

# Public Document Pack

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Monday, 22 January 2024

Dear Sir/Madam

## OVERVIEW & SCRUTINY COMMITTEE

A meeting of the Overview & Scrutiny Committee has been arranged to take place **TUESDAY, 30TH JANUARY, 2024 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 cursive script that reads 'Kerry Dove'.

Kerry Dove  
Chief Operating Officer

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

Councillors Norman (Chair), Leung (Vice-Chair), Ball, Booker, Ho, Hawkins, Holland, Trent, Ray, Robertson, Whitehouse, Woodward and B Yeates



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## AGENDA

1. Apologies for Absence
2. Declarations of Interests
3. Minutes of the Previous Meeting 3 - 6
4. **Health Matters** 7 - 12  

To receive updates of the work of the County Council's Health and Care Overview & Scrutiny Committee, feedback issues via our representative on that Committee (Cllr L. Leung) and consider any health-related matters devolved to us by that Committee. The work programme is attached to aid Members.
5. Notes from Task Groups 13 - 14
6. Empty Homes - Update 15 - 20
7. **Governance of Planning Obligations - Strategic Infrastructure Group and allocation of Community Infrastructure Levy** 21 - 32  

*Item Includes 'Funding for Infrastructure in Burntwood and rural areas'*
8. **Medium Term Financial Strategy** 33 - 88  

*Item includes 'Financial Planning'*
9. Work Programme 89 - 92



## OVERVIEW & SCRUTINY COMMITTEE

19 DECEMBER 2023

### PRESENT:

Councillors Norman (Chair), Leung (Vice-Chair), Ball, Booker, Ho, Ray, Robertson and Woodward

### 45 APOLOGIES FOR ABSENCE

Apologies were received from Councillors Holland, Trent, Whitehouse and Yeates.

### 46 DECLARATIONS OF INTERESTS

No declarations of interest were received.

### 47 MINUTES OF THE PREVIOUS MEETING

The public minutes of the previous meeting, held on 30 November 2023, were taken as read and approved as a correct record.

### 48 HEALTH MATTERS

The Vice-Chair updated the committee on the discussions of Staffordshire County Council Health and Care Overview and Scrutiny Committee. She confirmed that the check marks on the side of the work programme relate to when actions have been completed. The Vice-Chair confirmed she would share the SCC Winter Surge Plan with committee members. The Vice-Chair confirmed she would get an update to committee regarding Items 13 and 16 on the SCC work programme. She was asked about the Falls Response programme being operated by the Fire and Rescue Service and agreed to give feedback on this although the minutes were on the County Council's website.

The Vice-Chair updated the committee on the Samuel Johnson birth centre. She confirmed the temporary closure was ongoing due to a shortage of midwives and a lack of demand for the centre pre-Covid that increased the risk of staff becoming de-skilled.

Members asked the Vice-Chair to raise where social prescribers may refer patients to, public health prevention and issues with travel between Lichfield and Burton Hospital on the A38, at the next opportunity.

### 49 TASK GROUP NOTES

The Chair of the Lichfield City Masterplan Task Group updated the committee on the discussions of the last meeting on October 24th, 2023. He stated that members were certainly not unanimous in their views of the Georgian design focus. He confirmed that disabled parking and communication about the project were discussed by members at the Task Group, whilst marketing would be discussed at an upcoming meeting.

### 50 PLANNING COMMITTEE PROTOCOL

Lizzie Barton (Assistant Director Resident and Business Services) presented the report, alongside Artemis Christophi (Planning Management & Transformation Consultant) and Councillor Tom Marshall (Chair of Planning Committee).

It was confirmed that there are protocols for committee members and non-committee members. Three central issues were highlighted for feedback from O&S:

1. How to process member call-ins following a member departure, either as a result of an election seat change, bi-election seat change, standing down or death.
2. How to provide member support for both views (objectors and applicants) in single member wards/ward where only one member is not a member of the planning committee.
3. Speaking times at committee.

Point 1:

Artemis Christophi clarified that Parish Councils can call in applications if they meet the necessary criteria. Some other authorities require a minimum of 2 members to request a call-in. The fundamental rule is that all call-ins must be done on valid material grounds and all authorities report those grounds at some stage during the process.

Members expressed unease at asking substitute councillors to speak at planning committee based on their political party and believed the process should remain apolitical and instead focus on adding detailed local context to the issue through members knowledge of the ward and residents.

Members noted that residents also have the opportunity to submit objections prior to the application appearing at planning committee.

Members believed that whilst councillors have a responsibility to represent residents, necessitating a member to represent a particular view on a planning issue would not be appropriate.

Members expressed support for continuing to allow call-ins and the opportunity for ward members to have their views read out at committee if they are unable to attend.

Point 2:

Officers sought the committee's views on whether residents living in a single member ward could seek representation from an alternative member if their councillor did not share their view.

Members noted this could potentially provide an unfair advantage to residents living in single member wards, who would be able to seek representation from all 47 councillors, whilst those living in multi-member wards may find that all of their councillors still disagree with their view. It also risks involving members who do not understand the local issues as intricately as the ward member.

It was suggested that defining the role of councillors speaking at planning committee as a voice of the ward may be beneficial. The committee supported this suggestion.

Point 3:

Artemis Christophi confirmed the authority does not ask the applicant or agent for permission to impose conditions, but that they are imposed outright if members feel that is fit.

Lizzie Barton highlighted that a number of recent planning committees have had standing orders suspended and public applications deferred to the following meetings. There is a

concern officers may need to organise meetings based on how contentious they feel an item may be. Based on an analysis of recent meetings, she noted that:

- Moving forwards, officers are working towards 5 minutes maximum, unless on complex cases.
- Ward members often don't speak and when they do, they do not use the ten minutes allotted.
- Applicants/agents often use the full five minutes.

It was confirmed that with permission of the Chair, an extension to speaking times can be allowed in complex cases. Members noted that councillors should be encouraged to write to officers in advance of the meeting with their concerns about any application.

Members expressed support for reducing the speaking time at planning committee meetings to 3 minutes for objectors, 3 minutes for applicants/their agents and 3 minutes for ward members.

Members also suggested looking at the length of debates during planning committee meetings and how to ensure that can best follow the structured format.

- Members asked if the committee size could be changed.

*It was confirmed that the size of planning committees can vary between authorities.*

- Members asked whether site visits should again be considered.

*It was confirmed that site visits are under discussion and it was hoped committee members would undertake an escorted site visit to all items on a planning committee agenda in the company of planning officers. The technicalities of this are currently being ironed out.*

Members supported exploring the idea of pre-briefing meetings before planning committees to run members through the presentations in advance.

**RESOLVED:** The committee provided views and feedback to officers on changes to the Planning Committee Protocol, as well as suggesting potential further reforms to be explored.

## 51 WORK PROGRAMME

Members confirmed that they would like a briefing note on Youth Council Performance in January 2024, with the possibility of a wider agenda item in April 2024.

It was confirmed that the aim is to have a Civic Review Task & Finish group, constituted and running in early 2024. Members suggested this Task Group could then report its findings to the April 2024 O&S committee meeting.

Members raised the request for a Public Transport Task Group and debated whether the aims of this group may be better achieved through an item to be discussed at committee. O&S could invite bus operators and highways officers as part of this discussion.

Members highlighted that inviting officers and members from Staffordshire County Council to the committee, could also be an effective way to address the aims of the proposed Local Health Matters Task Group. The Vice-Chair confirmed a request had been made to SCC to attend LDC for discussions regarding health matters.

It was suggested these issues may be better raised at the Staffordshire Leaders Board, or a similar forum instead.

**52 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

**53 CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING**

The confidential minutes of the previous meeting, held on 30 November 2023, were taken as read and approved as a correct record.

(The Meeting closed at 8.23 pm)

CHAIRMAN



## **Health and Care Overview and Scrutiny Committee Work Programme 2023/24**

This document sets out the work programme for the Health and Care Overview and Scrutiny Committee for 2023/24.

The Health and Care Overview and Scrutiny Committee is responsible for:

- Scrutiny of matters relating to the planning, provision and operation of health services in the Authority's area, including public health, in accordance with regulations made under the Health and Social Care Act 2001 and subsequent guidance.
- Scrutiny of the Council's work to achieve its priorities that Staffordshire is a place where people live longer, healthier and fulfilling lives and In Staffordshire's communities people are able to live independent and safe lives, supported where this is required (adults).

### **Link to Council's Strategic Plan Outcomes and Priorities**

- Inspire healthy, independent living
- Support more families and children to look after themselves, stay safe and well

We review our work programme at every meeting. Our focus in scrutiny is on tangible outcomes for the residents of Staffordshire, to use the data provided and members experience to debate and question the evidence, to provide assurance in what is being done and reassurance that matters within the health and care system are moving in the right direction. Scrutiny of an issue may result in recommendations for NHS organisations in the county, the County Council and for other organisations.

To review our meetings they can be found on this link: [Browse meetings - Health and Care Overview and Scrutiny Committee](#)

**Councillor Jeremy Pert**

**Chairman of the Health and Care Overview and Scrutiny Committee**

<b>Health and Care Overview and Scrutiny Work Programme</b>				
<b>Date</b>	<b>Topic</b>	<b>Background/ Basis</b>	<b>Actions/ Outcomes</b>	
<b>Monday 12 June 2023 at 10.00 am</b> Completed	<ul style="list-style-type: none"> <li>• Primary Care Dental Overview</li> <li>• Primary Care Access</li> <li>• Primary Care Estate</li> <li>• Work Programme 2023-24</li> </ul>	Reports as identified in the Work Programme  Annual update of Work Programme	1. The Committee receive a briefing on the delivery of orthodontics in Staffordshire. This will form a part of the next dentistry update at Committee.	
			2. The Committee wrote to the ICB and Keele university to support a dental school at Keele University.	✓
			3. The Committee receive a briefing note on the model for assessing new development sites.	
			4. The Committee congratulated Midlands Partnership Foundation Trust on gaining University Hospital status.	✓
			5. The membership of the Women's Health Strategy Working Group: <ul style="list-style-type: none"> <li>a. Janice Silvester-Hall</li> <li>b. Ann Edgeller</li> <li>c. Monica Holton</li> <li>d. Jill Hood</li> <li>e. Val Chapman</li> </ul>	✓
			6. The membership of the Integrated Care Hubs Working Group be updated outside of the meeting and be reported back at the next meeting. <ul style="list-style-type: none"> <li>a. Richard Cox</li> <li>b. John Jones (SMDC)</li> <li>c. Barbara Hughes (SMDC)</li> <li>d. Lyn Swindlehurst (SMDC)</li> <li>e. Linda Malyon (SMDC)</li> <li>f. Dave Jones (NULBC)</li> <li>g. Ian Wilkes (NULBC)</li> <li>h. Rupert Adcock (NULBC)</li> <li>i. Gill Heesom (NULBC)</li> </ul>	✓
<b>Thursday 6 July 2023 at 4:30pm</b> <b>Health and Care Training Session</b>	<ul style="list-style-type: none"> <li>• Health and Care training delivered by Centre for Governance and Scrutiny</li> </ul>		7. Centre for Governance and Scrutiny provided a training session for Health and Care O&S on upcoming changes in legislation.	✓



<b>Monday 24 July 2023 at 10.00 am</b> Completed	<ul style="list-style-type: none"> <li>• ICP Operating Plan</li> <li>• System performance</li> <li>• System Pressures</li> <li>• Update on Elective care performance and recovery</li> <li>• SSOT ICS People, Culture and Inclusion Annual Report and update.</li> </ul>		8. The Committee received the ICP Operating Plan and have met with Healthwatch in their scoping of a deep dive into primary care and to review the patients journey for the frail and elderly into the care system.	✓
			9. A breakdown of Cat 2 Ambulance response times was shared with the Committee.	✓
			10. The full winter plan (2023/24) will be shared with the Committee when completed.	
<b>Monday 31 July 2023</b> Scheduled	<ul style="list-style-type: none"> <li>• Introduction to Adult Social Care Assurance</li> </ul>	To review Social Care Services and provide assurance	11. The Working Group has been established and the initial scoping meeting has taken place. The Membership is: a. Jeremy Pert, Richard Cox, Phil Hewitt, Jill Hood, Bernard Peters, Ann Edgeller & Kath Perry.	✓
<b>Thursday 24 August 2023</b>	<ul style="list-style-type: none"> <li>• Member workshop to assess access to information on Social Care</li> </ul>		12. The Workshop took place, and a follow up session will take place on 7 September.	✓
<b>Monday 11 September 2023 at 10.00 am</b> Scheduled	<ul style="list-style-type: none"> <li>• Joint mental health &amp; mental wellbeing strategy: "good mental health in Staffordshire" 2023/28 action plan.</li> <li>• MPFT &amp; NSCHT – Mental Health performance</li> </ul>	To review the Mental Health action plan and performance.	13. The Cabinet Member for Health and Care has been requested for an executive response to the following recommendations by 10 November 2023. a. the Cabinet Member for Health and Care share the Good Mental Health in Staffordshire Strategy 2023-2028 and the action plan with partner organisations when available. b. the Cabinet Member for Children and Young People as part of the consultation on Adult Social Care and Staffordshire Connects give consideration to expanding the Staffordshire Connects to include a section for children and young people.	
			14. The Committee receive a list of the voluntary sector schemes which had been funded by the NHS.	
<b>Monday 16 October 2023 at 10:00 am</b> Scheduled	<ul style="list-style-type: none"> <li>• SSOT ICS People/ Workforce</li> <li>• Staffordshire's Social Care Workforce: Adult Social Care Update</li> <li>• Freedom to speak up.</li> </ul>		15. The Committee requested to receive: a. current international recruitment data b. data around incidents of violence towards staff c. a full list of leadership development programmes and metrics around learning and development and employee engagement	

<b>Monday 13 November 2023 at 14.00</b> Scheduled	<ul style="list-style-type: none"> <li>West Midlands Ambulance Service</li> </ul>		16. The SSOT Commissioner further investigate training provided to the Staffordshire Fire and Rescue Service officers to provide the commissioned falls service.	
			17. The Committee give further consideration to facilitate a Summit meeting with all relevant parties from within Staffordshire ICS to identify ways of improving wider system flow for all parties in the system.	
			18. The Committee receive the numbers of people conveyed to an acute hospital but not admitted.	
<b>Monday 20 November 2023 at 12:30</b> Scheduled	<ul style="list-style-type: none"> <li>Health impacts of Walleys Quarry</li> </ul>			
<b>Monday 27 November 2023 at 10.00</b> Scheduled	<ul style="list-style-type: none"> <li>Maternity Services</li> <li>ICB 2<sup>nd</sup> Quarter Performance Report</li> <li>0-19 Service</li> </ul>	Review impact on investment on social prescribing		
<b>Monday 29 January 2024 at 10.00</b> Scheduled	<ul style="list-style-type: none"> <li>Primary Care Update</li> <li>Social Prescribing</li> <li>Dentistry and Orthodontics</li> <li>JSNA</li> </ul>			
<b>Site visit to MPFT &amp; NSCHT</b> TBC	<ul style="list-style-type: none"> <li>MPFT 10:00 – 12:00</li> <li>NSCHT 14:00 – 16:00</li> </ul>	Site visit to view community-based services		
<b>Monday 18 March 2024 at 10.00</b> Scheduled	<ul style="list-style-type: none"> <li>Carers Strategy</li> <li>Adult Social Care Assurance Working Group Report</li> <li>Mental Health in Schools update.</li> <li>Community Mental Health (Following from Site visits</li> </ul>	Pre-decision to Cabinet 20 March 2024		

	to MPFT and NSCHT)			
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<b>Further and Health and Care Overview and Scrutiny work</b>	
<b>Briefings received outside of Committee</b>	<ul style="list-style-type: none"> <li>• Quality Accounts NHS Trusts</li> <li>• Care market</li> <li>• Healthwatch Annual Report 2022/23</li> <li>• Older People Adult Social Care Commissioning Strategy 2024-2029</li> </ul>
<b>Items for future scrutiny</b>	<ul style="list-style-type: none"> <li>• Impact of air pollution on health</li> <li>• Impact of Long COVID</li> <li>• Obesity and Diabetes</li> <li>• End of Life – compassionate communities</li> <li>• Innovation / technology</li> <li>• Healthwatch Annual Report 2023/24</li> <li>• Public Health Annual Report</li> <li>• Public Health Dashboard</li> <li>• Developing Healthier Communities updates</li> <li>• Scrutiny of Acute providers following from Quality Accounts (UHNM, RWT &amp; UHDB)</li> </ul>

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<p><b>Membership</b></p> <p>Jeremy Pert (Chair)                  Richard Cox (Vice-Chair - Overview)                  Ann Edgeller (Vice-Chair – Scrutiny)                  Charlotte Atkins                  Philip Atkins                  Keith Flunder                  Phil Hewitt                  Jill Hood                  Thomas Jay                  Kath Perry                  Bernard Peters                  Janice Silvester-Hall                  Ian Wilkes</p>	<p><b>Borough/District Councillors</b></p> <p>Ann Edgeller (Stafford)                  David Williams (Cannock Chase)                  Monica Holton (East Staffordshire)                  Leona Leung (Lichfield)                  Ian Wilkes (Newcastle-under-Lyme)                  Val Chapman (South Staffordshire)                  John Jones (Staffordshire Moorlands)                  Chris Bain (Tamworth)</p>
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**Overview & Scrutiny Task Group  
Meeting Notes**



<b>Review topic</b>	<b>Date of Meeting</b>
Lichfield City Centre Masterplan	18 January 2024

<b>Attendance</b>	<b>Venue</b>
<p><b>Members:</b>  <b>C. Ball (Chair)</b>  <b>J. Checkland</b>  <b>A. Hughes</b>  <b>R. Harvey-Coggins</b>  <b>P. Ray</b>  <b>J. Smith</b></p> <p><b>Apologies</b>  <b>D. Cross</b>  <b>P. Whitehouse</b></p> <p><b>Officers:</b>  <b>Will Stevenson</b>  <b>Patrick Jervis</b></p> <p><b>Witnesses:</b></p>	Committee Room

<b>Areas Discussed</b>
<p>The Chair welcomed everyone and noted the apologies.</p> <p>No Declarations of Interest were made.</p> <p>The Chair thanked Patrick Jervis for the information he had provided to members and asked if members had any questions.</p> <p>The First Homes scheme was highlighted as something that should be considered.</p> <p>Members asked about the mechanics of how housing associations can develop homes, including the possibility of applying for government grants. Officers explained how that system worked. The idea of "pepper potting" any social/affordable homes, rather than allocating all in one block was also discussed.</p> <p>Members asked how LDC can ensure that the homes constructed in the city centre are truly affordable, given their prime location and price of other comparable properties nearby, or whether social housing should be pursued.</p>

Members agreed a social mix in the city centre is important.

The Chair read out the email of Cllr Whitehouse who had provided his views in absence.

The Chair noted the council has a difficult decision over whether to focus on achieving the maximum possible capital receipts on the BRS, or to focus on ensuring elements of that site included affordable/social housing. There were a variety of views expressed on this subject. The task group highlighted that not all of them were privy to the exact numbers that had been provided to cabinet/shadow cabinets.

Members agreed that an overall plan, outlining which areas of the site would be allocated for which purposes, was key. It was questioned whether the video presentation released last year was still valid.

The Chair undertook to ask that Cllr Doug Pullen attend the next meeting, as well as Cllr Alex Farrell, and that he would ask John Smith to provide an up to date programme for the next meeting.

### **Outcomes**

- Members had a robust discussion on the questions raised and agreed to follow these up at the next meeting.

### **Further Work Required/Next Steps:**

- Members would return on February 8<sup>th</sup> for a follow up meeting with John Smith and Cabinet Member Cllr Farrell.

## EMPTY PROPERTY POLICY REVIEW

Councillor Alex Farrell, Cabinet Member for Housing & the Local Plan

Date: 30 January 2024

Agenda Item: 6

Contact Officer: Lizzie Barton & James Johnson

Tel Number: 01543 308060

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Key Decision? No

Local Ward N/a

Members



## OVERVIEW & SCRUTINY

### 1. Executive Summary

- 1.1 Empty residential properties are a recognised nationwide problem.
- 1.2 Not only are they properties that could be brought back into use as affordable homes they can also attract fly tipping, vermin, vandalism, squatters, burglars and arsonists. They can also lead to damp ingress into neighbouring properties and affect the wellbeing of neighbours and communities.
- 1.3 Empty commercial properties can impact the health, wellbeing and vitality of a high street by making an area look less desirable and attractive to potential investors, visitors and shoppers.
- 1.4 The council has identified empty properties both residential and commercial, as a key local issue.
- 1.5 The council has an [empty homes policy](#) that was approved in 2016 and is due to be reviewed. The current policy does not currently extend to commercial properties.
- 1.6 This paper requests that the Overview & Scrutiny Committee reviews the current policy, considers best practice from across the country, and recommends changes and enhancements the council should consider when reviewing its policy and creating an action plan for the coming years.

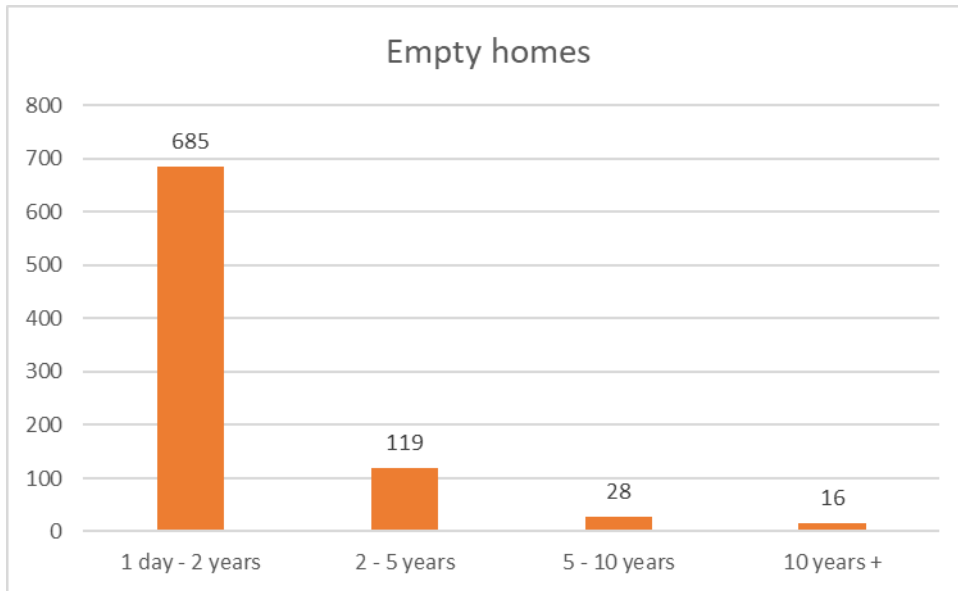
### 2. Recommendations

- 2.1 The Overview & Scrutiny Committee reviews the current policy, considers best practice from across the country, and recommends changes and enhancements the council should consider when reviewing its policy and creating an action plan for the coming years.

### 3. Background

#### Scale of the issue (residential)

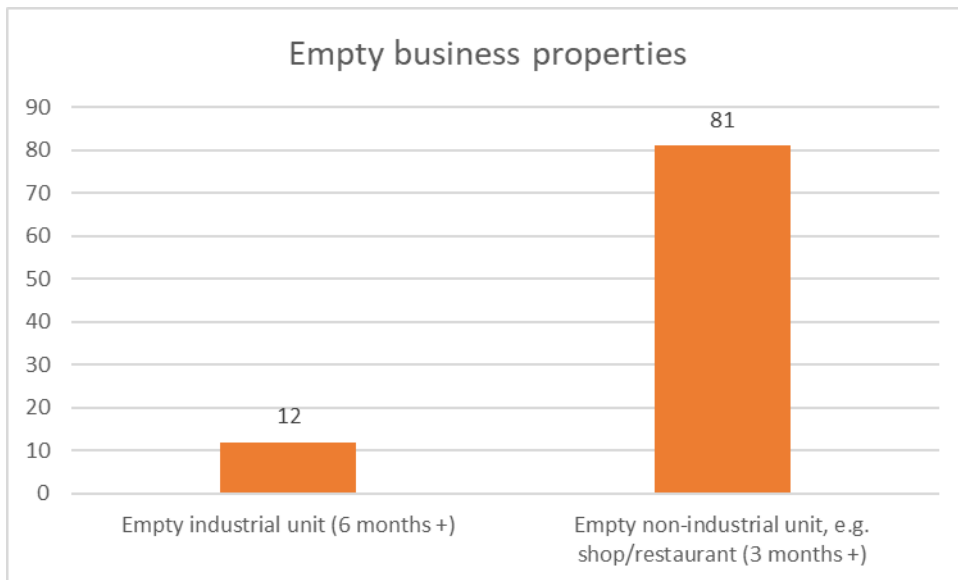
- 3.1 Whilst at any one time, there can be approximately 2,000 empty unfurnished homes in the district (approx. 4% of all homes), over 1,200 of these are either temporarily empty (e.g., rented properties in between tenancies or properties undergoing sale), are unoccupied annexes, pitches or moorings (seasonal use), with a smaller proportion (approx. 160) being longer-term empty properties that could potentially be bought back into use.
- 3.2 As of January 2024, there are 119 empty unfurnished properties that have been empty between 2 & 5 years, 28 that have been empty between 5 & 10 years, and 16 that have been empty for more than 10 years (see graph overleaf).



- 3.3 Of these it is recognised that the majority of the 119 (2 – 5 years) empty properties will be reported as not empty after shortly after 2 years has passed, when the council tax premium charge is levied. As such it is estimated that the number of acute empty properties is closer to 44.
- 3.4 There are also 966 empty furnished properties made up of people in prison, probate cases, those receiving care elsewhere and second homes.

**Scale of the issue (commercial)**

- 3.5 Whilst at any one time, there can be approximately 250 empty business properties in the district, the vast majority are empty listed buildings (over 78), small storage spaces (over 54), with approximately 90 properties that could be investigated to determine if they could be brought back into use.
- 3.6 As of January 2024, there are 12 empty industrial units, and 81 non-industrial empty unit across the district.



**Recent activity – enforced sale**

- 3.7 In the past year, the council’s regulations and enforcement team has been pursuing the potential use of a novel power called enforced sale in relation to two long-term empty properties. This allows the council to bring unsightly/unsafe properties back into use utilising powers set out in the Law of Property Act 1925.



- 3.8 The approach is founded on the council ‘requiring’ the property owner to carry out specified works to a property through a notice served under one or more of the below:
- S.4 Prevention of Damage by Pests Act 1949 (take steps to destroy rats or mice)
  - S.79 Building Act 1984 (remedy ruinous or dilapidated sites)
  - S.80 Environmental Protection Act 1990 (abate a statutory nuisance)
  - S.215 Town and Country Planning Act 1990 (remedy detrimental effect on amenity)
  - S.11 and S.12 Housing Act 2006 (remedy category 1 or 2 hazards in the dwelling)
- 3.9 If the owner fails to carry out the works within a specified time, the council could choose to carry out the works. The owner is then invoiced for the works and if the invoice goes unpaid, the council places a charge on the property.
- 3.10 The council can then sell the property to recover what is owed. Once the cost of the required works, legal costs, auction/sale costs, marketing costs, and any other debts to LDC are deducted (e.g., council tax), the remainder is paid to the owner. This approach can come with significant capital outlay and potential risks.
- 3.11 The benefit of the enforced sale approach is that it encourages the owner to either occupy the property, rent the property out, or to sell it themselves at several points in the process – in order to avoid an invoice and charge registered against the property.

**Case study one Empty for approximately 20 years in central Lichfield.**

The council’s intent was explained to the owner who granted access to the property so that an officer could conduct the inspection. Hazards were identified that required remedial action and these would likely amount to over £100,000 in works. The owner was informed that they must now undertake the works or take other action to prevent LDC intervening. This prompted them to engage a planning consultant and they are of the opinion that if the dwelling was demolished, four new homes could be built on the site. The owner is now pursuing this course of action. The next step is a bat survey which cannot take place until May 2024, after which submission of a planning application is expected.

**Case study two Empty for approximately 16 years in central Lichfield.**

The council’s intent was explained to the owner who granted access to the property so that an officer could conduct the inspection. Hazards were identified that required remedial action and these would likely amount to over £100,000 in works. The owner was informed that they must now undertake the works or take other action to prevent LDC intervening. The owner is engaging with officers and undertaking the necessary work himself, which he has stated will be complete by July 2024 ready for sale. Officers are of the opinion that the work is behind schedule and are therefore requesting regular updates, before considering further action.

- 3.11 Currently the council addresses the symptoms of empty homes on a case-by-case basis (e.g., boarding them up to prevent unauthorised access, dealing with rats, or fly tipping), based on complaints and assessment of risk, and has been trialling a more targeted approach (as detailed in the case studies above) in recent months.

## Other powers

- 3.12 The council has a range of other powers to address empty properties. Powers include:

### Negotiation with owner

- 3.13 The council can take an informal approach and work with property owners to bring homes back into use. This type of approach can include interest free home loans, home clearing services, and tenant matching schemes.

## Empty dwelling management order (EDMO)

- 3.15 An (EDMO) is a legal device under The Housing Act 2006 that allows councils to take possession of an unoccupied property and put it back into use as housing. The council does not take over ownership of the property but can prevent the owner from using it or letting it to someone else, while the order is in force. To apply for an EDMO, a council must apply to a residential property tribunal for approval of an interim order. The tribunal must be satisfied that the property has been empty for at least two years, is having a negative impact on the local community, and has local support for the use of an EDMO. The council can bring the property up to the 'Decent Homes' standard through renovation works and allow reoccupation of the property by letting the property for the duration of the EDMO. The council assumes management of the property and legal possession but does not obtain ownership. All management costs are met from rental income.

