

**CABINET**

**9 FEBRUARY 2021**

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

**1. Decision:**

The Cabinet

- 1.1 Agreed to the publication of the Local Plan 2040 publication document and accompanying policy maps for the purposes of public consultation with dates for public consultation yet to be decided due to current restrictions around Covid-19 and submission for Examination in Public thereafter. Consultation would take place as soon as is practicably possible in the spring, taking into account ongoing restrictions due to Covid-19.
- 1.2 Delegated authority to the Cabinet Member for Visitor Economy & Local Plan in consultation with the Head of Economic Growth and Development to agree the dates and strategy for the consultation having regard to national regulations and the Statement of Community Involvement (SCI), make any changes to the appearance, format and text of the Local Plan 2040 publication document or the supporting documents prior to consultation in the interests of clarity and accuracy.
- 1.3 Noted that the Local Plan 2040 publication document would be brought back before Cabinet if future evidence indicated the need for significant changes to the Local Plan 2040 publication document for further detailed consideration. It may also be necessary to return to Cabinet should the Covid-19 pandemic continue longer than expected and this had a substantial impact upon the gathering of the final elements of the evidence base.

**2. Statement of Reasons:**

The Lichfield Local Plan 2040 (formerly known as the Local Plan Review) is the key document that provides the framework to guide future planning decisions in the District of Lichfield. It is based on national policy and guidance, an assessment of local housing and employment needs, and meeting objectives that have been defined through a number of consultations since 2018. The Local Plan 2040 once adopted will replace the current Local Plan Strategy and Allocations documents with the exception of a number of 'saved' policies, which are saved and maintained as part of the local plan due to their relevance.

The Regulation 19 (or Publication) version of the Local Plan 2040 represents the final stage of the plan making process before the submission of the document to Government for examination in public. The document prepared at this stage is the document which the Council intends to submit for this examination. The publication version of the plan will be formally consulted upon prior to submission for examination. All representations made during the Regulation 19 consultation period are passed to the Inspector appointed by Government to examine the Local Plan for them to consider as part of the Examination in Public.

The Cabinet report updated the committee on the progress of the Local Plan 2040 including the intended publication and consultation upon the publication version of the document prior to its submission for Examination in Public. It may also be necessary to return to Cabinet should the Covid-19 pandemic continue longer than expected and this has a substantial impact upon the gathering of the final elements of the evidence base.

### **3. Any Alternative Options:**

1. Cabinet determine not to publish and consult upon the Publication version of the Local Plan 2040. This would result in the plan going back to an earlier stage of progress, and would delay the plan making process.
2. Cabinet seek changes to the Publication version of the Local Plan 2040. This would result in the plan going back to an earlier stage of progress, and would delay the plan making process

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

**1. Decision:**

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

**2. Statement of Reasons:**

The Cabinet report covered the financial performance from April to November (Eight Months) 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 £6,574,824, a reduction of (£1,482,164) 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 £1,840
- A projected contribution contained in this report for 2020/21 of £257,240
- The adverse impact of COVID-19 in 2020/21 of (£1,708,900)

The Capital Programme is projected to be (£4,653,000) lower than the Approved budget. Capital Receipts are projected to be (£207,000) which is in line with the Approved Budget.

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

- Council Tax collection all year's performance was 73.54% (2019/20 75.41%) and total arrears were £2,771,057 (2019/20 £2,379,121).
- 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 a surplus of (£34,600) in 2020/21.
- Sundry Debt for income to be collected in 2020/21 has reduced by (£1,887,061) or (39%) compared to 2019/20 and the value outstanding at 30 November 2020 has reduced by (£65,650) or (3%).
- 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 all year's performance was 74.27% (2019/20 73.86%) and total arrears were £416,866 (2019/20 £497,777).
- The payment of suppliers within 30 days was 84.63% 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.

### **3. Any Alternative Options:**

These are considered as part of the ongoing development of the Strategic Plan and the Medium Term Financial Strategy.

**MEDIUM TERM FINANCIAL STRATEGY (REVENUE AND CAPITAL)**

**1. Decision:**

Cabinet agreed to

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

Cabinet agreed to recommend to Council for approval

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

**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 the overall budget framework and consists of the Revenue Budget, Capital Strategy and Capital Programme and General Reserves.

The inherently high level of uncertainty surrounding the Local Government Finance regime has been compounded by the COVID-19 pandemic and other potential Government policy changes such as devolution and the review of the Planning system.

This unprecedented level of uncertainty means that to ensure the financial sustainability of the Council, the approved budget principles must be rigorously applied in controlling any proposed budgetary growth.

