

Draft Medium Term Financial Strategy 2018-2023 – Proposals for closing the Revenue Funding Gap

Cabinet and Leadership Team

Date: 22 November 2018

Agenda Item:

Contact Officer: Diane Tilley / Anthony Thomas

Tel Number: 01543 308001 / 01543 308012

Email: Diane.tilley@lichfielddc.gov.uk /
Anthony.thomas@lichfielddc.gov.uk

Key Decision? YES

Local Ward Members Full Council



**Strategic
(Overview &
Scrutiny
Committee)**

1. Executive Summary

The Approved Medium Term Financial Strategy

- 1.1. The Original Revenue Budget for 2018/19 estimated that income would exceed expenditure by **(£26,990)** and therefore there would be a contribution to General Reserves. The Medium Term Financial Strategy identifies Funding Gaps from 2019/20 onwards due to both cost pressures such as pay awards together with changes to the funding provided by Grants and Local Taxpayers.
- 1.2. There have been a series of reports to Cabinet (and where necessary Council) that have updated the Medium Term Financial Strategy and the Approved Funding Gaps.
- 1.3. The Finance Team and Budget Holders are currently reviewing detailed budgets and this will include updated projections for employee costs, other budget pressures and investment income.

The Draft Capital Programme and its Revenue Implications

- 1.4. The Capital Programme is reviewed annually to take account of available resources and new and emerging capital investment needs that are identified by Capital Bids. Cabinet and Leadership Team have identified 10 capital investment needs that require funding of **£1,702,000**. All of these bids can currently be funded from available and projected capital receipts.
- 1.5. The review of the Capital Programme assumes the removal of the Revenue Contribution to the Capital Programme of **£154,000** per annum from 2019/20 and this together with additional income from the Property Investment Strategy and savings from other Capital Bids will reduce the Revenue Funding Gaps.

Cabinet and Leadership Team's Proposals for closing the Revenue Budget Funding Gaps

- 1.6. Cabinet and Leadership Team have identified proposals for closing the projected Funding Gaps.
- 1.7. These proposals have been assigned a deliverability rating of red, amber and green. The impact on the Approved Revenue Funding Gaps of these proposals is summarised below:

	2018/19	2019/20	2020/21	2021/22	2022/23
Approved Funding Gap	(£6,180)	£1,222,940	£1,572,010	£1,601,350	£1,654,020
No Negative Revenue Support Grant		(£453,000)			
Capital Programme Revenue Implications	(£109,000)	(£327,000)	(£396,000)	(£592,000)	(£739,000)
Deliverability - Assessed as Green	(£56,450)	(£22,580)	(£22,850)	£48,860	£62,770
Projected Funding Gap	(£171,630)	£420,360	£1,153,160	£1,058,210	£977,790
Deliverability - Assessed as Amber	(£143,730)	(£246,990)	(£205,940)	(£162,610)	(£110,900)
Deliverability - Assessed as Red	£0	(£174,120)	(£200,120)	(£225,120)	(£242,120)
Projected Funding Gap	(£315,360)	(£750)	£747,100	£670,480	£624,770

2. Recommendations

- 2.1. The Committee is requested to provide views on the Capital Bids and Funding Gap proposals submitted by Cabinet and Leadership Team and identify any additional areas they would like to be considered as part of the development of the new Medium Term Financial Strategy.

