

Medium Term Financial Strategy (MTFS)

Report of the Cabinet Member for Finance and Commissioning

Date: 27 February 2024
Agenda Item: 11
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Key Decision? YES
Local Ward Full Council
Members



Council

1. Executive Summary

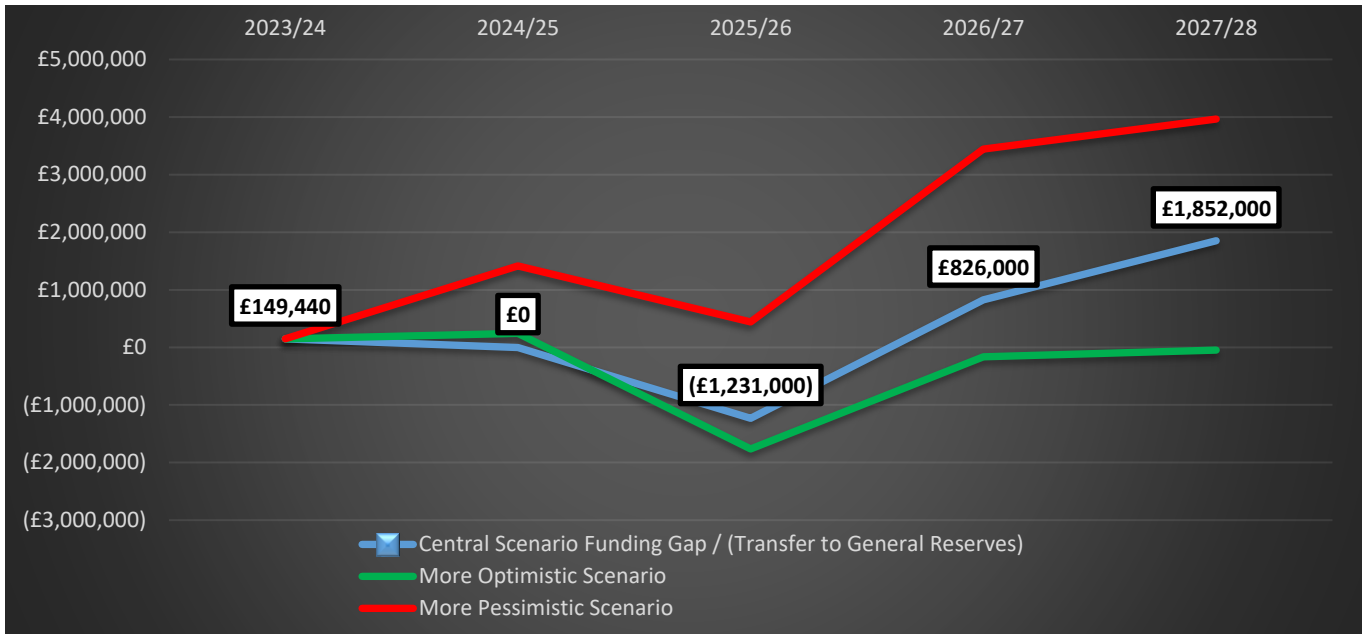
- 1.1 The ability to deliver the outcomes set out in the **Lichfield District Council Strategic Plan**, and beyond, is dependent on the resources available in the MTFS. The new Lichfield District 2050 strategy will be approved this year and will likely impact further on the MTFS.
- 1.2 The MTFS was approved by Council on 28 February 2023, and this is refreshed each year to:
 - Remove the previous financial year and in this MTFS this is 2022/23
 - Formally add the new financial year and in this MTFS this is 2027/28
 - 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 Committee and therefore will be considered by that Committee as part of the development of the MTFS.
- 1.6 The timetable for MTFS development is summarised below:

Date	Meeting	Topics	
Budget Consultation (July to December)	04/07/2023	Cabinet	Budget timetable, Budget principles, MTFS update, Budget consultation and Budget assumptions for 2024/25
	14/09/2023	Overview and Scrutiny	To review the Draft Medium Term Financial Strategy
	10/10/2023	Cabinet	An update on the Draft Medium Term Financial Strategy
	14/11/2023	Overview and Scrutiny	To review the Draft Medium Term Financial Strategy
	05/12/2023	Cabinet	Set the Council Taxbase for 2024/25
	19/12/2023	Overview and Scrutiny	Meeting to consider Service and Financial Planning Proposals (Deferred due to Settlement Date)
	30/01/2024	Overview and Scrutiny	To review the Draft Medium Term Financial Strategy
	01/02/2024	Audit Committee	To review the Treasury Management Strategy Statement
	06/02/2024	Cabinet	To recommend the Medium Term Financial Strategy and Council Tax increase to Council
	27/02/2024	Council	Approve the Medium Term Financial Strategy and set the Council Tax

- 1.7 The Revenue Budget, Capital Programme and General Reserves are included for consideration.
- 1.8 There remains an inherently high level of uncertainty surrounding the Local Government Finance Regime with any residual impact of the COVID-19 pandemic, the cost of living and wider economic crisis and other potential Government Policy changes.
- 1.9 The Council has a statutory duty to undertake budget consultation, set a balanced budget and calculate the level of Council Tax for its area.
- 1.10 This report updates (shaded in yellow) the information provided to Cabinet on 6 February 2024 for the Final Settlement, a recent legislative proposal, and the recommended Council Tax increase.

The Revenue Budget

- 1.11 The Original Budget approved on 28 February 2023 budgeted no transfer to or from General Reserves.
- 1.12 A Report related to financial performance at the eight month stage of 2023/24 of the has been provided. Based on latest in year performance, a contribution from General Reserves of **£149,440** is projected.
- 1.13 The Central Scenario Revenue Budget with a balanced budget in 2024/25, a projected transfer to general reserves in 2025/26 (assuming finance reform occurs in 2026/27) and Funding Gaps (positive figures) in later years is shown in detail at **APPENDIX A** and in summary below:



- 1.14 The MTFs from 2024/25 onwards has been prepared in the context of significant ongoing volatility and uncertainty and whilst estimates have been made on the potential impact, there remains significant uncertainty in 2023/24 and subsequent years.
- 1.15 The Council is legally required to balance the budget in the first year of 2024/25 and to set out its proposals to balance the further financial years. In 2024/25 a 'balanced budget' is recommended.
- 1.16 In later years, it is assumed that the Review of Needs and Resources (Fair Funding Review), Business Rates Reform/Reset and any new housing incentive scheme will be implemented from **2026/27**. It is projected that District Councils including Lichfield DC with relatively lower need and a relatively higher Taxbase will be detrimentally impacted by these changes through lower funding and therefore at this stage, Funding Gaps are projected.
- 1.17 At the end of 2024/25, the Council is projected to have **£5,836,000** of total general reserves (£3,836,000 after taking account of the Minimum Level of Reserves of £2,000,000) to assist with balancing the budget.
- 1.18 General Reserves, based on current projections and assuming finance reform is implemented as projected in 2026/27, are sufficient to balance the budget until 2027/28. However, this is not a sustainable approach, and the Council will therefore need to identify potential options to close any Funding Gap.
- 1.19 In addition, the longer term 25 year revenue budget model is included at **APPENDIX A**.

The Capital Strategy, the Capital Programme and Treasury Management

- 1.20 The Capital Strategy, the Capital Programme and Treasury Management related items are outlined in **APPENDICES B, C, D, E and F**.

The CFO's Report on the Robustness of the Budget and the Adequacy of Reserves

- 1.21 In accordance with the Local Government Act 2003 (Sections 25-27) and to comply with CIPFA Guidance on Local Authority Reserves and Balances, the CFO is required to formally report to Members on the robustness of the Budget and the adequacy of Reserves (**APPENDIX G**).

Budget Consultation

- 1.22 The results of the Budget Consultation for 2024/25 are summarised in the consultation section and the executive summary is provided at **APPENDIX H** with the full results on the website.

2. Recommendations

That Council approves:

- 2.1 The 2024/25 Revenue Budget of **£15,330,000**, Council Tax Requirement of **£7,929,000** and a District Council Band D Council Tax for 2024/25 of **£192.85** (an increase of £5 or 2.66% on 2023/24).
- 2.2 The MTFS 2023-28 Revenue Budgets and 25 year revenue financial planning model in **APPENDIX A**.
- 2.3 The MTFS 2023-28 Capital Strategy including the 25 year capital investment model and the Capital Programme shown in **APPENDICES B & C**.
- 2.4 The recommended increase in the Minimum Level of General Reserves from **£1,900,000** to **£2,000,000**.
- 2.5 The recommended approach to funding Business-as-Usual Capital Investment in 2027/28.
- 2.6 The updated approach to the pay award in 2024/25, planning fees, car parking fees, contract/other inflation, regeneration initiatives and Treasury Management investment income.
- 2.7 The recommended provisional inclusion of a cost of living contingency budget of **£50,000** in 2025/26.
- 2.8 The recommended increase of **£398,000** in 2024/25 and the provisional inclusion of an in-year growth/contingency budget of **£250,000** in 2025/26.
- 2.9 The Minimum Revenue Provision Statement for 2024/25, at **APPENDIX D**, which sets out the Council's policy of using the asset life method for making prudent provision for debt redemption.
- 2.10 Treasury Management Strategy Statement for 2024/25 **APPENDIX E**.
- 2.11 The Investment Strategy Report (**APPENDIX F**) where no changes are recommended for 2024/25.
- 2.12 The Capital and Treasury Prudential Indicators for 2023-28 in the financial implications section.
- 2.13 The Authorised Limit Prudential Indicator shown within the financial implications section.
- 2.14 The Implementation of the maximum premium of 100% for second homes from 1 April 2025 (this being the earliest that the new charge can apply, as legislation states that twelve months' notice is required to be given to existing owners of second homes and there is an option to defer implementation) subject to a satisfactory options appraisal in advance of a decision for 2025/26.
- 2.15 The continuation of a banded Council Tax Reduction Scheme for working age recipients for 2024/2025, as well as the changes proposed below:
 - In accordance with the approved policy, uprating the Council Tax Bands by 6.7% in line with Universal Credit increases.
 - Adopt any other changes within the prescribed scheme in accordance with the statutory instrument published in January 2024.

That Council notes:

- 2.16 The requirements and duties that the Local Government Act 2003 places on the Authority on how it sets and monitors its Budgets, including the CFO's report on the robustness of the Budget and adequacy of Reserves shown in **APPENDIX G**.
- 2.17 The results of the Budget Consultation summarised at **APPENDIX H**.

3. Background

The Medium Term Financial Strategy (MTFS)

- 3.1. Council approved the MTFS (Revenue and Capital) 2022-27 on 28 February 2023 which covers the financial years 2022/23 to 2026/27 (with a further projection for 2027/28 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 and Earmarked 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 several 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 at **APPENDIX A**.

MTFS Budget Assumptions

- 3.8. There are several key cost, income 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. These key cost, income, and demand drivers (with significant negative changes shaded in red and significant positive changes shaded in green) initially identified for the MTFS are at **APPENDIX A**.

The Provisional and Final Local Government Finance Settlement for 2024/25

Introduction

3.10. The 2024/25 local government finance settlement was received on 18 December 2023, is for one year only and is based on the Spending Review 2021 (SR21) funding levels, updated for the 2023 Autumn Statement announcements.

3.11. The main headlines impacting this Council are set out below:

- **Council Tax** – As previously announced, the council tax referendum limit will be 2.99% for local authorities, with social care authorities allowed an additional 2% social care precept. The provisional settlement confirmed that districts will be allowed to apply the higher of the referendum limit of **2.99%** or £5 (**2.66%**).
- **Settlement Funding Assessment** – The September CPI figure of 6.7% has been applied to increase the local government funding amount within the business rates retention scheme and Revenue Support Grant.
- **Local Government Funding Reform** – No announcements were made regarding funding reform.

Specific Grants

- **No Change: Improved Better Care Fund** – The funding remains at £2.140m. An element of this funding provided to County Councils is distributed to District Councils to fund Disabled Facilities Grants in the Capital Programme.
- **No change: New Homes Bonus** - The 2024/25 allocations have been announced at £291m (£291m in 2023/24 also – coincidence only).
- **Increased: Funding Guarantee** – *The cost of the 3% funding guarantee has increased by £64m from £133m to £197m for 2024/25.*
- **Reduced: Services Grant** – This grant has reduced from £483m to £77m, a reduction of £406m. The funding has been reduced after *“factoring in the costs of using some of the remaining Services Grant to fund increases to other settlement grants and equalisation of the adult social care precept”*. A small proportion has also been held back as a contingency.
- **No Change: Rural Services Delivery Grant** – There has been no change to the national grant (£95m) or local allocations for 2024/25.

Government Core Spending Power Analysis

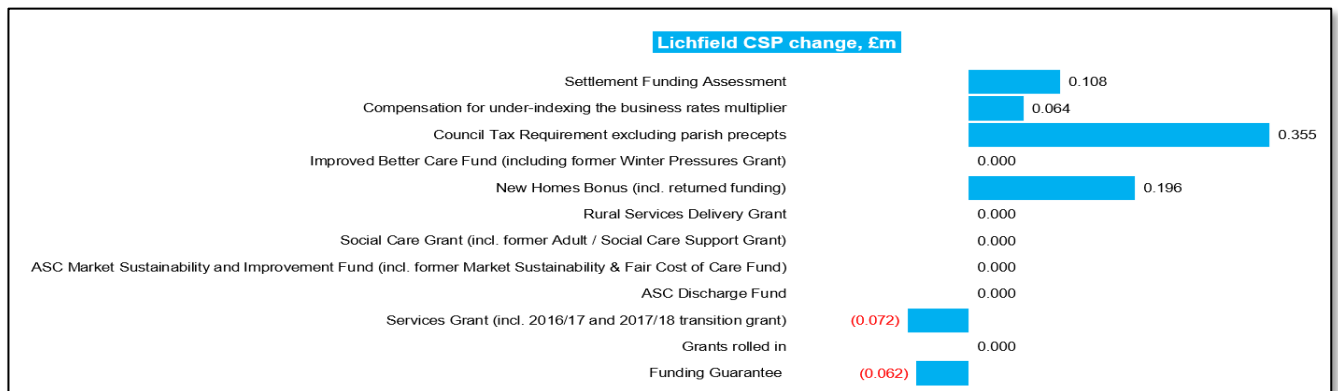
3.12. The Government analyses Local Government Funding using its preferred measure of Core Spending Power. There are several key points to make in relation to this measure:

- It excludes any Business Rate Growth above the Government Set Baseline.
- It assumes average Council Tax base growth and that all Councils will utilise the maximum available Council Tax increase – for this Council in 2024/25 it is 3% (2.99% for modelling purposes).
- It excludes any other local income sources such as the benefits of Business Rate Pooling and previous year Collection Fund surpluses or deficits.

3.13. The comparison of the Core Spending Power using the comparative Settlement for 2023/24 to the Provisional and Final Settlements in 2024/25 are shown below:

	Core Spending Power Comparative 2023/24	Core Spending Power Provisional 2024/25	Core Spending Power Final 2024/25	MTFS Projection O & S 14/11/2023 2024/25
Retained Business Rates - Baseline	£2,195,966	£2,296,616	£2,296,616	£2,196,000
Assumed Council Tax	£7,614,387	£7,969,646	£7,969,646	£7,858,000
Other Grants including Funding Guarantee Grant	£1,123,491	£1,061,009	£1,180,272	£1,406,000
New Homes Bonus	£992,453	£1,188,722	£1,188,722	£844,000
Core Spending Power Elements	£11,926,297	£12,515,993	£12,635,256	£12,304,000
Variance		£589,696	£708,959	
% Increase in Core Spending Power		4.9%	5.9%	

3.14. The changes in the Provisional Settlement are explained by Core Spending Power funding stream below:



3.15. The Provisional Settlement was subject to the outcome of consultation and the Council responded to this consultation on **9 January 2024** in advance of the deadline of 15 January 2024.

3.16. The Provisional Settlement outcome was in line with the assumptions used in the Draft MTFS presented to Cabinet on 10 October 2023 of **(£12,304,000¹)**. This means that the level of uncertainty for 2024/25 can remain at **Medium**.

3.17. On 24 January 2024, the Department for Levelling Up, Housing and Communities published details of additional funding which councils can expect in the final Local Government Finance Settlement (LGFS).

3.18. The key announcements are summarised below:

- The minimum funding guarantee will be increased from 3% to 4%.
- £15m increase to the Rural Services Delivery Grant, making the total size of the fund £110m.
- £3m one-off additional funding to support councils most affected by Internal Drainage Board levies, accompanied by a commitment to work with DEFRA to implement a long-term solution.
- Council tax referendum limit remains at 2.99% or £5 for districts.
- The Government will ask all local authorities to publish a productivity plan before summer recess setting out how they will 'improve service performance and reduce wasteful expenditure'.
- The Government will set up a new expert advisory panel to advise it on financial sustainability in the sector and to review the productivity plans.

3.19. The only additional funding the Council is likely to receive relates to the increase in the minimum funding guarantee from 3% to 4%. The initial estimate is that this will mean **(c£100,000)** of additional grant in 2024/25. This estimated additional grant has now been included in this version of the MTFS.

3.20. However, the financial benefits at this stage, impact on 2024/25 and potentially 2025/26. Most key income streams (Business Rates, Review of Needs and Resources/Fair Funding and New Homes Bonus) will be reviewed for implementation potentially in 2025/26 but more likely in 2026/27 (assumed in the MTFS) or later. Therefore, the level of uncertainty from **2025/26** remains as **High**.

¹ Total Funding for 2024/25 assuming a Council Tax increase of 1.99% was projected to be (£14,123,000) less the local elements of Collection Fund Surplus of (£474,000) and Business Rates Growth of (£1,345,000).

The Revenue Budget

3.21. Cabinet was presented with a Draft Revenue Budget on 10 October 2023, and this has been updated to reflect:

- The inclusion of updated projections from the 8 month Money Matters Report.
- The inclusion of financial implications from any further Approved Reports.
- The Provisional Local Government Finance Settlement for 2024/25 with at this stage, any finance reform assumed to be delayed until 2026/27.
- Any significant inflationary or other changes identified from the detailed review of base budgets.

3.22. As in previous years, three funding scenarios have been prepared based on the assumptions shown at **APPENDIX A**.

3.23. The estimated inflation and budget variations for all scenarios (with additional income or savings enclosed by brackets) compared to the approved Medium Term Financial Strategy are shown below:

Updated Expenditure/Income Projections	2023/24	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000
Updated pay inflation pressures		250	263	281	297
Approved Cinema for Lichfield District funding		755	0	0	0
Revenue Contributions to the Capital Programme 2027/28		612	0	0	0
Additional income from Planning Fees (Autumn Statement)		(54)	(95)	(209)	(223)
Additional Planning Investment / Contingency		54	95	209	223
Additional income from Car Parking Fees		(150)	(150)	(150)	(150)
Additional Car Parking Investment / Contingency		150	150	150	150
Contracts Inflationary increases		274	297	287	327
Inflationary Increase in Community Grants		23	28	33	38
Enabling Regeneration Investment (to include a budget for a Burntwood Blueprint of up to £75k)		350	120	0	0
Updated Treasury Management Projections		(700)	(550)	0	0
Inclusion of a cost of living contingency budget		0	50	0	0
In year contingency/growth budget Investment (to include a budget for a Heritage Plan for the District of up to £75k)		398	250	0	0
Sub Total		1,962	458	601	662

3.24. The central scenario funding changes (with additional income enclosed by brackets) compared to the approved Medium Term Financial Strategy are shown below:

Updated Central Scenario Funding Projections	2023/24	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000
Retained Business Rates Baseline Funding		62	(42)	(27)	(13)
Retained Business Rates Growth Allowance		(342)	(1,472)	(337)	(334)
Rolled in Grants		1	(512)	(114)	(110)
Business Rates Cap Grant		181	(512)	0	0
Services Grant		69	(13)	0	0
Funding Guarantee Grant		(14)	(1,450)	0	0
Transitional Funding		0	747	(1,159)	(64)
New Homes Bonus		(619)	0	0	0
Collection Fund (Surplus)/Deficit		(1,229)	0	0	0
Council Tax Income		(71)	(51)	(41)	(59)
Sub Total		(1,962)	(3,305)	(1,678)	(580)

Modelled Changes and their Impact on the Revenue Budget and the Funding Gap

3.25. The Revenue Budget central scenario modelled changes and their impact on the Funding Gap (surpluses and transfers to General Reserves are enclosed with brackets) together with scenarios based on more optimistic and more pessimistic funding assumptions are shown in detail at **APPENDIX A** and in summary below:

Updated Central Scenario Funding Projections	2023/24	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000
Approved Funding Gap		0	1,616	1,903	1,770
Updated Expenditure/Income Projections		1,962	458	601	662
Updated Central Scenario Funding Projections		(1,962)	(3,305)	(1,678)	(580)
Updated Central Scenario Budget Funding Gap		0	(1,231)	826	1,852
More Optimistic Scenario Impact on General Reserves		244	(1,764)	(162)	(49)
More Pessimistic Scenario Impact on General Reserves		1,413	444	3,446	3,965

3.26. The key features of the proposed central scenario Revenue Budget are:

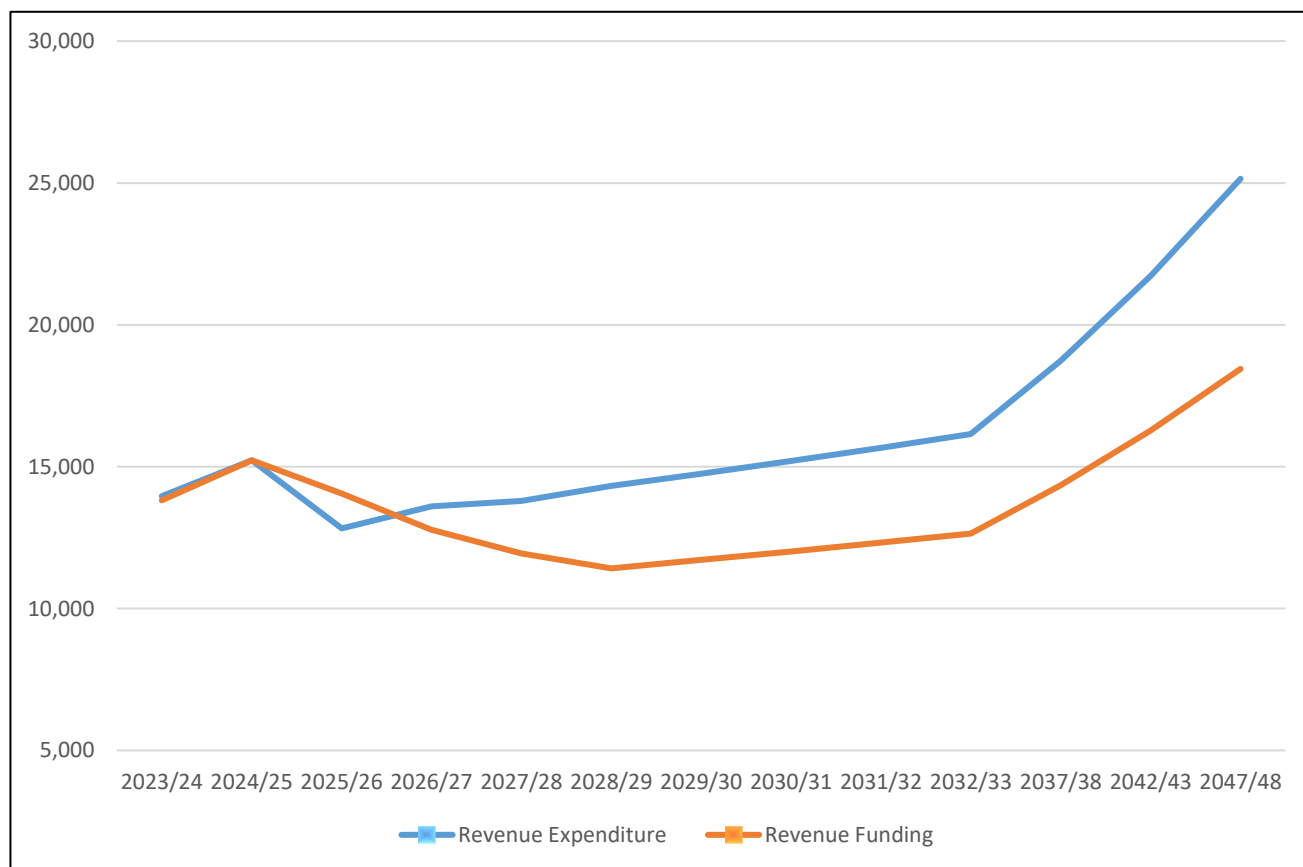
- The inclusion of additional budgets to address ongoing projected budget pressures related to an increased pay award of **4%** (increased from 2%) in 2024/25.
- The inclusion of **£755,000** of funding for the Cinema for Lichfield District approved by Council on 12 December 2023 and funded by an element of the Collection Fund Surplus.
- The transfer of **£612,000** to an earmarked reserve to fund Business-as-Usual Capital Investment in 2027/28 to negate additional borrowing need.
- Planning fee income projections have been updated to:
 - Include updated projected income from local planning fee changes.
 - Take account of the Autumn Statement changes in national fees (only fees for major applications would increase to recover full cost whereas previously minor application fees were also proposed to increase).
 - Reflect income being lower than budget in 2023/24 and lower OBR projections for housing transactions in 2024/25 and 2025/26.
 - Set aside any additional income to invest in the planning service or provide income contingency due to the uncertainty around planning income and the status of the Local Plan.
- Additional Car parking income of **(£150,000)** that is higher than the budgeted level is proposed to be set aside to invest in car parking or provide income contingency.
- Additional inflationary allowances have been included in the budget based on the November 2023 Office for Budget Responsibility (OBR) forecasts contained in the Economic and Fiscal Outlook (these higher forecasts are shown in the MTFs Budget Assumptions in **APPENDIX A**).
- Inflationary increases for community grants budgets.
- Provision is included to fund planned regeneration initiatives given the existing earmarked reserve is now fully committed.
- Additional income from Treasury management is included to reflect higher interest rates and higher investment balances partly from slippage in the spend of major capital investment schemes such as the leisure centre.
- In addition to 2023/24 and 2024/25, the proposed provisional inclusion of a specific cost of living contingency budget of **£50,000** in 2025/26.

