

CABINET

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STRATEGIC PLAN 2020-2024

1. Decision:

The Cabinet:

- 1.1 Endorsed the final Strategic Plan 2020- 2024 and recommended its adoption by Full Council.
- 1.2 Noted the consultations received and amendments made to the draft plan as a result.

2. Statement of Reasons:

The Cabinet report set out the council's new strategic plan ready for approval by Cabinet and formal adoption by full Council.

3. Any Alternative Options:

- 3.1 Alternative wording or layouts have been considered and discounted as part of the development and consultation process.
- 3.2 Cabinet can choose not to adopt or update a Strategic Plan but this may render the current objectives irrelevant.
- 3.3 Cabinet can choose to opt for a more detailed Strategic Plan but this will delay approval and adoption before April 2020.

MONEY MATTERS 2019/20: REVIEW OF THE FINANCIAL PERFORMANCE AGAINST THE FINANCIAL STRATEGY

1. Decision:

The Cabinet agreed 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.

2. Statement of Reasons:

The Cabinet report covers the financial performance from April to November (Revised Estimate) for 2019/20. It is now presented using the draft Strategic Priorities because the new Strategic Plan will be approved by Council in February 2020 and the projection is beyond this date up to 31 March 2020.

The Original Budget estimated a transfer to general reserves of £148,860. Money Matters Reports during 2019/20 have identified favourable financial performance that has resulted in an Approved Budget transfer to general reserves of £740,710.

At the eight month stage, it is projected that a contribution of £1,113,560 will be made to general reserves and this is £964,700 higher than estimated in the Original Budget.

It is important to note that £235,540 is related to net cost of services (comparable with the target of +/- £250,000) with the balance of £729,160 related to one off items (additional Business Rates grants £336,660, earmarked reserves being returned £276,500 and higher treasury income £116,000).

The Capital Programme is projected to be £4,782,000 higher than the Approved budget to reflect a potential investment in property.

Capital Receipts are projected to be lower than the Approved Budget by £527,000.

In terms of Council Tax, Business Rates, Sundry Debtors and Supplier Performance:

- Council Tax collection performance was 75.41% and total arrears were £2,379,121.
- The Council Tax Collection Fund is projected to be in surplus, with the Council's 13% share being (£208,510) compared to the Approved Budget of (£34,600) in 2020/21.
- Sundry Debt for income to be collected in 2019/20 has increased by £398,154 compared to 2018/19 and the value outstanding at 30 November 2019 has increased by £696,005.
- Retained Business Rate Income is currently projected to be in line with the Approved Budget.
- The Business Rates Collection Fund is projected to be in surplus with the Council's 40% share being (£122,100) compared to the Approved Budget of £0 in 2020/21.
- Business Rates collection performance was 73.86% and total arrears were £497,777.
- The payment of suppliers within 30 days was 87.07% and remains below our 90% target.

The Council's treasury investments (excluding the two long dated pooled funds) 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.

3. Any Alternative Options:

The approach to Treasury Management has been reviewed and will be incorporated into the Draft Medium Term Financial Strategy 2019-2024 process.

MEDIUM TERM FINANCIAL STRATEGY (REVENUE AND CAPITAL) 2019-24

1. Decision:

The Cabinet recommend to Council for approval:

- 1.1 The 2020/21 Revenue Budget, including the Amount to be met from Government Grants and Local Taxpayers of £12,284,000 and a proposed level of Council Tax (the District Council element) for 2020/21 of £180.07 (an increase of £5.00 or 2.86%) for a Band D equivalent property.
- 1.2 The MTFS 2019-24 Revenue Budgets set out in Appendix A of the Cabinet report.
- 1.3 The MTFS 2019-24 Capital Strategy and Capital Programme (Appendices B & C of the Cabinet report).
- 1.4 The Minimum Revenue Provision Statement for 2020/21, at Appendix D of the Cabinet report, which sets out the Council's policy of using the asset life method as the basis for making prudent provision for debt redemption.
- 1.5 Treasury Management Strategy Statement for 2020/21 including proposed limits (Appendix E of the Cabinet report).
- 1.6 The Investment Strategy Report (Appendix F of the Cabinet report) including the proposed limits for 2020/21.
- 1.7 The Capital and Treasury Prudential Indicators for 2019-24 in the financial implications section of the Cabinet report.
- 1.8 The Authorised Limit Prudential Indicator shown within the financial implications section of the Cabinet report.
- 1.9 The requirements and duties that the Local Government Act 2003 places on the Authority on how it sets and monitors its Budgets, including the CFO's report on the robustness of the Budget and adequacy of Reserves shown in Appendix G of the Cabinet report.

