

# Money Matters : 2021/22 Review of Financial Performance against the Financial Strategy

Cabinet Member for Finance, Procurement and Revenues & Benefits

Date: 7 September 2021

Agenda Item: 3

Contact Officer: Anthony Thomas

Tel Number: 01543 308012

Email: Anthony.thomas@lichfielddc.gov.uk

Key Decision? YES

Local Ward Full Council

Members



Cabinet

## 1. Executive Summary

- 1.1 The report covers the financial performance from April to June (Quarter One) for 2021/22 including updated projections of the ongoing financial impact of COVID-19.
- 1.2 The Medium Term Financial Strategy projected general reserves at 31 March 2022 would be **£6,985,824**. At this stage, general reserves are forecast to be **£7,134,301**, an increase of **£148,477** related to:
  - A higher than budgeted contribution in 2020/21 of **£139,117**.
  - Updates in 2021/22 summarised in para 3.22 decreasing the contribution by **(£14,910)**.
  - A projected favourable increase contained in this report for 2021/22 of **£24,270**.
- 1.3 The Capital Programme is projected to be **(£116,000)** lower than the Approved budget due mainly to re-profiling of the S106 Affordable Housing budget.
- 1.4 Capital Receipts are projected to be **(£28,000)** which is **£18,000** higher than the Approved Budget.
- 1.5 In terms of Council Tax, Business Rates, Sundry Debtors and Supplier Performance:
  - **Council Tax collection** in year performance was **29.40%** (34.80% in 2020/21) and total arrears were **£3,087,289** and the Council's share is **£401,348** (£3,022,164 and £392,881 in 2020/21).
  - The **Council Tax Collection Fund** is projected to be in deficit, as budgeted, with the Council's c13% share being **£61,520** compared to the Approved Budget of **£126,720**. This additional income of **(£65,200)** will be included in the 2022/23 budget.
  - Sundry Debt for income to be collected in 2021/22 has reduced by **(£525,812)** or **(31%)** compared to 2020/21, although the value outstanding at 30 June 2021 has increased by **£68,275** or **4%** mainly due to CIL/Section 106.
  - **Retained Business Rate Income** is projected to be **(£3,022,000)** in line with the Approved Budget.
  - The **Business Rates Collection Fund** is projected to be in deficit, as budgeted, with the Council's 40% share being **£3,417,000** compared to the Approved Budget of **£908,000**. This reduction in income of **£2,509,000** is largely due to additional COVID-19 reliefs up to the end of June 2021. This sum will be included in the 2022/23 budget and be offset by Section 31 grant.
  - There will be a timing difference due to statutory arrangements between receipt of grant in 2021/22 and the period when the deficit is charged to the Revenue Budget. Therefore the Business Rates volatility earmarked reserve will be utilised to 'smooth' the financial impact.
  - **Business Rates collection** in year performance was **29.90%** (32.10% in 2020/21) and total arrears were **£405,368** and the Council's share is **£162,147** (£1,077,115 and £430,846 in 2020/21).
  - The payment of suppliers within 30 days was **84.26%** and remains below our **90%** target.
- 1.6 The Council's investments achieved a risk status of **A+** that was more secure than the aim of **A-** and yield exceeded all four of the industry standard London Interbank (LIBID) yield benchmarks.

## 2. Recommendations

- 2.1. To note the report and issues raised within and that Leadership Team with Cabinet Members will continue to closely monitor and manage the Medium Term Financial Strategy.
- 2.2. That Cabinet recommends to Council to update the Medium Term Financial Strategy to repurpose the earmarked reserves identified at paragraphs 3.10 and 3.11 of **£775,923** to new earmarked reserves identified at paragraph 3.12.

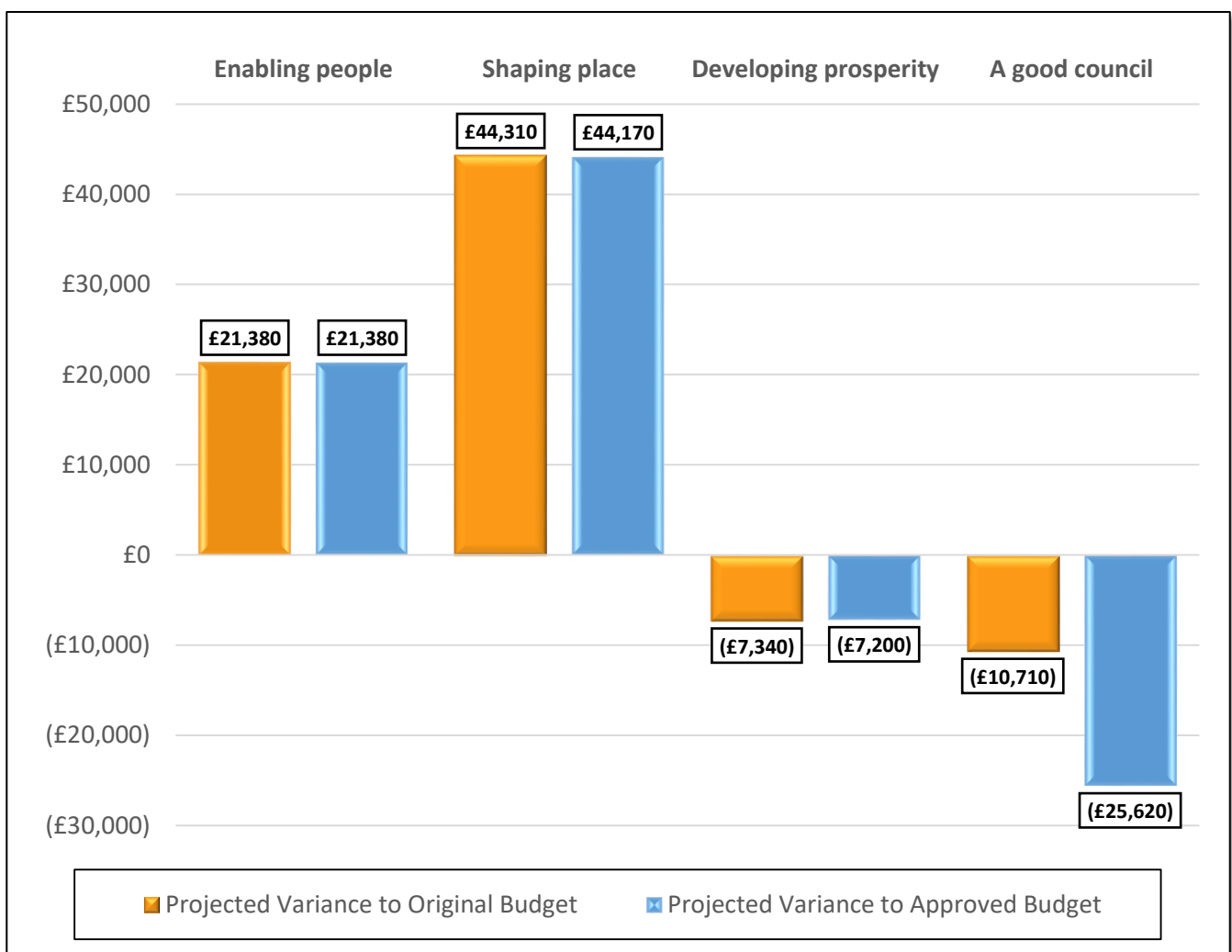
## 3. Background

### Budget Management

- 3.1. The MTFS 2020-25 approved by Council on 16 February 2021 included the Original Budget for 2021/22 and set out the allocation of resources and the policies and parameters within which managers are required to operate.
- 3.2. Throughout the financial year, Money Matters reports are provided to both Cabinet and Overview and Scrutiny Committee at three, six and eight month intervals to monitor performance.
- 3.3. The Money Matters reports update the Approved Budget for latest projections and the eight month report will form the basis of the Revised Approved Budget for 2021/22 and will be approved by Council on 22 February 2022.

### The Revenue Budget

- 3.4. Financial performance (excluding COVID-19) is shown in detail at **APPENDIX A** and in summary below:



## Performance compared to the Approved Budget

- 3.5. In terms of the financial impact of COVID-19, the latest projection for 2021/22 only is **£656,000** and is shown in detail at **APPENDIX B**.
- 3.6. The projected impact will occur over several financial years with **£232,000** (compared to the budgeted impact of £289,000) impacting on general reserves in 2021/22. The element related to Council Tax and Business Rates collection fund performance will impact on the revenue budget in later years.
- 3.7. The overall projected variance is shown in summary below and in detail at **APPENDIX B** by Service Area:

	Projected Variance		
	Virement	COVID-19	Other Variances
<b>Enabling People</b>			
• Transfers	21,380		
<b>Shaping place</b>			
• Responding to and protecting against traveller trespass on Council owned land			36,100
• Transfers	8,070		
<b>Developing prosperity</b>			
• Transfers	(7,200)		
<b>A good council</b>			
• Increase in Insurance Premiums			3,010
• Minor Balance			(6,380)
• Transfers	(22,250)		
<b>COVID-19</b>		(57,000)	
<b>Total - Net Cost of Services</b>	<b>0</b>	<b>(57,000)</b>	<b>32,730</b>
		<b>(24,270)</b>	
<b>Transfer (to)/from General Reserves</b>			<b>(£24,270)</b>

## Earmarked Reserves

- 3.8. There are no earmarked reserves scheduled to be returned to general reserves in 2021/22 under the three year time limit contained in the approved policy.
- 3.9. However, Cabinet and Leadership Team have been reviewing all unrestricted earmarked reserves with the aim of identifying those that could be repurposed to support strategic priorities.
- 3.10. The unrestricted earmarked reserves identified to date for repurposing are shown in the table below:

Reserve Name	Amount identified for Repurposing
Potential Employee Costs	30,000
HS2	35,413
Multi Storey Car Park Refurbishment	40,000
Growth Hub Advisor	7,000
Small Business Grant Scheme	4,196
Local Authority Parks Improvement Programme	340
<b>Total</b>	<b>£116,949</b>

3.11. In addition, a more detailed review is taking place in relation to the following unrestricted earmarked reserves to ascertain the potential for some or all of the balances to be repurposed:

Reserve Name	Amount 1 April 2021	Amount available for Repurposing	Amount requiring a policy decision
Discretionary Grant	125,905		
Local Restrictions Support Grant Open	99,435		
Local Restrictions Support Grant New Burdens Grant	58,500		
Test & Trace New Burdens Grant	22,362		
Test & Trace New Burdens Grant	24,910		
New Burdens Grant for Restart & ARG	166,800		
Housing/Hardship Risks	226,000	166,000	
Operational Services Contract Risks	492,974	492,974	
Property Company Loan	559,000		559,000
Business Rates Pilot Coach Park	605,959		605,959
	<b>£2,381,845</b>	<b>£658,974</b>	<b>£1,164,959</b>

3.12. It is recommended that the total of **£775,923** (£116,949 and £658,974) identified for repurposing is allocated to apprenticeships within the Council and an earmarked reserve to fund strategic priorities:

New Reserve	Amount
Apprenticeships	400,000
Strategic Priorities	375,923
<b>Total</b>	<b>£775,923</b>

## Risk and Recovery Budget

3.13. The current financial position in relation to the risk and recovery budget is summarised below:

Name	Allocated	Committed	Balance
Supporting the Visitor Economy	246,000		246,000
Regional Marketing Strategy	45,000		45,000
Youth Unemployment Initiatives	105,000		105,000
Health and Wellbeing Initiatives	100,000	33,845	66,155
Apprenticeships within the Council	75,000		75,000
<b>Total Committed</b>	<b>£571,000</b>	<b>£33,845</b>	<b>£537,155</b>
Unallocated	570,380		570,380
<b>Total</b>	<b>£1,141,380</b>	<b>£33,945</b>	<b>£1,107,535</b>

## Fees and Charges

3.14. The gross fees and charges budgets for 2021/22, together with actual income achieved over the last seven years, are shown in detail at **APPENDIX B**. The projected variances for those with the highest value are:



3.15. The reductions attributable to COVID-19 are included in the projections at para 3.7 although an element will be compensated through the income losses scheme. The reason for the significant variance is:

- **Car Parks** – the income continues to be severely impacted by COVID-19 although the element up to the 30 June 2021 will partly be offset by the income compensation scheme.