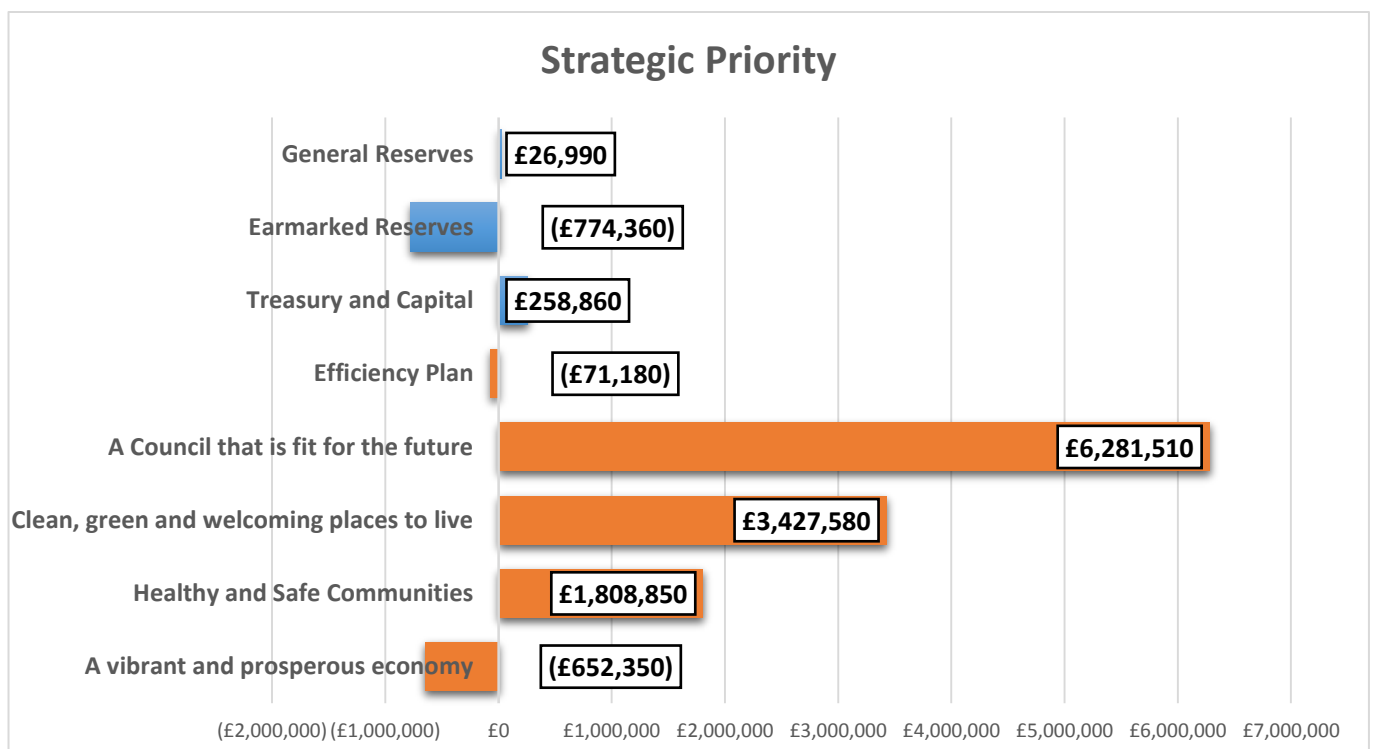
3. Background

The Medium Term Financial Strategy

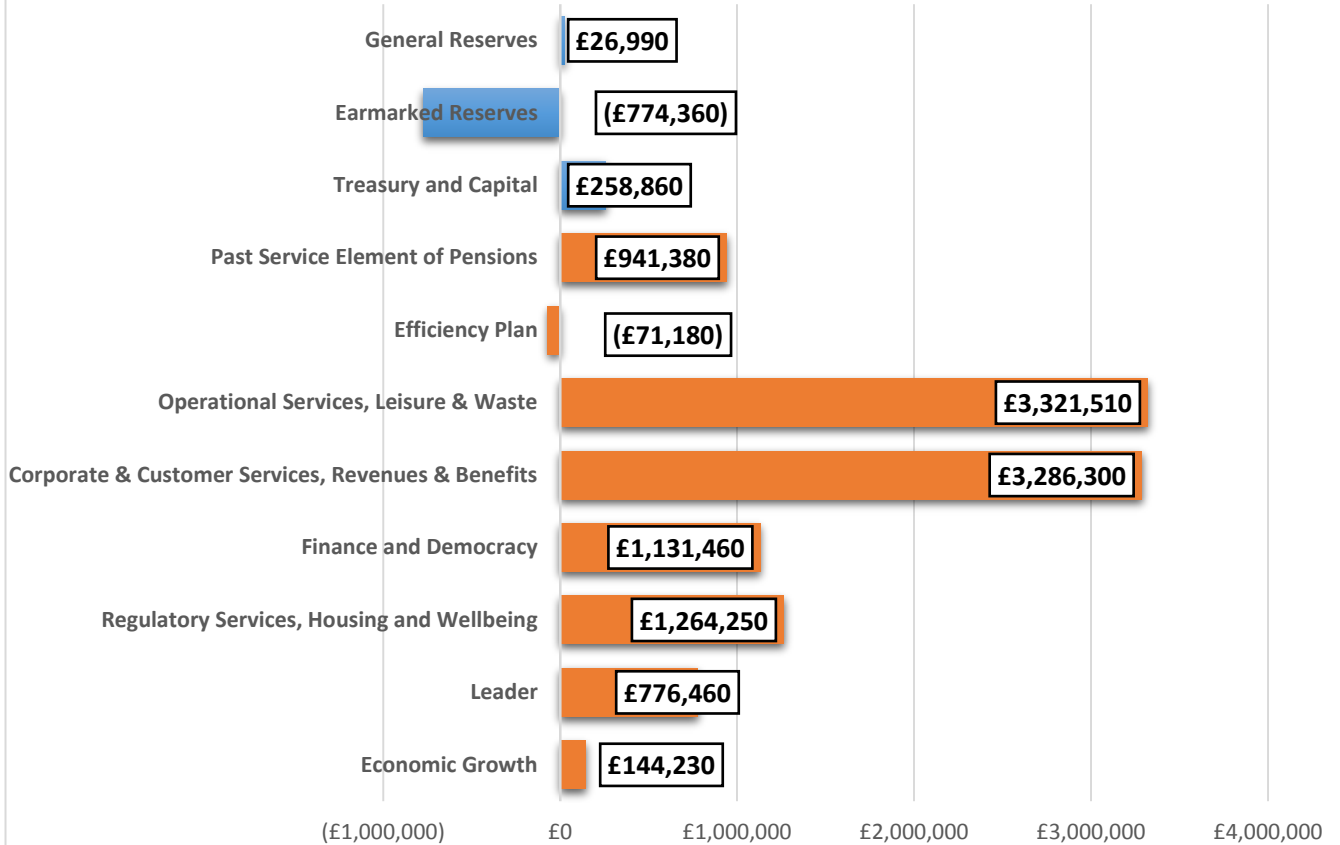
- 3.1. Council approved the Medium Term Financial Strategy (Revenue and Capital) 2017-22 on 20 February 2018 that covered the financial years 2017/18 to 2021/22 (with a further projection for 2022/23 prepared by Finance for forward planning purposes).
- 3.2. The Medium Term Financial Strategy includes:
- **The Revenue Budget** related to the day to day delivery of the Council's services such as waste collection.
 - **The Capital Programme** and its financing for longer term expenditure in relation to the Council's assets such as property.
- 3.3. These two elements of the Medium Term Financial Strategy are connected for example by the financing of the Capital Programme from the revenue budget and the repayment of borrowing together with income and savings resulting from the capital investment.

The Original Revenue Budget for 2018/19

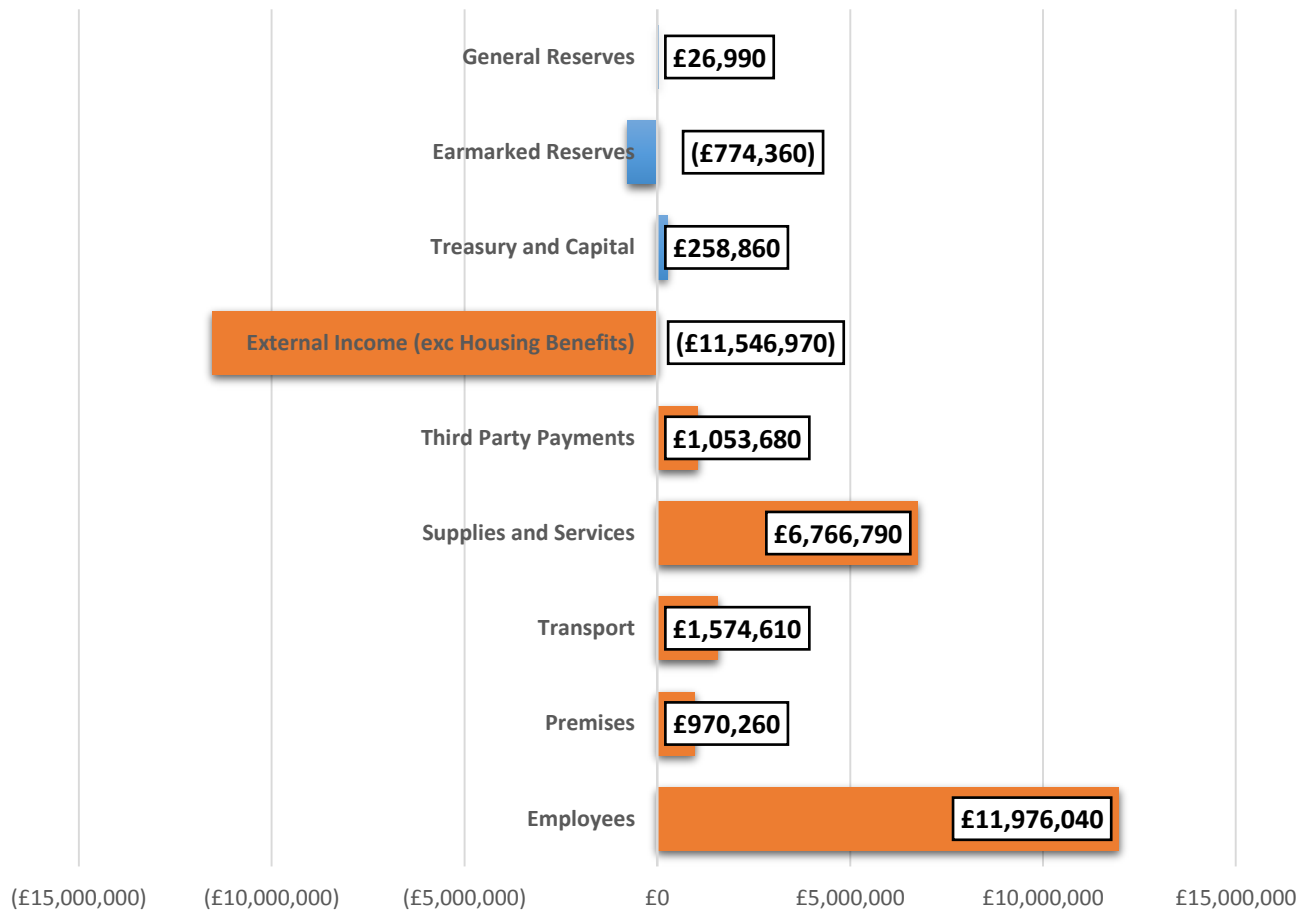
- 3.4. The Original Revenue Budget for 2018/19 that is funded from Grants and Local Taxpayers was **£10,305,900**.
- 3.5. The Original Revenue Budget for 2018/19 estimated that income would exceed expenditure by **(£26,990)** and therefore there would be a small contribution to General Reserves.
- 3.6. This budget (without recharges) can be analysed by different Strategic Priorities, Cabinet Members and types of expenditure and income and these are shown in detail at **APPENDIX A** and below:



