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Wednesday, 7 December 2022

Dear Sir/Madam

## OVERVIEW & SCRUTINY COMMITTEE

A special meeting of the Overview & Scrutiny Committee has been arranged to take place **THURSDAY, 15TH DECEMBER, 2022 at 6.00 PM IN THE COMMITTEE ROOM** District Council House, Lichfield to consider the following business.

Access to the Committee Room is via the Members' Entrance.

The meeting will be live streamed on the Council's [YouTube channel](#)

Yours faithfully

A handwritten signature in black ink, appearing to read 'Christie Tims'.

Christie Tims  
**Chief Operating Officer**

**To: Members of Overview & Scrutiny Committee**

Councillors M Wilcox (Chair), Norman (Vice-Chair), Cross, Eagland, Evans, Grange, Gwilt, Leytham, Ho, A Little, Robertson, Silvester-Hall, Mrs Tranter and A Yeates



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## AGENDA

1. Apologies for Absence
2. Declarations of Interests
3. Minutes of the Previous Meeting 5 - 12
4. Medium Term Financial Strategy (MTFS) 13 - 28
5. **Exclusion of Press and Public**

RESOLVED: "That as publicity would be prejudicial to the public interest by reason of the confidential nature of the business to be transacted, the public and press be excluded from the meeting for the following items of business, which would involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972"

IN PRIVATE

6. Confidential Minutes of the Previous Meeting 29 - 30



## OVERVIEW & SCRUTINY COMMITTEE

17 NOVEMBER 2022

### PRESENT:

Councillors M Wilcox (Chair), Norman (Vice-Chair), Eagland, Evans, Leytham, Ho, A Little, Robertson, Silvester-Hall, Mrs Tranter and A Yeates

(In accordance with Council Procedure Rule No.17 Councillors Cox, E Little, Matthews, Pullen, Smith and Strachan attended the meeting).

### 14 APOLOGIES FOR ABSENCE

Apologies were received from Councillors Grange and Cross.

### 15 DECLARATIONS OF INTERESTS

There were no declarations of interests.

### 16 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting held on 4 October 2022 were agreed as a correct record. The Chair informed the committee that he had received an update from Councillor Marshall (Chair of Planning Committee) and having considered all the members concerns and due to the degree of public participation, it had been agreed to revert back to the original Planning Committee Protocols allowing ward members 10 minutes for speaking at planning committee meetings.

### 17 DUAL STREAM RECYCLING IMPLEMENTATION

The Cabinet Member for Waste & Recycling, Councillor Little, introduced the report to the committee. She informed the committee that the methods of the district's recycling were changed in April/May this year to dual stream recycling however, implementation did not go as well as desired. It was reported that by the end of May the roll out was complete however, due to concerns, an Independent Expert's report had been requested to look at the issues experienced and how the service could move forward. This report was attached and Councillor Little asked the committee for any questions or observations. She said there was a work programme for the Joint Waste Service now to address the concerns but asked for any other feedback. She agreed the service needed to move forward and get back to the gold standard service the residents had enjoyed prior to this implementation and lengthy discussions took place around the failures and lessons learnt.

Cllr Matthews attended to brief the committee on the involvement of the Task Group and it was noted that although he was tasked in November last year to look at the roll out of the dual stream recycling scheme, for various reasons the Task Group did not meet until 17 Feb 2022 and met only once with one task and that was to review the communications strategy surrounding the roll out – the notes of this Task Group were provided.

The following views/questions were given:-

- There was not sufficient support or “buy in” from local residents as members were not involved early enough; February for the Task Group was too late;

- The Joint Waste Committee did not scrutinise or feed in to Overview & Scrutiny committees nor members as to the progress and why blue bags were decided upon;
- As this was a new service why was there no pilots/trials so staff could be trained in advance?
- The Leader was asked why the communication plan and deadlines were not adhered to?
- Can we signpost to where Tetra-packs can be recycled (at the County Council's recycling centres) on the website?
- The Cabinet Member, at the time, Cllr Ashley Yeates, was not interviewed by the Independent person for his input in to the report;
- Why did the other local authorities who were part of the introduction of the blue bag system, Tamworth, South Staffordshire, Cannock and East Staffordshire not seem to have the same problems as Lichfield District?
- What was the additional costs in providing extra rounds?
- When will HMO's roll out be complete?
- In hindsight, it was agreed a dedicated helpline would have been beneficial; it was highlighted that this was a suggestion of the Task Group but was not acted upon.
- The delay in the supplier providing the bags meant staff were not given appropriate toolbox talks and this had had an enormous strain on capacity as it took drivers off collections to deliver bags, why was there no modelling done?
- It was noted that the quality of recycling is good but it is the volumes that are not where they should be;
- There was an obvious delay in responding when things seemed to be going wrong/briefing notes required if this happens again so members are fully advised;
- A lot of reputational damage had been done and so the public were now very suspicious and not complimentary about the service at all so to overcome the suspicions, all Xmas information due to go out needs to be educational and give the proper information i.e. what goes where and when collection dates are?
- LDC website needs to be clearer and information easy to find – and there should be the use images/photos/graphics to be more eye-catching – not reliant on social media;
- Videos of what happens to the rubbish is educational and residents may appreciate this;
- Members can contact the depot for extra blue bags and deliver to residents within their ward if required;
- Good idea to upskill the current staff and employ agency staff who want to work at LDC with systematic recruitment process; Employment committee members are aware that the very small gender pay gap is attributed to the waste service as they disproportionately employ a large amount of men - Anything that could be done to encourage as wide a group in to this service by upskilling would be worthy and will future-proof the service;
- The Collection teams have endured a lot of residents' complaints recently and the committee would like to pay tribute to these teams as it is known they work very hard and are not to blame for the problems incurred. It was requested that the Chief Executive pass this on to the teams.

It was noted that the missed bins reports had gone down and had now stabilised although not going much lower so it was confirmed that the Recycling Officers would be going out to households to help get this back on track and educate the residents as well as providing information on any contaminated bins as it was hoped to get the percentage lower. Councillor Little said if any resident was struggling to understand why their bins were being labelled as contaminated, then they could contact the Recycling Officers direct.

Councillor Little advised the committee that the rounds were to be fixed first and Xmas planning but that she would then be looking at the data and looking at rounds to possibly encompass purple bins as a lot of requests for purple bins were being received and 15,000 residents currently had two blue bins across the district. The Chair, Councillor Wilcox, asked if this Committee could look at the Joint Waste Service work programme before anything went

out to residents and this was agreed. He also felt this O&S committee could add value to the transition of the trade waste customers roll out due in February next year. Councillor Little agreed and said she would bring this item in the future as she also wanted to look at a tiered structure to encourage the trade waste customers to go to dual stream recycling instead of comingled.

