

CABINET

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MEDIUM TERM FINANCIAL STRATEGY

1. Decision:

The Cabinet:

- 1.1. Noted the approach to developing the refreshed Medium Term Financial Strategy.
- 1.2. Delegated to the Cabinet Member for Finance and Commissioning, responsibility to agree the form and timetable for the Budget Consultation covering 2024/25
- 1.3. Recommended to Council to update the Capital Programme to include the Rural England Prosperity Funding of £400,000 as shown in the financial implications section of the Cabinet report

2. Statement of Reasons:

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.

The MTFS was approved by Council on 28 February 2023, and this is refreshed each year to:

- Remove the previous financial year and in this MTFS this is 2022/23
- Formally add the new financial year and in this MTFS this is 2027/28
- Refresh and update assumptions to reflect the latest information available.

The MTFS is the overall budget framework and consists of the Revenue Budget, Capital Strategy and Capital Programme, Earmarked Reserves and General Reserves.

There have been reports to Cabinet and Council that have updated the MTFS since its initial approval.

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.

The timetable for consideration of the various elements of financial planning is shown in detail at APPENDIX A of the Cabinet report and the elements related to MTFS development are summarised in the table shown on the Cabinet report.

There remains an inherently high level of uncertainty surrounding the Local Government Finance regime with the cost of living crisis and other potential Government Policy changes.

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

The Approved Capital Programme together with a projection for 2027/28 from the longer term capital investment model, is also included for consideration.

3. Any Alternative Options:

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 and these will be considered as part of the refresh of the Medium Term Financial Strategy.

PROCUREMENT MATTERS UPDATE 2022/23

1. Decision:

The Cabinet:

- 1.1. Noted the contents of the Cabinet report and the planned actions in the Action Plan for 2023/24, the updated self-assessment against the National Procurement Strategy, progress on the Future Procurement Plan for 2022/23 and the Future Procurement Plan 2023/24.
- 1.2. Noted the update on Modern Slavery and Human Trafficking for 2021/22 and 2022/23.

2. Statement of Reasons:

The Procurement Team was established in Oct/Nov 2020 and the Procurement Strategy was approved in December 2020.

This is the third Procurement Matters report to Cabinet covering 2022/23 and provides an update on progress made on:

- The Action Plan in APPENDIX A and Key Performance Indicators in the Cabinet report.
- The third self-assessment against the National Procurement Strategy Maturity Assessment in APPENDIX B of the Cabinet report.
- The Future Procurement Plan for 2022/23 in APPENDIX C of the Cabinet report.

We have also provided a Future Procurement Plan for 2023/24 at APPENDIX D of the Cabinet report and further information on future changes taking place in the Procurement environment, the wider work undertaken by the Procurement Team and an update on Modern Slavery and Human Trafficking.

3. Any Alternative Options:

The Council could decide that a new Procurement Strategy is needed and develop one that is different in the outcomes it would like to achieve.

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 MTFs
- 1.2. Noted the transfers to or from general and earmarked reserves at 31 March 2023
- 1.3. Approved £1,294,000 of Capital programme slippage related to 2022/23 being added to the Approved Budget in 2023/24 and 2024/25 as outlined at APPENDIX D of the Cabinet report.
- 1.4. Delegated responsibility to the Cabinet Member for Finance and Commissioning and the Assistant Director Finance and Commissioning to make updates to Prudential Indicators based on more up to date information as the accounts are finalised in advance of approval by Council
- 1.5. Approved an increase in the budget of Burntwood Leisure Centre project in 2023/24 by £173,000. This will be funded by transferring £88,000 from the Building a Better Council budget and £85,000 from the Freedom Leisure exit payment (approved by Council for this purpose).
- 1.6. Recommended to Council to approve the actual 2022/23 Prudential Indicators.

2. Statement of Reasons:

The report covers the financial performance for the financial year 2022/23.

Revenue Budget financial performance was £90,665 higher than budget and therefore has increased the contribution from General Reserves from (£770,250) to (£860,915).

The use of COVID reserves as projected has resulted in earmarked reserves reducing by £2,055,224 (12%).

The level of General Reserves at 31 March 2023 is £5,984,664 and this is (£1,182,946) lower than the Original Budget of £7,167,610 and (£90,665) lower than the Approved Budget of £6,075,329.

The Capital Programme was (£1,177,055) lower than the Approved Budget with under performance on the Birmingham Road Site Enabling Works (£385,000), Disabled Facilities Grants (£181,327) and Cinema Development (£175,613) being the most significant projects.

