

# Money Matters : 2022/23 Review of Financial Performance against the Financial Strategy

## Cabinet Member for Finance and Commissioning

Date: 6 September 2022  
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 2022/23.
- 1.2 The progress on the achievement of savings/additional income proposals is shown in detail at **APPENDIX A** and currently projects a shortfall of **£618,000** that will need to be funded by general reserves.
- 1.3 The Medium Term Financial Strategy projected general reserves at 31 March 2023 would be **£7,167,610**. At this stage, general reserves are forecast to be **£6,075,329**, a decrease of **(£1,092,281)** related to:
  - A lower than budgeted contribution in 2021/22 of **(£42,031)**.
  - A projected decrease contained in this report for 2022/23 of **(£1,050,250)**.
- 1.4 The Capital Programme is projected to be **£194,000** higher than the Approved budget due mainly to re-profiling of the Property Planned Maintenance budget.
- 1.5 Capital Receipts are projected to be **(£10,000)** which is the same as the Approved Budget.
- 1.6 The Council has received an allocation of United Kingdom Shared Prosperity Funding (UKSPF) of **£3,285,310** (subject to approval by the Government) that will need to be incorporated into the MTFS.
- 1.7 In terms of Council Tax, Business Rates, Sundry Debtors and Supplier Performance:
  - **Council Tax collection** in year performance was **29.10%** (29.40% in 2021/22) and total arrears were **£4,121,685** and the Council's share is **£535,819** (£3,087,289 and £401,348 in 2021/22).
  - The **Council Tax Collection Fund** is projected to be in surplus, with the Council's c12% share being **(£16,740)** compared to the Approved Budget of **£62,560**. This additional income of **(£79,300)** will be included in the 2023/24 budget.
  - Sundry Debt for income to be collected in 2022/23 has increased by **£585,803** or **32%** compared to 2021/22, and the value outstanding at 30 June 2022 has decreased by **(£12,954)** or **(1%)**.
  - **Retained Business Rate Income** is projected to be **(£3,311,000)** 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 **£231,000** compared to the Approved Budget of **£462,000**. This additional income of **(£231,000)** will be included in the 2022/23 budget.
  - There will be a timing difference due to statutory arrangements between receipt of grant in 2022/23 and the period when the deficit is charged to the Revenue Budget. Therefore the Business Rates volatility earmarked reserve will continue to be utilised to 'smooth' the financial impact.
  - **Business Rates collection** in year performance was **34.50%** (29.90% in 2021/22) and total arrears were **£958,450** and the Council's share is **£383,380** (£405,368 and £162,147 in 2021/22).
  - The payment of suppliers within 30 days was **83.22%** and remains below our **90%** target.
- 1.8 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 recommend to Council to approve the creation of a Capital Programme project for Changing Places funded by external grant of **£94,285**, which is to deliver Changing Places public conveniences at Swan Island and the National Memorial Arboretum.
- 2.3. To recommend to Council to update the Medium Term Financial Strategy to reflect the budgets shown at para 3.34 that will be funded by the three year UKSPF allocation of **£3,285,310**.
- 2.4. To delegate to the Leader the ability to make any necessary amendments to the Investment Plan within the three year UKSPF allocation.

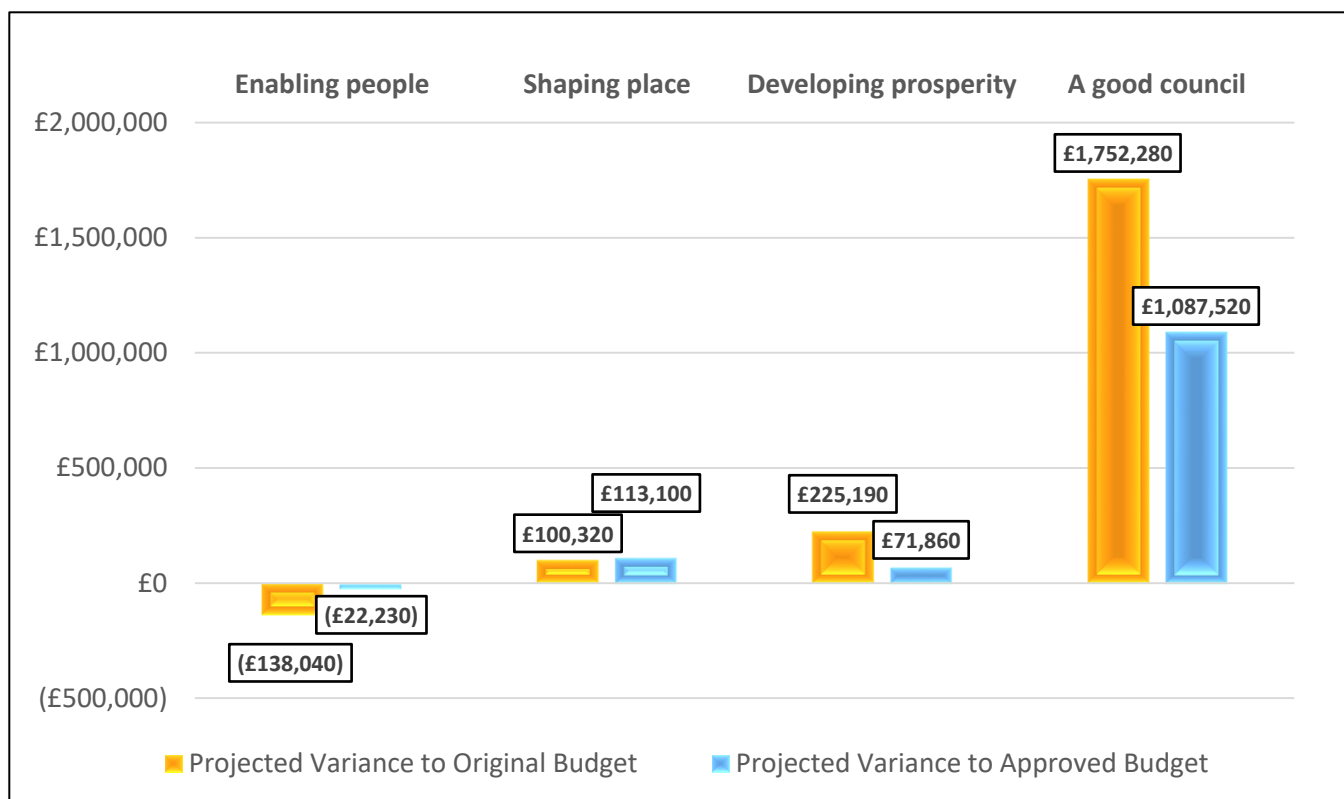
## 3. Background

### Budget Management

- 3.1. The MTFs 2021-26, approved by Council on 22 February 2022, included the Original Budget for 2022/23 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 2022/23 and will be approved by Council on 21 February 2023.

### The Revenue Budget

- 3.4. Financial performance is shown in detail at **APPENDIX A** and in summary below:



## Performance compared to the Approved Budget

3.5. The overall projected variance is shown in summary below:

	Projected Variance		
	Virement	Vacancy Savings	Other Variances
<b>Enabling People</b>			
• Vacancy Savings		(22,230)	
<b>Shaping place</b>			
• <b>Pressure on Fuel Costs</b>			<b>120,420</b>
• Vacancy Savings		(13,950)	
• Additional grounds Maintenance and Street Cleansing Income			(10,970)
• <b>Pressure on Savings Target for Closure of Golf Course</b>			<b>40,000</b>
• Procurement Savings	(5,810)		
• Minor balance			2,060
• Transfers	(18,650)		
<b>Developing prosperity</b>			
• Pressure on Three Spires Rental Income			86,590
• Vacancy Savings		(25,130)	
• <b>Pressure on Fuel Costs</b>			<b>3,250</b>
• Reduction in Advertising Income			6,700
• Procurement Savings	(550)		
• Transfers	1,000		
<b>A good council</b>			
• <b>Non achievement of planned savings/additional income proposals</b>			<b>578,000</b>
• <b>Inflationary Pressures – pay award 4%, utilities etc.</b>			<b>424,200</b>
• Vacancy Savings		(27,390)	
• Vacancy Savings - Target £150,000 (exc. Fees)		88,700	
• Procurement Savings	(13,980)		
• Achievement of the Procurement Saving Target	20,340		
• Additional Footpath Income	(3,750)		
• Additional Annual Subscription Costs	3,750		
• Transfers	17,650		
<b>Total - Net Cost of Services</b>	<b>0</b>	<b>0</b>	<b>1,250,250</b>
			<b>1,250,250</b>
Net Treasury - increased interest receipts and external borrowing savings			(200,000)
<b>Transfer (to)/from General Reserves</b>			<b>£1,050,250</b>

3.11. The impact of significant increases in inflation projections on the Revenue Budget and funding gap is also shown at **APPENDIX A**. In 2022/23 they are currently projected to be **£547,870** (excluding additional investment income of **£185,000**) and are included in the table above (figures in red) and this additional cost in the absence of savings/additional income will need to be funded by general reserves.

3.12. Inflation projections will continue to be reviewed in the development of the MTFS given the fluid economic situation. However, current projections are summarised below:

Detail	2023/24	2024/25	2025/26	2026/27
Approved Funding Gap/(transfer to General Reserves)	£694,190	£614,680	£460,250	£914,940
Inflation Pressures (net of investment income)	£324,870	£349,800	£605,160	£603,420
Projected Funding Gap	£1,019,060	£964,480	£1,065,410	£1,518,360

3.13. The current progress on delivering savings/additional income proposals included within the MTFS is also provided at **APPENDIX A**.

