

# Statement of Accounts 2017/18

Cabinet Member for Finance and Democracy

Date: 25 July 2018  
Agenda Item: 5  
Contact Officer: Anthony Thomas  
Tel Number: 01543 308012  
Email: Anthony.thomas@lichfielddc.gov.uk  
Key Decision? No  
Local Ward Members Full Council



## AUDIT (AND MEMBER STANDARDS) COMMITTEE

### 1. Executive Summary

- 1.1 The Statement of Accounts has been produced in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18. The Accounts and Audit (England) Regulations now require a Local Authority to certify its set of Accounts by 31 May and publish an Audited set of its accounts by 31 July each year. This is a change from previous years when certification was required by 30 June and Audited by 30 September.
- 1.2 To manage this change a number of items in the Final Accounts project plan have been brought forward to enable the draft Statement of Accounts to be produced on 31 May 2018.
- 1.3 The Statement of Accounts was signed by the Head of Finance and Procurement (Section 151) on 31 May 2018.
- 1.4 A copy of the Unaudited Statement of Accounts was placed on the Council's website on 31 May 2018. The period of inspection and elector's right to question the External Auditor also commenced on 31 May 2018 for 30 working days until 11 July 2018.
- 1.5 There were no requests from electors to inspect the accounts and no questions were raised of the External Auditor during this period.
- 1.6 The Constitution assigns the responsibility for considering and approving the Annual Statement of Accounts to this Committee to enable sign off by the Chair.

### 2. Recommendations

- 2.1 The Committee:
  - Notes the External Auditor's Audit Findings Report (**Agenda Item 6**).
  - Approves the Letter of Representation at **APPENDIX A**.
  - Approves the Councils Statement of Accounts for 2017/18 (attached at **APPENDIX B**).

### 3. Background

- 3.1. The External Auditor's Audit Findings report will be discussed at Agenda Item 6. This details the findings from the final accounts audit as well as providing a Value for Money conclusion. There are no significant issues of concern for the Committee to consider.
- 3.2. The Council's External Auditor is required to obtain written representations from management in respect of matters which could affect the Council's financial position as reflected in the financial statements. Whilst the letter should be signed by the Chief Executive and Chief Financial Officer (Section 151), it has been requested, as good practice, that the Committee considers and approves the letter. The letter is attached at **APPENDIX A**.
- 3.3. The Council is annually required to produce and certify a Statement of Accounts in line with the Code of Practice on Local Authority Accounting.

- 3.4. The Statement of Accounts is included at **APPENDIX B** and is comprised of the following sections (core statements are in bold and are explained further in the paragraphs below):

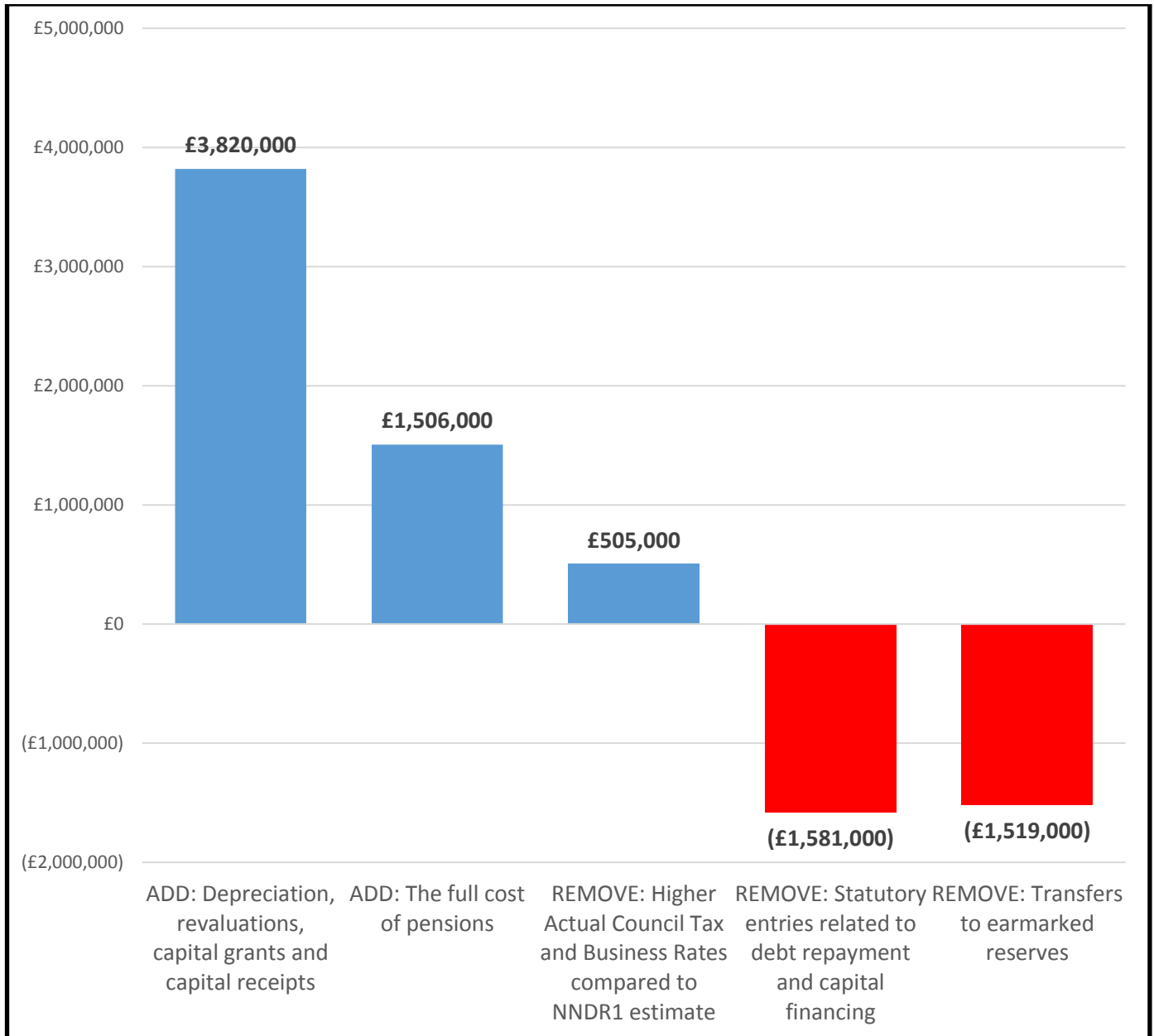
<b>Section</b>	<b>Description</b>	<b>Page</b>
Statement of Responsibilities	The Council's and the Chief Finance Officer's responsibilities for the Statement of Accounts.	3
Narrative Report	An analysis of Lichfield District Council through the eyes of its management.	4
Annual Governance Statement	This sets out the governance structures of the Council and its key internal controls ( <b>approved by Audit (and Member Standards) Committee on 9 May 2018</b> ).	34
Expenditure and Funding Analysis	This statement reconciles Money Matters financial performance to the Comprehensive Income and Expenditure Statement.	53
<b>Comprehensive Income and Expenditure Statement</b>	This records all of the Council's income and expenditure for the year based on accounting requirements.	54
<b>Movement in Reserves Statement</b>	This is a summary of the changes to the Council's reserves over the course of the year.	55
<b>Balance Sheet</b>	This Statement is a 'snapshot' of the Council's assets, liabilities, cash balances and reserves.	56
<b>Cash Flow Statement</b>	This shows the reason for changes in the Council's cash balances during the year.	57
Notes to the Accounts	These provide more detail about the Council's accounting policies ( <b>approved by Audit (and Member Standards) Committee 22 March 2018</b> ) and individual transactions.	60
Collection Fund and Notes	This summarises the collection of Council Tax and Business Rates.	122
Glossary of Terms	This provides an explanation of the terms used in the Statement of Accounts.	125
Independent Auditor's Report	The External Auditor's opinion.	129

- 3.5. The following paragraphs will provide a little more detail in relation to the core statements.

#### **The Comprehensive Income and Expenditure Statement**

- 3.6. The Council prepares and monitors its revenue financial performance during the financial year based on statutory requirements known as the funding or General Fund basis. The information included in the Narrative Report (and Money Matters Reports) is prepared using this basis.
- 3.7. As part of its Statement of Accounts, the Council is also required to prepare a Comprehensive Income and Expenditure Statement based on accounting requirements.
- 3.8. These two statements produce different figures for financial performance because of the different bases that are used in their preparation.
- 3.9. The Expenditure and Funding Analysis on page 53 and supplementary information on pages 79 and 80, reconcile the General Fund surplus and transfer from General Reserves (shown in the Narrative Report on page 24 and in Money Matters Reports) to the Comprehensive Income and Expenditure Statement (shown on page 54).

3.10. The graph below summarises the Expenditure and Funding Analysis (EFA) and shows the main reasons why the General Fund deficit of **£450,000** becomes a greater deficit on Provision of Services in the Comprehensive Income and Expenditure Statement of **£3,181,000**.

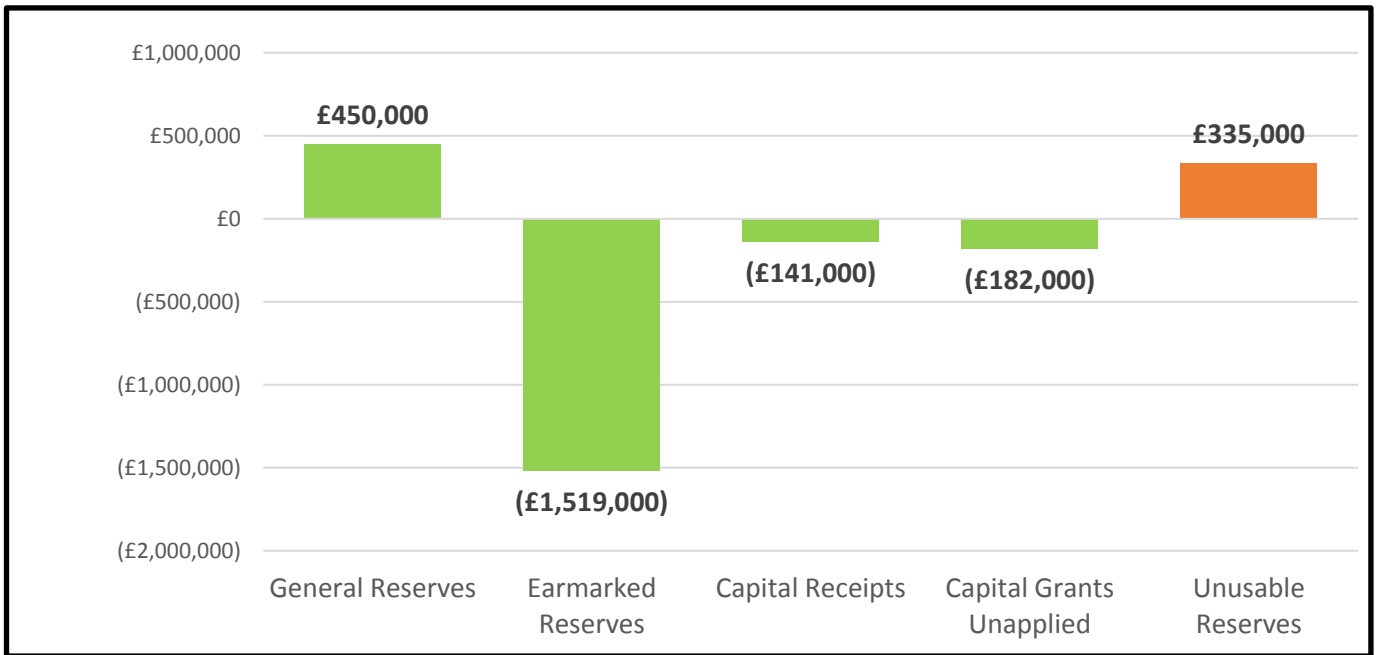


3.11. The reasons for the increase in the deficit of **£2,731,000** are:

- The inclusion of capital accounting entries including depreciation to be compliant with accounting requirements – **this increases the deficit by £3,820,000.**
- The inclusion of a sum in addition to pension payments in the year to reflect the full cost of pensions – **this increases the deficit by £1,506,000.**
- The removal of the Council’s share of the additional income for actual Council Tax and Business Rate income compared to the NNDR 1 estimate – **this increases the deficit by £505,000.**
- The removal of entries related to debt repayment and capital financing (these are replaced by depreciation) – **this reduces the deficit by (£1,581,000).**
- The removal of transfers to Earmarked Reserves because under accounting requirements these are considered to form part of the General Fund balance – **this reduces the deficit by (£1,519,000).**

## The Movement in Reserves Statement

3.12. The movement (increases in reserves are shown as negatives) in usable and unusable reserves during 2017/18 are summarised in the graph below:

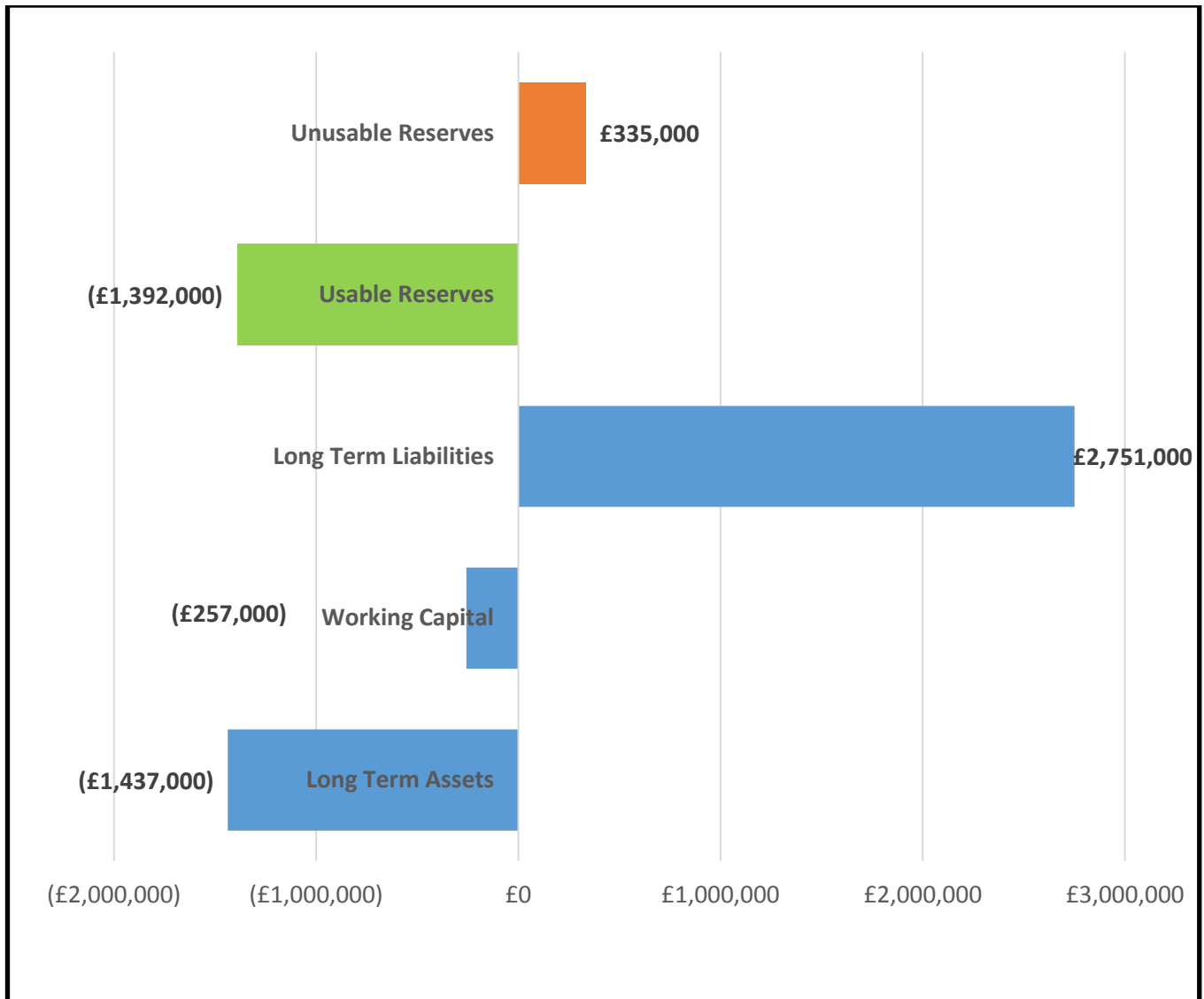


3.13. The movement in reserves during 2017/18 is explained below:

- **General Reserves** - there was a General Fund deficit of revenue expenditure over income and therefore **£450,000** was taken from General Reserves (Movement in Reserves on page 55).
- **Earmarked Reserves** - additional contributions of **(£1,519,000)** were made to Earmarked Reserves to reflect resources being set aside for specific projects such as Friarsgate, the Commercialisation agenda and Business Rates volatility (note 8 on page 81).
- **Capital receipts** – these have increased by **(£141,000)**. There were receipts generated of **(£434,000)** mainly from the Council's share of Bromford Right to Buy receipts of (£420,000). Capital receipts of **£285,000** were used to fund capital investment during the year for such projects as Disabled Facilities Grants and Information Technology enhancement (Movement in Reserves on page 55).
- **Capital grants unapplied** – these are grants and contributions received for capital investment where there are no repayment conditions (where there are repayment conditions these are treated as liabilities). The level has increased by **(£182,000)** during 2017/18 due primarily to receipts from Community Infrastructure Levy and the Special Areas of Conservation of (£163,000) that have not yet been utilised (Movement in Reserves on page 55).
- **Unusable reserves** – these have decreased by **£335,000** and are accounting reserves that are not available to fund capital investment or revenue expenditure. These principally relate to the revaluation reserve, the capital adjustment account, the pension reserve and Collection Fund. The most significant changes relate to (Movement in Reserves on page 55):
  1. A decrease in the negative pension reserve of **(£534,000)** following reassessment by the Actuary.
  2. An increase in the revaluation reserve of **(£1,216,000)** where asset values have increased following revaluations.
  3. A decrease in the Collection Fund Adjustment Account of **£505,000**. This is where the Council's share of any difference between the NNDR1 estimate and actual Business Rates and Council Tax income is retained until distribution takes place in later years.
  4. A decrease in the Capital Adjustment account of **£1,759,000**. This reserve 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 Balance Sheet

3.14. The changes in the Balance Sheet during 2017/18 are shown in the graph below (increases in assets or reductions in liabilities/reserves are positives and reductions in assets and increases in liabilities/reserves are negatives):

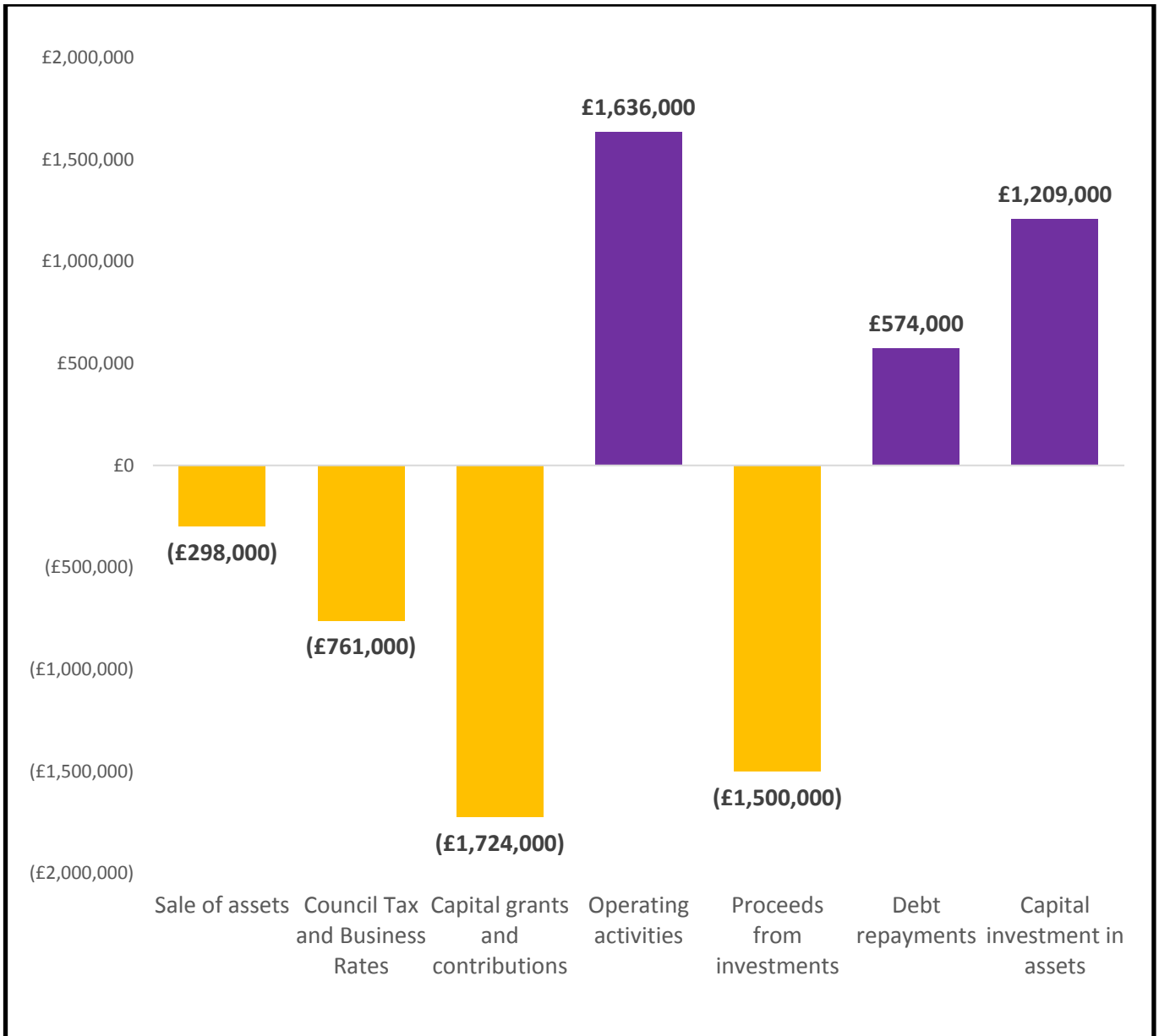


3.15. The increase in the 'bottom half' of the Balance Sheet (in amber and green) represented by reserves is **(£1,057,000)**. There is also a corresponding increase in net assets in the 'top half' of the Balance Sheet (in blue) of **£1,057,000**. The main reasons for these changes are detailed below:

- **Unusable Reserves** – These changes are explained in paragraph 3.13.
- **Usable Reserves** - These changes are explained in paragraph 3.13.
- **Long Term Liabilities** – the Pension liability has decreased by **£2,169,000** due to the Council making a prepayment of contributions.
- **Working Capital** – this includes both Current Assets such as debtors (amounts owed to the Council) and Current Liabilities such as creditors (amounts owed by the Council). During 2017/18 there has been a relatively small change of **(£257,000)** is related to a number of items.
- **Long Term Assets** – Property, Plant and Equipment has reduced by **(£1,112,000)** mainly as a result of the disposal of King Edward VI Leisure Centre offset partly by increases in the value of assets assessed by the External Valuer. The Council's Valuation approach is based on a rolling programme of valuations and professional judgement in line with Valuation guidance.

## The Cash Flow Statement

3.16. The Cash Flow Statement shows why the level of cash and cash equivalents has reduced during the financial year. The sources and use of **cash** (income is shown in gold as negatives and expenditure shown in purple as positives) that have resulted in an increase of **(£864,000)** in cash and cash equivalents are shown in the graph below:



3.17. The Cash Flow Statement shows that the Council has received **cash** income from:

- The sale of assets including receipt of the Council's share of Right to Buy receipts from Bromford from the previous financial year.
- Council Tax and Business Rate cash flows.
- Capital grants and contributions received such as Section 106 and Disabled Facilities Grant.
- A reduction in short term and long term investments.

3.18. This **cash** income has been used for:

- The repayment of external borrowing and finance leases.
- Capital investment in non-current assets including Friarsgate and the Information Technology programme.
- Day to day revenue operating activities.

<b>Alternative Options</b>	There are no alternative options.
<b>Consultation</b>	Leadership Team are consulted on the Statement of Accounts including detailed involvement in the content of the Narrative Report and the Annual Governance Statement. The Audit Committee was consulted and approved the Accounting Policies to be applied at its meeting on 22 March 2018 and approved the content of the Annual Governance Statement at its meeting on 9 May 2018.
<b>Financial Implications</b>	The Chief Financial Officer (Section 151 Officer) has the Statutory Responsibility for the production and certification of the Statement of Accounts.
<b>Contribution to the Delivery of the Strategic Plan</b>	The Statement of Accounts feeds into the Medium Term Financial Strategy enabling Members to monitor progress against the plan in a timely manner to ensure resources are allocated in line with priorities and ambitions of the Council.
<b>Equality, Diversity and Human Rights Implications</b>	The Statement of Accounts contains contact information for interested parties on page 130 in eight different languages. There are no Human Rights issues.
<b>Crime &amp; Safety Issues</b>	There are no Crime and Community Safety Issues.

	<b>Risk Description</b>	<b>How We Manage It</b>	<b>Severity of Risk (RYG)</b>
A	The Statement of Accounts is not completed in line with the Statutory requirement for certification and publication.	We have a detailed project plan. Tasks are accelerated each year and alternative approaches are adopted to ensure the unaudited Statement of Accounts are certified and available for inspection by 31 May.  The draft 2017/18 Statement of Accounts was completed and signed by the Head of Finance and Procurement on 31 May 2018.	Green (Tolerable)
B	The Statement of Accounts is not completed to the required quality, in line with Statutory and Accounting requirements or has a qualified opinion issued by the External Auditor	The Finance Team contains experienced qualified Accountants and Accounting Technicians who are required to undertake regular Continuing Professional Development in line with the requirements of their qualifications.  This training includes attendance at training and development related specifically to the production of the Statement of Accounts.	Green (Tolerable)

<b>Background documents</b> Statement of Accounts working papers 2017/18 The Accounts and Audit (England) Regulations CIPFA Code of Practice on Local Authority Accounting in the United Kingdom
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<b>Relevant web links</b> <a href="https://www.lichfielddc.gov.uk/Council/Financial-information/Our-statements-summaries-of-accounts.aspx">https://www.lichfielddc.gov.uk/Council/Financial-information/Our-statements-summaries-of-accounts.aspx</a>
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## APPENDIX A

Your ref  
Our ref DT  
Ask for Diane Tilley  
email Diane.tilley@lichfielddc.gov.uk

**District Council House, Frog Lane  
Lichfield WS13 6ZB**

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Grant Thornton UK LLP  
The Colmore Building  
20 Colmore Circus  
Birmingham, West Midlands  
B4 6AT

25 July 2018

Dear Sirs

Lichfield District Council

### Financial Statements for the year ended 31 March 2018

This representation letter is provided in connection with the audit of the financial statements of **Lichfield District Council** for the year ended 31 March 2018 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

#### Financial Statements

- i We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 ("the Code"); which give a true and fair view in accordance therewith.
- ii We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.  
The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iii We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- iv Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- v Except as disclosed in the financial statements:
  - a there are no unrecorded liabilities, actual or contingent
  - b none of the assets of the Council has been assigned, pledged or mortgaged
  - c there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- vi We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.



**Chief Executive**  
Diane Tilley BSc MRICS



- vii Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code.
- viii All events subsequent to the date of the financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.
- ix Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of the Code.
- x We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached. We have not adjusted the financial statements for those misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end.
- xii Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

### **Information Provided**

- xv We have provided you with:
  - a access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - b additional information that you have requested from us for the purpose of your audit; and
  - c unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.
- xvi We have communicated to you all deficiencies in internal control of which management is aware.
- xvii All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xix We have disclosed to you all our knowledge of fraud or suspected fraud affecting the Council involving:
  - a management;
  - b employees who have significant roles in internal control; or
  - c others where the fraud could have a material effect on the financial statements.



- xx We have disclosed to you all our knowledge of any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, regulators or others.
- xxi We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxii We have disclosed to you the identity of all the Council's related parties and all the related party relationships and transactions of which we are aware.
- xxiii We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

### **Annual Governance Statement**

- xxiv We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

### **Narrative Statement/Annual Report**

- xxv The disclosures within the Narrative Statement fairly reflect our understanding of the Council's financial and operating performance over the period covered by the financial statements.

### **Approval**

The approval of this letter of representation was minuted by the Audit (and Member Standards) Committee at its meeting on **25 July 2018**.

Yours faithfully

Councillor Martyn Tittley  
Chair of Audit (and Member Standards) Committee  
Date 25 July 2018

Diane Tilley  
Chief Executive  
Date 25 July 2018

Anthony Thomas  
Section 151 Officer  
Date 25 July 2018



# Audit Adjustments

## **Error identified in sample testing**

During sample testing of creditors, we identified an item of £9,850 which relates to 2018/19. This had been reversed out of the Council's 2017/18 expenditure by accruing for it as a prepayment. This resulted in the item being included in both Short Term Creditors and Short Term Debtors in the Council's Balance Sheet, when it should not have been included in the 2017/18 financial statements at all.

Our audit approach required us to extrapolate the results of this error across the relevant population and this confirmed that the projected error of £244k was well below our materiality level, and hence we were not required to do any additional testing.

## **Potential understatement of the Council's IAS19 liability**

As discussed on page 9, the Council outsourced the provision of leisure services during the 2017/18 year, resulting in a number of staff transferring to the new provider under TUPE. The Council have not included the IAS19 liability relating to these individuals in the draft financial statements, as management do not consider that the Council has any liability for individuals who are not employees of the Council.