- In addition to 2023/24, a proposed increase in the in-year more general contingency/growth budget in 2024/25 of **£398,000** to **£498,000** and the proposed provisional inclusion of a budget of **£250,000** in 2025/26.
- A **Council Tax increase of £5** or **2.66%** for 2024/25 and then modelled increases of **1.99%** for each subsequent year. The impact over the four years of this approach and a maximum **2.99%** increase in 2024/25 and then annual **1.99%** increases compared to the Approved Budget is shown below:

	Total	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000
Approved Council Tax Income (modelled increases of 1.99%)	(£33,080)	(£7,858)	(£8,124)	(£8,416)	(£8,682)
Modelled Increase		£5.00	1.99%	1.99%	1.99%
Modelled Council Tax Band D		£192.85	£196.68	£200.60	£204.59
Approved Council Taxbase		41,116	41,567	42,161	42,723
Modelled MTFs Council Tax Income @ £5 24/25 and then 1.99%	(£33,303)	(£7,929)	(£8,175)	(£8,457)	(£8,741)
(Higher) / Lower Modelled Council Tax Income	(£223)	(£71)	(£51)	(£41)	(£59)
Council Tax Income @ 2.99% 24/25 and then 1.99%	(£33,410)	(£7,955)	(£8,202)	(£8,485)	(£8,769)
(Higher) / Lower Modelled Council Tax Income	(£330)	(£97)	(£78)	(£69)	(£87)

Longer Term Financial Planning

3.27. The updated longer term financial plan is shown in detail at **APPENDIX A** and in the chart below:



3.28. A funding gap is projected from 2026/27 onwards and this will mean that subject to the outcome the local government finance reforms, the identification of options to deliver further sustainable savings/additional income will remain necessary.

The Capital Strategy

3.29. The Capital Strategy is shown at **APPENDIX B** and sets out the Council’s framework for managing the Capital Programme including:

- **Capital expenditure**, including the approval process, long-term financing strategy, asset management, maintenance requirements, planned disposals and funding restrictions.
- **Debt and borrowing and treasury management**, including projections for the level of borrowing, capital financing requirement and liability benchmark, provision for the repayment of debt, the authorised limit and operational boundary for the coming year and the authority’s approach to treasury management.
- **Commercial activities**, including due diligence processes, the authority’s risk appetite, proportionality in respect of overall resources, requirements for independent and expert advice and scrutiny arrangements.
- **Other long-term liabilities**, such as financial guarantees.
- **Knowledge and skills**, including a summary of that available to the authority and its link to the authority’s risk appetite.

3.30. As the Council’s Chief Financial Officer, I have assessed the current overall risk as **Tolerable (green)**.

The Capital Programme

3.31. Cabinet was presented with a Draft Capital Programme on 10 October 2023, and this has been updated to reflect:

- The inclusion of updated projections from the 8 month Money Matters Reports.
- The inclusion of financial implications from any further Approved Reports.
- Any other changes identified from review of the Approved Budget.

3.32. The additional capital investment projections included in the Capital Programme are:

Details	Source	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
IT Hardware	25 year model					175
Property Maintenance	25 year model					230
Bin Purchases	25 year model					150
Vehicles	25 year model					250
Disabled Facilities Grants	25 year model					914

Projected Capital Spend		0	0	0	1,719
External Funding					(914)
Existing Revenue Budgets					(150)
Council Funding (see above)					(655)
Total Funding		0	0	0	(1,719)
Shortfall in Funding & Borrowing Need		0	0	0	0

3.33. The following projects have been removed from the Capital Programme:

Project	Budget	Reason
New Build Parish Office / Community Hub	£92,000	Fradley Parish Council no longer wish to go ahead with the project
Lichfield St Johns Community Link	£35,000	CIL grant agreement has expired
Falkland Road Fosseyway Canal Walk	£260,000	CIL grant agreement has expired
Fradley BMX Pumptrack	£33,000	Fradley Parish Council no longer wish to go ahead with the project

- 3.34. A few projects contained in the Approved Capital Programme have revenue implications such as operating costs, capital financing costs for internal borrowing, revenue funding or savings.
- 3.35. The MTFs currently assumes a budget neutral position for the Cinema for Lichfield District until more informed financial projections are provided through the Business Plan. Any future changes following receipt of the Business Plan will be reported in line with the Council's budget monitoring and any budget approvals will be in line with the budget framework.
- 3.36. The Capital Programme revenue implications contained in the Approved Budget (at the 8 month's stage of 2023/24) and the revenue implications of additional capital spend² are shown below:

Revenue Implications	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Interest on Loan to the LA Company	0	0	0	0	0
Friary Grange - Refurbishment	135	135	0	0	0
New Leisure Centre Capital Financing Costs	0	0	373	366	359
New Leisure Centre Operating Costs	0	0	235	(11)	(85)
New Leisure Centre Sinking Fund	0	0	0	50	100
Savings Reinvested	(100)	(100)	(100)	(100)	(100)
Community Infrastructure Levy 2022	(11)	(173)	(100)	(100)	(100)
New Leisure Centre & CIL Risk/Uncertainty	111	273	0	0	0
A Cinema for Lichfield District - Income	0	0	(600)	(600)	(600)
A Cinema for Lichfield District - Sinking Fund	0	0	254	254	254
A Cinema for Lichfield District - Expenditure/Uncertainty	0	0	346	346	346
Revenue Budget - Bin Replacement	150	150	150	150	0
Revenue Budget - Corporate	173	100	565	183	0
Sub Total - Approved Budget	458	385	1,123	538	175
Revenue Budget - Corporate	0	0	0	0	0
Revenue Budget - Earmarked Reserves	0	0	0	0	612
Revenue Budget - Bin Replacement	0	0	0	0	150
Sub Total - Service and Financial Planning	0	0	0	0	762
Capital Programme Total	458	385	1,123	538	937

- 3.37. The Capital Programme is summarised below and is shown in detail at **APPENDIX C**:

Strategic Priority	Capital Programme					
	2023/24		2024/25	2025/26	2026/27	2027/28
	Original Budget £000	Approved Budget £000	Budget £000	Budget £000	Budget £000	Budget £000
LEVEL OF UNCERTAINTY / RISK	MEDIUM	MEDIUM	MEDIUM	HIGH	HIGH	HIGH
Enabling People	9,222	4,421	10,537	3,172	1,320	1,100
Shaping Place	819	386	425	6,600	210	400
Developing Prosperity	4,931	5,493	4,649	3,999	10	0
Good Council	448	520	215	365	405	405
Capital Programme	15,420	10,820	15,826	14,136	1,945	1,905
Capital Funding	13,087	10,820	12,647	11,820	1,945	1,905
Borrowing Need	2,333	0	3,179	2,376	0	0
General Capital Receipts	(481)	(1,466)	(387)	(244)	(55)	(83)
Housing Capital Receipts	(663)	(979)	(979)	(979)	(979)	(979)
Total Capital Receipts	(1,144)	(2,445)	(1,366)	(1,223)	(1,034)	(1,062)

² At this stage, the revenue cost of the new Waste Fleet is assumed to be the same as the current fleet or where new services such as food waste collection are introduced, the additional revenue costs are funded by Government Grant.

Treasury Management

3.38. CIPFA has defined Treasury Management as:

“the management of the organisation’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

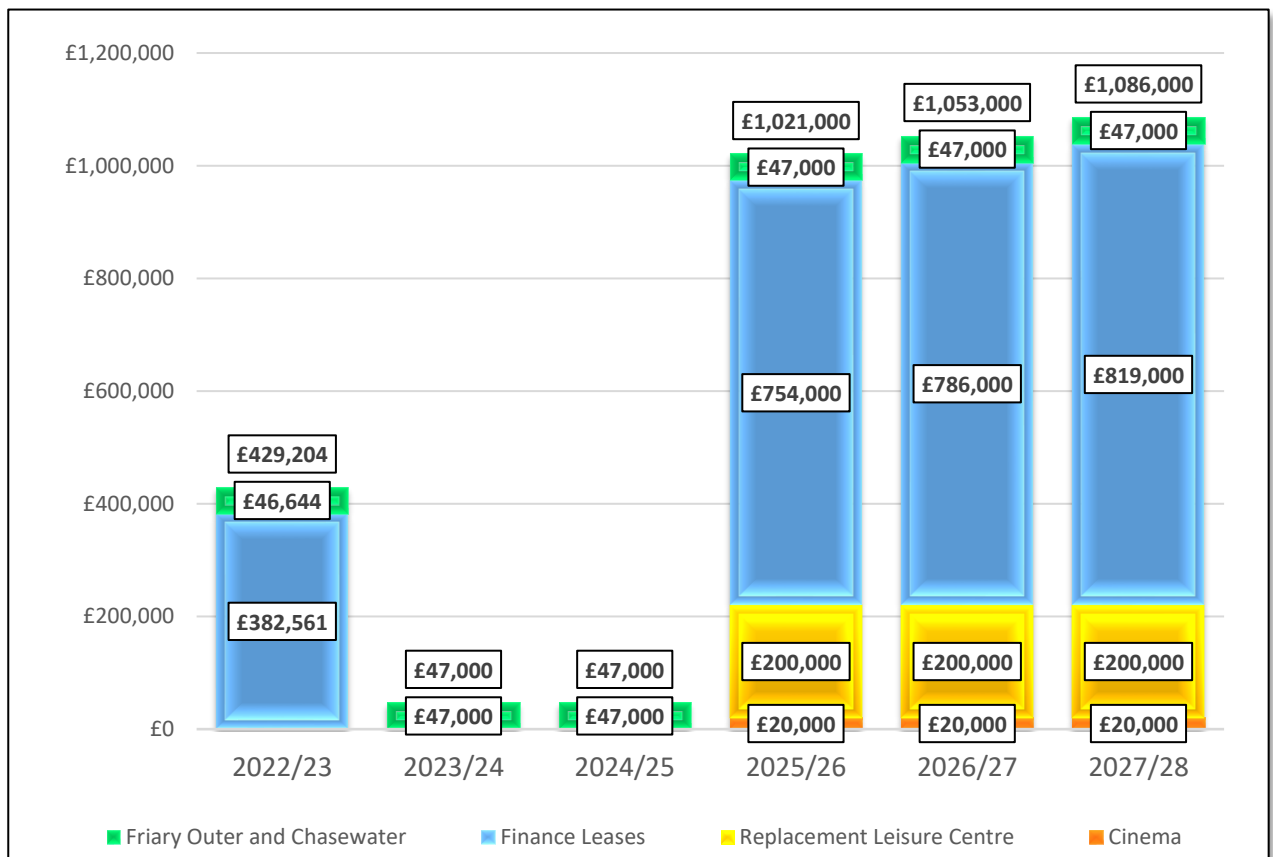
3.39. The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk. The successful identification, monitoring and control of risk are an important and integral element of its treasury management activities. The main risks to the Council’s treasury activities are:

- Liquidity Risk (Inadequate cash resources)
- Market or Interest Rate Risk (Fluctuations in interest rate levels)
- Inflation Risk (Exposure to inflation)
- Credit and Counterparty Risk (Security of Investments)
- Refinancing Risk (Impact of debt maturing in future years)
- Legal and Regulatory Risk

3.40. The Strategy also projects the impact of the Council’s Revenue Budget and Capital Programme on the Balance Sheet position, the current and projected Treasury position, the Prudential Indicators, and the outlook for interest rates.

3.41. Minimum Revenue Provision Statement 2024/25

- The Council is required to make prudent provision for debt redemption (known as Minimum Revenue Provision (MRP)) and each year the Council must approve its MRP statement, and this will include an allowance for finance leases that appear on the Council’s Balance Sheet.
- As in previous years, the Council proposes to base its MRP on the estimated life of the asset (**APPENDIX D**). The estimated MRP chargeable during the MTFS is shown below:

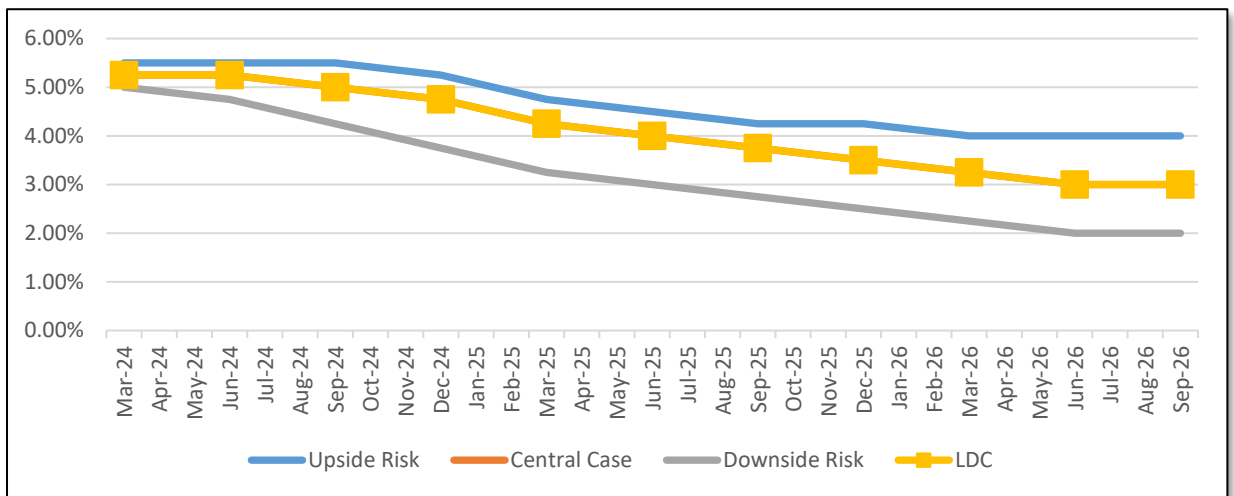


3.42. Balance Sheet Projections

- Integrated Revenue Budgets and Capital Programme Budgets are prepared. These budgets together with the actual Balance Sheet from the previous financial year are used to prepare Balance Sheet projections.
- These Balance Sheet projections (**APPENDIX E**) are significant in assessing the Council’s Treasury Management Position in terms of borrowing requirement, investment levels and the Investment Strategy.

3.43. Treasury Management Advice and the Expected Movement in Interest Rates

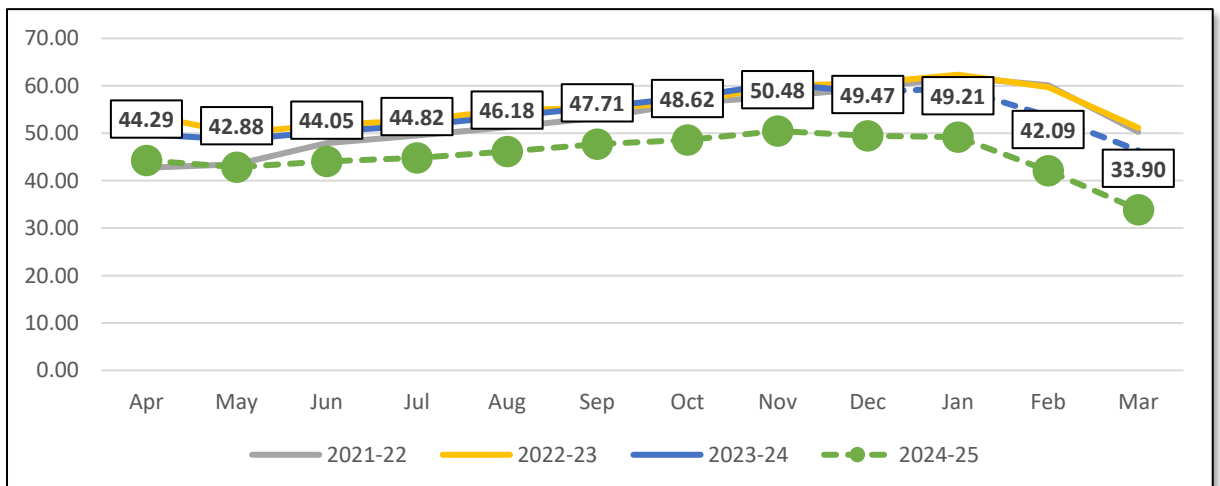
- The Official Bank Rate outlook provided by the Council’s Treasury Advisor, together with the Council’s assumption (also the central case) where interest rates will decrease from September 2024 is shown below:



- The Council assumptions have been used as the basis for preparation of the investment income including income foregone from internal borrowing for 2024/25 and future years.

3.44. Cash Flow Forecast

- Treasury Management includes the management of the Council’s cash flows as a key responsibility. The cash flow forecast takes account of the income the Council receives including Housing Benefits Grant, Council Tax and Business Rate income and expenditure such as payments to precepting bodies, employee costs and Housing Benefit Payments.
- The graph below shows average investment levels (in £m) throughout the financial year with a significant reduction in February and March due to minimal Council Tax income being received.



- The planned monthly cash flow forecast for the 2024/25 financial year has been used to calculate the investment income budget. The key components of this calculation are the average level of investment balances and the rate or yield achieved.
- The Treasury Management estimates for 2024/25 for both investment income and borrowing are shown in the table below:

Treasury Management	2024/25	
	Original Budget	
	Investment Income	Borrowing
Average Balance	£45.31m	£0.96m
Average Rate ³	4.73%	2.59%

Gross Investment Income	(£2,120,000)	
Property Fund Transfer to Reserves	£22,000	
DIF Transfer to Reserves	£105,000	
Corporate Revenue funding Capital		£100,000
External Interest		£26,000
Internal Interest		£1,000
Minimum Revenue Provision (Exc. Finance Leases)		£47,000
Net Treasury Position	(£1,993,000)	£174,000
	(£1,819,000)	

- The gross investment income has been estimated as **(£2,120,000)** and this equates to **14%** of The Council's total funding of **(£15,330,000)** in 2024/25.

3.45 Treasury Management Strategy Statement (TMSS) and the Annual Investment Strategy

- The Treasury Investments and their limits with no changes recommended, are shown in detail at **APPENDIX E**.

3.46 Investment Strategy Report for 2024/25

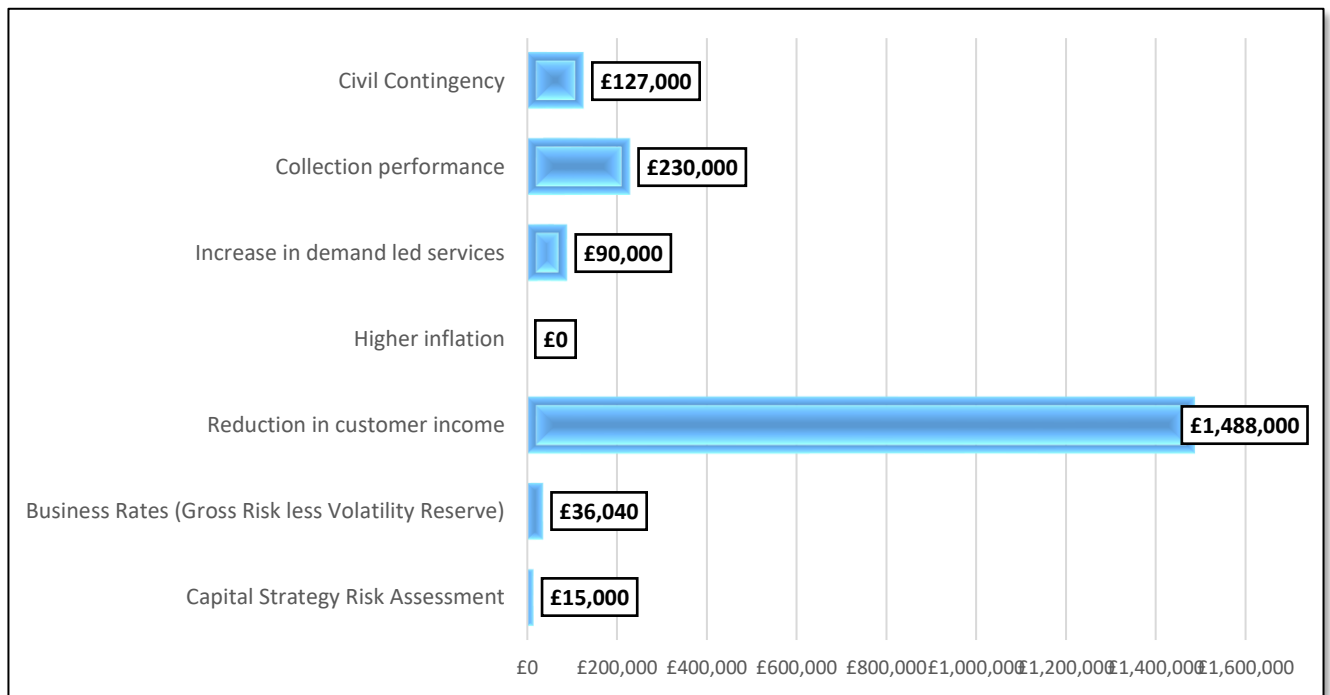
- The investment strategy that is shown at **APPENDIX F** meets the requirements of statutory guidance issued by the government in January 2018. It focuses on how the Authority invests its money to support local public services and earns investment income from any commercial investments.

Opinion of CFO on the Adequacy of Reserves and the Robustness of the Estimates

- 3.47 The Chartered Institute of Finance and Accountancy (CIPFA) provided the fourth release of its Financial Resilience Index December 2023 (Lichfield DC's information compared to all District Councils and Nearest Neighbours is shown at **APPENDIX G**). The index showed this Council's position on a range of measures associated with financial risk.
- 3.48 This release is still based on backward looking measures rather than the future financial challenges identified in forward looking Medium Term Financial Strategies. However, the residual impact of the COVID-19 pandemic and its impact on financial resilience is included in the measures.
- 3.49 The Resilience Index identified that most of the measures selected, including those related to the level and change in reserves, this Council was at the lower end of the risk spectrum compared to all other District Councils and Nearest Neighbour Authorities.
- 3.50 It remains prudent for the Council to maintain an adequate 'working balance' or Minimum Level that is part of its general reserves. A risk assessment approach in line with Best Practice that has been updated to take account of the challenging economic environment is used to determine the required Minimum Level and the level of general and earmarked reserves.

³ Budgeted average rate for the entire financial year.

3.51 The main elements of the risk assessment are shown in detail at **APPENDIX G** and in summary below:



3.52 The Chief Finance Officer (CFO) has been involved throughout the entire budget process, including revising the MTFs, input to the drafting of the budget, the ongoing financial monitoring and reporting process, evaluation of investments and savings, engagement with Members of the Cabinet and Overview and Scrutiny Committee, advising colleagues, the strategic choices activities, challenge and evaluation activities, and scrutiny of the budget.

3.53 I am of the opinion, for a Council of this size and with our recent record of prudent spending, effective Risk Management, robust budgeting and effective Budget monitoring and control, a revised General Minimum Reserve level of **£2,000,000** is adequate.

3.54 It is important to note that the level for 2024/25 has increased because of the economic climate. This involves changes to specific risks such as a reduction in income from customers. In addition, several risks such as Business Rates have specific earmarked reserves and specific budget risk based allowances related to inflation have been incorporated within the MTFs.

Projected General Reserves

3.55 The total projected level of general reserves is shown below using the central scenario together with projections using the more optimistic and pessimistic budget scenarios:

	2023/24		2024/25	2025/26	2026/27	2027/28
	Original Budget £000	Approved Budget £000				
LEVEL OF UNCERTAINTY / RISK	MEDIUM	MEDIUM	MEDIUM	HIGH	HIGH	HIGH
Available General Reserves Year Start	4,175	4,085	3,936	3,836	5,067	4,241
Change in Minimum Level	0	0	(100)	0	0	0
(Funding Gap) / transfer to General Reserves	0	(149)	0	1,231	(826)	(1,852)
Available General Reserves Year End	4,175	3,936	3,836	5,067	4,241	2,389
Minimum Level	1,900	1,900	2,000	2,000	2,000	2,000
Central Scenario General Reserves	6,075	5,836	5,836	7,067	6,241	4,389
More Optimistic Scenario	6,075	5,836	5,592	7,355	7,517	7,566
More Pessimistic Scenario	6,075	5,836	4,423	3,979	533	(3,432)

3.56 There is currently a significant ongoing level of uncertainty in relation to Local Government Finance with several planned reforms. This unprecedented uncertainty has been amplified by the impact of the COVID-19 pandemic and the current economic climate.

3.57 Financial planning in these circumstances with any degree of certainty is incredibly difficult especially when it is not clear when or if any of the planned reforms will be implemented.

3.58 However, the scenarios in this report provide an indication of the impact on the MTFs from the use of different assumptions. Two of the three scenarios utilised currently project a funding gap in 2026/27 and beyond. The projected funding gaps are principally due to:

- The projected impact of the Review of Needs and Resources (formerly the Fair Funding Review) and the review of Business Rate Baselines where resources are likely to be redistributed from District Councils to Upper Tier authorities. These reviews reflect the need for additional funding to address the increasing demographic demands in adult social care and children's services.
- The additional costs related to delivering existing services such as inflation, pension costs, an increasing population, and more properties.
- The desire to deliver new or enhanced often discretionary services such as a replacement leisure centre and the Cinema for Lichfield District.