3.14. This shows a projected shortfall of **£618,000** that is included in the table above (figures in blue) and this will need to be funded by general reserves until these proposals are delivered.

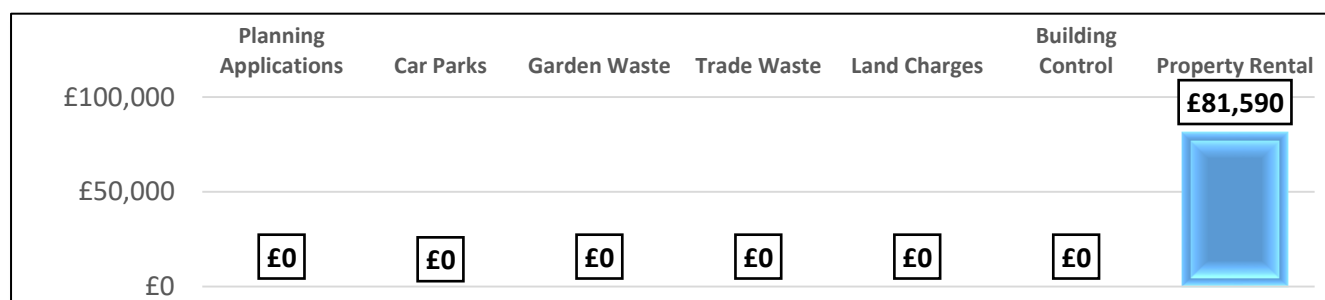
## Risk and Recovery Budget

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

Name	Revised Allocation	Total Committed Spend	Uncommitted Balance
Supporting the Visitor Economy	246,000	50,656	195,344
Regional Marketing Strategy	45,000	34,649	10,351
Youth Unemployment Initiatives	75,000	272	74,729
Health and Wellbeing Initiatives	100,000	33,845	66,155
Apprenticeships within the Council	75,000	75,000	0
Enterprise for Success	10,000	0	10,000
VE - Staffs DMP	36,000	36,000	0
VE - Website Health Check	6,600	0	6,600
High Street Grants	250,000	201,111	48,889
Inward Investment Website	30,000	0	30,000
Lichfield Bower	2,000	2,000	0
<b>Sub Total</b>	<b>£875,600</b>	<b>£433,533</b>	<b>£442,067</b>
Unallocated	265,780	0	265,780
<b>Total</b>	<b>£1,141,380</b>	<b>£433,533</b>	<b>£707,847</b>

## Fees and Charges

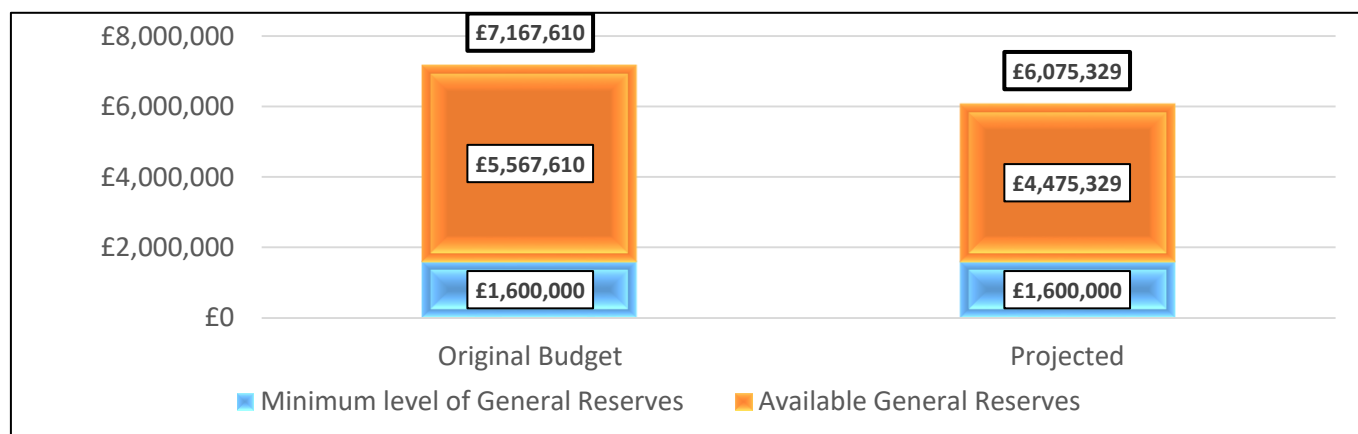
3.16. The gross fees and charges budgets for 2022/23, together with actual income achieved over the last eight years, are shown in detail at **APPENDIX B**. The projected variances (with positive figures relating to shortfalls in performance compared to budget) for those with the highest value are:



3.17. Car parking income is currently in line with the Approved Budget due to the COVID-19 risk allowance offsetting the loss of income from the planned increase in car parking charges that has not yet taken place.

## Revenue General Reserves

3.18. The Original Budget estimated general reserves of **£7,167,610** at 31 March 2023. The current projected level is **£6,075,329**, a decrease of **(£1,092,281)** (£42,031 related to last year and £1,050,250 contained in this report) as shown below:



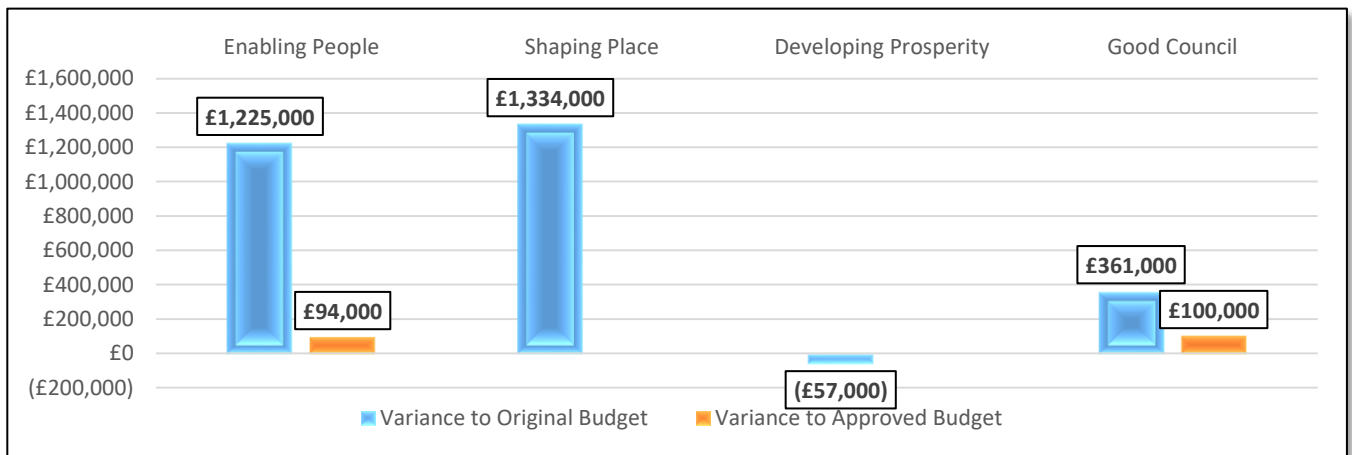
## The Capital Programme

3.19. The Original Budget of **£7,953,000** was approved by Council on 22 February 2022. There have been several updates to this budget during 2022/23:

- Slippage from 2021/22 of **£1,650,000** approved by Cabinet on 7 June 2022.
- Conversion costs of 36A Bore Street of **£360,000** (Briefing Note 20 December 2021).
- CIL allocations of **£860,000** approved by Cabinet on 8 February 2022.
- Medium Term Financial Strategy of **(£37,000)** approved by Cabinet on 5 July 2022.
- Virement for Burntwood Zip Line of **£30,000** approved on 25 July 2022.

3.20. The Approved Budget is therefore **£10,816,000**.

3.21. The Capital Programme performance is projected to be above budget by **£194,000** or **2%** compared to the Approved Budget. This above 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 Grants – Move budget to Conversion of 36a Bore Street</li> <li>• DLUHC Monies - Move budget to Conversion of 36a Bore Street</li> <li>• Conversion of 36a Bore Street – Budget increased via projects above.</li> <li>• Changing Places Fund – Public conveniences at Swan Island and National Memorial Arboretum. Funded by grant.</li> </ul>		(£4,000) (£212,000) £216,000 £94,000
<b>Enabling People Total</b>	<b>£0</b>	<b>£94,000</b>
<ul style="list-style-type: none"> <li>• Property Planned Maintenance – Budgets brought forward from later years</li> </ul>	£100,000	
<b>A Good Council Total</b>	<b>£100,000</b>	
<b>Total Projected Variance</b>	<b>£100,000</b>	<b>£94,000</b>
	<b>£194,000</b>	

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

	Original Budget	Approved Budget	Projected Actual	Actual
DFG Settlements	£10,000	£10,000	£10,000	£8,229
Total	£10,000	£10,000	£10,000	£8,229

## United Kingdom Shared Prosperity Fund (UKSPF)

- 3.24. The UKSPF will replace European Structural and Investment Funds (ESIF) with the objective of levelling up and creating opportunities for people and place across the UK, delivering on priorities within the Levelling Up White Paper.
- 3.25. The fund provides £2.6 billion of new funding for investment by March 2025.
- 3.26. The overarching objective for the fund is ‘Building pride in place and increasing life chances’, with **three investment priorities**:
- Communities and place
  - Supporting local business
  - People and skills.
- 3.27. The Council has to submit an investment plan to outline local interventions over the financial years 2022/23, 2023/24 and 2024/25 which meets the UKSPF priorities.
- 3.28. The Council was “strongly encouraged” to engage widely with local partners, including neighbouring authorities for ‘economies of scale’ purposes on wider projects.
- 3.29. The Investment Plan had to be submitted for UK government approval.
- 3.30. The Council will also receive £20,000 to pay for preparatory work for the Fund (in addition to each place’s allocation), to be paid retrospectively after submission of the Investment Plan.
- 3.31. Local Authorities can also claim a maximum amount of 4% of the allocation (ie £131,412 for LDC) to help administer the fund, for project assessment, contracting, monitoring and evaluation and ongoing stakeholder engagement.
- 3.32. Once the submitted investment plan is approved, the first payment is expected to be received by lead local authorities from October 2022.
- 3.33. Local authorities can claim retrospectively for this financial year (2022-23), against any projects delivered from April 2022 onwards which are included in the investment plan. However, these are delivered at risk and if not approved in the investment plan will be a cost against the Council.
- 3.34. The split per financial year of full allocation is as follows:

Year	Amount	% of overall allocation
2022-23	£398,703	12.2%
2023-24	£797,405	24.3%
2024-25	£2,089,202	63.5%

- 3.35. UKSPF can fund revenue and capital projects. The table below outlines the Government’s suggested split each year between capital and revenue for all projects. The capital spend outlined is the **minimum capital spend** each financial year, with the precise mix between revenue and capital being up to the local authority to decide.

