

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

Cabinet Member for Finance and Procurement

Date: 2 June 2020
Agenda Item: 3
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Key Decision? YES
Local Ward Members : Full Council



Cabinet

1. Executive Summary

- 1.1 The report covers the financial performance for the financial year 2019/20.
- 1.2 The Net Cost of Services had a **£25,074** adverse variance, corporate accounts had a **£6,634** adverse variance and funding had a **£636** adverse variance. Therefore the overall adverse variance was **£32,344**.
- 1.3 The Original Budget estimated a transfer of **£148,860** to general reserves. Money Matters Reports during 2019/20 have identified favourable financial performance that resulted in an Approved Budget transfer to general reserves of **£1,113,560**. The actual transfer was **£1,081,216** and is **£32,344** lower than budget.
- 1.4 The actual transfer is **£932,356** higher than the Original Budget. In terms of this variance, **£210,466** is related to the Net Cost of Services (comparable with the target of +/- £250,000) and **£721,890** is related to one off items (Business Rate Grants, returned Earmarked Reserves and Treasury Management)
- 1.5 The Capital Programme was **(£13,362,351)** lower than the Approved Budget mainly due to under performance on Investment in Property **(£10,500,000)** and Disabled Facilities Grants of **(£609,547)**.
- 1.6 Income from Capital Receipts was higher than the Approved Budget by **(£149,784)** due mainly to additional Bromford Right to Buy Sales achieved at the end of the financial year.
- 1.7 In terms of Council Tax, Business Rates, Sundry Debtors and Supplier Performance:
 - **Council Tax collection** was **98.50%** and total arrears were **£2,517,197** (Council share £327,236).
 - The **Council Tax Collection Fund** was in surplus as projected with the Council's 13% share being **(£234,310)** compared to the Approved Budget of **(£208,510)**. This additional income of **(£25,800)** will be included in the 2021/22 budget.
 - **Sundry Debt for income** to be collected in 2019/20 has reduced by **(£186,088)** compared to 2018/19 and the value outstanding at 31 March 2020 has increased by **£601,563**.
 - **Retained Business Rate Income** was **(£2,829,210)** compared to the Approved Budget of **(£2,829,210)**.
 - The **Business Rates Collection Fund** was in surplus as projected with the Council's 40% share being **(£1,072,553)** compared to the Approved Budget of **(£122,100)**. This additional income of **(£950,453)** will be included in the 2021/22 budget.
 - **Business Rates collection** was **98.90%** and total arrears were **£555,462** (Council share £222,185).
 - The **payment of suppliers** within 30 days was **86.15%** and remains below our **90%** target.
- 1.8 The Council's investments 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.
- 1.9 The Council collected a total of **(£420,916)** in Community Infrastructure Levy (CIL) receipts, of these receipts **£21,046** (5%) has been applied to administrative expenses, **£26,611** CIL expenditure was allocated or took place and **£70,294** of CIL receipts were allocated or transferred to Parish Councils.

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.
- 2.2 To note the transfers to earmarked reserves and general and earmarked reserves at 31 March 2020.
- 2.3 To note that in terms of the financial impact of COVID-19, there was a relatively limited impact in 2019/20 with a projected higher financial impact in 2020/21 and potentially beyond.
- 2.4 To approve **£13,454,000** of Capital Programme slippage related to 2019/20 being added to the Approved Budget in 2020/21 as outlined at **APPENDIX E**.
- 2.5 Cabinet to note the Community Infrastructure Levy (CIL) financial year report which is in accordance with Regulation 62 of The Community Infrastructure Levy Regulations 2010 (as amended).
- 2.6 Cabinet approve a delegation to the Cabinet Member for Finance and Procurement to agree the preferred option and the legal arrangements for the Financial Information System in line with the approved budget.
- 2.7 To endorse the 3 month extension of the arrangement for the Interim Procurement Manager at a cost of **£29,000** (a total cost £102,000) and to note the outcome from the options appraisal in relation to future procurement support.

That Cabinet recommends to Council :

- 2.8 To approve the actual 2019/20 Prudential Indicators contained within the report.

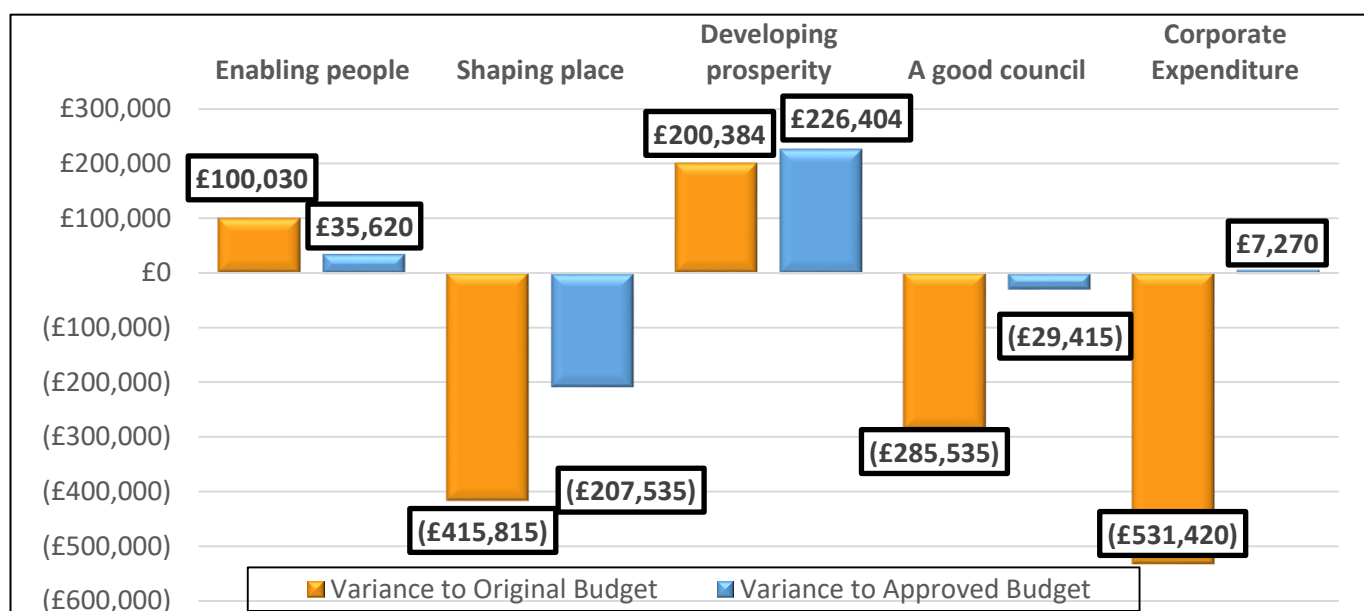
3. Background

Budget Management

- 3.1. The MTFs 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 were 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 formed the basis of the Revised Approved Budget for 2019/20 approved by Council on 18 February 2020.

The Revenue Budget

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



Performance compared to the Approved Budget

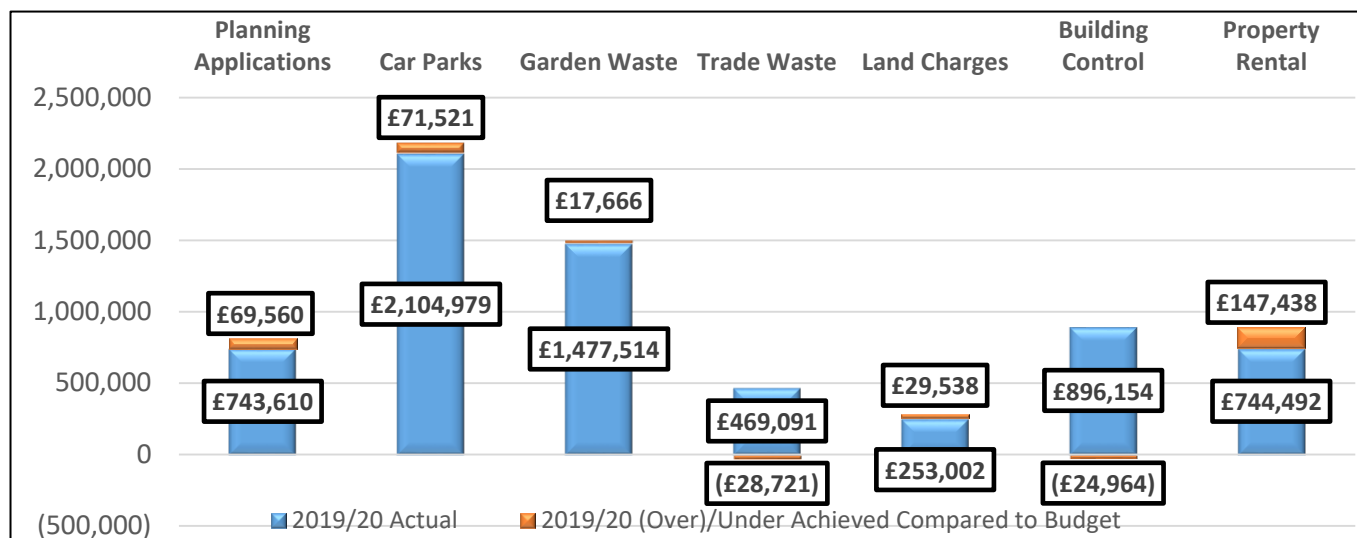
3.5. The variance is shown in summary below and in detail at **APPENDIX B** by Service Area:

| | Variance | | |
|--|---------------|--------------------|------------------|
| | COVID-19 | Bad Debt Provision | Other Variances |
| Enabling People | | | |
| • Lower spend on CCTV | | | (6,424) |
| • Additional spend on Friary Grange VI Leisure Centre | | | 36,700 |
| • Bad debt provision change | | 10,017 | |
| • Additional Homelessness related spend | | | 67,700 |
| • Additional Income from Licensing, Food Safety and Housing Enforcement, Court costs | | | (58,950) |
| • Minor balance | | | (13,423) |
| Shaping place | | | |
| • Additional net income from Street Naming and Numbering, Grounds Maintenance and Street Cleansing | | | (98,403) |
| • Vacant Posts savings | | | (44,794) |
| • Bad debt provision change | | (60,480) | |
| • Minor balance | | | (3,858) |
| Developing prosperity | | | |
| • Bad debt provision change | | 146,022 | |
| • Additional agency staff costs | | | 20,830 |
| • District Council House Accommodation Review | | | 30,000 |
| • Reduction in Car Park Performance | | | (7,120) |
| • Net increase in Planning performance | | | (17,706) |
| • Additional spend on City Centre redevelopment | | | 10,059 |
| • Minor balance | | | (5,681) |
| A good council | | | |
| • Unspent Digital Strategy Infrastructure budget | | | (50,000) |
| • Earmarked Reserve created for the People Strategy | | | 100,000 |
| • Vacant Posts savings | | | (42,299) |
| • Additional court fee income | | | (15,700) |
| • Decrease in postage spend | | | (12,150) |
| • Minor balance | | | (9,266) |
| Total - Net Cost of Services | 50,000 | 95,559 | (120,485) |
| | | 25,074 | |
| Corporate Expenditure | | | |
| Net Treasury - increased interest receipts | | | (18,460) |
| | | | 6,614 |
| Earmarked Reserves | | | 25,094 |
| Funding | | | 636 |
| Lower transfer to General Reserves | | | £32,344 |

3.6. The changes in Bad Debt Provision reflect those that would normally occur through reassessment of the collectability of debt plus additional allowances for the increased risk associated with COVID-19.

Fees and Charges

3.7. The largest fees and charges budgets together with actual income achieved compared to the Approved Budget are shown in detail at **APPENDIX C** and in summary below:



3.8. The fees and charges included in the above graph are stated gross, when there are increases in income there is also a proportionate increase in expenditure. Some of the income included above is part of revenue sharing arrangements or there are agreements for transferring to/from reserves:

- **Car Parks** – 12% of gross income less deductions has been transferred to third parties or reserves.
- **Garden Waste** – 42.16% of income relates to Tamworth Borough Council and contributes to the cost of providing the scheme.
- **Land Charges and Building Control** – these are trading accounts and any surplus or deficit is transferred to/from the reserves.

Closing the Funding Gap Progress

3.9. The progress to date on closing the Funding Gap is summarised below:

| | Cabinet Report/Decision | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|--------------------------------|-------------------------|-------------------|-----------------|-----------------|-------------------|
| Original Funding Gap | | (£462,000) | £613,000 | £959,000 | £1,507,000 |
| Cash Payment Facilities | 03/12/2019 | (9,550) | (9,550) | (9,550) | (9,550) |
| Climate Change | See Below | 0 | 14,000 | 14,000 | 14,000 |
| Revenues and Benefits Software | 24/03/2020 | (7,760) | (10,910) | (14,170) | (17,510) |
| The Joint Waste Service | See Below | (100,000) | (100,000) | (100,000) | (100,000) |
| Current Funding Gap | | (£579,310) | £506,540 | £849,280 | £1,393,940 |

Climate Change

3.10. To reduce the carbon emissions at the Council, we know that buying green electricity has seen other councils reduce their carbon emissions by up to 20%. This switch can hopefully be secured with little effort and at an increased cost of up to £14,000 (10% of our energy bill) for 2020/21 onwards (2020/21 will be funded from the earmarked reserve of £100,000).

The Joint Waste Service

3.11. The Joint Waste Service with Tamworth Borough Council began operating in July 2010. Since that date the amount of central support costs charged to the Service by both Authorities has largely remained at the same level as those agreed back in 2010. During 2019/20, as part of the Fit for the Future review of the Joint Waste Service, it was agreed that central support costs should be reviewed to see if the levels charged by both Councils were still appropriate.

- 3.12. The outcome of this review was that whilst Tamworth's costs charged to the Service were still at an appropriate level, those charged by Lichfield were approximately £238,000 less than those actually incurred by the Service. It was therefore agreed that these additional costs will be shared by both Authorities from 1 April 2020 in the ratio that all other income and expenditure is charged (based on property count).
- 3.13. It was also agreed that central support costs will be reviewed on an annual basis as part of the MTFS budgeting process to ensure the level of costs charged remains appropriate and to allow for any changes to be reflected on an annual basis.
- 3.14. The progress on closing the Funding Gap will continue to be monitored throughout the year.

Events Performance

- 3.15. A summary of the financial performance of events undertaken in 2019/20 is shown below:

| | Budget £ | Actual £ | Variance £ |
|---|------------------|------------------|---------------|
| Proms in Beacon Park | 2,260 | 4,041 | 1,781 |
| Externally Managed Events / Concessions | (15,600) | (35,863) | (20,263) |
| Other Items including casual employees | 1,180 | 21,078 | 19,898 |
| Direct Event Contribution | (£12,160) | (£10,744) | £1,416 |

- 3.16. The Original Budget assumed that the cost of the Business Development Post of **£52,920** would be funded by additional income of **(£52,920)** from commercial activity including events.
- 3.17. The Money Matters Report to Cabinet on 11 February 2020 projected that the budget figure would not be achieved. This was mainly due to the impact of the work required to manage the decision to keep Friary Grange Leisure Centre open, including managing the project of essential works to enable the Centre to continue to operate. This resulted in the Business Development Officer having to spend a large proportion of time on this project thus decreasing the capacity available to generate additional income.
- 3.18. The income target remains in 2020/21 and beyond and therefore, given the Friary Grange Leisure Centre project, its continued validity will need to be considered as part of the development of the new Medium Term Financial Strategy.

