

**CABINET**

**1 DECEMBER 2020**

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**MONEY MATTERS 2020/21: REVIEW OF FINANCIAL PERFORMANCE AGAINST THE FINANCIAL STRATEGY**

**1. Decision:**

The Cabinet:

- 1.1 Noted the report and issues raised within and that Leadership Team with Cabinet Members would continue to closely monitor and manage the Medium Term Financial Strategy.
- 1.2 Noted the further grant provided by the Government in 2020/21 of (£100,000) and the projected support for income losses that will be used to offset additional spend and income reductions and approves an update to the Medium Term Financial Strategy.

**2. Statement of Reasons:**

The Cabinet report covered the financial performance from April to September (Quarter Two) for 2020/21 including updated projections of the financial impact of COVID-19.

The Medium Term Financial Strategy projected general reserves at 31 March 2021 would be £8,056,988. At this stage, general reserves are forecast to be £6,478,534, a reduction of (£1,578,454) related to:

- A lower than budgeted contribution in 2019/20 of (£32,344)
- Approved updates in 2020/21 summarised in para 3.13 decreasing the contribution by (£76,770)
- A projected contribution contained in this report for 2020/21 of £78,610
- The adverse impact of COVID-19 in 2020/21 of (£1,547,950).

The Capital Programme is projected to be £11,000 higher than the Approved budget due mainly to a reprofiling of planned vehicle purchases.

Capital Receipts are projected to be (£207,000) which is (£91,000) higher than the Approved Budget due to a projected increase in Housing Right to Buy monies.

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

- Council Tax collection performance was 54.85% and total arrears were £2,759,204.
- The Council Tax Collection Fund is projected to be in deficit, with the Council's 13% share being £167,100 compared to the Approved Budget of (£34,600) in 2020/21.
- Sundry Debt for income to be collected in 2020/21 has increased by £433,582 or 39% compared to 2019/20 and the value outstanding at 30 September 2020 has increased by £720,125 or 32%.
- Retained Business Rate Income is projected to be (£3,020,100) in line with the Approved Budget.
- The Business Rates Collection Fund is projected to be in deficit due to COVID-19 reliefs that will be fully reimbursed by grant. The Council's 40% share of the deficit is projected to be £5,851,000.

- There will be a timing difference due to statutory arrangements between receipt of grant in 2020/21 and the period when the deficit is charged to the Revenue Budget. Therefore the Business Rates volatility earmarked reserve will be utilised to 'smooth' the financial impact.
- Business Rates collection performance was 54.91% and total arrears were £992,192. The payment of suppliers within 30 days was 84.59% and remains below our 90% target.

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.

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| <b>3. Any Alternative Options:</b> |
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These are considered as part of the ongoing development of the Strategic Plan and the Medium Term Financial Strategy.

**CALCULATION OF BUSINESS RATES 2021/22, COUNCIL TAX BASE FOR 2021/22 AND THE PROJECTED COLLECTION FUND SURPLUS/DEFICIT FOR 2020/21**

**1. Decision:**

The Cabinet

- 1.1 Approved in accordance with the relevant legislation and regulations, the Council Taxbase (Band D residential properties) for Lichfield District for the financial year 2021/22 of 38,891.4.
- 1.2 Noted the estimated Council Tax Collection fund Deficit of £1,322,000 and the estimated Business Rates Collection Fund Deficit of £14,627,000 for 2020/21.
- 1.3 Delegated authority to the Cabinet Member for Finance, Procurement, Customer Services and Revenues & Benefits and the Chief Financial Officer (Section 151) to:
  - Complete and certify the NNDR1 for 2021/22 on behalf of the Council.
  - Update the Council Taxbase for 2021/22 and Collection Fund projections for 2020/21 in the event of changes to guidance or the need for significant changes to underlying assumptions.

**2. Statement of Reasons:**

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.

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 2020/21 the relevant date will be 15 January 2021.
- Business Rates (NNDR) – 31 January using the NNDR1 Form.

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.

The Council must submit its estimates for Business Rates to the Ministry of Housing, Communities and Local Government (MHCLG) 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.

