

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

Cabinet Member for Finance, Procurement & Revenues and Benefits

Date: 7 December 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

Lichfield
district council

Cabinet

1. Executive Summary

- 1.1 The report covers the financial performance from April to September (Quarter Two) for 2021/22 including updated projections of the 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 **£6,913,291**, a reduction of **(£72,533)** related to:
 - A higher than budgeted contribution in 2020/21 of **£139,117**
 - Approved updates in 2021/22 summarised in para 3.14 decreasing the contribution by **(£211,650)**
 - A projected decreased contribution contained in this report for 2021/22 of **(£261,000)**
 - The favourable impact of COVID-19 in 2021/22 of **£261,000**
- 1.3 The Capital Programme is projected to be **(£873,000)** lower than the Approved budget due mainly to a re-profiling of the Coach Park and IT projects.
- 1.4 Capital Receipts are projected to be **(£286,000)** which is **(£258,000)** higher than the Approved Budget due to a projected increase in Housing Right to Buy monies.
- 1.5 In terms of Council Tax, Business Rates, Sundry Debtors and Supplier Performance:
 - **Council Tax collection** in year performance was **57.20%** (56.70% in 2020/21) and total arrears were **£3,447,721** and the Council's share is **£448,204** (£2,759,204 and £358,697 in 2020/21).
 - The **Council Tax Collection Fund** is projected to be in deficit, as budgeted, with the Council's c13% share being **£42,810** compared to the Approved Budget of **£126,720**. This additional income of **(£83,910)** will be included in the 2022/23 budget.
 - Sundry Debt for income to be collected in 2021/22 has reduced by **(£13,440)** or **1%** compared to 2020/21 and the value outstanding at 30 September 2021 has reduced by **(£1,074,630)** or **36%**.
 - **Retained Business Rate Income** is projected to be **(£3,122,000)** 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 **£2,884,000** compared to the Approved Budget of **£908,000**. This reduction in income of **£1,976,000** 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 will 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 **55.20%** (57.20% in 2020/21) and total arrears were **£707,961** and the Council's share is **£283,184** (£992,192 and £396,877 in 2020/21).
 - The payment of suppliers within 30 days was **86.85%** 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. To accept the funding from the Rough Sleeper Accommodation Programme of **£165,898** (capital £140,000 and revenue £25,898) and to approve an update to the Medium Term Financial Strategy to reflect the grant funding income and matching expenditure.
- 2.3. To approve the further allocations of funding from the Risk and Recovery Budget detailed at paras 3.9 and 3.10 totalling **£52,600**.

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 Strategic (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 a favourable variance of **(£261,000)** compared to the Approved Budget and is shown in detail at **APPENDIX B**.
- 3.6. The projected impact will occur over several financial years with the element related to Council Tax and Business Rates collection fund impacting 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:

			Variance		
			Virement	COVID-19	Other Variances
Shaping place					
	●	Additional cost for removal of Travellers			2,740
	●	Ridware House support unlikely to be reclaimable although other options for funding being explored			48,600
	●	Additional Street Naming and Numbering Income			(19,000)
	●	Additional Street Cleansing income			(5,000)
	●	Earmarked Reserve No Longer Required			(8,500)
	●	Transfers	1,540		
Developing prosperity					
	●	Transfers	(13,600)		
A good council					
	●	Additional ICT Licenses expenditure			19,000
	●	Additional strategic capacity			30,000
	●	Minor balance			(2,170)
	●	Loss of income related to providing customer services for Staffordshire County Council			7,000
	●	Increase in bank charges for more online payments			8,000
	●	Additional legal support costs			20,000
	●	Corporate Priorities			160,330
	●	Transfers	12,060		
COVID-19					
	●	Projected income losses lower than budgeted		(261,000)	
Total - Net Cost of Services			0	(261,000)	261,000
			0		
Corporate Expenditure					
Net Treasury - increased interest receipts					0
					0
Earmarked Reserves					0
Funding					0
Transfer (to)/from General Reserves					£0

Risk and Recovery Budget

- 3.8. The current allocations in relation to the risk and recovery budget are summarised below:

Name	Allocated
Supporting the Visitor Economy	246,000
Regional Marketing Strategy	45,000
Youth Unemployment Initiatives	105,000
Health and Wellbeing Initiatives	100,000
Apprenticeships within the Council	75,000
Total Committed	£571,000
Unallocated	570,380
Total	£1,141,380

3.9. A number of further potential project related allocations, totalling **£52,600**, were identified as part of the service and financial planning process and these are shown in the table below:

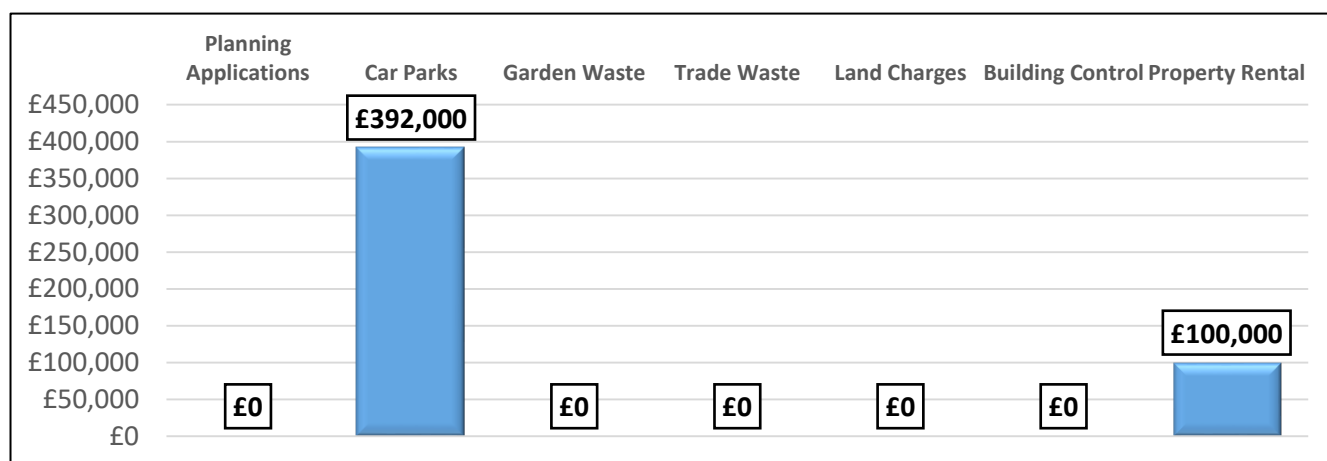
Revenue Bids	Service	2021/22	2022/23	2023/24	2024/25	Total
Enterprise for Success	Economic Growth		10,000			10,000
VE - Staffs DMP	Economic Growth		12,000	12,000	12,000	36,000
VE - Website Health	Economic Growth		6,600			6,600
Total Revenue		0	28,600	12,000	12,000	52,600

3.10. It is recommended that these projects totalling **£52,600** are funded from the unallocated balance of **£570,380** and this would reduce the sum available to **£517,780** or **45%** of the Approved Budget.

Fees and Charges

3.11. 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**.

3.12. The projected variances for those with the highest value are:



3.13. The reductions (shown as positive number in the chart above) attributable to COVID-19 are included in the projections shown at **APPENDIX B** although an element will be compensated through the income losses scheme. The reasons for any significant variances are:

- **A projected reduction in income from Car Parks** – the income continues to be impacted by COVID-19 although the element up to the 30 June 2021 will partly be offset by the income compensation scheme.
- **A projected reduction in income from Property Rental** – some properties have become vacant in addition to existing tenants struggling to keep up with rentals due.

Closing the Funding Gap Progress

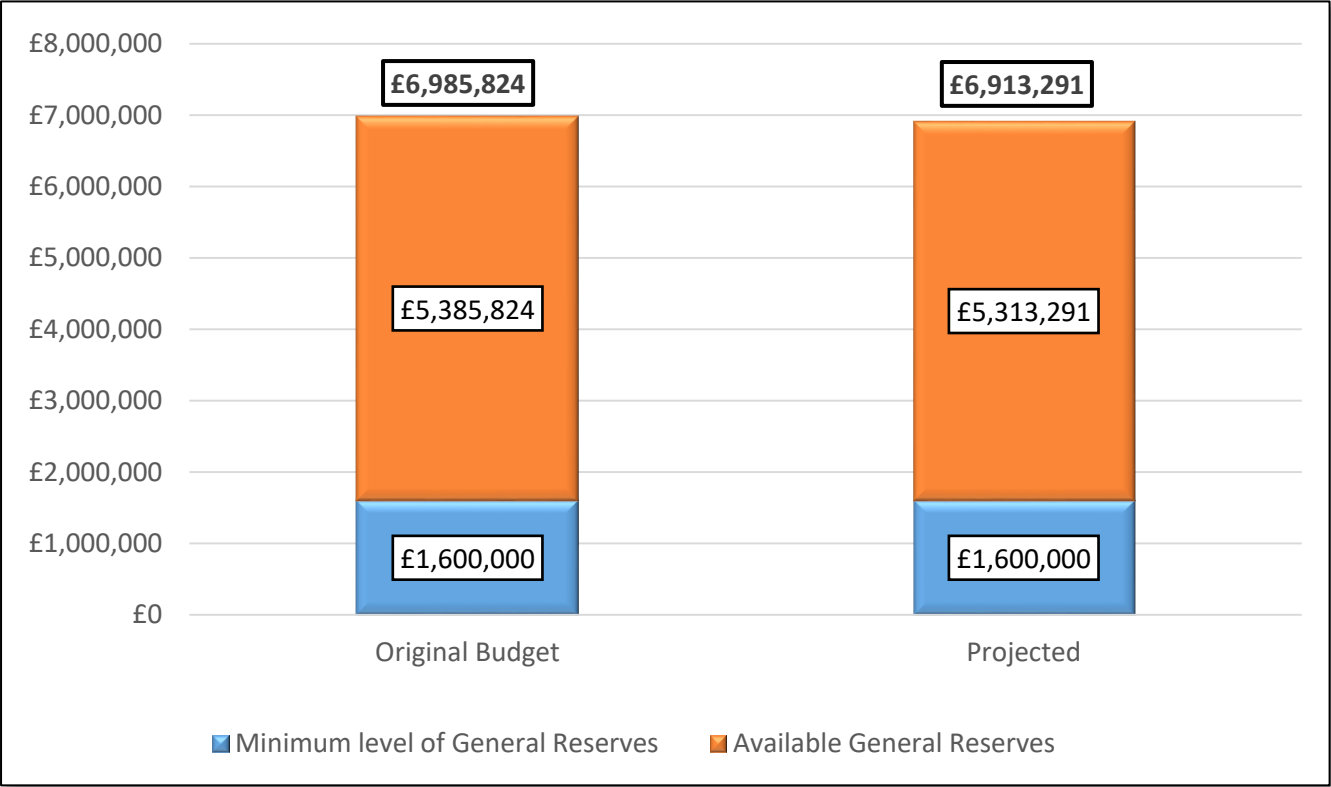
3.14. The progress (excluding any recommendations contained in this report) on closing the Funding Gap is:

	Cabinet Date	2021/22 (£411,000)	2022/23 £1,323,870	2023/24 £2,004,530	2024/25 £2,120,570	2025/26 £2,309,400
Original Funding Gap						
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)
Money Matters 2021/22 Three Months	07/09/2021	(24,270)	(3,370)	(3,370)	(3,370)	(3,370)
Dual Stream Recycling	07/09/2021	0	73,000	76,000	79,000	82,000
Development Management Service Structure	07/09/2021	221,010	222,980	224,980	227,990	231,080
Total Adjustments		211,650	249,620	184,420	140,430	121,520
Approved Funding Gap / (Contribution to General Reserves)		(£199,350)	£1,573,490	£2,188,950	£2,261,000	£2,430,920

