

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

Cabinet Member for Finance, Procurement & Revenues and Benefits

Date:	8 February 2022
Agenda Item:	4
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Key Decision?	YES
Local Ward Members	Full Council

Lichfield
district council

Cabinet

1. Executive Summary

- 1.1 The report covers the financial performance from April to November (Eight Months) for 2021/22 including updated projections of the financial impact of COVID-19.
- 1.2 Revenue Budget financial performance is projected to be **£25,680** higher than budget and will therefore reduce the contribution to General Reserves from **£199,350** to **£173,670**.
- 1.3 The projected level of General Reserves at 31 March 2022 is **(£6,887,611)** and this is **£98,213** lower than the Original Budget of **(£6,985,824)**.
- 1.4 The Capital Programme is projected to be **(£1,031,000)** lower than the Approved budget due mainly to a re-profiling of the Housing and Property projects.
- 1.5 Capital Receipts are projected to be **(£286,000)** which is **(£10,000)** higher than the Approved Budget.
- 1.6 In terms of Council Tax, Business Rates, Sundry Debtors and Supplier Performance:
 - **Council Tax collection** in year performance was **75.60%** (75.80% in 2020/21) and total arrears were **£3,292,749** and the Council's share is **£428,057** (£2,771,057 and £360,237 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 increased by **£835,132 (28%)** compared to 2020/21 and the value outstanding at 30 November 2021 has reduced by **(£168,186) (7%)**.
 - **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 **73.10%** (75.50% in 2020/21) and total arrears were **£665,986** and the Council's share is **£266,395** (£416,866 and £166,746 in 2020/21).
 - The payment of suppliers within 30 days was **86.08%** and remains below our **90%** target.
- 1.7 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 approves an update to the draft Medium Term Financial Strategy elsewhere on this agenda to repurpose the earmarked reserve identified at paragraphs 3.8 and 3.9 of **£505,291** for the purposes identified at paragraph 3.10.
- 2.3. To accept the Disabled Facilities grant allocation for 2021/22 of **£1,109,194** and to increase the Approved Budget by **£203,000** (from **£1,100,000** to **£1,303,000** with an element profiled for spend in later years).

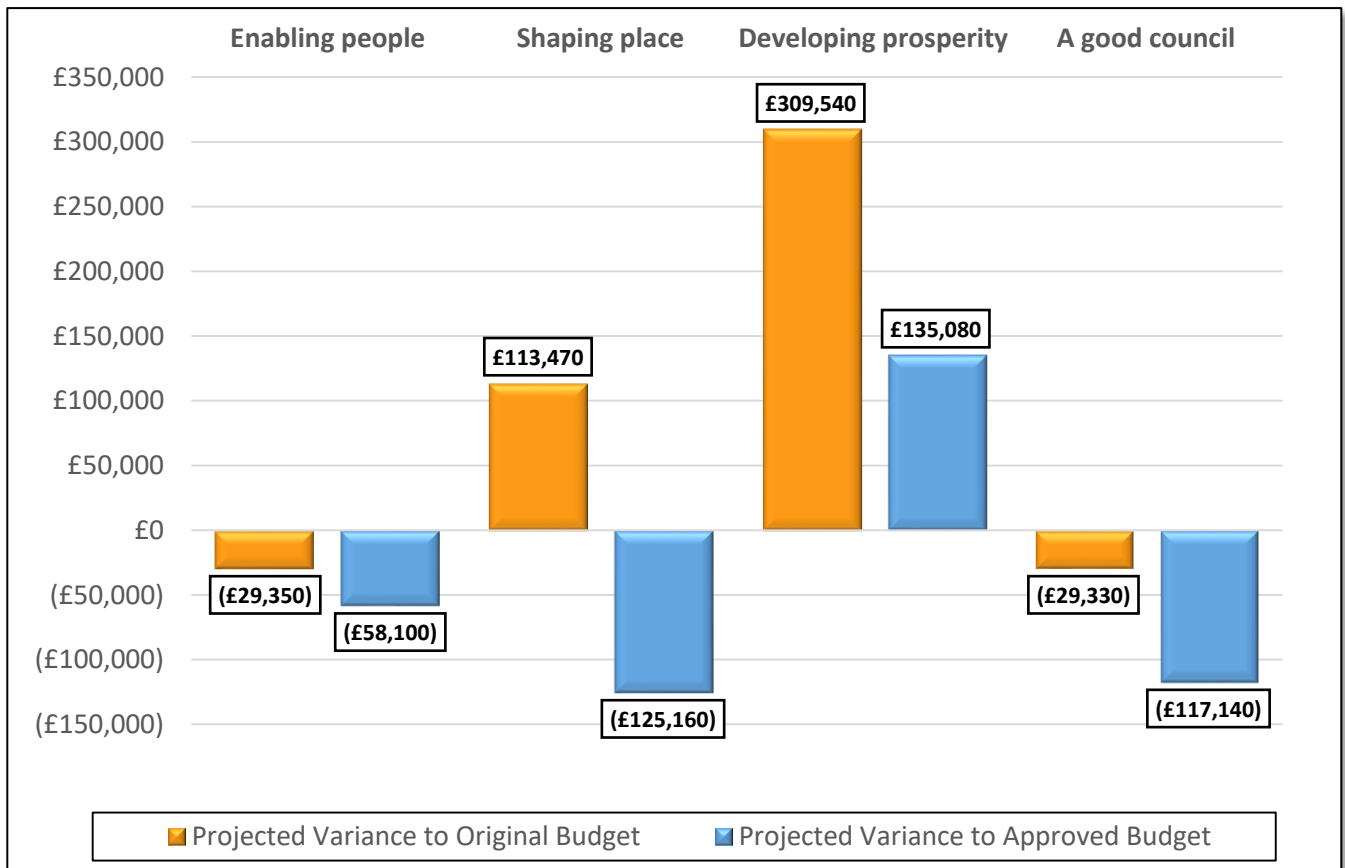
3. Background

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 and Corporate Expenditure) 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 an adverse variance of **£193,000** mainly related to the ongoing impact on car parking income compared to the Approved Budget. This 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:

	Variance		
	Virement	COVID-19	Other Variances
Enabling people			
• Vacancy Savings			(13,500)
• Employee savings from staff working on Covid funded activities			(44,500)
• Vacancy Savings			(11,500)
• Street trading fees waived for part year			21,400
• Minor balance			(10,000)
Shaping place			
• Restructure and Other Costs			50,000
• Additional Government Grants received			(107,960)
• Vacancy Savings			(25,260)
• Business Rates refunds on Public Conveniences			(20,200)
• Income received for external services for Ecology, S106 and Conservation			(21,740)
Developing prosperity			
• Restructure and Other Costs			150,000
• Free Car Parking in December initiative loss of income			44,000
• Additional employee costs for Head of Service post			32,840
• Employee savings from development management restructure implementation			(100,000)
• Minor balance			10,740
• Transfers	(2,500)		
A good council			
• Minor balance			(7,580)
• Procurement savings target not achieved			35,000
• Vacancy savings			(147,060)
• Transfers	2,500		
COVID-19			
• Contingency for Covid fees and charges reduction		193,000	
Total - Net Cost of Services	0	193,000	(165,320)
		27,680	
Corporate Expenditure			
Net Treasury - increased interest receipts			9,000
			36,680
Earmarked Reserves			0
Funding			(11,000)
Transfer (to)/from General Reserves			£25,680

Earmarked Reserves and the Burntwood Leisure Centre Capital Investment Invest to Save project

- 3.8. As part of the closure of the accounts in 2020/21 and based on expert advice, the Council created an earmarked reserve of **£505,291** to manage the risk of valuation reductions known as Material Change of Circumstances (MCC) as a result of COVID-19.
- 3.9. However, the Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Bill received Royal Assent on 15 December 2021 and it legislates to ensure that COVID-19 cannot be taken as a cause of material changes of circumstances for business rates.
- 3.10. This earmarked reserve of **£505,291** is therefore no longer needed and it is recommended that it is now repurposed to:

Purpose	Amount
Repayment of the outstanding BLC Capital Investment	£291,628
Strategic Priorities earmarked reserve	£213,663
Total	£505,291

- 3.11. The MTFs included an Invest to Save proposal for the early repayment of capital investment funded by borrowing to generate annual savings in Minimum Revenue Provision. The current progress, assuming the recommendation to repurpose the earmarked reserve identified at para 3.10 is approved, would be:

	Budget	Actual	Variance
Balance to be identified	£979,000	£978,830	(£170)
Capital receipts	(£509,000)	(£102,000)	£407,000
Earmarked reserves	(£470,000)	(£519,202)	(£49,202)
Balance still to be identified at 31 March 2021	£0	£357,628	£357,628
Capital receipts	£0	(£16,000)	(£16,000)
Additional Investment Income	£0	(£50,000)	(£50,000)
Recommended repurpose of COVID-19 MCC earmarked reserve	£0	(£291,628)	(£291,628)
Balance to be identified	£0	£0	£0
Annual savings	(£140,000)	(£140,000)	£0

Fees and Charges

- 3.12. 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 C**.
- 3.13. The projected variances for those with the highest value are:



- 3.14. The reductions (shown as a positive number in the chart above) attributable to COVID-19 are included in the projections shown at **APPENDIX C** 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. The free parking initiative in December is forecast to reduce net income by **£44,000** (included within the £465,000).

