

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

Cabinet Member for Finance and Democratic Services

Date:	12 February 2019
Agenda Item:	4
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Key Decision?	No (see Medium Term Financial Strategy)
Local Ward Members :	Full Council

1. Executive Summary

- 1.1 The report covers the financial performance from April to November (eight Months) for 2018/19.
- 1.2 At the six month stage the projection was a transfer from general reserves of **(£1,990)**. At the eight month stage it is projected that a contribution of **£642,570** will be made to general reserves.
- 1.3 The Capital Programme is projected to be below budget by **(£3,670,000)** resulting in profiling updates.
- 1.4 Capital receipts are projected to be **(£347,000)** compared to the Approved Budget of **(£482,000)**.
- 1.5 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 **76.08%** and this is consistent with previous years.
 - There is a projected surplus for Council Tax and the Council's share of **(£29,490)** with **(£29,000)** included in the draft 2019/20 budget.
 - Income raised has increased by **£976,027** due to the issue of a high value invoice for Disabled Facilities Grants during November 2018 in addition to CIL and Section 106 as development triggers are reached.
 - Invoices outstanding have increased by **£389,244** mainly due to CIL and Section 106 due as development triggers are reached.
 - The Council is projected to be paying gross Business Rate levy (including the volatility allowance) of **£1,733,000** to the GBS pool and will receive **(£422,000)** of returned levy. Therefore the projected 'net levy allowance' is **£1,311,000**.
 - Retained Business Rate Income is currently projected to be **(£3,082,000)** compared to the Approved Budget of **(£2,732,000)**, an increase of **(£350,000)**. This is because a volatility allowance to manage inherent risks such as higher levy or lower Section 31 grants is included in the budget. Projections indicate that a significant element of this allowance will not be required in 2018/19.
 - The Council's collection performance on Business Rates based on debt covering all years is **72.08%**. 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. The impact on performance will be resolved by March.
 - There is a projected surplus for Business Rates and the Council's share of **(£212,700)** with **(£213,000)** included in the draft 2019/20 budget.
 - The payment of suppliers within 30 days in 2018/19 is **81.93%** and this is consistent with previous years.
- 1.6 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.
- 2.2 To approve an update to the Capital Programme expenditure budget for Disabled Facilities Grants in 2018/19 to **£1,193,000**, funded by **£22,000** of council resources, **£100,000** from Housing Grant Monies, **£906,000** of Better Care Fund (BCF) and **£165,000** of MHCLG Grant.
- 2.3 To delegate to the Cabinet Member for Finance and Democratic Services and the Cabinet Member for Regulatory Services, Housing & Wellbeing to update the Capital Programme expenditure budget for Disabled Facilities Grants to reflect any further receipt of external grant.
- 2.4 To approve an update to the Capital Programme expenditure budget for City Centre Strategy and Interpretation in 2018/19 to **£23,500**, funded by **£1,000** of council resources, **£1,500** of Section 106, **£7,000** from city centre sinking fund and **£14,000** contribution from Lichfield City Council.
- 2.5 To note the successful net claim for repayment of leisure VAT of **(£896,940)** for the Council from HMRC with this sum recommended to be transferred to an earmarked reserve pending a decision on its use.

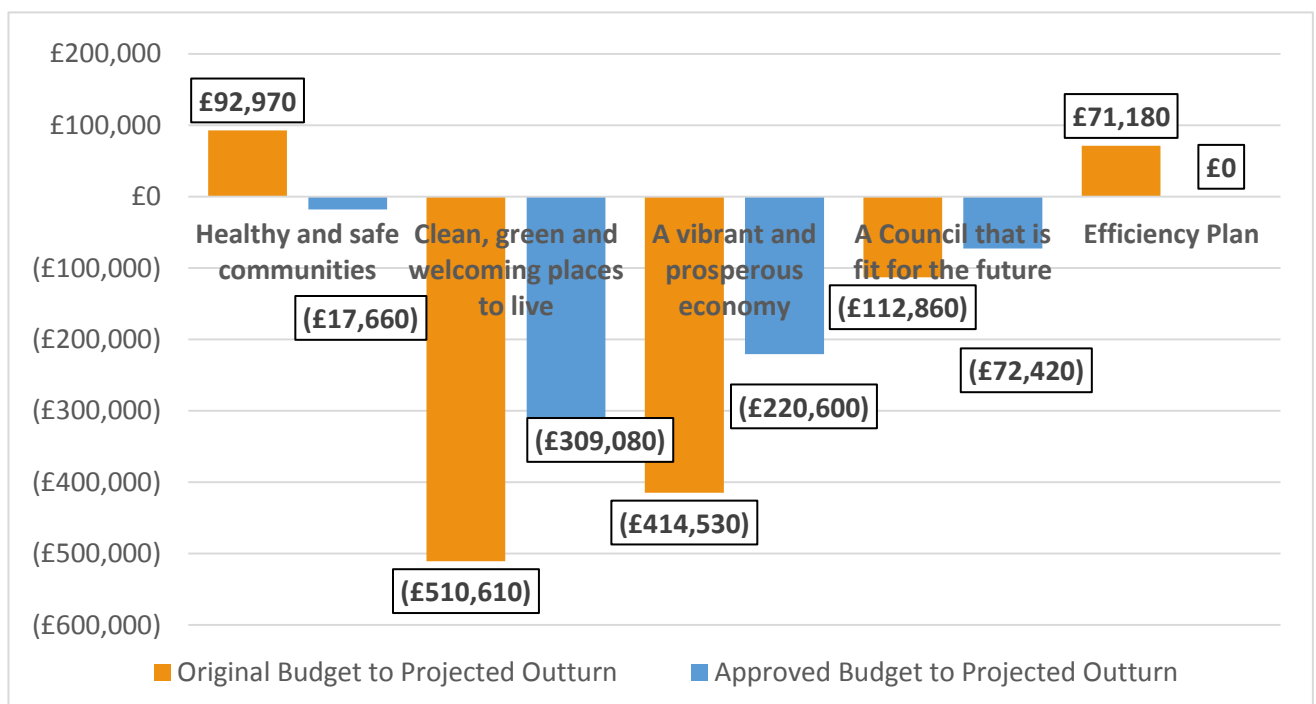
3. Background

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 three, six and eight months to monitor financial performance.
- 3.3. The Money Matters reports update the Approved Budget to reflect latest projections and the eight 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 A** and in summary in the graph below:



Performance compared to the Approved Budget

3.5. The projected variance related to one off and recurring items that impact on general reserves in 2018/19 is shown in summary below and in detail at **APPENDIX B** by Service Area.

	Approved Budget		
	Virement	Funding Gap Proposals	Other Variances
Health and safe communities			(896,940)
<ul style="list-style-type: none"> Leisure VAT Reclaim less Fees Earmarked Reserve Request - Net Leisure VAT Reclaim Additional Licensing Income and Consultancy Underspend 			896,940 (25,000)
Clean, green and welcoming places to live			(33,200)
<ul style="list-style-type: none"> Additional CIL Administration Income Earmarked Reserve Request - CIL volatility reserve Additional S106 Monitoring Fee and Underspend on Consultants Additional Government Grant Income & Housing Benefit Overpayments Additional Street Naming & Numbering income Grounds Maintenance underspend due to unseasonably hot summer Earmarked Reserve Request - Vehicle Sinking Fund Increased income and reduced spend on Joint Waste Service Transfers 			33,200 (24,670) (39,800) (27,000) (30,000)
A vibrant and prosperous economy			30,000
<ul style="list-style-type: none"> Birmingham Road Expenditure Birmingham Road Expenditure funded from Earmarked Reserve Additional Car Park income Additional Net Development Management Savings and HS2 income Earmarked Reserve Request - Planning Appeals Earmarked Reserve Request - Development Management Improvement Programme Property Investment Strategy Additional Property Rental, Trade Waste income & savings and other Transfers 	(12,070)	(167,400)	(30,800)
A council that is fit for the future			48,630
<ul style="list-style-type: none"> Vacant Posts Postage, Procurement SLA and other underspends ICT and Performance Supplies & Services underspend Earmarked Reserve Request - Corporate Training 			(48,630) (40,000) (93,580) 23,000 80,000
Total - Net Cost of Services			(44,310)
Net Treasury			(50,980)
Total - Net Operating Cost			(43,440)
Earmarked Reserves			(28,000)
<ul style="list-style-type: none"> Earmarked Reserve Request transfer to part fund Loan to Development Company Earmarked Reserves no longer required Proposed removal of transfer from Birmingham Road Site reserve. This will increase the resources immediately available and enable the removal of planned transfers to the reserve in later years totalling £332,000 thereby reducing Funding Gaps. 			20,000
Funding			30,000
<ul style="list-style-type: none"> Retained Business Rates due to release of volatility allowance New Homes Bonus above 'cap' Other Government Grants 	12,070	(2,780)	(44,310)
Projected Variance to Approved Budget	0	(295,180)	(324,580)
		(14,000)	1,000
		(309,180)	(323,580)
		(632,760)	
			316,000
			(73,920)
			285,080
			(350,000)
			(141,000)
			(47,960)
			(£644,560)

Leisure VAT Claim

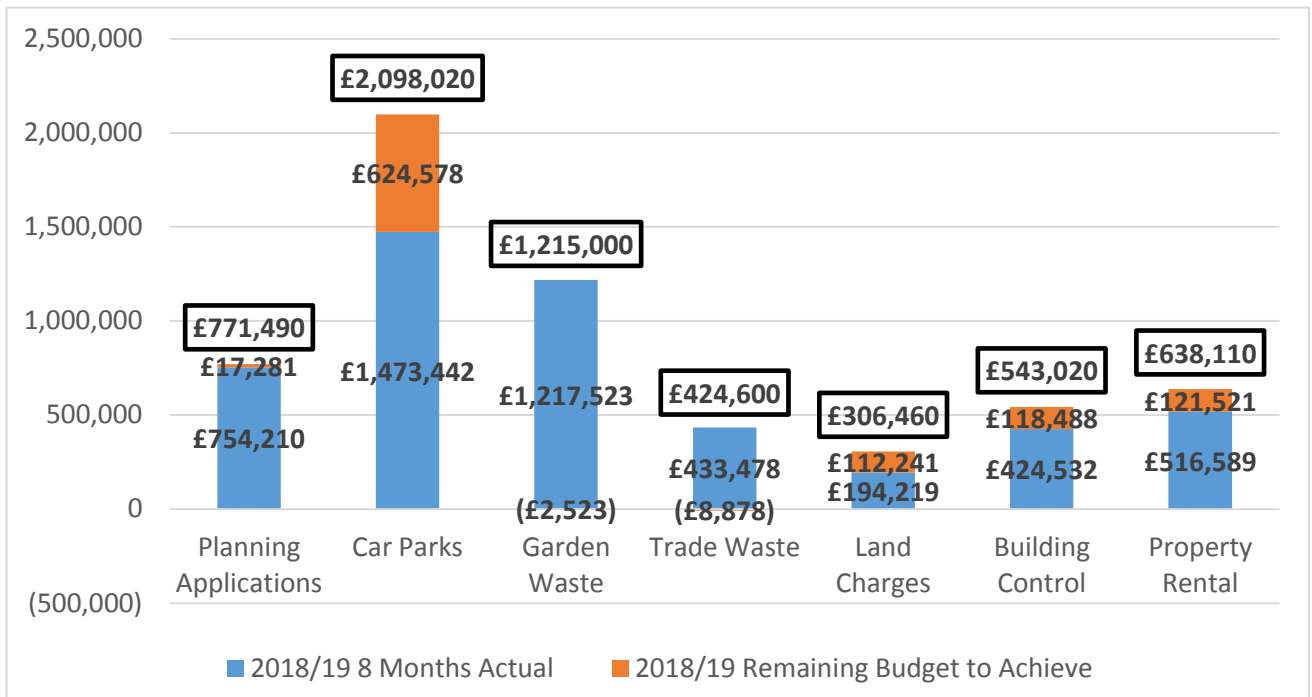
3.6. Cabinet on 13 February 2018 was informed that in 2015 the Council submitted a claim for the repayment of VAT on sporting services supplied for the benefit of those taking part in sport as part of a case submitted by Ealing Council and led by PWC on a 'no win no fee' basis to the European Court of Justice (ECJ).

