

Medium Term Financial Strategy (MTFS)

Cabinet Member for Finance and Commissioning

Date: 15 September 2022

Agenda Item:

Contact Officer: Anthony Thomas

Tel Number: 01543 308012

Email: Anthony.thomas@lichfielddc.gov.uk

Key Decision? YES

Local Ward All Wards

Members



Overview and Scrutiny Committee

1. Executive Summary

- 1.1 The ability to deliver the outcomes set out in the **Lichfield District Council Strategic Plan**, and beyond, is dependent on the resources available in the MTFS.
- 1.2 The MTFS was approved by Council on 22 February 2022 and this is refreshed each year to:
 - Remove the previous financial year and in this MTFS this is 2021/22
 - Formally add the new financial year and in this MTFS this is 2026/27 and;
 - Refresh and update assumptions to reflect the latest information available.
- 1.3 The MTFS is the overall budget framework and consists of the Revenue Budget, Capital Strategy and Capital Programme, Earmarked Reserves and General Reserves.
- 1.4 There have been reports to Cabinet and Council that have updated the MTFS since its initial approval.
- 1.5 The Treasury Management Strategy Statement and Annual Investment Strategy are also important components of the MTFS. These components, under the Constitution are the responsibility of the Audit and Member Standards Committee and, therefore, will be considered by that Committee as part of the development of the Draft MTFS.
- 1.6 The timetable for consideration of the various elements of financial planning is shown in detail at **APPENDIX A** and the elements related to MTFS development are summarised below:

Date	Meeting	Topics	
Budget Consultation (June to December)	05/07/2022	Cabinet	Budget timetable, Budget principles, MTFS update, Budget consultation and Budget assumptions for 2023/24
	15/09/2022	Overview and Scrutiny Committee	To review the Draft Medium Term Financial Strategy
	04/10/2022	Cabinet	An update on the Draft Medium Term Financial Strategy
	17/11/2022	Overview and Scrutiny Committee	To review the Draft Medium Term Financial Strategy
	06/12/2022	Cabinet	Set the Council Taxbase for 2023/24
	19/01/2023	Overview and Scrutiny Committee	To review the Draft Medium Term Financial Strategy
	02/02/2023	Audit and Member Standards Committee	To review the Treasury Management Strategy Statement
	14/02/2023	Cabinet	To recommend the Medium Term Financial Strategy and Council Tax increase to Council
	28/02/2023	Council	Approve the Medium Term Financial Strategy, updated Local Council Tax Support Scheme and set the Council Tax

- 1.7 There remains an inherently high level of uncertainty surrounding the Local Government Finance regime with the residual impact of the COVID-19 pandemic, the cost of living crisis and other potential Government Policy changes.

- 1.8 The Council has a statutory duty to undertake budget consultation, set a balanced budget and to calculate the level of Council Tax for its area.
- 1.9 The Approved Capital Programme together with a projection for 2026/27 from the longer term capital investment model, is also included for consideration.
- 1.10 In addition, there are a number of other activities taking place that will impact on the Medium Term Financial Strategy including the review of the Local Council Tax Support Scheme, the United Kingdom Shared Prosperity Funding, the review of the level of reserves and a review of capital investment needs.

2. Recommendations

- 2.1. To provide views to Cabinet in relation to:
 - The policy related to any 'windfalls' or additional resources from further delays in Local Government Finance Reform
 - The review of reserves
 - Capital investment priorities
 - The Review of the Local Council Tax Support Scheme
 - The potential level of the District's Council Tax increase for 2023/24
- 2.2. To note the approach to Budget Consultation for 2023/24.

3. Background

The Medium Term Financial Strategy (MTFS)

- 3.1. Council approved the MTFS (Revenue and Capital) 2021-26 on 22 February 2022 which covers the financial years 2021/22 to 2025/26 (with a further projection for 2026/27 prepared by Finance for forward planning purposes).
- 3.2. The MTFS includes:
 - **The Revenue Budget** related to the day to day delivery of the Council's services such as waste collection
 - **General Reserves** related to the amount of money available to balance the budget in the short term or fund short term initiatives
 - **The Capital Programme** and its financing for longer term expenditure in relation to the Council's assets, such as property
- 3.3. The Revenue Budget and Capital Programme are connected by:
 - Any financing of the Capital Programme from the Revenue Budget
 - The repayment of borrowing and the receipt of income from investments
 - Expenditure, income and savings resulting from capital investment
- 3.4. The Council updates its Budget forecasts at 3, 6 and 8 month intervals.
- 3.5. To assist in understanding the level of uncertainty or risk present, in relation to the Local Government Funding Regime, we allocate each financial year a risk rating:
 - **Low** – all significant components of the Local Government Funding Regime are known and understood
 - **Medium** – all significant components of the Local Government Funding Regime are known although there is some uncertainty around how specific elements will operate
 - **High** – there is uncertainty around all significant components of the Local Government Funding Regime

MTFS Budget Principles

- 3.6. To assist in preparing the MTFS, in common with a number of Councils, a set of principles were established to guide the preparation and management of the MTFS.
- 3.7. Council, on 15 October 2019, approved the budget principles identified below:
- Council will consider the medium term outlook when setting the level of Council Tax to ensure that a sustainable budget position is maintained
 - Council will prioritise funding for statutory and regulatory responsibilities to ensure these are delivered in a way that meets our legal requirements and customer needs
 - Council will continue to seek continuous improvement to enable further savings, efficiencies and income gains and provide budgets that are appropriate to service needs
 - Council will ensure that all growth in the staffing establishment will be fully understood through robust business cases in order to ensure our resources match service and customer needs. Growth will usually be allowed where costs are offset by external funding, savings or additional income
 - Council will not add to other ongoing revenue budgets unless these are unavoidable costs or corresponding savings are identified elsewhere
 - Council will use robust business cases to prioritise capital funding so that we have a sustainable Capital Programme that meets statutory responsibilities, benefits the Council's overall revenue budget position, and ensures that existing assets are properly maintained
 - Council will maintain an overall level of revenue reserves that are appropriate for the overall level of risks that the organisation faces, in order to overcome any foreseeable financial impact

MTFS Budget Assumptions

- 3.8. There are a number of Cost and Demand Drivers at a corporate level that are likely to influence the level and cost of services provided and therefore the budgets contained in the MTFS.
- 3.9. The updated Cost and Demand Drivers (with negative changes from the current MTFS shaded in red and positive changes shaded in green) initially identified for development of the MTFS are shown below:

Cost Drivers						
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Full Time Equivalents ¹	321	321	321	321	321	321
Pay Award	1.75%	4.00%	4.00%	2.00%	2.00%	2.00%
Employers National Insurance	8.76%	8.87%	8.97%	9.07%	9.16%	9.16%
Employers Pension (%)	16.20%	16.20%	22.00%	22.00%	22.00%	22.00%
Employers Pension (Past Service)	£1,102,060	£1,206,520	£746,000	£767,000	£788,000	£809,000
Employers Pension (Other)	£109,180	£109,260	£112,540	£115,920	£119,400	£121,790
Non Contractual Inflation (CPI)	3.88%	8.01%	2.36%	1.65%	1.96%	2.00%
Non Contractual Inflation (RPI)	5.71%	10.27%	3.62%	2.38%	2.60%	2.73%
Applicable Fees and Charges	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Council Tax Increase	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Base Rate	0.20%	1.43%	1.85%	1.63%	1.39%	1.25%
Demand Drivers						
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Population Projections	105,293	105,709	106,073	106,432	106,749	107,070
Residential Properties	47,437	47,939	48,488	49,183	49,918	50,420
Business Properties	3,053	3,053	3,053	3,053	3,053	3,053
Number of visitors to the District	2,000,000	2,200,000	2,500,000	2,600,000	2,700,000	2,800,000
					% Increase	
Population Projections					1.69%	
Residential Properties					6.29%	
Business Properties					0.00%	
Number of visitors to the District					40.00%	

¹ Excluding the impact of the Voluntary Severance Policy.

An Update on Local Government Finance Reform

- 3.10. The Strategic Risk Register includes a risk in relation to the non-achievement of the Council's key priorities contained in the Strategic Plan due to the availability of finance.
- 3.11. In March 2022, this risk was outside of the risk appetite and in the red zone principally due to:
- The uncertainty around Local Government Finance Reform
 - The residual impact of COVID-19 on the MTFS including areas such as car parking use
 - The geo political events increasing inflationary pressures in the economy
- 3.12. Local Government Finance Reform remains the most significant area of uncertainty and includes:
- **Social Care Funding and Reform** – a significant element of Local Government Spending with demand increasing and funding not keeping pace.
 - **A Review of New Homes Bonus** – a further one year allocation for 2022/23 was provided as part of the one year Local Government Finance Settlement for 2022/23. Indications from the consultation document were that the level of reward will be significantly lower than the current scheme. The MTFS assumes no receipts from any replacement scheme from 2023/24 onwards.
 - **A Review of Business Rates** – this area has two elements, firstly the ongoing review of the Business Rates system and possible alternatives, such as a land based tax or an online based tax and secondly, how the income from Business Rates is distributed.
 - **A Review of Needs and Resources (the Fair Funding Review)** – how more up to date information on needs and resourcing is utilised to update how Local Government Funding is distributed.
- 3.13. The MTFS assumes, based on expert advice, that Local Government Finance reform was to be implemented in 2023/24. It also assumes District Councils generally and specifically Councils such as Lichfield DC who are classed as relatively 'low need' i.e. population size, levels of deprivation and other factors and 'high tax base' i.e. a £1 Council Tax increase raises higher levels of income compared to others, will be detrimentally impacted by these changes through lower funding.
- 3.14. The timescales for implementation in 2023/24 are challenging. To date there has been no development work taking place in the Government, there have been changes in personnel, no papers or working groups have taken place. It was indicated this would be a pre-Summer consultation with numbers however this is now likely to be in the autumn given the uncertainty in Government. Therefore, the likelihood is that a further one or two year Finance Settlement will be provided or reform will be phased.
- 3.15. A one or two year settlement could result in significant additional income for the Council in 2023/24 and 2024/25. This is because negative Revenue Support Grant would likely be abated, Business Rates growth would be retained rather than being redistributed, Business Rates cap compensation could be paid, there could be a further payment of New Homes Bonus and Lower Tier and Services grant could also be paid.
- 3.16. An indication of the level of additional funding that could be received is shown below:

Approved Budget		Detail	Funding Scenarios	
2023/24 £000	2024/25 £000		2023/24 £000	2024/25 £000
1,791	1,826	Baseline Funding Level	2,117	2,117
550	654	Retained Business Rate Growth	1,667	2,002
0	0	Business Rates Cap Compensation	476	0
0	0	Lower Tier Services Grant	202	202
0	0	New Homes Bonus	681	700
2,341	2,480	Total Government Funding	5,143	5,021
		Potential additional income	2,802	2,541

- 3.17. One policy option available to the Council as part of the development of the new Medium Term Financial Strategy, would be to set aside any 'windfall' or additional resources to fund further capital investment in line with Strategic Priorities.

