

# Medium Term Financial Strategy 2020-25

Cabinet Member for Finance, Procurement, Customer Services and Revenues & Benefits



Date: 1 September 2020  
Agenda Item:  
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Key Decision? YES  
Local Ward Members Full Council

**Strategic  
(Overview and  
Scrutiny)  
Committee**

## 1. Executive Summary

- 1.1 The ability to deliver the outcomes set out in the **Lichfield District Council Strategic Plan**, and beyond, is dependent on the resources available in the Medium Term Financial Strategy (MTFS).
- 1.2 This year, in addition to the inherent uncertainty related to the Local Government Financing Regime, there is the added uncertainty related to COVID-19 and changes to the Planning system.
- 1.3 The MTFS for the period 2019-24 was approved by Council on 18 February 2020 and this is refreshed to:
  - Remove the previous financial year and in this MTFS this is 2019/20
  - Formally add the new financial year and in this MTFS this is 2024/25 and;
  - Refresh and update assumptions to reflect the latest information available.
- 1.4 The MTFS is the overall budget framework and consists of the Revenue Budget, Capital Strategy and Capital Programme and General Reserves.
- 1.5 There have been a series of reports to Cabinet and Council that have updated the MTFS 2019-2024 since its initial approval by Council.
- 1.6 The Treasury Management Strategy Statement and Annual Investment Strategy are also important components of the MTFS. These components under the Constitution are the responsibility of the Audit and Member Standards Committee and therefore will be considered by that Committee as part of the development of the Draft MTFS for 2020-2025.
- 1.7 The timetable for consideration of the various elements of the MTFS is detailed in the table below:

Date	Meeting	Topics	
Budget Consultation Takes Place	01/09/2020	Strategic (OS) Committee	Budget timetable, Budget Principles, MTFS Update, Budget Consultation and Budget Assumptions for 2021/22
	06/10/2020	Cabinet	Budget timetable, Budget Principles, MTFS Update, Budget Consultation and Budget Assumptions for 2021/22
	19/11/2020	Strategic (OS) Committee	To review the MTFS and any decisions of Cabinet on 6 October 2020
	01/12/2020	Council Taxbase	To set the Council Taxbase for 2021/22
	27/01/2021	Strategic (OS) Committee	To review the Draft Medium Term Financial Strategy
03/02/2021	Audit and Member Standards Committee	To review the Treasury Management Strategy Statement	
09/02/2021	Cabinet	To recommend the Medium Term Financial Strategy and Council Tax increase to Council	
16/02/2021	Council	Approve the Medium Term Financial Strategy and set the Council Tax	

## 2. Recommendations

2.1. The Committee is requested to:

- Note the contents of the report and the timetable for the development of the MTFS.
- Identify any specific areas they would like to be considered in more detail as part of the MTFS development.

## 3. Background

### The Medium Term Financial Strategy (MTFS)

3.1. Council approved the Medium Term Financial Strategy (Revenue and Capital) 2019-24 on 18 February 2020 which covered the financial years 2019/20 to 2023/24 (plus a forward projection for 2024/25).

3.2. The Medium Term Financial Strategy includes:

- **The Revenue Budget** related to the day to day delivery of the Council's services such as waste collection.
- **The Capital Programme** and its financing for longer term expenditure in relation to the Council's assets, such as property.
- **General Reserves** related to the amount of money available to balance the budget in the short term or fund short term initiatives.

3.3. The Revenue Budget and Capital Programme are connected by:

- Any financing of the Capital Programme from the Revenue Budget
- The repayment of borrowing and the receipt of income from investments
- Expenditure, income and savings resulting from capital investment.

3.4. The Council updates its Budget forecasts at 3, 6 and 8 month (forming the basis of the Revised Budget) intervals.

3.5. In terms of uncertainty or risk, in addition to the inherent uncertainty related to the Local Government Financing Regime, there is the added uncertainty related to COVID-19 and changes to the Planning system.

3.6. To assist in understanding the level of uncertainty or risk present we allocate a MTFS risk rating to each financial year:

- **Low** – all significant components of the Local Government Funding Regime are known and understood. The impact of COVID-19 is generally understood and mainly mitigated by Government Support.
- **Medium** – all significant components of the Local Government Funding Regime are known. However there is some uncertainty around how specific elements will operate. The impact of COVID-19 is partially understood and partially mitigated by Government Support.
- **High** – there is uncertainty around all significant components of the Local Government Funding Regime. The impact of COVID-19 is not fully understood and mitigation through Government Support is uncertain.

## MTFS Budget Principles

- 3.7. To assist in preparing the MTFS, in common with a number of Councils, a set of principles were established to guide the preparation and management.
- 3.8. Cabinet, at its meeting on 8 October 2019, and Council, on 15 October 2019, approved the budget principles identified below:
- Council will consider the medium term outlook when setting the level of Council Tax to ensure that a sustainable budget position is maintained;
  - Council will prioritise funding for statutory and regulatory responsibilities to ensure these are delivered in a way that meets our legal requirements and customer needs;
  - Council will continue to seek continuous improvement to enable further savings, efficiencies and income gains and provide budgets that are appropriate to service needs;
  - Council will ensure that all growth in the staffing establishment will be fully understood through robust business cases in order to ensure our resources match service and customer needs. Growth will usually be allowed where costs are offset by external funding, savings or additional income;
  - Council will not add to other ongoing revenue budgets unless these are unavoidable costs or corresponding savings are identified elsewhere;
  - Council will use robust business cases to prioritise capital funding so that we have a sustainable Capital Programme that meets statutory responsibilities, benefits the Council's overall revenue budget position, and ensures that existing assets are properly maintained;
  - Council will maintain an overall level of revenue reserves that are appropriate for the overall level of risks that the organisation faces, in order to overcome any foreseeable financial impact.
- 3.9. It is important to note that the Government has delayed all of the proposed changes to the Local Government Finance Regime related to New Homes Bonus, further Business Rates retention and the Fair Funding Review by a further year until 2022/23.
- 3.10. However, at this stage, it is unclear whether the Business Rates reset element of the reviews where business rate growth is redistributed within the sector based on need (as reflected in the MTFS), will still be implemented in 2021/22.
- 3.11. The inherently high level of uncertainty surrounding the Local Government Finance regime has been compounded by the COVID-19 pandemic and proposed changes to the Planning system.**
- 3.12. This unprecedented level of uncertainty means that to ensure the financial sustainability of the Council, these principles must be rigorously applied in controlling any proposed budgetary growth.**

## The Approved Revenue Budget

- 3.13. The MTFs containing the Original Revenue Budget was approved by Council on 18 February 2020. There has been a number of updates to the Original Revenue Budget, that have been approved by Cabinet and Council and the impact of these updates on the Funding Gap or transfer to general reserves is:

	Cabinet or Decision Date	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
<b>Original Budget Council 18/02/2020</b>		<b>(462)</b>	<b>613</b>	<b>959</b>	<b>1,507</b>	<b>1,899</b>
Revenues and Benefits Software	24/03/2020	(8)	(11)	(14)	(18)	(18)
Cash Payment Facilities	02/06/2020	(10)	(10)	(10)	(10)	(10)
Climate Change (green energy)	02/06/2020	0	14	14	14	14
Joint Waste (additional contributions)	02/06/2020	(100)	(100)	(100)	(100)	(100)
Business Rates Savings on our Properties	10/06/2020	(8)	(8)	(8)	(8)	(8)
Pension Lump Sum Payment Profile Change	23/07/2020	42	2	(44)	0	0
<b>Funding Gap (transfer to General Reserves)</b>		<b>(546)</b>	<b>501</b>	<b>798</b>	<b>1,386</b>	<b>1,776</b>