3.7. 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.

- 3.8. In July 2017 Ealing won the case in the ECJ and HMRC accepted the decision and also confirmed they will not be seeking to invoke unjust enrichment provisions and therefore reduce the value of the claim.
- 3.9. The initial claim was for (£400,000) with PWC receiving 20% or circa £80,000 of this sum as the lead organisation.
- 3.10. The Council will receive (£896,940) net of fees in the final updated claim.

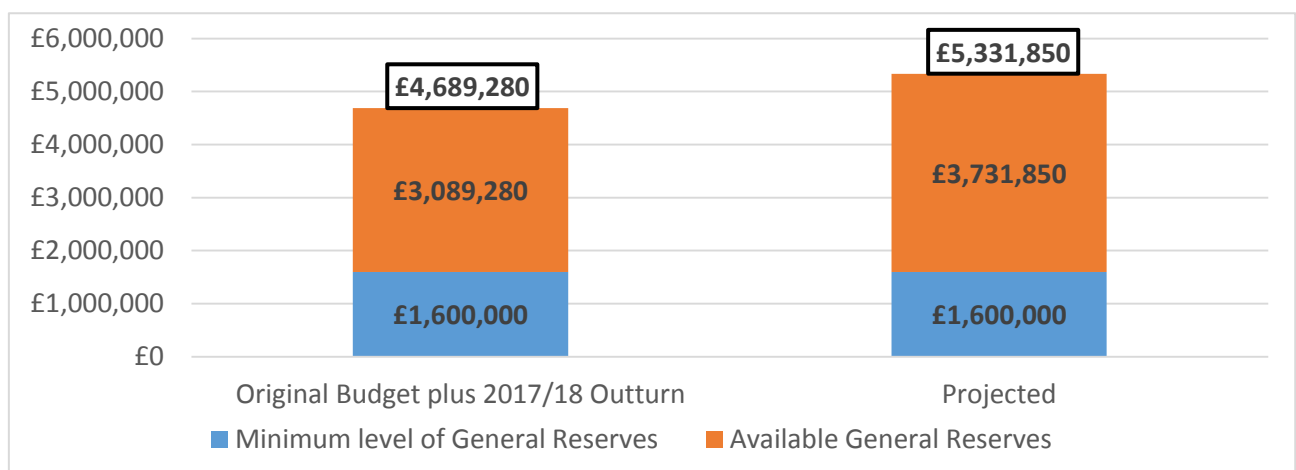
Fees and Charges

- 3.11. 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.
- 3.12. The largest fees and charges budgets together with the actual income achieved for the first eight months (figures in brackets are where the Approved Budget has been exceeded) are:



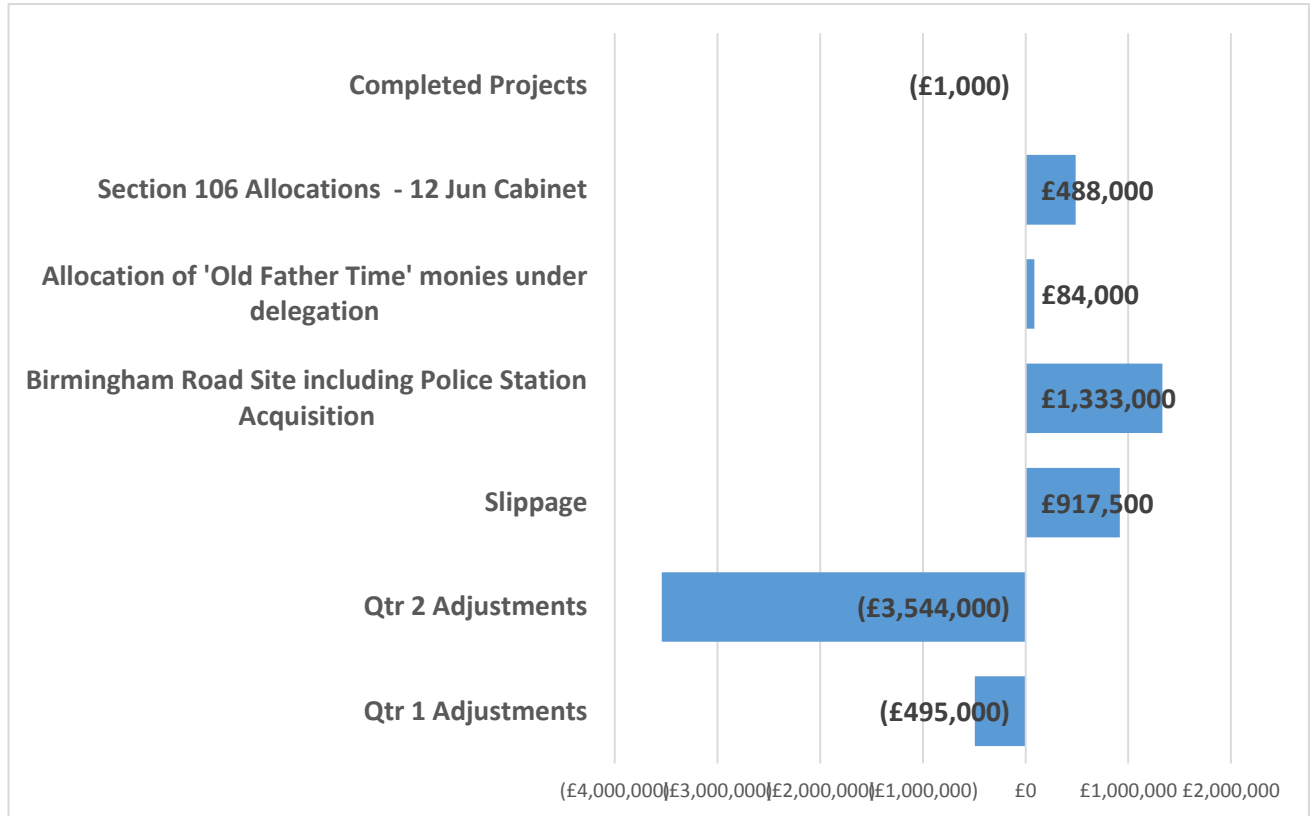
Revenue General Reserves

- 3.13. The Council’s Approved Budget at the six months stage approved a contribution from General Reserves of (£1,990). At the eight month stage, there has been a lower than planned expenditure or higher income of £644,560. Therefore the projected contribution to general reserves is £642,570.
- 3.14. The projected Revenue general reserves available to assist the Council in meeting General Fund expenditure as part of the Medium Term Financial Strategy:

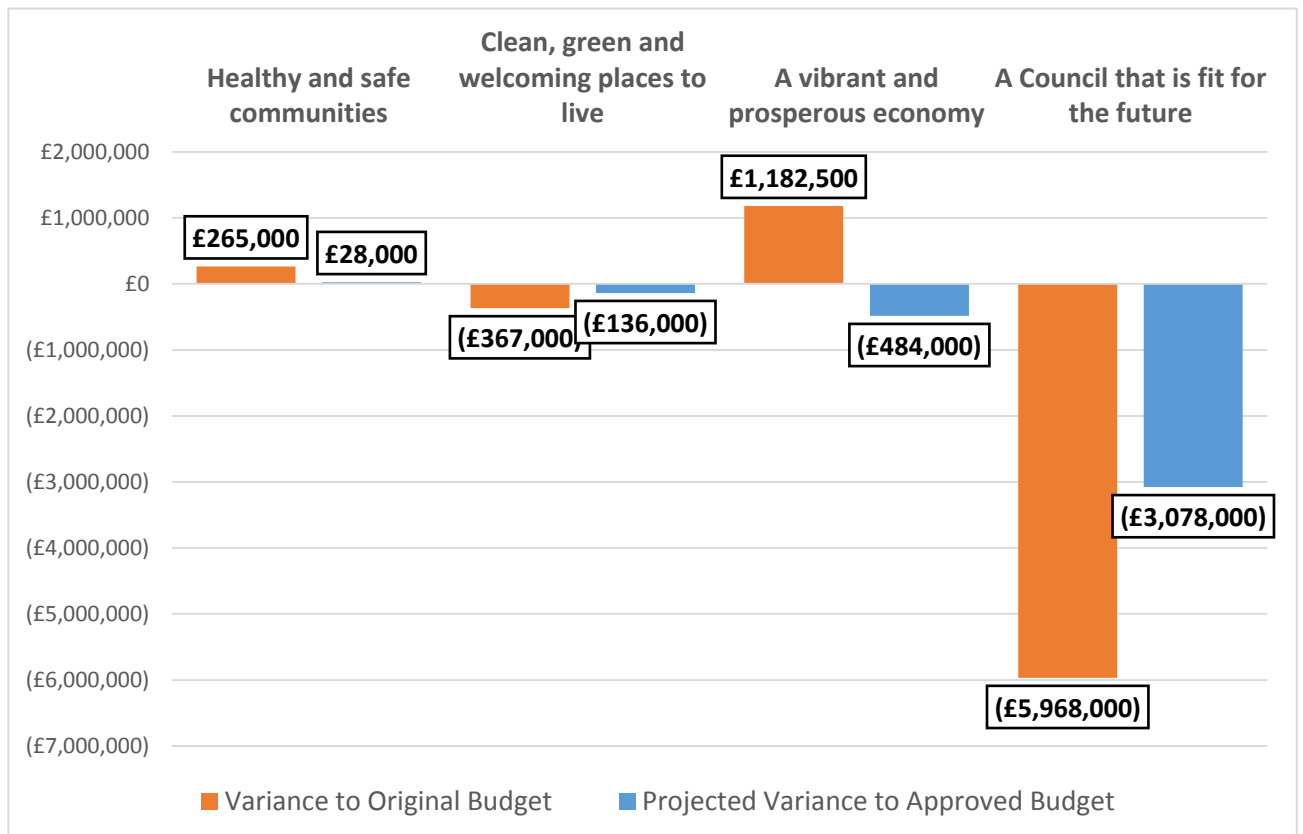


The Capital Programme

3.15. The budgetary changes of **(£1,217,500)** from the Original Budget of **£10,242,000** to the Approved Budget of **£9,024,500** are shown below:



3.16. The Capital Programme performance is projected to be below budget by **(£3,670,000)** or **41%** 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

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

	Approved Budget Variance
Healthy and Safe Communities	
• Accessible Homes (Disabled Facilities Grants) – New grant + extra funding allocated	£265,000
• Home Repair Assistance Grants – Not required	(£20,000)
• Affordable Housing Section 106 Monies – Budget moved to 2019/20	(£400,000)
• Re-siting/improvement of Armitage War Memorial – Budget moved to 2019/20	(£40,000)
• Burntwood Leisure Centre Enhancement Work – Budget moved to 2019/20	(£140,000)
• Leisure Review: Capital Investment – Budget brought forward from later years	£363,000
Clean, Green and Welcoming Places to Live	
• Canal Towpath Improvements (Brereton & Ravenhill) – Budget moved to 2019/20	(£25,000)
• Environmental Imps. – St John Street & Birmingham Road– Budget moved to 2019/20	(£7,000)
• Cannock Chase SAC – Budget moved from 2019/20	£19,000
• Vehicle Replacement Programme – Budget moved to 2019/20	(£123,000)
A Vibrant and Prosperous Economy	
• Birmingham Road Site Support – former Project closed	(£187,000)
• Birmingham Road Site Support – Castle Dyke/Frog Lane – former Project closed	(£81,000)
• City Centre Strategy and Interpretation – External funding and use of sinking fund	£22,000
• Coach Park – Budget moved to 2019/20	(£238,000)
A Council that is Fit for the Future	
• Asset Management – District Council House – Budget moved to 2019/20	(£103,000)
• IT and Channel Shift Programme – Budget moved from 2019/20	£25,000
• Property Investment Strategy – Budget moved to 2019/20	(£3,000,000)
Total	(£3,670,000)

Disabled Facilities Grant

3.18. On 5 December 2018 the Ministry for Housing, Communities and Local Government (MHCLG) provided details of the allocation of a further £55m of funding for Disabled Facilities Grants in 2018/19 as announced in the Autumn Budget.

3.19. This funding will be paid directly to lower tier councils unlike funding allocated as part of the Better Care Fund. The Council's maximum allocation is **£165,361** and this will mean an update to the Capital Programme.

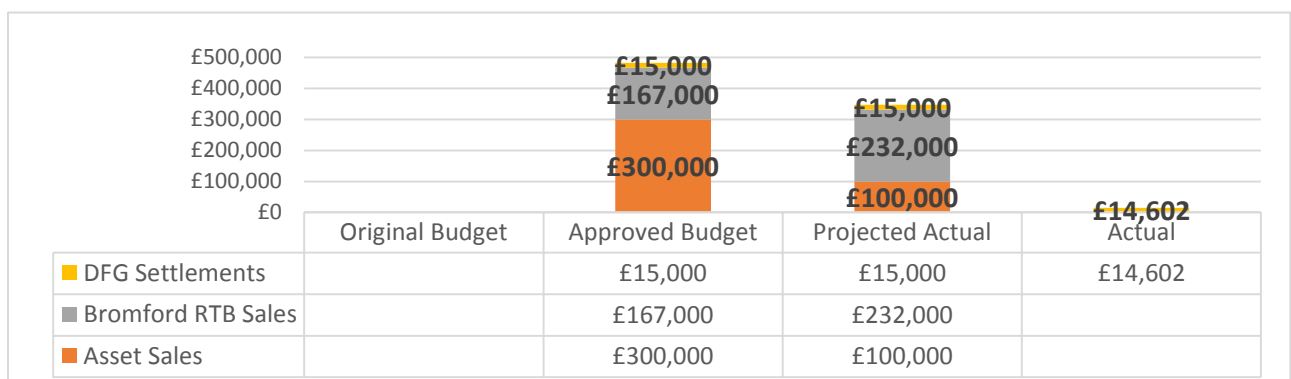
3.20. In addition, Stafford Borough Council have accepted their additional funds to pass onto other Districts in the Staffordshire partnership where need exceeds resources such as Lichfield District Council. Stafford Borough Council is to receive **£150,000** of additional grant.

City Centre Strategy and Interpretation

3.21. As part of the City Centre Strategy, the signage around Lichfield City Centre to assist visitors is to be enhanced using an existing earmarked reserve and monies from Lichfield City Council.

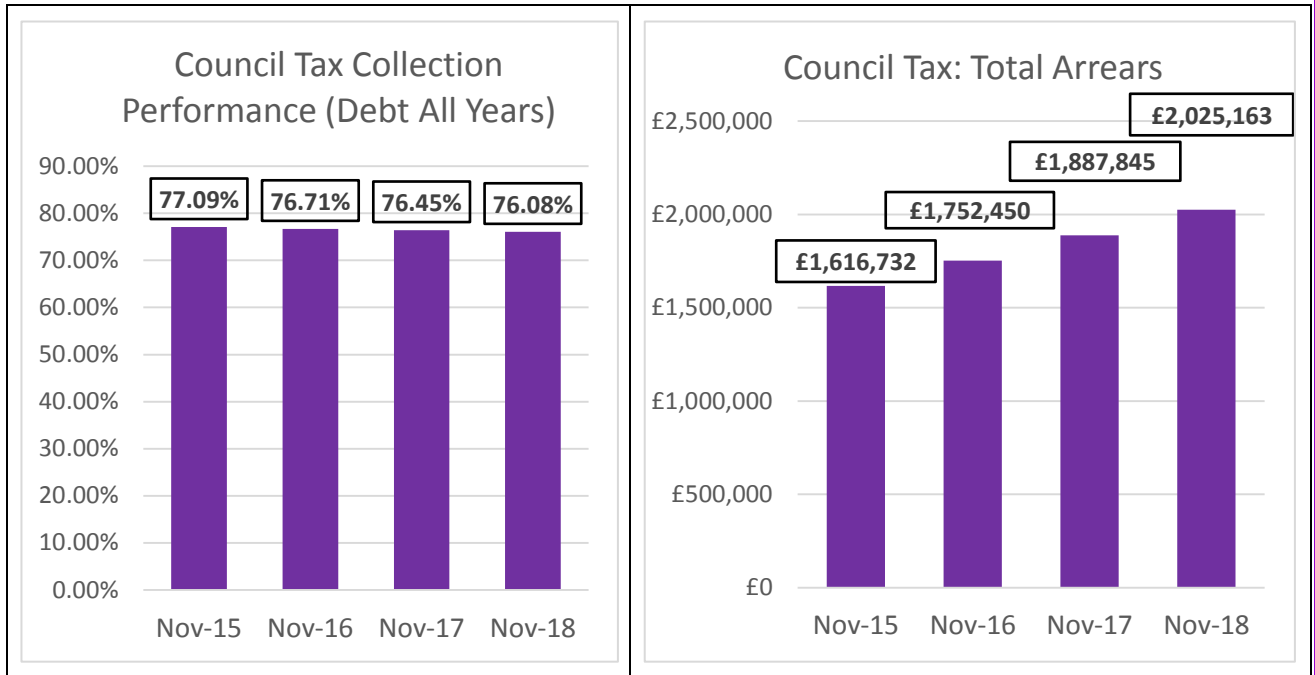
Capital Receipts

3.22. The Original Budget, Approved Budget, projected and actual capital receipts received are:

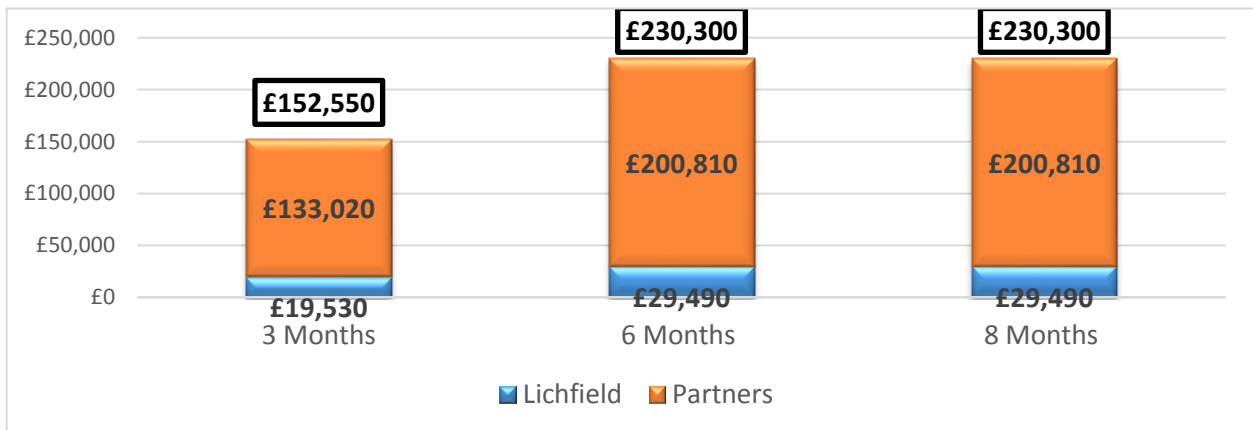


Council Tax

- 3.23. The Council is responsible for the collection of Council Tax for all precepting authorities in 2018/19 totalling **£63m**.
- 3.24. The collection performance for Council Tax for the first eight months of the last four financial years is shown in the graph below:



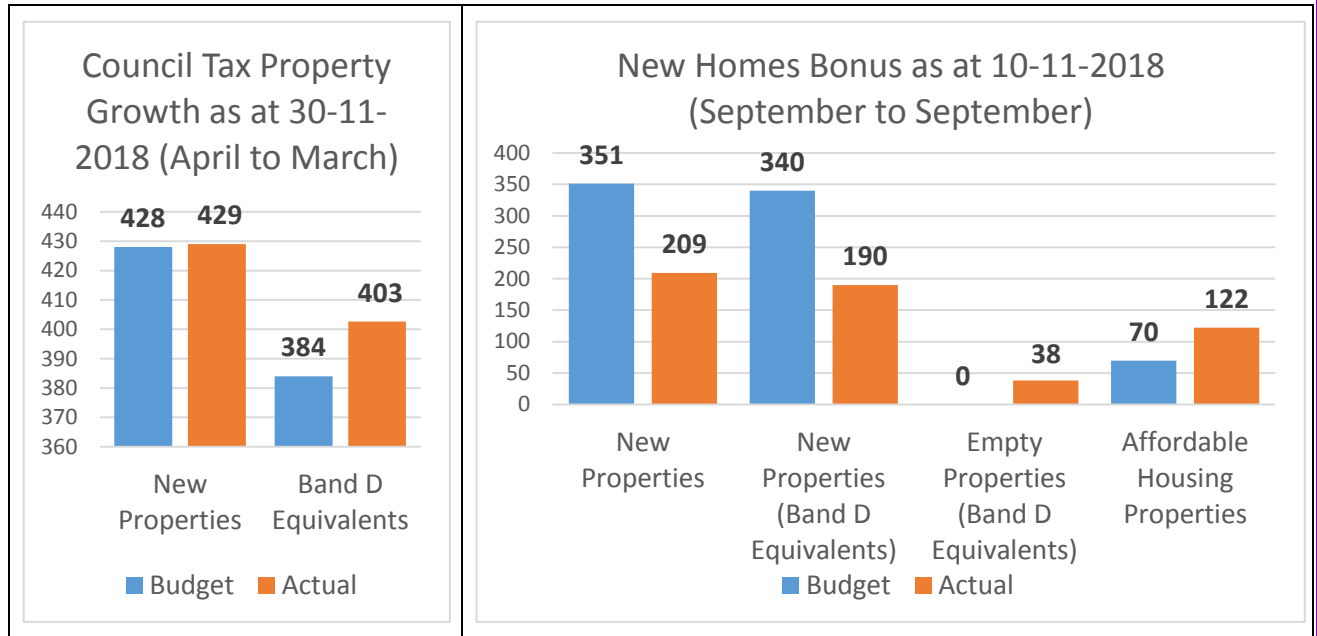
- 3.25. The collection performance has remained consistent with the same period in previous financial years. The level of arrears is marginally higher than the average for the previous three years. However this remains at **4%** of the net collectable debt, which is the same as in 2017.
- 3.26. A summary 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%**:



- 3.27. 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.
- 3.28. 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.

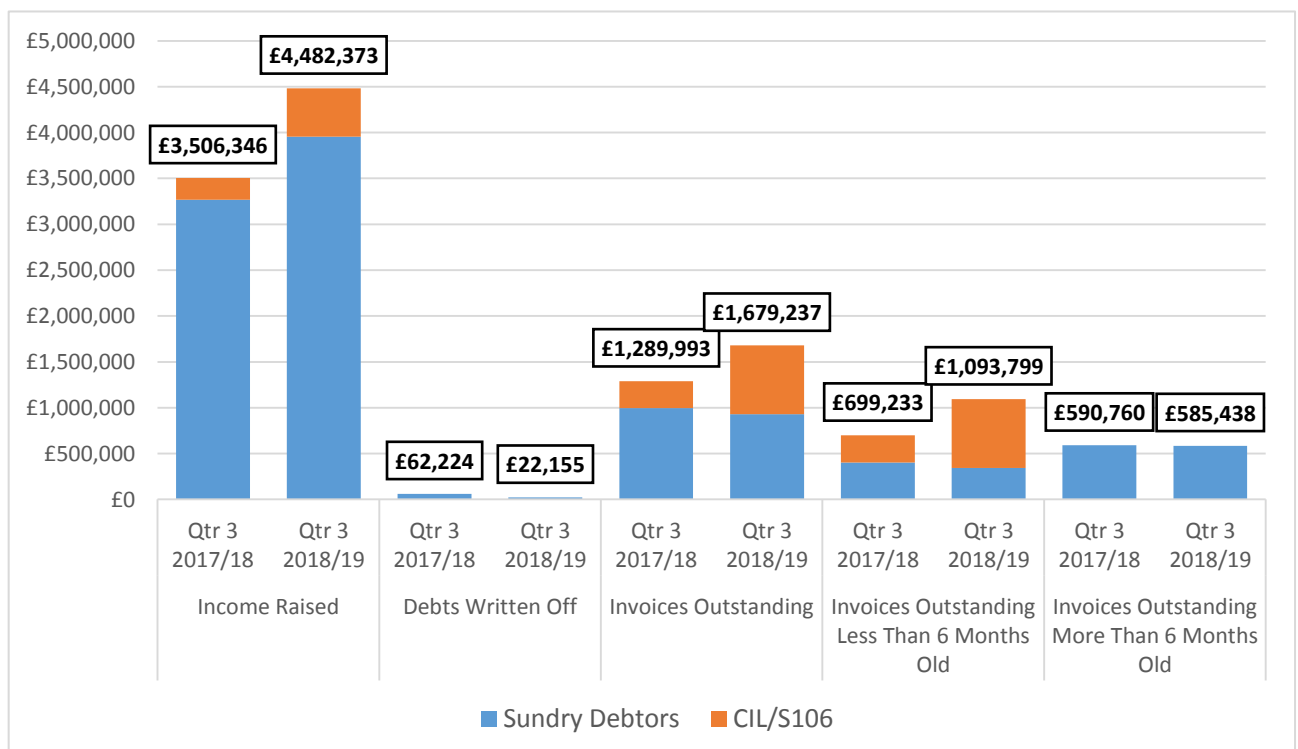
Housing Supply

- 3.29. 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.
- 3.30. The first graph shows completions for Council Tax (based on the financial year April to March) for April 2018 to November 2018. This shows that actual delivery in the first eight months is higher than the budget.
- 3.31. The second graph shows the components in the New Homes Bonus calculation (based on the Council Tax Base Return year) from September 2018 to September 2019.



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

- 3.32. 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.
- 3.33. The transactions levels and collection performance in 2018/19 compared to 2017/18 is shown below:



3.34. The Sundry Debtors, CIL and Section 106 performance main variances are related to:

- Income raised: increase of **£976,027** due to the issue of a high value invoice for Disabled Facilities Grants during November 2018 in addition to CIL and Section 106 as development triggers are reached.
- Invoices outstanding: increase of **£389,244** due mainly to CIL and Section 106 due as development triggers are reached. This includes an invoice where Section 106 triggers were met related to the transfer of Walsall Road but where title issues mean the transfer cannot be completed.

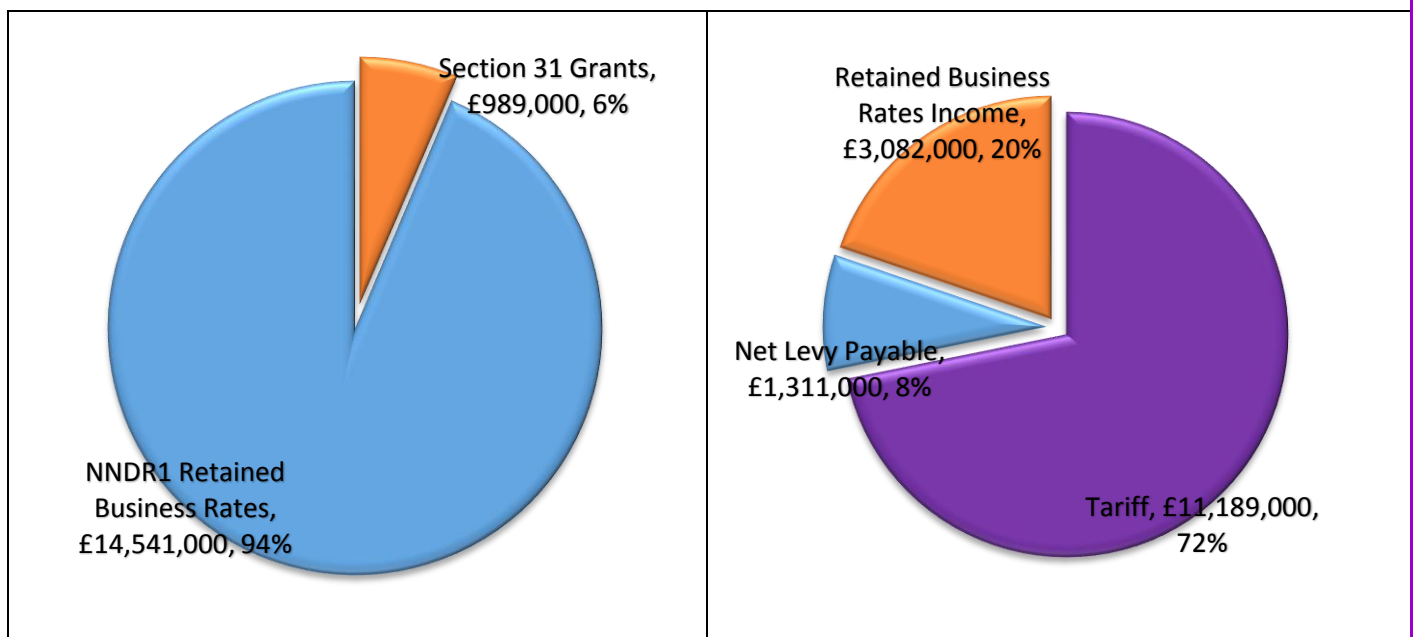
Business Rates

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

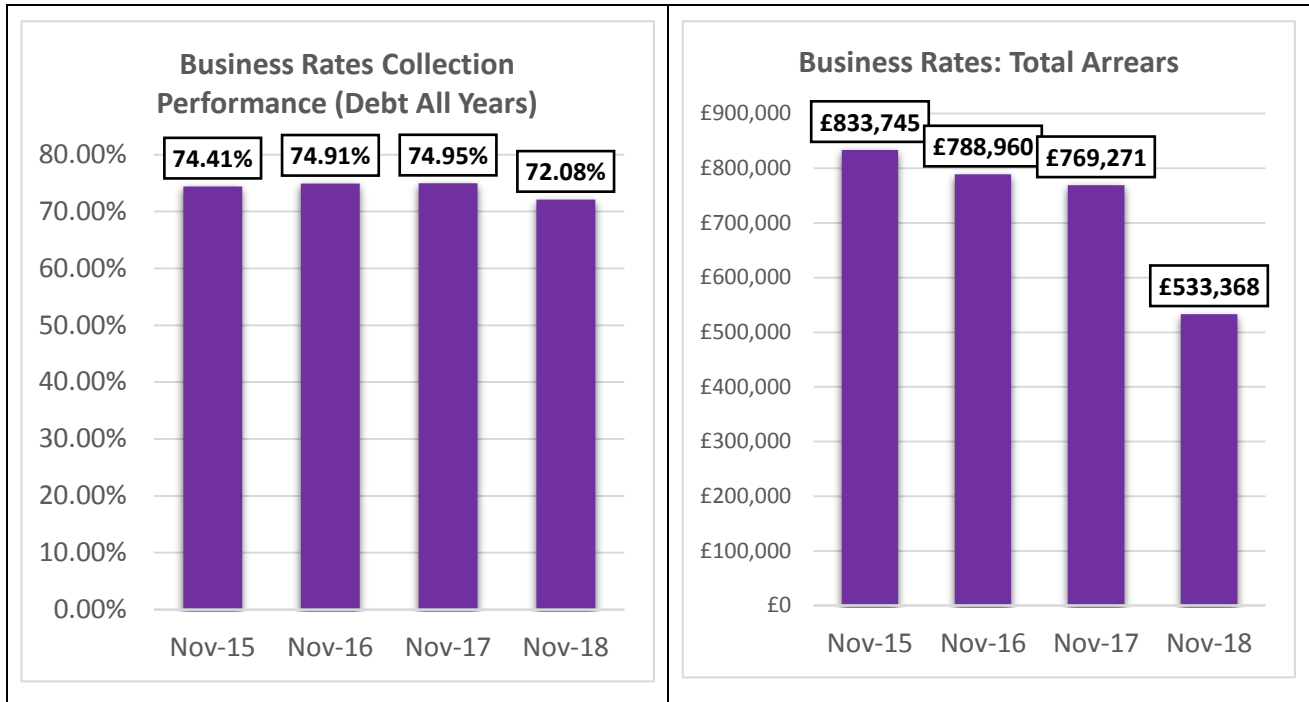
3.36. The Council receives a **40%** share of Business Rates income. The Council's share included in its budget is based on the NNDR 1 estimated level together with Section 31 grants for certain reliefs granted. The Council must then pay the Government set tariff and any net levy based on growth above 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 is projected to be **(£3,082,000)** compared to the Approved Budget of **(£2,732,000)**, additional income of **(£350,000)**. This additional income is because a volatility allowance to manage inherent risks such as higher levy or lower Section 31 grants is included in the budget. Projections indicate that a significant element of this allowance will not be required in 2018/19.