The Approved and Projected Revenue Budget

- 3.18. A balanced revenue budget for 2022/23 was approved by Council based on the delivery of (£2,087,000) of savings and additional income proposals.
- 3.19. The current progress on delivering these savings/additional income proposals included within the MTFs and scrutinised by this Committee on 18 November 2021 is provided at **APPENDIX B**.
- 3.20. This currently shows a projected shortfall of £618,000 and this shortfall will need to be funded by general reserves until these proposals (or alternatives) are delivered.
- 3.21. The cost drivers above show projections for inflation using both CPI and RPI indexes, the table below shows the current inflation projections being using to develop the MTFs at a more granular level:

	2022/23	2023/24	2024/25	2025/26	2026/27
Salaries & Wages	4.00%	4.00%	2.00%	2.00%	2.00%
Electricity	95.00%	20.00%	10.00%	10.00%	10.00%
Gas	176.00%	9.00%	10.00%	10.00%	10.00%
Water	10.00%	3.00%	3.00%	3.00%	3.00%
Fuel	39.00%	9.40%	5.00%	5.00%	5.00%
Telephone & Mobiles	10.00%	3.00%	3.00%	3.00%	3.00%
Business Rates	3.00%	3.96%	4.12%	4.27%	4.44%
Postage	10.00%	3.00%	3.00%	3.00%	3.00%
Insurances	10.00%	5.00%	5.00%	5.00%	5.00%
Investment Income	1.74%	2.78%	2.89%	2.77%	2.85%

- 3.22. These budget and inflation pressures included in the projections are explained further below:

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Shortfall in savings/additional income proposals	618				
Other	69				
Budget Pressures	687	0	0	0	0
Payroll (higher pay award in 2022/23 and 2023/24)	238	503	520	535	553
Utilities	157	173	174	173	170
Fuel	124	155	164	173	182
Telephone & Mobiles	6	6	6	6	6
Postage	5	6	7	7	8
Insurances	18	17	15	13	9
Investment Income	(185)	(535)	(536)	(302)	(324)
Inflation Pressures	363	325	350	605	603

- 3.23. The approved and projected Revenue Budget (including approved changes and a forward projection for 2026/27 from the 25 year model) is shown in detail at **APPENDIX C** and in summary below:

	2022/23		2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
	Original Budget £000	Approved Budget £000				
LEVEL OF UNCERTAINTY / RISK	MEDIUM	MEDIUM	HIGH	HIGH	HIGH	HIGH
Revenue Expenditure	12,551	12,551	10,676	11,030	11,278	12,003
Revenue Funding	(12,551)	(12,551)	(9,982)	(10,415)	(10,818)	(11,088)
Approved Budget Funding Gap	0	0	694	615	460	915
Money Matters 3 months budget pressures	0	687	0	0	(25)	183
Money Matters 3 months inflation pressures	0	363	325	350	605	603
Projected Budget Funding Gap	0	1,050	1,019	965	1,040	1,701
More Optimistic Scenario	0	1,050	15	(36)	63	697
More Pessimistic Scenario	0	1,050	1,747	1,834	2,275	2,936

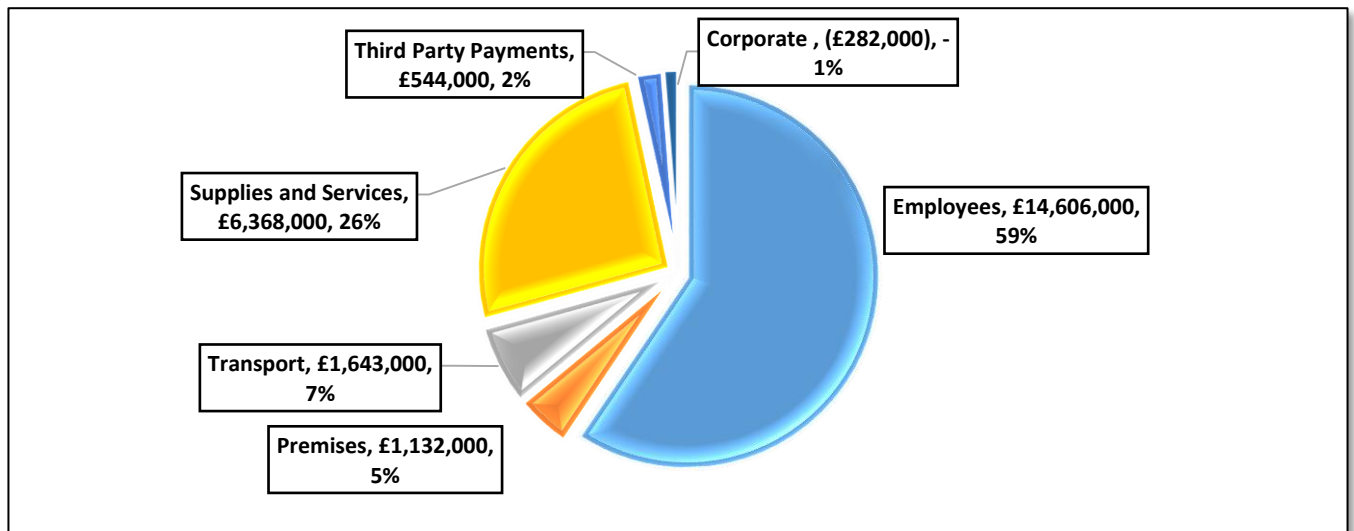
- 3.24. The table above also shows alternative scenarios where the funding gap varies based on different assumptions utilised primarily in relation to the impact of finance reviews from 2023/24 onwards.
- 3.25. In the absence of savings or additional income being identified, funding gaps would be funded by available general reserves.

The Approved and Projected Revenue Budget in 2023/24

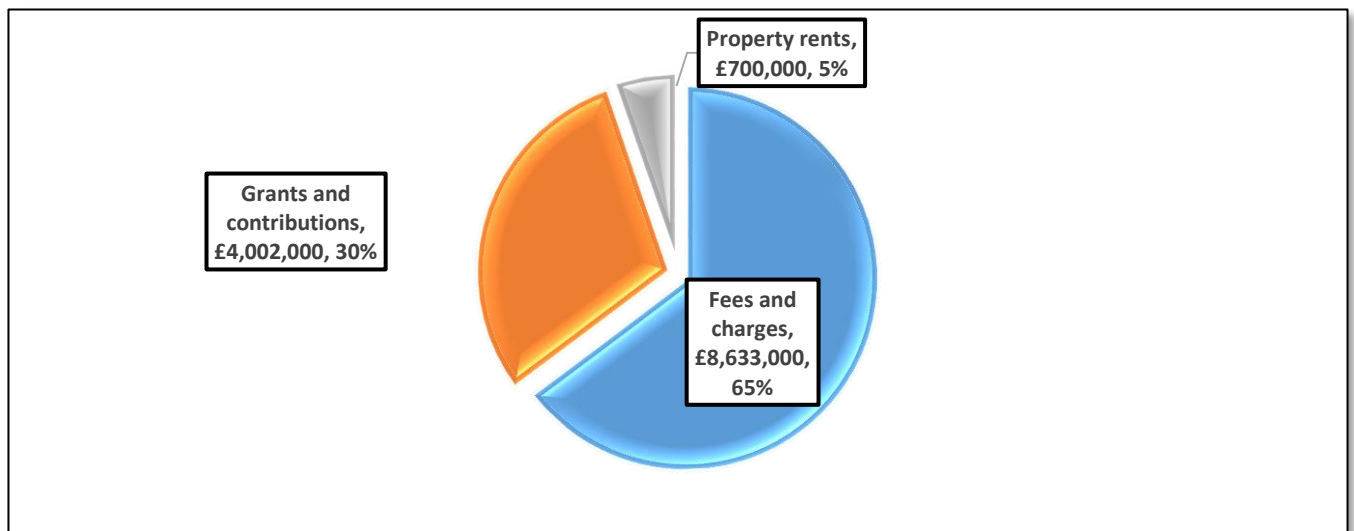
3.26. The Approved and Projected Revenue Expenditure Budget for 2023/24 is further analysed below:

	2023/24 £000
Gross Expenditure (Exc. Housing Benefits)	24,011
External Income (Exc. Housing Benefits)	(13,335)
Net Revenue Expenditure	10,676
Revenue Funding	(9,982)
Approved Budget Funding Gap	694
Payroll	503
Utilities	173
Fuel	155
Telephone & Mobiles	6
Postage	6
Insurances	17
Investment Income	(535)
Sub Total Projected Inflation Pressures	325
Projected Funding Gap	1,019

