar of Meetings as submitted (145 – 146)*

15. Questions

*To answer any questions under Procedure Rule 11.2*

**COUNCIL**

**15 DECEMBER 2020**

**PRESENT:**

Councillors Powell (Chairman), Cross (Vice-Chair), Anketell, Baker, Ball, Banevicius, Barnett, Binney, Birch, Checkland, Cox, Eadie, Eagland, D Ennis, L Ennis, Evans, Grange, Greateorex, Gwilt, Ho, Humphreys, Leytham, A Little, E Little, Marshall, Matthews, Norman, Parton-Hughes, Pullen, Ray, Robertson, Salter, Silvester-Hall, Spruce, Strachan, Tapper, Warburton, Warfield, Westwood, White, A Yeates and B Yeates

**121 APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Lax, Smith, M Wilcox and S Wilcox.

**122 DECLARATIONS OF INTEREST**

There were no declarations of interest.

**123 TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE PREVIOUS MEETING**

**RESOLVED:** That the Minutes of the Meeting held on 13 October 2020 were approved as a correct record subject to the penultimate line of Minute 117 (B) being amended to read 'Councillor Gwilt and *Councillor Robertson* spoke in favour of the Motion as amended.'

**124 CHAIRMAN'S ANNOUNCEMENTS**

The Chairman advised that, as in previous years, donations to the Chairman's Charity were invited in lieu of Christmas cards. He wished everyone a Merry Christmas and a Happy New Year and hoped 2021 would be a better year.

**125 REPORT OF THE LEADER OF THE COUNCIL ON CABINET DECISIONS FROM THE MEETINGS HELD ON 10 NOVEMBER AND 1 DECEMBER AND CABINET MEMBER DECISIONS**

Councillor Pullen submitted his report on Cabinet Decisions from the meetings held on 10 November and 1 December and Cabinet Member Decisions.

Councillor Pullen answered questions on the report and Councillor Ball said thanks should be recorded for the team implementing the Additional Restrictions Grant for moving so quickly and consulting with the Economic Growth, Environment and Development (O&S) Committee before submitting the emergency report to Cabinet.

**126 MINUTES OF THE STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE**

Councillor Spruce submitted the Minutes of the meeting held on 19 November 2020.

Councillor Strachan thanked the Committee for its efforts in challenging and testing the draft procurement strategy. He noted that rather than buying in support, procurement would be done in house with a newly appointed team. This should raise the profile of procurement and

lead to better contract management. He confirmed that local procurement was high on the agenda.

In response to a question on the track and trace scheme, Councillor Strachan undertook to advise Councillor Ball if there had been any significant change in the funding situation.

Councillor Pullen advised he would be contacting Councillor Ball in response to his query about the review of the sports and leisure service.

Reference was made to the importance of the environmental impact section of reports and the digital innovation and procurement strategy reports were commended as good examples.

## **127 MINUTES OF THE ECONOMIC GROWTH, ENVIRONMENT AND DEVELOPMENT (OVERVIEW & SCRUTINY) COMMITTEE**

Councillor Leytham submitted the Minutes of the meeting held on 24 November 2020.

In response to a question about the Events and Festival Policy and the role of Regulatory & Licensing Committee, Cllr Eadie confirmed that the Street Trading Policy would still apply but it was proposed that the evaluation and approval of expressions of interest would be undertaken by an officer group and the relevant Cabinet Member.

## **128 MINUTES OF AUDIT & MEMBER STANDARDS COMMITTEE**

Councillor Greatorox moved that the proceedings of the Committee be received and, where necessary, approved and adopted. Attention was drawn to the Committee's approval of updated Treasury Management Practices and it was proposed in submitting the Minutes that these practices, as previously circulated to all Members, be adopted by the Council.

Referring to the wording of the Minutes, Councillor Robertson said he had sought to emphasise that climate change was a strategic risk that should be considered as part of SR2. Councillor Greatorox said he was happy for the minutes to reflect that climate change had been identified as a strategic risk.

Councillor Norman said he would like to apologise for not having submitted his apologies in time for the meeting.

It was then seconded by Councillor Ho and

**RESOLVED:** That the Minutes of the meeting held on 12 November 2020 be approved and adopted.

## **129 MINUTES OF PLANNING COMMITTEE**

Councillor Marshall submitted the Minutes of Planning Committee held on 16 November 2020 and thanked his Vice-Chairman for taking the meeting.

It was then seconded by Councillor Baker and

**RESOLVED:** That the Minutes of the meetings held on 16 November 2020 be approved and adopted.

## 130 EVENTS & FESTIVALS POLICY

Councillor Eadie outlined the importance of events and festivals to the District and, following a period of consultation, submitted the recommendations of Cabinet made on 6 October 2020 in connection with the Events and Festivals Policy.

Issues discussed during the debate included the way the decisions would be made, the desire to protect historic and successful events that occurred the same time each year, the adverse effects that events had on some businesses and the need to be cognisant of the organisers of the various events and festivals and to work with them to facilitate their events.

In his responses Councillor Eadie advised that the guide that accompanied the policy should enable applications to be evaluated on an impartial basis but the policy would be kept under review. He noted that all applicants would be considered at the same time and it might also be possible to run different events on the same day. Councillor Eadie said it was important to ensure that local businesses benefited and the Council would work with event organisers to see how that could be achieved.

The recommendations were seconded by Councillor Humphreys and it was

**RESOLVED: (1)** That the Council's constitution be amended to formally acknowledge the formation of a cross-service officer panel for determining an annual events programme in consultation with the Cabinet Member for Visitor Economy and the Local Plan.

**(2)** That the Medium Term Financial Strategy be updated to include a supplementary budget of £20,000 per annum to help meet the costs of new events intended to support local communities across the District.

## 131 REVISION OF STREET TRADING POLICY

Councillor Eadie submitted revisions to the Street Trading Policy on behalf of the Cabinet Member for Regulatory, Housing and Health.

It was noted that the Council's Street Trading Policy included a section on special events and festivals that overlapped with the recently approved Events and Festivals Policy. These areas of overlap had been removed and clarification provided on where the Street Trading Policy still applied. It was advised that some aspects of the policy had been removed and included in the Street Trading Procedure. A further review of the Policy would be undertaken in 2021.

Reference was made to the Environmental Impact section of reports and the need to ensure outcomes and benefits were set out.

It was seconded by Councillor Humphreys and

**RESOLVED:** That the amended Street Trading Policy be approved and the delegation in the constitution for Regulatory and Licensing Committee to determine expressions of interest be removed.

## 132 STATEMENT OF LICENSING POLICY - LICENSING ACT 2003

Cllr B Yeates submitted the Council's Statement of Licensing Policy 2021 – 2026 for approval.

It was noted that on 28th September 2020 Regulatory & Licensing Committee recommended the retention and extension of the current Licensing Policy due to the impact of the

Coronavirus pandemic. A full policy review would be carried out during the extension period once the relevant licensing activity was resumed and a period of stability established.

Cllr Pullen seconded the proposal and it was

**RESOLVED:** That the Statement of Licensing Policy 2021 – 2026 as submitted be adopted.

### 133 MEMBERSHIP OF OUTSIDE BODIES

It was proposed by Councillor Pullen and seconded by Councillor E Little that Councillor Eadie be appointed to the Cannock Chase Special Area of Conservation Partnership.

**RESOLVED:** That Councillor Eadie be appointed to the Cannock Chase Special Area of Conservation Partnership.

### 134 MOTIONS ON NOTICE

**(A)** Councillor Ho submitted the following Motion having obtained the consent of Council for amendments to the originally submitted text:

That Lichfield District Council:

(i) Notes the Slow Ways project and its goal to create a network of walking routes that connect all of Great Britain's towns and cities as well as thousands of villages.

(ii) Further recognises that safely walking local routes and public footpaths:

- can improve the health and wellbeing of the residents in the district of Lichfield.
- can help reduce carbon emissions in the district of Lichfield.
- can help tackle the climate change emergency that the council declared last year.

(iii) Will therefore encourage residents to:

- walk safely to their place of work.
- use safe and established public footpaths when visiting neighbouring settlements.
- review routes that have been drafted by the project.

Councillor Baker seconded the Motion.

Councillor Norman proposed the following amendment to the third bullet point of the Motion:

- can help tackle the climate change emergency that the council declared last year *and so we will offer appropriate financial and other support such as encouraging the County Council to provide safe footway improvements.*

The amendment was seconded by Councillor Evans.

Following a debate Councillor Norman withdrew his Amendment and submitted the following Amendment to the third bullet point of the Motion:

- can help tackle the climate change emergency that the council declared last year and so we will *explore financial and other support such as encouraging the County Council to provide safe footway improvements.*

The Amendment was seconded by Councillor Evans.

Following a vote **the Amendment was approved.**

Members then voted on the Motion as amended.

**RESOLVED: That the Motion as Amended be approved.**

**(B)** Councillor Pullen proposed the following Motion:

"This Council acknowledges the extraordinary efforts made by employees of Lichfield District Council in 2020, and notes that many will have their pay frozen in the year 2021-2022. In light of this pay freeze, it resolves that all Councillor Allowances are also frozen until May 2022 at the earliest".

The Motion was seconded by Councillor Barnett.

In supporting the Motion Councillor Norman said it was a pity there had not been consultation since it was not a party political matter and represented a continuation of existing policy.

Following a vote **the Motion was approved.**

**RESOLVED: That the Motion as submitted be approved.**

**(C)** Councillor Ball proposed the following Motion:

"This Council deplores the very poor performance of the two Clinical Commissioning Groups (CCGs) covering our District, with South East Staffordshire CCG, recorded as "Inadequate" for the past three years, and East Staffordshire CCG performing slightly better, moving from "Good" to "Requires Improvement" over the last year, and resolves to write to our two local MPs, asking them what they personally have done over that period to push for improvements and what else they will do personally in the future.

In addition, this Council resolves to write to Staffordshire County Council, to ask what they have done over that period to push for improvements and what else they will do in the future. Finally, this Council agrees that the appropriate CCG representatives from both CCGs should be invited to the Community, Health and Housing Overview and Scrutiny Committee, to inform members about both CCGs' performance and asked what plans they have to improve the situation."

The Motion was second by Councillor Evans.

During the debate, Councillor Norman proposed that the first sentence of the Motion be amended to read:

This Council *is saddened* by the very poor performance of the two Clinical Commissioning Groups (CCGs) covering our District, with South East Staffordshire CCG, recorded as "Inadequate" for the past three years, and East Staffordshire CCG performing slightly better, moving from "Good" to "Requires Improvement" over the last year, and resolves to write to our two local MPs, asking them what they personally have done over that period to push for improvements and what else they will do personally in the future.

The amendment was seconded by Councillor Anketell and Councillor Ball offered to withdraw his motion in favour of the amended Motion.

Members debated the Amendment and following a vote **the amendment was defeated.**

Members then voted on the Motion as submitted and **the Motion was defeated.**

(Councillor Greatorex declared a personal interest in Motion C as a Member of Staffordshire County Council)

## 135 QUESTIONS

### **Q1. Question from Councillor Ball to the Cabinet Member for Major Projects and Economic Development**

Can the Cabinet Member tell us, please, how she feels the collapse of Debenhams, Edinburgh Woollen Mill (owners of Peacocks) and the Arcadia Group will affect plans for Lichfield City Centre?

#### **Response from the Cabinet Member for Major Projects and Economic Development:**

The sad news of the closures of well-known High Street brands, including Debenhams and the Arcadia Group, will no doubt have an impact on High Streets throughout the UK. The enthusiasm for online shopping, an inability or unwillingness to respond to changing patterns of demand on the part of certain retail groups and the effects of the CV19 pandemic has no doubt accelerated the changes which have been taking place in town and city centres for several years.

In October the Council endorsed the Lichfield City Centre Masterplan as a blueprint for the development and regeneration of Lichfield City Centre. This puts Lichfield ahead of the curve in terms of its plans to rejuvenate the city centre, with proposals in place for a mixture of uses and experiences for visitors and residents alike. Work has been ongoing in respect of commissioning detailed plans and strategies to inform the developments to come forward, with the start of the implementation of projects to take place in 2021. The Council is also working closely with the owners of Three Spires shopping centre to understand the impacts on the centre itself and the work that is being done to maintain a vibrant and active destination now and for the longer term.

#### **Councillor Ball asked the following supplementary question:**

Would the Cabinet Member agree to use some of the money agreed at the last Council meeting to have the Masterplan reviewed in the light of the collapse of Debenhams, Arcadia Group and Edinburgh Woollen Mill and work with the cross party working group set up by the Economic Growth, Environment and Development (Overview & Scrutiny) Committee as was the practice in drawing up the original Masterplan, using Members from the original working group in order to benefit from their experience on this.

#### **The Cabinet Member for Major Projects and Economic Development responded:**

The cross party working group has already been set up for the Masterplan and will be meeting in the new year. We are already commissioning in connection with some of the strategies in the report presented last month and as part of the Birmingham Road viability work we are having conversations with Railpen and Three Spires about the Debenhams building.

### **Q2. Question from Councillor Ball to the Cabinet Member for Visitor Economy and Local Plan**



Can the Cabinet Member, please, tell us whether he agrees with me that, in light of the increasing need for decent, genuinely affordable housing across Lichfield District, that, in our new Local Plan, we must insist of developers providing an absolute minimum of 20% affordable housing, ideally at social rents, on all Previously Developed Land sites and on all Strategic Development Allocations on greenfield land, and an absolute minimum of 30% affordable homes on all greenfield sites of from 10 to 500 dwellings, as I suggested at a recent meeting of the Local Plan Subcommittee and was agreed on at that meeting?

**Response from the Cabinet Member for Visitor Economy and Local Plan:**

The Local Plan & CIL Viability Assessment that has been prepared as part of the evidence base for our emerging local plan, which Councillor Ball has seen as a Member of the Local Plan Sub-committee and the sub-committee agreed should be added to our published evidence base, indicates that Lichfield District Council should consider;

- 20% Affordable Housing on Previously Developed Land,
- 30% Affordable Housing on Greenfield land where sites provide between 10 and 500 dwellings,
- 20% Affordable Housing on larger allocated sites accommodating more than 500 dwellings

I would expect our emerging local plan and policies going forward to reflect this, as to do otherwise would not be in keeping with our own evidence base.

**Councillor Ball asked the following supplementary question:**

Can the Cabinet Member give assurance that the percentages given will be minimum percentages and whether he would consider looking at 35% affordable homes at some of the locations with between 10 and 500 dwellings as a minimum figure?

**Councillor Eadie responded:**

This would be a matter to go through scrutiny and the proper decision making processes of Council, it not being within my gift to give that undertaking.

**Q3. Question from Councillor Ball to the Cabinet Member for Regulatory, Housing and Health**

Can the Cabinet Member, please, tell us how much of the £20 billion in multi-year investment, announced in the Spending Review, to underpin the Government's long-term housing strategy does she expect to come to Lichfield and also how much of the £254 million to support rough sleepers and those at risk of homelessness during Covid-19 does she expect to come here?

Response from the Cabinet Member for Regulatory, Housing and Health:

We have had confirmation that the general homelessness funding (flexible homelessness support grant and homelessness reduction grant) will be at least the same as this year and probably higher, although we will not have confirmation until January.

We will also have the opportunity to bid for additional funding through the RSI funding and the Rough Sleeper Accommodation Fund.

The Protect programme (£15 million) will not be open to us, as it is targeted funding for those with more complex rough sleeper problems e.g. Birmingham, Manchester Bristol and London.

**Councillor Ball asked the following supplementary question:**

Could the Cabinet Member look at making a bid to the LGA housing advisors programme for some ideas on developing possible projects to use any funding that comes our way.

**The Leader of the Council responded:**

That is a very good idea and where we can learn best practice from other authorities we ought to be open to doing so.

**Q4. Question from Councillor Ball to the Leader of the Council**

Will the Leader of the Council tell us, please, how much he feels that we should bid for from the so-called Levelling Up Fund of £4 billion, which is to support investment in town centre regeneration and better transport infrastructure?

**Response from the Leader of the Council:**

The full details of this scheme are still not announced so this is difficult to answer - however, earlier this year we created a new officer role to focus specifically on accessing funding, and I know that she will, quite rightly, be incredibly ambitious in the bids which we submit.

**Councillor Ball asked the following supplementary question:**

I commend the fact that we will be ambitious in bids, have we any idea what percentage of any funding will go to Lichfield, what percentage to Burntwood and what percentage to the villages?

**The Leader of the Council responded:**

That is a good question but I think it approaches from the wrong angle; we will not be looking at setting aside various percentages for Burntwood and Lichfield but we will be looking across the District for opportunities for investment, wherever they are.

**Q5. Question from Councillor Anketell to the Cabinet Member for Regulatory, Housing and Health**

I and other members have been contacted by residents concerned over the stress caused to their pets, wildlife and farm animals from fireworks.

The RSPCA wants the regulations on fireworks to be amended to reduce the stress to pets, other animals and vulnerable people namely:

- to require all public firework displays within the local authority boundaries to be advertised in advance of the event, allowing residents to take precautions for their animals and vulnerable people
- to actively promote a public awareness campaign about the impact of fireworks on animal welfare and vulnerable people — including the precautions that can be taken to mitigate risks
- to write to the UK government urging them to introduce legislation to limit the maximum noise level to 90 dB for those sold to the public for private displays
- to encourage local suppliers of fireworks to stock 'quieter' fireworks for public display

Would the Cabinet Member for Regulatory, Housing and Health write to our two Members of Parliament urging them to use their influence to get a change in the law?

**Response from the Cabinet Member for Regulatory, Housing and Health:**

Together with many of my fellow councillors I was contacted by concerned residents highlighting the campaign of the RSPCA over the issues around fireworks. The regulation of fireworks is governed by national legislation.

The local authority for the control of fireworks is Staffordshire County Council and their trading standards team works with retailers to ensure that the fireworks sold are safe, and they have powers to enforce against those who place non-compliant fireworks on the market, including those imported illegally or via the internet.

The regulation of fireworks, their sale and public displays is not something which comes under the remit of LDC. However, public displays for Bonfire Night are well advertised in advance locally, which is one of the aims of the RSPCA campaign.

With regard to the many and complex issues raised around fireworks I can do no better than refer members to the following report published on 20 March 2020 setting out the Government's response to the Petitions Committee's First Report of the Session 2019-21.

<https://committees.parliament.uk/publications/421/documents/1566/default/>

This was debated before the petitions committee on 2 November 2020 and has cross party support. The following update was given by the Parliamentary Under Secretary of State for Business, Energy and Industrial Strategy in which he advised that he had commissioned a report by the Office for Product Safety (OPPS) to consider decibel levels and obtain evidence on the impact of fireworks on animal health to inform any changes in legislation. Separately the OPSS has commissioned a programme on the decibel levels of fireworks on sale to the public.

Many of our residents are concerned about animal welfare and vulnerable people being affected by fireworks. It is good to see Government will use the pending report to drive changes to the existing legislation. Therefore it makes sense to ask for our MP's support for a safe environment for the enjoyment of fireworks and address all the issues raised around fireworks once the report is published.

**Q6. Question from Councillor Anketell to the Cabinet Member for Visitor Economy and Local Plan**

Given the acknowledged Climate Emergency, would the Cabinet Member make it mandatory that:

- photovoltaic cells are fitted on all pitched roofs and that electric vehicle charging points are fitted on all new housing and other buildings, including alterations and extensions to existing buildings, and that this is included in the new Local Plan?

**Response from the Cabinet Member for Visitor Economy and Local Plan:**

I would confirm to Councillor Anketell that our emerging local plan will recognise the need for appropriate provision of electric vehicle charging points. Lichfield District Council will not however mandate charging points are provided on all new housing and other buildings, including alterations and extensions to existing buildings, as such a policy would be disproportionate and take no account of the choice motorists may make in the future in terms of alternative fuels such as hydrogen.

As there are many forms of renewable energy available, for the same reasons Lichfield District Council does not expect to mandate that photovoltaic cells are fitted to pitched roofs of all new housing and other buildings, including alterations and extensions to existing buildings. The choice of renewable energy source should be one for the person(s) living in the dwelling.

(The Meeting closed at 8.28 pm)

CHAIRMAN

**REPORT OF THE LEADER OF THE COUNCIL**

**CABINET DECISIONS – 12 JANUARY 2021**

**1. Disposal of Public Open Space - Land at Leyfields and Netherstowe, Lichfield**

- 1.1 The Cabinet confirmed the disposal of the two pieces of land at Leyfields and Netherstowe, Lichfield, subject to securing planning consent, to Bromford Housing Association, for the provision of affordable housing.

(Councillor Cox declared an interest as a Member of Planning Committee and did not take part in the consideration of this item)

**2. Lichfield City Centre Masterplan - Commercial Property Advisor Appointment**

The Cabinet:

- 2.1 Awarded the contract as set out in the Cabinet Report.
- 2.2 Delegated to the Cabinet member for Major Projects and Economic Development in consultation with the Head of Economic Growth and Development the authority to sign the contractual agreements and to authorise any minor variations in the contractual arrangements subject to the costs being within the agreed budget.

**3. Contract for Place-Based Software Systems**

- 3.1 The Cabinet approved the direct award to the incumbent supplier, IDOX for the provision of the place-based software to the approximate value of £284,303 for a three-year period from April 2021 to March 2024.

**CABINET DECISIONS – 9 FEBRUARY 2021**

**4. Local Plan Review 2040 Publication (Regulation 19) Consultation**

The Cabinet

- 4.1 Agreed to the publication of the Local Plan 2040 publication document and accompanying policy maps for the purposes of public consultation with dates for public consultation yet to be decided due to current restrictions around Covid-19 and submission for Examination in Public thereafter. Consultation would take place as soon as is practicably possible in the spring, taking into account ongoing restrictions due to Covid-19.

- 4.2 Delegated authority to the Cabinet Member for Visitor Economy & Local Plan in consultation with the Head of Economic Growth and Development to agree the dates and strategy for the consultation having regard to national regulations and the Statement of Community Involvement (SCI), make any changes to the appearance, format and text of the Local Plan 2040 publication document or the supporting documents prior to consultation in the interests of clarity and accuracy.
- 4.3 Noted that the Local Plan 2040 publication document would be brought back before Cabinet if future evidence indicated the need for significant changes to the Local Plan 2040 publication document for further detailed consideration. It may also be necessary to return to Cabinet should the Covid-19 pandemic continue longer than expected and this had a substantial impact upon the gathering of the final elements of the evidence base.

## **5. Money Matters 2020/21: Review of the Financial Performance Against the Financial Strategy - April to November 2020**

- 5.1 The Cabinet noted the report and issues raised within and that Leadership Team with Cabinet Members would continue to closely monitor and manage the Medium Term Financial Strategy.

## **6. Medium Term Financial Strategy (Revenue and Capital)**

The Cabinet agreed to:

- 6.1 Delegate responsibility to the Cabinet Member for Finance, Procurement, Customer Services and Revenues & Benefits and the Head of Finance and Procurement to identify and implement alternative funding sources within the approved budget framework to enable the early repayment of the Burntwood Capital Investment of £979,000 in the event planned sources are not available.

The Cabinet agreed to recommend to Council for approval:

- 6.2 The 2021/22 Revenue Budget, including the Amount to be met from Government Grants and Local Taxpayers of £11,951,000 and a proposed level of Council Tax (the District Council element) for 2021/22 of £185.07 (an increase of £5.00 or 2.78%) for a Band D equivalent property.
- 6.3 The MTFS 2020-25 Revenue Budgets and 25 year Revenue Budget model.
- 6.4 The MTFS 2020-25 Capital Strategy including the 25 year capital investment model and the Capital Programme.
- 6.5 The Minimum Revenue Provision Statement for 2021/22, at Appendix D of the Cabinet report, which sets out the Council's policy of using the asset life method for making prudent provision for debt redemption.
- 6.6 Treasury Management Strategy Statement for 2021/22 including proposed limits. The only change being proposed is based on Arlingclose advice to remove the £21m overall investment limit for Money Market Funds to manage credit and liquidity risk.

- 6.7 The plan to undertake a further Strategic Fund investment up to £2m.
- 6.8 The Investment Strategy Report (Appendix F of the Cabinet report) including the proposed limits for 2021/22.
- 6.9 The Capital and Treasury Prudential Indicators for 2020-25 in the financial implications section.
- 6.10 The Authorised Limit Prudential Indicator shown within the financial implications section.
- 6.11 The Chief Financial Officer's report on the robustness of the Budget and adequacy of Reserves in compliance with the requirements and duties that the Local Government Act 2003 in relation to how the Authority sets and monitors its Budgets.

## **7. Acceptance of Decarbonisation Grant Funding**

The Cabinet agreed:

- 7.1 That Lichfield District Council accept the grant award of £262,558 and payment via section 31 for the purpose of Decarbonisation of District Council House and The Pavilion, and that Cabinet accept that at the time of writing this report no official offer of the grant had been received. This would occur when the acceptance of payment by section 31 has been confirmed to Salix.
- 7.2 To delegate authority to the Head of Finance and Procurement (Section 151 Officer) to complete and sign all agreements related to acceptance of any grant award.
- 7.3 To recommend to Council that the Medium Term Financial Strategy (including the Capital Programme, relevant Prudential Indicators and Balance Sheet Projections) be updated following the acceptance of any grant offer to include a new project that will be funded by the grant award of £262,558.

## **8. Payroll Contract**

- 8.1 The Cabinet agreed to approve the award of the payroll processing contract to the preferred supplier.

## **CABINET MEMBER DECISIONS**

## **9. Approval of an updated Homelessness Prevention & Assistance Policy 2021**

- 9.1 The Cabinet Member Regulatory, Housing & Health approved minor amendments to the Homelessness Prevention & Assistance Policy 2021 to reflect the additional duties placed on local authorities by the Homelessness Reduction Act 2017.

10. **Additional Restrictions Grant – Revisions to Qualifying Criteria**

- 10.1 The Cabinet Member for Major Projects and Economic Development approved the criteria amendments detailed in the Cabinet Member Decision Report and updated the Additional Restrictions Grant Policy accordingly.

**DOUG PULLEN  
LEADER OF THE COUNCIL**



**COMMUNITY HOUSING AND HEALTH (OVERVIEW AND SCRUTINY)  
COMMITTEE**

**20 JANUARY 2021**

**PRESENT:**

Councillors Eagland (Chairman), Evans (Vice-Chair), S Wilcox (Vice-Chair), Baker, Ball, Binney, Birch, Humphreys, Leytham, Parton-Hughes, Silvester-Hall, Tapper and M Wilcox.

(In accordance with Council Procedure Rule No.17 Councillors Lax and Pullen attended the meeting).

**36 APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**37 DECLARATIONS OF INTERESTS**

There were no declarations of interests.

**38 MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting were circulated and agreed as a correct record.

**39 WORK PROGRAMME**

The work programme was circulated and it was noted that information was awaited from Staffordshire County Council regarding Stroke Pathways and if necessary, would be moved to the next Municipal Year.

RESOLVED: That the work programme be noted.

**40 STANDING ITEMS**

The Committee received a presentation from Wayne Mortiboys from Staffordshire County Council (SCC) on progress made at the new GP facility being built at the Greenhouse site, Burntwood.

It was reported that it had been considered and agreed that it would be easier and more cost effective to put in deeper foundations that would enable a first floor extension, if needed, now at the build stage than try and do this in the future.

It was also reported that the building would have a life of 60 years before requiring any major refurbishment. Rent for the GP practice had been agreed between SCC and the NHS for these 60 years on a peppercorn rate however the pharmacy element to the build would not be at peppercorn and for period of 15 years so it was noted that there could be up to five changes/re-contracts for the life of the building.

The Committee were pleased to hear and see the progress made especially in a short period from agreement. It was felt that it had taken some time to get an agreement and it was hoped that there would be some lessons learned moving forward. It was agreed that this was especially important as the Health & Wellbeing Centre was still deemed a temporary structure

and a permanent one much needed. It was reported that the finite temporary planning permission would help focus the project.

Drainage at the site was discussed and it was asked whether anything else could be done with the water tank instead of discharging it in to the water system. It was reported that the building was being built to a BRIAM excellence and it had been investigated in reusing that water collected for other means eg toilet flushing however there would still be a requirement to clean that water to an extent and it was agreed not to proceed.

Wayne Mortiboys was thanked for his presentation and it was agreed to invite him back for an update when appropriate.

**RESOLVED:** That the information received be noted.

The Committee then discussed other health matters that needed to be raised at the Healthy Staffordshire Select Committee via the Council's representative, Councillor Leytham.

The news that the George Bryan centre would not reopen was discussed and there was some disappointment as the Committee felt they had been assured it would remain open by the NHS Foundation Trust at previous meetings. It was felt that mental health help was more important in current times due to effects of the Covid-19 pandemic and it was felt that there should be a request to review this decision at SCC made.

It was also requested that there be a review of the poor performance of South East Staffordshire CCG.

It was requested that SCC consider the need for a permanent Health Centre in Burntwood to replace the current temporary one.

It was requested that information be sort as to whether beds at the two Community Hospitals in the District were being used as Covid-19 recovery beds and if so, if there was any risk to other non-covid related patients or whether those non-covid related patients were able to access beds if required. It was reported that Community Hospitals had reverted back to their original requirements of taking more elderly patients in need of medical care and unable to return home and many currently would be covid-19 patients. It was discussed that the Together We're Better team assured the Committee previously that the Community Hospitals would continue to be operable and GPs be encouraged to use the facilities available including the underused maternity service at Samuel Johnson. It was suggested that the TWB team be invited back to give an update although it was noted that there was no requirement for them to attend unlike the SCC Committee.

**RESOLVED:** That the information given be noted and Cllr Leytham raise these matters at the Healthy Staffordshire Select Committee.

## **41 HOUSING ASSISTANCE POLICY REVIEW**

The Committee received a report setting out the type of assistance offered to residents with disabilities or vulnerable to allow them to stay on their own home. It was reported that the policy had not been updated significantly since 2013 and the Committee were asked for their views on various options that could be considered for offering further assistance. It was noted that there was an underspend on Disabled Facilities Grants (DFGs) due to a number of reasons and it would be unlikely to fully spend that grant through statutory offerings only.

The following areas were discussed

Increase of discretionary top up grant for Mandatory DFG work

This was welcomed by the Committee as it would help ensure adaptations were not withheld or delayed for funds to be found by the residents. It was felt that affordability should prevent anyone from accessing a grant however potentially an assessment of hardship could be considered if required.

#### The Introduction of a Palliative Care Grant

The Committee were in favour of this grant which would be similar to DFGs but fast tracked to enable urgent works for terminally ill patients. It was felt that this should not be means tested. Also it was felt it should be an easy process to apply for to ensure these very ill patients are not “bogged down in paperwork” and any barriers are identified and dealt with. It was agreed that there should not be partners for this as it would slow the process. Rachel Frondigoun from Cherry White consultants did inform the Committee that they would have to consider how to define terminally ill as this can affect the grant and has been of a challenge elsewhere. Some terminal diagnosis have been from 6 weeks to years and there would not be a risk of this grant being used to take advantage of the fast track route or bypass means testing.

#### Hospital Discharge Grant

It was felt this should be considered further and the details presented in the report were deemed acceptable. It was noted that Occupational Therapists were important in this process as they would assess need for appropriate and necessary work.

#### Relocation Grant

It was felt that people may not choose to move but have which can take up savings that could have been used towards adaptations.

#### Emergency Home Repair Grant (HRA)

It was agreed that there should be a grant to ensure sub-standard housing was addressed however it was agreed that the equity release promotion option should not be pursued.

It was felt that issues seen with DFGs and underspends were happening from recently and many other Local Authorities were dealing with similar and any changes introduced would be welcomed and only beneficial to residents.

It was felt that resources to implement these measures should be considered and any blockages with providers etc investigated. It was also suggested that, if possible, a peer review of the service may be of an advantage.

It was felt and requested that there be more detail in the environmental impact section of the report and how the use of grants could promote carbon reduction or whether there could be any energy efficient measures in adaptations.

The Cabinet Member and Officers were thanked for bringing the draft policy to the Committee at this early stage to allow for their views on options to aid develop it into its final version.

The Committee were thanked for their views and comments and it was agreed that options would be considered further and a draft brought back to Committee in March.

RESOLVED: 1) That the current policy be reviewed and views recorded on the options identified;

2) That the outcomes achieved by the Emergency Housing Repair Assistance Grant (HRA) and Energy Efficiency Grant (EE) be reviewed and comments recorded on options; and

3) That comments be noted on other minor amendments recommended to the policy.

## 42 CORONAVIRUS (COVID-19): RECOVERY PLAN SCRUTINY

The Committee received a report on the Council's Covid-19 Recovery Plan updating them on the activity and ongoing issues around recovery and provide a narrative regarding the progress and achievements against the plan developed and issued in May 2020. It was reported that whilst this had been a significant body of work, the longer term impacts of the pandemic on both the authority and the district as a whole were yet to be fully quantified.

The recovery plan was split into four areas of focus; maintaining key services; helping those in need; supporting our businesses and keeping you informed and to support scrutiny of the plan, and due to its broad and overlapping nature, each committee dealt with relevant topics and areas under their remit.

The Leader of the Council answered questions and advised on matters raised.

The Committee were pleased to receive the report and praised all involved especially Officers in aiding the recovery of the Council and District of a whole. Staff across the authority were thanked for their very hard work and this Committee thanked the Housing Service and Environmental Health Service especially. It was asked whether there was help provided to Officers if stress levels were having an effect and it was reported that there was an agreement in place with The Listening Centre on a self-referral basis.

It was noted that the voluntary sector had been invaluable during this time and it was hoped that the information gathered on who they were and the services they could provide to communities would be maintained in the future. These groups were also thanked for all their work and efforts in the area. It was hoped that these organisations were being picked up by Support Staffordshire.

It was reported that the LGA had worked with many Council's in looking at recovery models and it was also noted that there had been challenges especially financially and it was hoped that central government would not pass that burden onto Local Authorities as with the help in reaching the shielding or distribution of grants, it was obvious that it was Local Authorities that could get the job done.

It was felt that those rough sleepers that had not engaged with the Council attracted more media attention and it may it useful to communicate what help was offered in the future especially as weather may be a factor soon.

It was reported that response received by the Corporate parenting Panel when all Members were asked for suitable places could be found to allow contact between families and children in care could be maintained was very positive and thanks was given for that.

It was asked whether the impact of the relocation of disabled parking from city centre streets to car parks and it was asked if that would be included in the forthcoming Equality Impact Assessment. It was reported that it was a difficult decision to take and the EIA will cover all it needs to.

The recently launched Community Lottery was discussed and it was requested that some communications be released to confirm that the Council was not getting any revenue from the scheme contrary to some comments seen and it was agreed to do this.

RESOLVED: That the report be noted.

(The Meeting closed at 8.03 pm)

CHAIRMAN

## **LEISURE, PARKS & WASTE MANAGEMENT (OVERVIEW AND SCRUTINY) COMMITTEE**

**21 JANUARY 2021**

**PRESENT:**

Councillors Matthews (Chairman), Silvester-Hall (Vice-Chair), Westwood (Vice-Chair), Baker, Barnett, L Ennis, Ray, Salter, Tapper, Warfield, M Wilcox and B Yeates.

(In accordance with Council Procedure Rule No.17 Councillors Cox, Eadie, E. Little and Pullen attended the meeting).

**36 APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Banevicius.

**37 DECLARATIONS OF INTERESTS**

Councillor Baker declared a personal interest in Item 5 – New Leisure Centre Update as the Chair of the Member Task Group

**38 MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting were circulated, agreed and signed as a correct record.

**39 WORK PROGRAMME**

The work programme was circulated to the Committee. It was noted that any request for additions onto the work programme should be sent to the Chairman.

RESOLVED: That the work programme be noted.

**40 NEW LEISURE CENTRE PREFERRED SITE**

The Committee received a report on the proposed outline configuration for the new Leisure facility to allow for feasibility to be progressed and then outline planning permission. It was noted that Cabinet had agreed Stychbrook Park as the preferred site. It was noted that the Member Task Group had considered different options for the design of the site and mix of facilities to bring forward for the Committee to consider. It was also noted that this configuration was not as yet final and was a holistic view.

It was reported that the Task Group had considered evidence on what the leisure centre should offer however it became quickly apparent that it would require too much of a significant outlay in build costs so the configuration proposed was one that would offer the best for residents providing the required swimming pool and fitness suite as well as an additional 3G pitch. It was reported that the costs for this proposed configuration was estimated at £12m with £5m set aside in the MTFs and other funding sources identified. However, it was noted that there would still be a funding gap. It was noted that the original and more ambitious proposals were estimated at £17m costs.

It was asked if any lost trees or hedges would be replaced or replanted especially in light of the noted climate emergency. It was reported that the Cabinet Member for Waste was considering a District wide approach and this would be part of it.

It was asked whether a 100 station fitness suite was required as the ANOG stated that this would be a surplus and if not, if this space could be used differently for example a further community room. It was reported that the suite could be configured and reduced if wished. It was noted that the junior suite that would be incorporated was currently lacking in the district.

It was then asked if there had been any consultation with Stakeholders as this would be vital and it was reported that it was part of the communications plan and it would be better to approach them with an outline design and configuration in mind to gain their views that could then feed into the planning process as well as pitches for funding.

It was noted that there was a process to follow and many things could change along the way. It was agreed that any of these changes be reported to the Committee to consider.

It was then asked whether there was an intention to keep the car park at the site and it was reported that it was subject to Highways and planning approvals.

Accessibility was discussed and it was noted that disability access, family access and transportation to and from the site would be part of the agenda for the next Task Group meeting as it was deemed important. It was also reported that the group would be continuously considering funding opportunities.

It was felt that the wish list could be revisited and facilities added that would not raise the costs to that highest level reported. It was reported that the one element that would have been most benefit and desire would have been a separate teaching pool and not a floating floor in the one main pool however the costs for that were just too much. Other facilities including squash courts are not used enough to warrant inclusion.

It was requested that any physical design of the building be sympathetic to the area and this was agreed however it was noted that planning would be outline to begin with.

RESOLVED: 1) That the report be noted;

2) That the proposed outline configuration for the new leisure centre be supported; and

3) That the work of the Member Task Group in developing the proposed outline configuration for the new leisure centre be acknowledged.

## **41 LEISURE CENTRES RE-OPENING UPDATE**

The Committee received a report giving an update to the reopening of the current leisure centres as well as the essential work at Friary Grange.

It was reported that operating had been very challenging due to the pandemic and since the last update, there had been a further three Covid-19 tier changes and two further national lockdowns. However there was some limited information that could be gathered from the three months that the centres were open and all three key activities of swimming, fitness and group exercise showed positive signs of recovery. Social distancing and the need to book all activities made like for like comparisons difficult. It was reported that Freedom Leisure were able to deliver a credible and well received covid secure operation and Officers and customers were reassured that government guidelines were covered. It was then reported that the third national lockdown was likely to straddle the peak trading months and this was of concern and

extend the impact on attendance and revenue for the whole of 2021 and potentially beyond. The Committee was informed that Officers continued to work with Freedom Leisure to model this impact and performance but this would be of restricted value until out of the current situation and because of this, the Cabinet Member requested that Leisure Centre Performance become a standing item on the Committee's work programme to monitor.

It was then reported that progress had been greatly made on repair works at FGLC and contractors were doing a good job in challenging circumstances. It was noted that the majority of works had been completed and it was expected to be completed before the current lockdown ended meaning there would be no or very little disruption for customers when reopened.

It was asked if there was any update on the final level of support from the Council to Freedom Leisure and it was reported that there were ongoing discussions between the two parties and at the moment the Council had not exceeded the £407k but noted that there was a third national lockdown and this would have a bearing and were working with Freedom to calculate what, if any additional costs there would be. It was noted that any updates would be reported to the Committee. When asked where the figure of £1.03m came from it was reported that at the outset when anticipating the reopening of centres a broad spectrum of what costs may be and worse case scenarios were given.

It was asked what would happen to FGLC after the Council left, especially after the money spent on works, and it was felt it was too far in the future to consider at this point.

It was noted that the government had recently announced the National Leisure Recovery Fund giving Authorities the ability to claim back lost income but only applied from December 2020 to March 2021 and it was asked if a claim from Lichfield would be submitted and it was reported that the application had already been submitted and it was noted that Sports England was the body evaluating it. It was noted that the LGA were trying to get funds backdated for Leisure centres backdated to the summer months when the effects were first being experienced.

It was then reported that the Cabinet Member and Officers attended a LGA event on reimagining the future of public leisure services and it been very useful.

The reported risk of Freedom Leisure ceasing trading was discussed and it was suggested that this be further managed through financial due diligence monitoring. It was reported that this could be undertaken and Officers had sight their organisational cash flow and were currently reassured. It was noted that Freedom Leisure operated 100 sites and so unlikely that the two from Lichfield would have a big impact on their viability as a business alone. It was also reported that the Council was in communications with the other client Authorities that Freedom Leisure and all were taking a similar approach.

RESOLVED: 1) That the report be noted; and

2) That leisure centre performance be a standing item for the Committee for 2020/21 and 2021/22.

## **42 CORONAVIRUS (COVID-19): RECOVERY PLAN SCRUTINY**

The Committee received a report on the Council's Covid-19 Recovery Plan updating them on the activity and ongoing issues around recovery and provide a narrative regarding the progress and achievements against the plan developed and issued in May 2020. It was reported that whilst this had been a significant body of work, the longer term impacts of the pandemic on both the authority and the district as a whole were yet to be fully quantified.

The recovery plan was split into four areas of focus; maintaining key services; helping those in need; supporting our businesses and keeping you informed and to support scrutiny of the plan, and due to its broad and overlapping nature, each committee dealt with relevant topics and areas under their remit.

The Leader of the Council answered questions and advised on matters raised.

The Committee wished to record their thanks to all staff across the Council and specifically to the Waste, Operational, Parks and Leisure departments personnel who have continued throughout this difficult time and provide much valued services to residents.

It was noted that planning applications had increased during the pandemic and that it showed residents were spending the time on home improvements and it was asked if there were any plans to expand the service team to accommodate this increase in work. It was reported that the spike seen in applications was similar in all authorities so recruitment would not be as easy so it managing expectations of residents was just as important.

It was then asked if there would be a review of the Additional Resource Grant discretionary criteria to ensure all that could be supported were. It was reported that a process of review of that criteria was indeed happening. It was also reported that there was an additional grant for training and start-up businesses coming shortly.

RESOLVED: That the report be noted.

(The Meeting closed at 7.10 pm)

CHAIRMAN



## **ECONOMIC GROWTH, ENVIRONMENT AND DEVELOPMENT (OVERVIEW & SCRUTINY) COMMITTEE**

**26 JANUARY 2021**

**PRESENT:**

Councillors Leytham (Chairman), Ball (Vice-Chair), Warburton (Vice-Chair), Binney, D Ennis, Gwilt, A Little, Marshall, Parton-Hughes, Ray and Robertson.

(In accordance with Council Procedure Rule No.17 Councillors Cox, Eadie, Pullen, Smith and A. Yeates attended the meeting).

**17 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Ho and S. Wilcox

**18 DECLARATIONS OF INTEREST**

There were no declarations of interests.

**19 MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting were circulated and agreed as a correct record.

**20 WORK PROGRAMME**

The Committee received the work programme and it was agreed to remove items on the LEP's and Lichfield BID. It was asked if the Committee could receive an update on the Planning White Paper and it was reported that it would be some time before there was word from central government on this matter. Thanks was given for the distributed Climate Change briefing paper and it was asked if the remit of the item could be widened to the district as a whole and not just the Council. It was also asked if there could be a review of the Taxi Policy especially regarding climate change and the use of electric vehicles and it was noted that this could be discussed with Officers however this may be for the Regulatory & Licensing Committee to consider.

RESOLVED: That the work programme be noted and amended where agreed.

**21 LOCAL PLAN REVIEW 2040 PUBLICATION (REGULATION 19) CONSULTATION**

The Committee received a report updating them on the progress of the preparation of the Local Plan 2040 and seeking their views before consideration at Cabinet and then public consultation. It was noted that there had been three previous consultations with residents and interested parties. The document before this committee was a draft version and would be further updated for cabinet, but that this stage of the plan was intended if approved to be the settled view of the council and the last version to be consulted on before an examination. It was reported that it had taken a number of years of work to get to this point and all Officers current and who had since moved on, were thanked for all their efforts and input.

It was reported that the housing target shown in the plan was considered to be the minimum required at this time and made up of two parts. These parts were the local housing number, a fixed formula set out by government and then an additional duty to cooperate provision to help

meet the needs of other housing areas in accordance with the NPPF. The target included a buffer in case any sites did not come forward in the time period of the plan. It was reported that the target would be met by existing approved housing applications and four Strategic sites which were North East Lichfield, Fazeley, Whittington and Fradley. It was reported that these allocations had been chosen as they were extensions to existing settlements, Green Belt take up would only be in the region of 9% and because they would provide for housing growth and much needed infrastructure growth to the areas. The proposals would seek to deliver housing types based on need and to deliver on affordable housing.

It was reported that the government had advised Councils to continue to proceed with Local Plans and it was felt this was the better option than wait for any result of the Planning White Paper and the unknown that that could bring. This point was considered by the Committee and a councillor stated his views that this was not the right approach and a delay would be more beneficial and to follow the process laid out in the new rules when introduced. It was reported by the councillor that other Councils had taken this approach and had challenged the government's advice to carry on the process to get a Local Plan now. He felt that the final Green Belt review going forward hadn't been taken into account and to ignore this was in essence rushing. It was felt that as consultation would be difficult due to the pandemic restrictions and because of the Election purdah period that this was another reason to delay the whole process. While this was discussed, others on the Committee felt differently and that it could be worse to delay the process and have to provide more housing anticipated in the white paper.

The settlement at Fazeley was discussed and it was noted that there had been a large number of representations and objections received from residents as well as from the Parish Council and neighbouring Tamworth Borough Council. Some felt that these views had been ignored but the Cabinet Member assured that they had not and agreed to meet with Ward Councillors and a Member of Fazeley Town Council to address the concerns. Concerns had also been raised that the proposals would mean a complete loss of greenbelt in the area. In response, it was reported that the development of the area was planned for the later part of the plan period so if other sites came forward then this could reduce the numbers required in Fazeley.

The proposal called Whitemoor Village proposed by Tarmac for their quarry site and which Members had received recent correspondence on from the company was also discussed. Some asked if this proposal could be included and then this could reduce the housing numbers at Fazeley. In response, it was reported that the site was not considered to be an urban extension but a new settlement and was neither as sequentially preferable as the sites allocated in the plan, or as deliverable as yet, given the ongoing quarry extraction and conditions on the consent, but it could be considered in the next Local Plan review. Some Committee Members still felt it could be included in the Plan as an option even if not delivered in time. There were further concerns that the Transport modelling had not been completed around Fazeley and there would be a significant traffic impact in the area especially with traffic at peak times also going to Drayton Manor. It was requested that any modelling be completed when out of the Covid-19 situation to give a truer picture out of lockdowns.

It was agreed that infrastructure was needed in in the District including in Fazeley, however, there was scepticism from some Members that this would be delivered when needed which was before development and not after. It was felt that many developers were not held to account in doing this. It was noted that proposals may be more acceptable for residents if they could see these improvements. In response, the Committee was advised that delivery of infrastructure was more likely with larger sites due to the better economy of scale rather than lots of small applications where small developers may not make the margins required to deliver major improvements. It was felt that local rail transport should be prioritised as this would help take vehicles off the road. It was reported that the Council, with other neighbouring Authorities were working with Highways England and other organisations to improve the highway network and public transport for the District. This also included the cycle network which was also considered very important by the Committee.

Commercial infrastructure was discussed and there was concern that with the loss of retail and factories in the area, more and more people were living only in the district and travelling out for work.

Affordable Housing was considered and the Committee were pleased to see the proposals as it would be of benefit to the area. It was requested that the 20% definitely be a minimum requirement and no negotiations below this amount be allowed by developers. The provision of rental properties in the district was also discussed as it was felt there was a shortage in the district. A Member felt there could be greater mention in the plan and it was noted that Policy H1 did cover this matter and would be supported by evidence of need.

There were concerns regarding central government's green energy strategy as it could be deemed as industrialising the countryside with such things as photovoltaic farms and anaerobic digesters. Concern was expressed at the impact these proposals could have on the roads around such sites adding to the problem. It was confirmed in response that the Plan set out the priority for the use of Brownfield sites for photovoltaic farms and not prime agricultural land. It was also reported that Planning Officers needed to consider a number of aspects including biodiversity with any such application.

Members were pleased to note provision had been included in the draft Plan for a Traveller site as it was a known need in the area.