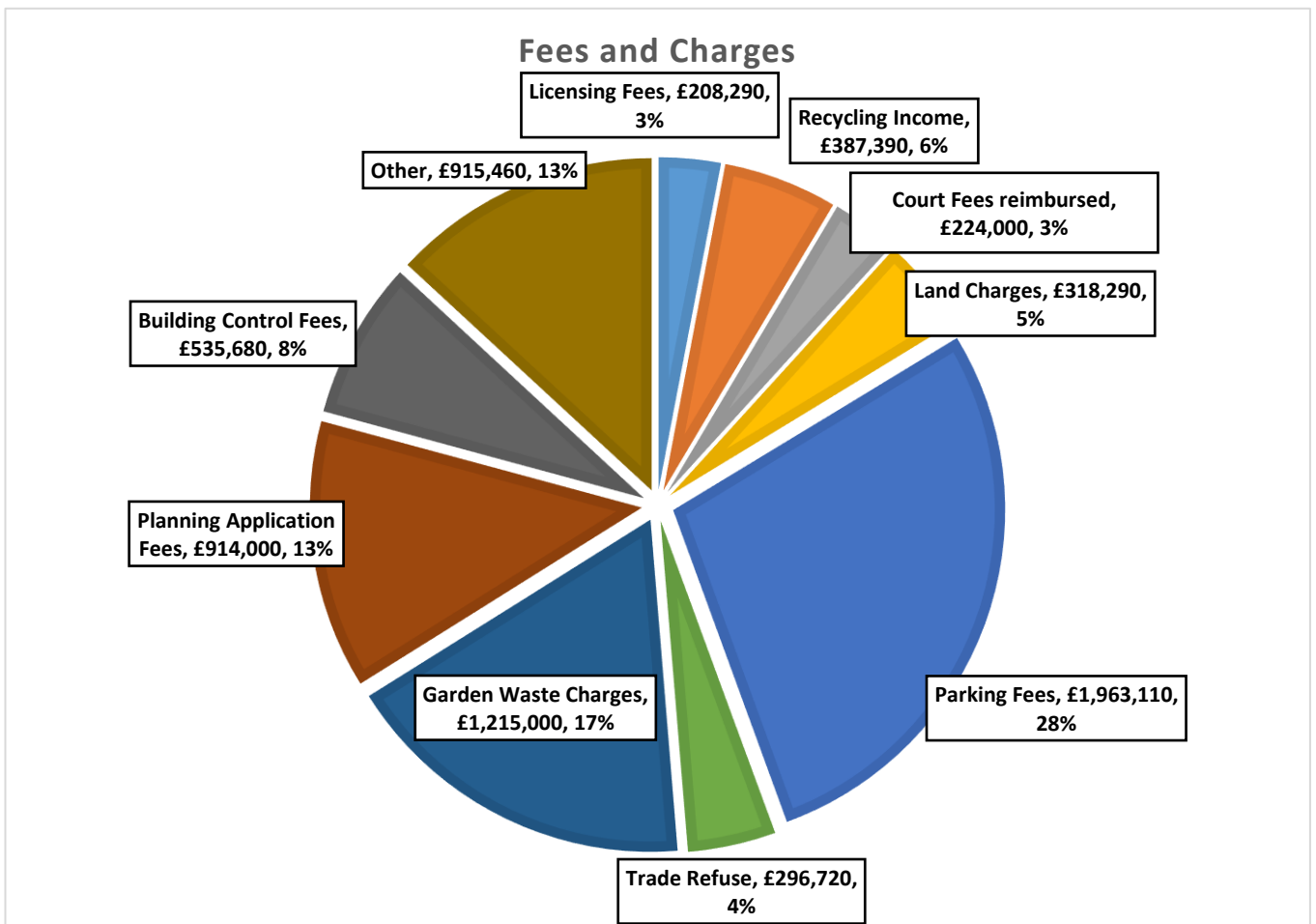
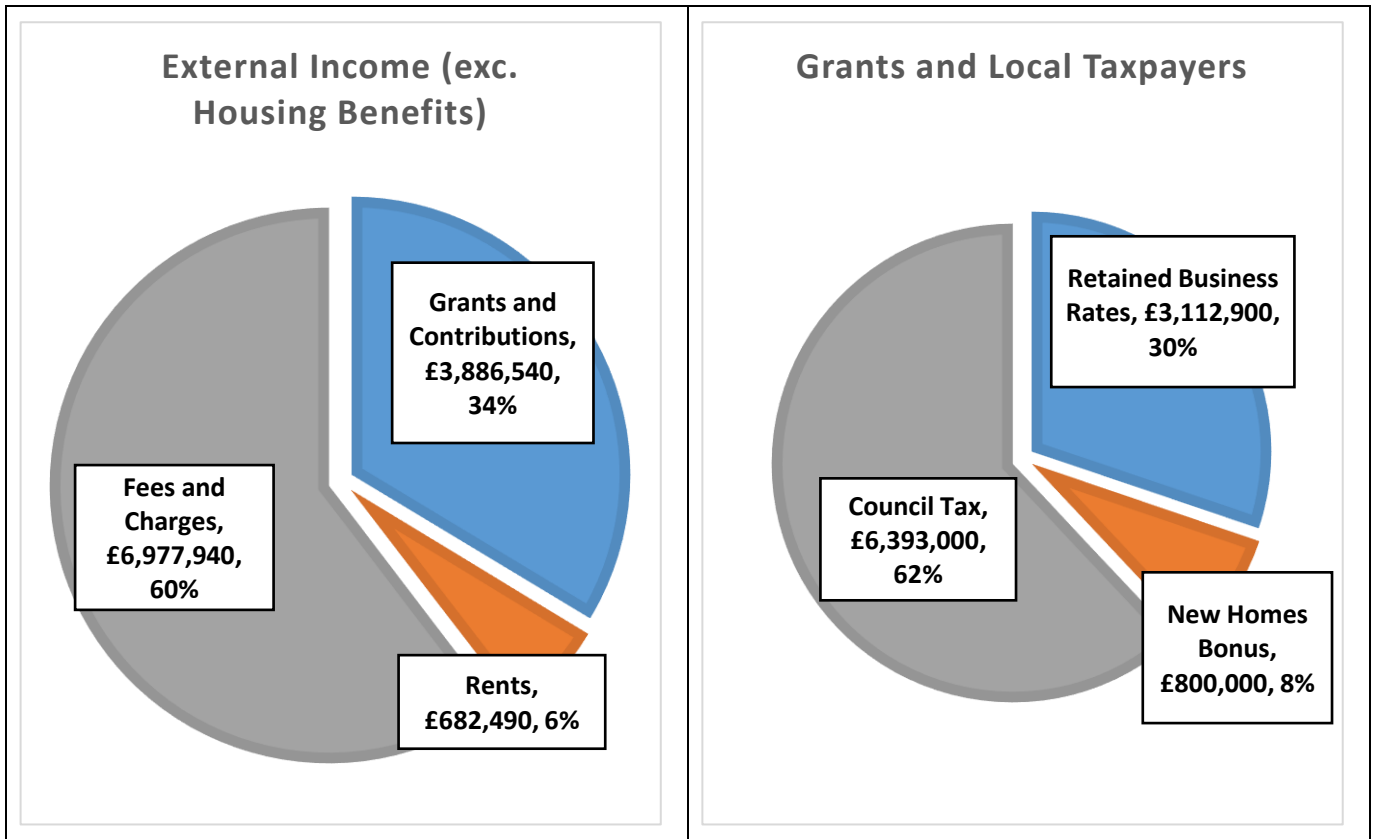
Cabinet Member



Type of Spend or Income



3.7. The Original Revenue Budget 2018/19 funding provided by External Income (with fees and charges details), Grants and Local Taxpayers (including Collection Fund Surpluses from previous years) is shown in detail at **APPENDIX A** and in summary below:



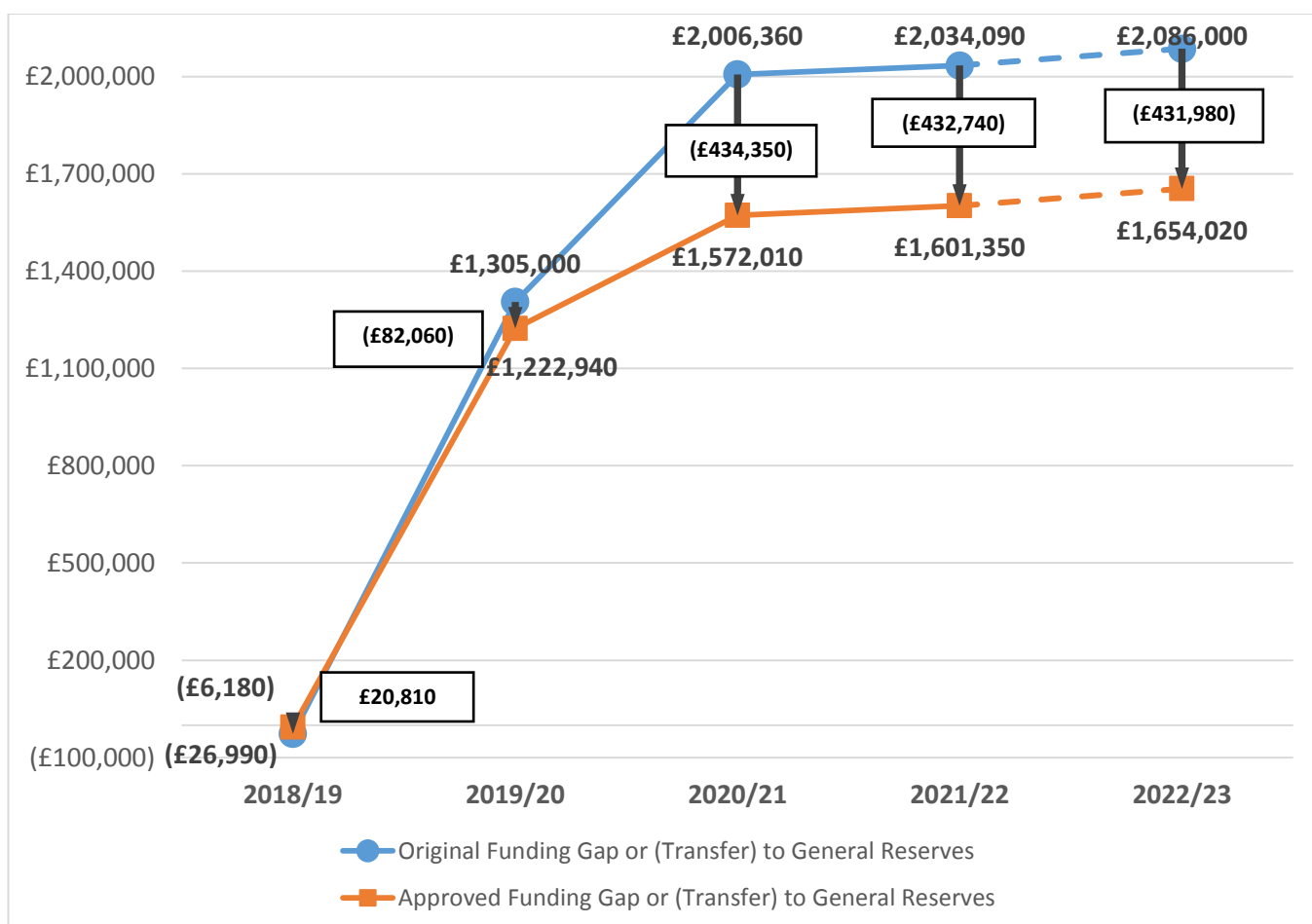
The Revenue Budget Funding Gaps for 2019/20 to 2021/22 and projected for 2022/2023

3.8. The Medium Term Financial Strategy identified Funding Gaps from 2019/20 onwards due to both cost pressures such as pay awards and budget pressures such as Local Plan reviews together with potential changes to the funding provided by Grants and Local Taxpayers.

3.9. The potential changes to funding provided by Grants and Local Taxpayers relates to:

- **New Homes Bonus** – the potential increase to the level at which no reward is paid for 2019/20 currently set at **0.4%** together with a review of the entire system from 2020/21 onwards.
- **Business Rates** – a review of the system to accommodate the move from **50%** to **75%** together with the system for allocating this funding to each Local Authority known as the Fair Funding Review. This will likely mean some redistribution of funding from District Councils to Councils with responsibility for Social Care and Children’s Services.

3.10. There have been a series of reports to Cabinet (and where necessary Council) detailed at **APPENDIX A** that have updated the Funding Gaps up to 2022/23:



3.11. The Finance Team and Budget Holders are currently reviewing detailed budgets and this will include updated projections for employee costs, other budget pressures such as Local Plan reviews and investment income due to the recent interest rate increase in August 2018.

3.12. The employee cost projections will include:

- The impact of maintaining some pay differential within the pay structure due to increasing the lower scale points to accommodate the National Living Wage.
- The level of pay award assumption from 2020/21 onwards currently of **1%** given the Government has now relaxed the public sector pay cap.

3.13. In addition, any changes projected in the 6 Months Money Matters Report to Cabinet on 4 December 2018 or the 8 Months Money Matters Report to Cabinet on 12 February 2019 have not yet been included.

The Draft Capital Programme and its Revenue Implications

- 3.14. The Capital Programme is reviewed annually to take account of available resources and new and emerging capital investment needs that are identified by Capital Bids from Cabinet and Leadership Team.
- 3.15. The bidding process is focused on capital investment needs that require funding from Corporate Council Sources where the Council has choice in terms of the capital investment needs that are allocated funding.
- 3.16. The Revenue Funding Gaps mean that one of the aims when determining the draft Capital Programme must be to minimise and where possible reduce the impact on the Revenue Budget.
- 3.17. The approved Revenue Budget in 2018/19 and projected through to 2022/23 includes a revenue contribution of **(£154,000)** per annum.
- 3.18. A number of new projected capital receipts have been identified totalling **(£1,039,000)** from asset disposals related to the Mill Lane, Beacon Park Cottage, the sale of land at Leyfields and Netherstowe and a further share of Right to Buy Receipts.
- 3.19. Therefore the working assumption in drafting the Capital Programme is to remove this contribution from the Revenue Budget in the years 2019/20 to 2022/23.
- 3.20. The resources available (including existing capital receipts after commitments) total **(£2,031,000)** and are shown below:

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
	£000	£000	£000	£000	£000	£000
Revenue Budget	(154)					(154)
Existing Capital Receipts (after commitments)	(888)	50				(838)
New Capital Receipts	(1,003)	(9)	(9)	(9)	(9)	(1,039)
Annual Total	(2,045)	41	(9)	(9)	(9)	(2,031)

- 3.21. Cabinet and Leadership Team have identified 10 capital investment needs that require funding of **£1,702,000** excluding the Capital Bid for the Property Investment Strategy.
- 3.22. The Capital Bids exclude any additional capital investment needs for the Birmingham Road Site other than included for actual or committed spend for the Police Station, Coach Park and professional support. Initial investment need for the Birmingham Road Site would be funded from the existing earmarked reserve.
- 3.23. The Property Investment Strategy Bid includes a further **£13,000,000** for 2022/23 to be funded by borrowing resulting in a proposed total investment of **£58,000,000**.
- 3.24. The Capital Bids categorised by primary objective are summarised below:

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
	£000	£000	£000	£000	£000	£000
<u>Capital Investment Bids</u>						
REGH - Accessible Homes (Disabled Facilities Grants)	22	198	44	44	44	352
LOPS - Vehicle Replacement Programme	0	0	0	210	0	210
LOPS - Shortbutts Park, Lichfield	0	20	0	0	0	20
LOPS - Stowe Pool Improvements	0	3	2	0	0	5
LOPS - Depot Sinking Fund	0	11	0	0	0	11
CORP - IT Innovation	112	137	110	50	50	459
CORP - IT Infrastructure	0	105	55	35	15	210
CORP - District Council House	0	73	53	74	110	310
<u>Invest to Save Capital Bids</u>						
LPDE - Property Investment Strategy	0	0	0	0	13,000	13,000
CORP - IT Cloud	0	25	100	0	0	125
Less : Borrowing for Property Investment Strategy	0	0	0	0	(13,000)	(13,000)
Total Capital Bids	134	572	364	413	219	1,702

- 3.25. The Capital Bids requiring Corporate Council Funding total **£1,702,000** can be funded from resources available of **(£2,031,000)** with **(£329,000)** remaining available to support other capital investment needs.
- 3.26. The full draft Capital Programme also includes capital investment needs funded from sources such as grants, contributions, Section 106, earmarked reserves, sinking funds and finance leases where the ability to use the funding for other needs is not available or is limited.
- 3.27. The full draft Capital Programme is summarised below and shown in detail at **APPENDIX B**:

Project	Draft Budget						Corporate £000
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000	
Healthy & Safe Communities Clean, Green and Welcoming Places to Live	3,221	1,894	985	975	975	8,050	352
A Vibrant and Prosperous Economy	296	1,942	616	332	3,100	6,286	235
A Council that is Fit For the Future	2,373	50	0	0	0	2,423	2,232
	6,272	13,411	13,318	13,159	13,175	59,335	1,115
Grand Total	12,162	17,297	14,919	14,466	17,250	76,094	3,934

Funding Source	Draft Budget						Total £000
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000	
Usable Capital Receipts	2,237	577	334	413	219	3,780	
Revenue	154	0	0	0	0	154	
Corporate Council Sources	2,391	577	334	413	219	3,934	
External Grants and Contributions	1,102	1,863	1,358	931	931	6,185	
Section 106	992	178	43	25	0	1,238	
Earmarked Reserves	413	1,183	149	97	20	1,862	
Sinking Fund	232	3	0	0	0	235	
Finance Leases	0	140	25	0	3,080	3,245	
Grand Total	5,130	3,944	1,909	1,466	4,250	16,699	
In Year FUNDING GAP (Borrowing Need)	7,032	13,353	13,010	13,000	13,000	59,395	76,094
Cumulative FUNDING GAP (Borrowing Need)	8,976	21,971	34,251	46,150	57,676	57,676	
Available Capital Receipts	(1,836)	(1,268)	(943)	(539)	(329)	(329)	