Closing the Funding Gap Progress

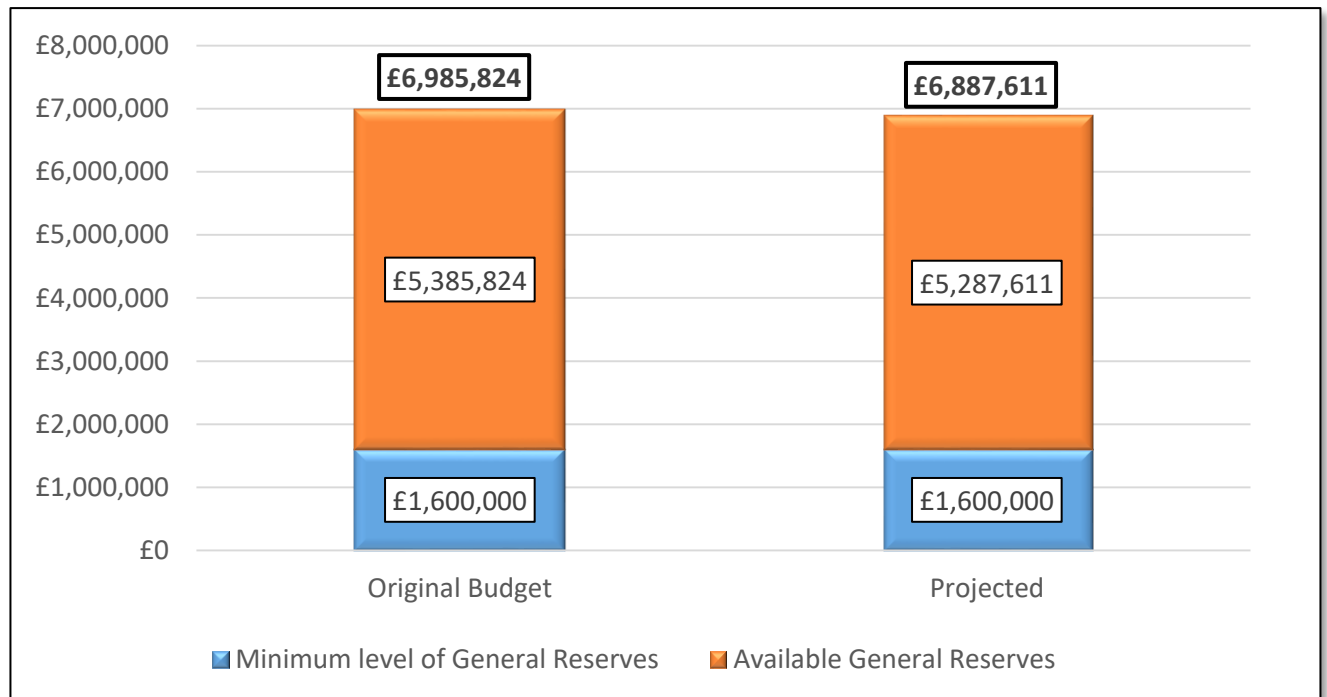
3.15. The progress (excluding any recommendations contained in this report) on closing the Funding Gap is:

	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	07/09/2021	221,010	222,980	224,980	227,990	231,080
Money Matters 2021/22 Six Months	07/12/2021	0	(2,050)	(2,050)	(2,050)	(2,050)
Total Adjustments		211,650	247,570	182,370	138,380	119,470
Approved Funding Gap / (Contribution to General Reserves)		(£199,350)	£1,571,440	£2,186,900	£2,258,950	£2,428,870

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

Revenue General Reserves

3.17. The Original Budget estimated general reserves of **£6,985,824** at 31 March 2022. The current projected level is **£6,887,611**, a reduction of **(£98,213)** (with further details at para 1.2) as shown below:



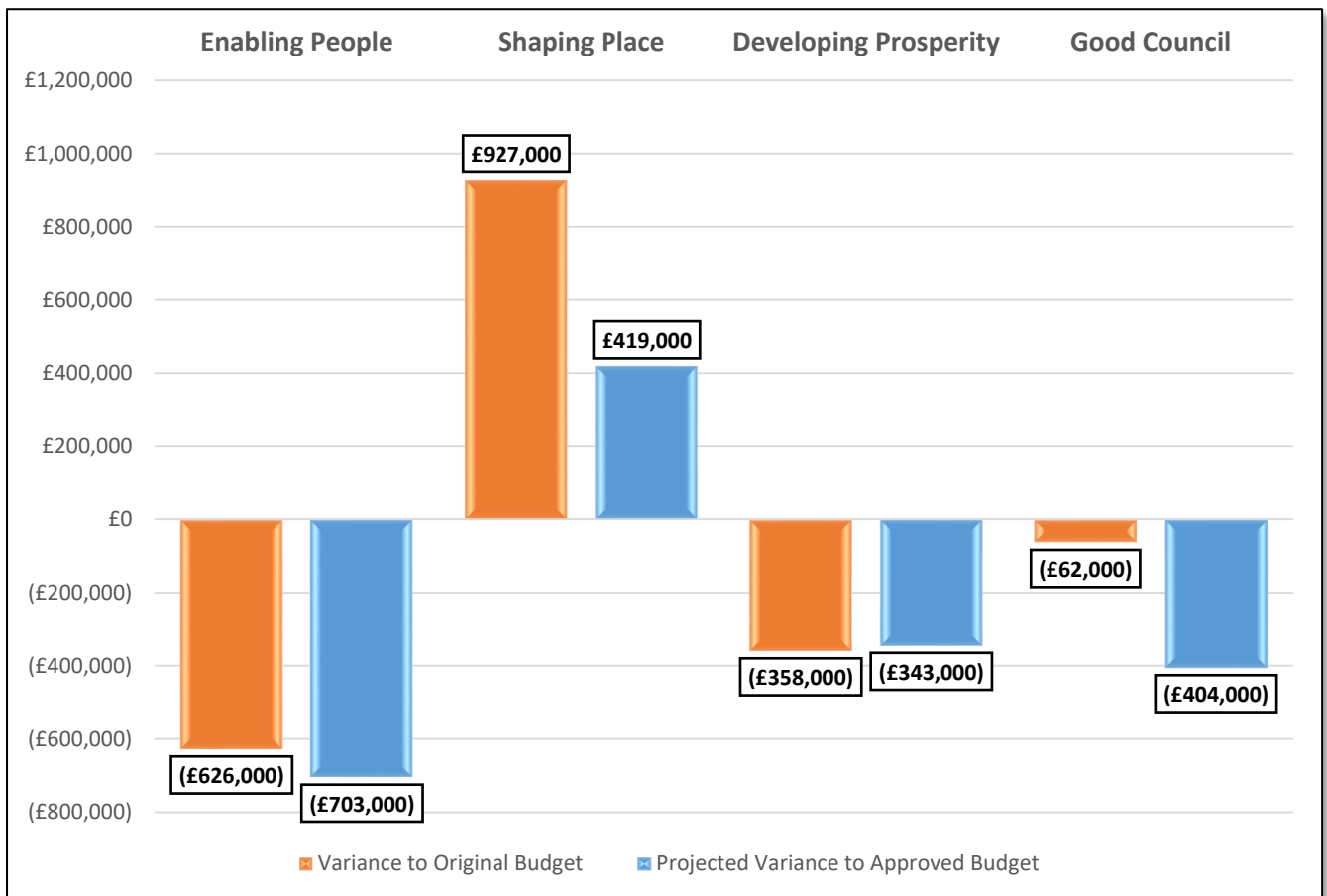
The Capital Programme

3.18. The Original Budget of **£6,530,000** was approved by Council on 16 February 2021. There have been eight 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
- Acceptance of Decarbonisation Grant Funding of **£263,000** approved by Cabinet on 9 February 2021
- Money Matters Quarter 1 of **(£116,000)** Approved by Cabinet on 7 September 2021
- Money Matters Quarter 2 of **(£733,000)** approved by Cabinet on 7 December 2021
- Addition of Lichfield City Centre Car Parking Strategy projects of **£330,000** approved by Cabinet 9 November 2021
- Increase to Dual Stream Recycling budget of **£100,000** approved by Cabinet 9 November 2021
- A budget profile change relating to the Building a Better Council project increasing the 2021/22 budget by **£77,000** approved by Cabinet 9 November 2021

3.19. The Approved Budget is therefore **£7,442,000**.

3.20. The Capital Programme performance is projected to be below budget by **(£1,031,000)** 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 D**:

