

Money Matters : 2019/20 Review of Financial Performance against the Financial Strategy

Cabinet Member for Finance and Procurement

Date: 11 February 2020

Agenda Item:

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Key Decision? YES

Local Ward Members : Full Council

Cabinet

1. Executive Summary

- 1.1 The report covers the financial performance from April to November (Revised Estimate) for 2019/20. It is now presented using the draft Strategic Priorities because the new Strategic Plan will be approved by Council in February 2020 and the projection is beyond this date up to 31 March 2020.
- 1.2 The Original Budget estimated a transfer to general reserves of **£148,860**. Money Matters Reports during 2019/20 have identified favourable financial performance that has resulted in an Approved Budget transfer to general reserves of **£740,710**.
- 1.3 At the eight month stage, it is projected that a contribution of **£1,113,560** will be made to general reserves and this is **£964,700** higher than estimated in the Original Budget.
- 1.4 It is important to note that **£235,540** is related to net cost of services (comparable with the target of +/- £250,000) with the balance of **£729,160** related to one off items (additional Business Rates grants £336,660, earmarked reserves being returned £276,500 and higher treasury income £116,000).
- 1.5 The Capital Programme is projected to be **£4,782,000** higher than the Approved budget to reflect a potential investment in property.
- 1.6 Capital Receipts are projected to be lower than the Approved Budget by **£527,000**.
- 1.7 In terms of Council Tax, Business Rates, Sundry Debtors and Supplier Performance:
 - Council Tax collection performance was **75.41%** and total arrears were **£2,379,121**.
 - The **Council Tax Collection Fund** is projected to be in surplus, with the Council's 13% share being (**£208,510**) compared to the Approved Budget of (**£34,600**) in 2020/21.
 - Sundry Debt for income to be collected in 2019/20 has increased by **£398,154** compared to 2018/19 and the value outstanding at 30 November 2019 has increased by **£696,005**.
 - **Retained Business Rate Income** is currently projected to be in line with the Approved Budget.
 - The **Business Rates Collection Fund** is projected to be in surplus with the Council's 40% share being (**£122,100**) compared to the Approved Budget of **£0** in 2020/21.
 - Business Rates collection performance was **73.86%** and total arrears were **£497,777**.
 - The payment of suppliers within 30 days was **87.07%** and remains below our **90%** target.
- 1.8 The Council's treasury investments (excluding the two long dated pooled funds) achieved a risk status of **AA-** that was more secure than the aim of **A-** and yield exceeded all four of the industry standard London Interbank (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.

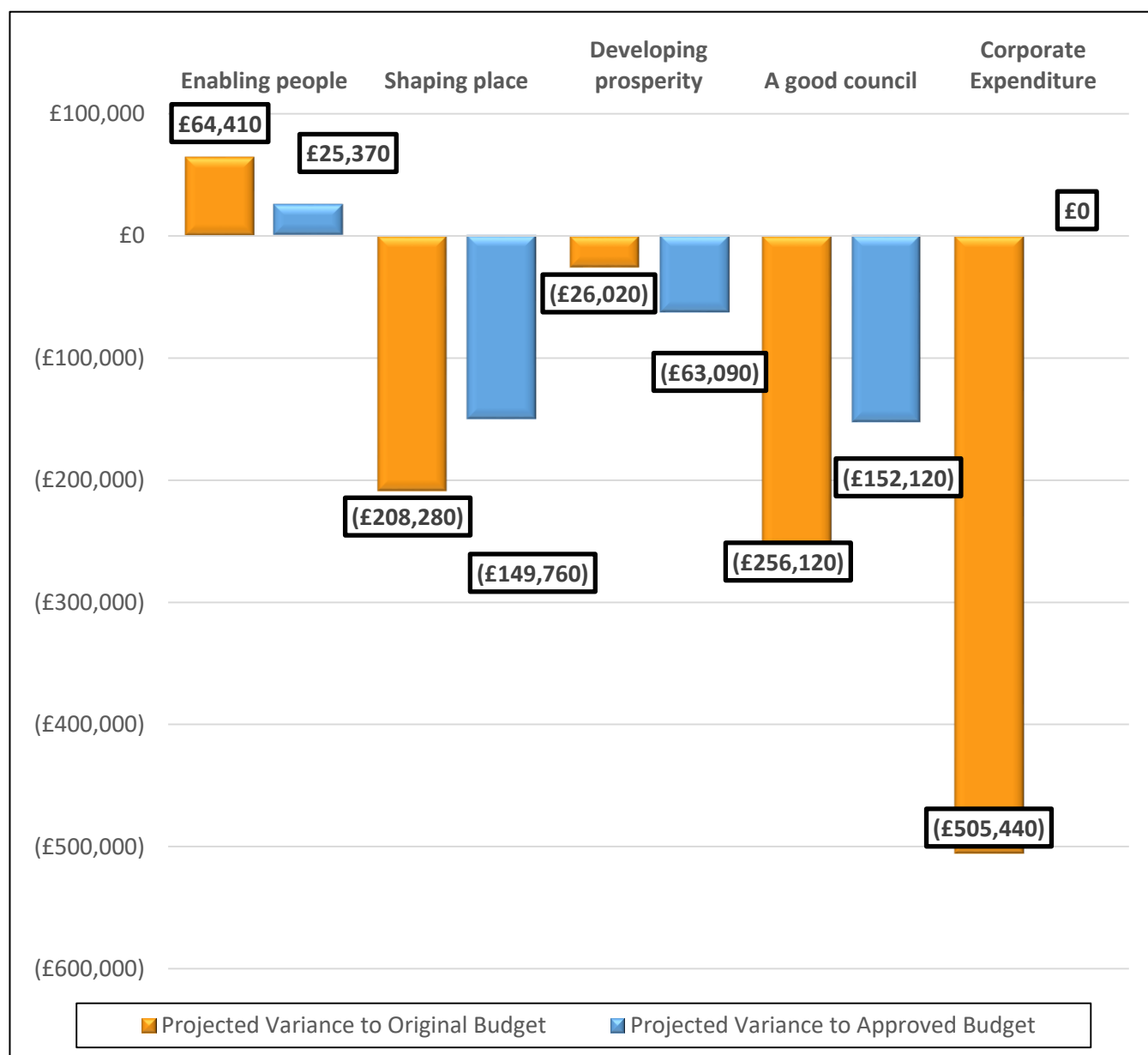
3. Background

Budget Management

- 3.1. The MTFS 2018-23 approved by Council on 19 February 2019 included the Original Budget for 2019/20 and set 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 are provided to both Cabinet and Strategic (Overview and Scrutiny) Committee at three, six and eight month intervals to monitor performance.
- 3.3. The Money Matters reports update the Approved Budget for latest projections and the eight month report will form the basis of the Revised Approved Budget for 2019/20 and will be approved by Council on 18 February 2020.

The Revenue Budget

- 3.4. Financial performance is shown in detail at **APPENDIX A** and in summary by Strategic Priority below:



Performance compared to the Approved Budget

3.5. The variance is shown in summary below and in detail at **APPENDIX B** by Service Area:

	Variance		
	Virement	Earmarked Reserves Time Expired	Other Variances
Enabling People			
• Earmarked Reserve time expired		(67,690)	
• Underachievement of income target (on self-funding post)			52,920
• Friary Grange Leisure Centre premises expenditure			15,600
• Transfers	24,540		
Shaping place			
• Management restructure savings related to Head of Leisure & Operational Services post			(57,000)
• Vacant Posts			(43,800)
• Additional net income (including government grants)			(12,920)
• Joint Waste service net increase in performance (including increased garden waste income)			(39,700)
• Additional spend related to tree surveys			27,000
• Transfers	(23,340)		
Developing prosperity			
• Management Restructure savings related to Head of Development Services & Head of Economic Growth & Development			(23,860)
• Additional planning income			(35,510)
• Net Additional property rental income			(31,220)
• Earmarked Reserve Request property			60,000
• Underspend of premises related budgets			(25,000)
• Minor balance			(7,500)
A good council			
• Earmarked Reserve time expired		(85,960)	
• Management Restructure savings related to Director of Transformation & Resources, Director of Place & Community & Head of Legal, Property & Democratic Services			(42,970)
• Vacant Posts			(70,530)
• Financial administration support restructure			58,700
• Delay of Terms and conditions review			(20,000)
• Earmarked Reserve request for Terms and conditions review			20,000
• Minor balance			(10,160)
• Transfers	(1,200)		
Total - Net Cost of Services	0	(153,650)	(185,950)
		(339,600)	
Corporate Expenditure			
Net Treasury - increased interest receipts			0
			(339,600)
Funding			(33,250)
Transfer (to)/from General Reserves			(£372,850)

Earmarked Reserves

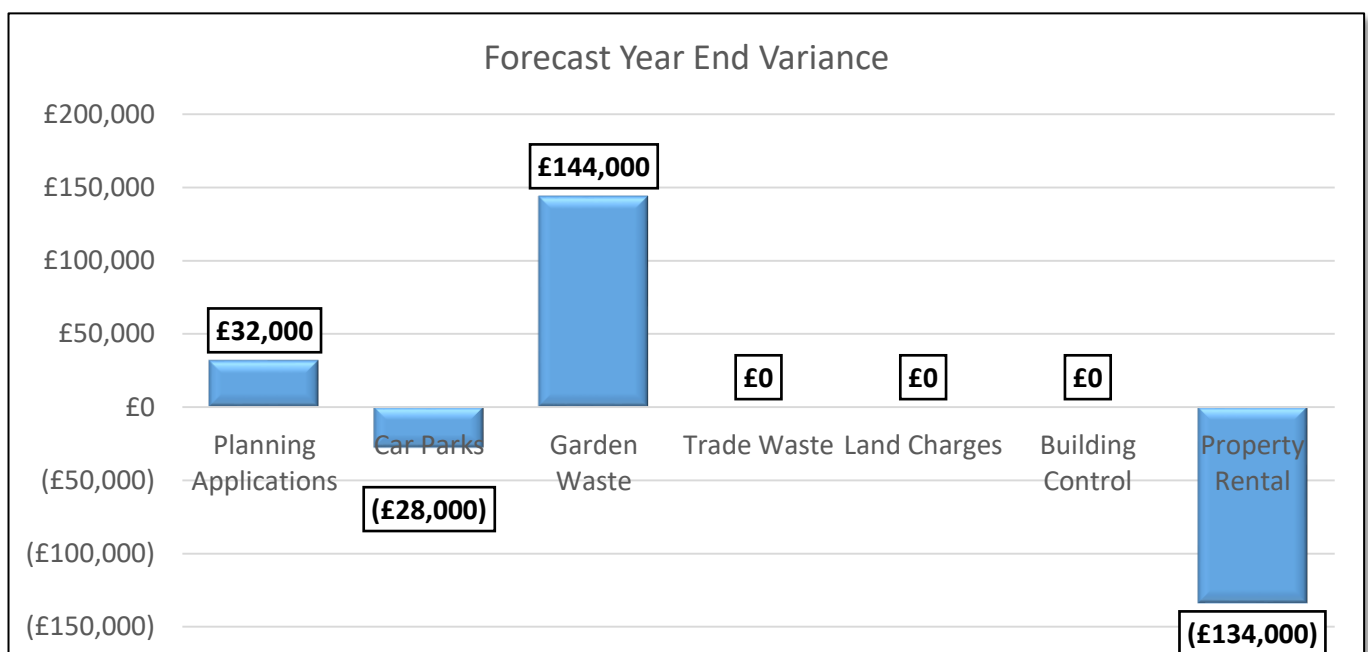
3.6. The earmarked reserves scheduled to be returned to General Reserves in 2019/20, under the three year time limit contained in the approved policy, are detailed below along with updates where appropriate:

Reserve Name	Balance 31-Dec-19 £	Allocated £	Expired £	Comments
Digitisation Programme	(94,150)	75,000	(19,150)	No business case received
Revenues & Benefits Service	(195,190)	195,190	0	Cabinet approved on 3rd December 2019 the procurement of a new contract. The earmarked reserve has been extended to March 2021
Individual Electoral Registration	(41,810)		(41,810)	No business case received
Elections Additional Support	(25,000)		(25,000)	No business case received
CCTV Sinking Fund	(60,990)		(60,990)	No business case received
Building Safer Communities	(6,700)		(6,700)	No business case received
Total Earmarked Reserves	(£423,840)	£270,190	(£153,650)	

3.7. The earmarked reserves totalling **£153,650** because no business case for retention has been received, will be returned to general reserves.