The plans proposals for Burntwood were discussed. Support from members was indicated for the inclusion of the proposed Burntwood Area Action Plan. Some Members requested it be started sooner rather than later to ensure development does not take over and creep up from plan provision. In response, the committee were advised it would be produced immediately after the adoption of the Local Plan. The Committee agreed with this approach. It was reported that Local Plans were subject to reviews with the next one scheduled in five years, and future housing requirements would, by then, be under different methodology to the current plan.

Some concern was expressed that some evidence to support the Local Plan remained incomplete. In response, it was noted and agreed that the Local Plan Sub Committee would continue to meet to consider all data prior to consultation on the plan and the plan would be brought back to Cabinet in the unlikely event that significant new evidence came to light requiring Cabinet review of the plan.

It was asked if the Secretary of State could overrule any part of the Plan to grant permission for an application as this had happened before and it was confirmed that they did have that power.

It was requested that the full Cabinet should agree the dates and strategy for the consultation, make any changes to the appearance, format and text of the Local Plan 2040 publication document or the supporting documents prior to consultation in the interests of clarity and accuracy and no delegation be given to ensure full transparency and accountability to the public.

RESOLVED: 1) That the Local Plan 2040 publication document and accompanying policy maps for the purposes of public consultation with dates for public consultation yet to be decided due to current restrictions around Covid-19 and submission for Examination in Public thereafter. Consultation will take place as soon as is practicably possible in the spring, taking into account ongoing restrictions due to Covid-19 be noted; and

2) That the Local Plan 2040 publication document will be brought back before Cabinet if future evidence indicates the need for significant changes to

the Local Plan 2040 publication document for further detailed consideration by members be noted.

## **22 CORONAVIRUS (COVID-19) RECOVERY PLAN SCRUTINY**

The Committee received a report on the Council's Covid-19 Recovery Plan updating them on the activity and ongoing issues around recovery and provide a narrative regarding the progress and achievements against the plan developed and issued in May 2020. It was reported that whilst this had been a significant body of work, the longer term impacts of the pandemic on both the authority and the district as a whole were yet to be fully quantified.

The recovery plan was split into four areas of focus; maintaining key services; helping those in need; supporting our businesses and keeping you informed and to support scrutiny of the plan, and due to its broad and overlapping nature, each committee dealt with relevant topics and areas under their remit.

The Leader of the Council answered questions and advised on matters raised.

It was reported that there were many social and working men's clubs that were not eligible for the Government's Wet Led Pubs Grant and this was affecting many establishments in the District which relied on that type of drinks sales to operate. It was reported that Councillors D. Ennis and Robertson had written to many of those organisations to make contact and see what else could be done to get them the much needed support. It was also reported that they had contacted the Leader of the Council regarding this concern and to see if the District Council could also help. It was reported that it had been challenging to distribute grants given the criteria imposed by government, even when discretionary, and associated guidance was at times released at the same time if not after the announcement. It was also reported that there would be an update to the scheme and it was hoped that these establishments would be incorporated. It was noted that it may be difficult to make contact with pubs and clubs with no staff on premises during closure and so local knowledge of Ward Members may be vital. This was deemed especially important as it was noted that the Wet Led Pub Grant had only been taken up by 14 premises across the district.

The Committee wished to express their thanks to all the Officers involved in distributing grants especially in the knowledge that it was a small team from a cross section of service areas in the Council. It was noted that priorities had been reconsidered to ensure this task was undertaken as effectively as possible. It was noted that the feedback from organisations in the grant process had been very positive.

**RESOLVED:** That the report be noted.

Councillor D. Ennis declared a personal interest as the volunteer treasurer for Grangemoor Working Men's Club

(The Meeting closed at 8.41 pm)

CHAIRMAN

## **STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE**

**27 JANUARY 2021**

**PRESENT:**

Councillors Spruce (Chairman), Norman (Vice-Chair), Ball, Checkland, Grange, Greatorex, A Little, Matthews, Warfield and Westwood.

(In accordance with Council Procedure Rule No.17 Councillors Cox, Eadie, Lax, Pullen, Strachan and A. Yeates attended the meeting).

**56 APOLOGIES FOR ABSENCE**

Apologies were given by Councillor Gwilt and White.

**57 DECLARATIONS OF INTEREST**

There were no declarations of interests.

**58 MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting were circulated and subject to the inclusion of Cabinet members in attendance and a typo, were agreed as a correct record. It was asked if there was any update to the funding availability for the Test and Trace support scheme and it was reported that the Council had received a second tranche of money for payment for self isolation so will have sufficient funds to carry on the discretionary scheme and meet statutory requirements through to the end of April but will be reviewed constantly.

RESOLVED: That the subject to amendments, the minutes be agreed as a correct record.

**59 WORK PROGRAMME**

The work programme was considered and it was requested that, dependant on the outcome of the Committee Review, and item be added to review the Constitution and specifically the Scheme of Delegation in light of concerns of the processes followed with a recent sale of land. It was reported that a separate external investigation had been commissioned for that matter however it was noted that if the Committee structure were to change, it would require substantial amendments to the Constitution.

RESOLVED: That the work programme be noted.

**60 MEDIUM TERM FINANCIAL STRATEGY (REVENUE AND CAPITAL) 2020-25**

The Committee received a report on the Medium Term Financial Strategy (MTFS) for the period 2020-25. It was reported that there was a statutory duty to set a balanced budget and to calculate the level of Council Tax for the district. It was also reported that the Chief Finance Officer (Head of Finance & Procurement) had a duty to ensure all figures provided for estimating and financial planning were robust and stand up to Audit scrutiny.

It was reported that guiding principles had been previously approved by Council on 15 October 2019 to guide the preparation and development of the MTFS.. It was noted that there had been a large reduction in planned contributions towards general reserves due to the

projected impact on the pandemic. It was reported that the Council would be able to set a balanced budget for 2021/22 and in the central scenario, with the use of general reserves would also be able to continue to do so up to 2024/25. It was noted that the MTFS had been subject to budget consultation and the results were contained within the report.

It was reported that the government provisional finance settlement for 2021/22 had been published on 17 December 2020. It was noted that given the level of uncertainty presented by the pandemic, it was for the second year running a one year settlement as projected in the report to the Committee on 19 November 2020. It was also noted that there would be no negative revenue support grant for 2021/22.

The Committee received a presentation from the Head of Finance and Procurement and it was reported that the government used the concept of Core Spending Power to determine the notional level of funding available to each Local Authority to deliver services. It was reported that Core Spending Power consisted of Council Tax income (based on government assumptions), Retained Business Rates (the government baseline excluding growth) and core grants (including New Homes Bonus). It was reported that since 2011/12 that the proportion of Core Spending Power funded by Council Tax would increase from 46% in 2011/12 (with a low point of 42% in 2013/14) to 62% in 2021/22. The increased funding of Local Government services through Council Tax was presenting issues for the Government with a similar increase in different areas producing very different levels of income even though the same services were required to be delivered. This issue was something the Government would need to address moving forward as part of Local Government Finance Reforms. Core Spending Power comparisons with nearest neighbour authorities for 2021/22 was provided and it was noted that Lichfield was funded by 67% Council Tax, 19% by Business Rates and 14% by other grants which was similar to the average of all Districts (63%, 24% and 13%) and that would provide assurance that we were not an outlier in terms of the potential impact on funding levels that could result from finance reforms.

The key headlines of the MTFS was then reported to the Committee including how the assumptions were formulated, the Provisional Finance Settlement in more detail and the recommendation of a £5 increase in Council Tax. The funding gap for 2022/23 based on a central scenario was also reported but it was noted that c60% of the Funding Gap could be attributed to Covid-19 assumptions such as an ongoing impact on sales, fees and charges income such as car parking which have a high degree of uncertainty.

An outline timetable for Local Government Finance Reform was reported including potential dates of each element although these dates are subject to significant uncertainty with the pandemic which will present the Council with ongoing financial planning uncertainty..

It was asked if there was any news of Negative Revenue Support Grant being cancelled and it was reported that it had been abated again for this 2021/22 settlement. The reasons for its introduction in the first place was reported i.e. a number of Councils no longer had any Revenue Support Grant to reduce as a result of national funding reductions. It was noted that external Local Government Finance experts believed that the principles used in its calculation would form some part of the funding regime moving forward. Therefore a reduction in the Baseline Funding Level for Retained Business Rates had been assumed in the MTFS from 2022/23 onwards.

There were differing views regarding the recommended £5 increase in Council Tax with some feeling that it helped keep the budget balanced and now knowing the value of Council Tax in the overall mix of the Council's funding of services. Others however felt there should be more consideration of the struggles and uncertainty of residents during the pandemic also and felt uncomfortable in raising Council Tax when there are reserves and there would be a balanced budget. It was noted that 99% of budget consultation responses stated that delivery of services was important to them and so it was felt that where spend could be preserved to provide these services, it should be and this would require the increase in Council Tax. The

ongoing funding gap was also noted as well as Lichfield District having a lower than average Band D Council Tax.

The Capital Receipts were discussed and it was asked why there was a gap between the District Valuer's assessed value of Netherstowe and Leyfields to the budget as set out in the Capital receipts because inflation and indexation would be expected to increase the receipt with the passage of time. It was reported that the estimate was likely a prudent one based on a value at a point in time. However the detailed information was not available and a commitment was provided that it would be provided to the Committee after the meeting.

It was asked why the revenue budget investment in the Developing Prosperity Strategic Priority was reducing year on year. It was reported that the Strategic Priority was presented as net income and this position was largely attributable to income from car parking. The budgets assumed no increases in car parking charges, an ongoing impact on income from the pandemic and costs would increase so overall, the net income figure would reduce each year. It was felt that there should be some further investment in projects that to develop prosperity. A commitment was provided to the Committee to provide the detailed financial information by activity that was attributed to this Strategic Priority.

There was some disappointment in the return rate from the consultation which resulted in a 0.2% representation of the population and it was asked what value this gave. It was reported that there is a legal requirement to undertake budget consultation however there had been an impact from the pandemic in terms of improving engagement although there had been extensive communications encouraging people to respond. It was noted that best responding questionnaire was only 2-3% and so response numbers were always traditionally low in the district.

**RESOLVED:** That the Cabinet consider the comments and suggestion made on the following items

- 1) The 2021/22 Revenue Budget, including the Amount to be met from Government Grants and Local Taxpayers of £11,951,000 and proposed level of Council Tax (the District element) for 2021/22 of £185.07 (an increase of £5.00 or 2.78%) for Band D equivalent property;
- 2) The MTFS 2019-24 Revenue Budgets;
- 3) The MTFS 2020-25 Capital Strategy and Capital Programme;
- 4) Requirements and duties that the Local Government Act 2003 places on the Authority on how it sets and monitors its Budgets, including the Chief Finance Officer's report on the robustness of the Budget and adequacy of Reserves;
- 5) The 25 year financial planning; and
- 6) The results of the Budget Consultation.

## **61 REVIEW OF COMMITTEE MEETINGS**

The Committee received a report from the Committee Review Member task group that was created at the last Strategic (Overview & Scrutiny) Committee to investigate options to support effective decision making better use of the resources available especially with Overview & Scrutiny. It was noted that a large amount of research was carried out by the Task Group and

they came to a unanimous view which was set out in their findings and gave recommendations based on them. It was reported that it was felt that a single Overview & Scrutiny Committee with a wider use of Task Groups would deliver a more efficient and effective function.

The Committee were in agreement with the suggestions of the Task Group and thanked them for their work over an intensive period of time.

It was requested that there be some flexibility written into the Constitution regarding this new structure as there may be need for small adjustments if issues arise and it would prevent constant Council approval. It was agreed that a review of the new structure would be beneficial and that this should be after the next Local Election.

It was asked that there be clear and explicit ways of measuring the success of the new structure and it was agreed to hold another Task group meeting to consider this further before proceeding to the next step of Cabinet consideration.

The Committee also agreed that the removal of Parish Forum and District Board from the list of Constituted Committees and be held in a more informal setting would be of benefit not just for the Council but those external attendees.

**RESOLVED:** That the following recommendations be presented to Cabinet and then Council

- 1) That Parish Forum is removed as a constituted committee and become informal meetings to aid information flow and training;
- 2) The District Board is removed as a constituted committee. Any statutory function carried out by this meeting is delegated to officers and relevant, plans and decisions notified to Cabinet members and committees where appropriate;
- 3) That the structure for Overview & Scrutiny be changed to a single Overview and Scrutiny Committee; and
- 4) That the Overview & Scrutiny Committee consider items earlier on to aid policy development and review whether stated outcomes from decisions, strategies and policies have been achieved via effective use of member task groups;
- 5) That clear role descriptors and mandatory training is developed for scrutiny chair, vice chair and task group chair roles and used to ensure effective recruitment and performance; and
- 6) That an Independent Review Panel (IRP) is commissioned to assess the Special Responsibility Allowance (SRA) payable to any roles affected by this review.

## **62 CORONAVIRUS (COVID-19): RECOVERY PLAN SCRUTINY**

The Committee received a report on the Council's Covid-19 Recovery Plan updating them on the activity and ongoing issues around recovery and provide a narrative regarding the progress and achievements against the plan developed and issued in May 2020. It was reported that whilst this had been a significant body of work, the longer term impacts of the pandemic on both the authority and the district as a whole were yet to be fully quantified.

The recovery plan was split into four areas of focus; maintaining key services; helping those in need; supporting our businesses and keeping you informed and to support scrutiny of the



plan, and due to its broad and overlapping nature, each committee dealt with relevant topics and areas under their remit.

The Leader of the Council answered questions and advised on matters raised.

The Committee commended Cabinet and Officers in getting grants distributed quickly and efficiently to support businesses and individuals without duplicating the national system.

It was noted that there was some kickback regarding the Covid-19 crisis and the government advice given and that there should be awareness of this in case it caused some issues.

It was asked if those Officers who were required to work from the District House felt safe and not resentful against those working from home. It was reported that all staff had a suite of resources available to support their health either physically or mentally. It was reported that many working from home were missing being in the office. It was also reported that the asymptomatic testing was being promoted especially for those working in the office and all testing had been carried out at the depot. It was noted that additional pressures had been put on some Officers with childcare and home-schooling and the Council was being as flexible as possible whilst still delivering services and where there were gaps, expectations were being managed and if required additional resources considered.

It was asked what had been planned going forward as there was more than likely further fallouts expected for example in retail and redundancies. It was reported that there were several strands of activity taking place now that would help prepare for what may happen in the future. It was reported that retail vacancy rates were low compared to nationally with high business start up rates and employment rates although that did not mean being complacent. It was noted that the Economic Development team were still being reactive to still get those grants out where needed but in the future the Council will need some strategy to deal with things coming forward however there wasn't available resource and "fighting the fires" was still priority.

RESOLVED: That the report be noted.

(The Meeting closed at 7.30 pm)

CHAIRMAN

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## **PLANNING COMMITTEE**

**14 DECEMBER 2020**

**PRESENT:**

Councillors Marshall (Chairman), Baker (Vice-Chair), Anketell, Barnett, Birch, Checkland, Cox, Eagland, L Ennis, Evans, Ho, Humphreys, Leytham, Matthews and Tapper

**13 APOLOGIES FOR ABSENCE**

No apologies for absence received.

**14 DECLARATIONS OF INTEREST**

Councillor Anketell made the committee aware in relation to application no. 20/01207/COU that he is a frequent customer to the neighbouring hot food takeaway businesses and had received emails from neighbours opposing the application to which he had made no comment.

Councillor Checkland declared a personal interest in application no 20/01207/COU as he knows the Applicant's neighbour.

Councillor Eagland declared a personal interest in application no 20/00722/SCC as she is the Staffordshire County Council Ward Division Member for Lichfield Rural North including Alrewas.

Councillor Ho declared a personal interest in application no 20/01207/COU as the Applicant is a potential competitor as his family own a hot food takeaway business in Lichfield and he agreed to not take part in the debate and the vote.

Councillor Marshall declared a personal interest in application no 20/01207/COU as the Objector is known to him.

**15 MINUTES OF PREVIOUS MEETING**

The Minutes of the meeting held on Monday 16 November previously circulated were taken as read, approved as a correct record and signed by the Chairman.

**16 PLANNING APPLICATIONS**

Applications for permission for development were considered with the recommendations of the Head of Economic Growth and Development and any letters of representation and petitions of observations/representations together with the supplementary report of observations/representations received since the publication of the agenda in association with Planning Applications 20/01207/COU, 20/01459/FUH & Staffordshire County Council Consultation (L.20/03/867 M) our ref: 20/00722/SCC

20/01207/COU – Conversion of former retail unit into hot food takeaway and associated works  
R and J Angling Supplies, 32 Swallow Croft, Lichfield, Staffordshire  
For: Mr Jahed Ahmed

**RESOLVED:** That the planning application be REFUSED for the following reasons:-

The proposals are contrary to policies CP3, BE1, ST1 and ST2 of the Lichfield District Local Plan Strategy 2008-2029. This is due to impact on residential amenity from traffic generation, noise, light, fumes, odour and other general disturbance and that the proposals are unacceptable on highway grounds due to parking and access problems. The proposals are also not sustainable for such reasons.

(Prior to consideration of the application, representations were made by Ms Sandra Bradburn (Objector) and Councillor Joanne Grange (Ward Councillor))

20/01459/FUH – Single storey link extension to side, part garage conversion with 2no roof lights to front and removal of chimney stack on dwellinghouse  
5 Paskin Close, Fradley, Lichfield, Staffordshire  
For: Mr & Mrs McNeill

**RESOLVED:** That the planning application be approved subject to conditions contained in the report of the Head of Economic Growth and Development.

Staffordshire County Council Consultation (L.20/03/867 M)

Our ref: 20/00722/SCC - Proposed sand and gravel extraction, the erection of associated plant and infrastructure and creation of new access, in order to supply the HS2 project with ready mix concrete with exportation of surplus sand and gravel  
Land South of the A513, Orgreave, Alrewas, Burton Upon Trent, Staffordshire

The Committee considered the amended/additional information submitted to Staffordshire County Council and noted the extension of the consultation period until 18 December 2020 to receive comments. The committee heard and noted the concerns of the Ward Councillor and agreed with them.

The committee wished to reiterate their previous concerns raised to the proposals, as they felt these concerns had not been addressed by the additional information. There was also concern raised about the need for the proposal and its relationship to the construction of HS2; as it was noted that HS2 had advised there has been no communication with the applicant. There was additional concern raised about the long term impact of the proposals on the rural area and impact on residential amenity/noise disturbance by virtue of 24/7 working and it was considered that the proposals are not needed and do not meet social, economic or environmental requirements. It was agreed that a robust objection to the changes be sent from LDC for the reasons stated.

**RESOLVED:** That an appropriate consultation response be sent to Staffordshire County Council raising the concerns expressed.

(Prior to consideration of the application, representations were made by Councillor M Wilcox (Ward Councillor)).

(The Meeting closed at 8.31 pm)

CHAIRMAN

# PLANNING COMMITTEE

11 JANUARY 2021

## PRESENT:

Councillors Marshall (Chairman), Baker (Vice-Chair), Anketell, Barnett, Birch, Checkland, Cox, Eagland, L Ennis, Evans, Ho, Humphreys, Leytham, Matthews and Tapper

## 17 APOLOGIES FOR ABSENCE

There were no apologies for absence received.

## 18 DECLARATIONS OF INTEREST

Councillor Marshall declared a personal interest in application no. 19/01736/FULM as he knows a Director of AB Farms.

Councillor Ho asked to place on record that the objector and ward councillor had sent an email to all members of the planning committee with images prior to tonight's meeting.

## 19 MINUTES OF PREVIOUS MEETING

The Minutes of the meeting held on Monday 14 December 2020 previously circulated were taken as read, approved as a correct record and signed by the Chairman.

## 20 PLANNING APPLICATION

An application for permission for development was considered with the recommendation of the Head of Economic Growth and Development and any letters of representation and petitions of observations/representations together with the supplementary report of observations/representations received since the publication of the agenda in association with Planning Application 19/01736/FULM

19/01736/FULM – Erection of 1 No. Agricultural building for cold storage with lean-to canopy, private way/track to serve potato grader, hardstanding and associated works (part retrospective)

Barn Farm, Cranebrook Lane, Hilton, Lichfield  
For: Mr A Horsfield

**RESOLVED:** That this planning application be **deferred** to allow the submission of further information and clarification with regard to a number of issues, including related to the following. The consideration of all relevant planning matters will then be given due consideration when the application is brought back to committee for consideration and determination:-

- flooding/drainage;
- noise assessment;
- site access arrangements;
- routes of traffic to/from the site.

(Prior to consideration of the application, representations were made to the Committee by Ms Catherine White (Objector), Councillor Silvester-Hall (Ward Councillor) and Mr William Brearley of CT Planning (Applicant's Agent)).

(The Meeting closed at 7.20 pm)

CHAIRMAN

## **EMPLOYMENT COMMITTEE**

**15 DECEMBER 2020**

**PRESENT:**

Councillors Humphreys (Chairman), Barnett (Vice-Chair), Birch, Grange, Greatorex, Robertson, Silvester-Hall and Warburton

**37 APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Gwilt and S. Wilcox.

**38 DECLARATIONS OF INTEREST**

There were no declarations of interest.

**39 MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting were circulated.

**RESOLVED:** That the minutes of the previous meeting be signed as a correct record.

**40 EXCLUSION OF PRESS AND PUBLIC**

**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 1 of Part 1 of Schedule 12A of the Local Government Act 1972.

**IN PRIVATE**

**41 REDUNDANCY**

The Committee received a report on compulsory redundancies as a result of a service review and no viable options for redeployment were available.

**RESOLVED:** That the redundancies as set out in the report be approved.

(The Meeting closed at 5.30 pm)

CHAIRMAN

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## **AUDIT AND MEMBER STANDARDS COMMITTEE**

**3 FEBRUARY 2021**

### **PRESENT:**

Councillors Greateorex (Chairman), Ho (Vice-Chair), Checkland, Grange, A Little, Norman, Robertson, Spruce and White

Observers: Councillor Strachan, Cabinet Member for Finance, Procurement, Customer Services and Revenues & Benefits

Officers in Attendance: Mrs L Fowkes, Mrs J Irving, Miss W Johnson, Ms R Neill, Mr K Sleeman, Mr A Thomas and Ms C Tims

Also Present: Mr J Gregory, Ms L Griffiths, Mr A Sohal & Mr D Rowley – Grant Thornton

### **24 APOLOGIES FOR ABSENCE**

There were no apologies for absence.

### **25 DECLARATIONS OF INTEREST**

Councillor Grange declared a personal interest in any discussion relating to the Friary Grange Leisure Centre as she was a Friend of the Friary Grange Leisure Centre.

Councillor Grange also declared a personal interest in respect of GDPR/Data Protection as she was working with a technical company in the GDPR area.

### **26 MINUTES OF THE PREVIOUS MEETING**

The Minutes of the Meeting held on 12 November 2020 previously circulated, were taken as read and approved as a correct record.

An update was given by the ICT Manager, Kevin Sleeman. All laptops had now been successfully encrypted and USB sticks cleared and a further update on GDPR would be discussed under agenda item no 6 – Internal Audit Progress Report, following concerns at the previous meeting.

### **27 TREASURY MANAGEMENT STATEMENT AND PRUDENTIAL INDICATORS**

Mr Anthony Thomas (Head of Finance and Procurement) delivered a Presentation on the Treasury Management Statement and Prudential Indicators, which covered the financing and investment strategy for the forthcoming financial year.

The Capital Strategy shown at Appendix A was explained and key updates were:-

Capital bidding forms part of service and financial planning process;

Proposal for early repayment of Burntwood Leisure Centre capital investment of £979k to generate annual savings of £140k – would mean that at the end of March 2021, external debt would temporarily exceed borrowing. However, over the 3-year period, the Council was compliant;

Refocus in the Investment in Property section from the Property Investment Strategy to enhanced information on the current portfolio;

In line with the action included in the CIPFA FM Code assessment a longer-term capital investment plan has been incorporated; (25 years)

This plan is currently based on “broad brush” assumptions which include population growth and demographics.

Mr Thomas explained following Council approval, the Capital Programme had removed the Property Investment budgets which has a significant impact on the balance sheet and projections but also the treasury management strategy and budget. The renewal of the waste fleet and the new Leisure Centre would increase the borrowing need, and this was currently being budgeted to be funded through a lease type arrangement and external borrowing. Graphs illustrated the capital programme comparisons from last year to this year and also capital funding graphs and cumulative borrowing needed to reflect the much lower capital programme recommended.

The Chief Financial Officer's Assessment was highlighted and although the removal of the Property investment Strategy by the Council means the overall level of risk has significantly reduced there were, in his opinion, still risks and so he has assessed the current risk as a material level of risk.

Mr Thomas explained the Minimum Revenue Provision Statement for 2021/22 at Appendix C which sets out the Council's policy of using the asset life method for making prudent provision for debt redemption. He said each year the Council must approve this statement which would include an allowance for finance leases that appear on the Council's balance sheet i.e. Waste Fleet was in this category.

The Treasury Management Statement / Annual Investment Strategy at Appendix D & E was clarified and very little had changed from last year, Mr Thomas said the only proposed change was on the investment holding limits based on Arlingclose advice to remove the overall Money Market fund limit of £21m. They recommend that this limit be removed because at present the risk of moving into other sectors was higher. Mr Thomas said the four strategic fund investments total £8m at this time and as there was a prudential indicator for longer term investments of £10m, it was proposed that a further investment of up to £2m to achieve higher returns is made to take the Council up to the £10m limit. Further strategic investments would only be undertaken after taking advice from Arlingclose and with the agreement of the Cabinet Member.

Balance sheet projections were illustrated, with key messages, and Mr Thomas said although it was projected there would be a large deficit on the collection fund at 31 March 2021 (due to the impact of Covid-19 and the award of business rate reliefs), this would be transferred to the revenue budget over a 3 year period. The statutory nature of Collection fund accounting was explained and, after taking into account Section 31 grants, should have a minimal impact on the Council's revenue budget.

Mr Thomas explained that IFRS16 for leases has been deferred until 1 April 2022. He added that the Secretary of State and Government had made a lot of announcements recently regarding the level of commercial income, predominantly to do with borrowing to invest in property. Basically, Government wanted to see local governments reduce its dependence on commercial income from these sources and so there were a number of initiatives to achieve this aim e.g. the PWLB consultation response which had been announced. Mr Thomas said we would be asked to confirm there was no intention to buy investment assets that were primarily for yield in the current or next 2 financial years. As S151 Officer he would need to confirm he was content with plans and they were within acceptable use of PWLB. Local councils could be prohibited from accessing the PWLB if they planned debt for yield activity

and Her Majesty's Treasury could restrict local authorities from borrowing and had powers to issue penalties, suspend access, insist on repayment of loans with penalties or even review the prudential framework in its entirety. Mr Thomas also said it was announced the previous day there was to be a consultation on the prudential code which was also aimed at strengthening provisions. It stated clearly that borrowing for debt for yield investment was not permissible which was another indicator that CIPFA and the Government were looking to stop this type of activity.

Prudential and local indicators were illustrated for information and prudence measures.

Questions were received relating to the capital receipt of Leyfields and Netherstowe which had been referenced in the Capital Strategy although its receipt was subject to planning approval being granted. Mr Thomas said if this sale did not happen, the Capital Strategy/Capital Programme would have to be reviewed and alternatives sought. Mr Thomas said a recommendation had been included in the Cabinet MTFS report to delegate to the Head of Finance & Procurement and the Cabinet Member to identify alternative funding in the event the land was not sold.

The level of general reserves was discussed as three scenarios had been prepared. Mr Thomas said the central scenario was, in his opinion, a realistic and deliverable scenario and he was comfortable with the level of reserves. He also said that within that budget there were a number of risk contingencies built into the MTFS i.e., contingencies for sales, fees and charges and business rate estimates, because of risks around retail rent income. The retail risks were discussed as the Council owned properties in the Lichfield city centre and the values have reduced quite significantly because of lower income streams and these would need to be subject to ongoing monitoring. It was highlighted that a number of the Council-owned properties were relatively new which would mean maintenance obligations/liabilities would start to accrue and so these had been built into the plan.

**RESOLVED:-** That Members consider the Treasury Management Strategy Statement and highlight any changes or recommendations to Cabinet in relation to:

- (1) The Capital Strategy and Capital Programme, outlined in Appendices A & B;
- (2) The Minimum Revenue Provision Statement for 2021/22, at Appendix C, which sets out the Council's policy of using the asset life method for making prudent provision for debt redemption;
- (3) Treasury Management Strategy Statement for 2021/22 including proposed limits shown at Appendix D. The only change being proposed is based on Arlingclose advice to remove the £21m overall investment limit for Money Market Funds to manage credit and liquidity risk;
- (4) The plan to undertake a further Strategic Fund Investment up to £2m;
- (5) The Investment Strategy Report (Appendix E) including the proposed limits for 2021/22;
- (6) The Capital and Treasury Prudential Indicators for 2020-25 in the financial implications section;
- (7) The Authorised Limit Prudential Indicator shown within the financial implications section.

And that Members also note:

- (8) The Public Works Loans Board (PWLb) response to the consultation on changes to lending terms.

## **28 REDMOND REVIEW REPORT**

Mr Anthony Thomas (Head of Finance and Procurement) delivered a presentation on the recently published Redmond Review Report which was an independent review of Local Authority financial reporting and External Audit. Mr Thomas advised that initially the report

was to be an update on the review, its findings and recommendations. However, during the report drafting, the Government had announced its response as part of its finance settlement and therefore this had also been incorporated into the report.

The key issues/key findings and recommendations and the Government response were illustrated by Mr Thomas. The main issues were highlighted:-

- The level of accounts signed off by the deadline;
- External Audit fees;
- Sustainability of the Audit market – 3 firms hold 80% of market.

Mr Thomas said he had looked at the implications for the Council and felt they were likely to be:-

- Higher External Audit fees – the Council had already included a budget pressure of £8k p.a. from 2021/22;
- There was a risk of moving the audit deadline to 30 September which was a concern as it could become a competing demand for the finance staff as the MTFS development work commenced July/August to be completed by the following February and this would be problematic;
- The potential use of Internal Audit as an assurance tool, which could reduce duplication and lead to more effective use of audit resources.

Discussions took place around the External Audit market generally and Mr Thomas said the audit framework and financial reporting of accounts were meaning a lot more complex work was expected of the External Auditors. He felt this would continue until the audit framework was addressed. It was agreed that auditing Local Authority accounts was not like any other audits: they were prepared in line with accounting standards but they were also subject to a number of statutory elements and therefore demanded different skillsets and expertise. Mr Thomas said that having more smaller companies may potentially reduce fees but they would need to recruit and train staff and therefore a significant investment would be required.

Mr Gregory from Grant Thornton advised that the PSA Ltd. procurement process had made the deliberate choice of awarding the External Audit market 40% Grant Thornton, 25% to another and 15% to another and that is why only three firms have the 80% of the market. Overall Grant Thornton welcomed the Redmond Review Report.

Members agreed that Local Government finances were notably more complicated now with layering IRFS on top of statutory requirements and it was noted that public objections can cause further work, delay and expense. It was agreed that External Audit requirements were reactive and often in response to corporate issues and therefore there was a sector wide problem.

**RESOLVED:-** The committee noted the contents of the report.

## **29 INTERNAL AUDIT PROGRESS REPORT**

Ms Rebecca Neill (Shared Head of Audit) presented the Internal Audit Progress Report for the period to 31 December 2020 (Quarter 3). She advised that the audit opinion remained reasonable at this three-quarter stage of the year. She advised that 67% of the audit plan had been completed which remained a strong performance against audit's main KPI which was to deliver 90% of the plan by year end. She added that Covid-19 was still having an effect on services and their ability to respond to audits which is in turn impacting on other audit performance measures at Section 5 of the report. She reminded the committee that these were new PI's introduced with challenging targets, but that they should continue to be strived for in normal times. Members agreed that, in what had been an interesting year, it was heartening to see how far the audit programme had come.

Ms Neill summarised the positive direction of travel in audit follow-up implementation rates, highlighting 107 actions outstanding in comparison to the 230 outstanding actions which were in place at the start of the new system for follow up, last year. Members' attention was drawn to the Appendix of the report which was a summary of all the detailed audit reports the members receive.

Matters raised at the last committee were discussed, namely the high priority finding in the Remote Working Audit, regarding unencrypted laptops and the GDPR limited assurance follow-up audit. Ms Neill summarised the progress to date, which was that a position statement was sent to members from management in November 2020 and that an audit follow-up report had been sent to members in January 2021. She said that there were 9 unencrypted laptops at the last follow-up and that this had now reduced to zero. In terms of the GDPR follow-up, there were now 4 High and 2 Medium priority actions outstanding. Ms Christie Tims, Head of Governance and Performance, provided an update and was pleased to report that, subject to verification by the internal audit staff, 99% of all actions as of the previous day had been completed. There were only 2 items outstanding on the project plan which related to the medium priorities on the audit and everything else had been completed by the end of January. She thanked the IT staff involved as all actions were now in place and she assured members that a forward plan to maintain datasets was now to be implemented. Ms Neill assured the actions would be followed up until all the recommendations were implemented. Members requested that a progress report come back to the next committee meeting.

The number of high priority actions were discussed, and members requested more information on which of the high priority actions had been outstanding, post January 2020. Ms Neill said she would provide more detail for the committee.

There was a query on the payroll audit report, relating to the transition to a new payroll provider, as there was only 5 months to go on the current contract. Councillor Strachan said a report was on the Cabinet agenda for the forthcoming week and Ms Tims confirmed that there was a preferred supplier and reassured the committee that they could meet the deadline.

Ms Neill was asked if the Capital Strategy audit also looked at disposals and if they were involved with the issue regarding the disposal of Land at Netherstowe and Leyfields open spaces. Ms Neill said she would check the scope of the audit and report back but internal audit was not reviewing that particular issue. Ms Tims advised that she was currently in the final stages of awarding the procurement of this independent external investigation and this item would be added on to the Work Programme for the March or April meeting.

The Procurement audit was discussed as the only limited assurance report. Mr Thomas gave assurance that the new procurement team were working through this plan. Mr Thomas said one of the actions was the approval of a procurement strategy, which had been done. He believed the other high priority was to update the contract register and he knew the team were engaging significantly with services to get the contract register updated. Ms Neill assured the members that the same process for procurement would apply as to GDPR and a follow-up of the audit would be provided.

**RESOLVED:-** The committee noted the contents of the report.

## **30 RISK MANAGEMENT UPDATE**

Ms Rebecca Neill (Shared Head of Audit) presented the report which provided the committee with their routine risk management update. She said there was an update to SR2: Resilience Risk (at the request of the previous committee meeting) to include flooding and climate change within the mitigating controls section. She explained that an update to this risk

description had been made to account for Covid variants and the third national lockdown. This risk was already at the highest score and so could go no higher.

Ms Neill reported there were no changes in other scores to report this time. She went on to say that SR1: Finance and SR2: Resilience remained the two highest risks and remain out of “risk appetite”. Members’ attention was drawn to the potential emerging risks, i.e., forthcoming elections/turnover of staff in key posts/transition to new payroll provider and potential of no sunset clause on regulations allowing remote council meetings going beyond early May 2021.

Ms Neill said a lot of positive work had been undertaken in terms of the sub-strategic risks, which were the risks at head of service level. Draft risk registers were now in place which mirrored the strategic risk register, bringing in the three lines of assurance linking back to the service plan objectives and the strategic objectives.

Members raised concern about the emerging risks associated with running the May 2021 elections during the pandemic, in terms of not only potential disenfranchisement of the electorate but the effect on staff, volunteers and potential candidates. Examples were of nomination papers not being signed due to self-isolation, not being able to visit people for canvassing, front line staff needing training, volunteers not having their vaccines, polling stations being unsuitable, emergency proxy votes being required for the newly diagnosed etc. Ms Tims said the matter was heightened and the team were investing a lot of time in planning for this election, making sure it had contingencies in place to mitigate as much risk as possible. She advised there was a risk register and project plan developing and agreed it was a massive undertaking for such a small authority with limited resources and that further national guidance was expected.

**RESOLVED:-** The committee noted the risk management update and received assurance on actions taking place to manage the Council’s most significant risks.

### **31 THE ANNUAL AUDIT LETTER FOR LDC**

The Chairman introduced Mr John Gregory from Grant Thornton who advised that both he and Ms Laurelin Griffiths were leaving their External Audit roles for Lichfield District Council and he introduced Mr Avtar Sohal as the replacement Engagement Lead and Mr David Rowley as the replacement Manager.

The Annual Audit Letter for Lichfield District Council year ended 31 March 2020 was presented by Mr Gregory of Grant Thornton. He said members would be familiar with the content as it was a summary of the audit findings report tabled in the autumn. He advised that it was a relatively smooth audit again this year and gave credit to Mr Thomas and his finance team for providing a good set of accounts. He advised that although they had identified Covid as a significant risk this did not have much impact on the audit.

**RESOLVED:-** The committee noted the Annual Audit Letter for Lichfield District Council year ended 31 March 2020.

### **32 CERTIFICATION WORK FOR LICHFIELD DISTRICT COUNCIL FOR YEAR ENDED 31 MARCH 2020**

Ms Laurelin Griffiths from Grant Thornton provided a verbal update on the Certification Work for Lichfield District Council for year ended 31 March 2020 which was the certification for the housing subsidy claim. Ms Griffiths stated that this was usually an update given in November but because of Covid the deadline had been extended to end of January and so the certified subsidy claim was submitted on 18 January and was for just over £14m. The certification was after an adjustment of £122 and contained an extrapolated error of £10. Ms Griffiths thanked

Pat Leybourne and the benefits team for all their help over the last couple of months as it did take longer than it would normally.

**33      AUDIT COMMITTEE LDC PROGRESS REPORT AND UPDATE - YEAR ENDED 31 MARCH 2021- KEY MESSAGES**

Mr John Gregory from Grant Thornton provided a verbal progress report and update and explained that it was a relatively quiet time in terms of the Local Authority audits, so not much to report. He said Mr Sohal and Mr Rowley would be starting to plan the 20/21 audit very shortly and work towards this year's timescale which was 30 September deadline. Mr Sohal explained there would be a few changes in terms of their approach this year which were driven by the new accounting and audit standards. This included more value for money conclusion work and reporting and looking more in to ISA540 (which was around estimates) and advised members that they would see a lot more work and reporting going forward around these topics, which represented additional work. This was noted and the Chairman thanked Mr Gregory and Ms Griffiths on behalf of the committee for all their hard work and wished them well and welcomed Mr Sohal and Mr Rowley.

**34      WORK PROGRAMME**

The Work Programme for the Audit & Member Standards Committee 2020/21 was considered, and it was agreed to add both GDPR and the Netherstowe & Leyfields independent external investigation to next month's agenda items.

(The Meeting closed at 7.37 pm)

CHAIRMAN

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# Medium Term Financial Strategy (Revenue and Capital) 2020-2025 (MTFS)

Report of the Cabinet Member for Finance, Procurement, Customer Services and Revenues & Benefits



Date: 16 February 2021  
 Agenda Item: 13  
 Contact Officer: Diane Tilley / Anthony Thomas  
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 Key Decision? YES  
 Local Ward Full Council  
 Members

**Council**

## 1. Executive Summary

### The Medium Term Financial Strategy (MTFS)

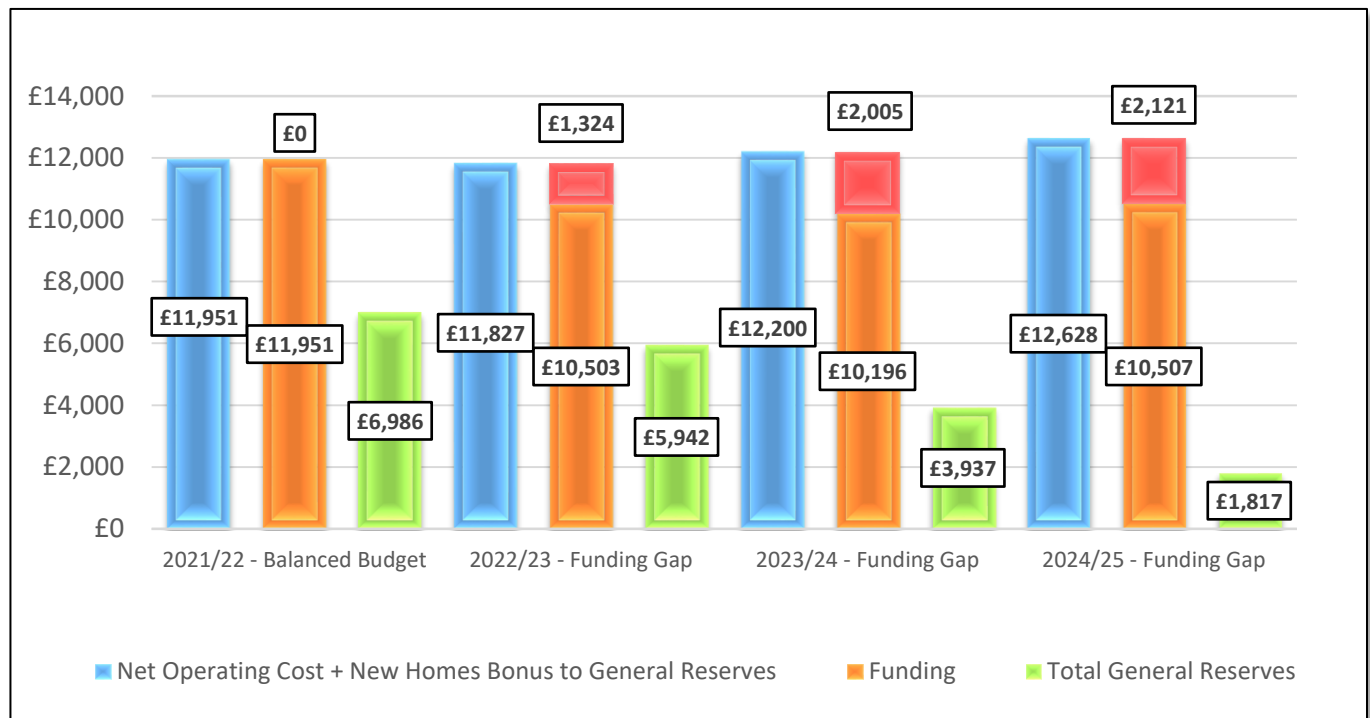
- 1.1 The ability to deliver the outcomes set out in the **Strategic Plan** is dependent on the resources available in the MTFS.
- 1.2 The MTFS is the overall budget framework and consists of the Revenue Budget, Capital Strategy and Capital Programme and General Reserves.
- 1.3 The timetable for consideration of the various elements of the MTFS is detailed in the table below:

Date	Meeting	Topics
Budget Consultation Takes Place	01/09/2020	Strategic (OS) Committee
	06/10/2020	Cabinet
	19/11/2020	Strategic (OS) Committee
	01/12/2020	Council Taxbase
	27/01/2021	Strategic (OS) Committee
	03/02/2021	Audit and Member Standards Committee
	09/02/2021	Cabinet
	16/02/2021	Council

- 1.4 The inherently high level of uncertainty surrounding the Local Government Finance regime has been compounded by the COVID-19 pandemic and other potential Government policy changes such as devolution and the review of the Planning system.
- 1.5 This unprecedented level of uncertainty means that to ensure the financial sustainability of the Council, the approved budget principles must be rigorously applied in controlling any proposed budgetary growth.
- 1.6 The Council has a statutory duty to set a balanced budget and to calculate the level of Council Tax for its area. The Chief Financial Officer (CFO) has a statutory duty to ensure the figures provided for estimating and financial planning are robust and will stand up to Audit scrutiny.
- 1.7 The Local Government Act 2003 places duties and requirements on the Authority on how it sets and monitors its budgets, including the CFO's report on the Robustness of the Budget and adequacy of Reserves and this report forms part of the MTFS.

## The Revenue Budget

- 1.8 The Revenue Budget (in £000) with a balanced budget in 2021/22 and Funding Gaps (shown in red in the graph below) in later years is shown in detail at **APPENDIX A** and in summary below:



- 1.9 The Original Budget approved by Council on 18 February 2020 approved a transfer to General Reserves of **£1,633,000** for 2020/21 (a planned transfer of **£462,000** plus **£1,171,000** of New Homes Bonus in excess of the Revenue Budget 'cap').
- 1.10 A Briefing Note related to financial performance in 2020/21 has been circulated to Members and this shows a projected contribution to General Reserves of **£183,180** compared to the Approved Budget with a **£86,890** contribution to General Reserves.
- 1.11 The significant projected reduction from the Original Budget is as a direct consequence of the COVID-19 pandemic. The level of additional expenditure and income reduction is projected to exceed the Government support provided and therefore will need to be funded through the use of General Reserves.
- 1.12 The MTFs from 2021/22 onwards has been prepared in the context of unprecedented volatility and uncertainty and whilst estimates have been made on the potential impact, there remains significant uncertainty in 2020/21 and subsequent years.
- 1.13 The Council is legally required to balance the budget in the first year of 2021/22 and to set out its proposals to balance the further financial years. In 2021/22 a 'balanced budget' where income equals expenditure is recommended with a risk or recovery contingency budget included of **£1,141,380**.
- 1.14 In later years, it is assumed that the Fair Funding Review, Business Rates Reform and a new housing incentive scheme will be implemented from 2022/23. It is projected that District Councils including Lichfield DC will be detrimentally impacted by these changes through lower funding and therefore at this stage Funding Gaps are projected.
- 1.15 At the end of 2021/22, the Council is projected to have **£6,986,000** of total general reserves available (£5,386,000 after taking account of the Minimum Level of Reserves of £1,600,000) to assist with balancing the budget in future years, if needed.
- 1.16 General Reserves based current projections, are sufficient to balance the budget until 2024/25. However this is not a sustainable approach and the Council will need to make savings or achieve additional income to close the Funding Gap by 2024/25.

## **The Capital Strategy and the Capital Programme**

- 1.3 The Treasury Management Strategy Statement incorporates the Annual Investment Strategy and it covers the financing and investment strategy for the forthcoming financial year.
- 1.4 The purpose of this paper is, therefore, to review:
- The Capital Strategy and Capital Programme, outlined in **APPENDICES B & C**.
  - Minimum Revenue Provision Statement for 2021/22 (**APPENDIX D**).
  - Treasury Management Strategy Statement for 2021/22 (**APPENDIX E**).
  - Treasury Investments and their Limits (**APPENDIX E**).
  - The Investment Strategy Report for 2021/22 (**APPENDIX F**) as required under Statutory Guidance in January 2018.
  - The Capital and Treasury Prudential Indicators 2020-25 in the financial implications section.
- 1.5 All treasury activity will comply with relevant statute, guidance and accounting standards.

## **The CFO's Report on the Robustness of the Budget and the Adequacy of Reserves**

- 1.17 In accordance with the Local Government Act 2003 (Sections 25-27) and to comply with CIPFA Guidance on Local Authority Reserves and Balances, the CFO is required to formally report to Members on the robustness of the Budget and the adequacy of Reserves (**APPENDIX G**).

## **Budget Consultation**

- 1.18 The results of the Budget Consultation for 2021/22 are summarised in the consultation section and are shown in detail at **APPENDIX H**.

# **2. Recommendations**

That Council approve:

- 2.1 The 2021/22 Revenue Budget, including the Amount to be met from Government Grants and Local Taxpayers of **£11,951,000** and a proposed level of Council Tax (the District Council element) for 2021/22 of **£185.07** (an increase of **£5.00** or **2.78%**) for a Band D equivalent property.
- 2.2 The MTFS 2020-25 Revenue Budgets and 25 year Revenue Budget model set out in **APPENDIX A**.
- 2.3 The MTFS 2020-25 Capital Strategy including the 25 year capital investment model and the Capital Programme shown in **APPENDICES B & C**.
- 2.4 The Minimum Revenue Provision Statement for 2021/22, at **APPENDIX D**, which sets out the Council's policy of using the asset life method for making prudent provision for debt redemption.
- 2.5 Treasury Management Strategy Statement for 2021/22 including proposed limits shown at **APPENDIX E**. The only change being proposed is based on Arlingclose advice to remove the £21m overall investment limit for Money Market Funds to manage credit and liquidity risk.
- 2.6 The plan to undertake a further Strategic Fund investment up to **£2m**.
- 2.7 The Investment Strategy Report (**APPENDIX F**) including the proposed limits for 2021/22.
- 2.8 The Capital and Treasury Prudential Indicators for 2020-25 in the financial implications section.
- 2.9 The Authorised Limit Prudential Indicator shown within the financial implications section.
- 2.10 The CFO's report on the robustness of the Budget and adequacy of Reserves shown in **APPENDIX G** in compliance with the requirements and duties that the Local Government Act 2003 in relation to how the Authority sets and monitors its Budgets.