- 3.14. The approved Revenue Budget (including a forward projection for 2024/25) is shown in detail at **APPENDIX A** and in summary by Strategic Priority below:

	2020/21		2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
	Original Budget £000	Approved Budget £000				
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>LOW</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
Enabling people	1,580	1,577	1,474	1,465	1,492	1,517
Shaping place	3,470	3,335	3,473	4,117	4,397	4,520
Developing prosperity	(1,184)	(1,157)	(1,945)	(2,715)	(3,352)	(3,360)
A good council	6,330	6,357	6,414	6,548	6,828	7,135
Corporate Expenditure	1,627	1,627	1,212	1,730	2,322	2,486
<b>Revenue Expenditure</b>	<b>11,822</b>	<b>11,738</b>	<b>10,627</b>	<b>11,145</b>	<b>11,686</b>	<b>12,297</b>
Revenue Funding	(12,284)	(12,284)	(10,127)	(10,347)	(10,300)	(10,522)
<b>Funding Gap (transfer to General Reserves)</b>	<b>(462)</b>	<b>(546)</b>	<b>501</b>	<b>798</b>	<b>1,386</b>	<b>1,776</b>

- 3.15. The approved Revenue Budget is also presented by type of spend at **APPENDIX A** and in summary below:

	2020/21		2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
	Original Budget £000	Approved Budget £000				
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>LOW</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
Employees	13,435	13,525	13,802	14,127	14,594	15,010
Premises	1,135	1,145	1,185	1,225	1,269	1,315
Transport	1,647	1,647	1,662	1,678	1,695	1,712
Supplies and Services	6,115	5,961	5,814	6,501	6,403	6,450
Third Party Payments	555	655	627	608	619	634
Transfer Payments	13,492	13,492	13,492	13,492	13,492	13,492
Grants and Contributions	(17,001)	(17,046)	(17,013)	(17,224)	(17,292)	(17,349)
Fees and Charges	(9,183)	(9,269)	(10,154)	(10,993)	(11,416)	(11,453)
Corporate Expenditure	1,627	1,627	1,212	1,730	2,322	2,486
<b>Revenue Expenditure</b>	<b>11,822</b>	<b>11,738</b>	<b>10,627</b>	<b>11,144</b>	<b>11,685</b>	<b>12,298</b>
Revenue Funding	(12,284)	(12,284)	(10,127)	(10,347)	(10,300)	(10,522)
<b>Funding Gap (transfer to General Reserves)</b>	<b>(462)</b>	<b>(546)</b>	<b>501</b>	<b>798</b>	<b>1,386</b>	<b>1,776</b>

- 3.16. At present, the approved Revenue Budget includes contributions from Investment in Property (£87,000 in 2020/21 increasing to £658,000 in 2023/24) and the ICT Cloud Project (£30,000 in 2020/21 increasing to £150,000 in 2023/24) and these are both now considered to be high risk in terms of delivery.

## The Approved Capital Programme

3.17. There have been a number of changes to the Capital Programme, approved by Cabinet and Council, which have updated the Original Budget approved by Council on 18 February 2020.

3.18. The impact of these changes on the Capital Programme is shown below:

	Cabinet or Decision Date	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
<b>Original Budget Council 18/02/2020</b>		<b>17,751</b>	<b>13,636</b>	<b>18,821</b>	<b>4,051</b>	<b>0</b>
S106 Public Open Space monies	26/02/2020	34				
Slippage from 2019/20	02/06/2020	13,454				
<b>Approved Capital Programme</b>		<b>31,239</b>	<b>13,636</b>	<b>18,821</b>	<b>4,051</b>	<b>0</b>

3.19. The Approved Capital Programme is shown at **APPENDIX B** and is summarised in the table below:

	2020/21		2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
	Original Budget £000	Approved Budget £000				
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>LOW</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
Enabling People	3,424	4,695	1,164	3,324	3,235	0
Shaping Place	1,045	1,314	502	3,482	427	0
Developing Prosperity	625	2,047	0	0	0	0
A good Council	12,657	23,183	11,970	12,015	389	0
<b>Capital Expenditure</b>	<b>17,751</b>	<b>31,239</b>	<b>13,636</b>	<b>18,821</b>	<b>4,051</b>	<b>0</b>
Capital Funding	(6,087)	(9,044)	(1,947)	(4,972)	(1,791)	0
Borrowing Need	11,664	22,195	11,689	13,849	2,260	0

Usable Capital Receipts	(1,394)	(1,544)	(1,040)	(491)	(150)	(834)
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3.20. The revenue implications (including a forward projection for 2024/25) are shown below:

Revenue Implications	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Investment in Property	(56)	(180)	(303)	(427)	(427)
Investment in Property - Internal Borrowing Element	(31)	(98)	(164)	(231)	(231)
Interest on Loan to the LA Company	(4)	(18)	(22)	(22)	(22)
Digital Strategy – ICT Cloud Project	(30)	(100)	(150)	(150)	(150)
Coach Park Operating Costs	50	50	50	50	50
IT Hardware	9	9	4	(38)	9
Revenue Budget	182	0	0	213	144
New Financial Information System	19	9	25	25	25
Friary Grange - Refurbishment	135	135	135	135	135
Replacement Leisure Centre Debt Costs	0	0	0	0	294
<b>Approved Budget</b>	<b>274</b>	<b>(193)</b>	<b>(425)</b>	<b>(445)</b>	<b>(173)</b>

3.21. At present, the approved Capital Programme includes a budget of £45m funded by external borrowing related to Investment in Property.

3.22. The approved Revenue Budget includes contributions from Investment in Property (£87,000 in 2020/21 increasing to £658,000 in 2023/24) and the ICT Cloud Project (£30,000 in 2020/21 increasing to £150,000 in 2023/24) and these are both now considered to be high risk in terms of delivery.

## The projected impact of the COVID-19 Pandemic

### The Impact on Lichfield District and Support Provided

- 3.23. At this stage, we can only estimate the impact and there are very few ways we can really understand what the long term impact on our economy will be, which parts will be most affected and how they will recover.
- 3.24. The Government has provided financial support to the Council to support businesses and individuals with a full list of policy announcements shown at **APPENDIX C**.
- 3.25. The key policy announcements announced to support Lichfield District are highlighted below:
- **Hardship Fund** – the Council as a billing authority received an allocation of **£562,910**. This allocation covers all precepting bodies and it is to be used to support economically vulnerable people and households through existing local council tax support schemes. As at 31 July 2020, the Council had awarded **£421,642** (75%). The financial projections provided below include an allowance for awards in excess of the allocation provided by the Government.
  - **Business Improvement Districts (BID)** – the Council received an allocation of **£9,650** and this has been forwarded to the Lichfield BID Limited to support their activities.
  - **Business Rates Relief for Retail, Hospitality, Leisure and Nurseries** – the Government provided specific Business Rate reliefs for these sectors of the economy. As at 31 July 2020, the Council had awarded **£13,946,754** (37% of Net Rates Payable).
  - **Small Business Grant Funding and Retail, Hospitality and Leisure Grant Fund** – the Government provided further grant support to these sectors of the economy and the Council was allocated **£19,396,000**. As at 31 July 2020, the Council had awarded **£18,250,000** (94%) and the Government has set a 'cut off' date of 28 August 2020. The Council is making further attempts to contact business that have still not yet claimed grants.
  - **Discretionary Grant Fund** – the Government has allocated the Council **£951,000** to support businesses not covered by the other funding awards. As at 31 July 2020, the Council had awarded **£355,000** (37%) and the 'cut off' date of 28 August 2020 is also applicable.
  - **Reopening High Street Safely funding** – the Council was allocated **£92,501** and this is being utilised to support the reopening of businesses throughout Lichfield District.