3.27. The gross revenue expenditure for 2023/24 of **£24,011,000** is analysed by type of expenditure below:

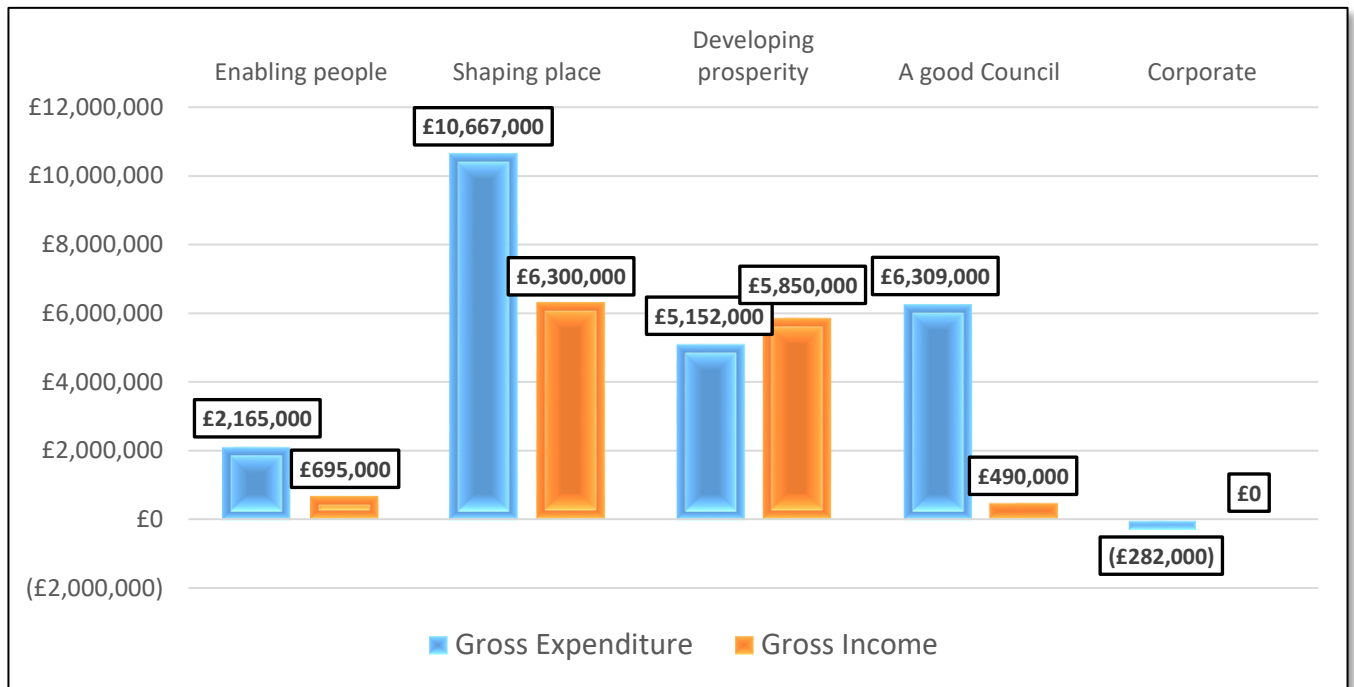


3.28. The External Income Budget from grants, contributions, sales, fees and charges for 2023/24 of **(£13,335,000)** is analysed below:

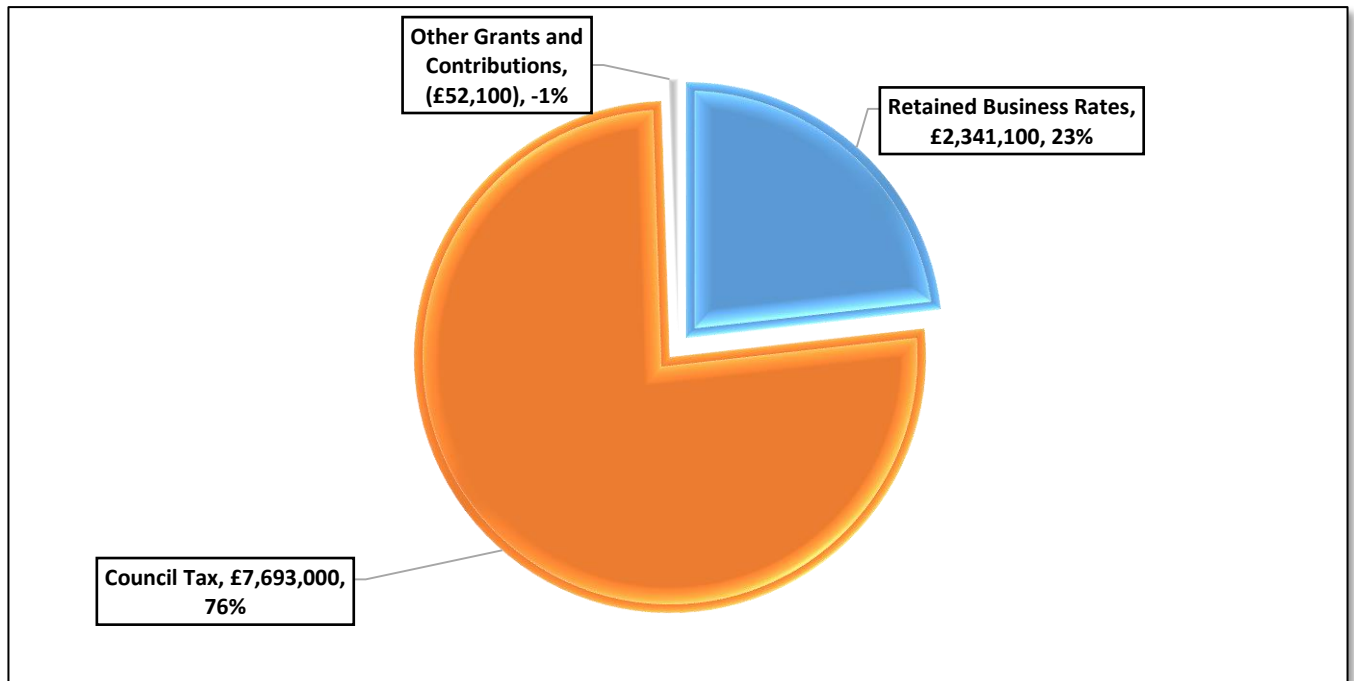


3.29. The detailed schedule of fees and charges Approved Budgets for 2023/24 is shown at **APPENDIX D**.

3.30. An analysis of the gross expenditure and gross income in 2023/24 that constitutes the net expenditure of **£10,676,000** by Strategic Priority is shown below:



3.31. An analysis of revenue funding of **(£9,982,000)** is shown in detail at **APPENDIX B** and in summary below:



The Approved and Projected MTFS and General Reserves

3.32. The current projected funding gaps are shown in the table below:

	2022/23		2023/24	2024/25	2025/26	2026/27
	Original Budget £000	Approved Budget £000				
LEVEL OF UNCERTAINTY / RISK	MEDIUM	MEDIUM	HIGH	HIGH	HIGH	HIGH
Original Funding Gap	0	0	726	765	732	905
Approved Updates						
Pension Contributions - Cabinet 05/04/2022	0	0	(32)	(151)	(272)	10
Approved Funding Gap	0	0	694	614	460	915
Budget Monitoring in 2022/23						
Other pressures	0	69	0	0	(25)	183
Inflation pressures	0	363	325	350	605	603
Under achievement of savings/additional income proposals	0	618	0	0	0	0
Projected Funding Gap	0	1,050	1,019	964	1,040	1,701

Revenue funding to the Capital Programme	100	100	313	100	515	183
Underlying Funding Gap	(100)	950	706	864	525	1,518

3.33. The Council has total general reserves available based on the central scenario, to manage the impact of Local Government Finance Reform and other risks such as the inflationary economic environment:

	2022/23		2023/24	2024/25	2025/26	2026/27
	Original Budget £000	Approved Budget £000				
LEVEL OF UNCERTAINTY / RISK	MEDIUM	MEDIUM	HIGH	HIGH	HIGH	HIGH
Available General Reserves Year Start	5,246	5,246	4,476	3,749	2,785	1,745
(Funding Gap) / transfer to General Reserves	0	(1,050)	(1,019)	(964)	(1,040)	(1,701)
Share of Projected Collection Fund Surplus	0	0	292	0	0	0
New Homes Bonus in excess of the 'Cap'	280	280	0	0	0	0
Available General Reserves Year End	5,526	4,476	3,749	2,785	1,745	44
Minimum Level	1,600	1,600	1,600	1,600	1,600	1,600
Total Projected General Reserves	7,126	6,076	5,349	4,385	3,345	1,644

More Optimistic Scenario	7,126	6,076	6,353	6,389	6,326	5,629
More Pessimistic Scenario	7,126	6,076	4,621	2,787	512	(2,424)

3.34. The level of uncertainty together with the level of total general reserves available, mean that the Council will be able to implement a sustainable approach to balancing the budget. The approach can be adapted as more information on Local Government Finance Reform and its impact on the Council becomes available, including any transitional funding.

United Kingdom Shared Prosperity Fund

- 3.35. 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.
- 3.36. The fund provides £2.6 billion of new funding for investment by March 2025.
- 3.37. 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
- 3.38. The Council has submitted an investment plan to outline local interventions over the financial years 2022/23, 2023/24 and 2024/25 which meets the UKSPF priorities.
- 3.39. Once the submitted investment plan is approved, the first payment is expected to be received by lead local authorities from October 2022.
- 3.40. 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.
- 3.41. 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.
- 3.42. 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		£250,000
Cinema Development	£0						£400,000	£400,000
Incubator Space	£0				£353,703	£300,000	£546,297	£1,200,000
Localities Work	£45,000	£90,000	£90,000	£225,000				
Us Girls	£0	£30,000	£60,000	£90,000				
Play Streets	£0	£20,000	£40,000	£60,000				
High Street Vibrancy	£0	£0	£279,310	£279,310				
Marketing of the District	£0	£4,905	£65,095	£70,000				
Entrepreneurial Culture	£0	£0	£93,000	£93,000				
Resource (from the 4% admin)	£0	£32,500	£32,500	£65,000				
Evolve Programme	£0	£70,000	£70,000	£140,000				
Transport Assistance	£0	£0	£320,000	£320,000				
Workforce Development	£0	£0	£93,000	£93,000				
Total	£45,000	£247,405	£1,142,905	£1,435,310	£353,703	£550,000	£946,297	£1,850,000

- 3.43. The Council will 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 and Local Authorities can also claim a maximum amount of 4% of the allocation (i.e. £131,412 for LDC) to help administer the fund, for project assessment, contracting, monitoring and evaluation and ongoing stakeholder engagement.
- 3.44. These budgets funded by the grant allocation (and subject to UK Government approval) will need to be incorporated into the Medium Term Financial Strategy.

