

Money Matters : 2020/21 Review of Financial Performance against the Financial Strategy

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



Date: 8 September 2020
Agenda Item: 4
Contact Officer: Anthony Thomas
Tel Number: 01543 308012
Email: Anthony.thomas@lichfielddc.gov.uk
Key Decision? YES
Local Ward Full Council
Members

Cabinet

1. Executive Summary

- 1.1 The report covers the financial performance from April to June (Quarter One) for 2020/21 including updated projections of the financial impact of COVID-19.
- 1.2 The Medium Term Financial Strategy projected general reserves at 31 March 2021 would be **£8,056,988**. At this stage, general reserves are forecast to be **£6,848,974**, a reduction of **(£1,208,014)** related to:
 - A lower than budgeted contribution in 2019/20 of **(£32,344)**.
 - Updates in 2020/21 summarised in para 3.18 increasing the contribution by **£83,540**
 - A projected contribution contained in this report for 2020/21 of **£8,690**.
 - The adverse impact of COVID-19 in 2020/21 of **(£1,267,900)**.
- 1.3 The Capital Programme is projected to be **(£23,203,000)** lower than the Approved budget due mainly to no planned investment in property.
- 1.4 Capital Receipts are projected to be **(£116,000)** which is **(£431,000)** lower than the Approved Budget due to an anticipated delay in the sale of land at Netherstowe and Leyfields.
- 1.5 In terms of Council Tax, Business Rates, Sundry Debtors and Supplier Performance:
 - Council Tax collection performance was **27.44%** and total arrears were **£3,022,164**.
 - The **Council Tax Collection Fund** is projected to be in deficit, with the Council's 13% share being **£502,630** compared to the Approved Budget of **(£34,600)** in 2020/21.
 - Sundry Debt for income to be collected in 2020/21 has reduced by **(£837,190)** compared to 2019/20 and the value outstanding at 30 June 2020 has increased by **£1,022,837**.
 - **Retained Business Rate Income** is projected to be **(£3,020,100)** in line with the Approved Budget.
 - The **Business Rates Collection Fund** is projected to be in deficit due to COVID-19 reliefs that will be fully reimbursed by grant. The Council's 40% share of the deficit is projected to be **£4,264,000**.
 - There will be a timing difference due to statutory arrangements between receipt of grant in 2020/21 and the period when the deficit is charged to the Revenue Budget. Therefore the Business Rates volatility earmarked reserve will be utilised to 'smooth' the financial impact.
 - Business Rates collection performance was **25.79%** and total arrears were **£1,077,115**.
 - The payment of suppliers within 30 days was **82.96%** and remains below our **90%** target.
- 1.6 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.

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. That Cabinet notes the further grant provided by the Government in 2020/21 of **(£140,417)** and the projected support for income losses that will be used to offset additional spend and income reductions and approves an update to the MTFS.

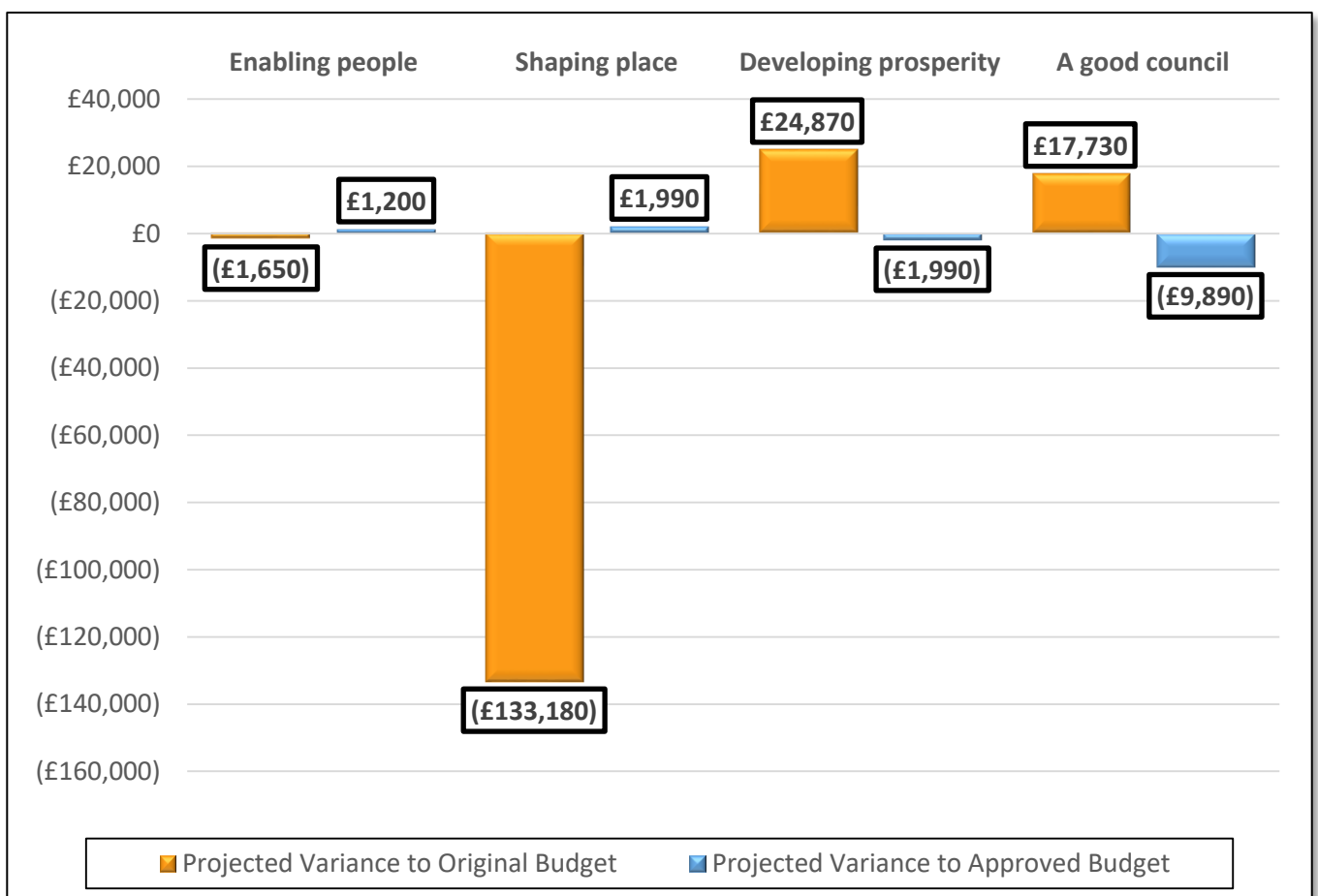
3. Background

Budget Management

- 3.1. The MTFS 2019-24 approved by Council on 18 February 2020 included the Original Budget for 2020/21 and set out the allocation of resources and the policies and parameters within which managers are required to operate.
- 3.2. Throughout the financial year, Money Matters reports are provided to both Cabinet and Strategic (Overview and Scrutiny) Committee at three, six and eight month intervals to monitor performance.
- 3.3. The Money Matters reports update the Approved Budget for latest projections and the eight month report will form the basis of the Revised Approved Budget for 2020/21 and will be approved by Council on 16 February 2021.

The Revenue Budget

- 3.4. Financial performance (excluding COVID-19) is shown in detail at **APPENDIX A** and in summary below:



Performance compared to the Approved Budget

- 3.5. In terms of the financial impact of COVID-19, the latest projection for 2020/21 only is **£2,357,900** and is shown in detail at **APPENDIX B**.
- 3.6. The projected impact will occur over several financial years with **£1,267,900** impacting on general reserves in 2020/21. The element related to Council Tax and Business Rates collection fund performance will impact on the revenue budget in later years.
- 3.7. The overall projected variance is shown in summary below and in detail at **APPENDIX B** by Service Area:

	Projected Variance		
	Virement	COVID-19	Other Variances
Enabling People			
• Transfers	1,200		
Shaping place			
• Transfers	1,990		
Developing prosperity			
• Additional expenditure related to agreement with Three Spires	17,000		
• Vacant post	(17,000)		
• Transfers	(1,990)		
A good council			
• Increase in Insurance Premiums			19,100
• Income generated from Shared Internal Audit service			(25,000)
• Previous year Chairman and Vice Chair Allowances underspend			(2,790)
• Transfers			
COVID-19		1,267,900	
Total - Net Cost of Services	0	1,267,900	(8,690)
		1,259,210	
Transfer (to)/from General Reserves			£1,259,210

Earmarked Reserves

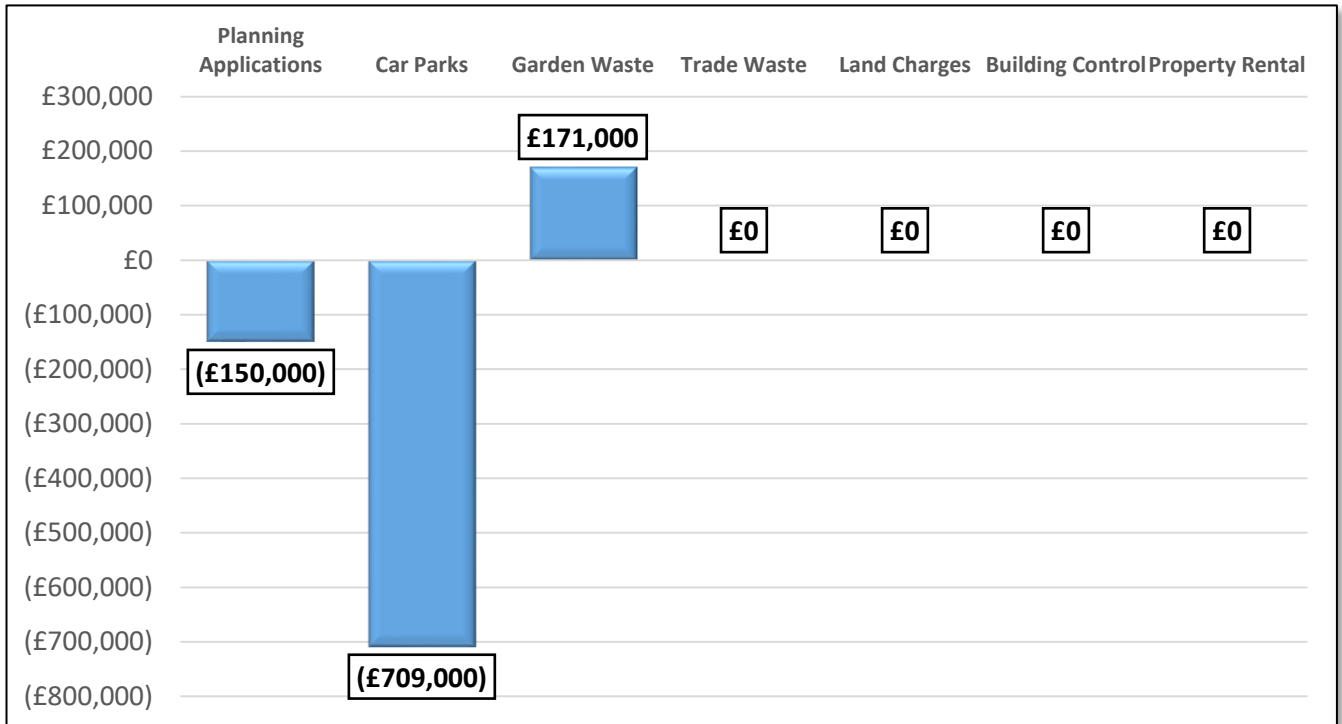
- 3.8. The earmarked reserves scheduled to be returned to general reserves in 2020/21 under the three year time limit contained in the approved policy are detailed below along with updates where appropriate:

Reserve Name	Balance 30-Jun-20 £	Earmarked Reserves No longer required £	Comments
Digitisation Programme	(£74,999)	0	To be reviewed at quarter 2
Funding for Assistant Chief Executive Post	(£3,436)	(£3,436)	No longer needed and can be returned.
Individual Electoral Registration	(£4,265)	0	To be reviewed at quarter 2
Self & Custom Build Registers	(£3,487)	0	To be reviewed at quarter 2
Total Earmarked Reserves	(£86,187)	(£3,436)	

- 3.15. Work is taking place to determine if there are Business Cases that justify their retention.

