

Money Matters: 2023/24 Financial Monitoring

Cabinet Member for Finance and Commissioning

Date: 6 February 2024
Agenda Item: 3
Contact Officer: Anthony Thomas
Tel Number: 01543 308012
Email: Anthony.thomas@lichfielddc.gov.uk
Key Decision? YES
Local Ward Members Full Council

Lichfield
district council

Cabinet

1. Executive Summary

- 1.1 The report covers the financial performance from April to November (8 Months) for 2023/24.
- 1.2 The Medium Term Financial Strategy projected general reserves at 31 March 2024 would be **£6,075,329**. At this stage, general reserves are forecast to be **£5,835,224**, a decrease of **(£240,105)** related to:
 - A lower than budgeted contribution in 2022/23 of **(£90,665)**.
 - Projected use in 2023/24 of **(£149,440)** as summarised in **APPENDIX A**. This is the same projected level as the 6 month projection.
- 1.3 Leisure centres and their income are projected to be **£100,000** lower than the budget and this shortfall will be funded from the earmarked reserve. The budget performance will need to be kept under review given the level of financial risk related to leisure centre income.
- 1.4 At the eight month's stage, there are no significant financial risks that need to be highlighted to the Council as shareholder in relation to LWMTS financial performance.
- 1.5 The Capital Programme is projected to be **£10,820,000** which is **£1,010,000** higher than the Approved Budget. This is due to the reprofiling of major projects such as the land exchange of 32-44 Bakers Lane.
- 1.6 Capital Receipts are projected to be **(£2,581,000)** which is **(£1,636,000)** higher than the Approved Budget. A 'notional' capital receipt of **(£1,478,000)** related to the land exchange of exchanging the freehold of the remainder of the Three Spires Shopping Centre for the leasehold of 32-44 Bakers Lane is included.
- 1.7 In terms of Council Tax, Business Rates, Sundry Debtors and Supplier Performance:
 - **Council Tax collection** in year performance was **75.20%** (75.60% in 2022/23) and total arrears were **£4,698,423** and the Council's share is **£551,889** (£3,881,540 and £455,936 in 2022/23).
 - The **Council Tax Collection Fund** is projected to be in surplus, with the Council's c12% share being **(£99,000)** compared to the Approved Budget of **£0**. This additional income of **(£99,000)** will be included in the 2024/25 budget.
 - Sundry Debt for income to be collected in 2023/24 has increased by **£497,365** or **23%** compared to 2022/23, and the value outstanding at 30 September 2023 has increased by **£1,495,462** or **73%**.
 - **Retained Business Rate Income** is projected to be **(£3,464,100)** in line with the Approved Budget.
 - The **Business Rates Collection Fund** is projected to be in surplus, with the Council's 40% share being **(£1,130,000)** compared to the Approved Budget of **£0**. This additional income of **(£1,130,000)** will be included in the 2024/25 budget.
 - **Business Rates collection** in year performance was **75.80%** (77.70% in 2022/23) and total arrears were **£665,171** and the Council's share is **£266,068** (£729,633 and £291,853 in 2022/23).
 - The payment of suppliers within 30 days was **91.80%**, which is above our **90%** target.
- 1.8 The Council's investments achieved a risk status of **A+** that was more secure than the aim of **A-** and yield exceeded all four of the industry standard London Interbank (LIBID) yield benchmarks.

2. Recommendations

- 2.1. To note the report and issues raised within and that Leadership Team with Cabinet Members will continue to closely monitor and manage the Medium Term Financial Strategy.
- 2.2. To approve the commencement of an open procurement process and to delegate the award of the contract for the housing redevelopment for the Bore Street Shops to the Cabinet Member for Finance and Commissioning subject to the full cost being within Approved Budgets.
- 2.3. To approve the commissioning works to enable the Council to prepare for mandatory Biodiversity Net Gain (BGN) and establish a brokerage service from LWMTS for **£70,000** (funded by BNG grant of £52,857 and Council funding of £17,143).

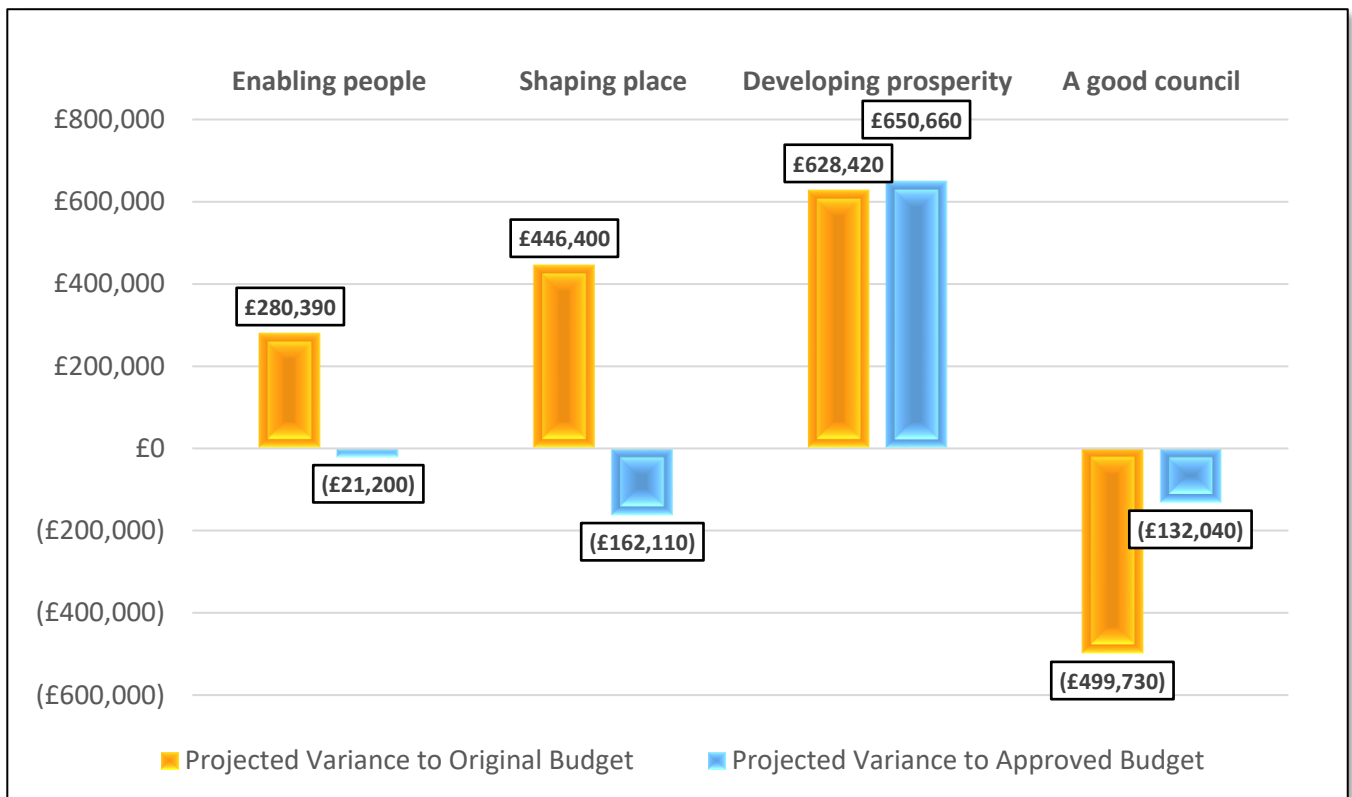
3. Background

Budget Management

- 3.1. The MTFS 2022-27, approved by Council on 28 February 2023, included the Original Budget for 2023/24 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 and Briefing Notes 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 2023/24 and will be approved by Council on 27 February 2024.

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			
● Allocation of Inflation Budget – Pay Award	2,520		
● Transfer of Savings to Part Fund Employee Benefits Budget	(15,000)		
● Procurement Savings	(280)		
● Vacancy Savings - Various Posts		(16,200)	
● Transfers	7,760		
Shaping place			
● Vacancy Savings - Various Posts		(4,600)	
● Transfer of Savings to Part Fund Employee Benefits Budget	(60,000)		
● One Year Carry forward - No Longer Needed			(46,330)
● Savings from non-utilisation of budget earmarked for Parks Transfer			(50,670)
● Procurement Savings	(510)		
Developing prosperity			
● Additional costs for regeneration project delivery			300,000
● Allocation of Inflation Budget – Pay Award	14,520		
● Allocation of Inflation Budget - Utilities	26,050		
● Allocation of Inflation Budget - Corporate Landlord Cost Pressures	42,370		
● Shortfall in Rental Income from Three Spires			50,000
● Pressures as a Results of the Delayed Sale of Venture House			36,560
● Lower Rental Income due to Vacant Bore Street Premises			53,750
● Procurement Savings	(850)		
● Lower Rental Income due to Vacant Incubator Space			40,000
● Pressures as a Result of Professional Fees for Valuers for Statement of Accounts etc.			28,810
● Pressure for NNDR Bill for Canwell Show Store			3,090
● Pressure on Freehold Sale Income			7,960
● Pressure on Easement and Wayleaves Income and Investment Property Rental			9,080
● Transfers	39,320		
A good council			
● Allocation of Inflation Budget – Pay Award	(17,040)		
● Allocation of Inflation Budget - Utilities	(26,050)		
● Allocation of Inflation Budget - Corporate Landlord Cost Pressures	(42,370)		
● Achievement of the Vacancy Savings Target - Annual Target		20,800	
● £180,000			
● Transfer of Savings to Part Fund Employee Benefits Budget	75,000		
● Achievement of Procurement Target	2,000		
● Procurement Savings	(360)		
● One Year Carry forward - No Longer Needed			(8,000)
● Uncommitted Inflation Pressures Budget			(15,470)
● Uncommitted Growth/Contingency Budget			(43,470)
● Uncommitted Cost of Living Budget			(30,000)
● Transfers	(47,080)		
Total - Net Cost of Services	0	0	335,310
		335,310	
Net Treasury - Increased Interest Receipts			(335,310)
Transfer (to)/from General Reserves			£0

3.7. The current progress on delivering savings/additional income proposals (with changes in projections shown in the table above in blue) included within the MTFS is also provided at **APPENDIX A**.

3.8. The target for vacancy savings is **(£180,000)** (£150,000 vacancies and £30,000 Talent Acquisition) and at the eight month's stage, **£34,580** is still to be identified.