Fees and Charges

3.8. The gross fees and charges budgets for 2019/20 together with actual income achieved over the last five years are shown in detail at **APPENDIX B**. The projected variance to Budget for those with the highest value are shown below:



3.9. The reasons for any significant variances are:

- **Garden Waste** – April to November income shows an increased performance against budget of **£144,000**, **41.71%** of this will be transferred to Tamworth Borough Council as part of the joint service arrangements.
- **Property Rental** – April to November income shows a decreased performance against budget of **£134,000**. To date there has been no Investment in Property with a return resulting in an income shortfall of **£180,000** (there is a corresponding expenditure budget that has also not been incurred) although this has been partially offset by **£46,000** of increased property rental income.

Closing the Funding Gap Progress

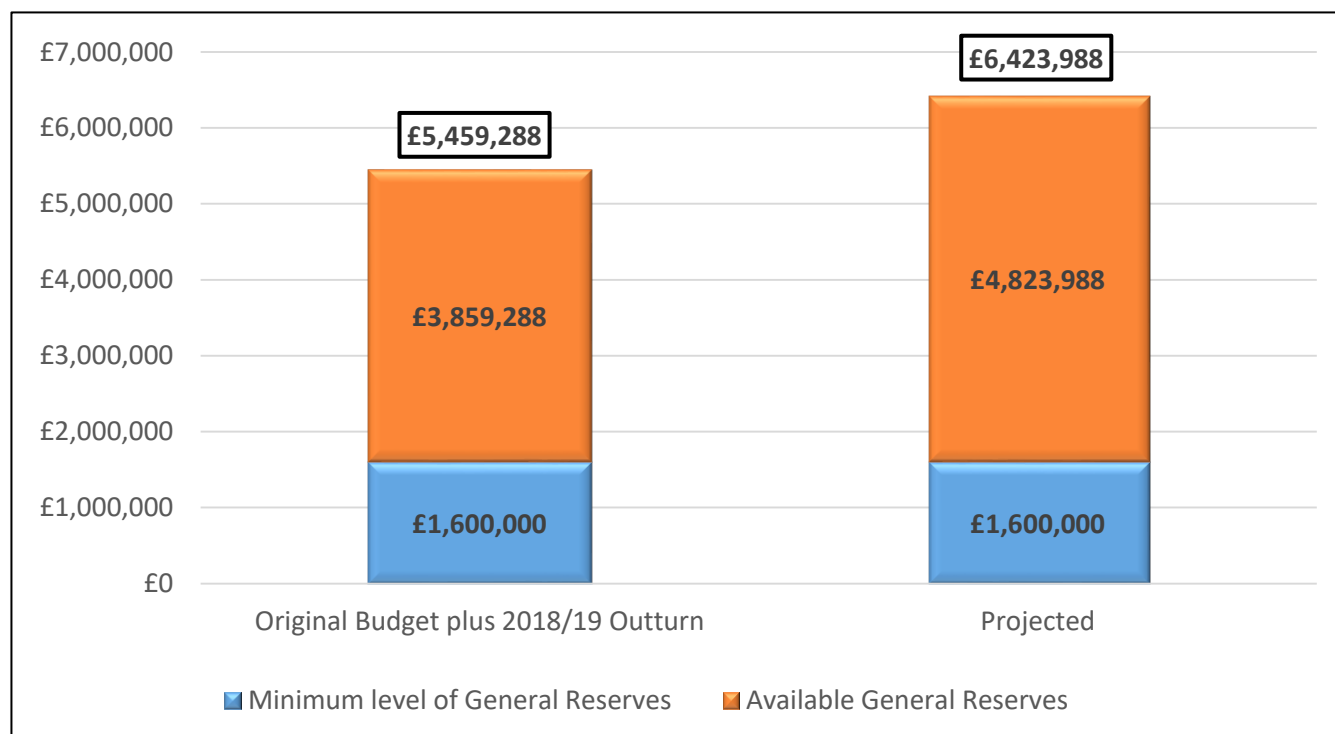
3.10. The progress to date on closing the Approved Funding Gap before changes included in the MTFS are incorporated is summarised below:

	Cabinet Report	2020/21	2021/22	2022/23	2023/24
Original Funding Gap		£841,620	£917,360	£1,012,070	£1,338,700
Upfront pension payment with savings	12/03/2019	4,420	(72,940)	(114,480)	(114,480)
Outturn 2018/19 Members Allowances	13/06/2019	(10,000)	(10,000)	(10,000)	(10,000)
Jigsaw Funding Agreement	09/07/2019	(9,660)	(9,660)	(9,660)	(9,660)
Higher Insurance - higher property values	10/09/2019	34,410	34,410	34,410	34,410
Lower Business Rate payments for Council Property following transitional arrangements		(36,750)	(36,750)	(36,750)	(36,750)
National Living Wage - scale points lower than projected		(54,900)	(54,900)	(54,900)	(54,900)
Additional Pensions – revised projections		(8,470)	(8,730)	(11,620)	(14,820)
Arts Development Residue Savings		(3,090)	(3,090)	(3,090)	(3,090)
Treasury Management - Increased Interest		(50,000)	(50,000)	(50,000)	(50,000)
Economic Growth Posts		100,000	100,000	100,000	100,000
Pensions Repayment		(57,970)	(57,970)	(57,970)	(57,970)
Collection Fund Surplus		(133,000)			
Interest on Property Company Loan		(4,000)	(18,000)	(22,000)	(22,000)
Friary Grange Leisure Centre	07/10/2019	135,000	135,000	135,000	135,000
Community Lottery	12/11/2019	9,700	9,700	9,700	9,700
Revised Funding Gap		£757,310	£874,430	£920,710	£1,244,140

3.11. The progress on closing the Funding Gap will continue to be monitored throughout the year.

Revenue General Reserves

3.12. The Original Budget estimated a contribution to general reserves of **£148,860**, the Approved Budget a contribution to General Reserves of **£740,710** and this report shows a projected contribution of **£1,113,560**, an increase of **£372,850** compared to Approved Budget.



The Capital Programme

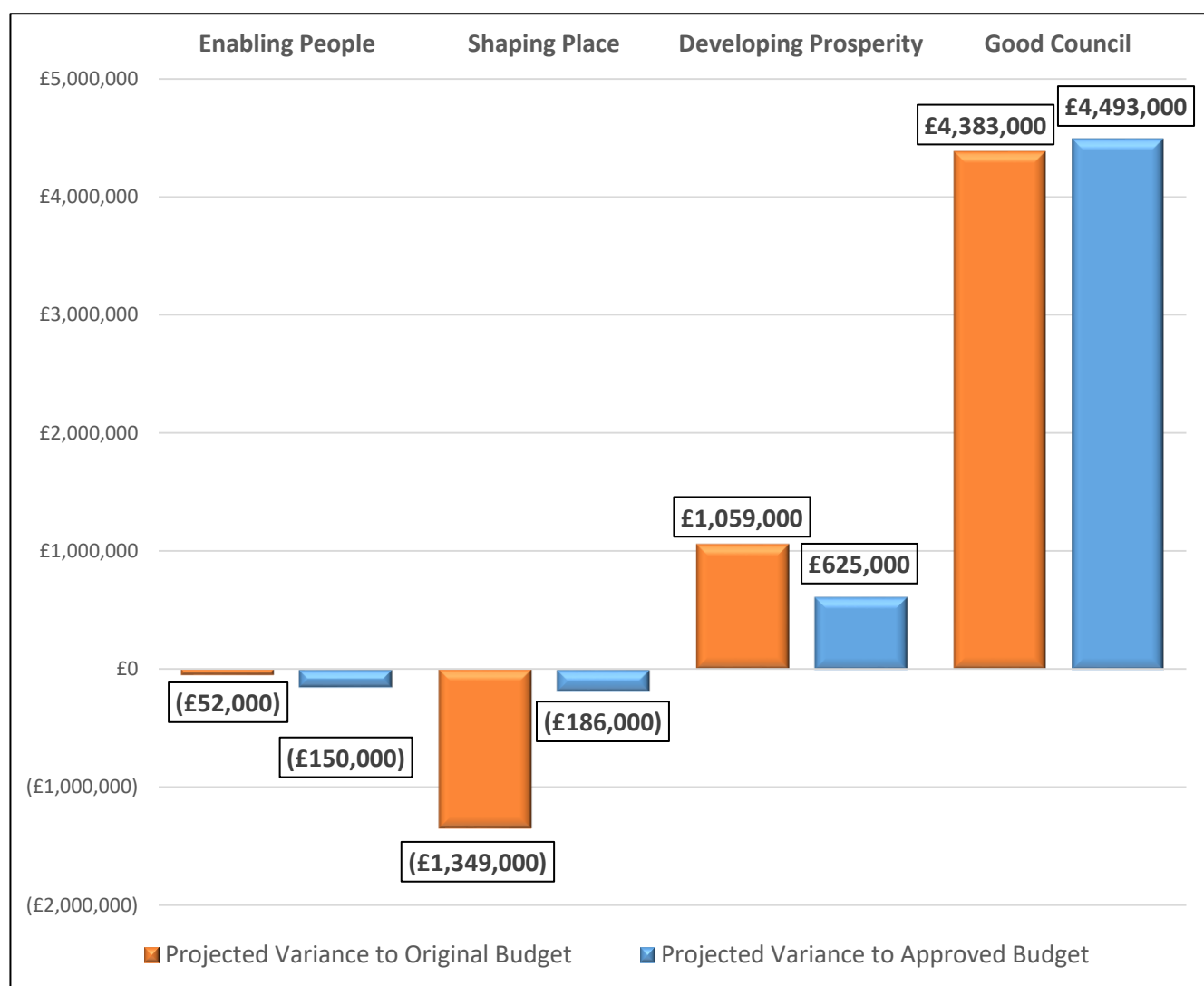
3.13. The Original Budget of **£11,618,000** was approved by Council on 19 February 2019. There have been a number of updates to this budget during 2019/20:

- Allocation of Community Infrastructure Levy of **£255,000** approved by Cabinet on 12 March 2019.
- Multi Storey Car Park refurbishment of **£300,000** approved by Council on 16 April 2019.
- Slippage from 2018/19 of **£819,000** approved by Cabinet on 13 June 2019.
- Changes relating to Quarter 1 Money Matters of **(£805,000)** approved by Cabinet on 10 September 2019
- Birmingham Road Enabling Works of **£120,000** approved by Cabinet on 10 September 2019.
- Friary Grange Leisure Centre expenditure of **£212,000** approved by Cabinet on 7 October 2019.
- St. Stephen's School Section 106 bid of **£22,000** approved by the Cabinet Member on 24 October 2019
- Changes relating to Quarter 2 Money Matters of **(£1,664,000)** approved by Cabinet on 3 December 2019

3.14. The Approved Budget is therefore **£10,877,000**.

3.15. The Capital Programme performance is projected to be above budget by **£4,782,000** or **44%** compared to the Approved Budget to reflect a potential investment in property.