At the time of writing this report we have yet to conclude our work in this area, but are satisfied that the impact of any potential error in the treatment of this liability would not be material. We will provide a verbal update the Audit and Member Standards Committee on this matter.

# Statement of Accounts 2017/18

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If you have any comments on this **Statement of Accounts 2017/18** or would like any further information please contact:

Finance and Procurement  
Lichfield District Council  
Council House  
Frog Lane  
Lichfield  
Staffordshire  
WS13 6YY

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

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

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# 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, the Chief Finance Officer (CFO) is the Head of Finance and Procurement with the responsibility:

- 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 CFO Responsibilities

The 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 2018.

In preparing this Statement of Accounts, the 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 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 CFO

I certify that this Statement of Accounts gives a 'true and fair' view of the financial position of the Council at 31 March 2018 and its income and expenditure for the year.

*This is an electronic copy without an electronic signature. The original was signed on 25 July 2018 and a copy can be obtained from the address on page 2.*

**Anthony Thomas, CPFA, MAAT**  
**Head of Finance and Procurement (Section 151)**

The Statement of Accounts for 2017/18 has been approved by Audit (and Member Standards) Committee on 25 July 2018. The Audit Findings Report was reported to Audit (and Member Standards) Committee on 25 July 2018.

**Chair of Audit (and Member Standards) Committee Date: 25 July 2018**

# Narrative Report

## Introduction

The Statement of Accounts for the year ended 31 March 2018, has been prepared in accordance with the requirements of the Accounts and Audit Regulations 2015. The format reflects the requirements of the Code of Practice in Local Authority Accounting in the United Kingdom 2017/18. This is supported by the International Financial Reporting Standards (IFRS). The Statement of Accounts therefore aims to provide information so that for the 2017/18 financial year, members of the public, including electors and residents of Lichfield District, Council Members, partners, stakeholders and other interested parties can:

- See the performance of the Council including progress against its strategic objectives;
- Understand the overarching financial position of the Council;
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner; and
- Have sight of the progress made in monitoring the key risks faced by the Council.

This **Narrative Report** is structured as follows:

- An Introduction to Lichfield District;
- An Introduction to Lichfield District Council;
- A Summary of the Performance of Lichfield District Council in 2017/18;
- A Summary of the Financial Performance of Lichfield District Council in 2017/18;
- A Summary of the Principal Risks and Uncertainties Facing Lichfield District Council;
- Explanation of the Financial Statements.

## An Introduction to Lichfield District

Lichfield District is located in south-east Staffordshire and borders the West Midlands Conurbation. The District comprises the two principal settlements of Lichfield City and Burntwood Town. The District also comprises many villages set within a varied and attractive rural area.

Lichfield City is a compact city surrounded by Green Belt and open countryside, which is nationally significant particularly due to its unique three-spired Cathedral, and as the birthplace of Doctor Samuel Johnson. It has a wealth of listed buildings, designated Conservation Areas, and other key heritage assets including Beacon Park and the Heritage Centre. Lichfield City centre is particularly important because of its quality built environment in which much of the trade and tourism of the District takes place.

The settlement of Burntwood has evolved from its historic origins as a series of smaller mining communities which have combined over time. Burntwood is set within the Green Belt and is in close proximity to areas of high environmental significance both ecologically and physically – Cannock Chase Area of Outstanding Natural Beauty (AONB) to the north and Chasewater Country Park to the east.

## NARRATIVE REPORT

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The rural parts of the District vary in their character and function. The south, south-western and south-eastern part is Green Belt, which separates the District from the West Midlands Conurbation, although one community, Little Aston, adjoins the boundary with Birmingham to the south, and another, Fazeley, is closely linked to Tamworth to the east. The southern rural areas are bisected by major road networks (A38, A5 and the M6 Toll), the West Coast Mainline and the Lichfield to Birmingham rail line, and hence villages served by these routes – in particular Shenstone – tend to have very strong commuter links to surrounding conurbations. The Green Belt character is varied, comprising farmland, historic estates, wood and heath land, canals and rivers.

Tourism is a significant part of the local economy based on the heritage, character and environment of the area, with Lichfield City being a particular focal point. There are a number of important visitor attractions within the District. These include Drayton Manor Park, which lies in the Green Belt on the edge of Fazeley, the developing attraction of the National Memorial Arboretum, the sub-regional attraction of Chasewater Country Park and the Cannock Chase AONB.

On average the District is prosperous and ranks well within the indices of deprivation (although there are areas where deprivation exists). The District performs well at all levels of education with pupils achieving above the national average. Lichfield has lower than the national average levels of unemployment. It has a growing population with a higher proportion of older people than the national average.

It is an attractive location for people to live and as such has been a significant destination for migrants from the West Midlands conurbation and other nearby towns. The availability of jobs, the history of inward migration to the District, and good road connections have increased accessibility and raised the profile of the District as an area for business investment.

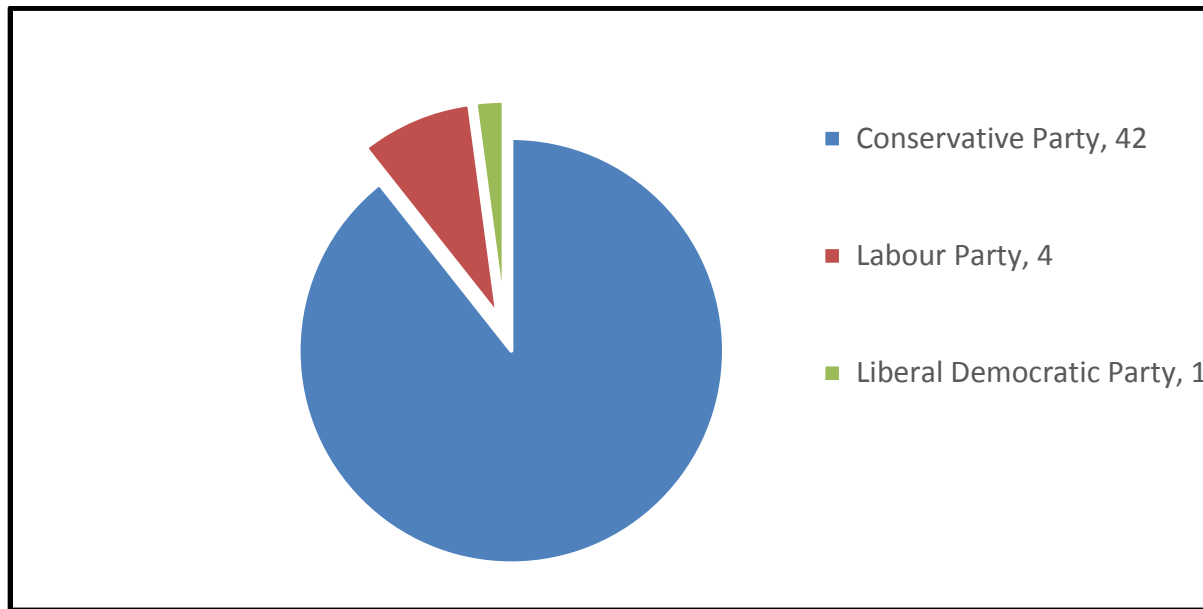
The Halifax Quality of Life Survey voted Lichfield District as one of the UK's best places to live in the country. Lichfield was number 30 in a list of the top 50 areas based on residents' health and life expectancy, employment and earnings, and personal well-being.



## NARRATIVE REPORT

### An Introduction to Lichfield District Council

Lichfield District Council was formed in 1974, from Lichfield City Council and Lichfield Rural District Council. The Council has **26** wards, with **47** elected Members. The political composition of seats is as follows:



The policies of the Council are directed by Cabinet and Council and implemented by the Leadership Team (comprising a Chief Executive, two Directors, an Assistant Chief Executive and eight Heads of Service), supported by officers. The Council currently employs approximately **308** people of which **90%** are permanent and the remainder temporary employees.

The Council operates in what is referred to as a 'two-tier' local government structure where services such as education, social care, children's services, highways, libraries and trading standards are delivered by a county council, in this instance, Staffordshire County Council. There are also 25 parish, city and town councils across the District which also deliver services to the community.

Lichfield District Council provides services to a population of about 102,000 people. These services include:

- *Collecting waste and recycling and keeping streets free of litter, including removal of abandoned vehicles and fly tipped waste*
- *Maintaining parks and open spaces*
- *Collecting council tax and business rates*
- *Administering housing benefit and council tax support*
- *Managing car parks*
- *Monitoring CCTV*
- *Providing and managing public toilets*
- *Dealing with planning applications and providing building control*
- *Compiling and maintaining the electoral register and administering elections*
- *Providing advice on environmental health*
- *Inspecting food and drink premises to make sure they are safe and hygienic*

## NARRATIVE REPORT

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- *Providing support for people who are homeless, and home adaptations to help people live independently*
- *Providing a tourist information service, support to arts and culture, events and festivals, and promoting tourism*
- *Working in partnership to promote community safety*
- *Carrying out conservation and wildlife management at protected sites*
- *Encouraging economic regeneration and creating plans for the future development of the District, for example the Local Plan*
- *Providing support and guidance to businesses*

The Council also delivers a range of internal services that support these operational functions. These internal services include: customer services; human resources; IT services, communications; data protection; financial services; debt recovery; legal and democratic services; insurance services; equalities; complaints and MP enquiries; mapping services.

During 2017/18, following a lengthy procurement process, it was decided to outsource the operational delivery of our leisure centres both in Burntwood and Lichfield. Outsourcing is a tried and tested model throughout the UK - within Staffordshire three other districts currently outsource their services.

The operator selected after the procurement process was Freedom Leisure a not for profit company formed in 2002, and which currently operate **75** leisure centres at various locations within the UK. As a large company, Freedom will be able to bring a robust regional and national network with innovative customer engagement mechanisms, corporate buying power, established relationships with sport/health professionals and National Governing Bodies of Sport.

It is the role of the Council to work with Freedom to ensure that all incoming benefits are utilised effectively to ensure a geographical spread of opportunity throughout the District and ultimately to improve health and wellbeing. Freedom will use a wide range of interventions to engage and consult with the community driving services closer to the customer.

The aim of the outsourcing is to maximise the opportunity for people to lead healthy lives and to have access to opportunities to exercise, as well as being financially sustainable, with targets set for increased participation across our whole demography.

The contract with Freedom will be monitored both operationally and financially by the Leisure Implementation Panel that was originally formed to oversee the transition from Council managed to operational handover to Freedom which took place on 1 February 2018.

### The Council's Performance

For 2017/18, the Council had a **Strategic Plan** that covers the period 2016-20, and which was approved by Full Council on 23 February 2016. This Plan sets the Council's vision for the District and the priorities it will focus on between 2016 and 2020. The plan was developed with the input of councillors, residents, partners and staff. It summarises what we will do, sets out where we will seek to influence other organisations, and suggests how communities can help to make sure our District has:

- **A vibrant and prosperous economy**
  - We will work to support and strengthen our local economy, with high employment, good local jobs, growing visitor numbers and thriving local businesses
  - We want people to be able to live and work locally and have the choice of great jobs and training opportunities, from apprenticeships through to high-skilled senior roles, so that they can fulfil their potential
  - We want our town and city centres and rural areas to be thriving and sustainable, and we want new businesses to start up, innovate and succeed.
  
- **Healthy and safe communities**
  - We want local people to have access to opportunities to be active and live healthy, fulfilled lives
  - We want to prevent social isolation and loneliness, particularly in older members of our community
  - We want our communities to be even safer and for people to be less worried about crime and anti-social behaviour
  - We want to encourage and support people to volunteer and help shape their communities, and be an active part of local life.
  
- **Clean, green and welcoming places to live**
  - We want to create great communities where people want to and can afford to live
  - We want a good balance of homes, including enough affordable homes, and we want the right mix and quantity of office, retail and manufacturing spaces
  - We want to protect our stunning heritage and make sure our green spaces, streets and public areas are looked after and well managed.

The Strategic Plan for 2016-20, not only sets out the long term strategic direction of travel for the Council over the next four years, but also provides the context for the plans and targets for each financial year so that the budget can be aligned accordingly.

The annual plans and targets are set out each year as an **Annual Action Plan** or '**Corporate Top 10**', which shows the top 10 activities that the Council will be focussing on during the next financial year in order to deliver the commitments set out in the Strategic Plan. For 2017/18 this was approved by Full Council in February 2017.

The Annual Action Plan is performance-managed in line with the Corporate Performance Management Framework. Update reports on the 2017/18 Action Plan are presented to Cabinet in January for the mid-year outturn and July for the end of year outturn. These reports also include

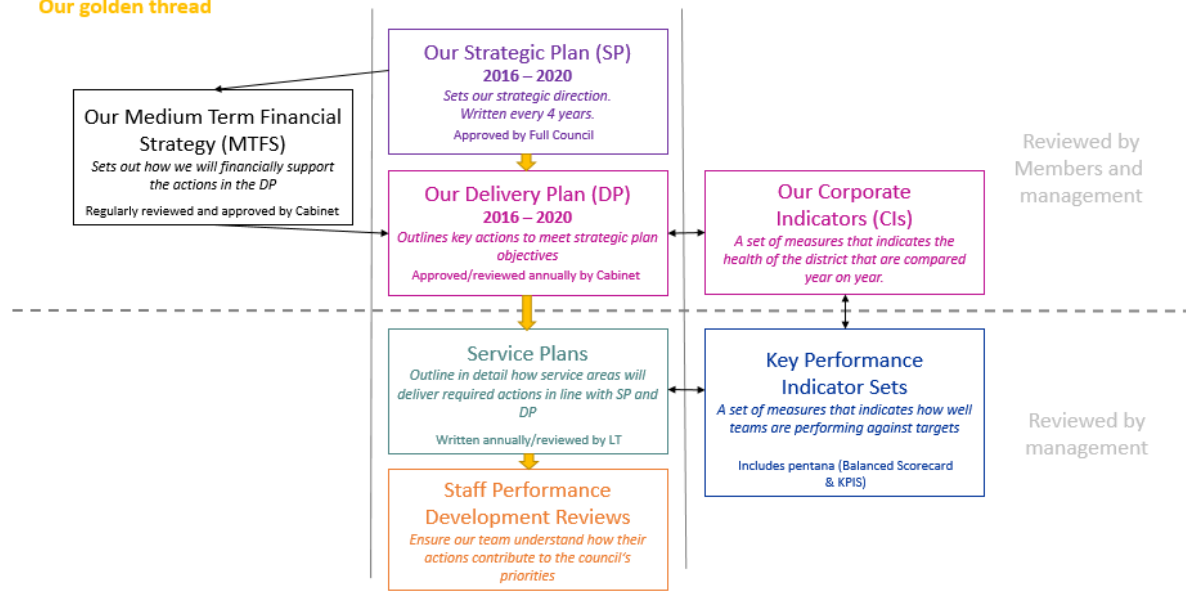
## NARRATIVE REPORT

activity and performance indicators to enable Members to track performance across the range of statutory and discretionary services which the Council provides.

The process has been reviewed and updated during 2017/18 so that for 2018/19 a Delivery plan will be monitored to ensure the outcomes from our Strategic Plan 2016 to 2020 are achieved. Details of this will be discussed at Cabinet in June 2018, and the proposed process can be seen below:

### How our performance is managed

Our golden thread



The full year outcomes for the 2017/18 **Corporate Top 10** are highlighted below:

## VIBRANT AND PROSPEROUS ECONOMY

### 1. Develop Lichfield City and Burntwood Town Centres

Action	Progress
<b>Start on site with Friarsgate by the end of 2017</b>	As the developer was unable to meet the milestones within the Development Agreement by the 30 June 2018 deadline, the Council has served notice to terminate the Development Agreement.
<b>Planning application considered for Burntwood Town centre development by June 2017</b>	Resolution to grant planning permission made for Burntwood Town centre site in April 2017. Section 106 agreement signed and permission formally granted in January 2018.
<b>Implement City Centre Development Strategy including:</b>	

## NARRATIVE REPORT

<ul style="list-style-type: none"> <li>- <b>Re-integration of the tourist information centre (TIC) into St Mary's Heritage Centre</b></li> </ul>	<p>Agreement reached with Staffordshire County Council (SCC) for TIC to be re-incorporated into St Mary's Heritage Centre on completion of refurbishment works. Works on-going with a move in date of late summer 2018. The sub lease is expected to be completed in 2018.</p>
<ul style="list-style-type: none"> <li>- <b>Planning application determined for new coach park by June 2017</b></li> </ul>	<p>Planning permission granted in March 2017.</p>
<ul style="list-style-type: none"> <li>- <b>Submit bid for restoration of Stowe Pool to Heritage Lottery Fund (HLF) by June 2017</b></li> </ul>	<p>Bid submission delayed until 2018.</p>

## 2. Encourage Job Creation Throughout the District

Action	Progress
<p><b>Support the development of commercial sites at Liberty Park, Wall Island and Fradley Park</b></p>	<p>The Council continues to work with developers/owners on these three sites.</p> <p>At <b>Liberty Park</b>, a revised application for Phase 1 was received in May 2018.</p> <p>At <b>Wall Island</b>, Phase II reserved matters granted in February 2018. Amendments to Phase I (retrospective approval for car parking) approved in December 2017.</p> <p>At <b>Fradley Park</b>, planning permission for Prologis Phase II granted in December 2017 and for land off Wood End Lane in January 2018.</p>
<p><b>Review major employment allocations to facilitate development by March 2018</b></p>	<p><b>Fradley Park</b> – new website promoting development opportunities is now live with two development plots and an industrial unit available.</p> <p><b>Prologis Park, Fradley</b> – two units are now occupied by Screwfix and Anixter with one development site still available.</p> <p><b>Imperial Retail Park, Eastern Avenue</b> – work has begun to redevelop the site and establish a new retail park. The scheme is anchored by Lidl and Costa, with the site being capable of housing up to four retailers.</p> <p><b>Lichfield South Business Park, Wall Island</b> – phase 3 of the current business park is being created with reserved matters for a research and innovation centre.</p>

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	<b>Former Olaf Johnson site, Burntwood</b> – work has begun which will comprise a minimum of nine units with additional parking.
<b>Identify and remove barriers to site assembly at Burntwood to facilitate town centre development</b>	The Council, SCC and developer are jointly fund costs of completing land assembly to facilitate development. Preparation works on site.
<b>Bring forward the Cricket Lane, Lichfield employment allocation</b>	Pre-application discussions are ongoing for a planning application for a mixed-use scheme of housing and employment. Application expected in summer 2018.

## HEALTHY AND SAFE COMMUNITIES

### 3. Ensure a Safe, Warm and Accessible Housing Stock

Action	Progress
<b>95 Disabled Facilities Grant (DFG) adaptations completed to allow residents to remain in their own homes</b>	<b>102</b> adaptations have been completed during 2017/18.
<b>Countywide review of adaptations completed by March 2018</b>	The contract for the delivery of adaptations across Staffordshire has been awarded to Millbrook Healthcare Ltd, starting from 1 April 2018.

### 4. Prevent Cases of Homelessness

Action	Progress
<b>200 cases of at-risk of homelessness prevented from becoming homeless</b>	<b>202</b> successful interventions preventing immediate risk of homelessness have been undertaken during 2017/18. <b>136</b> were completed by the Council with a further <b>66</b> by Citizens Advice South East Staffordshire (CASES) on our behalf.

## NARRATIVE REPORT

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### 5. Promote a More Active District

Action	Progress
<p><b>Delivery of actions within the Physical Activity and Sport Strategy (PASS) to include:</b></p> <ul style="list-style-type: none"> <li>- <b>Adoption of a new Joint Use Agreement at Friary Grange Leisure Centre (September 2017)</b></li> <li>- <b>The transfer of the management and operation of two leisure centres to a leisure operator (January 2018)</b></li> </ul>	<p>The Management Committee has been reinstated to work more collaboratively on the management, maintenance and operation of Friary Grange.</p> <p>Leisure centres and associated product outsourced to Freedom Leisure on 1 February 2018. The Council is now working with Freedom Leisure on contract and partnership development with a focus on health and wellbeing.</p>

## CLEAN, GREEN AND WELCOMING PLACES TO LIVE

### 6. Implement the Local Plan and Promote Housing Growth

Action	Progress
<b>Planning permission granted for 1,300 homes</b>	Planning permission granted for <b>416</b> homes. The 'call in' and associated delay in determining Arkall Farm has removed 1,000 homes from this year's predicted supply, though a decision on 'call-in' is expected shortly which could re-confirm supply.
<b>At least 633 homes built in accordance with the five year housing land supply trajectory for 2017/18</b>	<b>648</b> homes completed ( <b>102%</b> ).
<b>At least 158 affordable homes built in accordance with the targets of the Local Plan</b>	<b>135</b> affordable homes completed ( <b>85%</b> ).
<b>Strategic Housing Sites Plan reviewed by March 2018</b>	Barriers to Growth monitoring tool adopted and being used to inform progress on development of strategic housing sites.
<b>Adoption of Site Allocations Plan by March 2018</b>	Consultation completed. Officers assessing responses with a report to Cabinet in May 2018.

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### 7. Mitigate the Effects on Local Communities and the Environment of the Government's High Speed (HS2) Proposals

Action	Progress
Phase 1 – commence considering and determining applications and environmental health consents in line with qualifying authority status	First schedule 61 COPA (pollution control) application given consent in January 2018. No complaints have arisen as a result of the works involved. All planning approvals determined within the statutory time-frame.
Phase 2 – ensure timely and meaningful responses to consultations on draft Environmental Impact Assessment and route design refinement	Petition formally lodged to Phase 2a Hybrid Bill and negotiations commenced with HS2 in advance of planned appearance at Select Committee to seek to address points raised.

## A COUNCIL THAT IS FIT FOR THE FUTURE

### 8. Implement the Fit for the Future Programme and Outcomes of the Corporate Council Review

Action	Progress
<p>Delivery plan implemented for the following reviews:</p> <ul style="list-style-type: none"> <li>- Revenues and Benefits</li> </ul>	<p>Actions implemented include:</p> <ul style="list-style-type: none"> <li>- Introduction of landlords' portal</li> <li>- Training of front line staff to enable more requests for service to be completed at the first point of contact</li> <li>- Procurement of revenues and benefits forms package to enable enhanced consumer experience</li> <li>- New team structure agreed, consultation period completed and new structure partly implemented</li> <li>- Benefits claim forms were made available on line to customers in March 2018.</li> </ul>
<ul style="list-style-type: none"> <li>- Economic Development</li> </ul>	<p><b>Highlights by theme:</b></p> <p><b>Place</b> (in addition to the highlights described elsewhere):</p> <ul style="list-style-type: none"> <li>- Lichfield BID has placed four footfall counters around Lichfield City, hosting events throughout the year, provide a networking opportunity for businesses and introduced a Joint Procurement Scheme to source and manage</li> </ul>



## NARRATIVE REPORT

	<p>contracts for individual businesses, saving BID members money</p> <ul style="list-style-type: none"> <li>- <b>95.4%</b> of premises within Lichfield District have access to UK superfast broadband (&gt;24Mbps).</li> </ul> <p><b>Business:</b></p> <ul style="list-style-type: none"> <li>- Business support clinics have taken place within Lichfield District in partnership with the two Growth Hubs covering the area</li> <li>- As part of Tamworth and Lichfield for Business, there were <b>199</b> attendees at the Tamworth and Lichfield Business Show in November 2017</li> <li>- Work is currently taking place on gathering further data on the local business population covering both local authorities, Tamworth and Lichfield, with a business survey being undertaken later this year</li> <li>- <b>9</b> Lichfield District businesses have been approved for the Business Growth Programme, creating <b>27</b> jobs</li> <li>- <b>63</b> business enquiries have been received since the end of August 2017.</li> </ul> <p><b>People:</b></p> <ul style="list-style-type: none"> <li>- <b>169</b> businesses or individuals have enquired regarding the Enterprise for Success programme, creating <b>16</b> jobs</li> <li>- The Higher Level Skills Match programme has launched covering Lichfield District providing local SMEs with graduate level skills development, recruitment and advice services.</li> </ul>
<p><b>Complete and implement new arrangements for Scrutiny</b></p>	<p>Council agreed in May 2017 to maintain four committees and terms of reference for co-ordinating group and task groups were strengthened and more regularly used.</p>
<p><b>Prepare and adopt new People Strategy by March 2018 including the adoption of new:</b></p> <ul style="list-style-type: none"> <li>- Flexible working policy</li> <li>- Car parking policy</li> </ul>	<p>People Strategy is being prepared in consultation with Leadership Team, for formal adoption later this year.</p>
<p><b>Consider and agree future use of Council House by March 2018</b></p>	<p>A bid for funding for the exploratory works for the Lichfield Hub concept was submitted to Government's One Public Estate programme, but this was unsuccessful. The project's key partners, including the District and SCC, are continuing with the project and have allocated a budget to allow these works and studies to be progressed.</p>

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9. a – Ensure Revenue and Capital Budgets are Managed Efficiently and Effectively  
 b – Reduce Dependence of the Revenue Budget on Income from Government Grant  
 c – Implement the Four Strands of the Efficiency Plan 2016-20

Action	Progress
<b>2016/17 Accounts audited and unqualified by July 2017</b>	We received an unqualified opinion on 26 September 2017 and this was reported to Audit (and Member Standards) Committee.
<b>Outturn at 31 March 2018 to be +/-£250,000 of the original revenue budget</b>	The Net Cost of Services outturn at <b>£10,162,512</b> was <b>(£72,288)</b> below the Approved Budget.
<b>Maintain collection rates of Council Tax and Non-domestic Rates of at least 98.5%</b>	Collection related to the 2017/18 financial year: Council Tax: <b>98.8%</b> Business Rates: <b>98.96%</b>  Collection related to all financial years: Council Tax: <b>97.50%</b> Business Rates: <b>98.60%</b>
<b>Adopt and implement commercialisation strategy by November 2017</b>	Commercialisation was repositioned within the refreshed Fit for the Future programme as a key cross-cutting strand. The refreshed programme was communicated in September 2017, scoped in November 2017, and formally launched in April 2018. The commercialisation strategy has been replaced by a Property Investment Strategy which was approved in November 2017.

## NARRATIVE REPORT

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### 10. Encourage More Customers to use Digital Means to Interact with the Council

Action	Progress
<b>Adopt, by May 2017, and implement innovation/channel shift/digitisation programme</b>	Innovation/channel shift/digitisation programme being implemented with the following delivered: <ul style="list-style-type: none"> <li>- Single customer account with online forms and new CRM</li> <li>- Benefits forms now online</li> <li>- Revenue online forms in testing</li> <li>- Committee services system introduced in January 2018</li> <li>- Line of business system for Regulatory Services identified.</li> </ul>
<b>More transactions completed online by customers</b>	New online opportunities provided through landlord portal and leisure centre bookings.  Garden waste subscriptions and other waste processes available online. <b>79%</b> of garden waste subscriptions had been completed online.
<b>More processes completed with fewer interventions by staff</b>	<b>6</b> processes for Joint Waste and <b>4</b> for Benefits (including the landlord portal) are now fully automated.
<b>Reduced number of telephone and face to face calls to the Council</b>	During the year there were <b>136,789</b> telephone calls and <b>23,448</b> face to face visits compared with <b>113,746</b> and <b>21,743</b> respectively. The increase coincides with the go-live of the garden waste subscription service and the bad weather that affected waste collections.

### Financial Performance

#### The Economic Climate and its Impact on Lichfield District Council

For the last few years, Lichfield District Council has faced significant financial challenges due to reductions in funding from Central Government, cost pressures within services and greater volatility in financing. The process is ongoing, will last until at least 2020/21 and will be continuously reviewed as the Council develops a stronger understanding of the challenges it faces. These challenges are due largely to the significant changes in local government funding:

- **New Homes Bonus** - the Local Government Finance Settlement for 2017/18 introduced a number of changes to the New Homes Bonus regime following the consultation with the aim of identifying savings “of at least £800m” for Social Care. The changes are detailed below:
  - Payments will be reduced from six years to four in 2018/19.
  - A National baseline (deadweight) for growth of **0.4%**. Only growth in excess of the baseline will attract New Homes Bonus. The Government has also reserved the right to alter the level in the event of significant or unforeseen housing growth.

The Local Government Finance Settlement consultation for 2018/19 introduced the prospect of further changes to the regime based on measures linked to planning effectively. These potential measures relate to withholding bonus from houses granted on appeal and linking bonus to the housing delivery test or the standard approach to housing need. The Provisional Local Government Settlement indicated that there would be no change to the baseline, and the planning effectively measures would also not be implemented in 2018/19.

- **Retained Business Rates** - there have been a number of consultations on the proposed new system and it now looks increasingly likely that the reset of the baselines to reflect need will occur in 2020/21 (rather than 2019/20 as previously thought). This means that a higher share of Business Rate growth can be included in the Medium Term Financial Strategy (MTFS) for 2019/20.

In 2018/19 the projection indicates the Council’s share of Business Rates Growth will be growth of **(£500,000)** above the baseline and this level is also assumed for 2019/20. However, from 2020/21 to reflect the Fair Funding Review, this growth has been reduced to **(£100,000)** per year.

- **Revenue Support Grant (RSG)** - for 2018/19 this has been reduced to **£0**. It will become negative in 2019/20 with the introduction of a tariff. This adjustment reflects the Government’s new approach in determining RSG allocations. This approach now takes into account the amount that can be raised locally through Council Tax. In practice this means that councils such as Lichfield which have a higher tax base, that is more properties above the average Band D, will have less RSG. The Government has announced that a consultation on the tariff adjustment or negative RSG will take place in 2018.