**RESOLVED:-**

- (1) The Committee noted the report of the Independent Expert into the design and implementation of the dual stream recycling collection services in Lichfield and provided comments.
- (2) The Committee considered and commented on how the three key recommendations arising from the report could be achieved, i.e. the need to:
  - (i) Improve scrutiny of the joint waste service, using scenario planning, pilots, and progressive implementation of major change.
  - (ii) Ensure the service team has sufficient skills, competencies, and confidence to implement major change programmes going forward.
  - (iii) Increase the acquisition, use and interpretation of service data, including an increased focus on trend analysis and operational analytics.

(A confidential discussion around the procurement issues followed).

## **18 MEDIUM TERM FINANCIAL STRATEGY**

The Cabinet Member for Finance & Commissioning, Councillor Strachan, introduced the Medium Term Financial Strategy Report and said this was the second time this item had come to the O&S meeting and members will see some of the comments from the previous meeting had been incorporated and the remainder of comments were still under consideration before it is made final and taken to Council on 28 February 2023.

The Assistant Director - Finance & Commissioning, Mr Thomas, gave a presentation covering the Autumn Statement announcement today even though the detail would not be available until the settlement is released which is not due until 19 December:-

**Local Authority Elements:-**

- Spending Review numbers not changing from numbers for 2021.
- Adult social care funding. (new money available)
- Delaying adult social care charging reforms. (saves a lot of money)
- B and D council tax thresholds. The maximum core threshold will increase from 1.99% to 2.99%, and the ASC precept will be 2% in 2023-24. Thresholds will increase for both district councils and for authorities with social care responsibilities.
- Business rates multiplier. The multiplier will be frozen in 2023-24. Local authorities “will be fully compensated for the loss of income as a result of these business rates measures”. No confirmation yet whether cap compensation will be payable based on RPI or CPI.
- Business rates reliefs. Extension of Retail, Hospitality and Leisure (RHL) reliefs into 2023-24, plus a Supporting Small Business Scheme (SSBS).
- Revaluation 2023. Revaluation will go ahead but there will be a more generous transitional scheme, with additional Government support.
- New Homes Bonus – No mention of this in the Autumn Statement but likely to be in the settlement details in December.

Further information was also given on the potential financial impact of a higher Council Tax threshold - 3% threshold in all years was illustrated on the presentation.

Councillor Strachan then gave his update:-

- Financing of the Leisure Centre - Reiterated that Option 1 was always and remains a successful application to the Levelling up Fund. He sees it as a replacement of a very well used but aging facility that without a replacement would be lost so avoiding levelling down not just levelling up. However, members were asked to note that if the application was unsuccessful, the original plan was to look at funding via external borrowing but this now looked less probable and it was discussed why in the current economic climate it is becoming a challenging option in the report. Alternative options are under consideration.
- Fees and charges – Balancing act of user affordability versus offset to increasing costs as there were a number of things that were significantly restricted and we have to do on a costs recovery basis. At previous meeting, the committee agreed to a 2.5% increase (2023/24). It was agreed we have to recognise where residents are struggling to afford things we are operating but look at where we are committed too.
- Local Government Finance Risks – Very difficult climate at the moment and the Audit & Member Standards Committee have been monitoring strategic risks where the financial related risk is currently outside our risk appetite. Anthony Thomas has advised as Section 151 Officer that he is required to report to Council on the adequacy of the level of reserves and that we need to review our minimum level of reserves in the current economic climate and this may result in an increase and Councillor Strachan agreed. Therefore, the level of available reserves to support the budget and other projects may vary but it is a very prudent and necessary step.
- Council Tax – the Autumn Statement has given the provision to allow 3% (or potentially £5 whichever is the higher) but still a balancing act to be done and no decision has yet been made.
- Budget Consultation – Still open until 31 December 2022 and this year a budget simulator has been launched to attract more returns. The simulator includes moving sliders/seeing the challenges we face and what affects would be made and whether you get a balanced budget at the end. Members were encouraged to take part and encourage everyone to do so to maximise response rates.

The Chair reminded members there was an additional Budget O&S Meeting scheduled for 15 December and suggested they think about other areas that may not have been thought of and use the simulator beforehand.

Questions were asked:-

1. Would Councillor Strachan be in a position to bring the budget forecast to O&S meeting on 15 December? The answer was yes, but may not have the settlement information.
2. There were concerns there was a Projected External Auditors 150% fee increase and that seemed very high and would only mean further increases year on year. Agreed it was nearly £90,000 per annum more which the Audit & Member Standards Committee would be looking in to but unfortunately the Council were in a wider procurement exercise so could not do much. It was reported that it did reflect the audit environment currently with a lack of qualified staff. It was noted, that there could be a possibility the Council may get some government funding in the settlement to mitigate this rise.
3. The level of reserves were discussed and it was asked what were they used for? It was felt that they should be to help the Council represent the people as well as running a good council. To be discussed at budget meeting on 15 December. It was noted that there was a difference between Earmarked and General Reserves and also that c£5m of earmarked reserves had recently been repurposed to support the cinema project.

4. It was asked if there could be a freeze on Council Tax for two years due to the exceptionally bad time predicted on peoples' incomes. It was reported that it was appreciated that the Council had to be prudent but also needed to be looking after people.
5. It was noted that discretionary funds to support people experiencing financial hardship are available at Lichfield District Council.

**RESOLVED:-**

(1) The Committee noted the specific updates on:

- The Medium Term Fiscal Plan.
- Local Government and Wider Finance Issues.
- Business Rates Revaluation.
- The financing of a replacement Leisure Centre and the potential impact on the Medium Term Financial Strategy (pending the Local Government Finance Settlement).

(2) The Committee provided views to Cabinet in relation to:

- The approach to fees and charges increases for 2023/24.
- The management of financial risk in the Medium Term Financial Strategy.
- The potential level of the District's Council Tax increase for 2023/24.

## **19 LOCAL COUNCIL TAX REDUCTION SCHEME CONSULTATION FEEDBACK AND PROPOSALS**

The Cabinet Member for Finance & Commissioning, Councillor Strachan, summarised the proposed new Local Council Tax Reduction Scheme Report and thanked Steve Woods and Lizzie Barton and her team for the consultation exercise which now meant the Council could move forward with a new proposed scheme.

The proposed changes were detailed on page 1 of the report and Councillor Strachan confirmed that the scheme aimed to make it better for claimants and better for council taxpayers allowing them more financial support, less paperwork and thus confusion, provide more financial stability and reduce debt recovery activities. He said the new scheme had the ability to award 100% reduction to those on the very low incomes and there were a number of income disregards. It was a banded route which should permit fluctuation within the band and all major preceptors had been consulted and widespread support had been reported. The need for extended payments (where someone who was unemployed, but gains employment, retains the same council tax reduction for the first four weeks of their employment so that they do not face bills as soon as they start working) had been revisited and given the new scheme is designed to encourage and support people into and to remain in work it was proposed that extended payments be retained in the new scheme despite the consultation feedback. Members support and comments was requested.

