



Lichfield
District Council

Statement
of
Accounts
2025/26
Unaudited

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If you have any comments on this **Statement of Accounts 2025/26** or would like any further information, please contact:

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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 Director – Finance, Environment and Community (Section 151) 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's 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 2026.

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 2026 and its income and expenditure for the year.

Anthony Thomas, CPFA, MAAT

Director – Finance, Environment and Community (Section 151), Date: xx 2026

The Statement of Accounts for 2025/26 has been approved by Audit Committee on xx 2026. The Audit Findings Report was reported to Audit Committee on xx 2026.

Chair of Audit Committee, Date: xx 2026

NARRATIVE REPORT

Introduction

The Statement of Accounts for the year ended 31 March 2026, 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 2025/26. This is supported by the International Financial Reporting Standards (IFRS). The Statement of Accounts, therefore, aims to provide information so that for the 2025/26 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
- 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 non-financial Performance of Lichfield District Council in 2025/26
- A Summary of the Financial Performance of Lichfield District Council in 2025/26
- A Summary of the Principal Risks and Uncertainties Facing Lichfield District Council
- Explanation of the Financial Statements

NARRATIVE REPORT

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.

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.

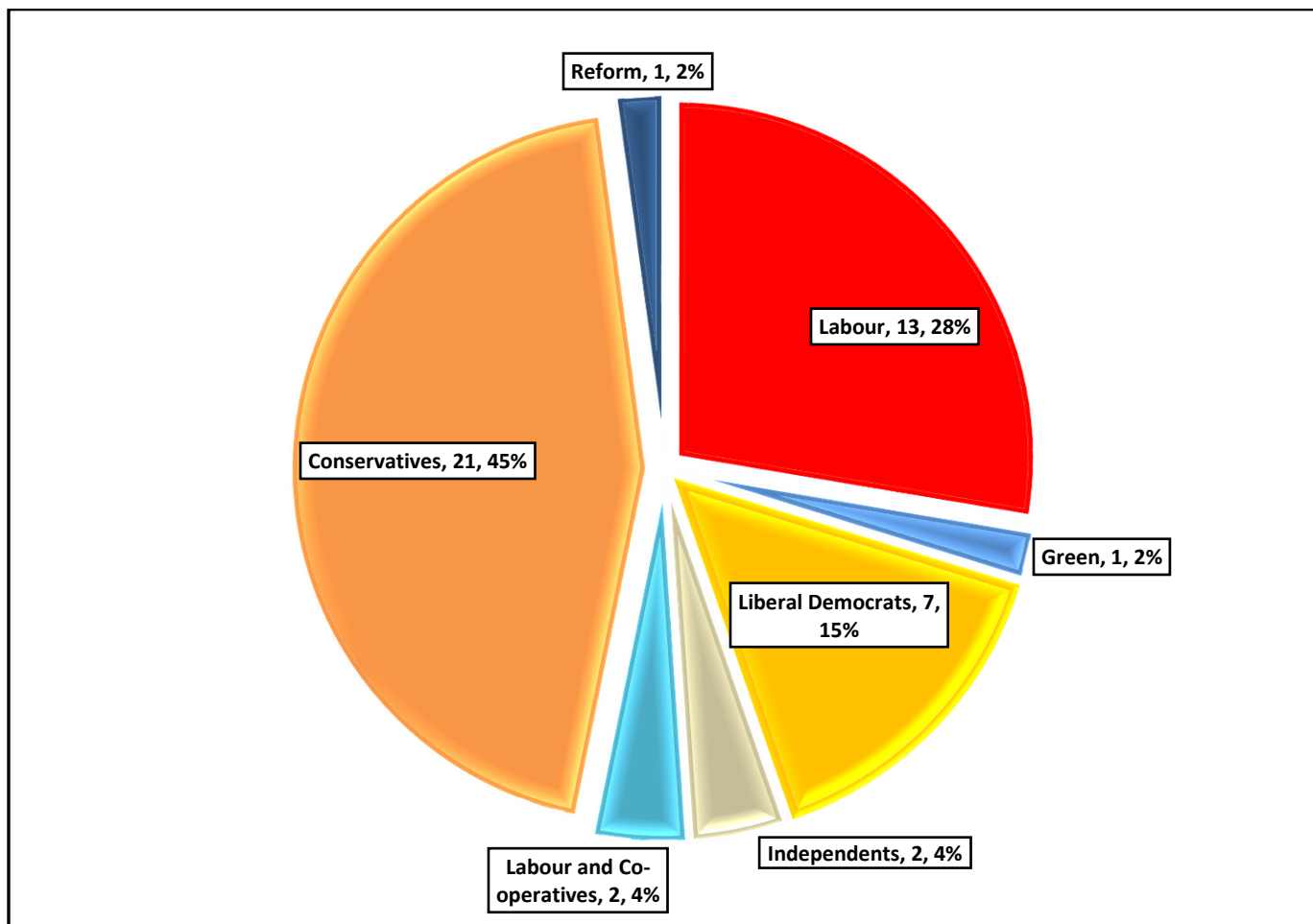
On average the district is prosperous and ranks well within the indices of deprivation (although there are areas where deprivation exists). The district performs well at all levels of education with pupils achieving above the national average. Lichfield has lower than the national average levels of unemployment. 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.

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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 **22** wards with **47** elected Members. The political composition of seats at 31 March 2026:



The policies of the Council are directed by Cabinet and Council and implemented by the Leadership Team supported by officers. 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 **28** parish, town and city councils across the district which also deliver services to the community. Lichfield District Council provides services to a population of **111,930** people (2024). 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 and monitoring CCTV*
- *Providing and managing public toilets*
- *Dealing with planning applications and providing building control*

NARRATIVE REPORT

- *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*
- *Providing support for the homeless, and home adaptations to help people live independently*
- *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*
- *Economic regeneration, creating the Local Plan and 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; IT services; data protection; financial services; debt recovery; governance and electoral services; insurance services; equalities; complaints and MP enquiries; mapping services.

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The Council's non-Financial Performance

The Council has a clear vision in the form of the **Our Lichfield District 2050 Strategy** which was produced following extensive consultation and review by Member, staff, stakeholder, and resident focus groups. It is a collective commitment to make Lichfield District the most confident, prosperous, active, and green part of the country by 2050 – a place which other parts of the United Kingdom aspire to be by delivering four key priorities:

- **Confident Communities** – we will be the place where people across the UK aspire to live.
- **Prosperous Communities** – we will enable Lichfield, Burntwood and our villages to flourish.
- **Active Communities** - we will make Lichfield District the most active in the UK.
- **Green Communities** – we will create the greenest district in the country.

Lichfield District 2050 Strategy was adopted by Full Council on 14 May 2024 and is the council's primary strategic plan document, outlining what we want to achieve and how we intend to do it. The Year 2 Delivery Plan was approved by Cabinet on 23 June 2025.

The Delivery Plan (Year 2) was approved by Cabinet on 23 June 2025. The Delivery Plan supports the delivery of priorities, provides assurance, and advises where action is required by connecting the Lichfield District 2050 Strategy (vision) with activity (what we are doing). To do this each priority is assigned a set of actions. To track short term progress in year 2 quarterly targets have been set.

Actions are mapped directly back to commitments and aspirations in each of the Council's priorities in the 2050 Strategy. They are also linked to each team service plans in addition to individual staff members' Performance targets within the OKRs.

The Delivery Plan is reviewed on an ongoing basis by Leadership Team and progress reported on a six-monthly basis to Cabinet. It is also shared with the Chair of the Council's Overview and Scrutiny Committee.

For each action, leads are requested to provide a quarterly update on progress, including a status description. The status descriptions serve as an indication of whether the action is expected to be delivered and the overall health of the action:

- **Green** -The action is on track, when taking into consideration the overall direction and its progress, no potential issues are foreseen, and the target is scheduled to be achieved.
- **Amber** - There is a minor issue that may risk achievement of the target if not corrected.
- **Red** - The action is at risk with issues that will impact the achievement of the target.

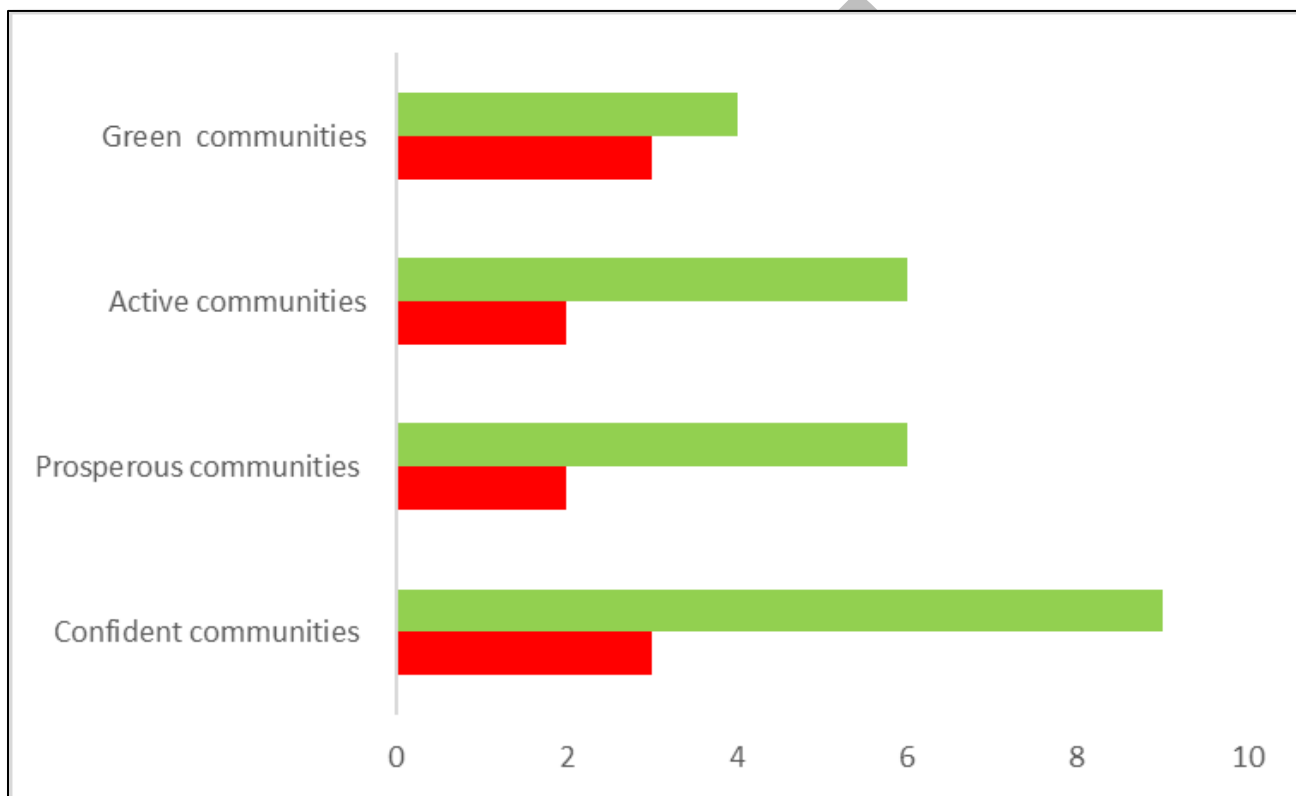
The quarter 4 update of the Year 2 Delivery Plan will go to Cabinet in July 2026. It contains 39 unique actions across the four priority areas. At the end of Quarter 4, 25 actions (71.4%) were rated green, 10 actions (28.6%) were rated red and 4 actions are on hold. This is comparable to the Year 1 outturn, which saw 76% of the 51 actions being rag rated as Green:

	Q2	Q4	Change
Green	34	25	-9
Amber	2	0	-2
Red	3	10	+7
On hold	0	4	+4

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Whilst the number of actions rated green has reduced since Quarter 2, this largely reflects revised delivery timescales for a small number of major projects and programmes rather than a reduction in overall performance. Significant progress has continued across all four ambitions of the strategy, with a number of actions currently rated red continuing to move forward and reflecting external dependencies, supplier issues, national policy changes or strategic decisions. Several actions, including food waste collections, the cinema development, Local Plan preparation and padel tennis courts, continue to move forward but are now operating to updated delivery programmes.

Action performance by priority:

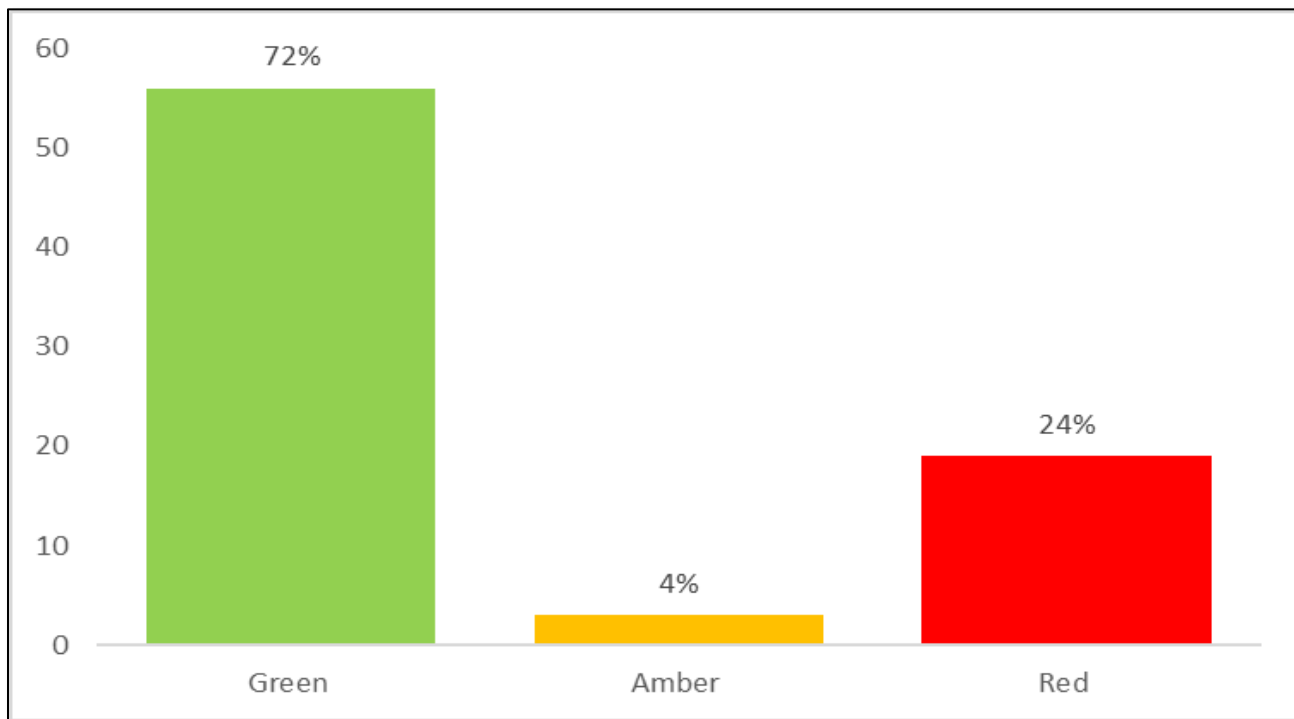


Alongside the Delivery Plan, a suite of corporate KPIs is used to monitor operational performance and the quality of services delivered to residents and businesses.

The Council continues to set ambitious and stretching targets designed to drive continuous improvement and ensure residents receive the best possible services, despite being a small District Council. Whilst not every target is achieved, these measures provide a robust framework for assessing performance, identifying areas for improvement and maintaining accountability.

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Operational performance has remained resilient throughout 2025/26 despite increasing demand across many services and the delivery of a number of major strategic projects. Of the 78 KPIs monitored, 56 (72%) are currently rated green, demonstrating strong performance across the majority of council services. This is an improvement on the 2024/25 outturn, when 52% of KPIs were rated green:



(72%) of KPIs are 'green'. This is a small increase from 71% in Q2, so performance has remained steady since Q2:

	Green	Amber or Red
Q2	55	23
Q4	56	22
Change	+1	-1

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Financial Performance

The Medium Term Financial Strategy and Monitoring Financial Performance

The ability to deliver the outcomes set out in the 2050 Strategy is dependent on the revenue and capital resources available over the life of the plan. Therefore, the Council prepares a **Medium Term Financial Strategy (MTFS)** that covers the current and next four financial years. The MTFS is monitored during each financial year through Money Matters Reports to Cabinet.

Revenue Financial Performance in 2025/26

Revenue spending represents the day-to-day cost of the services provided by the Council. The revenue spend together with details of how this spend was funded for 2025/26 is shown below:

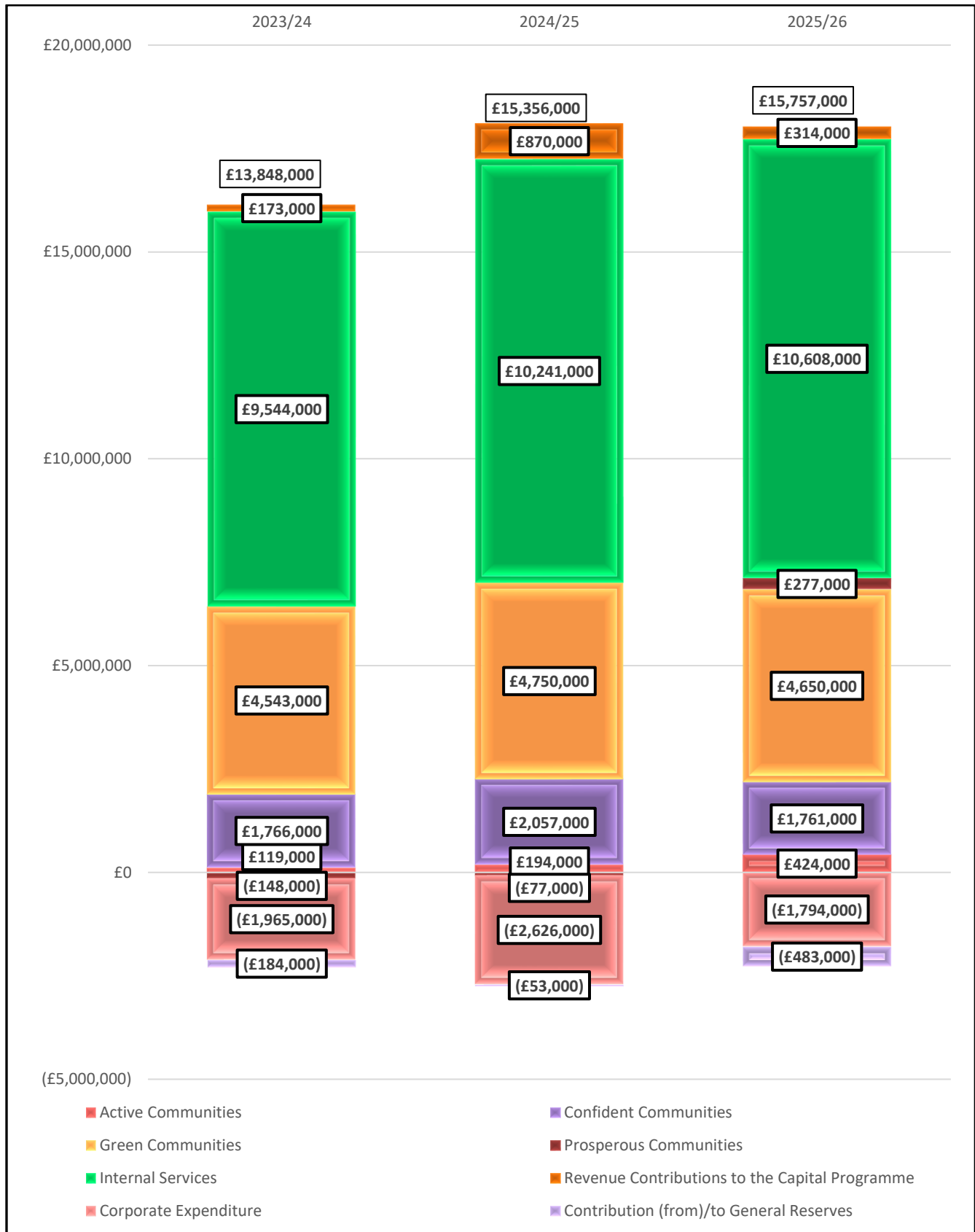
2024/25		2025/26				
Actual Outturn £000		Original Budget £000	Approved Budget £000	Actual Outturn £000	Amount per Person £	Amount per Band D Property £
194	Active Communities	30	134	424	£3.99	£10.21
2,057	Confident Communities	1,888	2,077	1,761	£16.58	£42.44
4,750	Green Communities	4,230	4,749	4,650	£43.78	£112.04
(77)	Prosperous Communities	(811)	257	277	£2.61	£6.69
10,241	Internal Services	11,059	10,595	10,608	£99.88	£255.60
17,165	Net Cost of Services	16,396	17,812	17,720	£166.85	£426.98
870	Capital & earmarked reserves	855	314	314	£2.96	£7.57
(2,626)	Interest receipts/payments	(1,921)	(1,793)	(1,794)	(£16.93)	(£43.33)
(53)	Transfer (from) or to General Reserves	0	(578)	(483)	(£4.55)	(£11.65)
15,356	Net Expenditure	15,330	15,755	15,757	£148.32	£379.57
(3,251)	Business Rates	(3,771)	(3,726)	(3,169)	(£29.84)	(£76.37)
(113)	Revenue Support Grant	(113)	(134)	(134)	(£1.26)	(£3.23)
(1,189)	New Homes Bonus	(1,189)	(677)	(677)	(£6.37)	(£16.31)
(1,655)	Other Grants and Local Council tax Support to Parishes	(1,099)	(1,454)	(2,022)	(£19.04)	(£48.72)
(1,219)	(Surplus) or Deficit on the collection of Council Tax and Business Rates from the previous year	(1,229)	(1,549)	(1,540)	(£14.50)	(£37.10)
(7,929)	Amount to be raised from Council Tax	(7,929)	(8,215)	(8,215)	£77.31	£197.85

