

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

Cabinet Member for Finance and Commissioning

Date: 6 December 2022
Agenda Item: 3
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Key Decision? YES
Local Ward Full Council
Members

Lichfield
district council

Cabinet

1. Executive Summary

- 1.1 The report covers the financial performance from July to September (Quarter Two) 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 **£523,000** (an improvement of (£95,000) compared to the 3 month projection) 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**).
 - Approved updates in 2022/23, summarised in **APPENDIX A**, decreasing the contribution by (**£1,050,250**)
 - At this stage, there are no further changes to the 3 month projection.
- 1.4 The Capital Programme is projected to be (**£271,000**) lower than the Approved budget.
- 1.5 Capital Receipts are projected to be (**£194,000**) higher than the Approved Budget.
- 1.6 In terms of Council Tax, Business Rates, Sundry Debtors and Supplier Performance:
 - **Council Tax collection** in year performance was **57.10%** (57.20% in 2021/22) and total arrears were **£4,240,673** and the Council's share is **£551,287** (£3,447,721 and £448,204 in 2021/22).
 - The **Council Tax Collection Fund** is projected to be in surplus, with the Council's c12% share being (**£63,120**) compared to the Approved Budget of **£62,560**. This additional income of (**£125,680**) will be included in the 2023/24 budget.
 - Sundry Debt for income to be collected in quarter 2 of 2022/23 has increased by **£150,030** or **10%** compared to 2021/22, and the value outstanding has increased by **£234,165** or **12%**.
 - **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 surplus, with the Council's 40% share being (**£242,000**) compared to the Approved Budget deficit of **£462,000**. This additional income of (**£704,000**) will be included in the budget in later years.
 - 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 **61.10%** (55.20% in 2021/22) and total arrears were **£930,135** and the Council's share is **£372,054** (£707,961 and £283,184 in 2021/22).
 - The payment of suppliers within 30 days was **82.61%** and remains below our **90%** target.
- 1.7 The Council's investments achieved a risk status of **AA-** 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.

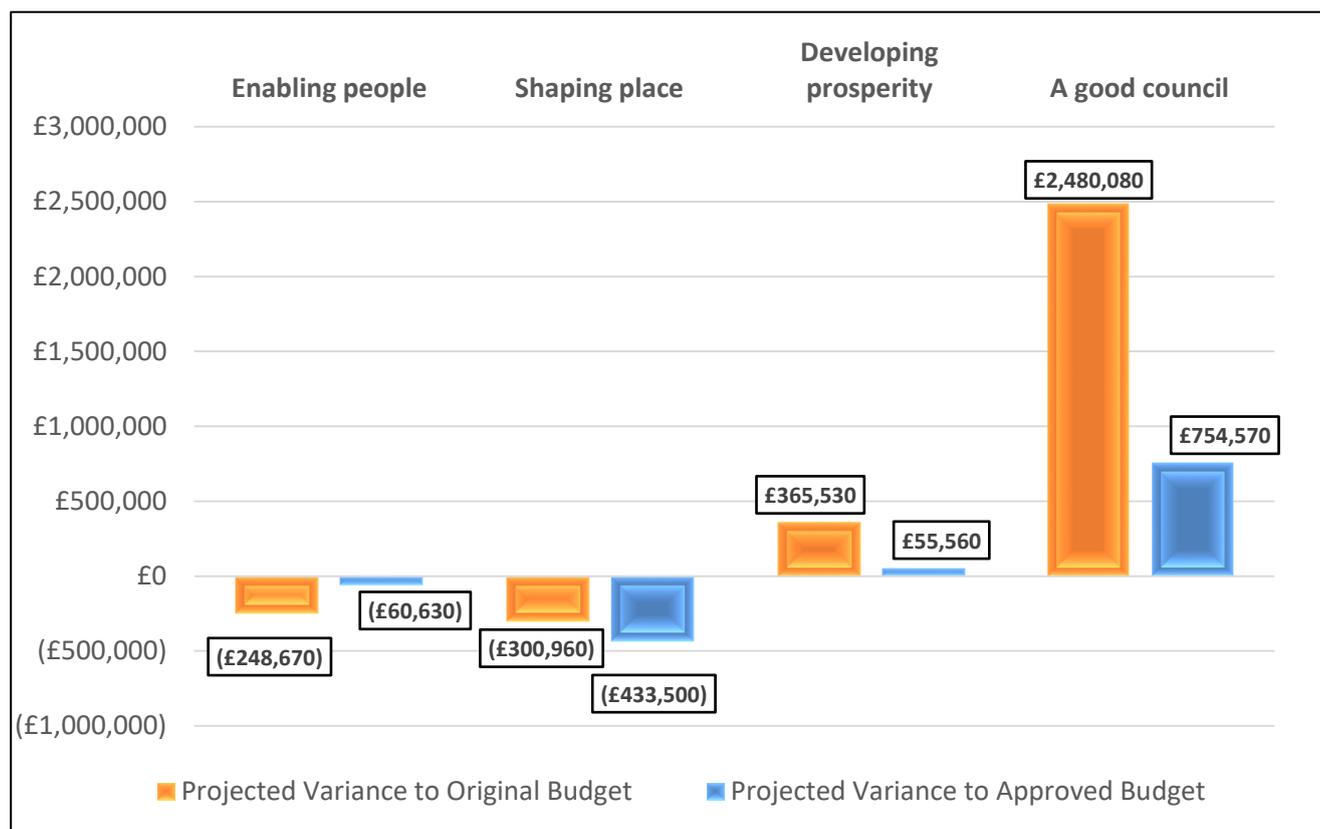
3. Background

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
Enabling People			
• Vacancy Savings		(40,580)	
• Target Operating Model Adjustments	(75,490)		
• Transfers	55,440		
Shaping place			
• Removal of travellers			3,650
• Reserve no longer needed for Heritage Lottery Fund works			(25,300)
• Target Operating Model Adjustments	(95,170)		
• Transfers	(316,680)		
Developing prosperity			
• NNDR budget needed for Canwell Show Store			2,940
• Investment properties pressure on professional and legal fees			9,800
• Savings and Additional Income Proposals - Adjustment			(50,000)
• Sale of Venture House - Pressure on Income			15,100
• Increase in Event Grants Budget			1,000
• Underwriting Rent for Former Debenhams Unit (Urgent Decision)			137,500
• Vacancy Savings		(26,010)	
• Target Operating Model Adjustments	(81,810)		
• Transfers	47,040		
A good council			
• Updated Pay Award Projections (will be distributed to other priorities)			232,400
• Lichfield Youth Council (Council Approval)			10,000
• No longer receive income from SCC for customer services			7,000
• Allocation of Inflationary Pressures			1,260
• Pressure on Telephone Contract Due to Overlap of New Teams Contract			21,200
• Increase in Vacancy Savings Target to reflect current level		(50,000)	
• Savings and Additional Income Proposals - Adjustment			(45,000)
• Pressure for Additional Bank Fees Due to Increase in Online Payments			13,500
• Pressure for External Audit Fees (Additional Grant May Be Receivable)			17,750
• Pressure on Subscription Costs (Predominantly New Local Ltd)			13,200
• Vacancy Savings target achieved		66,590	
• Target Operating Model Adjustments	252,470		
• Transfers	214,200		
Total - Net Cost of Services	0	(50,000)	366,000
	316,000		
Funding – additional grant			(316,000)
Transfer (to)/from General Reserves			£0

3.11. Inflation projections will continue to be reviewed in the development of the MTFs given the fluid economic situation.

3.12. The Council is currently procuring an insurance provider with initial tenders due back before Christmas 2022 for the contract to start from 1 April 2023. At this stage, only an increased inflationary budget pressure has been included in the Medium Term Financial Strategy projections.

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 **£523,000** (an improvement of (£95,000) compared to the 3 month projection) 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.

Fees and Charges

- 3.15. 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**.
- 3.16. At this stage, no additional variances to budget are projected.
- 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 of approved updates for 2022/23) 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.
- Money Matters Quarter 1 changes of **£548,000** approved by Cabinet on 6 September 2022.
- Money Matters Review of Reserves of **£77,000** approved by Cabinet on 6 September 2022.
- Decent Homes Standard grant used to fund Energy Insulation in later years of **(£50,000)**.
- Play Equipment at Chase Terrace Park of **£25,000** approved 6 October 2022.
- A Cinema for Lichfield District of **£427,000** approved 11 October 2022 by Cabinet.