Earmarked Reserves

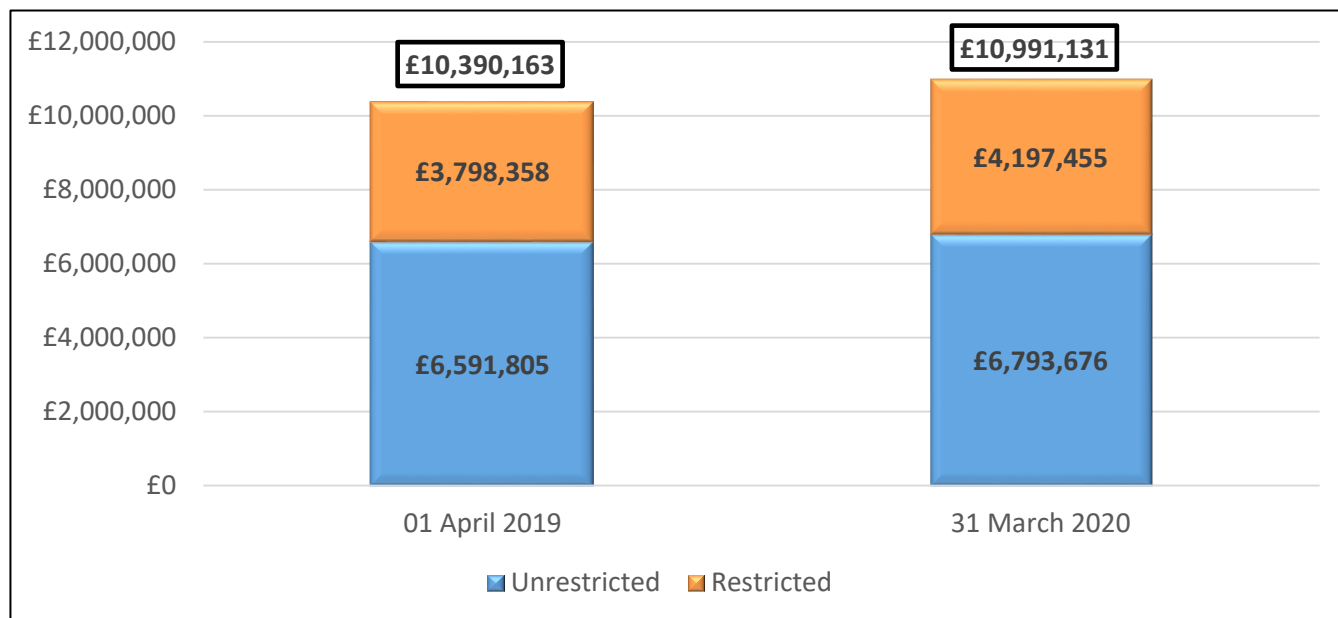
- 3.19. Earmarked reserves are classified into unrestricted reserves where there are no restrictions over their use and restricted reserves where their establishment or use is determined by a legal or partnership agreement such as the Birmingham Road car park reserve.
- 3.20. The following Earmarked Reserve requests, to carry forward unspent expenditure budgets or additional income from 2019/20, were agreed and are incorporated within the financial performance:

| Service Area | Reserve Name | Government Grants | Other | Total |
|--------------|---|-------------------|------------------|------------------|
| ASCE | Communications Review Costs | | (30,000) | (30,000) |
| ECDE | Custom/Self Build & Brownfield Register | (17,446) | | (17,446) |
| ECDE | Conservation Policy Update | | (15,720) | (15,720) |
| Total | | (£17,446) | (£45,720) | (£63,166) |

3.21. The requests made related to:

- **Government Grants** relate to amounts of grant received near to the end of March 2020 where there was insufficient time available to spend the money.
- **Communications Review Costs** are potential one-off costs from the Communications review expected to be carried out in 2020/21.
- **Conservation Policy Update** relates to work yet to be procured. The document requires updating to enable its continued use as part of the Local Plan evidence base.

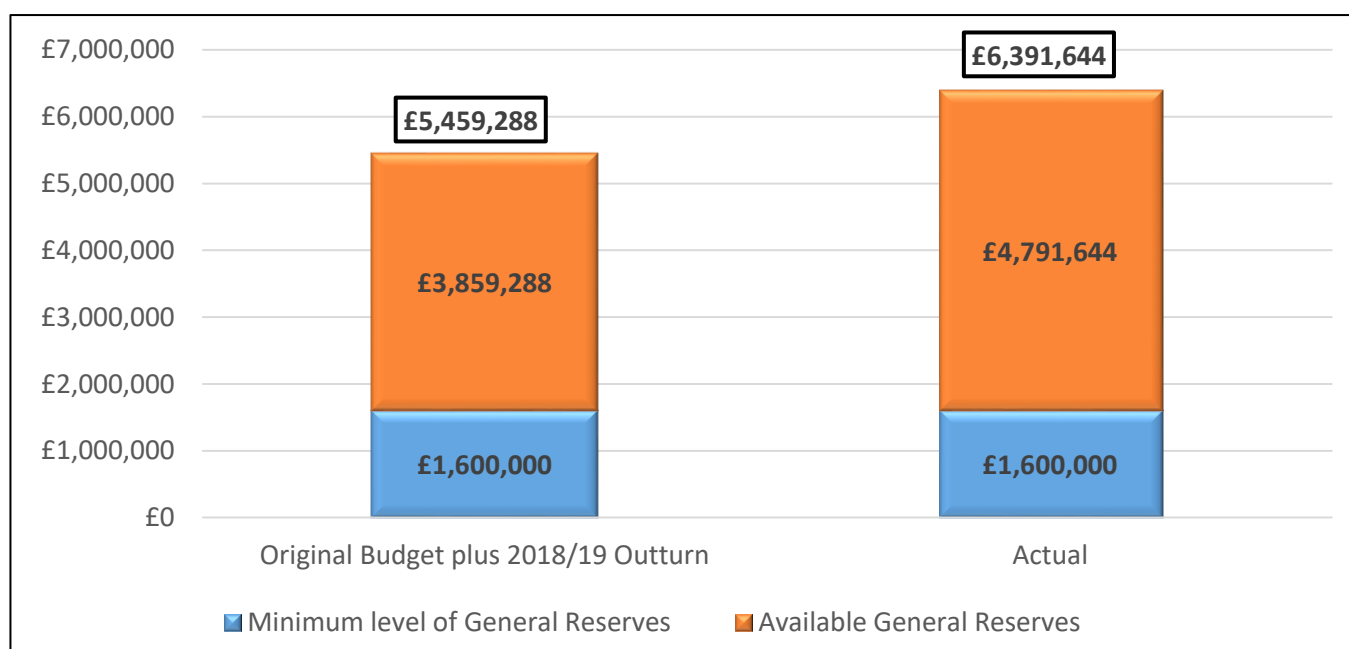
3.22. A summary of earmarked reserves is shown in the chart below and in detail at **APPENDIX D**.



3.23. The detailed list of Earmarked Reserves, assuming all of the requests submitted above are approved, is shown at **APPENDIX D**.

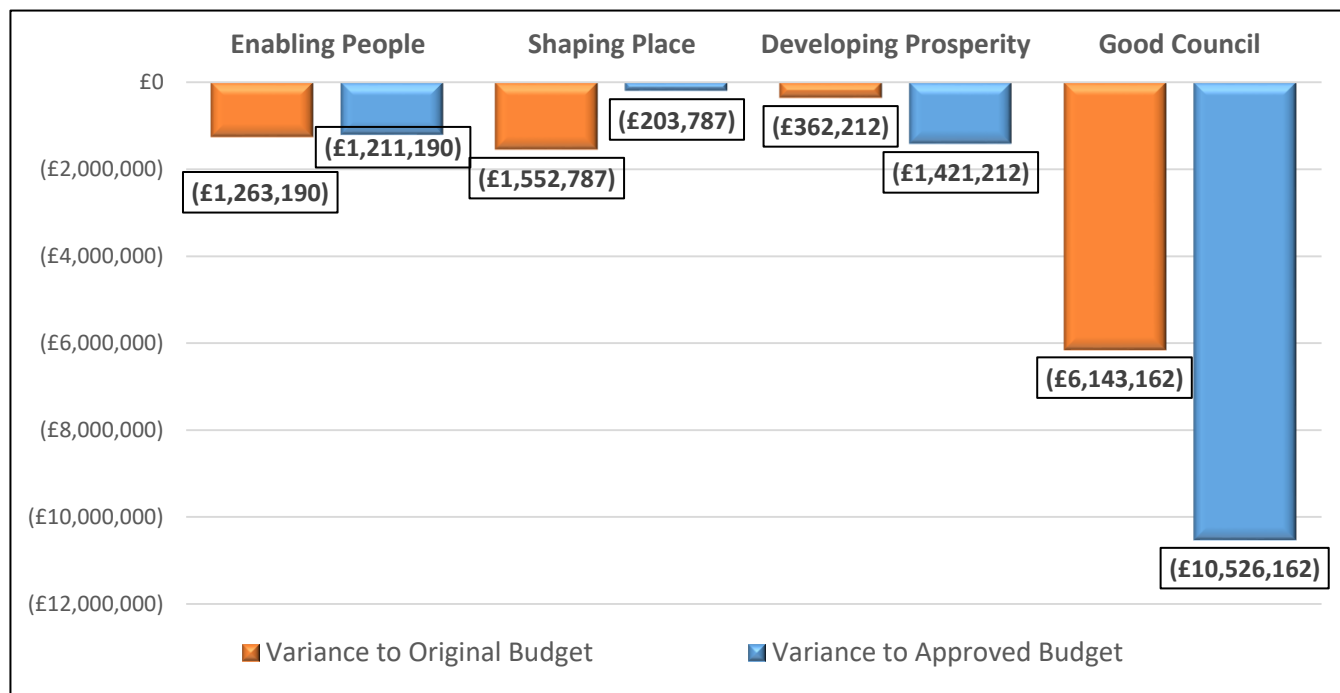
Revenue General Reserves

3.24. The Original Budget estimated a contribution to general reserves of **£148,860**, the Approved Budget estimated a contribution of **£1,113,560** and the actual contribution was **£1,081,216**.



The Capital Programme

3.25. The financial performance for the Capital Programme is below the Approved Budget by **(£13,362,351)** and this is shown in detail at **APPENDIX E** and in summary below:



Performance compared to the Approved Budget

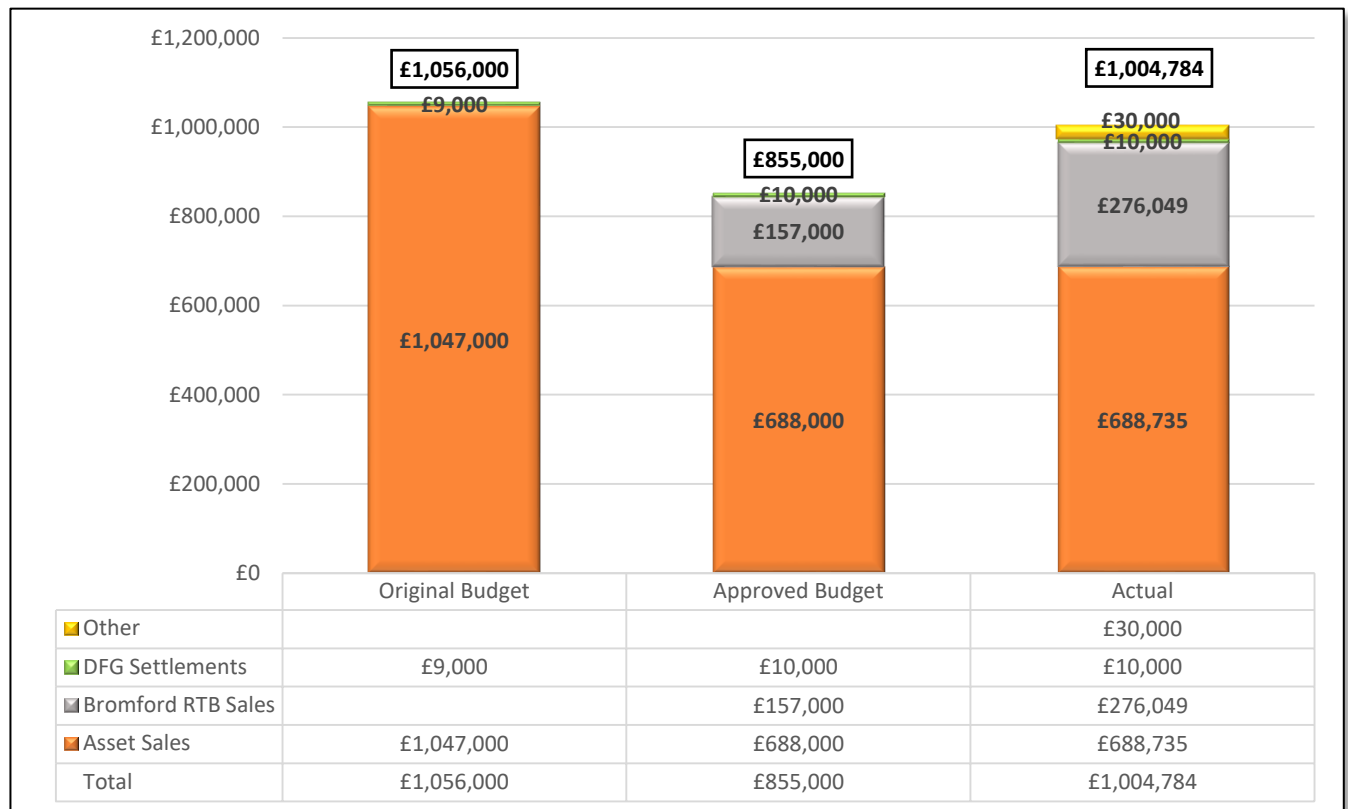
3.26. There were variances compared to the Approved Budget related to:

| | Variances | |
|---|----------------------|----------------|
| | Slippage | Other |
| * Accessible Homes (Disabled Facilities Grants) - reflects delivery performance on the Support for Independent Living in Staffordshire Partnership | (£409,000) | |
| * Unallocated S106 Affordable Housing Monies - planned acquisitions have not been completed during the financial year as planned | (£270,000) | |
| * Burntwood Leisure Centre - Combined Heat and Power Unit - the completion of these works has been delayed due to technical utility issues | (£223,000) | |
| * Other Projects | (£335,000) | 25,810 |
| Enabling People Total | (£1,237,000) | £25,810 |
| * Equity investment in the Council owned Company - the investment has taken place in 2020/21 | (£225,000) | |
| * Other Projects | (£44,000) | 65,213 |
| Shaping Place Total | (£269,000) | £65,213 |
| * Birmingham Road Site - Coach Park - acquisition was not completed and therefore the enhancement works did not take place | (£850,000) | |
| * Multi Storey Car Park Refurbishment Project - the programming of the works was adjusted to reflect the short term redevelopment works on the adjacent site | (£300,000) | |
| * Birmingham Road Site - Short Term Redevelopment - the commencement of the works was delayed | (£222,000) | |
| * Other Projects | (£50,000) | 788 |
| Developing Prosperity Total | (£1,422,000) | £788 |
| * Investment in Property - planned acquisition did not take place due to PWLB consultation and subsequent CIPFA guidance | (£10,500,000) | |
| * Other Projects | (£26,000) | (162) |
| A Good Council Total | (£10,526,000) | (£162) |
| Total Variance | (£13,454,000) | £91,649 |
| | (£13,362,351) | |

3.27. The slippage of **£13,454,000** is recommended to be added to the Capital Programme in 2020/21 when this delayed spend is planned to take place and the Revised Budget is shown at **APPENDIX E**.

Capital Receipts

3.28. The Original Budget, Approved Budget and actual capital receipts received are shown below:



3.29. Capital receipts were (**£149,784**) higher than the Approved Budget. The main reason is that Bromford RTB Sales were higher than estimated because two properties with an income share of (**£147,000**) were sold during the final quarter.

Finance Information System Upgrade

3.30. The Medium Term Financial Strategy included a project to upgrade the current Financial Information System either through an upgrade to the current system with Procurement, Accounts Payable and General Ledger currently provided by Solihull Metropolitan Borough Council and the sundry income system currently provided by Northgate or procurement of a new system.