That Cabinet notes and approves:

- 1.10 The plan to undertake further Strategic Fund investments up to £4m although this will be subject to the approval by Council of recommendations 1.5 to 1.7.
- 1.11 The longer term financial planning model shown at Appendix H of the Cabinet report.

2. Statement of Reasons:

The Medium Term Financial Strategy (MTFS)

The ability to deliver the outcomes set out in the Strategic Plan is dependent on the resources available in the MTFS. The MTFS is presented using the Strategic Priorities identified in the new draft Strategic Plan.

The Council has a statutory duty to set a balanced budget and to calculate the level of Council Tax for its area. The Chief Financial Officer (CFO) has a statutory duty to ensure the figures provided for estimating and financial planning are robust and will stand up to Audit scrutiny.

The Local Government Act 2003 places duties and requirements on the Authority on how it sets and monitors its budgets, including the CFO's report on the Robustness of the Budget and adequacy of Reserves and this report forms part of the MTFS.

The Revenue Budget

The Revenue Budget (in £000) with a transfer to general reserves in 2020/21 and Funding Gaps in later years is shown in detail at Appendix A of the Cabinet report.

The Council is legally required to balance the budget in the first year (2020/21) of the MTFS and to set out its proposals to balance the further financial years.

The MTFS proposes a transfer to General Reserves of £462,000 plus £1,171,000 of New Homes Bonus in excess of the 'cap' for 2020/21 and in later years a projected Funding Gap has been identified. The Council would have £6,456,000 of general reserves available (after taking account of the Minimum Level of Reserves) after this contribution to assist with balancing the budget in future years, if needed.

The Council will need to make savings or achieve additional income to close the Funding Gap by 2023/24.

Treasury Management, the Capital Strategy and the Capital Programme

The Treasury Management Strategy Statement incorporates the Annual Investment Strategy and it covers the financing and investment strategy for the forthcoming financial year:

The purpose of this paper is, therefore, to review:

- The Capital Strategy and Capital Programme, outlined in Appendices B & C of the Cabinet report.
- Minimum Revenue Provision Statement for 2020/21 (Appendix D of the Cabinet report).
- Treasury Management Strategy Statement for 2020/21 (Appendix E of the Cabinet report).
- Treasury Investments and their Limits (Appendix E of the Cabinet report).
- The Investment Strategy Report for 2020/21 (Appendix F of the Cabinet report) as required under Statutory Guidance.
- The Capital and Treasury Prudential Indicators 2019-24 in the financial implications section.

All treasury activity will comply with relevant statute, guidance and accounting standards.

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

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

Longer Term Financial Planning

The MTFS covers a relatively short period of time (current financial year plus the next four years) and given the potentially significant changes to the Local Government financing regime, and the more commercial approach being adopted by the Council, it is prudent to begin producing financial plans that cover a longer financial planning horizon (Appendix H of the Cabinet report).

3. Any Alternative Options:

In the main, the options are focused on the level of resource allocated to Strategic Priorities and the level of Council Tax increase.

EXPANDING THE LAND CHARGES PARTNERSHIP

1. Decision:

The Cabinet:

- 1.1 Gave authorisation to enter into a new agreement with the Councils listed in Section 1.6 of the Cabinet report.
- 1.2 Delegated authority to Cabinet Member for Legal & Regulatory Services and Head of Economic Growth & Development to authorise the creation of the shared service.
- 1.3 Agreed Lichfield District Council to be the Host Authority for the new shared service.