3.38. 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 below:



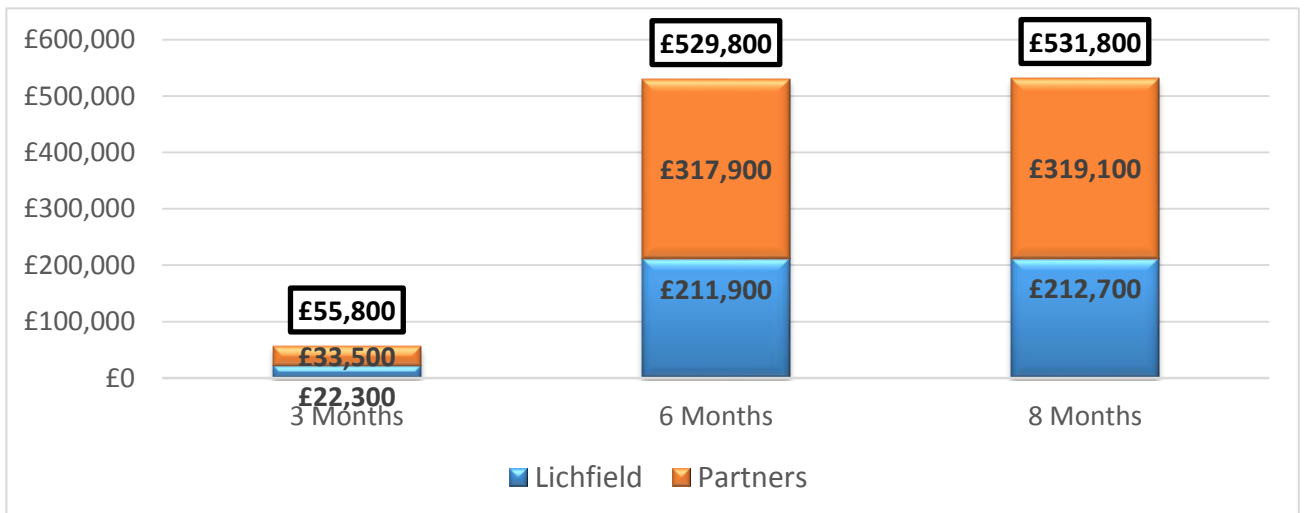
3.39. The collection performance for Business Rates for the eight months of the last four financial years is:



3.40. 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. The impact on performance will be resolved by March.

3.41. The level of arrears at November 2018 is lower than the average for the previous three years, although in 2017 there were several large assessments that had a liability order and which are paying as billed this year.

3.42. 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%**:



3.43. The main reasons for the projected surplus of **(£531,800)** are:

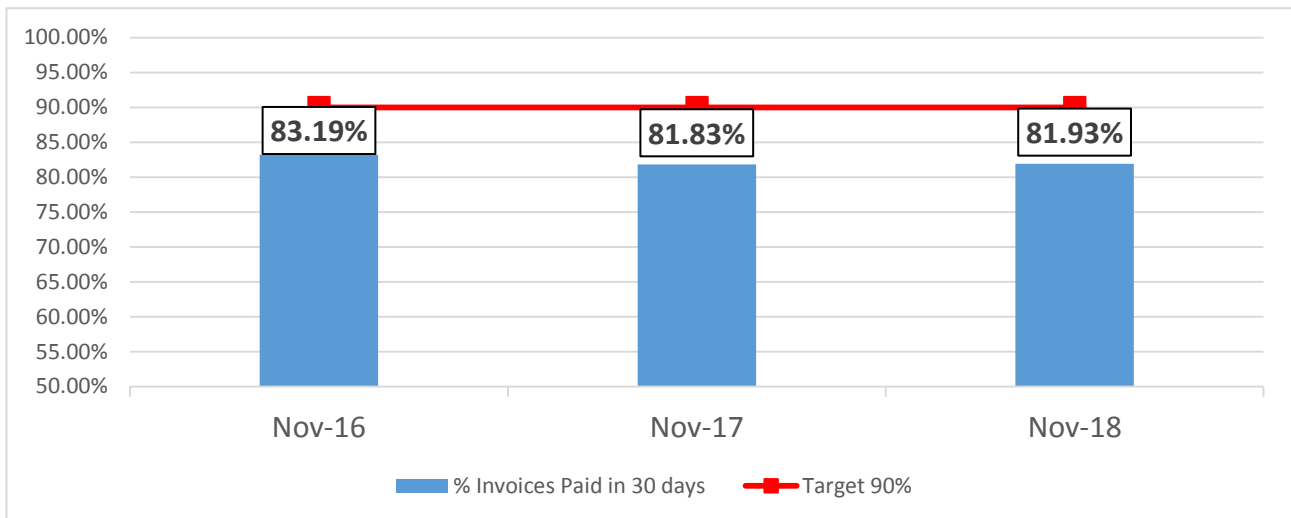
- There was a lower surplus than projected in 2017/18 of **£61,373**.
- There was additional net income projected of **(£593,173)** due to projected changes in the level of income, the Bad Debt Provision and the level of appeals.

3.44. The Council's share of the projected surplus in 2018/19 is **(£212,700)** will be included in the 2019/20 Budget.

Supplier Payment Performance

3.45. 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.

3.46. The performance of payments to suppliers for the first eight months of the last three years is:



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

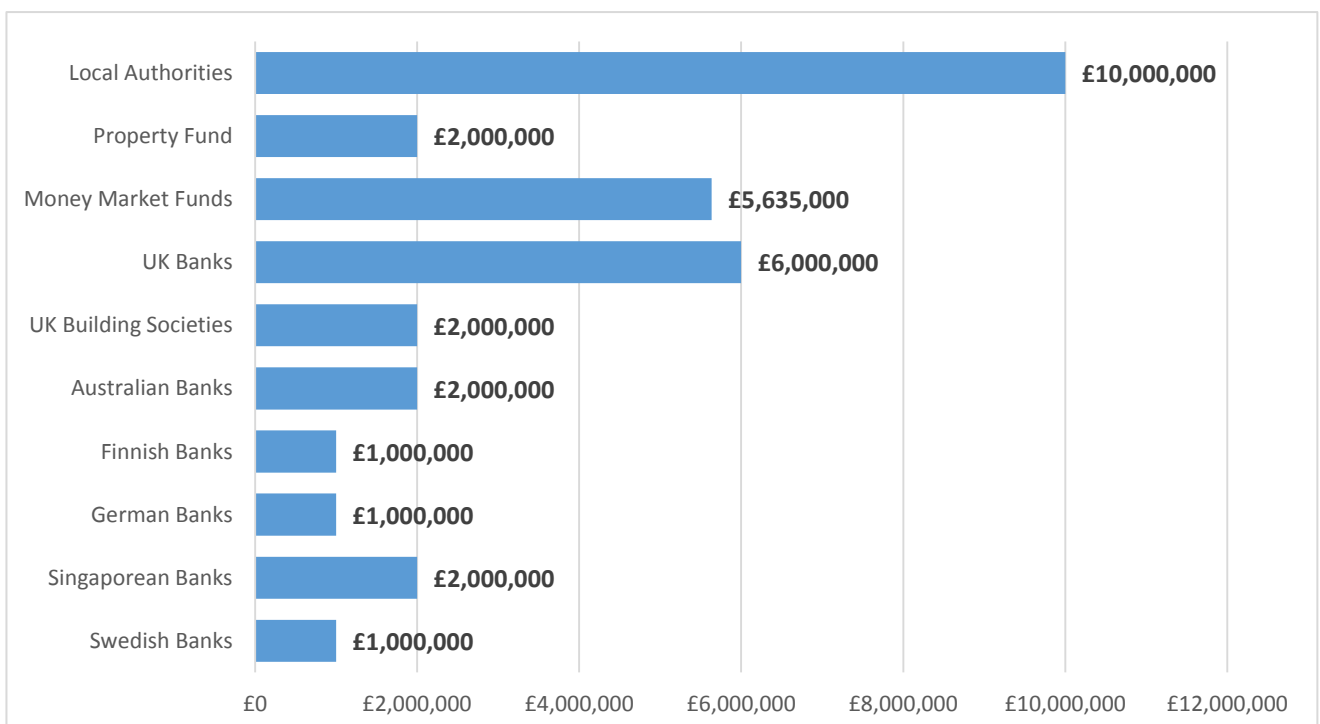
3.48. The Council has not received any claims or made any payments of late interest in any of the periods.

