

Money Matters : 2018/19 Review of Financial Performance against the Financial Strategy

Cabinet Member for Finance and Democracy

Date:	4 December 2018
Agenda Item:	4
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Key Decision?	YES
Local Ward Members :	Full Council

1. Executive Summary

- 1.1 The report covers the financial performance from April to September (Quarter Two) for 2018/19.
- 1.2 The Net Cost of Services is projected to be below budget by **(£9,530)** and Corporate Budgets (Treasury) are projected to be below budget by **(£40,150)**, a total of **(£49,680)**.
- 1.3 The Efficiency Plan target has now been achieved; the surplus identified budget **(£38,020)** has been transferred to General Reserves in 2018/19 and reduces the funding gap in the later years.
- 1.4 The Council on 4 September 2018 approved a transfer to general reserves of **£6,180**.
- 1.5 The Capital Programme is projected to be below budget by **(£3,544,000)** resulting in profiling updates.
- 1.6 Capital receipts are projected to be **(£482,000)** compared to the Approved Budget of **(£300,000)**.
- 1.7 In terms of Council Tax, Business Rates, Sundry Debtors and Supplier Payment Performance:
 - The Council's collection performance on Council Tax based on debt covering all years is **57.29%** and this is consistent with previous years.
 - There is a projected surplus for Council Tax and the Council's share of **(£29,490)** with **£0** included in the 2019/20 budget.
 - Income raised has decreased by **(£148,663)** due to the outsourcing of the leisure centres earlier in the year.
 - In addition Invoices Outstanding have reduced by **(£190,881)** due once again to the outsourcing of the leisure centres to Freedom Leisure.
 - The Council is projected to be paying net Business Rate levy (including the volatility allowance) of **£1,664,000** to the GBS pool and this is currently in line with the Approved Budget.
 - Retained Business Rate Income is currently projected to be in line with the Approved Budget.
 - The Council's collection performance on Business Rates based on debt covering all years is **54.52%**. This is due primarily to the award of local discretionary relief resulting in some payers being one month behind the statutory scheme (paying May to February rather than April to January) and this has had a negative effect on the collection rates. It is anticipated that by February/March the annual collection rate will not be impacted by this temporary issue.
 - There is a projected surplus for Business Rates and the Council's share of **(£211,900)** with **£0** included in the 2019/20 budget.
 - The payment of suppliers within 30 days in 2018/19 is **82.41%** and this is consistent with previous years.
- 1.8 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.

2. Recommendations

- 2.1 To note the report and issues raised within and that Leadership Team with Cabinet Members will continue to closely monitor and manage the Medium Term Financial Strategy 2017-22.

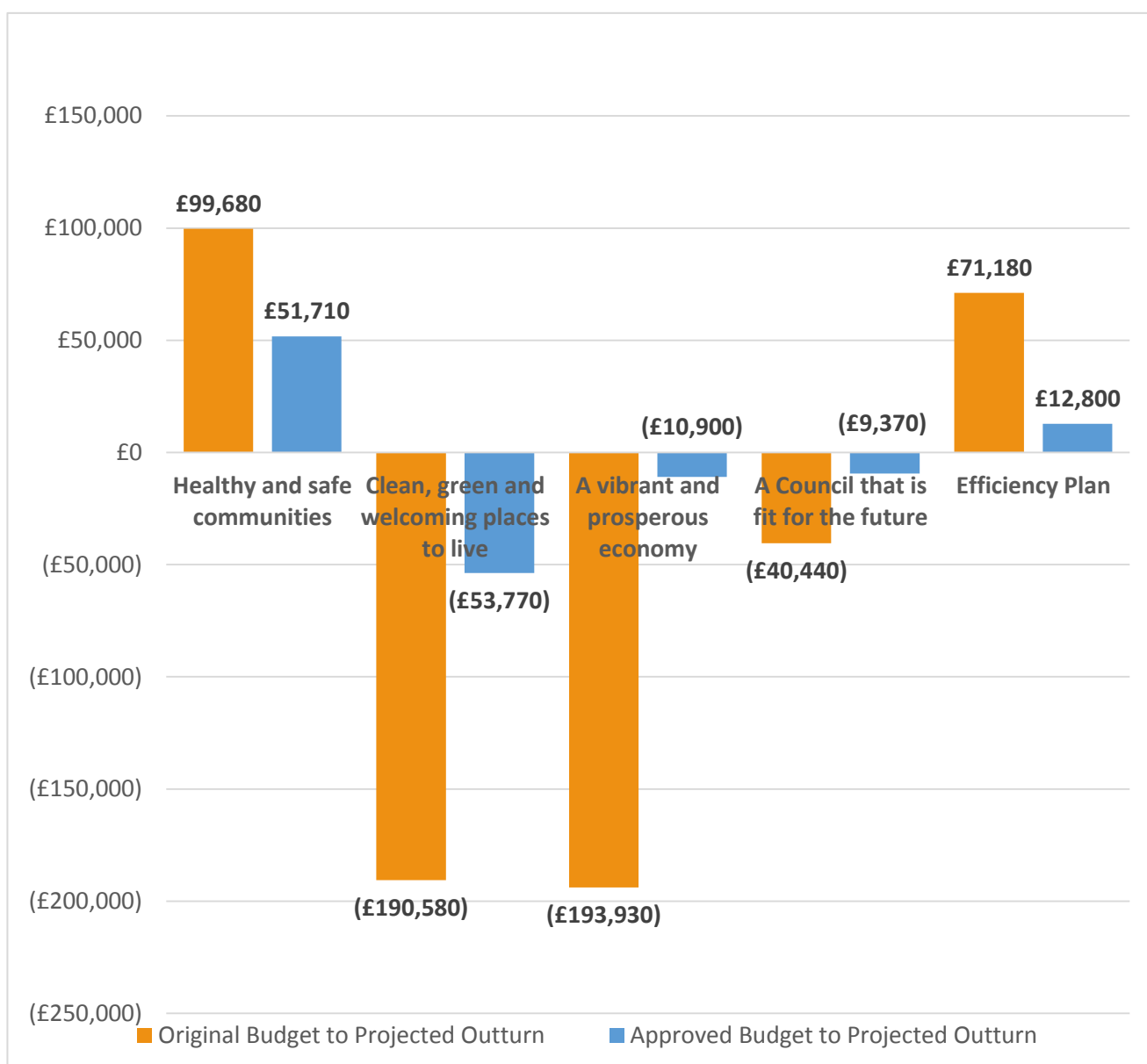
3. Background

Budget Management

- 3.1. The MTFs 2017-22 approved by Council on 20 February 2018 included the Original Budget for 2018/19 and sets out the allocation of resources and the policies and parameters within which managers are required to operate.
- 3.2. Throughout the financial year, Money Matters reports will be provided to Cabinet and Briefing Notes to Strategic (Overview and Scrutiny) Committee at 3, 6 and 8 months to monitor financial performance.
- 3.3. The Money Matters reports update the Approved Budget to reflect latest projections and the 8 month Money Matters report will form the basis of the Revised Approved Budget for 2018/19 and will be approved by Council on 19 February 2019.

The Revenue Budget

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



Performance compared to the Approved Budget

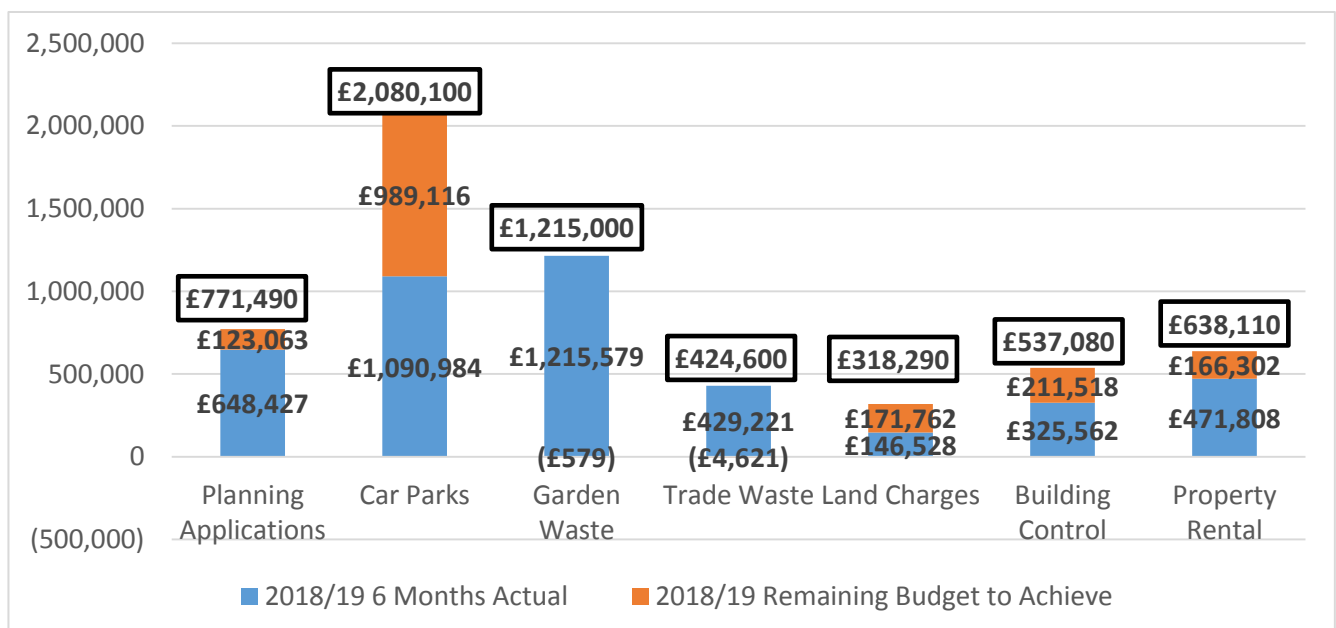
3.5. The projected variance to the Approved Budget related to one off and recurring items that impact on general reserves in 2018/19 of (£49,680) is shown in summary in the table below and in more detail in **APPENDIX B** by Service Area.

	Approved Budget	
	Virements	Variance
Healthy and Safe Communities		
• Underachievement of income target by self-funding post within Leisure and Operational Services. This figure may change depending on income currently outstanding and any future income generating opportunities during 2018/19		50,670
• Transfers	1,040	
Clean, green and welcoming places to live		
• Temporary IT license reduction, vacant posts		(24,290)
• Vacant post and subsequent loss of income		(26,540)
• Savings/income found in this quarter	(1,370)	
• Transfers	(1,570)	
A vibrant and prosperous economy		
• Savings/income found in this quarter	(11,430)	
• Transfers	530	
A Council that is fit for the future		
• Recurring Surplus budget identified in Chief Executive		(5,250)
• Vacant post		(4,120)
Efficiency Plan		
• Savings/income found in this quarter	12,800	
Total – Net Cost of Services	£0	(£9,530)
Increased interest receipts due to interest rate increase		(40,150)
Additional Transfer (to) / from General Reserves	£0	(£49,680)

Fees and Charges

3.6. The Council is becoming more reliant on income from fees and charges due to the reductions in government funding. Therefore it is important that these increasingly important income streams are monitored closely due to the increasing risk within the Approved Budget.

3.7. The chart below shows the largest fees and charges budgets together with the actual income achieved for the first six months (figures in brackets are where the annual budget has been exceeded):



Projected Outturn for Waste Service

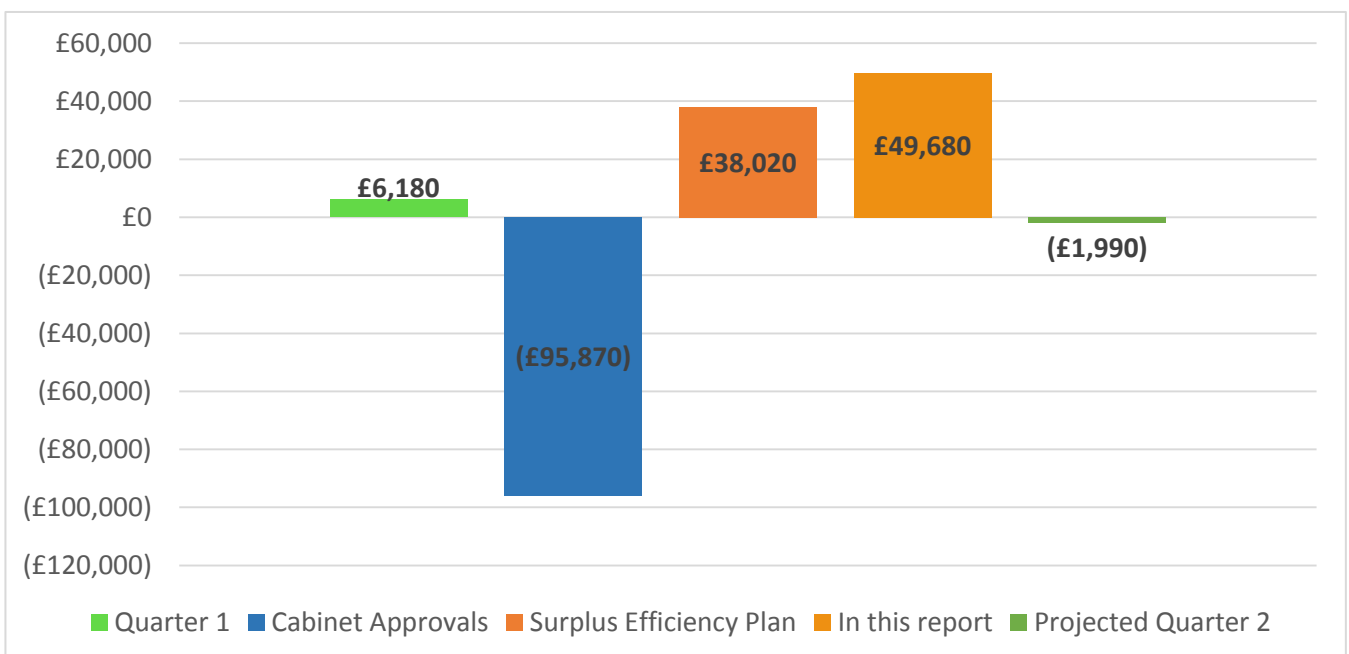
- 3.8. The financial position for Waste Services is difficult to forecast. There are many variables that could impact on the position. The variable factors include the following:
- As this is the first year of charging for garden waste collection, it is difficult to predict the number of subscriptions that will be achieved which will impact not only on the income from charging for collection but also impact on recycling credits received. The subscription service runs on a calendar year basis and therefore we have to ensure income is matched to financial years.
 - 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. To minimise the number of rejected loads, we have adopted an educational approach and have issued recycling calendars to all households in the last month giving clear guidance on the recycling requirements.
 - 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.
- 3.9. It is anticipated that as the financial year progresses a clearer picture will emerge and forecasts will be updated to reflect this.

