

CABINET

7 DECEMBER 2021

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MONEY MATTERS 2021/22: REVIEW OF THE FINANCIAL PERFORMANCE AGAINST THE FINANCIAL STRATEGY

1. Decision:

The Cabinet:

- 1.1. Noted the Cabinet report and issues raised within and that Leadership Team with Cabinet Members will continue to closely monitor and manage the Medium Term Financial Strategy.
- 1.2. Accepted the funding from the Rough Sleeper Accommodation Programme of **£165,898** (capital £140,000 and revenue £25,898) and approved an update to the Medium Term Financial Strategy to reflect the grant funding income and matching expenditure.
- 1.3. Approved the further allocations of funding from the Risk and Recovery Budget detailed at paragraph 3.9 and 3.10 of the Cabinet report totalling **£52,600**.

2. Statement of Reasons:

The Cabinet report covers the financial performance from April to September (Quarter Two) for 2021/22 including updated projections of the financial impact of COVID-19.

The Medium Term Financial Strategy projected general reserves at 31 March 2022 would be **£6,985,824**. At this stage, general reserves are forecast to be **£6,913,291**, a reduction of **(£72,533)** related to:

- A higher than budgeted contribution in 2020/21 of **£139,117**
- Approved updates in 2021/22 summarised in para 3.14 decreasing the contribution by **(£211,650)**
- A projected decreased contribution contained in this report for 2021/22 of **(£261,000)**
- The favourable impact of COVID-19 in 2021/22 of **£261,000**

The Capital Programme is projected to be **(£873,000)** lower than the Approved budget due mainly to a reprofiling of the Coach Park and IT projects.

Capital Receipts are projected to be **(£286,000)** which is **(£258,000)** 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** in year performance was **57.20%** (56.70% in 2020/21) and total arrears were **£3,447,721** and the Council's share is **£448,204** (£2,759,204 and £358,697 in 2020/21).
- The **Council Tax Collection Fund** is projected to be in deficit, as budgeted, with the Council's c13% share being **£42,810** compared to the Approved Budget of **£126,720**. This additional income of **(£83,910)** will be included in the 2022/23 budget.
- Sundry Debt for income to be collected in 2021/22 has reduced by **(£13,440)** or **1%** compared to 2020/21 and the value outstanding at 30 September 2021 has reduced by **(£1,074,630)** or **36%**.
- **Retained Business Rate Income** is projected to be **(£3,122,000)** in line with the Approved Budget.
- The **Business Rates Collection Fund** is projected to be in deficit, as budgeted, with the Council's 40% share being **£2,884,000** compared to the Approved Budget of **£908,000**. This

reduction in income of **£1,976,000** is largely due to additional COVID-19 reliefs up to the end of June 2021. This sum will be included in the 2022/23 budget and will be offset by Section 31 grant.

- There will be a timing difference due to statutory arrangements between receipt of grant in 2021/22 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** in year performance was **55.20%** (57.20% in 2020/21) and total arrears were **£707,961** and the Council's share is **£283,184** (£992,192 and £396,877 in 2020/21).
- The payment of suppliers within 30 days was **86.85%** and remains below our **90%** target.

The Council's investments achieved a risk status of **A+** 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.

CALCULATION OF BUSINESS RATES 2022/23, COUNCIL TAX BASE FOR 2022/23 AND THE PROJECTED COLLECTION FUNDED SURPLUS / DEFICIT FOR 2021/22

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 2022/23 of **39,695.1**.
- 1.2. Noted the estimated Council Tax Collection fund Deficit of **£345,080** and the estimated Business Rates Collection Fund Deficit of **£7,210,000** for 2021/22.
- 1.3. Delegated authority to the Cabinet Member for Finance, Procurement and Revenues & Benefits and the Chief Financial Officer (Section 151) to:
 - Complete and certify the NNDR1 for 2022/23 on behalf of the Council.
 - Update the Council Taxbase for 2022/23 and Collection Fund projections for 2021/22 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 2021/22 the relevant date will be **17 January 2022**.
- 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 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.

The timing of the NNDR1 form is uncertain. To enable completion by the statutory deadline, a delegation to the Cabinet Member for Finance, Procurement and 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.

KEY DECISION: YES

LOCAL PLAN 2040 - SUBMISSION

1. Decision:

This item has been deferred.

UPDATE ON DEVELOPMENT MANAGEMENT SERVICE REVIEW & IMPROVEMENT PLAN

1. Decision:

The Cabinet:

- 1.1. Noted the performance of, and the progress being made by the Development Management Service in terms of implementing the revised structure and with regard to its improvement programme.

2. Statement of Reasons:

A report was considered by Cabinet at its meeting on the 7th September setting out issues facing the Council's Planning Development Management Service and seeking approval to restructure the service and invest in additional resources to support its improvement. The report was presented in response to identified pressures facing the service and concerns over performance and customer responsiveness. Cabinet duly agreed the proposals, but also asked that a paper be brought back to it in due course to show progress on the changes to be implemented and their impact. This is the first paper of those progress papers which looks at the period since September.

3. Any Alternative Options:

1. Stop Service- as it is a statutory function of Council to determine applications submitted under the Planning Acts this cannot be done.
2. Shared service or staffing - opportunities to share staff have been previously explored on a county-wide basis but overall lack of capacity and appetite from many Council's. Problems of recruiting are affecting other neighbouring authorities so sharing staff unlikely to be workable or viable.
3. Continue to engage consultants - not a cost-effective option plus this does not ensure consistency of approach nor service/team development, significant resource required to train interims, interims are less reliable and can cause instability in teams.
4. Reduce performance & quality of work – an option, however not one to be recommended as this could mean the Council is designated as non-performing and potentially have decision making powers removed from it. Also, important Council projects could be delayed and there would be reduced income and loss of reputation.

REVIEW OF SHARED LEGAL SERVICE

1. Decision:

The Cabinet:

- 1.1. Approved an increase in the annual contribution from **£115,200** to **£145,300** to the South Staffordshire Shared Legal Service for 2022/23 and for the remainder of the agreement up to 31 December 2024 as shown in the financial implications section of the Cabinet report.
- 1.2. Approved that budgetary growth totalling **£84,300** for the remaining agreement period (3 years), together with an increase in the base budget at this higher level beyond the agreement, is included in the Draft Medium Term Financial Strategy for approval by Council on 22 February 2022.

2. Statement of Reasons:

To highlight to Cabinet the challenges faced regarding staffing within the South Staffordshire Shared Legal Service, explore options available and seek approval for additional resources to deliver the recommended approach.

3. Any Alternative Options:

Section 4 of the Cabinet report outlines costs and risks of alternatives to ensuring the sustainability of the Shared Legal Service.

If the request for additional funding is not approved the partnership would need to review the sustainability of the shared service which would result in considerable officer time (the Head of Governance & Performance) being spent on dissolving the partnership and sourcing or recruiting any alternative provision.

Expected increase in costs to between £160k and £240k per annum based on current volumes of work.