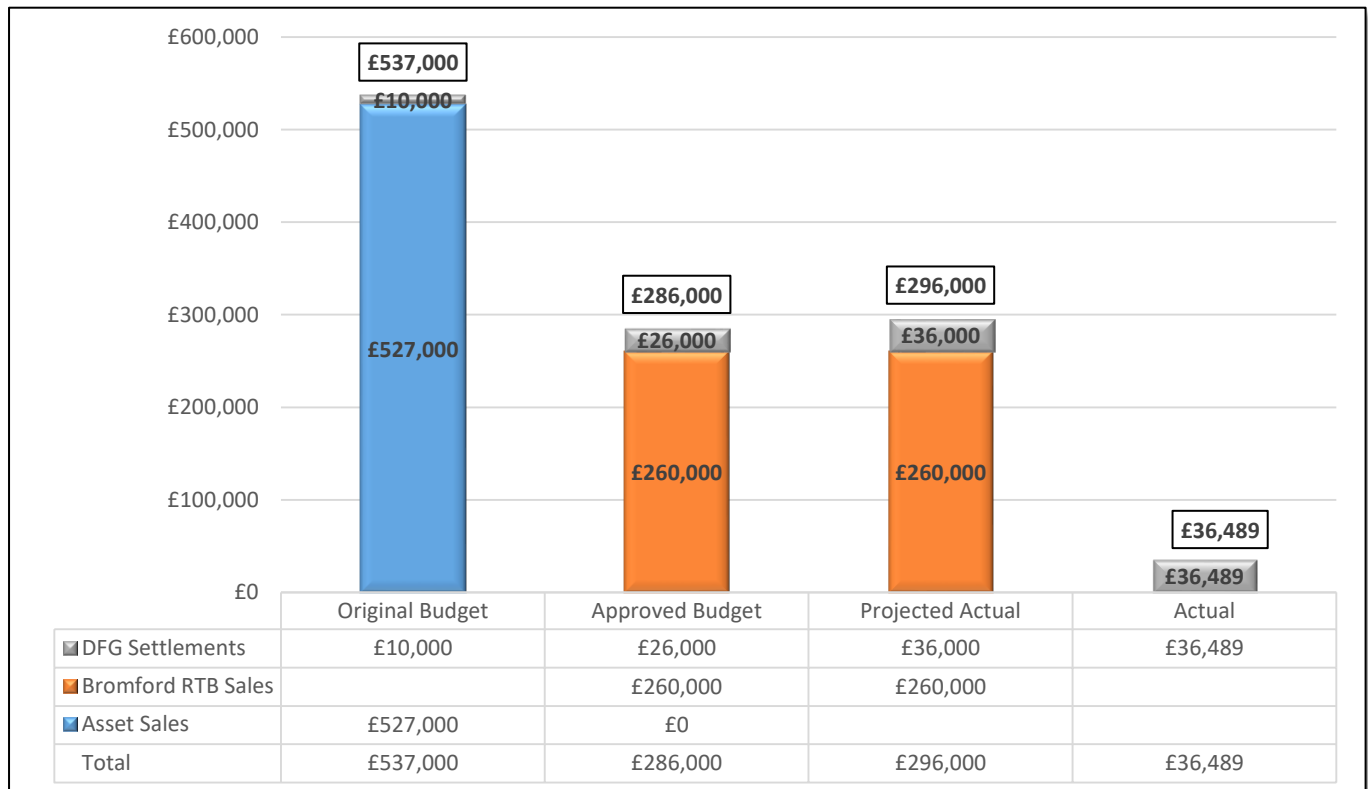


Performance compared to the Approved Budget

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

	Projected Variances	
	Profiling	Other
New Build Parish Office/Community Hub	(£92,000)	
Accessible Homes (Disabled Facilities Grants) – DFG Grant	(£382,000)	£203,000
Home Repair Assistance Grants	(£4,000)	
Decent Homes Standard / DCLG Monies	(£359,000)	
Unallocated S106 Affordable Housing Monies	(£185,000)	
Burntwood Park Resurfacing – funded from revenue underspend		£11,000
Burntwood Park Play Equipment – funded from revenue underspend		£75,000
Burntwood Park Fencing – funded from revenue underspend		£30,000
Enabling People Total	(£1,022,000)	£319,000
Lichfield St Johns Community Link	(£35,000)	
Vehicle Replacement Programme (Waste) - £32k re-profiled from 22/23 for vehicle purchases, £372k re-profiled from 23/24 to cover lease extension, £12k funded by revenue	£404,000	£12,000
Env. Improvements - Upper St John St & Birmingham Road	(£7,000)	
Burntwood Public Conveniences – funded from revenue underspend		£45,000
Shaping Place Total	£362,000	£57,000
Old Mining College - Refurbish access and signs	(£13,000)	
Pay on Exit System at Friary Multi Storey	(£150,000)	
Card Payment in All Car Parks	(£100,000)	
Electric Vehicle Charge Points	(£80,000)	
Developing Prosperity Total	(£343,000)	£0
Property Planned Maintenance	(£328,000)	
District Council House Repair Programme (including changes to the office)	(£76,000)	
A Good Council Total	(£404,000)	£0
Total Projected Variance	(£1,407,000)	£376,000
	(£1,031,000)	

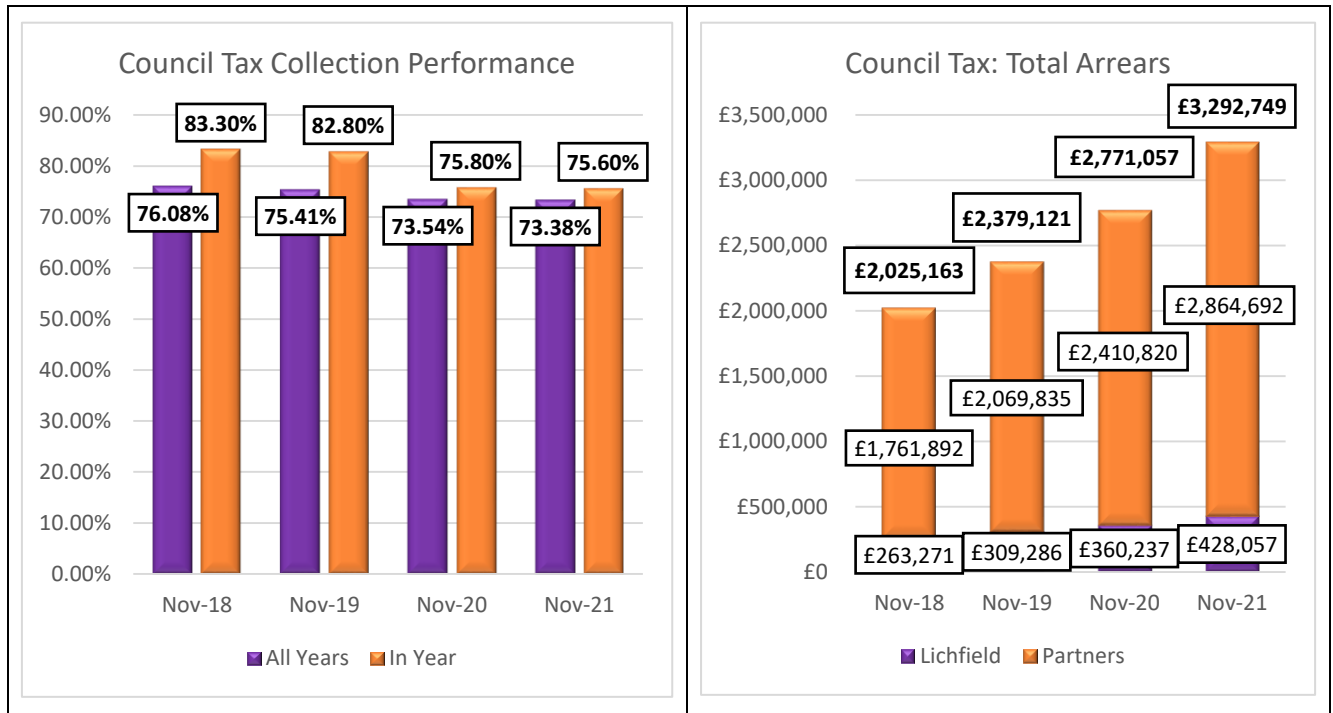
3.22. The Original and Approved Budgets, projected and actual capital receipts are shown below:



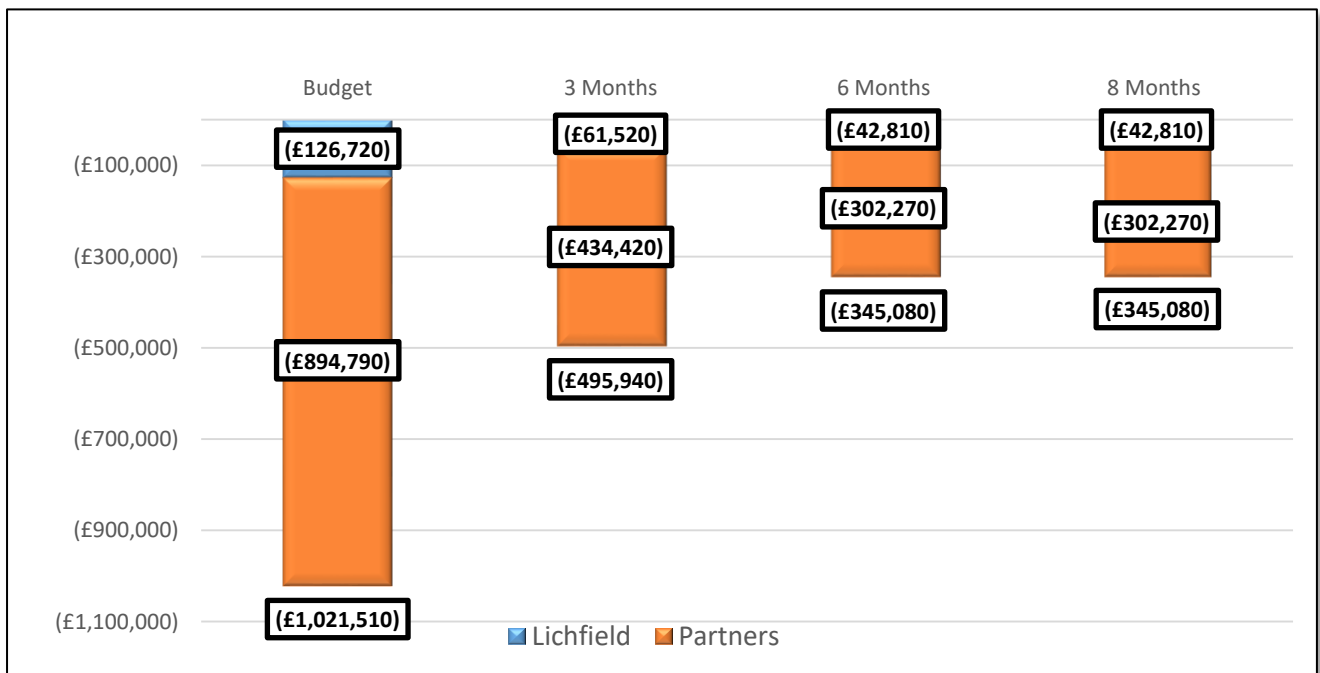
3.23 There is projected to be **(£296,000)** capital receipts received in 2021/22 compared to the Approved Budget of **(£286,000)**.

Council Tax

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



3.35. The Council Tax Collection Fund, at the eight 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%**:

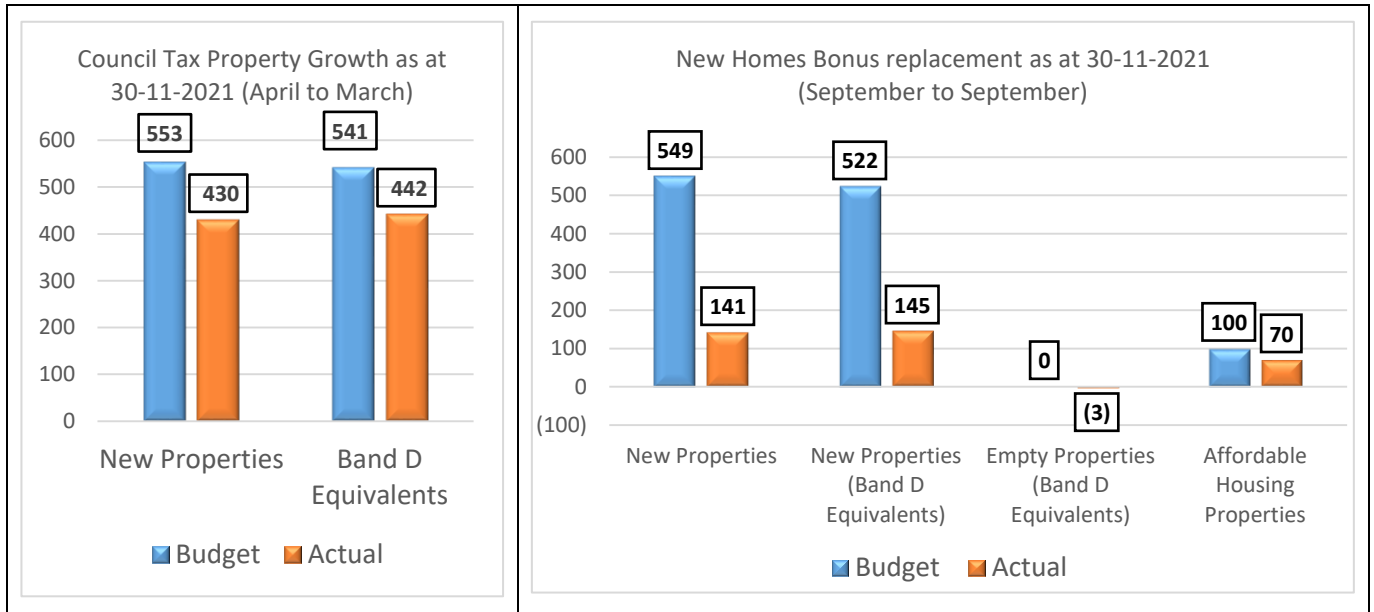


3.36. The main reasons for the projected lower deficit than budgeted of **£676,430** are:

- A lower deficit than budgeted in 2020/21 of **£537,779** (Council share £66,738)
- A higher provision for bad debts of **(£71,658)** (Council share (£8,893))
- A higher Council Tax income of **£210,309** due to housing delivery rates beginning to increase and recover (Council share £26,099).

Housing Supply

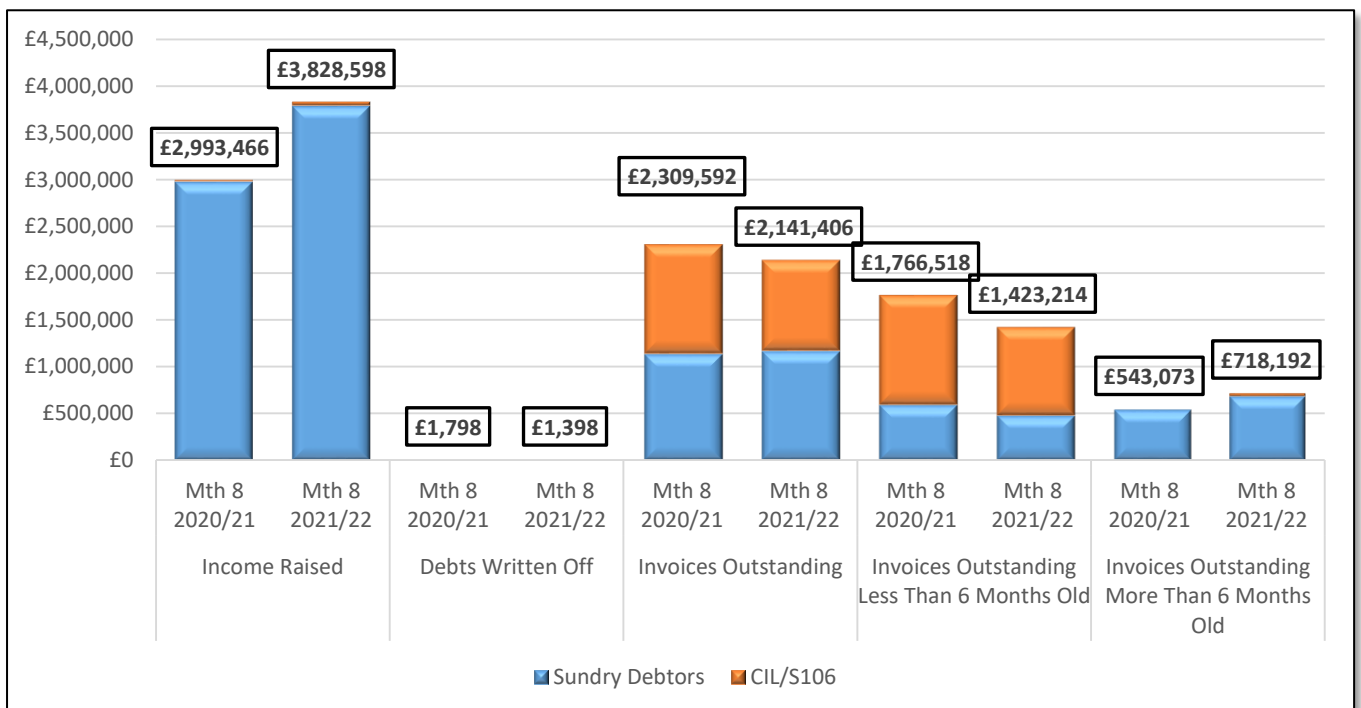
3.37. The completions for Council Tax (left hand chart) from April 2021 to November 2021 and New Homes Bonus (right hand chart) from September 2021 to September 2022 are shown below:



3.38. The current performance is slightly below (22% based on new properties and 18% based on Band D equivalents) the budget at the eight 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))