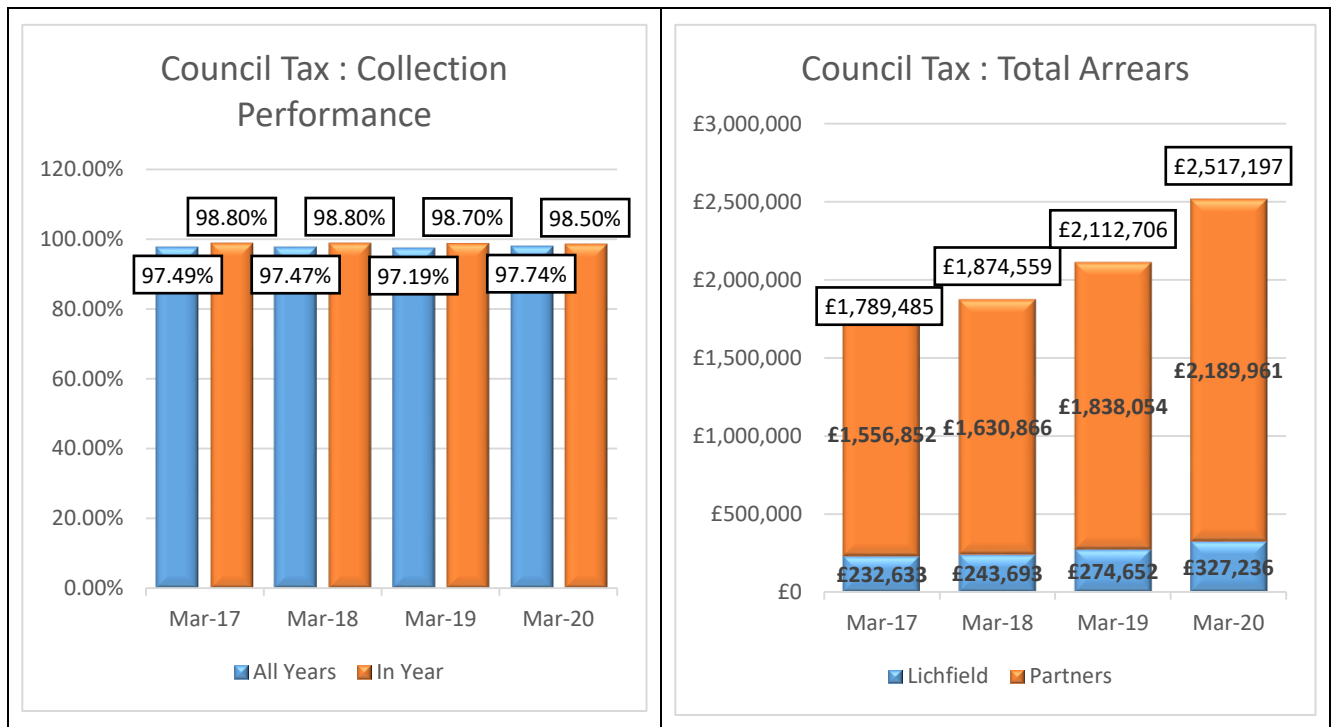
3.31. The upgrade could be implemented through the current Solihull MBC arrangement or through the procurement of an alternative system using a compliant procurement route.

3.32. The project has commenced however the current COVID-19 pandemic has had an impact on progressing the project as planned.

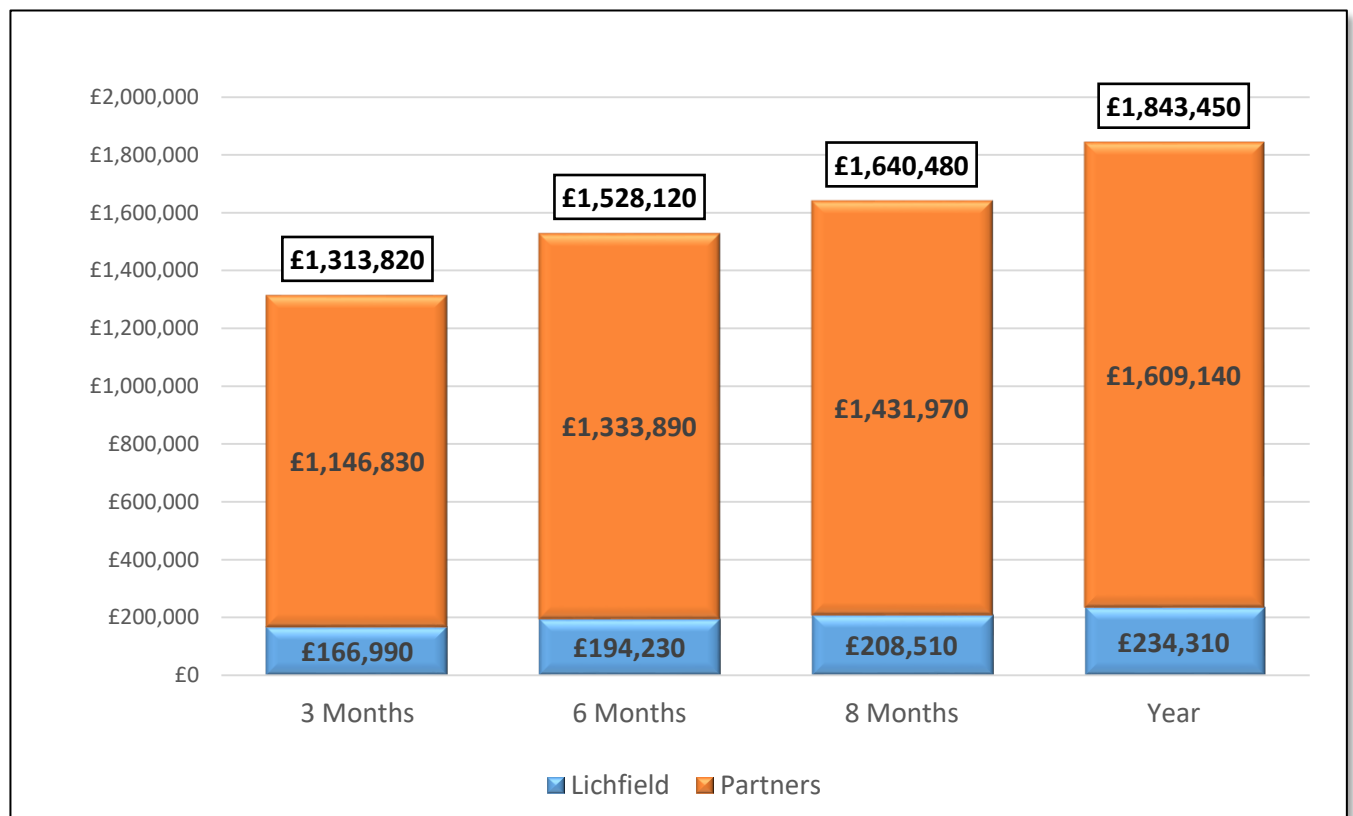
3.33. Therefore to enable a decision on the preferred option to be implemented in line with the approved budget in a more expedient way, a delegation to the Cabinet Member for Finance and Procurement to agree the preferred option and the legal arrangements is now recommended.

Council Tax

3.34. The collection performance for Council Tax debt covering all years is shown below:



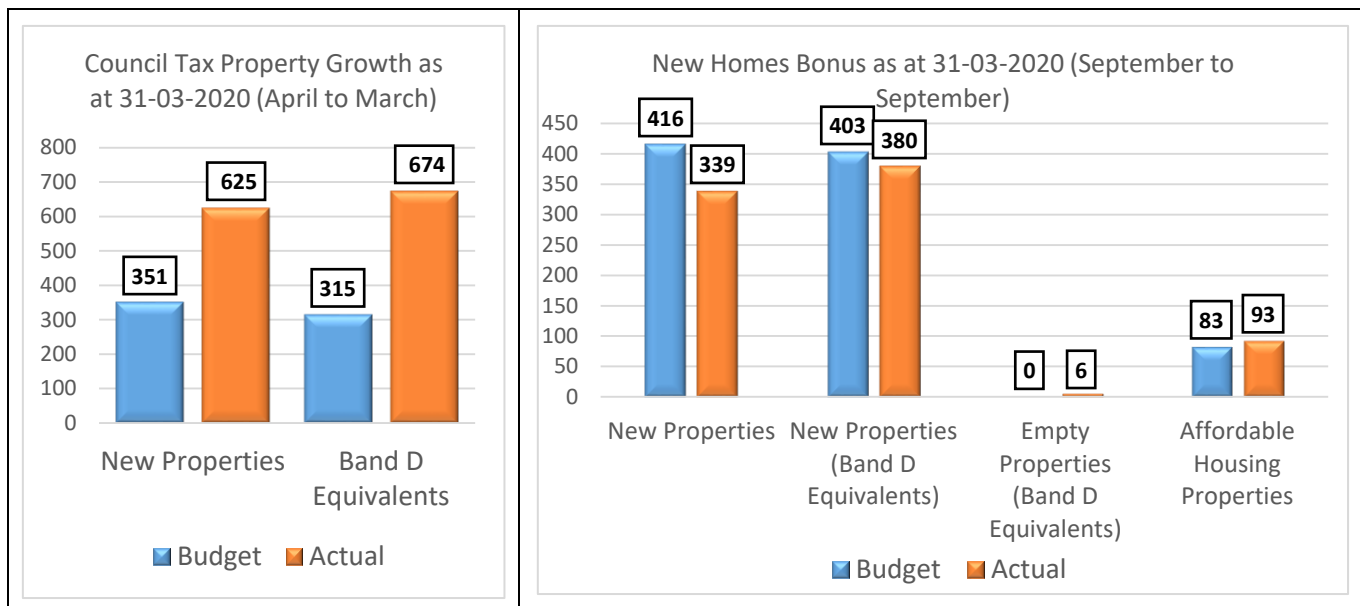
3.35. A summary of the Council Tax Collection Fund Performance is shown below and is based on Lichfield's (including Parishes) current share of Council Tax of **13%**:



3.36. There was a higher surplus of **(£202,970)** compared to the Approved Budget (8 months). This higher surplus was due to higher income from Council Tax and a lower bad debt provision than estimated.

Housing Supply

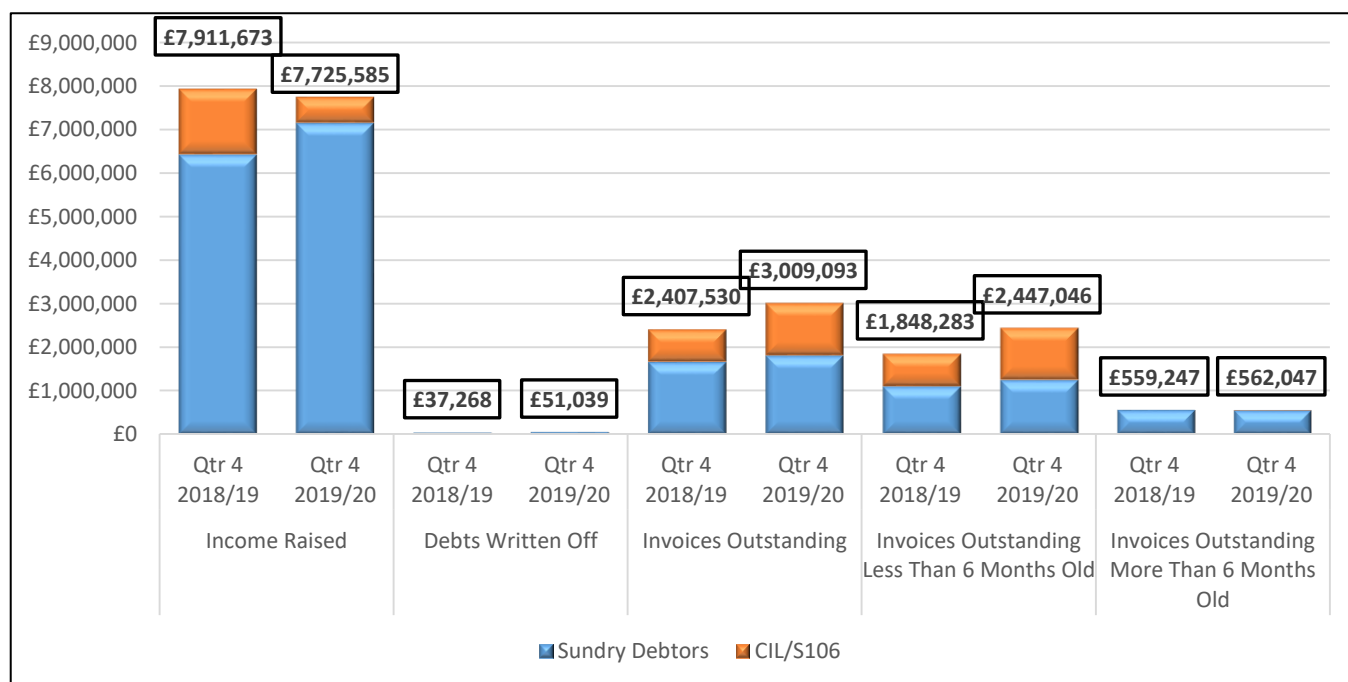
3.37. The completions for Council Tax (left hand chart) from April 2019 to March 2020 and New Homes Bonus (right hand chart) from September 2019 to March 2020 ¹are shown below:



3.38. Housing supply has increased over the last three years and this trend has been reflected in future year estimates contained in the Medium Term Financial Strategy. However the impact of COVID-19 on housing supply will need to be monitored because of the potential risk to Council Tax income estimates.

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

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



3.40. Total income raised in 2019/20 is marginally lower than in 2018/19; although the element related to CIL/Section 106 is lower and will reflect development progress.

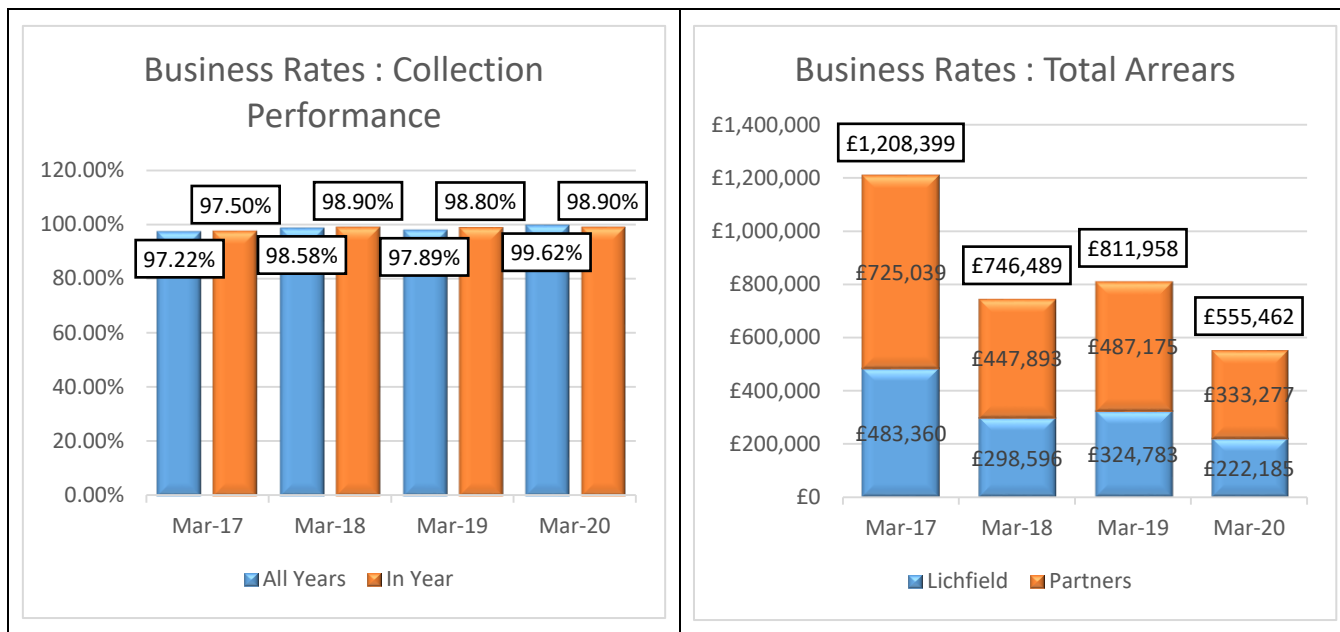
3.41. Invoices outstanding has increased compared to 2018/19, this is mainly in relation to CIL/S106 where payment is based on the approved CIL/S106 policies including the ability to pay by instalments.

¹ Empty Properties are an estimate at early May 2020.

Business Rates

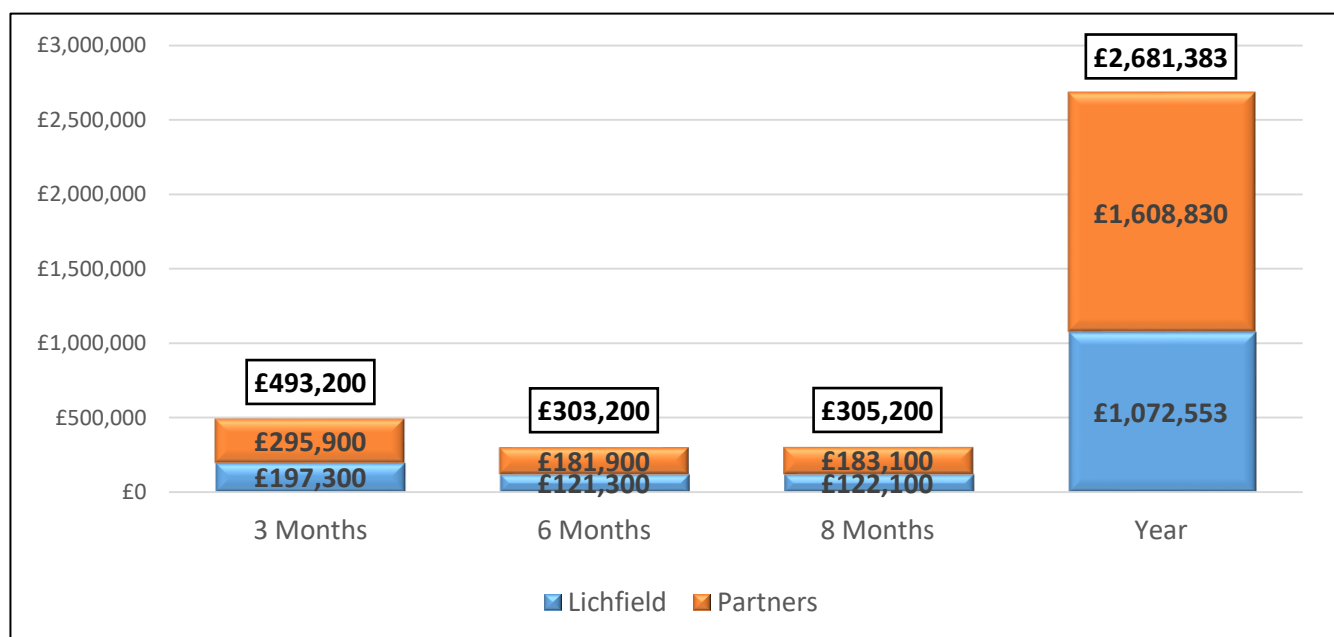
3.42. The Retained Business Rate income was **(£2,829,210)** compared to the Approved Budget of **(£2,829,210)**.