3.16. This projected budget performance, compared to both the Original and the Approved Budgets, is shown by Strategic Plan Priority below and in detail at **APPENDIX C**:



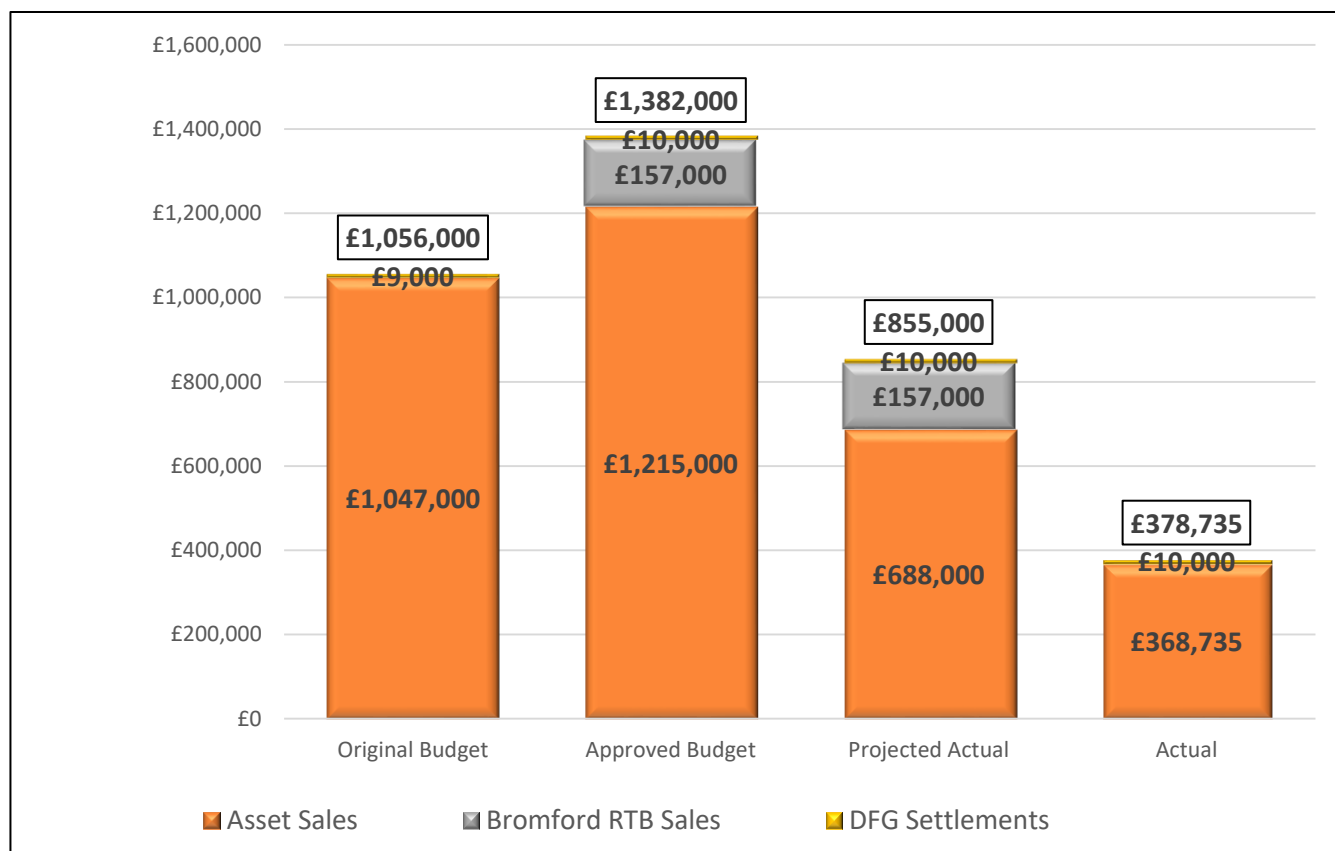
Performance compared to the Approved Budget

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

	Budget Profiling Changes	Other Projected Variances
Enabling People <ul style="list-style-type: none"> Re-siting/improvement of Armitage War Memorial and surrounding area Accessible Homes (Disabled Facilities Grants) Section 106 Affordable Housing projects – reflects extra funding 	(£120,000) (£300,000) £340,000	(£70,000)
Shaping Place <ul style="list-style-type: none"> Lichfield St Johns Community Link Vehicle Replacement Programme Stowe Pool Improvements Bin Purchase – reflects a new Capital bid Cannock Chase SAC – reflects extra funding 	(£10,000) (£280,000) (£50,000)	£150,000 £4,000
Developing Prosperity <ul style="list-style-type: none"> Coach Park – reflects a new Capital Bid 		£625,000
Good Council <ul style="list-style-type: none"> Investment in Property to reflect a potential purchase Property Planned Maintenance – reflects a new Capital bid District Council House Repair Programme 	£4,500,000 (£111,000)	£104,000
Total Projected Variance	£3,969,000	£813,000
	£4,782,000	

Capital Receipts

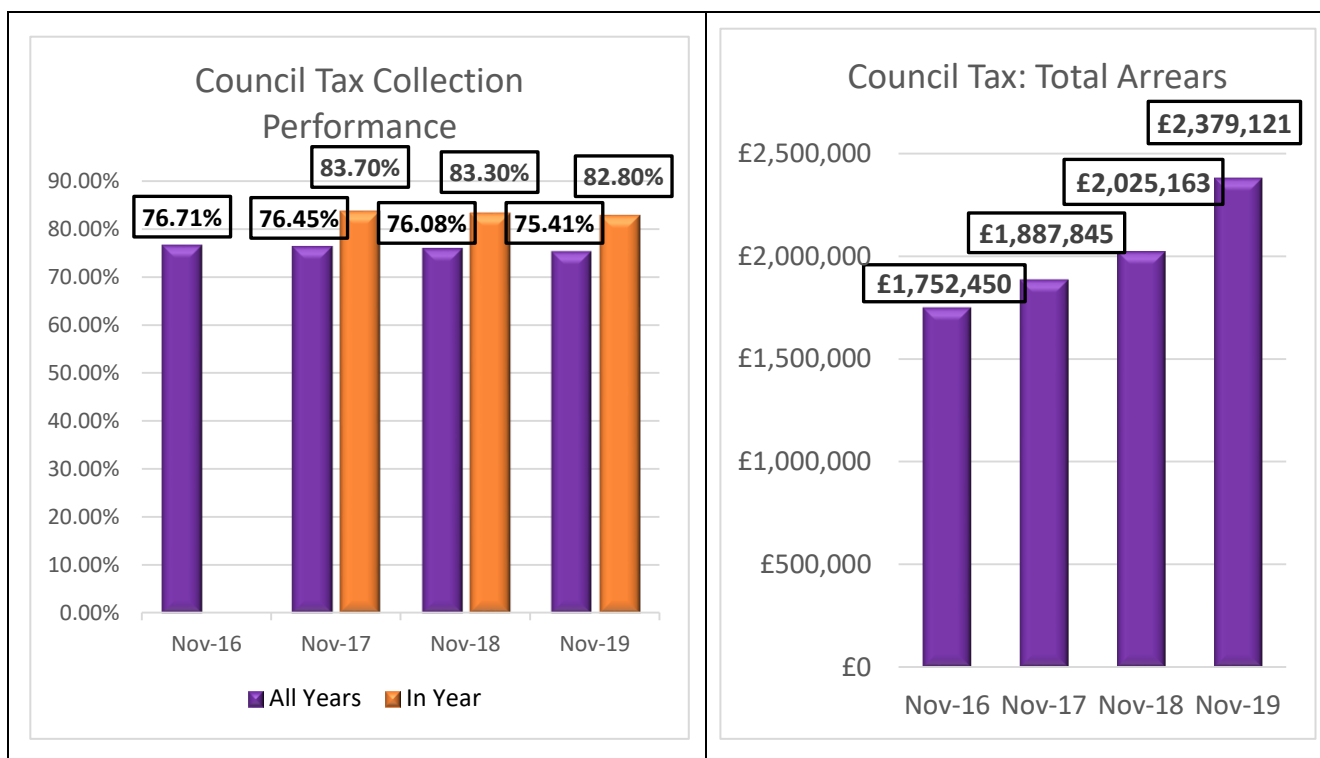
3.18. The Original Budget, projected and actual capital receipts received are shown below:



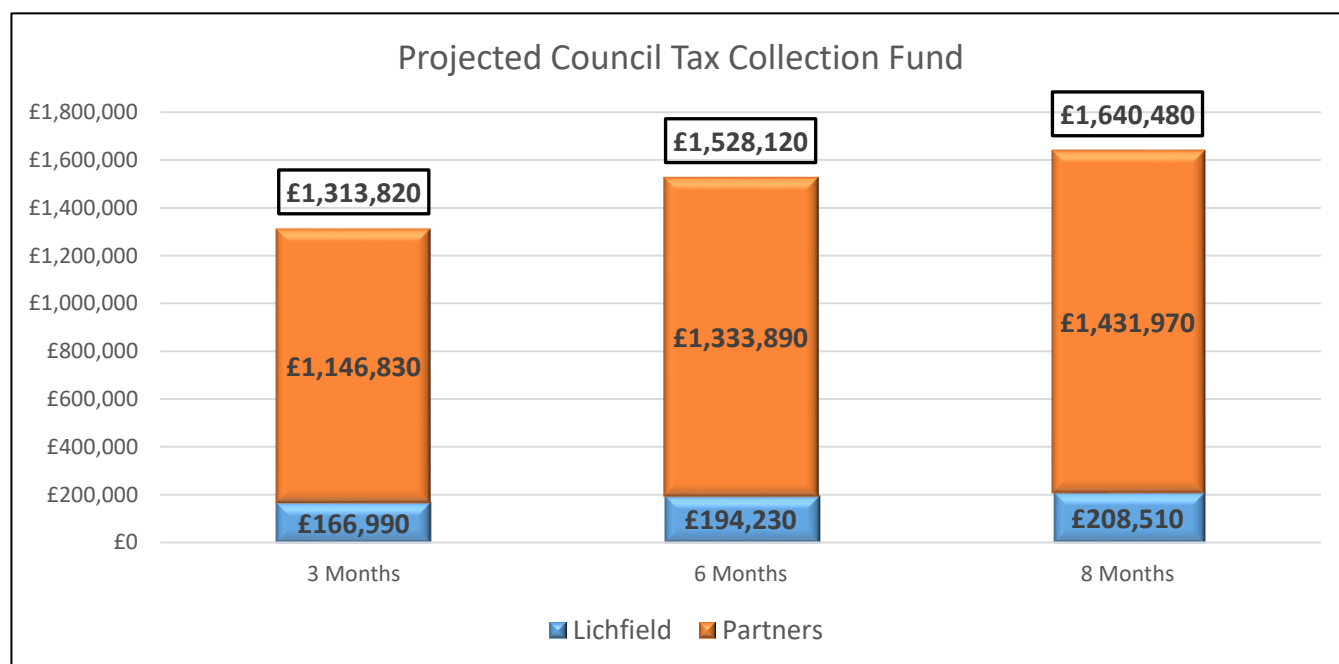
3.19. The sale of land at Netherstowe and Leyfields (£527,000) is now expected to be received in 2020/21.

