

Money Matters : 2017/18 Review of Financial Performance against the Financial Strategy

Cabinet Member for Finance and Democracy

Date:	13 February 2018
Agenda Item:	3
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Key Decision?	YES
Local Ward Members :	Full Council

Cabinet

1. Executive Summary

- 1.1 The report covers the financial performance from April to November (Revised Estimate) for 2017/18.
- 1.2 The Net Cost of Services is projected to be below budget by **(£306,700)** and Corporate Budgets (Treasury and Section 31 Grants) are projected to be **(£46,340)** below budget, a total of **(£353,040)**.
- 1.3 A large proportion of the Efficiency Plan target of **(£250,000)** has been identified totalling **(£163,100¹)** and **(£86,900)** remains to be identified during 2017/18.
- 1.4 The Council on 21 February 2017 approved a transfer to general reserves of **£1,060**. However on 17 October 2017 Council approved a series of changes impacting on general reserves and the subsequent approval of the Outsourcing of the Leisure Centres. The Approved Budget therefore shows a contribution from general reserves of **(£870,260)**.
- 1.5 The projected below budget performance detailed in 1.2 means a lower transfer of **(£517,220)** is currently projected from general reserves.
- 1.6 The Capital Programme is projected to be below budget by **(£1,279,000)** resulting from profiling updates.
- 1.7 The Council is projected to receive capital receipts of **(£204,790)** compared to the Approved Budget of **(£250,000)**. This projection now includes **(£190,000)** of Right to Buy Receipts from Bromford Housing.
- 1.8 In terms of Council Tax, Business Rates and Sundry Debtors:
 - The Council's collection performance on Council Tax based on debt covering all years is **76.45%** and this is consistent with previous years.
 - There is a projected surplus for Council Tax and the Council's share of **(£42,410)** will be included in the 2018/19 budget.
 - Overall invoices outstanding have reduced by **(£431,794)** or (30.28%) with a reduction in those outstanding for less than 6 months by **(£394,527)** or (49.43%). This is due to no Section 106 Invoices being raised in 2017 due to the implementation of Community Infrastructure Levy.
 - The Council is projected to be paying Business Rate levy of **£669,000** to the GBS pool and will receive **(£217,000)** of returned levy. This is **£152,000** more net levy than the Approved Budget (after taking account of the budgeted volatility allowance) although this is offset by projected additional Section 31 Grants of **(£152,000)**.
 - Overall Retained Business Rate Income is projected to be in line with the Approved Budget.
 - The Council's collection performance on Business Rates based on debt covering all years is **74.95%** and this is consistent with previous years.
 - There is a projected surplus for Business Rates and the Council's share of **(£599,700)** with **(£591,300)** included in the 2018/19 budget and the balance to be included in the 2019/20 budget.
- 1.9 The Council's investments achieved a risk status that was more secure than the aim of A- and yield exceeded all four of the industry standard LIBID yield benchmarks.

¹ This is the recurring savings of (£26,000) from 2016/17, (£20,440) in virements and (£65,500) in 2017/18 Three Months (£40,360) in 2017/18 Six Months and (£10,800) in this report at **APPENDIX B**.

2. Recommendations

- 2.1 To note the report and issues raised within.
- 2.2 To note that Leadership Team with Cabinet Members will continue to closely monitor and manage the Medium Term Financial Strategy 2016-21.
- 2.3 To formally accept the offer of **£82,000** from the Department of Communities and Local Government (DCLG) to support expenditure on Disabled Facilities Grants in 2017/18.
- 2.4 To approve an update to the Capital Programme expenditure budget for Disabled Facilities Grants in 2017/18 to **£1,010,000**, funded by **£176,000** of council resources, **£752,000** of Better Care Fund (BCF) and **£82,000** of DCLG Grant.
- 2.5 To note the outcome of the Ealing Case related to sporting services and the resultant potential financial benefit for the Council, and to approve an exception to Contract Procedure Rules for the payment to Price Waterhouse Coopers as the lead organisation in the event the Council receives a refund.

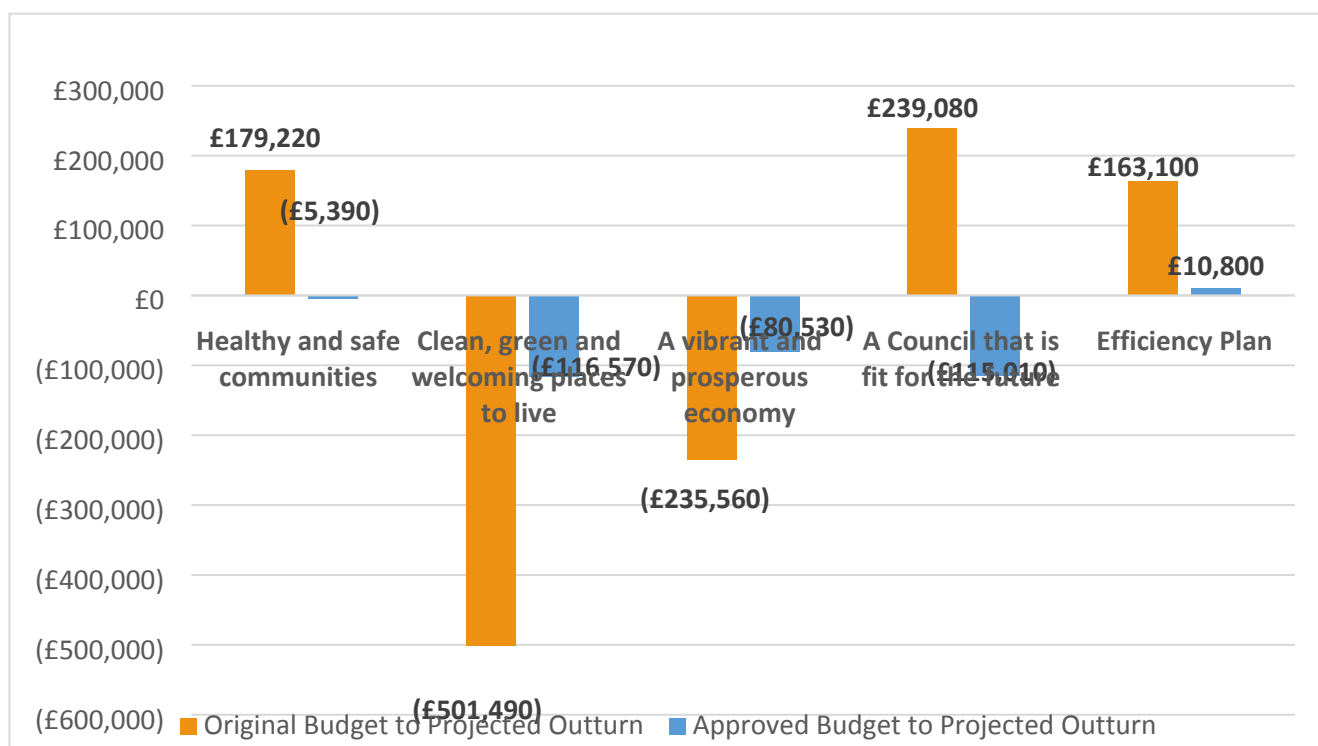
3. Background

Budget Management

- 1.1. The MTFS 2016-21 approved by Council on 21 February 2017 included the Original Budget for 2017/18 and sets out the allocation of resources and the policies and parameters within which managers are required to operate.
- 1.2. Throughout the financial year, Money Matters reports will be provided to Cabinet and Briefing Notes to Strategic (Overview and Scrutiny) Committee at 3, 6 and 8 month intervals to monitor financial performance.
- 1.3. The Money Matters reports update the Approved Budget to reflect latest projections and this 8 month Money Matters report will form the basis of the Revised Approved Budget for 2017/18 and will be approved by Council on 20 February 2018.

The Revenue Budget

- 1.4. The detailed financial performance is shown in **APPENDIX B** and in summary in the graph below:



Performance compared to the Approved Budget

1.5. The projected variance to the Approved Budget related to 'one off' items of **(£313,700)** is shown in summary in the table below and in more detail in **APPENDIX B** by Service Area.

	Approved Budget	
	Virements	Variance
Healthy and Safe Communities		
• Savings/income found in this quarter		(5,390)
Clean, green and welcoming places to live		
• Savings/income found in this quarter	(5,800)	(46,010)
• Underspends on maintenance of premises and trees within the parks		(30,000)
• Transfers for New Burdens funding	(34,760)	
• Savings on equipment spend and also additional income from external contracts	(25,000)	
• Earmarked Reserve request for Vehicle Replacement Programme	25,000	
A vibrant and prosperous economy		
• Savings/income found in this quarter		(48,460)
• Contribution from Building Control Partnership Surplus		(10,000)
• Additional Planning Application income	(154,000)	
• Earmarked Reserve Request for Planning Appeals	154,000	
• Additional net income from car parks remain open during 2017/18 when the MTFS assumed they would close due to the Friarsgate Programme	(169,000)	(22,070)
• Income set aside into Friarsgate Earmarked Reserve	105,000	
• Income set aside into Business Rates Reserve	64,000	
• Vacant post savings	(11,000)	
• Earmarked Reserve Request for Tourism Signage	11,000	
A Council that is fit for the future		
• Savings/income found in this quarter	(5,000)	(22,130)
• Fit for the Future Earmarked Reserve No Longer required		(57,140)
• Vacant posts		(44,500)
• Members savings as a result of committee restructure		(21,000)
• Transfers for New Burdens funding	34,760	
Efficiency Plan		
• Savings/income found in this quarter	10,800	
Total – Net Cost of Services	£0	(£306,700)
Net Treasury		(7,000)
Sub Total		(£313,700)
Funding including Section 31 Grant to reimburse the Council for the Government previously capping Business Rate increases		(39,340)
Additional Transfer (to) / from General Reserves	£0	(£353,040)

Leisure VAT Claim

- 1.6. In 2015 the Council submitted a claim for the repayment of VAT on sporting services supplied for the benefit of those taking part in sport as part of a case submitted by Ealing Council and led by PWC on a 'no win no fee' basis to the European Court of Justice (ECJ).
- 1.7. This case focussed on the principle of inconsistency in UK law compared to EU law regarding exemption and supplies of sporting services compared to other bodies such as Trusts etc.
- 1.8. In July 2017 Ealing won the case in the ECJ and HMRC accepted the decision and have also confirmed they will not be seeking to invoke unjust enrichment provisions and therefore reduce the value of the claim.

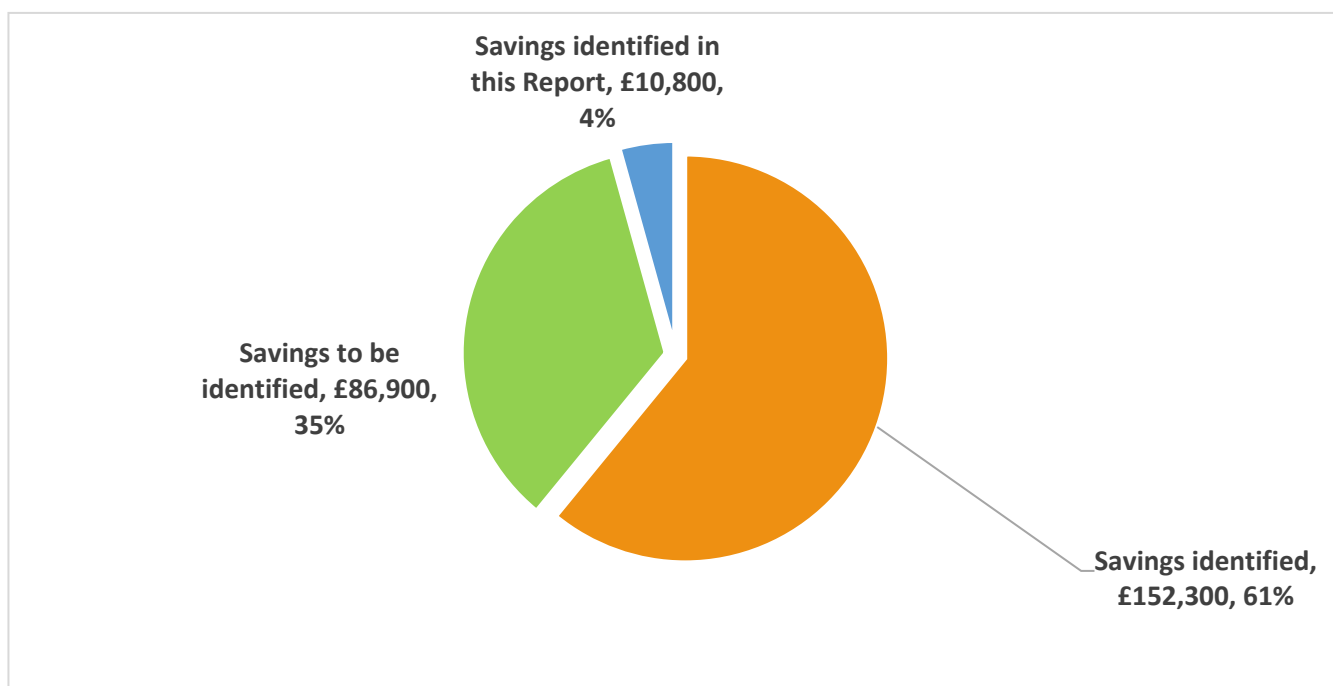
- 1.9. This means the VAT included in the claim made by the Council (plus a claim for the period between the last claim and the judgement) should be repaid to the Council subject to any checks by HMRC.
- 1.10. The claim was for circa **£400,000** (there will be an additional claim for the period of consideration by the European Court) and PWC will receive 20% or circa **£80,000** of this sum as the lead organisation.