## 3. Background

### MTFS Budget Principles

- 3.1. To assist in preparing the Medium Term Financial Strategy, in common with a number of Councils, a set of principles were established to guide the preparation and management of the MTFS.
- 3.2. Council, on 15 October 2019, approved the budget principles identified below:
  - Council will consider the medium term outlook when setting the level of Council Tax to ensure that a sustainable budget position is maintained;
  - Council will prioritise funding for statutory and regulatory responsibilities to ensure these are delivered in a way that meets our legal requirements and customer needs;
  - Council will continue to seek continuous improvement to enable further savings, efficiencies and income gains and provide budgets that are appropriate to service needs;
  - Council will ensure that all growth in the staffing establishment will be fully understood through robust business cases in order to ensure our resources match service and customer needs. Growth will usually be allowed where costs are offset by external funding, savings or additional income.
  - Council will not add to other ongoing revenue budgets unless these are unavoidable costs or corresponding savings are identified elsewhere.
  - Council will use robust business cases to prioritise capital funding so that we have a sustainable Capital Programme that meets statutory responsibilities, benefits the Council's overall revenue budget position, and ensures that existing assets are properly maintained.
  - Council will maintain an overall level of revenue reserves that are appropriate for the overall level of risks that the organisation faces, in order to overcome any foreseeable financial impact.

## The Local Government Finance Settlement for 2021/22

3.3. The elements of the Local Government Finance Settlement for 2021/22, relevant to this Council are:

### Core Spending Power (CSP)

- This is the Government's preferred measure of Local Government resources including the income from Council Tax, retained Business Rates (based on Government baselines and therefore excluding any retained growth) and grants such as New Homes Bonus.
- For Lichfield District Council, Core Spending Power from 2020/21 to 2021/22 is assumed to increase by **0%** compared to the average for Shire Districts of **1.2%** and for England of **4.6%** in the Final Settlement (mainly due to additional resources for Upper Tier Authorities).
- The **0%** assumes Council Tax will increase by the maximum allowed and this increase would offset reductions in funding from other sources such as New Homes Bonus.
- In its CSP figures, MHCLG has assumed that the tax base will increase in 2021-22 for each authority in line with their average tax base increase since 2016-17 which in the current circumstances is an optimistic assumption.

### Local Government Funding Reform

- No papers were published relating to the Fair Funding Review or the Business Rates Reset and the Minister would not confirm that the reforms will even take place next year.

### Business Rates

- Staffordshire and Stoke on Trent Business Rates Pool confirmed for 2021/22.
- No new discounts and reliefs have been announced in the settlement. Ministers have promised to consider "options for further COVID-19 related support ... [and] ... outline plans for 2021-22 reliefs in the New Year".
- Looking further into the future, the Government is undertaking a fundamental review of business rates. The Government will respond to the consultation in the spring, and this could result in changes in the operation of business rates and (potentially) to more radical reform.

### Council Tax Principles

- District Councils will be able to increase their Band D by the higher of **1.99%** or **£5**. A **£5** increase for Lichfield District Council equates to an increase of **2.78%**.
- Parish councils will continue to not be subject to the referendum limits. As in previous years, the government has indicated it will keep this approach under review for future years

### New Homes Bonus (NHB)

- A one year only allocation for 2021/22 which for Lichfield District Council is **£371,453** and the total payment including legacy payments for previous years is **£1,282,298**. This compares to the payment in 2020/21 of **£1,770,945**, and is a reduction of **£488,647 (28%)**.
- Once again, the government is making very clear that it wants to replace NHB, and replace it with something that is more "targeted". NHB will effectively end after 2022/23 (only one payment is due in 2022/23). Any replacement is unlikely to distribute as much funding as the NHB currently does, or to be distributed in the same way, but at least we should find out about the Government's intentions within a few months.
- Indications in the settlement were very vague "We will soon be inviting views on how we can reform the scheme from 2022/23 to ensure it is focussed where homes are needed most."

- There was also a suggestion from the Secretary of State that rewards would also be paid to those Councils with the most ambition. Forecasting the impact at authority level is almost impossible at this stage.

#### Negative Revenue Support Grant

- This has once again been abated for 2021/22.

#### Lower Tier Services Grant

- A new (one off) grant of £111m has been announced for 2021/22 and for Lichfield District Council this is **£151,399** and in part offsets reductions in New Homes Bonus.
- There are two elements to this grant with £90,146 allocated based on need and £61,253 allocated to ensure there is no reduction in Core Spending Power from 2020/21.

#### Tranche 5 of COVID-19 Support (not included in Core Spending Power)

- A further allocation of funding totalling £1.55bn was announced in the Spending Review for 2021/22 and Lichfield District Council's allocation is **£440,578**.

#### Local Council Tax Support Grant (not included in Core Spending Power)

- This is a new grant for 2021/22 of **£670m** and its purpose is to compensate authorities for the expected additional cost of Local Council Tax Support (LCTS) schemes in 2021/22.
- The Government is consulting on how to distribute the grant although the Council's indicative allocation announced on 18 December 2020 is **£126,451**.

#### Other Announcements (not included in Core Spending Power)

- **Sales, Fees and Charges (SFC) Scheme** - It was announced in SR20 that the SFC scheme would continue into the first quarter of 2021/22. The scheme will continue into 2021-22 unchanged. Many authorities had been wondering whether baseline would be reset, but the consultation document makes clear that 2020/21 budgeted income will remain the baseline against which income losses will be measured.
- **Council Tax and Business Rates Losses** – a scheme to fund 75% of irrecoverable losses in council tax and business rates was announced in SR20. This scheme will run in parallel to the requirement for billing authorities such as Lichfield District Council to spread the 2020/21 collection fund deficit over 3 years.

- 3.4. At present, no funding is assumed in 2020/21 from the National Leisure Recovery Fund due to this process being bid based or from the Council Tax and Business Rates losses scheme because guidance is still being developed. These two initiatives could provide significant additional resources that would reduce the impact on the Council's General Reserves in 2020/21 and in later years.
- 3.5. The Settlement is in line with the assumptions used in the MTFS presented to this Committee on 19 November 2020. Although it also included an additional New Homes Bonus payment for 2021/22 and some additional funding being provided to further mitigate the impact of COVID-19. This means that the level of uncertainty for 2021/22 remains as **High**.
- 3.6. However the financial benefits at this stage, only impact on 2021/22 with the majority of key income streams (Business Rates, Fair Funding and New Homes Bonus) currently being reviewed for implementation in 2022/23. Therefore the level of uncertainty or risk from **2022/23** remains as **High**.

## The Revenue Budget

3.7. The inflationary impact compared to the approved Medium Term Financial Strategy is shown below:

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
<b>Inflation Changes – assumes an element of pay freeze in 2021/22 and then 2% per annum</b>	(159)	(165)	(168)	(169)

3.8. The budget variations compared to the approved Medium Term Financial Strategy are shown below:

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Savings from delay to coach park opening, budget realignment based on trend analysis and other changes	(163)	(170)	(149)	(198)
Events	20	20	20	20
COVID-19 – Ongoing Impact	289	647	294	187
COVID-19 – Risk or Recovery Contingency Budget	1,141	0	0	0
<u>MTFS Savings and Bids</u>				
Total growth bids (Strategic OS Committee 19/11/2020)	98	62	63	65
Total Funding Gap bids (Strategic OS Committee 19/11/2020)	(467)	(518)	(548)	(579)
Additional growth bids agreed by Cabinet for ICT/Property	85	87	89	90
<b>Total Budget Variations</b>	<b>1,003</b>	<b>128</b>	<b>(231)</b>	<b>(415)</b>

3.9. The funding changes compared to the approved Medium Term Financial Strategy are shown below:

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Retained Business Rates – additional retained growth	(1,342)	(501)	(462)	(399)
Business Rates Cap – additional compensation grant	(110)	0	0	0
Council Tax – lower income	152	171	166	179
New Homes Bonus – allocation in 2021/22 and then no awards	(371)	0	300	200
Returned New Homes Bonus – grant returned in alternative ways	51	74	0	0
Lower Tier Services Grant – new grant	(151)	0	0	0
Local Council Tax Support Grant – new grant	(126)	0	0	0
Council Tax Collection Fund – projected deficit in 2020/21	73	100	100	35
<b>Funding Changes</b>	<b>(1,824)</b>	<b>(157)</b>	<b>104</b>	<b>15</b>

## Modelled Changes and their Impact on the Revenue Budget and the Funding Gap

3.11 A summary of the modelled changes to the Revenue Budget compared to the approved Medium Term Financial Strategy and their impact on the Revenue Budget Funding Gap are shown below:

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
<b>Approved MTFS Revenue Budget Funding Gap</b>	<b>982</b>	<b>1,519</b>	<b>2,300</b>	<b>2,692</b>
Inflation Changes	(159)	(165)	(168)	(169)
Budget Variations Inc. revenue implications of Capital and Treasury	1,003	128	(231)	(415)
Funding Changes	(1,824)	(157)	104	15
<b>Sub Total Modelled Changes</b>	<b>(982)</b>	<b>(194)</b>	<b>(295)</b>	<b>(570)</b>
<b>Recommended Central Scenario MTFS Revenue Budget Funding Gap</b>	<b>0</b>	<b>1,324</b>	<b>2,005</b>	<b>2,121</b>



3.12 The Recommended Revenue Budget using the Central Scenario is shown in detail at **APPENDIX A** and in summary below together with more optimistic and more pessimistic scenarios:

	2020/21		2021/22	2022/23	2023/24	2024/25
	Original Budget £000	Approved Budget £000	£000	£000	£000	£000
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>LOW</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
Enabling people	1,580	1,581	1,469	1,478	1,510	1,538
Shaping place	3,470	3,237	3,402	4,015	4,269	4,362
Developing prosperity	(1,184)	(772)	(621)	(557)	(442)	(371)
A good council	6,330	6,198	7,472	6,810	6,863	7,022
Corporate Expenditure	1,627	1,318	229	81	0	77
<b>Revenue Expenditure (including transfers to or from general reserves)</b>	<b>11,822</b>	<b>11,563</b>	<b>11,951</b>	<b>11,827</b>	<b>12,200</b>	<b>12,628</b>
Revenue Funding	(12,284)	(12,284)	(11,951)	(10,503)	(10,196)	(10,507)
<b>Central Scenario Funding Gap / (transfer to General Reserves)</b>	<b>(462)</b>	<b>(721)</b>	<b>0</b>	<b>1,324</b>	<b>2,005</b>	<b>2,121</b>

<b>More Optimistic scenario</b>	<b>(462)</b>	<b>(721)</b>	<b>(396)</b>	<b>465</b>	<b>805</b>	<b>868</b>
<b>More Pessimistic scenario</b>	<b>(462)</b>	<b>(721)</b>	<b>1,211</b>	<b>2,116</b>	<b>2,817</b>	<b>2,938</b>

	2020/21		2021/22	2022/23	2023/24	2024/25
	Original Budget £000	Approved Budget £000	£000	£000	£000	£000
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>LOW</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
Employees	13,435	13,518	13,916	14,260	14,710	15,136
Premises	1,135	1,144	1,124	1,163	1,202	1,245
Transport	1,647	1,645	1,653	1,663	1,668	1,683
Supplies and Services	6,115	5,815	5,278	5,964	6,231	6,337
Third Party Payments	555	655	664	679	689	705
Transfer Payments (benefits)	13,492	13,492	13,492	13,492	13,492	13,492
COVID-19 impacts	0	1,709	1,430	647	294	187
External Income (including benefit grants)	(26,184)	(26,024)	(25,654)	(25,952)	(26,069)	(26,204)
Corporate Expenditure	456	147	(363)	(369)	(17)	47
<b>Revenue Expenditure</b>	<b>10,651</b>	<b>12,101</b>	<b>11,540</b>	<b>11,547</b>	<b>12,200</b>	<b>12,628</b>
<b>Revenue Funding</b>	<b>(12,284)</b>	<b>(12,284)</b>	<b>(11,951)</b>	<b>(10,503)</b>	<b>(10,196)</b>	<b>(10,507)</b>
Transfer (from) general reserves COVID-19	0	(1,709)	0	0	0	0
New Homes Bonus to general reserves	1,171	1,171	411	280	0	0
<b>Central Scenario Funding Gap / (transfer to General Reserves)</b>	<b>(462)</b>	<b>(721)</b>	<b>0</b>	<b>1,324</b>	<b>2,005</b>	<b>2,121</b>

### Income Scenarios

3.13 The headline assumptions used in each of these three scenarios are detailed below:

#### Central Scenario

- **Council Tax** – lower annual property growth, a **30%** increase in working age Council Tax support in 2021/22 reducing to **10%** in 2024/25 and **£5** Band D Council Tax increases to 2023/24 followed by **1.99%** thereafter.
- **New Homes Bonus** – legacy payments paid until 2022/23 and no replacement scheme from 2023/24.
- **Business Rates** – negative Revenue Support Grant is abated in 2021/22 and then forms part of funding regime from 2022/23 with no transitional arrangements. Business Rate Growth is retained in full in 2021/22 and then an element is retained from 2022/23. The Council is part of the Business Rates Pool in 2021/22.



- **Sales, Fees and Charges** – a risk based (high **100%** impacted, medium **80%** impacted and low **60%** impacted) headline reduction of **7.5%** in 2021/22 reducing to **1%** in 2024/25.

#### Optimistic Scenario

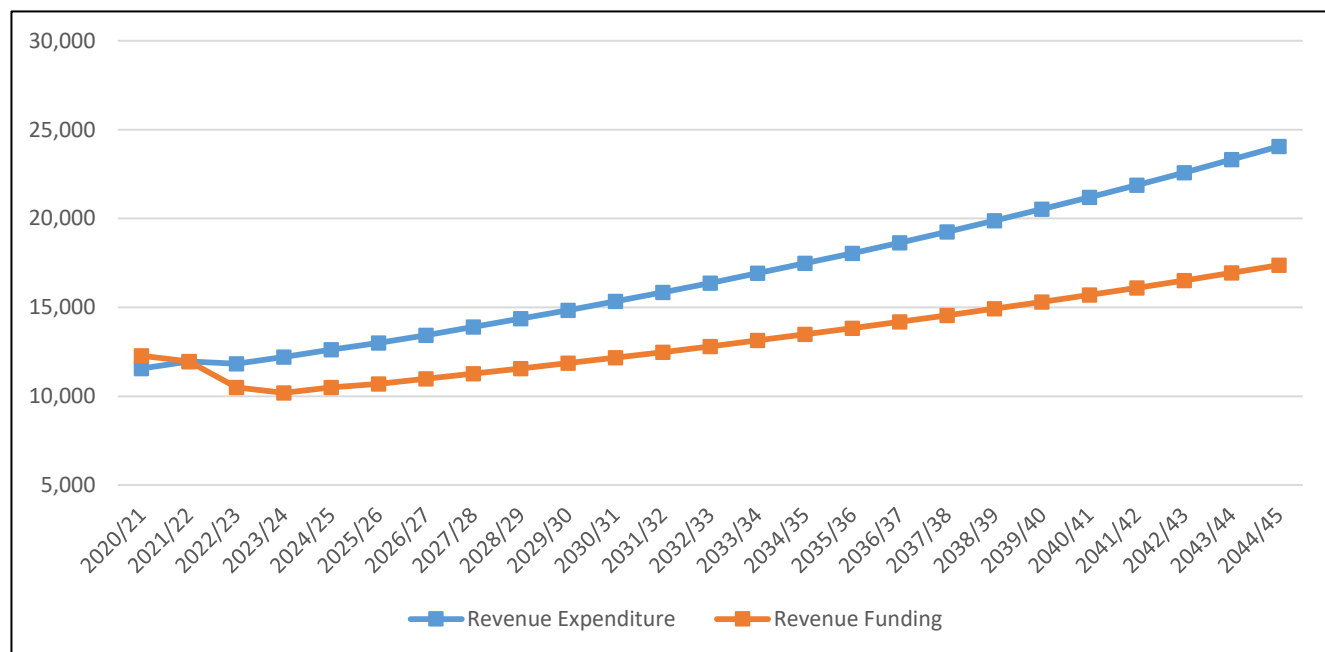
- **Council Tax** – lower annual property growth, a **30%** increase in working age Council Tax support in 2021/22 reducing to **0%** in 2024/25 and **£5** Band D Council Tax increases in all years.
- **New Homes Bonus** – legacy payments paid until 2022/23 and a replacement scheme from 2023/24 with an annually reducing income commencing at **(£300,000)**.
- **Business Rates** – negative Revenue Support Grant is abated in 2021/22 and then forms part of funding regime from 2022/23 with no transitional arrangements. Business Rate Growth is retained in full in 2021/22 and then a larger element is retained from 2022/23. The Council is part of the Business Rates Pool in 2021/22.
- **Sales, Fees and Charges** – a risk based (high **50%** impacted, medium **30%** impacted and low **10%** impacted) headline reduction of **1.5%** in 2021/22 reducing to **1%** in 2024/25.

#### Pessimistic Scenario

- **Council Tax** – lower annual property growth, a **100%** increase in working age Council Tax support in 2021/22 reducing to **10%** in 2024/25 and **1.99%** Band D Council Tax increases in all years.
- **New Homes Bonus** – legacy payments paid until 2022/23 and no replacement scheme from 2023/24.
- **Business Rates** – negative Revenue Support Grant is abated in 2021/22 and then forms part of funding regime from 2022/23 with no transitional arrangements. Minimal Business Rate Growth is retained from 2021/22. The Council is not part of the Business Rates Pool in 2021/22.
- **Sales, Fees and Charges** – a risk based (high **100%** impacted, medium **100%** impacted and low **60%** impacted) headline reduction of **10%** in 2021/22 reducing to **2.5%** in 2024/25.

### **Longer Term Revenue Financial Planning**

3.14 The updated longer term revenue financial plan is shown in detail at **APPENDIX A** and in the chart below:



A direction of travel with different sustainable options for closing the projected funding gap needs to be identified and agreed. Once the outcome of the Spending Review 2021 and subsequent Local Government Settlement are known and the funding gap can be more accurately projected, the Council will then be able to quickly select the most appropriate options to address the financial position.

## The Capital Strategy

3.15 The Capital Strategy is shown at **APPENDIX B** and sets out the Council's framework for managing the Capital Programme including:

- **Capital expenditure**, including the approval process, long-term financing strategy, asset management, maintenance requirements, planned disposals and funding restrictions.
- **Debt and borrowing and treasury management**, including projections for the level of borrowing, capital financing requirement and liability benchmark, provision for the repayment of debt, the authorised limit and operational boundary for the coming year and the authority's approach to treasury management.
- **Commercial activities**, including due diligence processes, the authority's risk appetite, proportionality in respect of overall resources, requirements for independent and expert advice and scrutiny arrangements.
- **Other long-term liabilities**, such as financial guarantees.
- **Knowledge and skills**, including a summary of that available to the authority and its link to the authority's risk appetite.

3.16 The level of risk associated with the Capital Strategy has reduced following the removal of planned Investment in Property and its funding through borrowing. As the Council's Chief Financial Officer, I have assessed the current overall risk as **Material (yellow)**.

## The Capital Programme

3.17 In total capital investment included in the service and financial planning capital bids and planned funding is summarised below:

	Assessed Score	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Financial Information System	76		50			
Energy Insulation Programme	65					10
Disabled Facilities Grants	60		(308)	(44)	(44)	906
Home Repair Assistance Grants	57					15
Beacon Park Jogging Track	46	30				
Dam Street Public Conveniences Refurbishment	45	40				
Bin Replacement	43					150
Beacon Park Equipment Storage	42	100				
<b>Total Spend</b>		<b>170</b>	<b>(258)</b>	<b>(44)</b>	<b>(44)</b>	<b>1,081</b>

Usable Capital Receipts
Existing Revenue Budgets
New Burdens – Financial Information System Grants
<b>Total Funding</b>
Shortfall in Funding & Borrowing Need

(170)	308	44	44	(150)
	(50)			(931)
<b>(170)</b>	<b>258</b>	<b>44</b>	<b>44</b>	<b>(1,081)</b>
0	0	0	0	0

3.18 In addition to the bids above, the Council has been successful in an external funding bid for **£1,062,580** for Burntwood Leisure Centre. The investment must be delivered by 6 June 2021 and the expenditure and grant has also been included in the recommended Capital Programme.

3.19 The capital investment is based on an 'invest to save' approach that will result in energy savings at the leisure centre. These cost savings will be incorporated into the MTFS during 2021/22.

- 3.20 A number of projects contained in the Approved Capital Programme have revenue implications such as operating costs, the cost of debt repayment, revenue funding or savings.
- 3.21 Capital Bids submitted as part of the Service and Financial Planning process are also required to identify any ongoing revenue implications and where debt is to be utilised for funding, debt repayment costs are calculated.
- 3.22 The early repayment of capital investment at Burntwood Leisure Centre as an 'invest to save' project was identified in the Report to this Committee on 19 November 2020 although it was highlighted the funding to enable the option was still being finalised.
- 3.23 The funding of **£979,000** to enable this option to be implemented in 2020/21 has been identified. It is proposed and assumed in the MTFs that uncommitted capital receipts of **(£509,000)** and the uncommitted element of the Leisure VAT repayment earmarked reserve of **(£470,000)** are utilised to generate annual savings of **(£140,000)**.
- 3.24 In the event this funding is not available, then other alternative resources will be identified.
- 3.25 The Capital Programme revenue implications contained in the Approved Budget (at the 8 month's stage of 2020/21) and the revenue implications of Capital Bids are shown below:

Revenue Implications	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Interest on Loan to the LA Company	0	(4)	(18)	(22)	(22)
Friary Grange - Refurbishment	50	135	135	135	135
Coach Park Operation Costs	0	0	0	50	50
IT Hardware	9	9	4	(38)	9
Replacement Leisure Centre Debt Costs	0	0	0	0	294
Revenue Budget - Bin Replacement	150	150	150	150	0
Revenue Budget - Other Projects	12	0	0	0	0
Revenue Budget - Corporate	182	0	0	213	0
<b>Sub Total - Approved Budget</b>	<b>403</b>	<b>290</b>	<b>271</b>	<b>488</b>	<b>466</b>
Burntwood LC early repayment of capital	979	(140)	(140)	(140)	(140)
Internal Funding (see below)	(979)	0	0	0	0
Financial Information System	0	(20)	(40)	(40)	(40)
Revenue Budget - Bin Replacement	0	0	0	0	150
<b>Sub Total - Service and Financial Planning</b>	<b>0</b>	<b>(160)</b>	<b>(180)</b>	<b>(180)</b>	<b>(30)</b>
<b>Capital Programme Total</b>	<b>403</b>	<b>130</b>	<b>91</b>	<b>308</b>	<b>436</b>

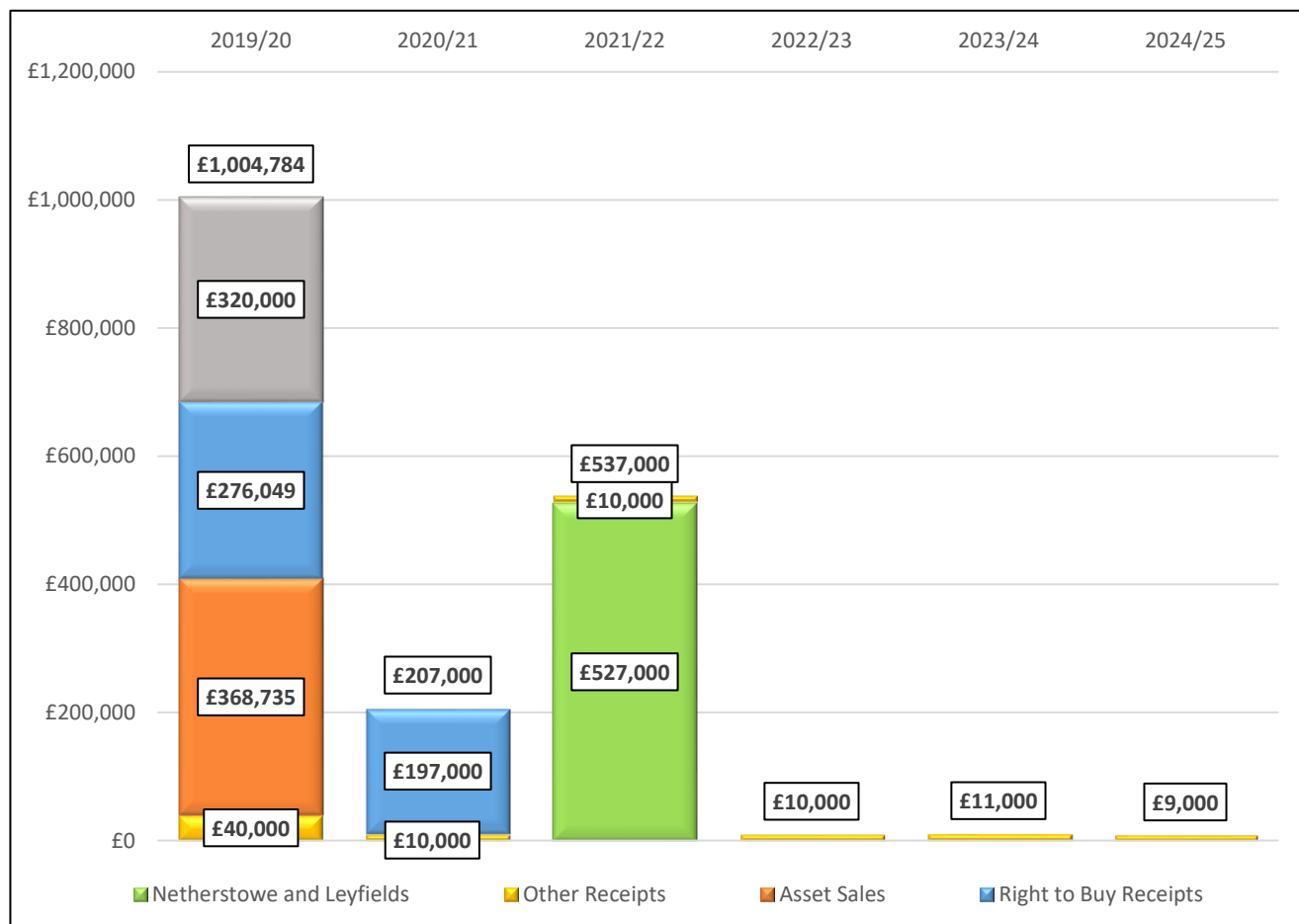
Leisure VAT repayment reserve	(470)
Uncommitted Capital Receipts	(509)
<b>Total</b>	<b>(979)</b>

- 3.26 The Capital Programme is summarised below and is shown in detail at **APPENDIX C**:

	2020/21		2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
	Original Budget £000	Revised Budget £000				
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>LOW</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
Enabling people	3,424	2,223	3,375	3,684	3,576	1,315
Shaping place	1,045	670	1,102	3,674	270	293
Developing prosperity	625	522	935	557	43	0
A good Council	12,657	564	1,118	515	389	0
<b>Capital Expenditure</b>	<b>17,751</b>	<b>3,979</b>	<b>6,530</b>	<b>8,430</b>	<b>4,278</b>	<b>1,608</b>
Capital Funding	6,087	3,873	6,252	6,081	2,018	1,608
Borrowing Need	11,664	106	278	2,349	2,260	0

Usable Capital Receipts	(1,394)	(1,652)	(888)	(294)	(86)	(95)
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3.27 The projected Capital Receipts included in the Medium Term Financial Strategy are shown below:



### Treasury Management

3.28 CIPFA has defined Treasury Management as :

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

3.29 The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk. The successful identification, monitoring and control of risk are an important and integral element of its treasury management activities. The main risks to the Council’s treasury activities are:

- Liquidity Risk (Inadequate cash resources)
- Market or Interest Rate Risk (Fluctuations in interest rate levels)
- Inflation Risk (Exposure to inflation)
- Credit and Counterparty Risk (Security of Investments)
- Refinancing Risk (Impact of debt maturing in future years)
- Legal and Regulatory Risk

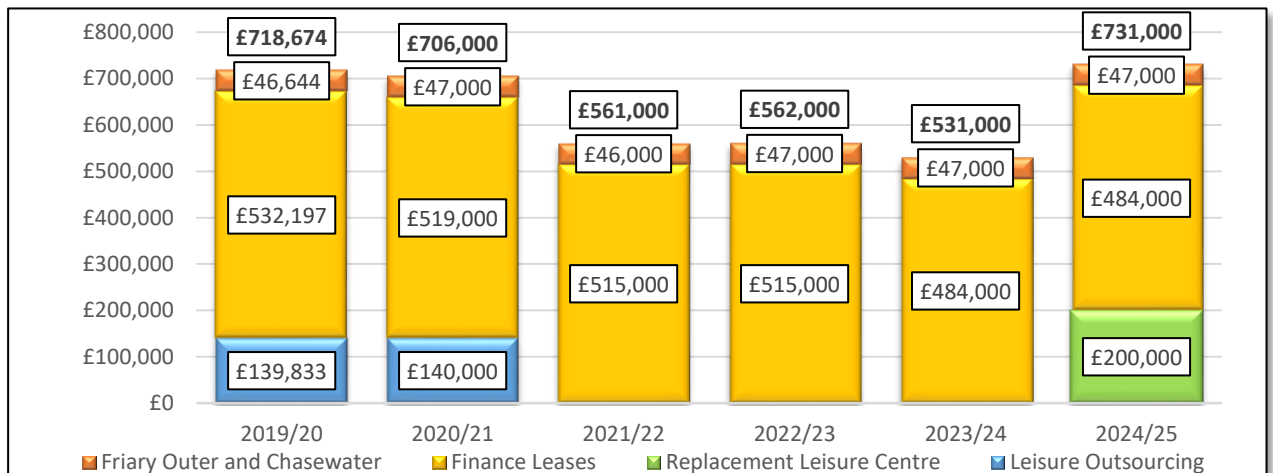
3.30 The Strategy also takes into account the impact of the Council’s Revenue Budget and Capital Programme on the Balance Sheet position, the current and projected Treasury position, the Prudential Indicators and the outlook for interest rates.

### 3.31 International Financial Reporting Standard 16 (Leases)

- The new Standard has been further delayed for implementation until **1 April 2022**. This Standard will require more arrangements, where there is a right to use an asset, to be included on the Council’s Balance Sheet. The level of non-current assets is likely to increase and these will be matched by a liability to reflect the lease payments to be made.

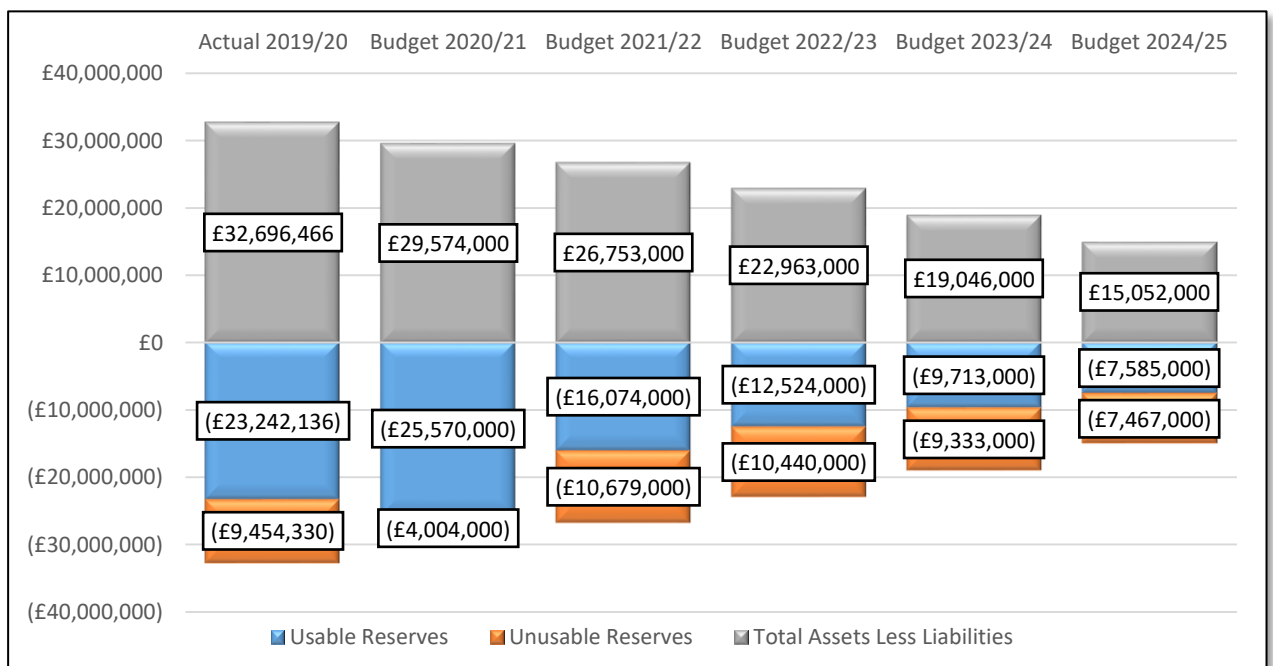
### 3.32 Minimum Revenue Provision Statement 2021/22

- The Council is required to make prudent provision for debt redemption (known as Minimum Revenue Provision (MRP)) and each year the Council must approve its MRP statement and this will include an allowance for finance leases that appear on the Council's Balance Sheet.
- The MTFS proposes the early repayment of the MRP in 2020/21 related to the capital investment at Burntwood Leisure Centre undertaken as part of the leisure outsourcing. This proposal would result in annual savings of **(£140,000)** from 2021/22.
- As in previous years, the Council proposes to base its MRP on the estimated life of the asset (**APPENDIX D**). The estimated MRP chargeable during the MTFS is shown below:



### 3.33 Balance Sheet Projections

- Integrated Revenue Budgets and a Capital Programme budgets are prepared. These budgets together with the actual Balance Sheet from the previous financial year are used to prepare Balance Sheet projections.
- These Balance Sheet projections (**APPENDIX E**) are significant in assessing the Council's Treasury Management Position in terms of borrowing requirement, investment levels and the Investment Strategy.
- The projected changes in the Balance Sheet over the Strategy period 2020/21 to 2024/25 are summarised below:



Total Assets less Liabilities (a reduction of £14,522,000):

1. **Non-Current Assets** – Non Current Assets will increase mainly due to the replacement waste fleet and the capital provision for a replacement Leisure Centre
2. **Borrowing and Leasing** – the capital investment in Non-Current Assets will partly be financed through an increase in external debt (borrowing and leases).
3. **Investments** – the levels are projected to reduce due to the financing of the Capital Programme from earmarked reserves, grants and contributions and the potential use of general reserves throughout the MTFS to ensure a balanced budget.
4. **Long term liability for pensions** – this value is projected to increase in line with previous trends.

Unusable Reserves (an increase of £3,463,000):

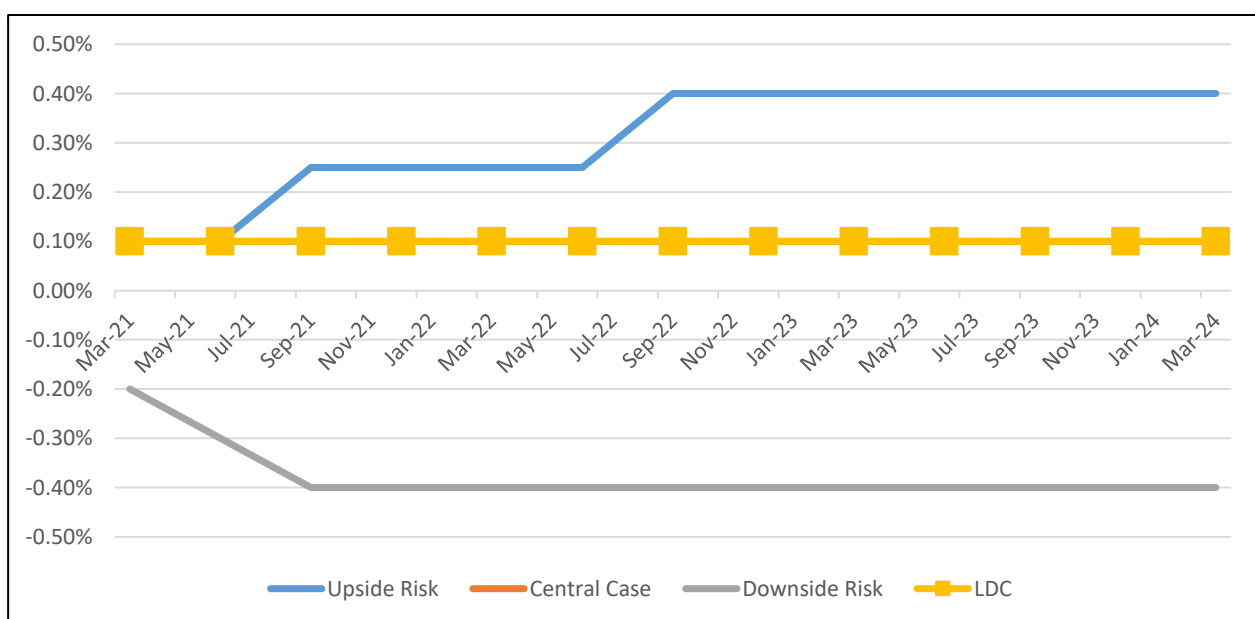
5. **Pensions Reserve** – the negative value of this statutory reserve will increase to offset projected increases in the long term liability for pensions.
6. **Collection Fund** – the projected large deficit on Council Tax and Business Rate collection as a result of COVID-19 in 2020/21 will be transferred to the revenue budget over the subsequent three years in line with regulatory requirements.

Usable Reserves (a reduction of £17,985,000):

7. **Earmarked Reserves** – these will reduce as they are used to fund both revenue expenditure and the Capital Programme. Additionally, the Section 31 grants received in 2020/21 to offset the Collection Fund deficit will be transferred into the Business Rates Volatility Reserve. This reserve will reduce as it is transferred to the revenue budget to offset the deficit from 2021/22 to 2023/24.
8. **General Reserve** – there will be a projected reduction to reflect the potential use of general reserves throughout the MTFS to ensure a balanced budget.

**3.34 Treasury Management Advice and the Expected Movement in Interest Rates**

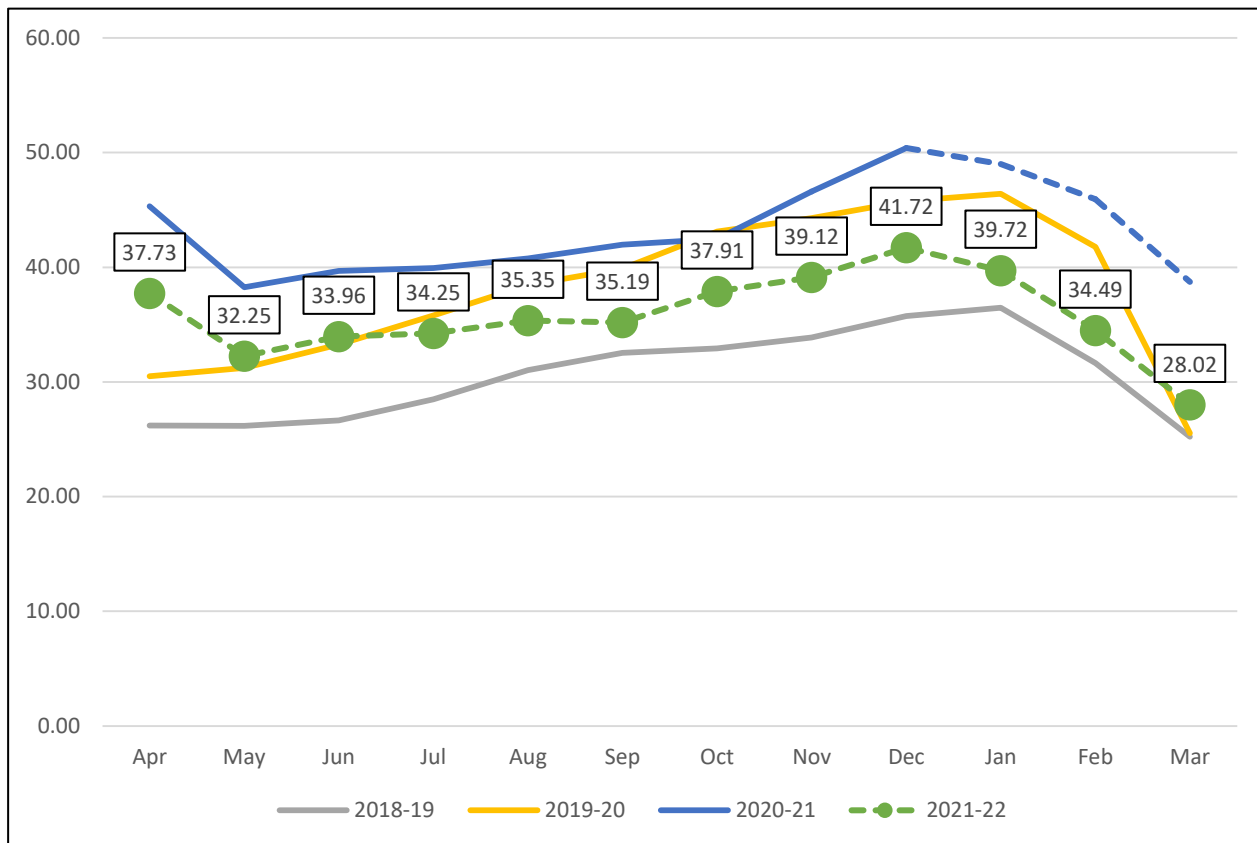
- The Official Bank Rate outlook provided by the Council's Treasury Advisor, together with the Council's assumption (also the central case) where interest rates remain at the current level of **0.10%**, is shown below:



- The Council assumptions have been used as the basis for preparation of the investment income and borrowing budgets for 2021/22 and future years.

### 3.35 Cash Flow Forecast

- Treasury Management includes the management of the Council's cash flows as a key responsibility. The cash flow forecast takes account of the income the Council receives including Housing Benefits Grant, Council Tax and Business Rate income and expenditure such as payments to precepting bodies, employee costs and Housing Benefit Payments.
- The graph below shows average investment levels throughout the financial year with a significant reduction in February and March due to minimal Council Tax income being received.



- The planned monthly cash flow forecast for the 2021/22 financial year has been used to calculate the investment income budget. The key components of this calculation are the average level of investment balances and the rate or yield achieved.
- The Treasury Management estimates for 2021/22 for both investment income and borrowing are shown in the table below:

Treasury Management	2021/22	
	Original Budget	
	Investment Income	Borrowing
Average Balance	£35.81m	£2.13m
Average Rate	0.96%	2.18%

Gross Investment Income	(£350,000)	
Property Fund Transfer to Reserves	£30,000	
DIF Transfer to Reserves	£40,000	
External Interest		£48,000
Internal Interest		£4,000
Minimum Revenue Provision (less Finance Leases)		£46,000
<b>Net Treasury Position</b>	<b>(£280,000)</b>	<b>£98,000</b>
	<b>(£182,000)</b>	

- The gross investment income been estimated as **(£350,000)** and this equates to **3%** of The Council's total funding of **(£11,951,000)** in 2021/22.



### 3.21 Treasury Management Strategy Statement (TMSS) and the Annual Investment Strategy

- The Treasury Investments and their limits are shown in detail at **APPENDIX E**. The only change proposed for 2021/22 compared to those approved for 2020/21 is based on Arlingclose advice to no longer set an overall limit for Money Market Funds (currently the Approved level is 50% of projected investments being £21m). The use of MMFs is a key tool to manage credit and liquidity risks in the current economic climate whereas diversification into other sectors may increase risk.
- The approved TMSS includes a Prudential Indicator for investments for periods longer than a year of **£10m**. At present, the Council has **£8m** (cash value) invested in Strategic Funds. Therefore in line with the TMSS, the plan is to undertake a further investment of **£2m** following advice from Arlingclose.

### 3.22 Investment Strategy Report for 2021/22

- The investment strategy that is shown at **APPENDIX F** meets the requirements of statutory guidance issued by the government in January 2018. It focuses on how the Authority invests its money to support local public services and earns investment income from any commercial investments.

## Opinion of CFO on the Adequacy of Reserves and the Robustness of the Estimates

3.36 The Chartered Institute of Finance and Accountancy (CIPFA) provided the first release of its Financial Resilience Index on 16 December 2019 (Lichfield DC's information compared to all District Councils and Nearest Neighbours is shown at **APPENDIX G**). The index showed this Council's position on a range of measures associated with financial risk.

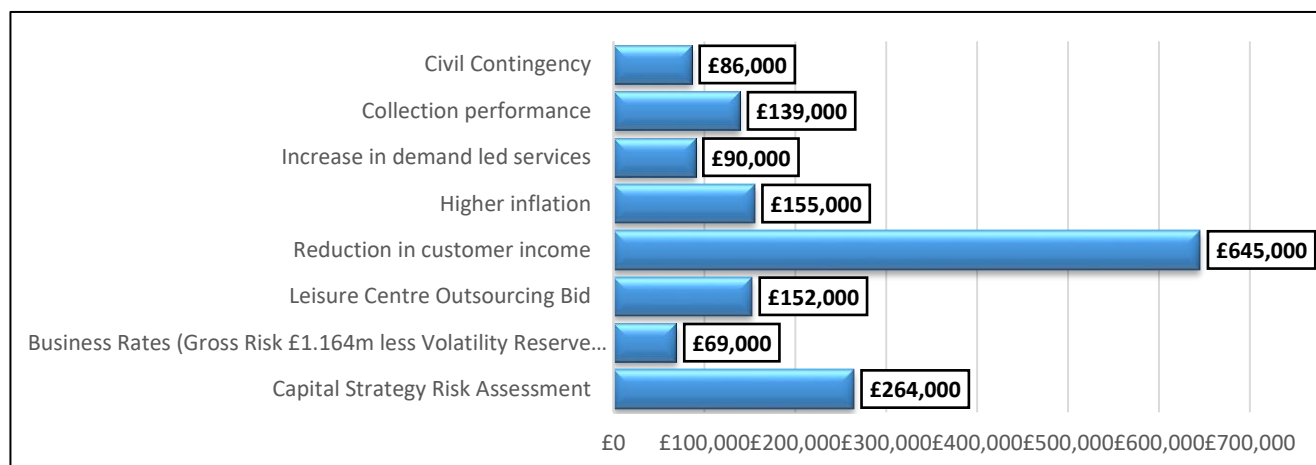
3.37 The Resilience Index for 2020 has been delayed due to incomplete provisional data and is scheduled for release in early February 2021 subject to MHCLG data release timetables and CIPFA's own internal assurance.

3.38 However given the Resilience Index is currently based on backward looking measures rather than the future financial challenges identified in forward looking Medium Term Financial Strategies, it will not take into account the significant and ongoing impact of the COVID-19 pandemic but will provide a baseline for future comparison.

3.39 The Resilience Index published in 2019 identified that in the majority of the measures selected, including those related to the level and change in reserves, this Council was at the lower end of the risk spectrum compared to all other District Councils and Nearest Neighbour Authorities. This has meant that the added financial resilience and sustainability concerns presented by COVID-19 whilst being challenging, has not been a significant risk at this stage for this Council.

3.40 It remains prudent for the Council to maintain an adequate 'working balance' or Minimum Level that is part of its general reserves. A risk assessment approach in line with Best Practice is used to determine the required Minimum Level and the level of general and earmarked reserves.

3.41 The main elements of the risk assessment are shown in detail at **APPENDIX D** and below:





- 3.42 The Chief Finance Officer (CFO) has been involved throughout the entire budget process, including revising the MTFS, input to the drafting of the budget, the ongoing financial monitoring and reporting process, evaluation of investments and savings, engagement with Members of the Cabinet and Overview and Scrutiny Committees, advising colleagues, the strategic choices activities, challenge and evaluation activities, and scrutiny of the budget.
- 3.43 I am of the opinion that for a Council of this size and with our recent record of prudent spending, effective Risk Management, robust budgeting and effective Budget monitoring and control, a General Minimum Reserve level of **£1,600,000** remains adequate.
- 3.44 It is important to note that whilst the level for 2021/22 is the same as 2020/21, there have been changes to specific risks. In addition, several risks such as Business Rates have specific earmarked reserves and specific budget risk based reductions related to income streams including sales, fees and charges have been incorporated within the MTFS.