3.20. The Approved Budget is therefore **£11,843,000**.

3.21. The Capital Programme performance is projected to be below budget by **(£271,000)** 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**:

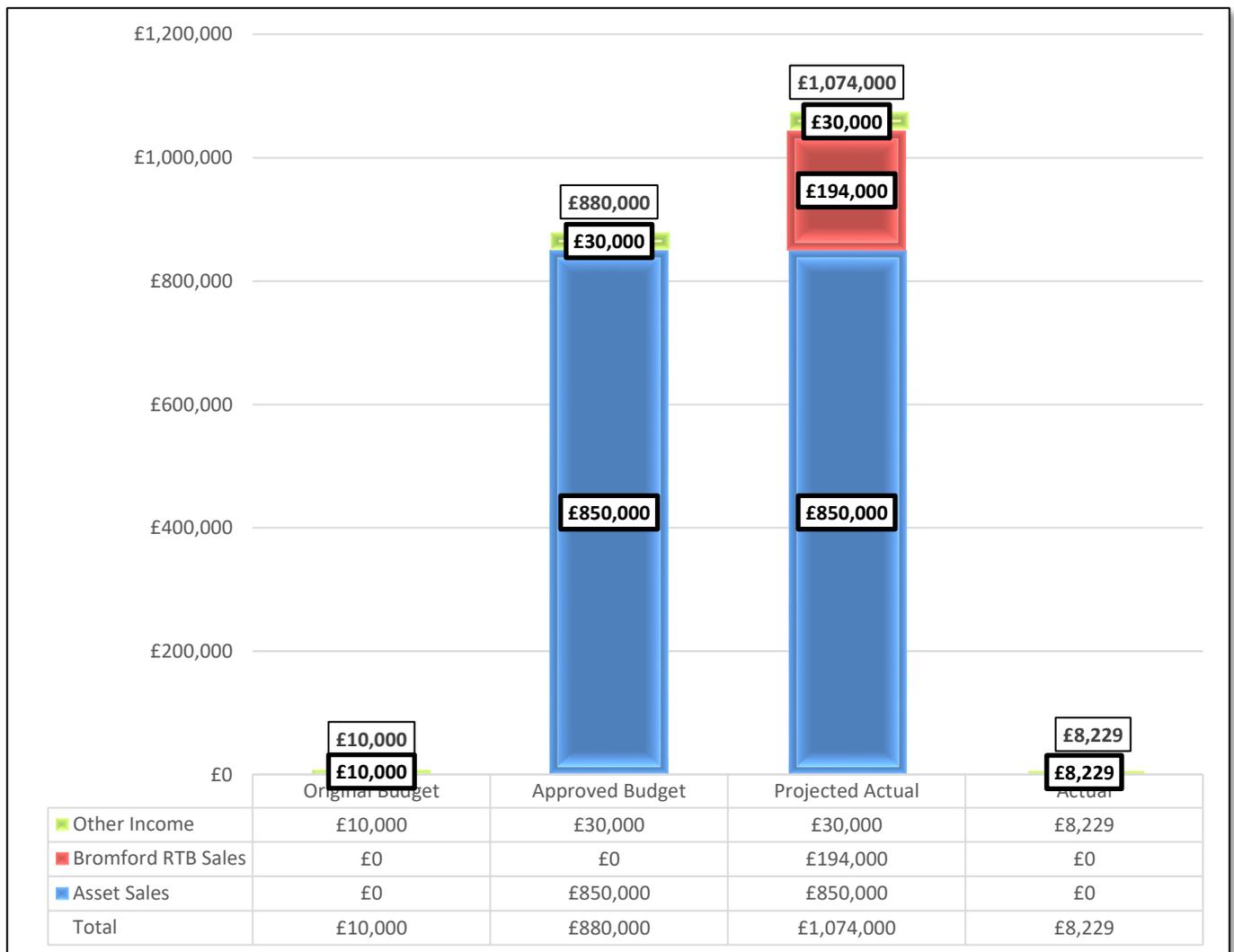


Performance compared to the Approved Budget

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

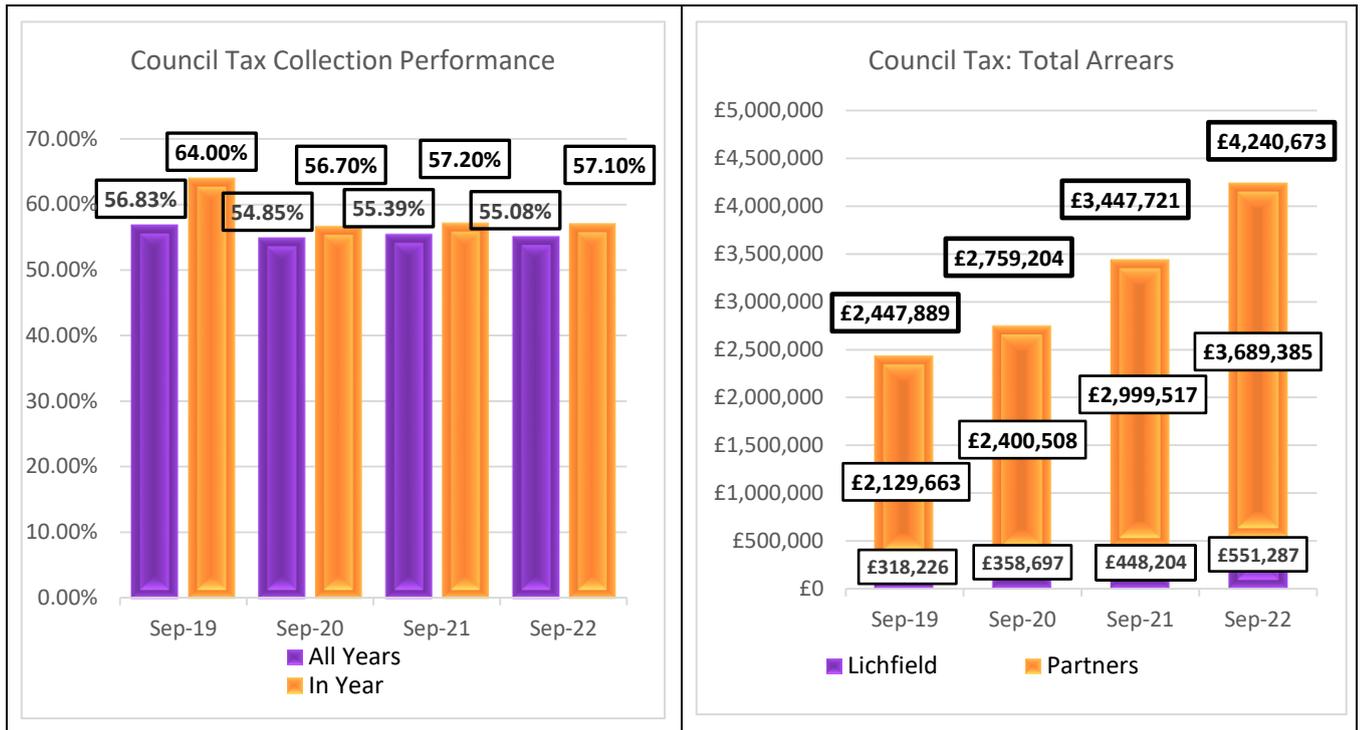
	Projected Variances	
	Profiling	Other
• Affordable Housing – adjustment to the budgeted grant profile.		(£140,000)
Enabling People Total	£0	(£140,000)
• Vehicle Replacement Programme – Budget reprofiled to 2023/24	(£43,000)	
Shaping Place Total	(£43,000)	£0
• Car Parks Vehicle – Budget reprofiled to later years	(£10,000)	
• Pay on Exit System at Friary Multi-Storey – budget amended to reflect updated specification		(£57,000)
• Card Payment in All Car Parks – budget amended to reflect updated specification		£23,000
Developing Prosperity Total	(£10,000)	(£34,000)
• Financial Information System – Removal of remaining budget as project is complete		(£44,000)
A Good Council Total	£0	(£44,000)
Total Projected Variance	(£53,000)	(£218,000)
		(£271,000)