How Councils are funded has changed significantly since 2010 with Council Tax budgeted to fund **52%** of net expenditure compared to **47%** in 2010. We are among the lowest charging district councils in the country, and an average home paid **£203** for the services provided. The information in Money Matters Reports and the table above is based on the statutory funding basis and shows expenditure exceeding income by **£483,000** and therefore a transfer from General Reserves. The Statement of Accounts also provides a Comprehensive Income and Expenditure Statement (CIES) that shows financial performance based on generally accepted accounting practices with a surplus of income over expenditure of **(£9,001,000)**. The **Expenditure and Funding Analysis (EFA)** also within the Statement of Accounts, reconciles financial performance under the statutory funding basis to the accounting basis:

		2024/25 £000	2025/26 £000
Money Matters Financial Performance (surplus) or deficit	Page 72	53	483
Earmarked Reserves (including those in the Net Cost of Services)	Page 72	162	(2,386)
Financial Performance on a Funding Basis shown in the EFA	Page 72	215	(1,903)
Adjustments between Funding and Accounting Basis	Page 47	(5,928)	(7,098)
Financial Performance on an Accounting Basis shown in the CIES (surplus) or deficit	Page 47	(5,713)	(9,001)

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A comparison of revenue expenditure and then funding for the last three financial years is also shown below:



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Capital Financial Performance in 2025/26

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 capital expenditure together with details of how this spend was funded for 2025/26 is shown below:

Original Budget £000		Approved Budget £000	Actual Outturn £000	Variance £000	Amount per Person £	Amount per Band D Property £
8,001	Active Communities	9,911	9,128	(783)	£85.95	£219.94
5,649	Confident Communities	6,782	4,484	(2,298)	£42.23	£108.06
10,982	Green Communities	2,953	1,431	(1,522)	£13.48	£34.49
8,492	Prosperous Communities	4,278	494	(3,784)	£4.65	£11.91
296	Internal Services	410	285	(125)	£2.68	£6.87
33,420	Total Expenditure	24,334	15,822	(8,512)	£148.99	£381.27
(803)	Capital Receipts	(2,410)	(1,339)	1,071	(£12.61)	(£32.26)
(18,172)	Borrowing and Finance Leases	(6,099)	(4,925)	1,174	(£46.38)	(£118.69)
(9,810)	Capital Grants and Contributions	(10,449)	(5,773)	4,676	(£54.36)	(£139.11)
(4,635)	Reserves, Existing Revenue Budgets and Sinking Funds	(5,376)	(3,785)	1,591	(£35.64)	(£91.21)
(33,420)	Total Funding	(24,334)	(15,822)	8,512	(£148.99)	(£381.27)

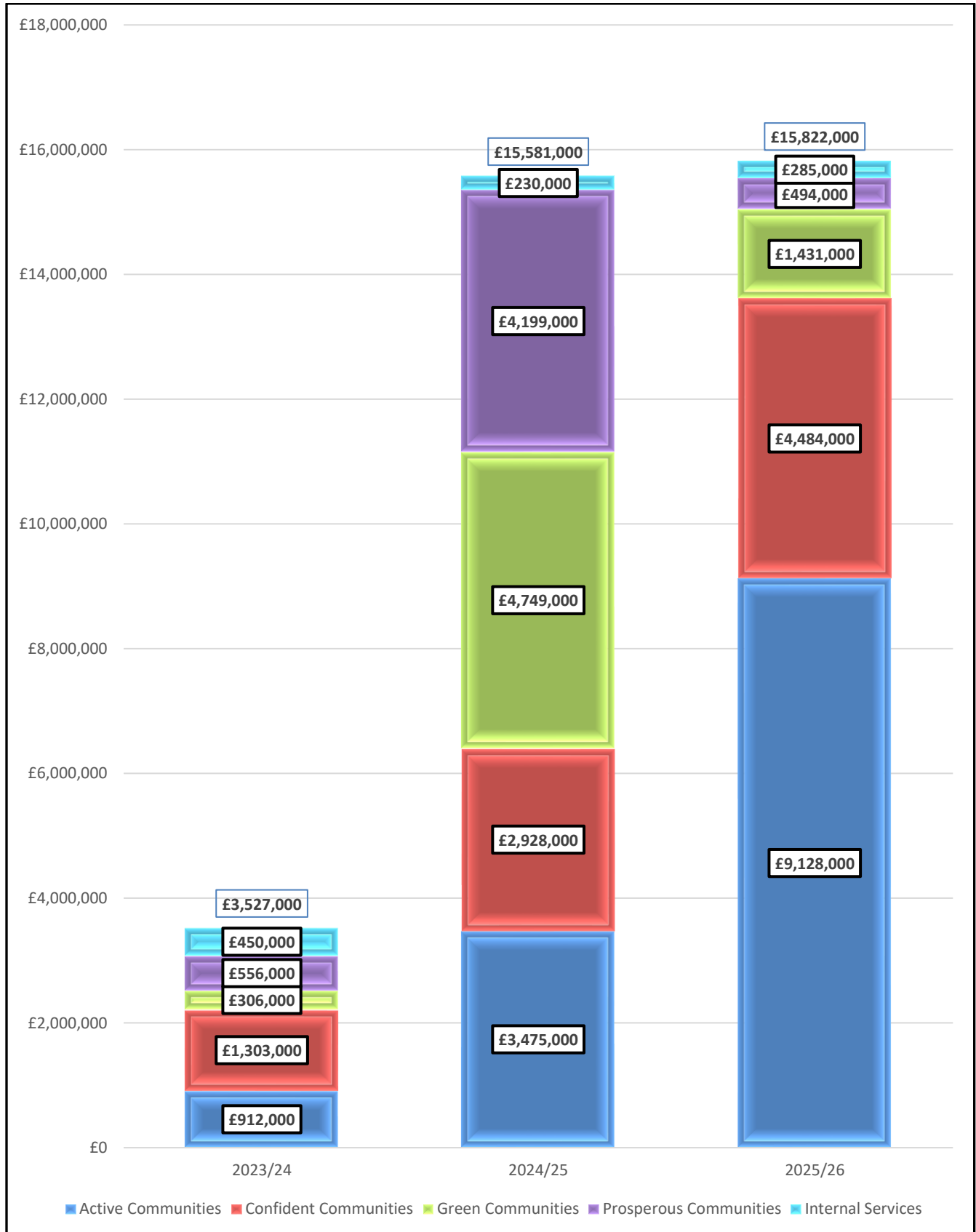
The below budget performance compared to the Approved Budget of **(£8,512,000)** is principally the result of underspending on the following projects:

- **Active Communities** – Changing rooms and wet side refurbishment at Burntwood Leisure Centre **(£499,000)**
- **Confident Communities** – Social rented housing **(£1,332,000)** and St John’s community centre **(£800,000)**
- **Green Communities** – Food waste collection **(£1,381,000)**
- **Prosperous Communities** – Cinema development **(£3,763,000)**

The underspending (or slippage) will be carried forward to future years when it is planned to be spent.