### Projected General Reserves

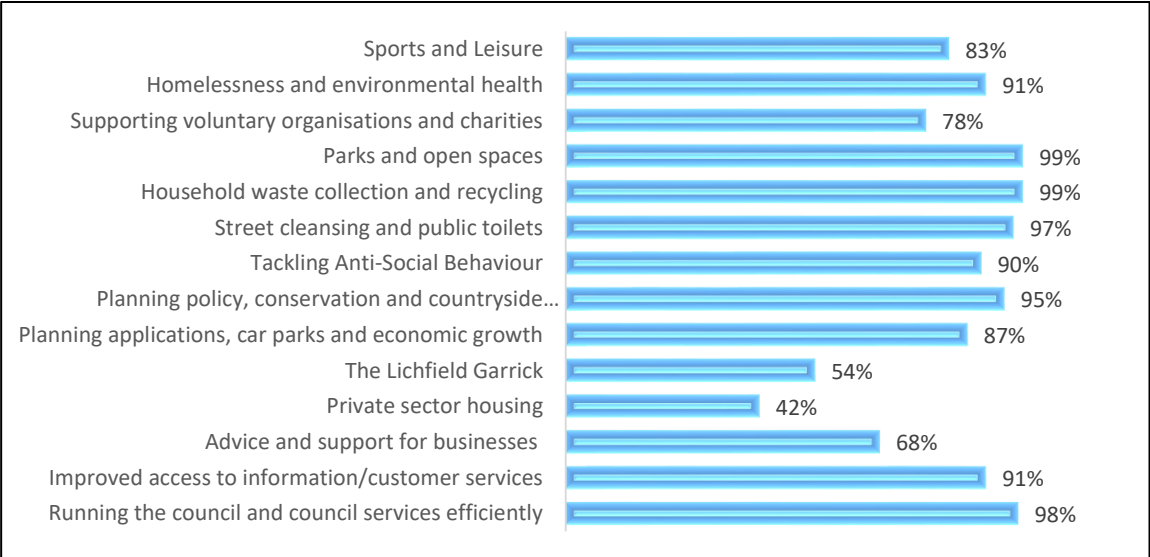
- 3.45 The total projected level of general reserves are shown below using the central scenario together with projections using more optimistic and pessimistic scenarios:

	2020/21		2021/22	2022/23	2023/24	2024/25
	Original Budget £000	Revised Budget £000	£000	£000	£000	£000
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>LOW</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
<b>Available General Reserves Year Start</b>	<b>4,792</b>	<b>4,792</b>	<b>4,975</b>	<b>5,386</b>	<b>4,342</b>	<b>2,338</b>
(Funding Gap) / transfer to General Reserves	462	721	0	(1,324)	(2,005)	(2,121)
COVID-19 Revenue Budget Impact		(1,709)				
New Homes Bonus in excess of the 'Cap'	1,171	1,171	411	280	0	0
<b>Available General Reserves Year End</b>	<b>6,425</b>	<b>4,975</b>	<b>5,386</b>	<b>4,342</b>	<b>2,338</b>	<b>217</b>
Minimum Level	1,600	1,600	1,600	1,600	1,600	1,600
<b>Central Scenario Total General Reserves</b>	<b>8,025</b>	<b>6,575</b>	<b>6,986</b>	<b>5,942</b>	<b>3,938</b>	<b>1,817</b>
<b>More Optimistic scenario</b>	<b>8,025</b>	<b>6,575</b>	<b>7,382</b>	<b>7,197</b>	<b>6,392</b>	<b>5,524</b>
<b>More Pessimistic scenario</b>	<b>8,025</b>	<b>6,575</b>	<b>5,775</b>	<b>3,939</b>	<b>1,122</b>	<b>(1,816)</b>

- 3.46 There is currently an unprecedented level of uncertainty in relation to Local Government Finance with a number of planned reforms. This unprecedented uncertainty has been amplified by the COVID-19 pandemic that will likely have an ongoing and long term impact on revenue budgets.
- 3.47 Financial planning in these circumstances with any degree of certainty is incredibly difficult especially when it is not clear when or if any of the planned reforms will be implemented.
- 3.48 However the scenarios in this report provide an indication of the impact on the MTFS from the use of different assumptions. The three scenarios utilised all currently project a funding gap in 2022/23 that continues to increase by 2024/25. The projected funding gaps are principally due to:
- The projected impact of the Fair Funding Review and the review of Business Rate Baselines where resources are likely to be redistributed from District Councils to Upper Tier authorities. These reviews reflect the need for additional funding to address the increasing demographic demands in adult social care and children's services.
  - The additional costs related to delivering existing services such as inflation, pension costs, an increasing population and more properties.
  - The desire to deliver new or enhanced often discretionary services such as a replacement leisure centre.

- 3.49 A replacement leisure centre of **£5,000,000** funded by borrowing has been included in the Approved MTFS. The estimated cost of borrowing of **£294,000** impacting from 2024/25 onwards for a budgeted period of 25 years has also been included in the Approved Revenue Budget.
- 3.50 This borrowing will be a long term financial commitment for the Council. Therefore given the range of financial projections at this time of unprecedented uncertainty, Council will need to be aware that to enter into long term commitments of this nature carry a very high risk that a balanced budget cannot be achieved or maintained.
- 3.51 It is very important therefore to highlight that to mitigate the risk of a statutory notice, focused on the inability to deliver a balanced budget, a robust and deliverable savings plan will need to be agreed together with a commitment to its delivery before any financial commitment can take place.

Alternative Options	In the main, the options are focused on the level of resource allocated to Strategic Priorities and the level of Council Tax increase.
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Consultation	<p>Strategic (Overview and Scrutiny) Committee at its meeting on 27 January 2021 scrutinised the MTFS 2020-2025 and the Chair will provide feedback to Cabinet as appropriate.</p> <p>Audit and Member Standards Committee reviewed the Treasury Management Strategy Statement at its meeting on 3 February 2021 and the Chair will provide feedback to Cabinet as appropriate.</p> <p>The Council undertook a Budget Consultation exercise between 22 October 2020 and 31 December 2020.</p> <p>The questionnaire was accessible on-line through the Council’s website and promoted through the media and social media. The budget consultation was also promoted in the printed LDC news magazine distributed to 44,000 homes in November 2020 and through a newly launched e-news that was sent to 6,000 subscribers.</p> <p>The results of the Budget Consultation are included at <b>APPENDIX H</b> and the key areas are summarised in the paragraphs below.</p> <p><b>Service Areas and their level of Importance</b></p> <p>The budget consultation invited respondents to consider a wide range of service areas that fit under strategic priorities. The areas that were highlighted as most important were Parks and Open Spaces, Household Waste Collection and Recycling and Running the Council and its services efficiently.</p> <p>Also in the top five areas of importance were Street Cleansing and Planning Policy.</p>  <table border="1"> <thead> <tr> <th>Service Area</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Sports and Leisure</td> <td>83%</td> </tr> <tr> <td>Homelessness and environmental health</td> <td>91%</td> </tr> <tr> <td>Supporting voluntary organisations and charities</td> <td>78%</td> </tr> <tr> <td>Parks and open spaces</td> <td>99%</td> </tr> <tr> <td>Household waste collection and recycling</td> <td>99%</td> </tr> <tr> <td>Street cleansing and public toilets</td> <td>97%</td> </tr> <tr> <td>Tackling Anti-Social Behaviour</td> <td>90%</td> </tr> <tr> <td>Planning policy, conservation and countryside...</td> <td>95%</td> </tr> <tr> <td>Planning applications, car parks and economic growth</td> <td>87%</td> </tr> <tr> <td>The Lichfield Garrick</td> <td>54%</td> </tr> <tr> <td>Private sector housing</td> <td>42%</td> </tr> <tr> <td>Advice and support for businesses</td> <td>68%</td> </tr> <tr> <td>Improved access to information/customer services</td> <td>91%</td> </tr> <tr> <td>Running the council and council services efficiently</td> <td>98%</td> </tr> </tbody> </table>	Service Area	Percentage	Sports and Leisure	83%	Homelessness and environmental health	91%	Supporting voluntary organisations and charities	78%	Parks and open spaces	99%	Household waste collection and recycling	99%	Street cleansing and public toilets	97%	Tackling Anti-Social Behaviour	90%	Planning policy, conservation and countryside...	95%	Planning applications, car parks and economic growth	87%	The Lichfield Garrick	54%	Private sector housing	42%	Advice and support for businesses	68%	Improved access to information/customer services	91%	Running the council and council services efficiently	98%
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## Spending Priorities and Council Tax

There was a general feeling from respondents to the survey that spending should be maintained rather than increased across the majority of service areas. Only in two areas were the majority of respondents in favour of reducing spending – the Lichfield Garrick and Private Sector Housing.

## Fees and income

The largest proportion of respondents (**68%**) felt that either Lichfield District Council's approach to fees was currently about right or that no additional fees should be introduced. Only **32%** felt that there was scope for increases and put forward alternative suggestions for sources of income generation which ranged from commercial sponsorship, increased for more regular fines, large-scale events or ideas for reductions in spending.

## Council Tax

The majority of respondents (**86%**) indicated that an increase in Council Tax would be acceptable with **63%** of the total expressing that an increase of 2% or £5 would be acceptable to them.

## Financial Implications

### Prudential and Local Indicators (PIs)

The Prudential and Local Indicators are shown below (rounding may result in slight differences):

Capital Strategy Indicators							
Prudential Indicators							
Indicators	2019/20 Actual	2020/21 Original	2020/21 Revised	2021/22 Original	2022/23 Original	2023/24 Original	2024/25 Original
<b>Capital Investment</b>							
Capital Expenditure (£m)	£2.297	£17.751	£3.979	£6.530	£8.430	£4.278	£1.608
Capital Financing Requirement (£m)	£4.305	£25.432	£2.727	£2.444	£7.491	£9.221	£8.490
<b>Gross Debt and the Capital Financing Requirement</b>							
Gross Debt	(£3.592)	(£19.091)	(£2.878)	(£2.167)	(£4.714)	(£9.030)	(£8.143)
Borrowing in Advance - Gross Debt in excess of the Capital Financing Requirement	No	No	Yes	No	No	No	No
<b>Total Debt</b>							
Authorised Limit (£m)	£4.315	£31.906	£15.404	£15.435	£15.887	£20.842	£20.158
Operational Boundary (£m)	£4.315	£23.088	£7.203	£7.007	£6.809	£11.609	£11.206
Proportion of Financing Costs to Net Revenue Stream (%)	4%	10%	5%	5%	4%	4%	7%
Local Indicators							
Indicators	2019/20 Actual	2020/21 Original	2020/21 Revised	2021/22 Original	2022/23 Original	2023/24 Original	2024/25 Original
Replacement of Debt Finance or MRP (£m)	(£0.719)	(£1.041)	(£1.684) <sup>1</sup>	(£0.561)	(£0.562)	(£0.531)	(£0.731)
Capital Receipts (£m)	(£1.005)	(£0.537)	(£0.010)	(£0.537)	(£0.010)	(£0.011)	(£0.009)
Earmarked Housing Capital Receipts (£m)	£0	£0	(£0.197)	£0	£0	£0	£0
Liability Benchmark (£m)	£22.652	(£11.249)	£15.877	£11.755	£7.273	£0.071	(£1.064)
Treasury Management Investments (£m)	£34.550	£16.759	£28.131	£23.813	£19.133	£16.731	£15.193
Treasury Management Indicators							
Prudential Indicators							
	Lower Limit	Upper Limit	As at 31/03/20	As at 31/12/20			
<b>Refinancing Rate Risk Indicator</b>	0%	100%	0%	0%			
Under 12 months	0%	100%	7.89%	8.67%			

<sup>1</sup> This figures includes the proposed early repayment of Burntwood Leisure Centre capital investment of £979,000, excluding the figure, Minimum Revenue Provision is £706,000.

12 months and within 24 months	0%	100%	7.99%	8.77%
24 months and within 5 years	0%	100%	24.53%	26.95%
5 years and within 10 years	0%	100%	33.48%	29.96%
10 years and within 20 years	0%	100%	24.86%	25.64%
20 years and within 30 years	0%	100%	1.24%	0%
30 years and within 40 years	0%	100%	0%	0%
40 years and within 50 years	0%	100%	0%	0%
50 years and above	0%	100%	0%	0%

Investment Income - Interest Rate Exposure		
	2021/22	2022/23
Revenue budget - Investment Income	(£350,000)	(£347,000)
<b>Budget subject to Interest Rate Exposure</b>	<b>(£22,000)</b>	<b>(£27,000)</b>
Budget with a 1% fall in interest rates	(£328,000)	(£320,000)
Budget with a 1% rise in interest rates	(£608,000)	(£567,000)

External Borrowing - Interest Rate Exposure		
	2021/22	2022/23
Revenue budget - External Interest	£48,000	£44,000
<b>Budget subject to Interest Rate Exposure</b>	<b>£0</b>	<b>£0</b>
Budget with a 1% fall in interest rates	£48,000	£44,000
Budget with a 1% rise in interest rates	£48,000	£44,000

Indicators	2019/20 Actual	2020/21 Original	2020/21 Revised	2021/22 Original	2022/23 Original	2023/24 Original	2024/25 Original
Principal Sums invested for periods longer than a year (£m)	£6.000	£10.000	£10.000	£10.000	£10.000	£10.000	£10.000

Local Indicators							
Indicators	2019/20 Actual	2020/21 Original	2020/21 Revised	2021/22 Original	2022/23 Original	2023/24 Original	2024/25 Original
	£m	£m	£m	£m	£m	£m	£m
<b><u>Balance Sheet Summary and Forecast</u></b>							
Borrowing Capital Financing Requirement	£3.162	£24.871	£2.105	£2.336	£4.638	£6.852	£6.605
Internal (over) Borrowing	£0.714	£6.340	(£0.150)	£0.277	£2.777	£0.190	£0.346
Investments (or New Borrowing)	(£34.550)	(£16.093)	(£28.131)	(£23.813)	(£19.133)	(£16.731)	(£15.193)
Liability Benchmark	(£22.652)	£11.249	(£15.877)	(£11.755)	(£7.273)	(£0.071)	£1.064

	Target
<b><u>Security</u></b>	
Portfolio average credit rating	A-
<b><u>Liquidity</u></b>	
Temporary Borrowing undertaken	£0.000
Total Cash Available within 100 days (maximum)	90%

Contribution to the Delivery of the Strategic Plan

The report directly links to overall performance and especially the delivery of the Strategic Plan.

Equality, Diversity and Human Rights Implications	These areas are addressed as part of the specific areas of activity prior to being included in the Strategic Plan.
Crime & Safety Issues	These areas are addressed as part of the specific areas of activity prior to being included in the Strategic Plan.
Environmental Impact	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan.
GDPR/Privacy Impact Assessment	There are no specific implications related to the Medium Term Financial Strategy

	Risk Description	How We Manage It	Severity of Risk
<b>Strategic Risk SR1 - Non achievement of the Council's key priorities contained in the Strategic Plan due to the availability of finance.</b>			
A	Council Tax is not set by the Statutory Date of <b>11 March 2021</b> .	Full Council set with reference to when major preceptors and Parishes have approved their Council Tax Requirements.	Likelihood : Green Impact : Red Severity of Risk : Yellow
B	Implementation of the Check, Challenge and Appeal Business Rates Appeals and more frequent revaluations	To closely monitor the level of appeals. An allowance for appeals has been included in the Business Rate Estimates.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
C	The review of the New Homes Bonus regime	Not all of the projected New Homes Bonus is included as core funding in the Base Budget. In 2021/22 £500,000 is included and in 2022/23 £400,000 is included. At this stage, no income is assumed from 2023/24 onwards.	Likelihood : Red Impact : Yellow Severity of Risk : Yellow
D	The increased Localisation of Business Rates and the Fair Funding Review in 2022/2023	To assess the implications of proposed changes and respond to consultations to attempt to influence the policy direction in the Council's favour.	Likelihood : Red Impact : Red Severity of Risk : Red
E	The affordability and risk associated with the Capital Strategy	An estates management team has been recruited to provide professional expertise and advice in relation to property and to continue to take a prudent approach to budgeting.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
F	The public sector pay freeze in 2021/22 is not applicable to Local Government.	The current MTFS assumes that the pay freeze for those earning more than £24,000 per annum is applicable to Local Government. If this does not prove to be the case, an element of the risk/recovery budget can be utilised to fund the increase in 2021/22 and projections for later years will be updated in the MTFS.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
<b>Strategic Risk SR3: Capacity and capability to deliver / adapt the new strategic plan to emerging landscape.</b>			
G	The financial impact of COVID-19 is not fully reimbursed by Government and exceeds the reserves available resulting in a Section 114 notice	The use of general and earmarked reserves to fund any shortfall	Likelihood : Green Impact : Red Severity of Risk : Yellow
H	The Council cannot achieve its approved Delivery Plan for 2021/22	There will need to be consideration of additional resourcing and/or reprioritisation to reflect the ongoing impact of the pandemic.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
I	The resources available in the medium to longer term to deliver the Strategic Plan are diminished	The MTFS will be updated through the normal review and approval process	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
J	Government and Regulatory Bodies introduce significant changes to the operating environment	To review all proposed policy changes and respond to all consultations to influence outcomes in the Council's favour	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow

## Background documents

- CIPFA Code of Practice for Treasury Management in the Public Services.
- The Prudential Code for Capital Finance in Local Authorities.
- Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2019-24 – Cabinet 11 February 2020.
- Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2019-24 – Council 18 February 2020.
- Money Matters: 2019/20 Review of Financial Performance against the Financial Strategy – Cabinet 2 June 2020.
- The Medium Term Financial Strategy and the projected financial impact of the COVID-19 Pandemic – Cabinet 7 July 2020.
- Money Matters: 2020/21 Review of Financial Performance against the Financial Strategy – Cabinet 8 September 2020.
- Medium Term Financial Strategy 2020-25 – Cabinet 6 October 2020.
- Money Matters: 2020/21 Review of Financial Performance against the Financial Strategy – Cabinet 1 December 2020.
- Money Matters: Calculation of Business Rates in 2021/22, Council Tax Base for 2021/22 and the Projected Collection Fund Surplus / Deficit for 2020/21 - Cabinet 1 December 2020.
- Service and Financial Planning Submissions.

## Relevant web links

## Recommended Revenue Budget 2020/21 to 2024/25 (£000)

	2020/21 Original Budget	2020/21 Revised Budget	2021/22	2022/23	2023/24	2024/25
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>LOW</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
Developing prosperity	(1,184)	(772)	(733)	(657)	(530)	(452)
A good council	6,330	6,198	6,335	6,433	6,674	6,946
Enabling people	1,580	1,581	1,469	1,478	1,510	1,538
Shaping place	3,470	3,237	3,402	4,015	4,269	4,362
COVID-19 – Response and Ongoing Impact	0	1,709	289	647	294	187
COVID-19 – Risk or Recovery Contingency Budget	0	0	1,141	0	0	0
<b>Net Cost of Services</b>	<b>10,195</b>	<b>11,954</b>	<b>11,903</b>	<b>11,916</b>	<b>12,217</b>	<b>12,581</b>
Corporate expenditure	456	147	(363)	(369)	(17)	47
<b>Net Operating Cost</b>	<b>10,651</b>	<b>12,101</b>	<b>11,540</b>	<b>11,547</b>	<b>12,200</b>	<b>12,628</b>
Retained Business Rates Baseline Funding	(2,117)	(2,117)	(2,117)	(1,710)	(1,710)	(1,710)
Retained Business Rates Growth Allowance	(903)	(903)	(1,005)	(627)	(623)	(573)
Business Rates Cap Grant	(85)	(85)	(110)	0	0	0
Lower Tier Services Grant	0	0	(151)	0	0	0
Local Council Tax Support Grant	0	0	(126)	0	0	0
New Homes Bonus – Risk / Recovery Budget	0	0	(371)	0	0	0
New Homes Bonus - Base Budget	(600)	(600)	(500)	(400)	0	0
New Homes Bonus - to General Reserve	(1,171)	(1,171)	(411)	(280)	0	0
Business Rates Levy Grant	(49)	(49)	0	0	0	0
Collection Fund (Surplus)/Deficit	(330)	(330)	38	65	65	0
Council Tax	(7,029)	(7,029)	(7,198)	(7,551)	(7,927)	(8,224)
<b>Total Funding</b>	<b>(12,284)</b>	<b>(12,284)</b>	<b>(11,951)</b>	<b>(10,503)</b>	<b>(10,196)</b>	<b>(10,507)</b>
Transfer (from) / to general reserves - COVID-19	0	(1,709)	0	0	0	0
New Homes Bonus to general reserves	1,171	1,171	411	280	0	0
<b>Central Scenario Revenue Budget Funding Gap / (transfer to general reserves)</b>	<b>(462)</b>	<b>(721)</b>	<b>0</b>	<b>1,324</b>	<b>2,005</b>	<b>2,121</b>
<b>Council Tax Base<sup>2</sup></b>	<b>39,032</b>	<b>39,032</b>	<b>38,891</b>	<b>39,728</b>	<b>40,639</b>	<b>41,335</b>
<b>Band D Council Tax (modelled £5 until 23/24, then 1.99%)</b>	<b>£180.07</b>	<b>£180.07</b>	<b>£185.07</b>	<b>£190.07</b>	<b>£195.07</b>	<b>£198.95</b>

## Reconciliation of Original Funding Gap to Recommended Revenue Budget Funding Gap (£000)

	2020/21	2021/22	2022/23	2023/24	2024/25
<b>ORIGINAL FUNDING GAP</b>	<b>(£462)</b>	<b>£613</b>	<b>£959</b>	<b>£1,507</b>	<b>£1,437</b>
<u>Budget Monitoring in 2020/21</u>					
3 Month's Money Matters - Non-COVID	(9)	19	19	19	19
6 Month's Money Matters - Non-COVID	(79)	0	0	0	0
8 Month's Money Matters - Non-COVID	(257)	0	0	0	0
Cabinet and Council Reports	85	350	541	774	1,236
<b>Approved Budget</b>	<b>(721)</b>	<b>982</b>	<b>1,519</b>	<b>2,300</b>	<b>2,692</b>
<u>Modelled Changes</u>					
Inflation		(160)	(165)	(168)	(169)
Budget Variations		(65)	(73)	(52)	(100)
MTFS Savings and Bids		(284)	(369)	(396)	(424)
Review of Base Budgets using Trend Analysis		(78)	(78)	(78)	(78)
COVID impacts		1,430	647	294	187
Retained Business Rates		(1,342)	(501)	(462)	(399)
Business Rates Cap		(110)	0	0	0
Council Tax		152	171	166	179
New Homes Bonus		(371)	0	300	200
Returned New Homes Bonus		51	74	0	0
Lower Tier Services Grant		(151)	0	0	0
Local Council Tax Support Grant		(126)	0	0	0
Council Tax Collection Fund		73	100	100	35
<b>RECOMMENDED REVENUE BUDGET FUNDING GAP</b>	<b>(£721)</b>	<b>£0</b>	<b>£1,324</b>	<b>£2,005</b>	<b>£2,121</b>

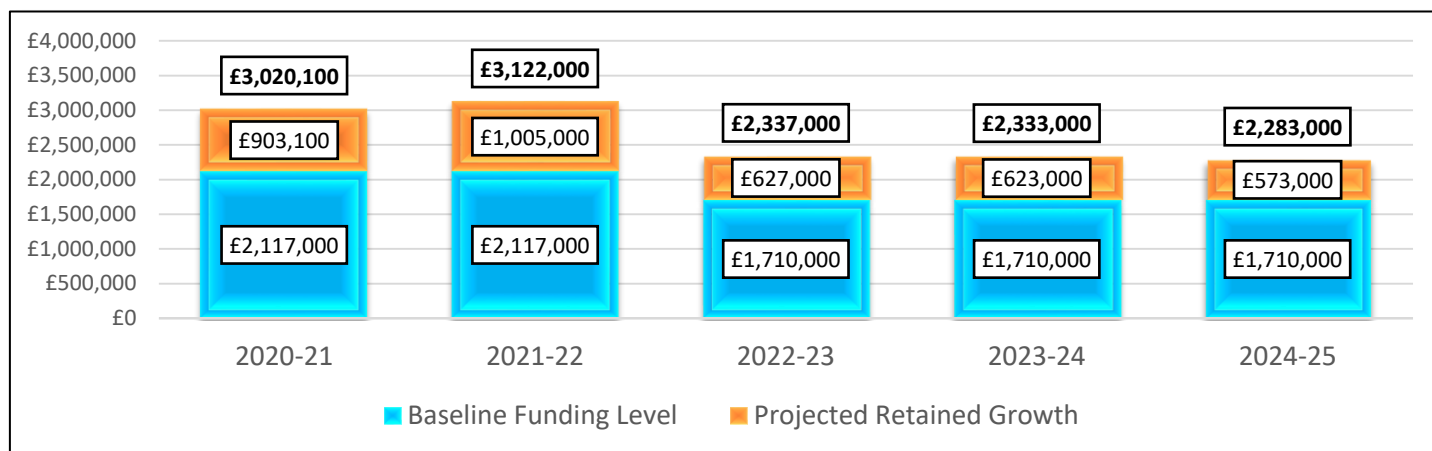
<sup>2</sup> These are the updated current projections included in the Cabinet Report 1 December 2020.



## Revenue Budget Key Revenue Streams

### Retained Business Rates

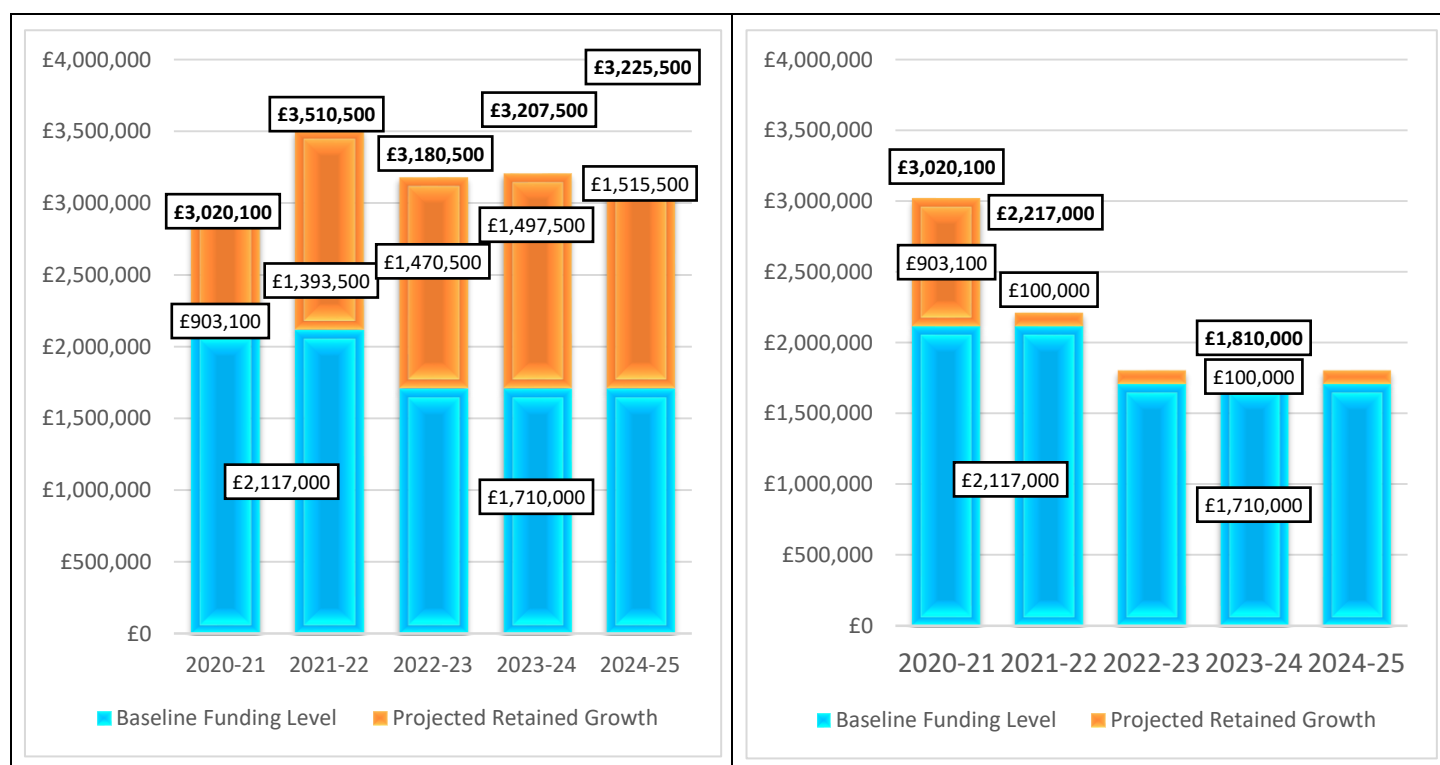
The Central Scenario budget for Retained Business Rates income, with Business Retention reform and the Fair Funding Review presenting significant risks to the assumptions made from 2022/23, are:



The change in retained Business Rates compared to the Approved Medium Term Financial Strategy is shown below:

	2020-21	2021-22	2022-23	2023-24	2024-25
Approved MTFS (assumed Fair Funding and 75% Business Rates from 2021/22)	(£3,020,100)	(£1,779,600)	(£1,835,500)	(£1,872,000)	(£1,884,000)
MTFS (assumes Fair Funding and 75% Business Rates from 2022/23)	(£3,020,100)	(£3,122,000)	(£2,337,000)	(£2,333,000)	(£2,283,000)
<b>Change – Consultations indicate higher levels of growth are likely to be retained from 2022/23</b>	-	<b>(£1,342,400)</b>	<b>(£501,500)</b>	<b>(£461,000)</b>	<b>(£399,000)</b>

The budgets were they to be based on more optimistic (including from 2022/23 the majority of growth being retained) or more pessimistic (including the majority of growth from 2022/23 being redistributed) assumptions are also provided below:

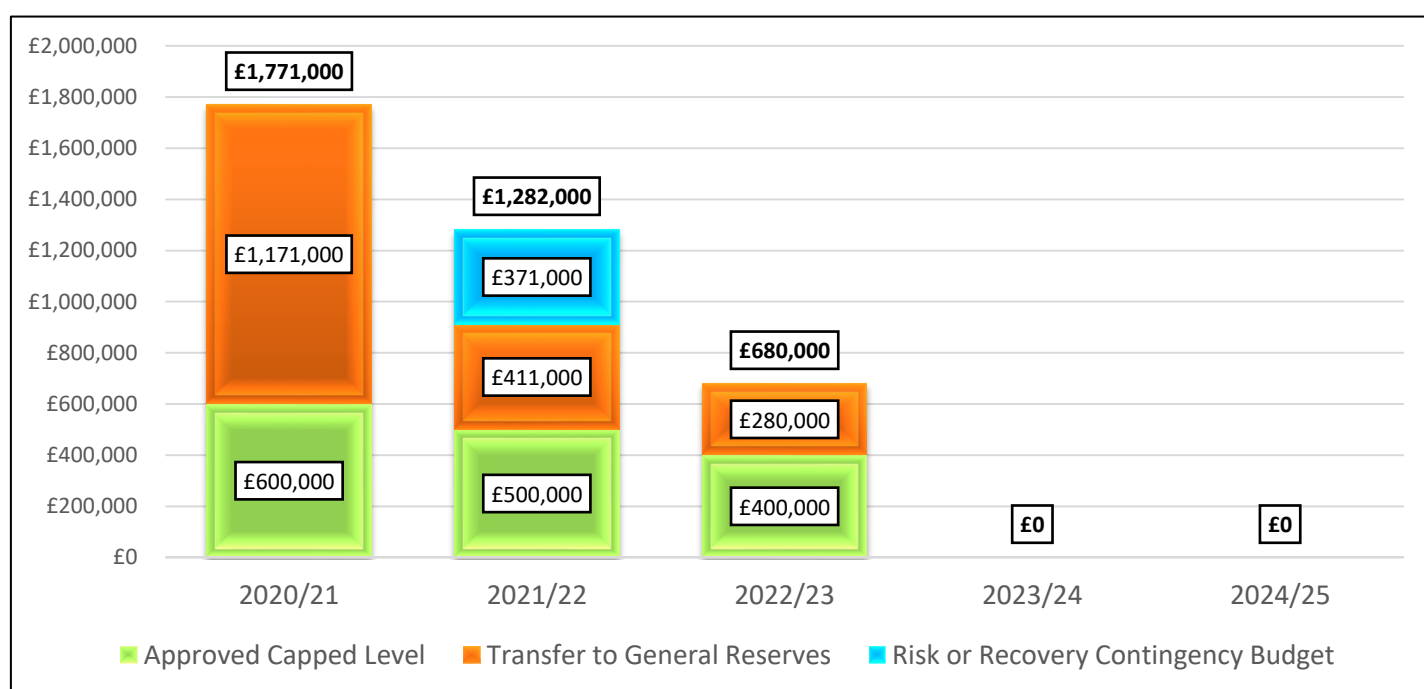
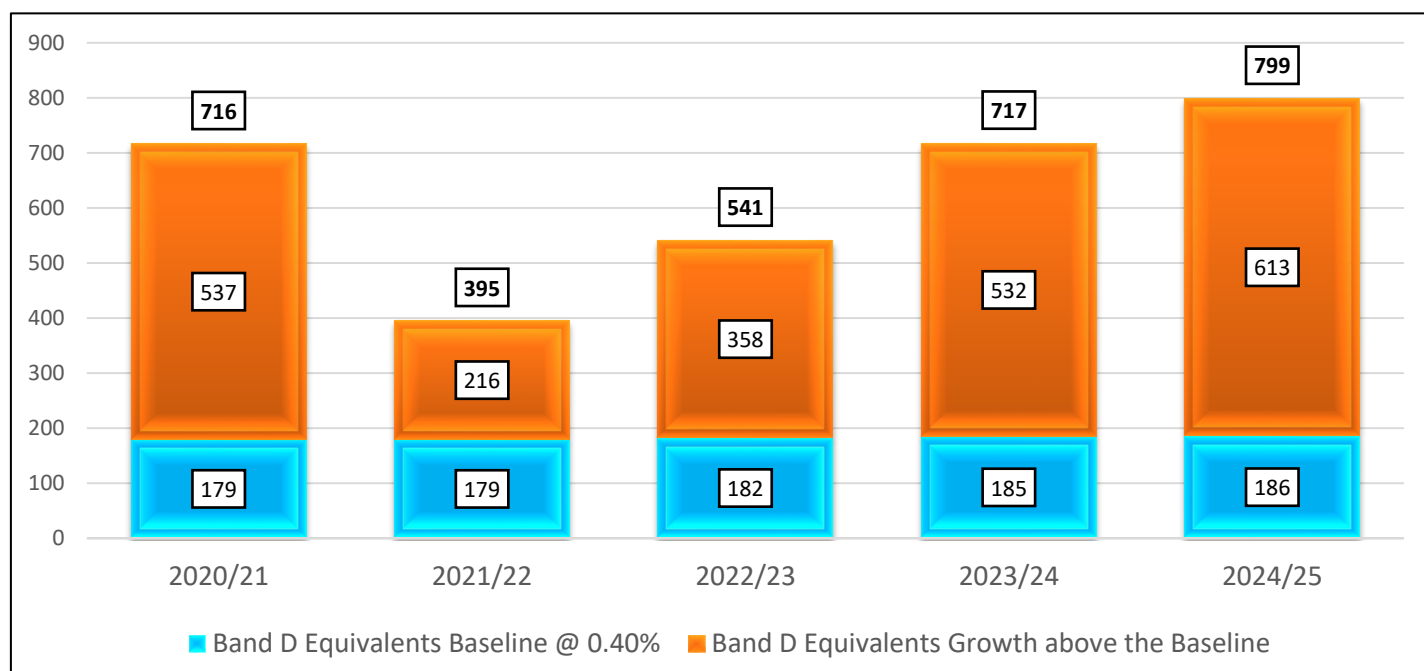


At present, the Medium Term Financial Strategy does not include any allowances for managing the transition from the current Local Government Finance system to the new Local Government Finance System.



## New Homes Bonus

The budgets for housing supply (based on the current New Homes Bonus reward system) and New Homes Bonus, with the planned review in 2021/22 providing uncertainty beyond 2022/23 are:



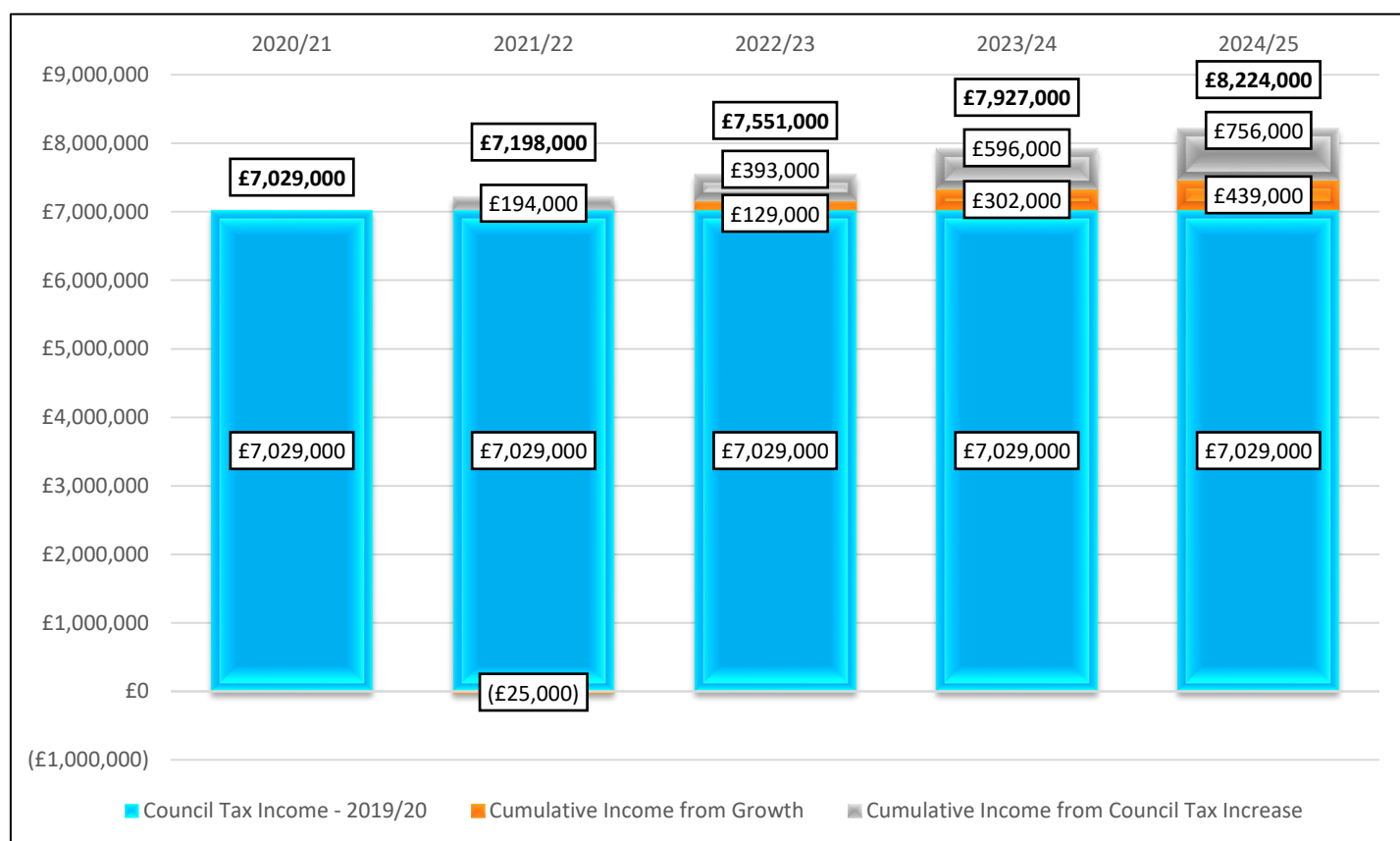
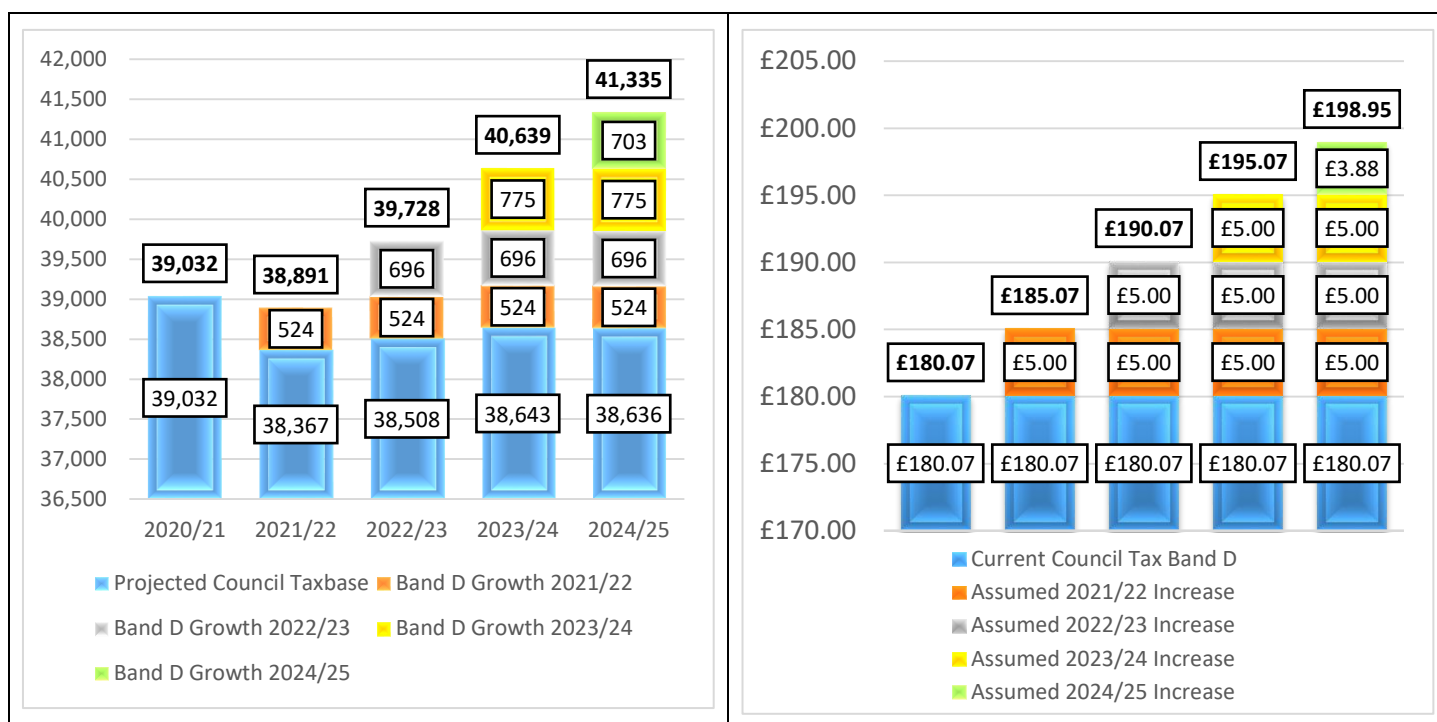
The change in New Homes Bonus income compared to the Approved Medium Term Financial Strategy is shown below:

Capped Level	2020/21	2021/22	2022/23	2023/24	2024/25
Approved MTFS	(£700,000)	(£600,000)	(£700,000)	(£300,000)	(£200,000)
MTFS	(£700,000)	(£600,000)	(£700,000)	-	-
Change – No income until new scheme agreed	-	-	-	£300,000	£200,000

Total amount of New Homes Bonus	2020/21	2021/22	2022/23	2023/24	2024/25
Approved MTFS	(£1,771,000)	(£911,000)	(£680,000)	(£300,000)	(£200,000)
MTFS	(£1,771,000)	(£1,282,000)	(£680,000)	-	-
Change – further one year award in 2021/22 and then no grant income is assumed from 2023/24	-	(£371,000)	-	£300,000	£200,000

## Council Tax

The Approved Budgets for Council Tax base (with a modelled increases to Council Tax Band D) and income are:



The change in Council Tax income compared to the Approved Medium Term Financial Strategy is shown below:

	2020/21	2021/22	2022/23	2023/24	2024/25
Approved MTFS	(£7,029,000)	(£7,350,000)	(£7,722,000)	(£8,093,000)	(£8,356,000)
MTFS	(£7,029,000)	(£7,198,000)	(£7,551,000)	(£7,927,000)	(£8,224,000)
<b>Change – Lower projected Income</b>	-	<b>£152,000</b>	<b>£171,000</b>	<b>£166,000</b>	<b>£132,000</b>

## Revenue Budget – 25 Year Model (1 to 10 years, 15 years, 20 years and 25 years)

Key Assumptions													
Year	2020/21 1	2021/22 2	2022/23 3	2023/24 4	2024/25 5	2025/26 6	2026/27 7	2027/28 8	2028/29 9	2029/30 10	2034/35 15	2039/40 20	2044/45 25
Council Tax Base	39,032	38,891	39,728	40,639	41,335	41,855	41,855	42,176	42,497	42,818	44,423	46,028	47,633
Projected Residential Growth - LHN							321	321	321	321	321	321	321
<b>Projected Council Tax Base</b>							<b>42,176</b>	<b>42,497</b>	<b>42,818</b>	<b>43,139</b>	<b>44,744</b>	<b>46,349</b>	<b>47,954</b>
Council Tax Band D	£180.07	£185.07	£190.07	£195.07	£198.95	£202.91	£207	£211	£215	£220	£242	£267	£295
Modelled Council Tax Increase	£5.00	£5.00	£5.00	£5.00	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%
LG Futures Property Based Unit Cost	£53	£54	£55	£56	£57	£58	£59	£60	£62	£63	£69	£77	£85
Core Budget Inflation Allowance						2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Funding and Pension Inflation Allowance						2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

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	Medium Term Financial Strategy					Additional Projections								
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2034/35 £000	2039/40 £000	2044/45 £000	
Year	1	2	3	4	5	6	7	8	9	10	15	20	25	
Modelled Total Expenditure	11,563	11,951	11,827	12,200	12,334	12,628	12,999	13,442	13,896	14,363	16,918	19,882	23,313	
<u>Inflation and Budget Variations</u>														
Provision for Pay and Other Inflation						316	326	334	345	357	420	494	579	
Budget Pressure - Residential Growth						30	19	19	20	20	22	25	27	
Budget Variations						0								
Housing options system						64								
Revenue Implications of Capital Bids						0								
Sub Total	11,563	11,951	11,827	12,200	12,334	13,038	13,344	13,795	14,260	14,739	17,361	20,400	23,920	
<u>Other Projections</u>														
Annual Increase in Past Service Pensions						100	102	104	106	108	120	132	146	
FGLC short term running costs end						(135)								
Replacement for FGLC Debt Costs					294	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	
Total Modelled Expenditure	11,563	11,951	11,827	12,200	12,628	12,999	13,442	13,896	14,363	14,844	17,477	20,528	24,061	

# APPENDIX A

	Medium Term Financial Strategy					Additional Projections							
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2034/35 £000	2039/40 £000	2044/45 £000
Modelled Funding: <u>Retained Business Rates</u>													
Baseline Funding Level	(2,117)	(2,117)	(1,710)	(1,710)	(1,710)	(1,744)	(1,779)	(1,815)	(1,851)	(1,888)	(2,084)	(2,301)	(2,541)
Retained Growth - full & phased resets	(903)	(1,005)	(627)	(624)	(573)	(466)	(475)	(485)	(494)	(504)	(557)	(615)	(679)
<u>New Homes Bonus / Replacement</u>													
New Homes Bonus - total receipt	(1,771)	(1,282)	(680)	0									
New Homes Bonus - Replacement					0	0	0	0	0	0	0	0	0
<u>Council Tax and Other Funding</u>													
Collection Fund and one off funding	(464)	(349)	65	65	0	0	0	0	0	0	0	0	0
Council Tax	(7,029)	(7,198)	(7,551)	(7,927)	(8,224)	(8,493)	(8,728)	(8,970)	(9,217)	(9,471)	(10,841)	(12,392)	(14,149)
<b>Total Modelled Funding</b>	<b>(12,284)</b>	<b>(11,951)</b>	<b>(10,503)</b>	<b>(10,196)</b>	<b>(10,507)</b>	<b>(10,703)</b>	<b>(10,982)</b>	<b>(11,269)</b>	<b>(11,562)</b>	<b>(11,863)</b>	<b>(13,482)</b>	<b>(15,308)</b>	<b>(17,369)</b>
<b>Modelled Funding Gap/(General Reserves)</b>	<b>(721)</b>	<b>0</b>	<b>1,324</b>	<b>2,005</b>	<b>2,121</b>	<b>2,296</b>	<b>2,460</b>	<b>2,626</b>	<b>2,801</b>	<b>2,981</b>	<b>3,995</b>	<b>5,220</b>	<b>6,693</b>