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

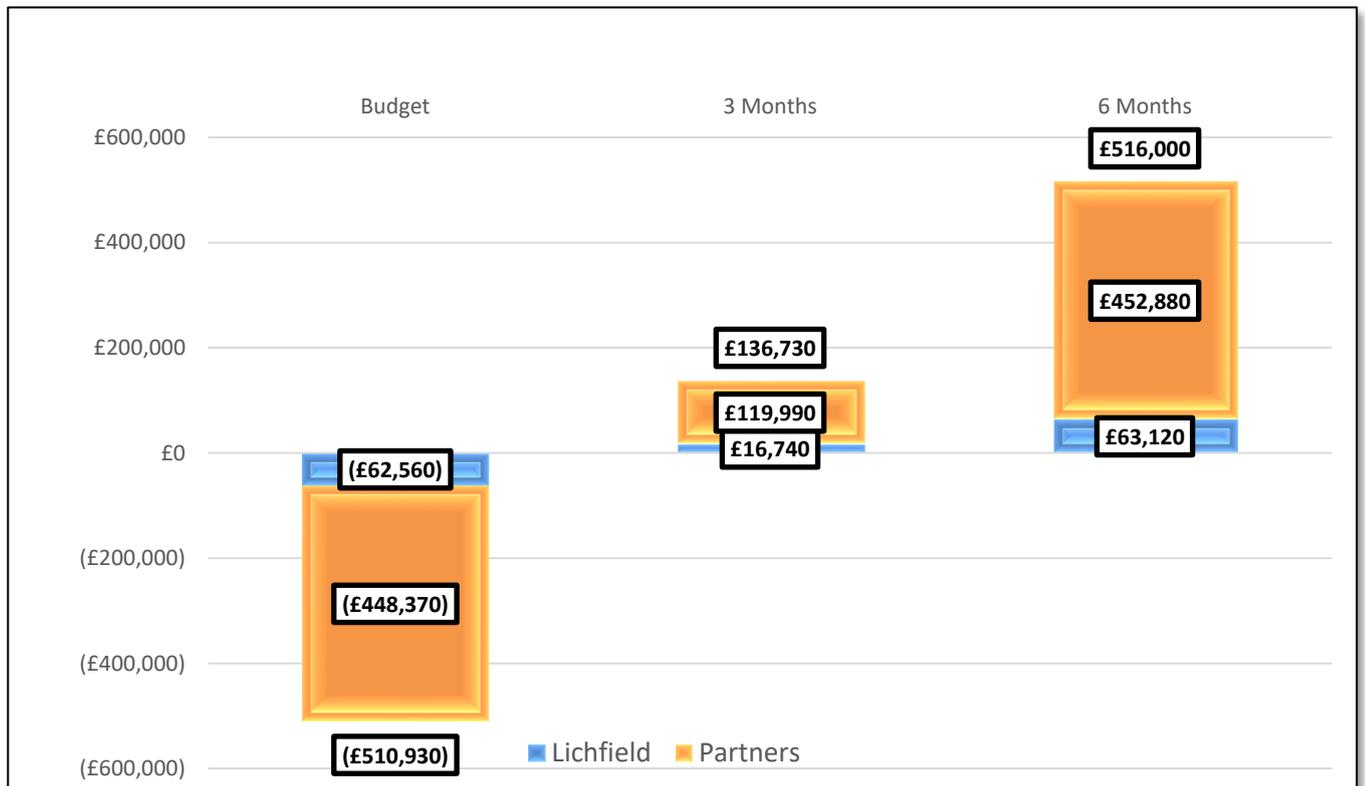


Council Tax

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



3.25. The Council Tax Collection Fund is projected to be in surplus by (£516,000) and the Council's share is (£63,120) based on Lichfield's (including Parishes) current share of Council Tax of c12%:

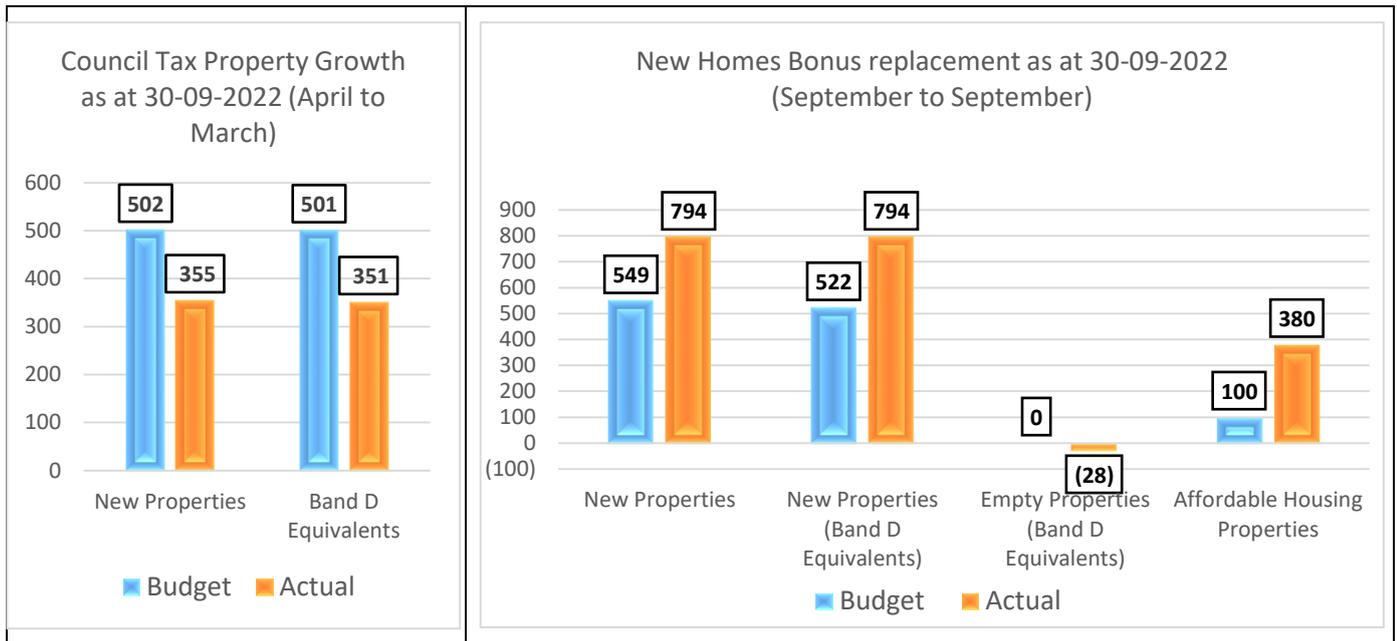


3.26. The main reasons for the additional income of £1,026,930 from the projected surplus compared to the budgeted deficit are:

- A higher surplus than budgeted in 2021/22 of £605,446 (Council share £75,138).
- A higher provision for bad debts of (£437,000) (Council share (£52,440)).
- A higher Council Tax income of £858,484 due to housing delivery rates beginning to increase and recover (Council share £102,998) and changes to reliefs and discounts.

