

Your ref  
Our ref  
Ask for Christine Lewis  
email Christine.lewis@lichfielddc.gov.uk

District Council House, Frog Lane  
Lichfield WS13 6YU

Switchboard +44 (0) 1543 308000  
Fax +44 (0) 1543 309899  
Direct Line +44 (0) 1543 308065  
Minicom only +44 (0) 1543 308078

28<sup>th</sup> August 2015

Dear Sir/Madam

**STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE**

A meeting of the above mentioned Committee has been arranged to take place on **WEDNESDAY 9<sup>th</sup> SEPTEMBER 2015** at **6.00 pm** in the **Committee Room**, District Council House, Lichfield, to consider the following business.

Access to the Committee Room is via the Members' Entrance.

Yours faithfully



Strategic Director

**To: Strategic (Overview and Scrutiny) Committee**

Councillors Strachan (Chairman), Tittley (Vice-Chairman), Bamborough, Mrs Barnett, Constable, Drinkwater, Miss Hassall, Humphreys, Marshall, Matthews, Powell, White and Mrs Woodward.



## AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. To approve as a correct record the Minutes of the meeting held on the 9<sup>th</sup> June 2015 (copy attached)
4. Money Matters 2014/15: Review of Financial Performance against The Financial Strategy (copy attached)
5. Money Matters 2015/16 Review of Financial Performance against The Financial Strategy (copy attached)
6. Statement of Accounts 2014/15 (copy attached)
7. Civic Function Member Task Group (copy attached)
8. Combined Authorities (to follow)
9. Work Programme and Forward Plan (copy attached)

Briefing Papers to be issued separately:

None

\*Briefing Papers were introduced after the Overview and Scrutiny Committee Co-ordinating Group requested that the length and volume of agendas be addressed. Briefing papers, which are intended to provide Members with information on relevant issues, are an alternative to placing items on the Agenda. If Members wish a paper to be discussed it can be included on the Work Programme and scheduled for a future meeting.



## **STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE**

**9<sup>th</sup> JUNE 2015**

### **PRESENT:**

Councillors Strachan (Chairman) Tittley (Vice-Chairman) Mrs Barnett, Constable, Drinkwater, Miss Hassall, Marshall, Powell, White, and Mrs Woodward.

(In accordance with Council Procedure Rule No.17 Councillors Eadie, Fisher, Greatorex, Pritchard, Pullen, Smith and Wilcox attended the meeting)

**APOLOGIES FOR ABSENCE** were received from Councillors Bamborough, Humphreys and Matthews.

### **DECLARATIONS OF INTEREST:**

No declarations of interest were made.

### **MINUTES**

The Minutes of the Meeting held on 21<sup>st</sup> January 2015 were taken as read, approved as a correct record and signed by the Chairman. It was requested that it be made clear that the democratic involvement of local Members in Locality Commissioning be reviewed promptly and it was agreed this matter would be included in the discussion of the later agenda item about the Committee's work programme.

**RESOLVED:** That the Minutes of the Meeting held on 21<sup>st</sup> January 2015 be approved as a correct record.

*COUNCILLOR WHITE DECLARED AN INTEREST AS THE COUNTY COUNCIL CABINET MEMBER FOR HEALTH, CARE AND WELLBEING*

### **TERMS OF REFERENCE**

Members were reminded of the Terms of Reference for the Strategic (Overview & Scrutiny) Committee.

### **END OF YEAR PERFORMANCE OVERVIEW 2014/15 FOR THE FINANCE, REVENUES & BENEFITS AND DEMOCRATIC & LEGAL DIRECTORATES**

The Committee received a report on the progress against the relevant activities and projects set out in the District Council's One Year Action Plan for 14/15. Targets for proposed activity and performance indicators for 2015/16 were also reported.

Members asked why a minimum target for enforcement notices had been set as it could imply that enforcement activity could stop when that target was met. Officers reported that it did not mean that a minimum target encouraged no more activity to take place after the target had been met. It was then asked if the level of enforcement action potentially showed an issue with not communicating Planning Law to residents effectively, however it was explained that enforcement notices were only used as a last resort after all other avenues to resolve the problems had been exhausted. It did not point to a lack of communication on planning requirements. The Committee suggested that a range in the number of notices to be issued could be a target instead of a fixed minimum number taking into account benchmarking

against other authorities. It was noted that in the future, targets would be more focused on quality and not quantity.

Members noted that there had been 35 Section 106 agreements completed and that this rise was due to the economic market picking up.

The Chief Executive stated that Performance indicators were being reviewed and improved, but this was work in progress.

When asked, it was noted that currently there were less than 1.5% of the population not on the electoral register.

**RESOLVED:** That the report and comments made be noted.

## **COMBINED AUTHORITIES**

The Committee received an urgent update on Combined Authorities (CA) and the options and risks to Lichfield District Council. It was reported that the Leader of the Council, Councillor Wilcox, had been invited to a meeting with the Chancellor and the Department for Communities and Local Government along with the Leaders of the seven Metropolitan Councils for Birmingham and the Black Country along with Solihull and Coventry to discuss emerging proposals for devolution into a CA. It was noted that Lichfield District Council was the only District Council to be invited to the meeting and the purpose was to hear the discussions and remain informed but not to take part as such. Members noted that unfortunately, after the meeting, a press release was circulated that made the assumption that Lichfield District Council had signed up to a CA with the other Metropolitan Councils even though this was not the case. Members also noted that the Leader of the Council did challenge this press release and a corrected one was issued but not used.

It was reported that work had also been taking place between the 10 Staffordshire Councils as to what devolution options for the county could be. It was noted that it had been made clear to the Staffordshire Councils that contrary to the initial press release, Lichfield District Council had not committed to a CA with the Met Councils. It was reported that no decisions would be made regarding any CA until further information was received. Members noted the Leader's assurance that a correct process would be a full Council decision.

The Chief Executive reported that there was currently a lack of clarity regarding the link between CAs and Local Enterprise Partnerships (LEP) and as the Council was a member of two LEPs for very valid reasons, assessing the benefits of potential CA's was vital. It was also reported that currently District Councils could not be a member of a CA but legislation was in the process of being changed which may alter this.

The Committee welcomed the item and the opportunity to discuss initial thoughts. Members felt that Government funding would drive the need and agenda for CA.

Members then discussed their preferences as to potentially joining a CA and it was agreed that the geography of Lichfield led to blurred boundaries with both Staffordshire and the West Midlands. Councillor White expressed the view that Birmingham would grow regardless of Lichfield's involvement and could exhaust Lichfield's resources but not give any benefits to residents. Members also felt that residents desired to remain as part of Staffordshire and that Staffordshire Councils should consider how they could work more effectively together as soon as possible as there was a risk of them being absorbed into other areas.

The Committee noted that meetings were taking place with the GBSLEP and separately with Staffordshire Councils to discuss the matter. It was agreed that due to the speed that the subject was moving forward, the Chairman and Councillors Tittley and Mrs Woodward be initial contacts for the Leader and Chief Executive to forward information on if required and a further report be brought to the Committee in September or as necessary.

**RESOLVED:** That the information received be noted.

## **FIT FOR THE FUTURE (F4F) PROGRAMME**

The Committee received a report on the progress to date of the Fit for the Future (F4F) Programme, the Council's transformation programme. The Committee noted planned next steps including the programme of reviews and projects, and the proposed changes to the programme governance arrangements. It was reported that the F4F programme had delivered significant financial savings of £1.815m to date, and has helped to put the Council on a sounder financial footing in the short term. However, given the Medium Term Financial Strategy 2015-18 projects an £818,190 funding gap by 1<sup>st</sup> April 2017, there is need to continue with the F4F programme as a means of identifying further savings and cost reduction.

It was reported that whilst Phase 1 and 2 of the Programme had focussed heavily on efficiency savings, the next phase would need to focus more on reforming and modernising the Council, to enable it operate more productively and corporately, and able to deliver its strategic priorities and outcomes with a smaller budget.

A key project within this phase would be the 'Creating a Corporate Council' Project designed to address some of the findings of the Local Government Association (LGA) Corporate Peer Challenge in September 2014, including the need to strengthen the corporate culture and ethos of the organisation so it operates in a more consistent manner based on clear values and good governance. The Committee were welcomed the opportunity to comment on the Project Initiation Document (PID) and agreed that the review of the Overview & Scrutiny function would lead to more effective member involvement in policy development. Members also felt that the project would help to bring a change in culture at the Authority and that refreshed codes of conduct and training for Officers and Members would help embed this change.

Members reinforced the importance of F4F service reviews linking to the Strategic Plan to ensure that services critical to delivering strategic priorities and outcomes are not cut. It was reported that this is being taken into account. It was suggested that the Council could still have a long term vision and be able to consider how priorities and outcomes might be delivered in a different and more efficient way.

**RESOLVED:** (1) That the progress and continuation of the F4F Programme to date be noted including contribution it has made to identifying and implementing significant financial savings; and

(2) That further development of the F4F Programme and the schedule of further reviews – including the 'Creating a Corporate Council project - and proposed changes to the programme governance arrangements be noted.

*COUNCILLOR MRS WOODWARD DECLARED AN INTEREST AS A MEMBER OF THE LOCAL GOVERNMENT ASSOCIATION*

## **RESPONDING TO THE LGA CORPORATE PEER CHALLENGE**

The Committee received a report updating them on how the Council was using the feedback from the Local Government Association (LGA) Corporate Peer Challenge in September 2014. The Committee were reminded that they had considered the formal feedback letter that followed the Peer Challenge at their meeting on 18<sup>th</sup> November 2014. It was reported that since then the Peer Challenge feedback had been considered in depth and work had begun to

address several of the key recommendations, including those relating to the Strategic Plan, F4F Programme and a review of the Overview & Scrutiny function. In terms of the latter, discussion was already underway, informed by recent training by the Centre for Public Scrutiny. This had reinforced the importance of the role of the Chairman and suggested triangulation meetings with Cabinet Members be introduced to discuss what items would be coming forward in the future as this would help allow Committees to be only considering significant items and not necessarily every item.

Members requested that there be more training with the inclusion of practical tools to help Members conduct effective scrutiny including questioning skills. It was noted that Overview & Scrutiny should not be adversarial.

**RESOLVED:** That the action taken and planned be noted.

## **STRATEGIC PLAN 2016-20**

Consideration was given to a report on proposals to develop the District Council's next Strategic Plan. It was reported that the Council produced a Strategic Plan every four years to coincide with the electoral cycle and also takes account of the plans and priorities of partner organisations to secure the maximum value for money for residents.

The Committee welcomed the report and expressed a wish for "buzz words" and jargon to be avoided. Members also felt that any vision should be distinctive to Lichfield District and not sound like it could apply to any other Local Authority. Members felt that it could be useful to produce a stripped down version of the new Strategic Plan (a Plan on a Page) which would be easier for people to digest. It was then suggested that a small A5 leaflet on the plan and what so far had been achieved could be included in the council tax bills members were reminded that Council Tax leaflets used to be sent with Council Tax bills but this was stopped in 2013. Information was available online.

The Committee noted that this Strategic Plan would have a long term vision as suggested by the Peer Challenge feedback and also incorporate the day to day work of the Council to allow Officers to relate to it more and mitigate the risk of staff not feeling the Plan is relevant to them.

Members asked how the Plan would be implemented and it was noted that it would be through Annual Action Plans, Service Plans and Performance and Development Reviews for staff.

**RESOLVED:** That the proposed approach to the Council's next Corporate Plan be noted.

## **ARRANGEMENTS FOR CHAIRMAN'S CAR**

The Committee received a report on the current lease arrangements for the Chairman's Car which was due to expire in March 2015. It was reported that due to the elections, the lease was temporarily extended in order to enable the new Council to take a decision on the arrangements for transport of the Chairman and Vice-Chairman for this term of office.

The Committee noted that although the Council was required to have a Chairman to conduct the business of the Full Council, this report could be a springboard to consider the Civic function as a whole and it was agreed to set up a Member Task Group to do so.

The Committee commented that the budget for the Civic function was £50k and so it should be investigated whether the role in its current format gave any community value for the District. Some Members felt the Civic role was a costly tradition however others expressed a view that the role brought the Council closer to the community.

Members then discussed options for transport and it was felt that there was currently not enough information to make a recommendation including how many miles were covered in the vehicle and what other Authorities did. Members noted that the Task Group could consider other options for transport. The Committee agreed for the Leader of the Council and Chief Executive to make an interim decision to extend the current arrangements until the Task Group had concluded its work.

**RESOLVED:** That a Member Task Group comprising of Councillors Miss Hassel, Powell, Tittley and Mrs Woodward be created to investigate the Civic function and options for transport of the Chairman.

## **FORWARD PLAN AND WORK PROGRAMME**

Consideration was given to the Forward Plan and Work Programme. It was noted that the use of triangulation meetings between the Chairman and Cabinet Members would help inform the work programme. The Chairman agreed to consider adding a review of how the locality commissioning board operates once the triangulation meetings had taken place.

**RESOLVED:** That the Forward plan and Work Programme be noted.

(The Meeting finished at 8.06 p.m.)

CHAIRMAN

## SUBMISSION TO STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE

Date: 9 September 2015

Agenda Item: 4

Contact Officer: Jane Kitchen

Telephone: 01543 308770

### SUBMISSION BY CABINET MEMBER FOR FINANCE AND DEMOCRACY

#### MONEY MATTERS : 2014/15 REVIEW OF FINANCIAL PERFORMANCE AGAINST THE FINANCIAL STRATEGY

##### 1. Purpose of Report

- 1.1 The report covers the financial performance for the financial year 2014/15.
- 1.2 The budgeted transfer to general reserves was **£91,640** as approved by Council on 17 February 2015. Council's performance in the year resulted in **£187,479** being transferred to general reserves. This means Council's position improved by **£95,839** for the financial year 2014/15 in comparison with the Approved Budget. In summary the budget variance falls into two categories; one-off net costs (additional expenditure offset by additional income) of **£21,823** and ongoing savings/additional income of **£117,662**. The detailed reasons for this are contained in the main body of this report and in more detail for the Net Cost of Services at **APPENDIX D**.
- 1.3 Council Tax Collection Fund surplus: Lichfield District Council's share is **£17,517**. Legislative requirements mean this surplus will be accounted for in 2016/17 rather than 2014/15.
- 1.4 Business Rates Collection Fund deficit: Lichfield's District Council's share is **£706,861**. As with Council Tax Collection Fund Surplus, this will be accounted for in 2016/17. The reason for the deficit is principally due to the level of the appeals provision with further details are set out under 2.27 in the report.
- 1.5 The Capital Programme was below budget by **£1,489,583**; recommendation 4.3 below is for slippage of **£1,395,000** in 2015/16. The two main items for the below budget performance are Friarsgate **£484,000** and Accessible Homes (Disabled Facilities Grants) **£240,000**.
- 1.6 Total Reserves held at 31 March 2015 amount to **£7,896,350**: this made up of General Reserves of **£2,997,670** and Earmarked Reserves of **£4,898,680**.

##### 2. Summary of Policy Development

###### Revenue Budget

- 2.1 *A Plan for Lichfield District 2012-16'* approved by Council in February 2012, set out the ambition, focus and priorities for this period. This Plan includes milestones for each year, so that we can bring appropriate focus to delivery.
- 2.2 The Leadership Team, together with their Cabinet Members, are responsible for delivering against the milestones for the '*Plan for Lichfield District 2012-16'* and are required to report progress on this to Cabinet, enabling Cabinet as a whole to review the performance of the organisation.



- 2.3 The MTF5 (R&C) 2015-18 sets out the allocation of resources and the policies and parameters within which managers are required to operate. We are required by law to set a three year balanced Budget. The MTF5 covers revenue and capital expenditure for the revised estimate 2014/15 and the three financial years 2015-18. It was approved by Council on 17 February 2015.
- 2.4 Aspects like community safety, human rights, financial implications, sustainability issues and risk management are all dealt with as part of this report so have not been separately identified.
- 2.5 Since 2013/14 there have been significant changes in Local Government Finance, ranging from the Localisation of Council Tax Support, wider welfare reforms and local retention of an element of business rates. These changes introduced new financial risks including the Council's exposure to changes in the level of income from business rates. Consequently, the Council implemented plans and strategies to manage these financial risks. These risks, together with financial successes, challenges and future actions are shown in more detail in **APPENDIX A**.
- 2.6 Increasingly the Council is principally being funded by income generated locally through Council Tax, Local Business Rates, New Homes Bonus and fees and charges. Therefore, the management of Sundry Income debt is a key component of the Council's funding.
- 2.7 Income from Sundry Debts decreased in 2014/15 by **£379,291** to **£6,848,530** and it remains a substantial sum of money (**21%** of gross income of **£33,298,364**). The overall collection figures remain consistently good. The value of outstanding invoices has decreased from **£1,779,455** to **£1,737,782** equating to **25%** of the income due. Further details are shown in **APPENDIX B**.
- 2.8 Collection performance for Council Tax has decreased by 0.13% in comparison with 2013/14. The Council's collection rate for in year debt (2014/15 only) at 98.70% remains well above the national average for collection (97.1%) and the Shire Districts average (97.9%). The Council is ranked equal 27th nationally and top within Staffordshire Districts.
- 2.9 Collection performance for Business Rates for all years has decreased by 1.31% and arrears have increased by 62.1% from **£823,641** to **£1,335,056**. The increase in Business Rates is principally due to a number of exceptional one-off items, such as a new 'split' assessment for Drayton Manor Park and Hotel and several backdated Rateable Value (RV) increases. The Council was notified of these items towards the end of the financial year by the Valuation Office Agency. These arrears will be collected in the new financial year 2015/16.
- 2.10 The Council's collection rate of 98.41% for in year debt is above the national average of 98.1% and on par with the Shire Districts average of 98.4%. The Council is ranked equal 132nd nationally and 3rd within Staffordshire Districts.

2.11 The financial performance, covering the period April 2014 to March 2015 is reported against the Budget for the year 2014/15 approved by Council on 17 February 2015.

The Revenue Budget on a Net Direct Expenditure Basis	Approved Budget £	Actual Outturn £	Variance £
Chief Executive	886,980	984,760	97,780
Community, Housing & Health	2,165,330	2,060,142	(105,188)
Democratic, Development & Legal	280,250	259,326	(20,924)
Finance, Revenues & Benefits	2,152,640	2,293,221	140,581
Leisure & Parks	3,135,250	3,003,644	(131,606)
Waste Collection	1,494,990	1,433,189	(61,801)
<b>Net cost of services</b>	<b>10,115,440</b>	<b>10,034,282</b>	<b>(81,158)</b>
Net Treasury Position	1,700	(28,952)	(30,652)
Revenue Contributions to the Capital Programme	169,000	169,000	0
<b>Net Revenue Expenditure</b>	<b>10,286,140</b>	<b>10,174,330</b>	<b>(111,810)</b>
Approved Earmarked Reserves	92,000	92,000	0
<b>Cost of local services met by local and national taxes</b>	<b>10,378,140</b>	<b>10,266,330</b>	<b>(111,810)</b>
<b>How we plan to fund this</b>			
Local Taxes	(5,426,780)	(5,426,390)	390
Grants	(5,043,000)	(5,027,419)	15,581
<b>Funding Sub Total</b>	<b>(10,469,780)</b>	<b>(10,453,809)</b>	<b>15,971</b>
<b>Revenue Account Surplus to be transferred to General Reserves</b>	<b>(£91,640)</b>	<b>(£187,479)</b>	<b>(£95,839)</b>

2.12 The figures shown in the above table are the net cost of services. The gross expenditure and gross income generating the net cost are shown in **APPENDIX C**.

2.13 The format shown above details net expenditure by Directorate. It reflects the internal management structure of Lichfield District Council.

2.14 The Council's financial performance is within the set target for 2014/15 of **£250,000** of the Approved Revenue Budget. The final outturn position is below budget by **£95,839**. In order to understand the reasons for this variance, analysis work has been done and the details are shown in **APPENDIX D**. In summary, the budget variance falls into two categories :

- One-off net costs (additional expenditure offset by additional income) of **£21,823**
- Ongoing savings/additional income of **£117,662**

2.15 The outturn position provides additional General Reserves some of which are ongoing savings/additional income. These will be incorporated into the Council's MTFS (R&C).

### Council Tax

2.16 The Local Government Finance Act 1988, as amended by Schedule 10 of the Local Government Act 1992, sets out the statutory provisions concerning the operation of the Collection Fund.

2.17 The Local Authorities (Funds) (England) Regulations 1992, requires the Billing Authority to estimate on 15 January any (surplus)/deficit in their Collection Fund for the year of account.

- 2.18 Any such estimated (surplus)/deficit are shared between the Billing Authority and its major precepting authorities. It is apportioned on the basis of the Billing Authority's demand and each major precepting authority's precept.
- 2.19 The detailed Collection Fund for 2014/15 is shown in detail at **APPENDIX E**. There was an actual surplus on the Collection Fund for Council Tax of **£1,139,792** compared to a projected surplus of **£1,005,460**. The reason this surplus has occurred is that we originally estimated a Council Tax base of **35,295** and the actual Council Tax base for 2014/15 was **36,250**, this is an increase of **955**. This increase is due to a variety of reasons including changes to discounts and exemptions, new properties and the impact of the LCTS Scheme.
- 2.20 The Council's share of this actual surplus would be **£148,632** and **£131,115** has already been included in the Budget in 2015/16. The remaining **£17,517** will be included in the 2016/17 Budget. The growth in Council Tax base will be permanent and has been incorporated into the Approved MTFS 2015-18.

## **Business Rates**

### The Retained Business Rates System

- 2.21 Since 1 April 2013, Council has been able to retain a share of any Business Rate growth within the boundaries of the district. This was a significant change to local government funding. As well as providing the opportunity for additional growth, it also carries some significant risks. These risks include the financial implications resulting from business closures and appeals against the Rateable Value (RV) set by the Valuation Office Agency (VOA) for businesses. As this represents a significant risk to the Council's finances and potentially impacts on the Council's overall Budget, this risk is closely monitored on a monthly basis.
- 2.22 As with Council Tax the Council is required to operate a Collection Fund for all Business Rate income and payments are managed. The Council's share is **40%** of the Business Rate income in the Collection Fund, plus applicable Section 31 Grants for designated reliefs, and this is used to assess the level of growth or decline in Business Rates in each financial year. This information is then used to calculate the level of levy payments to, or safety net income from, the Greater Birmingham and Solihull Business Rates Pool (GBSBP)
- 2.23 On 30 July 2014, GBSBP leaders agreed to a three year levy distribution basis, whereby **32.5%** of levy payable will be returned to the Council.
- 2.24 The monthly aggregate RV, details of significant movements in RV and details of the high value RV properties in Lichfield District are shown in **APPENDIX E**.

### Business Rate Appeals

- 2.25 In terms of Business Rate appeals, during 2014/15 it has proved challenging to estimate their impact. The reason for this is that in addition to the complexity of estimating their financial impact, the Chancellor announced in his 2014 Autumn Statement on 3 December 2014 that appeals against the 2010 rating list would close on 31 March 2015. The outcome of this was any business could appeal their RV back to 1 April 2010. If successful, a business could have a Business Rates refund backdated for five financial years. Prior to this announcement, businesses were able to submit an appeal up to 1 April 2017. The Chancellor effectively brought forward the appeals deadline by two years.
- 2.26 Locally, there was a 'spike' in appeals received in the last two weeks of the financial year 2014/15.

2.27 This change has presented Council with a major issue. The Business Rate Collection Fund for the year is now in deficit as there has been no sizeable increase in Business Rate yields, from new development in the district. In order to calculate the Business Rates Appeals Provision, the following factors have been taken into account :

- A number of appeals are duplicates for the same period of time and;
- The speculative nature of some appeals that may not have robust grounds.
- The impact of a change to the method of valuation to be applied to purpose built doctor's surgeries in the case of [Gallagher \(VO\) v Drs M G Read and Partners](#). This has resulted in an average reduction of **62%** in RV for this type of building. This change necessitated our provision increasing from **£48,519** to **£407,000** for **11** appeals that have been submitted for this type of property.

All Councils in the GBSBP have experienced significant uplift in appeals submitted towards the end of the financial year.

The Local Government Association carried out a survey of Chief Finance Officers of all 353 Councils in England between October and November 2014. The biggest issue identified was in respect of the risk arising from appeals. This mirrors the experience in the latter half of 2014/15 for our Council. The Chancellor's decision to bring the deadline forwards for appeal submissions by two years has clearly exacerbated the financial risk to the Council.

#### The Business Rate Collection Fund

2.28 The Business Rate Collection Fund had an actual deficit in 2014/15 of **£1,422,856** compared with a projected surplus of **£344,298**. This is a variance of **£1,767,154** and is due to :

- An increase in the level of the provision for Business Rates Appeals of **£2,124,957**.
- At the end of the financial year 2014/15, Council completed a Government return setting out the final position on the Business Rate Collection Fund, This is known as the National Non Domestic Return 3 (NNDR3). This return required the inclusion of any income from payment deferrals in the Business Rate Collection Fund. These were previously treated as a creditor payment and carried forward to the next financial year. The NNDR3 required Council to account for this income in 2014/15 rather than carrying the income forwards into the next financial year. For our Council, this has resulted in additional income of **£327,407** being accounted for.

2.29 During 2014/15 we are required to project the surplus or deficit on the Business Rates Collection Fund for 2014/15. The Council's share of this projected sum is effectively accounted for in the 2015/16 Budget. Any difference between the projected sum and the actual surplus or deficit for 2015/16 on the Business Rate Collection Fund will then be accounted for in the 2016/17 Budget. Effectively there

is a two year lag between projected income and actuals being accounted for. The Council's share at 40% of the actual Business Rate Collection Fund deficit is **£569,142**. At the time the Council prepared its MTFS (R&C) 2015-18, it included a projected surplus of **£137,719** for 2015/16. Therefore, the difference between the actual deficit and the projected surplus is **£706,861**. It will potentially need to be offset through the use of reserves.

### Overall Effect on The Council's Budget

- 2.30 By law the Council's Business Rates Budget is required to be based on the estimated income contained in the 2014/15 Government Return known as National Non Domestic Return 1 (NNDR1). Lichfield's share of Business Rate income is 40% of the total Business Rate estimated to be collected. Any Business Rate growth or decline will be included in future financial years as part of the Collection Fund surplus or deficit.
- 2.31 The budgeted level of Business Rates for 2014/15 included in the NNDR1 was **£12,516,000**. The actual outturn at the end of 2014/15 was **£12,088,014** and is shown in **APPENDIX E, Table A** and **Table B**. The Revised Budget approved as part of the MTFS (R&C) 2015-18 assumed Council's share of Business Rates in 2014/15 (after the payment of tariff of **£10,966,715** to the GBSBP and the inclusion of Section 31 grants) would be **£2,352,875**, compared to a Business Rates baseline of **£1,885,184**, shown in **APPENDIX E, Table A**. This growth above the baseline would have meant the Council paid net levy to the GBSBP of **£158,000**<sup>1</sup>.
- 2.32 The increase in the Business Rates Appeals Provision has meant Council's actual share of Business Rates in 2014/15 of **£1,620,630** is below the Business Rates Safety Net threshold of **£1,743,795**<sup>2</sup>. Therefore, Council is entitled to a safety net payment of **£123,165** from the GBSBP. Any safety net payment due has not been included in the outturn for 2014/15; the reason for this is that External Audit will audit NNDR3 and there may be an adjustment to the final position dependent on their audit. Any safety net income due to be received, will be incorporated into the MTFS (R&C).

---

<sup>1</sup> Levy payable of £234,000 less returned Levy of £76,000 as shown in **APPENDIX E, Table B**.

<sup>2</sup> Safety Net threshold is 92.5% of the Business Rates Baseline of £1,885,184 as shown in **APPENDIX E, Table A**.

## Capital Programme

### Managing the Current Budget

- 2.33 Council approved an original Budget for 2014/15 of **£2,422,000** on 24 February 2014.
- 2.34 There was slippage of **£482,500** in the Capital Programme in 2013/14 brought forward to 2014/15 and **£266,500** of other changes.
- 2.35 This resulted in a revised Budget for 2014/15 of **£3,171,000**.
- 2.36 In addition, there have been a number of other changes, such as the allocation of Section 106, rephrasing of some project spend and new grant awards that total **£87,000** that resulted in a final Budget of **£3,084,000**.
- 2.37 Below we look at spend by strategic priority for the 2014/15 financial year, focussing on the actual position for the year, compared with the Current Budget :

Priority	Original Budget £	Final Budget £	Actual Outturn £	Variance £	
We'll support local people	750,000	1,114,000	618,678	(495,322)	●
We'll support local places	119,000	172,000	118,998	(53,002)	☑
We'll boost local businesses	413,000	850,000	14,524	(835,476)	●
How our core principles help us deliver	1,140,000	948,000	842,217	(105,783)	●
<b>Total Capital Expenditure</b>	<b>£2,422,000</b>	<b>£3,084,000</b>	<b>£1,594,417</b>	<b>(£1,489,583)</b>	

- KEY :** ☑ Actual within **£0.1m** of our final budget  
 ● Actual not within **£0.1m** of our final budget

The most significant areas of variance are related to :

#### We'll Support Local People

Disabled Facilities Grants (**£0.240 million below budget**) - following a retendering exercise the Home Improvement Agency (HIA) service contract for the whole county was awarded to Revival, from the 1st July 2014. However, due to issues over funding from Staffordshire County Council it did not actually commence until 1st October. This change has presented several challenges to service delivery whilst Revival has become fully operational.

#### We'll Boost Local Businesses

Friarsgate (**£0.484 million below budget**) – there are ongoing design, legal and financial changes to the Friarsgate scheme and the latest proposed development has been reported to Cabinet in July 2015. This means that spend for the project continues to be difficult to predict given the fluid nature of the project.

An important element of the Capital Programme relates to asset replacement. The renewals of vehicles, equipment and systems renewals during 2014/15 are shown in detail in **APPENDIX F**.

An element of the below budget variance for the year is related to delays in spend taking place which is known as slippage. The slippage in 2014/15 of **£1,395,000** will be added to the Capital Programme in 2015/16 when this delayed spend is planned

to take place. The slippage together with the Revised Budget for 2015/16 is shown in **APPENDIX G**.

### **Capital Investment at Burntwood Leisure Centre - The Sinking Fund**

2.38 Under the terms of the funding agreement with the National Lottery in relation to Burntwood Leisure Centre (BLC), LDC is required to set aside resources to be used for the future repair and renewal of BLC in a 'Sinking Fund'. Monitoring information for all approved projects is shown in the table below :

Project Name	Annual Spend in 2014/15		
	Current Budget £	Actual Outturn £	Variance £
Planned maintenance	95,000	11,040	(83,960)
<b>TOTAL</b>	<b>£95,000</b>	<b>£11,040</b>	<b>(£83,960)</b>

### **Treasury Management**

#### **Background**

2.39 The Annual Treasury Report is a requirement of the Council's reporting procedures. It covers the Treasury activity during 2014/15 and the actual Prudential Indicators for 2014/15.

2.40 Our Treasury Management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires local authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members be informed of treasury management activities at least twice a year. We report quarterly to the Cabinet and Strategic Overview and Scrutiny Committee on Treasury policy; strategy and activity.

2.41 Treasury Management is defined as: *"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

2.42 Overall responsibility for Treasury Management remains with the Council. No Treasury Management activity is without risk; the effective identification and management of risk are integral to our Treasury Management objectives.

#### **Scope**

2.43 This report is prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential code and

- a) presents details of capital spend, capital financing, borrowing and investment transactions;
- b) reports on the risk implications of Treasury decisions and transactions;
- c) gives details of the outturn position on Treasury Management transactions in 2014/15;
- d) confirms compliance with Treasury limits and Prudential Indicators and
- e) provides details of the results of recent reviews undertaken in relation to Treasury Management Activity to provide assurance that systems and controls work as expected.

2.44 The report is to full Council and in addition is also submitted to the Strategic Overview and Scrutiny Committee who are responsible for scrutiny of the Treasury Management function.

2.45 Interest Rates and Investment Strategy :

- Our interest rate projections when we set our 2014-17 and 2015-18 MTFS were anticipated to be:

Central Case	Jun 2015	Sep 2015	Dec 2015	Mar 2016	Jun 2016	Sep 2016	Dec 2016	Mar 2017	Jun 2017	Sep 2017	Dec 2017
MTFS 2014-17	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%			
MTFS 2015-18	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%

- These interest rate projections are used as the basis for compiling our investment income budget. Clearly interest rates are projected to stay low for a more sustained period and this will be reflected in the investment income we receive.

2.46 Investment Strategies Approved Covering the 2014/15 Financial Year :

- Council approved two Investment Strategies during 2014/15 and these are shown in **APPENDIX H**.

2.47 Investments and Cash flow :

- The investments that Council had outstanding, together with a summary of investment activity throughout the 2014/15 financial year and the maturity profile of our investments compared to interest rate projections are shown in **APPENDIX H**.
- The summary of our investment activity shows that our current list of institutions is short and this reflects the suitability of counterparties available for the Council to invest its monies with. This is a reflection of the credit crunch and the ongoing challenges in the banking sector.
- Our actual average cash flow in 2014/15 compared to the budget is shown in **APPENDIX H**.
- We received **£98,157** in net investment income in 2014/15, compared with a revised Budget of **£93,500**, an additional **£4,657** of investment income generated. This was as a result of improved cash flow available for investment purposes as shown in the graph in **APPENDIX H**.

2.48 The Performance of the Treasury Management Function :

- The performance of the Treasury Management function needs to be measured against our 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) and these are shown in detail in **APPENDIX I**.
- Our aim for the risk status of our investments was **A-**. Our investments at the 31 March 2015 had a more secure risk status of **A+** based on their length and **AA-** based on their value.
- We achieved an average yield of **0.56%** and this compares to our performance indicator of the average 7-day London Inter-bank Bid (LIBID) rate, which was **0.44%**, the 1 month rate was **0.43%**, the 3 month rate was **0.50%** and the 6 month rate was **0.67%**.



2.49 Balance Sheet :

- The actual Balance Sheet and Balance Sheet Summary compared with the budgeted Balance Sheet as at 31 March 2015 are shown at **APPENDIX J**.
- The reasons for the major variances between actual and budgets are also shown in **APPENDIX J**.

2.50 Treasury Position :

- Our investments (excluding accounting adjustments) were **£15,830,000** on 31 March 2015 compared with a final budget of **£9,725,000** and the reasons for this increase are shown in the Balance Sheet commentary in **APPENDIX J**.
- Our Treasury Position as at 31 March 2015 is set out in **APPENDIX J**.

2.51 Prudential indicators (PI) 2014/15:

- Council can confirm that it has complied with its Prudential Indicators for 2014/15; these were originally approved by Council at its meeting on 24 February 2014 and were fully revised and approved by Council on 17 February 2015 as part of the Council's Treasury Management Strategy Statement.
- In compliance with the requirements of the CIPFA Code of Practice this report provides members with a Summary Report of the Treasury Management Activity during 2014/15.
- None of the other Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield. The Prudential Indicators are shown in detail in **APPENDIX K** and are summarised in the table below :

PI	Details	2014/15 Final Budget	2014/15 Actual
1	Capital Expenditure (£)	£3,084,000	£1,594,417
2	Ratio of Financing Costs to Net Revenue Stream (%)	2%	2%
3	Capital Financing Requirement (£)	£3,335,000	£2,689,839
4	Net external borrowing does not exceed the Capital Financing Requirement in the current year plus the next two years	True	True
5	Incremental impact of capital investment decisions on Band D Council Tax (£)	(£2.18)	(£2.40)
6	Authorised Limit (£)	£12,004,000	£1,243,000
7	Operational Boundary (£)	£2,995,000	£1,243,000
8	Adoption of the CIPFA Code of Practice in Treasury Management	Yes	Yes
9	Is our gross debt in excess of our Capital Financing Requirement and are we therefore borrowing in advance of need?	No	No
10	Upper limit for investments fixed interest rate exposure (Highest)	(100%)	(83%)
10	Upper limit for investments variable interest rate exposure (Highest)	100%	100%
11	Upper limit for borrowings fixed interest rate exposure (Highest)	(100%)	(56%)
11	Upper limit for borrowings variable interest rate exposure (Highest)	30%	0%
<b>Maturity Structure of Fixed Rate Borrowing (upper limit) (%)</b>			
12	Under 12 months	100%	34%
12	12 months and within 24 months	100%	34%
12	24 months and within 5 years	100%	32%
12	5 years and within 10 years	100%	0%
12	10 years and within 20 years	100%	0%
12	20 years and within 30 years	100%	0%
12	30 years and within 40 years	100%	0%
12	40 years and within 50 years	100%	0%
12	50 years and above	100%	0%
13	Principal Sums invested > 364 days (£m)	£1,900,000	£0
14	Credit Risk	We consider security; liquidity and yield, in that order, when making investment decisions.	

## Working Balance, Reserves and Provisions

2.52 The following General Revenue Reserves are available to assist the Council in meeting General Fund expenditure from 2015 to 2018, as part of the MTFS :

Detail	2014/2015 £	2015/2016 £	2016/2017 £	2017/2018 £
General Reserve balance as at 1 April	(2,810,191)	(2,997,670)	(2,597,220)	(2,597,220)
Less: Contribution (from)/to Revenue Budget	(187,479)	400,450	0	0
<b>General Reserve balance as at 31 March</b>	<b>(2,997,670)</b>	<b>(2,597,220)</b>	<b>(2,597,220)</b>	<b>(2,597,220)</b>
Minimum reserves requirement policy	1,000,000	1,200,000	1,200,000	1,200,000
<b>General Reserve available for use</b>	<b>(£1,997,670)</b>	<b>(£1,397,220)</b>	<b>(£1,397,220)</b>	<b>(£1,397,220)</b>

2.53 The summary of all Earmarked Reserves for 2014/15 based on risk assessments and reviewed by Leadership Team is shown in the table below with further details in **APPENDIX L** :

DIRECTORATE	Brought forward £	In Year Changes £	Carried forward £
Chief Executive	(158,123)	(290,182)	(448,305)
Finance, Revenues & Benefits	(287,729)	(47,668)	(335,397)
Democratic, Development & Legal Services	(2,499,092)	(44,563)	(2,543,654)
Leisure & Parks	(428,057)	(157,659)	(585,716)
Community Housing & Health	(377,830)	39,853	(337,977)
Waste Collection	(330,000)	(317,630)	(647,630)
<b>Total</b>	<b>(£4,080,831)</b>	<b>(£817,849)</b>	<b>(£4,898,680)</b>

### 3. Community Benefits

3.1 The robust management of the Council's budget is seen as a key priority for the Council, with a target of being within **£250,000** of the Approved Budget being set.

### 4. Recommendations

- 4.1 To note the report and issues raised within.
- 4.2 To note that Leadership Team with Cabinet Members will continue to closely monitor and manage the Medium Term Financial Strategy (Revenue and Capital) 2015-18 (MTFS (R&C) 2015-18).
- 4.3 To note that **£1,395,000** of Capital Programme slippage related to 2014/15 will be added to the Approved Budget in 2015/16 as outlined at **APPENDIX G**.
- 4.4 To note the actual 2014/15 Prudential Indicators contained within the report at **APPENDIX K**.

### 5. Financial Implications

- 5.1 There was a contribution to General Reserves of **£187,479** compared to a budgeted contribution to General Reserves of **£91,640**. This means **£95,839** additional General Reserves are available.
- 5.2 This has a positive impact for the Council by making more funds available to be used in future years.

5.3 Detailed analysis of the Financial Performance for 2014/15 is shown in the **APPENDICES** attached.

**6. Strategic Plan Implications**

6.1 The MTFs underpins the delivery of the 'Plan for Lichfield District 2012-16'.

**7. Sustainability and Climate Change Issues**

7.1 There are no sustainability and climate change issues.

**8. Human Rights Issues**

8.1 There are no Human Rights Issues.

**9. Crime and Community Safety Issues**

9.1 There are no additional Crime and Safety Issues.

**10. Risk Management Issues**

<b>Risk</b>	<b>Likelihood/ Impact</b>	<b>Risk Category</b>	<b>Countermeasure</b>	<b>Responsibility</b>
Management of the Council's Revenue and Capital budget is critical to the successful delivery of key Council's priorities, and control measures need to be in place to manage the re-scheduling or re-profiling of projects and to respond to the changing financial climate.	Medium/ High	Financial	Close monitoring of expenditure. Maximising the potential of efficiency gains. Early identification of any unexpected impact on costs, for example, central Government policy changes (including the stability budget in July 2015), movement in the markets, and changes in the economic climate. Prioritisation of capital expenditure. Project management of projects.	Director of Finance, Revenues and Benefits / Leadership Team
Counterparty default	Medium / High	Financial	A new Annual Investment Strategy was approved by Cabinet on 7 April 2015. This new Strategy utilises more counterparties and financial instruments to diversify the portfolio and reduce this risk.	Director of Finance, Revenues and Benefits
The Performance of the Economy	Medium/	Financial/ Economic/	Close monitoring of the higher risk key	Director of Finance,

<b>Risk</b>	<b>Likelihood/ Impact</b>	<b>Risk Category</b>	<b>Countermeasure</b>	<b>Responsibility</b>
	High	Environmental/ Social/Legal	business areas and those areas affected by the downturn. Managers continuously gather and analyse information and are taking action where it is possible to do so.	Revenues and Benefits / Leadership Team
Actual cash flows are different to those that are planned	Low/High	Financial	The Council maintains a comprehensive cash flow model that is updated on a daily basis to reflect actual and planned cash flows.  An element of the Council's investment portfolio will be invested in instant access accounts.	Director of Finance, Revenues and Benefits
Planned capital receipts are not received	High/High	Financial	The Council plans to dispose of a number of assets to fund capital investment including Industrial Units and Shops. The progress on these sales will need to be monitored closely to ensure any subsequent financial implications are included in the MTFS.	Strategic Director – Democratic, Development and Legal Services

### **Background Documents:**

CIPFA Code of Practice for Treasury Management in the Public Services

Money Matters : Medium Term Financial Strategy (Revenue and Capital) 2014-17 Cabinet 4 February 2014.

Money Matters : 2014/15 Review of Financial Performance against the Financial Strategy (3 months) - Cabinet 9 September 2014

Money Matters : 2014/15 Review of Financial Performance against the Financial Strategy (6 months) - Cabinet 13 January 2015

Money Matters : 2014/15 Review of Financial Performance against the Financial Strategy (8 months) - Cabinet 3 February 2015

The Prudential Code for Capital Finance in Local Authorities

## Successes, Risks, Challenges and Future Actions

<b>Financial Successes</b>	<b>Financial Risks</b>
<p>The Leaders of the GBSBP have agreed a three year (2014/15, 2015/16 and 2016/17) distribution basis for retained levy. The levy will be distributed as follows:</p> <p>Economic Development <b>40%</b>            Safety Net <b>20%</b> (up to a maximum of <b>£2m</b>)            LDC and other tariff Authorities <b>32.5%</b>            Birmingham City Council <b>7.5%</b></p> <p>LDC received <b>£426,443</b> (the Revised Budget was <b>£275,000</b> based on the notification received) from our share of Right to Buy sales from former Council Houses.</p>	<p>Government funding is in part replaced by the retention of Business Rates meaning we are more financially reliant on local economic growth. This represents a significant change to local Government funding.</p> <p>Car Parking Income potentially could be impacted by a number of external factors such as alternative forms of transport, internet shopping and alternative shopping centres and car parking.</p> <p>It was agreed at Cabinet on 9 September 2014 to award the new Dry Recycling contract to Biffa Waste Services Ltd. This contract is likely to impact on the level of expenditure and income. However further work will need to be undertaken in 2015/16 to fully understand the actual financial implications based on actual activity levels.</p>
<b>Financial Challenges</b>	<b>Finance Future Actions</b>
<p>To ensure businesses claim their entitlements to Business Rate Reliefs.</p> <p>To ensure LDC's financial performance is within <b>£250,000</b> of the Approved Revenue Budget.</p> <p>To monitor the impact of the Localisation of Business Rates on LDC's Budget.</p> <p>To monitor the impact of technical changes and LCTS on Collection Rates and the level of Income in the Collection Fund.</p>	<p>F4F is a programme of activities that will be delivered during the MTFS period. It brings together a series of projects that all aim to reduce the expenditure of LDC and also reshape and redesign LDC and its services into one that is fit for the future.</p> <p>To manage the exposure of Business Rate growth risk by liaising with our local authority partners in the GBSBP.</p> <p>To ensure we help our residents manage the financial impact of Welfare Reform.</p>

## Sundry Debtor Performance

Details	31 March 2014		31 March 2015		All Debts Change	Variance
	All Debts £	Property Debts <sup>3</sup> £	All Debts £	Property Debts £	%	
Value of sundry income raised	7,227,821	766,648	6,848,530	836,274	(5%)	✓
Value of debts written off	49,001	214	63,039	834	29%	+
<b>Value of invoices outstanding</b>	<b>£1,779,455</b>	<b>£80,982</b>	<b>£1,737,782</b>	<b>£60,434</b>	<b>(2%)</b>	✓
% of income raised	25%	11%	25%	7%		

Aged Debtor Analysis						
Less than 6 months	1,325,692	68,417	1,244,266	52,670	(6%)	✓
more than 6 months	453,763	12,565	493,516	7,764	9%	+

## Council Tax and Business Rate Performance

	Council Tax				Non Domestic Rates			
	31 March 2014	31 March 2015	Change		31 March 2014	31 March 2015	Change	
Net Collectable in year	£53,575,730	£54,563,402			£34,834,526	£35,059,650		
Amount Collected	£53,018,504	£53,924,835			£34,737,861	£34,502,595		
<b>Amount Collected</b>	<b>98.95%</b>	<b>98.83%</b>	<b>(0.12%)</b>	<b>+</b>	<b>99.72%</b>	<b>98.41%</b>	<b>(1.31%)</b>	<b>+</b>
In year arrears	£862,479	£908,963			£648,642	£827,450		
Previous years arrears	£589,561	£704,610			£174,999	£507,606		
<b>Total arrears</b>	<b>£1,452,040</b>	<b>£1,613,573</b>	<b>11.1%</b>	<b>+</b>	<b>£823,641</b>	<b>£1,335,056</b>	<b>62.10%</b>	<b>+</b>
Write offs March	£45,427	£43,307			£76,303	£82,102		

✓ = Favourable

+

= Adverse

<sup>3</sup> These figures have been restated from those presented in last year's outturn report. The reported figures in 2013/14 included premise license and miscellaneous debtors which should not have been included in the property debts figures.