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

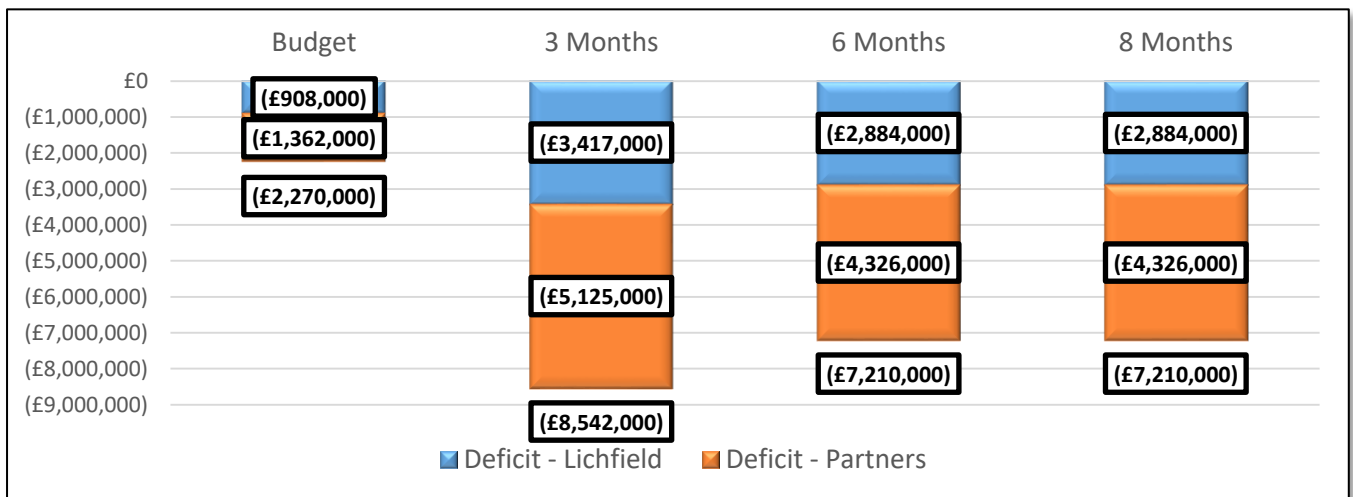


3.40. Income raised between month six and month eight of 2021/22 is **£835,132** or **28%** higher than for the same period in 2020/21. This is due to a number of invoices being raised for the purchase of recycling bags procured on behalf of other authorities.

3.41. Invoices outstanding has decreased by **(£168,186)** or **(7%)**.

Business Rates

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

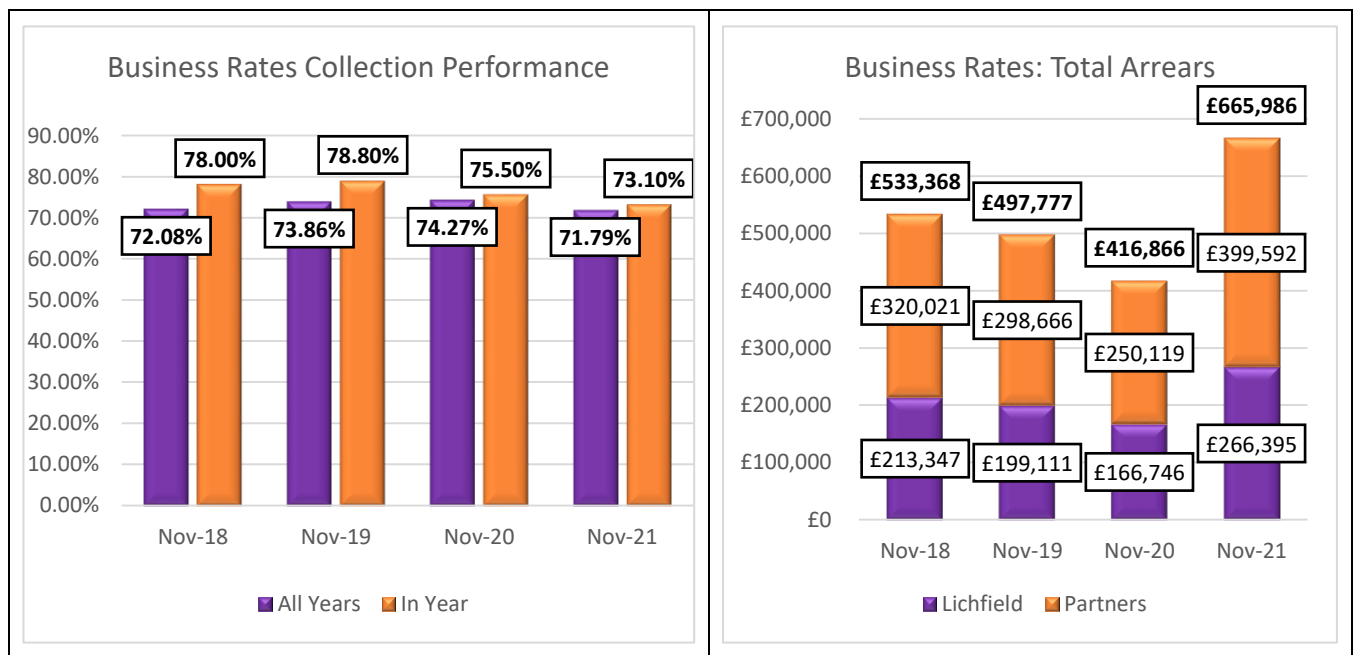


3.43. The main reasons for the projected higher deficit than budgeted of **(£4,940,000)** are:

- 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)).

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

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



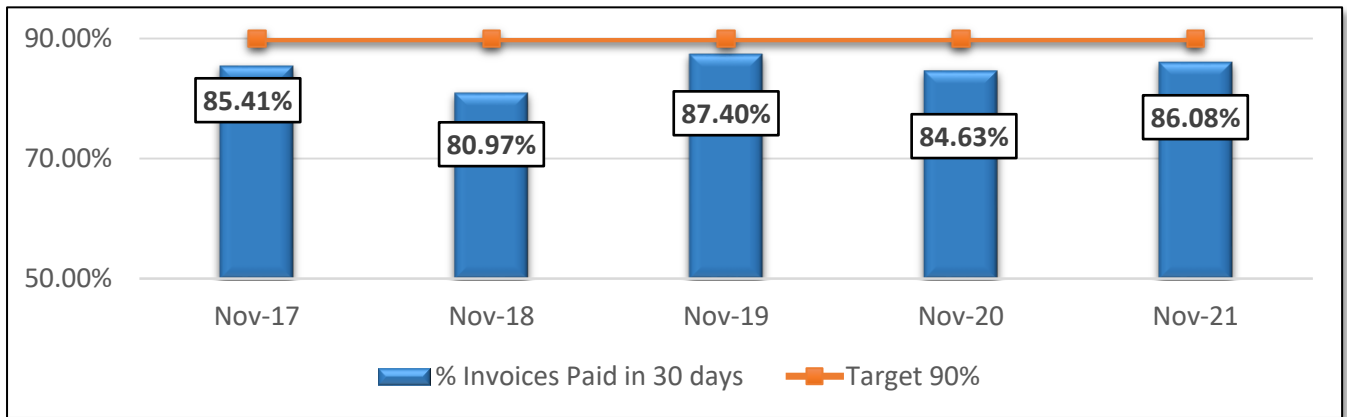
3.46. The Retained Business Rate income is projected to be the same as the Approved Budget of **(£3,122,000)**.

3.47. 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

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



3.49. There continues to be improvements 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

3.50. 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.**

3.51. 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.

3.52. 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

3.53. 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%)