3.59 A replacement leisure centre of **£10,000,000** funded in part by **£5,000,000** of internal borrowing has been included in the Approved MTFs. The estimated cost of borrowing of **£373,000** impacting from 2025/26 onwards for a budgeted period of 25 years has also been included in the Approved Revenue Budget.

3.60 In addition, a budget of **£9,787,000** (£5,788,000 and £3,999,000) for the Cinema for Lichfield District has been included in the Approved MTFs and is also part funded by internal borrowing of **£495,000**. The estimated cost of borrowing of **£37,000** impacting from 2025/26 onwards for a budgeted period of 25 years has also been assumed in the Revenue Budget modelling.

3.61 This internal borrowing will be a long term financial commitment for the Council. Therefore, given the range of financial projections at this time of significant ongoing uncertainty, Council will need to be aware that to enter long term commitments of this nature carry a very high risk that a balanced budget cannot be achieved or maintained.

3.62 It is very important therefore to highlight that in the event funding gaps do result from finance reform, to mitigate the risk of a statutory notice, focused on the inability to deliver a balanced budget, a robust and deliverable savings plan will need to be agreed together with a commitment to its delivery.

Retail Discount and Supporting Small Business Relief

- 3.63 In the Autumn Statement, the Chancellor announced the extension of the business rates Retail Discount scheme for 2024/2025. This delivers a 75% business rates relief up to £110,00 per business. Confirmation of the scheme was issued 23 November 2023, with further guidance regarding the administration, and funding on the 15 December 2023. Supporting small business relief was announced in the autumn budget 2022 and took effect from 1 April 2023. This is a 3 year scheme of support and ensures no small business faces a bill increase greater than £50 per month in 2024/25 because of losing some or all of their small business rate relief due to an increase in rateable value following a revaluation on 1 April 2023.
- 3.64 Business rates may be reduced where a property is eligible for business rate relief. There are different types of relief that may be awarded based on criteria laid down in the Local Government Finance Act (LGFA) 1988 and subsequent statutory instruments. In addition to mandatory reliefs, the Local Authority has the discretion to award additional relief, using discretionary powers under section 47 of the LGFA. Where new temporary reliefs are introduced by the government, they will use section 47 to apply them wherever it is appropriate to do so, rather than introducing new legislation.
- 3.65 The government will fully reimburse councils via Section 31 grant.
- 3.66 The recommendation is to award both reliefs from 1st April 2024 to all businesses that satisfy the relevant criteria. We estimate that 430 businesses will benefit from £3,482,833 Retail Discount and 118 business will benefit from £383,836 Supporting Small Business Relief. The government expects local authorities to notify those eligible ratepayers on their annual bills for 2024/25.

Alternative Options	In the main, the options are focused on the level of resource allocated to Strategic Priorities and the level of Council Tax increase.
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Consultation The budget consultation was launched on 18 October 2023 and was open until 12 December 2023. The primary method of response to the consultation was via an online tool. This tool enabled respondents to alter the non-central costs Original Budget for 2024/25 of **£11,882,310** (The Original Net Budget was £13,368,100 and central items totalled £1,485,790) that was allocated in the Medium Term Financial Strategy.

A total of **909** people responded to the survey. This represents **0.86%** of the adult population of the district and represents a reduction of **224** respondents from the previous budget consultation in 2022. The outcome of respondent's budget choices (reductions in budgets and percentages are enclosed by brackets) is shown below:

Service Group	Service Item	Original Budget	Average Change %	Average Budget
Place (Expenditure)		£7,478,320	(1.09%)	£7,396,668
	Planning, Environment and Building Control	£902,760	(4.17%)	£865,120
	Street Cleaning, Bins and Recycling	£4,165,670	(0.09%)	£4,161,775
	City Centre Development	£33,330	(3.81%)	£32,061
	Conservation, Ecology and Woodlands	£173,490	(1.61%)	£170,703
	Parks and Open Spaces	£1,712,590	(0.88%)	£1,697,518
	Local Plan	£490,480	(4.28%)	£469,490
People (Expenditure)		£3,225,960	(1.25%)	£3,185,581
	Community	£658,770	(1.07%)	£651,740
	Housing Strategy and Homelessness	£786,870	(1.29%)	£776,699
	Sports and Leisure	£676,560	(1.25%)	£668,075
	Licensing and Public Protection	£1,103,760	(1.33%)	£1,089,067
Prosperity (Expenditure)		£911,900	(2.71%)	£887,178
	Events and Culture	£426,690	(2.72%)	£415,096
	Tourism	£346,880	(3.06%)	£336,271
	Business Support and Investment	£138,330	(1.82%)	£135,811
Resident Services (Expenditure)		£974,710	(1.89%)	£956,267
	Council Tax, Benefits, Business Rates and Customer Services	£974,710	(1.89%)	£956,267
Traffic and Parking (Expenditure)		(£708,580)	(1.22%)	(£699,927)
	Traffic and Parking	(£708,580)	(1.22%)	(£699,927)
Total - Non-Central Costs		£11,882,310	(£156,543)	£11,725,767
	Central Costs	£1,485,790		
Total Budget		£13,368,100		

The detailed comments also received through the Budget Consultation are included at **APPENDIX H**.

In addition, to the online tool, the Cabinet Member for Finance and Commissioning and the Assistant Director – Finance and Commissioning (Section 151) attended the Youth Council on 7 December 2023 to seek views on priorities for the MTFs. The main feedback received related to:

- Additional funding for organisations that support diversionary activity to reduce the risk of Anti-Social Behaviour.
- More focussed promotion of events and festivals in Lichfield District.
- Support for the delivery of more affordable and ECO friendly homes.

Overview and Scrutiny Committee reviewed the MTFs at their meeting on 30 January 2024 and Audit Committee reviewed the Capital Strategy and Treasury Management Strategy Statement at their meeting on 1 February 2024. The views of the Committees are summarised below:

Overview and Scrutiny Committee

- Consider allocating the additional funding of c£100,000 from the Final Local Government Finance Settlement to Voluntary and Community Sector funding.
- Consider a 0% increase in car parking fees at the next pricing decision point (September 2024 for 2025/26).
- It was clarified that the impact of Local Council Tax Support is accounted for in the Collection Fund as income foregone (Cost c£6m with the Council share c£0.6m) rather than being a specific budget line in the Council's MTFs.
- The allowance for inflation may need to be increased especially for fuel given the attacks on shipping in the Red Sea.
- It was clarified that the latest option related to a tenancy of the Cinema for Lichfield District is not reflected in the MTFs as there had not yet been an approval by Council.
- Clarification was provided on the Housing Investment budget in the Capital Programme with funding provided from Section 106 agreements.
- Clarification was provided on the Electric Vehicle charging budget being related to initial investment contained in the approved Car parking Strategy. Alternative delivery models to deliver further charging points will also be considered.
- Clarification was provided on the reasons for the reduction in value of retail properties, development plans for the Bore Street properties and in some cases the non-financial reasons for their continued ownership.
- The Council should still seek to make savings/efficiencies through a review of base budgets.
- The approach to closing Funding Gaps should not solely be focussed on efficiencies/savings but should also consider revenue and income streams.
- A maximum 2.99% Council Tax increase should be considered given the marginal difference to the proposed £5 increase which is 2.66%.
- To encourage residents struggling with Council Tax, the website should have more focus on encouraging contact.
- The Committee would like to review the Cinema Business Plan.

- The Committee requested the reasons why the Lichfield St Johns Community Link and the Falkland Road Fosseyway Canal Walk have not been able to spend CIL in line with the grant agreement.
- An element or 'quota' of the Voluntary and Community Sector funding should be set aside for Young people based initiatives with a role for the Youth Council in determining priorities.
- The Council should consider providing feedback on the budget consultation exercise to those that responded with comments and views.
- The Council should seek to obtain more qualitative views through the budget consultation.

Audit Committee

- Clarification was provided on the capital receipt budgets and the level of risk in terms of planned capital receipts.
- Clarification of the external loan from the Public Works Loans Board, its maturity date, and its original purpose.
- Clarification was provided on the approach to identifying capital investment need and the involvement of Members in the process for appraisal and approval.
- Clarification was provided on the Leisure Centre Operating Costs budgets and the approach to accounting for income and expenditure in the Council and LWMTS.
- Clarification was provided on the approach to property enhancement in the absence of dedicated sinking funds.
- An explanation was provided on the risk involved where no replacement programme is in place and how this is addressed on an ongoing basis.
- An explanation was provided on the approach to setting investment income budgets and managing the risks given its significant proportion of the budget.
- Clarification was provided on the approach to the budget for the replacement waste fleet (like for like replacement for both Lichfield District and Tamworth Borough) and the impact of changes in the waste strategy and alternative fuel methodologies.
- A clarification was provided that the replacement waste fleet was for both Lichfield District and Tamworth Borough and therefore an alignment of approach was essential.
- An explanation was provided on how the £500,000 threshold for post project appraisals had been determined.
- The approach to condition surveys was explained and further information would be provided to the Committee on areas where there is no recent condition survey.
- An explanation was provided on the approach to budgets for replacement and maintenance of vehicles, plant and equipment and the approach to budgets for leasing.

Prudential and Local Indicators (PIs)

The Prudential and Local Indicators are shown below (rounding may result in slight differences):

Capital Strategy Indicators							
Prudential Indicators							
Indicators	2022/23 Actual	2023/24 Original	2023/24 Revised	2024/25 Original	2025/26 Original	2026/27 Original	2027/28 Original
Capital Investment							
Capital Expenditure (£m)	£3.573	£15.420	£10.820	£15.826	£14.136	£1.945	£1.905
Capital Financing Requirement (£m)	£1.897	£4.425	£1.850	£4.983	£12.278	£11.226	£10.140
Gross Debt and the Capital Financing Requirement							
Gross Debt	(£1.065)	(£1.005)	(£1.005)	(£0.944)	(£6.129)	(£5.282)	(£4.402)
Borrowing in Advance - Gross Debt in excess of the Capital Financing Requirement	No	No	No	No	No	No	No
Total Debt							
Authorised Limit (£m)	£1.509	£19.932	£19.932	£19.872	£20.461	£20.555	£20.213
Operational Boundary (£m)	£1.509	£7.505	£7.505	£7.444	£12.629	£7.322	£7.262
Proportion of Financing Costs to Net Revenue Stream (%)	4%	1%	1%	0%	8%	11%	11%

Local Indicators							
Indicators	2022/23 Actual	2023/24 Original	2023/24 Revised	2024/25 Original	2025/26 Original	2026/27 Original	2027/28 Original
Replacement of Debt Finance or MRP (£m)	(£0.429)	(£0.047)	(£0.047)	(£0.047)	(£1.021)	(£1.053)	(£1.086)
Capital Receipts (£m)	(£0.022)	(£0.030)	(£2.423)	(£0.031)	(£0.031)	(£0.033)	(£0.028)
Housing Capital Receipts (£m)	(£0.352)	£0.000	(£0.158)	£0.000	£0.000	£0.000	£0.000
Liability Benchmark (£m)	£34.484	£22.437	£31.756	£20.498	£20.023	£17.938	£16.877
Treasury Management Investments (£m)	£45.550	£33.441	£42.760	£31.442	£30.905	£28.759	£27.638

Treasury Management Indicators					
Prudential Indicators					
	Lower Limit	Upper Limit	As at 31/03/23	As at 31/12/23	
Refinancing Rate Risk Indicator					
Under 12 months	0%	100%	6%	6%	
12 months and within 24 months	0%	100%	6%	6%	
24 months and within 5 years	0%	100%	17%	18%	
5 years and within 10 years	0%	100%	29%	30%	
10 years and within 20 years	0%	100%	43%	39%	
20 years and within 30 years	0%	100%	0%	0%	
30 years and within 40 years	0%	100%	0%	0%	
40 years and within 50 years	0%	100%	0%	0%	
50 years and above	0%	100%	0%	0%	

Investment Income - Interest Rate Exposure		
	2024/25	2025/26
Revenue budget - Investment Income	(£2,119,960)	(£1,597,230)
Budget subject to Interest Rate Exposure	(£1,615,960)	(£1,057,230)
Budget with a 1% fall in interest rates	(£1,806,862)	(£1,341,015)
Budget with a 1% rise in interest rates	(£2,433,000)	(£1,853,000)

External Borrowing - Interest Rate Exposure		
	2024/25	2025/26
Revenue budget - External Interest	£26,000	£24,000
Budget subject to Interest Rate Exposure	£0	£0
Budget with a 1% fall in interest rates	£26,000	£24,000
Budget with a 1% rise in interest rates	£26,000	£24,000

	2022/23	2023/24	2023/24	2024/25	2025/26	2026/27	2027/28
Indicators	Actual	Original	Revised	Original	Original	Original	Original
Principal Sums invested for periods longer than a year (£m)	£14.000	£15.000	£15.000	£15.000	£15.000	£15.000	£15.000

Local Indicators							
	2022/23	2023/24	2023/24	2024/25	2025/26	2026/27	2027/28
Indicators	Actual	Original	Revised	Original	Original	Original	Original
	£m	£m	£m	£m	£m	£m	£m
Balance Sheet Summary and Forecast							
Borrowing Capital Financing Requirement	£1.897	£4.425	£1.850	£4.983	£7.032	£6.766	£6.499
Internal (over) Borrowing	£0.832	£3.420	£0.845	£4.038	£6.149	£5.943	£5.738
Investments (or New Borrowing)	(£45.550)	(£33.441)	(£42.760)	(£31.442)	(£30.905)	(£28.759)	(£27.638)
Liability Benchmark	(£34.484)	(£22.437)	(£31.756)	(£20.498)	(£20.023)	(£17.938)	(£16.877)

	Target
Security	
Portfolio average credit rating	A-
Liquidity	
Temporary Borrowing undertaken	£0.000
Total Cash Available within 100 days (maximum)	90%

Approved by Section 151	Yes
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Legal Implications	No specific legal implications. The recommended Medium Term Financial Strategy is part of the Budget Framework and will therefore require the approval of Full Council.
Approved by Monitoring Officer	Yes

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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Data assessment	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
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identifies the level of resources available and spend necessary to deliver the outcomes across the entire District. 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.

Environmental Impact (including Climate Change and Biodiversity). These areas are addressed as part of the specific areas of activity prior to being included in the Strategic Plan.

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 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.	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	In the MTFs, no income is assumed beyond 2025/26.	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	Maintain a watching brief on economic forecasts, ensure estimates reflect latest economic projections. Where possible, ensure income increases are maximised to mitigate any additional cost.	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow
G	Interest Rate Risk if Internal Borrowing is replaced by External Borrowing	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow	The level of internal borrowing is a relatively low level at £5.495m and the cost is budgeted at 3.5%.	Likelihood: Yellow Impact: Green Severity of Risk: Green
Strategic Risk SR3: Capacity and capability to deliver / adapt the new strategic plan to the emerging landscape				
H	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
I	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
J	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 against the Financial Strategy – Cabinet 27 June 2023
- Medium Term Financial Strategy – Cabinet 27 June 2023
- Money Matters: Financial Monitoring in 2023/24 – Cabinet 5 September 2023
- Medium Term Financial Strategy – Cabinet 10 October 2023
- Money Matters: Financial Monitoring in 2023/24 – Cabinet 5 December 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: Financial Monitoring in 2023/24 – Cabinet 6 February 2024

Relevant web links

MTFS Budget Principles

- 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

Key Cost and Income Drivers						
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Full Time Equivalents	328	308	308	308	308	308
Pay Award	4.00%	4.00%	4.00%	2.00%	2.00%	2.00%
Employers National Insurance	8.87%	9.36%	9.46%	9.57%	9.66%	9.75%
Employers Pension (%)	16.20%	22.00%	22.00%	22.00%	22.00%	22.00%
Employers Pension (Past Service)	£1,206,520	£697,040	£716,670	£736,290	£1,131,270	£1,181,270
Employers Pension (Other)	£109,260	£108,260	£111,540	£114,920	£118,400	£121,880
Non-Contractual Inflation (CPI) (OBR)	10.04%	6.09%	3.03%	1.56%	1.49%	1.81%
Non-Contractual Inflation (RPI) (OBR)	12.87%	8.26%	4.30%	2.41%	2.60%	2.84%
Applicable Fees and Charges (minimum)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Council Tax Increase (actual/modelled)	1.50%	0.00%	£5.00	1.99%	1.99%	1.99%
Base Rate	2.34%	4.63%	3.39%	3.00%	3.00%	3.00%
Investment Return	2.55%	4.21%	3.81%	3.50%	3.50%	3.50%
Key Demand Drivers						
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Population Projections	105,709	106,073	106,432	106,749	107,070	107,398
Residential Properties	47,939	48,488	49,183	49,918	50,420	50,922
Business Properties	3,040	3,041	3,041	3,041	3,041	3,041
Number of visitors to the district	2,200,000	2,500,000	2,600,000	2,700,000	2,800,000	2,900,000

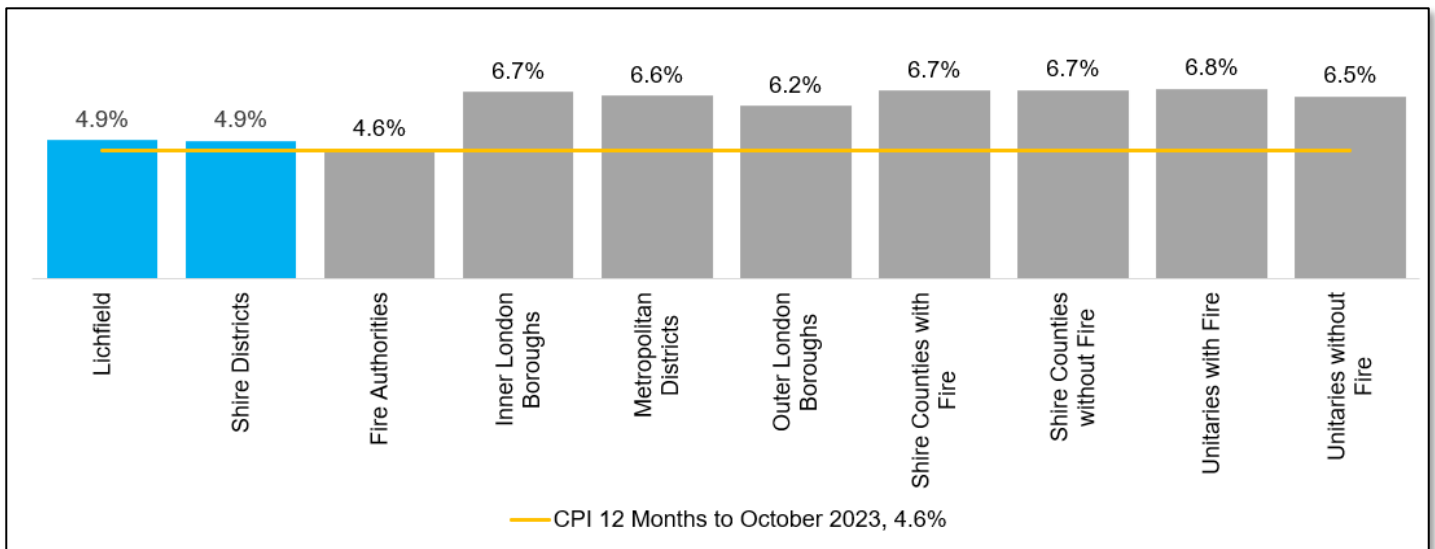
	% Increase
Population Projections	1.60%
Residential Properties	6.22%
Business Properties	0.03%
Number of visitors to the district	31.82%

The current inflation projections being using to develop the MTFS at a more granular level are:

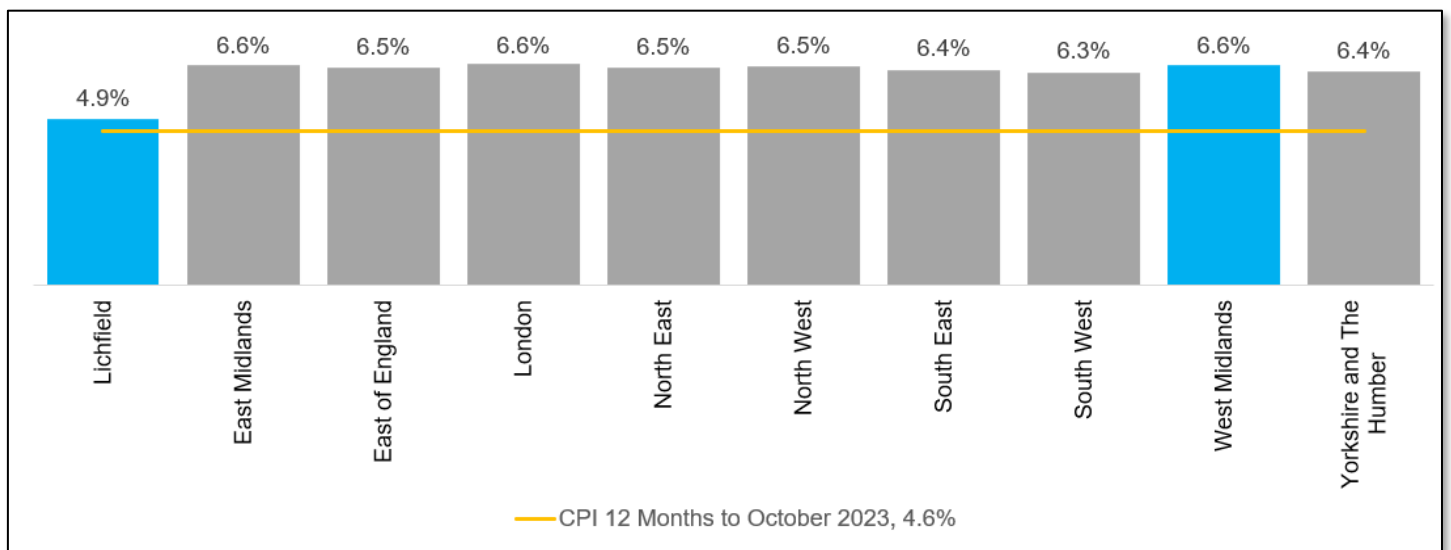
	2023/24	2024/25	2025/26	2026/27	2027/28
Salaries & Wages	4.00%	4.00%	2.00%	2.00%	2.00%
Electricity	20.00%	10.00%	10.00%	10.00%	10.00%
Gas	9.00%	10.00%	10.00%	10.00%	10.00%
Water	3.00%	3.00%	3.00%	3.00%	3.00%
Fuel	9.40%	5.00%	5.00%	5.00%	5.00%
ICT Licenses	10.00%	10.00%	10.00%	10.00%	10.00%
Telephone & Mobiles	3.00%	3.00%	3.00%	3.00%	3.00%
Business Rates	3.74%	6.00%	2.00%	2.00%	2.00%
Postage	3.00%	3.00%	3.00%	3.00%	3.00%
Insurances	5.00%	5.00%	5.00%	5.00%	5.00%
Investment Income	4.21%	3.81%	3.50%	3.50%	3.50%

Core Spending Power Increase Comparators (Provisional Finance Settlement)

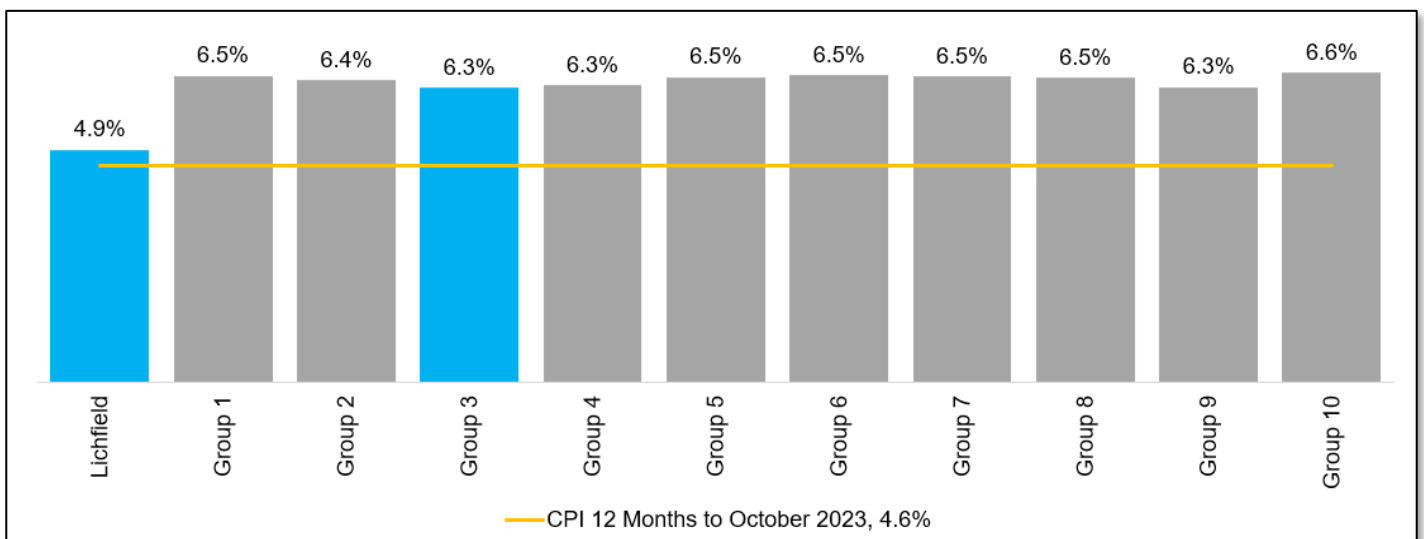
Change in Core Spending Power by Authority Type



Change in Core Spending Power by Region



Change in Core Spending Power by level of Deprivation (IMD deciles)