Year	Core UKSPF: revenue	Core UKSPF: capital
2022-23	90%	10%
2023-24	87%	13%
2024-25	80%	20%

- 3.36. The Council has prioritised projects that fit with the investment priorities in the UKSPF’s prospectus and are seen as strategic priorities in the Council’s strategic documents, e.g. the Economic Prosperity Action Plan, the 10-year Capital Programme, and Active Living Strategy etc.

3.37. As requested in the prospectus, the Council has also engaged with delivery partners, outlining our strategic priorities and checking if their proposed projects can support the delivery of our priorities. The Partners engaged include Growth Hubs, Staffordshire University, Staffordshire County Council, DWP, CASES, Staffordshire Chamber of Commerce, Birmingham City University and neighbouring authorities (for economies of scale purposes). Projects were reviewed on their relevance/connection with the Council's strategic priorities and value for money.

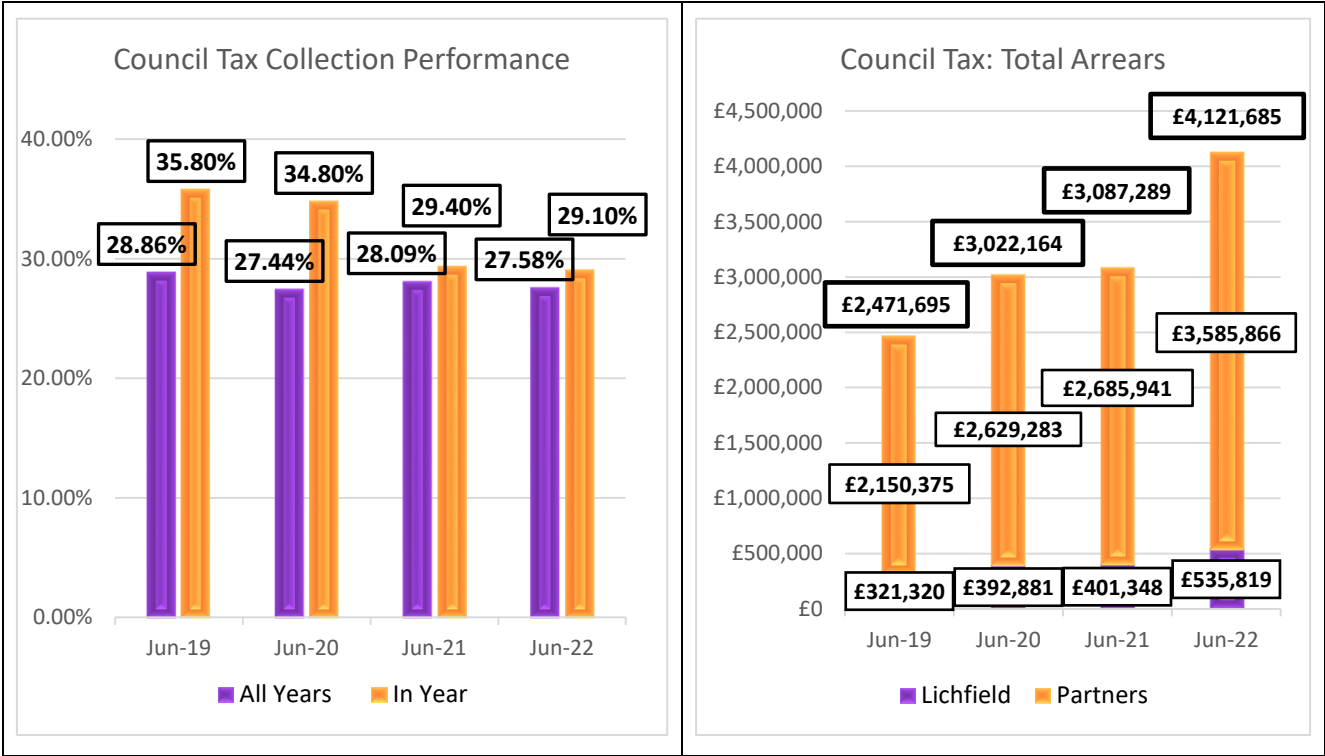
3.38. The Investment Plan totalling **£3,285,310** submitted on 1 August 2022 is summarised below:

Project	Revenue				Capital			
	2022/23	2023/24	2024/25	Total	2022/23	2023/24	2024/25	Total
Burntwood Community Hub	£0					£250,000		<b>£250,000</b>
Cinema Development	£0						£400,000	<b>£400,000</b>
Incubator Space	£0				£353,703	£300,000	£546,297	<b>£1,200,000</b>
Localities Work	£45,000	£90,000	£90,000	<b>£225,000</b>				
Us Girls	£0	£30,000	£60,000	<b>£90,000</b>				
Play Streets	£0	£20,000	£40,000	<b>£60,000</b>				
High Street Vibrancy	£0	£0	£279,310	<b>£279,310</b>				
Marketing of the District	£0	£4,905	£65,095	<b>£70,000</b>				
Entrepreneurial Culture	£0	£0	£93,000	<b>£93,000</b>				
Resource (from the 4% admin)	£0	£32,500	£32,500	<b>£65,000</b>				
Evolve Programme	£0	£70,000	£70,000	<b>£140,000</b>				
Transport Assistance	£0	£0	£320,000	<b>£320,000</b>				
Workforce Development	£0	£0	£93,000	<b>£93,000</b>				
<b>Total</b>	<b>£45,000</b>	<b>£247,405</b>	<b>£1,142,905</b>	<b>£1,435,310</b>	<b>£353,703</b>	<b>£550,000</b>	<b>£946,297</b>	<b>£1,850,000</b>

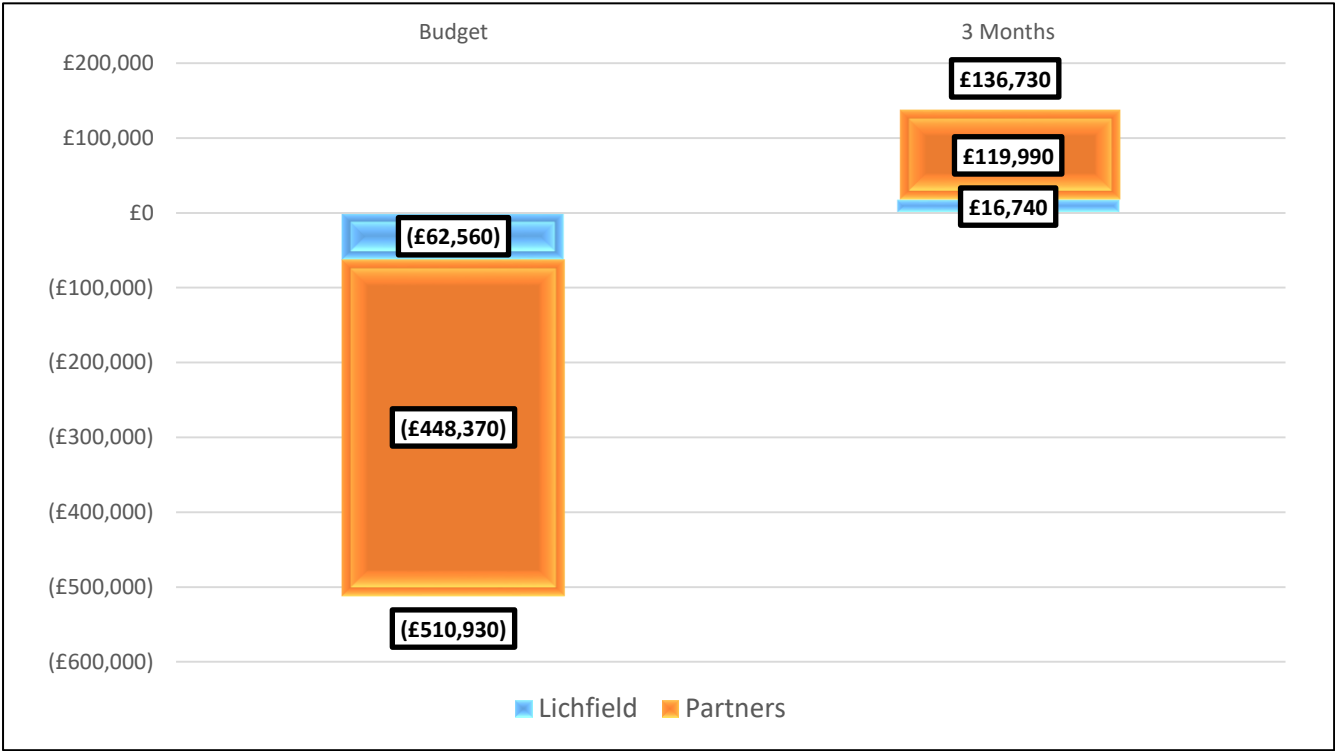
3.39. These budgets funded by the grant allocation (and subject to UK Government approval) will need to be incorporated into the Medium Term Financial Strategy.