Treasury Management

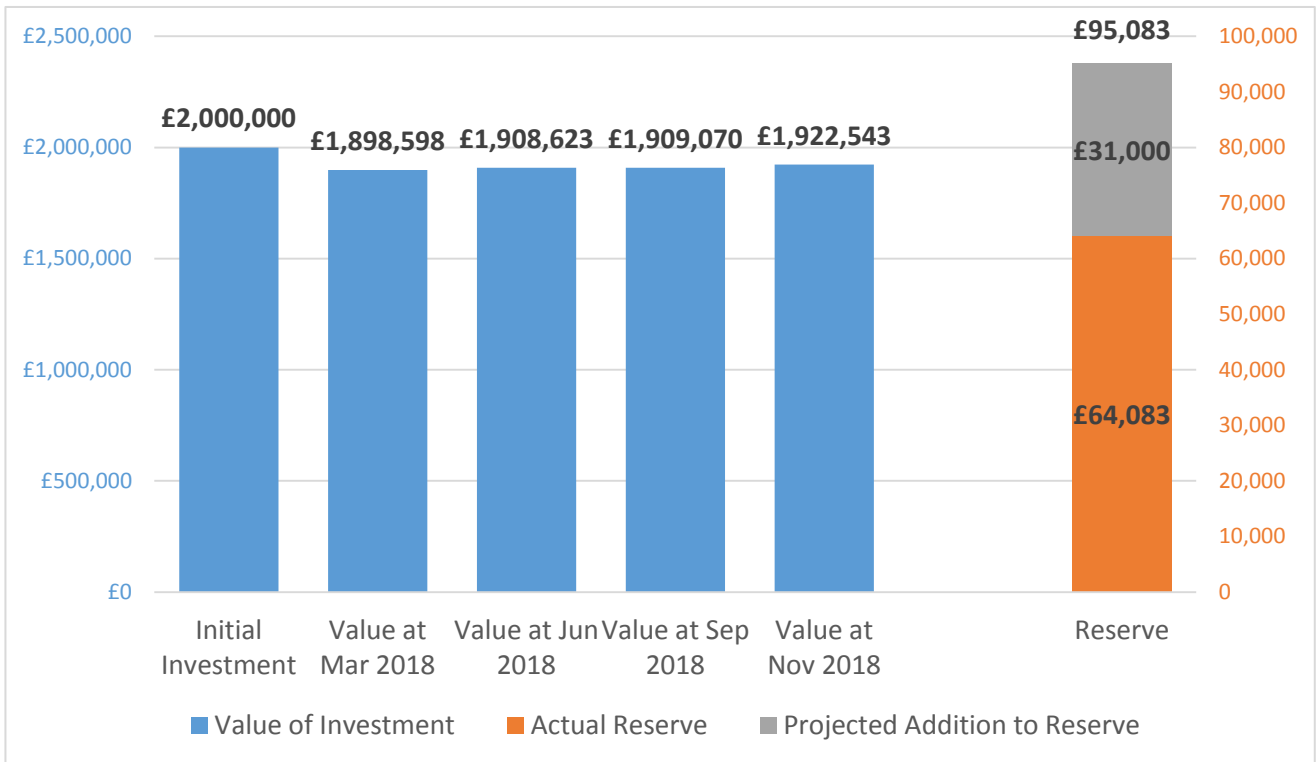
3.49. The performance of the Treasury Management function should be measured against the investment objectives of Security (the safe return of our monies), Liquidity (making sure we have sufficient money to pay for our services) and Yield (the return on our investments).

The Security of Our Investments

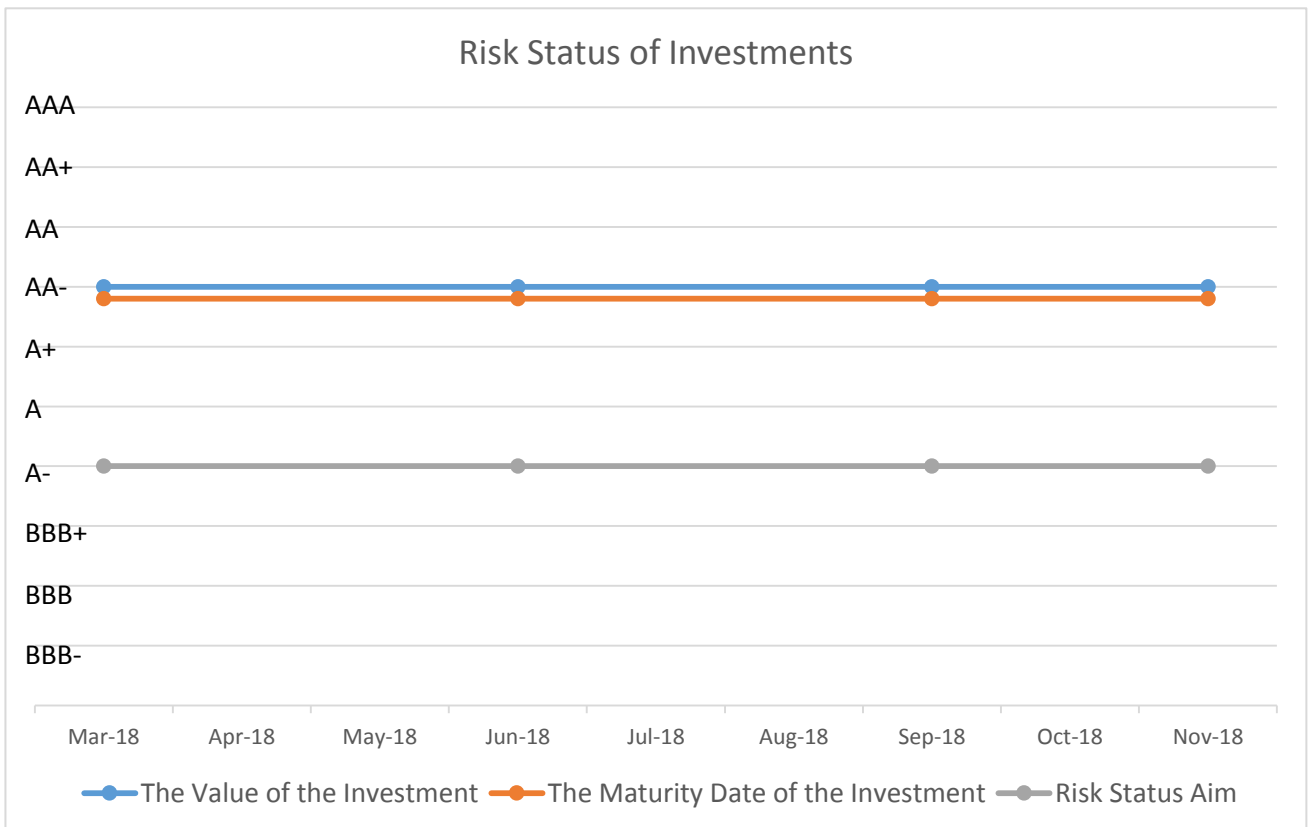
3.50. The investments the Council had at the 30 November 2018 of **£32,635,000** by type and country are summarised in the graph below and shown in more detail at **APPENDIX D**:



3.51. 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:

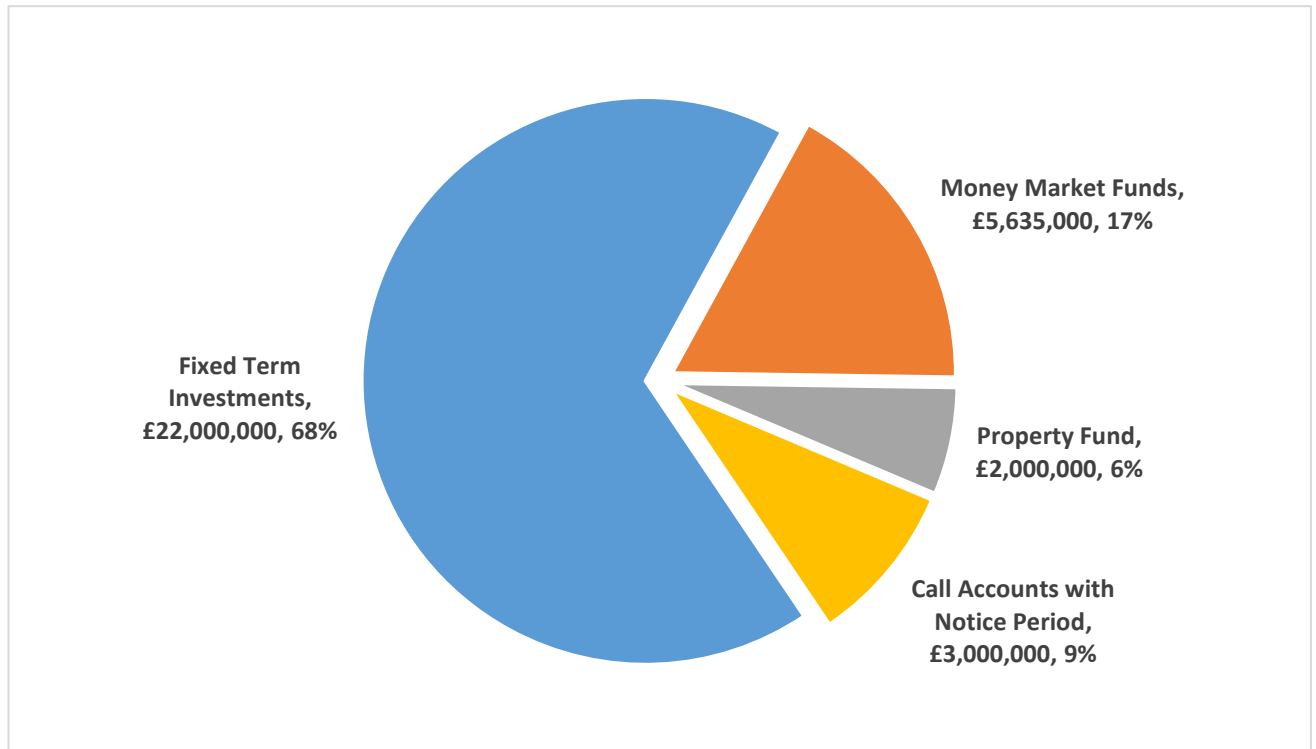


3.52. Our aim for the risk status of our investments was **A-**. The risk status based on the length of the investment and the value for a twelve month period is summarised in the graph below:



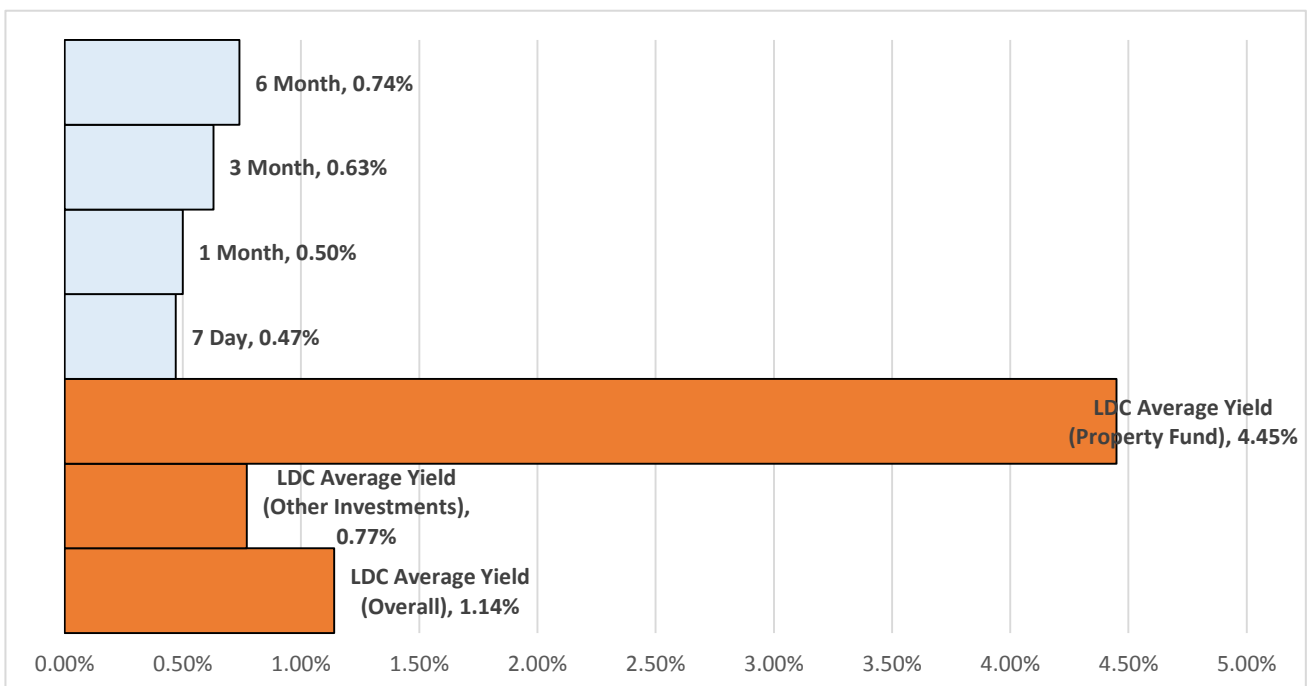
The Liquidity of our Investments

3.53. 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

3.54. 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).