- 3.28. The Capital Bids, the Revenue Budget Contributions and other changes to projections for existing capital commitments for debt repayment and estimates of asset lives will impact on the Revenue Budget:

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Approved Capital Programme Revenue Implications (excluding Earmarked Reserve Transfers)	314	351	214	214	184	1,277
<u>Existing Capital Commitments</u>						
Chasewater and Friary Outer etc.	88	87	86	86	85	432
Leisure Outsourcing	(67)	(57)	(58)	(61)	(63)	(306)
<u>Invest to Save Capital Bids</u>						
LPDE - Property Investment Strategy	0	(56)	(180)	(303)	(427)	(966)
CORP - IT Cloud	30	50	(30)	(100)	(150)	(200)
<u>Revenue Funding</u>						
Revenue Budget	154	0	0	0	0	154
Draft Capital Programme Revenue Implications	205	24	(182)	(378)	(555)	(886)
Change to Revenue Implications	(109)	(327)	(396)	(592)	(739)	(2,163)

Cabinet and Leadership Team's Proposals for closing the Revenue Budget Funding Gaps

3.29. Cabinet and Leadership Team have identified options and proposals for reducing and closing the projected Funding Gaps and these are shown in detail by Cabinet Portfolio at **APPENDIX C** and in summary below:

	2018/19	2019/20	2020/21	2021/22	2022/23
Capital Programme	(£109,000)	(£327,000)	(£396,000)	(£592,000)	(£739,000)
Economic Growth	(£13,340)	(£45,680)	(£46,030)	(£46,890)	(£47,740)
Finance and Democracy	£0	(£89,790)	(£90,480)	(£95,680)	(£111,210)
Operational Services, Leisure & Waste	(£170,180)	(£227,760)	(£178,240)	(£50,440)	£20,760
Corporate & Customer Services, Revenues & Benefits	(£16,660)	(£75,460)	(£84,660)	(£87,860)	(£94,060)
Regulatory Services, Housing and Wellbeing	£0	(£5,000)	(£29,500)	(£58,000)	(£58,000)
Total	(£309,180)	(£770,690)	(£824,910)	(£930,870)	(£1,029,250)

3.30. The options and proposals are also shown by Fit for the Future Stream:

	2018/19	2019/20	2020/21	2021/22	2022/23
Capital Programme	(£109,000)	(£327,000)	(£396,000)	(£592,000)	(£739,000)
Innovate	(£53,610)	(£203,270)	(£217,140)	(£149,260)	(£152,420)
Income	(£160,110)	(£257,070)	(£228,420)	(£206,260)	(£154,480)
Invest	£13,540	£16,650	£16,650	£16,650	£16,650
Total	(£309,180)	(£770,690)	(£824,910)	(£930,870)	(£1,029,250)

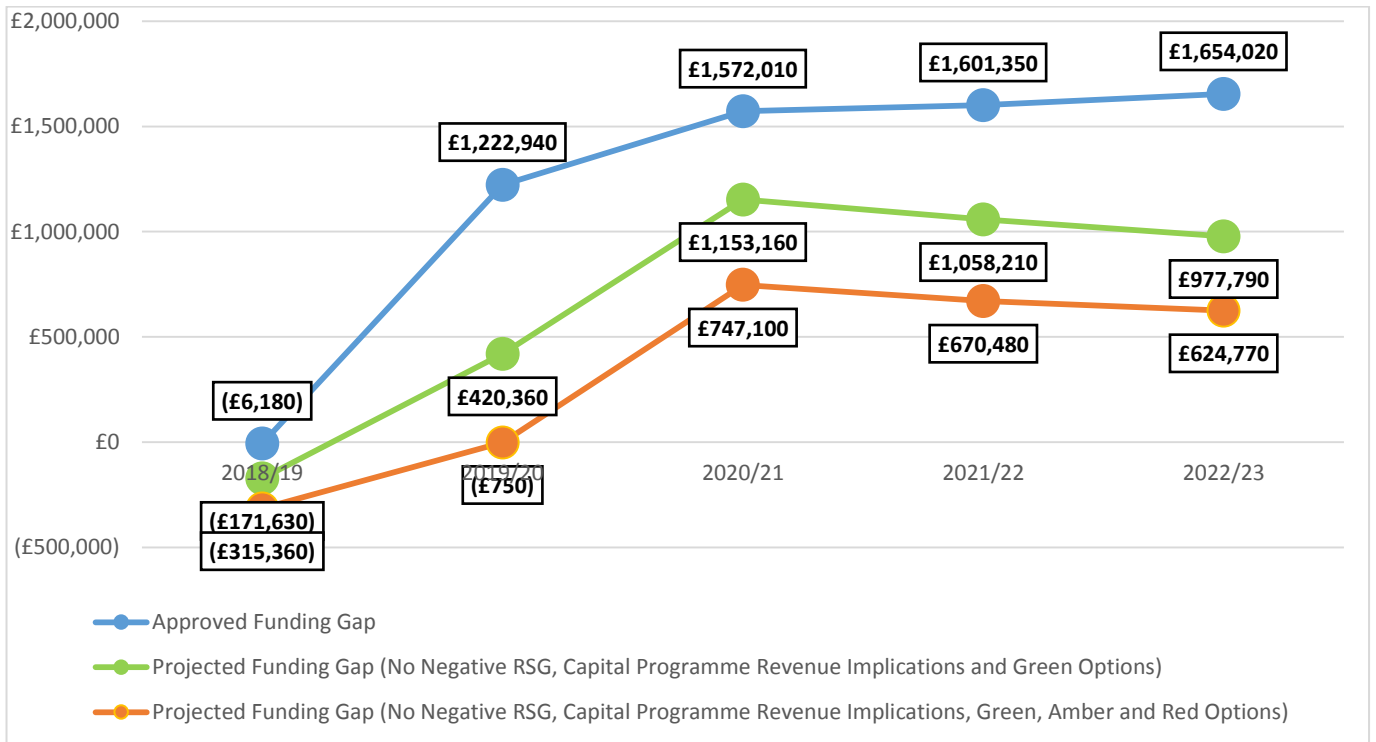
3.31. The proposals identified have been assigned a deliverability rating:

- **Green** - confident that the savings / income will be delivered as planned, without disproportionate risks.
- **Amber** - confident that the savings / income can be delivered, but there are some risks.
- **Red** – potential savings / income to be realised in the medium term, but there are some significant risks, and further analysis and planning needs to be undertaken.

3.32. A summary of the proposals by deliverability rating and their impact on the Funding Gap is shown below:

	2018/19	2019/20	2020/21	2021/22	2022/23
Approved Funding Gap	(£6,180)	£1,222,940	£1,572,010	£1,601,350	£1,654,020
No Negative Revenue Support Grant		(£453,000)			
Capital Programme Revenue Implications	(£109,000)	(£327,000)	(£396,000)	(£592,000)	(£739,000)
Deliverability - Assessed as Green	(£56,450)	(£22,580)	(£22,850)	£48,860	£62,770
Projected Funding Gap	(£171,630)	£420,360	£1,153,160	£1,058,210	£977,790
Deliverability - Assessed as Amber	(£143,730)	(£246,990)	(£205,940)	(£162,610)	(£110,900)
Deliverability - Assessed as Red	£0	(£174,120)	(£200,120)	(£225,120)	(£242,120)
Projected Funding Gap	(£315,360)	(£750)	£747,100	£670,480	£624,770