**ANALYSIS OF GROSS EXPENDITURE AND INCOME  
TOGETHER WITH NET EXPENDITURE FOR 2014/2015**

Area	Actual Gross Expenditure £	Actual Gross Income £	Actual Net Expenditure £
Chief Executive	1,115,043	(130,283)	984,760
Community, Housing & Health	2,625,199	(565,057)	2,060,142
Democratic, Development & Legal	4,815,013	(4,555,687)	259,326
Finance, Revenues & Benefits	23,516,462	(21,223,241)	2,293,221
Leisure & Parks	6,375,810	(3,372,166)	3,003,644
Waste Collection	4,885,119	(3,451,930)	1,433,189
<b>Net cost of services</b>	<b>43,332,646</b>	<b>(33,298,364)</b>	<b>10,034,282</b>
Net Treasury Position	73,843	(102,795)	(28,952)
Revenue Contributions to the Capital Programme	169,000	0	169,000
<b>Net Revenue Expenditure</b>	<b>£43,575,489</b>	<b>(£33,401,159)</b>	<b>£10,174,330</b>

## Reasons for the Variance in 2014/15

	Variance (£)	Expenditure		Income	
		One Off (£)	Recurring (£)	One Off (£)	Recurring (£)
<b>Chief Executive (CE)</b>					
CE - employee related costs.	(4,838)	(3,998)	(840)	0	
Communications and Information - employee related costs and additional income for services provided.	(14,651)	(5,673)		(8,978)	
Civic Services - Civic Car and Events.	(9,958)	(8,074)		(1,884)	
Personnel - planned additional staffing not required.	(5,092)	(4,875)		(217)	
Minor Balance.	(2,913)	5,841	0	(8,754)	0
Approved Earmarked Reserves.	135,232	135,232			
<b>CE Total :</b>	<b>£97,780</b>	<b>£118,453</b>	<b>(£840)</b>	<b>(£19,833)</b>	<b>£0</b>
<b>Community, Housing &amp; Health (CHH)</b>					
Old Mining College - savings in legal fees and supplies and services and additional income reference room hire.	(12,462)	(6,474)		(5,988)	
Homelessness Service - reduction in contribution for void loss and additional income for removal and storage.	(20,594)	(12,446)		(8,148)	
Homelessness Prevention - reduction in payments Supporting People for Metropolitan Support Trust (MST.)	(18,262)	(17,986)		(276)	
Private Sector Housing - reduction in Warmer Healthier Homes Healthier People payments.	(3,276)	(3,271)		(5)	
Housing Administration - savings in supplies & services.	(3,535)	(3,535)		0	
Performance - Savings in research costs.	(8,501)	(8,501)		0	
Environmental Health (Holding Account) - savings in employee related costs and additional court costs income.	(14,566)	(11,062)		(3,504)	
Food Safety - additional income Rate my Place plus fees & charges.	(8,049)	(1,011)		(7,038)	
Noise Pollution - savings in supplies and services and additional court fees.	(5,679)	(3,745)		(1,934)	
General Licensing - additional fees re Animal Boarding & Residential Caravan Sites.	(8,063)	349		(8,412)	
Taxi Licensing - additional Licensing Income.	(16,435)	(2,799)		(13,636)	
Central Postage - reduction in usage.	(14,651)	0	(14,651)	0	
Customer Services - savings in employee related costs and additional Staffordshire Cares Income.	(29,304)	4,816	(14,871)	(19,249)	
Closed Circuit Television.	(3,809)	(3,804)		(5)	
Minor Balance.	(982)	6,740	0	(7,722)	0
Approved Earmarked Reserves.	62,980	62,980			
<b>CHH Total :</b>	<b>(£105,188)</b>	<b>£251</b>	<b>(£29,522)</b>	<b>(£75,917)</b>	<b>£0</b>
<b>Democratic, Development &amp; Legal (DDL)</b>					
Lichfield District Venture - reduction in recharge to Capital Programme due to sickness.	23,892	(4,305)		28,197	
Museum Artefacts - No Maintenance costs required.	(2,294)	(2,294)		0	
Lichfield Tourism Information - saving in employee related costs.	(4,707)	(7,107)		2,400	
Promotion of District - additional income.	(5,275)	8,318		(13,593)	
District Council House - Repairs and Maintenance.	(10,499)	(8,674)		(1,825)	
Asset Register - saving in Professional Fees.	(5,000)	0	(5,000)	0	
Corporate & Democratic - saving in advertisement/legal and subscription fees.	(11,276)	(11,276)		0	
Democratic Services - savings in employee cost/supplies & Services.	(13,581)	(13,581)		0	
Legal Services - savings in employee cost, Legal fees and additional Legal fees income.	(21,281)	(15,680)		(5,601)	
Other Land and Property - savings in professional fees and additional freehold sales income.	(39,391)	(19,650)		(19,741)	
Local Land Charges - additional provision required to meet Local Land Charges Settlement.	39,754	46,860		(7,106)	
Members - savings in Transport and IT costs.	(11,340)	(11,339)		(1)	



## APPENDIX D (continued)

	Variance (£)	Expenditure		Income	
		One Off (£)	Recurring (£)	One Off (£)	Recurring (£)
<b>DDL</b> (continued)					
Election Expenses – Additional Postage.	9,663	9,755		(92)	
Electoral Registration - increase in printing costs less additional Grant.	4,665	11,035		(6,370)	
Development Team Manager - additional HS2 income.	(3,880)	52		(3,932)	
Planning Applications (Chargeable Activities) - increase costs re planning appeals reduced by additional fee income.	26,001	108,736		(82,735)	
Enforcement of Planning Control - saving in legal fees.	(1,959)	(2,959)		1,000	
Planning Policy-Local Plan professional fees.	48,956	47,126		1,830	
HS2 Petition- savings in fees.	(20,931)	(20,931)		0	
Environmental Improvements and Regeneration-Savings in employee related costs and additional Special Area of Conservation (SAC) income.	(7,998)	(2,168)		(5,830)	
Countryside Projects-savings in supplies & Services and additional income.	(12,304)	(10,238)		(2,066)	
Business Support and Investment-savings in other fees & expenses.	(2,019)	(2,019)		0	
Venture House-savings in repairs and maintenance.	(1,556)	(1,556)		0	
District Highways - underspends on street name plates and un-adopted roads - spend depends on demand and can fluctuate year on year.	(5,239)	(5,251)		12	
Lichfield Car Parks - parking fee income higher than anticipated at Revised Estimate. Expenditure due to premises costs (in particular, electricity) slightly higher than anticipated (in particular the Friary - first full year of operation).	(21,790)	2,603		(24,393)	
Minor Balance.	(1,132)	(30,541)	0	29,409	0
Approved Earmarked Reserves.	29,597	29,597			
<b>DDL Total :</b>	<b>(£20,924)</b>	<b>£94,513</b>	<b>(£5,000)</b>	<b>(£110,437)</b>	<b>£0</b>

**APPENDIX D (continued)**

	Variance (£)	Expenditure		Income	
		One Off (£)	Recurring (£)	One Off (£)	Recurring (£)
<b>Finance, Revenues &amp; Benefits (FRB)</b>					
External Audit - contingency on grant claims work not required.	(2,934)	(2,934)		0	
Lower than expected bank charges.	(11,058)	(10,214)		(844)	
Procurement Service Level Agreement at lower than expected cost.	(8,746)	(8,746)		0	
Additional Debt recovery court fee income.	(12,561)	(595)		(6,966)	(5,000)
Additional New Burdens Grant received for Revenues & Benefits.	(13,329)	(816)		(12,513)	
Housing Benefit Overpayments - a review has been undertaken recently to identify any potential financial risks for the Council related to the introduction of Universal Credit. One area of risk is the level of Bad Debts provision for Housing Benefit Overpayments. The Bad Debts provision was calculated based on overpayments recovered by the issue of an invoice and no provision was made for those debts being recovered by deductions from on- going benefit. It is considered prudent to include these debts in the Bad Debts provision calculation given the majority transfer to an invoice during the recovery process when they are no longer in receipt of benefit.	192,235	192,138		97	
Transparency Agenda - Grant received.	(5,615)	0		(5,615)	
Street Naming and Numbering - additional income.	(3,821)	2		(3,823)	
Minor Balance.	(3,965)	2,160	0	(6,125)	0
Approved Earmarked Reserves.	18,120	18,120			
<b>FRB Total :</b>	<b>£140,581</b>	<b>£188,892</b>	<b>£0</b>	<b>(£43,311)</b>	<b>(£5,000)</b>

## APPENDIX D (continued)

	Variance (£)	Expenditure		Income	
		One Off (£)	Recurring (£)	One Off (£)	Recurring (£)
<b><u>Leisure &amp; Parks (LP)</u></b>					
Central Directorate - Savings due to personal assistant vacancy and no consultancy costs in the year.	(14,365)	(12,555)		(1,810)	
Sports Development - Received unbudgeted grant funding this year; this covered costs of coaches and equipment, income also up as there were new income streams from additional programmes	(9,126)	(6,740)		(2,386)	
Positive Futures – Grant was received to continue the programme which was sufficient to cover most costs associated with the programme thereby not needing the council's budget which had been set aside for programme-end costs	(14,197)	(13,028)		(1,169)	
Parks Admin – Budget set aside for Chasewater management costs not needed and a reserve of similar value has been sought to fund the replacement of a park vehicle.	(30,538)	(30,898)		360	
Beacon Park – Management and maintenance costs lower than anticipated and some funded by HLF.	(46,198)	(51,494)		5,296	
Burntwood Parks – Lower than expected maintenance costs (9k) and lower budgeted costs for tree maintenance (5K) which is now being progressed. Income is up due to one-off sale of land £4K.	(25,182)	(18,115)		(7,067)	
Lichfield Parks – Savings on repairs and maintenance, £10K variance on tree maintenance as awaiting results of tree survey before doing any tree works.	(21,335)	(19,274)		(2,061)	
Stowe & Minster Pools – Lower than expected cost of engineering fees.	(5,374)	(4,922)		(452)	
Green & Open Spaces – Savings on repairs and maintenance.	(7,303)	(7,303)		0	
<b><u>Friary Grange Leisure Centre (FGLC)</u></b>					
Income up with significant favourable variances on cycling (98% take up of places offered) gym memberships and synthetic pitch, refurbishment and upgrade of wet side facility has resulted in increased popularity.	(55,257)	(30,069)		(25,188)	
Catering –. Lower than expected gross profit.	2,469	1,796		673	
Gym – Savings due to vacancies on reception and fitness.	(5,186)	(5,186)		0	
<b>FGLC Sub total :</b>	<b>(57,974)</b>	<b>(33,459)</b>	<b>0</b>	<b>(24,515)</b>	<b>0</b>
<b><u>King Edwards VI Leisure Centre (KELC)</u></b>					
£12K variance on utilities - gas (£8K), electricity (£4K), Mild winter, lower utility prices and shorter opening hours reduced demand for utilities. £10K adverse variance on income predominantly due to less income from School compared with the previous year.	(10,427)	(15,428)	(5,000)	10,001	
Catering - More profitable catering activity than forecast.	(5,177)	(4,693)		(484)	
<b>KELC Sub total :</b>	<b>(15,604)</b>	<b>(20,121)</b>	<b>(5,000)</b>	<b>9,517</b>	<b>0</b>

## APPENDIX D (continued)

	Variance (£)	Expenditure		Income	
		One Off (£)	Recurring (£)	One Off (£)	Recurring (£)
<b>Burntwood Leisure Centre (BLC)</b>					
£25k savings against budget because of mild winter, lower energy costs and a one-off gas rebate (£4k). There have been savings on salary costs due to vacancies.	(50,212)	(20,788)	(27,000)	(2,424)	
Catering - greater surplus has been generated than forecast because of a greater focus on vending.	(11,922)	(7,635)	(3,000)	(1,287)	
BLC Gym - Savings on salaries, appointment to posts in Inspire were delayed.	(9,036)	(9,036)		0	
<b>BLC Sub total :</b>	<b>(71,170)</b>	<b>(37,459)</b>	<b>(30,000)</b>	<b>(3,711)</b>	<b>0</b>
Garrick - lower than forecast spend on landlord obligated repairs and maintenance.	(4,111)	(4,111)		0	
Insurance - £19K favourable variance on insurance premiums	(10,721)	(22,045)		11,324	
Grounds Maintenance – lower than expected levels of expenditure which were identified through Phase 1 of Fit for the Future review of Parks, Grounds Maintenance and Countryside. Particular savings were achieved around rationalising vehicle fleet and equipment and the funding of redundancy costs from the corporate Fit for the Future budget. Income up due to sale of some old equipment and ad hoc work that cannot be budgeted for in advance.	(45,517)	(11,953)	(25,000)	(8,564)	
Grounds Maintenance External Contracts - ad hoc work – Income higher than expected. This cannot be budgeted for and varies year on year and is not guaranteed.	(7,529)	60		(7,589)	
Street Cleansing - expenditure down due to trunk road cleaning that normally takes place in March. Did not happen because of additional, unfunded, requirements of road owners and so this will be done in 2015/16 - An unrestricted reserve has been requested from the savings made in 2014/15. Income up due to ad hoc work that cannot be budgeted for as varies year on year plus additional income from SCC for works carried out - this too cannot be planned as we can be asked to do this work at any time.	(40,686)	(20,890)		(19,796)	
<b>Streetscene Centre Sub total :</b>	<b>(93,732)</b>	<b>(32,783)</b>	<b>(25,000)</b>	<b>(35,949)</b>	<b>0</b>
Minor Balance.	3,314	3,047	0	267	0
Approved Earmarked Reserves.	292,010	292,010			
<b>LP Total :</b>	<b>(£131,606)</b>	<b>(£19,250)</b>	<b>(£60,000)</b>	<b>(£52,356)</b>	<b>£0</b>

## APPENDIX D (continued)

	Variance (£)	Expenditure		Income	
		One Off (£)	Recurring (£)	One Off (£)	Recurring (£)
<b>Waste Collection</b>					
Waste Shared Service - income up due to slightly higher recycling credit income (note < 1% variance). Expenditure down due to savings on communication and launch of new green waste service £23K, inspection of bins for contamination ref green waste service £40K and cost of removal of food from green waste £35K lower than anticipated. Also £68K savings on costs to transfer to Four Ashes due to delayed introduction of new rounds until May 2015.	(166,614)	(157,638)		(8,976)	
Waste - Efficiency savings - did not need this amount as underspends on Joint Waste - the extent of the under spend was not clear until towards the end of the financial year.	(13,300)	0	(13,300)	0	
Domestic Waste Collection - due to bulky waste income higher than anticipated at Revised Estimate - the change over to the new data collection ref the new connects system meant reports were not available until later in the year so had to do an approximation based on last year at Revised Estimate.	(8,429)	0		(8,429)	
Trade Waste Collection - income slightly higher than anticipated at Revised Estimate this represents 1.8% of total income in the year.	(5,737)	361		(6,098)	
Minor Balance.	(2,921)	(1,764)	0	(1,157)	0
Approved Earmarked Reserves.	135,200	135,200			
<b>Waste Collection Total :</b>	<b>(£61,801)</b>	<b>(£23,841)</b>	<b>(£13,300)</b>	<b>(£24,660)</b>	<b>£0</b>
<b>Net Treasury Position</b>					
Minimum Revenue Provision underspend was due to Disabled Facilities Grants under spending in Capital and therefore no borrowing need was present.	(26,346)	(26,346)		0	
Treasury Management - underspends on internal interest payments to reserves and overdraft interest.	(4,306)	(1,511)	(4,000)	1,205	0
<b>Net Treasury Position Total :</b>	<b>(£30,652)</b>	<b>(£27,857)</b>	<b>(£4,000)</b>	<b>£1,205</b>	<b>£0</b>
<b>Local Taxes</b>					
Minor Balance.	390	1	0	389	0
<b>Local Taxes Total :</b>	<b>390</b>	<b>1</b>	<b>0</b>	<b>389</b>	<b>0</b>
<b>Grants</b>					
Section 31 grants are lower than forecast.	15,581	(87,231)	0	102,812	0
<b>Grants Total :</b>	<b>£15,581</b>	<b>(£87,231)</b>	<b>£0</b>	<b>£102,812</b>	<b>£0</b>
<b>Total</b>	<b>(£95,839)</b>	<b>£243,931</b>	<b>(£112,662)</b>	<b>(£222,108)</b>	<b>(£5,000)</b>

## The Collection Fund

## Council Tax

	The Collection Fund in 2014/15		
	Budget	Actual	Variance
	£	Outturn £	£
<b>Total number of dwellings</b>	<b>43,487</b>	<b>43,843</b>	<b>356</b>
<b>Average number of band D dwellings</b>	<b>35,295</b>	<b>36,250</b>	<b>955</b>
CT Liability	(61,988,000)	(63,014,797)	(1,026,797)
Exemptions	798,000	841,214	43,214
Discounts	4,620,000	4,570,074	(49,926)
Discount - Local Support for CT	4,922,000	4,558,482	(363,518)
<b>CT Due</b>	<b>(51,648,000)</b>	<b>(53,045,027)</b>	<b>(1,397,027)</b>
<b>Add-</b>			
Collection Fund(surplus) deficit brought Forward	(488,430)	(476,862)	11,568
<b>Less-</b>			
DCLG Section 31 Grant -Second Annexes	0	(4,715)	(4,715)
Impairment provision	0	250,380	250,380
Declared CT (surplus)/deficit	488,430	488,430	0
<b>Net CT income</b>	<b>(51,648,000)</b>	<b>(52,787,794)</b>	<b>(1,139,794)</b>
<b>Less Precept Demands</b>			
Staffordshire County Council	36,256,867	36,256,867	0
Stoke-on-Trent and Staffordshire Fire and Rescue Authority	2,387,354	2,387,354	0
Office of the Police and Crime Commissioner Staffordshire	6,268,745	6,268,745	0
LDC	5,363,780	5,363,780	0
Parish Precepts	1,371,256	1,371,256	0
<b>Total Precept Demands</b>	<b>51,648,002</b>	<b>51,648,002</b>	<b>0</b>
<b>CT Collection Fund(surplus)/deficit</b>	<b>2</b>	<b>(1,139,792)</b>	<b>(1,139,794)</b>
<b>Declared Allocation of CT Collection Fund(surplus)/deficit</b>			
Staffordshire County Council	0	(800,133)	(800,133)
Stoke-on-Trent and Staffordshire Fire and Rescue Authority	0	(138,342)	(138,342)
Office of the Police and Crime Commissioner Staffordshire	0	(52,685)	(52,685)
LDC	0	(148,632)	(148,632)
<b>Total CT Collection Fund (surplus)/deficit allocation</b>	<b>£0</b>	<b>(£1,139,792)</b>	<b>(£1,139,792)</b>

Lichfield District Council - The Declared Collection Fund Surplus in 2014/15 included in the 2015/16 Budget	<b>£131,115</b>
Lichfield District Council - Share of the actual Deficit in 2014/15	<b>£148,632</b>
Difference between projected and actual in 2014/15 to be included in the 2016/17 Budget	<b>£17,517</b>

APPENDIX E (continued)

Business Rates

	The Collection Fund 2014/15		
	Budget NNDR 1	Actual Outturn NNDR 3	Variance
	£	£	£
Gross Business Rates Yield	38,465,166	38,197,957	(267,209)
Mandatory Reliefs	(3,316,315)	(2,963,798)	352,517
Discretionary Reliefs	(85,650)	(74,769)	10,881
Small Business Rates Relief	(1,549,094)	(1,857,384)	(308,290)
New Empty Properties	0	0	0
Long Term Empty Properties	(796,252)	(4,312)	791,940
Retail Relief	(537,000)	(406,807)	130,193
Deferrals	0	327,407	327,407
Losses on Collection	(321,000)	(303,606)	17,394
Business Rate Appeals	(445,000)	(2,569,957)	(2,124,957)
Allowance for Cost of Collection	(124,697)	(124,697)	0
<b>Non Domestic Rating Income</b>	<b>31,290,158</b>	<b>30,220,034</b>	<b>(1,070,124)</b>
Opening Balance on the Collection Fund	0	(993,129)	(993,129)
Previous Year's declared Deficit	0	640,397	640,397
<b>Total Non-Domestic Rating Income</b>	<b>31,290,158</b>	<b>29,867,302</b>	<b>(1,422,856)</b>
Lichfield's Share of in year NDR Income at 40%	12,516,063	12,088,014	(428,050)
Lichfield District Council (40%)	12,516,063	12,516,063	0
Central Government (50%)	15,645,079	15,645,079	0
Staffordshire County Council (9%)	2,816,114	2,816,114	0
Staffordshire Fire (1%)	312,902	312,902	0
<b>Total</b>	<b>31,290,158</b>	<b>31,290,158</b>	<b>0</b>
<b>Total Business Rate Collection Fund Surplus or (deficit)</b>	<b>£0</b>	<b>(£1,422,856)</b>	<b>(£1,422,856)</b>

Share of the Surplus or Deficit

Lichfield District Council (40%)	0	(569,142)	(569,142)
Central Government (50%)	0	(711,428)	(711,428)
Staffordshire County Council (9%)	0	(128,057)	(128,057)
Staffordshire Fire (1%)	0	(14,229)	(14,229)

Lichfield District Council Projected Surplus in 2014/15 included in the 2015/16 Budget	<b>£137,719</b>
Lichfield District Council share of the actual Deficit in 2014/15	<b>(£569,142)</b>
Difference between projected and actual in 2014/15 to be included in the 2016/17 Budget	<b>(£706,861)</b>

Table A - NNDR3 Information

	Levy/Safety Net Calculation	
	Budget £	Actual Outturn £
Lichfield's Share of NDR Income @ 40% <u>Section 31 Grants (Lichfield's 40% Share)</u>	12,794,875	12,088,014
Small Business Rates Relief	360,000	334,884
New Empty Properties	0	0
Long Term Empty Properties	3,000	1,743
Retail Relief	162,000	162,705
Less : Tariff Payable	(10,967,000)	(10,966,715)
<b>Retained Business Rates Prior to Levy and Safety Net</b>	<b>2,352,875</b>	<b>1,620,630</b>
Business Rates Baseline	1,885,184	1,885,184
Growth or (Decline) from the Business Rates Baseline	467,691	(264,554)
Safety Net	0	123,165
Levy Payable @ 50%	(234,000)	0

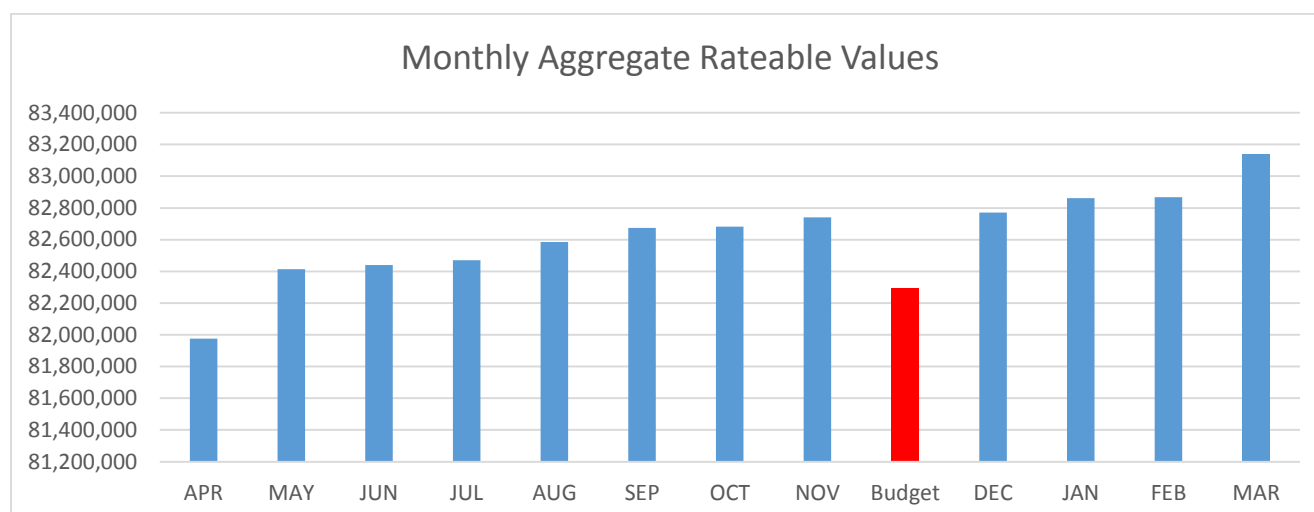
Table B - NNDR1 Information

	LDC's Budget in 2014/15		
	Budget £	Actual Outturn £	Variance £
NDR Income based on NNDR 1	12,516,000	12,516,063	63
Contribution from or (to) Business Rates Reserve <u>Section 31 Grants (Lichfield's 40% Share)</u>	180,000	17,621	(162,379)
Small Business Rates Relief	360,200	334,884	(25,316)
New Empty Properties	0	0	0
Long Term Empty Properties	3,200	1,743	(1,457)
Retail Relief	161,600	162,705	1,105
Other amounts	0	15,638	15,638
Less : Tariff Payable	(10,967,000)	(10,966,715)	285
Less : Levy Payable @ 50%	(234,000)	0	234,000
<b>Retained Business Rates prior to Levy Redistribution</b>	<b>2,020,000</b>	<b>2,081,939</b>	<b>61,939</b>
Levy from the Business Rates Pool (32.5%)	76,000	0	(76,000)
<b>Retained Business Rates post Levy or Safety Net</b>	<b>2,096,000</b>	<b>2,081,939</b>	<b>(14,061)</b>
Collection Fund Deficit in 2013/14	(256,000)	(256,159)	(159)
<b>Retained Business Rates</b>	<b>£1,840,000</b>	<b>£1,825,780</b>	<b>(£14,220)</b>



## Rateable Value Analysis in 2014/15

The aggregate of Rateable Values in Lichfield District by month (including the Budgeted level included in the Medium Term Financial Strategy) are shown in the graph below:



The Medium Term Financial Strategy assumed an aggregate Rateable Value (RV) of **£82,200,000** for 2014/15 and the equivalent figure at the 31 March 2015 was **£83,100,000**, an increase of **£900,000**. This increase would equate to approximately **£423,000** of Business Rates growth (assuming all pay the small business rates multiplier and no reliefs are payable) and Lichfield District Council would receive approximately **£113,000**<sup>4</sup>.

The reasons for this increase are detailed below:

- The Defence Medical Services Whittington had an RV increase from 8 May 2014. The RV increased from a budget of **£390,000** to **£710,000**. The Council was notified on 24 December 2014 of the increase of **£320,000**.
- A quarry increased on 1 April 2014 from **£6,300** to **£141,000**. The Council was notified on 30 March 2015 of the increase of **£134,700**.
- A tipping site increased on 1 April 2014 from **£66,500** to **£167,000**. The Council was notified on 30 March 2015 of the increase of **£100,500**.
- A factory and premises increased on 6 January 2015 from **£63,000** to **£115,000**. The Council was notified on 7 January 2015 of the increase of **£90,000**.
- Other RV increases on various dates totalled **£254,800**.

The individual Rateable Values that were greater than £1m in Lichfield District in 2014/15 were:

- |                            |                   |
|----------------------------|-------------------|
| • Tesco, Fradley           | <b>£2,730,000</b> |
| • Tesco, Lichfield         | <b>£2,130,000</b> |
| • Swish, Fradley           | <b>£1,660,000</b> |
| • Morrisons, Burntwood     | <b>£1,360,000</b> |
| • Drayton Manor, Fazeley   | <b>£1,315,000</b> |
| • Ideal Standard, Armitage | <b>£1,070,000</b> |

<sup>4</sup> £423,000 x 40% share = £169,000, less share payable in levy to the GBSBRP at 50% of £85,000, plus share from the GBSBRP @ 32.5% of the 50% payable of £28,000 = £113,000.

### Vehicle, Equipment and Systems Renewal Schedule 2014/15

Detail	Final Budget 2014/15 £	Actual Spend £	Budgeted Funding	Comments
Tipper	22,000	0	Invest to Save	Delayed due to Fit for the Future Review.
2 x Mowers	44,000	44,152	Invest to Save	Delivered in April 2014
<b>Vehicles</b>	<b>£66,000</b>	<b>£44,152</b>		
IT Upgrades	930,000	837,189	Capital Receipts, Revenue and Grant	
<b>Other</b>	<b>£930,000</b>	<b>£837,189</b>		

## Revised Capital Programme Budget for 2015/16

Project	Original Budget £	Approved Updates £	Slippage £	Revised Budget £
CE - Lichfield Blue Plaque Trail			1,500	1,500
CHH - Accessible Homes (Disabled Facilities Grants)	800,000		240,000	1,040,000
CHH - Energy Insulation Programme	30,000		11,000	41,000
CHH - Home Repair Assistance Grants	20,000		28,000	48,000
CHH - Southern Staffordshire House Proud Project			8,000	8,000
CHH - Unallocated S106 Affordable Housing Monies	400,000			400,000
DDL - AM - Health & Safety Issues			7,000	7,000
DDL - Ancient Monument (Friary)			1,500	1,500
DDL - Asset Management: District Council House	57,000			57,000
DDL - Canal Culvert at Huddlesford	100,000			100,000
DDL - Car Parks Variable Message Signing	32,000			32,000
DDL - Community Building at Hawksyard	166,000			166,000
DDL - Env. Improvements - Upper St John St & Birmingham Road			7,000	7,000
DDL - Fazeley Crossroads Environmental Improvements			4,000	4,000
DDL - Fazeley: Townscape Heritage	2,000	(2,000)		0
DDL - Fradley Youth and Community Building - Air Source Heat Pump			2,000	2,000
DDL - Linking Lichfield Phase 3 - Light Fantastic			8,000	8,000
DDL - Oakenfield Play Area (Sinking Fund)			9,000	9,000
DDL - Refurbishment of Bird Street Car Park Surface	62,000		89,000	151,000
DDL - Sankey's Corner Environmental Improvements - Phase 4			8,000	8,000
DDL - The Leomansley Area Improvement Project			5,000	5,000
FRB - Proactive Information Solutions Upgrade Programme	478,000		105,000	583,000
LDV - City Centre - Enhancement of Public Areas			143,000	143,000
LDV - Friarsgate Support	411,000		484,000	895,000
LDV - Garrick Square	80,000			80,000
LP - BLC Enhancement Work	42,000		45,000	87,000
LP - Burntwood Park Play Equipment			9,000	9,000
LP - Darnford Park	10,000		3,000	13,000
LP - Depot Sinking Fund			11,000	11,000
LP - Other Burntwood Leisure Centre Sinking Fund Projects	86,000		39,000	125,000
LP - Play Area at Hawksyard			110,000	110,000
LP - Shortbutts Park, Lichfield	33,000		5,000	38,000
LP - Stowe Fields Play Park	15,000			15,000
LP - Stowe Pool Improvements	80,000			80,000
LP - Stychbrook Park Play Area			12,000	12,000
WC - Vehicle Replacement Programme	2,147,000			2,147,000
<b>Total Capital Programme</b>	<b>£5,051,000</b>	<b>(£2,000)</b>	<b>£1,395,000</b>	<b>£6,444,000</b>

### Investment Strategies approved covering the 2014/15 Financial Year

#### Specified Investments<sup>5</sup>

Financial Asset Category	Strategy Approved 24 February 2014		Strategy Approved 3 February 2015	
	Minimum Criteria	Limits	Minimum Criteria	Limits
UK Banks and Building Societies	<u>Minimum Long Term Rating</u> Fitch = A- Moody's = A3 Standard and Poors = A-	£2 million and subject to Arlingclose advice	<u>Minimum Long Term Rating</u> Fitch = A- Moody's = A3 Standard and Poors = A-	£2 million and subject to Arlingclose advice
Deposits with Money Market Funds	Fitch = AAmmf Moodys = Aaa/MR1+ Standard and Poors = AAAM	£1.5 million	Fitch = AAmmf Moodys = Aaa/MR1+ Standard and Poors = AAAM	£1.5 million
UK Government	Not applicable	No Limit	Not applicable	No Limit
Local Authorities, Parish Councils etc	Not applicable	No Limit	Not applicable	No Limit
Group Limit	£3 million		£3 million	
Money Market Funds Limit	No Limit		No Limit	
Sovereign Limits	100% UK 25% Canada 25% Australia 25% Singapore		100% UK 25% Canada 25% Australia 25% Singapore	

#### Non Specified Investments

Financial Asset Category	Strategy Approved 24 February 2014		Strategy Approved 3 February 2015	
	Minimum Criteria	Limits	Minimum Criteria	Limits
The Council's own bank (where credit ratings are not sufficient)	The Authority banks with National Westminster Bank. At the current time, it does not meet the minimum credit criteria of A- (or equivalent) long term (BBB+). However, Even if the credit rating falls below the Authority's minimum criteria National Westminster Bank will continue to be used for short term liquidity requirements (overnight and weekend investments) and business continuity arrangements.		The Authority banks with National Westminster Bank. At the current time, it does not meet the minimum credit criteria of A- (or equivalent) long term (BBB+). However, Even if the credit rating falls below the Authority's minimum criteria National Westminster Bank will continue to be used for short term liquidity requirements (overnight and weekend investments) and business continuity arrangements.	
Deposits with a maturity of greater than one year	<u>Minimum Long Term Rating</u> Fitch = A- Moody's = A3 Standard and Poors = A-	£2.0 million	<u>Minimum Long Term Rating</u> Fitch = A- Moody's = A3 Standard and Poors = A-	£2.0 million
Group Limit	£3 million		£3 million	
Sovereign Limits	100% UK 25% Canada 25% Australia 25% Singapore		100% UK 25% Canada 25% Australia 25% Singapore	

<sup>5</sup> Specified Investments are the lowest risk investments being in high security and high liquidity investments made in Sterling. Short term investments made with UK Government and other Local Authorities and short term money market transactions with a "high credit quality".

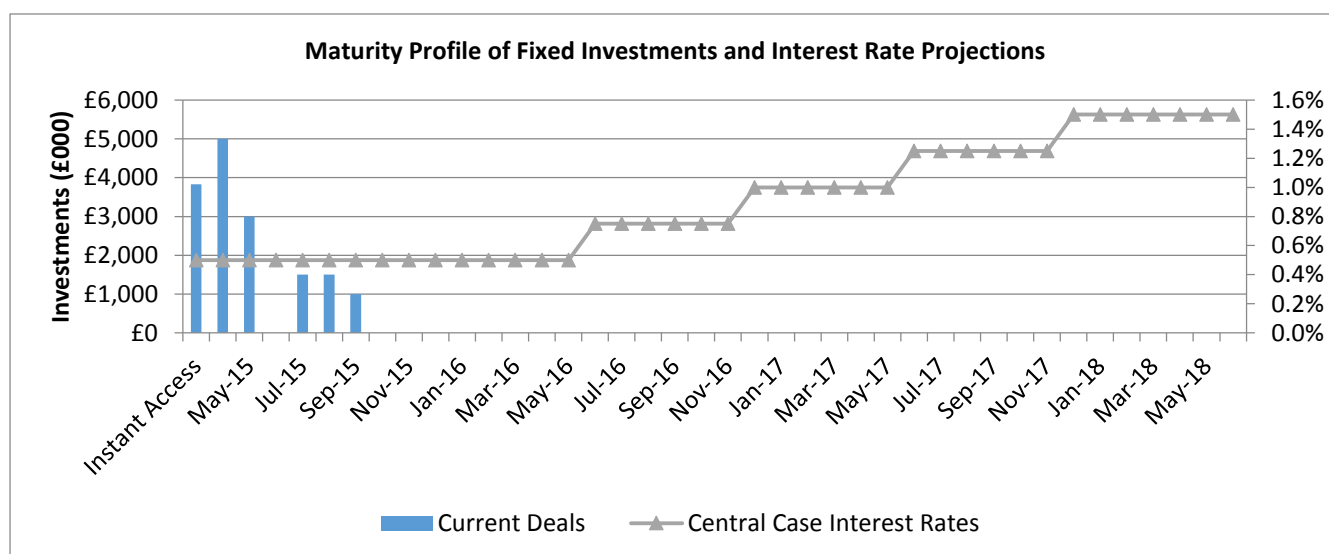
Investments and Cash flow in 2014/15

Investments at 31 March 2015

The table below shows a breakdown of our investments at the end of the financial year :

Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating	Foreign Parent
<b>Money Market Funds</b>						
Goldman Sachs	£1,000,000	01-Apr-15	Instant Access		AAA	N/A
BNP Paribas	£1,000,000	01-Apr-15	Instant Access		AAA	N/A
Legal & General	£1,000,000	01-Apr-15	Instant Access		AAA	N/A
Blackrock	£830,000	01-Apr-15	Instant Access		AAA	N/A
<b>Other Counterparties</b>						
Nationwide	£1,000,000	01-Apr-15	1	0.81%	A	No
Lloyds Bank	£1,000,000	01-Apr-15	1	0.95%	A	No
Nationwide	£500,000	01-Apr-15	1	0.73%	A	No
Lloyds Bank	£500,000	01-Apr-15	1	0.76%	A	No
Santander	£1,500,000	26-Aug-15	148	0.90%	A	Yes
HSBC	£1,500,000	14-Jul-15	105	0.50%	AA-	No
Barclays Bank	£1,500,000	15-May-15	45	0.52%	A	No
Telford & Wrekin Council	£2,000,000	15-Apr-15	15	0.40%	N/A	No
Leeds Building Society	£1,500,000	29-May-15	59	0.51%	A-	No
<b>Certificates of Deposit</b>						
Standard Chartered	£1,000,000	23-Sep-15	176	0.70%	A+	No
<b>Total Investments</b>	<b>£15,830,000</b>					
Accounting Adjustments and Other Balances	£545,000					
<b>Balance Sheet Total</b>	<b>£16,375,000</b>					

The graph below compares the current maturity profile of our investments at the 31 March 2015 to our projections for interest rates. This shows we are continuing to keep the maturity profile of our portfolio relatively short to manage the risks of interest rate increases together with enabling us to be able to react to changes in the credit risk of counterparties.



## APPENDIX H (continued)

However, the previous table and graph only show the investment position on one particular day of the financial year; the table below shows a summary for the whole of the financial year :

Counterparty	Number of Deals	Total Principal Invested	Is the Counterparty on our list of eligible institutions at 31 March 2015?
Debt Management Office	14	£26,200,000	Yes
Insight	27	£15,230,000	Yes
SWIP	25	£14,870,000	Yes
Deutsche Bank	27	£12,340,000	Yes
Federated	20	£10,950,000	Yes
Invesco	17	£6,920,000	Yes
Blackrock	12	£4,970,000	Yes
JP Morgan	14	£4,660,000	Yes
Ignis	4	£4,150,000	Yes
BNY Mellon	15	£4,080,000	Yes
Barclays Bank	2	£3,000,000	Yes
Santander	2	£3,000,000	Yes
Goldman Sachs	6	£2,670,000	Yes
HSBC	2	£2,500,000	Yes
Standard Chartered	2	£2,500,000	Yes
Telford & Wrekin Council	1	£2,000,000	Yes
Close Bros	1	£1,500,000	Yes
Nationwide	2	£1,500,000	Yes
Lloyds Bank	2	£1,500,000	Yes
Leeds Building Society	1	£1,500,000	Yes
Legal & General	1	£1,000,000	Yes
BNP Paribas	3	£670,000	Yes
<b>Total</b>	<b>200</b>	<b>£127,710,000</b>	

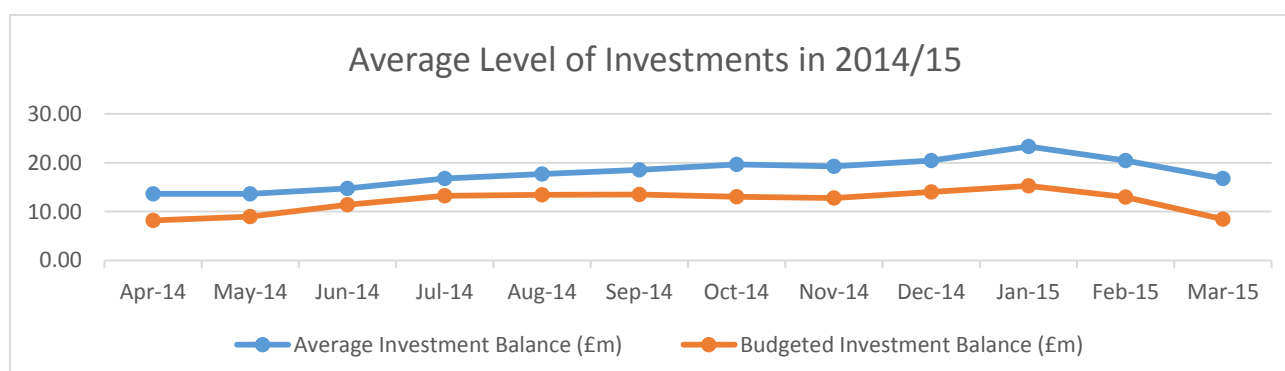
This list is reviewed on an ongoing basis and takes account of the following sources of information :

- Advice from our Treasury Management advisors.
- Credit Ratings.
- Credit Default Swaps prices.
- Share Prices.
- Information in the general and financial media.

A report was presented to Cabinet on 7 April 2015 that updated Lichfield District Council's Annual Investment Strategy. This new strategy has diversified the Council's portfolio to include more counterparties and varied types of financial instrument.

### Cash Flow for 2014/15

The graph below compares the budget for average investment levels in 2014/15 with the actual levels.



The graph shows that the actual trend of investments followed the budgeted trend quite closely.

**Net Treasury Position for 2014/15****Net Investment Income :**

In terms of interest receipts, there are two key risks/sensitivities :

- a) The interest rate receivable.
- b) The amount of money we have available to invest.

The interest rates, amounts of money we had available to invest, interest receipts, interest paid and net investment income is shown in the table below:

<b>Details</b>	<b>2014/15 Final Budget</b>	<b>2014/15 Actual Outturn</b>
Average amount we had available to invest (£m)	£16.92m	£17.88m
Average Interest Rate (%)	0.57%	0.56%
Interest Receipts	(103,000)	(100,964)
Interest Paid and Other Costs	9,500	£2,807
<b>Net Investment Income (£)</b>	<b>(£93,500)</b>	<b>(£98,157)</b>
Car Loan and Other Interest	(1,000)	(649)
Minimum Revenue Provision	96,200	69,854
<b>Net Treasury Position</b>	<b>£1,700</b>	<b>(£28,952)</b>

**External Borrowing Costs :**

No new long term External Borrowing was undertaken in 2014/15.

### Performance of the Treasury Management Function

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

#### Security :

Our aim for the risk status of our portfolio was **A-** utilising the lowest rating from the three credit rating agencies.

The investments outstanding at the 31 March 2015 had a risk status of **A+** based on the length of the investment and **AA-** based on the value of the investment, which is a more secure risk status. These risk statuses are both compliant with our aim and the recommendations from our Treasury Management advisors. The recent history of the security of our investments is shown in the table below:

Date	The Value of the Investment	The Maturity Date of the Investment
31 March 2014	AA-	A+
30 June 2014	AA	A+
30 September 2014	AA-	A
30 November 2014	AA-	A+
31 March 2015	AA-	A+

In addition, we are currently keeping the length of our investments relatively short term to ensure that we can react to changes in counterparty credit risk very easily. At the 31 March 2015 our Treasury Management advisors had recommended new investments were for the following periods:

Bank or Building Society	Country	Investment Time Limit
Santander (UK)	United Kingdom	100 Days
Lloyds	United Kingdom	100 Days
Bank of Scotland	United Kingdom	100 Days
Barclays	United Kingdom	100 Days
HSBC	United Kingdom	6 Months
Nationwide Building Society	United Kingdom	100 Days
Standard Chartered	United Kingdom	6 Months
Close Bros	United Kingdom	100 Days
Leeds Building Society	United Kingdom	100 Days
Australia and New Zealand Banking Group	Australia	6 Months
Commonwealth Bank of Australia	Australia	6 Months
National Australia Bank Ltd	Australia	6 Months
Westpac Banking Corporation	Australia	6 Months
Bank of Montreal	Canada	6 Months
Bank of Nova Scotia	Canada	6 Months
Canadian Imperial Bank of Commerce	Canada	6 Months
Royal Bank of Canada	Canada	6 Months
Toronto Dominion Bank	Canada	6 Months
DBS Bank	Singapore	6 Months
Overseas Chinese Banking Corporation	Singapore	6 Months
United Overseas Bank Ltd	Singapore	6 Months



The time limits were relatively short to manage counterparty credit risk (a bank or building society being unable to repay our investment). We also maintained balances in Money Market Funds and Instant Access Accounts to provide for unforeseen cash flow requirements. The average length of investments we made in 2014/15 was **85 days**.

**Liquidity :**

Measuring the performance in relation to liquidity is a much more difficult task and the easiest way to assess performance is to see how frequently we needed to borrow on a temporary basis during the financial year. We are actively managing liquidity risk in 2014/15 by purchasing Certificates of Deposit and Treasury Bills because they can be sold on the secondary market in the event the money is required for unforeseen circumstances. We also have significant sums invested in call accounts and Money Market Funds which provide instant access to cash. Therefore, due to the level of our liquid investments in 2014/15 we did not need to temporarily borrow.

**Yield :**

In 2014/15 we achieved an average interest rate of **0.56%** and this compares to our performance indicator of the average 7-day London Inter-bank Bid (LIBID) rate, which was **0.44%**, the 1 month rate was **0.43%**, the 3 month rate was **0.50%** and the 6 month rate was **0.67%**.

## Balance Sheet

	Type	2013/14 Actual £	2014/15 Actual £	2014/15 Budget £	Variance to Budget £
Property, Plant and Equipment	CFR	38,139	37,347	40,051	(2,704)
Investment Property	CFR	5,928	6,578	5,928	651
Intangible Assets	CFR	177	153	177	(24)
Investments	INV	9,725	15,830	7,554	8,276
Borrowing	BOR	(63)	(47)	(47)	0
Finance Leases	LEA	(457)	(248)	(246)	(2)
Working Capital	CRED	(3,048)	(7,835)	(2,419)	(5,416)
Pensions	PEN	(34,017)	(44,069)	(34,017)	(10,052)
<b>Total Assets Less Liabilities</b>		<b>£16,384</b>	<b>£7,709</b>	<b>£16,980</b>	<b>(£9,271)</b>
<u>Unusable Reserves</u>					
Revaluation Reserve	CFR	(3,474)	(3,450)	(3,474)	24
Capital Adjustment Account	CFR	(37,734)	(37,938)	(39,346)	1,408
Deferred Credits	CRED	(69)	(54)	(67)	13
Pension Scheme	PEN	34,017	44,069	34,017	10,052
Benefits Payable During Employment Adjustment Account	CRED	222	226	222	4
Collection Fund	BAL	336	421	336	85
<u>Usable Reserves</u>					
Unapplied Grants and Contributions - General	BAL	(767)	(760)	(746)	(14)
Unapplied Grants and Contributions - SAC	BAL	0	(13)	0	(13)
Unapplied Grants and Contributions - Section 106	BAL	(561)	(960)	(605)	(355)
Usable Capital Receipts	BAL	(862)	(769)	(95)	(674)
Usable Capital Receipts - Arts Statue	BAL	(134)	(134)	(134)	0
Burntwood Leisure Centre Sinking Fund	BAL	(396)	(379)	(295)	(84)
Burntwood Leisure Centre Synthetic Pitch Sinking Fund	BAL	(29)	(29)	(29)	0
City Centre Redevelopment Sinking Fund	BAL	(25)	(25)	(25)	0
King Edwards Leisure Centre Sinking Fund	BAL	(17)	(17)	(17)	0
Elections	BAL	(117)	(97)	(117)	20
Public Open Spaces	BAL	(104)	(91)	(104)	13
Three Spires Multi Storey	BAL	(1,402)	(1,552)	(1,523)	(29)
Building Regulations	BAL	(61)	(85)	(61)	(24)
Other Earmarked Reserves	BAL	(2,345)	(3,015)	(1,963)	(1,052)
Grant Aid - Development	BAL	(52)	(59)	(52)	(7)
General Fund Balance	BAL	(2,810)	(2,998)	(2,902)	(96)
<b>Total Equity</b>		<b>(£16,384)</b>	<b>(£7,709)</b>	<b>(£16,980)</b>	<b>£9,271</b>

## Balance Sheet Commentary

The main changes to the budget and its assumptions that impacted on the Balance Sheet are detailed below :

## Property, Plant and Equipment and Investment Property :

The budgeted Balance Sheet made no assumptions in respect of revaluation gains, losses or impairments because they require specialist input by the District Valuer. The valuation exercise is undertaken at the end of the Financial Year because they are required as part of the statutory accounts and must be based on the Balance Sheet date. The valuation changes have no impact on the Revenue Budget Outturn because any changes are negated by statutory arrangements. The changes as a result of revaluations and impairments are detailed below:

**Property, plant and equipment :**

Revaluation gains of **£449,080**, revaluation losses of **(£84,000)** and a net revaluation change of **£365,080**.

**Investment Properties :**

Revaluation gains - **£650,000**. This revaluation was related to Venture House being reclassified as an Investment Property and revalued at 31 March 2015.

**Pensions :**

Following the triennial valuation of the pension fund the Pension scheme liability increased from **£34,017,000** to **£44,069,000**. However, statutory arrangements for funding this deficit mean that the financial position of the Council remains healthy.

**Working Capital :**

This has increased significantly from 2013/14 and includes the Council's share (40%) of Business Rate Appeals of **£1,669,744** (£641,761 in 2013/14) and a creditor with the Government for Transitional Relief of **(£292,564)** (a debtor of £2,404,365 in 2013/14).

**Investments :**

The level of investments has increased from **£9,725,000** to **£15,830,000** due to an increase in working capital, slippage in the Capital Programme and increased transfers to Earmarked Reserves.