3.43. The collection performance for Business Rates covering all years is shown below:



3.44. In 2019/20 the Council was part of the Staffordshire and Stoke on Trent Business Rate Pilot and as a consequence Staffordshire retained **75%** of Business Rates income compared to **50%** in a non-pilot year.

3.45. The Business Rates Collection Fund Performance based on our **40%** share of Business Rates is:

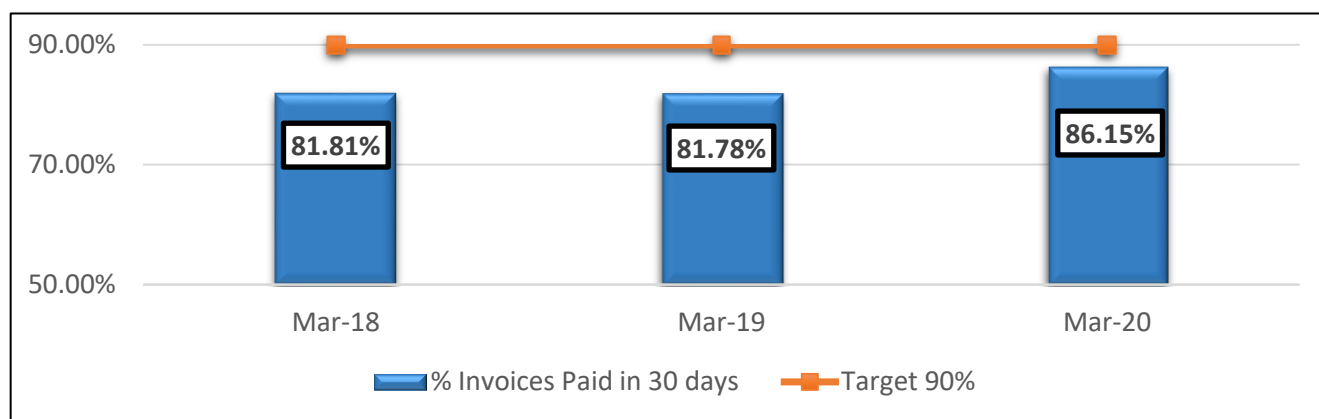


3.46. There was a higher surplus of **(£2,376,183)** compared to the Approved Budget (8 months). This higher surplus was due to:

- Higher income from Business Rates of **(£506,966)**.
- Lower business rate arrears at the end of the financial year than estimated therefore reducing the transfer to the bad debt provision by **(£288,007)**.
- Lower appeals at the end of the financial year than estimated (based on the MHCLG allowance of 4.7% of Net Rates Payable) therefore reducing the appeals provision by **(£1,581,210)**.

Supplier Payment Performance

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



3.48. There are initiatives taking place, including the improvements to procurement detailed below and wider use of payment cards for low value transactions, which should continue to improve payment performance.

3.49. During 2019/20 we have incurred **£439** in late payment interest and fees.

Procurement Activity

3.50. The interim Procurement Manager has been involved in the provision of procurement advice in relation to 58 potential procurements totalling circa £3.37m in anticipated value, supporting the selection of the appropriate procurement strategy, route to market and commercial outcomes.

3.51. An analysis of stationery spend led by the interim Procurement Manager, under an existing contract, identified potential savings of **(£2,000)** per annum and this has reduced the annual procurement savings target to **£84,910**.

3.52. A future Procurement Service options appraisal was agreed at Leadership Team and has initiated the creation of a small internal team comprising of a Procurement Lead and Procurement Specialist. Job Descriptions and Person Specifications have been developed and are currently going through the Job Evaluation process. Recruitment will follow but is likely to be challenging.

3.53. The current pandemic and its impact on activity such as recruitment means that, with the agreement of Cabinet, the current arrangement with the interim Procurement Manager was extended by a further three months until 28 August 2020 at a cost of **£29,000** (total cost of the arrangement will be **£102,000**).

3.54. Three of four procurement training courses have been delivered to officers providing some basic guidance on procurement, specification writing and evaluation. The fourth, contract management, has been postponed for the time being due to the pandemic.

3.55. Brief guides to Selling to the Council, Contract Management and Social Value in Procurement have been created. The Friary Grange Leisure Centre procurement includes a Social Value question as part of the evaluation criteria.

3.56. The Council now has its own version of the e-Tendering system originally supplied via Wolverhampton City Council. The system currently has 28 users, and a number of procurements have been run under the system from standalone procurements to mini-competitions within existing frameworks.

3.57. Links with the wider West Midlands Heads of Procurement Network has been established to further explore opportunities for collaboration and knowledge sharing.

3.58. Frameworks and accessible contracts from all the significant public sector buying hubs are regularly shared with officers to increase awareness of those opportunities available.

Investment Strategy

3.59. 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.**

3.60. 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.

3.61. 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 **18 February 2020.**

Service Investments

3.62. There were three investments of a service nature budgeted to take place in 2019/20. The investment and net return included in the Approved Budget is detailed below:

| | Budget | Actual | Variance |
|---|-------------------|-------------------|-------------------|
| Equity in the Local Authority Company | £225,000 | £0 | (£225,000) |
| Net Income | £0 | £0 | £0 |
| Net Return | 0.00% | 0.00% | |
| Investment in Burntwood Leisure Centre (extra funded by Freedom) | £1,395,000 | £1,422,888 | £27,888 |
| VAT Benefit | (£19,000) | (£19,000) | £0 |
| Net Income (after loan repayments) | (£38,000) | (£38,000) | £0 |
| Net Return (excluding VAT Benefit) | 2.72% | 2.67% | |
| ICT Cloud | £25,000 | £34,200 | £9,200 |
| Net Income | (£30,000) | £0 | £30,000 |
| Net Return | 120.00% | 0.00% | |
| Total Investment | £1,645,000 | £1,457,088 | (£187,912) |
| Total Net Income | (£68,000) | (£38,000) | £30,000 |
| Net Return | 4.13% | 2.61% | |

3.63. The investment in Burntwood Leisure Centre has taken place and is generating net income. The net return from the ICT Cloud project is unlikely to be achieved following agreement to a project change.

Commercial Investments

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

| | Budget | Actual | Variance |
|---------------------------------------|--------------------|--------------|----------------------|
| Investment in Property | £10,500,000 | £0 | (£10,500,000) |
| Net Income | £0 | £0 | £0 |
| Net Return (previous year end) | 0.00% | 0.00% | 0.00% |

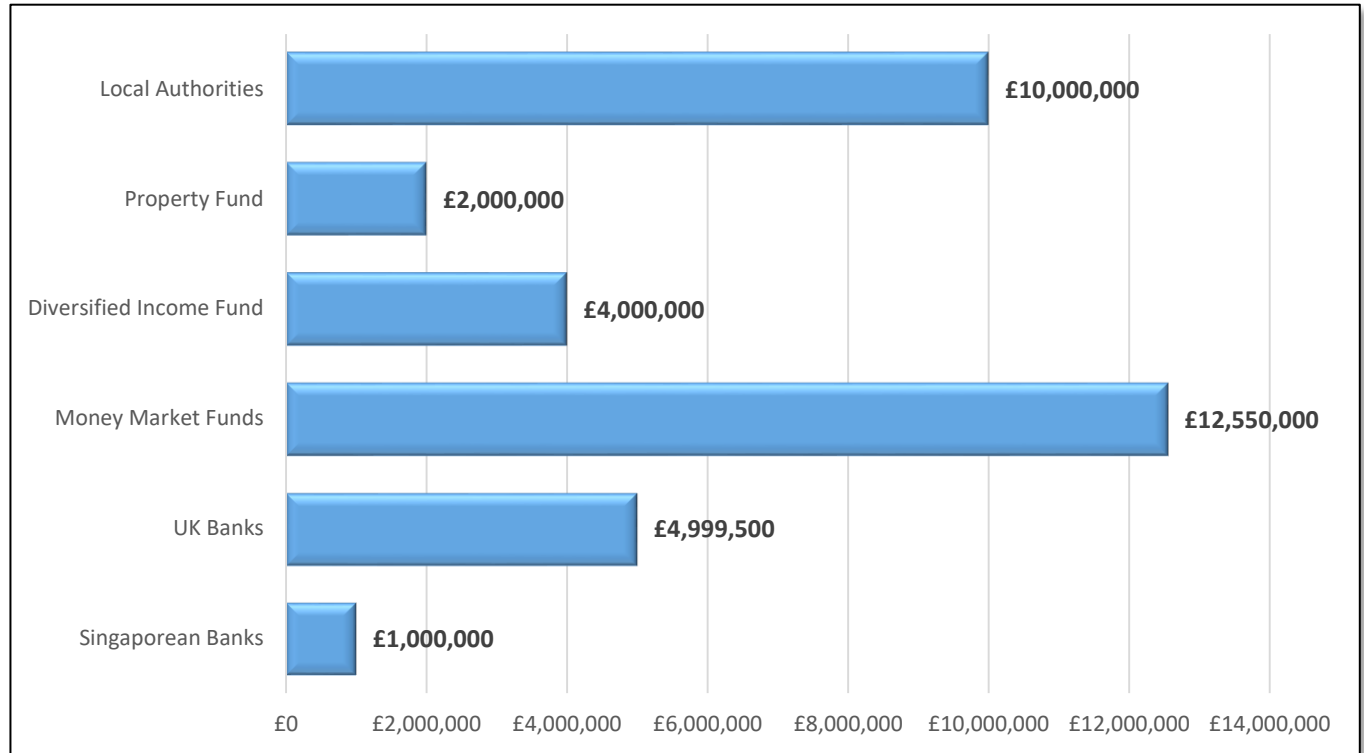
3.65. To date, no property investment has taken place and therefore the budgeted net income is not currently being generated.

3.66. The approach to the Investment in Property will need to be reviewed following updated Government/CIPFA Guidance and the Public Works Loans Board consultation.

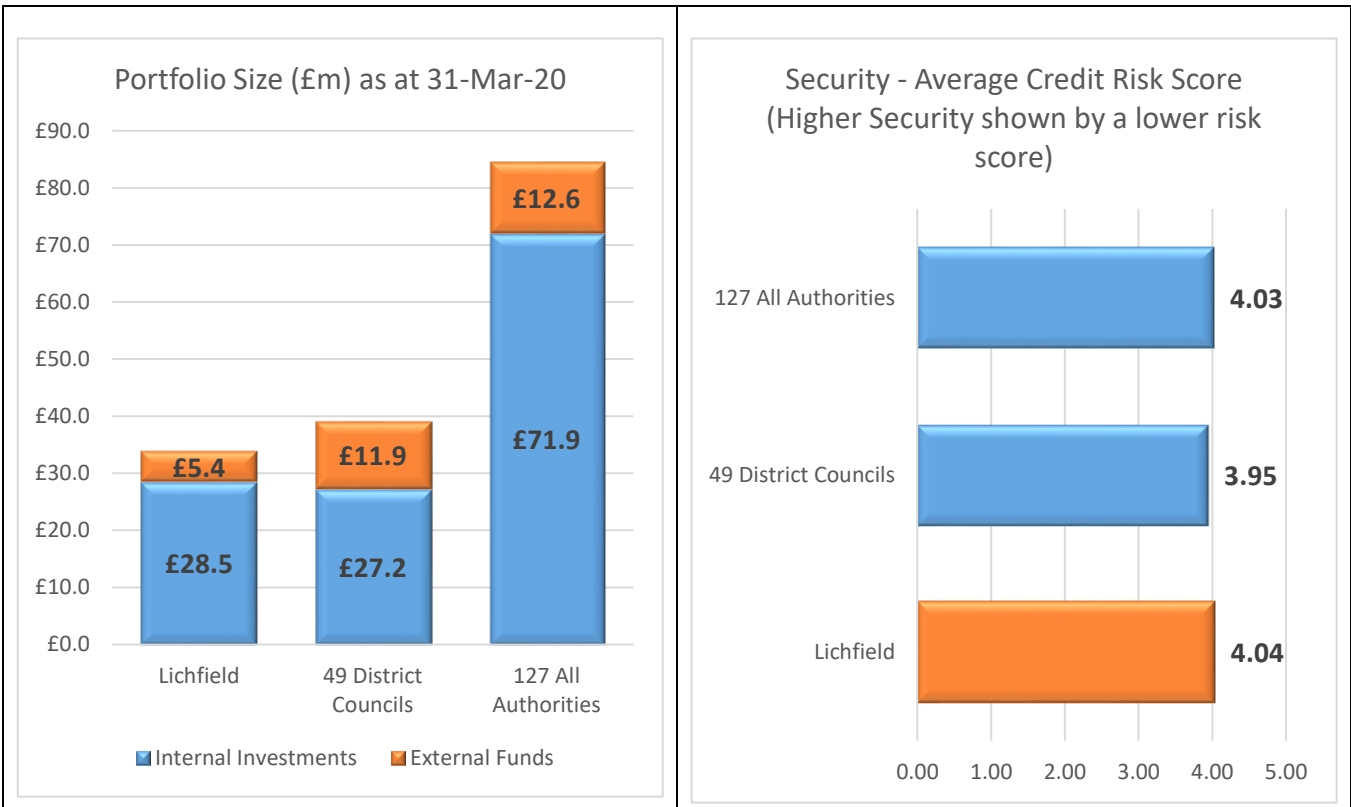
Treasury Management Investments

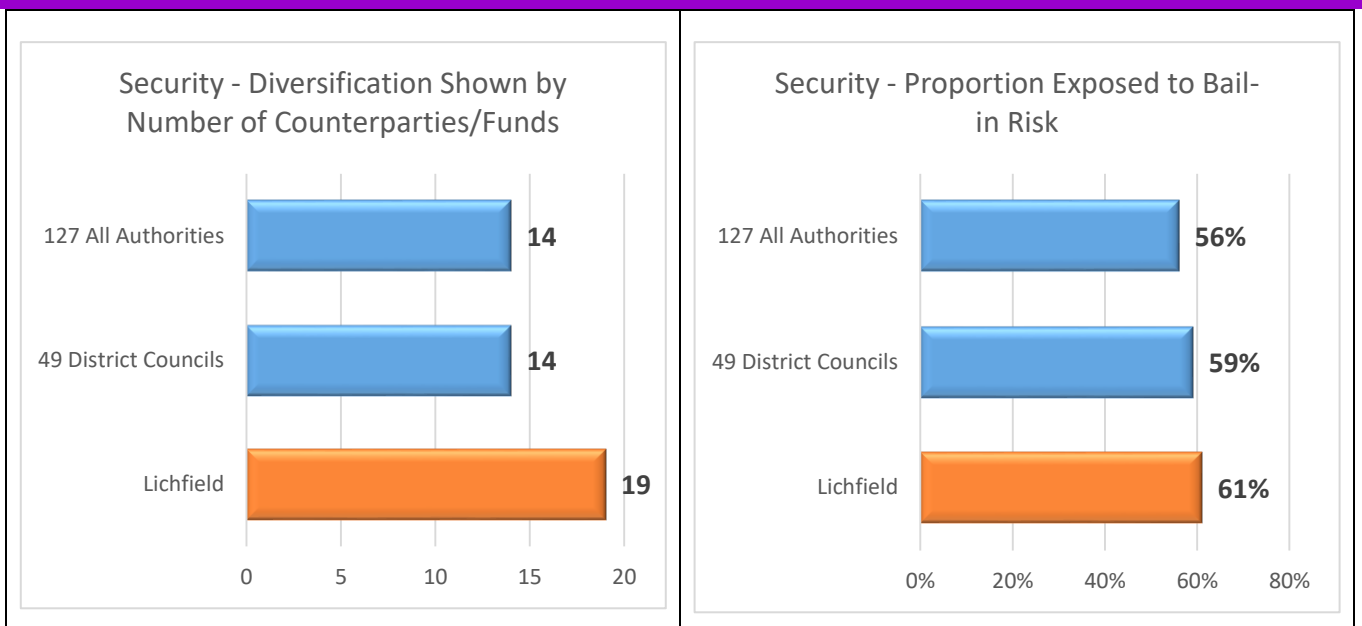
The Security of Our Investments

3.67. The investments the Council had at the 31 March 2020 of **£34.55m** (with the property fund and diversified income funds valued at original investment of **£2m**) by type and Country are summarised below and in detail at **APPENDIX F**:

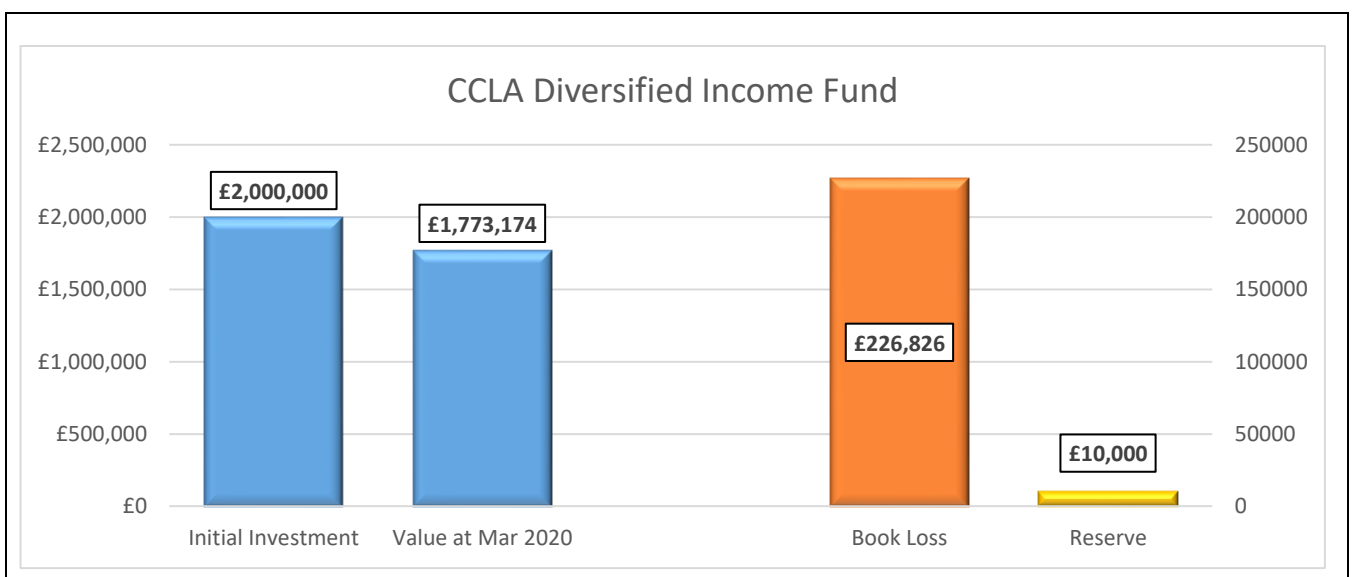
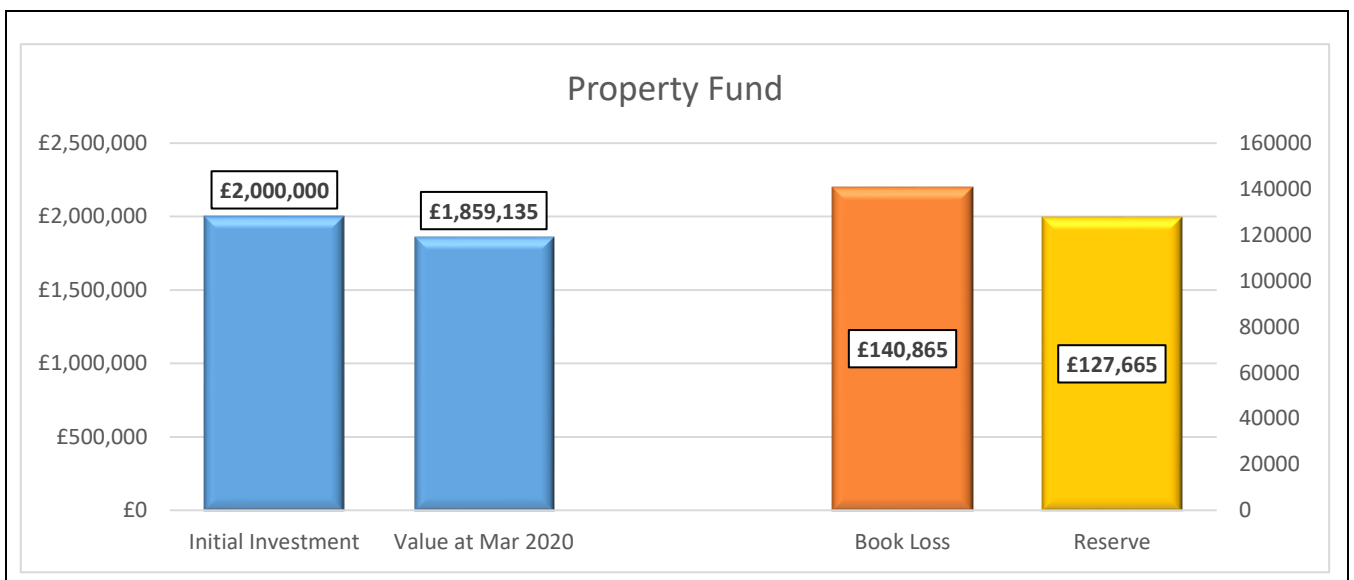


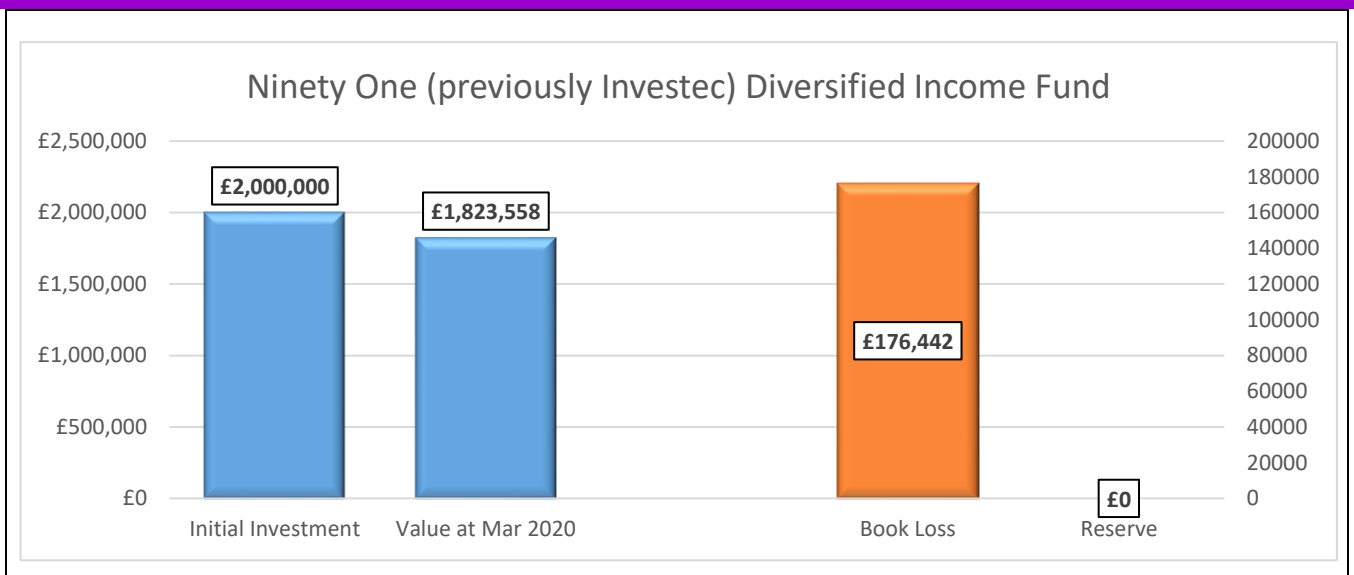
3.68. The Council's portfolio size (with the property fund and diversified investment funds valued at their current values of **£5.4m**), average credit score, diversification and exposure to 'Bail in' risk compared to Arlingclose Clients is shown below:





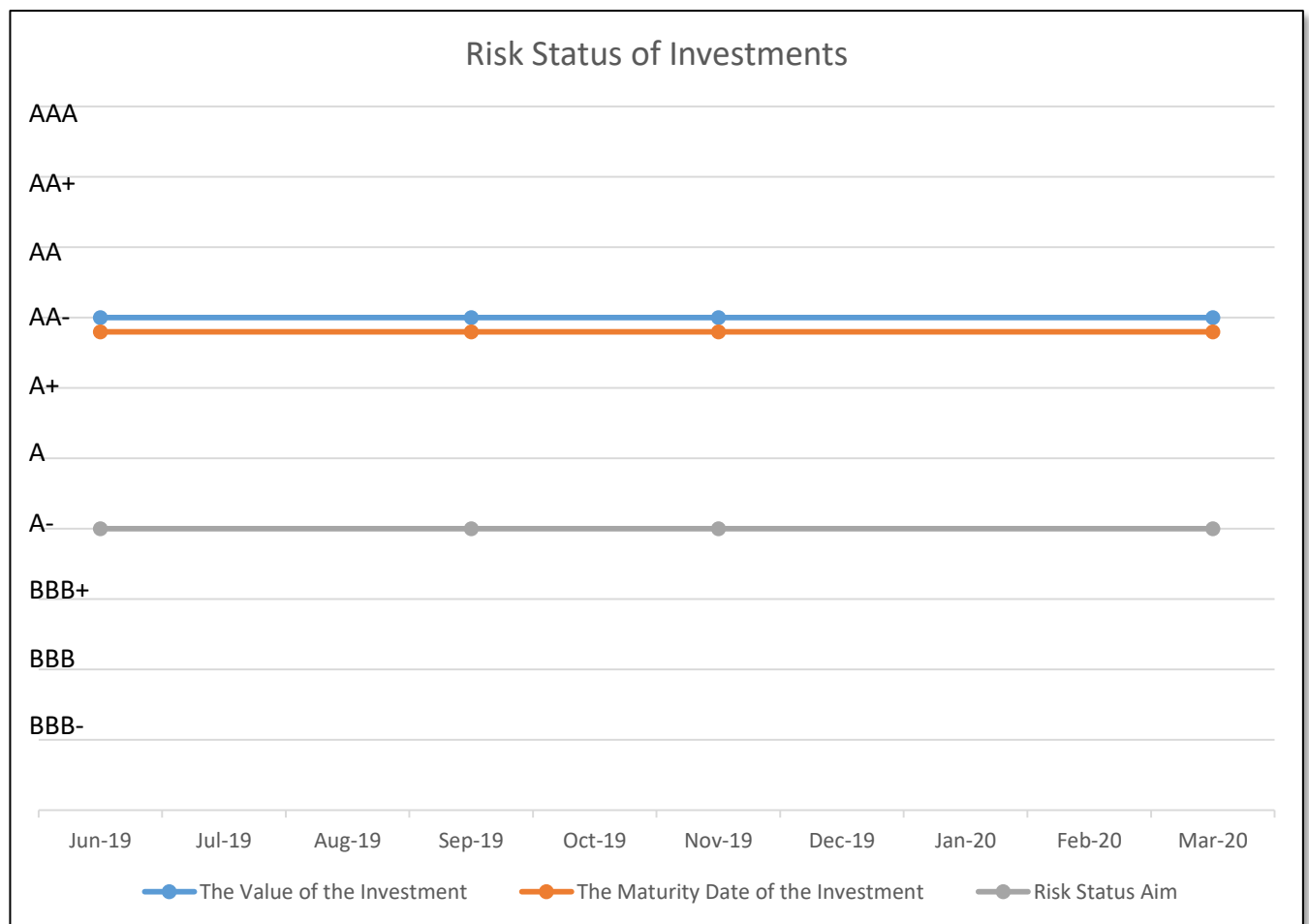
3.69. The current value of the Property Fund and Diversified Income Fund investments, together with the value of the earmarked reserve at the end of 2019/20 intended to offset reductions in value, is shown below:





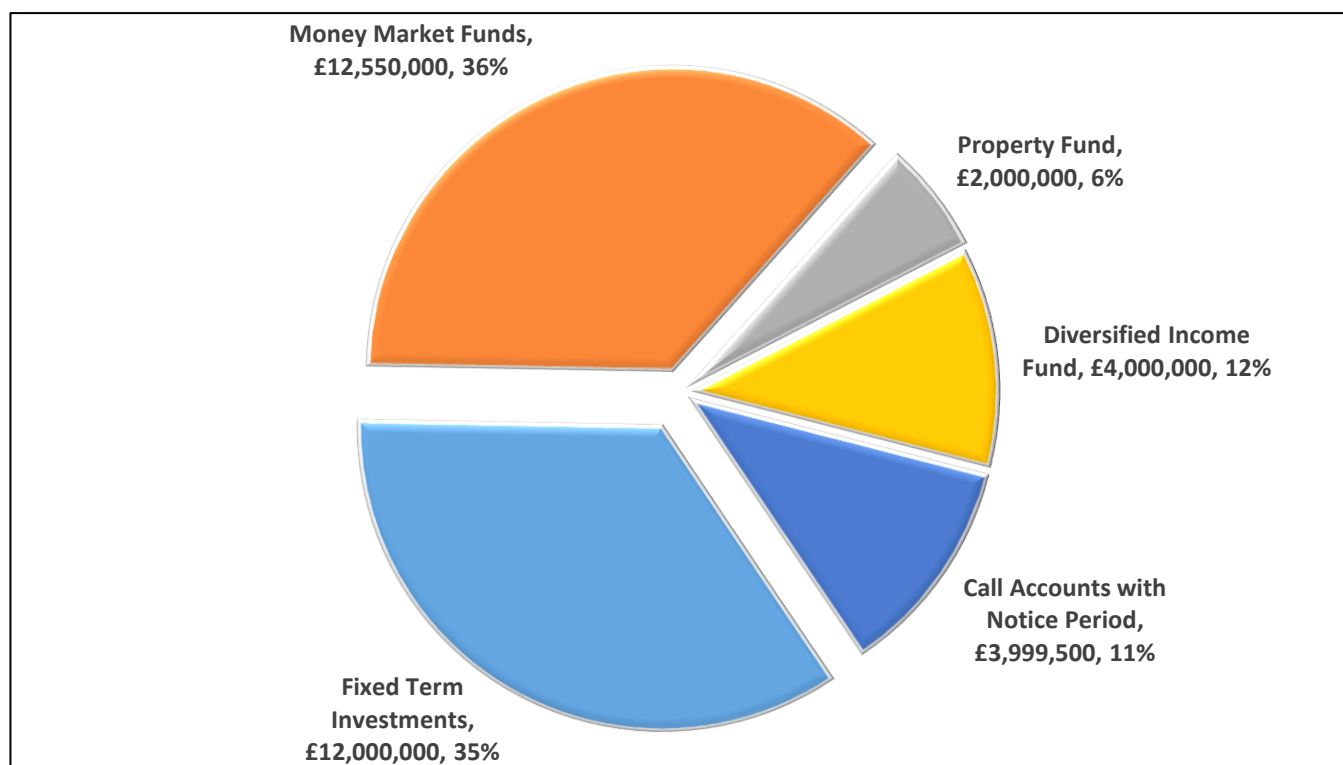
3.70. It is important to note that whilst all three of the Strategic Fund investments show 'book' losses at 31 March 2020 the valuations occurred at the height of the pandemic when asset prices were very volatile. In April, the valuations related to the two Diversified Income Fund investments have increased and therefore the 'book' losses have reduced although the financial markets currently remain volatile.