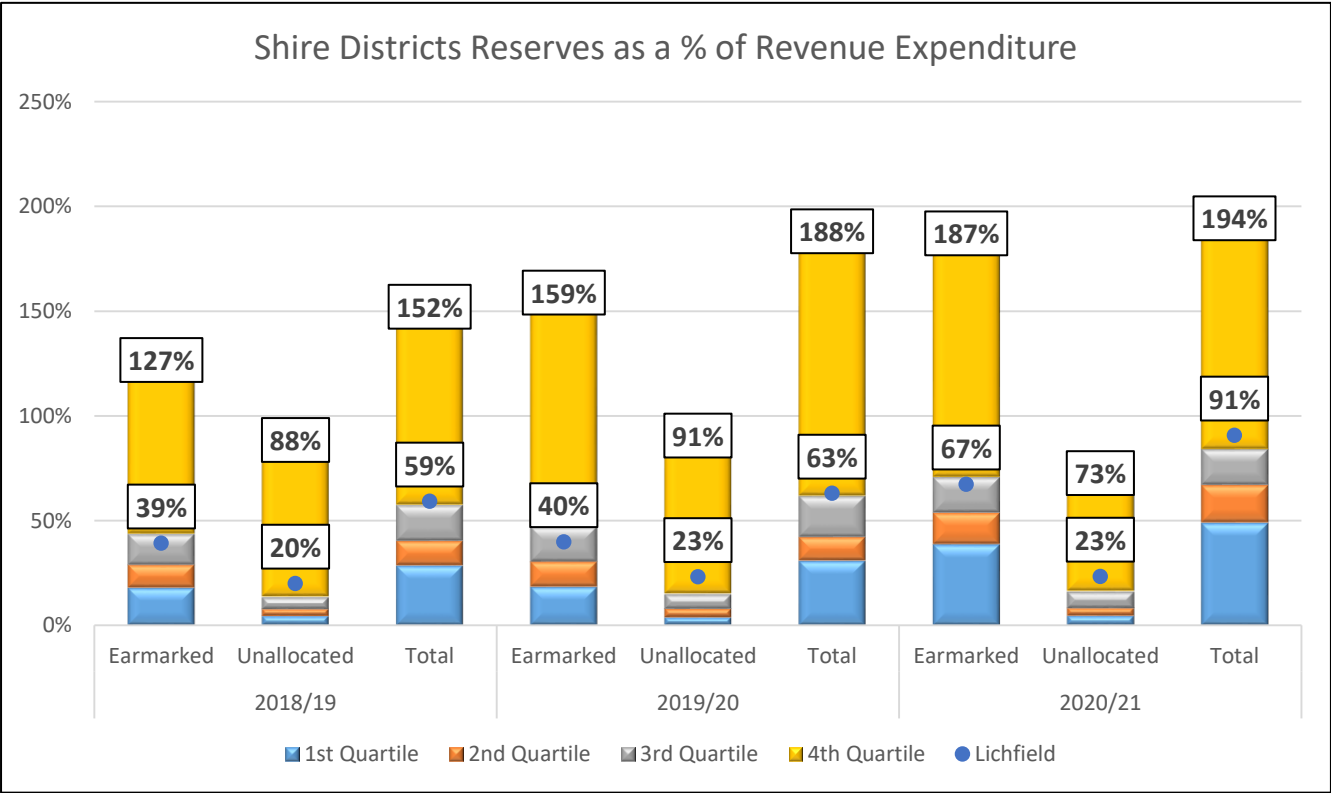
3.15. The progress on closing the Funding Gap will continue to be monitored throughout the year.

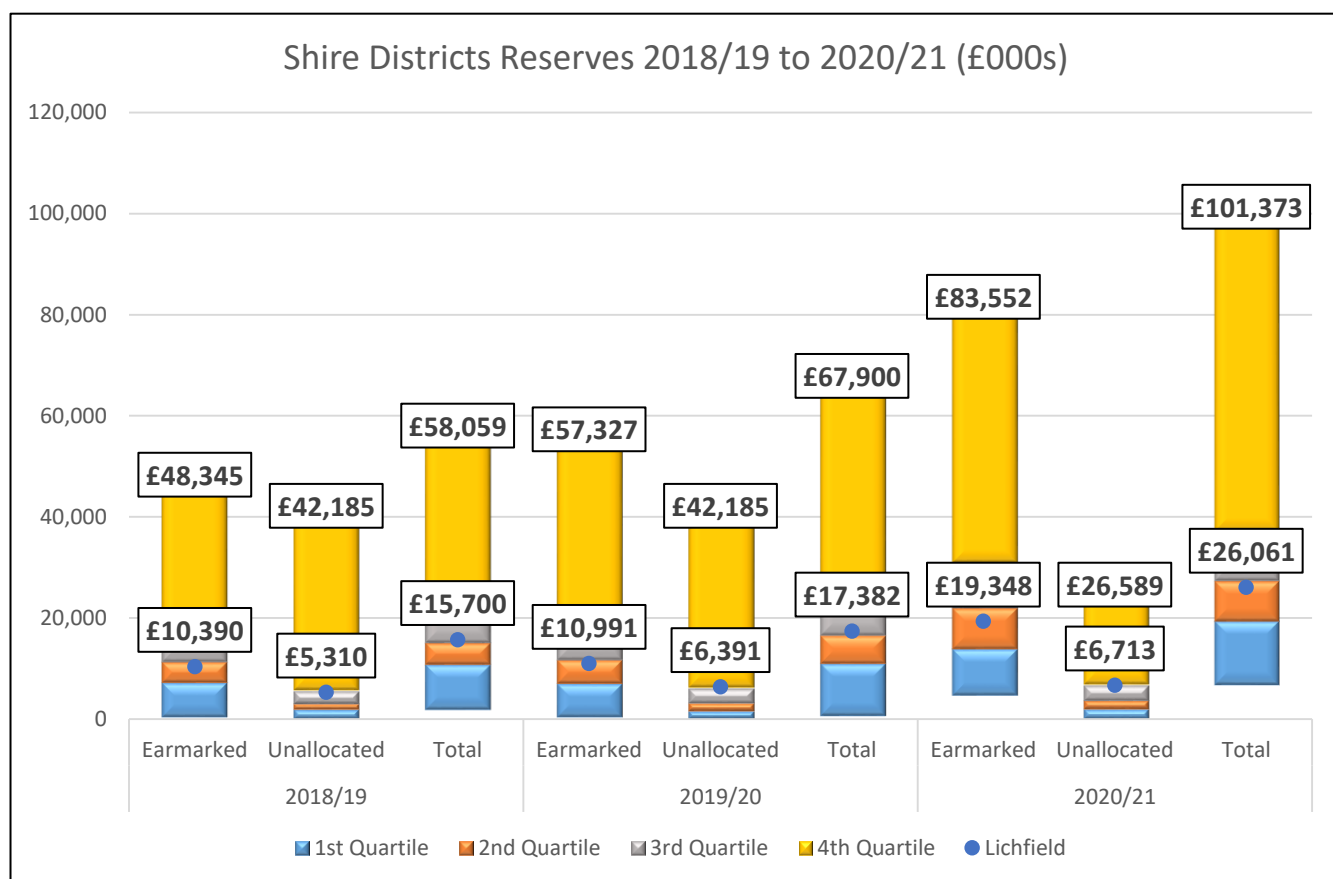
Revenue General Reserves

3.16. The Original Budget estimated general reserves of **£6,985,824** at 31 March 2022. The current projected level is **£6,913,291**, a reduction of **(£72,533)** (with further details at para 1.2) as shown below:



3.17. The level of General (unallocated) and Earmarked Reserves in relative terms and as a percentage of Revenue Expenditure (as defined in the Revenue Outturn Form) is shown for the last three years in the charts below:





3.18. These comparisons show that the Council's reserves were in a healthy position relative to all District Councils and this provides an element of resilience for financial 'shocks' such as the COVID-19 pandemic.

The Rough Sleeper Accommodation Programme

3.19. The Council made a bid for grant funding from this programme to deliver additional units of longer-term, move-on accommodation and support service.

3.20. On 22 October 2021 it was announced that the Council had been successful in its bid for funding to support the acquisition of 4 units of accommodation.

3.21. The funding allocated to the Council was both capital and revenue in nature:

Year	Revenue	Capital	Total
2021/22	£1,992	£140,000	£141,992
2022/23	£11,953		£11,953
2023/24	£11,953		£11,953
Total	£25,898	£140,000	£165,898

3.22. The capital funding will supplement the existing Approved Budget for housing acquisitions and the revenue funding will provide interim ongoing support for these properties by Spring Housing under the rough sleeper pathway scheme.

The Capital Programme

3.23. The Original Budget of **£6,530,000** was approved by Council on 16 February 2021. There have been four updates to this budget during 2021/22:

- Introduction of Dual Stream Recycling in 2022 project of **£229,000** approved by Cabinet on 7 September 2021
- Slippage from 2020/21 of **£762,000** approved by Cabinet on 8 June 2021
- Adjustments from Money Matters Quarter 1 of **(£116,000)** Approved by Cabinet on 7 September 2021
- Acceptance of Decarbonisation Grant Funding of **£263,000** approved by Cabinet on 9 February 2021.

3.24. The Approved Budget is therefore **£7,668,000**.

3.25. The Capital Programme performance is projected to be below budget by **(£873,000)** compared to the Approved Budget. This above budget performance, compared to both the Original and the Approved Budgets, is shown by Strategic Plan Priority below and in detail at **APPENDIX C**:

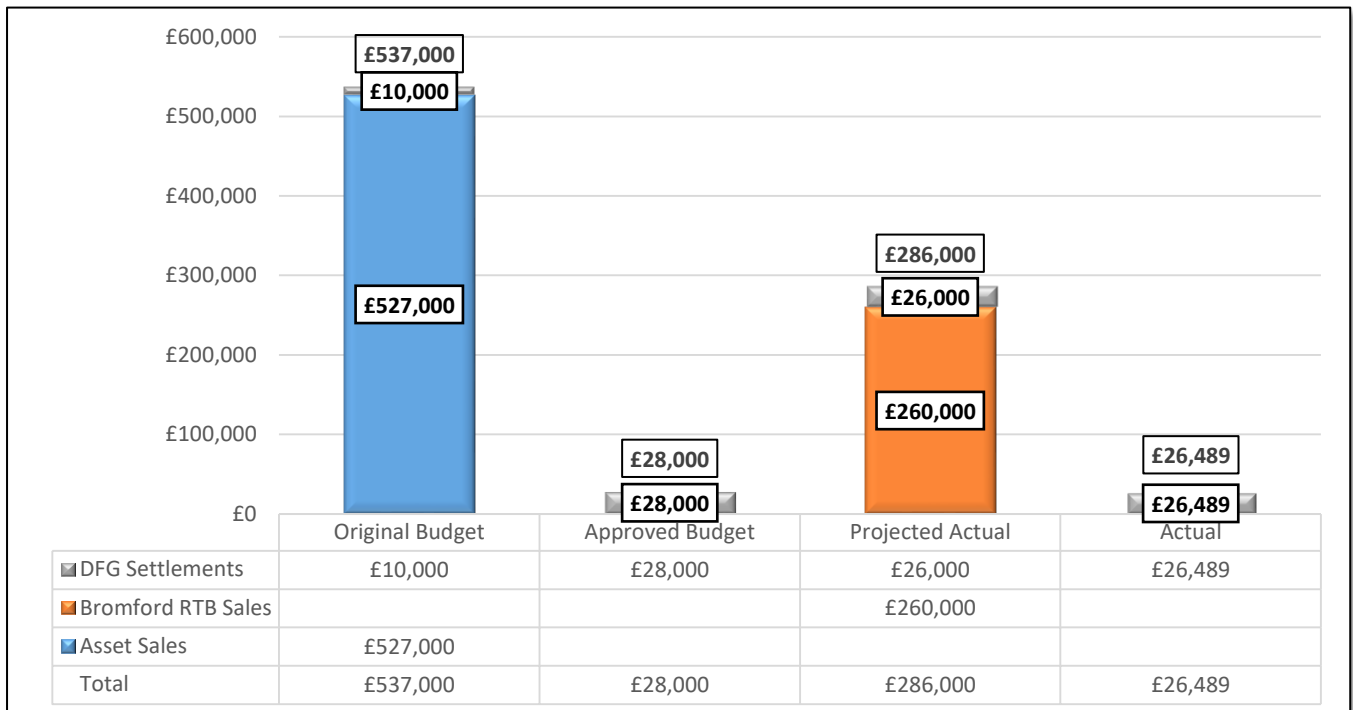


Performance compared to the Approved Budget

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

	Projected Variances	
	Profiling	Other
Beacon Park Pathway – Quotes for work higher than budget this will be funded from revenue		£7,000
Enabling People Total	£0	£7,000
Canal Towpath Improvements – Project expected to overspend, to be funded by S106 Admin monies		£8,000
Vehicle Replacement Programme (Waste) – Spend brought forward from 2022/23	£21,000	
Vehicle Replacement Programme (Other) – Purchase of vehicle funded by Climate Change reserve		£21,000
Shaping Place Total	£21,000	£29,000
Vehicle Replacement Programme (Car Parks) – Delayed to 2022/23	(£10,000)	
Coach Park – Delayed due to a Lands Tribunal	(£580,000)	
Car Parks Variable Message Signing – Delayed to 2022/23	(£32,000)	
Developing Prosperity Total	(£622,000)	£0
Equipment Storage – Increase due to price increases, funded partially by Property Planned Maintenance (Former Depot Sinking Fund project) and revenue.		£25,000
Property Planned Maintenance – See above		(£11,000)
New Financial Information System – Further implementation likely to take place next financial year	(£44,000)	
IT Projects – Spend delayed until 2022/23	(£278,000)	
A Good Council Total	(£322,000)	£14,000
Total Projected Variance	(£923,000)	£50,000
	(£873,000)	

3.27. The Original and Approved Budgets, projected and actual capital receipts are shown below:

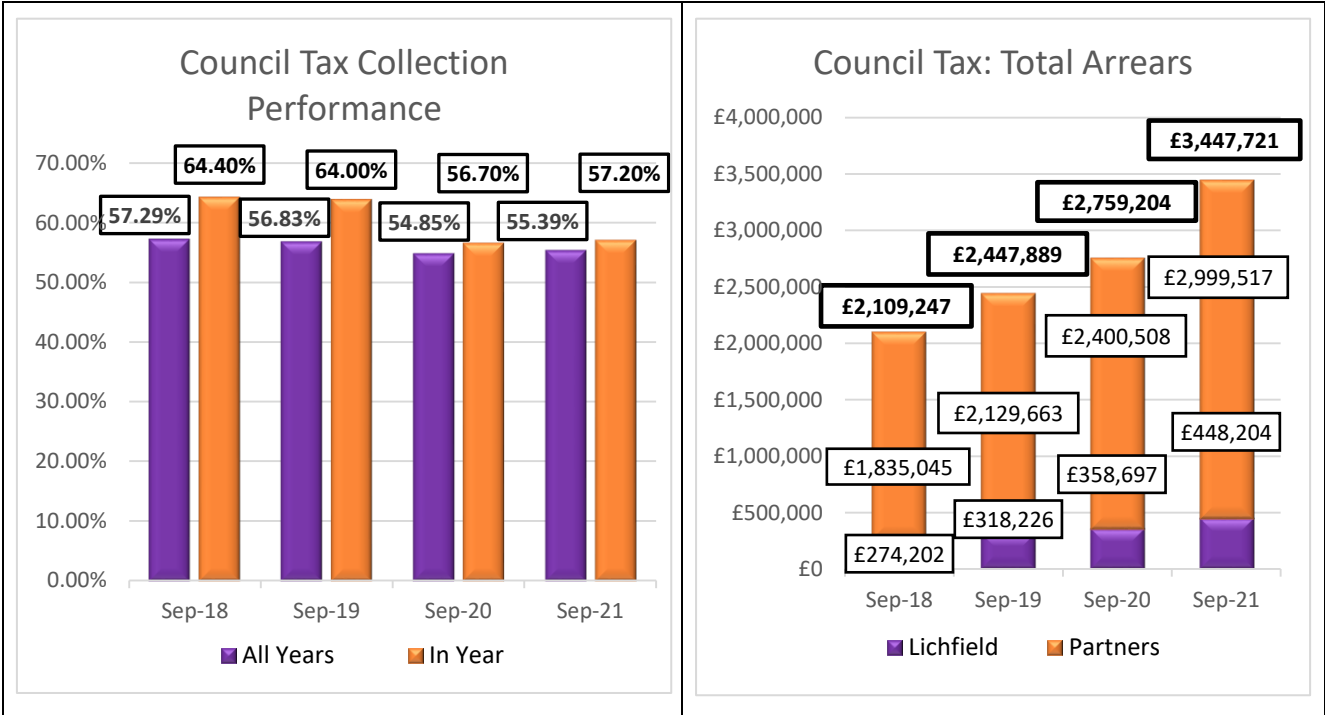


3.29 There is projected to be **(£286,000)** capital receipts received in 2021/22 compared to the Approved Budget of **(£28,000)**.

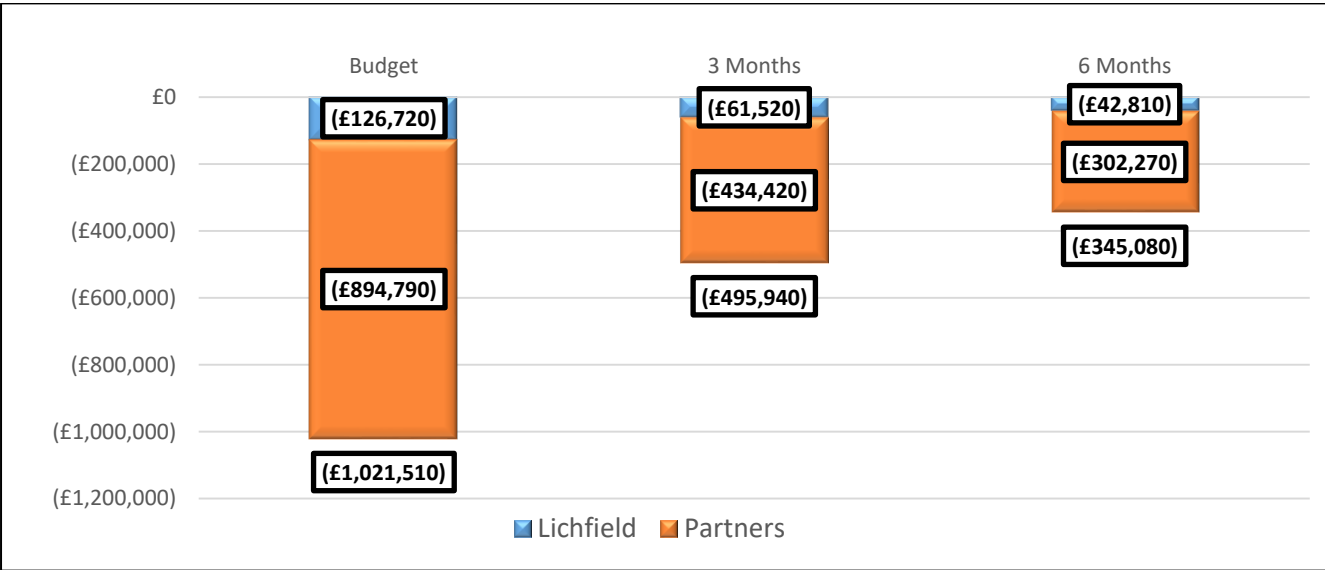
3.30 The increase is related to the Council's share of Right to Buy receipts based on the latest projections provided by Bromford Housing Association.

Council Tax

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



3.32. The Council Tax Collection Fund, at the six month’s stage, is projected to be in deficit by **£345,080** and the Council’s share is **£42,810** based on Lichfield’s (including Parishes) current share of Council Tax of **13%**:

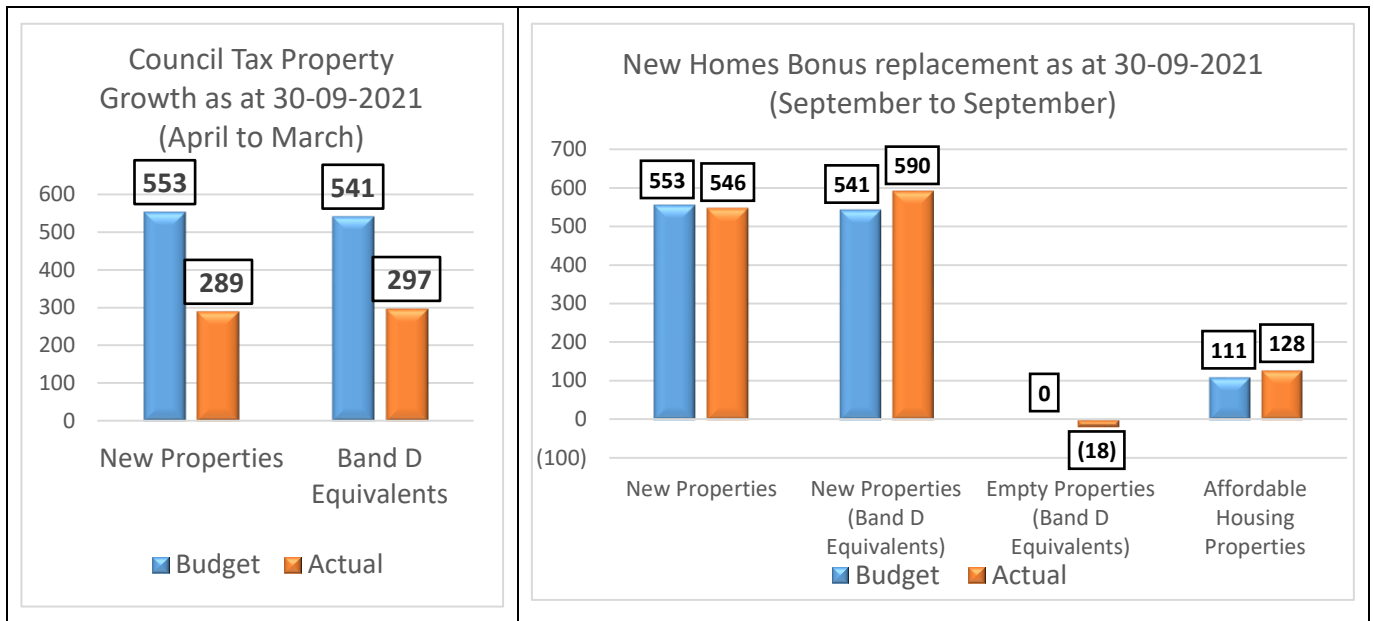


3.33. The main reasons for the projected lower deficit than budgeted of **£676,430** are:

- A lower deficit than budgeted in 2020/21 of **£537,779** (Council share £68,298)
- A higher provision for bad debts of **(£409,556)** (Council share (£52,014))
- A higher Council Tax income of **£548,207** due to housing delivery rates beginning to increase and recover (Council share £69,622).