## Compulsory purchase order

- 3.16 As long as there is a proven housing need within an area, compulsory purchase orders (CPOs) can be used where owners refuse to take action to bring a property back into use, where an owner cannot be traced, or where a property has been empty for a long time and is causing a nuisance or is a danger to the public. Before a CPO is confirmed, a council must show it has taken steps to encourage owners to bring the property into acceptable use. The council will also need to demonstrate sound reasoning for making a CPO and justify the impact on the human rights of the owner or anyone else with an interest in the property.

## Other tactics

- 3.17 A number of councils across the country including Burnley, Kingston & Derby City councils are highlighted as exemplars in tackling empty properties - [incentives to bring empty homes back into use in Burnley](#), [Derby City Council empty homes strategy](#) & [tenant finder service in Kingston](#).
- 3.18 Approaches adopted by these councils include:
- Empty homes assistance interest free loans to owners – [find out more](#).
  - Council tax incentives – [find out more](#).
  - Property refurbishment through CPOs and EDMOs supported by capital funds and work with partners such as housing associations – [find out more](#).
  - Tenant finder schemes – [find out more](#).
- 3.20 The adoption of these innovative approaches can require investment, in some cases both revenue and capital, which will need to be considered as part of the policy development.

## Suggested topics for discussion

- 3.20 How important is it that the council addresses empty properties?
- 3.21 What are the committee's views on the council's current policy – view online at [www.lichfielddc.gov.uk/emptyproperties](http://www.lichfielddc.gov.uk/emptyproperties)
- 3.22 Does the current policy need strengthening/expanding and if so, what should be considered?

## Next steps

- 3.23 An internal working group is being established to review the empty homes policy, as well as look at potential ways to deliver against a revised empty properties policy in the future.
- 3.24 The revised policy and action plan will be subject to Cabinet approval.

Alternative Options	Do not review the policy.
Consultation	Overview & Scrutiny will provide consultation advice to help shape the new policy which will also be subject to an equalities impact assessment and approval by Cabinet.
Financial Implications	There are no direct funding implications arising from the review of the policy. Any financial implications arising from the action plan will be considered separately.
Approved by Section 151 Officer	Yes
Legal Implications	There are no direct funding implications arising from the review of the policy. Any legal implications arising from the new policy and plan will be considered separately.
Approved by Monitoring Officer	Yes
Contribution to the Delivery of the Strategic Plan	<p>The strategic plan includes an ambition to shape place which includes:</p> <ul style="list-style-type: none"> <li>• keep it clean, green and safe</li> <li>• preserve the characteristics</li> <li>• make sure sustainability and infrastructure needs are balanced</li> </ul> <p>A successful empty homes/property policy underpins this by ensuring local homes are safe and liveable, and that high streets are preserved and new homes are created through re-use of empty properties.</p>
Equality, Diversity and Human Rights Implications	There are no direct funding implications arising from the review of the policy. A full equality impact assessment will be conducted on the resulting policy.
EIA logged by Equalities Officer	Yes
Crime & Safety Issues	N/a
Data assessment	Relevant data is included in this report and will inform the creation of the new strategy and action plan.
Environmental Impact (including Climate Change and Biodiversity).	N/a
GDPR / Privacy Impact Assessment	N/a

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	Not reviewing the policy and action plan and not making progress in relation to empty properties	Likelihood: Red Impact: Orange Score: Red	Review the policy, action plan and resources to deliver.	Likelihood: Green Impact: Yellow Score: Green

Background documents	Empty homes policy – view online at <a href="http://www.lichfielddc.gov.uk/emptyproperties">www.lichfielddc.gov.uk/emptyproperties</a>
Relevant web links	N/a

# Governance of Planning Obligations – Strategic Infrastructure Group and allocation of Community Infrastructure Levy



## Levy

Cabinet Member for Housing and the Local Plan - Councillor Alex Farrell

Date: 30<sup>th</sup> January 2023

Agenda Item: 7

Contact Officer: Lucy Robinson/Patrick Jervis

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Key Decision? Yes

Local Ward All members

Members

## Overview and Scrutiny Committee

### 1. Executive Summary

1. The purpose of this report is to inform the committee of the issues with the current governance for allocating and monitoring S106 and Community Infrastructure Levy (CIL). It also seeks the committees' views on proposed changes to governance arrangements, including membership of the Strategic Infrastructure Group (SIG), a revision to the process for allocating CIL and the creation of cross-party Member Panel to consider the recommendations of SIG prior to consideration by Cabinet. The report also provides a broad overview as to how we secure infrastructure across the district and the various types including financial obligations.

### 2. Recommendations

- 2.1 The committee review and comment on the proposed changes to the governance of planning obligations to:
  - revise the membership of SIG as set out in Table 1.
  - establish a cross party Member Panel that will consider and provide a steer on SIG recommendations prior to consideration by Cabinet.
  - create an annual 'Infrastructure List' within the Infrastructure Funding Statement (IFS) which would set out a shortlist of strategic projects and/or types of projects that would be eligible for applications for CIL funding that year.
  - revise the CIL governance and administration procedures and allocating and spending CIL additional guidance documents to reflect the above proposed changes.

## 3. Background

### Planning obligations and provision of infrastructure

- 3.1 Through the Local Plan the Council is required to set out how the district will grow in the future, which includes setting out where new development, for example new housing or new employment opportunities will be located to meet the growing needs of the district. A key part of that is ensuring that there is appropriate infrastructure, which is required to support the growth identified within the Plan. There are several ways in which infrastructure is secured:
- Physical infrastructure – some developments will be of a scale where they will need to provide it as part of the development. For example, appropriate access, a new school, affordable homes, or community facilities such as open space, play areas, community halls. Such infrastructure will be secured through a Section 106 (S106) agreement and will directly relate to that development.
  - Financial obligations – some developments will need to make financial contributions towards specific infrastructure. For example, a scheme may be required to provide a financial contribution towards improving/increasing the size of a school. As with physical infrastructure these contributions will be secured through a S106 agreement and in most instances will be directly related to the development.
  - Community Infrastructure Levy (CIL) – CIL is a financial charge per square metre of new development that is collected by the District Council. Monies received through CIL can then be combined to fund strategic infrastructure across the district. A proportion of CIL<sup>1</sup> is also passed over to the Parish Council where the development has taken place for the Parish spend on infrastructure in their area.
- 3.2 The Council prepares an Infrastructure Delivery Plan (IDP) which identifies the infrastructure which is needed alongside the development within the adopted local plan. The IDP is a key piece of evidence and is prepared with engagement from those bodies responsible for the delivery of infrastructure, for example health providers - NHS integrated Care Board (ICB), the police, and the county council. The delivery of infrastructure (both physical and financial) is monitored and reported upon each year through a Infrastructure Funding Statement (IFS). The IFS details the infrastructure and financial obligations which have been secured, received, and spent each year.
- 3.3 With regards to physical infrastructure, broadly this is delivered to ensure a development is acceptable in planning terms and that any harm caused by the development is mitigated. As such the physical infrastructure provided will be within or close to the site to which it relates. What this means in practice is that where more development is proposed, then a greater level of infrastructure is likely to be required and provided. For example, in the current adopted Local Plan 35% of housing growth has been located within or around Lichfield City compared to 12% at Fradley and 9% at Burntwood and 22% across our other rural villages and areas<sup>2</sup>. As such most of the major physical infrastructure provision has taken place at those locations which have accommodated most of the growth.
- 3.4 As noted above the Council receives money from planning obligations in two ways; through Section 106 Agreements (S106) and the collection of CIL. The Council adopted its Community Infrastructure Levy Charging Schedule in April 2016 and began charging in July of the same year. The CIL regulations require the council, as a 'Charging Authority' to prepare and publish the CIL charging schedule, determine CIL spend and report on the amount of CIL collected, spent, and retained each year through its Infrastructure Funding Statement (IFS). The IFS also details the physical infrastructure which has

<sup>1</sup> This is 25% where a parish council has an adopted neighbourhood plan and 10% if not.

<sup>2</sup> The remaining 22% of residential growth is located to the north of Tamworth and the east of Rugeley.

been provided through planning obligations, for example affordable homes, new schools, play facilities etc.

- 3.5 Following the withdrawal of the Local Plan 2040 from examination we are now starting to progress a new Local Plan for the district. As this plan advances and we begin to understand where growth will be located then an updated IDP will be prepared which will identify the infrastructure needs associated with the new plan. This will be a key part of the plans evidence and ensure that infrastructure planning is a key component of the new plan. As noted above, this does require engagement from those bodies responsible for providing infrastructure in the plan-making process to ensure their needs are identified.

#### Prioritisation and allocation of CIL monies

- 3.6 At present the allocation of CIL monies is undertaken through an open bidding process where organisations are invited to submit applications for funding. Applications are assessed by a CIL bid assessor group, which is a sub-group of SIG against criteria set out in the allocating and spending CIL: additional guidance document. The recommendations of the group are then considered by SIG before being presented to O&S and then to Cabinet for approval.
- 3.7 Money collected through CIL is unlikely to ever be enough to fund all the strategic infrastructure that is needed or desired within the district. Previous bidding rounds of CIL funding have been very oversubscribed with many more organisations applying for funds than is available. It is also very time-consuming and administratively heavy for officers and the organisations themselves. The open bidding process also provides very little clarity over the types of infrastructure that will be funded in the future, which is not conducive for strategic planning purposes and given the open nature of the current process has also resulted in bids being made for projects which are not strategic in nature.
- 3.8 A review of best practice from a range of CIL collecting authorities has been undertaken and identified the following four potential options for the prioritisation and allocation of CIL monies in the future.
1. Open Bidding Process - currently used by LDC to operate a competitive building process for CIL whereby organisations are invited to make bids on a regular or semi-regular basis.
  2. Pass a percentage of CIL to each infrastructure provider – CIL income could be allocated on a percentage split basis to relevant infrastructure providers, for example the District Council, the County Council, and the NHS. CIL funds would then be passed to those providers to spend the money on its own priorities within the district.
  3. Fund one project at a time – the council could decide on a series of specific projects within its IFS in priority order. Monies could then be allocated to the top priority project until a project is fully funded, and funds would then be allocated to the second priority project and so on.
  4. Hybrid approach – In consultation with infrastructure providers and SIG, a shortlist of projects would be placed on an 'Infrastructure List' within the IFS. Infrastructure providers would then be invited to bid on an annual basis for funding to deliver against projects identified on the list.
- 3.9 Option 4 is our favoured approach as it provides clarity for the council and infrastructure providers on the types of infrastructure that we will fund each year. It is also the most common approach used by other CIL charging authorities and is also recommended by PAS as it enables authorities to set out several specific projects or the types of projects to be funded. To do this we will need to prepare an annual strategic infrastructure list that will be considered by SIG and Overview and Scrutiny Committee prior to approval by Cabinet as part of the IFS each year.<sup>3</sup> The annual Infrastructure List will be prepared having regard to evidence of the infrastructure needs from engagement with infrastructure

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<sup>3</sup> The IFS needs to be published annually by December.



providers (for example the ICB, Staffordshire County Council) identified within evidence such as [IDP](#)<sup>4</sup>. A new bidding round could then be opened in accordance with the list each year. Organisations with smaller, less strategic projects that many have submitted bids under the current system would need to be advised to explore other opportunities for funding including neighbourhood CIL opportunities from parish councils.

### Governance of planning obligations

- 3.10 The [CIL Governance and Administration Procedures](#) were initially adopted in July 2016 and were amended in July 2021. A flow chart illustrating the current governance structure along with a summary of each stage is included at **Appendix A**. Neither the [CIL regulations](#) or the [National Planning Practice Guidance](#) stipulate how an authority should govern its CIL monies, except for the requirement that monies be allocated to projects which go to “the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area” (CIL Regulation 59). As such there is flexibility for charging authorities in term of how CIL monies are used, and the governance structures used to achieve this. The Planning Advisory Service (PAS) developed a [Developer Contributions Guidance Handbook](#), which provides guidance for best practice for allocating CIL and S106 funding and our current approach of having an officer led Strategic Infrastructure Group (SIG) broadly follows this best practice.
- 3.11 There are some issues with the existing governance arrangements that need to be addressed. Firstly, due to changes within the staffing structure the full SIG has not been able to meet since June 2022; we therefore need to review the structure of the group and its terms of reference to ensure it is fit for the future. It is proposed that the new SIG meets tri-annually with additional meetings being called with 14 days’ notice where required. The group would report on planning obligations received by the council, make recommendations as to the allocations of CIL monies, monitor all s106 and CIL allocations to ensure that projects are progressing in accordance with grant agreements, and monitor neighbourhood CIL monies and it’s spend. Although final jobs titles will need to be confirmed following completion of a restructure in the development management team, it would be beneficial to understand the committees’ views on the proposed membership of SIG in table 1 below. Please note that if these officers cannot attend a meeting it will be designated representative from their team.

**Table 1: Proposed new SIG membership - officer group**

Job title	Group role
Policy and Strategy Manager	Chair
Team Leader - Place and Prosperity	Vice Chair
Principal/Senior Policy & Strategy Officers (Place and Prosperity team)	Policy team officer(s) - responsible for the preparation of the local plan, IFS and IDP.
Policy & Strategy Support Officer	CIL reporting and SIG administration
Planning Manager (Development Management) and/or Principal Officer	Officers representing development management service, including the preparation of s106 agreements.
Regulation & Enforcement Manager	Officer representing the regulation and enforcement team
S106 Officer (proposed new post)	Officer responsible for s106 agreements and project monitoring
Operations Manager	Officer representing Parks and Operations team that are allocated s106 monies
Finance Manager/Officer	Officer representing finance to ensure that financial reporting is accurate

<sup>4</sup> The Infrastructure Delivery Plan is an evidence document prepared alongside the council’s local plan; this lists the infrastructure that will be required to deliver the growth identified within the local plan.



- 3.12 Secondly, the current process provides limited opportunity to receive a steer from Members before SIG recommendations are considered by Cabinet. It is therefore proposed to establish a cross-party Member panel that will operate in a similar way to the panel set up recently to oversee the 2024-27 Voluntary and Community Sector funding allocations. The CVS panel, which included the Cabinet Member and a representative from the two main opposition parties (Labour and Liberal democrats) worked highly effectively and is therefore one which we would like to replicate with CIL. As the full O&S only meets 7 time a year, by establishing a focused Member Panel it will allow councillors the opportunity for scrutiny into SIG’s recommendations on the CIL bids in a much more detailed and timelier way than is currently possible, prior to consideration by Cabinet. The panel can also receive periodic updates following SIG meetings on s106 monies to provide greater scrutiny on this too. It is proposed that the Member Panel will then provide a regular update on CIL and s106 to the full committee similar to how the Task Groups operate. The proposed governance structure along with a summary of each stage is set out in **Appendix A**.
- 3.13 Prior to consideration by Cabinet, the committees’ views are sought in respect of the proposed amendments to SIG and the new approach to allocating future CIL monies. Subject to the consideration of the proposals within this report the Council’s CIL Governance and Administration Procedures and CIL Additional Guidance document will be revised to be consistent with the new approach. Should the new approach be implemented then it will be monitored and reviewed annually and reviewed where appropriate.

Alternative Options	<ol style="list-style-type: none"> <li>1. To not amend the SIG membership as proposed and maintain current procedures. SIG will not be able to operate effectively under the current structure due to the departure of several key members of staff including the SIG Chair who was the former Head of Economic Growth. This would mean the Council cannot comply with its own adopted procedures. As such, a new approach would need to be established to ensure the Council undertakes its duties in respect of planning obligations.</li> <li>2. Establish an alternative approach to the governance and administration of CIL monies to that proposed, including the other options outlined at paragraph 3.7. The Council can adopt any approach it sees fit, however the one proposed has regard to best practice from other authorities.</li> <li>3. Change the structure of SIG but not change the current process of open bidding . This may result in a larger number of projects bidding for CIL monies and risks CIL being awarded to projects that do not support the Local Plan but score highly using the current criteria.</li> </ol>
Consultation	The report has been prepared following consultation with Leadership Team on 6 <sup>th</sup> December 2023 and 10 <sup>th</sup> January 2024.
Financial Implications	<ol style="list-style-type: none"> <li>1. On 29<sup>th</sup> November 2023, there was £432,595 of CIL monies available for allocation. Forecast total income is £586,407 by 31<sup>st</sup> March 2024 and £815,175 by 30<sup>th</sup> April 2024. It is proposed to open the next bidding round for CIL in the summer once the IFS has been approved by Cabinet.</li> <li>2. On 22<sup>nd</sup> November 2023, there are £2,220,023 of S106 funds committed towards future projects, which need to meet the specified requirements defined within the S106 agreement for each site. £1,316,812 S106 funds are allocated to specific projects: £441,247 is allocated for the purposes of longer-term maintenance of open space (commuted sums) and £575,865 is retained for the purposes of ecological mitigation.</li> </ol>

Approved by Section 151 Officer	Yes/no*
Legal Implications	This report relates to changes required to adopted governance procedures for CIL. New governance procedures will be considered and need to be approved by Cabinet.
Approved by Monitoring Officer	Yes/no*
Contribution to the Delivery of the Strategic Plan	<p>The proposed changes will meet several aims and objectives of the District Council's Strategic Plan (2020 – 2024), these being:</p> <ul style="list-style-type: none"> <li>• Supports the priority of 'Enabling People' through supporting local communities through the provision of strategic infrastructure.</li> <li>• Supports the priority of 'Shaping Place' by providing a transparent and more scrutiny driven approach for working with stakeholders and infrastructure providers and enables CIL receipts to be allocated to strategic infrastructure within the district to enhance the quality of place.</li> <li>• Supports the priority of 'Developing Prosperity' through the allocation of developer contributions towards strategic infrastructure projects, encouraging economic growth, enhancing the district, and providing certainty for investment.</li> <li>• Supports the priority of being a 'Good Council' by accountability, transparency, and responsiveness. The reconvening of SIG and proposed new member panel will ensure that there is greater scrutiny of CIL decision making. Additionally, the proposed amendments to the CIL governance and CIL allocation guidance will ensure that the allocations process is fit for purpose and aligns better to the priorities set out within the IFS and adopted Local Plan.</li> </ul>
Equality, Diversity and Human Rights Implications	Any future allocation of CIL or s106 will be assessed for its equality implications.
EIA logged by Equalities Officer	Equalities Officer confirmed not required.
Crime & Safety Issues	There are no crime and safety issues.
Data assessment	The social progress index will be a useful tool as part of the decision-making process in determining where to direct CIL and S106 funding, to ensure that it is addressing the needs of our communities and mitigates the demands arising from new development.
Environmental Impact (including Climate Change and Biodiversity).	There will be no direct environmental or climate change implications because of the above proposed amendments.

<b>GDPR / Privacy Impact Assessment</b>	<ol style="list-style-type: none"> <li>1. A privacy impact assessment has not been undertaken.</li> <li>2. There are no data protection implications arising from the recommendation of this report.</li> </ol>
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	<b>Risk Description &amp; Risk Owner</b>	<b>Original Score (RYG)</b>	<b>How We Manage It</b>	<b>Current Score (RYG)</b>
A	Without the appropriate spending of CIL, the District Council will not be undertaking its statutory duty as a charging authority to spend funds that assist in mitigating the impact of development, which benefits local communities and supports the provision of local infrastructure.	Likelihood: Green Impact: Yellow Risk: Yellow	The recommended course of action seeks to reconvene SIG in early 2024 as well as set a strategic infrastructure list as part of the annual IFS. This will provide clarity as to the types of projects which will be funded by CIL and ensure that funds will be effectively monitored, and future funds are allocated appropriately.	Likelihood: Green Impact: Yellow Risk: Green
B	Not amending the CIL governance and CIL allocation criteria could result in less strategic projects scoring highly against current CIL bidding criteria, even if they do meet a recognised infrastructure need within the district.	Likelihood: Red Impact: Yellow Risk: Yellow	The report seeks to amend the CIL governance and CIL bidding criteria to ensure that the scoring is fit for purpose and ensures that CIL helps to deliver strategic infrastructure to support planned growth.	Likelihood: Green Impact: Yellow Risk: Green
C	Lack of member steer in respect of the types of projects to which CIL funds will likely be allocated.	Likelihood: Yellow Impact: Yellow Risk: Yellow	The proposed cross-party Member Panel provides an early steer to both the infrastructure list which will be included within the IFS and oversight of the scoring of bid applications prior to these being presented to cabinet.	Likelihood: Green Impact: Yellow Risk: Green
D	Monies received through planning obligations (both CIL and S106) not being spent expediently and/or reaching clawback periods.	Likelihood: Yellow Impact: Red Risk: Red	The establishment of a new SIG with associated procedures, alongside changes to the monitoring of S106s, will ensure greater oversight of planning obligations received and allocated and a forum whereby monies can be allocated expediently, and projects monitored to ensure compliance with grant agreements. This will also ensure where monies are not being spent are identified earlier and enable the reallocation of monies.	Likelihood: Green Impact: Red Risk: Yellow

	<p><b>Background documents</b></p> <p><a href="#">Improving the governance of developer contributions</a></p> <p><a href="#">Lichfield District Council Community Infrastructure Levy Charging Schedule</a></p> <p><a href="#">Infrastructure Funding Statement</a></p> <p><a href="#">Infrastructure Delivery Plan</a></p>
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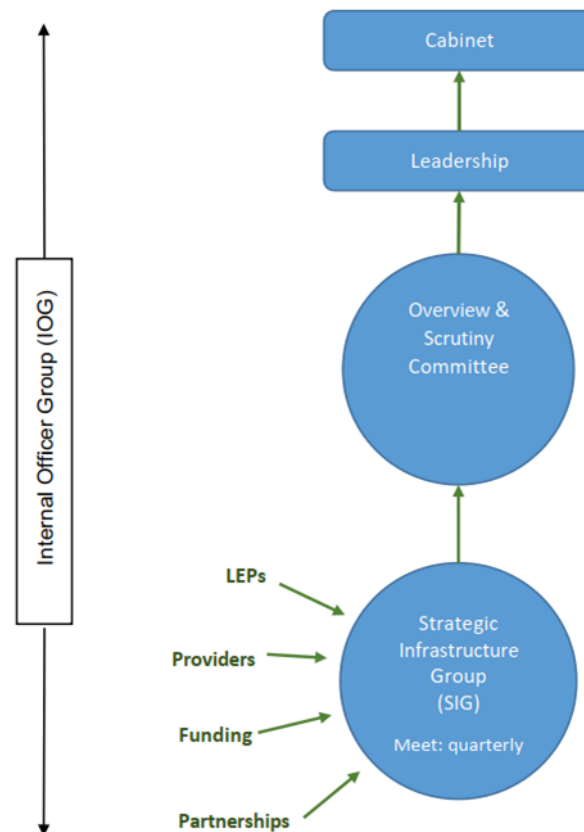
	<p>Relevant web links</p> <p><a href="#">Cabinet Report 8 June 2021</a> <a href="#">Report to Full Council 12 October 2021</a> <a href="#">Report to Overview &amp; Scrutiny 20 January 2022</a> <a href="#">Community Infrastructure Levy Allocations 2022</a> Cabinet Report</p>
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# Appendix A: Flowcharts of current and proposed CIL governance arrangements

## 1. Current (adopted) CIL governance arrangements

The current CIL governance hierarchy as set out within the adopted Governance Administration procedures is set out in Figure 1 and described (below).

Figure 1: Strategic CIL Allocation Governance Procedure



**Internal Officer Group (IOG)** – Provides administrative support for the implementation and the administration of the governance procedures. This consists of officers from the Policy & Strategy Service (formerly Spatial Policy & Delivery team) where required other Council officers. IOG meets on an informal basis, usually around one to two weeks ahead of Strategic infrastructure Group (SIG) to ensure all arrangements are made.

**Strategic Infrastructure Group (SIG)** – Any matters related to CIL are considered firstly by the SIG. Its purpose is wider than simply the allocation of monies and is a forum for providers and potential CIL applicants to engage with the council on how infrastructure can be delivered. It also oversees the development of a programme of infrastructure projects that could potentially be part funded by planning obligations. SIG also:

- Monitors and reviews the Infrastructure Delivery Plan(IDP) and Infrastructure Funding Statement(IFS).
- Considers CIL and S106 funding applications and makes recommendations on allocations of monies.

- Considers the revision of CIL policies, CIL allocation criteria and other CIL related processes and procedures.

SIG is required to meet three times each year (April, October, January) and reports into LT, Overview & Scrutiny Committee and Cabinet.

Within the arrangements for SIG, a sub-group known as the ‘Strategic CIL Bid Assessor Sub-group’ meets when SIG is required to consider applications for CIL monies. The subgroup assesses applications in accordance with the Councils adopted scoring criteria. These assessments are then considered formally by SIG.

**Overview and Scrutiny Committee** – Recommendations of the SIG are reported to the O&S to enable wider democratic scrutiny before any decision is taken by Cabinet.

**Cabinet** – Decisions on the allocation of CIL and S106 monies will be made by Cabinet and be informed by the recommendations of SIG following scrutiny from O&S.

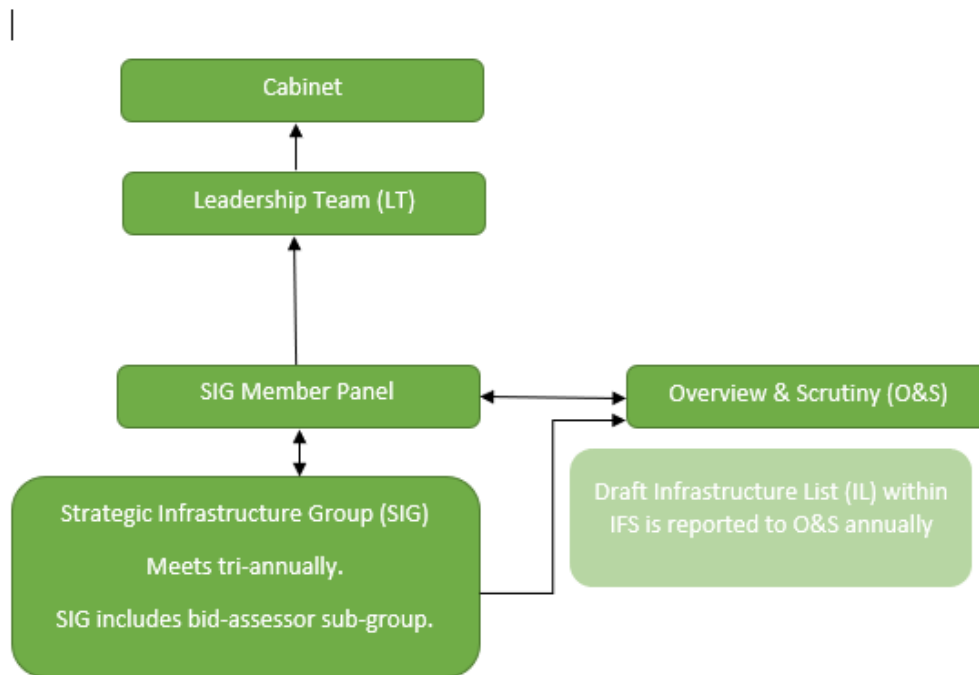
**Delegated Authority** – In addition to the above structure there are a number of related matters where authority has been delegated to the Cabinet Member (now the Cabinet Member for Housing and the Local Plan (previously the Cabinet Member for Economic Development and Local Plan) to:

- To review the CIL Annual Financial Monitoring report and mid-year update in consultation with the Head of Economic Growth and Development (post now obsolete) and report as a briefing paper to Overview and Scrutiny Committee.
- Approve the transfer of Neighbourhood CIL, Cannock Chase and River Mease Special Areas of Conservation (SACs) monies in consultation with the Head of Economic Growth and Development.

## 2. Proposed SIG governance arrangements

The proposed governance arrangements detailed within the report are illustrated below in Figure 2.

Figure 2: Proposed CIL governance arrangements



**Strategic Infrastructure Group (SIG)** – All matters related to CIL funding are considered firstly by the SIG. SIG has the following responsibilities/purpose:

- Provide administrative support for the operation of policies and procedures related to CIL and S106 – where required officers from the Policy & Strategy Team will provide administrative support.
- Act as a forum for infrastructure providers and potential CIL applicants to engage with the council in relation to infrastructure delivery and needs.
- Engage with SIG Member Panel to ensure member steer/oversight is provided in relation to CIL matters.
- Monitor and review the Infrastructure Funding Statement (IFS) including the Infrastructure List (IL) including the Infrastructure List (IL).
- Considers CIL and S106 funding applications and makes recommendations on allocations of monies.
- Review the effectiveness of current CIL policies and procedures and review where necessary.

SIG will be required to meet three times a year (approx. January, April & October) with further meetings of SIG able to be called with notice.

Within the arrangements for SIG, a sub-group - the Bid Assessor Sub-group – will meet to assess applications for CIL monies following rounds of bidding. The subgroup will assess applications in accordance with the adopted scoring criteria. These assessments are then considered by the SIG Member Panel and then formally by SIG.

- **O&S Committee** – the annual Infrastructure List (IL) which will be included within the IFS and set out the projects/types of projects which will be eligible to bid each year will be presented to O&S for comment.
- **SIG Member Panel** – Will consist of the Cabinet Member for Housing and the Local Plan and a representative from Labour and Liberal Democrats. Member panel will allow councillors to provide scrutiny into any recommendations made by SIG prior to these being considered by Cabinet.
- **Cabinet** – Decisions on the allocation of CIL and S106 monies will be made by Cabinet and be informed by the recommendations of SIG following scrutiny from O&S.
- **Delegated Authority** – In addition to the above structure there are a number of related matters where authority has been delegated to the Cabinet Member to:
  - To review the CIL Annual Financial Monitoring report and mid-year update in consultation with the Head of Economic Growth and Development (post now obsolete) and report as a briefing paper to Overview and Scrutiny Committee.
  - Approve the transfer of Neighbourhood CIL, Cannock Chase and River Mease Special Areas of Conservation (SACs) monies in consultation with the Head of Economic Growth and Development.