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

Commercial Investments

3.55. No commercial investments are currently planned.

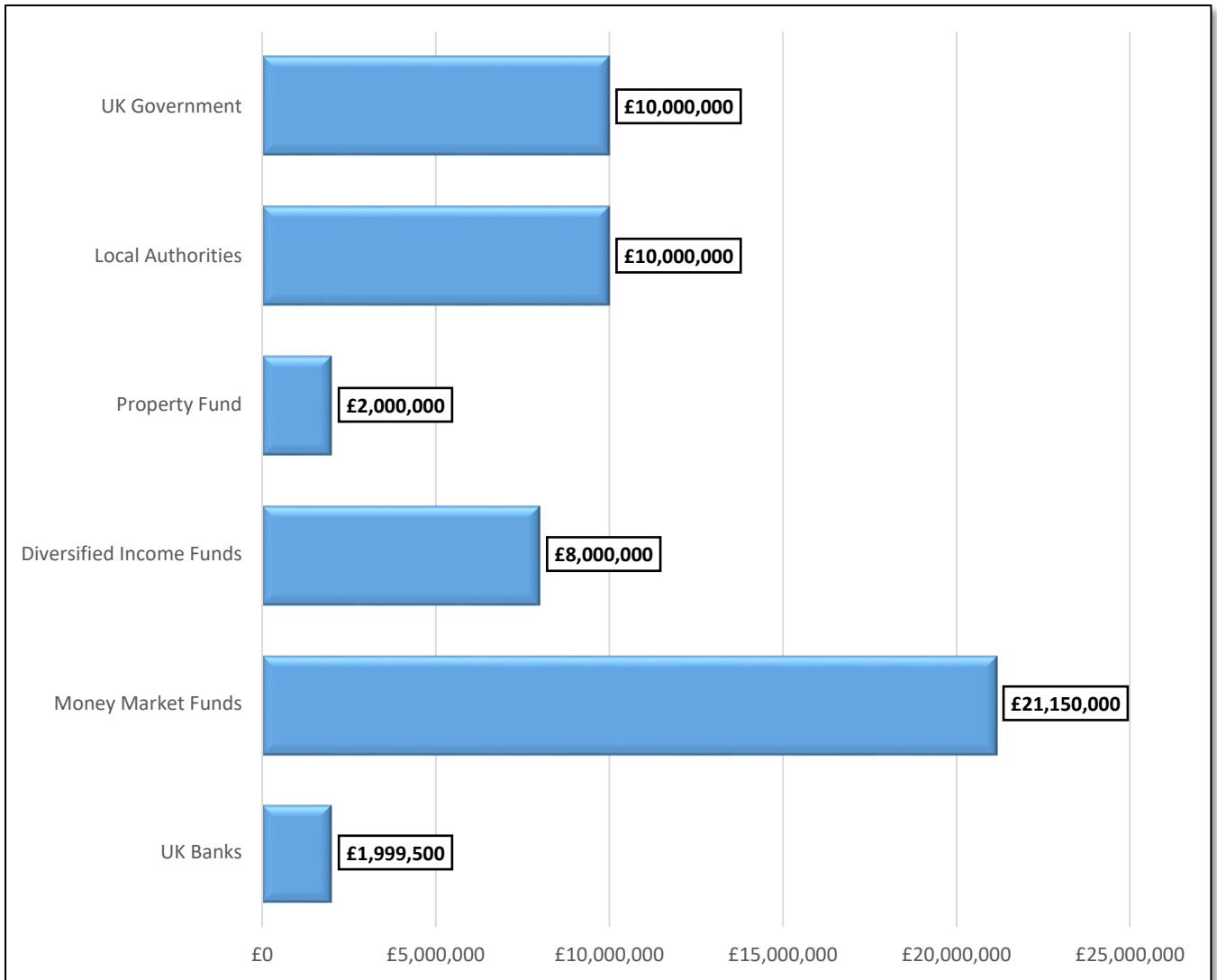
Treasury Management Investments

3.56. 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).

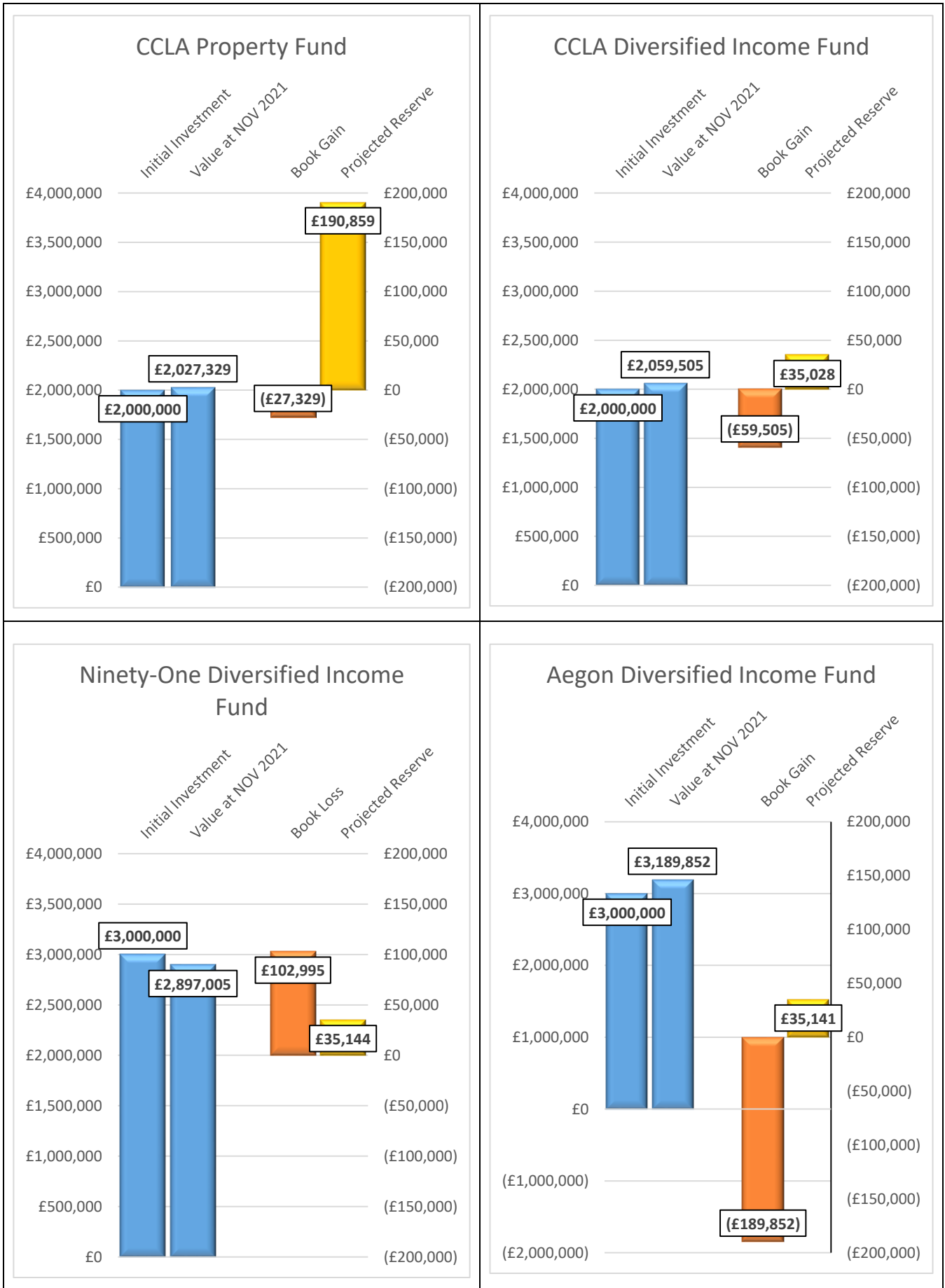
3.57. In addition, external borrowing is considered against the objectives of it being affordable (the impact on the budget and Council Tax), prudent and sustainable (over the whole life).

The Security of Our Investments

3.58. The investments the Council had at the 30 November 2021 of **£53,149,500** (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 E**:

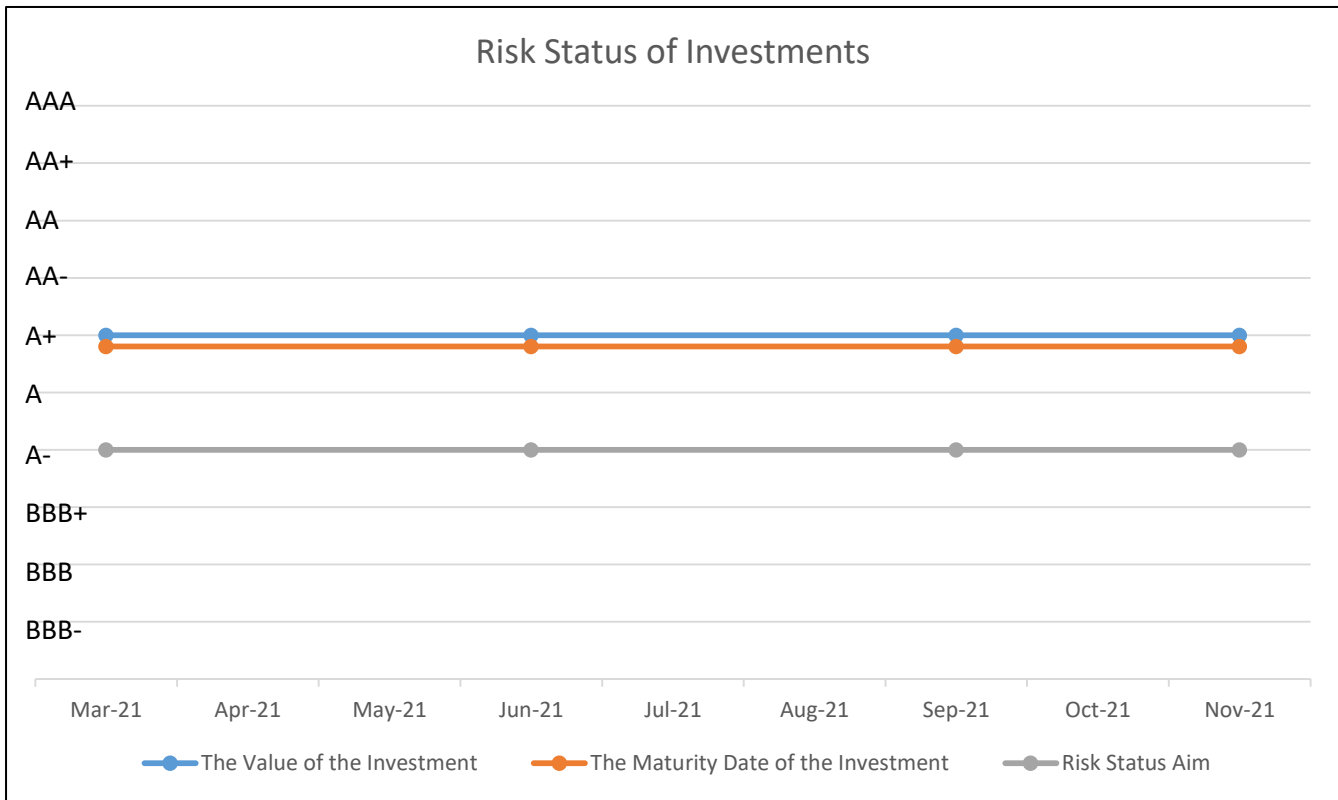


3.59. The current value of the Property Fund and the Diversified Income Funds, together with the projected value of the earmarked reserves in 2021/22 intended to offset reductions in value (these are a book loss until the investment is sold and they become actual), are shown below:



3.60. Overall in terms of strategic investments, there is a 'book gain' of (£173,691) and the earmarked reserve to manage volatility risk is projected to be £296,172.