Leisure Centres

- 3.9. Cabinet on 14 February 2023 approved, following a mutually agreed termination of the Leisure Operating Contract with Freedom Leisure, the transfer of the management, budget, and operation of the council's leisure centres to the Council's wholly owned company / new organisational structure as appropriate with the Company assuming responsibility for paying the contract commercial bid and contracted indexing to the Council from 1 April 2023.
- 3.10. The budgeted income that will be retained by the Council, management fee, costs and Leisure Centres budget is provided in detail at **APPENDIX A** and in summary below:

	2023/24	2024/25	2025/26	2026/27	2027/28
Income Retained by the Council	(£2,727,740)	(£2,734,290)	(£2,978,130)	(£3,434,020)	(£3,673,950)
Management Fee and Costs	£2,641,500	£2,648,050	£2,942,130	£3,152,020	£3,317,950
Leisure Centres Budget	(£86,240)	(£86,240)	(£36,000)	(£282,000)	(£356,000)

- 3.11. In terms of income, compared to a linearly profiled budget, there is a shortfall of **£341,000**. This is currently projected to reduce to **£100,000** with higher income projected in the second half of the financial year together with a planned reduction in the management fee to reflect savings targets in LWMTS.
- 3.12. An earmarked reserve was established using the compensation sum and underspends in two capital projects were repurposed to provide funding for implementation and transition.
- 3.13. The current position is shown below:

Detail	Implementation/ Transition
Earmarked Reserve	(£750,000)
Underspend BABC	(£88,000)
Sinking fund BLC	(£69,000)
Total Available Funding	(£907,000)
Actual/committed spend	£249,130
Projected income shortfall	£100,000
Total Projected Spend	£349,130
Available Balance	(£557,870)
Impact on General Reserves	£0

- 3.14. These financial projections will continue to be refined during the financial year and any income shortfall more than the available funding will need to be funded from general reserves.
- 3.15. Budget performance will need to be kept under review given the level of financial risk related to leisure centre income.

Lichfield West Midlands Traded Services (LWMTS) Financial Performance

- 3.16. On 18 July 2023, the Cabinet Members for Finance and Commissioning and Leisure, Parks and Major Projects agreed the revised LWMTS Business Plan approved by the Company Board in June 2023.
- 3.17. As the Company develops, and the Business Plan is refreshed, material changes will require further approval by the Council.
- 3.18. It is therefore important given the Council is the sole shareholder, and the significant increase in the level of financial risk that oversight is maintained on financial performance. This will enable Council to have an early indication of any areas of underperformance that could subsequently impact on the Council's Medium Term Financial Strategy.

3.19. In terms of LWMTS 8 month financial performance, the key highlights are:

- Income was **(£3,033,000)** compared to budgeted income of **(£2,558,000)**.
- Operating profit of **(£388,000)** versus the budgeted profit of **(£124,000)** – higher than budgeted profit of **(£264,000)**.
- The main reasons for the higher than budgeted profit is related to:
 - Higher income of **(£475,000)**.
 - Higher cost of sales **£367,000**.
 - Lower staffing of **(£80,000)**.
 - Lower light, heat, and power of **(£101,000)**.
 - Higher legal and professional of **£106,000**.
 - Lower general expenditure of **(£65,000)**.
 - Other areas of **(£16,000)**.

3.20. In terms of Disabled Facilities Grants, the team are working through the significant backlog inherited from the previous provider but are now awarding approximately **£100,000** in grants per month.

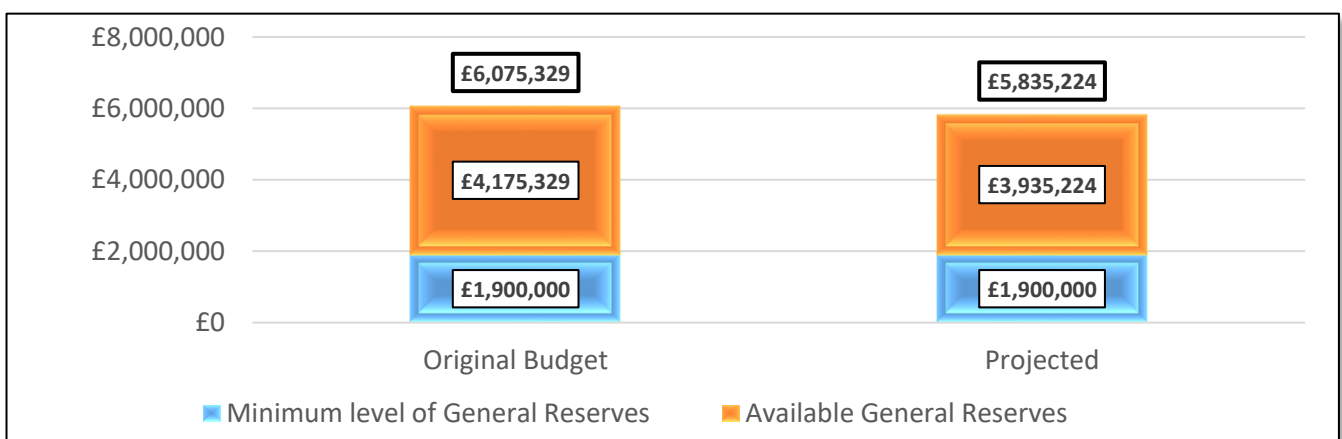
Fees and Charges

3.21. The gross fees and charges budgets for 2023/24, together with actual income achieved over the last eight years, are shown in detail at **APPENDIX B**. The projected variances (with positive figures relating to shortfalls in performance compared to budget) for those with the highest value are:



Revenue General Reserves

3.22. The Original Budget estimated general reserves of **£6,075,329** at 31 March 2024. The current projected level is **£5,835,224**, a decrease of **(£240,105)** (£90,665 related to last year, £476,080 was reported at the three month stage and £326,640 at the six month stage) as shown below:

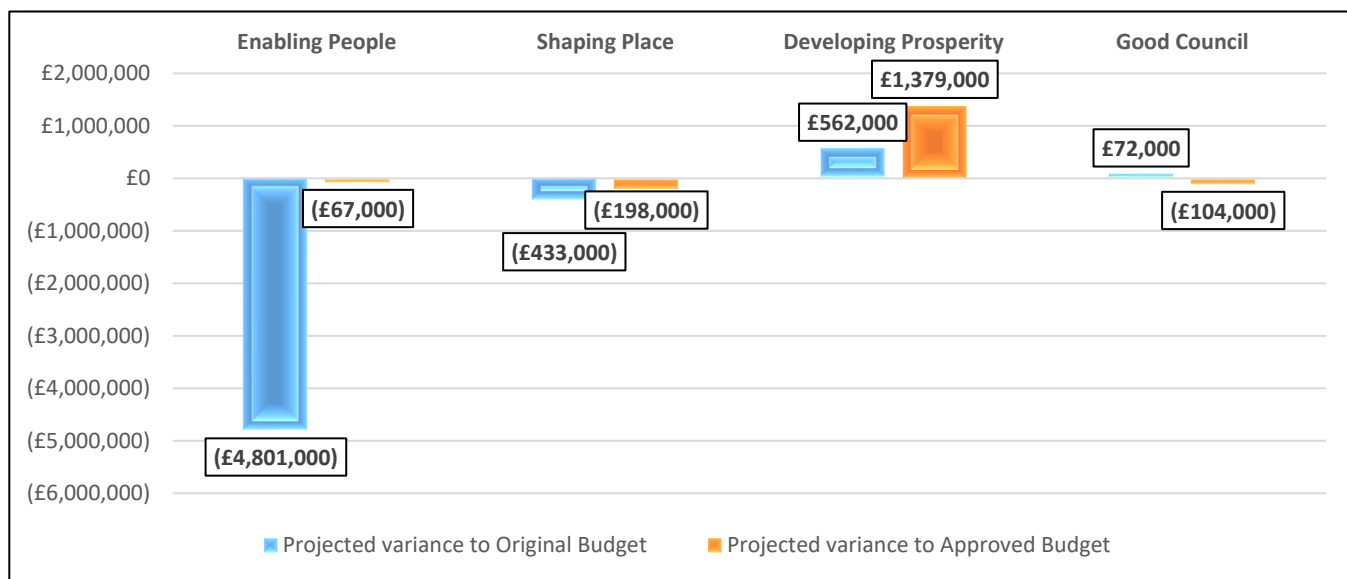


¹ The minimum level of General Reserves has been increased from £1.6m to £1.9m. It is important to note that the level for 2023/24 has increased because of the economic climate and this will be reviewed as part of the refreshment of the Medium Term Financial Strategy.

The Capital Programme

Performance compared to the Approved Budget

3.23. The changes to the Original Budget and projected 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**:



3.24. There are projected variances compared to the Approved Budget relating to:

	Projected Variances	
	Profiling	Other
• Accessible Homes	£280,000	
• Decent Homes Standard – Transferred to Affordable Housing		(£72,000)
• Energy Insulation Programme – Transferred to Affordable Housing		(£22,000)
• Affordable Housing	(£358,000)	£94,000
• Play Equipment – Funded from revenue		£11,000
Enabling People Total	(£78,000)	£11,000
• Vehicle Replacement Programme (Other)	(£198,000)	
Shaping Place Total	(£198,000)	0
• Car Parks Variable Messaging Signing – 5k remaining in car park reserve + 7k below		£12,000
• Pay on Exit System at Lombard Street – 7k transferred to Variable Messaging Signing	(£143,000)	(£7,000)
• Electric Vehicle Charge Points	(£80,000)	
• 32-44 Bakers Lane	£1,582,000	
• Incubator Space – Spend to be covered by Capital Receipts until grant comes in 24/25	£15,000	
Developing Prosperity Total	£1,374,000	£5,000
• IT Infrastructure	(£104,000)	
A Good Council Total	(£104,000)	0
Total Projected Variance	£994,000	£16,000
	£1,010,000	

Housing Redevelopment Bore Street Shops

3.25. The Capital Programme includes an Approved Budget in 2023/24 of **£492,000** funded by **(£360,000)** of housing capital receipts and **(£132,000)** of Grant.