### Closing the Funding Gap Progress

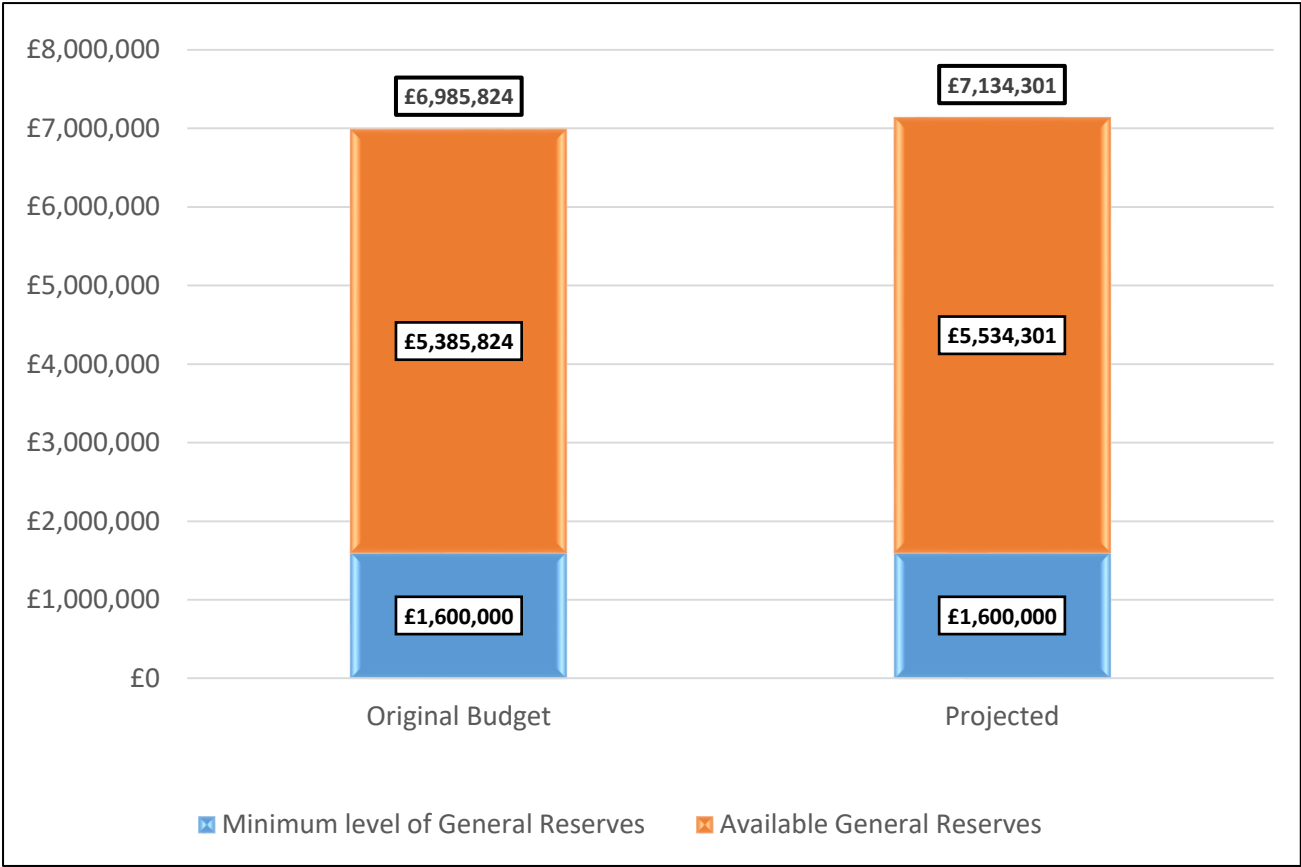
3.16. The progress (excluding any recommendations contained in this report) on closing the Funding Gap is:

	Cabinet Date	2021/22	2022/23	2023/24	2024/25	2025/26
Original Funding Gap		(£411,000)	£1,323,870	£2,004,530	£2,120,570	£2,309,400
Payroll Contract	09/02/2021	14,910	(2,990)	(13,190)	(13,190)	(13,190)
Garrick Theatre	13/04/2021	0	(40,000)	(100,000)	(150,000)	(175,000)
Approved Funding Gap / (contribution to General Reserves)		(£396,090)	£1,280,880	£1,891,340	£1,957,380	£2,121,210

3.17. The progress on closing the Funding Gap will continue to be monitored throughout the year.

### Revenue General Reserves

3.18. The Original Budget estimated general reserves of **£6,985,824** at 31 March 2022. The current projected level is **£7,134,301**, an increase of **£148,477** (£124,207 related to last year and approved updates in 2021/22 and £24,270 contained in this report with further details at para 1.2) as shown below:



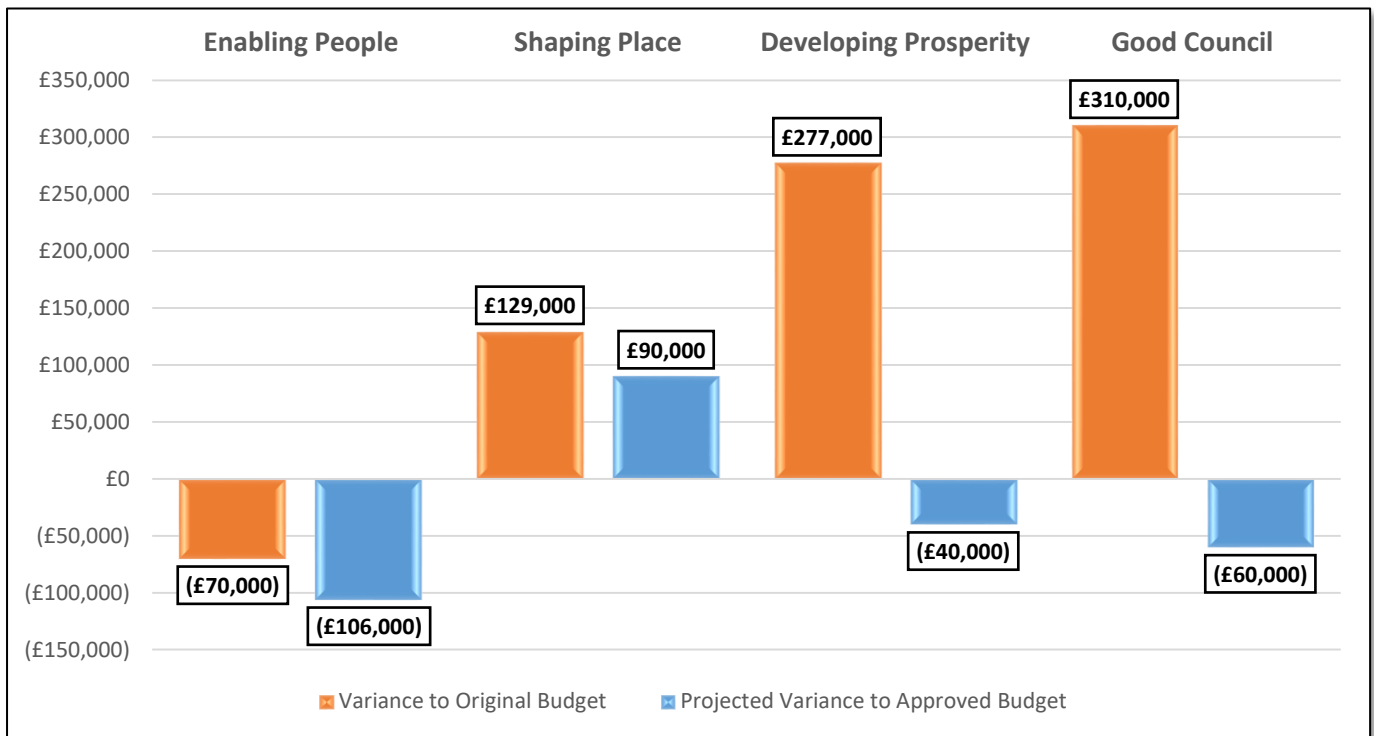
## The Capital Programme

3.19. The Original Budget of **£6,530,000** was approved by Council on 16 February 2021. There has been one update to this budget during 2021/22:

- Slippage from 2020/21 of **£762,000** approved by Cabinet on 8 June 2021.

3.20. The Approved Budget is therefore **£7,292,000**.

3.21. The Capital Programme performance is projected to be below budget by **(£116,000)** or 2% compared to the Approved Budget. This below budget performance compared to both the Original and the Approved Budgets, is shown by Strategic Plan's Priority below and in detail at **APPENDIX C**:



### Performance compared to the Approved Budget

3.22. There are projected variances compared to the Approved Budget related to:

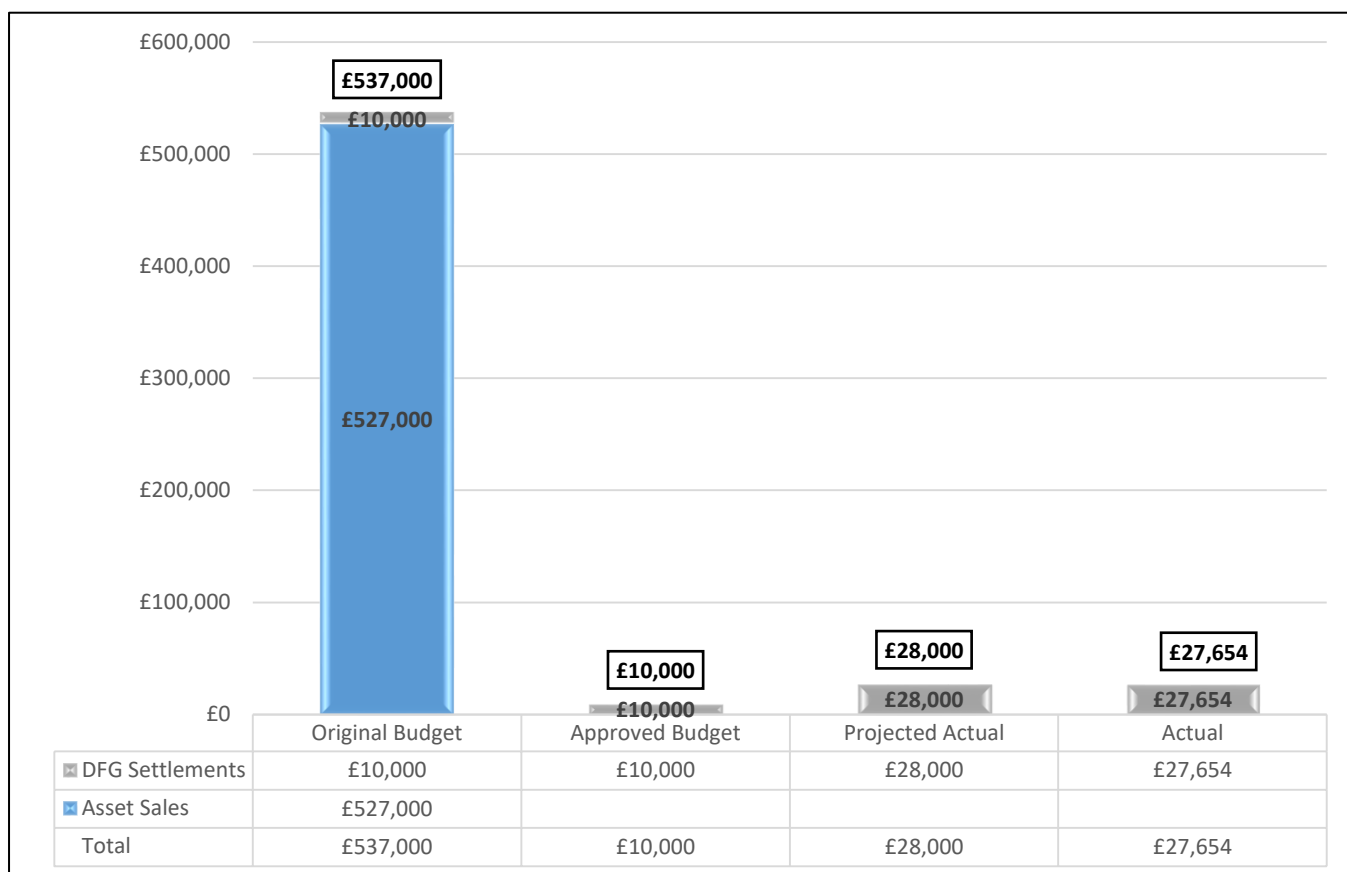
	Projected Variances	
	Profiling	Other
<ul style="list-style-type: none"> <li>Home Repair Assistance – Increase budget to fund final grant awards</li> <li>Affordable Housing Monies - £3k (See above) - £106k moved to 2022/23 as it is not expected to be spent this year.</li> </ul>	(£106,000)	£3,000 (£3,000)
<b>Enabling People Total</b>	<b>(£106,000)</b>	<b>£0</b>
<ul style="list-style-type: none"> <li>Bin Purchase – Budget increased due to property growth and funded by additional income from green waste and reserves.</li> </ul>		£90,000
<b>Shaping Place Total</b>		<b>£90,000</b>
<ul style="list-style-type: none"> <li>Multi Storey Car Park Project – Procurement outcome was lower than budget.</li> </ul>		(£40,000)
<b>Developing Prosperity Total</b>		<b>(£40,000)</b>
<ul style="list-style-type: none"> <li>IT Innovation – reduction in planned capital spend with earmarked reserve funding now being redirected to revenue related ICT spend</li> <li>Property Planned Maintenance – Depot Sinking Fund transferred to this project.</li> <li>Depot Sinking Fund – see above.</li> </ul>		(£60,000) £11,000 (£11,000)
<b>A Good Council Total</b>		<b>(£60,000)</b>
<b>Total Projected Variance</b>	<b>(£106,000)</b>	<b>(£10,000)</b>
	<b>(£116,000)</b>	