Review of Reserves

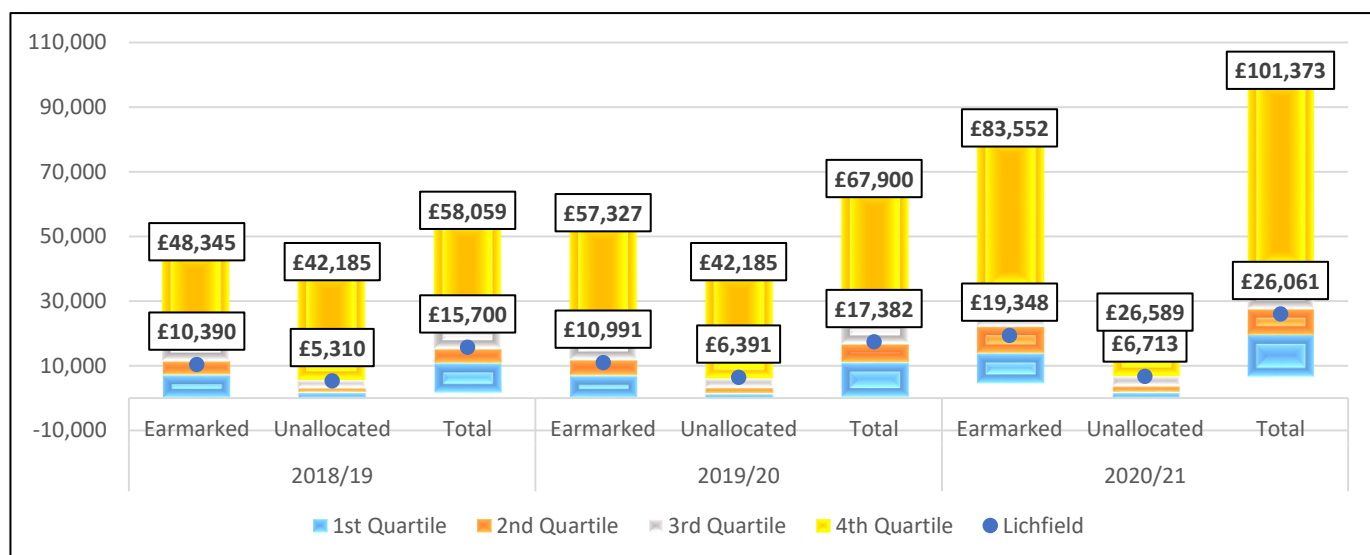
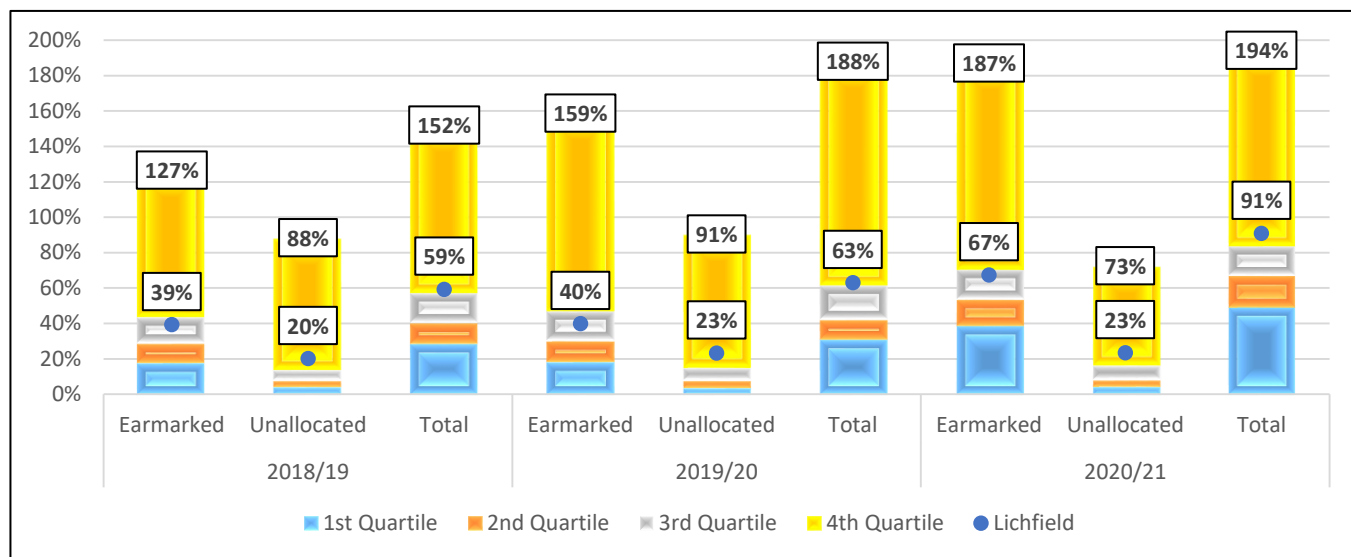
Introduction

- 3.45. Local Authorities can establish reserves for two main purposes:
- **A working balance** to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing plus a **contingency** to cushion the impact of unexpected events or emergencies – these form part of the general reserves and the approved minimum level is **£1,600,000**.
 - A series of **earmarked reserves** to meet known or predicted events.
- 3.46. The earmarked reserves at the Council are further categorised into two different types:
- **Restricted** – these are held on behalf of third parties and are established as part of a legal, partnership or contractual agreements. In addition, this has included COVID grants received.
 - **Unrestricted** – these include sums for specific projects, revenue grants and sinking funds.
- 3.47. The Council retains capital reserves in relation to:
- **Capital receipts** – related to the sale of assets.
 - **Capital grants and contributions** – related to Capital Grants, Community Infrastructure Levy, Special Areas of Conservation and Section 106.
- 3.48. In terms of reserve trends across local government, it is important to note:
- From 2013/14 there was an upward trend to reflect the additional risks related to the localisation of Local Council Tax Support and the introduction of the Retained Business Rates regime.
 - From 2020/21 there was a significant increase in earmarked reserves to reflect COVID grants received to offset expenditure pressures and income reductions such as business rate reliefs.
 - Reserve levels are projected to reduce significantly over the next two years as the COVID grants are used to offset Collection Fund deficits for Council Tax and Business Rates.

Reserve Level Comparisons

- 3.49. In terms of the level of reserves, there are a number of sources of information that can be utilised to provide an indication of how the Council's earmarked and general reserves compare to other District Councils and Nearest Neighbours:
- A comparison showing earmarked and general reserves as a percentage of net expenditure and in absolute terms utilising the Government's Revenue Outturn (RO) forms for all District Councils
 - The CIPFA resilience index measures compared to all District Councils and Nearest Neighbours
 - The External Auditor's Annual Audit Report

3.50. 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) included in the Money Matters Report to Cabinet on 7 December 2021, is shown for the three most recent years in the charts below:



3.51. CIPFA's Financial Resilience Index is a comparative analytical tool that may be used by Chief Financial Officers to support good financial management and provide a common understanding within a Council of their financial position.

3.52. The Index shows a Council's position on a range of measures associated with financial risk. The index is designed to support and improve discussions surrounding local authority financial resilience by showing a council's performance against a range of measures associated with financial risk.

3.53. There are eight indicators of financial stress for District Councils with three specifically related to general and earmarked reserves. The three reserve indicators are explained below:

Indicators	Explanation of the Indicator	What does each Indicator show
Reserves sustainability measure	How long an authority's reserves will last if they continue drawing them down at the same rate	This measure shows the ratio of the current level of reserves and the average change in reserves in the past three years. The longer an authority's reserves will last, the less risk – reductions may also be due to planned reductions such as use to fund capital expenditure
Level of reserves	Earmarked and unallocated general reserves	Lower levels of reserves imply higher risk
Change in reserves	Percentage change in reserves over the past three years	Negative changes imply higher risk – reductions may also be due to planned reductions such as use to fund capital expenditure

3.54. The results of the last three CIPFA Resilience Index statistical releases reported to Audit and Member Standards Committee on 21 July 2022 are shown in the table below:

Indicators of Financial Stress	Nearest Neighbours			District Councils		
	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21
Reserves sustainability measure	Medium Risk	Medium Risk	Medium Risk	Lower Risk	Lower Risk	Medium Risk
Level of reserves	Lower Risk	Lower Risk	Lower Risk	Lower Risk	Lower Risk	Medium Risk
Change in reserves	Lower Risk	Lower Risk	Lower Risk	Lower Risk	Lower Risk	Lower Risk

3.55. The External Auditor, through their Annual Audit Report 2020/21 presented to Audit and Member Standards Committee on 22 April 2022, also commented on the level of reserves:

- “The Council has a strong balance sheet and robust usable reserves of **£32.7m** as at 31 March 2021.
- A council is to be deemed at risk if usable reserves dip below **5%** of its net cost of services. Lichfield is not currently close to this level.
- When compared to comparator District/Borough Councils within Staffordshire, in terms of usable reserves as a % of Net Cost of Services, Lichfield ranked third out of seven, with a level of **228%** against an average for the region of **230%**. On a national scale, out of 163 comparator organisations for whom information was available, Lichfield ranked 87 at **228%** against an average at national level of **392%**.
- CIPFA’s Financial Resilience Index for the 2020/21 financial year gives a similarly positive message, with the authority rated as medium or lower risk on the majority of financial stress indicators.
- Our view is the Council has a robust level of reserves which are not anticipated to be depleted over the course of the MTFs. Furthermore, CIPFA shows an overall upwards trend on level of reserves, which is set to continue in 21/22, reflective of the Council’s overall prudent reserves policy.”

3.56. All of 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.

3.57. However, it is important to note that whilst the short term picture based on the increases in reserves may appear to suggest that generally local government finances are sustainable, there remains concern about the medium-term to long-term outlook which remains unsettled and uncertain.

The Options Considered

3.58. Investments at 1 April 2022 were **£49,140,000** consisting working capital (legally due to other organisations such as Suppliers, Council Tax and Business Rates) of **£17,613,000** and usable reserves of **£31,527,000**.

3.59. The first stage of the review is to remove from the scope any usable reserves that have limitations over their use:

	Actual £000s
Total Usable Reserves at 1 April 2022	(31,527)
Less: Earmarked Reserves - Restricted to COVID-19	4,870
Less: Earmarked Reserves - Restricted to Contractual, Legal & Partnership purposes	5,044
Less: General Reserves - Minimum Level	1,600
Less: Capital Grants Unapplied	4,057
Sub Total - Out of Scope	15,571
Usable Reserves in Scope	(15,957)

3.60. The second stage of the review is to understand how the reserves in scope are projected to change over the next five years and this is shown in summary below:

	General Reserves - Available £000s	Earmarked Reserves £000s	Capital Receipts Reserve £000s	Total £000s
Opening Balance - In Scope	(5,246)	(7,783)	(2,928)	(15,957)
Funding the Capital Programme	1,261	2,077	2,607	5,945
Housing RTB receipts Full Council approval for Housing Strategy			469	469
Transfers to or (from) the Revenue Budget		362		362
Set aside to manage specific financial risks		3,288		3,288
Maintaining a Balanced Revenue Budget	4,513			4,513
New Homes Bonus in excess of the capped level	(280)			(280)
Council Tax and Business Rates surplus Money Matters 2022/23	(292)			(292)
New Capital Receipts			(148)	(148)
Closing Balance - In Scope	(44)	(2,056)	0	(2,100)

3.61. This stage of the review has identified **£2,100,000** (including **£1,320,000** of the strategic priorities reserve) that can be used to fund strategic priorities.