NARRATIVE REPORT

A comparison of capital expenditure and then funding for the last three financial years is also shown below:



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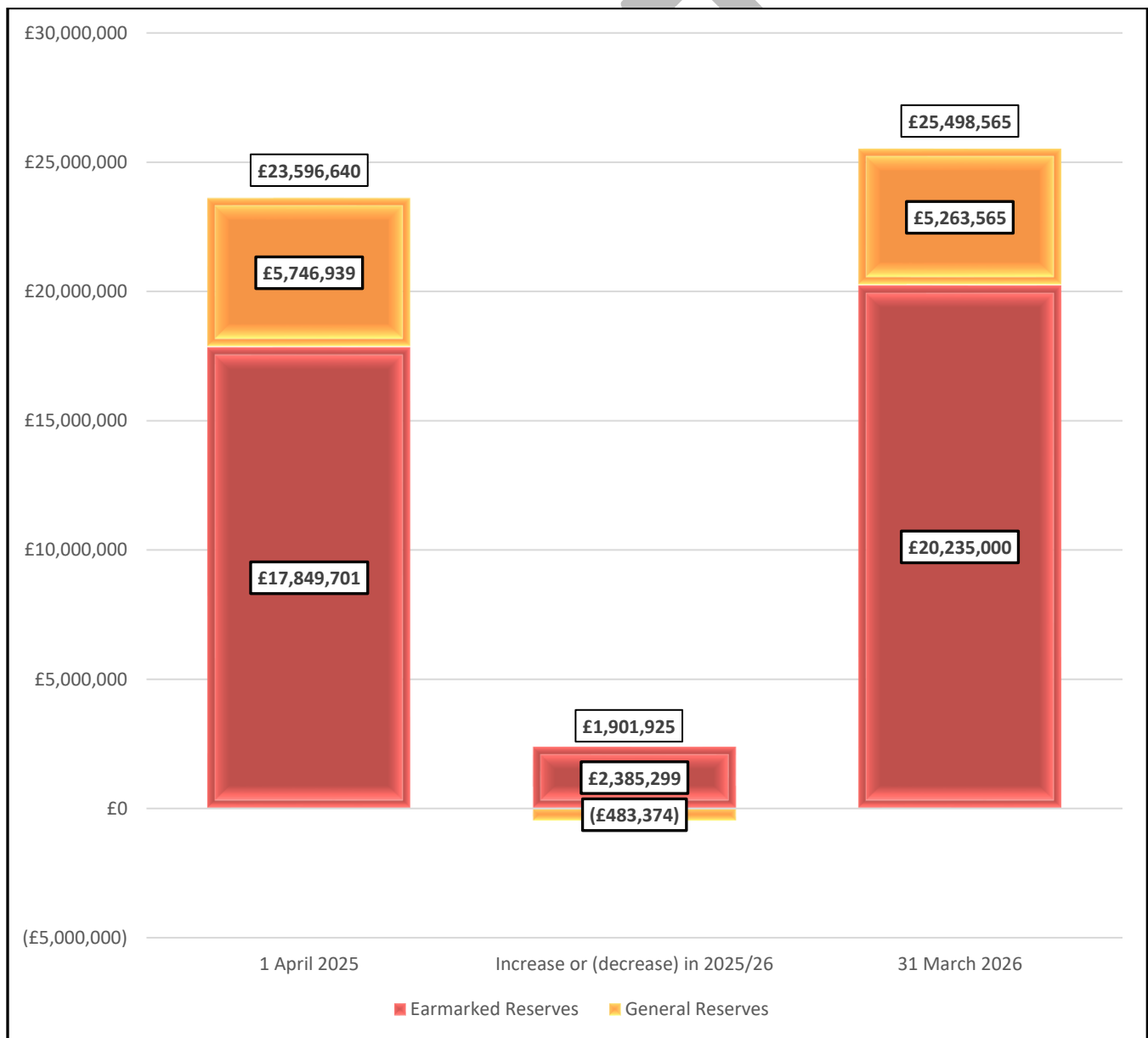
Revenue Reserves

A General Reserve is primarily held as a contingency to provide the Council with operational funds and as a safeguard against financial risks. In 2025/26 (£483,374) was transferred from General Reserves compared to an Original Budget of £0 (Approved Budget £578,000) following approval by Cabinet to utilise some of the available reserves to fund priorities.

The total level of General Reserves at 31 March 2026 was £5,263,565 and has set a risk assessed Minimum Level at £2,000,000. This means that there are available reserves of £3,263,565 over and above the Minimum Level available to support the revenue budget or fund Council priorities.

In addition to General Reserves, 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 total level of Revenue General and Earmarked Reserves is shown below:



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Looking Forward to the Next Four Years and Beyond

The Medium Term Financial Strategy (MTFS) provides budgets for the four financial years 2026/27, 2027/28, 2028/29 and 2029/30. It was approved by Full Council on 24 February 2026.

The Revenue Budget

Cabinet was presented with a **Revenue Budget** on 10 February 2026, and this reflects:

- The inclusion of updated projections from the 8 month Money Matters Report.
- The inclusion of financial implications from any further Approved Reports.
- The Final Local Government Finance Settlement for 2026/27 to 2028/29
- Any significant inflationary or other changes identified from the detailed review of base budgets.

The estimated inflation and budget variations for all scenarios (with additional income or savings enclosed by brackets) compared to the approved Medium Term Financial Strategy are shown below:

Updated Expenditure/Income Projections	2025/26 £000	2026/27 £000	2027/28 £000		2028/29 £000	2029/30 £000
Business as Usual Changes						
Updated Inflation and Budget Adjustment Modelling		121	138		157	(240)
Updated Pay Award Modelling		154	285		289	299
Allocation for Food Waste Collection Cost		1,500	1,550		1,600	1,648
Joint Waste Service additional costs		272	156		74	81
Joint Waste Service EPR Grant		(272)	0		0	0
Community Asset Transfer Enabling Budget		50	50		0	0
No charge for Pavement Licenses		6	6		6	6
No evening car parking charges		78	78		78	78
Funding from existing budgets for Car Park Charges		(78)	(78)		(78)	(78)
Net Income from the Cinema Development		0	0		(100)	(200)
Treasury Management Income		(393)	(526)		(645)	(376)
Service and Financial Planning Needs						
Pedestrianisation Bollard Monitoring		16	16		16	16
CCTV Line Rentals		16	16		16	16
2nd LGA Graduate		57	32		0	0
Released Earmarked Reserves		(57)	(32)		0	0
Temporary Accommodation - Management etc.		40	41		42	42
Major Projects Team Capacity		200	200		0	0
Released Earmarked Reserves		(200)	(200)		0	0
Community Transport Service		50	50		50	50
Development of youth provision across the district		100	0		0	0
Released Earmarked Reserves		(150)	(50)		(50)	(50)
Final Settlement Implications						
Homelessness and Rough Sleeping Grant		(681)	(688)		(693)	(693)
Less: Approved Budget for Grant		171	171		171	171
Allocated to Homelessness and Rough Sleeping		474	421		426	426
Allocated to preventing Domestic Abuse		36	36		36	36
Allocated to Tenancy Support		60	60		60	60
Allocation to Discretionary Housing Payments		87	87		87	87
National Insurance Grant removed		105	106		107	108
Earmarked Reserve		325	(166)		(219)	0
Sub Total		2,087	1,759		1,430	1,487

Included in Approved Budget

Local Government Reorganisation

NARRATIVE REPORT

The Revenue Budget changes (with additional income enclosed by brackets) compared to the approved Medium Term Financial Strategy are shown below:

Updated Funding Projections	2025/26 £000	2026/27 £000	2027/28 £000	Local Government Reorganisation	2028/29 £000	2029/30 £000
Retained Business Rates Baseline Funding		(40)	(63)	Local Government Reorganisation	(78)	(94)
Retained Business Rates Growth Allowance		425	278		297	397
Revenue Support Grant		(2,339)	(2,694)		(3,024)	(3,170)
Adjustment Support Grant		(245)	0		0	0
95% income Protection Grant to 2028/29		(233)	(544)		(873)	1
Collection Fund (Surplus)/Deficit		31	0		0	0
Council Tax Income		(30)	9		30	(13)
Sub Total		(2,431)	(3,014)		(3,648)	(2,879)

Modelled Changes and their Impact on the Revenue Budget and the Funding Gap

The Revenue Budget modelled changes and their impact on the Funding Gap (surpluses and transfers to General Reserves are enclosed with brackets) together with scenarios based on more optimistic and more pessimistic funding assumptions are shown in summary below:

Revenue Budget Projections	2025/26 £000	2026/27 £000	2027/28 £000	Local Government Reorganisation	2028/29 £000	2029/30 £000
Approved Funding Gap		344	1,256	Local Government Reorganisation	2,876	3,470
Updated Expenditure/Income Projections		2,087	1,758		1,430	1,487
Updated Funding Projections		(2,431)	(3,014)		(3,648)	(2,879)
Projected Budget (Surplus)/Funding Gap		0	0		657	2,078

The key features of the proposed central scenario Revenue Budget are:

- **Updated inflation and budget modelling** – inflation currently is above the Bank of England target rate of 2% and certain classes of expenditure such as pay awards, IT licenses, fuel and utilities are inherently volatile and/or increase annually by a predetermined index such as the Retail Price Index which tends to be higher than 2%. Therefore, this annual budget of **£250,000** is maintained centrally to mitigate the risk of higher inflation and equates to c1% of the pay bill. The inclusion of an assumption of a pay award of **3.2%** in 2026/27.
- **Updated Pay Award modelling** - the approved budget assumes annual increases of 2%. However, the increase in 2025/26 was 3.2% and with inflation being above the 2% target, the risk of higher pay awards is elevated. Therefore 3% is now assumed for 2026/27 and 2027/28.
- **Food Waste** – the grant provided to operate this service has not been identified by the Government and therefore this is the Council's estimate of our share of operating the service. The budget includes contingency given this is a new front-line service with some uncertainties together with the potential risk that this service has wider implications for waste budgets.
- **Joint Waste Service** – following the budget review, this is the additional cost to the Council that is offset by Extended Producer Responsibility Grant in 2026/27 (no allocations are currently provided beyond this year).
- **Community Asset Transfer** – this is a budget set aside for legal costs, valuations and other support to enable Community Asset Transfers.
- **Pavement Licenses** – no charge for pavement licenses was agreed for the two-year period 2024/25 and 2025/26. An assumption has been made that this approach will become permanent.
- **Car Parking Charges** – charges for evening parking have been removed from December 2025. An assumption has been made that this approach will become permanent and funded by reprioritising existing budgets.

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- **Cinema Development** – Council approved a budget neutral approach until further information was available from the Business Plan. In the absence of a business plan, a prudent estimate has been included in the Revenue Budget based on the central budget scenario with rent free periods.
- **Treasury Management** – these projections have been updated based on latest cash flow projections and interest rate forecasts.
- **Service and Financial Planning** – bids for revenue budget growth have been assessed and those of the highest priority have been included.
- **Final Settlement** – updated grant streams for Homelessness, Rough Sleeping, Domestic Abuse and Employers National Insurance that have been consolidated into Revenue Support Grant are reflected. In addition, the new Crisis and Resilience Grant that includes Discretionary Housing Payments has been incorporated for the full MTFs (only first two years in Settlement).
- **Funding Projections** – all changes resulting from the Final Local Government Finance Settlement assuming a **1.99% Council Tax increase** have been incorporated.