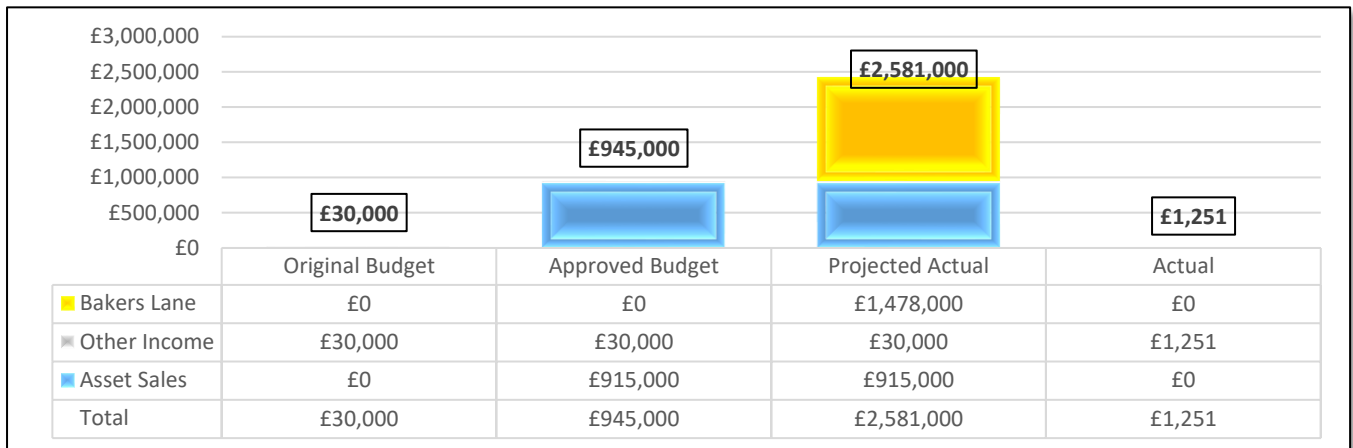
3.26. The project has now reached the stage where the procurement of a works contractor can commence.

3.27. Once the procurement is complete, and subject to the full cost being within Approved Budget, the contract can be awarded, and works will be able to commence.

3.28. An approval to commence the procurement is recommended together with a delegation to the Cabinet Member for Finance and Commissioning to award the contract subject to the full cost being within the Approved Budget.

Capital Receipts

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



1.9 The asset sale relates to Venture House and currently this is projected to be sold in 2023/24 for the budget level. A 'notional' capital receipt of **(£1,478,000)** related to the land exchange of exchanging the freehold of the remainder of the Three Spires Shopping Centre for the leasehold of 32-44 Bakers Lane is included.

Council Tax, Housing Supply, Sundry Debtors, Business Rates and Supplier Payments

3.30. The detailed information is provided at **APPENDIX D** and a summary for each area is provided below.

Council Tax

3.31. Council Tax collection in year performance was **75.20%** (75.60% in 2022/23) and total arrears were **£4,698,423** and the Council's share is **£551,889** (£3,881,540 and £455,936 in 2022/23).

3.32. In terms of Council Tax, the Collection Fund is projected to be in surplus by **(£846,000)** and the Council's share is **(£99,000)** based on Lichfield's (including Parishes) current share of Council Tax of **c12%**.

3.33. The main reasons for the projected surplus of **(£846,000)** are:

- A higher surplus than budgeted in 2022/23 of **(£866,000)** (Council share (£103,972)).
- Higher Council Tax income of **(£65,000)** to reflect arrears (Council share (£7,599)).
- A higher provision for bad debts of **£85,000** (Council share £9,971).

Housing Supply

3.34. In terms of Housing Supply at 30 November 2023:

- There have been **461** new properties (464 Band D equivalents) added to the Council Tax Register compared to the Budget of **534** (507 Band D equivalents).
- There were **108** new properties (108 Band D equivalents) in scope for New Homes Bonus compared to the Budget of **419** (417 Band D equivalents).
- There was an increase of **0** long term empty properties compared to the Budget of **0**.
- **50** affordable homes were delivered compared to the Budget of **84**.

Sundry Debtors (including Community Infrastructure Levy and Section 106)

3.35. In terms of Sundry Debtor Income trends:

- Total income raised in the second quarter of 2023/24 is **£497,365** or **23%** higher than for the same period in 2022/23. This increase is due mainly to two large Section 106 Demands.
- Invoices outstanding has increased by **£1,495,462** or **73%** mainly related to the increased income raised. This is mainly due to a CIL Demand of **£1,072,489** raised in October for land northeast of Watery Lane, Curborough.

Business Rates

- 3.36. The Retained Business Rate income is projected to be the same as the Approved Budget of **(£3,464,100)**.
- 3.37. Business Rates collection in year performance was **75.80%** (77.70% in 2022/23) and total arrears were **£665,171** and the Council's share is **£266,068** (£729,633 and £291,853 in 2022/23).
- 3.38. The Business Rates Collection Fund is projected to be in surplus by **(£2,825,000)** with the Council's 40% share being **(£1,130,000)**.
- 3.39. The main reasons for the projected surplus of **(£2,825,000)** are:
- A higher surplus than budgeted in 2022/23 of **(£1,144,790)** (Council share (£458,000)).
 - A lower allowance for bad debts of **(£593,000)** to reflect arrears (Council share (£237,000)).
 - Other changes in income including appeals and the actual increased impact of the Business Rates revaluation from 1 April 2023 of **(£1,087,210)** (Council share (£435,000)).

Supplier Payment Performance

- 3.40. The payment of suppliers within 30 days was **91.80%**, which is above our **90%** target.
- 3.41. To provide additional capacity in this priority area, a further post in the Procure to Pay Team has recently been recruited.

Investment Strategy

- 3.42. 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, because 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**.
- 3.43. The Government has recognised in recent Department of Levelling Up, Housing and Communities (DLUHC) guidance, because 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.
- 3.44. 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 **28 February 2023**.

Service Investments

- 3.45. There are one significant approved investment of a service nature and the investment and net return included in the Approved Budget are detailed below:

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Approved Loan to the Joint Venture	£64,000	£2,952,000	£5,788,000	£5,788,000	£5,788,000	£5,788,000
Actual/Projected use of the Facility	£64,000	£2,952,000	£5,788,000	£5,788,000	£5,788,000	£5,788,000
Net Income (revenue budget neutral)	0	0	0	0	0	0
Net Return	0	0	0	0	0	0

Commercial Investments

- 3.46. No commercial investments are currently planned.

Treasury Management Investments

- 3.47. The security, liquidity and yield for the investment portfolio is shown at **APPENDIX E** and in summary:
- **Security** – total investments **£56.76m** with a risk status **A+** compared to the target of **A-**.
 - **Security** – a surplus after the volatility reserve on strategic investments of **£91,618**.
 - **Liquidity** – **74%** available within 100 days.
 - **Yield** – yield of **5.16%**

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 2024 would be £6,075,329.</p> <p>At this stage of the financial year, general reserves are forecast to be £5,835,224. This is a decrease of (£240,105) and is related to:</p> <ul style="list-style-type: none"> • A lower than budgeted contribution in 2022/23 of (£90,665). • Approved updates in 2023/24, summarised in APPENDIX A, decreasing the contribution by (£149,440). • A projected increase contained in this report for 2023/24 of £0.
Approved by Section 151 Officer	Yes
Legal Implications	<p>No specific legal implications.</p> <p>The recommended changes to the Medium Term Financial Strategy not part of the approved Budget Framework will be required the approval of Full Council.</p>
Approved by Monitoring Officer	Yes
Contribution to the Delivery of the Strategic Plan	The MTFS underpins the delivery of the Strategic Plan.
Equality, Diversity and Human Rights Implications	There are no additional Equality, Diversity or Human Rights implications.
Crime & Safety Issues	There are no additional Crime and Safety Issues.
Data assessment	<p>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. The MTFS identifies the level of resources available and spend necessary to deliver the outcomes across the entire District.</p> <p>However, the application of relevant data and the Social Progress Index can be considered for new budget pressures, savings and income proposals as they are developed.</p>
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.
GDPR/Privacy Impact Assessment	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan.

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
Strategic Risk SR1 - Non achievement of the Council's key priorities contained in the Strategic Plan due to the availability of Finance				
A	Council Tax is not set by the Statutory Date of 11 March 2024	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: Green Impact: Green Severity of Risk: Green
C	The review of the New Homes Bonus regime	Likelihood: Red Impact: Red Severity of Risk: Red	The Council responded to the consultation. In the MTFS, no income is assumed beyond 2024/25.	Likelihood: Red Impact: Yellow Severity of Risk: Yellow
D	The increased Localisation of Business Rates, Business Rate Reset 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 to mitigate any additional cost.	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow
Strategic Risk SR3: Capacity and capability to deliver / adapt the new strategic plan to the emerging landscape				
G	The Council cannot achieve its approved Delivery Plan	Likelihood: Yellow Impact: Red Severity of Risk: Red	There will need to be consideration of additional resourcing and/or reprioritisation.	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) 2023-27 and the addendum – Cabinet 14 February 2023
- Insourcing Leisure Provision – Cabinet 14 February 2023
- New Leisure Facility at Stychbrook Park – Cabinet 14 February 2023
- Community Infrastructure Levy (CIL) Allocation – Cabinet 14 February 2023
- Medium Term Financial Strategy (Revenue and Capital) 2023-27 – Council 28 February 2023
- Money Matters 2022/23: Review of Financial Performance – Cabinet 27 June 2023
- Medium Term Financial Strategy (MTFS) – Cabinet 27 June 2023
- Money Matters 2023/24: Review of Financial Performance – Cabinet 5 September 2023
- Medium Term Financial Strategy (MTFS) – Cabinet 10 October 2023.
- Money Matters : Calculation of Business Rates 2024/25, Council Tax Base for 2024/25 and the projected Collection Fund Surplus / Deficit for 2023/24 – Cabinet 5 December 2023.
- Money Matters 2023/24: Review of Financial Performance – Cabinet 5 December 2023