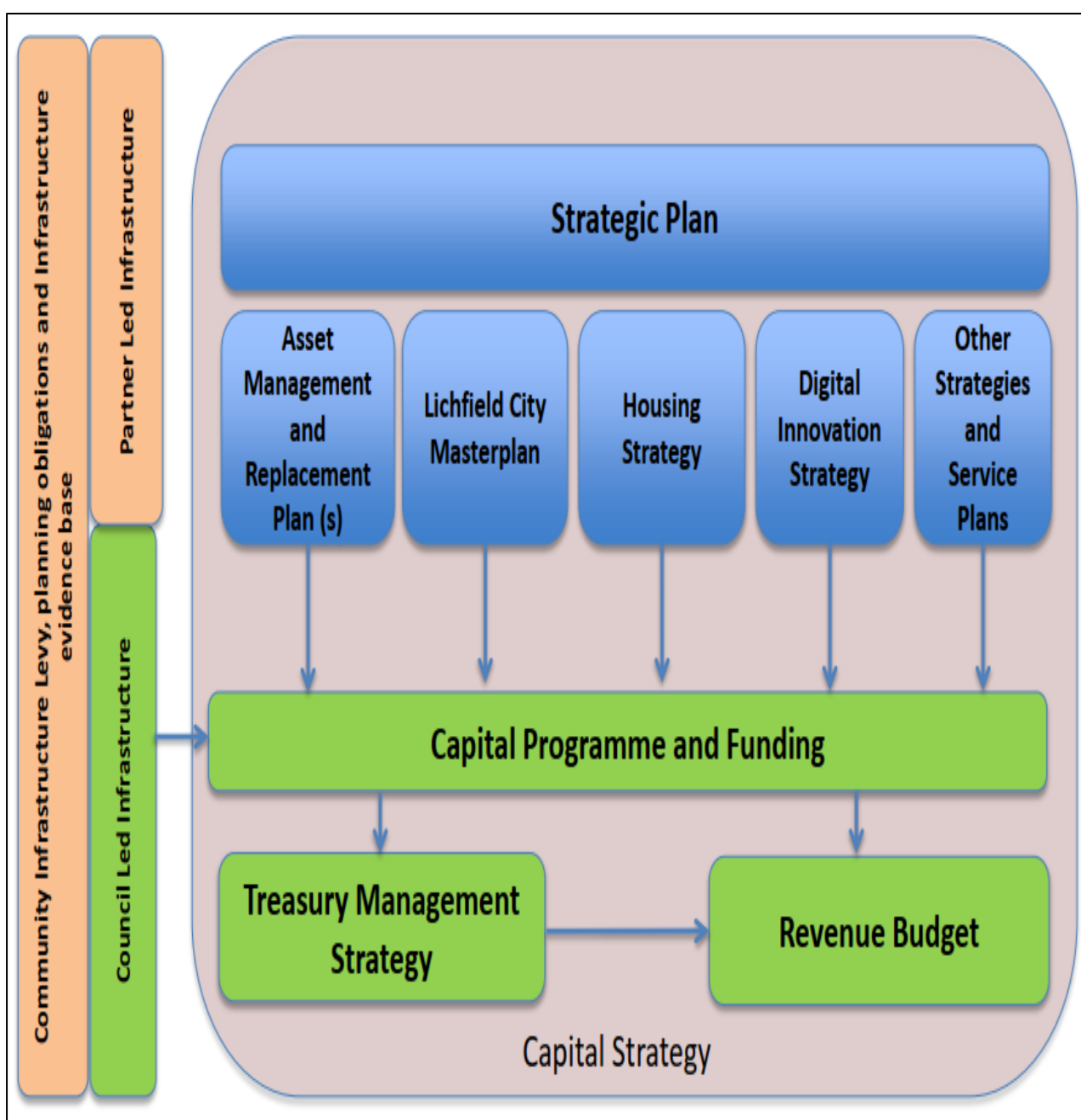
Memorandum Item	Legacy Payments					New Scheme			
New Homes Bonus - Base Budget	(600)	(500)	(400)	0	0	0	0	0	0

	Medium Term Financial Strategy					Additional Projections							
<b>General Reserves Year Start</b>	<b>4,792</b>	<b>4,975</b>	<b>5,386</b>	<b>4,342</b>	<b>2,337</b>	<b>217</b>	<b>217</b>	<b>217</b>	<b>217</b>	<b>217</b>	<b>217</b>	<b>217</b>	<b>217</b>
Contributions from Revenue Account	721	0	(1,324)	(2,005)	(2,121)	(2,296)	0	0	0	0	0	0	0
COVID-19 Revenue Budget Impact	(1,709)												
New Homes Bonus in excess of the 'Cap'	1,171	411	280	0	0								
<b>Available General Reserves Year End</b>	<b>4,975</b>	<b>5,386</b>	<b>4,342</b>	<b>2,337</b>	<b>217</b>	<b>(2,080)</b>	<b>217</b>	<b>217</b>	<b>217</b>	<b>217</b>	<b>217</b>	<b>217</b>	<b>217</b>
Minimum Level	1,600	1,600	1,600	1,600	1,600	1,600							
<b>Total General Reserves</b>	<b>6,575</b>	<b>6,986</b>	<b>5,942</b>	<b>3,937</b>	<b>1,817</b>	<b>(480)</b>							

## Recommended Capital Strategy

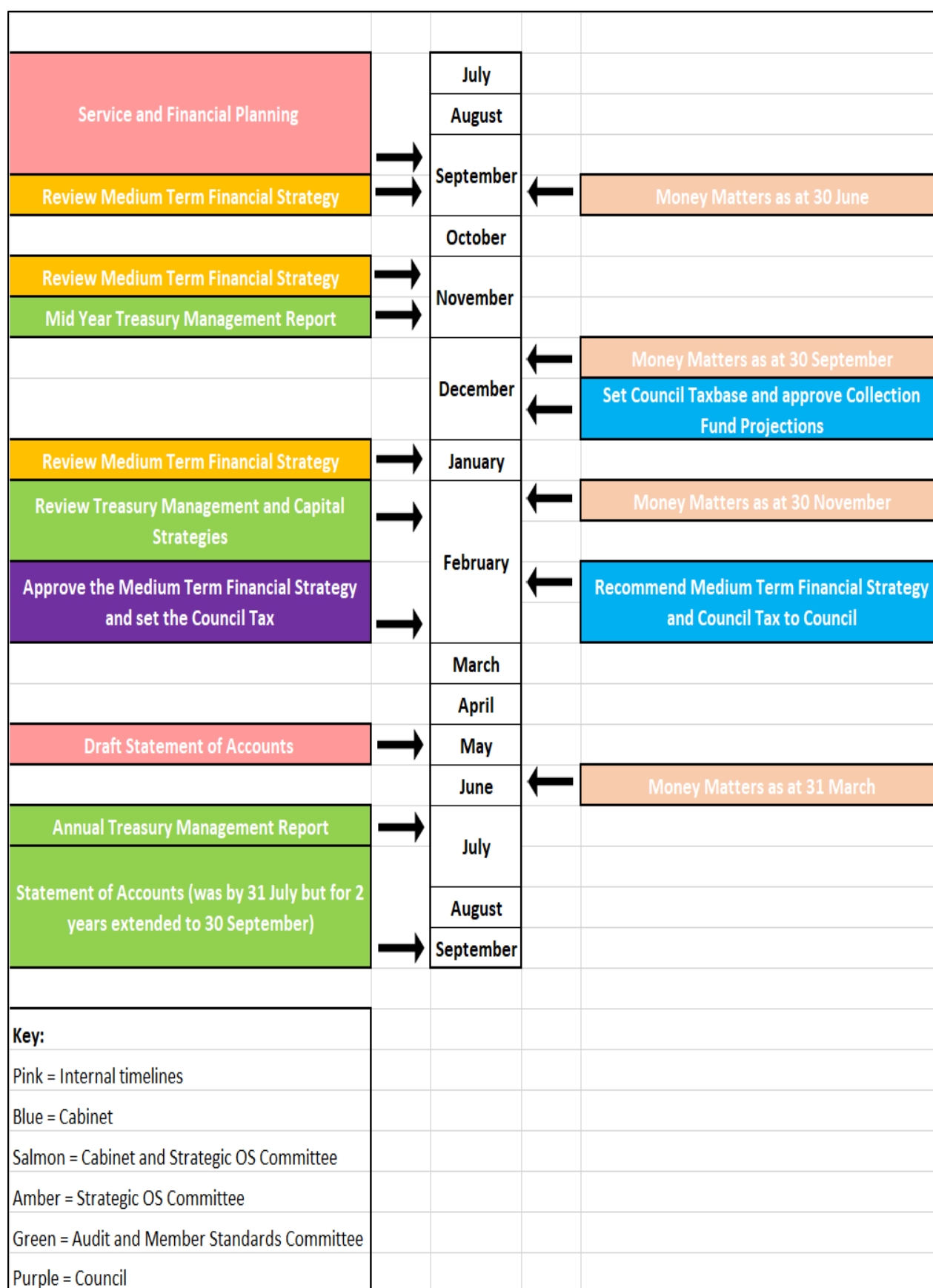
### 1. Introduction

- 1.1. The Prudential Code requires the completion of a Capital Strategy that is approved by Full Council.
- 1.2. The Capital Strategy provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 1.3. It forms part of the Councils integrated revenue, capital and balance sheet planning. The Council already undertakes elements of the requirements although some areas, such as Asset Management Planning, are subject to ongoing development.
- 1.4. The Prudential Code now requires all of this information to be brought together in a single place as shown below:



## 2. The Capital Programme

2.1. The financial planning process and its Governance is shown below:



**The Capital Programme Process**

- 2.2. Given our current financial position, our priorities and responsibilities and as Asset Management Plans are developed, it is probable that capital needs will be identified that exceed resources available thus necessitating a more transparent and robust process to inform Members during the development of the MTFS.
- 2.3. The capital bid process has been incorporated into the service and financial planning process to provide a holistic approach. The capital bid element of the process has been designed to ensure consistency, objectivity, equity and transparency to the prioritisation and allocation of capital funding, while ensuring maximum value for money.
- 2.4. A summary of the process is identified below:
- Service identifies a budget requirement and consults with the Finance and Procurement Team.
  - Service requests funding by completing and submitting a funding bid form.
  - Service completes a funding bid financial profile form and submits this with their bid.
  - Service completes a funding bid assessment form and submits this with their bid.
  - The Finance and Procurement Team reviews all bids and assessments and requests clarification where required.
  - The Finance and Procurement Team reviews bids using the assessment criteria and ensure the bids are included in the relevant service and financial planning submission.
  - Leadership Team review all service and financial planning submissions before recommending the allocation of funding either through a Cabinet Report or through the MTFS.
  - Finance and Procurement monitor funding allocations and spend, reporting to Leadership Team as part of Money Matters Reports.
  - Service completes work / project outlined within the bid and undertakes a review (i.e. post-project review) within 6 months of work being completed, providing this to Finance and Procurement to include in a report to Leadership Team.

**Planning Obligations - Section 106 and Community Infrastructure Levy (CIL)**

- 2.5. As part of the planning process, financial contributions from planning obligations, including the Community Infrastructure Levy, are received from new developments. The vast majority is spent directly on infrastructure works or will be spent in line with the Infrastructure Delivery Plan (IDP).
- 2.6. In some cases there is an element of discretion on how they are allocated. These contributions towards social and community facilities are linked to the development proposed.
- 2.7. The Council's Capital Programme includes a number of projects that are to be funded by Section 106 and CIL; this is a significant source of funding and there is a significant level of interest from the community in relation to the allocation of sums to projects.

2.8. The **Capital Programme** and its **funding** by Strategic Priority is summarised below:

Strategic Priority	Capital Programme						Corporate £000
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000	
Enabling People	2,223	3,375	3,684	3,576	1,315	14,173	30
Shaping Place	670	1,102	3,674	270	293	6,009	193
Developing Prosperity	522	935	557	43	0	2,057	395
Good Council	564	1,118	515	389	0	2,586	2,423
<b>Grand Total</b>	<b>3,979</b>	<b>6,530</b>	<b>8,430</b>	<b>4,278</b>	<b>1,608</b>	<b>24,825</b>	<b>3,041</b>

Funding Source	Capital Programme						Total £000
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000	
Capital Receipts	522	1,296	604	219	0	2,641	
Capital Receipts - Statue	0	5	0	0	0	5	
Revenue - Corporate	182	0	0	213	0	395	
<b>Corporate Council Funding</b>	<b>704</b>	<b>1,301</b>	<b>604</b>	<b>432</b>	<b>0</b>	<b>3,041</b>	
Grant	1,052	2,207	1,815	1,316	1,315	7,705	
Section 106	601	785	0	0	0	1,386	
CIL	101	79	0	0	0	180	
Reserves	1,030	1,730	252	120	143	3,275	
Revenue - Existing Budgets	162	150	150	150	150	762	
Sinking Fund	223	0	0	0	0	223	
Leases	0	0	3,260	0	0	3,260	
Internal Borrowing	0	0	0	0	0	0	
<b>Total</b>	<b>3,873</b>	<b>6,252</b>	<b>6,081</b>	<b>2,018</b>	<b>1,608</b>	<b>19,832</b>	<b>24,825</b>
<b>External Borrowing</b>	<b>106</b>	<b>278</b>	<b>2,349</b>	<b>2,260</b>	<b>0</b>	<b>4,993</b>	
<b>Grand Total</b>	<b>3,979</b>	<b>6,530</b>	<b>8,430</b>	<b>4,278</b>	<b>1,608</b>	<b>24,825</b>	

2.9. The Revenue implications of the Capital Programme are shown below:

Revenue Implications	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Interest on Loan to the LA Company	0	(4)	(18)	(22)	(22)
Friary Grange - Refurbishment	50	135	135	135	135
Coach Park Operation Costs	0	0	0	50	50
IT Hardware	9	9	4	(38)	9
Replacement Leisure Centre Debt Costs	0	0	0	0	294
Revenue Budget - Bin Replacement	150	150	150	150	0
Revenue Budget - Other Projects	12	0	0	0	0
Revenue Budget - Corporate	182	0	0	213	0
<b>Sub Total - Approved Budget</b>	<b>403</b>	<b>290</b>	<b>271</b>	<b>488</b>	<b>466</b>
Burntwood LC early repayment of capital	979	(140)	(140)	(140)	(140)
Internal Funding (see below)	(979)	0	0	0	0
Financial Information System	0	(20)	(40)	(40)	(40)
Revenue Budget - Bin Replacement	0	0	0	0	150
<b>Sub Total - Service and Financial Planning</b>	<b>0</b>	<b>(160)</b>	<b>(180)</b>	<b>(180)</b>	<b>(30)</b>
<b>Capital Programme Total</b>	<b>403</b>	<b>130</b>	<b>91</b>	<b>308</b>	<b>436</b>

Leisure VAT repayment reserve	(470)
Uncommitted Capital Receipts	(509)
<b>Total</b>	<b>(979)</b>



2.10. Projected Capital Receipts are shown in the table below:

Capital Receipts	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Opening Balance	(2,673)	(1,652)	(888)	(294)	(86)	(2,673)
BLC early repayment of capital	509					509
Sale of land at Netherstowe and Leyfields <sup>3</sup>		(527)				(527)
Other Receipts	(10)	(10)	(10)	(11)	(9)	(50)
Utilised in Year	522	1,301	604	219	0	2,646
Closing Balance	(1,652)	(888)	(294)	(86)	(95)	(95)
<b>Housing Receipts</b>						
Opening Balance	0	(197)	(197)	(197)	(197)	(197)
Right to Buy Receipts	(197)					
Closing Balance	(197)	(197)	(197)	(197)	(197)	(197)

### 3. The Balance Sheet

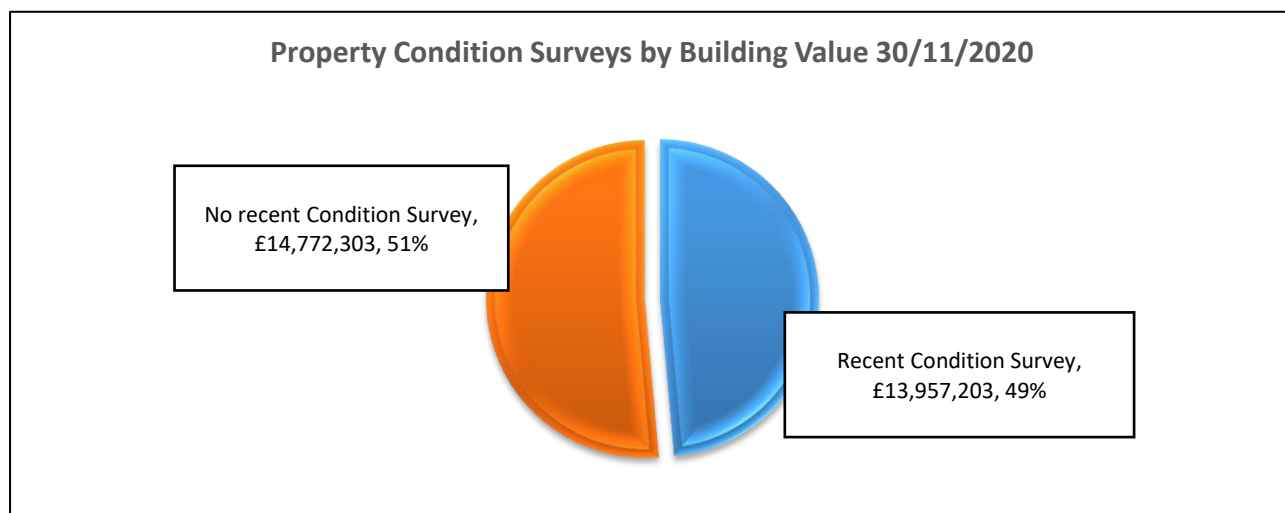
3.1. The Capital Programme and its funding together with the wider MTFS will impact on the Council's Balance Sheet. This is due to lower usable reserves leading to lower investments and increased non-current assets with the leisure centre and waste fleet that will be funded by external debt:



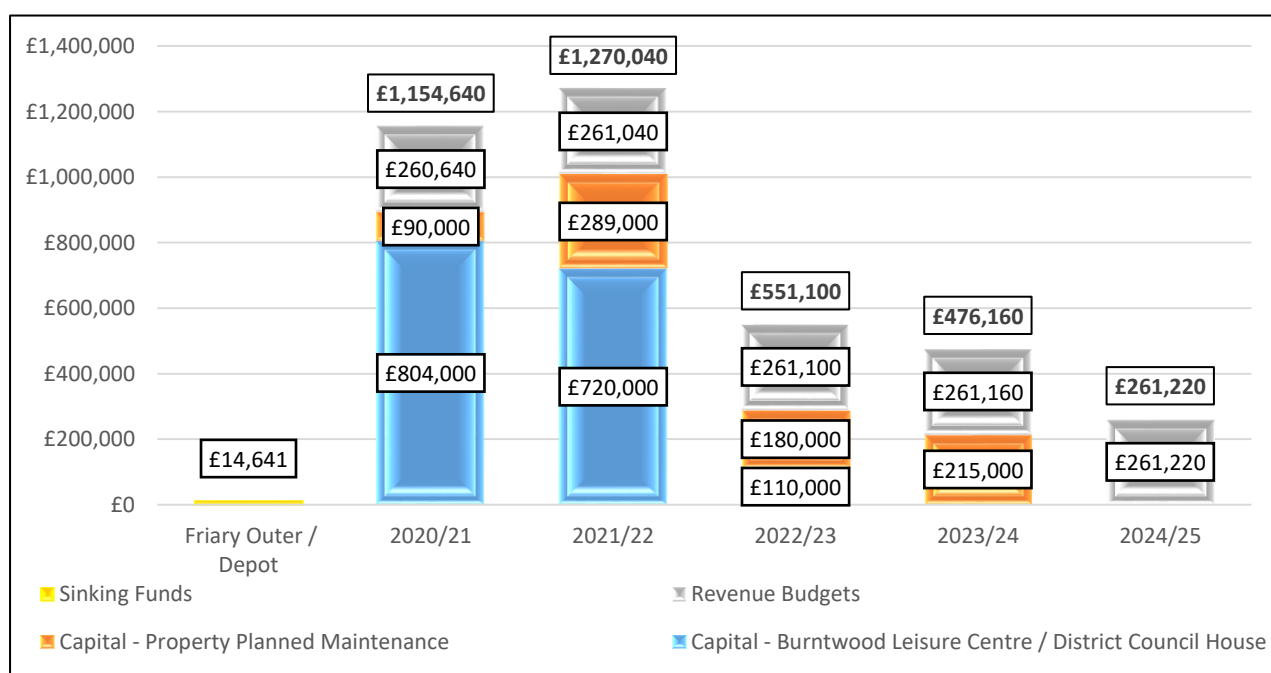
<sup>3</sup> Subject to planning approval.

#### 4. Asset Management Planning

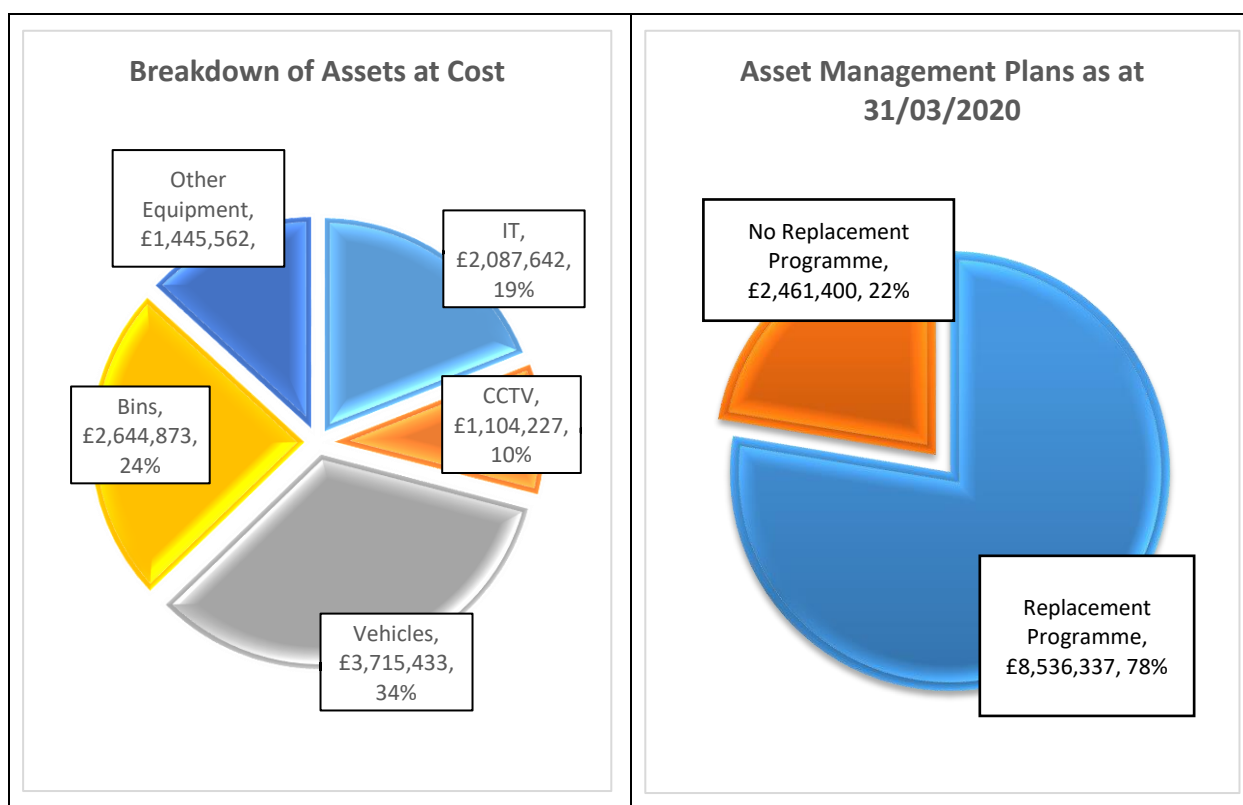
- 4.1. The Estates Team is currently in the process of undertaking Property Condition Surveys for Property Assets owned by the Council. Progress to date is shown below:



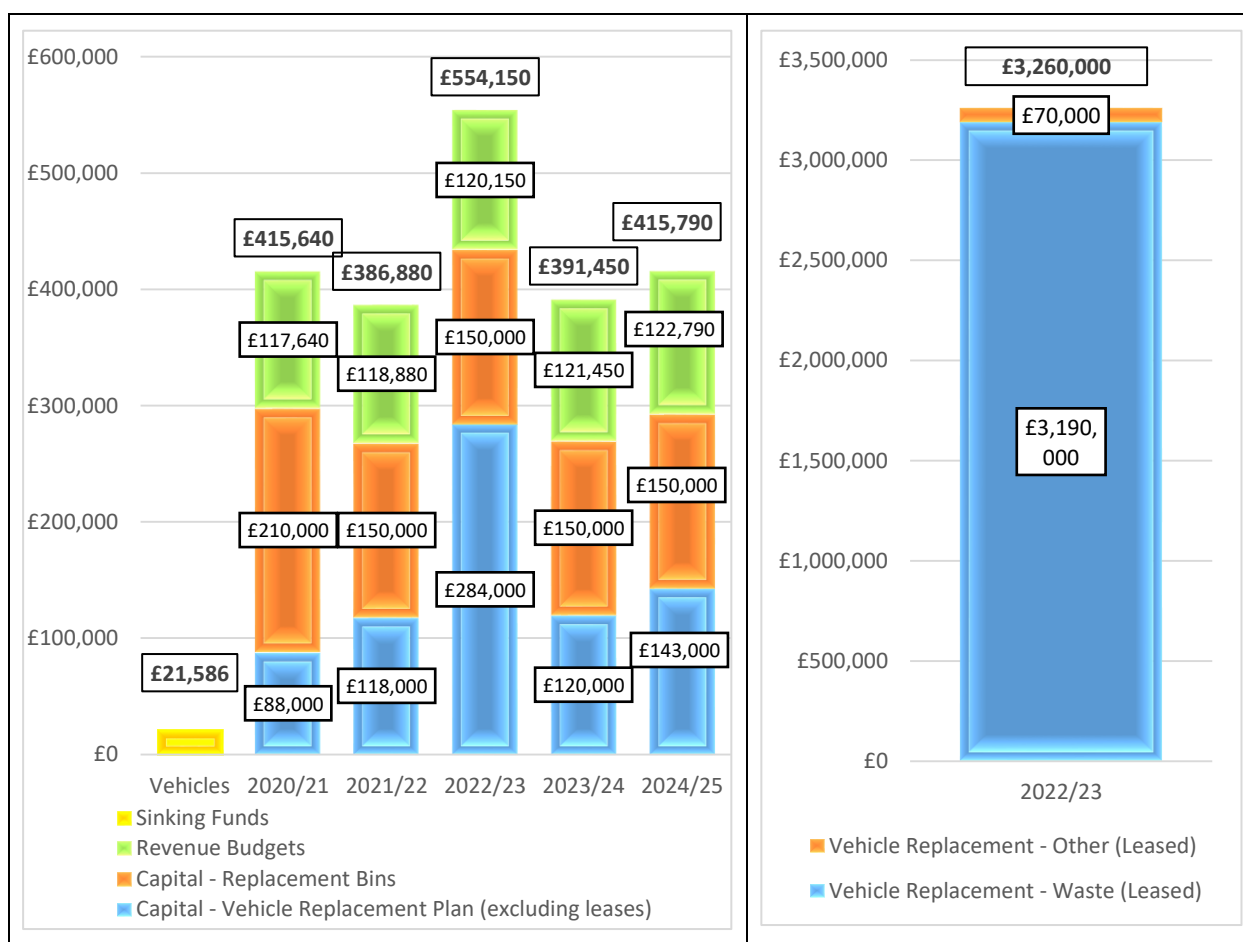
- 4.2. At this stage, Estates estimate that a Capital Programme annual budget of between **£100,000** and **£150,000** will be required to maintain and enhance property.
- 4.3. Therefore for financial planning purposes, an annual budget of **£140,000** (based on 0.3% of projected asset value) has been included in the Longer Term Capital Investment Plan.
- 4.4. Cabinet on 6 October 2020 approved a deed of variation and deed of release in relation to the Three Spires Shopping Centre that included the release of the Birmingham Road Multi Storey Sinking Fund to deliver the outcomes contained in the Lichfield City Centre Masterplan.
- 4.5. This means this reserve is no longer specifically earmarked for the replacement of the Multi Storey Car Park. However a budget of **£300,000** is included in the Capital Programme for essential repairs.
- 4.6. The resources identified for enhancement and maintenance of property assets are:



4.7. The Asset Management Plans in place for vehicles, plant and equipment assets are:

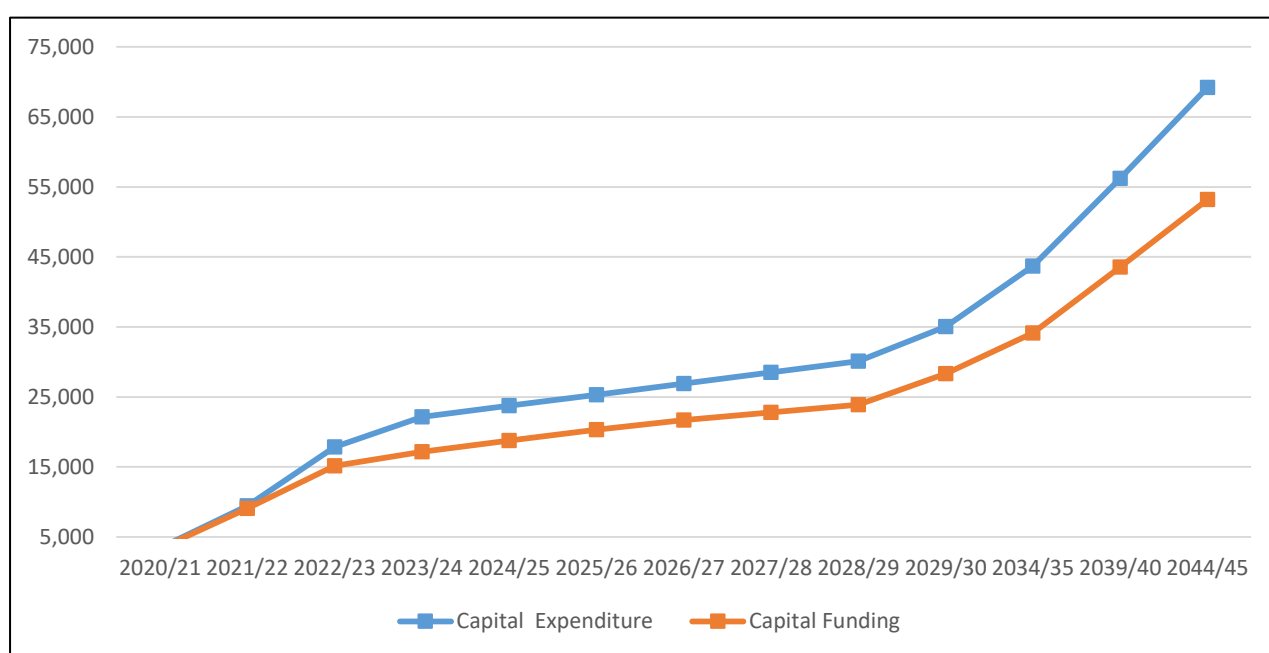


4.8. The resources identified for replacement and maintenance of vehicles, plant and equipment are:



## 5. Longer Term Capital Investment Planning

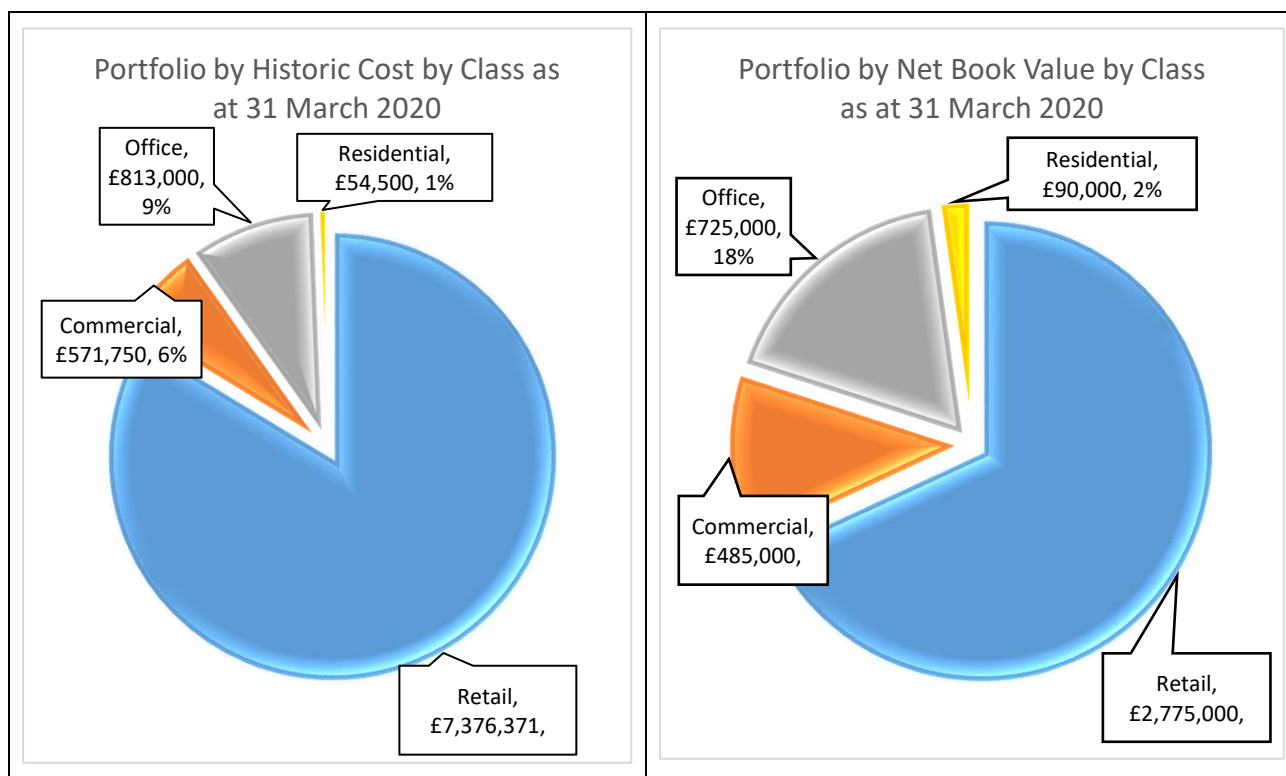
- 5.1. The Medium Term Financial Strategy covers a relatively short period of time (current financial year plus the next four years) and this short horizon is not reflective of the longer term investment needs associated with asset ownership.
- 5.2. Therefore it is prudent to also produce financial plans that cover a longer term financial planning horizon such as 25 years.
- 5.3. The following key assumptions have been utilised in producing the longer term financial plan:
- Annual core inflation of **2%**.
  - Population in Lichfield District increases by an annual average of **0.33%**.
  - The proportion of the population aged 65 and over increases from **24%** in 2020/21 to **28%** by 2044/45.
  - The value of building assets increases from **£35m** in 2020/21 to **£46m** in 2024/25 with the building of a new Leisure Centre.
  - An assessment of Property Planned Maintenance budgets at **0.3%** of building value or **£140,000** from 2025/26 has been utilised with annual inflationary increases.
  - An assessment of ICT investment using the average level of investment in the last Capital Bid submitted of **£175,000** from 2025/26 has been utilised with annual inflationary increases.
- 5.4. The longer term capital investment plan is shown in detail at **ANNEX 1** and in the chart below:



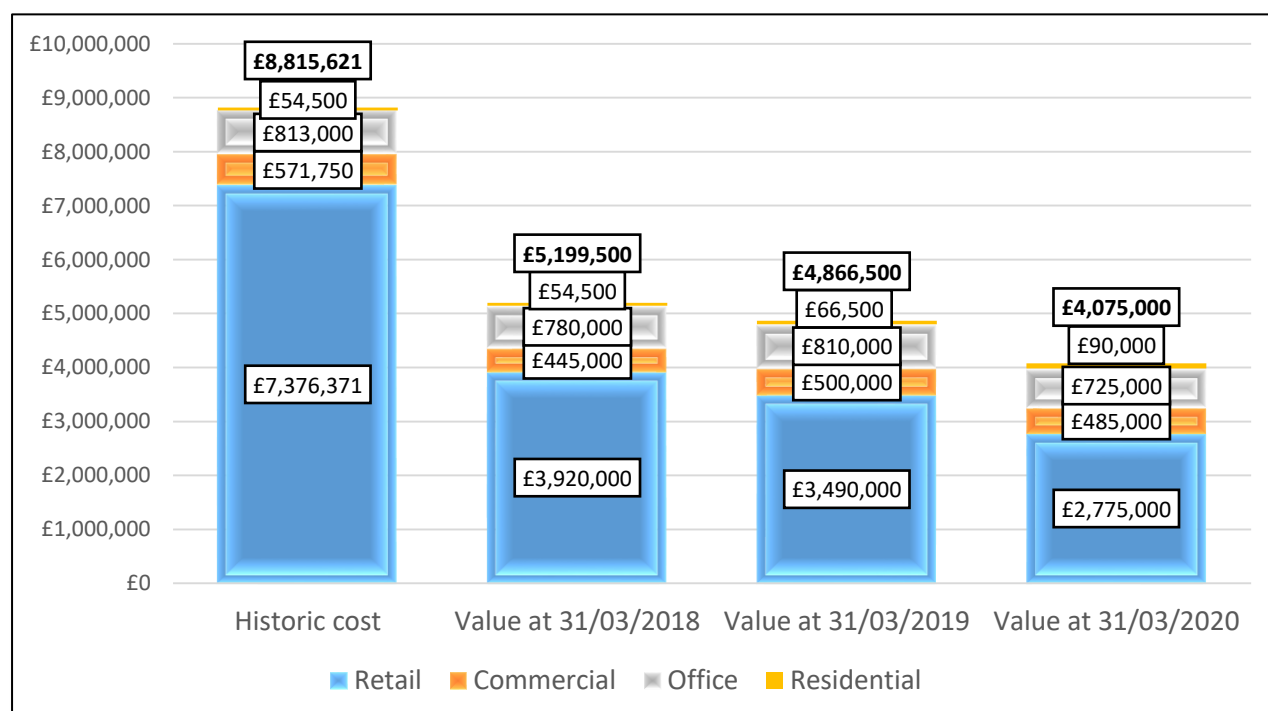
- 5.5. The difference between capital expenditure and funding would result in an increase in the cumulative level of borrowing need of **£16m** (including £5m approved for the new Leisure Centre).
- 5.6. This additional borrowing need would result in additional and increasing debt repayment costs in the revenue budget thereby further increasing the Funding Gap.
- 5.7. However the borrowing need can be reduced through actions such as the receipt of external funding or sale of assets.

## 6. Current Investment in Property

- 6.1. The Council also owns a number of properties that provide an income return and the composition of the portfolio at 31 March 2020 is shown below:

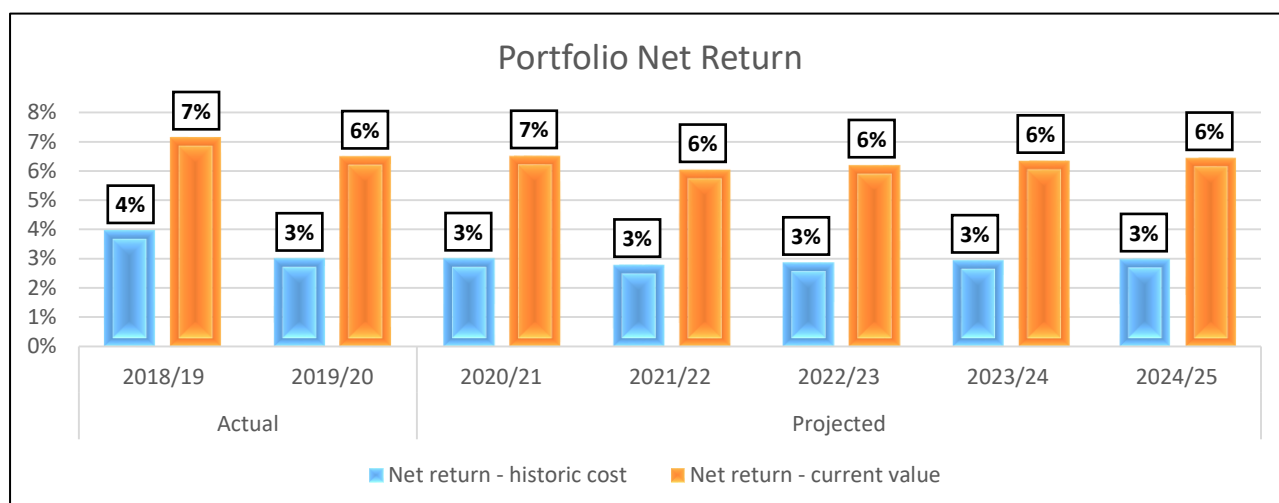


- 6.2. The value of these properties over the last three years is shown below:

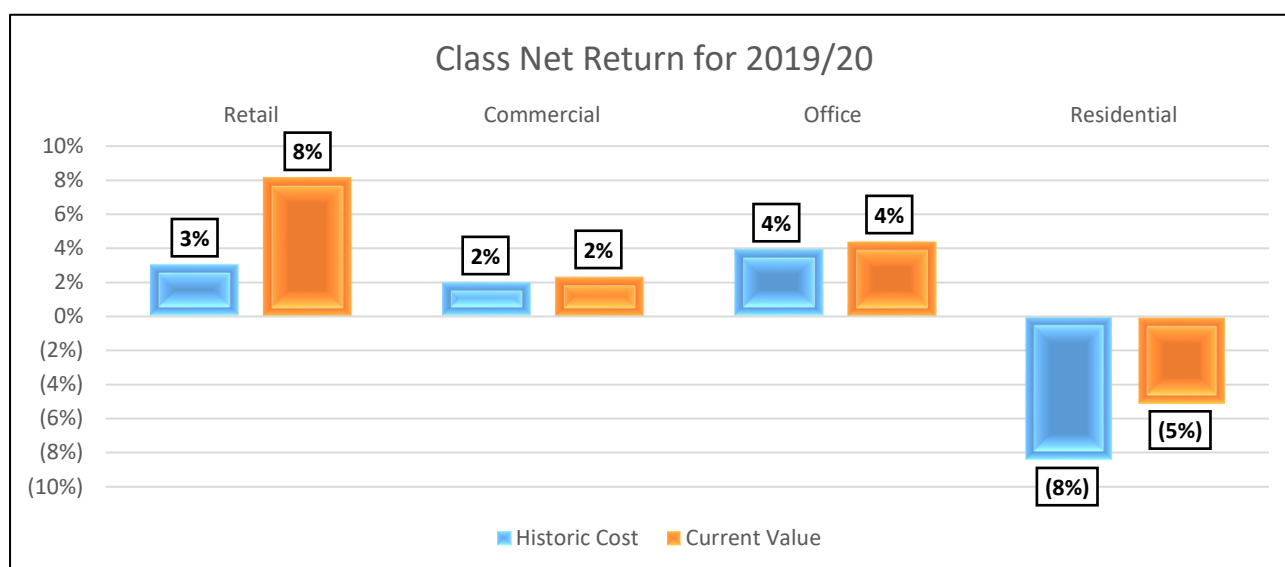


- 6.3. The value of these properties (mainly those classed as retail) have reduced because the value assessed by the external valuer is based on prevailing rental levels.
- 6.4. These properties were acquired without the need for borrowing and therefore the loan to value ratio for the portfolio is **0%**.

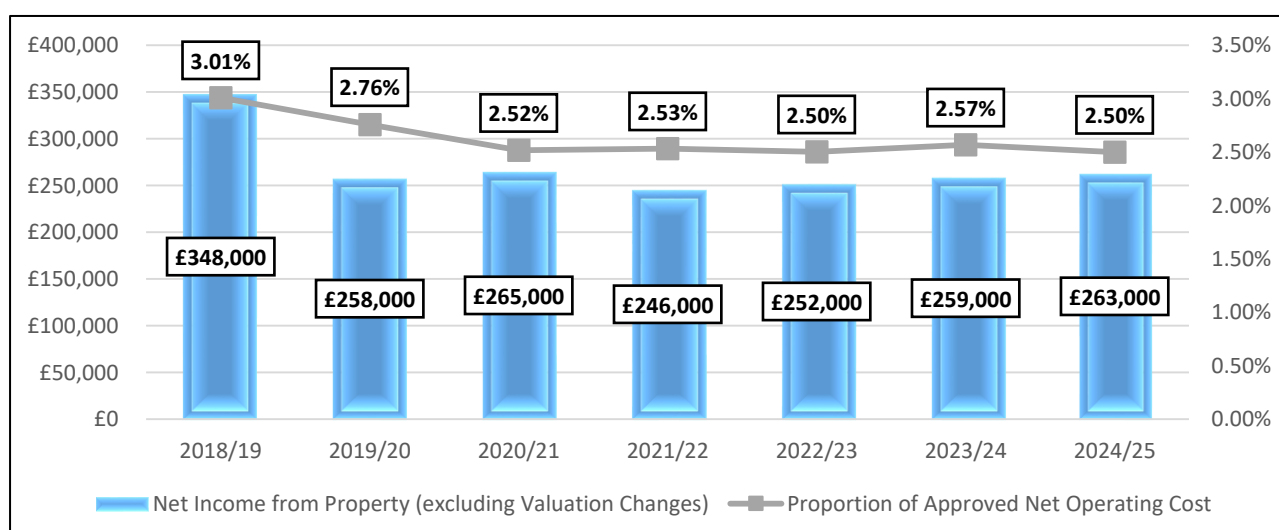
- 6.5. The portfolio net return based after taking account of management costs using historic asset cost and current value is shown in the chart below:



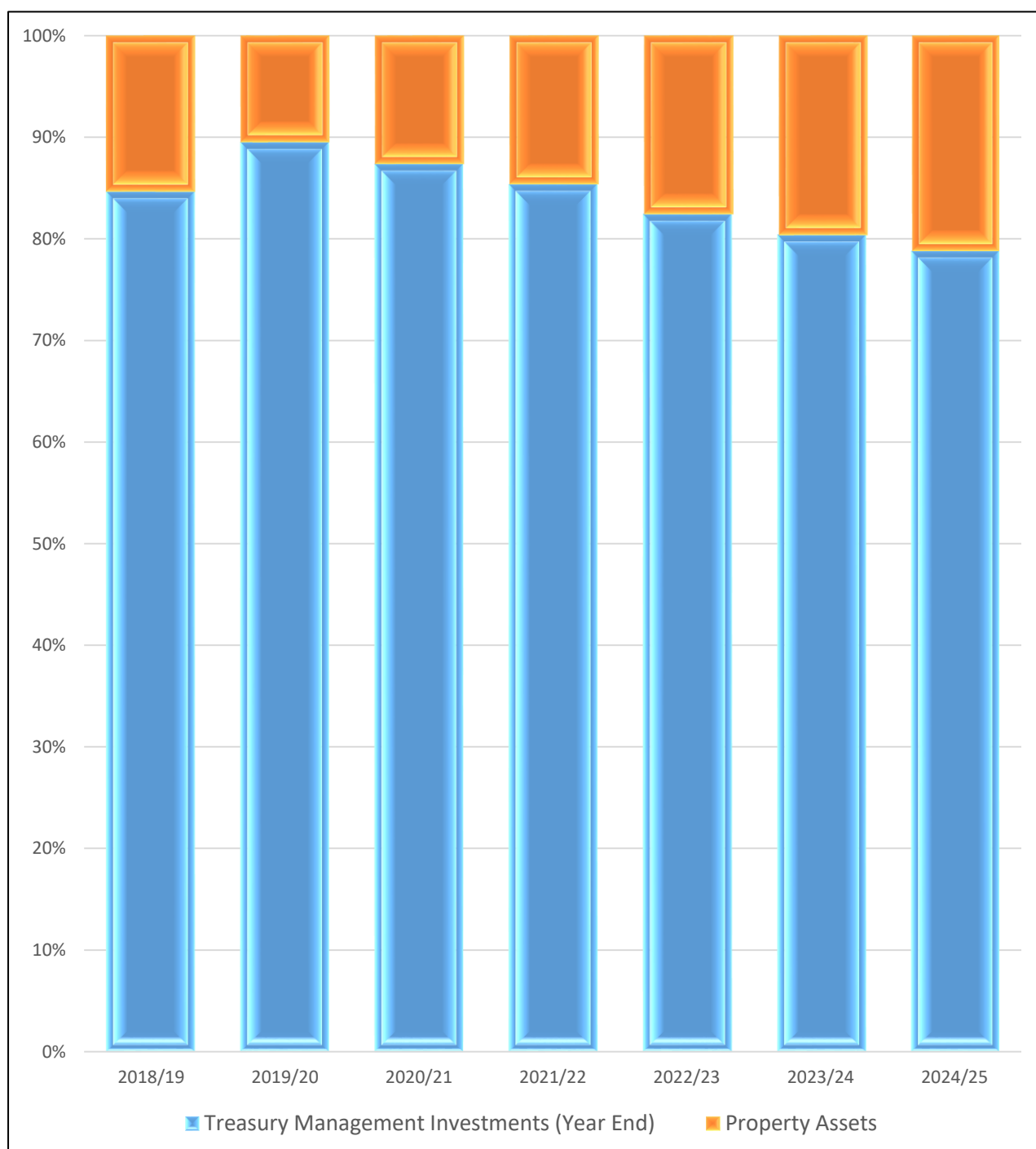
- 6.6. The net return is further analysed for 2019/20 by class of investment within the portfolio:



- 6.7. The proportion of the Revenue Budget supported by income from these properties is shown below:



6.8. The ratio of Treasury Management investments to property asset investments is shown below:



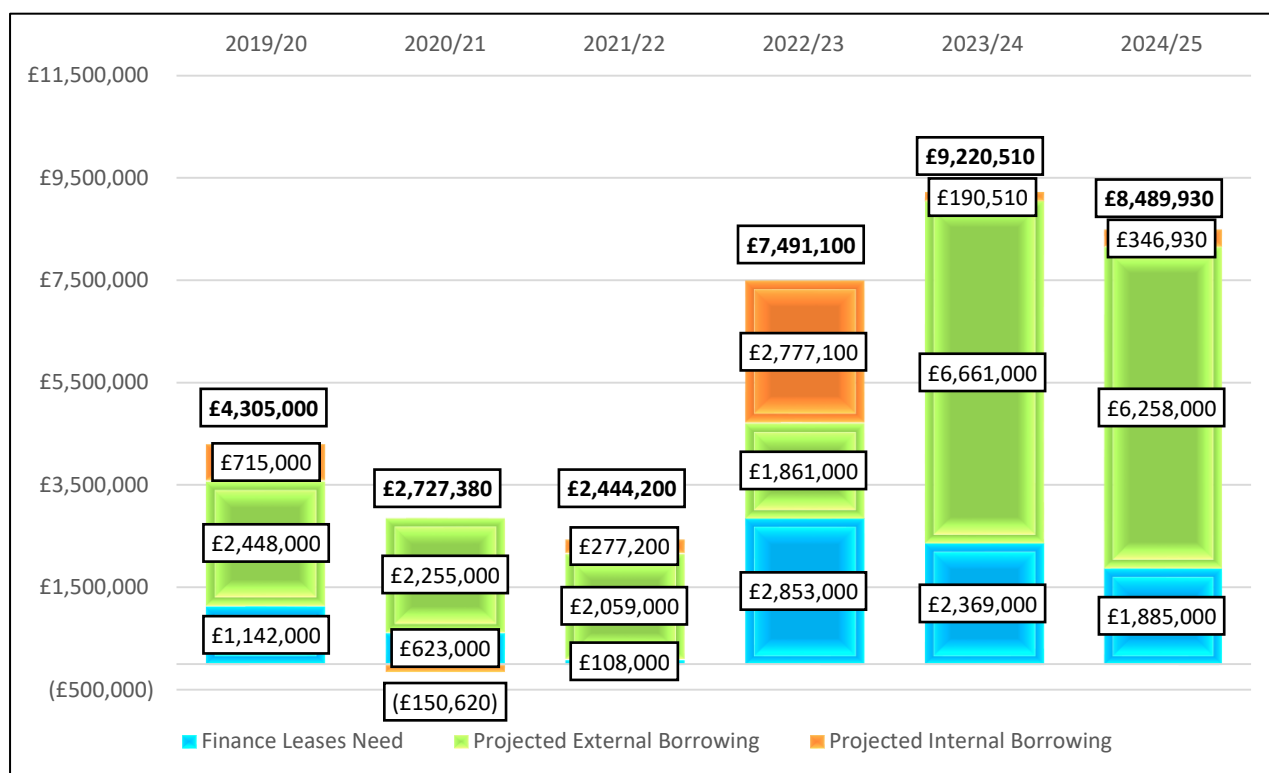
6.9. The Council has a Local Authority Trading Company Lichfield Housing Limited that was incorporated in September 2019 with an aim to deliver housing development.