Projected Outturn for Leisure Centres and the Waste Service

- 1.11. The forecast position for leisure centres is very difficult to estimate at this point in time given the outsourcing that will take place on 1 February 2018. It has therefore been assumed that the final position will be in line with the Approved Budget.
- 1.12. There are many variables that could impact on the final year-end position for Waste Services and as a result it is difficult to forecast the outturn other than to assume it will be in line with budget. The variable factors include the following:
- The difficulty in predicting the number of subscriptions for the garden waste chargeable service which will impact not only on the income from charging for collection but also impact on recycling credits received.
 - The recent disruption caused by inclement weather conditions has increased operational costs and the full impact has yet to be determined. The Service may be affected by similar disruptions as the winter months continue.
 - There has in recent months been a sudden increase in the number of rejected loads of dry recyclate at the recycling centre because of high levels of contamination. This has resulted in additional costs and lost income.
 - The impact of the Chinese ban on plastics and other recycled materials. Our income share from the sale of dry recyclate relies on the world market price for each commodity, and it is very likely that the price and hence our income will fall over the coming months.

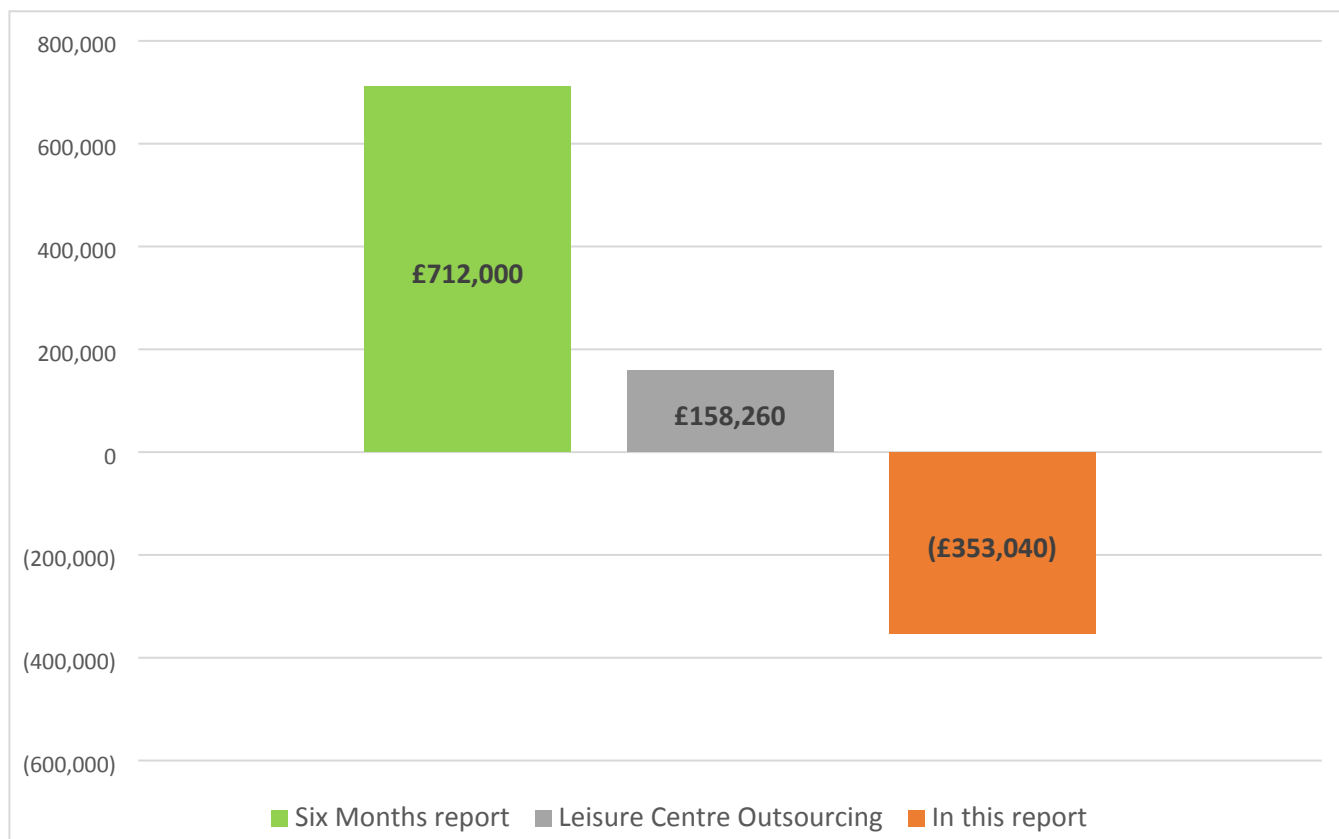
The Efficiency Plan

- 1.13. The Council approved an Efficiency Plan Target of **(£250,000)** for 2017/18 with **(£152,300)** already identified in the Six months Report.
- 1.14. This report identifies a further **(£10,800)** of ongoing savings/additional income (**APPENDIX B**). The progress to date on the Efficiency Plan is shown in the graph below:

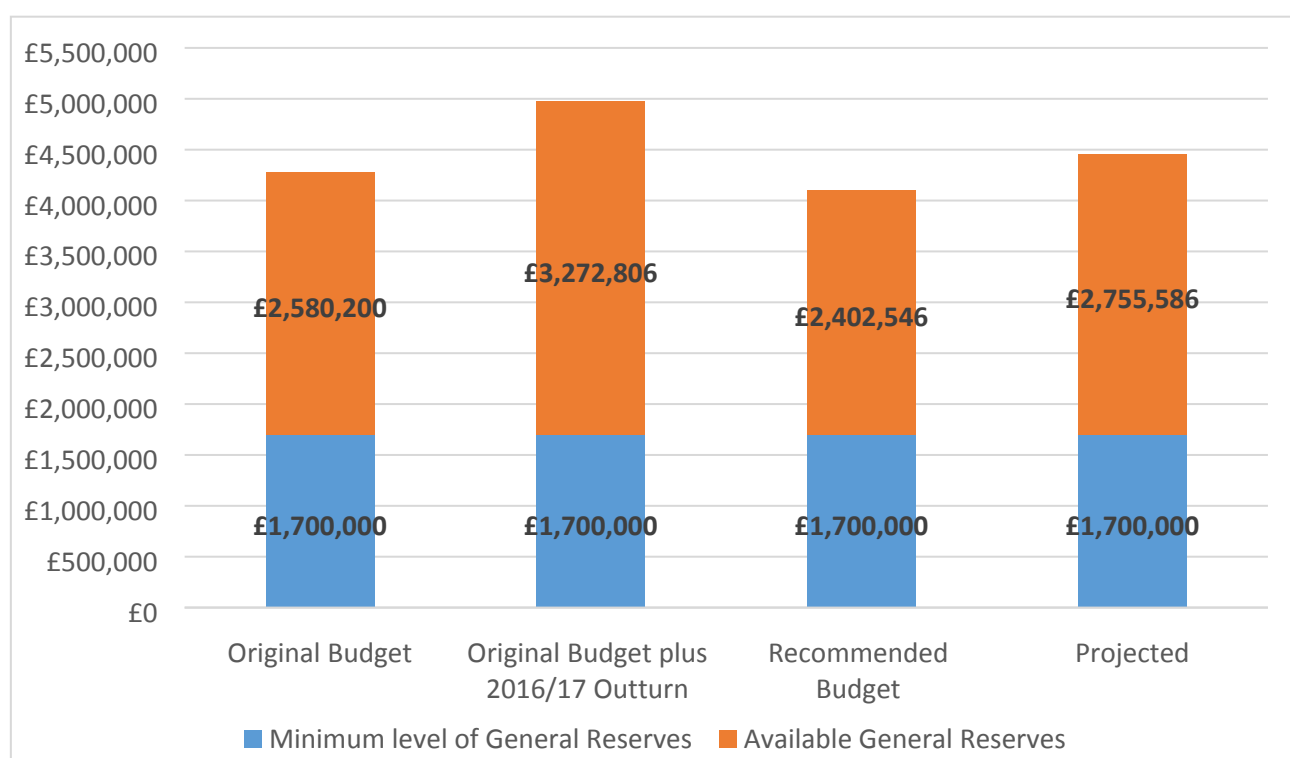


Revenue General Reserves

- 1.15. The Council's Original Budget approved a contribution to General Reserves of **£1,060**. The Approved Budget following approvals by Council currently shows a contribution from General Reserves of **(£870,260)** at the six months stage and also taking into account the Leisure Centre Outsourcing impact.
- 1.16. This report identifies **(£353,040)** of below budget performance and therefore the contribution from general reserves will reduce to **(£517,220)** and this is shown in the graph below:

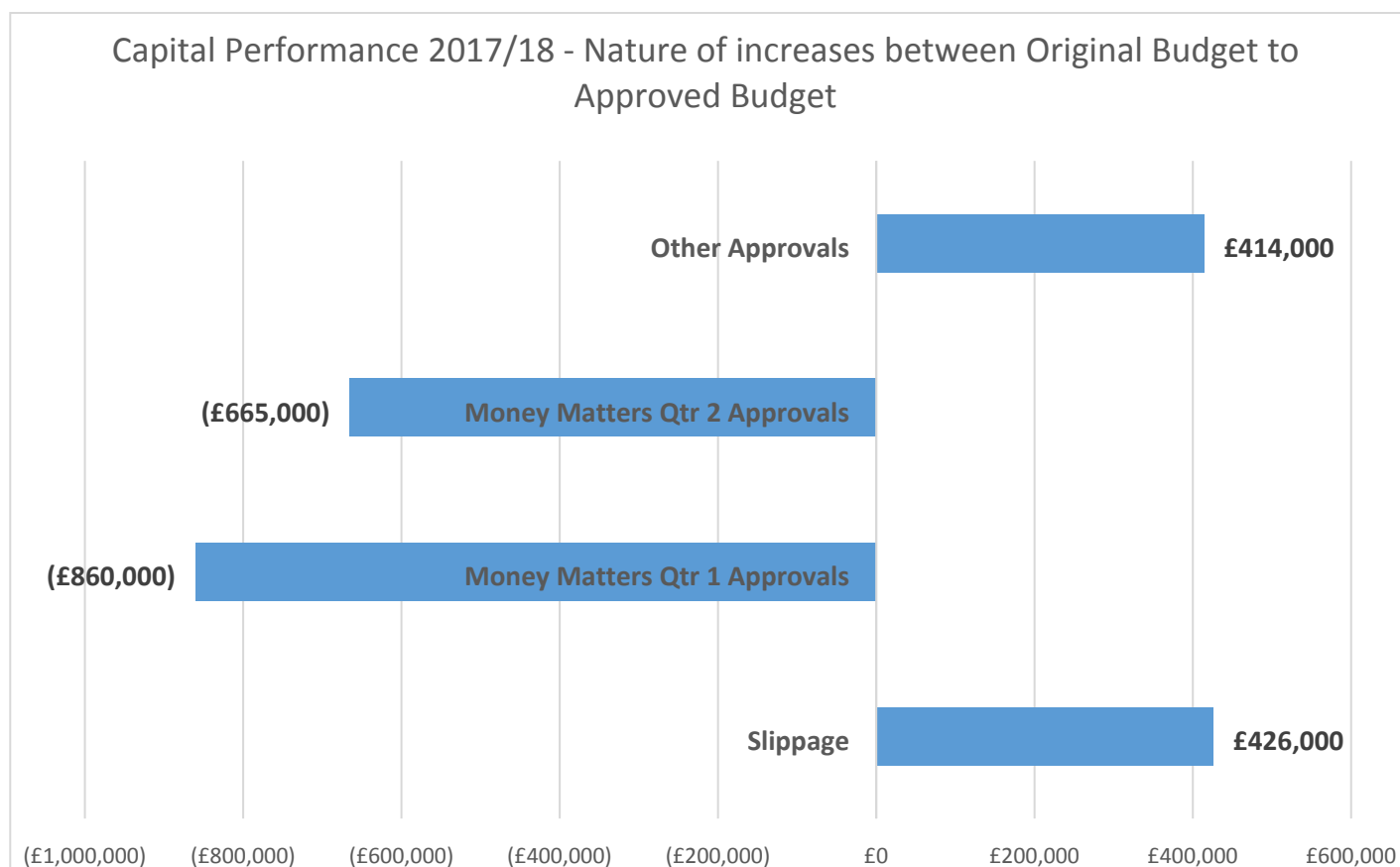


- 1.17. The following Revenue general reserves are available to assist the Council in meeting General Fund expenditure as part of the Medium Term Financial Strategy:

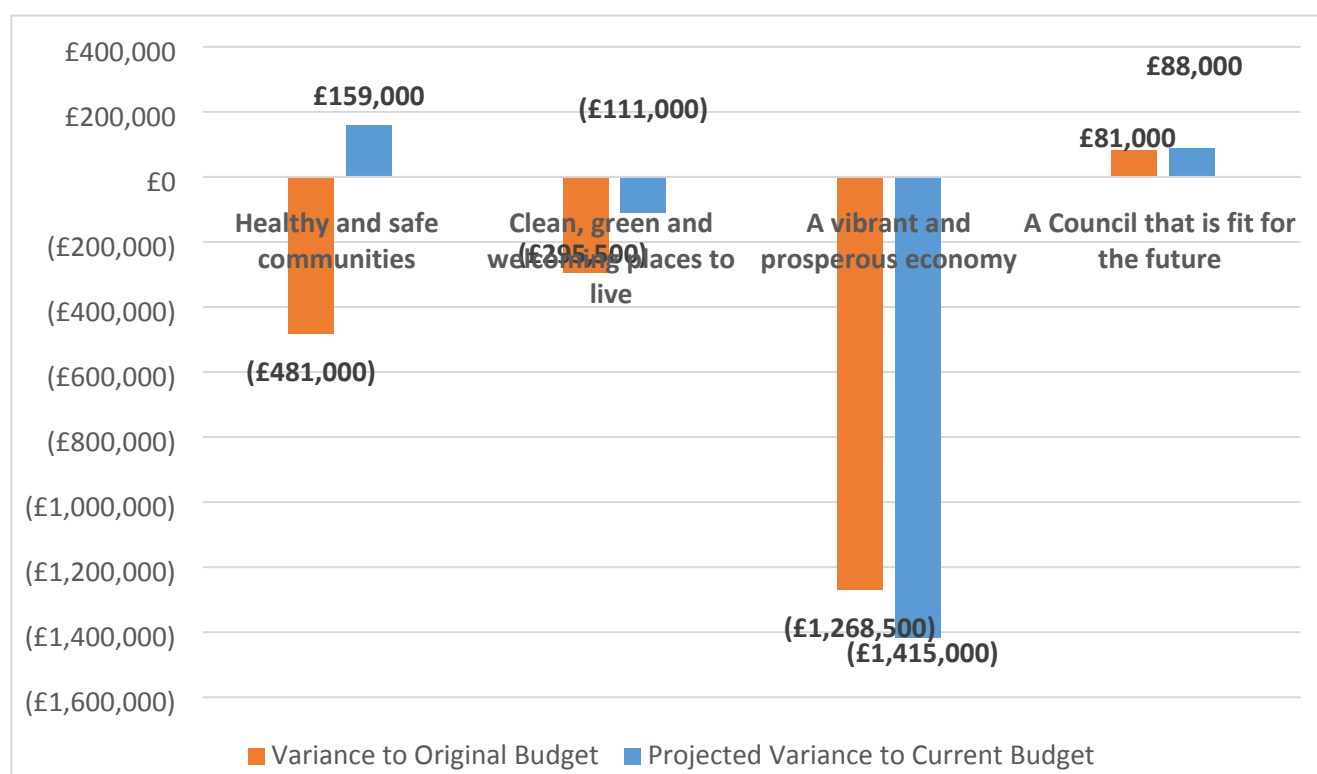


The Capital Programme

3.18. The budgetary changes from the Original Budget of **£5,332,000** to the Approved Budget of **£4,647,000** is shown in the graph below.



3.19. We are projecting that the Capital Programme performance will be below budget by **(£1,279,000)** or **28%** compared to the Approved Budget. This below budget performance compared to both the Original and the Approved Budgets is shown by the Strategic Plan's priorities in the graph below and in detail at **APPENDIX C**:



Performance compared to the Approved Budget

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

	Approved Budget Variance
Healthy and Safe Communities	
• Disabled Facilities Grants – £82,000 received from DCLG and £78,000 brought forward from 2018/19 to meet current projected demand.	160,000
• Play Area at Hawksyard - Capital project transferred to new manager, therefore spend delayed until 2018/19 whilst needs are assessed.	(1,000)
Clean, green and welcoming places to live	
• Darnford Park – Capital project transferred to new manager, therefore spend delayed until 2018/19 whilst needs are assessed.	(13,000)
• Shortbutts Park – Capital project transferred to new manager, therefore spend delayed until 2018/19 whilst needs are assessed.	(23,000)
• Vehicle Replacement Programme – the planned lease acquisition has been categorised as an Operating lease and therefore will not be categorised as a capital purchase.	(75,000)
A vibrant and prosperous economy	
• Document Management System – Orders expected to be placed in the New Year, therefore half of the budget has been slipped until 2018/19.	(6,000)
• Friarsgate Support – The Capital Programme assumed the Council would acquire the Police Station and receive reimbursement however latest plans are the developer will now acquire and transfer to the Council.	(1,409,000)
A Council that is fit for the future	
• IT and Channel Shift Programme – Several projects implemented earlier than forecast.	98,000
• Bin Storage Area Resurfacing – Project complete and under budget.	(10,000)
Total	(£1,279,000)

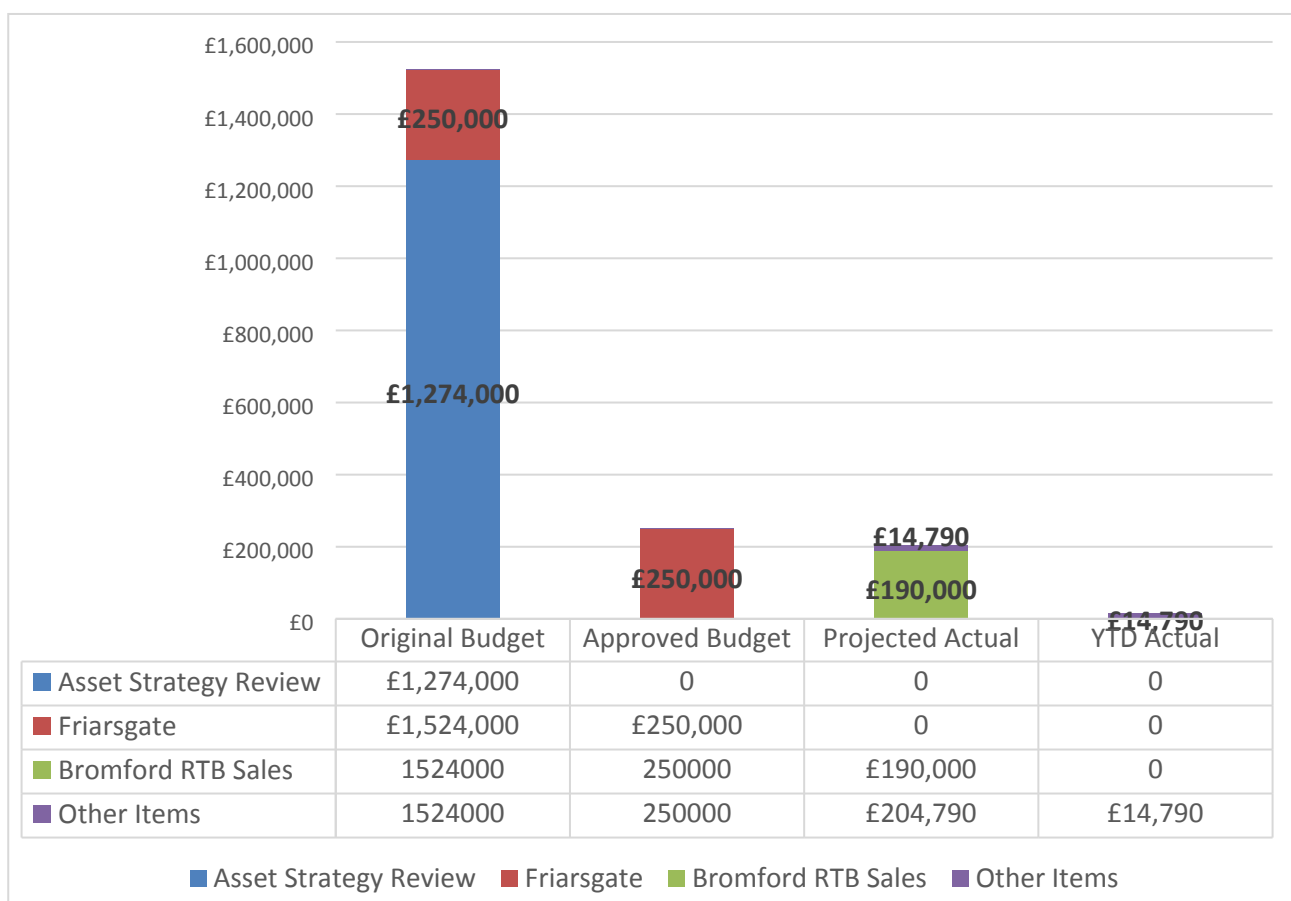
Disabled Facilities Grants

- 1.2. On 1 December 2017 the Department of Communities and Local Government (DCLG) provided details of the allocation of a further £42m of funding for Disabled Facilities Grants in 2017/18 announced in the Autumn Budget.
- 1.3. This funding will be paid directly to lower tier councils unlike funding allocated as part of the Better Care Fund.
- 1.4. The Council's maximum allocation is **£82,095** and this will mean an update to the Capital Programme.

Capital Receipts

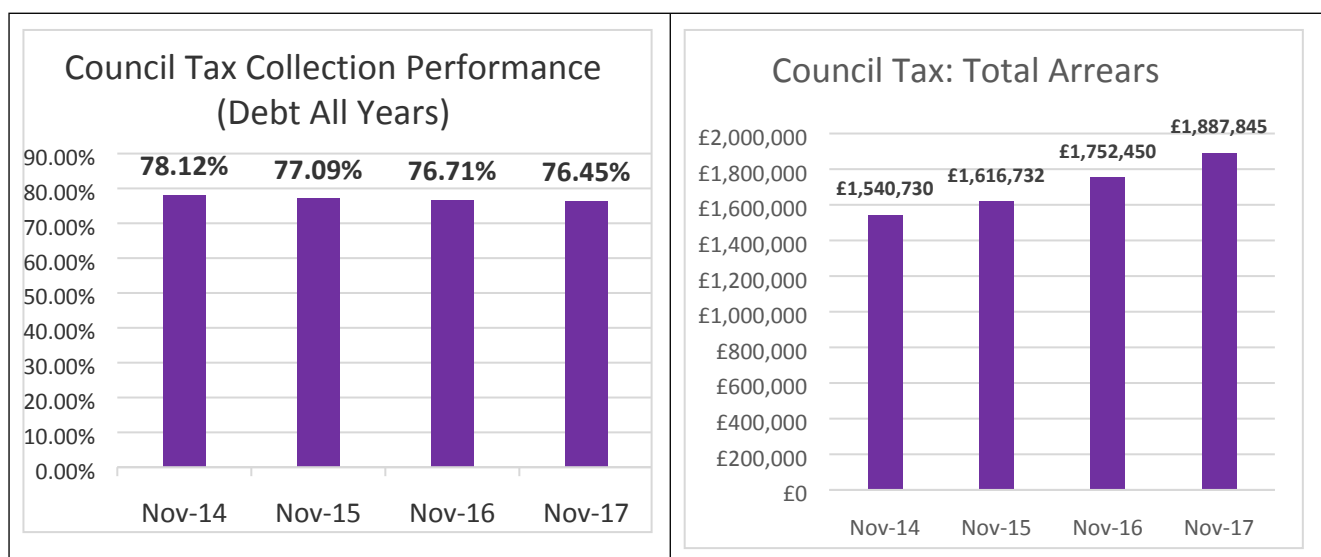
- 1.5. There have been **(£14,790)** of other receipts from housing grant repayments received during the first eight months of 2017/18 compared to the Original Budget of **(£1,524,000)** and Approved Budget of **(£250,000)**.
- 1.6. The Approved Budget now takes account of the Council's decision to retain the Bore Street Shops (Asset Strategy Review) and reduction in capital receipts of **£1,274,000**.
- 1.7. The **(£250,000)** capital receipt related to Friarsgate is not currently committed in the Council's Medium Term Financial Strategy because it is related to a specific milestone in the Friarsgate development.
- 1.8. We are currently projecting capital receipts of **(£204,790)** which includes **(£190,000)** from the Council's share of Bromford Housing's sales.

- 1.9. The Original Budget, Approved Budget, projected capital receipts and actual capital receipts received in the first eight months are shown in the graph below:



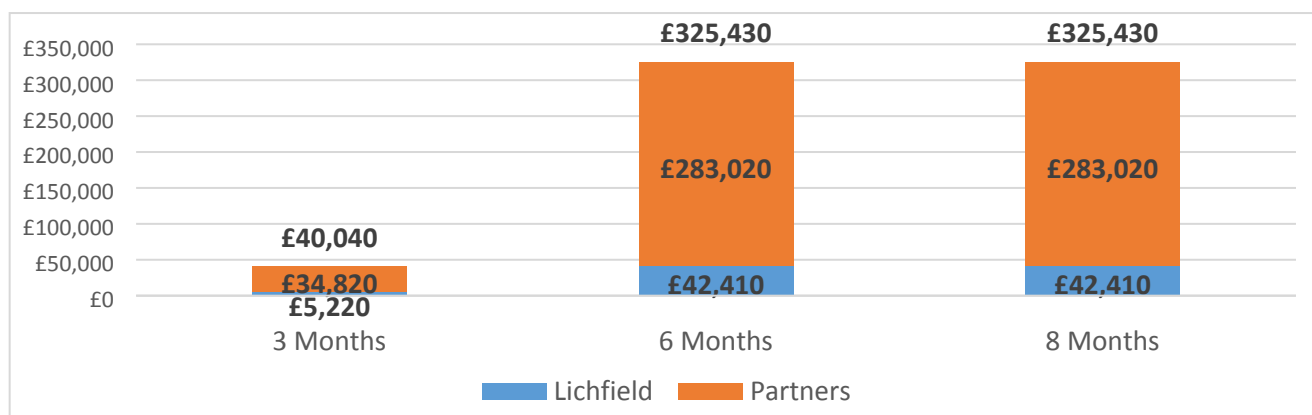
Council Tax

- 1.10. The Council is responsible for the collection of Council Tax for all precepting authorities in 2017/18 totalling **£59m**.
- 1.11. The collection performance for Council Tax for the first eight months of the last four financial years is shown in the graph below:



- 1.12. The collection performance has remained consistent with the same period in previous financial years although the total level of arrears is increasing. This can be attributed to several factors including the impact of the Local Council Tax Support Scheme, more properties to collect Council Tax from and the introduction of the Adult Social Care Precept.