The Capital Programme

The **Capital Programme** and its **funding** by Strategic Priority is summarised below:

Strategic Priority	Capital Programme						
	2025/26		2026/27	2027/28	Local Government Reorganisation	2028/29	2029/30
	Original Budget £000	Approved Budget £000	Budget £000	Budget £000		Budget £000	Budget £000
LEVEL OF UNCERTAINTY / RISK	MEDIUM	MEDIUM	LOW	MEDIUM		MEDIUM	HIGH
Active Communities	8,001	9,911	549	0		0	0
Confident Communities	5,649	6,782	3,961	1,175		1,100	1,100
Green Communities	10,982	2,953	3,496	981		506	481
Prosperous Communities	8,492	4,213	4,009	2,916		5,499	1,500
Internal Support Services	296	410	346	296		371	680
Capital Expenditure	33,420	24,269	12,361	5,368		7,476	3,761
Capital Funding	21,248	18,170	7,983	5,368		7,476	3,761
Borrowing Need	12,172	6,099	4,378	0		495	0
					10,972		
General Capital Receipts	(102)	(1,100)	(991)	(2,669)		(141)	(141)
Housing Capital Receipts	(325)	0	0	0		0	0
Total Capital Receipts	(427)	(1,100)	(991)	(2,669)		(141)	(141)

The Borrowing Need identified in the Capital Programme of **£10,972,000** is related to:

- The approved new Leisure Centre - **£5,000,000**.
- The approved cinema development - **£495,000**.
- Forward funding the BRS projects temporarily using internal borrowing for up to three years pending the capital receipt being received - **£3,636,000**.
- Social Housing - **£1,741,000**.

NARRATIVE REPORT

General Reserves

The total projected level of general reserves is shown below using the central scenario together with projections using the more optimistic and pessimistic budget scenarios:

	2025/26		2026/27	2027/28	Local Government Reorganisation	2028/29	2029/30
	Original Budget £000	Approved Budget £000	£000	£000		£000	£000
LEVEL OF UNCERTAINTY / RISK	MEDIUM	MEDIUM	LOW	MEDIUM		MEDIUM	HIGH
Available Reserves Year Start	3,803	3,747	3,169	3,169		3,119	2,412
Changes from the Alternative Budget	0	0	0	(50)		(50)	(50)
(Funding Gap) / transfer to Reserves	0	(578)	0	0		(657)	(2,078)
Available Reserves Year End	3,803	3,169	3,169	3,119		2,412	284
Minimum Level	2,000	2,000	2,000	2,000		2,000	2,000
Central Scenario General Reserves	5,803	5,169	5,169	5,119		4,412	2,284

Government has announced that Local Government will be reorganised in two tier areas into Unitary Councils. It is unknown what financial implications will arise in the period prior to the new structure being implemented in 2028 or later.

Therefore, at this stage, no provision has been made in the Revenue Budget for the Council's share of costs related to implementation.

Earmarked Reserves

A review of the level of Earmarked Reserves has been undertaken as part of the process of identifying funding for the cinema development and through the annual Budget. The projected levels are shown in the Balance Sheet Projections. Ongoing review of Earmarked Reserves takes place as part of the Money Matters Reports in line with the approved earmarked reserves policy to ensure we are only holding funds for known and essential purposes.

It is important to note that unspent earmarked reserves are used to either fund internal borrowing or generate investment income for the Revenue Budget.

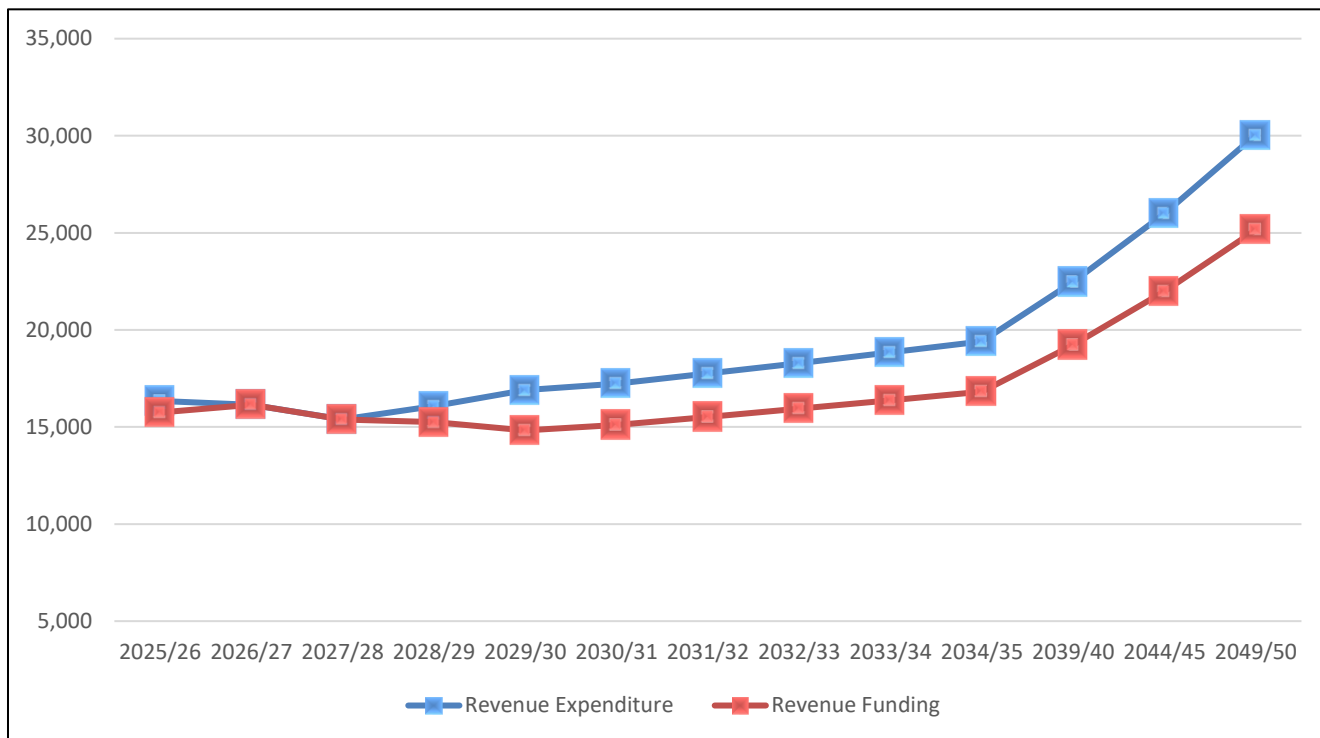
The Balance Sheet projections in the MTFS (unrestricted are where Council has full discretion over their use and restricted is where there are legal, partnership or policy limitations over their use) are shown below:

	2024/25 Actual £000	2025/26 Budget £000	2026/27 Budget £000	2027/28 Budget £000	2028/29 Budget £000	2029/30 Budget £000	2024/30 Change £000
Earmarked Reserves Unrestricted	(12,828)	(12,619)	(9,070)	(6,161)	(4,637)	(3,785)	9,042
Earmarked Reserves Restricted	(5,022)	(3,636)	(3,035)	(2,878)	(2,733)	(2,258)	2,764

NARRATIVE REPORT

Longer Term Financial Planning

The updated longer term financial plan is shown in the chart below:



A funding gap is projected from 2028/29 onwards and although this will be after Local Government Reorganisation is implemented, the Council should not take actions that negatively impact on the financial sustainability of the new authority.

Local Government Reorganisation (LGR)

Devolution and LGR is expected to happen in two waves, with the first completing in April 2027, and the second in April 2028.

Staffordshire will be in the second wave of councils to be reorganised in April 2028.

The Minister's letter invited councils to submit initial proposals for LGR by 21 March 2025. A paper setting out the current status of proposals emerging across the County, together with a preferred option and implementation plan for Lichfield District, was presented to Full Council on 18 March 2025.

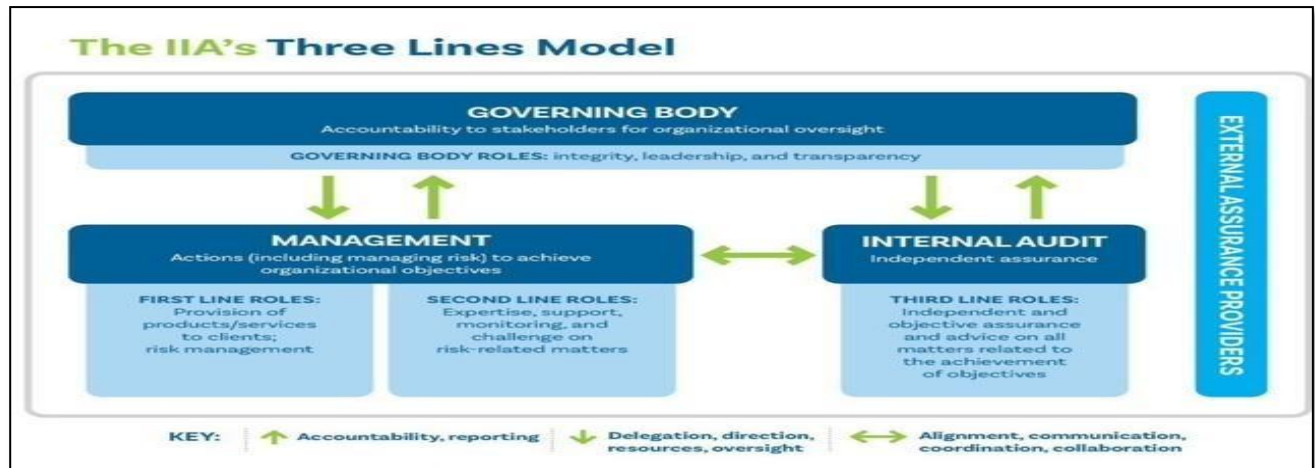
The Council then developed a detailed proposal that was submitted on 28 November 2025. A statutory consultation period took place on all Staffordshire and Stoke on Trent proposals which closed on 26 March 2026.