3.55. The investment activity during the financial year is projected to generate **(£284,000)** of gross investment income compared to a budget of **(£270,000)**.

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	<p>At this eight months stage in the year, for the period up to November 2018, we forecast a contribution <u>to</u> general reserves of £642,570 will be made, against a budgeted contribution of (£1,990) <u>from</u> general reserves.</p> <p>Further detailed analysis on the Financial Performance up to November 2018 is shown in the attached Appendices.</p>
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.

	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	<p>Close monitoring of expenditure.</p> <p>Maximising the potential of efficiency gains.</p> <p>Early identification of any unexpected impact on costs, for example, central Government policy, movement in the markets, and changes in the economic climate.</p> <p>Prioritisation of capital expenditure.</p> <p>Project management of projects.</p>	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	<p>The Council maintains a comprehensive cash flow model that is updated on a daily basis to reflect actual and planned cash flows.</p> <p>An element of the Council's investment portfolio will be invested in instant access accounts.</p>	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• Money Matters: Review of Financial Performance 2018/19 – Cabinet 4 September 2018• Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2018-23 – Cabinet 9 October 2018• Money Matters: Review of Financial Performance 2018/19 – Cabinet 4 December 2018• Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2018-23 – Cabinet 9 October 2018
Relevant web link	<u>Cabinet – Lichfield District Council</u>

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 (+/-) £
Health and safe communities	1,808,850	1,919,480	1,901,820	(17,660)	☑	92,970	
Clean, green and welcoming places to live	3,427,580	3,226,050	2,916,970	(309,080)	☑	(510,610)	
A vibrant and prosperous economy	(652,350)	(846,280)	(1,066,880)	(220,600)	☑	(414,530)	
A council that is fit for the future	6,281,510	6,241,070	6,168,650	(72,420)	☑	(112,860)	
Efficiency Plan	(71,180)	0	0	-		71,180	
Net Cost of Services	10,794,410	10,540,320	9,920,560	(619,760)		(873,850)	0
Chief Executive	796,010	689,380	681,380	(8,000)	☑	(114,630)	6,000
Finance and Procurement	1,628,490	1,605,320	1,563,880	(41,440)	☑	(64,610)	13,000
Legal, Property and Democratic Services	424,800	551,650	399,650	(152,000)	☑	(25,150)	13,000
Revenues, Benefits and Customer Services	725,470	672,510	596,270	(76,240)	☑	(129,200)	19,000
Corporate Services	2,560,830	2,630,630	2,625,630	(5,000)	☑	64,800	22,000
Leisure & Operational Services	2,422,310	2,445,770	2,432,460	(13,310)	☑	10,150	28,000
Regulatory Services, Housing & Wellbeing	1,264,250	1,306,330	1,281,330	(25,000)	☑	17,080	15,000
Development Services	61,310	(45,170)	(67,250)	(22,080)	☑	(128,560)	30,000
Economic Growth	82,920	(183,550)	(242,040)	(58,490)	☑	(324,960)	34,000
Waste Services	899,200	867,450	649,250	(218,200)	☑	(249,950)	70,000
Efficiency Plan	(71,180)	0	0	-		71,180	-
Net Cost of Services	10,794,410	10,540,320	9,920,560	(619,760)		(873,850)	250,000
Net Treasury Position	104,860	64,710	51,710	(13,000)			
Revenue Contributions to the Capital Programme	154,000	154,000	154,000	-			
Net Operating Cost	11,053,270	10,759,030	10,126,270	(632,760)			
Transfer (from) / to General Reserve	26,990	(1,990)	642,570	644,560			
Transfer (from) / to Earmarked Reserves	(774,360)	(199,040)	328,120	527,160			
Net Revenue Expenditure	10,305,900	10,558,000	11,096,960	538,960			
Financed by:							
Retained Business Rates	(2,479,900)	(2,732,000)	(3,082,000)	(350,000)			
Business Rates Cap	(42,000)	(42,000)	(47,000)	(5,000)			
Levy Account Surplus	-	-	(32,000)	(32,000)			
New Homes Bonus	(800,000)	(800,000)	(941,000)	(141,000)			
Other Government Grants	-	-	(10,960)	(10,960)			
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 8 Months Budget Performance

Projected Variance £	Service Area	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(8,000)	Chief Executive	(8,000)	-	-	-
(41,440)	Finance and Procurement	(39,440)	(2,000)	-	-
(152,000)	Legal, Property and Democratic Services	(133,000)	-	(19,000)	-
(76,240)	Revenues, Benefits and Customer Services	(31,440)	(5,000)	(39,800)	-
(5,000)	Corporate Services	22,000	-	(27,000)	-
(13,310)	Leisure & Operational Services	(13,310)	-	-	-
(25,000)	Regulatory Services, Housing & Wellbeing	(8,000)	-	(17,000)	-
(22,080)	Development Services	43,920	-	(66,000)	-
(58,490)	Economic Growth	21,710	-	(80,200)	-
(218,200)	Waste Services	92,390	-	(295,590)	(15,000)
(13,000)	Net Treasury Position	(13,000)	-	-	-
(£632,760)	Net Operating Cost	(£66,170)	(£7,000)	(£544,590)	(£15,000)

Chief Executive

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(8,000)	Vacant Post Saving	(8,000)	-	-	-
(£8,000)	Total	(£8,000)	-	-	-

Finance and Procurement

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(19,500)	Delay in new Procurement SLA	(19,500)	-	-	-
(11,000)	Vacant Post Saving	(11,000)	-	-	-
(7,000)	Supplies and Services underspend	(5,000)	(2,000)	-	-
(3,940)	Minor Underspend	(3,940)	-	-	-
(£41,440)	Total	(£39,440)	(£2,000)	-	-

Legal, Property and Democratic Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(125,000)	Delay in new Property Investment Strategy	(125,000)	-	-	-
(8,000)	Supplies and Services underspend	(8,000)	-	-	-
(19,000)	Additional Property Rental Income	-	-	(19,000)	-
(£152,000)	Total	(£133,000)	-	(£19,000)	-

Revenues, Benefits and Customer Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(18,000)	Grant income related to Universal Credit implementation	-	-	(18,000)	-
(21,800)	Housing Benefit Overpayments increased	-	-	(21,800)	-
(30,000)	Vacant Post savings	(30,000)	-	-	-
(5,000)	Reduction in postage	-	(5,000)	-	-
(1,440)	Minor Underspend	(1,440)	-	-	-
(£76,240)	Total	(£31,440)	(£5,000)	(£39,800)	-

APPENDIX B

Corporate Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
30,000	IT Cloud – revenue Implications of Capital Spend	30,000	-	-	-
(28,000)	ICT and Performance Supplies and Service underspend	(28,000)	-	-	-
(27,000)	Additional Street Naming and Numbering income	-	-	(27,000)	-
20,000	Earmarked Reserve Request – Corporate Training	20,000	-	-	-
(£5,000)	Total	£22,000	-	(£27,000)	-

Leisure and Operational Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(10,530)	Street Lighting redistribution and saving	(10,530)	-	-	-
(2,780)	Arts Development Ceasing	(2,780)	-	-	-
(30,000)	Grounds Maintenance underspend due to unseasonably hot summer	(30,000)	-	-	-
30,000	Earmarked Reserve Request – Streetscene Vehicle Sinking Fund	30,000	-	-	-
(£13,310)	Total	(£13,310)	-	-	-

Regulatory Services, Housing and Wellbeing

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(17,000)	Additional Licensing Income	-	-	(17,000)	-
(8,000)	Underspend on consultancy fees	(8,000)	-	-	-
(£25,000)	Total	(£8,000)	-	(£17,000)	-

Development Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(113,000)	Development Management - Additional Income and lower expenditure	(53,000)	-	(60,000)	-
103,000	Earmarked Reserve Request – Planning Appeals and Development Improvement Programme	103,000	-	-	-
(6,000)	Additional HS2 Income	-	-	(6,000)	-
(4,530)	Regrading of post	(4,530)	-	-	-
(1,550)	Minor Balance	(1,550)	-	-	-
(£22,080)	Total	£43,920	-	(£66,000)	-

Economic Growth

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(40,000)	Additional Car Park income	-	-	(40,000)	-
48,630	Birmingham Road Expenditure	48,630	-	-	-
(48,630)	Birmingham Road Spend funded from Earmarked Reserve	(48,630)	-	-	-
(24,520)	Lower consultancy use and additional S106 monitoring income	(17,520)	-	(7,000)	-
6,030	Street Lighting Redistribution	6,030	-	-	-
(33,200)	Additional CIL administration income	-	-	(33,200)	-
33,200	Earmarked Reserve Request – CIL volatility reserve	33,200	-	-	-
(£58,490)	Total	£21,710	-	(£80,200)	-

APPENDIX B

Waste Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(60,350)	Administration saving on garden waste	(60,350)			
(135,830)	Increased income from garden waste subscriptions			(135,830)	
(306,260)	Tapering of reduction in recycling credit on garden waste			(306,260)	
(20,170)	Saving on costs to remove unwanted garden waste bins	(20,170)			
80,520	Reduction in collection infrastructure savings on chargeable green waste service due to higher take up	80,520			
97,390	Increase in gate fee for disposal of dry recyclate due to Chinese export ban	97,390			
146,500	Reduction in Shared service contribution from the above			146,500	
(15,000)	Additional income from trade refuse				(15,000)
(5,000)	Saving on trade refuse disposal costs	(5,000)			
(£218,200)	Total	£92,390	-	(£295,590)	(£15,000)

Net Treasury Position

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(13,000)	Increased net interest receipts	-	-	(13,000)	-
(£13,000)	Total	-	-	(£13,000)	-