### The Impact on Lichfield District Council

- 3.26. The ongoing COVID-19 pandemic has already had a significant impact on local council finances, the effects of which will continue through the current period of lockdown and beyond. The financial impact will be due to both unforeseen, but necessary, expenditure and reduced income from fees and charges, Council Tax and Business Rates.
- 3.27. The additional spend and reduced income leads to two immediate financial concerns; the cash flow position of the Council and its ability to meet the 2020/21 budget and beyond.
- 3.28. **Cashflow concerns** (More Temporary in Nature):
- Cash flow is focussed on having sufficient cash in the bank to enable all payments to be made.
  - Concerns about negative cashflows can be addressed via short term borrowing, but there is a cost to this and so, government has made a series of announcements designed to alleviate the pressure on councils' cashflow positions. These include grant funding, the upfront payment of some grants and allowing councils to postpone business rates payments to government.
  - Cashflow issues may continue to emerge as the crisis continues.
  - The risk to this Council is heightened along with all Districts and Unitary Authorities, because we collect Council Tax and Business Rates (a billing authority) on behalf of all precepting bodies.

3.29. **Budgetary concerns** (More Permanent in Nature):

- The second immediate issue is the Council's ability to meet the agreed 2020/21 budget and beyond, where the pandemic has caused variations from budget, and whether it is still possible for the council to fulfil its overall legal duty to maintain a balanced budget going forward.
- Cash flow concerns can quickly become budgetary concerns. In terms of income, a delay in payment may be agreed with a business (cashflow) however should the business fail to make the agreed payments and cease being in business this becomes a budgetary issue.
- Across the sector, it is unlikely that the majority of transformation projects aimed at closing Funding Gaps will be achievable (between **5%** and **10%** of the budget in 2020/21 and up to **20%** of the budget in the medium to longer term).
- The approach taken at this Council with transformation projects, is that savings are not included in the MTFS until they are delivered. As a consequence, there is currently no adverse impact on the MTFS resulting from non-delivery of these type of projects.

3.30. Councils still have a legal duty to deliver best value and so will need to ensure that public money is spent wisely in its response to the pandemic. However, the scale of the crisis means that budget deficits are likely to be impossible to avoid.

3.31. The overall impact is very difficult to predict especially identifying which financial impacts are cash flow (temporary) and which are budgetary (permanent) in nature. Therefore at this early stage, the financial impacts related to income are assumed to be those of a budgetary nature.

3.32. The impact will also vary by area, dependent on factors such as geography, demographics, services delivered and the nature of the local economy. However to a large extent, it will depend on how quickly the national and local economies return to normal levels of activity.

3.33. If the government does not fully reimburse councils for their full losses, councils will find that their reserves will be depleted, or even exhausted, and ongoing savings will be required to refresh them to desired levels. Should the council be unable to balance its budget at the year end, any overspend will need to be met by reserves.

3.34. To assist in determining the financial impact of COVID-19 on Local Government and therefore the level of budgetary support required to maintain essential services, the Council is submitting monthly financial returns to the Ministry of Housing, Communities and Local Government (MHCLG). However, it should be noted, that to date, no specific support has been provided to support leisure partners.

3.35. The government has provided the following budgetary support to Local Government (**APPENDIX C**):

- **Grant support** – three tranches have been provided to Local Government totalling £3.7bn using three different methodologies. As at 31 July 2020 the Council's share was **(£1,213,710)**.
- **Council Tax and Business Rate Collection Fund deficits** – any deficit in 2020/21 will be able to be spread over three years rather than one to aid in managing the budgetary impacts.
- **Income losses scheme** – this scheme is for 2020/21 only and is related to income from sales, fees and charges from delivering services and therefore excludes commercial income and investment income. The Council is responsible for the **first 5%** of losses based on the overall budget and then losses in excess of this level are shared **25% Council** and **75% reimbursed by the government**.

3.36. The grant received is **(£1,213,710)** with **£12,550** used in 2019/20 and therefore **(£1,201,160)** is available.

3.37. We have used projections from the Office for Budget Responsibility (OBR) to inform our estimates. The Cabinet Report on 7 July 2020 (**APPENDIX D**) projected an impact from **£1,281,260** to **£4,541,260**.

3.38. The current projections for 2020/21 only based on the information submitted in the latest MHCLG return including an assessment of support from the income losses scheme is shown below:

Details	MHCLG	Comments
Support for Leisure Partner	£240,000	Increased from initial estimate of £104,000 and based on 3 months
Housing and Homelessness Support	£94,380	
Additional Hardship / Discretionary Housing Payments	£103,000	Unlikely to manifest until later in the year with withdrawal of rent protections and furlough
Additional costs of Waste Collection	£124,110	
ICT Support Costs for Remote Working	£66,120	Initial support covered 3 months
Additional Personal Protective Equipment (PPE), Building Cleaning and Other Costs	£25,730	
Bank Charges for Grant Processing	£3,440	
Transport for food deliveries	£9,580	
Project costs	£80,520	Delays in some projects result in additional costs
Other costs	£95,520	Potential costs for agency/casual/overtime for essential workers, savings and other
<b>Total additional Costs</b>	<b>£842,400</b>	
Reduced commercial rents and Investment Income	£86,000	
Reduced Sales, Fees and Charges	£997,410	Car Parking income the highest risk.
<b>Total excluding What if Scenarios</b>	<b>£1,925,810</b>	

What if scenarios:	MHCLG
Projected reductions in Council Tax (LDC & Parishes 13%) are included (will impact in later years)	£544,000
Projected reductions in Business Rates (LDC 40%) are included (will impact in later years)	£546,000
Hardship / Housing Payments extend for 12 months	£186,000
Support for the Leisure Partner extends for 12 months	£811,250
<b>Total of all What if scenarios</b>	<b>£2,087,250</b>
<b>Total including What if Scenarios</b>	<b>£4,013,060</b>
Government Support in 2020/21 + Earmarked Reserve	(£1,201,160)
Income Guarantee Estimate <sup>1</sup>	(£454,000)
<b>Total potential financial impact</b>	<b>£2,357,900</b>