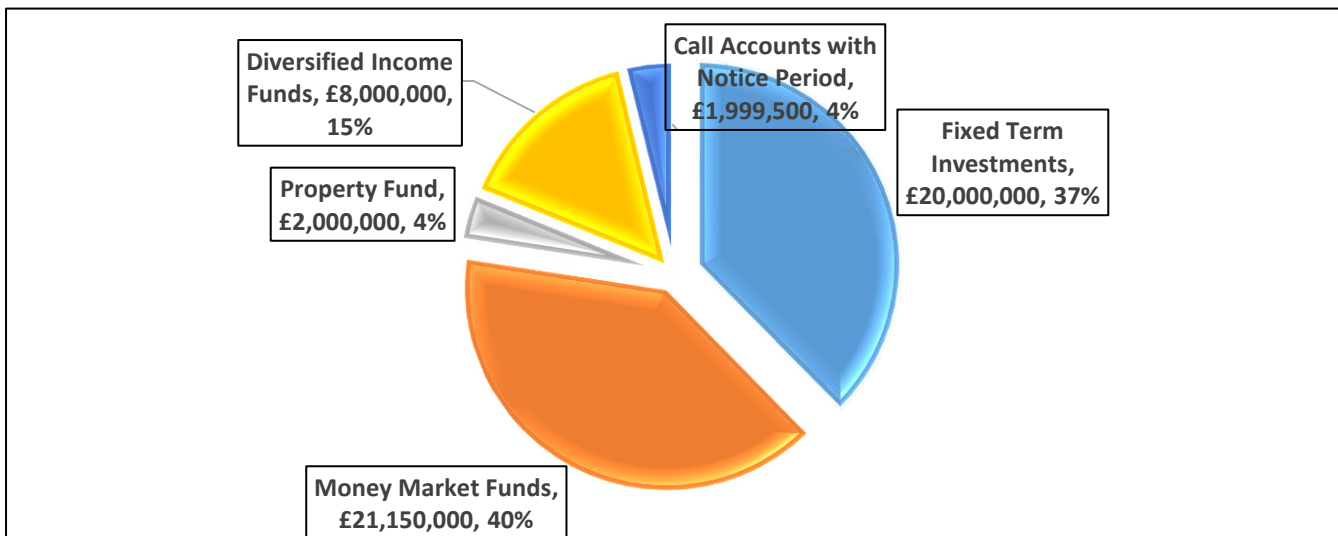
3.61. Our aim for the risk status of our investments was A- or higher. The risk status based on the length of the investment and the value for a 12 month period is summarised in the graph below:



The Liquidity of our Investments

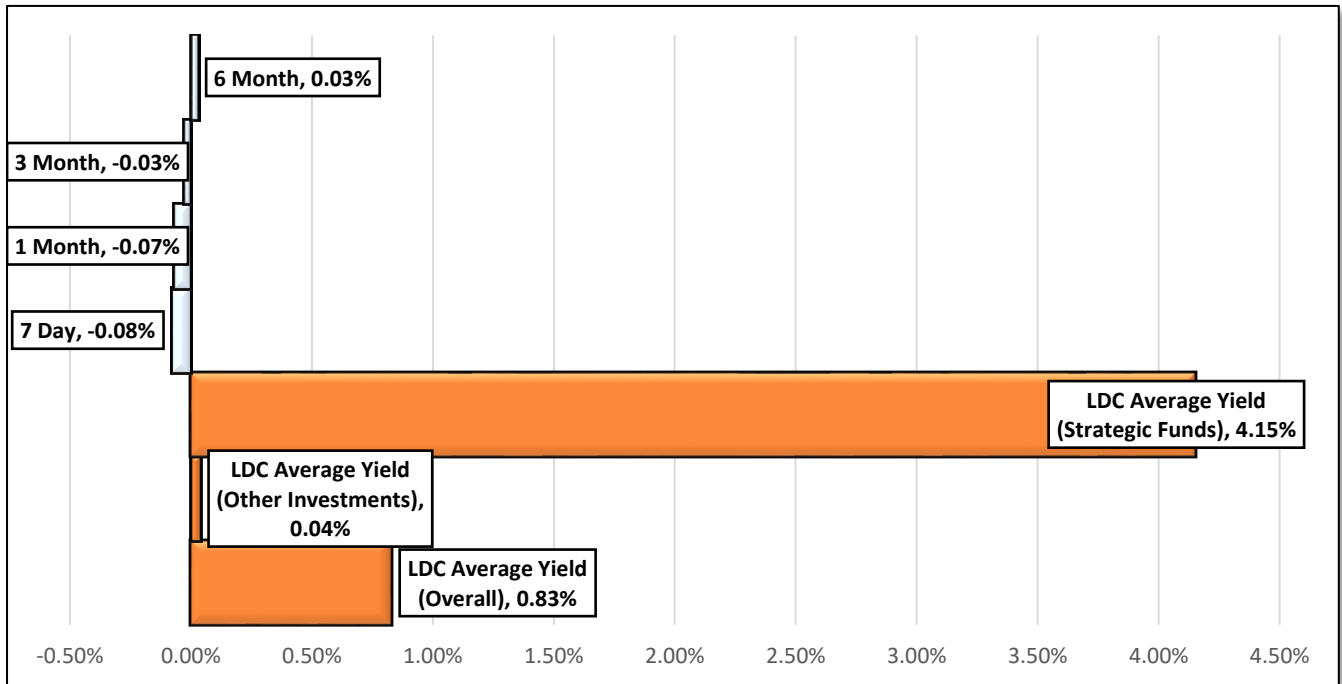
3.62. The Council has not had to temporarily borrow during 2021/22.

3.63. 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:



The Return or Yield of our Investments

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



3.65. The investment activity during the financial year is projected to generate (**£391,000**) of gross investment income compared to a budget of (**£350,000**).

The External Borrowing Portfolio

3.66. 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%	18.3	(£188,826)
PWLB Fixed Annuity	£933,524	1.71%	6.5	(£41,303)
TOTAL Borrowing	£2,059,804	2.19%	13.0	(£230,129)

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 eight months stage, general reserves are forecast to be £6,887,611. This is a reduction of (£98,213) 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 3.15 decreasing the contribution by (£211,650) • A projected increased contribution contained in this report for 2021/22 of £167,320 • The adverse impact of COVID-19 in 2021/22 of (£193,000)
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 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	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
			years will be updated in the MTFS.	
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"> • Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2020-25 – Cabinet 9 February 2021. • Money Matters: 2020/21 Review of Financial Performance against the Financial Strategy – Cabinet 8 June 2021. • Medium Term Financial Strategy – Cabinet 6 July 2021. • Money Matters: 2021/22 Review of Financial Performance against the Financial Strategy – Cabinet 7 September 2021. • Money Matters: Calculation of Business Rates in 2022/23, Council Tax Base for 2022/23 and the Projected Collection Fund Surplus / Deficit for 2021/22 - Cabinet 7 December 2021. • Money Matters: 2021/22 Review of Financial Performance against the Financial Strategy – Cabinet 7 December 2021.
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Relevant web link	
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Revenue Financial Performance – Variance to Budget 2021/22

Area	2021/22					2021/22 Target Variance (+/-) £
	Original Budget £	Approved Budget £	Projected Outturn £	Projected Variance £	Variance to Original Budget £	
Enabling people	1,482,790	1,511,540	1,453,440	(58,100)	(29,350)	
Shaping place	3,401,930	3,640,560	3,515,400	(125,160)	113,470	
Developing prosperity	(620,830)	(446,370)	(311,290)	135,080	309,540	
A good council	6,320,730	6,408,540	6,291,400	(117,140)	(29,330)	
COVID-19 - General Recovery	(4,000)	(322,000)	(129,000)	193,000	(125,000)	
COVID-19 - Specific Risks	1,141,380	1,141,380	1,141,380	-	-	
Net Cost of Services	11,722,000	11,933,650	11,961,330	27,680	239,330	0
Chief Executive	167,130	294,090	292,230	(1,860)	125,100	2,000
Corporate Services	2,414,920	2,434,190	2,173,450	(260,740)	(241,470)	39,000
Finance and Procurement	1,881,200	1,900,200	1,937,700	37,500	56,500	15,000
Governance & Performance	1,874,760	1,871,810	1,871,810	-	(2,950)	15,000
Regulatory Services, Housing & Wellbeing	1,352,010	1,359,380	1,286,280	(73,100)	(65,730)	16,000
Economic Growth & Development Services	(127,210)	89,540	192,620	103,080	319,830	67,000
Operational Services	3,021,810	3,165,060	3,194,860	29,800	173,050	96,000
COVID-19 - General Recovery	(4,000)	(322,000)	(129,000)	193,000	(125,000)	-
COVID-19 - Specific Risks	1,141,380	1,141,380	1,141,380	-	-	
Net Cost of Services	11,722,000	11,933,650	11,961,330	27,680	239,330	250,000
Net Treasury Position	(182,000)	(182,000)	(173,000)	9,000		
Net Operating Cost	11,540,000	11,751,650	11,788,330	36,680		
Transfer (from) / to General Reserve	411,000	199,350	173,670	(25,680)		
Net Revenue Expenditure	11,951,000	11,951,000	11,962,000	11,000		
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	27,000	(11,000)		
Council Tax	(7,198,000)	(7,198,000)	(7,198,000)	-		