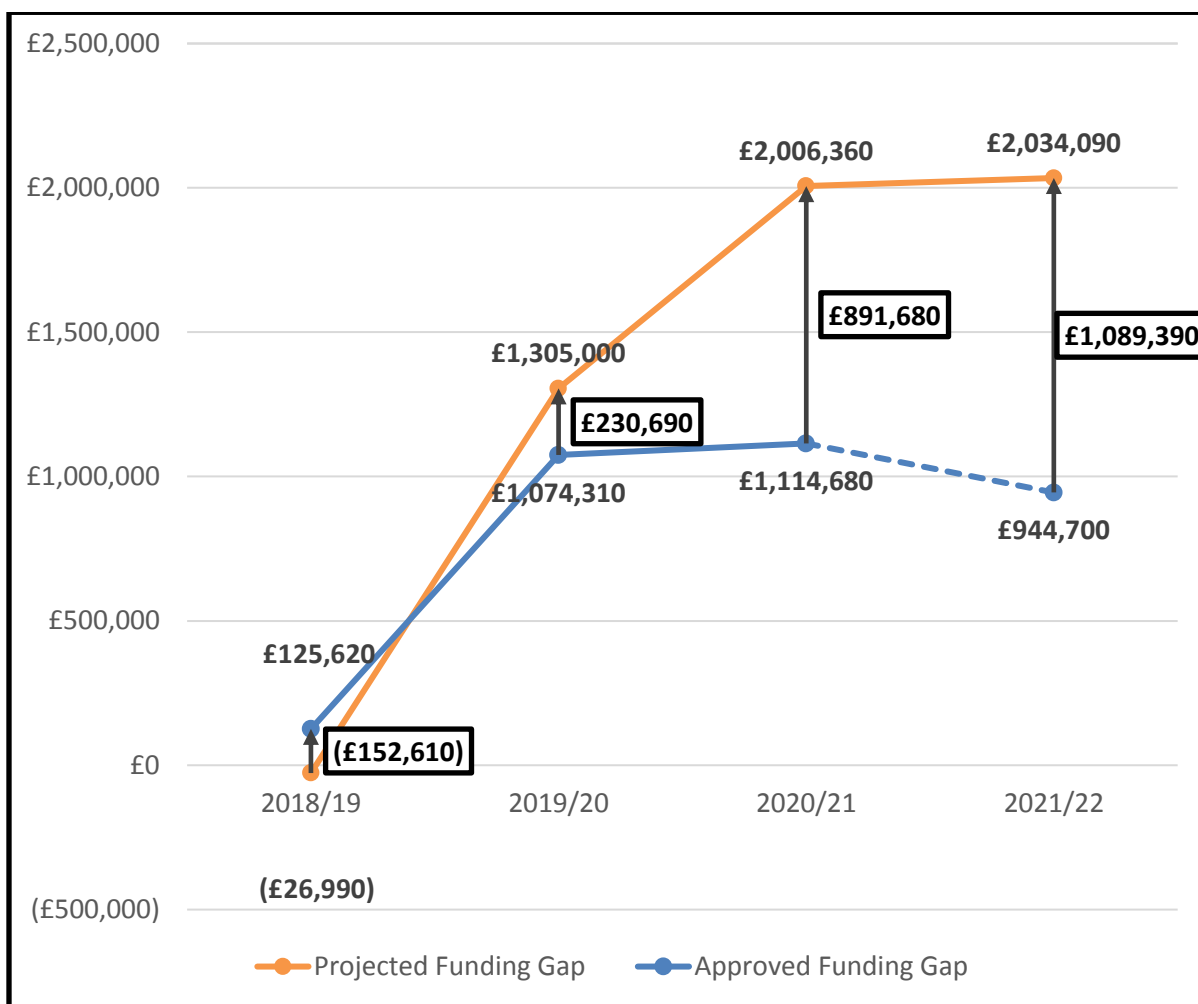
To provide an element of certainty for RSG and Transition Grant, the Council accepted the Government’s invitation to be part of a four year settlement covering the years 2016/17 to 2019/20.

As part of this multi-year settlement process, the Council was required to develop and publish an Efficiency Plan. This Plan sets out the Council’s approach to identifying the savings highlighted in the MTFS. This Plan includes three strands:

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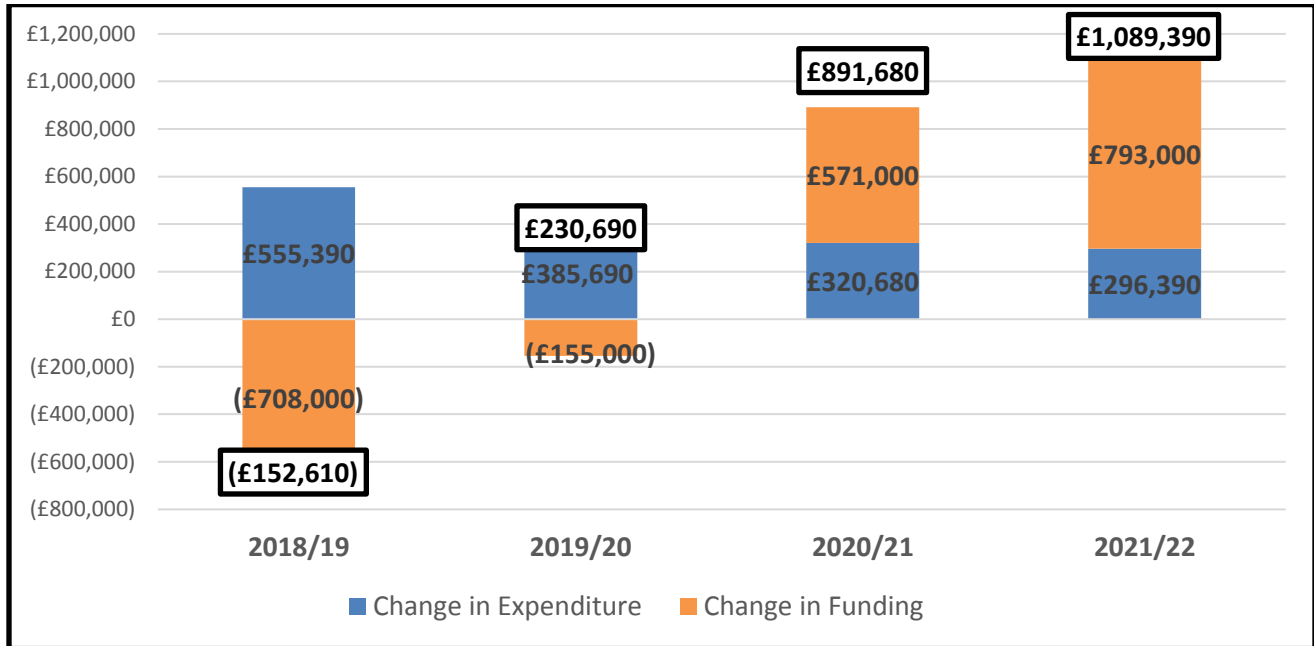
- In Year Efficiency Savings/Income Generation** – this is in recognition of the Council’s favourable financial performance over the last three financial years, in comparison with the Approved Budget.
- Fit for the Future (F4F) Efficiency Savings/Income Generation** – this is part of the Council’s ongoing F4F programme. This programme is designed to manage the change that will be needed across the Council and its services in order to meet all of the changes following the fundamental review of Local Government finances.
- Growing the Business Rates and Council Tax Base** – the Council will seek to maximise the growth of both these in order to increase the income from these funding sources. This will help to enable the Council to become financially self-sufficient over the medium term.

The projected Funding Gap compared to the Approved Funding Gap (taking account of Approved changes during 2017/18) plus a further projection for 2021/22 is shown in the graph below:

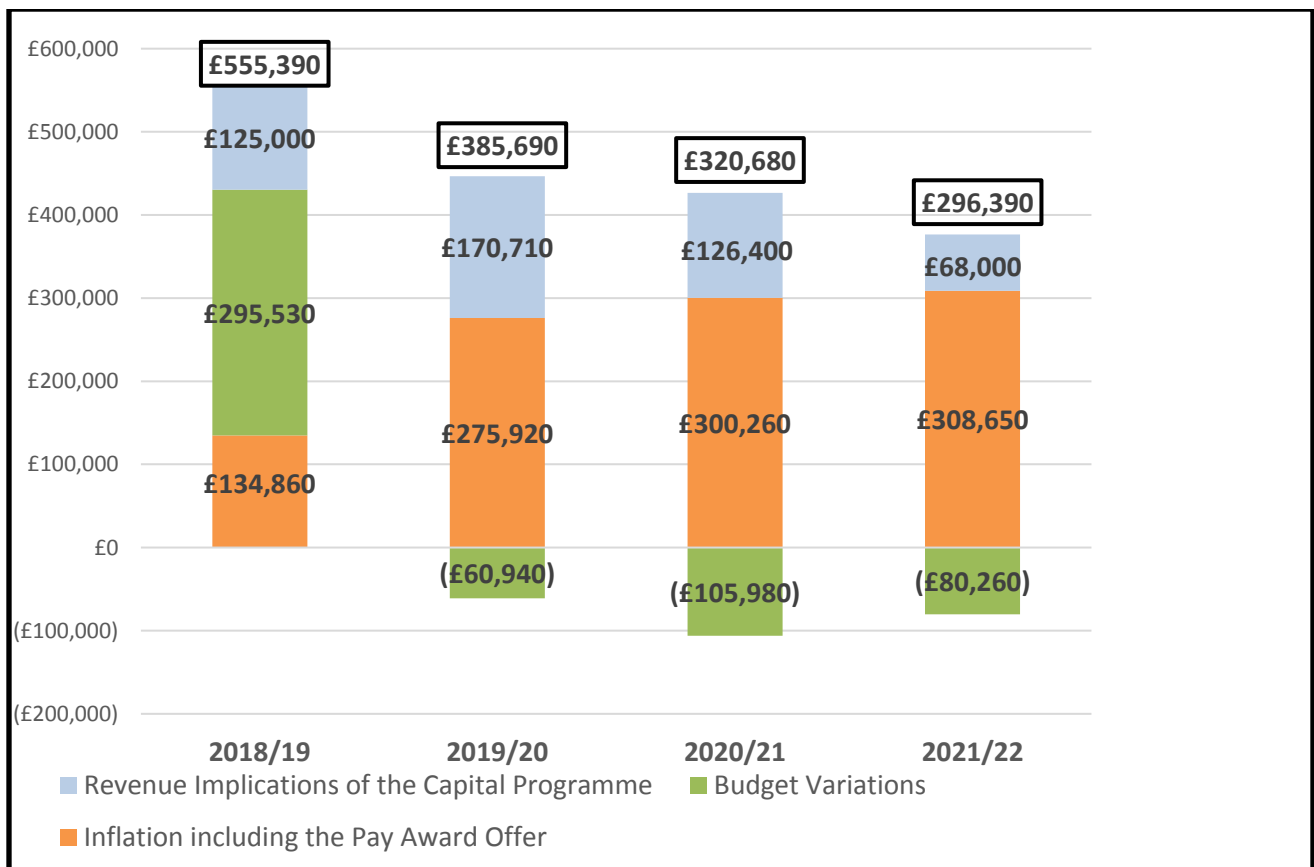


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There has been an increase in the size of the projected Funding Gap in 2020/21 and 2021/22 and this is as a result of increases in expenditure and changes in funding as summarised in the graph below:



The key reasons for the increase in expenditure compared to the Approved MTFS are explained in the chart below:



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These increases in expenditure are explained in more detail below:

### **Inflation - The 2 Year Pay Award Offer and Other Items**

- On 5 December 2017 the National Employers made a final pay offer covering the period 1 April 2018 to 31 March 2020.
- The measures included in the pay offer accommodate the future National Living Wage and redefine the pay spine accordingly from 2019.
- In year 1 from 1 April 2018 the offer includes bottom loading on scale points 6 to 19 and then a flat rate increase of **2%** on scale points 20 and above.
- In year 2 from April 2019 the offer involves changes in scale points to introduce new scale points 1 to 22 to deal with compacting differentials and then a flat rate increase of **2%** for the new scale point 23 and above.
- We have continued to include a pay award of **1%** for the remaining financial years of the Medium Term Financial Strategy. This is subject to change although as a rough guide a **1%** pay increase equates to circa **£100,000** in additional costs each year.
- No inflation is added to other budgets unless there is a contractual requirement.

### **Budget Variations**

- **Changes to Pay** – these are a combination of changes resulting from the Personal Assistants review and the Management Restructure (such as officers not being appointed at the top of the grade).
- **Local Plan** – these are budget pressures related to the Local Plan allocations and review of **£90,000** in 2018/19 and **£80,000** in 2019/20 in excess of the earmarked reserve.
- **Reduction in income** – this is a combination of reduced Community Infrastructure Levy income in 2018/19 of **£33,000**, projected reduced Department of Works and Pensions grant in 2020/21 of **£20,000** and in 2021/22 of a further **£20,000**, the ceasing of card surcharges of **£7,000** and the reduction in SLA income from the Garrick for ICT Services of **£39,970**.
- **Reduction in expenditure** – this reflects the approved reduction in the Garrick subsidy of **(£60,000)** from **£310,000** to **£250,000** from 2018/19 and the achievement of the **(£50,000)** Fit for the Future target for Revenues and Benefits (further savings were included as part of the management restructuring).
- **Other** – including **£250,000** in 2018/19 to enable the facilitation and development of commercialisation and transformation projects requiring initial investment (that may be repaid from savings or additional income). In addition there are other relatively small changes in expenditure and income budgets including an increase in investment income as a result of the recent interest rate increase.

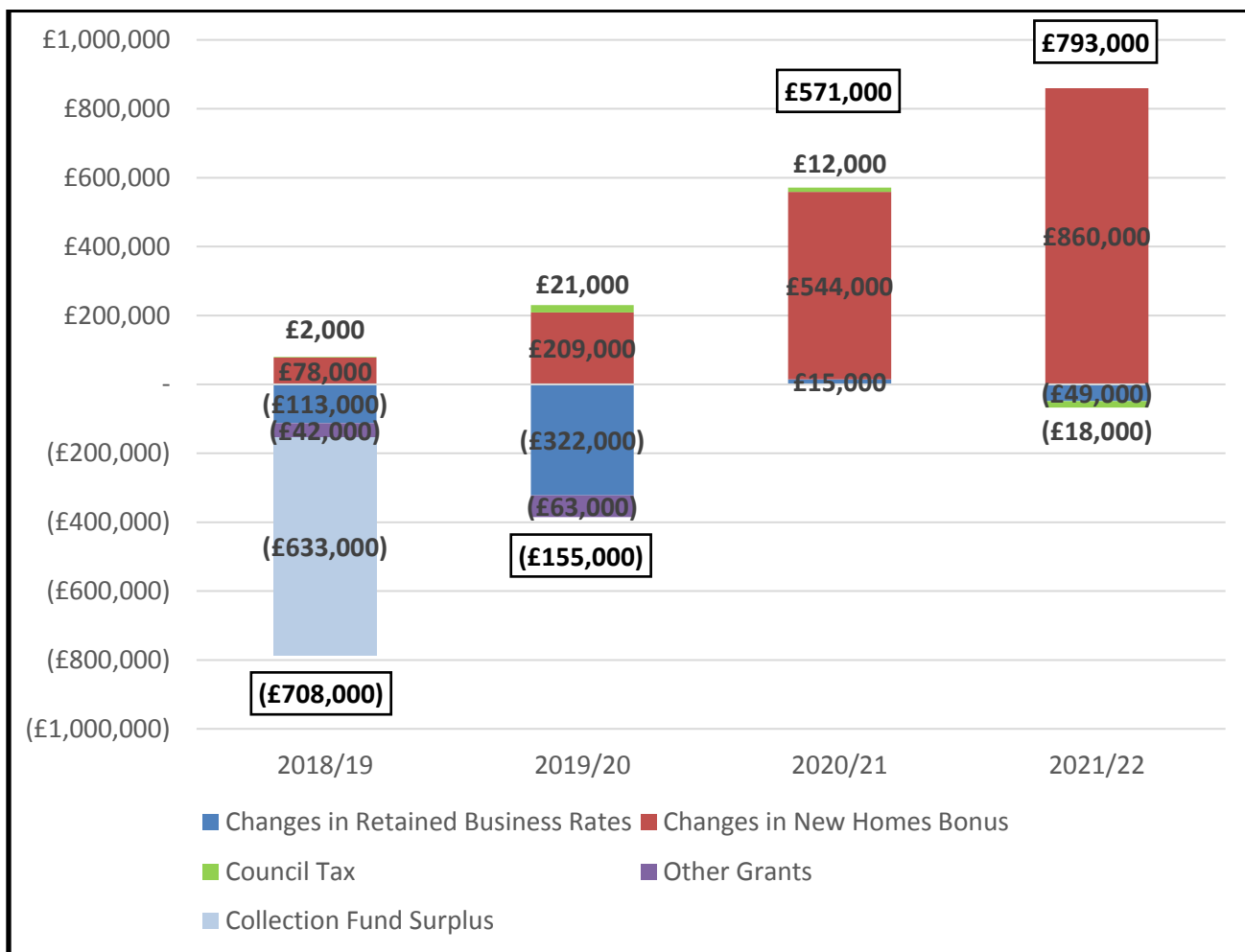
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### Revenue Implications of the Capital Programme

- These now only include the revenue implications related to the Friarsgate Report to Cabinet on 5 December 2017 and updated projections for the Property Investment Strategy.
- In terms of the Property Investment Strategy, in the early years of 2018/19 and 2019/20 where management costs and borrowing repayments exceed income, the net cost has been included in the Draft Medium Term Financial Strategy. In later years, from 2020/21 onwards where income exceeds costs, it is assumed income equals costs and therefore no surplus is currently included.

### Changes in Funding

The key reasons for the change in funding compared to the Approved MTFs are explained in the chart below:



The Council will need to make significant levels of savings or achieve additional income to close the Funding Gap by 2020/21.



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### The Medium Term Financial Strategy and Monitoring Financial Performance

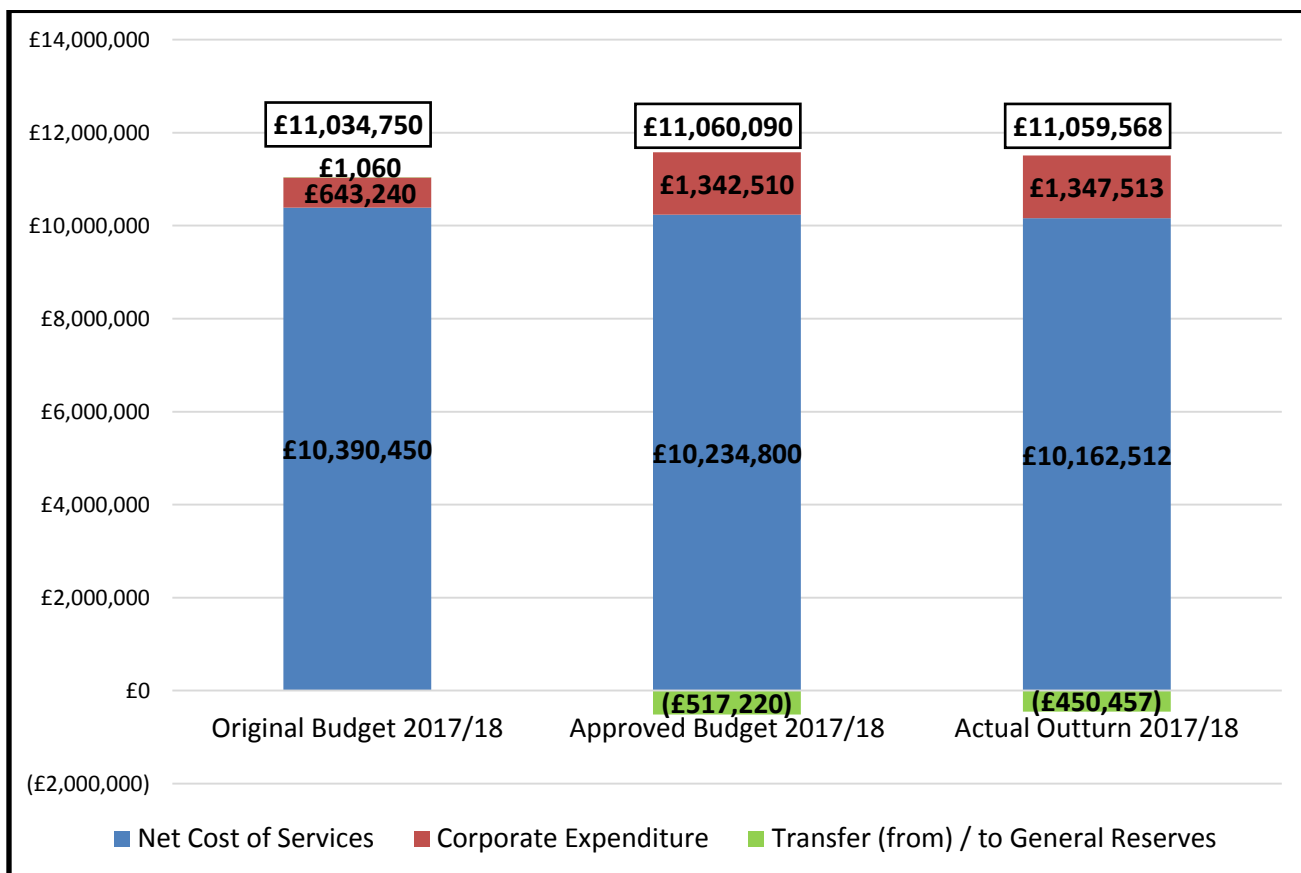
The ability to deliver the outcomes set out in the Strategic Plan 2016-20 is dependent on the resources available over the life of the plan. Therefore, the Council prepares a **Medium Term Financial Strategy (MTFS)**. This covers how we will use reserves, our investments, and our approach to Council Tax and how we deploy our Capital. It also looks at the medium term as the cost pressures we are likely to face and how these could be financed. The MTFS covers revenue and capital expenditure for the four financial years 2016-21. It was approved by Full Council on 21 February 2017.

The MTFS is monitored and reported to Strategic Overview and Scrutiny Committee, Cabinet and Full Council in the format of our Money Matters Financial Performance Reports at the end of Quarter 1, Quarter 2 and month 8 (Revised Approved Budget). It is the latter against which the year-end outturn position is monitored both in terms of revenue outturn and capital outturn. The revenue and capital transactions recorded in these statements supported all of the Council's activities in 2017/18.

#### Revenue Financial Performance in 2017/18

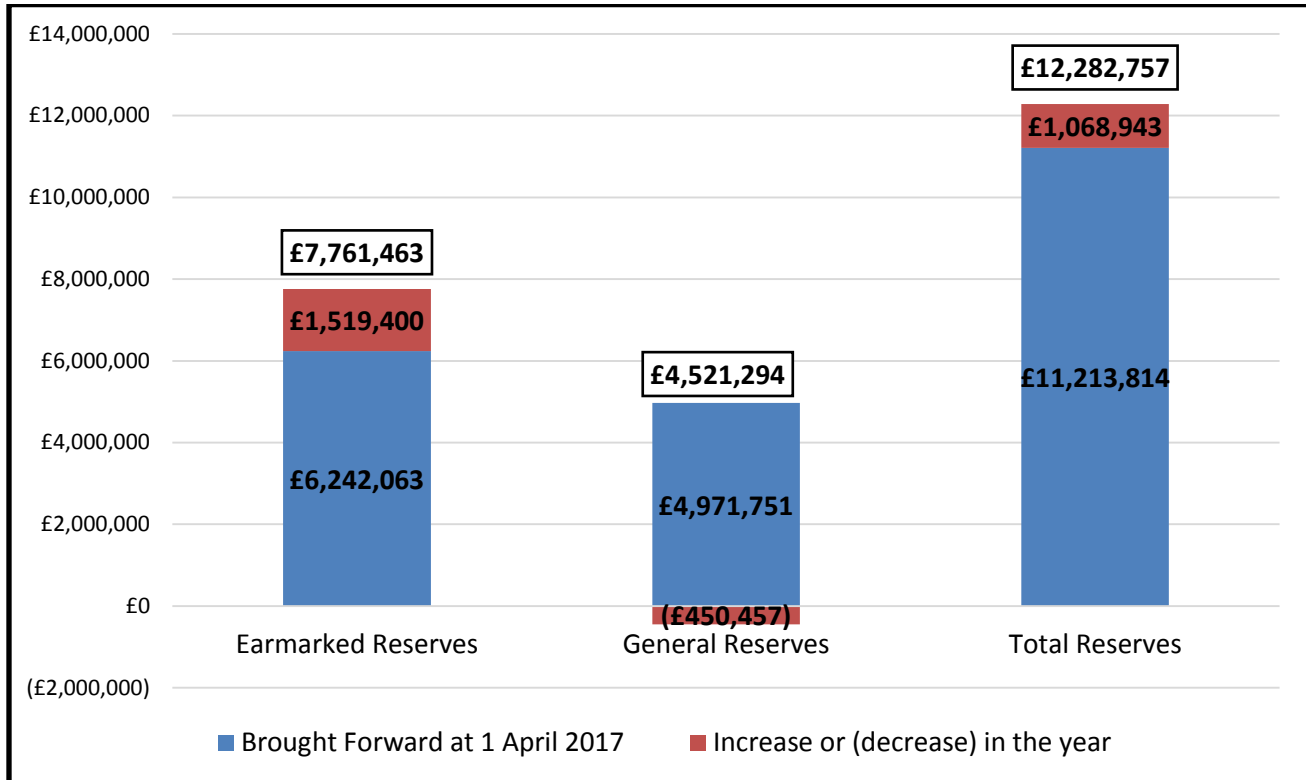
Revenue spending represents the net cost of consuming supplies and providing services delivered by the Council in its day-to-day business during the year.

The chart overleaf shows the Revenue financial performance for 2017/18. The target set by the Council is for the net expenditure incurred in delivering services (Net Cost of Services) to be within +/- **£250,000** of the Approved Budget. The actual performance, including corporate expenditure, was **(£66,763)** below the Approved Budget. This meant that **(£450,457)** was taken from General Reserves compared to an estimate contained in the Original Budget of **£1,060** being taken to General Reserves.



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The chart below shows the total level of Revenue Earmarked and General Reserves.



The Earmarked Reserves have been built up over time to provide funding for specific activities in line with the Council's medium term aims and objectives. The General Reserve is primarily held as a contingency to provide the Council with operational funds and as a safeguard against financial risks. The Council's Minimum Level at **£1,700,000**. This means that there is available reserves of **£2,821,294** over and above the Minimum Level.

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The details of net expenditure for activities included under the Net Cost of Services and Corporate Expenditure categories in the chart on page 22, together with the sources of funding in the format of the information contained in our Council Tax Leaflet, are shown below:

2016/17		2017/18				
Actual Outturn £000		Original Budget £000	Approved Budget £000	Actual Outturn £000	Amount per Person £	Amount per Band D Property £
5,321	A council that is fit for the future	5,404	5,806	5,868	£57.48	£158.89
(1,156)	A vibrant and prosperous economy	(710)	(946)	(1,046)	(£10.24)	(£28.32)
3,462	Clean, green and welcoming places to live	3,882	3,381	3,355	£32.86	£90.85
1,776	Healthy and safe communities	1,815	1,994	1,984	£19.44	£53.73
<b>9,403</b>	<b>Net Cost of Services</b>	<b>10,391</b>	<b>10,235</b>	<b>10,161</b>	<b>£99.54</b>	<b>£275.15</b>
440	Capital & earmarked reserves	659	1,362	1,362	£13.34	£36.87
(86)	Interest receipts/payments	(16)	(20)	(14)	(£0.14)	(£0.39)
693	Transfer (from) or to General Reserves	1	(517)	(450)	(£4.41)	(£12.20)
<b>10,450</b>	<b>Net Expenditure</b>	<b>11,035</b>	<b>11,060</b>	<b>11,059</b>	<b>£108.32</b>	<b>£299.43</b>
(2,198)	Business Rates	(2,484)	(2,470)	(2,463)	(£24.12)	(£66.69)
(773)	Revenue Support Grant	(236)	(236)	(236)	(£2.32)	(£6.40)
(1,878)	New Homes Bonus	(1,422)	(1,422)	(1,421)	(£13.92)	(£38.49)
4	Other Grants and Local Council tax Support to Parishes	30	(9)	(16)	(£0.16)	(£0.43)
252	(Surplus) or Deficit on the collection of Council Tax and Business Rates from the previous year	(829)	(829)	(829)	(£8.12)	(£22.44)
<b>(5,857)</b>	<b>Amount to be raised from Council Tax</b>	<b>(6,094)</b>	<b>(6,094)</b>	<b>(6,094)</b>	<b>£59.69</b>	<b>£164.99</b>

The information in the table above is based on the statutory funding basis and shows expenditure exceeding income by **£450,000** and therefore a transfer from General Reserves.