Funding Scenario Assumptions

Funding Stream	Key Assumptions
Business Rates & Grants	
Business Rates Baseline Funding Level	Projected by expert with Finance Reform from 2026/27
Business Rates Growth	Council Business Rate income projections
Services Grant, Funding Guarantee Grant and Transitional Funding	From 2026/27 transitional funding is provided to mitigate the impact of Finance Reform The funding is triggered when there is a change in Core Spending Power (funding) of more than an assumed % between any year
New Homes Bonus	
Central	Retained until 2026/27, central housing growth and then abolished
More Optimistic	Retained in its current format with higher levels of housing growth
More Pessimistic	Retained until 2026/27, lower housing growth and then abolished
Council Tax	
Central	Projected housing growth and Taxbase change of 1.61% in 24/25, 0.86% in 25/26, 1.38% in 2026/27 and 1.29% in 2027/28. Council Tax increases of £5 in 2024/25 and then 1.99% annually
More Optimistic	Higher housing growth and annual 2.99% Council Tax increases
More Pessimistic	Lower housing growth and annual Council Tax freezes

Revenue Budget 2023/24 to 2027/28

Central Scenario						
	2023/24		2024/25	2025/26	2026/27	2027/28
	Original Budget £000	Approved Budget £000				
LEVEL OF UNCERTAINTY / RISK	MEDIUM	MEDIUM	MEDIUM	HIGH	HIGH	HIGH
Projected Net Operating Cost excluding 'windfall' transfers	13,815	13,965	15,330	12,826	13,601	13,795
Transfer settlement 'windfall' to Strategic Priorities Reserve	0	0	0	0	0	0
Projected Net Operating Cost	13,815	13,965	15,330	12,826	13,601	13,795
Retained Business Rates Baseline Funding	(2,196)	(2,196)	(2,297)	(2,329)	(2,360)	(2,392)
Retained Business Rates Growth Allowance	(1,268)	(1,268)	(1,474)	(1,472)	(337)	(334)
Rolled in Grants	(106)	(106)	(113)	(106)	320	352
Business Rates Cap Grant	(678)	(679)	(490)	(512)	0	0
Lower Tier Services Grant	0	0	0	0	0	0
Services Grant	(86)	(86)	(13)	(13)	0	0
Funding Guarantee Grant	(558)	(558)	(596)	(1,450)	0	0
Transitional Funding	0	0	0	0	(1,941)	(828)
New Homes Bonus	(993)	(992)	(1,189)	0	0	0
Collection Fund (Surplus)/Deficit	(316)	(316)	(1,229)	0	0	0
Council Tax Income	(7,614)	(7,614)	(7,929)	(8,175)	(8,457)	(8,741)
Projected Revenue Funding	(13,815)	(13,815)	(15,330)	(14,057)	(12,775)	(11,943)

Projected Budget Funding Gap	0	149	0	(1,231)	826	1,852
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Business Rates						
Business Rates Reset/Fair Funding Review	No	No	No	No	Yes	Yes
Transitional Funding	No	No	No	No	(5.00%)	(5.00%)
New Homes Bonus						
Band D Housing Growth above the Baseline	558	558	672	224	217	355
Affordable Housing growth	413	413	283	84	83	111
Council Tax						
Modelled Council Tax Increase	0.00%	0.00%	£5.00	1.99%	1.99%	1.99%
Band D Housing Growth	507	507	419	416	557	524

Reconciliation of Original Funding Gap to Central Scenario Revenue Budget Funding Gap

	Cabinet or Decision Date	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Original Budget Council 28/02/2023		0	0	1,616	1,903	1,770
Approved Changes						
Money Matters 3 Months	05/09/2023	476	0	0	0	0
Transfer (to)/from General Reserves	05/09/2023	(476)	0	0	0	0
Money Matters 6 Months	05/12/2023	(327)	0	0	0	0
Transfer (to)/from General Reserves	05/12/2023	327	0	0	0	0
Money Matters 8 Months	06/02/2024	0	0	0	0	0
Transfer (to)/from General Reserves	06/02/2024	0	0	0	0	0
Approved Funding Gap		0	0	1,616	1,903	1,770

Updated Expenditure/Income Projections	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Updated pay inflation pressures		250	263	281	297
Cinema for Lichfield District funding		755	0	0	0
Revenue Contributions to the Capital Programme 2027/28		612	0	0	0
Additional income from Planning Fees		(54)	(95)	(209)	(223)
Additional Planning Investment / Contingency		54	95	209	223
Additional income from Car Parking Fees		(150)	(150)	(150)	(150)
Additional Car Parking Investment / Contingency		150	150	150	150
Contracts/Other Inflationary increases		274	297	287	327
Inflationary Increase in Community Grants		23	28	33	38
Enabling Regeneration Investment (to include a budget for a Burntwood Blueprint of up to £75k)		350	120	0	0
Updated Treasury Management Projections		(700)	(550)	0	0
Inclusion of a cost of living contingency budget		0	50	0	0
In year contingency/growth budget Investment (to include a budget for a Heritage Plan for the District of up to £75k)		398	250	0	0
Sub Total		1,962	458	601	662

Updated Central Scenario Funding Projections	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Retained Business Rates Baseline Funding		62	(42)	(27)	(13)
Retained Business Rates Growth Allowance		(342)	(1,472)	(337)	(334)
Rolled in Grants		1	(512)	(114)	(110)
Business Rates Cap Grant		181	(512)	0	0
Services Grant		69	(13)	0	0
Funding Guarantee Grant		(14)	(1,450)	0	0
Transitional Funding		0	747	(1,159)	(64)
New Homes Bonus		(619)	0	0	0
Collection Fund (Surplus)/Deficit		(1,229)	0	0	0
Council Tax Income		(71)	(51)	(41)	(59)
Sub Total		(1,962)	(3,305)	(1,678)	(580)

Projected Central Scenario Budget Funding Gap	0	(1,231)	826	1,852
Transfer settlement 'windfall' to Strategic Priorities Reserve	0	0	0	0
Impact on General Reserves	0	(1,231)	826	1,852

More Optimistic Scenario

	2023/24		2024/25	2025/26	2026/27	2027/28
	Original Budget £000	Approved Budget £000				
LEVEL OF UNCERTAINTY / RISK	MEDIUM	MEDIUM	MEDIUM	HIGH	HIGH	HIGH
Projected Net Operating Cost excluding 'windfall' transfers	13,815	13,965	15,230	12,826	13,601	13,795
Transfer settlement 'windfall' to Strategic Priorities Reserve	0	0	0	0	0	0
Projected Net Operating Cost	13,815	13,965	15,230	12,826	13,601	13,795

Retained Business Rates Baseline Funding	(2,196)	(2,196)	(2,297)	(2,329)	(2,360)	(2,392)
Retained Business Rates Growth Allowance	(1,268)	(1,268)	(975)	(1,169)	(520)	(677)
Rolled in Grants	(106)	(106)	(113)	(108)	319	350
Business Rates Cap Grant	(678)	(679)	(693)	(781)	0	0
Lower Tier Services Grant	0	0	0	0	0	0
Services Grant	(86)	(86)	(13)	(13)	0	0
Funding Guarantee Grant	(558)	(558)	(496)	(1,448)	0	0
Transitional Funding	0	0	0	0	(2,098)	(1,387)
New Homes Bonus	(993)	(992)	(1,189)	(441)	(428)	(680)
Collection Fund (Surplus)/Deficit	(316)	(316)	(1,230)	0	0	0
Council Tax Income	(7,614)	(7,614)	(7,980)	(8,301)	(8,676)	(9,058)
Projected Revenue Funding	(13,815)	(13,815)	(14,986)	(14,590)	(13,763)	(13,844)

Projected Budget Funding Gap	0	149	244	(1,764)	(162)	(49)
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Business Rates						
Business Rates Reset/Fair Funding Review	No	No	No	No	Yes	Yes
Transitional Funding	No	No	No	No	(2.00%)	(2.00%)
New Homes Bonus						
Band D Housing Growth above the Baseline	558	558	672	252	244	391
Affordable Housing growth	413	413	283	89	88	118
Council Tax						
Modelled Council Tax Increase	0.00%	0.00%	2.99%	2.99%	2.99%	2.99%
Band D Housing Growth	507	507	446	440	590	554

APPENDIX A

More Pessimistic Scenario

	2023/24		2024/25	2025/26	2026/27	2027/28
	Original Budget £000	Approved Budget £000	£000	£000	£000	£000
LEVEL OF UNCERTAINTY / RISK	MEDIUM	MEDIUM	MEDIUM	HIGH	HIGH	HIGH
Projected Net Operating Cost excluding 'windfall' transfers	13,815	13,965	15,230	12,826	13,601	13,795
Transfer settlement 'windfall' to Strategic Priorities Reserve	0	0	0	0	0	0
Projected Net Operating Cost	13,815	13,965	15,230	12,826	13,601	13,795

Retained Business Rates Baseline Funding	(2,196)	(2,196)	(2,297)	(2,329)	(2,360)	(2,392)
Retained Business Rates Growth Allowance	(1,268)	(1,268)	(441)	(390)	(161)	(132)
Rolled in Grants	(106)	(106)	(113)	(106)	320	352
Business Rates Cap Grant	(678)	(679)	(546)	(558)	0	0
Lower Tier Services Grant	0	0	0	0	0	0
Services Grant	(86)	(86)	(13)	(13)	0	0
Funding Guarantee Grant	(558)	(558)	(496)	(1,450)	0	0
Transitional Funding	0	0	0	0	(345)	22
New Homes Bonus	(993)	(992)	(1,189)	0	0	0
Collection Fund (Surplus)/Deficit	(316)	(316)	(1,230)	0	0	0
Council Tax Income	(7,614)	(7,614)	(7,492)	(7,536)	(7,609)	(7,680)
Projected Revenue Funding	(13,815)	(13,815)	(13,817)	(12,382)	(10,155)	(9,830)

Projected Budget Funding Gap	0	149	1,413	444	3,446	3,965
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Business Rates						
Business Rates Reset/Fair Funding Review	No	No	No	No	Yes	Yes
Transitional Funding	No	No	No	No	(10.00%)	(10.00%)
New Homes Bonus						
Band D Housing Growth above the Baseline	558	558	672	85	80	172
Affordable Housing growth	413	413	283	56	55	74
Council Tax						
Modelled Council Tax Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Band D Housing Growth	507	507	265	261	350	329

Revenue Budget – 25 Year Model (1 to 10 years, 15 years, 20 years and 25 years)

Key Assumptions													
Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2037/38	2042/43	2047/48
	1	2	3	4	5	6	7	8	9	10	15	20	25
Council Tax Base	40,534	41,116	41,567	42,161	42,723	43,386	43,386	43,705	44,024	44,343	45,938	47,533	49,128
Projected Residential Growth - LHN							319	319	319	319	319	319	319
Projected Council Tax Base							43,705	44,024	44,343	44,662	46,257	47,852	49,447
Council Tax Band D	£188	£193	£197	£201	£205	£209	£213	£217	£221	£226	£249	£275	£303
Modelled Council Tax Increase	0.00%	2.66%	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%
LG Futures Property Based Unit Cost	£83	£85	£86	£88	£90	£92	£93	£95	£97	£99	£109	£121	£133
Core Budget Inflation Allowance						2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Funding and Pension Inflation Allowance						2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Year	Medium Term Financial Strategy					Additional Projections								
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2037/38	2042/43	2047/48	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
1	2	3	4	5	6	7	8	9	10	15	20	25		
Modelled Total Expenditure	13,965	15,330	12,826	13,601	13,795	13,795	14,388	14,827	15,279	15,743	18,274	21,184	24,530	
<u>Inflation and Budget Variations</u>														
Provision for Pay and Other Inflation						330	358	369	381	392	455	528	611	
Budget Pressure - Residential Growth						61	30	30	31	32	35	39	43	
Provision for Budget Variations						152								
Revenue Implications of Capital Bids						0								
Sub Total	13,965	15,330	12,826	13,601	13,795	14,338	14,776	15,227	15,690	16,167	18,764	21,751	25,184	
<u>Other Projections</u>														
Annual Increase in Past Service Pensions						50	51	52	53	54	60	66	73	
New Leisure Centre & CIL Allocation														
Total Modelled Expenditure	13,965	15,330	12,826	13,601	13,795	14,388	14,827	15,279	15,743	16,221	18,824	21,817	25,257	

APPENDIX A

	Medium Term Financial Strategy					Additional Projections							
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2037/38	2042/43	2047/48
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Modelled Funding:													
Retained Business Rates													
Baseline Funding Level	(2,196)	(2,297)	(2,329)	(2,360)	(2,392)	(1,917)	(1,955)	(1,994)	(2,034)	(2,075)	(2,291)	(2,529)	(2,793)
Retained Growth - full & phased resets	(1,268)	(1,474)	(1,472)	(337)	(334)	(341)	(347)	(354)	(362)	(369)	(407)	(450)	(496)
<u>New Homes Bonus / Replacement</u>													
New Homes Bonus - total receipt	(993)	(992)	(1,189)										
New Homes Bonus - Replacement				0	0	0	0	0	0	0	0	0	0
<u>Council Tax and Other Funding</u>													
Collection Fund and other funding	(1,744)	(2,638)	(892)	(1,621)	(476)	(106)	(108)	(110)	(112)	(115)	(127)	(140)	(154)
Council Tax	(7,614)	(7,929)	(8,175)	(8,457)	(8,741)	(9,053)	(9,301)	(9,555)	(9,816)	(10,083)	(11,525)	(13,157)	(15,003)
Total Modelled Funding	(13,815)	(15,330)	(14,057)	(12,775)	(11,943)	(11,417)	(11,712)	(12,014)	(12,324)	(12,642)	(14,350)	(16,276)	(18,446)

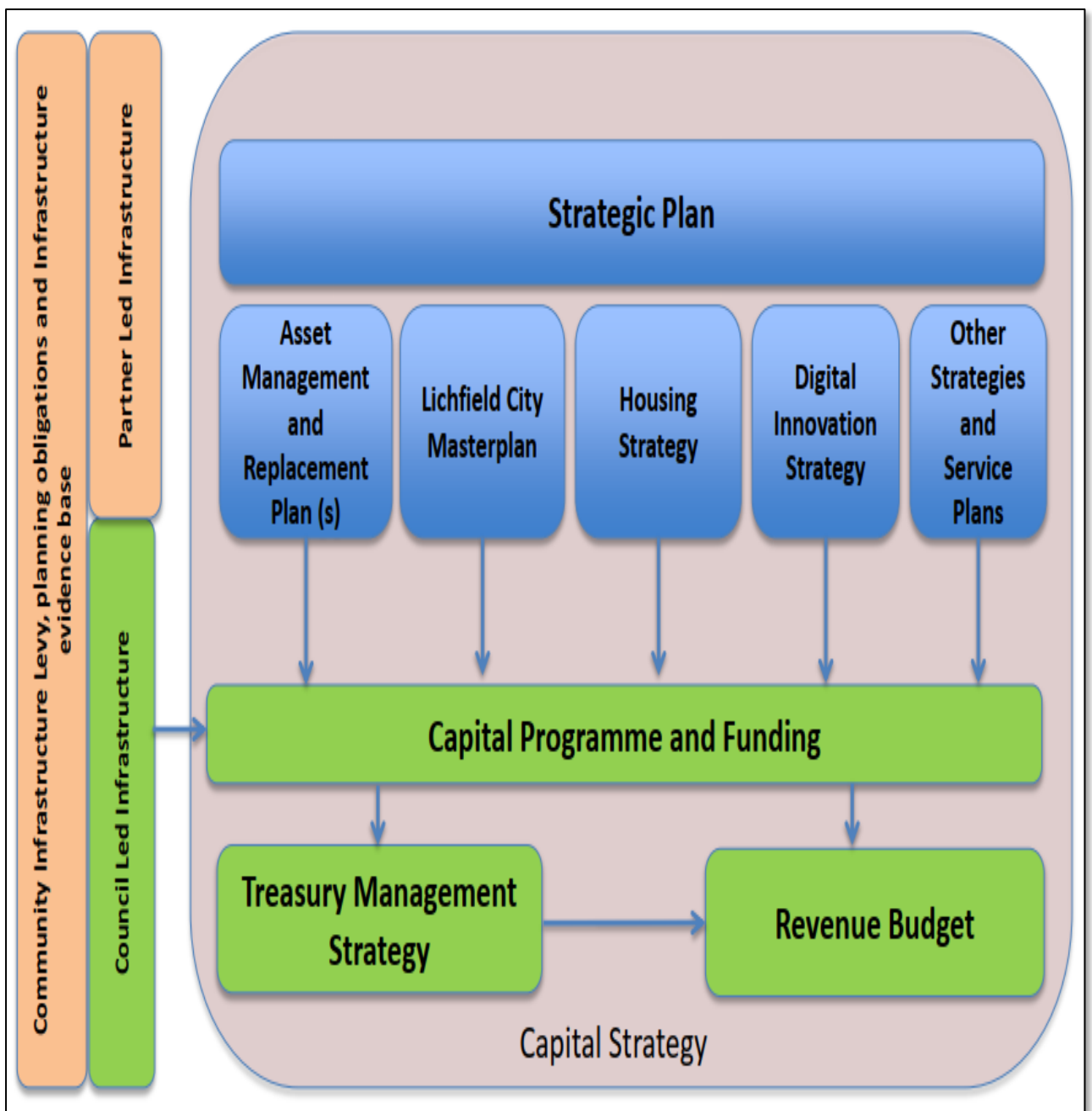
Modelled Funding Gap/(General Reserves)	149	0	(1,231)	826	1,852	2,971	3,115	3,264	3,419	3,580	4,474	5,541	6,811
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	Medium Term Financial Strategy					Additional Projections							
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2037/38	2042/43	2047/48
General Reserves Year Start	4,085	3,936	3,836	5,067	4,241	2,389	(582)	(3,697)	(6,962)	(10,381)	(30,002)	(54,432)	(84,590)
Contributions from / (to) Revenue Account	(149)	0	1,231	(826)	(1,852)	(2,971)	(3,115)	(3,264)	(3,419)	(3,580)	(4,474)	(5,541)	(6,811)
Change in Minimum Level	0	(100)	0	0	0	0	0	0	0	0	0	0	0
New Homes Bonus in excess of the 'Cap'	0	0	0	0	0								
Available General Reserves Year End	3,936	3,836	5,067	4,241	2,389	(582)	(3,697)	(6,962)	(10,381)	(13,961)	(34,476)	(59,973)	(91,401)
Minimum Level	1,900	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000			
Total General Reserves	5,836	5,836	7,067	6,241	4,389	1,418	(1,697)	(4,962)	(8,381)	(11,961)			

Capital Strategy

1. Introduction

- 1.1. The Prudential Code requires the completion of a Capital Strategy that is approved by Full Council.
- 1.2. The Capital Strategy provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 1.3. It forms part of the Councils integrated revenue, capital, and balance sheet planning. The Council already undertakes elements of the requirements although some areas, such as Asset Management Planning, are subject to ongoing development.
- 1.4. The Prudential Code now requires all this information to be brought together in a single place as shown below:



2. The Capital Programme

2.1. The financial planning process and its Governance is shown below:

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				

The Capital Programme Process

- 2.2. Given our current financial position, our priorities and responsibilities and as Asset Management Plans are developed, it is probable that capital needs will be identified that exceed resources available thus necessitating a more transparent and robust process to inform Members during the development of the MTFs.
- 2.3. The capital bid process has been incorporated into the service and financial planning process to provide a holistic approach. The capital bid element of the process has been designed to ensure consistency, objectivity, equity and transparency to the prioritisation and allocation of capital funding, while ensuring maximum value for money.
- 2.4. A summary of the process is identified below:
- Indicative Business-as-Usual capital investment is included in the Long Term Capital Investment Plan based on existing levels. These budgets are subject to review based on more up to date service and financial plans.
 - In addition, a service can identify a budget requirement and consults with the Finance and Commissioning Team.
 - Service requests funding by completing and submitting a funding bid form.
 - The Finance and Commissioning Team reviews all bids and assessments and requests clarification where required.
 - The Finance and Commissioning Team reviews bids using the assessment criteria and ensure the bids are included in the relevant service and financial planning submission.
 - Leadership Team review all service and financial planning submissions before recommending the allocation of funding either through a Cabinet Report or through the MTFs.
 - Finance and Commissioning monitor funding allocations and spend, reporting to Leadership Team as part of Money Matters Reports.
 - Where the project budget or annual allocation is **£500,000 or more**, a review of performance is not already separately monitored, and the service completes the work / project outlined within the bid, the service will undertake a review (i.e., post-project review) within 6 months of work being completed, providing this to Finance and Commissioning to include in a report to Leadership Team.

Planning Obligations - Section 106 and Community Infrastructure Levy (CIL)

- 2.5. As part of the planning process, financial contributions from planning obligations, including the Community Infrastructure Levy, are received from new developments. The vast majority is spent directly on infrastructure works or will be spent in line with the Infrastructure Delivery Plan (IDP).
- 2.6. In some cases, there is an element of discretion on how they are allocated. These contributions towards social and community facilities are linked to the development proposed.
- 2.7. The Council's Capital Programme includes a number of projects that are to be funded by Section 106 and CIL; this is a significant source of funding and there is a significant level of interest from the community in relation to the allocation of sums to projects.

2.8. The Capital Programme and its funding by Strategic Priority is summarised below:

Strategic Priority	Capital Programme						Total £000	Corporate £000
	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000			
Enabling People	4,421	10,537	3,172	1,320	1,100	20,550	819	
Shaping Place	386	425	6,600	210	400	8,021	240	
Developing Prosperity	5,493	4,649	3,999	10	0	14,151	2,456	
A Good Council	520	215	365	405	405	1,910	1,405	
Capital Expenditure	10,820	15,826	14,136	1,945	1,905	44,632	4,920	

Funding Source	Capital Programme					
	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
Capital Receipts	2,033	1,110	174	222	0	3,539
Capital Receipts - Housing	360	0	0	0	0	360
Revenue - Corporate	173	100	565	183	0	1,021
Corporate Council Funding	2,566	1,210	739	405	0	4,920
Grant	1,695	2,884	3,762	1,300	1,100	10,741
Section 106	537	993	0	0	0	1,530
CIL	1,350	800	0	0	0	2,150
Reserves	4,509	6,610	1,169	90	655	13,033
Revenue - Existing Budgets	163	150	150	150	150	763
Leases	0	0	6,000	0	0	6,000
Internal Borrowing	0	3,179	2,316	0	0	5,495
Total	10,820	15,826	14,136	1,945	1,905	44,632
External Borrowing	0	0	0	0	0	0
Grand Total	10,820	15,826	14,136	1,945	1,905	44,632

2.9. The Revenue implications of the Capital Programme are shown below:

Revenue Implications	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Interest on Loan to the LA Company	0	0	0	0	0
Friary Grange - Refurbishment	135	135	0	0	0
New Leisure Centre Capital Financing	0	0	373	366	359
New Leisure Centre Operating Costs	0	0	235	(11)	(85)
New Leisure Centre Sinking Fund	0	0	0	50	100
Savings Reinvested	(100)	(100)	(100)	(100)	(100)
Community Infrastructure Levy 2022	(11)	(173)	(100)	(100)	(100)
Leisure Centre & CIL Uncertainty	111	273	0	0	0
Cinema - Income	0	0	(600)	(600)	(600)
Cinema - Sinking Fund	0	0	254	254	254
Cinema - Expenditure/Uncertainty	0	0	346	346	346
Revenue Budget - Bin Replacement	150	150	150	150	0
Revenue Budget - Corporate	173	100	565	183	0
Sub Total - Approved Budget	458	385	1,123	538	175
Revenue Budget - Corporate	0	0	0	0	0
Revenue Budget - Reserves	0	0	0	0	612
Revenue Budget - Bin Replacement	0	0	0	0	150
Sub Total - Service and Financial Planning	0	0	0	0	762
Capital Programme Total	458	385	1,123	538	937