Housing Supply

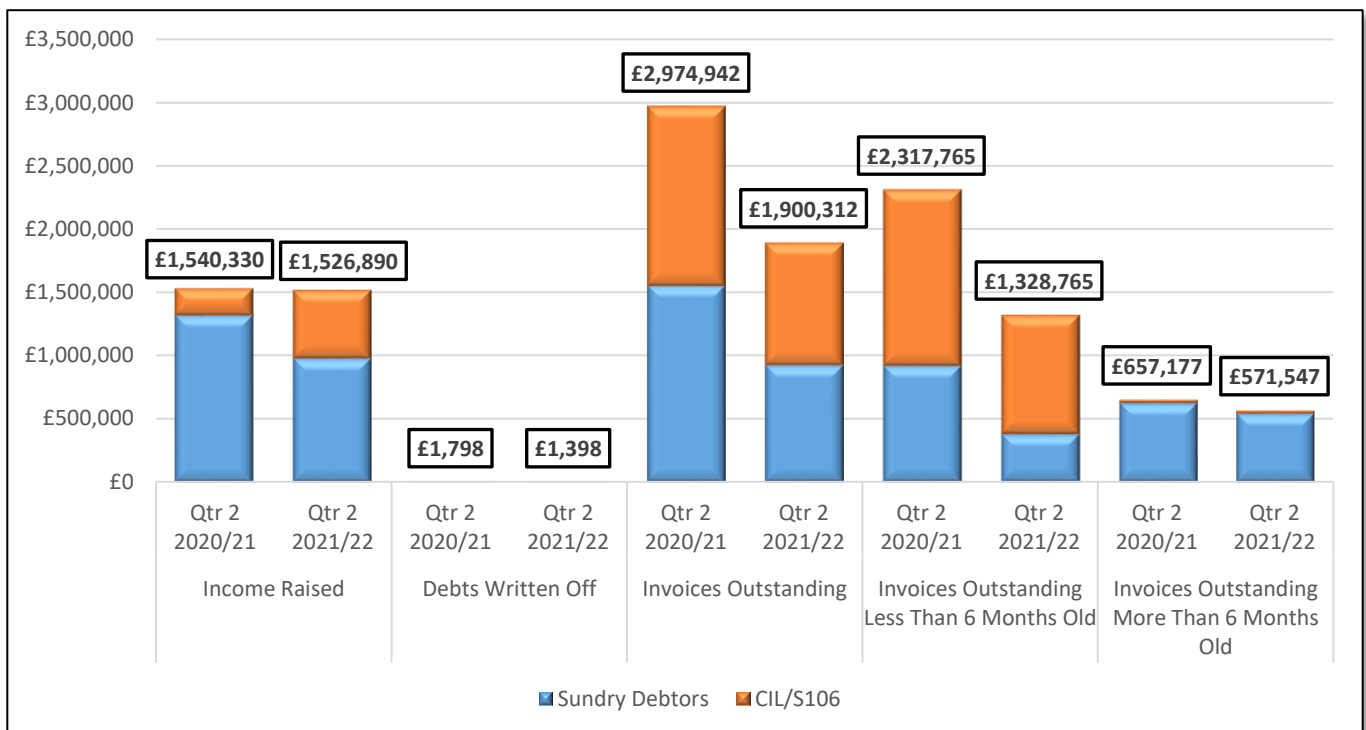
3.34. The completions for Council Tax (left hand chart) from April 2021 to September 2021 and New Homes Bonus (right hand chart) from September 2020 to September 2021 are shown below:



3.35. The current performance is in line with the budget at the six month's stage. However performance could still be impacted by COVID-19 either through delays in completions or updating records of completions. 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))

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

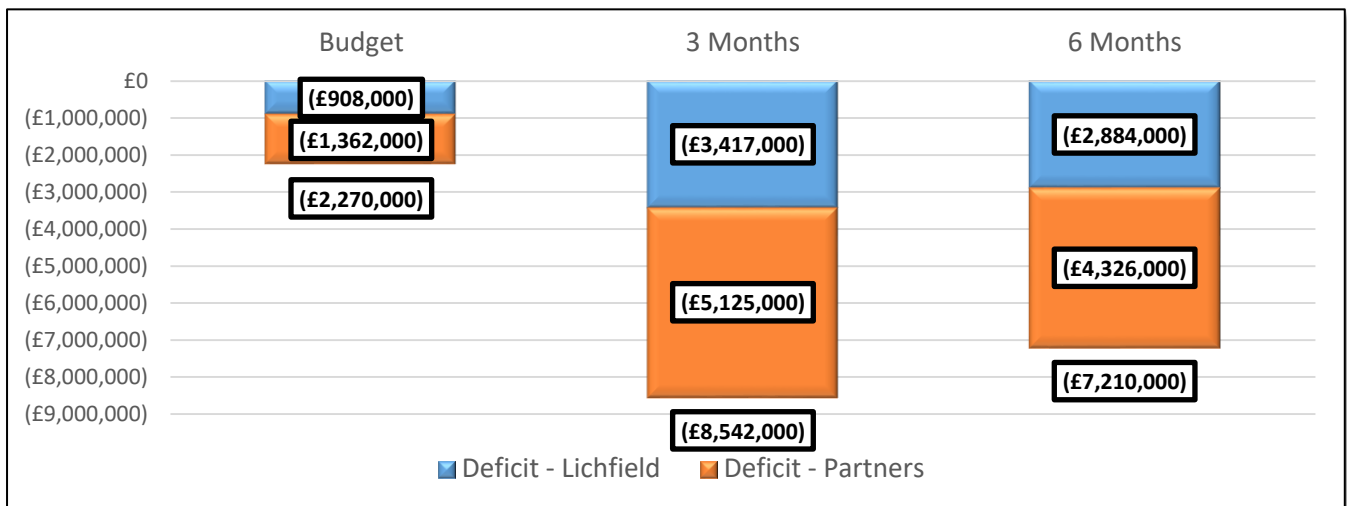


3.37. Total income raised in the first six months of 2021/22 is (**£13,440**) or (**1%**) lower than for the same period in 2020/21.

3.38. Invoices outstanding has decreased by (**£1,074,630**) or (**36%**) due to the timing of when some large invoices have been raised and paid and CIL/Section 106 payments being based on delivery.

Business Rates

3.39. The Business Rates Collection Fund is projected to be in deficit by **£7,210,000**:

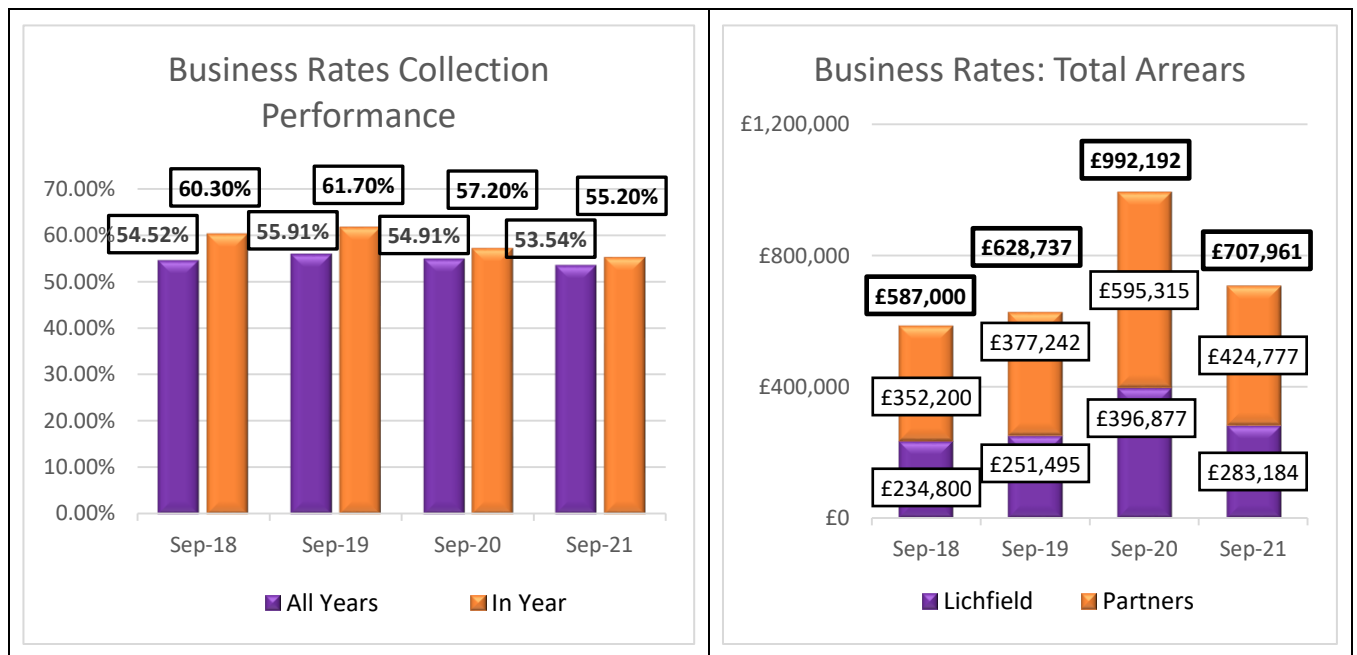


3.40. The main reasons for the projected higher deficit than budgeted of **(£4,940,000)** are:

- A higher deficit than budgeted in 2020/21 of **(£206,833)** (Council share (£82,800)).
- Higher allowances for appeals and bad debts of **(£337,000)** (Council share (£134,800)).
- Additional COVID-19 leisure, hospitality and retail reliefs up to the end of June 2021 and other changes in income due of **(£4,396,167)** (Council share (£1,758,500)).

3.41. It is important to note that Section 31 grants receivable in 2021/22 will largely offset this deficit.

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



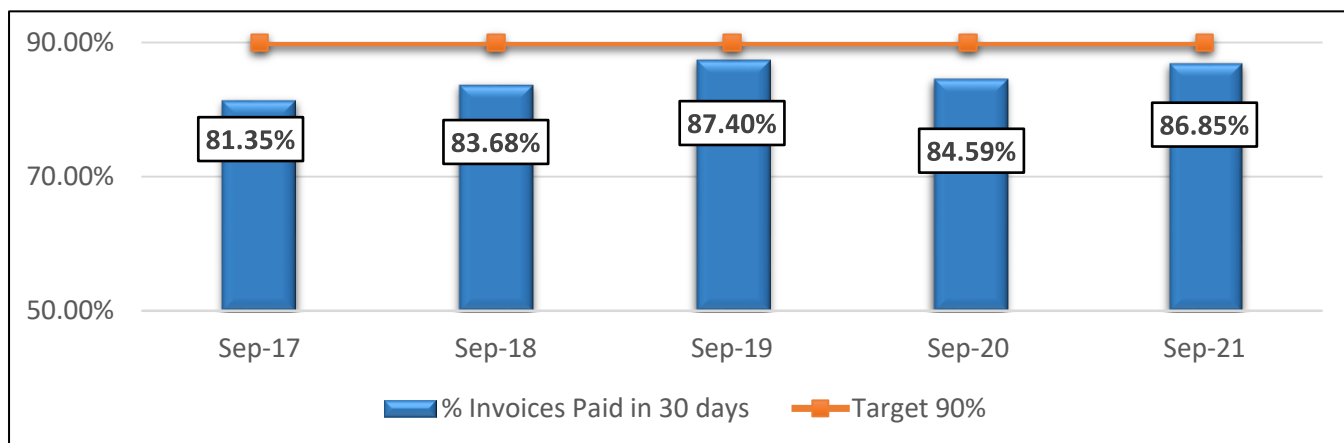
3.43. The Retained Business Rate income is projected to be the same as the Approved Budget of **(£3,122,000)**.