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# Medium Term Financial Strategy (MTFS)

Report of the Cabinet Member for Finance and Commissioning

Date: 30 January 2024  
 Agenda Item: 8  
 Contact Officer: Simon Fletcher / Anthony Thomas  
 Tel Number: 01543 308001 / 01543 308012  
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 Key Decision? YES  
 Local Ward Members Full Council



## Overview and Scrutiny Committee

### 1. Executive Summary

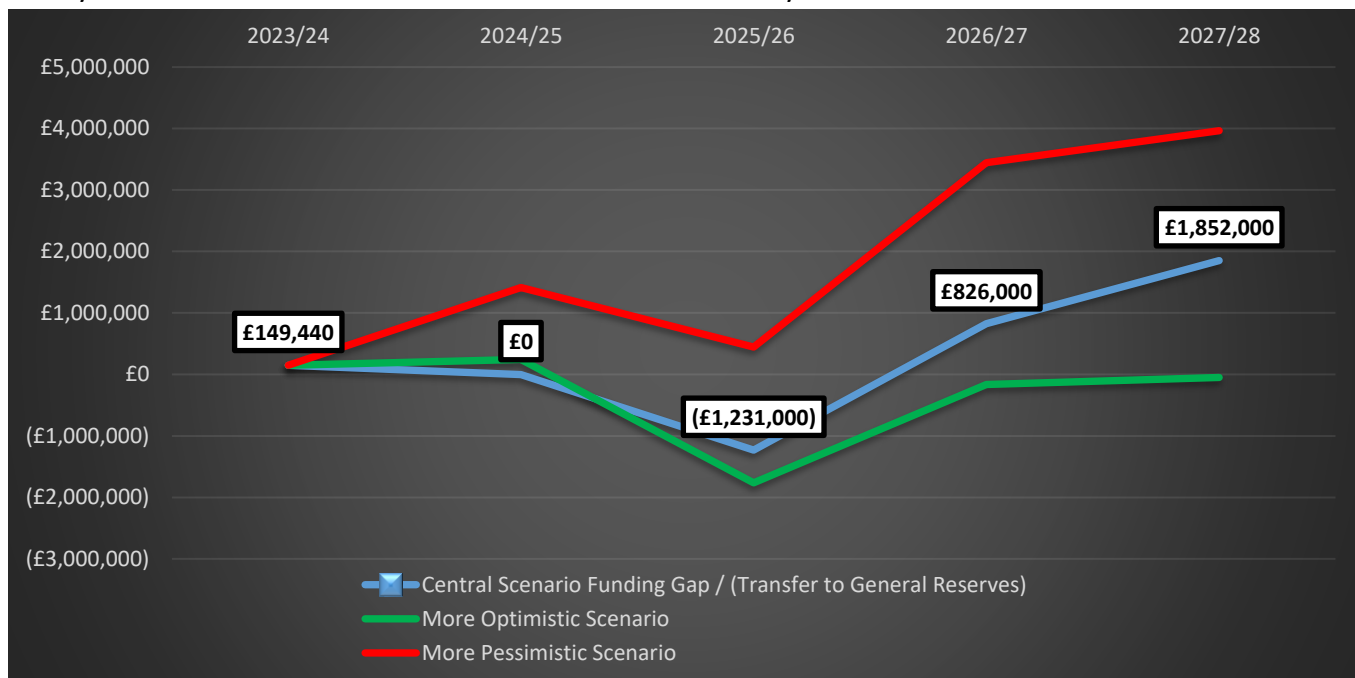
- 1.1 The ability to deliver the outcomes set out in the **Lichfield District Council Strategic Plan**, and beyond, is dependent on the resources available in the MTFS. The new Lichfield District 2050 strategy will be approved this year and will likely impact further on the MTFS.
- 1.2 The MTFS was approved 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.
- 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 Committee and therefore will be considered by that Committee as part of the development of the MTFS.
- 1.6 The timetable for MTFS development is summarised below:

	Date	Meeting	Topics
<b>Budget Consultation (July to December)</b>	04/07/2023	Cabinet	Budget timetable, Budget principles, MTFS update, Budget consultation and Budget assumptions for 2024/25
	14/09/2023	Overview and Scrutiny	To review the Draft Medium Term Financial Strategy
	10/10/2023	Cabinet	An update on the Draft Medium Term Financial Strategy
	14/11/2023	Overview and Scrutiny	To review the Draft Medium Term Financial Strategy
	05/12/2023	Cabinet	Set the Council Taxbase for 2024/25
	19/12/2023	Overview and Scrutiny	Meeting to consider Service and Financial Planning Proposals (Deferred due to Settlement Date)
	30/01/2024	Overview and Scrutiny	To review the Draft Medium Term Financial Strategy
	01/02/2024	Audit Committee	To review the Treasury Management Strategy Statement
	06/02/2024	Cabinet	To recommend the Medium Term Financial Strategy and Council Tax increase to Council
	27/02/2024	Council	Approve the Medium Term Financial Strategy and set the Council Tax

- 1.7 The Draft Revenue Budget, Capital Programme and General Reserves are included for consideration.
- 1.8 There remains an inherently high level of uncertainty surrounding the Local Government Finance Regime with any residual impact of the COVID-19 pandemic, the cost of living and wider economic crisis and other potential Government Policy changes.
- 1.9 The Council has a statutory duty to undertake budget consultation, set a balanced budget and calculate the level of Council Tax for its area.
- 1.10 This report updates forecasts from those provided at the meeting on 14 November 2023 following receipt of the Provisional Local Government Finance Settlement for 2024/25 on 18 December 2023.

## The Draft Revenue Budget

- 1.11 The Original Budget approved on 28 February 2023 budgeted no transfer to or from General Reserves.
- 1.12 A Briefing Note with financial performance in 2023/24, has been circulated to Members of the Committee. Based on latest in year performance, a contribution from General Reserves of **£149,440** is projected.
- 1.13 The Central Scenario Revenue Budget with a balanced budget in 2024/25, a projected transfer to general reserves in 2025/26 (assuming finance reform occurs in 2026/27) and Funding Gaps (positive figures) in later years is shown in detail at **APPENDIX A** and in summary below:



- 1.14 The MTFs from 2024/25 onwards has been prepared in the context of significant ongoing volatility and uncertainty and whilst estimates have been made on the potential impact, there remains significant uncertainty in 2023/24 and subsequent years.
- 1.15 The Council is legally required to balance the budget in the first year of 2024/25 and to set out its proposals to balance the further financial years. In 2024/25 a 'balanced budget' is recommended.
- 1.16 In later years, it is assumed that the Review of Needs and Resources (Fair Funding Review), Business Rates Reform/Reset and any new housing incentive scheme will be implemented from **2026/27**. It is projected that District Councils including Lichfield DC with relatively lower need and a relatively higher Taxbase will be detrimentally impacted by these changes through lower funding and therefore at this stage, Funding Gaps are projected.
- 1.17 At the end of 2024/25, the Council is projected to have **£5,836,000** of total general reserves (£3,836,000 after taking account of the Minimum Level of Reserves of £2,000,000) to assist with balancing the budget.
- 1.18 General Reserves, based on current projections and assuming finance reform is implemented as projected in 2026/27, are sufficient to balance the budget until 2027/28. However, this is not a sustainable approach, and the Council will therefore need to identify potential options to close any Funding Gap.

## The Capital Strategy and the Draft Capital Programme

- 1.19 The Capital Strategy and the Draft Capital Programme are outlined in **APPENDICES B & C**.

## The CFO's Report on the Robustness of the Budget and the Adequacy of Reserves

- 1.20 In accordance with the Local Government Act 2003 (Sections 25-27) and to comply with CIPFA Guidance on Local Authority Reserves and Balances, the CFO is required to formally report to Members on the robustness of the Budget and the adequacy of Reserves (**APPENDIX D**).
- 1.21 The 25 year revenue budget model (**APPENDIX E**).

## Budget Consultation

- 1.22 The results of the Budget Consultation for 2024/25 are summarised in the consultation section and the executive summary is provided at **APPENDIX F** with the full results on the website.

## 2. Recommendations

That the Committee scrutinise the Draft MTFS and provide feedback to Cabinet in relation to:

- 2.1 The Draft 2024/25 Revenue Budget of **£15,230,000**, Council Tax Requirement of **£7,929,000** and a District Council proposed Band D Council Tax for 2024/25 of **£192.85** (an increase of £5 or 2.66% on 2023/24).
  - 2.2 The Draft MTFS 2023-28 Revenue Budgets set out in **APPENDIX A**.
  - 2.3 The MTFS 2023-28 Capital Strategy including the 25 year capital investment model and the Draft Capital Programme shown in **APPENDICES B & C**.
  - 2.4 The recommended increase in the Minimum Level of General Reserves from **£1,900,000** to **£2,000,000**.
  - 2.5 The recommended approach to funding Business-as-Usual Capital Investment in 2027/28.
  - 2.6 The updated approach to the pay award in 2024/25, planning fees, car parking fees, contract/other inflation, regeneration initiatives and Treasury Management investment income.
  - 2.7 The recommended provisional inclusion of a cost of living contingency budget of **£50,000** in 2025/26.
  - 2.8 The recommended increase of **£298,000** in 2024/25 and the provisional inclusion of an in-year growth/contingency budget of **£250,000** in 2025/26.
  - 2.9 The 25 year revenue financial planning model shown at **APPENDIX E**.
  - 2.10 The results of the Budget Consultation summarised at **APPENDIX F**.
- That the Committee notes:
- 2.11 The inclusion of the funding approved by Council for the Cinema for Lichfield District.
  - 2.12 The requirements and duties that the Local Government Act 2003 places on the Authority on how it sets and monitors its Budgets, including the CFO's report on the robustness of the Budget and adequacy of Reserves shown in **APPENDIX D**.

## 3. Background

### The Medium Term Financial Strategy (MTFS)

- 3.1. Council approved the MTFS (Revenue and Capital) 2022-27 on 28 February 2023 which covers the financial years 2022/23 to 2026/27 (with a further projection for 2027/28 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 and Earmarked 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 several 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 at **APPENDIX A**.

## MTFS Budget Assumptions

- 3.8. There are several key cost, income and demand drivers at a corporate level that are likely to influence the level and cost of services provided and therefore the budgets contained in the MTFS.
- 3.9. These key cost, income, and demand drivers (with significant negative changes shaded in red and significant positive changes shaded in green) initially identified for the MTFS are at **APPENDIX A**.

## The Provisional Local Government Finance Settlement for 2024/25

### Introduction

- 3.10. The 2024/25 local government finance settlement was received on 18 December 2023, is for one year only and is based on the Spending Review 2021 (SR21) funding levels, updated for the 2023 Autumn Statement announcements.
- 3.11. The main headlines impacting this Council are set out below:

- **Council Tax** – As previously announced, the council tax referendum limit will be 2.99% for local authorities, with social care authorities allowed an additional 2% social care precept. The provisional settlement confirmed that districts will be allowed to apply the higher of the referendum limit of **2.99%** or £5 (**2.66%**).
- **Settlement Funding Assessment** – The September CPI figure of 6.7% has been applied to increase the local government funding amount within the business rates retention scheme and Revenue Support Grant.
- **Local Government Funding Reform** – No announcements were made regarding funding reform.

### Specific Grants

- **No Change: Improved Better Care Fund** – The funding remains at £2.140m. An element of this funding provided to County Councils is distributed to District Councils to fund Disabled Facilities Grants in the Capital Programme.
- **No change: New Homes Bonus** - The 2024/25 allocations have been announced at £291m (£291m in 2023/24 also – coincidence only).
- **Increased: Funding Guarantee** – *The cost of the 3% funding guarantee has increased by £64m from £133m to £197m for 2024/25.*
- **Reduced: Services Grant** – This grant has reduced from £483m to £77m, a reduction of £406m. The funding has been reduced after *“factoring in the costs of using some of the remaining Services Grant to fund increases to other settlement grants and equalisation of the adult social care precept”*. A small proportion has also been held back as a contingency.
- **No Change: Rural Services Delivery Grant** – There has been no change to the national grant (£95m) or local allocations for 2024/25.

## Government Core Spending Power Analysis

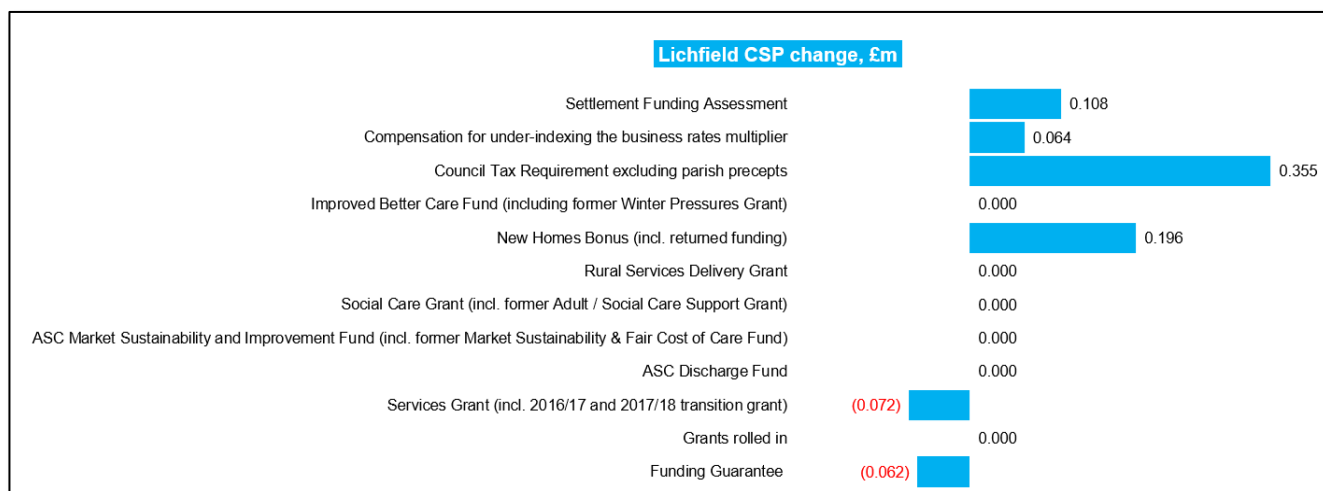
3.12. The Government analyses Local Government Funding using its preferred measure of Core Spending Power. There are several key points to make in relation to this measure:

- It excludes any Business Rate Growth above the Government Set Baseline.
- It assumes average Council Tax base growth and that all Councils will utilise the maximum available Council Tax increase – for this Council in 2024/25 it is 3% (2.99% for modelling purposes).
- It excludes any other local income sources such as the benefits of Business Rate Pooling and previous year Collection Fund surpluses or deficits.

3.13. The comparison of the Core Spending Power using the comparative Settlement for 2023/24 to the provisional Settlement in 2024/25 is shown below:

	Core Spending Power Comparative 2023/24	Core Spending Power Provisional 2024/25	Variance	MTFS Projection O & S 14/11/2023 2024/25
Retained Business Rates - Baseline	£2,195,966	£2,296,616	£100,650	£2,196,000
Assumed Council Tax	£7,614,387	£7,969,646	£355,259	£7,858,000
Other Grants including Funding Guarantee Grant	£1,123,491	£1,061,009	(£62,483)	£1,406,000
New Homes Bonus	£992,453	£1,188,722	£196,269	£844,000
<b>Core Spending Power Elements</b>	<b>£11,926,297</b>	<b>£12,515,993</b>	<b>£589,696</b>	<b>£12,304,000</b>
<b>% Increase in Core Spending Power</b>			<b>4.9%</b>	

3.14. The changes are also explained by Core Spending Power funding stream in the chart below:



3.15. The Provisional Settlement is subject to the outcome of consultation and the Council responded to this consultation on **9 January 2024** in advance of the deadline of 15 January 2024.

3.16. The Provisional Settlement outcome is in line with the assumptions used in the Draft MTFS presented to this Committee on 14 November 2023 of **(£12,304,000<sup>1</sup>)**. This means that the level of uncertainty for 2024/25 can remain at **Medium**.

3.17. However, the financial benefits at this stage, impact on 2024/25 and potentially 2025/26. Most key income streams (Business Rates, Review of Needs and Resources/Fair Funding and New Homes Bonus) will be reviewed for implementation potentially in 2025/26 but more likely in 2026/27 (assumed in the Draft MTFS) or later. Therefore, the level of uncertainty from **2025/26** remains as **High**.

<sup>1</sup> Total Funding for 2024/25 assuming a Council Tax increase of 1.99% was projected to be (£14,123,000) less the local elements of Collection Fund Surplus of (£474,000) and Business Rates Growth of (£1,345,000).

## The Draft Revenue Budget

3.18. The Committee was presented with a Draft Revenue Budget on 14 November 2023, and this has been updated to reflect:

- The inclusion of updated projections from the 8 month Money Matters Report.
- The inclusion of financial implications from any further Approved Reports.
- The Provisional Local Government Finance Settlement for 2024/25 with at this stage, any finance reform assumed to be delayed until 2026/27.
- Any significant inflationary or other changes identified from the detailed review of base budgets.

3.19. As in previous years, three funding scenarios have been prepared based on the assumptions shown at **APPENDIX A**.

3.20. The estimated inflation and budget variations for all scenarios (with additional income or savings enclosed by brackets) compared to the approved Medium Term Financial Strategy are shown below:

Updated Expenditure/Income Projections	2023/24	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000
Updated pay inflation pressures		250	263	281	297
Approved Cinema for Lichfield District funding		755	0	0	0
Revenue Contributions to the Capital Programme 2027/28		612	0	0	0
Additional income from Planning Fees (Autumn Statement)		(54)	(95)	(209)	(223)
Additional Planning Investment / Contingency		54	95	209	223
Additional income from Car Parking Fees		(150)	(150)	(150)	(150)
Additional Car Parking Investment / Contingency		150	150	150	150
Contracts Inflationary increases		274	297	287	327
Inflationary Increase in Community Grants		23	28	33	38
Enabling Regeneration Investment		350	120	0	0
Updated Treasury Management Projections		(700)	(550)	0	0
Inclusion of a cost of living contingency budget		0	50	0	0
In year contingency/growth budget		298	250	0	0
<b>Sub Total</b>		<b>1,862</b>	<b>458</b>	<b>601</b>	<b>662</b>

3.21. The central scenario funding changes (with additional income enclosed by brackets) compared to the approved Medium Term Financial Strategy are shown below:

Updated Central Scenario Funding Projections	2023/24	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000
Retained Business Rates Baseline Funding		62	(42)	(27)	(13)
Retained Business Rates Growth Allowance		(342)	(1,472)	(337)	(334)
Rolled in Grants		1	(512)	(114)	(110)
Business Rates Cap Grant		181	(512)	0	0
Services Grant		69	(13)	0	0
Funding Guarantee Grant		86	(1,450)	0	0
Transitional Funding		0	747	(1,159)	(64)
New Homes Bonus		(619)	0	0	0
Collection Fund (Surplus)/Deficit		(1,229)	0	0	0
Council Tax Income		(71)	(51)	(41)	(59)
<b>Sub Total</b>		<b>(1,862)</b>	<b>(3,305)</b>	<b>(1,678)</b>	<b>(580)</b>



## Modelled Changes and their Impact on the Draft Revenue Budget and the Funding Gap

3.22 The Revenue Budget central scenario modelled changes and their impact on the Funding Gap (surpluses and transfers to General Reserves are enclosed with brackets) together with scenarios based on more optimistic and more pessimistic funding assumptions are shown in detail at **APPENDIX A** and in summary below:

Updated Central Scenario Funding Projections	2023/24	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000
<b>Approved Funding Gap</b>		<b>0</b>	<b>1,616</b>	<b>1,903</b>	<b>1,770</b>
Updated Expenditure/Income Projections		1,862	458	601	662
Updated Central Scenario Funding Projections		(1,862)	(3,305)	(1,678)	(580)
<b>Updated Central Scenario Budget Funding Gap</b>		<b>0</b>	<b>(1,231)</b>	<b>826</b>	<b>1,852</b>

<b>More Optimistic Scenario Impact on General Reserves</b>	<b>244</b>	<b>(1,764)</b>	<b>(162)</b>	<b>(49)</b>
<b>More Pessimistic Scenario Impact on General Reserves</b>	<b>1,413</b>	<b>444</b>	<b>3,446</b>	<b>3,965</b>

3.23 The key features of the proposed central scenario Revenue Budget are:

- The inclusion of additional budgets to address ongoing projected budget pressures related to an increased pay award of **4%** (increased from 2%) in 2024/25.
- The inclusion of **£755,000** of funding for the Cinema for Lichfield District approved by Council on 12 December 2023 and funded by an element of the Collection Fund Surplus.
- The transfer of **£612,000** to an earmarked reserve to fund Business-as-Usual Capital Investment in 2027/28 to negate additional borrowing need.
- Planning fee income projections have been updated to:
  - Include updated projected income from local planning fee changes.
  - Take account of the Autumn Statement changes in national fees (only fees for major applications would increase to recover full cost whereas previously minor application fees were also proposed to increase).
  - Reflect income being lower than budget in 2023/24 and lower OBR projections for housing transactions in 2024/25 and 2025/26.
  - Set aside any additional income to invest in the planning service or provide income contingency due to the uncertainty around planning income and the status of the Local Plan.
- Additional Car parking income of **(£150,000)** that is higher than the budgeted level is proposed to be set aside to invest in car parking or provide income contingency.
- Additional inflationary allowances have been included in the budget based on the November 2023 Office for Budget Responsibility (OBR) forecasts contained in the Economic and Fiscal Outlook (these higher forecasts are shown in the MTFs Budget Assumptions in **APPENDIX A**).
- Inflationary increases for community grants budgets.
- Provision is included to fund planned regeneration initiatives given the existing earmarked reserve is now fully committed.
- Additional income from Treasury management is included to reflect higher interest rates and higher investment balances partly from slippage in the spend of major capital investment schemes such as the leisure centre.
- In addition to 2023/24 and 2024/25, the proposed provisional inclusion of a specific cost of living contingency budget of **£50,000** in 2025/26.

- In addition to 2023/24, a proposed increase in the in-year more general contingency/growth budget in 2024/25 of **£298,000** to **£398,000** and the proposed provisional inclusion of a budget of **£250,000** in 2025/26.
- A **Council Tax increase of £5** or **2.66%** for 2024/25 and then modelled increases of **1.99%** for each subsequent year. The impact over the four years of this approach and a maximum **2.99%** increase in 2024/25 and then annual **1.99%** increases compared to the Approved Budget is shown below:

	Total	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000
<b>Approved Council Tax Income (modelled increases of 1.99%)</b>	<b>(£33,080)</b>	<b>(£7,858)</b>	<b>(£8,124)</b>	<b>(£8,416)</b>	<b>(£8,682)</b>
Modelled Increase		£5.00	1.99%	1.99%	1.99%
Modelled Council Tax Band D		£192.85	£196.68	£200.60	£204.59
Approved Council Taxbase		41,116	41,567	42,161	42,723
<b>Modelled MTFs Council Tax Income @ £5 24/25 and then 1.99%</b>	<b>(£33,303)</b>	<b>(£7,929)</b>	<b>(£8,175)</b>	<b>(£8,457)</b>	<b>(£8,741)</b>
<b>(Higher) / Lower Modelled Council Tax Income</b>	<b>(£223)</b>	<b>(£71)</b>	<b>(£51)</b>	<b>(£41)</b>	<b>(£59)</b>
<b>Council Tax Income @ 2.99% 24/25 and then 1.99%</b>	<b>(£33,410)</b>	<b>(£7,955)</b>	<b>(£8,202)</b>	<b>(£8,485)</b>	<b>(£8,769)</b>
<b>(Higher) / Lower Modelled Council Tax Income</b>	<b>(£330)</b>	<b>(£97)</b>	<b>(£78)</b>	<b>(£69)</b>	<b>(£87)</b>



## The Capital Strategy

3.24 The Capital Strategy is shown at **APPENDIX B** and sets out the Council’s framework for managing the Capital Programme including:

- **Capital expenditure**, including the approval process, long-term financing strategy, asset management, maintenance requirements, planned disposals and funding restrictions.
- **Debt and borrowing and treasury management**, including projections for the level of borrowing, capital financing requirement and liability benchmark, provision for the repayment of debt, the authorised limit and operational boundary for the coming year and the authority’s approach to treasury management.
- **Commercial activities**, including due diligence processes, the authority’s risk appetite, proportionality in respect of overall resources, requirements for independent and expert advice and scrutiny arrangements.
- **Other long-term liabilities**, such as financial guarantees.
- **Knowledge and skills**, including a summary of that available to the authority and its link to the authority’s risk appetite.

3.25 As the Council’s Chief Financial Officer, I have assessed the current overall risk as **Tolerable (green)**.

## The Draft Capital Programme

3.26 The Committee was presented with a Draft Capital Programme on 14 November 2023, and this has been updated to reflect:

- The inclusion of updated projections from the 8 month Money Matters Reports.
- The inclusion of financial implications from any further Approved Reports.
- Any other changes identified from review of the Approved Budget.

3.27 The additional capital investment projections included in the Draft Capital Programme are:

Details	Source	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
IT Hardware	25 year model					175
Property Maintenance	25 year model					230
Bin Purchases	25 year model					150
Vehicles	25 year model					250
Disabled Facilities Grants	25 year model					914

<b>Projected Capital Spend</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>1,719</b>
External Funding					(914)
Existing Revenue Budgets					(150)
Council Funding (see above)					(655)
<b>Total Funding</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,719)</b>
<b>Shortfall in Funding &amp; Borrowing Need</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

3.28 The following projects have been removed from the Draft Capital Programme:

Project	Budget	Reason
New Build Parish Office / Community Hub	£92,000	Fradley Parish Council no longer wish to go ahead with the project
Lichfield St Johns Community Link	£35,000	CIL grant agreement has expired
Falkland Road Fosseyway Canal Walk	£260,000	CIL grant agreement has expired
Fradley BMX Pumptrack	£33,000	Fradley Parish Council no longer wish to go ahead with the project

- 3.29 A few projects contained in the Approved Capital Programme have revenue implications such as operating costs, capital financing costs for internal borrowing, revenue funding or savings.
- 3.30 The MTFs currently assumes a budget neutral position for the Cinema for Lichfield District 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
- 3.31 The Draft Capital Programme revenue implications contained in the Approved Budget (at the 8 month's stage of 2023/24) and the revenue implications of additional capital spend are shown below:

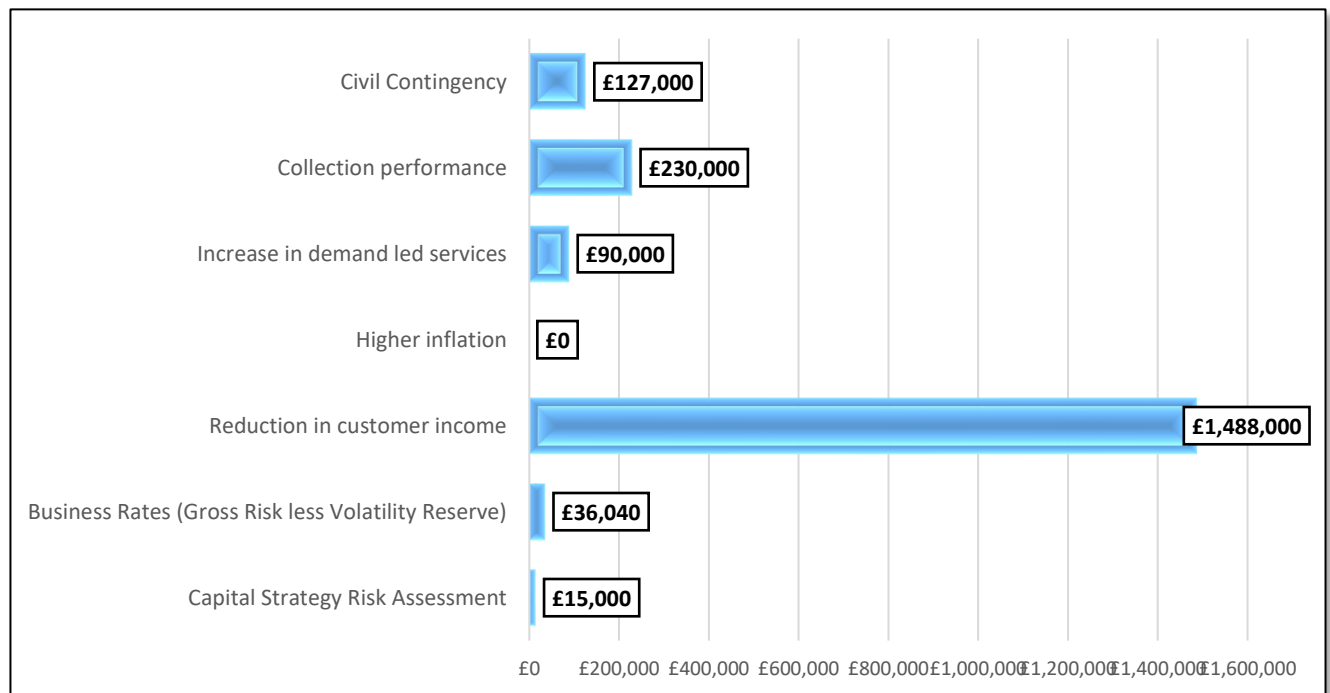
Revenue Implications	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Interest on Loan to the LA Company	0	0	0	0	0
Friary Grange - Refurbishment	135	135	0	0	0
New Leisure Centre Capital Financing Costs	0	0	373	366	359
New Leisure Centre Operating Costs	0	0	235	(11)	(85)
New Leisure Centre Sinking Fund	0	0	0	50	100
Savings Reinvested	(100)	(100)	(100)	(100)	(100)
Community Infrastructure Levy 2022	(11)	(173)	(100)	(100)	(100)
New Leisure Centre & CIL Risk/Uncertainty	111	273	0	0	0
A Cinema for Lichfield District - Income	0	0	(600)	(600)	(600)
A Cinema for Lichfield District - Sinking Fund	0	0	254	254	254
A Cinema for Lichfield District - Expenditure/Uncertainty	0	0	346	346	346
Revenue Budget - Bin Replacement	150	150	150	150	0
Revenue Budget - Corporate	173	100	565	183	0
<b>Sub Total - Approved Budget</b>	<b>458</b>	<b>385</b>	<b>1,123</b>	<b>538</b>	<b>175</b>
Revenue Budget - Corporate	0	0	0	0	0
Revenue Budget - Earmarked Reserves	0	0	0	0	612
Revenue Budget - Bin Replacement	0	0	0	0	150
<b>Sub Total - Service and Financial Planning</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>762</b>
<b>Capital Programme Total</b>	<b>458</b>	<b>385</b>	<b>1,123</b>	<b>538</b>	<b>937</b>

- 3.32 The Draft Capital Programme is summarised below and is shown in detail at **APPENDIX C**:

Strategic Priority	Draft Capital Programme					
	2023/24		2024/25	2025/26	2026/27	2027/28
	Original Budget £000	Approved Budget £000	Budget £000	Budget £000	Budget £000	Budget £000
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>MEDIUM</b>	<b>MEDIUM</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
Enabling People	9,222	4,421	10,537	3,172	1,320	1,100
Shaping Place	819	386	425	6,600	210	400
Developing Prosperity	4,931	5,493	4,649	3,999	10	0
Good Council	448	520	215	365	405	405
<b>Draft Capital Programme</b>	<b>15,420</b>	<b>10,820</b>	<b>15,826</b>	<b>14,136</b>	<b>1,945</b>	<b>1,905</b>
Capital Funding	13,087	10,820	12,647	11,820	1,945	1,905
Borrowing Need	2,333	0	3,179	2,376	0	0
General Capital Receipts	(481)	(1,466)	(387)	(244)	(55)	(83)
Housing Capital Receipts	(663)	(979)	(979)	(979)	(979)	(979)
<b>Total Capital Receipts</b>	<b>(1,144)</b>	<b>(2,445)</b>	<b>(1,366)</b>	<b>(1,223)</b>	<b>(1,034)</b>	<b>(1,062)</b>

## Opinion of CFO on the Adequacy of Reserves and the Robustness of the Estimates

- 3.33 The Chartered Institute of Finance and Accountancy (CIPFA) provided the fourth release of its Financial Resilience Index December 2023 (Lichfield DC's information compared to all District Councils and Nearest Neighbours is shown at **APPENDIX D**). The index showed this Council's position on a range of measures associated with financial risk.
- 3.34 This release is still based on backward looking measures rather than the future financial challenges identified in forward looking Medium Term Financial Strategies. However, the residual impact of the COVID-19 pandemic and its impact on financial resilience is included in the measures.
- 3.35 The Resilience Index identified that most of the measures selected, including those related to the level and change in reserves, this Council was at the lower end of the risk spectrum compared to all other District Councils and Nearest Neighbour Authorities.
- 3.36 It remains prudent for the Council to maintain an adequate 'working balance' or Minimum Level that is part of its general reserves. A risk assessment approach in line with Best Practice that has been updated to take account of the challenging economic environment is used to determine the required Minimum Level and the level of general and earmarked reserves.
- 3.37 The main elements of the risk assessment are shown in detail at **APPENDIX D** and in summary below:



- 3.38 The Chief Finance Officer (CFO) has been involved throughout the entire budget process, including revising the MTFs, input to the drafting of the budget, the ongoing financial monitoring and reporting process, evaluation of investments and savings, engagement with Members of the Cabinet and Overview and Scrutiny Committee, advising colleagues, the strategic choices activities, challenge and evaluation activities, and scrutiny of the budget.
- 3.39 I am of the opinion, for a Council of this size and with our recent record of prudent spending, effective Risk Management, robust budgeting and effective Budget monitoring and control, a revised General Minimum Reserve level of **£2,000,000** is adequate.
- 3.40 It is important to note that the level for 2024/25 has increased because of the economic climate. This involves changes to specific risks such as a reduction in income from customers. In addition, several risks such as Business Rates have specific earmarked reserves and specific budget risk based allowances related to inflation have been incorporated within the MTFs.