- 1.13. A summary of the Projected Council Tax Collection Fund performance (The Budget assumed a breakeven position) is shown in the graph below and is based on Lichfield's (including Parishes) current share of Council Tax of **13%**:



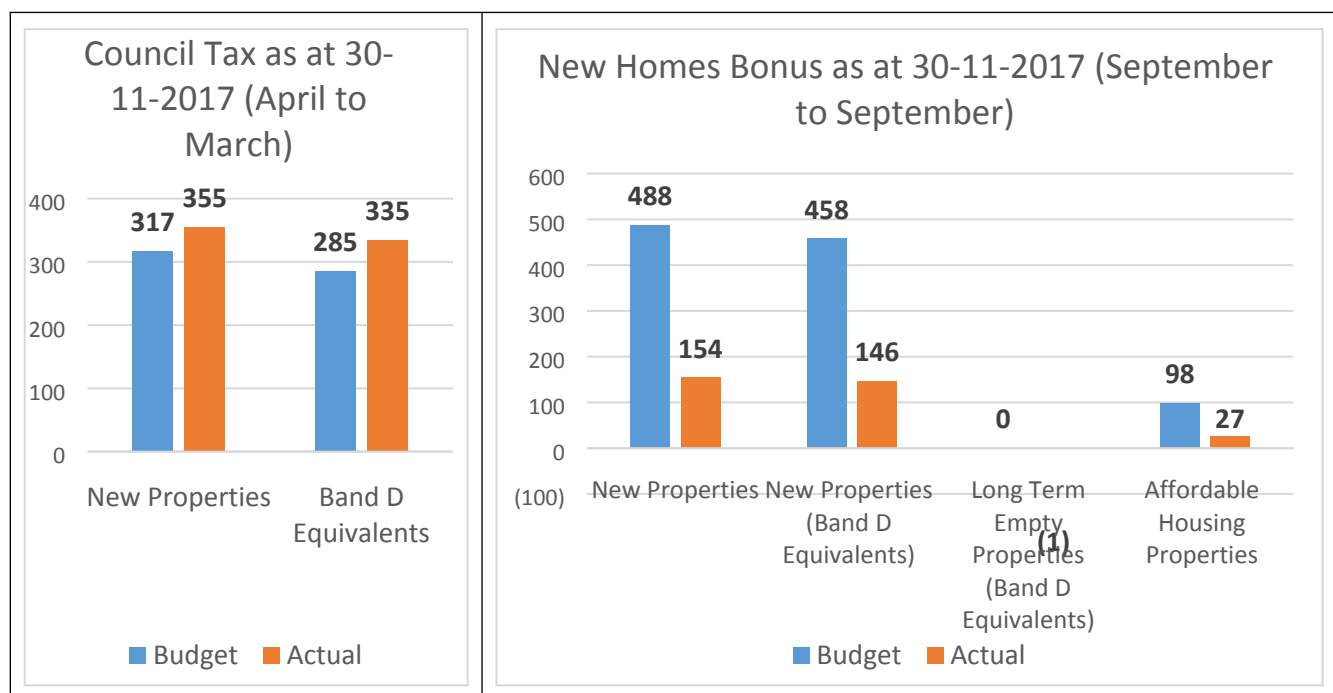
- 1.14. The main reasons for the projected surplus of **(£325,430)** are:

- The net yield from Council Tax in 2017/18 is projected to be **(£362,231)** higher than estimated. This is due to lower Local Council Tax Support discount and higher Council Tax income net of other discounts and exemptions. This will include additional income following the recent project undertaken by Revenues and Benefits to review the status of all Empty Property exemptions and reduce the number in receipt.
- There was a lower surplus than projected in 2016/17 of **£36,801**.

- 1.15. The projected surplus in 2017/18 includes the actual surplus in 2016/17 together with performance related to 2017/18. The Council's share of the projected surplus of **(£42,410)** will be included in the 2018/19 Budget and will therefore also impact on the Funding Gap in that financial year.

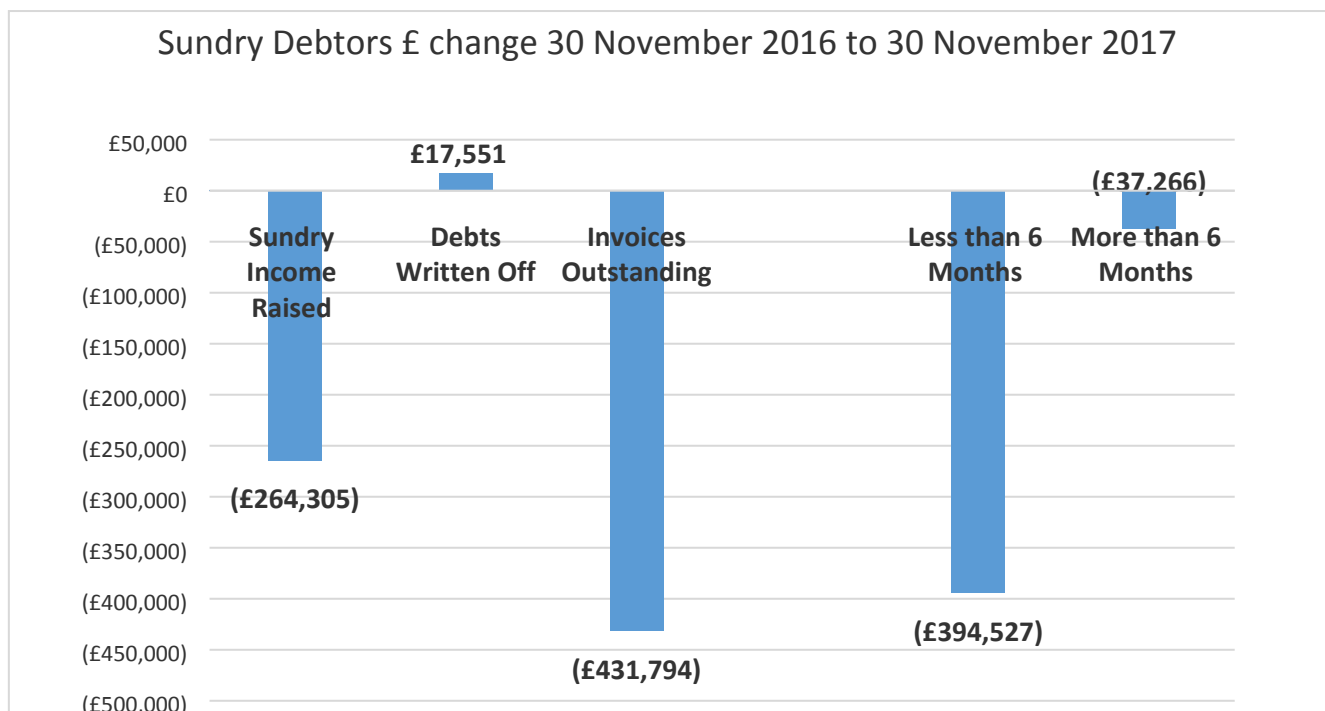
Housing Supply

- 1.16. Housing supply is one of the key assumptions in the current Approved Medium Term Financial Strategy because it impacts on the income we receive from both Council Tax and New Homes Bonus.
- 1.17. The first graph on the left shows housing completions for Council Tax for April 2017 to March 2018.
- 1.18. The second graph on the right for New Homes Bonus shows housing completions, changes in long term empty properties and affordable housing completions for September 2017 to September 2018.



Sundry Debtors

3.33 A summary of key transactions levels and collection performance for Sundry Debtors in 2017/18 compared to 2016/17 is shown in the graph below:



3.34 The Sundry Debtors performance is shown in detail at **APPENDIX D** and is summarised below:

- The value of income raised by invoices has reduced by **(£264,305)** or (7.49%).
- The value of write offs has increased by **£17,551** or (39.29%).
- Overall invoices outstanding have reduced by **(£431,794)** or (30.28%) with a reduction in those outstanding for less than 6 months by **(£394,527)** or (49.43%) and a reduction in those outstanding for more than six months by **(£37,267)** or (5.93%).
- The reduction in invoices raised and outstanding for less than six months is due to no Section 106 Invoices being raised in 2017 due to the introduction of Community Infrastructure Levy.

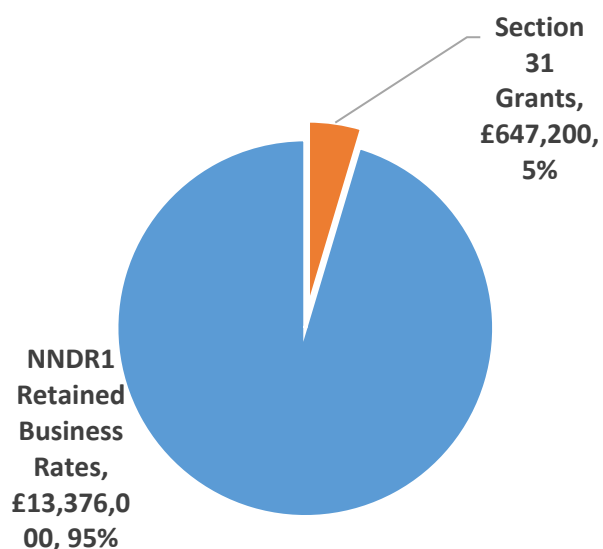
Business Rates

3.35. The Council will collect Business Rates for all partners in 2017/18 totalling **£36m**.

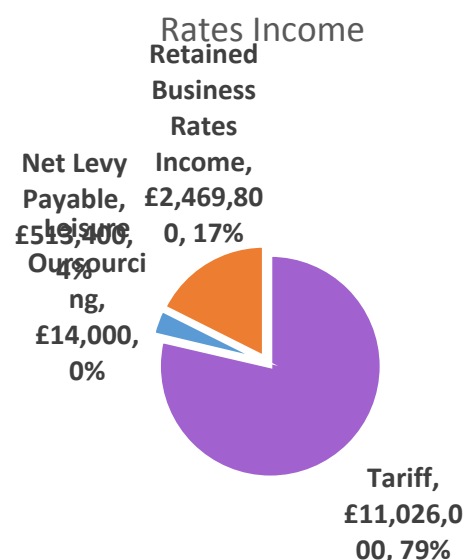
3.36. The Council receives a **40%** share of Business Rates income. The Council's share included in its budget is based on the NNDR 1 estimated level together with Section 31 grants for certain reliefs granted. The Council must then pay the Government set tariff and any net levy based on growth above the Government set baseline (or receive safety net in the event that business rates have reduced more than a set percentage below the baseline).

3.37. The Retained Business Rate income for 2017/18 is projected to be **(£2,469,800)** in line with the Approved Budget. There is projected to be (£152,000) of additional income however this is offset by additional net levy payments to the Greater Birmingham and Solihull Business Rates Pool. The detail of the Council's actual and budgeted share of Business Rates income, the tariff and net levy and retained Business Rates in 2017/18 is shown in detail at **APPENDIX D** and in the graphs overleaf.

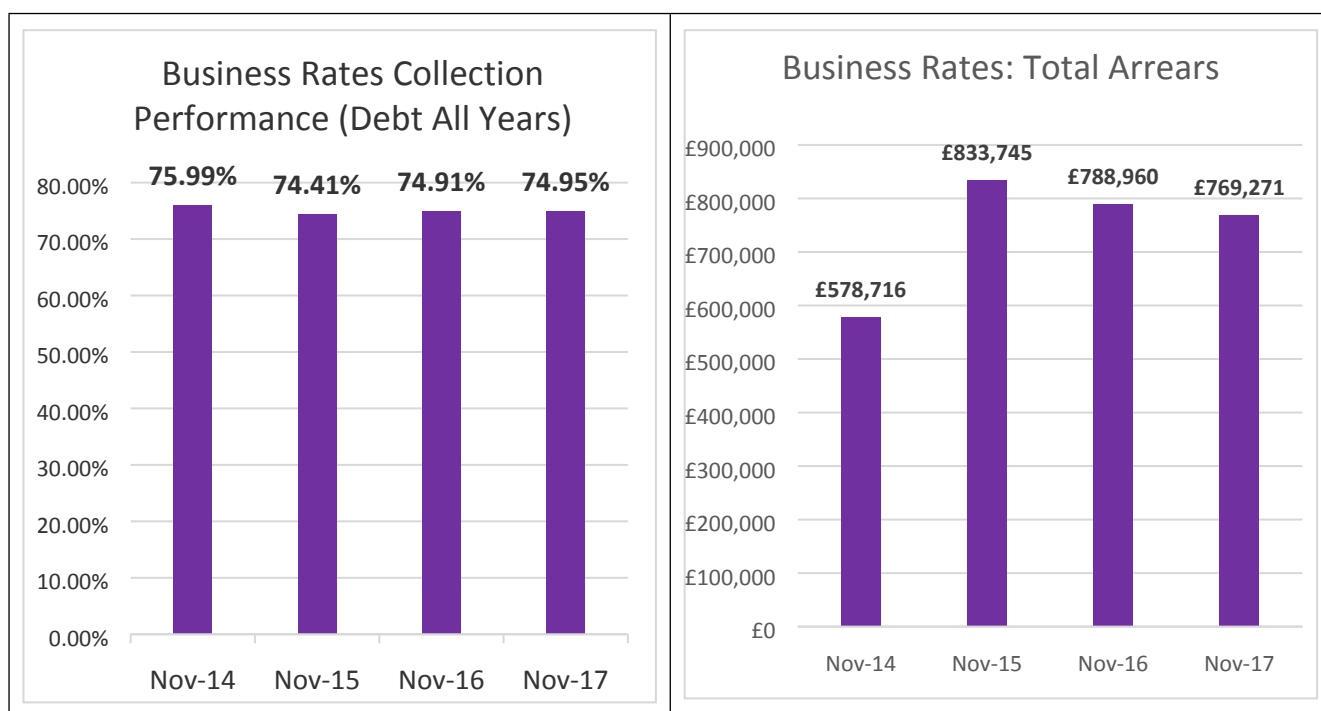
The makeup of the Council's share of Business Rate Income