The following questions/comments were given:-

1. Were there exemptions for students and care leavers?
2. Can we develop the automation for the process?
3. Who were able to comment on the proposed scheme and were CAB asked to comment as an organisation who also deal in benefits?
4. It was agreed the extended payments element should be retained – very valuable.

5. Good to see that discretion was to be built in but there was concern as to a 2 child limit – (it was agreed to look at this policy for discretionary payments at the O&S meeting in January).
6. How are we going to inform customers of the new scheme as needs to be as seamless as possible?

Lizzie Barton assured members that the contact centre staff would all be trained and know how the new scheme works and she will be working with the CAB to signpost effectively and encourage people on to the new scheme which will all be in place before it goes live.

**RESOLVED:-**

- (1) The Committee supported the introduction of a new income banded Local Council Tax Reduction Scheme for working age claimants with effect from 1 April 2023 in line with all proposals (detailed in Appendix 1), except for the removal of extended payments.
- (2) The Committee supported the retention of extended payments to better support residents who gain employment (see 3.21).
- (3) The Committee noted that subject to their input, the proposals will be considered for approval by Cabinet in December. If the scheme is approved, the exact rates for the 2023 – 2024's Local Council Tax Reduction Scheme will be brought to Cabinet and Full Council in February 2023 as part of the council tax setting proposals.

**20 HEALTH MATTERS**

The Chair, Councillor Wilcox, highlighted the email he had sent to all members on Monday following the previous Staffordshire County Council's Health & Care Overview and Scrutiny Committee which gave a resume of the meeting. He also advised that he had emailed the Chair of the committee detailing the concerns previously voiced here about the lack of mental health facilities and he had now received a detailed response which he would forward on to members via email also. Councillor Wilcox said he was assured as the Chair had now confirmed that there would be two papers coming in the early part of next year in relation to Children's Health & Wellbeing and Mental Wellbeing in Schools and it was most definitely on their radar.

Cllr Eagland confirmed this too and stated that the SCC Safeguarding group were also really going forward on this subject and Councillor Silvester-Hall confirmed she had been to a SCC event today - Journey of a child – which was also looking at mental wellbeing in early years/school children/teenagers and beyond. She said there were a lot of good initiatives going on including how children are supporting each other.

**21 WORK PROGRAMME**

The Committee noted the Work Programme and the Chair confirmed that the next meeting was scheduled to take place on 15 December 2022 and was the one item only agenda - Budget meeting.

There was a concern voiced that there were Elections next May where Voter ID Cards were being brought in as a necessity by the government to vote yet no criteria had yet been set by councils for those who do not have the approved forms of ID. It was requested this item be discussed at January's meeting. This was agreed as circulars were being received about this which Members asked to be copied to them and it was agreed that a special meeting could always be arranged if timings did not coincide.



The discretionary policy (Section 13) for the new Local Council Tax Reduction Scheme to be added in to January's work programme also – Lizzie Barton.

## **22 UPDATE FROM TASK GROUPS**

Christine Lewis, Principal Governance Officer, advised members that the Lichfield Masterplan Task Group met last night and the notes would come to the budget meeting to be held on 15 December;

The New Leisure Centre Task Group were meeting beginning of December so the notes would come to 15 December meeting;

And

The Climate Change Task Group were also hoping to meet 5 December dependent on the planning committee meeting agenda.

(The Meeting closed at 8.50 pm)

CHAIR

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# Medium Term Financial Strategy (MTFS)

Cabinet Member for Finance and Commissioning

Date: 15 December 2022

Agenda Item:

Contact Officer: Anthony Thomas

Tel Number: 01543 308012

Email: [Anthony.thomas@lichfielddc.gov.uk](mailto:Anthony.thomas@lichfielddc.gov.uk)

Key Decision? YES

Local Ward All Wards

Members



## Overview and Scrutiny Committee

### 1. Executive Summary

- 1.1 The ability to deliver the outcomes set out in the **Lichfield District Council Strategic Plan**, and beyond, is dependent on the resources available in the MTFS.
- 1.2 The MTFS was approved by Council on 22 February 2022 and this is refreshed each year to:
  - Remove the previous financial year and in this MTFS this is 2021/22
  - Formally add the new financial year and in this MTFS this is 2026/27 and
  - Refresh and update assumptions to reflect the latest information available
- 1.3 The MTFS is the overall budget framework and consists of the Revenue Budget, Capital Strategy and Capital Programme, Earmarked Reserves and General Reserves.
- 1.4 There have been reports to Cabinet and Council that have updated the MTFS since its initial approval.
- 1.5 The Treasury Management Strategy Statement and Annual Investment Strategy are also important components of the MTFS. These components, under the Constitution, are the responsibility of the Audit and Member Standards Committee and, therefore, will be considered by that Committee as part of the development of the Draft MTFS.
- 1.6 The timetable for consideration of the development is summarised below:

	Date	Meeting	Topics
<b>Budget Consultation (June to December)</b>	05/07/2022	Cabinet	Budget timetable, Budget principles, MTFS update, Budget consultation and Budget assumptions for 2023/24
	15/09/2022	Overview and Scrutiny Committee	To review the Draft Medium Term Financial Strategy
	04/10/2022	Cabinet	An update on the Draft Medium Term Financial Strategy
	17/11/2022	Overview and Scrutiny Committee	To review the Draft Medium Term Financial Strategy
	06/12/2022	Cabinet	Set the Council Taxbase for 2023/24
	NEW 15/12/2022	Overview and Scrutiny Committee	Special Meeting to consider Budget Proposals
	19/01/2023	Overview and Scrutiny Committee	To review the Draft Medium Term Financial Strategy
	02/02/2023	Audit and Member Standards Committee	To review the Treasury Management Strategy Statement
	14/02/2023	Cabinet	To recommend the Medium Term Financial Strategy and Council Tax increase to Council
	28/02/2023	Council	Approve the Medium Term Financial Strategy, updated Local Council Tax Support Scheme and set the Council Tax

- 1.7 There remains an inherently high level of uncertainty surrounding the Local Government Finance Regime with the residual impact of the COVID-19 pandemic, the cost of living and wider economic crisis and other potential Government Policy changes.

- 1.8 The Council has a statutory duty to undertake budget consultation, set a balanced budget and calculate the level of Council Tax for its area.

## 2. Recommendations

- 2.1 To note the latest Revenue Budget projections and scenarios pending the Provisional Local Government Finance Settlement.
- 2.2 To provide views on the options identified in the report and identify any further options for consideration in the development of the Medium Term Financial Strategy.