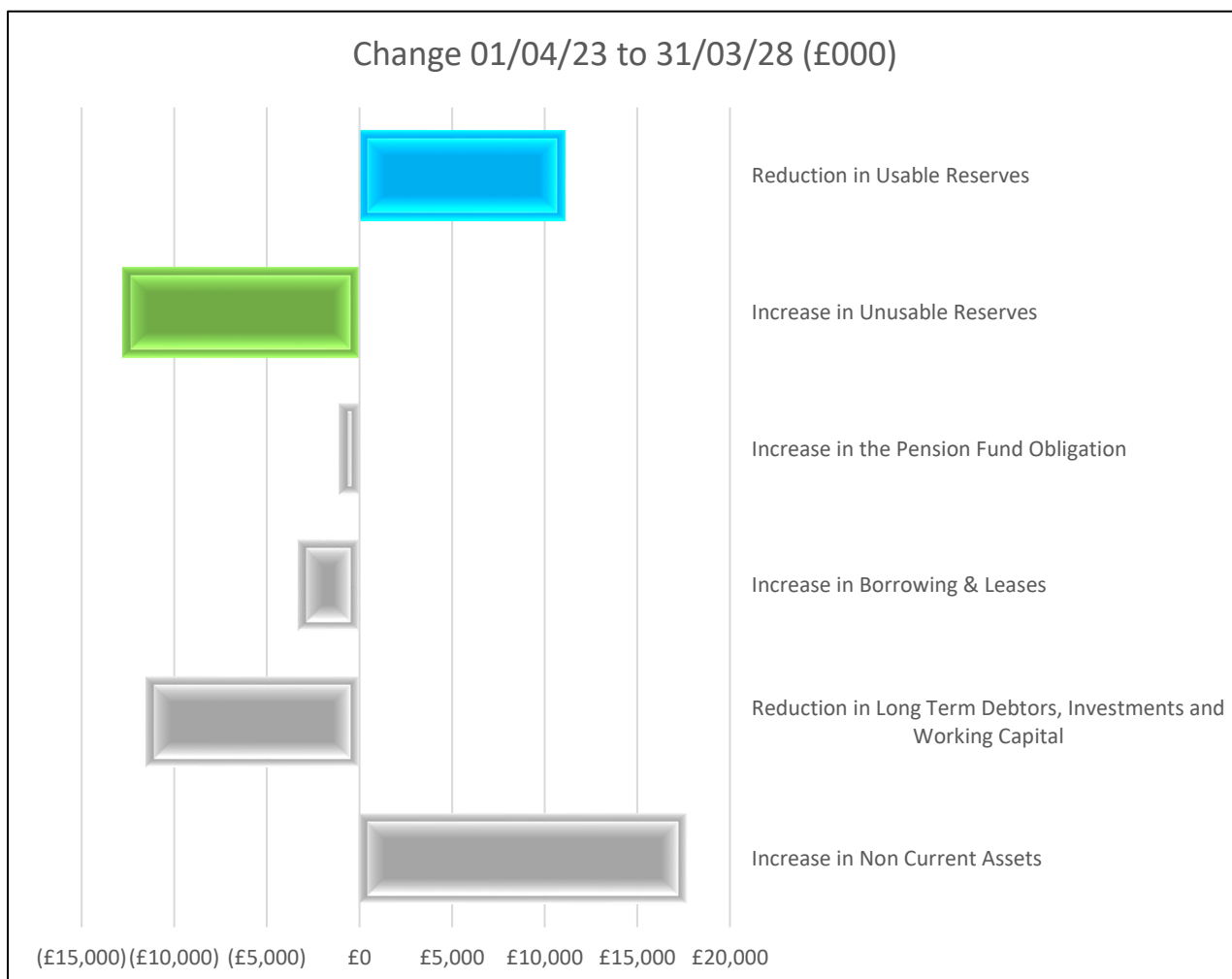
2.10. Projected Capital Receipts are shown in the table below:

General Capital Receipts	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
Opening Balance	(1,076)	(1,466)	(387)	(244)	(55)	(1,076)
Sale of Venture House	(915)					(915)
Other Receipts	(30)	(31)	(31)	(33)	(28)	(153)
Bakers Lane	(1,478)					(1,478)
Utilised in Year	2,033	1,110	174	222	0	3,539
Closing Balance	(1,466)	(387)	(244)	(55)	(83)	(83)

Housing Receipts	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
Opening Balance	(1,181)	(979)	(979)	(979)	(979)	(1,181)
Right to Buy Receipts	(158)					(158)
Utilised in Year	360	0	0	0	0	360
Closing Balance	(979)	(979)	(979)	(979)	(979)	(979)

3. The Balance Sheet (in £000s)

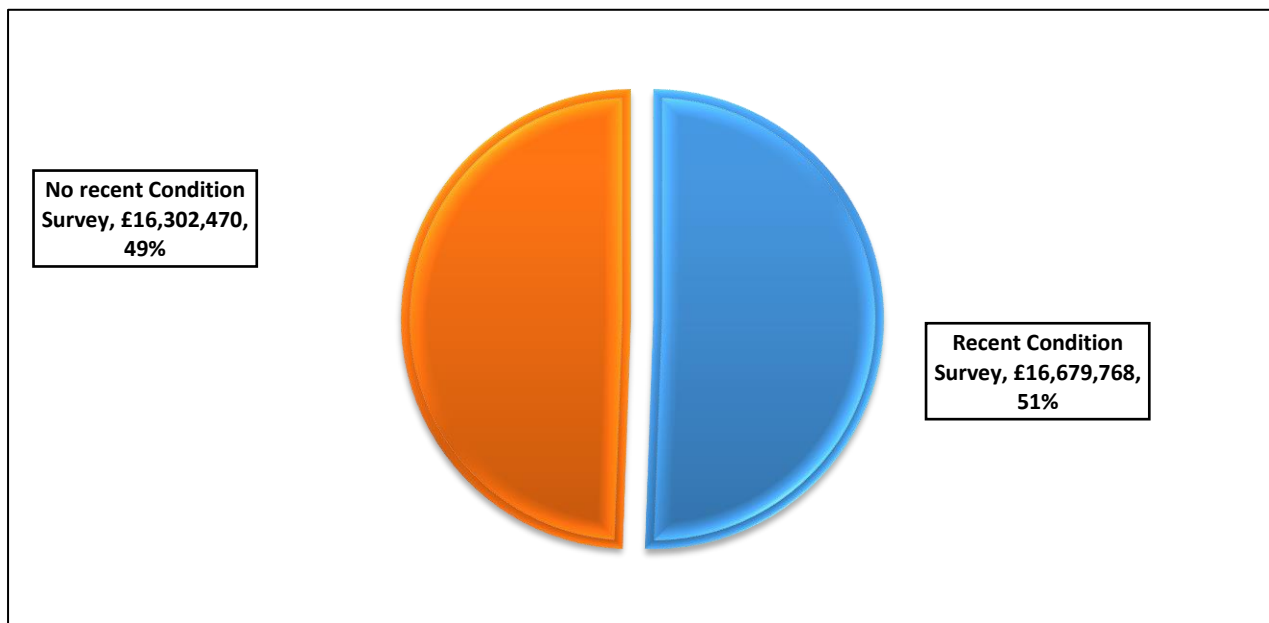
3.1. The Revenue Budget, Capital Programme and its funding will impact on the Council’s Balance Sheet:



3.2. This chart illustrates the impact on the Council’s Balance Sheet of capital investment in the new leisure centre, Cinema for Lichfield District, and a replacement waste fleet with funding from a lease type arrangement and internal borrowing/usable reserves leading to a reduction in investments.

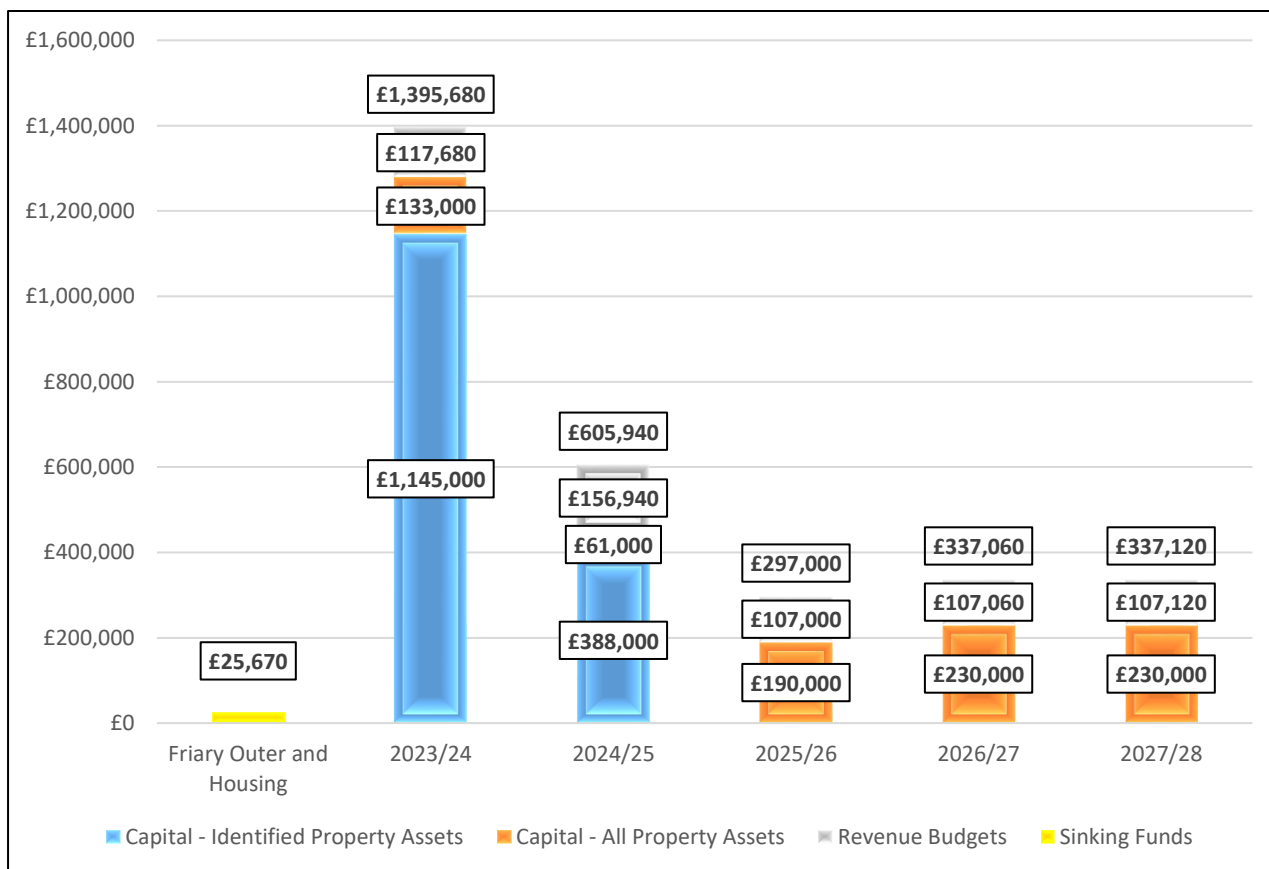
4. Asset Management Planning

4.1. The Property Team is currently in the process of undertaking Property Condition Surveys for Property Assets owned by the Council. Progress to date is shown below:

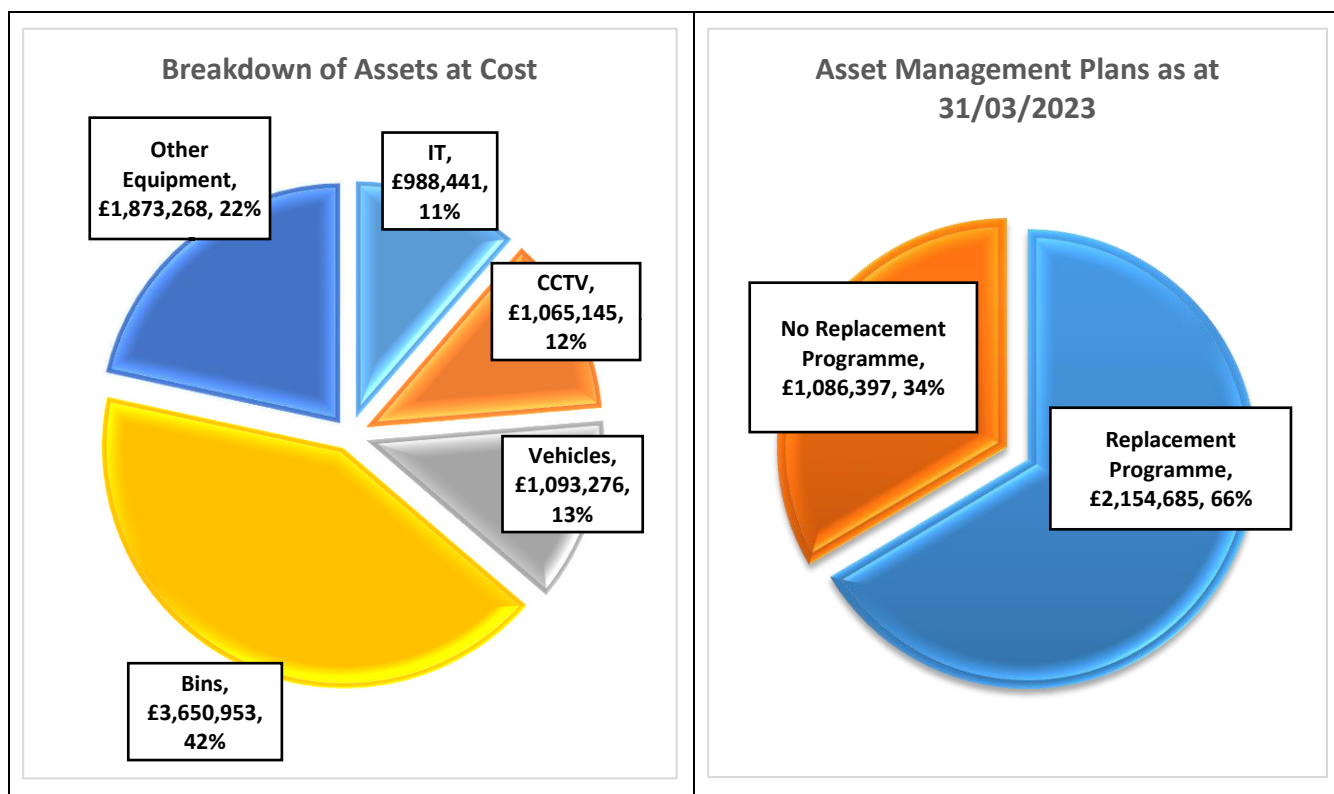


4.2. For financial planning purposes, a budget (based on a % of projected asset value) has been included in the Capital Programme and Longer Term Capital Investment Plan.

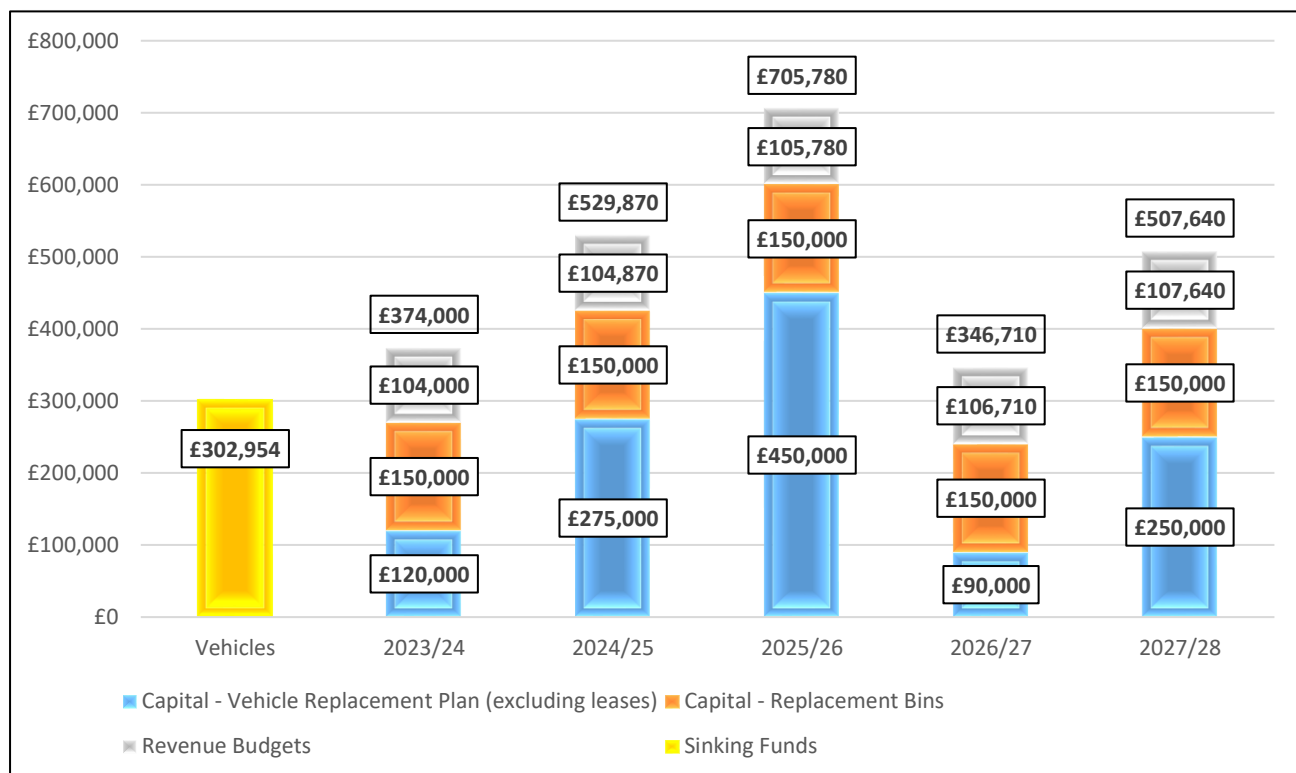
4.3. The resources identified for enhancement and maintenance of property assets are:



4.4. The Asset Management Plans in place for vehicles, plant and equipment assets are:



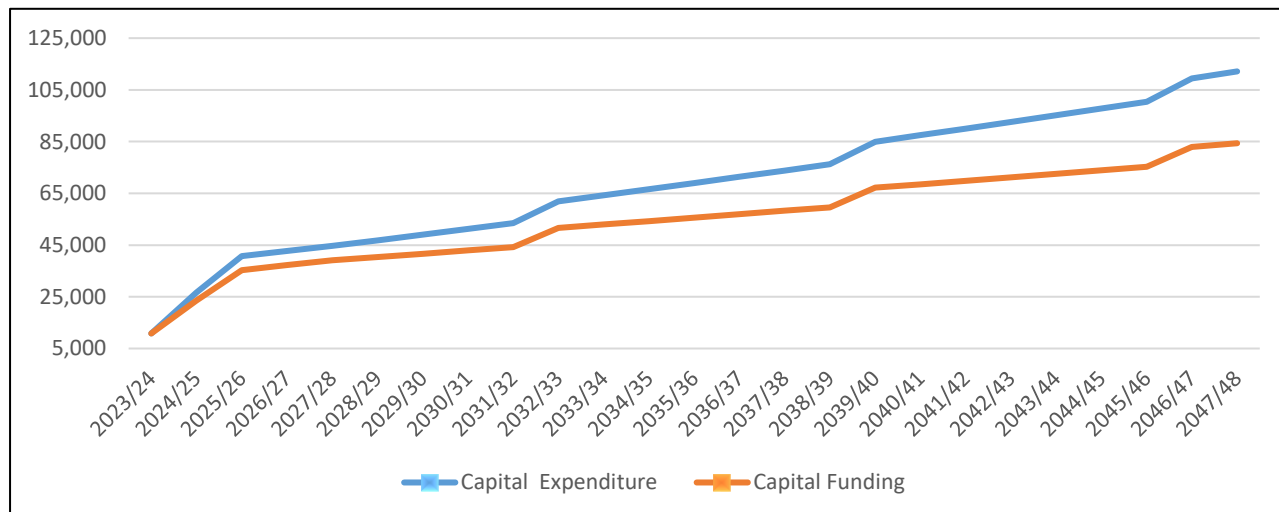
4.5. The resources identified for replacement and maintenance of vehicles, plant and equipment are:



4.6. There is also a proposed Capital Programme budget of **£6,000,000** in 2025/26 for a new fleet of waste vehicles assumed to be funded through a lease type arrangement.

5. Longer Term Capital Investment Planning

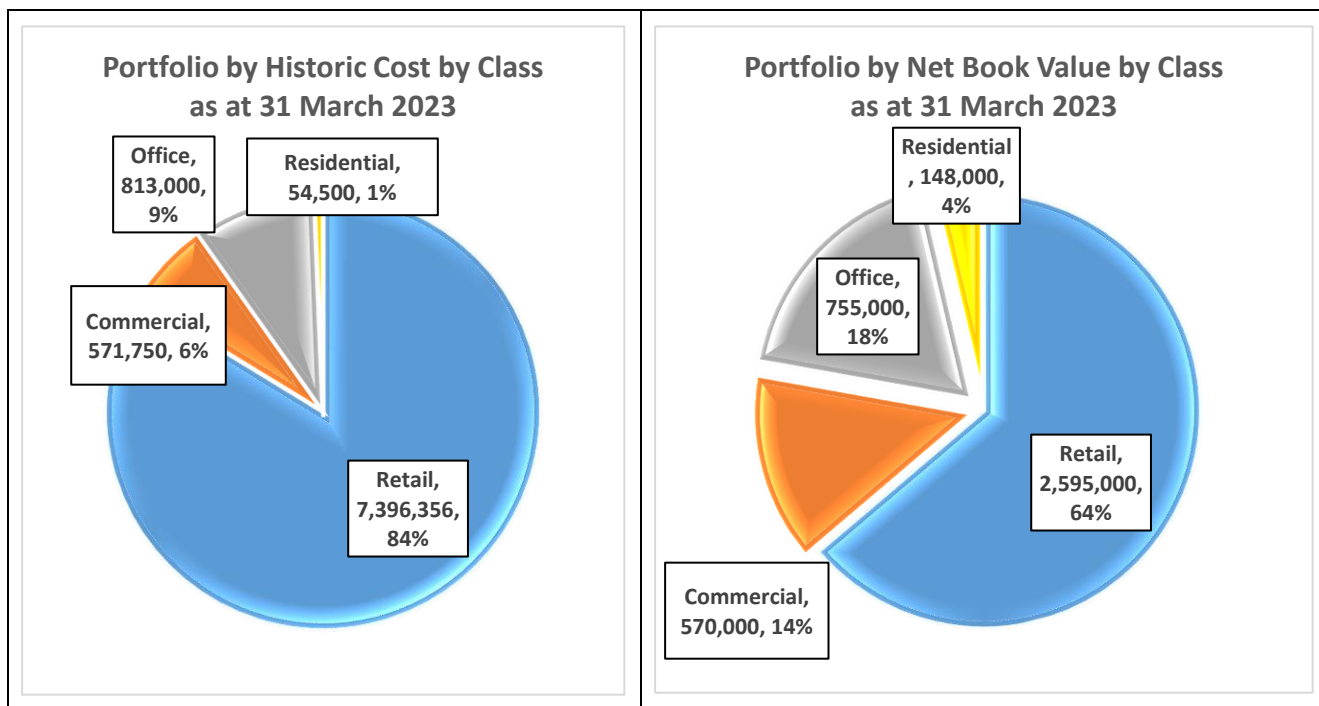
- 5.1. The Medium Term Financial Strategy covers a relatively short period of time (current financial year plus the next four years) and this short horizon is not reflective of the longer term investment needs associated with asset ownership.
- 5.2. Therefore, it is prudent to also produce financial plans that cover a longer term financial planning horizon such as 25 years.
- 5.3. The following key assumptions have been utilised in producing the longer term financial plan:
- Annual core inflation of **2%**.
 - Population in Lichfield District increases by an annual average of **0.31%**.
 - The proportion of the population aged 65 and over increases from **25%** in 2023/24 to **28%** by 2046/47.
 - The value of building assets increases from **£34m** in 2022/23 to **£60m** in 2025/26 with the building of a new Leisure Centre and Cinema.
 - An assessment of Property Planned Maintenance budgets at a percentage of building value or **£230,000** per annum has been utilised with annual inflationary increases.
 - An assessment of ICT investment using the average level of investment in the last Capital Bid submitted of **£175,000** from 2025/26 has been utilised with annual inflationary increases.
- 5.4. The longer term capital investment plan in £000s is shown in detail at **ANNEX 1** and in the chart below:



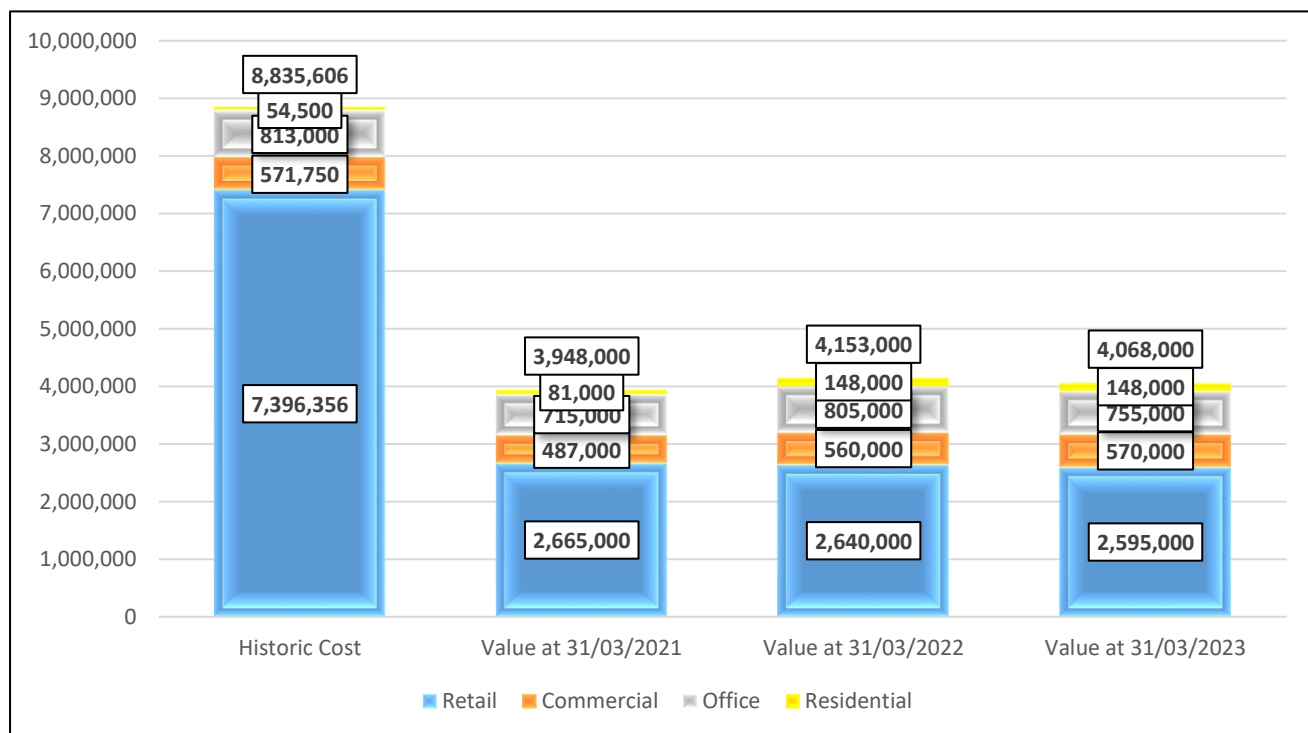
- 5.5. The difference between capital expenditure and funding would result in an increase in the cumulative level of borrowing need of **£28m** (including £5m approved for the new Leisure Centre and £0.5m approved for the Cinema for Lichfield District) that is projected to be **£12m** after Minimum Revenue Provision (MRP).
- 5.6. This additional borrowing need would result in additional and increasing capital financing costs in the revenue budget thereby further increasing the Funding Gap.
- 5.7. However, the borrowing need can be reduced through actions such as the receipt of external funding or sale of assets.