**Treasury Portfolio**

The Balance Sheet can be used to assess the underlying need to borrow (known as the Capital Financing Requirement). The table below shows that we had sufficient balances and reserves to mean we did not need to undertake any long-term borrowing in 2014/15 :

		2013/14 Actual £	2014/15 Actual £	2014/15 Budget £	Variance £
Working Capital	CRED	(2,895)	(7,663)	(2,264)	(5,399)
Pensions	PEN	0	0	0	0
Usable Reserves	BAL	(9,346)	(10,562)	(8,332)	(2,230)
<b>Total Cash Available</b>		<b>(£12,241)</b>	<b>(£18,225)</b>	<b>(£10,596)</b>	<b>(£7,629)</b>

**This cash available is planned to be used for :**

Capital Financing Requirement	CFR	3,036	2,690	3,336	(645)
Less : Other Debt Liabilities (Finance Leases)	LEA	(457)	(248)	(246)	(2)
Less : External Borrowing	BOR	(63)	(47)	(47)	0
<b>Equals : Internal Borrowing</b>		<b>2,516</b>	<b>2,395</b>	<b>3,043</b>	<b>(647)</b>
Investments	INV	9,725	15,830	7,553	8,276
<b>Total</b>		<b>£12,241</b>	<b>£18,225</b>	<b>£10,596</b>	<b>£7,629</b>

## COMPLIANCE WITH PRUDENTIAL INDICATORS 2014/15

### 1. Background :

There is a requirement under the Local Government Act 2003 for Local Authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators. It should be noted that CIPFA undertook a review of the Code in early 2008 and issued revised Code in November 2009.

The Council implemented its strategy within the limits and parameters set in its treasury policy, strategy statement and Prudential Indicators against the prevailing market conditions and opportunities as follows:

- (a) Financing its capital spending from government grants/usable capital resources/ revenue contributions etc rather than from external borrowing.
- (b) Adhering to the paramount requirement of safeguarding the council's invested balances during a period of unprecedented money market dislocation; maintaining adequate diversification between institutions; optimising investment returns subject to the overriding requirement of security and liquidity.
- (d) Forecasting and managing cash flow and undertaking short-term borrowing and lending to preserve the necessary degree of liquidity.

### 2. Net Borrowing and the Capital Financing Requirement :

This is a key indicator of prudence. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the Local Authority should ensure that the net external borrowing does not, except in the short term, exceed the total of Capital Financing Requirement in the preceding year plus the estimates of any additional Capital Financing Requirement for the current and next two financial years.

The Director of Finance, Revenues and Benefits reports that the Authority had no difficulty meeting this requirement in 2014/15. There are there no difficulties envisaged for future years.

### 3. Estimates of Capital Expenditure (Prudential Indicator 1) :

- 3.1 This indicator is set to ensure that the level of proposed Capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax :

No. 1 - Capital Financing	2014/15 Original £m	2014/15 Approved £m	2014/15 Final £m	2014/15 Actual £m
Non-Current Assets	1.645	1.912	1.912	1.013
Revenue Expenditure funded from Capital under Statute	0.777	1.260	1.172	0.581
<b>Total</b>	<b>£2.422</b>	<b>£3.171</b>	<b>£3.084</b>	<b>£1.594</b>

## APPENDIX K (continued)

3.2 This capital expenditure has been financed as follows :

No. 1 - Capital Financing	2014/15 Original £m	2014/15 Approved £m	2014/15 Final £m	2014/15 Actual £m
Capital Receipts	0.708	1.101	1.101	0.704
Burntwood Sinking Fund	0.045	0.101	0.101	0.017
Other Sinking Funds	0.000	0.000	0.000	0.000
Capital Grants and Contributions	0.475	0.992	0.908	0.586
Earmarked Reserves	0.050	0.183	0.179	0.115
Revenue Contributions	0.158	0.169	0.169	0.184
Finance Leases / Borrowing	0.986	0.626	0.626	(0.012)
<b>Total</b>	<b>£2.422</b>	<b>£3.171</b>	<b>£3.084</b>	<b>£1.594</b>

#### 4. Ratio of Financing Costs to Net Revenue Stream (Prudential Indicator 2) :

4.1 This is an indicator of affordability and demonstrates the revenue implications of capital investment decisions by highlighting the proportion of the revenue budget required to meet the borrowing costs associated with capital spending. The financing costs include existing and proposed capital commitments.

4.2 The ratio is based on costs net of investment income :

No. 2 - Ratio of Financing Costs to Net Revenue Stream	2014/15 Original £m	2014/15 Approved £m	2014/15 Final £m	2014/15 Actual £m
%	3%	2%	2%	2%

#### 5. Capital Financing Requirement (Prudential Indicator 3)

5.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the Council ensures that net external borrowing does not, except in the short term, exceed the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years.

No. 3 - Capital Financing Requirement	2014/15 Original £m	2014/15 Approved £m	2014/15 Final £m	2014/15 Actual £m
Capital Financing Requirement - General Fund	£3.740	£3.335	£3.335	£2.690

## APPENDIX K (continued)

### 6. Actual External Debt (Prudential Indicator 4) :

- 6.1 This indicator is obtained directly from the Council's Balance Sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

No. 4 - Actual External Debt as at 31/03/15	2014/15 Final £m	2014/15 Actual £m
LT Borrowing	0.031	0.031
Short Term Element of LT Borrowing	0.016	0.016
Short Term Element of LT Liabilities	0.211	0.190
Other Long Term Liabilities	0.035	0.059
<b>Total</b>	<b>£0.293</b>	<b>£0.296</b>

### 7. Incremental Impact of Capital Investment Decisions (Prudential Indicator 5) :

- 7.1 This is an indicator of affordability that shows the impact of Capital investment decisions on Council Tax levels when the budget for the year was set.

No. 5 - Incremental Impact of Capital investment Decisions	2014/15 Original	2014/15 Approved	2014/15 Final	2014/15 Actual
Band D Equivalent	£5.27	(£2.18)	(£2.18)	(£2.40)

### 8. Affordable Borrowing Limit, Authorised Limit and Operational Boundary for External Debt :

- 8.1 The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.

#### 8.2 The Authorised Limit (Prudential Indicator 6) :

This is the maximum amount of external debt that can be outstanding at one time during the financial year. The limit, which is expressed gross of investments, is consistent with the Council's existing commitments, proposals for capital expenditure and financing and with its approved treasury policy and strategy and also provides headroom over and above for unusual cash movements. This limit was originally set at **£11,779,000** for 2014/15 and revised to **£12,004,000**.

#### 8.3 Operational Boundary (Prudential Indicator 7) :

This limit is set to reflect the Council's best view of the most likely prudent (i.e. not worst case) levels of borrowing activity and was originally set at **£2,996,000** and revised to **£2,995,000**.

- 8.4 Levels of debt are measured on an ongoing basis during the year for compliance with the Authorised Limit and the Operational Boundary. The Council maintained its total external borrowing and other long-term liabilities within both limits; at its peak this figure was :

## APPENDIX K (continued)

Nos. 6 and 7 - Authorised Limit and Operational Boundary	2014/15 Maximum £m	2014/15 Year Start £m	2014/15 Year End £m
External Borrowing - Long Term	0.047	0.047	0.031
External Borrowing - Short Term	0.016	0.016	0.016
Bank Overdraft	0.720	0.000	0.000
Other Long Term Liabilities - Short Term	0.211	0.211	0.059
Other Long Term Liabilities - Long Term	0.248	0.248	0.190
<b>Total</b>	<b>£1.243</b>	<b>£0.523</b>	<b>£0.296</b>

Details	2014/15 Original £m	2014/15 Approved £m	2014/15 Final £m	2014/15 Maximum £m
Authorised Limit	11.779	12.004	12.004	1.243
Operational Boundary	2.996	2.995	2.995	1.243

### 9. Adoption of the CIPFA Treasury Management Code (Prudential Indicator 8) :

9.1 This indicator demonstrates that the Council has adopted the principles of best practice :

Adoption of the CIPFA Code of Practice in Treasury Management
<ul style="list-style-type: none"> <li>• Council approved the adoption of the CIPFA Treasury Management Code at its Full Council meeting on 25 February 2003.</li> <li>• Council has incorporated any changes resulting from the CIPFA Treasury Management Code within its treasury policies, practices and procedures.</li> <li>• At its meeting on 24 February 2014, Council originally approved its Prudential Indicators for 2014/15.</li> <li>• The Prudential Indicators were fully revised and approved by Council on 17 February 2015.</li> </ul>

### 10. Gross Debt (Prudential Indicator 9) :

10.1 The purpose of this treasury indicator is to highlight a situation where the Council is planning to borrow in advance of need :

No. 9 - Gross Debt	2014/15 Original £m	2014/15 Approved £m	2014/15 Final £m	2014/15 Actual £m
Outstanding Borrowing	(2.665)	(0.047)	(0.047)	(0.047)
Other Long Term Liabilities	(0.709)	(0.246)	(0.246)	(0.249)
<b>Gross Debt</b>	<b>(£3.374)</b>	<b>(£0.293)</b>	<b>(£0.293)</b>	<b>(£0.296)</b>
Capital Financing Requirement	<b>£3.740</b>	<b>£3.335</b>	<b>£3.335</b>	<b>£2.690</b>
<b>Is our Gross Debt in excess of our Capital Financing Requirement and are we therefore borrowing in advance of need?</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>

### 11. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure (Prudential Indicators 10 and 11) :

11.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The exposures are calculated on a gross basis. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

## APPENDIX K (continued)

Nos. 10 and 11 -	2014/15 Original %	2014/15 Approved %	2014/15 Final %	2014/15 Highest %	2014/15 Lowest %	2014/15 Average %
<b>Fixed Interest Rates</b>						
Upper Limit on Fixed Interest Rate Exposure on Investments	(100%)	(100%)	(100%)	(83%)	(44%)	(59%)
Upper Limit on Fixed Interest Rate Exposure on Debt	100%	100%	100%	100%	100%	100%
<b>Net Fixed Exposure (No. 10)</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>17%</b>	<b>56%</b>	<b>41%</b>
<b>Variable Interest Rates</b>						
Upper limit for Variable Rate Exposure on Investments	(100%)	(100%)	(100%)	(56%)	(17%)	(41%)
Upper limit for Variable Rate Exposure on Debt	30%	30%	30%	0%	0%	0%
<b>Net Variable Exposure (No. 11)</b>	<b>(70%)</b>	<b>(70%)</b>	<b>(70%)</b>	<b>(56%)</b>	<b>(17%)</b>	<b>(41%)</b>

### 12. Maturity Structure of Fixed Rate borrowing (Prudential indicator 12) :

- 12.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.
- 12.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

No. 12 - Maturity Structure of Fixed Rate Borrowing	Actual £	Actual %	Lower Limit	Higher Limit
Under 12 months	16,203	34.29%	0%	100%
12 months and within 24 months	16,203	34.29%	0%	100%
24 months and within 5 years	14,853	31.43%	0%	100%
5 years and within 10 years		0.00%	0%	100%
10 years and within 20 years		0.00%	0%	100%
20 years and within 30 years		0.00%	0%	100%
30 years and within 40 years		0.00%	0%	100%
40 years and within 50 years		0.00%	0%	100%
50 years and above		0.00%	0%	100%
<b>Total</b>	<b>47,259</b>			

### 13. Upper Limit for total principal sums invested over 364 days (Prudential Indicator 13) :

- 13.1 This indicator is set in order to allow the Council to manage the risk inherent in investments longer than 364 days :

No. 13 - Upper Limit for total principal sums invested over 364 days	2014/15 Original £m	2014/15 Approved £m	2014/15 Final £m	2014/15 Maximum £m
Upper Limit for total principal sums invested over 364 days	£1.500	£1.900	£1.900	£0.000

### 14. Credit Risk (Prudential Indicator 14) :

- 14.1 We consider security, liquidity and yield, in that order, when making investment decisions.
- 14.2 Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in our assessment of counterparty credit risk.



## APPENDIX K (continued)

14.3 We also consider alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk :

- Published credit ratings of the financial institution (minimum **A-** or equivalent);
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);
- Economic fundamentals, such as a country's net debt as a percentage of its GDP);
- Corporate developments, news, articles, markets sentiment and momentum;
- Subjective overlay.

14.4 The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

## Earmarked Reserves as at 31 March 2015

Reserve Name	Amount £
<b>Chief Executive</b>	
Web Site Development	(31,000)
Fit for the Future Capacity Building	(247,655)
Fit for the Future	(100,000)
IAS 19 - Employee Benefits	(69,650)
<b>Chief Executive Total :</b>	<b>(£448,305)</b>
<b>Finance, Revenues &amp; Benefits</b>	
SMBC Refresh Costs	(12,000)
Benefits - New Burdens Grant	(96,320)
Public Access Upgrade	(6,000)
IT Health check	(30,500)
Transparency Code	(8,198)
Business Rates	(162,379)
Payment Kiosk	(20,000)
<b>Finance, Revenues &amp; Benefits Total :</b>	<b>(£335,397)</b>
<b>Democratic, Development &amp; Legal</b>	
City Centre Pedestrianisation Sinking Fund	(27,663)
Inward Investment and Place Marketing	(60,000)
High Street Innovation Fund	(6,650)
High Street Innovation Fund	(2,594)
Three Spires Head Lease Rent	(66,000)
Individual Electoral Registration	(35,850)
Lichfield District Council Election	(97,469)
Grant Aid -Development Historic Building Grants	(39,649)
Grant Aid -Development Nature Conservation Fund	(19,284)
Canal Culvert at Huddlesford	(4,200)
Refurbishment of Bird Street Car Park	(116,912)
HS2	(50,930)
Judicial Review	(266,139)
Friarsgate	(92,000)
Arts Development	(600)
Tourism Strategy	(8,067)
South Staffordshire Building Control Partnership - Building Regulations Reserve	(85,241)
POS-Worthington Road, Fradley	(1,834)
Darwin Park Estate Lights	(10,684)
Birmingham Road Car Park Repairs and Renewals	(1,551,888)
<b>Democratic, Development &amp; Legal Total :</b>	<b>(£2,543,654)</b>

**APPENDIX L (continued)**

<b>Leisure &amp; Parks</b>	
Compensation for toll road Wharf Lane	(24,217)
FGLC Synthetic Pitch Sinking Fund	(10,020)
Comprehensive Tree Survey	(34,280)
Beacon Park Composting Bays	(2,836)
Friary Grange Leisure Centre - Reception, Catering/Viewing area & Gym	(807)
FGLC - Evolve Cardio Equipment	(2,970)
Burntwood Leisure Centre Synthetic Pitch Renewal	(40,000)
King Edward VI Leisure Centre Synthetic Pitch Renewal	(115,000)
National Memorial Arboretum	(20,000)
Vehicle for Parks Team	(32,170)
Transfer of Property	(25,000)
Squash Courts and Sports Hall Floors Friary Grange Leisure Centre	(50,000)
Leisure Services Review	(20,000)
Grounds Maintenance Vehicles and Equipment Sinking Fund	(24,300)
Trunk Road Sweeping	(50,540)
HLF LDC Contribution	(34,401)
Heritage Lottery Fund - Management	(8,250)
Public Open Spaces	(90,925)
<b>Leisure &amp; Parks Total :</b>	<b>(£585,716)</b>
<b>Community, Housing &amp; Health</b>	
Old Mining College Repairs	(7,750)
Building Safer Communities	(12,723)
Domestic Homicide	(2,500)
Assistant CDW - delayed redundancy	(11,448)
Customer Services Channel Shift	(17,000)
Environmental Health Legal Costs	(10,000)
EH - Vehicle Maintenance/Replacement	(23,941)
Homelessness Strategy	(57,610)
DCLG Grant Homelessness	(39,802)
Warmer Homes Healthier Homes	(27,727)
Homeless & Repossession Prevention Fund	(34,549)
Housing Void Loss	(8,089)
Choose Housing Register	(9,592)
CCTV Review & Infrastructure	(180)
Home Repair Assistant Grants - Capital Bid	(13,000)
Public Health Funding	(11,666)
Customer Services - Counter call System	(24,000)
Transfer of Old Mining College	(3,000)
Evidence Base Strategic Plan	(12,000)
Web Site Development Rate My Place	(11,400)
<b>Community, Housing &amp; Health Total :</b>	<b>(£337,977)</b>

**APPENDIX L (continued)**

<b>Waste Collection</b>	
Dry Recycling Contract - LDC Share	(115,000)
IAS 19 Employee Benefits - LDC Share	(20,200)
Waste Shared Service Property growth - LDC Share	(237,190)
Waste Shared Service Property growth - TBC Share	(175,310)
Dry Recycling Contract - TBC Share	(85,000)
IAS 19 Employee Benefits TBC Share	(14,930)
<b>Waste Collection Total :</b>	<b>(£647,630)</b>
<b>Total Earmarked Reserves</b>	<b>(£4,898,680)</b>

## SUBMISSION TO STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE

Date: 9 September 2015

Agenda Item: 5

Contact Officer: Jane Kitchen

Telephone: 01543 308770

### SUBMISSION BY CABINET MEMBER FOR FINANCE AND DEMOCRACY

#### MONEY MATTERS : 2015/16 REVIEW OF FINANCIAL PERFORMANCE AGAINST THE FINANCIAL STRATEGY

#### 1. Purpose of Report

- 1.1 The report covers the financial performance from April to June 2015 (Quarter one) for the year 2015/16.
- 1.2 At this early stage in the year for the period up to June 2015, we forecast a transfer of **£200,100 TO** General Reserves, rather than the budgeted transfer **FROM** General Reserves of **£400,450**. This projected financial position based on quarter 1 is as a result of savings totalling **£600,550** being included as detailed below:
  - Fit for the Future savings of **£351,400**.
  - Ongoing savings and additional income identified in 2014/15 of **£92,660**.
  - Projected 2015/16 performance of **£156,490**.
- 1.3 In 2016/17, the savings target of **£486,390** is projected to be exceeded by **£2,950** and will result in a further contribution to General Reserves.
- 1.4 In 2017/18, **£314,910** of the savings target of **£818,190** remains to be identified.
- 1.5 These early financial projections are based on the first three months of the current financial year. At this stage it is uncertain what the implications will be for the Council of the two main issues announced in the Chancellor's emergency Budget on 8 July 2015. The two issues are the Comprehensive Spending Review and Business Rates Review the outcome of both of these reviews will not be known until December 2015. The Treasury have advised the Department for Communities and Local Government (DCLG) to prepare for two scenarios of either a 25% or a 40% reduction in its funding over the next five years. The Local Government Settlement for 2016/17 will contain the impact of any reductions on funding for Local Government and specifically what this means for Lichfield District Council. The Business Rates review will be fiscally neutral and how this will affect our Council will become clearer in 2016.
- 1.6 At this stage in the financial year these projections do provide the opportunity for Members to consider options and choices related to investment priorities for the forthcoming Strategic Plan.
- 1.7 The Capital Programme is projected to be below budget by **£1,138,000** in 2015/16 and this will result in updates being made to the profiling of project spend to later financial years.
- 1.8 Long term external borrowing of **£1,522,000** was undertaken on 2 April 2015 in line with the Approved Medium Term Financial Strategy (Revenue and Capital) 2015-18 (MTFS) (R&C) 2015-18).
- 1.9 In terms of asset disposals:
  - The sale of the Industrial Starter Units, Ring Road, Chasetown was completed on 30 July 2015.
  - The sale of the Industrial Starter Units, Greenhough Road, Lichfield was completed on 17 August 2015.
  - The sale of the Bore Street Shops, Lichfield are proceeding.

## 2. Summary of Policy Development

### Revenue Budget

- 2.1 As part of leading the organisation, managers have to account to Members for their management of financial resources and for performance of the organisation, against what the Council has agreed.
- 2.2 '*A Plan for Lichfield District 2012-16*' approved by Council in February 2012, sets out the ambition, focus and priorities for this period. This plan includes milestones for each year, so that we can bring appropriate focus to delivery.
- 2.3 Leadership Team, together with their Cabinet Members, are responsible for delivering against the milestones for the '*Plan for Lichfield District 2012-16*' and are required to report progress on this to Cabinet, enabling Cabinet as a whole to review the performance of the organisation.
- 2.4 The MTFS (R&C) 2015-18 sets out the allocation of resources and the policies and parameters within which managers are required to operate. We are required by Law to set a three year balanced Budget. The MTFS covers revenue and capital expenditure for the three financial years 2015-18. It was approved by Council on 17 February 2015.
- 2.5 Aspects including Community Safety, Human Rights, Financial Implications, Sustainability Issues and Risk Management are all dealt with as part of this report, so have not been separately identified.
- 2.6 Since 2013/14 there have been significant changes in Local Government Finance, ranging from the Localisation of Council Tax Support, wider welfare reforms and local retention of an element of business rates. These changes introduced additional financial risks such as a major proportion (**18%**) of the Council's funding being dependent on the level of business rates growth or decline. Consequently, Council implemented plans and strategies to manage these financial risks. These risks, together with financial successes, challenges and future actions are shown in more detail at **APPENDIX A**.
- 2.7 Increasingly the Council is principally being funded by income generated locally through Council Tax, Local Business Rates, New Homes Bonus and fees and charges. Therefore, the management of Sundry Income debt is a key component of the Council's funding. Further details are shown at **APPENDIX B**.
- 2.8 Collection performance for Council Tax has decreased by **0.58%** and Council Tax arrears outstanding are **21%** higher when compared with the same period for last year. The reason for this increase is a timing issue. Outstanding Council Tax is treated as an arrear when court summons and liability orders are issued. There was a court hearing held in June 2015, whereas there was no court hearing held in June 2014. This means that there would have been outstanding Council Tax for the same period but it was not classified as an arrear at this stage, as a court hearing had not been held. Consequently, the arrears position for June 2014 was understated in comparison with June 2015.

2.9 Collection performance for business rates has increased by **0.24%** and arrears outstanding are **48%** higher when compared with same period for last year. This figure includes several debts which potentially may be uncollectable. When the final position with respect to these debts is known, they may be the subject of a separate report to Cabinet later in the financial year

2.10 Approved Fit for the Future (F4F) and other savings are detailed in the table below and have been built into the Base Budget for 2016/17 onwards :

	Approved MTFS		
	2015/16 £	2016/17 £	2017/18 £
<b>F4F Savings :</b>			
• Development Services Review	(170,480)	(181,730)	(187,080)
• Parks, Grounds Maintenance and Countryside Review - Reserves <sup>1</sup>	(71,310)	(10,530)	(15,970)
• Parks, Grounds Maintenance and Countryside Review - further identified savings (now being incorporated into the MTFS)	(109,610)	(120,020)	(123,170)
<b>Sub-total F4F Savings</b>	<b>(351,400)</b>	<b>(312,280)</b>	<b>(326,220)</b>
Ongoing savings/additional income identified in 2014/15 <sup>2</sup>	(92,660)	(92,660)	(92,660)
Quarter One 2015/16 performance	(156,490)	(84,400)	(84,400)
<b>Total savings : F4F, 2014/15 and Quarter 1 2015/16</b>	<b>(600,550)</b>	<b>(489,340)</b>	<b>(503,280)</b>
Approved MTFS savings target	0	(486,390)	(818,190)
General Reserves position - (Increase) / Decrease	(600,550)	(2,950)	N/A
<b>Savings to be identified to achieve approved MTFS savings target</b>	<b>N/A</b>	<b>N/A</b>	<b>(£314,910)</b>

2.11. In the table above at the end of Quarter 1 the Council needs to identify savings of **£314,910** to achieve the approved MTFS savings target. However, there are two main issues that could potentially impact on the Council's budget. These are:

- Government's 2015 Spending Review which will conclude in the autumn. The Department for Communities and Local Government (DCLG) has been informed by the Treasury to prepare for two scenarios of either of a **25%** or a **40%** reduction in its funding over the next five years.
- Business Rates review by Government due for completion by the end of 2015.

2.12 How both of these will impact on the Council's finances will become clearer in 2016. As can be seen from the table above, a savings target was not set for 2015/16; the Approved MTFS (R&C) 2015-18 assumed a contribution from reserves of **£400,450** to balance the budget for 2015/16 only. The reason for this was that at the time Council approved the Budget, work was ongoing to find further savings as part of F4F reviews and efficiencies in service delivery.

2.13 Further F4F savings will be identified as service reviews continue over the medium term. When any reviews are approved by Council, relevant savings will be built into the MTFS (R&C) 2015-18 and beyond.

<sup>1</sup> The 7 July 2015 Cabinet Report on Fit for the Future - Parks, Grounds Maintenance and Countryside Review identified **£63,335** for Gentleshaw Common, **£7,000** for Hospital Road and **£970** for the Street Scene restructure.

<sup>2</sup> This links to the figure of **£117,660** detailed in the 'Money Matters Report : 2014/15 Review of Financial Performance against the Financial Strategy' for Cabinet 8 September 2015. However, this figure needs to be reduced by **£25,000 to £92,660** as there is an element that has been reclassified 'F4F savings', as shown in the table above.

2.14 The financial performance covering the period April to June 2015 has been reviewed and below we report our three months projection for the full year against the Budget.

### The Revenue Budget on a Net Direct Expenditure Basis

Area	2015/16					● = adverse ☑ = favourable
	Original Budget £	Approved Budget £	Year to Date Actual £	Projected Outturn £	Projected Variance £	
Chief Executive	889,230	771,620	142,284	777,930	6,310	●
Finance, Revenues and Benefits	2,311,520	2,423,290	(303,981)	2,387,290	(36,000)	☑
Leisure and Parks	3,167,270	2,951,350	866,881	2,951,260	(90)	☑
Democratic, Development and Legal	1,097,170	921,690	159,126	870,660	(51,030)	☑
Community, Housing and Health	2,217,360	2,187,840	375,553	2,202,370	14,530	●
Waste Collection	1,311,000	1,297,700	225,026	1,274,390	(23,310)	☑
<b>Net Cost of Services</b>	<b>10,993,550</b>	<b>10,553,490</b>	<b>1,464,889</b>	<b>10,463,900</b>	<b>(89,590)</b>	☑
Net Treasury Position	74,900	70,900	(8,353)	4,000	(66,900)	☑
Revenue Contributions to the Capital Programme	154,000	154,000	0	154,000	-	
<b>Net Operating Cost</b>	<b>11,222,450</b>	<b>10,778,390</b>	<b>1,456,536</b>	<b>10,621,900</b>	<b>(156,490)</b>	☑
<b>Less:</b> Transfer (from) / to General Reserve	(400,450)	43,610	0	200,100	156,490	☑
<b>Add:</b> Transfer to Earmarked Reserves	92,000	92,000	0	92,000	-	
<b>Net Revenue Expenditure</b>	<b>10,914,000</b>	<b>10,914,000</b>	<b>1,456,536</b>	<b>10,914,000</b>	<b>0</b>	
<b>Financed by:</b>						
Retained Business Rates	(2,019,000)	(2,105,000)	(571,355)	(2,105,000)	-	
Revenue Support Grant	(1,450,440)	(1,450,440)	(462,786)	(1,450,440)	-	
Returned New Homes Bonus	0	(16,000)	0	(16,000)	-	
Business Rates Cap (2014/15)		(29,000)	(6,733)	(29,000)	-	
Parish Local Council Tax Support	0	115,000	22,940	115,000	-	
New Homes Bonus	(1,555,000)	(1,539,000)	(390,920)	(1,539,000)	-	
Business Rates Collection Fund (Surplus)/Deficit		(131,000)	(113,717)	(131,000)	-	
Council Tax Collection Fund (Surplus)/Deficit	(269,000)	(138,000)	0	(138,000)	-	
Council Tax	(5,620,560)	(5,620,560)	(142,577)	(5,620,560)	-	

2.15 The Gross Income and Expenditure to support this table and the reconciliation of the Original Budget to the Current Approved Budget are shown at **APPENDIX C**. This gives Members more of an insight into the gross flows of Income and Expenditure expected to move through the Council within the year.

2.16 The Net Operating Cost projected outturn at 31 March 2016 is estimated to be better than the Approved Budget by **£156,490**. This has been generated by the following items :

Projected Variance £	Directorate	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
6,310	Chief Executive	(10,640)			16,950
(36,000)	Finance, Revenues and Benefits	(11,000)	(25,000)		
(90)	Leisure and Parks		(14,940)	(5,890)	20,740
(51,030)	Democratic, Development and Legal Services	(37,220)	(7,620)	6,240	(12,430)
14,530	Community, Housing and Health	20,820	(6,290)		
(23,310)	Waste Collection Service				(23,310)
(66,900)	Net Treasury Position	(34,400)	(5,000)		(27,500)
<b>(£156,490)</b>	<b>Net Operating Cost</b>	<b>(£72,440)</b>	<b>(£58,850)</b>	<b>£350</b>	<b>(£25,550)</b>



**Chief Executive £6,310 adverse variance :**

Projected Variance £	Directorate	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(1,740)	Reduction in printing contract costs	(1,740)			
(8,900)	Savings in Civic expenses	(8,900)			
16,950	Reduction in income as a result of termination of Lichfield Garrick Personnel Services SLA 30/09/15				16,950

**Finance, Revenues & Benefits (£36,000) favourable variance :**

Projected Variance £	Directorate	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(11,000)	Reduction in employee costs due to vacant post of the Property inspector in the Revenues Service	(11,000)			
(25,000)	Savings in IT Licenses less costs of additional bank card processing fees resulting from a fee increase		(25,000)		

**Leisure and Parks (£90) favourable variance :**

Projected Variance £	Directorate	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
45,000	Income target that is not achievable by Grounds Maintenance				45,000
(5,890)	Proceeds from sale of Street Cleansing vehicle			(5,890)	
(10,440)	Tipping away income for Street Cleansing not budgeted for				(10,440)
(14,940)	Employee savings following ill health retirement of public convenience employee net of additional compensation costs due to revised working practices		(14,940)		
(13,820)	Income from letting office space at Burntwood Depot for Civil Parking Enforcement Staff				(13,820)

**Note :**

Currently, the financial impact of the changes made to the way in which marketing for Leisure Memberships at Burntwood Leisure Centre is being evaluated and this will be reported in the next Money Matters report, for the first six months April to September 2015.

**Democratic, Development and Legal Services (£51,030) favourable variance :**

Projected Variance £	Directorate	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(11,350)	Reduction in energy costs District Council House		(11,350)		
(19,150)	Increase in property rental income related to the delay in the sale on Industrial units and Bore Street Shops			(19,150)	
(3,680)	Reduction in Corporate subscription Fees		(3,680)		
(27,020)	Savings in Employee costs as a result of Maternity Leave	(27,020)			
(22,680)	Savings in Members Allowance as a result of the Boundary Commission Review reduction in Councillors		(22,680)		
30,000	Impact of Development Services F4F Review on Spatial Policy and Delivery Service as a result of the restructure and job evaluation		30,000		
36,210	Reduction in Section 106 Monitoring Fees			36,210	
(22,350)	Additional car park income, reduced premises costs and increase in business rates	(14,000)	90		(8,440)
20,000	Additional Election Costs.	20,000			
(10,820)	Additional Income recovery of Planning Valuation Office Fees from Developers			(10,820)	
(16,200)	Expenditure funded from Earmarked Reserve Contributions Building Control Services and Public lighting.	(16,200)			
(3,990)	Additional income from SLA for Conservation Services to South Staffs District Council and recharges to Capital Schemes				(3,990)

### Community, Housing and Health £14,530 adverse variance :

Projected Variance £	Directorate	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
22,600	Costs incurred on Old Mining College as delay in transfer to Burntwood Town Council - should have transferred 1 April 2015, now due to transfer 1 September 2015	22,600			
(8,070)	Housing Options Officer vacancy. Post now filled on a lower grade	(1,780)	(6,290)		

### Waste Collection Service (£23,310) favourable variance :

Projected Variance £	Directorate	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(23,310)	Income from Trade waste customers higher than budgeted				(23,310)

### Net Treasury Position (£66,900) favourable variance :

Projected Variance £	Directorate	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(27,500)	Additional investment income as a result of higher investment balances than was in the budget			(27,500)	
(39,400)	Lower Minimum Revenue Provision due to slippage in planned capital expenditure in 2014/15	(34,400)	(5,000)		

2.17 The overall projected variance of **£156,490** for 2015/16 will improve the Council's General Reserves position. The recurring expenditure and income savings amounting to **£84,400** will be built into the base Budget for 2016/17 onwards.

### Council Tax

2.18 The detailed Collection Fund for 2015/16 is shown in detail at **APPENDIX D**. Latest projections indicate a surplus on the Collection Fund for CT of **£432,200**. The reason this surplus is projected is that we estimated a CT base of **36,264** and the projected CT base for 2015/16 is **36,492** this is an increase of **228**. This increase is due to a variety of reasons including changes to discounts and exemptions, new properties and the impact of the LCTS Scheme. LDC's share of this projected surplus would be **£56,308** and this would be shown in the Budget in 2016/17.

### Non-Domestic Rates (NDR)

2.19 LDC's Budget for its share of NDR is required under Statute to be based on the estimated income contained in the 2015/16 NNDR 1 form which is **£13,023,000** not the projected level of income contained within the Collection Fund of **£13,047,000**. Any NDR growth or decline will be included in future financial years as part of the Collection Fund surplus or deficit. The NDR Collection Fund is projecting a deficit in 2015/16 of **£1,708,830<sup>3</sup>** and LDC's share would be **£683,132** and this would be shown in the Budget in 2016/17.

2.20 The monthly aggregate Rateable Value (RV), details of significant movements in RV and details of the high value RV properties in Lichfield District are also shown in **APPENDIX D**.

<sup>3</sup> The reasons for this projected deficit related to the actual Collection Fund in 2014/15 are contained in the Money Matters Report for 2014/15 on this Agenda.

## Capital Programme

### Managing the Current Budget

2.21 Council approved an original Budget for 2015/16 of **£5,051,000** on 17 February 2015.

2.22 There was slippage of **£1,395,000** in the Capital Programme in 2014/15 that has been carried forward to 2015/16 and the Townscape Heritage Initiative project budget of **£2,000** has been removed from the Capital Programme due to an unsuccessful Heritage Lottery Fund Bid.

2.23 This has resulted in a revised Budget for 2015/16 of **£6,444,000**.

2.24 Below we look at spend by strategic priority for the 2015/16 financial year, focussing on the actual position for the year, compared with the Current Budget :

Priority	Original Budget £	Current Budget £	Year to Date Actual £	Projected Outturn £	Projected Variance £
We'll support local people	1,544,000	2,055,000	210,871	1,199,000	(856,000)
We'll support local places	2,387,000	2,420,500	7,300	2,218,500	(202,000)
We'll boost local businesses	585,000	1,310,500	110,572	1,230,500	(80,000)
How our core principles help us deliver	535,000	658,000	(10,852)	658,000	0
<b>Total Capital Expenditure</b>	<b>£5,051,000</b>	<b>£6,444,000</b>	<b>£317,891</b>	<b>£5,306,000</b>	<b>(£1,138,000)</b>

**KEY :**  Projected actual within **£100,000** of our current budget

Projected actual not within **£100,000** of our current budget

2.25 The reasons for the projected variances are detailed below:

#### We'll Support Local People

- **Disabled Facilities Grants (£240,000)** - these grants are delivered by our Home Improvement Agency (HIA), Revival HIA who commenced this contract in October following a 3 month delay. This new arrangement presented several challenges to service delivery resulting in slippage of £240,000 in 2014/15. It will not be possible for the HIA to deliver the current budget this year and therefore the slippage has been spread over the remaining 2 years evenly.
- **Affordable Housing (£400,000)** - due to capacity issues we have not been able to develop this project to date. We are planning to invite our development partners to identify potential schemes in the fourth quarter of this financial year with a view to delivering affordable homes from 2016/17 onwards.
- **Hawksyard Community Building (£166,000)** - to date the Council has collected this sum towards the Hawksyard Community Building. The amount to be collected to undertake the delivery of the Community Building is estimated as a minimum to be **£300,000**. The next trigger for S106 payment by the developers is imminent however it may not be until the final trigger is reached that the minimum sum is achieved. In addition, work is ongoing to determine the delivery mechanism for the community building.

## We'll Support Local Places

- **Canal Culvert at Huddlesford (£100,000)** - due to capacity issues we have not been able to develop this project to date and it is therefore likely to take place in 2016/17.
- **Stowe Pool and fields (£95,000)** - spend is unlikely to be incurred in 2015/16. This is because a grant application will be submitted to the Heritage Lottery Fund which should it be successful, will supplement the Section 106 funding that has already be awarded to deliver a more comprehensive enhancement project.

2.26 As part of the Outturn for 2014/15 a number of current and new earmarked reserves were identified to fund capital projects. These are shown in the table below together with the year they are planned to be spent :

Project	2015/16 £	2016/17 £	Total £
Parks Team Vehicle	32,170		32,170
Environmental Health Vehicle	23,940		23,940
Customer Service Counter Call System	24,000		24,000
Squash Court and Sports Hall Floors		50,000	50,000
Synthetic Pitch Renewal		115,000	115,000
Grounds Maintenance Vehicles and Equipment	24,300		24,300
Website Development : 'Rate my Place'	11,400		11,400
<b>Total</b>	<b>£115,810</b>	<b>£165,000</b>	<b>£280,810</b>

2.27 The Capital Programme will need to be updated to take account of this additional expenditure and funding from earmarked reserves established for this purpose.

2.28 An important element of the Capital Programme relates to asset replacement. The renewals of vehicles, equipment and systems renewals during 2015/16 is shown in detail at **APPENDIX E**.

### **External Borrowing**

2.29 The Council approved as part of the MTFS (R&C) 2015-18 externally borrowing **£1,636,000** using a **25 year** repayment loan estimated at a fixed rate of **3.04%**.

2.30 On 2 April 2015, Council externally borrowed **£1,522,000** from the Public Works Loans Board using a **25 year** repayment loan at a fixed rate of **2.59%**.

2.31 The external interest savings compared to the approved budget over the 25 year period will be **£44,000** and in the three year period of the MTFS 2015/16 to 2017/18 the savings will be **£10,000**.

### **Capital Receipts**

2.32 The Council included in 2015/16 as part of the MTFS (R&C) 2015-18, **£2,516,000** of capital receipts from the disposal of three investment property assets. The current progress on these sales is detailed below :

- **Industrial Starter Units, Ring Road, Burntwood (Budget £783,000, Actual £932,000)**. The land transaction was completed on 30 July 2015.
- **Industrial Starter Units, Greenhough Road, Lichfield (Budget £264,000, Actual £311,000)**. There have been delays in completing this sale as the prospective purchaser had some difficulties connected to the

setting up of a management company to deal with the site and with the VAT office. However those issues have now been resolved and the sale was completed on 17 August 2015.

- **Bore Street, Lichfield shops (Budget £1,469,000)**. A prospective buyer has been identified subject to a revision of the leasing arrangements at 44 Bore Street because the tenant has recently passed away. Discussions are ongoing with the administrators.

### Capital Investment at Burntwood Leisure Centre - the Sinking Fund

2.33 Under the terms of the funding agreement with the National Lottery in relation to Burntwood Leisure Centre (BLC), LDC is required to set aside resources to be used for the future repair and renewal of BLC in a 'Sinking Fund'. Both the level of investment and BLC in terms of LDC's leisure provision is significant, therefore, monitoring information is provided in the table on page 7 for all approved projects in 2015/16 :

Project Name	Annual Spend in 2015/16		
	Current Budget £	Projected Outturn £	Variance £
Planned maintenance	212,000	212,000	0
<b>TOTAL</b>	<b>£212,000</b>	<b>£212,000</b>	<b>£0</b>

### Treasury Management

2.34 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). Details are shown in **APPENDIX F**.

2.35 On 8 April 2015, Cabinet approved the procurement of a new contract hire arrangement for vehicles in the Joint Waste Service.

2.36 The contract hire arrangement currently in the process of being finalised contains a right to use assets in return for payment. Accounting requirements mean the Council must undertake an evaluation of this lease type arrangement. This evaluation will identify whether the risks and rewards incidental to ownership lie with the Council or the supplier of the vehicles. Should the evaluation conclude they lie with the Council, then the assets and the matching finance lease liability will appear on the Council's Balance Sheet.

2.37 The Approved MTFs includes a budget in 2015/16 of **£2,100,000** for vehicles for the Joint Waste Service with the assumption that they are procured through a finance lease type arrangement. This assumption and budget is in line with the previous contract hire arrangement's evaluation.

2.38 All capital expenditure together with debt (borrowing and finance lease type arrangements) funding are subject to the limits of the Council's Approved Prudential Indicators.

2.39 The Operational Boundary Prudential Indicator reflects the Council's underlying need to borrow for a capital purpose (borrowing and finance lease type arrangements) plus other cash flow requirements. This indicator is based on the most likely prudent but not worst case scenario.

2.40 In 2015/16 the Operational Boundary was set at **£4,550,000** and is based on approved estimates for borrowing (**£2,102,000**) and finance lease type arrangements (**£2,448,000**).

2.41 An evaluation has been undertaken in accordance with accounting requirements for this new contract hire arrangement and has concluded that this a finance lease type arrangement. The assessed value of assets procured under this contract hire arrangement in 2015/16 is **£3,065,000** which is **£965,000** more than the Approved Budget and exceeds the finance lease type arrangement element of the Operational Boundary of **£2,448,000**.

2.42 Therefore, the Operational Boundary together with a number of the Council's Prudential Indicators will need to be updated. The revised Prudential Indicators are shown in detail at **APPENDIX G**.

### **Working Balance, Reserves and Provisions**

2.43 The Approved MTFs (R&C) 2015-18 forecast **£400,450** utilisation of General Reserves in 2015/16. Quarter One budget projections now show a contribution to General Reserves of **£200,100**, rather than the budgeted use of Reserves to balance the Budget. This means that there will be additional Reserves of **£600,550** available to the Council. As a result of the underspending of **£95,940** in 2014/15, the opening General Reserves balance available was **£1,997,770** in comparison with the Approved MTFs (R&C) 2015-18 figure of **£1,901,830**.

### **3. Community Benefits**

3.1 The robust management of the Council's Budget is seen as a key priority for Council with a target of being within **£250,000** of the Approved Budget set.

### **4. Recommendations**

4.1 To note the report and issues raised within.

4.2 To note that Leadership Team with Cabinet Members will continue to closely monitor and manage the Medium Term Financial Strategy (Revenue and Capital) 2015-18 (MTFS) (R&C) 2015-18).

4.3 To note an update to the Capital Programme to include **£280,810** of project spend that will be funded by Earmarked Reserves established for this purpose.

4.4 To note an increase of **£965,000** in the Capital Programme project for the vehicle replacement from **£2,100,000** to **£3,065,000**. This increase reflects the value of vehicles being procured through the new Contract Hire arrangement for Joint Waste Service vehicles.

4.5 To note the revised Prudential Indicators and limits for 2015-18 contained within **APPENDIX G** of this report.

### **5. Financial Implications**

5.1 At this three months stage in the year, for the period up to June 2015, we forecast a contribution to General Reserves of **£200,100** will be made, against a budgeted contribution of **£400,450** from General Reserves.

5.2 Further detailed analysis on the Financial Performance up to June 2015 is shown in the attached Appendices.

**6. Strategic Plan Implications**

6.1 The MTFS underpins the delivery of the '*Plan for Lichfield District 2012-16*'.

**7. Sustainability and Climate Change Issues**

7.1 There are no Sustainability and Climate Change Issues.

**8. Human Rights Issues**

8.1 There are no Human Rights Issues.

**9. Crime and Community Safety Issues**

9.1 There are no additional Crime and Safety Issues.

**10. Risk Management Issues**

<b>Risk</b>	<b>Likelihood/ Impact</b>	<b>Risk Category</b>	<b>Countermeasure</b>	<b>Responsibility</b>
Management of the Council's Revenue and Capital budget is critical to the successful delivery of key Council's priorities, and control measures need to be in place to manage the re-scheduling or re-profiling of projects and to respond to the changing financial climate.	Medium/ High	Financial	Close monitoring of expenditure. Maximising the potential of efficiency gains. Early identification of any unexpected impact on costs, for example, central Government policy changes (including the stability budget in July 2015), movement in the markets, and changes in the economic climate. Prioritisation of capital expenditure. Project management of projects.	Director of Finance, Revenues and Benefits / Leadership Team
Counterparty default	Medium/ High	Financial	A new Annual Investment Strategy was approved by Cabinet on 7 April 2015. This new Strategy utilises more counterparties and financial instruments to diversify the	Director of Finance, Revenues and Benefits

<b>Risk</b>	<b>Likelihood/ Impact</b>	<b>Risk Category</b>	<b>Countermeasure</b>	<b>Responsibility</b>
			portfolio and reduce this risk.	
The Performance of the Economy	High/ High	Financial/ Economic/ Environmental/ Social/Legal	Close monitoring of the higher risk key business areas and those areas affected by the downturn. Managers continuously gather and analyse information and are taking action where it is possible to do so.	Director of Finance, Revenues and Benefits / Leadership Team
Actual cash flows are different to those that are planned	Low/ High	Financial	The Council maintains a comprehensive cash flow model that is updated on a daily basis to reflect actual and planned cash flows.  An element of the Council's investment portfolio will be invested in instant access accounts.	Director of Finance, Revenues and Benefits
Planned capital receipts are not received	High/ High	Financial	The Council plans to dispose of a number of assets to fund capital investment including Industrial Units and Shops. The progress on these sales will need to be monitored closely to ensure any subsequent financial implications are included in the MTFS.	Strategic Director – Democratic, Development and Legal Services
The level of cuts to Non “Ring fenced” Government Departments including Communities and Local Government exceeds the level already identified in the Council's approved MTFS	High/ High	Financial	To ensure the new MTFS incorporates the likely impact of the new Comprehensive Spending Review and the Local Government Finance Settlement.	Director of Finance, Revenues and Benefits / Leadership Team



**Background Documents:**

CIPFA Code of Practice for Treasury Management in the Public Services.

Award of Contract for the Processing of Dry Recyclate 9 September 2014.

Money Matters : Medium Term Financial Strategy (Revenue and Capital) 2015-18 Cabinet  
3 February 2015.

Treasury Management Policy Statement and the Annual Investment Strategy 2015/16  
Cabinet 7 April 2015

Procurement of Contract Hire Vehicles for the Joint Waste Service Cabinet 7 April 2015.

The Prudential Code for Capital Finance in Local Authorities.