General Reserves Projections

	Original	Approved	Projected
Start of year	£6,574,824	£6,713,941	£6,713,941
Budgeted Contribution	£411,000	£411,000	£411,000
Approved Updates	£0	(£211,650)	(£211,650)
This Report	£0	£0	£167,320
COVID-19	£0	£0	(£193,000)
Sub Total In Year	£411,000	£199,350	£173,670
End of year	£6,985,824	£6,913,291	£6,887,611
Change to Original		(£72,533)	(£98,213)

COVID-19 Projected Impact

Details	Original Budget	Approved Budget	Projection	Projected Variance
Support for Operational Services Contracts	£0	£0	£0	£0
Housing and Homelessness Support	£0	£11,000	£11,000	£0
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	£4,000	£4,000	£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
Total Additional Costs	£0	£15,000	£15,000	£0
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)	(£426,000)	(£426,000)	£0
Reduced Sales, Fees and Charges	£561,000	£233,000	£426,000	£193,000
Income Guarantee Scheme	(£124,000)	(£129,000)	(£129,000)	£0
Reductions in Council Tax (LDC & Parishes 13%) (will impact in later years)	£152,000	£257,000	£257,000	£0
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	£162,000	£355,000	£193,000
Impact in 2021/22	(£4,000)	(£322,000)	(£129,000)	£193,000
Impact in later years	£989,000	£484,000	£484,000	£0

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
	Budget		End
	£000	£000	Variance
	£000	£000	£000
Planning Applications	781	717	0
Car Parks	1,921	1,111	465
Garden Waste ¹	1,570	2,055	0
Trade Waste	447	504	0
Land Charges	298	256	0
Building Control	917	751	0
Property Rental	724	393	0
Total of Highest Value Fees & Charges	6,658	5,788	465
Other Income			
Licensing			
Leisure Centre			
VAT Claim			
Court Costs			
Recycling			
Grounds Maintenance			
Other			
Total Income			

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
4,134	4,251	4,980	5,102	6,611	6,689	5,535
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
8,400	8,136	9,239	8,936	9,957	8,766	7,310

¹ The Garden Waste subscription year opens in October. The amount received that relates to 2022/23 financial year will be carried forward.

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	0	(92,000)
Armitage with Handsacre Village Hall storage	6,000	6,000	5,700	6,000	0
Armitage War Memorial	120,000	120,000	80,000	120,000	0
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	152,267	328,000	0
Beacon Park Pathway	0	37,000	0	37,000	0
Burntwood Leisure Centre - Decarbonisation	532,000	443,000	331,923	443,000	0
Accessible Homes (Disabled Facilities Grants)	1,272,000	1,100,000	431,886	921,000	(179,000)
Home Repair Assistance Grants	22,000	10,000	551	6,000	(4,000)
Decent Homes Standard	147,000	147,000	0	0	(147,000)
Energy Insulation Programme	22,000	0	0	0	0
DCLG Monies	212,000	212,000	0	0	(212,000)
Unallocated S106 Affordable Housing Monies	429,000	681,000	95,736	496,000	(185,000)
Burntwood Park Resurfacing	0	0	11,170	11,000	11,000
Burntwood Park Play Equipment	0	0	0	75,000	75,000
Burntwood Park Fencing	0	0	0	30,000	30,000
Enabling People Total	3,375,000	3,452,000	1,143,577	2,749,000	(703,000)
Canal Towpath (Brereton & Ravenhill)	36,000	44,000	43,656	44,000	0
Loan to Council Dev Co.	675,000	675,000	0	675,000	0
Lichfield St Johns Community Link (CIL)	35,000	35,000	0	0	(35,000)
Staffordshire Countryside Explorer (CIL)	44,000	44,000	0	44,000	0
Lichfield Public Conveniences	0	40,000	0	40,000	0
Vehicle Replacement Programme (Waste)	0	21,000	65,181	437,000	416,000
Bin Purchase	150,000	240,000	0	240,000	0
Dual Stream Recycling	0	329,000	0	329,000	0
Vehicle Replacement Programme (Other)	108,000	128,000	46,431	128,000	0
Env. Improvements - Upper St John St	7,000	7,000	0	0	(7,000)
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
Burntwood Public Conveniences	0	0	0	45,000	45,000
Shaping Place Total	1,102,000	1,610,000	198,257	2,029,000	419,000
Multi Storey Car Park Refurbishment Project	250,000	259,000	170,477	259,000	0
Vehicle Replacement Programme (Car Parks)	10,000	0	0	0	0
Coach Park	625,000	300,000	6,775	300,000	0
Birmingham Road Site - Short Term	0	13,000	323	13,000	0
Car Parks Variable Message Signing	32,000	0	0	0	0
Old Mining College - Refurbish access	13,000	13,000	0	0	(13,000)
Pay on Exit System at Friary Multi Storey	0	150,000	0	0	(150,000)
Card Payment in All Car Parks	0	100,000	0	0	(100,000)
Electric Vehicle Charge Points	0	80,000	0	0	(80,000)
St. Chads Sculpture (Lichfield City Art Fund)	5,000	5,000	5,000	5,000	0
Developing Prosperity Total	935,000	920,000	182,575	577,000	(343,000)
Equipment Storage	0	125,000	0	125,000	0
Property Planned Maintenance	289,000	328,000	0	0	(328,000)
New Financial Information System	225,000	225,000	151,202	225,000	0
Depot Sinking Fund	11,000	0	0	0	0
District Council House - Decarbonisation	0	263,000	252,497	263,000	0
IT Infrastructure	35,000	108,000	83,553	108,000	0
ICT Hardware	165,000	5,000	4,570	5,000	0
IT Innovation	205,000	18,000	16,950	18,000	0
District Council House Repair Programme	188,000	238,000	0	0	(238,000)
Building a Better Council	0	150,000	0	150,000	0
First Floor Office Refit	0	0	0	162,000	162,000
Good Council Total	1,118,000	1,460,000	508,772	1,056,000	(404,000)
Approved Budget	6,530,000	7,442,000	2,033,182	6,411,000	(1,031,000)
Capital Receipts	1,301,000	1,286,000		914,000	(372,000)
Borrowing Need - Borrowing and Finance Leases	278,000	328,000		700,000	372,000
Capital Grants and Contributions	3,071,000	3,259,000		2,385,000	(874,000)
Reserves, Existing Revenue Budgets and Sinking Funds	1,880,000	2,569,000		2,412,000	(157,000)
Capital Programme Total	6,530,000	7,442,000		6,411,000	(1,031,000)

Investments in the 2021/22 Financial Year

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

Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating	Foreign Parent
Money Market Funds						
Invesco Aim	£3,150,000	01-Dec-21	Instant Access	0.01%		N/A
Federated	£5,000,000	01-Dec-21	Instant Access	0.01%		N/A
Aberdeen	£4,000,000	01-Dec-21	Instant Access	0.01%		N/A
BNP Paribas MMF	£4,000,000	01-Dec-21	Instant Access	0.02%		N/A
CCLA MMF	£5,000,000	01-Dec-21	Instant Access	0.04%		N/A
Strategic Funds						
CCLA Property Fund	£2,000,000	N/A	N/A	3.97%	N/A	No
Ninety-One Diversified Income Fund	£3,000,000	N/A	N/A	3.66%	N/A	No
CCLA Diversified Income Fund	£2,000,000	N/A	N/A	2.82%	N/A	No
Aegon Diversified Income Fund	£3,000,000	N/A	N/A	4.37%	N/A	No
Fixed Term Investments						
Surrey Heath Borough Council	£2,000,000	15-Dec-21	15	0.06%	LOCAL	
Monmouthshire Council	£2,000,000	28-Apr-22	149	0.10%	LOCAL	
Ashford Borough Council	£2,000,000	19-Apr-22	140	0.07%	LOCAL	
Cheltenham Borough Council	£2,000,000	12-May-22	163	0.05%	LOCAL	
Moray Council	£2,000,000	22-Aug-22	265	0.20%	LOCAL	
Debt Management Office	£7,000,000	20-Dec-21	20	0.03%	UK Government	
Debt Management Office	£3,000,000	21-Feb-22	83	0.03%	UK Government	
Call Accounts with Notice Period						
Lloyds	£1,000,000	05-Mar-22	95	0.03%	A+	
HSBC	£999,500	31-Dec-21	31	0.20%	A+	
Total Investments	£53,149,500					