Fees and Charges

3.16. The gross fees and charges budgets for 2020/21 together with actual income achieved over the last six years are shown in detail at **APPENDIX B**. The projected variances for those with the highest value are:



3.17. The reductions attributable to COVID-19 are included in the projections at para 3.5 although an element will be compensated through the income losses scheme. The reasons for any significant variances are:

- **Car Parks and Planning Applications** – the income has been severely impacted by COVID-19. The £1 parking initiative in place for July and August is estimated to reduce income by **£60,000**, which is included in the above forecast.
- **Garden Waste** – income received to date shows an increase in subscriptions against budgets, although **41.7%** of this is payable to Tamworth Borough Council.

Closing the Funding Gap Progress

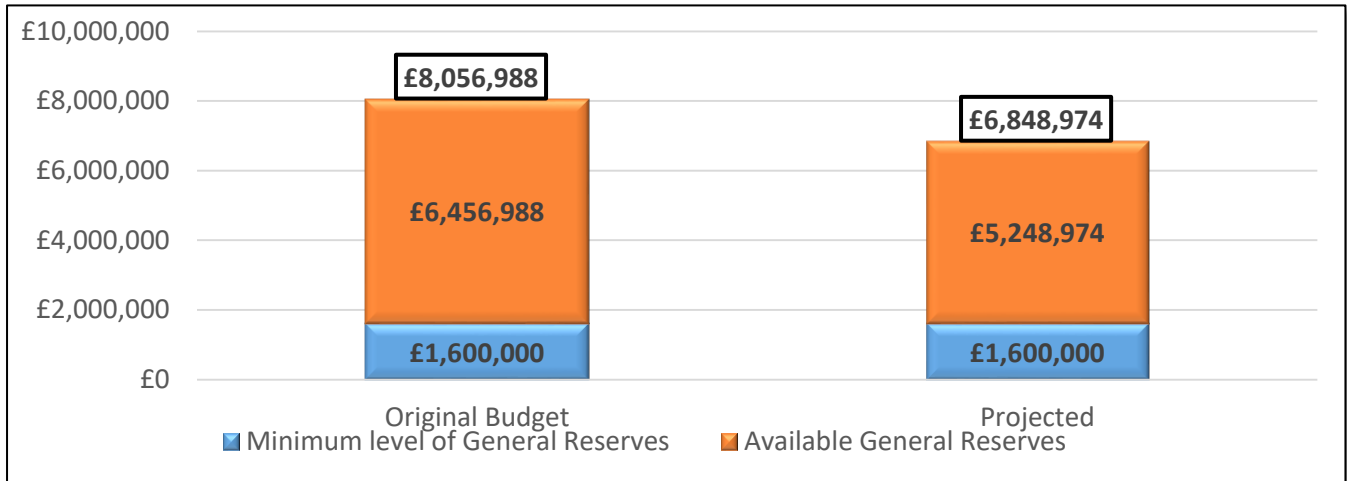
3.18. The progress (excluding any recommendations contained in this report) on closing the Funding Gap is:

	Cabinet or Decision Date	2020/21	2021/22	2022/23	2023/24	2024/25
Original Funding Gap		(£462,000)	£613,000	£959,000	£1,507,000	£1,899,960
Cash Payment Facilities	03/12/2019	(9,550)	(9,550)	(9,550)	(9,550)	(9,550)
Climate Change (green energy)	13/06/2019	0	14,000	14,000	14,000	14,000
Revenues and Benefits Software	24/03/2020	(7,760)	(10,910)	(14,170)	(17,510)	(20,970)
Joint Waste Service contribution	02/06/2020	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Business Rates Savings	10/06/2020	(7,810)	(7,810)	(7,810)	(7,810)	(7,810)
Pension Lump Sum Payment Profile	23/07/2020	41,580	1,940	(43,520)	0	0
Funding Gap / (transfer to general reserves)		(£545,540)	£500,670	£797,950	£1,386,130	£1,775,630

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

Revenue General Reserves

3.20. The Original Budget estimated general reserves of **£8,056,988** at 31 March 2021. The current projected level is **£6,848,974**, a reduction of **(£1,208,014)** (with further details at para 1.2) as shown below:



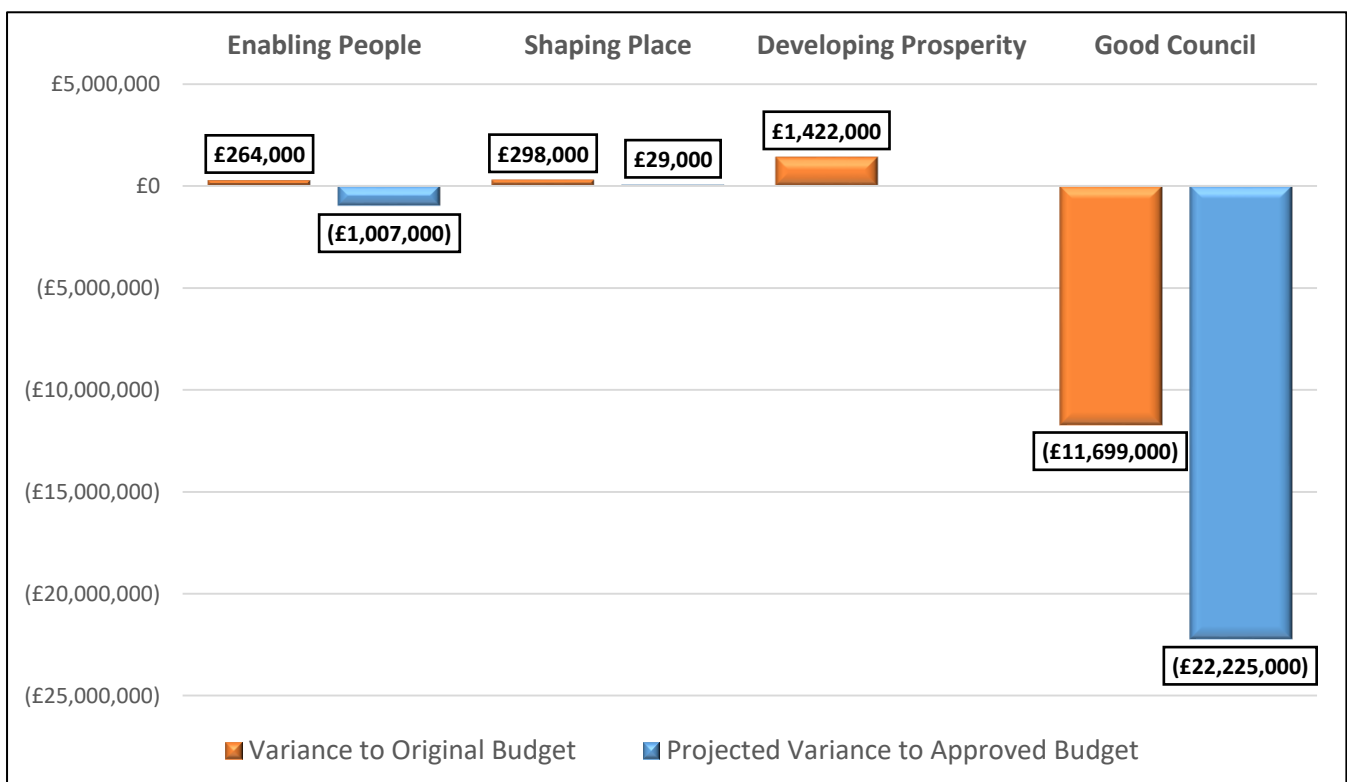
The Capital Programme

3.21. The Original Budget of **£17,751,000** was approved by Council on 18 February 2020. There have been two updates to this budget during 2020/21:

- Allocation of S106 Public Open Space monies and Local Authorities Parks Improvement Funding of **£34,000** for delivery of two outdoor gyms in Burntwood approved by Cabinet Member Decision on 26 February 2020.
- Slippage from 2019/20 of **£13,454,000** approved by Cabinet on 2 June 2020.

3.22. The Approved Budget is therefore **£31,239,000**.

3.23. The Capital Programme performance is projected to be below budget by **(£23,203,000)** or **74%** compared to the Approved Budget. This below budget performance compared to both the Original and the Approved Budgets, is shown by Strategic Plan's Priority below and in detail at **APPENDIX C**:

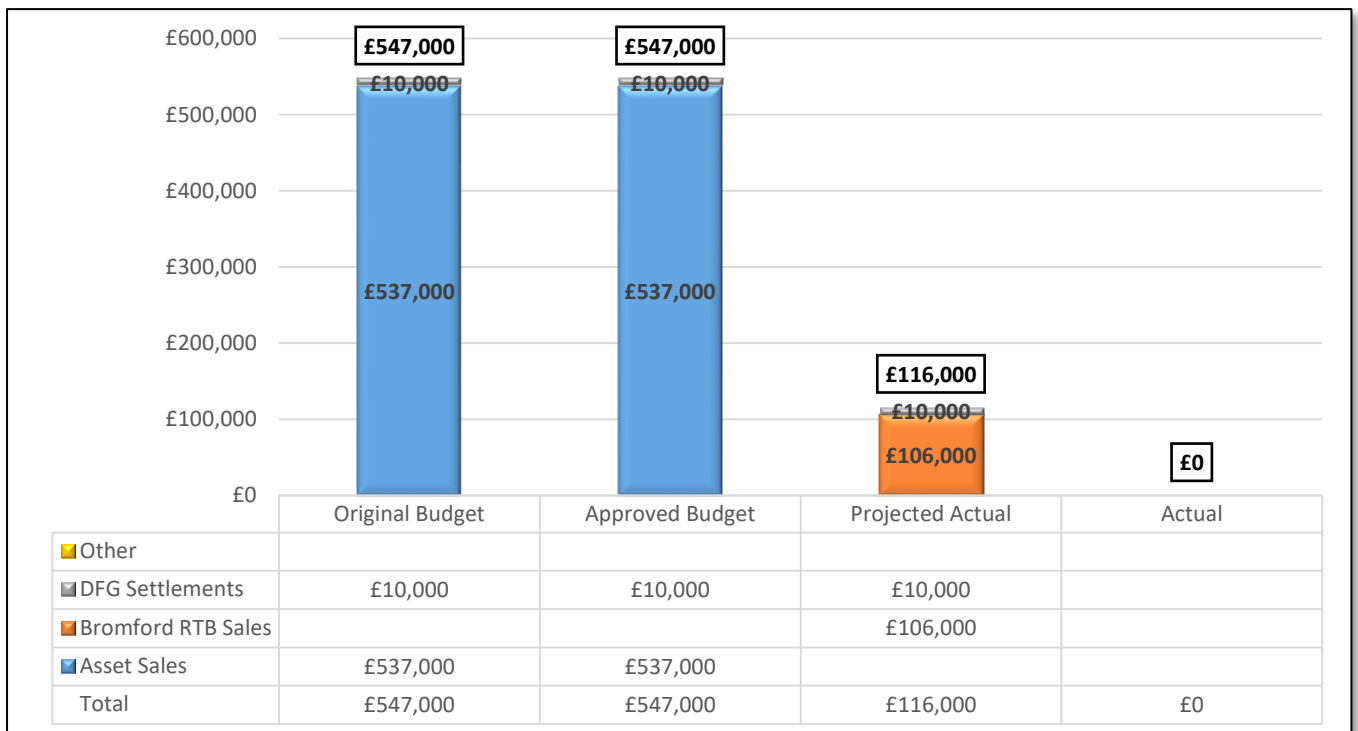


Performance compared to the Approved Budget

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

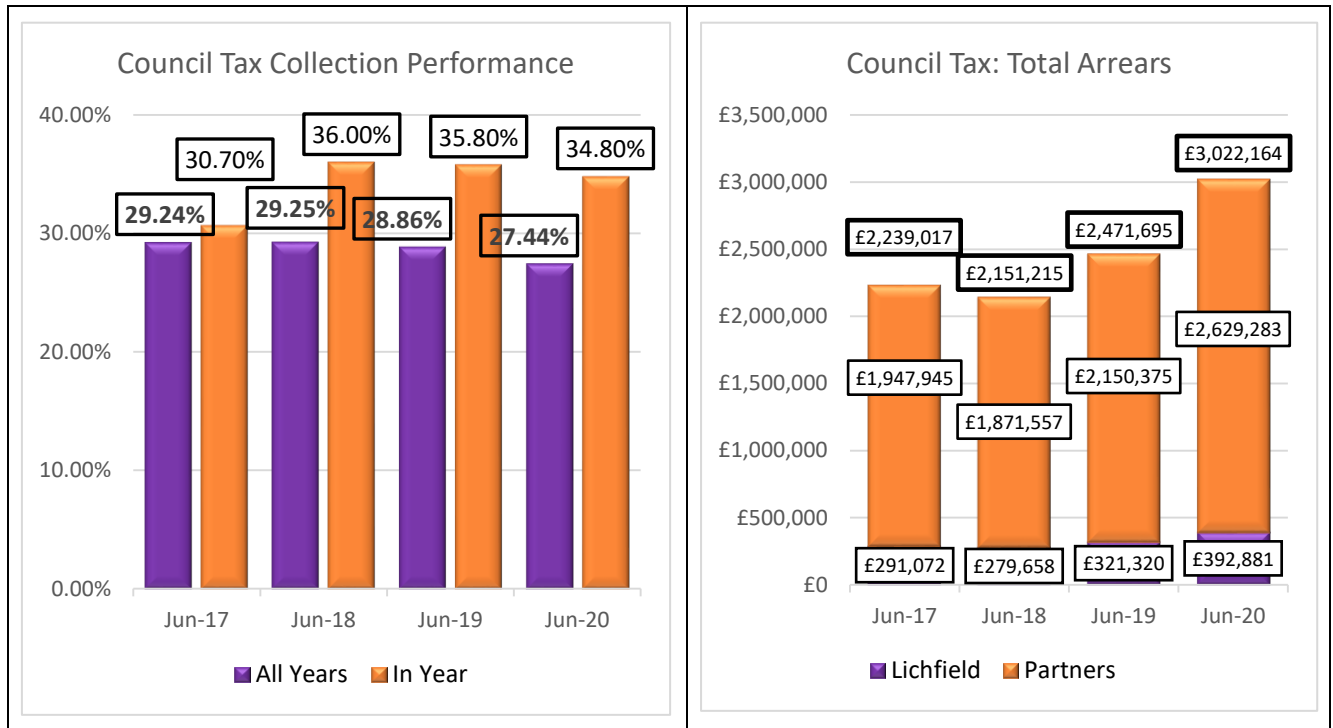
	Projected Variances	
	Profiling	Other
* Accessible Homes (Disabled Facilities Grants) - reflects delivery performance on the Support for Independent Living in Staffordshire Partnership and the impact of COVID-19.	(£1,007,000)	
Enabling People Total	(£1,007,000)	£0
* Cannock Chase SAC – Increased SAC income received and therefore the budgets for payments to partners also needs to increase.		£29,000
Shaping Place Total	£0	£29,000
* Investment in Property – no expenditure expected in 2020/21	(£22,000,000)	
* New Financial Information System – Projected go live date is Oct 21	(£100,000)	
* Depot Sinking Fund – no expenditure expected in 2020/21	(£11,000)	
* District Council House Repair Programme – No current plans to spend all the budget this year.	(£114,000)	
A Good Council Total	(£22,225,000)	£0
Total Projected Variance	(£23,232,000)	£29,000
	(£23,203,000)	

3.25. The Original and Approved Budgets, projected and actual capital receipts are shown below:

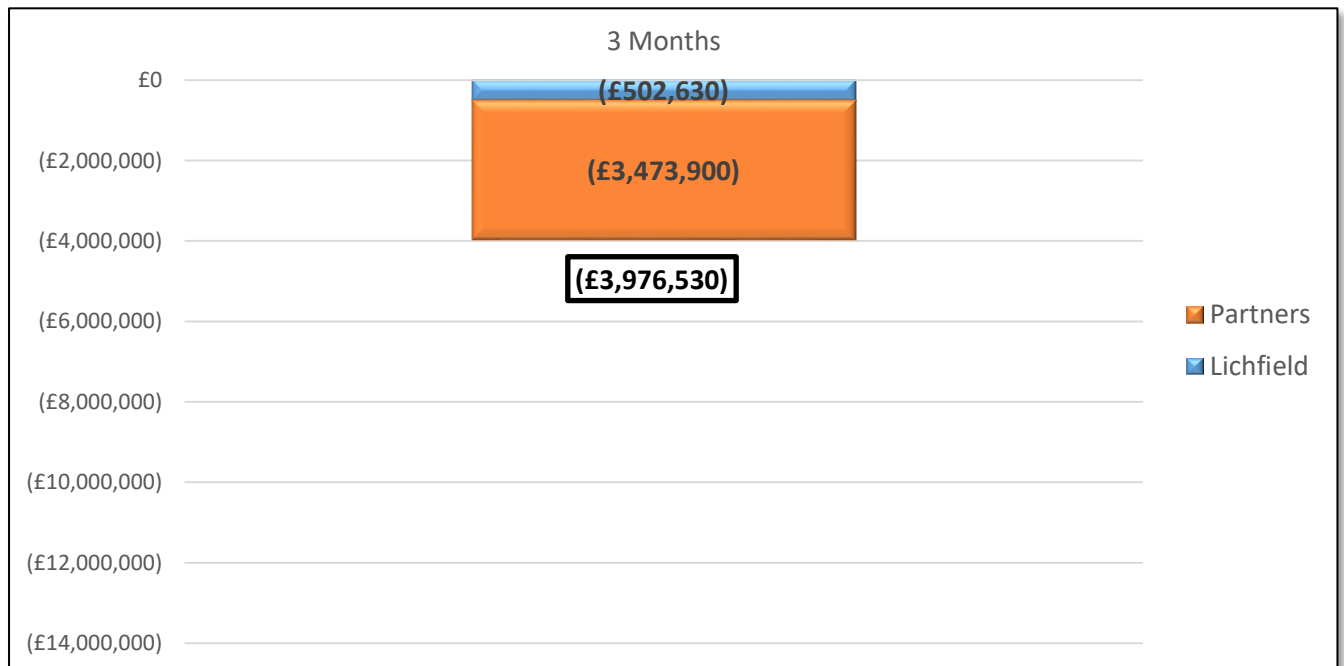


Council Tax

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



3.27. The Council Tax Collection Fund is projected to be in deficit by **£3,976,530** and the Council's share is **£502,630** based on Lichfield's (including Parishes) current share of Council Tax of **13%**:

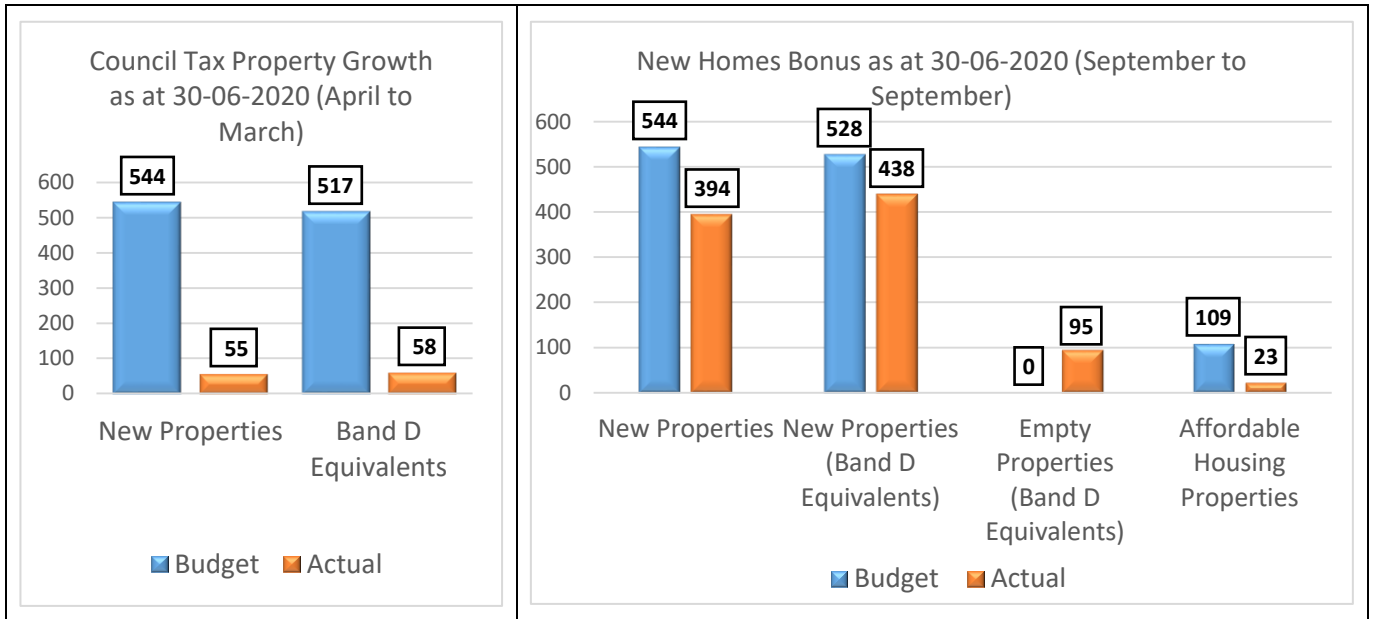


3.28. The main reasons for the deficit are:

- There was a higher surplus than projected in 2019/20 of **£202,970** due primarily to higher income from Council Tax and a lower level of bad debt provision with the Council share **£25,800**.
- There is projected to be an adverse impact on the amount of Council Tax collected in 2020/21 of **(£4,179,500)** from COVID-19 (assuming all of the Hardship Funding of £562,910 is awarded) with the Council share **(£544,000)**.