3.44. 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:

- The Council's share of additional Section 31 grant to offset COVID-19 reliefs of **(£2,092,000)**.
- Other changes to levy payments and Section 31 grants of **£59,000**.
- Transfer of additional grant and other changes to the Business Rates volatility Earmarked Reserve to offset the deficit in later years of **£2,033,000**.

Supplier Payment Performance

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



3.46. There are initiatives taking place, including the improvements to procurement, 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

3.47. The Council can undertake 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**.

3.48. The Government has recognised in recent 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.

3.49. The 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

3.50. 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
Approved Loan to the Local Authority Company	£675,000	£675,000	£675,000	£675,000	£675,000
Net Income	£0	(£4,000)	(£18,000)	(£22,000)	(£22,000)
Net Return		(0.59%)	(2.67%)	(3.26%)	(3.26%)

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

Commercial Investments

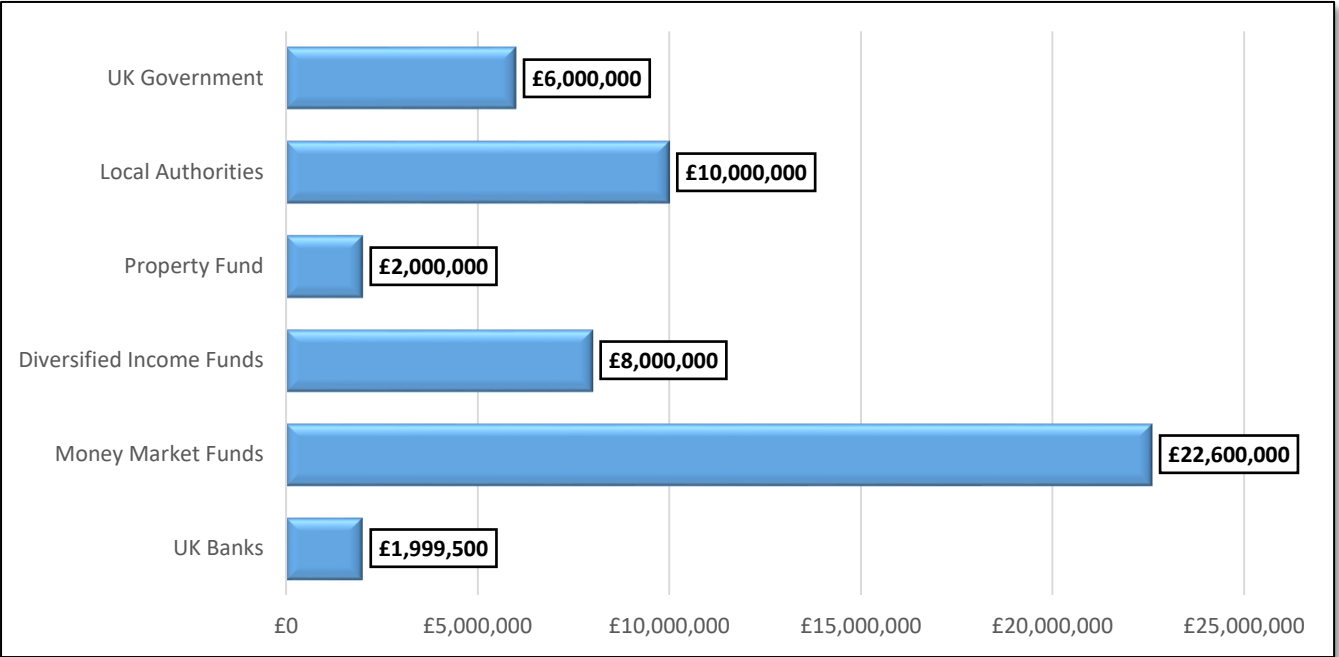
3.52. No commercial investments are currently planned.

Treasury Management Investments

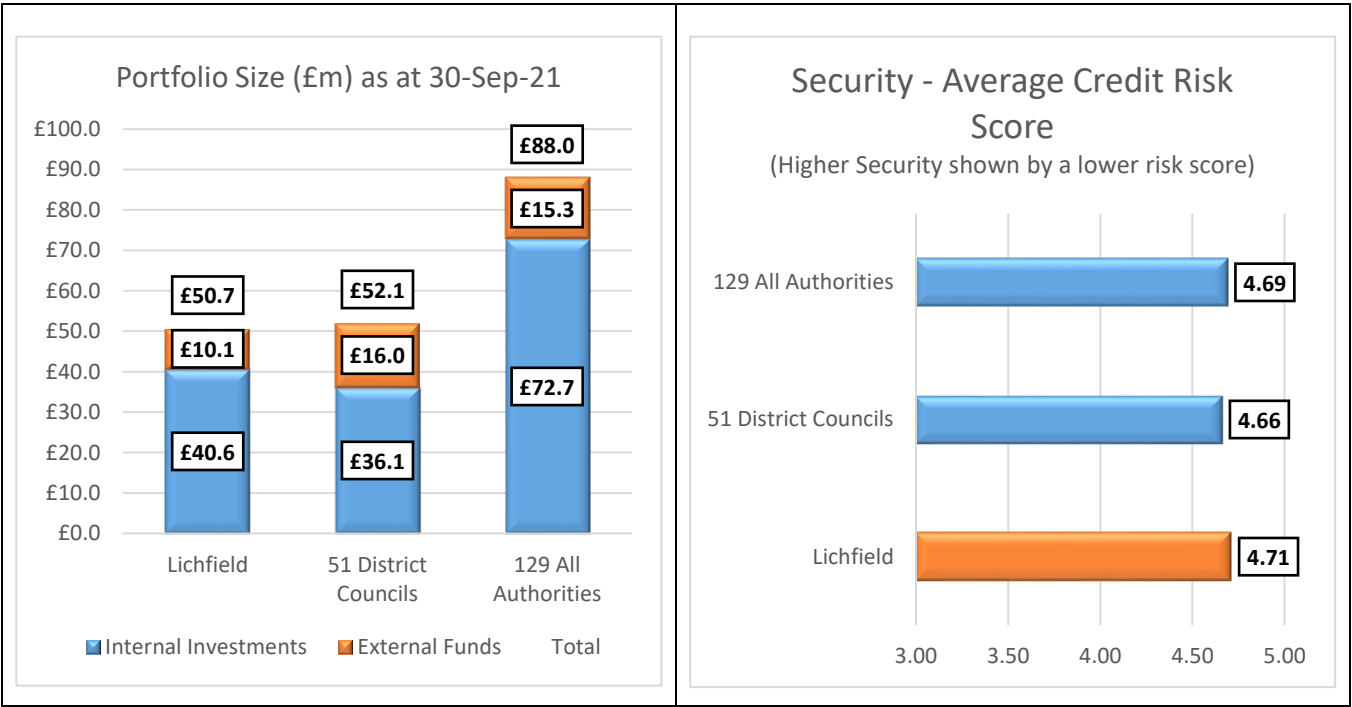
- 3.53. The performance of the Treasury Management function should be measured against the investment objectives of Security (the safe return of our monies), Liquidity (making sure we have sufficient money to pay for our services) and Yield (the return on our investments).
- 3.54. In addition, external 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).

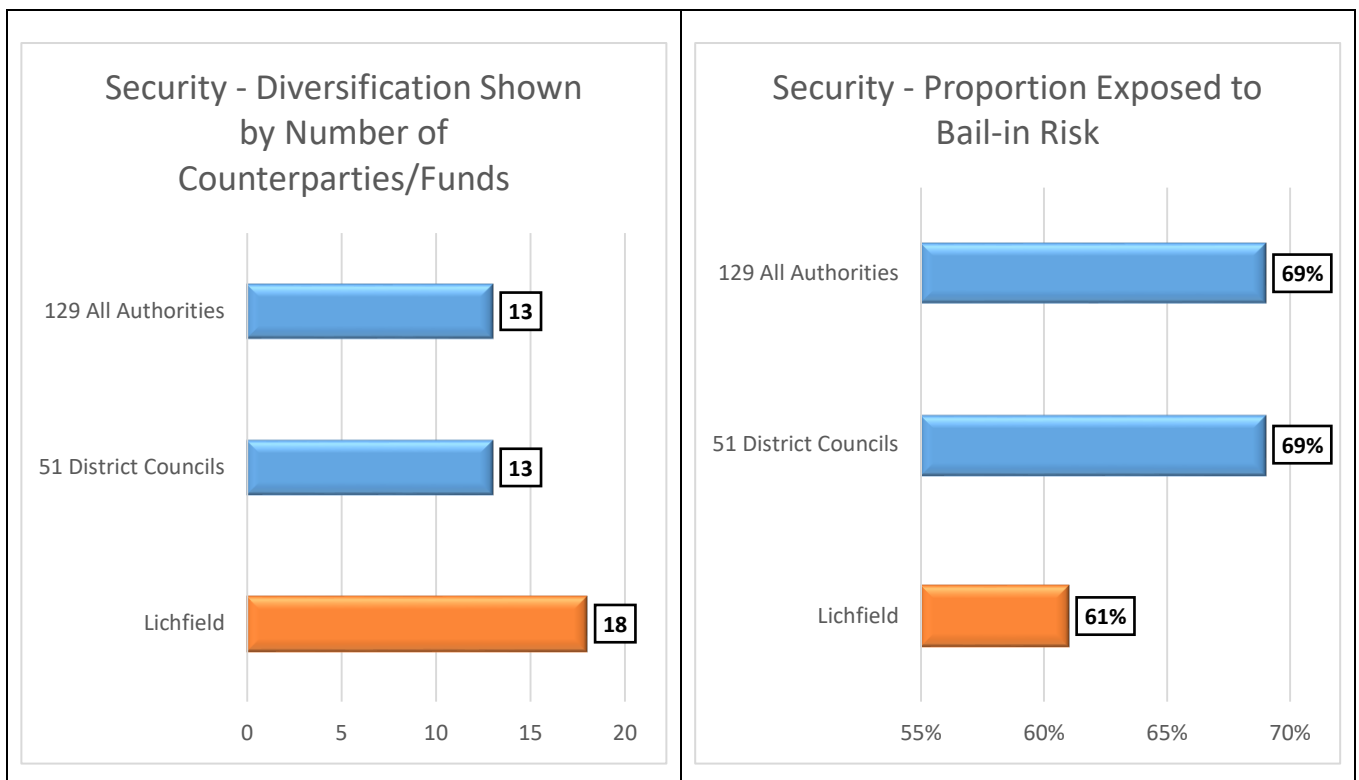
The Security of Our Investments

3.55. The investments the Council had at the 30 September 2021 of **£50,599,500** (with the Property and Diversified Income Funds valued at original investment of **£2m or £3m**) by type and Country are summarised below and in detail at **APPENDIX D**:

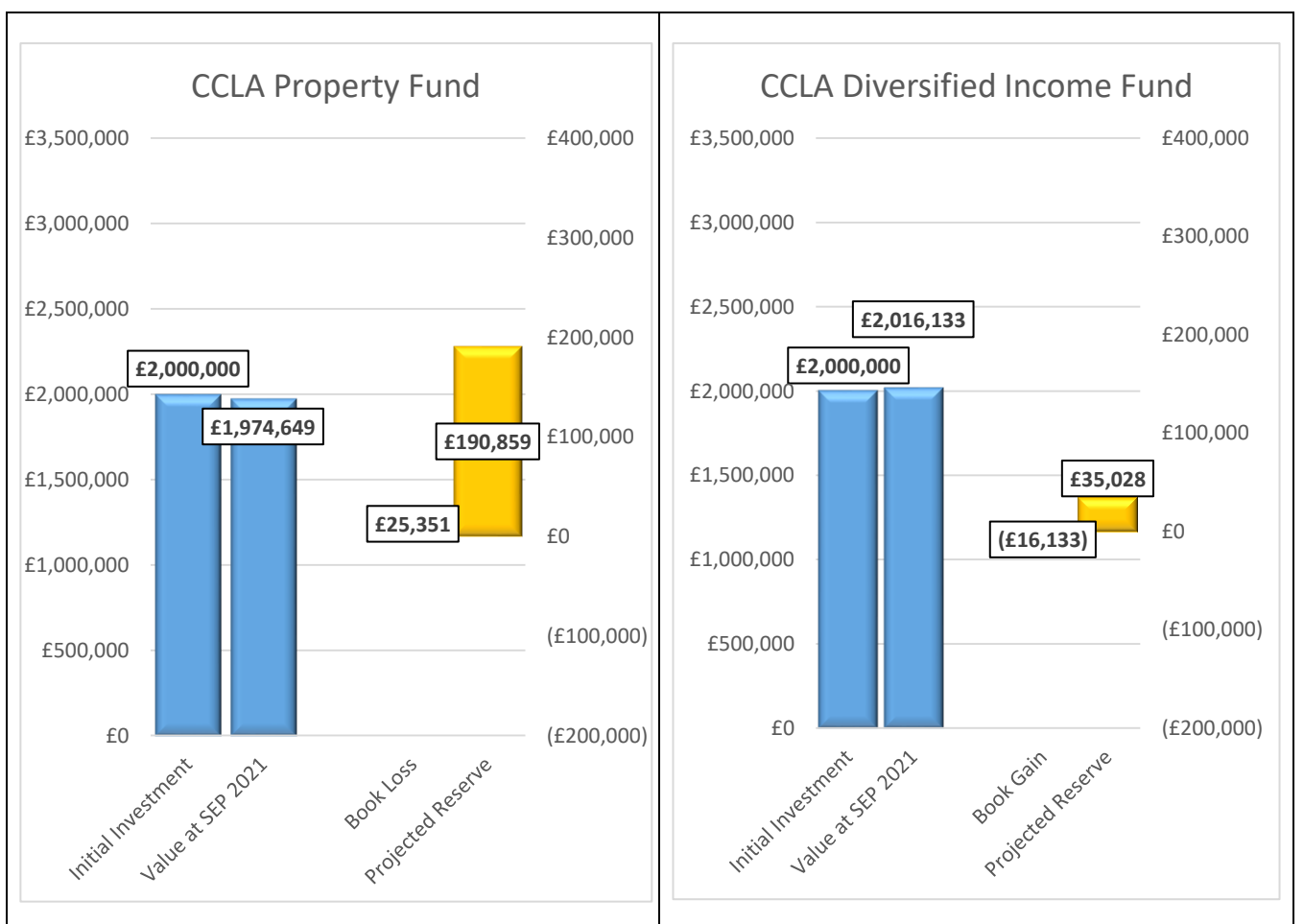


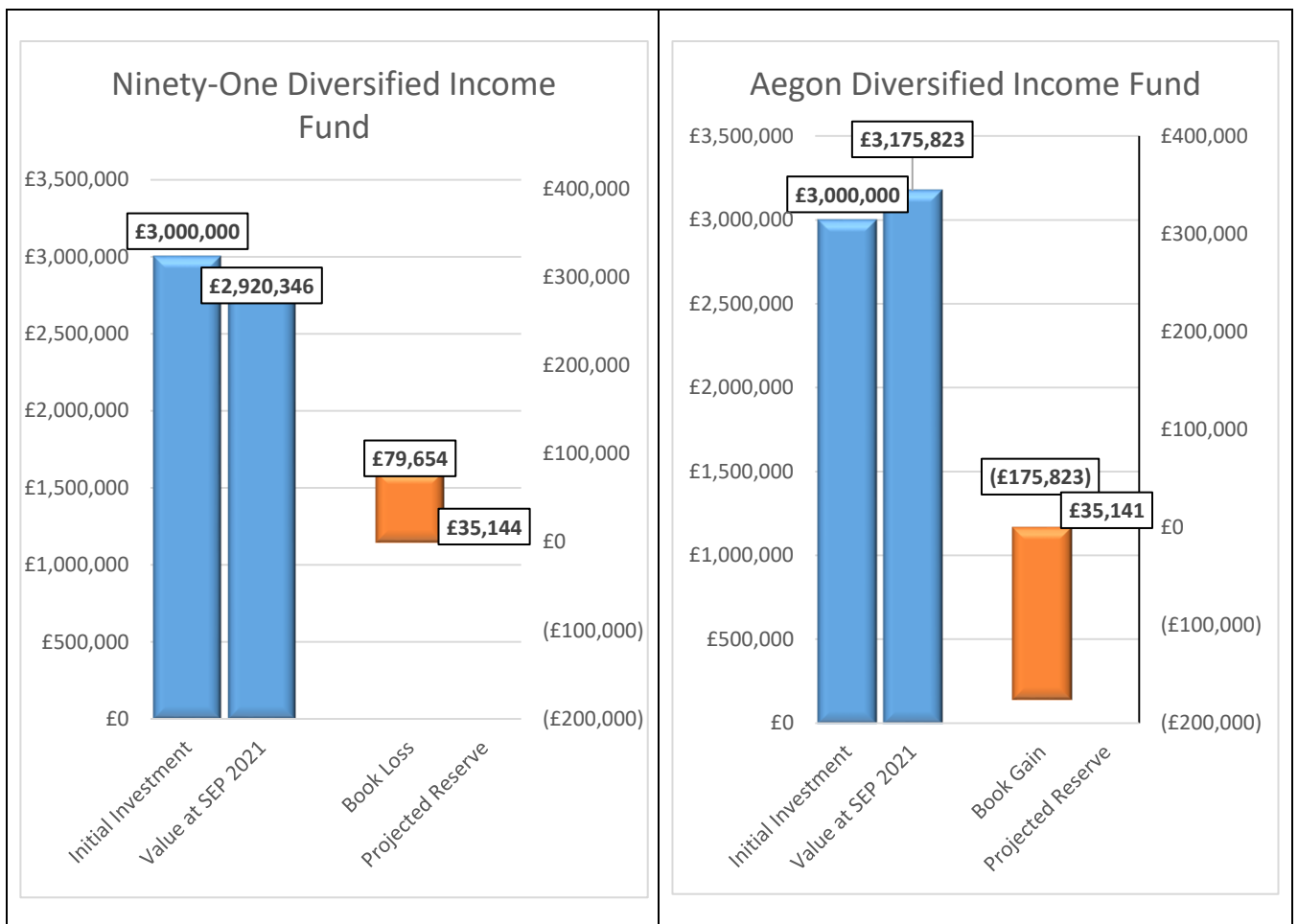
3.56. The Council’s portfolio size (with the Property and Diversified Income Funds valued at its current value of **£10.1m**), average credit score, diversification and exposure to ‘Bail in’ risk compared to Arlingclose Clients is shown below:





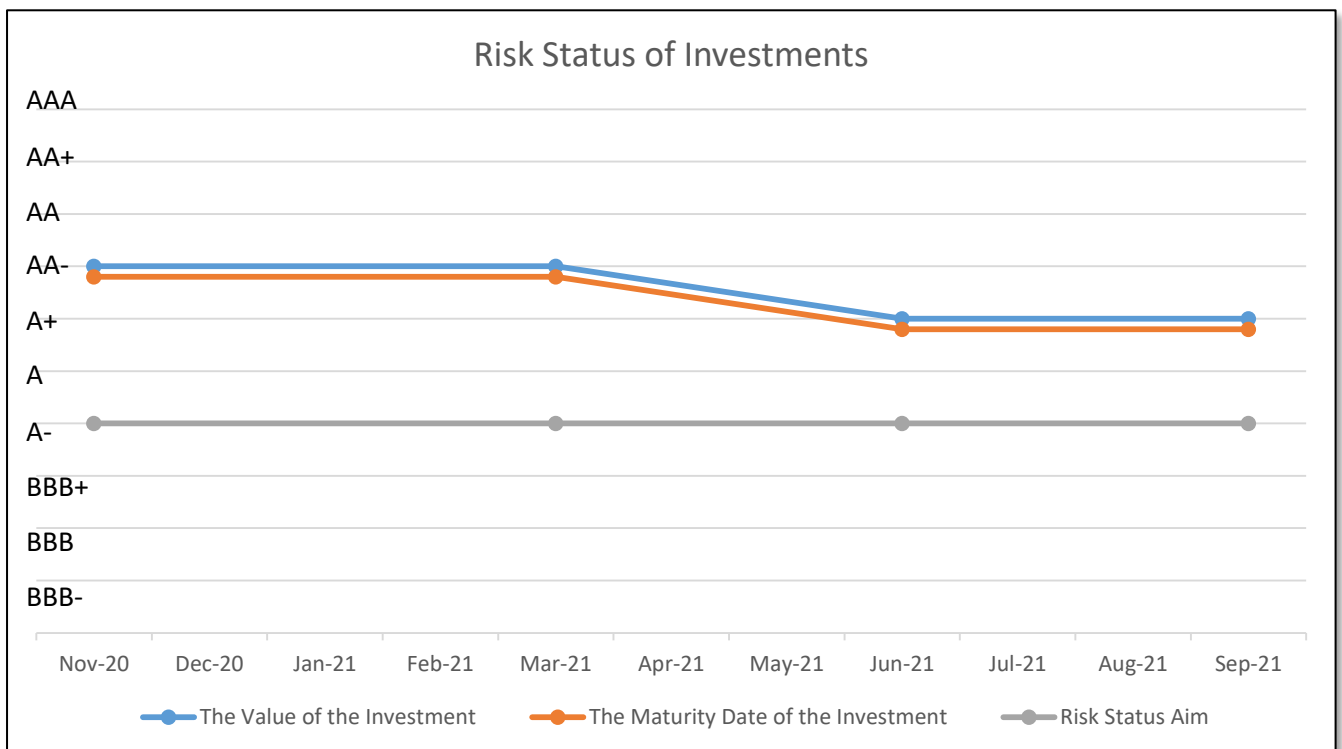
3.57. The current value of the Property Fund and the Diversified Income Funds, together with the projected value of the earmarked reserves in 2021/22 intended to offset reductions in value (these are a book loss until the investment is sold and they become actual), are shown below:





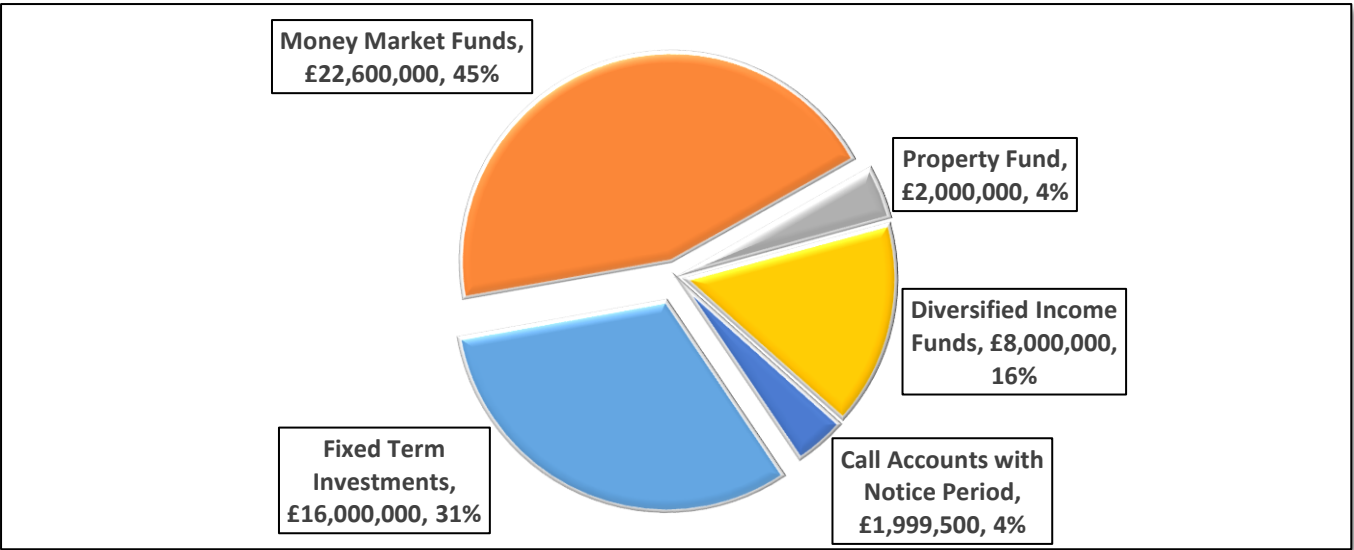
3.58. Overall in terms of strategic investments, there is a 'book gain' of **(£86,951)** and the earmarked reserve to manage volatility risk is projected to be **£296,172**.