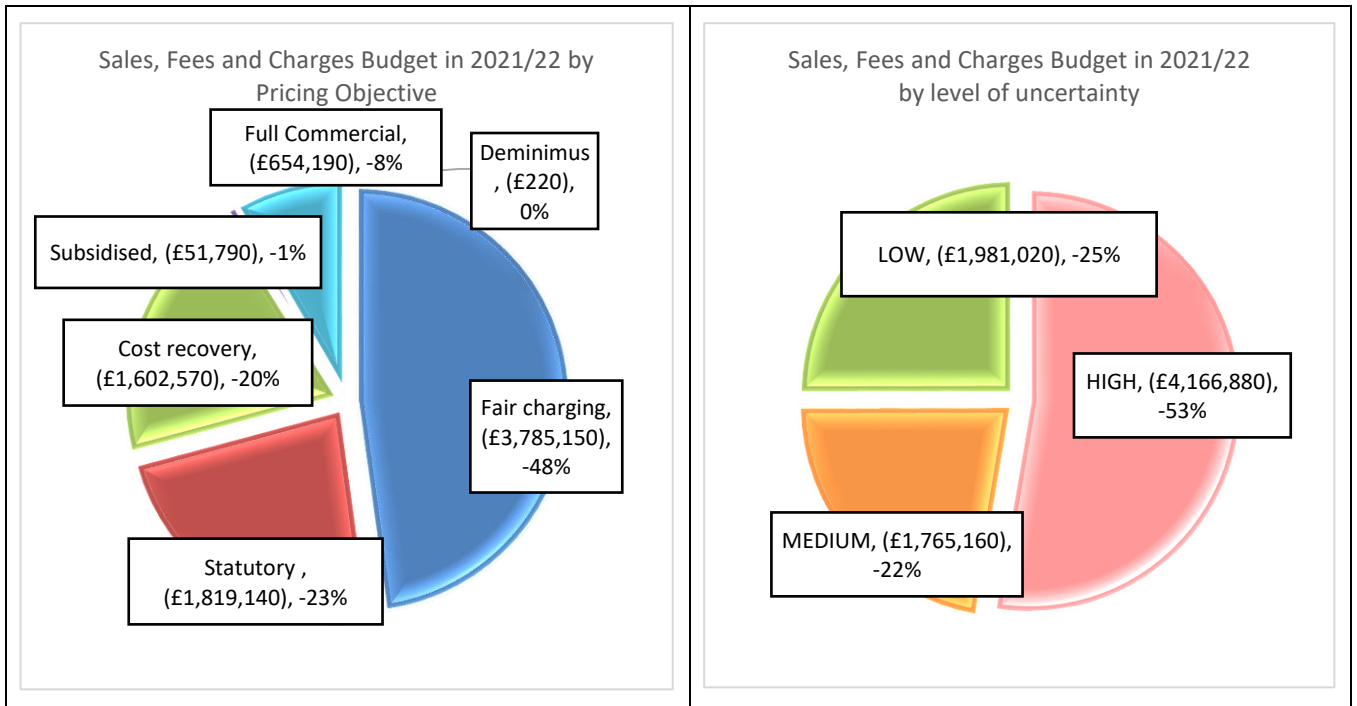
<b>Impact in 2020/21</b>	<b>£1,267,900</b>
<b>Impact in later years</b>	<b>£1,090,000</b>

3.39. As projections indicate, sales, fees and charges are an important element of funding for the Revenue Budget and they will be impacted by the COVID-19 pandemic in the short to medium term.

<sup>1</sup>Estimate is based on the approved budget for sales, fees and charges of £7.8m where our 5% impact would be £392,000. We are projecting a loss for the year of £997,410 less the 5% element of £392,000 = £605,410 in scope of the income guarantee with 75% being £454,000.



3.40. Sales, fees and charges Approved Budgets by pricing objective and assessed level of uncertainty presented by the pandemic, are shown in detail at **APPENDIX E** and in summary for 2021/22 below:



### The Projected level of General Reserves (including the 2020/21 COVID-19 impact)

3.41. The Approved level of General Reserves (including a forward projection for 2024/25) is shown below:

	2020/21		2021/22	2022/23	2023/24	2024/25
	Original Budget £000	Approved Budget £000				
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>LOW</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
<b>Available General Reserves Year Start</b>	<b>4,792</b>	<b>4,792</b>	<b>5,249</b>	<b>5,492</b>	<b>5,604</b>	<b>5,437</b>
Contributions from Revenue Budget	462	546	0	0	0	0
3 Months Money Matters Report		8				
COVID-19 Revenue Budget		(1,268)				
COVID-19 Council Tax Collection Fund			(168)	(168)	(167)	
COVID-19 Business Rates Collection Fund			(1,629)	(1,629)	(1,629)	
Business Rates Volatility Reserve			1,629	1,629	1,629	
New Homes Bonus in excess of the 'Cap'	1,171	1,171	411	280	0	0
<b>Available General Reserves Year End</b>	<b>6,425</b>	<b>5,249</b>	<b>5,492</b>	<b>5,604</b>	<b>5,437</b>	<b>5,437</b>
Minimum Level	1,600	1,600	1,600	1,600	1,600	1,600
<b>Total Projected General Reserves</b>	<b>8,025</b>	<b>6,849</b>	<b>7,092</b>	<b>7,204</b>	<b>7,037</b>	<b>7,037</b>

<b>Available General Reserves assuming no savings/income</b>	<b>6,849</b>	<b>6,591</b>	<b>5,905</b>	<b>4,352</b>	<b>2,576</b>
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3.42. Any COVID-19 financial impact in excess of Government funding will need to be funded by general reserves in 2020/21 and possibly beyond.

3.43. Deficits for Council Tax and Business Rates can be spread over three years (rather than one). Any timing differences due to statutory arrangements will be managed through the volatility reserve.

3.44. In terms of reductions in Council Tax income, there is the additional surplus generated in 2019/20 of **£25,800** but this is insufficient to manage the impact and any deficit would impact on general reserves.

3.45. In terms of reductions in Business Rate income, there is the additional surplus generated in 2019/20 of **£950,453** and the volatility earmarked reserve of **£1,428,816** available to manage reductions. In addition, **£5,612,000** of grant from the Government will be transferred in 2020/21 to manage timing differences.

## The Office of Budget Responsibility (OBR) updated Forecasts

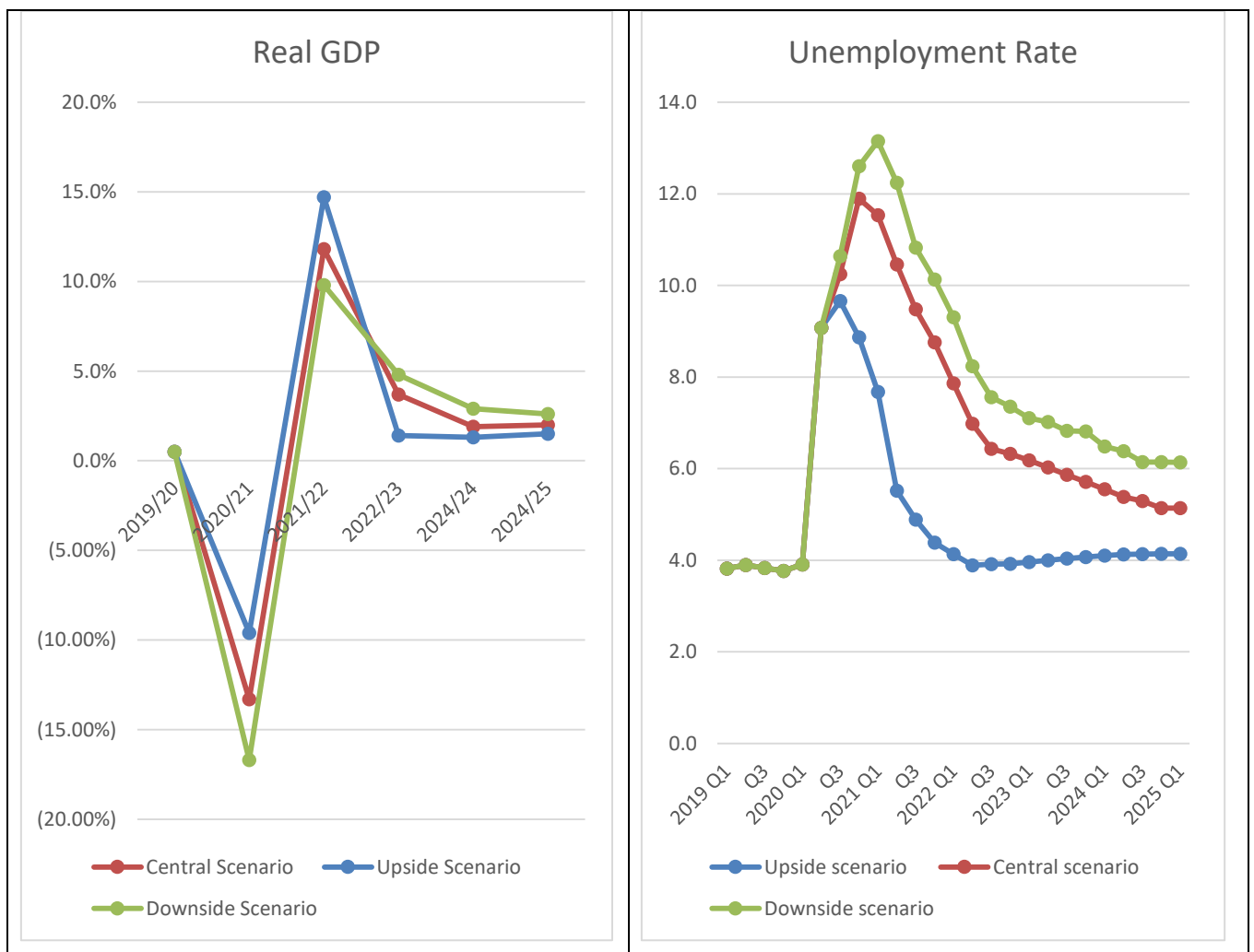
3.46. The OBR recently updated its forecasts related to the economic impact of the COVID-19 Pandemic on 14 July 2020 within its Fiscal Sustainability Report.

