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Monday, 5 December 2022

Dear Sir/Madam

CABINET

A meeting of the Cabinet has been arranged to take place on **TUESDAY, 6TH DECEMBER, 2022 at 6.00 PM IN THE COMMITTEE ROOM** District Council House, Lichfield to consider the following business.

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

Yours faithfully

A handwritten signature in black ink, appearing to read 'Christie Tims'.

Christie Tims
Chief Operating Officer

To: Members of Cabinet

Councillors Pullen (Chairman), Eadie (Vice-Chair), Cox, Lax, E Little, Smith and Strachan



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AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. Money Matters 2022/23 : Review of the Financial Performance against the Financial Strategy 3 - 24
4. Calculation of Business Rates 2023/24, Council Tax Base for 2023/24 and the projected Collection Funded Surplus / Deficit for 2022/23 25 - 34
5. Homelessness Prevention Additional Resource 35 - 44
6. Revised Cost Per Biodiversity Unit (BU) 45 - 50



Money Matters: 2022/23 Review of Financial Performance against the Financial Strategy

Agenda Item 3



Cabinet Member for Finance and Commissioning

Date: 6 December 2022
Agenda Item: 3
Contact Officer: Anthony Thomas
Tel Number: 01543 309012
Email: Anthony.thomas@lichfielddc.gov.uk
Key Decision? YES
Local Ward Members Full Council

Cabinet

1. Executive Summary

- 1.1 The report covers the financial performance from July to September (Quarter Two) for 2022/23.
- 1.2 The progress on the achievement of savings/additional income proposals is shown in detail at **APPENDIX A** and currently projects a shortfall of **£523,000** (an improvement of (£95,000) compared to the 3 month projection) that will need to be funded by general reserves.
- 1.3 The Medium Term Financial Strategy projected general reserves at 31 March 2023 would be **£7,167,610**. At this stage, general reserves are forecast to be **£6,075,329**, a decrease of (**£1,092,281**) related to:
 - A lower than budgeted contribution in 2021/22 of (**£42,031**).
 - Approved updates in 2022/23, summarised in **APPENDIX A**, decreasing the contribution by (**£1,050,250**)
 - At this stage, there are no further changes to the 3 month projection.
- 1.4 The Capital Programme is projected to be (**£271,000**) lower than the Approved budget.
- 1.5 Capital Receipts are projected to be (**£194,000**) higher than the Approved Budget.
- 1.6 In terms of Council Tax, Business Rates, Sundry Debtors and Supplier Performance:
 - **Council Tax collection** in year performance was **57.10%** (57.20% in 2021/22) and total arrears were **£4,240,673** and the Council's share is **£551,287** (£3,447,721 and £448,204 in 2021/22).
 - The **Council Tax Collection Fund** is projected to be in surplus, with the Council's c12% share being (**£63,120**) compared to the Approved Budget of **£62,560**. This additional income of (**£125,680**) will be included in the 2023/24 budget.
 - Sundry Debt for income to be collected in quarter 2 of 2022/23 has increased by **£150,030** or **10%** compared to 2021/22, and the value outstanding has increased by **£234,165** or **12%**.
 - **Retained Business Rate Income** is projected to be (**£3,311,000**) in line with the Approved Budget.
 - The **Business Rates Collection Fund** is projected to be in surplus, with the Council's 40% share being (**£242,000**) compared to the Approved Budget deficit of **£462,000**. This additional income of (**£704,000**) will be included in the budget in later years.
 - There will be a timing difference due to statutory arrangements between receipt of grant in 2022/23 and the period when the deficit is charged to the Revenue Budget. Therefore the Business Rates volatility earmarked reserve will continue to be utilised to 'smooth' the financial impact.
 - **Business Rates collection** in year performance was **61.10%** (55.20% in 2021/22) and total arrears were **£930,135** and the Council's share is **£372,054** (£707,961 and £283,184 in 2021/22).
 - The payment of suppliers within 30 days was **82.61%** and remains below our **90%** target.
- 1.7 The Council's investments achieved a risk status of **AA-** that was more secure than the aim of **A-** and yield exceeded all four of the industry standard London Interbank (LIBID) yield benchmarks.

2. Recommendations

- 2.1 To note the report and issues raised within and that Leadership Team with Cabinet Members will continue to closely monitor and manage the Medium Term Financial Strategy.

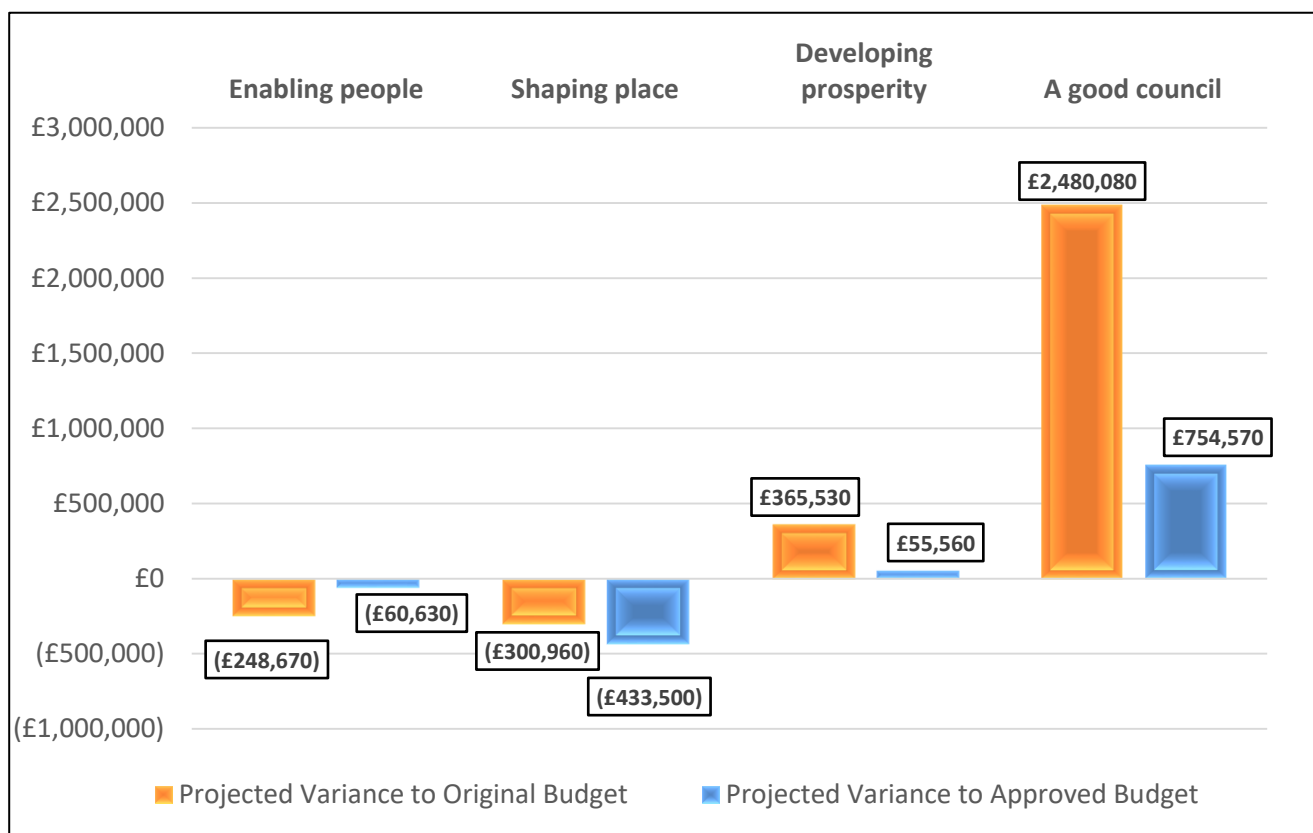
3. Background

Budget Management

- 3.1. The MTFFS 2021-26, approved by Council on 22 February 2022, included the Original Budget for 2022/23 and set out the allocation of resources and the policies and parameters within which managers are required to operate.
- 3.2. Throughout the financial year, Money Matters reports are provided to both Cabinet and Overview and Scrutiny Committee at three, six and eight month intervals to monitor performance.
- 3.3. The Money Matters reports update the Approved Budget for latest projections and the eight month report will form the basis of the Revised Approved Budget for 2022/23 and will be approved by Council on 21 February 2023.

The Revenue Budget

- 3.4. Financial performance is shown in detail at **APPENDIX A** and in summary below:



Performance compared to the Approved Budget

3.5. The overall projected variance is shown in summary below:

	Projected Variance		
	Virement	Vacancy Savings	Other Variances
Enabling People			
• Vacancy Savings		(40,580)	
• Target Operating Model Adjustments	(75,490)		
• Transfers	55,440		
Shaping place			
• Removal of travellers			3,650
• Reserve no longer needed for Heritage Lottery Fund works			(25,300)
• Target Operating Model Adjustments	(95,170)		
• Transfers	(316,680)		
Developing prosperity			
• NNDR budget needed for Canwell Show Store			2,940
• Investment properties pressure on professional and legal fees			9,800
• Savings and Additional Income Proposals - Adjustment			(50,000)
• Sale of Venture House - Pressure on Income			15,100
• Increase in Event Grants Budget			1,000
• Underwriting Rent for Former Debenhams Unit (Urgent Decision)			137,500
• Vacancy Savings		(26,010)	
• Target Operating Model Adjustments	(81,810)		
• Transfers	47,040		
A good council			
• Updated Pay Award Projections (will be distributed to other priorities)			232,400
• Lichfield Youth Council (Council Approval)			10,000
• No longer receive income from SCC for customer services			7,000
• Allocation of Inflationary Pressures			1,260
• Pressure on Telephone Contract Due to Overlap of New Teams Contract			21,200
• Increase in Vacancy Savings Target to reflect current level		(50,000)	
• Savings and Additional Income Proposals - Adjustment			(45,000)
• Pressure for Additional Bank Fees Due to Increase in Online Payments			13,500
• Pressure for External Audit Fees (Additional Grant May Be Receivable)			17,750
• Pressure on Subscription Costs (Predominantly New Local Ltd)			13,200
• Vacancy Savings target achieved		66,590	
• Target Operating Model Adjustments	252,470		
• Transfers	214,200		
Total - Net Cost of Services	0	(50,000)	366,000
	316,000		
Funding – additional grant			(316,000)
Transfer (to)/from General Reserves			£0

3.11. Inflation projections will continue to be reviewed in the development of the MTFs given the fluid economic situation.

3.12. The Council is currently procuring an insurance provider with initial tenders due back before Christmas 2022 for the contract to start from 1 April 2023. At this stage, only an increased inflationary budget pressure has been included in the Medium Term Financial Strategy projections.

3.13. The current progress on delivering savings/additional income proposals included within the MTFs is also provided at **APPENDIX A**.

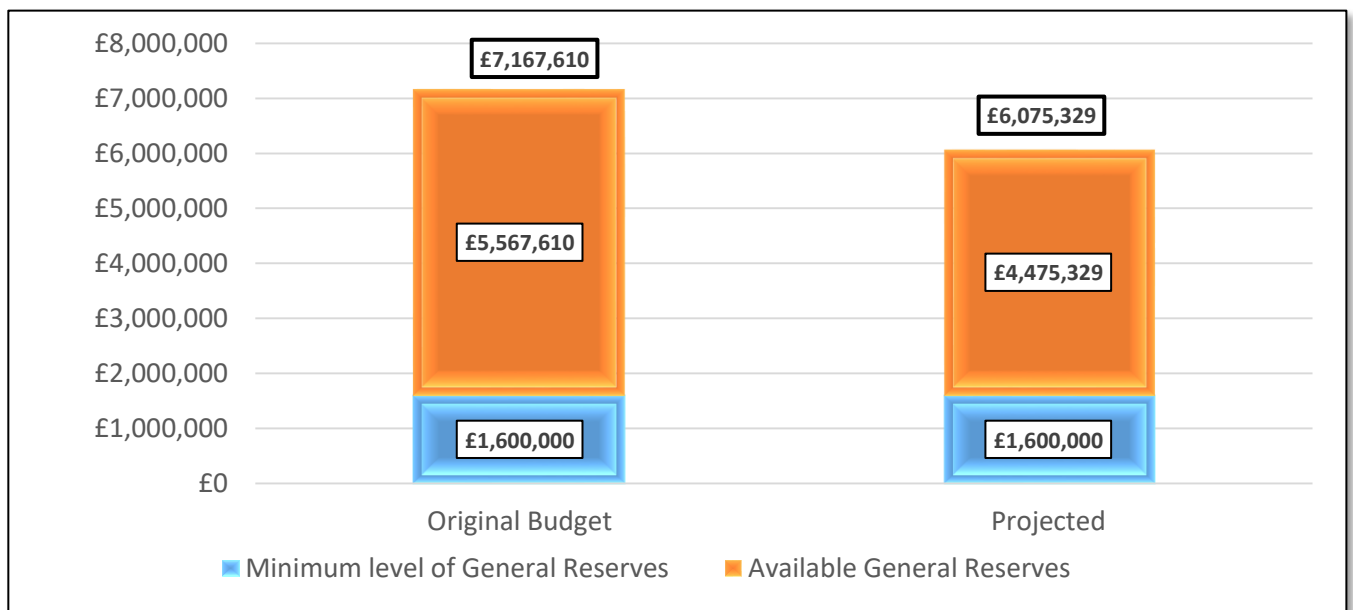
3.14. This shows a projected shortfall of **£523,000** (an improvement of (£95,000) compared to the 3 month projection) that is included in the table above (figures in blue) and this will need to be funded by general reserves until these proposals are delivered. Page 5

Fees and Charges

- 3.15. The gross fees and charges budgets for 2022/23, together with actual income achieved over the last eight years, are shown in detail at **APPENDIX B**.
- 3.16. At this stage, no additional variances to budget are projected.
- 3.17. Car parking income is currently in line with the Approved Budget due to the COVID-19 risk allowance offsetting the loss of income from the planned increase in car parking charges that has not yet taken place.

Revenue General Reserves

- 3.18. The Original Budget estimated general reserves of **£7,167,610** at 31 March 2023. The current projected level is **£6,075,329**, a decrease of **(£1,092,281)** (£42,031 related to last year and £1,050,250 of approved updates for 2022/23) as shown below:



The Capital Programme

3.19. The Original Budget of **£7,953,000** was approved by Council on 22 February 2022. There have been several updates to this budget during 2022/23:

- Slippage from 2021/22 of **£1,650,000** approved by Cabinet on 7 June 2022.
- Conversion costs of 36A Bore Street of **£360,000** (Briefing Note 20 December 2021).
- CIL allocations of **£860,000** approved by Cabinet on 8 February 2022.
- Medium Term Financial Strategy of **(£37,000)** approved by Cabinet on 5 July 2022.
- Virement for Burntwood Zip Line of **£30,000** approved on 25 July 2022.
- Money Matters Quarter 1 changes of **£548,000** approved by Cabinet on 6 September 2022.
- Money Matters Review of Reserves of **£77,000** approved by Cabinet on 6 September 2022.
- Decent Homes Standard grant used to fund Energy Insulation in later years of **(£50,000)**.
- Play Equipment at Chase Terrace Park of **£25,000** approved 6 October 2022.
- A Cinema for Lichfield District of **£427,000** approved 11 October 2022 by Cabinet.

3.20. The Approved Budget is therefore **£11,843,000**.

3.21. The Capital Programme performance is projected to be below budget by **(£271,000)** or **(2%)** compared to the Approved Budget. This above budget performance compared to both the Original and the Approved Budgets, is shown by Strategic Plan's Priority below and in detail at **APPENDIX C**:

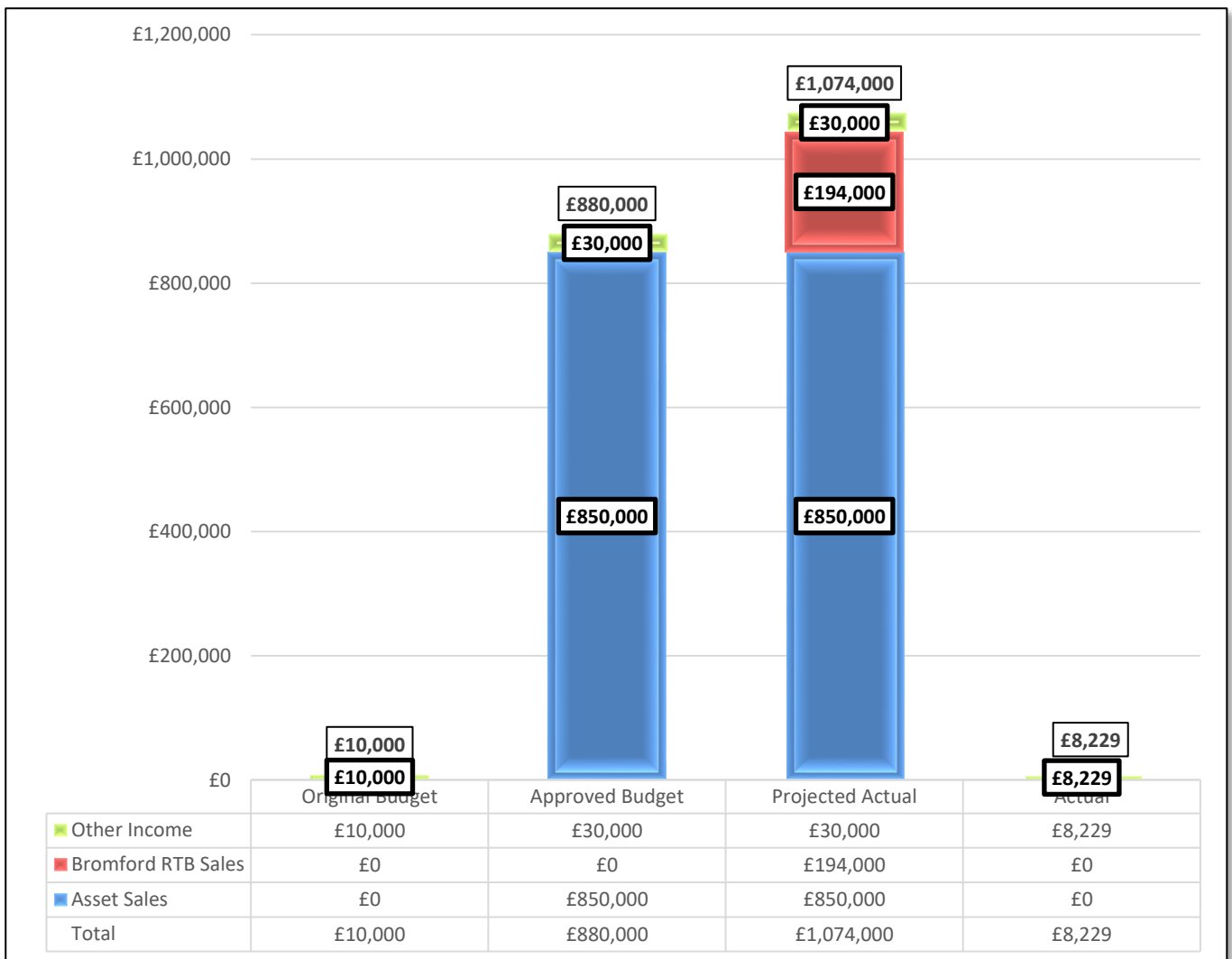


Performance compared to the Approved Budget

3.22. There are projected variances compared to the Approved Budget related to:

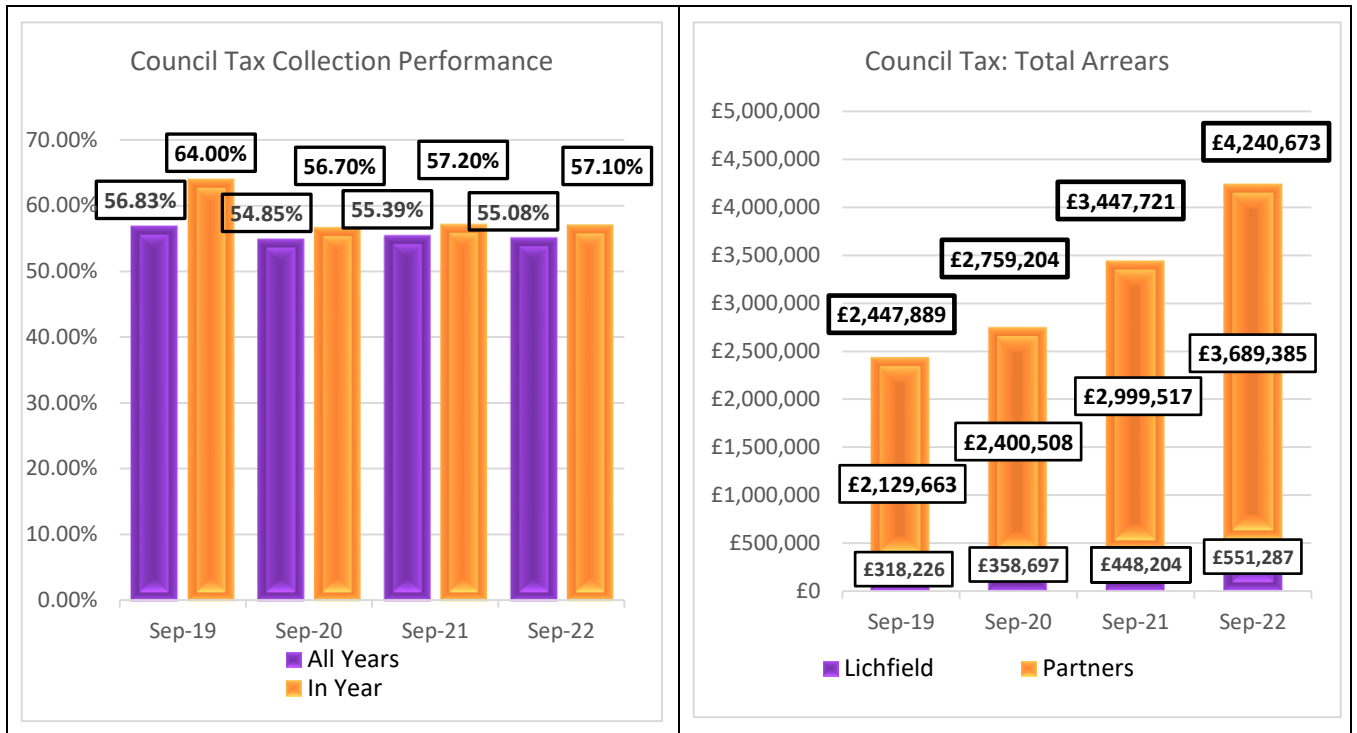
	Projected Variances	
	Profiling	Other
• Affordable Housing – adjustment to the budgeted grant profile.		(£140,000)
Enabling People Total	£0	(£140,000)
• Vehicle Replacement Programme – Budget reprofiled to 2023/24	(£43,000)	
Shaping Place Total	(£43,000)	£0
• Car Parks Vehicle – Budget reprofiled to later years	(£10,000)	
• Pay on Exit System at Friary Multi-Storey – budget amended to reflect updated specification		(£57,000)
• Card Payment in All Car Parks – budget amended to reflect updated specification		£23,000
Developing Prosperity Total	(£10,000)	(£34,000)
• Financial Information System – Removal of remaining budget as project is complete		(£44,000)
A Good Council Total	£0	(£44,000)
Total Projected Variance	(£53,000)	(£218,000)
		(£271,000)

3.23. The Original and Approved Budgets, projected and actual capital receipts are shown below:

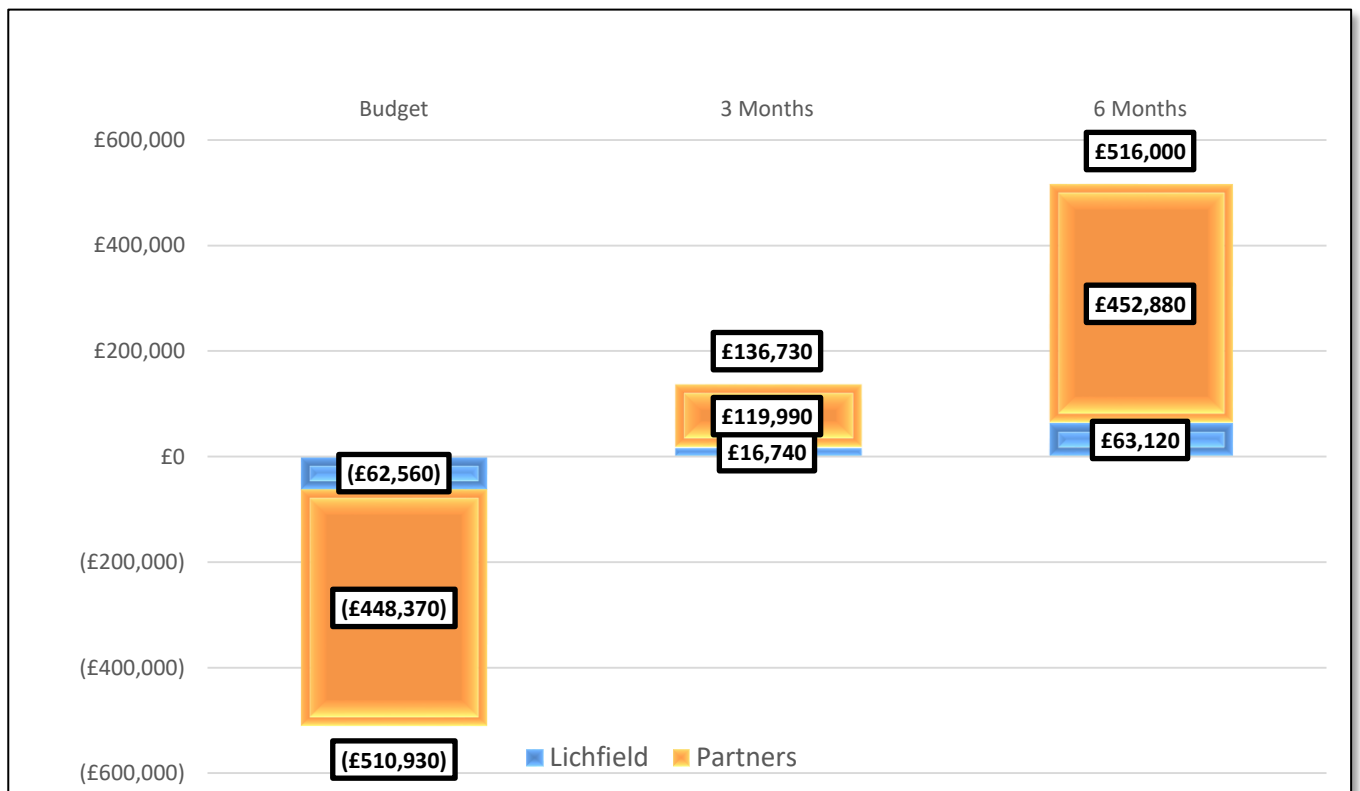


Council Tax

3.24. The collection performance for Council Tax debt is shown below:



3.25. The Council Tax Collection Fund is projected to be in surplus by (£516,000) and the Council's share is (£63,120) based on Lichfield's (including Parishes) current share of Council Tax of c12%:

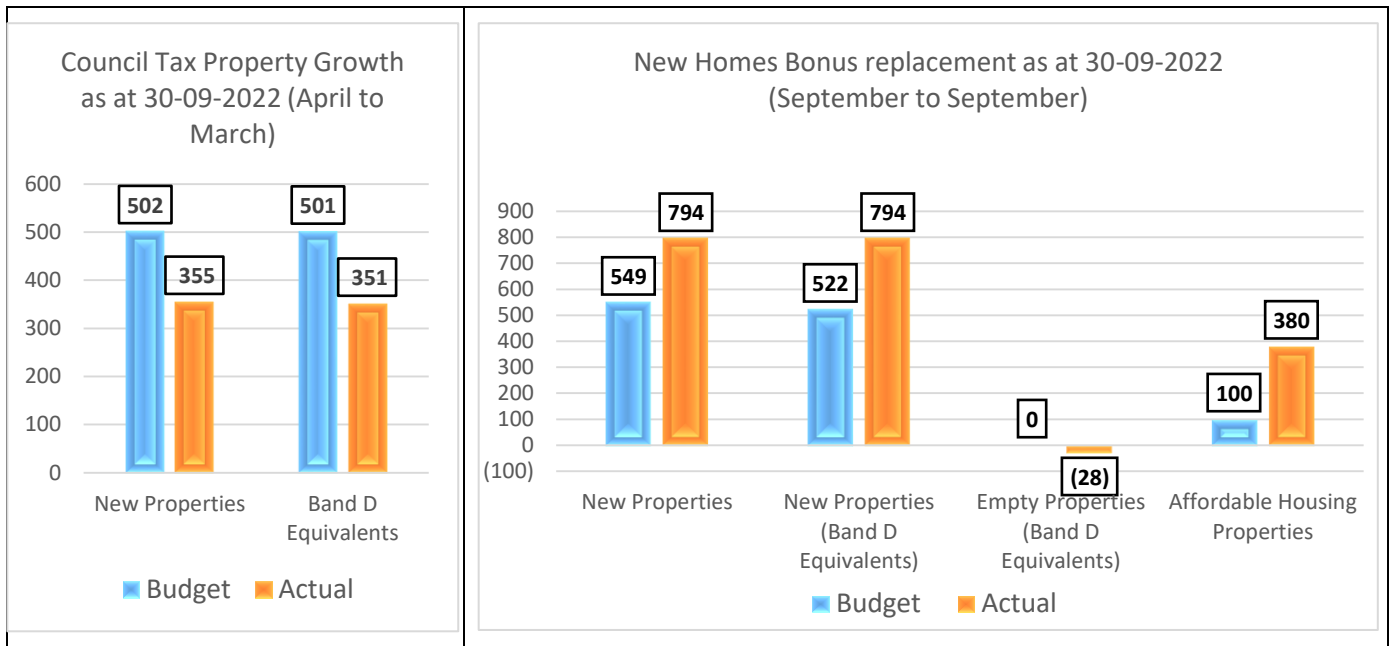


3.26. The main reasons for the additional income of £1,026,930 from the projected surplus compared to the budgeted deficit are:

- A higher surplus than budgeted in 2021/22 of £605,446 (Council share £75,138).
- A higher provision for bad debts of (£437,000) (Council share (£52,440)).
- A higher Council Tax income of £858,484 due to housing delivery rates beginning to increase and recover (Council share £102,998) and changes to reliefs and discounts.

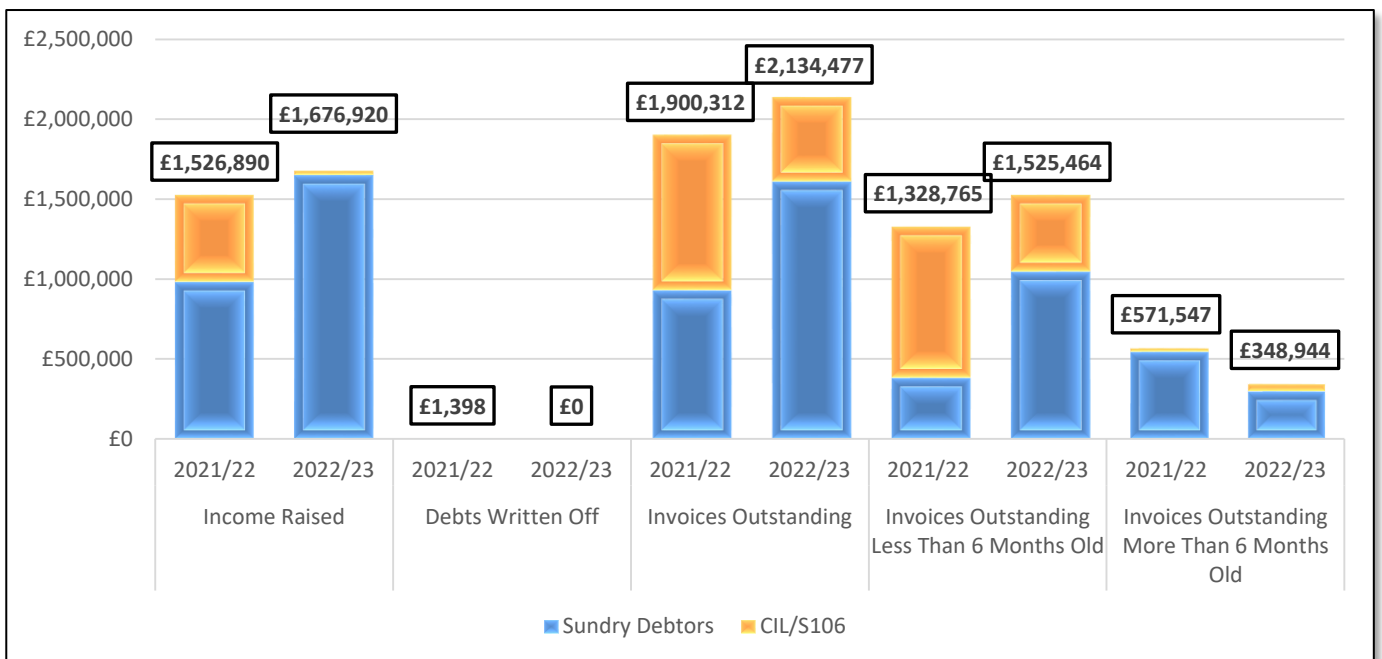
Housing Supply

3.27. The completions for Council Tax (left hand chart) from April 2022 to September 2022 and any possible New Homes Bonus replacement (right hand chart) from September 2021 to September 2022 are shown below:



Sundry Debtors (including Community Infrastructure Levy (CIL) and Section 106 (S106))

3.28. The transaction levels and collection performance in 2022/23 compared to 2021/22 is shown below:

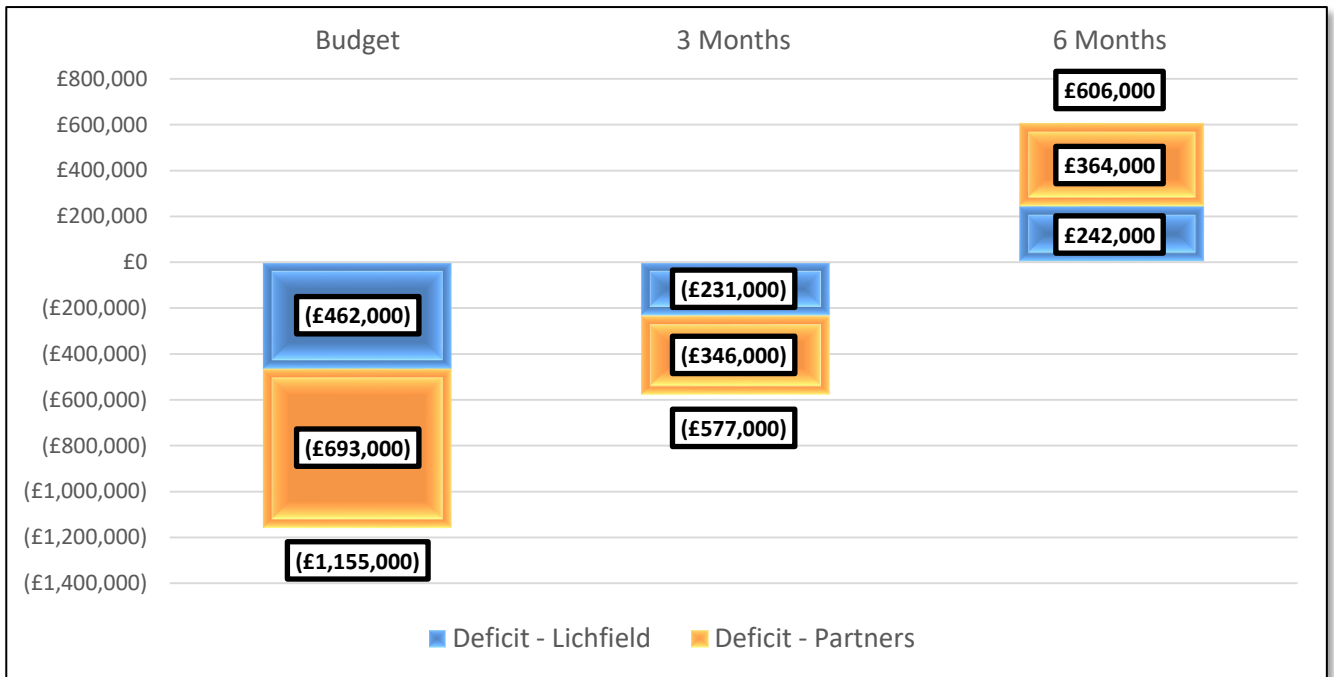


3.29. Total income raised in the second quarter of 2022/23 is **£150,030** or **10%** higher than for the same period in 2021/22 due mainly to an artificially lower level of invoices being raised in 2021/22 due to moving to a new financial system in October 2021.