6. Current Investment in Property

6.1. The Council also owns a number of properties that provide an income return and the composition of the portfolio as at 31 March 2023 is shown below:



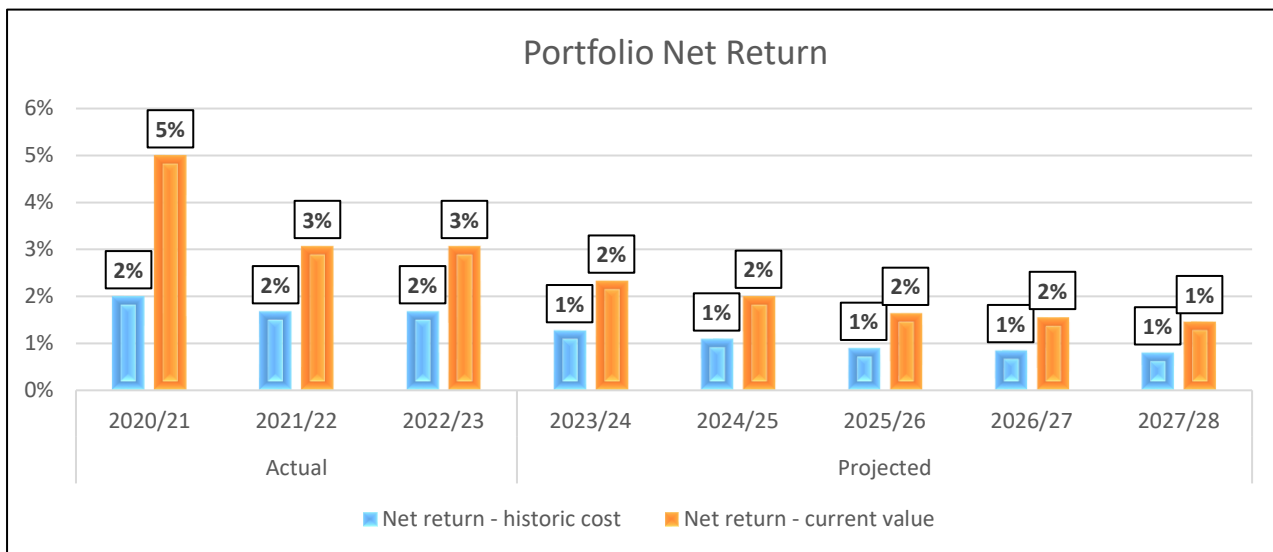
6.2. The value of these properties over the last three years is shown below:



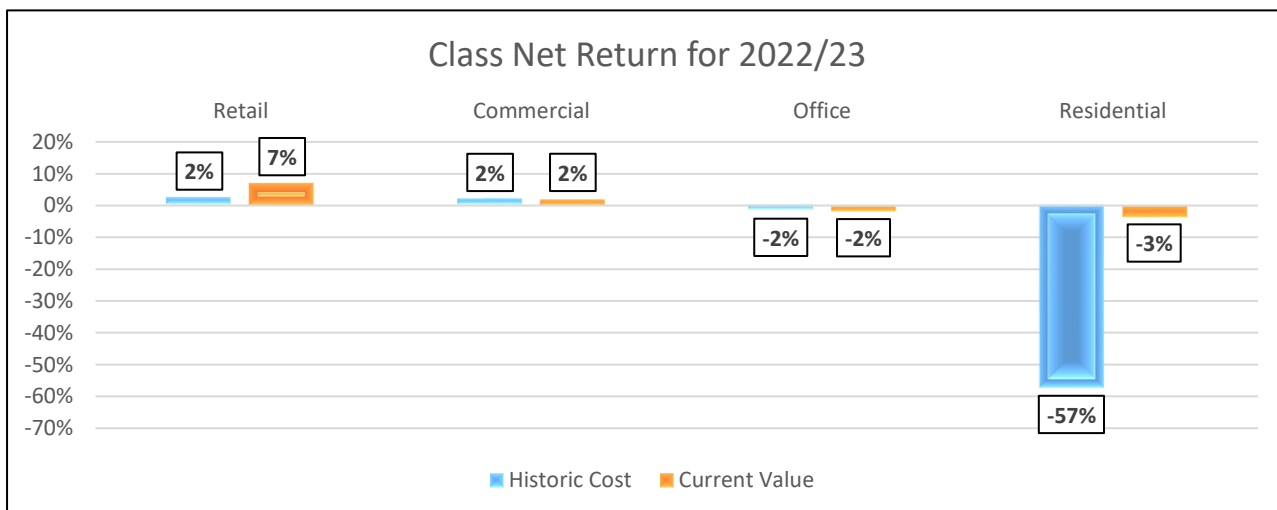
6.3. The value of these properties (mainly those classed as retail) have reduced because the value assessed by the external valuer is based on prevailing rental levels.

6.4. These properties were acquired without the need for borrowing and therefore the loan to value ratio for the portfolio is **0%**.

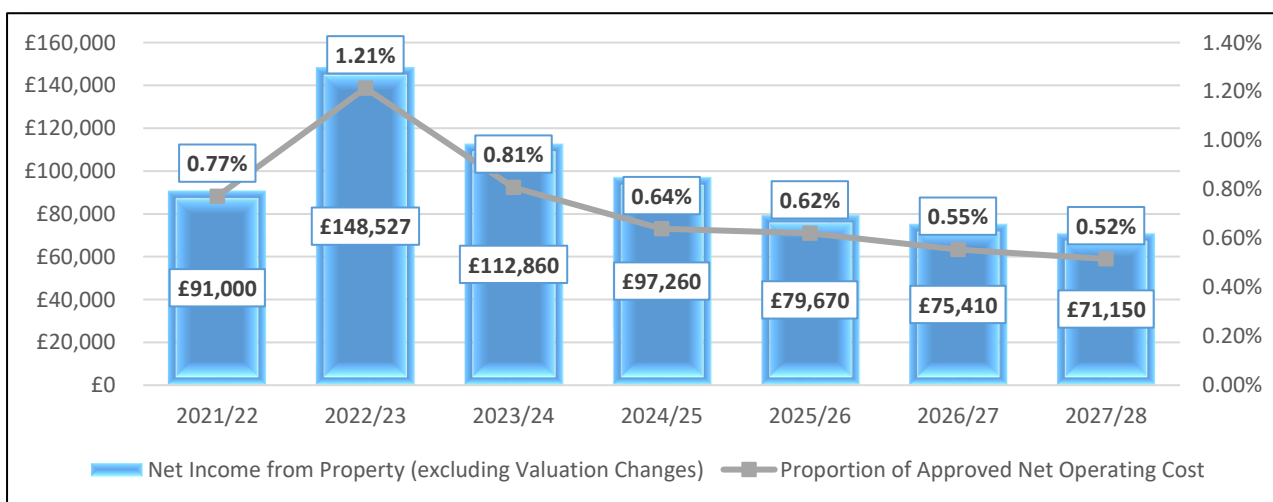
6.5. The portfolio net return based after taking account of management costs using historic asset cost and current value is shown in the chart below:



6.6. The net return is further analysed by class of investment within the portfolio:



6.7. The proportion of the Revenue Budget supported by income from these properties is shown below:



6.8. The ratio of Treasury Management investments to property asset investments is shown below:



6.9. The Council has a Local Authority Trading Company Lichfield West Midlands Trading Services (LWMTS) Limited, which was incorporated in September 2019 with an aim to support local services.

6.10. The Council undertook an equity investment of **£225,000** in 2020/21 to support local services.

6.11. In addition, Council has approved a capital loan of **£5,788,000** (including client contingency of £883,000) to the Joint Venture to deliver the Cinema development in Lichfield City. The accounting treatment of this capital investment will need to be considered as part of the 'Buy Out' considerations that will include the identification of the most appropriate ownership model.

7. Debt Management

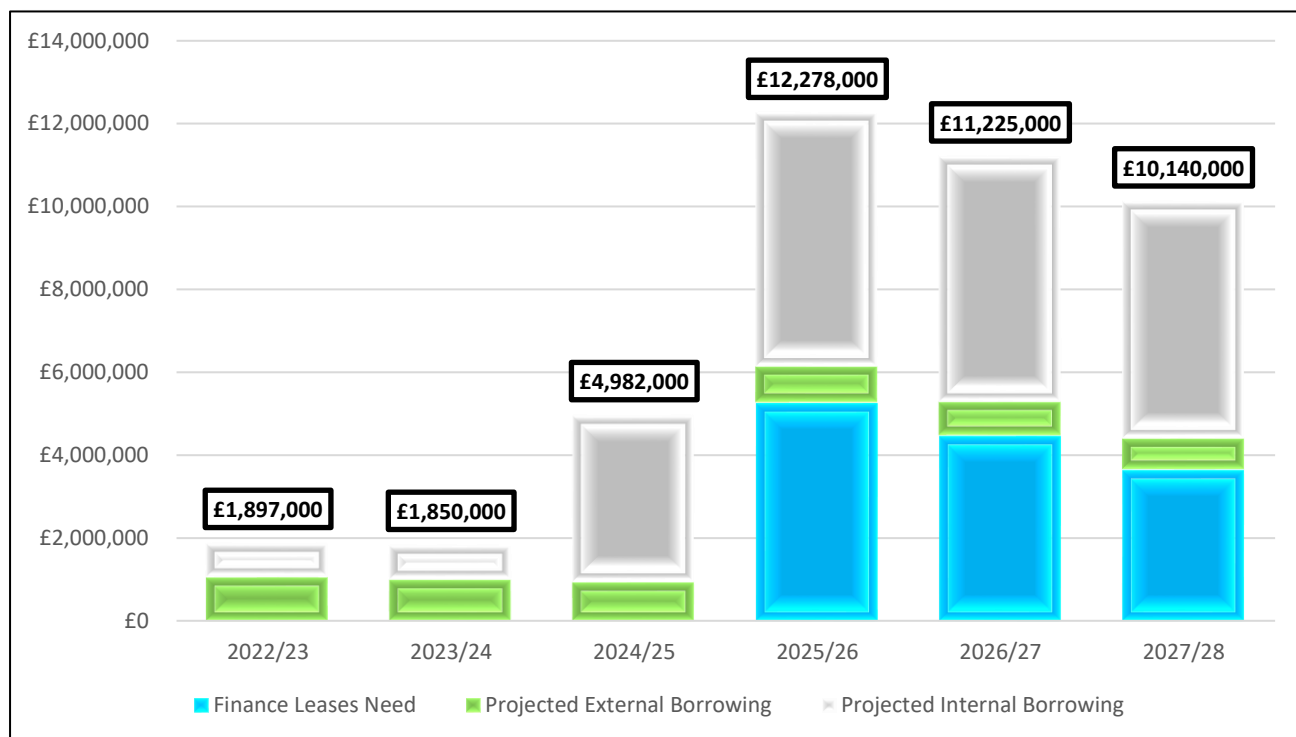
7.1. The Capital Programme is funded from a variety of sources. A number of these sources such as capital receipts, the revenue budget, grants, contributions, and reserves utilise resources that are immediately available or are receivable. However, when capital expenditure is approved, and these resources are not available, then a **Capital Financing Requirement (CFR)** or borrowing need results.

7.2. The CFR is managed through the approval by Council of the Medium Term Financial Strategy including the Capital Programme and Prudential Indicators.

7.3. The CFR must be financed through borrowing or leases (external debt) or by temporarily utilising internal resources (internal borrowing).

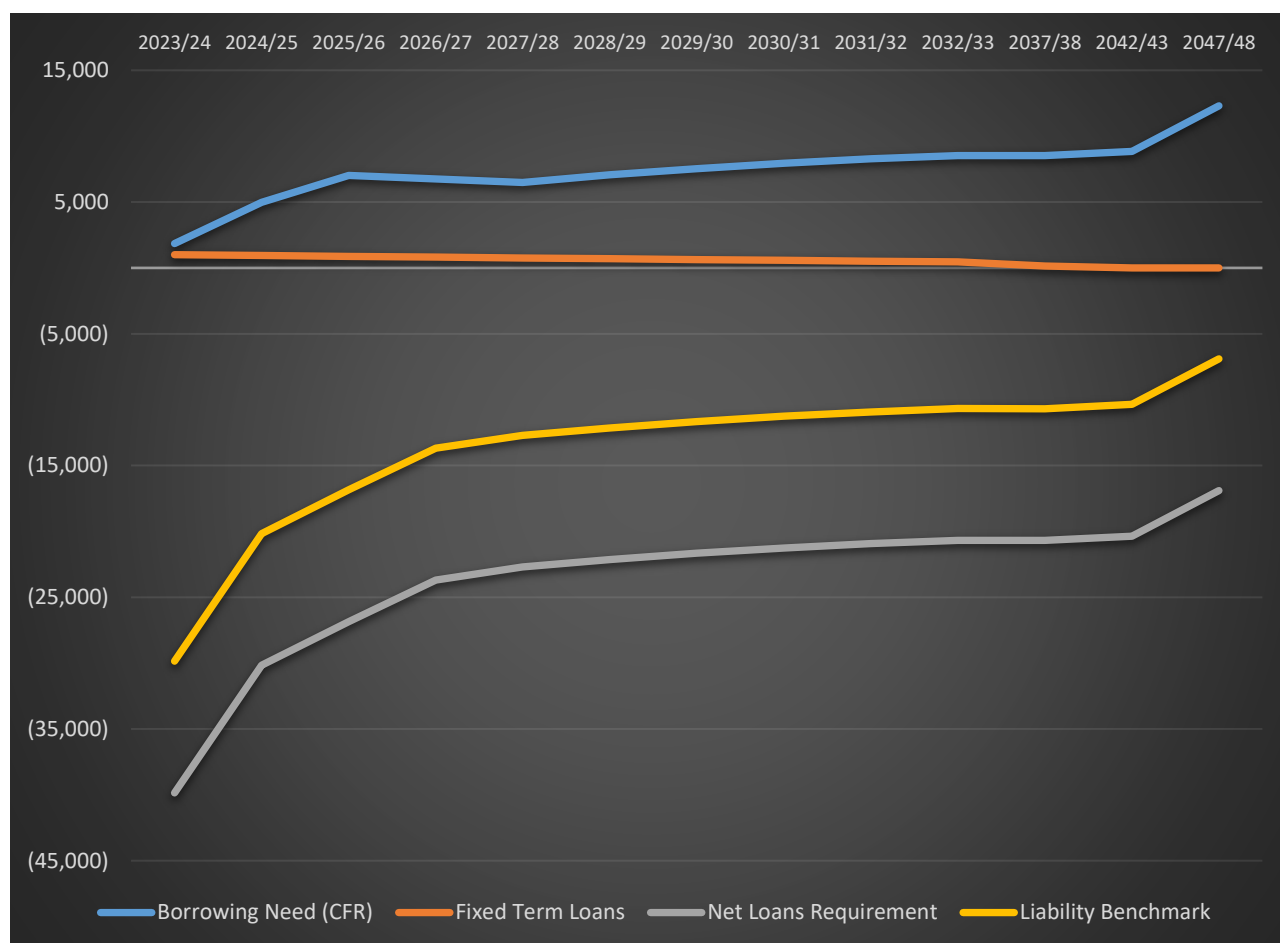
7.4. At 31 March 2023 the Council had a relatively low level of external debt outstanding of **£1,065,000**.

- 7.5. The new leisure centre, the Cinema for Lichfield District and the renewal of the waste fleet will mean the CFR is projected to increase to **£10,140,000** by 31 March 2028.
- 7.6. The new leisure centre and the Cinema for Lichfield District will initially be funded through Internal Borrowing and the waste fleet potentially through a contract hire type arrangement which is classified as external debt.
- 7.7. The projected CFR (the total for each column), **external debt** (leases and external borrowing) and **internal borrowing** is shown below:



- 7.8. The CFR is related to:
- Historic capital expenditure for the Chasewater Dam and Friary Outer Car Park.
 - Planned capital expenditure for the new Leisure Centre, the Cinema for Lichfield District and the renewal of the waste fleet funded by a lease type arrangement.
- 7.9. The Council manages its external debt through setting Prudential Indicators, related to the statutory maximum, known as the **Authorised Limit** and a lower warning level known as the **Operational Boundary**.
- 7.10. The external debt projections are based on the approved Capital Programme however to manage unforeseen events, an element of flexibility or ‘headroom’ is included in the Prudential Indicators:
- **Operational Boundary** – flexibility is included to enable internal borrowing to be converted to external debt or for example, to ensure accounting changes such as those proposed for all leases to be classed as finance leases, to be incorporated without breaching the limit.
 - **Authorised Limit** – this provides additional flexibility to manage unusual cash flows that necessitate temporary borrowing such as Government Grants not being paid.
- 7.11. The **liability benchmark** is the lowest risk level of external borrowing by keeping cash and investments to a minimum of **£10m** at each year end to maintain liquidity but minimise credit risk.

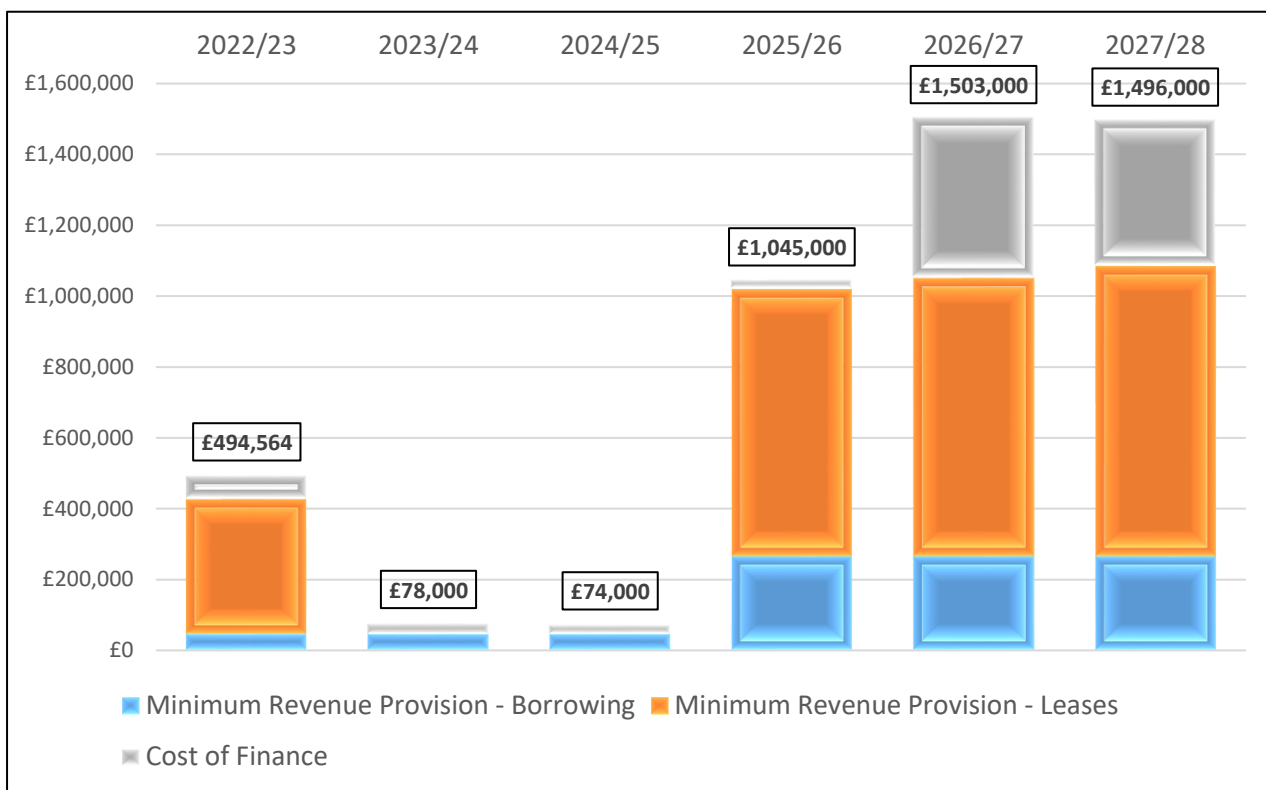
7.12. The projected level of borrowing, external borrowing, Net Loans Requirement together with the projected Liability Benchmark is shown below:



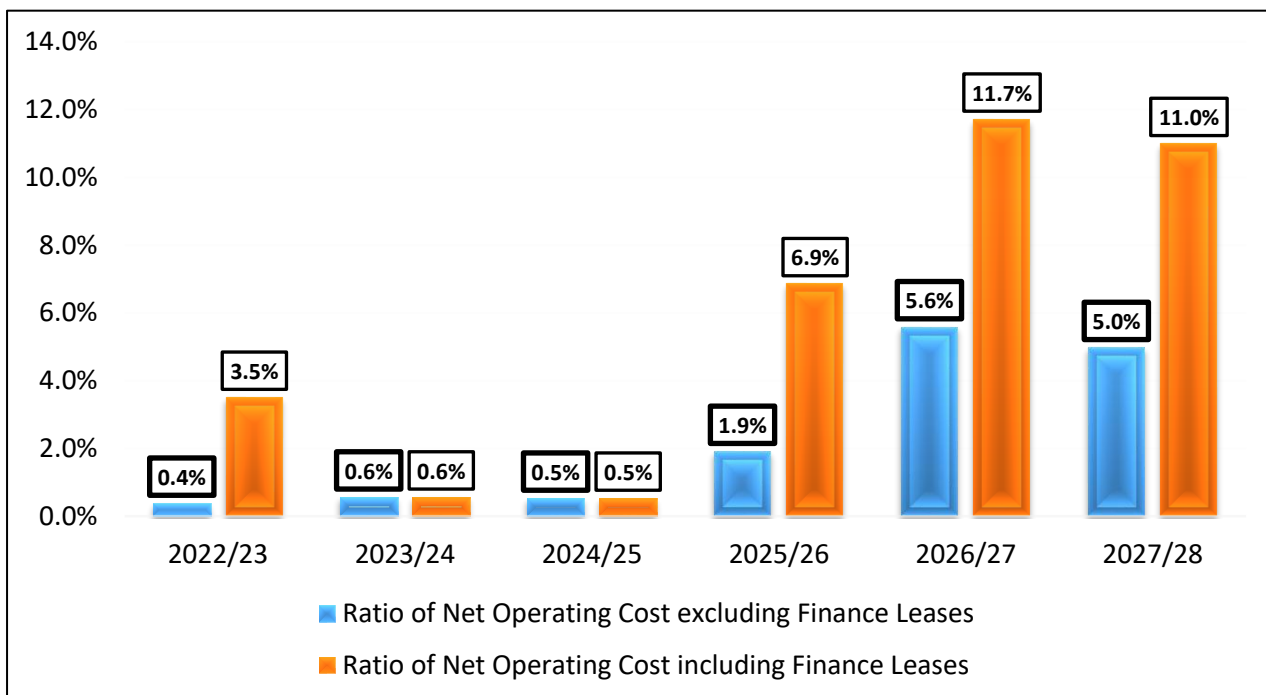
7.13. The chart above shows:

- **The projected level of borrowing need** (the blue line) – this is capital expenditure (excluding leases) that is not funded by available resources such as capital receipts, grants, and revenue.
- **The projected level of external borrowing** (the orange line).
- The difference between the blue and orange lines is the projected level of internal borrowing.
- **The Net Loans Requirement** (the grey line) – this is the Balance Sheet projection of cash resources.
- **The Liability Benchmark** (the yellow line) – this is the Net Loans Requirement less a minimum level of investments of £10m.
- When the Liability Benchmark is projected to become positive, it would be at this point that the replacement of internal borrowing by external borrowing would need to be considered.

7.14. The cost of debt servicing includes the cost of finance and Minimum Revenue Provision (MRP). Debt is only a temporary source of finance since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as MRP:



7.15. The proportion of the net budget allocated to financing costs is:



7.16. The Minimum Revenue Provision and therefore the financing costs ratio increases in 2025/26 due to the inclusion of the debt costs commencing at **£200,000** for the new leisure centre and **£19,800** for the cinema for Lichfield District.

8. Financial Guarantees

- 8.1. In addition to the debt projections shown above, in relation to external borrowing and leases, the Council can also act as a guarantor for an admitted body that delivers services on behalf of the Council.
- 8.2. In the event it is probable that these guarantees will be required a financial provision is created to mitigate the risk. Any guarantee is assessed throughout the year, in terms of the financial viability of the organisations for which the guarantee is provided, to determine whether a financial provision will need to be created.
- 8.3. The one guarantee previously identified in relation to Freedom Leisure is no longer required given management has been insourced to LWMTS from 1 April 2023.

9. The Authority's Risk Appetite, Knowledge and Skills

- 9.1. The Council's risk appetite, along with most of Local Government, is increasing due to the need to offset funding reductions from Central Government with income from alternative sources.
- 9.2. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Assistant Director - Finance and Commissioning is a qualified accountant with 30 years' experience, the Council uses the Property Team that forms part of the services provided by the Company to the Council to optimise the management of existing property. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA and the Association of Accounting Technicians.
- 9.3. Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers and has access to property professionals through LWMTS. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.
- 9.4. The Council plans to utilise where appropriate the flexible use of capital receipts for transformation projects such as the Being a Better Council Programme.