3.47. This report includes three scenarios that are explained below:

- In the **upside scenario** (the March reference scenario forecast provided on 14 April 2020), activity rebounds relatively quickly, recovering its pre-virus peak by the first quarter of 2021, and there is no enduring economic scarring.
- In the **central scenario**, output recovers more slowly, regaining its pre-virus peak by the end of 2022. Cumulative business investment is 6 per cent lower than in the March forecast over five years, while unemployment and business failures remain elevated. Real GDP is 3 per cent lower in the first quarter of 2025 than in the March forecast.
- In the **downside scenario**, output recovers even more slowly, returning to its pre-virus peak only in the third quarter of 2024. This results in a more significant loss of business investment, more firm failures and persistently high unemployment as the economy undergoes significant restructuring. Real GDP is 6 per cent lower in the first quarter of 2025 than in our March forecast.

3.48. These projections include national forecasts for Real Gross Domestic Product (GDP), unemployment, Council Tax and Business Rates that can be used to inform the development of the MTFs.

3.49. The OBR forecasts for the three scenarios for Real GDP and unemployment and these could impact on a number of areas of the MTFs. These forecasts are shown below:



3.50. The OBR also provided estimates of the impact on Business Rates and Council Tax (all three scenarios are the same) compared to 2019/20 and the projections that will be included in the budget.

3.51. The OBR estimates project lower levels of income from Business Rates and Council Tax from 2020/21 through to 2024/25 and this will need to be a consideration in the development of the MTFS:



## The updated Medium Term Financial Strategy

3.52. The process for updating the MTFS has commenced earlier than in previous years with an enhanced service and financial planning process that builds on the approach taken last year.

3.53. The enhanced process is service based focusing on the following:

- Assessing the contribution services make in achieving outcomes in the Strategic Plan.
- Looking forward and assessing the impact on services of the cost and demand drivers (including the additional pay pressure of **0.75%** in 2020/21 that will also impact on later years) initially identified below:

Cost Drivers						
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Full Time Equivalents	302	318	318	318	318	318
Pay Award	2.00%	2.75%	2.00%	2.00%	2.00%	2.00%
Employers National Insurance	9.26%	9.34%	9.44%	9.53%	9.64%	9.73%
Employers Pension (%)	16.20%	16.20%	16.20%	16.20%	16.20%	16.20%
Employers Pension (Past)	£777,270	£1,000,420	£1,102,060	£1,206,520	£1,351,520	£1,496,520
Employers Pension (Other)	£103,820	£105,890	£108,810	£109,180	£109,260	£112,540
Non Contractual Inflation (CPI)	1.80%	1.24%	2.32%	2.42%	2.27%	2.16%
Non Contractual Inflation (RPI)	2.60%	1.76%	2.86%	3.40%	3.19%	2.99%
Applicable Fees and Charges	2.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Base Rate	0.75%	0.10%	0.10%	0.10%	0.10%	0.10%

Demand Drivers (pre COVID-19)						
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Population Projections	103,500	104,858	105,293	105,709	106,073	106,432
Residential Properties	45,182	45,967	46,938	48,227	49,447	50,172
Business Properties	3,076	3,084	3,084	3,084	3,084	3,084
Number of visitors	2,675,100	2,675,100	2,675,100	2,675,100	2,675,100	2,675,100

	% Increase
Population Projections	2.83%
Residential Properties	11.04%
Business Properties	0.26%
Number of visitors	0.00%

- Identifying the plans for fees and charges over the next four years.
- Assessing the impact of an indicative reduction in funding or income of **c10%** related to the potential impact of changes to the Local Government Finance regime, the ongoing impact of COVID-19 and changes to the Planning system.
- Identifying mitigating options to manage the indicative reduction in funding or income.

3.54. The outcomes will be considered by Leadership Team in August and September 2020 for consideration by this Committee and Cabinet in developing the Draft MTFS in line with the timetable at para 1.7.

Alternative Options	Where alternative options exist, they are identified within the background section of the report.
Consultation	It is planned that a Budget Consultation exercise will take place in 2020 in line with the recently approved engagement strategy to inform the MTFS. The results of the consultation will form part of the report to this Committee on 27 January 2021.
Financial Implications	These are included in the background section of the report.
Contribution to the	The report directly links to overall performance and especially the delivery of

Delivery of the Strategic Plan	Lichfield District Council's Strategic Plan and beyond.
Equality, Diversity and Human Rights Implications	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan.
Crime & Safety Issues	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan.
Environmental Impact	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan.
GDPR/Privacy Impact Assessment	These areas are addressed as part of the specific areas of activity prior to being included in Lichfield District Council's Strategic Plan.

	Risk Description	How We Manage It	Severity of Risk
<b>Strategic Risk SR1 - Non achievement of the Council's key priorities contained in the Strategic Plan due to the availability of finance.</b>			
A	Implementation of the Check, Challenge and Appeal Business Rates Appeals and more frequent revaluations	To closely monitor the level of appeals. An allowance of <b>4.7%</b> (in line with the MHCLG Allowance) for appeals has been included in the Business Rate Estimates.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
B	The review of the New Homes Bonus regime	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.	Likelihood : Red Impact : Yellow Severity of Risk : Yellow
C	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.	Likelihood : Red Impact : Red Severity of Risk : Red
D	The affordability and risk associated with the Capital Strategy	An estates management team has been recruited to provide professional expertise and advice in relation to investment in property and to continue to take a prudent approach to budgeting.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
<b>Strategic Risk SR3: Capacity and capability to deliver / adapt the new strategic plan to emerging landscape.</b>			
E	The financial impact of COVID-19 is not fully reimbursed by Government and exceeds the reserves available resulting in a Section 114 notice	The use of general and earmarked reserves to fund any shortfall	Likelihood : Green Impact : Red Severity of Risk : Yellow
F	The Council cannot achieve its approved Delivery Plan for 2020/21	There will need to be consideration of additional resourcing and/or reprioritisation to reflect the impact of the pandemic.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
G	The resources available in the medium to longer term to deliver the Strategic Plan are diminished	The MTFS will be updated through the normal review and approval process	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
H	Government and Regulatory Bodies introduce significant changes to the operating environment	To review all proposed policy changes and respond to all consultations to influence outcomes in the Council's favour	Likelihood : Green Impact : Yellow Severity of Risk : Yellow

## **Background documents**

- 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) 2019-24 – Cabinet 11 February 2020.
- Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2019-24 – Council 18 February 2020.
- Money Matters: 2019/20 Review of Financial Performance against the Financial Strategy – Cabinet 2 June 2020.
- The Medium Term Financial Strategy and the projected financial impact of the COVID-19 Pandemic – Cabinet 7 July 2020.