The Efficiency Plan

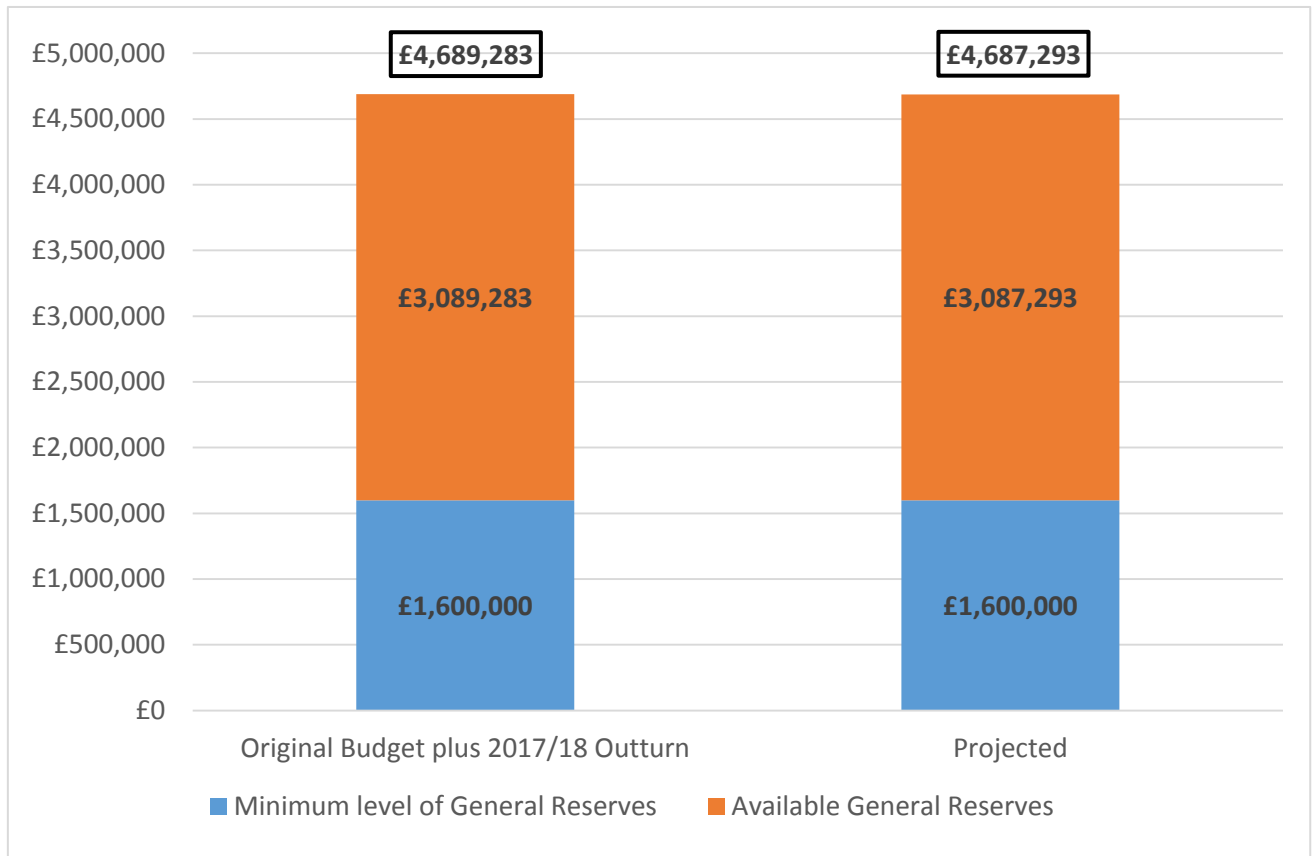
- 3.10. The remaining efficiency plan target from 2017/18 has been achieved in this quarter.
- 3.11. The overachievement of the target of **(£38,020)** has been transferred to General Reserves in 2018/19 and this will reduce the funding gap in later years.

Revenue General Reserves

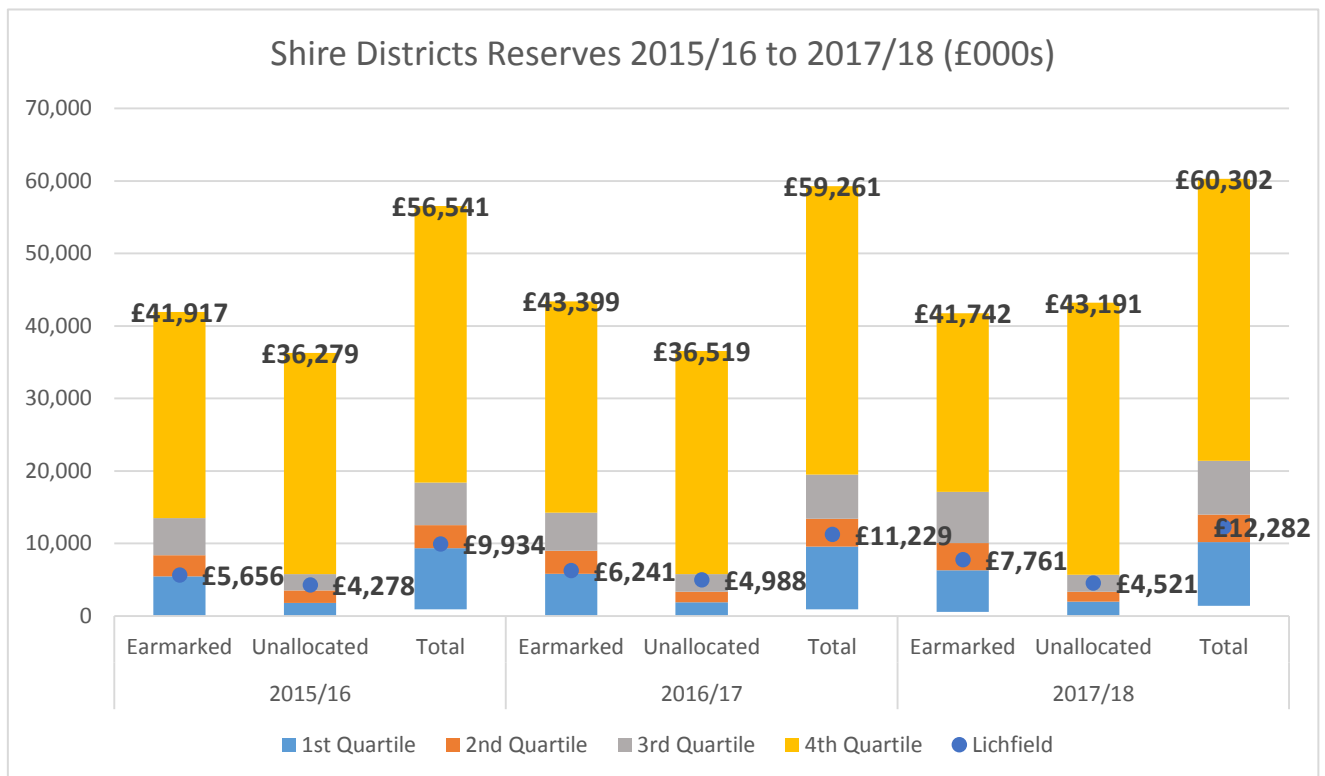
- 3.12. The Council's Approved Budget at the three months stage approved a contribution to General Reserves of **£6,180**.
- 3.13. There have been a number of approvals by Cabinet and where necessary by Council of **(£95,870)** together with items identified in this report related to the Efficiency Plan **£38,020** and lower than planned expenditure or higher income of **£49,680**.
- 3.14. Therefore the projected contribution from General Reserves is **(£1,990)** and this is shown in the graph below:



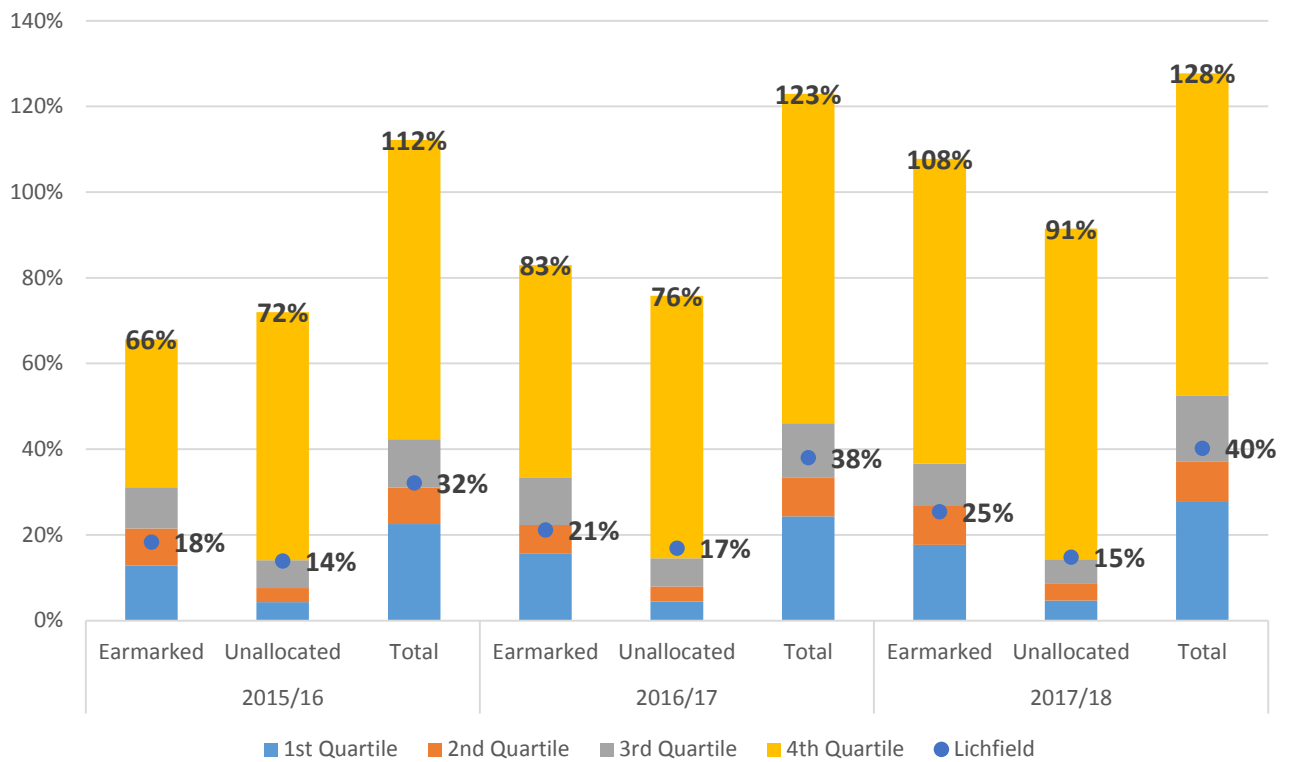
3.15. The following Revenue general reserves are available to assist the Council in meeting General Fund expenditure as part of the Medium Term Financial Strategy:



3.16 To determine how the level of Council's reserves compare to other District Councils, the level of General (unallocated) and Earmarked Reserves in relative terms and as a percentage of Revenue Expenditure (as defined in the Revenue Outturn Form) is shown for the last three years in the graphs below:

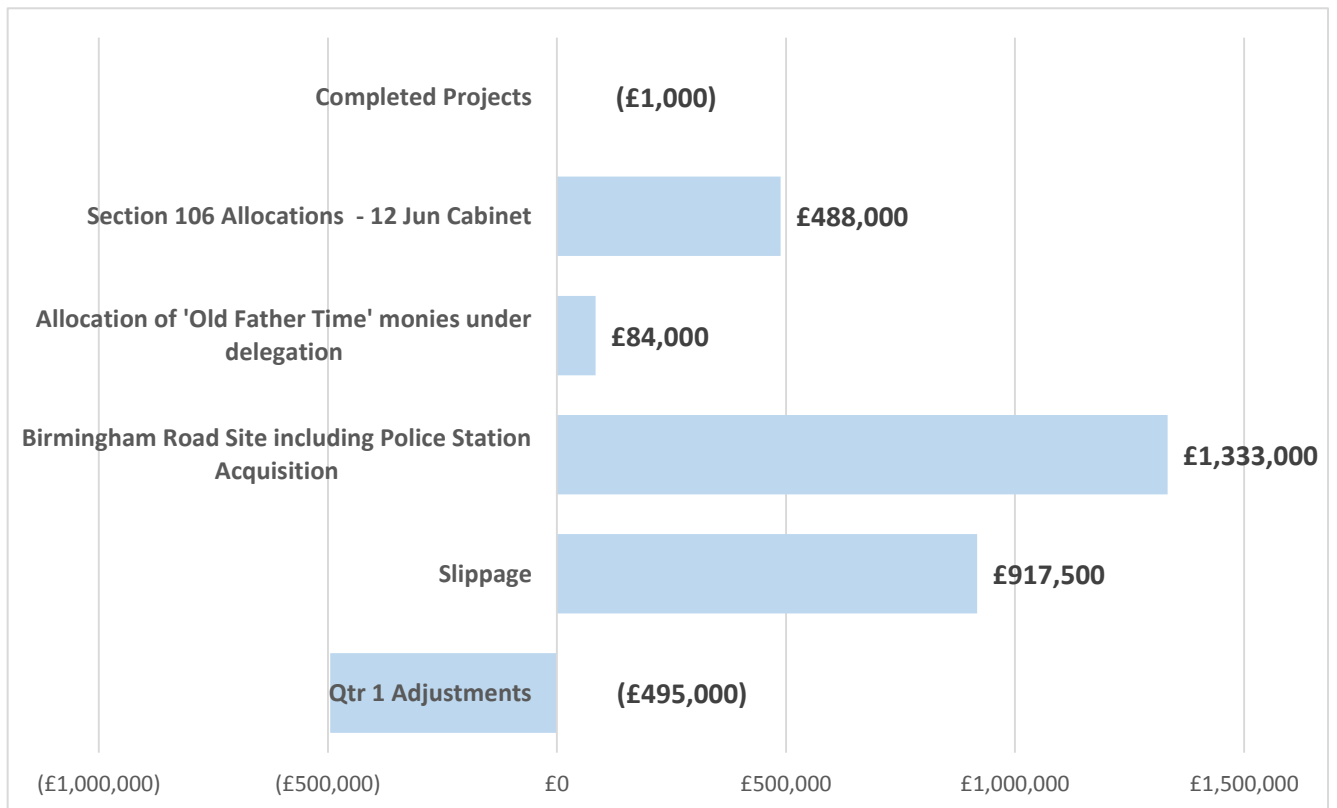


Shire Districts Reserves as a % of Revenue Expenditure

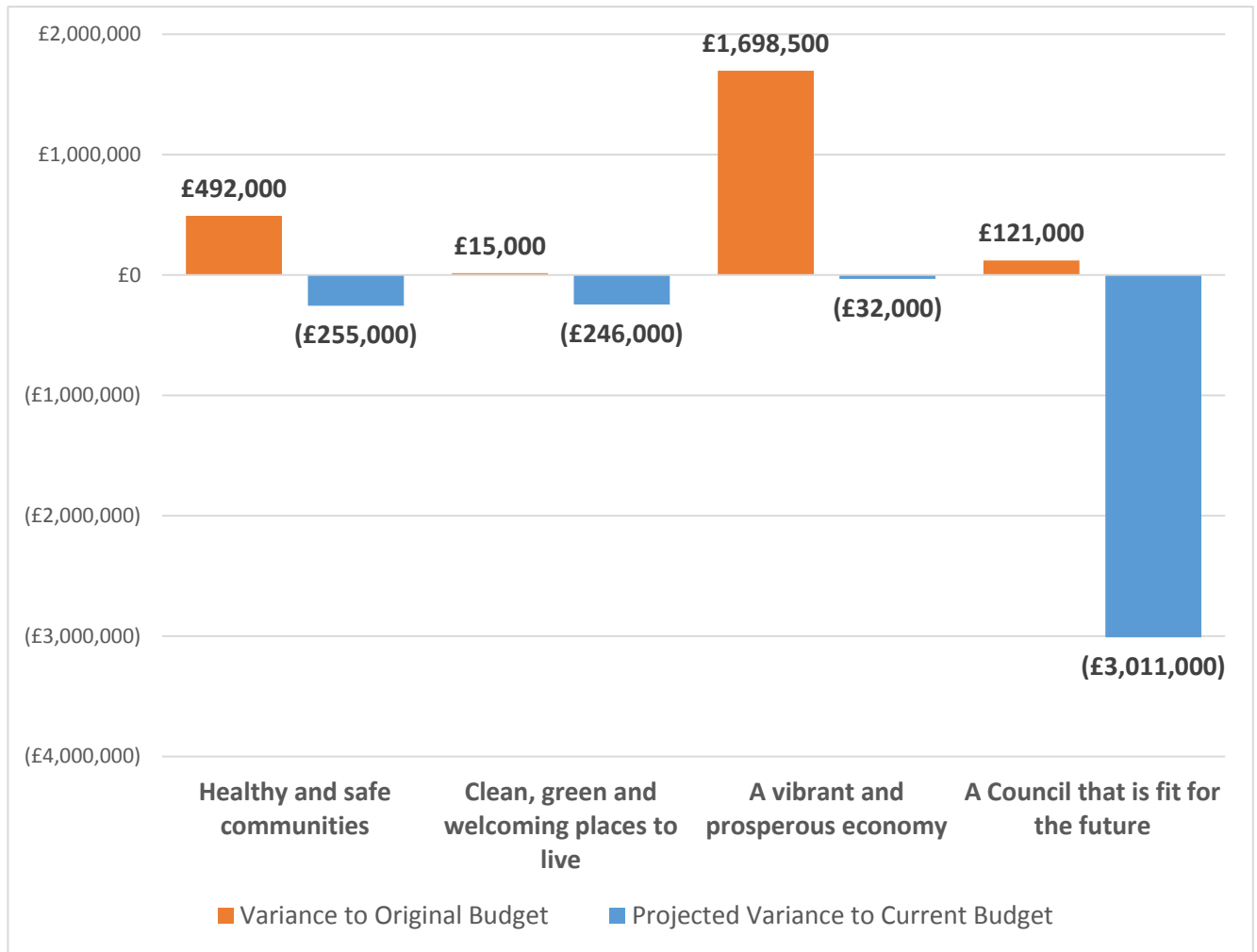


The Capital Programme

3.17. The budgetary changes of **£2,326,500** from the Original Budget of **£10,242,000** to the Approved Budget of **£12,568,500** is shown in the graph below:



3.18. We are projecting that the Capital Programme performance will be below budget by **(£3,544,000)** 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**:



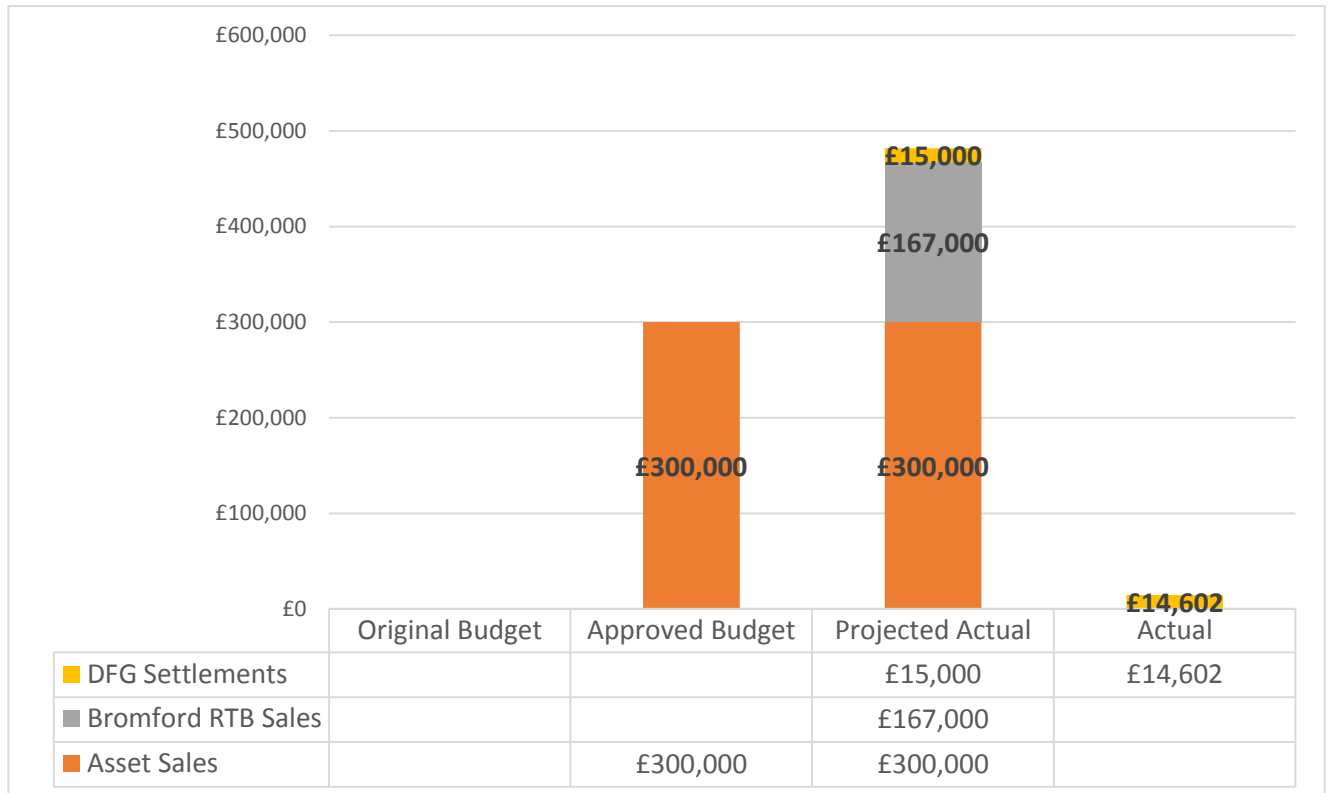
Performance compared to the Approved Budget

3.19. There are projected variances compared to the Approved Budget for budget profiling related to:

	Approved Budget Variance
Healthy and Safe Communities	
• Renovation and Replacement of Play Equipment at Hill Ridware Village Hall	(£71,000)
• New Build Parish Office/Community Hub	(£92,000)
• Burntwood Sinking Fund Projects	(£92,000)
Clean, Green and Welcoming Places to Live	
• Canal Towpath Improvements (Brereton & Ravenhill)	(£80,000)
• Darnford Park	(£13,000)
• Shortbutts Park	(£23,000)
• Stowe Pool Improvements	(£100,000)
• Vehicle Replacement Programme	(£30,000)
A Vibrant and Prosperous Economy	
• Car Parks Variable Message Signing	(£32,000)
A Council that is Fit for the Future	
• Property Investment Strategy	(£3,000,000)
• Depot Sinking Fund	(11,000)
Total	(£3,544,000)

Capital Receipts

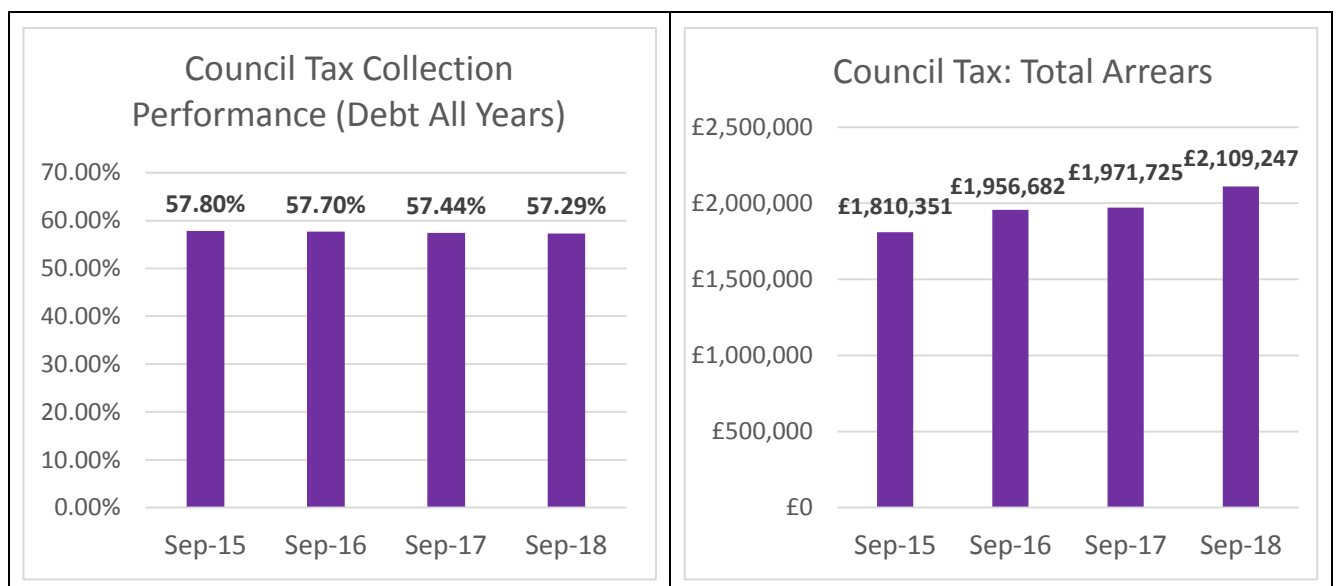
3.20. The Original Budget, Approved Budget, projected capital receipts and actual capital receipts received in the first six months is shown below:



Council Tax

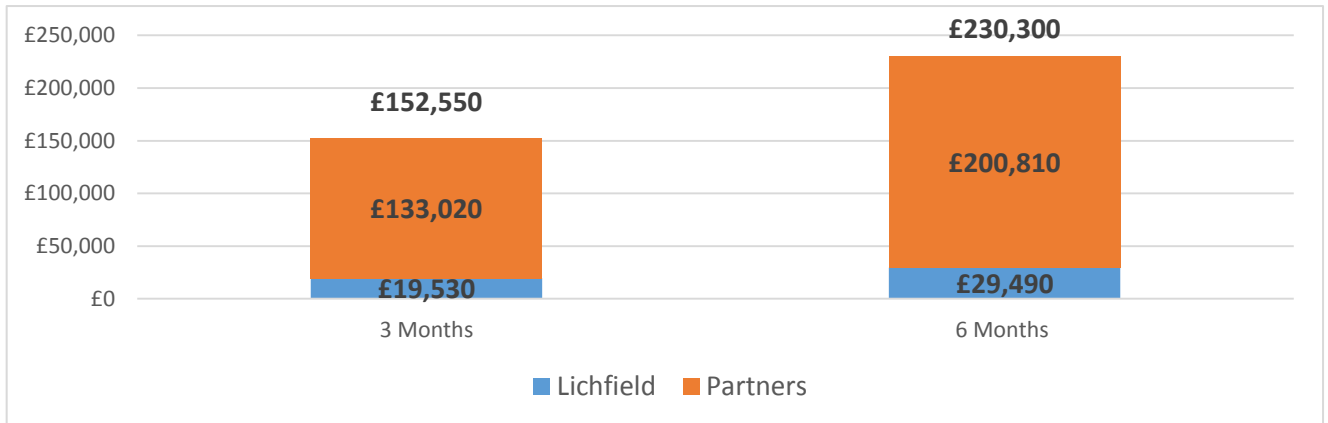
3.21. The Council is responsible for the collection of Council Tax for all precepting authorities in 2018/19 totalling **£63m**.

3.22. The collection performance for Council Tax for the first six months of the last four financial years is shown in the graph below:



3.23. The collection performance has remained consistent with the same period in previous financial years. The level of arrears is marginally higher than the average for the previous three years. 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.

3.24. 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%**:



3.25. The main reasons for the projected surplus of **(£230,300)** are:

- There was a higher surplus than projected in 2017/18 of **(£11,248)**.
- The net yield from Council Tax in 2018/19 is projected to be **(£219,052)** higher than estimated. This is due to lower Local Council Tax Support discount and higher Council Tax income net of other discounts and exemptions.

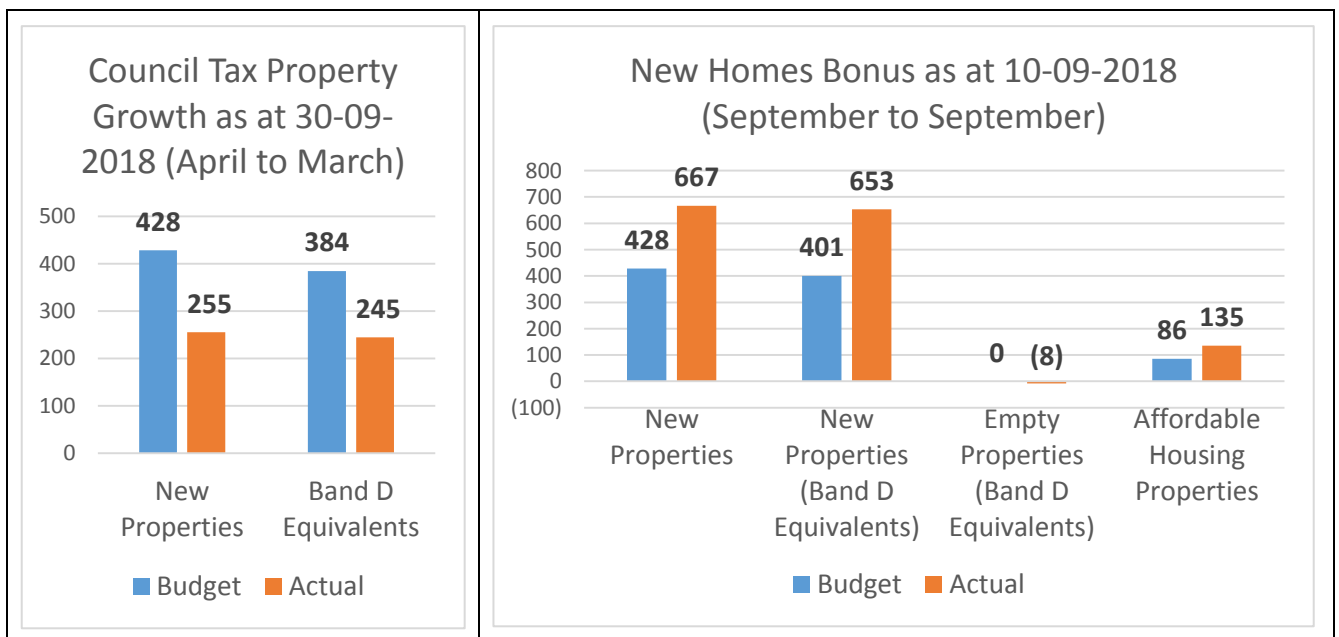
3.26. The projected surplus in 2018/19 includes the actual surplus in 2017/18 together with performance related to 2018/19. The Council's share of the projected surplus of **(£29,490)** will be included in the 2019/20 Budget and will therefore also impact on the Funding Gap in that financial year.

Housing Supply

3.27. 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.

3.28. The first graph shows completions for Council Tax (based on the financial year April to March) for April 2018 to September 2018. This shows that actual delivery in the first six months is lower than the budget.

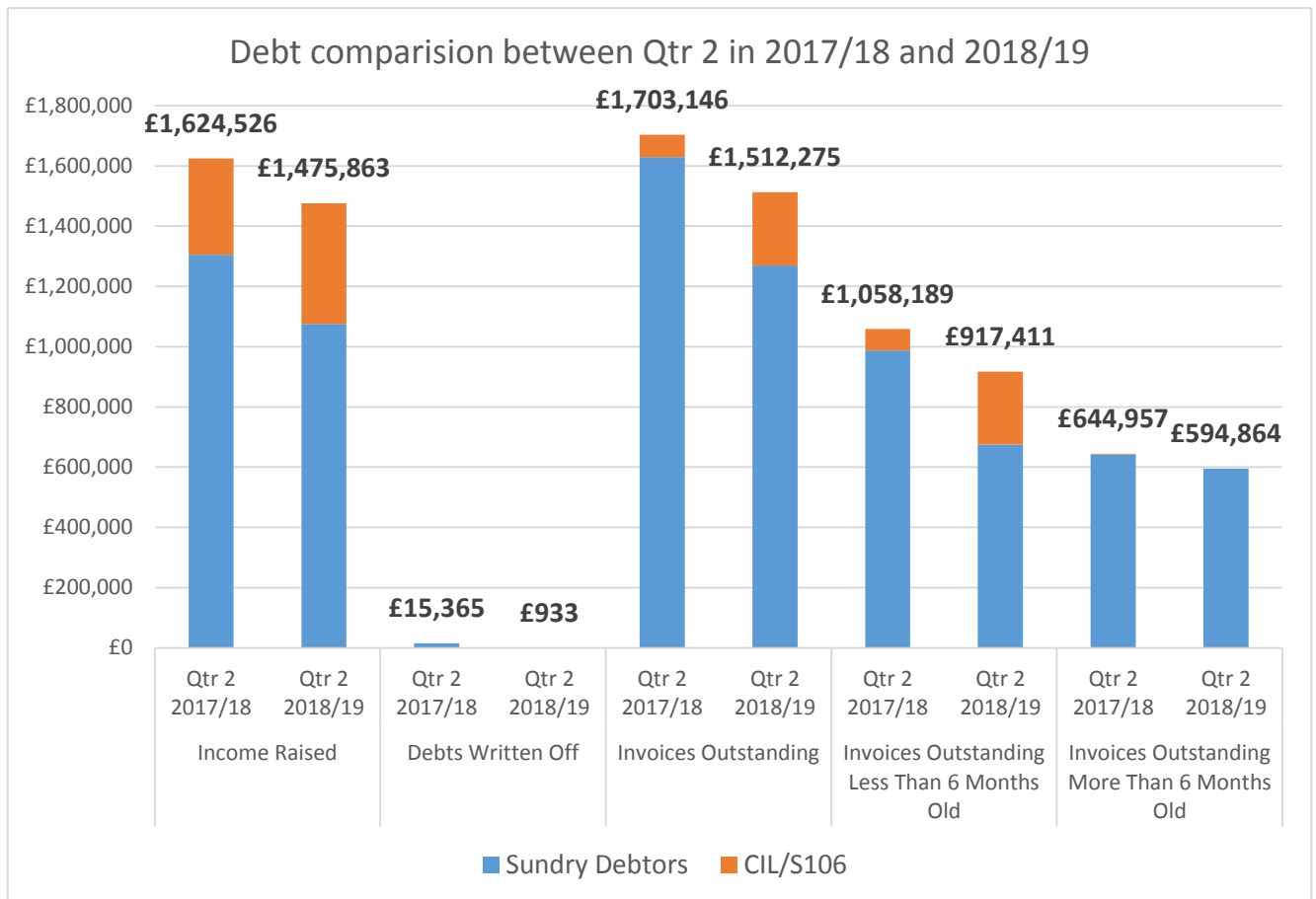
3.29. The second graph shows the components in the New Homes Bonus calculation (based on the Council Tax Base Return year) from September 2017 to September 2018. In terms of new properties, delivery is higher than the target and would mean in theory (this is subject to any changes in the baseline level of 0.4%) the Council would receive higher New Homes Bonus than has been budgeted.



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

3.30 To provide Members with a view on overall 'sundry' debt we now provide figures for both sundry debt such as Trade Waste, Building Control and Property Leases together with CIL and S106.

3.31 The transactions levels and collection performance in 2018/19 compared to 2017/18 is shown below:



3.32 The Sundry Debtors, CIL and Section 106 performance is shown in detail at **APPENDIX D**. The main variances which are due to the outsourcing of the leisure centres to Freedom Leisure earlier in the year, are below:

- Income raised: reduction of **(£148,663)** or **(9%)**
- Invoices outstanding: reduction of **(£190,871)** or **(11%)**