The timing of the NNDR1 form is uncertain. To enable completion by the statutory deadline, a delegation to the Cabinet Member for Finance, Procurement, Customer Services, Revenues & Benefits and the Chief Financial Officer is recommended.

**3. Any 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.

**PROCUREMENT STRATEGY**

**1. Decision:**

The Cabinet approved the Procurement Strategy as appended to the Cabinet report.

**2. Statement of Reasons:**

The Council procures and commissions significant levels of goods, works and services from third parties and the aim is to achieve best value for money.

This means that procurement decisions need to take account, as appropriate, of quality and all of the costs whilst also remaining compliant with all legal, regulatory and constitutional requirements.

The Procurement Strategy is intended to move the Council from where it currently is to where it wants to be in terms of Procurement. The strategy takes account of the new Strategic Plan, latest regulations and provides greater clarity regarding the role of the procurement process.

**3. Any Alternative Options:**

The Council could decide that it does not need a Procurement Strategy or could develop one that is different in the outcomes it would like to achieve.

**DIGITAL INNOVATION STRATEGY**

**1. Decision:**

The Cabinet:

- 1.1 Noted the views of the Strategic Overview and Scrutiny Committee.
- 1.2 Agreed to adopt the Strategy as set out at Appendix 1 of the Cabinet report.
- 1.3 Delegated authority to the Cabinet Member for Innovation, Commercialisation and Corporate Services in consultation with the Interim Head of Corporate Services to make any minor changes necessary to the Strategy prior to publication.

**2. Statement of Reasons:**

A Digital Strategy for Lichfield District Council has been developed based on the Council's aspirations for an improved approach and experience to date, and following a review of good practice in relation to digital approaches amongst Councils.

The Strategy focuses on the needs of the Council's customers, and how engagement can be increased, and their needs and expectations met, through the use of innovation, digital channels and technology.

The Strategy proposes activities under four work streams, E-Services and Engagement, Technology, Infrastructure, and Capability to deliver the Council's aims in this area.

**3. Any Alternative Options:**

The Council choose not to have a digital innovation strategy. However, this is likely to lead to a lack of clear direction and is not considered to be good practice.

**ADDITIONAL RESTRICTIONS GRANT - LOCAL SCHEME PROPOSAL**

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 due to the need to launch a business support scheme promptly to assist the local business community that has been impacted by the pandemic and associated restrictions.

**1. Decision:**

The Cabinet:

- 1.1 Noted the Government's Additional Restrictions Grant Policy and allocation of monies.
- 1.2 Approved the proposed approach for delivering the Additional Restrictions Grant scheme.
- 1.3 Delegated authority to the Cabinet Member for Major Projects and Economic Development in consultation with the Head of Economic Growth and Development to make minor amendments to the Additional Restrictions Grant criteria where appropriate. The Cabinet Member shall keep Cabinet abreast of delivery and if major changes are required to report back to Cabinet.

**2. Statement of Reasons:**

Following on from a national lockdown having been announced, commencing on Thursday 5th November for a four week period and a three tier system having been established within England on local Covid alert levels, the government has provided additional financial support (Local Restrictions Support Grant and the Additional Restrictions Grant) for local authorities to distribute to eligible businesses.

In terms of the Additional Restrictions Grant (ARG), local authorities have been provided with a one-off lump sum payment amounting to £20 per head of population, with Lichfield District's allocation being £2,095,120.

The ARG is a scheme allowing local authorities the discretion to how the monies are used to support local businesses and the local economy.

The report proposes a means by which it is considered the monies allocated to Lichfield could best be used to achieve the above objectives.

**3. Any Alternative Options:**

The Economic Development service has considered various potential schemes having regard to the evidence base and in consultation with the Cabinet Member for Major Projects and Economic Development. The Cabinet could decide not to accept the proposal and target allocations on different business types or sectors, not support start-ups and not support skills training. It is considered that the scheme as proposed appropriately identified those businesses that are important to the district and need support and provides a basis for supporting people as well as business.

(Councillor A Yeates declared a disclosable pecuniary interest in this item due to his work in connection with the hospitality business and the possibility that he would apply for a grant and he did not take part in the debate or vote on this item).