## **Relevant web links**

## Approved Revenue Budget

By Strategic Priority

	2020/21 Original Budget £000	2020/21 Approved Budget £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>LOW</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
Developing prosperity	(1,184)	(1,157)	(1,945)	(2,715)	(3,352)	(3,360)
A good council	6,330	6,357	6,414	6,548	6,828	7,135
Enabling people	1,580	1,577	1,474	1,465	1,492	1,517
Shaping place	3,470	3,335	3,473	4,117	4,397	4,520
Corporate expenditure	456	456	801	1,450	2,322	2,486
<b>Total Expenditure</b>	<b>10,651</b>	<b>10,567</b>	<b>10,216</b>	<b>10,865</b>	<b>11,686</b>	<b>12,297</b>
Retained Business Rates Baseline Funding	(2,117)	(2,117)	(1,691)	(1,720)	(1,749)	(1,784)
Retained Business Rates Growth Allowance	(903)	(903)	(89)	(116)	(123)	(100)
Business Rates Cap	(85)	(85)	0	0	0	0
Returned New Homes Bonus	0	0	(51)	(74)	0	0
New Homes Bonus - Base Budget	(600)	(600)	(500)	(400)	(300)	(200)
New Homes Bonus - to General Reserve	(1,171)	(1,171)	(411)	(280)	0	0
Business Rates Levy	(49)	(49)	0	0	0	0
Collection Fund (Surplus)/Deficit	(330)	(330)	(35)	(35)	(35)	(35)
Council Tax	(7,029)	(7,029)	(7,350)	(7,722)	(8,093)	(8,403)
<b>Total Funding</b>	<b>(12,284)</b>	<b>(12,284)</b>	<b>(10,127)</b>	<b>(10,347)</b>	<b>(10,300)</b>	<b>(10,522)</b>
New Homes Bonus to general reserves	1,171	1,171	411	280	0	0
<b>Approved Funding Gap (transfer to general reserves)</b>	<b>(462)</b>	<b>(546)</b>	<b>501</b>	<b>798</b>	<b>1,386</b>	<b>1,776</b>
<b>Council Tax Base</b>	<b>39,032</b>	<b>39,032</b>	<b>39,717</b>	<b>40,627</b>	<b>41,487</b>	<b>41,999</b>
<b>Band D Council Tax (Assumes £5 until 2024/25, then 1.99%)</b>	<b>£180.07</b>	<b>£180.07</b>	<b>£185.07</b>	<b>£190.07</b>	<b>£195.07</b>	<b>£198.95</b>

## APPENDIX A

### By Type of Spend or Income

	2020/21 Original Budget £000	2020/21 Approved Budget £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
<b>LEVEL OF UNCERTAINTY / RISK</b>	<b>LOW</b>	<b>MEDIUM</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>
Employees	13,435	13,525	13,802	14,127	14,594	15,010
Premises	1,135	1,145	1,185	1,225	1,269	1,315
Transport	1,647	1,647	1,662	1,678	1,695	1,712
Supplies and Services	6,115	5,961	5,814	6,501	6,403	6,450
Third Party Payments	555	655	627	608	619	634
Transfer Payments	13,492	13,492	13,492	13,492	13,492	13,492
<b>Total Direct Expenditure</b>	<b>36,379</b>	<b>36,425</b>	<b>36,582</b>	<b>37,631</b>	<b>38,071</b>	<b>38,613</b>
Grants and Contributions	(17,001)	(17,046)	(17,013)	(17,224)	(17,292)	(17,349)
<b>Fees and Charges by Pricing Objective</b>						
Cost recovery	(1,560)	(1,558)	(1,603)	(1,631)	(1,661)	(1,681)
Deminimus	(5)	(5)	0	(2)	(1)	(1)
Fair charging	(5,136)	(5,216)	(6,026)	(6,806)	(7,196)	(7,196)
Full Commercial	(619)	(619)	(654)	(683)	(687)	(704)
Statutory	(1,811)	(1,819)	(1,819)	(1,819)	(1,819)	(1,819)
Subsidised	(52)	(52)	(52)	(52)	(52)	(52)
<b>Sub Total Fees and Charges</b>	<b>(9,183)</b>	<b>(9,269)</b>	<b>(10,154)</b>	<b>(10,993)</b>	<b>(11,416)</b>	<b>(11,453)</b>
<b>Total Direct Income</b>	<b>(26,184)</b>	<b>(26,315)</b>	<b>(27,167)</b>	<b>(28,217)</b>	<b>(28,708)</b>	<b>(28,802)</b>
<b>Net Cost of Services</b>	<b>10,195</b>	<b>10,111</b>	<b>9,415</b>	<b>9,414</b>	<b>9,363</b>	<b>9,812</b>
Treasury Management	152	152	801	1,450	2,109	2,342
Capital Funded from Revenue	182	182	0	0	213	144
Transfer to General Reserves	1,171	1,171	411	280	0	0
Transfers to Earmarked Reserves	122	122	0	0	0	0
<b>Total Expenditure</b>	<b>11,822</b>	<b>11,738</b>	<b>10,627</b>	<b>11,144</b>	<b>11,685</b>	<b>12,298</b>
Retained Business Rates Baseline Funding	(2,117)	(2,117)	(1,691)	(1,720)	(1,749)	(1,784)
Retained Business Rates Growth Allowance	(903)	(903)	(89)	(116)	(123)	(100)
Business Rates Cap	(85)	(85)	0	0	0	0
Returned New Homes Bonus	0	0	(51)	(74)	0	0
New Homes Bonus - Base Budget	(600)	(600)	(500)	(400)	(300)	(200)
New Homes Bonus - to General Reserve	(1,171)	(1,171)	(411)	(280)	0	0
Business Rates Levy	(49)	(49)	0	0	0	0
Collection Fund (Surplus)/Deficit	(330)	(330)	(35)	(35)	(35)	(35)
Council Tax	(7,029)	(7,029)	(7,350)	(7,722)	(8,093)	(8,403)
<b>Total Funding</b>	<b>(12,284)</b>	<b>(12,284)</b>	<b>(10,127)</b>	<b>(10,347)</b>	<b>(10,300)</b>	<b>(10,522)</b>
<b>Approved Funding Gap (transfer to general reserves)</b>	<b>(462)</b>	<b>(546)</b>	<b>501</b>	<b>798</b>	<b>1,386</b>	<b>1,776</b>
<b>Council Tax Base</b>	<b>39,032</b>	<b>39,032</b>	<b>39,717</b>	<b>40,627</b>	<b>41,487</b>	<b>41,999</b>
<b>Band D Council Tax (Assumes £5 until 2024/25, then 1.99%)</b>	<b>£180.07</b>	<b>£180.07</b>	<b>£185.07</b>	<b>£190.07</b>	<b>£195.07</b>	<b>£198.95</b>