Housing Supply

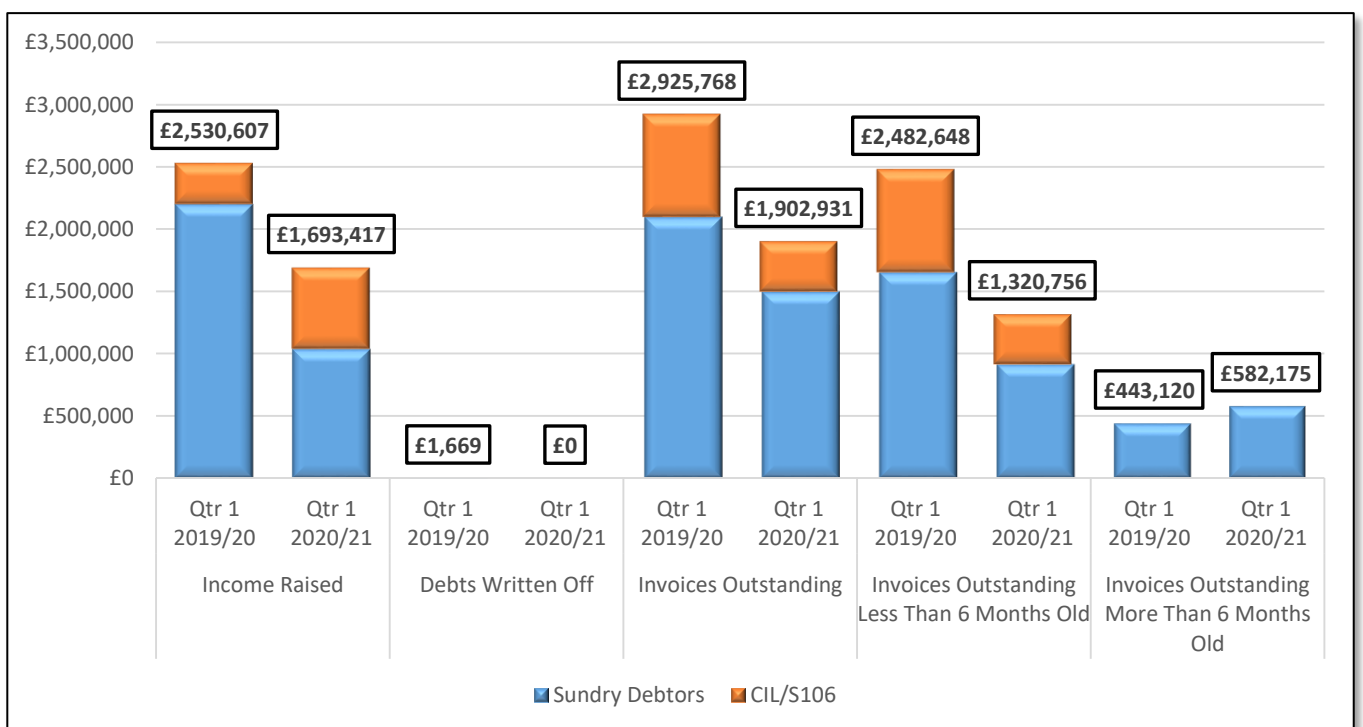
3.29. The completions for Council Tax (left hand chart) from April 2020 to June 2020 and New Homes Bonus (right hand chart) from September 2019 to June 2020 are shown below:



3.30. The current adverse performance could be solely due COVID-19 either through delays in completions or updating records of completions. However, any delivery delays will impact on Council Tax and potentially New Homes Bonus income in the Medium Term Financial Strategy.

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

3.31. The transaction levels and collection performance in 2020/21 compared to 2019/20 is shown below:

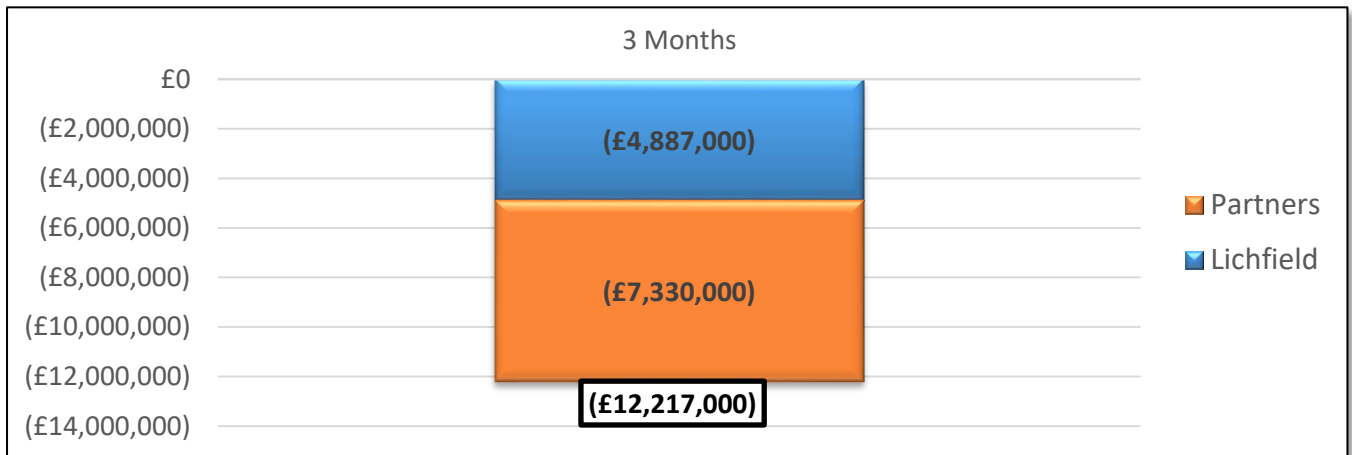


3.32. Total income raised in the first three months of 2020/21 is **33%** lower than for the same period in 2019/20. This is due to several large invoices raised in 2019/20 in finance (£197,000) and housing (£989,000) not being raised in 2020/21.

3.33. Invoices outstanding has also reduced by **35%** and will in part reflect the lower level of invoices raised in 2020/21.

Business Rates

3.34. The Business Rates Collection Fund is projected to be in deficit by **£12,217,000**:

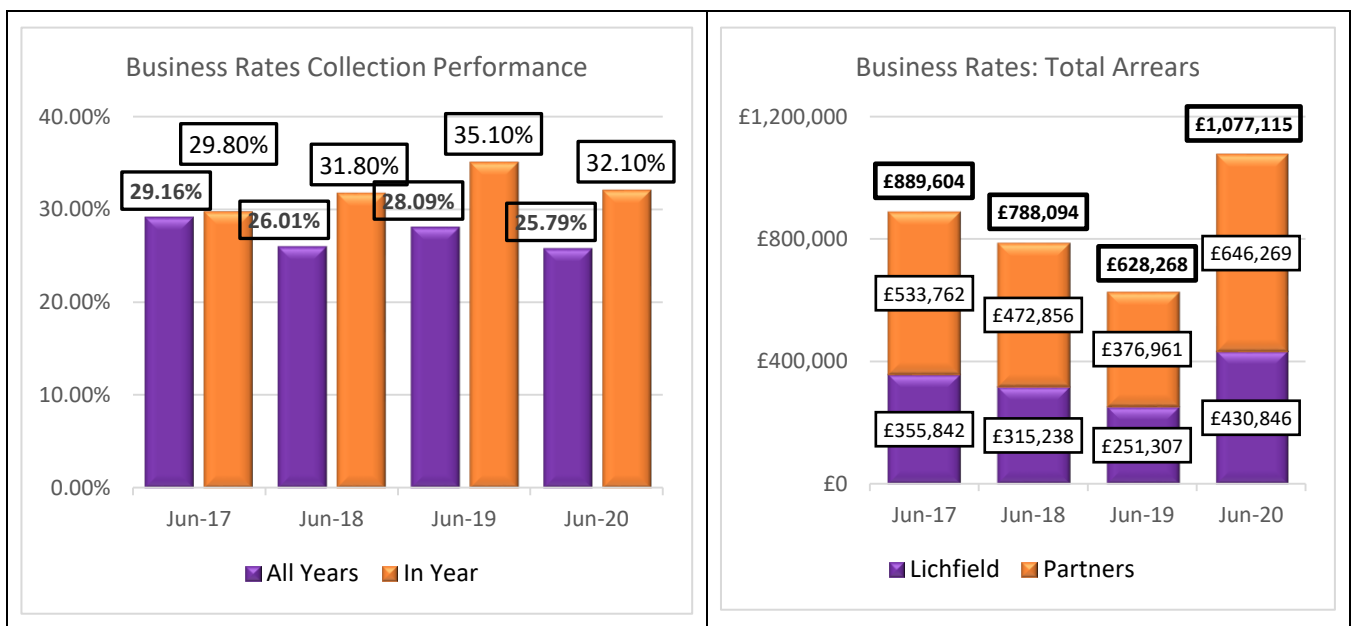


3.35. The main reasons for the projected deficit are:

- A higher surplus than budgeted in 2019/20 of **£2,376,000** with the Council share **£951,000**.
- Additional COVID-19 reliefs of **(£13,229,000)** with the Council share **(£5,292,000)**.
- There is projected to be an adverse impact on the amount of Business Rates collected in 2020/21 of **(£1,364,000)** from COVID-19 with the Council share **(£546,000)**.

3.36. The Ministry of Housing, Communities and Local Government (MHCLG) recently announced that as part of the comprehensive financial support package to local authorities, the deficit can be charged to the revenue budget over three years rather than one.

3.37. The collection performance for Business Rates is shown below:



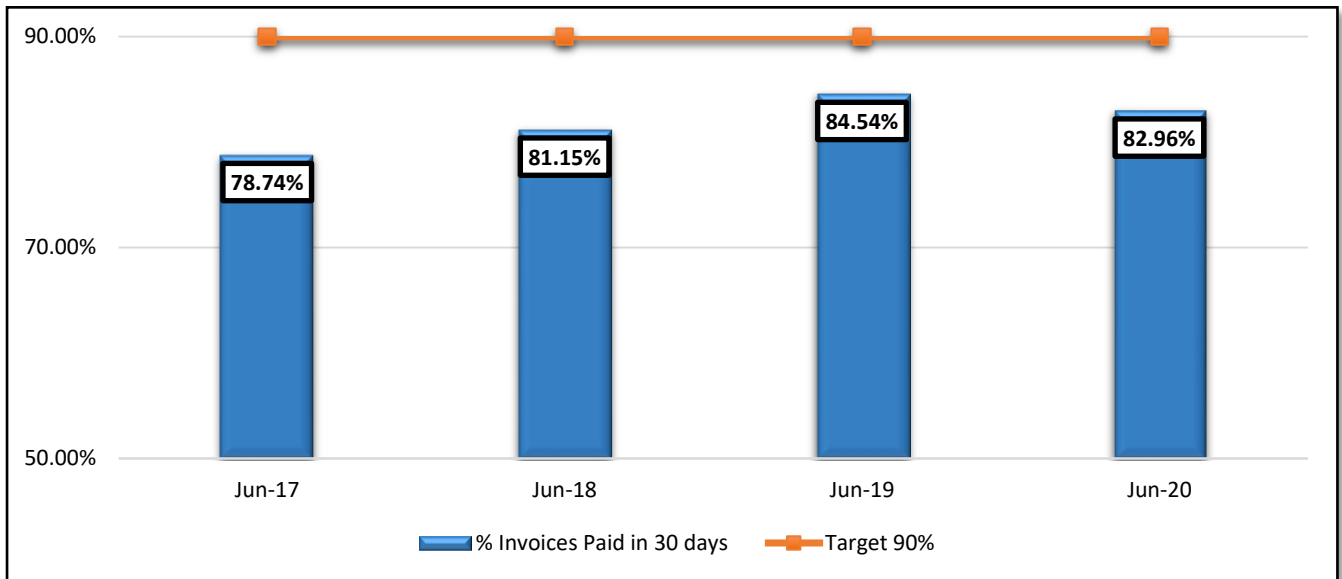
3.38. The Retained Business Rate income is projected to be the same as the Approved Budget of **(£3,020,100)**.

3.39. There are however a number of significant changes within the projection including the Section 31 grant to offset the additional COVID-19 reliefs in the Collection Fund. These are explained further below:

- Additional Section 31 grant to offset COVID-19 reliefs of **(£5,292,000)**.
- Other changes to levy payments of **(£320,000)**.
- Transfer of additional grant and other changes to the Business Rates volatility Earmarked Reserve to offset the deficit in later years of **£5,612,000**.

Supplier Payment Performance

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



3.41. There are initiatives taking place, including the improvements to procurement detailed below, wider use of payment cards for low value transactions and analysis of the performance by Service Area, that are aimed at improving payment performance.