Central Government is expected to share its 'minded to' decision on their preferred proposal with Chief Executive Officers and Leaders in May/June 2026. By the summer of 2026 Central Government will officially announce its decision on the future of local government in Staffordshire and Stoke on Trent. It is expected that the Structural Change Order will be laid before Parliament by early 2027.

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Principal Risks and Uncertainties

The Council operates a ‘three lines’ model in terms of risk management. This allows for a consistency of approach when designing our risk framework and controls. The model is as follows:



A **Strategic Risk Register** is produced by assessing the risk factors that could potentially impact on the Council's ability to deliver its Strategic Plan. Risks are judged on their likelihood of occurrence and their potential impact. The Strategic Risks are monitored by Members and Senior Officers and reported on three times a year to Audit Committee.

At 31 March 2026, **eight risks** were identified as having a potential impact on the ability to deliver the Strategic Plan:

- **SR1:** Risks arising from **Local Government Reorganisation**
- **SR2:** Pressures on the **availability of finance** may mean the Council is not able to deliver the key priorities of the strategic plan.
- **SR3:** The **resilience of teams** to effectively respond to further serious disruption to services.
- **SR4:** **Capacity and capability** to deliver/adapt the new Strategic Plan to the emerging landscape.
- **SR5:** Failure to meet **governance and/or statutory obligations** e.g. breach of the law.
- **SR6:** Failure to adequately respond to the wider **socio-economic environment** over which the Council may have little control, but which may impact on the growth and prosperity of the local area.
- **SR7:** **Threat to the Council's ICT systems** of a cyber-attack.
- **SR8:** Government changes in **Planning Policy**.

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The Council's current eight strategic risks in terms of their current score for likelihood and impact are summarised below:

Likelihood			SR3	
	SR2			SR1, SR8
		SR4		SR7
			SR5, SR6	
Impact				

There are also three strategic projects that are moving to the delivery stage and therefore given the risk they potentially present to the Council; it is good practice to have oversight of the risk management approach:

- **SP1:** The project to develop a **Cinema** for Lichfield District.
- **SP3:** The project to redevelop the **Birmingham Road site**.
- **SP4:** The project to deliver the **Greenway**.

These risks are owned by the Major Projects Team, and a separate matrix of the current risk profile is:

Likelihood				
		SP3, SP4	SP1	
Impact				

NARRATIVE REPORT

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 2026. 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 2025/26, 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 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

Director – Finance, Environment and Community (Section 151)

Date: XX 2026

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Executive Summary

This Annual Governance Statement (AGS) sets out Lichfield District Council's governance framework and provides assurance on its effectiveness during the 2025/26 financial year. The Council remains committed to the principles of good governance as outlined in the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016).

Overall, the Council is satisfied that its governance arrangements are robust, fit for purpose and have operated effectively throughout the year. This opinion is based on the outcomes of internal and external audit work, the annual assurance provided by Directors, the effectiveness of the Council's risk management arrangements, and ongoing performance reporting to Members.

During 2025/26 the Council further strengthened the existing governance arrangements set out in the statement by establishing a Shareholder Advisory Group to enhance oversight of council-owned companies and Joint Ventures.

Looking forward, the forthcoming programme of Local Government Reorganisation presents challenges and risks. The Council recognises the importance of maintaining effective internal controls, financial governance and service continuity during this period and will continue to monitor and adapt its governance framework accordingly.

This Statement demonstrates that the governance environment provides reasonable assurance that significant risks to the achievement of the Council's objectives have been identified and managed effectively.

Introduction and Scope of responsibility

Lichfield District Council is responsible for ensuring that:

- business is conducted in accordance with the law and proper standards
- public money is safeguarded, properly accounted for and used economically, efficiently and effectively
- risk is properly managed as part of the governance arrangements

To ensure effective governance the Council has adopted a Code of Corporate Governance, 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).

Purpose of the Governance Statement

This Governance 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.

In this document the Council:

- acknowledges its responsibility for ensuring that there is a sound system of governance;

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- summarises the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment;
- describes how the Council has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period;
- provides details of how the Council has responded to any issue(s) identified in last year's governance statement; and
- reports on any key governance matters identified from this review and provides a commitment to addressing them.

The Annual Governance Statement reports on the governance framework that has been in place for the year ended 31 March 2026 and up to the date of approval of the Statement of Accounts.

The Governance Framework

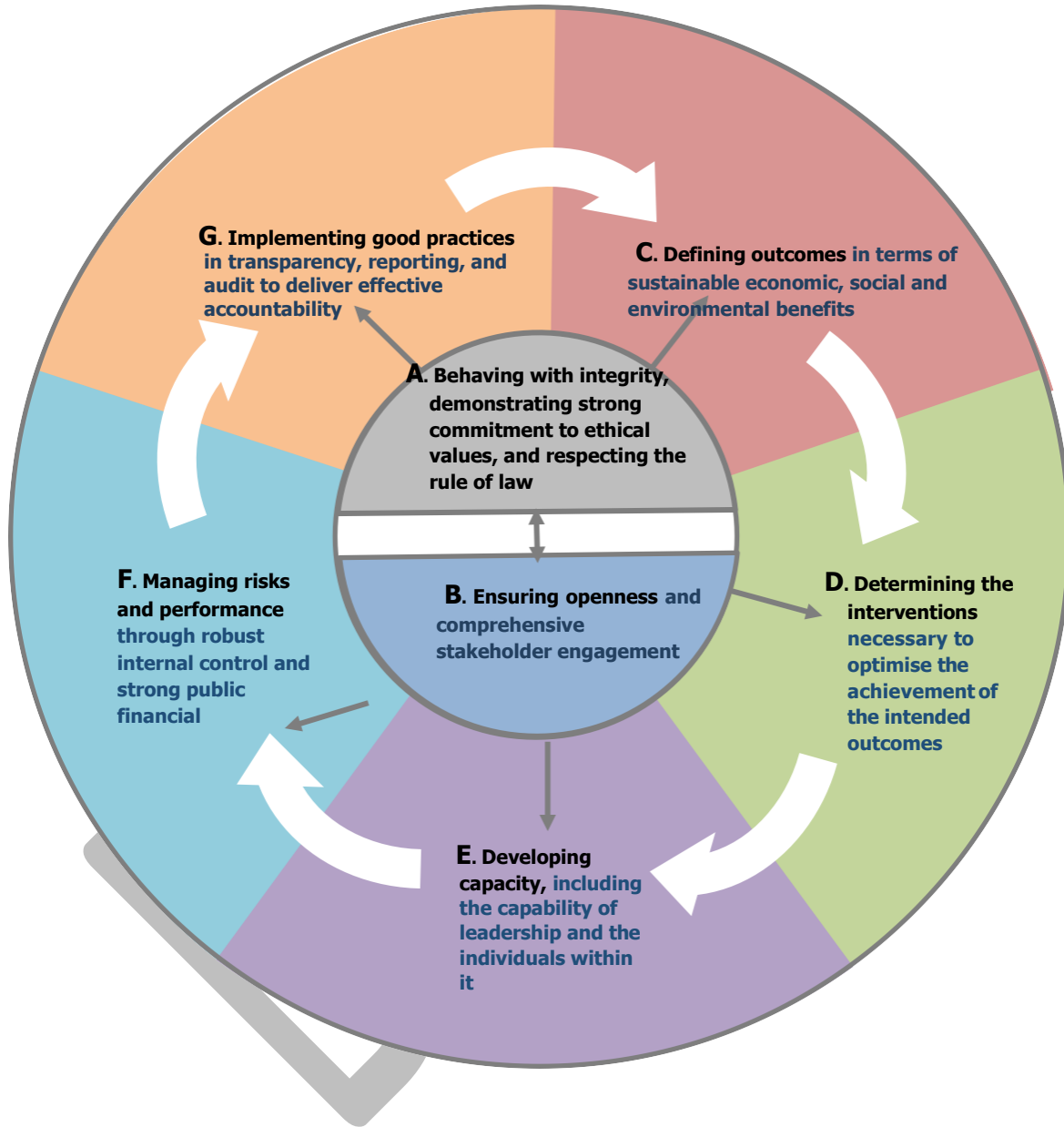
The governance framework comprises the culture, values, systems and processes by which an organisation is directed and controlled. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of the 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 Principles of Good Governance

The Council aims to achieve good standards of governance by adhering to the seven core principles in the diagram below, which form the basis of the Council’s Code of Corporate Governance:



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The following pages provide a summary of actions and behaviours taken by the Council in relation to each of these seven core principles (A – G) and associated sub principles.

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

Supporting Principles:		
Behaving with integrity	Demonstrating strong Commitment to ethical values	Respecting the Rule of Law
How we do this:		
<ul style="list-style-type: none"> ➤ We have a dedicated Member Standards Committee to focus on member conduct. This is consistent with CIPFA guidance on ethical values which states: 'Authorities have a standards committee to oversee member conduct and review complaints. This is not a function of the Audit Committee and combining the two committees should be avoided.' ➤ This Committee arrangement ensures the Council complies with CIPFA guidance; reduces the workload of Audit Committee which previously dealt with member standards; provides greater focus and capacity for both Audit and Member Standards functions. ➤ The Committee has two Sub-Committees, the Member Standards (Assessment) Sub-Committee and the Member Standards (Review) Sub-Committee. ➤ The Member Standards Committee and its Sub-Committees are responsible for promoting high standards of member conduct. ➤ In November 2024 the Member Standards Committee recommended the adoption of the Local Government Association Model Code of 	<ul style="list-style-type: none"> ➤ Arrangements are in place to ensure that decisions are not influenced by prejudice, bias, or conflicts of interest. These include: <ul style="list-style-type: none"> ○ A register of disclosable conflicts of interest ○ Provision on Cabinet/Council/Committee agendas for the declaration of interests ○ A register of gifts and hospitality. ➤ A corporate complaints procedure exists to receive and respond to any complaints received. ➤ A Whistleblowing Policy enables employees and others to raise concerns about any aspect of the Council's work. ➤ The Council is committed to equality of opportunity for all citizens, in line with the Public Sector Duty as set out in the Equality Act 2010. 	<ul style="list-style-type: none"> ➤ The constitution sets out: <ul style="list-style-type: none"> ○ The responsibilities of the Council, the Cabinet, the Overview & Scrutiny Committee, and other Committees ○ The roles, duties, and delegated powers of key officers. ➤ The Council has a duty to appoint staff to three specific roles: <ul style="list-style-type: none"> ○ The Head of Paid Service (Chief Executive) who has overall accountability for the governance arrangements operating within the Council. ○ The Chief Financial Officer who is responsible for the proper administration of the Council's financial affairs and internal controls. ○ The Monitoring Officer who has a role in ensuring decisions are taken lawfully and that the Council complies with the Constitution.