## Successes, Risks, Challenges and Future Actions

<p style="text-align: center;"><b>Financial Successes</b></p> <p>The Leaders of the Greater Birmingham and Solihull Business Pool (GBSBP) have agreed a three year (2014/15, 2015/16 and 2016/17) distribution basis for retained levy. The levy will be distributed as follows:</p> <p>Economic Development <b>40%</b>  Safety Net <b>20%</b> (up to a maximum of <b>£2m</b>)  LDC and other tariff Authorities <b>32.5%</b>  Birmingham City Council <b>7.5%</b></p> <p>The Council externally borrowed <b>£1,522,000</b> at <b>2.59%</b> compared to the approved budget of <b>£1,636,000</b> at <b>3.04%</b>.</p>	<p style="text-align: center;"><b>Financial Risks</b></p> <p>Government funding is in part replaced by the retention of Business Rates meaning we are more financially reliant on local economic growth. This represents a significant change to local Government funding.</p> <p>Car Parking Income potentially could be impacted by a number of external factors such as alternative forms of transport, internet shopping and alternative shopping centres and car parking.</p> <p>It was agreed at Cabinet on 9 September 2014 to award the new Dry Recycling contract to Biffa Waste Services Ltd. This contract is likely to impact on the level of expenditure and income. However further work will need to be undertaken in 2015/16 to fully understand the actual financial implications based on actual activity levels.</p>
<p style="text-align: center;"><b>Financial Challenges</b></p> <p>To ensure businesses claim their entitlements to Business Rate Reliefs.</p> <p>To ensure LDC's financial performance is within <b>£250,000</b> of the Approved Revenue Budget.</p> <p>To monitor the impact of the Localisation of Business Rates on LDC's Budget.</p> <p>To monitor the impact of technical changes and LCTS on Collection Rates and the level of Income in the Collection Fund.</p> <p>The Government has announced a new Comprehensive Spending Review with non "ring fenced" Government Departments including Communities and Local Government being asked to model cuts to their budgets of <b>25%</b> and <b>40%</b> by 2019/20.</p> <p>The Local Government Association has indicated "A 25% real terms reduction to the local government finance settlement would mean a decrease of £4bn by 2020 while a 40% reduction would mean this rises to £7bn".</p> <p>The implementation of the National Living Wage</p>	<p style="text-align: center;"><b>Finance Future Actions</b></p> <p>F4F is a programme of activities that will be delivered during the MTFS period. It brings together a series of projects that all aim to reduce the expenditure of LDC and also reshape and redesign LDC and its services into one that is fit for the future.</p> <p>To manage the exposure of Business Rate growth risk by liaising with our local authority partners in the GBSBP.</p> <p>To ensure we help our residents manage the financial impact of Welfare Reform.</p>

## Council Tax and Business Rate Performance

	Council Tax				Non Domestic Rates			
	30 June 2014	30 June 2015	Change		30 June 2014	30 June 2015	Change	
	£	£			£	£		
Net Collectable in year	53,133,367	55,241,299			34,900,882	35,913,781		
Amount Collected in year	16,007,622	16,324,926			10,022,129	10,400,102		
Amount Collected as a %	30.13%	29.55%	(0.58%)	●	28.72%	28.96%	0.24%	☑

In year arrears outstanding at 30th June	641,422	789,366			266,002	329,673		
Previous years arrears at 30th June	952,136	1,132,931			244,728	423,578		
Total arrears outstanding at 30th June	1,593,558	1,922,297	21%	●	510,730	753,251	48%	●

Write offs as at 30th June	6,981	8,932	28%	●	14,596	23,856	63%	●
----------------------------	-------	-------	-----	---	--------	--------	-----	---

## Sundry Debtor Performance

Details	30th June 2014		30th June 2015		All Debts Change (%)	Variance ● = adverse ☑ = favourable
	All Debts £	Property Debts £	All Debts £	Property Debts £		
Value of sundry income raised	1,163,922	210,098	1,978,545	212,882	69.99%	☑
Value of debts written off	1,183	-	1,383		16.91%	●
Value of invoices outstanding	1,157,324	45,932	1,778,000	74,636	53.63%	●
% of income raised	99.43%	21.86%	89.86%	35.06%	(9.62%)	☑

Aged Debt Analysis							
Less than 6 months	674,126	34,874	1,274,257	66,405	89.00%	●	
More than 6 months	483,198	11,058	503,743	8,231	4.25%	●	

## ORIGINAL AND CURRENT BUDGETED NET EXPENDITURE FOR 2015/2016

	Original Budget	Service Transfers	Recurring 2014/15 Outturn Savings	Fit for the Future	Current Approved Budget
Chief Executive	889,230	(116,770)	(840)		771,620
Finance, Revenues and Benefits	2,311,520	116,770	(5,000)		2,423,290
Leisure and Parks	3,167,270		(35,000)	(180,920)	2,951,350
Democratic, Development and Legal	1,097,170		(5,000)	(170,480)	921,690
Community, Housing and Health	2,217,360		(29,520)		2,187,840
Waste Collection	1,311,000		(13,300)		1,297,700
<b>Net Cost of Services</b>	<b>10,993,550</b>	<b>0</b>	<b>(88,660)</b>	<b>(351,400)</b>	<b>10,553,490</b>
Net Treasury Position	74,900		(4,000)		70,900
Revenue Contributions to the Capital Programme	154,000		0		154,000
<b>Net Operating Cost</b>	<b>11,222,450</b>	<b>0</b>	<b>(92,660)</b>	<b>(351,400)</b>	<b>10,778,390</b>
Less : Transfer (from) / to General Reserve	(400,450)		92,660	351,400	43,610
Less : Transfer to Earmarked Reserves	92,000		0		92,000
<b>Amount to be met from Government Grants and Local Taxpayers:</b>	<b>10,914,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,914,000</b>
Revenue Support Grant	(1,450,440)				(1,450,440)
Business Rates	(2,105,000)				(2,105,000)
Returned New Homes Bonus	(16,000)				(16,000)
Business Rates Cap	(29,000)				(29,000)
Parish Local Council Tax Support	115,000				115,000
New Homes Bonus	(1,539,000)				(1,539,000)
Collection Fund (Surplus) or Deficit	(269,000)				(269,000)
Council Tax	(5,620,560)				(5,620,560)
<b>Total</b>	<b>(£10,914,000)</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>(£10,914,000)</b>

The service transfer relates to the Internal Audit Function. This management responsibility has transferred from the Chief Executive to the Director of Finance, Revenues and Benefits.

## ANALYSIS OF GROSS EXPENDITURE AND INCOME FOR 2015/16

	Gross Expenditure	Gross Income	Current Approved Budget	Projected Outturn
Chief Executive	808,990	(37,370)	771,620	777,930
Finance, Revenues and Benefits	23,321,490	(20,898,200)	2,423,290	2,387,290
Leisure and Parks	6,478,230	(3,526,880)	2,951,350	2,951,260
Democratic, Development and Legal	4,795,070	(3,873,380)	921,690	870,660
Community, Housing and Health	2,493,820	(305,980)	2,187,840	2,202,370
Waste Collection	4,920,340	(3,622,640)	1,297,700	1,274,390
<b>Net Cost of Services</b>	<b>42,817,940</b>	<b>(32,264,450)</b>	<b>10,553,490</b>	<b>10,463,900</b>
Net Treasury Position	157,900	(87,000)	70,900	4,000
Revenue Contributions to the Capital Programme	154,000	0	154,000	154,000
<b>Net Operating Cost</b>	<b>£43,129,840</b>	<b>(£32,351,450)</b>	<b>£10,778,390</b>	<b>£10,621,900</b>

## The Collection Fund

## Council Tax

	The Collection Fund in 2015/16			
	Budget	30 June 2015	Projected Outturn	Projected Variance
Total Number of Dwellings	43,727	43,863	43,863	136
Average Number of Band D Properties	36,264	36,486	36,492	228
Council Tax Liability	(64,153,919)	(64,155,047)	(64,164,870)	(10,951)
Exemptions	888,400	855,156	855,160	(33,240)
Discounts	4,723,930	4,538,333	4,538,330	(185,600)
Discount-Local Support for Council Tax	4,592,820	4,482,740	4,482,740	(110,080)
<b>Council Tax Due</b>	<b>(53,948,769)</b>	<b>(54,278,818)</b>	<b>(54,288,640)</b>	<b>(339,871)</b>
<b>Add</b>				
Collection Fund (Surplus)/Deficit Brought Forward	(1,005,460)	(1,139,792)	(1,139,790)	(134,330)
<b>Less</b>				
Impairment provision	0	7,662	42,001	42,001
Declared Council tax Surplus/(deficit)	1,005,460	1,005,460	1,005,460	0
<b>Net Council Tax Due</b>	<b>(53,948,769)</b>	<b>(54,405,489)</b>	<b>(54,380,969)</b>	<b>(432,200)</b>
<b>Less Precept Demands</b>				
Staffordshire County Council	37,978,528	37,978,528	37,978,528	0
Stoke-on-Trent and Staffordshire Fire and Rescue Authority	2,500,765	2,500,765	2,500,765	0
Office of the Police and Crime Commissioner Staffordshire	6,440,849	6,440,849	6,440,849	0
Lichfield District Council	5,620,560	5,620,560	5,620,560	0
Parish Precepts	1,408,067	1,408,067	1,408,067	0
<b>Total Precept Demand</b>	<b>53,948,769</b>	<b>53,948,769</b>	<b>53,948,769</b>	<b>0</b>
<b>Council Tax Collection Fund (Surplus)/Deficit</b>	<b>(0)</b>	<b>(456,720)</b>	<b>(432,200)</b>	<b>(432,200)</b>
<b>Allocation of Council Tax Collection Fund (Surplus)/Deficit</b>				
Staffordshire County Council		(321,519)	(304,258)	(304,258)
Stoke-on-Trent and Staffordshire Fire and Rescue Authority		(21,171)	(20,034)	(20,034)
Office of the Police and Crime Commissioner Staffordshire		(54,527)	(51,600)	(51,600)
Lichfield District Council		(59,503)	(56,308)	(56,308)
	<b>0</b>	<b>(456,720)</b>	<b>(432,200)</b>	<b>(432,200)</b>

LDC Projected Collection Fund Surplus in 2015/16 to be included in the 2016/17 budget	<b>(£56,308)</b>
---	------------------

**APPENDIX D (continued)**

**Business Rates**

	<b>The Collection Fund in 2015/16</b>			
	<b>Budget £</b>	<b>30-Jun-15 £</b>	<b>Projected Outturn £</b>	<b>Projected Variance £</b>
Aggregate Rateable Value	82,290,059	83,271,374	83,114,424	824,365
Gross Business Rate Yield	(39,533,790)	(40,872,484)	(39,894,924)	(361,134)
Transitional Relief	0	20,061	20,061	20,061
Mandatory Reliefs	1,470,126	1,461,347	1,470,126	0
Discretionary Reliefs	81,340	79,292	81,340	0
Small Business Rates Relief (Section 31 Grant)	1,841,904	1,752,048	1,841,904	0
Unoccupied Property	1,916,447	1,910,549	2,220,011	303,564
Long Term Empty Properties (Section 31 Grant)	8,661	6,180	8,661	0
Retail relief (Section 31 Grant)	612,266	598,910	612,266	0
Estimated Losses on Collection	321,000	23,140	321,000	0
Business Rates appeals	600,270	578,880	578,880	(21,390)
<b>Non-Domestic Rating income</b>	<b>(32,681,776)</b>	<b>(34,442,076)</b>	<b>(32,740,675)</b>	<b>(58,899)</b>
Less Other Income-Cost of Collection Allowance	124,697	124,275	124,275	(422)
<b>In Year Non Domestic Rating Income</b>	<b>(32,557,079)</b>	<b>(34,317,801)</b>	<b>(32,616,400)</b>	<b>(59,321)</b>
Opening Deficit on the Collection Fund	0	1,422,853	1,422,853	1,422,853
Previous years declared surplus	0	344,298	344,298	344,298
<b>Total Non-Domestic Rating Income</b>	<b>(32,557,079)</b>	<b>(32,550,650)</b>	<b>(30,849,249)</b>	<b>1,707,830</b>
LDC's share of in-year NDR Income @ 40%	(£13,023,000)	(£13,727,000)	(£13,047,000)	(£23,728)

Lichfield District Council (40%)	13,022,938	13,022,938	13,022,938	0
Central Government (50%)	16,278,674	16,278,674	16,278,674	0
Staffordshire County Council (9%)	2,930,161	2,930,161	2,930,161	0
Staffordshire Fire and Rescue (1%)	325,573	325,573	325,573	0
<b>Total Precept Demand</b>	<b>32,557,346</b>	<b>32,557,346</b>	<b>32,557,346</b>	<b>0</b>
<b>Collection Fund Surplus/(Deficit)</b>	<b>267</b>	<b>6,696</b>	<b>1,708,097</b>	<b>1,707,830</b>

<b>Share of the Surplus or Deficit</b>				
Lichfield District Council (40%)	107	2,678	683,239	683,132
Central Government (50%)	134	3,348	854,049	853,915
Staffordshire County Council (9%)	24	603	153,729	153,705
Staffordshire Fire and Rescue (1%)	3	67	17,081	17,078
	<b>267</b>	<b>6,696</b>	<b>1,708,097</b>	<b>1,707,830</b>

Lichfield District Council Projected Deficit in 2015/16 to be included in 2016/17 Budget	<b>£683,132</b>
--	-----------------

**APPENDIX D (continued)**

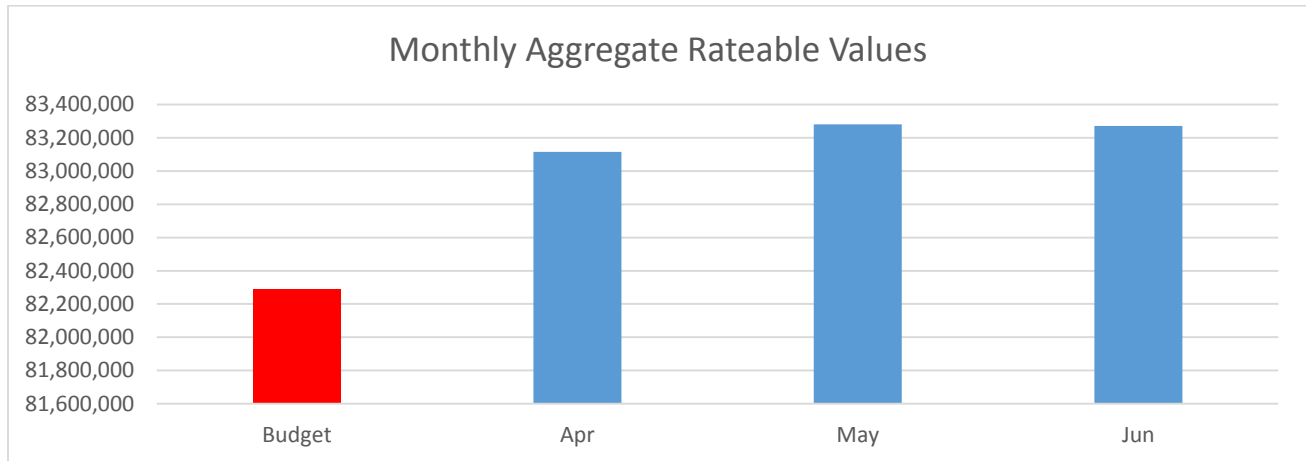
	<b>Levy/Safety Net Calculation</b>		
	<b>Budget</b>	<b>30-Jun-15</b>	<b>Projected Outturn</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Lichfield's Share of NDR Income @ 40%	(13,023,000)	(13,727,000)	(13,047,000)
<u>Section 31 Grants (Lichfield's 40% Share)</u>			
Small Business Rates Relief	(368,600)	(355,200)	(373,600)
New Empty Properties	0	0	0
Long Term Empty Properties	(3,200)	(2,400)	(3,200)
Retail Relief	(247,200)	(243,200)	(248,800)
Less : Tariff Payable	11,176,270	11,176,270	11,176,270
<b>Retained Business Rates Prior to Levy and Safety Net</b>	<b>(2,465,730)</b>	<b>(3,151,530)</b>	<b>(2,496,330)</b>
Business Rates Baseline	(1,921,000)	(1,921,000)	(1,921,000)

Growth or (Decline) from the Business Rates Baseline	(544,730)	(1,230,530)	(575,330)
Levy Payable @ 50%	272,000	615,265	287,665

<b>The Council's Budget in 2015/16</b>				
	<b>Budget</b>	<b>30-Jun-15</b>	<b>Projected Outturn</b>	<b>Projected Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
NDR Income based on NNDR 1	(13,023,000)	(13,023,000)	(13,023,000)	0
Contribution (from) or to Business Rates Reserve	177,130	(72,735)	172,665	(4,465)
<u>Section 31 Grants (Lichfield's 40% Share)</u>				
Small Business Rates Relief	(368,600)	(355,200)	(373,600)	(5,000)
New Empty Properties	0	0	0	0
Long Term Empty Properties	(3,200)	(2,400)	(3,200)	0
Retail Relief	(247,200)	(243,200)	(248,800)	(1,600)
Less : Tariff Payable	11,176,270	11,176,270	11,176,270	0
Less : Levy Payable @ 50%	272,000	615,265	287,665	15,665
<b>Retained Business Rates prior to Levy Redistribution</b>	<b>(2,016,600)</b>	<b>(1,905,000)</b>	<b>(2,012,000)</b>	<b>4,600</b>
Levy from the Business Rates Pool (32.5%)	(88,400)	(200,000)	(93,000)	(4,600)
<b>Retained Business Rates</b>	<b>(£2,105,000)</b>	<b>(£2,105,000)</b>	<b>(£2,105,000)</b>	<b>£0</b>

## Rateable Value Analysis in 2015/16

The aggregate of Rateable Values in Lichfield District by month (including the Budgeted level included in the Medium Term Financial Strategy) are shown in the graph below:



The Medium Term Financial Strategy assumed an aggregate Rateable Value (RV) of **£82,290,000** for 2015/16 and the equivalent figure at the 30 June 2015 was **£83,271,000**, an increase of **£981,000**.

The RV for 30 April was **£83,114,000** and the 30 June's figure was **£83,271,000** and is an increase of **£157,000**.

The reasons for the increase from April to June are detailed below:

- A prison and premises increased on 19 May 2015 from **£545,000 to £720,000**. The Council was notified on 20 May 2015 of the increase of **£175,000**.
- Other RV increases/decreases on various dates totalled **(£18,000)**.

The individual Rateable Values that were greater than **£1m** in Lichfield District in 2015/16 were:

- Tesco, Fradley - **£2,730,000**.
- Tesco, Lichfield - **£2,130,000**.
- Swish, Fradley - **£1,660,000**.
- Morrisons, Burntwood - **£1,330,000**.
- Drayton Manor, Fazeley - **£1,315,000**.
- Ideal Standard, Armitage - **£1,070,000**.



### Vehicle Replacement Programme 2015/16

Area	Vehicle Type	Estimated Replacement Cost	Capital Programme	Progress on procurement during 2015/16
Joint Waste	New Arrangement	£3,065,000	£2,100,000	A report was presented to Cabinet on 8 April 2015 see the Treasury Management section of the Statement of Reasons for further details. This budget is utilised to fund for Invest to Save Business Cases.
Grounds Maintenance	Invest to Save	£0	£47,000	

## Treasury Management

## Security

Our aim for the risk status of our portfolio was **A-** using the lowest rating from the three credit rating agencies as the basis for assessing the risk status.

Investments outstanding at the 30 June 2015 had a risk status of **A+** based on the length of the investment and **AA** based on the value of the investment, which has a more secure risk status, and this is both compliant with our aim and the recommendations from our Treasury Management advisors. The recent history of the security of our investments is shown in the table below:

Date	The Value of the Investment	The Maturity Date of the Investment
30 June 2014	AA	A+
30 September 2014	AA-	A
30 November 2014	AA-	A+
31 March 2015	AA-	A+
30 June 2015	AA	A+

In addition, we are currently keeping the length of our investments relatively short term to ensure that we can react to changes in counterparty credit risk very easily. Our Treasury Management advisors recommend for each bank or building society the new investment time limit to manage counterparty credit risk. At the 30 June 2015, the investment time limits were:

Bank or Building Society	Country	Investment Time Limit
Santander (UK)	United Kingdom	100 days
Lloyds	United Kingdom	100 days
Bank of Scotland	United Kingdom	100 days
Barclays	United Kingdom	100 days
HSBC	United Kingdom	6 months
Nationwide Building Society	United Kingdom	100 days
Standard Chartered	United Kingdom	6 months
Close Bros	United Kingdom	100 days
Coventry Building Society	United Kingdom	100 days
Cumberland Building Society	United Kingdom	100 days
Darlington Building Society	United Kingdom	100 days
Furness Building Society	United Kingdom	100 days
Harpenden Building Society	United Kingdom	100 days
Hinckley & Rugby Building Society	United Kingdom	100 days
Leeds Building Society	United Kingdom	100 days
Leek United Building Society	United Kingdom	100 days
Loughborough Building Society	United Kingdom	100 days
Mansfield Building Society	United Kingdom	100 days
Market Harborough Building Society	United Kingdom	100 days
Marsden Building Society	United Kingdom	100 days
Melton Mowbray Building Society	United Kingdom	100 days
National Counties Building Society	United Kingdom	100 days
Newbury Building Society	United Kingdom	100 days
Scottish Building Society	United Kingdom	100 days

## APPENDIX F (continued)

Bank or Building Society	Country	Investment Time Limit
Tipton & Coseley Building Society	United Kingdom	100 days
Vernon Building Society	United Kingdom	100 days
Australia and New Zealand Banking Group	Australia	6 months
Commonwealth Bank of Australia	Australia	6 months
National Australia Bank Ltd	Australia	6 months
Westpac Banking Corporation	Australia	6 months
Bank of Montreal	Canada	6 months
Bank of Nova Scotia	Canada	6 months
Canadian Imperial Bank of Commerce	Canada	6 months
Royal Bank of Canada	Canada	6 months
Toronto Dominion Bank	Canada	6 months
Pohjola Bank	Finland	6 months
Bank Nederlandse Gemeenten	Netherlands	6 months
Cooperative Centrale Raiffe	Netherlands	6 months
ING Bank NV	Netherlands	100 days
DBS Bank	Singapore	6 months
Overseas Chinese Banking Corporation	Singapore	6 months
United Overseas Bank Ltd	Singapore	6 months
Nordea Bank AB	Sweden	6 months
Svenska Handelsbanken	Sweden	6 months
Credit Suisse AG	Switzerland	100 days
JP Morgan Chase Bank	United States	6 months

To manage the interest rate risk where possible, we are spreading investment maturities. The average length of investments we have made in 2015/16 is **92 days**.

### Liquidity

Measuring the performance in relation to liquidity is a much more difficult task and the easiest way to assess performance is to see how frequently we needed to borrow on a temporary basis during the current financial year. In 2015/16 we have not needed to borrow temporarily. Currently, we use call accounts and Money Market Funds for short-term liquidity requirements that gives us same day access to funds if needed.

### Yield

To date in 2015/16, we have achieved an average interest rate of **0.49%** and this compares to our performance indicator of the average 7-day London Inter-bank Bid (LIBID) rate that was **0.48%**. In addition, to compare performance with longer-term benchmarks, the average 1 month LIBID rate is **0.43%**, the average 3 month LIBID rate is **0.52%** and the average 6 month LIBID rate is **0.75%**.

The projected overall net Treasury position compared with the Budget is shown in the table below :

**APPENDIX F (continued)**

<b>Details</b>	<b>2015/16 Approved Budget</b>	<b>2015/16 Projected Outturn</b>	<b>2015/16 Variance</b>
Average amount we had available to invest (m)	13.00	22.98	13.94
Average Interest Rate (%)	0.70%	0.49%	(0.21%)
Interest Receipts	(85,000)	(112,500)	(27,500)
Car Loan Interest	(1,000)	(1,000)	0
Internal Interest Payments	7,000	7,000	0
Other Costs	500	500	0
External Borrowing Interest	49,000	46,000	(3,000)
Minimum Revenue Provision	100,400	64,000	(36,400)
<b>Net Treasury Position</b>	<b>£70,900</b>	<b>£4,000</b>	<b>(£66,900)</b>

## Revised Prudential Indicators 2015-18 (Changes as a result of the New Waste Contract)

### 1. Background:

There is a requirement under the Local Government Act 2003 for Local Authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators.

### 2. Gross Borrowing and the Capital Financing Requirement:

This is a key indicator of prudence. In order to ensure that over the medium term gross borrowing will only be for a capital purpose, the Local Authority should ensure that the gross external borrowing does not, except in the short term, exceed the total of Capital Financing Requirement in the preceding year plus the estimates of any additional Capital Financing Requirement for the current and next two financial years.

The Director of Finance, Revenues and Benefits reports that the Authority had no difficulty meeting this requirement in 2014/15, and there are no difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

### 3. Estimates of Capital Expenditure (Amended):

This indicator is set to ensure that the level of proposed Capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax.

Number 1 Capital Financing	2015/16 Original £m	2015/16 Revised £m	2016/17 Original £m	2016/17 Revised £m	2017/18 Original £m	2017/18 Revised £m
Non-Current Assets	3.453	4.262	2.492	2.492	2.284	2.284
Non-Current Assets - New Waste Contract		0.965				
Revenue Expenditure funded from Capital under Statute	1.598	2.182	2.822	2.822	0.850	0.850
<b>Total</b>	<b>£5.051</b>	<b>£7.409</b>	<b>£5.314</b>	<b>£5.314</b>	<b>£3.134</b>	<b>£3.134</b>

Number 1 Capital Financing	2015/16 Original £m	2015/16 Revised £m	2016/17 Original £m	2016/17 Revised £m	2017/18 Original £m	2017/18 Revised £m
Capital Receipts	0.985	1.382	0.541	0.541	1.091	1.091
Burntwood Sinking Fund	0.128	0.212	0.080	0.080	0.042	0.042
Other Sinking Funds	0.000	0.000	0.000	0.000	0.000	0.000
Capital Grants and Contributions	1.359	1.666	2.882	2.882	0.891	0.891
Earmarked Reserves	0.032	0.134	1.031	1.031	0.500	0.500
Revenue Contributions	0.154	0.154	0.154	0.154	0.154	0.154
Finance Lease - New Waste Contract		0.965				
Finance Leases, Invest to Save and Borrowing	2.393	2.896	0.626	0.626	0.456	0.456
<b>Total</b>	<b>£5.051</b>	<b>£7.409</b>	<b>£5.314</b>	<b>£5.314</b>	<b>£3.134</b>	<b>£3.134</b>

*Note: the element to be financed from borrowing, Invest to Save and finance leases impacts on the movement in the Capital Financing Requirement.*

### 4. Ratio of Financing Costs to Net Revenue Stream (Amended):

4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. The definition of financing costs is set out in the Prudential Code.

4.2 The ratio is based on costs net of investment income (where investment income exceeds the costs of borrowing, the indicator will be negative).

Number 2 Ratio of Financing Costs to Net Revenue Stream	2015/16 Original £m	2015/16 Revised £m	2016/17 Original £m	2016/17 Revised £m	2017/18 Original £m	2017/18 Revised £m
%	6%	3%	5%	6%	4%	6%

## APPENDIX G (continued)

### 5. Capital Financing Requirement (Amended):

5.1 The Capital Financing Requirement (CFR) measures LDC's underlying need to borrow for a capital purpose. The calculation of the Capital Financing Requirement is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing. It is an aggregation of the amounts shown for Non-Current Assets, the Revaluation Reserve, the Capital Adjustment Account and any other balances treated as capital expenditure.

Number 3 Capital Financing Requirement	2015/16	2015/16	2016/17	2016/17	2017/18	2017/18
	Original	Revised	Original	Revised	Original	Revised
	£m	£m	£m	£m	£m	£m
<b>Balance Brought Forward</b>	3.335	3.335	5.116	6.813	5.194	6.764
Finance Leases, Invest to Save and Borrowing	2.393	2.896	0.626	0.626	0.456	0.456
Non-Current Assets - New Waste Contract		0.965				
Minimum Revenue Provision - New Waste Contract		0.229		-0.127		-0.193
Minimum Revenue Provision	-0.613	-0.613	-0.548	-0.548	-0.552	-0.552
<b>Balance Carried Forward</b>	<b>£5.116</b>	<b>£6.813</b>	<b>£5.194</b>	<b>£6.764</b>	<b>£5.098</b>	<b>£6.475</b>

### 6. Actual External Debt (Amended):

6.1 This indicator is obtained directly from LDC's Balance Sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

6.2 Net external borrowing does not exceed the CFR in any of the financial years 2015/16, 2016/17 and 2017/18.

Number 4	2015/16	2015/16	2016/17	2016/17	2017/18	2017/18
	Original	Revised	Original	Revised	Original	Revised
	£m	£m	£m	£m	£m	£m
Long Term (LT) Borrowing	1.520	1.520	1.440	1.440	1.358	1.358
Short Term Element of LT Borrowing	0.081	0.081	0.081	0.081	0.081	0.081
Short Term Element of LT Liabilities	0.488	0.488	0.410	0.410	0.410	0.410
Short Term Element of LT Liabilities - New Waste Contract		0.127		0.193		0.219
Other Long Term Liabilities	1.370	1.370	1.460	1.460	1.330	1.330
Other Long Term Liabilities - New Waste Contract		1.067		0.875		0.655
<b>Total</b>	<b>£3.460</b>	<b>£4.654</b>	<b>£3.391</b>	<b>£4.459</b>	<b>£3.180</b>	<b>£4.054</b>

### 7. Incremental Impact of Capital Investment Decisions (Amended):

7.1 This is an indicator of affordability that shows the impact of Capital investment decisions on Council Tax levels. The incremental impact is calculated by comparing the total Revenue Budget requirement of the current approved Capital Programme with an equivalent calculation of the Revenue Budget requirement arising from the proposed Capital Programme.

Number 5 Incremental Impact of Capital investment Decisions	2015/16	2015/16	2016/17	2016/17	2017/18	2017/18
	Original	Revised	Original	Revised	Original	Revised
	£m	£m	£m	£m	£m	£m
Band D Equivalent	-£0.58	-£7.47	-£0.57	£3.69	-£0.72	£5.16

## APPENDIX G (continued)

7.2 The estimate of procurements made by Finance Leases which are included in the Capital Programme mainly for the replacement of current assets is shown in the table below (**Amended**):

	2015/16 Original £m	2015/16 Revised £m	2016/17 Original £m	2016/17 Revised £m	2017/18 Original £m	2017/18 Revised £m
New Vehicle and Plant Procurements	2.100	2.100	0.422	0.422	0.280	0.280
New Waste Contract		0.965				
<b>Revised Total</b>	<b>£2.100</b>	<b>£3.065</b>	<b>£0.422</b>	<b>£0.422</b>	<b>£0.280</b>	<b>£0.280</b>

### 8. Authorised Limit and Operational Boundary for External Debt:

8.1 LDC has an integrated Treasury Management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the Capital Financing Requirement.

8.2 The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external-borrowing items on the Balance Sheet (i.e. long and short-term borrowing, overdrawn bank balances and long-term liabilities). This Prudential Indicator separately identifies borrowing from other long-term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved Treasury Management Policy statement and practices.

8.3 The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

8.4 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit) :

Number 6 Authorised Limit for External Debt	2015/16 Original £m	2015/16 Revised £m	2016/17 Original £m	2016/17 Revised £m	2017/18 Original £m	2017/18 Revised £m
Borrowing	9.109	9.109	9.116	9.116	9.133	9.133
Finance Leases	4.448	4.448	4.448	4.448	4.448	4.448
<b>Total</b>	<b>£13.557</b>	<b>£13.557</b>	<b>£13.564</b>	<b>£13.564</b>	<b>£13.581</b>	<b>£13.581</b>

8.5 The **Operational Boundary (Amended)** links directly to the Council's estimates of the Capital Financing Requirement and estimates of other cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

8.6 The Director of Finance, Revenues and Benefits has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Full Council.

Number 7 Operational Boundary for External Debt	2015/16 Original £m	2015/16 Revised £m	2016/17 Original £m	2016/17 Revised £m	2017/18 Original £m	2017/18 Revised £m
Borrowing	2.102	2.102	2.021	2.021	1.940	1.940
Finance Leases	2.448	3.413	2.448	3.413	2.448	3.413
<b>Total</b>	<b>£4.550</b>	<b>£5.515</b>	<b>£4.469</b>	<b>£5.434</b>	<b>£4.388</b>	<b>£5.353</b>

**9 Adoption of the CIPFA Treasury Management Code:**

9.1 This indicator demonstrates that the Council has adopted the principles of best practice.

<b>Number 8</b>	<b>Adoption of the CIPFA Code of Practice in Treasury Management</b> LDC approved the adoption of the CIPFA Treasury Management Code at its Full Council meeting on 25 February 2003. LDC has incorporated any changes resulting from the revisions to the CIPFA Treasury Management Code within its treasury policies, practices and procedures.
-----------------	--

**10. Gross Debt (Amended)<sup>4</sup>**

10.1 The purpose of this treasury indicator is to highlight a situation where the Council is planning to borrow in advance of need :

Number 9	2015/16	2015/16	2016/17	2016/17	2017/18	2017/18
	Original £m	Revised £m	Original £m	Revised £m	Original £m	Revised £m
Outstanding Borrowing	-1.602	-1.602	-1.521	-1.521	-1.440	-1.440
Other Long Term Liabilities	-1.857	-3.052	-1.869	-2.938	-1.739	-2.614
<b>Gross Debt</b>	<b>-£3.459</b>	<b>-£4.654</b>	<b>-£3.390</b>	<b>-£4.459</b>	<b>-£3.179</b>	<b>-£4.054</b>
Capital Financing Requirement	£5.116	£6.813	£5.194	£6.764	£5.098	£6.475
<b>Is our Gross Debt in excess of our Capital Financing Requirement and are we therefore borrowing in advance of need ?</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>

**11. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:**

11.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.

The Council calculates these limits on net principal outstanding sums (i.e. fixed rate debt net of fixed rate investments).

11.2 The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises, which could adversely impact on the revenue budget :

Numbers 10 and 11	2015/16	2015/16	2016/17	2016/17	2017/18	2017/18
	Original £m	Revised £m	Original £m	Revised £m	Original £m	Revised £m
<b>Fixed Interest Rates</b>						
Upper Limit on Fixed Interest Rate Exposure on Investments	-100%	-100%	-100%	-100%	-100%	-100%
Upper Limit on Fixed Interest Rate Exposure on Debt	100%	100%	100%	100%	100%	100%
<b>Net Fixed Exposure (Number 10)</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>Variable Interest Rates</b>						
Upper Limit for Variable Rate Exposure on Investments	-100%	-100%	-100%	-100%	-100%	-100%
Upper Limit for Variable Rate Exposure on Debt	30%	30%	30%	30%	30%	30%
<b>Net Variable Exposure (Number 11)</b>	<b>-70%</b>	<b>-70%</b>	<b>-70%</b>	<b>-70%</b>	<b>-70%</b>	<b>-70%</b>

<sup>4</sup> At nominal value.



## APPENDIX G (continued)

### 12. Maturity Structure of Fixed Rate borrowing:

- 12.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.
- 12.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

<b>Number 12 Maturity Structure of Fixed Rate Borrowing</b>	<b>Lower Limit</b>	<b>Upper Limit</b>
Under 12 months	0%	100%
12 months and within 24 months	0%	100%
24 months and within 5 years	0%	100%
5 years and within 10 years	0%	100%
10 years and within 20 years	0%	100%
20 years and within 30 years	0%	100%
30 years and within 40 years	0%	100%
40 years and within 50 years	0%	100%
50 years and above	0%	100%
<b>Total</b>		

### 13. Upper Limit for total principal sums invested over 364 days:

- 13.1 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of LDC having to seek early repayment of the sums invested.

<b>No 13 Upper Limit for total principal sums invested over 364 days</b>	<b>2015/16 Original £m</b>	<b>2015/16 Revised £m</b>	<b>2016/17 Original £m</b>	<b>2016/17 Revised £m</b>	<b>2017/18 Original £m</b>	<b>2017/18 Revised £m</b>
<b>Upper Limit</b>	<b>£2.300</b>	<b>£2.300</b>	<b>£1.700</b>	<b>£1.700</b>	<b>£1.300</b>	<b>£1.300</b>

## SUBMISSION TO STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE

Date: 9 September 2015

Agenda Item: 66

Contact Officer: Jane Kitchen

Telephone: 01543 308770

### SUBMISSION BY CABINET MEMBER FOR FINANCE AND DEMOCRACY

#### STATEMENT OF ACCOUNTS 2014/15

##### 1. Purpose of Report

- 1.1 The Accounts and Audit (England) Regulations 2011 currently requires a Local Authority to publish an Audited set of its accounts by the 30 September each year.
- 1.2 The new Regulations will bring forward the date for the certification of the unaudited accounts to 31 May from 30 June from 2017/18 (one month). The deadline for final publication of the audited accounts will also be brought forward to the 31 July from 30 September from 2017/18 (two months).
- 1.3 To manage this change a number of items in the Final Accounts project plan have been brought forward to enable the first draft of the Statement of Accounts to be produced one week earlier on 19 June 2015 rather than 26 June 2014. However, further changes will be required to the project plan to ensure compliance with the new requirements over the next two years.
- 1.4 The accounts have been produced in line with the Code of Practice on Local Authority Accounting in the United Kingdom - 2014/15.

##### 2. Summary of Policy Development

- 2.1 To provide the Committee with an overview of the Statement of Accounts 2014/15 (the unaudited version) (**Appendix A**).
- 2.2 The Statement of Accounts is one of the key documents under the broad "Corporate Governance" headings. A copy of the Statement of Accounts will be placed on the Council's website after the external auditors have issued their opinion and certificate for 2014/15 accounts.

##### 3. Community Benefits

- 3.1 The Statement of Accounts provides a comprehensive 'snap shot' to residents and other interested parties of the Council's financial position at the end of each financial year.

##### 4. Recommendation

- 4.1 The Committee is asked to consider the Councils Statement of Accounts for 2014/15.

##### 5. Financial Implications

- 5.1 The Chief Financial Officer (S151 Officer) has the Statutory Responsibility for the production of this Statement.

## 6. Strategic Plan Implications

- 6.1 The Statement of Accounts feeds into the medium term financial strategy enabling members to monitor progress against plan in a timely manner to ensure resources are allocated in line with priorities and ambitions of the council.

## 7. Sustainability and Climate Change Issues

- 7.1 The Statement of Accounts is an integral part of the financial planning process and enables members to monitor progress and to ensure resources are allocated in line with the priorities and ambitions of the Council.

## 8. Human Rights Issues

- 8.1 There are no Human Rights Issues.

## 9. Crime and Community Safety Issues

- 9.1 There are no Crime and Community Safety Issues.

## 10. Risk Management Issues

Risk	Likelihood/ Impact	Risk Category	Countermeasure	Responsibility
The Statement of Accounts records all items of Expenditure and Income for the year. Its completion is therefore crucial in terms of the financial management of the Councils affairs. Non / late completion of the final accounts would give rise to major concerns for the External Auditors.	Medium/High	Financial	Comprehensive planning timetabling of tasks.	Director of Finance, Revenues and Benefits
The need to ensure compliance with the Accounts and Regulations 2011.	Medium/High	Financial	Comprehensive Training Scrutinising.	Director of Finance, Revenues and Benefits

### Background Documents:

Statement of Accounts working papers 2014/15  
The Accounts and Audit (England) Regulations 2011  
CIPFA Code of Practice on Local Authority Accounting in the United Kingdom

# Statement of Accounts

## 2014/15

(Subject to Audit)

---

# Contents

<b>Statement of Accounts</b>	<b>Page (s)</b>
Statement of Responsibilities	3
Explanatory Foreword	4
Movement in Reserves Statement	12
Comprehensive Income and Expenditure Statement	13
Balance Sheet	14
Cash Flow Statement	15
Notes to the Accounts (including a summary of significant accounting policies and other explanatory information)	16
Collection Fund and Notes	73
Council Tax Income Account Precepts, Non-Domestic Rates (NDR) Account and Notes	74
Annual Governance Statement	76
Glossary of Terms	88
Independent Auditor's Report	92

If you have any comments on this **Statement of Accounts 2014/15** or would like any further information please contact:

Director of Finance, Revenues and Benefits  
Lichfield District Council  
Council House  
Frog Lane  
Lichfield  
Staffordshire  
WS13 6YY

Telephone : 01543 308000  
E-mail : [finance@lichfielddc.gov.uk](mailto:finance@lichfielddc.gov.uk)

Further information is also available on the Council's website : [www.lichfielddc.gov.uk](http://www.lichfielddc.gov.uk)

---

# Statement of Responsibilities for the Statement of Accounts

## The Council's Responsibilities

The Council is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that Officer is the Director of Finance, Revenues & Benefits - Chief Finance Officer (CFO);
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- To approve the Statement of Accounts.

## The Director of Finance, Revenues & Benefits Responsibilities

The Director of Finance, Revenues & Benefits (CFO) is responsible for the preparation of the Authority's Financial Statements. These, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in United Kingdom ('the Code of Practice'), are required to present the true and fair financial position of the Council at the accounting date and its Income and Expenditure for the year ended 31 March 2015.

In preparing this Statement of Accounts, the Director of Finance, Revenues & Benefits (CFO) has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and decisions that were reasonable and prudent; and
- Complied with the Code of Practice.

The Director of Finance, Revenue & Benefits (CFO) has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

## Certificate of the Director of Finance, Revenue & Benefits (CFO)

I certify that this Statement of Accounts gives a 'true and fair' view of the financial position of the Council at 31 March 2015 and its income and expenditure for the year.



**Date: 19 June 2015**

**Jane Kitchen, BSc (Hons), CPFA, IRRV (Hons)  
Director of Finance, Revenues & Benefits (CFO)  
Lichfield District Council**

# Explanatory Foreword by the Director of Finance, Revenues & Benefits (CFO)

## Introduction

The Statement of Accounts for the year ended 31 March 2015 has been prepared in accordance with the Accounts and Audit (England) Regulations 2011. The format reflects the requirements of the 'Code of Practice in Local Authority Accounting in the United Kingdom 2014/15' and the Service Reporting Code of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This is supported by the International Financial Reporting Standard (IFRS).

The Council's core financial statements, beginning at page 12 are listed below with a brief explanation of their purpose: -

- ***Movement in Reserves Statement*** - this statement shows the movement in the year on the different reserves held by the authority, analysed into "Usable Reserves" (ie those that can be applied to fund expenditure or reduce local taxation) and "Unusable Reserves". The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting. The Net Increase/Decrease before Transfers to Earmarked Reserve line, shows the statutory General Fund Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the Council.
- ***Comprehensive Income & Expenditure Statement*** - this statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with Regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
- ***Balance Sheet*** - this explains the Council's financial position at the year end. It provides details of the Council's Balances and Reserves and its long-term indebtedness. It also includes the non-current and net current assets employed in Council operations together with summarised information on the non-current assets held.
- ***Cash Flow Statement*** - this illustrates the inflows and outflows of cash arising from transactions with Third Parties for Revenue and Capital purposes.

In addition, the Council is also required to produce one supplementary financial statement:

- ***Collection Fund*** - this reflects the statutory requirement for the Authority to maintain a separate account providing details of receipts of Council Tax and Business Rates and the associated payments to Precepting Authorities and the Government.

## EXPLANATORY FOREWORD

### Financial Summary 2014/15

The financial activities of the Council can be categorised as either Revenue or Capital:

- Revenue spending represents the net cost of consuming supplies and providing services delivered by the Council in its day-to-day business during the year.
- Capital spending includes spend on assets or is defined as capital under law that will provide benefit to the District over a number of years.

#### Revenue Spending

##### *What we planned to spend and actually spent*

The actual spend compared with the Revised Budget in the format of our regular Money Matters Financial Performance Reports during the financial year is shown in the table below:

<b>Actual Net Outturn compared to Revised Budget for 2014/15</b>	<b>Revised Budget<sup>1</sup></b>	<b>Actual</b>	<b>Variance</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Chief Executive	887	985	98
Community, Housing & Health	2,165	2,060	(105)
Democratic, Development & Legal	280	259	(21)
Finance, Revenues & Benefits	2,153	2,293	141
Leisure & Parks	3,135	3,004	(132)
Waste	1,495	1,433	(62)
<b>Net cost of services</b>	<b>10,115</b>	<b>10,034</b>	<b>(81)</b>
Net Treasury Position	2	(29)	(31)
Revenue Contributions to the Capital Programme	169	169	0
<b>Net Revenue Expenditure</b>	<b>10,286</b>	<b>10,174</b>	<b>(112)</b>
Approved Earmarked Reserves (not included in the net cost of services)	92	92	0
<b>Cost of local services met by local and national taxes</b>	<b>10,378</b>	<b>10,266</b>	<b>(112)</b>
<b>How we plan to fund this</b>			
Local Taxes - Council Tax	(5,427)	(5,426)	0
Grants	(5,043)	(5,027)	16
<b>Total Funding</b>	<b>(10,470)</b>	<b>(10,454)</b>	<b>16</b>
<b>General Fund (Surplus) / Deficit to be met by a Contribution (to) / from General Reserve</b>	<b>(92)</b>	<b>(187)</b>	<b>(96)</b>

The total impact of contributions to earmarked and general reserves has been to increase overall Revenue Reserves to **£7,896,350** as illustrated below.

<b>Revenue Reserves</b>	<b>Brought Forward</b>	<b>2014/2015 Net Change (Increase)/ Decrease</b>	<b>Carried Forward</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Earmarked Reserves	(4,081)	(818)	(4,899)
General Revenue Reserves	(2,810)	(187)	(2,997)
<b>Overall Revenue Reserves</b>	<b>(6,891)</b>	<b>(1,005)</b>	<b>(7,896)</b>

<sup>1</sup> This is the Revised Budget for 2014/15 contained within the Medium Term Financial Strategy 2015-18 approved by Council on 17 February 2015.



## EXPLANATORY FOREWORD

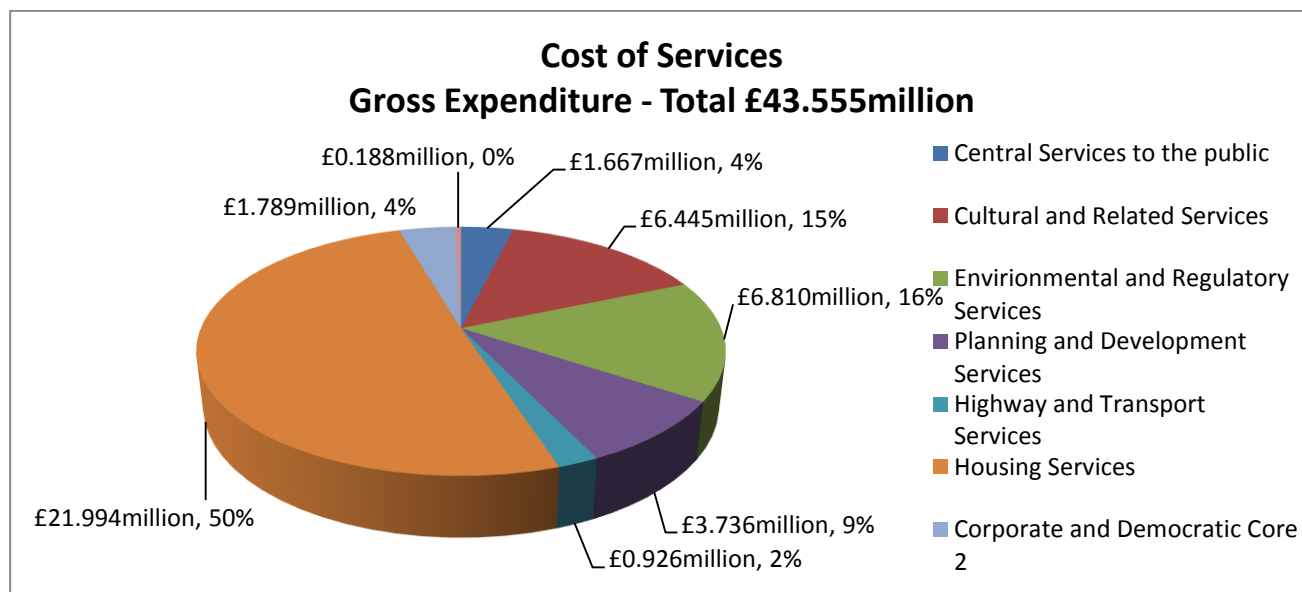
Both the Earmarked and General Revenue Reserves have been built up over time to provide funding for future projects and specific activities in line with the Authority's medium term aims and objectives. The General Revenue Reserve of **£2,997,670** is primarily held as a contingency to provide the Authority with operational funds and as a safeguard against financial risk. Current risk-based assessments set the Council's need for a Revenue contingency in 2015/16 at **£1,200,000**. This means that there is a surplus of **£1,797,670** of General Revenue Reserves over and above the contingency held. The Approved Medium Term Financial Strategy (Revenue and Capital) 2015-18 plans to use **£400,450** to balance the budget in 2015/16 only.

### **What we actually spent and its relationship to the Comprehensive Income and Expenditure Account (CIES)**

This explanatory foreword shows that the Council had a General Fund surplus of **£187,480** however the CIES on page 13 shows a Deficit on the Provision of Services (cashflow) of **£500,000** in 2014/15. The difference between these two figures is due to the different basis used in their calculation. The CIES is calculated in accordance with generally accepted accounting practices whereas the General Fund raises taxation to cover expenditure in accordance with statutory regulations.