## 3. Background

### The Medium Term Financial Strategy (MTFS)

- 3.1. Council approved the MTFS (Revenue and Capital) 2021-26 on 22 February 2022 which covers the financial years 2021/22 to 2025/26 (with a further projection for 2026/27 prepared by Finance for forward planning purposes).
- 3.2. The MTFS includes:
- **The Revenue Budget** related to the day to day delivery of the Council's services, such as waste collection
  - **General Reserves** related to the amount of money available to balance the budget in the short term or fund short term initiatives
  - **The Capital Programme** and its financing for longer term expenditure in relation to the Council's assets, such as property
- 3.3. The Revenue Budget and Capital Programme are connected by:
- Any financing of the Capital Programme from the Revenue Budget
  - The repayment of borrowing and the receipt of income from investments
  - Expenditure, income and savings resulting from capital investment
- 3.4. The Council updates its Budget forecasts at 3, 6 and 8 month intervals.
- 3.5. To assist in understanding the level of uncertainty or risk present in relation to the Local Government Funding Regime, we allocate each financial year a risk rating:
- **Low** – all significant components of the Local Government Funding Regime are known and understood
  - **Medium** – all significant components of the Local Government Funding Regime are known although there is some uncertainty around how specific elements will operate
  - **High** – there is uncertainty around all significant components of the Local Government Funding Regime

## MTFS Budget Principles

- 3.6. To assist in preparing the MTFS, in common with a number of Councils, a set of principles were established to guide the preparation and management of the MTFS.
- 3.7. Council, on 15 October 2019, approved the budget principles identified below:
- Council will consider the medium term outlook when setting the level of Council Tax to ensure that a sustainable budget position is maintained
  - Council will prioritise funding for statutory and regulatory responsibilities to ensure these are delivered in a way that meets our legal requirements and customer needs
  - Council will continue to seek continuous improvement to enable further savings, efficiencies and income gains and provide budgets that are appropriate to service needs
  - Council will ensure that all growth in the staffing establishment will be fully understood through robust business cases in order to ensure our resources match service and customer needs. Growth will usually be allowed where costs are offset by external funding, savings or additional income
  - Council will not add to other ongoing revenue budgets unless these are unavoidable costs or corresponding savings are identified elsewhere
  - Council will use robust business cases to prioritise capital funding so that we have a sustainable Capital Programme that meets statutory responsibilities, benefits the Council's overall revenue budget position, and ensures that existing assets are properly maintained
  - Council will maintain an overall level of revenue reserves that are appropriate for the overall level of risks that the organisation faces, in order to overcome any foreseeable financial impact

## The Autumn Statement

- 3.8. On 17 November 2022, the Chancellor delivered his Autumn Statement, alongside the Office for Budget Responsibility's (OBR's) new set of Economic and Fiscal Outlook forecasts. The Autumn Statement responds to the OBR forecasts and sets out the medium-term path for public finances.
- 3.9. This follows the previous Chancellor's Growth Plan announcements in late September 2022, the majority of which have since been rolled back – with the notable exception that the Health and Social Care Levy has been, and remains, cancelled.
- 3.10. The key announcements impacting on District Councils are shown at **APPENDIX A**.
- 3.11. In addition, it was confirmed by email on 21 November 2022 the Department for Levelling Up, Housing and Communities (DLUHC) will launch the provisional Local Government Finance Settlement (PLGFS) on the week commencing 19 December 2022.
- 3.12. In recognition that this Settlement is late in the year, DLUHC will also provide an update on the PLGFS soon, including providing an update on the measures they will maintain into 2024/25. It is DLUHC's intention that this will support our budget setting process, ahead of the publication of the PLGFS.
- 3.13. **The content of the Settlement and the DLUHC update could materially impact on the projections utilised in the current projected MTFS contained in this report. Therefore the next draft of the MTFS provided to this Committee in January 2023 will be updated where necessary to take account of the information provided.**

## The Draft Business Rate Revaluation Results

### National changes across England and Wales

- 3.14. The overall percentage change in rateable values on regional lists across England and Wales is 7.1%, with a slightly higher level of increase of 7.3% across England alone.
- 3.15. The Central List has experienced a reduction of 0.6%, reducing the overall change in rateable values to 6.7%.
- 3.16. The increase across England in 2023 is the smallest increase across the last three Revaluations and compares to increases of 9.3% in 2017 and 20.9% in 2010.

### Regional analysis across England

- 3.17. The change in valuations across regions ranges from a high of 14.4% in the East to a low of 2.2% in the North East, a variance of 12.2 percentage points.
- 3.18. In London the increase was only 3.3% compared to 23.4% in 2017. The low level of increase in London in 2023 contrasts sharply with the increases across the South East (10.9%) and the South West (9.5%).
- 3.19. Analysis of the regions shows that while nationally the level of change between 2017 (9.3%) and 2023 (7.3%) is not that great, across the regions there is mostly a very different experience emerging for the 2023 valuation compared to 2017.

### Sectoral analysis

- 3.20. The sectors with the largest variation are Retail, where there has been a 10% reduction in valuations and Industry, where there has been an increase of 27.1%. Of the four main sectors the change in Offices of 10.2% is most closely matched to the English average.
- 3.21. Across the retail sector there have been large reductions across categories of large shops (19.3% and 34.7%) and hypermarkets/supermarkets (14.9%). Conversely there have been increases across convenience stores of 12.7%.

### Lichfield District

- 3.22. In Lichfield District, the increase is **£10.367m** from **£89.576m** at the 2017 revaluation to **£99.943m** and this is an **11.6%** increase and is likely to be in part as a result of the increase in the industry sector.
- 3.23. Therefore the Business Rates tariff will be adjusted upwards to ensure the impact remains revenue neutral.

## The Projected Revenue Budget

- 3.24. In the current economic climate, projections are being updated regularly to reflect changes within the Council and in the external environment including for example the current insurance procurement.
- 3.25. As in previous years, three Revenue Budget scenarios focusing on different levels of revenue funding have been prepared. This is because of the current uncertainty over the content of the provisional Local Government Finance Settlement and the future direction of Local Government Finance Reform.
- 3.26. In the absence of any further information and based on expert advice, all three scenarios currently assume a two year finance settlement for 2023/24 and 2024/25 utilising the approach in the 2022/23 settlement however there is a risk this may not be the case.
- 3.27. The specific assumptions of each scenario are shown in detail at **APPENDIX B** and in summary below:

Funding Stream	Key Assumptions
<b>Business Rates &amp; Transitional Grants</b>	
Business Rates Baseline Funding Level	Projected by expert with Finance Reform from 2025/26
Business Rates Growth	Three business rates scenarios, a Business Rate Reset in 2025/26 and different levels of growth retained post reset
Lower Tier, Services and Transitional Grants	From 2025/26 there will be different levels of transitional grant funding to mitigate the impact of Finance Reform
<b>New Homes Bonus</b>	
Central	Retained until 2025/26, projected housing growth and then abolished
More Optimistic	Retained in its current format with higher levels of housing growth
More Pessimistic	Retained until 2025/26, lower housing growth and then abolished
<b>Council Tax</b>	
Central	Projected housing growth and annual 1.5% Council Tax increases
More Optimistic	Higher housing growth and annual 2.99% Council Tax increases
More Pessimistic	Lower housing growth and an annual Council Tax freeze