Council Tax

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



3.41. The Council Tax Collection Fund is projected to be in surplus by **£136,730** and the Council’s share is **£16,740** based on Lichfield’s (including Parishes) current share of Council Tax of **c12%**:



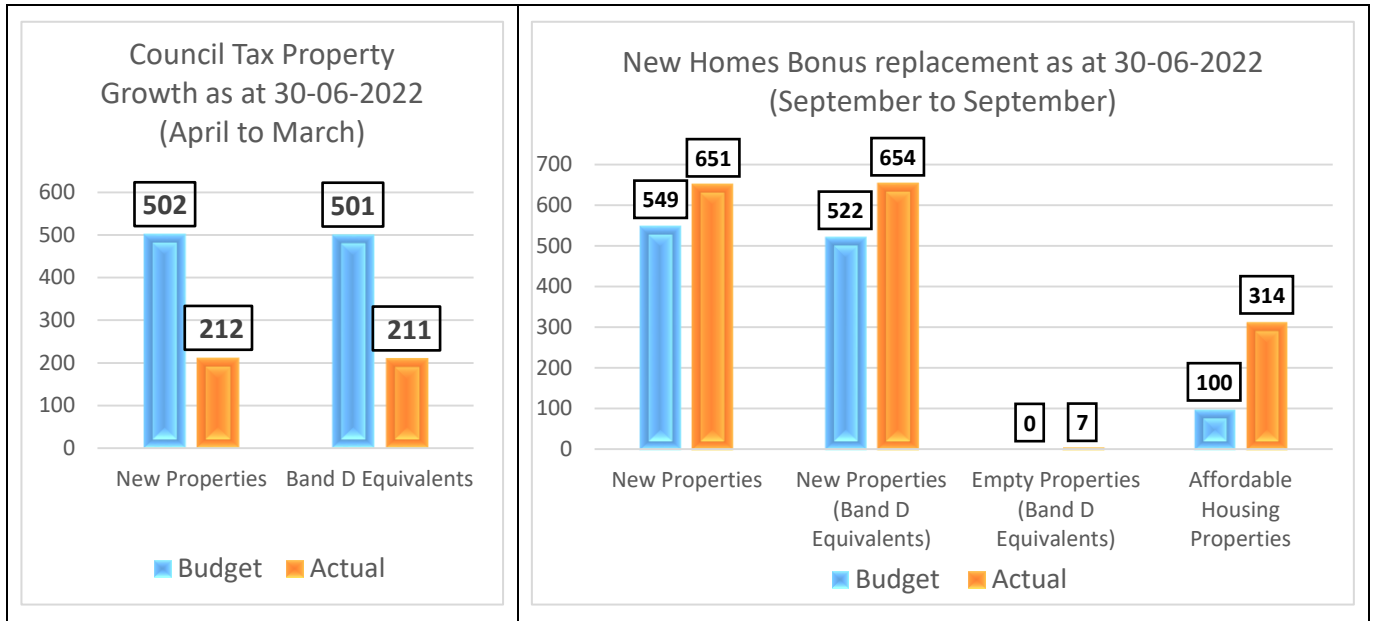
3.42. The main reasons for the projected lower deficit than budgeted of **£647,660** are:

- A higher surplus than budgeted in 2021/22 of **£605,446** (Council share £75,138).
- A higher provision for bad debts of **(£839,580)** (Council share (£102,800)).
- A higher Council Tax income of **£881,794** due to housing delivery rates beginning to increase and recover (Council share £107,968)



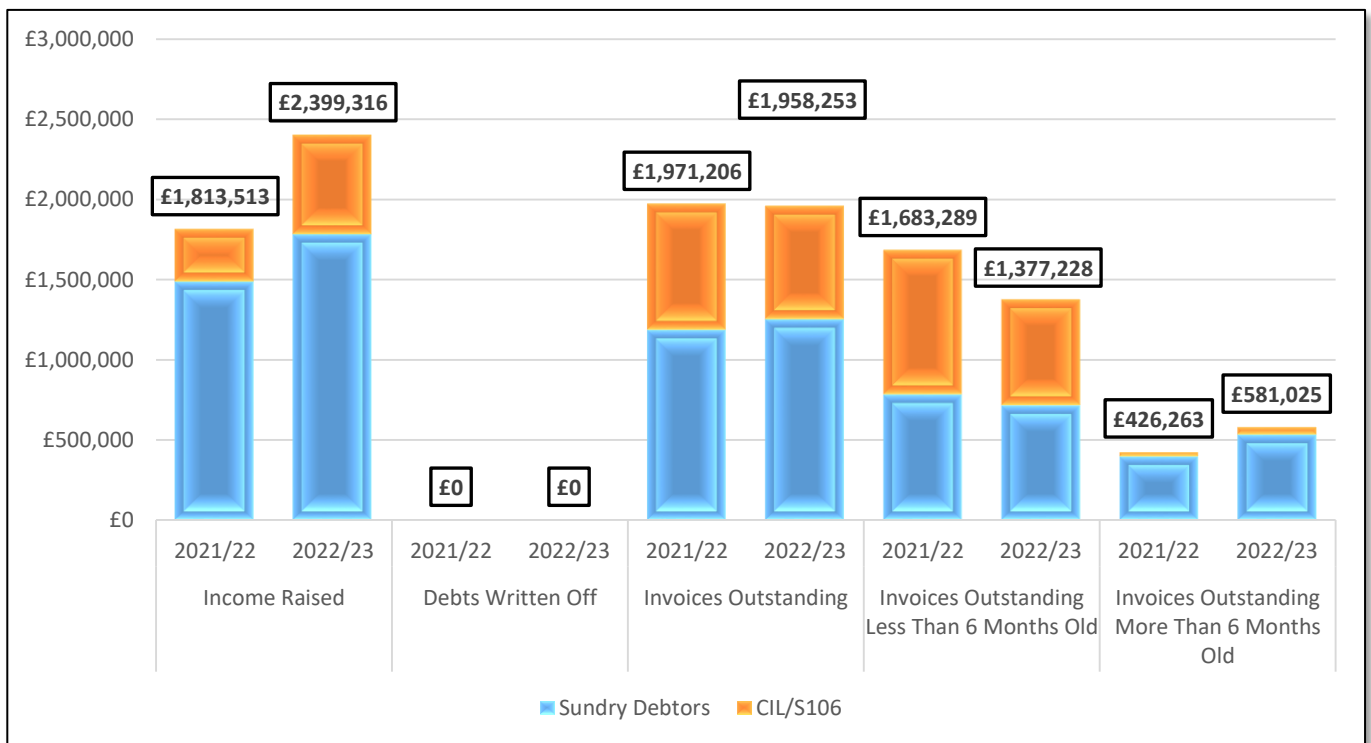
## Housing Supply

3.43. The completions for Council Tax (left hand chart) from April 2022 to June 2022 and any possible New Homes Bonus replacement (right hand chart) from September 2021 to June 2022 are shown below:



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

3.44. The transaction levels and collection performance in 2022/23 compared to 2021/22 is shown below:

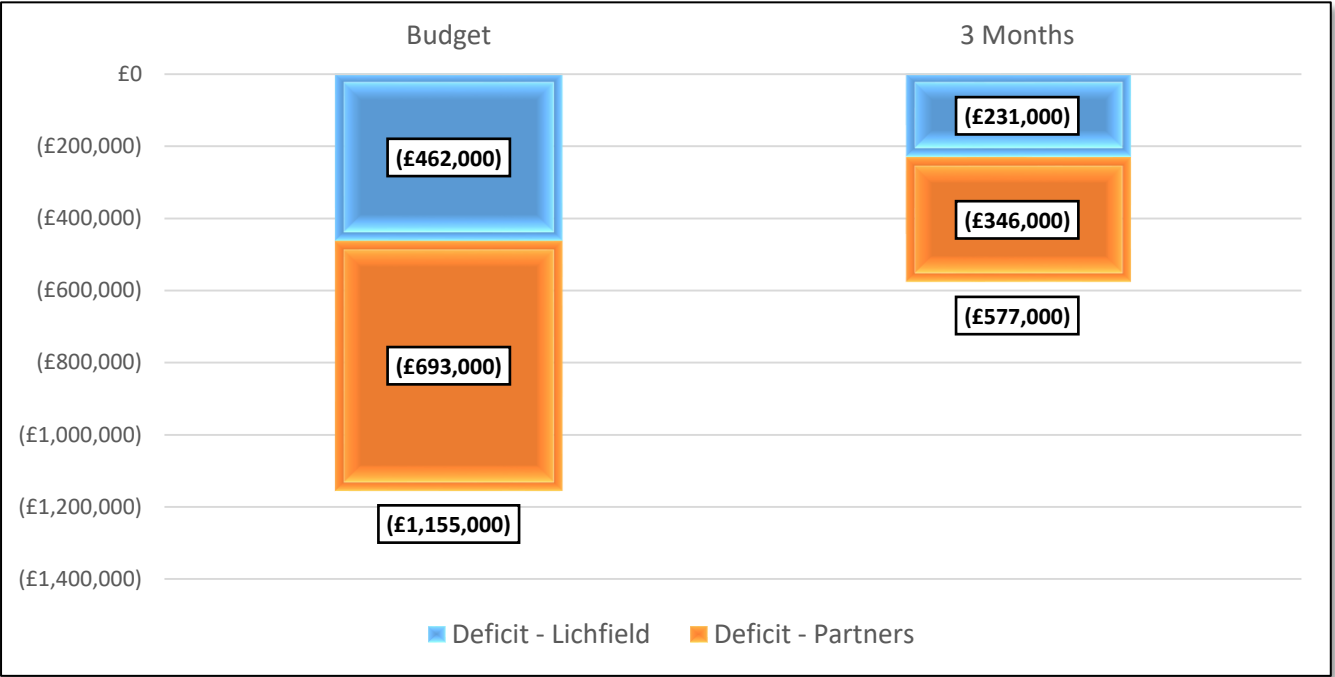


3.45. Total income raised in the first three months of 2022/23 is **£585,803** or **32%** higher than for the same period in 2021/22 due mainly to a large S106 demand for **£575,000** being raised this year.