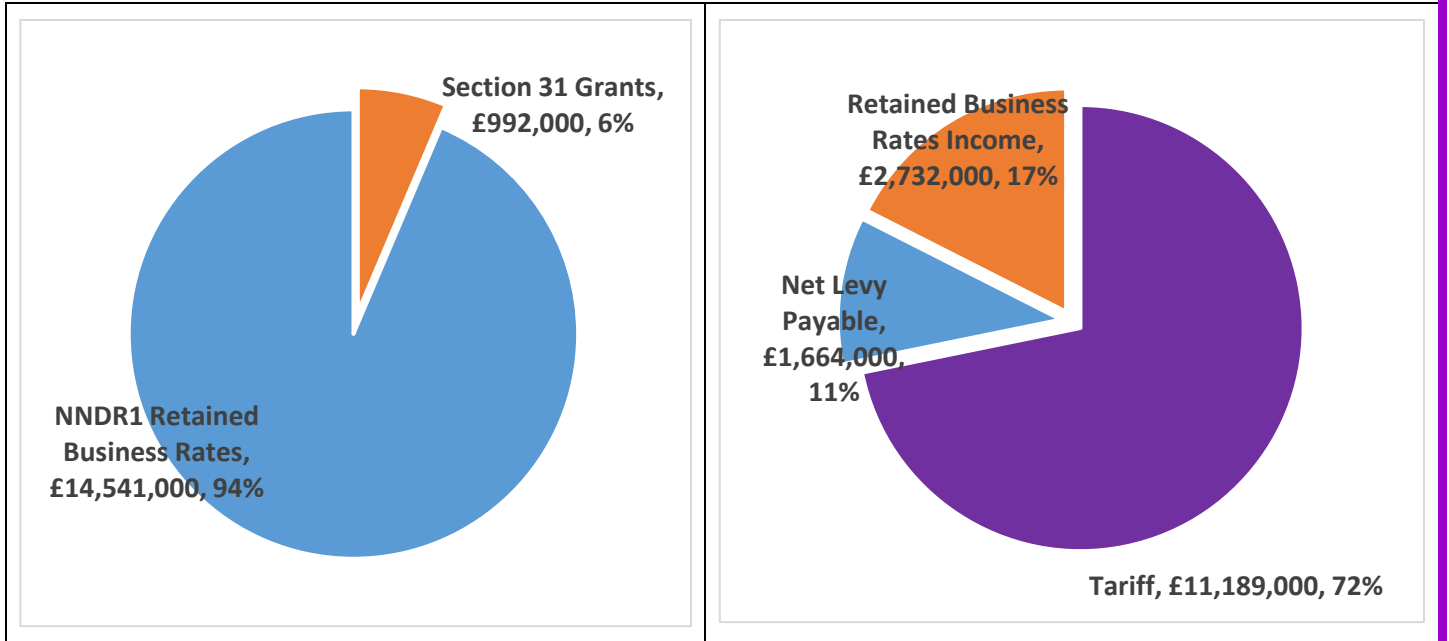
Business Rates

3.33. The Council will collect Business Rates for all partners in 2018/19 totalling **£36m**.

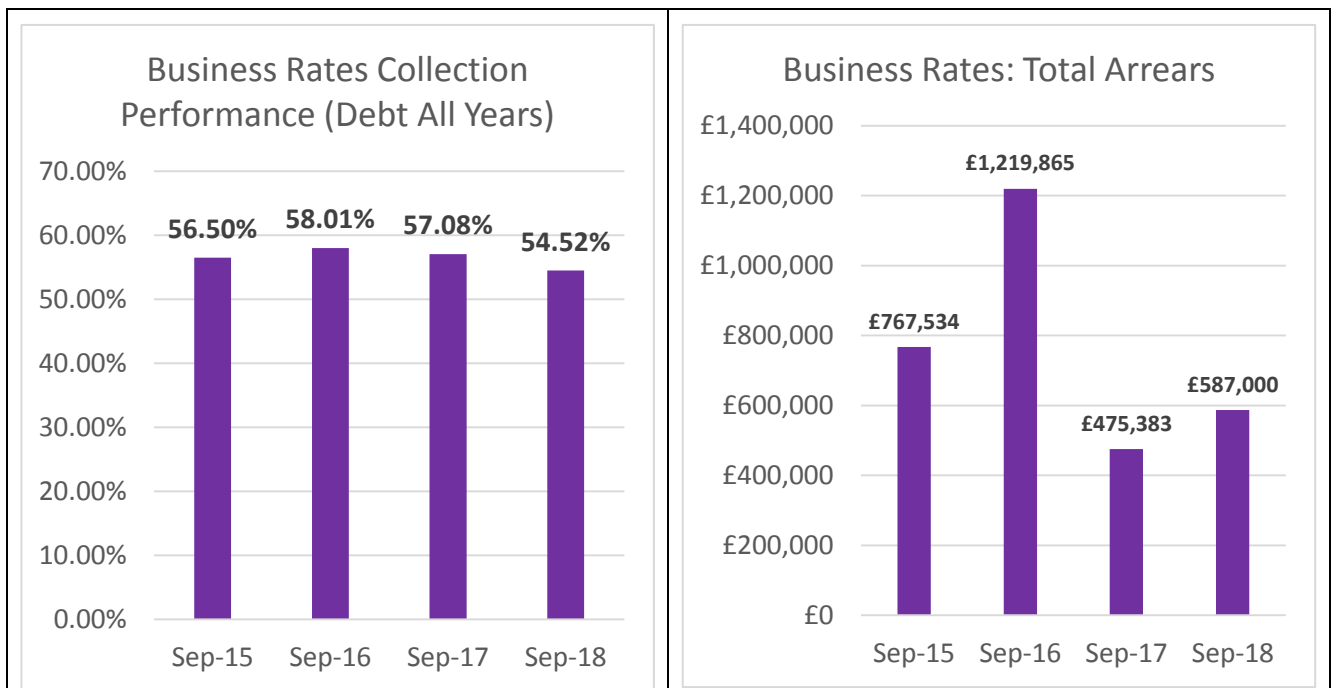
3.34. The Council receives a **40%** share of Business Rates income. The Council's share included in its budget is based on the NNDR 1 estimated level together with Section 31 grants for certain reliefs granted. The Council must then pay the Government set tariff and any net levy based on growth above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

3.35. The Retained Business Rate income for 2018/19 is projected to be **(£2,732,000)** compared to the Approved Budget of **(£2,732,000)**.

3.36. The detail of the Council's actual and budgeted share of Business Rates income, the tariff and net levy and retained Business Rates in 2018/19 is shown in detail at **APPENDIX D** and in the graphs below:



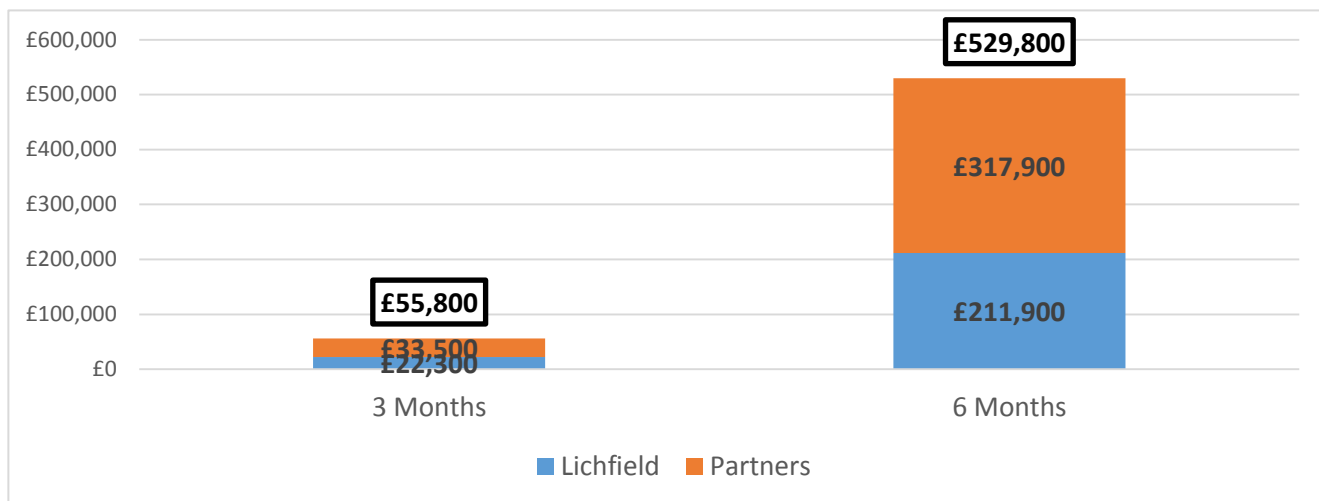
3.37 The collection performance for Business Rates for the first six months of the last four financial years is shown in the graph below:



3.38 The collection performance for total arrears is lower than the average for the three previous financial years. This is due primarily to the award of local discretionary relief resulting in some payers being one month behind the statutory scheme (paying May to February rather than April to January) and this has had a negative effect on the collection rates.

3.39 The level of arrears at September 2018 is lower than the average for the previous three years but is more than the level at September 2017 and is related to three businesses that are in liquidation.

3.40 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%**:



3.41 The main reasons for the projected surplus of **(£529,800)** are:

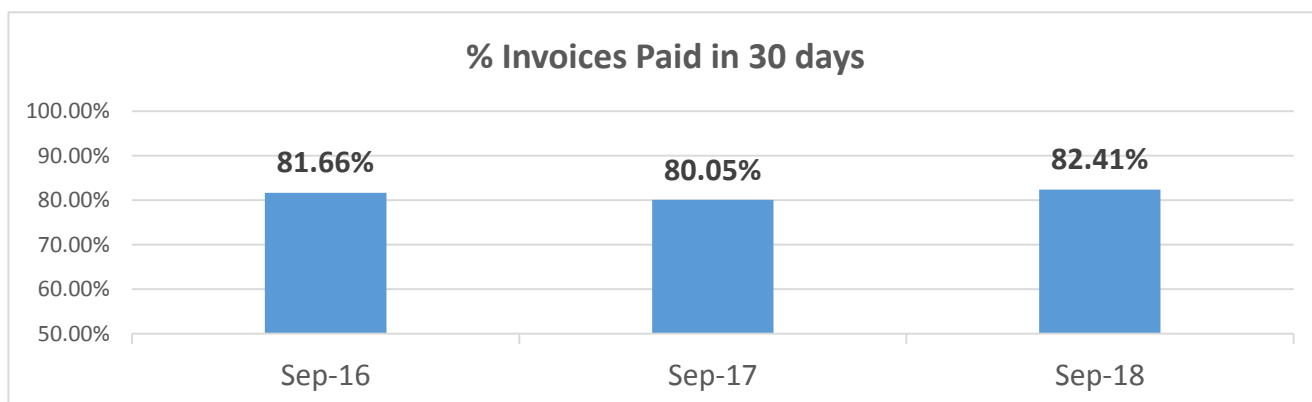
- There was a lower surplus than projected in 2017/18 of **£61,373**.
- There was additional net income projected of **(£591,173)** due to projected changes in the level of income, the Bad Debt Provision and the level of appeals.

3.42 The Council's share of the projected surplus in 2018/19 is **(£211,900)** compared to the budget where breakeven was assumed.

Supplier Payment Performance

3.43 The Public Contracts Regulations 2015 require the publication of the Council performance in processing payments to Suppliers. Under the regulations, the Council should pay all undisputed invoices within 30 days of receipt.

3.44 The performance of payments to suppliers for the first six months of the last three years is shown below:



3.45 The Council is reviewing its processes to improve payment performance by implementing improvements to the Procure to Pay process.

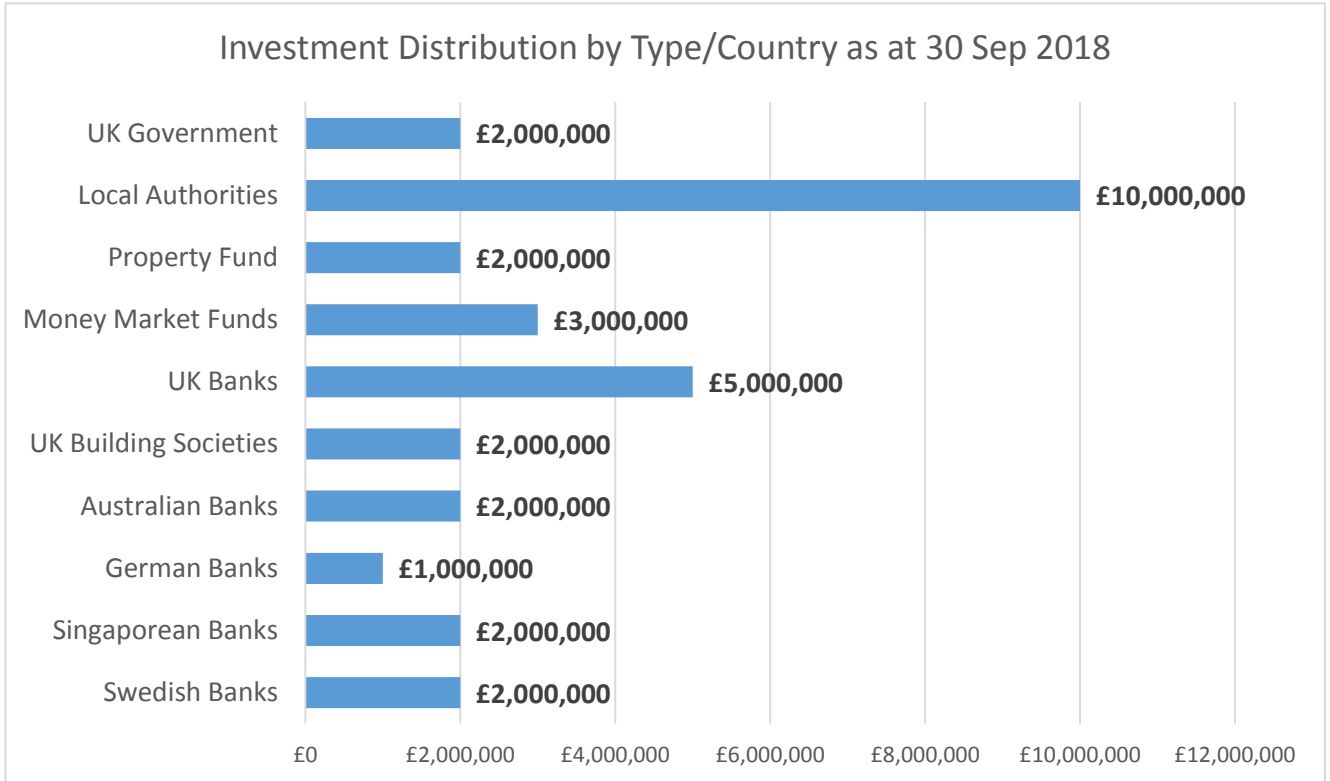
3.46 The Council has not received any claims or made any payments of late interest in any of the periods.