3.62. The final stage of the review is to identify any approved reserves funding that can be repurposed to fund strategic priorities and this is shown in detail at **APPENDIX E**.

3.63. This stage of the review has identified a range of reserve funding budgets that could be repurposed of between **(£2,684,000)** and **(£6,781,000)** based on different levels of operational risk.

3.64. The recommended level, excluding those assessed to have a high operational risk, is **(£5,169,000)**:

- The release of uncommitted earmarked reserves of **(£2,100,000)**
- Capital Programme – release the equipment storage budget of **(£111,000)**
- Capital Programme – reduce the coach park budget to £350,000 a saving of **(£273,000)**
- Capital Programme – reduce the loan to the Company to £150,000 a saving of **(£525,000)**
- Revenue Budget – release unallocated and uncommitted Risk and Recovery Funding of **(£709,000)**
- Revenue Budget – release uncommitted element of strategic budget of £1,200,000 a saving of **(£500,000)**
- The release other earmarked reserves of **(£951,000)**

3.65. Cabinet following this review, has recommended to Council to:

- Repurpose earmarked reserves and agree changes to the Capital Programme to release reserves that will result in the strategic priorities reserve balance of **(£5,169,000)**
- Dispose of Venture House and include a budgeted capital receipt of **(£650,000)** in the Medium Term Financial Strategy to fund strategic priorities
- Approve the inclusion of a project with a budget of **£2,000,000** in the Capital Programme (initially equally spread between 2022/23 and 2023/24) for BRS enabling works funded from this capital receipt and the strategic priorities reserve

3.66. Should Council approve these recommendations, there will be **(£3,819,000)** available in the strategic priorities earmarked reserve to fund other strategic priorities.

The Capital Programme

3.67. The Approved Capital Programme (plus a projection for 2026/27) is shown at **APPENDIX F** and below:

Strategic Priority	2022/23		2023/24	2024/25	2025/26	2026/27
	Original Budget £000	Approved Budget £000	Budget £000	Budget £000	Budget £000	Projection £000
LEVEL OF UNCERTAINTY / RISK	MEDIUM	MEDIUM	HIGH	HIGH	HIGH	HIGH
Enabling People	4,792	6,111	3,596	1,315	939	939
Shaping Place	421	1,755	3,127	280	300	315
Developing Prosperity	1,676	1,619	193	0	0	0
A Good Council	1,064	1,525	363	340	465	405
Capital Expenditure	7,953	11,010	7,279	1,935	1,704	1,659
Capital Funding	5,604	8,292	5,037	1,976	1,745	1,659
Borrowing Need	2,349	2,524	2,260	0	0	0

3.68. The Capital Strategy approved by Council on 22 February 2022 included a risk assessment by the Chief Finance Officer.

3.69. This risk assessment identified a significant risk that the Capital Programme did not include investment to realise all of the Council's Strategic aims including the provision of a new Leisure Centre in Lichfield City and planned redevelopment of the Birmingham Road Site.

3.70. The LGA Corporate Peer Challenge commented on investment moving forward including the use of reserves as part of its investment strategy:

“LDC should also have the confidence to use its finances to support the delivery of its priorities. In order to deliver the organisation’s priorities, resourcing of these is absolutely essential and the peer team recommend that the council give some further consideration of how to effectively do this. For example, LDC has developed reserves through the effective management of its budget and as it now embarks on a significant transformation programme designed to deliver long term savings, the council may need to draw on those reserves to implement this strategy. The council may also want to consider the use of reserves in supporting organisational development within the transformation programme and also how deploying the reserves might play a part in LDC’s wider investment strategy.”

3.71. A number of options have been identified for potential additional capital investment including:

- **The New Community Leisure Centre** – additional investment by the Council in addition to the approved £5m should the bid of £15.8m to the Levelling Up Fund prove to be unsuccessful.
- **The Birmingham Road Site** – investment to enable the regeneration of the Birmingham Road Site potentially with a cinema delivered using a joint venture with Evolve in line with the Lichfield City Masterplan.
- **Burntwood Town Centre** – investment to enable regeneration.
- **A New Depot** – a new depot to support an enhanced waste collection service in line with the aims of the National Waste Strategy.
- **Bird Street Regeneration** – investment to enable the regeneration of this site.
- **Climate Change** – investment to support the Council’s Climate Change Pledge.
- **Greenway** – investment to enable the enhancement of the former railway line between Lichfield and Burntwood.
- **CCTV** – investment to upgrade and enhance the current Closed Circuit Television system.
- **ICT** – investment to upgrade and enhance the current ICT infrastructure and service.

3.72. Any capital investment that cannot be funded by capital receipts, revenue, grants, contributions or reserves will result in a borrowing need. Any borrowing need will need to be financed through borrowing and this will result in additional capital financing costs together with any costs of operation being incurred in the revenue budget.

Council Tax

The Review of the Local Council Tax Support Scheme (LCTSS)

- 3.73. Council Tax Benefit was replaced by LCTSS in April 2013. Central Government prescribes the scheme for pension age applicants, with each Local Authority setting rules for working age claimants.
- 3.74. Schemes are effective for one fiscal year and are locally reviewed every year.
- 3.75. On transition, funding was provided by the Government through the Finance Settlement (Revenue Support Grant and Baseline Business Rates) to offset the reduction in Council Tax income from the LCTSS.
- 3.76. However, since 2013/14 the Revenue Support Grant element of the funding has reduced to zero and, therefore, the Council (and other precepting bodies) funds an element of the reduction in Council Tax income (£243,000 in 2022/23 for Lichfield DC).
- 3.77. Cabinet has shown an appetite to support the maximum number of claimants and this review is born of that momentum.
- 3.78. Cabinet approved that a new scheme should deliver the following desired outcomes:

Desired Outcome	Description
A simplified scheme for the customer	A simplified scheme could make it easier for the customer to understand.
Future proofed as far as possible	The scheme can adapt to changes in the welfare support approach.
Simplified administration	The design of the scheme can result in a reduction of processing time (Benefits team), produce less bills (Billing team) and lead to less recovery action (Recovery team). This would reduce avoidable contact from the customer and enable Revenues and Benefits team to focus on other work.
Reduction in poverty and refocus on 'ability to pay'	A key principle of the existing scheme has been that all working age households pay 'something' towards their Council Tax liability. The reality has been quite different because a growing number have been unable to pay the balance, and this has led to perpetual debt which is expensive and difficult to recover. A new scheme could be fairer and focus on 'ability to pay'.
To recognise and tackle 'exceptional hardship'	The current scheme does not contain a provision for helping individuals that are experiencing exceptional hardship. The Council could accept applications for exceptional hardship as part of LCTSS.
To remain affordable	The total cost of the new scheme would need to remain within the range of affordability.
The costs of implementation are affordable	There is not an unaffordable cost of change including software, training, and communication.

- 3.79. We have consulted an industry expert and they have over 200 Local Authorities on LCTSS, and the 'move' is towards banded or grid schemes mainly due to the need for simplified administration, reduced administration costs and the requirement for all staff to administer the scheme.
- 3.80. The belief is that the 'traditional schemes' such as the current scheme, will not be fit for purpose in the next few years. A large number of the LA's are increasing the level of support, with some going back to 100% for the working age.

3.81. However 5 alternative scheme options were identified:

- **Option A** - maintain the current scheme approach for working age applicants at the same level of support
- **Option B** - maintain the current scheme approach for working age applicants but with increased support
- **Option C** - implement changes such as fixed periods or minimum income change tolerances within current scheme
- **Option D** - implement a simplified discount-based banded scheme for Universal Credit claimants only
- **Option E** - implement a simplified, discount-based banded scheme for working age claimants, providing a similar level of support as present

3.82. These options were compared to the desired outcomes to identify the 'best fit' options:

Option	A	B	C	D	E
A simplified scheme for the customer	No	No	No	Partly (UC)	Yes
Future proofed as far as possible	No	No	No	No	Yes
Simplified administration	No	No	No	No	Yes
Reduction in poverty and refocus on 'ability to pay'	No	Yes	No	No	Yes
To recognise and tackle 'exceptional hardship'	No	Yes	No	No	Yes
To remain affordable	No	Yes	Yes	Yes	Yes
The costs of implementation are affordable	Yes	Yes	Yes	Yes	Yes

3.83. The modelling activity identified that the income-banded scheme would deliver the key outcomes that were identified, and Cabinet approved the adoption of an income-banded scheme for the following reasons:

- The scheme will be easier to administer, giving the option for more generic-based processing between Customer Services, Revenues and Benefits service areas, saving time and cost
- Applicants will find it easier to understand the income-banded scheme as the website and documentation will clearly set out the qualifying criteria for a reduction of 25%, 50%, 75% and 100%

3.84. The proposed new banded scheme for the working age will:

- Provide more support to low income households
- Better align with Universal Credit
- Continue to have a simplified claiming process, with entitlement to LCTS maximised
- Claims will be able to be calculated promptly and largely automatically without the need to request further information
- The generous income bandwidths of the new scheme will avoid constant changes in discount, the need for multiple changes in instalments and will help to maintain high collection rates
- Discount changes will be effective from the day of the change rather than the Monday of the following week

3.85. A number of different banded scheme options were considered, the estimated cost of each option (Lichfield DC's share will be c10%) compared with the existing scheme and a summary of those receiving higher or lower support for each option is shown below:

Option	Projected Cost	Additional cost compared to the Existing Scheme	Projected Higher Support	Projected Lower Support
Option 1	£5,300,797	£314,797	1,682	613
Option 2	£5,449,188	£463,188	1,794	490
Option 3	£5,486,371	£500,371	1,848	390
Option 4	£5,497,551	£511,511	1,890	373
Option 5	£5,527,779	£541,779	1,870	369

3.86. **Cabinet approved consultation on option 5** because it more closely aligns with the key outcomes that were identified and results in a lower number of those receiving lower support (369). It should be noted that those receiving lower support are expected to reduce slightly following a data cleanse activity involving some of the Universal Credit claims. (Current expectations are that these figures could reduce by around 30 claims).

3.87. The proposed new scheme will contain additional provisions to protect claimants that experience exceptional hardship. The Council will consider all applications for exceptional hardship on an individual basis, taking into account available income and essential outgoings. This approach will enable individual applicants to be dealt with in a fair and equitable manner. The Exceptional Hardship Scheme will form part of the LCTS scheme and fall to be paid through the Collection Fund.