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	£140,000		£0	(£140,000)
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	£579,715	£1,395,000	£363,000
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		£80,000	(£40,000)
Replacement of canopy and installation of artificial grass at Armitage		£13,000		£13,000	
Accessible Homes (Disabled Facilities Grants)	£772,000	£928,000	£582,218	£1,193,000	£265,000
Home Repair Assistance Grants	£15,000	£35,000		£15,000	(£20,000)
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		£0	(£400,000)
Housing Redevelopment Scheme - Packington		£40,000		£40,000	
Healthy and Safe Communities	£2,649,000	£2,886,000	£1,205,820	£2,914,000	£28,000
Darnford Park	£13,000	£0		£0	
Canal Towpath Improvements (Brereton & Ravenhill)		£25,000		£0	(£25,000)
Vehicle Replacement Programme	£168,000	£138,000	£14,750	£15,000	(£123,000)
Shortbutts Park, Lichfield	£23,000	£0		£0	
Env. Improvements - Upper St John St & Birmingham Road	£7,000	£7,000		£0	(£7,000)
Stowe Pool Improvements	£100,000	£0		£0	
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	£62,000	£19,000
Clean, Green and Welcoming Places to Live	£447,000	£216,000	£43,657	£80,000	(£136,000)
Data Management System	£6,000	£11,000		£11,000	
Birmingham Road Site Support	£313,000	£330,000	£143,493	£143,000	(£187,000)
Birmingham Road Site - Castle Dyke/Frog Lane Enhancement	£100,000	£81,000		£0	(£81,000)
Birmingham Road Site - Railway Station Forecourt Enhancements	£5,000	£0		£0	
Birmingham Road Site - Coach Park	£450,000	£243,000	£5,000	£5,000	(£238,000)
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		£23,500	£22,000
Car Parks Variable Message Signing	£32,000	£0		£0	
Old Mining College - Refurbish access and signs		£14,000	£1,296	£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	£10,769	£25,000	
A Vibrant and Prosperous Economy	£906,000	£2,572,500	£1,994,068	£2,088,500	(£484,000)
Property Investment Strategy	£6,000,000	£3,000,000		£0	(£3,000,000)
IT and Channel Shift Programme	£152,000	£162,000	£117,924	£187,000	£25,000

APPENDIX C

Project	Original Budget	Approved Budget	Actual To Date	Projected Actual	Projected Variance
Asset Management - Works resulting from Condition Survey	£88,000	£188,000	£70,324	£85,000	(£103,000)
A Council that is Fit for the Future	£6,240,000	£3,350,000	£188,248	£272,000	(£3,078,000)
Capital Programme Total	£10,242,000	£9,024,500	£3,431,793	£5,354,500	(£3,670,000)

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

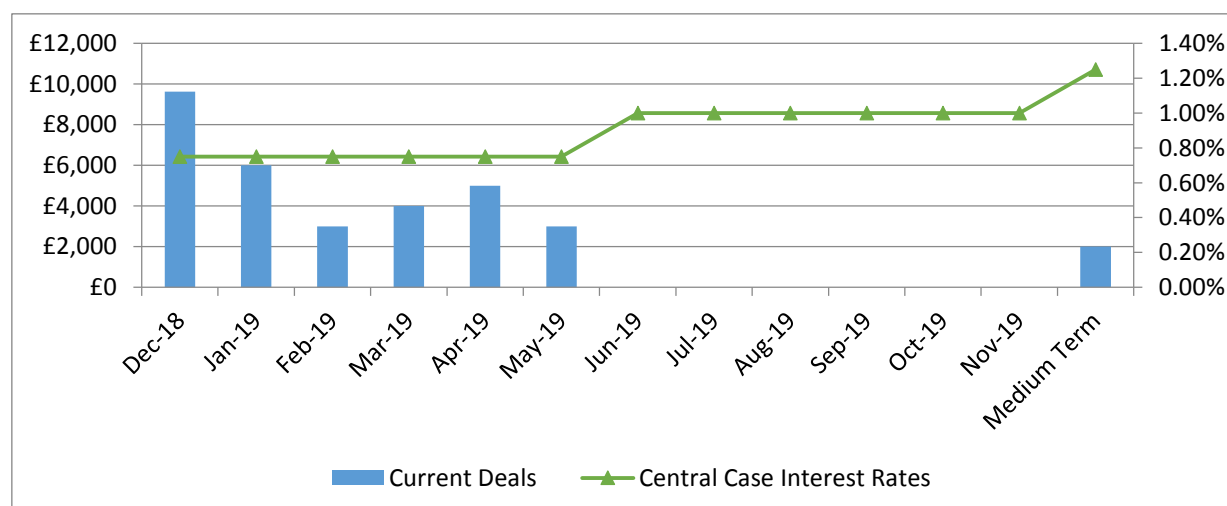
Funding Source	Original Budget	Approved Budget	Projected Actual	Projected Variance
Capital Receipts	£670,000	£2,650,000	£1,888,000	(£762,000)
Revenue Contributions	£154,000	£154,000	£155,000	£1,000
Council Funding	£824,000	£2,804,000	£2,043,000	(£761,000)
Borrowing Need	£6,780,000	£4,032,000	£1,395,000	(£2,637,000)
Capital Grants and Contributions	£2,452,000	£1,720,500	£1,544,500	(£176,000)
Reserves and Sinking Funds	£186,000	£468,000	£372,000	(£96,000)
Capital Programme Total	£10,242,000	£9,024,500	£5,354,500	(£3,670,000)

Investments in the 2018/19 Financial Year

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

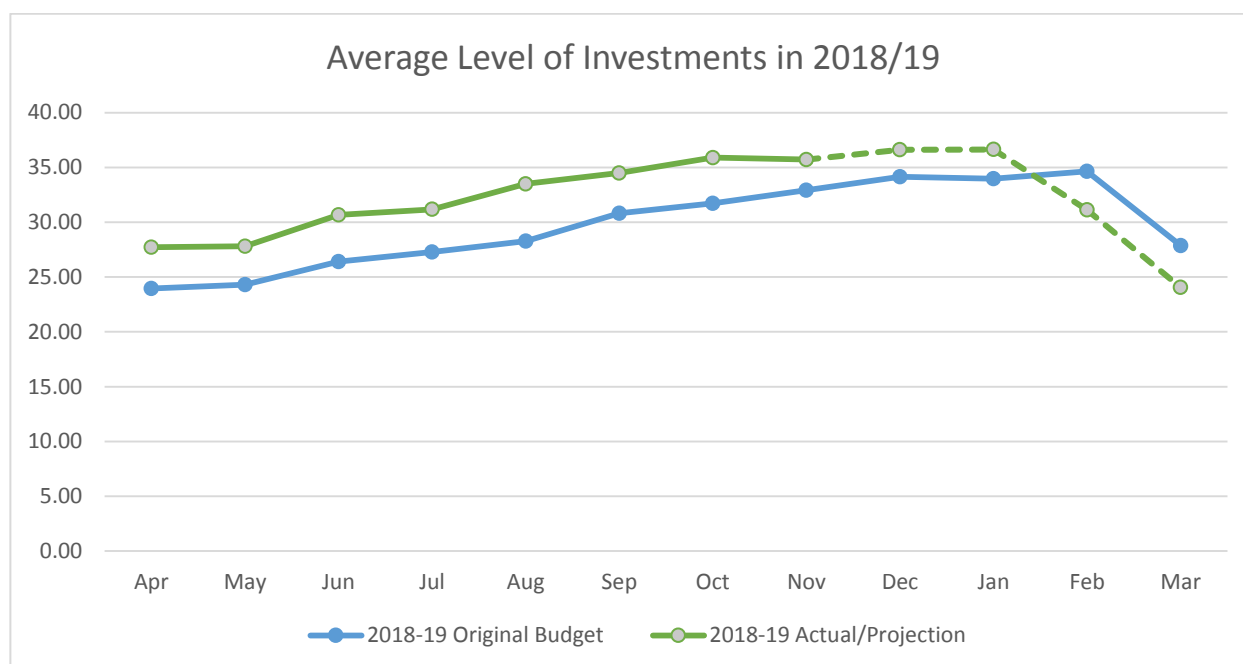
Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating	Foreign Parent
Money Market Funds						
Invesco Aim	£1,000,000	01-Dec-18	Instant Access	0.70%	0	N/A
Goldman Sachs	£635,000	01-Dec-18	Instant Access	0.67%	0	N/A
Blackrock Institutional	£1,000,000	01-Dec-18	Instant Access	0.70%	0	N/A
Legal & General	£1,000,000	01-Dec-18	Instant Access	0.71%	0	N/A
BNP Paribas MMF	£1,000,000	01-Dec-18	Instant Access	0.75%	0	N/A
Amundi	£1,000,000	01-Dec-18	Instant Access	0.74%	0	N/A
Property Fund						
CCLA Property Fund	£2,000,000	N/A	N/A	4.11%	N/A	No
Fixed Term Investments						
United Overseas Bank	£1,000,000	17-May-19	168	0.84%	AA-	
Surrey Heath Borough Council	£2,000,000	13-Dec-18	13	0.60%	LOCAL	
DBS Bank	£1,000,000	03-Dec-18	3	0.71%	AA-	
Australia and New Zealand Banking Group	£1,000,000	12-Dec-18	12	0.70%	AA-	
Slough Borough Council	£2,000,000	07-Jan-19	38	0.60%	LOCAL	
Close Bros	£1,000,000	21-Jan-19	52	0.80%	A	
North Ayrshire Council	£2,000,000	23-Jan-19	54	0.80%	LOCAL	
Woking Borough Council	£2,000,000	26-Feb-19	88	0.85%	LOCAL	
Blaenau Gwent County Borough	£2,000,000	03-Apr-19	124	0.90%	LOCAL	
Coventry Building Society	£1,000,000	05-Apr-19	126	0.82%	A	
Landesbank Hessen-Thüringen (Helaba)	£1,000,000	09-Apr-19	130	0.88%	A	
Commonwealth Bank of Australia	£1,000,000	19-Mar-19	109	0.71%	AA-	
Nationwide	£1,000,000	19-Mar-19	109	0.71%	A	
Lloyds	£1,000,000	15-May-19	166	1.00%	A+	
Barclays Bank	£1,000,000	08-Mar-19	98	0.77%	A	
Call Accounts with Notice Period						
Santander	£1,000,000	29-May-19	180	0.95%	A	
Goldman Sachs International Bank	£1,000,000	05-Mar-19	95	0.80%	A	
Svenska Handelsbanken AB	£1,000,000	04-Jan-19	35	0.65%	AA-	
Certificates of Deposit						
Nordea Bank AB	£1,000,000	08-Feb-19	70	0.84%	AA-	
Standard Chartered	£1,000,000	05-Apr-19	126	0.88%	A	
Total Investments	£32,635,000					

The maturity profile of these investments at 30 November 2018 compared to our Treasury Management advisor Arlingclose's 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	87 days
Temporary Borrowing	£0	£0
<u>Yield</u>		
Average amount we had available to invest (£m)	£30.90m	£32.10m
Average Interest Rate (%)	0.81%	0.89%
Gross Investment Income (£)	(£270,000)	(£284,000)
Net Treasury Position including borrowing (£)	£64,710	£35,790