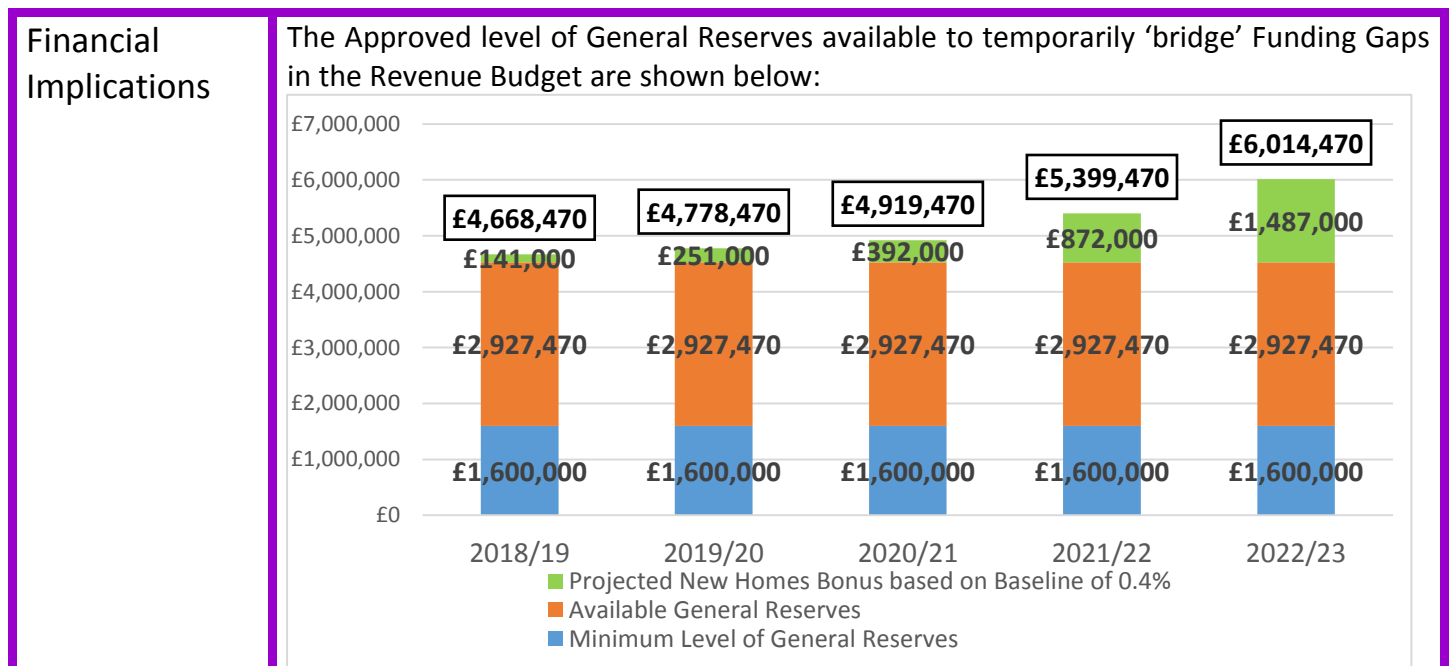
3.33. The projected Funding Gaps resulting from the implementation of different options based on deliverability rating are also shown in the chart below:



3.34. At present, even with all proposals identified there would still be a Funding Gap in the Revenue Budget from 2020/21 onwards. It is likely that additional savings will be realised through emerging projects identified and delivered as part of the Fit for Future Programme. However should further proposals not be identified, this would necessitate the use of General Reserves to achieve a balanced budget.

Alternative Options	Strategic (Overview and Scrutiny) Committee is requested to scrutinise the proposals submitted and also identify alternative proposals that could be considered by Cabinet.
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Consultation	<ol style="list-style-type: none"> The Council commenced a Budget Consultation that will run from 19 October 2018 to 21 November 2018. The results will be presented to this Committee on 29 January 2019 as part of the development of the Medium Term Financial Strategy 2018-2023.
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Contribution to the Delivery of the Strategic Plan	The report directly links to overall performance and especially the delivery of Lichfield District Council's Strategic Plan 2016-20 and beyond.
Equality, Diversity and Human Rights Implications	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan 2016-20.
Crime & Safety Issues	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan 2016-20.
GDPR/Privacy Impact Assessment	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan 2016-20.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Council Tax is not set by the Statutory Date of 11 March 2019 .	Full Council set with reference to when major preceptors and Parishes have approved their Council Tax Requirements.	Green - Tolerable
B	Planned Capital Receipts are not received.	The budget for capital receipts will be monitored as part of The Council's normal budget monitoring procedures.	Green - Tolerable
C	Achievement of The Council's key Council priorities.	Close monitoring of performance and expenditure; maximising the potential of efficiency gains; early identification of any unexpected impact on costs including Central Government Policy changes, movement in the markets, and changes in the economic climate.	Green - Tolerable
D	Implementation of the Check, Challenge and Appeal Business Rates Appeals and more frequent revaluations.	To closely monitor the level of appeals. An allowance of 4.7% (in line with the DCLG Allowance) for appeals has been included in the Business Rate Estimates.	Red - Severe
E	The financial impact of changes to the New Homes Bonus regime.	The technical consultation for the 2019/20 settlement has indicated there will be an increase in the baseline of 0.4% used for 2019/20 and alternatives will be explored to incentivise housing growth most effectively from 2020/21 onwards.	Red - Severe
F	The Regulatory Requirements related to Commercial Property Investment change and mean the Property Investment Strategy cannot be delivered	To assess the implications of proposed changes and respond to consultations to attempt to influence the policy direction in the Council's favour.	Amber - Material
G	The increased Localisation of Business Rates and the Fair Funding Review in 2020/2021.	To assess the implications of proposed changes and respond to consultations to attempt to influence the policy direction in the Council's favour.	Red - Severe

- ### Background documents
- Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2017-22 – Cabinet 13 February 2018.
 - Friarsgate – Coach Park Land Acquisition – Cabinet 13 February 2018.
 - Award of Insurance Contract – Cabinet 13 March 2018.
 - Managing the end of the ICT Support Contract – Cabinet 1 May 2018.
 - Friarsgate – Cabinet 12 June 2018.
 - Money Matters: 2017/18 Review of Financial Performance against the Financial Strategy – Cabinet 12 June 2018.
 - Money Matters: 2018/19 Review of Financial Performance against the Financial Strategy – Cabinet 4 September 2018.
 - Delivering the Property Investment Strategy – Cabinet 4 September 2018 and Council 16 October 2018.
 - Medium Term Financial Strategy (Revenue and Capital) 2018-23 (MTFS) – Cabinet 9 October 2018.
 - Capital Programme Bids.

Relevant web links

The Original Revenue Budget 2018/19

Strategic Priority		
	2018/19	%
A vibrant and prosperous economy	(£652,350)	(6%)
Healthy and Safe Communities	£1,808,850	18%
Clean, green and welcoming places to live	£3,427,580	33%
A Council that is fit for the future	£6,281,510	61%
Efficiency Plan	(£71,180)	(1%)
Net Cost of Services	£10,794,410	105%
Treasury and Capital	£258,860	3%
Net Operating Cost	£11,053,270	107%
Earmarked Reserves	(£774,360)	(8%)
General Reserves	£26,990	0%
Amount from Grants and Local Taxpayers	£10,305,900	100%

Cabinet Member		
	2018/19	%
Economic Growth	£144,230	1%
Leader	£776,460	8%
Regulatory Services, Housing and Wellbeing	£1,264,250	12%
Finance and Democracy	£1,131,460	11%
Corporate & Customer Services, Revenues & Benefits	£3,286,300	32%
Operational Services, Leisure & Waste	£3,321,510	32%
Past Service Element of Pensions	£941,380	9%
Efficiency Plan	(£71,180)	(1%)
Net Cost of Services	£10,794,410	105%
Treasury and Capital	£258,860	3%
Net Operating Cost	£11,053,270	107%
Earmarked Reserves	(£774,360)	(8%)
General Reserves	£26,990	0%
Amount from Grants and Local Taxpayers	£10,305,900	100%

Expenditure and Income Type		
	2018/19	%
Employees	£11,976,040	116%
Premises	£970,260	9%
Transport	£1,574,610	15%
Supplies and Services	£6,766,790	66%
Third Party Payments	£1,053,680	10%
External Income (exc Housing Benefits)	(£11,546,970)	(112%)
Net Cost of Services	£10,794,410	105%
Treasury and Capital	£258,860	3%
Net Operating Cost	£11,053,270	107%
Earmarked Reserves	(£774,360)	(8%)
General Reserves	£26,990	0%
Amount from Grants and Local Taxpayers	£10,305,900	100%

External Income, Grants and Local Taxpayers			
	2018/19	% This Income	% Total Income
Grants and Contributions	(£3,886,540)	34%	18%
Rents	(£682,490)	6%	3%
Fees and Charges	(£6,977,940)	60%	32%
External Income	(£11,546,970)	100%	53%