The use of the Council's share of Business Rates Income



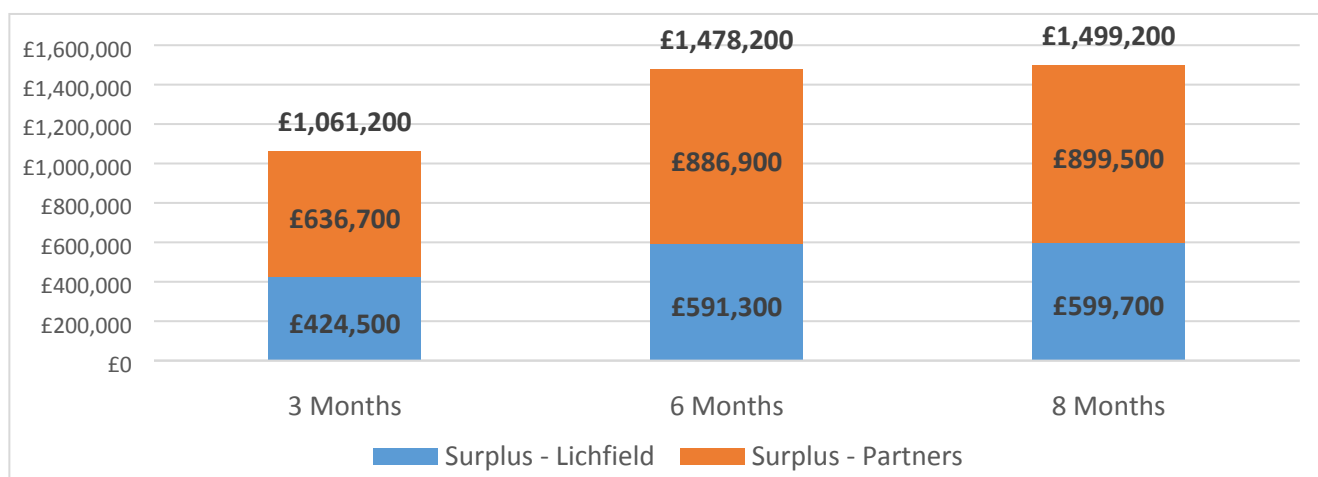
3.38 The collection performance for Business Rates for the first eight months of the last four financial years is shown in the graph below:



3.39 The collection performance has remained consistent with the same period in previous financial years.

3.40 The reduction in arrears at November 2017 is due to arrears in November 2016 including several large businesses that were subject to recovery and in arrears and this year are now paying as billed.

3.41 A summary of the projected Business Rates Collection Fund performance is shown in the graph below (the budget assumed a breakeven position) and is based on Lichfield's prescribed share of **40%**:



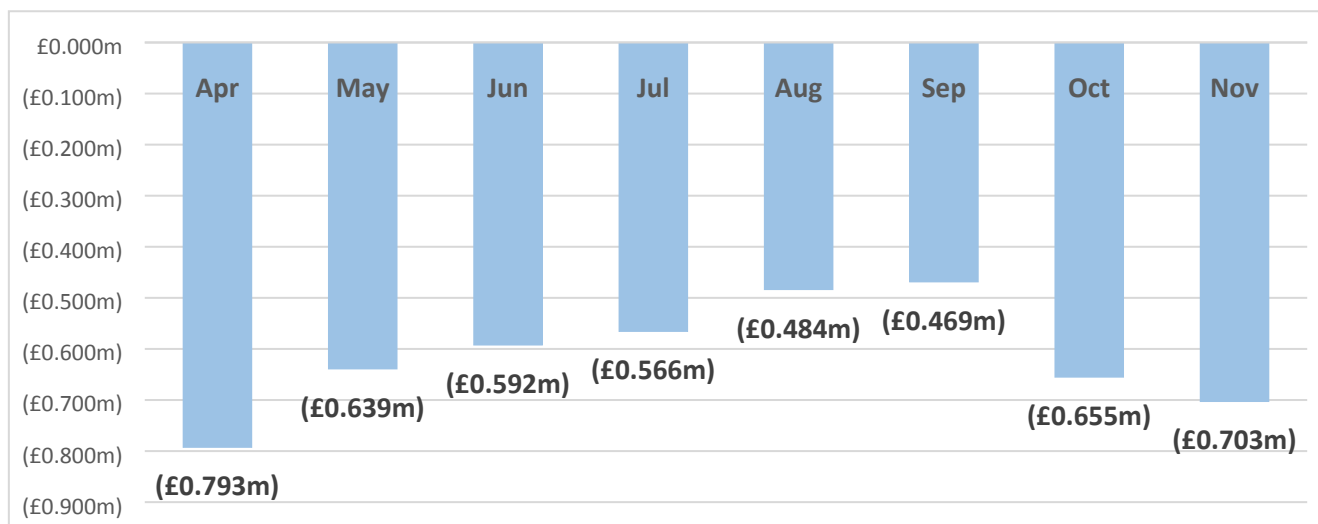
3.42 The main reasons for the surplus of **(£1,499,200)** are:

- There was a higher surplus than projected in 2016/17 of **(£729,325)**.
- The projected net yield from Business Rates in 2017/18 after taking account of reliefs is projected to be **(£211,000)** higher than estimated. This additional income is in part due to the inclusion of part year income from the new large unit in Fradley.
- The allowance for Bad Debts and appeals at this stage is projected to reduce by **(£558,875)** although appeals projections now have even more complexity and risk with the introduction of the Check, Challenge and Appeal process.

3.43 Therefore the Council's share of the projected surplus in 2017/18 is **(£599,700)** compared to the budget where breakeven was assumed. The surplus of **(£591,300)** projected at the six months stage will be included in the 2018/19 Budget and the balance of **(£8,400)** will be included in the 2019/20 Budget. The 2018/19 sum will therefore either reduce the Funding Gap in that financial year or be transferred to general reserves.

3.44 Another key assumption in the Medium Term Financial Strategy is the level of growth or decline in Business Rates. The Original Budget assumed an average Rateable Value of **£88.699m** with the only reduction in Rateable Value during 2017/18 related to properties impacted by the Friarsgate development.

3.45 The Rateable Value in the first eight months is lower than projected in the Approved Budget and is shown in the graph below. The Rateable Value is one key component of calculating income and should this be an ongoing trend the Business Rates income could be lower than projected.

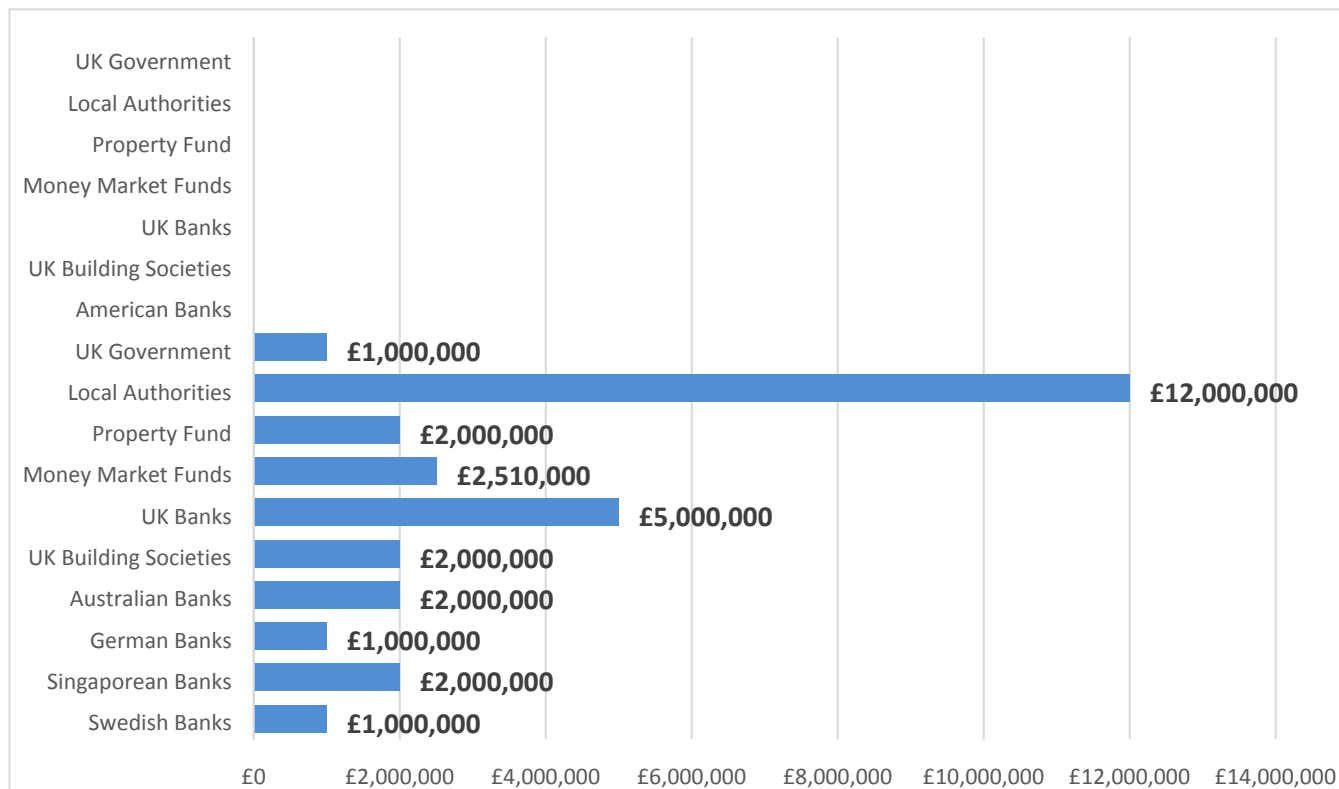


Treasury Management

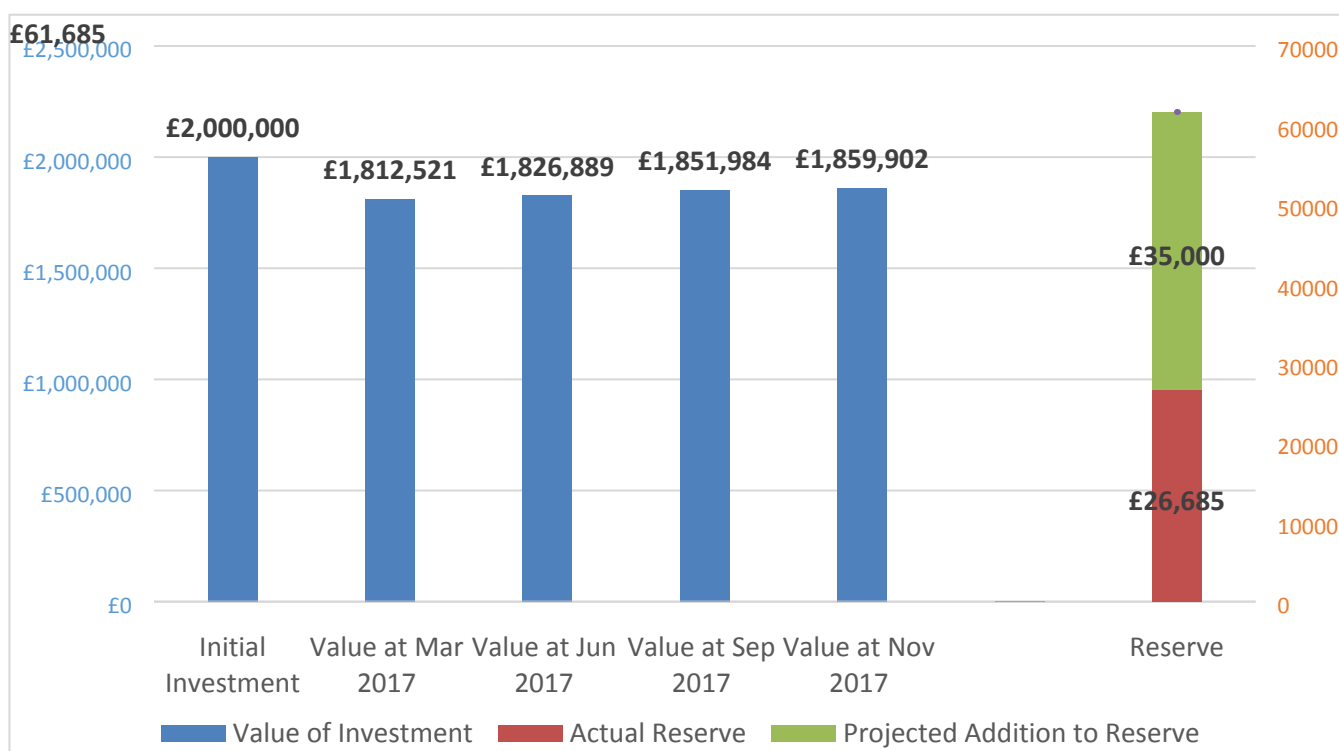
3.46 The performance of the Treasury Management function should be measured against the investment objectives of Security (the safe return of our monies), Liquidity (making sure we have sufficient money to pay for our services) and Yield (the return on our investments).