- 3.23. The Medium Term Financial Strategy included an Invest to Save proposal for the early repayment of capital investment funded by borrowing to generate annual savings in Minimum Revenue Provision.
- 3.24. The proposal has been impacted by the budgeted capital receipt of **£527,000** from the disposal of open space at Netherstowe and Leyfields, no longer being receivable. The current progress on this proposal is summarised below:

	Budget	Actual	Variance
<b>Balance to be identified</b>	<b>£979,000</b>	<b>£978,830</b>	<b>(£170)</b>
Repayment funding:			
Capital receipts	(£509,000)	(£102,000)	£407,000
Earmarked reserves	(£470,000)	(£519,202)	(£49,202)
<b>Balance still to be identified at 31 March 2021</b>	<b>£0</b>	<b>£357,628</b>	<b>£357,628</b>
Identified to date in 2021/22:			
Capital receipts	£0	(£16,000)	(£16,000)
<b>Balance to be identified</b>	<b>£0</b>	<b>£341,628</b>	<b>£341,628</b>

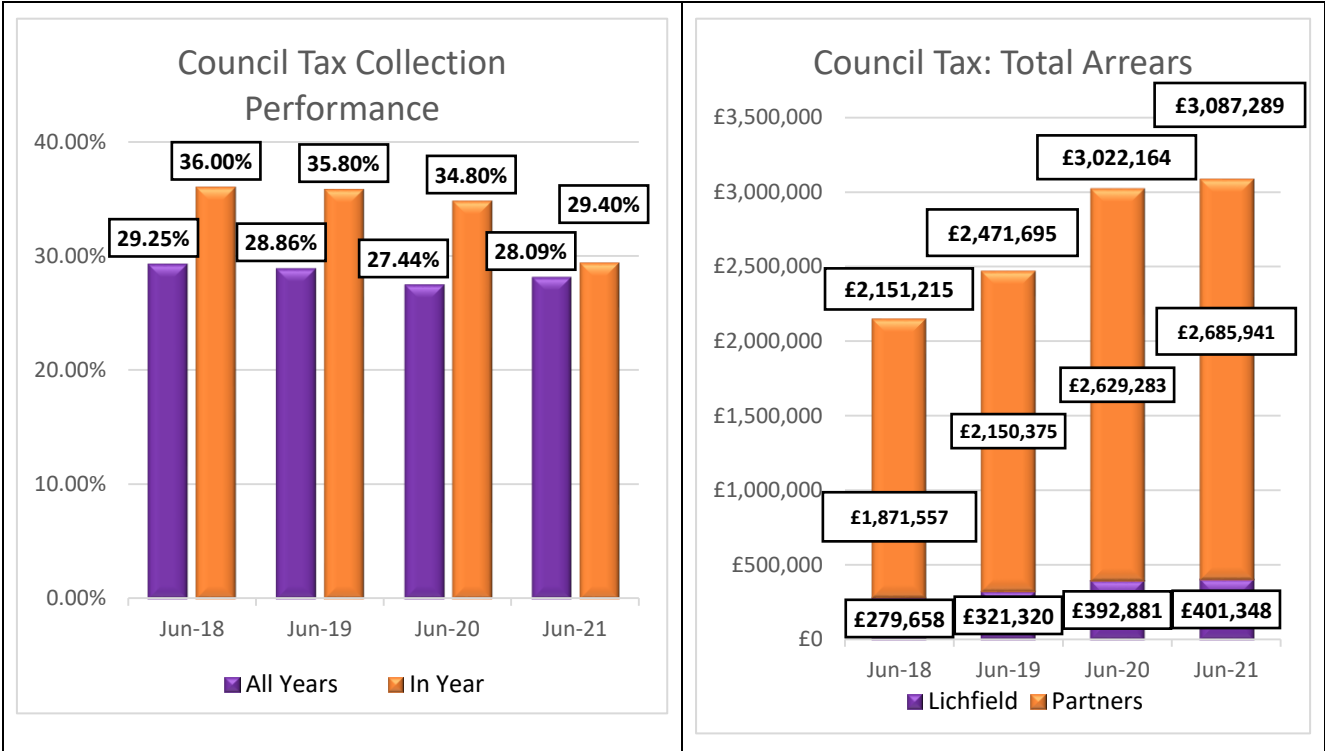
<b>Annual savings</b>	<b>(£140,000)</b>	<b>(£91,000)</b>	<b>£49,000</b>
-----------------------	-------------------	------------------	----------------

- 3.25. At present, alternative funding options for the balance to be identified are being considered. The use of any additional capital receipts, additional Treasury Management investment income, grants and contributions or the use of reserves will be considered as part of the development of the draft MTFs.
- 3.26. The Original and Approved Budgets, projected and actual capital receipts are shown below:

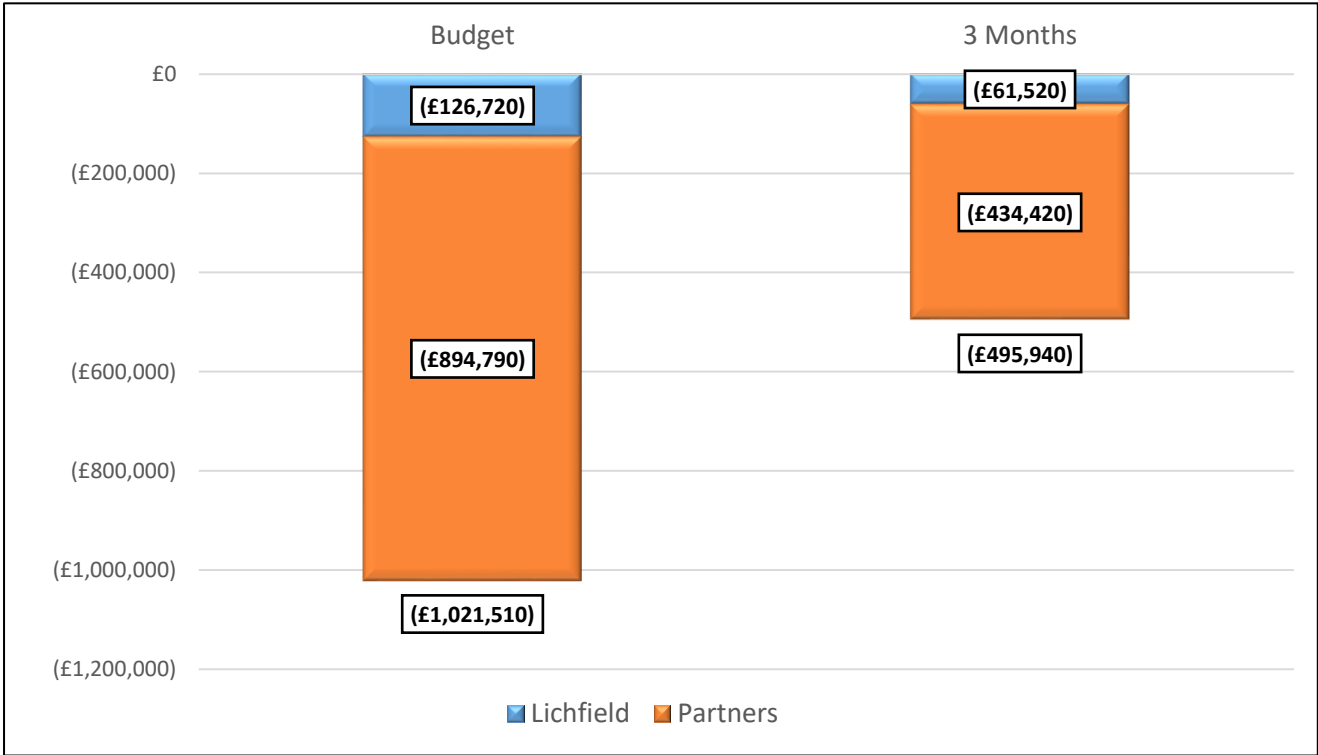


Council Tax

3.27. The collection performance for Council Tax debt is shown below:



3.28. The Council Tax Collection Fund is projected to be in deficit by **£495,940** and the Council’s share is **£61,520** based on Lichfield’s (including Parishes) current share of Council Tax of **13%**:



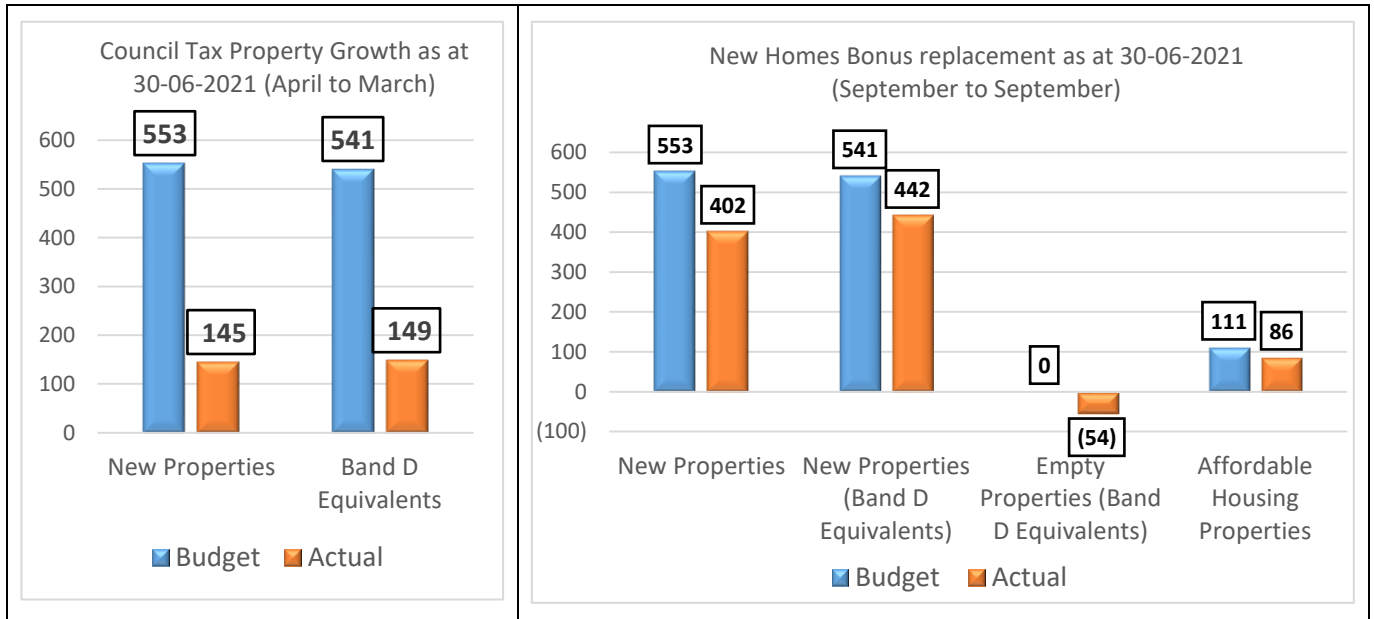
3.29. The main reasons for the projected lower deficit than budgeted of **£525,574** are:

- A lower deficit than budgeted in 2020/21 of **£537,779** (Council share £66,714).
- A higher provision for bad debts of **(£492,417)** (Council share (£61,087)).
- A higher Council Tax income of **£480,212** due to housing delivery rates beginning to increase and recover (Council share £59,572)