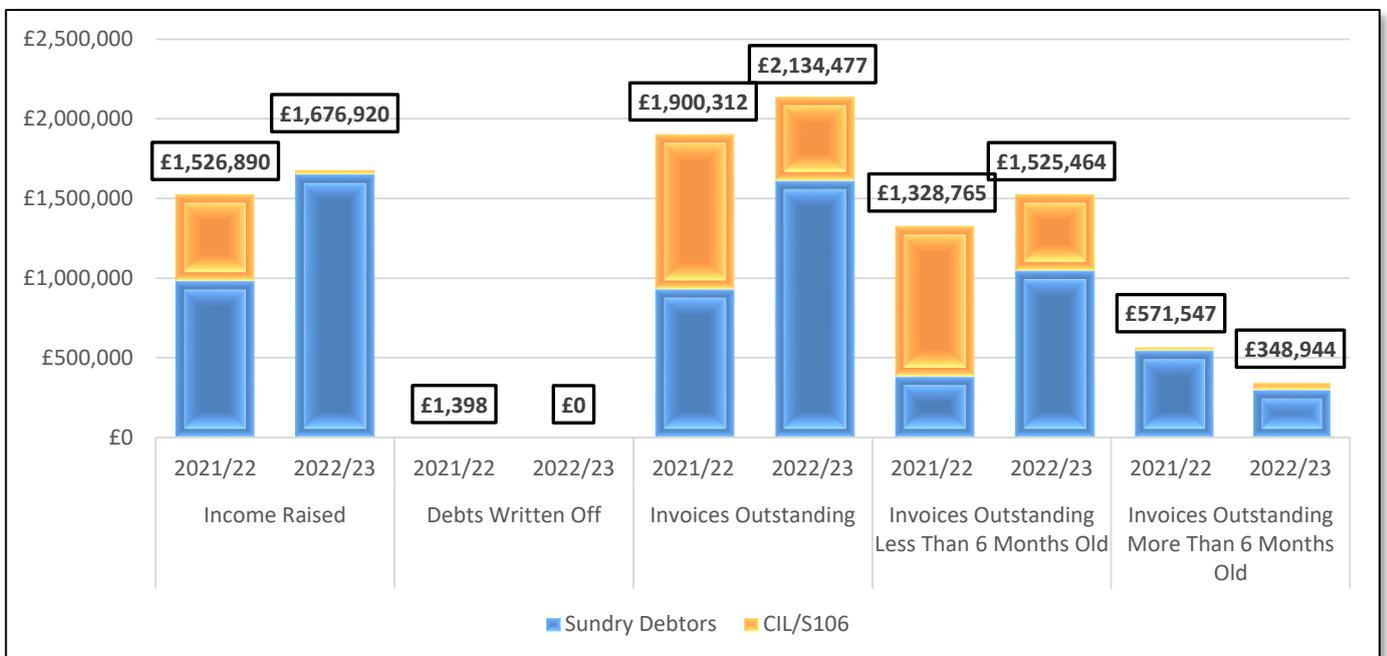
Housing Supply

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



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

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

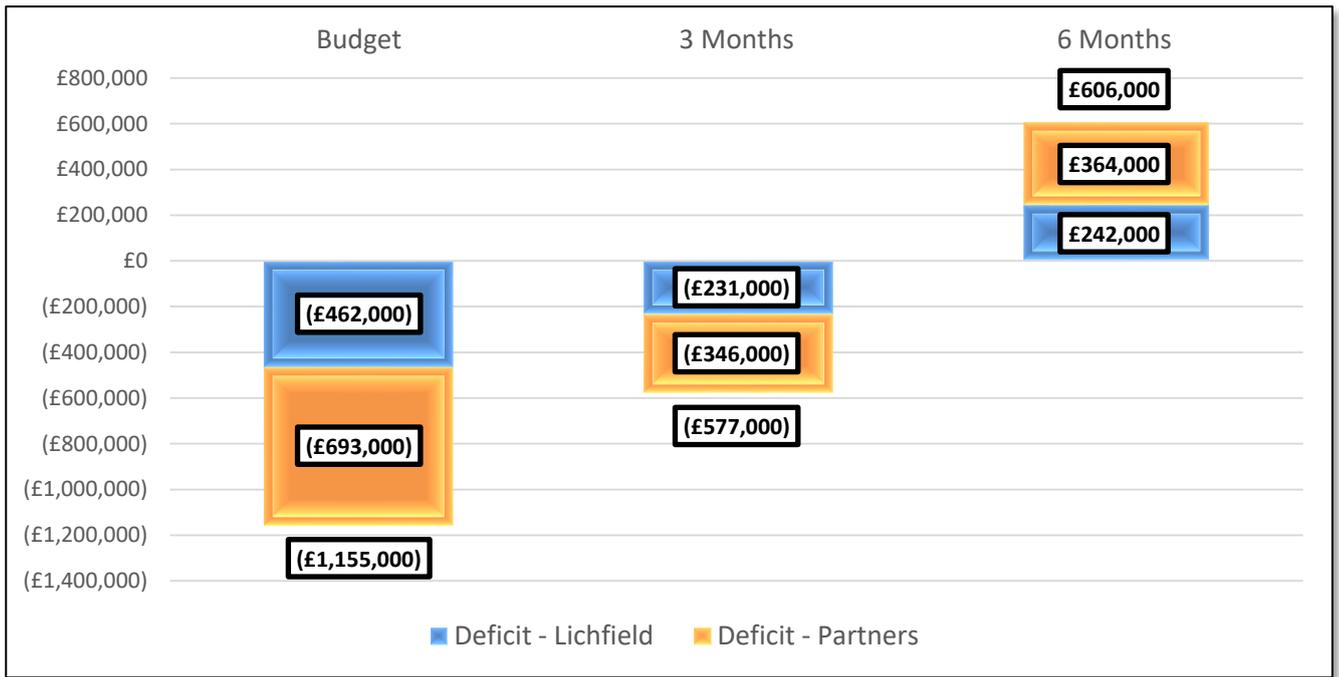


3.29. Total income raised in the second quarter of 2022/23 is **£150,030** or **10%** higher than for the same period in 2021/22 due mainly to an artificially lower level of invoices being raised in 2021/22 due to moving to a new financial system in October 2021.

3.30. Invoices outstanding has increased by **£234,165** or **12%** for the same reason as above.

Business Rates

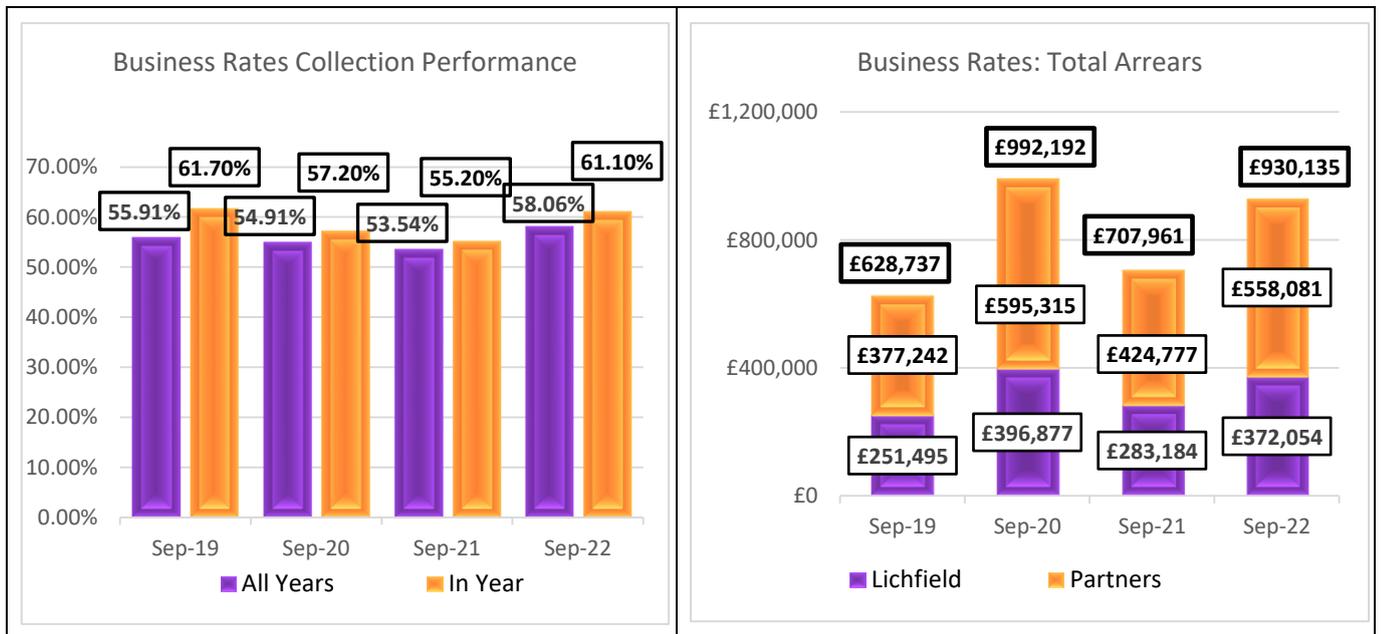
3.31. The Business Rates Collection Fund is projected to be in surplus by **£606,000**:



3.32. The main reasons for the additional income of **£1,761,290** from a projected surplus compared to the budgeted deficit 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 **£1,113,000** (Council share £446,000).
- Additional COVID-19 Compliance and Recovery Funding (CARF) and other changes in income due of **(£483,710)** (Council share (£194,000)).

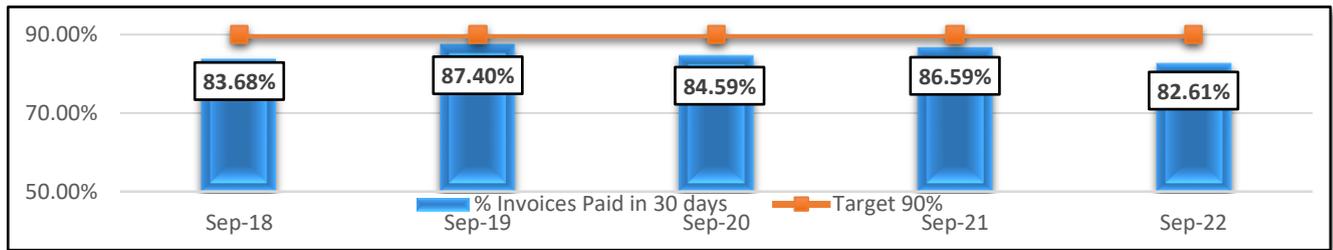
3.33. The collection performance for Business Rates is shown below:



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

Supplier Payment Performance

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



3.36. To address the continued under performance in this area, the Procurement Team have been working closely with Accounts Payable to review the current Procure to Pay process – what’s working well, what are the main issues / areas of concern and review the latest payment 30-day payment statistics.

3.37. In order to increase the YTD%, it has been agreed that a simplified Process Map will be created to a) clearly identify what the process should look like across the Council, and b) highlight where changes might be made to improve the process. Ideally, the communication of the process will be rolled out on a team -by team basis, starting with the lowest performing teams initially.

3.38. It is anticipated that the scoping of the process will be completed by November with collaboration with business areas starting in December.

Investment Strategy

3.39. 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.**

3.40. 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.