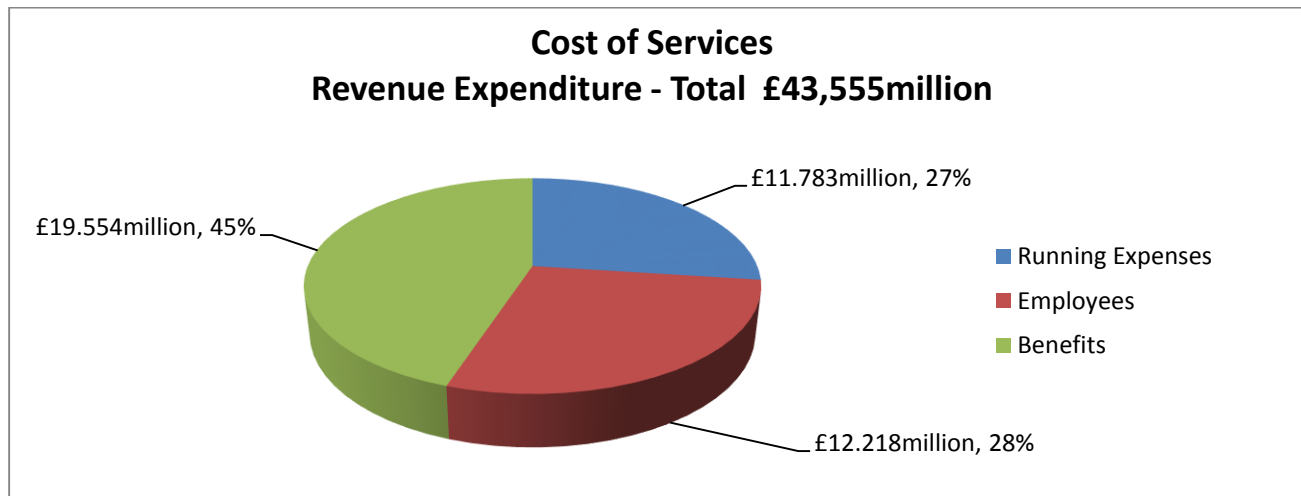
### **How the money was spent**

The Comprehensive Income and Expenditure Account on page 13 summarises the resources that have been generated and consumed in providing services and managing the Council this year. It shows Gross Expenditure for the year was **£43.555 million** across eight defined Service Areas. These are common to all Councils to facilitate comparison, but they do not match the Service Areas around which this Council is managed (see **Note 26** of the Core Financial Statements). The chart below illustrates the profile of Gross Expenditure based on the defined Service Areas.



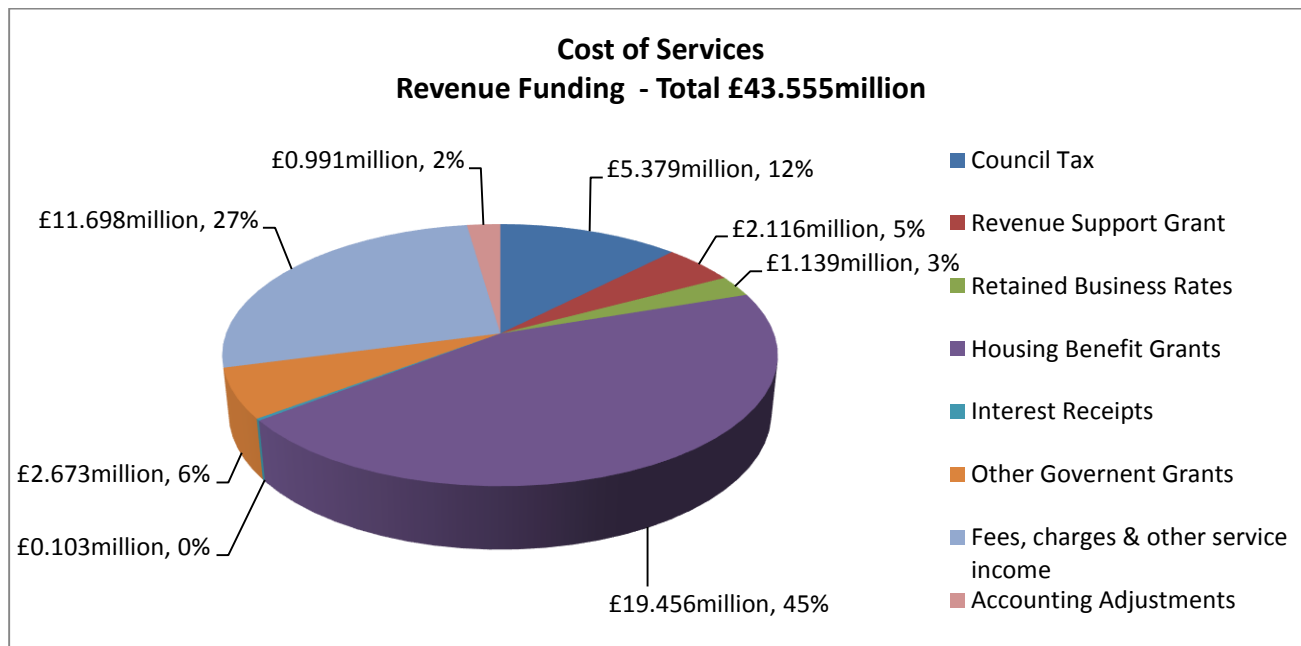
## EXPLANATORY FOREWORD

**Cost of Services - Revenue Expenditure** for the year was **£43.555 million**. It represents actual revenue resources applied during the year. The three main categories of spending are employee costs, running expenses and housing benefit payments. Running expenses include maintenance of buildings, vehicle costs, and supplies and services. The chart below illustrates the proportion in which expenditure was incurred on these categories of expenditure.



### How it was paid for

Central Government supported General Expenditure through the Revenue Support Grant (RSG) and other Government grants were received to support specific service areas, including the largest grant – Housing Benefits – at **£19.456 million**.



A total of **£5.379 million** was raised from Council Tax. Fees and Charges and other service income levied by the Council forms a substantial part of the **£11.698 million** of other income generated. A further **£0.103 million** in interest was received from investments and other interest receipts during the year. Accounting Adjustments of **£0.991 million** include contributions from Capital, Pensions and Accumulated Absence Reserves.

## EXPLANATORY FOREWORD

### Capital Spending

The Council plans and budgets for capital expenditure by means of a three-year 'rolling' Capital Programme. This programme was last updated in February 2015 and included capital commitments of **£16.670<sup>2</sup> million** with estimated capital spending in 2014/15 of **£3.171 million**. However, since the approval of this programme there have been some other minor changes under delegation that have decreased the budget by a further **£0.087 million** to **£3.084 million**.

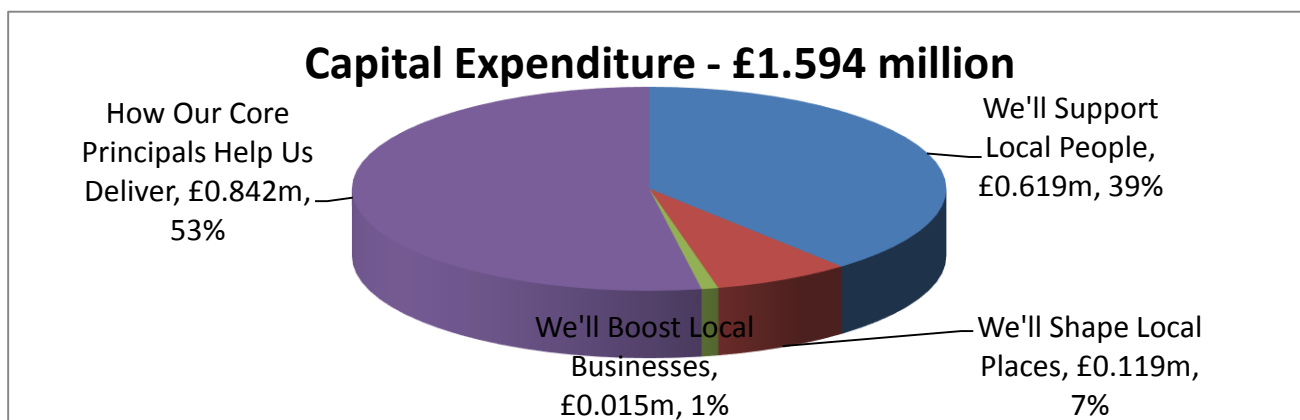
#### *How the money was spent*

The actual spending in 2014/15 was **£1.594 million** compared to a Capital Programme budget of **£3.084 million**. This was **£1.490 million (48%)** lower than estimated. Two projects accounted for a significant element of the lower than budget performance and these are detailed below:

- Friarsgate (**£0.484 million below budget**) – there are ongoing design, legal and financial changes to the Friarsgate scheme and the latest proposed development will be reported to Cabinet in July 2015. This means that spend for the project continues to be difficult to predict given the fluid nature of the project.
- Disabled Facilities Grants (**£0.240 million below budget**) – following a retendering exercise the Home Improvement Agency (HIA) service contract for the whole county was awarded to Revival, from the 1st July 2014. However, due to issues over funding from Staffordshire County Council it did not actually commence until 1st October. This change has presented several challenges to service delivery whilst Revival has become fully operational.

The majority of spend below budget relates to changes in project plans and the money will therefore be spent in later financial years.

Spend by top priority for the 2014/15 financial year was:



Major areas of capital expenditure and significant individual projects included:

- Information Technology investment – upgrade and enhancement of equipment and software (**£0.837 million**).
- Community, Housing and Health - financing of the Council's private sector housing assistance policy targeted at improving the District's private sector housing stock - Home Repairs, Energy Efficiency, Renovation and Disabled Facilities Grants (**£0.372 million**);

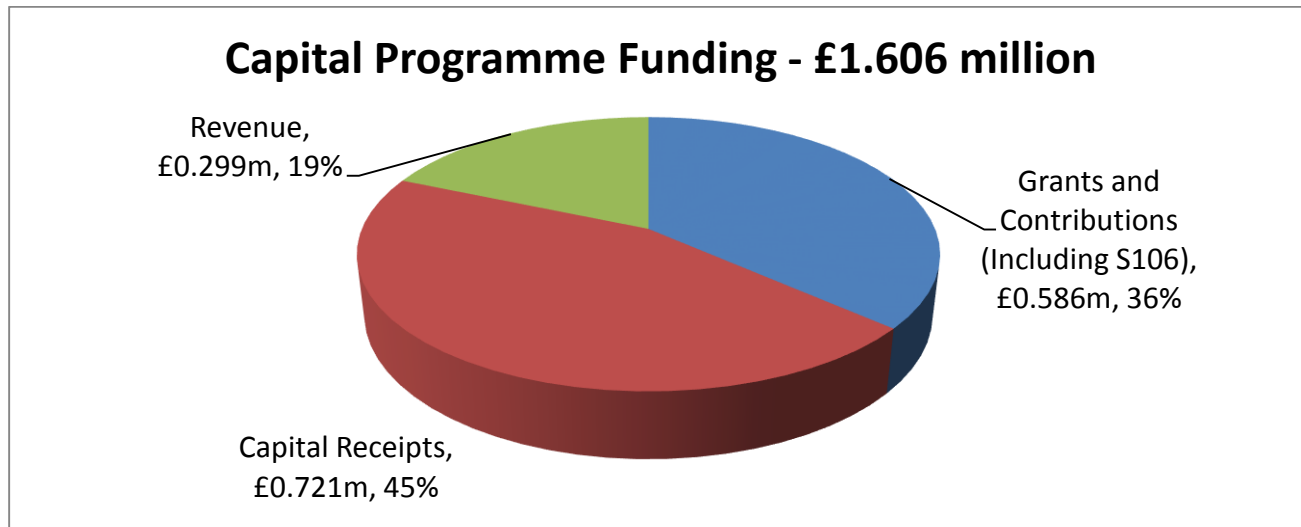
<sup>2</sup> 2014/15 **£3.171 million**, 2015/16 **£5.051 million**, 2016/17 **£5.314 million**, 2017/17 **£3.314 million**

## EXPLANATORY FOREWORD

---

### *How it was paid for*

There are a number of sources by which the Council can fund capital expenditure. The funding of the 2014/15 Capital Programme is illustrated below with the difference between spend and funding adjusting the Capital Financing Requirement (**see note 34**):



- Capital Receipts - these are receipts generated from the sale of assets
- Grants and Contributions - such as Government grants supporting Housing, Heritage Lottery Fund Grant and Section 106 Planning Obligations
- Revenue - this is funded directly from the Revenue Budget and from Earmarked Reserves

### *So what was achieved for the money?*

The Revenue and Capital transactions recorded in these statements supported all the Council's activities in 2014/15. A wide variety of statutory and non-statutory services were delivered and numerous Council aims and objectives progressed.

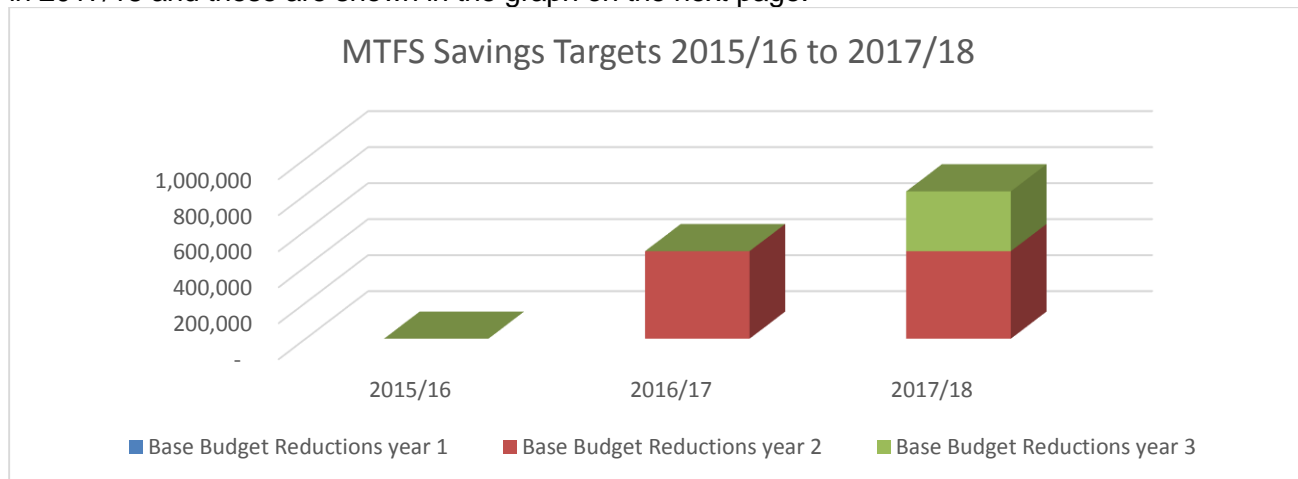
A separate report detailing the Council's Performance for 2014/15 was reported to Cabinet at its meeting on 7 July 2015 and can be viewed at [www.lichfielddc.gov.uk](http://www.lichfielddc.gov.uk)

## EXPLANATORY FOREWORD

### *The Medium Term Financial Strategy (MTFS) 2015-18*

The ability to deliver the outcomes set out in the Plan for the District 2012-16 is dependent on the resources available over the life of the plan, and therefore the plan must drive the MTFS. The MTFS was approved at the Council meeting on 17 February 2015 and it set the framework to enable the Council to address significant financial challenges for not only 2014/15 but for future financial years.

The Council approved the use of reserves in 2015/16 of **£400,450** to balance the revenue budget. The funding gap identified in 2016/17 and 2017/18 will require savings to be identified from within the base budget. The level of savings identified in the MTFS are **£486,390** in 2016/17 and then a further **£331,800** in 2017/18 and these are shown in the graph on the next page.



The 'Fit for the Future Programme' (F4F) is the Council's transformation programme and it was introduced in May 2013 to help make the Council functionally fit for the challenges ahead. The programme has helped deliver significant financial savings of **£1.815 million** to date from the base budget and has helped put the Council on a sounder financial footing in the short term.

The overall purpose of the programme remains to ensure the Council is 'Fit for the Future' and the focus of the programme needs to continue to evolve from addressing the short term financial challenges to more fundamental reviews of key service areas. Therefore, the F4F programme will focus increasingly on reforming and modernising how the Council operates so that it becomes a more productive and corporate Council able to deliver agreed strategic aims within a smaller budget.

There are a number of current and planned F4F reviews/projects that will focus more on transformation and delivering the priority outcomes that will be set out in the new Strategic Plan and these are:

- Strategic Housing Services.
- Leisure Services.
- Revenues and Benefits Services.
- Parks and Open Spaces.
- Economic Development.
- Channel Shift (how the Council interacts with its customers).
- Creating a Corporate Council.
- Car Parks.

These reviews/projects will identify the level of savings required to ensure the medium and long term sustainability of the Council

## EXPLANATORY FOREWORD

---

### *Summary*

Overall, the 2014/15 Statement of Accounts demonstrates that the finances of Lichfield District Council remain sound. Both Revenue and Capital spending is constrained within affordable budgets; Assets and Reserves exist to support future service provision and the achievement of the Council's key priorities.

A handwritten signature in cursive script, appearing to read 'J Kitchen', with a horizontal line underneath the name.

**Jane Kitchen**

**Director of Finance, Revenue & Benefits (Chief Finance Officer)**

**19 June 2015**

## MOVEMENT IN RESERVES

This statement shows the movement in the year on the different Reserves held by the Authority, analysed into 'Usable Reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus (or Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the Statutory General Fund Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the Council.

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2013</b>	2,953	3,123	1,882	1,248	9,206	15,367	24,573
<b>Movement in Reserves 2013/14</b>							
Surplus/(Deficit) on provision of services	(5,336)				(5,336)		(5,336)
Other Comprehensive Income and Expenditure						(2,853)	(2,853)
<b>Total Comprehensive Income and Expenditure</b>	<b>(5,336)</b>				<b>(5,336)</b>	<b>(2,853)</b>	<b>(8,189)</b>
Adjustments between accounting basis & funding basis (Note 6)	6,151		(419)	80	5,812	(5,812)	
<b>Net Increase/Decrease before Earmarked Reserves</b>	<b>815</b>		<b>(419)</b>	<b>80</b>	<b>476</b>	<b>(8,665)</b>	<b>(8,189)</b>
Transfers (to) / from Earmarked Reserves (Note 7)	(958)	958					
<b>Increase/Decrease in Year</b>	<b>(143)</b>	<b>958</b>	<b>(419)</b>	<b>80</b>	<b>476</b>	<b>(8,665)</b>	<b>(8,189)</b>
<b>Balance at 31 March 2014</b>	<b>2,810</b>	<b>4,081</b>	<b>1,463</b>	<b>1,328</b>	<b>9,682</b>	<b>6,702</b>	<b>16,384</b>

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2014</b>	2,810	4,081	1,463	1,328	9,682	6,702	16,384
<b>Movement in Reserves 2014/15</b>							
Surplus/(Deficit) on provision of services	(500)				(500)		(500)
Other Comprehensive Income and Expenditure						(8,175)	(8,175)
<b>Total Comprehensive Income and Expenditure</b>	<b>(500)</b>				<b>(500)</b>	<b>(8,175)</b>	<b>(8,675)</b>
Adjustments between accounting basis & funding basis (Note 6)	1,506		(110)	405	1,801	(1,801)	
<b>Net Increase/Decrease before Earmarked Reserves</b>	<b>1,006</b>		<b>(110)</b>	<b>405</b>	<b>1,301</b>	<b>(1,801)</b>	
Transfers (to) / from Earmarked Reserves (Note 7)	(818)	818					
<b>Increase/Decrease in Year</b>	<b>188</b>	<b>818</b>	<b>(110)</b>	<b>405</b>	<b>1,301</b>	<b>(2,602)</b>	<b>(8,676)</b>
<b>Balance at 31 March 2015</b>	<b>2,998</b>	<b>4,899</b>	<b>1,353</b>	<b>1,733</b>	<b>10,983</b>	<b>(3,274)</b>	<b>7,708</b>

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position required by statute is shown in the Movement in Reserves Statement.

2013/14				2014/15		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
1,835	(780)	1,055	Central services to the public	1,667	(464)	1,203
7,637	(3,584)	4,053	Cultural and Related Services	6,445	(3,128)	3,317
6,683	(3,383)	3,300	Environmental & Regulatory Services	6,810	(3,779)	3,031
3,903	(2,148)	1,755	Planning Services	3,736	(2,395)	1,341
1,028	(1,872)	(844)	Highways and transport services	926	(1,949)	(1,023)
2,913		2,913	Exceptional Item <sup>3</sup>			
22,134	(21,511)	623	Other housing services	21,994	(21,069)	925
1,985	(98)	1,887	Corporate and democratic core	1,789	(108)	1,680
342		342	Non-distributed costs	188		188
<b>48,460</b>	<b>(33,376)</b>	<b>15,084</b>	<b>Cost of Services</b>	<b>43,555</b>	<b>(32,892)</b>	<b>10,663</b>
1,622	(548)	1,074	Other Operating Expenditure <b>(Note 8)</b>	1,954	(735)	1,219
2,437	(895)	1,542	Financing and Investment income and Expenditure <b>(Note 9)</b>	1,608	(988)	620
	(12,364)	(12,364)	Taxation and Non-Specific Grant Income <b>(Note 10)</b>	10,967	(22,968)	(12,001)
<b>52,519</b>	<b>(47,183)</b>	<b>5,336</b>	<b>(Surplus) or Deficit on Provision of Services (cash flow)</b>	<b>58,084</b>	<b>(57,583)</b>	<b>500</b>
		2,027	(Surplus) or deficit on revaluation of non-current assets			(177)
		1	Surplus or (deficit) on revaluation of available for sale Financial Assets			
		827	Remeasurement of the net defined benefit liability			8,352
		(2)	Other gains / (losses)			
		<b>2,853</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>8,175</b>
		<b>8,189</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>8,675</b>

<sup>3</sup> The new Friary Outer multi deck car park became operational during 2013/14 and was therefore valued at 31 March 2014. The District Valuer has valued the car park using an Existing Use Value basis derived from comparable rental evidence of car parking and existing occupancy levels. This basis is consistent with that used to value the Council's other two multi deck car parks. The valuation has resulted in a revaluation loss of £2.913m being charged to Highways and Transport Services in 2013/14 although the valuation will need to be monitored should occupancy of the car park change significantly in the future.



## BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The Net Assets of the Council (Assets less Liabilities) are matched by the Reserves held by the Council. Reserves are reported in two categories. The first category of Reserves are Usable Reserves, ie those Reserves that the Council may use to provide services, subject to the need to maintain a prudent level of Reserves and any Statutory Limitations on their use (for example the Capital Receipts Reserve that may only be used to fund Capital Expenditure or repay debt). The second category of Reserves is those that the Council is not able to use to provide services. This category of Reserves includes Reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and Reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under Regulations'.

31 March 2014		Notes	31 March 2015
£000			£000
37,624	Property, Plant & Equipment	11	36,832
515	Heritage Assets	12	515
5,928	Investment Property	13	5,408
177	Intangible Assets		153
251	Long Term Debtors	14	242
<b>44,495</b>	<b>Long Term Assets</b>		<b>43,150</b>
0	Investment Property	13	1,170
73	Inventories		49
7,038	Short Term Debtors	15	3,953
6,238	Short Term Investments	14	12,037
3,487	Cash and Cash Equivalents	16	4,338
<b>16,836</b>	<b>Current Assets</b>		<b>21,547</b>
(16)	Short Term Borrowing	14	(16)
(9,501)	Short Term Creditors	17	(10,586)
(874)	Provisions	18	(1,863)
(153)	Capital Grants Receipts in Advance	32	(136)
<b>(10,544)</b>	<b>Current Liabilities</b>		<b>(12,601)</b>
(47)	Long Term Borrowing	14	(31)
(248)	Long Term Liabilities: Finance Leases	35	(60)
(34,017)	Long Term Liabilities: Defined Benefit Pension	37	(44,069)
(91)	Capital Grants Receipts in Advance	32	(228)
<b>(34,403)</b>	<b>Long Term Liabilities</b>		<b>(44,388)</b>
<b>16,384</b>	<b>Net Assets</b>		<b>7,708</b>
9,682	Usable Reserves	19	10,983
6,702	Unusable Reserves	20	(3,275)
<b>16,384</b>	<b>Total Reserves</b>		<b>7,708</b>

## CASHFLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. Lessors) to the Council.

2013/14 £000		2014/15 £000
(5,336)	Net surplus or (deficit) on the provision of services	(500)
5,960	Adjustments to Net Surplus or Deficit on the provision of services for non-cash movements <b>(Note 24)</b>	8,128
(3,242)	Adjustments for items included in the Net Surplus or Deficit on the provision of services that are investing and financing activities <b>(Note 25)</b>	(3,839)
<b>(2,618)</b>	<b>Net cash flows from Operating Activities</b>	<b>3,789</b>
39	Investing Activities <b>(Note 22)</b>	(4,961)
999	Financing Activities <b>(Note 23)</b>	2,023
<b>(1,580)</b>	<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>851</b>
5,067	Cash and cash equivalents at the beginning of the reporting period	3,487
<b>3,487</b>	<b>Cash and cash equivalents at the end of the reporting period (Note 16)</b>	<b>4,338</b>

## **NOTES TO THE ACCOUNTS**

---

### **1. Accounting Policies**

#### **General Principles**

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year end of 31 March 2015. The Council is required to prepare an Annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which those Regulations require to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice, supported by International Financial Reporting Standards (IFRS) and Statutory guidance issued under Section 12 of the 2003 Local Government Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

#### **Accruals of Income and Expenditure**

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as Expenditure when the services are received rather than when payments are made.
- Interest receivable on Investments and payable on Borrowings is accounted for respectively as Income and Expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where Revenue and Expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

#### **Recognition of Revenues-Council Tax and Non-Domestic Rates**

##### **Accounting for Council Tax**

While the Council Tax income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and paid out to major preceptors. The amount credited to the General Fund under statute is a Council's precept or demand for the year, plus or minus the Council's share of the surplus/deficit on the Collection Fund for the previous year.

The Council Tax income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement.

The cash collected by the Council from Council Tax payers belongs proportionately to all the major preceptors. The difference between the amounts collected on behalf of the other major preceptors and the payments made to them is reflected as a debtor or creditor balance as appropriate.

## NOTES TO THE ACCOUNTS

---

### **Accounting for Non-Domestic Rates (NDR)**

The NDR income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and paid out to major preceptors and the Government. The amount credited to the General Fund under statute is the Council's estimated share of NDR for the year from the National Non Domestic Rates (NNDR) 1 return.

The NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year from the NNDR 3 return. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement.

The cash collected by the Council from NDR payers belongs proportionately to all the major preceptors and Government. The difference between the amounts collected on behalf of the other major preceptors, Government and the payments made to them is reflected as a debtor or creditor balance as appropriate.

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, local authorities are liable for successful appeals against business rates charged to businesses in 2014/15 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2015. The estimate has been calculated using the Valuation Office (VO) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2015.

### **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that are readily convertible to known amounts of cash with insignificant risk of change in value. Therefore, our policy is to treat all instant access bank accounts and money market funds as cash equivalents and all other investments for less than one year (including any investments with notice periods) are treated as short term investments.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

### **Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the Notes to the Accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

### **Prior Period Adjustments, Changes in Accounting Policies and Estimates**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## NOTES TO THE ACCOUNTS

---

### **Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from Revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance known as the Minimum Revenue Provision (MRP). Our MRP policy is:

- For finance leases, the MRP will match the annual principal repayment for the lease, and;
- For all other assets, the MRP is based on the initial estimated life of the asset.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by MRP in the General Fund by way of an adjusting transaction between the General Fund and the Capital Adjustment Account. This transfer is shown in the Movement in Reserves Statement.

### **Employee Benefits**

#### **Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements (or any form of leave, eg. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

#### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises the costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

## NOTES TO THE ACCOUNTS

---

### Post-Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme (LGPS) administered by Staffordshire County Council.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Staffordshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of **4.3%** (based on the indicative rate of return on high quality corporate bonds).
- The assets of Staffordshire Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
  - Quoted securities      professional estimate.
  - Unquoted securities    current bid price.
  - Unlisted securities     current bid price.
  - Property                 market value.
- The change in the net pensions liability is analysed into the following components:

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- Net interest on the net defined benefit liability (asset), ie the net interest cost – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. This is calculated by apply the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains or losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

## NOTES TO THE ACCOUNTS

---

- Contributions paid to the Staffordshire Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

### Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

### Financial Instruments

#### Financial Liabilities

Financial liabilities are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. This means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

#### Financial Assets

The Council has two types of financial asset - Loans and Receivables and Available for Sale. Loans and Receivables are assets that have fixed or determinable payments but are not quoted in an active market. These are initially measured at fair value and subsequently at their amortised cost.

## NOTES TO THE ACCOUNTS

---

Available for Sale include Certificates of Deposit and Money Market Funds that are quoted in an active market and are measured at fair value.

Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. This means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

### **Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, Government Grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments; and
- The Grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement. Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

### **Community Infrastructure Levy**

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds where applicable and as set out in the charging schedule (once adopted) The Council will charge for and collect the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area. The Council needs to agree to a draft charging schedule which needs to be independently examined before it can be adopted by Full Council. CIL can then be implemented.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charge will be largely used to fund capital expenditure. However, a small proportion of the charge may be used to fund revenue expenditure.

### **Heritage Assets**

The Council's Heritage Assets are located at various Council properties. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The Council's Heritage Assets are accounted for as follows:



## NOTES TO THE ACCOUNTS

---

### Statues :

- These statues are located in various parks and open spaces and a library within the District. These items are reported in the Balance Sheet at insurance valuation and estimated market value. Insurance valuations are updated on an annual basis.
- The collection is relatively static and acquisitions and donations are rare. Where they do occur acquisitions are initially recognised at cost.

### Art Collection :

- The art collection includes paintings and is reported in the Balance Sheet at estimated market value. The art collection is deemed to have indeterminate lives and hence the Council does not consider it appropriate to charge depreciation.
- Acquisitions are made by purchase or donation. Acquisitions initially are recognised at cost and any donations are recognised at valuation with valuations provided by external valuers and with reference to the appropriate commercial markets for the paintings using the most relevant and recent information from sales at auctions.

### Other Items :

- The Council has a number of items of civic regalia and trophies and these are reported in the Balance Sheet at insurance valuation. Insurance valuations are updated on an annual basis. The collection is relatively static and acquisitions and donations are rare. Where they do occur acquisitions are initially recognised at cost.
- The Council has a grand piano and this is reported in the Balance Sheet at insurance valuation. Insurance valuations are updated on an annual basis.

### Heritage Assets - General

The carrying amount of heritage assets are reviewed where there is evidence of impairment for heritage assets eg where an item has suffered physical deterioration or breakage or where doubts arise over its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment - see page 27 (Impairment) and pages 25 to 28 (Property, Plant and Equipment) in this Summary of Accounting Policies. Any disposals are accounted for in accordance with the general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see pages 25 to 28 (Property, Plant and Equipment) in this Summary of Accounting Policies).

### Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

### Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income

## NOTES TO THE ACCOUNTS

---

and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### **Jointly Controlled Operations and Jointly Controlled Assets**

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity.

The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

### **Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

### **The Council as Lessee**

#### **Finance Leases**

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).
- Any charge for services (charged to the relevant service line of the Comprehensive Income and Expenditure Statement). Where this charge cannot be separately identified, it is

## NOTES TO THE ACCOUNTS

---

assumed to be the difference between the lease payment and the total of the charges for acquisition of the interest in the property, plant and equipment and the finance charge.

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements (known as Minimum Revenue Provision or MRP). Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **Operating Leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a rent-free period at the commencement of the lease).

### **The Council as Lessor**

#### **Finance Leases**

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement and also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## NOTES TO THE ACCOUNTS

---

### **Operating Leases**

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

### **Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2011/12 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multifunctional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

### **Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

#### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie. repairs and maintenance) is charged as an expense when it is incurred.

#### De Minimis Level

Expenditure below £10,000 is not capitalised and therefore is charged to the Comprehensive Income and Expenditure Statement.

#### Measurement

Assets are initially measured at cost, comprising:

- The purchase price;
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction - depreciated historical cost.

## NOTES TO THE ACCOUNTS

---

- All other assets - fair value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

Where there is no market based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

### Component Accounting Policy for Property, Plant and Equipment

International Accounting Standard 16 (IAS 16) – Property, Plant and Equipment (PPE) contains the accounting requirements for the separate recognition, depreciation and derecognition of parts of assets (referred to as componentisation). Componentisation shall be applied for depreciation purposes on enhancement, acquisition expenditure incurred and revaluations carried out from 1 April 2010.

All historical cost based assets with short lives, land and investment properties will be excluded from our Component Accounting Policy.

Components that are required to be depreciated separately are those that have a cost that is significant in relation to the total cost of the asset, a different useful life and method of depreciation.

### Policy for Componentisation

- Components of an asset will be separated where their value is significant in relation to the total value of the asset and where those components have different useful lives to the remainder of the asset for depreciation purposes.
- Where there is more than one significant component part of the same asset with the same useful life, such component parts will be group together for depreciation purposes.
- A component may be an individual item or similar items with similar useful lives grouped.
- Where a component is replaced or restored, the carrying amount of the old component will be derecognised and the new component added. Where the carrying value of the derecognised/replaced component is not known a best estimate will be determined by reference to the current cost.
- Only assets with a carrying value of **£500,000** and over will be considered for componentisation.
- Of those assets, for the purpose of determining a 'significant' component of an asset, components with a value of **15%** in relation to the overall value of the asset or over **£500,000** will be considered and then only if the component has a different useful life for depreciation purposes so as to result in depreciation charges that differ materially from the depreciation charges had the asset not been componentised.
- On componentisation any Revaluation Reserve balances will remain with the structure of the building. Any future revaluation gains and losses will be applied across components as appropriate.

To enable a structured approach to component accounting the following principles are applied :

To be considered for componentisation an individual asset (or a group of similar assets) must:

- (i) Have a carrying value of at least **£500,000**, or
- (ii) Have been acquired, or
- (iii) Have undergone revaluation, or
- (iv) Undergo a change in category classification

A component must:

- (v) Have a cost of at least **£100,000**, or
- (vi) Cost at least **15%** of the overall asset (whichever is higher), and

## NOTES TO THE ACCOUNTS

---

- (vii) Have a useful life which is at least **plus or minus five years** from other components of the overall asset.

Where components are identified, they will be set up separately in the asset register and have individual values, useful lives and depreciation methods recorded.

### Valuation

The five year valuation cycle remains and therefore componentisation needs to be considered for each asset in the portfolio in excess of the **£500,000** threshold.

In addition in each financial year, a list of assets that have had capital expenditure incurred will be considered in terms of this component accounting policy and enhancement spend (at cost) will be added to the relevant assets. These assets will then be subject to revaluation as part of our normal revaluation cycle.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Where a revaluation takes place all accumulated depreciation and impairment is eliminated because these are accounting estimates of changes in value whose value is confirmed by a formal valuation reflecting the actual condition of the property at the valuation date.

### Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement up to the amount of the original loss adjusted for depreciation that would have been charged if the loss had not been recognised. With our Valuer we will continue to complete a desktop Impairment review on an annual basis.

## NOTES TO THE ACCOUNTS

---

### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (ie. freehold land and certain Community Assets) and assets that are not yet available for use (ie. assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture and equipment – straight-line allocation over the useful life as estimated by Managers.
- Infrastructure – straight-line allocation over the useful life as estimated by Managers.
- A full year's charge is made in the year of acquisition and no charge is made in the year of disposal or decommissioning.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### **Disposals and Non-current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

Receipts are credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to

## **NOTES TO THE ACCOUNTS**

---

the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### **Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

### **Contingent Liabilities**

Contingent liabilities arise when an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### **Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Council - these reserves are explained in the relevant policies.

### **Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

### **VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. Lichfield District Council is in a VAT receivable position at year end; the balance outstanding is included in **Note 15** Short Term Debtors.



## NOTES TO THE ACCOUNTS

---

### Carbon Reduction Commitment Allowances

#### ACCOUNTING FOR THE COSTS OF THE CARBON REDUCTION COMMITMENT SCHEME

The authority is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. The authority is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the authority is recognised and reported in the costs of the authority's services and is apportioned to services on the basis of energy consumption. For 2014/15, Lichfield District Council falls below the nationally agreed Carbon Reduction Commitment Scheme limit.

#### 2. Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2015/16 Code:

- **International Financial Reporting Standard (IFRS) 13 Fair Value Measurement** – This standard provides a consistent definition of fair value together with enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions). The adoption of this standard will require surplus assets (assets that are not being used to deliver services but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale) to be revalued to market value rather than value in existing use as at the present time. Operational property and plant and equipment assets are outside the scope of IFRS 13. This standard will not impact on the Statement of Accounts as the Council does not hold any surplus assets.
- **International Financial Reporting Interpretations Committee (IFRIC) 21 Levies** – This standard provides guidance on levies imposed by Government in the financial statements of entities paying the levy. The IFRIC specifies the obligating event as the activity that triggers the timing of the payment of the levy. The amount payable may be based on information relating to a period before the obligation to pay arises, or the levy is payable only if a threshold is reached, or both. This standard will not have a material effect on the Statement of Accounts.
- **Annual Improvements to IFRSs (2011-13 Cycle)** – These improvements are minor, principally providing clarification, and will not have a material impact on the Statement of Accounts.

The Code requires implementation from 1 April 2015, and there is therefore no impact on the 2014/15 Statement of Accounts.

#### 3. Critical judgements in applying accounting policies

In applying the accounting policies set out in **Note 1**, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts:

1. There is a high degree of uncertainty about future levels of funding for Local Government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

## NOTES TO THE ACCOUNTS

---

### **4. Assumptions made about the future and other major sources of estimation uncertainty**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

## NOTES TO THE ACCOUNTS

The items in the Authority's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<b>Property, Plant and Equipment</b>	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by <b>£108,000</b> and for vehicles, plant and equipment would increase by <b>£144,000</b> for every year that useful lives had to be reduced.
<b>Business Rate Appeals</b>	<p>Local Authorities from 1 April 2013 are liable for successful appeals against business rates charged to businesses in 2014/15 and earlier years in proportion to their share (40% for this Council). A provision has been recognised as the best estimate of the amount that businesses have been overcharged up to 31 March 2015. The estimate has been calculated using the Valuation Office Agency (VOA) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2015.</p> <p>Total Rateable Value of Appeals Outstanding at 31 March 2015 = <b>£50.66m</b></p> <p>Provision = <b>£4.17m</b></p> <p>Provision as a % of Appeals Outstanding = <b>8.24%</b></p>	<p>The key assumptions we have made in the calculation of the provision for Business Rate Appeals using Rateable Values (RV) are summarised below for both the 2005 and 2010 lists:</p> <p><u>2005 List</u> Average success rate <b>45.18%</b> Average reduction in RV <b>10.40%</b> Combined <b>4.70%</b></p> <p><u>2010 List</u> Average success rate <b>26.73%</b> Average reduction in RV <b>7.96%</b> Combined <b>2.13%</b></p> <p><u>Overall</u> Average success rate <b>38.32%</b> Average reduction in RV <b>9.76%</b> Combined <b>3.74%</b></p> <p>Each <b>1%</b> increase in the overall Combined figure would increase the provision by <b>£950,000</b>. The Council's share of this increase at <b>40%</b> would be <b>£380,000</b>.</p>
<b>Pensions Liability</b>	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a <b>0.5%</b> decrease in the discount rate assumption would result in an increase in the pension liability of <b>£11,948,000</b> a 1 year, increase in member life expectancy would amount to <b>£3,242,000</b> and <b>0.5%</b> increase in Salary and pension rate would amount to <b>£4,399,000</b> and <b>£7,233,000</b> respectively.
<b>Arrears</b>	At 31 March 2015, the Council had a balance of sundry debtors of <b>£1,728,000</b> . A review of significant balances suggested that an impairment of doubtful debts of <b>50%</b> ( <b>£635,000</b> ) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional <b>£635,000</b> to set aside as an allowance.

This list does not include assets and liabilities that have been carried at fair value based on a recently observed market price.

## NOTES TO THE ACCOUNTS

---

### 5. Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance on **26 June 2015**.

A number of non-adjusting events after the Balance Sheet date have been identified:

#### Long Term External Borrowing

On 2 April 2015 the Council externally borrowed **£1,522,000** from the Public Works Loans Board using a 25 year equal instalment of principal fixed rate loan at 2.59%.

#### Sale and Transfer of Non-Current Assets

The Council is currently in the process of selling the following Investment Properties:

- 19 Industrial Units and a small café in Chasetown – these assets are valued at **£845,000** and are scheduled to be sold in June 2015.
- 6 Industrial Units in Lichfield – these assets are valued at **£325,000** and are scheduled to be sold during 2015.
- Bore Street Shops – these assets are valued at **£1,797,500** and the Council is currently in the process of identifying a purchaser.

The Council is also in the process of transferring a number of other assets such as Open Spaces and the lease of the Old Mining College Centre to other bodies.

### 6. Adjustments between accounting basis and funding basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. It is detailed overleaf:

## NOTES TO THE ACCOUNTS

	2014/15				2013/14			
	Usable Reserves			Movement in Usable Reserves £000	Usable Reserves			Movement in Usable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000		General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES):</b>								
Charges for depreciation and impairment of non-current assets	1,399			(1,399)	1,466			(1,466)
Revaluation (gains) / losses on Property, Plant and Equipment	(180)			180	3,003			(3,003)
Movements in the market value of investment properties	(214)			214	563			(563)
Amortisation of intangible assets	43			(43)	67			(67)
Capital grants and contributions applied (see note below)	(384)			384	(883)			883
Revenue expenditure funded from capital under statute	581			(581)	1,399			(1,399)
Amounts on non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	308			(308)	9			(9)
Movement on loans due or advanced to the CIES								
<b>Insertion of Items not debited or credited to the CIES</b>								
Statutory provision for the financing of capital investment	(334)			334	(288)			288
Capital Expenditure charged to the General Fund	(299)			299	(289)			289
<b>Adjustments primarily involving the Capital Grants Unapplied Account</b>								
Capital Grants and Contributions unapplied credited to the CIES (see note below)	(606)		606		(760)		760	
Application of grants to capital financing transferred to the Capital Adjustment Account (see note below)			(201)	201			(680)	680
<b>Adjustments primarily involving the Capital Receipts Reserve</b>								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	(94)	94			(62)	62		
Unattached Capital Receipts not related to current year asset disposal to the CIES	(503)	503			(364)	364		
Use of the Capital Receipts Reserve to finance new capital expenditure		(721)		721		(845)		845
Contribution from the capital receipts reserve towards administrative costs of non-current asset disposals								
Contribution from the capital receipts reserve to finance the payments to the Government capital receipts pool	1	(1)			1	(1)		
Transfer from deferred capital receipts reserve upon receipt of cash		15		(15)		1		(1)
<b>Adjustments primarily involving the Pensions Reserve</b>								
Reversal of items relating to retirement benefits debited or credited to the CIES	3,345			(3,345)	3,515			(3,515)
Employers pension contributions and direct payments to pensioners payable in the year	(1,645)			1,645	(1,569)			1,569
<b>Adjustments primarily involving the Collection Fund adjustment account</b>								
Amount by which Council Tax and Business Rate income credited to the CIES is different to that calculated for the year in accordance with statutory requirements	84			(84)	341			(341)
<b>Adjustments primarily involving the Accumulated Absences Account</b>								
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	4			(4)	2			(2)
<b>Total Adjustments</b>	<b>1,506</b>	<b>(110)</b>	<b>405</b>	<b>(1,801)</b>	<b>6,151</b>	<b>(419)</b>	<b>80</b>	<b>(5,812)</b>

## NOTES TO THE ACCOUNTS

### 7. Transfers (to) / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2014/15. Reserves identified as restricted are required under legal agreements and can only be used for defined purposes.

	Balance at 1 April 2013	Transfers Out 2013/14	Transfers In 2013/14	Balance at 31 March 2014	Transfers Out 2014/15	Transfers In 2014/15	Balance at 31 March 2015
	£000	£000	£000	£000	£000	£000	£000
<b>General Fund:</b>							
Earmarked General Reserve	(1,437)		(526)	(1,963)		(485)	(2,448)
Earmarked Reserve-Restricted			(52)	(52)		(3)	(55)
Election Reserve	(98)		(19)	(117)	20		(97)
Public Open Spaces Reserve- Restricted	(6)		(98)	(104)	13		(91)
Joint Waste Shared Service Reserve-Restricted	(247)		(83)	(330)		(182)	(512)
Building Regulations Reserve (Restricted)			(61)	(61)		(24)	(85)
Development Grant Aid Reserve	(56)	4		(52)		(7)	(59)
Birmingham Road Car Park Capital Reserve -Restricted	(1,245)		(157)	(1,402)		(150)	(1,552)
Lombard Street Car Park Capital Reserve	(34)	34		-			-
<b>Total</b>	<b>(3,123)</b>	<b>38</b>	<b>(996)</b>	<b>(4,081)</b>	<b>33</b>	<b>(851)</b>	<b>(4,899)</b>

The **Earmarked General Reserve** has been provided to fund expenditure items in 2014/15 and beyond including Fit for the Future Budget Reduction Programme, also income from Government Grants received which have no conditions attached but which have been set aside for use in providing specific services.

The **Earmarked Reserve (Restricted)** represents sums set aside from grants received for use in providing specific services.

The **Election Reserve** has been set up to fund the cost of District Council Elections. We build up this reserve over a four year period (we used the current balance to fund the election in May 2015 and will begin to build up the reserve again in 2015/16 to use for the election in 2019).

The **Public Open Spaces Reserve (Restricted)** has been established to meet the Councils obligations under section 106 agreements.

The **Joint Waste Shared Service Reserve (Restricted)** has been set up to meet are obligations under the Joint Waste Shared Service agreement.

The **Building Regulations Reserve (Restricted)** has been set up to meet are obligations under South Staffordshire Building Control Partnership.

The **Development Grant Aid Reserve** is to provide assistance to Historic Building and Nature Conservation Projects.

The **Birmingham Road Car Park Capital Reserve (Restricted)** represents sums set aside for future capital works per the legal agreement.

## NOTES TO THE ACCOUNTS

### 8. Other Operating Expenditure

2013/14 £000		2014/15 £000
1,478	Parish council precepts	1,506
1	Payments to the Government Housing Capital Receipts Pool	1
	Deferred Receipts on loans and advances	(4)
(41)	(Gains)/Losses on the disposal of non-current assets	214
(364)	Unattached Capital Receipts	(499)
<b>1,074</b>	<b>Total</b>	<b>1,218</b>

### 9. Financing and Investment Income and Expenditure

2013/14 £000		2014/15 £000
22	Interest payable and similar charges	15
1,416	Pensions interest cost and expected return on pensions assets	1,466
(107)	Interest receivable and similar income	(103)
284	Income and expenditure in relation to investment properties and changes in their fair value	(644)
(73)	Net (Surplus)/Deficit on Trading Undertakings	(114)
<b>1,542</b>	<b>Total</b>	<b>620</b>

### 10. Taxation and Non-Specific Grant Income

2013/14 £000		2014/15 £000
(6,655)	Council tax income	(6,885)
	<u>Business Rates</u>	
(12,209)	Council Share of Retained Business Rates	(12,088)
10,757	Less : Business Rates Tariff	10,967
(3,904)	Non-ring fenced government grants	(3,957)
(353)	Capital grants and contributions	(38)
<b>(12,364)</b>	<b>Total</b>	<b>(12,001)</b>

Non-ring fenced Government Grants are comprised of:

2013/14 £000		2014/15 £000
(732)	New Homes Bonus	(1,203)
(2,794)	Formula Grant	(2,116)
(68)	New Burdens Grants	(105)
(310)	Small Business Rates relief	(354)
-	Long Term Empty Property Relief	(2)
-	Retail Relief Grant	(159)
-	Business Rate Inflation Cap	(18)

**NOTES TO THE ACCOUNTS**

---

(3,904)		(3,957)
---------	--	---------



## NOTES TO THE ACCOUNTS

### 11. Property, Plant and Equipment

Movements in 2014/15:

	Other Land and buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant and Equipment £000
<b>Cost or Valuation</b>							
<b>At 1 April 2014</b>	<b>31,971</b>	<b>7,356</b>	<b>346</b>	<b>3,613</b>	<b>456</b>	<b>693</b>	<b>44,436</b>
Additions <sup>4</sup>	(21)	878		21		51	930
Revaluation increases/(decreases) recognised in the revaluation reserve	97						97
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	129						129
Derecognition – disposals	(240)	(321)					(561)
Asset reclassifications					(456)		(456)
<b>At 31 March 2015</b>	<b>31,936</b>	<b>7,914</b>	<b>346</b>	<b>3,634</b>	<b>0</b>	<b>744</b>	<b>44,574</b>
<b>Accumulated Depreciation and Impairment</b>							
<b>At 1 April 2014</b>	<b>(906)</b>	<b>(5,699)</b>	<b>(38)</b>	<b>0</b>	<b>(17)</b>	<b>(151)</b>	<b>(6,811)</b>
Depreciation charge	(737)	(659)	(3)				(1,399)
Depreciation written out to the revaluation reserve	88						88
Depreciation written out to the surplus/deficit on the provision of services	51						51
Impairment losses/(reversals) recognised in the revaluation reserve							
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services		311					311
Derecognition – disposals							
Asset reclassifications					17		17
<b>At 31 March 2015</b>	<b>(1,504)</b>	<b>(6,047)</b>	<b>(41)</b>	<b>0</b>	<b>0</b>	<b>(151)</b>	<b>(7,743)</b>
<b>Net Book Value</b>							
At 31 March 2015	30,432	1,866	305	3,634	0	594	36,832
At 31 March 2014	31,065	1,657	308	3,613	439	542	37,624

<sup>4</sup> The additions value for Other Land and Buildings is negative due to the reversal of a provision established in 2013/14 for potential liquidated damages on a capital project that is no longer required.