3.46. Invoices outstanding has decreased by **(£12,954)** or **(1%)** mainly due to CIL/Section 106.

Business Rates

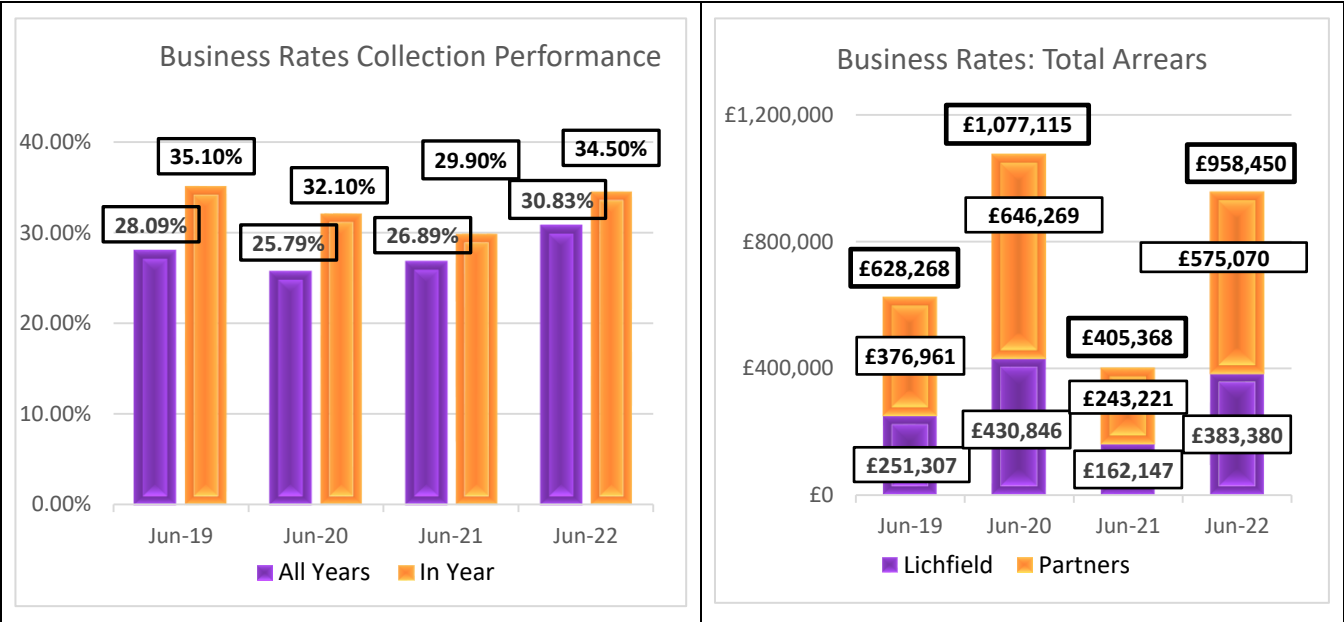
3.47. The Business Rates Collection Fund is projected to be in deficit by (£577,000):



3.48. The main reasons for the projected lower deficit than budgeted of £578,000 are:

- A lower deficit than budgeted in 2021/22 of £1,132,000 (Council share £452,800).
- Lower allowances for appeals and bad debts of £428,000 (Council share £171,000).
- Additional COVID-19 Compliance and Recovery Funding (CARF) and other changes in income due of (£982,000) (Council share (£393,000)).

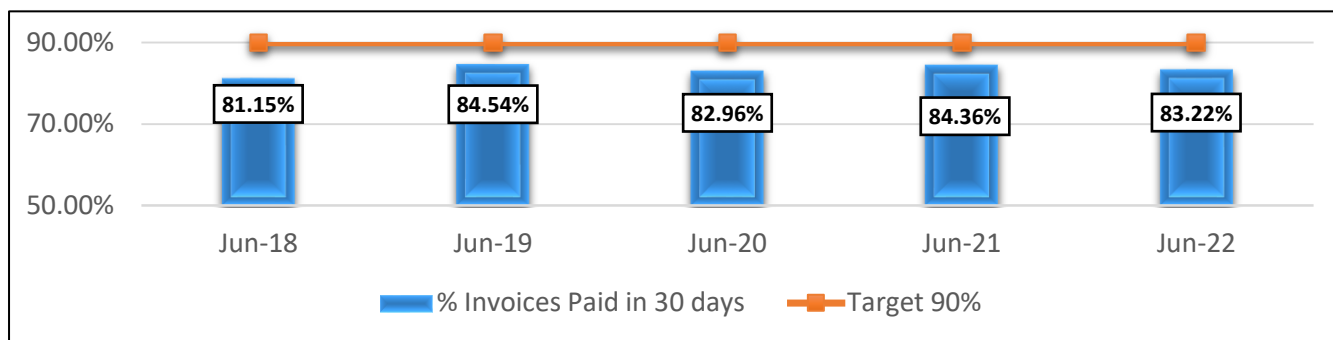
3.49. The collection performance for Business Rates is shown below:



3.50. The Retained Business Rate income is projected to be the same as the Approved Budget of (£3,311,000).

## Supplier Payment Performance

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



3.52. The continued under performance in this area will be addressed through the implementation of the Target Operating Model including changes in structure and process.

## Investment Strategy

3.53. 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**.

3.54. The Government has recognised in recent Department of Levelling Up, Housing and Communities (DLUHC) 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.

3.55. The DLUHC 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 **22 February 2022**.

## Service Investments

3.56. 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				
	2022/23	2023/24	2024/25	2025/26	2026/27
<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>£0</b>
Net Income	(£4,000)	(£18,000)	(£22,000)	(£22,000)	
Net Return	(0.59%)	(2.67%)	(3.26%)	(3.26%)	

3.57. Cabinet received a report on 17 May 2022 regarding the commercial structures and trading activity in relation to the Company. This report refocussed the Company from one aimed at development to one aimed at the provision of services to the Council.

3.58. Therefore the level, length and type of loan is currently being reviewed with the Council's legal and treasury management advisors to ensure the loan reflects the current Business Plan and its related risks.

## Commercial Investments

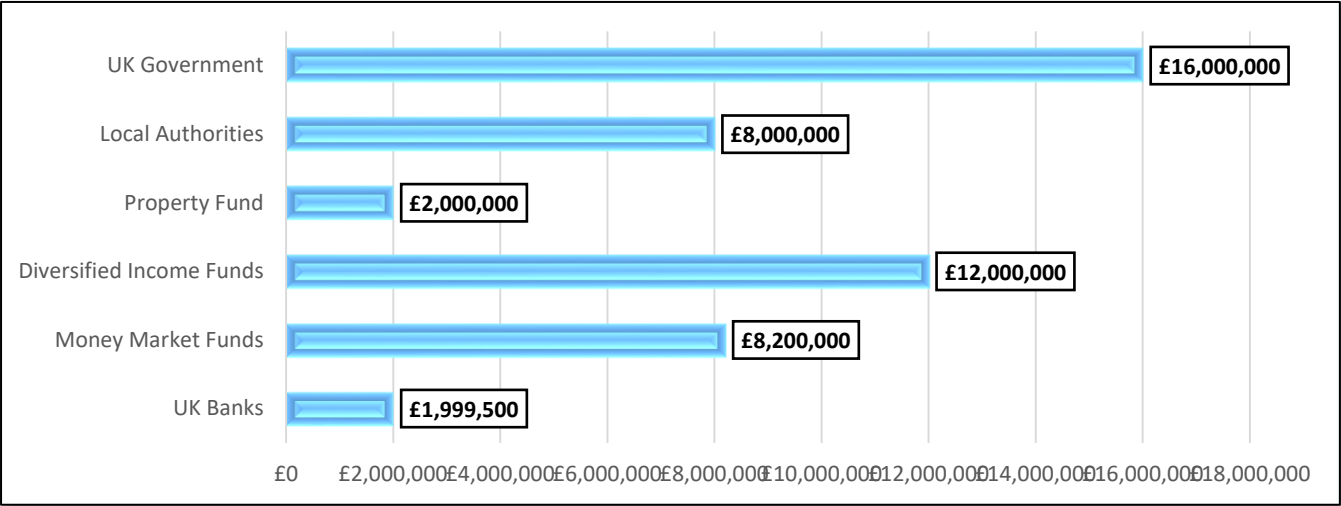
3.59. No commercial investments are currently planned.