3.41. 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

3.42. There are two significant approved investments of a service nature and the investment and net return either included in the Approved Budget or projected are detailed below:

	2022/23	2023/24	2024/25	2025/26	2026/27
Approved Loan to the LWMTS¹	£150,000	£150,000	£150,000	£150,000	£150,000
Projected use of the Facility	£56,565	£0	£0	£0	£0
Projected year-end balance	£45,252	£33,939	£22,626	£11,313	£0
Net Income	£2,263	£2,263	£2,263	£2,263	£2,263
Net Return	4.00%	4.00%	4.00%	4.00%	4.00%
Approved Loan to the Joint Venture	£892,000	£3,566,000	£5,349,000	£5,349,000	£5,349,000
Net Income (assumed revenue budget neutral)	0	0	0	0	0
Net Return	0	0	0	0	0

Commercial Investments

3.43. No commercial investments are currently planned.

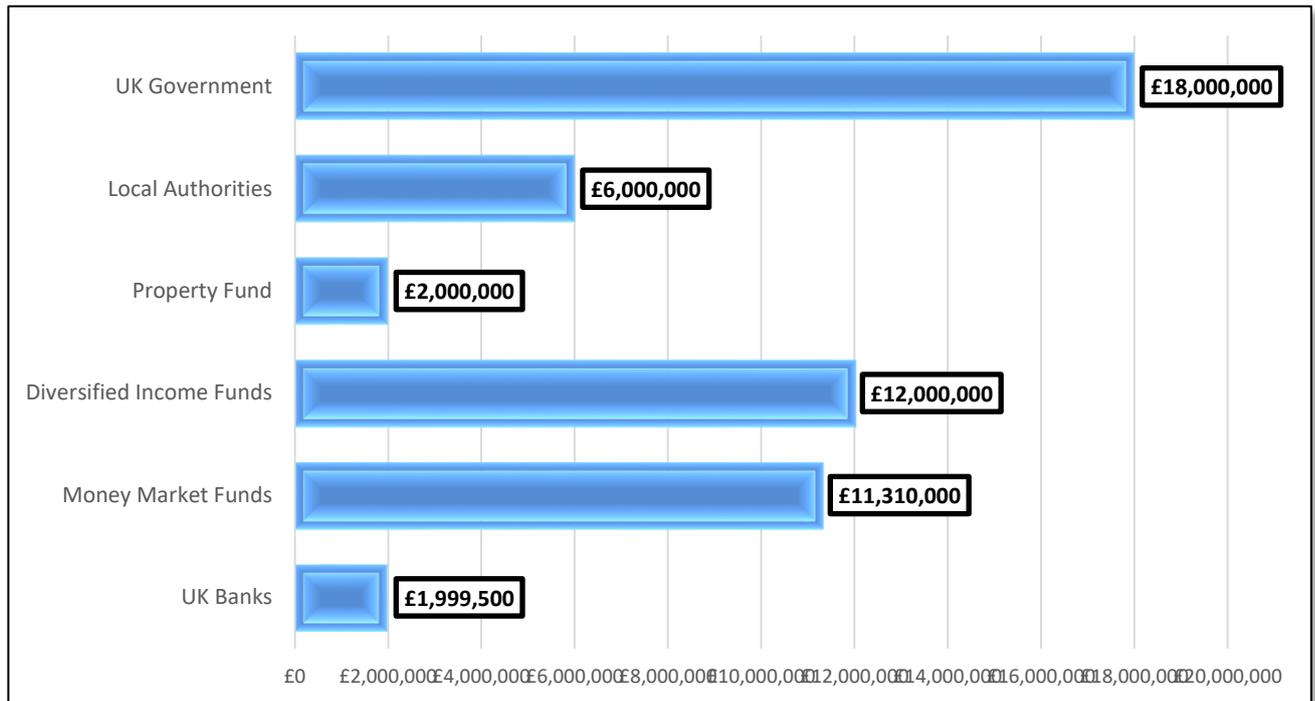
¹ The Review of Reserves Report to Cabinet on 6 September 2022 approved by Council on 18 October 2022 updated the loan to a level of up to **£150,000.**

Treasury Management Investments

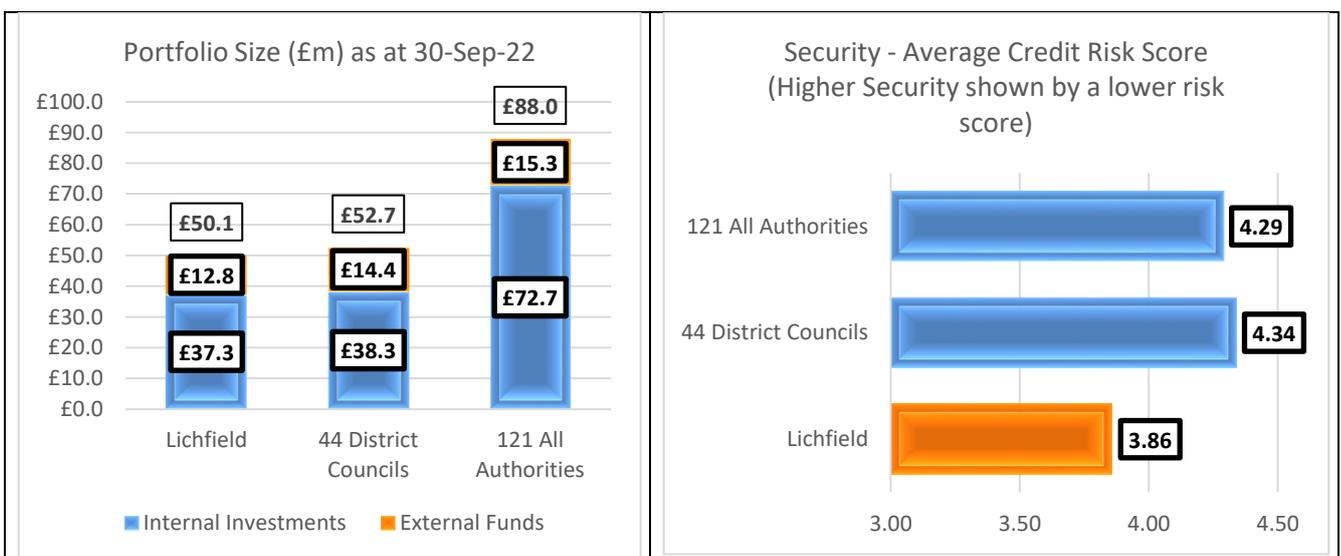
- 3.44. The performance of the Treasury Management function should be measured against the investment objectives of Security (the safe return of our monies), Liquidity (making sure we have sufficient money to pay for our services) and Yield (the return on our investments).
- 3.45. In addition, external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

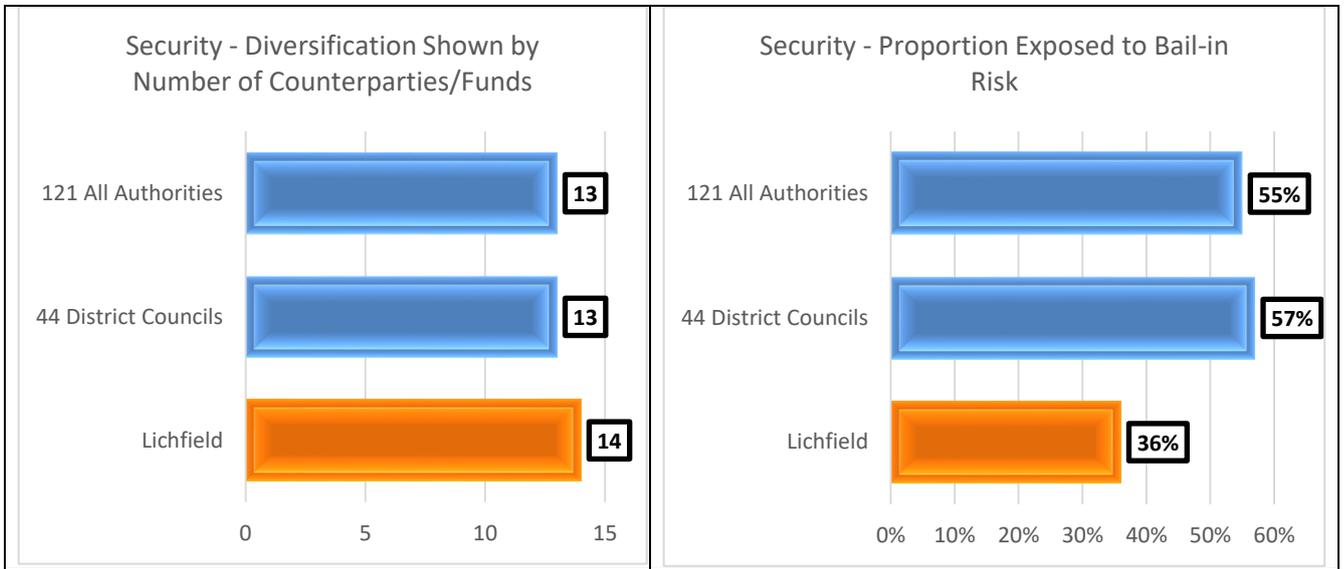
The Security of Our Investments

- 3.46. The investments the Council had at the 30 September 2022 of **£51,309,500** (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**:

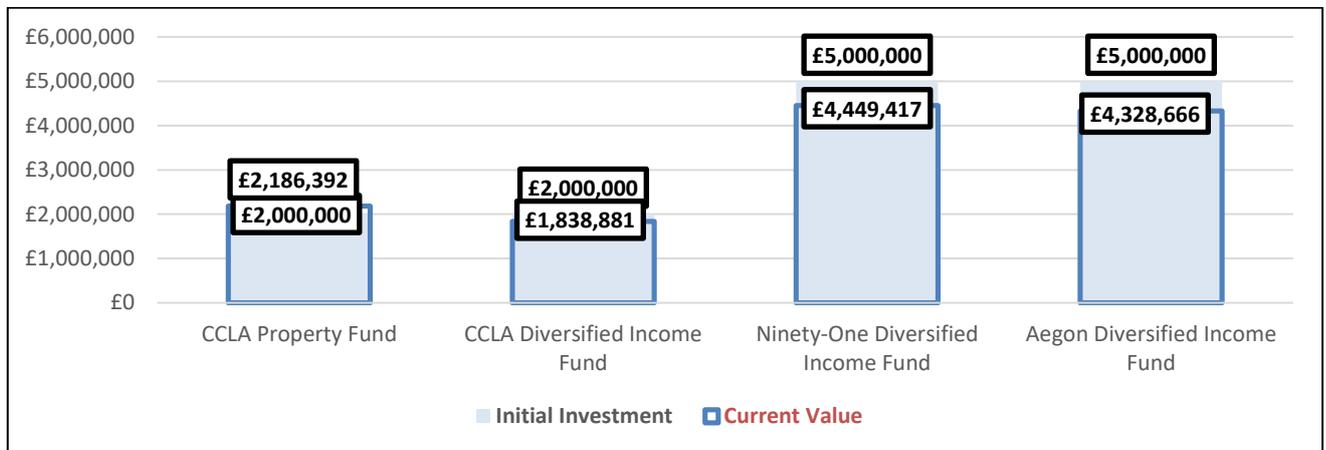


- 3.47. The Council's portfolio size (with the Property and Diversified Income Funds valued at its current value of **£12.8m**), average credit score, diversification and exposure to 'Bail in' risk compared to Arlingclose Clients is shown below:





3.48. The current value and initial investment value of the Property and the Diversified Income Funds are:



3.49. Overall in terms of strategic investments there is a 'book loss' of **£1,196,644** and the earmarked reserve to manage volatility risk is projected to be **(£740,290)** (APPENDIX D).

3.50. The economic backdrop during the April to September period continued to be characterised by high oil, gas and commodity prices, ongoing high inflation and its impact on consumers' cost of living, no imminent end in sight to the Russia-Ukraine hostilities and its associated impact on the supply chain, and China's zero-Covid policy.

3.51. Uncertainty remained in control of financial market sentiment and bond yields remained volatile, continuing their general upward trend as concern over higher inflation and higher interest rates continued to dominate. Towards the end of September, volatility in financial markets was significantly exacerbated by the UK government's fiscal plans, leading to an acceleration in the rate of the rise in gilt yields i.e. a fall in bond prices and decline in the value of sterling. Bonds form a component of the Council's multi-asset funds

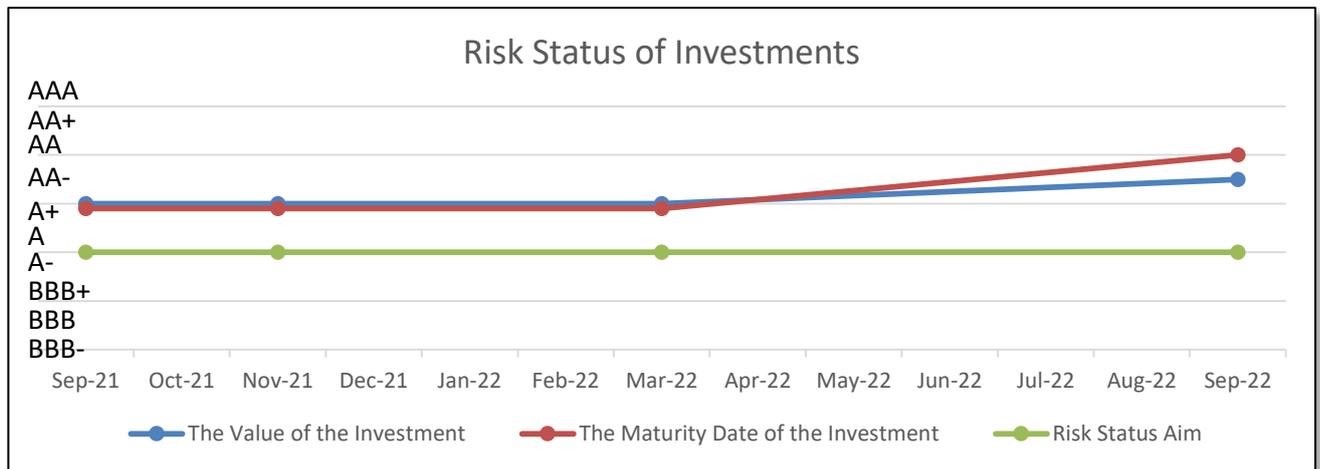
3.52. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's medium to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge 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.

3.53. CCLA announced in mid October the notice period for redemptions would be increased from 90 days to 6 months for the property fund. The extension is not a suspension of dealing and that the manager is adopting a cautious stance prompted by the current uncertainty in the property markets and that quarterly distributions are unaffected. This fund is viewed as a longer-term investment in the Council's portfolio and we are not contemplating its sale at the current time.

3.54. It is also important to note that the current statutory IFRS9 override is scheduled to end on 31 March 2023, the Government is currently consulting on a potential extension and the Council responded on 16 August 2022. This override currently means that any gain or loss on strategic fund investments is accounted for on the Balance Sheet until it is realised through a sale.

3.55. In the event this statutory override is not renewed, any gain or loss will need to be transferred to revenue and managed through reserves until disposal. To manage the inherent volatility with these long term investments, the Council had previously established a Strategic Investment Volatility Reserve.

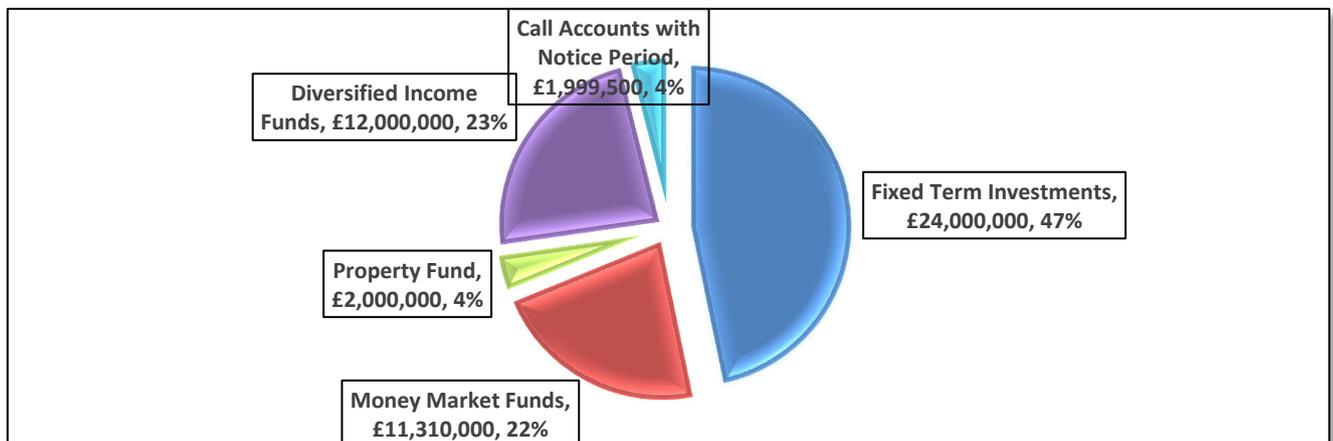
3.56. Our aim for the risk status of our investments was **A-** or higher. The risk status based on the length of the investment and the value for a 13 month period is summarised in the graph below:



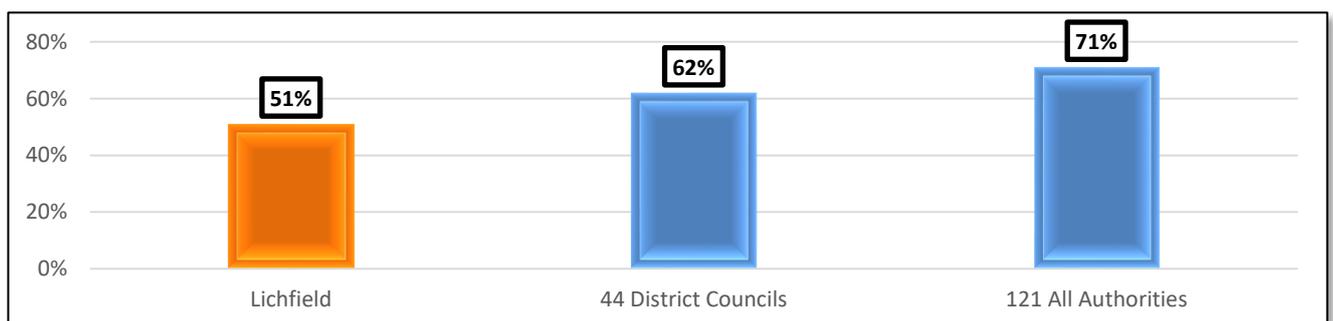
The Liquidity of our Investments

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

3.58. A significant proportion of investments are retained in instant access Money Market Fund investments to ensure there is sufficient cash available to pay for goods and services. The investments by type are shown below:

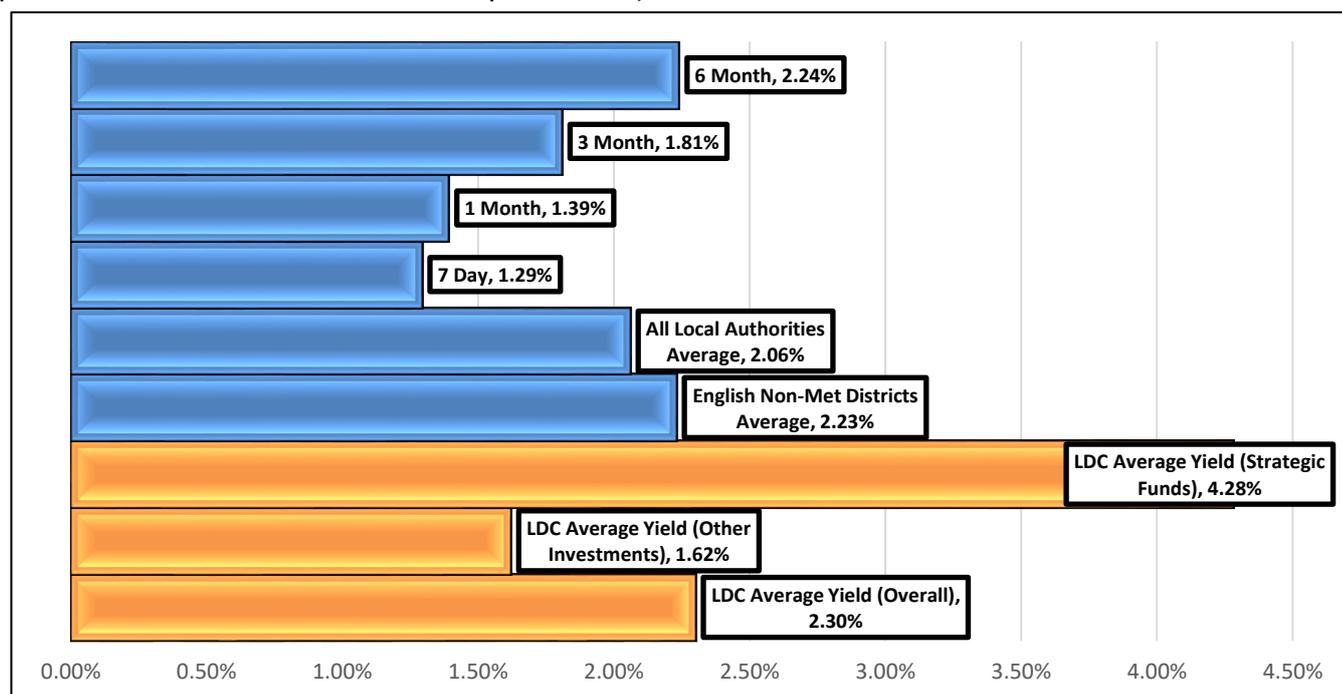


3.59. The proportion of the investment portfolio available within 100 days compared to all Arlingclose clients is shown below:



The Return or Yield of our Investments

3.60. 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:



3.61. The investment activity during the financial year is projected to generate **(£1,384,000)** of gross investment income compared to a budget of **(£1,073,230)**.

3.62. Any additional income above the level included in the revenue budget, at this stage, is being added to the Strategic Investments Volatility Reserve to provide mitigation to any adverse impact resulting from market volatility.

The External Borrowing Portfolio

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

	Principal	Average Rate	Years to Final Maturity	(Premium) /Discount
PWLB Fixed Equal Instalment of Principal (EIP)	£1,065,400	2.59%	17.5	£110,062
TOTAL BORROWING	£1,065,400	2.59%	17.5	£110,062

3.64. For information, current rates for a similar loan are **4.98%** (excluding any discounts) from the Public Works Loans Board.

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 £7,167,610.</p> <p>At this six months stage, general reserves are forecast to be £6,075,329. This is an decrease of (£1,092,281) and is related to:</p> <ul style="list-style-type: none"> • A lower than budgeted contribution in 2021/22 of (£42,031). • Approved updates in 2022/23 reducing the contribution by (£1,050,250).
Approved by Section 151 Officer	Yes

Legal Implications	No specific legal implications. The recommended changes to the Medium Term Financial Strategy not part of the approved Budget Framework will be required the approval of Full Council.
Approved by Monitoring Officer	Yes

Contribution to the Delivery of the Strategic Plan	The MTFs underpins the delivery of the Strategic Plan.
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Equality, Diversity and Human Rights Implications	There are no additional Equality, Diversity or Human Rights implications.
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Crime & Safety Issues	There are no additional Equality, Diversity or Human Rights implications.
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Environmental Impact (including Climate Change and Biodiversity).	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan.
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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.
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	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 consultation. 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	A property team has been recruited via the Company 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	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
			to mitigate any additional cost.	
Strategic Risk SR3: Capacity and capability to deliver / strategic plan to the emerging landscape				
G	The Council cannot achieve its approved Delivery Plan for 2023/24	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
- Lichfield District Youth Council – Policy Proposal – Cabinet 6 September 2022
- Joint Venture – A cinema for Lichfield District – Cabinet 11 October 2022
- Medium Term Financial Strategy (Revenue and Capital) 2023-27 – Cabinet 11 October 2022

Relevant web links

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	1,338,910	1,278,280	(60,630)	(248,670)	
Shaping place	4,082,610	4,215,150	3,781,650	(433,500)	(300,960)	
Developing prosperity	(436,080)	(126,110)	(70,550)	55,560	365,530	
A good council	6,918,520	8,644,030	9,398,600	754,570	2,480,080	
COVID-19 - General Recovery (allocated to car parking)	377,000	0	0	-	(377,000)	
Net Cost of Services	12,469,000	14,071,980	14,031,750	316,000	1,918,980	250,000
Net Treasury Position	(298,000)	(850,730)	(850,730)	-		
Revenue Contributions to the Capital Programme	100,000	100,000	100,000	-		
Net Operating Cost	12,271,000	13,321,250	13,637,250	316,000		
Transfer (from) / to General Reserve	280,000	(770,250)	(770,250)	-		
Transfer (from) / to Earmarked Reserves	0	0	0	-		
Net Revenue Expenditure	12,551,000	12,551,000	12,867,000	316,000		
Financed by:						
Retained Business Rates	(3,311,000)	(3,311,000)	(3,311,000)	-		
Business Rates Cap	(174,000)	(174,000)	(490,000)	(316,000)		
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 Date	2023/24	2024/25	2025/26	2026/27
Original Funding Gap		£725,710	£765,340	£732,190	£904,890
Pension Contributions	05/04/2022	(£31,520)	(£150,660)	(£271,940)	£10,050
Lichfield District Youth Council	06/09/2022	20,000	30,000		
Revenue Contributions to Capital	11/10/2022			(25,000)	183,000
Ongoing budget pressures	This Report	£81,450	£81,450	£81,450	£81,450
Approved Funding Gap/(transfer to General Reserves)		£795,640	£726,130	£516,700	£1,179,390
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)
Total		£324,870	£349,800	£605,160	£603,420
Projected Funding Gap		£1,120,510	£1,075,930	£1,121,860	£1,782,810