3.71. 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 12 month period is summarised in the graph below:

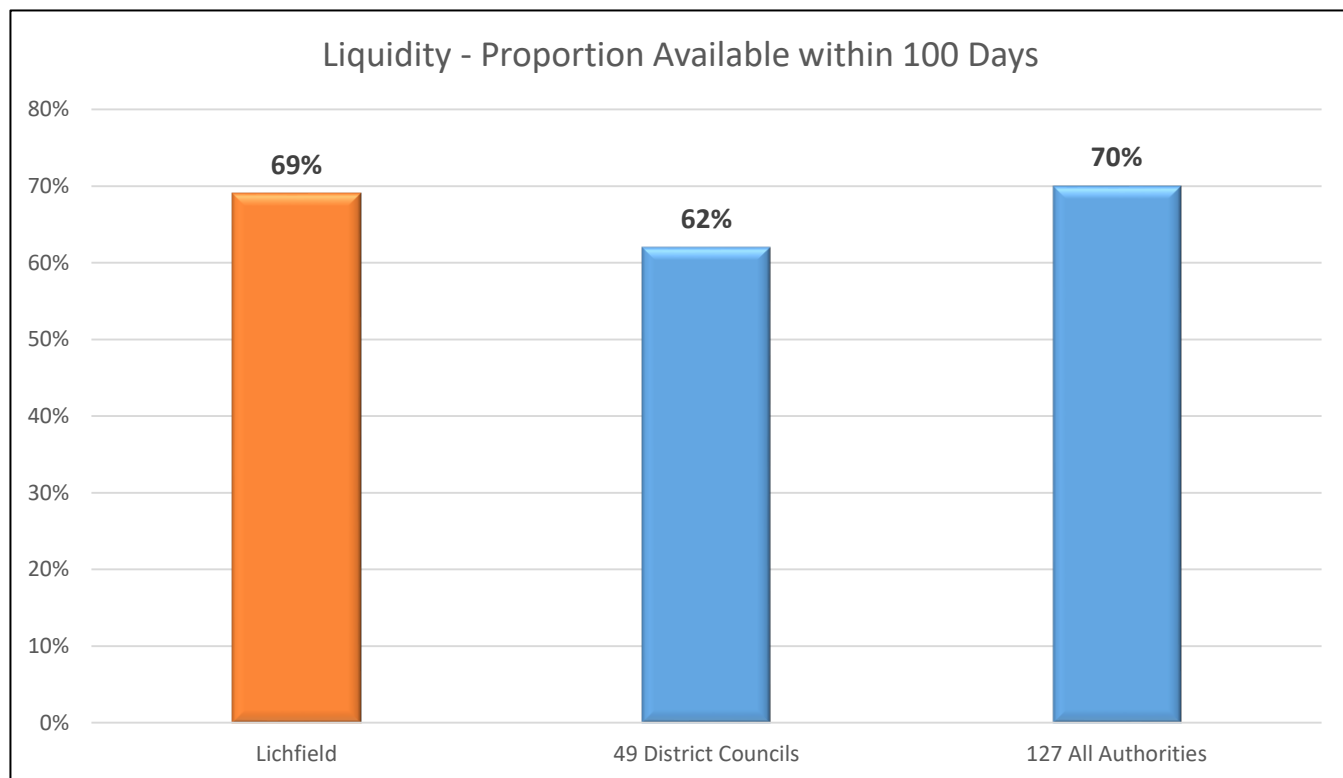


The Liquidity of our Investments

3.72. 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:

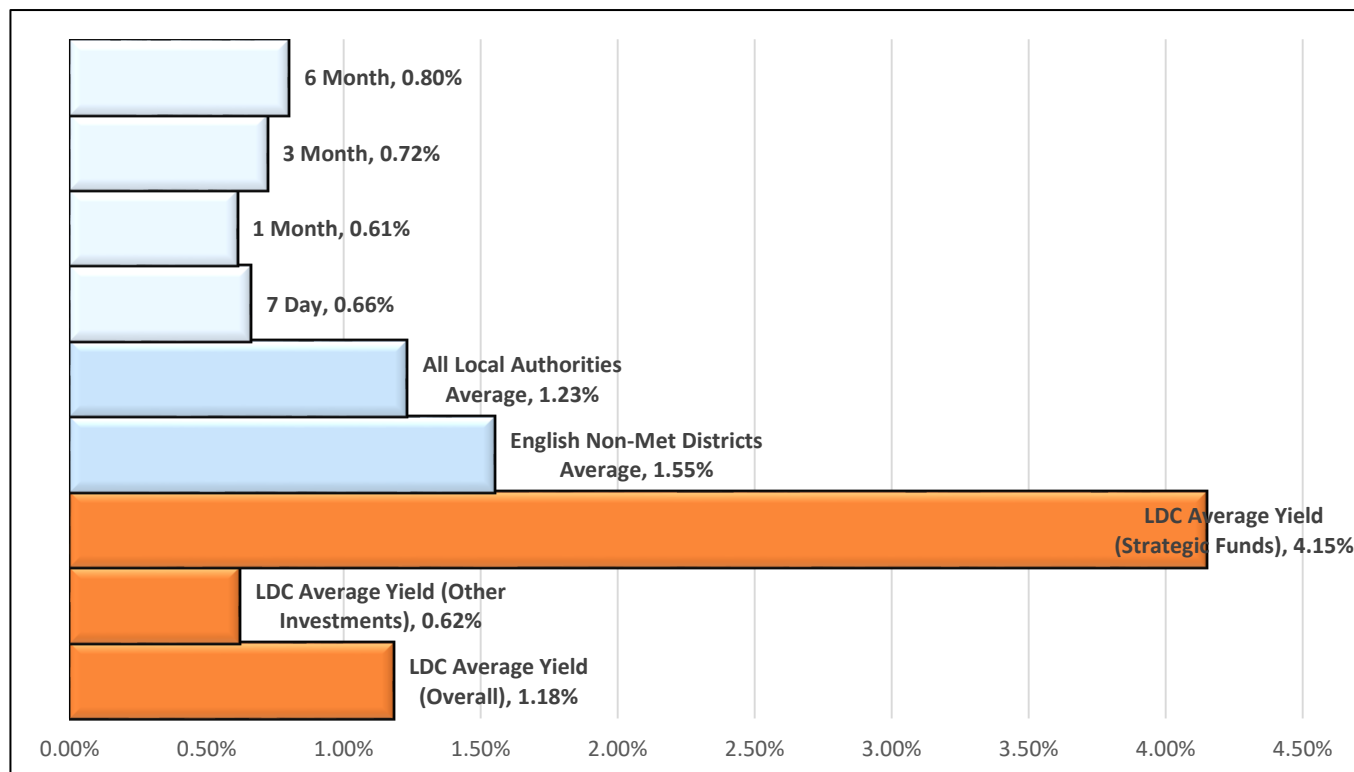


3.73. The proportion of the investment portfolio available within 100 days compared to all Arlingclose clients is shown in the graph below:



The Return or Yield of our Investments

3.74. The yield the Council achieved compared to a number of industry standard benchmarks (including our preferred benchmark of the seven day LIBID rate) and all Arlingclose clients is shown in the graph below:



3.75. The investment activity during the financial year generated **(£434,784)** of gross investment income compared to a budget of **(£408,000)**.

3.76. The Council has two long-dated PWLB loans totalling **£2,448,627** that were largely unchanged over the year other than for the scheduled semi-annual principal repayments at an average cost of **2.16%** and on average **14.2** years to maturity.

Community Infrastructure Levy (CIL)

3.77. The Community Infrastructure Levy Regulations 2010 (as amended) places a responsibility on the District Council, as a CIL Charging Authority, to report each financial year on income and expenditure associated with CIL. Regulation 62, Section 1 to 6 sets out the reporting requirements.

| Regulation 62 reference | Description | Total |
|-------------------------|---|-------------------|
| | Total amount of CIL receipts retained at the end of the previous year. | (£94,855) |
| 4 | Total CIL receipts for 2019/20 | (£420,916) |
| 4.(b) | Total CIL expenditure in 2019/20 | £26,611 |
| 4.(c) (iv) | Amount of CIL applied to administrative expenses pursuant to regulation 61 (This is the total amount of CIL applied to admin expenses in 2019/20) | £21,046 |
| 4. (c.) (ca) (ii) | The amount of CIL passed to any local council under reg. 59(a) | £70,294 |
| 4.(d) (i) | Total amount of CIL receipts retained at the end of the reported year. | (£397,820) |

Alternative Options

There are no alternative options.

Consultation

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

Financial Implications

Prudential indicators (PI) 2019/20:

- We can confirm that the Council has complied with its Prudential and Local Indicators for 2019/20; these were originally approved by Council at its meeting on 19 February 2019 and were fully revised and approved by Council on 18 February 2020.
- In compliance with the requirements of the CIPFA Code of Practice this report provides members with a Summary Report of the Treasury Management Activity during 2019/20.
- None of the other Prudential and Local Indicators have been breached. The Prudential and Local Indicators are summarised in the table below :

| Capital Strategy Indicators | | | | | |
|--|----------------|------------------|-----------------|---------------------|-----------|
| Prudential Indicators | | | | | |
| Indicators | 2018/19 Actual | 2019/20 Original | 2019/20 Revised | 2019/20 Actual | Compliant |
| <u>Capital Investment</u> | | | | | |
| Capital Expenditure (£m) | £4.910 | £11.618 | £15.659 | £2.297 | ✓ |
| Capital Financing Requirement (£m) | £4.987 | £10.301 | £14.809 | £4.268 | ✓ |
| <u>Gross Debt and the Capital Financing Requirement</u> | | | | | |
| Gross Debt | (£4.315) | (£9.598) | (£11.439) | (£3.554) | ✓ |
| Borrowing in Advance - Gross Debt in excess of the Capital Financing Requirement | No | No | No | No | ✓ |
| <u>Total Debt</u> | | | | | |
| Authorised Limit (£m) | £4.751 | £21.598 | £23.473 | £4,315 ² | ✓ |
| Operational Boundary (£m) | £4.751 | £13.006 | £14.881 | £4,315 | ✓ |
| Proportion of Financing Costs to Net Revenue Stream (%) | 5% | 6% | 4% | 4% | ✓ |

| Local Indicators | | | | | |
|---|----------------|------------------|-----------------|----------------------|-----------|
| Indicators | 2018/19 Actual | 2019/20 Original | 2019/20 Revised | 2019/20 Actual | Compliant |
| Replacement of Debt Finance or MRP (£m) | (£0.710) | (£0.720) | (£0.746) | (£0.755) | ✓ |
| Capital Receipts (£m) | (£0.760) | (£1.056) | (£0.855) | (£1.005) | ✓ |
| Liability Benchmark (£m) | £14.209 | £5.017 | £3.938 | £21.129 ³ | ✓ |
| Treasury Management Investments (£m) | £26.150 | £23.689 | £23.749 | £34.550 | ✓ |

| Treasury Management Indicators | | | | |
|---|-------------|-------------|----------------|-----------|
| Prudential Indicators | | | | |
| | Lower Limit | Upper Limit | 2019/20 Actual | Compliant |
| <u>Refinancing Rate Risk Indicator</u> | | | | |
| Under 12 months | 0% | 100% | 7% | |
| 12 months and within 24 months | 0% | 100% | 7% | |
| 24 months and within 5 years | 0% | 100% | 25% | |
| 5 years and within 10 years | 0% | 100% | 33% | ✓ |
| 10 years and within 20 years | 0% | 100% | 25% | |
| 20 years and within 30 years | 0% | 100% | 1% | |
| 30 years and within 40 years | 0% | 100% | 0% | |
| 40 years and within 50 years | 0% | 100% | 0% | |
| 50 years and above | 0% | 100% | 0% | |

| Indicators | 2018/19 Actual | 2019/20 Original | 2019/20 Revised | 2019/20 Actual | Compliant |
|---|----------------|------------------|-----------------|----------------|-----------|
| Principal Sums invested for periods longer than a year (£m) | £2.000 | £6.000 | £6.000 | £6.000 | ✓ |

² This is the highest level of debt outstanding during the financial year and is compared to the Authorised Limit and Operational Boundary to assess compliance.

³ This figure is provisional as at 07/05/2020, pending completion of the closure of accounts and reflects that Investment in Property funded by borrowing did not take place during 2019/20.

Local Indicators

| Indicators | 2018/19 Actual | 2019/20 Original | 2019/20 Revised | 2019/20 Actual | Compliant |
|--|-------------------|---------------------|--------------------|-------------------|-----------|
| | £m | £m | £m | £m | |
| Balance Sheet Summary and Forecast | | | | | |
| Borrowing Capital Financing Requirement | £3.312 | £9.152 | £13.694 | £3.162 | ✓ |
| Internal or (over) Borrowing | £0.672 | £0.703 | £3.370 | £0.714 | ✓ |
| (Investments) or New Borrowing | (£26.150) | (£23.689) | (£23.749) | (£34.550) | ✓ |
| Liability Benchmark | (£14.209) | (£5.017) | (£3.938) | (£21.129) | ✓ |
| | Target | 2019/20 Actual | Compliant | | |
| Security | | | | | |
| Portfolio average credit rating | A- | AA- | ✓ | | |
| Liquidity | | | | | |
| Temporary Borrowing undertaken | £0.000 | £0.000 | ✓ | | |
| Total Cash Available within 100 days (maximum) | 90% | 68% | ✓ | | |

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.

Environmental Impact

There are no additional environmental impacts.

GDPR/Privacy Impact Assessment

There are no additional GDPR/Privacy Impact Assessment impacts.

| | Risk Description | How We Manage It | Severity of Risk |
|---|---|---|-------------------|
| A | Non 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, changes in the economic climate and the impact of the COVID-19 pandemic | Red - Severe |
| 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 | Yellow - Material |
| C | The review of the New Homes Bonus regime in 2021/22 | Not all of the projected New Homes Bonus is included as core funding in the Base Budget. In 2021/22 £500,000 is included and this is then being reduced by £100,000 per annum | Yellow - Material |
| D | The increased Localisation of Business Rates and the Fair Funding Review in 2022/2023 | To assess the implications of proposed changes and respond to consultations to attempt to influence the policy direction in the Council's favour | Yellow - Material |
| E | The affordability and risk associated with the Capital Strategy | In light of the recent Government/CIPFA guidance and the Public Works Loans Board consultation the Council will be reviewing its approach to Property Investment | Yellow - Material |

| | |
|-----------------------------|---|
| 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 • Money Matters: 2019/20 Review of Financial Performance against the Financial Strategy – Cabinet 11 February 2020 • Medium Term Financial Strategy 2019-24 – Cabinet 11 February 2020 • Revenues and Benefits Software – Cabinet Member Decision 24 March 2020 |
| Relevant web link | |

Revenue Financial Performance – Variance to Budget 2019/20

Variance to Budget 2019/20

| Area | 2019/20 | | | | | |
|--|---|----------------------|--------------------------------------|----------------------------------|----------------------------------|------------------------------------|
| | Original Budget plus Funding Gap Proposals £ | Approved Budget £ | Outturn plus Earmarked Reserves £ | Variance to Approved Budget £ | Variance to Original Budget £ | 2019/20 Target Variance (+/-) £ |
| Enabling people | 1,528,270 | 1,592,680 | 1,628,300 | 35,620 | 100,030 | |
| Shaping place | 3,258,720 | 3,050,440 | 2,842,905 | (207,535) | (415,815) | |
| Developing prosperity | (1,079,200) | (1,105,220) | (878,816) | 226,404 | 200,384 | |
| A good council | 6,185,720 | 5,929,600 | 5,900,185 | (29,415) | (285,535) | |
| Net Cost of Services | 9,893,510 | 9,467,500 | 9,492,574 | 25,074 | (400,936) | 0 |
| Chief Executive | 459,660 | 366,010 | 366,772 | 762 | (92,888) | 4,000 |
| Assistant Chief Executive | 1,253,960 | 1,202,020 | 1,225,995 | 23,975 | (27,965) | 17,000 |
| Finance and Procurement | 1,764,980 | 1,745,920 | 1,734,465 | (11,455) | (30,515) | 15,000 |
| Revenues, Benefits and Customer Services | 761,530 | 711,930 | 600,204 | (111,726) | (161,326) ⁴ | 17,000 |
| Corporate Services | 1,704,000 | 1,634,920 | 1,721,747 | 86,827 | 17,747 | 24,000 |
| Regulatory Services, Housing & Wellbeing | 1,300,670 | 1,266,890 | 1,258,401 | (8,489) | (42,269) | 16,000 |
| Economic Growth & Development Services | (274,050) | (297,990) | (302,036) | (4,046) | (27,986) | 66,000 |
| Operational Services | 2,922,760 | 2,837,800 | 2,887,026 | 49,226 | (35,734) | 91,000 |
| Net Cost of Services | 9,893,510 | 9,467,500 | 9,492,574 | 25,074 | (400,936) | 250,000 |
| Net Treasury Position | (6,000) | (122,000) | (140,460) | (18,460) | | |
| Net Operating Cost | 9,887,510 | 9,345,500 | 9,352,114 | 6,614 | | |
| Transfer (from) / to General Reserve | 148,860 | 1,113,560 | 1,081,216 | (32,344) | | |
| Transfer (from) / to Earmarked Reserves | 1,335,030 | 1,249,000 | 1,274,094 | 25,094 | | |
| Net Revenue Expenditure | 11,371,400 | 11,708,060 | 11,707,424 | (636) | | |
| Financed by: | | | | | | |
| Retained Business Rates | (2,525,800) | (2,829,210) | (2,829,210) | 0 | | |
| Business Rates Cap | (68,000) | (86,000) | (98,029) | (12,029) | | |
| Business Rates Pilot | (568,000) | (568,000) | (584,546) | (16,546) | | |
| Levy Account Surplus | - | (36,000) | (7,101) | 28,899 | | |
| New Homes Bonus | (1,278,000) | (1,278,000) | (1,278,302) | (302) | | |
| Other Government Grants | - | (13,400) | (13,395) | 5 | | |
| Business Rates Collection Fund (Surplus)/Deficit | (213,000) | (213,000) | (212,800) | 200 | | |
| Council Tax Collection Fund (Surplus)/Deficit | (63,600) | (29,450) | (29,490) | (40) | | |
| Council Tax | (6,655,000) | (6,655,000) | (6,654,551) | 449 | | |

⁴ A significant element of this variance is due to a reduction in the bad debt provision of £71,790 for housing benefit overpayments because the level of arrears has reduced.