Relevant web link

Revenue Financial Performance – Variance to Budget 2023/24

Area	2023/24					
	Original Budget £	Approved Budget £	Projected Outturn £	Projected Variance £	Variance to Original Budget £	2023/24 Target (+/-) £
Enabling people	1,479,870	1,781,460	1,760,260	(21,200)	280,390	
Shaping place	4,004,340	4,612,850	4,450,740	(162,110)	446,400	
Developing prosperity	(721,040)	(743,280)	(92,620)	650,660	628,420	
A good council	9,984,160	9,616,470	9,484,430	(132,040)	(499,730)	
Net Cost of Services	14,747,330	15,267,500	15,602,810	335,310	855,480	250,000
Net Treasury Position	(1,170,230)	(1,475,960)	(1,811,270)	(335,310)		
Revenue Contributions to the Capital Programme	238,000	173,000	173,000	-		
Net Operating Cost	13,815,100	13,964,540	13,964,540	0		
Transfer (from) / to General Reserve	0	(149,440)	(149,440)	-		
Transfer (from) / to Earmarked Reserves	0	0	0	-		
Net Revenue Expenditure	13,815,100	13,815,100	13,815,100	0		
Financed by:						
Retained Business Rates	(3,464,100)	(3,464,100)	(3,464,100)	-		
Business Rates Cap	(680,000)	(680,000)	(680,000)	-		
Revenue Support Grant	(106,000)	(106,000)	(106,000)	-		
Funding Guarantee Grant	(561,000)	(561,000)	(561,000)	-		
Services Grant	(82,000)	(82,000)	(82,000)	-		
New Homes Bonus	(992,000)	(992,000)	(992,000)	-		
Business Rates Collection Fund (Surplus)/Deficit	(242,000)	(242,000)	(242,000)	-		
Council Tax Collection Fund (Surplus)/Deficit	(74,000)	(74,000)	(74,000)	-		
Council Tax	(7,614,000)	(7,614,000)	(7,614,000)	-		

General Reserves

	Original	Approved	Projected
Start of year	£6,075,329	£5,984,664	£5,984,664
Approved Updates	£0	£0	£0
This Report	£0	(£149,440)	(£149,440)
Sub Total In Year	£0	(£149,440)	(£149,440)
End of year	£6,075,329	£5,835,224	£5,835,224
Change to Original		(£240,105)	(£240,105)

Savings and Additional Income Proposals Monitoring

Targets			Progress on Achievement			
No	Saving	MTFS Target 2023/24	Green - achieved or likely to be achieved	Amber - risk to full achievement	Red - risk to achievement or achieved in later years	Comments on Amber and Red items
	Achieved Savings	1,704,000	1,704,000			
21	Vacancy savings	150,000		150,000		Monitored during the year
26	Garden Waste Price increase	84,000		21,000	63,000	Agreed from 01/01/2024
30	Car Parking Charges	355,000		147,920	207,080	Agreed from 10/01/2024
4	LED lighting / Car park	5,000	5,000			Alternative identified
17	Golf course	80,000			80,000	Not yet implemented
23	IT savings	100,000			100,000	Not yet implemented
32	Introduce a departure charge to all bus companies using Lichfield Bus Station.	21,000	21,000			Alternative identified
	Total	2,499,000	1,730,000	318,920	450,080	

Total Green and Amber Progress	2,048,920
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Shortfall to MTFS Target	450,080
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Quarter 2	450,080
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Change to Quarter 2	0
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Leisure Centres Financial Performance and Budgets

Budget Projection Assumptions:	2023/24			
	MTFS Budget	Actual Ytd	Projected Actual	Projected Variance
Inflation Projection				
Human Resources				
ICT				
Insurance				
Operating Expenditure - LWMTS + inflation	£2,299,290	£1,149,645	£2,099,290	(£200,000)
Burntwood Leisure Centre Business Rates	£196,000	£195,840	£195,840	(£160)
Human Resources	£60,500	£30,250	£60,500	£0
ICT	£60,500	£30,250	£60,500	£0
Insurance	£25,210	£12,605	£25,210	£0
Less: Friary Grange Leisure Centre (Freedom Bid)	£0	£0	£0	£0
Add: New Leisure Centre (Max Associates)	£0	£0	£0	£0
Add: Projected Corporation Tax (25% of surplus)	£0	£0	£0	£0
Total Expenditure	£2,641,500	£1,418,590	£2,441,340	(£200,160)
Income - implied level to achieve Cabinet Report Budget	(£2,727,740)	(£1,761,346)	(£2,427,580)	£300,160
Less: Friary Grange Leisure Centre (Freedom Bid)	£0	£0	£0	£0
Add: New Leisure Centre (Max Associates)	£0	£0	£0	£0
Income retained by the Council	(£2,727,740)	(£1,761,346)	(£2,427,580)	£300,160
Leisure Centres Budget	(£86,240)	(£342,756)	£13,760	£100,000

2024/25	2025/26	2026/27	2027/28
Budget Projections			
2%	2%	2%	2%
75%	75%	75%	75%
50%	50%	50%	50%
100%	100%	100%	100%
£2,345,280	£2,392,190	£2,440,030	£2,488,830
£199,920	£203,920	£208,000	£212,160
£46,280	£47,210	£48,150	£49,110
£30,860	£31,480	£32,110	£32,750
£25,710	£26,220	£26,740	£27,270
£0	(£840,640)	(£841,280)	(£841,920)
£0	£1,081,750	£1,234,270	£1,321,750
£0	£0	£4,000	£28,000
£2,648,050	£2,942,130	£3,152,020	£3,317,950
(£2,734,290)	(£2,912,120)	(£3,020,190)	(£3,130,040)
£0	£780,660	£785,650	£790,670
£0	(£846,670)	(£1,199,480)	(£1,334,580)
(£2,734,290)	(£2,978,130)	(£3,434,020)	(£3,673,950)
(£86,240)	(£36,000)	(£282,000)	(£356,000)

Fees and Charges

Income Type	Annual Budget £000	Actual £000	Year End Variance £000	Annual Trend							
				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	2022/23 Actual £000
Planning Applications	781	590	0	629	1,030	824	797	744	695	974	649
Car Parks	1,939	1,346	0	1,748	1,986	2,078	2,198	2,105	752	1,515	1,814
Garden Waste	1,649	1,665	0	0	0	231	1,495	1,478	1,618	1,609	1,601
Trade Waste	489	601	0	390	407	415	443	469	485	522	560
Land Charges	325	168	0	297	312	279	286	253	272	341	258
Building Control	1,113	685	0	507	557	547	553	896	1,032	948	936
Leisure Centre	2,642 ²	1,743	(300)	1,819	1,879	1,629	183	0	0	0	0
Property Rental	887	383	(153)	681	687	729	839	744	680	674	598
Total of Highest Value Fees & Charges	9,825	7,182	(453)	6,070	6,859	6,731	6,794	6,689	5,535	6,583	6,415
Other Income											
Licensing				185	236	224	241	245	160	184	195
VAT Claim				0	0	0	1,103	0	0	0	0
Court Costs				233	218	198	214	222	154	247	249
Recycling				347	439	463	331	283	280	560	654
Grounds Maintenance				161	168	195	217	264	273	234	220
Other				1,139	1,319	1,124	1,057	1,063	908	1,166	1,112
Total Income				8,136	9,239	8,936	9,957	8,766	7,310	8,974	8,846

² £86,240 has been excluded from this budget as relates to the management fee for the Leisure Centres.

Capital Programme Performance in 2023/24

The Original Budget of **£15,420,000** was approved by Council on 28 February 2023. There have been several updates to this budget during 2023/24:

- Slippage from 2022/23 of **£1,566,000** approved by Cabinet on 27 June 2023.
- Allocation of Section 106 Monies of **£42,000** approved by Cabinet Member decision on 24 February 2023.
- An increase Burntwood Leisure Centre project by **£85,000** approved by Cabinet on 27 June 2023 and Council.
- A fence at Chasetown Memorial Bowling Green of **£10,000** approved by Cabinet Member Briefing Note on 27 March 2023.
- A Cinema for Lichfield District budget increase of **£1,875,000** approved by Cabinet on 27 June 2023 and Council.
- **£100,000** has been allocated from the Rural England Prosperity Fund and was approved by Cabinet on 27 June 2023 and Council.
- Money Matters Quarter 1 included an increase of **£250,000** related to Streethay Community Centre and was approved by Cabinet on 5 September 2023.
- Changes from the Medium Term Financial Strategy report of **(£25,000)** which was approved by Cabinet on 10 October 2023.
- Money Matters Quarter 2 contained a reprofiling of the budget of **(£9,339,000)**, this was approved by Cabinet on 5 December 2023
- A Cinema for Lichfield District – Update contained a change of **(£174,000)**, this was approved by Cabinet on 5 December 2023

The Approved Budget is therefore **£9,810,000**.

APPENDIX C

Project	Original Budget	Approved Budget	Actual to Date	Projected Actual	Variance
New Build Parish Office/Community Hub	30,000	0	0	0	0
Burntwood Leisure Centre Sinking Fund Projects	69,000	144,000	62,173	144,000	0
Friary Grange - Short Term Refurbishment	0	134,000	27,130	134,000	0
Replacement Leisure Centre	5,087,000	826,000	402,496	826,000	0
Burntwood Leisure Centre - Decarbonisation Scheme	0	29,000	29,196	29,000	0
Accessible Homes (Disabled Facilities Grants)	1,615,000	670,000	805,239	950,000	280,000
Decent Homes Standard	97,000	72,000	0	0	(72,000)
Energy Insulation Programme	22,000	22,000	0	0	(22,000)
Unallocated S106 Affordable Housing Monies	260,000	264,000	0	0	(264,000)
Conversion of 36a Bore Street	542,000	492,000	1,747	492,000	0
Streethay Community Centre	600,000	850,000	25,858	850,000	0
Changing Places Fund	0	36,000	36,809	36,000	0
Zip Wire in Burntwood	0	30,000	30,000	30,000	0
Burntwood Community Hub	250,000	250,000	4,850	250,000	0
Climbing Wall at Burntwood Leisure Centre	50,000	50,000	7,113	50,000	0
Pre-school soft play facility at Burntwood Leisure Centre	50,000	50,000	22,566	50,000	0
Adventure Golf at Beacon Park	150,000	150,000	21,349	150,000	0
Padel Tennis courts	200,000	200,000	36,092	200,000	0
New 3G Pitch in Lichfield	200,000	200,000	28,462	200,000	0
Mavesyn Ridware Village Hall Play Area Improvements	0	5,000	0	5,000	0
Upgrading electrical heating in St Stephens Church, Fradley	0	4,000	4,380	4,000	0
Fence at Chasetown Memorial Bowling Green	0	10,000	9,250	10,000	0
Play Equipment at Beacon Park	0	0	0	11,000	11,000
Enabling People Total	9,222,000	4,488,000	1,554,710	4,421,000	(67,000)
Loan to Council Dev Co.	93,000	0	0	0	0
Lichfield St Johns Community Link (CIL)	35,000	0	0	0	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	31,000	16,006	31,000	0
Vehicle Replacement Programme (Other)	281,000	318,000	77,950	120,000	(198,000)
Burntwood Public Conveniences	0	45,000	0	45,000	0
Falkland Road Fosseyway Canal Walk	260,000	0	0	0	0
Shaping Place Total	819,000	584,000	93,956	386,000	(198,000)
Coach Park	300,000	100,000	0	100,000	0
Car Parks Variable Message Signing	0	148,000	1,155	160,000	12,000
Pay on Exit System at Lombard Street	150,000	150,000	0	0	(150,000)
Electric Vehicle Charge Points	70,000	80,000	0	0	(80,000)
BRS Enabling Works	685,000	268,000	1,895	268,000	0
Cinema Development	3,326,000	2,888,000	403	2,888,000	0
Incubator Space	300,000	380,000	395,005	395,000	15,000
New 3G Pitch at Chasetown Football Club	100,000	100,000	100,000	100,000	0
32-44 Bakers Lane	0	0	0	1,582,000	1,582,000
Developing Prosperity Total	4,931,000	4,114,000	498,458	5,493,000	1,379,000
Property Planned Maintenance	213,000	133,000	126,427	133,000	0
IT Infrastructure	235,000	254,000	29,230	150,000	(104,000)
Building a Better Council	0	77,000	25,000	77,000	0
Committee Audio-Visual Hybrid Meeting Platform	0	85,000	0	85,000	0
Council Car Park Extension	0	75,000	1,933	75,000	0
Good Council Total	448,000	624,000	171,009	520,000	(104,000)
Approved Budget	15,420,000	9,810,000	2,318,134	10,820,000	1,010,000