3.59. 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 12 month period is summarised in the graph below:

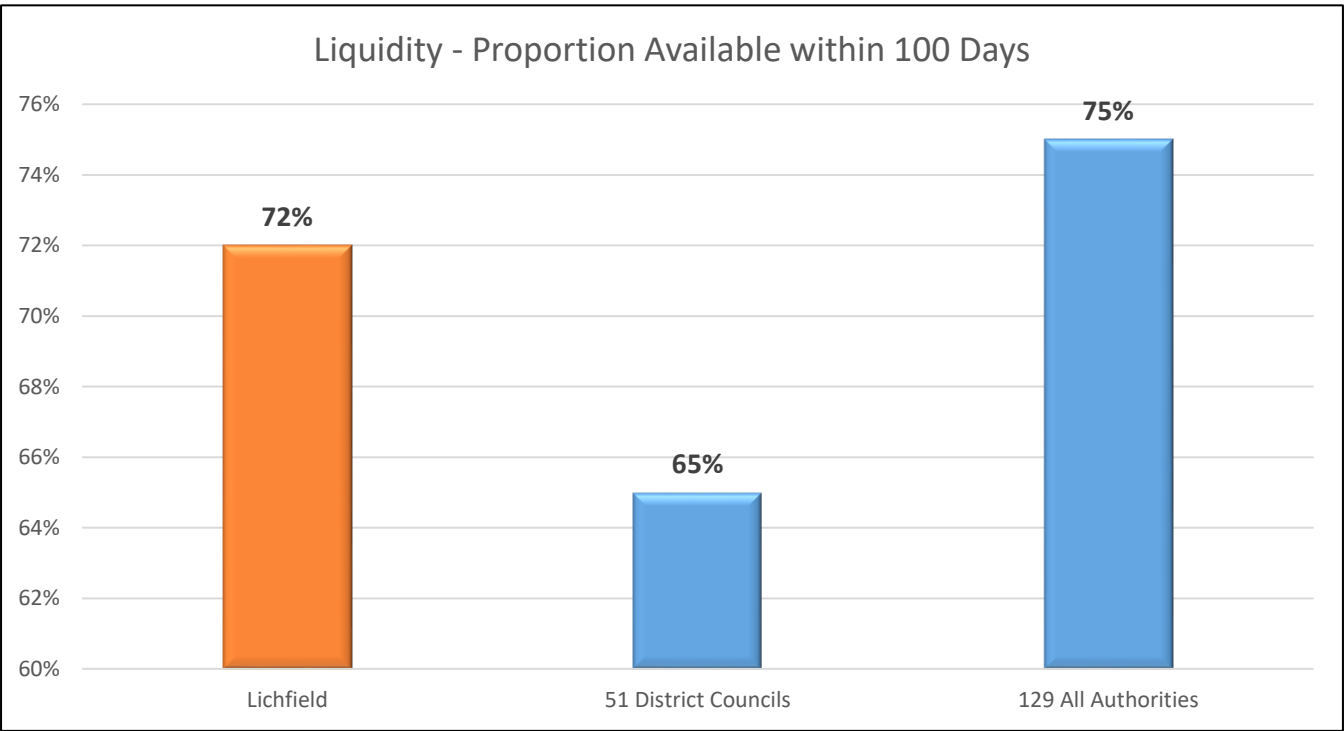


The Liquidity of our Investments

- 3.60. The Council has not had to temporarily borrow during 2021/22.
- 3.61. 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:

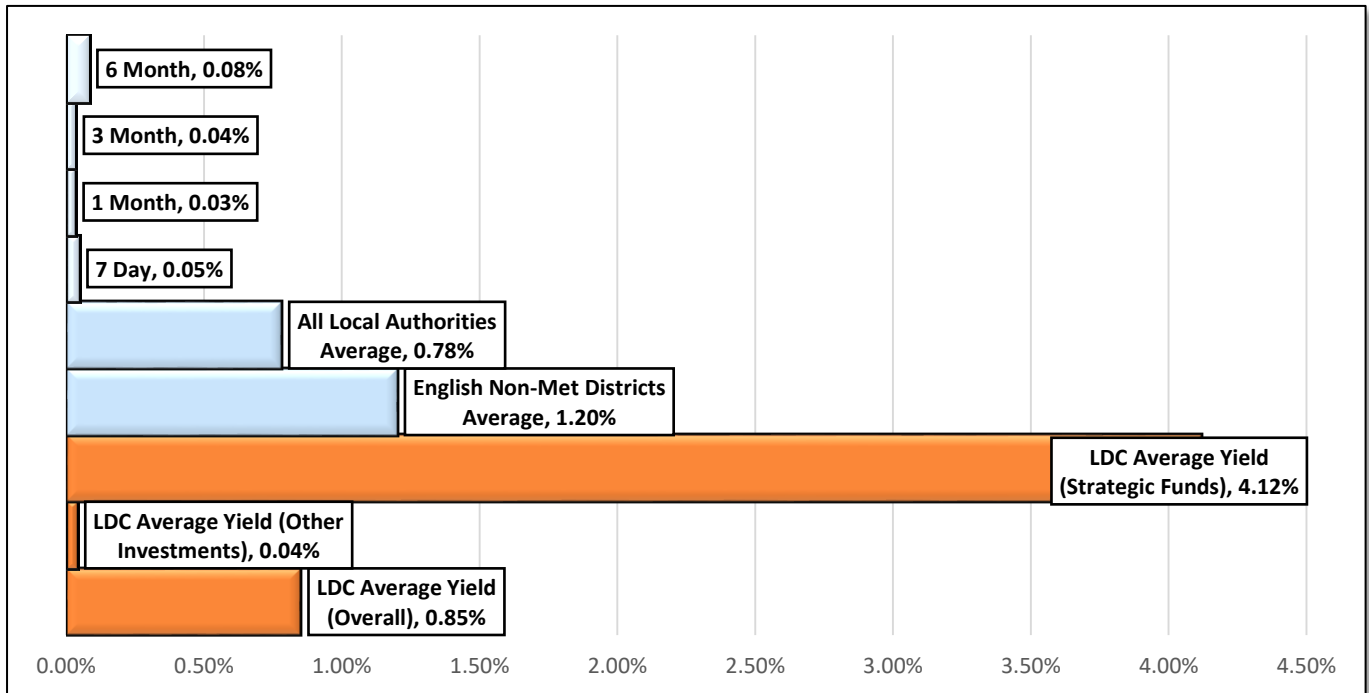


- 3.62. The proportion of the investment portfolio available within 100 days compared to all Arlingclose clients is shown below:



The Return or Yield of our Investments

3.63. 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:



3.64. The investment activity during the financial year is projected to generate **(£390,000)** of gross investment income compared to a budget of **(£350,000)**.

The External Borrowing Portfolio

3.65. 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)	£1,126,280	2.59%	18.5	(£159,508)
PWLB Fixed Annuity	£1,001,145	1.71%	6.7	(£37,311)
TOTAL Borrowing	£2,127,425	2.18%	12.9	(£196,819)

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 Medium Term Financial Strategy projected general reserves at 31 March 2022 would be £6,985,824.</p> <p>At this six months stage, general reserves are forecast to be £6,913,291. This is a reduction of (£72,533) and is related to:</p> <ul style="list-style-type: none"> • A higher than budgeted contribution in 2020/21 of £139,117 • Approved updates in 2021/22 summarised in para 3.14 decreasing the contribution by (£211,650) • A projected decreased contribution contained in this report for 2021/22 of (£261,000) • The favourable impact of COVID-19 in 2021/22 of £261,000

Approved by Section 151 Officer	Yes
Legal Implications	No specific legal implications. The recommended changes to the Medium Term Financial Strategy, not part of the approved Budget Framework, will require the approval of Full Council.
Approved by Monitoring Officer	Yes
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)
Strategic Risk SR1 - Non achievement of the Council's key priorities contained in the Strategic Plan due to the availability				
A	Council Tax is not set by the Statutory Date of 11 March 2022	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	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	Likelihood : Yellow Impact : Yellow Severity of Risk :

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
	Government		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.	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
Strategic Risk SR3: Capacity and capability to deliver / adapt the new s				
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 achieve its approved Delivery Plan for 2022/23	Likelihood : Yellow Impact : Red Severity of Risk : Red	There will need to be consideration of additional resourcing and/or reprioritisation to reflect the ongoing impact of the pandemic	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
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	<ul style="list-style-type: none"> • 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 • Money Matters: 2021/22 Review of Financial Performance against the Financial Strategy – Cabinet 7 September 2021
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Relevant web link	
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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	1,511,540	1,511,540	-	28,750	
Shaping place	3,401,930	3,459,850	3,480,230	20,380	78,300	
Developing prosperity	(620,830)	(432,770)	(446,370)	(13,600)	174,460	
A good council	6,320,730	6,314,650	6,568,870	254,220	248,140	
COVID-19 - General Impact ¹	(4,000)	(61,000)	(322,000)	(261,000)	(318,000)	
COVID-19 - Specific Risks	1,141,380	1,141,380	1,141,380	-	0	
Net Cost of Services	11,722,000	11,933,650	11,933,650	0	211,650	0
Chief Executive	167,130	212,750	454,420	241,670	287,290	2,000
Corporate Services	2,414,920	2,427,490	2,434,190	6,700	19,270	39,000
Finance and Procurement	1,881,200	1,892,200	1,900,200	8,000	19,000	15,000
Governance & Performance	1,874,760	1,853,680	1,871,810	18,130	(2,950)	15,000
Regulatory Services, Housing & Wellbeing	1,352,010	1,359,380	1,359,380	-	7,370	16,000
Economic Growth & Development Services	(127,210)	89,540	89,540	-	216,750	67,000
Operational Services	3,021,810	3,018,230	3,004,730	(13,500)	(17,080)	96,000
COVID-19 - General Impact	(4,000)	(61,000)	(322,000)	(261,000)	(318,000)	-
COVID-19 – Risk and Recovery	1,141,380	1,141,380	1,141,380	-	0	
Net Cost of Services	11,722,000	11,933,650	11,933,650	0	211,650	250,000
Net Treasury Position	(182,000)	(182,000)	(182,000)	-		
Net Operating Cost	11,540,000	11,751,650	11,751,650	0		
Transfer (from) / to General Reserve	411,000	199,350	199,350	-		
Net Revenue Expenditure	11,951,000	11,951,000	11,951,000	0		
Financed by:						
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)	-		