3.30. Invoices outstanding has increased by **£234,165** or **12%** for the same reason as above.

Business Rates

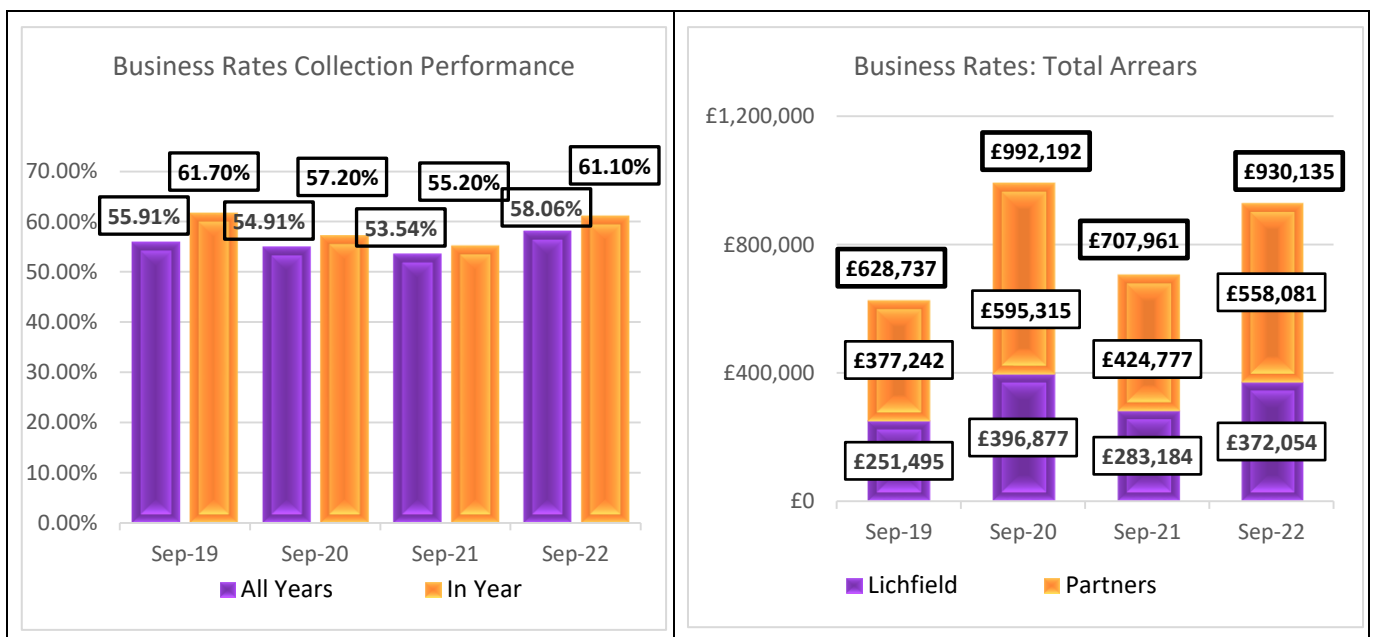
3.31. The Business Rates Collection Fund is projected to be in surplus by **£606,000**:



3.32. The main reasons for the additional income of **£1,761,290** from a projected surplus compared to the budgeted deficit are:

- A lower deficit than budgeted in 2021/22 of **£1,132,000** (Council share £452,800).
- Lower allowances for appeals and bad debts of **£1,113,000** (Council share £446,000).
- Additional COVID-19 Compliance and Recovery Funding (CARF) and other changes in income due of **(£483,710)** (Council share (£194,000)).

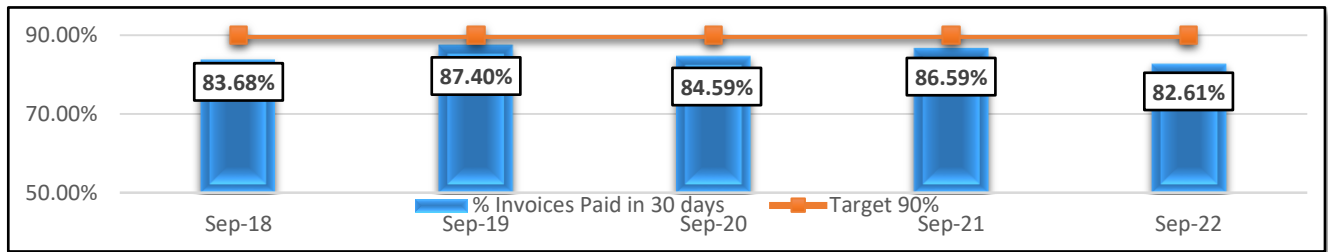
3.33. The collection performance for Business Rates is shown below:



3.34. The Retained Business Rate income is projected to be the same as the Approved Budget of **(£3,311,000)**.

Supplier Payment Performance

3.35. The performance of invoice payments to suppliers within 30 days of invoice date for the last five years is:



3.36. To address the continued under performance in this area, the Procurement Team have been working closely with Accounts Payable to review the current Procure to Pay process – what’s working well, what are the main issues / areas of concern and review the latest payment 30-day payment statistics.

3.37. In order to increase the YTD%, it has been agreed that a simplified Process Map will be created to a) clearly identify what the process should look like across the Council, and b) highlight where changes might be made to improve the process. Ideally, the communication of the process will be rolled out on a team -by team basis, starting with the lowest performing teams initially.

3.38. It is anticipated that the scoping of the process will be completed by November with collaboration with business areas starting in December.

Investment Strategy

3.39. The Council undertakes investments for three broad purposes:

- It approves the support of public services by lending or buying shares in other organisations – **Service Investments.**
- To earn investment income – **Commercial Investments.**
- It has surplus cash, as a result of its day to day activities, when income is received in advance of expenditure or where it holds cash on behalf of another body ready for payment in the future – **Treasury Management Investments.**

3.40. The Government has recognised in recent Department of Levelling Up, Housing and Communities (DLUHC) guidance, as a result of increased commercial activity, that the principles included in Statutory Guidance requiring that all investments should prioritise security and liquidity over yield must also be applied to service and commercial investments.

3.41. The DLUHC Guidance requires the approval by Council of an Investment Strategy Report to increase the transparency around service and commercial investment activity. The Council approved its Investment Strategy Report on **22 February 2022.**

Service Investments

3.42. There are two significant approved investments of a service nature and the investment and net return either included in the Approved Budget or projected are detailed below:

	2022/23	2023/24	2024/25	2025/26	2026/27
Approved Loan to the LWMTS¹	£150,000	£150,000	£150,000	£150,000	£150,000
Projected use of the Facility	£56,565	£0	£0	£0	£0
Projected year-end balance	£45,252	£33,939	£22,626	£11,313	£0
Net Income	£2,263	£2,263	£2,263	£2,263	£2,263
Net Return	4.00%	4.00%	4.00%	4.00%	4.00%
Approved Loan to the Joint Venture	£892,000	£3,566,000	£5,349,000	£5,349,000	£5,349,000
Net Income (assumed revenue budget neutral)	0	0	0	0	0
Net Return	0	0	0	0	0

Commercial Investments

3.43. No commercial investments are currently planned.

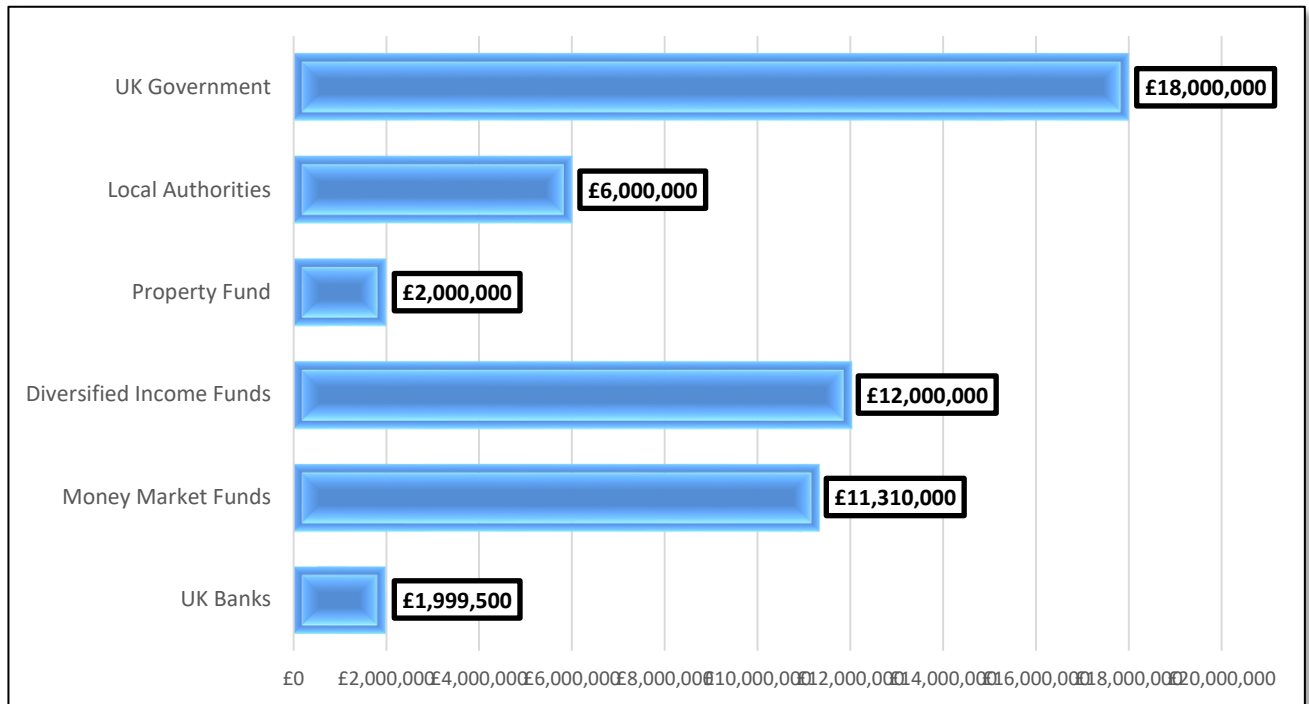
¹ The Review of Reserves Report to Cabinet on 6 September 2022 approved by Council on 18 October 2022 updated the loan to a level of up to **£150,000.**

Treasury Management Investments

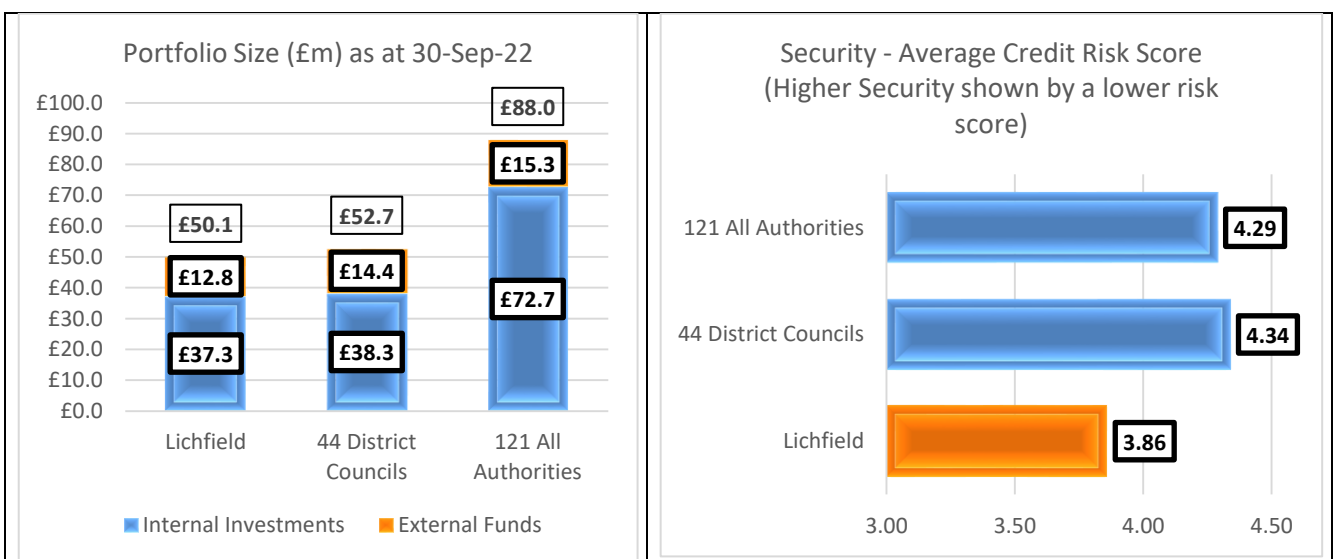
- 3.44. The performance of the Treasury Management function should be measured against the investment objectives of Security (the safe return of our monies), Liquidity (making sure we have sufficient money to pay for our services) and Yield (the return on our investments).
- 3.45. In addition, external borrowing is considered against the objectives of it being affordable (the impact on the budget and Council Tax), prudent and sustainable (over the whole life).

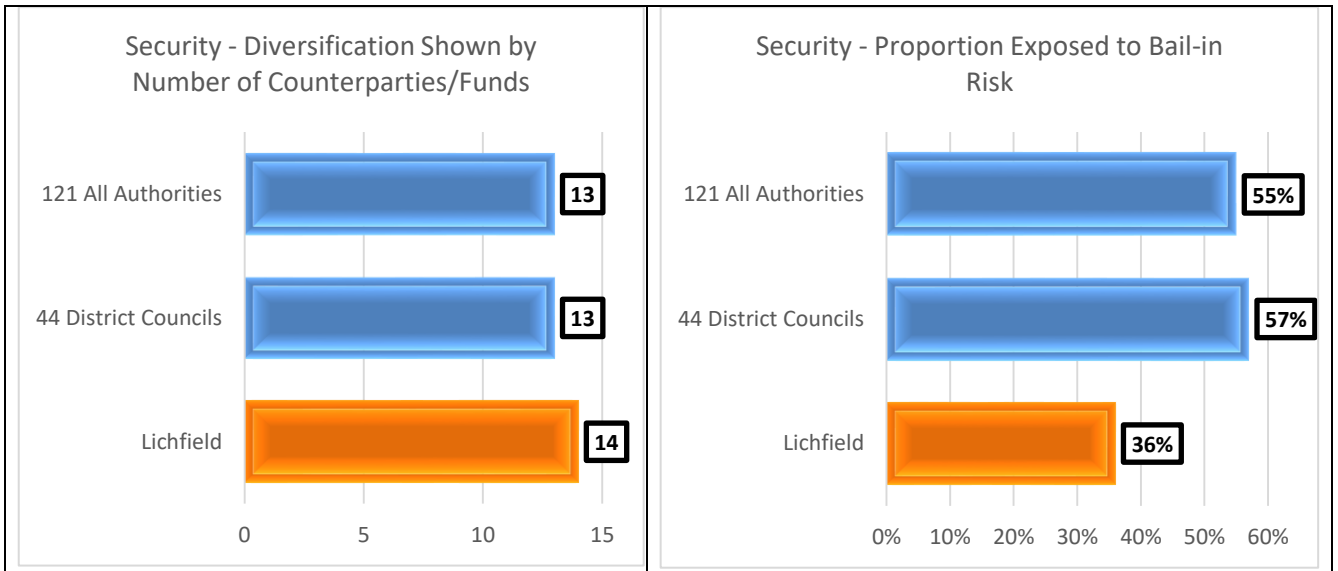
The Security of Our Investments

- 3.46. The investments the Council had at the 30 September 2022 of **£51,309,500** (with the Property and Diversified Income Funds valued at original investment for each) by type and Country are summarised below and in detail at **APPENDIX D**:

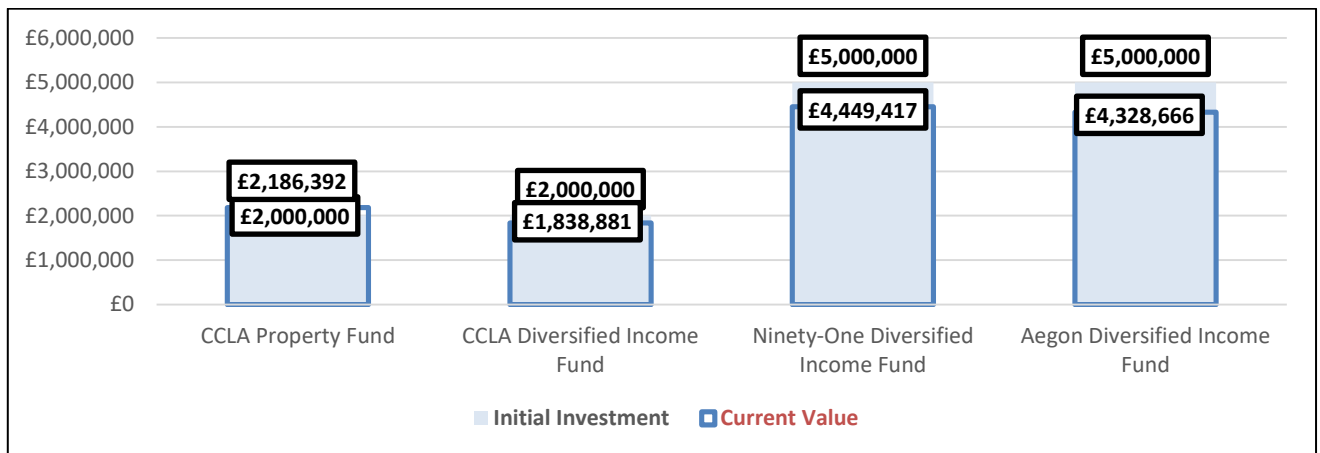


- 3.47. The Council's portfolio size (with the Property and Diversified Income Funds valued at its current value of **£12.8m**), average credit score, diversification and exposure to 'Bail in' risk compared to Arlingclose Clients is shown below:





3.48. The current value and initial investment value of the Property and the Diversified Income Funds are:



3.49. Overall in terms of strategic investments there is a 'book loss' of **£1,196,644** and the earmarked reserve to manage volatility risk is projected to be **(£740,290) (APPENDIX D)**.

3.50. The economic backdrop during the April to September period continued to be characterised by high oil, gas and commodity prices, ongoing high inflation and its impact on consumers' cost of living, no imminent end in sight to the Russia-Ukraine hostilities and its associated impact on the supply chain, and China's zero-Covid policy.