Council Tax

3.20. The collection performance for Council Tax debt is shown below:¹



3.21. The Council Tax Collection Fund is projected to be in surplus by **(£1,640,480)** and the Council's share is **(£208,510)** based on Lichfield's (including Parishes) current share of Council Tax of **13%**:



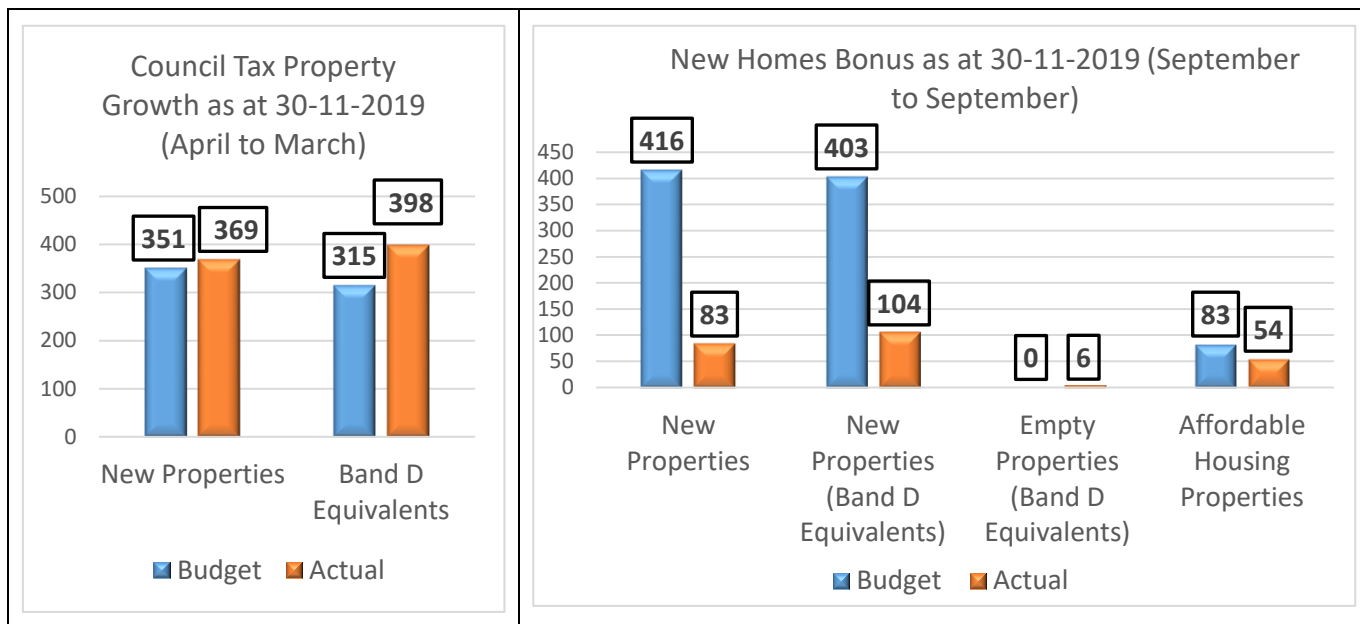
3.22. The main reasons for the surplus compared to the Approved Budget are:

- There was a higher surplus than projected in 2018/19 of **(£591,225)** due primarily to a lower level of bad debt provision.
- The projected net yield (after allowing for discounts and changes to the bad debt provision) from Council Tax in 2019/20 is **(£1,049,255)** higher than estimated.

¹ The in-year council tax collection performance data has only been collated since 2017.

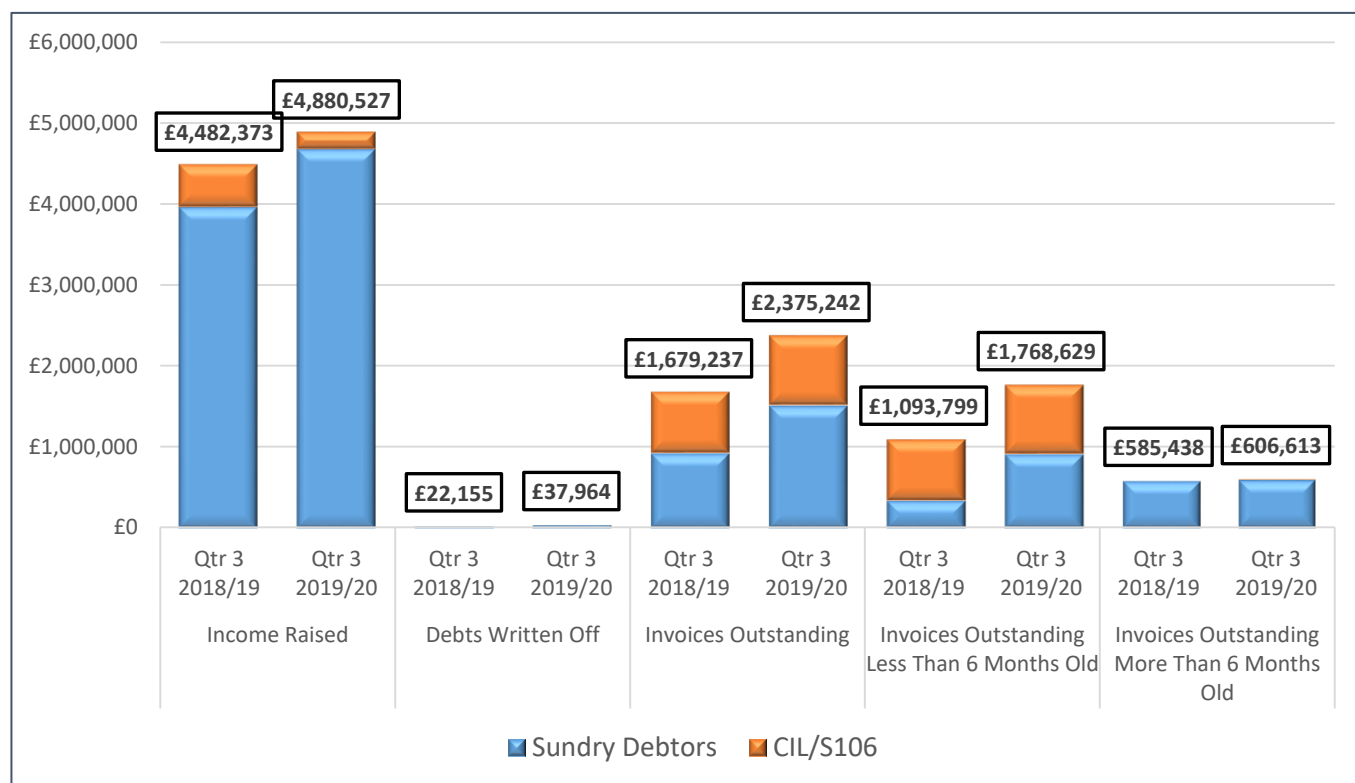
Housing Supply

3.23. The completions for Council Tax (left hand chart) from April 2019 to November 2019 and New Homes Bonus (right hand chart) from September 2019 to November 2019 are shown below:



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

3.24. The transaction levels and collection performance in 2019/20 compared to 2018/19 is shown below:



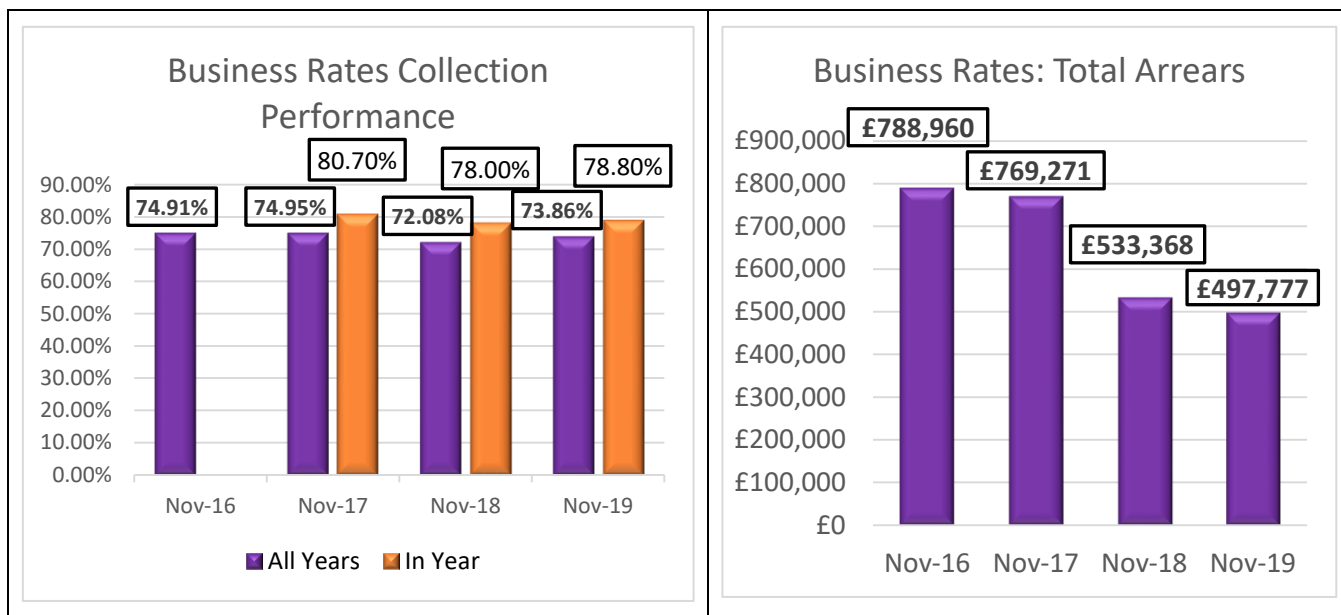
3.25. The increases in several categories of Sundry Debtors are mainly related to invoices raised for Section 106 (£123,000), the Guardian House Covenant (£320,000), Housing Benefit Overpayments (£329,000) and an increase in Building Control income due to more authorities being part of the partnership.

3.26. The increases in invoices outstanding related to CIL and Section 106 are where the demand is raised when development triggers related to housing completions are reached. The payment of these demands is based on the approved CIL/Section 106 policies including the ability to pay by instalments.

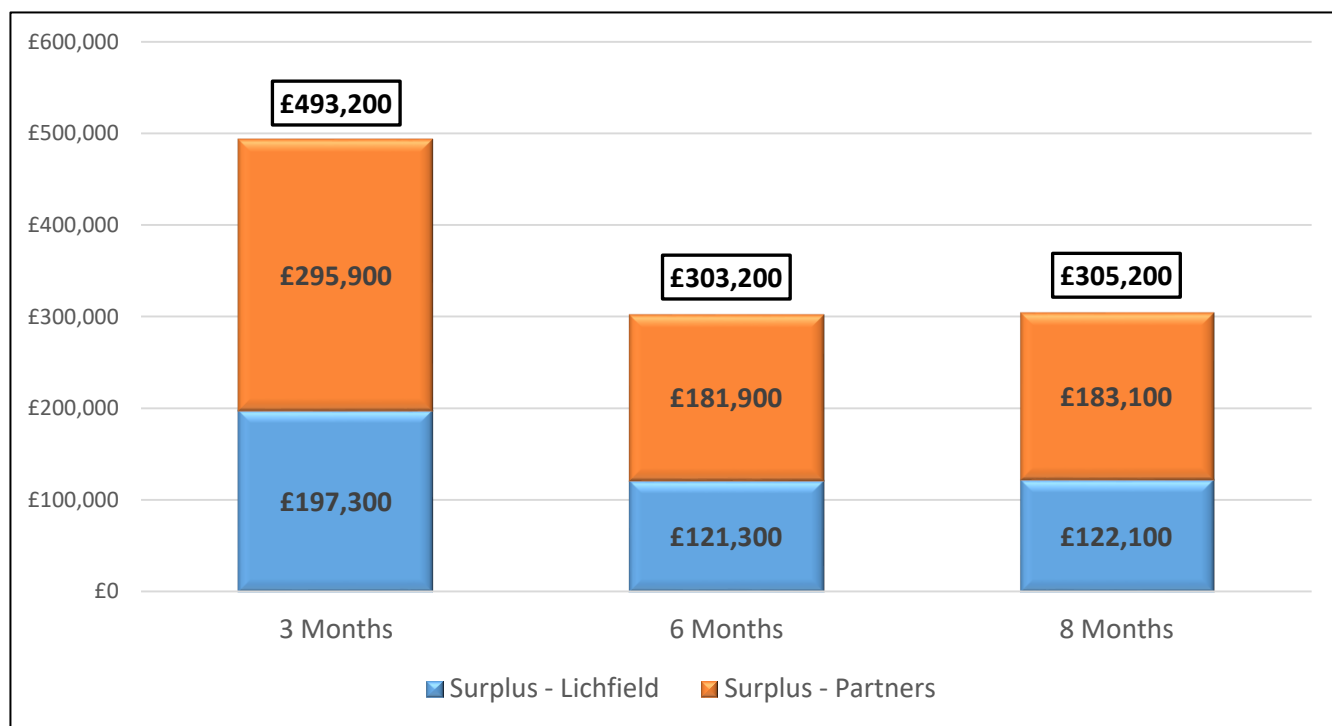
Business Rates

3.27. The Retained Business Rate income is projected to be **(£2,829,210)** in line with the Approved Budget with any variance being managed through the Business Rates Volatility Earmarked Reserve.