- 3.28. The projected central scenario Revenue Budget (including approved and projected changes and a forward projection for 2026/27 from the 25 year model) is shown at **APPENDIX B** and in summary below:

	2022/23		2023/24	2024/25	2025/26	2026/27
	Original Budget £000	Approved Budget £000	£000	£000	£000	£000
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>MEDIUM</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
<b>Projected Revenue Expenditure</b>	<b>12,551</b>	<b>12,867</b>	<b>11,146</b>	<b>11,200</b>	<b>12,179</b>	<b>13,104</b>

Retained Business Rates Baseline Funding	(2,117)	(2,117)	(2,128)	(2,129)	(1,841)	(1,860)
Retained Business Rates Growth Allowance	(1,194)	(1,194)	(1,351)	(1,552)	(413)	(407)
Business Rates Cap	(174)	(490)	(850)	(925)	0	0
Lower Tier Services Grant	(95)	(95)	(87)	(87)	(374)	(414)
Services Grant	(146)	(146)	(146)	(146)	0	0
New Homes Bonus	(1,401)	(1,401)	(960)	(570)	0	0
Collection Fund (Surplus)/Deficit	32	32	(315)	0	0	0
Council Tax	(7,456)	(7,456)	(7,729)	(7,938)	(8,167)	(8,420)
<b>Central Scenario Revenue Funding</b>	<b>(12,551)</b>	<b>(12,867)</b>	<b>(13,566)</b>	<b>(13,347)</b>	<b>(10,795)</b>	<b>(11,101)</b>

<b>Central Scenario Budget Funding Gap / (transfer to general reserves)</b>	<b>0</b>	<b>0</b>	<b>(2,420)</b>	<b>(2,147)</b>	<b>1,384</b>	<b>2,003</b>
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<b>More Optimistic Scenario</b>	<b>0</b>	<b>0</b>	<b>(2,315)</b>	<b>(2,321)</b>	<b>348</b>	<b>689</b>
<b>More Pessimistic Scenario</b>	<b>0</b>	<b>0</b>	<b>(1,856)</b>	<b>(1,216)</b>	<b>1,166</b>	<b>2,520</b>

## The Projected MTFs and General Reserves

3.29. The Council has total general reserves available based on the central scenario, to manage the impact of Local Government Finance Reform and other risks such as the inflationary economic environment:

	2022/23		2023/24	2024/25	2025/26	2026/27
	Original Budget £000	Approved Budget £000				
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>MEDIUM</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
<b>Available General Reserves Year Start</b>	<b>5,246</b>	<b>5,246</b>	<b>4,476</b>	<b>7,201</b>	<b>9,348</b>	<b>7,964</b>
Money Matters Quarter 1	0	(1,050)	0	0	0	0
(Funding Gap)/transfer to General Reserves	0	0	2,420	2,147	(1,384)	(2,003)
Collection Fund Surplus	0	0	305	0	0	0
New Homes Bonus in excess of the 'Cap'	280	280	0	0	0	0
<b>Available General Reserves Year End</b>	<b>5,526</b>	<b>4,476</b>	<b>7,201</b>	<b>9,348</b>	<b>7,964</b>	<b>5,961</b>
Minimum Level	1,600	1,600	1,600	1,600	1,600	1,600
<b>Central Scenario General Reserves</b>	<b>7,126</b>	<b>6,076</b>	<b>8,801</b>	<b>10,948</b>	<b>9,564</b>	<b>7,561</b>
<b>More Optimistic scenario</b>	<b>7,126</b>	<b>6,076</b>	<b>8,696</b>	<b>11,017</b>	<b>10,669</b>	<b>9,980</b>
<b>More Pessimistic scenario</b>	<b>7,126</b>	<b>6,076</b>	<b>8,237</b>	<b>9,453</b>	<b>8,287</b>	<b>5,767</b>

3.30. At present, the minimum level of general reserves is approved at **£1,600,000**. However this level was approved prior to the increased risk presented by the current economic climate and is likely to increase.

### The Level of Council Tax

3.31. The Approved MTFs modelled that Council Tax would increase annually by **1.50%** with alternative options modelled below (additional income is enclosed by brackets):

	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Projection £000
<b>Approved MTFs Council Tax Income</b>	<b>(£7,456)</b>	<b>(£7,693)</b>	<b>(£7,935)</b>	<b>(£8,190)</b>	<b>(£8,407)</b>
Approved / Modelled Increase	1.50%	1.50%	1.50%	1.50%	1.50%
Council Tax Band D	£187.85	£190.67	£193.53	£196.43	£199.38
Draft Council Taxbase	39,695	40,534	41,016	41,579	42,233
<b>Draft MTFs Council Tax Income</b>	<b>(£7,456)</b>	<b>(£7,729)</b>	<b>(£7,938)</b>	<b>(£8,167)</b>	<b>(£8,420)</b>
<b>Annual change in Council Tax Income</b>	<b>£0</b>	<b>(£35)</b>	<b>(£3)</b>	<b>£23</b>	<b>(£13)</b>
<b>Cumulative change in Council Tax Income</b>	<b>£0</b>	<b>(£35)</b>	<b>(£38)</b>	<b>(£15)</b>	<b>(£29)</b>

<b>Modelled options and the impact on Council Tax income:</b>	<b>Total</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
2.99% in 2023/24 and then 1.50%	(£502)	(£149)	(£119)	(£97)	(£137)
Freeze in 2023/24 and then 1.50%	£448	£79	£115	£143	£111
Freeze in 2023/24 and 2024/25, then 1.50% and 2.99%	£85	£79	£115	£25	(£134)
Freeze in 2023/24 and then 1.99%	£211	£79	£77	£65	(£10)
Freeze in 2023/24 and 2024/25 then 1.50%	£805	£79	£230	£262	£234
Freeze in 2023/24 and 2024/25 then 1.99%	£688	£79	£230	£224	£155
Freeze in 2023/24 and 2024/25 then 2.99%	£447	£79	£230	£146	(£8)
Freeze in all years	£1,162	£79	£230	£379	£474

3.32. In recommending the level of Council Tax increase for 2023/24 and beyond, Cabinet will need to take into consideration the following key factors:

- The assumptions the Government utilises to calculate Core Spending Power in the Finance Settlement and Council Tax Referendum Principles for 2023/24 – maximum increases are applied
- The Council's Band D Council Tax and comparisons to other similar authorities
- The relevant budget principles approved by Council
- The projected funding gap from 2023/24 onwards, the significant level of uncertainty related to the economy, cost of living, Local Government Finance Reform and the legal requirement to set a balanced budget (taking into account the level of general reserves).
- Any freeze would mean a permanent loss of income and the Autumn Statement 2.99% maximum may, in line with inflation projections, be withdrawn as an option for future years.