3.51. Uncertainty remained in control of financial market sentiment and bond yields remained volatile, continuing their general upward trend as concern over higher inflation and higher interest rates continued to dominate. Towards the end of September, volatility in financial markets was significantly exacerbated by the UK government's fiscal plans, leading to an acceleration in the rate of the rise in gilt yields i.e. a fall in bond prices and decline in the value of sterling. Bonds form a component of the Council's multi-asset funds

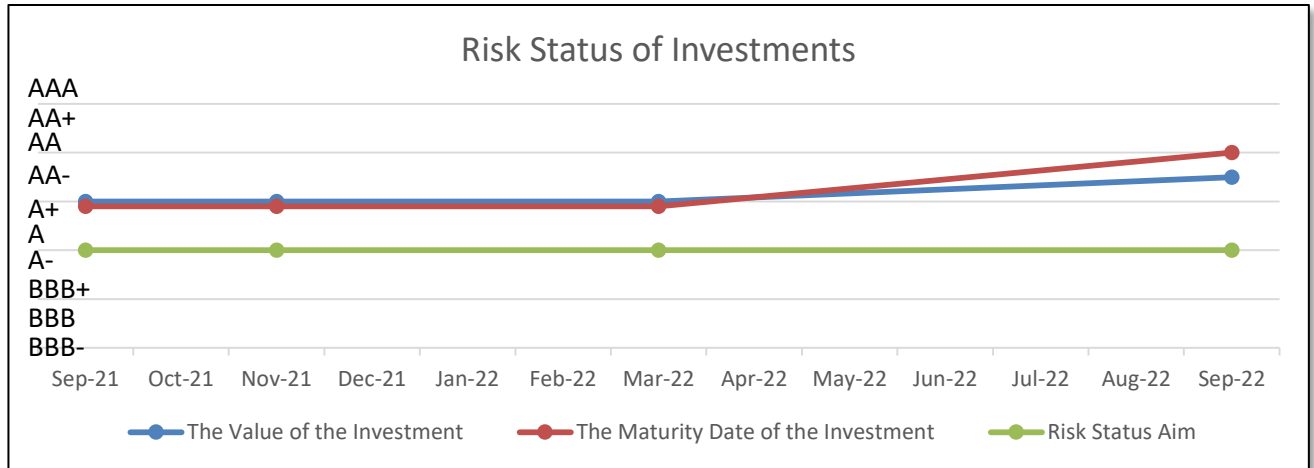
3.52. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's medium to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years, but with the confidence that over a three to five-year period total returns will exceed cash interest rates.

3.53. CCLA announced in mid October the notice period for redemptions would be increased from 90 days to 6 months for the property fund. The extension is not a suspension of dealing and that the manager is adopting a cautious stance prompted by the current uncertainty in the property markets and that quarterly distributions are unaffected. This fund is viewed as a longer-term investment in the Council's portfolio and we are not contemplating its sale at the current time.

3.54. It is also important to note that the current statutory IFRS9 override is scheduled to end on 31 March 2023, the Government is currently consulting on a potential extension and the Council responded on 16 August 2022. This override currently means that any gain or loss on strategic fund investments is accounted for on the Balance Sheet until it is realised through a sale.

3.55. In the event this statutory override is not renewed, any gain or loss will need to be transferred to revenue and managed through reserves until disposal. To manage the inherent volatility with these long term investments, the Council had previously established a Strategic Investment Volatility Reserve.

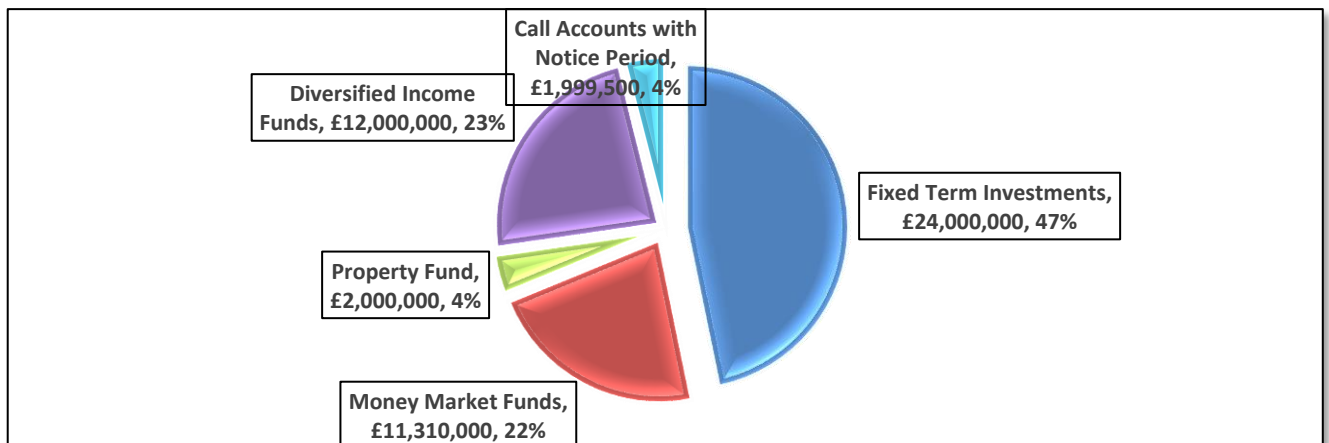
3.56. Our aim for the risk status of our investments was **A-** or higher. The risk status based on the length of the investment and the value for a 13 month period is summarised in the graph below:



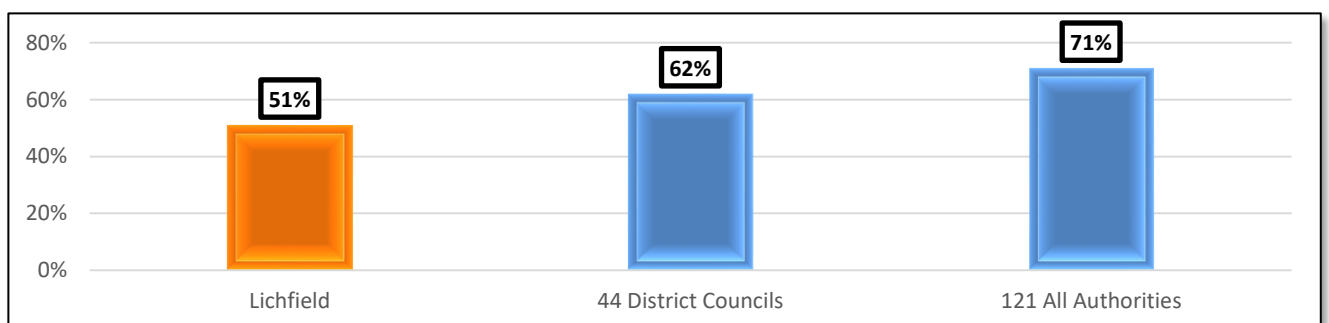
The Liquidity of our Investments

3.57. The Council has not had to temporarily borrow during 2022/23.

3.58. A significant proportion of investments are retained in instant access Money Market Fund investments to ensure there is sufficient cash available to pay for goods and services. The investments by type are shown below:

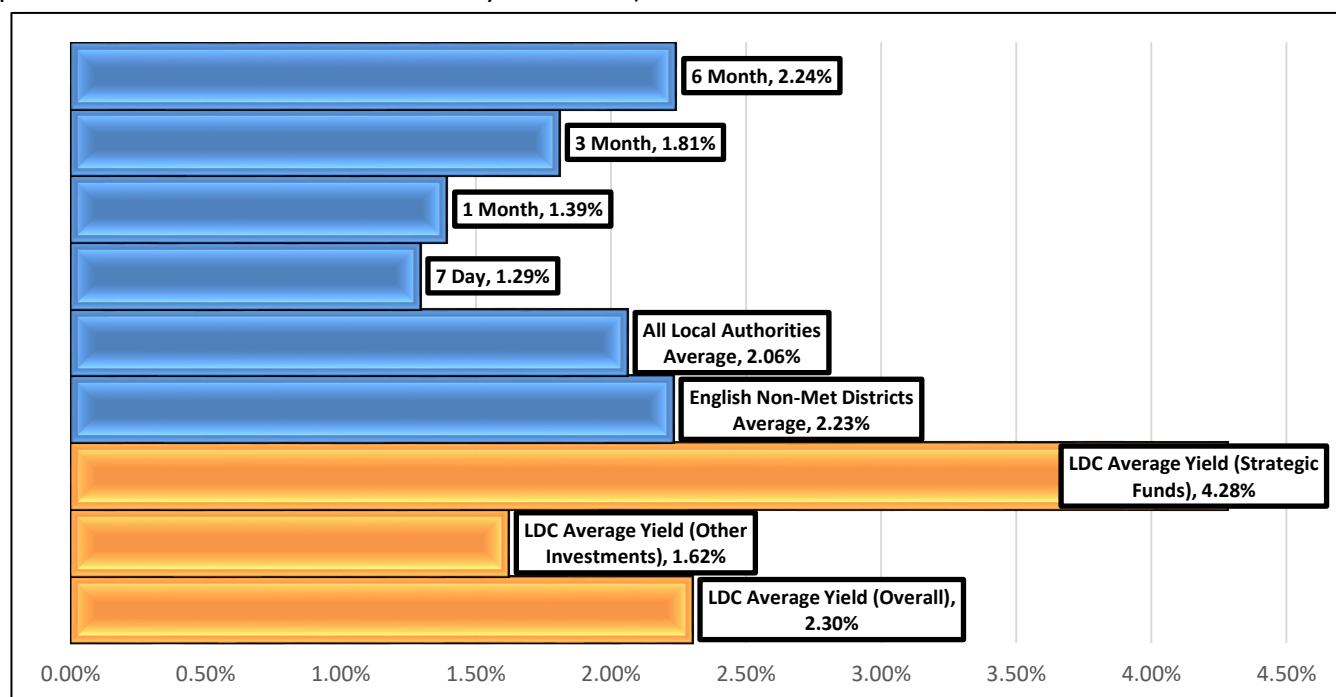


3.59. The proportion of the investment portfolio available within 100 days compared to all Arlingclose clients is shown below:



The Return or Yield of our Investments

3.60. The yield the Council achieved compared to a number of industry standard benchmarks (including our preferred benchmark of the seven day LIBID rate) is shown below:



3.61. The investment activity during the financial year is projected to generate **(£1,384,000)** of gross investment income compared to a budget of **(£1,073,230)**.

3.62. Any additional income above the level included in the revenue budget, at this stage, is being added to the Strategic Investments Volatility Reserve to provide mitigation to any adverse impact resulting from market volatility.

The External Borrowing Portfolio

3.63. The Council's external borrowing portfolio including the premiums or discounts for early repayment is shown below:

	Principal	Average Rate	Years to Final Maturity	(Premium) /Discount
PWLB Fixed Equal Instalment of Principal (EIP)	£1,065,400	2.59%	17.5	£110,062
TOTAL BORROWING	£1,065,400	2.59%	17.5	£110,062

3.64. For information, current rates for a similar loan are **4.98%** (excluding any discounts) from the Public Works Loans Board.

Alternative Options	These are considered as part of the ongoing development of the Strategic Plan and the Medium Term Financial Strategy.
Consultation	Consultation is undertaken as part of the Strategic Plan and with Leadership Team.
Financial Implications	<p>The MTFs projected general reserves at 31 March 2023 would be £7,167,610.</p> <p>At this six months stage, general reserves are forecast to be £6,075,329. This is an decrease of (£1,092,281) and is related to:</p> <ul style="list-style-type: none"> A lower than budgeted contribution in 2021/22 of (£42,031). Approved updates in 2022/23 reducing the contribution by (£1,050,250).
Approved by Section 151 Officer	Yes

Legal Implications	No specific legal implications. The recommended changes to the Medium Term Financial Strategy not part of the approved Budget Framework will be required the approval of Full Council.
Approved by Monitoring Officer	Yes

Contribution to the Delivery of the Strategic Plan	The MTFs underpins the delivery of the Strategic Plan.
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Equality, Diversity and Human Rights Implications	There are no additional Equality, Diversity or Human Rights implications.
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Crime & Safety Issues	There are no additional Equality, Diversity or Human Rights implications.
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Environmental Impact (including Climate Change and Biodiversity).	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan.
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GDPR / Privacy Impact Assessment	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan.
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	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
Strategic Risk SR1 - Non achievement of the Council's key priorities contained in the Strategic Plan due to the availability of Finance				
A	Council Tax is not set by the Statutory Date of 11 March 2023	Likelihood : Green Impact : Red Severity of Risk : Yellow	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	Likelihood : Yellow Impact : Red Severity of Risk : Red	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	Likelihood : Red Impact : Red Severity of Risk : Red	The Council responded to the consultation. 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 Review of Needs and Resources	Likelihood : Red Impact : Red Severity of Risk : Red	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	Likelihood : Yellow Impact : Red Severity of Risk : Red	A property team has been recruited via the Company 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	Sustained higher levels of inflation in the economy	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow	To maintain a watching brief on economic forecasts, ensure estimates reflect latest economic projections and where possible ensure income increases are maximised	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
			to mitigate any additional cost.	
Strategic Risk SR3: Capacity and capability to deliver / strategic plan to the emerging landscape				
G	The Council cannot achieve its approved Delivery Plan for 2023/24	Likelihood : Yellow Impact : Red Severity of Risk : Red	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
H	The resources available in the medium to longer term to deliver the Strategic Plan are diminished	Likelihood : Yellow Impact : Red Severity of Risk : Red	The MTFS will be updated through the normal review and approval process.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
I	Government and Regulatory Bodies introduce significant changes to the operating environment	Likelihood : Red Impact : Red Severity of Risk : Red	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

- Medium Term Financial Strategy (Revenue and Capital) 2021-2026 (MTFS) – Cabinet 8 February 2022
- Money Matters: 2021/22 Review of Financial Performance against the Financial Strategy – Cabinet 7 June 2022
- Local Council Tax Support Scheme Review – Cabinet 5 April 2022
- Medium Term Financial Strategy (MTFS) – Cabinet 11 July 2022
- Local Council Tax Support Scheme Permission to Consult – Cabinet 11 July 2022
- Money Matters: 2022/23 Review of Financial Performance against the Financial Strategy – Cabinet 6 September 2022
- Money Matters: Review of Reserves – Cabinet 6 September 2022
- Lichfield District Youth Council – Policy Proposal – Cabinet 6 September 2022
- Joint Venture – A cinema for Lichfield District – Cabinet 11 October 2022
- Medium Term Financial Strategy (Revenue and Capital) 2023-27 – Cabinet 11 October 2022

Relevant web links

Revenue Financial Performance – Variance to Budget 2022/23

Area	2022/23					
	Original Budget £	Approved Budget £	Projected Outturn £	Projected Variance £	Variance to Original Budget	2022/23 Target (+/-) £
Enabling people	1,526,950	1,338,910	1,278,280	(60,630)	(248,670)	
Shaping place	4,082,610	4,215,150	3,781,650	(433,500)	(300,960)	
Developing prosperity	(436,080)	(126,110)	(70,550)	55,560	365,530	
A good council	6,918,520	8,644,030	9,398,600	754,570	2,480,080	
COVID-19 - General Recovery (allocated to car parking)	377,000	0	0	-	(377,000)	
Net Cost of Services	12,469,000	14,071,980	14,031,750	316,000	1,918,980	250,000
Net Treasury Position	(298,000)	(850,730)	(850,730)	-		
Revenue Contributions to the Capital Programme	100,000	100,000	100,000	-		
Net Operating Cost	12,271,000	13,321,250	13,637,250	316,000		
Transfer (from) / to General Reserve	280,000	(770,250)	(770,250)	-		
Transfer (from) / to Earmarked Reserves	0	0	0	-		
Net Revenue Expenditure	12,551,000	12,551,000	12,867,000	316,000		
Financed by:						
Retained Business Rates	(3,311,000)	(3,311,000)	(3,311,000)	-		
Business Rates Cap	(174,000)	(174,000)	(490,000)	(316,000)		
Services Grant	(146,000)	(146,000)	(146,000)	-		
Lower Tier Services Grant	(95,000)	(95,000)	(95,000)	-		
New Homes Bonus	(1,401,000)	(1,401,000)	(1,401,000)	-		
Council Tax Collection Fund (Surplus)/Deficit	32,000	32,000	32,000	-		
Council Tax	(7,456,000)	(7,456,000)	(7,456,000)	-		

Closing the Funding Gap Progress

	Cabinet Date	2023/24	2024/25	2025/26	2026/27
Original Funding Gap		£725,710	£765,340	£732,190	£904,890
Pension Contributions	05/04/2022	(£31,520)	(£150,660)	(£271,940)	£10,050
Lichfield District Youth Council	06/09/2022	20,000	30,000		
Revenue Contributions to Capital	11/10/2022			(25,000)	183,000
Ongoing budget pressures	This Report	£81,450	£81,450	£81,450	£81,450
Approved Funding Gap/(transfer to General Reserves)		£795,640	£726,130	£516,700	£1,179,390
Impact of Current Inflation Projections					
		2023/24	2024/25	2025/26	2026/27
Payroll	Projection	£502,740	£519,720	£535,170	£552,630
Utilities	Projection	£173,450	£173,880	£172,840	£170,270
Fuel	Projection	£154,550	£163,990	£173,000	£181,570
Telephone & Mobiles	Projection	£6,130	£6,170	£6,130	£6,030
Business Rates	Projection	£0	£0	£0	£0
Postage	Projection	£5,650	£6,560	£7,430	£8,270
Insurances	Projection	£17,350	£15,480	£12,590	£8,650
Investment Income	Projection	(£535,000)	(£536,000)	(£302,000)	(£324,000)
Total		£324,870	£349,800	£605,160	£603,420
Projected Funding Gap		£1,120,510	£1,075,930	£1,121,860	£1,782,810

General Reserves

	Original	Approved	Projected
Start of year	£6,887,610	£6,845,579	£6,845,579
Budgeted Contribution	£280,000	£280,000	£280,000
Approved Updates	£0	(£1,050,250)	(£1,050,250)
This Report	£0	£0	£0
Sub Total In Year	£280,000	(£770,250)	(£770,250)
End of year	£7,167,610	£6,075,329	£6,075,329
Change to Original		(£1,092,281)	(£1,092,281)