General Reserves

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

Savings and Additional Income Proposals Monitoring

2022/23				
No	Saving	MTFS Target	3 Month Projection	6 Month Projection
1	Standby payments	£9,000	£0	£0
2	Fusion Credit	£10,000	£10,000	£10,000
3	Void reduction	£2,000	£2,000	£2,000
4	Light Emitting Diode lighting / Car park	£2,000	£0	£0
5	Revs & Bens Restructure Part 1	£87,070	£87,070	£87,070
6	Corp pay budgets	£23,090	£23,090	£23,090
7	Deleted post - post room	£24,610	£24,610	£24,610
8	Reduced telephone budget	£1,000	£1,000	£1,000
9	Reduced document imaging	£9,000	£9,000	£9,000
10	Reduced printing	£8,000	£8,000	£8,000
11	Reduced postage	£15,000	£15,000	£15,000
12	Reduced stationery	£5,000	£5,000	£5,000
13	Reduced Uniform (Customer)	£1,000	£1,000	£1,000
14	Hybrid working savings	£100,000	£100,000	£100,000
15	Communications / Visitor Economy merger	£10,000	£10,000	£30,000
16	Revs & Bens restructure Part 2	£200,000	£58,000	£58,000
17	Golf course	£80,000	£40,000	£40,000
18	Restructure of Operational Services	£0	£0	£0
19	Major Projects	£95,000	£95,000	£95,000
20	Post/Printing	£30,000	£30,000	£30,000
21	Vacancy savings	£150,000	£150,000	£150,000
22	Implement new Target Operating Model	£330,000	£330,000	£330,000
23	Information Technology savings	£150,000	£0	£25,000
24	Dividend	£25,000	£0	£0
25	Savings Strategy year 1 - Treasury Management	£340,230	£340,230	£340,230
26	Garden Waste Price increase	£50,000	£0	£0
27	Review of Existing Pricing Discounts	£45,000	£45,000	£45,000
28	Grant funding for homelessness	£35,000	£35,000	£35,000
29	Property Income (1.5 Properties 21/22, 4 Properties 22/23, 5 Properties 23/24)	£12,000	£12,000	£12,000
30	Introduce Sunday Charging (replace £1 flat fee with normal tariffs).	£93,000	£0	£0
31	Introduce an evening charge in LDC car parks of £1.	£38,000	£0	£0
32	Introduce a departure charge to all bus companies using Lichfield Bus Station.	£21,000	£0	£0
33	Introduce an administration charge of £100 for supplying CCTV footage to insurance companies.	£1,000	£0	£0
34	Introduce an administration charge of £200 for coning off bays in car parks.	£1,000	£0	£0
35	Annual increase in relevant fees and charges of 2.5%	£64,000	£18,000	£18,000
36	street naming and numbering	£20,000	£20,000	£20,000
NEW	Incubator Space			£50,000
	Total	£2,087,000	£1,469,000	£1,564,000

Approved Target in MTFS

£2,087,000

£2,087,000

Shortfall to MTFS Target

£618,000

£523,000

Fees and Charges

Income Type	Approved Budget £000	Actual £000	Year End Variance £000	Annual Trend							
				2014/15 Actual £000	2015/16 Actual £000	2016/17 Actual £000	2017/18 Actual £000	2018/19 Actual £000	2019/20 Actual £000	2020/21 Actual £000	2021/22 Actual £000
				Planning Applications	781	744	0	771	629	1,030	824
Car Parks	1,721	1,108	0	1,746	1,748	1,986	2,078	2,198	2,105	752	1,515
Garden Waste	1,566	1,365	0	0	0	0	231	1,495	1,478	1,618	1,609
Trade Waste	488	547	0	338	390	407	415	443	469	485	522
Land Charges	305	185	0	183	297	312	279	286	253	272	341
Building Control	948	736	0	454	507	557	547	553	896	1,032	948
Property Rental	592	429	0	644	681	687	729	839	744	680	674
Total of Highest Value Fees & Charges	6,402	5,114	0	4,134	4,251	4,980	5,102	6,611	6,689	5,535	6,583
Other Income											
Licensing				217	185	236	224	241	245	160	184
Leisure Centres				1,782	1,819	1,879	1,629	183	0	0	0
VAT Claim				0	0	0	0	1,103	0	0	0
Court Costs				252	233	218	198	214	222	154	247
Recycling				14	347	439	463	331	283	280	560
Grounds Maintenance				162	161	168	195	217	264	273	234
Other				1,839	1,139	1,319	1,124	1,057	1,063	908	1,166
Total Income				8,400	8,136	9,239	8,936	9,957	8,766	7,310	8,974

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
Replacement 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	3,700	2,524,000	0
Burntwood Leisure Centre - Decarbonisation Scheme	0	18,000	(38,552)	18,000	0
Accessible Homes (Disabled Facilities Grants)	1,654,000	1,343,000	11,729	1,343,000	0
Home Repair Assistance Grants	4,000	0	0	0	0
Decent Homes Standard	147,000	97,000	0	97,000	0
DCLG Monies	212,000	0	0	0	0
Unallocated S106 Affordable Housing Monies	334,000	382,000	800	242,000	(140,000)
Burntwood Park Play Equipment	0	75,000	74,000	75,000	0
Conversion of 36a Bore Street	0	576,000	0	576,000	0
Streethay Community Centre	0	600,000	0	600,000	0
Changing Places Fund	0	94,000	0	94,000	0
Play Equipment at Chase Terrace Park	0	25,000	0	25,000	0
Zip Wire in Burntwood	0	30,000	0	30,000	0
Enabling People Total	4,792,000	6,086,000	58,254	5,946,000	(140,000)
Loan to Council Dev Co.	0	150,000	0	150,000	0
Lichfield St Johns Community Link	35,000	35,000	0	35,000	0
Staffordshire Countryside Explorer	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	16,162	267,000	0
Vehicle Replacement Programme (Other)	229,000	229,000	74,665	186,000	(43,000)
Env. Improvements - 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	392	45,000	0
Falkland Road Fosseyway Canal Walk	0	260,000	0	260,000	0
Shaping Place Total	421,000	1,230,000	133,899	1,187,000	(43,000)
Vehicle Replacement Programme (Car Parks)	10,000	10,000	0	0	(10,000)
Coach Park	1,137,000	807,000	0	807,000	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	31,996	93,000	(57,000)
Birmingham Road Site Enabling Works	0	535,000	0	535,000	0
Cinema Development	0	892,000	0	892,000	0
Incubator Space	0	354,000	92,787	354,000	0
Card Payment in All Car Parks	100,000	100,000	41,914	123,000	23,000
Electric Vehicle Charge Points	80,000	80,000	0	80,000	0
Car Park Barriers	36,000	36,000	0	36,000	0
Developing Prosperity Total	1,676,000	3,127,000	166,696	3,083,000	(44,000)
Property Planned Maintenance	230,000	206,000	196,239	206,000	0
New Financial Information System	44,000	44,000	0	0	(44,000)
IT Infrastructure	0	300,000	23,732	300,000	0
Building a Better Council	600,000	665,000	268,748	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
Good Council Total	1,064,000	1,400,000	488,719	1,356,000	(44,000)
Approved Budget	7,953,000	11,843,000	847,568	11,572,000	(271,000)

Funding Source	Original Budget	Approved Budget	Projected Actual	Variance
Capital Receipts	1,331,000	2,737,000	2,787,000	50,000
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	4,118,000	3,978,000	(140,000)
Reserves, Existing Revenue Budgets and Sinking Funds	1,143,000	2,364,000	2,183,000	(181,000)
Capital Programme Total	7,953,000	11,843,000	11,572,000	(271,000)

Investments in the 2022/23 Financial Year

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

Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating	Foreign Parent
Money Market Funds						
Invesco Aim	£4,000,000	01-Oct-22	Instant Access	1.86%	0	N/A
Federated	£1,830,000	01-Oct-22	Instant Access	1.80%	0	N/A
BNP Paribas MMF	£480,000	01-Oct-22	Instant Access	1.10%	0	N/A
CCLA MMF	£5,000,000	01-Oct-22	Instant Access	1.75%	0	N/A
Strategic Funds						
CCLA Property Fund	£2,000,000	N/A	N/A	3.59%	N/A	No
Ninety-One Diversified Income Fund	£5,000,000	N/A	N/A	4.27%	N/A	No
CCLA Diversified Income Fund	£2,000,000	N/A	N/A	2.53%	N/A	No
Aegon Diversified Income Fund	£5,000,000	N/A	N/A	5.91%	N/A	No
Fixed Term Investments						
Conwy County Borough Council	£2,000,000	23-Jan-23	115	0.30%	LOCAL	
Folkestone and Hythe District Council	£2,000,000	09-Mar-23	160	0.95%	LOCAL	
North Lanarkshire Council	£2,000,000	21-Dec-22	82	0.85%	LOCAL	
Debt Management Office	£6,000,000	19-Oct-22	19	0.94%	UK Government	
Debt Management Office	£4,000,000	21-Nov-22	52	1.53%	UK Government	
Debt Management Office	£4,000,000	19-Jan-23	111	1.90%	UK Government	
Debt Management Office	£4,000,000	20-Feb-23	143	2.50%	UK Government	
Call Accounts with Notice Period						
Santander	£1,000,000	03-Jan-23	95	1.53%	A	
HSBC	£999,500	31-Oct-22	31	2.00%	A+	
Total Investments	£51,309,500					

Strategic Investments Volatility Reserve	
Opening Balance 01/04/2022	329,290
Approved Transfers 2022/23	100,000
Projected Transfers Qtr 2	311,000
Projected Closing Balance 31/03/2023	740,290
Fund Book Gains/(Losses)	
CCLA Property Fund	£186,392
CCLA Diversified Income Fund	(£161,119)
Ninety-One Diversified Income Fund	(£550,583)
Aegon Diversified Income Fund	(£671,334)
Net Book Loss as at 30/09/2022	(£1,196,644)
Projected Shortfall	(£456,354)