The Security of Our Investments

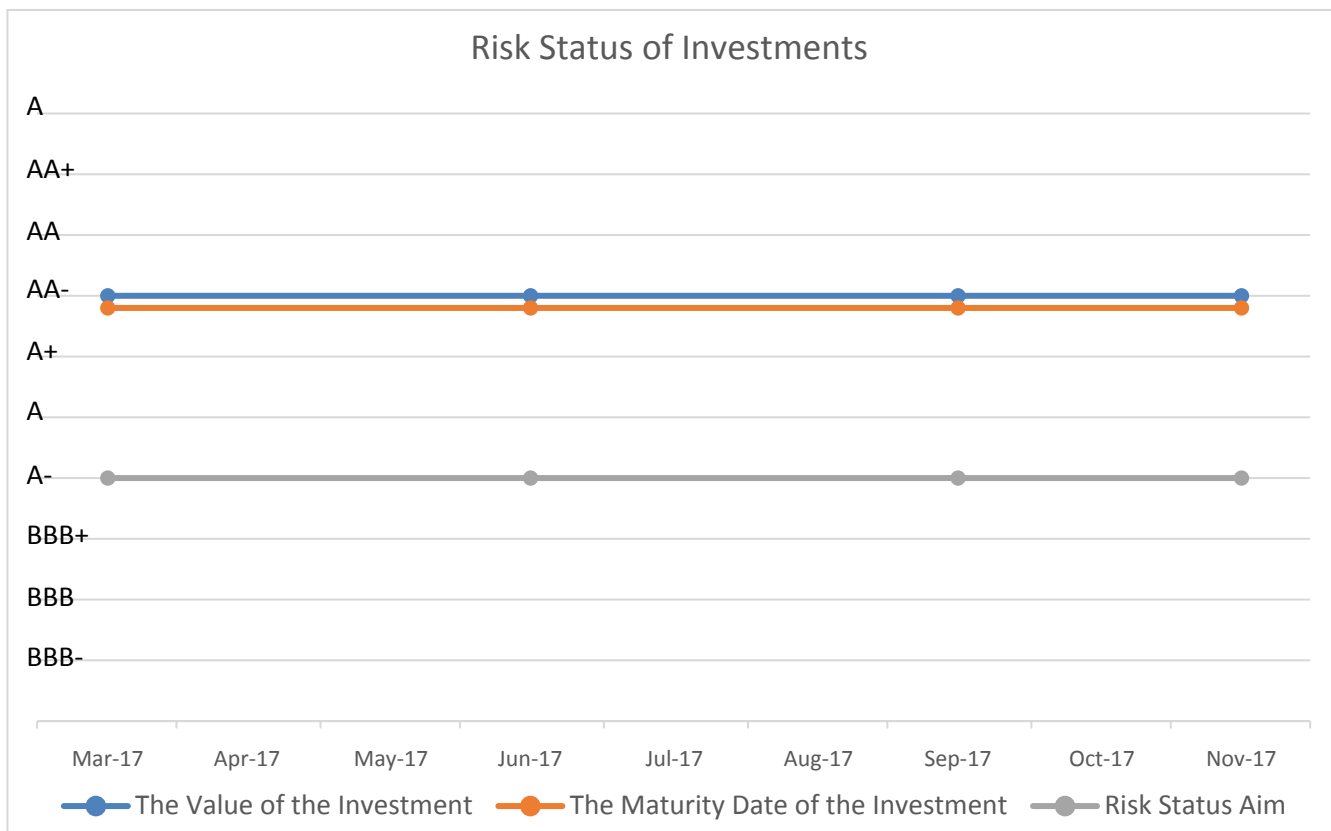
3.47 The investments the Council had at the 30 November 2017 of **£30,510,000** by type and country are summarised in the graph below and in more detail at **APPENDIX E**:



3.48 The current value of the Property Fund investment together with the projected value of the earmarked reserve at the end of 2017/18 intended to offset reductions in value is shown in the graph below:

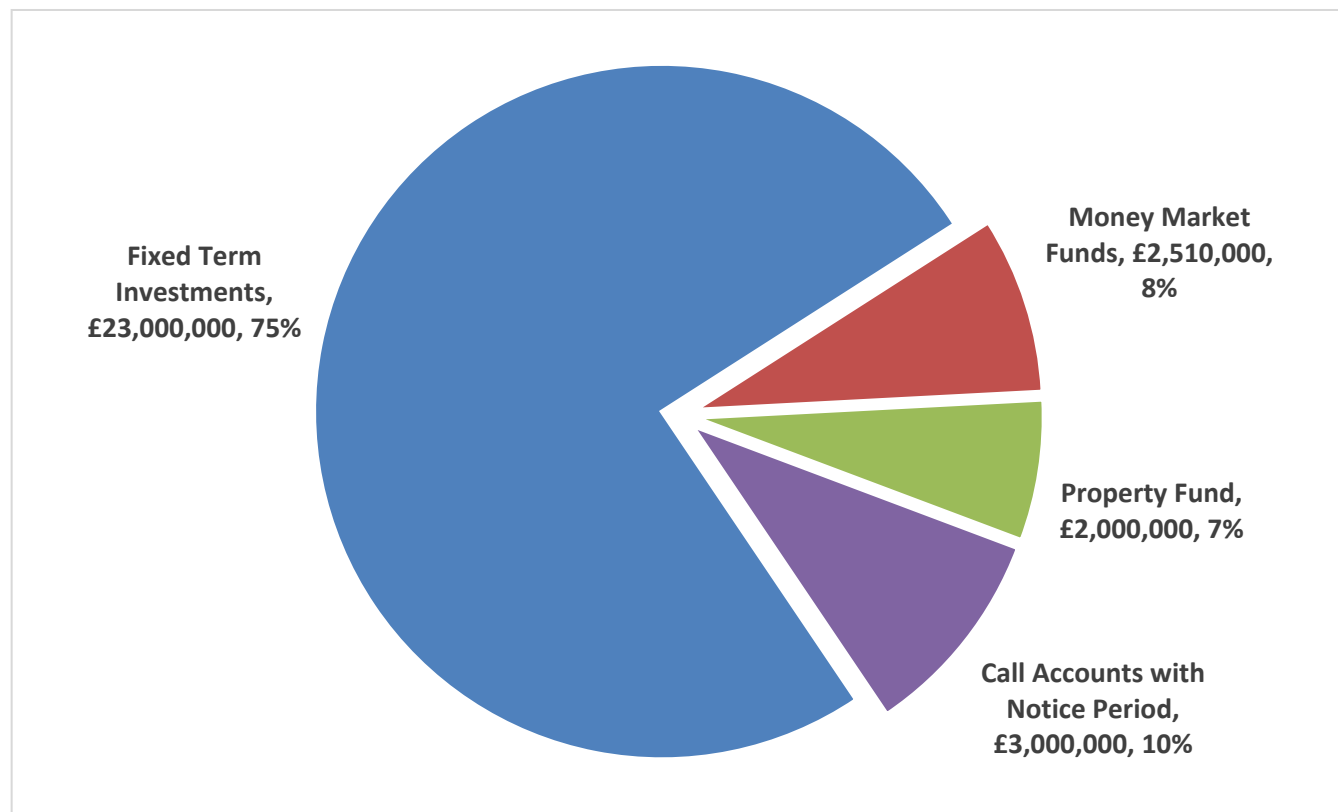


3.49 Our aim for the risk status of our investments was **A-**. The risk status based on the length of the investment and the value for a twelve month period is summarised in the graph below:



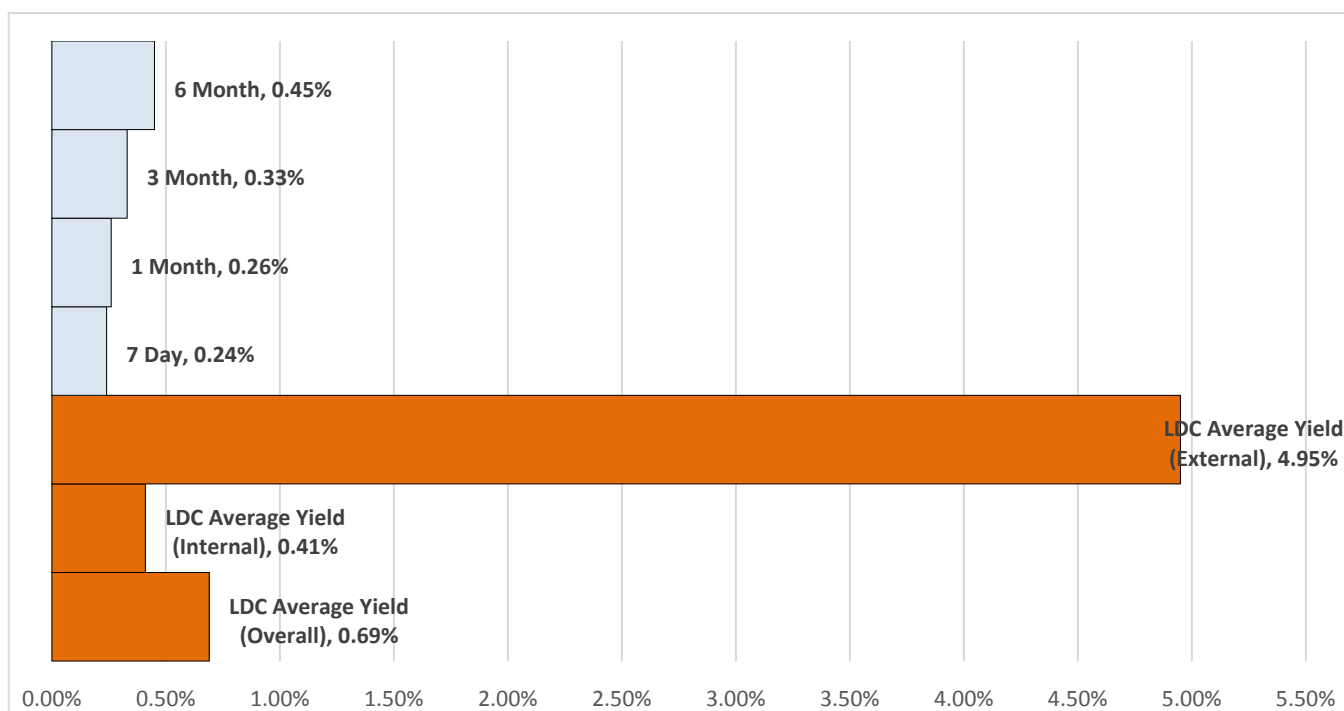
The Liquidity of our Investments

3.50 The Council has not had to temporarily borrow during 2017/18 and retains a proportion of its investments in instant access Money Market Funds to ensure there is sufficient cash available to pay for goods and services. The proportion of investments (with the Property Fund shown with its original investment value of £2m) of this type is shown in the graph below:



The Return or Yield of our Investments

3.51 The graph below shows the yields the Council achieved (internal investments, external investments i.e. the Property Fund and the overall yield) compared to a number of industry standard benchmarks shown in pale blue below (including our preferred benchmark of the 7 day LIBID rate).



3.52 The investment activity during the financial year is projected to generate **(£155,500)** of net investment income compared to a budget of **(£148,500)** and overall the Net Treasury position is projected to generate additional income of **(£7,000)**.

Alternative Options

There are no alternative options.

Consultation

Consultation is undertaken as part of the Strategic Plan 2016-20 and with Leadership Team.

Financial Implications

At this eight months stage in the year, for the period up to November 2017, we forecast a contribution from general reserves of **(£517,220)** will be made, against a budgeted contribution of **£1,060** to general reserves.

Further detailed analysis on the Financial Performance up to November 2017 is shown in the attached Appendices.

Contribution to the Delivery of the Strategic Plan

The MTFS underpins the delivery of the Strategic Plan 2016-20.

Equality, Diversity and Human Rights Implications

There are no additional Equality, Diversity or Human Rights implications.