Income from Capital Receipts was lower than the Approved Budget by £699,990. The main reason is that planned sale of Venture House was not completed.

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

- Council Tax collection in year performance was 98.10% (98.25% in 2021/22), total arrears were £4,013,819 and the Council's share was £743,715 (£3,670,956 and £703,991 in 2021/22).

- The Council Tax Collection Fund was in surplus as projected, with the Council's c13% share being (£169,267) compared to the Approved Budget of (£63,180). This additional income of (£106,087) will be included in the 2024/25 budget.
- Sundry Debt for income to be collected in 2022/23 has increased by £376,336 compared to 2021/22 and the value outstanding at 31 March 2023 has increased by £486,878.
- Retained Business Rate Income was (£3,624,648) compared to the Approved Budget of (£3,447,000).
- The Business Rates Collection Fund was in surplus as projected, with the Council's 40% share being (£700,316) compared to the Approved Budget of (£242,000). This additional income of (£458,316) will be included in the 2024/25 budget.
- Business Rates collection in year performance was 99.20% (98.80% in 2021/22), total arrears were £871,210 and the Council's share was £354,258 (£1,353,079 and £545,258 in 2021/22).
- The payment of suppliers within 30 days was 92.70% which now exceeds the current 90% target with the aim being to pay 100%.

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:

The Council could decide that a new Procurement Strategy is needed and develop one that is different in the outcomes it would like to achieve.

A CINEMA FOR LICHFIELD DISTRICT

1. Decision:

The Cabinet:

- 1.1. a) Noted the progress made on the creation of a joint venture partnership with Evolve Estates, to bring forward a new cinema and associated food and beverage (F&B) units in the old Debenhams unit in the retail centre.

b) Noted the detailed information provided on the financial standing of Evolve Estates, and independent valuations of the full site, the Debenham's building, and the retail units proposed for exchange.
- 1.2. Agreed and recommended to Full Council that Lichfield District Council's freehold ownership of the Three Spires Shopping Centre site (excluding the Debenham's building and six retail units no's 32 – 44 Baker Lane) be exchanged for the leasehold of the same six retail properties
- 1.3. Approved the Leader, Chief Executive and another Member of Leadership Team being the Council's three representatives on the LLP Board.
- 1.4. Approved delegated authority to the Cabinet Member for Finance and Commissioning in consultation with the Assistant Director – Finance and Commissioning (S151) and Monitoring officer (as non-LLP Board Members) to approve the Business Plan and any other documents pertinent to the operation of the LLP on behalf of the Council subject to financial implications remaining within the approved budget framework.
- 1.5. Delegated authority to the Leader and Chief Executive in consultation with the Monitoring Officer and the Section 151 Officer to complete all contracts and demolition related to enabling works on the Birmingham Road Site subject to the financial implications being within Approved Budgets.
- 1.6. Recommended to Council to update the Medium-Term Financial Strategy:
 - To reflect the financial and accounting implications related to the land exchange, the projected payment of Stamp Duty Land Tax for the leasehold units of £104,000 and to fund this cost from the former car park reserve approved to deliver the Lichfield City Masterplan.
 - To increase the budget in the Capital Programme for the Joint Venture loan advance to reflect additional cost inflation by £439,000 from £5,349,000 to £5,788,000 and to fund this additional capital investment from the former car park reserve approved to deliver the Lichfield City Masterplan.
 - To continue with the approach that the revenue budget is based on a budget neutral (no surplus or deficit is included) position. In addition, capital receipts related to the loan repayment will at this stage not be included in projections until more informed financial projections are provided through the Business Plan. Any future changes following receipt of the Business Plan will be reported in line with the Council's budget monitoring and any budget approvals will be in line with the budget framework.

2. Statement of Reasons:

This paper provides Cabinet with an update on progress with the creation of a new joint venture partnership, a Limited Liability Partnership (LLP), with Evolve Estates, through which a new cinema and associated food and beverage (F&B) units will be developed in the former Debenhams unit in the Three Spires shopping centre.

It updates Cabinet on the outcome of negotiations with Evolve Estates over the structure and detail of the LLP and introduces a proposal for the exchange of the Council's freeholding of the site, for six retail units, to be included in the final structure of the deal.

It provides Cabinet with an update on the financial standing of Evolve Estates, and independent valuations of the full site, the Debenham's building, the retail units proposed for exchange.

It also provides recommendations to manage the ongoing relationship and potential conflicts of interest between the Joint Venture and the Council.

3. Any Alternative Options:
