

CABINET

6 DECEMBER 2022

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MONEY MATTERS 2022/23 : REVIEW OF THE 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.

2. Statement of Reasons:

The report covers the financial performance from July to September (Quarter Two) 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 **£523,000** (an improvement of (£95,000) compared to the 3 month projection) 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)**.
- Approved updates in 2022/23, summarised in **APPENDIX A** of the Cabinet report, decreasing the contribution by **(£1,050,250)**
- At this stage, there are no further changes to the 3 month projection.

The Capital Programme is projected to be **(£271,000)** lower than the Approved budget.

Capital Receipts are projected to be **(£194,000)** higher than the Approved Budget.

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

- **Council Tax collection** in year performance was **57.10%** (57.20% in 2021/22) and total arrears were **£4,240,673** and the Council's share is **£551,287** (£3,447,721 and £448,204 in 2021/22).
- The **Council Tax Collection Fund** is projected to be in surplus, with the Council's c12% share being **(£63,120)** compared to the Approved Budget of **£62,560**. This additional income of **(£125,680)** will be included in the 2023/24 budget.
- Sundry Debt for income to be collected in quarter 2 of 2022/23 has increased by **£150,030** or **10%** compared to 2021/22, and the value outstanding has increased by **£234,165** or **12%**.
- **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 surplus, with the Council's 40% share being **(£242,000)** compared to the Approved Budget deficit of **£462,000**. This additional income of **(£704,000)** will be included in the budget in later years.
- 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 **61.10%** (55.20% in 2021/22) and total arrears were **£930,135** and the Council's share is **£372,054** (£707,961 and £283,184 in 2021/22).

- The payment of suppliers within 30 days was **82.61%** 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.

CALCULATION OF BUSINESS RATES 2023/24, COUNCIL TAX BASE FOR 2023/24 AND THE PROJECTED COLLECTION FUNDED SURPLUS / DEFICIT FOR 2022/23

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 2023/24 of 40,534.4.
- 1.2. Noted the estimated Council Tax Collection fund Surplus of (£516,000) and the estimated Business Rates Collection Fund Surplus of (£606,000) for 2022/23.
- 1.3. Delegated authority to the Cabinet Member for Finance & Commissioning and the Chief Financial Officer (Section 151) to:
 - Complete and certify the NNDR1 for 2023/24 on behalf of the Council.
 - Update the Council Taxbase for 2023/24 and Collection Fund projections for 2022/23 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 2022/23 the relevant date will be **15 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 & Commissioning 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.

HOMELESSNESS PREVENTION ADDITIONAL RESOURCE

1. Decision:

The Cabinet:

- 1.1. Approved the appointment of three new two-year fixed-term housing roles: Assistant Housing Allocations and Systems Officer, Housing Options Officer and a Tenancy Sustainment Officer with funding being provided by the Homelessness Prevention Grant Reserve.
- 1.2. Noted the council's involvement in the Beam trial.

2. Statement of Reasons:

The purpose of this report is to outline key and emerging issues relating to the council's work to prevent homelessness across the district, including any potential refugee homelessness cases.

The report proposes the appointment of three new fixed-term roles to address homelessness and better support any potential refugee housing and homelessness cases across the district. It also provides an update on a Beam pilot designed to support previously homeless residents into employment.

3. Any Alternative Options:

1. Do not invest the full Homelessness Prevention Grant (HPG) and risk government claw back, which is a condition of the funding.
2. Do not invest the £427,689 reserve and risk government claw back (this is less likely) or reputational risk by not utilising the funding provided to the council to support its most vulnerable residents.

REVISED COST PER BIODIVERSITY UNIT (BU)

1. Decision:

The Cabinet:

- 1.1. Approved the new cost of £35,000 per Biodiversity Unit (BU).
- 1.2. Delegated the annual review of the cost per Biodiversity Unit (BU) to the Cabinet Member for Housing, Ecology and Climate Change in consultation with the Chief Operating Officer and Assistant Director of Finance and Commissioning (Section 151).

2. Statement of Reasons:

Lichfield District Council has been involved in works surrounding Biodiversity Net Gain in the planning system since 2014. LDC was the first council in the country to make it policy that development must provide a net gain to biodiversity. This is where the environment is left in a measurably better state post development. When a development cannot make up for their impact on site, a Biodiversity Offset may be required. This is where another site is managed to make up for the loss of ecology on the development site. When a Biodiversity Offset is required, one option for developers is to provide a financial contribution to the council, who then take on the responsibility to manage habitat on the developer's behalf. The contribution is calculated by; number of habitat Biodiversity Units required to achieve net gain (TIMESX) LDC cost per Biodiversity Unit. This is usually secured via an S106 legal agreement.

The previous cost of £21,000 per Biodiversity Unit (BU) has not been revised since 2016. The cost per BU has not risen each year with the cost of inflation. It has been recognised that this cost is out of date. As Biodiversity Offsets usually involve an agreement of no less than 30 years, it is not advised the council take on any more schemes where the financial contribution may not be sufficient, as this involves taking on a legal responsibility. The council has been unable to make a decision on applications which require a Biodiversity Offset whilst the figure has been in review, causing delay to development management, which cannot progress until the new cost per BU approved.

The council has now been informed the new recommended cost per BU is £35,000 (index linked, backdated to 2022). This appears the minimum level where you can attain a reasonable level of contingency and certainty that the offsets will be delivered and, after a 'sense-check' of the market, seems a current national standard. Now this figure is known, it is important to review and vote on the new cost as soon as possible so that no further delays occur to the planning system. There is a recommendation this figure is reviewed each year, and this is delegated to the Cabinet Member for Housing, Ecology and Climate Change.

3. Any Alternative Options:

1. Cabinet do not agree the new cost and remain with the previous cost of £21,000 per Biodiversity Unit (BU).

This cost is known to be out of date and not sufficient to enter into a long-term management agreement and take on the legal responsibility.

2. Cabinet do not agree the new cost and choose not to provide the 'council financial contribution' option to developers for Biodiversity Net Gain.

This would cause delays in the planning system, and reverse progress made for the Local Planning Authority to be 'BNG ready' (Biodiversity Net Gain) for 2023, mandated by the Environment Act 2021.