10. Prudential and Local Indicators

- 10.1. The Prudential and Local Indicators in relation to the Capital Strategy are included in the Reports to Audit Committee and Cabinet prior to Council Approval.

11. Chief Finance Officer Assessment of the Capital Strategy

- 11.1. I have assessed the current overall risk as **25** out of **64** based on the following factors:

	Likelihood	Impact	2024/25	2023/24
Minimum			0	0
Slippage Occurs in the Capital Spend	4	2	8	8
Planned Capital Receipts are not received	2	2	4	4
The Capital Programme does include investment to realise all the Council's Strategic aims	3	3	9	9
Actual Cashflows differ from planned Cashflows	2	2	4	4
Assessed Level of Risk			25	25
Maximum			64	64

- 11.2. Therefore, I believe the level of risk is Tolerable (Green).

District Council House	470	388											
Public Conveniences	121												
Sub Total	2,358	2,051	190	230	230	230	235	239	244	249	275	303	335
<u>Vehicles, Plant and Equipment</u>													
Bin Purchases/Dual Stream Recycling	181	150	150	150	150	150	151	152	153	154	160	165	171
Vehicles - Waste			6,000							6,120			
Vehicles - Other	120	275	450	90	250	237	242	247	252	257	283	313	345
ICT Investment	150	154	175	175	175	175	179	182	186	189	209	231	255
Building a Better Council	77												
Car Park Strategy	160	223											
Committee Audio-Visual Meeting Platform	85												
Sub Total	773	802	6,775	415	575	562	571	581	591	6,720	652	709	771
Other Capital Investment													
Disabled Facilities Grants	950	1,220	1,337	1,300	1,100	1,100	1,113	1,125	1,135	1,148	1,174	1,181	1,196
Other Projects	1,343	400				275	281	286	292	298	329	363	401
Sub Total	2,293	1,620	1,337	1,300	1,100	1,375	1,394	1,411	1,427	1,445	1,502	1,544	1,596
Total Modelled Expenditure	10,820	15,826	14,136	1,945	1,905	2,167	2,200	2,231	2,261	8,415	2,429	2,556	2,703

Key Assumptions	Medium Term Financial Strategy					Additional Projections							
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2037/38	2042/43	2047/48
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<u>Corporate Funding</u>													
Capital Receipts	(2,033)	(1,110)	(174)	(222)									
Capital Receipts - Right to Buy	(360)												
Revenue - Corporate	(173)	(100)	(565)	(183)									
<u>Other Funding</u>													
Disabled Facilities Grant - New	(950)	(1,109)	(1,109)	(1,109)	(1,100)	(1,100)	(1,113)	(1,125)	(1,135)	(1,148)	(1,174)	(1,181)	(1,196)
Disabled Facilities Grant - Existing		(111)	(228)	(191)									
Other Grants	(745)	(1,664)	(2,425)										
Section 106	(537)	(993)											
CIL	(1,350)	(800)											
Reserves	(4,509)	(6,610)	(1,169)	(90)	(655)								
Revenue - Existing Budgets	(163)	(150)	(150)	(150)	(150)	(150)	(151)	(152)	(153)	(154)	(160)	(165)	(171)
Leases			(6,000)			0	0	0	0	(6,120)	0	0	0
Total Modelled Funding	(10,820)	(12,647)	(11,820)	(1,945)	(1,905)	(1,250)	(1,264)	(1,277)	(1,288)	(7,422)	(1,333)	(1,347)	(1,367)
Annual Borrowing Need	0	3,179	2,316	0	0	917	935	954	973	993	1,096	1,210	1,336
Cumulative Annual Borrowing Need	0	3,179	5,495	5,495	5,495	6,412	7,347	8,301	9,275	10,267	15,536	21,353	27,776
Cumulative Borrowing Need (after MRP)	1,850	4,983	7,032	6,765	6,500	7,059	7,543	7,951	8,280	8,530	8,524	8,845	12,306

Capital Programme

Project		Capital Programme						Total £000	Corporate
		2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000			
Burntwood Leisure Centre Sinking Fund Projects	A	144	0	0	0	0	144	59	
Friary Grange - Short Term Refurbishment	R	134	0	0	0	0	134	0	
Burntwood Leisure Centre - Decarbonisation Scheme	A	29	0	0	0	0	29	0	
Replacement Leisure Centre	A	826	7,339	1,835	0	0	10,000	400	
Accessible Homes (Disabled Facilities Grants)	R	950	1,220	1,337	1,300	1,100	5,907	0	
Affordable Housing Monies	A	0	1,178	0	0	0	1,178	0	
Vehicle Replacement Programme - Env Health	A	0	0	0	20	0	20	0	
Conversion of 36a Bore Street	A	492	0	0	0	0	492	360	
Streethay Community Centre	R	850	0	0	0	0	850	0	
Changing Places Fund	A	36	0	0	0	0	36	0	
Zip Wire in Burntwood	A	30	0	0	0	0	30	0	
Burntwood Community Hub	R	250	0	0	0	0	250	0	
Climbing Wall at Burntwood Leisure Centre	A	50	50	0	0	0	100	0	
Pre-school soft play facility at Burntwood Leisure Centre	A	50	50	0	0	0	100	0	
Adventure Golf at Beacon Park	A	150	150	0	0	0	300	0	
Obstacle Course at Beacon Park	A	0	150	0	0	0	150	0	
Padel Tennis courts	A	200	200	0	0	0	400	0	
New 3G Pitch in Lichfield	A	200	200	0	0	0	400	0	
Mavesyn Ridware Village Hall Play Area Improvements	R	5	0	0	0	0	5	0	
Fence at Chasetown Memorial Bowling Green	A	10	0	0	0	0	10	0	
Play Equipment at Beacon Park	A	11	0	0	0	0	11	0	
Upgrading electrical heating in St Stephens Church, Fradley	R	4	0	0	0	0	4	0	
Enabling People Total		4,421	10,537	3,172	1,320	1,100	20,550	819	
Lichfield Public Conveniences	A	40	0	0	0	0	40	40	
Vehicle Replacement Programme (Waste)	A	0	0	6,000	0	0	6,000	0	
Bin Purchase	A	150	150	150	150	150	750	0	
Dual Stream Recycling	A	31	0	0	0	0	31	0	
Vehicle Replacement Programme (Other)	A	120	275	450	60	250	1,155	200	
Burntwood Public Conveniences	A	45	0	0	0	0	45	0	
Shaping Place Total		386	425	6,600	210	400	8,021	240	
Vehicle Replacement Programme (Car Parks)	A	0	0	0	10	0	10	0	
Coach Park	A	100	0	0	0	0	100	39	
Car Parks Variable Message Signing	A	160	0	0	0	0	160	0	
Pay on Exit System at Lombard Street	A	0	143	0	0	0	143	0	
Electric Vehicle Charge Points	A	0	80	0	0	0	80	0	
BRS Enabling Works	A	268	802	0	0	0	1,070	0	
Cinema Development	A	2,888	2,836	3,999	0	0	9,723	1002	
32-44 Bakers Lane	A	1,582	0	0	0	0	1,582	1478	
Incubator Space	A	0	388	0	0	0	388	(143)	
New 3G Pitch at Chasetown Football Club	R	100	0	0	0	0	100	0	
Small scale investment in micro and small enterprises	R	0	200	0	0	0	200	0	
Development and promotion of the visitor economy	R	0	100	0	0	0	100	0	
Active travel enhancements in the local area	R	0	100	0	0	0	100	0	
Incubator Phase 3	A	395	0	0	0	0	395	80	
Developing Prosperity Total		5,493	4,649	3,999	10	0	14,151	2,456	
Property Planned Maintenance	A	133	61	190	230	230	844	614	
IT Infrastructure	A	150	154	175	175	175	829	554	
Council Car Park Extension	A	75	0	0	0	0	75	75	
Building a Better Council	A	77	0	0	0	0	77	77	
Committee Audio-Visual Hybrid Meeting Platform	A	85	0	0	0	0	85	85	
Good Council Total		520	215	365	405	405	1,910	1,405	
Capital Programme		10,820	15,826	14,136	1,945	1,905	44,632	4,920	

A = Asset related R = Statutory based

APPENDIX C

Funding Source	Capital Programme					
	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
Capital Receipts	2,033	1,110	174	222	0	3,539
Capital Receipts - Housing	360	0	0	0	0	360
Revenue - Corporate	173	100	565	183	0	1,021
Corporate Council Funding	2,566	1,210	739	405	0	4,920
Grant	1,695	2,884	3,762	1,300	1,100	10,741
Section 106	537	993	0	0	0	1,530
CIL	1,350	800	0	0	0	2,150
Reserves	4,509	6,610	1,169	90	655	13,033
Revenue - Existing Budgets	163	150	150	150	150	763
Sinking Fund	0	0	0	0	0	0
Leases	0	0	6,000	0	0	6,000
Internal Borrowing	0	3,179	2,316	0	0	5,495
Total	10,820	15,826	14,136	1,945	1,905	44,632
External Borrowing	0	0	0	0	0	0
Total Funding	10,820	15,826	14,136	1,945	1,905	44,632

Reconciliation of Original Capital Programme to this Capital Programme

	Cabinet or Decision Date	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
Original Budget Council 28/02/2023		15,420	9,728	7,671	1,524	0	34,343
Approved Changes							
Slippage from 2022/23	27/06/2023	1,566	(272)				1,294
Allocation of S106 Monies	24/02/2023	42					42
Burntwood Leisure Centre (MM Outturn)	27/06/2023	85					85
Cabinet Member Briefing Note - Re-allocation of funding for Chasetown Memorial Park	27/03/2023	10					10
A Cinema for Lichfield District	27/06/2023	1,875	146				2,021
Rural England Prosperity Fund (MTFS Report)	27/06/2023	100	300				400
Increase Streethay Community Centre (Money Matters Qtr 1)	05/09/2023	250					250
Money Matters Qtr 2	05/12/2023	(9,339)	6,881	2,258	386	186	372
Transfer Decent Homes Standard to Energy Insulation project	10/10/2023	(25)					(25)
A Cinema for Lichfield District - Update	05/12/2023	(174)	(150)	3,999			3,675
Money Matters P8	06/02/2024	1,010	(835)	173	(25)	(25)	298
Vehicle Replacement Programme (Other)	This Meeting		28	35	60	43	166
Projections for 2027/28							
Long Term Model	28/02/2023					1,701	1,701
Capital Programme		10,820	15,826	14,136	1,945	1,905	44,632

Minimum Revenue Provision Statement 2024/25

Where the Council finances capital expenditure by debt (finance leases, internal and external borrowing), it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP). Although there has been no statutory minimum since 2008. The Local Government Act 2003 requires this Council to have regard to the Department of Levelling Up, Housing and Communities (DLUHC) guidance on MRP most recently issued in 2018.

The broad aim of the DLUHC Guidance is to ensure that capital expenditure is financed over the period that is reasonably commensurate with that over which the capital expenditure provides benefits.

The DLUHC Guidance requires the Council to approve an annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP.

- For capital expenditure incurred after 1 April 2008 where no financial support is provided by the Government through the Finance Settlement, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments starting in the year after the asset becomes operational. MRP on purchases of **freehold land** will be charged over a maximum of **50 years**. MRP on expenditure not related to assets but that has been **capitalised by regulation or direction** (Revenue Expenditure Funded by Capital under Statute or REFCUS) will be charged over a maximum of **20 years**.
- For assets acquired by **leases**, MRP will be determined as being equal to the **element of the rent or charge that is used to write down the Balance Sheet liability**.
- Where former operating leases have been brought onto the balance sheet due to the adoption of the *IFRS 16 Leases* accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or incentives, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.
- For **capital expenditure loans to third parties that are repaid** the Authority will make **nil MRP** unless (a) the loan is an investment for commercial purposes and no repayment was received in year or (b) an expected credit loss was recognised or increased in-year but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment on loans that are investments for commercial purposes, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. Sufficient MRP will be charged to ensure that the outstanding capital financing requirement (CFR) on the loan is no higher than the principal amount outstanding less the expected credit loss. This option was proposed by the government in its recent MRP consultation and in the Authority's view is consistent with the current regulations.
- Capital expenditure funded by debt incurred during 2024/25 will not be subject to a MRP charge until 2025/26 or later.

Based on the Authority's latest estimate of its Capital Financing Requirement (CFR) on 31 March 2024, the budget for MRP has been set as follows:

	Estimated CFR 31/03/2024 £000	Estimated MRP 2024/25 £000
Capital Expenditure after 31/03/2008	1,850	47
Leases	0	0
Total	1,850	47

Treasury Management

Introduction

Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy.

As part of the MTFs, we prepare integrated Revenue Budgets and a Capital Programme. These budgets, together with the actual Balance Sheet from the previous financial year, are used to also prepare Balance Sheet projections. These Balance Sheet Projections are shown on the next page.

These Balance Sheet projections are significant in assessing the Council's Treasury Management Position in terms of borrowing requirement (including comparison to a **Liability Benchmark** explained below), investment levels and our Investment Policy and Strategy.

A Liability benchmark compares the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as used in the Balance Sheet projections, but that cash and investment balances are kept to a minimum level (**£10m**) to maintain sufficient liquidity but minimise credit risk using Internal Borrowing.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast Capital Financing Requirement (CFR) or Borrowing Need over the next three years. The table shows that the Council expects to comply with this recommendation.

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Capital Financing Requirement (Borrowing)	£1,896	£1,849	£4,982	£7,031	£6,765	£6,498
Capital Financing Requirement (Finance Leases)	£0	£0	£0	£5,246	£4,460	£3,640
Total	£1,896	£1,849	£4,982	£12,277	£11,225	£10,138

External Borrowing	(£1,066)	(£1,005)	(£945)	(£883)	(£822)	(£762)
Finance Leases	£0	£0	£0	(£5,246)	(£4,460)	(£3,640)
Total	(£1,066)	(£1,005)	(£945)	(£6,129)	(£5,282)	(£4,402)

Liability Benchmark	(£34,485)	(£31,756)	(£20,498)	(£20,023)	(£17,938)	(£16,877)
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Balance Sheet Projections 2023-28

(Rounding may result in slight differences in figures in the wider Report)

	Type	2022/23 Actual £000s	2023/24 Budget £000s	2024/25 Budget £000s	2025/26 Budget £000s	2026/27 Budget £000s	2027/28 Budget £000s	2022/28 Change £000s
Non-Current Assets	ASSET	52,071	55,290	64,875	71,890	70,750	69,770	17,699
Equity Investment in Local Authority Company	ASSET	225	225	225	225	225	225	0
Long Term Debtors	CRED	57	57	57	57	57	57	0
Long Term Debtors - Cinema	CRED	64	2,952	5,788	5,788	5,788	5,788	5,724
Long Term Investment (Company Loan)	LOAN	0	0	0	0	0	0	0
Investments	INV	45,550	42,760	31,442	30,905	28,759	27,638	(17,912)
Borrowing	BOLE	(1,066)	(1,005)	(944)	(883)	(822)	(762)	304
Finance Leases	BOLE	0	0	0	(5,246)	(4,460)	(3,640)	(3,640)
Working Capital	CRED	(19,067)	(19,036)	(18,833)	(18,606)	(18,415)	(18,424)	643
Pensions	CRED	(11,630)	(10,526)	(11,602)	(12,708)	(11,637)	(12,746)	(1,116)
TOTAL ASSETS LESS LIABILITIES		66,204	70,717	71,007	71,422	70,246	67,906	1,701

Unusable Reserves								
Revaluation Reserve	REV	(14,969)	(14,969)	(14,969)	(14,969)	(14,969)	(14,969)	0
Capital Adjustment Account	CAP	(35,494)	(41,648)	(50,936)	(50,656)	(50,568)	(50,674)	(15,180)
Deferred Credits	CRED	(47)	(47)	(47)	(47)	(47)	(47)	0
Pension Scheme	CRED	11,630	11,979	12,338	12,708	13,090	13,482	1,852
Benefits Payable During Employment Adjustment Account	CRED	409	409	409	409	409	409	0
Collection Fund	CRED	(867)	(1,229)	0	0	0	0	867
Available for Sale Financial Instruments Reserve	CRED	1,230	1,453	884	884	884	884	(346)
Usable Reserves								
Unapplied Grants and Contributions	UGER	(4,189)	(3,623)	(1,854)	(2,104)	(2,354)	(2,604)	1,585
Usable Capital Receipts	UGER	(2,282)	(2,470)	(1,391)	(1,248)	(1,059)	(1,087)	1,195
Burntwood Leisure Centre Sinking Fund	UGER	0	0	0	0	0	0	0
Earmarked Reserves - Unrestricted	UGER	(11,699)	(11,592)	(6,684)	(6,411)	(6,469)	(5,989)	5,710
Earmarked Reserves - Restricted	UGER	(3,941)	(3,145)	(2,922)	(2,922)	(2,922)	(2,922)	1,020
General Fund Balance	GEN	(5,985)	(5,836)	(5,836)	(7,067)	(6,241)	(4,389)	1,596
TOTAL EQUITY		(66,204)	(70,717)	(71,007)	(71,422)	(70,246)	(67,906)	(1,701)

Reserves Available to cover Investment Losses	(17,684)	(17,428)	(12,520)	(13,478)	(12,710)	(10,378)	7,306
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Summary								
Capital Funding	CAP	(35,494)	(41,648)	(50,936)	(50,656)	(50,568)	(50,674)	(15,180)
Revaluation Reserve	REV	(14,969)	(14,969)	(14,969)	(14,969)	(14,969)	(14,969)	0
Borrowing and Leasing	BOLE	(1,066)	(1,005)	(944)	(6,129)	(5,282)	(4,402)	(3,336)
Non-Current Assets	ASSET	52,296	55,515	65,100	72,115	70,975	69,995	17,699
Investments	INV	45,550	42,760	31,442	30,905	28,759	27,638	(17,912)
Unapplied Grants & Earmarked Reserves	UGER	(22,111)	(20,829)	(12,850)	(12,684)	(12,803)	(12,602)	9,510
General Reserve	GEN	(5,985)	(5,836)	(5,836)	(7,067)	(6,241)	(4,389)	1,596
Long Term Debtors	DEBT	57	57	57	57	57	57	0
Long Term Debtors (Joint Venture)	LOAN	64	2,952	5,788	5,788	5,788	5,788	5,724
Long Term Investment (Company Loan)	LOAN	0	0	0	0	0	0	0
Working Capital & Pensions	CRED	(18,342)	(16,997)	(16,851)	(17,360)	(15,716)	(16,442)	1,900
Total		0	0	0	0	0	0	(0)
Internal Borrowing		831	845	4,038	6,149	5,943	5,738	4,907

Liability Benchmark								
Capital Financing Requirement (Borrowing)		1,896	1,849	4,982	7,031	6,765	6,498	4,602
Working Capital, Pensions & Long Term Debtors		(18,285)	(16,940)	(16,794)	(17,303)	(15,659)	(16,385)	1,900
Usable Reserves		(28,096)	(26,665)	(18,686)	(19,751)	(19,044)	(16,991)	11,106
Minimum Level of Investments		10,000	10,000	10,000	10,000	10,000	10,000	0
Total		(34,485)	(31,756)	(20,498)	(20,023)	(17,938)	(16,877)	17,608

Borrowing Strategy

The Council currently projects **£1,005,000** of loans outstanding at the 31 March 2024, a decrease of **£61,000** on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast on the previous page shows that the Council does not expect to need to borrow in 2024/25. The Council may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of **£19.872 million**.

Objectives: The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Strategy: Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Council can reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2023/24 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Council has previously raised its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity to retain its access to PWLB loans.

Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Council may borrow short-term loans to cover unplanned cash flow shortages.

Sources of borrowing: The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- UK Infrastructure Bank Ltd
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Staffordshire County Pension Fund)
- capital market bond investors
- retail investors via a regulated peer to peer platform
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback
- similar asset based finance

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

Short-term and variable rate loans: These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

Treasury Investment Strategy

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's treasury investment balance has ranged between **£43.68 million** and **£67.20 million** and similar levels are expected in the forthcoming year.

Objectives: The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, to maintain the spending power of the sum invested. The Authority aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

Strategy: Given the increasing risk and very low returns from short-term unsecured bank investments, the Council aims to further diversify into more secure and/or higher yielding asset classes during 2024/25. This is especially the case for the estimated £13m that is available for longer-term investment. A reducing proportion of the Council's surplus cash remains invested in short-term unsecured bank deposits and money market funds. This diversification will represent a continuation of the strategy adopted in 2019.

ESG policy: Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing. At present the Authority's investment approach does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. Therefore, when investing in banks and funds, the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

Business models: Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

APPENDIX E

Approved counterparties: The Council may invest its surplus funds with any of the counterparty types in the table below, subject to the limits shown (recommended changes are in red).

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£2m	Unlimited
Secured investments *	25 years	£2m	Unlimited
Banks (unsecured) *	13 months	£1m	Unlimited
Building societies (unsecured) *	13 months	£1m	£2m
Registered providers (unsecured) *	5 years	£1m	£5m
Money market funds *	n/a	£4m	Unlimited
Strategic pooled funds	n/a	£5m	£15m
Real estate investment trusts	n/a	£1m	£5m
Other investments *	5 years	£0.5m	£2m

This table must be read in conjunction with the notes below

* **Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than **A-**. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of **£500,000 per counterparty** as part of a diversified pool e.g., via a peer-to-peer platform.

Government: Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities, and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government, and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. 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 Council's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

Operational bank accounts: The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below **£500,000 per bank**. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

Reputational aspects: The Council is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

APPENDIX E

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

Investment limits: The Council's revenue reserves available to cover investment losses are forecast to be **£17.428 million** on 31st March 2024. In order that no more than 10% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government and pooled funds) will be **£2 million**. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

Credit risk exposures arising from non-treasury investments, financial derivatives, and balances greater than **£500,000** in operational bank accounts count against the relevant investment limits.

Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Investment limits

	Cash limit
Any group of pooled funds under the same management	£15m per manager
Negotiable instruments held in a broker's nominee account	£12m per broker
Foreign countries	£2m per country

Liquidity management: The Council uses an excel spreadsheet for cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

The Council will spread its liquid cash over a number of providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

The CIPFA Code requires the Council to include the following in its treasury management strategy.

Financial derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Markets in Financial Instruments Directive: The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Assistant Director - Finance and Commissioning believes this to be the most appropriate status.

Financial Implications

The budget for investment income in 2024/25 is **£2,120,000**, based on an average investment portfolio of **£45.31 million** at an interest rate of **4.73%**. The budget for external debt interest paid in 2024/25 is **£26,000**, based on an average external debt portfolio of **£960,000** at an average interest rate of **2.59%**. If actual levels of investments and borrowing, or actual interest rates, differ from those forecasts, performance against budget will be correspondingly different.

Where investment income exceeds budget, e.g. from higher risk investments including pooled funds, or debt interest paid falls below budget, e.g. from cheap short-term borrowing, then yield in excess of an average of **1.80%**⁴ will be transferred to treasury management volatility reserves to cover the risk of capital losses or lower interest rates payable in future years.

Other Options Considered

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Assistant Director - Finance and Commissioning, having consulted the Cabinet Member for Finance and Commissioning, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

⁴ Based on a budgeted return of £250,000 from investments of £14m.

Non-treasury Investment Strategy Report 2024/25

Introduction

The Council invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories.

The statutory guidance defines investments as “all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios.” The Authority interprets this to exclude (a) trade receivables which meet the accounting definition of financial assets but are not investments in the everyday sense of the word and (b) property held partially to generate a profit but primarily for the provision of local public services. This aligns the Authority’s definition of an investment with that in the 2021 edition of the CIPFA Prudential Code, a more recent piece of statutory guidance.

Treasury Management Investments

The Council typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between **£33.90 million** and **£50.48 million** during the 2024/25 financial year.

Contribution: The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.

Further details: Full details of the Council’s policies and its plan for 2024/25 for treasury management investments are covered in a separate document in this report, the treasury management strategy.

Service Investments: Loans

Contribution: The Council lends money to its employees for car loans, inherited housing loans from Birmingham City Council, makes loans to individuals to reduce the risk of homelessness and the joint venture.

Security: The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. To limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Council, upper limits on the outstanding loans to each category of borrower have been set as follows:

Category of borrower	31.3.2023 actual			2023/24	2024/25
	Balance owing	Loss allowance	Net figure in accounts	Projection	Proposed Limit
Subsidiaries	£0	£0	£0	£0	£150,000
Employees – car loans	£0	£0	£0	£0	£100,000
Housing Loans - secured	£44,320	£0	£44,320	£44,320	£45,000
Housing Loans - unsecured	£2,771	£0	£2,771	£2,771	£3,000
Homelessness Loans	£9,148	(£9,148)	£0	£0	£50,000
Joint Venture - Cinema Development	£64,387	£0	£64,387	£2,888,000	£5,788,000
TOTAL	£120,627	(£9,148)	£111,478	£2,935,091	£6,136,000

Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts are shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent including placing charges on properties for housing loans (secured) and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment: The most significant loans for service purposes are:

- The **£5,788,000** loan to the Joint Venture for the cinema development. The Council will have directors on the board of the joint venture and therefore the Council will be able to monitor and manage the repayment risk through the Business Plan.

Service Investments: Shares

Contribution: The Council has invested **£225,000** in shares of its Company to support local services.

Security: One of the risks of investing in shares is that they fall in value, meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Category of borrower	31.3.2023 actual			2023/24	2024/25
	Amount Invested	Gains or Losses	Value in accounts	Projection	Proposed Limit
Subsidiaries	225,000	0	225,000	225,000	225,000
Joint Venture ⁵	0	0	0	1	1
TOTAL	225,000	0	225,000	225,001	225,001

⁵ The level of equity investment is still to be agreed.