## Projected General Reserves

3.41 The total projected level of general reserves is shown below using the central scenario together with projections using the more optimistic and pessimistic budget scenarios:

	2023/24		2024/25	2025/26	2026/27	2027/28
	Original Budget £000	Approved Budget £000				
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>MEDIUM</b>	<b>MEDIUM</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
<b>Available General Reserves Year Start</b>	<b>4,175</b>	<b>4,085</b>	<b>3,936</b>	<b>3,836</b>	<b>5,067</b>	<b>4,241</b>
Change in Minimum Level	0	0	(100)	0	0	0
(Funding Gap) / transfer to General Reserves	0	(149)	0	1,231	(826)	(1,852)
<b>Available General Reserves Year End</b>	<b>4,175</b>	<b>3,936</b>	<b>3,836</b>	<b>5,067</b>	<b>4,241</b>	<b>2,389</b>
Minimum Level	1,900	1,900	2,000	2,000	2,000	2,000
<b>Central Scenario General Reserves</b>	<b>6,075</b>	<b>5,836</b>	<b>5,836</b>	<b>7,067</b>	<b>6,241</b>	<b>4,389</b>
<b>More Optimistic Scenario</b>	<b>6,075</b>	<b>5,836</b>	<b>5,592</b>	<b>7,355</b>	<b>7,517</b>	<b>7,566</b>
<b>More Pessimistic Scenario</b>	<b>6,075</b>	<b>5,836</b>	<b>4,423</b>	<b>3,979</b>	<b>533</b>	<b>(3,432)</b>

3.42 There is currently a significant ongoing level of uncertainty in relation to Local Government Finance with several planned reforms. This unprecedented uncertainty has been amplified by the impact of the COVID-19 pandemic and the current economic climate.

3.43 Financial planning in these circumstances with any degree of certainty is incredibly difficult especially when it is not clear when or if any of the planned reforms will be implemented.

3.44 However, the scenarios in this report provide an indication of the impact on the MTFs from the use of different assumptions. Two of the three scenarios utilised currently project a funding gap in 2026/27 and beyond. The projected funding gaps are principally due to:

- The projected impact of the Review of Needs and Resources (formerly the Fair Funding Review) and the review of Business Rate Baselines where resources are likely to be redistributed from District Councils to Upper Tier authorities. These reviews reflect the need for additional funding to address the increasing demographic demands in adult social care and children's services.
- The additional costs related to delivering existing services such as inflation, pension costs, an increasing population, and more properties.
- The desire to deliver new or enhanced often discretionary services such as a replacement leisure centre and the Cinema for Lichfield District.

3.45 A replacement leisure centre of **£10,000,000** funded in part by **£5,000,000** of internal borrowing has been included in the Approved MTFs. The estimated cost of borrowing of **£373,000** impacting from 2025/26 onwards for a budgeted period of 25 years has also been included in the Approved Revenue Budget.

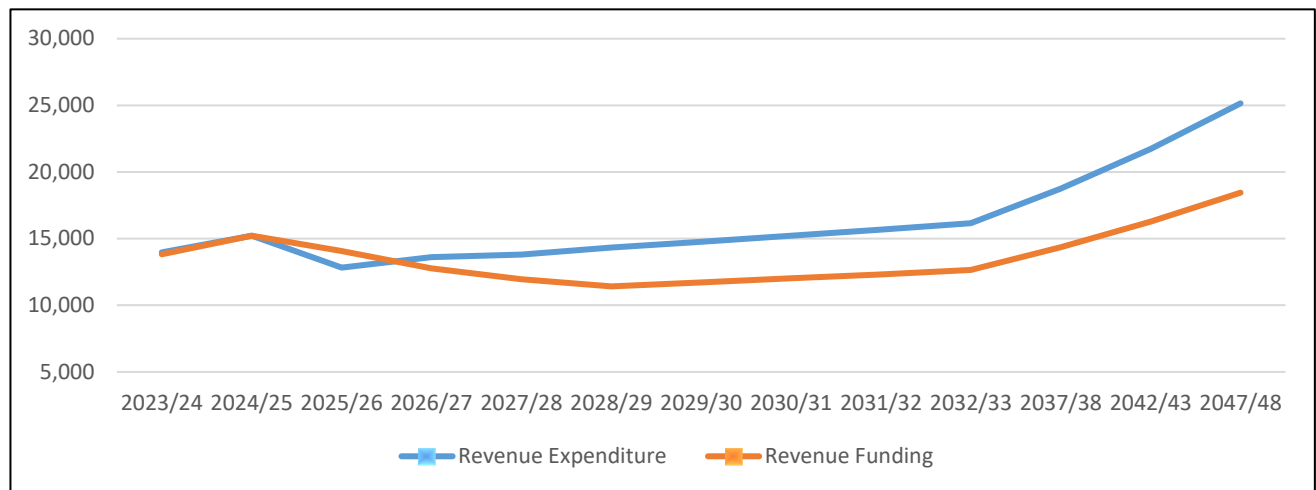
3.46 In addition, a budget of **£9,787,000** (£5,788,000 and £3,999,000) for the Cinema for Lichfield District has been included in the Approved MTFs and is also part funded by internal borrowing of **£495,000**. The estimated cost of borrowing of **£37,000** impacting from 2025/26 onwards for a budgeted period of 25 years has also been assumed in the Revenue Budget modelling.

3.47 This internal borrowing will be a long term financial commitment for the Council. Therefore, given the range of financial projections at this time of significant ongoing uncertainty, Council will need to be aware that to enter long term commitments of this nature carry a very high risk that a balanced budget cannot be achieved or maintained.

3.48 It is very important therefore to highlight that in the event funding gaps do result from finance reform, to mitigate the risk of a statutory notice, focused on the inability to deliver a balanced budget, a robust and deliverable savings plan will need to be agreed together with a commitment to its delivery.

## Longer Term Financial Planning

3.49 The updated longer term financial plan is shown in detail at **APPENDIX E** and in the chart below:



3.50 A funding gap is projected from 2026/27 onwards and this will mean that subject to the outcome of the local government finance reforms, the identification of options to deliver further sustainable savings/additional income will remain necessary.

### Alternative Options

In the main, the options are focused on the level of resource allocated to Strategic Priorities and the level of Council Tax increase.

### Consultation

The budget consultation was launched on 18 October 2023 and was open until 12 December 2023. The primary method of response to the consultation was via an online tool. This tool enabled respondents to alter the non-central costs Original Budget for 2024/25 of **£11,882,310** (The Original Net Budget was £13,368,100 and central items totalled £1,485,790) that was allocated in the Medium Term Financial Strategy.

A total of **909** people responded to the survey. This represents **0.86%** of the adult population of the district and represents a reduction of **224** respondents from the previous budget consultation in 2022. The outcome of respondent's budget choices (reductions in budgets and percentages are enclosed by brackets) is shown below:

Service Group	Service Item	Original Budget	Average Change %	Average Budget
<b>Place (Expenditure)</b>		<b>£7,478,320</b>	<b>(1.09%)</b>	<b>£7,396,668</b>
	Planning, Environment and Building Control	£902,760	(4.17%)	£865,120
	Street Cleaning, Bins and Recycling	£4,165,670	(0.09%)	£4,161,775
	City Centre Development	£33,330	(3.81%)	£32,061
	Conservation, Ecology and Woodlands	£173,490	(1.61%)	£170,703
	Parks and Open Spaces	£1,712,590	(0.88%)	£1,697,518
	Local Plan	£490,480	(4.28%)	£469,490
<b>People (Expenditure)</b>		<b>£3,225,960</b>	<b>(1.25%)</b>	<b>£3,185,581</b>
	Community	£658,770	(1.07%)	£651,740
	Housing Strategy and Homelessness	£786,870	(1.29%)	£776,699
	Sports and Leisure	£676,560	(1.25%)	£668,075
	Licensing and Public Protection	£1,103,760	(1.33%)	£1,089,067
<b>Prosperity (Expenditure)</b>		<b>£911,900</b>	<b>(2.71%)</b>	<b>£887,178</b>
	Events and Culture	£426,690	(2.72%)	£415,096
	Tourism	£346,880	(3.06%)	£336,271
	Business Support and Investment	£138,330	(1.82%)	£135,811
<b>Resident Services (Expenditure)</b>		<b>£974,710</b>	<b>(1.89%)</b>	<b>£956,267</b>
	Council Tax, Benefits, Business Rates and Customer Services	£974,710	(1.89%)	£956,267
<b>Traffic and Parking (Expenditure)</b>		<b>(£708,580)</b>	<b>(1.22%)</b>	<b>(£699,927)</b>
	Traffic and Parking	(£708,580)	(1.22%)	(£699,927)
<b>Total - Non-Central Costs</b>		<b>£11,882,310</b>	<b>(£156,543)</b>	<b>£11,725,767</b>
	Central Costs	£1,485,790		
	<b>Total Budget</b>	<b>£13,368,100</b>		

	<p>The detailed comments also received through the Budget Consultation are included at <b>APPENDIX F</b>.</p> <p>In addition, to the online tool, the Cabinet Member for Finance and Commissioning and the Assistant Director – Finance and Commissioning (Section 151) attended the Youth Council on 7 December 2023 to seek views on priorities for the MTFS. The main feedback received related to:</p> <ul style="list-style-type: none"> <li>• Additional funding for organisations that support diversionary activity to reduce the risk of Anti-Social Behaviour.</li> <li>• More focussed promotion of events and festivals in Lichfield District.</li> <li>• Support for the delivery of more affordable and ECO friendly homes.</li> </ul>
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Financial Implications	The financial implications are shown in the background section of the report and the Appendices.
Approved by Section 151	Yes

Legal Implications	<p>No specific legal implications.</p> <p>The recommended Medium Term Financial Strategy is part of the Budget Framework and will therefore 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.
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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.
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Crime & Safety Issues	These areas are addressed as part of the specific areas of activity prior to being included in the Strategic Plan.
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Data assessment	<p>The ability to deliver the outcomes set out in the <b>Lichfield District Council Strategic Plan</b>, and beyond, is dependent on the resources available in the MTFS. The MTFS identifies the level of resources available and spend necessary to deliver the outcomes across the entire District.</p> <p>However, the application of relevant data and the Social Progress Index can be considered for new budget pressures, savings and income proposals as they are developed.</p>
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Environmental Impact (including Climate Change and Biodiversity).	These areas are addressed as part of the specific areas of activity prior to being included in the Strategic Plan.
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GDPR/Privacy Impact Assessment	There are no specific implications related to the Medium Term Financial Strategy
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	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 2024</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.	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: Green Impact: Green Severity of Risk: Green
C	The review of the New Homes Bonus regime	Likelihood: Red Impact: Red Severity of Risk: Red	In the MTFS, no income is assumed beyond 2025/26.	Likelihood: Red Impact: Yellow Severity of Risk: Yellow
D	The increased Localisation of Business Rates, Business Rate Reset 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	Maintain a watching brief on economic forecasts, ensure estimates reflect latest economic projections. Where possible, ensure income increases are maximised to mitigate any additional cost.	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow
G	Interest Rate Risk if Internal Borrowing is replaced by External Borrowing	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow	The level of internal borrowing is a relatively low level at £5.495m and the cost is budgeted at 3.5%.	Likelihood: Yellow Impact: Green Severity of Risk: Green
<b>Strategic Risk SR3: Capacity and capability to deliver / adapt the new strategic plan to the emerging landscape</b>				
H	The Council cannot achieve its approved Delivery Plan	Likelihood: Yellow Impact: Red Severity of Risk: Red	There will need to be consideration of additional resourcing and/or reprioritisation.	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow
I	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
J	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) 2023-27 and the addendum – Cabinet 14 February 2023
- Insourcing Leisure Provision – Cabinet 14 February 2023
- New Leisure Facility at Stychbrook Park – Cabinet 14 February 2023
- Community Infrastructure Levy (CIL) Allocation – Cabinet 14 February 2023
- Medium Term Financial Strategy (Revenue and Capital) 2023-27 – Council 28 February 2023
- Money Matters: 2022/23 Review of Financial Performance against the Financial Strategy – Cabinet 27 June 2023
- Medium Term Financial Strategy – Cabinet 27 June 2023
- Money Matters: Financial Monitoring in 2023/24 – Cabinet 5 September 2023
- Medium Term Financial Strategy – Cabinet 10 October 2023
- Money Matters: Financial Monitoring in 2023/24 – Cabinet 5 December 2023
- Money Matters : Calculation of Business Rates 2024/25, Council Tax Base for 2024/25 and the projected Collection Fund Surplus / Deficit for 2023/24 – Cabinet 5 December 2023
- Money Matters: Financial Monitoring in 2023/24 – Cabinet 6 February 2024

#### Relevant web links

## MTFS Budget Principles

- 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.

## MTFS Budget Assumptions

Key Cost and Income Drivers						
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Full Time Equivalents	328	308	308	308	308	308
Pay Award	4.00%	4.00%	4.00%	2.00%	2.00%	2.00%
Employers National Insurance	8.87%	9.36%	9.46%	9.57%	9.66%	9.75%
Employers Pension (%)	16.20%	22.00%	22.00%	22.00%	22.00%	22.00%
Employers Pension (Past Service)	£1,206,520	£697,040	£716,670	£736,290	£1,131,270	£1,181,270
Employers Pension (Other)	£109,260	£108,260	£111,540	£114,920	£118,400	£121,880
Non-Contractual Inflation (CPI) (OBR)	10.04%	6.09%	3.03%	1.56%	1.49%	1.81%
Non-Contractual Inflation (RPI) (OBR)	12.87%	8.26%	4.30%	2.41%	2.60%	2.84%
Applicable Fees and Charges (minimum)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Council Tax Increase (actual/modelled)	1.50%	0.00%	1.99%	1.99%	1.99%	1.99%
Base Rate	2.34%	4.63%	3.39%	3.00%	3.00%	3.00%
Investment Return	2.55%	4.21%	3.81%	3.50%	3.50%	3.50%
Key Demand Drivers						
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Population Projections	105,709	106,073	106,432	106,749	107,070	107,398
Residential Properties	47,939	48,488	49,183	49,918	50,420	50,922
Business Properties	3,040	3,041	3,041	3,041	3,041	3,041
Number of visitors to the district	2,200,000	2,500,000	2,600,000	2,700,000	2,800,000	2,900,000

	% Increase
Population Projections	1.60%
Residential Properties	6.22%
Business Properties	0.03%
Number of visitors to the district	31.82%

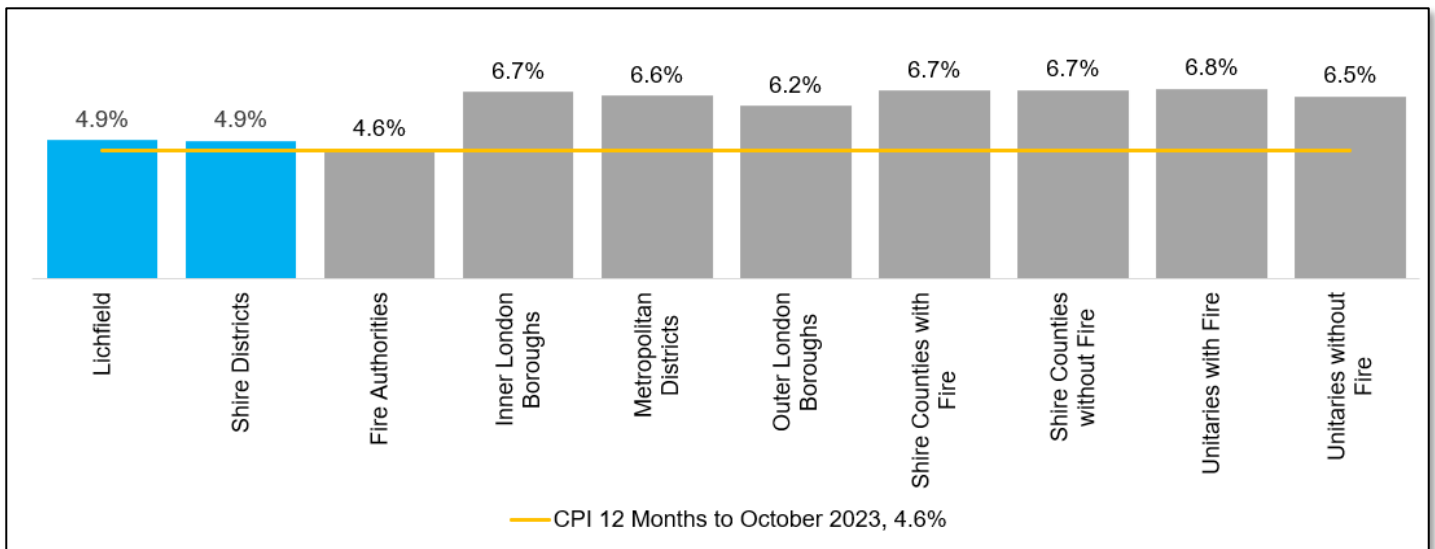
The current inflation projections being using to develop the MTFS at a more granular level are:

	2023/24	2024/25	2025/26	2026/27	2027/28
Salaries & Wages	4.00%	4.00%	2.00%	2.00%	2.00%
Electricity	20.00%	10.00%	10.00%	10.00%	10.00%
Gas	9.00%	10.00%	10.00%	10.00%	10.00%
Water	3.00%	3.00%	3.00%	3.00%	3.00%
Fuel	9.40%	5.00%	5.00%	5.00%	5.00%
ICT Licenses	10.00%	10.00%	10.00%	10.00%	10.00%
Telephone & Mobiles	3.00%	3.00%	3.00%	3.00%	3.00%
Business Rates	3.74%	6.00%	2.00%	2.00%	2.00%
Postage	3.00%	3.00%	3.00%	3.00%	3.00%
Insurances	5.00%	5.00%	5.00%	5.00%	5.00%
Investment Income	4.21%	3.81%	3.50%	3.50%	3.50%

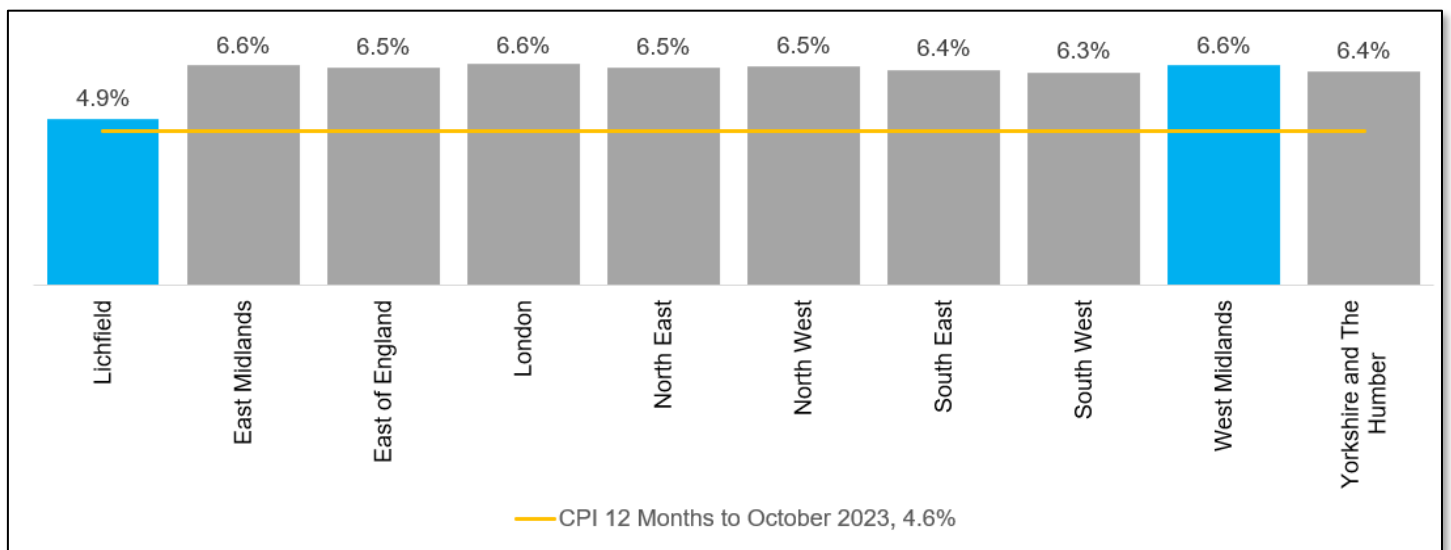


## Core Spending Power Increase Comparators

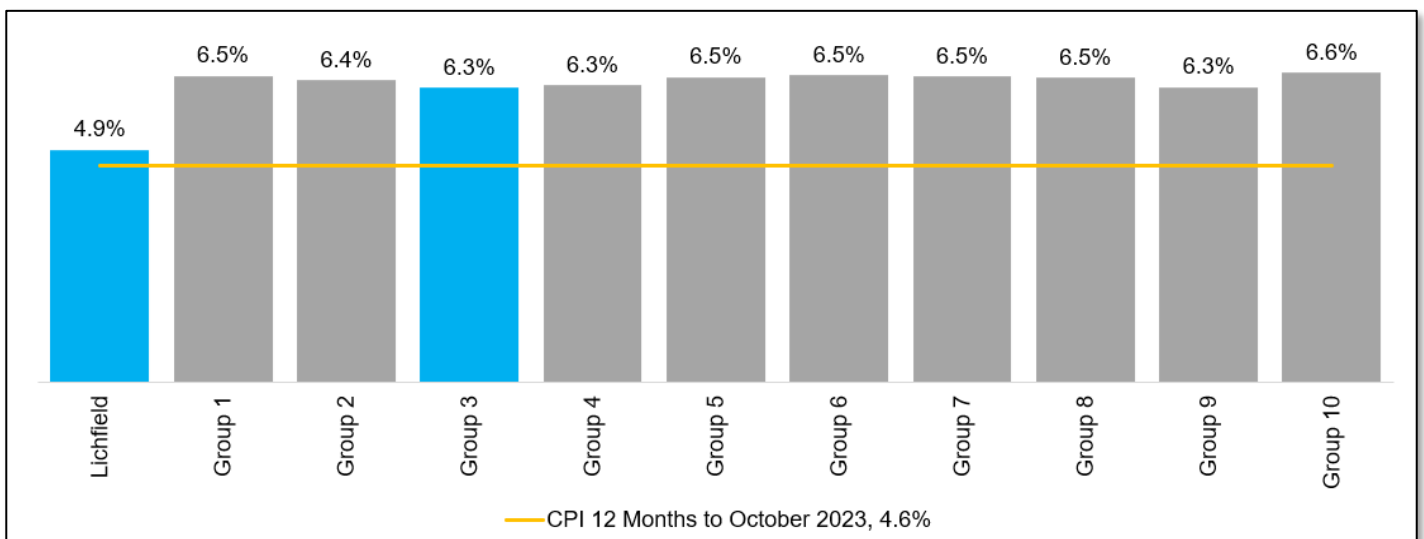
### Change in Core Spending Power by Authority Type



### Change in Core Spending Power by Region



### Change in Core Spending Power by level of Deprivation (IMD deciles)



### Funding Scenario Assumptions

Funding Stream	Key Assumptions
<b>Business Rates &amp; Grants</b>	
Business Rates Baseline Funding Level	Projected by expert with Finance Reform from 2026/27
Business Rates Growth	Council Business Rate income projections
Services Grant, Funding Guarantee Grant and Transitional Funding	From 2026/27 transitional funding is provided to mitigate the impact of Finance Reform The funding is triggered when there is a change in Core Spending Power (funding) of more than an assumed % between any year
<b>New Homes Bonus</b>	
Central	Retained until 2026/27, central housing growth and then abolished
More Optimistic	Retained in its current format with higher levels of housing growth
More Pessimistic	Retained until 2026/27, lower housing growth and then abolished
<b>Council Tax</b>	
Central	Projected housing growth and Taxbase change of 1.61% in 24/25, 0.86% in 25/26, 1.38% in 2026/27 and 1.29% in 2027/28. Council Tax increases of £5 in 2024/25 and then 1.99% annually
More Optimistic	Higher housing growth and annual 2.99% Council Tax increases
More Pessimistic	Lower housing growth and annual Council Tax freezes

### Draft Revenue Budget 2023/24 to 2027/28

#### Central Scenario

	2023/24		2024/25	2025/26	2026/27	2027/28
	Original Budget £000	Approved Budget £000				
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>MEDIUM</b>	<b>MEDIUM</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
<b>Projected Net Operating Cost excluding 'windfall' transfers</b>	13,815	13,965	15,230	12,826	13,601	13,795
Transfer settlement 'windfall' to Strategic Priorities Reserve	0	0	0	0	0	0
<b>Projected Net Operating Cost</b>	<b>13,815</b>	<b>13,965</b>	<b>15,230</b>	<b>12,826</b>	<b>13,601</b>	<b>13,795</b>
Retained Business Rates Baseline Funding	(2,196)	(2,196)	(2,297)	(2,329)	(2,360)	(2,392)
Retained Business Rates Growth Allowance	(1,268)	(1,268)	(1,474)	(1,472)	(337)	(334)
Rolled in Grants	(106)	(106)	(113)	(106)	320	352
Business Rates Cap Grant	(678)	(679)	(490)	(512)	0	0
Lower Tier Services Grant	0	0	0	0	0	0
Services Grant	(86)	(86)	(13)	(13)	0	0
Funding Guarantee Grant	(558)	(558)	(496)	(1,450)	0	0
Transitional Funding	0	0	0	0	(1,941)	(828)
New Homes Bonus	(993)	(992)	(1,189)	0	0	0
Collection Fund (Surplus)/Deficit	(316)	(316)	(1,229)	0	0	0
Council Tax Income	(7,614)	(7,614)	(7,929)	(8,175)	(8,457)	(8,741)
<b>Projected Revenue Funding</b>	<b>(13,815)</b>	<b>(13,815)</b>	<b>(15,230)</b>	<b>(14,057)</b>	<b>(12,775)</b>	<b>(11,943)</b>