## Options to reduce the Projected Funding Gap

- 3.33. A number of potential options to reduce the projected funding gap from 2025/26 (or 2024/25 with a one year settlement with finance reform that adversely affects the Council's funding streams in 2025/26) have been identified for consideration by the Committee:

Options	Investment £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
<b>Council Tax</b>					
Approve a maximum 2.99% Council Tax increase in 2023/24, therefore 1.49% higher than modelled, assumes 1.50% as modelled in each subsequent year		(149)	(119)	(97)	(137)
<b>Fees and Charges</b>					
Increase garden waste price to c£41 to recover full cost from 01/01/24 (LDC share of 60%)		(31)	(124)	(124)	(124)
General 2.5% increase in applicable fees and charges in 2026/27					(100)
<b>Sub Total</b>	<b>0</b>	<b>(180)</b>	<b>(243)</b>	<b>(221)</b>	<b>(361)</b>

<b>Capital Financing Savings</b>					
Utilise 'windfall' resources of c£3m to part fund the £5m leisure centre and use internal borrowing of £2m	3,000			(337)	(329)
Utilise internal borrowing to fund £2m of the £5m leisure centre @ 3%				(40)	(36)
<b>Sub Total</b>	<b>3,000</b>	<b>0</b>	<b>0</b>	<b>(377)</b>	<b>(365)</b>

<b>Total</b>	<b>3,000</b>	<b>(180)</b>	<b>(243)</b>	<b>(598)</b>	<b>(726)</b>
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<b>Alternative Capital Financing Savings</b>					
Utilise 'windfall' resources to fund unfinanced Chasewater Dam spend and remove Minimum Revenue Provision	636	(16)	(16)	(16)	(16)
Utilise 'windfall' resources to fund Friary Outer Car Park unfinanced spend, remove Minimum Revenue Provision & repay associated PWLB Loan	1,307	(37)	(37)	(36)	(36)
<b>Sub Total</b>	<b>1,943</b>	<b>(53)</b>	<b>(53)</b>	<b>(52)</b>	<b>(52)</b>

<b>Total</b>	<b>1,943</b>	<b>(233)</b>	<b>(296)</b>	<b>(273)</b>	<b>(413)</b>
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- 3.34. The level of general reserves available enable a strategic approach to be taken to balancing the budget.
- 3.35. Therefore a series of options based primarily around income generation and capital financing savings (using projected windfall income from the finance settlement with other options possible once actual windfall income is known following the finance settlement) have been identified.
- 3.36. These options have been identified because they are relatively easy to implement and do not impact significantly on the ability of the Council to provide sustainable services in a very volatile environment.
- 3.37. Alternative options focused on more fundamental reform including changes to service delivery, service standards or delivery models can be considered on a case by case basis and when the Lichfield District 2050 plan has been developed.
- 3.38. In addition, Members of the Committee may be able to identify further options that could be considered as part of the development of the Medium Term Financial Strategy.

<b>Alternative Options</b>	In the main, the options are focused on the level of resource allocated to Strategic Priorities, the strategy to be utilised to achieve a balanced budget and the level of Council Tax increase. These options are considered in the Report.
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Consultation	<p>There is a duty under S65 Local Government Finance Act 1992 to consult ratepayers (or bodies appearing to represent ratepayers) about proposed expenditure prior to calculating the Council Tax requirement under S31a (England).</p> <p>The consultation project commenced in June 2022 and will run through to December 2022. This could facilitate rapid analysis of the results of the consultation before a final feedback report is submitted in January 2023.</p>
Financial Implications	These are contained in the background section of the report.
Approved by Section 151 Officer	Yes
Legal Implications	<p>No specific legal implications.</p> <p>The recommended changes to the Medium Term Financial Strategy are not part of the approved Budget Framework and will require the approval of Full Council.</p>
Approved by Monitoring Officer	Yes
Contribution to the Delivery of the Strategic Plan	The report directly links to overall performance and especially the delivery of the Strategic Plan.
Equality, Diversity and Human Rights Implications	These areas are addressed as part of the specific areas of activity prior to being included in the Strategic Plan.
Crime & Safety Issues	These areas are addressed as part of the specific areas of activity prior to being included in the Strategic Plan.
Environmental Impact	These areas are addressed as part of the specific areas of activity prior to being included in the Strategic Plan.
GDPR / Privacy Impact Assessment	There are no specific implications related to the Medium Term Financial Strategy.

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
<b>Strategic Risk SR1 - Non achievement of the Council's key priorities contained in the Strategic Plan due to the availability of Finance</b>				
A	Council Tax is not set by the Statutory Date of <b>11 March 2023</b>	Likelihood : Green Impact : Red Severity of Risk : Yellow	Full Council set with reference to when major preceptors and Parishes have approved their Council Tax Requirements.	Likelihood : Green Impact : Red Severity of Risk : Yellow
B	Implementation of the Check, Challenge and Appeal Business Rates Appeals and more frequent revaluations	Likelihood : Yellow Impact : Red Severity of Risk : Red	To closely monitor the level of appeals. An allowance for appeals has been included in the Business Rate Estimates.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
C	The review of the New Homes Bonus regime	Likelihood : Red Impact : Red Severity of Risk : Red	The Council responded to the consultation. In the Approved MTFs, no income is assumed from 2023/24 onwards.	Likelihood : Red Impact : Yellow Severity of Risk : Yellow

D	The increased Localisation of Business Rates and the Review of Needs and Resources	Likelihood : Red Impact : Red Severity of Risk : Red	To assess the implications of proposed changes and respond to consultations to attempt to influence the policy direction in the Council's favour.	Likelihood : Red Impact : Red Severity of Risk : Red
E	The affordability and risk associated with the Capital Strategy	Likelihood : Yellow Impact : Red Severity of Risk : Red	A property team has been recruited via the Company to provide professional expertise and advice in relation to property and to continue to take a prudent approach to budgeting.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
F	Sustained higher levels of inflation in the economy	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow	To maintain a watching brief on economic forecasts, ensure estimates reflect latest economic projections and where possible ensure income increases are maximised to mitigate any additional cost.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow

**Strategic Risk SR3: Capacity and capability to deliver / strategic plan to the emerging landscape**

G	The Council cannot achieve its approved Delivery Plan for 2023/24	Likelihood : Yellow Impact : Red Severity of Risk : Red	There will need to be consideration of additional resourcing and/or reprioritisation to reflect the ongoing impact of the pandemic.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
H	The resources available in the medium to longer term to deliver the Strategic Plan are diminished	Likelihood : Yellow Impact : Red Severity of Risk : Red	The MTFS will be updated through the normal review and approval process.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
I	Government and Regulatory Bodies introduce significant changes to the operating environment	Likelihood : Red Impact : Red Severity of Risk : Red	To review all proposed policy changes and respond to all consultations to influence outcomes in the Council's favour.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow

**Background documents**

- Medium Term Financial Strategy (Revenue and Capital) 2021-2026 (MTFS) – Cabinet 8 February 2022
- Money Matters: 2021/22 Review of Financial Performance against the Financial Strategy – Cabinet 7 June 2022
- Local Council Tax Support Scheme Review – Cabinet 5 April 2022
- Medium Term Financial Strategy (MTFS) – Cabinet 11 July 2022
- Local Council Tax Support Scheme Permission to Consult – Cabinet 11 July 2022
- Money Matters: 2022/23 Review of Financial Performance against the Financial Strategy – Cabinet 6 September 2022
- Money Matters: Review of Reserves – Cabinet 6 September 2022
- Lichfield District Youth Council – Policy Proposal – Cabinet 6 September 2022
- Joint Venture – A cinema for Lichfield District – Cabinet 11 October 2022
- Medium Term Financial Strategy (Revenue and Capital) 2023-27 – Cabinet 11 October 2022
- Money Matters: 2022/23 Review of Financial Performance against the Financial Strategy – Cabinet 6 December 2022
- Money Matters : Calculation of Business Rates 2023/24, Council Tax Base for 2023/24 and the projected Collection Fund Surplus / Deficit for 2022/23 – Cabinet 6 December 2022

**Relevant web links**

## The Autumn Statement key announcements about funding and investment for District Councils

### Council Tax

- From April 2023, the referendum limit for increases in council tax will rise to 3% per year or £5, whichever is greater (note that the £5 flexibility is not specified in the official documentation but the Department for Levelling Up and HM Treasury have confirmed that it will be available).
- In addition, local authorities with social care responsibilities will be able to increase the adult social care precept by up to 2% per year.

### Grant funding

- The Autumn Statement provides little detail about grant funding beyond stating that departmental budgets will be protected in cash terms in 2023-24 and 2024-25 and then will grow by 1% per year in real terms in the following three years.
- Departmental funding and local government funding will be adjusted to reflect the fact that the Health and Social Care Levy (i.e. increase to National Insurance) has been reversed.
- This is likely to mean that the One-Off Services Grant will be reduced in 2023-24.

### Business rates

- There are several changes to the business rates regime. The key point from a funding perspective is that there is an explicit commitment that local authorities will be fully compensated for the loss of income as a result of all business rates measures announced in the Autumn Statement and will receive new burdens funding for administrative and IT costs.
- The changes are:
  - **Revaluation:** from 1 April 2023, business rate bills in England will be updated to reflect changes in property values since the last revaluation in 2017. A package of support worth £13.6 billion over the next 5 years will support businesses as they transition to their new bills.
  - **Multipliers:** business rates multipliers will be frozen in 2023-24 at 49.9 pence and 51.2 pence, preventing them from increasing to 52.9 pence and 54.2 pence. This will mean bills are 6% lower than without the freeze, before any reliefs are applied.
  - **Transitional relief scheme:** Upwards Transitional Relief will support properties by capping bill increases caused by changes in rateable values at the 2023 revaluation. This £1.6 billion of support will be funded by the Exchequer rather than by limiting bill decreases, as at previous revaluations. The 'upward caps' will be 5%, 15% and 30%, respectively, for small, medium, and large properties in 2023-24. They will be applied before any other reliefs or supplements.
  - **Retail, Hospitality and Leisure Relief:** support for eligible retail, hospitality, and leisure businesses is being extended and increased from 50% to 75% business rates relief up to £110,000 per business in 2023-24.
  - **Supporting Small Business Scheme (SSBS):** bill increases for the smallest businesses losing eligibility or seeing reductions in SBRR or Rural Rate Relief (RRR) will be capped at £600 per year from 1 April 2023.
  - **Improvement Relief:** at Autumn Budget 2021 the government announced a new improvement relief to ensure ratepayers do not see an increase in their rates for 12 months as a result of making qualifying improvements to a property they occupy. This will now be introduced from April 2024 and be available until 2028.

### Capital investment

- **Levelling Up Fund (LUF):** the second round of LUF will go ahead. It will allocate at least £1.7 billion to priority local infrastructure projects. Successful bids will be announced before the end of the year.

### Social housing

- Rents for social housing will be capped at 7% in 2023-24. This is higher than the 5% cap on which the government consulted in the summer but is lower than the current arrangement for rents to rise by CPI +1%.

### Other Announcements

- **Household Support Fund** will be extended for the whole of 2023-24 with total funding of £1 billion (including for devolved nations). The announcement does not specify which councils will administer the extended fund. Our assumption is that funding will continue to be channelled through county councils in two-tier areas.
- **National Living Wage** will increase for individuals aged 23 and over by 9.7% to £10.42 an hour from 1 April 2023.
- **Devolution:** a new mayoral devolution deal has been agreed for Suffolk under the county deal framework. The Autumn Statement contains no detail about the scope of the deal. The government has announced that “good progress is also being made towards signing a deal with Norfolk County Council”.

## Central Scenario Projected Revenue Budgets

	2022/23 Original Budget £000	2022/23 Approved Budget £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>MEDIUM</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
Enabling people	1,527	1,339	1,421	1,416	1,423	1,453
Shaping place	4,083	4,215	4,353	4,492	4,591	4,719
Developing prosperity	(436)	(126)	(639)	(659)	(699)	(606)
A good council	6,919	8,644	5,824	5,993	6,195	6,744
COVID-19 (allocated to car parking income)	377	0	0	0	0	0
Money Matters 3 Months	0	0	0	0	0	0
Lichfield District Youth Council	0	0	20	30	0	0
Money Matters 6 Months	0	316	82	82	57	265
Updated Expenditure Projections	0	0	368	59	844	836
<b>Net Cost of Services</b>	<b>12,470</b>	<b>14,388</b>	<b>11,429</b>	<b>11,413</b>	<b>12,411</b>	<b>13,411</b>
Corporate expenditure	(198)	(751)	(282)	(213)	(232)	(307)
<b>Projected Net Operating Cost</b>	<b>12,272</b>	<b>13,637</b>	<b>11,147</b>	<b>11,200</b>	<b>12,179</b>	<b>13,104</b>
Retained Business Rates Baseline Funding	(2,306)	(2,117)	(2,128)	(2,129)	(1,841)	(1,860)
Retained Business Rates Growth Allowance	(1,005)	(1,194)	(1,351)	(1,552)	(413)	(407)
Business Rates Cap	(174)	(490)	(850)	(925)	0	0
Lower Tier Services Grant	(95)	(95)	(87)	(87)	(374)	(414)
Services Grant	(146)	(146)	(146)	(146)	0	0
New Homes Bonus	(1,401)	(1,401)	(960)	(570)	0	0
Collection Fund (Surplus)/Deficit	32	32	(316)	0	0	0
Council Tax - assumes 1.50% modelled increase	(7,456)	(7,456)	(7,728)	(7,938)	(8,167)	(8,420)
<b>Projected Total Funding</b>	<b>(12,551)</b>	<b>(12,867)</b>	<b>(13,566)</b>	<b>(13,347)</b>	<b>(10,795)</b>	<b>(11,101)</b>
Transfer to or (from) general reserves	0	(1,050)	0	0	0	0
New Homes Bonus (Transfer to general reserves)	280	280	0	0	0	0
<b>Projected Central Scenario Budget Funding Gap</b>	<b>0</b>	<b>0</b>	<b>(2,420)</b>	<b>(2,147)</b>	<b>1,384</b>	<b>2,003</b>