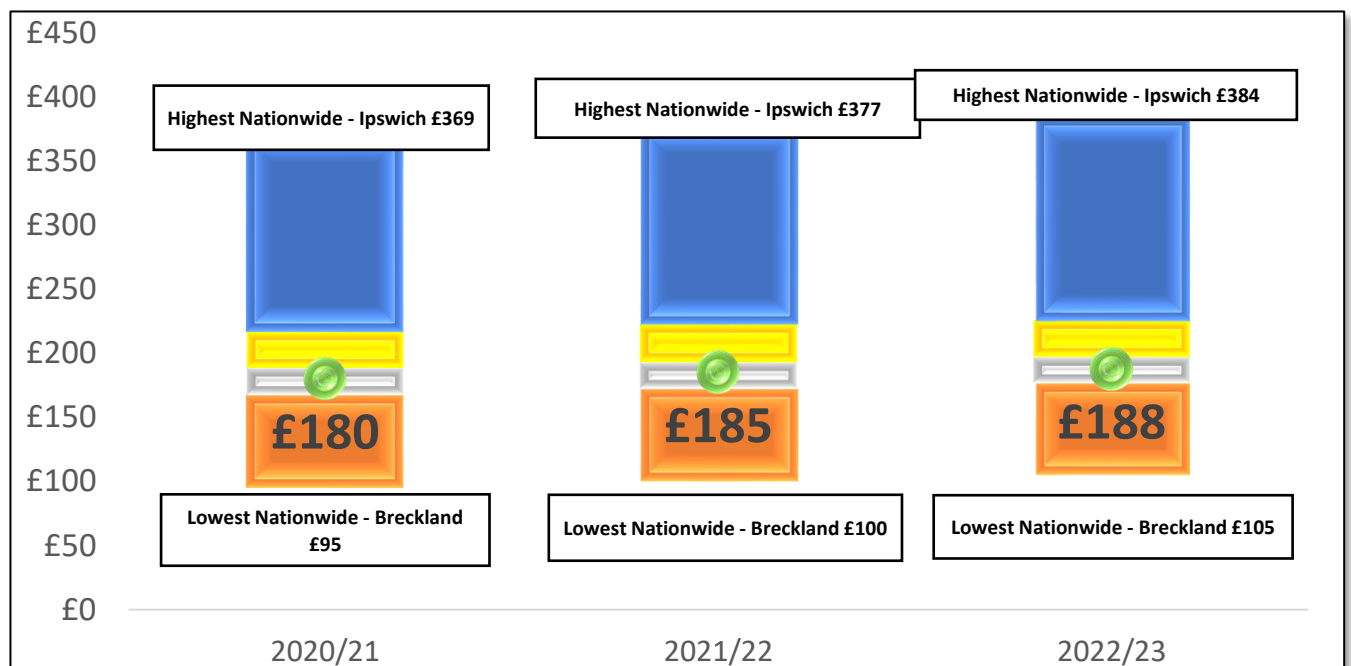
3.88. Consultation is currently being undertaken between 25 July 2022 to 16 October 2022 with the public and the major precepting authorities (**1,192 responses at 14 August 2022** and **Staffordshire CC have indicated support**).

3.89. If the proposed scheme is accepted by the Council, it will take effect from 1 April 2023.

3.90. Following the implementation in April 2023, we will actively monitor the impact of the new scheme and carry out a review in August 2023 to consider whether any changes are required for April 2024. We do not envisage any major change to the design of the scheme but feel it appropriate to review the need for change.

The Level of Council Tax

3.91. The Council's Band D Council Tax compared to all District Councils over the last three years is:



3.92. The Approved MTFs modelled that Council Tax would increase annually by **1.50%**.

3.93. There are, however, alternative approaches available and a selection of options have been identified for consideration (projections are based on the Approved Council Taxbase and additional income is enclosed by brackets):

	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Projection £000
Approved / Modelled Increase	1.50%	1.50%	1.50%	1.50%	1.50%
Council Tax Band D	£187.85	£190.66	£193.52	£196.43	£199.37
Approved Council Taxbase (subject to review)	39,695	40,350	41,004	41,695	42,167
Approved MTFS Council Tax Income	(£7,456)	(£7,693)	(£7,935)	(£8,190)	(£8,407)

A selection of options available and the impact on Council Tax income is shown below:
£5 increase in all years
1.5% increase in 2023/24 and 2024/25 and then £5
1.5% increase in 2023/24 and 2024/25 and then 1.99%
1.0% increase in all years
Freeze in all years

(£88)	(£178)	(£268)	(£357)
£0	£0	(£88)	(£175)
£0	£0	(£40)	(£82)
£37	£78	£120	£164
£113	£232	£358	£486

3.94. In determining the level of Council Tax increase for 2023/24 and beyond, Cabinet will need to take into consideration the following key factors:

- The relevant budget principles approved by Council
- The projected funding gap from 2023/24 onwards, the significant level of uncertainty related to Local Government Finance Reform and the legal requirement to set a balanced budget (taking into account the level of general reserves)
- The Council's Band D Council Tax and comparisons to other similar authorities
- The assumptions the Government utilises to calculate Core Spending Power in the Finance Settlement and Council Tax Referendum Principles for 2023/24

Alternative Options	In the main, the options are focused on the level of resource allocated to Strategic Priorities, the strategy to be utilised to achieve a balanced budget and the level of Council Tax increase. These options are considered in the Report.
Consultation	<p>There is a duty under S65 Local Government Finance Act 1992 to consult ratepayers (or bodies appearing to represent ratepayers) about proposed expenditure, prior to calculating the Council Tax requirement under S31a (England).</p> <p>The consultation project commenced in June 2022 and will run through to December 2022. This could facilitate rapid analysis of the results of the consultation before a final feedback report is submitted in January 2022.</p> <p>It is proposed that the consultation be delivered through a combination of online promotion focused on a questionnaires aimed at residents, businesses and the community/voluntary sector, and a series of engagement events/discussions hosted by Cabinet members with stakeholder audience groups, to discuss specific themes e.g. business support, health, sustainability and/or stakeholder issues e.g. businesses, young people.</p> <p>Running through the publicity of the consultation will be a narrative to engage stakeholders on the budget setting and funding process for Lichfield district Council to raise awareness of the realities of funding sources, funding levels and the decisions that have to be made to deliver a budget for the district.</p> <p>More information on the proposed consultation approach is at APPENDIX G.</p>

Financial Implications	The strategic priorities earmarked reserve projection is shown below:					
		£000s				
	Strategic Priorities Earmarked Reserve Balance	(1,320)				
	In Scope and Starting Point	(780)				
	Sub Total	(2,100)				
	Options total	(3,069)				
	Total from Reserves Review	(5,169)				
	Less: BRS Enabling Works	2,000				
	Sale of Venture House	(650)				
	Strategic Priorities Earmarked Reserve Balance	(3,819)				
<p>The potential sale of further assets would increase the level of the capital receipts reserve that could be used to fund additional capital investment, reduce planned borrowing or to reduce the use of earmarked reserves thereby increasing the level of usable reserves.</p> <p>The income and spend budgets for Venture House are shown below:</p>						
	2022/23	2023/24	2024/25	2025/26	2026/27	
	£000	£000	£000	£000	£000	
Venture House, Rent	33	65	65	65	65	
Venture House reduced maintenance liability	0	(5)	(5)	(5)	(5)	
Approved Budget	33	60	60	60	60	
Rent of District Council House	(18)	(35)	(35)	(35)	(35)	
Financial Implications	15	25	25	25	25	
<p>It is planned that a current tenant of Venture House will relocate to the District Council House and therefore the loss of rental income would be partly mitigated and any ongoing budgetary shortfall will need to be managed from existing budgets.</p>						
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>
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Approved by Monitoring Officer	Yes
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Contribution to the Delivery of the Strategic Plan	The report directly links to overall performance and especially the delivery of the Strategic Plan.
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Equality, Diversity and Human Rights Implications	These areas are addressed as part of the specific areas of activity prior to being included in the Strategic Plan.
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Crime & Safety Issues	These areas are addressed as part of the specific areas of activity prior to being included in the Strategic Plan.
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Environmental Impact	These areas are addressed as part of the specific areas of activity prior to being included in the Strategic Plan.
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**GDPR/Privacy
Impact Assessment**

There are no specific implications related to the Medium Term Financial Strategy.

	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 of Finance				
A	Council Tax is not set by the Statutory Date of 11 March 2023	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	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 / strategic plan to the emerging landscape				
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
- Local Council Tax Support Scheme Review – Cabinet 5 April 2022
- Medium Term Financial Strategy (MTFS) – Cabinet 11 July 2022
- Local Council Tax Support Scheme Permission to Consult – Cabinet 11 July 2022
- Money Matters: 2022/23 Review of Financial Performance against the Financial Strategy – Cabinet 6 September 2022
- Money Matters: Review of Reserves – Cabinet 6 September 2022

Relevant web links

The Financial Planning Timetable

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

Savings and Additional Income Proposals Monitoring

Targets			Progress on achievement			
No	Saving	MTFS Target	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
1	Standby payments	£9,000	£0			Not viable
2	Fusion Credit	£10,000	£10,000			
3	Void reduction	£2,000	£2,000			
4	Light Emitting Diode lighting / Car park	£2,000	£0		£2,000	Only to be considered for Lombard Street
5	Revs & Bens Restructure Part 1	£87,070	£87,070			
6	Corp pay budgets	£23,090	£23,090			
7	Deleted post - post room	£24,610	£24,610			
8	Reduced telephone budget	£1,000	£1,000			
9	Reduced document imaging	£9,000	£9,000			
10	Reduced printing	£8,000	£8,000			
11	Reduced postage	£15,000	£15,000			
12	Reduced stationery	£5,000	£5,000			
13	Reduced Uniform (Customer)	£1,000	£1,000			
14	Hybrid working savings	£100,000	£100,000			
15	Communications / Visitor Economy merger	£10,000	£10,000			
16	Revs & Bens restructure Part 2	£200,000		£58,000	£58,000	Implementation 1/10/2022
17	Golf course	£80,000	£40,000		£40,000	Alternative options being identified for consideration
18	Restructure of Operational Services	£0	£0			
19	Major Projects	£95,000	£95,000			
20	Post/Printing	£30,000	£30,000			
21	Vacancy savings	£150,000	£150,000			
22	Implement new Target Operating Model	£330,000	£0	£330,000	£320,000	Implementation 1/10/2022
23	Information Technology savings	£150,000	£0		£300,000	Alternative options being identified for consideration
24	Dividend	£25,000	£0		£100,000	Will depend on the financial performance of the Company
25	Savings Strategy year 1 - Treasury Management	£340,230	£340,230			Increased target
26	Garden Waste Price increase	£50,000	£0		£50,000	Deferred for future implementation
27	Review of Existing Pricing Discounts	£45,000	£45,000			
28	Grant funding for homelessness	£35,000	£35,000			
29	Property Income (1.5 Properties 21/22, 4 Properties 22/23, 5 Properties 23/24)	£12,000	£12,000			
30	Introduce Sunday Charging (replace £1 flat fee with normal tariffs).	£93,000	£0		£93,000	Deferred for future implementation
31	Introduce an evening charge in LDC car parks of £1.	£38,000	£0		£38,000	Deferred for future implementation
32	Introduce a departure charge to all bus companies using Lichfield Bus Station.	£21,000	£0		£21,000	Deferred for future implementation
33	Introduce an administration charge of £100 for supplying CCTV footage to insurance companies.	£1,000	£0		£1,000	Deferred for future implementation
34	Introduce an administration charge of £200 for coning off bays in car parks.	£1,000	£0		£1,000	Deferred for future implementation
35	Annual increase in relevant fees and charges of 2.5%	£64,000	£18,000		£46,000	Car parking deferred for future implementation
36	street naming and numbering	£20,000	£20,000			
	Total	£2,087,000	£1,081,000	£388,000	£1,070,000	
	Total Green and Amber Status	£1,469,000				
	Shortfall to MTFS Target	£618,000				