Treasury Management Investments

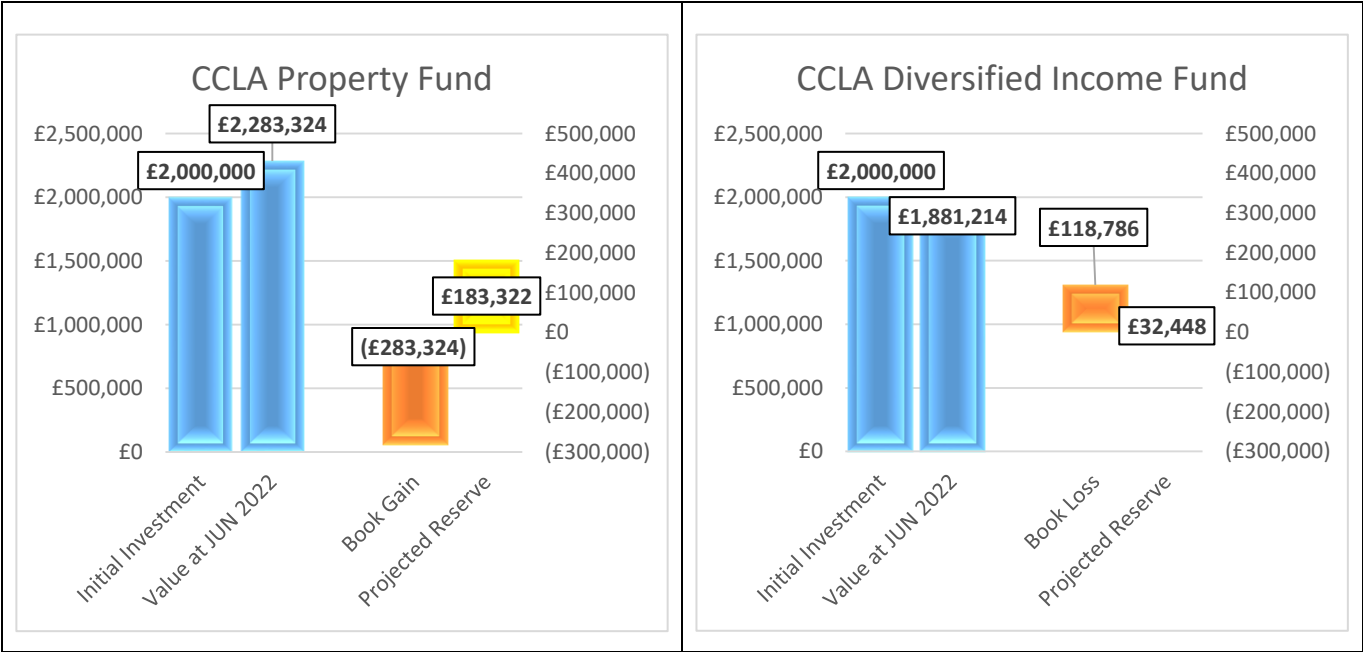
- 3.60. The performance of the Treasury Management function should be measured against the investment objectives of Security (the safe return of our monies), Liquidity (making sure we have sufficient money to pay for our services) and Yield (the return on our investments).
- 3.61. In addition, external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

- 3.62. The investments the Council had at the 30 June 2022 of **£48,199,500** (with the Property and Diversified Income Funds valued at original investment for each) by type and Country are summarised below and in detail at **APPENDIX D**:



- 3.63. The current value of the Property Fund and the Diversified Income Funds, together with the projected value of the earmarked reserves 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:



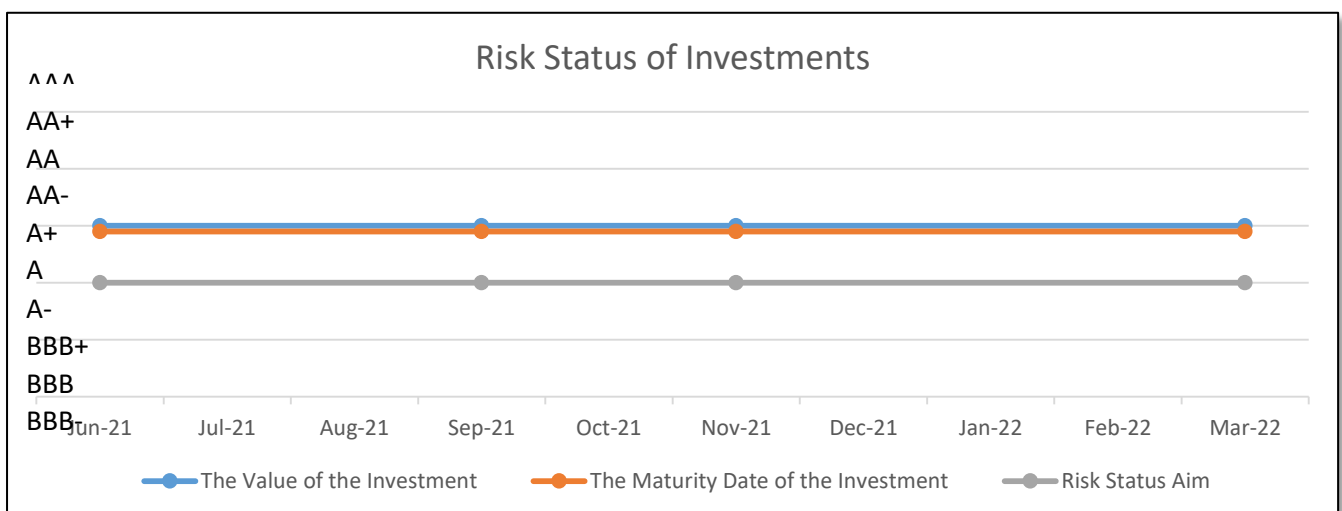


3.64. Overall in terms of strategic investments there is a 'book loss' of **(£629,574)** and the earmarked reserve to manage volatility risk is projected to be **£381,023**.

3.65. The April-June quarter was a difficult environment for risk assets, in particular bonds and equities, engendered by central banks' determination to bring high and persistent inflation under control through increases in policy rates and strong rhetoric. With the market expecting further increases in interest rates and government bond yields in the US, UK and Europe (this, despite a weakening consumer and the prospect of a recession), there was a sell-off in bonds and equities which was reflected in the Authority's multi-asset income funds. Significant financial market volatility and uncertainty remain due to stagflation fears, little sight of the war in Ukraine ending soon and ongoing supply chain issues, a lingering problem over the past 24 months yet to be fully resolved.

3.66. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's medium to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years, but with the confidence that over a three to five-year period total returns will exceed cash interest rates.

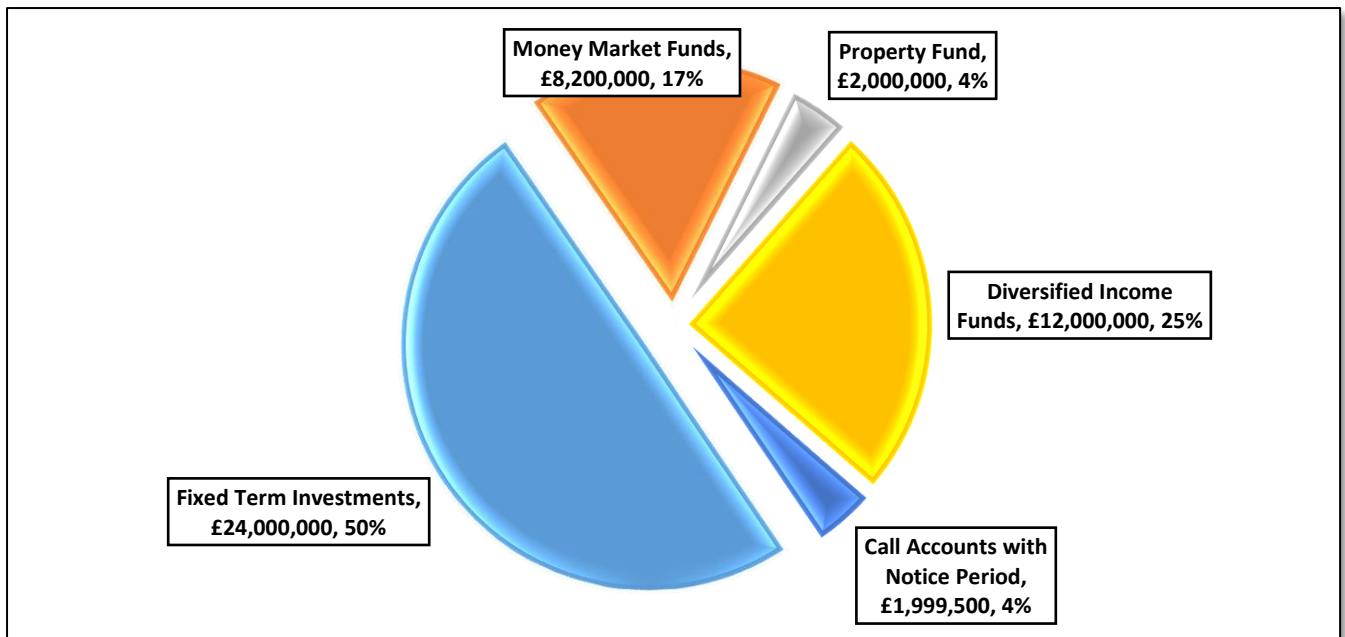
3.67. Our aim for the risk status of our investments was **A-** or higher. The risk status based on the length of the investment and the value for a 10 month period is summarised in the graph below:



## The Liquidity of our Investments

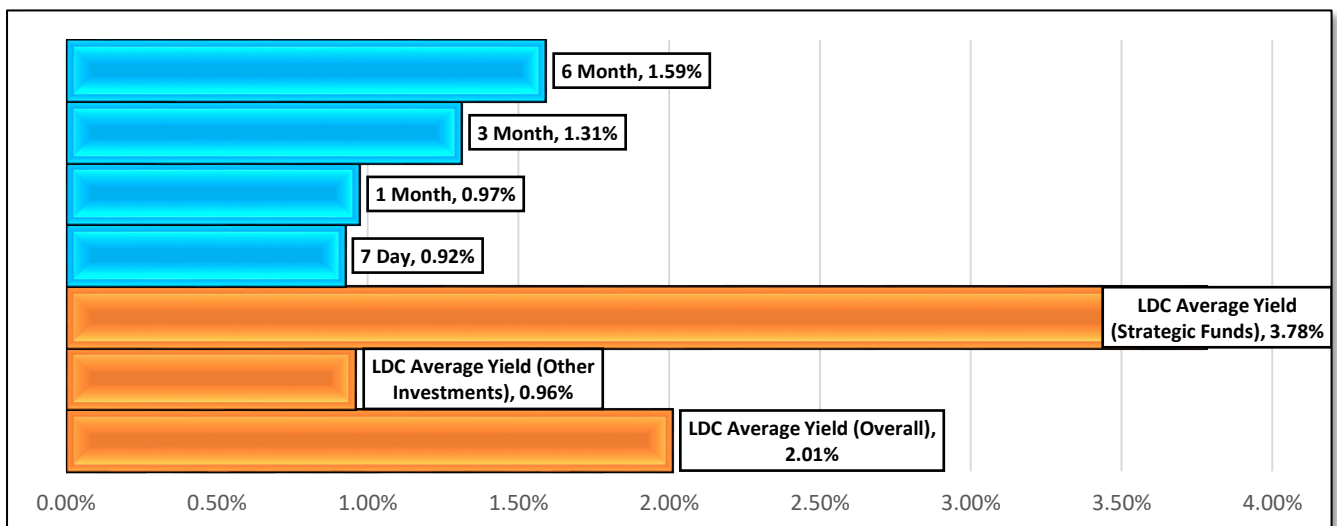
3.68. The Council has not had to temporarily borrow during 2022/23.

3.69. 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

3.70. 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:



3.71. The investment activity during the financial year is projected to generate (£1,033,000) of gross investment income compared to a budget of (£702,500).

## The External Borrowing Portfolio

3.72. 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)	£1,095,840	2.59%	17.7	(£35,439)
<b>TOTAL BORROWING</b>	<b>£1,095,840</b>	<b>2.59%</b>	<b>17.7</b>	<b>(£35,439)</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 2023 would be <b>£7,167,610</b>.</p> <p>At this three months stage, general reserves are forecast to be <b>£6,075,329</b>. This is a decrease of <b>(£1,092,281)</b> and is related to:</p> <ul style="list-style-type: none"> <li>• A lower than budgeted contribution in 2021/22 of <b>(£42,031)</b>.</li> <li>• A projected decrease contained in this report for 2022/23 of <b>(£1,050,250)</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</b>				
A	Council Tax is not set by the Statutory Date of <b>11 March 2023</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	Likelihood : Red	The Council responded to the recent	Likelihood : Red

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
	Bonus regime	Impact : Red Severity of Risk : Red	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.	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	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 / strategic plan to the emerging landscape</b>				
G	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
H	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
I	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) 2021-2026 (MTFS) – Cabinet 8 February 2022

Money Matters: 2021/22 Review of Financial Performance against the Financial Strategy – Cabinet 7 June 2022

Medium Term Financial Strategy (MTFS) – Cabinet 11 July 2022

## Relevant web link



## Revenue Financial Performance – Variance to Budget 2022/23

Area	2022/23					
	Original Budget £	Approved Budget £	Projected Outturn £	Projected Variance £	Variance to Original Budget £	2022/23 Target (+/-) £
Enabling people	1,526,950	1,411,140	1,388,910	(22,230)	(138,040)	
Shaping place	4,082,610	4,069,830	4,182,930	113,100	100,320	
Developing prosperity	(436,080)	(282,750)	(210,890)	71,860	225,190	
A good council	6,918,520	7,583,280	8,670,800	1,087,520	1,752,280	
COVID-19 - General Recovery	377,000	0	0	-	(377,000)	
<b>Net Cost of Services</b>	<b>12,469,000</b>	<b>12,781,500</b>	<b>14,031,750</b>	<b>1,250,250</b>	<b>1,562,750</b>	<b>250,000</b>
Net Treasury Position	(298,000)	(610,500)	(810,500)	(200,000)		
Revenue Contributions to the Capital Programme	100,000	100,000	100,000	-		
<b>Net Operating Cost</b>	<b>12,271,000</b>	<b>12,271,000</b>	<b>13,321,250</b>	<b>1,050,250</b>		
Transfer (from) / to General Reserve	280,000	280,000	(770,250)	(1,050,250)		
Transfer (from) / to Earmarked Reserves	0	0	0	-		
<b>Net Revenue Expenditure</b>	<b>12,551,000</b>	<b>12,551,000</b>	<b>12,551,000</b>	<b>0</b>		
<b>Financed by:</b>						
Retained Business Rates	(3,311,000)	(3,311,000)	(3,311,000)	-		
Business Rates Cap	(174,000)	(174,000)	(174,000)	-		
Services Grant	(146,000)	(146,000)	(146,000)	-		
Lower Tier Services Grant	(95,000)	(95,000)	(95,000)	-		
New Homes Bonus	(1,401,000)	(1,401,000)	(1,401,000)	-		
Council Tax Collection Fund (Surplus)/Deficit	32,000	32,000	32,000	-		
Council Tax	(7,456,000)	(7,456,000)	(7,456,000)	-		

## Closing the Funding Gap Progress

Cabinet		2023/24	2024/25	2025/26	2026/27
Original Funding Gap	Date	£725,710	£765,340	£732,190	£904,890
Pension Contributions	05/04/2022	(£31,520)	(£150,660)	(£271,940)	£10,050
<b>Approved Funding Gap/(transfer to General Reserves)</b>		<b>£694,190</b>	<b>£614,680</b>	<b>£460,250</b>	<b>£914,940</b>

Impact of Current Inflation Projections					
		2023/24	2024/25	2025/26	2026/27
Payroll	Projection	£502,740	£519,720	£535,170	£552,630
Utilities	Projection	£173,450	£173,880	£172,840	£170,270
Fuel	Projection	£154,550	£163,990	£173,000	£181,570
Telephone & Mobiles	Projection	£6,130	£6,170	£6,130	£6,030
Business Rates	Projection	£0	£0	£0	£0
Postage	Projection	£5,650	£6,560	£7,430	£8,270
Insurances	Projection	£17,350	£15,480	£12,590	£8,650
Investment Income	Projection	(£535,000)	(£536,000)	(£302,000)	(£324,000)
<b>Total</b>		<b>£324,870</b>	<b>£349,800</b>	<b>£605,160</b>	<b>£603,420</b>

Projected Funding Gap		£1,019,060	£964,480	£1,065,410	£1,518,360
-----------------------	--	------------	----------	------------	------------

## General Reserves

	Original	Approved	Projected
<b>Start of year</b>	<b>£6,887,610</b>	<b>£6,845,579</b>	<b>£6,845,579</b>
Budgeted Contribution	£280,000	£280,000	£280,000
This Report	£0	£0	(£1,050,250)
<b>Sub Total In Year</b>	<b>£280,000</b>	<b>£280,000</b>	<b>(£770,250)</b>
<b>End of year</b>	<b>£7,167,610</b>	<b>£7,125,579</b>	<b>£6,075,329</b>
<b>Change to Original</b>		<b>(£42,031)</b>	<b>(£1,092,281)</b>

## Savings and Additional Income Proposals Monitoring

Targets		
No	Saving	MTFS Target
1	Standby payments	£9,000
2	Fusion Credit	£10,000
3	Void reduction	£2,000
4	Light Emitting Diode lighting / Car park	£2,000
5	Revs & Bens Restructure Part 1	£87,070
6	Corp pay budgets	£23,090
7	Deleted post - post room	£24,610
8	Reduced telephone budget	£1,000
9	Reduced document imaging	£9,000
10	Reduced printing	£8,000
11	Reduced postage	£15,000
12	Reduced stationery	£5,000
13	Reduced Uniform (Customer)	£1,000
14	Hybrid working savings	£100,000
15	Communications / Visitor Economy merger	£10,000
16	Revs & Bens restructure Part 2	£200,000
17	Golf course	£80,000
18	Restructure of Operational Services	£0
19	Major Projects	£95,000
20	Post/Printing	£30,000
21	Vacancy savings	£150,000
22	Implement new Target Operating Model	£330,000
23	Information Technology savings	£150,000
24	Dividend	£25,000
25	Savings Strategy year 1 - Treasury Management	£340,230
26	Garden Waste Price increase	£50,000
27	Review of Existing Pricing Discounts	£45,000
28	Grant funding for homelessness	£35,000
29	Property Income (1.5 Properties 21/22, 4 Properties 22/23, 5 Properties 23/24)	£12,000
30	Introduce Sunday Charging (replace £1 flat fee with normal tariffs).	£93,000
31	Introduce an evening charge in LDC car parks of £1.	£38,000
32	Introduce a departure charge to all bus companies using Lichfield Bus Station.	£21,000
33	Introduce an administration charge of £100 for supplying CCTV footage to insurance companies.	£1,000
34	Introduce an administration charge of £200 for coning off bays in car parks.	£1,000
35	Annual increase in relevant fees and charges of 2.5%	£64,000
36	street naming and numbering	£20,000
	<b>Total</b>	<b>£2,087,000</b>
	<b>Total Green and Amber Status</b>	<b>£1,469,000</b>
	<b>Shortfall to MTFS Target</b>	<b>£618,000</b>