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<p>Conduct. This was subsequently approved by Full Council.</p> <ul style="list-style-type: none"> ➤ All elected Members are required to follow the Model Code of Conduct, supported by training. ➤ The Monitoring Officer provides advice and can refer complaints to the Member Standards Committee/Review Sub-Committee. ➤ Officer behaviour is governed by the Employees' Code of Conduct that sets out the standards of conduct expected of employees at work. The Code is supported and reinforced by organisational values to: Put Customers First, Improve and Innovate, Have Respect for Everyone. ➤ The Codes are regularly reviewed to ensure they are operating effectively. ➤ Expected behaviours are embedded into performance appraisals. 		
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B Ensuring Openness and comprehensive stakeholder engagement

Supporting Principles:		
Openness	Engaging Comprehensively with Institutional Stakeholders	Engaging with stakeholders effectively, including individual citizens and service users
How we do this:		
<ul style="list-style-type: none"> ➤ To ensure open and transparent decision making the following are published on the Council's website: <ul style="list-style-type: none"> ○ Council/Cabinet/Committee agendas and reports ○ the Cabinet Forward Plan detailing upcoming key decisions 	<ul style="list-style-type: none"> ➤ We are committed to working collaboratively with a range of partners across the public, private and voluntary sectors. ➤ The Council is part of a number of external partnerships which provide support to its strategic agenda. These include county and regional waste 	<ul style="list-style-type: none"> ➤ Elected Members are democratically accountable to their local area and provide a clear leadership role in building sustainable communities. ➤ The Council facilitates democratic accountability through the provision of electoral services. It maintains confidence in the democratic

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<ul style="list-style-type: none"> ○ Cabinet and Cabinet Member decisions ➤ To ensure maximum transparency, reports containing confidential information are split into confidential and non-confidential sections whenever possible. ➤ When reports must be considered in private, an explanation is provided on the agenda. ➤ Progress against the Financial Strategy is monitored and reported to Cabinet and Overview and Scrutiny Committee on a quarterly basis. ➤ We comply with the code of recommended practice for local authorities on data transparency which acts as a starting point for the information we make available. ➤ The publication scheme lists the information we make available as part of our obligations under the Freedom of Information Act 2000. ➤ Feedback and requests made under the Freedom of Information Act 2000 are used to identify datasets for publication. 	<p>partnerships, and housing and community safety partnerships.</p> <ul style="list-style-type: none"> ➤ The Council’s planning and decision-making processes are designed to include consultation with stakeholders. 	<p>process by ensuring efficient, transparent elections. In 2024/25 a review was undertaken of polling districts, polling places and polling stations.</p> <ul style="list-style-type: none"> ➤ The Community Power Strategy works to: <ul style="list-style-type: none"> engage communities in local decisions; work with communities to improve outcomes. ➤ The long-term vision for the Council is set out in the Lichfield District 2050 Strategy. The outcomes have been developed through extensive consultation with staff, members, residents and stakeholders which saw over 7,500 residents and businesses feedback their views and opinions on the district and future priorities. ➤ The Strategy represents a collective commitment to make Lichfield District the most confident, prosperous, active, and green part of the country by 2050. ➤ Annual Delivery plans set out how the strategy will be achieved and performance reports monitor progress. ➤ Budget and strategic consultations are undertaken in line with the Community Power Strategy are used to develop the Medium-Term Financial Strategy. ➤ The Council is working on a new local plan for the District. During 2024 it consulted extensively on the issues and options document and its supporting documents receiving in the region of 2,500 responses.
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		<ul style="list-style-type: none">➤ The Statement of Community Involvement outlines how and when the community can participate in the planning process. The document was reviewed and updated in 2024.➤ The Council's Overview & Scrutiny arrangements are subject to annual review, with a report submitted to the Committee.➤ The Council is committed to increasing engagement with young people and identifying issues that matter to them. In 2025 the Council held a dedicated Youth Engagement Event, bringing young people together with Council officers and elected representatives at both the Council and Parliamentary level.➤ The Council manages social media streams, produces a resident newsletter and maintains a website that help underpin the Council's strategic ambitions.➤ 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.➤ Customer and Digital Strategy initiatives include the launch of a new council website with Agent X search - the first of its kind in local government, the continued success of the single online form, now referenced nationally, and WhatsApp embedded at scale within the contact centre, transforming
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		<p>how customers choose to contact us.</p> <ul style="list-style-type: none"> ➤ The Council has a customer feedback scheme for the public to make complaints, comments and compliments. The information gathered is used to improve services. ➤ The Complaints Charter provides guidance to staff on the Council's complaints process. ➤ Customer feedback is vital to help the Council to improve the services delivered to residents and businesses of Lichfield District. A customer feedback review incorporating compliments, complaints and MP enquiries is submitted to Overview & Scrutiny Committee for consideration on an annual basis. A summary is also published on the website.
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C Defining Outcomes in Terms of Sustainable Economic, Social and Environmental Benefits

Supporting Principles:	
Defining outcomes	Sustainable economic, social and environmental benefits
How we do this:	
<ul style="list-style-type: none"> ➤ The Council's long-term vision and priorities are set out in the Lichfield District 2050 Strategy. ➤ The key priority outcomes that the Plan aims to achieve are: <ul style="list-style-type: none"> • Confident communities - we will be the place where people across the UK aspire to live • Prosperous communities - we will enable Lichfield, Burntwood and our villages to flourish • Active communities - we will make Lichfield District the most active in the UK • Green communities - we will create the greenest district in the country ➤ Cabinet and Leadership Team have identified the top priority issues that need to be achieved. These 	<ul style="list-style-type: none"> ➤ The Local Plan was designed to encourage sustainable development within the Lichfield District area, and include policies on a number of key themes, including sustainable communities, infrastructure, homes for the future, economic development and enterprise, and healthy and safe communities. Following the withdrawal of the Local Plan 2040 from examination in October 2023 a new local plan is being developed. Development Scheme. ➤ The Council publishes an Infrastructure Funding Statement (IFS). The statement explains how the spending of forecasted income from CIL and Section 106 planning obligations will be prioritised.

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<p>priorities form the basis of the Delivery Plan which is embedded in Service Plans.</p> <ul style="list-style-type: none"> ➤ Regular performance reports monitor the progress of the Delivery Plan. ➤ Performance reporting also takes place in line with reporting on the Council's Medium Term Financial Strategy facilitating informed consideration of performance and budgetary pressures. ➤ The Council works with partner organisations where there are shared objectives and clear economic benefits from joint working. ➤ The Overview & Scrutiny Committee has an important role in helping to define and monitor outcomes. 	<ul style="list-style-type: none"> ➤ The Council has promoted Neighbourhood Plans which will guide future development, enable parish areas to receive a share of the financial benefits of development (Community Infrastructure Levy), and also allow them to set their own priorities for its investment. ➤ The procurement strategy seeks to embed social value principles (social, economic and environmental) in procurement and contract management. ➤ The Procurement and Commissioning Team includes a Social Value Co-ordinator into the Procurement and Commissioning team. This post supports the development and implementation of social value and contract management strategies across the Authority. The objective is to support/engage with local communities by: <ul style="list-style-type: none"> ○ Liaising with internal and external stakeholders. ○ Identifying opportunities for social value projects and to work with local SME's and VCSE's. ○ Promoting social sustainability and community engagement. ○ Defining and co-ordinating a programme of social/public value activities. ○ Supporting with strategic contract management. ○ Monitoring of key performance indicators and contractual commitments. ○ Reporting of social value outcomes. ➤ Consideration is given to the environmental impact, financial implications, and social impact (equality, diversity, human rights, crime & safety) of all Cabinet decisions. ➤ A Data Assessment section has been introduced to Committee Reports to assess the impact of policy proposals by Ward and across the District using the Social Progress Index.
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D Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes

Supporting Principles:	
Determining and Planning Interventions	Optimising the Achievements of the Intended Outcomes
How we do this:	
<ul style="list-style-type: none"> ➤ The Lichfield District 2050 Strategy sets out the Council's aspirations, focus and priorities. This along with a number of other key strategies, helps identify and determine any interventions that are necessary under the strategic themes outlined in the section above. ➤ The Council's decision-making process ensures decision makers receive a rigorous, objective and robust analysis of options together with the risks associated with any proposed decision. ➤ Consultation is undertaken as part of the decision-making process. Reports are required to set out the consultation that has taken place. 	<ul style="list-style-type: none"> ➤ The Medium Term Financial Strategy (MTFS) is driven by the Lichfield District 2050 Strategy and Delivery Plan. The MTFS covers investments, the use of reserves, the approach to Council Tax, and the use of capital. It also considers medium term cost pressures and how these could be financed. ➤ The Council's Capital Strategy provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services together with an overview of how associated risk is managed and the implications for future financial sustainability. It provides a framework for managing the Council's capital programme and forms part of the Council's integrated revenue, capital and balance sheet planning. ➤ Progress on the Lichfield District 2050 Strategy is supported by Performance Indicators that are monitored by the Cabinet. Performance is also subject to review by the Overview & Scrutiny Committee. ➤ Money Matters Reports are presented at quarterly intervals to Cabinet and Briefing Notes are provided to the Overview and Scrutiny Committee. Financial projections are updated in these reports. ➤ Audit Committee receives Reports on Treasury Management during each financial year. ➤ The achievement of social value forms part of the procurement strategy.

