

## **CABINET**

**6 SEPTEMBER 2022**

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**MONEY MATTERS : 2022/23 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 will continue to closely monitor and manage the Medium Term Financial Strategy.
- 1.2 Recommended to Council to approve the creation of a Capital Programme project for Changing Places funded by external grant of £94,285, which is to deliver Changing Places public conveniences at Swan Island and the National Memorial Arboretum.
- 1.3 Recommended to Council to update the Medium Term Financial Strategy to reflect the budgets shown at para 3.34 of the Cabinet report that will be funded by the three year UKSPF allocation of £3,285,310.
- 1.4 Delegated to the Leader the ability to make any necessary amendments to the Investment Plan within the three year UKSPF allocation.

**2. Statement of Reasons:**

The report covers the financial performance from April to June (Quarter One) for 2022/23.

The progress on the achievement of savings/additional income proposals is shown in detail at appendix A of the Cabinet report and currently projects a shortfall of £618,000 that will need to be funded by general reserves.

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).
- A projected decrease contained in this report for 2022/23 of (£1,050,250).

The Capital Programme is projected to be £194,000 higher than the Approved budget due mainly to reprofiling of the Property Planned Maintenance budget.

Capital Receipts are projected to be (£10,000) which is the same as the Approved Budget.

The Council has received an allocation of United Kingdom Shared Prosperity Funding (UKSPF) of £3,285,310 (subject to approval by the Government) that will need to be incorporated into the MTFS.

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

- Council Tax collection in year performance was 29.10% (29.40% in 2021/22) and total arrears were £4,121,685 and the Council's share is £535,819 (£3,087,289 and £401,348 in 2021/22).



- The Council Tax Collection Fund is projected to be in surplus, with the Council's c12% share being (£16,740) compared to the Approved Budget of £62,560. This additional income of (£79,300) will be included in the 2023/24 budget.
- Sundry Debt for income to be collected in 2022/23 has increased by £585,803 or 32% compared to 2021/22, and the value outstanding at 30 June 2022 has decreased by (£12,954) or (1%).
- 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 deficit, as budgeted, with the Council's 40% share being £231,000 compared to the Approved Budget of £462,000. This additional income of (£231,000) will be included in the 2022/23 budget.
- 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 34.50% (29.90% in 2021/22) and total arrears were £958,450 and the Council's share is £383,380 (£405,368 and £162,147 in 2021/22).
- The payment of suppliers within 30 days was 83.22% 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.



**MONEY MATTERS: REVIEW OF RESERVES**

**1. Decision:**

The Cabinet recommended to Council to:

- 1.1 Repurpose earmarked reserves and agree changes to the Capital Programme detailed at para 3.29 of the Cabinet report to release reserves that will result in the strategic priorities reserve balance of (£5,169,000).
- 1.2 Dispose of Venture House and include a budgeted capital receipt of (£650,000) in the Medium Term Financial Strategy to fund strategic priorities (a receipt greater than this level will increase the level of the strategic priorities reserve).
- 1.3 Approve the inclusion of a project with a budget of £2,000,000 in the Capital Programme (initially equally spread between 2022/23 and 2023/24) for BRS enabling works funded from this capital receipt and the strategic priorities reserve.

The Cabinet:

- 1.4 Noted that following these changes, there will be (£3,819,000) available in the strategic priorities earmarked reserve to fund other strategic priorities.

**2. Statement of Reasons:**

Local Authorities can establish reserves to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing, to cushion the impact of unexpected events or emergencies and earmarked reserves to meet known or predicted events.

In addition, capital reserves are retained in relation to Capital receipts (these resources result from the sale of assets) and Capital grants and contributions (these resources relate to Capital Grants, Community Infrastructure Levy, Special Areas of Conservation and Section 106).

The level of reserves has increased across local government since 2013/14 due to the localisation of Council Tax Support and the local retention of Business Rates. The levels have further increased since 2020/21 due to COVID grants.

The various comparisons available show that the Council's reserves were in a healthy position relative to all District Councils and this provides an element of resilience for financial 'shocks' such as the COVID-19 pandemic.

However, it is important to note that whilst the short term picture based on the increases in reserves may appear to suggest that generally local government finances are sustainable, there remains concern about the medium-term to long-term outlook which remains unsettled and uncertain.

The Capital Strategy risk assessment identified a significant risk that the Capital Programme did not include investment to realise all of the Council's strategic aims and this was reiterated in the Corporate Peer Challenge.

This report reviews reserves with the aim of repurposing reserves to provide funding for strategic priorities.



<b>3. Any Alternative Options:</b>
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The level of reserves could remain at the current level.



**LICHFIELD DISTRICT YOUTH COUNCIL - POLICY PROPOSAL**

**1. Decision:**

The Cabinet:

- 1.1 Approved the creation of a District Youth Council for Lichfield District, providing young people with representation and encouraging active citizenship.
- 1.2 Recommended to Council to approve a £60,000 increase in the Medium-Term Financial Strategy over the next three financial years to provide a budget for the District Youth Council, as set out in the financial implications section of this Cabinet report.
- 1.3 Recommended to Youth Council that some of their budget is used to fund transport for those children that want to be involved but may not otherwise be able to access the opportunity due to personal/home circumstances.

**2. Statement of Reasons:**

At its meeting on March 8, 2022, Cabinet approved a new Community Power Strategy. The strategy outlines a vision to better understand, engage and involve our communities in what we do on the basis that, by improving how we engage our communities we can deliver services that matter to them, more effectively.

Our community power objectives stress that we want to 'develop reciprocal relationships and combine institutional and community expertise'. This paper outlines a proposal to achieve the same objectives but with a traditionally 'hard to reach' part of our community, through a Lichfield District Youth Council.

We want to give young people a space and platform to discuss issues that matter to them – helping provide younger residents with a say over the places in which they live and the services they access and interact with.

A 'Youth Council' is a mechanism for achieving this, ensuring that policies and strategies consider their impact on young people and empower young people in their communities to feel part of the solution to local problems – supporting them to be active citizens and leaders of the future. A youth council would be a strong representative body and sounding board, to be consulted on decisions impacting young people in the district, as well as reporting up to Full Council on issues on an informal.

**3. Any Alternative Options:**

1. Cabinet suggests amendments to the proposed format and running of Youth Council.
2. Cabinet decides against adopting a Youth Council.