## Housing Supply

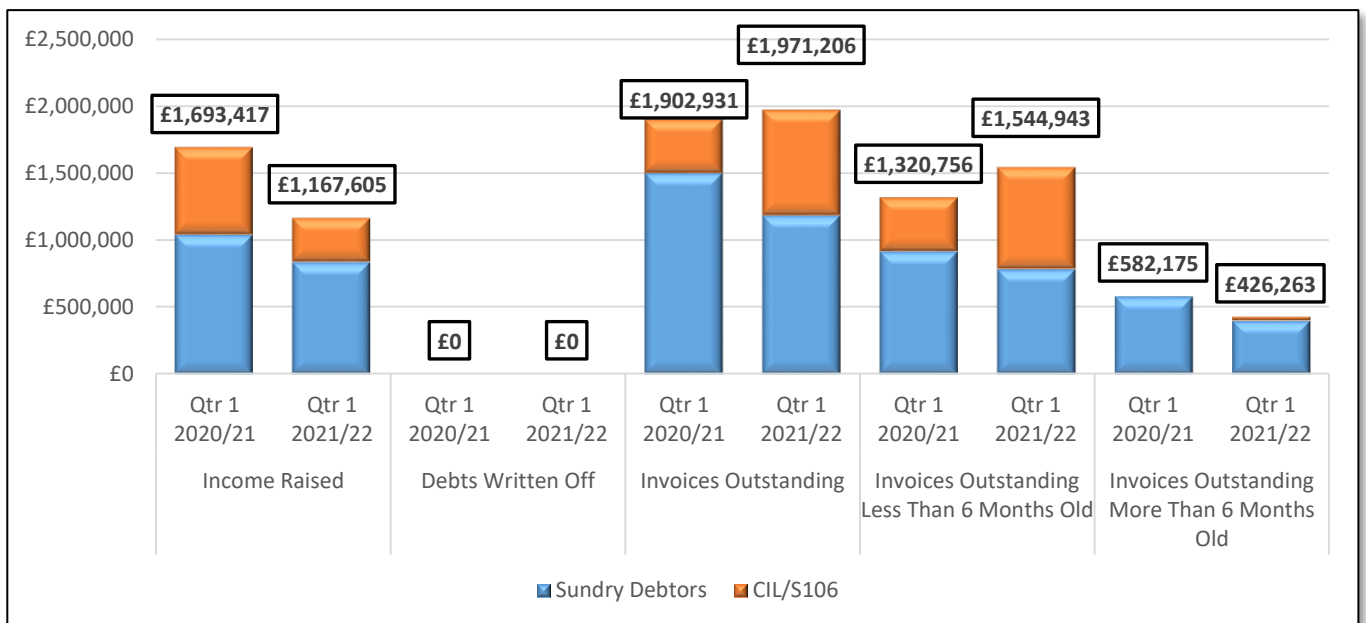
3.30. The completions for Council Tax (left hand chart) from April 2021 to June 2021 and any possible New Homes Bonus replacement (right hand chart) from September 2020 to June 2021 are shown below:



3.31. The current performance could still be impacted by COVID-19 either through delays in completions or updating records of completions. However, any delivery delays will impact on Council Tax and potentially New Homes Bonus income in the Medium Term Financial Strategy.

## Sundry Debtors (including Community Infrastructure Levy (CIL) and Section 106 (S106))

3.32. The transaction levels and collection performance in 2021/22 compared to 2020/21 is shown below:

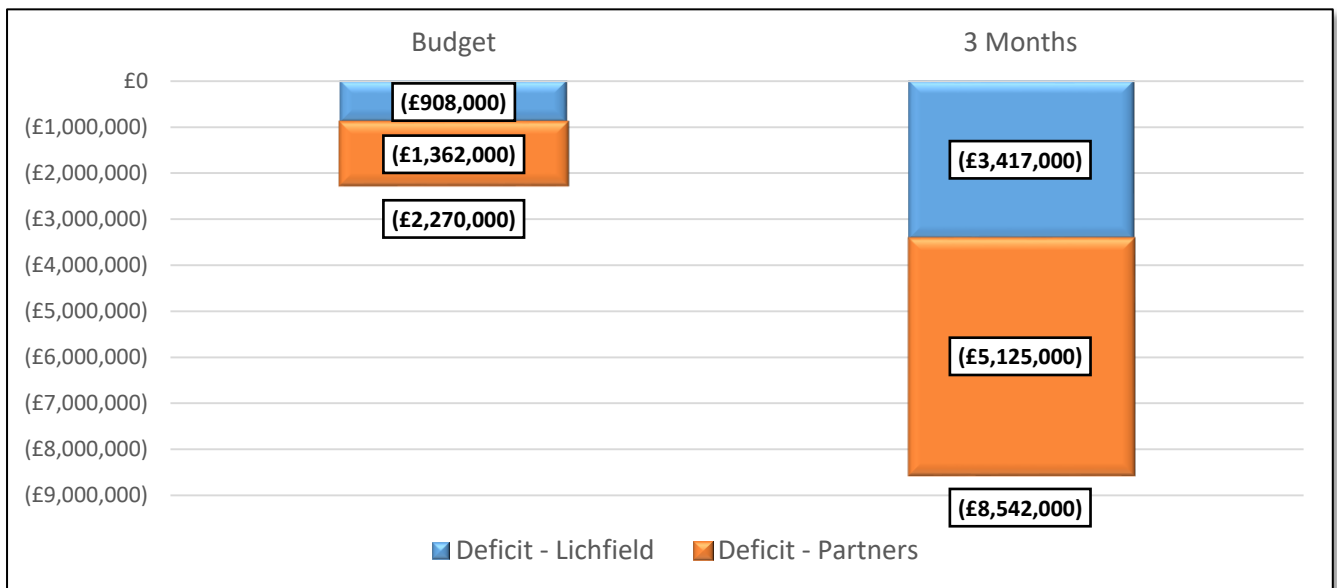


3.33. Total income raised in the first three months of 2021/22 is (£525,812) or 31% lower than for the same period in 2020/21 due mainly to lower levels of CIL/Section 106 that are based on housing delivery.

3.34. Invoices outstanding has increased by £68,275 or 4% mainly due to CIL/Section 106.

## Business Rates

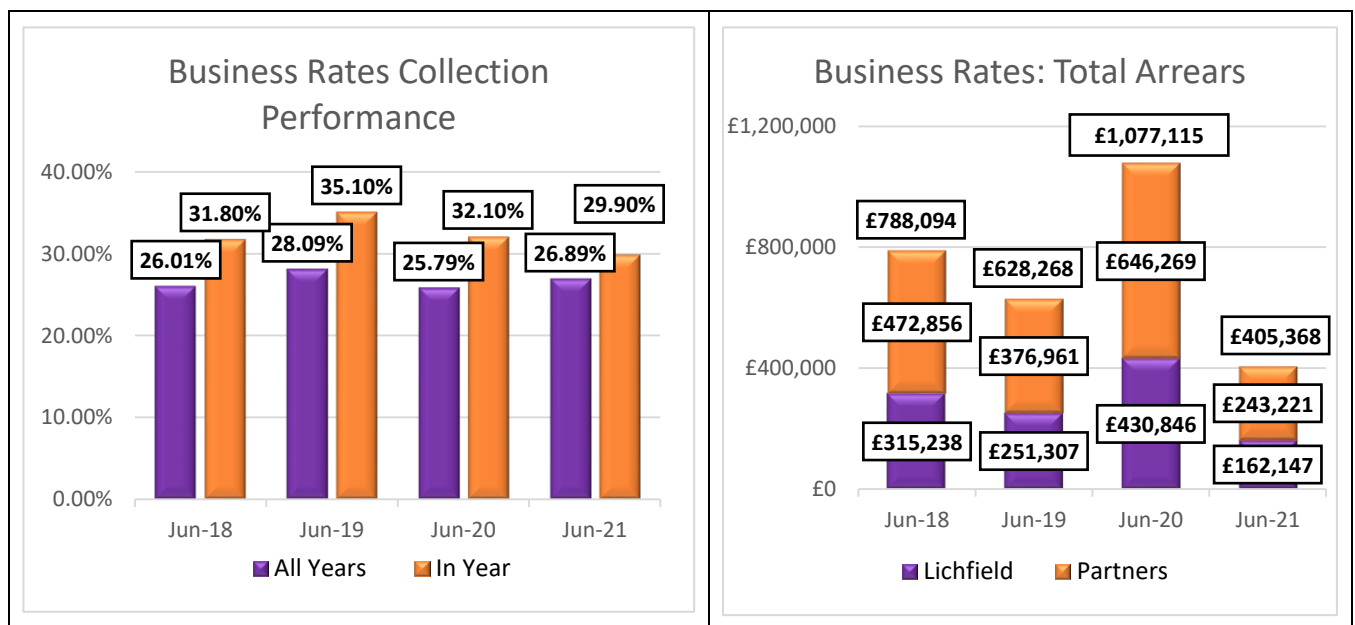
3.35. The Business Rates Collection Fund is projected to be in deficit by **(£8,542,000)**:



3.36. The main reasons for the projected higher deficit than budgeted of **(£6,272,000)** are:

- A higher deficit than budgeted in 2020/21 of **(£206,833)** (Council share (£82,800)).
- Higher allowances for appeals and bad debts of **(£597,167)** (Council share (£239,000)).
- Additional COVID-19 leisure, hospitality and retail reliefs up to the end of June 2021 and other changes in income due of **(£5,468,000)** (Council share (£2,187,000)).

3.37. The collection performance for Business Rates is shown below:



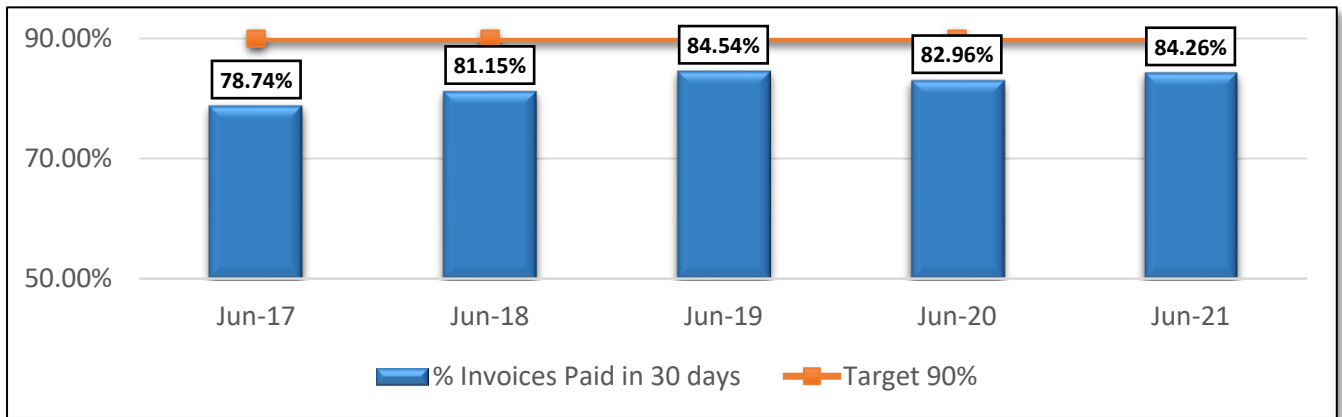
3.38. The Retained Business Rate income is projected to be the same as the Approved Budget of **(£3,122,000)**.

3.39. There are however a number of significant changes within the projection including the Section 31 grant to offset the additional COVID-19 reliefs in the Collection Fund. These are explained further below:

- Additional Section 31 grant in part to offset COVID-19 reliefs of **(£2,106,000)**.
- Other changes to levy payments of **(£96,000)**.
- Transfer of additional grant and other changes to the Business Rates volatility Earmarked Reserve to offset the deficit in later years of **£2,202,000**.

## Supplier Payment Performance

3.40. The performance of invoice payments to suppliers within 30 days for the last six years is:



3.41. There are initiatives taking place, including the improvements to procurement (see the separate Procurement Matters Report elsewhere on the agenda), wider use of payment cards for low value transactions and analysis of the performance by Service Area, that are aimed at improving payment performance.

## Investment Strategy

3.42. The Council undertakes investments for three broad purposes:

- It approves the support of public services by lending or buying shares in other organisations – **Service Investments**.
- To earn investment income – **Commercial Investments**.
- It has surplus cash, as a result of its day to day activities, when income is received in advance of expenditure or where it holds cash on behalf of another body ready for payment in the future – **Treasury Management Investments**.

3.43. The Government has recognised in recent Ministry of Housing, Community and Local Government (MHCLG) guidance, as a result of increased commercial activity, that the principles included in Statutory Guidance requiring that all investments should prioritise security and liquidity over yield must also be applied to service and commercial investments.

3.44. The MHCLG Guidance requires the approval by Council of an Investment Strategy Report to increase the transparency around service and commercial investment activity. The Council approved its Investment Strategy Report on **16 February 2021**.

## Service Investments

3.45. There is one significant approved investment of a service nature and the investment and net return included in the Approved Budget is detailed below:

	Approved Budget				
	2021/22	2022/23	2023/24	2024/25	2025/26
<b>Approved Loan to the Local Authority Company</b>	<b>£675,000</b>	<b>£675,000</b>	<b>£675,000</b>	<b>£675,000</b>	<b>£675,000</b>
Net Income	£0	(£4,000)	(£18,000)	(£22,000)	(£22,000)
Net Return		(0.59%)	(2.67%)	(3.26%)	(3.26%)

3.46. To date, the loan to the Local Authority Company has not taken place and therefore the budgeted interest is not being generated.