Crime & Safety Issues

There are no additional Crime and Safety Issues.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Management of the Council's Revenue and Capital budget is critical to the successful delivery of key Council's priorities, and control measures need to be in place to manage the re-scheduling or re-profiling of projects and to respond to the changing financial climate including the impact of the EU Referendum result	Close monitoring of expenditure. Maximising the potential of efficiency gains. Early identification of any unexpected impact on costs, for example, central Government policy, movement in the markets, and changes in the economic climate. Prioritisation of capital expenditure. Project management of projects.	Red – Severe
B	Counterparty default	This current Strategy utilises more counterparties and financial instruments to diversify the portfolio and reduce this risk.	Yellow – Material
C	Actual cash flows are different to those that are planned	The Council maintains a comprehensive cash flow model that is updated on a daily basis to reflect actual and planned cash flows. An element of the Council's investment portfolio will be invested in instant access accounts.	Yellow – Material
D	Planned capital receipts are not received	Capital Receipts are only included in the MTFS projections either following a Governance Approval or where the money is legally committed to be received.	Green – Tolerable
E	New Government policies including the level of cuts to Communities and Local Government	To ensure any new policies such as those related to Business Rates and New Homes Bonus are evaluated and the impact is incorporated into the MTFS.	Red – Severe
F	The Check, Challenge and Appeal information provided by the Valuation Office Agency related to the 2017 List is insufficient to undertake robust appeals forecasts	We are currently using historic levels of appeals from the 2005 and 2010 lists together with the allowance of 4.7% contained in the 2017/18 Business Rates Multiplier to assess the level of appeals provision.	Red – Severe

Background Documents	<ul style="list-style-type: none"> • CIPFA Code of Practice for Treasury Management in the Public Services • The Prudential Code for Capital Finance in Local Authorities • Fit for the Future Leisure Review Leisure Services Options Appraisal – Cabinet 8 March 2016. • Money Matters: Council Tax, National Non Domestic Rates and Pension Contributions – Cabinet 17 January 2017. • Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2016-21 Cabinet – Cabinet 7 February 2017. • The introduction of a Garden Waste Subscription Service – Cabinet 4 April 2017. • Development of Land adjacent to Milestone Way and rear of 29-39 Cannock Road, Burntwood – Cabinet 25 May 2017. • Money Matters: 2016/17 Review of Financial Performance against the Financial Strategy – Cabinet 13 June 2017. • Money Matters: 2017/18 Review of Financial Performance against the Financial Strategy – Cabinet 5 September 2017. • Money Matters: 2017/18 Review of Financial Performance against the Financial Strategy – Cabinet 5 December 2017.
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Relevant web link	Cabinet – Lichfield District Council
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Audit Trail – The Approved Revenue Budget

	Original Budget	Quarter 2 Approved Budget	Full Council Reports ²	Virements below £50,000	Approved Budget	Virements above £50,000	Recommended Budget
Strategic Priority							
Healthy and safe communities	1,814,520	1,908,020	106,110	(15,000)	1,999,130		1,999,130
Clean, green and welcoming place to live	3,882,240	3,497,320			3,497,320		3,497,320
A vibrant and prosperous economy	(709,990)	(865,020)			(865,020)		(865,020)
A council that is fit for the future	5,653,680	6,007,770			6,007,770		6,007,770
Efficiency Plan	(250,000)	(97,700)			(97,700)		(97,700)
Net Cost of Services	10,390,450	10,450,390	106,110	(15,000)	10,541,500	0	10,541,500
Service Area							
Chief Executive	767,480	789,110		(16,980)	772,130		772,130
Finance and Procurement	1,489,630	1,480,180			1,480,180		1,480,180
Legal, Property and Democratic Services	281,610	226,280		16,980	243,260		243,260
Revenues, Benefits and Customer Services	701,630	729,630			729,630		729,630
Corporate Services	2,313,110	2,447,960			2,447,960		2,447,960
Leisure & Operational Services	2,514,620	2,640,650	106,110	(15,000)	2,731,760		2,731,760
Regulatory, Housing & Wellbeing	1,279,760	1,213,560			1,213,560		1,213,560
Development Services	39,360	24,900			24,900		24,900
Economic Growth	30,530	(167,420)			(167,420)		(167,420)
Waste Services	1,222,720	1,163,240			1,163,240		1,163,240
Efficiency Plan	(250,000)	(97,700)			(97,700)		(97,700)
Net Cost of Services	10,390,450	10,450,390	106,110	(15,000)	10,541,500	0	10,541,500
Net Treasury Position	(15,600)	(50,600)	38,150		(12,450)		(12,450)
Revenue Contributions to the Capital Programme	154,000	754,000		15,000	769,000		769,000
Net Operating Cost	10,528,850	11,153,790	144,260	0	11,298,050	0	11,298,050
Less : Transfer (from) / to General Reserve	1,060	(712,000)	(158,260)		(870,260)		(870,260)
Less : Transfer to Earmarked Reserves	504,840	592,960			592,960		592,960
Amount to be met from Government Grants and Local Taxpayers:	£11,034,750	£11,034,750	(£14,000)	£0	£11,020,750	£0	£11,020,750
Revenue Support Grant	(236,000)	(236,000)			(236,000)		(236,000)
Business Rates	(2,484,000)	(2,484,000)	14,000		(2,470,000)		(2,470,000)
Transition Grant	(51,750)	(51,750)			(51,750)		(51,750)
Local Council Tax Support	87,000	87,000			87,000		87,000
New Homes Bonus	(1,422,000)	(1,422,000)			(1,422,000)		(1,422,000)
Returned New Homes Bonus	(5,000)	(5,000)			(5,000)		(5,000)
Council Tax Collection Fund	(40,000)	(40,000)			(40,000)		(40,000)
Business Rates Collection Fund	(789,000)	(789,000)			(789,000)		(789,000)
Council Tax	(6,094,000)	(6,094,000)			(6,094,000)		(6,094,000)

² Full Council Reports relate to the Outsourcing of Leisure Facilities – Full Council 19 December 2017.

Revenue Financial Performance – Projected Variance to Budget 2017/18

Area	2017/18						
	Original Budget £	Recommended Budget £	Projected Outturn £	Projected Variance £	Projected Variance ● = adverse ☑ = favourable	Variance to Original Budget £	2017/18 Target Variance (+/-) £
Strategic Priority							
Healthy and safe communities	1,814,520	1,999,130	1,993,740	(5,390)	☑	179,220	
Clean, green and welcoming places to live	3,882,240	3,497,320	3,380,750	(116,570)	☑	(501,490)	
A vibrant and prosperous economy	(709,990)	(865,020)	(945,550)	(80,530)	☑	(235,560)	
A council that is fit for the future	5,653,680	6,007,770	5,892,760	(115,010)	☑	239,080	
Efficiency Plan	(250,000)	(97,700)	(86,900)	10,800	●	163,100	
Net Cost of Services	10,390,450	10,541,500	10,234,800	(306,700)		(155,650)	0
Service Area							
Chief Executive	767,480	772,130	694,490	(77,640)	☑	(53,780)	4,000
Finance and Procurement	1,489,630	1,480,180	1,460,050	(20,130)	☑	(29,580)	7,000
Legal, Property and Democratic Services	281,610	243,260	216,260	(27,000)	☑	(84,560)	10,000
Revenues, Benefits and Customer Services	701,630	729,630	722,830	(6,800)	☑	21,200	19,000
Corporate Services	2,313,110	2,447,960	2,403,960	(44,000)	☑	90,850	22,000
Leisure and Operational Services	2,514,620	2,731,760	2,683,760	(48,000)	☑	169,140	53,000
Regulatory, Housing and Wellbeing	1,279,760	1,213,560	1,191,470	(22,090)	☑	(88,290)	16,000
Development Services	39,360	24,900	(33,450)	(58,350)	☑	(72,810)	24,000
Economic Growth	30,530	(167,420)	(180,910)	(13,490)	☑	(211,440)	27,000
Waste Services	1,222,720	1,163,240	1,163,240	-		(59,480)	68,000
Efficiency Plan	(250,000)	(97,700)	(86,900)	10,800	●	163,100	-
Net Cost of Services	10,390,450	10,541,500	10,234,800	(306,700)		(155,650)	250,000
Net Treasury Position	(15,600)	(12,450)	(19,450)	(7,000)		(3,850)	
Revenue Contributions to the Capital Programme	154,000	769,000	769,000	-		615,000	
Net Operating Cost	10,528,850	11,298,050	10,984,350	(313,700)		455,500	
Transfer (from) / to General Reserve	1,060	(870,260)	(517,220)	353,040			
Transfer to Earmarked Reserves	504,840	592,960	592,960	-			
Net Revenue Expenditure	£11,034,750	£11,020,750	£11,060,090	£39,340			
Financed by:							
Revenue Support Grant	(236,000)	(236,000)	(236,000)	-			
Retained Business Rates	(2,484,000)	(2,470,000)	(2,469,800)	200			
Business Rates Cap	-	-	(32,360)	(32,360)			
Transition Grant	(51,750)	(51,750)	(51,750)	-			
Parish Local Council Tax Support	87,000	87,000	87,000	-			
New Homes Bonus	(1,422,000)	(1,422,000)	(1,422,000)	-			
Returned New Homes Bonus	(5,000)	(5,000)	(5,000)	-			
Other Government Grants	-	-	(7,180)	(7,180)			
Council Tax Collection Fund (Surplus)	(40,000)	(40,000)	(40,000)	-			
Business Rates Collection Fund (Surplus)	(789,000)	(789,000)	(789,000)	-			
Council Tax	(6,094,000)	(6,094,000)	(6,094,000)	-			

The projected variance compares projected actual (outturn) to recommended budget.

☑ = projected favourable variance and ● = projected adverse variance

Reasons for the 8 Months Budget Performance

Projected Variance £		Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(77,640)	Chief Executive	(77,640)	-	-	-
(20,130)	Finance and Procurement	(5,000)	-	(15,130)	-
(27,000)	Legal, Property and Democratic Services	(7,000)	-	(20,000)	-
(6,800)	Revenues, Benefits and Customer Services	39,820	(6,800)	(39,820)	-
(44,000)	Corporate Services	(44,000)	-	-	-
(48,000)	Leisure and Operational Services	(48,000)	-	-	-
(22,090)	Regulatory, Housing & Wellbeing	(22,090)	-	-	-
(58,350)	Development Services	143,030	(2,000)	(197,380)	(2,000)
(13,490)	Economic Growth	324,830	-	(338,320)	-
-	Waste Services	-	-	-	-
(7,000)	Net Treasury Position	-	-	(7,000)	-
(£324,500)	Net Operating Cost	£303,950	(£8,800)	(£617,650)	(£2,000)

Chief Executive

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(20,500)	Vacant post and supplies and services underspends	(20,500)	-	-	-
(57,140)	Earmarked Reserve no longer required	(57,140)	-	-	-
(£77,640)	Total	(£77,640)	-	-	-

Finance and Procurement

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(15,130)	One-off income including Audit Fee rebate	-	-	(15,130)	-
(5,000)	Underspend on Procurement Advice Fees	(5,000)	-	-	-
(£20,130)	Total	(£5,000)	-	(£15,130)	-

Legal, Property and Democratic Services

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(20,000)	Underspend on Members Allowances due to restructure	(20,000)	-	-	-
(4,000)	Additional income offset with additional works on				
	Investment Properties	16,000	-	(20,000)	-
(3,000)	Supplies and Services underspends	(3,000)	-	-	-
(£27,000)	Total	(£7,000)	-	(£20,000)	-

Revenues, Benefits and Customer Services

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(6,800)	Reduction in Postage usage and IT License	-	(6,800)	-	-
-	Additional grant income offset with expenditure	39,820	-	(39,820)	-
(£6,800)	Total	£39,820	(£6,800)	(£39,820)	-

Corporate Services

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(24,000)	Premises and Supplies and Services underspends	(24,000)	-	-	-
(20,000)	Vacant post	(20,000)	-	-	-
(£44,000)	Total	(£44,000)	-	-	-

APPENDIX B

Leisure and Operational Services

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(30,000)	Underspend on tree maintenance	(30,000)	-	-	-
(18,000)	Premises underspend on Parks	(18,000)	-	-	-
(£48,000)	Total	(£48,000)	-	-	-

Regulatory Services, Housing and Wellbeing

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(22,090)	Vacant posts including maternity leave	(22,090)	-	-	-
(£22,090)	Total	(£22,090)	-	-	-

Development Services

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(340)	Additional Planning Application income and related spend including £154k of Earmarked reserve requests	191,040	-	(191,380)	-
(38,010)	Vacant post	(38,010)	-	-	-
(4,000)	Identified Savings from Conservation and Ecology	-	(2,000)	-	(2,000)
(10,000)	Building Control Partnership Additional Contribution	(10,000)	-	-	-
(6,000)	Additional HS2 income	-	-	(6,000)	-
(£58,350)	Total	£143,030	(£2,000)	(£197,380)	(£2,000)

Economic Growth

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(22,070)	Additional Car Park income including transfer to Friarsgate and Business Rates Earmarked Reserves	323,170	-	(345,240)	-
(19,850)	Vacant posts	(19,850)	-	-	-
1,430	Additional income and spend for Spatial Policy	21,510	-	(20,080)	-
27,000	Reduction in CIL income	-	-	27,000	-
(£13,490)	Total	£324,830	-	(£338,320)	-

Net Treasury Position

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(7,000)	Increased Interest Receipts	-	-	(7,000)	-
(£7,000)	Total	-	-	(£7,000)	-

Capital Programme Performance in 2017/18

Projects	Original Budget	Approved Budget	Actual	Projected Actual	Projected Variance
Community Building at Hawksyard	320,000	320,000	319,574	320,000	
Oakenfield Play Area (Sinking Fund)	0	9,000	9,000	9,000	
BLC Enhancement Work	42,000	74,000	11,838	74,000	
Other Burntwood Leisure Centre Projects	128,000	128,000	0	128,000	
Play Area at Hawksyard	0	1,000	0	0	(1,000)
Squash Court and Sports Hall Floors (FGLC)	0	50,000	0	50,000	
Friary Grange Leisure Centre (Boilers, Lighting)	0	15,000	0	15,000	
Leisure Review	0	282,000	0	282,000	
Accessible Homes (Disabled Facilities Grants)	850,000	850,000	828,467	1,010,000	160,000
DCLG Monies	212,000	0	0	0	
Decent Homes Standard	437,000	0	0	0	
Energy Insulation Programme	10,000	30,000	0	30,000	
Home Repair Assistance Grants	15,000	15,000	0	15,000	
Housing Redevelopment Scheme - Packington	80,000	80,000	40,000	80,000	
Unallocated S106 Affordable Housing Monies	400,000	0	0	0	
Healthy and Safe Communities	2,494,000	1,854,000	1,208,880	2,013,000	159,000
Ancient Monument (Friary)	0	1,500	1,500	1,500	
Canal Culvert at Huddlesford	100,000	10,000	850	10,000	
Fazeley Crossroads Environmental Improvements	0	4,000	3,971	4,000	
Darnford Park	0	13,000	0	0	(13,000)
Shortbutts Park, Lichfield	0	33,000	0	10,000	(23,000)
Stowe Pool Improvements	100,000	0	0	0	
Swan Road: Whittington Parish Council	0	28,000	28,205	28,000	
Vehicle Replacement Programme	167,000	93,000	18,325	18,000	(75,000)
Clean, Green and Welcoming Places to Live	367,000	182,500	52,851	71,500	(111,000)
Cannock Chase SAC	0	86,000	85,984	86,000	
Car Parks Variable Message Signing	32,000	0	0	0	
City Centre Strategy and Interpretation	0	1,500	0	1,500	
Friarsgate Support	1,830,000	1,904,000	352,713	495,000	(1,409,000)
Friarsgate: Castle Dyke/Frog Lane Enhancement	50,000	97,000	12,421	97,000	
Garrick Square	58,000	0	0	0	
Old Mining College: Refurbish access and signs	0	14,000	0	14,000	
Sankey's Corner Environmental Improvements	0	3,000	0	3,000	
Document Management System	0	11,000	0	5,000	(6,000)
A Vibrant and Prosperous Economy	1,970,000	2,116,500	451,119	701,500	(1,415,000)
Asset Management: District Council House	301,000	291,000	68,398	291,000	
IT and Channel Shift Programme	200,000	152,000	230,474	250,000	98,000
Multi Media in the Committee Room	0	10,000	10,236	10,000	
Bin Storage Area Resurfacing	0	30,000	19,932	20,000	(10,000)
Depot Sinking Fund	0	11,000	0	11,000	
A Council that is Fit for the Future	501,000	494,000	329,040	582,000	88,000
Capital Programme Total	£5,332,000	£4,647,000	£2,041,890	£3,368,000	(£1,279,000)