APPENDIX B

Approved Capital Programme

Project	Approved Capital Programme (R=>500k, A=250k to 500k and G=<250k)						
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000	Corporate
Gym Equipment at Burntwood Parks	34	0	0	0	0	34	0
New Build Parish Office/Community Hub	92	0	0	0	0	92	0
Armitage/Handsacre Hall storage container	6	0	0	0	0	6	0
Armitage War Memorial	120	0	0	0	0	120	0
Artificial grass at Armitage	3	0	0	0	0	3	0
Burntwood LC CHP Unit	223	0	0	0	0	223	0
King Edwards VI School (CIL)	101	0	0	0	0	101	0
Friary Grange - Short Term Refurbishment	640	0	0	0	0	640	0
Replacement Leisure Centre	195	189	2,349	2,260	0	4,993	0
St. Stephen's School, Fradley (S106)	22	0	0	0	0	22	0
Accessible Homes (Disabled Facilities Grants)	2,107	950	950	950	0	4,957	396
Home Repair Assistance Grants	36	15	15	15	0	81	0
Decent Homes Standard	172	0	0	0	0	172	0
Energy Insulation Programme	48	10	10	10	0	78	0
DCLG Monies	212	0	0	0	0	212	0
Unallocated S106 Affordable Housing Monies	684	0	0	0	0	684	0
<b>Enabling People Total</b>	<b>4,695</b>	<b>1,164</b>	<b>3,324</b>	<b>3,235</b>	<b>0</b>	<b>12,418</b>	<b>396</b>
Darnford Park (S106)	13	0	0	0	0	13	0
Canal Towpath Improvements	36	0	0	0	0	36	0
Loan to Council Dev Co.	675	0	0	0	0	675	116
Lichfield St Johns Community Link (CIL)	35	0	0	0	0	35	0
Staffordshire Countryside Explorer (CIL)	44	0	0	0	0	44	0
Equity in Council Dev Co.	225	0	0	0	0	225	0
Vehicle Replacement Programme (Waste)	0	0	3,190	75	0	3,265	75
Vehicle Replacement Programme (Other)	54	327	142	202	0	725	57
Bin Purchase	150	150	150	150	0	600	0
Env. Improvements - Upper St John St	7	0	0	0	0	7	0
Stowe Pool Improvements (S106) (Jul 2012)	50	0	0	0	0	50	5
The Leomansley Area Improvement Project	3	0	0	0	0	3	0
Cannock Chase SAC	22	25	0	0	0	47	0
<b>Shaping Place Total</b>	<b>1,314</b>	<b>502</b>	<b>3,482</b>	<b>427</b>	<b>0</b>	<b>5,725</b>	<b>253</b>
Multi Storey Car Park Refurbishment Project	300	0	0	0	0	300	0
Coach Park	1,475	0	0	0	0	1,475	418
Birmingham Road Site – ST Redevelopment	222	0	0	0	0	222	0
Car Parks Variable Message Signing (S106)	32	0	0	0	0	32	0
Old Mining College - access and signs	13	0	0	0	0	13	0
St. Chads Sculpture	5	0	0	0	0	5	5
<b>Developing Prosperity</b>	<b>2,047</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,047</b>	<b>423</b>
Property Investment Strategy	22,000	11,500	11,500	0	0	45,000	0
Property Planned Maintenance	229	150	180	215	0	774	774
Depot Sinking Fund	11	0	0	0	0	11	11
New Financial Information System	250	0	0	0	0	250	250
IT Infrastructure	154	35	15	0	0	204	204
IT Cloud	91	0	0	0	0	91	91
IT Innovation	280	50	50	0	0	380	275
ICT Hardware	4	161	160	174	0	499	499
District Council House Repair Programme	164	74	110	0	0	348	310
<b>A Good Council</b>	<b>23,183</b>	<b>11,970</b>	<b>12,015</b>	<b>389</b>	<b>0</b>	<b>47,557</b>	<b>2,414</b>
<b>Approved Capital Programme</b>	<b>31,239</b>	<b>13,636</b>	<b>18,821</b>	<b>4,051</b>	<b>0</b>	<b>67,747</b>	<b>3,486</b>

## APPENDIX B

Funding Source	Approved Capital Programme					
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Capital Receipts	1,661	514	559	352	0	3,086
Capital Receipts - Statue	5	0	0	0	0	5
Revenue - Corporate	182	0	0	213	0	395
<b>Corporate Council Funding</b>	<b>1,848</b>	<b>514</b>	<b>559</b>	<b>565</b>	<b>0</b>	<b>3,486</b>
Grant	2,827	931	931	931	0	5,620
Section 106	1,214	25	0	0	0	1,239
CIL	180	0	0	0	0	180
Reserves	2,602	327	72	145	0	3,146
Revenue (Joint Waste Service)	150	150	150	150	0	600
Sinking Fund	223	0	0	0	0	223
Leases	0	0	3,260	0	0	3,260
<b>Total</b>	<b>9,044</b>	<b>1,947</b>	<b>4,972</b>	<b>1,791</b>	<b>0</b>	<b>17,754</b>
<b>Borrowing Need</b>	<b>22,195</b>	<b>11,689</b>	<b>13,849</b>	<b>2,260</b>	<b>0</b>	<b>49,993</b>
<b>Funding Total</b>	<b>31,239</b>	<b>13,636</b>	<b>18,821</b>	<b>4,051</b>	<b>0</b>	<b>67,747</b>

Capital Receipts	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
<b>Opening Balance</b>	<b>(2,673)</b>	<b>(1,544)</b>	<b>(1,040)</b>	<b>(491)</b>	<b>(150)</b>	<b>(2,673)</b>
Repayment of Loan to Development Company					(675)	(675)
Sale of land at Netherstowe and Leyfields <sup>2</sup>	(527)					(527)
Right to Buy Receipts						0
Other Receipts	(10)	(10)	(10)	(11)	(9)	(50)
Utilised in Year	1,666	514	559	352	0	3,091
<b>Closing Balance</b>	<b>(1,544)</b>	<b>(1,040)</b>	<b>(491)</b>	<b>(150)</b>	<b>(834)</b>	<b>(834)</b>

<sup>2</sup> The Money Matters Report to Cabinet on 8 September 2020 will indicate this sale will be delayed until 2021/22.

## APPENDIX C

### Policy Announcements

Funding	When Announced	Allocation	Notes
Additional Funding 1 <sup>st</sup> Tranche £1.6bn	19 March	£37,280	Relative Needs Based Grant.
Additional Funding 2 <sup>nd</sup> Tranche £1.6bn	18 April	£1,036,009	Per Capita based Grant 35% Districts and 65% Counties in two tier areas
Hardship Fund - £0.5bn	24 March	£562,910	Based on working age claimant numbers
Business Improvement Districts - £6.1m	1 May	TBD	
Homelessness Funding - £3.2m	17 March	£1,650	
Additional Business Rates Relief	Various Dates	£13,429,306	Council 40% share £5,372,000
Small Business Grant Funding and Retail, Hospitality and Leisure Grant Fund	11 March, 17 March and 2 May	£19,396,000	Councils used to passport to eligible businesses in their area
Cashflow measures	16 April	N/a	Early payment of grants and deferral of Government share of Business Rates for three months
Discretionary Grant Fund	4 May	£951,000	The grant calculation is based on 5% of the funding that was paid to businesses under the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund, as at 4 <sup>th</sup> May 2020
Reopening High Street Safely Funding	24 May	£92,501	
Additional Funding 3 <sup>rd</sup> Tranche £0.5bn	16 July	£140,417	A grant based on actual expenditure taking into account population, deprivation, the cost of delivering the same services in different areas and split 21% Districts and 79% Counties in two tier areas.
3 year phasing of Collection Fund Deficits for Council Tax and Business Rates rather than the current one year.	16 July	TBD	This will only provide time to deal with the impact of lower income by spreading any deficit over a longer period
Income loss scheme for sales, fees and charges	16 July	TBD	<p>The is based on sales, fees and charges income incurred in delivering services and therefore excludes other types of income such as commercial income.</p> <p>Further details are still awaited, however it will be based on:</p> <ul style="list-style-type: none"> <li>• The total budget rather than individual income budgets with any over performance used to offset under performance</li> <li>• The first 5% of income loss will be the Council's responsibility</li> <li>• Income losses in excess of 5% will be shared 25% Council and 75% Government</li> </ul>