## Commercial Investments

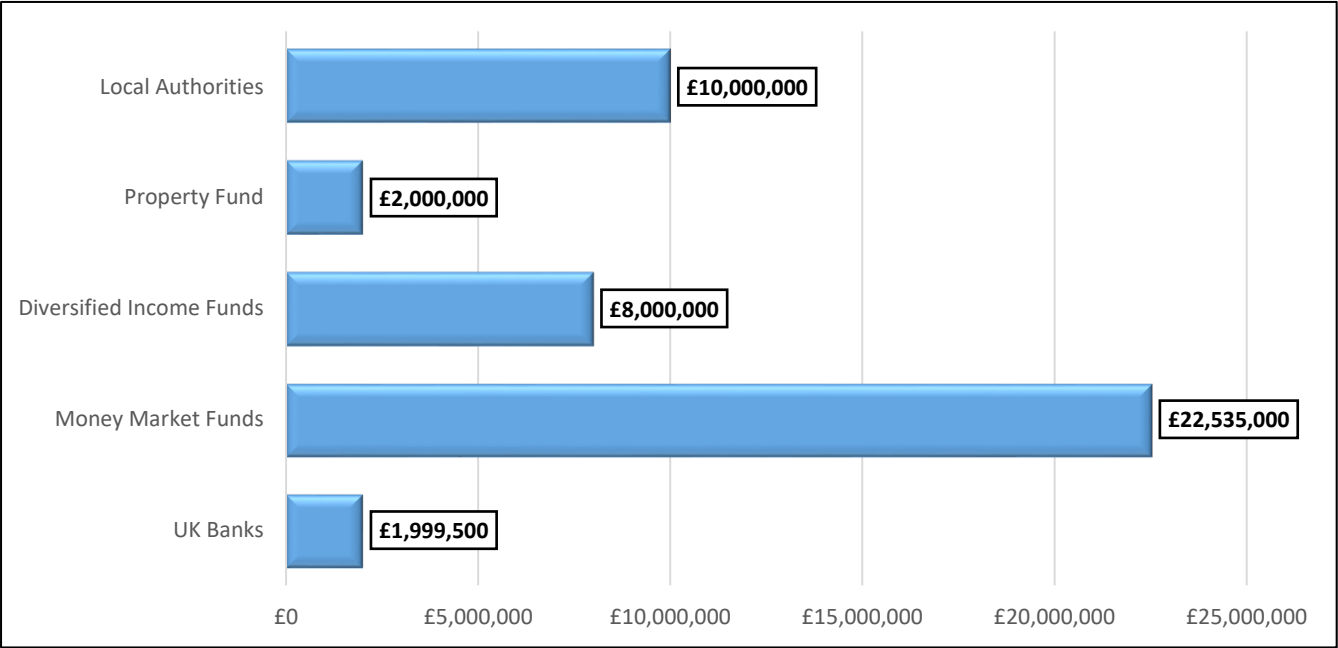
3.47. No commercial investments are currently planned.

Treasury Management Investments

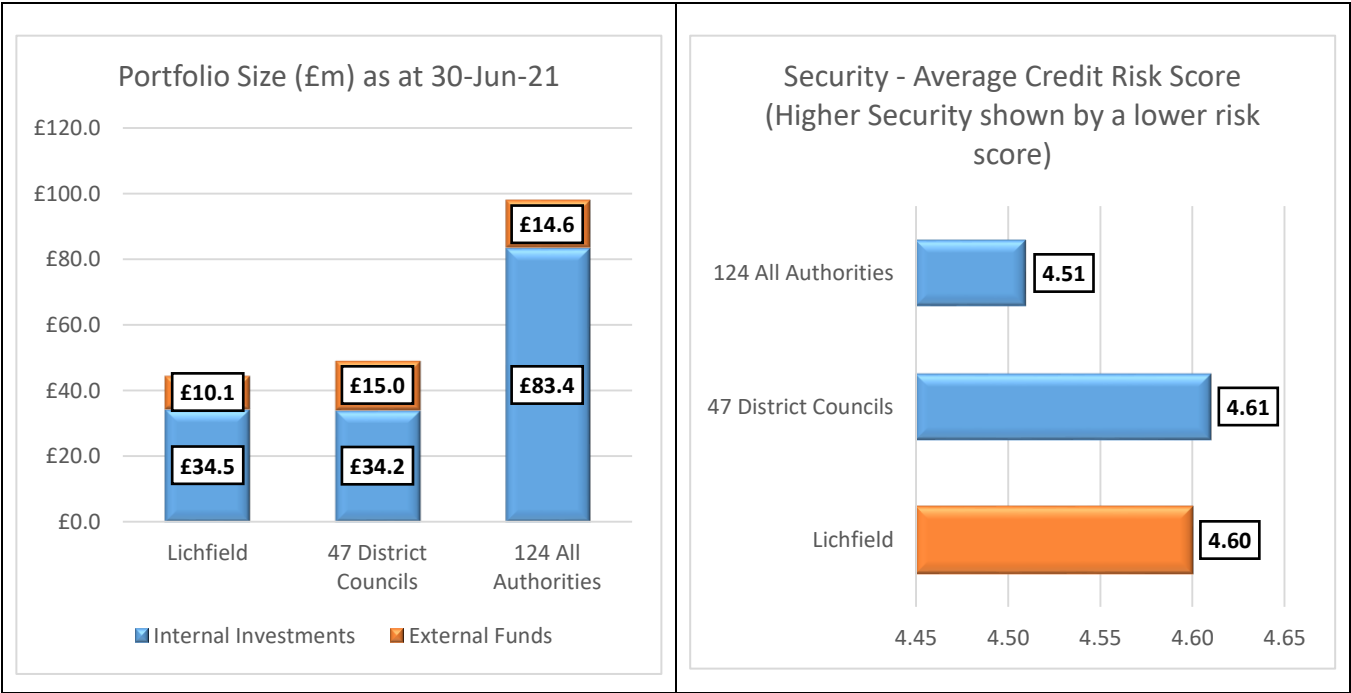
- 3.48. The performance of the Treasury Management function should be measured against the investment objectives of Security (the safe return of our monies), Liquidity (making sure we have sufficient money to pay for our services) and Yield (the return on our investments).
- 3.49. In addition, external borrowing is considered against the objectives of it being affordable (the impact on the budget and Council Tax), prudent and sustainable (over the whole life).

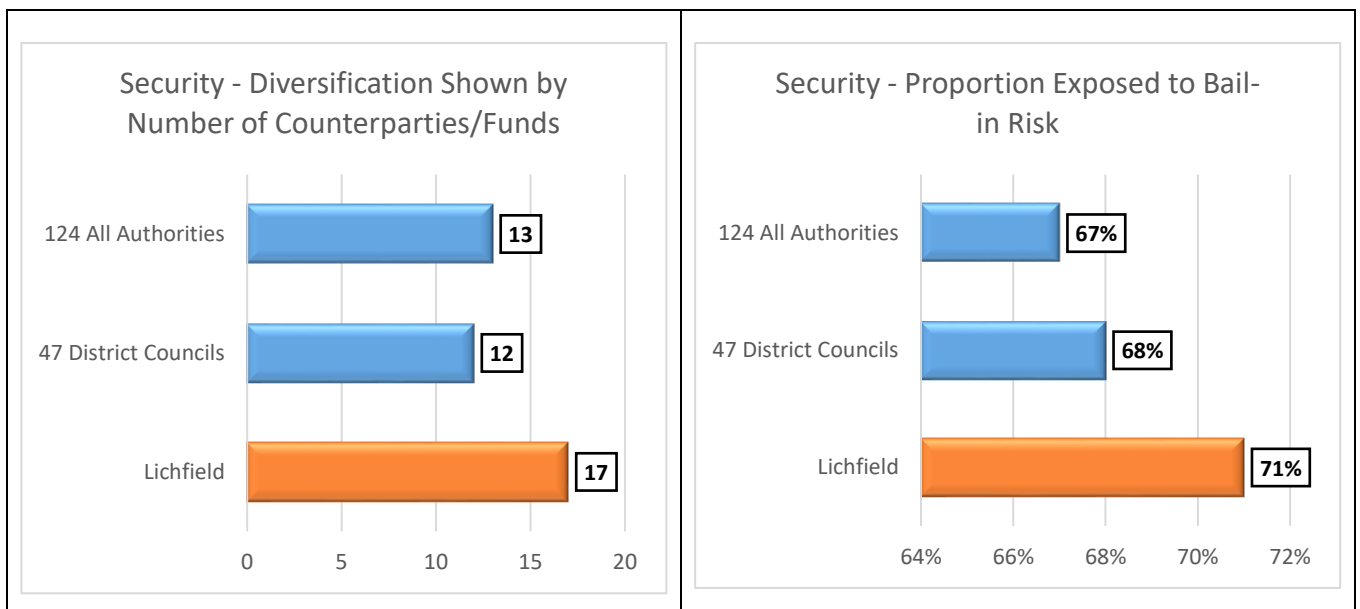
The Security of Our Investments

3.50. The investments the Council had at the 30 June 2021 of **£44,534,500** (with the Property and Diversified Income Funds valued at original investment for each of **£2m**) by type and Country are summarised below and in detail at **APPENDIX D**:

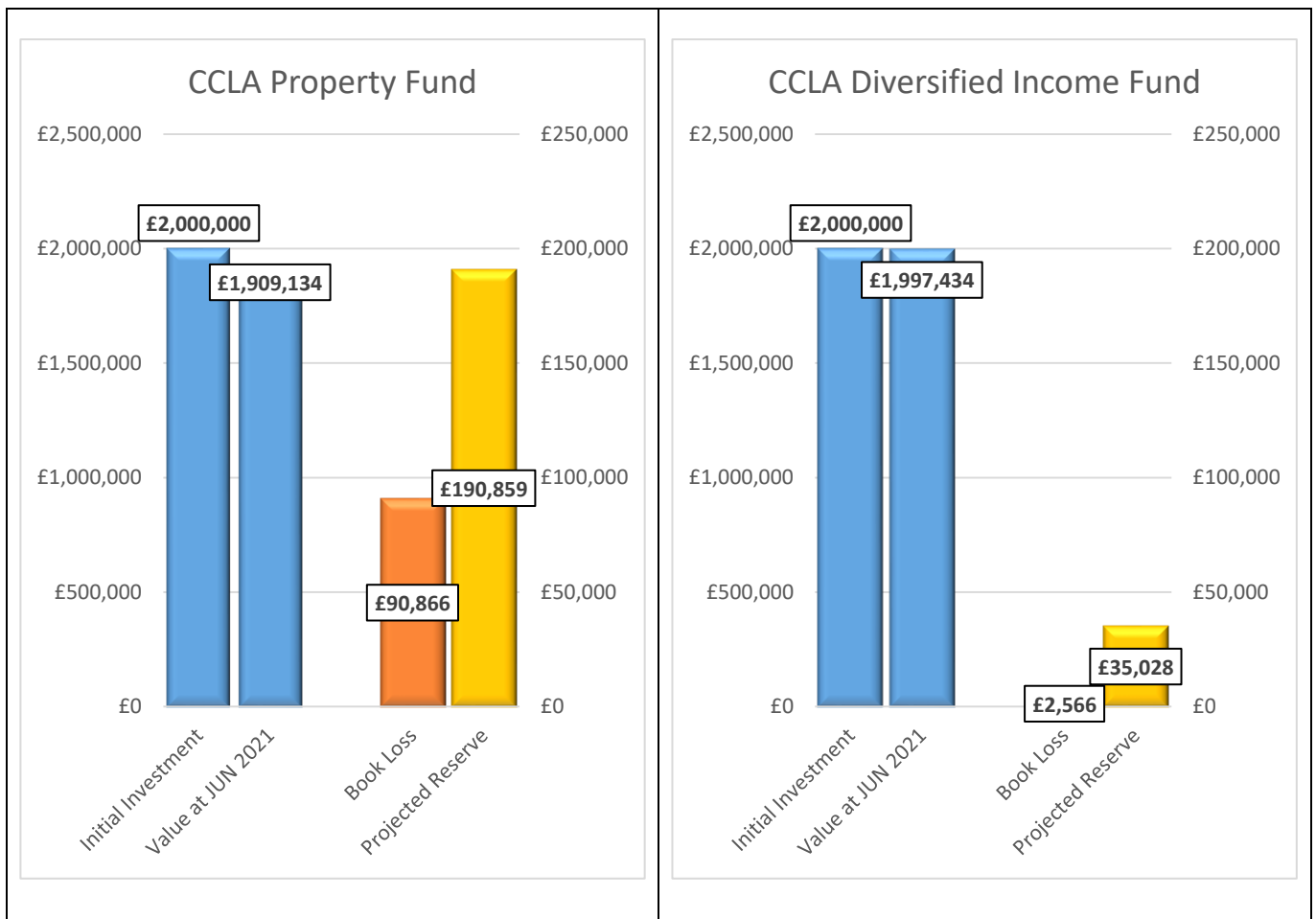


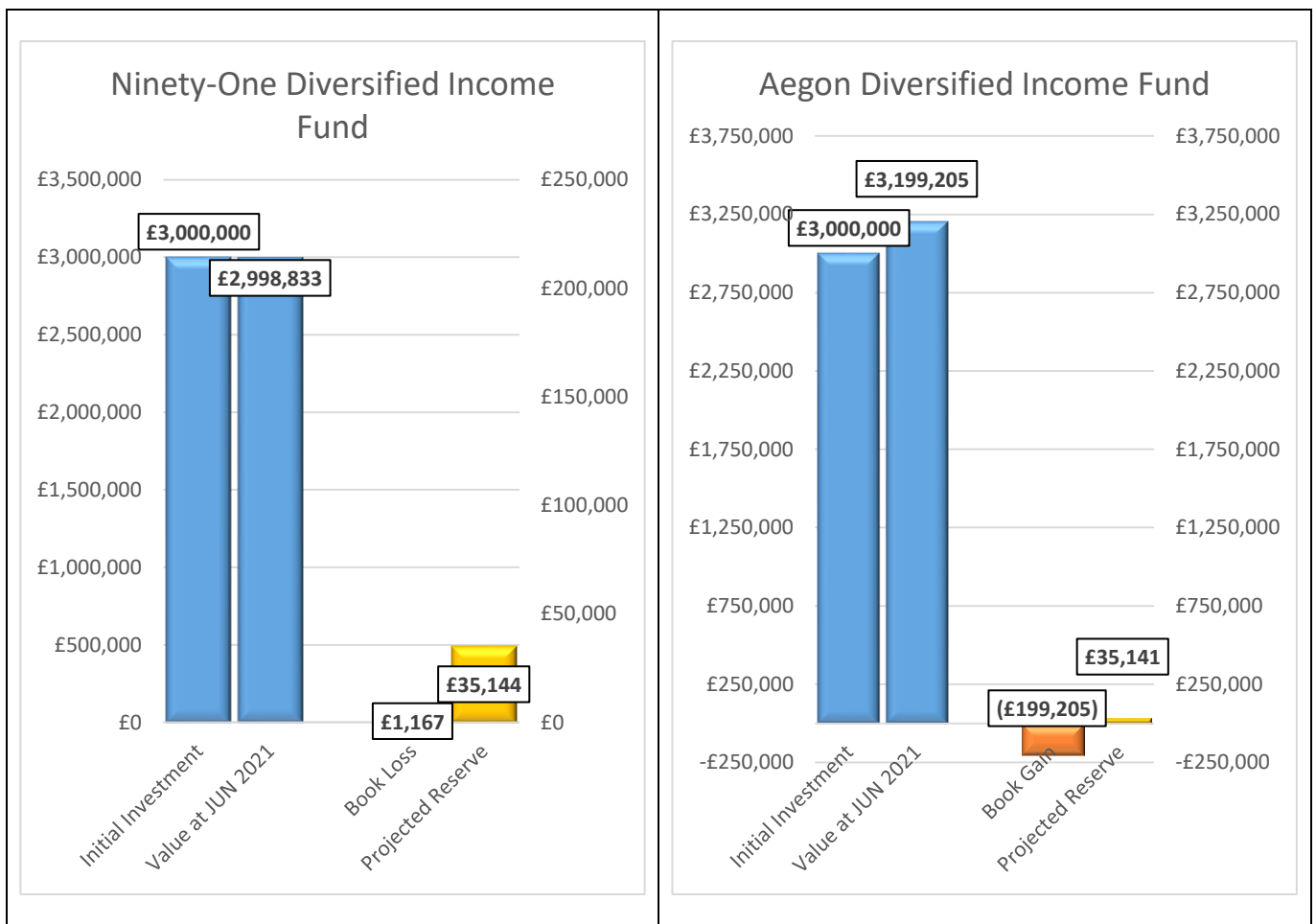
3.51. The Council’s portfolio size (with the Property and Diversified Income Funds valued at its current value of **£10.1m**), average credit score, diversification and exposure to ‘Bail in’ risk compared to Arlingclose Clients is shown below:





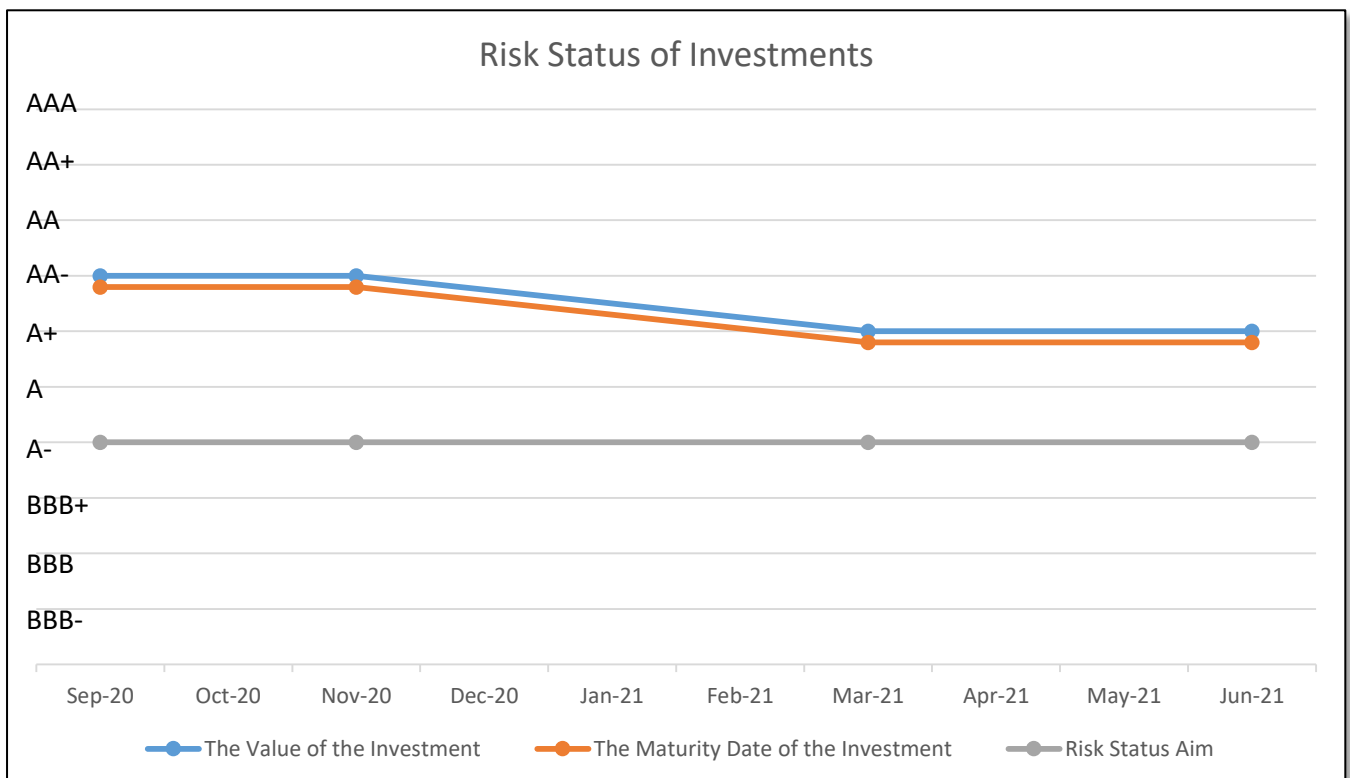
3.52. The current value of the Property Fund and the Diversified Income Funds, together with the projected value of the earmarked reserves in 2021/22 intended to offset reductions in value (these are a book loss or gain until the investment is sold and they become actual), are shown below:





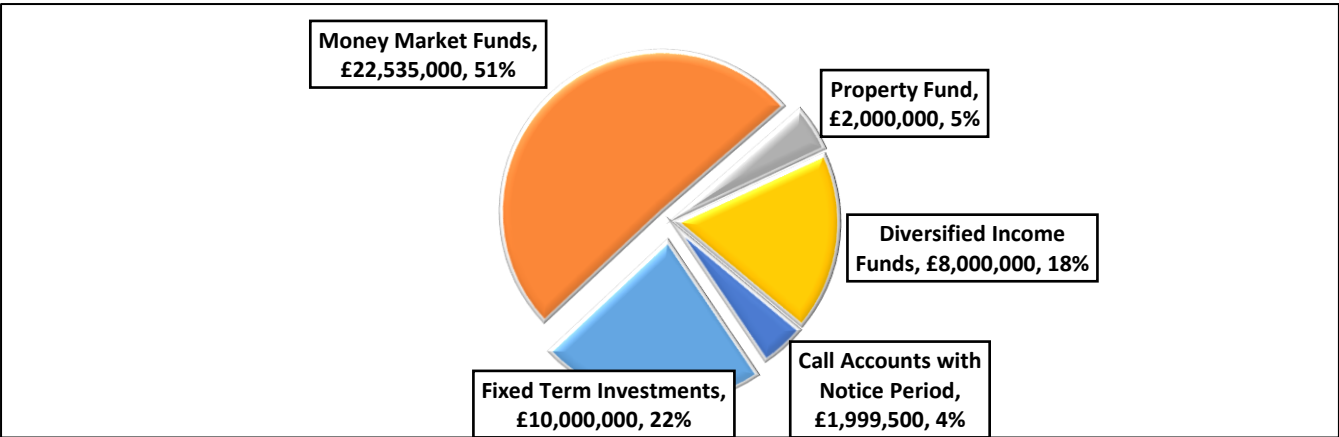
3.53. Overall in terms of strategic investments there is a 'book gain' of **£104,606** and the earmarked reserve to manage volatility risk is projected to be **£296,172**.

3.54. Our aim for the risk status of our investments was **A-** or higher. The risk status based on the length of the investment and the value for a 10 month period is summarised in the graph below:

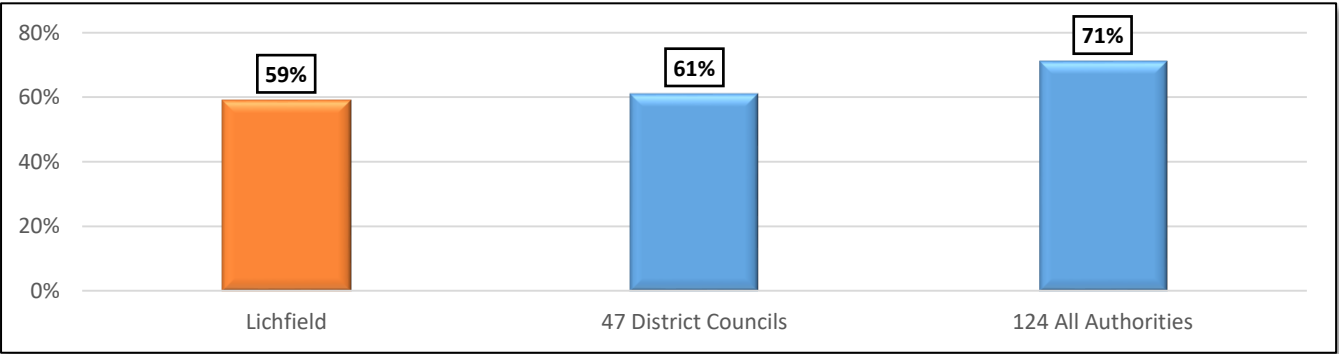


**The Liquidity of our Investments**

- 3.55. The Council has not had to temporarily borrow during 2021/22.
- 3.56. A significant proportion of investments are retained in instant access Money Market Fund investments to ensure there is sufficient cash available to pay for goods and services. The investments by type are shown below:

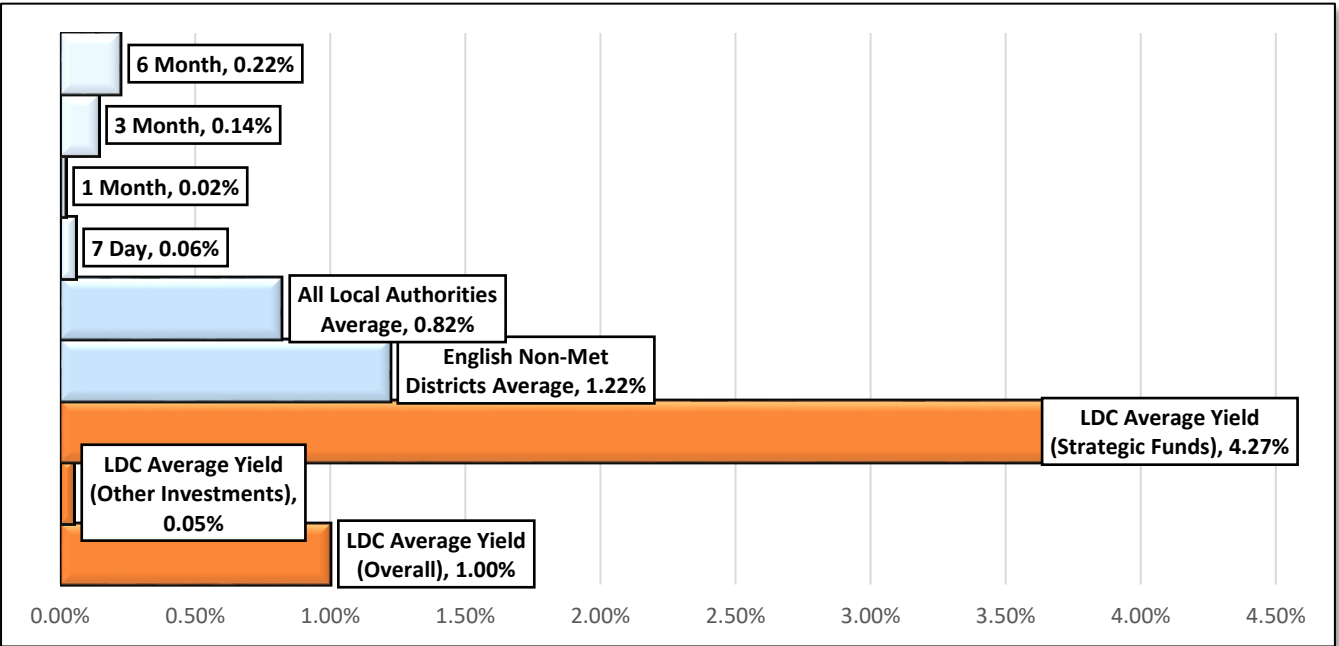


- 3.57. The proportion of the investment portfolio available within 100 days compared to all Arlingclose clients is shown below:



**The Return or Yield of our Investments**

- 3.58. The yield the Council achieved compared to a number of industry standard benchmarks (including our preferred benchmark of the seven day LIBID rate) and all Arlingclose clients is shown below:



3.59. The investment activity during the financial year is projected to generate **(£350,000)** of gross investment income compared to a budget of **(£350,000)**.