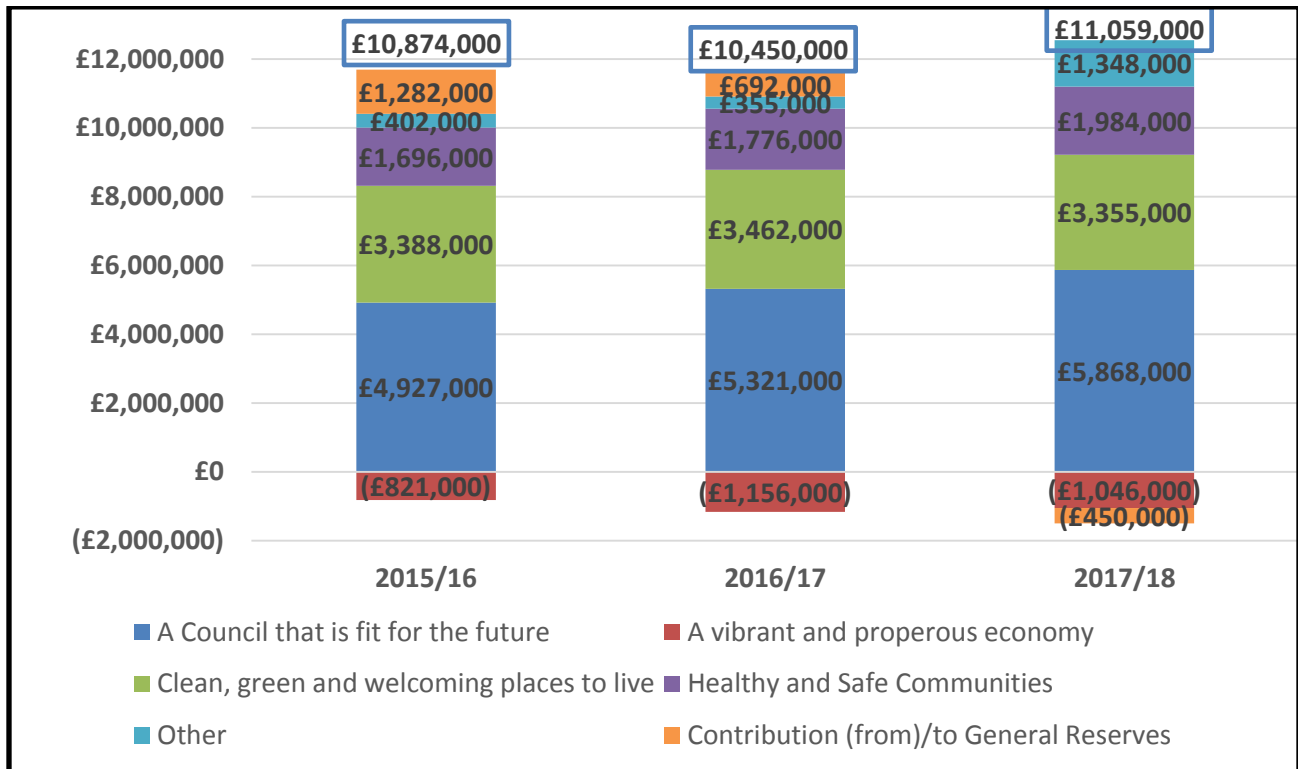
The Comprehensive Income and Expenditure Statement shows financial performance based on generally accepted accounting practices with a deficit of income over expenditure of **£3,181,000**.

The **Expenditure and Funding Analysis (EFA)**, reconciles financial performance under the statutory funding basis to the accounting basis. The table below provides a summary:

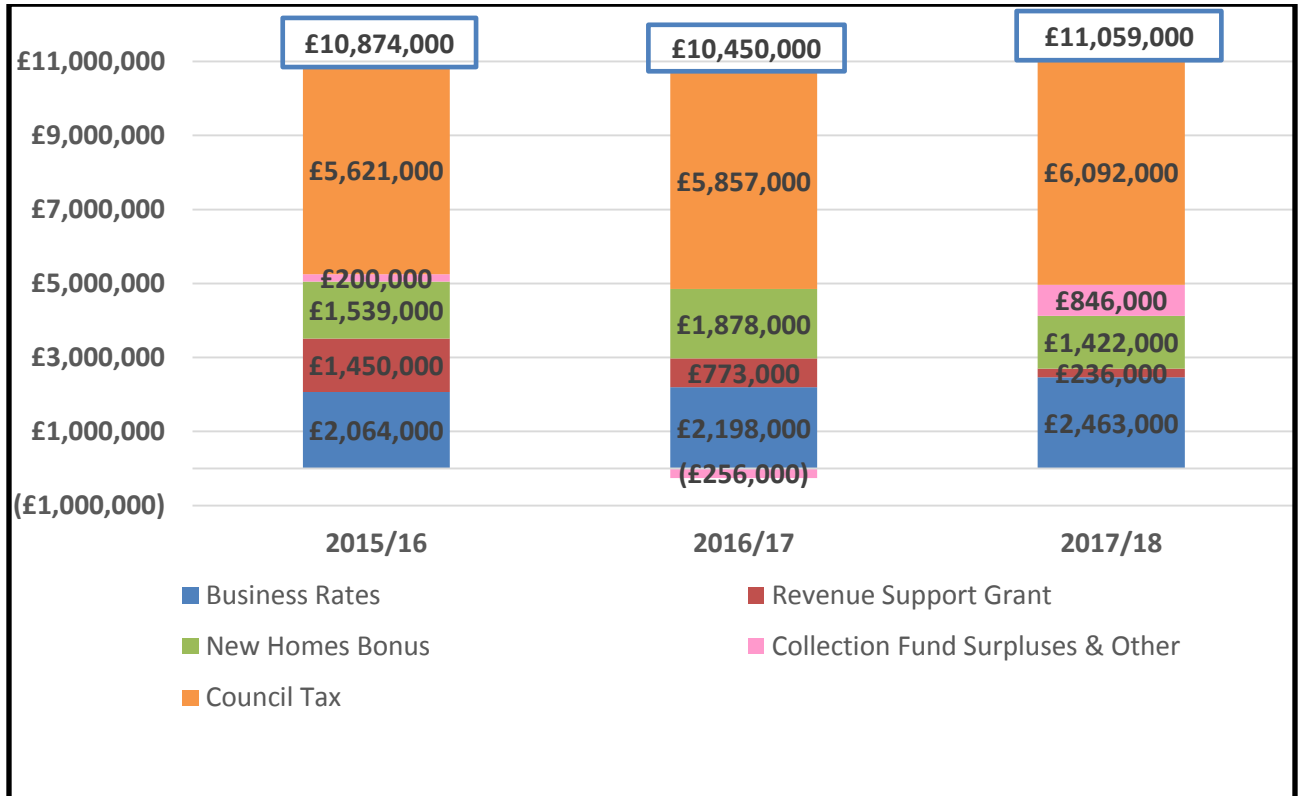
		2016/17 £000	2017/18 £000
<b>Income in excess of Expenditure shown in the table above</b>	Page 25	<b>(692)</b>	<b>450</b>
Add : Earmarked Reserve Transfers (including those within the Net Cost of Services)	Page 81	(585)	(1,519)
<b>Funding Basis - Expenditure and Funding Analysis</b>	Page 53	<b>(1,277)</b>	<b>(1,069)</b>
Adjustments between Funding and Accounting Basis	Pages 79-80	(14)	4,250
<b>Accounting Basis - Comprehensive Income and Expenditure Statement</b>	Page 54	<b>(1,291)</b>	<b>3,181</b>

## NARRATIVE REPORT

The chart below shows the make-up of our Net Expenditure for 2015/16, 2016/17 and 2017/18



The chart below shows how our Net Expenditure for 2015/16, 2016/17 and 2017/18 was funded.

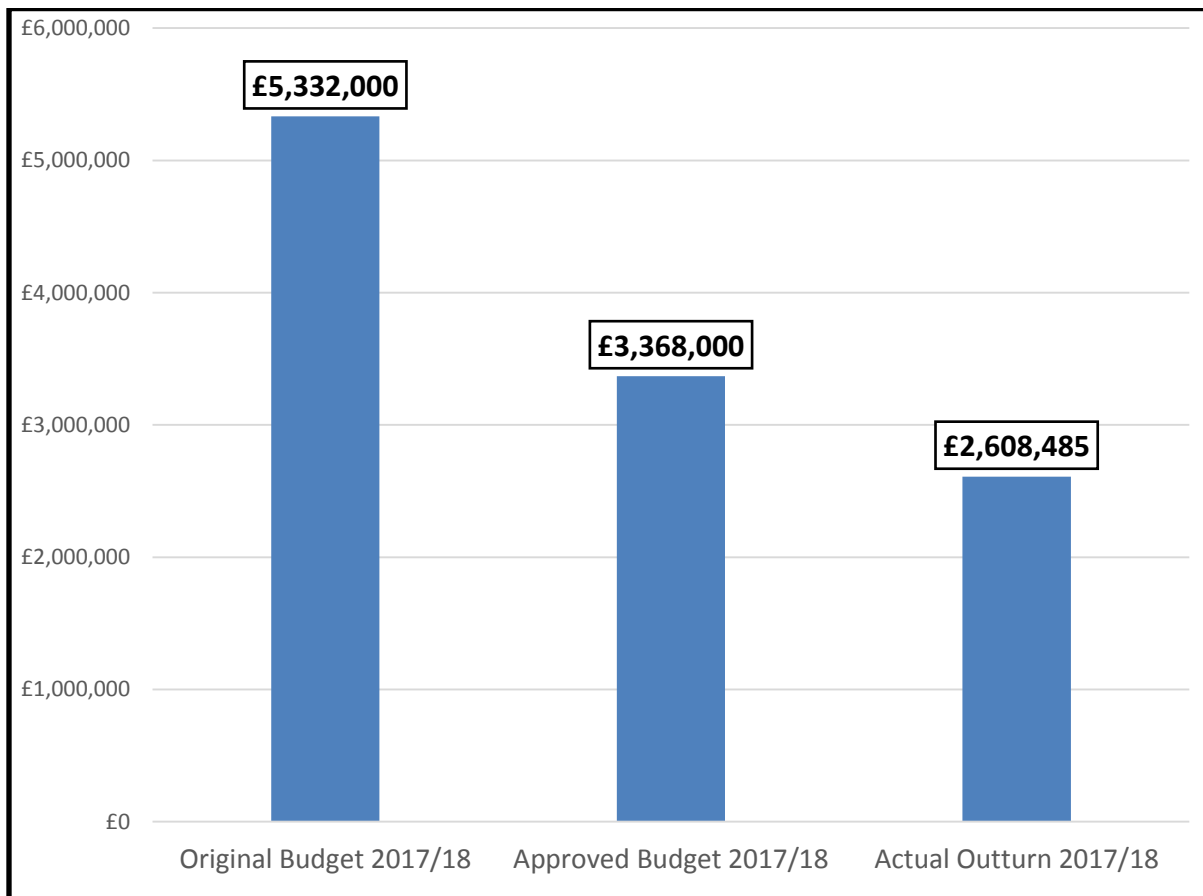


## NARRATIVE REPORT

### Capital Financial Performance in 2017/18

Capital spending represents spend on assets or is defined as capital under law that will provide benefit to the District over a number of years.

The chart below shows the final Capital financial performance for 2017/18 compared to the Original and Approved Budgets.



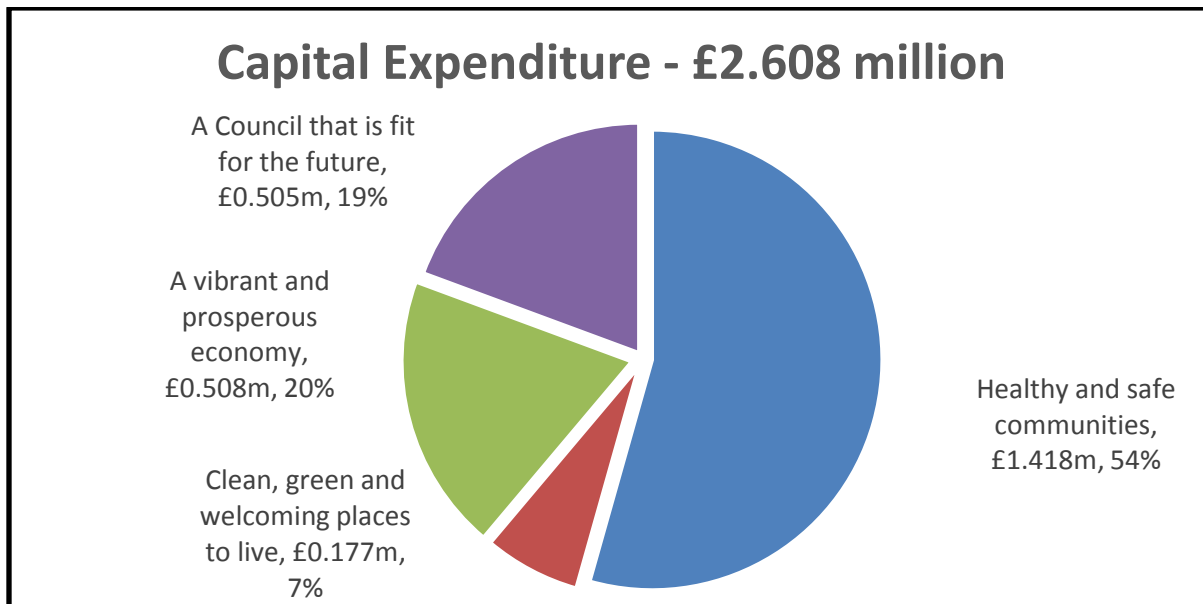
The Actual Outturn was **£2,608,485** and this is **(£759,515)** below the Approved Budget of **£3,368,000**.

The below budget performance compared to the Approved Budget is the result of:

- **Joint Waste £103,044** – Additional bin purchases of **£103,112** funded from revenue.
- **Leisure and Operational Services (£531,360)** – Leisure outsourcing (£282,000) and Burntwood Leisure Centre enhancement works (£158,162)
- **Economic Growth (£186,858)** – Friarsgate projects (£169,563)

## NARRATIVE REPORT

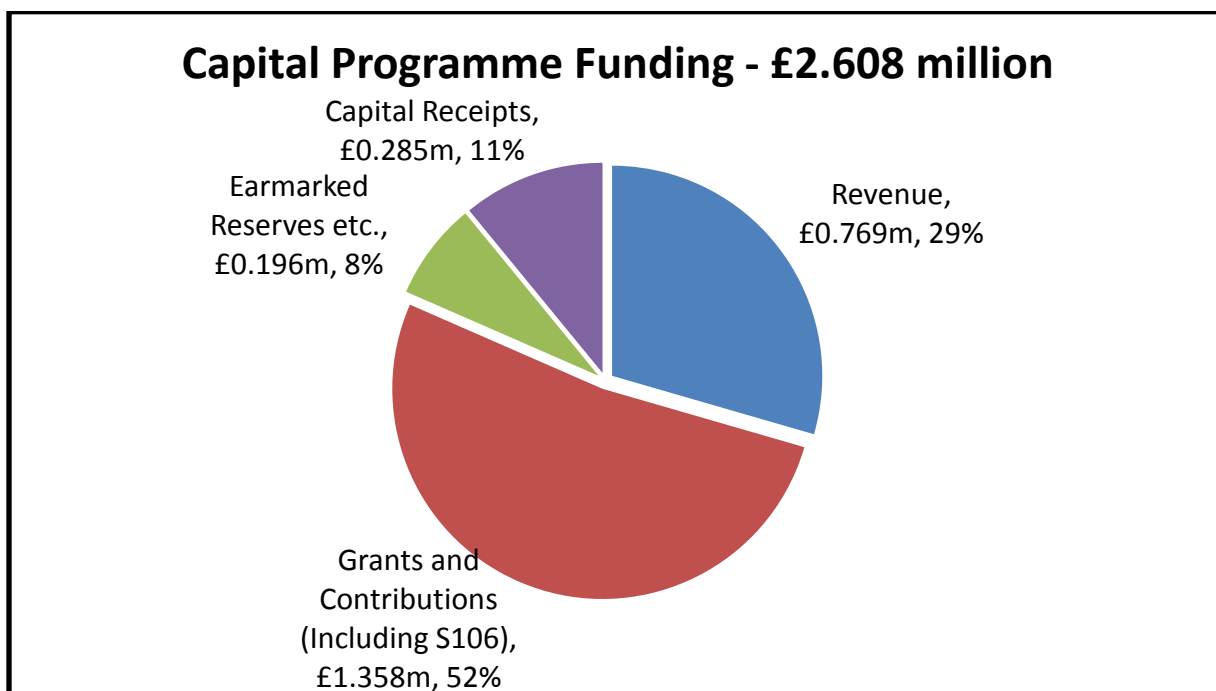
The capital expenditure for 2017/18 shown by the Council's top priorities is shown on the chart below.



There are a number of sources which the Council can use to fund this capital expenditure:

- 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
- Earmarked Reserves
- Finance Leases – these enable assets to be purchased via a series of payments over a period of time

The funding of the 2017/18 capital expenditure is illustrated in the chart below.



### Principal Risks and Uncertainties

A **Risk Management Strategy** is in place to identify and evaluate risks. A **Corporate Risk Register** is produced by assessing the risk factors that could potentially impact on the Council's ability to deliver its Strategic Plan, as this sets out our priorities. This assessment ensures that we have measures in place to control the potential risks to our business objectives. Risks are judged on their likelihood of occurrence and their potential impact. The Corporate Risks are monitored by Members and Senior Officers and are reported to Audit and Member Standards Committee.

Following a review by Leadership Team during 2017/18, there are currently **eight risks** that have been identified as having a potential impact on the ability to deliver the Strategic Plan:

- A failure to respond to changing demographics
- Economic growth/performance of the local economy/integrity of the Local Plan
- Financial sustainability of the Council
- Capacity to deliver
- Governance and statutory obligations
- Information technology
- Impact of stakeholder strategies on our Strategic Plan
- Failure to manage a major incident.

It has also been noted that some projects carry significant risk as they could have a major impact if they are not delivered. There is currently **one** such project that has been identified as a **significant risk** – Friarsgate Development.

The potential impact and the management of each of these risks are discussed below.

#### **A Failure to Respond to Changing Demographics**

##### Risk to the Council

The population of Lichfield District is aging more quickly than other areas and as a result we need to be mindful of the demands that will be placed on the Council. Examples include Council Tax support, housing benefit, disabled parking provision, assisted bin collections, applications for disabled facilities grants, housing needs, etc. there will be growing pressures on health and social care and on businesses facing an aging workforce.

##### Management of Risk

The Council will consider these issues when preparing equality impact assessments, plans and policies. In addition, there are potential opportunities from an aging population, for instance, a healthier experienced and skilled older population will bring different skills to the workplace and to voluntary and community groups, and a wealthier older population will bring disposable income to support retail, care and the leisure economy.

#### **Economic Growth/Performance of the Local Economy/Integrity of the Local Plan**

##### Risk to the Council

The state of the local economy is a key factor for the Council, its residents and businesses within the District. A poorly performing economy is not only contrary to expectations of the Council's Strategic Plan to 2020, but can cause a variety of problems, for instance, increased unemployment; businesses closing or reducing the scale of their operations; pressure on the Council and other agencies to provide support and address financial and welfare issues; decline in business rate receipts; lower footfall and hence lack of investment in the area.

## NARRATIVE REPORT

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### Management of Risk

Having a vibrant and prosperous local economy by 2020 is a key strategic ambition in the Council's Strategic Plan. The Plan is supported by Annual Action Plans setting out specific actions and performance measures for relevant services. There is also an Economic Development Strategy and associated Action Plan setting out in more detail how the stated strategic ambitions are to be realised. The Council's approved Local Plan sets out a spatial strategy for delivering employment and this is under constant review. At the strategic level the Council is involved with both the Greater Birmingham and Solihull Local Economic Partnership (LEP) and the Staffordshire LEP, both identifying high level priorities and setting out clear long term ambitions and detailed work programmes. The Business Growth Programme and Rural Enterprise Programme support local businesses by providing information and technical advice, access to funding and networking opportunities to share experiences and inform policy and plans.

### **Financial Sustainability of the Council**

#### Risk to the Council

The financial risks facing the Council include:

- Planned capital receipts are not received impacting on financing the Capital Programme
- The implementation of more frequent Business Rate revaluations
- The financial impact of the changes to the New Homes Bonus regime including the level of the baseline
- The move to 100% retention of Business Rates
- Any potential impact of BREXIT on the local economy.

The potential effect should these risks occur is that financial resources are not sufficient to support all of the planned priorities for the Council and areas that rely on significant income generation may not achieve their targets.

### Management of Risk

The financial risks are managed via an efficiency plan with four strands:

- In year efficiency savings/income generation
- F4F efficiency savings/income generation
- F4F transformational change
- Growing the Business Rate and Council Tax base.

The Council closely monitors it's in year position and this is reported on a regular basis to Cabinet and Strategic (Overview and Scrutiny) Committee in the Money Matters Report.

### **Capacity to Deliver**

#### Risk to the Council

The Council is at a key junction in its strategic development, facing significant pressures to deliver under tight financial constraints. Ensuring the workforce of the Council has the correct skills to deliver all our strategic ambitions will be a key challenge. The effects of a lack of workforce capacity can be seen in a number of ways including:

- Impact on service delivery
- Failure to deliver key objectives and performance metrics
- Workforce disturbances including industrial action, vacancy rates, inability to recruit
- Reputational damage.



## **NARRATIVE REPORT**

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### Management of Risk

The risks will be addressed as part of the People Strategy and the underpinning Human Resources (HR) Strategy and Workforce Plan. Management and leadership development proposals are being considered to support the development of the organisation. The People Strategy is one of the key strands of the F4F programme. The PDR process is monitored and reported. Absence management processes are in place and these are monitored. The relationships with the Trade Unions are good. Business continuity plans build in resilience for teams. In addition, training and development is available for all levels of staff, and updates on emerging areas are identified via continuous professional development.

### **Governance and Statutory Obligations**

#### Risk to the Council

The key areas of governance that the Council considers to be the greatest risk are:

- Financial probity to ensure that we can protect the public purse from fraud or loss
- Ensuring compliance with the General Data Protection Regulations (GDPR)
- Meeting health and safety obligations to manage the risk that people are injured or killed because of a failure to comply with regulations such that information is lost, inaccurate or inaccessible.

#### Management of Risk

The following actions are being implemented to ensure risks are mitigated:

- Financial probity – the Council retains a team of Internal Auditors and is required to maintain the appointment of External Auditors. The S151 Officer is expected to ensure that the Council remains compliant with all fiscal obligations, for example, ensuring the Council maintains a balanced budget, a MTFs, and an Annual Governance Statement
- GDPR – new rules on data protection come into force from May 2018. A project is being implemented to ensure that we can evidence compliance by the time they come into force. Actions include training of staff, the appointment of a Data Protection Officer and a Senior Information Risk Owner, an audit of data and of information systems, and the design and implementation of procedures to ensure compliance.
- Health and safety – the Council employs a Health and Safety Manager. It also has a Health and Safety Policy which is reviewed and revised annually. Health and safety performance is reported to ELG, Leadership Team and Employment Committee. The Joint Waste Service supports a service specific Health and Safety Committee in recognition of the greater risks associated with the collection of household and trade waste. Managers are supported in developing risk assessments and training is provided where risks are greatest.

### **Information Technology**

#### Risk to the Council

In an increasingly digital world, the Council is heavily dependent on information technology (IT) to deliver all its key services. The ability to be able to respond to new digital threats, adapt our IT infrastructure and develop all the technologies we use is key to the delivery of our Strategic Plan.

#### Management of Risk

The risk will be managed through the development of an IT Strategy supported by business continuity plans, strong information governance, anticipating and identifying business needs and developing technology.

A review of IT has been undertaken and significant development is underway for both key systems and the infrastructure which is close to end of life.

## NARRATIVE REPORT

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### **Impact of Stakeholder Strategies on our Strategic Plan**

#### Risk to the Council

Whilst focussed on delivering the Strategic Plan at a local level, the work of the Council is inevitably affected by partner organisations locally and Government policy decisions taken nationally. The risks are wide and varied, examples currently include:

- Changes to housing associations' voids policy requiring additional temporary accommodation for homelessness
- Requirement for increased resource commitment to Prevent and community cohesions agenda
- Changes to health provision resulting in increased DFG claims and increased demands for supported living accommodation
- Changes to the national economic position resulting in reduced Business Rates receipts.

#### Management of Risk

Each different event which comes under this collective heading will have a range of treatment and mitigation measures. Corporately there are a number of mitigating actions which need to be taken:

- New Burdens Funding - ensure costs of new Government initiatives are covered by New Burdens Funding
- Monitor and assess emerging pressures through organisations such as the Local Government Association, and liaison with neighbouring councils and other partnerships
- Use of the District Board to encourage local partners to share knowledge and information of emerging strategies to future proof decision making
- Working as One Council will reduce risk of cross directorate impacts and increase knowledge and information available on stakeholder activities
- Analysing and responding to policy consultations to influence the direction of policy in the Council's favour.

### **Failure to Manage a Major Incident**

#### Risk to the Council

This is the risk of a lack of integrated emergency arrangements making it difficult to react quickly to a disaster and provide the required support and essential service in line with the requirements of the Civil Contingencies Act, for example, failure to test plans and failure to undertake training. The potential effects are that services are not delivered, damage to reputation, damage to the environment, adverse effects on vulnerable groups, destruction of property, and so on.

#### Management of Risk

The following actions will help to mitigate the risk:

- Emergency plan in place and tested on a regular basis
- Emergency planning training
- Business continuity plans at service level
- Insurance cover
- Communications plan
- Prevent training
- Fire prevention controls in place and tested on a regular basis.

## NARRATIVE REPORT

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### **Friarsgate Development**

#### Risk to the Council

This is the Council's regeneration project in the centre of Lichfield City. The risk to the Council is of the project not being completed on time and to budget and quality. The potential consequences are:

- Public disappointment
- Impact on the Council's reputation and finances
- Adverse publicity
- Economic impact on the District and the Council.

#### Management of Risk

The Council is utilising employees with skills in major development projects. Member scrutiny takes place through the Economic Growth, Environment and Development (Overview and Scrutiny) Committee and a presentation of the scheme has been given to Members. A project management structure and governance structure for the project has been agreed to ensure that the adequate skills, resource and reporting lines are in place.

### Explanation of the Accounting Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2018. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, which in turn is underpinned by International Financial Reporting Standards.

A glossary of key terms can be found at the end of this publication.

The **Core Statements** are:

The **Comprehensive Income and Expenditure Statement** – this records all of the Council's income and expenditure for the year with an analysis by the Council's strategic priority based on Generally Accepted Accounting Practices.

The **Movement in Reserves Statement** – this is a summary of the changes to the Council's reserves over the course of the year. Reserves are divided into 'usable' which can be invested in capital projects or service improvements, and 'unusable' which must be set aside for specific purposes.

The **Balance Sheet** – this is a 'snapshot' of the Council's assets, liabilities, cash balances and reserves at the year-end date.

The **Cash Flow Statement** – this shows the reason for changes in the Council's cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long term liabilities).

The **Supplementary Financial Statements** are:

The **Annual Governance Statement** – this sets out the governance structures of the Council and its key internal controls.

The **Notes** to the Core Statements provide more detail about the Council's accounting policies and individual transactions.

The **Collection Fund** – this summarises the collection of Council Tax and Business Rates, and the redistribution of some of the money to the precepting authorities and to Central Government.

**Anthony Thomas**

**Head of Finance and Procurement (Section 151)**

## ANNUAL GOVERNANCE STATEMENT

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<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>Annual Review of the Effectiveness of the Governance Framework</b>
<b>Section 5</b>	<b>Update on Significant Governance Issues 2016/17</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 (Chartered Institute of Public Finance and Accountancy)/SOLACE (Society of Local Authority Chief Executives) Framework ‘Delivering Good Governance in Local Government’ (2016).

This statement explains how the Council has complied with the Code. It also meets the requirements of the Accounts and Audit (England) Regulations 2015, 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 2018 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 seven Core Principles. These are discussed below.

#### **A Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values and Respecting the Rule of Law**

*'Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and Government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.'*

#### **Outcomes**

***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, and that are respectful of laws and regulations.***

***Our policies seek to ensure Members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated which assists in protecting the reputation of the organisation.***

***We underpin personal behaviour with ethical values and ensure they permeate all aspects of the organisation's culture and operation, and are respectful of the rule of law.***

We have an Audit (and Member Standards) Committee which has responsibility for promoting and maintaining high standards of conduct by Councillors and Members, ensuring that they observe the Members' Code of Conduct. The Code of Conduct is supported by training and development programmes for Members.

There is a process in place by 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 2017/18, 2 Members' Code of Conduct complaints were received. In the one instance, following an investigation which found fault, the Member offered a verbal apology which was accepted. In the other instance no action was taken.

Communication on standards of behaviour 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.

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 and Heads

## ANNUAL GOVERNANCE STATEMENT

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of Service), discussion and training, and a supportive management environment which makes clear to customers that unacceptable behaviour towards employees will not be tolerated.

The Council has a Code of Conduct for employees which was approved by Employment Committee on 9 February 2017 and Full Council on 21 February 2017. A copy can be found on the Authority's Intranet. This Code sets out the principles, behaviours and standards expected of employees in a single document. The purpose of the Code is to:

- Support the effective operation of the Council's business and wellbeing of its employees
- Assist the Council's employees to perform effectively by ensuring the rules and standards of the organisation are clearly communicated
- Guide the Council's employees in their dealings with the public, elected Members and other members of staff.

The Code is supported and reinforced by our three core organisational values that all our staff and Members work towards. These are:

- Put customers first
- Improve and innovate
- Have respect for everyone.

They have been embedded into the new Strategic Plan that took effect from 1 April 2016 (see Core Principle C).