	2018/19	% This Income	% Total Income
Retained Business Rates	(£3,112,900)	30%	14%
New Homes Bonus	(£800,000)	8%	4%
Council Tax	(£6,393,000)	62%	29%
Grants and Local Taxpayers	(£10,305,900)	100%	47%

Total Income	(£21,852,870)	100%
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Approved Changes to the Revenue Budget

Details	Cabinet Meeting	Approved Budget				Projection
		2018/19	2019/20	2020/21	2021/22	2022/23
Original Funding Gap or (Transfer) to General Reserves		(26,990)	1,305,000	2,006,360	2,034,090	2,086,000
Friarsgate - Coach Land Acquisition	13/02/2018	(12,250)	(24,280)	(24,050)	(23,810)	(23,810)
Award of Insurance Contract	13/03/2018	(36,970)	(38,620)	(40,360)	(40,360)	(40,360)
Managing the end of the ICT support contract	01/05/2018	34,000	(58,000)	(55,000)	(56,000)	(56,000)
Friarsgate	12/06/2018	0	0	(353,780)	(324,180)	(323,420)
Money Matters Financial Performance 3 Months 2018/19	04/09/2018	36,030	38,840	38,840	11,610	11,610
Approved Funding Gap or (Transfer) to General Reserves		(6,180)	1,222,940	1,572,010	1,601,350	1,654,020

The Full Draft Capital Programme 2018 to 2023

Project	Draft Budget						
	(R=>£500k, A= £250k to £500k and G = <£250k)						
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000	Corporate £000
LOPS - BLC Enhancement Work	232	3	0	0	0	235	0
LOPS - Friary Grange Capital Works	50	0	0	0	0	50	0
LOPS - Leisure Review: Capital Investment	1,032	353	10	0	0	1,395	0
ECON - Renovation and Replacement of Play Eq.	71	0	0	0	0	71	0
ECON - New Build Parish Office/Community Hub	92	0	0	0	0	92	0
ECON - Fradley Village Heating & CCTV	15	0	0	0	0	15	0
ECON - Fradley Youth & Community Centre	15	0	0	0	0	15	0
ECON - Replacement of children's play equipment	21	0	0	0	0	21	0
ECON - Armitage with Handsacre Village Hall	20	0	0	0	0	20	0
ECON - Armitage with Handsacre Village Hall	16	0	0	0	0	16	0
ECON - Re-siting of Armitage War Memorial	120	0	0	0	0	120	0
ECON - Replacement of canopy and artificial grass	13	0	0	0	0	13	0
REGH - Disabled Facilities Grants	1,028	1,104	950	950	950	4,982	352
REGH - Home Repair Assistance Grants	15	15	15	15	15	75	0
REGH - Decent Homes Standard	0	197	0	0	0	197	0
REGH - Energy Insulation Programme	41	10	10	10	10	81	0
REGH - Housing Monies	0	212	0	0	0	212	0
REGH - Unallocated S106 Affordable Housing	400	0	0	0	0	400	0
REGH - Housing Redevelopment Scheme	40	0	0	0	0	40	0
Healthy & Safe Communities Total	3,221	1,894	985	975	975	8,050	352
LOPS - Darnford Park (S106)	0	13	0	0	0	13	0
LPDE - Loan to Council Development Company	0	900	0	0	0	900	0
ECON - Canal Towpath Improvements	105	106	0	0	0	211	0
WC - Vehicle Replacement Programme	0	140	25	0	3,100	3,265	0
LOPS - Vehicle Replacement Programme	138	178	119	307	0	742	210
LOPS - Shortbutts Park, Lichfield	0	23	0	0	0	23	20
ECON - Env. Improvements - Upper St John St	7	0	0	0	0	7	0
LOPS - Stowe Pool Improvements	0	550	450	0	0	1,000	5
ECON - The Leomansley Area Improvement Project	3	0	0	0	0	3	0
ECON - Cannock Chase SAC	43	32	22	25	0	122	0
Clean, Green and Welcoming Places to Live Total	296	1,942	616	332	3,100	6,286	235
REGH - Data Management System	11	0	0	0	0	11	0
ECON - Birmingham Road Site Support	179	0	0	0	0	179	179
ECON - Birmingham Road Site - Coach Park	243	0	0	0	0	243	243
ECON - Birmingham Road Site - Police Station	1,805	0	0	0	0	1,805	1,676
ECON - Sankey's Corner Environmental Imp	3	0	0	0	0	3	0
ECON - City Centre Strategy and Interpretation	2	0	0	0	0	2	0
ECON - Car Parks Variable Message Signing	32	0	0	0	0	32	0
ECON - Old Mining College - Refurbish access	14	0	0	0	0	14	0
ECON - Lichfield Festival Parade and Website	14	0	0	0	0	14	14
ECON - St Mary's Cultural Hub	45	0	0	0	0	45	45
ECON - Erasmus Darwin Lunar Legacy	25	0	0	0	0	25	25
ECON - St. Chads Sculpture	0	50	0	0	0	50	50
A Vibrant and Prosperous Economy Total	2,373	50	0	0	0	2,423	2,232
LPDE - Property Investment Strategy	6,000	13,000	13,000	13,000	13,000	58,000	0
LOPS - Depot Sinking Fund	0	11	0	0	0	11	11
CORP - IT Innovation	187	167	110	50	50	564	564
CORP - IT Infrastructure	0	105	55	35	15	210	105
CORP - IT Cloud	0	25	100	0	0	125	125
CORP - District Council House	85	103	53	74	110	425	310
A Council that is Fit For the Future Total	6,272	13,411	13,318	13,159	13,175	59,335	1,115
Grand Total	12,162	17,297	14,919	14,466	17,250	76,094	3,934

APPENDIX B

Project	Draft Budget (R=>£500k, A= £250k to £500k and G = <£250k)						Corporate £000
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000	

Funding Source	Draft Budget						Total £000	76,094
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000		
Usable Capital Receipts	2,237	577	334	413	219	3,780		
Revenue	154	0	0	0	0	154		
Corporate Council Sources	2,391	577	334	413	219	3,934		
External Grants and Contributions	1,102	1,863	1,358	931	931	6,185		
Section 106	992	178	43	25	0	1,238		
Earmarked Reserves	413	1,183	149	97	20	1,862		
Sinking Fund	232	3	0	0	0	235		
Finance Leases	0	140	25	0	3,080	3,245		
Grand Total	5,130	3,944	1,909	1,466	4,250	16,699		
In Year FUNDING GAP (Borrowing Need)	7,032	13,353	13,010	13,000	13,000	59,395		
Cumulative FUNDING GAP (Borrowing Need)	8,976	21,971	34,251	46,150	57,676	57,676		
Available Capital Receipts	(1,836)	(1,268)	(943)	(539)	(329)	(329)		

Capital Receipts

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Opening Balance	(3,070)	(1,836)	(1,268)	(943)	(539)	(3,070)
<u>New Receipts</u>						
Sale of Mill Lane Link, Fazeley	(100)					(100)
Sale of Beacon Cottage	(200)					(200)
Sale of land at Netherstowe and Leyfields	(527)					(527)
Right to Buy Receipts	(167)					(167)
Release of Covenant Guardian House						0
Other Receipts	(9)	(9)	(9)	(9)	(9)	(45)
Utilised in Year	2,237	577	334	413	219	3,780
Closing Balance	(1,836)	(1,268)	(943)	(539)	(329)	(329)

Corporate Funding Relates to:

- Capital Commitments for Birmingham Road Site and Lichfield Arts Fund of **£2,232,000**.
- Capital Bids **£1,702,000**.

The Loan to the Council owned Development Company is currently assumed to be funded by earmarked reserves in 2019/20 although this could change when the Medium Term Financial Strategy is finalised to reflect the funding sources identified.