Savings and Additional Income Proposals Monitoring

2022/23				
No	Saving	MTFS Target	3 Month Projection	6 Month Projection
1	Standby payments	£9,000	£0	£0
2	Fusion Credit	£10,000	£10,000	£10,000
3	Void reduction	£2,000	£2,000	£2,000
4	Light Emitting Diode lighting / Car park	£2,000	£0	£0
5	Revs & Bens Restructure Part 1	£87,070	£87,070	£87,070
6	Corp pay budgets	£23,090	£23,090	£23,090
7	Deleted post - post room	£24,610	£24,610	£24,610
8	Reduced telephone budget	£1,000	£1,000	£1,000
9	Reduced document imaging	£9,000	£9,000	£9,000
10	Reduced printing	£8,000	£8,000	£8,000
11	Reduced postage	£15,000	£15,000	£15,000
12	Reduced stationery	£5,000	£5,000	£5,000
13	Reduced Uniform (Customer)	£1,000	£1,000	£1,000
14	Hybrid working savings	£100,000	£100,000	£100,000
15	Communications / Visitor Economy merger	£10,000	£10,000	£30,000
16	Revs & Bens restructure Part 2	£200,000	£58,000	£58,000
17	Golf course	£80,000	£40,000	£40,000
18	Restructure of Operational Services	£0	£0	£0
19	Major Projects	£95,000	£95,000	£95,000
20	Post/Printing	£30,000	£30,000	£30,000
21	Vacancy savings	£150,000	£150,000	£150,000
22	Implement new Target Operating Model	£330,000	£330,000	£330,000
23	Information Technology savings	£150,000	£0	£25,000
24	Dividend	£25,000	£0	£0
25	Savings Strategy year 1 - Treasury Management	£340,230	£340,230	£340,230
26	Garden Waste Price increase	£50,000	£0	£0
27	Review of Existing Pricing Discounts	£45,000	£45,000	£45,000
28	Grant funding for homelessness	£35,000	£35,000	£35,000
29	Property Income (1.5 Properties 21/22, 4 Properties 22/23, 5 Properties 23/24)	£12,000	£12,000	£12,000
30	Introduce Sunday Charging (replace £1 flat fee with normal tariffs).	£93,000	£0	£0
31	Introduce an evening charge in LDC car parks of £1.	£38,000	£0	£0
32	Introduce a departure charge to all bus companies using Lichfield Bus Station.	£21,000	£0	£0
33	Introduce an administration charge of £100 for supplying CCTV footage to insurance companies.	£1,000	£0	£0
34	Introduce an administration charge of £200 for coning off bays in car parks.	£1,000	£0	£0
35	Annual increase in relevant fees and charges of 2.5%	£64,000	£18,000	£18,000
36	street naming and numbering	£20,000	£20,000	£20,000
NEW	Incubator Space			£50,000
	Total	£2,087,000	£1,469,000	£1,564,000

Approved Target in MTFS

£2,087,000

£2,087,000

Shortfall to MTFS Target

£618,000

£523,000

Fees and Charges

Income Type	Approved Budget £000	Actual £000	Year End Variance £000	Annual Trend							
				2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
				Actual £000	Actual £000	Actual £000	Actual £000	Actual £000	Actual £000	Actual £000	Actual £000
Planning Applications	781	744	0	771	629	1,030	824	797	744	695	974
Car Parks	1,721	1,108	0	1,746	1,748	1,986	2,078	2,198	2,105	752	1,515
Garden Waste	1,566	1,365	0	0	0	0	231	1,495	1,478	1,618	1,609
Trade Waste	488	547	0	338	390	407	415	443	469	485	522
Land Charges	305	185	0	183	297	312	279	286	253	272	341
Building Control	948	736	0	454	507	557	547	553	896	1,032	948
Property Rental	592	429	0	644	681	687	729	839	744	680	674
Total of Highest Value Fees & Charges	6,402	5,114	0	4,134	4,251	4,980	5,102	6,611	6,689	5,535	6,583
Other Income											
Licensing				217	185	236	224	241	245	160	184
Leisure Centres				1,782	1,819	1,879	1,629	183	0	0	0
VAT Claim				0	0	0	0	1,103	0	0	0
Court Costs				252	233	218	198	214	222	154	247
Recycling				14	347	439	463	331	283	280	560
Grounds Maintenance				162	161	168	195	217	264	273	234
Other				1,839	1,139	1,319	1,124	1,057	1,063	908	1,166
Total Income				8,400	8,136	9,239	8,936	9,957	8,766	7,310	8,974

Capital Programme Performance in 2022/23

Project	Original Budget	Approved Budget	Actual to Date	Projected Actual	Variance
New Build Parish Office/Community Hub	92,000	92,000	0	92,000	0
Replacement Canopy and artificial grass at Armitage	0	3,000	0	3,000	0
Burntwood Leisure Centre Sinking Fund Projects	0	69,000	0	69,000	0
Friary Grange - Short Term Refurbishment	0	158,000	6,577	158,000	0
Replacement Leisure Centre	2,349,000	2,524,000	3,700	2,524,000	0
Burntwood Leisure Centre - Decarbonisation Scheme	0	18,000	(38,552)	18,000	0
Accessible Homes (Disabled Facilities Grants)	1,654,000	1,343,000	11,729	1,343,000	0
Home Repair Assistance Grants	4,000	0	0	0	0
Decent Homes Standard	147,000	97,000	0	97,000	0
DCLG Monies	212,000	0	0	0	0
Unallocated S106 Affordable Housing Monies	334,000	382,000	800	242,000	(140,000)
Burntwood Park Play Equipment	0	75,000	74,000	75,000	0
Conversion of 36a Bore Street	0	576,000	0	576,000	0
Streethay Community Centre	0	600,000	0	600,000	0
Changing Places Fund	0	94,000	0	94,000	0
Play Equipment at Chase Terrace Park	0	25,000	0	25,000	0
Zip Wire in Burntwood	0	30,000	0	30,000	0
Enabling People Total	4,792,000	6,086,000	58,254	5,946,000	(140,000)
Loan to Council Dev Co.	0	150,000	0	150,000	0
Lichfield St Johns Community Link	35,000	35,000	0	35,000	0
Staffordshire Countryside Explorer	0	44,000	42,681	44,000	0
Lichfield Public Conveniences	0	40,000	0	40,000	0
Bin Purchase	150,000	150,000	0	150,000	0
Dual Stream Recycling	0	267,000	16,162	267,000	0
Vehicle Replacement Programme (Other)	229,000	229,000	74,665	186,000	(43,000)
Env. Improvements - Upper St John St & Birmingham Road	7,000	7,000	0	7,000	0
The Leomansley Area Improvement Project	0	3,000	0	3,000	0
Burntwood Public Conveniences	0	45,000	392	45,000	0
Falkland Road Fosseyway Canal Walk	0	260,000	0	260,000	0
Shaping Place Total	421,000	1,230,000	133,899	1,187,000	(43,000)
Vehicle Replacement Programme (Car Parks)	10,000	10,000	0	0	(10,000)
Coach Park	1,137,000	807,000	0	807,000	0
Car Parks Variable Message Signing	150,000	150,000	0	150,000	0
Old Mining College - Refurbish access and signs	13,000	13,000	0	13,000	0
Pay on Exit System at Friary Multi Storey	150,000	150,000	31,996	93,000	(57,000)
Birmingham Road Site Enabling Works	0	535,000	0	535,000	0
Cinema Development	0	892,000	0	892,000	0
Incubator Space	0	354,000	92,787	354,000	0
Card Payment in All Car Parks	100,000	100,000	41,914	123,000	23,000
Electric Vehicle Charge Points	80,000	80,000	0	80,000	0
Car Park Barriers	36,000	36,000	0	36,000	0
Developing Prosperity Total	1,676,000	3,127,000	166,696	3,083,000	(44,000)
Property Planned Maintenance	230,000	206,000	196,239	206,000	0
New Financial Information System	44,000	44,000	0	0	(44,000)
IT Infrastructure	0	300,000	23,732	300,000	0
Building a Better Council	600,000	665,000	268,748	665,000	0
Committee Audio-Visual Hybrid Meeting Platform	90,000	85,000	0	85,000	0
Construction Inflation Contingency	100,000	100,000	0	100,000	0
Good Council Total	1,064,000	1,400,000	488,719	1,356,000	(44,000)
Approved Budget	7,953,000	11,843,000	847,568	11,572,000	(271,000)

Funding Source	Original Budget	Approved Budget	Projected Actual	Variance
Capital Receipts	1,331,000	2,737,000	2,787,000	50,000
Corporate Revenue	100,000	100,000	100,000	0
Borrowing Need - Borrowing and Finance Leases	2,349,000	2,524,000	2,524,000	0
Capital Grants and Contributions	3,030,000	4,118,000	3,978,000	(140,000)
Reserves, Existing Revenue Budgets and Sinking Funds	1,143,000	2,364,000	2,183,000	(181,000)
Capital Programme Total	7,953,000	11,843,000	11,572,000	(271,000)

Investments in the 2022/23 Financial Year

The table below shows a breakdown of our investments at the 30 September 2022:

Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating	Foreign Parent
Money Market Funds						
Invesco Aim	£4,000,000	01-Oct-22	Instant Access	1.86%	0	N/A
Federated	£1,830,000	01-Oct-22	Instant Access	1.80%	0	N/A
BNP Paribas MMF	£480,000	01-Oct-22	Instant Access	1.10%	0	N/A
CCLA MMF	£5,000,000	01-Oct-22	Instant Access	1.75%	0	N/A
Strategic Funds						
CCLA Property Fund	£2,000,000	N/A	N/A	3.59%	N/A	No
Ninety-One Diversified Income Fund	£5,000,000	N/A	N/A	4.27%	N/A	No
CCLA Diversified Income Fund	£2,000,000	N/A	N/A	2.53%	N/A	No
Aegon Diversified Income Fund	£5,000,000	N/A	N/A	5.91%	N/A	No
Fixed Term Investments						
Conwy County Borough Council	£2,000,000	23-Jan-23	115	0.30%	LOCAL	
Folkestone and Hythe District Council	£2,000,000	09-Mar-23	160	0.95%	LOCAL	
North Lanarkshire Council	£2,000,000	21-Dec-22	82	0.85%	LOCAL	
Debt Management Office	£6,000,000	19-Oct-22	19	0.94%	UK Government	
Debt Management Office	£4,000,000	21-Nov-22	52	1.53%	UK Government	
Debt Management Office	£4,000,000	19-Jan-23	111	1.90%	UK Government	
Debt Management Office	£4,000,000	20-Feb-23	143	2.50%	UK Government	
Call Accounts with Notice Period						
Santander	£1,000,000	03-Jan-23	95	1.53%	A	
HSBC	£999,500	31-Oct-22	31	2.00%	A+	
Total Investments	£51,309,500					

Strategic Investments Volatility Reserve	
Opening Balance 01/04/2022	329,290
Approved Transfers 2022/23	100,000
Projected Transfers Qtr 2	311,000
Projected Closing Balance 31/03/2023	740,290
Fund Book Gains/(Losses)	
CCLA Property Fund	£186,392
CCLA Diversified Income Fund	(£161,119)
Ninety-One Diversified Income Fund	(£550,583)
Aegon Diversified Income Fund	(£671,334)
Net Book Loss as at 30/09/2022	(£1,196,644)
Projected Shortfall	(£456,354)

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Money Matters : Calculation of Business Rates 2023/24, Council Tax Base for 2023/24 and the projected Collection Fund Surplus / Deficit for 2022/23



Cabinet Member for Finance and Commissioning

Date:	6 December 2022
Agenda Item:	4
Contact Officer:	Anthony Thomas
Tel Number:	01543 308012
Email:	Anthony.thomas@lichfielddc.gov.uk
Key Decision?	YES
Local Ward Members	Full Council

Cabinet

1. Executive Summary

- 1.1 To approve the calculation of the Council Taxbase (Band D residential properties) for Lichfield District, as required under Section 67 of the Local Government Finance Act (LGFA) 1992.
- 1.2 In accordance with the LGFA 1992, the Council is required to estimate the surplus/deficit on the Collection Fund for both Council Tax and Business Rates. The dates these estimates must be made are:
 - Council Tax – **15 January** (or in the event this a Saturday, Sunday or Bank Holiday, the next working day). In 2022/23 the relevant date will be **15 January 2022**.
 - Business Rates (NNDR) – **31 January** using the NNDR1 Form.
- 1.3 The Council as the Billing Authority must then notify each relevant major Precepting Authority of their share of any estimated surplus or deficit within seven days of making the estimate.
- 1.4 The Council must submit its estimates for Business Rates to the Department for Levelling Up, Housing and Communities (DLUHC) using the NNDR1 form. This form includes:
 - An estimate of the Business Rates Collection Fund surplus/deficit for the current year.
 - Estimates of the level of Business Rates to be collected for the forthcoming financial year.
- 1.5 The timing of the NNDR1 form is uncertain. To enable completion by the statutory deadline, a delegation to the Cabinet Member for Finance & Commissioning and the Chief Financial Officer is recommended.

2. Recommendations

- 2.1 Cabinet approve in accordance with the relevant legislation and regulations, the Council Taxbase (Band D residential properties) for Lichfield District for the financial year 2023/24 of **40,534.4**.
- 2.2 To note the estimated Council Tax Collection fund Surplus of **(£516,000)** and the estimated Business Rates Collection Fund Surplus of **(£606,000)** for 2022/23.
- 2.3 To delegate authority to the Cabinet Member for Finance & Commissioning and the Chief Financial Officer (Section 151) to:
 - Complete and certify the NNDR1 for 2023/24 on behalf of the Council.
 - Update the Council Taxbase for 2023/24 and Collection Fund projections for 2022/23 in the event of changes to guidance or the need for significant changes to underlying assumptions.

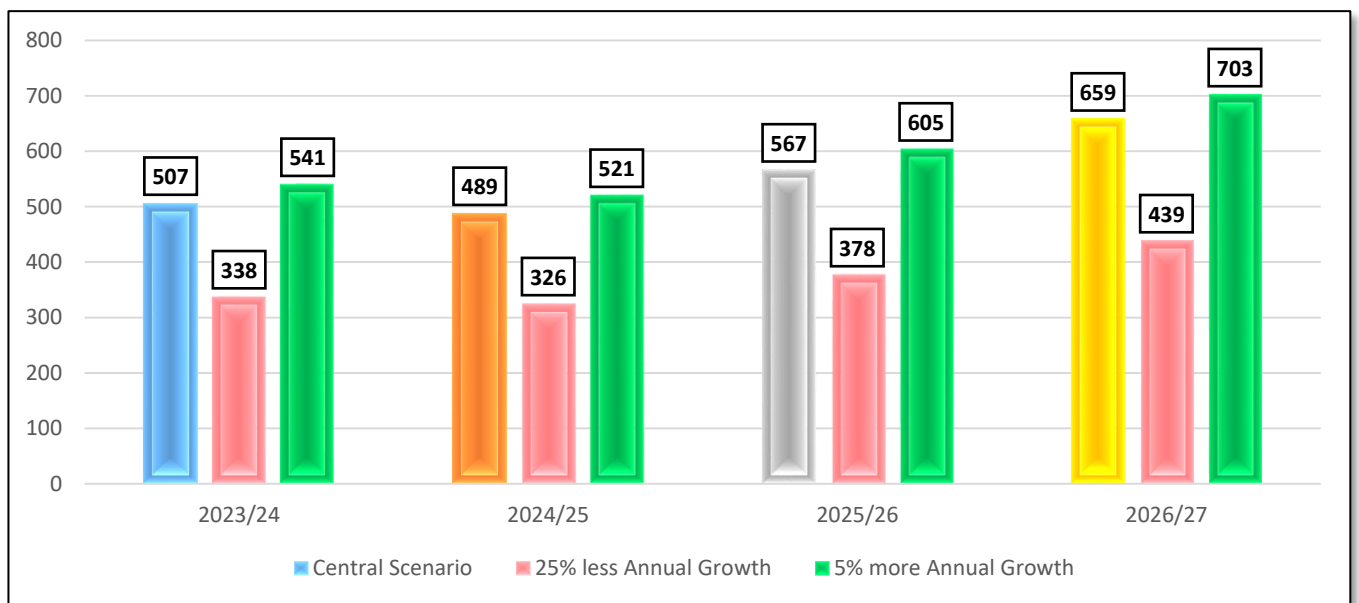
3. Background

Council Taxbase

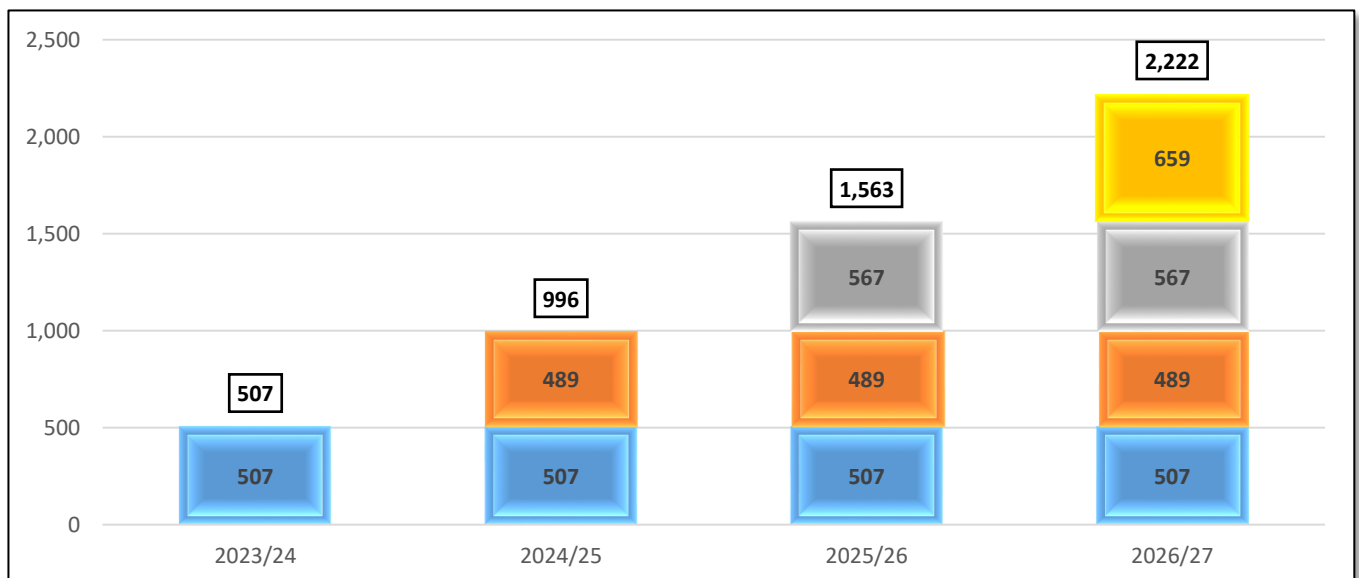
- 3.1 The Council Taxbase represents Band D residential properties within the District for Council Tax purposes.
- 3.2 The calculation includes an allowance for property growth. The starting point is the Five Year Housing Supply and this is adjusted by factors for risks such as delays or non-delivery and to convert growth to Band D equivalents.