In order to reinforce the 'put customers first' value, the Council has a 'Customer Promise' which sets out the corporate standards that customers can expect in our dealings with them and, equally, how customers should treat our staff.

The Code of Conduct is also supported by a range of Human Resources policies and procedures, including:

- Disciplinary Policy and Procedure
- Grievance Policy and Procedure (incorporating bullying and harassment)
- Attendance Management and Sickness Policy and Procedure (managing sickness and other absences)
- Performance Management Policy and Procedure (replacing the Capability Policy and Procedure)
- Managing Relationships at Work Policy.

The Monitoring Officer advises on compliance with our policy framework, ensuring that decision making is lawful and fair. The role of the Section 151 Officer also ensures legality as well as financial prudence and transparency in transactions. The S151 Officer role is discussed in more detail under Core Principle F.

Under the 2015 Care Act, the Council has a legal responsibility to safeguard, promote well-being and protect children and vulnerable adults. The Authority has a Safeguarding Policy which sets out specific responsibilities and how to spot potential abuse and report concerns. In addition, each Service Area has its safeguarding lead, and training and awareness sessions are carried out for those staff members who come into contact with children and vulnerable adults as part of their role.

A summary report on safeguarding is produced. It shows that from April 2017 to March 2018, **19** concerns were raised. **10** related to children and **9** to adults. Of these **7** were taken forward as formal

## ANNUAL GOVERNANCE STATEMENT

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referrals, the remainder were passed on to other services or fell below the threshold for safeguarding concerns.

The Council also has a Public Sector Equality Duty under the Equality Act 2010. As part of this we produce an annual Statement showing how we are meeting our obligations. This Statement also helps our customers, staff, the Equality and Human Rights Commission, regulators and other interested parties to assess our equality performance and our compliance with equality legislation. The latest Statement was published on 31 January 2018 and can be found on the Council's website. **81%** of Members attended training on equalities during 2017/18.

During 2017/18, the Council's Equality and Diversity Policy was updated and a draft was discussed at Leadership Team in February 2018. It is in the process of going through consultation via Employee Liaison Group (ELG) before being considered by Employment Committee and approval by Full Council.

For the first time, in 2017/18, the Council published a gender pay gap report in line with a new legal requirement for all public sector bodies. This report shows the difference between the average earnings of men and women expressed as a percentage of men's earnings.

Used to its full potential, gender pay gap reporting may identify the levels of equality in the workplace, female and male participation, and how effectively talent is being maximised.

Our gender pay gap is significantly lower than the national average – the mean is **4.72%** compared with **14.32%** nationally and the median **0%** compared with **25.9%** nationally.

We have identified that the main reason for the gap is the fact that we host the Joint Waste Service (with Tamworth Borough Council). The waste service traditionally attracts a larger percentage of male employees, and we employ a higher number of men in the middle quartile displacing more women in the lower and lower middle quartiles which otherwise would have been balanced.

We are confident that our future plans for recruitment and resourcing, promotion and talent management will help us to further narrow the gap and ensure a fairer future for all who work here.

### **B Ensuring Openness and Comprehensive Stakeholder Engagement**

*'Local government is run for the public good. Organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.'*

#### **Outcomes**

***We make decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. If a decision is to be kept confidential we provide justification for this decision.***

***We ensure that communication methods are effective and that members and officers are clear about their roles with regards to community engagement.***

***We engage with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.***



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The Council is part of a number of external partnerships which provide support to its strategic agenda. These include 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.

We are also committed to working collaboratively with a range of other partners including schools and colleges, the County Council, health, police and fire services to achieve what is needed for our District. This is done through the Lichfield District Board. We also need the continued support of the voluntary, business and community sectors, to maximise the huge contribution they make to the quality of life of local communities and residents.

As part of our use of 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 a number of other arrangements in place for securing customer feedback. We consult with our community using the most appropriate research and communication tools available.

During 2017/18, various consultations took place, for example, on the Draft Local Plan Allocations Documents. This consultation took part between 20 March and 12 May 2017 and approximately 5,000 representations were received. These representations were analysed and the main issues raised were considered by Cabinet in December 2017. As a result, a further consultation was undertaken on the Draft Local Plan Allocations (Focus Changes) Document from 8 January to 19 February, the results of which are currently awaited.

We also undertook a Budget Consultation exercise. The Council has a duty under S65 of the Local Government Finance Act 1992 to consult ratepayers (or bodies appearing to represent ratepayers) about proposed expenditure prior to calculating the Council Tax requirement. Best Practice is therefore to undertake an annual budget consultation exercise to ensure that the views of the ratepayers are considered as part of the budget setting process. In 2017/18, we undertook an abridged consultation for the 2018/19 budget which looked at preferences to where the Council allocates its resources, making savings and determining the acceptable level of Council Tax increase.

Engagement with residents also took place whereby they were invited to 'test' the green waste charging system on the website before the service went live on 1 January 2018.

The Council maintains a website for customers and also manages a number of social media streams including Facebook and Twitter. In addition, we maintain a suite of supporting websites that help underpin the Council's strategic ambitions, including tourism destination website Visit Lichfield and service specific websites including Southern Staffs Building Control and Rate My Place. 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.

In August 2017, we found out that our website was rated **4** out of **4** stars in the national review of local government websites, which put us in the top **9%** of local government websites and **8%** of districts and boroughs. Only 36 out of 416 council websites were awarded a four star rating and of these only 16 were districts/boroughs.

In March 2018, we were awarded the maximum of 4 stars from the Society for IT Practitioners in the Public Sector, SOCITM's, Better Connected review of our on-line waste processes. This means we are in the top **13%** of councils for this task, and we only introduced it in December 2017.

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In addition to the twice yearly 'LDC News' publication, the Council also publishes newsletters for different sectors, for example, a quarterly Historic Parks newsletter for visitors to the parks.

We are committed to being open and transparent about how we work, our decision-making processes and the services we provide. As part of this commitment we are increasing the amount of data that we make available publicly so that residents are able to hold us to account better. This data has been published under the INSPIRE and Transparency regulations.

We have used the Government's Code of Recommended Practice for Local Authorities on Data Transparency, which recommends the datasets councils should make available as a minimum, as a starting point for deciding what information we should make available. We have so far released **162** data sets on the Government's Data website which are maintained and updated on a daily, weekly or monthly basis depending on the dataset.

We have also used feedback and requests made under the Freedom of Information Act 2000 to identify additional datasets for publication. Examples include council tax bandings by property; commercial empty properties; hackney carriages private hire vehicles; planning S106 agreements; solar panel locations. We will continue to increase the number of datasets that we make available over time, where resources and capacity permit and there is a clear public demand for the information.

Data protection laws are being strengthened in May 2018 with the introduction of the General Data Protection Regulations (GDPR) which replaces and builds on the principles contained in the 1998 Data Protection Act. GDPR will require all organisations to have tighter control of the way they manage their personal data. Fines for breaches will be up to 20 million Euro, and fines for failing to keep records will be up to 10 million Euro.

In order to ensure that the Council is in a position to comply with GDPR various work streams have been completed including: reviewing and auditing current practice; checking consents and privacy notices; reviewing contractual terms with suppliers; meeting with all officers who process personal data; creating a policy for GDPR; updating subject access requests procedures; training staff.

One of the requirements of GDPR is to appoint a Data Protection Officer (DPO). The role of the DPO is to oversee the Council's compliance with GDPR and to advise in relation to the law. A briefing paper was presented to and agreed at Leadership Team in April 2018 that recommended the Council appoints the solicitor at South Staffordshire District Council as this Council's DPO, and this was approved at Cabinet in May 2018.

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. For 2017/18 **362** complaints were received compared with **449** in 2016/17. We received **187** compliments in 2017/18 which compares with **218** in 2016/17.

In July 2017, the Council received the Annual Review Letter from the Ombudsman for the period ending 31 March 2017. It reported that **7** complaints and enquiries (a reduction from **8** in 2016/17) were received from Lichfield District Residents, which came from corporate and other services, housing and planning and development. This total figure compares favourably to the average of **15** complaints received by District Councils within Staffordshire. Of the 7 complaints and enquiries **1** was upheld.

## ANNUAL GOVERNANCE STATEMENT

The reporting of complaints and compliments continued to improve during 2017/18, with regular 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 in addition to reports being presented to Audit (and Member Standards) Committee.

Some examples of areas that have improved in response to customer complaints are:

- Local Searches, where staff have now been recruited and trained and front end software is being procured to improve the customer experience
- Swimming lessons, where lessons were reviewed and improved based on the feedback from parents to begin punctually and ensure changing facilities were available in enough time for the lesson to begin
- Beacon Park, where signs have been installed to remind dog owners to control their dog.

The process for dealing with complaints was further refined during late 2017/18, moving from a three to a two stage process, which it is hoped will mean a quicker and more effective process for both customers and internal teams.

There were no whistleblowing reports during 2017/18 (nor during 2016/17).

### **C Defining Outcomes in Terms of Sustainable Economic, Social and Environmental Benefits**

*'The long-term nature and impact of many of local government's responsibilities meant that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.'*

#### **Outcomes**

***We consider and balance the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.***

***We ensure decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options, thus ensuring that best value is achieved however services are provided.***

***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.***

Lichfield District Council has a clear vision in the form of the Strategic Plan 2016-20, which was approved by Full Council in February 2016, and can be found on our website. This is a formal statement of the Authority's purpose and intended outcomes, and it provides the basis for the Council's overall strategy, planning and other decisions.

## ANNUAL GOVERNANCE STATEMENT

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It has become increasingly important that we are clear on where we need to allocate our resources, and that we are focussing on the things that will make the biggest impact and difference. The Strategic Plan also focuses on those outcomes that are known to reduce demand and dependency on the Council's services (and the wider public purse).

The Evidence Base for the Strategic Plan produced for the Council by the Staffordshire Intelligence Hub, highlighted that the three key things that enable people to live fulfilling and independent lives are:

- Being in employment
- Staying active and healthy
- Having somewhere safe and affordable to live.

Council consultation on these themes demonstrated a broad agreement to these being the areas that the Council should focus on and resulted in the following priority outcomes being identified:

- A vibrant and prosperous economy
- Healthy and safe communities
- Clean, green and welcoming places to live.

The Plan shows clearly the contribution the Council will make to the achievement of each priority outcome through its own direct delivery of services and activity. It also states where we will seek to influence and encourage partners and stakeholders to act, and how communities can help to achieve the outcomes.

In addition, the Plan makes clear how the Council will actively explore and pursue new ways of delivering services so that they can be delivered more efficiently and effectively, resulting in a fourth priority outcome:

- A Council that is 'Fit for the Future'.

The Strategic Plan not only sets out our strategic direction but also provides the context for the Annual Action Plan (which is approved by Council each year in February). This identifies and focuses on 10 key activities/projects (known as the Corporate Top 10), in order to achieve progress against the aspirations in the Strategic Plan.

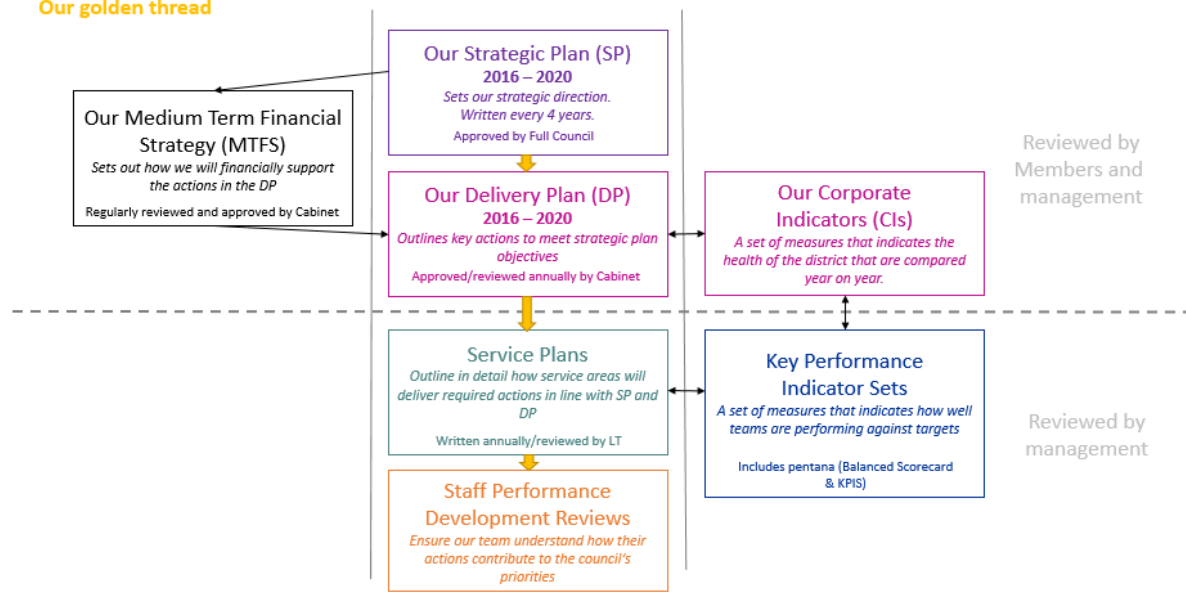
The Annual Action Plan is performance-managed in line with the Corporate Performance Management Framework. Update reports on the 2017/18 Action Plan are presented to Cabinet in January for the mid-year outturn and July for the end of year outturn. These reports also include activity and performance indicators to enable Members to track performance across the range of statutory and discretionary services which the Council provides.

The process has been reviewed and updated during 2017/18 so that for 2018/19 a Delivery plan will be monitored to ensure the outcomes from our Strategic Plan 2016 to 2020 are achieved. Details of this will be discussed at Cabinet in June 2018, and the proposed process can be seen below:

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## How our performance is managed

Our golden thread



The Council has a Local Plan that covers the period 2008-29, that seeks 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 are presented to Overview and Scrutiny Committee in addition to Cabinet. A report on the future review of the Local Plan went to Cabinet in March 2018.

The Planning and Compulsory Purchase Act 2004 introduced the requirement for local planning authorities to prepare and maintain a Local Development Scheme (LDS). The LDS is a project plan that sets out a timetable for the production of a new or revised Development Plan Documents (such as Local Plan) by the publishing council. Cabinet in December 2017 approved the publication of an updated revised LDS.

As part of sustainable development, local authorities have to introduce a planning charge known as the Community Infrastructure Levy (CIL). The CIL is designed to act as a tool for local authorities to help deliver infrastructure to support the development of their area. The CIL Charging Schedule sets out the rate of levy the Council will charge those types of development that are eligible to contribute towards infrastructure provision. The District Council's CIL was adopted on 13 June 2016.

The Council is promoting Neighbourhood Plans, the adoption of which will in addition to guiding future development, enable parish areas to receive a share of the financial benefits of development that comes from the CIL, and also allow them to set their own priorities for its investment. In 2017/18, two Neighbourhood Plans were taken to referendum and approved by the community. The referendums, Lichfield City referendum and Whittington and Fisherwick referendum took place on 22 February 2018, with both gaining the necessary levels of support from those voting.

## ANNUAL GOVERNANCE STATEMENT

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We are about to start the review process for our Local Plan and are also progressing the Allocations document. The principle of progressing a review has been agreed by members, and shortly a report will be presented to Cabinet which, if approved, will allow a consultation to commence with local residents, communities, businesses and other key stakeholders on the scope of the review and the issues that will need to be addressed. The work will start in earnest once the Land Allocations document – part 2 of our current Local Plan – is submitted to the Secretary of State for examination.

During 2017/18, following a lengthy procurement process, it was decided to outsource the operational delivery of our leisure centres both in Burntwood and Lichfield. Outsourcing is a tried and tested model throughout the UK - within Staffordshire three other districts currently outsource their services.

The operator selected after the procurement process was Freedom Leisure a not for profit company formed in 2002, and which currently operate 75 leisure centres at various locations within the UK. As a large company, Freedom will be able to bring a robust regional and national network with innovative customer engagement mechanisms, corporate buying power, established relationships with sport/health professionals and National Governing Bodies of Sport.

It is the role of the Council to work with Freedom to ensure that all incoming benefits are utilised effectively to ensure a geographical spread of opportunity throughout the District and ultimately to improve health and wellbeing. Freedom will use a wide range of interventions to engage and consult with the community driving services closer to the customer.

The aim of the outsourcing is to maximise the opportunity for people to lead healthy lives and to have access to opportunities to exercise, as well as being financially sustainable, with targets set for increased participation across our whole demography.

The contract with Freedom will be monitored both operationally and financially by the Leisure Implementation Panel that was originally formed to oversee the transition from Council managed to operational handover to Freedom which took place on 1 February 2018.

### **D Determining the Interventions Necessary to Optimise the Achievements of the Intended Outcomes**

*'Local Government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.'*

### **Outcomes**

***We inform medium and long term resource planning by drawing up realistic estimates of revenues and capital expenditure aimed at developing a sustainable funding strategy.***

***We ensure that the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved whilst optimising resource usage.***

## ANNUAL GOVERNANCE STATEMENT

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***We ensure the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints.***

The Strategic Plan 2016-20, discussed above, sets out the opportunities and challenges we face, the needs of the community, the Council's aspirations, our focus, and our priorities covering the life of this Council.

To fund the Strategic Plan, the Council prepares a Medium Term Financial Strategy (MTFS). This covers how we will use our reserves, our investments, the approach to Council Tax, and how we will deploy our capital. It also looks over the medium term at the cost pressures we are likely to face and how these could be financed. The Strategic Plan must drive the Financial Strategy. The MTFS relevant for 2017/18 is the MTFS 2017-21. This was approved by Cabinet and Full Council in February 2017.

The Revised Budget for 2017/18 was approved by Full Council in February 2018 as part of the MTFS for 2017/18.

Lichfield District Council has a statutory duty to set a balanced budget in the first year of the five year MTFS, and to set out proposals to balance the further financial years 2018-21. The Chief Finance Officer has a statutory duty to ensure that the figures provided for estimating and financial planning are robust and will stand up audit scrutiny. The Council is also required to set Prudential Indicators for Capital Expenditure, financing and Treasury Management.

Money Matters Reports are presented at three, six and eight month intervals to Cabinet and Overview and Scrutiny Committee, and financial projections are updated in these reports.

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 have introduced additional financial risks such as a major proportion of the Council's funding being dependent on the level of business rates growth or decline. Consequently, the Council implemented plans and strategies to manage these financial risks, for example the Fit for the Future (F4F) Programme introduced in May 2013.

F4F is the Council's transformation programme that aims to manage the change needed across the Council and its services in order to meet the challenges facing local government finances and to bridge the predicted revenue funding gap. Since its introduction the Programme has helped to identify a range of service improvements and deliver significant savings through a range of measures, including reductions in non-priority areas, changes to service standards, transferring assets and introducing or increasing charges for some services.

By mid-2017 the F4F programme had helped to identify a range of service improvements and deliver nearly £2million of savings. It has now been refreshed and repositioned to focus on delivering the ambitions and outcomes of the Strategic Plan 2016-20. This refreshed programme has incorporated the desire to become a commercial council and oversee a range of projects that seek to:

- Maximise innovation to provide efficient and effective services to our customers
- Instigate best practice methods of setting, reviewing and maximising income from current and new sources
- Establish a range of prudent investments that provide sustainable long-term returns that remove the need for Government grants
- Create a culture of commercialisation to ensure that we have the necessary skills, knowledge and behaviours.

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The F4F programme will continue to oversee and support the delivery of legacy projects, those being previously reviewed but not implemented. There will be a clear scope and timetable based on the review recommendations, and anything not delivered will be passed to the service to deliver as part of ongoing continuous improvement.

### **E Developing the Entity's Capacity, Including the Capacity of its Leadership and the Individuals Within it**

*'Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.'*

#### **Outcomes**

***We ensure that the Leader and Chief Executive have clearly defined and distinctive leadership roles within a structure whereby the Chief Executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by Members and each provides a check and a balance for each other's authority.***

***We develop the capabilities of the Members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental risks by ensuring Members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirement is available and encouraged.***

***We hold staff to account through regular performance reviews which take account of training or development needs.***

The Council has a Constitution which can be found on our website. 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.

The Constitution consists of seven parts: Summary and Explanation, Articles, Responsibility for Functions, Rules of Procedure, Codes and Protocols, Councillors' Remuneration Scheme and Governance Structure.

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. Reference is made to the scrutiny role of the Opposition, whereby the latter is responsible for challenging and holding the Controlling Group to account. The Constitution also contains the protocol for officer/Member relations. This is reviewed and amended on a regular basis.



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The Council's Constitution is updated as and when changes are needed to be made with the Cabinet Member for Finance and Democracy submitting recommendations to Full Council.

During 2017/18 it was recognised that the current Constitution was in need of an overall update in order to reflect recent changes in legislation and also to make it easier to navigate. As a result the Constitution has been updated and was approved by Full Council in May 2018.

Whilst there have been amendments to all of the parts, many are minor drafting changes, for example, to reflect new job titles. Some changes, however, have been more significant, for example:

- Summary and Explanation – includes a diagram structure of the Council so people can view at a glance the main decision making meetings
- Articles – contain graphics summarising the main functions of committees; incorporates the Joint Waste Board
- Responsibility for Functions – has the most significant changes to how it looks and makes the scheme of delegation easier to follow
- Rules of Procedure – changed to reflect the higher key decision limit of £75,000
- Codes and Protocols – incorporates Councillor and Employee Codes of Conduct plus protocol on Councillor/employee relations
- Councillors' Remuneration Scheme – simplified and reduced
- Governance Structure – contains a summary of the Cabinet and Leadership Team memberships and details the current Statutory Officers.

The Council has a training plan for Members which is developed and monitored by the Employment Committee. There were **13** training events during 2017/18. The areas covered included treasury management, planning, GDPR for Members, universal credit, conservation and arboriculture, and commercialisation in context.

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. The importance of the PDR process for the Council continues to be highlighted by the Chief Executive. The rate of completed PDRs for 2017/18 improved significantly on the previous year. At the end of September 2017, **59.56%** had been completed (2016 **25.87%**). By 31 March 2018, this rate had risen to **88.08%** compared with **52.55%** at 31 March 2017.

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.

The Council seeks to ensure that its 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 the staff newsletter Team LDC.

In 2016/17 the Council began a substantial senior management restructure. This was completed in early 2017/18. The new structure has been designed to:

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- Facilitate, support, enable and promote transformation in how the Council operates and delivers services to the community
- Support a 'One Council' ethos across the organisation, and reinforce strong corporate governance and performance management
- Enable a more policy driven and evidence led approach to decision-making and service development
- Work alongside elected members to provide stronger, proactive and forward looking strategic leadership to the Authority and District
- Create and support a tier of empowered and confident heads of service and technical professionals that manage day-to-day operations and service delivery.

This will further support the delivery of services, increase capacity, establish a one council approach and further strengthen corporate governance.

### **F Managing Risks and Performance through Robust Internal Control and Strong Public Finance Management**

*'Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities.'*

*A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.*

*It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.'*

### **Outcomes**

***We recognise that risk management is an integral part of all activities and must be considered in all aspects of decision making.***

***We ensure that well-developed financial management is integrated at all levels of planning and control.***

***We ensure that there is an effective scrutiny function in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made.***

The Council has a Risk Management Strategy, and managers are trained in the assessment, management and monitoring of risks. The Corporate Risk Register is produced by assessing the risk factors that could potentially impact on the Council's ability to deliver its Strategic Action Plan. These are monitored by Members and Senior Officers and reported on three times a year to Audit (and Member Standards) Committee and half yearly to Cabinet. All reports requiring a decision include a risk assessment section.

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Up to 2017/18, the Register only included those risks that were rated as 'severe'. In 2017, Leadership Team undertook a comprehensive review of Corporate Risks, and the Corporate Risk Register was updated to include all risks that were not necessarily 'severe' but could nevertheless impact the delivery of the Strategic Plan.

The Council continues to manage and monitor the effectiveness of its health, safety and insurance management system. In May 2018, the annual Health and Safety Performance Report was presented to Leadership Team and Employment Committee. This report is a statistical snapshot of accidents and insurance claims, in addition to providing a review of the corporate health and safety training programme, detailing changes to operating procedures and emerging challenges. A Health, Safety and Insurance Service Plan has identified a number of areas which could be developed to ensure that the Council remains legal and compliant with good practice. Monitoring of the Service Plan objectives will be undertaken by the Head of Corporate Services.

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. Any amendments to them are subject to approval by Full Council.

Financial Procedure Rules were last updated in 2015 in line with CIPFA's publication 'Financial Regulations, A Good Practice Guide for an English Modern Council'. Contract Procedure Rules were updated in 2016 following a number of changes to procurement guidelines, processes and best practice (for example, the Public Contracts Regulations 2015). These were approved by Audit (and Member Standards) Committee in January 2017. The Contract Procure Rules were approved by Audit (and Member Standards) Committee in March 2017, and a copy can be found within the Constitution.

The Head of Finance and Procurement/Section 151 is designated as Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972.

In April 2016, CIPFA/SOLACE issued an updated application note on the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. The Council complies with these requirements as detailed below. The Chief Financial 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 ensue alignment with the Authority's financial strategy
- The lead for the promotion and delivery by the whole Authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively
- Professionally qualified and suitably experienced
- Able to lead and direct a finance function that is resourced to be fit for purpose.

During 2017/18, the Chief Finance Officer continued to provide effective financial management in accordance with the financial procedures and rules set out in the Constitution.

Maintenance of an effective system of both internal and more detailed financial control is the agreed responsibility of Directors, Heads of Service and Service Managers, who are responsible for managing their services within available resources, in accordance with agreed policies and procedures, and to support the sustainable delivery of strategic priorities in the Strategic Plan and maintain statutory functions. Elements include:

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- Monthly review of budgetary control information by budget holders and Heads of Service to compare expected to actual performance and to forecast going forward
- Formal budgetary monitoring reports are reviewed with budget holders and Heads of Service at three, six and eight months. These look at actual performance and provide forecasts going forward
- Money Matters reports are produced at three, six and eight months and are reviewed by Leadership Team and reported to Overview and Scrutiny, Cabinet and Full Council.

The financial information produced is both reliable and timely and is available in an understandable and useful format to actively support informed decision making and performance management arrangements and thus the delivery of strategic priorities.

We have an Audit (and Member Standards) Committee that is independent of the Executive and accountable to the governing body. This provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment. We ensure that its recommendations are listened to and acted upon.

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 2017/18 is that the Authority has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

Over the last couple of years changes have been made to the way our Overview and Scrutiny function operates following a recommendation from the Peer Review that took place in 2014. Examples of these changes include the greater use of briefing papers, lighter agendas and triangulation meetings with relevant Cabinet Members. Various Task and Finish Groups with commencement dates throughout the year have also been established. A Coordinating Group has been set up that agreed that all work should be to aid Cabinet Members and Heads of Service meet their targets. This Group therefore set out a process for establishing and managing the Task and Finish Groups.

The Council is planning a Peer Review during 2018/19, details of which will emerge in early 2018/19.

### **G Implementing Good Practices in Transparency, Reporting and Audit to Deliver Effective Accountability**

*'Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both External and Internal Audit contribute to effective accountability.'*

#### **Outcomes**

***We ensure that recommendations for corrective action made by Internal and External Audit are acted upon.***

***We write and communicate reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensure that they are easy to access and interrogate.***

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***We welcome peer challenge, reviews and inspections from regulatory bodies and implement recommendations.***

We have an effective in-house Internal Audit function with direct access to Members and which reports to the Chief Finance Officer. This service provides assurance with regard to governance arrangements and its recommendations are acted upon. For 2017/18, 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, Heads of Service, the Section 151 Officer, Managers and External Audit. A Quality Assurance Improvement Programme was approved by Audit (and Members Standards) Committee in March 2018.

The review of Internal Audit for 2017/18 concluded that the Authority's Assurance Arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit 2010. The Internal Audit Manager fulfils this role and is professionally qualified.

Our External Auditors carry out reviews of our internal control arrangements when working with us throughout the year. They have not reported any weaknesses in their updates to Audit (and Member Standards) Committee during 2017/18.

The current phase of the F4F Programme is focussed on transforming the way the Council operates, including how it interacts with its customers and making sure the way the organisation is structured and organised is effective, productive and better aligned with the priority outcomes that are set out in the Strategic Plan. Looking at how demand for services can be reduced or managed and how service users can access services and information in ways that costs the Council less (channel shift) are important elements of this. Decisions about where to spend will need to become more evidenced based, so that reduced resources can be targeted on those areas and communities who need them most.

### **Section 4: Annual Review of the Effectiveness of the 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 (and Member Standards) Committee (which is charged with final approval of this statement).

The review is informed by:

- The views of Internal Audit, reported to Audit (and Member Standards) 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 2015)
- The views of our External Auditors, regularly reported to Audit (and Member Standards) Committee through regular progress reports, the Annual Audit Letter, the Informing the Audit Risk Assessment document, the Audit Findings Report and the Audit Plan
- The activities and operations of Council Service Areas whose Heads provide written assurance statements using an Internal Control Checklist
- The views of Members (Chairmen and Vice Chairmen and Leader of the Minority Group) using a Members' Questionnaire

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- The Risk Management Process, particularly the Corporate Risk Register
- Performance information reported to Cabinet and Overview and Scrutiny Committees.

### Conclusion of the Review

We consider the Governance Framework and Internal Control environment operating during 2017/18 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 2017/18 no significant weaknesses in Governance or Internal Control were highlighted.

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### **Section 5: Update on Significant Governance Issues 2016/17**

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 2016/17.