3.60. In terms of investment income, the Debt Management Deposit Facility (DMADF) returns are now 0.01% per annum, the yield on Money Market Funds is also mostly at 0.01%.

## The External Borrowing Portfolio

3.61. The Council's external borrowing portfolio including the premiums for early repayment is shown below:

	Principal	Average Rate	Years to Final Maturity	(Premium) /Discount
PWLB Fixed Equal Instalment of Principal (EIP)	£1,156,720	2.59%	18.8	(£204,365)
PWLB Fixed Annuity	£1,001,145	1.71%	6.9	(£59,986)
<b>TOTAL PWLB</b>	<b>£2,157,865</b>	<b>2.18%</b>	<b>13.3</b>	<b>(£264,351)</b>
Lender Option Borrower Option (LOBO) Loans	£0	-	-	£0
Other Loans	£0	-	-	£0
<b>TOTAL BORROWING</b>	<b>£2,157,865</b>	<b>2.18%</b>	<b>13.3</b>	<b>(£264,351)</b>

Alternative Options	These are considered as part of the ongoing development of the Strategic Plan and the Medium Term Financial Strategy.
Consultation	Consultation is undertaken as part of the Strategic Plan and with Leadership Team.
Financial Implications	<p>The MTFS projected general reserves at 31 March 2022 would be <b>£6,985,824</b>.</p> <p>At this three months stage, general reserves are forecast to be <b>£7,134,301</b>. This is an increase of <b>£148,477</b> and is related to:</p> <ul style="list-style-type: none"> <li>• A higher than budgeted contribution in 2020/21 of <b>£139,117</b>.</li> <li>• Updates in 2021/22 summarised in para 3.22 decreasing the contribution by <b>(£14,910)</b>.</li> <li>• A projected increase contained in this report for 2021/22 of <b>£24,270</b>.</li> </ul>
Approved by Section 151 Officer	Yes
Legal Implications	<p>No specific legal implications.</p> <p>The recommended changes to the Medium Term Financial Strategy not part of the approved Budget Framework will be required the approval of Full Council.</p>
Approved by Monitoring Officer	Yes
Contribution to the Delivery of the Strategic Plan	The MTFS underpins the delivery of the Strategic Plan.
Equality, Diversity and Human Rights Implications	There are no additional Equality, Diversity or Human Rights implications.
Crime & Safety Issues	There are no additional Crime and Safety Issues.



Environmental Impact	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan.
GDPR/Privacy Impact Assessment	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan.

	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 (Head of Finance and Procurement (Section 151)).</b>				
A	Council Tax is not set by the Statutory Date of <b>11 March 2022</b>	Likelihood : Green Impact : Red Severity of Risk : Yellow	Full Council set with reference to when major preceptors and Parishes have approved their Council Tax Requirements.	Likelihood : Green Impact : Red Severity of Risk : Yellow
B	Implementation of the Check, Challenge and Appeal Business Rates Appeals and more frequent revaluations	Likelihood : Yellow Impact : Red Severity of Risk : Red	To closely monitor the level of appeals. An allowance for appeals has been included in the Business Rate Estimates.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
C	The review of the New Homes Bonus regime	Likelihood : Red Impact : Red Severity of Risk : Red	The Council responded to the recent consultation. Not all of the projected New Homes Bonus is included as core funding in the Base Budget. In 2022/23 £400,000 is included with the balance transferred to general reserves. At this stage, no income is assumed from 2023/24 onwards.	Likelihood : Red Impact : Yellow Severity of Risk : Yellow
D	The increased Localisation of Business Rates and the Review of Needs and Resources	Likelihood : Red Impact : Red Severity of Risk : Red	To assess the implications of proposed changes and respond to consultations to attempt to influence the policy direction in the Council's favour.	Likelihood : Red Impact : Red Severity of Risk : Red
E	The affordability and risk associated with the Capital Strategy	Likelihood : Yellow Impact : Red Severity of Risk : Red	An estates management team has been recruited 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	The public sector pay freeze in 2021/22 is not applicable to Local Government	Likelihood : Yellow Impact : Red Severity of Risk : Red	The current MTFS assumes that the pay freeze for those earning more than £24,000 per annum is applicable to Local Government. If this does not prove to be the case, an element of general reserves can be utilised to fund the increase in 2021/22 and projections for later years will be updated in the MTFS.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
G	Sustained higher levels of inflation in the economy	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow	To maintain a watching brief on economic forecasts, ensure estimates reflect latest economic projections and where possible ensure income increases are maximised to mitigate any additional cost.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
<b>Strategic Risk SR3: Capacity and capability to deliver / adapt the new strategic plan to emerging landscape (Leadership Team).</b>				
H	The financial impact of COVID-19 is not fully reimbursed by Government and exceeds the reserves available resulting in a Section 114 notice	Likelihood : Yellow Impact : Red Severity of Risk : Yellow	The use of general and earmarked reserves to fund any shortfall	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
I	The Council cannot	Likelihood : Yellow	There will need to be consideration of additional	Likelihood : Yellow

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
	achieve its approved Delivery Plan for 2022/23	Impact : Red Severity of Risk : Red	resourcing and/or reprioritisation to reflect the ongoing impact of the pandemic	Impact : Yellow Severity of Risk : Yellow
J	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
K	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) 2020-2025 (MTFS) – Cabinet 9 February 2021

Money Matters: 2020/21 Review of Financial Performance against the Financial Strategy – Cabinet 8 June 2021

Medium Term Financial Strategy (MTFS) – Cabinet 6 July 2021

**Relevant  
web link**

## Revenue Financial Performance – Variance to Budget 2021/22

Area	2021/22					
	Original Budget £	Approved Budget £	Projected Outturn £	Projected Variance £	Variance to Original Budget £	2021/22 Target Variance (+/-) £
Enabling people	1,482,790	1,482,790	1,504,170	21,380	21,380	
Shaping place	3,401,930	3,402,070	3,446,240	44,170	44,310	
Developing prosperity	(620,830)	(620,970)	(628,170)	(7,200)	(7,340)	
A good council	6,320,730	6,335,640	6,310,020	(25,620)	(10,710)	
COVID-19 - General Impact <sup>1</sup>	(4,000)	(4,000)	(61,000)	(57,000)	(57,000)	
COVID-19 – Risk and Recovery	1,141,380	1,141,380	1,141,380	-	-	
<b>Net Cost of Services</b>	<b>11,722,000</b>	<b>11,736,910</b>	<b>11,712,640</b>	<b>(24,270)</b>	<b>(9,360)</b>	<b>0</b>
Chief Executive	167,130	167,130	196,850	29,720	29,720	2,000
Corporate Services	2,414,920	2,433,860	2,427,490	(6,370)	12,570	39,000
Finance and Procurement	1,881,200	1,881,200	1,887,570	6,370	6,370	15,000
Governance & Performance	1,874,760	1,866,570	1,869,580	3,010	(5,180)	15,000
Regulatory Services, Housing & Wellbeing	1,352,010	1,352,010	1,352,010	-	-	16,000
Economic Growth & Development Services	(127,210)	(121,560)	(119,470)	2,090	7,740	67,000
Operational Services	3,021,810	3,020,320	3,018,230	(2,090)	(3,580)	96,000
COVID-19 - General Impact	(4,000)	(4,000)	(61,000)	(57,000)	(57,000)	-
COVID-19 – Risk and Recovery	1,141,380	1,141,380	1,141,380	-	-	
<b>Net Cost of Services</b>	<b>11,722,000</b>	<b>11,736,910</b>	<b>11,712,640</b>	<b>(24,270)</b>	<b>(9,360)</b>	<b>250,000</b>
Net Treasury Position	(182,000)	(182,000)	(182,000)	-		
Revenue Contributions to the Capital Programme	0	0	0	-		
<b>Net Operating Cost</b>	<b>11,540,000</b>	<b>11,554,910</b>	<b>11,530,640</b>	<b>(24,270)</b>		
Transfer (from) / to General Reserve	411,000	396,090	420,360	24,270		
Transfer (from) / to Earmarked Reserves	0	0	0	-		
<b>Net Revenue Expenditure</b>	<b>11,951,000</b>	<b>11,951,000</b>	<b>11,951,000</b>	<b>0</b>		
<b>Financed by:</b>						
Retained Business Rates	(3,122,000)	(3,122,000)	(3,122,000)	-		
Business Rates Cap	(110,000)	(110,000)	(110,000)	-		
Lower Tier Services Grant	(151,000)	(151,000)	(151,000)	-		
Local Council Tax Support Grant	(126,000)	(126,000)	(126,000)	-		
New Homes Bonus	(1,282,000)	(1,282,000)	(1,282,000)	-		
Council Tax Collection Fund (Surplus)/Deficit	38,000	38,000	38,000	-		
Council Tax	(7,198,000)	(7,198,000)	(7,198,000)	-		

<sup>1</sup> The COVID-19 – General Recovery budget has been allocated to the relevant service areas, £112,000 to Developing Prosperity and £181,000 to Net Treasury

## Reasons for the Outturn Budget Performance by Service Area

Projected Variance  £		Expenditure		Income		COVID-19	
		One Off  £	Recurring  £	One Off  £	Recurring  £	Expenditure  £	Income  £
29,720	Chief Executive	36,100	(6,380)	-	-	12,000	(69,000)
(6,370)	Corporate Services	-	(14,250)	-	7,880	-	-
6,370	Finance and Procurement	-	12,370	-	(6,000)	-	-
3,010	Governance & Performance	-	2,420	-	590	-	-
(2,090)	Operational Services	(12,000)	52,610	12,000	(54,700)	-	-
-	Regulatory Services, Housing & Wellbeing	260,160	(8,430)	(260,160)	8,430	-	-
2,090	Economic Growth & Development Services	(10,000)	2,090	10,000	-	-	-
-	Net Treasury Position	-	-	-	-	-	-
(57,000)	COVID-19	-	-	-	-	-	-
<b>(£24,270)</b>	<b>Net Operating Cost</b>	<b>£274,260</b>	<b>£40,430</b>	<b>(£238,160)</b>	<b>(£43,800)</b>	<b>£12,000</b>	<b>(£69,000)</b>
-	Earmarked Reserves	-	-	-	-	-	-
<b>(£24,270)</b>	<b>Net Operating Cost</b>	<b>£276,350</b>	<b>£40,430</b>	<b>(£238,160)</b>	<b>(£43,800)</b>	<b>£12,000</b>	<b>(£69,000)</b>
-	Funding	-	-	-	-	-	-
<b>(£24,270)</b>	<b>Transfer (to)/from General Reserves</b>	<b>£276,350</b>	<b>£40,430</b>	<b>(£238,160)</b>	<b>(£43,800)</b>	<b>£12,000</b>	<b>(£69,000)</b>

## Chief Executive

Projected Variance  £	Reason	Expenditure		Income	
		One Off  £	Recurring  £	One Off  £	Recurring  £
36,100	Costs incurred to remove travellers from Council sites	36,100			
(6,380)	Balance on cost centre for Management Restructure		(6,380)		
<b>£29,720</b>	<b>Total</b>	<b>£36,100</b>	<b>(£6,380)</b>	<b>-</b>	<b>-</b>