2. Statement of Reasons:

Lichfield District Council and South Staffs Council formed a shared service in 2015 to deliver the land charges service. Land charges is a statutory service that maintains the 'Local Land Charges Register' (LLCR) which lists key information on land such as restrictions on use, financial charges, etc.

Land Charges also provide a discretionary, fee earning service supplying around 2,000 property history reports known to the industry as the 'CON29' service or 'Official Search'.

Private 'Personal Search' companies compete with the Councils to provide that service and have around half of the market share.

Whilst the existing shared service has been effective in improving service delivery using GIS technology to deliver the best performance ever recorded, and retaining key staff, growth of the shared service has stalled as there are limited resources to market the service effectively. The shared service is expected to meet its financial objectives but that cannot be certain moving forward.

This proposal is for South Derbyshire District Council to join the shared service, this will consolidate income and resources to ensure performance is maintained for all three councils. The larger shared service is more financially sustainable and in a better position to respond to threats.

Councils in the proposed shared service:

- Lichfield District Council
- South Staffs Council
- South Derbyshire District Council

A larger shared service, delivered electronically, provides opportunity for further staff training and development to help with resilience. Consolidation of resources generates efficiency that provides the capacity to market the service.

The net cost of the land charges service to Lichfield DC is currently low at £15K and this proposal will reduce the net cost further. However, the main advantages of the shared service are that it will help to compete better and it puts all three councils in a position to respond to the threats, including the potential 25% drop in income following transfer of the LLCR to the HM Land Registry, expected in 2 to 5 years.

The shared service provides the best available opportunity to generate increased fee income, ensuring the net cost of the service is as low as possible. It helps the property market to run smoothly and discharges all statutory duties effectively.

3. Any Alternative Options:

Continue to provide the service as we do within the existing shared service. There are concerns about the lack of growth with the impending HMLR transfer and the risk from competition. There is an increased risk of the service having increased net costs and resilience remains a significant risk.

CHARGING FOR SUPPLYING BUILDING CONTROL INFORMATION

1. Decision:

The Cabinet:

- 1.1 Approved a new proposed charging scheme for supplying building control environmental information in accordance with the Environmental Information Regulations 2004.
- 1.2 Delegated the setting of the charges to the Head of Economic Growth & Development.

2. Statement of Reasons:

Environmental information held by public bodies is important to society and has commercial value.

The Environmental Information Regulations 2004 (EIR) give rights of public access to environmental information. EIR overrules the Freedom of Information Act (FOI). No request for 'Environmental Information' can be made under the FOI, it must be made under the EIR.

Building Control environmental information is currently supplied by Council staff at no charge to personal search companies who sell the information to their customers. In some cases in direct competition with the Council.

However, over the last 12 months there has been a 100% increase in demand from within Lichfield District Council's boundaries.

The new 'Central Building Control Partnership' (6 Councils) has consolidated all building control information onto a single ICT system located at Lichfield District Council which is fully accessible to all partner councils. It is not a 'public register' and it contains personal and sensitive information. Therefore, information has to be supplied by each Council's staff.

Following EIR case law and Information Commissionaire Officer Guidance, Councils can now set a charge for supplying environmental information, such as that held by building control.

It is recommended to set a charge and recover the costs of staff time and permitted overheads in supplying the information.

The small unit charge will affect around half of property transactions where a personal search company provides the search information. The small charge would have no effect on the property market but would ensure future service delivery is sustainable.

The fees will help to deliver good quality services at the lowest net cost possible to the taxpayer.

3. Any Alternative Options:

- 3.1 Continue to provide a free service. This would result in increasing costs and potentially increased response times.
- 3.2 Provide information via a free data set using the internet. This is the preferred option of personal search companies and a future vision of the building control partnership. However, this requires investment to combine multi data and document sets which is ongoing work planned over the next two years and not an immediate priority of the new building control partnership.