**Diane Tilley**

**Chief Executive**

**Councillor Michael Wilcox**

**Leader of the Council**

## EXPENDITURE AND FUNDING ANALYSIS – NOTE TO THE ACCOUNTS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's strategic priorities. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES). The Expenditure and Funding Analysis **is not** a Core Statement but has been included here as it brings together local authority performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund.

2016/17						2017/18				
Narrative Report	Presentation and Earmarked Reserves	Net Expenditure Chargeable to the General Fund	Adjustments Between the Funding and Accounting Basis	Net Expenditure in the CIES		Narrative Report	Presentation and Earmarked Reserves	Net Expenditure Chargeable to the General Fund	Adjustments Between the Funding and Accounting Basis	Net Expenditure in the CIES
5,321	33	5,354	314	5,668	A council that is fit for the future	5,868	(101)	5,767	(333)	5,434
(1,156)	(320)	(1,476)	644	(832)	A vibrant and prosperous economy	(1,046)	(88)	(1,134)	629	(505)
3,462	(151)	3,311	(234)	3,077	Clean, green and welcoming places to live	3,355	4	3,359	728	4,087
1,776	86	1,862	286	2,148	Healthy and safe communities	1,984	3	1,987	659	2,646
<b>9,403</b>	<b>(352)</b>	<b>9,051</b>	<b>1,010</b>	<b>10,061</b>	<b>Cost of Services</b>	<b>10,161</b>	<b>(182)</b>	<b>9,979</b>	<b>1,683</b>	<b>11,662</b>
(9,403)	(925)	(10,328)	(1,024)	(11,352)	Other Income and Expenditure	(10,161)	(887)	(11,048)	2,567	(8,481)
<b>0</b>	<b>(1,277)</b>	<b>(1,277)</b>	<b>(14)</b>	<b>(1,291)</b>	<b>(Surplus) or deficit on Provision of Services (cash flow)</b>	<b>0</b>	<b>(1,069)</b>	<b>(1,069)</b>	<b>4,250</b>	<b>3,181</b>
		<b>(9,936)</b>			<b>Opening General Fund</b>			<b>(11,213)</b>		
		(1,277)			(Surplus) on General Fund			(1,069)		
		<b>(11,213)</b>			<b>Closing General Fund</b>			<b>(12,282)</b>		

31 March 2017		31 March 2018
£000		£000
4,971	General Fund Balance	4,521
6,242	Earmarked Reserves Balance	7,761
<b>11,213</b>	<b>Total</b>	<b>12,282</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.

2016/17				2017/18		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
6,651	(983)	5,668	A council that is fit for the future	6,180	(746)	5,434
4,034	(4,865)	(832)	A vibrant and prosperous economy	4,351	(4,856)	(505)
28,070	(24,993)	3,077	Clean, green and welcoming places to live	28,757	(24,670)	4,087
4,678	(2,530)	2,148	Healthy and safe communities	4,825	(2,179)	2,646
<b>43,433</b>	<b>(33,371)</b>	<b>10,061</b>	<b>Cost of Services</b>	<b>44,113</b>	<b>(32,451)</b>	<b>11,662</b>
2,175	(1,148)	1,027	Other Operating Expenditure (Note 9)	4,168	(522)	3,646
1,356	(623)	733	Financing and Investment Income and Expenditure (Note 10)	1,429	(636)	793
11,912	(25,024)	(13,112)	Taxation and Non-Specific Grant Income (Note 11)	11,785	(24,705)	(12,920)
<b>58,876</b>	<b>(60,166)</b>	<b>(1,291)</b>	<b>(Surplus) or deficit on Provision of Services (cash flow)</b>	<b>61,495</b>	<b>(58,314)</b>	<b>3,181</b>
		(1,686)	(Surplus) or deficit on revaluation of non-current assets			(2,112)
		187	(Surplus) or deficit on revaluation of available-for-sale financial assets			(86)
		(635)	Re-measurement of the net defined benefit liability			(2,040)
		<b>(2,134)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(4,238)</b>
		<b>(3,425)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(1,057)</b>

## MOVEMENT IN RESERVES

This statement shows the movement in the year on the different Reserves held by the Authority, analysed into 'Usable Reserves' (i.e. 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 £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2016	9,936	2,644	1,244	13,824	7,227	21,051
<b>Total Comprehensive Income and Expenditure</b>	<b>1,291</b>	<b>0</b>	<b>0</b>	<b>1,291</b>	<b>2,134</b>	<b>3,425</b>
Adjustments between accounting basis and funding basis	(14)	546	216	748	(748)	0
<b>Increase/(Decrease) in Year</b>	<b>1,277</b>	<b>546</b>	<b>216</b>	<b>2,039</b>	<b>1,386</b>	<b>3,425</b>
<b>Balance at 31 March 2017</b>	<b>11,213</b>	<b>3,190</b>	<b>1,460</b>	<b>15,863</b>	<b>8,613</b>	<b>24,476</b>

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2017	11,213	3,190	1,460	15,863	8,613	24,476
<b>Total Comprehensive Income and Expenditure</b>	<b>(3,181)</b>	<b>0</b>	<b>0</b>	<b>(3,181)</b>	<b>4,238</b>	<b>1,057</b>
Adjustments between accounting basis and funding basis	4,250	141	182	4,573	(4,573)	0
<b>Increase/(Decrease) in Year</b>	<b>1,069</b>	<b>141</b>	<b>182</b>	<b>1,392</b>	<b>(335)</b>	<b>1,057</b>
<b>Balance at 31 March 2018</b>	<b>12,282</b>	<b>3,331</b>	<b>1,642</b>	<b>17,255</b>	<b>8,278</b>	<b>25,533</b>

31 March 2017 £000		31 March 2018 £000
4,971	General Fund Balance	4,521
6,242	Earmarked Reserves Balance	7,761
<b>11,213</b>	<b>Total</b>	<b>12,282</b>

## 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, i.e. 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'.

2016/17 (Restated) £000		Notes	2017/18 £000
43,080	Property, Plant & Equipment	12	41,968
515	Heritage Assets	13	515
5,572	Investment Property	14	5,200
50	Intangible Assets		76
1,813	Long Term Investments	15	1,899
158	Long Term Debtors	15	93
<b>51,188</b>	<b>Long Term Assets</b>		<b>49,751</b>
0	Assets Held for Sale	18	300
55	Inventories		45
4,700	Short Term Debtors	16	4,504
19,559	Short Term Investments	15	18,046
3,609	Cash and Cash Equivalents	17	4,473
<b>27,923</b>	<b>Current Assets</b>		<b>27,368</b>
(69)	Short Term Borrowing	15	(61)
(11,478)	Short Term Creditors	19	(11,535)
(456)	Short Term Provisions	20	(392)
(827)	Capital Grants Receipts in Advance	33	(544)
<b>(12,830)</b>	<b>Current Liabilities</b>		<b>(12,532)</b>
(1,370)	Long Term Borrowing	15	(1,309)
(11)	Long Term Creditors	15	0
(1,250)	Long Term Provisions	20	(1,180)
(2,047)	Long Term Liabilities: Finance Leases	36	(1,543)
(36,562)	Long Term Liabilities: Defined Benefit Pension	38	(34,393)
(565)	Capital Grants Receipts in Advance	33	(629)
<b>(41,805)</b>	<b>Long Term Liabilities</b>		<b>(39,054)</b>
<b>24,476</b>	<b>Net Assets</b>		<b>25,533</b>
15,863	Usable Reserves	21	17,255
8,613	Unusable Reserves	22	8,278
<b>24,476</b>	<b>Total Reserves</b>		<b>25,533</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.

2016/17 £000		2017/18 £000
1,291	Net surplus or (deficit) on the provision of services	(3,181)
5,599	Adjustments to Net Surplus or Deficit on the provision of services for non-cash movements <b>(Note 23)</b>	4,252
(3,521)	Adjustments for items included in the Net Surplus or Deficit on the provision of services that are investing and financing activities <b>(Note 24)</b>	(2,707)
<b>3,369</b>	<b>Net cash flows from Operating Activities</b>	<b>(1,636)</b>
(5,044)	Investing Activities <b>(Note 25)</b>	2,313
865	Financing Activities <b>(Note 26)</b>	187
<b>(810)</b>	<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>864</b>
4,419	Cash and cash equivalents at the beginning of the reporting period	3,609
<b>3,609</b>	<b>Cash and cash equivalents at the end of the reporting period (Note 17)</b>	<b>4,473</b>

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## **NOTES TO THE ACCOUNTS**

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### **1. Accounting Policies**

#### **General Principles**

The Statement of Accounts summarises the Council's transactions for the 2017/18 financial year and its position at the year end of 31 March 2018. The Council is required to prepare an Annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, 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 2017/18 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.

#### **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.

#### **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

## NOTES TO THE ACCOUNTS

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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.

### **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.

#### **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 2017/18 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 2018. The estimate for the 2005 and 2010 valuation lists have been overcalculated using the Valuation Office (VO) ratings list of appeals and the analysis of successful appeals to date. The appeals for the 2017 valuation list under the new Check, Challenge and Appeal process are based on the Government's allowance for appeals included in the multiplier of 2.1p.



## NOTES TO THE ACCOUNTS

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### 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.

#### 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 **3.2%** (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:

## NOTES TO THE ACCOUNTS

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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.
- 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:

## NOTES TO THE ACCOUNTS

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- 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.

### **Fair Value Measurement**

The authority measures some of its non-financial assets such as investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The authority measures the asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - unobservable inputs for the asset or liability

When a quoted price for the transfer of an identical or a similar liability is not available and the identical item is held by another party as an asset, for example, the authority's loans borrowed, the authority measures the fair value of the liability from that party's perspective.

### **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

## NOTES TO THE ACCOUNTS

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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.

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.

### 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:

#### 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

## NOTES TO THE ACCOUNTS

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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 72 (Impairment) and pages 70 to 73 (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 70 to 73 (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 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

## NOTES TO THE ACCOUNTS

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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.

### **Joint Operations**

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the authority in conjunction with other joint operators involve the use of the assets and resources of those joint operations. In relation to its interest in a joint operation the authority as a joint operator recognises:

- Its assets, including its share of any assets held jointly
- Its liabilities, including its share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its share of the revenue from the sale of the output by the joint operation
- Its expenses, including its share of any expenses incurred jointly.

### **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 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

## NOTES TO THE ACCOUNTS

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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.

### **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.

## NOTES TO THE ACCOUNTS

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### 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 2017/18 (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.

### 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 and
- 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.
- 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 de-recognition of parts of assets (referred to as componentisation). Componentisation shall be applied for depreciation



## NOTES TO THE ACCOUNTS

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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 grouped 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
- (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

## NOTES TO THE ACCOUNTS

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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.

### 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.

## NOTES TO THE ACCOUNTS

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

### Provisions and Contingent Liabilities

#### **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.

## NOTES TO THE ACCOUNTS

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### 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 16** Short Term Debtors.

## 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 2018/19 Code:

- **IFRS 15 Revenue from Contracts with Customers** – this presents new requirements for the recognition of revenue based on a control-based revenue recognition model.
- **Amendments to IAS 12 Income from Taxes: Recognition of Deferred Tax Assets for Unrealised Losses** – this applies to deferred tax assets related to debt instruments measured at fair value.
- **Amendments to IAS 7 Statement of Cashflows: Disclosure Initiative** – this standard will potentially require some additional analysis of 'Cash Flows from Financing Activities' in future years.

## NOTES TO THE ACCOUNTS

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- **IFRS 16 Leases** – this will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for exemptions for low-value and short-term leases).

### IFRS 9 Financial Instruments

The Council will adopt IFRS 9 Financial Instruments with effect from 1<sup>st</sup> April 2018. The main changes include the reclassification of financial assets and the earlier recognition of the impairment of financial assets.

The Council does not expect the reclassification changes to have a material impact upon the financial statements because the majority of its financial assets will retain the same measurement basis. To this end, on 1<sup>st</sup> April 2018 the Council irrevocably elected to present changes in the fair value of the following equity investment in other comprehensive income as permitted by the IFRS:

- The Local Authorities Property Fund (CCLA)

The Council does not expect the impairment changes to have a material impact upon the financial statements because the impairment charge will be immaterial for its treasury management assets (e.g. bank deposits) and it already makes a provision for doubtful debts on its service assets (e.g. trade receivables). The estimated additional provision to be made as at 1<sup>st</sup> April 2018 is £37,320.

These changes are not expected to have a material effect on the Council's Statement of Accounts. The Code requires implementation from 1 April 2018, and there is therefore no impact on the 2017/18 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.
2. The Council hosts the Joint Waste Service with Tamworth Borough Council and is responsible for management of the arrangement including the refuse fleet. Each Council is responsible for showing its share of income and expenditure and assets and liabilities within its Financial Statements. In February 2016 the Council procured a new waste fleet using a contract hire arrangement that has been evaluated under IAS 17 as a finance lease. The value of assets procured and the finance lease obligation was **£2,240,000**. A further **£680,000** of assets was added to this during 2016/17. At 31 March 2018 the Net Book Value of the assets was **£1,567,000** and the value of the finance lease obligation was **£1,964,000**. The assets of the operation in respect of vehicles, equipment, land and buildings have been assessed as being under the control of Lichfield District Council and are therefore shown on this Authority's Balance Sheet. The Joint Waste Service shares joint income and expenditure based on the ratio of properties in each area and the current ratio is **57.84%** Lichfield and **42.16%** Tamworth.
3. The Council outsourced the management of its leisure centres to Freedom Leisure on 1 February 2018. As part of the contractual arrangements, all leisure centre staff were transferred to Freedom Leisure via TUPE arrangements. Freedom Leisure has been admitted

## NOTES TO THE ACCOUNTS

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to the Staffordshire County Council pension fund and pension arrangements between Lichfield District Council, Staffordshire County Council and Freedom Leisure are managed using a pass through agreement. This agreement assigns the majority of pension risk to Lichfield District Council. The IAS19 report provided by the actuary excludes the assets and liabilities relating to the transferred staff. As the Council acts as guarantor for the pension commitments of these former employees, an annual assessment is carried out by management of the risk and potential financial consequences should the Council be called to settle these liabilities. For 2017/18, the risk has been assessed at low, no greater than **1%** or **£96,876**.

4. The assumptions around the outcome of appeals against NNDR valuations (either received to date or expected to be received in future years) represent a material and critical judgement applied to the accounts. The appeals provision is empirically derived from past experience of both the 2005 and 2010 Lists as well as appeals determinations so far as made against the 2017 List. A 1% variance in the determined appeals provision would alter the net locally retained income to the Council by **£307,000**. Due to the technical adjustment relating to the Collection Fund Adjustment Account, this would not result in any change to the level of General Reserves.

#### **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.

The items in the Authority's Balance Sheet at 31 March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

## NOTES TO THE ACCOUNTS

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>£33,000</b> and for vehicles, plant and equipment would increase by <b>£194,000</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 2018. 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 2018.</p> <p><u>2005 and 2010 Lists</u> Total Rateable Value of Appeals Outstanding at 31 March 2018 (2005 and 2010 lists) = <b>£53.4m</b></p> <p>Total provision = <b>£3.70m</b> (£2.83m for 2005 and 2010 lists and £0.87m for 2017 list.)</p> <p>Provision as a % of Appeals Outstanding (2005 and 2010 lists) = <b>5.30%</b></p> <p><u>2017 List</u> The new Check, Challenge and Appeal process has resulted in much lower appeals being submitted related to the 2017 list. Therefore a hybrid approach has been adopted for this list. This calculation uses historical appeals information. The 2005 and 2010 lists showed that by the end of the first year 41% of the opening Rateable Value had received an appeal. At 31/03/2018 this would be £36.844m (41% of £88.816m). This value is multiplied by the allowance in the Business Rates Multiplier of 2.1p to calculate the appeals provision of <b>£0.870m</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>29.71%</b> Average reduction in RV <b>10.44%</b> Combined <b>3.10%</b></p> <p><u>Overall (2005 and 2010 lists)</u> Average success rate <b>37.68%</b> Average reduction in RV <b>10.42%</b> Combined <b>3.93%</b></p> <p>Each <b>1%</b> increase in the overall Combined figure would increase the provision by <b>£768,000</b>. The Council's share of this increase at <b>40%</b> would be <b>£307,000</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 real discount rate assumption would result in an increase in the pension liability of <b>£11,261,000</b> ; a <b>0.5%</b> increase in the salary rate would amount to <b>£1,799,000</b> ; and a <b>0.5%</b> increase in the pension rate would amount to <b>£9,304,000</b> .
<b>Sundry Income and Housing Benefit Overpayment Debtors</b>	At 31 March 2018, the Council had a balance of sundry income debtors of <b>£1,603,000</b> . A review of arrears suggested that an impairment of doubtful debts of <b>48% (£773,000)</b> was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	The element of debtors not covered by the Bad Debt Provision is <b>£830,000 (52%)</b> . Each <b>1%</b> increase in the percentages used to calculate the Bad Debt provision would increase the provision by <b>£6,000</b> .

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

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### 5. Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Section 151 Officer on 25 July 2018.

There is one non-adjusting event after the Balance Sheet date. The Council decided at its meeting on 26 June 2018 not to go ahead with and fund a major retail development in the City, Friarsgate. Notice was therefore served to the Developer on 30 June 2018 to terminate the Development Agreement.

On 30 June 2018, the Council agreed to purchase the police station for a total cost of **£1,913,000** with **£1,700,000** for acquisition and other budgeted costs totalling **£213,000**.

There are no adjusting events after the Balance Sheet date.

### 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

	2017/18				2016/17			
	Usable Reserves			Movement in Unusable Reserves £000	Usable Reserves			Movement in Unusable 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	1,741			(1,741)	1,785			(1,785)
Revaluation (gains) / losses on Property, Plant and Equipment	(165)			165	33			(33)
Movements in the market value of investment properties	373			(373)	0			0
Amortisation of intangible assets	7			(7)	8			(8)
Capital grants and contributions applied	(1,242)			1,242	(775)			775
Revenue expenditure funded from capital under statute	1,567			(1,567)	740			(740)
Amounts on non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	2,357			(2,357)	408			(408)
<b>Insertion of items not debited or credited to the CIES</b>								
Statutory provision for the financing of capital investment	(616)			616	(615)			615
Capital Expenditure charged to the General Fund	(965)			965	(512)			512
<b>Adjustments primarily involving the Capital Grants Unapplied Account</b>								
Capital Grants and Contributions unapplied credited to the CIES	(299)		299		(273)		273	
Application of grants to capital financing transferred to the Capital Adjustment Account			(117)	117		(57)		57
<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	8	(8)			(645)	645		
Unattached Capital Receipts not related to current year asset disposal to the CIES	(434)	434			(396)	396		
Use of the Capital Receipts Reserve to finance new capital expenditure		(285)		285		(495)		495
<b>Adjustments primarily involving the Pensions Reserve</b>								
Reversal of items relating to retirement benefits debited or credited to the CIES	3,632			(3,632)	3,294			(3,294)
Employers pension contributions and direct payments to pensioners payable in the year	(2,126)			2,126	(1,917)			1,917
<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	505			(505)	(1,162)			1,162
<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	(93)			93	13			(13)
<b>Total Adjustments</b>	<b>4,250</b>	<b>141</b>	<b>182</b>	<b>(4,573)</b>	<b>(14)</b>	<b>546</b>	<b>216</b>	<b>(748)</b>

## NOTES TO THE ACCOUNTS

### 7. Expenditure and Funding Analysis Notes

#### 2016/17

#### Presentation and Earmarked Reserves

This table shows the detail of presentational changes related to earmarked reserves, investment properties and the transfer to General Reserves (other).

	Actual Outturn £000	Earmarked Reserves £000	Investment Properties £000	Other £000	Total Adjustments £000	Expenditure & Funding Analysis £000
A council that is fit for the future	5,321	33	0	0	33	5,354
A vibrant and prosperous economy	(1,156)	(538)	218	0	(320)	(1,476)
Clean, green and welcoming places to live	3,462	(151)	0	0	(151)	3,311
Healthy and safe communities	1,776	86	0	0	86	1,862
<b>Net Cost of Services</b>	<b>9,403</b>	<b>(570)</b>	<b>218</b>	<b>0</b>	<b>(352)</b>	<b>9,051</b>
Other Income and Expenditure	(9,403)	(15)	(218)	(692)	(925)	(10,328)
<b>(Surplus) or deficit on Provision of Services (cash flow)</b>	<b>0</b>	<b>(585)</b>	<b>0</b>	<b>(692)</b>	<b>(1,277)</b>	<b>(1,277)</b>

#### Adjustments between the Funding and Accounting Basis

This table summarises the adjustments between the Funding and Accounting basis shown in detail at page 79 under the column General Fund Balance.

2016/17	Adjustments for Capital Purposes £000	Net Change for the Pension Adjustments £000	Other Differences £000	Total Adjustments £000
A council that is fit for the future	257	39	18	314
A vibrant and prosperous economy	487	14	143	644
Clean, green and welcoming places to live	377	51	(662)	(234)
Healthy and safe communities	440	18	(172)	286
<b>Cost of Services</b>	<b>1,561</b>	<b>122</b>	<b>(673)</b>	<b>1,010</b>
Other Income and Expenditure	(676)	1,255	(1,603)	(1,024)
<b>(Surplus) or deficit on Provision of Services (cash flow)</b>	<b>885</b>	<b>1,377</b>	<b>(2,276)</b>	<b>(14)</b>

## NOTES TO THE ACCOUNTS

**2017/18**

### Presentation and Earmarked Reserves

This table shows the detail of presentational changes related to earmarked reserves, investment properties and the transfer to General Reserves (other).

	Actual Outturn £000	Earmarked Reserves £000	Investment Properties £000	Other £000	Total Adjustments £000	Expenditure & Funding Analysis £000
A council that is fit for the future	5,868	(101)	0	0	(101)	5,767
A vibrant and prosperous economy	(1,046)	(311)	223	0	(88)	(1,134)
Clean, green and welcoming places to live	3,355	4	0	0	4	3,359
Healthy and safe communities	1,984	3	0	0	3	1,987
<b>Net Cost of Services</b>	<b>10,161</b>	<b>(405)</b>	<b>223</b>	<b>0</b>	<b>(182)</b>	<b>9,979</b>
Other Income and Expenditure	(10,161)	(1,114)	(223)	450	(887)	(11,048)
<b>(Surplus) or deficit on Provision of Services (cash flow)</b>	<b>0</b>	<b>(1,519)</b>	<b>0</b>	<b>450</b>	<b>(1,069)</b>	<b>(1,069)</b>

### Adjustments between the Funding and Accounting Basis

This table summarises the adjustments between the Funding and Accounting basis shown in detail at page 79 under the column General Fund Balance.

	Adjustments for Capital Purposes £000	Net Change for the Pension Adjustments £000	Other Differences £000	Total Adjustments £000
A council that is fit for the future	292	15	(640)	(333)
A vibrant and prosperous economy	252	228	149	629
Clean, green and welcoming places to live	654	722	(648)	728
Healthy and safe communities	407	243	9	659
<b>Cost of Services</b>	<b>1,605</b>	<b>1,208</b>	<b>(1,130)</b>	<b>1,683</b>
Other Income and Expenditure	2,308	941	(682)	2,567
<b>(Surplus) or deficit on Provision of Services (cash flow)</b>	<b>3,913</b>	<b>2,149</b>	<b>(1,812)</b>	<b>4,250</b>

## NOTES TO THE ACCOUNTS

The table below shows the information in the Comprehensive Income and Expenditure Statement showing the different types of income and expenditure.

2016/17 £000		2017/18 £000
(13,792)	Fees, charges and other service income	(13,243)
(219)	Interest and investment income	(202)
(7,463)	Income from council tax	(7,770)
(25,503)	Government grants	(24,474)
<b>(46,977)</b>	<b>Total Income</b>	<b>(45,689)</b>
13,148	Employee expenses	13,681
27,723	Other service expenses	27,315
1,795	Depreciation, amortisation and impairment	2,282
96	Interest payments	84
1,255	Pension interest and expected return on assets	941
2,302	Precepts and levies	2,635
(237)	(Gain) or loss on disposal of non-current assets	2,366
(396)	Capital grants and contributions	(434)
<b>45,686</b>	<b>Total Expenditure</b>	<b>48,870</b>
<b>(1,291)</b>	<b>(Surplus)/Deficit on the Provision of Services</b>	<b>3,181</b>

### 8. 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 2017/18. Reserves identified as restricted are required under legal agreements and can only be used for defined purposes.

	Balance at 31 March 2016 £000	Transfers out 2016/17 £000	Transfers in 2016/17 £000	Balance at 31 March 2017 £000	Transfers out 2017/18 £000	Transfers in 2017/18 £000	Balance at 31 March 2018 £000
Earmarked General Reserve	(2,526)	723	(871)	(2,674)	538	(1,878)	(4,014)
Earmarked Reserve-Restricted	(89)	4	(26)	(111)	18	(145)	(238)
Election Reserve	(129)	30	(127)	(226)	60	(28)	(194)
Public Open Space Reserve-Restricted	(447)	0	(29)	(476)	37	0	(439)
Joint Waste Shared Service Reserve-Restricted	(584)	0	(57)	(641)	0	(11)	(652)
Building Regulations Reserve-Restricted	(146)	0	(63)	(209)	62	0	(147)
Development Grant Aid Reserve	(20)	0	(6)	(26)	10	(4)	(20)
Birmingham Road Car Park Capital Reserve-Restricted	(1,716)	0	(163)	(1,879)	0	(178)	(2,057)
<b>TOTAL</b>	<b>(5,657)</b>	<b>757</b>	<b>(1,342)</b>	<b>(6,242)</b>	<b>725</b>	<b>(2,244)</b>	<b>(7,761)</b>

The **Earmarked General Reserve** has been provided to fund expenditure items in 2018/19 and beyond including 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.

## NOTES TO THE ACCOUNTS

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, the next election being in 2019.

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

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

The **Building Regulations Reserve (Restricted)** has been set up to meet our 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 in line with the legal agreement.

### 9. Other Operating Expenditure

2016/17 £000		2017/18 £000
1,660	Parish Council Precepts	1,714
(237)	(Gains)/Losses on the disposal of non-current assets	12,366
(396)	Unattached Capital Receipts	(434)
<b>1,027</b>	<b>TOTAL</b>	<b>3,646</b>

### 10. Financing and Investment Income and Expenditure

2016/17 £000		2017/18 £000
96	Interest payable and similar charges	84
1,255	Pensions interest cost and expected return on pensions assets	941
(219)	Interest receivable and similar income	(202)
(399)	Income and expenditure in relation to investment properties and changes in their fair value	(30)
<b>733</b>	<b>TOTAL</b>	<b>793</b>

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

2016/17 £000		2017/18 £000
(7,463)	Council Tax Income	(7,770)
	<u>Business Rates</u>	
(14,090)	Council Share of Retained Business Rates	(13,651)
11,269	Less: Business Rates Tariff	10,860
643	Less: Business Rates Levy	921
(209)	Add: Business Rates Levy Repayable	(299)
(3,219)	Non-ring fenced government grants	(2,985)
(43)	Capital grants and contributions	4
<b>(13,112)</b>	<b>TOTAL</b>	<b>(12,920)</b>

<sup>1</sup> In January 2018, the Council disposed of King Edward VI leisure centre and the loss on disposal was £2,346,183.