3.28. The collection performance for Business Rates is shown below:²



3.29. The Business Rates Collection Fund is projected to be in surplus by **(£305,200)** with the Council's share being **(£122,100)** based on our **40%** share of Business Rates:



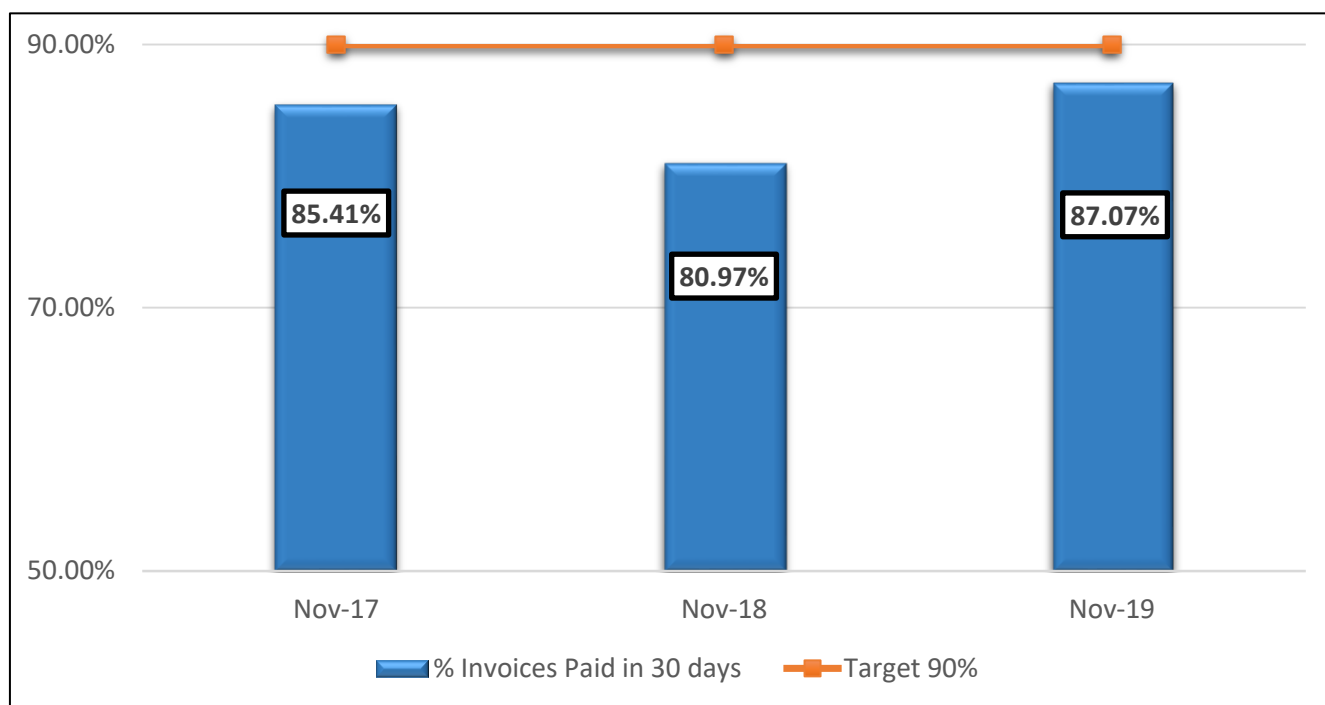
3.30. The main reasons for the projected surplus are:

- A higher than projected surplus in 2018/19 of **(£67,000)** and;
- A higher than projected surplus in 2019/20 by **(£238,200)** mainly due to lower appeals and bad debt provision projections.

² The in-year business rates collection performance data has only been collated since 2017.

Supplier Payment Performance

3.31. The performance of invoice payments to suppliers within 30 days for the last three years is shown below:



3.32. There continue to be initiatives being implemented to improve performance. These include improvements to procurement detailed below, wider use of payment cards for low value transactions and analysis of the performance by Service Area to target support and process improvements.

Procurement Activity

3.33. The City of Wolverhampton Council notified us of their intention to withdraw from the Service Level Agreement for procurement support, the arrangement ended in early October.

3.34. An interim Procurement Manager has been procured for six months to provide procurement support and investigate future options for the service provision.

3.35. The interim Procurement Manager has been involved in the provision of procurement advice in relation to 33 potential procurements totalling circa £1.8m in anticipated value.

Investment Strategy

3.36. The Council undertakes investments for three broad purposes:

- It approves the support of public services by lending or buying shares in other organisations – **Service Investments**.
- To earn investment income – **Commercial Investments**.
- It has surplus cash, as a result of its day to day activities, when income is received in advance of expenditure or where it holds cash on behalf of another body ready for payment in the future – **Treasury Management Investments**.

3.37. The Government has recognised in recent Ministry of Housing, Community and Local Government (MHCLG) guidance, as a result of increased commercial activity, that the principles included in Statutory Guidance requiring that all investments should prioritise security and liquidity over yield must also be applied to service and commercial investments.

3.38. The MHCLG Guidance requires the approval by Council of an Investment Strategy Report to increase the transparency around service and commercial investment activity. The Council approved its Investment Strategy Report on **19 February 2019**.

Service Investments

3.39. There are three approved investments of a service nature (the loan to the LA Company is shown at the approved level where no income to the Council was assumed). The investment and net return included in the Approved Budget is detailed below:

	Approved Budget				
	2019/20	2020/21	2021/22	2022/23	2023/24
Loan to the Local Authority Company	£675,000	£675,000	£675,000	£675,000	£675,000
Net Income (net of loss of investment income)	£0	(£4,000)	(£18,000)	(£22,000)	(£22,000)
Net Return	0.00%	0.59%	2.67%	3.26%	3.26%
Equity in the Local Authority Company	£225,000	£225,000	£225,000	£225,000	£225,000
Net Income	£0	£0	£0	£0	£0
Net Return	0.00%	0.00%	0.00%	0.00%	0.00%
Investment in Burntwood Leisure Centre	£1,395,000	£1,395,000	£1,395,000	£1,395,000	£1,395,000
VAT Benefit	(£19,000)	(£20,000)	(£23,000)	(£25,000)	(£25,000)
Net Income (after loan repayments)	(£38,000)	(£38,000)	(£38,000)	(£38,000)	(£38,000)
Net Return (excluding VAT Benefit)	2.72%	2.72%	2.72%	2.72%	2.72%
ICT Cloud	£25,000	£125,000	£125,000	£125,000	£125,000
Net Income	(£30,000)	(£100,000)	(£150,000)	(£150,000)	(£150,000)
Net Return	120.00%	80.00%	120.00%	120.00%	120.00%
Total Investment	£2,320,000	£2,420,000	£2,420,000	£2,420,000	£2,420,000
Total Net Income	(£68,000)	(£142,000)	(£206,000)	(£210,000)	(£210,000)
Net Return	2.93%	5.87%	8.51%	8.68%	8.68%

3.40. To date, only the investment in Burntwood Leisure Centre has taken place and is generating net income.

Commercial Investments

3.41. The only commercial investment currently planned relates to Investment in Property and the investment and net return in the Approved Budget is detailed below:

	Approved Budget				
	2019/20	2020/21	2021/22	2022/23	2023/24
Property Investment	£6,000,000	£19,000,000	£32,000,000	£45,000,000	£45,000,000
Net Income		(£56,000)	(£180,000)	(£303,000)	(£427,000)
Net Return (previous year end)		0.93%	0.95%	0.95%	0.95%

3.42. To date, no property investment has taken place and therefore the budgeted net income is not currently being generated.

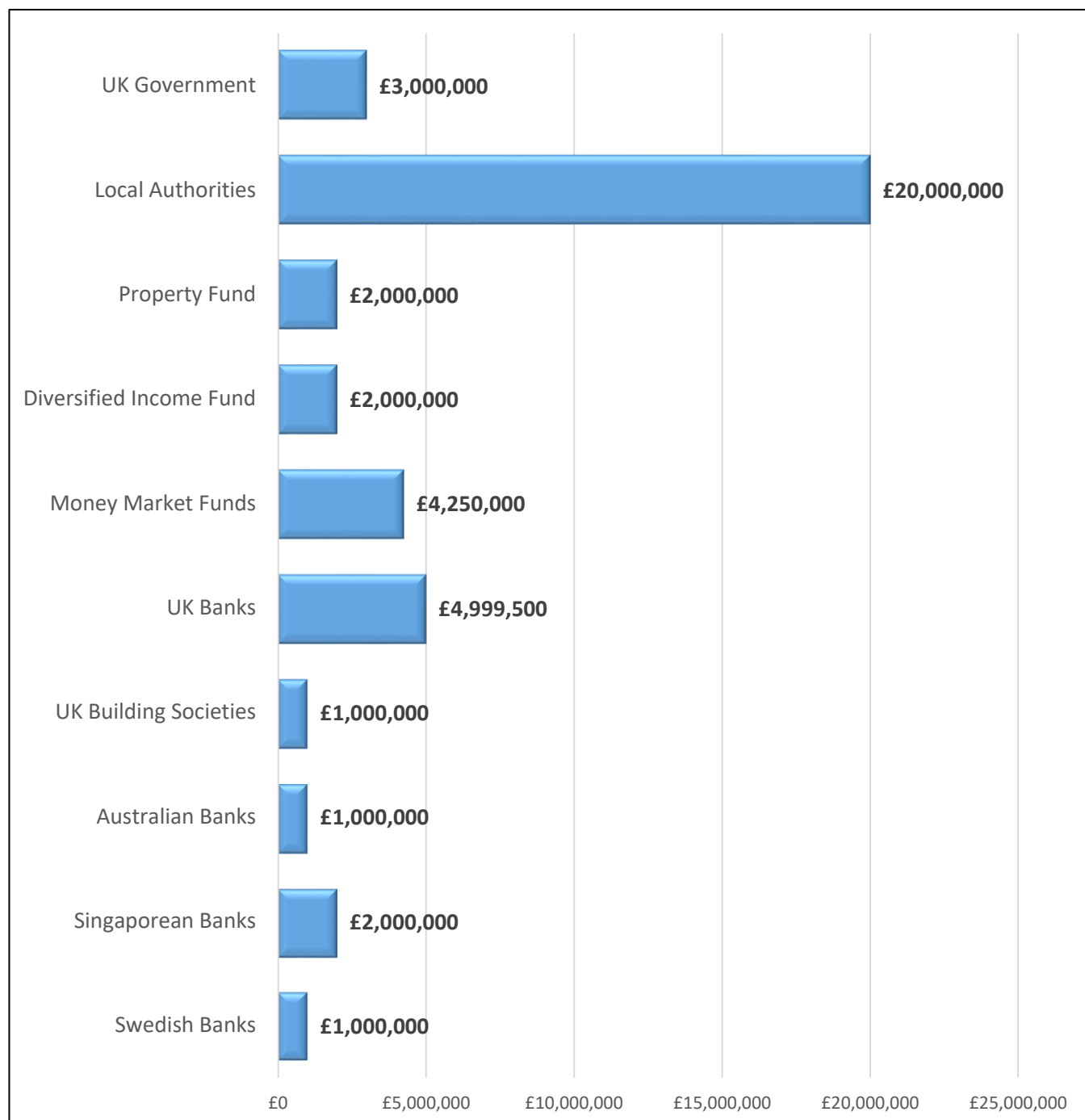
Treasury Management Investments

3.43. 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).