Treasury Management

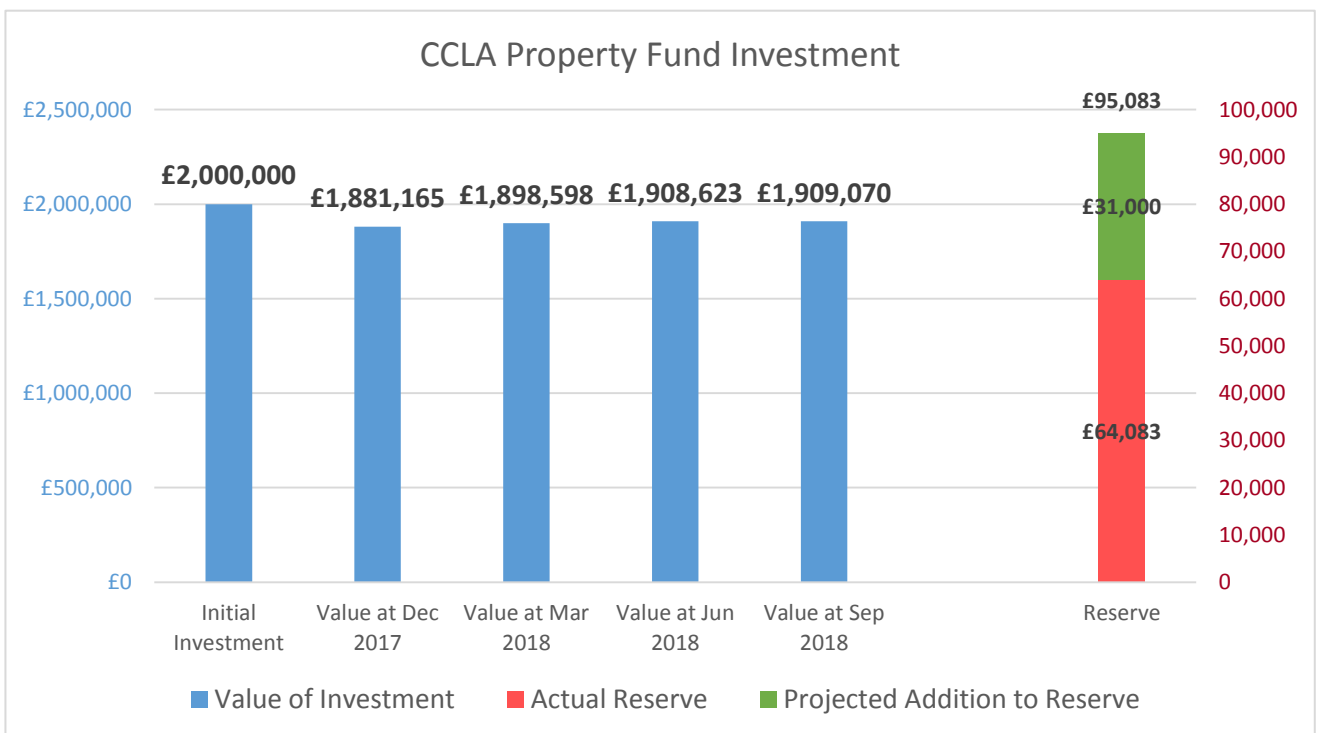
3.47 The performance of the Treasury Management function should be measured against the investment objectives of Security (the safe return of our monies), Liquidity (making sure we have sufficient money to pay for our services) and Yield (the return on our investments).

The Security of Our Investments

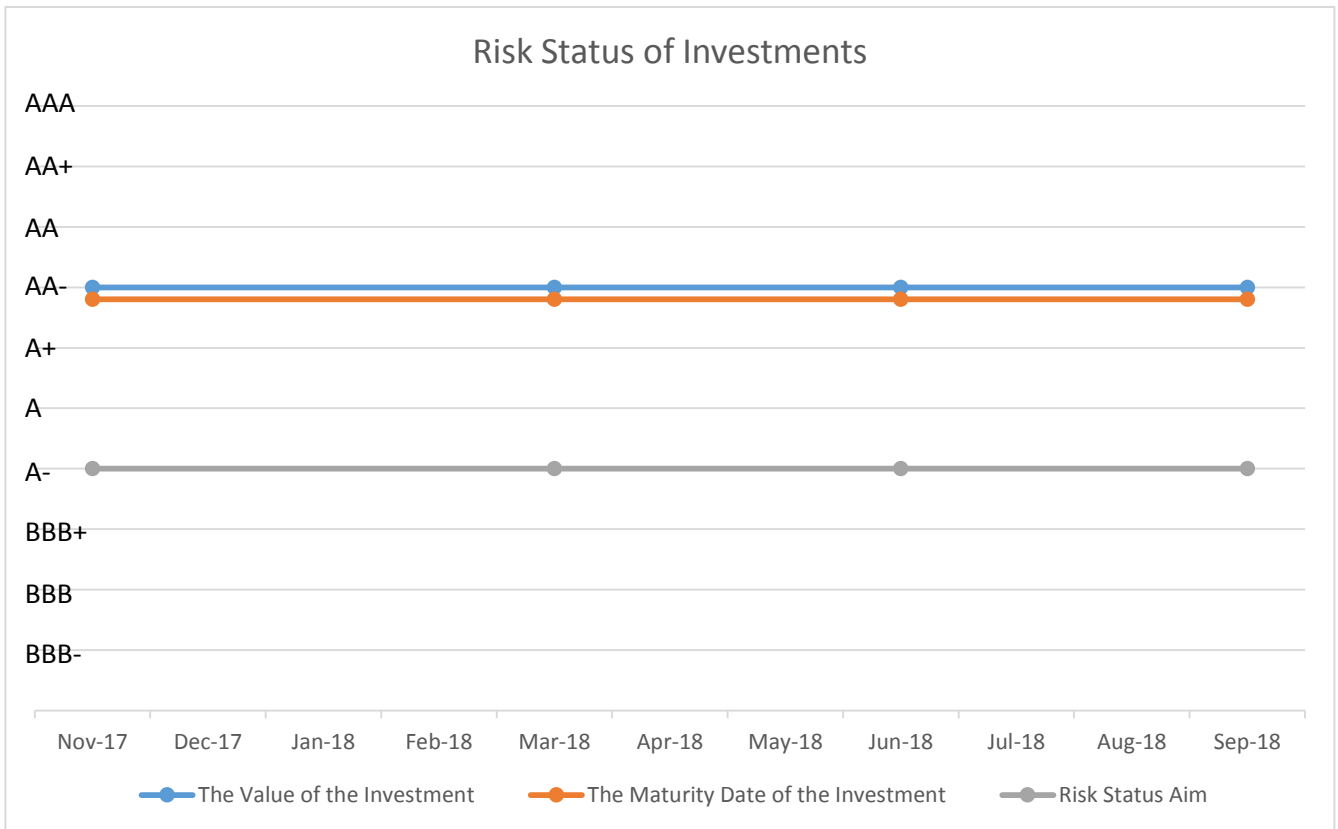
3.48 The investments the Council had at the 30 September 2018 of **£31,000,000** by type and country are summarised in the graph below and shown in more detail at **APPENDIX E**:



3.49 The current value of the Property Fund investment together with the projected value of the earmarked reserve at the end of 2018/19 intended to offset reductions in value is shown in the graph below:

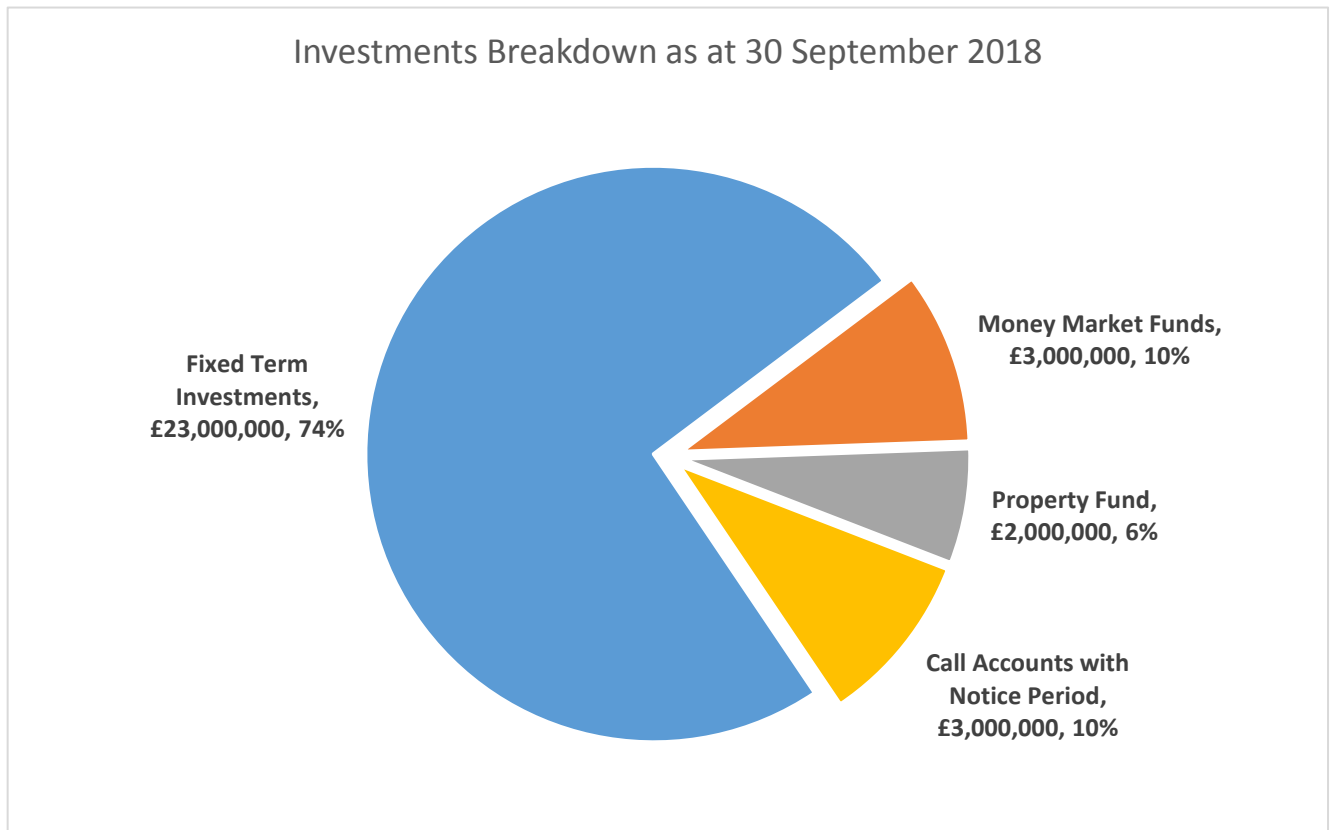


3.50 Our aim for the risk status of our investments was **A-**. The risk status based on the length of the investment and the value for a twelve month period is summarised in the graph below:



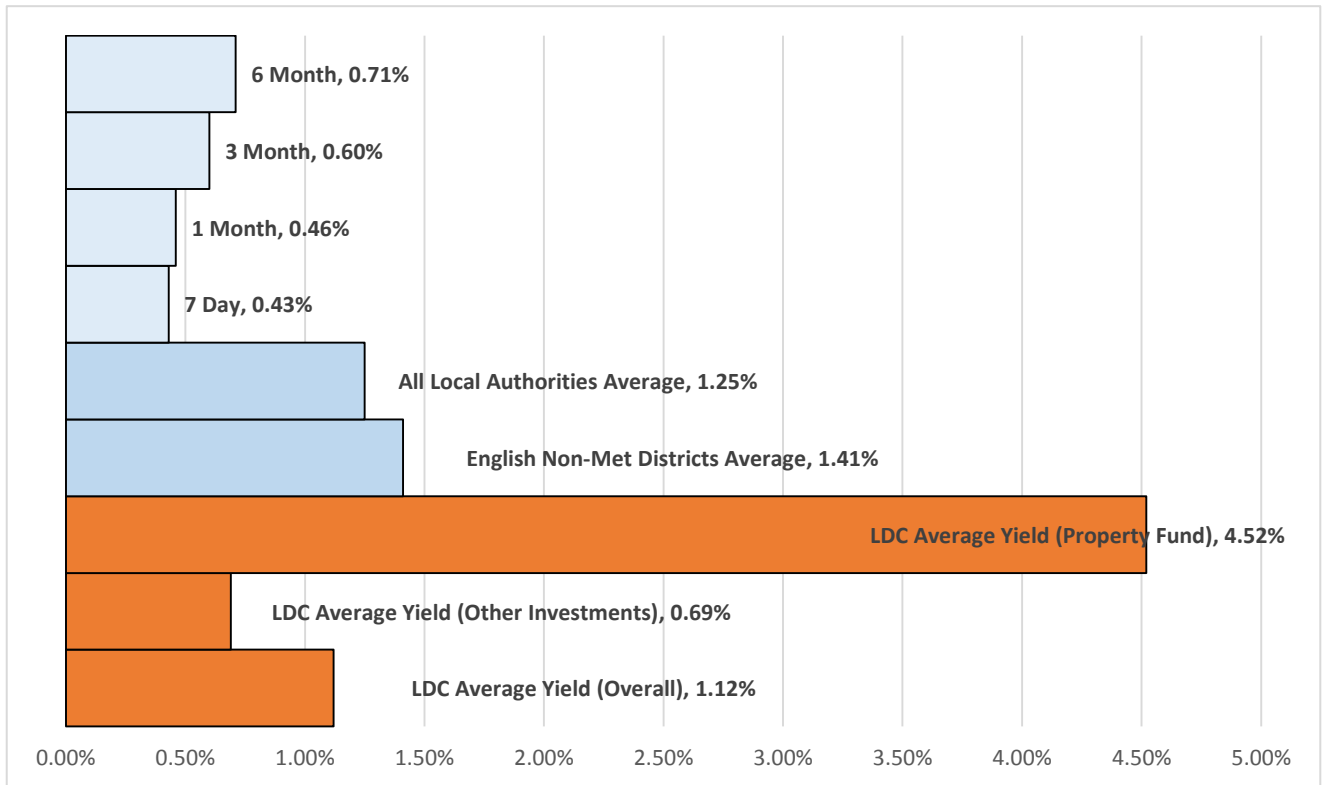
The Liquidity of our Investments

3.51 The Council has not had to temporarily borrow during 2018/19 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

3.52 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) and the overall yield for Arlingclose clients.



3.53 The investment activity during the financial year is projected to generate **(£270,000)** of gross investment income compared to a budget of **(£183,000)**.