Property Growth

- 3.3 The property growth (Band D Equivalents) estimated for the period of the Medium Term Financial Strategy based on the Mid-Point or central scenario of **75%** of planned property growth (shown as leftmost column for each year) being delivered plus two alternatives (50% and 80% of planned property growth), is shown in detail at **APPENDIX A** and in summary below:



- 3.4 The central scenario is also shown on a cumulative basis in the graph below. These growth projections will also potentially be used as part of the calculation of New Homes Bonus income (or its replacement).



Council Taxbase Calculation

3.5 The Council Taxbase is calculated as follows:

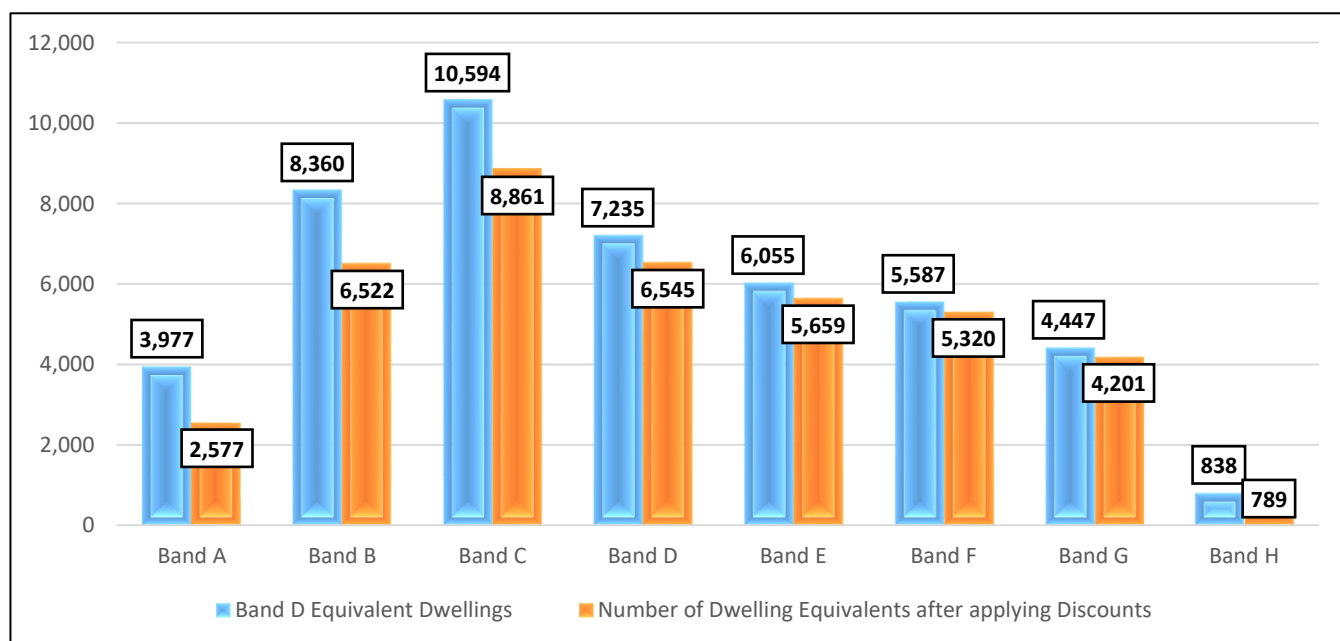
- The Band D equivalent dwellings (the dwellings in each Council Tax Band multiplied by the Band D ratio).
- The Band D equivalent dwellings are reduced by discounts such as single person discount or Local Council Tax Support and exemptions.
- A specific residual COVID-19 and new cost of living increase of **10%** for working age claimants of Local Council Tax Support has been included (a reduction from 20% assumed in 2022/23).
- An allowance is made for contributions in lieu of Council Tax for Ministry of Defence Properties.
- An estimate is made for property growth during 2023/24.
- A projection is made for non-collection/in year change of **0.75%** (reflective of the recommended more generous Local Council Tax Support Scheme). This reflects the risks and opportunities related to in year changes in properties, exemptions and discounts together with the collection rate (the actual collection performance for all years debt was **95.37%** in 2020/21 and **95.70%** in 2021/22).

3.6 The budgeted Council Taxbase for 2023/24 at **40,534.4** is **184.4 (0.46%)** higher than the projection of **40,350.0** contained in the Approved MTFs. The reasons for this projected increase are:

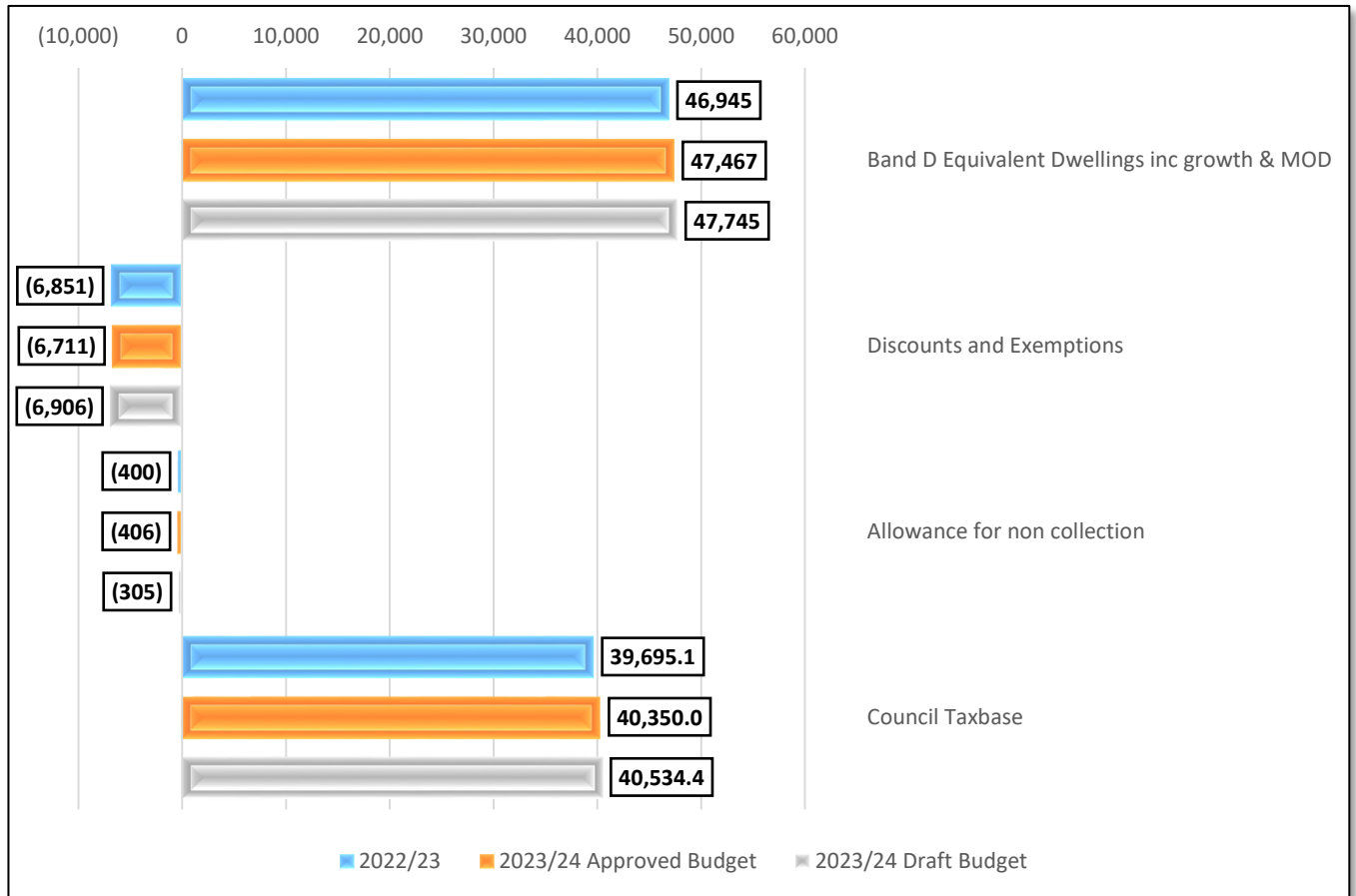
	2023/24			Comments
	Draft Budget	Approved Budget	Variance	
Band D equivalent dwellings	47,744.9	47,467.0	277.9	Projected higher property growth
Discounts and exemptions	(6,905.6)	(6,711.0)	(194.6)	Projected higher discounts and exemptions including LCTS
Allowance for non -collection	(304.9)	(406.0)	101.1	Assumed lower level with a revised LCTS
Total	40,534.4	40,350.0	184.4	

3.7 This increase in the Council Taxbase would result in (**£34,640**) higher Council Tax per annum based on the approved Band D Council Tax for 2022/23 of **£187.85**.

3.8 The Council Taxbase (Band D equivalents) by Council Tax band for the District in 2023/24 prior to and after discounts and exemptions is shown in the graph below and in detail at **APPENDIX B**:

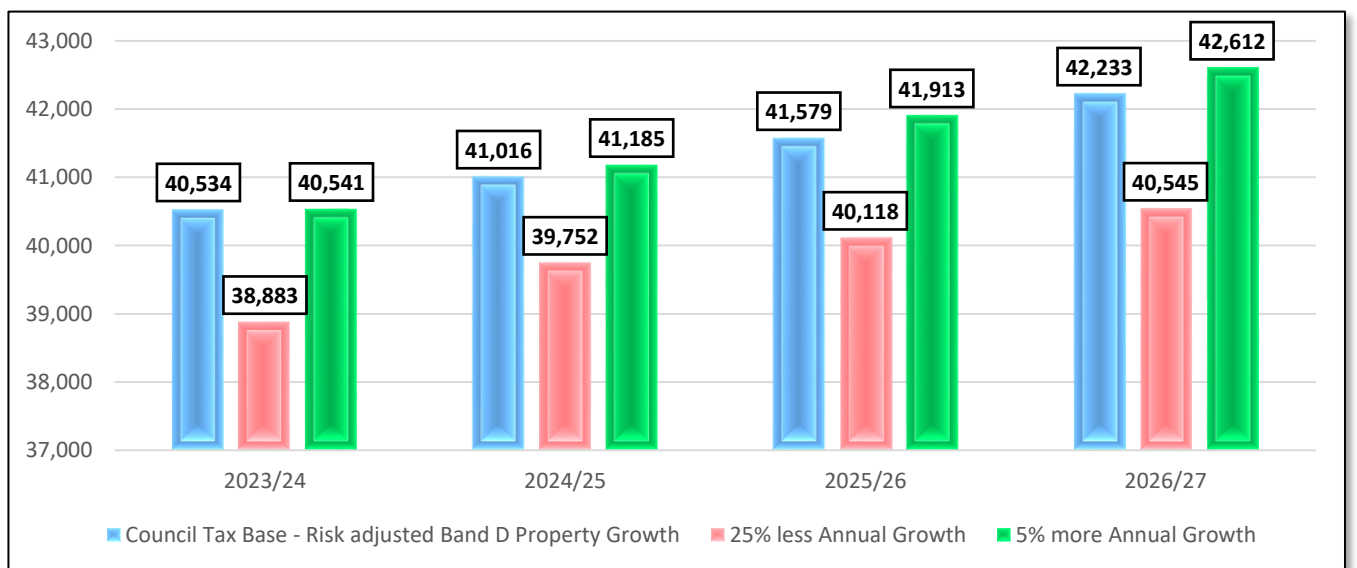


3.9 The figures in the calculation of the Council Taxbase for the Draft Budget 2023/24 of **40,534.4** compared to the calculation for 2022/23 of **39,695.1** and the Approved Budget for 2023/24 of **40,350.0** are shown below:



3.10 The Council Taxbase will be used by this Council, Parish Councils, Staffordshire County Council, the Staffordshire Commissioner for Police and Crime and the Staffordshire Commissioner for Fire and Rescue to calculate their element of the Council Tax for 2023/24.

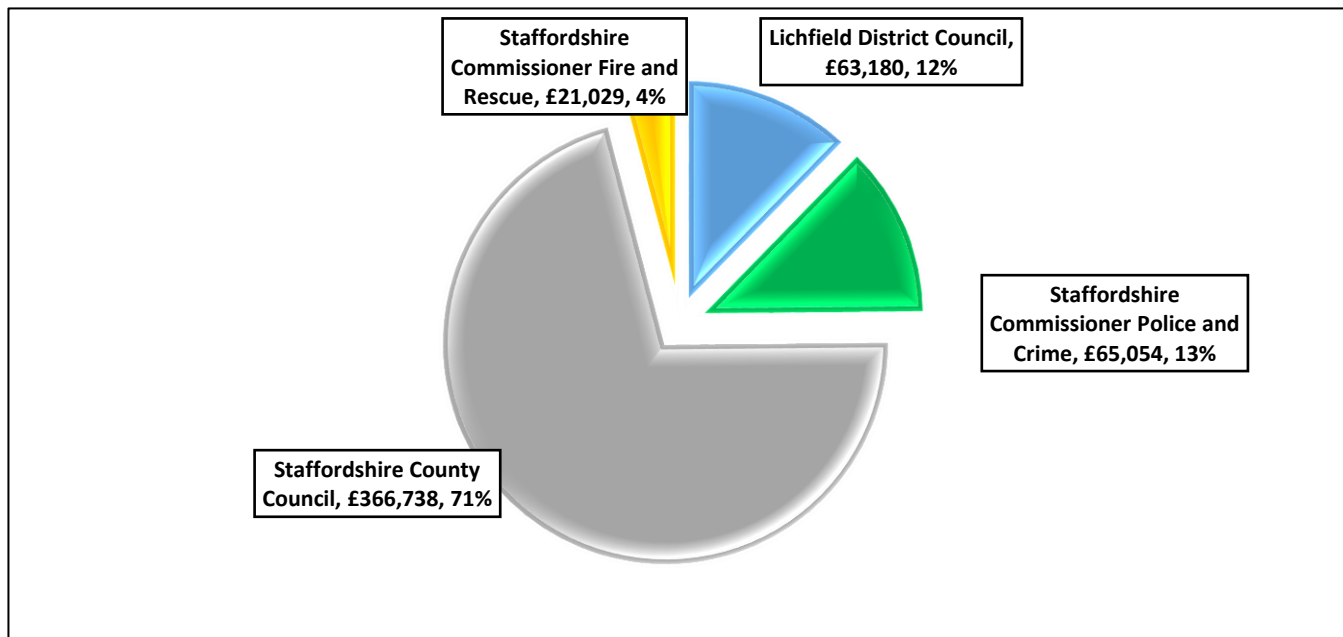
3.11 In addition, to the Council Taxbase for 2023/24, the graph below shows the Council Taxbase for 2024/25 to 2026/27. This information will be used in the Medium Term Financial Strategy for the projection of Council Tax income.



3.12 The Council Taxbase for 2023/24 by Parish area is shown at **APPENDIX C**.

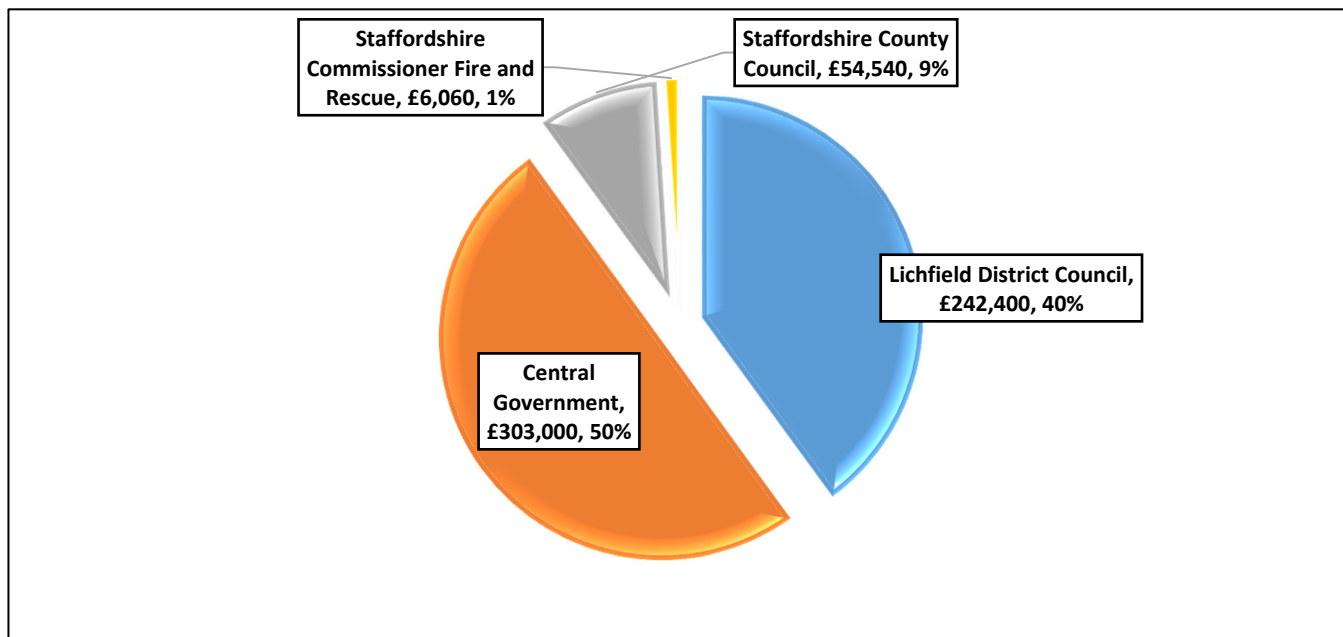
The Projected Council Tax Collection Fund Surplus for 2022/23

3.13 The six months projected Council Tax Collection Fund Surplus for 2022/23 of (£516,000) is shown below (Lichfield’s share of 12% includes Parish Councils):



The Projected Business Rates Collection Fund Surplus for 2022/23

3.14 The six months projected Business Rates Collection Fund surplus for 2022/23 of (£606,000) is shown below (Lichfield’s share of 40%):



Alternative Options	The calculation of the Council Taxbase and Collection Fund surpluses and deficits must be undertaken in line with statutory requirements and therefore there are no alternative options.
Consultation	There has been no consultation specifically about this Report due to the statutory nature of calculations.

Financial Implications	These are detailed in the background section of the Report.
Approved by Section 151 Officer	Yes
Legal Implications	No specific legal implications. The recommended changes to the Medium Term Financial Strategy not part of the approved Budget Framework will be required the approval of Full Council.
Approved by Monitoring Officer	Yes
Contribution to the Delivery of the Strategic Plan	The Medium Term Financial Strategy (MTFS) underpins the delivery of the Strategic Plan.
Equality, Diversity and Human Rights Implications	None identified in this report.
Crime & Safety Issues	None identified in this report.
Environmental Impact	None identified in this report.
GDPR/Privacy Impact Assessment	None identified in this report.