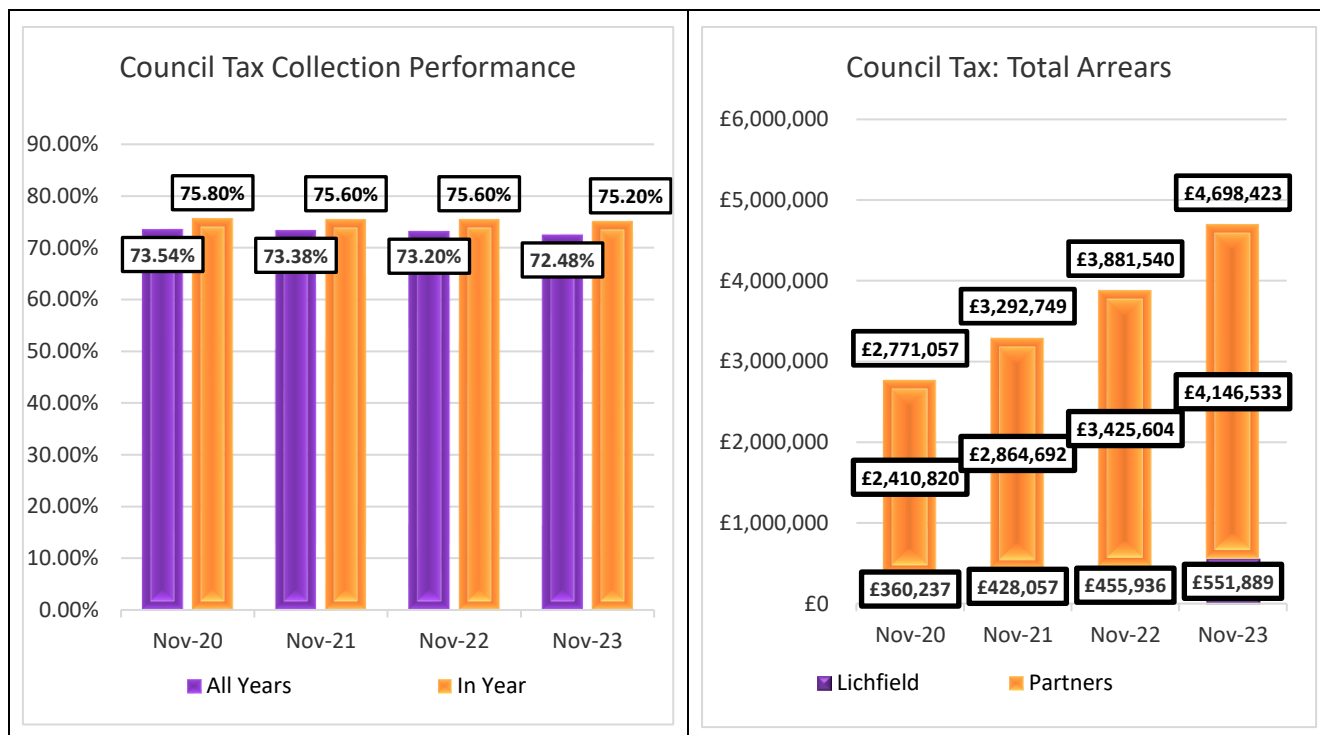
Funding Source	Original Budget	Approved Budget
Capital Receipts	1,660,000	1,004,000
Corporate Revenue	238,000	173,000
Borrowing Need - Borrowing and Finance Leases	2,333,000	0
Capital Grants and Contributions	4,522,000	3,534,000
Reserves, Existing Revenue Budgets and Sinking Funds	6,667,000	5,099,000
Capital Programme Total	15,420,000	9,810,000

Projected Actual	Variance
2,393,000	1,389,000
173,000	0
0	0
3,456,000	(78,000)
4,798,000	(301,000)
10,820,000	1,010,000

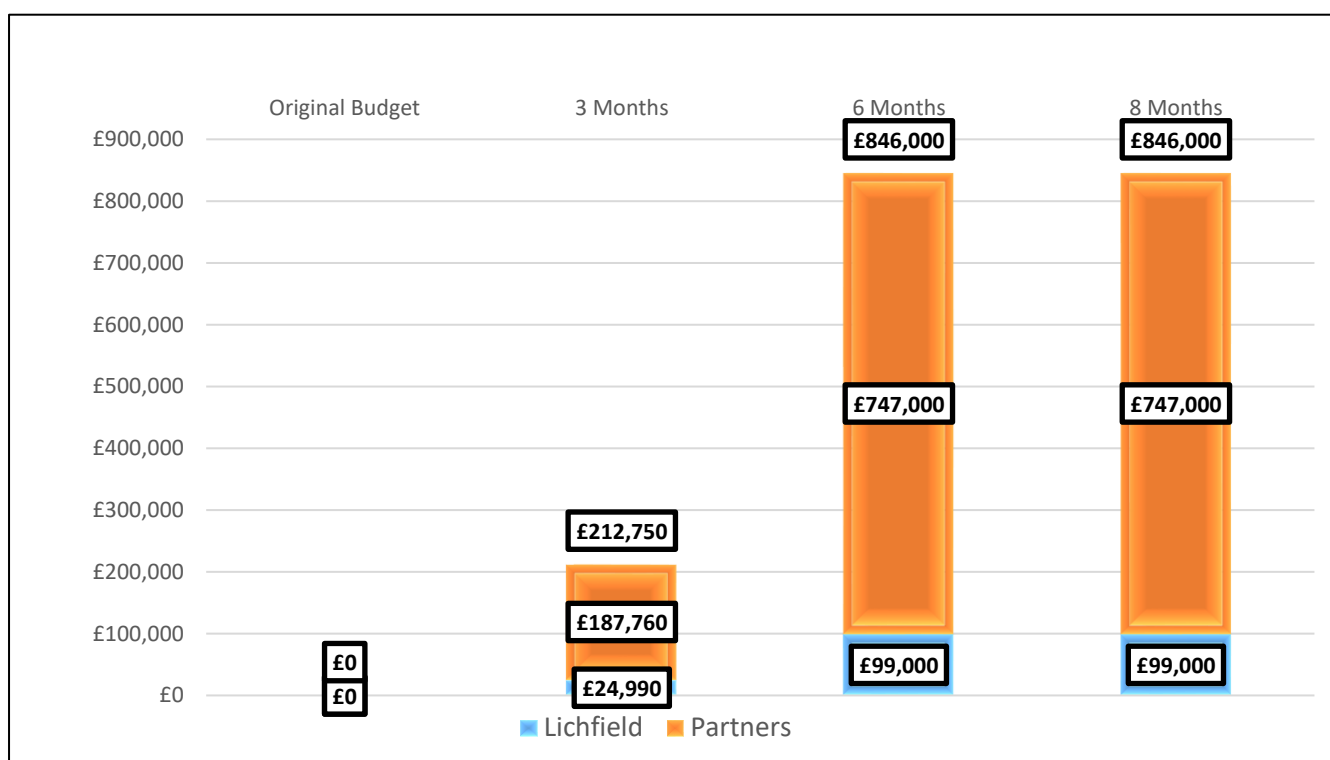
Council Tax, Housing Supply, Sundry Debtors, Business Rates and Supplier Payment Performance

Council Tax

The collection performance for Council Tax debt is shown below:

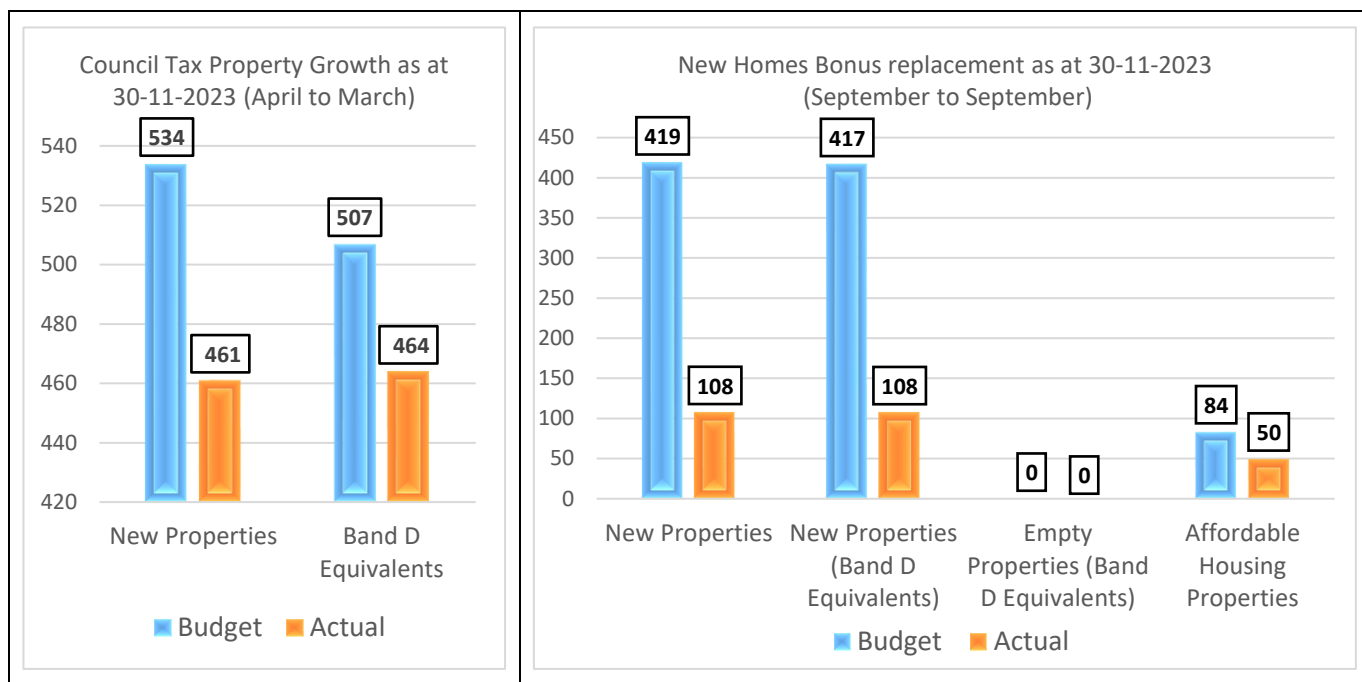


The Council Tax Collection Fund is projected to be in surplus by **(£846,000)** and the Council’s share is **(£99,000)** based on Lichfield’s (including Parishes) current share of Council Tax of **c12%** (surpluses are shown as positive values in the chart):



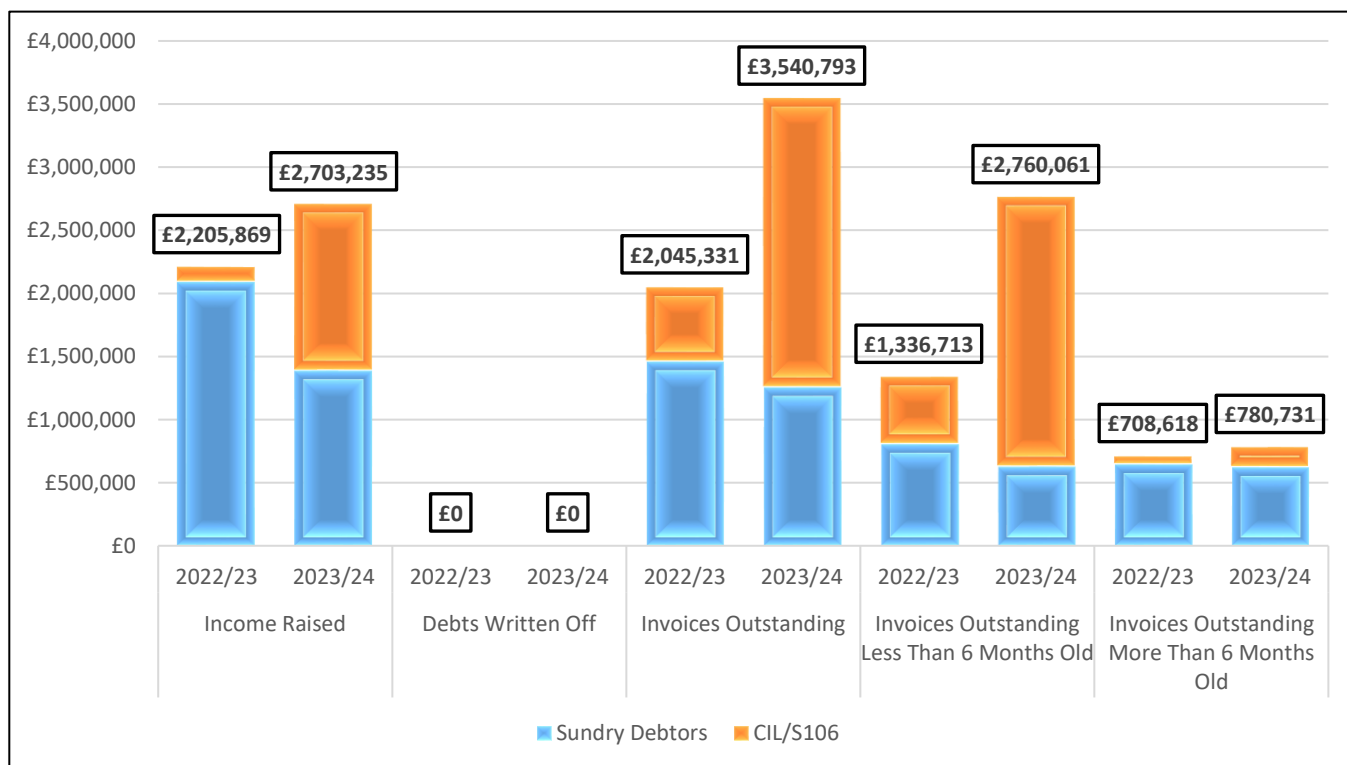
Housing Supply

The completions for Council Tax (left hand chart) from April 2023 to September 2023 and any possible New Homes Bonus replacement (right hand chart) from September 2022 to September 2023 are shown below:



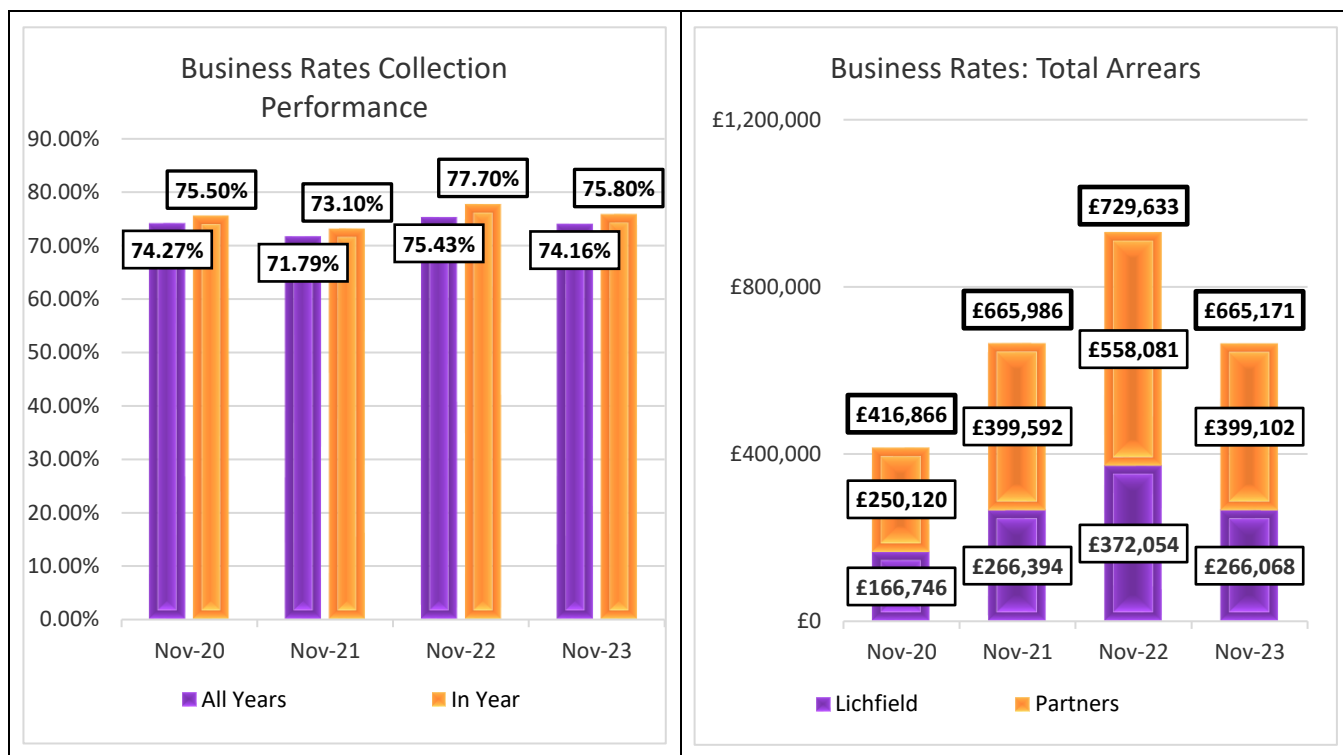
Sundry Debtors (including Community Infrastructure Levy (CIL) and Section 106 (S106))

The transaction levels and collection performance in 2023/24 compared to 2022/23 is shown below:

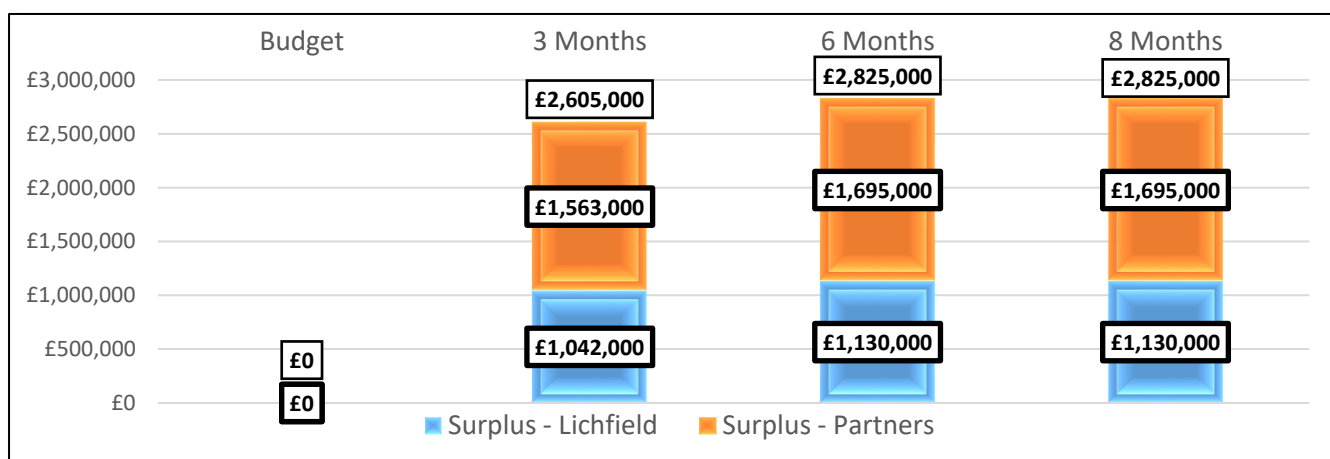


Business Rates

The collection performance for Business Rates is shown below:

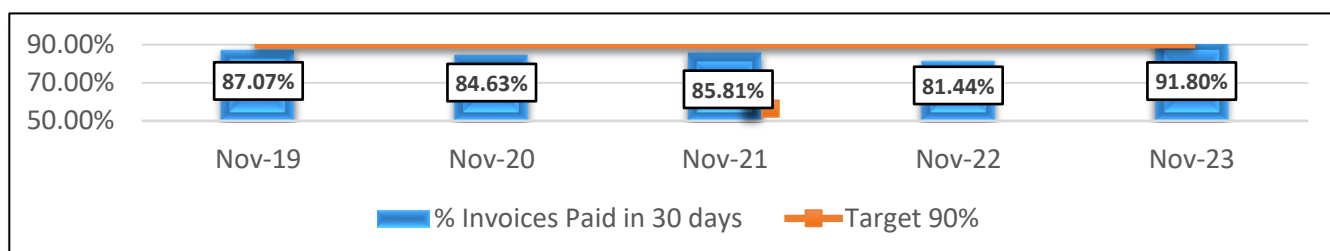


The Business Rates Collection Fund is projected to be in surplus by (£2,825,000) (surpluses are shown as positive values in the chart):



Supplier Payment Performance

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



Treasury Management Investments in the 2023/24 Financial Year

The table below shows a breakdown of our investments at the 30 November 2023:

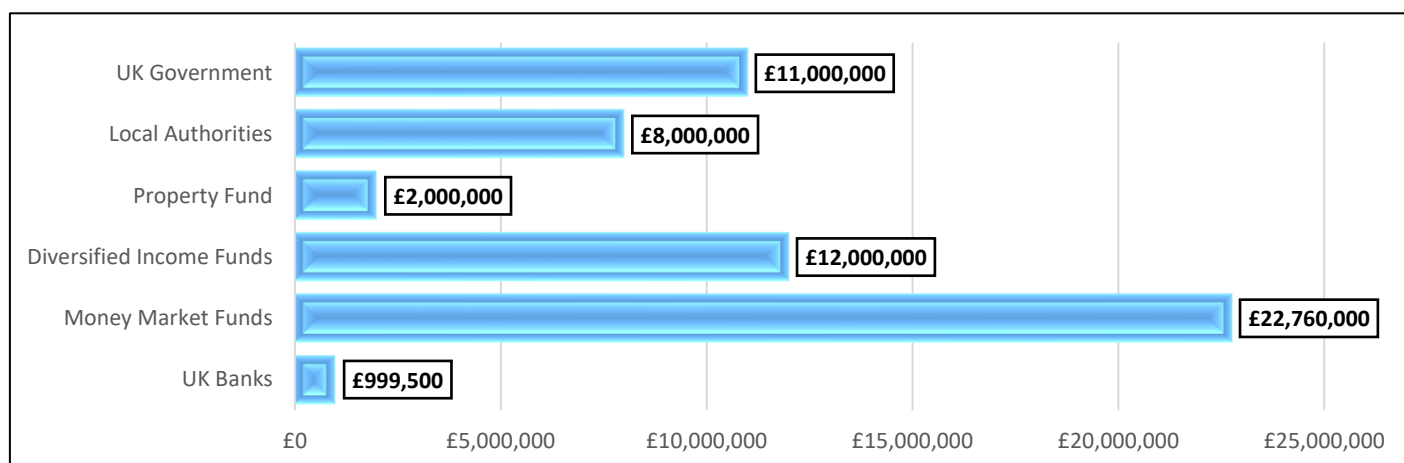
Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating	Non-UK Organisation
Money Market Funds						
Invesco Aim	£4,000,000	01-Dec-23	Instant Access	5.33%	AAAmf	N/A
Blackrock Institutional	£760,000	01-Dec-23	Instant Access	5.32%	AAAmf	N/A
Legal & General	£4,000,000	01-Dec-23	Instant Access	5.36%	AAAmf	N/A
Federated	£5,000,000	01-Dec-23	Instant Access	5.37%	AAAmf	N/A
BNP Paribas MMF	£4,000,000	01-Dec-23	Instant Access	5.13%	AAAmf	N/A
CCLA MMF	£5,000,000	01-Dec-23	Instant Access	5.26%	AAAmf	N/A
Strategic Funds						
CCLA Property Fund	£2,000,000	N/A	N/A	4.84%	N/A	No
Ninety-One Diversified Income Fund	£5,000,000	N/A	N/A	4.49%	N/A	No
CCLA Diversified Income Fund	£2,000,000	N/A	N/A	3.19%	N/A	No
Aegon Diversified Income Fund	£5,000,000	N/A	N/A	6.70%	N/A	No
Fixed Term Investments						
Brentwood Borough Council	£2,000,000	01-Mar-24	92	4.40%	LOCAL	
Folkestone and Hythe District Council	£2,000,000	07-Mar-24	98	4.40%	LOCAL	
Debt Management Office	£5,000,000	19-Dec-23	19	5.41%	UK Government	
North Lanarkshire Council	£2,000,000	17-Sep-24	292	5.80%	LOCAL	
Debt Management Office	£6,000,000	22-Jan-24	53	5.36%	UK Government	
West Dunbartonshire	£2,000,000	04-Mar-24	95	5.60%	LOCAL	
Call Accounts with Notice Period						
HSBC	£999,500	31-Dec-23	31	5.35%	A+	
Total Investments	£56,759,500					

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).

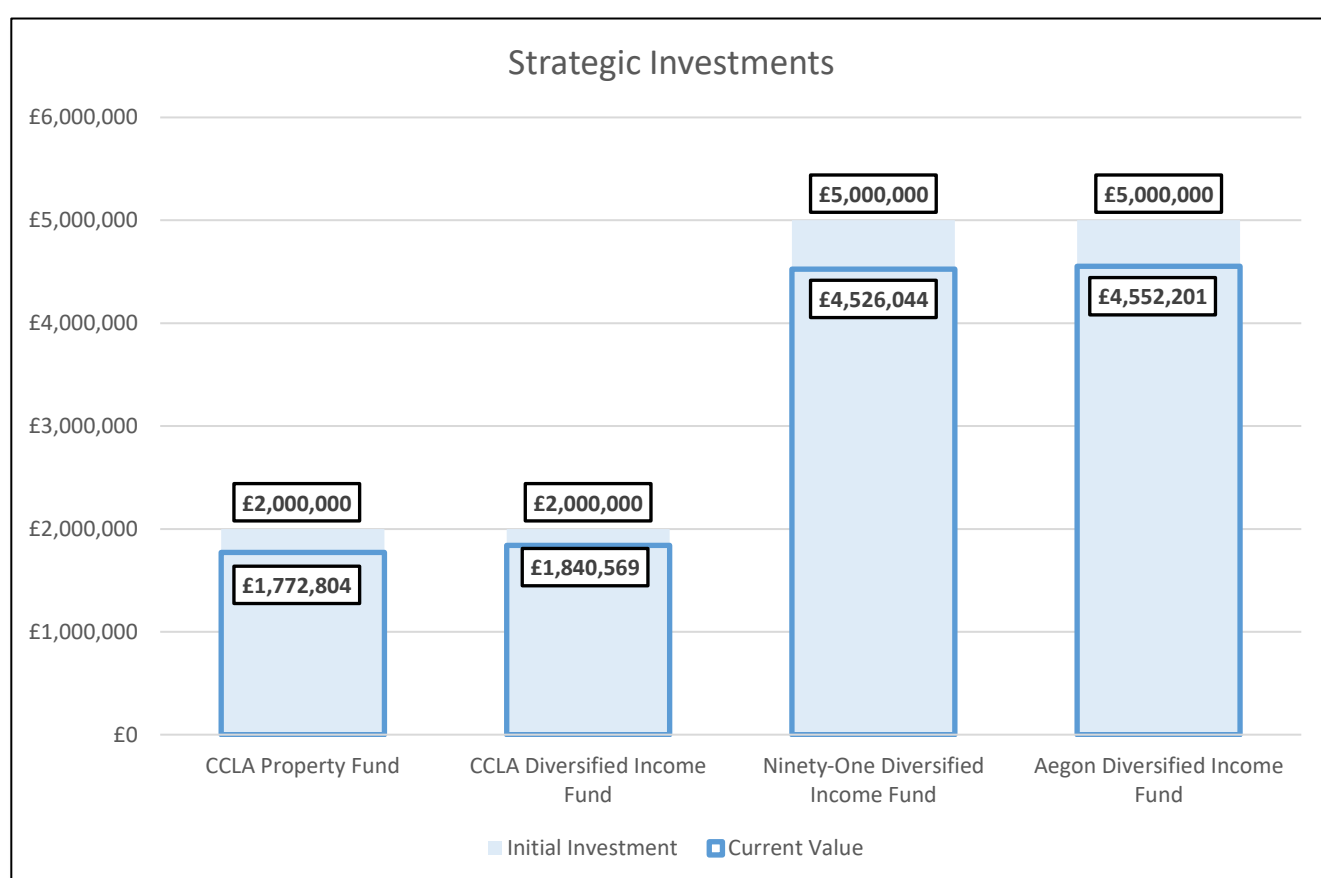
In addition, external borrowing is considered against the objectives of it being affordable (the impact on the budget and Council Tax), prudent and sustainable (over the whole life).

The Security of Our Investments

The investments the Council had at the 30 November 2023 of **£56,759,500** (with the Property and Diversified Income Funds valued at original investment for each) by type and Country are summarised below.