<b>Projected Budget Funding Gap</b>	<b>0</b>	<b>149</b>	<b>0</b>	<b>(1,231)</b>	<b>826</b>	<b>1,852</b>
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<b>Business Rates</b>						
Business Rates Reset/Fair Funding Review	No	No	No	No	Yes	Yes
Transitional Funding	No	No	No	No	(5.00%)	(5.00%)
<b>New Homes Bonus</b>						
Band D Housing Growth above the Baseline	558	558	672	224	217	355
Affordable Housing growth	413	413	283	84	83	111
<b>Council Tax</b>						
Modelled Council Tax Increase	0.00%	0.00%	£5.00	1.99%	1.99%	1.99%
Band D Housing Growth	507	507	419	416	557	524

## Reconciliation of Original Funding Gap to Central Scenario Draft Revenue Budget Funding Gap

	Cabinet or Decision Date	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
<b>Original Budget Council 28/02/2023</b>		0	0	1,616	1,903	1,770
<b>Approved Changes</b>						
Money Matters 3 Months	05/09/2023	476	0	0	0	0
Transfer (to)/from General Reserves	05/09/2023	(476)	0	0	0	0
Money Matters 6 Months	05/12/2023	(327)	0	0	0	0
Transfer (to)/from General Reserves	05/12/2023	327	0	0	0	0
Money Matters 8 Months	06/02/2024	0	0	0	0	0
Transfer (to)/from General Reserves	06/02/2024	0	0	0	0	0
<b>Approved Funding Gap</b>		<b>0</b>	<b>0</b>	<b>1,616</b>	<b>1,903</b>	<b>1,770</b>

Updated Expenditure/Income Projections
Updated pay inflation pressures
Cinema for Lichfield District funding
Revenue Contributions to the Capital Programme 2027/28
Additional income from Planning Fees
Additional Planning Investment / Contingency
Additional income from Car Parking Fees
Additional Car Parking Investment / Contingency
Contracts/Other Inflationary increases
Inflationary Increase in Community Grants
Enabling Regeneration Investment
Updated Treasury Management Projections
Inclusion of a cost of living contingency budget
In year contingency/growth budget
<b>Sub Total</b>

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Included in Approved Budget		250	263	281	297
		755	0	0	0
		612	0	0	0
		(54)	(95)	(209)	(223)
		54	95	209	223
		(150)	(150)	(150)	(150)
		150	150	150	150
		274	297	287	327
		23	28	33	38
		350	120	0	0
		(700)	(550)	0	0
		0	50	0	0
		298	250	0	0
	<b>1,862</b>	<b>458</b>	<b>601</b>	<b>662</b>	

Updated Central Scenario Funding Projections
Retained Business Rates Baseline Funding
Retained Business Rates Growth Allowance
Rolled in Grants
Business Rates Cap Grant
Services Grant
Funding Guarantee Grant
Transitional Funding
New Homes Bonus
Collection Fund (Surplus)/Deficit
Council Tax Income
<b>Sub Total</b>

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Included in Approved Budget		62	(42)	(27)	(13)
		(342)	(1,472)	(337)	(334)
		1	(512)	(114)	(110)
		181	(512)	0	0
		69	(13)	0	0
		86	(1,450)	0	0
		0	747	(1,159)	(64)
		(619)	0	0	0
		(1,229)	0	0	0
		(71)	(51)	(41)	(59)
		<b>(1,862)</b>	<b>(3,305)</b>	<b>(1,678)</b>	<b>(580)</b>

Projected Central Scenario Budget Funding Gap
Transfer settlement 'windfall' to Strategic Priorities Reserve
<b>Impact on General Reserves</b>

0	(1,231)	826	1,852
0	0	0	0
<b>0</b>	<b>(1,231)</b>	<b>826</b>	<b>1,852</b>

### More Optimistic Scenario

	2023/24		2024/25	2025/26	2026/27	2027/28
	Original Budget £000	Approved Budget £000				
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>MEDIUM</b>	<b>MEDIUM</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
<b>Projected Net Operating Cost excluding 'windfall' transfers</b>	13,815	13,965	15,230	12,826	13,601	13,795
Transfer settlement 'windfall' to Strategic Priorities Reserve	0	0	0	0	0	0
<b>Projected Net Operating Cost</b>	<b>13,815</b>	<b>13,965</b>	<b>15,230</b>	<b>12,826</b>	<b>13,601</b>	<b>13,795</b>

Retained Business Rates Baseline Funding	(2,196)	(2,196)	(2,297)	(2,329)	(2,360)	(2,392)
Retained Business Rates Growth Allowance	(1,268)	(1,268)	(975)	(1,169)	(520)	(677)
Rolled in Grants	(106)	(106)	(113)	(108)	319	350
Business Rates Cap Grant	(678)	(679)	(693)	(781)	0	0
Lower Tier Services Grant	0	0	0	0	0	0
Services Grant	(86)	(86)	(13)	(13)	0	0
Funding Guarantee Grant	(558)	(558)	(496)	(1,448)	0	0
Transitional Funding	0	0	0	0	(2,098)	(1,387)
New Homes Bonus	(993)	(992)	(1,189)	(441)	(428)	(680)
Collection Fund (Surplus)/Deficit	(316)	(316)	(1,230)	0	0	0
Council Tax Income	(7,614)	(7,614)	(7,980)	(8,301)	(8,676)	(9,058)
<b>Projected Revenue Funding</b>	<b>(13,815)</b>	<b>(13,815)</b>	<b>(14,986)</b>	<b>(14,590)</b>	<b>(13,763)</b>	<b>(13,844)</b>

<b>Projected Budget Funding Gap</b>	<b>0</b>	<b>149</b>	<b>244</b>	<b>(1,764)</b>	<b>(162)</b>	<b>(49)</b>
-------------------------------------	----------	------------	------------	----------------	--------------	-------------

<b>Business Rates</b>						
Business Rates Reset/Fair Funding Review	No	No	No	No	Yes	Yes
Transitional Funding	No	No	No	No	(2.00%)	(2.00%)
<b>New Homes Bonus</b>						
Band D Housing Growth above the Baseline	558	558	672	252	244	391
Affordable Housing growth	413	413	283	89	88	118
<b>Council Tax</b>						
Modelled Council Tax Increase	0.00%	0.00%	2.99%	2.99%	2.99%	2.99%
Band D Housing Growth	507	507	446	440	590	554

## More Pessimistic Scenario

	2023/24		2024/25	2025/26	2026/27	2027/28
	Original Budget £000	Approved Budget £000	£000	£000	£000	£000
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>MEDIUM</b>	<b>MEDIUM</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
<b>Projected Net Operating Cost excluding 'windfall' transfers</b>	<b>13,815</b>	<b>13,965</b>	<b>15,230</b>	<b>12,826</b>	<b>13,601</b>	<b>13,795</b>
Transfer settlement 'windfall' to Strategic Priorities Reserve	0	0	0	0	0	0
<b>Projected Net Operating Cost</b>	<b>13,815</b>	<b>13,965</b>	<b>15,230</b>	<b>12,826</b>	<b>13,601</b>	<b>13,795</b>

Retained Business Rates Baseline Funding	(2,196)	(2,196)	(2,297)	(2,329)	(2,360)	(2,392)
Retained Business Rates Growth Allowance	(1,268)	(1,268)	(441)	(390)	(161)	(132)
Rolled in Grants	(106)	(106)	(113)	(106)	320	352
Business Rates Cap Grant	(678)	(679)	(546)	(558)	0	0
Lower Tier Services Grant	0	0	0	0	0	0
Services Grant	(86)	(86)	(13)	(13)	0	0
Funding Guarantee Grant	(558)	(558)	(496)	(1,450)	0	0
Transitional Funding	0	0	0	0	(345)	22
New Homes Bonus	(993)	(992)	(1,189)	0	0	0
Collection Fund (Surplus)/Deficit	(316)	(316)	(1,230)	0	0	0
Council Tax Income	(7,614)	(7,614)	(7,492)	(7,536)	(7,609)	(7,680)
<b>Projected Revenue Funding</b>	<b>(13,815)</b>	<b>(13,815)</b>	<b>(13,817)</b>	<b>(12,382)</b>	<b>(10,155)</b>	<b>(9,830)</b>

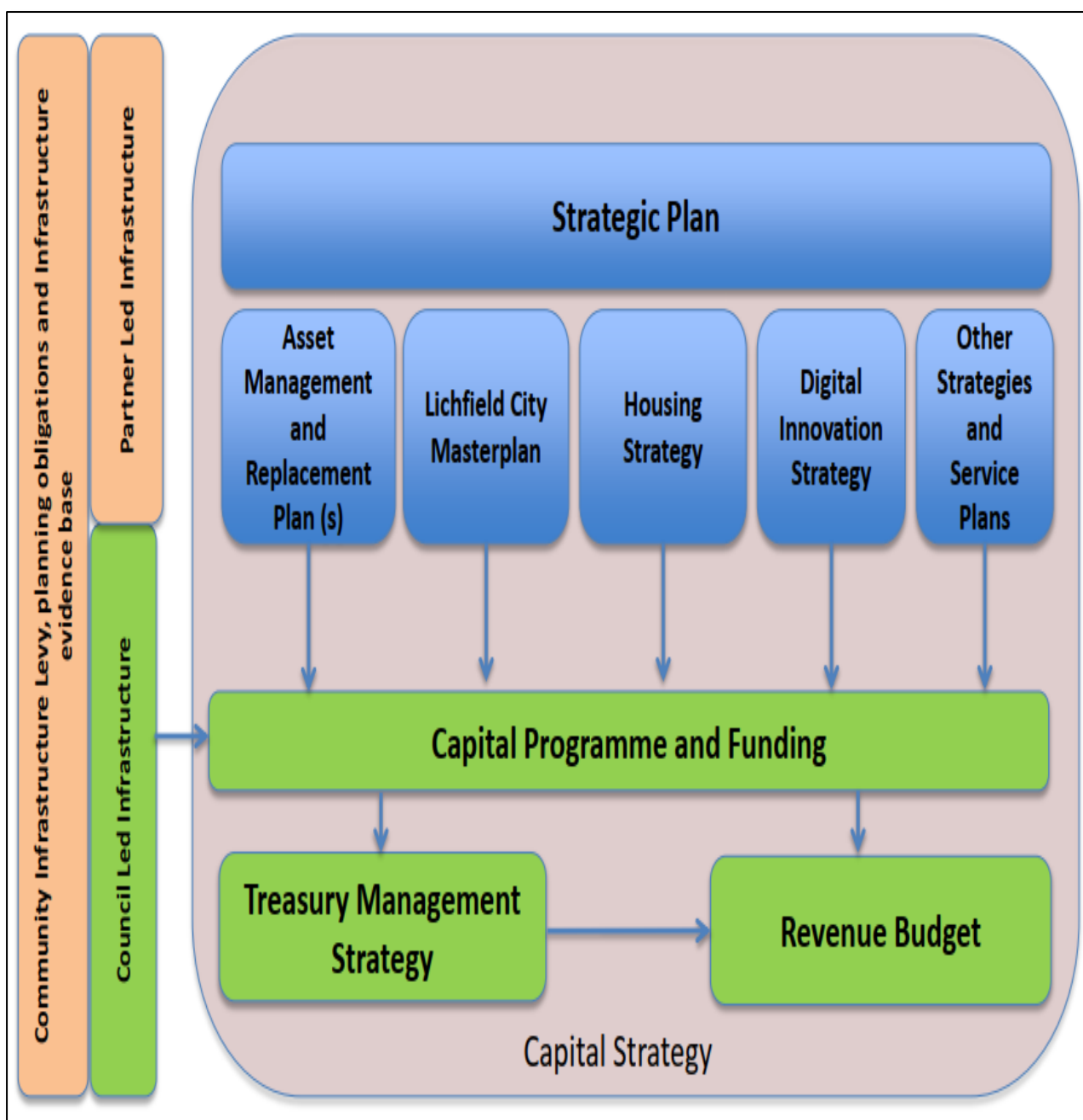
<b>Projected Budget Funding Gap</b>	<b>0</b>	<b>149</b>	<b>1,413</b>	<b>444</b>	<b>3,446</b>	<b>3,965</b>
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<b>Business Rates</b>						
Business Rates Reset/Fair Funding Review	No	No	No	No	Yes	Yes
Transitional Funding	No	No	No	No	(10.00%)	(10.00%)
<b>New Homes Bonus</b>						
Band D Housing Growth above the Baseline	558	558	672	85	80	172
Affordable Housing growth	413	413	283	56	55	74
<b>Council Tax</b>						
Modelled Council Tax Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Band D Housing Growth	507	507	265	261	350	329

## Draft Capital Strategy

### 1. Introduction

- 1.1. The Prudential Code requires the completion of a Capital Strategy that is approved by Full Council.
- 1.2. The Capital Strategy provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 1.3. It forms part of the Councils integrated revenue, capital and balance sheet planning. The Council already undertakes elements of the requirements although some areas, such as Asset Management Planning, are subject to ongoing development.
- 1.4. The Prudential Code now requires all this information to be brought together in a single place as shown below:



2. The Capital Programme

2.1. The financial planning process and its Governance is shown below:

The Financial Planning Timetable and Governance Responsibility				
Service and Financial Planning		July	←	Medium Term Financial Strategy
		August		
	→	September	←	Money Matters as at 30 June
Review Medium Term Financial Strategy	→			
		October	←	Medium Term Financial Strategy
Review Medium Term Financial Strategy	→	November		
Mid Year Treasury Management Report	→			
		December	←	Money Matters as at 30 September
			←	Medium Term Financial Strategy
			←	Set Council Taxbase and approve Collection Fund Projections
Review Medium Term Financial Strategy	→	January		
Review Treasury Management and Capital Strategies	→	February	←	Money Matters as at 30 November
Approve the Medium Term Financial Strategy and set the Council Tax	→		←	Recommend Medium Term Financial Strategy and Council Tax to Council
		March		
		April		
Draft Statement of Accounts	→	May		
		June	←	Money Matters as at 31 March
Annual Treasury Management Report	→	July		
		August		
Statement of Accounts (was 31 July but for 2 years extended to 30 September)	→	September		
Key:				
Pink = internal timelines				
Blue = Cabinet				
Salmon = Cabinet & Overview and Scrutiny Committee				
Amber = Overview and Scrutiny Committee				
Green = Audit & Member Standards Committee				
Purple = Council				

### The Capital Programme Process

- 2.2. Given our current financial position, our priorities and responsibilities and as Asset Management Plans are developed, it is probable that capital needs will be identified that exceed resources available thus necessitating a more transparent and robust process to inform Members during the development of the MTFs.
- 2.3. The capital bid process has been incorporated into the service and financial planning process to provide a holistic approach. The capital bid element of the process has been designed to ensure consistency, objectivity, equity and transparency to the prioritisation and allocation of capital funding, while ensuring maximum value for money.
- 2.4. A summary of the process is identified below:
- Indicative Business-as-Usual capital investment is included in the Long Term Capital Investment Plan based on existing levels. These budgets are subject to review based on more up to date service and financial plans.
  - In addition, a service can identify a budget requirement and consults with the Finance and Commissioning Team.
  - Service requests funding by completing and submitting a funding bid form.
  - The Finance and Commissioning Team reviews all bids and assessments and requests clarification where required.
  - The Finance and Commissioning Team reviews bids using the assessment criteria and ensure the bids are included in the relevant service and financial planning submission.
  - Leadership Team review all service and financial planning submissions before recommending the allocation of funding either through a Cabinet Report or through the MTFs.
  - Finance and Commissioning monitor funding allocations and spend, reporting to Leadership Team as part of Money Matters Reports.
  - Where the project budget or annual allocation is **£500,000 or more**, a review of performance is not already separately monitored, and the service completes the work / project outlined within the bid, the service will undertake a review (i.e., post-project review) within 6 months of work being completed, providing this to Finance and Procurement to include in a report to Leadership Team.

### Planning Obligations - Section 106 and Community Infrastructure Levy (CIL)

- 2.5. As part of the planning process, financial contributions from planning obligations, including the Community Infrastructure Levy, are received from new developments. The vast majority is spent directly on infrastructure works or will be spent in line with the Infrastructure Delivery Plan (IDP).
- 2.6. In some cases, there is an element of discretion on how they are allocated. These contributions towards social and community facilities are linked to the development proposed.
- 2.7. The Council's Capital Programme includes a number of projects that are to be funded by Section 106 and CIL; this is a significant source of funding and there is a significant level of interest from the community in relation to the allocation of sums to projects.



2.8. The Draft Capital Programme and its funding by Strategic Priority is summarised below:

Strategic Priority	Draft Capital Programme						Total £000	Corporate £000
	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	£000		
Enabling People	4,421	10,537	3,172	1,320	1,100	20,550	819	
Shaping Place	386	425	6,600	210	400	8,021	240	
Developing Prosperity	5,493	4,649	3,999	10	0	14,151	2,456	
A Good Council	520	215	365	405	405	1,910	1,405	
<b>Capital Expenditure</b>	<b>10,820</b>	<b>15,826</b>	<b>14,136</b>	<b>1,945</b>	<b>1,905</b>	<b>44,632</b>	<b>4,920</b>	

Funding Source	Draft Capital Programme						Total £000
	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	£000	
Capital Receipts	2,033	1,110	174	222	0	3,539	
Capital Receipts - Housing	360	0	0	0	0	360	
Revenue - Corporate	173	100	565	183	0	1,021	
<b>Corporate Council Funding</b>	<b>2,566</b>	<b>1,210</b>	<b>739</b>	<b>405</b>	<b>0</b>	<b>4,920</b>	
Grant	1,695	2,884	3,762	1,300	1,100	10,741	
Section 106	537	993	0	0	0	1,530	
CIL	1,350	800	0	0	0	2,150	
Reserves	4,509	6,610	1,169	90	655	13,033	
Revenue - Existing Budgets	163	150	150	150	150	763	
Leases	0	0	6,000	0	0	6,000	
Internal Borrowing	0	3,179	2,316	0	0	5,495	
<b>Total</b>	<b>10,820</b>	<b>15,826</b>	<b>14,136</b>	<b>1,945</b>	<b>1,905</b>	<b>44,632</b>	
External Borrowing	0	0	0	0	0	0	
<b>Grand Total</b>	<b>10,820</b>	<b>15,826</b>	<b>14,136</b>	<b>1,945</b>	<b>1,905</b>	<b>44,632</b>	

2.9. The Revenue implications of the Draft Capital Programme are shown below:

Revenue Implications	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Interest on Loan to the LA Company	0	0	0	0	0
Friary Grange - Refurbishment	135	135	0	0	0
New Leisure Centre Capital Financing	0	0	373	366	359
New Leisure Centre Operating Costs	0	0	235	(11)	(85)
New Leisure Centre Sinking Fund	0	0	0	50	100
Savings Reinvested	(100)	(100)	(100)	(100)	(100)
Community Infrastructure Levy 2022	(11)	(173)	(100)	(100)	(100)
Leisure Centre & CIL Uncertainty	111	273	0	0	0
Cinema - Income	0	0	(600)	(600)	(600)
Cinema - Sinking Fund	0	0	254	254	254
Cinema - Expenditure/Uncertainty	0	0	346	346	346
Revenue Budget - Bin Replacement	150	150	150	150	0
Revenue Budget - Corporate	173	100	565	183	0
<b>Sub Total - Approved Budget</b>	<b>458</b>	<b>385</b>	<b>1,123</b>	<b>538</b>	<b>175</b>
Revenue Budget - Corporate	0	0	0	0	0
Revenue Budget - Reserves	0	0	0	0	612
Revenue Budget - Bin Replacement	0	0	0	0	150
<b>Sub Total - Service and Financial Planning</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>762</b>
<b>Capital Programme Total</b>	<b>458</b>	<b>385</b>	<b>1,123</b>	<b>538</b>	<b>937</b>

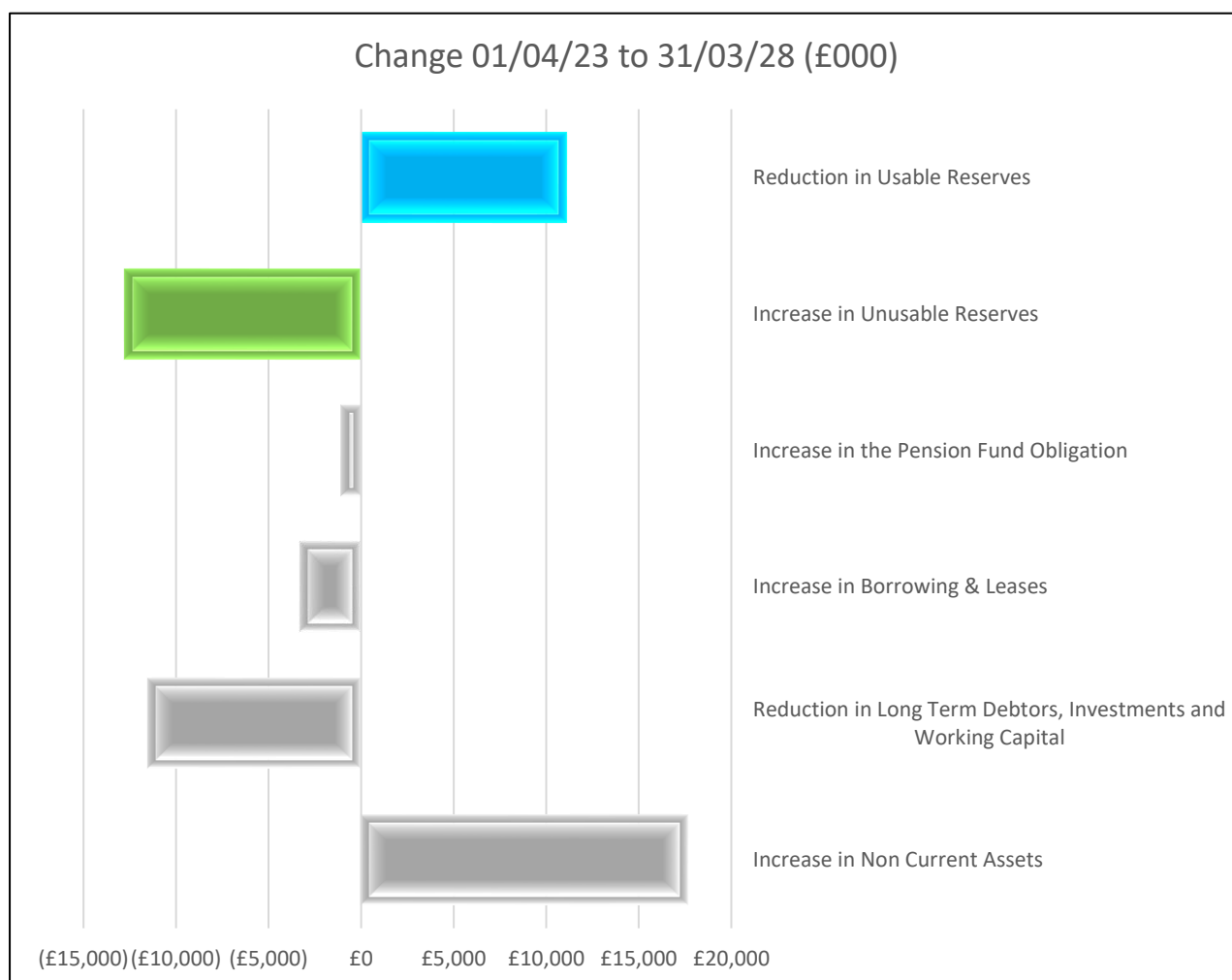
2.10. Projected Capital Receipts are shown in the table below:

General Capital Receipts	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
<b>Opening Balance</b>	<b>(1,076)</b>	<b>(1,466)</b>	<b>(387)</b>	<b>(244)</b>	<b>(55)</b>	<b>(1,076)</b>
Sale of Venture House	(915)					(915)
Other Receipts	(30)	(31)	(31)	(33)	(28)	(153)
Bakers Lane	(1,478)					(1,478)
Utilised in Year	2,033	1,110	174	222	0	3,539
<b>Closing Balance</b>	<b>(1,466)</b>	<b>(387)</b>	<b>(244)</b>	<b>(55)</b>	<b>(83)</b>	<b>(83)</b>

Housing Receipts	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
<b>Opening Balance</b>	<b>(1,181)</b>	<b>(979)</b>	<b>(979)</b>	<b>(979)</b>	<b>(979)</b>	<b>(1,181)</b>
Right to Buy Receipts	(158)					(158)
Utilised in Year	360	0	0	0	0	360
<b>Closing Balance</b>	<b>(979)</b>	<b>(979)</b>	<b>(979)</b>	<b>(979)</b>	<b>(979)</b>	<b>(979)</b>

### 3. The Balance Sheet (in £000s)

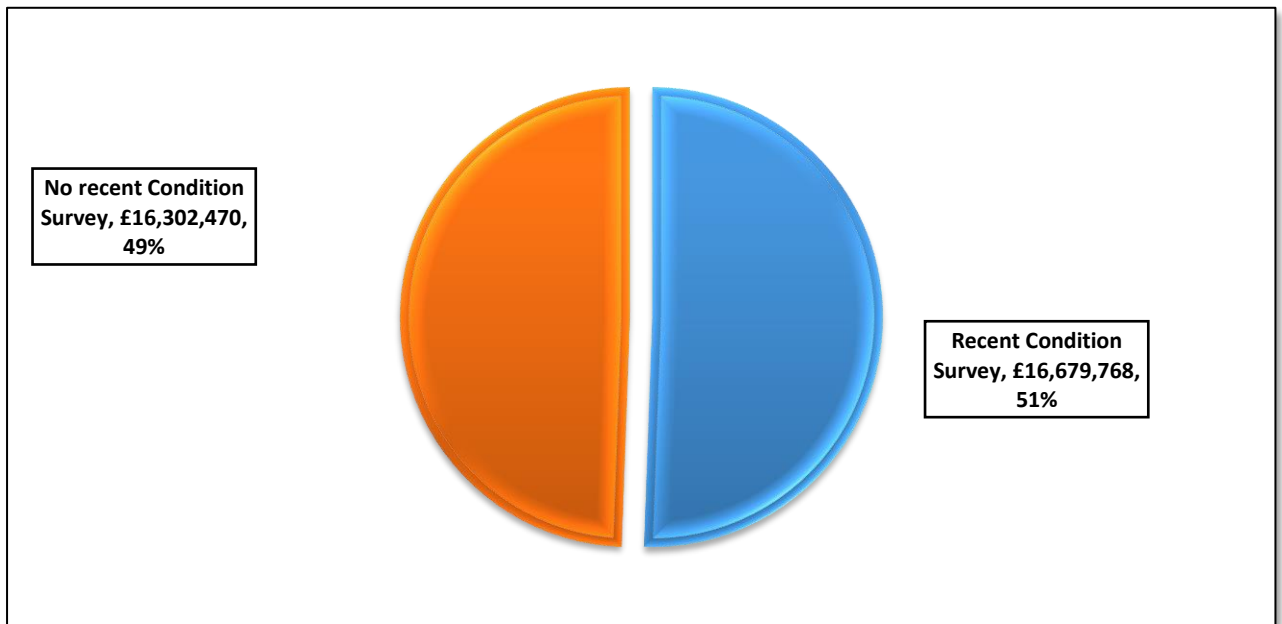
3.1. The Revenue Budget, Capital Programme and its funding will impact on the Council’s Balance Sheet:



3.2. This chart illustrates the impact on the Council’s Balance Sheet of capital investment in the new leisure centre, Cinema for Lichfield District, and a replacement waste fleet with funding from a lease type arrangement and internal borrowing/usable reserves leading to a reduction in investments.