## Projected COVID 19 financial Impact

Cabinet 7 July 2020

Details	Impact (£)	Comments
Support for Leisure Partner	£104,000	Current agreement is to support for 3 months (the What if scenarios below, project the impact of longer periods of support based on LDC estimates)
Housing and Homelessness Support	£95,000	
Additional Hardship / Discretionary Housing Payments	£103,000	Impact is unlikely to manifest until later in the year when rent and furlough protections are withdrawn.
Additional costs of Waste Collection	£85,000	
ICT Support Costs for Remote Working	£32,000	Current agreement for support covers 3 months.
Additional Personal Protective Equipment (PPE), Building Cleaning and Other Costs	£12,000	
Bank Charges for Grant Processing	£3,000	
Transport for food deliveries	£6,000	
Project costs	£23,000	Delays in some projects result in additional costs.
Other costs	£125,000	Includes potential costs for overtime, agency/casual and overtime for essential workers.
<b>Total additional Costs</b>	<b>£588,000</b>	
Reduced Sales, Fees and Charges	£859,000	Based on OBR Projections for GDP with Car Parking income assessed as the highest risk.
<b>Total excluding What if Scenarios</b>	<b>£1,447,000</b>	

What if scenarios:	A	B	C
	Reduction in Collection Rates		
	1%	5%	10%
Projected reductions in Council Tax <sup>3</sup> (LDC & Parishes 13%) included (will impact in 2021/22)	£92,000	£461,000	£921,000
Projected reductions in Business Rates <sup>4</sup> (LDC 40%) included (will impact in 2021/22)	£93,000	£464,000	£928,000
	Other Time Based Assumptions		
Car parking income remains reduced for 6,9,12 months in line with April and May	£301,000	£884,000	£1,310,000
Hardship / Discretionary Housing Payments extend for 6,9,12 months	£86,000	£140,000	£186,000
Additional support for the Leisure Partner extends for 6, 9 12 months	£323,000	£593,000	£810,000
<b>Total of What if scenarios</b>	<b>£895,000</b>	<b>£2,542,000</b>	<b>£4,155,000</b>
<b>Total including What if Scenarios</b>	<b>£2,342,000</b>	<b>£3,989,000</b>	<b>£5,602,000</b>
Government Support in 2020/21 + Earmarked Reserve	(£1,060,740)	(£1,060,740)	(£1,060,740)

<b>Total potential financial impact</b> (assuming the inclusion of all What if scenarios)	<b>£1,281,260</b>	<b>£2,928,260</b>	<b>£4,541,260</b>
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<b>Impact in 2020/21</b>	<b>£1,096,260</b>	<b>£2,003,260</b>	<b>£2,692,260</b>
<b>Impact in later years</b>	<b>£185,000</b>	<b>£925,000</b>	<b>£1,849,000</b>

<sup>3</sup> There is also £25,800 available in the Council Tax Collection Fund from 2019/20 to assist with reduced LDC income.

<sup>4</sup> There is also £950,453 available in the Business Rate Collection Fund from 2019/20 to assist with reduced LDC income.

## APPENDIX E

### Fees and Charges information

Fees and Charges	Pricing Objective	Uncertainty	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Planning pre application advice	Cost recovery	HIGH	(40)	(40)	(40)	(40)	(40)
Building Regulations	Cost recovery	MEDIUM	(915)	(933)	(951)	(969)	(988)
Local Land Charges - LDC	Cost recovery	MEDIUM	(294)	(299)	(305)	(310)	(310)
Bulky Waste Collection	Cost recovery	LOW	(67)	(67)	(67)	(67)	(67)
LOPS - Invest to Save	Cost recovery	HIGH	(55)	(57)	(59)	(60)	(61)
Housing Options & Homelessness	Cost recovery	LOW	(42)	(44)	(45)	(47)	(49)
Other	Cost recovery		(145)	(162)	(164)	(167)	(166)
<b>Sub Total</b>			<b>(1,558)</b>	<b>(1,603)</b>	<b>(1,631)</b>	<b>(1,661)</b>	<b>(1,681)</b>
Other	Deminimus		(5)	(0)	(2)	(1)	(1)
<b>Sub Total</b>			<b>(5)</b>	<b>(0)</b>	<b>(2)</b>	<b>(1)</b>	<b>(1)</b>
Lichfield Car Parks	Fair charging	HIGH	(2,056)	(2,056)	(2,056)	(2,056)	(2,056)
Garden Waste Service (Both Councils)	Fair charging	LOW	(1,403)	(1,403)	(1,403)	(1,403)	(1,403)
Grounds Maintenance	Fair charging	LOW	(202)	(202)	(202)	(202)	(202)
Street Cleansing	Fair charging	LOW	(86)	(86)	(86)	(86)	(86)
Other	Fair charging		(39)	(39)	(39)	(39)	(39)
<b>Sub Total</b>			<b>(3,785)</b>	<b>(3,785)</b>	<b>(3,785)</b>	<b>(3,785)</b>	<b>(3,785)</b>
Trade Waste Collection - Charges	Full commercial	HIGH	(320)	(320)	(320)	(320)	(320)
Trade Waste Collection - Recycling	Full commercial	HIGH	(78)	(79)	(80)	(80)	(81)
Beacon Park	Full commercial	MEDIUM	(96)	(96)	(96)	(96)	(96)
Freedom Leisure Commercial Bid	Full commercial	HIGH	(89)	(124)	(151)	(155)	(171)
Other	Full commercial		(36)	(36)	(36)	(36)	(36)
<b>Sub Total</b>			<b>(619)</b>	<b>(654)</b>	<b>(683)</b>	<b>(687)</b>	<b>(704)</b>
Planning Applications	Statutory	HIGH	(903)	(903)	(903)	(903)	(903)
Civil Parking Enforcement	Statutory	HIGH	(84)	(84)	(84)	(84)	(84)
Waste Shared Service - 4 Ashes	Statutory	MEDIUM	(60)	(60)	(60)	(60)	(60)
Waste Shared Service - Recycling	Statutory	MEDIUM	(331)	(331)	(331)	(331)	(331)
Corporate Debt Recovery	Statutory	HIGH	(206)	(206)	(206)	(206)	(206)
Licensing	Statutory	HIGH	(177)	(177)	(177)	(177)	(177)
Environmental Protection	Statutory	LOW	(20)	(20)	(20)	(20)	(20)
Other			(38)	(38)	(38)	(38)	(38)
<b>Sub Total</b>			<b>(1,819)</b>	<b>(1,819)</b>	<b>(1,819)</b>	<b>(1,819)</b>	<b>(1,819)</b>
Other			(52)	(52)	(52)	(52)	(52)
<b>Total Sales, Fees and Charges</b>			<b>(7,838)</b>	<b>(7,913)</b>	<b>(7,971)</b>	<b>(8,005)</b>	<b>(8,042)</b>
Investment Properties - Rents	Fair charging	HIGH	(265)	(265)	(265)	(265)	(265)
Other Land & Buildings - Rents	Fair charging	HIGH	(416)	(445)	(445)	(445)	(445)
Investment in Property	Fair charging	HIGH	(750)	(1,530)	(2,310)	(2,700)	(2,700)
<b>Total Commercial Rents</b>			<b>(1,431)</b>	<b>(2,241)</b>	<b>(3,021)</b>	<b>(3,411)</b>	<b>(3,411)</b>
<b>Total</b>			<b>(£9,269)</b>	<b>(£10,154)</b>	<b>(£10,992)</b>	<b>(£11,416)</b>	<b>(£11,453)</b>

Full commercial	Service is promoted to maximise revenue within an overall objective of generating a surplus from the service
Fair charging	Service is promoted to maximise income but subject to defined policy constraints including commitments made to potential customers on an appropriate fee structure
Cost recovery	Service generally available to all but without a subsidy
Subsidised	Service is widely accessible, but users of the service should make some contribution from their own resources
Nominal	Service to be fully available and a charge is made to discourage frivolous usage
Free	Service fully available at no cost
Statutory	Charges are set in line with legal obligations