6.10. The Council undertook an equity investment of **£225,000** in 2020/21 and plans to advance a loan of up to **£675,000** to Lichfield Housing Limited in 2021/22 for a period of up to **5 years** to facilitate housing development, subject to appropriate schemes being identified.

6.11. The loan to the Company will produce an income stream at **4%** from the company and the loan repayment will be treated as a capital receipt in 2025/26 in the Medium Term Financial Strategy. At present, no dividend income is assumed to be received from the Company.

## 7. Debt Management

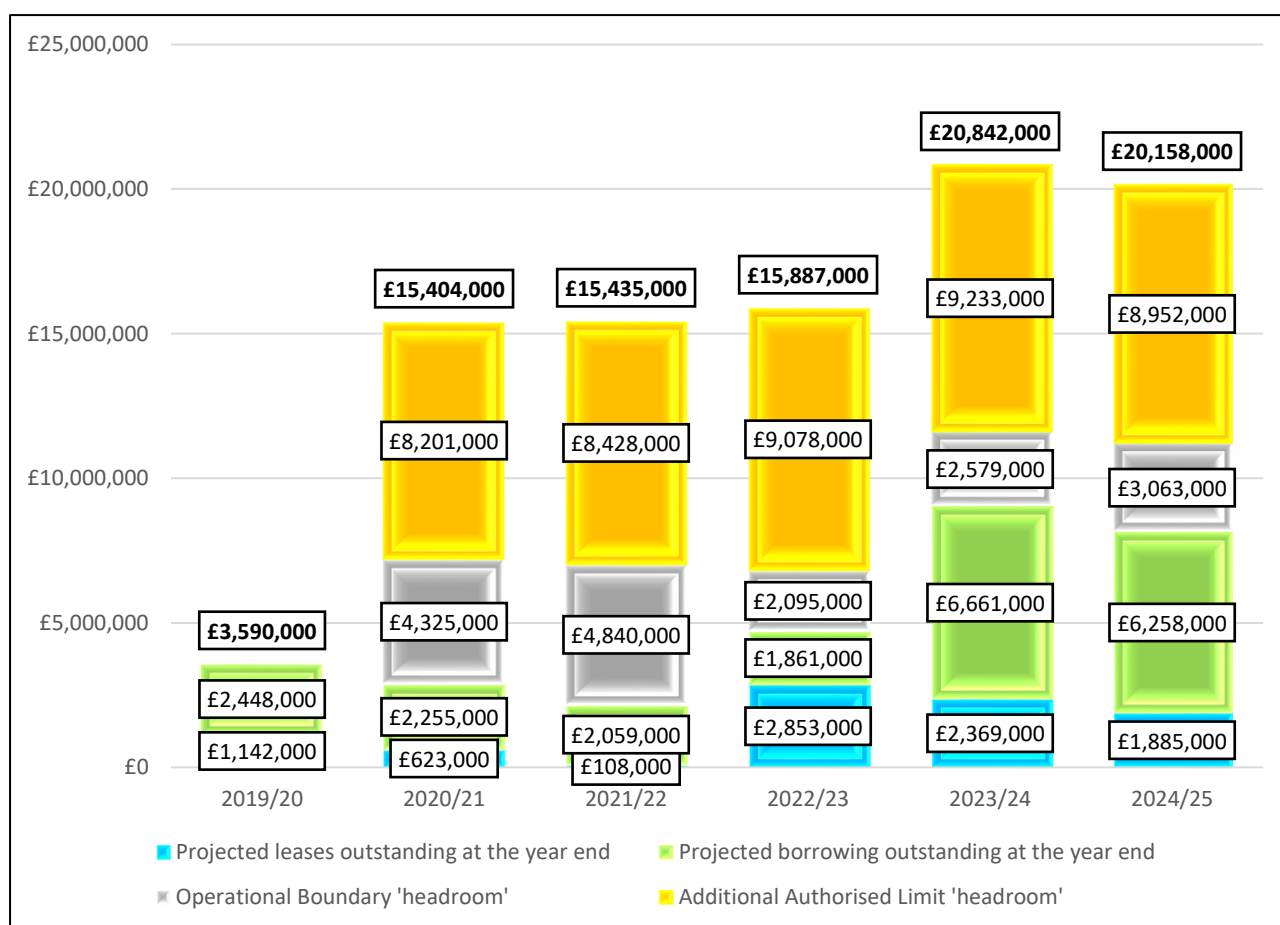
- 7.1. The Capital Programme is funded from a variety of sources. A number of these sources such as capital receipts, the revenue budget, grants, contributions and reserves utilise resources that are immediately available or are receivable. However when capital expenditure is approved, and these resources are not available, then a **Capital Financing Requirement (CFR)** or borrowing need results.
- 7.2. The CFR is managed through the approval by Council of the Medium Term Financial Strategy including the Capital Programme and Prudential Indicators.
- 7.3. The CFR must be financed through borrowing or finance leases (external debt) or by temporarily utilising internal resources (internal borrowing).
- 7.4. At 31 March 2020 the Council had a relatively low level of external debt outstanding of **£3.590m**. The new leisure centre and the renewal of the waste fleet will mean external debt is projected to increase to **£8.143m** by 31 March 2025.
- 7.5. The projected CFR (the total for each column), **external debt** (finance leases and external borrowing) and **internal borrowing** (external borrowing is temporarily higher than the CFR by £150,620 at the end of 2020/21 following the proposed early repayment of the BLC capital funding) is shown below:



- 7.6. The CFR is related to:
- Historic capital expenditure for the Chasewater Dam, Friary Outer Car Park and vehicles funded by finance leases.
  - Planned capital expenditure for the new Leisure Centre and the renewal of the waste fleet funded by a lease type arrangement.

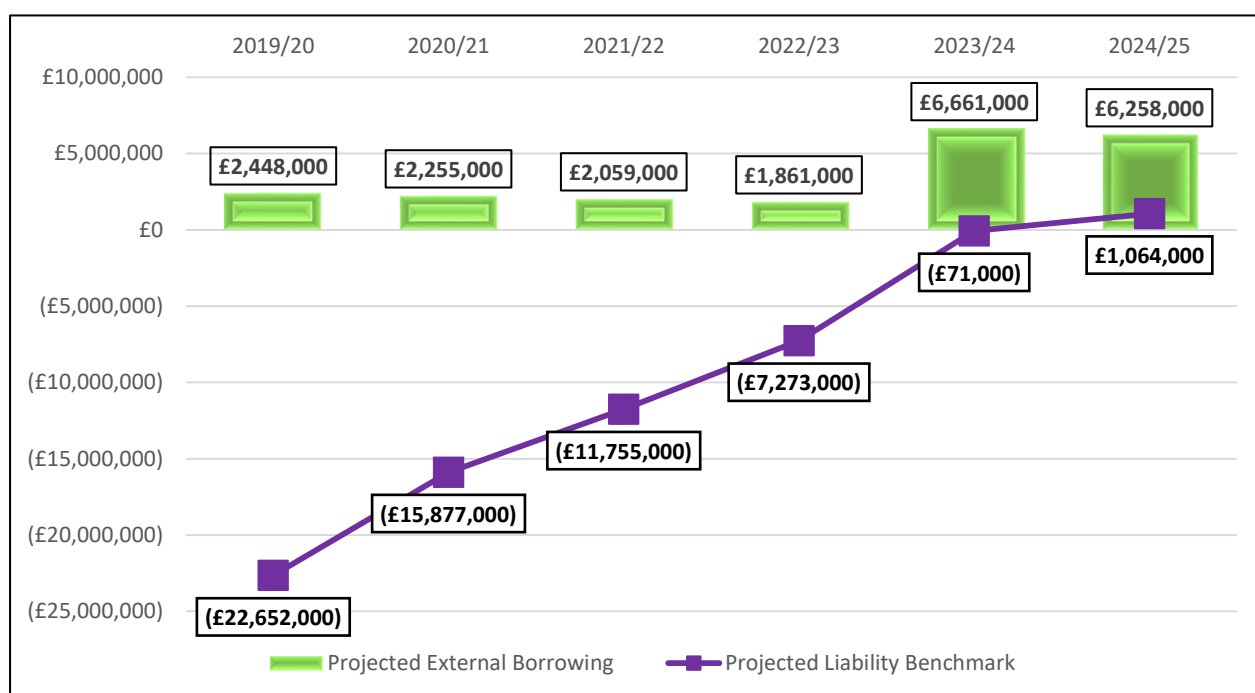


- 7.7. The Council manages its external debt through setting Prudential Indicators, related to the statutory maximum, known as the **Authorised Limit** and a lower warning level known as the **Operational Boundary**.
- 7.8. The external debt projections are based on the approved Capital Programme however to manage unforeseen events, an element of flexibility or 'headroom' is included in the Prudential Indicators:
- **Operational Boundary** – flexibility is included to enable internal borrowing to be converted to external debt or for example, to ensure accounting changes such as those proposed for all leases to be classed as finance leases to be incorporated without breaching the limit.
  - **Authorised Limit** – this provides additional flexibility to manage unusual cash flows that necessitate temporary borrowing such as Government Grants not being paid.
- 7.9. The external debt and Prudential Indicators projections based on the Capital Programme are:

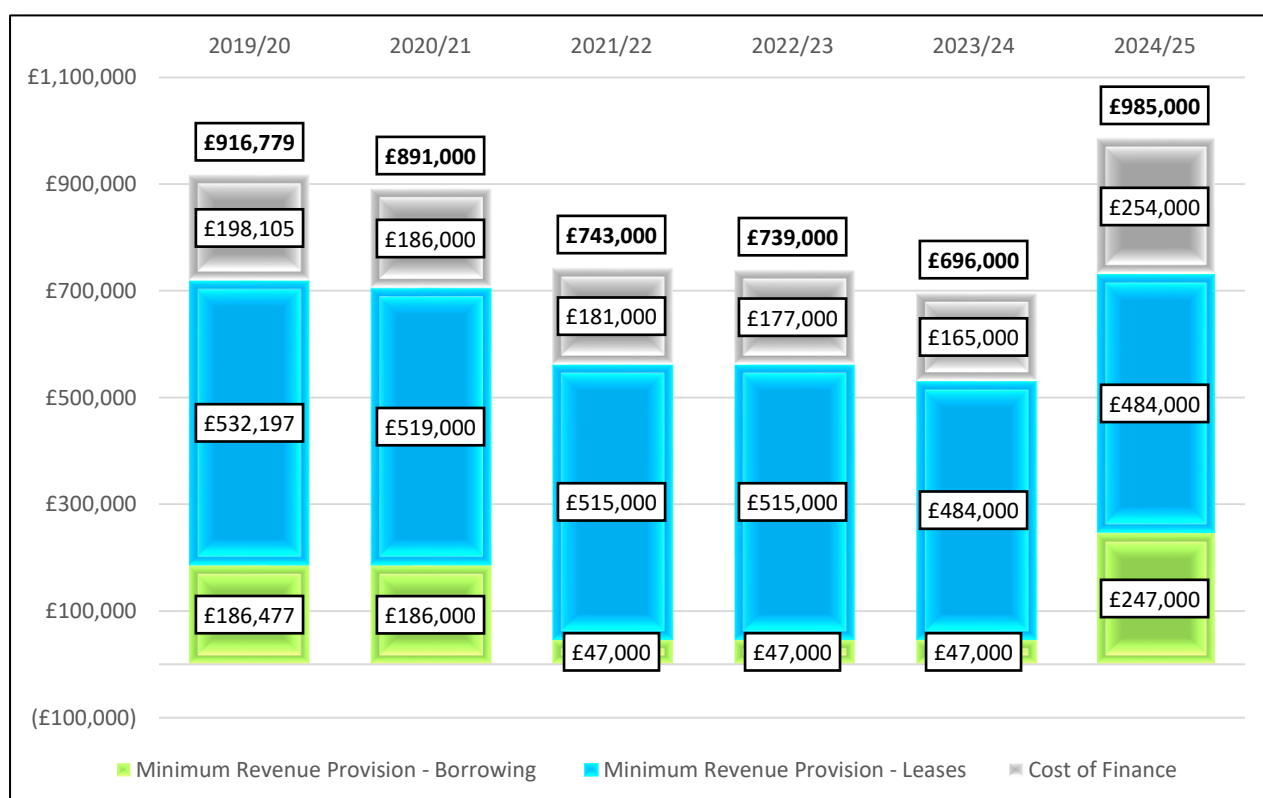


	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Borrowing		£10,956,000	£10,987,000	£11,439,000	£16,394,000	£15,710,000
Leases		£4,448,000	£4,448,000	£4,448,000	£4,448,000	£4,448,000
<b>Authorised limit</b>	<b>£4,315,000</b>	<b>£15,404,000</b>	<b>£15,435,000</b>	<b>£15,887,000</b>	<b>£20,842,000</b>	<b>£20,158,000</b>
Borrowing		£2,755,000	£2,559,000	£2,361,000	£7,161,000	£6,758,000
Leases		£4,448,000	£4,448,000	£4,448,000	£4,448,000	£4,448,000
<b>Operational boundary</b>	<b>£4,315,000</b>	<b>£7,203,000</b>	<b>£7,007,000</b>	<b>£6,809,000</b>	<b>£11,609,000</b>	<b>£11,206,000</b>
Projected year end borrowing	£2,448,000	£2,255,000	£2,059,000	£1,861,000	£6,661,000	£6,258,000
Projected year end leases	£1,142,000	£623,000	£108,000	£2,853,000	£2,369,000	£1,885,000
<b>Projected year-end total external debt</b>	<b>£3,590,000</b>	<b>£2,878,000</b>	<b>£2,167,000</b>	<b>£4,714,000</b>	<b>£9,030,000</b>	<b>£8,143,000</b>

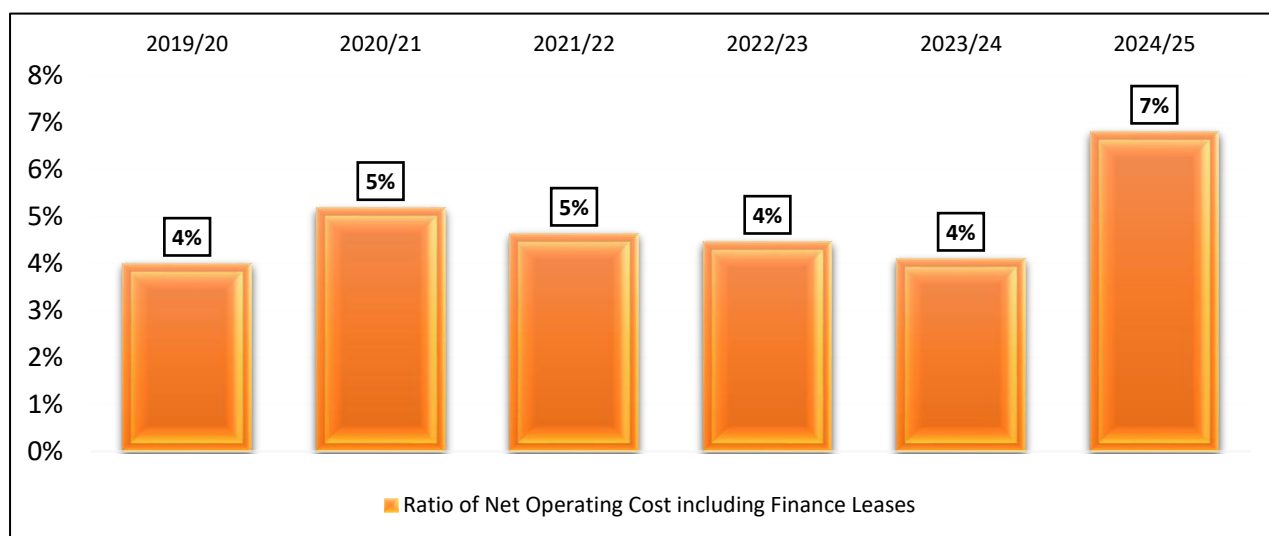
- 7.10. The **liability benchmark** is the lowest risk level of external borrowing by keeping cash and investments to a minimum of **£10m** at each year end to maintain liquidity but minimise credit risk.
- 7.11. The projected level of external borrowing, and the projected liability benchmark in £000s is:



- 7.12. The chart above indicates that based on current Balance Sheet projections where usable reserves are reducing, the Council has sufficient resources to fund **c£5m** of additional internal borrowing.
- 7.13. The cost of debt servicing includes the cost of finance and Minimum Revenue Provision (MRP). Debt is only a temporary source of finance since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as MRP:



7.14. The proportion of the net budget allocated to financing costs (net of investment income) is shown below:



7.15. The Minimum Revenue Provision and therefore the financing costs ratio increases in 2024/25 because of the inclusion of the annual revenue debt costs, commencing at **£294,000**, for the new leisure centre.

## 8. Financial Guarantees

8.1. In addition to the debt projections shown above, in relation to external borrowing and finance leases, the Council also acts as a guarantor for an admitted body that delivers services on behalf of the Council.

8.2. In the event that it is probable that these guarantees will be required a financial provision is created to mitigate the risk. The guarantees identified in the Statement of Accounts under the Contingent Liabilities note are:

- **The Lichfield Garrick** – the guarantee relates to the pensions of transferred employees and at 31 March 2020 the risk of default was assessed as less than **1%** and therefore the financial risk to the Council is **£3,927**.
- **Freedom Leisure** - the guarantee relates to the pensions of transferred employees and at 31 March 2020 the risk of default was assessed as less than **1%** and therefore the financial risk to the Council is **£79,212**. Freedom Leisure have been admitted to the Pension Fund using a 'pass through' agreement where the Council bears all market related risks such as investment returns. The Pension Fund actuary assessed a market related bond to manage these risks to be **£677,000**. The Council agreed to the creation of an earmarked reserve, projected to total **£267,080** (£60,100 at 31 March 2020) at the end of the ten year contract period, from the leisure outsourcing savings with any additional sum to be provided by General Reserves.

8.3. These guarantees are assessed throughout the year, in terms of the financial viability of the organisations for which the guarantee is provided, to determine whether a financial provision will need to be created. The COVID-19 pandemic has increased the level of financial risk in relation to these two guarantees, however additional funding has been provided by the Council and other funders as mitigation. However the situation will need to be kept under constant review.

## 9. The Authority's Risk Appetite, Knowledge and Skills

- 9.1. The Council's risk appetite, along with the majority of Local Government, is increasing due to the need to offset funding reductions from Central Government with income from alternative sources.
- 9.2. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Head of Finance and Procurement is a qualified accountant with 30 years' experience, the Council has recruited a new Estates Team to optimise the management of existing property. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA and the Association of Accounting Technicians.
- 9.3. Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers and has access to property professionals through the Estates Team. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.
- 9.4. The Council does not plan to utilise the flexible use of capital receipts for transformation projects.

## 10. Prudential and Local Indicators

- 10.1. The Prudential and Local Indicators in relation to the Capital Strategy are shown below (rounding may result in slight differences in figures):

Prudential Indicators							
Indicators	2019/20 Actual	2020/21 Original	2020/21 Revised	2021/22 Original	2022/23 Original	2023/24 Original	2024/25 Original
<b><u>Capital Investment</u></b>							
Capital Expenditure (£m)	£2.297	£17.751	£3.979	£6.530	£8.430	£4.278	£1.608
Capital Financing Requirement (£m)	£4.305	£25.432	£2.727	£2.444	£7.491	£9.221	£8.490
<b><u>Gross Debt and the Capital Financing Requirement</u></b>							
Gross Debt	(£3.590)	(£19.091)	(£2.878)	(£2.167)	(£4.714)	(£9.030)	(£8.143)
Borrowing in Advance - Gross Debt in excess of the Capital Financing Requirement	No	No	Yes	No	No	No	No
<b><u>Total Debt</u></b>							
Authorised Limit (£m)	£4.315	£31.906	£15.404	£15.435	£15.887	£20.842	£20.158
Operational Boundary (£m)	£4.315	£23.088	£7.203	£7.007	£6.809	£11.609	£11.206
Proportion of Financing Costs to Net Revenue Stream (%)	4%	10%	5%	5%	4%	4%	7%

Local Indicators							
Indicators	2019/20 Actual	2020/21 Original	2020/21 Revised	2021/22 Original	2022/23 Original	2023/24 Original	2024/25 Original
Replacement of Debt Finance or MRP (£m)	(£0.719)	(£1.041)	(£1.684)	(£0.561)	(£0.562)	(£0.531)	(£0.731)
Capital Receipts (£m)	(£1.005)	(£0.537)	(£0.010)	(£0.537)	(£0.010)	(£0.011)	(£0.009)
Earmarked Housing Capital Receipts (£m)	£0	£0	(£0.197)	£0	£0	£0	£0
Liability Benchmark (£m)	£22.652	(£11.249)	£15.877	£11.755	£7.273	£0.071	(£1.064)
Treasury Management Investments (£m)	£34.554	£16.759	£28.131	£23.813	£19.133	£16.731	£15.193

## 11. Chief Finance Officer Assessment of the Capital Strategy

- 11.1. The removal of the Property Investment Strategy by Council means the level of risk associated with the Capital Strategy has significantly reduced from an assessed maximum level of **144** to **48**.
- 11.2. I have assessed the current overall risk as **24** out of **48** based on the following factors:

	Likelihood	Impact	2021/22	2020/21
<b>Minimum</b>			<b>0</b>	<b>0</b>
<b><u>Capital Strategy</u></b>				
Slippage Occurs in the Capital Spend	4	2	8	8
Planned Capital Receipts are not received	3	4	12	12
Actual Cash flows differ from planned Cash flows	2	2	4	4
<b><u>Investment in Property</u></b>				
Slippage Occurs in the Capital Spend	4	2	0	8
Change of Government policy including regulatory change	3	4	0	12
The form of exit from the EU adversely impacts on the UK economy including the Property Market and Borrowing Costs	3	4	0	12
There is a cyclical 'downturn' in the wider markets	3	3	0	9
Insufficient expertise to Invest in Property	1	4	0	4
Inability to acquire or dispose of assets due to good opportunities not being identified	3	4	0	12
<b>Assessed Level of Risk</b>			<b>24</b>	<b>85</b>
<b>Maximum</b>			<b>48</b>	<b>144</b>

## Recommended Capital Programme

Project	Recommended Capital Programme (R=>500k, A=250k to 500k and G=<250k)						Corporate
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000	
Gym Equipment at Burntwood Parks	34	0	0	0	0	34	0
New Parish Office/Community Hub	0	92	0	0	0	92	0
Village Hall storage container	0	6	0	0	0	6	0
Armitage War Memorial	0	120	0	0	0	120	0
Canopy & artificial grass at Armitage	0	3	0	0	0	3	0
Burntwood LC CHP Unit	223	0	0	0	0	223	0
Burntwood LC	531	532	0	0	0	1,063	0
King Edwards VI School (CIL)	101	0	0	0	0	101	0
Friary Grange - Short Term Refurb	400	240	0	0	0	640	0
Replacement Leisure Centre	106	278	2,349	2,260	0	4,993	0
St. Stephen's School, Fradley (S106)	22	0	0	0	0	22	0
Beacon Park Pathway	30	0	0	0	0	30	30
Disabled Facilities Grants	511	1,272	1,272	1,272	1,272	5,599	0
Home Repair Assistance Grants	10	22	21	22	21	96	0
Decent Homes Standard	0	147	0	0	0	147	0
Energy Insulation Programme	0	22	22	22	22	88	0
DCLG Monies	0	212	0	0	0	212	0
Vehicle Replacement (Env Health)	0	0	20	0	0	20	0
S106 Affordable Housing Monies	255	429	0	0	0	684	0
<b>Enabling People Total</b>	<b>2,223</b>	<b>3,375</b>	<b>3,684</b>	<b>3,576</b>	<b>1,315</b>	<b>14,173</b>	<b>30</b>
Darnford Park (S106)	18	0	0	0	0	18	0
Canal Towpath Improvements	0	36	0	0	0	36	0
Loan to Council Dev Co.	0	675	0	0	0	675	116
Lichfield St Johns Community Link	0	35	0	0	0	35	0
Staffordshire Countryside Explorer	0	44	0	0	0	44	0
Equity in Council Dev Co.	225	0	0	0	0	225	0
Vehicle Replacement (Waste)	22	0	3,243	0	0	3,265	32
Vehicle Replacement (Other)	66	108	281	120	143	718	0
Bin Purchase	210	150	150	150	150	810	0
Dam Street Toilets	40	0	0	0	0	40	40
Env. Improvements: Upper St John St	0	7	0	0	0	7	0
Stowe Pool Improvements	57	0	0	0	0	57	5
Leomansley Area Improvement	0	3	0	0	0	3	0
Cannock Chase SAC	32	44	0	0	0	76	0
<b>Shaping Place Total</b>	<b>670</b>	<b>1,102</b>	<b>3,674</b>	<b>270</b>	<b>293</b>	<b>6,009</b>	<b>193</b>
Multi Storey Car Park Refurbishment	50	250	0	0	0	300	0
Coach Park	250	625	557	43	0	1,475	390
Birmingham Rd - Short Term Works	222	0	0	0	0	222	0
Car Parks Variable Message Signing	0	32	0	0	0	32	0
Vehicle Replacement (Car Parks)	0	10	0	0	0	10	0
Old Mining College: Access and signs	0	13	0	0	0	13	0
St. Chads Sculpture	0	5	0	0	0	5	5
<b>Developing Prosperity Total</b>	<b>522</b>	<b>935</b>	<b>557</b>	<b>43</b>	<b>0</b>	<b>2,057</b>	<b>395</b>
Property Investment Strategy	0	0	0	0	0	0	0
Property Planned Maintenance	90	289	180	215	0	774	774
Depot Sinking Fund	0	11	0	0	0	11	11
Equipment Storage	100	0	0	0	0	100	100
New Financial Information System	75	225	0	0	0	300	250
IT Infrastructure	154	35	15	0	0	204	204
IT Innovation	95	205	50	0	0	350	275
ICT Hardware	0	165	160	174	0	499	499
District Council House Repairs	50	188	110	0	0	348	310
<b>Good Council Total</b>	<b>564</b>	<b>1,118</b>	<b>515</b>	<b>389</b>	<b>0</b>	<b>2,586</b>	<b>2,423</b>
<b>Recommended Capital Programme</b>	<b>3,979</b>	<b>6,530</b>	<b>8,430</b>	<b>4,278</b>	<b>1,608</b>	<b>24,825</b>	<b>3,041</b>

Funding Source	Recommended Capital Programme					
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Capital Receipts	522	1,296	604	219	0	2,641
Capital Receipts - Statue	0	5	0	0	0	5
Revenue - Corporate	182	0	0	213	0	395
<b>Corporate Council Funding</b>	<b>704</b>	<b>1,301</b>	<b>604</b>	<b>432</b>	<b>0</b>	<b>3,041</b>
Grant	1,052	2,207	1,815	1,316	1,315	7,705
Section 106	601	785	0	0	0	1,386
CIL	101	79	0	0	0	180
Reserves	1,030	1,730	252	120	143	3,275
Revenue - Existing Budgets	162	150	150	150	150	762
Sinking Fund	223	0	0	0	0	223
Leases	0	0	3,260	0	0	3,260
Internal Borrowing	0	0	0	0	0	0
<b>Total</b>	<b>3,873</b>	<b>6,252</b>	<b>6,081</b>	<b>2,018</b>	<b>1,608</b>	<b>19,832</b>
<b>External Borrowing</b>	<b>106</b>	<b>278</b>	<b>2,349</b>	<b>2,260</b>	<b>0</b>	<b>4,993</b>
<b>Grand Total</b>	<b>3,979</b>	<b>6,530</b>	<b>8,430</b>	<b>4,278</b>	<b>1,608</b>	<b>24,825</b>

### Reconciliation of Original Capital Programme to this Recommended Capital Programme

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000	Cabinet or Decision Date
<b>Original Budget Council 18/02/2020</b>	<b>17,751</b>	<b>13,636</b>	<b>18,821</b>	<b>4,051</b>	<b>0</b>	<b>54,259</b>	
<b>Approved Changes</b>							
Outdoor Gyms at Burntwood parks	34					34	26/02/2020
Slippage from 2019/20	13,454					13,454	02/06/2020
Money Matters 3 Months	(23,203)	23,232				29	08/09/2020
Medium Term Financial Strategy (Revenue and Capital) 2020-25	(91)	(33,500)	(11,500)			(45,091)	06/10/2020
Money Matters 6 Months	11	(209)	212	(157)	143	0	01/12/2020
Money Matters 8 Months	(4,653)	3,097	941	428	384	197	09/02/2021
Burntwood Leisure Centre	531	532				1,063	
<b>Service and Financial Planning Capital Bids</b>							
Bin Replacement					150	150	
Beacon Park Equipment Storage	100					100	
Beacon Park Jogging Track	30					30	
Dam Street Public Conveniences Refurbishment	40					40	
Financial Information System		50				50	
Disabled Facilities Grants		(308)	(44)	(44)	906	510	
Energy Insulation Programme					10	10	
Home Repair Assistance Grants					15	15	
<b>Other Funding Changes</b>							
Decent Homes Standard grant funding							
Energy Insulation and Home Repair Assistance Grants	(25)					(25)	
<b>Recommended Capital Programme</b>	<b>3,979</b>	<b>6,530</b>	<b>8,430</b>	<b>4,278</b>	<b>1,608</b>	<b>24,825</b>	

## Capital Programme – 25 Year Model (1 to 10 years, 15 years, 20 years and 25 years)

Key Assumptions	Medium Term Financial Strategy					Additional Projections							
Year	2020/21 1	2021/22 2	2022/23 3	2023/24 4	2024/25 5	2025/26 6	2026/27 7	2027/28 8	2028/29 9	2029/30 10	2034/35 15	2039/40 20	2044/45 25
Population Projections	104,858	105,293	105,709	106,073	106,432	106,749	107,070	107,398	107,724	108,040	109,651	111,546	113,588
% Increase in Population		0.41%	0.40%	0.34%	0.34%	0.30%	0.30%	0.31%	0.30%	0.29%	0.32%	0.37%	0.33%
% of population 65 and over	24.13%	24.33%	24.48%	24.70%	24.88%	25.03%	25.31%	25.57%	25.80%	26.09%	27.33%	27.92%	27.63%
Projected Council Tax Base							42,176	42,497	42,818	43,139	44,744	46,349	47,954
<b>Asset Values (£000)</b>													
Buildings	34,633	35,665	38,571	40,874	47,774	47,774	47,774	47,774	47,774	47,774	47,774	47,774	47,774
Leisure Centre Cost above £5m				6,900									
Land	9,016												
Vehicles, Plant and Equipment	2,285												
<b>Other Assumptions</b>													
Core Budget Inflation Allowance						2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Asset Management Condition Allowance						0.30%							

Key Assumptions	Medium Term Financial Strategy					Additional Projections							
Year	2020/21 £000 1	2021/22 £000 2	2022/23 £000 3	2023/24 £000 4	2024/25 £000 5	2025/26 £000 6	2026/27 £000 7	2027/28 £000 8	2028/29 £000 9	2029/30 £000 10	2034/35 £000 15	2039/40 £000 20	2044/45 £000 25
<b>New Assets</b>													
Loan in Council Company		675											
Replacement Leisure Centre	106	278	2,349	2,260									
Housing Investment	255	429											
New Coach Park	250	325	557	43									
New Coach Park - Land		300											
Equity in Council Company	225												
<b>Sub Total</b>	<b>836</b>	<b>2,007</b>	<b>2,906</b>	<b>2,303</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Existing Property</b>													
Property Planned Maintenance	90	289	180	215		140	143	146	149	152	167	185	204
BRS - Short Term Redevelopment	222												
Burntwood Leisure Centre	754	532											
Depot Sinking Fund		11											
Equipment Storage in Beacon Park	100												
District Council House	50	188	110										
Dam Street Toilets	40												
<b>Sub Total</b>	<b>1,256</b>	<b>1,020</b>	<b>290</b>	<b>215</b>	<b>0</b>	<b>140</b>	<b>143</b>	<b>146</b>	<b>149</b>	<b>152</b>	<b>167</b>	<b>185</b>	<b>204</b>



<u>Vehicles, Plant and Equipment</u>													
Bin Purchases	210	150	150	150	150	150	151	152	153	155	160	166	172
Vehicles - Waste	22		3,243							3,308			
Vehicles - Other	66	118	301	120	143	150	153	156	159	162	179	197	218
ICT Investment	249	405	225	174		175	179	182	186	190	209	231	255
New Financial Information System	75	225											
<b>Sub Total</b>	<b>622</b>	<b>898</b>	<b>3,919</b>	<b>444</b>	<b>293</b>	<b>475</b>	<b>482</b>	<b>490</b>	<b>498</b>	<b>3,814</b>	<b>549</b>	<b>595</b>	<b>645</b>
<u>Other Capital Investment</u>													
Disabled Facilities Grants	511	1,272	1,272	1,272	1,272	914	927	940	951	964	1,025	1,066	1,074
Home Repair Assistance / Energy Insulation	10	44	43	43	43	25	25	25	25	25	25	25	25
Other Projects	744	1,289											
<b>Sub Total</b>	<b>1,265</b>	<b>2,605</b>	<b>1,315</b>	<b>1,316</b>	<b>1,315</b>	<b>939</b>	<b>952</b>	<b>965</b>	<b>976</b>	<b>989</b>	<b>1,050</b>	<b>1,091</b>	<b>1,099</b>
<b>Total Modelled Expenditure</b>	<b>3,979</b>	<b>6,530</b>	<b>8,430</b>	<b>4,278</b>	<b>1,608</b>	<b>1,554</b>	<b>1,578</b>	<b>1,601</b>	<b>1,623</b>	<b>4,955</b>	<b>1,766</b>	<b>1,870</b>	<b>1,948</b>

Key Assumptions	Medium Term Financial Strategy					Additional Projections							
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2034/35 £000	2039/40 £000	2044/45 £000
<u>Corporate Funding</u>													
Capital Receipts	(522)	(1,296)	(604)	(219)		(490)	(291)						
Capital Receipts – Statue		(5)											
Revenue – Corporate	(182)			(213)									
<u>Other Funding</u>													
Disabled Facilities Grant – New	(1,110)	(1,096)	(906)	(906)	(906)	(914)	(927)	(940)	(951)	(964)	(1,025)	(1,066)	(1,074)
Disabled Facilities Grant – Existing	599	(176)	(366)	(366)	(366)								
Home Repair Assistance / Energy Insulation	(10)	(44)	(43)	(43)	(43)								
Other Grants	(531)	(891)	(500)										
Section 106	(601)	(785)											
CIL	(101)	(79)											
Reserves	(1,030)	(1,730)	(252)	(120)	(143)								
Revenue - Existing Budgets	(162)	(150)	(150)	(150)	(150)	(150)	(151)	(152)	(153)	(155)	(160)	(166)	(172)
Burntwood Leisure Centre Sinking Fund	(223)												
Finance Leases	0	0	(3,260)	0	0	0	0	0	0	(3,308)	0	0	0
<b>Total Modelled Funding</b>	<b>(3,873)</b>	<b>(6,252)</b>	<b>(6,081)</b>	<b>(2,017)</b>	<b>(1,608)</b>	<b>(1,554)</b>	<b>(1,369)</b>	<b>(1,092)</b>	<b>(1,105)</b>	<b>(4,427)</b>	<b>(1,186)</b>	<b>(1,232)</b>	<b>(1,246)</b>

<b>Annual Borrowing Need</b>	<b>106</b>	<b>278</b>	<b>2,349</b>	<b>2,260</b>	<b>0</b>	<b>0</b>	<b>209</b>	<b>509</b>	<b>518</b>	<b>528</b>	<b>581</b>	<b>638</b>	<b>702</b>
<b>Cumulative Borrowing Need</b>	<b>106</b>	<b>384</b>	<b>2,733</b>	<b>4,993</b>	<b>4,993</b>	<b>4,994</b>	<b>5,202</b>	<b>5,711</b>	<b>6,229</b>	<b>6,757</b>	<b>9,553</b>	<b>12,627</b>	<b>16,008</b>

### **Minimum Revenue Provision Statement 2021/22**

Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP). Although there has been no statutory minimum since 2008. The Local Government Act 2003 requires this Council to have regard to the Ministry of Housing, Communities and Local Government's (MHCLG) guidance on MRP most recently issued in 2018.

The broad aim of the MHCLG Guidance is to ensure that debt is repaid over the period that is reasonably commensurate with that over which the capital expenditure provides benefits.

The MHCLG Guidance requires the Council to approve an annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP.

- For capital expenditure incurred after 1 April 2008 where no financial support is provided by the Government through the Finance Settlement, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments. MRP on purchases of **freehold land** will be charged over a maximum of **50 years**. MRP on expenditure not related to assets but that has been **capitalised by regulation or direction** (Revenue Expenditure Funded by Capital under Statute or REFCUS) will be charged over a maximum of **20 years**.
- For assets acquired by **finance leases**, MRP will be determined as being equal to the **element of the charge that is used to reduce the Balance Sheet liability**.
- For **capital expenditure loans to third parties that are repaid** in annual or more frequent instalments of principal, the Council will make **nil MRP**, but instead apply the capital receipts arising to reduce the Capital Financing Requirement or Borrowing Need. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate delaying the MRP until the year after the assets become operational.

## Treasury Management

### Introduction

Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy.

As part of the MTFs, we prepare integrated Revenue Budgets and a Capital Programme. These budgets, together with the actual Balance Sheet from the previous financial year, are used to also prepare Balance Sheet projections. These Balance Sheet Projections are shown on the next page.

These Balance Sheet projections are significant in assessing the Council's Treasury Management Position in terms of borrowing requirement (including comparison to a **Liability Benchmark** explained below), investment levels and our Investment Policy and Strategy.

**A Liability benchmark** compares the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as used in the Balance Sheet projections, but that cash and investment balances are kept to a minimum level (**£10m**) to maintain sufficient liquidity but minimise credit risk through the use of Internal Borrowing.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast Capital Financing Requirement (CFR) or Borrowing Need over the next three years. The table shows that the Council expects to comply with this recommendation (in 2020/21 debt is temporarily higher than the Capital Finance Requirement by £150k following the proposed early repayment of the Burntwood Leisure Centre Capital Investment).

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Capital Financing Requirement (Borrowing)	£3,162	£2,104	£2,336	£4,638	£6,852	£6,605
Capital Financing Requirement (Finance Leases)	£1,143	£623	£108	£2,853	£2,369	£1,885
<b>Total</b>	<b>£4,305</b>	<b>£2,727</b>	<b>£2,444</b>	<b>£7,491</b>	<b>£9,221</b>	<b>£8,490</b>

External Borrowing	(£2,449)	(£2,254)	(£2,059)	(£1,861)	(£6,662)	(£6,259)
Finance Leases	(£1,143)	(£623)	(£108)	(£2,853)	(£2,369)	(£1,885)
<b>Total</b>	<b>(£3,591)</b>	<b>(£2,877)</b>	<b>(£2,167)</b>	<b>(£4,714)</b>	<b>(£9,031)</b>	<b>(£8,144)</b>

Liability Benchmark	£22,652	£15,877	£11,755	£7,273	£71	(£1,064)
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## Balance Sheet Projections 2020-25

(Rounding may result in slight differences in figures in the wider Report)

	Type	2019/20 Actual £000s	2020/21 Budget £000s	2021/22 Budget £000s	2022/23 Budget £000s	2023/24 Budget £000s	2024/25 Budget £000s	2020/25 Change £000s
Non-Current Assets	ASSET	46,000	46,893	48,640	53,970	55,147	53,655	6,762
Equity Investment in Local Authority Company	ASSET	0	225	225	225	225	225	0
Long Term Debtors	CRED	141	141	141	141	141	141	0
Long Term Investment (Company Loan)	LOAN	0	0	675	675	675	675	675
Investments	INV	34,737 <sup>4</sup>	28,131	23,813	19,133	16,731	15,193	(12,938)
Borrowing	BOLE	(2,449)	(2,255)	(2,059)	(1,861)	(6,661)	(6,258)	(4,004)
Finance Leases	BOLE	(1,143)	(623)	(108)	(2,853)	(2,369)	(1,885)	(1,262)
Working Capital	CRED	(11,872)	(11,569)	(11,081)	(10,715)	(10,349)	(9,983)	1,586
Pensions	CRED	(32,718)	(31,370)	(33,493)	(35,752)	(34,494)	(36,711)	(5,342)
<b>TOTAL ASSETS LESS LIABILITIES</b>		<b>32,696</b>	<b>29,574</b>	<b>26,753</b>	<b>22,963</b>	<b>19,046</b>	<b>15,052</b>	<b>(14,522)</b>

Unusable Reserves								
Revaluation Reserve	REV	(9,425)	(9,425)	(9,425)	(9,425)	(9,425)	(9,425)	0
Capital Adjustment Account	CAP	(32,269)	(34,966)	(37,671)	(37,954)	(37,401)	(36,640)	(1,674)
Deferred Credits	CRED	(47)	(47)	(47)	(47)	(47)	(47)	0
Pension Scheme	CRED	32,718	33,700	34,711	35,752	36,824	37,929	4,230
Benefits Payable During Employment Adjustment Account	CRED	332	332	332	332	332	332	0
Collection Fund	CRED	(1,307)	6,018	1,037	518	0	0	(6,018)
Financial Instruments Reserve	CRED	544	384	384	384	384	384	0
<u>Usable Reserves</u>								
Unapplied Grants and Contributions	UGER	(2,938)	(2,563)	(1,633)	(1,590)	(1,546)	(1,503)	1,060
Usable Capital Receipts	UGER	(2,698)	(1,874)	(1,110)	(516)	(308)	(317)	1,557
Burntwood Leisure Centre Sinking Fund	UGER	(223)	0	0	0	0	0	0
Earmarked Reserves - Unrestricted	UGER	(6,794)	(10,508)	(3,760)	(3,061)	(2,591)	(2,676)	7,832
Earmarked Reserves - Restricted	UGER	(4,197)	(4,050)	(2,584)	(1,414)	(1,330)	(1,272)	2,778
General Fund Balance	GEN	(6,392)	(6,575)	(6,986)	(5,942)	(3,938)	(1,817)	4,758
<b>TOTAL EQUITY</b>		<b>(32,696)</b>	<b>(29,574)</b>	<b>(26,753)</b>	<b>(22,963)</b>	<b>(19,046)</b>	<b>(15,052)</b>	<b>14,522</b>

<b>Reserves Available to cover Investment Losses</b>	<b>(13,186)</b>	<b>(17,083)</b>	<b>(10,746)</b>	<b>(9,003)</b>	<b>(6,529)</b>	<b>(4,493)</b>	<b>12,590</b>
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<b>Summary</b>								
Capital Funding	CAP	(32,269)	(34,966)	(37,671)	(37,954)	(37,401)	(36,640)	(1,674)
Revaluation Reserve	REV	(9,425)	(9,425)	(9,425)	(9,425)	(9,425)	(9,425)	0
Borrowing and Leasing	BOLE	(3,591)	(2,878)	(2,167)	(4,714)	(9,030)	(8,143)	(5,266)
Non-Current Assets	ASSET	46,000	47,118	48,865	54,195	55,372	53,880	6,762
Investments	INV	34,737	28,131	23,813	19,133	16,731	15,193	(12,938)
Unapplied Grants & Earmarked Reserves	UGER	(16,850)	(18,995)	(9,088)	(6,582)	(5,775)	(5,768)	13,227
General Reserve	GEN	(6,392)	(6,575)	(6,986)	(5,942)	(3,938)	(1,817)	4,758
Long Term Debtors	DEBT	141	141	141	141	141	141	0
Long Term Investment (Company Loan)	LOAN	0	0	675	675	675	675	675
Working Capital & Pensions	CRED	(11,625)	(2,552)	(8,157)	(9,528)	(7,350)	(8,096)	(5,544)
<b>Total</b>		<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>
<b>Internal Borrowing</b>		<b>715</b>	<b>(150)</b>	<b>277</b>	<b>2,777</b>	<b>190</b>	<b>346</b>	<b>1,172</b>

<b>Liability Benchmark</b>								
Capital Financing Requirement (Borrowing)		3,163	2,104	2,335	4,637	6,851	6,604	4,500
Working Capital, Pensions & Long Term Debtors		(12,572)	(2,411)	(8,016)	(9,387)	(7,209)	(7,955)	(5,544)
Usable Reserves		(23,242)	(25,570)	(16,074)	(12,524)	(9,713)	(7,585)	17,985
Minimum Level of Investments		10,000	10,000	10,000	10,000	10,000	10,000	0
<b>Total</b>		<b>(22,652)</b>	<b>(15,877)</b>	<b>(11,755)</b>	<b>(7,273)</b>	<b>(71)</b>	<b>1,064</b>	<b>16,942</b>

<sup>4</sup> This figure includes accounting adjustments related to investments, without these adjustments the figure is £34.55m. The total cash invested at 31 March 2020 of £35.281m in the chart at para 3.18, is £34.737m plus the Financial Instruments Reserve of £0.544m.