Risk Assessment: The Council assesses the risk of loss before entering into and whilst holding shares by regular approval of the Business Plan and review of the Annual Report.

Liquidity: The equity investment has no time limit and will be monitored through approval of the Business Plan.

Non Specified Investments: Shares are the only investment type the Council has identified that meets the definition of a non-specified investment in the government guidance, The limits on share investments above are also therefore the upper limits on non-specified investments.

Commercial Investments: Property

See the Capital Strategy at **APPENDIX B**.

Loan Commitments and Financial Guarantees

See the Capital Strategy at **APPENDIX B**.

Proportionality

See the Capital Strategy at **APPENDIX B**.

Borrowing in Advance of Need

Government guidance is that local authorities must not borrow more than or in advance of their needs purely to profit from the investment of the extra sums borrowed. The Council does not currently plan to undertake this type of activity.

Capacity, Skills and Culture

See the Capital Strategy at **APPENDIX B**.

Investment Indicators

The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

Total risk exposure: The first indicator shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and guarantees the Council has issued over third party loans.

Total Investment Exposure	31/03/2023 Actual £000	31/03/2024 Forecast £000	31/03/2025 Forecast £000	31/03/2026 Forecast £000	31/03/2027 Forecast £000	31/03/2028 Forecast £000
Treasury Management Investments	£45,550	£42,760	£31,442	£30,905	£28,759	£27,638
Service investments - Shares	£225	£225	£225	£225	£225	£225
Commercial Investments: Property	£4,838	£4,838	£4,203	£4,203	£4,203	£4,203
TOTAL INVESTMENTS	£50,613	£47,823	£35,870	£35,333	£33,187	£32,066
Joint Venture Capital Advance	£64	£2,952	£5,788	£5,788	£5,788	£5,788
TOTAL EXPOSURE	£50,677	£50,775	£41,658	£41,122	£38,976	£37,854

How investments are funded: Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the Council does not currently intend purchasing any service or commercial type investments. The remainder of the Council’s investments are funded by usable reserves and income received in advance of expenditure

Rate of return received: This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Investment rate of return (net of all costs)

Investments Net Rate of Return	31/03/23 Actual %	31/03/24 Forecast %	31/03/25 Forecast %	31/03/26 Forecast %	31/03/27 Forecast %	31/03/28 Forecast %
Treasury Management Investments	2.55%	4.65%	4.73%	3.75%	3.19%	3.20%
Service Investments - Loans						
Service Investments - shares						
Joint Venture Capital Advance ⁶	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ALL INVESTMENTS	2.55%	4.65%	4.73%	3.75%	3.19%	3.20%

Other Investment Indicators	31/03/23 Actual %	31/03/24 Forecast %	31/03/25 Forecast %	31/03/26 Forecast %	31/03/27 Forecast %	31/03/28 Forecast %
Investment Property Income as a proportion of Net Operating Cost	1.21%	0.81%	0.64%	0.62%	0.55%	0.52%

See the Capital Strategy at **APPENDIX B**.

⁶ Still to be finalised – likely to be no interest payable to either party in relation to the loans to the Joint Venture.

CFO Report on Robustness of the Budget and Adequacy of Reserves – Supporting Information

Context

In accordance with the Local Government Act 2003 (Sections 25-27) and to comply with CIPFA Guidance on Local Authority Reserves and Balances, the CFO is required to formally report to Members on the robustness of the Budget and the adequacy of Reserves. The CFO is appropriately qualified under the terms of Section 113 of the Local Government Finance Act 1988.

Adequacy of Reserves

The CFO assesses and determines the appropriate level of Reserves and Provisions using a variety of mechanisms, including:

- Being significantly involved in the Budget setting process, the annual financial cycle and engaged in the strategic leadership of the organisation as a member of the Leadership Team including wider corporate roles beyond that of finance;
- Leading and writing on the annual revision of the MTFs;
- Challenging the budget at various stages of preparation, including the reasonableness of the key budget assumptions and sensitivities such as estimates for inflation and corporate financial pressures, realism of income targets and the extent to which known trends and liabilities are provided for:
 - Meetings with specific colleagues to examine particular areas or issues;
 - An in-depth review of the financial risks assessment;
 - Review of the movements, trends (including a comparison to the level at other Councils) and availability of contingency, provisions and earmarked reserves to meet unforeseen cost pressures in the context of future pressures and issues;
 - The use of professional experience and best professional judgement;
 - The use of appropriate professional, technical guidance and local frameworks;
 - Knowledge of the colleagues involved in the process, particularly finance professionals, including their degree of experience and qualifications;
 - Review of the strength of financial management and reporting arrangements, including internal control and governance arrangements. This is undertaken in consultation with relevant colleagues and Members of the Cabinet.

It is prudent for Councils to maintain an adequate 'working balance', that is part of General Reserves. A Risk Assessment approach is used to determine the required level of General Reserves and Provisions.

The Council's aim is to have a prudent level of General Reserves available for unforeseen financial risks. The Council projects available general reserves of **£3,936,000** at 31 March 2024 and **£3,836,000** at 31 March 2025. This is **25%** of the amount to be met from Government Grants and Local Taxpayers in 2024/25 of **£15,330,000**.

The minimum level of Reserves for 2024/25 onwards is **£2,000,000** and has been determined by Risk Assessment.

In recommending an adequate level of Reserves, the CFO considers and monitors the opportunity costs of maintaining particular levels of Reserves and Balances and compares these to the benefits accrued from having such Reserves. The opportunity cost of maintaining a specific level of Reserves is the 'lost' opportunity for example, of investing elsewhere to generate additional investment income, or using the funds to invest in service improvements.

In assessing this, it is important to consider that Reserves can only be used once and are therefore potentially only "one off" sources of funding. Therefore, any use of General Reserves above the lower minimum threshold is only ever used on one-off items of expenditure.

Expenditure - the level of Reserves is also determined by use of a comprehensive risk assessment to ensure they represent an appropriately robust "safety net" that adequately protects the Council against potential unbudgeted costs.

Use of General Revenue Reserves

The above assessment demonstrates that General Revenue Reserves are at an appropriate level as determined in accordance with the MTFs and the CFO's professional advice. The MTFs allows any Reserves above the level required by the Strategy to be used to fund one-off items of expenditure. No General Revenue Reserves below the minimum threshold are being used to support the 2023/24 budget and beyond.

CIPFA provides guidance for determining the minimum level of Reserves. The Council uses the method based on risk assessment. The approach to the risk assessment of Reserves has taken into account CIPFA guidance (LAAP 99) (Guidance note on Local Authority Reserves and Balances).

Financial risk is considered as part of the risk assessment in the MTFs to establish the Minimum Level of General Reserves. At present, the Minimum Level of General Reserves is approved at **£1,900,000**. However, this level needs to be kept under review based on the current operating environment and the risks it presents to the Council's budgets.

A review of the risk environment (unmitigated risk), the mitigation provided through earmarked reserves and budget contingency and the residual risk projected to be mitigated through the Minimum Level of General Reserves is shown below:

Activity Area	Current Risk Score	Unmitigated Risk	Earmarked Reserves & Contingency	2024/25 Minimum Level of General Reserves	2023/24 Minimum Level of General Reserves	Change
		£	£	£	£	£
Capital Strategy	Yellow - material	£2,027,000	£2,012,000	£15,000	£25,000	(£10,000)
Business Rates	Red- severe	£1,646,000	£1,609,960	£36,040	£0	£36,040
Partnerships and Outsourcing	Yellow - material	£0	£0	£0	£386,000	(£386,000)
High Risk Streams of Income	Yellow - material	£1,488,000	£0	£1,488,000	£693,000	£795,000
Volatile and High Risk Expenditure	Yellow - material	£446,340	£446,340	£0	£0	£0
Investments and Pensions	Yellow - material	£1,593,650	£1,593,650	£0	£0	£0
Inflation Assumptions	Yellow - material	£366,080	£366,080	£0	£225,000	(£225,000)
Demand Led Services	Yellow - material	£120,170	£30,170	£90,000	£90,000	£0
Collection of Income Performance	Yellow - material	£230,000	£0	£230,000	£361,000	(£131,000)
Civil Contingency	Yellow - material	£127,000	£0	£127,000	£127,000	£0
Other	Yellow - material	£13,960	£0	£13,960	(£7,000)	£20,960
Total		£8,058,200	£6,058,200	£2,000,000	£1,900,000	£100,000

This current risk assessment projects an increase in the Minimum Level of General Reserves to **£2,000,000**.

Other Reserves (in addition to General Reserves)

A review of the level of Earmarked Reserves was undertaken, reported to Cabinet on 6 September 2022 and Council approved on 20 October 2022 the release of **£5,169,000** of earmarked reserves.

The projected levels of earmarked reserves are included as part of the Balance Sheet projections in the Treasury management Strategy Statement. Ongoing review of Earmarked Reserves takes place as part of the Money Matters Reports in line with the approved earmarked reserves policy to ensure we are only holding funds for known and essential purposes.

The Council also holds other Unusable Reserves that arise out of the interaction of legislation and proper accounting practice and the Balance Sheet projections are also included as part of the Balance Sheet projections in the Treasury management Strategy Statement.

The **CFO** has been involved throughout the entire budget process, including revising the MTFs, input to the drafting of the budget, the ongoing financial monitoring and reporting process, evaluation of investments and savings, engagement with Members of the Cabinet and Overview and Scrutiny Committees, advising colleagues, the strategic choices activities, challenge and evaluation activities, and scrutiny of the budget. The following sections of this statement outline activities and documents.

Process - a robust budget process has been used within the overall context of the MTFs.

Timetable - the process started in July 2023 and the draft budget was completed in December 2023 prior to the Provisional Financial Settlement for Local Government 2024/25. This enabled formal scrutiny of the budget making process in January 2024. The final budget is due to be set at Council on 27 February 2024, well within the statutory deadline.⁷

Member involvement and Scrutiny (including budget monitoring) - formal Member involvement has been extensive, particularly through the Cabinet in conjunction with Leadership Team, Strategic Overview & Scrutiny Committee and Audit Committee, which has fed upwards to Cabinet.

Consultation – from 18 October 2023 to 12 December 2023, we carried out a budget consultation to find out what people who live in the District think about the services we provide.

Challenge - there are various points of challenge at various stages of the Budget, meetings of Leadership Team, Cabinet and the Scrutiny process itself.

Localism Act - Right to approve or veto excessive Council Tax rises - The Secretary of State has determined a **3%** or **£5.00** (whichever is the higher) limit for Council Tax increases for 2024/25. If an Authority proposes to raise taxes above the limit, they will have to hold a referendum to get approval for this from the local voters who will be asked to approve or veto the rises.

Ownership and accountability - the budget has progressed through the Service and Financial Planning process including review by management within services and Leadership Team. Budget holders were sent copies of budget estimate working papers for their respective areas of service responsibility.

Current financial position - the budget is a statement of financial intent, reflecting The Council's vision, plans and priorities. It also sets the financial spending parameters for each financial year and as such, the CFO assessment of the adequacy of Reserves, also includes the risk of services overspending and/or under-spending their budgets and the impact of this on the financial health of the Council and its level of Reserves. The current financial position has been reported throughout the year.

⁷ Statutory deadline date for setting Council Tax is by 11 March 2024.

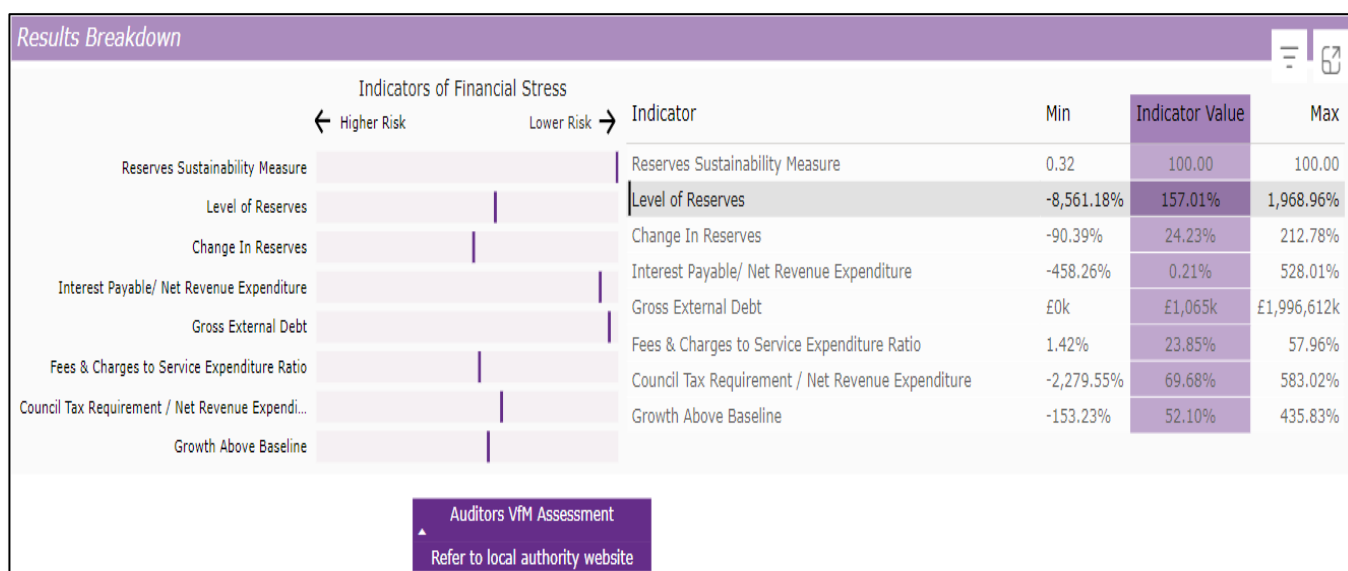
Key assumptions - The pay and prices used in the budget are derived from current intelligence, are considered appropriate and compare with those used by other Councils (the minimum level of general reserves has also been increased). Fees and charges have been reviewed and changes are reflected in the overall budget. The Capital Receipts to be used for the Capital Programme are based on estimates of both timing and value.

Financial risks – The Council continues to use an embedded good practice Risk Assessment approach both when setting the Budget and in validating estimated outturns. This continues for the 2023/24 outturn and 2024/25 plus Budget. The minimum level of General Reserves is considered to be adequate to cover all but the most unusual and serious combination of risks.

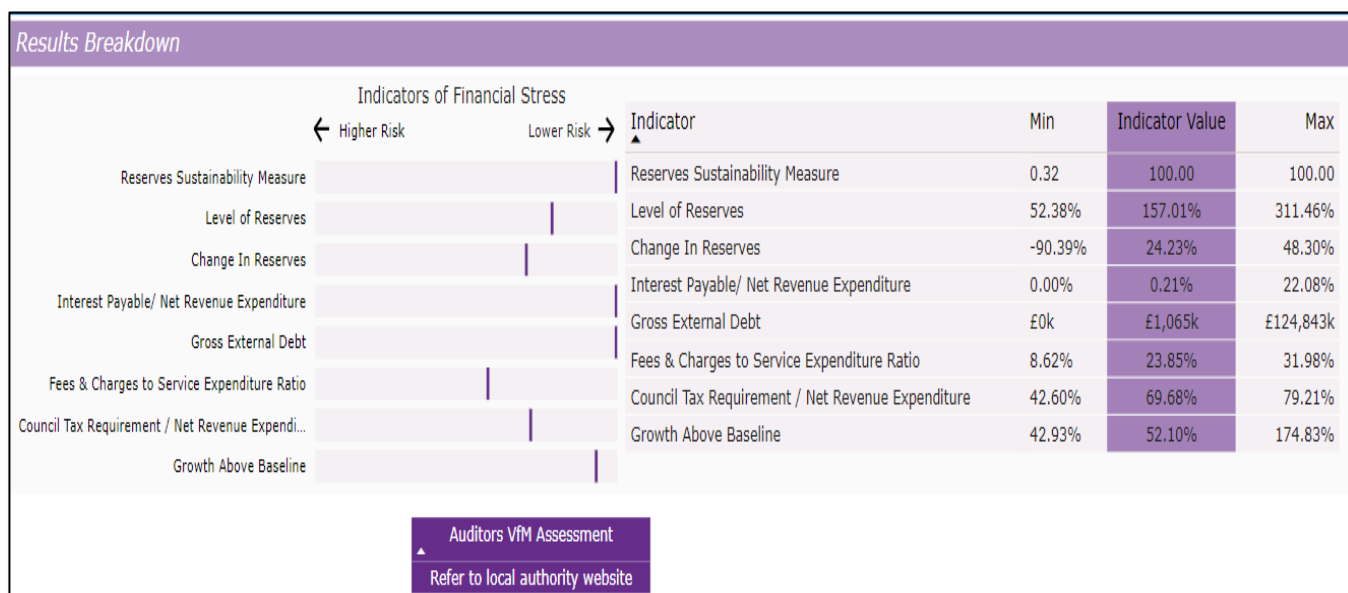
The CIPFA Resilience Index

The Chartered Institute of Finance and Accountancy (CIPFA) provided the fifth release of its Financial Resilience Index in December 2023. Lichfield DC’s information compared to all District Councils and Nearest Neighbours using a range of measures associated with financial risk is shown below.

District Councils



Nearest Neighbours





Summary - Opinion of CFO on the Adequacy of Reserves and the Robustness of the Estimates

I am of the opinion in the current economic climate, for a Council of this size, and with our recent record of prudent spending, effective Risk Management, robust budgeting and effective Budget monitoring and control, an increased General Minimum Reserve level of **£2,000,000** is adequate.

Priorities and Budget Consultation Feedback report

January 2024

APPENDIX H

	Your age group	Which of these most accurately describes yourself?	Do you live or work in the Lichfield District?	What is your postcode?
why should I do the Council's work for them? What a complete waste of time and money this gimmick is. You get paid to do the budget etc for the Council so get on and do your job. Stop wasting everyone's time.	65 - 80	Female	Yes	
Focus on building community resilience and help residents be make heathy sustainable options, like safe places to walk and cycle, don't encourage fast food venues and inform people how they can eat healthily on a a budget. There are a lot of fast food venues in Lichfield compared to places that you can buy basic ingredients , fruit and vegetables have a healthy lifestyle.			Yes	WS13 7HD
no new projects until what we have is in good condition and not left to decay and neglect.	65 - 80	Male	Yes	ws13 7rt
And the roads and pavements are a disgrace, especially as there are more elderly in Lichfield in apartments.	65 - 80	Female		
This exercise appears to be very limited and I cannot see how residents can make effective comments on the information provided	65 - 80	Female	Yes	WS13 7LX
No comment	65 - 80	Male	Yes	Ws70Da
I've saved you money! I think councils need to take a long hard look at themselves and ask why does it take so	45 - 54	Female	Yes	B79 0AT

APPENDIX H

	Your age group	Which of these most accurately describes yourself?	Do you live or work in the Lichfield District?	What is your postcode?
many people to do a job properly! Because I see a lot of nothing going on				
Consider two-weekly bin collections (alternating as at present) I would like to see emphasis on sustainability and environmental issues to create a 'greener' future and a significant move towards eradicating homelessness in the area	55 - 64	Female	Yes	
Ridiculous survey showing truly bad ideas on how to spend money	35 - 44	Male	Yes	WS7
Wrong things are promoted, Lichfield is the most inaccessible city I have ever lived in and I have lived in a few, You don't enforce new businesses to have wheelchair access, you don't follow up when they don't provide suitable adaptations, you have events on muddy fields without making provision for wheelchair access, You ban disabled drivers from the city centre , Footfall is down shops are closing, street cleaning is terrible as it is, that's why we have the 'litter pickers' footpaths and alley ways so over grown makes it dangerous for disabled, elderly people with prams, Open drug taking going on in the city centre, nothing is ever done, Only see a police officer if someone is dead, dying , or is armed, vandalism car break ins, burglaries have never been so high, beggars` , pick pockets, No facilities for the LGBTIQ+ So	55 - 64	I prefer not to say	Yes	WS13

APPENDIX H

	Your age group	Which of these most accurately describes yourself?	Do you live or work in the Lichfield District?	What is your postcode?
where is the money going, ? why give money for police when we don't see them, What does county do for us really, apart from give out city money to other towns, We are a city the size of a town, yet our councillors cant even get the disabled parking right,				
Stop wasting my money and spend less on sport, leisure and tourism.	45 - 54	Male	Yes	
maintain the essentials reduce the nice to haves	55 - 64	Male	Yes	b78 3an
Your budget assumptions are based on maintaining efficiency at current levels. There should be targeted process/productivity savings of between 3-5% which would enable services to be improved	65 - 80	Male	Yes	WS149YN
Meaningless survey	55 - 64	Female	Yes	
Nothing in our local areas is aimed at the youth of today. Crime is at its highest. We should focus on the youth of today as oppose to fancy statues and coffee shops !	25 - 34	Male	Yes	Ws72jd
You're doing a great job	65 - 80	Male	No	
Please reduce parking charges in Lichfield city centre to attract more people. Stop building endless retirement homes in our city centre. Do something with the empty plot of land at corner of Birmingham Rd/ St John's street which has been vacant for almost 7 years now !! An embarrassment for LDC.	55 - 64	Male	No	WS14 9SZ

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Please listen to the public, we are not council tax numbers , we are real people in real homes in Lichfield , Thank you	55 - 64	Female	Yes	WS13 7NJ
With the savings this makes you could probably reduce the costs to city center businesses so that they and new ones could afford to stay or start up in town and reduce the number of empty shops	65 - 80	Male	Yes	WS14 9YT
Tell Staffs Council to give us our money back too	35 - 44	Male	Yes	WS14 0AA
Really difficult and no easy answer. No option to discuss health protection factors eg imms and access to health care. I think you need to keep investing into conservation where able as a future investment	35 - 44	Female	Yes	Ws13
Could something be done about disabled parking at Sankeys, every Saturday there are cars parked there by people without blue badges even when there are other spaces available.	65 - 80	Male	Yes	Ws72hy
The roads in the area are in a terrible state, Pot holes do not get filled and once they are identified as a repair need the spray paint is put around them . This then negates any claim for vehicle damage as they have been high lighted even though this could be at night time.! The level of flooding on the roads is also ridiculous, I never see a Gulley sucker emptying the Road drains any more.	65 - 80	Male	Yes	Ws15 4ah

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The local plan is an evolving process and is primarily reliant on People Prosperity and Resilience services, so it's the local plan that should be subjected to a revised budget	65 - 80	Male	Yes	
The Council needs a thorough review and better strategic vision and management of change in light of a changing population and demographic. Better than fiddling around on the margins as this process invites	65 - 80	Male	Yes	WS13 8DZ
Scrap those useless blue bags and go back to a three bin system, it's your job to deal with rubbish not mine. Clean up the streets, sort out crime and stop being soft on scroungers.	55 - 64	Male	Yes	Ws13
It seems to me that this is an exercise in going through the motions of consultation and the options offered in each category are so vague as to be meaningless.	65 - 80	Male	Yes	WS13 7QJ
If you need more money then make Lichfield somewhere people want to visit from far and wide. Don't build unneeded retail units and housing at Friarsgate. Have some inspiration for what makes Lichfield magical.	45 - 54	Male	No	WS14 9EJ
Under current circumstances, everybody including councils have to tighten their belts and improve efficiency.	65 - 80	Male		DE13

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When it comes to managing people are departments I always believe targets and efficiency can be improved. Development of the city and continuing to have a vision of tourism must be supported. The high streets are becoming baron lands, please don't let this happen to Lichfield. Turn the shop spaces into residential living for the elderly that way we build community. Let's walk to the local shops and parks not drive to some big supermarket	45 - 54	Male	Yes	WS14 0JF
I have lived in Lichfield for almost 25 years and love the city and local environment. In more recent times I have become increasingly frustrated with major events that create overcrowding, parking problems, anti-social behaviour, noise and disruption to residents and businesses, and have resulted in severe damage to Beacon Park land. Whilst it is nice to promote Lichfield as a place to visit, I believe there needs to be a rethink over the type and scale of events that are held in the city. Income generated from these events comes at a cost, both in terms of disruption, and the funds required to police such events and offset the cost of the consequential damage.	65 - 80	Male	Yes	
See my comments.	65 - 80	Male		WS14
This gives a very simplistic view of managing the budgets and I'm completing this to have my voice heard but I don't feel	45 - 54	Female	Yes	

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this is the right approach to take and I suspect that many people will start but not complete this as it is not as easy to work with as it suggests and it is a very over simplified view of things.				
There is no mention of how much is being paid towards the pension shortfall. It's politically unpalatable but there needs to be a conversation with council employees(all public sector really) that there is not enough to fund the pensions that have been promised and that they either need to work longer or accept lower benefits in retirement.	45 - 54	Male	Yes	Ws14 9ax
Cut council spending on keep changing their minds. Costs us a fortune	65 - 80	Female	Yes	
Stop building more houses!!!!	55 - 64	Female	Yes	Ws138lx
JUST DIRECT MORE TO BURNTWOOD, YOU'VE STARVED US FOR YEARS	55 - 64	Male	Yes	
The council budget should support those in need rather than business. An small increase in Council Tax would not be remiss. To spend well we must tax fairly: the larger the home, the more tax should be paid.	45 - 54	Male	Yes	
We should be doing all we can for all of these items budgeted for in this survey.	65 - 80	Female	No	WS140AA
The options are quite restricted for example no reference to reducing central costs and overheads. Overall the impression is that this process is not really	65 - 80	Male	Yes	

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making a difference and that key decisions on spending have already been made. If not the options would be wider.				
It is time to cut back or face a Birmingham crisis.	81+	Male	Yes	WS14 9BY
can't remember the last time I saw road repairs in Whittington or Litchfield	81+	Male	Yes	WS14 9PE