## Corporate Services

Projected Variance  £	Reason	Expenditure		Income	
		One Off  £	Recurring  £	One Off  £	Recurring  £
(6,370)	Transfer to Other Service Area for New Finance System		(6,370)		
-	Transfer		(7,880)		7,880
<b>(£6,370)</b>	<b>Total</b>	<b>-</b>	<b>(£14,250)</b>	<b>-</b>	<b>£7,880</b>

## APPENDIX B

### Finance and Procurement

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
6,370	Transfer from Other Service Area for New Finance System		6,370		
-	Additional Spend on Consultants to be Recharged as per Internal Audit Shared Service		6,000		(6,000)
<b>£6,370</b>	<b>Total</b>	<b>-</b>	<b>£12,370</b>	<b>-</b>	<b>(£6,000)</b>

### Governance & Performance

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
3,010	Increase Insurance Premiums		3,010		
-	Transfers		(590)		590
<b>£3,010</b>	<b>Total</b>	<b>-</b>	<b>£2,420</b>	<b>-</b>	<b>£590</b>

### Operational Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(2,090)	Transfers	(12,000)	52,610	12,000	(54,700)
<b>(£2,090)</b>	<b>Total</b>	<b>(£12,000)</b>	<b>£52,610</b>	<b>£12,000</b>	<b>(£54,700)</b>

### Regulatory Services, Housing & Wellbeing

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
-	Transfers		2,570		(2,570)
-	Reduction in Grant and Corresponding Expenditure		(11,000)		11,000
-	COVID Grant Received and Corresponding Expenditure	260,160		(260,160)	
-	<b>Total</b>	<b>£260,160</b>	<b>(£8,430)</b>	<b>(£260,160)</b>	<b>£8,430</b>

### Economic Growth & Development Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
-	Reallocating ERDF Grant scheme contribution to offset loss of Developer meeting income	(10,000)		10,000	
2,090	transfer of budget		2,090		
<b>£2,090</b>	<b>Total</b>	<b>(£10,000)</b>	<b>£2,090</b>	<b>£10,000</b>	<b>-</b>

## COVID-19 Projected Impact

Details	Budget	Year to Date Actual	Projection	Projected Variance
Support for Operational Services Contracts	£0	£0	£0	£0
Housing and Homelessness Support	£0	£3,350	£12,000	£12,000
Additional Hardship / Discretionary Housing Payments	£0	£0	£0	£0
Additional costs of Waste Collection	£0	£0	£0	£0
ICT Support Costs for Remote Working	£0	£0	£0	£0
Additional Personal Protective Equipment (PPE), Building Cleaning and Other Costs	£0	£164	£0	£0
Bank Charges for Grant Processing	£0	£0	£0	£0
Transport for food deliveries	£0	£0	£0	£0
Project costs	£0	£0	£0	£0
Other costs	£0	£0	£0	£0
<b>Total additional Costs</b>	<b>£0</b>	<b>£3,514</b>	<b>£12,000</b>	<b>£12,000</b>
Government Support	(£441,000)	(£440,578)	(£441,000)	£0
Cost reimbursements	£0	£0	£0	£0
National Leisure Recovery Fund	£0	£0	£0	£0
<b>Net Additional Costs</b>	<b>(£441,000)</b>	<b>(£437,064)</b>	<b>(£429,000)</b>	<b>£12,000</b>
Reduced Sales, Fees and Charges, rents, investment income and other income	£854,000	£145,000	£790,000	(£64,000)
Income Guarantee Scheme	(£124,000)	(£129,000)	(£129,000)	(£5,000)
Reductions in Council Tax (LDC & Parishes 13%) (will impact in later years)	£152,000	£106,000	£197,000	£45,000
Reductions in Business Rates (LDC 40%) (will impact in later years) see note below	£837,000	£625,000	£227,000	(£610,000)
<b>Total financial impact</b>	<b>£1,278,000</b>	<b>£309,936</b>	<b>£656,000</b>	<b>(£622,000)</b>
<b>Impact in 2021/22</b>	<b>£289,000</b>	<b>(£421,064)</b>	<b>£232,000</b>	<b>(£57,000)</b>
<b>Impact in later years</b>	<b>£989,000</b>	<b>£731,000</b>	<b>£424,000</b>	<b>(£565,000)</b>

Note : The Business Rates additional retained growth of £1.342m included in the Business Rate estimates is after taking account of this COVID-19 reduction

## Fees and Charges

Income Type	Annual	Actual	Year End
	Budget		Variance
	£000	£000	£000
Planning Applications	781	544	0
Car Parks	1,921	343	376
Garden Waste	1,480	1,317	0
Trade Waste	442	444	0
Land Charges	298	96	0
Building Control	917	361	0
Property Rental	657	299	0
<b>Total of Highest Value Fees &amp; Charges</b>	<b>6,497</b>	<b>3,406</b>	<b>376</b>
<b>Other Income</b>			
Licensing			
Leisure Centre			
VAT Claim			
Court Costs			
Recycling			
Grounds Maintenance			
Other			
<b>Total Income</b>			

Annual Trend						
2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Actual	Actual	Actual	Actual	Actual	Actual	Actual
£000	£000	£000	£000	£000	£000	£000
771	629	1,030	824	797	744	695
1,746	1,748	1,986	2,078	2,198	2,105	752
0	0	0	231	1,495	1,478	1,618
338	390	407	415	443	469	485
183	297	312	279	286	253	272
454	507	557	547	553	896	1,032
644	681	687	729	839	744	680
<b>4,134</b>	<b>4,251</b>	<b>4,980</b>	<b>5,102</b>	<b>6,611</b>	<b>6,689</b>	<b>5,535</b>
217	185	236	224	241	245	160
1,782	1,819	1,879	1,629	183	0	0
0	0	0	0	1,103	0	0
252	233	218	198	214	222	154
14	347	439	463	331	283	280
162	161	168	195	217	264	273
1,839	1,139	1,319	1,124	1,057	1,063	908
<b>8,400</b>	<b>8,136</b>	<b>9,239</b>	<b>8,936</b>	<b>9,957</b>	<b>8,766</b>	<b>7,310</b>

## Capital Programme Performance in 2021/22

Project	Original Budget	Approved Budget	Actual to Date	Projected Actual	Variance
New Build Parish Office/Community Hub	92,000	92,000	0	92,000	0
Armitage with Handsacre Village Hall storage container	6,000	6,000	5,700	6,000	0
Armitage War Memorial and surrounding area	120,000	120,000	0	120,000	0
Canopy and artificial grass at Armitage	3,000	3,000	0	3,000	0
Burntwood LC CHP Unit	0	64,000	0	64,000	0
Friary Grange - Short Term Refurbishment	240,000	209,000	29,885	209,000	0
Replacement Leisure Centre	278,000	328,000	39,928	328,000	0
Beacon Park Pathway	0	30,000	0	30,000	0
Burntwood Leisure Centre - Decarbonisation Scheme	532,000	443,000	179,596	443,000	0
Accessible Homes (Disabled Facilities Grants)	1,272,000	1,100,000	(75,645)	1,100,000	0
Home Repair Assistance Grants	22,000	7,000	0	10,000	3,000
Decent Homes Standard	147,000	147,000	0	147,000	0
Energy Insulation Programme	22,000	0	0	0	0
DCLG Monies	212,000	212,000	0	212,000	0
S106 Affordable Housing Monies	429,000	650,000	90,000	541,000	(109,000)
<b>Enabling People Total</b>	<b>3,375,000</b>	<b>3,411,000</b>	<b>269,464</b>	<b>3,305,000</b>	<b>(106,000)</b>
Canal Towpath Improvements (Brereton & Ravenhill)	36,000	36,000	0	36,000	0
Loan to Council Dev Co.	675,000	675,000	0	675,000	0
Lichfield St Johns Community Link	35,000	35,000	0	35,000	0
Staffordshire Countryside Explorer	44,000	44,000	0	44,000	0
Dam Street Toilets	0	40,000	0	40,000	0
Bin Purchase	150,000	150,000	0	240,000	90,000
Vehicle Replacement Programme (Other)	108,000	107,000	0	107,000	0
Upper St John St & Birmingham Road	7,000	7,000	0	7,000	0
The Leomansley Area Improvement Project	3,000	3,000	0	3,000	0
Cannock Chase SAC	44,000	44,000	42,990	44,000	0
<b>Shaping Place Total</b>	<b>1,102,000</b>	<b>1,141,000</b>	<b>42,990</b>	<b>1,231,000</b>	<b>90,000</b>
Multi Storey Car Park Refurbishment Project	250,000	299,000	3,638	259,000	(40,000)
Vehicle Replacement Programme (Car Parks)	10,000	10,000	0	10,000	0
Birmingham Road Site - Coach Park	625,000	880,000	0	880,000	0
Birmingham Road Site - Short Term Redevelopment	0	13,000	323	13,000	0
Car Parks Variable Message Signing	32,000	32,000	0	32,000	0
Old Mining College - Refurbish access and signs	13,000	13,000	0	13,000	0
St. Chads Sculpture (Lichfield City Art Fund)	5,000	5,000	0	5,000	0
<b>Developing Prosperity Total</b>	<b>935,000</b>	<b>1,252,000</b>	<b>3,961</b>	<b>1,212,000</b>	<b>(40,000)</b>
Equipment Storage	0	100,000	0	100,000	0
Property Planned Maintenance	289,000	379,000	0	390,000	11,000
New Financial Information System	225,000	269,000	67,407	269,000	0
Depot Sinking Fund	11,000	11,000	0	0	(11,000)
IT Infrastructure	35,000	123,000	63,433	123,000	0
ICT Hardware	165,000	165,000	0	165,000	0
IT Innovation	205,000	203,000	(650)	143,000	(60,000)
District Council House Repair Programme	188,000	238,000	0	238,000	0
<b>Good Council Total</b>	<b>1,118,000</b>	<b>1,488,000</b>	<b>130,189</b>	<b>1,428,000</b>	<b>(60,000)</b>
<b>Approved Budget</b>	<b>6,530,000</b>	<b>7,292,000</b>	<b>446,605</b>	<b>7,176,000</b>	<b>(116,000)</b>

Funding Source	Original Budget	Approved Budget	Projected Actual	Variance
Capital Receipts	1,301,000	1,821,000	1,805,000	(16,000)
Corporate Revenue	0	0	0	0
Borrowing Need - Borrowing and Finance Leases	278,000	328,000	328,000	0
Capital Grants and Contributions	3,071,000	2,994,000	2,888,000	(106,000)
Reserves, Existing Revenue Budgets and Sinking Funds	1,880,000	2,149,000	2,155,000	6,000
<b>Capital Programme Total</b>	<b>6,530,000</b>	<b>7,292,000</b>	<b>7,176,000</b>	<b>(116,000)</b>



### Investments in the 2021/22 Financial Year

The table below shows a breakdown of our investments at the 30 June 2021:

Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating	Non-UK Organisation
<b>Money Market Funds</b>						
Invesco Aim	£2,245,000	01-Jul-21	Instant Access	0.01%	0	N/A
Blackrock Institutional	£2,370,000	01-Jul-21	Instant Access	0.01%	0	N/A
Federated	£4,920,000	01-Jul-21	Instant Access	0.01%	0	N/A
Aberdeen	£4,000,000	01-Jul-21	Instant Access	0.01%	0	N/A
BNP Paribas MMF	£4,000,000	01-Jul-21	Instant Access	0.02%	0	N/A
CCLA MMF	£5,000,000	01-Jul-21	Instant Access	0.03%	0	N/A
<b>Strategic Funds</b>						
CCLA Property Fund	£2,000,000	N/A	N/A	4.54%	N/A	No
Ninety-One Diversified Income Fund	£3,000,000	N/A	N/A	3.35%	N/A	No
CCLA Diversified Income Fund	£2,000,000	N/A	N/A	3.25%	N/A	No
Aegon Diversified Income Fund	£3,000,000	N/A	N/A	3.71 %	N/A	No
<b>Fixed Term Investments</b>						
Staffordshire Moorlands District Council	£2,000,000	18-Nov-21	141	0.25%	LOCAL	
Ashford Borough Council	£2,000,000	19-Jul-21	19	0.10%	LOCAL	
Surrey Heath Borough Council	£2,000,000	15-Dec-21	168	0.06%	LOCAL	
Monmouthshire Council	£2,000,000	28-Apr-22	302	0.10%	LOCAL	
Cheltenham Borough Council	£2,000,000	12-Nov-21	135	0.05%	LOCAL	
<b>Call Accounts with Notice Period</b>						
Lloyds	£1,000,000	03-Oct-21	95	0.03%	A+	
HSBC	£999,500	31-Jul-21	31	0.20%	A+	
<b>Total Investments</b>	<b>£44,534,500</b>					