3.42. However, COVID-19 has had an impact on payment performance due to the availability of team members within the Council and the need to focus on other priorities.

Procurement Activity

3.43. The interim Procurement Manager has been involved in the provision of procurement advice in relation to 76 potential procurements totalling circa £3.80m in anticipated value, supporting the selection of the appropriate procurement strategy, route to market and commercial outcomes.

3.44. Recruitment has commenced to fill the newly created Procurement Lead and Procurement Specialist posts. 35 applications have been received for the Procurement Lead position and a short-list of 6 will be invited for interview. 34 applications have been received for the Procurement Specialist role.

3.45. 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, will take place virtually on the 4th August.

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

3.47. COVID-19 has necessitated a number of exemptions from Contract Procedure Rules, however pricing has remained in-line with previous arrangements or been improved upon securing additional Value for Money.

Investment Strategy

3.48. 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.**

3.49. 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.

3.50. 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

3.51. There is one approved investment of a service nature and the investment and net return included in the Approved Budget is detailed below:

	Approved Budget				
	2020/21	2021/22	2022/23	2023/24	2024/25
Approved Loan to the Local Authority Company	£675,000	£675,000	£675,000	£675,000	£675,000
Net Income	£0	£4,000	£18,000	£22,000	£22,000
Net Return	0.00%	0.59%	2.67%	3.26%	3.26%
Total Investment	£675,000	£675,000	£675,000	£675,000	£675,000
Total Net Income	£0	£4,000	£18,000	£22,000	£22,000
Net Return	0.00%	0.59%	2.67%	3.26%	3.26%

3.52. To date, the loan to the Local Authority Company has not taken place and therefore the budgeted interest is not being generated.

Commercial Investments

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

	Approved Budget				
	2020/21	2021/22	2022/23	2023/24	2024/25
Property Investment	£22,000,000	£33,500,000	£45,000,000	£45,000,000	£45,000,000
Net Income	£87,000	£278,000	£467,000	£658,000	£658,000
Net Return	0.40%	0.83%	1.04%	1.46%	1.46%

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

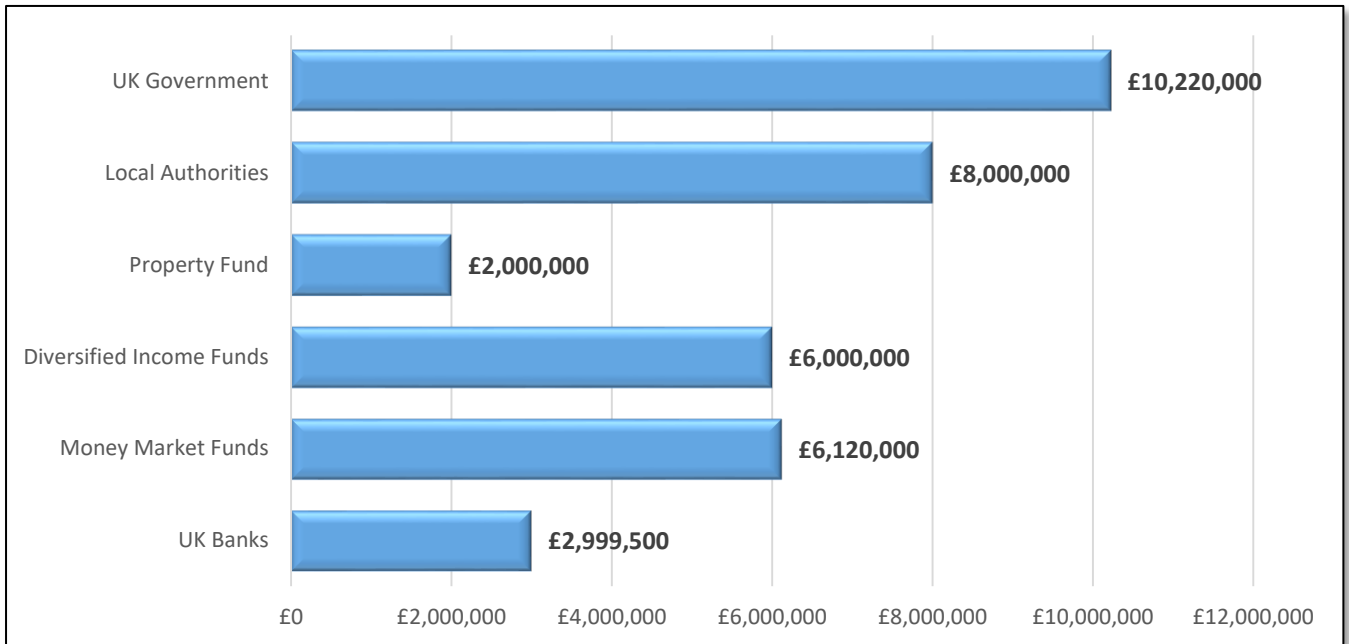
Treasury Management Investments

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

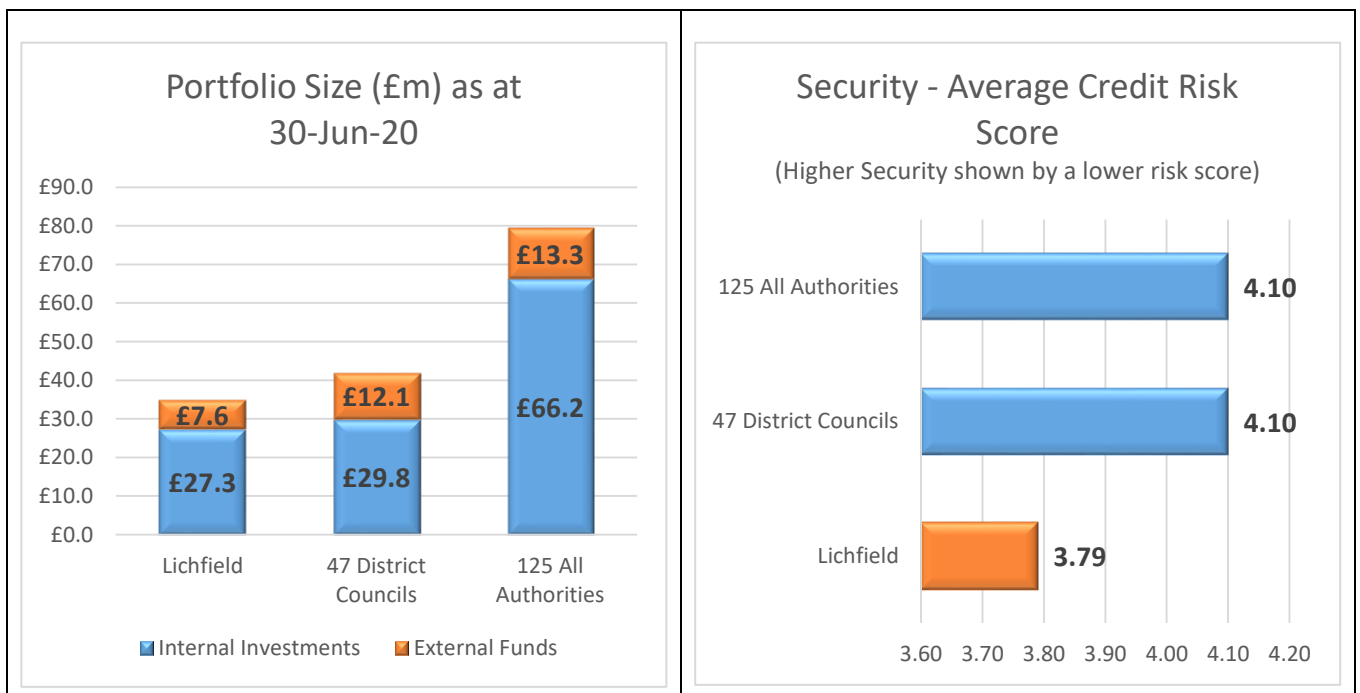
3.56. In addition, external borrowing is considered against the objectives of it being affordable (the impact on the budget and Council Tax), prudent and sustainable (over the whole life).

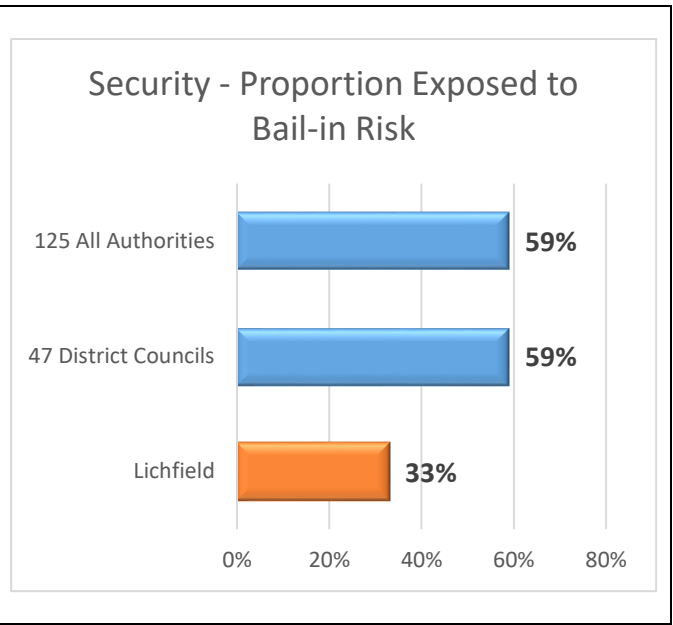
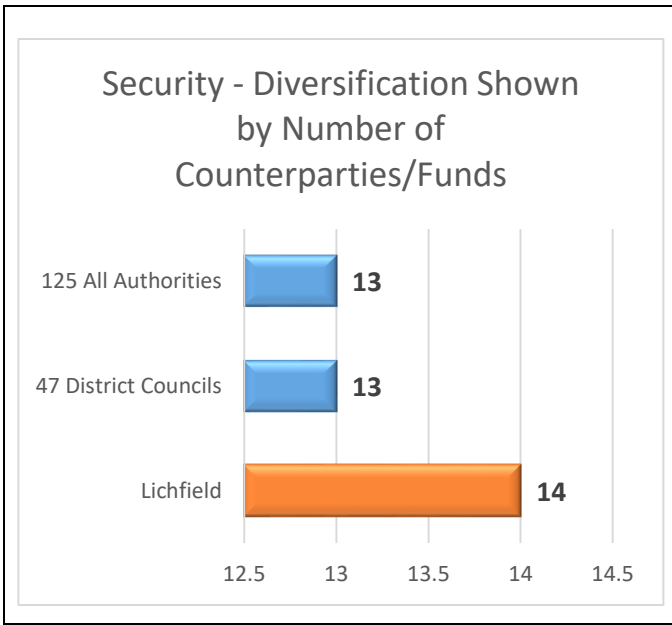
The Security of Our Investments

3.57. The investments the Council had at the 30 June 2020 of **£35,339,500** (with the Property and Diversified Income Funds valued at original investment of **£2m**) by type and Country are summarised below and in detail at **APPENDIX D**:

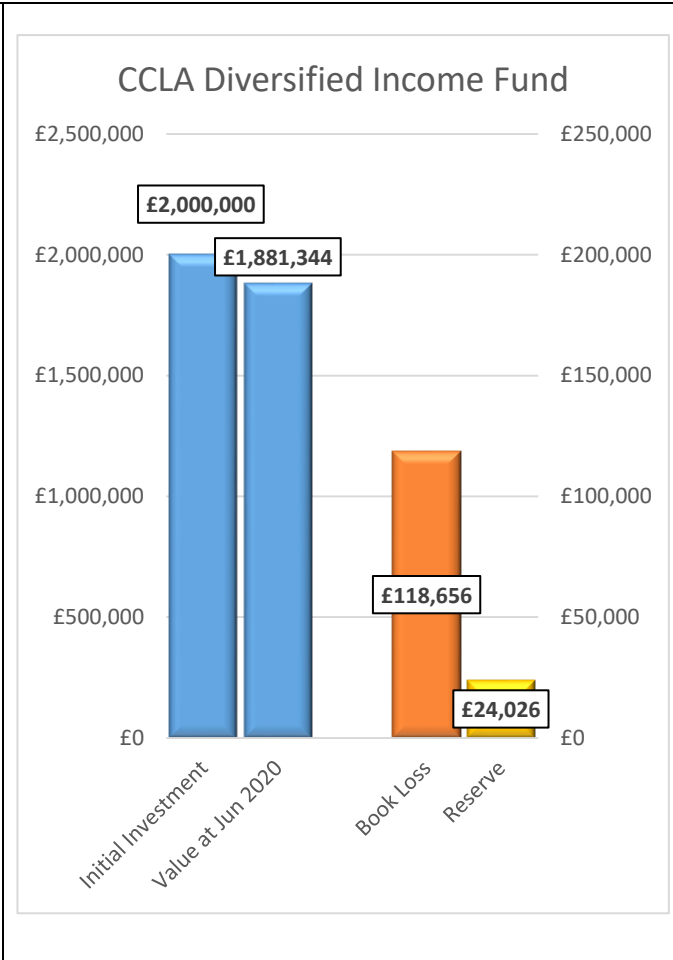


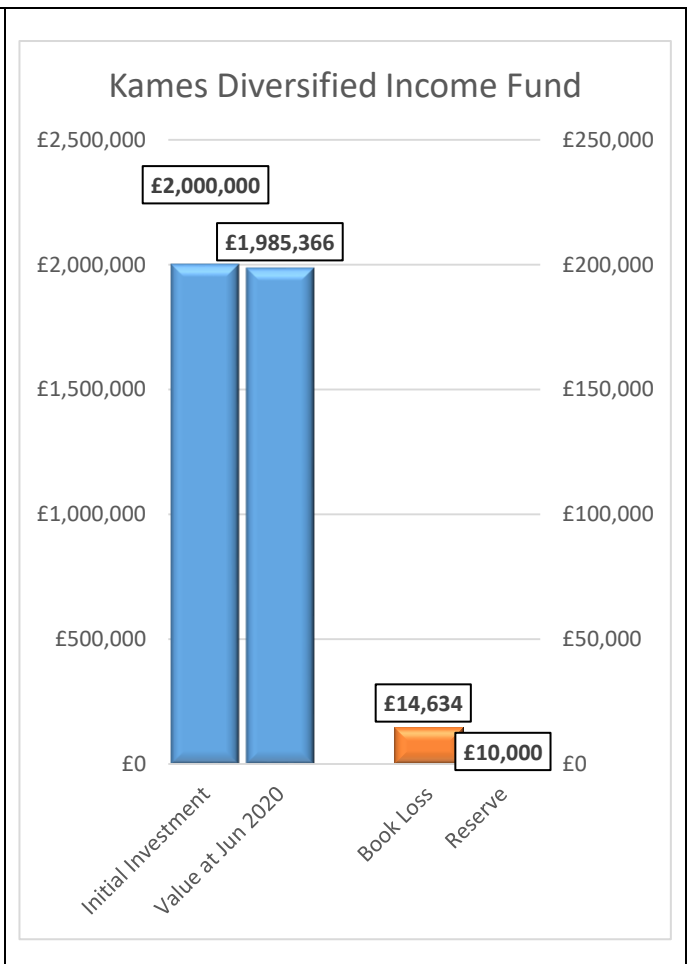
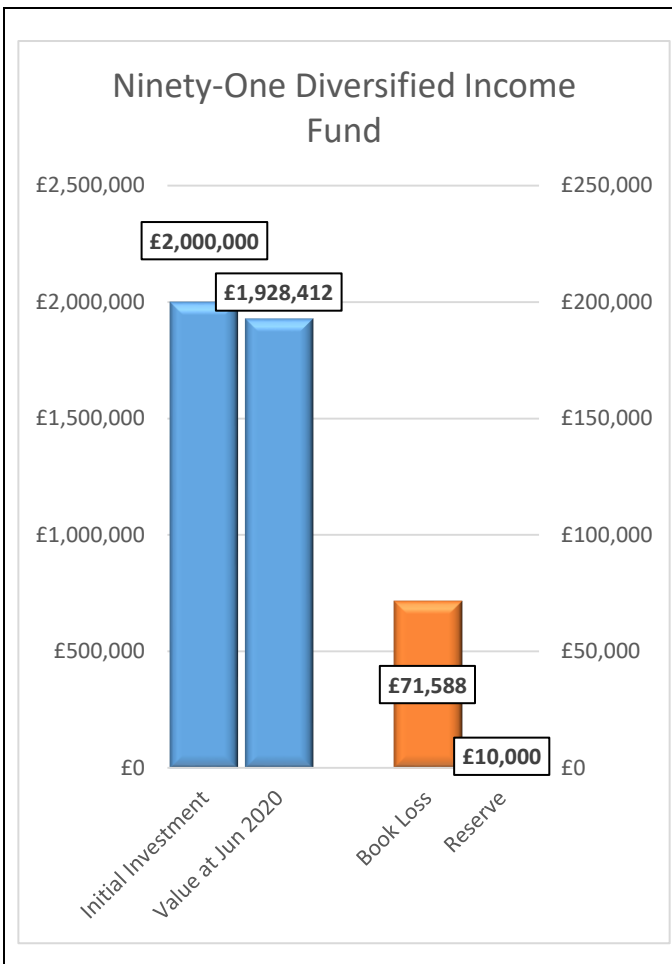
3.58. The Council's portfolio size (with the Property and Diversified Income Funds valued at its current value of **£7.6m**), average credit score, diversification and exposure to 'Bail in' risk compared to Arlingclose Clients is shown below:



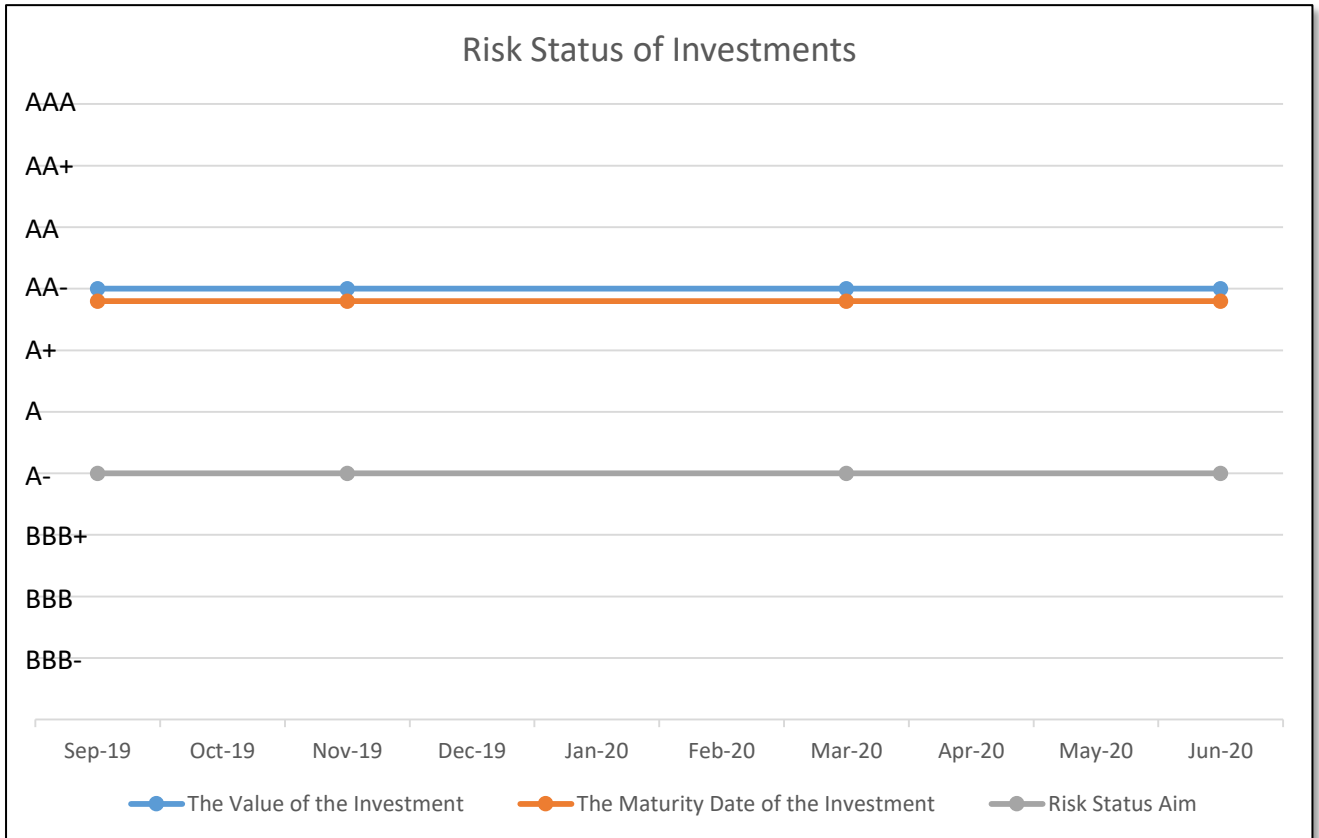


3.59. The current value of the Property Fund and the Diversified Income Funds together with the projected value of the earmarked reserves in 2020/21 intended to offset reductions in value (these are a book loss until the investment is sold and they become actual) are shown below:



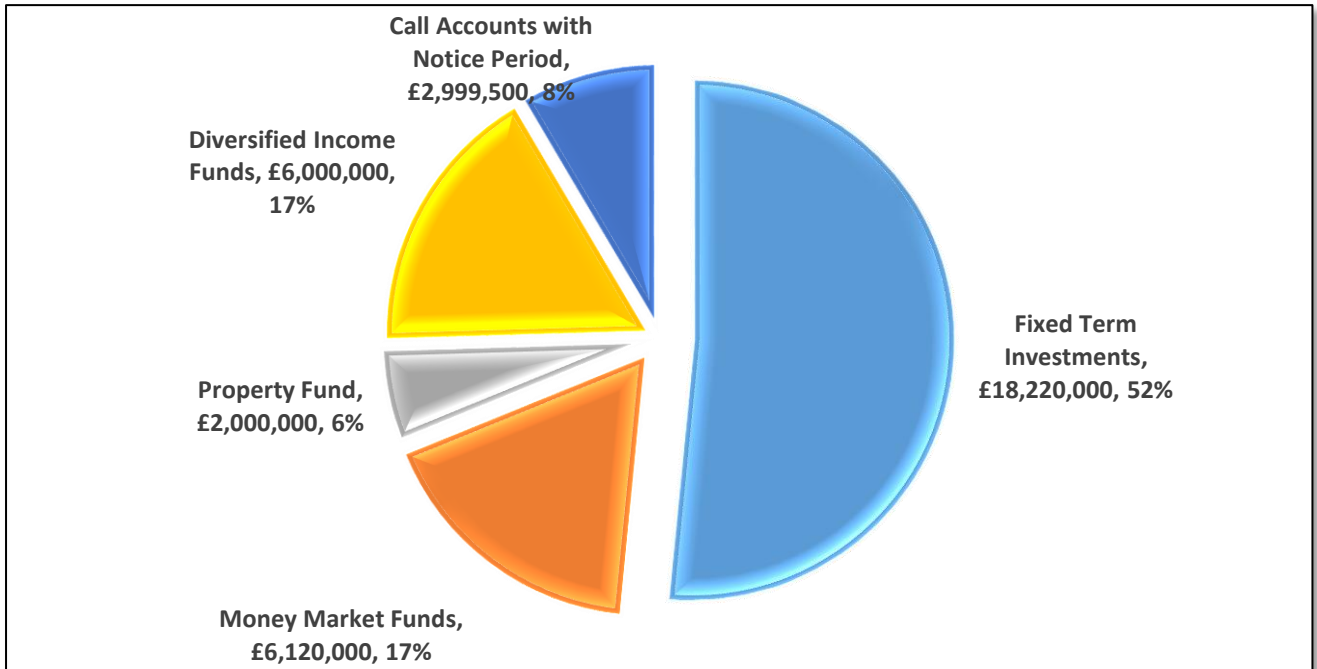


3.60. Our aim for the risk status of our investments was **A-** or higher. The risk status based on the length of the investment and the value for a 9 month period is summarised in the graph below:

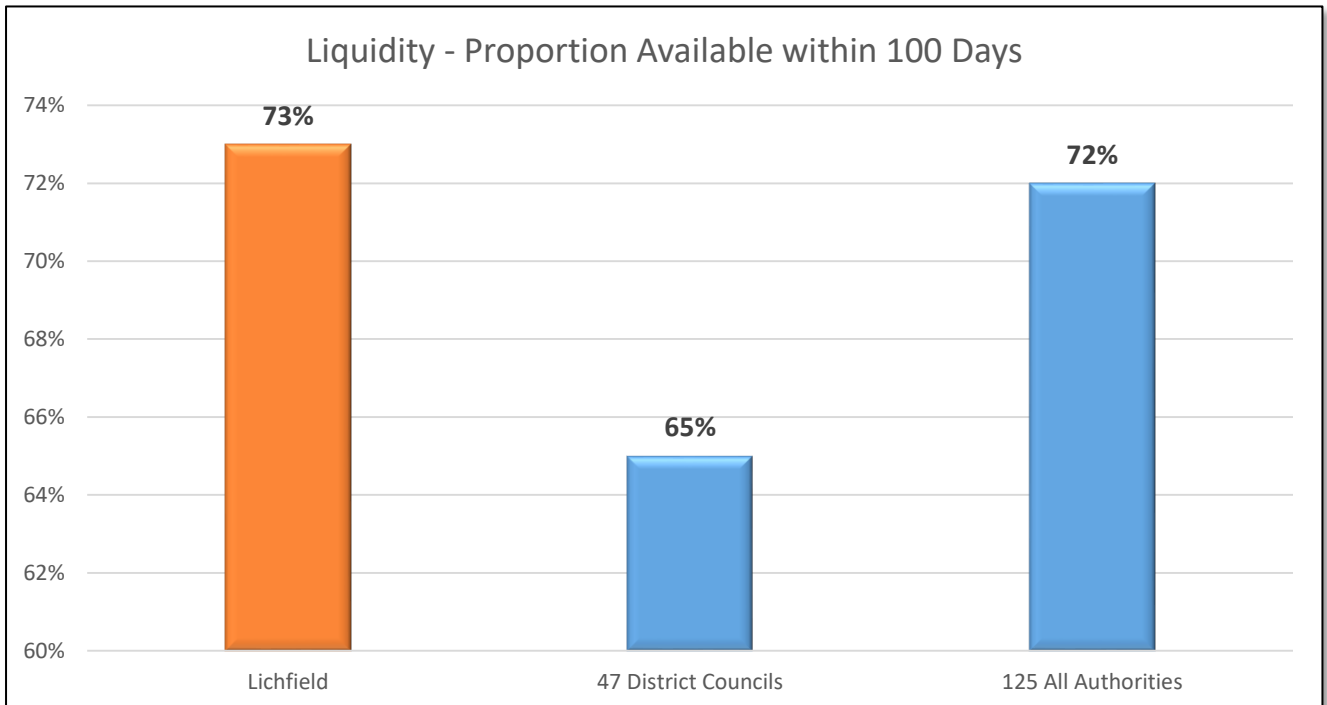


The Liquidity of our Investments

- 3.61. The Council has had to temporarily borrow during 2020/21 for a short period of time to manage cashflow requirements.
- 3.62. A significant proportion of investments are retained 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:

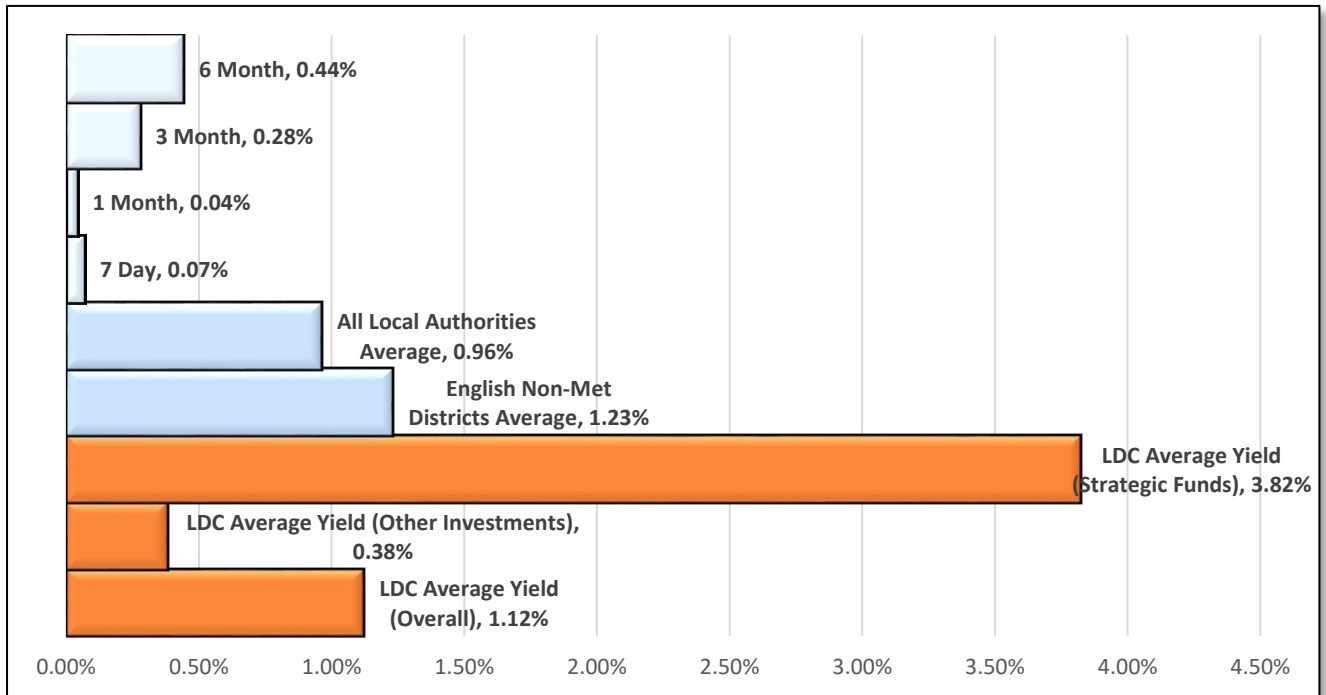


- 3.63. The proportion of the investment portfolio available within 100 days compared to all Arlingclose clients is shown below:



The Return or Yield of our Investments

3.64. 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 below:



3.65. The investment activity during the financial year is projected to generate **(£364,000)** of gross investment income compared to a budget of **(£450,000)**.

3.66. In terms of investment income, the Debt Management Deposit Facility (DMADF) returns are now 0.01% per annum, the yield on Money Market Funds is slowly moving down towards UK Bank Rate of 0.1%, the CCLA property fund will only distribute income that it receives as against distributing income received plus income accrued and the multi-asset funds are also expected to yield lower than in 2019/20 as bond yields are lower and dividend payments on equity holdings are also expected to be lower.

The External Borrowing Portfolio

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

	Principal	Average Rate	Years to Final Maturity	(Premium) /Discount
PWLB Fixed Equal Instalment of Principal (EIP)	£1,217,600	2.59%	19.8	(£306,967)
PWLB Fixed Annuity	£1,134,672	1.71%	7.9	(£92,843)
TOTAL PWLB	£2,352,272	2.17%	14.0	(£399,810)
Lender Option Borrower Option (LOBO) Loans	£0	-	-	£0
Other Loans	£0	-	-	£0
TOTAL BORROWING	£2,352,272	2.17%	14.0	(£399,810)

3.68. The Public Works Loans Board (PWLB) has recently consulted on changes to its lending terms and the Council has responded to the consultation. The consultation closed on 31st July and its outcome is awaited.

Alternative Options	These are considered as part of the ongoing development of the Strategic Plan and the Medium Term Financial Strategy.
Consultation	Consultation is undertaken as part of the Strategic Plan and with Leadership Team.

Financial Implications	<p>The Medium Term Financial Strategy projected general reserves at 31 March 2021 would be £8,056,988.</p> <p>At this three months stage, general reserves are forecast to be £6,848,974. This is a reduction of (£1,208,014) and is related to:</p> <ul style="list-style-type: none"> • A lower than budgeted contribution in 2019/20 of (£32,344). • Updates in 2020/21 summarised in para 3.18 increasing the contribution by £83,540 • A projected contribution contained in this report for 2020/21 of £8,690. • The adverse impact of COVID-19 in 2020/21 of (£1,267,900).
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	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
Strategic Risk SR1 - Non achievement of the Council's key priorities contained in the Strategic Plan due to the availability of finance.			
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 4.7% (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
Strategic Risk SR3: Capacity and capability to deliver / adapt the new strategic plan to emerging landscape.			
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

	Risk Description	How We Manage It	Severity of Risk
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	<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) 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.
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Relevant web link	
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Revenue Financial Performance – Variance to Budget 2020/21

Area	2020/21					2020/21 Target Variance (+/-) £
	Original Budget £	Approved Budget £	Projected Outturn £	Projected Variance £	Variance to Original Budget £	
Enabling people	1,579,890	1,577,040	1,578,240	1,200	(1,650)	
Shaping place	3,469,700	3,334,530	3,336,520	1,990	(133,180)	
Developing prosperity	(1,184,180)	(1,157,320)	(1,159,310)	(1,990)	24,870	
A good council	6,329,590	6,357,210	6,347,320	(9,890)	17,730	
COVID-19	0	0	1,267,900	1,267,900	1,267,900	
Net Cost of Services	10,195,000	10,111,460	11,370,670	1,259,210	1,175,670	0
Chief Executive	460,810	324,320	324,320	-	(136,490)	3,000
Corporate Services	821,140	945,340	984,550	39,210	163,410	28,000
Finance and Procurement	1,822,010	1,869,420	1,844,420	(25,000)	22,410	14,000
Revenues, Benefits and Customer Services	809,580	801,600	801,600	-	(7,980)	16,000
Governance & Performance	1,796,060	1,871,810	1,847,710	(24,100)	51,650	15,000
Regulatory Services, Housing & Wellbeing	1,405,970	1,403,110	1,404,310	1,200	(1,660)	16,000
Economic Growth & Development Services	(41,750)	(108,660)	(108,660)	-	(66,910)	68,000
Operational Services	3,121,180	3,004,520	3,004,520	-	(116,660)	90,000
COVID-19	0	0	1,267,900	1,267,900	1,267,900	-
Net Cost of Services	10,195,000	10,111,460	11,370,670	1,259,210	1,175,670	250,000
Net Treasury Position	152,000	152,000	152,000	-		
Revenue Contributions to the Capital Programme	182,000	182,000	182,000	-		
Net Operating Cost	10,529,000	10,445,460	11,704,670	1,259,210		
Transfer (from) / to General Reserve	1,633,000	1,716,540	457,330	(1,259,210)		
Transfer (from) / to Earmarked Reserves	122,000	122,000	122,000	-		
Net Revenue Expenditure	12,284,000	12,284,000	12,284,000	0		
Financed by:						
Retained Business Rates	(3,020,000)	(3,020,000)	(3,020,000)	-		
Business Rates Cap	(85,000)	(85,000)	(85,000)	-		
Levy Account Surplus	(49,000)	(49,000)	(49,000)	-		
New Homes Bonus	(1,771,000)	(1,771,000)	(1,771,000)	-		
Business Rates Collection Fund (Surplus)/Deficit	(122,000)	(122,000)	(122,000)	-		
Council Tax Collection Fund (Surplus)/Deficit	(208,000)	(208,000)	(208,000)	-		
Council Tax	(7,029,000)	(7,029,000)	(7,029,000)	-		