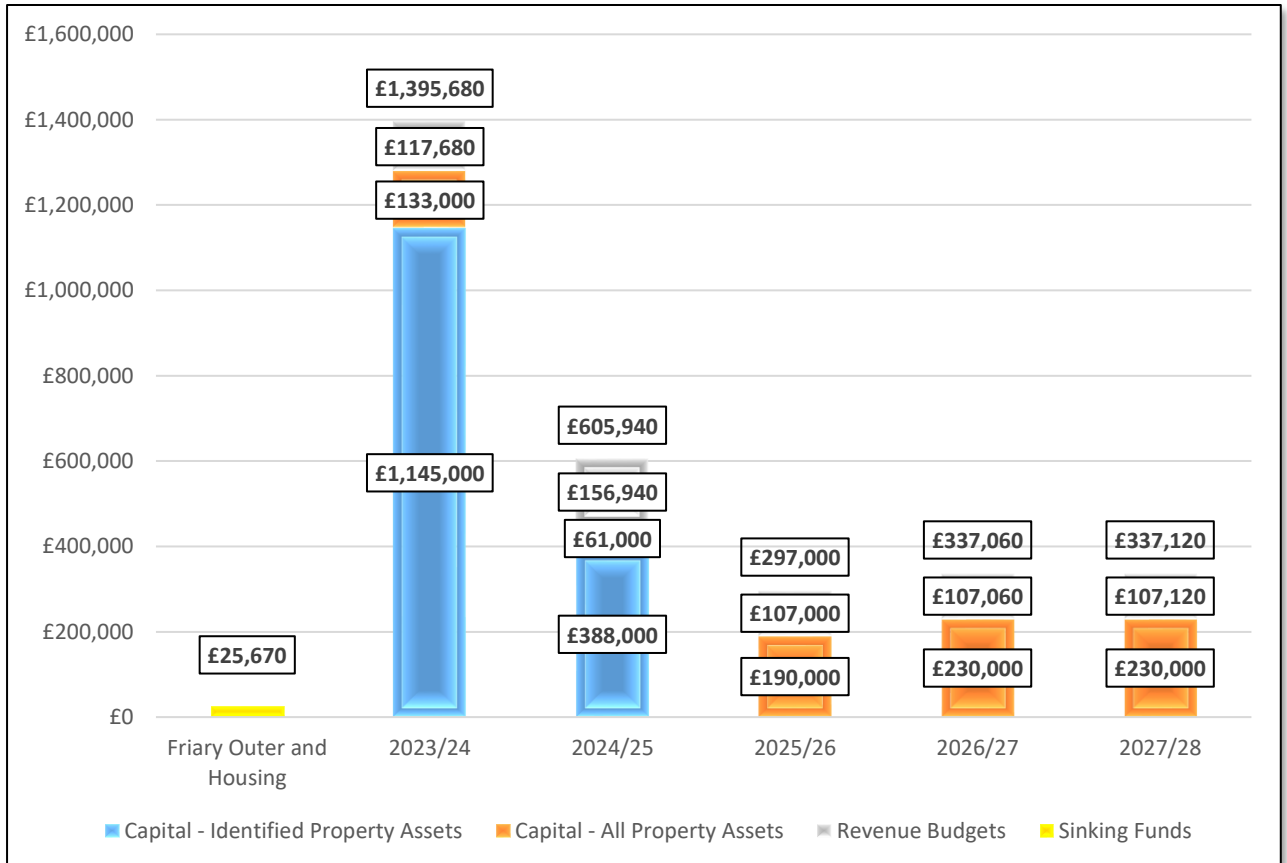
#### 4. Asset Management Planning

4.1. The Property Team is currently in the process of undertaking Property Condition Surveys for Property Assets owned by the Council. Progress to date is shown below:

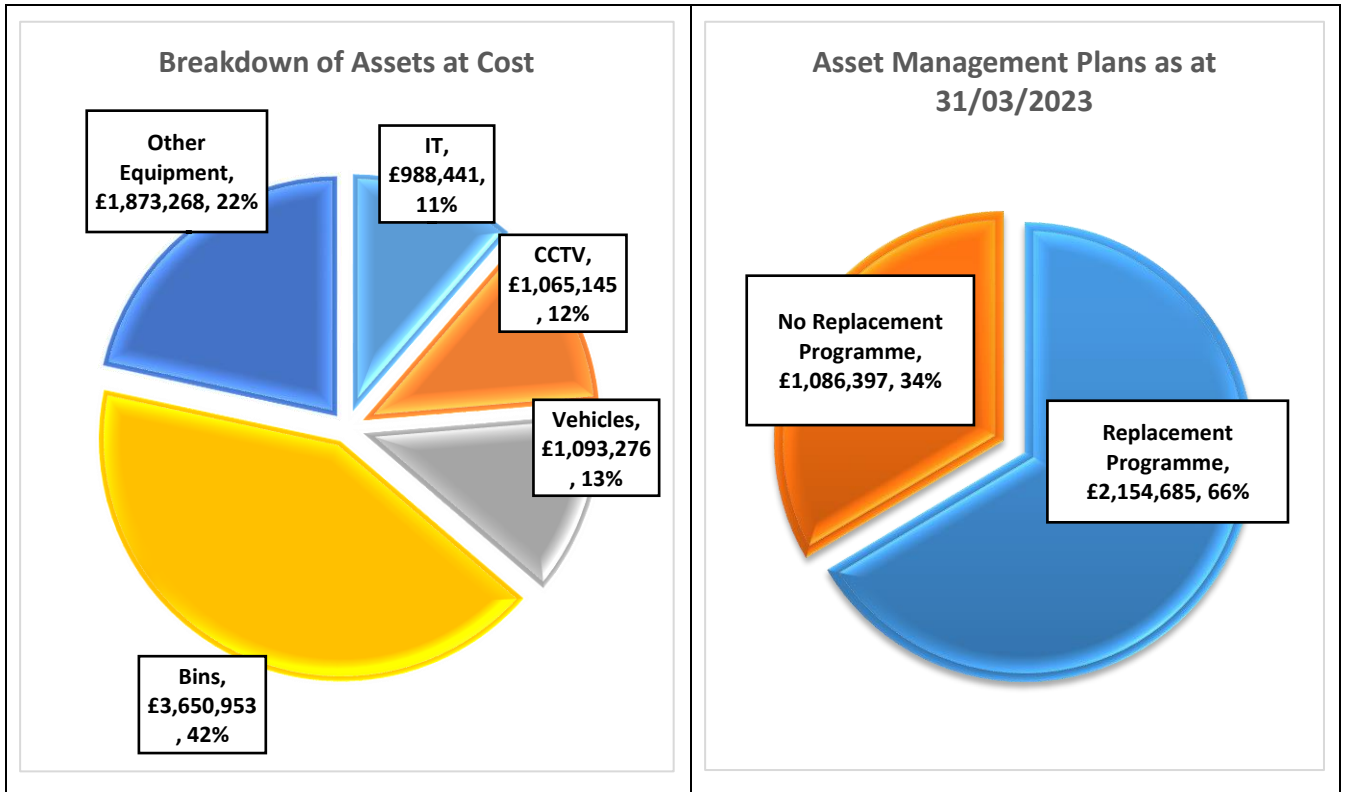


4.2. For financial planning purposes, a budget (based on a % of projected asset value) has been included in the Capital Programme and Longer Term Capital Investment Plan.

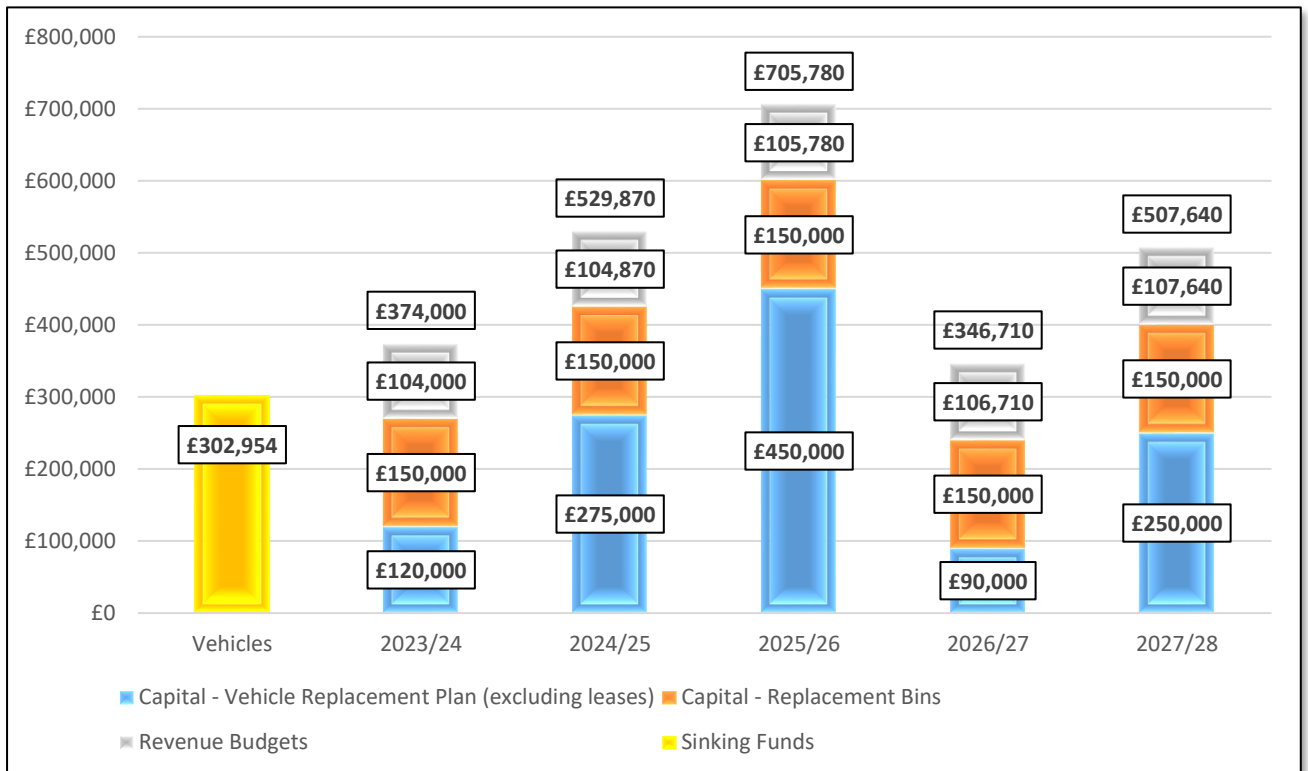
4.3. The resources identified for enhancement and maintenance of property assets are:



4.4. The Asset Management Plans in place for vehicles, plant and equipment assets are:



4.5. The resources identified for replacement and maintenance of vehicles, plant and equipment are:



4.6. There is also a proposed Capital Programme budget of **£6,000,000** in 2025/26 for a new fleet of waste vehicles assumed to be funded through a lease type arrangement.

## 5. Longer Term Capital Investment Planning

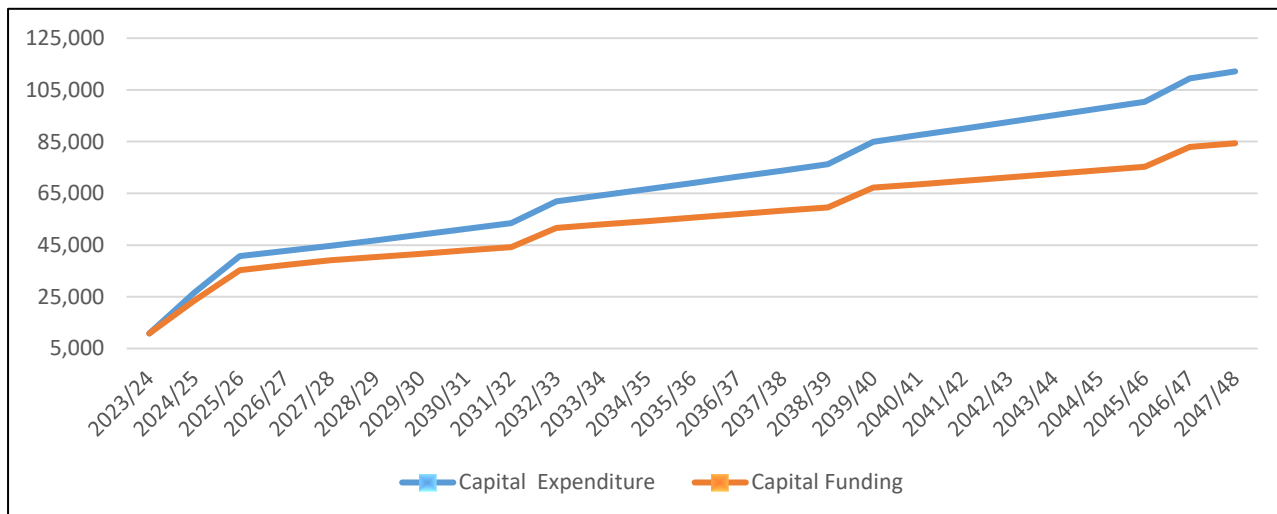
5.1. The Medium Term Financial Strategy covers a relatively short period of time (current financial year plus the next four years) and this short horizon is not reflective of the longer term investment needs associated with asset ownership.

5.2. Therefore, it is prudent to also produce financial plans that cover a longer term financial planning horizon such as 25 years.

5.3. The following key assumptions have been utilised in producing the longer term financial plan:

- Annual core inflation of **2%**.
- Population in Lichfield District increases by an annual average of **0.31%**.
- The proportion of the population aged 65 and over increases from **25%** in 2023/24 to **28%** by 2046/47.
- The value of building assets increases from **£34m** in 2022/23 to **£60m** in 2025/26 with the building of a new Leisure Centre and Cinema.
- An assessment of Property Planned Maintenance budgets at a percentage of building value or **£230,000** per annum has been utilised with annual inflationary increases.
- An assessment of ICT investment using the average level of investment in the last Capital Bid submitted of **£175,000** from 2025/26 has been utilised with annual inflationary increases.

5.4. The longer term capital investment plan in £000s is shown in detail at **ANNEX 1** and in the chart below:



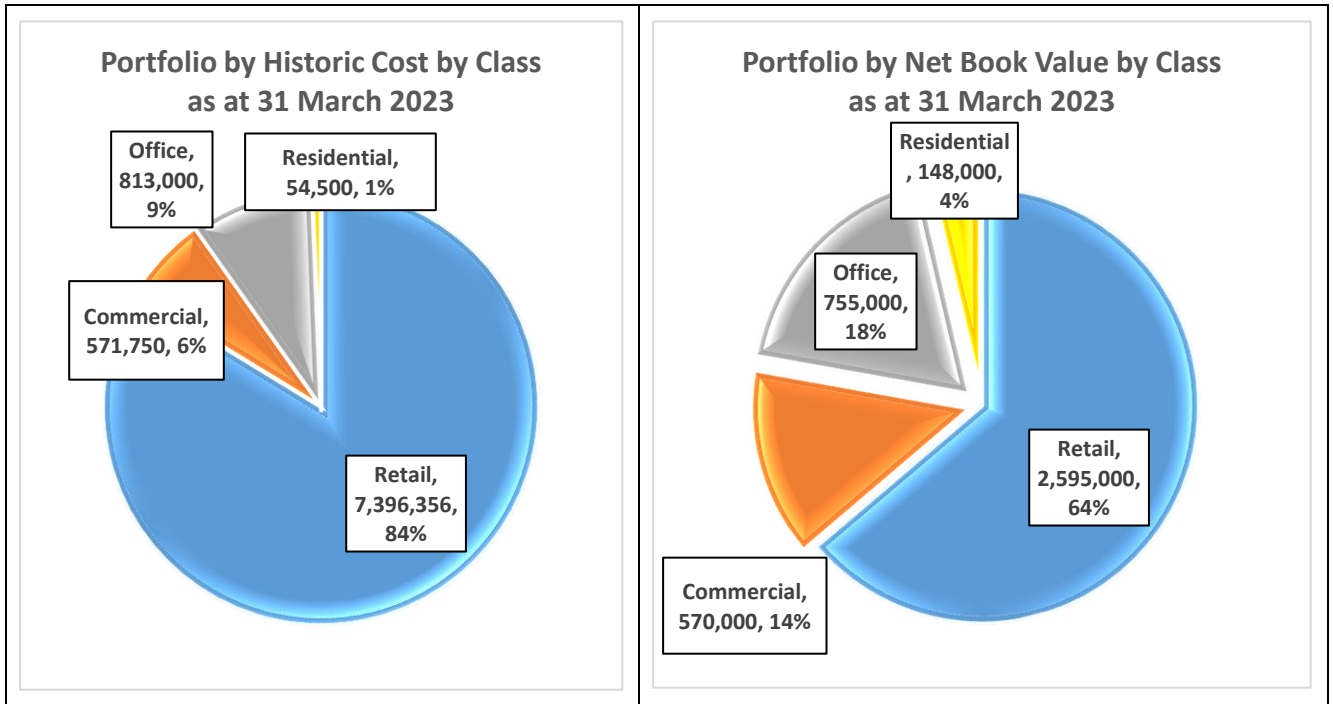
5.5. The difference between capital expenditure and funding would result in an increase in the cumulative level of borrowing need of **£28m** (including £5m approved for the new Leisure Centre and £0.5m approved for the Cinema for Lichfield District) that is projected to be **£12m** after Minimum Revenue Provision (MRP).

5.6. This additional borrowing need would result in additional and increasing capital financing costs in the revenue budget thereby further increasing the Funding Gap.

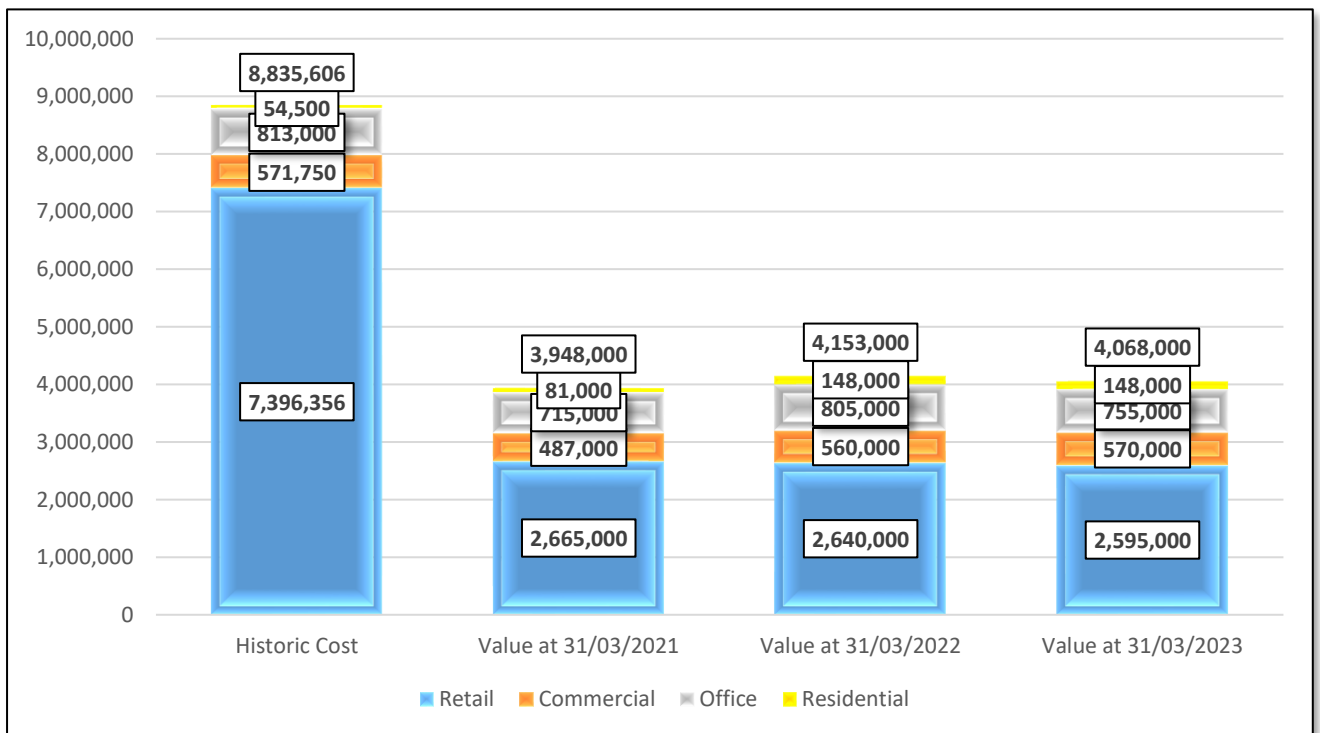
5.7. However, the borrowing need can be reduced through actions such as the receipt of external funding or sale of assets.

**6. Current Investment in Property**

6.1. The Council also owns a number of properties that provide an income return and the composition of the portfolio as at 31 March 2023 is shown below:



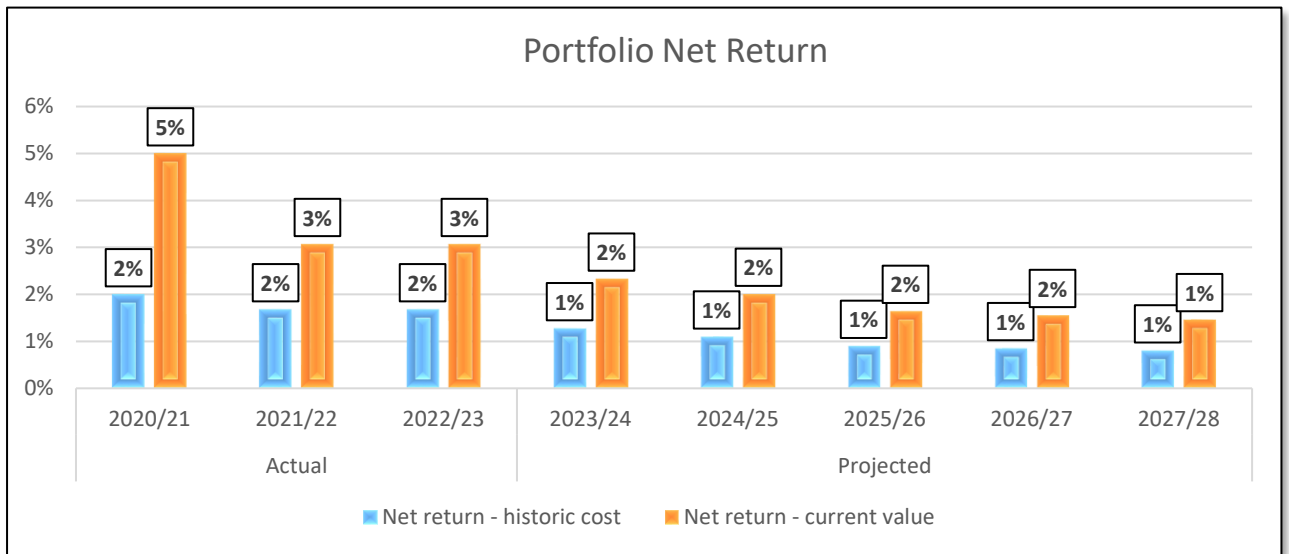
6.2. The value of these properties over the last three years is shown below:



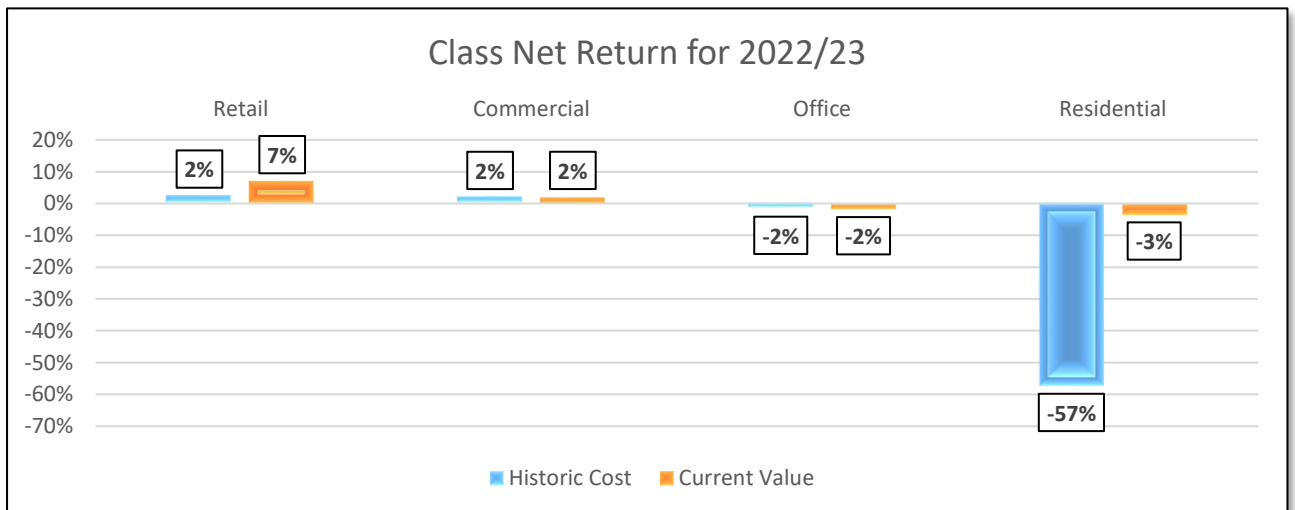
6.3. The value of these properties (mainly those classed as retail) have reduced because the value assessed by the external valuer is based on prevailing rental levels.

6.4. These properties were acquired without the need for borrowing and therefore the loan to value ratio for the portfolio is **0%**.

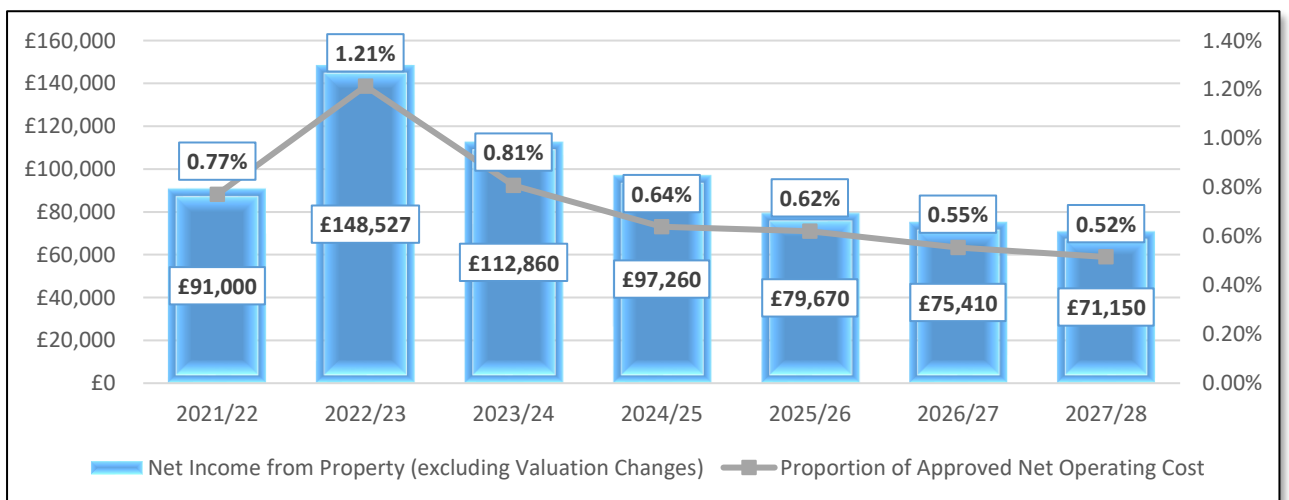
6.5. The portfolio net return based after taking account of management costs using historic asset cost and current value is shown in the chart below:



6.6. The net return is further analysed by class of investment within the portfolio:



6.7. The proportion of the Revenue Budget supported by income from these properties is shown below:



6.8. The ratio of Treasury Management investments to property asset investments is shown below:



6.9. The Council has a Local Authority Trading Company Lichfield West Midlands Trading Services (LWMTS) Limited, which was incorporated in September 2019 with an aim to support local services.

6.10. The Council undertook an equity investment of **£225,000** in 2020/21 to support local services.

6.11. In addition, Council has approved a capital loan of **£5,788,000** (including client contingency of £883,000) to the Joint Venture to deliver the Cinema development in Lichfield City. The accounting treatment of this capital investment will need to be considered as part of the 'Buy Out' considerations that will include the identification of the most appropriate ownership model.

## 7. Debt Management

7.1. The Capital Programme is funded from a variety of sources. A number of these sources such as capital receipts, the revenue budget, grants, contributions, and reserves utilise resources that are immediately available or are receivable. However, when capital expenditure is approved, and these resources are not available, then a **Capital Financing Requirement (CFR)** or borrowing need results.

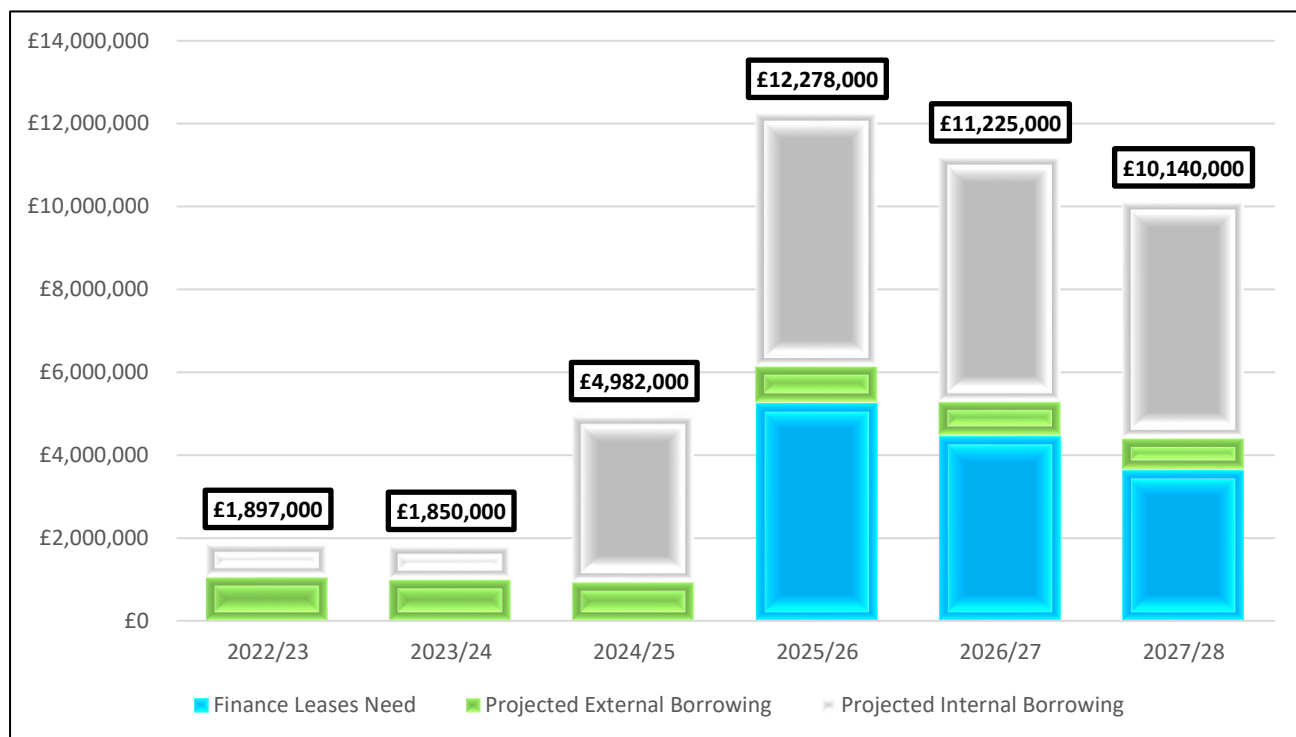
7.2. The CFR is managed through the approval by Council of the Medium Term Financial Strategy including the Capital Programme and Prudential Indicators.