• Variance projected to be more than £100,000 / Variance projected to be less than £100,000

Funding Source	Original Budget	Approved Budget
Capital Receipts	1,074,000	376,000
Revenue Contributions	154,000	769,000
Council Funding	1,228,000	1,145,000
Borrowing Need	75,000	357,000
Capital Grants and Contributions	3,767,000	2,824,000
Reserves and Sinking Funds	262,000	321,000
Capital Programme Total	£5,332,000	£4,647,000

Projected Actual	Projected Variance
532,000	156,000
769,000	0
1,301,000	156,000
282,000	(75,000)
1,480,000	(1,344,000)
305,000	(16,000)
£3,368,000	(£1,279,000)

Council Tax

	Council Tax				
	Debt Covering All years				In year Debt
	30-Nov-16	30-Nov-17	Change		30-Nov-17
Amount Collected as a %	76.71%	76.45%	0.26%	●	83.70%
In year arrears outstanding at 30th Nov	£782,531	£820,641		●	£820,641
Previous years arrears at 30th Nov	£969,919	£1,067,204		●	
Total arrears outstanding at 30th Nov	£1,752,450	£1,887,845	7.73%	●	
Write offs as at 30th Nov	£42,883	£64,745	50.98%	●	

Sundry Debtor Performance

Details	30-Nov-16	30-Nov-17	All Debts Change (%)	Variance
	All Debts £	All Debts £		
Value of sundry income raised in quarter	3,530,272	3,265,967	(7.49%)	☑
Value of debts written off	44,673	62,224	39.29%	●
Value of all invoices outstanding	1,426,212	994,418	(30.27%)	☑
Aged Debt Analysis				
Less than 6 months	798,185	403,658	(49.43%)	☑
More than 6 months	628,027	590,760	(5.93%)	☑

Business Rates

The Council's Retained Business Rates Income

	Budget £	30-Nov-17 £	Projected Outturn £	Projected Variance £
NNDR 1 Based Retained Business Rates				
Retained Business Rates	(£13,376,000)	(£13,376,000)	(£13,376,000)	£0
Leisure Outsourcing	£14,000		£14,000	£0
<u>Section 31 Grants (Lichfield's 40% Share)</u>				
Small Business Rates Relief	(£495,200)	(£630,400)	(£629,600)	(£134,400)
New Empty Properties	£0	£0	£0	£0
Long Term Empty Properties	£0	£800	£800	£800
In lieu of transitional relief	£0	(£19,200)	(£19,200)	(£19,200)
Retail Relief	£0	£800	£800	£800
Less : Tariff Payable	£11,026,000	£11,026,000	£11,026,000	£0
Pre Levy or Safety Net Income	(£2,831,200)	(£2,998,000)	(£2,983,200)	(£152,000)
NNDR 3 Based Levy Payments				
Less : Levy Payable @ 50%	£432,600	£452,400	£669,000	£236,400
Volatility Allowance	£69,800	£208,800	£61,400	(£8,400)
Levy from the Business Rates Pool (32.5%)	(£141,000)	(£147,000)	(£217,000)	(£76,000)
Post Levy or Safety Net Income	(£2,469,800)	(£2,483,800)	(£2,469,800)	£0

Collection Performance

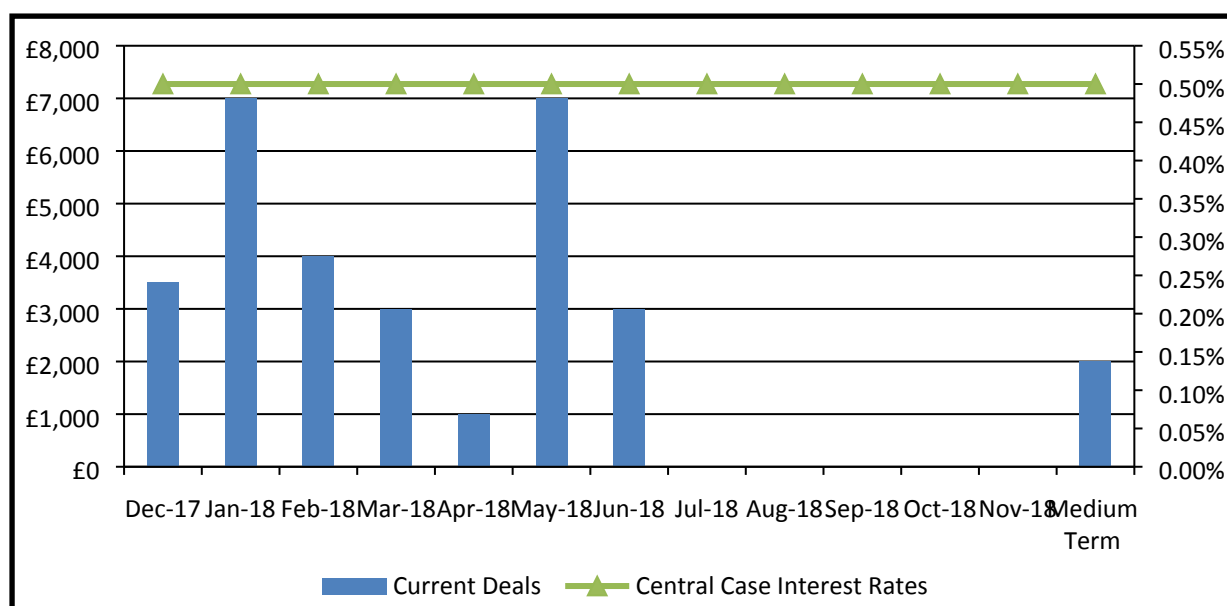
	Non Domestic Rates				
	Debt Covering All years				In year Debt
	30-Nov-16	30-Nov-17	Change		30-Nov-17
Amount Collected as a %	74.91%	74.95%	0.04%	☑	80.70%
In year arrears outstanding at 30th Nov	£588,033	£389,637		☑	£389,637
Previous years arrears at 30th Nov	£200,926	£379,634		●	
Total arrears outstanding at 30th Nov	£788,959	£769,271	-2.49%	☑	
Write offs as at 30th Nov	£434,821	£104,046	-76.07%	☑	

Investments in the 2017/18 Financial Year

The table below shows a breakdown of our investments at the end of November 2017:

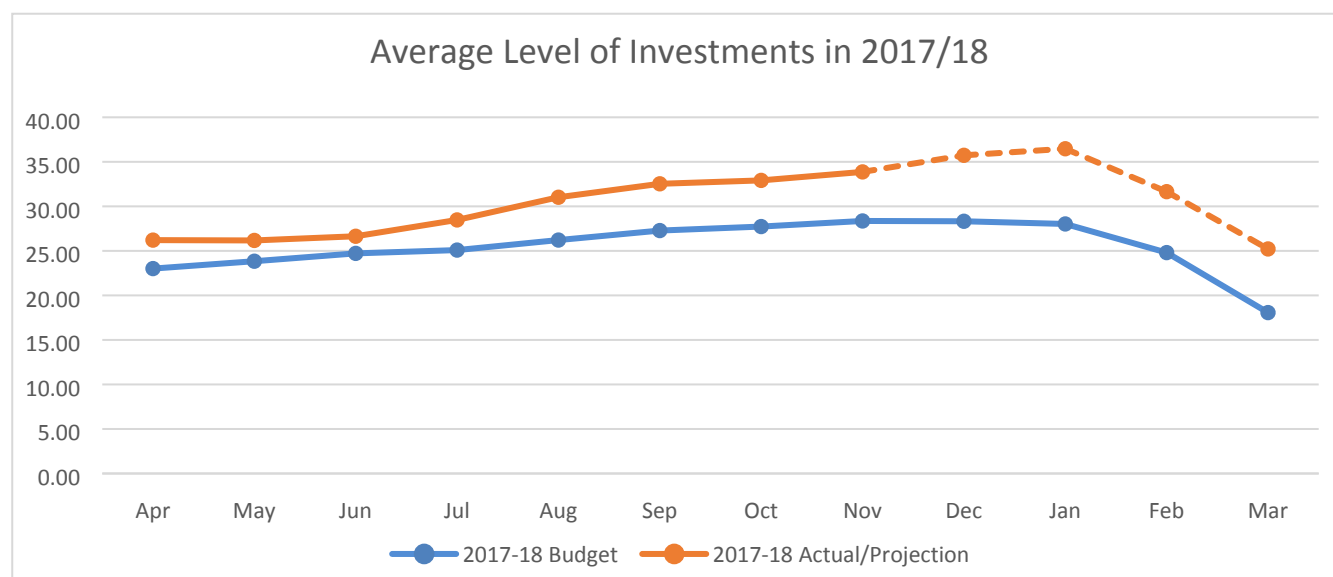
Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating	Foreign Parent
Money Market Funds						
Legal & General	£1,000,000	01-Dec-17	Instant Access	0.36%	AA-	N/A
Federated	£510,000	01-Dec-17	Instant Access	0.31%	A+	N/A
BNP Paribas MMF	£1,000,000	01-Dec-17	Instant Access	0.36%	A+	N/A
Property Fund						
CCLA Property Fund	£2,000,000	N/A	N/A	4.56%	N/A	No
Fixed Term Investments						
Broxtowe Borough Council	£2,000,000	19-Feb-18	81	0.45%	LOCAL	No
Thurrock Council	£2,000,000	11-Jan-18	42	0.43%	LOCAL	No
Australia and New Zealand Banking Group	£1,000,000	12-Dec-17	12	0.40%	AA-	Yes
Landesbank Hessen-Thüringen (Helaba)	£1,000,000	08-Jan-18	39	0.38%	A	Yes
Rugby Borough Council	£2,000,000	29-Jun-18	211	0.35%	LOCAL	No
Close Bros	£1,000,000	29-Jan-18	60	0.60%	A	No
United Overseas Bank	£1,000,000	18-May-18	169	0.39%	AA-	Yes
DBS Bank	£1,000,000	01-Jun-18	183	0.39%	AA-	Yes
Telford & Wrekin Council	£2,000,000	22-Mar-18	112	0.29%	LOCAL	No
Moray Council	£2,000,000	22-Jan-18	53	0.32%	LOCAL	No
Coventry Building Society	£1,000,000	05-Apr-18	126	0.40%	A	No
Barclays Bank	£1,000,000	09-Feb-18	71	0.37%	A	No
Salford City Council	£2,000,000	16-May-18	167	0.50%	LOCAL	No
Commonwealth Bank of Australia	£1,000,000	03-May-18	154	0.42%	AA-	Yes
Lloyds	£1,000,000	15-May-18	166	0.65%	A	No
Nationwide	£1,000,000	15-May-18	166	0.46%	A	No
Call Accounts with Notice Period						
Santander	£1,000,000	29-May-18	180	0.55%	A	Yes
Goldman Sachs International Bank	£1,000,000	05-Mar-18	95	0.44%	A	Yes
Svenska Handelsbanken AB	£1,000,000	04-Jan-18	35	0.25%	AA-	Yes
Treasury Bills	£1,000,000	05-Feb-18	67	0.35%	UK GOV	No
Total Investments	£30,510,000					

The maturity profile of these investments at 30 November 2017 compared to our Treasury Management advisor Arlingclose interest rate forecasts is shown in the graph below:



Cash Flow for 2017/18

The graph below compares the budget for average investment levels in 2017/18 with the actual levels.



Performance of the Treasury Management Function

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

	Target	Actual
<u>Security</u>		
Risk Status (length of Investment)	A-	AA-
Risk Status (Value of the investment)		AA-
<u>Liquidity</u>		
Length of Investments (days)	N/A	110 days
Temporary Borrowing	£0	£0
<u>Yield</u>		
Average amount we had available to invest (£m)	£30.70m	£30.21m
Average Interest Rate (%)	0.65%	0.67%
7-day London Inter-bank Bid (LIBID) rate	0.24%	
1 month London Inter-bank Bid (LIBID) rate	0.26%	
3 month London Inter-bank Bid (LIBID) rate	0.33%	
6 month London Inter-bank Bid (LIBID) rate	0.45%	
Net Investment Income (£)	(£148,500)	(£155,500)
Net Treasury Position (£)	(£50,600)	(£57,600)