Reasons for the Outturn Budget Performance by Service Area

Projected Variance £		Expenditure		Income		COVID
		One Off £	Recurring £	One Off £	Recurring £	
-	Chief Executive	-	-	-	-	-
39,210	Corporate Services	-	39,210	-	-	-
(25,000)	Finance and Procurement	-	-	(25,000)	-	-
-	Revenues, Benefits and Customer Services	-	-	-	-	-
(24,100)	Governance and Performance	(2,790)	(21,310)	-	-	-
-	Operational Services	-	-	-	-	-
1,200	Regulatory Services, Housing & Wellbeing	99,930	1,200	(99,930)	-	-
-	Economic Growth & Development	-	-	-	-	-
-	Services	-	-	-	-	-
-	Net Treasury Position	-	-	-	-	-
1,267,900	COVID-19	-	-	-	-	1,267,900
£1,259,210	Net Operating Cost	£97,140	£19,100	(£124,930)	-	1,267,900
-	Earmarked Reserves	-	-	-	-	-
£1,259,210	Net Operating Cost	£97,140	£19,100	(£124,930)	-	1,267,900
-	Funding	-	-	-	-	-
£1,259,210	Transfer (to)/from General Reserves	£97,140	£19,100	(£124,930)	-	1,267,900

Corporate Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(1,200)	Reduction of IDOX licence		(1,200)		
40,410	Transfer of staff member from other service area		40,410		
£39,210	Total	-	£39,210	-	-

Finance and Procurement

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(25,000)	Shared Internal Audit Agreement			(25,000)	
(£25,000)	Total	-	-	(£25,000)	-

Governance and Performance

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
19,100	Insurance Premiums Pressure		19,100		
(40,410)	Movement of staff member to other service area		(40,410)		
(2,790)	Chair and Vice Chair allowance remaining from 2019/20	(2,790)			
(£24,100)	Total	(£2,790)	(£21,310)	-	-

Regulatory Services, Housing & Wellbeing

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
1,200	Reduction of IDOX licence contribution		1,200		
-	Domestic Abuse MHCLG Grant & Corresponding Expenditure	99,930		(99,930)	
£1,200	Total	£99,930	£1,200	(£99,930)	-

Economic Growth & Development Services

Projected Variance £	Reason	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
17,000 (17,000)	Additional spend for car park agreement Vacant post	17,000 (17,000)			
-	Total	-	-	-	-

COVID-19 Projected Impact

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
Total additional Costs	£842,400	
Reduced commercial rents and Investment Income	£86,000	
Reduced Sales, Fees and Charges	£997,410	Car Parking income the highest risk.
Total excluding What if Scenarios	£1,925,810	

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
Total of all What if scenarios	£2,087,250
Total including What if Scenarios	£4,013,060
Government Support in 2020/21 + Earmarked Reserve	(£1,201,160)
Income Guarantee Estimate ¹	(£454,000)
Total potential financial impact	£2,357,900
Impact in 2020/21	£1,267,900
Impact in later years²	£1,090,000

¹ 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.

² Deficits on Council Tax and Business Rates collection in 2020/21 will be able to be spread over 3 years (rather than one). 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. 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.

Fees and Charges

Income Type	Annual	30 June 20	Year End
	Budget	Actual	Variance
	£000	£000	£000
Planning Applications	781	276	150
Car Parks	2,135	90	616
Garden Waste	1,403	1,301	(171)
Trade Waste	441	458	0
Land Charges	294	32	0
Building Control	915	334	0
Property Rental ³	1,472	255	0
Total of Highest Value Fees & Charges	7,441	2,747	595
Other Income			
Licensing			
Leisure Centre			
VAT Claim			
Court Costs			
Recycling			
Grounds Maintenance			
Other			
Total Income			

Annual Trend					
2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Actual	Actual	Actual	Actual	Actual	Actual
£000	£000	£000	£000	£000	£000
771	629	1,030	824	797	744
1,746	1,748	1,986	2,078	2,198	2,105
0	0	0	231	1,495	1,478
338	390	407	415	443	469
183	297	312	279	286	253
454	507	557	547	553	896
644	681	687	729	839	744
4,134	4,251	4,980	5,102	6,611	6,689
217	185	236	224	241	245
1,782	1,819	1,879	1,629	183	0
0	0	0	0	1,103	0
252	233	218	198	214	222
14	347	439	463	331	283
162	161	168	195	217	264
1,839	1,139	1,319	1,124	1,057	1,063
8,400	8,136	9,239	8,936	9,957	8,766

³ The reduction in Property Rental income of £975k will be offset by savings in borrowing repayments and management of £888k and therefore the net impact on the Revenue Budget is a loss in net income of £87k.

Capital Programme Performance in 2020/21

Project	Original Budget	Approved Budget	Actual to Date	Projected Actual	Variance
New Build Parish Office/Community Hub	92,000	92,000	0	92,000	0
Armitage & Handsacre Hall storage container	6,000	6,000	0	6,000	0
Armitage War Memorial	120,000	120,000	0	120,000	0
Installation of artificial grass at Armitage	0	3,000	0	3,000	0
Burntwood LC CHP Unit	0	223,000	96,700	223,000	0
King Edwards VI School (CIL)	0	101,000	0	101,000	0
Friary Grange - Short Term Refurbishment	521,000	640,000	14,224	640,000	0
Replacement Leisure Centre	164,000	195,000	14,000	195,000	0
St. Stephen's School, Fradley (S106)	0	22,000	0	22,000	0
Gym Equipment at Burntwood Parks	0	34,000	34,000	34,000	0
Accessible Homes (Disabled Facilities Grants)	1,698,000	2,107,000	362,416	1,100,000	(1,007,000)
Home Repair Assistance Grants	15,000	36,000	3,365	36,000	0
Decent Homes Standard	172,000	172,000	0	172,000	0
Energy Insulation Programme	10,000	48,000	0	48,000	0
DCLG Monies	212,000	212,000	0	212,000	0
Unallocated S106 Affordable Housing Monies	414,000	684,000	0	684,000	0
Enabling People Total	3,424,000	4,695,000	524,705	3,688,000	(1,007,000)
Darnford Park (S106)	13,000	13,000	0	13,000	0
Canal Towpath Improvements (Brereton & Ravenhill)	0	36,000	0	36,000	0
Loan to Council Dev Co.	675,000	675,000	0	675,000	0
Lichfield St Johns Community Link (CIL)	35,000	35,000	0	35,000	0
Staffordshire Countryside Explorer (CIL)	44,000	44,000	0	44,000	0
Equity in Council Dev Co.	0	225,000	225,000	225,000	0
Bin Purchase	150,000	150,000	0	150,000	0
Vehicle Replacement Programme (Other)	56,000	54,000	0	54,000	0
Env. Imp - Upper St John St & Birmingham Road (S106)	0	7,000	0	7,000	0
Stowe Pool Improvements (S106)	50,000	50,000	17,975	50,000	0
The Leomansley Area Improvement Project	0	3,000	0	3,000	0
Cannock Chase SAC	22,000	22,000	31,237	51,000	29,000
Shaping Place Total	1,045,000	1,314,000	274,213	1,343,000	29,000
Multi Storey Car Park Refurbishment Project	0	300,000	0	300,000	0
Birmingham Road Site - Coach Park	625,000	1,475,000	0	1,475,000	0
Birmingham Road Site - Short Term Redevelopment	0	222,000	67,224	222,000	0
Car Parks Variable Message Signing	0	32,000	0	32,000	0
Old Mining College - Refurbish access and signs (S106)	0	13,000	0	13,000	0
St. Chads Sculpture (Lichfield City Art Fund)	0	5,000	0	5,000	0
Developing Prosperity Total	625,000	2,047,000	67,224	2,047,000	0
Investment in Property	11,500,000	22,000,000	0	0	(22,000,000)
Property Planned Maintenance	125,000	229,000	0	229,000	0
New Financial Information System	250,000	250,000	0	150,000	(100,000)
Depot Sinking Fund	11,000	11,000	0	0	(11,000)
IT Infrastructure	55,000	154,000	6,989	154,000	0
IT Cloud	100,000	91,000	11,300	91,000	0
ICT Hardware	202,000	4,000	0	4,000	0
IT Innovation	250,000	280,000	1,192	280,000	0
District Council House Repair Programme	164,000	164,000	0	50,000	(114,000)
A Good Council Total	12,657,000	23,183,000	19,481	958,000	(22,225,000)
Approved Budget	17,751,000	31,239,000	885,622	8,036,000	(23,203,000)

Capital Receipts	1,402,000	1,666,000		1,177,000	(489,000)
Corporate Revenue	182,000	182,000		182,000	0
Borrowing Need - Borrowing and Finance Leases	11,664,000	22,195,000		195,000	(22,000,000)
Capital Grants and Contributions	3,287,000	4,221,000		3,507,000	(714,000)
Reserves, Existing Revenue Budgets and Sinking Funds	1,216,000	2,975,000		2,975,000	0
Capital Programme Total	17,751,000	31,239,000		8,036,000	(23,203,000)

Investments in the 2020/21 Financial Year

The table below shows a breakdown of our investments at the 30 June 2020:

Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating	Non-UK Organisation
Money Market Funds						
Invesco Aim	£2,120,000	01-Jul-20	Instant Access	0.26%	AAA	N/A
Legal & General	£4,000,000	01-Jul-20	Instant Access	0.26%	AAA	N/A
Strategic Funds						
CCLA Property Fund	£2,000,000	N/A	N/A	3.63%	N/A	No
Ninety-One Diversified Income Fund	£2,000,000	N/A	N/A	4.21%	N/A	No
CCLA Diversified Income Fund	£2,000,000	N/A	N/A	3.92%	N/A	No
Kames Diversified Income Fund	£2,000,000	N/A	N/A	3.00%	N/A	No
Fixed Term Investments						
Brentwood Borough Council	£2,000,000	29-Jul-20	29	0.93%	LOCAL	No
Ashford Borough Council	£2,000,000	07-Jul-20	7	0.76%	LOCAL	No
Monmouthshire Council	£2,000,000	28-Sep-20	90	0.91%	LOCAL	No
Debt Management Office	£1,260,000	20-Jul-20	20	0.10%	UK Government	No
Debt Management Office	£1,120,000	19-Aug-20	50	0.11%	UK Government	No
Debt Management Office	£7,840,000	21-Sep-20	83	0.11%	UK Government	No
Surrey Heath Borough Council	£2,000,000	15-Dec-20	168	0.80%	LOCAL	No
Call Accounts with Notice Period						
Santander	£1,000,000	27-Dec-20	180	0.56%	A	No
Lloyds	£1,000,000	03-Oct-20	95	0.38%	A+	No
HSBC	£999,500	31-Jul-20	31	0.20%	A+	No
Total Investments	£35,339,500					