## NOTES TO THE ACCOUNTS

### Comparative Movements in 2013/14:

	Other Land and buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant and Equipment £000
<b>Cost or Valuation</b>							
<b>At 1 April 2013</b>	<b>34,477</b>	<b>7,375</b>	<b>346</b>	<b>3,503</b>	<b>340</b>	<b>2,237</b>	<b>48,278</b>
Additions	2,311	326		110	116	69	2,932
Revaluation increases/(decreases) recognised in the revaluation reserve	(3,252)						(3,252)
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(3,064)						(3,064)
Derecognition – disposals		(459)					(459)
Asset reclassifications	1,499	114				(1,613)	
<b>At 31 March 2014</b>	<b>31,971</b>	<b>7,356</b>	<b>346</b>	<b>3,613</b>	<b>456</b>	<b>693</b>	<b>44,435</b>
<b>Accumulated Depreciation and Impairment</b>							
<b>At 1 April 2013</b>	<b>(1,389)</b>	<b>(5,647)</b>	<b>(35)</b>		<b>(10)</b>		<b>(7,081)</b>
Depreciation charge	(803)	(502)	(3)		(7)		(1,315)
Depreciation written out of the revaluation reserve	515						515
Depreciation written out to the surplus/deficit on the provision of services	66						66
Impairment losses/(reversals) recognised in the revaluation reserve	705						705
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services						(151)	(151)
Derecognition – disposals		450					450
<b>At 31 March 2014</b>	<b>(906)</b>	<b>(5,699)</b>	<b>(38)</b>		<b>(17)</b>	<b>(151)</b>	<b>(6,811)</b>
<b>Net Book Value</b>							
At 31 March 2014	31,065	1,657	308	3,613	439	542	37,624
At 31 March 2013	33,088	1,728	311	3,503	330	2,237	41,197

## NOTES TO THE ACCOUNTS

---

### Other Land & Buildings Break-down

2013/14 £000		2014/15 £000
6,607	Arts Facility	6,466
350	Bus Station	350
959	Depot	939
700	Garage	700
10,159	Leisure Centre	9,903
2,420	Multi-storey Car Parks	2,375
2,065	Offices	1,998
25	Other Land & Buildings	52
466	Parks and Sports Grounds	414
797	Pavilions	874
511	Pool	505
236	Public Conveniences	304
95	Residential	79
3,992	Retail	3,981
1,681	Surface Car Parks	1,491
<b>31,065</b>	<b>Total</b>	<b>30,432</b>

### Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Buildings – 2 to 90 years
- Vehicles, Plant, Furniture & Equipment – 1 to 16 years
- Infrastructure – 36 years
- Minster Pool – 88 years

### Capital Commitments

At 31 March 2015, the Council had no significant capital commitments. Last year the value was **£1.07** million which related to the upgrade of its ICT infrastructure.

### Effects of Changes in Estimates

In 2014/15, the Council made no material changes to its accounting estimates for Property, Plant and Equipment.

## NOTES TO THE ACCOUNTS

### Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years. All valuations are carried out by the District Valuer Service. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Valuations of vehicles, plant, furniture and equipment are based on the historic cost of the asset. Carrying values below are shown net of accumulated depreciation.

	Other Land and buildings £000	Vehicles, Plant, Furniture & Equipment £000	Total £000
Carried at historical cost	24	1,866	1,890
Valued at fair value as at:			
- 31 March 2015	1,388		1,388
- 31 March 2014	12,278		12,278
- 31 March 2013	13,282		13,282
- 31 March 2012	3,460		3,460
<b>Total Cost or Valuation</b>	<b>30,432</b>	<b>1,866</b>	<b>32,298</b>

## 12. Heritage Assets

*The Code of Practice on Local Authority Accounting in the United Kingdom 2013/14* introduced a change to the treatment in accounting for heritage assets held by the Council. As set out in our summary of significant accounting policies, the authority now requires heritage assets to be carried in the Balance Sheet at valuation.

### Movements in 2014/15:

	Statues £000	Art Collection £000	Other Items £000	Total Assets £000
<b>Cost or Valuation</b>				
At 1 April 2014	305	80	130	515
Additions				
At 31 March 2015	305	80	130	515

### Comparative Movements in 2013/14:

	Statues £000	Art Collection £000	Other Items £000	Total Assets £000
<b>Cost or Valuation</b>				
At 1 April 2013	245	80	130	455
At 31 March 2014	305	80	130	515

## NOTES TO THE ACCOUNTS

---

### Statues

The Authority's collection of statues is reported in the Balance Sheet at insurance valuation which is based on market values. These insurance values are updated annually.

The Council agreed to accept ownership and responsibility for the Darwin Statue which is located in Beacon Park in Lichfield.

### Art Collection

The last valuations were carried out by our museum's collection officer who had a background in fine art in around 2000. The valuations were based on commercial markets including recent transaction information.

### Other Items

This includes civic regalia, trophies and other cultural items. These items are reported in the Balance Sheet at insurance valuation which is based on market values. These insurance values are updated annually.

### Preservation and Management

The statues located in parks are managed by the Greens and Open Spaces Strategy Manager, the civic regalia and trophies are managed by the Executive and Civic Support Officer, the grand piano is managed by the Garrick Trust and all other items are managed by Communications and Tourism Manager.

The Communications and Tourism Manager maintains a Museum Artefacts Inventory that consists of a description of the asset, its location, an assessment of its current condition and an indicative value.

In addition, there are four assets – the Lych Gate, a War Memorial, the Museum Gardens Balustrade and the Martyrs Plaque that have been identified however no valuation information is currently available and it is the Council's view that the costs of obtaining valuations outweighs the benefits to the users of these financial statements.

## NOTES TO THE ACCOUNTS

---

### 13. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2013/14 £000		2014/15 £000
507	Rental income from investment property	536
(792)	Direct operating expenses arising from investment property	107
<b>(285)</b>	<b>Net gain / (loss)</b>	<b>643</b>

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement. The following table summarises the movement in the fair value of investment properties over the year:

2013/14 £000		2014/15 £000
<b>6,440</b>	<b>Balance at the start of the year</b>	<b>5,928</b>
	Disposals	
51	Additions	5
(563)	Net gains/(losses) from fair value adjustments	206
	Transfers: From Surplus Assets	439
<b>5,928</b>	<b>Balance at the end of the year</b>	<b>6,578</b>
<b>5,928</b>	<b>Long Term Assets</b>	<b>5,408</b>
<b>0</b>	<b>Current Assets</b>	<b>1,170</b>

### 14. Financial Instruments

#### Financial Instruments – Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

#### Financial Liabilities

The Council's financial liabilities held during the year are measured at amortised cost and comprised:

- A single long term loan.
- Finance leases detailed at note 35.
- Trade payables for goods and services received.

#### Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset. The financial assets held by the Council during the year are held under the following classifications.

Loans and receivables comprise:

- Cash in hand.
- Bank current account and deposit accounts with National Westminster Bank.
- Fixed term deposits with banks and building societies.
- Loans to other local authorities.
- Trade receivables for goods and services delivered.

Available for sale financial assets (those that are quoted in an active market) comprising:

- Money market funds.
- Certificates of Deposit issues by banks and building societies.

## NOTES TO THE ACCOUNTS

The following categories of financial instrument are carried in the Balance Sheet:

	Long Term		Short Term	
	31 March 2014 £000	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000
<b>Investments</b>				
<u>Loans and receivables:</u>				
- Principal at amortised cost			5,200	11,000
- Accrued interest			38	37
<u>Available-for-sale investments:</u>				
- Principal at amortised cost			1,000	1,000
<b>Total Investments</b>			<b>6,238</b>	<b>12,037</b>
<b>Cash and Cash Equivalents</b>				
<u>Loans and receivables:</u>				
- Cash (including bank accounts)			392	507
- Cash equivalents at fair value			1,980	
- Accrued interest			5	
<u>Available-for-sale investments:</u>				
- Cash equivalents at fair value			1,110	3,830
- Accrued interest				1
<b>Total Cash and Cash Equivalents</b>			<b>3,487</b>	<b>4,338</b>
<b>Debtors</b>				
Loans and receivables	251	242	3,332	3,134
<b>Total included in Debtors</b>	<b>251</b>	<b>242</b>	<b>3,332</b>	<b>3,134</b>
<b>Total Financial Assets</b>	<b>251</b>	<b>242</b>	<b>13,057</b>	<b>19,509</b>
<b>Borrowings</b>				
Financial liabilities at amortised cost	(47)	(31)	(16)	(16)
<b>Total included in Borrowings</b>	<b>(47)</b>	<b>(31)</b>	<b>(16)</b>	<b>(16)</b>
<b>Other Long Term Liabilities</b>				
Finance lease liabilities	(248)	(60)	(209)	(188)
<b>Total other Long Term Liabilities</b>	<b>(248)</b>	<b>(60)</b>	<b>(209)</b>	<b>(188)</b>
<b>Creditors</b>				
Financial liabilities at amortised cost			(3,519)	(4,466)
<b>Total Creditors</b>			<b>(3,519)</b>	<b>(4,466)</b>
<b>Total Financial Liabilities</b>	<b>(295)</b>	<b>(91)</b>	<b>(3,744)</b>	<b>(4,670)</b>

### Offsetting Financial Assets and Liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it either intends to settle on a net basis, or to realise the asset and settle the liability simultaneously. The Council had no legally enforceable right to set off financial assets and liabilities (all bank accounts with the Council's bank were either in credit or £0) at the 31 March 2015.

### Financial Instruments - Fair Values

Financial liabilities and financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

	31 March 2014		31 March 2015	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<u>Loans and receivables</u>				
Short Term Investments	6,238	6,238	12,037	12,037
Cash & Cash Equivalents	3,487	3,487	4,338	4,338
Trade Debtors	3,332	3,332	3,134	3,134
Long-term Debtors	251	251	242	242
<b>Total Financial Assets</b>	<b>13,308</b>	<b>13,308</b>	<b>19,751</b>	<b>19,751</b>
Trade Creditors	(3,519)	(3,519)	(4,466)	(4,466)
Finance Lease Liabilities	(457)	(457)	(248)	(248)
Short Term Borrowing	(16)	(16)	(16)	(16)
Long-term Creditors - Borrowing	(47)	(47)	(31)	(31)
<b>Total Financial Liabilities</b>	<b>(4,039)</b>	<b>(4,039)</b>	<b>(4,761)</b>	<b>(4,761)</b>

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

## NOTES TO THE ACCOUNTS

### 15. Short Term Debtors

31 March 2014 £000		31 March 2015 £000
3,584	Central government bodies	724
186	Council tax payers	210
329	Business rate payers	540
<b>4,099</b>	<b>Total statutory debtors</b>	<b>1,474</b>
<b>240</b>	<b>Manual prepayments</b>	<b>289</b>
1,384	Other local authorities	1,087
1	NHS Bodies	3
7	Public corporations and trading funds	0
1,940	Other entities and individuals	2,044
<b>3,332</b>	<b>Total trade debtors</b>	<b>3,134</b>
<b>7,671</b>	<b>Total debtors</b>	<b>4,897</b>
	Less bad debt provision:	
(68)	Council tax payers	(97)
(119)	Business rate payers	(213)
(446)	General debtors	(634)
<b>7,038</b>	<b>Total debtors</b>	<b>3,953</b>

### 16. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2014 £000		31 March 2015 £000
9	Cash held by the Authority	8
2,368	Bank Accounts <sup>5</sup>	500
1,110	Money Market Funds	3,830
<b>3,487</b>		<b>4,338</b>

### 17. Short Term Creditors

31 March 2014 £000		31 March 2015 £000
(2,397)	Central government bodies	(3,292)
(124)	Council tax payers	(121)
(737)	Business rate payers	(310)
<b>(3,258)</b>	<b>Total statutory creditors</b>	<b>(3,723)</b>
<b>(2,724)</b>	<b>Receipts in advance</b>	<b>(2,396)</b>
(1,519)	Other local authorities	(2,464)
(25)	NHS Bodies	(3)
0	Public corporations and trading funds	0
(1,975)	Other entities and individuals	(2,000)
<b>(3,519)</b>	<b>Total trade creditors</b>	<b>(4,467)</b>
<b>(9,501)</b>	<b>Total creditors</b>	<b>(10,586)</b>

<sup>5</sup> Bank Investment Call Accounts (plus accrued interest) are £3.507 million of this figure in 2013/14 and £1.985 million in 2014/15.



## NOTES TO THE ACCOUNTS

---

### 18. Provisions

The Council had two provisions.

	Outstanding Legal Cases £000	Business Rates Appeals £'000	Other Provisions £000	Total £000
Balance at 1 April 2014	(231)	(643)	-	(874)
Additional provisions made in 2014/15	(60)	(1,108)	(10)	(702)
Amounts used in 2014/15	108	81	0	189
<b>Balance at 31 March 2015</b>	<b>(183)</b>	<b>(1,670)</b>	<b>(10)</b>	<b>(1,863)</b>

#### Outstanding Legal Cases

The Authority has three legal cases in progress that have been provided for;

- **Personal search fees**

These relate to Environmental Information Regulations (EIR) 2004. In August 2010 the government revoked the personal search fee of the local land charges register because it was incompatible with the EIR. The EIR specifically state that environmental information contained on a register or list must be made available for personal inspection at no charge. Private property search companies have now brought legal action against authorities for charges levied from 1 January 2005 onwards which are alleged to be unlawful under the EIR our estimated liability is **£116,016**

- **Municipal Mutual Insurance**

In 1992, Municipal Mutual Insurance (MMI) ceased to trade and now exists solely to discharge its responsibilities under policies that it had previously issued. These responsibilities relate mainly to legal claims, which will take many years to materialise and finalise. In the event of MMI's insolvency during this period, local authority policy holders have agreed to enter into a 'scheme of arrangement' under which there are claw-back provisions on claims payments made by MMI after the implementation of the scheme. The potential liability if the scheme is triggered is **£67,523**. On the 13 November 2012 at the Board Meeting of Municipal Mutual the decision was made to trigger the Scheme of Arrangement, Control of the Company has been passed to the Scheme Administrators Ernst & Young LLP. Provision has been made for the amount of liability.

- **Liquidated Damages**

The amount of **£108,202** has been set aside in relation to a breach of contract on a Capital Project. This has now been used in 2014/15

#### Business Rates Appeals

The amount of **£1,669,744** relates to an estimate of Business Rate refunds from successful appeals up to 31 March 2015.

#### Other Provisions

All other provisions are individually insignificant totalling **£9,520**.

## NOTES TO THE ACCOUNTS

### 19. Usable Reserves

2013/14 £000		2014/15 £000
2,810	General Fund	2,998
1,328	Capital Grants Unapplied	1,733
1,463	Capital Receipts Reserve	1,353
4,081	Earmarked Reserves	4,899
<b>9,682</b>	<b>Total Usable Reserves</b>	<b>10,983</b>

Further details on the movements within Usable reserves are shown in **Note 6** and **Note 7**.

### 20. Unusable Reserves

2013/14 £000		2014/15 £000
3,474	Revaluation Reserve	3,450
37,734	Capital Adjustment Account	37,938
69	Deferred Capital Receipts	54
(34,017)	Pensions Reserve	(44,069)
(336)	Collection Fund Adjustment Accounts	(420)
(222)	Accumulated Absence Account	(226)
<b>6,702</b>	<b>Total Unusable Reserves</b>	<b>(3,275)</b>

#### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or disposed of and the gains are realised

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2013/14 £000			2014/15 £000
<b>5,613</b>	<b>Balance at 1 April</b>		<b>3,474</b>
440	Upward revaluation of assets	221	
(2,467)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(44)	
(2,027)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		177
(112)	Difference between fair value depreciation and historical cost depreciation	(109)	
0	Accumulated gains on assets sold or scrapped	(92)	
(112)	Amount written off to the Capital Adjustment Account		(201)
<b>3,474</b>	<b>Balance at 31 March</b>		<b>3,450</b>

## NOTES TO THE ACCOUNTS

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

**Note 6** provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2013/14 £000			2014/15 £000
41,144	<b>Balance at 1 April</b>		37,734
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(1,466)	• Charges for depreciation and impairment of non-current assets	(1,399)	
(3,003)	• Revaluation gains/losses on Property, Plant and Equipment	180	
(67)	• Amortisation of intangible assets	(43)	
(1,399)	• Revenue expenditure funded from capital under statute	(581)	
(9)	• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Account	(216)	
(5,944)			(2,059)
112	Adjusting amounts written out of the Revaluation Reserve		109
35,312	Net written out amount of the cost of non-current assets consumed in the year		35,784
	Capital financing applied in the year:		
845	• Use of the Capital Receipts Reserve to finance new capital expenditure	721	
1,398	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	444	
165	• Application of grants to capital financing from the Capital Grants Unapplied Account	142	
288	• Statutory provision for the financing of capital investment charged against the General Fund	334	
289	• Capital expenditure charged against the General Fund	299	
2,985			1,940
(563)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		214
<b>37,734</b>	<b>Balance at 31 March</b>		<b>37,938</b>

## NOTES TO THE ACCOUNTS

### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2013/14 £000		2014/15 £000
(31,246)	<b>Balance at 1 April</b>	(34,017)
(450)	Actuarial gains or losses on pensions assets and liabilities	5,980
(375)	Return on Plan Assets	(14,332)
(3,515)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(3,345)
1,569	Employer's pensions contributions and direct payments to pensioners payable in the year	1,645
<b>(34,017)</b>	<b>Balance at 31 March</b>	<b>(44,069)</b>

### Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of noncurrent assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2013/14 £000		2014/15 £000
<b>70</b>	<b>Balance at 1 April</b>	<b>69</b>
	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	
(1)	Transfer to the Capital Receipts Reserve upon Receipt of Cash	(15)
<b>69</b>	<b>Balance at 31 March</b>	<b>54</b>

## NOTES TO THE ACCOUNTS

### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2013/14 Total £000		Council Tax £000	Business Rates £000	2014/15 Total £000
5	<b>Balance at 1 April</b>	61	(397)	(336)
(341)	Amount by which council tax and business rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and business rate income calculated for the year in accordance with statutory requirements	88	(172)	(84)
<b>(336)</b>	<b>Balance at 31 March</b>	<b>149</b>	<b>(569)</b>	<b>(420)</b>

### Accumulated Absence Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2013/14 £000		2014/15 £000
(220)	<b>Balance at 1 April</b>	(222)
(2)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(4)
<b>(222)</b>	<b>Balance at 31 March</b>	<b>(226)</b>

## 21. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items (Interest only):

2013/14 £000		2014/15 £000
104	Interest received	107
(23)	Interest paid	(15)
<b>81</b>	<b>Net cash flows from operating activities</b>	<b>92</b>

Interest received in 2013/14 includes a one-off receipt for interest accrued on a VAT refund from HMRC. The refund relates to a Fleming Claim submitted to HMRC in 2009 in respect of Leisure Services.

## NOTES TO THE ACCOUNTS

### 22. Cash Flow Statement - Investing Activities

2013/14 £000		2014/15 £000
(2,750)	Purchase of property, plant and equipment, investment property and intangible assets	(1,017)
1,000	Proceeds from short and long term investments	(5,800)
483	Proceeds from the sale of property, plant and equipment, investment property and intangible assets <sup>698</sup>	697
1,306	Other (receipts)/payments from investing activities (including capital grants and contributions)	1,158
<b>39</b>	<b>Net cash flows from Investing activities</b>	<b>(4,962)</b>

### 23. Cash Flow Statement - Financing Activities

2013/14 £000		2014/15 £000
(232)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(212)
65	Cash receipts of short and long term borrowing	0
(8)	Repayments of short and long term borrowing	(16)
1,174	Council Tax and Business Rates Net Cash Inflows	2,251
<b>999</b>	<b>Net cash flows from Financing activities</b>	<b>2,023</b>

### 24. Adjustments to Net Surplus or Deficit on the provision of services for non-cash movements

2013/14 £000		2014/15 £000
1,533	Depreciation, amortisation and impairment	1,442
3,003	Downward revaluations	(180)
9	Carrying Amount of non-current assets disposed in the year	309
(7)	Increase / (Decrease) in Provisions	989
18	(Increase) / Decrease in Stock	24
(4,466)	(Increase) / Decrease in Debtors	2,946
3,496	Increase / (Decrease) in Creditors	1,085
1,946	Movement in pension liability	1,700
428	Other non-cash adjustments	(187)
<b>5,960</b>	<b>Adjust net surplus or deficit on the provision of services for non-cash movements</b>	<b>8,128</b>

## NOTES TO THE ACCOUNTS

---

### 25. Adjustments for items included in the Net Surplus or Deficit on the provision of services that are investing and financing activities

2013/14 £000		2014/15 £000
(425)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets disposed in the year	(596)
(1,643)	Capital Grants & Contributions	(992)
(1,174)	Any other items for which the cash effects are investing or financing activities	(2,251)
<b>(3,242)</b>	<b>Adjust net surplus or deficit on the provision of services for investing and financing activities</b>	<b>(3,839)</b>

These items are included in the (Surplus)/Deficit on Provision of Services and are adjusted as they relate to Investing and Financing activities. The cash flows relating to these items are presented in **Note 22** and **Note 23** after adjusting for cash flows in respect of outstanding balances at the end of the current and prior financial year.

## NOTES TO THE ACCOUNTS

### 26. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice (SERCOP)*. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- The cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year.
- Expenditure on some support services is budgeted for centrally and not charged to directorates.

#### The 2014/15 Financial Year

The net direct expenditure of the Council's principal Directorates recorded in the format of the regular Money Matters Financial Performance reports for the year on page 5 has been converted into the prescribed SERCOP format and is shown below:

2014/15 Directorate	2014/15 Actual £000	SERCOP ANALYSIS								Trading £000	Investment Properties £000
		Central Services £000	Cultural & Related Services £000	Environmental & Regulatory Services £000	Planning Services £000	Highways, Roads & Transport Services £000	Other Housing Services £000	Corporate & Democratic Core £000	Non-Distributed Costs £000		
Chief Executive	985	565	0	0	0	0	0	419	0	0	0
Community, Housing & Health	2,060	1,118	3	472	91	0	296	80	0	0	0
Democratic, Development & Legal	259	733	154	(26)	197	(981)	0	296	0	0	(113)
Finance, Revenues & Benefits	2,293	1,704	0	0	(10)	0	264	149	187	0	0
Leisure & Parks	3,004	494	1,820	665	25	0	0	0	0	0	0
Waste Services	1,433	0	0	1,565	0	0	0	0	0	(132)	0
<b>Net direct expenditure</b>	<b>10,034</b>	<b>4,614</b>	<b>1,977</b>	<b>2,676</b>	<b>303</b>	<b>(981)</b>	<b>559</b>	<b>944</b>	<b>187</b>	<b>(132)</b>	<b>(113)</b>
						<b>10,279</b>					

This net direct expenditure for activities contained within the Cost of Services in the CIES on page 13 has been converted into the prescribed SERCOP full cost basis which includes recharges between Directorates, depreciation and pensions:

2014/15	SERCOP ANALYSIS									Total £000
	Central Services £000	Cultural & Related Services £000	Environmental & Regulatory Services £000	Planning Services £000	Highways, Roads & Transport Services £000	Other Housing Services £000	Corporate & Democratic Core £000	Non-Distributed Costs £000		
<b>Net direct expenditure</b>	<b>4,614</b>	<b>1,977</b>	<b>2,676</b>	<b>303</b>	<b>(981)</b>	<b>559</b>	<b>944</b>	<b>187</b>		<b>10,279</b>
Full Cost Conversion	(3,412)	1,340	356	1,038	(42)	366	736	1		383
<b>CIES – Cost of Services</b>	<b>1,203</b>	<b>3,317</b>	<b>3,031</b>	<b>1,341</b>	<b>(1,023)</b>	<b>925</b>	<b>1,680</b>	<b>188</b>		<b>10,663</b>

Trading and Investment Properties are contained within the Financing and Investment Income and Expenditure section of the CIES.



## NOTES TO THE ACCOUNTS

The information analysed by the type of income and expenditure is shown in the table below:

2014/15	SERCOP ANALYSIS								Total £000
	Central Services £000	Cultural & Related Services £000	Environmental & Regulatory Services £000	Planning Services £000	Highways, Roads & Transport Services £000	Other Housing Services £000	Corporate & Democratic Core £000	Non-Distributed Costs £000	
Fees, charges and other service income	(1,050)	(2,921)	(3,521)	(1,822)	(1,926)	(420)	(38)	0	(11,698)
Government Grants	(169)	(31)	(72)	(64)	0	(19,952)	0	0	(20,288)
<b>Total Income</b>	<b>(1,219)</b>	<b>(2,952)</b>	<b>(3,593)</b>	<b>(1,886)</b>	<b>(1,926)</b>	<b>(20,372)</b>	<b>(38)</b>	<b>0</b>	<b>(31,987)</b>
Employee Expenses	3,262	2,087	3,388	1,715	47	830	704	187	12,218
Other Service Expenses	2,458	2,697	2,372	937	736	20,137	276	0	29,614
Support Service Recharges	(3,692)	916	545	775	149	489	739	1	(78)
Depreciation, amortisation and impairment	393	570	319	(199)	(29)	(158)	0	0	895
<b>Total Expenditure</b>	<b>2,421</b>	<b>6,269</b>	<b>6,624</b>	<b>3,227</b>	<b>903</b>	<b>21,297</b>	<b>1,719</b>	<b>188</b>	<b>42,649</b>
<b>CIES – Cost of Services</b>	<b>1,203</b>	<b>3,317</b>	<b>3,031</b>	<b>1,341</b>	<b>(1,023)</b>	<b>925</b>	<b>1,680</b>	<b>188</b>	<b>10,663</b>

This further reconciliation shows how the figures in the above analysis relate to the Surplus or Deficit on the Provision of Services included in the CIES.

2014/15	SERCOP Analysis £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(11,698)	(849)	0	(12,547)
Interest and investment income	0	0	(103)	(103)
Income from council tax	0	0	(6,885)	(6,885)
Government Grants	(20,288)	0	(5,116)	(25,404)
<b>Total Income</b>	<b>(31,987)</b>	<b>(849)</b>	<b>(12,104)</b>	<b>(44,939)</b>
Employee Expenses	12,218	41	0	12,259
Other Service Expenses	29,614	180	0	29,794
Support Service Recharges	(78)	78	0	(0)
Depreciation, amortisation and impairment	895	(208)	0	687
Interest Payments	0	0	15	15
Pension interest and expected return on Assets	0	0	1,466	1,466
Precepts and Levies	0	0	1,506	1,506
Payments to Housing Capital Receipts Pool	0	0	1	1
Gain or Loss on Disposal of Fixed Assets	0	0	214	214
Capital Grants & Contributions	0	0	(498)	(498)
Deferred Receipts on Loans and Advances	0	0	(4)	(4)
<b>Total Expenditure</b>	<b>42,649</b>	<b>91</b>	<b>2,700</b>	<b>45,440</b>
<b>(Surplus)/Deficit on the provision of services</b>	<b>10,663</b>	<b>(758)</b>	<b>(9,404)</b>	<b>500</b>

## NOTES TO THE ACCOUNTS

### The 2013/14 Financial Year

2013/14 Directorate	2013/14 Actual £000	SERCOP ANALYSIS									Trading £000	Investment Properties £000
		Central Services £000	Cultural & Related Services £000	Environmental & Regulatory Services £000	Planning Services £000	Highways, Roads & Transport Services £000	Exceptional Item £000	Other Housing Services £000	Corporate & Democratic Core £000	Non-Distributed Costs £000		
Chief Executive	788	369	0	0	0	0	0	419	0	0	0	0
Community, Housing & Health	2,161	1,071	2	358	297	0	332	101	0	0	0	0
Democratic, Development & Legal	1,543	705	181	(34)	493	0	0	320	0	(123)	0	0
Finance, Revenues & Benefits	1,517	1,389	0	0	(5)	0	(177)	147	163	0	0	0
Leisure & Parks	3,098	431	2,609	0	58	0	0	0	0	0	0	0
Operational Services	1,447	424	(188)	2,193	19	(904)	0	0	0	0	0	(98)
Corporate Earmarked Reserves	380	380	0	0	0	0	0	0	0	0	0	0
<b>Net direct expenditure</b>	<b>10,932</b>	<b>4,769</b>	<b>2,604</b>	<b>2,518</b>	<b>861</b>	<b>(904)</b>	<b>0</b>	<b>155</b>	<b>988</b>	<b>163</b>	<b>(123)</b>	<b>(98)</b>
						11,153						

2013/14	SERCOP ANALYSIS									
	Central Services £000	Cultural & Related Services £000	Environmental & Regulatory Services £000	Planning Services £000	Highways, Roads & Transport Services £000	Exceptional Item £000	Other Housing Services £000	Corporate & Democratic Core £000	Non-Distributed Costs £000	Total £000
<b>Net direct expenditure</b>	<b>4,769</b>	<b>2,604</b>	<b>2,518</b>	<b>861</b>	<b>(904)</b>	<b>0</b>	<b>155</b>	<b>988</b>	<b>163</b>	<b>11,153</b>
Full Cost Conversion	(3,714)	1,449	783	894	59	2,913	468	900	179	3,931
<b>CIES – Cost of Services</b>	<b>1,055</b>	<b>4,053</b>	<b>3,300</b>	<b>1,755</b>	<b>(844)</b>	<b>2,913</b>	<b>623</b>	<b>1,887</b>	<b>342</b>	<b>15,084</b>

2013/14	SERCOP ANALYSIS									
	Central Services £000	Cultural & Related Services £000	Environmental & Regulatory Services £000	Planning Services £000	Highways, Roads & Transport Services £000	Exceptional Item £000	Other Housing Services £000	Corporate & Democratic Core £000	Non-Distributed Costs £000	Total £000
Fees, charges & other service income	(1,102)	(3,396)	(3,208)	(1,873)	(1,860)	0	(1,229)	(31)	0	(12,699)
Government Grants	(142)	(68)	(22)	(199)	0	0	(20,260)	0	0	(20,691)
<b>Total Income</b>	<b>(1,244)</b>	<b>(3,464)</b>	<b>(3,230)</b>	<b>(2,072)</b>	<b>(1,860)</b>	<b>0</b>	<b>(21,489)</b>	<b>(31)</b>	<b>0</b>	<b>(33,390)</b>
Employee Charges	3,571	2,565	3,261	2,045	40	0	740	743	340	13,305
Other services expenses	2,177	2,995	2,288	833	640	0	20,252	286	0	29,471
Support Service Recharges	(3,726)	730	662	775	163	0	425	889	2	(79)
Depreciation, amortisation and impairment	277	1,227	319	174	172	2,913	695	0	0	5,777
<b>Total Expenditure</b>	<b>2,299</b>	<b>7,517</b>	<b>6,530</b>	<b>3,827</b>	<b>1,015</b>	<b>2,913</b>	<b>22,112</b>	<b>1,918</b>	<b>342</b>	<b>48,474</b>
<b>CIES – Cost of Services</b>	<b>1,055</b>	<b>4,053</b>	<b>3,300</b>	<b>1,755</b>	<b>(844)</b>	<b>2,913</b>	<b>623</b>	<b>1,887</b>	<b>342</b>	<b>15,084</b>

## NOTES TO THE ACCOUNTS

2013/14	SERCOP Analysis £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(12,699)	(773)		(13,472)
Interest and investment income			(109)	(109)
Income from council tax			(6,656)	(6,656)
Government grants	(20,691)		(5,708)	(26,399)
<b>Total Income</b>	<b>(33,390)</b>	<b>(773)</b>	<b>(12,473)</b>	<b>(46,636)</b>
Employee expenses	13,305	36		13,341
Other service expenses	29,471	149		29,620
Support Service recharges	(79)	79		0
Depreciation, amortisation and impairment	5,777	720		6,497
Interest Payments			24	24
Pension interest and expected return on Assets			1,416	1,416
Precepts & Levies			1,478	1,478
Payments to Housing Capital Receipts Pool			1	1
Gain or Loss on Disposal of Fixed Assets			(41)	(41)
Capital Grants & Contributions			(364)	(364)
<b>Total Expenditure</b>	<b>48,474</b>	<b>984</b>	<b>2,514</b>	<b>51,972</b>
<b>(Surplus)/Deficit on the provision of services</b>	<b>15,084</b>	<b>211</b>	<b>(9,959)</b>	<b>5,336</b>

### 27. Principal and Agency Services

The Authority in partnership with Tamworth Borough Council and South Staffs Council have set up a shared building control service 'Southern Staffordshire Building Control Service' This service went live January 2012.

Lichfield District Council is the principal (host) authority and is responsible for discharging all functions relating to Building Control:

2013/14 £000	Building Control Service	2014/15 £000
565	Expenditure incurred	540
(503)	Income received	(462)
(40)	Fee payable by South Staffordshire Council	(35)
(40)	Fee payable by Tamworth Borough Council	(35)
<b>(18)</b>	<b>Lichfield District Council's Contribution</b>	<b>8</b>

### 28. Jointly Controlled Operation

The Authority is engaged in a jointly controlled operation with Tamworth Borough Council for waste collection for both the Lichfield District and Tamworth Borough areas, known as the Joint Waste Service. The Authority provides the financial administration service for this joint operation. The Service is administered through the Lichfield and Tamworth Joint Waste Board.

The assets of the operation in respect of vehicles, equipment and land and buildings are held by Lichfield District Council and are shown on this Authority's balance sheet.

The parties have an agreement in place for funding this operation with contributions to the agreed budget of **57.5%** from the Lichfield District Council and **42.5%** from Tamworth Borough Council. The same proportions are used to meet any deficit or share any surplus arising on the operation's budget at the end of each financial year.

## NOTES TO THE ACCOUNTS

The revenue account for the operation covers all operating costs. The operation went live in July 2010 and details for this financial year are as follows:

2013/14 £000		2014/15 £000
	<b>Funding provided to the operation</b>	
(1,892)	Contribution from Lichfield	(1,904)
(1,400)	Contribution from Tamworth	(1,407)
<b>(3,292)</b>	<b>Total funding provided to the operation</b>	<b>(3,311)</b>
	<b>Expenditure met by the operation</b>	
2,318	Pay and allowances	2,367
22	Premises costs	21
1,296	Transport costs	1,284
573	Supplies and Services	902
253	Support Costs	258
(1,304)	Revenue income	(1,576)
<b>3,158</b>	<b>Total expenditure</b>	<b>3,255</b>
<b>(134)</b>	<b>Net (surplus)/deficit arising on the pooled budget during the year</b>	<b>(56)</b>
<b>(77)</b>	<b>Lichfield District Council's share of 57.5% of the net (surplus)/deficit arising on the operation</b>	<b>(32)</b>

### Reconciliation of Joint Waste Surplus to Cost of Services in the Comprehensive Income and Expenditure Statement (CIES)

This reconciliation shows how the figures above relate to the amounts included in the Comprehensive Income and Expenditure Statement.

2013/14 £000		2014/15 £000
<b>(134)</b>	<b>Net (surplus) arising on the pooled budget during the year</b>	<b>(56)</b>
1,892	Add: Lichfield's Contribution shown as expenditure in the CIES	1,904
96	Amounts not reported in the Joint Waste Service	(106)
<b>1,854</b>	<b>Net Cost of Services in the Comprehensive Income and Expenditure Statement</b>	<b>1,742</b>

## 29. Members' Allowances

The Council paid the following amounts to Members of the Council during the year.

2013/14 £000		2014/15 £000
263	Allowances	259
9	Expenses	6
<b>272</b>	<b>Total</b>	<b>265</b>

## NOTES TO THE ACCOUNTS

### 30. Officers' Remuneration

The remuneration paid to the Council's senior employees is as follows:

		<b>Salary, Fees and Allowances £</b>	<b>Performance Pay<sup>6</sup> £</b>	<b>Expenses Allowances £</b>	<b>Compensation for Loss of Office £</b>	<b>Pension Contribution £</b>	<b>Total £</b>
Chief Executive	2014/15	96,029	9,137	399	-	20,424	125,989
	2013/14	93,714	2,284	120	-	17,676	113,794
Strategic Director	2014/15	79,172	1,556	397	-	15,634	96,759
Democratic , Development and Legal Services	2013/14	78,783	1,556	200	-	14,764	95,303
Strategic Director	2014/15	79,172	1,556	320	-	15,634	96,682
Community, Housing and Health	2013/14	78,783	1,556	890	-	14,764	95,993
Director of Operational Services	2014/15	-	-	-	-	-	-
	2013/14	58,582	2,459	920	70,937	11,206	144,104
Director of Finance, Revenues and Benefits	2014/15	71,568	1,405	187	-	14,114	87,274
	2013/14	71,217	1,405	166	-	13,329	86,117
Director of Leisure and Parks	2014/15	71,568	2,778	414	-	14,402	89,162
	2013/14	71,217	-	449	-	13,085	84,751

- The Director of Operational Services was made redundant in January 2014 and the post was removed from the establishment.

<sup>6</sup> Performance pay – this relates to the percentage of pay that is withheld and then released on the basis of performance. The amounts can vary depending on percentage and timing of payment.

## NOTES TO THE ACCOUNTS

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

2013/14 Number of employees	Remuneration band	2014/15 Number of employees <sup>7</sup>
4	£50,000-£54,999	2
1	£55,000-£59,999	1
1	£60,000-£64,999	-
-	£70,000-£74,999	1

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit Package Cost Band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
£0 - £20,000	6	1	12	8	18	9	£120,591	£50,324
£20,001 - £40,000	2	-	2	2	4	2	£123,100	£47,067
£40,001 - £60,000	1	-	2	1	3	1	£143,667	£53,218
£60,001 - £80,000	1	-	-	-	1	-	£72,671	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	1	-	1	-	£106,166
£150,001 - £200,000	-	-	1	-	1	-	£170,849	-
<b>Total</b>	<b>10</b>	<b>1</b>	<b>17</b>	<b>12</b>	<b>27</b>	<b>13</b>	<b>£630,878</b>	<b>£256,775</b>

A breakdown of the total cost of exit packages is shown below:

Exit Package Cost Band	2013/14			2014/15		
	Redundancy Package	Employers Pension Strain	Total	Redundancy Package	Employers Pension Strain	Total
£0 - £20,000	£116,042	£4,549	£120,591	£50,129	£195	£50,324
£20,001 - £40,000	£113,387	£9,713	£123,100	£47,067	-	£47,067
£40,001 - £60,000	£53,037	£90,630	£143,667	£45,584	£7,634	£53,218
£60,001 - £80,000	£35,886	£36,785	£72,671	-	-	-
£80,001 - £100,000	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	£46,943	£59,223	£106,166
£150,001 - £200,000	£70,937	£99,912	£170,849	-	-	-
<b>Total</b>	<b>£389,289</b>	<b>£241,589</b>	<b>£630,878</b>	<b>£189,723</b>	<b>£67,052</b>	<b>£256,775</b>

### 31. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims, statutory inspections and to non-audit services provided by the Council's external auditors:

2013/14 £000		2014/15 £000
60	Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year	61
8	Fees payable to the Audit Commission for the certification of grant claims and returns for the year	16
1	Fees payable in respect of other services provided by the Audit Commission during the year (NFI)	2
<b>69</b>	<b>Total</b>	<b>79</b>

<sup>7</sup> Two officers received a payment for redundancy in addition to part year salary costs

## NOTES TO THE ACCOUNTS

The fees for other services payable in both 2013/14 and 2014/15 related to the National Fraud Initiative.

### 32. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2014/15:

2013/14 £000		2014/15 £000
	<b>Credited to Taxation and Non Specific Grant Income</b>	
116	Staffordshire County Council (Venture House)	
237	Other Contributions	38
<b>353</b>	<b>Sub Total (Capital)</b>	<b>38</b>
6,655	Council Tax Income	6,885
1,452	Non-Domestic rates	1,121
3,904	Non Ring Fenced Government Grants	3,957
<b>12,011</b>	<b>Sub Total (Revenue)</b>	<b>11,963</b>
<b>12,364</b>	<b>Total</b>	<b>12,001</b>

2013/14 £000		2014/15 £000
	<b>Credited to Services</b>	
421	Disabled Facilities Grant	343
200	Section 106 – Laurel House	200
	Section 106 - Hawksyard	380
412	Staffordshire County Council (Friary Grange Leisure Centre)	
257	Other Contributions	30
<b>1,290</b>	<b>Sub Total (Capital)</b>	<b>953</b>
20,240	Housing and Council Tax Benefits	19,899
145	Department for Communities and Local Government	248
194	Other Government Departments and Agencies	84
16	Positive Futures	8
57	Office of the Police and Crime Commissioner	89
193	Contributions from other Local Authorities	328
1,400	Contributions From other Local Authorities-Shared Services	1,409
<b>22,245</b>	<b>Sub Total (Revenue)</b>	<b>22,065</b>
<b>23,535</b>	<b>Total</b>	<b>23,018</b>

## NOTES TO THE ACCOUNTS

---

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver if the conditions are not met. The balances at the year-end are as follows:

31 March 2014 £000			31 March 2015 £000
	<b>Capital Grants Receipts in Advance</b>		
153	Other Contributions	136	
	<b>Current Liabilities</b>		
91	Other Contributions	228	
	<b>Long Term Liabilities</b>		
<b>244</b>	<b>Total</b>		<b>364</b>

31 March 2014 £000			31 March 2015 £000
	<b>Revenue Grants Receipts in Advance</b>		
93	Natural England-Environmental Stewardship	75	
750	Heritage Lottery Fund	688	
	Neighbourhood Planning	81	
52	Other Contributions	30	
24	<b>Current Liabilities</b>		
<b>919</b>	<b>Total</b>		<b>874</b>



## NOTES TO THE ACCOUNTS

---

### 33. Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

#### Central Government

Central government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (eg council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in **Note 26** on reporting for resources allocation decisions. Grant received during the year are shown in **Note 32**.

#### Members

Members of the Council have direct control over the council's financial and operating policies. The total of Members' Allowances paid is shown in **Note 29**. During 2014/15, works and services to the value of **£93,000** were commissioned from companies in which thirty two members had an interest (**£109,000** in 2013/14). Contracts were entered into in full compliance with the Council's standing orders.

In addition, the Council paid grants totalling **£107,000** to voluntary organisations (**£107,000** in 2013/14) in which 3 members had positions on the governing body. Details of these declarations are recorded in the Register of Members' Interest, open to public inspection by appointment.

#### Other Public Bodies

The Council received the sum of **£426,000** from Bromford Housing Group in 2014/2015 in respect of the right to buy claw back on the sale of dwellings.

#### Entities Controlled or Significantly Influenced by the Council

The net amount owed from the Council to entities controlled or significantly influenced by the Council at the end of 2014/15 was **£3.175 million** (**£1.484 million** owed to the Council in 2013/14).

These include Staffordshire County Council, the Office of Police and Crime Commissioner (OPCC), the Fire Authority and Parish Councils, all of which issue precepts on the Council shown in the Collection Fund.

Staffordshire County Council is the administering authority for the Pension Fund and details of the employer's contributions paid by this Council are shown as a note to the accounts. Lichfield District Council works together with the County Council in a number of areas and is in receipt of funding in relation to Children's Services, Safer Community Partnership and Local Strategic Funding. In addition the County Council provides services in relation to Environmental Health sampling, Land Search and structural survey fees, hire of school premises and joint user leisure facilities.

Payment of subsidy of **£610,000** was made to the Lichfield Garrick Theatre Trust in 2014/15 (**£663,000** in 2013/14). Support services provided by the Council to the Garrick totalled **£153,000** (**£147,000** in 2013/14). Two District Councillors are members of the Board of Trustees.

## NOTES TO THE ACCOUNTS

### 34. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it.

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

2013/14 £000		2014/15 £000
1,466	<b>Opening Capital Financing Requirement</b>	3,036
	<i>Capital Investment</i>	
2,992	Property, Plant & Equipment	930
51	Investment Properties	5
113	Intangible Assets	78
1,399	Revenue Expenditure Funded from Capital under Statute	581
	<i>Sources of Finance</i>	
(845)	Capital receipts	(721)
(1,563)	Government grants and other contributions	(586)
	<i>Sums set aside from revenue:</i>	
(289)	Direct revenue contributions	(299)
(288)	Minimum revenue provision	(334)
3,036	<b>Closing Capital Financing Requirement</b>	2,690

1,575	<b>Explanation of movements in year</b>	
	Increase/(decrease) in underlying need to borrowing (Unsupported by government financial assistance)	(346)
(5)	Finance lease assets returned	0
1,570	<b>Increase / (decrease) in Capital Financing Requirement</b>	(346)

### 35. Leases

#### Council as Lessee

##### Finance Leases

The Council has acquired vehicles, plant furniture and equipment for waste collection, grounds maintenance, vending machines and printing devices under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts as shown overleaf:

	31 March 2014	31 March 2015
	£000	£000
Vehicles, Plant, Furniture and Equipment	306	94
<b>Total</b>	<b>306</b>	<b>94</b>

## NOTES TO THE ACCOUNTS

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2014	31 March 2015
	£000	£000
Finance lease liabilities (net present value of minimum lease payments)		
- current	212	188
- non-current	248	60
Finance costs payable in future years	23	9
<b>Minimum lease payments</b>	<b>483</b>	<b>257</b>

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2014	31 March 2015	31 March 2014	31 March 2015
	£000	£000	£000	£000
Not later than one year	226	196	212	188
Later than one year and not later than five years	257	61	248	60
<b>Total</b>	<b>483</b>	<b>257</b>	<b>460</b>	<b>248</b>

### Operating Leases

The Council leases land, vehicles, plant and equipment to enable the provision of services to the area in line with the Council's strategic priorities.

The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2014	31 March 2015
	£000	£000
Not later than one year	571	461
Later than one year and not later than five years	545	67
Later than five years	482	486
<b>Total</b>	<b>1,598</b>	<b>1,014</b>

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	31 March 2014	31 March 2015
	£000	£000
Minimum Lease Payments	587	550
<b>Total</b>	<b>587</b>	<b>550</b>

## NOTES TO THE ACCOUNTS

---

### **Council as Lessor**

#### Finance Leases

The Council only has one lease categorised as a finance lease:

- Former Arts Centre Site, Lichfield with Pergola Properties for 125 years from 25 February 2005. The Council received a single lease premium and this was treated as a usable capital receipt. Therefore, no asset or long-term debtor is shown within the Council's Financial Statements

#### Operating Leases

The Council leases out shops, industrial units, offices, leisure facilities and other property under operating leases to third party organisations for the following purposes:

- To provide services to the area in line with the Council's strategic priorities
- To generate income for the Council

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2014	31 March 2015
	£000	£000
Not later than one year	494	445
Later than one year and not later than five years	1,123	1,238
Later than five years	3,206	3,290
<b>Total</b>	<b>4,823</b>	<b>4,973</b>

### **36. Impairment Losses**

The Council undertook an impairment review of its non-current assets at 31 March 2015 and no impairment was chargeable.