7.3. The CFR must be financed through borrowing or leases (external debt) or by temporarily utilising internal resources (internal borrowing).

7.4. At 31 March 2023 the Council had a relatively low level of external debt outstanding of **£1,065,000**.

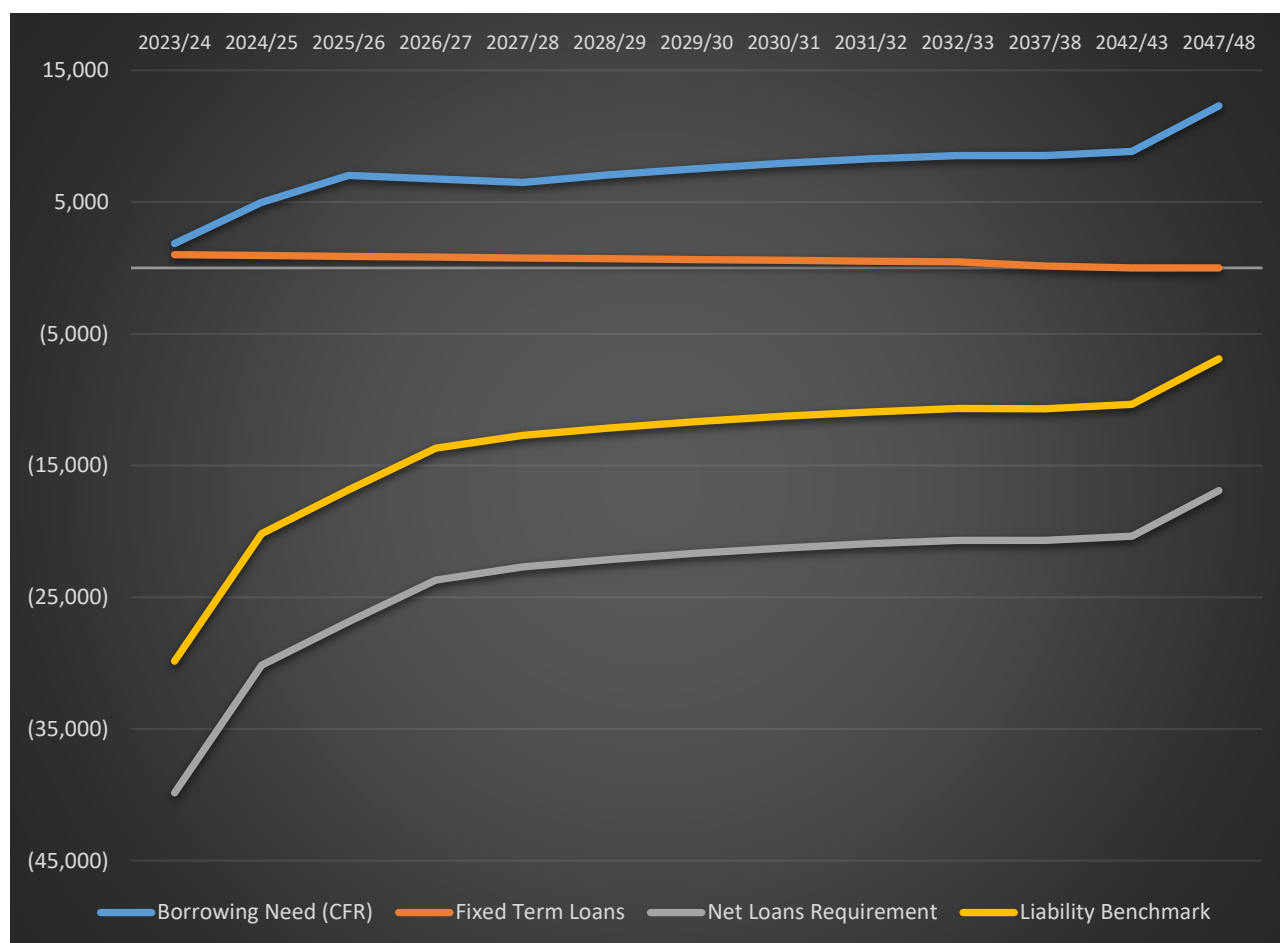


- 7.5. The new leisure centre, the Cinema for Lichfield District and the renewal of the waste fleet will mean the CFR is projected to increase to **£10,140,000** by 31 March 2028.
- 7.6. The new leisure centre and the Cinema for Lichfield District will initially be funded through Internal Borrowing and the waste fleet potentially through a contract hire type arrangement which is classified as external debt.
- 7.7. The projected CFR (the total for each column), **external debt** (leases and external borrowing) and **internal borrowing** is shown below:



- 7.8. The CFR is related to:
- Historic capital expenditure for the Chasewater Dam and Friary Outer Car Park.
  - Planned capital expenditure for the new Leisure Centre, the Cinema for Lichfield District and the renewal of the waste fleet funded by a lease type arrangement.
- 7.9. The Council manages its external debt through setting Prudential Indicators, related to the statutory maximum, known as the **Authorised Limit** and a lower warning level known as the **Operational Boundary**.
- 7.10. The external debt projections are based on the approved Capital Programme however to manage unforeseen events, an element of flexibility or ‘headroom’ is included in the Prudential Indicators:
- **Operational Boundary** – flexibility is included to enable internal borrowing to be converted to external debt or for example, to ensure accounting changes such as those proposed for all leases to be classed as finance leases, to be incorporated without breaching the limit.
  - **Authorised Limit** – this provides additional flexibility to manage unusual cash flows that necessitate temporary borrowing such as Government Grants not being paid.
- 7.11. The **liability benchmark** is the lowest risk level of external borrowing by keeping cash and investments to a minimum of **£10m** at each year end to maintain liquidity but minimise credit risk.

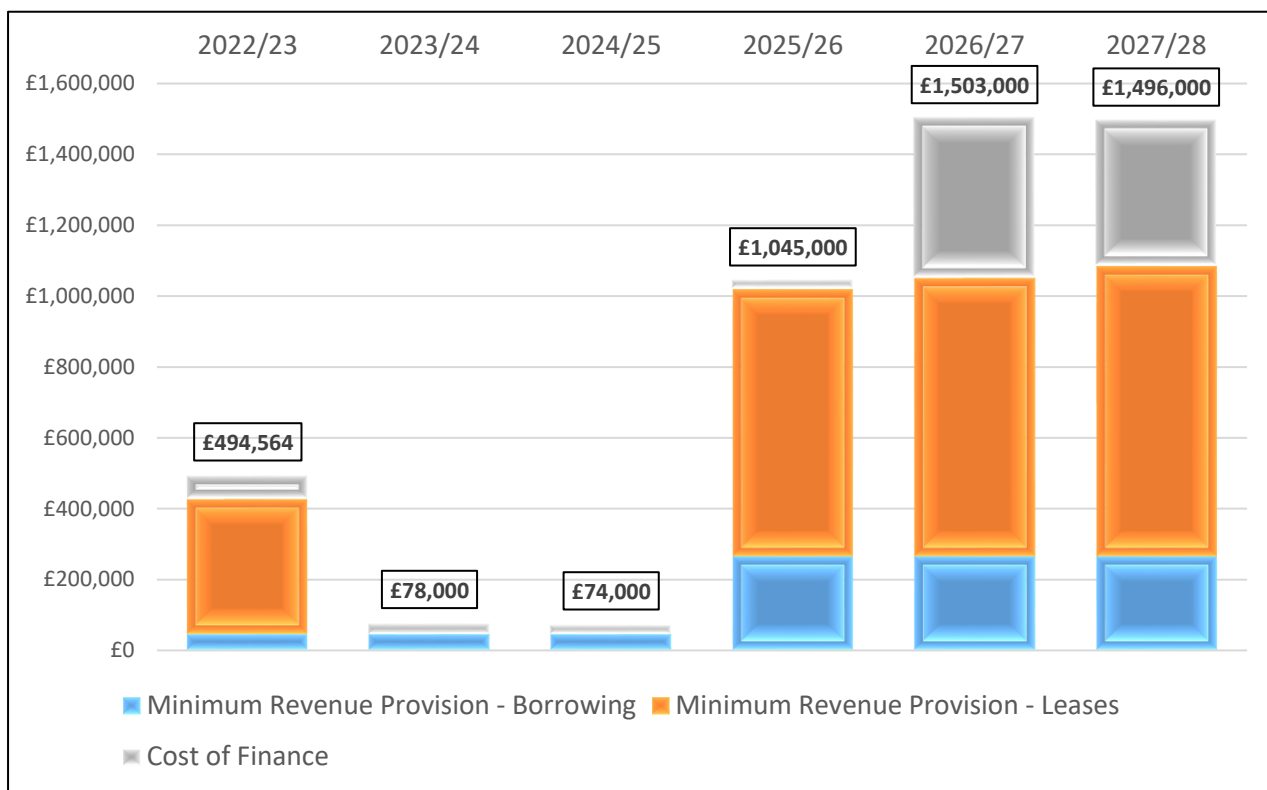
7.12. The projected level of borrowing, external borrowing, Net Loans Requirement together with the projected Liability Benchmark is shown below:



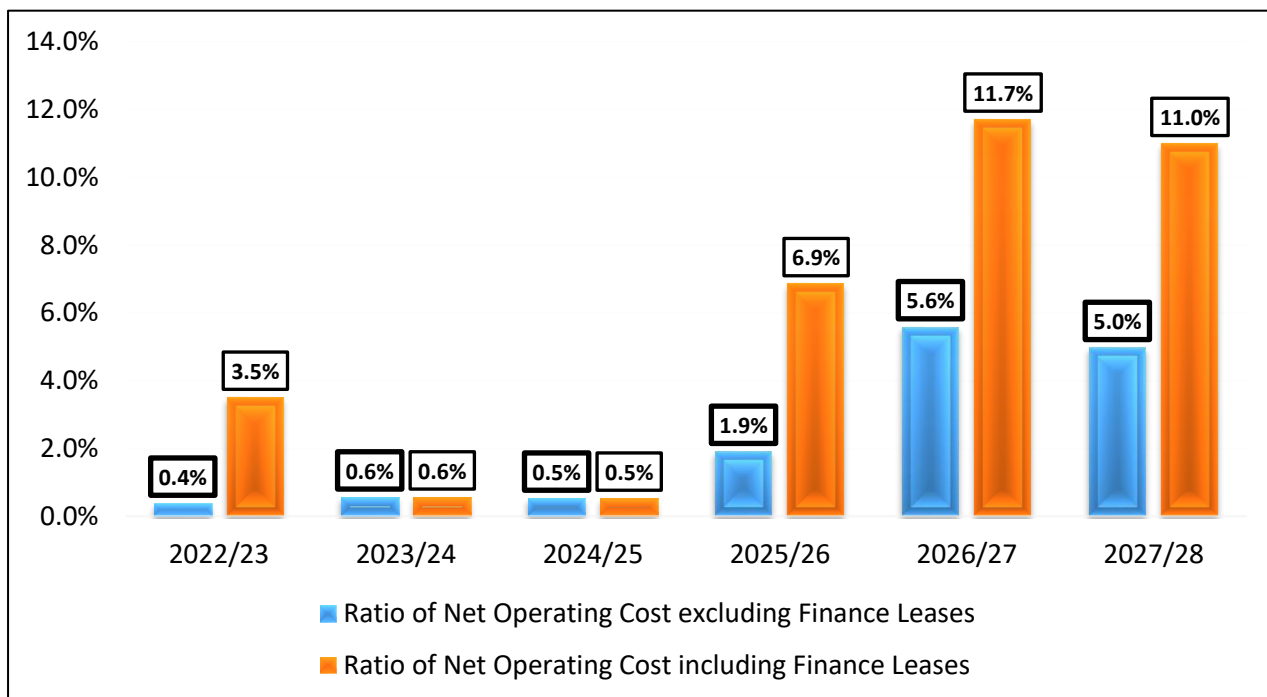
7.13. The chart above shows:

- **The projected level of borrowing need** (the blue line) – this is capital expenditure (excluding leases) that is not funded by available resources such as capital receipts, grants, and revenue.
- **The projected level of external borrowing** (the orange line).
- The difference between the blue and orange lines is the projected level of internal borrowing.
- **The Net Loans Requirement** (the grey line) – this is the Balance Sheet projection of cash resources.
- **The Liability Benchmark** (the yellow line) – this is the Net Loans Requirement less a minimum level of investments of £10m.
- When the Liability Benchmark is projected to become positive, it would be at this point that the replacement of internal borrowing by external borrowing would need to be considered.

7.14. The cost of debt servicing includes the cost of finance and Minimum Revenue Provision (MRP). Debt is only a temporary source of finance since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as MRP:



7.15. The proportion of the net budget allocated to financing costs is:



7.16. The Minimum Revenue Provision and therefore the financing costs ratio increases in 2025/26 due to the inclusion of the debt costs commencing at **£200,000** for the new leisure centre and **£19,800** for the cinema for Lichfield District.

## 8. Financial Guarantees

- 8.1. In addition to the debt projections shown above, in relation to external borrowing and leases, the Council can also act as a guarantor for an admitted body that delivers services on behalf of the Council.
- 8.2. In the event it is probable that these guarantees will be required a financial provision is created to mitigate the risk. Any guarantee is assessed throughout the year, in terms of the financial viability of the organisations for which the guarantee is provided, to determine whether a financial provision will need to be created.
- 8.3. The one guarantee previously identified in relation to Freedom Leisure is no longer required given management has been insourced to LWMTS from 1 April 2023.

## 9. The Authority's Risk Appetite, Knowledge and Skills

- 9.1. The Council's risk appetite, along with most of Local Government, is increasing due to the need to offset funding reductions from Central Government with income from alternative sources.
- 9.2. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Assistant Director - Finance and Commissioning is a qualified accountant with 30 years' experience, the Council uses the Property Team that forms part of the services provided by the Company to the Council to optimise the management of existing property. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA and the Association of Accounting Technicians.
- 9.3. Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers and has access to property professionals through LWMTS. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.
- 9.4. The Council plans to utilise where appropriate the flexible use of capital receipts for transformation projects such as the Being a Better Council Programme.

## 10. Prudential and Local Indicators

- 10.1. The Prudential and Local Indicators in relation to the Capital Strategy are included in the Reports to Audit Committee and Cabinet prior to Council Approval.

## 11. Chief Finance Officer Assessment of the Capital Strategy

- 11.1. I have assessed the current overall risk as **25** out of **64** based on the following factors:

	Likelihood	Impact	2024/25	2023/24
<b>Minimum</b>			<b>0</b>	<b>0</b>
Slippage Occurs in the Capital Spend	4	2	8	8
Planned Capital Receipts are not received	2	2	4	4
The Capital Programme does include investment to realise all the Council's Strategic aims	3	3	9	9
Actual Cashflows differ from planned Cashflows	2	2	4	4
<b>Assessed Level of Risk</b>			<b>25</b>	<b>25</b>
<b>Maximum</b>			<b>64</b>	<b>64</b>

- 11.2. Therefore, I believe the level of risk is Tolerable (Green).



District Council House	470	388											
Public Conveniences	121												
<b>Sub Total</b>	<b>2,358</b>	<b>2,051</b>	<b>190</b>	<b>230</b>	<b>230</b>	<b>230</b>	<b>235</b>	<b>239</b>	<b>244</b>	<b>249</b>	<b>275</b>	<b>303</b>	<b>335</b>
<u>Vehicles, Plant and Equipment</u>													
Bin Purchases/Dual Stream Recycling	181	150	150	150	150	150	151	152	153	154	160	165	171
Vehicles - Waste			6,000							6,120			
Vehicles - Other	120	275	450	90	250	237	242	247	252	257	283	313	345
ICT Investment	150	154	175	175	175	175	179	182	186	189	209	231	255
Building a Better Council	77												
Car Park Strategy	160	223											
Committee Audio-Visual Meeting Platform	85												
<b>Sub Total</b>	<b>773</b>	<b>802</b>	<b>6,775</b>	<b>415</b>	<b>575</b>	<b>562</b>	<b>571</b>	<b>581</b>	<b>591</b>	<b>6,720</b>	<b>652</b>	<b>709</b>	<b>771</b>
<b>Other Capital Investment</b>													
Disabled Facilities Grants	950	1,220	1,337	1,300	1,100	1,100	1,113	1,125	1,135	1,148	1,174	1,181	1,196
Other Projects	1,343	400				275	281	286	292	298	329	363	401
<b>Sub Total</b>	<b>2,293</b>	<b>1,620</b>	<b>1,337</b>	<b>1,300</b>	<b>1,100</b>	<b>1,375</b>	<b>1,394</b>	<b>1,411</b>	<b>1,427</b>	<b>1,445</b>	<b>1,502</b>	<b>1,544</b>	<b>1,596</b>
<b>Total Modelled Expenditure</b>	<b>10,820</b>	<b>15,826</b>	<b>14,136</b>	<b>1,945</b>	<b>1,905</b>	<b>2,167</b>	<b>2,200</b>	<b>2,231</b>	<b>2,261</b>	<b>8,415</b>	<b>2,429</b>	<b>2,556</b>	<b>2,703</b>

Key Assumptions	Medium Term Financial Strategy					Additional Projections								
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2037/38	2042/43	2047/48	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
<u>Corporate Funding</u>														
Capital Receipts	(2,033)	(1,110)	(174)	(222)										
Capital Receipts - Right to Buy	(360)													
Revenue - Corporate	(173)	(100)	(565)	(183)										
<u>Other Funding</u>														
Disabled Facilities Grant - New	(950)	(1,109)	(1,109)	(1,109)	(1,100)	(1,100)	(1,113)	(1,125)	(1,135)	(1,148)	(1,174)	(1,181)	(1,196)	
Disabled Facilities Grant - Existing		(111)	(228)	(191)										
Other Grants	(745)	(1,664)	(2,425)											
Section 106	(537)	(993)												
CIL	(1,350)	(800)												
Reserves	(4,509)	(6,610)	(1,169)	(90)	(655)									
Revenue - Existing Budgets	(163)	(150)	(150)	(150)	(150)	(150)	(151)	(152)	(153)	(154)	(160)	(165)	(171)	
Leases			(6,000)			0	0	0	0	(6,120)	0	0	0	
<b>Total Modelled Funding</b>	<b>(10,820)</b>	<b>(12,647)</b>	<b>(11,820)</b>	<b>(1,945)</b>	<b>(1,905)</b>	<b>(1,250)</b>	<b>(1,264)</b>	<b>(1,277)</b>	<b>(1,288)</b>	<b>(7,422)</b>	<b>(1,333)</b>	<b>(1,347)</b>	<b>(1,367)</b>	
<b>Annual Borrowing Need</b>	<b>0</b>	<b>3,179</b>	<b>2,316</b>	<b>0</b>	<b>0</b>	<b>917</b>	<b>935</b>	<b>954</b>	<b>973</b>	<b>993</b>	<b>1,096</b>	<b>1,210</b>	<b>1,336</b>	
<b>Cumulative Annual Borrowing Need</b>	<b>0</b>	<b>3,179</b>	<b>5,495</b>	<b>5,495</b>	<b>5,495</b>	<b>6,412</b>	<b>7,347</b>	<b>8,301</b>	<b>9,275</b>	<b>10,267</b>	<b>15,536</b>	<b>21,353</b>	<b>27,776</b>	
<b>Cumulative Borrowing Need (after MRP)</b>	<b>1,850</b>	<b>4,983</b>	<b>7,032</b>	<b>6,765</b>	<b>6,500</b>	<b>7,059</b>	<b>7,543</b>	<b>7,951</b>	<b>8,280</b>	<b>8,530</b>	<b>8,524</b>	<b>8,845</b>	<b>12,306</b>	

## Draft Capital Programme

Project		Draft Capital Programme						Total £000	Corporate
		2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000			
Burntwood Leisure Centre Sinking Fund Projects	A	144	0	0	0	0	144	59	
Friary Grange - Short Term Refurbishment	R	134	0	0	0	0	134	0	
Burntwood Leisure Centre - Decarbonisation Scheme	A	29	0	0	0	0	29	0	
Replacement Leisure Centre	A	826	7,339	1,835	0	0	10,000	400	
Accessible Homes (Disabled Facilities Grants)	R	950	1,220	1,337	1,300	1,100	5,907	0	
Affordable Housing Monies	A	0	1,178	0	0	0	1,178	0	
Vehicle Replacement Programme - Env Health	A	0	0	0	20	0	20	0	
Conversion of 36a Bore Street	A	492	0	0	0	0	492	360	
Streethay Community Centre	R	850	0	0	0	0	850	0	
Changing Places Fund	A	36	0	0	0	0	36	0	
Zip Wire in Burntwood	A	30	0	0	0	0	30	0	
Burntwood Community Hub	R	250	0	0	0	0	250	0	
Climbing Wall at Burntwood Leisure Centre	A	50	50	0	0	0	100	0	
Pre-school soft play facility at Burntwood Leisure Centre	A	50	50	0	0	0	100	0	
Adventure Golf at Beacon Park	A	150	150	0	0	0	300	0	
Obstacle Course at Beacon Park	A	0	150	0	0	0	150	0	
Padel Tennis courts	A	200	200	0	0	0	400	0	
New 3G Pitch in Lichfield	A	200	200	0	0	0	400	0	
Mavesyn Ridware Village Hall Play Area Improvements	R	5	0	0	0	0	5	0	
Fence at Chasetown Memorial Bowling Green	A	10	0	0	0	0	10	0	
Play Equipment at Beacon Park	A	11	0	0	0	0	11	0	
Upgrading electrical heating in St Stephens Church, Fradley	R	4	0	0	0	0	4	0	
<b>Enabling People Total</b>		<b>4,421</b>	<b>10,537</b>	<b>3,172</b>	<b>1,320</b>	<b>1,100</b>	<b>20,550</b>	<b>819</b>	
Lichfield Public Conveniences	A	40	0	0	0	0	40	40	
Vehicle Replacement Programme (Waste)	A	0	0	6,000	0	0	6,000	0	
Bin Purchase	A	150	150	150	150	150	750	0	
Dual Stream Recycling	A	31	0	0	0	0	31	0	
Vehicle Replacement Programme (Other)	A	120	275	450	60	250	1,155	200	
Burntwood Public Conveniences	A	45	0	0	0	0	45	0	
<b>Shaping Place Total</b>		<b>386</b>	<b>425</b>	<b>6,600</b>	<b>210</b>	<b>400</b>	<b>8,021</b>	<b>240</b>	
Vehicle Replacement Programme (Car Parks)	A	0	0	0	10	0	10	0	
Coach Park	A	100	0	0	0	0	100	39	
Car Parks Variable Message Signing	A	160	0	0	0	0	160	0	
Pay on Exit System at Lombard Street	A	0	143	0	0	0	143	0	
Electric Vehicle Charge Points	A	0	80	0	0	0	80	0	
BRS Enabling Works	A	268	802	0	0	0	1,070	0	
Cinema Development	A	2,888	2,836	3,999	0	0	9,723	1002	
32-44 Bakers Lane	A	1,582	0	0	0	0	1,582	1478	
Incubator Space	A	0	388	0	0	0	388	(143)	
New 3G Pitch at Chasetown Football Club	R	100	0	0	0	0	100	0	
Small scale investment in micro and small enterprises	R	0	200	0	0	0	200	0	
Development and promotion of the visitor economy	R	0	100	0	0	0	100	0	
Active travel enhancements in the local area	R	0	100	0	0	0	100	0	
Incubator Phase 3	A	395	0	0	0	0	395	80	
<b>Developing Prosperity Total</b>		<b>5,493</b>	<b>4,649</b>	<b>3,999</b>	<b>10</b>	<b>0</b>	<b>14,151</b>	<b>2,456</b>	
Property Planned Maintenance	A	133	61	190	230	230	844	614	
IT Infrastructure	A	150	154	175	175	175	829	554	
Council Car Park Extension	A	75	0	0	0	0	75	75	
Building a Better Council	A	77	0	0	0	0	77	77	
Committee Audio-Visual Hybrid Meeting Platform	A	85	0	0	0	0	85	85	
<b>Good Council Total</b>		<b>520</b>	<b>215</b>	<b>365</b>	<b>405</b>	<b>405</b>	<b>1,910</b>	<b>1,405</b>	
<b>Draft Capital Programme</b>		<b>10,820</b>	<b>15,826</b>	<b>14,136</b>	<b>1,945</b>	<b>1,905</b>	<b>44,632</b>	<b>4,920</b>	

A = Asset related R = Statutory based

Funding Source	Draft Capital Programme					
	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
Capital Receipts	2,033	1,110	174	222	0	3,539
Capital Receipts - Housing	360	0	0	0	0	360
Revenue - Corporate	173	100	565	183	0	1,021
<b>Corporate Council Funding</b>	<b>2,566</b>	<b>1,210</b>	<b>739</b>	<b>405</b>	<b>0</b>	<b>4,920</b>
Grant	1,695	2,884	3,762	1,300	1,100	10,741
Section 106	537	993	0	0	0	1,530
CIL	1,350	800	0	0	0	2,150
Reserves	4,509	6,610	1,169	90	655	13,033
Revenue - Existing Budgets	163	150	150	150	150	763
Sinking Fund	0	0	0	0	0	0
Leases	0	0	6,000	0	0	6,000
Internal Borrowing	0	3,179	2,316	0	0	5,495
<b>Total</b>	<b>10,820</b>	<b>15,826</b>	<b>14,136</b>	<b>1,945</b>	<b>1,905</b>	<b>44,632</b>
External Borrowing	0	0	0	0	0	0
<b>Total Funding</b>	<b>10,820</b>	<b>15,826</b>	<b>14,136</b>	<b>1,945</b>	<b>1,905</b>	<b>44,632</b>

### Reconciliation of Original Capital Programme to this Draft Capital Programme

	Cabinet or Decision Date	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
<b>Original Budget Council 28/02/2023</b>		<b>15,420</b>	<b>9,728</b>	<b>7,671</b>	<b>1,524</b>	<b>0</b>	<b>34,343</b>
<b>Approved Changes</b>							
Slippage from 2022/23	27/06/2023	1,566	(272)				1,294
Allocation of S106 Monies	24/02/2023	42					42
Burntwood Leisure Centre (MM Outturn)	27/06/2023	85					85
Cabinet Member Briefing Note - Re-allocation of funding for Chasetown Memorial Park	27/03/2023	10					10
A Cinema for Lichfield District	27/06/2023	1,875	146				2,021
Rural England Prosperity Fund (MTFS Report)	27/06/2023	100	300				400
Increase Streethay Community Centre (Money Matters Qtr 1)	05/09/2023	250					250
Money Matters Qtr 2	05/12/2023	(9,339)	6,881	2,258	386	186	372
Transfer Decent Homes Standard to Energy Insulation project	10/10/2023	(25)					(25)
A Cinema for Lichfield District - Update	05/12/2023	(174)	(150)	3,999			3,675
Money Matters P8	06/02/2024	1,010	(835)	173	(25)	(25)	298
Vehicle Replacement Programme (Other)	This Meeting		28	35	60	43	166
<b>Projections for 2027/28</b>							
Long Term Model	28/02/2023					1,701	1,701
<b>Draft Capital Programme</b>		<b>10,820</b>	<b>15,826</b>	<b>14,136</b>	<b>1,945</b>	<b>1,905</b>	<b>44,632</b>



## CFO Report on Robustness of the Budget and Adequacy of Reserves – Supporting Information

### Context

In accordance with the Local Government Act 2003 (Sections 25-27) and to comply with CIPFA Guidance on Local Authority Reserves and Balances, the CFO is required to formally report to Members on the robustness of the Budget and the adequacy of Reserves. The CFO is appropriately qualified under the terms of Section 113 of the Local Government Finance Act 1988.

### Adequacy of Reserves

The CFO assesses and determines the appropriate level of Reserves and Provisions using a variety of mechanisms, including:

- Being significantly involved in the Budget setting process, the annual financial cycle and engaged in the strategic leadership of the organisation as a member of the Leadership Team including wider corporate roles beyond that of finance;
- Leading and writing on the annual revision of the MTFS;
- Challenging the budget at various stages of preparation, including the reasonableness of the key budget assumptions and sensitivities such as estimates for inflation and corporate financial pressures, realism of income targets and the extent to which known trends and liabilities are provided for:
  - Meetings with specific colleagues to examine particular areas or issues;
  - An in-depth review of the financial risks assessment;
  - Review of the movements, trends (including a comparison to the level at other Councils) and availability of contingency, provisions and earmarked reserves to meet unforeseen cost pressures in the context of future pressures and issues;
  - The use of professional experience and best professional judgement;
  - The use of appropriate professional, technical guidance and local frameworks;
  - Knowledge of the colleagues involved in the process, particularly finance professionals, including their degree of experience and qualifications;
  - Review of the strength of financial management and reporting arrangements, including internal control and governance arrangements. This is undertaken in consultation with relevant colleagues and Members of the Cabinet.

It is prudent for Councils to maintain an adequate 'working balance', that is part of General Reserves. A Risk Assessment approach is used to determine the required level of General Reserves and Provisions.

The Council's aim is to have a prudent level of General Reserves available for unforeseen financial risks. The Council projects available general reserves of **£3,936,000** at 31 March 2024 and **£3,836,000** at 31 March 2025. This is **25%** of the amount to be met from Government Grants and Local Taxpayers in 2024/25 of **£15,230,000**.

The minimum level of Reserves for 2024/25 onwards is **£2,000,000** and has been determined by Risk Assessment.

In recommending an adequate level of Reserves, the CFO considers and monitors the opportunity costs of maintaining particular levels of Reserves and Balances and compares these to the benefits accrued from having such Reserves. The opportunity cost of maintaining a specific level of Reserves is the 'lost' opportunity for example, of investing elsewhere to generate additional investment income, or using the funds to invest in service improvements.

In assessing this, it is important to consider that Reserves can only be used once and are therefore potentially only "one off" sources of funding. Therefore, any use of General Reserves above the lower minimum threshold is only ever used on one-off items of expenditure.