¹ 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 £
241,670	Chief Executive	192,740	-	48,600	-	3,000	(71,000)
6,700	Corporate Services	19,000	-	(19,000)	6,700	-	(81,000)
8,000	Finance and Procurement	26,000	-	(18,000)	-	-	-
18,130	Governance & Performance	12,500	15,000	9,380	(18,750)	-	-
(13,500)	Operational Services	94,740	(8,500)	(94,740)	(5,000)	-	-
-	Regulatory Services, Housing & Wellbeing	-	12,420	-	(12,420)	-	-
-	Economic Growth & Development Services	-	3,060	-	(3,060)	-	-
-	Net Treasury Position	-	-	-	-	-	(112,000)
(261,000)	COVID-19	-	-	-	-	-	-
-	Net Operating Cost	£344,980	£21,980	(£73,760)	(£32,530)	£3,000	(£264,000)
-	Earmarked Reserves	-	-	-	-	-	-
-	Net Operating Cost	£344,980	£21,980	(£73,760)	(£32,530)	£3,000	(£264,000)
-	Funding	-	-	-	-	-	-
-	Transfer (to)/from General Reserves	£344,980	£21,980	(£73,760)	(£32,530)	£3,000	(£264,000)

Chief Executive

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
2,740	Additional costs incurred to remove travellers from Council sites	2,740			
30,000	Chief Operating Officer costs	30,000			
48,600	Ridware House Emergency Incident - Insurance claim unlikely to be repaid			48,600	
160,330	Corporate Priorities	160,330			
£241,670	Total	£193,070	-	£48,600	-

Corporate Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
19,000	One Off Extra Licencing Costs	19,000			
(19,000)	Additional Street Naming and Numbering Income			(19,000)	
(300)	Income from attestations				(300)
7,000	Loss of income related to providing customer services for Staffordshire County Council				7,000
£6,700	Total	£19,000	-	(£19,000)	£6,700

Finance and Procurement

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
-	Grant Funding to Cover Increasing Cost of External Audit and Corresponding Expenditure	18,000		(18,000)	
8,000	Increase in bank charges for more online payments	8,000			
£8,000	Total	£26,000	-	(£18,000)	-

Governance & Performance

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
20,000	Additional legal support costs	20,000			
(1,870)	Adjust budgets for Rights of Way Income	(7,500)	15,000	9,380	(18,750)
£18,130	Total	£12,500	£15,000	£9,380	(£18,750)

Operational Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(5,000)	Additional ad hoc income street cleansing				(5,000)
(8,500)	Tidying of budgets Trunk Road EARM No Longer Required	94,740	(8,500)	(94,740)	
(£13,500)	Total	£94,740	(£8,500)	(£94,740)	(£5,000)

Regulatory Services, Housing & Wellbeing

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
-	Income for Community Lottery and Creation of Corresponding Reserve to Fund the Local Community and Voluntary Sector		10,000		(10,000)
-	Property Rental Income and Creation of Corresponding Sink Fund for Maintenance etc.		2,420		(2,420)
-	Total	-	£12,420	-	(£12,420)

Economic Growth & Development Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
	Reallocation of increased CIL income to Economic Development for Commercial Property Subscription		3,060		(3,060)
-	Total	-	£3,060	-	(£3,060)

COVID-19 Projected Impact

Details	Original Budget	Approved Budget	Projection	Variance
Support for Operational Services Contracts	£0	£0	£0	£0
Housing and Homelessness Support	£0	£12,000	£11,000	(£1,000)
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	£0	£4,000	£4,000
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
Total Additional Costs	£0	£12,000	£15,000	£3,000
Government Support	(£441,000)	(£441,000)	(£441,000)	£0
Cost reimbursements	£0	£0	£0	£0
National Leisure Recovery Fund	£0	£0	£0	£0
Net Additional Costs	(£441,000)	(£429,000)	(£426,000)	£3,000
Reduced Sales, Fees and Charges ²	£561,000	£497,000	£233,000	(£264,000)
Income Guarantee Scheme	(£124,000)	(£129,000)	(£129,000)	£0
Reductions in Council Tax (LDC & Parishes 13%) (will impact in later years)	£152,000	£197,000	£257,000	£60,000
Reductions in Business Rates (LDC 40%) (will impact in later years) see note below	£837,000	£227,000	£227,000	£0
Total financial impact	£985,000	£363,000	£162,000	(£201,000)
Impact in 2021/22	(£4,000)	(£61,000)	(£322,000)	(£261,000)
Impact in later years	£989,000	£424,000	£484,000	£60,000

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

² The elements of reduced sales, fees and charges related to property income of £112,000 and treasury management income £181,000 have now been allocated directly to the relevant budgets rather than being assessed in the central COVID-19 budget.

Fees and Charges³

Income Type	Annual Budget £000	Actual £000	Year End Variance £000	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
Planning Applications	781	707	0	771	629	1,030	824	797	744	695
Car Parks	1,921	738	392	1,746	1,748	1,986	2,078	2,198	2,105	752
Garden Waste	1,480	1,367	0	0	0	0	231	1,495	1,478	1,618
Trade Waste ⁴	442	504	0	338	390	407	415	443	469	485
Land Charges	298	169	0	183	297	312	279	286	253	272
Building Control	917	622	0	454	507	557	547	553	896	1,032
Property Rental	657	393	100	644	681	687	729	839	744	680
Total of Highest Value Fees & Charges	6,497	4,500	492	4,134	4,251	4,980	5,102	6,611	6,689	5,535
Other Income										
Licensing				217	185	236	224	241	245	160
Leisure Centre				1,782	1,819	1,879	1,629	183	0	0
VAT Claim				0	0	0	0	1,103	0	0
Court Costs				252	233	218	198	214	222	154
Recycling				14	347	439	463	331	283	280
Grounds Maintenance				162	161	168	195	217	264	273
Other				1,839	1,139	1,319	1,124	1,057	1,063	908
Total Income	8,400	8,136	9,239	8,400	8,136	9,239	8,936	9,957	8,766	7,310

³ The COVID-19 projections for sales, fees and charges income shown in APPENDIX B are based on all approved budgets whereas these projections focus on those of the highest value.

⁴ The Head of Operational Services has requested that no variance be reported for Trade Waste because the actual stated is based on invoices raised, not actually paid.

Capital Programme 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
Re-siting/improvement of Armitage War Memorial	120,000	120,000	80,000	120,000	0
Replacement of canopy and installation of artificial grass at Armitage	3,000	3,000	0	3,000	0
Burntwood LC CHP Unit	0	64,000	(4,835)	64,000	0
Friary Grange - Short Term Refurbishment	240,000	209,000	39,180	209,000	0
Replacement Leisure Centre	278,000	328,000	143,284	328,000	0
Beacon Park Pathway	0	30,000	0	37,000	7,000
Burntwood Leisure Centre - Decarbonisation Scheme	532,000	443,000	223,870	443,000	0
Accessible Homes (Disabled Facilities Grants)	1,272,000	1,100,000	416,886	1,100,000	0
Home Repair Assistance Grants	22,000	10,000	551	10,000	0
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
Unallocated S106 Affordable Housing Monies	429,000	541,000	95,736	541,000	0
Enabling People Total	3,375,000	3,305,000	1,000,370	3,312,000	7,000
Canal Towpath Improvements (Brereton & Ravenhill)	36,000	36,000	36,854	44,000	8,000
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
Vehicle Replacement Programme (Waste)	0	0	0	21,000	21,000
Bin Purchase	150,000	240,000	0	240,000	0
Dual Stream Recycling	0	229,000	0	229,000	0
Vehicle Replacement Programme (Other)	108,000	107,000	24,950	128,000	21,000
Env. Improvements - 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
Shaping Place Total	1,102,000	1,460,000	104,795	1,510,000	50,000
Multi Storey Car Park Refurbishment Project	250,000	259,000	170,477	259,000	0
Vehicle Replacement Programme (Car Parks)	10,000	10,000	0	0	(10,000)
Birmingham Road Site - Coach Park	625,000	880,000	2,000	300,000	(580,000)
Birmingham Road Site - Short Term Redevelopment	0	13,000	8,319	13,000	0
Car Parks Variable Message Signing	32,000	32,000	0	0	(32,000)
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	5,000	5,000	0
Developing Prosperity Total	935,000	1,212,000	185,796	590,000	(622,000)
Equipment Storage	0	100,000	0	125,000	25,000
Property Planned Maintenance	289,000	390,000	0	379,000	(11,000)
New Financial Information System	225,000	269,000	151,202	225,000	(44,000)
Depot Sinking Fund	11,000	0	0	0	0
Carbonisation Project - District Council House	0	263,000	195,879	263,000	0
IT Infrastructure	35,000	123,000	69,895	110,000	(13,000)
ICT Hardware	165,000	165,000	0	0	(165,000)
IT Innovation	205,000	143,000	(650)	43,000	(100,000)
District Council House Repair Programme	188,000	238,000	0	238,000	0
Good Council Total	1,118,000	1,691,000	416,326	1,383,000	(308,000)
Approved Budget	6,530,000	7,668,000	1,707,287	6,795,000	(873,000)

Funding Source	Original Budget	Approved Budget	Projected Actual	Variance
Capital Receipts	1,301,000	1,805,000	1,209,000	(596,000)
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	3,151,000	3,119,000	(32,000)
Reserves, Existing Revenue Budgets and Sinking Funds	1,880,000	2,384,000	2,139,000	(245,000)
Capital Programme Total	6,530,000	7,668,000	6,795,000	(873,000)

Investments in the 2021/22 Financial Year

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

Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating	Foreign Parent
Money Market Funds						
Invesco Aim	£600,000	01-Oct-21	Instant Access	0.01%	0	N/A
Blackrock Institutional	£4,000,000	01-Oct-21	Instant Access	0.01%	0	N/A
Federated	£5,000,000	01-Oct-21	Instant Access	0.01%	0	N/A
Aberdeen	£4,000,000	01-Oct-21	Instant Access	0.01%	0	N/A
BNP Paribas MMF	£4,000,000	01-Oct-21	Instant Access	0.01%	0	N/A
CCLA MMF	£5,000,000	01-Oct-21	Instant Access	0.02%	0	N/A
Strategic Funds						
CCLA Property Fund	£2,000,000	N/A	N/A	3.51%	N/A	No
Ninety-One Diversified Income Fund	£3,000,000	N/A	N/A	4.05%	N/A	No
CCLA Diversified Income Fund	£2,000,000	N/A	N/A	2.14%	N/A	No
Aegon Diversified Income Fund	£3,000,000	N/A	N/A	3.59%	N/A	No
Fixed Term Investments						
Staffordshire Moorlands District Council	£2,000,000	18-Nov-21	49	0.25%	LOCAL	
Surrey Heath Borough Council	£2,000,000	15-Dec-21	76	0.06%	LOCAL	
Monmouthshire Council	£2,000,000	28-Apr-22	210	0.10%	LOCAL	
Cheltenham Borough Council	£2,000,000	12-Nov-21	43	0.05%	LOCAL	
Ashford Borough Council	£2,000,000	19-Apr-22	201	0.07%	LOCAL	
Debt Management Office	£6,000,000	19-Oct-21	19	0.01%	UK Gov.	
Call Accounts with Notice Period						
Lloyds	£1,000,000	03-Jan-22	95	0.03%	A+	
HSBC	£999,500	31-Oct-21	31	0.20%	A+	
Total Investments	£50,599,500					