### **37. Defined Benefit Pension Schemes**

#### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered locally by Staffordshire County Council - this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

## NOTES TO THE ACCOUNTS

### Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

2013/14 £000	Local Government Pension Scheme Comprehensive Income and Expenditure Statement	2014/15 £000
	<i>Cost of Services:</i>	
1,923	- current service cost	1,838
176	- past service costs	41
	- settlements and curtailments	
	<i>Financing and Investment Income and Expenditure</i>	
1,416	- net interest expense	1,466
<b>3,515</b>	<b><i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i></b>	<b>3,345</b>
	<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	
	Remeasurement of the net defined benefit comprising:	
375	- Return on plan assets (excluding the amount included in the net interest expense)	(5,980)
2,148	- Actuarial gains and losses arising on changes in demographic assumptions	-
(3,314)	- Actuarial gains and losses arising on other experience	(740)
1,618	- Actuarial gains and losses arising on changes in financial assumptions	15,072
<b>827</b>	<b><i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i></b>	<b>8,352</b>
	<i>Movement in Reserves Statement</i>	
(2,771)	- reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(10,052)
	<b><i>Actual amount charged against the General Fund Balance for pensions in the year:</i></b>	
<b>1,571</b>	<b>- employers' contributions payable to scheme</b>	<b>1,645</b>

## NOTES TO THE ACCOUNTS

### Pension assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

2013/14 £000	Local Government Pension Scheme	2014/15 £000
(90,255)	Present value of the defined benefit obligation	(108,083)
56,238	Net liability arising from defined benefit obligation	64,014
<b>(34,017)</b>	<b>Net liability arising from defined obligation</b>	<b>(44,069)</b>

### Reconciliation of the Movements in the Fair Value of Scheme (Plan Assets)

2013/14 £000	Local Government Pension Scheme	2014/15 £000
54,640	Opening fair value of scheme assets	56,238
2,447	Interest income	2,404
	Remeasurement gain(loss):	
(375)	- The return on plan assets, excluding the amount included in the net interest expense	5,980
1,453	Contributions from employer	1,528
505	Contributions from employees into the scheme	498
116	Contributions in respect of unfunded benefits	118
(2,432)	Benefits paid	(2,634)
(116)	Unfunded benefits paid	(118)
<b>56,238</b>	<b>Closing position as at 31 March</b>	<b>64,014</b>

### Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligations)

2013/14 £000	Local Government Pension Scheme	2014/15 £000
	Opening balance at 1 April	
84,054	- Present value of funded liabilities	88,303
1,830	- Present value of unfunded liabilities	1,953
1,923	Current service cost	1,838
176	Past Service cost (including curtailments)	41
3,863	Interest costs	3,870
505	Contribution from scheme participants	498
	Remeasurement (gain)loss:	
	- Actuarial gains/losses arising from changes in demographic assumptions	-
2,146	- Actuarial gains/losses from changes in financial assumptions	15,072
1,618	- Other experiences	(740)
(3,314)	Benefits paid	(2,634)
(2,432)	Unfunded benefits paid	(118)
(116)		
<b>90,255</b>	<b>Closing position as at 31 March</b>	<b>108,083</b>

## NOTES TO THE ACCOUNTS

### Local Government Pension Scheme assets comprised:

Asset Category	Period ended 31 March 2014				Period ended 31 March 2015			
	Quoted process in active markets £000	Quoted process not in active markets £000	Total £000	% of Total Assets	Quoted process in active markets £000	Quoted process not in active markets £000	Total £000	% of Total Assets
Cash and cash equivalents	2,387.1	-	2,387.1	4%	2,529.3	-	2,529.3	4%
Equity Securities:								
- Consumer	4,271.7	-	4,271.7	8%	5,489.7	-	5,489.7	9%
- Manufacturing	3,994.1	-	3,994.1	7%	-	-	-	-
- Energy and Utilities	2,353.5	-	2,353.5	4%	1,664.3	-	1,664.3	3%
- Financial institutions	4,220.1	-	4,220.1	8%	4,085.6	-	4,085.6	6%
- Health and Care	2,943.4	-	2,943.4	5%	2,686.6	-	2,686.6	4%
- Information technology	2,570.5	-	2,570.5	5%	2,483.1	-	2,483.1	4%
- Other	1,184.9	-	1,189.4	2%	4,921.1	-	4,921.1	8%
Debt Securities								
- Corporate Bonds	4,208.6	-	4,208.6	7%	4,859.3	-	4,859.3	8%
Private equity:								
- All	-	1,761.7	1,761.7	3%	-	2,033.7	2,033.7	3%
Real Estate:								
- UK Property	-	4,131.7	4,131.7	7%	-	5,210.0	5,210.0	8%
Investment Funds and Unit Trusts:								
- Equities	16,641.1	-	16,641.1	30%	21,213.7	-	21,213.7	33%
- Bonds	2,733.2	-	2,733.2	5%	3,422.1	-	3,422.1	5%
- Hedge Funds	-	1,065.3	1,065.3	2%	-	1,530.2	1,530.2	2%
- Other	-	1,771.2	1,771.2	3%	-	1,885.3	1,885.3	3%
<b>Total Assets</b>	<b>47,508</b>	<b>8,730</b>	<b>56,238</b>	<b>100%</b>	<b>53,355</b>	<b>10,659</b>	<b>64,014</b>	<b>100%</b>

### Basis for Estimating Assets and Liabilities

A Triennial Revaluation took place during 2013/14 and the financial implications of this Revaluation are included in these 2014/15 accounts. This is undertaken every three years and liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme has been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Staffordshire County Council Fund being based on the latest full valuation of the scheme as at 31 March 2015.

## NOTES TO THE ACCOUNTS

---

The principal assumptions used by the actuary have been:

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below have been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assumes that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and type of assumptions used in preparing the sensitivity analysis below did not change from those used in previous period.

Change in assumption at 31 March 2015	Approximate % increase to employer Liability	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	11%	11,948
1 year increase in member life expectancy	3%	3,242
0.5% increase in the Salary Increase Rate	4%	4,399
0.5% increase in the Pension Increase Rate	7%	7,233



## NOTES TO THE ACCOUNTS

### Scheme History

Local Government Pension Scheme	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £'000
Present value of the defined benefit obligation	(80,412)	(66,234)	(72,884)	(85,886)	(90,255)	(108,083)
Net Liability arising from defined benefit obligation	44,039	46,047	47,847	54,640	56,238	64,014
<b>Net Liability arising from defined obligation</b>	<b>(36,373)</b>	<b>(20,187)</b>	<b>(25,037)</b>	<b>(31,246)</b>	<b>(34,017)</b>	<b>(44,069)</b>

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of **£44,069 million** has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in an overall balance of **£7.708 million** (see page 14). However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (ie before payments fall due), as assessed by the scheme actuary
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total Employers contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2016 is **£1,648 million**.

### 38. Contingent Liabilities

- Under the Deed of Transfer of the Council's Housing Stock to Bromford Housing Association (HomeZone) on 24 March 1997, the Council entered into certain limited warranties and covenants, which will terminate on the fortieth anniversary. The amount of any potential liability cannot be estimated.
- The Staffordshire County Council Pension fund policy requires a guarantor when admitting charitable body staff members. As such, Lichfield District Council is guarantor of pension commitments for employees transferred by TUPE to the Lichfield Garrick Theatre Trust. This affects 9 former Lichfield District Council officers. Prior to 1 February 2013, the Lichfield Garrick Theatre traded as Lichfield District Council. The amount of any potential liability is difficult to estimate due to the long term nature and market sensitivities of pension funds.
- The Council manages risk associated with insurance cover by a combination of external insurance and self-funding; the latter being limited to the policy excess. The estimated potential liability of the Council for existing claims as at 31 March 2015 is **£734,768**. No provision has been made for this amount as the outcomes of the claims are currently unknown.

### 39. Contingent Assets

- Under the Deed of Transfer of the Council's Housing Stock to Bromford Housing Association (HomeZone) on 24 March 1997, the Council is entitled to a share of any housing receipts the Association receives in relation to transferred properties.

### 40. Financial Instruments - Risks

The Council's activities expose it to a variety of financial risks:

- Credit risk - the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Cabinet and Full Council in the annual Treasury Management Strategy Report. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

#### **Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

#### **Credit Risk: Investments**

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by the three major ratings agencies – Fitch, Standard and Poor and Moodys. In addition, we will continue to monitor the credit standard of financial institutions on a regular basis through reference to:

- Credit Default Swaps (where quoted);
- Share prices (where quoted);
- Gross Domestic Product (GDP) and Net Debt as a percentage of GDP;
- Sovereign Support Mechanisms/potential support from well-resourced parent institutions
- Macroeconomic indicators;
- Corporate developments and information in the general and financial media.

The Annual Investment Strategy also imposes a maximum sum to be invested with each financial institution together with limits in relation to groups of counterparties. The credit criteria in respect of financial assets held by the Council are as detailed overleaf:

## NOTES TO THE ACCOUNTS

### Specified Investments<sup>8</sup>

Financial Asset Category	Strategy Approved 24 February 2014		Strategy Approved 3 February 2015	
	Minimum Criteria	Limits	Minimum Criteria	Limits
UK Banks and Building Societies	<u>Minimum Long Term Rating</u> Fitch = A- Moody's = A3 Standard and Poors = A-	<b>£2 million</b> and subject to Arlingclose advice	<u>Minimum Long Term Rating</u> Fitch = A- Moody's = A3 Standard and Poors = A-	<b>£2 million</b> and subject to Arlingclose advice
Deposits with Money Market Funds	Fitch = AAAmmf Moody's = Aaa/MR1+ Standard and Poors = AAAM	<b>£1.5 million</b>	Fitch = AAAmmf Moody's = Aaa/MR1+ Standard and Poors = AAAM	<b>£1.5 million</b>
UK Government	Not applicable	No Limit	Not applicable	No Limit
Local Authorities, Parish Councils etc	Not applicable	No Limit	Not applicable	No Limit
Group Limit	<b>£3 million</b>		<b>£3 million</b>	
Money Market Funds Limit	<b>No Limit</b>		<b>No Limit</b>	
Sovereign Limits	100% UK 25% Canada 25% Australia 25% Singapore		100% UK 25% Canada 25% Australia 25% Singapore	

### Non Specified Investments

Financial Asset Category	Strategy Approved 24 February 2014		Strategy Approved 3 February 2015	
	Minimum Criteria	Limits	Minimum Criteria	Limits
The Council's own bank (where credit ratings are not sufficient)	The Authority banks with National Westminster Bank. At the current time, it doesn't meet the minimum credit criteria of A- (or equivalent) long term (BBB+). However, Even if the credit rating falls below the Authority's minimum criteria National Westminster Bank will continue to be used for short term liquidity requirements (overnight and weekend investments) and business continuity arrangements.		The Authority banks with National Westminster Bank. At the current time, it does meet the minimum credit criteria of A- (or equivalent) long term (BBB+). However, Even if the credit rating falls below the Authority's minimum criteria National Westminster Bank will continue to be used for short term liquidity requirements (overnight and weekend investments) and business continuity arrangements.	
Deposits with a maturity of greater than one year	<u>Minimum Long Term Rating</u> Fitch = A- Moody's = A3 Standard and Poors = A-	<b>£2.0 million</b>	<u>Minimum Long Term Rating</u> Fitch = A- Moody's = A3 Standard and Poors = A-	<b>£2.0 million</b>
Group Limit	<b>£3 million</b>		<b>£3 million</b>	
Sovereign Limits	100% UK 25% Canada 25% Australia 25% Singapore		100% UK 25% Canada 25% Australia 25% Singapore	

<sup>8</sup> Specified Investments are the lowest risk investments being in high security and high liquidity investments made in Sterling, Short term investments made with UK Government and other Local Authorities and short term money market transactions with a "high credit quality".

## NOTES TO THE ACCOUNTS

The table below summarises the credit risk exposures of the Council's Investment Portfolio (Investments and Money Market Funds) by Credit Rating (there were no long term investments):

Credit Rating	Short Term	
	31/03/2015	31/03/2014
	£000s	£000s
AAA	3,830	1,110
AA+	0	0
AA	0	0
AA-	1,500	0
A+	1,000	1,000
A	6,000	5,980
A-	1,500	0
Unrated local authorities	2,000	1,200
<b>Total Investments</b>	<b>15,830</b>	<b>9,290</b>
Accrued Interest	38	43
Cash in Hand and Bank Accounts	507	392
<b>Balance Sheet Total for Short Term investments and Cash and Cash Equivalents</b>	<b>16,375</b>	<b>9,725</b>

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of **£16.375m** (**£12.037m** of short term investments and **£4.338m** of cash equivalents) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2015 that this was likely to crystallise.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits

### Credit Risk: Receivables

Customers for goods and services are assessed for credit, taking into account their financial position, past experience and other factors. The Council does not generally allow credit for customers. The past due but not impaired amount can be analysed by age as follows:

	31 March 2014 £000	31 March 2015 £000
Less than three months	2,611	2,513
Three to six months	234	117
Six months to one year	201	181
More than one year	286	324
<b>Total</b>	<b>3,332</b>	<b>3,135</b>

### **Liquidity Risk**

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities is as follows:

	31 March 2014 £000	31 March 2015 £000
Less than one year	(3,535)	(4,482)
Between one year and two years	(47)	(31)
<b>Total</b>	<b>(3,582)</b>	<b>(4,513)</b>

All trade and other payables are due to be paid in less than one year.

## COLLECTION FUND AND NOTES

### Collection Fund

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and Government of council tax and non-domestic rates.

2013/14 £000	Collection Fund	2014/15 £000
	<b>Income</b>	
52,177	Council Tax	53,088
(105)	Transfer from(to) general fund-Council Tax Benefit	(43)
32,315	Non-domestic rates	33,116
-	Deferral Scheme	327
114	Transitional protection payments -non-domestic rates	(225)
-	Council Tax Family Annex's Discount Grant	5
-	Contribution towards previous year's Collection Fund deficit – non-domestic rates	640
<b>84,501</b>	<b>Total income</b>	<b>86,908</b>
	<b>Expenditure</b>	
51,485	Precepts and demands from major preceptors and the authority - Council Tax	51,648
15,758	Share of non-domestic rating income to major preceptors and the authority - Non-domestic rates	15,645
15,758	Payment with respect to central share (including allowable deductions) of the non-domestic rating income to be paid to central government by billing authorities.	15,645
35	Impairment of Debts/appeals for Council Tax	
	• write-offs on uncollectable amounts	42
113	• allowance for impairment	209
	Impairment of debts/appeals for non-domestic rates	
68	• write-offs on uncollectable amounts	68
109	• allowance for impairment	235
1,605	• allowance for non-domestic rates appeals	2,570
125	Charge to General Fund for allowable collection costs for non-domestic rates	125
-	Contribution towards previous year's Collection Fund surplus – Council Tax	488
<b>85,056</b>	<b>Total expenditure</b>	<b>86,675</b>
	<b>Council Tax</b>	
(438)	Movement on Fund (Surplus)/Deficit	(663)
(39)	Balance at beginning of year	(477)
(477)	Balance at end of year	(1,140)
	<b>Non-domestic rates</b>	
993	Movement on Fund (Surplus)/Deficit	430
-	Balance at beginning of year	993
993	Balance at end of year	1,423

2013/14 £000	Allocation of Collection Fund (Surplus)/Deficit	2014/15		
		Council Tax £000	NDR £000	Total £000
336	Lichfield District Council	(149)	569	420
(247)	Staffordshire County Council	(800)	128	(672)
(48)	Staffordshire OPCC	(138)	-	(138)
(22)	Staffordshire Fire Authority	(53)	14	(39)
497	Central Government	-	712	712
<b>516</b>		<b>(1,140)</b>	<b>1,423</b>	<b>283</b>

## COUNCIL TAX INCOME ACCOUNT, NON DOMESTIC RATES (NDR) AND NOTES

### Council Tax

Council Tax derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimating 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the collection fund by the District Council, Staffordshire County Council, Stoke-on-Trent and Staffordshire Fire and Rescue Authority and the office of the Police and Crime Commissioner Staffordshire for the forthcoming year and dividing this by the Council Tax base (the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted by **1.0%** to cover appeals, changes in discounts and bad debts that arise) **35,295** for 2014/15. This basic amount of Council Tax for a Band D property (**£1,463.32** for 2014/15) is multiplied by the proportion specified for the particular band to give an individual amount due.

The schedule of Authorities which made a Council Tax precept on the Collection Fund in 2014/15 is shown below:

2013/14 £000	Council Tax	2014/15 £000
36,235	<b>Staffordshire County Council</b>	36,257
6,265	<b>Staffordshire Office of Police &amp; Crime Commissioner (OPCC)</b>	6,269
2,386	<b>Staffordshire Fire Authority</b>	2,387
5,256	<b>Lichfield District Council</b>	5,364
	<b>Parish Precepts :</b>	
30	Alrewas	33
67	Armitage with Handsacre	70
224	Burntwood Town Council	219
14	Clifton Campville with Thorpe Constantine	14
11	Colton	13
2	Curborough & Elmhurst, Farewell & Chorley	2
20	Drayton Bassett	20
11	Edingale	10
11	Elford	11
53	Fazeley Town Council	53
48	Fradley and Streethay	57
19	Hammerwich	19
3	Hamstall Ridware	3
5	Harlaston	5
7	Hints and Canwell	7
11	Kings Bromley	12
14	Longdon	17
13	Mavesyn Ridware	14
116	Shenstone	126
4	Swinfen and Packington	4
5	Wall	6
2	Weeford	1
41	Whittington and Fisherwick	42
17	Wigginton and Hopwas	17
595	Lichfield City Council	596
<b>1,343</b>	<b>Total Parish Precepts</b>	<b>1,371</b>
<b>51,485</b>		<b>51,648</b>

## COUNCIL TAX INCOME ACCOUNT, NON DOMESTIC RATES (NDR) AND NOTES

Council Tax bills were based on the following proportions expressed as a percentage (%) for Bands A to H:

Band	Band Width	2013/14 Band D Equivalent (Tax Base)			2014/15 Band D Equivalent (Tax Base)		
		Number of Dwellings	%	98.9%	Number of Dwellings	%	98.9%
	£						
A	0 to 40,000	2,246	6	2,223	2,229	6	2,206
B	40,001 to 52,000	5,787	16	5,726	5,835	16	5,776
C	52,001 to 68,000	7,440	21	7,361	7,428	21	7,354
D	68,001 to 88,000	5,633	16	5,573	5,693	16	5,636
E	88,001 to 120,000	5,269	15	5,213	5,205	15	5,153
F	120,001 to 160,000	4,637	13	4,588	4,635	13	4,589
G	160,001 to 320,000	3,808	11	3,768	3,804	11	3,766
H	320,001 upwards	708	2	700	707	2	700
Class O		122	-	122	115	-	115
<b>TOTAL</b>		<b>35,650</b>	<b>100</b>	<b>35,274</b>	<b>35,651</b>	<b>100</b>	<b>35,295</b>

### Council Tax Allowance for Impairment

An increase in the allowance for impairment was made during 2014/15 amounting to **£208,554**. The total allowance for impairment of debt as at the 31 March 2015 is **£740,727** and represents **46%** of the **£1,612,802** outstanding debt.

### Non-Domestic Rates

NDR is organised on a national basis. The Government specifies an amount, the non-domestic rating multiplier **48.2p** (2013/14 **47.1p**) and the small business non-domestic rating multiplier **47.2p** (2013/14 **46.2p**) and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from the business ratepayers in its area.

2013/14 £000		2014/15 £000
81,840	Non-Domestic rateable value at year end	83,140
32,315	Gross rates payable	33,116

In 2014/15, the local government finance regime was revised with the introduction of the retained business rates scheme. The scheme allows the Council to retain a proportion of the total NDR received. The Council's Share is **40%** with the remainder paid to precepting bodies.

2013/14 £000	Preceptors	Share %	2014/15 £000
15,758	<b>Central Share</b> Central Government	50%	15,645
2,837	<b>Major Precepting Bodies</b> Staffordshire County Council	9%	2,816
315	Staffordshire Fire Authority	1%	313
12,606	Lichfield District Council	40%	12,516
<b>15,758</b>	<b>Total Precepting Bodies</b>	<b>50%</b>	<b>15,645</b>

### NDR Allowance for Impairment

An increase in the allowance for impairment was made during 2014/15 amounting to **£235,156**. The total allowance for impairment of debt as at the 31 March 2015 is **£533,396** and represents **40%** of the **£1,333,799** outstanding debt.

## ANNUAL GOVERNANCE STATEMENT

---

<b>Section 1</b>	<b>Scope of Responsibility</b>
<b>Section 2</b>	<b>Purpose of the Governance Framework</b>
<b>Section 3</b>	<b>The Governance Framework</b>
<b>Section 4</b>	<b>Budget Challenges Facing the Council</b>
<b>Section 5</b>	<b>The LGA Peer Challenge</b>
<b>Section 6</b>	<b>Annual Review of the Effectiveness of the Governance Framework</b>
<b>Section 7</b>	<b>Update on Significant Governance Issues 2013/14</b>

### Section 1: Scope of Responsibility

Lichfield District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements (known as a Governance Framework) for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Council has adopted a Code of Corporate Governance (“the Code”), which is consistent with the principles of the CIPFA/SOLACE Framework ‘Delivering Good Governance in Local Government’. A copy is available on our website at [www.lichfielddc.gov.uk](http://www.lichfielddc.gov.uk).

This statement explains how the Council has complied with the Code. It also meets the requirements of the Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an Annual Governance Statement.

### Section 2: Purpose of the Governance Framework

The Governance Framework comprises the systems, processes, culture and values by which the Council is directed and controlled, and the activities through which it accounts to, engages with and leads its communities. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of Internal Control is a significant part of that Framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of Internal Control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Governance Framework has been in place at Lichfield District Council for the year ended 31 March 2015 and up to the date of approval of the Statement of Accounts.



# ANNUAL GOVERNANCE STATEMENT

---

## Section 3: The Governance Framework

The key elements of the systems and processes that comprise the Council's Governance Framework are summarised in our six Core Principles. These are discussed below.

### **1 Focusing on the Purpose of the Authority, on Outcomes for the Community and Creating and Implementing a Vision for the District**

*We ensure that we exercise strategic leadership by developing and clearly communicating the Authority's purpose and vision and its intended outcomes for citizens and service users.*

*We assess and review our vision and the implications for our governance arrangements through the budget and performance management framework.*

*We ensure our users receive a high quality of service whether directly or in partnership, or by commissioning.*

*We measure the quality of services for users, ensuring they are delivered in accordance with our objectives and that they represent the best use of resources and that Council Tax payers and service users receive excellent value for money. We do this through the Performance Management Framework.*

### **Outcomes**

The Council has a Strategic Plan called 'A Plan for Lichfield District 2012-16' which was approved by Full Council in February 2012 and by the Lichfield District Board in March 2012. This sets out three strategic themes focused on supporting people well, shaping place and boosting business. It can be found on our website at [www.lichfielddc.gov.uk](http://www.lichfielddc.gov.uk)

Each year the Council produces a One Year Action Plan that is developed from the Strategic Plan. This Action Plan sets out the key activities and projects, measures and targets the Council intends to deliver over the coming 12 months. The plan is considered by Full Council in February each year at the same time as the budget is approved.

The One Year Action Plan is the product of discussions which take place each autumn when Member Panels consider the Service Plans produced by teams across the Council. Members can use this as an opportunity to influence the direction of travel for the coming year and in some cases use the result to influence the Work Programmes of the Overview and Scrutiny Committees. During 2014/15 we commenced a review of the Service Plan process. This included a workshop for managers and a discussion with the Chairs and Vice Chairs of Overview and Scrutiny Committees (February 2015). Any changes will be introduced at the start of the next planning cycle in the autumn.

A new approach to the Annual Action Plan was introduced in 2014 whereby each Directorate/Cabinet Member developed their own Top 10 Issues for 2014/15 pertinent to their respective portfolio area. These were considered by the respective Overview and Scrutiny Committees during the January round of meetings. The Corporate Top 10 – Annual Action Plan – ([www.lichfielddc.gov.uk](http://www.lichfielddc.gov.uk)) comprises the most critical issues for the Council/our community and is made up of elements of the four Directorate Top 10 lists.

The financial sustainability of the Council continues to be the most significant consideration going forward given our expectation that the Government grant will reduce to close to nil. In addition, economic conditions are impacted by uncertainties in business rate growth and our own income from our trading accounts.

## ANNUAL GOVERNANCE STATEMENT

---

The position is further complicated and exacerbated because other partner organisations are also facing reductions in their budgets and pressures on staffing resources which further impacts on our community. The District Council does not operate in a vacuum and these external changes can bring about further changes for our own service delivery.

The operational performance of the Council is measured by managers using performance indicators; the Key Performance Indicators (KPIs) are reported to Overview and Scrutiny Committees on a biannual basis along with progress on the Directorate Top 10 Issues. Directors have reviewed and revised the KPIs that are reported to Members and consulted with Members about the proposed set of indicators for 2015/16 during the Overview and Scrutiny Committees in March.

The Council has a new Local Plan (a framework against which all planning decisions are made). This was adopted by Full Council in February 2015. It is intended to shape the future development of Lichfield District until 2029, and will replace the current Plan that has been in place since 1998.

The Local Plan will seek to encourage sustainable development within the Lichfield District area, and includes policies on a number of key themes, including sustainable communities, infrastructure, homes for the future, economic development and enterprise and healthy and safe communities. The Plan will therefore help to make sure the District is developed in the right way, including building the right number and types of houses, developing the right kind of shopping and recreational facilities, getting the right office and industrial spaces, creating opportunities for local jobs to be nurtured and protecting our wildlife, landscapes and heritage.

Progress reports on the implementation of the Local Plan will be presented to the Economic Growth, Environment and Development Overview and Scrutiny Committee in addition to Cabinet.

The District Council and its partners have adopted a locality commissioning model (endorsed by the Staffordshire Health and Wellbeing Board and approved by Cabinet in September 2014), in order to introduce a more streamlined approach to funding local services, especially those provided by the voluntary and community sector. Funding has been brought together between the District and County Councils, local Clinical Commissioning Group and Office of the Police and Crime Commissioner, into a budget of £0.50 million.

These partners agreed five high level aspirations and set these out in a Commissioning Prospectus which divided the funding up between 14 Lots (covering a range of outcomes to improve the quality of life of local people). A Locality Commissioning Board has been established to oversee the process and this is chaired by the Cabinet Member for Community, Housing and Health (District Council). The District Council is the 'accountable body' for the process and has led on the development of the framework which underpins the process.

The minutes of the Board are published on the District Council's website and circulated to all elected Members. Reports on the development of locality commissioning have also been received by the relevant Overview and Scrutiny Committee.

The Council is part of external partnerships which provide support to its strategic agenda. These include the Staffordshire Strategic Partnership, the Stoke and Staffordshire and the Greater Birmingham and Solihull Local Enterprise Partnerships, the Greater Birmingham and Solihull Business Rates Pool, county and regional waste partnerships, and housing and community safety partnerships. The next 12 months will require the Council to consider the opportunities and challenges that combined authorities either in Staffordshire or against an economic geography, with Birmingham City Council, Black Country, Solihull and Coventry, could make to our communities.

## ANNUAL GOVERNANCE STATEMENT

---

### **2 Members and Officers Working Together to Achieve a Common Purpose with Clearly Defined Functions and Roles**

*We ensure that there is effective leadership throughout the Authority and that we are clear about executive and non-executive functions and of the role and responsibility of the scrutiny function.*

*We strive to maintain a constructive working relationship between Authority Members and Officers and that their responsibilities are carried out to a high standard.*

*We ensure that relationships between the Authority and the public are clear so that each knows what to expect of the other.*

#### **Outcomes**

The Council has a Constitution (which can be found on our website at [www.lichfielddc.gov.uk](http://www.lichfielddc.gov.uk)). This sets out how the Council legally operates, how formal decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.

In the Constitution we have defined and documented the roles and responsibilities of the Council, the Cabinet, Overview and Scrutiny Committees, Regulatory Committees, Standards Committee, Audit Committee, Forums and Panels and the Leadership Team.

The document also identifies the roles and responsibilities of Member and Officer functions with clear delegation arrangements and protocols for decision making and communication, for example, the statutory roles for the Head of Paid Service, the Chief Financial Officer (Section 151 Officer) and the Monitoring Officer.

The Constitution also contains the protocol for Officer/Member relations. This is reviewed and amended on a regular basis.

The Council's Constitution is updated as and when changes are needed to be made with the Cabinet Member for Finance, Democratic and Legal Services submitting recommendations to Full Council. For 2014/15 updates were made by Council on several occasions in line with updates in legislative changes and changes to the Standards Regime.

A major change affecting the Constitution in 2014/15 came about as a result of the Boundary Review. This was carried out by the Local Government Boundary Commission for England, an independent body set up by Parliament. The Review examined and proposed new electoral arrangements for the District Council. These changes resulted in a reduction to the number of Councillors from 56 to 47 and a re-shaping of the Wards in the District. The changes were recommended in order to ensure that the Council would continue to meet its statutory responsibility to deliver electoral equality for voters, reflect local community interest and identities and promote effective and convenient local government.

### **3 Promoting Values for the Authority and Demonstrating the Value of Good Governance through Upholding High Standards of Conduct and Behaviour**

*We develop, communicate and embed codes of conduct, defining standards of behaviour for Members and Officers to ensure they exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.*

## ANNUAL GOVERNANCE STATEMENT

---

### Outcomes

We have a Standards Committee which is responsible for promoting and maintaining high standards of conduct by Councillors and Co-opted Members, ensuring that they observe the Members' Code of Conduct. The Codes of Conduct are supported by training and development programmes for both Members and Officers.

Communication on standards of behaviours is also facilitated through the Council's Employee Liaison Group, with regular meetings with representatives of employees through which we have built sound management-employee relationships.

The ethos of the Paid Service is that officers serve all of the Council. Issues associated with the development of the Governance Framework are regularly discussed by Leadership Team at their meetings.

There is a process in place in which complaints regarding Members' Conduct are pursued. The relatively low number of complaints regarding behaviour demonstrates that the standards are understood and adhered to. During 2014/15 there were two Members Code of Conduct complaints received, neither of which resulted in an investigation or a finding that there was a breach of the Code of Conduct.

The Code of Conduct for employees is embedded in the disciplinary procedure. Work has started on refreshing and renewing this Code and our associated policies, to provide greater clarity and support to staff and managers.

Work has also commenced on developing a set of values for the organisation. Employees have been consulted on this as part of the Employee Survey (see section 5 for more detail on the Employee Survey).

Communicating the expected standards to employees is undertaken through leading by example by managers from the top (which is a specific requirement in the job description of Directors), discussion and training, and a supportive management environment which makes clear to customers that unacceptable behaviour towards employees will not be tolerated.

An audit of the Council's policies and procedures has taken place during 2014/15. As a result of this audit work has been commissioned to prioritise the updating of our suite of HR policies.

#### **4 Taking Informed and Transparent Decisions which are Subject to Effective Scrutiny, and Managing Risk**

*We ensure that we are rigorous and transparent about how decisions are taken and we listen and act on the outcome of constructive scrutiny.*

*We source good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.*

*We ensure that an effective Risk Management system is in place.*

*We ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.*

*The Monitoring Officer advises on compliance with our policy framework, ensuring that decision making is lawful and fair.*

*Our financial management arrangements conform to the CIPFA Statement on the Role of the Chief Financial Officer.*

## ANNUAL GOVERNANCE STATEMENT

---

*We ensure that our independent Audit Committee undertakes the core functions identified in CIPFA's Audit Committees - Practical Guidance for Local Authorities.*

*We ensure that there are effective arrangements for "whistleblowing" and for receiving and investigating complaints from the public.*

### Outcomes

The Council's Contract Procedure Rules and Financial Procedure Rules form part of the Governance Framework. These are the rules set by the Council to regulate its internal procedures for the conduct of its business, in addition to how it spends money and records transactions. They form part of the Council's Constitution and are termed 'Standing Orders'. Any amendments to them are subject to approval by Full Council.

Financial Procedure Rules were last updated in 2014, Contract Procedure Rules in 2010. There have been a number of changes to procurement guidelines, processes and best practice (for example, the Public Contracts Regulations 2015) that needed to be incorporated into the Council's Contract Procedure Rules. As a result, both the Contract Procedure Rules and Financial Procedure Rules have recently been updated in line with CIPFA's publication 'Financial Regulations, A Good Practice Guide for an English Modern Council'.

Having these guidelines in place is only one part of the picture in ensuring sound governance; they must be correctly and consistently applied and adhered to. To ensure this is the case the Council has in place a training programme for staff and in addition a 'quick guide' of key facts is currently being produced.

The Council has a Risk Management Strategy, and managers are trained in the assessment, management and monitoring of risks. The Corporate Risk Register is reported on three times a year to Audit Committee and half yearly to Cabinet.

There are Directorate risk registers which are maintained systematically. During 2014/15 more use was made of the Covalent system for managing departmental and Corporate risks. This was in line with recommendations following a review of the Risk Management system at the Council during 2013/14. All reports requiring a decision include a risk assessment section.

Our approach to Risk Management is reviewed by Internal Audit and we are currently working towards developing and improving the way we work in this area.

For instance, we are in the process of arranging Risk Management workshops for both our Managers and Members. Zurich Municipal has been commissioned by the Council to provide training to focus on the importance of risk management in facilitating the delivery of Corporate objectives. It will reinforce previous training examining the difference between strategic, operational and programme/project risks. It will also encourage discussion and sharing of learning.

The Director of Finance, Revenues and Benefits is designated as Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972.

In March 2010, CIPFA/SOLACE issued an application note on the CIPFA Statement on the Role of the Chief Finance Officer in Local Government. The Council complies with these requirements as detailed below. The Chief Finance Officer is:

- A key member of the Leadership Team
- Actively involved in, and able to bring influence to bear on, all material business decisions to ensure alignment with the Authority's financial strategy
- The lead for the promotion and delivery by the whole Authority of good financial

## ANNUAL GOVERNANCE STATEMENT

---

management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively

- Professionally qualified and suitably experienced
- The head of a finance section that is resourced to be fit for purpose.

During 2014/15, the Chief Finance Officer continued to provide effective financial management in accordance with the financial procedures and rules set out in the Constitution.

The Council's in-house Internal Audit function reports to the Chief Finance Officer. Following a review of the service during 2014/15, it was decided that management support for the service would change from a whole time in-house service to being a reduced service that is 'bought-in' from Tamworth Borough Council. This has been made possible by changes in the way the service is delivered which includes the use of an Audit Management Tool (Covalent Audits) to automate the entire Audit process – planning, scheduling, execution, fieldwork, reports production and recommendations tracking. This tool has increased the Audit team's productivity, resulting on more time spend on planned Audit work, whilst ensuring robust Audit reports that comply with all Local Government Codes of Practice.

For 2014/15 Internal Audit continued to operate in accordance with the Public Sector Internal Audit Standards.

An annual review of the effectiveness of the system of Internal Audit is undertaken by the Internal Audit Manager based on the Public Sector Internal Audit Standards and using feedback from Directors, the Section 151 Officer, Managers and External Audit. The review for 2014/15 concluded that the system of Internal Audit is operating effectively and assurance can be placed on the work of the Internal Audit service.

As part of the annual Audit Plan, Internal Audit completed fraud awareness and proactive fraud work in accordance with fraud risks identified, adhering to the CIPFA Code of Practice for Managing the Risk of Fraud. The conclusion of this work for 2014/15 is that the Authority continued to manage its fraud and corruption risks and maintain its vigilance to tackle fraud.

The Council has a customer feedback scheme for the public to make complaints, comments and compliments, and constructive criticism which is used to improve services. The Complaints Charter provides guidance to staff on the Council's complaints process. During 2014/15 114 complaints were received compared with 101 in 2013/14. This increase could be the result of improved recording because we have taken steps to promote better understanding of the value of complaints across the organisation. We received 90 compliments in 2014/15 which compares with 26 in 2013/14.

In July 2014, we received the Annual Review Letter from the Ombudsman for the period ending March 2014. It reported that eight complaints and enquiries were received from Lichfield District Residents (an increase of four from the previous year but comparing favourably to the average 14 complaints received by District Councils nationally). None of these were upheld.

In 2014/15 seven complaints were referred to the Ombudsman. None of these complaints were upheld, although one relating to a council tax issue resulted in £70 compensation being paid in agreement with the Ombudsman.

The reporting of complaints and compliments improved during 2014/15, with quarterly reports considered by Leadership Team and circulated to Managers. The reports include details of what we learned from the complaints and changes implemented as a result. Members were provided with monitoring reports on a six monthly basis, and Overview and Scrutiny Committees received a report on complaints received pertaining to their remit in the June 2014 cycle of meetings.

## ANNUAL GOVERNANCE STATEMENT

---

A report on Corporate Complaints and the Ombudsman's Annual Review was considered by the Standards Committee in March 2015 and referred to during Full Cabinet in April.

There were no whistleblowing reports during 2014/15.

### **5 Developing the Capacity and Capability of Members and Officers to be Effective**

*We make sure that Members and Officers have the skills, knowledge, experience and resources they need to perform well in their respective roles.*

*We identify the development needs of Members and Senior Officers in relation to their strategic roles, and support these with appropriate training.*

*We encourage new talent for membership of the Authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal.*

#### **Outcomes**

The Council has a training plan for Members which is developed and monitored by the Employment Committee. In response to the annual training needs questionnaire, six training events were provided in 2014/15 on areas covering Community Safety, Equalities and Diversity, Standards, Probity and Good Governance, Speed Reading and Planning.

During 2014/15 'Welcome Packs' were developed to help new Members assimilate into the Council following the Election on 7 May 2015.

The Chief Executive and Directors are set their performance targets annually. These are based on the delivery of the Annual Action Plan and the business risks anticipated for the year.

Senior politicians appraise the Chief Executive's performance against these targets and the Chief Executive appraises the Directors. As part of this process development needs and solutions are identified and agreed.

Performance Development Reviews (PDRs) are carried out for employees and training needs are identified as part of this process. During 2014/15 a review the PDR process took place and a trial of a new process is still continuing. Work needs to continue in order to raise the profile and importance of PDRs for all employees as well as efforts to improve the process. The importance of the PDR process for the Council continues to be highlighted by the Chief Executive.

A structured e-learning programme is available which greatly enhances the learning and development opportunities for a large cross-section of employees. Areas covered include fraud awareness, equalities and data protection.

We seek to ensure that our employees are kept up to date with issues affecting the Council, for instance, performance is communicated through regular emails called 'Key Messages from Leadership Team' as well as regular Manager 'Breakfast' Briefings. There are also individual team meetings and our staff newsletter Team LDC.

In addition to updating our staff we also seek their views. The latest Employee Survey was carried out in late January 2015. The questionnaire for the survey was created by a working group of Officers across the Council with the support of the Staffordshire Intelligence Hub. The survey achieved a 65% response rate which is a significant improvement on the 22% rate from the last survey carried out. A detailed breakdown and analysis of the results will be available in early 2015/16 and they will be used to inform the Strategic Plan and the Vision and Values for the Council.

### **6 Engaging with Local People and Other Stakeholders to Ensure Robust Public Accountability**

*We exercise leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships.*

*We take an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the Authority, in partnership or by commissioning.*

*We have established clear channels of communication with all sections of the community and other stakeholders ensuring accountability and encouraging open consultation. Meetings are held in public unless there are good reasons for confidentiality.*

#### **Outcomes**

As part of our use of extensive partnership working, from time to time partners are invited to attend Overview and Scrutiny Committee meetings to facilitate discussions about shared priorities and the impact of plans and service delivery on local residents.

There are also a number of arrangements in place for securing customer feedback. We consult with our community using the most appropriate research and communication tools available.

In November 2013, a cross party working group was established to develop and implement a Community Consultation exercise. The purpose of this exercise was to:

- Raise awareness of the Council, the services it delivers and the financial challenges it faces
- Better understand which services people value most
- Better understand where there is support to reduce service provision
- Identify opportunities for income generation.

During the summer of 2014, a questionnaire was made available on the internet and delivered to over 40,000 homes as an insert in our twice yearly publication 'Intouch'. Hard copies were also made available at a range of publicly accessible buildings. In addition, face to face street interviews were conducted.

1,148 responses were received from the full range of age groups, from both urban and rural areas and representative of other key demographics including gender and ethnicity.

The survey was not a referendum on any specific ideas as to what should be cut or what we should protect. It was designed to give a view from our community on these issues to inform Councillors and to help them make sound decisions in the coming months and years. As services are reviewed and proposals made for change, this data can be used to inform the relevant business cases and hence the decision making process.

The results of the questionnaire (published in September 2014) can be found on our website at [www.lichfielddc.gov.uk](http://www.lichfielddc.gov.uk). We are keeping a log of how we are using the results and feedback from the consultation exercise so that we can evidence the link between what residents have said and what decisions the Council has taken.



## ANNUAL GOVERNANCE STATEMENT

---

In addition to the twice yearly 'Intouch' publication, the Council also publishes newsletters for different sectors, for example, a quarterly Historic Parks newsletter for visitors to the park and a newsletter about Section 106 and developer contributions.

The Council maintains a high quality website [www.lichfield.gov.uk](http://www.lichfield.gov.uk) and for tourism visitors to Lichfield [www.visitlichfield.co.uk](http://www.visitlichfield.co.uk).

The Council's Contact Centre is the first contact point for customers/citizens. The Centre is a significant component in the distribution of information to residents and visitors, and for capturing information from customers to inform service development.

The District Council also makes extensive use of the local media to provide information on activities and to seek people's views.

### Section 4: Budget Challenges facing the Council

In recent years the Council has seen significant financial pressures and has undergone major change. The Council had a funding gap of £2,484,570 in the Medium Term Financial Strategy (Revenue and Capital) 2014-17. To manage this gap the Fit for the Future (F4F) Programme was developed (May 2013). To date F4F has identified £1,815m of savings towards this funding gap.

During 2014/15 the Council commenced Phase 2 of the F4F Programme. This has involved a series of fundamental reviews of key service areas including Development Services and Parks, Grounds Maintenance and Countryside, with reviews of Leisure and the Revenues and Benefits Service currently ongoing. These Service Reviews focussed on identifying the future outcomes required by the service and how it could best be delivered in the most appropriate and cost effective way. Progress against each review was reported to the relevant Overview and Scrutiny Committee during 2014/15. A report on the progress to date was presented to Strategic Overview and Scrutiny Committee on 9 June 2015, and can be viewed at [www.lichfielddc.gov.uk](http://www.lichfielddc.gov.uk).

The remaining savings to be identified together with the other pressures and additional income have been incorporated into the Medium Term Financial Strategy (Revenue and Capital) 2015-18, which was approved by Council on 17 February 2015. This shows that by April 2017 there will be a gap of £818,190 between the amount of money it costs to run current services (base budget) and the funding that will be available.

With the reduction/elimination of Government grant, the state of the current economic market (which is impacting on New Homes Bonus and business rate growth) and the cap on council tax rises, growing income as opposed to reducing spend is not an option at the present time.

To bridge the current funding gap further change and transformation is required to ensure the medium and long term stability of the Council. Having achieved notable efficiency savings, the F4F Programme now needs to focus increasingly on reforming and modernising how the organisation operates so that the Council becomes a more productive and Corporate Council able to deliver agreed strategic outcomes with a smaller budget. Decisions where to spend money will therefore become more evidenced based, so that reduced resources can be targeted on those areas and communities that need them most.

Continued Member oversight of the Programme is important, and minor changes to the Programme's governance arrangements will better enable this to happen. There will continue to be opportunities for both Cabinet and Scrutiny Members to be engaged in the Programme.

There will also be continued working with partners to promote investment into the District and harnessing the activity of other organisations to deliver the Council's vision. Whilst many partners will need to work together to deliver our collective ambitions, the Council will continue to have a key leadership role to play.

## ANNUAL GOVERNANCE STATEMENT

---

### Section 5: The LGA Peer Challenge

The Council underwent an LGA Peer Challenge in September 2014. The purpose of asking for this Review was to gain some insight from others within local government as to their view of the issues that we face as a Council. The Peer Team looked at the areas considered by all Local Government Association (LGA) peer challenges:

- Understanding of the local context and priority setting
- Financial planning and viability
- Political and managerial leadership
- Governance and decision-making
- Organisational capacity

The Peer Team was also asked by the Council to provide feedback on our Overview and Scrutiny arrangements and on our plans for economic development.

The Review noted that the Council has a 'good track record' with 'pockets of excellence and good practice'. We demonstrated a good awareness and understanding of the immediate priorities, not least the short term financial challenge, and that 'rapid and decisive leadership and action' had been taken to manage the immediate budgetary pressure which has 'provided some short term stability and certainty to the Council's financial planning'.

The Review highlighted a number of areas that the Council could consider in order to continue to improve its governance and service delivery:

- Setting a Strategic Vision for the Council – a new Corporate Plan will need to be produced following the May elections (work has already begun on this – In December 2014 Leadership Team considered a paper on developing an evidence base for this and in April 2015 a PID was produced)
- Values – to be progressed in conjunction with staff following the employee survey and to align with the Vision
- Capacity – we need to consider if we have the skills sets required to drive through continuous improvement and the F4F programme.
- Overview and Scrutiny – there is need for an improvement plan
- Economic Development – work has already started here with the F4F programme and this needs to be progressed
- Maintaining Financial Viability – this will continue to be a challenge for all of local government. We will need to keep abreast of all the changes in Government funding streams that may affect us, in particular after the May elections as the new Government policy emerges.

A report providing an update on the progress on these issues was presented to Strategic Overview and Scrutiny Committee on 9 June 2015. This can be viewed at the attached link [www.lichfielddc.gov.uk](http://www.lichfielddc.gov.uk).

### Section 6: Annual Review of the Effectiveness of Governance Framework

We have a legal responsibility to conduct an annual review of the effectiveness of our Governance Framework, including the system of internal control. The outcomes of the review are considered by Audit Committee and Overview and Scrutiny (which is charged with final approval of this statement).

## ANNUAL GOVERNANCE STATEMENT

---

The review is informed by:

- The views of Internal Audit, reported to Audit Committee through regular progress reports, and the Annual Internal Audit Opinion
- An annual review of the effectiveness of internal audit (as required by Regulation 6(3) of the Accounts and Audit Regulations 2011)
- The views of our external auditors, regularly reported to Audit Committee through regular progress reports, the Annual Audit Letter and Annual Governance Report
- The activities and operations of Council directorates provide written assurance statements using an Internal Control Questionnaire
- The views of Members using a Members' Questionnaire
- The Risk Management Process, particularly the Strategic Risk Register
- Performance information which is reported to Cabinet and Overview and Scrutiny Committees
- Progress made in addressing significant weaknesses and issues requiring significant improvement identified in previous Annual Governance Statements.

### Conclusion of the Review

We consider the Governance Framework and Internal Control environment operating during 2014/15 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact.

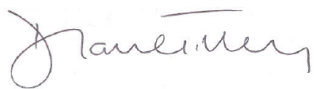
For 2014/15 no significant weaknesses in Governance or Internal Control were highlighted.

### Section 7: Update on Significant Governance Issues 2013/14

The system of Governance (including the system of Internal Control) can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period, that value for money is being secured and that significant risks impacting on the achievement of our objectives have been mitigated.

The review highlighted no areas as representing a significant weakness in Governance or Internal Control during 2013/14.

Chief Executive



Date:

Leader of the Council



Date:

## **GLOSSARY OF TERMS**

---

### **Accounting Policies**

Accounting policies define the process whereby transactions and other events are treated in the financial statements.

### **Accrual**

This is one of the fundamental accounting concepts and ensures that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

### **Accumulated Absences Account**

This represents an accrual required by International Financial Reporting Standards (IFRS). It recognises the net value of time either owed by an employee to the Council or owed by the Council to an employee. This is generally a timing difference between an employee's holiday year and the Council's financial year.

### **Balance Sheet**

The Balance Sheet sets out the Authority's total assets and liabilities at the end of the accounting period and shows how they were financed.

### **Capital Adjustment Account**

An account which reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.