### **Borrowing Strategy**

The Council currently projects **£2.255 million** of loans outstanding at the 31 March 2021, a decrease of **£0.193 million** on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast on the previous page shows that the Council does not expect to need to borrow in 2021/22. The Council may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of **£10.987 million**.

**Objectives:** The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

**Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2021/22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Council has previously raised all of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.

Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Council may borrow short-term loans to cover unplanned cash flow shortages.

**Sources of borrowing:** The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Staffordshire County Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

**Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

**Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

**Short-term and variable rate loans:** These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

**Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

### **Treasury Investment Strategy**

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's treasury investment balance has ranged between **£38.3 million** and **£50.4 million** due to the receipt of Business Grants that are invested short term pending payment, lower levels are expected to be maintained in the forthcoming year however this will be influenced by the COVID-19 pandemic.

**Objectives:** The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

**Negative interest rates:** The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

**Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, the Council aims to further diversify into more secure and/or higher yielding asset classes during 2021/22. This is especially the case for the estimated £10m that is available for longer-term investment. A reducing proportion of the Council's surplus cash remains invested in short-term unsecured bank deposits and money market funds. This diversification will represent a continuation of the strategy adopted in 2019.

**Business models:** Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

**Approved counterparties:** The Council may invest its surplus funds with any of the counterparty types in the table below, subject to the limits shown (recommended changes are in red).

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£2m	Unlimited
Secured investments *	25 years	£2m	Unlimited
Banks (unsecured) *	13 months	£1m	Unlimited
Building societies (unsecured) *	13 months	£1m	£2m
Registered providers (unsecured) *	5 years	£1m	£5m
Money market funds *	n/a	£4m	<b>Unlimited (Approved £21m)</b>
Strategic pooled funds	n/a	£4m	£10m
Real estate investment trusts	n/a	£1m	£5m
Other investments *	5 years	£0.5m	£2m

This table must be read in conjunction with the notes below

**\* Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than **A-**. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of **£500,000 per counterparty** as part of a diversified pool e.g. via a peer-to-peer platform.

**Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.



**Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

**Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

**Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

**Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

**Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

**Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

**Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

**Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below **£500,000 per bank**. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

**Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

**Other information on the security of investments:** The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

**Investment limits:** The Council's revenue reserves available to cover investment losses are forecast to be **£17 million** on 31<sup>st</sup> March 2021. In order that no more than 10% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be **£2 million**. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than **£500,000** in operational bank accounts count against the relevant investment limits.

Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

### Investment limits

	Cash limit
Any group of pooled funds under the same management	£11m per manager
Negotiable instruments held in a broker's nominee account	£12m per broker
Foreign countries	£2m per country

**Liquidity management:** The Council uses an excel spreadsheet for cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

The Council will spread its liquid cash over a number of providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

The CIPFA Code requires the Council to include the following in its treasury management strategy.

**Financial derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

**Financial derivatives:** In the absence of any explicit legal power to do so, the Council will not use standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments, including pooled funds and forward starting transactions, may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.

**Markets in Financial Instruments Directive:** The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Head of Finance and Procurement believes this to be the most appropriate status.

### **Financial Implications**

The budget for investment income in 2021/22 is **£0.350 million**, based on an average investment portfolio of **£35.81 million** at an interest rate of **0.96%**. The budget for external debt interest paid in 2021/22 is **£0.048 million**, based on an average external debt portfolio of **£2.13 million** at an average interest rate of **2.18%**. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

Where investment income exceeds budget, e.g. from higher risk investments including pooled funds, or debt interest paid falls below budget, e.g. from cheap short-term borrowing, then yield in excess of **2.5%** of the revenue savings will be transferred to treasury management volatility reserves to cover the risk of capital losses or lower interest rates payable in future years.

### **Other Options Considered**

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Head of Finance and Procurement, having consulted the Cabinet Member for Finance, Procurement, Customer Services, Revenues and Benefits, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

## Investment Strategy Report 2021/22

### Introduction

The Council invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

This investment strategy is a new report, meeting the requirements of statutory guidance issued by the government in January 2018, and focuses on the second and third of these categories.

### Treasury Management Investments

The Council typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between **£28.02 million** and **£41.72 million** during the 2021/22 financial year.

**Contribution:** The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.

**Further details:** Full details of the Council's policies and its plan for 2021/22 for treasury management investments are covered in a separate document in this report, the treasury management strategy.

### Service Investments: Loans

**Contribution:** The Council lends money to its employees for car loans, inherited housing loans from Birmingham City Council, makes loans to individuals to reduce the risk of homelessness and will lend to its subsidiary to support the development of local housing.

**Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Council, upper limits on the outstanding loans to each category of borrower have been set as follows:

Category of borrower	31.3.2020 actual			2020/21	2021/22
	Balance owing	Loss allowance	Net figure in accounts	Projection	Proposed Limit
Subsidiaries	£0	£0	£0	£0	£675,000
Employees – car loans	£1,309	£0	£1,309	£0	£100,000
Housing Loans - secured	£44,320	£0	£44,320	£44,320	£45,000
Housing Loans - unsecured	£2,771	£0	£2,771	£2,771	£3,000
Homelessness Loans	£16,903	(£16,903)	£0	£0	£50,000
<b>TOTAL</b>	<b>£65,303</b>	<b>(£16,903)</b>	<b>£48,400</b>	<b>£47,091</b>	<b>£873,000</b>

Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts from 2019/20 onwards will be shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent including placing charges on properties for housing loans (secured) and has appropriate credit control arrangements in place to recover overdue repayments.

**Risk assessment:** The most significant loan for a service purpose is the **£675,000** loan for **5 years** to the Council Development Company for the provision of housing. The Board of Directors of the Company will initially consist of Council employees and therefore the Council will be able to manage the repayment risk through project due diligence and the monitoring of selected projects.

#### **Commercial Investments: Property**

See the Capital Strategy at **APPENDIX B**.

#### **Loan Commitments and Financial Guarantees**

See the Capital Strategy at **APPENDIX B**.

#### **Proportionality**

See the Capital Strategy at **APPENDIX B**.

#### **Borrowing in Advance of Need**

Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Council does not currently plan to undertake this type of activity.

### Capacity, Skills and Culture

See the Capital Strategy at **APPENDIX B**.

### Investment Indicators

The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

**Total risk exposure:** The first indicator shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and guarantees the Council has issued over third party loans.

Total Investment Exposure	31/03/20 Actual £000	31/03/21 Forecast £000	31/03/22 Forecast £000	31/03/23 Forecast £000	31/03/24 Forecast £000	31/03/25 Forecast £000
Treasury Management Investments	£34,737	£28,131	£23,813	£19,133	£16,731	£15,193
Commercial Investments: Property	£4,075	£4,075	£4,075	£4,075	£4,075	£4,075
<b>TOTAL INVESTMENTS</b>	<b>£38,812</b>	<b>£32,206</b>	<b>£27,888</b>	<b>£23,208</b>	<b>£20,806</b>	<b>£19,268</b>
Commitments to Lend	£0	£0	£675	£675	£675	£675
<b>TOTAL EXPOSURE</b>	<b>£38,812</b>	<b>£32,206</b>	<b>£28,563</b>	<b>£23,883</b>	<b>£21,481</b>	<b>£19,943</b>

**How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the Council does not currently intend purchasing any commercial type investments. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure

**Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

### Investment rate of return (net of all costs)

Investments Net Rate of Return	31/03/20 Actual %	31/03/21 Forecast %	31/03/22 Forecast %	31/03/23 Forecast %	31/03/24 Forecast %	31/03/25 Forecast %
Treasury Management Investments	1.18%	0.77%	0.96%	1.08%	1.29%	1.66%
<u>Property Investments</u>						
Property (excluding valuation changes)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>ALL INVESTMENTS</b>	<b>4.18%</b>	<b>3.77%</b>	<b>3.96%</b>	<b>4.08%</b>	<b>4.29%</b>	<b>4.66%</b>

Other Investment Indicators	31/03/20 Actual %	31/03/21 Forecast %	31/03/22 Forecast %	31/03/23 Forecast %	31/03/24 Forecast %	31/03/25 Forecast %
Investment Property Income as a proportion on Net Operating Cost	2.76%	2.52%	2.53%	2.50%	2.57%	2.50%

See the Capital Strategy at **APPENDIX B**.



## CFO Report on Robustness of the Budget and Adequacy of Reserves – Supporting Information

### Context

In accordance with the Local Government Act 2003 (Sections 25-27) and to comply with CIPFA Guidance on Local Authority Reserves and Balances, the CFO is required to formally report to Members on the robustness of the Budget and the adequacy of Reserves. The CFO is appropriately qualified under the terms of Section 113 of the Local Government Finance Act 1988.

### Adequacy of Reserves

The CFO assesses and determines the appropriate level of Reserves and Provisions using a variety of mechanisms, including:

- Being significantly involved in the Budget setting process, the annual financial cycle and engaged in the strategic leadership of the organisation as a member of the Leadership Team including wider corporate roles beyond that of finance;
- Leading and writing on the annual revision of the MTFS;
- Challenging the budget at various stages of preparation, including the reasonableness of the key budget assumptions and sensitivities such as estimates for inflation and corporate financial pressures, realism of income targets and the extent to which known trends and liabilities are provided for:
  - Meetings with specific colleagues to examine particular areas or issues;
  - An in-depth review of the financial risks assessment;
  - Review of the movements, trends (including a comparison to the level at other Councils) and availability of contingency, provisions and earmarked reserves to meet unforeseen cost pressures in the context of future pressures and issues;
  - The use of professional experience and best professional judgement;
  - The use of appropriate professional, technical guidance and local frameworks;
  - Knowledge of the colleagues involved in the process, particularly finance professionals, including their degree of experience and qualifications;
  - Review of the strength of financial management and reporting arrangements, including internal control and governance arrangements. This is undertaken in consultation with relevant colleagues and Members of the Cabinet.

It is prudent for Councils to maintain an adequate 'working balance', that is part of General Reserves. A Risk Assessment approach is used to determine the required level of General Reserves and Provisions.

The Council's aim is to have a prudent level of General Reserves available for unforeseen financial risks. The Council projects available general reserves of **£6,574,824** at 31 March 2021 and **£6,986,000** at 31 March 2022. This is **55%** and **58%** of the amount to be met from Government Grants and Local Taxpayers in 2021/22 of **£11,951,000**.

The minimum level of Reserves for 2021/22 onwards is **£1,600,000** and has been determined by Risk Assessment.

In recommending an adequate level of Reserves, the CFO considers and monitors the opportunity costs of maintaining particular levels of Reserves and Balances and compares these to the benefits accrued from having such Reserves. The opportunity cost of maintaining a specific level of Reserves is the 'lost'

opportunity for example, of investing elsewhere to generate additional investment income, or using the funds to invest in service improvements.

In assessing this, it is important to consider that Reserves can only be used once and are therefore potentially only "one off" sources of funding. Therefore, any use of General Reserves above the lower minimum threshold is only ever used on one-off items of expenditure.

Expenditure - the level of Reserves is also determined by use of a comprehensive risk assessment to ensure they represent an appropriately robust "safety net" that adequately protects the Council against potential unbudgeted costs.

### Use of General Revenue Reserves

The above assessment demonstrates that General Revenue Reserves are at an appropriate level as determined in accordance with the MTFS and the CFO's professional advice. The MTFS allows any Reserves above the level required by the Strategy to be used to fund one-off items of expenditure. No General Revenue Reserves below the minimum threshold are being used to support the 2021/22 budget and beyond.

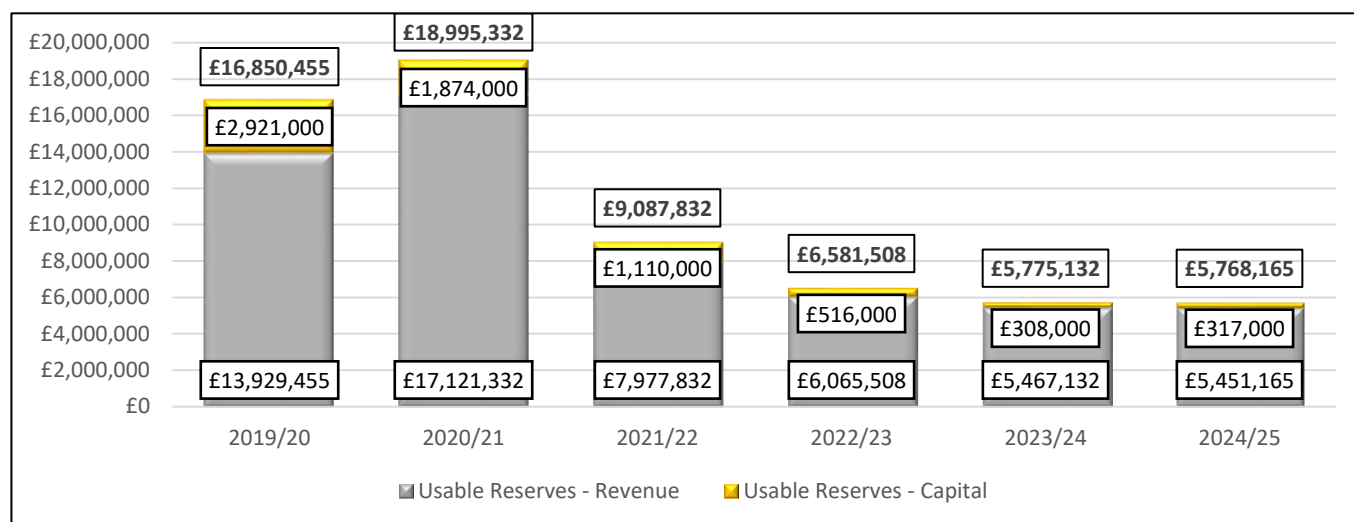
CIPFA provides guidance for determining the minimum level of Reserves. The Council uses the method based on risk assessment. The approach to the risk assessment of Reserves has taken into account CIPFA guidance (LAAP 99) (Guidance note on Local Authority Reserves and Balances).

The table below shows the financial risk assessment made for **2021/22** with increases in the level of risk shown as positive numbers (red) and reductions in the level of risk enclosed in brackets (green):

Activity Area	Severity of Risk	2021/22 Reserve Amounts £	2020/21 Reserve Amounts £	Change £
Capital Strategy	Material	£264,000	£149,000	£115,000
Business Rates	Severe	£69,000	£264,000	(£195,000)
Partnerships and Outsourcing	Tolerable	£152,000	£37,000	£115,000
High Risk Streams of Income including Fees and Charges	Severe	£645,000	£587,000	£58,000
Inflation Assumptions	Material	£155,000	£233,000	(£78,000)
Demand Led Services	Material	£90,000	£90,000	£0
Collection of Income Performance	Material	£139,000	£133,000	£6,000
Civil Contingency	Tolerable	£127,000	£127,000	£0
Other	Tolerable	(£41,000)	(£20,000)	(£21,000)
<b>Total Minimum Reserves</b>		<b>£1,600,000</b>	<b>£1,600,000</b>	<b>£0</b>

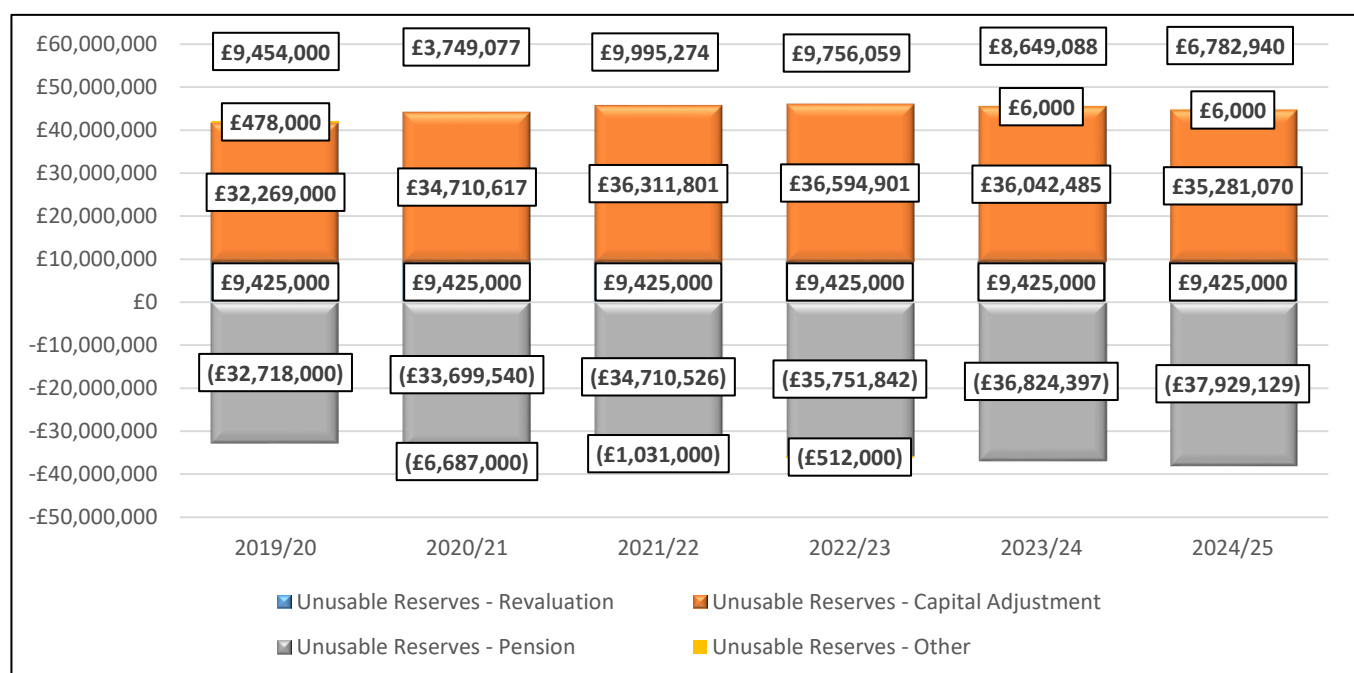
### Other Reserves (in addition to General Reserves)

A review of the level of Earmarked Reserves has been undertaken as part of the annual Budget preparation. The projected levels are shown below:



Ongoing review of Earmarked Reserves takes place as part of the Money Matters Reports in line with the approved earmarked reserves policy to ensure we are only holding funds for known and essential purposes.

The Council also holds other Unusable Reserves that arise out of the interaction of legislation and proper accounting practice and the Balance Sheet projections are shown below:



The CFO has been involved throughout the entire budget process, including revising the MTFS, input to the drafting of the budget, the ongoing financial monitoring and reporting process, evaluation of investments and savings, engagement with Members of the Cabinet and Overview and Scrutiny Committees, advising colleagues, the strategic choices activities, challenge and evaluation activities, and scrutiny of the budget. The following sections of this statement outline particular activities and documents.

**Process** - a robust budget process has been used within the overall context of the MTFS.

**Timetable** - the process started in July 2020 and the draft budget was completed in November 2020 prior to the Provisional Financial Settlement for Local Government 2021/22. This enabled formal scrutiny of the budget making process in January 2021. The final budget is due to be set at Council on 16 February 2021, well within the statutory deadline.<sup>5</sup>

**Member involvement and Scrutiny** (including budget monitoring) - formal Member involvement has been extensive, particularly through the Cabinet in conjunction with Leadership Team, Strategic Overview & Scrutiny Committee and Audit and Member Standards Committee, which has fed upwards to Cabinet.

**Consultation** – from 22 October 2020 to 31 December 2020, we carried out a budget consultation to find out what people who live in the District think about the services we provide and their view on an acceptable level of Council Tax increase.

**Challenge** - there are various points of challenge at various stages of the Budget, meetings of Leadership Team, Cabinet and the Scrutiny process itself.

**Localism Act - Right to approve or veto excessive Council Tax rises** - The Secretary of State has determined a **2% or £5.00** (whichever is the higher) limit for Council Tax increases for 2021/22. If an Authority proposes to raise taxes above the limit they will have to hold a referendum to get approval for this from the local voters who will be asked to approve or veto the rises.

**Ownership and accountability** - the budget has progressed through the Service and Financial Planning process including review by management within services and Leadership Team. Budget holders were sent copies of budget estimate working papers for their respective areas of service responsibility.

**Current financial position** - the budget is a statement of financial intent, reflecting The Council's vision, plans and priorities. It also sets the financial spending parameters for each financial year and as such, the CFO assessment of the adequacy of Reserves, also includes the risk of services overspending and/or under-spending their budgets and the impact of this on the financial health of the Council and its level of Reserves. The current financial position has been reported throughout the year.

**Key assumptions** - The pay and prices used in the budget are derived from current intelligence, are considered appropriate and compare with those used by other Councils. Fees and charges have been reviewed and changes are reflected in the overall budget. The Capital Receipts to be used for the Capital Programme are based on estimates of both timing and value.

**Financial risks** – The Council continues to use an embedded good practice Risk Assessment approach both when setting the Budget and in validating estimated outturns. This continues for the 2020/21 outturn and 2021/22 plus Budget. The minimum level of General Reserves is considered to be adequate to cover all but the most unusual and serious combination of risks.

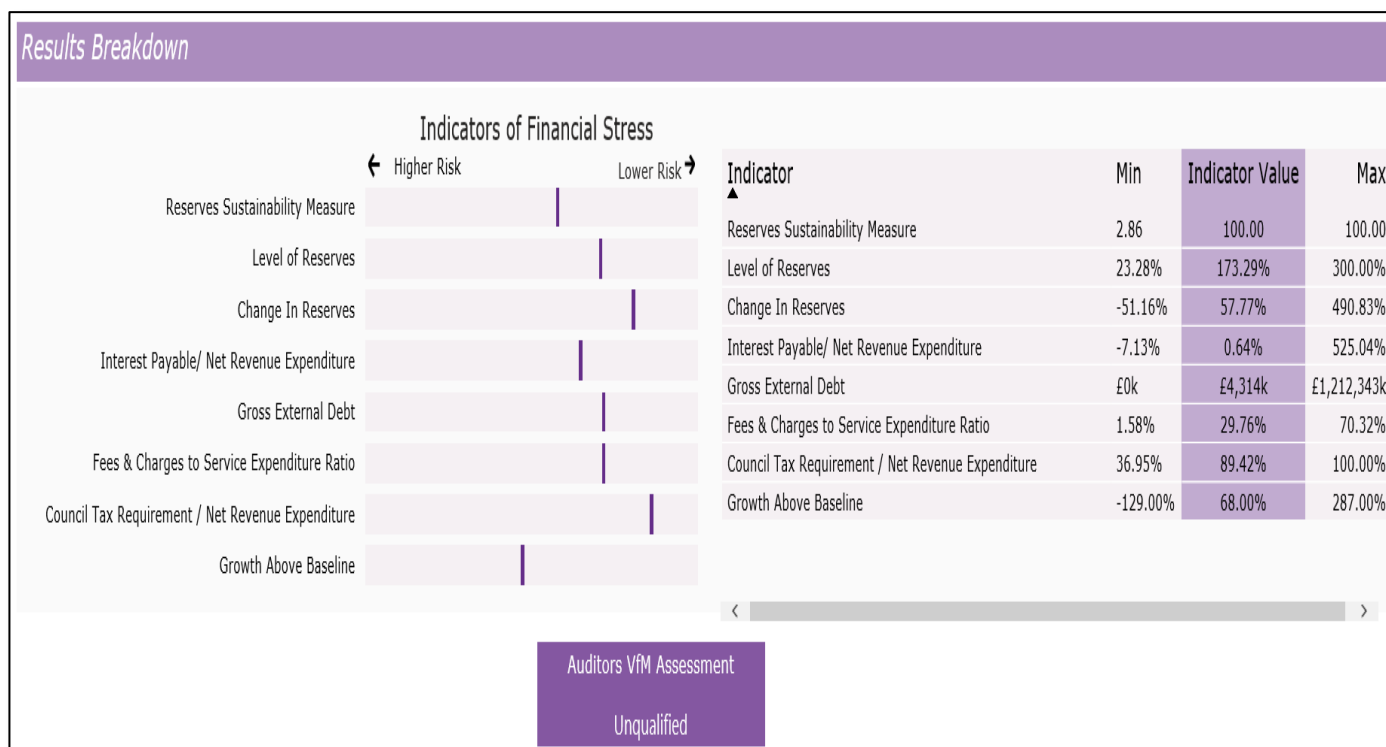
## The CIPFA Resilience Index

CIPFA published the first release of its Resilience Index in December 2019. The selection of indicators has been informed by the extensive financial resilience work undertaken by CIPFA over the past four years, public consultation and technical stakeholder engagement. The Resilience Index for 2020 has been delayed due to incomplete provisional data and is scheduled for release in early February 2021 subject to MHCLG data release timetables and CIPFA's own internal assurance. In the interim, the index for 2019 using a range of measures associated with financial risk is republished on the following page.

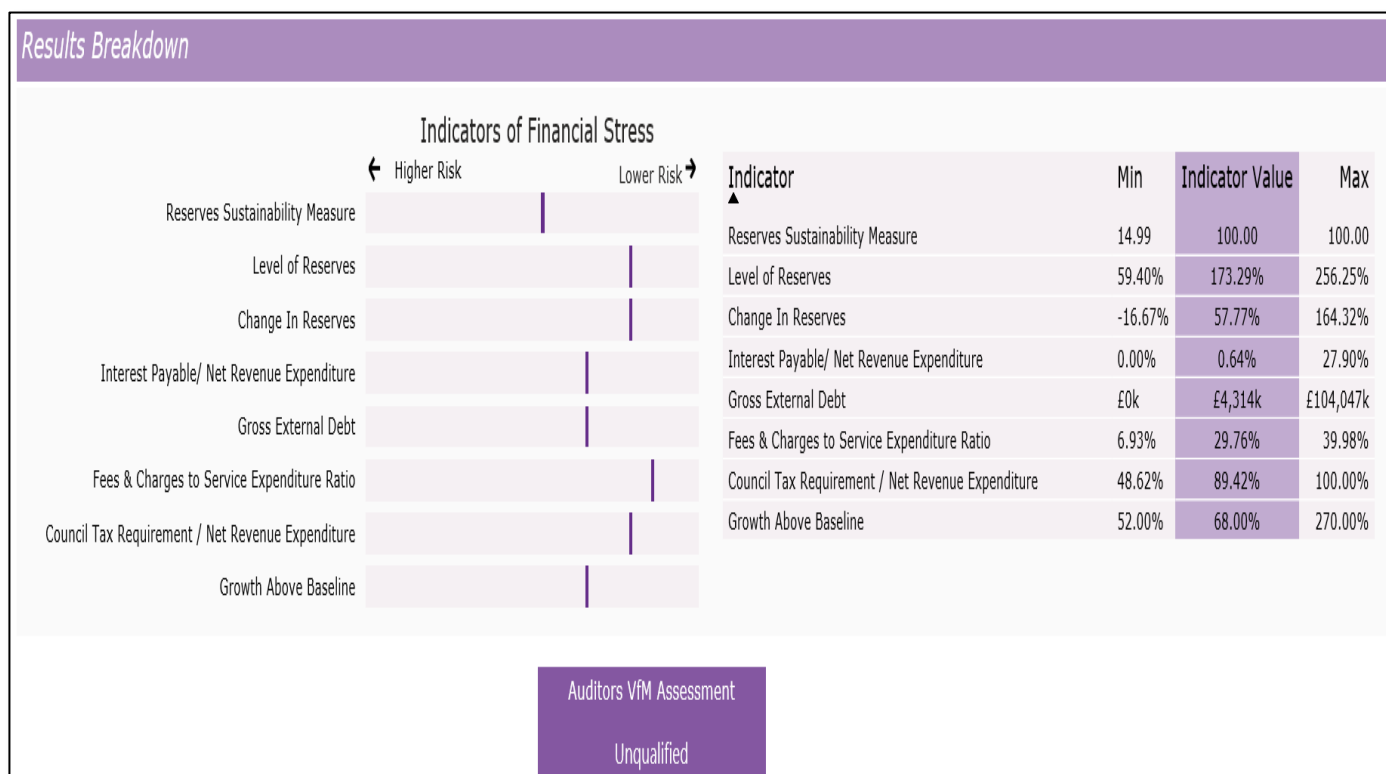
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<sup>5</sup> Statutory deadline date for setting Council Tax is by 11 March 2021.

## District Councils



## Nearest Neighbours



## Summary - Opinion of CFO on the Adequacy of Reserves and the Robustness of the Estimates

I am of the opinion that for a Council of this size and with our recent record of prudent spending, effective Risk Management, robust budgeting and effective Budget monitoring and control, a General Minimum Reserve level of **£1,600,000** remains adequate.

# Budget Consultation Report

## January 2021

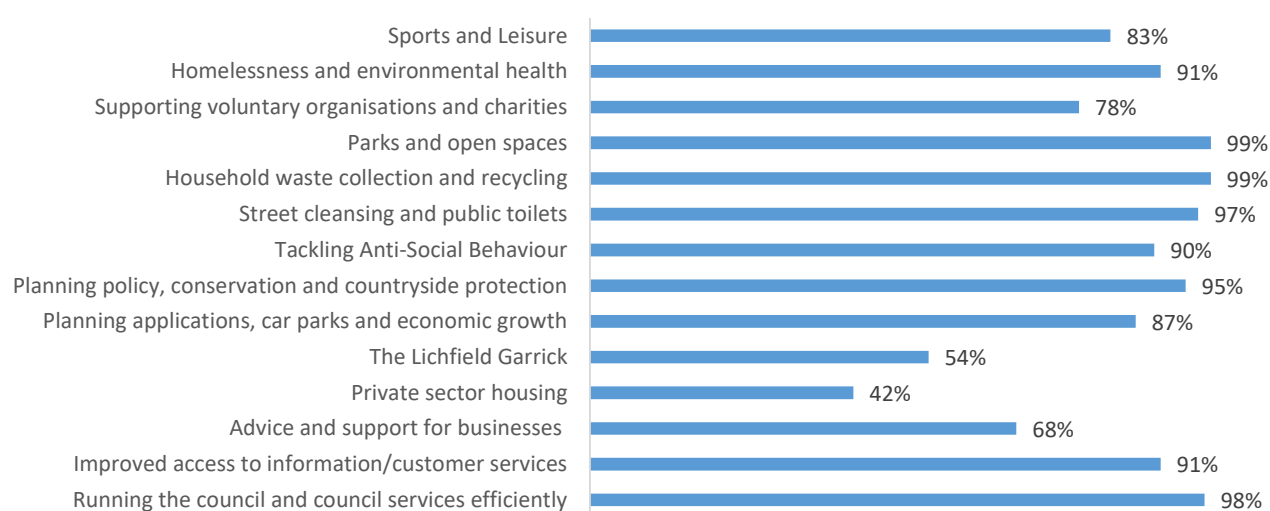
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## 1. Executive Summary

Lichfield District Council has four strategic priorities set out in its Strategic Plan for 2020 to 2024. These priorities are to Enable People, Shape Place, Develop Prosperity and Be a Good Council. Introductory questions in the consultation returned results that demonstrate a general level of trust and satisfaction with Lichfield District Council but less certainty on the extent to which residents feel informed the Council's activities and the extent to which it delivers value for money.

The budget consultation invited respondents to consider a wide range of service areas that fit under these strategic priorities. The areas that were highlighted as most important were Parks and Open Spaces, Household Waste Collection and Recycling and Running the Council and its services efficiently. Also in the top five areas of importance were Street Cleansing and Planning Policy.



### Spending Priorities and Council Tax

There was a general feeling from respondents to the survey that spending should be maintained rather than increased across the majority of service areas. Only in two areas were the majority of respondents in favour of reducing spending – the Lichfield Garrick and Private Sector Housing.

### Fees and income

The largest proportion of respondents (68%) felt that either Lichfield District Council's approach to fees was currently about right or that no additional fees should be introduced. Only 32% felt that there was scope for increases and put forward alternative suggestions for sources of income generation which ranged from commercial sponsorship, increased for more regular fines, large-scale events or ideas for reductions in spending.

### Council Tax

The majority of respondents (86%) indicated that an increase in Council Tax would be acceptable with 63% of the total expressing that an increase of 2% or £5 would be acceptable to them.



## 2. Introduction

In the next financial year (2020/21) Lichfield District Council will spend around £11million (£10,991,000) on local services. Over £7million (£7,029,000) of this figure is generated through council tax. The balance (£3,962,000) will be funded through business rates, other grants, surpluses and New Homes Bonus.

The government has been reducing the amount of core government grant received by local authorities every year, and next year Lichfield District Council could be required to pay an amount to the Government (although this will be subject to the Spending Review). This means facing significant and ongoing challenges providing the same level of services, and either needing to make further savings or generate additional income to fund the services delivered.

Talking to residents and getting their views plays an important part in the process of shaping future decisions on budget priorities and setting council tax.

A total of 150 people responded to the survey. This represents 0.2% of the adult population of the district. A full breakdown of respondents can be found in Appendix 1.

## 3. Methodology

The questionnaire used for the budget consultation was based on the template used in the previous budget consultation exercise and updated to reflect strategic priorities from Lichfield District Council's Strategic Plan 2020 – 2024. The questionnaire also includes a range of questions derived from Staffordshire County Council's Feeling the Difference survey.

Which gave residents an opportunity to give their views on their local area as a place to live, and local public services.

The budget consultation was launched on 22 October and was open until 31 December 2020.

The questionnaire was accessible on-line through the Lichfield District Council website and promoted through the media and social media. The budget consultation was also promoted in the printed LDC News magazine distributed to 44,000 homes in November 2020 and through a newly launched e-news that was sent to 6000 subscribers.

Plans to hold events and displays to promote the consultation and broaden the scope of information gathering and discussion around strategic and budget priorities were suspended due to coronavirus restrictions at local and national level.

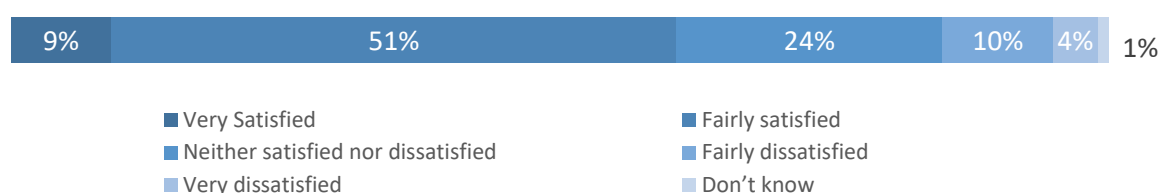
## 4. Results

### 4.1 - Opinions about Lichfield District Council

Respondents were asked to express their overall opinions about Lichfield District Council. This section questions was taken from the question set used in the Staffordshire County Council's 'Feeling the Difference' and previously used as part of Lichfield's strategic indicator set.

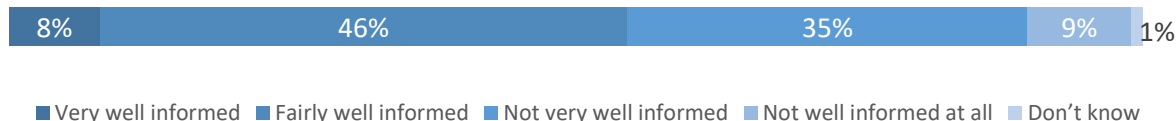
#### Overall satisfaction

The majority of respondents (60%) stated that they were either fairly or very satisfied with the performance of Lichfield District Council.



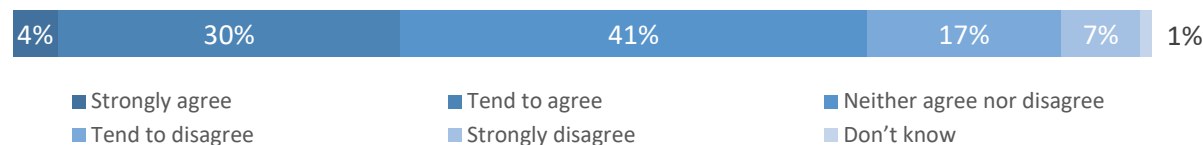
#### Keeping residents informed

The majority of respondents (54%) indicated that they felt fairly or very well information about Lichfield District Council Services against 44% that believed they were not well informed.



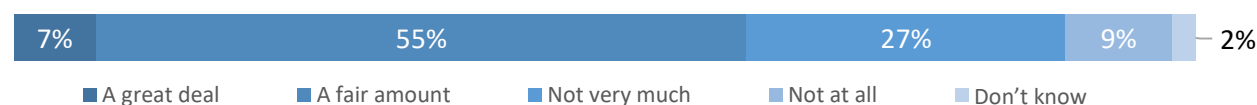
#### Providing value for money

A total of 34% of respondents felt that Lichfield District Council provides value for money with 24% expressing the view that the authority did not. The largest proportion of respondents (41%) answered that they neither agreed nor disagreed with the statement.



#### Trust in Lichfield District Council

The majority of respondents (62%) expressed that they had trust in Lichfield District Council with 34% saying that they did not.



## 4.2 - Services Provided

Respondents were provided with a list of service areas delivered or supported by Lichfield District Council and asked to rate the importance each service area. The service areas were themed under each of the strategic priorities;

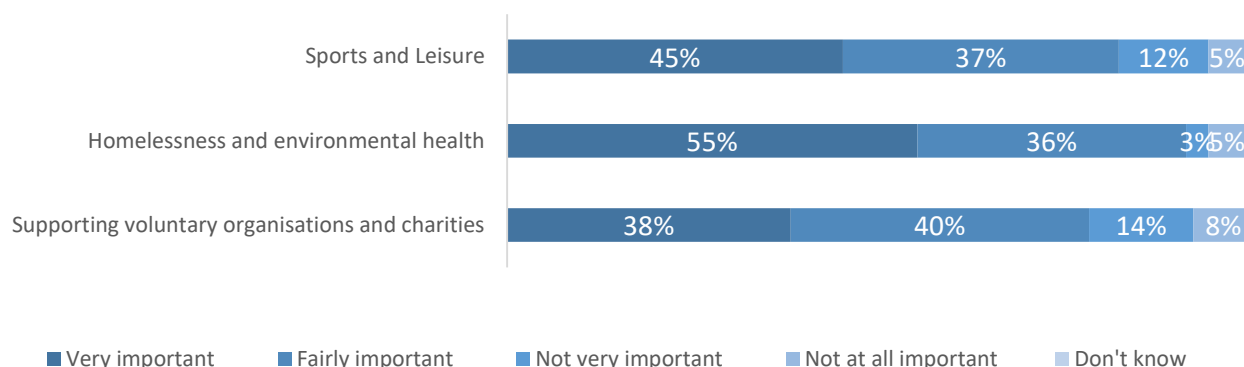
- Enabling people
- Shaping place
- Developing prosperity
- Being a good council

The rating scale approach is the same as the scale used in the previous budget consultation survey to enable comparison between results. The Fairly and Very important scores have been combined to provide an overall importance rating. Where the 'level of support' is quoted this is defined as;

- High                75% – 100% agree the service is important
- Moderate        50% – 74% agree the service is important
- Some             25% - 49% agree the service is important
- Low                0% - 24% agree the service is importance

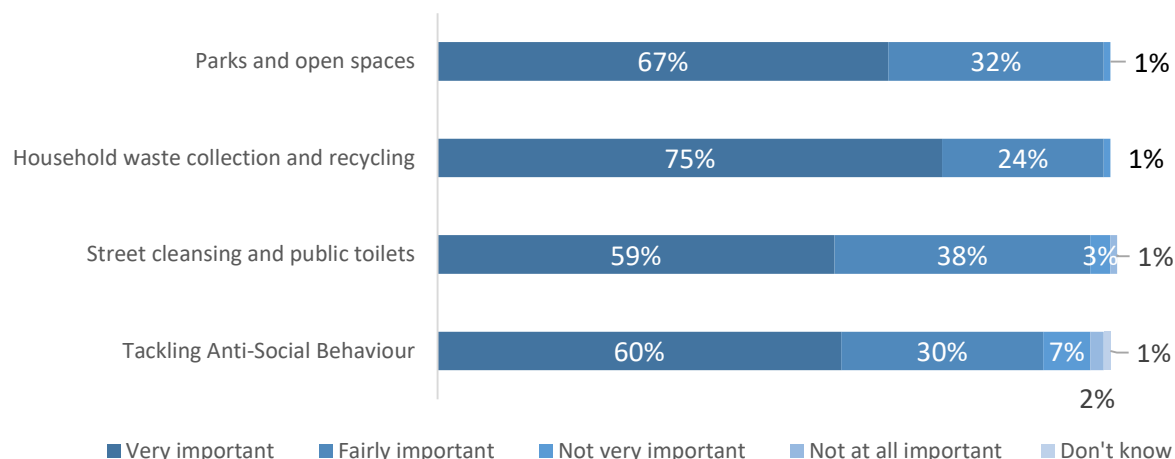
### Enabling People

A high proportion of respondents (82%) felt Sports and Leisure were important. This ranked these services 10<sup>th</sup> in the overall list of priorities. There was also a high level of support attached to Homelessness and environmental health (91%) which placed 6<sup>th</sup> in the list of priorities. Supporting voluntary organisations was rated as high importance by 78% of respondents and ranked 11th out of the 14 service areas.



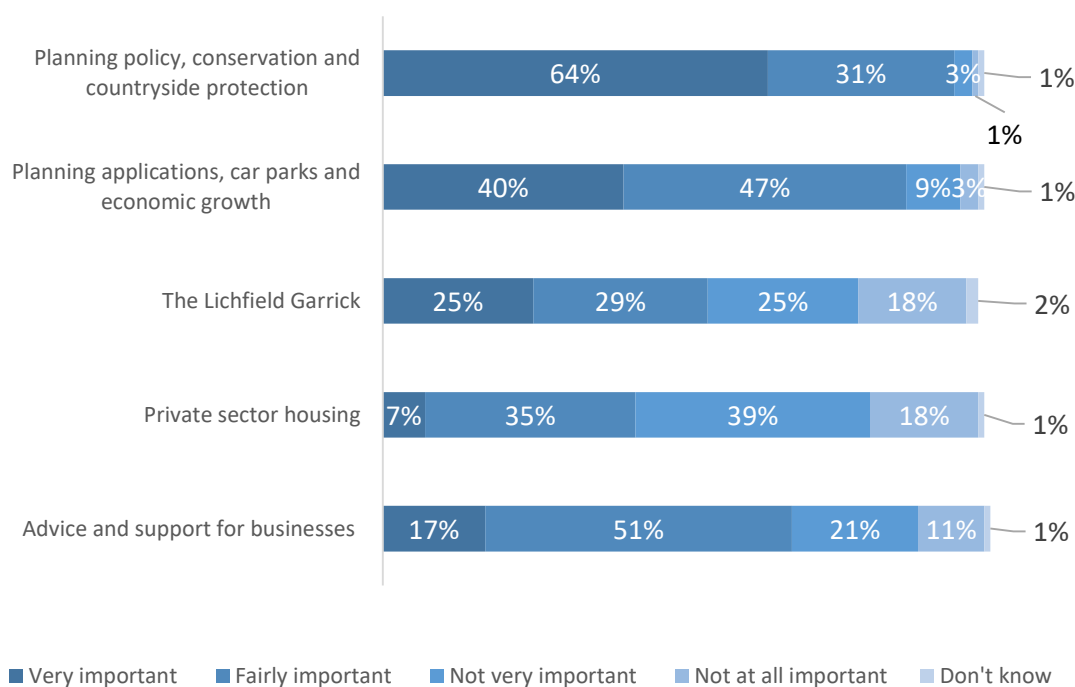
### Shaping Place

Both Parks and open spaces and household waste and recycling received the highest importance score of all 14 service priorities with 99% of respondents rating them as high importance. This is consistent with the previous budget consultation survey where waste collection from homes was ranked as the highest priority with a score of 91%. Street cleansing and public toilets was also rated as high importance (97%) and was the 4<sup>th</sup> rated priority.



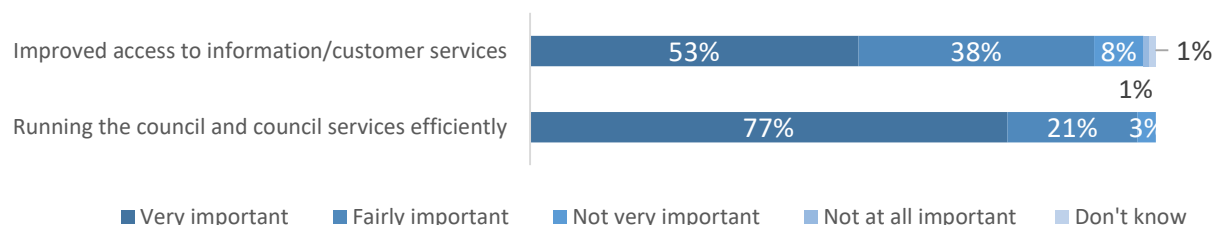
### Developing Prosperity

Private Sector housing was rated as a priority by some respondents (42%) making it the lowest ranked of all priorities. Support for the Garrick Theatre was rated as a moderate priority by respondents (54%) making it 13th out of 14 priority areas. This is slightly higher than the previous survey where the Garrick was only a priority for some residents (26%) when listed as a joint priority with the arts.



### Being a good council

Improving access to information and customer services was rated as high importance by respondents (91%) whilst the importance of running the council and its services in an efficient manner was rated as the 3<sup>rd</sup> highest priority on the list with 98% of respondents rating this as fairly or very important.



### 4.3 - Spending Priorities

Using the same list of priority areas, respondents were asked to state whether spending in each service area should be;

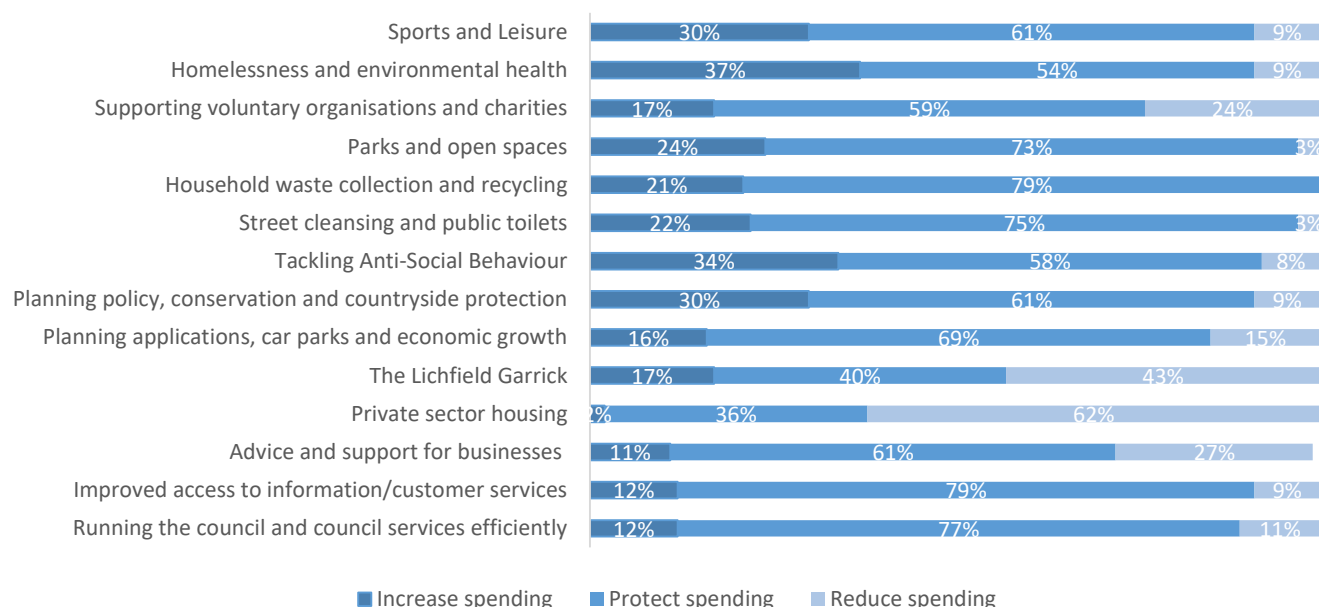
- a) Increased,
- b) Protected, or
- c) Reduced.