## NOTES TO THE ACCOUNTS

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Non-ring fenced Government Grants are comprised of:

2016/17 £000		2017/18 £000
(1,878)	New Homes Bonus	(1,421)
(4)	Returned New Homes Bonus	(5)
(773)	Revenue Support Grant	(236)
(75)	New Burdens Grants	(185)
(392)	Small Business Rates Relief	(916)
(2)	Long Term Empty Property Relief	0
(53)	Transitional Funding Grant	(52)
(1)	Retail Relief Grant	4
0	Rural Rate Relief	(1)
0	Supporting Small Business Relief	(13)
0	Discretionary Rate Relief	(102)
0	Pub Relief	(19)
(41)	Business Rate Inflation Cap	(39)
<b>(3,219)</b>	<b>TOTAL</b>	<b>(2,985)</b>

## NOTES TO THE ACCOUNTS

### 12. Property, Plant and Equipment

Movements in 2017/18:

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>							
<b>At 1 April 2017</b>	<b>34,205</b>	<b>9,877</b>	<b>346</b>	<b>4,110</b>	<b>0</b>	<b>1,137</b>	<b>49,675</b>
Additions	213	367		10		407	997
Revaluation increases/(decreases) recognised in the revaluation reserve	1,425						1,425
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	120			(68)			52
De-recognition – disposals	(2,391)	(75)					(2,466)
Assets reclassified (to)/from held for sale	(141)						(141)
Other movements in cost or valuation	(109)	29			80		0
<b>At 31 March 2018</b>	<b>33,322</b>	<b>10,198</b>	<b>346</b>	<b>4,052</b>	<b>80</b>	<b>1,544</b>	<b>49,542</b>

<b>Accumulated Depreciation and Impairment</b>							
<b>At 1 April 2017</b>	<b>(517)</b>	<b>(5,880)</b>	<b>(47)</b>	<b>0</b>	<b>0</b>	<b>(151)</b>	<b>(6,595)</b>
Depreciation charge	(722)	(1,017)	(2)				(1,741)
Depreciation written out to the revaluation reserve	553						553
Depreciation written out to the surplus/deficit on the provision of services	81						81
De-recognition – disposals	45	75					120
Assets reclassified (to)/from held for sale	8						8
Other movements in cost or valuation	70	(13)			(57)		0
<b>At 31 March 2018</b>	<b>(482)</b>	<b>(6,835)</b>	<b>(49)</b>	<b>0</b>	<b>(57)</b>	<b>(151)</b>	<b>(7,574)</b>

<b>Net Book Value</b>							
<b>At 31 March 2018</b>	<b>32,840</b>	<b>3,363</b>	<b>297</b>	<b>4,052</b>	<b>23</b>	<b>1,393</b>	<b>41,968</b>
<b>At 31 March 2017</b>	<b>33,688</b>	<b>3,997</b>	<b>299</b>	<b>4,110</b>	<b>0</b>	<b>986</b>	<b>43,080</b>

## NOTES TO THE ACCOUNTS

Comparative Movements in 2016/17:

Restated	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>						
<b>At 1 April 2016</b>	<b>33,224</b>	<b>9,447</b>	<b>346</b>	<b>4,104</b>	<b>905</b>	<b>48,026</b>
Additions	375	1,230		6	232	1,843
Revaluation increases/(decreases) recognised in the revaluation reserve	1,051					1,051
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(56)					(56)
De-recognition – disposals	(389)	(800)				(1,189)
<b>At 31 March 2017</b>	<b>34,205</b>	<b>9,877</b>	<b>346</b>	<b>4,110</b>	<b>1,137</b>	<b>49,675</b>
<b>Accumulated Depreciation and Impairment</b>						
<b>At 1 April 2016</b>	<b>(536)</b>	<b>(5,661)</b>	<b>(44)</b>	<b>0</b>	<b>(151)</b>	<b>(6,392)</b>
Depreciation charge	(806)	(976)	(3)			(1,785)
Depreciation written out to the revaluation reserve	635					635
Depreciation written out to the surplus/deficit on the provision of services	24					24
De-recognition – disposals	166	757				923
<b>At 31 March 2017</b>	<b>(517)</b>	<b>(5,880)</b>	<b>(47)</b>	<b>0</b>	<b>(151)</b>	<b>(6,595)</b>
<b>Net Book Value</b>						
<b>At 31 March 2017</b>	<b>33,688</b>	<b>3,997</b>	<b>299</b>	<b>4,110</b>	<b>986</b>	<b>43,080</b>
<b>At 31 March 2016</b>	<b>33,668</b>	<b>3,786</b>	<b>302</b>	<b>4,104</b>	<b>754</b>	<b>41,635</b>

Restatement due to the reclassification of a pool from Other Land and Buildings to Community Assets after discussion with the District Valuer.



## NOTES TO THE ACCOUNTS

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### Other Land & Buildings Breakdown

<b>2016/17 £000</b>	<b>Restated</b>	<b>2017/18 £000</b>
7,606	Arts Facility	8,245
350	Bus Station	325
977	Depot	1,000
700	Garage	0
12,426	Leisure Centres	11,309
2,323	Multi Storey Car Parks	2,389
1,984	Offices	2,025
48	Other Land & Buildings	841
630	Parks and Sports Grounds	519
811	Pavilions	779
214	Public Conveniences	234
95	Residential	0
3,979	Retail	3,578
1,545	Surface Car Park	1,596
<b>33,688</b>	<b>Total</b>	<b>32,840</b>

### Depreciation

The following useful lives (established by the District Valuer at the last revaluation) and depreciation rates have been used in the calculation of depreciation:

- Buildings – 2 to 87 years
- Vehicles, Plant, Furniture & Equipment – 1 to 20 years
- Infrastructure – 50 years

### Capital Commitments

At 31 March 2018, the Council had no significant capital commitments.

### Effects of Changes in Estimates

In 2017/18, 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 & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Total £000
Carried at historical cost	19	3,363	3,382
Valued at fair value as at:			
- 31 March 2018	27,686		27,686
- 31 March 2017	1,147		1,147
- 31 March 2016	2,794		2,794
- 31 March 2015	1,084		1,084
- 31 March 2014	0		0
- 31 March 2013	110		110
<b>Total Cost or Valuation</b>	<b>32,840</b>	<b>3,363</b>	<b>36,203</b>

### 13. 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.

	Statues £000	Art Collection £000	Other Items £000	Total Assets £000
<b><u>Cost or Valuation</u></b>				
<b>At 1 April 2017</b>	<b>305</b>	<b>80</b>	<b>130</b>	<b>515</b>
<b>At 31 March 2018</b>	<b>305</b>	<b>80</b>	<b>130</b>	<b>515</b>
<b><u>Cost or Valuation</u></b>				
<b>At 1 April 2016</b>	<b>305</b>	<b>80</b>	<b>130</b>	<b>515</b>
<b>At 31 March 2017</b>	<b>305</b>	<b>80</b>	<b>130</b>	<b>515</b>

### 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.

## NOTES TO THE ACCOUNTS

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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 Historic Parks Manager, the civic regalia and trophies are managed by the Democratic and Legal Services Administration Officer, the grand piano is managed by the Garrick Trust and all other items are managed by the Tourism Manager.

The 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 Martyr's 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.

## 14. Investment Properties

Valuation Process for Investment Properties - the fair value of the Authority's investment property is measured annually at each reporting date. All valuations are carried out externally in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Valuation Techniques - there has been no change in the valuation techniques used during the year for investment properties.

Highest and Best Use of Investment Properties - in estimating the fair value of the Authority's investment properties, the highest and best use of the properties reflects their current use.

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:

2016/17 £000		2017/18 £000
394	Rental income from investment property	417
5	Direct operating expenses arising from investment property	(387)
<b>399</b>	<b>Net gain / (loss)</b>	<b>30</b>

## NOTES TO THE ACCOUNTS

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 tables summarise the movement in the fair value of investment properties over the year and identifies their fair values split by their level in the fair value hierarchy:

2016/17 £000		2017/18 £000
5,572	Balance at Start of Year	5,572
0	Net Gains/(losses) from fair value adjustments	(372)
5,572	Balance at end of year	5,200

	2016/17			2017/18		
	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Fair Value as at 31 March 2017	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Fair Value as at 31 March 2018
	£000	£000	£000	£000	£000	£000
Residential Properties	0	55	55	0	55	55
Office Units	780	0	780	0	780	780
Commercial Units	4,230	507	4,737	0	4,365	4,365
<b>Total</b>	<b>5,010</b>	<b>562</b>	<b>5,572</b>	<b>0</b>	<b>5,200</b>	<b>5,200</b>

### Transfers between levels of the fair value hierarchy in 2017/18

The introduction of the requirement to disclose the inputs used in valuing properties to Fair Value initially brought with it a range of views on the interpretation of the definitions. Subsequent discussions between Valuer's and Accountants have resulted in a more consistent approach to the treatment of inputs being developed. It is understood that it is now generally considered that Level 2 input is the most common categorisation for Local Authority Assets. Level 1 and Level 3 categorisations can exist for Local Authority Assets but are likely to be relatively uncommon. Therefore the categorisation of a number of Level 1 assets have been adjusted to Level 2, which is more in line with the current approach to categorisation of inputs.

## 15. 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

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a financial obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

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

## NOTES TO THE ACCOUNTS

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- One long term loan with the Public Works Loans Board (the loan with Salix was repaid during the year)
- Finance leases detailed at note 36
- 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 issued by banks and building societies
- Treasury Bills

## NOTES TO THE ACCOUNTS

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

Financial Assets	Long Term		Short Term	
	31 March 2017	31 March 2018	31 March 2017	31 March 2018
	£000	£000	£000	£000
<u>Loans and receivables:</u>				
- Principal at amortised cost			17,500	18,000
- Accrued interest			28	26
<u>Available-for-sale investments:</u>				
- Principal at amortised cost	1,813	1,899	2,000	0
- Accrued interest			31	20
<b>Total Investments</b>	<b>1,813</b>	<b>1,899</b>	<b>19,559</b>	<b>18,046</b>
<u>Loans and receivables:</u>				
- Cash (including bank accounts)			248	472
<u>Available-for-sale investments:</u>				
- Cash equivalents at fair value			3,360	4,000
- Accrued interest			1	1
<b>Total Cash and Cash Equivalents</b>			<b>3,609</b>	<b>4,473</b>
<u>Debtors</u>				
Trade receivables	158	93	4,682	2,763
<b>Total included in Debtors</b>	<b>158</b>	<b>93</b>	<b>4,682</b>	<b>2,763</b>
<b>Total Financial Assets</b>	<b>1,971</b>	<b>1,992</b>	<b>27,850</b>	<b>25,282</b>

Financial Liabilities	Long Term		Short Term	
	31 March 2017	31 March 2018	31 March 2017	31 March 2018
	£000	£000	£000	£000
<u>Loans at amortised cost:</u>				
Principal sum borrowed	(1,370)	(1,309)	(69)	(61)
<b>Total Borrowing</b>	<b>(1,370)</b>	<b>(1,309)</b>	<b>(69)</b>	<b>(61)</b>
<u>Liabilities at amortised cost:</u>				
Finance leases	(2,047)	(1,543)		
<b>Total other Long Term Liabilities</b>	<b>(2,047)</b>	<b>(1,543)</b>	<b>0</b>	<b>0</b>
<u>Liabilities at amortised cost:</u>				
Trade payables	(11)	0	(5,438)	(5,393)
Finance leases			(505)	(505)
<b>Total included in Creditors</b>	<b>(11)</b>	<b>0</b>	<b>(5,943)</b>	<b>(5,898)</b>
<b>Total Financial Liabilities</b>	<b>(3,428)</b>	<b>(2,852)</b>	<b>(6,012)</b>	<b>(5,959)</b>

## NOTES TO THE ACCOUNTS

### Offsetting Financial Assets and Liabilities

Financial assets and liabilities are offset against each other where the Council has a legally enforceable right to offset and it either intends to settle on a net basis, or to realise the asset and settle the liability simultaneously. The table below shows those instruments that have been offset on the balance sheet.

	31 March 2018			31 March 2017		
	Gross assets (liabilities)	(Liabilities) assets offset	Net position on balance sheet	Gross assets (liabilities)	(Liabilities) assets offset	Net position on balance sheet
	£000	£000	£000	£000	£000	£000
Bank accounts in credit	474	(134)	340	273	(125)	148
<b>Total offset financial assets</b>	<b>474</b>	<b>(134)</b>	<b>340</b>	<b>273</b>	<b>(125)</b>	<b>148</b>
Bank overdrafts	(134)	134	0	(125)	125	0
<b>Total offset financial liabilities</b>	<b>(134)</b>	<b>134</b>	<b>0</b>	<b>(125)</b>	<b>125</b>	<b>0</b>

### Reconciliation to Cash & Cash Equivalents

31 March 2017 £000		31 March 2018 £000
148	Main Bank Accounts Total	340
93	Total Reconciling Differences (Unpresented Cheques and Cash in Transit)	129
<b>241</b>	<b>Cash &amp; Cash Equivalents - Bank Accounts</b>	<b>469</b>

### Financial Instruments – Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following items:

2016/17		Financial Liabilities	Financial Assets		2017/18
		Amortised Cost	Loans and Receivables	Available for Sale	
Total					Total
£000		£000	£000	£000	£000
96	Interest Expense	84			84
<b>96</b>	<b>Interest payable and similar charges</b>	<b>84</b>	<b>0</b>	<b>0</b>	<b>84</b>
(219)	Interest Income		(93)	(109)	(202)
<b>(219)</b>	<b>Interest and Investment Income</b>	<b>0</b>	<b>(93)</b>	<b>(109)</b>	<b>(202)</b>
<b>(123)</b>	<b>Net Gain / (Loss) for the Year</b>	<b>84</b>	<b>(93)</b>	<b>(109)</b>	<b>(118)</b>

### Financial Instruments - Fair Values

Financial assets classified as available for sale are carried in the Balance Sheet at fair value. For most assets, including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated calculating the net present value of the remaining contractual cash flows at 31 March 2018, using the following methods and assumptions:

- Certificates of deposit and forward loan contracts have been discounted at market interest rates for instruments of similar credit quality and remaining term to maturity.

## NOTES TO THE ACCOUNTS

Financial assets classified as loans and receivables and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2018, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair values of finance lease assets and liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- **Level 1** – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- **Level 2** – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- **Level 3** – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

	Fair Value Level	31 March 2017		31 March 2018	
		Balance Sheet £000	Fair Value £000	Balance Sheet £000	Fair Value £000
<i>Financial assets held at fair value:</i>					
Money market funds	1	3,361		4,001	
Financial assets for which fair value is not disclosed:		26,460		23,273	
<b>Total Financial Assets</b>		<b>29,821</b>		<b>27,274</b>	
<i>Recorded on the Balance Sheet as:</i>					
Short Term Investments		19,559		18,046	
Long Term Investments		1,813		1,899	
Cash & Cash Equivalents		3,609		4,473	
Short Term Debtors		4,682		2,763	
Long Term Debtors		158		93	
<b>Total Financial Assets</b>		<b>29,821</b>		<b>27,274</b>	

The fair value of short term assets is assumed to approximate to the carrying value.



## NOTES TO THE ACCOUNTS

	Fair Value Level	31 March 2017		31 March 2018	
		Balance Sheet	Fair Value	Balance Sheet	Fair Value
		£000	£000	£000	£000
<i>Financial liabilities held at amortised cost:</i>					
Long Term loans from PWLB	2	(1,439)	(1,576)	(1,370)	(1,469)
Other Long Term loans	2	0	0	0	0
Finance Lease liabilities	2	(2,552)	(2,621)	(2,048)	(2,070)
<b>Total</b>		<b>(3,991)</b>	<b>(4,197)</b>	<b>(3,418)</b>	<b>(3,539)</b>
Liabilities for which fair value is not disclosed		(5,449)		(5,393)	
<b>Total Financial Liabilities</b>		<b>(9,440)</b>		<b>(8,811)</b>	
<i>Recorded on the Balance Sheet as:</i>					
Short Term Creditors		(5,438)		(5,393)	
Long Term Creditors		(11)		0	
Finance Lease Liabilities		(2,552)		(2,048)	
Short Term Borrowing		(69)		(61)	
Long Term Borrowing		(1,370)		(1,309)	
<b>Total Financial Liabilities</b>		<b>(9,440)</b>		<b>(8,811)</b>	

The fair value of short term liabilities is assumed to approximate to the carrying value.

### 16. Short Term Debtors

31 March 2017		31 March 2018
£000		£000
125	Central government bodies	1,776
233	Council tax payers	399
487	Business rate payers	304
<b>845</b>	<b>Total statutory debtors</b>	<b>2,479</b>
<b>283</b>	<b>Manual prepayments</b>	<b>275</b>
1,777	Other local authorities	640
11	NHS Bodies	2
2,894	Other entities and individuals	2,121
<b>4,682</b>	<b>Total trade debtors</b>	<b>2,763</b>
<b>5,810</b>	<b>Total debtors</b>	<b>5,517</b>
	Less bad debt provision:	
(131)	Council tax payers	(129)
(140)	Business rate payers	(101)
(827)	General debtors	(773)
(12)	Lichfield BID	(10)
<b>4,700</b>	<b>Total debtors</b>	<b>4,504</b>

## NOTES TO THE ACCOUNTS

### 17. Cash and Cash Equivalents

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

31 March 2017 £000		31 March 2018 £000
7	Cash held by the authority	3
241	Bank Accounts	469
3,361	Money Market Funds	4,001
<b>3,609</b>	<b>Total</b>	<b>4,473</b>

### 18. Assets Held for Sale

31 March 2017 £000		31 March 2018 £000
80	Balance outstanding at start of year	0
0	Assets newly classified as held for sale: • property, plant and equipment	133
0	Revaluation gains	167
(80)	Assets sold	0
<b>0</b>	<b>Balance outstanding at year-end</b>	<b>300</b>

### 19. Short Term Creditors

31 March 2017 £000		31 March 2018 £000
(3,854)	Central government bodies	(3,453)
(227)	Council tax payers	(223)
(444)	Business rate payers	(428)
<b>(4,525)</b>	<b>Total statutory creditors</b>	<b>(4,104)</b>
<b>(1,515)</b>	<b>Receipts in advance</b>	<b>(2,038)</b>
(3,145)	Other local authorities	(3,400)
0	NHS Bodies	(5)
(1)	Public corporations and trading funds	0
(2,292)	Other entities and individuals	(1,988)
<b>(5,438)</b>	<b>Total trade creditors</b>	<b>(5,393)</b>
<b>(11,478)</b>	<b>Total creditors</b>	<b>(11,535)</b>

### 20. Provisions

The Council has two provisions:

	Outstanding Legal Cases £000	Business Rates Appeals £000	Other Provisions £000	Total £000
<b>Balance at 1 April 2017</b>	<b>(100)</b>	<b>(1,560)</b>	<b>(46)</b>	<b>(1,706)</b>
Additional provisions made this year	(5)	(210)	0	(215)
Amounts used this year	13	290	46	349
<b>Balance at 31 March 2018</b>	<b>(92)</b>	<b>(1,480)</b>	<b>0</b>	<b>(1,572)</b>
<b>Element Categorised as Current</b>	<b>(92)</b>	<b>(300)</b>	<b>0</b>	<b>(392)</b>

## NOTES TO THE ACCOUNTS

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### Outstanding Legal Cases

The Authority has one legal case in progress that have been provided for:

- **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 **£94,457**. On 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.

### Business Rates Appeals

The amount of **£1,480,000** relates to an estimate of Business Rate refunds from successful appeals up to 31 March 2018.

### 21. Usable Reserves

2016/17 £000		2017/18 £000
4,971	General Fund	4,521
1,460	Capital Grants Unapplied	1,642
3,190	Capital Receipts Reserve	3,331
6,242	Earmarked Reserves	7,761
<b>15,863</b>	<b>Total</b>	<b>17,255</b>

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

### 22. Unusable Reserves

2016/17 £000		2017/18 £000
7,800	Revaluation Reserve	9,016
36,624	Capital Adjustment Account	34,865
47	Deferred Capital Receipts	47
(36,562)	Pensions Reserve	(36,028)
1,116	Collection Fund Adjustments	611
(187)	Available for Sale Reserve	(101)
(225)	Accumulated Absence Account	(132)
<b>8,613</b>	<b>Total</b>	<b>8,278</b>

## NOTES TO THE ACCOUNTS

### 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.

2016/17 £000			2017/18 £000
6,571	<b>Balance at 1 April</b>		7,800
1,743	Upward revaluation of assets	2,811	
(57)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(699)	
1,686	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		2,112
(209)	Difference between fair value depreciation and historical cost depreciation	(181)	
(248)	Accumulated gains on assets sold or scrapped	(715)	
(457)	Amount written off to the Capital Adjustment Account		(896)
<b>7,800</b>	<b>Balance at 31 March</b>		<b>9,016</b>

### 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.

## NOTES TO THE ACCOUNTS

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

2016/17 £000			2017/18 £000
36,687	<b>Balance at 1 April</b>		36,624
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(1,785)	· Charges for depreciation and impairment of non-current assets	(1,741)	
(33)	· Revaluation gains/losses on Property, Plant and Equipment	165	
(8)	· Amortisation of intangible assets	(7)	
(740)	· Revenue expenditure funded from capital under statute	(1,567)	
(159)	· 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	(1,642)	
(2,725)			(4,792)
209	Adjusting amounts written out of the Revaluation Reserve		181
34,171	Net written out amount of the cost of non-current assets consumed in the year		32,013
	Capital financing applied in the year:		
495	· Use of the Capital Receipts Reserve to finance new capital expenditure	285	
814	· Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	1,238	
17	· Application of grants to capital financing from the Capital Grants Unapplied Account	121	
615	· Statutory provision for the financing of capital investment charged against the General Fund	616	
512	· Capital expenditure charged against the General Fund	965	
2,453			3,225
0	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(373)
<b>36,624</b>	<b>Balance at 31 March</b>		<b>34,865</b>

### 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.

## NOTES TO THE ACCOUNTS

2016/17 £000		2017/18 £000
(35,820)	<b>Balance at 1 April</b>	<b>(36,562)</b>
(8,638)	Actuarial gains or losses on pensions assets and liabilities	2,200
9,273	Return on Plan Assets	(160)
(3,294)	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	(3,632)
1,917	Employer's pensions contributions and direct payments to pensioners payable in the year	2,126
<b>(36,562)</b>	<b>Balance at 31 March</b>	<b>(36,028)</b>

### Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current 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.

2016/17 £000		2017/18 £000
47	<b>Balance at 1 April</b>	<b>47</b>
47	<b>Balance at 31 March</b>	<b>47</b>

### Collection Fund Adjustment Account

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

2016/17				2017/18		
Council Tax £000	Business Rates £000	Total £000		Council Tax £000	Business Rates £000	Total £000
41	(87)	(46)	<b>Balance at 1 April</b>	35	1,081	1,116
(6)	1,168	1,162	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	9	(514)	(505)
<b>35</b>	<b>1,081</b>	<b>1,116</b>	<b>Balance at 31 March</b>	<b>44</b>	<b>567</b>	<b>611</b>

### Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the authority arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Disposed of and the gains are realised.

## NOTES TO THE ACCOUNTS

2016/17 £000		2017/18 £000
0	<b>Balance at 1 April</b>	(187)
(187)	Revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	86
(187)	<b>Balance at 31 March</b>	(101)

### 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.

2016/17 £000		2017/18 £000
(212)	<b>Balance at 1 April</b>	(225)
(13)	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	93
(225)	<b>Balance at 31 March</b>	(132)

### 23. Adjustments to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements

2016/17 £000		2017/18 £000
1,793	Depreciation, amortisation and impairment	1,748
33	Downward revaluations	560
0	Upward revaluations charged to services	(353)
408	Carrying Amount of non-current assets disposed in the year	2,357
(83)	Increase / (Decrease) in Provisions	(134)
4	(Increase) / Decrease in Stock	11
163	(Increase) / Decrease in Debtors	184
1,737	Increase / (Decrease) in Creditors	8
1,377	Movement in pension liability	(129)
167	Other non-cash adjustments	0
<b>5,599</b>	<b>Adjust net surplus or deficit on the provision of services for non-cash movements</b>	<b>4,252</b>

## NOTES TO THE ACCOUNTS

### 24. Adjustments for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities

2016/17 £000		2017/18 £000
(1,041)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets disposed in the year	(426)
(1,047)	Capital Grants & Contributions	(1,520)
(1,433)	Any other items for which the cash effects are investing or financing activities	(761)
<b>(3,521)</b>	<b>Adjust net surplus or deficit on the provision of services for investing and financing activities</b>	<b>(2,707)</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 25** and **Note 26** after adjusting for cash flows in respect of outstanding balances at the end of the current and prior financial year.

### 25. Cash Flow Statement - Investing Activities

2016/17 £000		2017/18 £000
(1,254)	Purchase of property, plant and equipment, investment property and intangible assets	(1,209)
(39,700)	Purchase of short-term and long-term investments	(51,900)
897	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	298
33,700	Proceeds from short-term and long-term investments	53,400
1,313	Other (receipts)/payments from investing activities (including capital grants and contributions)	1,724
<b>(5,044)</b>	<b>Net cash flows from Investing activities</b>	<b>2,313</b>

### 26. Cash Flow Statement - Financing Activities

2016/17 £000		2017/18 £000
(516)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(505)
(53)	Repayments of short and long term borrowing	(69)
1,434	Council Tax and Business Rates Net Cash Inflows	761
<b>865</b>	<b>Net cash flows from Financing activities</b>	<b>187</b>



## NOTES TO THE ACCOUNTS

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### 27. Cash Flow Statement - Operating Activities

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

2016/17 £000		2017/18 £000
182	Interest received	214
(58)	Interest paid	(48)
<b>124</b>	<b>Net cash flows from operating activities</b>	<b>166</b>

### 28. Principal and Agency Services

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

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

2016/17 £000		2017/18 £000
613	Expenditure Incurred	725
(561)	Income received	(558)
(35)	Fee payable by South Staffordshire District Council	(35)
(35)	Fee payable by Tamworth Borough Council	(35)
(35)	Contribution from Lichfield District Council	(35)
<b>(53)</b>	<b>(Surplus)/Deficit Transferred (To)/From Earmarked Reserves</b>	<b>62</b>

### 29. Jointly Controlled Operations

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 **57.84%** from Lichfield District Council and **42.16%** 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 and income for both authorities. It includes the (surplus)/deficit for Lichfield only. The operation went live in July 2010 and details for this financial year are as follows:

2016/17 £000		2017/18 £000
	<b>Funding provided to the operation</b>	
(1,748)	Contribution from Lichfield	(1,750)
(1,292)	Contribution from Tamworth	(1,275)
<b>(3,040)</b>	<b>Total funding provided to the operation</b>	<b>(3,025)</b>
	<b>Expenditure met by the operation</b>	
2,470	Pay and allowances	2,577
4	Premises costs	4
1,217	Transport costs	1,229
1,340	Supplies and Services	1,339
0	Third Party Payments	6
318	Support Costs	369
(2,424)	Revenue income	(2,605)
<b>2,925</b>	<b>Total expenditure</b>	<b>2,919</b>
<b>(115)</b>	<b>Net (surplus)/deficit arising on the pooled budget during the year</b>	<b>(106)</b>
<b>(66)</b>	<b>Lichfield District Council's share of 57.84% of the net (surplus)/deficit arising on the operation</b>	<b>(61)</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.

2016/17 £000		2017/18 £000
<b>(115)</b>	<b>Net (surplus) arising on the pooled budget during the year</b>	<b>(106)</b>
1,748	Add: Lichfield's Contribution shown as expenditure in the CIES	1,750
53	Amounts not reported in the Joint Waste Service	325
<b>1,686</b>	<b>Net Cost of Services in the Comprehensive Income and Expenditure Statement</b>	<b>1,969</b>

### 30. Members' Allowances

The Council paid the following amounts to Members of the Council during the year.

2016/17 £000		2017/18 £000
282	Allowances	267
4	Expenses	3
<b>286</b>	<b>Total</b>	<b>270</b>

## NOTES TO THE ACCOUNTS

### 31. Officers' Remuneration

The remuneration paid to the Council's senior employees is as follows:

Post (Relevant dates included for part year appointments)	Salary, Fees and Allowances £	Performance Pay £	Expenses Allowances £	Compensation for Loss of Office £	Pension Contribution £	Total £
Chief Executive 2017/18	101,794	9,983	-	-	17,952	129,729
2016/17	100,796	9,885	-	-	23,699	134,380
Director of Place & Community 2017/18	84,288	-	-	-	13,499	97,787
2016/17	82,536	1,588	-	-	17,963	102,087
Director of Transformation & Resources 2017/18	80,610	-	97	-	12,918	93,625
2016/17	76,706	1,433	96	-	16,691	94,926
Strategic Director Community, Housing and Health 2017/18	-	-	-	-	-	-
2016/17	60,850	2,790	-	73,455	13,590	150,685
Director of Finance, Revenues and Benefits 2017/18	-	-	-	-	-	-
2016/17	18,335	1,433	-	85,680	4,218	109,666
Assistant Chief Executive (Started 24th April 2017) 2017/18	57,630	-	-	-	9,190	66,820
2016/17	-	-	-	-	-	-
Head of Corporate Services (Started 19th April 2017) 2017/18	53,687	-	-	-	8,549	62,237
2016/17	-	-	-	-	-	-
Head of Development Services 2017/18	57,144	-	-	-	9,101	66,246
2016/17	52,848	-	-	-	11,207	64,055
Head of Economic Growth 2017/18	57,144	-	-	-	9,101	66,246
2016/17	52,848	-	-	-	11,207	64,055
Head of Finance & Procurement 2017/18	58,333	-	-	-	9,450	67,783
2016/17	58,408	-	-	-	12,616	71,024
Head of Legal, Property & Democratic Services 2017/18	57,144	-	-	-	9,101	66,246
2016/17	53,309	-	-	-	11,307	64,616
Head of Leisure and Operational Services 2017/18	60,406	-	-	-	-	60,406
2016/17	4,976	-	-	-	-	4,976
Head of Regulatory Services, Housing & Wellbeing 2017/18	57,039	-	124	-	9,084	66,248
2016/17	49,707	-	124	-	10,529	60,360
Head of Revenues, Benefits & Customer Services 2017/18	57,144	-	-	-	9,101	66,246
2016/17	50,156	-	-	-	10,626	60,782

- The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

2016/17 Number of employees	Remuneration band	2017/18 Number of employees
1	£50,000-£54,999	5
-	£55,000-£59,999	1
-	£60,000-£64,999	1

## NOTES TO THE ACCOUNTS

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	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
£0 - £20,000	1	0	0	2	1	2	£18,571	£12,914
£20,001 - £40,000	1	1	1	4	2	5	£63,962	£170,509
£40,001 - £60,000	0	1	0	2	0	3	£0	£143,424
£60,001 - £80,000	0	0	1	0	1	0	£73,455	£0
£80,001 - £100,000	1	0	0	0	1	0	£85,680	£0
£100,001 - £150,000	0	0	0	0	0	0	£0	£0
£150,001 - £200,000	0	0	0	0	0	0	£0	£0
<b>Total</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>8</b>	<b>5</b>	<b>10</b>	<b>£241,668</b>	<b>£326,847</b>

A breakdown of the total cost of exit packages is shown below:

Exit Package Cost Band	2016/17			2017/18		
	Redundancy Package	Employers Pension Strain	Total	Redundancy Package	Employers Pension Strain	Total
£0 - £20,000	£18,571	£0	£18,571	£12,663	£251	£12,914
£20,001 - £40,000	£44,517	£19,445	£63,962	£150,240	£20,268	£170,508
£40,001 - £60,000	£0	£0	£0	£83,430	£59,994	£143,424
£60,001 - £80,000	£73,455	£0	£73,455	£0	£0	£0
£80,001 - £100,000	£85,680	£0	£85,680	£0	£0	£0
£100,001 - £150,000	£0	£0	£0	£0	£0	£0
£150,001 - £200,000	£0	£0	£0	£0	£0	£0
<b>Total</b>	<b>£222,223</b>	<b>£19,445</b>	<b>£241,667</b>	<b>£246,333</b>	<b>£80,513</b>	<b>£326,846</b>

### 32. 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:

2016/17 £000		2017/18 £000
46	Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year	46
5	Fees payable to the Grant Thornton UK LLP for the certification of grant claims and returns for the year	8
<b>51</b>	<b>TOTAL</b>	<b>54</b>

## NOTES TO THE ACCOUNTS

### 33. Grant Income

The Council credited the following grants, contributions and donations to the CIES in 2017/18:

2016/17 £000		2017/18 £000
	<b>Credited to Taxation and Non Specific Grant Income</b>	
43	Other Contributions	(4)
<b>43</b>	<b>Sub Total (Capital)</b>	<b>(4)</b>
7,463	Council Tax Income	7,770
2,387	Non-Domestic rates	2,169
3,219	Non Ring Fenced Government Grants	2,985
<b>13,069</b>	<b>Sub Total (Revenue)</b>	<b>12,924</b>
<b>13,112</b>	<b>Total</b>	<b>12,920</b>

2016/17 £000		2017/18 £000
	<b>Credited to Cost of Services</b>	
764	Disabled Facilities Grant	757
0	Section 106 - Hawksyard	320
185	CIL - Various Sites	141
54	Other Contributions	328
<b>1,003</b>	<b>Sub Total (Capital)</b>	<b>1,546</b>
18,849	Housing and Council Tax Benefits	17,925
260	Ministry of Housing, Communities and Local Government	387
99	Other Government Departments and Agencies	88
29	Positive Futures	18
82	Office of the Police and Crime Commissioner	86
357	Contributions from other Local Authorities	195
1,421	Contributions from other Local Authorities-Shared Services	1,404
<b>21,097</b>	<b>Sub Total (Revenue)</b>	<b>20,103</b>
<b>22,100</b>	<b>Total</b>	<b>21,649</b>

## NOTES TO THE ACCOUNTS

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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:

2016/17 £000		2017/18 £000
	<b>Capital Grants Receipts in Advance</b>	
827	Other Contributions	544
<b>827</b>	<b>Current Liabilities</b>	<b>544</b>
565	Other Contributions	629
<b>565</b>	<b>Long Term Liabilities</b>	<b>629</b>
<b>1,392</b>	<b>Total</b>	<b>1,173</b>

2016/17 £000		2017/18 £000
	<b>Revenue Grants Receipts in Advance</b>	
8	Natural England-Environmental Stewardship	5
463	Heritage Lottery Fund	385
0	Ecological Mitigation	423
95	Neighbourhood Planning	15
12	Other Contributions	7
<b>578</b>	<b>Total (shown within Current Liabilities)</b>	<b>835</b>

### 34. 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 (e.g. Council Tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in **Note 7**. Grants received during the year are shown in **Note 33**.