### **Capital Grants Receipts in Advance**

These relate to capital grant receipts that we have received ahead of executing the Capital Expenditure. Therefore it represents Grant monies that will be used after the Balance Sheet date to fund future projects.

### **Capital Receipts**

Money received from the disposal of land or property and from the repayment of grants and loans made by the Council. Capital receipts cannot be used to fund revenue services.

### **Cash Equivalents**

These are short term investments (usually deposits) with a low risk of change in value. They are considered liquid enough to be presented alongside cash.

### **Collection Fund**

A separate fund administered by the Council recording the expenditure and income relating to council tax and non-domestic rates.

### **Community Assets**

Assets that the Local Authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

### **Comprehensive Income and Expenditure Statement**

This statement summarises the Council's Income and Expenditure during the financial year as well as gains and losses on assets & liabilities. Some gains and losses may not be "realised" which means the real cash impact of the gain or loss will happen at some time in the future.

### **Consistency**

This is one of the fundamental accounting concepts requiring like items to be treated in the same way, both within an accounting period and from one period to the next.

### **Creditors**

An amount owed by the Council for work done, goods received or services rendered, for which payment has not been made at the end of the accounting period.

### **Revenue expenditure funded from capital under statute (REFCUS)**

Revenue expenditure funded from capital under statute relates to capital expenditure, which does not result in the acquisition of assets controlled by the Authority. An example of a revenue expenditure funded from capital under statute would be an improvement grant made by the Council to another organisation.

## GLOSSARY OF TERMS

---

### **Defined Benefit Scheme**

A defined benefit scheme is a pension scheme in which the rules specify the benefits to be paid to members and the scheme is financed accordingly.

### **Depreciation**

This is a charge made to the Comprehensive Income and Expenditure Account each year to reflect the reduction in value of Long Term Assets used to deliver services.

### **Debtors**

Sums of money owed to the Council but not received at the end of the year.

### **Earmarked Reserve**

A sum set aside from either External Funding (eg Grants with no conditions & Partner contributions) or Lichfield District Council Internal Revenue. Within any specified funding restrictions these sums are set aside for projects to be completed in future years.

### **Finance Lease**

Leased Property, Plant and Equipment are treated as a Finance Lease if a substantial amount of risks and rewards of ownership are transferred to the lessee. This means that whilst legal title of ownership does not apply to the Council they are treated as “owned” on the Council’s Balance Sheet. The payments usually cover the full cost of the asset together with a return for the cost of finance.

### **Financial Instruments**

These are contracts that give rise to a financial asset of one entity and a financial liability of another entity, including the borrowing and lending of money and the making of investments.

### **General Fund**

The total services of the Council except for the Collection Fund, the net cost of which is met by Council Tax.

### **Government Grants**

Grants made by the Government towards either revenue or capital expenditure, some of which have restrictions on how they may be used.

### **Gross Expenditure (Total Cost)**

Gross expenditure includes employee costs, expenditure relating to premises, transport, supplies and services, third party payments, transfer payments, support services and capital charges.

### **Heritage Assets**

These are assets that are held by the authority principally for their contribution to knowledge or culture.

### **Impairment**

A reduction in the value of a fixed asset resulting from either: obsolescence, physical damage or an accepted method of asset valuation (most commonly market valuation). The present economic climate has resulted in more volatile asset values and authorities are required to consider whether circumstances are such that an Impairment is indicated and some or all asset values have revised. Asset values are revised where values have changed materially.

### **Infrastructure Assets**

These are specialised assets that can be part of a network, do not have alternative uses, are immovable or can have constraints on their disposal. Expenditure on these assets is recoverable only by continued use of the asset created. Examples of these assets are highways and footpaths.

### **Intangible Assets**

These assets are similar to Property, Plant & Equipment in that they provide benefits to the Council and the services it provides for a period of more than one year, these however do not have physical substance. The main example is IT Software.

## GLOSSARY OF TERMS

---

### **International Financial Reporting Standards (IFRS)**

IFRS advises the accounting treatment and disclosure requirements of transactions so that the Authority's accounts present a 'true & fair view' of the financial position of the Authority.

### **Inventories**

These are stores held for resale. They have been purchased by the Authority for use in a particular service and will be sold after the balance sheet date.

### **Investment Properties**

Interests in land and/or buildings are described as Investment Properties where :

- (a) construction work and development have been completed; and
- (b) they are held for investment potential, any rental income being negotiated at arms length

### **Liabilities**

Amounts due to individuals or organisations which will have to be paid some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

### **Materiality**

An item is material if its omission, non-disclosure or misstatement in financial statements could be expected to lead to a distortion of the view given by the financial statements.

### **National Non-Domestic Rates (NNDR)**

Prior to 1 April 2013, the Council collected and paid rates collected into a national pool, which was then re-distributed on the basis of population.

### **Non-Domestic Rates (NNDR)**

From 1 April 2013, the Council collects Business Rates and distributes them on the basis of **50%** Central Government, **40%** Lichfield District Council, **9%** Staffordshire County Council and **1%** Staffordshire Fire Authority.

### **Net Book Value**

The amount at which Long Term Assets are included in the balance sheet i.e. their historical cost or current value less the cumulative amounts provided for depreciation and impairment.

### **Net Expenditure**

Net expenditure is gross expenditure less fees, charges, recharges and specific grants.

### **Operating Leases**

A lease whereby ownership of the asset remains with the lessor.

### **Post Balance Sheet Events**

Material events, both favourable and unfavourable, that occur between the balance sheet date and the date on which the statement of accounts is signed by the responsible financial officer.

### **Property, Plant & Equipment**

Assets that provide benefits to the Council and the services it provides for a period of more than one year. Examples include land, buildings and vehicles.

### **Provision**

These are amounts set aside in the accounts for liabilities or losses that are due but where the amount due or the timing of the payment is not known with certainty.

### **Revaluation Reserve**

An account which reflects the net gain from revaluations made since 1 April 2007.

### **Revenue Expenditure**

Expenditure on the day-to-day running costs of services eg employees, premises, supplies and services.

## **GLOSSARY OF TERMS**

---

### **Non-Ring-fenced Government Grant**

Central Government grant towards the cost of providing services. Being non-ring-fenced, the grant can be spent on activities at the council's discretion. The main grant falling into this category is the Formula Grant, formerly known as Revenue Support Grant. The amount received is dictated by central government.

### **Unusable and Usable Reserves**

This is the name given to a group of accounts on the face of the Balance Sheet. The individual accounts are linked by a Note and are described earlier in this glossary. Usable reserves generally represent transactions that have happened at the Balance Sheet date. Unusable reserves usually recognise the value of transactions that will actually happen in the future.

**INDEPENDENT AUDITORS REPORT**

---

**This section will be included in the final version of the accounts.**



---

If you would like this document in another language or format, or if you require the services of an interpreter, please contact us.

### Urdu

یہ دستاویز اگر آپ کو کسی دیگر زبان یا دیگر شکل میں درکار ہو، یا اگر آپ کو ترجمان کی خدمات چاہئیں تو برائے مہربانی ہم سے رابطہ کیجئے۔

### Punjabi

ਜੇ ਇਹ ਦਸਤਾਵੇਜ਼ ਤੁਹਾਨੂੰ ਕਿਸੇ ਹੋਰ ਭਾਸ਼ਾ ਵਿਚ ਜਾਂ ਕਿਸੇ ਹੋਰ ਰੂਪ ਵਿਚ ਚਾਹੀਦਾ ਹੈ, ਜਾਂ ਜੇ ਤੁਹਾਨੂੰ ਗੱਲਬਾਤ ਸਮਝਾਉਣ ਲਈ ਕਿਸੇ ਖਿੱਟਰਪੈਟਰ ਦੀ ਲੋੜ ਹੈ, ਤਾਂ ਤੁਸੀਂ ਸਾਨੂੰ ਦੱਸੋ।

### Arabic

إذا أردت هذه الوثيقة بلغة أخرى أو بطريقة أخرى، أو إذا كنت بحاجة إلى خدمات مترجم، فنرجو أن تقوم بالاتصال بنا.

### Cantonese

本文件可以翻譯為另一語文版本，或製作成另一格式，如有此需要，或需要傳譯員的協助，請與我們聯絡。

### Bengali

যদি আপনি এই ডকুমেন্ট অন্য ভাষায় বা ফরমেটে চান অথবা যদি আপনার একজন ইন্টারপ্রেটারের প্রয়োজন হয়, তাহলে দয়া করে আমাদের সাথে যোগাযোগ করুন।

### French

Si vous souhaitez obtenir ce document dans une autre langue ou sous un autre format ou si vous avez besoin des services d'un interprète, veuillez nous contacter.

### Farsi

اگر این مدرک را به زبانی دیگر یا در فرمتی دیگر میخواهید و یا اگر احتیاج به سرویس مترجم دارید، لطفاً با ما تماس بگیرید

### Polish

Jeżeli chcieliby Państwo otrzymać ten dokument w innym języku lub w innym formacie albo jeżeli potrzebna jest pomoc tłumacza, to prosimy o kontakt z nami.

Copies of this document can be made available in larger print, Braille or audio cassette on request  
☎01543-308000

## **SUBMISSION TO STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE**

**Date: 9<sup>th</sup> September 2015**

**Agenda Item: 7**

**Contact Officer: Christine Lewis**

**Telephone: 01543 308065**

**Local Ward Members: N/A**

(If any Wards are particularly affected insert the name of the Ward Members and their Ward. Ensure that the Ward Members have been consulted.)

### **SUBMISSION BY CIVIC FUNCTION TASK GROUP**

#### **MODERNISATION OF THE CIVIC FUNCTION AT LICHFIELD DISTRICT COUNCIL**

##### **1. Purpose of Report**

- 1.1 To inform Members of the review by a Member Task Group of the Civic Function, charity, and arrangements for transport
- 1.2 To recommend to the Strategic (Overview & Scrutiny) Committee a set of actions that will reduce expenditure and create a more consistent and structured approach to the function.

##### **2. Background**

- 2.1 At its meeting on the 9<sup>th</sup> June 2015, the Strategic (Overview & Scrutiny) Committee created a Member Task Group consisting of Councillors Tittley (Task Group Chairman), Miss Hassell, Powell and Mrs Woodward. The remit of the Task Group was to investigate the number of functions attended by the Chairman and what added value these events gave for the District Council and following this, options for the transporting the Chairman to these events.
- 2.2 The Task Group noted that while there was a statutory role (Local Government Act 1972) of the Chairman to preside over Council meetings there was no legislation requiring a civic function to be undertaken. They found however that there was no Authority that did not have a civic function and agreed that there were advantages to having a first citizen as it aided networking opportunities and helped build relationships between the Council and other groups and organisations.
- 2.3 The Task Group felt that over time, the Civic role had detached itself from the rest of the Council with no real links back to the Strategic priorities of the Authority or the representation of the Council and its Members. The task group saw this review as an opportunity to address this.
- 2.4 The Task Group held four meetings investigating four key areas – number of events, charity, expenses and the Chairman's car. The findings, which are evidentially based, for each of these areas are detailed below.

##### **Number of Events**

The Task Group gathered information of the number of events attended by the Chairman over the past three municipal years and it became apparent that these numbers greatly

differed which incurs a wide variance in cost. When investigated further, it was noted that the current process was for invitations to be accepted at the discretion of the Chairman themselves without a requirement to consider what added value it would give to the District Council or its Strategic priorities. It was acknowledged that guidance was given to Chairmen by the Executive and Civic Support Officer but still the decision lay with the individual Chairman. It was felt that this inconsistency year to year led to high fluctuations in the budget and an inability to forward plan Officer resources. The Task Group also concluded that there was a risk that the validity and prestige of the role as Chairman became somewhat diluted when so many engagements were attended by them.

To help standardise the number of events attended by Chairmen (or Vice- Chairman in his/her absence) and ensure they added value to the Council and District of a whole, the Task Group has devised a scoring matrix to aid in the decision on what invitations should be accepted. This matrix has been based on best practice guidance from the National Association of Civic Officers (NACO) where it states that “*a measure of the effectiveness of the Mayoralty (Chairmanship) in undertaking quality engagements is maintained.*” The matrix can be found at Appendix A to this report.

It is recognised by the Task Group that some invitations would not be a clear acceptance or decline by use of the matrix whether an acceptance or decline answer would be automatic (boxes shaded red/amber) and in these circumstances, the invitation would be referred to a third party for decision who is answerable to the Council i.e the Leader of the Council.

The Task Group have considered all types of engagements and have concluded that there should be some caveats to the scoring matrix. They have agreed that there should be a presumption of attendance for any event in the District that involves royalty, from the Lord Lieutenant especially the Queens/Kings Award for Voluntary Services and any event at a significant venue including the National Memorial Arboretum. Another caveat is that the Chairman could still accept any other invitation that was not deemed acceptable by the matrix but it must be at zero cost to the Council and without Officer support. In these circumstances, use of the Chain of Office would not be approved however a badge/medallion would be.

It is also recognised by the Task Group that there would be certain significant national and local anniversary years where more events would be attended than usual including world war anniversaries and jubilee years. A contingency fund to manage these types of years would be required.

The NACO guidance also states that “*Ideally, the Borough (District) has a target of 90% engagements within its boundary, on the basis that it is local people who are funding the Mayoralty (Chairmanship)*”. The Task Group agreed with this statement and felt that invitations from within the District would score highly in the matrix. They did however note that keeping relations with bordering Authorities were as important and so recommend that significant civic events from those areas be attended.

The Task Group noted that there were many other Civic Heads in the district that could attend the events that had less strategic value to the District Council. In these instances, the inviter would be advised accordingly to approach another Civic Head i.e. City or Parish head. The Task Group also noted that there had been occasions where more than one Civic Head had attended events and where this would continue to happen, the normal hierarchical protocol would apply.

The scoring matrix has been tested by scoring what would be deemed acceptable against the 2012/13 events visited by the then Chairman and results showed that 51 events would have been deemed acceptable against the 208 actually attended that year. This is a reduction of 157 engagements. The Task Group consider a nominal 50 events per year adequate enough to fulfil the Civic role and represent the District Council satisfactorily.

## **Charities**

The Task Group considered the resources involved when organising Chairman Charity events and the effectiveness of them. It was felt that money raised, although from the outside looked a sizeable amount, was not a true figure. After deeper analysis, it was discovered that once expenditure for creating and running the events had been extracted, the real picture was that they were not as successful as thought: costing £2000 to generate £1000. It was also discovered that Member buy-in to these events had reduced over the years meaning fundraising had reduced.

The Task Group felt that the Civic Dinner was no longer a popular event especially with new and younger Members of the Council resulting with poor attendance. It was noted that to ensure the presence of other Civic Heads, the District Chairman would be required to accept and pay to attend their Civic Dinners resulting in nothing but an endless circuit of events with no benefit to the District. The Task Group considered that it would be advantageous to cease with the Civic Dinner and it be replaced with a Council Annual Dinner (or other event) for the Chairman, Members and Key Officers which would allow for a friendly and non-political atmosphere which may be more appealing.

The Task Group felt that contribution to local charities was still very important but should not be the onerous task on the Chairman that it currently is. The Charity function should be owned by all Council Members being selected by Council vote at the start of the Council year. A maximum of up to £1000 should be donated from the Chairman's expenses allowance to this chosen Charity and from any other Member led fundraising event. (Christmas card money)

## **Expenses**

The Task Group felt that with the reduction in events attended, the required amount of expenses paid would require a reduction too to an amount of £5000. This amount would be after the £1000 charity donation as mentioned above. It is also proposed that a donation be given from the Vice-Chairman's expense budget.

The Task Group also felt that the Chairman and Vice-Chairman should always bear in mind the public perception of the use of the expenses for personal items including clothing. The Task Group did recognise the need for personal expenses but believed that best value should be considered as it was publicly funded and so any level of personal expense should require prior approval from the CEO.

## **Chairman's Car**

The Task Group has considered all options regarding transport arrangements for the Chairman and Consort. It has been agreed that some form of vehicle would still be required as so to ensure a level of safety and security and not discriminate any Member who could not drive from taking up the position.

With the reduced number of engagements attended, the existing policy of leasing a vehicle would no longer be value for money.

Estimates were gathered from local prestige vehicle service providers and it is calculated that based on approximately 50 events per year, the current budget of £16,830 for transport with associated employee support could be halved.

### **3. Recommendations**

- 3.1 That the scoring matrix as set out in Appendix A be used to decide what invitations to the Chairman and Vice-Chairman be accepted.
- 3.2 That the number of engagements attended be reduced to a nominal 50 per year.
- 3.3 That a contingency budget be created to accommodate those years when significant anniversaries require attendance at events.
- 3.4 That the Chairman charity events cease and a one off donation by the Chairman to a charity chosen by all Members at Annual Council be approved.
- 3.5 That the charity donation be funded by £1000 from the Chairman's expense allowance.
- 3.6 That the lease of the Chairman's Car be terminated and a contract with a local service provider be sourced.
- 3.7 That, if the above are implemented, the Member Task Group reconvene in one year's time to evaluate the effectiveness of the new arrangements

### **4. Financial Implications**

- 4.1 The current budget for the Civic function is £55,700 and it is anticipated that this would greatly decrease with the reduction of functions.
- 4.2 The expenses allowance would reduce by up to £1000 although this money would be donated to a charity of the Council's choice.
- 4.3 If it were agreed to terminate the lease of the Civic Car and use a contractor to provide the service, it is anticipated that the budget for Civic transport would be reduced by as much as a half.

### **5. Plan for Lichfield District Implications**

- 5.1 It is anticipated that with a more controlled criteria as to what invitations are accepted by the Chairman, the Lichfield District Council Strategic Plan would be promoted to a greater extent.

### **6. Community Benefits**

- 6.1 Promotion of Community projects and groups within the District would be greatly enhanced as a visit from the Chairman would be considered more prestigious.

### **7. Equality & Diversity Implications**

- 7.1 The task group feel that with reduced attendance at events, the time required to carry out the role is such that it could be performed by any Member of the Council that had other commitments including employment. This means any discrimination or difficulties appointing to the role should be greatly diminished.

### **9. Crime and Safety Issues**

- 9.1 The Task Group discussed security and safety issues around the Chain of Office especially if there was no longer a Council owned vehicle and it was noted that to there, to anyone's knowledge, only been one report of an incident of crime against a Civic head regarding the Chain nationally. To reduce any security threat, the Chain of Office would only be used on special events and in any other circumstance, a badge would be used. The Chain of Office when not in use, should be locked but on display.

<b>10. Risk Management Issues</b>
-----------------------------------

- 10.1 There could be a reputational risk of the Chairman not being as visible to the public if fewer engagements are attended however this could be balanced with the view that the role of the Chairman being considered more prestigious if not attending anything and everything.

**Background Documents:**

National Association of Civic Officers Best Practice Guide

Lichfield District Council Civic Protocol

Report checked and approved:

-----  
Strategic/Corporate Director

## Civic Function Scoring Matrix

		FUNCTION DRIVERS				
		Press in Attendance	Supports LDC Initiatives / Strategic Plan	Within LDC Boundary	Social Event	Traditional Event
QUALITY OF ENGAGEMENTS	(1) PROMOTING Council Initiatives, Business Opportunities, tourism	1	2	3	4	5
	(2) COMMUNITY events Attending local events (LDC Area)	2	4	6	8	10
	(3) CIVIC HOSTING Offering hospitality to community groups	3	6	9	12	15
	(4) CHARITIES Charity appeal, fundraising events	4	8	12	16	20
	(5) CIVIC CIRCUIT (Chain Gang) Visiting other Civic Heads	5	10	15	20	25

Low Numbers (Green) are acceptable functions

Middle Numbers (Amber) Need approval Leader/CEO

High Numbers in the (Red) Non-acceptable functions

### Caveats

- Royal Visits (esp NMA) - Presumption of Attendance
- Business Events (Drayton Manor) or other event for the Lichfield District Council Strategic Plan – Presumption of Attendance
- Queens (Kings) Award for Voluntary Service - Presumption of Attendance
- Significant Local Venue (not Buckingham Palace Garden Party) – Presumption of Attendance
- Most Appropriate Civic Head should attend function
- An attempt that visits should be evenly distributed across the District

## SUBMISSION TO STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE

Date: 9<sup>th</sup> September 2015

Agenda Item: 9

Contact Officer: Richard King

Telephone: 01543 308060

Local Ward Members: N/A

(If any Wards are particularly affected insert the name of the Ward Members and their Ward. Ensure that the Ward Members have been consulted.)

## SUBMISSION BY CHAIR OF THE STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE

### COMMITTEE WORK PROGRAMME FOR 2015/16

#### 1. Purpose of Report

- 1.1 To consider the Committee's work programme for 2015/16 including the prioritisation and scheduling of items, and agreeing items to be added or removed from the programme. A draft work programme is attached at Appendix A for consideration.

#### 2. Background, context and matters for consideration

- 2.1 A Local Government Association (LGA) Corporate Peer Challenge in September 2014 recommended the Council review the way that Overview and Scrutiny operates. It was suggested this include consideration of what topics Overview and Scrutiny Committees investigate and review - and how, why and when that is done - so they can make a timely, proportionate and effective contribution to key decisions and strategic policy development.
- 2.2 The Peer Challenge encouraged members to be involved in designing new approaches to scrutiny. An Overview & Scrutiny Co-ordinating Group was held on 8th July 2015 involving Overview & Scrutiny Committee Chairs, Vice-Chairs, Leader of the Principal Minority Group, and a number of newly elected members. At the meeting members agreed the principle of reducing the number of reports considered by each Overview and Scrutiny Committee as a way of enabling a more in-depth scrutiny of fewer specific items.
- 2.3 A suggested first step towards this is that only reports relating to significant matters requiring input from Overview & Scrutiny be routed through the relevant Committee prior to Cabinet consideration. Items that are simply 'for information' will be sent to members using other channels (such as a periodic Member Bulletin or Briefing Papers). The latter is something a recently established Member Task Group (comprising the four O&S Chairs and Councillor Mrs Woodward) will be asked to consider further.
- 2.4 The Overview & Scrutiny Co-ordinating Group also agreed the introduction of 'triangulation meetings'. These meetings provide an opportunity for Chairs, Vice-Chairs and relevant Cabinet Members to discuss forthcoming areas of work and consider if, how and when the involvement of Overview and Scrutiny is helpful.
- 2.5 The Cabinet/Council Forward Plan will continue to be presented to the Committee to inform its' consideration of the work programme, enabling members to identify opportunities for engagement prior to decisions being made. The current Plan is attached at **Appendix B**. In addition, members are reminded the formal call-in procedure (as set out in the Constitution) still applies, whereby a Key Decision can be 'called-in' within five working days by the Chair (or Vice-Chair) of the relevant O&S Committee or 5 members



of that Committee, the Leaders of the Principal Minority Group or ten non-Cabinet Members.

### **3. Recommendation**

- 3.1 To review the work programme attached at **Appendix A** and agree prioritisation and scheduling of items, including items to be added or removed from the programme.

### **4. Financial Implications**

- 4.1 There are no immediate financial implications arising directly from this report. However, Overview and Scrutiny reviews and recommendations may inform decisions and policy that result in financial savings or further investment by the Council.

### **5. Plan for Lichfield District 2012-16 implications**

- 5.1 Members are encouraged to consider the Council's strategic priorities when determining their work programme. Overview and Scrutiny will be informed and engaged about the development of a new Strategic Plan for 2016-20.

### **6. Community Benefits**

- 6.1 Focussing Overview and Scrutiny more on the strategic priorities, key decisions, fit for the future and policy development will help enable reviews and recommendations to challenge and inform decisions and policy that will benefit the communities of Lichfield.

### **7. Equality & Diversity Implications**

- 7.1 No equalities and diversity implications are identified or envisaged as a direct result of this report. However, Overview and Scrutiny reviews and recommendations may inform decisions and policy that have implications.

### **8. Human Rights Issues**

- 8.1 No human rights issues are identified or envisaged as a direct result of this report. However, Overview and Scrutiny reviews and recommendations may inform decisions and policy that have implications.

### **9. Crime and Safety Issues**

- 9.1 No crime and safety issues are identified or envisaged as a direct result of this report. However, Overview and Scrutiny reviews and recommendations may inform decisions and policy that have implications.

### **10. Risk Management Issues**

- 10.1 There is a risk that if no changes are made to how Overview and Scrutiny is carried out, opportunities are missed for more timely, proportionate and effective contributions to key decisions and debates, strategic developments, service improvements and policy formulation.

#### **Background Documents:**

Report to Strategic Overview & Scrutiny Committee: 'Peer Review Report' – 18<sup>th</sup> November 2014

Report to Strategic Overview & Scrutiny Committee: 'Responding to the LGA Corporate Peer Challenge' - 9<sup>th</sup> June 2015  
Council Constitution

Report checked and approved: ----- Strategic/Corporate Director

**STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE DRAFT WORK PROGRAMME FOR 2015-16 (v2)**

Item	9 June 2015	15 Sept 2015	17 Nov 2015	2 Feb 2016	Details/Reasons	Link to 2015/16 One Year Action Plan	Officer	Member Lead
<b>Policy Development</b>								
Terms of Reference	✓				To remind the Committee of the terms of reference and suggest any amendments		RK	
Future arrangements for Chairman's Car	✓	✓			To scrutinise the options for new arrangements for the Chairman's transport on the termination of the current car lease agreement  To report findings and recommendations of the Civic Function Task Group		DT	
Fit for the Future Programme: Programme update and overview	✓				To note progress of the Programme to date, approve the next phase of reviews, and endorse changes to programme governance arrangements		P Clarke	
Strategic Plan 2016-2020	✓		✓	✓	To note progress on developing the new Strategic Plan (June meeting) To consider emerging strategic priorities and outcomes (November meeting) To approve draft Plan (February meeting)	Producing a new Strategic Plan is one of the activities itemised in the Annual Action Plan 15/16	HT	



**STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE DRAFT WORK PROGRAMME FOR 2015-16** (v2)

Item	9 June 2015	15 Sept 2015	17 Nov 2015	2 Feb 2016	Details/Reasons	Link to 2015/16 One Year Action Plan	Officer	Member Lead
Council's Financial Performance for 2014/15		✓			Scrutinise the Council's performance against the Medium Term Financial Strategy	A Well Managed Council - We'll keep a tight control and management of the council's finances	JK	
Statement of Accounts 2014/15		✓			Scrutinise the Statement of Accounts	A Well Managed Council - We'll maximise the council's performance, innovation and efficiency, so we use our resources well and deliver good quality and better value services	JK	
Treasury Management Outturn & Prudential Indicators for 2014/15		✓			Scrutinise performance of the Treasury Management Strategy	A Well Managed Council - We'll maximise the council's performance, innovation and efficiency, so we use our resources well and deliver good quality and better value services	JK	
Half yearly performance report for 2015/16			✓		Scrutinise performance against the projects and activities set out in the One Year Action Plan 15/16 which fall within the remit of the Strategic O&S Committee	A Well Managed Council - We'll maximise the council's performance, innovation and efficiency, so we use our resources well and deliver good quality and better value services	RK/JK	
Half-yearly report on financial performance for 2015/16			✓		Monitor the position in relation to the Medium Term Financial Strategy for 2014/2015	A Well Managed Council - We'll keep a tight control and management of the council's finances	JK	

**STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE DRAFT WORK PROGRAMME FOR 2015-16** (v2)

Item	9 June 2015	15 Sept 2015	17 Nov 2015	2 Feb 2016	Details/Reasons	Link to 2015/16 One Year Action Plan	Officer	Member Lead
Half Year Report on Treasury Management Services and Projected Prudential Indicators 2015/16			✓		Monitor Treasury Management activities and Prudential Indicators	A Well Managed Council - We'll keep a tight control and management of the council's finances	JK	
Medium Term Financial Forecast for Revenue /Capital 2015/18				✓	Scrutinise the Council's resource plans in relation to the delivery of the Strategic Plan priorities	A Well Managed Council - We'll keep a tight control and management of the council's finances	JK	
Treasury Management Strategy Report				✓	Outline District Council's strategy to manage investments and banking and control risks	A Well Managed Council - We'll keep a tight control and management of the council's finances	JK	
One Year Action Plan 2016/17				✓	This will accompany the three year medium term financial forecast for Revenue/Capital and reflect the one year actions needed to deliver the Plan for Lichfield District	A Well Managed Council - We'll maximise the council's performance, innovation and efficiency, so we use our resources well and deliver good quality and better value services	HT	
Third Quarter Review of Performance against Financial Strategy 2015/16				✓	Scrutinise financial performance and the revised estimate for the full year.	A Well Managed Council - We'll keep a tight control and management of the council's finances	JK	

**STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE DRAFT WORK PROGRAMME FOR 2015-16** (v2)

Item	9 June 2015	15 Sept 2015	17 Nov 2015	2 Feb 2016	Details/Reasons	Link to 2015/16 One Year Action Plan	Officer	Member Lead
Briefing Papers								

# LICHFIELD DISTRICT COUNCIL

## FORWARD PLAN

Updated: 27.08.2015

Effective for the Period 01.09.2015 – 31.12.2015

Representations in respect of all the matters shown should be sent in writing to the contact officer indicated at Lichfield District Council, District Council House, Frog Lane, Lichfield, Staffs. WS13 6YU no later than one week before the decision is due to be made. Copies of documents can also be obtained by contacting the relevant Officer. Facsimile: 01543 309899; Telephone: 01543 308000

- Key decisions are:
1. A decision made in connection with setting the Council Tax
  2. Expenditure or savings if they exceed £50,000
  3. A decision which significantly affects the community in two or more wards

MATTER FOR CABINET DECISION (PLEASE MARK KEY DECISIONS WITH AN ASTERIX) <sup>(1) (*)</sup>	CONFIDENTIAL YES/NO <sup>(8)</sup>	DECISION EXPECTED TO UNDERTAKE <sup>(2)</sup>	DECISION TO BE TAKEN BY AND DATE <sup>(3)(6)</sup>	CONSULTATION <sup>(4)</sup> INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE <sup>(5)</sup>	CONTACT OFFICER/CABINET MEMBER <sup>(7)</sup>
District Board Notes	No	To note the notes of the District Board Meeting which took place in June	Cabinet 08/09/2015	None	Notes of the meeting	<b>OFFICER:</b> Mrs H Titterton (01543) 308700  <b>CABINET MEMBER:</b> Councillor D Pullen 07877 105542

\* DENOTES KEY DECISION

MATTER FOR CABINET DECISION (PLEASE MARK KEY DECISIONS WITH AN ASTERIX) <sup>(1)</sup> <sup>(*)</sup>	CONFIDENTIAL YES/NO <sup>(8)</sup>	DECISION EXPECTED TO UNDERTAKE <sup>(2)</sup>	DECISION TO BE TAKEN BY AND DATE <sup>(3)(6)</sup>	CONSULTATION <sup>(4)</sup> INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE <sup>(5)</sup>	CONTACT OFFICER/CABINET MEMBER <sup>(7)</sup>
*Money Matters 2014/15: Review of Financial Performance against the Financial Strategy	No		Cabinet 08/09/2015  Council 29/09/2015	Strategic (O&S) Committee 09/09/2015		<b>OFFICER:</b> Mrs J Kitchen (01543) 308770  <b>CABINET MEMBER:</b> Councillor C Spruce (01543) 258120
*Money Matters 2015/16: Review of Financial Performance against the Financial Strategy – April to June 2015	No		Cabinet 08/09/2015  Council 29/09/2015	Strategic (O&S) Committee 09/09/2015		<b>OFFICER:</b> Mrs J Kitchen (01543) 308770  <b>CABINET MEMBER:</b> Councillor C Spruce (01543) 258120
Cannock Chase Special Area of Conservation (CCSAC) Memorandum of Understanding	No	Agree to LDC signing the MoU with the Strategic Director of Development, Democratic and Legal and the Cabinet Member for Economic Growth and Development as signatories; delegate	Cabinet 08/09/2015	Consultation has taken place within the local authorities of the Cannock Chase Partnership, Natural England, Forestry Commission and Cannock Chase AONB Partnership.	Local Plan Strategy. Habitat Regulations Assessment Addendum to the Local Plan 2014. Guidance to mitigate the impact of new residential development upon the Cannock Chase	<b>OFFICERS:</b> Mrs H Hollins (01543) 308234 Ms A Richards (01543) 308152  <b>CABINET MEMBER:</b> Councillor I Pritchard (01543) 472732

\* DENOTES KEY DECISION



MATTER FOR CABINET DECISION (PLEASE MARK KEY DECISIONS WITH AN ASTERIX) <sup>(1) (*)</sup>	CONFIDENTIAL YES/NO <sup>(8)</sup>	DECISION EXPECTED TO UNDERTAKE <sup>(2)</sup>	DECISION TO BE TAKEN BY AND DATE <sup>(3)(6)</sup>	CONSULTATION <sup>(4)</sup> INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE <sup>(5)</sup>	CONTACT OFFICER/CABINET MEMBER <sup>(7)</sup>
		to the Cabinet Member for Economic Growth and Development authorisation to represent the Council on the CCSAC Programme Board which will agree the spend of monies collected by the CCSAC Partnership to mitigate for the impacts on Cannock Chase SAC arising from development.			SAC March 2014.	
*Statement of Accounts 2014/15	No		Council 29/09/2015	Strategic (O&S) Committee on 09/09/2015		<b>OFFICER:</b> Mrs J Kitchen (01543) 308770  <b>CABINET MEMBER:</b> Councillor C Spruce (01543) 258120

\* DENOTES KEY DECISION

MATTER FOR CABINET DECISION (PLEASE MARK KEY DECISIONS WITH AN ASTERIX) <sup>(1)</sup> <sup>(*)</sup>	CONFIDENTIAL YES/NO <sup>(8)</sup>	DECISION EXPECTED TO UNDERTAKE <sup>(2)</sup>	DECISION TO BE TAKEN BY AND DATE <sup>(3)</sup> <sup>(6)</sup>	CONSULTATION <sup>(4)</sup> INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE <sup>(5)</sup>	CONTACT OFFICER/CABINET MEMBER <sup>(7)</sup>
Approval of updated Social Media and Press Protocols	No	Approval	Council 29/09/2015			<b>OFFICER:</b> Ms E. Thatcher (01543) 308781  <b>CABINET MEMBER:</b> Councillor H Fisher (01543) 305070
*Housing services review	No	To consider a final report on the review of Housing Services	Cabinet 06/10/2015	Report to be considered by CHH (O&S) 07/09/15	Report to CHH O&S	<b>OFFICER:</b> Mr C Gibbins (01543) 308702  <b>CABINET MEMBER:</b> Councillor D Pullen 078105542
*Safeguarding Policy	No	Approval of updated Policy	Cabinet 06/10/2015	Report to be considered by CHH (O&S) 07/09/2015	Report to CHH O&S	<b>OFFICER:</b> Mr C Gibbins (01543) 308702  <b>CABINET MEMBER:</b> Councillor D Pullen 07817 105542

\* DENOTES KEY DECISION

MATTER FOR CABINET DECISION (PLEASE MARK KEY DECISIONS WITH AN ASTERIX) <sup>(1)</sup> <sup>(*)</sup>	CONFIDENTIAL YES/NO <sup>(8)</sup>	DECISION EXPECTED TO UNDERTAKE <sup>(2)</sup>	DECISION TO BE TAKEN BY AND DATE <sup>(3)(6)</sup>	CONSULTATION <sup>(4)</sup> INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE <sup>(5)</sup>	CONTACT OFFICER/CABINET MEMBER <sup>(7)</sup>
*A new arrangement for the sharing of a Financial Information System	No	To approve a new arrangement for the sharing of a Financial Information System	Cabinet 06/10/2015	No consultation is planned because this would be an extension to an existing successful partnership with another Local Authority.	Draft Service Level Agreement	<b>OFFICER:</b> Mrs J Kitchen (01543) 308770  <b>CABINET MEMBER:</b> Councillor C Spruce (01543) 258120
*Approval of CIL charging schedule for submission for examination	No	Approval for submission to examination	Cabinet 06/10/2015			<b>OFFICER:</b> Mr C Jordan (01543) 308202  <b>CABINET MEMBER:</b> Councillor I Pritchard (01543) 472732
*Adoption of Council Policy to ensure delivery of Affordable Homes	No	Endorse proposed policy on affordable housing delivery for adoption by Full Council.	Cabinet 06/10/2015	Consultation has already been undertaken through the examination in public of the (adopted) Local Plan Strategy and the need to adopt Council Policy will be considered by Overview and Scrutiny (Economic Growth, Environment and	As listed in the background documents to the O&S report of 23 September 2015	<b>OFFICER:</b> Mr C Jordan (01543) 308202  <b>CABINET MEMBER:</b> Councillor I Pritchard (01543) 472732

\* DENOTES KEY DECISION

MATTER FOR CABINET DECISION (PLEASE MARK KEY DECISIONS WITH AN ASTERIX) <sup>(1)</sup> <sup>(*)</sup>	CONFIDENTIAL YES/NO <sup>(8)</sup>	DECISION EXPECTED TO UNDERTAKE <sup>(2)</sup>	DECISION TO BE TAKEN BY AND DATE <sup>(3)(6)</sup>	CONSULTATION <sup>(4)</sup> INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE <sup>(5)</sup>	CONTACT OFFICER/CABINET MEMBER <sup>(7)</sup>
				Development) on 23 September 2015.		
*Combined Authorities: Options for Lichfield District Council.	No	Whether Lichfield District Council, as a member of the GBSLEP wishes in principle to be part of a West Midlands Combined Authority	Cabinet 06/10/2015 Council 13/10/2015	Strategic Overview and Scrutiny (9 September 2015)	To be drafted	<b>OFFICER:</b> Ms D Tilley (01543) 308001 <b>CABINET MEMBER:</b> Councillor M J Wilcox (01283) 791761
*The current contract for monitoring CCTV to be extended after October to enable the requirements of the Friarsgate Scheme to be taken into account within the next procurement process.	No	To continue to contribute to the cost of the contract for monitoring CCTV	Cabinet 06/10/2015			<b>OFFICER:</b> Ms J Coleman (01543) 308005 <b>CABINET MEMBER:</b> Councillor D Pullen (07877) 105542

\* DENOTES KEY DECISION

MATTER FOR CABINET DECISION (PLEASE MARK KEY DECISIONS WITH AN ASTERIX) <sup>(1)</sup> <sup>(*)</sup>	CONFIDENTIAL YES/NO <sup>(8)</sup>	DECISION EXPECTED TO UNDERTAKE <sup>(2)</sup>	DECISION TO BE TAKEN BY AND DATE <sup>(3)(6)</sup>	CONSULTATION <sup>(4)</sup> INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE <sup>(5)</sup>	CONTACT OFFICER/CABINET MEMBER <sup>(7)</sup>
*Lichfield District Council & the Lichfield BID	No	Approval	Cabinet 06/10/2015			<b>OFFICER:</b> Ms E. Thatcher (01543) 308781  <b>CABINET MEMBER:</b> Councillor I. Pritchard (01543) 472732
Annual Report on Exceptions and Exemptions Financial Regulations 2014/15	No		Audit Committee 07/10/2015			<b>OFFICER:</b> Mrs J Kitchen (01543) 308770  <b>CABINET MEMBER:</b> Councillor C Spruce (01543) 258120
Risk Management Updated	No		Audit Committee 07/10/2015			<b>OFFICER:</b> Mrs J Kitchen (01543) 308770  <b>CABINET MEMBER:</b> Councillor C Spruce (01543) 258120

\* DENOTES KEY DECISION

MATTER FOR CABINET DECISION (PLEASE MARK KEY DECISIONS WITH AN ASTERIX) <sup>(1)</sup> <sup>(*)</sup>	CONFIDENTIAL YES/NO <sup>(8)</sup>	DECISION EXPECTED TO UNDERTAKE <sup>(2)</sup>	DECISION TO BE TAKEN BY AND DATE <sup>(3)</sup> <sup>(6)</sup>	CONSULTATION <sup>(4)</sup> INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE <sup>(5)</sup>	CONTACT OFFICER/CABINET MEMBER <sup>(7)</sup>
*Leisure Fees & Charges	Yes	To approve fees & charges for core leisure activities for 2016	Cabinet Member for Leisure & Parks	With customers, staff and Leisure & Parks (Overview & Scrutiny) Committee	Report to Cabinet Member	<b>OFFICER:</b> Mr N Turner (01543) 308761  <b>CABINET MEMBER:</b> Councillor A Smith (01543) 410685
Mid Year Performance Report – one year action plan 2015/16	No	To note the report	Cabinet 03/11/2015	Consultation with all O&S Committees during November/January round of meetings	Mid Year Progress Report	<b>OFFICER:</b> Mrs H Titterton (01543) 308700  <b>CABINET MEMBER:</b> Councillor D Pullen (078177 105542)
District Board Notes	No	To note the notes of the District Board Meeting which took place in November	Cabinet 01/12/2015	None	Notes of the meeting	<b>OFFICER:</b> Mrs H Titterton (01543) 308700  <b>CABINET MEMBER:</b> Councillor D Pullen 07817 105542

\* DENOTES KEY DECISION

MATTER FOR CABINET DECISION (PLEASE MARK KEY DECISIONS WITH AN ASTERIX) <sup>(1)</sup> <sup>(*)</sup>	CONFIDENTIAL YES/NO <sup>(8)</sup>	DECISION EXPECTED TO UNDERTAKE <sup>(2)</sup>	DECISION TO BE TAKEN BY AND DATE <sup>(3)</sup> <sup>(6)</sup>	CONSULTATION <sup>(4)</sup> INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE <sup>(5)</sup>	CONTACT OFFICER/CABINET MEMBER <sup>(7)</sup>
*Money Matters 2015/16: Review of Financial Performance against the Financial Strategy – April to September 2015	No		Cabinet 01/12/2015	Strategic (O&S) Committee 17/11/2015		<b>OFFICER:</b> Mrs J Kitchen (01543) 308770  <b>CABINET MEMBER:</b> Councillor C Spruce (01543) 258120
*Money Matters: Calculation of Business Rates: Non Domestic Rates 2016/17, together with Collection Fund Surplus (Deficit) for 2015/16	No	To report the calculation of Business Rates – NDR1 2016/17 and Council Tax Base 2016/17, together with Collection Fund Surplus (Deficit) for 2015/16	Cabinet 12/01/2016			<b>OFFICER:</b> Mrs J Kitchen (01543) 308770  <b>CABINET MEMBER:</b> Councillor C Spruce (01543) 258120
*Strategic Plan 2016-2020	No	To approve the Strategic Plan	Cabinet 09/02/2016  Council 23/02/2016	Consultation with Strategic O&S in November 2015 and January 2016	Final draft Strategic Plan	<b>OFFICER:</b> Mrs H Titterton (01543) 308700  <b>CABINET MEMBER:</b> Councillor D Pullen 07817 105542

\* DENOTES KEY DECISION

MATTER FOR CABINET DECISION (PLEASE MARK KEY DECISIONS WITH AN ASTERIX) <sup>(1)</sup> <sup>(*)</sup>	CONFIDENTIAL YES/NO <sup>(8)</sup>	DECISION EXPECTED TO UNDERTAKE <sup>(2)</sup>	DECISION TO BE TAKEN BY AND DATE <sup>(3)(6)</sup>	CONSULTATION <sup>(4)</sup> INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE <sup>(5)</sup>	CONTACT OFFICER/CABINET MEMBER <sup>(7)</sup>
*Money Matters Reports: Review of Financial Performance against the Financial Strategy – April to November 2015	No		Cabinet 09/02/2016	Strategic (O&S) Committee 02/02/2016		<b>OFFICER:</b> Mrs J Kitchen (01543) 308770  <b>CABINET MEMBER:</b> Councillor C Spruce (01543) 258120
*Medium Term Strategy (Revenue and Capital 2016-19 (MTFS) (R&C) 2016-19	No		Cabinet 09/02/2016	Strategic (O&S) Committee 02/02/2016		<b>OFFICER:</b> Mrs J Kitchen (01543) 308770  <b>CABINET MEMBER:</b> Councillor C Spruce (01543) 258120
Risk Management Update	No		Audit Committee 26/01/2016			<b>OFFICER:</b> Mrs J Kitchen (01543) 308770  <b>CABINET MEMBER:</b> Councillor C Spruce (01543) 258120

\* DENOTES KEY DECISION



MATTER FOR CABINET DECISION (PLEASE MARK KEY DECISIONS WITH AN ASTERIX) <sup>(1) (*)</sup>	CONFIDENTIAL YES/NO <sup>(8)</sup>	DECISION EXPECTED TO UNDERTAKE <sup>(2)</sup>	DECISION TO BE TAKEN BY AND DATE <sup>(3)(6)</sup>	CONSULTATION <sup>(4)</sup> INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE <sup>(5)</sup>	CONTACT OFFICER/CABINET MEMBER <sup>(7)</sup>
*Money Matters Reports: Medium Term Financial Strategy (Revenue and Capital) 2016-19 (MTFS) R&C) 2016-19	No		Council 23/02/2016			<b>OFFICER:</b> Mrs J Kitchen (01543) 308770  <b>CABINET MEMBER:</b> Councillor C Spruce (01543) 258120
*Council Tax Resolution	No		Council 23/02/2016			<b>OFFICER:</b> Mrs J Kitchen (01543) 308770  <b>CABINET MEMBER:</b> Councillor C Spruce (01543) 258120
*Non Domestic Rates – Discretionary rate relief	No	To approve changes to the existing policy	Cabinet 05/04/2015  Council 19/04/2015	This relief is at the discretion of Cabinet/Council and all Members will consider at its meetings.		<b>OFFICER:</b> Mrs J Kitchen (01543) 308770  <b>CABINET MEMBER:</b> Councillor C Spruce (01543) 258120

\* DENOTES KEY DECISION

1. The matter in respect of which the decision is to be made
  2. What decision the Council will be asked to make
  3. A date on which, or period within which, the decision will be made
  4. What groups of people and/or organisations will be consulted before the decision is made and how the consultation will be carried out.
  5. What background documents will be available to the person or Committee making the decision
  6. Who will make the decision, i.e. the Cabinet, Council a Cabinet Member alone, an Officer under Delegated Powers
  7. The Officer or Member who should be contacted regarding the matter under consideration.
  8. Indicate whether the report will be confidential.
- \* Denotes Key Decision

### **MEMBERS OF THE CABINET**

**Leader of Cabinet**

**Deputy Leader of Cabinet and**

**Cabinet Member for Economic Growth, Development and Environment**

**Cabinet Member for Leisure and Parks**

**Cabinet Member for Housing & Health**

**Cabinet Member for Waste Management**

**Cabinet Member for Finance and Democracy**

**Cabinet Member for Tourism and Communications**

**Cabinet Member for Community**

**Councillor M. J. Wilcox**

**Councillor I. M. P. Pritchard**

**Councillor A. F. Smith**

**Councillor C. Greatorex**

**Councillor I. M. Eadie**

**Councillor C. J. Spruce**

**Councillor Mrs H. E. Fisher**

**Councillor D. R. Pullen**

### **MEMBERS OF THE COUNCIL**

Allsopp, Mrs J A

Awty, R J

Bacon, Mrs N.

Baker, Mrs D F

Bamborough, R. A. J.

Banevicius, Mrs S W

Barnett, Mrs S A

Bland, Mrs M P

Boyle, Mrs M G

Constable, Mrs B L

Constable, D H J

Cox, R E

Drinkwater, E N

Eadie, I M

Eagland, Mrs J M

Evans, Mrs C D

Fisher, Miss B

Fisher, Mrs H E

Greatorex, C

Hassall, Miss E A

Humphreys, K P

Leytham, D J

Marshall, T

Matthews, T R

Mills, J

Mosson, R C

O'Hagan, J P

Powell, J J R

Pritchard, I M P

Pullen, D.R.

Pullen, Mrs N I

Rayner, B L

Salter, D F

Shepherd, Miss O J

Smedley, D

Smith, A F

Spruce, C. J.

Stanhope MBE, Mrs M

Strachan, R W

Tittley, M C

Tranter, Mrs H

Warfield, M A

White, A. G.

Wilcox, M J

Woodward, Mrs S E

Yeates, A

Yeates, B W

**\* DENOTES KEY DECISION**