<b>Business Rates</b>						
Business Rates Reset/Fair Funding Review					Yes	Yes
Transitional Funding					Yes	Yes
<b>New Homes Bonus</b>						
Band D Housing Growth above the Baseline	451	451	551	344	322	402
Affordable Housing growth	132	132	332	107	103	119
<b>Council Tax</b>						
Modelled Council Tax Increase	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Band D Housing Growth	501	501	507	489	567	659

## Reconciliation of the Original Budget Funding Gap to the Central Scenario Projected Funding Gap

	Cabinet or Decision Date	2022/23	2023/24	2024/25	2025/26	2026/27
		£000	£000	£000	£000	£000
<b>Original Budget Council 22/02/2022</b>		0	726	765	732	905
<b>Approved Changes</b>						
Pension Contributions	05/04/2022	0	(32)	(151)	(272)	10
Money Matters 3 Months	06/09/2022	1,050	0	0	0	0
Lichfield District Youth Council	06/09/2022	0	20	30	0	0
Transfer from General Reserves	06/09/2022	(1,050)	0	0	0	0
Money Matters 6 Months	06/12/2022	0	82	82	57	265

<b>Updated Expenditure Projections</b>
Updated inflation pressures
Additional cost of £5m borrowing for the leisure centre
Underwriting rent for former Debenhams
External Audit projected fee increase
Transitional protection related to the TOM
Budget pressures less savings
Assume a one year delay in external borrowing £5m for the leisure centre
<b>Sub Total</b>

Included Above	325	350	605	603
	0	153	147	141
	12	0	0	0
	86	86	86	86
	20	10	0	0
	(75)	(93)	(4)	(4)
	0	(447)	10	10
	<b>368</b>	<b>59</b>	<b>844</b>	<b>836</b>

<b>Updated Central Scenario Funding Projections</b>
Retained Business Rates Baseline Funding
Retained Business Rates Growth Allowance
Business Rates Cap
Lower Tier Services Grant
Services Grant
New Homes Bonus
Collection Fund (Surplus)/Deficit
Council Tax
<b>Sub Total</b>

Included Above	(329)	(303)	22	40
	(809)	(898)	352	374
	(850)	(925)	0	0
	(87)	(87)	(374)	(414)
	(146)	(146)	0	0
	(960)	(570)	0	0
	(368)	0	0	0
	(35)	(3)	23	(13)
	<b>(3,584)</b>	<b>(2,932)</b>	<b>23</b>	<b>(13)</b>

<b>Projected Central Scenario Budget Funding Gap</b>
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<b>(2,420)</b>	<b>(2,147)</b>	<b>1,384</b>	<b>2,003</b>
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## More Optimistic Projected Revenue Budgets

	2022/23		2023/24	2024/25	2025/26	2026/27
	Original Budget £000	Approved Budget £000				
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>MEDIUM</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
<b>Projected Net Operating Cost</b>	<b>12,551</b>	<b>12,867</b>	<b>11,146</b>	<b>11,200</b>	<b>12,179</b>	<b>13,104</b>

Retained Business Rates Baseline Funding	(2,117)	(2,117)	(2,128)	(2,129)	(1,841)	(1,860)
Retained Business Rates Growth Allowance	(1,194)	(1,194)	(1,340)	(1,625)	(815)	(837)
Business Rates Cap	(174)	(490)	(850)	(925)		
Lower Tier Services Grant	(95)	(95)				
Services Grant	(146)	(146)				
New Homes Bonus	(1,401)	(1,401)	(960)	(611)	(574)	(712)
Collection Fund (Surplus)/Deficit	32	32	(316)	0	0	0
Council Tax	(7,456)	(7,456)	(7,867)	(8,231)	(8,601)	(9,006)
<b>Projected Revenue Funding</b>	<b>(12,551)</b>	<b>(12,867)</b>	<b>(13,461)</b>	<b>(13,521)</b>	<b>(11,831)</b>	<b>(12,415)</b>

<b>Projected Budget Funding Gap</b>	<b>0</b>	<b>0</b>	<b>(2,315)</b>	<b>(2,321)</b>	<b>348</b>	<b>689</b>
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<b>Business Rates</b>						
Business Rates Reset/Fair Funding Review					Yes	Yes
Transitional Funding					No	No
<b>New Homes Bonus</b>						
Band D Housing Growth above the Baseline	537	537	551	368	345	430
Affordable Housing growth	268	268	332	114	110	127
<b>Council Tax</b>						
Modelled Council Tax Increase	1.50%	1.50%	3.00%	3.00%	3.00%	3.00%
Band D Housing Growth	501	501	541	521	605	703



## More Pessimistic Scenario Projected Revenue Budgets

	2022/23		2023/24	2024/25	2025/26	2026/27
	Original Budget £000	Approved Budget £000				
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>MEDIUM</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
<b>Projected Net Operating Cost</b>	<b>12,551</b>	<b>12,867</b>	<b>11,146</b>	<b>11,200</b>	<b>12,179</b>	<b>13,104</b>

Retained Business Rates Baseline Funding	(2,117)	(2,117)	(2,128)	(2,129)	(1,841)	(1,860)
Retained Business Rates Growth Allowance	(1,194)	(1,194)	(1,340)	(1,625)	(609)	(634)
Business Rates Cap	(174)	(490)	(850)	(925)		
Lower Tier Services Grant	(95)	(95)			(1,027)	(474)
Services Grant	(146)	(146)				
New Homes Bonus	(1,401)	(1,401)	(960)	(270)		
Collection Fund (Surplus)/Deficit	32	32	(316)	0	0	0
Council Tax	(7,456)	(7,456)	(7,408)	(7,467)	(7,536)	(7,616)
<b>Projected Revenue Funding</b>	<b>(12,551)</b>	<b>(12,867)</b>	<b>(13,002)</b>	<b>(12,416)</b>	<b>(11,013)</b>	<b>(10,584)</b>

<b>Projected Budget Funding Gap</b>	<b>0</b>	<b>0</b>	<b>(1,856)</b>	<b>(1,216)</b>	<b>1,166</b>	<b>2,520</b>
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<b>Business Rates</b>						
Business Rates Reset/Fair Funding Review					Yes	Yes
Transitional Funding					Yes	Yes
<b>New Homes Bonus</b>						
Band D Housing Growth above the Baseline	537	537	551	159	145	198
Affordable Housing growth	268	268	332	71	69	80
<b>Council Tax</b>						
Modelled Council Tax Increase	1.50%	1.50%	0.00%	0.00%	0.00%	0.00%
Band D Housing Growth	501	501	338	326	378	439

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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