	Risk Description	Original Score (RYG)	How We Manage It	Severity of Risk (RYG)
Strategic Risk SR1 – Pressures on the availability of finance may mean the Council is not able to deliver the key priorities of the Strategic Plan.				
A	Decrease in the Collection rates for Business Rates (NNDR) and Council Tax.	Likelihood – Yellow Impact - Yellow Severity of Risk - Yellow	The periodic Money Matters Reports to Cabinet and Overview and Scrutiny Committee provide information on collection rates. A revised LCTS scheme is recommended that will provide additional support to those in greatest need.	Likelihood – Green Impact - Yellow Severity of Risk - Yellow
B	The assumed level of growth included in the calculation of the Council Taxbase is not achieved.	Likelihood – Yellow Impact - Yellow Severity of Risk - Yellow	The periodic Money Matters Reports to Cabinet and Overview and Scrutiny Committee provide information on housing growth. The MTFS assumes 75% of projected housing growth is delivered.	Likelihood – Green Impact - Yellow Severity of Risk - Yellow

C	The assumed level of discounts and exemptions increases.	Likelihood – Yellow Impact - Yellow Severity of Risk - Yellow	The periodic Money Matters Reports to Cabinet and (Overview and Scrutiny Committee provide information on the projected surplus or deficit in the Council Tax Collection Fund. The central scenario used in the MTFS assumes a 10% increase in working age claimants for Local Council Tax Support in 2023/24.	Likelihood – Green Impact - Green Severity of Risk - Green
D	Failure to calculate the Council Taxbase and Collection Fund Surplus or Deficit	Likelihood – Green Impact - Yellow Severity of Risk - Yellow	These are calculated in accordance with the Local Government Finance Act 1992 and relevant regulations.	Likelihood – Green Impact - Yellow Severity of Risk - Yellow

Background documents

- Local Government Finance Act 1988
- Local Government Finance Act 1992
- Local Authorities (Calculation of Council Taxbase) Regulations 1992 (as amended)
- Local Government Act 2003
- Council Taxbase (CTB) Return at October 2022
- Money Matters : Calculation of Business Rates 2022/23, Council Tax Base for 2022/23 and the projected Collection Fund Surplus / Deficit for 2021/22 - Cabinet 7 December 2021
- Medium Term Financial Strategy (Revenue and Capital) 2021-2026 (MTFS) – Cabinet 8 February 2022
- Medium Term Financial Strategy (Revenue and Capital) 2021-2026 (MTFS) – Council 22 February 2022
- Money Matters: 2021/22 Review of Financial Performance against the Financial Strategy – Cabinet 7 June 2022
- Medium Term Financial Strategy (MTFS) – Cabinet 11 July 2022
- Money Matters: 2022/23 Review of Financial Performance against the Financial Strategy – Cabinet 6 September 2022
- Money Matters: 2022/23 Review of Financial Performance against the Financial Strategy – Cabinet 6 December 2022

**Relevant
web link**

Provision for Housing Growth

Actual Delivery Performance compared to the Projections

	2019/20	2020/21	2021/22
<u>Provision for Growth</u>			
Housing Completions per SHLAA	701	725	737
Risk Allowance for Non-Completions and timing differences	50%	50%	75%
Housing Completions Projection	351	363	553
Band D Ratio	0.9	0.95	0.98
Band D Equivalentents	315	344	541

Actual Band D Equivalent Housing Completions	648	674	740
Actual Band D Equivalent Housing Completions compared to SHLAA	172%		

Housing Growth Projections

	2022/23	Medium Term Financial Strategy			
		2023/24	2024/25	2025/26	2026/27
<u>Provision for Growth</u>					
Projected housing completions	669	712	686	796	925
Risk allowance for non-completions and timing differences	75%	75%	75%	75%	75%
Housing completions projection	501	534	515	597	694
Band D ratio	1.00	0.95	0.95	0.95	0.95
Band D equivalentents	501	507	489	567	659

25% less Annual Growth
5% more Annual Growth

338	326	378	439
541	521	605	703

The Council Taxbase Return and the Council Taxbase for the purposes of setting the Council Tax in 2023/24

	Band A Disabled Relief	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	2023/24	2022/23	2021/22
Total Number of Dwellings on the Valuation List	0.0	5,966.0	10,748.0	11,918.0	7,235.0	4,954.0	3,868.0	2,668.0	419.0	47,776.0	46,982.0	46,436.0
Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9			
Band D Equivalent Dwellings	0.0	3,977.3	8,359.6	10,593.8	7,235.0	6,054.9	5,587.1	4,446.7	838.0	47,092.4	46,298.1	45,708.7
<u>Discounts and Exemptions</u>												
Exempt Dwellings and Demolitions	0.0	(124.0)	(156.3)	(208.9)	(103.0)	(64.8)	(47.7)	(58.3)	(8.0)	(771.0)	(672.6)	(711.0)
Disabled Relief	11.1	28.7	17.9	(46.2)	3.0	(2.4)	(7.2)	(31.7)	(22.0)	(48.8)	(50.5)	(53.1)
Single Person Discount - 25%	(1.7)	(552.7)	(817.6)	(911.3)	(471.5)	(306.8)	(204.0)	(161.7)	(21.5)	(3,448.8)	(3,319.4)	(3,231.4)
Discount - 50%	0.0	(5.3)	(3.1)	(2.2)	(2.5)	(2.4)	(1.4)	(10.0)	(4.0)	(30.9)	(29.3)	(29.9)
Local Council Tax Support Discount	(3.9)	(777.4)	(913.1)	(587.3)	(132.4)	(51.1)	(28.7)	(21.7)	(1.4)	(2,517.0)	(2,938.7)	(2,769.0)
Other Discounts	(0.3)	25.5	34.9	23.5	16.4	31.2	21.7	37.5	8.0	198.4	159.7	137.5
Sub Total - Discounts and Exemptions	5.2	(1,405.2)	(1,837.3)	(1,732.4)	(690.0)	(396.3)	(267.3)	(245.9)	(48.9)	(6,618.1)	(6,850.8)	(6,656.9)
Number of Dwelling Equivalents after applying Discounts	5.2	2,572.1	6,522.3	8,861.4	6,545.0	5,658.6	5,319.8	4,200.8	789.1	40,474.3	39,447.3	39,051.8
Contributions in Lieu (MOD Properties)										145.4	146.2	145.4
Council Taxbase Return (CTB) Taxbase										40,619.7	39,593.5	39,197.2
Other Local Council Tax Support										(287.5)	Included Above	(438.3)
Provision for Growth										507.1	501.0	524.0
Provision for Non Collection										(304.9)	(399.5)	(391.5)
Total Council Taxbase for Council Tax Setting Purposes										40,534.4	39,695.1	38,891.4

Council Taxbase for the purposes of setting the Council Tax in 2023/24 by Parish Area

	2023/24 Apportioned Taxbase	2022/23 Apportioned Taxbase	2021/22 Apportioned Taxbase
Alrewas	1,330.6	1,298.7	1,248.2
Armitage with Handsacre	2,183.8	2,136.1	2,117.7
Burntwood	8,467.2	8,367.8	8,428.7
Clifton Campville with Thorpe Constantine	380.1	379.1	375.6
Colton	337.4	337.1	325.7
Curborough and Elmhurst and Farewell and Chorley	269.7	257.5	277.5
Drayton Bassett	464.7	464.9	445.9
Edingale	279.1	278.9	268.2
Elford	307.6	301.8	281.9
Fazeley	1,445.8	1,435.1	1,471.6
Fradley and Streethay ***	2,633.5	2,451.3	2,208.8
Hammerwich	1,387.0	1,376.1	1,339.1
Hamstall Ridware	165.1	164.0	152.1
Harlaston	209.7	211.4	200.4
Hints and Canwell	200.9	192.2	178.7
King's Bromley	590.1	585.6	561.7
Lichfield	12,516.9	12,150.2	12,110.3
Longdon	788.1	785.7	753.5
Mavesyn Ridware	528.9	529.2	502.5
Shenstone	3,677.4	3,658.0	3,461.8
Swinfen and Packington	165.4	160.1	151.5
Wall	203.7	203.9	199.8
Weeford	111.7	103.5	98.8
Whittington and Fisherwick	1,210.4	1,193.7	1,145.9
Wigginton and Hopwas	679.6	673.1	585.5
Total Council Taxbase for Council Tax Setting Purposes	40,534.4	39,695.1	38,891.4

*** = the approval of the outcome of the Community Governance Review by Council will mean this Parish is split into two separate Parishes:

Fradley	1,626.90
Streethay	1,006.60

Homelessness Prevention Additional Resource

Cabinet Member: Cllr Angela Lax, Cabinet Member for Housing, Ecology and Climate Change

Date: 6 December 2022

Agenda Item: 5

Contact Officer: Lizzie Barton

Tel Number: 01543 308060

Email: lizzie.barton@lichfielddc.gov.uk

Key Decision? YES

Local Ward Members N/a



CABINET

1. Executive Summary

- 1.1 The purpose of this report is to outline key and emerging issues relating to the council's work to prevent homelessness across the district, including any potential refugee homelessness cases.
- 1.2 The report proposes the appointment of three new fixed-term roles to address homelessness and better support any potential refugee housing and homelessness cases across the district. It also provides an update on a Beam pilot designed to support previously homeless residents into employment.

2. Recommendations

- 2.1 Cabinet approve the appointment of three new two-year fixed-term housing roles: Assistant Housing Allocations and Systems Officer, Housing Options Officer and a Tenancy Sustainment Officer with funding being provided by the Homelessness Prevention Grant Reserve.
- 2.2 Cabinet notes the council's involvement in the Beam trial.

3. Background

Funding background

- 3.1 Every year the council receives Homelessness Prevention Grant (HPG)¹ funding from government to help it to deliver services to prevent and tackle homelessness in the district through a range of measures.
- 3.2 The council's 2022/2023 allocation of HPG funding is £208,825. Future years' funding is currently subject to government consultation^[1], but the two options being explored would see the council receive a similar or slightly higher amount of Homelessness Prevention Grant each year. This could however be affected by the current financial situation and government review of all spending.
- 3.3 The council's current activity will see £175,531 of this fund invested in 2022/2023, leaving an underspend of £33,294 in year, and forecast underspends in future years.
- 3.4 Any underspend funding is placed in the Homeless Prevention Grant Reserve. Currently there is £427,689 in the reserve. This reserve can only be used to fund homelessness prevention activity and cannot be repurposed for a different use.

¹ Homelessness Prevention Grant: 2022 to 2023 - GOV.UK (www.gov.uk)

3.5 The proposals contained in this report would see the annual homelessness prevention fund spent in full every year (for the next two years) and should no further HPG funding from government be forthcoming from 2023/2024, would spend the existing reserve in full. Even if the government reduces funding in future years however, it is highly unlikely the funding would reduce to zero, so these proposals are fully fundable.

Key local and emerging issues

3.6 The housing team propose to utilise the annual underspend and existing reserves to address key local and emerging issues relating to homelessness and homelessness prevention linked to the energy crisis the cost of living, the potential recession, and an increase in asylum related cases.

Housing register caseload

3.7 The council has experienced an increase in housing register applications (see table 1), due in part to the cost-of-living crisis. Local and national predictions suggest this case load will continue to rise over the winter months and into 2023.

Table 1: Housing register applications (including eligible and non-eligible)

Year	Number of applications up to September (half-year)	Number of applications full year
1 April 2020 – 31 March 2021	/	1,607
1 April 2021 – 31 March 2022	/	2,545 ²
1 April 2022 – 31 March 2023	1,918*	3,836 estimated

** The number of live applications changes daily. Currently there are 332 live applications of which 54 are in the emergency band, 206 are band 1 and 72 are band 2. By property size, there is 147 customers with a need for a one bed property, 54 with a need for a two bed need property, 81 with a need for a three bed need property, 46 with a need for a four bed property, and 4 with a need for a five bed property.*

3.8 If applications remain at the current level, the council could see 3,836 submitted this year – this would represent a 139% increase on 2020-2021’s caseload.

3.9 As a result of this increase in caseload, the team are unable able to spend the necessary time with each applicant, particularly those with complex or additional needs (for example supporting customers to provide necessary evidence). The team are also struggling to find the resource to deliver wider management functions, reporting and quality assurance. The level of work within existing resource is also a risk to the ongoing wellbeing of the team.

Homelessness caseload

3.10 The council has also experienced an increase in homelessness cases (see table 2), again because of the cost-of-living crisis predictions are that this case load will also continue to rise over the winter months and into 2023.

² During 2021/2022, 4,152 people registered on the portal. This was however due to the fact the council changed housing portals (from Homes Direct to Jigsaw) and all existing customers had to re-register. For the purpose of this analysis, we have assumed if every live app transferred at the end of March 2021, that a minimum of 2,545 new applications were registered in 2021/2022. However, if some customers chose not to re-register on the new system, a greater number of apps were new.

3.11 The latest National Crisis Homelessness Monitor Report (February 2022)³ predicts that ‘core homelessness’ a concept which captures the most acute forms of homelessness, will be one-third higher than 2019 levels on current trends. It is worth noting the Crisis report was prepared in advance of the impact of the energy crisis, so predicted levels could be far higher when the next report is issued.

Table 2: Homelessness applications

Year	Number of enquiries up to September (half-year)	Number of enquiries full year	Number of applications up to September (half-year)	Number of applications full year
1 April 20 – 31 March 21	/	268	/	272
1 April 21 – 31 March 22	/	469	/	348
1 April 2022 – 31 March 2023	203	406 estimated	171	342 estimated

3.12 Whilst from the statistics it appears that if applications remain at the current level, they will be slightly lower than 2021/2022’s figures, the winter months tend to generate a far higher level of homelessness cases, so we predict that the full year’s figures will see an increase on 2021-2022, particularly given the impact of the energy crisis. Nationally the homelessness figures are rising.

3.13 The caseload is currently shared across four officers, one of which is a temporary agency worker. Currently the caseload for each officer is 49 (as at November 2022), which is above the upper optimal limit of 30 – 35 cases per officer, based on the recommendation of the government’s HAST (Homelessness Advice and Support Team advisor). The current temporary post ends in March 2023, and if this resource is not replaced will see the caseload across each officer increasing to 65 (based on current levels).

Tenancy sustainment caseload

3.14 The council has also experienced a rise in tenancy sustainment caseloads (see table 3). The tenancy sustainment team works with people who are in accommodation to prevent homelessness.

Table 3: Tenancy sustainment caseload

Year	Number of applications up to September (half-year)	Number of applications full year	Notes
1 April 2020 – 31 March 2021	/	78	Majority of cases were to do with rent arrears with a registered provider or advice and support regarding affordability
1 April 2021 – 31 March 2022	/	83	Majority of cases were to do with rent arrears with a registered provider or advice and support regarding affordability as well as a small increase in relationship breakdowns
1 April 2022 – 31 March 2023	73	146 estimated	Increased number of cases that are multifaceted and complex, having several vulnerabilities requiring two officers, as lone working would be a potential risk. There is also a greater need to get a multi-agency approach to support households requiring additional staffing capacity.

³ [Homelessness Monitor 2022 | England | Crisis UK](#)

3.15 This increase in cases, as well as the increase in complexity of cases, is impacting on the time the team has to focus on any one customer, particularly those with additional or complex needs, and could result in customers not receiving the level of support required to positively sustain their tenancies.

Asylum related caseload

3.16 The council and district has also seen a rise in the number of asylum related cases, including Ukrainian households (see table 4).

Table 4: Ukrainian household caseload

Number of approaches by Ukrainian households	Owed a prevention or relief duty	Accommodated via rematching	Accommodated through an offer of permanent housing	Households currently in temporary accommodation
23	7	6	1	3

3.17 As of 31 July 2022, 79 Ukrainian families had been successfully placed in the district through the Homes for Ukraine scheme and a further 88 matches were being processed.

3.18 Each placement is initially for six months, and several of the existing matches are reaching the six-month point. Currently eight Ukrainian families will need to be rematched and more are likely to need rematching over the coming months. The council is also conscious that several placements within the district may breakdown and require urgent rehousing to prevent homelessness.

3.19 Where a sponsor/guest relationship breaks down and the guest becomes homeless or at risk of homelessness, Staffordshire County Council works with the council to prevent homelessness via a rematch.

3.20 Where this is not possible the council’s statutory homelessness will apply, potentially increasing the homelessness caseload in the district. The Department of Levelling Up, Housing and Communities (DLUHC) is set to update the Homelessness Code of Guidance⁴ to address this issue, as well as provide detail on the consequences for intentional homelessness decisions, where a family chooses to leave a sponsor home.

3.21 As of 31 July 2022, a further 195 Ukrainian families had requested accommodation within the district, which when placed, could potentially increase the overall caseload.

3.22 There is a significant requirement on the council to play a key role in county liaison in relation to Ukrainian and wider asylum dispersal agendas. This is set to increase as more initiatives are rolled out and this is placing a resource burden on the team, both at a case level and at a more senior level in terms of the liaison and management input required.

3.23 The housing team overall has been affected by some staff absences, which have resulted in an increase in officers’ individual caseloads across the team. This has inevitably started to affect processing speeds of claims from vulnerable individuals and households and has the potential to generate complaints and affect the overall wellbeing of the team. Moving forwards, when the temporary posts are put in place for the fixed-term period, the team will monitor caseloads proactively, and should officer caseloads not drop to recommended levels, it may be necessary to reallocate resource across the team.

⁴ Homelessness code of guidance for local authorities - Guidance - GOV.UK (www.gov.uk)

Proposed use of funding

- 3.24 The team propose to address the key local and emerging issues by appointing three fixed-term posts for a period of 2 years – a Tenancy Sustainment Officer (Band G, £25,927 - £29,174), a Housing Options Officer (Band G, £25,927 - £29,174), and an Assistant Housing Allocations and Systems Officer (Band F, £23,080 - £25,481). See Appendix 1 for the details of the roles.
- 3.25 The recruitment of all three roles will free up management resource within the housing service to allow the team to better focus on projects and ongoing programmes including targeted support for asylum dispersal and other key projects, including attend all county meetings and providing a link back to the council on all emerging issues/agendas.
- 3.26 Once the future funding picture is clearer with regards to the Homelessness Prevention Grant, it may be possible to make one of the three roles permanent on the establishment to deliver long-term sustainability into the team.