Approved Revenue Budget (plus a projection for 2026/27)

	2022/23 Original Budget £000	2022/23 Approved Budget £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
LEVEL OF UNCERTAINTY / RISK	MEDIUM	MEDIUM	HIGH	HIGH	HIGH	HIGH
Enabling people	1,527	1,411	1,471	1,466	1,423	1,453
Shaping place	4,083	4,070	4,367	4,506	4,605	4,733
Developing prosperity	(436)	(283)	(697)	(717)	(707)	(614)
A good council	6,919	7,583	5,819	5,988	6,190	6,739
COVID-19 ²	377	0	0	0	0	0
Net Cost of Services	12,470	12,781	10,960	11,243	11,511	12,311
Corporate expenditure	(198)	(511)	(282)	(213)	(232)	(307)
Net Operating Cost	12,272	12,270	10,678	11,030	11,279	12,004
Retained Business Rates Baseline Funding	(2,306)	(2,306)	(1,714)	(1,857)	(2,055)	(2,181)
Retained Business Rates Growth Allowance	(1,005)	(1,005)	(627)	(624)	(573)	(500)
Business Rates Cap	(174)	(174)	0	0	0	0
Lower Tier Services Grant	(95)	(95)	0	0	0	0
Services Grant	(146)	(146)	0	0	0	0
New Homes Bonus - Contingency Budget	(721)	(721)	0	0	0	0
New Homes Bonus - Base Budget	(400)	(400)	0	0	0	0
New Homes Bonus - to General Reserve	(280)	(280)	0	0	0	0
Collection Fund (Surplus)/Deficit	32	32	52	0	0	0
Council Tax	(7,456)	(7,456)	(7,693)	(7,935)	(8,190)	(8,407)
Total Funding	(12,551)	(12,551)	(9,982)	(10,416)	(10,818)	(11,088)
Transfer to or (from) general reserves	0	0	0	0	0	0
New Homes Bonus (Transfer to general reserves)	280	280	0	0	0	0
Approved Funding Gap	0	0	694	614	460	915

Reconciliation of the Original Budget Funding Gap to the Projected Funding Gap

	Cabinet or Decision Date	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Original Budget Council 22/02/2022		0	726	765	732	905
Approved Changes						
Pension Contributions	05/04/2022	0	(32)	(151)	(272)	10
Approved Budget		0	694	614	460	915
Budget Monitoring in 2022/23						
Money Matters	06/09/2022	1,050	325	350	605	603
Other projected changes					(25)	183
Projected Budget		1,050	1,019	964	1,040	1,701

² Allocated to car parking income in the Approved Budget.

Sales, Fees and Charges Approved Budgets for 2023/24

Cost Centre	Fees & Charges Income Budget
A good council	
Corporate Debt Recovery	216,300
Electoral Registration	1,760
Corporate Management	2,020
Civic Services	3,100
Health & Safety	190
E-Business & Information Strategy	4,500
A good council total	227,870
Developing prosperity	
Lichfield Car Parks (an element is payable to partners)	2,003,360
Building Regulations (all partners)	970,210
Planning Applications	946,350
Trade Waste Collection	403,260
Local Land Charges	310,740
Trade Waste Collection –Recycling element	85,250
Civil Parking Enforcement	84,260
Promotion of District	6,870
Guided Tours	5,370
Plant Lane Depot	6,900
Lichfield Tourism Information	14,180
Bus Station	43,000
Other Land and Property	20,380
Property Company	100,000
Local Land Charges-LDC EIR	14,510
Developing prosperity total	5,014,640
Enabling people	
Licensing	211,920
Leisure Centre Management (including contract fee)	171,240
Operational Services - Invest to Save	61,940
Environmental Protection Act Consents	19,510
Housing Enforcement & Licensing	6,500
Sports Development	1,080
Burntwood Leisure Centre	10,890
Housing Register	63,500
Homelessness Service	9,000
Food Safety	17,210
Closed Circuit Television	1,000
Enabling people total	573,790
Shaping place	
Waste Shared Service (includes garden waste and Tamworth BC income)	2,195,210
Grounds Maintenance	291,660
Street Cleansing	122,130
Beacon Park	107,130
Community Infrastructure Levy Administration	39,060
Street Naming and Numbering	37,100
Burntwood Parks	4,770
Lichfield Parks	3,140
Public Conveniences	2,190
Stowe & Minster Pools	920
Abandoned Vehicles	500
Spatial Policy and Delivery Service	12,090
Shaping place total	2,815,900
Total	8,632,200

Potential Options to Release Reserves

		Lowest	Mid	Highest	Recommended
		£000s	£000s	£000s	£000s
In Scope and Starting Point		(2,100)	(2,100)	(2,100)	(2,100)
Options to increase this level:	Operational Risk				
Release the equipment storage budget of £111k	Low	(111)	(111)	(111)	(111)
Release the uncommitted HLF Budget	Low	0	(4)	(8)	(8)
Release unallocated Risk and Recovery Funding	Low	0	(133)	(266)	(266)
Reduce the coach park budget from £623k	Low	(273)	(273)	(273)	(273)
Sub Total		(384)	(521)	(658)	(658)
Release uncommitted Risk and Recovery Funding	Medium	0	(222)	(443)	(443)
Release uncommitted £1.2m Strategic Priorities Budget	Medium	(200)	(500)	(800)	(500)
Reduce the Business Rates Reserve to 22/23 Safety Net Level of £1.353m	Medium	0	(392)	(392)	(392)
Reduce the loan to the Company of £675k to working capital only	Medium	0	(263)	(525)	(525)
Reduce the CIL Volatility Reserve	Medium	0	(54)	(108)	(108)
Release uncommitted COVID grants	Medium	0	(222)	(443)	(443)
Sub Total		(200)	(1,652)	(2,711)	(2,411)
Reduce the construction inflation budget of £400k	High	0	(200)	(400)	0
Reduce the Property Planned Maintenance Budget of £1.029m	High	0	(250)	(500)	0
Reduce the ICT investment budget of £868k	High	0	(206)	(412)	0
Sub Total		0	(656)	(1,312)	0
Options total		(584)	(2,829)	(4,681)	(3,069)
Total from Reserves Review		(2,684)	(4,929)	(6,781)	(5,169)

Approved Capital Programme (plus a projection for 2026/27)

Project	Approved Capital Programme (R=>500k, A=250k to 500k and G=<250k)						
	2022/23	2023/24	2024/25	2025/26	2026/27	Total	Corporate
	£000	£000	£000	£000	£000	£000	
New Build Parish Office/Community Hub	92	0	0	0	0	92	0
Canopy and artificial grass at Armitage	3	0	0	0	0	3	0
Burntwood Leisure Centre Sinking Fund	69	0	0	0	0	69	0
Friary Grange - Short Term Refurbishment	158	0	0	0	0	158	0
Replacement Leisure Centre	2,524	2,260	0	0	0	4,784	0
Burntwood Leisure Centre - Decarbonisation	18	0	0	0	0	18	0
Accessible Homes (Disabled Facilities Grants)	1,343	1,272	1,272	914	914	5,715	0
Decent Homes Standard	97	0	0	0	0	97	0
Energy Insulation Programme	0	22	22	25	25	94	0
Unallocated S106 Affordable Housing Monies	382	22	21	0	0	425	0
Conversion of 36a Bore Street	576	0	0	0	0	576	360
Vehicle Replacement Programme - Env Health	0	20	0	0	0	20	0
Streethay Community Centre	600	0	0	0	0	600	0
Changing Places Fund	94	0	0	0	0	94	0
Burntwood Park Play Equipment	75	0	0	0	0	75	0
Zip Wire in Burntwood	30	0	0	0	0	30	0
Enabling People Total	6,061	3,596	1,315	939	939	12,850	360
Loan to Council Dev Co.	675	0	0	0	0	675	116
Lichfield St Johns Community Link (CIL)	35	0	0	0	0	35	0
Staffordshire Countryside Explorer (CIL)	44	0	0	0	0	44	0
Lichfield Public Conveniences	40	0	0	0	0	40	40
Vehicle Replacement Programme (Waste)	0	2,818	0	0	0	2,818	0
Bin Purchase	150	150	150	150	150	750	0
Dual Stream Recycling	267	0	0	0	0	267	0
Vehicle Replacement Programme (Other)	229	159	130	150	165	833	315
Upper St John St & Birmingham Road	7	0	0	0	0	7	0
The Leomansley Area Improvement Project	3	0	0	0	0	3	0
Falkland Road Fosseyway Canal Walk	260	0	0	0	0	260	0
Burntwood Public Conveniences	45	0	0	0	0	45	0
Shaping Place Total	1,755	3,127	280	300	315	5,777	471
Vehicle Replacement Programme (Car Parks)	10	0	0	0	0	10	0
Coach Park	1,080	43	0	0	0	1,123	61
Car Parks Variable Message Signing	150	0	0	0	0	150	0
Old Mining College - Access and signs	13	0	0	0	0	13	0
Pay on Exit System at Friary Multi Storey	150	0	0	0	0	150	0
Card Payment in All Car Parks	100	0	0	0	0	100	0
Pay on Exit System at Lombard Street	0	150	0	0	0	150	0
Electric Vehicle Charge Points	80	0	0	0	0	80	0
Car Park Barriers	36	0	0	0	0	36	36
Developing Prosperity Total	1,619	193	0	0	0	1,812	97
Equipment Storage	125	0	0	0	0	125	111
Property Planned Maintenance	206	213	190	190	230	1,029	1029
IT Infrastructure	300	50	50	0	175	575	475
ICT Hardware	0	0	0	175	0	175	175
Building a Better Council	665	0	0	0	0	665	665
Committee Audio-Visual Meeting Platform	85	0	0	0	0	85	85
Construction Inflation Contingency	100	100	100	100	0	400	400
Good Council Total	1,481	363	340	465	405	3,054	2,940
Approved Capital Programme	10,916	7,279	1,935	1,704	1,659	23,493	3,868