The current value of the Property Fund and the Diversified Income Funds are:



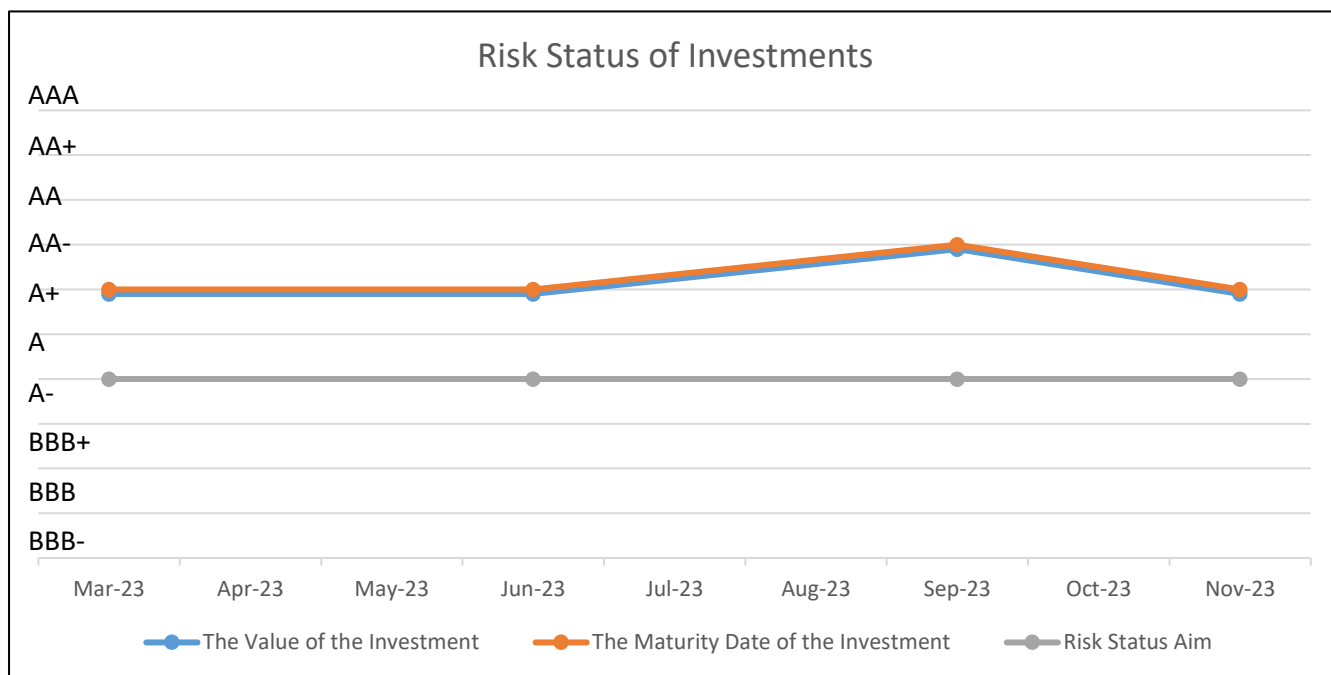
Overall, in terms of strategic investments there is a 'book loss' of **(£1,308,382)** and the earmarked reserve to manage volatility risk is projected to be **£1,400,000**.

Strategic Investments Volatility Reserve	
Opening Balance 01/04/2023	£720,290
Approved Transfers 2023/24	£679,710
Projected Transfers Period 8	£0
Projected Closing Balance 31/03/2024	£1,400,000
Fund Book Gains/(Losses)	
CCLA Property Fund	(£227,196)
CCLA Diversified Income Fund	(£159,431)
Ninety-One Diversified Income Fund	(£473,976)

Aegon Diversified Income Fund	(£447,799)
Net Book Loss as at 30/11/2023	(£1,308,382)
Projected Surplus	£91,618

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.

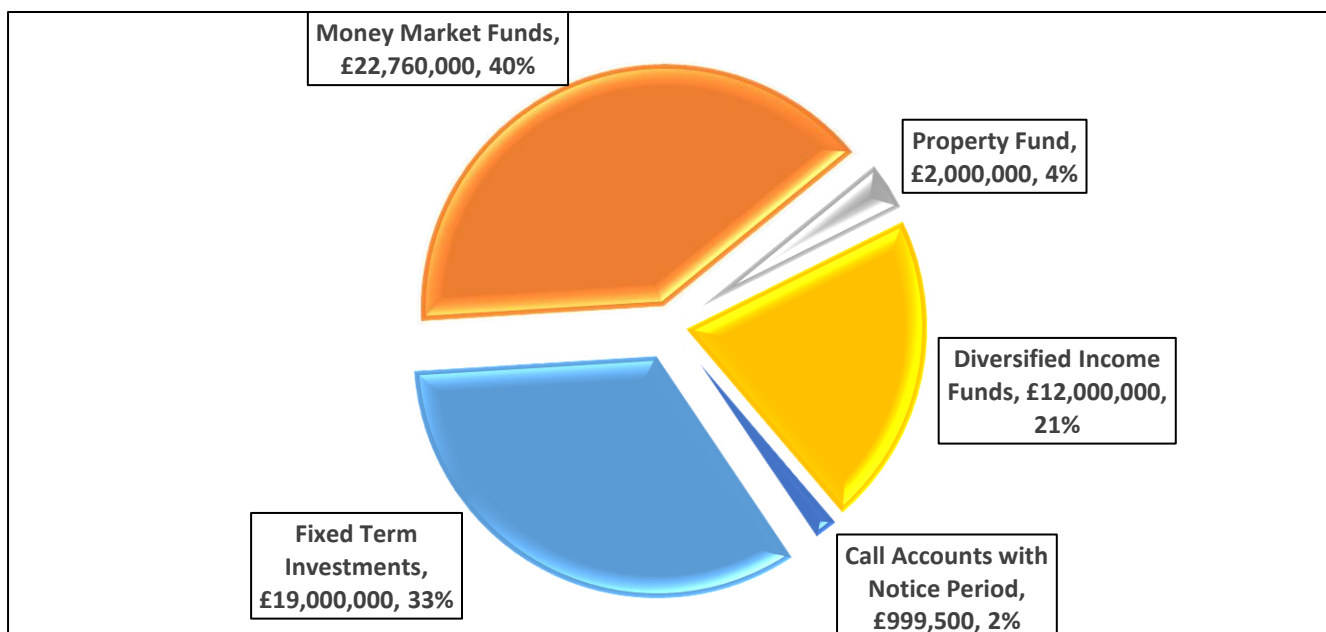
Our aim for the risk status of our investments was **A-** or higher. The risk status based on the length of the investment and the value for a 8 month period is summarised in the graph below:



The Liquidity of our Investments

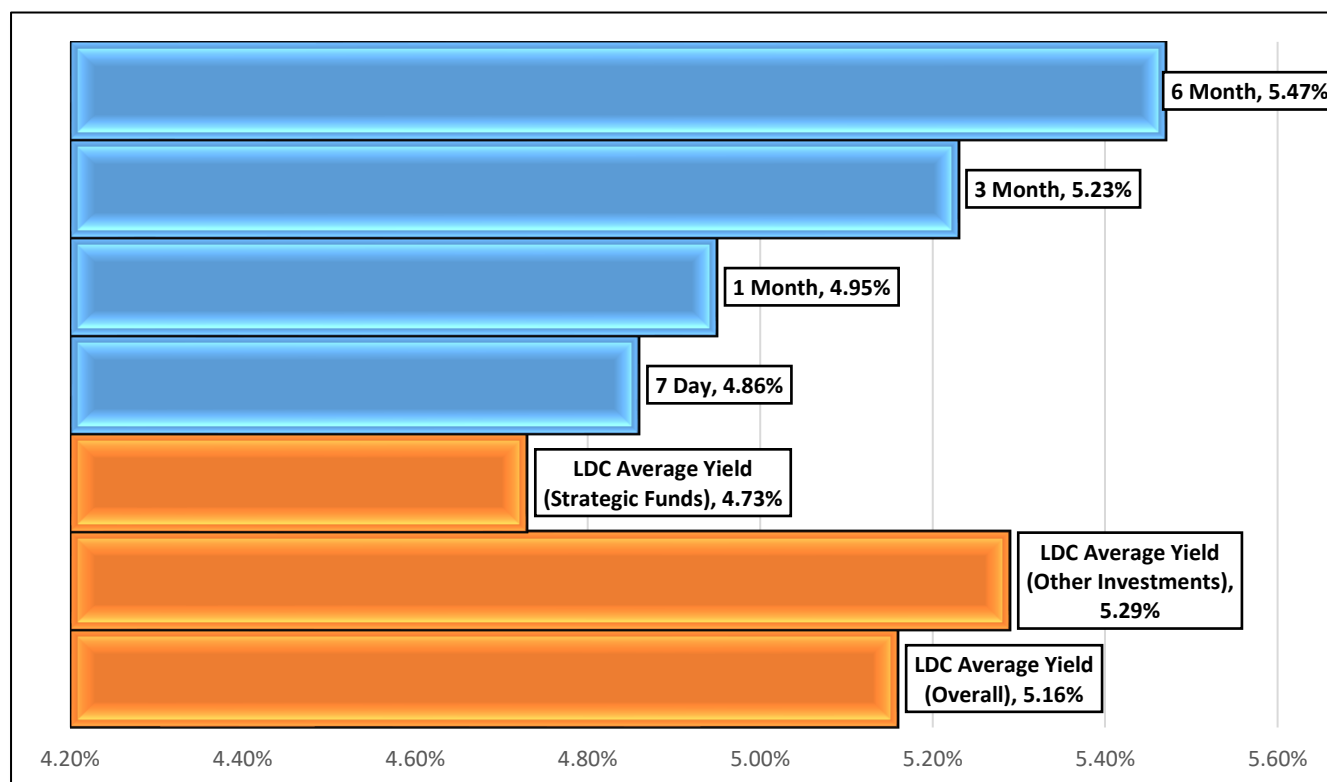
The Council has not had to temporarily borrow during 2023/24.

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 and to be able to take advantage of interest rate increases. The investments by type are shown below:



The Return or Yield of our Investments

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:



The investment activity during the financial year is projected to generate **(£2,568,390)** of gross investment income compared to a budget of **(£2,233,080)**.

The External Borrowing Portfolio

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

	Principal	Average Rate	Years to Final Maturity	(Premium) /Discount
PWLB Fixed Equal Instalment of Principal (EIP)	£1,004,520	2.59%	16.3	£91,785
TOTAL BORROWING	£1,004,520	2.59%	16.3	£91,785