Reasons for the Outturn Budget Performance by Service Area

| Variance £ | | Expenditure | | Income | | COVID-19 |
|----------------|--|----------------|----------------|-------------------|----------------|----------------|
| | | One Off £ | Recurring £ | One Off £ | Recurring £ | £ |
| 762 | Chief Executive | 762 | - | - | - | - |
| 23,975 | Assistant Chief Executive | 54,425 | - | (30,450) | - | - |
| (11,455) | Finance and Procurement | (11,455) | - | - | - | - |
| (111,726) | Revenues, Benefits and Customer Services | (77,206) | - | (34,520) | - | - |
| 86,827 | Corporate Services | 86,827 | - | - | - | - |
| 49,226 | Operational Services | 121,726 | - | (72,500) | - | - |
| (8,489) | Regulatory Services, Housing & Wellbeing | 50,461 | - | (58,950) | - | - |
| (4,046) | Economic Growth & Development Services | (154,071) | - | 100,025 | - | 50,000 |
| (18,460) | Net Treasury Position | - | - | (18,460) | - | - |
| £6,614 | Net Operating Cost | £71,469 | - | (£114,855) | - | £50,000 |
| 25,094 | Earmarked Reserves | £25,094 | - | - | - | - |
| £31,708 | Net Operating Cost | £96,563 | - | (£114,855) | - | £50,000 |
| 636 | Funding | - | - | £636 | - | - |
| £32,344 | Transfer (to)/from General Reserves | £96,563 | - | (£114,219) | - | £50,000 |

Chief Executive

| Variance £ | Reason | Expenditure | | Income | | COVID-19 |
|---------------|------------------------------|--------------|----------------|--------------|----------------|----------|
| | | One Off £ | Recurring £ | One Off £ | Recurring £ | £ |
| (37,280) | Covid-19 Grant | | | | | (37,280) |
| 12,550 | Covid-19 Expenditure | | | | | 12,550 |
| 24,730 | Covid-19 Transfer to Reserve | | | | | 24,730 |
| 762 | Minor balance | 762 | | | | |
| £762 | Total | £762 | - | - | - | - |

Assistant Chief Executive

| Variance £ | Reason | Expenditure | | Income | | COVID-19 |
|----------------|--|----------------|----------------|------------------|----------------|----------|
| | | One Off £ | Recurring £ | One Off £ | Recurring £ | £ |
| (16,810) | Vacant Post savings | (16,810) | | | | |
| 30,000 | District Council House Accommodation Review | 30,000 | | | | |
| 44,030 | Additional agency staff costs | 44,030 | | | | |
| (34,940) | Additional income from Street Naming & Numbering | | | (34,940) | | |
| (50,000) | Unspent Digital Strategy | (50,000) | | | | |
| (6,370) | Infrastructure budget | (10,860) | | 4,490 | | |
| 58,065 | Minor balance | 58,065 | | | | |
| | Bad debt provision change | | | | | |
| £23,975 | Total | £54,425 | - | (£30,450) | - | - |

Finance and Procurement

| Variance £ | Reason | Expenditure | | Income | | COVID-19 |
|------------------|----------------------------------|------------------|----------------|--------------|----------------|----------|
| | | One Off £ | Recurring £ | One Off £ | Recurring £ | £ |
| (17,940) | Vacant Post savings | (17,940) | | | | |
| 3,555 | Minor balance | 3,555 | | | | |
| (39,440) | Budget contingency not required | (39,440) | | | | |
| 42,370 | Procurement Savings not achieved | 42,370 | | | | |
| (£11,455) | Total | (£11,455) | - | - | - | - |

Revenues, Benefits and Customer Services

| Variance £ | Reason | Expenditure | | Income | | COVID-19 |
|-------------------|---|------------------|----------------|------------------|----------------|----------|
| | | One Off £ | Recurring £ | One Off £ | Recurring £ | £ |
| (15,700) | Additional court fee income | | | (15,700) | | |
| (7,800) | Additional net government grant funding | 11,020 | | (18,820) | | |
| (12,150) | Decrease in postage spend | (12,150) | | | | |
| (9,460) | Vacant Post savings | (9,460) | | | | |
| 5,174 | Minor balance | 5,174 | | | | |
| (71,790) | Bad debt provision change | (71,790) | | | | |
| (£111,726) | Total | (£77,206) | - | (£34,520) | - | - |

APPENDIX B

Corporate Services

| Variance £ | Reason | Expenditure | | Income | | COVID-19 |
|----------------|--|----------------|----------------|--------------|----------------|----------|
| | | One Off £ | Recurring £ | One Off £ | Recurring £ | £ |
| (8,540) | Underspend on Members and Civic Services | (8,540) | | | | |
| (10,700) | Underspend on GDPR consultancy | (10,700) | | | | |
| (6,183) | Minor balance | (6,183) | | | | |
| 100,000 | Creation of People Strategy Reserve | 100,000 | | | | |
| 26,960 | Additional agency staff costs | 26,960 | | | | |
| (14,710) | Vacant Post savings | (14,710) | | | | |
| £86,827 | Total | £86,827 | - | - | - | - |

Operational Services

| Variance £ | Reason | Expenditure | | Income | | COVID-19 |
|---------------|---|----------------|----------------|-----------------|----------------|----------|
| | | One Off £ | Recurring £ | One Off £ | Recurring £ | £ |
| (60,200) | Additional income from Grounds Maintenance and Street Cleansing | | | (60,200) | | |
| 36,700 | Additional spend on Friary Grange VI Leisure Centre | 36,700 | | | | |
| (2,931) | Minor balance | (2,931) | | | | |
| (12,300) | Additional net income from Trade Waste | | | (12,300) | | |
| 87,957 | Bad debt provision change | 87,957 | | | | |
| 49,226 | Total | 121,726 | - | (72,500) | - | - |

Regulatory Services, Housing & Wellbeing

| Variance £ | Reason | Expenditure | | Income | | COVID-19 |
|-----------------|---|----------------|----------------|------------------|----------------|----------|
| | | One Off £ | Recurring £ | One Off £ | Recurring £ | £ |
| (11,416) | Small Underspends | (11,416) | | | | |
| (46,130) | Additional Income from Licensing, Food Safety & Housing Enforcement | | | (46,130) | | |
| (15,840) | Vacant Post savings | (15,840) | | | | |
| 67,700 | Additional Homelessness related spend | 67,700 | | | | |
| (12,820) | Additional court fee income | | | (12,820) | | |
| 10,017 | Bad debt provision change | 10,017 | | | | |
| (£8,489) | Total | £50,461 | - | (£58,950) | - | - |

APPENDIX B

Economic Growth & Development Services

| Variance £ | Reason | Expenditure | | Income | | COVID-19 |
|-----------------|---|-------------------|----------------|-----------------|----------------|----------------|
| | | One Off £ | Recurring £ | One Off £ | Recurring £ | £ |
| 11,310 | Bad debt provision change | 11,310 | | | | |
| 42,880 | Reduction in Car Park Performance | (29,120) | | 22,000 | | 50,000 |
| (33,244) | Vacant Post savings | (33,244) | | | | |
| (6,424) | Lower spend on CCTV | (6,424) | | | | |
| (17,706) | Net increase in Planning performance | (95,731) | | 78,025 | | |
| 10,059 | Additional spend on City Centre redevelopment | 10,059 | | | | |
| (10,921) | Minor balance | (10,921) | | | | |
| (£4,046) | Total | (£154,071) | - | £100,025 | - | £50,000 |

Net Treasury Position

| Variance £ | Reason | Expenditure | | Income | | COVID-19 |
|------------------|---|--------------|----------------|------------------|----------------|----------|
| | | One Off £ | Recurring £ | One Off £ | Recurring £ | £ |
| (5,783) | Additional interest received on new Investment | | | (5,783) | | |
| (12,677) | Increased interest receipts due to higher general investment balances | | | (12,677) | | |
| (£18,460) | Total | - | - | (£18,460) | - | - |

Earmarked Reserves

| Variance £ | Reason | Expenditure | | Income | | COVID-19 |
|----------------|--|----------------|----------------|--------------|----------------|----------|
| | | One Off £ | Recurring £ | One Off £ | Recurring £ | £ |
| 25,094 | Increased earmarked reserve contribution due to increase in Business Rates Pilot performance | 25,094 | | | | |
| £25,094 | Total | £25,094 | - | - | - | - |

Funding

| Variance £ | Reason | Expenditure | | Income | | COVID-19 |
|---------------|---|--------------|----------------|--------------|----------------|----------|
| | | One Off £ | Recurring £ | One Off £ | Recurring £ | £ |
| (28,575) | Business Rates Pilot Performance | | | (28,575) | | |
| 28,899 | Levy Account Surplus less than forecast | | | 28,899 | | |
| 312 | Minor balance | | | 312 | | |
| £636 | Total | - | - | £636 | - | - |

Fees and Charges

(Year-end variances are rounded to the nearest £000)

| Income Type | Annual Budget £000 | Actual £000 | Year End Variance £000 |
|--|-----------------------|----------------|---------------------------|
| Planning Applications | 813 | 744 | (70) |
| Car Parks | 2,177 | 2,105 | (72) |
| Garden Waste | 1,495 | 1,478 | (18) |
| Trade Waste | 440 | 469 | 29 |
| Land Charges | 283 | 253 | (30) |
| Building Control | 871 | 896 | 25 |
| Property Rental | 892 | 744 | (147) |
| Total of Highest Value Fees & Charges | 6,971 | 6,689 | (283) |
| Other Income | | | |
| Licensing | | | |
| Leisure Centre | | | |
| VAT Claim | | | |
| 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 |

Earmarked Reserves
Unrestricted Earmarked Reserves

| Reserve Name | Initial Set Up Year | Year to be Returned | Earmarked Reserves 1 April 2019 £ | Earmarked Reserves 31 March 2020 £ |
|--|---------------------|---------------------|--------------------------------------|---------------------------------------|
| Chief Executive | | | | |
| Commercialisation | 2017/18 | 2021/22 | (272,875) | (61,967) |
| ACE Post | 2018/19 | 2020/21 | (81,636) | (3,436) |
| Brexit Funding | 2018/19 | 2022/23 | (17,484) | (51,066) |
| Leisure VAT Reclaim | 2018/19 | 2022/23 | (896,940) | (896,940) |
| Covid-19 | 2019/20 | 2023/24 | 0 | (24,726) |
| Chief Executive Total | | | (1,268,935) | (1,038,135) |
| Assistant Chief Executive | | | | |
| Property Reserve | 2019/20 | 2023/24 | 0 | (60,000) |
| Digitisation Programme | 2015/16 | 2019/20 | (115,200) | (74,999) |
| Condition Survey of DCH | 2016/17 | Retain | (37,741) | (37,741) |
| Single Customer Account | 2018/19 | 2022/23 | (43,210) | (43,210) |
| Cloud Project Costs | 2018/19 | 2022/23 | (30,000) | (30,000) |
| Property Company Loan | 2018/19 | 2022/23 | (316,000) | (784,000) |
| Property Management/Estates Team | 2018/19 | 2022/23 | (61,760) | (14,580) |
| Communications Review Costs | 2019/20 | 2023/24 | 0 | (30,000) |
| Assistant Chief Executive Total | | | (603,911) | (1,074,530) |
| Corporate Services | | | | |
| IAS 19 - Employee Benefits | 2015/16 | 2019/20 | (69,650) | 0 |
| Corporate Training | 2018/19 | 2022/23 | (20,000) | (1,705) |
| Zurich Insurance | 2019/20 | 2023/24 | 0 | (37,473) |
| Terms and Conditions Review | 2019/20 | 2023/24 | 0 | (20,000) |
| People Strategy | 2019/20 | 2023/24 | 0 | (100,000) |
| Individual Electoral Registration | 2015/16 | 2019/20 | (50,716) | (4,265) |
| Lichfield District Council Election | 2015/16 | Retain | (197,240) | (114,967) |
| Elections Additional Support | 2015/16 | 2019/20 | (24,999) | 0 |
| Corporate Services Total | | | (362,605) | (278,411) |

APPENDIX D

| Reserve Name | Initial Set Up Year | Year to be Returned | Earmarked Reserves 1 April 2019 £ | Earmarked Reserves 31 March 2020 £ |
|---|---------------------|---------------------|--------------------------------------|---------------------------------------|
| Economic Growth & Development Services | | | | |
| CCTV Sinking Fund | 2015/16 | 2019/20 | (60,996) | 0 |
| Inward Investment and Place Marketing | 2015/16 | 2019/20 | (10,259) | 0 |
| Grant Aid -Development Historic Building Grants | 2015/16 | 2019/20 | (10,720) | 0 |
| HS2 | 2015/16 | Retain | (37,723) | (35,413) |
| Judicial Review/Planning Appeals | 2015/16 | Retain | (200,862) | (200,862) |
| Birmingham Road Site | 2015/16 | Retain | (1,160,550) | (567,810) |
| Backscanning of Planning Apps | 2016/17 | 2020/21 | (64,200) | (20,388) |
| Planning Agency Staff | 2016/17 | 2020/21 | (41,236) | (41,236) |
| Improvement Programme | 2018/19 | 2022/23 | (80,000) | (10,350) |
| Museum Collections Officer | 2019/20 | 2020/21 | 0 | (6,565) |
| Growth Hub Advisor | 2019/20 | 2023/24 | 0 | (7,000) |
| Self/Custom Build/Brownfield Grants 2019/20 Grants | 2019/20 | 2023/24 | 0 | (17,446) |
| Conservation Policy | 2019/20 | 2023/24 | 0 | (15,720) |
| Self/Custom Build/Brownfield Grants Pre 2019/20 Grants | 2016/17 | 2020/21 | (89,397) | (31,897) |
| University Car Park Sinking Fund | 2018/19 | Retain | (30,000) | (40,000) |
| Neighbourhood Plans Grant | 2018/19 | 2022/23 | (99,244) | (29,003) |
| Economic Growth (Business Rates Pilot) | 2019/20 | 2023/24 | 0 | (584,546) |
| Joint Transport Review | 2018/19 | 2022/23 | 0 | (30,000) |
| Local Plan Allocations Examination & Review | 2016/17 | Retain | (35,363) | (332,425) |
| Car Parks Vehicle Sinking Fund | 2017/18 | Retain | (6,333) | (10,000) |
| Small Business Grant Scheme | 2018/19 | Retain | (34,920) | (21,814) |
| CIL Volatility | 2018/19 | Retain | (42,437) | (72,181) |
| CCTV Consultancy Services | 2018/19 | 2019/20 | (8,895) | 0 |
| Car Park Machine | 2018/19 | 2019/20 | (5,324) | 0 |
| Events & Festivals EIA | 2018/19 | 2019/20 | (14,200) | 0 |
| Economic Growth & Development Services Total | | | (2,032,659) | (2,074,657) |
| Finance & Procurement | | | | |
| Business Rates Volatility Reserve | 2017/18 | Retain | (831,048) | (1,428,816) |
| Audit additional cover | 2018/19 | 2019/20 | (10,730) | 0 |
| Pensions Repayment Reserve | 2018/19 | 2022/23 | (468,000) | 0 |
| Strategic Investments Volatility | 2015/16 | Retain | (97,665) | (145,052) |
| Finance & Procurement Total | | | (1,407,443) | (1,573,868) |