APPENDIX F

Funding Source	Approved Capital Programme					
	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Capital Receipts	1,577	43	190	50	387	2,247
Capital Receipts - Housing	360	0	0	0	0	360
Revenue - Corporate	100	313	100	565	183	1,261
Corporate Council Funding	2,037	356	290	615	570	3,868
Grant	2,492	1,316	1,315	939	914	7,001
Section 106	308	0	0	0	0	308
CIL	939	0	0	0	0	939
Reserves	2,383	379	180	0	0	2,942
Revenue - Existing Budgets	164	150	150	150	150	764
Sinking Fund	69	0	0	0	0	69
Leases	0	2,818	0	0	0	2,818
Total	8,392	5,019	1,935	1,704	1,659	18,709
External Borrowing	2,524	2,260	0	0	0	4,784
Approved Funding	10,916	7,279	1,935	1,704	1,659	23,493

Reconciliation of Original Capital Programme to this Approved Capital Programme

	Cabinet or Decision Date	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Original Budget Council 22/02/2022		7,953	7,247	1,926	1,745	0	18,871
Approved Changes							
Slippage from 2021/22	07/06/2022	1,650					1,650
Allocation of CIL Monies	08/02/2022	860					860
36A Bore Street Briefing note	20/12/2021	360					360
MTFS	05/07/2022	(37)	50	50			63
Burntwood Zip Line	25/07/2022	30					30
Money Matters Qtr 1	06/09/2022	194	(18)	(41)	(41)		94
Updated Projections ³		(94)					(94)
Projections for 2026/27							
Long Term Model						1,659	1,659
Approved Capital Programme		10,916	7,279	1,935	1,704	1,659	23,493

³ The Financial Information System project is complete with a (£44k) underspend and the Energy Insulation project of £50k in the final two years can be funded from an existing grant.

LICHFIELD DISTRICT COUNCIL

**YOUR COUNCIL.
YOUR BUDGET 2023.
HAVE YOUR SAY.**

This is YOUR opportunity to shape council budgets in 2023 and beyond

LET US KNOW WHAT MATTERS TO YOU.

Budget Consultation Plan - June to December 2022

It is proposed that consultation project will commence in June 2022 running through to December 2022 with the key objectives of:

- Reaching wide demographics to encourage contributions from as many groups as possible
- Raising awareness of the engagement campaign to demonstrate that this is an open and credible opportunity for people to share their views.
- Achieving best ever response rates by deploying tailored messaging to key audiences

It is intended that the campaign can facilitate rapid analysis of the results of the consultation before a final feedback report is submitted in January 2022.

It is proposed that the consultation be delivered through a combination of both online, printed and face-to-face activities to reach as many people as possible. The online promotion will link to online surveys and questionnaires aimed at residents, businesses and the community/voluntary sector. A series of engagement events/discussions hosted by Cabinet members with stakeholder audience groups to discuss specific themes e.g. business support, health, sustainability and/or stakeholder issues e.g. businesses, young people will be held over the next six months to garner responses from numerous demographic profiles.

Running through the publicity of the consultation will be a narrative to engage stakeholders on the budget setting and funding process for Lichfield district Council to raise awareness of the realities of funding sources, funding levels and the decisions that have to be made to deliver a budget for the district.

- The communications plan will aim to achieve over 20000 individual engagements.
- It will use digital and physical strategies to meet a wide audience profile.
- The campaign message will build on the campaign title; **Your Council. Your Budget 2023. Your Say Counts.**
- The campaign will launch in June 2022 and completed in December.
- It will drip-feed each week with messaging related to the response achieved.
- Messaging targeted key demographics will be deployed, using appropriate media for the audience.
- It will seek to provoke with searching, challenger questions designed to garner a response

This year will see tailored communications going out to several key groups including those listed to the right. These represent datasets that we have access to with GDPR compliant authority where appropriate.

The campaign will seek to acquire more authorised contacts during this process to facilitate this and future communications projects.

TARGET DEMOGRAPHCS	MEDIA PLATFORMS
Residents - private	Newsletter, social, press, online engagement
Residents - rented	Newsletter, social, press, online engagement
Schools and colleges	Direct email, careers sessions
City centre businesses	Enews,business groups, social, press, posters
District businesses	Enews,business groups, social, press, posters
Retired	Direct mail, press, social, newsletter, local groups
Working age	Social, push notifications, press, newsletter
Families	Social family groups
Care homes	Events, presertantations
Single professionals	Social, press, push
Political groups	Social
Online support groups	Social
Online opinion groups	Social

**Your Council. Your Budget 2023. Your Say Counts.
Comms Planning H2 2022 - draft**

JUNE					JULY					AUGUST			
w/c	6th	13th	20th	27th	4th	11th	18th	25th	1st	8th	15th	22nd	29th
BUDGET ENGAGEMENT	Draft Issue for Discussion	Comms Collateral Created <i>Your Council Your Budget Your Say Counts</i>	Comms Collateral Ready	Launch of Engagement Programme - The Scale of the Challenge Press Website Social Newsletter	Invitation to F2F event - Phase 1 Press Website Social Newsletter	Secondary School Engagement Career Advisors Sixth Form Session What is your opinion?	Launch of Engagement Programme Press Website Social Newsletter	F2F Event Phase 1 F2F Press Website Social Newsletter	Business Groups Intro Cllr Pullen visit and presentation - encourage to get involved	Update on volume of engagements Press Website Social Newsletter	Challenger questions posed Press Website Social Newsletter	Challenger responses Press Website Social Newsletter	Challenger questions posed Press Website Social Newsletter
	SEPTEMBER				OCTOBER				NOVEMBER				
	w/c	5th	12th	19th	26th	3rd	10th	17th	24th	31st	7th	14th	21st
	BUDGET ENGAGEMENT	Update on volume of engagements Press Website Social Newsletter	<i>Your Council Your Budget Your Say Counts</i> <i>Poster sites in and around Lichfield</i>	<i>Your Council Your Budget Your Say Counts</i> Website Social	Resident Newsletter Newsletter	Invitation to F2F event - Phase 2 Press Website Social Newsletter	<i>Your Council Your Budget Your Say Counts</i> Challenger questions posed	<i>Your Council Your Budget Your Say Counts</i> Challenger responses	F2F Event - Phase 2 F2F Press Website Social Newsletter	Business Newsletter Newsletter	<i>Your Council Your Budget Your Say Counts</i>	F2F Feedback - volume to date F2F Press Website Social Newsletter	<i>Your Council Your Budget Your Say Counts</i>
		DECEMBER											
		w/c	6th	13th	20th	27th							
		BUDGET ENGAGEMENT	F2F Feedback - volume to date Your Last Chance to have a say	2023 budgets are being built with your feedback	Thankyou and Happy Christmas								

Every week an updated communication will be sent out - tailored to the audience.

There will be some overlap naturally in the audiences that are available to us but the messages will all align but there will be specific messaging crafted for each audience so that it resonates with each group and provokes engagement.

The messaging will also take into account the planned communications calendar for the key themes for the rest of 2022; ensuring that the messages are aligned and appropriate for the current landscape. The timings might change according to other news stories that might impact the level of engagement.

Key Comms Themes Planner - 2022

	JUNE					JULY					AUGUST			
week no w/c	23 6th	24 13th	25 20th	26 27th	27 4th	28 11th	29 18th	30 25th	31 1st	32 8th	33 15th	34 22nd		
CITY CENTRE REGENERATION	Create Streets Phase 1 feedback	ETRO	Car parking changes	Create Streets Phase 2 - its getting personal	Evolve Update	ETRO update Bus station?	Your opinion matters - active engagement	Your opinion matters - active engagement	Evolve Update	Your opinion matters - active engagement	Your opinion matters - active engagement	Summary of feedback received from residents		
BEING A BETTER COUNCIL	Restructuring taking place to make LDC fit for now and the future	Apprentices making a huge impact - great place to work	Digital first self serve - so we can invest in F2F for those that need it	Robotics contract Residents Bulletin	We will improve how we communicate	Council blog	A data-driven council	An expert team working for you - New ADs Residents Bulletin	Apprentices update	New structure update - what the changes mean	Apprentices update	Structure changes - positive feedback Residents Bulletin		
ENVIRONMENT	Website updated More people more rounds National Recovery Project Video LCG Awards	Website updated Cllr Little Reviewing waste changes	Emissions reduction performance	Cllr Little Feedback	June recycling performance	Bag size update	Emissions reduction performance	Cllr Little Monthly Comment	July recycling performance	Design school comp - use of non recycled materials?	The Difference You Have Made	Cllr Little Monthly Comment		
BUSINESS AND II	Hub Feedback Thankyou Penny Uni Cafe coming	Penny Uni Update The Hub brand dev	Hub events - come and find out more Penny Uni coming	Hub events - come and find out more Penny Uni opening	New moves to LDC House	Hub coming Leisure Centre Update	New Business Website coming - what do you want to see on it?	New Business Incubator Update	Hub events - come and find out more	New Business Incubator Update	New Business Website Launched Leisure Centre Update	New Business Incubator Update Business Bulletin		
EVENTS	Jubilee Review Ironman Next Week	Ironman	Commonwealth Games update	Baton Holders	Queen's Baton Relay in Lichfield soon	Commonwealth Games update Festival of Sport Coming	Queen's Baton Relay in Lichfield Festival of Sport Coming	Festival of Sport	Lichfield Proms One month	Lichfield Proms tickets	Lichfield Proms details	Lichfield Proms update		
MISC	Website blog Print Retender Operation Bridge	Website content improvement mapping Monday roll out	12 months in the life of an LDC Apprentice	OutSource Proc Support	You Tube	OutSource Proc Support	Council Awards To apply for - PR push	OutSource Proc	OutSource Proc	OutSource Proc	Handover			