For all but two of the priority areas (The Lichfield Garrick at 40%, and private sector housing at 36%) the majority of respondents stated that spending should be protected. The top priority areas where residents selected to increase spending were;

- Homelessness and environmental health – 37%
- Tackling Anti-social behaviour – 34%
- Sports and leisure – 30%
- Planning policy, conservation and countryside protection – 30%

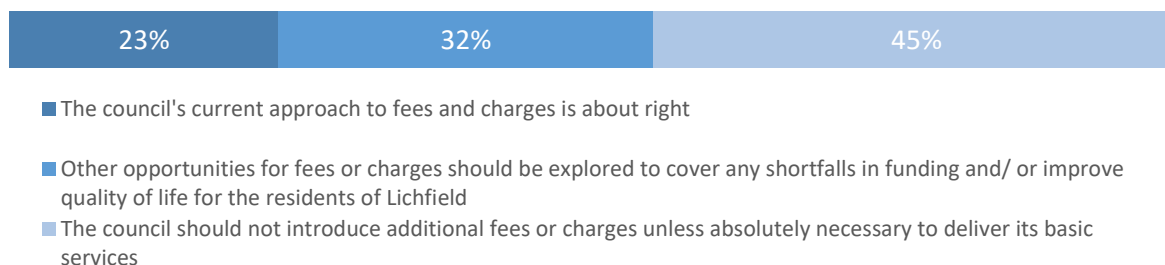
The areas with the highest number of respondents indicating that spending should be reduced were;

- Private sector housing – 62%
- Lichfield Garrick – 43%
- Advice and Support for businesses – 27%
- Supporting voluntary organisation and charities – 24%



#### 4.4 - Fees, charges, income and other opportunities

Respondents were asked for their views on Lichfield District Council's approach to setting fees and charges. The largest number of respondents (45%) expressed a view that fees and charges should not be increased whilst 32% felt that other opportunities should be explored.



Respondents were also asked to put forward their own ideas on opportunities for alternative sources of income;

##### Business Support

*Too many shops are closing and need help. Reducing building rent and encouraging new businesses to the dying shopping Centre would bring in more income to the city.*

*Help local businesses. Help keep your green spaces and park well. Stop anti-social behaviour.*

*Reduce business rates to get empty shops filled. Too many closed and empty shops because rates are too high.*

##### Amenities and Events

*Would it be possible for the council to open short term charging car parks during large events in the city such as parking on the field by Stowe pool during the food festivals?*

*Next year there will be such an appetite for events that a ticketed public event ran for profit would be welcomed I expect. Joint ventures with property developers to develop unused council owned property including office space in residential would be easily realised though this is a bit 'short-term-its'.*

*Organise and charge for large events that would make a profit (in the future after Covid restrictions have been relaxed).*

*A lottery, Rock Festival in the parks with big names. More large one-off markets*

*When covid free, Cinema, Dance Hall/Event Centre, Decent swimming pool/sports centre. I've been on French campsites that have better facilities than Lichfield. If you can't arrange for investors to provide these facilities in Lichfield giving you an increased tax revenue then people will continue to spend their money in Tamworth.*

*More things to do in Lichfield for the young. It will keep them busy and meaning hanging round parks won't be their only option for recreation. The income generated from a cinema and could go back to the local authority.*

### Housing and construction

*There should be substantial contributions from all the new building that is taking place now and in the future around our city. This is an opportunity that should not be missed. The builders concerned should have to contribute more to improve the road infrastructure required to cope with the increased traffic from the increase in the population. Builders should also contribute to the leisure facilities required for all their new residents such as building stretches of the Lichfield Canal as this would be a tremendous boost to tourism and a great leisure facility for local residents. It is so sad to see how slowly this development is moving. Water is what people look for to relax and book holidays beside.*

*Planning is a key earning service and ways to provide paid for consulting for private development could be explored in addition levies for planning gain should be increased where possible. Hire of council owned venues can be marketed to local businesses.*

### Provision of council housing

### Spending Reduction

*Do we have a need for the Tourist Information Centre with so much information available online? May be a way of saving money?*

*Increase income by saving on council officers' salaries and employing competent staff. Job share with adjoining council(s) the post of Chief Executive. Officers at LDC are not up to scratch. Close the public toilets at the entrance of Beacon Park and replace with one or two units that can be rented out.*

*Reduce council spending. Sell council offices and make staff work from home*

### Fines, Fees and Charges

*Parking on the pavement and enforcement of parking on Yellow lines. I believe that councils in London are able to do this.*

*Residents should be fined if they do not obey the rules*

### More fines for littering

*Higher fines for people parking on double yellow or single yellow lines, over staying in car park by up to 15 minutes should only incur modest say £20 fine, as should an over stay say of 15 minutes on limited waiting on a road markings, not the full fine for limited time infringements.*

*Parking on pavements verges and other inappropriate areas. Not just city centre. Enforcement officers to issue fines*

*1. Other councils levy fines on motorists who selfishly and illegally park on pavements and they make sure that the fines are paid. 2. Sponsorship - local major businesses should be invited to sponsor a building or project - e.g. HS2 could sponsor the new Friary Sports Centre, Police Mutual (now Royal London) could sponsor the Lichfield Garrick 3. In addition to Section 106 monies (which are never clearly identified and acknowledged, and happen after the event) all developers of new housing of more than 50 units on an estate should provide as part of their application 10% of the running costs of the Friary and Burntwood Sports Centres*

*Rather than job off new build residents having to pay management fees for the upkeep of public open space the council should take on this service by applying a small increase to ALL council tax and delivering a cost effective service that not only provides value for money but provides employment for*

*local people.*

### Sponsorship and income generation

*Sponsorship of developments like the area waiting for development opposite Lichfield City Station...*

*Voluntary contributions & partnerships to improve council-owned spaces/facilities*

*Commercial Sponsorship - some major employers HS2, DMS Whittington, Police Mutual, Tippers Builders Merchants, Chase town Civil Engineering - could sponsor buildings and essential services*

*The council issued citizens investment via shares some years ago. Did this work  
Investment in land for development, design the layout of the site, install the infrastructure of roads and utilities and sell the plots to any UK resident person or company with a time limit on completion of the planning authorisation*

*Carry out services for other Councils on a fee earning basis. Look at the possibility of sharing services with other Councils or the private sector where suitable.*

*Community energy initiative or solar panels on your buildings that brings income for you. Also look into the income streams from recycling rather than your contractor taking the profits.*

### Tourism Opportunities

*Development and integration of segregated cycle routes (that people feel safe using well lit, not like Abnalls Lane) and public transport ensuring that the public transport is easily accessible so people are inclined to use it. The development of some additional public footpaths maybe tied in with the canal redevelopment leading out in the countryside would also be a draw for Lichfield, maybe ones connecting other parts of the LDC area, more of a reason to visit Lichfield and I'm sure wouldn't cost a lot. Lichfield is a tourist destination and a lot of people nearby come here so anyway to get them in the City heightens the chance of them spending in a shop or cafe etc.*

### Other comments

*Ask Michael Fabricant to pay his own Council Tax.*

### Services for the disabled

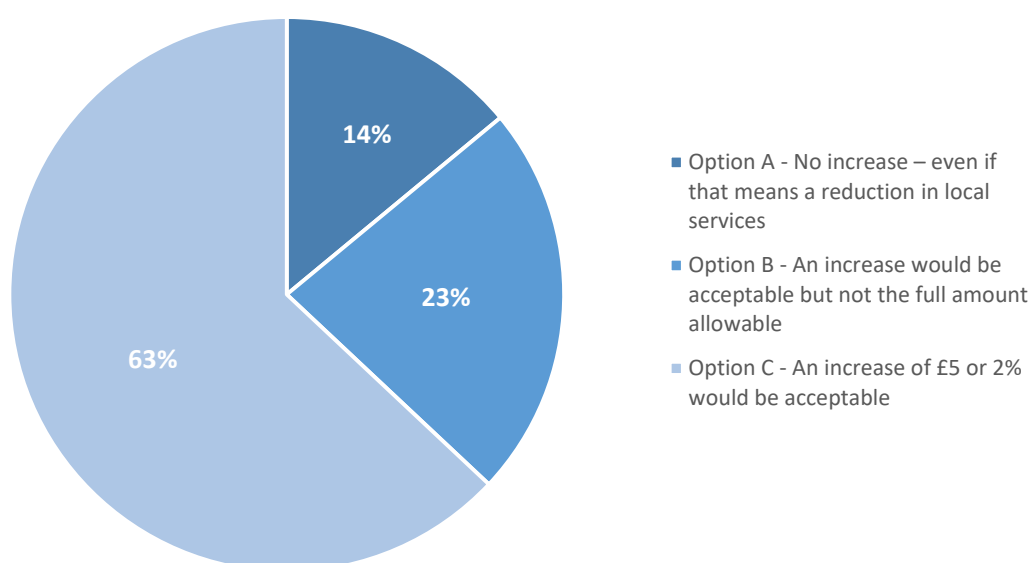
*Tighten up the issue of Blue Badges as they seem to be distributed like confetti at present. I am 74 and do not have a Blue Badge, however, from my observations in Lichfield town centre, most of the badge holders appear to be far fitter than me which causes quite a bit of resentment. I am aware that some disabilities are not obvious but most of those that I have seen get out of their vehicles and go striding off to do their shopping!!!*

*Public transport reopen the train line to Walsall. New housing in Lichfield has mushroomed but we NEVER see additional facilities? WHY? What is this additional money spent on? Break away from Burntwood. Lichfield people do not want to use or travel to Burntwood to go swimming. The Friary is not fit for purpose! A city without a proper Leisure Centre! We need a 25 metre pool and a separate learner pool.*



## 5. Setting Council Tax

Respondents were asked to give their views on what would be an acceptable level of Council Tax increase for the 2021 – 2022 financial year. The majority of respondents (63%) indicated that an increase of £5 or 2% would be acceptable. Almost one-quarter of respondents (23%) indicated that an increase would be acceptable but not to the full amount allowed by government guidelines. Only 14% of respondents indicated that their preference would be for no increase in council tax.



## 6. Additional suggestions and ideas

At the end of the questionnaire, respondents were given the opportunity to provide additional comments and ideas on council priorities and budgets;

### Enabling people

*Keen that activities to occupy teenagers are encouraged. Making it easier and safer to walk with particular reference to major intersections. E.g. traffic lights next to St John's Hospital. Especially for children to encourage walking.*

*Invest in community spaces - parks & leisure facilities, not necessarily in retail.*

*Make an annual donation to the We Love Lichfield Fund of half the amount that the District currently pays out in grants now. Then leave the allocation of grants to be decided by We Love Lichfield Trustees - the council saves money and employee time, and the charities and voluntary organisations have a one-stop application*

*I would live more projects that bring the community together and link them with appropriate services*

*start giving rural areas more back in their council tax, too much spent on city areas like parking, leisure, theatre, roads, the list goes on and on*

*A new leisure centre is a must, a city like Lichfield really should have a modern fully equipped leisure centre. Also well linked transport, car, cycle and walking routes that are mapped out in a clear manner (TFL have some great examples). I've lived in a lot of bit towns and cities in the UK and it just makes life so much more enjoyable if you can cycle away from cars or know that you can get a parking space to catch a train or catch a bus and know what time it's going to arrive. I see Lichfield as a tourist city, it's all about the atmosphere which needs improving and food and drink, the high street is a broken model everyone buys online so no point being romantic. Sections on the centre will need redevelopment soon to another use as there are too many shops to sustain. Maybe a flexible space that can move with the times, young people are tending to move away from going out and getting drunk to more activity related nights out, desert shops are doing well, they're going more online, it's all good stuff and can be catered for just needs the right vision.*

### Shaping place

*Litter is terrible and dependency on volunteers to clean up is unsustainable (and wrong). Need to police it more and issue on the spot fines to the litter louts! Also, cannabis use, particularly in Beacon Park, needs policing too. Communication - we live in an apartment and residents get no communication from the council, ever. Example: the recent changes to recycling have caused chaos with the communal recycling not being emptied several times causing angst and inconvenience to us all. No one from the council alerted us to the changes directly. Pride in the job - the number of times we see council operatives sitting on their phones in a van tucked up a quiet side street is frustrating. Is anyone checking on them? Planning notices (and the tie-wraps used) on lampposts - if they're good enough to put up, they're good enough to take down when work's completed! The city is littered with years old notices or tie-wraps from old posters and notices.*

*Given there's now no police presence in the city, I believe the council should try to join together with policing teams to ensure the sense that we're not 'on our own' now. Can't recall the last time I saw a Bobby on the beat. Beacon Park in particular needs support in dealing with ASB and drugs, especially in*

*the evenings. The tunnel through Festival Gardens to Walsall is also abused - nearly every day and there's fresh broken beer bottle glass and little empty plastic 'weed' packets in there.*

*LDC does a good job, particularly waste collection. I would welcome LDC to be more involved with Staffs CC in road planning and supporting the reopening of the passenger rail link from Lichfield TV to Burton*

*Please prioritise improved / increased waste collection and environmental health services*

*Change street lighting to LEDs and turn them off (or every other one/ one side of road during hours of darkness to save money). Why bother with recycling when there is so much that should be recycled that the current contract doesn't cover Focus on protecting green belt and country side with development on brownfields, reduction in the planning department spend would not affect the current policy given the disappointing approach by the current team.*

*Start the implementation of measures to reduce the Council's own carbon emissions from buildings and vehicles. Press for the opening of a passenger services on the line from Lichfield to Burton with an extension to Derby, using existing diesel-electric MTUs retrofitted with hydrogen fuel cells to replace the diesel engines, such as Hydroflex and Breeze that have had passenger trials. The hydrogen supply from a container size electrolyser could be installed in the northern LTV car park to draw on the ample electric supplies for the nearby West Coast Main line power. Surplus hydrogen could be used to power LDC vehicles.*

*A Climate Emergency has been declared (Nov 2019) but no strategy put in place. This needs to be done as a priority and then spending allocated accordingly to bring about meaningful carbon reduction in Lichfield District - reduce car use, increase cycle ways, net zero house building only, support for residents making lifestyle changes etc.*

*Please clear drains and roads in rural areas like Colton Blocked drains cause flooding. Also damaged pavements are risky for elderly people. Some kind of public transport to town and back at least once a week for those without cars. Restore mobile libraries as soon as allowed.*

### Developing prosperity

*You wasted money with the chicanes in St. John street, pointless.*

*Try to get the empty areas in the city built on and the long term abandoned buildings used. The old pub on Bore street and the old paper shop on Beacon street are both long term eyesores that should be developed*

*Assess possible income from empty buildings, commercial and private. GKN is very welcome as an example of what is possible*

*Stop spending money on trying to expand the shopping precinct. Retail shops are dead on their feet.*

*Invest in the shopping centre we already have to encourage empty units to be filled rather than a new centre where the rents are bound to get higher.*

*Protect industry sectors and individuals hardest hit by ten years of austerity and covid fallout. Prioritise basic facilities a town of our size should have e.g. leisure centre/cinema etc.*

*Revise the City Centre to reflect the modern era. Those shops will never reopen so do we need an indoor market where independent traders could afford a stall. Ice rink. cinema. bowling alley. The beggars who are claiming to be homeless do not reside in Lichfield. Liaise more with the police on begging as it is ridiculous that they know they are professional beggars and live on a canal boat at Hopwas and travel by*

*bus to a different town every day and make a good living. I questioned a few years ago the big issue woman with my friend in Lichfield police who stood outside Boots BIG ISSUUUEEE when I saw her regularly parking in Tesco carpark in a brand new sports car. She got out of her car and changed her clothes. My friend checked her ID and it was all false!!!!!! She had been there for YEARS! She did get done for fraud and it turned out she lived in a mansion in Little Aston. I'm pleased my observations were investigated but if I hadn't of been on maternity leave would she still of been there now??? Apparently the police can't move on beggars. The drug addict with the one leg who lost it through drug addiction lives in a house on that large council estate in Burntwood gets a fortune sitting outside McDonalds and boasts to his neighbours how much money he makes in addition to all the benefits he gets! He is known to the police why is he allowed to almost trip people over begging for money telling people he lost his leg in the army in combat. My mum and dad when they go into town can be stopped by 6 to 8 people in the week begging. My dad has Dementia and wants to give to all of them! People do not want beggar tourism in Lichfield especially when they are not of the city. It puts off people coming to our city!*

*Main concern is the amount of new housing developments and loss of green belt-Lichfield is getting too big but infrastructure not keeping up e.g. traffic congestion at busy times, entertainment facilities especially fir younger teenagers, health centres, parking. Also more support for pest control as rat infestations becoming a problem in domestic properties since lockdown*

*Better reflect residents' views on housing development. We have had enough! Protect the Green Belt. Make developers provide open spaces and infrastructure as part of any contract.*

*If private sector housing means what it appears to say why does LDC have to fund it or some of it? Greater attention to keeping cyclists and pedestrians safe by proactive management of pavements and cycle ways to ensure that overgrowth of hedges and verges does not restrict their use by forcing users on to adjacent roadways A new health centre is needed in South Lichfield - ideally where St Modwens want to build, speculatively, warehouse sheds which are inappropriate for the southern gateway to Lichfield Passenger rail services should be re-opened between Wolverhampton and Lichfield and between Lichfield and Derby - to generate economic benefit inwards and to provide the increasing number of residents with an integrated public transport system, Much valued by residents of Alrewas and Fradley, and much needed by residents of Burntwood. Strategic Plan refers to Lichfield as a transport interchange so let's see it.*

*To make sure that builders in residential areas respect the rules laid down by the council.*

*There could be a view that without adopting the public open space being created within new build housing estates legislation should prohibit the council's access to section 106 and other monies being paid by developers to facilitate building. Presenting any question on council tax increases, this should only be implemented if it provides a better service and not simply pay to keep an outdated, not for purpose, service running*

*When I look at the vast areas of new residential housing in the south of Lichfield there has been no provision for these residents to access the Train Stations. Car parking at the stations cannot cope with the residents who normally use the stations. Has any thought been given to building an additional station on the stretch of track near the Taylor Wimpey Development before Wall Island? This would reduce the amount of traffic on our roads and encourage people to use the train. They can then connect to Trent Valley for London trains and not clog the city centre or travel direct to Birmingham from their local station. It would be great benefit to the whole area.*

*Push for the opening of the rail system to passenger traffic from Lichfield to Burton. Not having a passenger halt at the Arboretum is ridiculous.*

*Enthusiastic support for restoration of rail passenger services between Lichfield and Burton/Derby and between Lichfield and Walsall. This would reduce road congestion and improve the city's connectivity to the rest of the region.*

*Improve cycle lanes. Make city more user-friendly for pedestrians and bikes (e.g. make Sundays car-free in the city centre). Improve rail connectivity to Burton and Derby*

*More ought to be focussed on public transport. Reopening of railway lines to Burton and Walsall plus reintroducing Sunday bus services (Cannock and Stafford).*

*Improvement in cycle paths, especially from Boley Park towards KES and Lichfield centre. Greater enforcement of traffic speeds. Reduction in traffic along Ryknild Street. Improvement in the pedestrianisation of the centre of Lichfield (currently very rarely enforced). Widen pavement access in Lichfield centre (see above). Enforce a no parking on pavement policy to enable wider pavement use and disabled/buggy access.*

*Yes Burntwood needs it's roads repaired, better parking at Swan Island Burntwood go to doctors and you struggle to park and be on time at doctors for appointments.*

*I reside in Hill Ridware, Rugeley, Staffs, WS15 We have not had a bus service now for several years and I and many of my neighbours feel that we should have a safe connecting pedestrian path between us and the Handsacre village. To catch a bus we need to navigate the B5014 from the bottom of Uttoxeter Road up to the junction with the A513. It is approximately 700 metres of road with no path on either side. I like many of my neighbours feel it is well past the time now when action should be taken to rectify this and give us a safe route to the bus stop at The Green. I believe this is not a great expenditure for the Council to consider and it would bring a great link to our neighbouring village. I do hope this can be given some serious consideration in this Budget period.*

*Tackle empty shops allow conversion of shops for housing Reduce homeless and get beggars off streets*

### Being a good Council

*The priority is a balanced budget which may be impossible to achieve by 2024.*

*More effective decision making, everything is to slow and cumbersome in the council. Innovation and progression is a big challenge*

*The Council's priority should be to get Council officers and Councillors back into Frog Lane offices, so decisions can be made face to face. If Councillors choose to continue holding meetings by Zoom, reduce their allowances.*

*Look at areas that are constantly cut against those that constantly get increased. This style of questionnaire does not take into account how services have been affected over time. People are always going to say certain services are more important than others -possibly depending upon what services they use. Don't keep increasing the same areas and cutting the same areas. More information is needed to make an informed decision.*

*More promotion at election time. We need to diversify voters to ensure the right person is elected. Not enough is done to engage the young voice.*

*Spend less on running the council. Too much back office spend and not enough priority on services.*

*Stop pouring funds into employing consultants (again and again) to determine future developments of the town centre.*

*Stop wasting money on consultants. Actually spend some money on planning. Lichfield is being destroyed.*

*Reduce councillors expenses, understand residents priorities a lot more [Friary Grange fiasco] - sort out Friarsgate once & for benefit of all, bring in a cinema, reduce car parking charges especially for under 2 hours to compete with elsewhere [Tamworth] Reduce the politics & old boys network to increase your relevance or else you will be a larger authority before you know it*

*No increase in Councils salaries or allowances for next 5 years and then only same percentage rates as given to Civil Servants and Council Employees for their wage rises.*

*Reduce spending on outside consultants*

*Less councillors More environmental officers*

*Catering for meetings should be cut to zero*

*Stop funding the Garrick and employ less councillors and less remuneration*

*start giving rural areas more back in their council tax, too much spent on city areas like parking, leisure, theatre, roads, the list goes on and on*

*Free school meals. Helping kids who are in need. Keeping people out of the streets. Also since Covid the anti-social behaviour has increased a lot. Need to tackle that.*

*More support for elderly care at home and in care homes*

## Appendix - Respondent Profile

Are you male or female?

	Number	Percentage	2016 MYE
Male	77	54%	49%
Female	63	44%	51%

What is your age?

	Number	Percentage	2016 MYE
16-24	0	0	9%
25-34	18	13%	13%
35-44	21	15%	15%
45-54	32	22%	19%
55-64	20	14%	16%
65-74	41	29%	17%
75+	12	9%	12.5

What do you consider your race/national identity to be?

	Number	Percentage
White British	132	99%
White Irish	1	1%
Eastern European	0	0%
Asian/Asian British - Indian	0	0%
Asian/Asian British - Pakistani	0	0%
Asian/Asian British - Bangladeshi	1	1%
Asian/Asian British - Chinese	0	0%
Black / Black British - African	0	0%
Black / Black British - Caribbean	0	0%
Multiple - white & black Caribbean	0	0%
Multiple - white & black African	0	0%
Multiple - white & Asian	0	0%

Do you have a longstanding illness, disability or infirmity that has troubled you for some time/likely to affect you in future?

	Number	Percentage	
Yes	24	18%	
No	113	82%	

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## **COUNCIL TAX RESOLUTION 2021/22**

### **1. PURPOSE OF REPORT**

The purpose of this report is to enable the Council to calculate and set the Council Tax for 2021/22. The Formal Council Tax Resolution is at **Appendix A**.

**Members are also reminded that in accordance with Section 106 of the Local Government Finance Act 1992, any Member in council tax arrears is unable to participate in the debate and decision making in relation to the budget and council tax setting.**

### **2. BACKGROUND**

The Localism Act 2011 made significant changes to the Local Government Finance Act 1992. It now requires the billing authority to calculate a Council Tax requirement for the year.

Since the meeting of the Cabinet, the precept levels of other precepting bodies have been received or drafted. These are detailed below:

#### **City, Town and Parish Councils**

The City, Town and Parish Councils Precepts for 2021/22 are detailed in **Appendix C** and total **£2,044,556**. The increase in the average Band D Council Tax for City, Town and Parish Councils is **2.72%** and results in an average Band D Council Tax figure of **£52.57** for 2021/22.

#### **Staffordshire County Council**

Staffordshire County Council met on 11 February 2021 and set their precept at **£52,916,416.67** adjusted by a Collection Fund contribution of **(£212,848)** (a total payable of **£52,703,568.67**). This results in a Band D Council Tax of **£1,360.62**.

#### **Staffordshire Commissioner – Police and Crime**

The Staffordshire Commissioner – Police and Crime set their precept on 8 February 2021 at **£9,278,225.87** adjusted by a Collection Fund contribution of **(£36,969)** (a total amount payable of **£9,241,256.87**). This results in a Band D Council Tax of **£238.57**.

#### **Staffordshire Commissioner – Fire and Rescue<sup>1</sup>**

The Staffordshire Commissioner – Fire and Rescue set their precept on 15 February 2021 at **£3,063,833** adjusted by a Collection Fund contribution of **(£12,686)** (a total amount payable of **£3,051,147**). This results in a Band D Council Tax of **£78.78**.

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<sup>1</sup> Subject to approval by the Staffordshire Commissioner on 15 February 2021.

### 3. Recommendation

The recommendations are set out in the formal Council Tax Resolution at **Appendix A**.

If the formal Council Tax Resolution at **Appendix A** is approved, the total Band D Council Tax will be as follows<sup>2</sup>:

	2020/21 £	2021/22 £	Increase £	Increase %
Lichfield District Council	£180.07	£185.07	£5.00	2.78%
Staffordshire County Council	£1,295.95	£1,360.62	£64.67	4.99%
Staffordshire Commissioner - Police & Crime	£225.09	£238.57	£13.48	5.99%
Staffordshire Commissioner - Fire & Rescue <sup>3</sup>	£77.24	£78.78	£1.54	1.99%
<b>Sub Total</b>	<b>£1,778.35</b>	<b>£1,863.04</b>	<b>£84.69</b>	<b>4.76%</b>
City, Town and Parish Councils (average)	£51.18	£52.57	£1.39	2.72%
<b>Total</b>	<b>£1,829.53</b>	<b>£1,915.61</b>	<b>£86.08</b>	<b>4.71%</b>

Authorisation of Officers to collect and recover Council Tax, National Non Domestic (Business) Rates and Business Improvement Districts (BIDS):

A Thomas, Head of Finance and Procurement (Section 151 Officer); T Tudor, Head of Corporate Services; N Begley, Income Manager; J Irving, Senior Business Advisor; S Magill, Senior Business Advisor; R Miller, Senior Revenues Officer, or any other person specifically authorised by the Section 151 Officer, appointed by the said offices under Section 112 of the Local Government Act 1972, be hereby authorised:-

- a) To demand, collect and recover any Council Tax, National Non-Domestic Rate or Business Improvement District (BID) made by the Council under the Local Government Finance Acts 1988 and 1992;
- b) To demand, collect and recover any penalties under schedules 3 and 4 to the Local Government Acts 1988 and 1992;
- c) Under Section 223 of the Local Government Act 1972 and all other powers enabling them to prosecute and to appear on behalf of the Council at the hearing of legal proceedings in connection with the demand, collection and recovery of any Council Tax, National Non-Domestic Rate, Community Charge, Business Improvement Districts (BIDS) and General Rates made by the Council and/or any penalties imposed under the Local Government Finance Acts 1988 and 1992; and
- d) To make such amendments to the Council Tax and National Non-Domestic Rate as are authorised by the Local Government Finance Acts 1988 and 1992 and other legislation in force from time to time. Further, the Head of Finance and Procurement be authorised to impose penalties in accordance with Schedule 3 to the Local Government Act 1992, with regard to the supply of information for Council Tax purposes.

<sup>2</sup> The percentage increases are to two decimal places.

<sup>3</sup> Subject to approval by the Staffordshire Commissioner on 15 February 2021.

## APPENDIX A

### COUNCIL TAX RESOLUTION 2021/22

1. That the recommendations contained in the Medium Term Financial Strategy (Revenue and Capital) 2020/25 relating to the Revenue and Capital Estimates 2020/25 be approved.
2. That the Cabinet recommendation (Agenda Item 4 of 1 December 2020 refers) in respect of calculating the Council Tax Base 2021/22 as follows be approved:
  - a) for the whole Council area as **38,891.4** (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended(the "Act"));and
  - b) for dwellings in those parts of its area which a Parish precept relates as in the attached **Appendix B.**
3. That, as a preliminary step the Council Tax requirement for the Council's own purposes for 2021/22 (excluding Parish precepts) is calculated as **£7,197,631 (38,891.4 x £185.07).**
4. That the following amounts be calculated for the year 2021/22 in accordance with Sections 30 and 36 of the Act:

a	being the aggregate amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils. <b>(Gross expenditure including Parish precepts and special expenses)</b>	<b>£62,054,216</b>
b	being the aggregate of the amounts which the Council estimates for the items, set out in Section 31A(3) of the Act. <b>(Income)</b>	<b>£52,812,029</b>
c	being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year (item R in the formula in Section 31B of the Act). <b>(Council Tax requirement for the year)</b>	<b>£9,242,187</b>
d	being the amount at 4 (c) above (item R), all divided by item T(2(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).	<b>£237.64</b>
e	being the aggregate of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per attached <b>Appendix C</b> ).	<b>£2,044,556</b>
f	being the amount at 4 (d) above less the results given by dividing the amount at 4 (e) above by item T (2(a) above), calculated by the Council, in accordance with section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish Precept relates.	<b>£185.07</b>

5. That it be noted that for the year 2021/22 Staffordshire County Council, The Staffordshire Commissioner – Police and Crime and the Staffordshire Commissioner – Fire and Rescue have stated the following amounts in precepts issued to the District Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below.

Valuation Bands							
A (6/9)	B (7/9)	C (8/9)	D 1	E (11/9)	F (13/9)	G (15/9)	H 2
<b>Lichfield District Council</b>							
£123.38	£143.94	£164.51	£185.07	£226.20	£267.32	£308.45	£370.14
<b>Staffordshire County Council</b>							
£907.08	£1,058.26	£1,209.44	£1,360.62	£1,662.98	£1,965.34	£2,267.70	£2,721.24
<b>Staffordshire Commissioner - Police &amp; Crime</b>							
£159.05	£185.55	£212.06	£238.57	£291.59	£344.60	£397.62	£477.14
<b>Staffordshire Commissioner - Fire &amp; Rescue<sup>4</sup></b>							
£52.52	£61.27	£70.03	£78.78	£96.29	£113.79	£131.30	£157.56
<b>Aggregate of all Council Tax Requirements</b>							
<b>£1,242.03</b>	<b>£1,449.02</b>	<b>£1,656.04</b>	<b>£1,863.04</b>	<b>£2,277.06</b>	<b>£2,691.05</b>	<b>£3,105.07</b>	<b>£3,726.08</b>

6. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts set out in **Appendix B** as the amounts of Council Tax for 2021/22 for each part of its area and for each of the categories of dwellings.
7. The Council has determined that its relevant basic amount of Council tax for 2021/22 is **not** excessive in accordance with the principles approved under section 52ZB Local Government Act 1992.
8. As the billing authority, the Council has **not** been notified by a major precepting authority that its basic amount of Council Tax for 2021/22 is excessive and that the billing authority is not required to hold a referendum in accordance with section 52ZK Local Government Act 1992.

<sup>4</sup> Subject to approval by the Staffordshire Commissioner on 15 February 2021.

# APPENDIX B

## Council Tax Schedule for 2021/22

Parts of the Council's Area	Valuation Bands							
	A (6/9) £	B (7/9) £	C (8/9) £	D 1 £	E (11/9) £	F (13/9) £	G (15/9) £	H 2 £
-								
Lichfield District Council	£123.38	£143.94	£164.51	£185.07	£226.20	£267.32	£308.45	£370.14
Staffordshire County Council	£907.08	£1,058.26	£1,209.44	£1,360.62	£1,662.98	£1,965.34	£2,267.70	£2,721.24
Staffordshire Commissioner - Police & Crime	£159.05	£185.55	£212.06	£238.57	£291.59	£344.60	£397.62	£477.14
Staffordshire Commissioner - Fire & Rescue	£52.52	£61.27	£70.03	£78.78	£96.29	£113.79	£131.30	£157.56
<u>Alrewas Parish Council</u> (a )	£21.71	£25.33	£28.94	£32.56	£39.80	£47.04	£54.27	£65.13
Parish and District (b )	£145.09	£169.27	£193.45	£217.63	£266.00	£314.36	£362.72	£435.27
Total (c )	£1,263.74	£1,474.35	£1,684.98	£1,895.60	£2,316.86	£2,738.09	£3,159.34	£3,791.21
<u>Armitage-with-Handsacre</u> (a )	£35.71	£41.67	£47.62	£53.57	£65.47	£77.38	£89.28	£107.14
Parish and District (b )	£159.09	£185.61	£212.13	£238.64	£291.67	£344.70	£397.73	£477.28
Total (c )	£1,277.74	£1,490.69	£1,703.66	£1,916.61	£2,342.53	£2,768.43	£3,194.35	£3,833.22
<u>Burntwood</u> (a )	£27.27	£31.81	£36.36	£40.90	£49.99	£59.08	£68.17	£81.80
Parish and District (b )	£150.65	£175.75	£200.87	£225.97	£276.19	£326.40	£376.62	£451.94
Total (c )	£1,269.30	£1,480.83	£1,692.40	£1,903.94	£2,327.05	£2,750.13	£3,173.24	£3,807.88
<u>Clifton Campville with Thorpe Constantine*</u> (a )	£33.53	£39.12	£44.70	£50.29	£61.47	£72.65	£83.82	£100.59
Parish and District (b )	£156.91	£183.06	£209.21	£235.36	£287.67	£339.97	£392.27	£470.73
Total (c )	£1,275.56	£1,488.14	£1,700.74	£1,913.33	£2,338.53	£2,763.70	£3,188.89	£3,826.67
<u>Colton</u> (a )	£24.03	£28.03	£32.04	£36.04	£44.05	£52.06	£60.07	£72.08
Parish and District (b )	£147.41	£171.97	£196.55	£221.11	£270.25	£319.38	£368.52	£442.22
Total (c )	£1,266.06	£1,477.05	£1,688.08	£1,899.08	£2,321.11	£2,743.11	£3,165.14	£3,798.16
<u>Curborough &amp; Elmhurst and Farewell &amp; Chorley*</u> (a )	£16.37	£19.10	£21.83	£24.56	£30.02	£35.47	£40.93	£49.12
Parish and District (b )	£139.75	£163.04	£186.34	£209.63	£256.22	£302.79	£349.38	£419.26
Total (c )	£1,258.40	£1,468.12	£1,677.87	£1,887.60	£2,307.08	£2,726.52	£3,146.00	£3,775.20
<u>Drayton Bassett</u> (a )	£35.58	£41.51	£47.44	£53.37	£65.23	£77.09	£88.95	£106.74
Parish and District (b )	£158.96	£185.45	£211.95	£238.44	£291.43	£344.41	£397.40	£476.88
Total (c )	£1,277.61	£1,490.53	£1,703.48	£1,916.41	£2,342.29	£2,768.14	£3,194.02	£3,832.82
<u>Edingale</u> (a )	£34.80	£40.60	£46.40	£52.20	£63.80	£75.40	£87.00	£104.40
Parish and District (b )	£158.18	£184.54	£210.91	£237.27	£290.00	£342.72	£395.45	£474.54
Total (c )	£1,276.83	£1,489.62	£1,702.44	£1,915.24	£2,340.86	£2,766.45	£3,192.07	£3,830.48
<u>Elford</u> (a )	£37.84	£44.14	£50.45	£56.76	£69.37	£81.98	£94.60	£113.52
Parish and District (b )	£161.22	£188.08	£214.96	£241.83	£295.57	£349.30	£403.05	£483.66
Total (c )	£1,279.87	£1,493.16	£1,706.49	£1,919.80	£2,346.43	£2,773.03	£3,199.67	£3,839.60
<u>Fazeley</u> (a )	£33.63	£39.23	£44.83	£50.44	£61.65	£72.86	£84.06	£100.88
Parish and District (b )	£157.01	£183.17	£209.34	£235.51	£287.85	£340.18	£392.51	£471.02
Total (c )	£1,275.66	£1,488.25	£1,700.87	£1,913.48	£2,338.71	£2,763.91	£3,189.13	£3,826.96
<u>Fradley with Streethay</u> (a )	£48.86	£57.01	£65.15	£73.29	£89.58	£105.87	£122.16	£146.59
Parish and District (b )	£172.24	£200.95	£229.66	£258.36	£315.78	£373.19	£430.61	£516.73
Total (c )	£1,290.89	£1,506.03	£1,721.19	£1,936.33	£2,366.64	£2,796.92	£3,227.23	£3,872.67
<u>Hammerwich</u> (a )	£12.89	£15.04	£17.19	£19.34	£23.64	£27.94	£32.24	£38.68
Parish and District (b )	£136.27	£158.98	£181.70	£204.41	£249.84	£295.26	£340.69	£408.82
Total (c )	£1,254.92	£1,464.06	£1,673.23	£1,882.38	£2,300.70	£2,718.99	£3,137.31	£3,764.76
<u>Hamstall Ridware</u> (a )	£27.94	£32.60	£37.26	£41.91	£51.23	£60.54	£69.86	£83.83
Parish and District (b )	£151.32	£176.54	£201.77	£226.98	£277.43	£327.86	£378.31	£453.97
Total (c )	£1,269.97	£1,481.62	£1,693.30	£1,904.95	£2,328.29	£2,751.59	£3,174.93	£3,809.91

\* = Grouped Parishes

## APPENDIX B (Continued)

Parts of the Council's Area	Valuation Bands							
	A (6/9) £	B (7/9) £	C (8/9) £	D 1 £	E (11/9) £	F (13/9) £	G (15/9) £	H 2 £
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Lichfield District Council	£123.38	£143.94	£164.51	£185.07	£226.20	£267.32	£308.45	£370.14
Staffordshire County Council	£907.08	£1,058.26	£1,209.44	£1,360.62	£1,662.98	£1,965.34	£2,267.70	£2,721.24
Staffordshire Commissioner - Police & Crime	£159.05	£185.55	£212.06	£238.57	£291.59	£344.60	£397.62	£477.14
Staffordshire Commissioner - Fire & Rescue	£52.52	£61.27	£70.03	£78.78	£96.29	£113.79	£131.30	£157.56
<u>Harlaston</u> (a )	£35.70	£41.64	£47.59	£53.54	£65.44	£77.34	£89.24	£107.09
Parish and District (b )	£159.08	£185.58	£212.10	£238.61	£291.64	£344.66	£397.69	£477.23
Total (c )	£1,277.73	£1,490.66	£1,703.63	£1,916.58	£2,342.50	£2,768.39	£3,194.31	£3,833.17
<u>Hints and Canwell</u> (a )	£30.85	£35.99	£41.14	£46.28	£56.56	£66.85	£77.13	£92.56
Parish and District (b )	£154.23	£179.93	£205.65	£231.35	£282.76	£334.17	£385.58	£462.70
Total (c )	£1,272.88	£1,485.01	£1,697.18	£1,909.32	£2,333.62	£2,757.90	£3,182.20	£3,818.64
<u>King's Bromley</u> (a )	£19.48	£22.72	£25.97	£29.21	£35.71	£42.20	£48.69	£58.43
Parish and District (b )	£142.86	£166.66	£190.48	£214.28	£261.91	£309.52	£357.14	£428.57
Total (c )	£1,261.51	£1,471.74	£1,682.01	£1,892.25	£2,312.77	£2,733.25	£3,153.76	£3,784.51
<u>Lichfield</u> (a )	£44.94	£52.43	£59.92	£67.41	£82.39	£97.38	£112.36	£134.83
Parish and District (b )	£168.32	£196.37	£224.43	£252.48	£308.59	£364.70	£420.81	£504.97
Total (c )	£1,286.97	£1,501.45	£1,715.96	£1,930.45	£2,359.45	£2,788.43	£3,217.43	£3,860.91
<u>Longdon</u> (a )	£25.24	£29.44	£33.65	£37.86	£46.27	£54.68	£63.09	£75.71
Parish and District (b )	£148.62	£173.38	£198.16	£222.93	£272.47	£322.00	£371.54	£445.85
Total (c )	£1,267.27	£1,478.46	£1,689.69	£1,900.90	£2,323.33	£2,745.73	£3,168.16	£3,801.79
<u>Mavesyn Ridware</u> (a )	£31.06	£36.24	£41.42	£46.60	£56.95	£67.31	£77.66	£93.19
Parish and District (b )	£154.44	£180.18	£205.93	£231.67	£283.15	£334.63	£386.11	£463.33
Total (c )	£1,273.09	£1,485.26	£1,697.46	£1,909.64	£2,334.01	£2,758.36	£3,182.73	£3,819.27
<u>Shenstone</u> (a )	£35.05	£40.89	£46.73	£52.57	£64.26	£75.94	£87.62	£105.15
Parish and District (b )	£158.43	£184.83	£211.24	£237.64	£290.46	£343.26	£396.07	£475.29
Total (c )	£1,277.08	£1,489.91	£1,702.77	£1,915.61	£2,341.32	£2,766.99	£3,192.69	£3,831.23
<u>Swinfen and Packington</u> (a )	£24.20	£28.24	£32.27	£36.30	£44.37	£52.44	£60.51	£72.61
Parish and District (b )	£147.58	£172.18	£196.78	£221.37	£270.57	£319.76	£368.96	£442.75
Total (c )	£1,266.23	£1,477.26	£1,688.31	£1,899.34	£2,321.43	£2,743.49	£3,165.58	£3,798.69
<u>Wall</u> (a )	£39.41	£45.97	£52.54	£59.11	£72.24	£85.38	£98.52	£118.22
Parish and District (b )	£162.79	£189.91	£217.05	£244.18	£298.44	£352.70	£406.97	£488.36
Total (c )	£1,281.44	£1,494.99	£1,708.58	£1,922.15	£2,349.30	£2,776.43	£3,203.59	£3,844.30
<u>Weeford</u> (a )	£11.37	£13.26	£15.16	£17.05	£20.84	£24.63	£28.42	£34.11
Parish and District (b )	£134.75	£157.20	£179.67	£202.12	£247.04	£291.95	£336.87	£404.25
Total (c )	£1,253.40	£1,462.28	£1,671.20	£1,880.09	£2,297.90	£2,715.68	£3,133.49	£3,760.19
<u>Whittington and Fisherwick*</u> (a )	£33.33	£38.89	£44.44	£50.00	£61.11	£72.22	£83.33	£100.00
Parish and District (b )	£156.71	£182.83	£208.95	£235.07	£287.31	£339.54	£391.78	£470.14
Total (c )	£1,275.36	£1,487.91	£1,700.48	£1,913.04	£2,338.17	£2,763.27	£3,188.40	£3,826.08
<u>Wigginton and Hopwas</u> (a )	£27.39	£31.96	£36.52	£41.09	£50.22	£59.35	£68.48	£82.17
Parish and District (b )	£150.77	£175.90	£201.03	£226.16	£276.42	£326.67	£376.93	£452.31
Total (c )	£1,269.42	£1,480.98	£1,692.56	£1,904.13	£2,327.28	£2,750.40	£3,173.55	£3,808.25

\* = Grouped Parishes

## Parish Precepts

Parish Council	2020/21		2021/22		Increase (decrease) %
	Precept £	Band D £	Precept £	Band D £	
Alrewas	£40,645	£33.73	£40,645	£32.56	(3.46%)
Armitage with Handsacre	£108,043	£50.92	£113,445	£53.57	5.20%
Burntwood	£349,016	£40.90	£344,734	£40.90	0.00%
Clifton Campville with Thorpe Constantine*	£18,000	£45.43	£18,890	£50.29	10.71%
Colton	£12,279	£36.89	£11,739	£36.04	(2.30%)
Curborough and Elmhurst and Farewell and Chorley*	£6,815	£27.73	£6,815	£24.56	(11.43%)
Drayton Bassett	£23,105	£51.98	£23,798	£53.37	2.68%
Edingale	£14,000	£51.69	£14,000	£52.20	0.99%
Elford	£15,000	£52.31	£16,000	£56.76	8.50%
Fazeley	£67,478	£45.06	£74,226	£50.44	11.93%
Fradley and Streethay	£131,306	£61.61	£161,893	£73.29	18.97%
Hammerwich	£26,400	£19.38	£25,900	£19.34	(0.19%)
Hamstall Ridware	£6,500	£43.42	£6,375	£41.91	(3.47%)
Harlaston	£10,863	£58.84	£10,730	£53.54	(9.00%)
Hints and Canwell	£8,270	£46.26	£8,270	£46.28	0.04%
King's Bromley	£16,410	£29.50	£16,410	£29.21	(0.96%)
Lichfield	£817,890	£67.41	£816,400	£67.41	0.00%
Longdon	£28,525	£37.71	£28,525	£37.86	0.38%
Mavesyn Ridware	£19,335	£39.38	£23,415	£46.60	18.33%
Shenstone	£182,000	£51.91	£182,000	£52.57	1.27%
Swinfen and Packington	£5,500	£37.27	£5,500	£36.30	(2.60%)
Wall	£11,845	£59.10	£11,810	£59.11	0.02%
Weeford	£1,685	£17.52	£1,685	£17.05	(2.66%)
Whittington and Fisherwick*	£54,668	£47.39	£57,295	£50.00	5.50%
Wigginton and Hopwas	£22,000	£33.80	£24,056	£41.09	21.57%
<b>Total</b>	<b>£1,997,578</b>	<b>£51.18</b>	<b>£2,044,556</b>	<b>£52.57</b>	<b>2.72%</b>

\* = Grouped Parishes

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**CALENDAR OF MEETINGS (Version 1)**  
**May 2021 – June 2022**

<b>Date</b>	<b>Meeting</b>
Monday 7 June 2021	Planning Committee
Tuesday 8 June 2021	Cabinet
Wednesday 16 June 2021	Provisional Date
Thursday 17 June 2021	Parish Forum
Tuesday 22 June 2021	Planning Training
Thursday 1 July 2021	Employment Committee
Monday 5 July 2021	Planning Committee
Tuesday 6 July 2021	Cabinet
Tuesday 13 July 2021	COUNCIL
Thursday 15 July 2021	O&S Committee
Tuesday 20 July 2021	Member Training
Thursday 22 July 2021	Audit & Member Standards Committee
Monday 2 August 2021	Planning Committee
Monday 30 August 2021	BANK HOLIDAY
Monday 6 September 2021	Planning Committee
Tuesday 7 September 2021	Cabinet
Thursday 16 September 2021	O&S Committee
Tuesday 21 September 2021	Planning Training
Wednesday 22 September 2021	Provisional Date
Monday 27 September 2021	Regulatory & Licensing Committee
Monday 4 October 2021	Planning Committee
Tuesday 5 October 2021	Cabinet
Tuesday 12 October 2021	COUNCIL
Thursday 21 October 2021	Employment Committee
Monday 1 November 2021	Planning Committee
Tuesday 9 November 2021	Cabinet
Thursday 11 November 2021	Audit & Member Standards Committee
Thursday 18 November 2021	O&S Committee
Monday 22 November 2021	Joint Waste Committee
Monday 29 November 2021	Planning Committee
Tuesday 30 November 2021	Member Training
Tuesday 7 December 2021	Cabinet
Wednesday 8 December 2021	Planning Training
Tuesday 14 December 2021	COUNCIL
Thursday 16 December 2021	Provisional Date
Monday 27 December 2021	BANK HOLIDAY
Tuesday 28 December 2021	BANK HOLIDAY
Monday 3 January 2022	BANK HOLIDAY
Monday 10 January 2022	Planning Committee
Tuesday 11 January 2022	Cabinet
Thursday 20 January 2022	O&S Committee
Wednesday 26 January 2022	Member Training
Wednesday 2 February 2022	Employment Committee
Thursday 3 February 2022	Audit & Member Standards Committee
Monday 7 February 2022	Planning Committee
Tuesday 8 February 2022	Cabinet
Thursday 17 February 2022	Provisional Date
Tuesday 22 February 2022	COUNCIL

Thursday 24 February 2022	Regulatory & Licensing Committee
Tuesday 1 March 2022	Member Training
Monday 7 March 2022	Planning Committee
Tuesday 8 March 2022	Cabinet
Tuesday 15 March 2022	Planning Training
Thursday 17 March 2022	O&S Committee
Monday 21 March 2022	Joint Waste Committee
Thursday 24 March 2022	Audit & Member Standards Committee
Monday 4 April 2022	Planning Committee
Tuesday 5 April 2022	Cabinet
Thursday 14 April 2022	Provisional Date
Friday 15 April 2022	BANK HOLIDAY
Monday 18 April 2022	BANK HOLIDAY
Tuesday 19 April 2022	COUNCIL
Wednesday 20 April 2020	Audit & Member Standards Committee
Monday 2 May 2022	BANK HOLIDAY
Thursday 5 May 2022	ELECTIONS
Monday 9 May 2022	Planning Committee
Tuesday 10 May 2022	Cabinet
Tuesday 17 May 2022	ANNUAL COUNCIL
Thursday 26 May 2022	O&S Committee
Monday 30 May 2022	BANK HOLIDAY
Tuesday 31 May 2022	Regulatory & Licensing Committee
Monday 6 June 2022	Planning Committee
Tuesday 7 June 2022	Cabinet
Thursday 16 June 2022	Provisional Date