APPENDIX D

| Reserve Name | Initial Set Up Year | Year to be Returned | Earmarked Reserves 1 April 2019 £ | Earmarked Reserves 31 March 2020 £ |
|---|---------------------|---------------------|--------------------------------------|---------------------------------------|
| Operational Services | | | | |
| Dry Recycling Contract - LDC Share | 2015/16 | Retain | (161,771) | (104,020) |
| IAS 19 Employee Benefits - LDC Share | 2015/16 | 2019/20 | (20,200) | 0 |
| Freedom Pensions Guarantee | 2018/19 | Retain | (33,390) | (60,100) |
| Local Authority Parks Improvement Programme | 2018/19 | Retain | (16,247) | (16,247) |
| Squash Courts and Sports Hall Floors | | | | |
| Friary Grange Leisure Centre (CAPITAL) | 2015/16 | Retain | (21,797) | (21,797) |
| Grounds Maintenance Vehicles and Equipment Sinking Fund | 2015/16 | Retain | (317,949) | (271,272) |
| Operational Services Total | | | (571,354) | (473,436) |
| Revenues, Benefits & Customer Services | | | | |
| Revenues & Benefits Service Improvement | 2019/20 | 2023/24 | (195,190) | (195,190) |
| Revenues, Benefits & Customer Services Total | | | (195,190) | (195,190) |
| Regulatory Services, Housing & Wellbeing | | | | |
| Building Safer Communities | 2015/16 | 2019/20 | (6,703) | 0 |
| EH - Vehicle Maintenance/Replacement | 2015/16 | Retain | (11,999) | (14,499) |
| Homeless & Repossession Prevention Fund | 2015/16 | Retain | (18,006) | (22,951) |
| Stock Condition Survey | 2015/16 | 2019/20 | (65,000) | 0 |
| IDOX Staffing Cost Support | 2018/19 | 2022/23 | (48,000) | (48,000) |
| Regulatory Services, Housing & Wellbeing Total | | | (149,708) | (85,450) |
| | | | | |
| Total Unrestricted Earmarked Reserves | | | (£6,591,805) | (£6,793,676) |

Restricted Earmarked Reserves

| Reserve Name | Earmarked Reserves 1 April 2019 £ | Earmarked Reserves 31 March 2020 £ |
|---|--|---|
| Economic Growth & Development Services | | |
| Central Building Control Partnership - Building Regulations Reserve | (110,434) | (126,656) |
| LATC Set Up Costs | (25,000) | (25,000) |
| Planning App Increase | (87,078) | (139,913) |
| Birmingham Road Car Park Repairs and Renewals | (2,227,817) | (2,386,013) |
| Friary Multi Storey Bromford Sinking Fund | (3,006) | (3,641) |
| South Staffs DC Land Charges Reserve | (15,435) | (17,293) |
| Economic Growth & Development Services Total | (2,468,770) | (2,698,516) |
| Operational Services | | |
| POS-St Matthews Site,Burntwood(97/00295) | (67,064) | (67,064) |
| Commuted sums for Hawksyard/160236 A | (205,913) | (186,894) |
| Commuted sums for Darwin Park/160236 A | (13,182) | (13,182) |
| Public Open Space at Darwin Park | (123,676) | (123,676) |
| Charter Place Shortbutts Lane S106 | (28,730) | (28,730) |
| HLF LDC Contribution | (25,301) | (25,301) |
| Heritage Lottery Fund - Management | (8,250) | (8,250) |
| FGLC Synthetic Pitch Sinking Fund | (16,700) | (16,700) |
| Waste Shared Service Property growth - LDC Share | (236,038) | (214,372) |
| Waste Shared Service Property growth - TBC Share | (239,962) | (258,868) |
| Dry Recycling Contract - TBC Share | (120,140) | (78,815) |
| IAS 19 Employee Benefits TBC Share | (14,930) | (14,930) |
| Payments in Adv for Fleet - TBC Share | (32,850) | (43,900) |
| Operational Services Total | (1,132,736) | (1,080,682) |
| Regulatory Services, Housing & Wellbeing | | |
| Flexible Homelessness Grant | (196,852) | (336,924) |
| Housing First | 0 | (81,333) |
| Regulatory Services, Housing & Wellbeing Total | (196,852) | (418,257) |
| | | |
| Total Restricted Earmarked Reserves | (£3,798,358) | (£4,197,455) |

Capital Programme Performance in 2019/20

| Project | Original Budget | Approved Budget | Actual | Variance |
|--|-------------------|-------------------|------------------|---------------------|
| Accessible Homes (Disabled Facilities Grants) | 1,104,000 | 1,200,000 | 790,795 | (409,205) |
| Armitage War Memorial | 40,000 | 0 | 0 | 0 |
| Armitage with Handsacre Village Hall heating upgrade | 0 | 5,000 | 4,822 | (178) |
| Artificial grass at Armitage | 0 | 13,000 | 10,000 | (3,000) |
| Burntwood LC CHP Unit | 0 | 235,000 | 12,049 | (222,951) |
| Burntwood Leisure Centre Enhancement Work | 235,000 | 0 | 0 | 0 |
| DCLG Monies | 212,000 | 0 | 0 | 0 |
| Decent Homes Standard | 197,000 | 0 | 0 | 0 |
| Energy Insulation Programme | 10,000 | 38,000 | 0 | (38,000) |
| Fradley Village Heating & CCTV | 0 | 5,000 | 4,521 | (479) |
| Fradley Youth & Community Centre Cladding & Porch | 0 | 15,000 | 13,875 | (1,125) |
| Friary Grange - Short Term Refurbishment | 0 | 174,000 | 55,092 | (118,908) |
| Home Repair Assistance Grants | 15,000 | 28,000 | 6,768 | (21,232) |
| King Edwards VI School | 0 | 101,000 | 0 | (101,000) |
| Leisure Review: Capital Investment | 0 | 30,000 | 57,888 | 27,888 |
| New Build Parish Office/Community Hub | 92,000 | 0 | 0 | 0 |
| Play Equipment at Hill Ridware Village Hall | 71,000 | 30,000 | 30,000 | 0 |
| Replacement Leisure Centre | 0 | 38,000 | 7,000 | (31,000) |
| St. Stephen's School, Fradley | 0 | 22,000 | 0 | (22,000) |
| Unallocated S106 Affordable Housing Monies | 400,000 | 270,000 | 0 | (270,000) |
| Westgate Practice Refurbishment | 0 | 120,000 | 120,000 | 0 |
| Enabling People Total | 2,376,000 | 2,324,000 | 1,112,810 | (1,211,190) |
| Bin Purchase | 0 | 150,000 | 210,589 | 60,589 |
| Canal Towpath Improvements (Brereton & Ravenhill) | 211,000 | 211,000 | 174,624 | (36,376) |
| Cannock Chase SAC | 13,000 | 44,000 | 43,759 | (241) |
| Darnford Park | 13,000 | 0 | 0 | 0 |
| Env. Improvements - Upper St John St & Birmingham Road | 7,000 | 7,000 | 0 | (7,000) |
| Equity in Council Dev Co. | 0 | 225,000 | 0 | (225,000) |
| Loan to Council Dev Co. | 900,000 | 0 | 0 | 0 |
| Shortbutts Park, Lichfield | 23,000 | 23,000 | 28,100 | 5,100 |
| Stowe Pool Improvements | 550,000 | 0 | 0 | 0 |
| The Leomansley Area Improvement Project | 0 | 3,000 | 0 | (3,000) |
| Vehicle Replacement Programme | 441,000 | 146,000 | 148,141 | 2,141 |
| Shaping Place Total | 2,158,000 | 809,000 | 605,213 | (203,787) |
| Birmingham Road Site - Coach Park | 238,000 | 861,000 | 11,359 | (849,641) |
| Birmingham Road Site - Short Term Redevelopment | 353,000 | 473,000 | 251,429 | (221,571) |
| Car Parks Variable Message Signing | 32,000 | 32,000 | 0 | (32,000) |
| Erasmus Darwin Lunar Legacy | 0 | 3,000 | 3,000 | 0 |
| Multi Storey Car Park Refurbishment Project | 0 | 300,000 | 0 | (300,000) |
| Old Mining College - Refurbish access and signs | 0 | 13,000 | 0 | (13,000) |
| St. Chads Sculpture | 50,000 | 50,000 | 45,000 | (5,000) |
| Developing Prosperity Total | 673,000 | 1,732,000 | 310,788 | (1,421,212) |
| Depot Sinking Fund | 11,000 | 0 | 0 | 0 |
| District Council House Repair Programme | 103,000 | 0 | 0 | 0 |
| IT Cloud | 25,000 | 25,000 | 34,200 | 9,200 |
| IT Hardware | 0 | 0 | 198,458 | 198,458 |
| IT Infrastructure | 105,000 | 105,000 | 5,880 | (99,120) |
| IT Innovation | 167,000 | 60,000 | 29,300 | (30,700) |
| Property Investment Strategy | 6,000,000 | 10,500,000 | 0 | (10,500,000) |
| Property Planned Maintenance | 0 | 104,000 | 0 | (104,000) |
| Good Council Total | 6,411,000 | 10,794,000 | 267,838 | (10,526,162) |
| Approved Budget | 11,618,000 | 15,659,000 | 2,296,649 | (13,362,351) |

APPENDIX E

| Funding Source | Original Budget | Approved Budget | Actual | Variance |
|--|-------------------|-------------------|------------------|---------------------|
| Capital Receipts | 976,000 | 600,000 | 335,838 | (264,162) |
| Borrowing Need - Borrowing and Finance Leases | 6,140,000 | 10,568,000 | 36,958 | (10,531,042) |
| Capital Grants and Contributions | 2,769,000 | 2,160,000 | 1,257,831 | (902,169) |
| Reserves, Existing Revenue Budgets and Sinking Funds | 1,733,000 | 2,331,000 | 666,021 | (1,664,979) |
| Capital Programme Total | 11,618,000 | 15,659,000 | 2,296,649 | (13,362,351) |

Capital Programme Slippage and Revised Budget in 2020/21

| Project | Original Budget | Updates | Slippage | Revised Budget |
|--|--------------------|----------------|--------------------|--------------------|
| Accessible Homes (Disabled Facilities Grants) | £1,698,000 | | £409,000 | £2,107,000 |
| Armitage with Handsacre Village Hall storage container | £6,000 | | | £6,000 |
| Armitage War Memorial | £120,000 | | | £120,000 |
| Artificial grass at Armitage | | | £3,000 | £3,000 |
| Burntwood LC CHP Unit | | | £223,000 | £223,000 |
| DCLG Monies | £212,000 | | | £212,000 |
| Decent Homes Standard | £172,000 | | | £172,000 |
| Energy Insulation Programme | £10,000 | | £38,000 | £48,000 |
| Friary Grange - Short Term Refurbishment | £521,000 | | £119,000 | £640,000 |
| Gym Equipment at Burntwood Parks | | £34,000 | | £34,000 |
| Home Repair Assistance Grants | £15,000 | | £21,000 | £36,000 |
| King Edwards VI School | | | £101,000 | £101,000 |
| New Build Parish Office/Community Hub | £92,000 | | | £92,000 |
| Replacement Leisure Centre | £164,000 | | £31,000 | £195,000 |
| St. Stephen's School, Fradley | | | £22,000 | £22,000 |
| Unallocated S106 Affordable Housing Monies | £414,000 | | £270,000 | £684,000 |
| Enabling People Total | £3,424,000 | £34,000 | £1,237,000 | £4,695,000 |
| Bin Purchase | £150,000 | | | £150,000 |
| Canal Towpath Improvements (Brereton & Ravenhill) | | | £36,000 | £36,000 |
| Cannock Chase SAC | £22,000 | | | £22,000 |
| Darnford Park | £13,000 | | | £13,000 |
| Env. Improvements - Upper St John St & Birmingham Road | | | £7,000 | £7,000 |
| Equity in Council Dev Co. | | | £225,000 | £225,000 |
| Lichfield St Johns Community Link | £35,000 | | | £35,000 |
| Loan to Council Dev Co. | £675,000 | | | £675,000 |
| Staffordshire Countryside Explorer | £44,000 | | | £44,000 |
| Stowe Pool Improvements | £50,000 | | | £50,000 |
| The Leomansley Area Improvement Project | | | £3,000 | £3,000 |
| Vehicle Replacement Programme | £56,000 | | (£2,000) | £54,000 |
| Shaping Place Total | £1,045,000 | £0 | £269,000 | £1,314,000 |
| Birmingham Road Site - Coach Park | £625,000 | | £850,000 | £1,475,000 |
| Birmingham Road Site - Short Term Redevelopment | | | £222,000 | £222,000 |
| Car Parks Variable Message Signing | | | £32,000 | £32,000 |
| Multi Storey Car Park Refurbishment Project | | | £300,000 | £300,000 |
| Old Mining College - Refurbish access and signs | | | £13,000 | £13,000 |
| St. Chads Sculpture | | | £5,000 | £5,000 |
| Developing Prosperity Total | £625,000 | £0 | £1,422,000 | £2,047,000 |
| Depot Sinking Fund | £11,000 | | | £11,000 |
| District Council House Repair Programme | £164,000 | | | £164,000 |
| IT Cloud | £100,000 | | (£9,000) | £91,000 |
| IT Hardware | £202,000 | | (£198,000) | £4,000 |
| IT Infrastructure | £55,000 | | £99,000 | £154,000 |
| IT Innovation | £250,000 | | £30,000 | £280,000 |
| New Financial Information System | £250,000 | | | £250,000 |
| Property Investment Strategy | £11,500,000 | | £10,500,000 | £22,000,000 |
| Property Planned Maintenance | £125,000 | | £104,000 | £229,000 |
| Good Council Total | £12,657,000 | £0 | £10,526,000 | £23,183,000 |
| Total | £17,751,000 | £34,000 | £13,454,000 | £31,239,000 |

Investments in the 2019/20 Financial Year

The table below shows a breakdown of our investments at the end of March 2020:

| Counterparty | Principal | Matures | Days to Maturity | Rate | Credit Rating | Non-UK Organisation |
|---|--------------------|-----------|------------------|-------|---------------|---------------------|
| Money Market Funds | | | | | | |
| Invesco Aim | £3,010,000 | 01-Apr-20 | Instant Access | 0.56% | 0 | N/A |
| Legal & General | £2,390,000 | 01-Apr-20 | Instant Access | 0.54% | 0 | N/A |
| Federated | £3,500,000 | 01-Apr-20 | Instant Access | 0.38% | 0 | N/A |
| Aberdeen | £650,000 | 01-Apr-20 | Instant Access | 0.75% | 0 | N/A |
| CCLA MMF | £3,000,000 | 01-Apr-20 | Instant Access | 0.59% | 0 | N/A |
| Strategic Funds | | | | | | |
| CCLA Property Fund | £2,000,000 | N/A | N/A | 3.91% | N/A | No |
| CCLA Diversified Income Fund | £2,000,000 | N/A | N/A | 3.02% | N/A | No |
| Investec Diversified Income Fund | £2,000,000 | N/A | N/A | 3.40% | N/A | No |
| Fixed Term Investments | | | | | | |
| Brentwood Borough Council | £2,000,000 | 29-Jul-20 | 120 | 0.93% | LOCAL | |
| Ashford Borough Council | £2,000,000 | 07-Jul-20 | 98 | 0.76% | LOCAL | |
| Broxtowe Borough Council | £2,000,000 | 11-May-20 | 41 | 0.72% | LOCAL | |
| Surrey Heath Borough Council | £2,000,000 | 15-Jun-20 | 76 | 0.83% | LOCAL | |
| United Overseas Bank | £1,000,000 | 18-Jun-20 | 79 | 0.83% | AA- | |
| Monmouthshire Council | £2,000,000 | 28-Sep-20 | 181 | 0.91% | LOCAL | |
| Call Accounts with Notice Period | | | | | | |
| Santander | £1,000,000 | 27-Sep-20 | 180 | 0.95% | A | |
| Lloyds | £1,000,000 | 04-Jul-20 | 95 | 0.70% | A+ | |
| Goldman Sachs International Bank | £1,000,000 | 04-Jul-20 | 95 | 0.89% | A | |
| HSBC | £999,500 | 01-May-20 | 31 | 0.33% | A+ | |
| Certificates of Deposit | | | | | | |
| Standard Chartered | £1,000,000 | 09-Apr-20 | 9 | 0.85% | A | |
| Total Investments | £34,549,500 | | | | | |