#### 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 30**. During 2017/18, works and services to the value of **£203,000** were commissioned from companies in which thirty one members had an interest (**£163,000** in 2016/17). Contracts were entered into in full compliance with the Council's standing orders.

## NOTES TO THE ACCOUNTS

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In addition, the Council paid grants totalling **£75,000** to voluntary organisations (**£141,200** in 2016/17) in which one member had a position 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 **£416,000** from Bromford Housing Group in 2017/18 (**£289,000** in 2016/17) 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 2017/18 was **£4.085 million** (**£4.852 million** owed from the Council in 2016/17).

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 **£310,000** was made to the Lichfield Garrick Theatre Trust in 2017/18 (**£310,000** in 2016/17). Support services provided by the Council to the Garrick totalled **£25,300** (**£52,300** in 2016/17). Two District Councillors are members of the Board of Trustees.

The Council outsourced its Leisure Centres in February 2018 to Freedom Leisure; the management fee totalled **£140,000**. The Leisure Implementation Panel monitors performance, the panel consists of both Freedom Leisure and District Council officers.

## NOTES TO THE ACCOUNTS

### 35. 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.

2016/17 £000		2017/18 £000
4,663	<b>Opening Capital Financing Requirement</b>	4,793
	<i>Capital Investment</i>	
1,843	Property, Plant & Equipment	997
0	Intangible Assets	44
740	Revenue Expenditure Funded from Capital under Statute	1,567
	<i>Sources of Finance</i>	
(495)	Capital receipts	(285)
(831)	Government grants and other contributions	(1,358)
	<i>Sums set aside from revenue:</i>	
(512)	Direct revenue contributions	(965)
(615)	Minimum revenue provision	(616)
4,793	<b>Closing Capital Financing Requirement</b>	4,177
	<b>Explanation of movements in year</b>	
130	Increase/(decrease) in underlying need to borrowing (Unsupported by government financial assistance)	(616)
130	<b>Increase / (decrease) in Capital Financing Requirement</b>	<b>(616)</b>

### 36. 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:

31 March 2017 £000		31 March 2018 £000
2,153	Vehicles, Plant, Furniture and Equipment	1,631
2,153	<b>TOTAL</b>	<b>1,631</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 2017 £000		31 March 2018 £000
	Finance lease liabilities (net present value of minimum lease payments)	
505	- current	505
2,047	- non-current	1,543
144	Finance costs payable in future years	96
<b>2,696</b>	<b>Minimum Lease Payments</b>	<b>2,144</b>

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2017	31 March 2018	31 March 2017	31 March 2018
Not later than one year	553	544	505	505
Later than one year and not later than five years	2,143	1,600	2,047	1,543
<b>Total</b>	<b>2,696</b>	<b>2,144</b>	<b>2,552</b>	<b>2,048</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 2017 £000		31 March 2018 £000
18	Not later than one year	20
45	Later than one year and not later than five years	71
477	Later than five years	536
<b>540</b>	<b>TOTAL</b>	<b>627</b>

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

31 March 2017 £000		31 March 2018 £000
39	Minimum Lease Payments	27
<b>39</b>	<b>TOTAL</b>	<b>27</b>

## NOTES TO THE ACCOUNTS

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### **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 2017 £000		31 March 2018 £000
359	Not later than one year	388
821	Later than one year and not later than five years	732
3,041	Later than five years	2,922
<b>4,221</b>	<b>TOTAL</b>	<b>4,042</b>

### **37. Impairment Losses**

The Council undertook an impairment review of its non-current assets at 31 March 2018 and no impairment was chargeable.

### **38. 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:

2016/17 £000	Local Government Pension Scheme Comprehensive Income and Expenditure Statement	2017/18 £000
	Cost of Services:	
2,029	- Current service cost	3,120
10	- Past service costs	107
0	- Settlements and curtailments	<sup>2</sup> (536)
	Financing and Investment Income and Expenditure	
1,255	- Net interest expense	941
<b>3,294</b>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>3,632</b>
	<i>Other Post Employment Benefit Charged to the CIES</i>	
	Re-measurement of the net defined benefit comprising:	
(9,273)	- Return on plan assets (excluding the amount included in the net interest expense)	160
(362)	- Actuarial gains and losses arising on changes in demographic assumptions	0
(6,646)	- Actuarial gains and losses arising on other experience	(44)
15,646	- Actuarial gains and losses arising on changes in financial assumptions	(2,156)
<b>(635)</b>	<b>Total Post Employment Benefit Charged to the CIES</b>	<b>(2,040)</b>
	<i>Movement in Reserves Statement</i>	
<b>(742)</b>	- Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	<b>534</b>
	<b>Actual amount charged against the General Fund Balance for pensions in the year</b>	
<b>1,917</b>	<b>- employers' contributions payable to scheme</b>	<b>2,126</b>

<sup>2</sup> This relates to the removal of assets and liabilities of the Leisure Centre staff following their transfer via TUPE to Freedom Leisure on 1 February 2018.

## 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:

2016/17 £000	Local Government Pension Scheme	2017/18 £000
(111,789)	Present value of the defined benefit obligation	(111,170)
75,227	Net liability arising from defined benefit obligation	75,142
0	Prepayment of future years pension contributions	1,635
<b>(36,562)</b>	<b>Net liability arising from defined obligation</b>	<b>(34,393)</b>

### Reconciliation of the Movements in the Fair Value of Scheme (Plan Assets)

2016/17 £000	Local Government Pension Scheme	2017/18 £000
64,209	Opening fair value of scheme assets	75,227
0	Effect of Settlements	(1,721)
2,237	Interest income	1,966
	Remeasurement gain / (loss):	
9,273	- The return on plan assets, excluding the amount included in the net interest expense	(160)
1,803	Contributions from employer	2,019
503	Contributions from employees into the scheme	508
114	Contributions in respect of unfunded benefits	107
(2,798)	Benefits paid	(2,697)
(114)	Unfunded benefits paid	(107)
<b>75,227</b>	<b>Closing position as at 31 March</b>	<b>75,142</b>

### Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligations)

2016/17 £000	Local Government Pension Scheme	2017/18 £000
	Opening balance at 1 April	
98,258	- Present value of funded liabilities	109,940
1,771	- Present value of unfunded liabilities	1,849
2,029	Current service cost	3,120
10	Past Service cost (including curtailments)	107
0	Effect of Settlements	(2,257)
3,492	Interest costs	2,907
503	Contribution from scheme participants	508
	Remeasurement (gain) / loss:	
(362)	- Actuarial gains/losses arising from changes in demographic assumptions	0
15,646	- Actuarial gains/losses from changes in financial assumptions	(2,156)
(6,646)	- Other experiences	(44)
(2,798)	Benefits paid	(2,697)
(114)	Unfunded benefits paid	(107)
<b>111,789</b>	<b>Closing position as at 31 March</b>	<b>111,170</b>

## NOTES TO THE ACCOUNTS

### Information about the Defined Benefit Obligation

	Liability Split £000 as at 31 March 2018	Liability Split % as at 31 March 2018	Weighted Average Duration
Active Members	48,391	44.2%	24.1
Deferred Members	21,750	19.9%	25.3
Pensioner Members	39,292	35.9%	11.5
<b>Total</b>	<b>109,433</b>	<b>100.0%</b>	<b>18.6</b>

### Local Government Pension Scheme assets comprised:

Asset Category	Period ended 31 March 2017				Period ended 31 March 2018			
	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	% of Total Assets	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	% of Total Assets
Cash and cash equivalents	3,778.9		3,778.9	5%	3,518.9		3,518.9	5%
Equity Securities:								
- Consumer	5,046.1		5,046.1	7%	3,327.4		3,327.4	4%
- Manufacturing	4,350.2		4,350.2	6%	3,206.4		3,206.4	4%
- Energy and Utilities	1,864.9		1,864.9	2%	940.1		940.1	1%
- Financial Institutions	5,038.7		5,038.7	7%	3,116.1		3,116.1	4%
- Health and Care	4,185.6		4,185.6	6%	2,272.8		2,272.8	3%
- Information technology	5,034.8		5,034.8	7%	2,175.1		2,175.1	3%
- Other	74.8		74.8	0%	83.3		83.3	0%
Debt Securities								
- Corporate Bonds	5,586.4		5,586.4	7%	5,825.5		5,825.5	8%
Private equity:								
- All		2,388.0	2,388.0	3%		2,241.7	2,241.7	3%
Real Estate:								
- UK Property		6,055.9	6,055.9	8%		5,939.5	5,939.5	8%
Investment Funds and Unit Trusts:								
- Equities	25,109.3		25,109.3	33%	36,283.5		36,283.5	47%
- Bonds	4,114.3		4,114.3	5%	4,517.8		4,517.8	6%
- Hedge Funds		1,476.6	1,476.6	2%		1,348.0	1,348.0	2%
- Other		1,122.5	1,122.5	1%		1,980.9	1,980.9	3%
<b>Total Assets</b>	<b>64,184</b>	<b>11,043</b>	<b>75,227</b>	<b>100%</b>	<b>65,267</b>	<b>11,510</b>	<b>76,777</b>	<b>100%</b>
Adjust for Prepayment							<sup>3</sup> (1,635)	
<b>Total Assets Restated</b>							<b>75,142</b>	

### Basis for Estimating Assets and Liabilities

A Triennial Revaluation took place during 2016/17 and the financial implications of this Revaluation are included in these 2017/18 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 2018.

<sup>3</sup> During 2017/18, the Council paid pension contributions for the three years 2017/18 to 2019/20. This figure relates to the amount that is classed as 'prepaid' ie relating to 2018/19 to 2019/20 that is included in the actuary's report but adjusted to reflect proper accounting practices.

## NOTES TO THE ACCOUNTS

The principal assumptions used by the actuary have been:

Period Ending	31 March 2017 % Per Annum	31 March 2018 % Per Annum
<b>Financial Assumptions</b>		
Pension Increase Rate	2.4%	2.4%
Salary Increase Rate	2.8%	2.8%
Discount Rate	2.6%	2.7%
	<b>Males</b>	<b>Females</b>
<b>Mortality Rate</b>		
Current Pensioners	22.1 years	24.4 years
Future Pensioners	24.1 years	26.4 years

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has 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 2018	Approximate % increase to employer Liability	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	10%	11,261
0.5% increase in the Salary Increase Rate	2%	1,799
0.5% increase in the Pension Increase Rate	8%	9,304

### Scheme History

Local Government Pension Scheme	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £'000	2015/16 £'000	2016/17 £000	2017/18 £000
Present value of the defined benefit obligation	(72,884)	(85,886)	(90,255)	(108,083)	(100,029)	(111,789)	(111,170)
Net Liability arising from defined benefit obligation	47,847	54,640	56,238	64,014	64,209	75,227	75,142
Adjustment for prepayment of future years pension contributions							(1,635)
<b>Net Liability arising from defined obligation</b>	<b>(25,037)</b>	<b>(31,246)</b>	<b>(34,017)</b>	<b>(44,069)</b>	<b>(35,820)</b>	<b>(36,562)</b>	<b>(34,393)</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 **£34.393 million** has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in an overall balance of

## NOTES TO THE ACCOUNTS

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**£25.553 million** (see page 57). 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 2019 is **£1.270 million**.

### 39. 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 nine former Lichfield District Council officers. Prior to 1 February 2013, the Lichfield Garrick Theatre traded as Lichfield District Council. An assessment has been carried out by management of the risk and potential financial consequences should the Council be called to settle these liabilities. For 2017/18, the risk has been assessed at low, no greater than **1%** or **£4,575**.
- On 1 February 2018, Freedom Leisure took over the management of the Council's Leisure Centres. 96 staff were transferred by TUPE via a pass through agreement. The Council is guarantor of pension commitments for these former employees. An assessment has been carried out by management of the risk and potential financial consequences should the Council be called to settle these liabilities. For 2017/18, the risk has been assessed at low, no greater than **1%** or **£96,876**.
- 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 2018 is **£302,337**. No provision has been made for this amount as the outcomes of the claims are currently unknown.
- In January 2016 the Council along with other Local Authorities received a claim for backdated mandatory Business Rate Relief under s. 43(5) and (6) of the Local Government Finance Act 1988 in relation to Burton Hospitals NHS Foundation Trust and South Staffordshire and Shropshire Healthcare NHS Foundation Trust backdated for six years. The Local Government Association (LGA) (the representative body for Local Authorities) has sought legal advice from Counsel, on our behalf, on the applications for mandatory relief from business rates, issued by GVA Grimley Ltd, on behalf of NHS trusts. Counsel advice is that NHS Trusts and Foundation Trusts are not charities, and that the applications for rate relief are therefore unfounded.

### 40. 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.
- The critical judgment in relation to the finance lease for the Joint Waste Service vehicles mean the finance lease liability is shown in this Council's Financial Statements. In the event

## NOTES TO THE ACCOUNTS

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that the Joint Waste Service ceases to operate, the Council would seek to recover an element of the outstanding lease obligations from Tamworth Borough Council.

### 41. 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>4</sup>

Financial Asset Category	Strategy Approved 21 February 2017		Strategy Approved 21 February 2018	
	Minimum Criteria	Limits	Criteria	Limits
UK Banks and Building Societies	AAA AA+ AA AA- A+ A A- BBB+ BBB BBB- None	£1m, 5yrs £1m, 5yrs £1m, 4yrs £1m, 3yrs £1m, 2yrs £1m, 13mths £1m, 6mths £0.5m, 100days £0.5m, 1 Day £0.5m, 1 Day £0.5m, 6Mths	AAA AA+ AA AA- A+ A A- None	£1m, 5yrs £1m, 5yrs £1m, 4yrs £1m, 3yrs £1m, 2yrs £1m, 13mths £1m, 6mths £0.5m, 6mths
Deposits with Money Market Funds	List provided by Financial Advisors	£1m	List provided by Financial Advisors	£1m
UK Government	Not applicable	No Limit	Not applicable	No Limit
Local Authorities, Parish Councils etc	Not applicable	£2m	Not applicable	£2m

Group Limit	£1 million	£1 million
Money Market Funds Limit	£12 million in total	£12 million in total
Sovereign Limits	No Limit	No Limit

### Non Specified Investments

Financial Asset Category	Strategy Approved 21 February 2017		Strategy Approved 21 February 2018	
	Minimum Criteria	Limits	Minimum Criteria	Limits
The Council's own bank (where credit ratings are not sufficient)	Unsecured investment with banks rated BBB are restricted to overnight deposits.		Unsecured investment with banks rated BBB are restricted to overnight deposits.	
Deposits with a maturity of greater than one year	<u>Minimum Long Term Rating</u>  A	Banks /Building Societies / Corporates - £1m  Government - £2m	<u>Minimum Long Term Rating</u>  A	Banks /Building Societies / Corporates - £1m  Government - £2m
Group Limit	£1 million		£1 million	
Sovereign Limits	No Limit		No Limit	

<sup>4</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:

Credit Rating	Long Term		Short Term	
	31/03/2017 £000	31/03/2018 £000	31/03/2017 £000	31/03/2018 £000
AAA			3,360	4,000
AA+			0	0
AA-			6,000	5,000
A+			2,000	0
A			3,500	6,000
Unrated Pooled Funds	1,813	1,899	0	0
Unrated Local Authorities			8,000	7,000
<b>Total Investments</b>	<b>1,813</b>	<b>1,899</b>	<b>22,860</b>	<b>22,000</b>
Accrued Interest			59	47
Cash in Hand and Bank Accounts			249	472
<b>Balance Sheet Total for Short Term investments and Cash and Cash Equivalents</b>	<b>1,813</b>	<b>1,899</b>	<b>23,168</b>	<b>22,519</b>

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of **£24.418m** (£1.899m of long term investments £18.046m of short term investments and £4.473m 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 recoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2018 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 2017 £000		31 March 2018 £000
3,855	Less than three months	1,933
140	Three to six months	143
180	Six months to one year	155
507	More than one year	532
<b>4,682</b>	<b>Total</b>	<b>2,763</b>
18%	Average % default adjusted for current conditions	28%
<b>827</b>	<b>Credit Risk exposure</b>	<b>773</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.

## NOTES TO THE ACCOUNTS

The maturity analysis of financial liabilities including the Public Works Loans Board long term loan received in April 2015 is as follows:

31 March 2017 £000		31 March 2018 £000
(69)	Less than one year	(61)
(61)	Between one year and two years	(61)
(183)	Between two years and five years	(183)
(304)	Between five years and ten years	(304)
(609)	Between ten years and twenty years	(609)
(213)	Between twenty years and thirty years	(152)
<b>(1,439)</b>	<b>Total</b>	<b>(1,370)</b>

All trade and other payables are due to be paid in less than one year.

### Market Risks: Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited will rise
- investments at fixed rates – the fair value of the assets will fall.

Investments classed as “loans and receivables” and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments classed as “available for sale” will be reflected in Other Comprehensive Income and Expenditure.

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates. At 31 March 2018, 0% (2017: 0%) of net principal borrowed (i.e. debt net of investments) was exposed to fixed rates and 70% (2017: 70%) to variable rates.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

2016/17 £000		2017/18 £000
81	Increase in interest receivable rate investments	91
<b>81</b>	<b>Impact on the Surplus or Deficit on the Provision of Services</b>	<b>91</b>
(6)	Decrease in fair value of available for sale assets	0
<b>(6)</b>	<b>Impact on Comprehensive Income and Expenditure</b>	<b>0</b>
(52)	Decrease in fair value of loans and receivables*	(25)
(140)	Decrease in fair value of fixed rate borrowings / liabilities*	(127)

\*No impact on Comprehensive Income and Expenditure.

## NOTES TO THE ACCOUNTS

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The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

### **Market Risks: Price Risk**

The market prices of the Council's fixed rate bond investments and its units in pooled bond funds are governed by prevailing interest rates and the market risk associated with these instruments is managed alongside interest rate risk.

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £2m. A 5% fall in commercial property prices would result in a £91,133 charge to Other Comprehensive Income & Expenditure – this would have no impact on the Surplus or Deficit on the Provision of Services until the investment was sold.

### **42. Joint Arrangements**

In 2016/17, the Council entered into a partnership arrangement with Public Sector Partnerships (PSP). The creation of the Limited Liability Partnership (LLP) with PSP will mean that group accounts will need to be prepared to consolidate the LLP's financial accounts into our accounts reflecting our position as joint owners when projects are approved. No projects or schemes were approved during 2017/18 and no financial transactions were made. No new accounting policies are required for the preparation of the 2017/18 Statement of Accounts.

## COLLECTION FUND

### 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.

Council Tax £000	Business Rates £000	Total 2016/17 £000		Council Tax £000	Business Rates £000	Total 2017/18 £000
(56,828)		(56,828)	<b>Income</b>			
(15)		(15)	Council Tax	(59,696)		(59,696)
	(35,481)	(35,481)	Transfer from / (to) general fund - Council Tax Benefit	(14)		(14)
	48	48	Non-Domestic Rates		(33,948)	(33,948)
(1,464)		(1,464)	Transitional protection payments		(103)	(103)
			Contribution towards previous year's Collection Fund deficit			0
<b>(56,843)</b>	<b>(36,897)</b>	<b>(93,740)</b>	<b>Total income</b>	<b>(59,710)</b>	<b>(34,051)</b>	<b>(93,761)</b>
			<b>Expenditure</b>			
56,343		56,343	Precepts and demands from major preceptors and the authority	59,256		59,256
	16,884	16,884	Share of non-domestic rating income to major preceptors and the authority		16,721	16,721
	16,884	16,884	Payment with respect to central share (including allowable deductions) to central government		16,721	16,721
			Impairment of Debts / Appeals			
62	448	510	· write-offs on uncollectable amounts	82	98	180
35	(142)	(107)	· allowance for impairment	6	(97)	(91)
	(220)	(220)	· allowance for appeals		(200)	(200)
	124	124	Allowance for collection costs		121	121
448		448	Contribution towards previous year's Collection Fund surplus	303	1,971	2,274
<b>56,888</b>	<b>33,978</b>	<b>90,866</b>	<b>Total expenditure</b>	<b>59,647</b>	<b>35,335</b>	<b>94,982</b>
<b>45</b>	<b>(2,919)</b>	<b>(2,874)</b>	Movement on Fund (Surplus) / Deficit	<b>(63)</b>	<b>1,284</b>	<b>1,221</b>
<b>(319)</b>	<b>218</b>	<b>(101)</b>	Balance at the beginning of year	<b>(274)</b>	<b>(2,701)</b>	<b>(2,975)</b>
<b>(274)</b>	<b>(2,701)</b>	<b>(2,975)</b>	Balance at the end of year	<b>(337)</b>	<b>(1,417)</b>	<b>(1,754)</b>

Council Tax £000	Business Rates £000	Total 2016/17 £000	Allocation of Collection Fund (Surplus) / Deficit	Council Tax £000	Business Rates £000	Total 2017/18 £000
(35)	(1,080)	(1,115)	Lichfield District Council	(44)	(567)	(611)
(197)	(243)	(440)	Staffordshire County Council	(240)	(128)	(368)
(30)		(30)	Staffordshire OPCC	(38)		(38)
(12)	(27)	(39)	Staffordshire Fire Authority	(15)	(14)	(29)
	(1,351)	(1,351)	Central Government		(708)	(708)
<b>(274)</b>	<b>(2,701)</b>	<b>(2,975)</b>		<b>(337)</b>	<b>(1,417)</b>	<b>(1,754)</b>

## COLLECTION FUND

### 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) **37,212** for 2017/18. This basic amount of Council Tax for a Band D property (**£1,604.32** for 2017/18) 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 2017/18 is shown below:

2016/17 £000	Council Tax	2017/18 £000
<b>39,856</b>	<b>Staffordshire County Council</b>	<b>42,200</b>
<b>6,502</b>	<b>Staffordshire Office of Police &amp; Crime Commissioner (OPCC)</b>	<b>6,691</b>
<b>2,575</b>	<b>Staffordshire Fire Authority</b>	<b>2,643</b>
<b>5,857</b>	<b>Lichfield District Council</b>	<b>6,094</b>
	<b>Parish Precepts :</b>	
36	Alrewas	37
73	Armitage with Handsacre	81
306	Burntwood Town Council	309
15	Clifton Campville with Thorpe Constantine	16
14	Colton	14
3	Curborough & Elmhurst, Farewell & Chorley	3
20	Drayton Bassett	21
11	Edingale	12
12	Elford	12
54	Fazeley Town Council	54
61	Fradley and Streethay	62
23	Hammerwich	26
4	Hamstall Ridware	4
6	Harlaston	8
7	Hints and Canwell	7
13	Kings Bromley	12
640	Lichfield City Council	673
24	Longdon	24
16	Mavesyn Ridware	17
140	Shenstone	157
5	Swinfen and Packington	5
7	Wall	10
1	Weeford	1
44	Whittington and Fisherwick	45
18	Wigginton and Hopwas	18
<b>1,553</b>	<b>Total Parish Precepts</b>	<b>1628</b>
<b>56,343</b>		<b>59,256</b>

## COLLECTION FUND

Council Tax bills were based on the following proportions expressed as a percentage (%) for Bands A to H:

Band	Band Width	2016/17 Band D Equivalent (Tax Base)			2017/18 Band D Equivalent (Tax Base)		
		Number of Dwellings	%	99.0%	Number of Dwellings	%	99.0%
	£						
A	0 to 40,000	2,405	7	2,380	2,426	7	2,402
B	40,001 to 52,000	6,057	16	5,997	6,099	16	6,038
C	52,001 to 68,000	7,813	21	7,735	7,917	21	7,837
D	68,001 to 88,000	5,885	16	5,826	5,935	16	5,876
E	88,001 to 120,000	5,293	14	5,240	5,337	14	5,284
F	120,001 to 160,000	4,743	13	4,695	4,789	13	4,741
G	160,001 to 320,000	3,915	11	3,876	3,929	11	3,889
H	320,001 upwards	739	2	732	748	2	740
Class O		129		129	128		128
<b>TOTAL</b>		<b>36,979</b>	<b>100</b>	<b>36,610</b>	<b>37,308</b>	<b>100</b>	<b>36,935</b>

### Council Tax Allowance for Impairment

An increase in the allowance for impairment was made during 2017/18 amounting to **£5,727**. The total allowance for impairment of debt as at 31 March 2018 is **£1,009,502** and represents **54%** of the **£1,873,694** outstanding debt.

### Non-Domestic Rates

NDR is organised on a national basis. The Government specifies an amount, the non-domestic rating multiplier **47.9p** (2016/17 **49.7p**) and the small business non-domestic rating multiplier **46.6p** (2016/17 **48.4p**) 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.

2016/17 £000		2017/18 £000
83,064	Non-Domestic rateable value at year end	90,105
35,520	Net rates payable by Ratepayers	33,948

In 2013/14, 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.

2016/17 £000	Preceptors	Share %	2017/18 £000
16,884	<b>Central Share</b> Central Government	50	16,721
3,039	<b>Major Precepting Bodies</b> Staffordshire County Council	9	3,010
338	Staffordshire Fire Authority	1	334
13,507	Lichfield District Council	40	13,377
<b>16,884</b>	<b>Total Precepting Bodies</b>	<b>50</b>	<b>16,721</b>

### NDR Allowance for Impairment

A reduction in the allowance for impairment was made during 2017/18 amounting to **£97,123**. The total allowance for impairment of debt as at 31 March 2018 is **£251,687** and represents **34%** of the **£750,082** outstanding debt.

## GLOSSARY OF TERMS

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### **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.

### **Community Infrastructure Levy**

As part of sustainable development, local authorities have to introduce a planning charge known as the Community Infrastructure Levy (CIL). The CIL is designed to act as a tool for local authorities to help deliver infrastructure to support the development of their area. The CIL Charging Schedule sets out the rate of levy the Council will charge those types of development that are eligible to contribute towards infrastructure provision. The District Council's CIL was adopted on 13 June 2016.

### **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.



## GLOSSARY OF TERMS

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### **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.

### **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.

### **Expenditure and Funding Analysis Statement**

This brings together local authority performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund.

### **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

## GLOSSARY OF TERMS

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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.

### **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 arm's length

### **Liabilities**

Amounts due to individuals or organisations which will have to be paid at some point 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.

## **GLOSSARY OF TERMS**

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### **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.

### **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 AUDITOR'S REPORT**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LICHFIELD DISTRICT COUNCIL**

This section will be included in the audited version of the Statement of Accounts

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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 ਇੰਟਰਪ੍ਰੀਟਰ 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.

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