Funding Gap Proposals (By Cabinet Portfolio)

Initiatives	F4F Innovate / Income / Invest	Deliverability RAG (see below)	2018/19	2019/20	2020/21	2021/22	2022/23
			Indicative (Savings), Costs or (Income)				
Capital Programme Revenue Implications							
Invest to Save Capital Bids							
CORP - IT Cloud			£30,000	£50,000	(£30,000)	(£100,000)	(£150,000)
LPDE - Property Investment Strategy			(£125,000)	(£225,000)	(£180,000)	(£304,000)	(£427,000)
Existing Capital Commitments							
Chasewater and Friary Outer etc.			(£12,000)	(£7,000)	(£39,000)	(£39,000)	(£10,000)
LOPS - Leisure Review: Capital Investment			(£2,000)	£9,000	£7,000	£5,000	£2,000
Remove revenue contributions to Capital			£0	(£154,000)	(£154,000)	(£154,000)	(£154,000)
Sub Total			(£109,000)	(£327,000)	(£396,000)	(£592,000)	(£739,000)
Economic Growth							
Introduce fees and charges for the Visit Lichfield website, introduce various tours and advertising	Income	Green	£150	(£7,040)	(£7,190)	(£7,830)	(£8,470)
Increase pre-app charges for planning applications, including the use of Planning Performance Agreements PPA).	Income	Green	(£10,000)	(£10,000)	(£10,000)	(£10,000)	(£10,000)
Recovery of HS2 costs. In accordance with the Memorandum of Understanding and SLA, HS2 have committed to repay costs associated with handling planning applications and pre-application advice, together with attendance at Planning Forum.	Income	Green	(£6,000)	(£10,000)	(£10,000)	(£10,000)	(£10,000)
Spatial Planning Income used to fund Major Project Team	Income	Green	£0	£7,000	£7,000	£7,000	£7,000
Use of vacant benefit assessor's post for funding Major Projects Team	Invest	Green	£13,540	£16,650	£16,650	£16,650	£16,650
Regrading of Ecology Officer post to Assistant level. This is subject to Job Evaluation.	Innovate	Amber	(£4,530)	(£4,040)	(£4,090)	(£4,160)	(£4,210)
Recover costs from The Bower of loss of car parking income for use of Bird Street Car Park	Income	Amber	£0	(£6,000)	(£6,000)	(£6,000)	(£6,000)
Negotiate a reduction in the cost of the shared economic development service arrangement with Tamworth BC	Innovate	Amber	£0	(£5,000)	(£5,000)	(£5,000)	(£5,000)
Charging for entry onto the Council's Self-Build Register.	Income	Amber	(£750)	(£1,500)	(£1,500)	(£1,500)	(£1,500)
Charging for advice to stakeholders on policy matters reflecting similar charging regimes operated elsewhere.	Income	Amber	(£5,750)	(£11,500)	(£11,500)	(£11,500)	(£11,500)
Introduce energy efficient lighting in Lombard Street and Birmingham Road car parks	Innovate	Amber	£0	(£250)	(£250)	(£250)	(£250)
Facilitating small workshops and networking events and charging for no shows at events	Income	Amber	£0	(£270)	(£270)	(£270)	(£270)
Implementation of the Easytreez tree management system for the Arboriculture Service from 2019/20.	Innovate	Amber	£0	(£13,730)	(£13,880)	(£14,030)	(£14,190)
Sub Total			(£13,340)	(£45,680)	(£46,030)	(£46,890)	(£47,740)

APPENDIX C

Initiatives	F4F Innovate / Income / Invest	Deliverability RAG (see below)	2018/19	2019/20	2020/21	2021/22	2022/23
			Indicative (Savings), Costs or (Income)				
Finance and Democracy							
Procurement Service with Wolverhampton MBC	Innovate	Green	£0	£53,180	£53,240	£53,290	£53,340
Invest £2m in the new Diversified Income Fund	Income	Amber	£0	(£50,000)	(£50,000)	(£50,000)	(£50,000)
Exploiting the Estate Fee Income	Income	Amber	£0	(£4,000)	(£4,000)	(£8,000)	(£8,000)
Democratic Services	Income	Amber	£0	(£1,000)	(£1,500)	(£2,000)	(£2,080)
Review of elections costs	Innovate	Amber	£0	(£1,000)	(£1,250)	(£2,000)	(£2,500)
Procurement Savings from new arrangement with Wolverhampton MBC (1% per annum)	Innovate	Red	£0	(£86,970)	(£86,970)	(£86,970)	(£86,970)
Review the Shared Financial System arrangement with Solihull MBC (20%)	Innovate	Red	£0	£0	£0	£0	(£15,000)
Sub Total			£0	(£89,790)	(£90,480)	(£95,680)	(£111,210)
Operational Services, Leisure & Waste							
Consider the level of Arts Development provision	Innovate	Green	(£2,780)	(£17,010)	(£17,190)	(£17,190)	(£17,190)
Consider a reduction in Seasonal Bedding Plants	Innovate	Green	£0	(£4,000)	(£4,000)	(£4,000)	(£4,000)
Saving on the administration of the chargeable garden waste service (Not yet finalised)	Innovate	Green	(£34,700)	(£34,700)	(£34,700)	(£34,700)	(£34,700)
Additional collection infrastructure required to serve new housing developments	Innovate	Green	£0	£0	£0	£72,300	£86,800
Grounds Maintenance Commercialisation - alternative delivery models for grounds maintenance services and opportunities for commercial growth - must be considered with waste review.	Income	Amber	To be identified				
Beacon Park Pitch & Putt/Golf Course - consider options including outsource and closure	Innovate	Amber	To be identified				
Consider closure of Friary Grange Leisure Centre	Innovate	Amber	To be identified				
Increase in income from the chargeable garden waste service. 50% uptake target.	Income	Amber	(£78,100)	(£78,100)	(£78,100)	(£78,100)	(£78,100)
Tapering of the reduction in the recycling credit. Based on collecting 12,000 tonnes	Income	Amber	(£176,100)	(£146,300)	(£90,800)	(£35,300)	£21,400
Saving on dealing with unwanted garden waste bins.	Innovate	Amber	(£11,600)	(£11,600)	(£17,400)	(£17,400)	(£17,400)
Reduction in collection infrastructure savings for garden waste service as uptake is higher	Income	Amber	£46,300	£46,300	£46,300	£46,300	£46,300
Increase in gate fee for the disposal of dry recyclate due to Chinese export ban - subject to dispute	Income	Amber	£86,800	£86,800	£86,800	£86,800	£86,800
Closure of Public Conveniences and Shopmobility Services	Innovate	Red	£0	(£69,150)	(£69,150)	(£69,150)	(£69,150)
Sub Total			(£170,180)	(£227,760)	(£178,240)	(£50,440)	£20,760

APPENDIX C

Initiatives	F4F Innovate / Income / Invest	Deliverability RAG (see below)	2018/19	2019/20	2020/21	2021/22	2022/23
			Indicative (Savings), Costs or (Income)				
Corporate & Customer Services, Revenues & Benefits							
Delete vacant benefit assessor's post	Income	Green	(£16,660)	(£16,660)	(£16,660)	(£16,660)	(£16,660)
Reviewing the approach on Council Tax charges for empty properties	Income	Amber	£0	(£34,600)	(£34,600)	(£34,600)	(£34,600)
Ebilling and ebenefit notification	Income	Amber	£0	(£2,200)	(£4,400)	(£6,600)	(£8,800)
Sharing Insurance expertise	Income	Amber	£0	(£5,000)	(£5,000)	(£5,000)	(£5,000)
Extending the services of the new corporate service desk	Innovate	Amber	£0	(£4,000)	(£5,000)	(£6,000)	(£8,000)
Applying penalties for failure to declare changes in circumstances	Income	Red	£0	(£7,000)	(£7,000)	(£7,000)	(£7,000)
Northgate Revenues and Benefits Fundamental Review	Innovate	Red	£0	To be identified			
Information Management	Income	Red	£0	(£1,000)	(£3,000)	(£3,000)	(£5,000)
Facilities Management review	Innovate	Red	£0	(£4,000)	(£8,000)	(£8,000)	(£8,000)
HR shared service	Innovate	Red	£0	(£1,000)	(£1,000)	(£1,000)	(£1,000)
Sub Total			(£16,660)	(£75,460)	(£84,660)	(£87,860)	(£94,060)
Regulatory Services, Housing and Wellbeing							
Increase the uptake of Discretionary Housing Payments reducing the Council's liability for underwriting Homelessness prevention loans.	Innovate	Amber	£0	£0	(£2,500)	(£5,000)	(£5,000)
Consider introducing charging for non-statutory services such as Food Safety advice.	Income	Amber	£0	£0	(£2,000)	(£3,000)	(£3,000)
Consider the establishment of a community lottery.	Income	Red	£0	(£5,000)	(£25,000)	(£50,000)	(£50,000)
Sub Total			£0	(£5,000)	(£29,500)	(£58,000)	(£58,000)
TOTAL			(£309,180)	(£770,690)	(£824,910)	(£930,870)	(£1,029,250)