Expenditure - the level of Reserves is also determined by use of a comprehensive risk assessment to ensure they represent an appropriately robust "safety net" that adequately protects the Council against potential unbudgeted costs.

### Use of General Revenue Reserves

The above assessment demonstrates that General Revenue Reserves are at an appropriate level as determined in accordance with the MTFs and the CFO's professional advice. The MTFs allows any Reserves above the level required by the Strategy to be used to fund one-off items of expenditure. No General Revenue Reserves below the minimum threshold are being used to support the 2023/24 budget and beyond.

CIPFA provides guidance for determining the minimum level of Reserves. The Council uses the method based on risk assessment. The approach to the risk assessment of Reserves has taken into account CIPFA guidance (LAAP 99) (Guidance note on Local Authority Reserves and Balances).

Financial risk is considered as part of the risk assessment in the MTFs to establish the Minimum Level of General Reserves. At present, the Minimum Level of General Reserves is approved at **£1,900,000**. However, this level needs to be kept under review based on the current operating environment and the risks it presents to the Council's budgets.

A review of the risk environment (unmitigated risk), the mitigation provided through earmarked reserves and budget contingency and the residual risk projected to be mitigated through the Minimum Level of General Reserves is shown below:

Activity Area	Current Risk Score	Unmitigated Risk	Earmarked Reserves & Contingency	2024/25 Minimum Level of General Reserves	2023/24 Minimum Level of General Reserves	Change
		£	£	£	£	£
Capital Strategy	Yellow - material	£2,027,000	£2,012,000	£15,000	£25,000	(£10,000)
Business Rates	Red- severe	£1,646,000	£1,609,960	£36,040	£0	£36,040
Partnerships and Outsourcing	Yellow - material	£0	£0	£0	£386,000	(£386,000)
High Risk Streams of Income	Yellow - material	£1,488,000	£0	£1,488,000	£693,000	£795,000
Volatile and High Risk Expenditure	Yellow - material	£446,340	£446,340	£0	£0	£0
Investments and Pensions	Yellow - material	£1,593,650	£1,593,650	£0	£0	£0
Inflation Assumptions	Yellow - material	£366,080	£366,080	£0	£225,000	(£225,000)
Demand Led Services	Yellow - material	£120,170	£30,170	£90,000	£90,000	£0
Collection of Income Performance	Yellow - material	£230,000	£0	£230,000	£361,000	(£131,000)
Civil Contingency	Yellow - material	£127,000	£0	£127,000	£127,000	£0
Other	Yellow - material	£13,960	£0	£13,960	(£7,000)	£20,960
<b>Total</b>		<b>£8,058,200</b>	<b>£6,058,200</b>	<b>£2,000,000</b>	<b>£1,900,000</b>	<b>£100,000</b>

This current risk assessment projects an increase in the Minimum Level of General Reserves to **£2,000,000**.

### Other Reserves (in addition to General Reserves)

A review of the level of Earmarked Reserves was undertaken, reported to Cabinet on 6 September 2022 and Council approved on 20 October 2022 the release of **£5,169,000** of earmarked reserves.

The projected levels of earmarked reserves are included as part of the Balance Sheet projections in the Treasury management Strategy Statement. Ongoing review of Earmarked Reserves takes place as part of the Money Matters Reports in line with the approved earmarked reserves policy to ensure we are only holding funds for known and essential purposes.

The Council also holds other Unusable Reserves that arise out of the interaction of legislation and proper accounting practice and the Balance Sheet projections are also included as part of the Balance Sheet projections in the Treasury management Strategy Statement.

The **CFO** has been involved throughout the entire budget process, including revising the MTFs, input to the drafting of the budget, the ongoing financial monitoring and reporting process, evaluation of investments and savings, engagement with Members of the Cabinet and Overview and Scrutiny Committees, advising colleagues, the strategic choices activities, challenge and evaluation activities, and scrutiny of the budget. The following sections of this statement outline activities and documents.

**Process** - a robust budget process has been used within the overall context of the MTFs.

**Timetable** - the process started in July 2023 and the draft budget was completed in December 2023 prior to the Provisional Financial Settlement for Local Government 2024/25. This enabled formal scrutiny of the budget making process in January 2024. The final budget is due to be set at Council on 27 February 2024, well within the statutory deadline.<sup>2</sup>

**Member involvement and Scrutiny** (including budget monitoring) - formal Member involvement has been extensive, particularly through the Cabinet in conjunction with Leadership Team, Strategic Overview & Scrutiny Committee and Audit Committee, which has fed upwards to Cabinet.

**Consultation** – from 18 October 2023 to 12 December 2023, we carried out a budget consultation to find out what people who live in the District think about the services we provide.

**Challenge** - there are various points of challenge at various stages of the Budget, meetings of Leadership Team, Cabinet and the Scrutiny process itself.

**Localism Act - Right to approve or veto excessive Council Tax rises** - The Secretary of State has determined a **3%** or **£5.00** (whichever is the higher) limit for Council Tax increases for 2024/25. If an Authority proposes to raise taxes above the limit, they will have to hold a referendum to get approval for this from the local voters who will be asked to approve or veto the rises.

**Ownership and accountability** - the budget has progressed through the Service and Financial Planning process including review by management within services and Leadership Team. Budget holders were sent copies of budget estimate working papers for their respective areas of service responsibility.

**Current financial position** - the budget is a statement of financial intent, reflecting The Council's vision, plans and priorities. It also sets the financial spending parameters for each financial year and as such, the CFO assessment of the adequacy of Reserves, also includes the risk of services overspending and/or under-spending their budgets and the impact of this on the financial health of the Council and its level of Reserves. The current financial position has been reported throughout the year.

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<sup>2</sup> Statutory deadline date for setting Council Tax is by 11 March 2024.

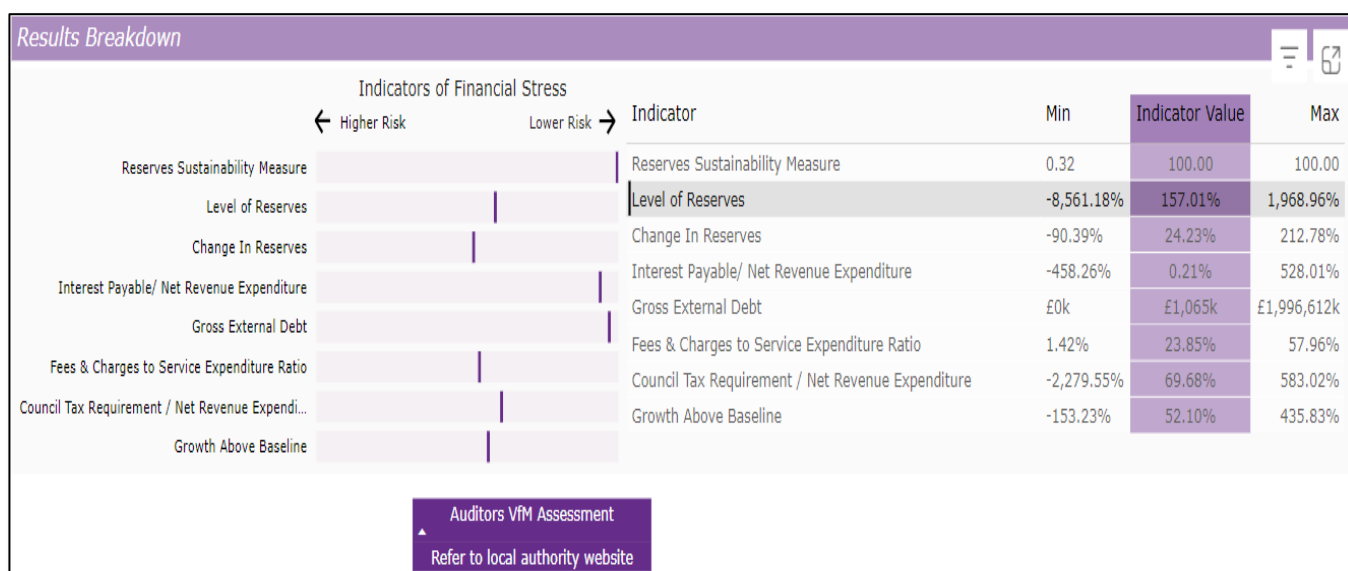
**Key assumptions** - The pay and prices used in the budget are derived from current intelligence, are considered appropriate and compare with those used by other Councils (the minimum level of general reserves has also been increased). Fees and charges have been reviewed and changes are reflected in the overall budget. The Capital Receipts to be used for the Capital Programme are based on estimates of both timing and value.

**Financial risks** – The Council continues to use an embedded good practice Risk Assessment approach both when setting the Budget and in validating estimated outturns. This continues for the 2023/24 outturn and 2024/25 plus Budget. The minimum level of General Reserves is considered to be adequate to cover all but the most unusual and serious combination of risks.

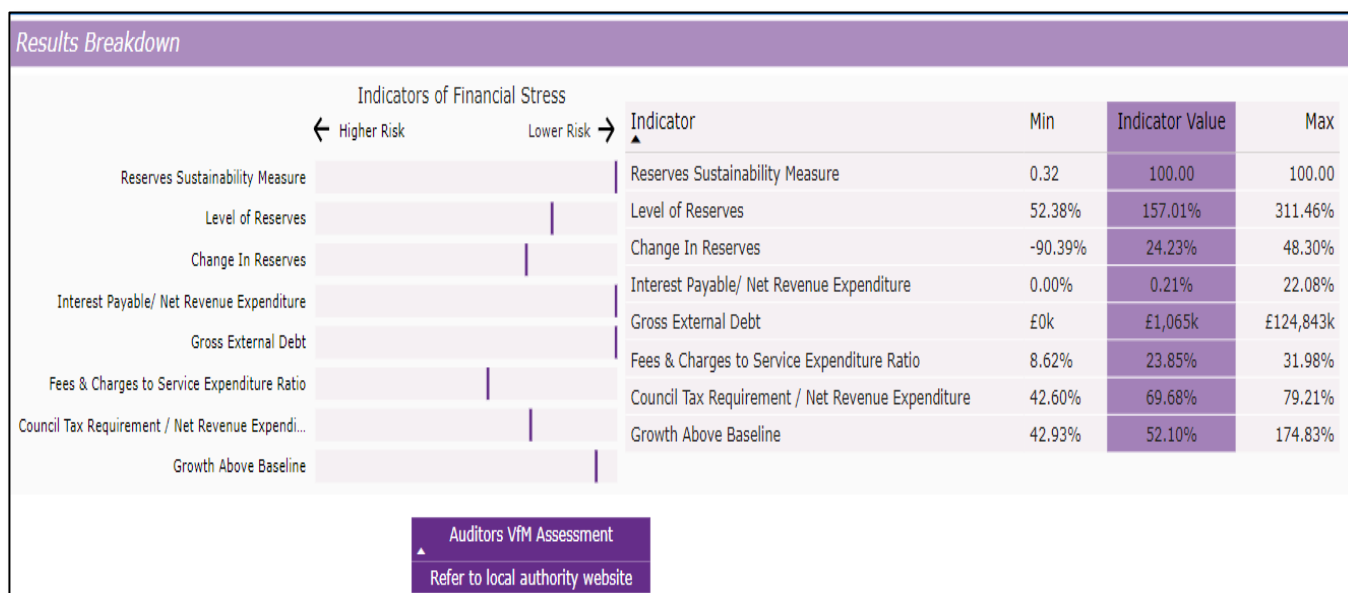
**The CIPFA Resilience Index**

The Chartered Institute of Finance and Accountancy (CIPFA) provided the fifth release of its Financial Resilience Index in December 2023. Lichfield DC’s information compared to all District Councils and Nearest Neighbours using a range of measures associated with financial risk is shown below.

**District Councils**



**Nearest Neighbours**





**Summary - Opinion of CFO on the Adequacy of Reserves and the Robustness of the Estimates**

I am of the opinion in the current economic climate, for a Council of this size, and with our recent record of prudent spending, effective Risk Management, robust budgeting and effective Budget monitoring and control, an increased General Minimum Reserve level of **£2,000,000** is adequate.

Revenue Budget – 25 Year Model (1 to 10 years, 15 years, 20 years and 25 years)

Key Assumptions													
Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2037/38	2042/43	2047/48
	1	2	3	4	5	6	7	8	9	10	15	20	25
Council Tax Base	40,534	41,116	41,567	42,161	42,723	43,386	43,386	43,705	44,024	44,343	45,938	47,533	49,128
Projected Residential Growth - LHN							319	319	319	319	319	319	319
<b>Projected Council Tax Base</b>							<b>43,705</b>	<b>44,024</b>	<b>44,343</b>	<b>44,662</b>	<b>46,257</b>	<b>47,852</b>	<b>49,447</b>
Council Tax Band D	£188	£193	£197	£201	£205	£209	£213	£217	£221	£226	£249	£275	£303
Modelled Council Tax Increase	0.00%	2.66%	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%
LG Futures Property Based Unit Cost	£83	£85	£86	£88	£90	£92	£93	£95	£97	£99	£109	£121	£133
Core Budget Inflation Allowance						2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Funding and Pension Inflation Allowance						2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Page 78 Year	Medium Term Financial Strategy					Additional Projections								
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2037/38	2042/43	2047/48	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
1	2	3	4	5	6	7	8	9	10	15	20	25		
<b>Modelled Total Expenditure</b>	<b>13,965</b>	<b>15,230</b>	<b>12,826</b>	<b>13,601</b>	<b>13,795</b>	<b>13,795</b>	<b>14,388</b>	<b>14,827</b>	<b>15,279</b>	<b>15,743</b>	<b>18,274</b>	<b>21,184</b>	<b>24,530</b>	
<u>Inflation and Budget Variations</u>														
Provision for Pay and Other Inflation						330	358	369	381	392	455	528	611	
Budget Pressure - Residential Growth						61	30	30	31	32	35	39	43	
Provision for Budget Variations						152								
Revenue Implications of Capital Bids						0								
<b>Sub Total</b>	<b>13,965</b>	<b>15,230</b>	<b>12,826</b>	<b>13,601</b>	<b>13,795</b>	<b>14,338</b>	<b>14,776</b>	<b>15,227</b>	<b>15,690</b>	<b>16,167</b>	<b>18,764</b>	<b>21,751</b>	<b>25,184</b>	
<u>Other Projections</u>														
Annual Increase in Past Service Pensions						50	51	52	53	54	60	66	73	
New Leisure Centre & CIL Allocation														
<b>Total Modelled Expenditure</b>	<b>13,965</b>	<b>15,230</b>	<b>12,826</b>	<b>13,601</b>	<b>13,795</b>	<b>14,388</b>	<b>14,827</b>	<b>15,279</b>	<b>15,743</b>	<b>16,221</b>	<b>18,824</b>	<b>21,817</b>	<b>25,257</b>	

	Medium Term Financial Strategy					Additional Projections							
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2037/38	2042/43	2047/48
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Modelled Funding:													
<u>Retained Business Rates</u>													
Baseline Funding Level	(2,196)	(2,297)	(2,329)	(2,360)	(2,392)	(1,917)	(1,955)	(1,994)	(2,034)	(2,075)	(2,291)	(2,529)	(2,793)
Retained Growth - full & phased resets	(1,268)	(1,474)	(1,472)	(337)	(334)	(341)	(347)	(354)	(362)	(369)	(407)	(450)	(496)
<u>New Homes Bonus / Replacement</u>													
New Homes Bonus - total receipt	(993)	(992)	(1,189)										
New Homes Bonus - Replacement				0	0	0	0	0	0	0	0	0	0
<u>Council Tax and Other Funding</u>													
Collection Fund and other funding	(1,744)	(2,538)	(892)	(1,621)	(476)	(106)	(108)	(110)	(112)	(115)	(127)	(140)	(154)
Council Tax	(7,614)	(7,929)	(8,175)	(8,457)	(8,741)	(9,053)	(9,301)	(9,555)	(9,816)	(10,083)	(11,525)	(13,157)	(15,003)
<b>Total Modelled Funding</b>	<b>(13,815)</b>	<b>(15,230)</b>	<b>(14,057)</b>	<b>(12,775)</b>	<b>(11,943)</b>	<b>(11,417)</b>	<b>(11,712)</b>	<b>(12,014)</b>	<b>(12,324)</b>	<b>(12,642)</b>	<b>(14,350)</b>	<b>(16,276)</b>	<b>(18,446)</b>

<b>Modelled Funding Gap/(General Reserves)</b>	<b>149</b>	<b>0</b>	<b>(1,231)</b>	<b>826</b>	<b>1,852</b>	<b>2,971</b>	<b>3,115</b>	<b>3,264</b>	<b>3,419</b>	<b>3,580</b>	<b>4,474</b>	<b>5,541</b>	<b>6,811</b>
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	Medium Term Financial Strategy					Additional Projections							
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2037/38	2042/43	2047/48
<b>General Reserves Year Start</b>	<b>4,085</b>	<b>3,936</b>	<b>3,836</b>	<b>5,067</b>	<b>4,241</b>	<b>2,389</b>	<b>(582)</b>	<b>(3,697)</b>	<b>(6,962)</b>	<b>(10,381)</b>	<b>(30,002)</b>	<b>(54,432)</b>	<b>(84,590)</b>
Contributions from / (to) Revenue Account	(149)	0	1,231	(826)	(1,852)	(2,971)	(3,115)	(3,264)	(3,419)	(3,580)	(4,474)	(5,541)	(6,811)
Change in Minimum Level	0	(100)	0	0	0	0	0	0	0	0	0	0	0
New Homes Bonus in excess of the 'Cap'	0	0	0	0	0								
<b>Available General Reserves Year End</b>	<b>3,936</b>	<b>3,836</b>	<b>5,067</b>	<b>4,241</b>	<b>2,389</b>	<b>(582)</b>	<b>(3,697)</b>	<b>(6,962)</b>	<b>(10,381)</b>	<b>(13,961)</b>	<b>(34,476)</b>	<b>(59,973)</b>	<b>(91,401)</b>
Minimum Level	1,900	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000			
<b>Total General Reserves</b>	<b>5,836</b>	<b>5,836</b>	<b>7,067</b>	<b>6,241</b>	<b>4,389</b>	<b>1,418</b>	<b>(1,697)</b>	<b>(4,962)</b>	<b>(8,381)</b>	<b>(11,961)</b>			

# Priorities and Budget Consultation Feedback report

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January 2024



	Your age group	Which of these most accurately describes yourself?	Do you live or work in the Lichfield District?	What is your postcode?
why should I do the Council's work for them? What a complete waste of time and money this gimmick is. You get paid to do the budget etc for the Council so get on and do your job. Stop wasting everyone's time.	65 - 80	Female	Yes	
Focus on building community resilience and help residents be make heathy sustainable options, like safe places to walk and cycle, don't encourage fast food venues and inform people how they can eat healthily on a a budget. There are a lot of fast food venues in Lichfield compared to places that you can buy basic ingredients , fruit and vegetables have a healthy lifestyle.			Yes	WS13 7HD
no new projects until what we have is in good condition and not left to decay and neglect.	65 - 80	Male	Yes	ws13 7rt
And the roads and pavements are a disgrace, especially as there are more elderly in Lichfield in apartments.	65 - 80	Female		
This exercise appears to be very limited and I cannot see how residents can make effective comments on the information provided	65 - 80	Female	Yes	WS13 7LX
No comment	65 - 80	Male	Yes	Ws70Da
I've saved you money! I think councils need to take a long hard look at themselves and ask why does it take so	45 - 54	Female	Yes	B79 0AT

	Your age group	Which of these most accurately describes yourself?	Do you live or work in the Lichfield District?	What is your postcode?
many people to do a job properly! Because I see a lot of nothing going on				
Consider two-weekly bin collections (alternating as at present) I would like to see emphasis on sustainability and environmental issues to create a 'greener' future and a significant move towards eradicating homelessness in the area	55 - 64	Female	Yes	
Ridiculous survey showing truly bad ideas on how to spend money	35 - 44	Male	Yes	WS7
Wrong things are promoted, Lichfield is the most inaccessible city I have ever lived in and I have lived in a few, You don't enforce new businesses to have wheelchair access, you don't follow up when they don't provide suitable adaptations, you have events on muddy filed without making provision for wheelchair access, You ban disabled drivers from the city centre , Footfall is down shops are closing, street cleaning is terrible as it is, that's why we have the 'litter pickers' footpaths and alley ways so over grown makes it dangerous for disabled, elderly people with prams, Open drug taking going on in the city centre, nothing is ever done, Only see a police officer if someone is dead, dying , or is armed, vandalism car break ins, burglaries have never been so high, beggars` , pick pockets, No facilities for the LGBTIQ+ So	55 - 64	I prefer not to say	Yes	WS13

	Your age group	Which of these most accurately describes yourself?	Do you live or work in the Lichfield District?	What is your postcode?
where is the money going, ? why give money for police when we don't see them, What does county do for us really, apart from give out city money to other towns, We are a city the size of a town, yet our councillors cant even get the disabled parking right,				
Stop wasting my money and spend less on sport, leisure and tourism.	45 - 54	Male	Yes	
maintain the essentials reduce the nice to haves	55 - 64	Male	Yes	b78 3an
Your budget assumptions are based on maintaining efficiency at current levels. There should be targeted process/productivity savings of between 3-5% which would enable services to be improved	65 - 80	Male	Yes	WS149YN
Meaningless survey	55 - 64	Female	Yes	
Nothing in our local areas is aimed at the youth of today. Crime is at its highest. We should focus on the youth of today as oppose to fancy statues and coffee shops !	25 - 34	Male	Yes	Ws72jd
You're doing a great job	65 - 80	Male	No	
Please reduce parking charges in Lichfield city centre to attract more people. Stop building endless retirement homes in our city centre. Do something with the empty plot of land at corner of Birmingham Rd/ St John's street which has been vacant for almost 7 years now !! An embarrassment for LDC.	55 - 64	Male	No	WS14 9SZ

APPENDIX F

	Your age group	Which of these most accurately describes yourself?	Do you live or work in the Lichfield District?	What is your postcode?
Please listen to the public, we are not council tax numbers , we are real people in real homes in Lichfield , Thank you	55 - 64	Female	Yes	WS13 7NJ
With the savings this makes you could probably reduce the costs to city center businesses so that they and new ones could afford to stay or start up in town and reduce the number of empty shops	65 - 80	Male	Yes	WS14 9YT
Tell Staffs Council to give us our money back too	35 - 44	Male	Yes	WS14 0AA
Really difficult and no easy answer. No option to discuss health protection factors eg imms and access to health care. I think you need to keep investing into conservation where able as a future investment	35 - 44	Female	Yes	Ws13
Could something be done about disabled parking at Sankeys, every Saturday there are cars parked there by people without blue badges even when there are other spaces available.	65 - 80	Male	Yes	Ws72hy
The roads in the area are in a terrible state, Pot holes do not get filled and once they are identified as a repair need the spray paint is put around them . This then negates any claim for vehicle damage as they have been high lighted even though this could be at night time.! The level of flooding on the roads is also ridiculous, I never see a Gulley sucker emptying the Road drains any more.	65 - 80	Male	Yes	Ws15 4ah

	Your age group	Which of these most accurately describes yourself?	Do you live or work in the Lichfield District?	What is your postcode?
The local plan is an evolving process and is primarily reliant on People Prosperity and Resilience services, so it's the local plan that should be subjected to a revised budget	65 - 80	Male	Yes	
The Council needs a thorough review and better strategic vision and management of change in light of a changing population and demographic. Better than fiddling around on the margins as this process invites	65 - 80	Male	Yes	WS13 8DZ
Scrap those useless blue bags and go back to a three bin system, it's your job to deal with rubbish not mine.  Clean up the streets, sort out crime and stop being soft on scroungers.	55 - 64	Male	Yes	Ws13
It seems to me that this is an exercise in going through the motions of consultation and the options offered in each category are so vague as to be meaningless.	65 - 80	Male	Yes	WS13 7QJ
If you need more money then make Lichfield somewhere people want to visit from far and wide. Don't build unneeded retail units and housing at Friarsgate. Have some inspiration for what makes Lichfield magical.	45 - 54	Male	No	WS14 9EJ
Under current circumstances, everybody including councils have to tighten their belts and improve efficiency.	65 - 80	Male		DE13

	Your age group	Which of these most accurately describes yourself?	Do you live or work in the Lichfield District?	What is your postcode?
When it comes to managing people are departments I always believe targets and efficiency can be improved. Development of the city and continuing to have a vision of tourism must be supported. The high streets are becoming baron lands, please don't let this happen to Lichfield. Turn the shop spaces into residential living for the elderly that way we build community. Let's walk to the local shops and parks not drive to some big supermarket	45 - 54	Male	Yes	WS14 0JF
I have lived in Lichfield for almost 25 years and love the city and local environment. In more recent times I have become increasingly frustrated with major events that create overcrowding, parking problems, anti-social behaviour, noise and disruption to residents and businesses, and have resulted in severe damage to Beacon Park land. Whilst it is nice to promote Lichfield as a place to visit, I believe there needs to be a rethink over the type and scale of events that are held in the city. Income generated from these events comes at a cost, both in terms of disruption, and the funds required to police such events and offset the cost of the consequential damage.	65 - 80	Male	Yes	
See my comments.	65 - 80	Male		WS14
This gives a very simplistic view of managing the budgets and I'm completing this to have my voice heard but I don't feel	45 - 54	Female	Yes	

APPENDIX F

	Your age group	Which of these most accurately describes yourself?	Do you live or work in the Lichfield District?	What is your postcode?
this is the right approach to take and I suspect that many people will start but not complete this as it is not as easy to work with as it suggests and it is a very over simplified view of things.				
There is no mention of how much is being paid towards the pension shortfall. It's politically unpalatable but there needs to be a conversation with council employees(all public sector really) that there is not enough to fund the pensions that have been promised and that they either need to work longer or accept lower benefits in retirement.	45 - 54	Male	Yes	Ws14 9ax
Cut council spending on keep changing their minds. Costs us a fortune	65 - 80	Female	Yes	
Stop building more houses!!!!	55 - 64	Female	Yes	Ws138lx
JUST DIRECT MORE TO BURNTWOOD, YOU'VE STARVED US FOR YEARS	55 - 64	Male	Yes	
The council budget should support those in need rather than business. An small increase in Council Tax would not be remiss. To spend well we must tax fairly: the larger the home, the more tax should be paid.	45 - 54	Male	Yes	
We should be doing all we can for all of these items budgeted for in this survey.	65 - 80	Female	No	WS140AA
The options are quite restricted for example no reference to reducing central costs and overheads. Overall the impression is that this process is not really	65 - 80	Male	Yes	

**APPENDIX F**

	<b>Your age group</b>	<b>Which of these most accurately describes yourself?</b>	<b>Do you live or work in the Lichfield District?</b>	<b>What is your postcode?</b>
making a difference and that key decisions on spending have already been made. If not the options would be wider.				
It is time to cut back or face a Birmingham crisis.	81+	Male	Yes	WS14 9BY
can't remember the last time I saw road repairs in Whittington or Litchfield	81+	Male	Yes	WS14 9PE



**OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME FOR 2023-24**

AGENDA ITEM	DETAILS/REASONS	05.06.23	02.08.23	14.09.23	14.11.23	19.12.23	30.01.24	03.04.24	TASK GROUP REQUIRED YES/NO	OFFICER LEAD	MEMBER LEAD
Terms of Reference	To remind the Committee of the terms of reference and suggest any amendments	✓							NO	CLL	Cllr D. Pullen
Empty Homes Policy	From Forward Plan						✓			Lizzie Barton	Councillor A. Farrell
City Centre Pedestrianisation Trial	To review the trial so far including consultation responses specifically blue badge holders		✓							John Smith	Councillor D. Pullen
Planning Committee Protocol	To give views on the draft new protocol before consideration by the Planning Committee					✓				Lizzie Barton	Councillor A. Farrell
Councillor Community Fund	To undertake a full review of the scheme				✓				No	Kerry Dove	Cllr R. E Cox
Knife Angel					✓					Christie Tims	Cllr R. E Cox
Notes from Task groups	To receive the meeting notes from task group meetings	✓	✓	✓	✓	✓	✓	✓			
Review of the Overview & Scrutiny function at the Council	Following the move to a one O&S Committee system, it was agreed to review the effectiveness of the change.		✓					✓		Kerry Dove	Cllr D. Pullen
Review of Civic function matrix	To undertake a review of the current event matrix as devised by a previous Task Group and to consider any recommendation by the Independent Remuneration Panel			✓					Yes	Kerry Dove	Cllr D. Pullen

**OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME FOR 2023-24**

Funding for Infrastructure in Burntwood and rural areas (Included within - Governance of Planning Obligations report)							✓*			Anthony Thomas	Cllr A. Farrell
Cinema	To receive an update		✓							John Smith	Cllr D. Pullen
Medium Term Financial Strategy	To receive drafts and updates to the MTFS			✓	✓		✓			Anthony Thomas	Cllr R. Strachan
Financial Planning (Included within January 2024 MTFS)	To consider Service and Financial Planning Proposals						✓*			Anthony Thomas	Cllr R. Strachan
Local Elections 2023 Review	To undertake a review of the Local Elections 2023 and its processes including Voter ID and accessibility.		✓							Christie Tims	Cllr D. Pullen
Lichfield District 2050 Strategy Consultation Results	To review consultation results, and feedback further on the draft Strategy prior to it being considered by Cabinet and Full Council.							✓		Kerry Dove	Cllr D. Pullen
Governance of Planning Obligations – Strategic Infrastructure Group and allocation of Community Infrastructure Levy							✓			Kerry Dove/Lucy Robinson	Cllr A. Farrell
<b>Briefing Papers</b>											
Money Matters		Received September 2023								Anthony Thomas	Cllr R. Strachan

## OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME FOR 2023-24

Local Election 2023 Update – Including Action Plan				Christie Tims	Cllr D. Pullen
Youth Council Performance		Due in January/February 2024		Kerry Dove	Cllr R. E Cox

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