Proposed use of funding

- 3.27 The council has been receiving single year funding allocations of HPG and the latest grant covers 2022/23. The below table demonstrates that the posts are fully fundable at the existing level of predicted HPG funding from government. Even if the funding was severely reduced from 2023/2024. The below table demonstrates that the proposed three roles are fully fundable:

	22/23	23/24	24/25	25/26	26/27
Reserve Balance	(510,037)	(432,551)	(390,716)	(372,578)	(441,733)
Clawback	82,348	-	-	-	-
Sub Total	(427,689)	(432,551)	(390,716)	(372,578)	(441,733)
Grant Income	(208,825)	(208,825)	(208,825)	(208,825)	(208,825)
Commitments - Estimate	175,531	132,210	136,280	139,670	142,430
Potential New Posts (Split 3m/12m/9m)					
Housing Options Officer	9,833	40,960	31,358	-	-
Assistant Housing Allocations and Systems Officer	8,768	36,530	27,968	-	-
Tenancy Sustainment Officer	9,833	40,960	31,358	-	-
Reserve Drawdown / (Transfer to Reserve)	77,487	41,835	18,138	(69,155)	(66,395)
Reserve Balance	(432,551)	(390,716)	(372,578)	(441,733)	(508,128)
Reserve Balance (excluding Grant from 2023/24)	(432,551)	(181,891)	45,072		

- 3.28 Should the HPG funding be removed entirely from 2023/2024, the three roles and existing commitments would place a £45,072 pressure on the council's budget within year, but removal of the entire funding stream is deemed highly unlikely as preventing homelessness is a recognised government priority, particularly given the cost of living, energy crisis and potential recession.
- 3.29 The Council has provided information to Staffordshire County Council for housing options support in relation to the Homes for Ukraine scheme. Therefore, an element of the costs incurred in supporting this scheme will potentially be reimbursed.

Wider review

- 3.30 The additional resource will also enable the team's management function to undertake a wider review of processes and procedures across the team to ensure that long-term all opportunities for efficiencies are explored and any opportunities for automation are fully implemented.

Other initiatives delivered through the Homelessness Prevention grant

3.31 Whilst this report proposed utilising a significant amount of the annual Homelessness Prevention Grant and the related reserve, the team delivers a range of other innovative initiatives with the funding to alleviate homelessness and related issues across the district. These include:

- **Rough sleeper housing pathway scheme** (further detail in 3.33) – In partnership with Cannock Chase Borough Council, the team jointly commissioned a scheme to provide an outreach service to rough sleepers, provide support into accommodation, and support with issues such as substance misuse and mental health. This has recently been expanded to include employment support.
- **Loans and grants to access private sector accommodation** – The council has an agreement with Fusion Credit Union, where the council underwrites loans to enable applicants to fund rent in advance or rent deposits in the private sector. The council is also able to provide grants or loans in certain cases.
- **Target hardening** – The council works with Staffordshire Police to provide funding for the installation of security measures for those applicants who are victims of violence or harassment, to enable them to remain in their current accommodation.
- **Winter provision** – The council procures two rooms at the Hollies for the period January – March to enable any rough sleepers to be accommodated during the coldest weather. Previously the team has worked with Churches Together in Lichfield to provide a night shelter.

3.32 The team will continue to investigate more initiatives moving forwards in addition to the measures included in this report, particularly if the Homelessness Prevention Grant remains at predicted levels.

Update on Rough Sleeper Pathway & Beam Pilot

- 3.33 The council jointly commissioned (with Cannock Chase District Council) a rough sleeper housing pathway scheme which has seen the council purchase a total of six properties, with an additional two being provided by Bromford to support rough sleepers or those with complex needs who would struggle to access accommodation by the usual pathways (council's housing register or private landlords).
- 3.34 All eight properties have been let and the tenants are being supported by Spring Housing Association, as well as a specialist substance misuse support worker, and as a result have been able to successfully maintain their tenancies. One of the Bromford occupants has even been removed from the scheme as it has been identified that she no longer needs the level of support the scheme provides.
- 3.35 The council is currently working with Midlands Partnership NHS Foundation Trust regarding the secondment of a mental health support worker to the team and have recently launched a 12-month pilot with Beam for them to provide support into employment. This pilot has been funded through the Homelessness Prevention Grant.
- 3.36 The Beam pilot is an innovative new crowdfunding approach to supporting homeless people into work, whereby people are asked to support individuals through donations through the Beam ([Beam Homeless Social Enterprise - Sponsor a Homeless Person in the UK Into a Job](#)) online platform. The pilot in Lichfield District will support 10 homeless people for one year. Each person will be given a dedicated caseworker and will be connected to a supportive online community who provide funding and mentorship. They will also be matched with forward-thinking employers and provided with interview support. The aim of the pilot is to lift people out of homelessness permanently through employment.

Alternative Options	<ol style="list-style-type: none"> 1. Do not invest the full Homelessness Prevention Grant (HPG) and risk government claw back, which is a condition of the funding. 2. Do not invest the £427,689 reserve and risk government claw back (this is less likely) or reputational risk by not utilising the funding provided to the council to support its most vulnerable residents.
Consultation	<ol style="list-style-type: none"> 1. Insert consultation undertaken with local ward members, task groups, overview and scrutiny committees, the community, service users and stakeholders. Provide details of any statutory consultation required and undertaken in respect of this matter.
Financial Implications	<ol style="list-style-type: none"> 1. The proposals have no impact on the core funding of the council or its Medium-Term Financial Strategy. 2. The full cost of the proposals can be met from the Homelessness Prevention Grant (HPG) and £427,689 reserve, even should the HPG funding reduce over time.
Approved by Section 151 Officer	Yes
Legal Implications	<ol style="list-style-type: none"> 1. The Homeless Prevention Grant is ring-fenced for 2022/23 and is to be spent in adherence with the following principles: <ul style="list-style-type: none"> • To fully enforce the Homelessness Reduction Act and contribute to ending rough sleeping by increasing activity to prevent single homelessness. • Reduce family temporary accommodation numbers through maximising family homelessness prevention and reduce the use of unsuitable B&Bs for families. • Ensure service financial viability of services by contributing to the costs of statutory duties, including implementing the Homelessness Reduction Act and supporting with the costs of temporary accommodation
Approved by Monitoring Officer	Yes
Contribution to the Delivery of the Strategic Plan	<p>This report underpins delivery of the Housing, Homelessness and Rough Sleeping Strategy 2019 – 2024 action plan that is a core component of the council’s Strategic Plan and is focussed on three priorities for action:</p> <ul style="list-style-type: none"> • Enable people to live in good quality homes that are suitable for their needs • Increase housing choice to meet the need of current and future residents • Prevent or relieve all forms of homelessness including rough sleeping
Equality, Diversity and Human Rights Implications	The recruitment of additional resource into the team will enable the team to better support customer with additional and complex needs.
Crime & Safety Issues	Ensuring additional staffing is in place will afford the team adequate time to handle more complex case, including those involving ex-offenders, victims of domestic violence and victims of anti-social behaviour, intimidation and harassment.
Environmental Impact	None identified.

GDPR / Privacy Impact Assessment	None identified.
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	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	Not delivering the additional resource could increase staff absence due to staff wellbeing	Likelihood: Red Impact Red	Appointment of fixed term posts as identified in the report.	Likelihood: Green Impact: Green
B	Not delivering the additional resource could increase in complaints due to caseload	Likelihood: Red Impact Red	Appointment of fixed term posts as identified in the report.	Likelihood: Green Impact: Green
C	Not delivering the additional resource could reduce the quality of service to customers with complex needs	Likelihood: Red Impact Red	Appointment of fixed term posts as identified in the report.	Likelihood: Green Impact: Green

	Background documents Appendix 1 Detail of roles
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	Relevant web links None
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Appendix 1 Detail of roles

Post 1: Tenancy Sustainment Officer (Fixed term post – 2 years)

This role already exists within the establishment and will:

- *help to prevent new homelessness cases by keeping people in their current home by delivering additional capacity into the team and specifically support housing tenants with complex needs – ranging from signposting drug and alcohol support through to mental health, security, domestic violence support, financial support and signposting and liaison with other partners to provide in the round support.*
- *be recruited at band G (£25,927 - £29,174) and can be funded from current Homelessness Prevention reserve.*
- *report to the Senior Housing Options Officer and will provide capacity to the Senior Housing Options Officer to focus on projects and ongoing programmes including targeted support for asylum dispersal and other key projects.*
- *play a role in helping to sustain tenancies amongst asylum seeker households, including Ukrainian households.*

Post 2: Housing Options Officer (Fixed term post – 2 years)

This role already exists within the establishment and will:

- *help to prevent homelessness by dealing with applications from customers who have made a formal homelessness application and are homeless, or threatened with homelessness, within 56 days.*
- *be recruited at band G (£25,927 - £29,174) and can be funded from current Homelessness Prevention reserve.*
- *will report to the Senior Housing Options Officer and provide capacity to the Senior Housing Options Officer to focus on projects and ongoing programmes including targeted support for asylum dispersal and other key projects.*
- *will also play a role in helping to respond to homelessness enquiries from asylum seeker households, including Ukrainian households.*

Post 3: Assistant Housing Allocations and Systems Officer (Fixed term post - 2 years)

This role already exists within the establishment and will:

- *deliver additional capacity into the housing allocations team, help to prevent homelessness by getting people onto the housing register more quickly, and help to speed up processing of applications and housing offers. The core duties will include processing applications, answering customer queries, supporting customers to supply/submit evidence.*
- *be recruited at band F (£23,080 - £25,481) and can be funded from current Homelessness Prevention reserve.*
- *will report to the Housing Allocations and Systems Officer and will provide capacity to the Housing Allocations and Systems Officer to focus on projects and ongoing programmes including targeted support for asylum dispersal and other key projects.*
- *will also play a role in helping to respond to housing register applications from asylum seeker households, including Ukrainian households.*

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REVISED COST PER BIODIVERSITY UNIT (BU)

Cabinet Member for Housing, Ecology and Climate Change



Date: 6/12/2022
Agenda Item: 6
Contact Officer: Kristie Charlesworth
Tel Number: 07816 084921
Email: kristie.charlesworth@lichfielddc.gov.uk
Key Decision? YES
Local Ward Members All

CABINET

In accordance with Procedure Rule 25(c) of Part 4 of the Constitution the Leader of the Council has authorised this item to be considered as a matter of urgency to enable a new price for Biodiversity Units to be set and implemented at the earliest opportunity.

1. Executive Summary

- 1.1 Lichfield District Council has been involved in works surrounding Biodiversity Net Gain in the planning system since 2014. LDC was the first council in the country to make it policy that development must provide a net gain to biodiversity. This is where the environment is left in a measurably better state post development. When a development cannot make up for their impact on site, a Biodiversity Offset may be required. This is where another site is managed to make up for the loss of ecology on the development site. When a Biodiversity Offset is required, one option for developers is to provide a financial contribution to the council, who then take on the responsibility to manage habitat on the developer's behalf. The contribution is calculated by; number of habitat Biodiversity Units required to achieve net gain (TIMESX) LDC cost per Biodiversity Unit. This is usually secured via an S106 legal agreement.
- 1.2 The previous cost of £21,000 per Biodiversity Unit (BU) has not been revised since 2016. The cost per BU has not risen each year with the cost of inflation. It has been recognised that this cost is out of date. As Biodiversity Offsets usually involve an agreement of no less than 30 years, it is not advised the council take on any more schemes where the financial contribution may not be sufficient, as this involves taking on a legal responsibility. The council has been unable to make a decision on applications which require a Biodiversity Offset whilst the figure has been in review, causing delay to development management, which cannot progress until the new cost per BU approved.
- 1.3 The council has now been informed the new recommended cost per BU is £35,000 (index linked, backdated to 2022). This appears the minimum level where you can attain a reasonable level of contingency and certainty that the offsets will be delivered and, after a 'sense-check' of the market, seems a current national standard. Now this figure is known, it is important to review and vote on the new cost as soon as possible so that no further delays occur to the planning system. There is a recommendation this figure is reviewed each year, and this is delegated to the Cabinet Member for Housing, Ecology and Climate Change.

2. Recommendations

- 2.1 Cabinet approve the new cost of £35,000 per Biodiversity Unit (BU).
- 2.2 The annual review of the cost per Biodiversity Unit (BU) is delegated to the Cabinet Member for Housing, Ecology and Climate Change in consultation with the Chief Operating Officer and Assistant Director of Finance and Commissioning (Section 151).

3. Background

- 1.4 To work out the recommended cost, four biodiversity metrics have been completed to determine the likely gains of four hypothetical habitat banks. The costs have been calculated and analysed in a range of ways to give incite about the gains/risks associated with delivering ‘high distinctiveness’ and ‘strategically desirable’ habitat in Lichfield.
- 1.5 The risk was tested against BU costs at £5k integers from £15K-£40K. Based on current UK prices (i.e., post 2022-23 super inflation) any purchase price less than £25K is very likely to lead to negative capital by year 30 (i.e., bankruptcy). Whilst £25K per BU is (technically) viable, it is high risk with tiny yearly contingency budgets and almost no capital surplus by the end of 30 years. £35,000 (index linked, backdated to 2022) appears the minimum level where you can attain a reasonable level of contingency and certainty that the offsets will be delivered and, after a ‘sense-check’ of the market, seems a current national standard.
- 1.6 With the upcoming Environment Act, Biodiversity Net Gain will be mandated for all councils in the country next year 2023. Lichfield District Council are ‘BNG ready’ but it is also important LDC have a figure which is correct and protects the organisation, so that we can have assurance any agreements and Biodiversity Offset schemes are achievable and sustainable.

Alternative Options	<ol style="list-style-type: none"> 1. Cabinet do not agree the new cost and remain with the previous cost of £21,000 per Biodiversity Unit (BU). This cost is known to be out of date and not sufficient to enter into a long-term management agreement and take on the legal responsibility. 2. Cabinet do not agree the new cost and choose not to provide the ‘council financial contribution’ option to developers for Biodiversity Net Gain. This would cause delays in the planning system, and reverse progress made for the Local Planning Authority to be ‘BNG ready’ (Biodiversity Net Gain) for 2023, mandated by the Environment Act 2021.
Consultation	<ol style="list-style-type: none"> 1. Senior Leadership. 2. Cabinet Member for Housing, Ecology and Climate Change. 3. Development Management. 4. Legal.
Financial Implications	<ol style="list-style-type: none"> 1. If the new cost is not accepted, the council could continue to use the previous cost of £21,000 per BU which is known to be out of date and not sufficient to enter into a long-term management agreement. This could lead to shortfall by the end of the scheme. Any shortfall in funds would have to be paid for by the Council from the Revenue budget. 2. If the new cost is accepted, there is potential for the council to benefit from some of the contributions; habitat management works, admin and monitoring costs. 3. His Majesty’s Revenue and Customs (HMRC) normally accepts that any payment made under a S106 agreement is outside the scope of Value Added Tax (VAT)
Approved by Section 151 Officer	Yes

Legal Implications	<p>1. Cabinet do not agree the new cost and remain with the previous cost of £21,000 per Biodiversity Unit (BU).</p> <p>The council take on offsetting schemes at the previous cost per BU, and are unable to fulfil their legal obligations outlined in S106 to deliver habitats.</p>
Approved by Monitoring Officer	Yes

Contribution to the Delivery of the Strategic Plan	<ul style="list-style-type: none"> • Enable people to: <ul style="list-style-type: none"> ○ live healthy and active lives • Shape place to: <ul style="list-style-type: none"> ○ keep it clean, green and safe ○ preserve the characteristics ○ make sure sustainability and infrastructure needs are balanced • Develop prosperity to: <ul style="list-style-type: none"> ○ encourage economic growth ○ enhance the district for all ○ invest in the future • Be a good council that is: <ul style="list-style-type: none"> ○ financially sound ○ transparent and accountable ○ responsive and customer focussed <p>The Corporate Fees and Charges Policy approved by Council on 22 February 2022 included specific principles that where applicable have been applied in the calculation of this charge:</p> <ul style="list-style-type: none"> • Contribute to the achievement of corporate and service objectives • Maximise potential income, to achieve financial objectives, unless there is an explicit policy decision to subsidise the service • Be capable of being justified, in comparison with other similar providers • Take account of the ability of different users to pay, through the use of discounts and concessions, where appropriate • Differentiate between differing levels of a service being provided • Take account of the views of and minimise the impact upon users, where new or significantly higher charges are proposed, and where this is possible • Optimise the ease of collection of charges and minimise the costs of collection • Be regularly reviewed, using the latest available market information, and revised/updated, based upon such new information
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Equality, Diversity and Human Rights Implications	None.
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Crime & Safety Issues	None.
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Environmental Impact (including Climate Change and Biodiversity).	<p>1. Cabinet do not agree the new cost and remain with the previous cost of £21,000 per Biodiversity Unit (BU).</p> <p>The habitats conditioned to be achieved through the planning system to offset a loss to ecology cannot be achieved. There is a net loss to ecology in the district. The recovery of the nature network in the district and Staffordshire is expected to</p>
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	provide solutions tackling Climate Change related issues i.e., through carbon capture.
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GDPR / Privacy Impact Assessment	None.
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	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	New cost is not agreed, remain with the previous cost of £21,000 per Biodiversity Unit (BU) - likely to lead to a shortfall by year 30.		A new cost and/or mechanism is agreed which provides a reasonable level of contingency and certainty that offset schemes can be delivered.	
B	New cost is not agreed, council choose not to provide the 'council financial contribution' option to developers for Biodiversity Net Gain – reversing progress to be 'BNG' ready by 2023, mandated through Environment Act 2021.		A new cost and/or mechanism is agreed which provides a reasonable level of contingency and certainty that offset schemes can be delivered.	
C	The council take on offsetting schemes at the previous cost per BU, and are unable to fulfil their legal obligations outlined in S106 to deliver habitats.		A new cost and/or mechanism is agreed which provides a reasonable level of contingency and certainty that offset schemes can be delivered.	

	Background documents Costed Model for Possible Biodiversity Offsetting – calculations behind recommended cost.
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	Relevant web links https://naturalengland.blog.gov.uk/2022/03/30/counting-down-preparing-for-mandatory-biodiversity-net-gain/
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Summary table with columns: Habitat, Area (ha), Area (acres), Creation/Enhancement/Restoration, and a 'Notes' column containing detailed project descriptions for various habitats like Lowland Meadow, Wetland Meadow, and Woodland Meadow.

Summary table with columns: Habitat, Area (ha), Area (acres), Creation/Enhancement/Restoration, and a 'Notes' column. Includes a 'Total' row and a 'Notes' section at the bottom.

Main project cost table with columns: Habitat, Activity, Frequency, Price per unit, and 28 columns for years (Y1 to Y28). Includes sub-sections for Pre-Commencement, Lowland Meadow, Lowland Heathland Mosaic, Wetland Mosaic, and Woodland Mosaic.

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