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 balanced budget in 2021/22 and Funding Gaps in later years in summary below:

The Original Budget approved by Council on 18 February 2020 approved a transfer to General Reserves of **£1,633,000** for 2020/21 (a planned transfer of **£462,000** plus **£1,171,000** of New Homes Bonus in excess of the Revenue Budget 'cap').

Briefing Note related to financial performance in 2020/21 has been circulated to Members of the Committee and this shows a projected contribution to General Reserves of **£183,180** compared to the Approved Budget with a **£86,890** contribution to General Reserves.

The significant projected reduction from the Original Budget is as a direct consequence of the COVID-19 pandemic. The level of additional expenditure and income reduction is projected to exceed the Government support provided and therefore will need to be funded through the use of General Reserves.

The MTFS from 2021/22 onwards has been prepared in the context of unprecedented volatility and uncertainty and whilst estimates have been made on the potential impact, there remains significant uncertainty in 2020/21 and subsequent years.

The Council is legally required to balance the budget in the first year of 2021/22 and to set out its proposals to balance the further financial years. In 2021/22 a 'balanced budget' where income equals expenditure is recommended with a risk or recovery contingency budget included of **£1,141,380**.

In later years, it is assumed that the Fair Funding Review, Business Rates Reform and a new housing incentive scheme will be implemented from 2022/23. It is projected that District Councils including Lichfield DC will be detrimentally impacted by these changes through lower funding and therefore at this stage Funding Gaps are projected.

At the end of 2021/22, the Council is projected to have **£6,986,000** of total general reserves available (£5,386,000 after taking account of the Minimum Level of Reserves of £1,600,000) to assist with balancing the budget in future years, if needed.

General Reserves based current projections, are sufficient to balance the budget until 2024/25. However this is not a sustainable approach and the Council will need to make savings or achieve additional income to close the Funding Gap by 2024/25.

### **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,
- Minimum Revenue Provision Statement for 2021/22
- Treasury Management Strategy Statement for 2021/22
- Treasury Investments and their Limits
- The Investment Strategy Report for 2021/22 as required under Statutory Guidance in January 2018.
- The Capital and Treasury Prudential Indicators 2020-25 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.

### **Budget Consultation**

The results of the Budget Consultation for 2021/22 are summarised in the consultation section.

<b>3. Any Alternative Options:</b>
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In the main, the options are focused on the level of resource allocated to Strategic Priorities and the level of Council Tax increase.



**ACCEPTANCE OF DECARBONISATION GRANT FUNDING**

The Leader of the Council has agreed that this item be considered as a matter of urgency in order to comply with the grant scheme's timescales.

**1. Decision:**

The Cabinet agreed

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

**2. Statement of Reasons:**

We have submitted bids for funding from Decarbonisation Grant for work on the District Council House (DCH) and The Pavilion, Beacon Park to improve our carbon footprint and to support our corporate priority of contributing towards climate change. If approved the grant is likely to be paid using section 31 of the Local Government Act 2003.

Salix Finance Ltd. provides Government funding to the public sector to improve energy efficiency, reduce carbon emissions and lower energy bills. Salix is a non-departmental public body, owned wholly by Government. The funding is provided by the Department for Business, Energy and Industrial Strategy and to boost thinking about our environment, our economy and the future of our planet.

We have today (4 February 2021) received notification indicating that we have been successful in our bid subject to the completion of forms with a deadline of receiving the funds by 31 March 2021.

This report is to brief Cabinet of the impending award and its payment using section 31 and to request that approval be given that we accept the grant (when it arrives) and the payment under section 31 to allow us to continue to meet our pledge of decarbonisation.

**3. Any Alternative Options:**

Do nothing – not applicable – we have pledged to combat climate change.

Accept the funding and begin our journey of having carbon neutral buildings and assets.

Fund the project with LDC capital funds, these are required for other projects such as the outcomes the Fire Assessment Project.

**PAYROLL CONTRACT**

**1. Decision:**

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

**2. Statement of Reasons:**

On 1 November 2020 Stafford Borough Council (SBC) gave notice of their intention to cease their provision of payroll processing to Lichfield District Council that has been in place for since April 2008. The agreement provides for a 9 month notice period, which will end on 31 July 2021.

The Cabinet report sought authority to award a 3 year contract to an alternative provider to ensure a payroll processing services contract was in place from April 2021 to begin paying staff before services cease.

**3. Any Alternative Options:**

An options appraisal has been undertaken taking into account possible costs, risks and future opportunities for the service.