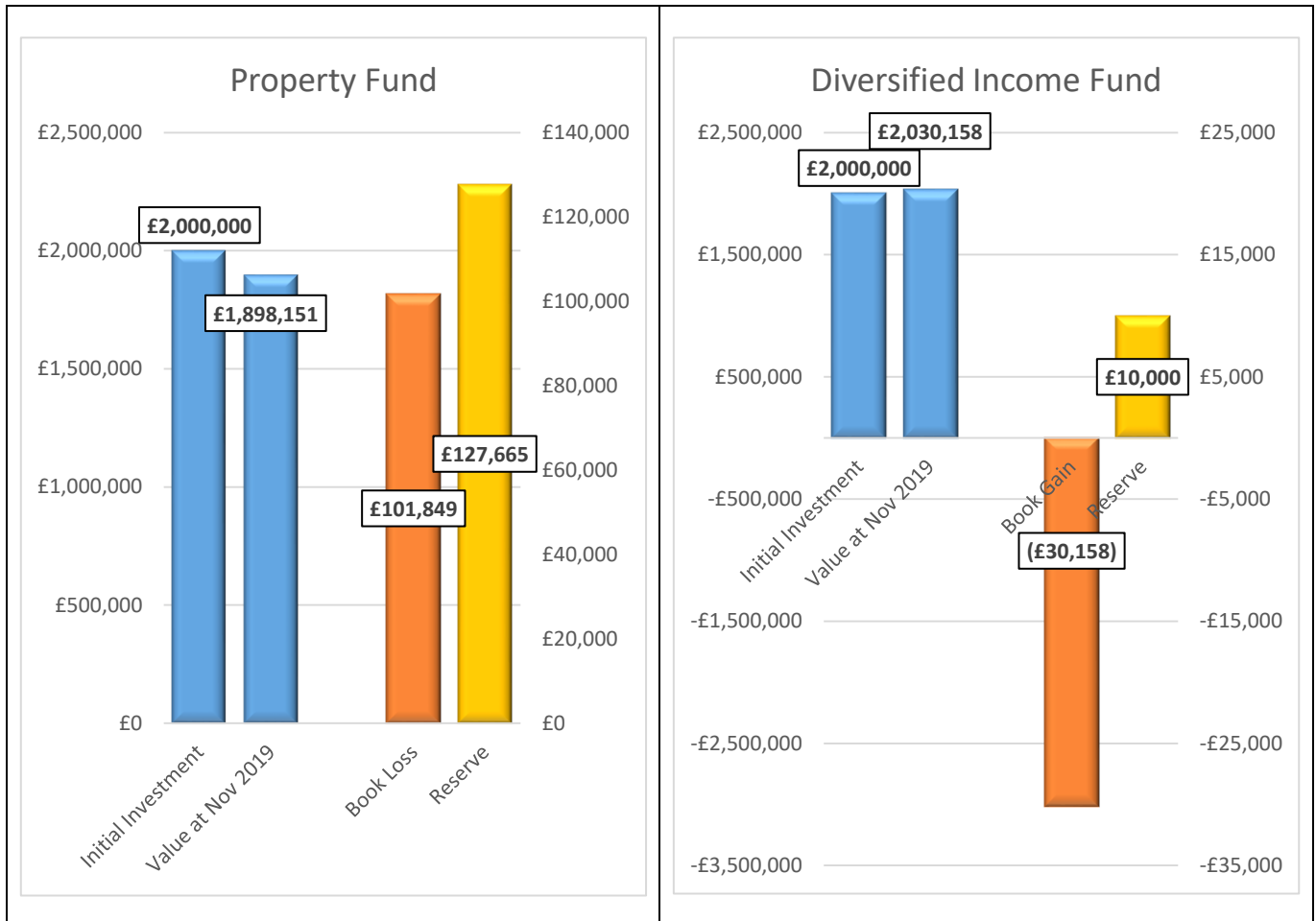
3.44. In addition, external borrowing is considered against the objectives of it being affordable (the impact on the budget and Council Tax), prudent and sustainable (over the whole life).

The Security of Our Investments

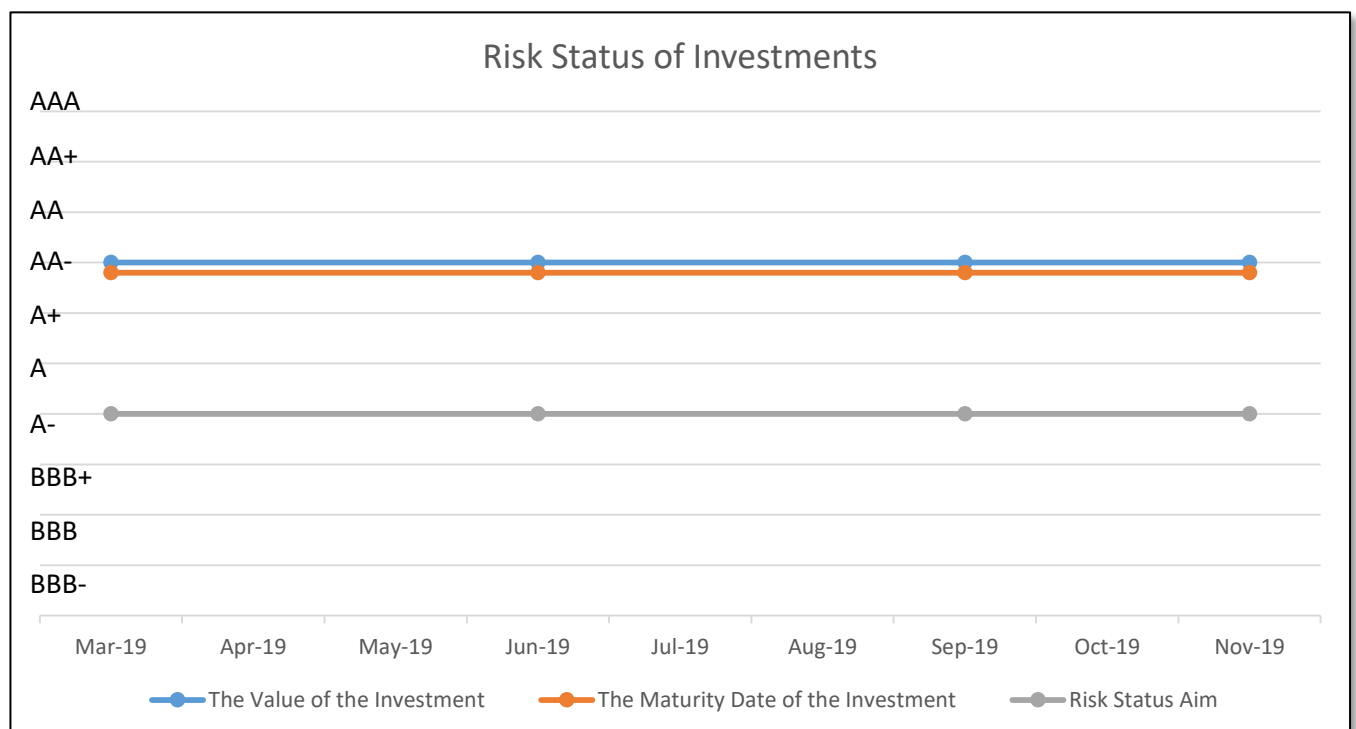
3.45. The investments the Council had at the 30 November 2019 of **£41.25m** (with the Property and Diversified Income Fund valued at original investment of **£2m**) by type and Country are summarised below and in detail at **APPENDIX D**:



3.46. The current value of the Property Fund and the new Diversified Income Fund together with the projected value of the earmarked reserves in 2019/20 intended to offset reductions in value (these are a book loss or gain until the investment is sold and they become actual) are shown below:

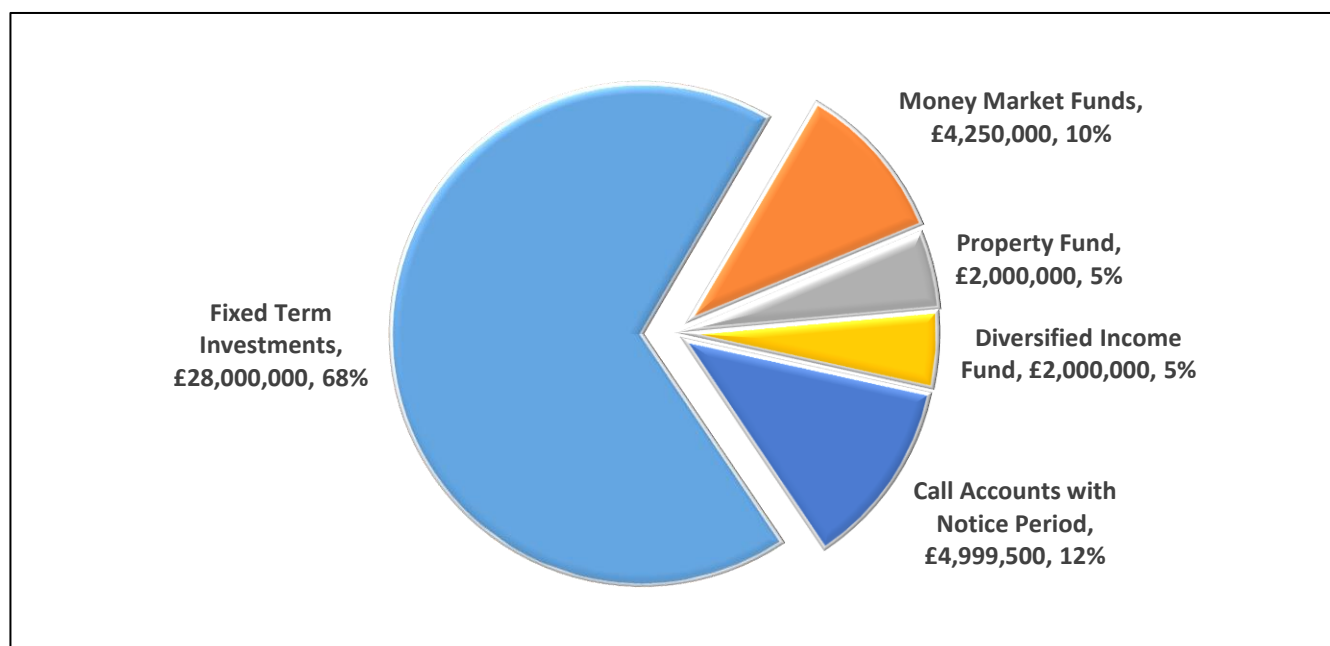


3.47. Our aim for the risk status of our investments was **A-** or higher. The risk status based on the length of the investment and the value for a 9 month period is summarised in the graph below:



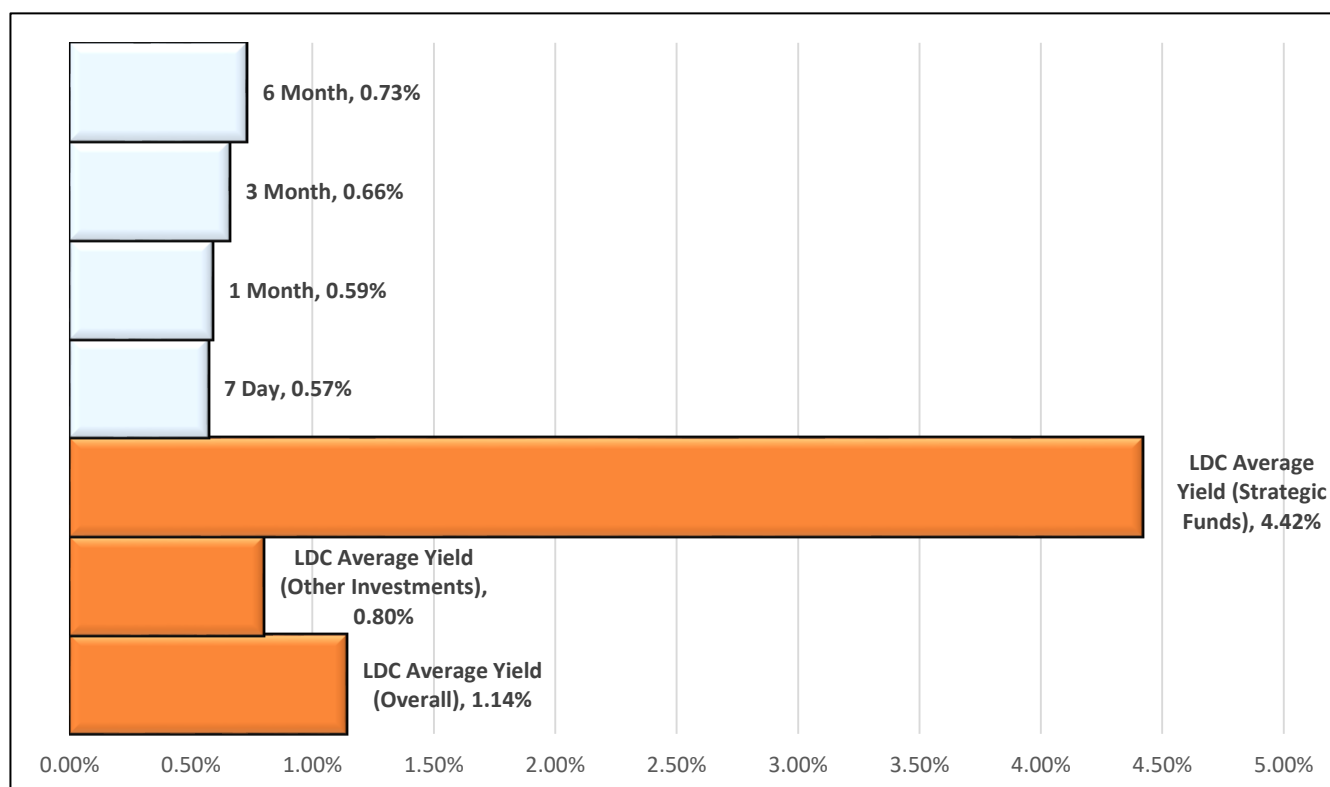
The Liquidity of our Investments

3.48. The Council has not had to temporarily borrow during 2019/20 and retains a proportion of its investments in instant access Money Market Fund investments to ensure there is sufficient cash available to pay for goods and services. The investments by type are shown below:



The Return or Yield of our Investments

3.49. The yield the Council achieved compared to a number of industry standard benchmarks (including our preferred benchmark of the seven day LIBID rate) is shown below:



3.50. The gross investment income is projected to be (£408,000) during the financial year and this is the same as the Approved budget of (£408,000).

The External Borrowing Portfolio

3.51. The Council's external borrowing portfolio including the premiums for early repayment is shown below:

	Principal	Average Rate	Years to Final Maturity	(Premium) /Discount
PWLB Fixed Maturity	£0	-	-	£0
PWLB Fixed Equal Instalment of Principal (EIP)	£1,248,040	2.59%	20.3	(£251,604)
PWLB Fixed Annuity	£1,200,587	1.71%	8.5	(£74,177)
PWLB Variable Maturity	£0	-	-	£0
PWLB Variable EIP	£0	-	-	£0
TOTAL PWLB	£2,448,627	2.16%	14.5	(£325,780)
Lender Option Borrower Option (LOBO) Loans	£0	-	-	£0
Other Loans	£0	-	-	£0
TOTAL BORROWING	£2,448,627	2.16%	14.5	(£325,780)

Alternative Options

The approach to Treasury Management has been reviewed and will be incorporated into the Draft Medium Term Financial Strategy 2019-2024 process.

Consultation

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

Financial Implications

General Reserves

At this eight month stage in the year, for the period up to November 2019, we forecast a contribution to general reserves of **£1,113,560** will be made, against a budgeted contribution of **£148,860** (£38,860 related to the Revenue Budget plus £110,000 of New Homes Bonus in excess of the 'cap') to general reserves.

Further detailed analysis on the Financial Performance up to November 2019 is shown in the attached Appendices.

Contribution to the Delivery of the Strategic Plan

The MTFS underpins the delivery of the Strategic Plan.

Equality, Diversity and Human Rights Implications

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

Crime & Safety Issues

There are no additional Crime and Safety Issues.

GDPR/Privacy Impact Assessment

These areas are addressed as part of the specific areas of activity prior to being included in the Strategic Plan.

	Risk Description	How We Manage It	Severity of Risk
A	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
B	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 MHCLG Allowance) for appeals has been included in the Business Rate Estimates	Red - Severe
C	The review of the New Homes Bonus regime in 2020/21	Not all of the projected New Homes Bonus is included as core funding in the Base Budget. In 2020/21 £600,000 is	Yellow - Material

	Risk Description	How We Manage It	Severity of Risk
		included and this is then being reduced by £100,000 per annum	
D	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
E	The affordability and risk associated with the Capital Strategy.		Yellow - Material
E1	Planned Capital Receipts are not received	The budget for capital receipts will be monitored as part of the Council's normal budget monitoring procedures.	Yellow - Material
E2	Slippage Occurs in the Capital Spend	Spend will be monitored through normal budget monitoring procedures with budgets updated to reflect latest plans and projections	Yellow - Material
E3	Actual cash flows differ to planned cash flows	Cash flow is monitored on a daily basis through normal Treasury Management processes	Green - Tolerable
F	The affordability and risk associated with Investment in Property.		Yellow - Material
F1	Slippage occurs in the Capital Spend	Spend will be monitored through normal budget monitoring procedures with budgets updated to reflect latest plans and projections	Yellow - Material
F2	Change in Government Policy including Regulatory Change	To monitor proposed changes to policy and regulation and seek to influence in the Council's favour	Yellow - Material
F3	The form of exit from the EU adversely impacts on the UK economy including the Property Market and Borrowing Costs	To monitor the situation and where possible identify alternative options	Red - Severe
F4	There is a cyclical 'downturn' in the wider markets	To monitor the wider markets and where possible adapt plans to minimise the Council's risk exposure	Yellow - Material
F5	There is insufficient expertise to implement the Property Investment Strategy	Recruit an estates management team to provide professional expertise and advice in relation to Investment in Property Investment	Yellow - Material
F6	Inability to acquire or dispose of assets due to good opportunities not being identified	To utilise Property Agents to identify opportunities for potential acquisitions and disposals	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: Medium Term Financial Strategy (Revenue and Capital) 2018-23 – Cabinet 12 February 2019. • Allocation of Strategic Community Infrastructure Levy (CIL) Funding – Cabinet 12 March 2019. • Multi Storey Car Park – Cabinet 12 March 2019. • Money Matters: 2018/19 Review of Financial Performance against the Financial Strategy – Cabinet 13 June 2019. • Jigsaw Funding Agreement – Cabinet 9 July 2019. • Money Matters: 2019/20 Review of Financial Performance against the Financial Strategy – Cabinet 10 September 2019. • Birmingham Road Site Enabling Works – Cabinet 10 September 2019. • Friary Grange Leisure Centre – Cabinet 7 October 2019. • Medium Term Financial Strategy 2019-24 – Cabinet 8 October 2019. • St Stephen's School allocation of Section 106 – Cabinet Member Decision 24 October 2019. • Money Matters: 2019/20 Review of Financial Performance against the Financial Strategy – Cabinet 3 December 2019. 	
Relevant web link			

APPENDIX A

Revenue Financial Performance – Variance to Budget 2019/20

Area	2019/20						
	Original Budget plus Funding Gap Proposals £	Approved Budget £	Projected Outturn £	Projected Variance £	● = adverse ☑ = favourable	Variance to Original Budget £	2019/20 Target Variance (+/-) £
Enabling people	1,528,270	1,567,310	1,592,680	25,370	●	64,410	
Shaping place	3,258,720	3,200,200	3,050,440	(149,760)	☑	(208,280)	
Developing prosperity	(1,079,200)	(1,042,130)	(1,105,220)	(63,090)	☑	(26,020)	
A good council	6,185,720	6,081,720	5,929,600	(152,120)	☑	(256,120)	
Net Cost of Services	9,893,510	9,807,100	9,467,500	(339,600)		(426,010)	0
Chief Executive	459,660	388,660	366,010	(22,650)	☑	(93,650)	4,000
Assistant Chief Executive	1,253,960	1,211,290	1,202,020	(9,270)	☑	(51,940)	17,000
Finance and Procurement	1,764,980	1,698,080	1,745,920	47,840	●	(19,060)	15,000
Revenues, Benefits and Customer Services	761,530	757,240	711,930	(45,310)	☑	(49,600)	17,000
Corporate Services	1,704,000	1,762,720	1,634,920	(127,800)	☑	(69,080)	24,000
Regulatory Services, Housing & Wellbeing	1,300,670	1,272,390	1,266,890	(5,500)	☑	(33,780)	16,000
Economic Growth & Development Services	(274,050)	(171,260)	(297,990)	(126,730)	☑	(23,940)	66,000
Operational Services	2,922,760	2,887,980	2,837,800	(50,180)	☑	(84,960)	91,000
Net Cost of Services	9,893,510	9,807,100	9,467,500	(339,600)		(426,010)	250,000
Net Treasury Position	(6,000)	(122,000)	(122,000)	-			
Net Operating Cost	9,887,510	9,685,100	9,345,500	(339,600)			
Transfer (from) / to General Reserve	148,860	740,710	1,113,560	372,850			
Transfer (from) / to Earmarked Reserves	1,335,030	1,249,000	1,249,000	-			
Net Revenue Expenditure	11,371,400	11,674,810	11,708,060	33,250			
Financed by:							
Retained Business Rates	(2,525,800)	(2,829,210)	(2,829,210)	-			
Business Rates Cap	(68,000)	(68,000)	(86,000)	(18,000)			
Business Rates Pilot	(568,000)	(568,000)	(568,000)	-			
Levy Account Surplus	-	-	(36,000)	(36,000)			
New Homes Bonus	(1,278,000)	(1,278,000)	(1,278,000)	-			
Other Government Grants	-	-	(13,400)	(13,400)			
Business Rates Collection Fund (Surplus)/Deficit	(213,000)	(213,000)	(213,000)	-			
Council Tax Collection Fund (Surplus)/Deficit	(63,600)	(63,600)	(29,450)	34,150			
Council Tax	(6,655,000)	(6,655,000)	(6,655,000)	-			

Reasons for the Outturn Budget Performance by Service Area

Projected Variance £		Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(22,650)	Chief Executive	(22,650)	-	-	-
(9,270)	Assistant Chief Executive	(114,180)	(1,200)	106,110	-
47,840	Finance and Procurement	47,840	-	-	-
(45,310)	Revenues, Benefits and Customer Services	(29,000)	-	(16,310)	-
(127,800)	Corporate Services	(127,800)	-	-	-
(50,180)	Operational Services	89,260	-	(139,440)	-
(5,500)	Regulatory Services, Housing & Wellbeing	(6,700)	1,200	-	-
(126,730)	Economic Growth & Development Services	(153,260)	-	26,530	-
-	Net Treasury Position	-	-	-	-
-	Efficiency Plan	-	-	-	-
(£339,600)	Net Operating Cost	(£316,490)	-	(£23,110)	-
-	Earmarked Reserves	-	-	-	-
(£339,600)	Net Operating Cost	(£316,490)	-	(£23,110)	-
(£33,250)	Funding	-	-	(£33,250)	-
(£372,850)	Transfer (to)/from General Reserves	(£316,490)	-	(£56,360)	-

Chief Executive

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
8,020	Management restructure	8,020			
(30,670)	Vacant posts	(30,670)			
(£22,650)	Total	(£22,650)	-	-	-

Assistant Chief Executive

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(93,330)	Adjustment to bad debt provision	(93,330)			
110,000	Additional pay costs from agency staff	110,000			
(1,890)	Additional Property Services income			(1,890)	
(46,000)	Additional Property Services rental income			(46,000)	
-	Delay to Investment in Property	(180,000)		180,000	
60,000	Earmarked Reserve Request for Property Services	60,000			
(11,700)	Reduction in printing costs	(11,700)			
(1,200)	IT License transfer from Regulatory Services		(1,200)		
(26,000)	Additional Street Naming & Numbering Income			(26,000)	
(10,000)	Reduction of IT Licence Fee	(10,000)			
30,000	Creation of Employee Provision	30,000			
(19,150)	Earmarked Reserve - Time Expired	(19,150)			
(£9,270)	Total	(£114,180)	(£1,200)	£106,110	-

APPENDIX B

Finance and Procurement

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(10,860)	Vacant posts	(10,860)			
58,700	Financial Administration support restructure financial implications	58,700			
£47,840	Total	£47,840	-	-	-

Revenues, Benefits and Customer Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(16,310)	Additional income (including government grant income)			(16,310)	
(29,000)	Vacant posts	(29,000)			
(£45,310)	Total	(£29,000)	-	(£16,310)	-

Corporate Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(20,000)	Delay of Terms and Conditions Review	(20,000)			
20,000	Earmarked Reserve Request for Terms and Conditions Review	20,000			
(10,000)	Savings on HR Service Level Agreement	(10,000)			
(50,990)	Management restructure	(50,990)			
(66,810)	Earmarked Reserve - Time Expired	(66,810)			
(£127,800)	Total	(£127,800)	-	-	-

Operational Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(57,000)	Management restructure	(57,000)			
52,920	Underachievement of income target on self-funding post			52,920	
(17,500)	Vacant Posts	(17,500)			
27,000	Additional spend related to tree surveys	27,000			
(25,000)	Underspend on premises related budgets	(25,000)			
(6,500)	Additional ad hoc Grounds Maintenance income			(6,500)	
15,600	Friary Grange Leisure Centre premises expenditure	15,600			
146,160	Joint Waste increased expenditure for fuel and purchase of bins	146,160			
(185,860)	Joint Waste increased income for garden waste and recycling credits			(185,860)	
(50,180)	Total	89,260	-	(139,440)	-

APPENDIX B

Regulatory Services, Housing & Wellbeing

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
1,200	IT License transfer to Regulatory Services		1,200		
(6,700)	Earmarked Reserve - Time Expired	(6,700)			
(£5,500)	Total	(£6,700)	£1,200	-	-

Economic Growth & Development Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(23,860)	Management Restructure	(23,860)			
(40,410)	Vacant Posts	(40,410)			
(32,000)	Increased Planning Income			(32,000)	
(60,990)	Earmarked Reserve - Time Expired	(60,990)			
34,040	Reduction in CLIL administration income			34,040	
-	Reduction in Car Park income and expenditure	(28,000)		28,000	
(3,510)	Minor balance			(3,510)	
(£126,730)	Total	(£153,260)	-	£26,530	-

Funding

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(67,400)	Increase in funding received from central government			(67,400)	
34,150	Adjustment to Council Tax collection fund account			34,150	
(£33,250)	Total	-	-	(£33,250)	-

Fees and Charges

Income Type	Annual Budget £000	Forecast Year End Month 8 £000	Forecast Year End Variance £000
Planning Applications	781	813	32
Car Parks	2,200	2,172	(28)
Garden Waste	1,351	1,495	144
Trade Waste	440	440	0
Land Charges	283	283	0
Building Control ³	871	871	0
Property Rental	838	704	(134)
Total of Highest Value Fees & Charges	6,765	6,779	14
Other Income			
Licensing			
Leisure Centre ⁴			
VAT Claim ⁵			
Court Costs			
Recycling			
Grounds Maintenance			
Other			
Total Income			

Annual Trend				
2014/15 Actual £000	2015/16 Actual £000	2016/17 Actual £000	2017/18 Actual £000	2018/19 Actual £000
771	629	1,030	824	797
1,746	1,748	1,986	2,078	2,198
0	0	0	231	1,495
338	390	407	415	443
183	297	312	279	286
454	507	557	547	553
644	681	687	729	839
4,134	4,251	4,980	5,102	6,611
217	185	236	224	241
1,782	1,819	1,879	1,629	183
0	0	0	0	1,103
252	233	218	198	214
14	347	439	463	331
162	161	168	195	217
1,839	1,139	1,319	1,124	1,057
8,400	8,136	9,239	8,936	9,957

³ The shared service has expanded in 2019/20.

⁴ Responsibility transferred to Freedom Leisure from February 2018.

⁵ Gross income before the deduction of related expenditure.

Capital Programme 2019/20 (£000)

Project	Original Budget	Approved Budget	Actual to Date	Projected Actual	Projected Variance
Burntwood Leisure Centre Enhancement Work	235	0	0	0	0
Leisure Review: Capital Investment	0	30	25	30	0
Play Equipment at Hill Ridware Village Hall	71	30	30	30	0
New Build Parish Office/Community Hub	92	0	0	0	0
Fradley Village Heating & CCTV	0	5	0	5	0
Fradley Youth & Community Centre Cladding & Porch	0	15	10	15	0
Armitage with Handsacre Village Hall heating upgrade	0	5	5	5	0
Armitage War Memorial and surrounding area	40	120	0	0	(120)
Replacement of canopy and installation of artificial grass at Armitage	0	13	10	13	0
Burntwood LC CHP Unit	0	235	9	235	0
Westgate Practice Refurbishment (CIL)	0	120	60	120	0
King Edwards VI School (CIL)	0	101	0	101	0
Friary Grange - Short Term Refurbishment	0	174	0	174	0
Replacement Leisure Centre	0	38	0	38	0
St. Stephen's School, Fradley (S106)	0	22	0	22	0
Accessible Homes (Disabled Facilities Grants)	1,104	1,500	660	1,200	(300)
Home Repair Assistance Grants	15	28	4	28	0
Decent Homes Standard / Housing Monies	409	0	0	0	0
Energy Insulation Programme	10	38	0	38	0
Unallocated S106 Affordable Housing Monies	400	0	0	270	270
Enabling People Total	2,376	2,474	813	2,324	(150)
Darnford Park (S106)	13	0	0	0	0
Canal Towpath Improvements (Brereton & Ravenhill)	211	211	44	211	0
Lichfield St Johns Community Link (CIL)	0	10	0	0	(10)
Loan / Equity in Council Dev Co.	900	225	0	225	0
Vehicle Replacement Programme (Waste)	140	140	0	0	(140)
Vehicle Replacement Programme (Other)	301	286	55	146	(140)
Bin Purchase	0	0	0	150	150
Shortbutts Park, Lichfield	23	23	0	23	0
Env. Improvements - Upper St John St & Birmingham Road (S106)	7	7	0	7	0
Stowe Pool Improvements (S106) (Jul 2012)	550	50	0	0	(50)
The Leomansley Area Improvement Project	0	3	0	3	0
Cannock Chase SAC	13	40	44	44	4
Shaping Place Total	2,158	995	142	809	(186)
Multi Storey Car Park Refurbishment Project	0	300	0	300	0
Birmingham Road Site - Coach Park	238	236	0	861	625
Birmingham Road Site - Short Term Redevelopment	353	473	0	473	0
Car Parks Variable Message Signing (S106) (Jul 2012)	32	32	0	32	0
Old Mining College - Refurbish access and signs (S106)	0	13	0	13	0
Erasmus Darwin Lunar Legacy (Lichfield City Art Fund)	0	3	3	3	0
St. Chads Sculpture (Lichfield City Art Fund)	50	50	45	50	0
Developing Prosperity Total	673	1,107	48	1,732	625
Investment in Property	6,000	6,000	0	10,500	4,500
Property Planned Maintenance	0	0	0	104	104
Depot Sinking Fund	11	0	0	0	0
IT Infrastructure	105	105	0	105	0
IT Cloud	25	25	2	25	0
IT Innovation	167	60	29	60	0
District Council House Repair Programme	103	111	0	0	(111)
Good Council Total	6,411	6,301	31	10,794	4,493
Capital Programme Total	11,618	10,877	1,034	15,659	4,782
Capital Receipts	976	517		600	83
Borrowing Need - Borrowing and Finance Leases	6,140	6,208		10,568	4,360
Capital Grants and Contributions	2,769	2,361		2,160	(201)
Reserves, Existing Revenue Budgets and Sinking Funds	1,733	1,791		2,331	540
Funding Total	11,618	10,877		15,659	4,782

Investments in the 2019/20 Financial Year

The table below shows a breakdown of our investments at the end of November 2019:

Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating	Foreign Parent
Money Market Funds						
CCLA MMF	£4,250,000	01-Dec-19	Instant Access	0.69%	AAA	N/A
Strategic Funds						
CCLA Property Fund	£2,000,000	N/A	N/A	4.23%	N/A	No
CCLA Diversified Income Fund	£2,000,000	N/A	N/A	3.02%	N/A	No
Fixed Term Investments						
Fife Council	£2,000,000	07-Feb-20	69	1.00%	LOCAL	No
Surrey Heath Borough Council	£2,000,000	13-Dec-19	13	0.80%	LOCAL	No
Australia and New Zealand Banking Group	£1,000,000	12-Dec-19	12	0.92%	AA-	Yes
Brentwood Borough Council	£2,000,000	29-Jul-20	242	0.93%	LOCAL	No
Nationwide	£1,000,000	20-Jan-20	51	0.79%	A	No
Highland Council	£2,000,000	29-Jan-20	60	0.75%	LOCAL	No
Monmouthshire Council	£2,000,000	27-Mar-20	118	0.78%	LOCAL	No
Rugby Borough Council	£2,000,000	27-Mar-20	118	0.77%	LOCAL	No
Aberdeen City Council	£2,000,000	24-Feb-20	86	0.75%	LOCAL	No
Ashford Borough Council	£2,000,000	07-Jul-20	220	0.76%	LOCAL	No
DBS Bank	£1,000,000	19-Mar-20	110	0.82%	AA-	Yes
Broxtowe Borough Council	£2,000,000	11-May-20	163	0.72%	LOCAL	No
Kirklees Metropolitan Borough Council	£2,000,000	04-Feb-20	66	0.73%	LOCAL	No
Treasury Bills	£3,000,000	20-Jan-20	51	0.70%	UK Government	No
United Overseas Bank	£1,000,000	18-Jun-20	201	0.83%	AA-	Yes
Call Accounts with Notice Period						
Santander	£1,000,000	28-May-20	180	0.95%	A	No
Lloyds	£1,000,000	04-Mar-20	95	1.10%	A+	No
Goldman Sachs International Bank	£1,000,000	04-Mar-20	95	0.89%	A	No
Handelsbanken	£1,000,000	04-Jan-20	35	0.65%	AA-	No
HSBC	£999,500	31-Dec-19	31	0.85%	AA-	No
Certificates of Deposit						
Standard Chartered	£1,000,000	09-Apr-20	131	0.85%	A	No
Total Investments	£41,249,500					