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 six months stage in the year, for the period up to September 2018, we forecast a contribution from general reserves of **(£1,990)** will be made, against a budgeted contribution of **£26,990** to general reserves.

Further detailed analysis on the Financial Performance up to September 2018 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 Equality, Diversity or Human Rights implications arising.

Crime & Safety Issues

There are no Crime and Safety Issues arising.

GDPR/Privacy Impact Assessment	None identified in this report.
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	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 2018/19 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 • Money Matters: Council Tax and National Non Domestic Rates – Cabinet 6 December 2017 • Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2017-22 Cabinet – Cabinet 13 February 2018 • Contract for Place Based Software Systems for Regulatory Services, Housing and Health and Development Services – Cabinet 13 February 2018 • Procurement Service Improvement – Cabinet 4 September 2018 • Delivering the Property Investment Strategy – Cabinet 4 September 2018 • Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2018-23 – Cabinet 9 October 2018
Relevant web link	Cabinet – Lichfield District Council

Audit Trail – The Approved Revenue Budget

	Original Budget	Qtr1 Approved Budget	Council Reports ¹	Virements below £50,000	Approved Budget	Virements above £50,000	Recommended Budget
Strategic Priority							
Healthy and safe communities	1,808,850	1,832,900	42,080	(18,160)	1,856,820		1,856,820
Clean, green and welcoming places to live	3,427,580	3,350,400	(39,540)	(20,090)	3,290,770		3,290,770
A vibrant and prosperous economy	(652,350)	(878,250)	37,140	5,730	(835,380)		(835,380)
A council that is fit for the future	6,281,510	6,232,760	56,190	(38,510)	6,250,440		6,250,440
Efficiency Plan	(71,180)	(45,810)	0	33,010	(12,800)		(12,800)
Net Cost of Services	10,794,410	10,492,000	95,870	(38,020)	10,549,850	0	10,549,850
Service Area							
Chief Executive	796,010	776,460	(82,080)		694,380		694,380
Finance and Procurement	1,628,490	1,607,090	31,630	(33,400)	1,605,320		1,605,320
Legal, Property and Democratic Services	424,800	468,280	95,870	(12,250)	551,900		551,900
Revenues, Benefits and Customer Services	725,470	714,460	(13,540)		700,920		700,920
Corporate Services	2,560,830	2,549,990	80,640		2,630,630		2,630,630
Leisure & Operational Services	2,422,310	2,415,700		(20,600)	2,395,100		2,395,100
Regulatory, Housing & Wellbeing	1,264,250	1,264,250	42,080		1,306,330		1,306,330
Development Services	61,310	53,640	(72,270)		(18,630)		(18,630)
Economic Growth	82,920	(211,260)	13,540	26,970	(170,750)		(170,750)
Waste Services	899,200	899,200		(31,750)	867,450		867,450
Efficiency Plan	(71,180)	(45,810)		33,010	(12,800)		(12,800)
Net Cost of Services	10,794,410	10,492,000	95,870	(38,020)	10,549,850	0	10,549,850
Net Treasury Position	104,860	104,860			104,860		104,860
Revenue Contributions to the Capital Programme	154,000	154,000			154,000		154,000
Net Operating Cost	11,053,270	10,750,860	95,870	(38,020)	10,808,710	0	10,808,710
Less : Transfer (from) / to General Reserve	26,990	6,180	(95,870)	38,020	(51,670)		(51,670)
Less : Transfer (from) / to Earmarked Reserves	(774,360)	(199,040)			(199,040)		(199,040)
Amount to be met from Government Grants and Local Taxpayers:	£10,305,900	£10,558,000	£0	£0	£10,558,000	£0	£10,558,000
Business Rates	(2,479,900)	(2,732,000)			(2,732,000)		(2,732,000)
Business Rates Cap	(42,000)	(42,000)			(42,000)		(42,000)
New Homes Bonus	(800,000)	(800,000)			(800,000)		(800,000)
Council Tax Collection Fund	(42,000)	(42,000)			(42,000)		(42,000)
Business Rates Collection Fund	(591,000)	(591,000)			(591,000)		(591,000)
Council Tax	(6,351,000)	(6,351,000)			(6,351,000)		(6,351,000)

¹ Cabinet Reports relate to Contract for Place Based Software Systems for Regulatory Services, Housing and Health and Development Services 13 February 2018, Procurement Service Improvement 4 September 2018, Delivering the Property Investment Strategy 4 September 2018, The Medium Term Financial Strategy (Revenue and Capital) 2018-23 9 October 2018.

Revenue Financial Performance – Variance to Budget 2018/19

Area	2018/19						
	Original Budget £	Approved Budget £	Projected Outturn £	Projected Variance £	● = adverse ☑ = favourable	Variance to Original Budget £	2018/19 Target Variance (+/-) £
Healthy and safe communities	1,808,850	1,856,820	1,908,530	51,710	●	99,680	
Clean, green and welcoming places to live	3,427,580	3,290,770	3,237,000	(53,770)	☑	(190,580)	
A vibrant and prosperous economy	(652,350)	(835,380)	(846,280)	(10,900)	☑	(193,930)	
A council that is fit for the future	6,281,510	6,250,440	6,241,070	(9,370)	☑	(40,440)	
Efficiency Plan	(71,180)	(12,800)	-	12,800	☑	71,180	
Net Cost of Services	10,794,410	10,549,850	10,540,320	(9,530)		(254,090)	0
Chief Executive	796,010	694,380	689,380	(5,000)	☑	(106,630)	6,000
Finance and Procurement	1,628,490	1,605,320	1,605,320	-		(23,170)	13,000
Legal, Property and Democratic Services	424,800	551,900	551,650	(250)	☑	126,850	13,000
Revenues, Benefits and Customer Services	725,470	700,920	672,510	(28,410)	☑	(52,960)	19,000
Corporate Services	2,560,830	2,630,630	2,630,630	-		69,800	22,000
Leisure & Operational Services	2,422,310	2,395,100	2,445,770	50,670	●	23,460	28,000
Regulatory Services, Housing & Wellbeing	1,264,250	1,306,330	1,306,330	-		42,080	15,000
Development Services	61,310	(18,630)	(45,170)	(26,540)	☑	(106,480)	30,000
Economic Growth	82,920	(170,750)	(183,550)	(12,800)	☑	(266,470)	34,000
Waste Services	899,200	867,450	867,450	-		(31,750)	70,000
Efficiency Plan	(71,180)	(12,800)	-	12,800	☑	71,180	-
Net Cost of Services	10,794,410	10,549,850	10,540,320	(9,530)		(254,090)	250,000
Net Treasury Position	104,860	104,860	64,710	(40,150)			
Revenue Contributions to the Capital Programme	154,000	154,000	154,000	-			
Net Operating Cost	11,053,270	10,808,710	10,759,030	(49,680)			
Transfer (from) / to General Reserve	26,990	(51,670)	(1,990)	49,680			
Transfer (from) / to Earmarked Reserves	(774,360)	(199,040)	(199,040)	-			
Net Revenue Expenditure	10,305,900	10,558,000	10,558,000	0			
Financed by:							
Retained Business Rates	(2,479,900)	(2,732,000)	(2,732,000)	-			
Business Rates Cap	(42,000)	(42,000)	(42,000)	-			
New Homes Bonus	(800,000)	(800,000)	(800,000)	-			
Business Rates Collection Fund (Surplus)/Deficit	(591,000)	(591,000)	(591,000)	-			
Council Tax Collection Fund (Surplus)/Deficit	(42,000)	(42,000)	(42,000)	-			
Council Tax	(6,351,000)	(6,351,000)	(6,351,000)	-			

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

☑ = projected favourable variance and ● = projected adverse variance

Reasons for the 6 Months Budget Performance

Projected Variance £		Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(5,000)	Chief Executive	-	(5,000)	-	-
-	Finance and Procurement	-	-	-	-
(250)	Legal, Property and Democratic Services	-	(250)	-	-
(28,410)	Revenues, Benefits and Customer Services	(106,080)	-	77,670	-
-	Corporate Services	-	-	-	-
50,670	Leisure & Operational Services	-	-	50,670	-
-	Regulatory Services, Housing & Wellbeing	-	-	-	-
(26,540)	Development Services	(31,470)	-	4,930	-
(12,800)	Economic Growth	-	4,550	-	(17,350)
-	Waste Services	-	-	-	-
(40,150)	Net Treasury Position	(20,500)	-	(19,650)	-
12,800	Efficiency Plan	-	12,800	-	-
(£49,680)	Net Operating Cost	(£158,050)	£12,100	£113,620	(£17,350)

Chief Executive

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(5,000)	Surplus budget	-	(5,000)	-	-
(£5,000)	Total	-	(£5,000)	-	-

Legal, Property and Democratic Services

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(250)	Reduction in Chairman's car cost	-	(250)	-	-
(£250)	Total	-	(£250)	-	-

Revenues, Benefits and Customer Services

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(6,920)	Fairer Charging SLA ceasing due to transfer to Staffs County Council	(84,590)	-	77,670	-
(17,990)	Employee Savings	(17,990)	-	-	-
(3,500)	Temporary reduction in IT licenses	(3,500)	-	-	-
(£28,410)	Total	(£106,080)	-	£77,670	-

Leisure and Operational Services

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
50,670	Underachievement of income target by self-funding post within Leisure and Operational Services	-	-	50,670	-
£50,670	Total	-	-	£50,670	-

APPENDIX B

Development Services

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(26,540)	Employee Saving and subsequent loss of income	(31,470)	-	4,930	-
(£26,540)	Total	(£31,470)	-	£4,930	-

Economic Growth

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(12,800)	Efficiency Plan	-	4,550	-	(17,350)
(£12,800)	Total	-	£4,550	-	(£17,350)

Net Treasury Position

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(40,150)	Increased net interest receipts	(20,500)	-	(19,650)	-
(£40,150)	Total	(£20,500)	-	(£19,650)	-

Capital Programme Performance in 2018/19

Project	Original Budget	Approved Budget	Actual To Date	Projected Actual	Projected Variance
Burntwood Leisure Centre Enhancement Projects	£42,000	£232,000		£140,000	(£92,000)
Play Area at Hawksyard	£1,000	£0		£0	
Squash Court and Sports Hall Floors (FGLC)		£50,000		£50,000	
Leisure Review: Capital Investment	£750,000	£1,032,000	£425,673	£1,032,000	
Renovation and Replacement of Play Equipment at Hill Ridware Village Hall		£71,000		£0	(£71,000)
New Build Parish Office/Community Hub		£92,000		£0	(£92,000)
Fradley Village Heating & CCTV		£15,000		£15,000	
Fradley Youth & Community Centre Cladding & Porch		£15,000		£15,000	
Replacement of children's play equipment at Upper Lodge Play Area		£21,000	£15,000	£21,000	
Armitage with Handsacre Village Hall heating upgrade		£20,000	£15,000	£20,000	
Armitage with Handsacre Village Hall storage container		£16,000	£10,000	£16,000	
Re-siting/improvement of Armitage War Memorial and surrounding area		£120,000		£120,000	
Replacement of canopy and installation of artificial grass at Armitage		£13,000		£13,000	
Accessible Homes (Disabled Facilities Grants)	£772,000	£928,000	£394,218	£928,000	
Home Repair Assistance Grants	£15,000	£35,000		£35,000	
Decent Homes Standard	£437,000	£0		£0	
Energy Insulation Programme	£20,000	£41,000	£3,887	£41,000	
DCLG Monies	£212,000	£0		£0	
Unallocated S106 Affordable Housing Monies	£400,000	£400,000		£400,000	
Housing Redevelopment Scheme - Packington		£40,000		£40,000	
Healthy and Safe Communities	£2,649,000	£3,141,000	£863,778	£2,886,000	(£255,000)
Darnford Park	£13,000	£13,000		£0	(£13,000)
Canal Towpath Improvements (Brereton & Ravenhill)		£105,000		£25,000	(£80,000)
Vehicle Replacement Programme	£168,000	£168,000	£14,750	£138,000	(£30,000)
Shortbutts Park, Lichfield	£23,000	£23,000		£0	(£23,000)
Env. Improvements - Upper St John St & Birmingham Road	£7,000	£7,000		£7,000	
Stowe Pool Improvements	£100,000	£100,000		£0	(£100,000)
The Leomansley Area Improvement Project	£3,000	£3,000		£3,000	
Canal Culvert at Huddlesford	£90,000	£0		£0	
Cannock Chase SAC	£43,000	£43,000	£28,907	£43,000	
Clean, Green and Welcoming Places to Live	£447,000	£462,000	£43,657	£216,000	(£246,000)
Data Management System	£6,000	£11,000		£11,000	
Birmingham Road Site Support	£313,000	£330,000	£122,171	£330,000	
Birmingham Road Site - Castle Dyke/Frog Lane Enhancement	£100,000	£81,000		£81,000	
Birmingham Road Site - Railway Station Forecourt Enhancements	£5,000	£0		£0	
Birmingham Road Site - Coach Park	£450,000	£243,000	£5,000	£243,000	
Birmingham Road Site - Police Station Acquisition		£1,805,000	£1,785,027	£1,805,000	
Sankey's Corner Environmental Improvements		£3,000	£3,000	£3,000	
City Centre Strategy and Interpretation		£1,500		£1,500	
Car Parks Variable Message Signing	£32,000	£32,000		£0	(£32,000)
Old Mining College - Refurbish access and signs		£14,000		£14,000	
Lichfield Festival Parade and Website (Lichfield City Art Fund)		£14,000	£13,752	£14,000	
St Mary's Cultural Hub (Lichfield City Art Fund)		£45,000	£31,729	£45,000	
Erasmus Darwin Lunar Legacy (Lichfield City Art Fund)		£25,000	£6,256	£25,000	
A Vibrant and Prosperous Economy	£906,000	£2,604,500	£1,966,935	£2,572,500	(£32,000)