Progress on achievement			
Green - likely to be achieved	Amber - likely to be achieved with part year	Red - will be delivered in later years	Comments on Amber and Red items
£0			Not viable
£10,000			
£2,000			
£0		£2,000	Only to be considered for Lombard Street
£87,070			
£23,090			
£24,610			
£1,000			
£9,000			
£8,000			
£15,000			
£5,000			
£1,000			
£100,000			
£10,000			
	£58,000	£58,000	Implementation 1/10/2022
£40,000		£40,000	Alternative options being identified for consideration
£0			
£95,000			
£30,000			
£150,000			
£0	£330,000	£320,000	Implementation 1/10/2022
£0		£300,000	Alternative options being identified for consideration
£0		£100,000	Will depend on the financial performance of the Company
£340,230			Increased target
£0		£50,000	Deferred for future implementation
£45,000			
£35,000			
£12,000			
£0		£93,000	Deferred for future implementation
£0		£38,000	Deferred for future implementation
£0		£21,000	Deferred for future implementation
£0		£1,000	Deferred for future implementation
£0		£1,000	Deferred for future implementation
£18,000		£46,000	Car Parking deferred for future implementation
£20,000			
<b>£1,081,000</b>	<b>£388,000</b>	<b>£1,070,000</b>	

## Fees and Charges

Income Type	Annual	Actual	Year End
	Budget		Variance
	£000	£000	£000
Planning Applications	781	351	0
Car Parks	1,721	427	0
Garden Waste	1,480	1,322	0
Trade Waste	443	534	0
Land Charges	305	70	0
Building Control	948	418	0
Property Rental	673	294	82
<b>Total of Highest Value Fees &amp; Charges</b>	<b>6,352</b>	<b>3,416</b>	<b>82</b>
<b>Other Income</b>			
Licensing			
Leisure Centres			
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	2021/22
Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
£000	£000	£000	£000	£000	£000	£000	£000
771	629	1,030	824	797	744	695	974
1,746	1,748	1,986	2,078	2,198	2,105	752	1,515
0	0	0	231	1,495	1,478	1,618	1,609
338	390	407	415	443	469	485	522
183	297	312	279	286	253	272	341
454	507	557	547	553	896	1,032	948
644	681	687	729	839	744	680	674
<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>	<b>6,583</b>
217	185	236	224	241	245	160	184
1,782	1,819	1,879	1,629	183	0	0	0
0	0	0	0	1,103	0	0	0
252	233	218	198	214	222	154	247
14	347	439	463	331	283	280	560
162	161	168	195	217	264	273	234
1,839	1,139	1,319	1,124	1,057	1,063	908	1,166
<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>	<b>8,974</b>

## Capital Programme Performance in 2022/23

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
Canopy and artificial grass at Armitage	0	3,000	0	3,000	0
Burntwood Leisure Centre Sinking Fund Projects	0	69,000	0	69,000	0
Friary Grange - Short Term Refurbishment	0	158,000	6,577	158,000	0
Replacement Leisure Centre	2,349,000	2,524,000	0	2,524,000	0
Burntwood Leisure Centre - Decarbonisation	0	18,000	(38,552)	18,000	0
Accessible Homes (Disabled Facilities Grants)	1,654,000	1,343,000	(234,786)	1,343,000	0
Home Repair Assistance Grants	4,000	4,000	0	0	(4,000)
Decent Homes Standard	147,000	147,000	0	147,000	0
DLUHC Monies	212,000	212,000	0	0	(212,000)
Unallocated S106 Affordable Housing Monies	334,000	382,000	0	382,000	0
Burntwood Park Play Equipment	0	75,000	0	75,000	0
Conversion of 36a Bore Street	0	360,000	0	576,000	216,000
Streethay Community Centre	0	600,000	0	600,000	0
Changing Places Fund	0	0	0	94,000	94,000
Zip Wire in Burntwood	0	30,000	0	30,000	0
<b>Enabling People Total</b>	<b>4,792,000</b>	<b>6,017,000</b>	<b>(266,762)</b>	<b>6,111,000</b>	<b>94,000</b>
Loan to Council Dev Co.	0	675,000	0	675,000	0
Lichfield St Johns Community Link (CIL)	35,000	35,000	0	35,000	0
Staffordshire Countryside Explorer (CIL)	0	44,000	42,681	44,000	0
Lichfield Public Conveniences	0	40,000	0	40,000	0
Bin Purchase	150,000	150,000	0	150,000	0
Dual Stream Recycling	0	267,000	0	267,000	0
Vehicle Replacement Programme (Other)	229,000	229,000	0	229,000	0
Upper St John St & Birmingham Road	7,000	7,000	0	7,000	0
The Leomansley Area Improvement Project	0	3,000	0	3,000	0
Burntwood Public Conveniences	0	45,000	0	45,000	0
Falkland Road Fosseyway Canal Walk	0	260,000	0	260,000	0
<b>Shaping Place Total</b>	<b>421,000</b>	<b>1,755,000</b>	<b>42,681</b>	<b>1,755,000</b>	<b>0</b>
Vehicle Replacement Programme (Car Parks)	10,000	10,000	0	10,000	0
Coach Park	1,137,000	1,080,000	0	1,080,000	0
Car Parks Variable Message Signing	150,000	150,000	0	150,000	0
Old Mining College - Refurbish access and signs	13,000	13,000	0	13,000	0
Pay on Exit System at Friary Multi Storey	150,000	150,000	0	150,000	0
Card Payment in All Car Parks	100,000	100,000	0	100,000	0
Electric Vehicle Charge Points	80,000	80,000	0	80,000	0
Car Park Barriers	36,000	36,000	0	36,000	0
<b>Developing Prosperity Total</b>	<b>1,676,000</b>	<b>1,619,000</b>	<b>0</b>	<b>1,619,000</b>	<b>0</b>
Equipment Storage	0	125,000	0	125,000	0
Property Planned Maintenance	230,000	106,000	116,315	206,000	100,000
New Financial Information System	44,000	44,000	0	44,000	0
IT Infrastructure	0	300,000	0	300,000	0
Building a Better Council	600,000	665,000	189,360	665,000	0
Committee Audio-Visual Hybrid Meeting Platform	90,000	85,000	0	85,000	0
Construction Inflation Contingency	100,000	100,000	0	100,000	0
<b>Good Council Total</b>	<b>1,064,000</b>	<b>1,425,000</b>	<b>305,674</b>	<b>1,525,000</b>	<b>100,000</b>
<b>Approved Budget</b>	<b>7,953,000</b>	<b>10,816,000</b>	<b>81,593</b>	<b>11,010,000</b>	<b>194,000</b>

Funding Source	Original Budget	Approved Budget	Projected Actual	Variance
Capital Receipts	1,331,000	1,881,000	1,981,000	100,000
Corporate Revenue	100,000	100,000	100,000	0
Borrowing Need - Borrowing and Finance Leases	2,349,000	2,524,000	2,524,000	0
Capital Grants and Contributions	3,030,000	3,695,000	3,789,000	94,000
Reserves, Existing Revenue Budgets and Sinking Funds	1,143,000	2,616,000	2,616,000	0
<b>Capital Programme Total</b>	<b>7,953,000</b>	<b>10,816,000</b>	<b>11,010,000</b>	<b>194,000</b>

### Investments in the 2022/23 Financial Year

The table below shows a breakdown of our investments at the 30 June 2022:

Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating	Non-UK Organisation
<b>Money Market Funds</b>						
Legal & General	£2,520,000	01-Jul-22	Instant Access	1.03%	AAAMMF	N/A
BNP Paribas MMF	£680,000	01-Jul-22	Instant Access	1.04%	AAAMMF	N/A
CCLA MMF	£5,000,000	01-Jul-22	Instant Access	0.96%	AAAMMF	N/A
<b>Strategic Funds</b>						
CCLA Property Fund	£2,000,000	N/A	N/A	3.64%	N/A	No
Ninety-One Diversified Income Fund	£5,000,000	N/A	N/A	3.52%	N/A	No
CCLA Diversified Income Fund	£2,000,000	N/A	N/A	2.39%	N/A	No
Aegon Diversified Income Fund	£5,000,000	N/A	N/A	4.98%	N/A	No
<b>Fixed Term Investments</b>						
Moray Council	£2,000,000	22-Aug-22	53	0.20%	LOCAL	No
Conwy County Borough Council	£2,000,000	23-Jan-23	207	0.30%	LOCAL	No
Folkestone and Hythe District Council	£2,000,000	09-Mar-23	252	0.95%	LOCAL	No
North Lanarkshire Council	£2,000,000	21-Dec-22	174	0.85%	LOCAL	No
Debt Management Office	£6,000,000	19-Oct-22	111	0.94%	UK Government	No
Debt Management Office	£6,000,000	19-Jul-22	19	1.01%	UK Government	No
Debt Management Office	£4,000,000	21-Nov-22	144	1.53%	UK Government	No
<b>Call Accounts with Notice Period</b>						
Santander	£1,000,000	03-Oct-22	95	0.93%	A	No
HSBC	£999,500	31-Jul-22	31	1.23%	A+	No
<b>Total Investments</b>	<b>£48,199,500</b>					