APPENDIX C

Project	Original Budget	Approved Budget	Actual To Date	Projected Actual	Projected Variance
Property Investment Strategy	£6,000,000	£6,000,000		£3,000,000	(£3,000,000)
Depot Sinking Fund		£11,000		£0	(£11,000)
IT and Channel Shift Programme	£152,000	£162,000	£70,074	£162,000	
Asset Management - Works resulting from Condition Survey	£88,000	£188,000	£50,898	£188,000	
A Council that is Fit for the Future	£6,240,000	£6,361,000	£120,972	£3,350,000	(£3,011,000)
Capital Programme Total	£10,242,000	£12,568,500	£2,995,343	£9,024,500	(£3,544,000)

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

Funding Source	Original Budget	Approved Budget
Capital Receipts	£670,000	£2,682,000
Revenue Contributions	£154,000	£154,000
Council Funding	£824,000	£2,836,000
Borrowing Need	£6,780,000	£7,062,000
Capital Grants and Contributions	£2,452,000	£2,110,500
Reserves and Sinking Funds	£186,000	£560,000
Capital Programme Total	£10,242,000	£12,568,500

Projected Actual	Projected Variance
£2,650,000	(£32,000)
£154,000	
£2,804,000	(£32,000)
£4,032,000	(£3,030,000)
£1,720,500	(£390,000)
£468,000	(£92,000)
£9,024,500	(£3,544,000)

Council Tax Performance

	Council Tax							
	All years				In year only 2018/19			
	30-Sep-17	30-Sep-18	Change		30-Sep-17	30-Sep-18	Change	
Amount Collected as a %	57.44%	57.29%	(0.15%)	●	64.50%	64.40%	(0.10%)	●
In year arrears outstanding	£840,819	£876,733	£35,915	●	£840,819	£876,733	4.27%	●
Previous years arrears	£1,130,906	£1,232,514	£101,607	●				
Total arrears outstanding	£1,971,725	£2,109,247	6.97%	●				
Write offs	£52,523	£6,640	(87.35%)	☑				

Sundry Debtor Performance

Details	30-Sep-17	30-Sep-18	All Debts Change (%)	Variance
	All Debts £	All Debts £		
Value of sundry income raised in quarter	1,304,775	1,075,038	-18%	●
Value of debts written off	15,365	933	-94%	☑
Value of all invoices outstanding	1,629,234	1,269,400	-22%	☑
Aged Debt Analysis				
Less than 6 months	987,275	674,536	-32%	●
More than 6 months	641,959	594,864	-7%	☑

CIL/Section 106 Performance

Details	30-Sep-17	30-Sep-18	All Debts Change (%)	Variance
	All Debts £	All Debts £		
Value of demands raised in quarter	319,751	400,825	25%	☑
Value of debts written off	0	0	N/A	☑
Value of all demands outstanding	73,912	242,875	229%	●
Aged Debt Analysis				
Less than 6 months	70,914	242,875	242%	☑
More than 6 months	2,998	0	-100%	☑

Business Rates

The Council's Retained Business Rates Income

	Current Budget £	30-Sep-18 £	Projected Outturn £	Projected Variance £
NNDR 1 Based Retained Business Rates				
Retained Business Rates	(£14,541,000)	(£14,541,000)	(£14,541,000)	£0
<u>Section 31 Grants (Lichfield's 40% Share)</u>				
Small Business Rates Relief	(£924,000)	(£953,000)	(£954,000)	(£30,000)
Small Business Rates Relief 2nd Property Occupied	(£9,000)	(£7,000)	(£7,000)	£2,000
Long Term Empty Properties	£0	£0	£0	£0
Pub Relief	(£19,000)	(£14,000)	(£19,000)	£0
Supporting Small Business Rate Relief	(£12,000)	(£12,000)	(£12,000)	£0
Discretionary Scheme	(£51,000)	(£46,000)	(£51,000)	£0
Rural Rate Relief	(£1,000)	£1,000	(£1,000)	£0
Less : Tariff Payable	£11,189,000	£11,189,000	£11,189,000	£0
Pre Levy or Safety Net Income	(£4,368,000)	(£4,383,000)	(£4,396,000)	(£28,000)
NNDR 3 Based Levy Payments				
Less : Levy Payable @ 50%	£1,170,000	£1,484,000	£1,299,000	£129,000
Volatility Allowance	£846,000	£649,000	£787,000	(£59,000)
Levy from the Business Rates Pool (32.5%)	(£380,000)	(£482,000)	(£422,000)	(£42,000)
Post Levy or Safety Net Income	(£2,732,000)	(£2,732,000)	(£2,732,000)	£0

Collection Performance

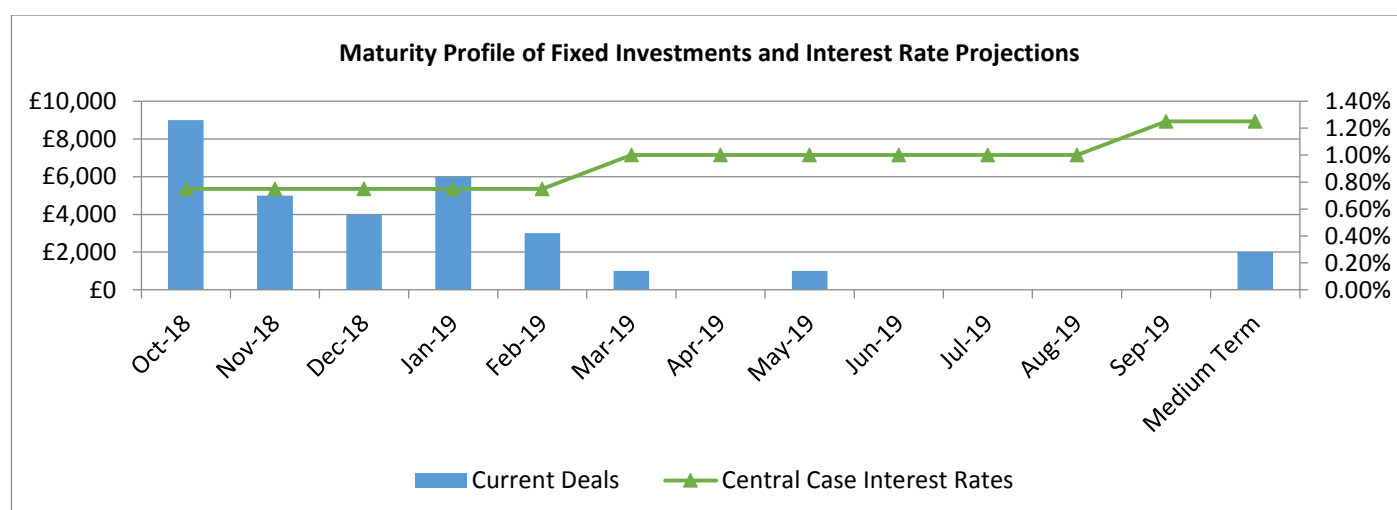
	Non Domestic Rates							
	All years				In year only 2018/19			
	30-Sep-17	30-Sep-18	Change		30-Sep-17	30-Sep-18	Change	
Amount Collected as a %	57.08%	54.52%	(2.56%)	●	62.50%	60.30%	(2.20%)	●
In year arrears outstanding	£205,397	£255,407	£50,010	●	£205,397	£255,407	24.34%	●
Previous years arrears	£269,986	£331,593	£61,607	●				
Total arrears outstanding	£475,383	£587,000	23.47%	●				
Write offs	£61,327	£28,483	(53.55%)	☑				

Investments in the 2018/19 Financial Year

The table below shows a breakdown of our investments at the end of September 2018:

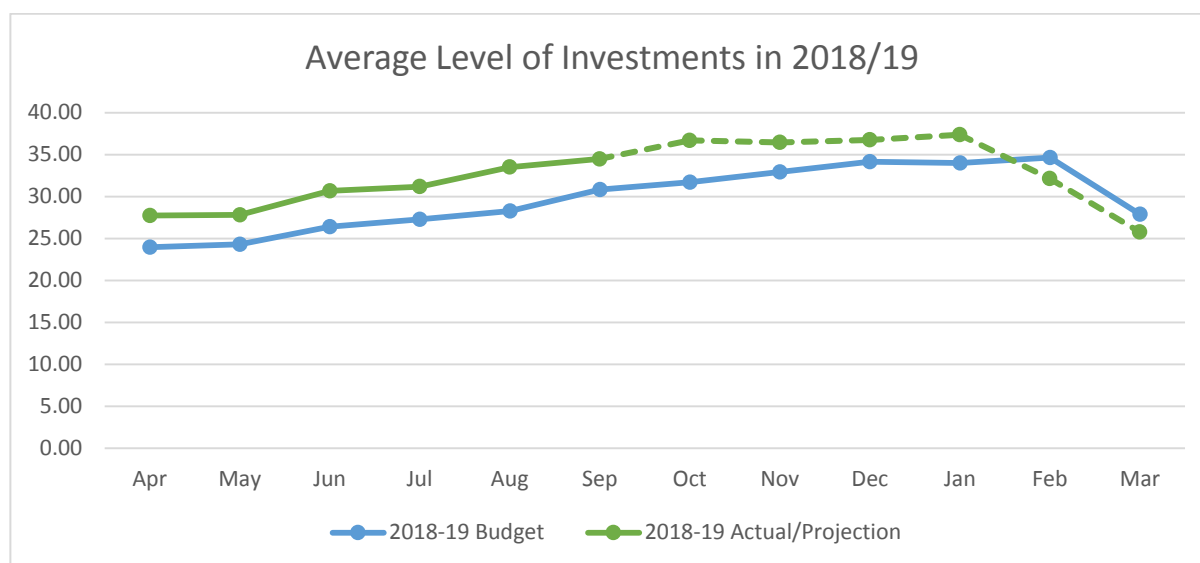
Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating	Foreign Parent
Money Market Funds						
Legal & General	£1,000,000	01-Oct-18	Instant Access	0.67%	0	N/A
BNP Paribas MMF	£1,000,000	01-Oct-18	Instant Access	0.63%	0	N/A
Amundi	£1,000,000	01-Oct-18	Instant Access	0.65%	0	N/A
Property Fund						
CCLA Property Fund	£2,000,000	N/A	N/A	3.97%	N/A	No
Fixed Term Investments						
Coventry Building Society	£1,000,000	05-Oct-18	5	0.63%	A	No
Commonwealth Bank of Australia	£1,000,000	05-Nov-18	36	0.66%	AA-	Yes
Nationwide	£1,000,000	15-Nov-18	46	0.56%	A	No
Lloyds	£1,000,000	15-Nov-18	46	0.75%	A+	No
United Overseas Bank	£1,000,000	17-May-19	229	0.84%	AA-	Yes
Surrey Heath Borough Council	£2,000,000	13-Dec-18	74	0.60%	LOCAL	No
DBS Bank	£1,000,000	03-Dec-18	64	0.71%	AA-	Yes
Australia and New Zealand Banking Group	£1,000,000	12-Dec-18	73	0.70%	AA-	Yes
Merthyr Tydfil Council	£2,000,000	29-Oct-18	29	0.52%	LOCAL	No
Slough Borough Council	£2,000,000	07-Jan-19	99	0.60%	LOCAL	No
Landesbank Hessen-Thüringen	£1,000,000	09-Oct-18	9	0.53%	A	Yes
Close Bros	£1,000,000	21-Jan-19	113	0.80%	A	No
North Ayrshire Council	£2,000,000	23-Jan-19	115	0.80%	LOCAL	No
Woking Borough Council	£2,000,000	26-Feb-19	149	0.85%	LOCAL	No
Barclays Bank	£1,000,000	30-Nov-18	61	0.67%	A	No
Call Accounts with Notice Period						
Santander	£1,000,000	29-Mar-19	180	0.95%	A	Yes
Goldman Sachs International Bank	£1,000,000	03-Jan-19	95	0.65%	A	Yes
Svenska Handelsbanken AB	£1,000,000	04-Nov-18	35	0.65%	AA-	Yes
Treasury Bills						
	£2,000,000	22-Oct-18	22	0.67%	UK Gov.	No
Certificates of Deposit						
Nordea Bank AB	£1,000,000	08-Feb-19	131	0.84%	AA-	No
Total Investments	£31,000,000					

The maturity profile of these investments at 30 September 2018 compared to our Treasury Management advisor Arlingclose interest rate forecasts is shown in the graph below:



Cash Flow for 2018/19

The graph below compares the budget for average investment levels in 2018/19 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).

	Budget	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	82 days
Temporary Borrowing	£0	£0
<u>Yield</u>		
Average amount we had available to invest (£m)	£29.57m	£30.90m
Average Interest Rate (%)	0.64%	0.81%
7-day London Inter-bank Bid (LIBID) rate	0.36%	
1 month London Inter-bank Bid (LIBID) rate	0.38%	
3 month London Inter-bank Bid (LIBID) rate	0.55%	
6 month London Inter-bank Bid (LIBID) rate	0.67%	
Gross Investment Income (£)	(£183,000)	(£270,000)
Net Treasury Position including borrowing (£)	£104,860	£64,710