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E Developing Capacity, Including the Capability of Leadership and the Individuals Within it

How we do this:

- The Constitution 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 document identifies the roles and responsibilities of Member and officer functions, with clear delegation arrangements and protocols for decision making and communication. The Constitution is kept under continual review and changes are recommended to Full Council as appropriate.
- The Council underpins delivery with strong performance management and clarity over what is expected. There is a strong emphasis on a 'can do' culture across the organisation, emphasis on equipping managers with the right skills to do their jobs and investment in the workforce to create an officer cohort capable of increased growth and performance.
- The Council has a training plan for Members. The areas covered included safeguarding, planning, licensing, code of conduct, finance and governance, equality and diversity.
- The Chief Executive, Chief Operating Officer and Directors have annual performance targets. These are based on delivery of the Lichfield District 2050 Strategy and Delivery 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 Chief Operating Officer/ Directors.
- Objectives and Key Results (OKRs) are carried out for employees and training needs are identified as part of this process.
- 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 and equalities.
- Employees are kept up to date with issues affecting the Council through regular emails from the Chief Executive, monthly 'all-hands calls' and a dedicated LDC Teams Channel.
- The Council is committed to Belonging and Wellbeing and aims:
 - to ensure all employees are supported
 - provide a positive environment that is compatible with promoting staff engagement, being an employer of choice, improving attendance, high organisational performance, resident focus and organisational performance.
- Wellbeing, support and networking initiatives take place throughout the year providing information, support and advice for employees.
- Enhanced healthcare benefits for employees were introduced in 2024/25.
- Annual performance related bonuses are awarded to 'Outstanding' staff members as part of a comprehensive performance review.
- The inclusion of Independent Members on Audit Committees is supported by CIPFA guidance and good practice. In 2025 following an open recruitment process a suitable candidate was identified and appointed by Full Council. An Independent member brings an additional impartial perspective to assist the Audit Committee in overseeing financial management, risk and internal control. An independent member was appointed in December 2025.

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- Periodic resource intensive activities such as elections place pressure on existing capacity. To help relieve these pressures emphasis is placed on improving processes and utilising technology, to undertake more routine work and facilitate flexibility within teams, with a view to maximising existing capacity and deploying resources to maximum effect.

F. Managing Risks and Performance Through Robust Internal Control and Strong Public Financial Management

Supporting Principle:

Managing Risk

How we do this:

- The Council has a Risk Management Policy that defines the roles and responsibilities for managing risk and a risk appetite statement that outlines the level of risk the Council is prepared to take in each category to deliver its priorities.
- A Corporate Strategic Risk Register and Strategic Project Risk Register are produced by assessing the risk factors that could potentially impact on the Council's ability to deliver its Strategic Vision. Risks are judged on their likelihood of occurrence and their potential impact. These are monitored by Senior Officers and reported quarterly to Audit Committee.
- An 'Acceptable Use Policy' for IT seeks to ensure that all computer systems and networks owned or managed by the Council are updated in an effective, safe, ethical and lawful manner.
- Financial Procedure Rules form part of the Constitution and set out the financial management framework for ensuring the best use of resources. It outlines the financial roles and responsibilities for staff and Members and provides a framework for financial decision-making. The Rules ensure statutory powers and duties are complied with and reflect best professional practice.
- The Council has reviewed and revised its Contract Procedure Rules.
- The Chief Financial Officer provides effective financial management in accordance with the financial procedures and rules set out in the Constitution.
- There is Clarity over the role of Head of Paid Service and Monitoring Officer.
- Maintenance of an effective system of both internal and more detailed financial control is the agreed responsibility of Directors 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 Lichfield District 2050 Strategy and Delivery Plan and maintain statutory functions. Elements include:
 - Monthly review of budgetary control information by budget holders and Directors to compare expected to actual performance and to forecast going forward.
 - Formal budgetary monitoring reports reviewed with budget holders and Directors at quarterly intervals. These look at actual performance and provide forecasts going forward
 - Money Matters Reports are produced quarterly, reviewed by Leadership Team and reported to Overview and Scrutiny, Cabinet and Full Council.
- The Financial Management Code has been applied and Reports based on the CIPFA Resilience Index are provided annually to Audit Committee.

ANNUAL GOVERNANCE STATEMENT

<ul style="list-style-type: none">➤ The Audit Committee provides independent assurance over governance, risk and internal control arrangements with a focus on financial management, financial reporting audit and assurance. The Committee is independent of the Executive and accountable to the governing body.➤ The Audit Committee has approved; Counter Fraud Framework, Money Laundering and Whistleblowing Policy.
Supporting Principle:
Managing Performance
How we do this:
<ul style="list-style-type: none">➤ The Lichfield District 2050 Strategy outlines priorities.➤ The Strategy is supported by a Delivery Plan and Performance Indicators that are monitored by Leadership Team, the Cabinet and the Overview & Scrutiny Committee.➤ Service Plans set out key priorities, objectives and risks for individual services.➤ Performance is monitored by Leadership Team, Cabinet and the Overview and Scrutiny Committee.➤ Service managers attend performance review meetings with the Chief Executive and Chief Operating Officer on a quarterly basis.➤ The Overview & Scrutiny function has been reviewed and improved to ensure effective oversight, constructive challenge and review. The committee continues to produce an annual review into its effectiveness and ability to deliver robust democratic scrutiny.➤ Reports provide clear objective analysis and advice including risk and assess financial, social and environmental implications.➤ Performance on responses to information requests and complaints is registered on the Pentana system providing real-time performance information.➤ OKRs are used to assess performance and set goals and objectives at the individual level.➤ The Council has identified that improved and consistent contract and relationship management will have a positive effect on the ability to secure value for money from key suppliers and partners➤ The Council has introduced several measures to enhance contract and relationship management. A Contracts Management Policy and Procedure Guide has been developed, supported by a toolkit that includes contract overview documents, management planners, and templates for meeting agendas and minutes. Training has been provided to key contract managers to ensure effective implementation of these practices. Additionally, the Council has adopted changes in line with the Procurement Act 2023, which came into force on 24 February 2025, aiming to simplify procurement processes and promote transparency.➤ The Lichfield District 2050 Strategy outlines priorities.
Support principle:
Robust Internal Control
How we do this:
<ul style="list-style-type: none">➤ The Internal Audit Service provides an objective evaluation of internal controls to effectively manage risk and monitors any weaknesses identified to ensure these are addressed.➤ Internal audit is delivered through a co-sourced service, providing independent, risk-based assurance in accordance with Global Internal Audit Standards and CIPFA guidance.

ANNUAL GOVERNANCE STATEMENT

- The Audit Committee is independent from the Executive and provides further assurance on the governance of risk management and internal control arrangements.
- Fraud is taken very seriously, and the Council has an anti-fraud and corruption policy, money laundering and a whistleblowing policy which is reviewed annually and approved by the Audit Committee.

Supporting principle:

Managing Data

How we do this:

- The Council is committed to complying with General Data Protection Regulations (GDPR) and the Data Protection Act 2018. It is recognised that the correct and lawful treatment of personal data maintains public confidence and trust.
- Compliance with the Council's Data Protection Policy is mandatory. The policy facilitates a unified GDPR compliant framework for all Members and officers when managing and processing customer data.
- In line with GDPR requirement the Council has appointed a Data Protection Officer (DPO) to oversee compliance with GDPR and provide advice in relation to the law. This is now an internal role rather than third party hire, allowing for a stronger and more responsive approach. The Council's DPO, works closely with the Chief Operating Officer, who is the Council's Senior Information Risk Owner (SIRO).
- Monitoring also includes an annual report of the Data Protection Officer to Audit Committee, internal/external audits and Information Commissioner reviews as appropriate.
- We are registered as a Controller under the General Data Protection Regulation (GDPR) which governs how we manage and process the information we collect and retain. We have a nominated Data Protection Officer and procedures in place that explain how we use and share information, as well as arrangements for members of the public to access information.

Supporting principle:

Strong Public Financial Management

How we do this:

- Budget holders and Leadership Team review budgets on a monthly basis to monitor actual performance and review/update forecasts.
- Formal budgetary monitoring reports are reviewed with budget holders and Leadership Team at quarterly intervals.
- Money Matters Reports considering financial performance against the financial strategy are produced quarterly. The reports are reviewed by Leadership Team and reported to the Overview and Scrutiny Committee and Cabinet.
- The Council has implemented the Financial Management Code developed by CIPFA in consultation with senior practitioners from local authorities and associated stakeholders and provides annual reports to the Audit Committee on the CIPFA Resilience Index.
- External Audit reviews the Council's financial statements (including the Annual Governance Statement) providing an opinion on the accounts and the arrangements in place for securing economy, efficiency and effectiveness in the use of resources (the value for money conclusion).
- The Audit Committee is independent of the Executive and accountable to the governing body. It considers the external audit opinion on value for money as part of its responsibility for monitoring the effectiveness of the control environment and value for money.

ANNUAL GOVERNANCE STATEMENT

- The Constitution makes provision for the Audit Committee to appoint up to two Independent Members to help ensure strong, independent oversight. Following a recruitment exercise an Independent Member was appointed in December 2025.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Supporting Principles:		
Implementing Good Practices in Transparency	Implementing Good Practice in Reporting	Audit and Delivering Effective Accountability
How we do this:		
<ul style="list-style-type: none"> ➤ The Agendas and Minutes of Cabinet and Committee meetings are published on the Council's website. ➤ Upcoming Key Decisions are Published on the Cabinet's Forward Plan (unless this is impracticable in which case Exception/Special Urgency requirements are applicable). ➤ The Council has a Freedom of Information publication scheme. ➤ The Council is the sole shareholder of LWM. Given the growth of LWM and other commercial relationships a governance review considered that a shareholder advisory group would be beneficial, increasing consultation, oversight and transparency. The Advisory Group was duly established in 2025 to provide advice in relation to LWM, Darwin Prospects LLP and other potential JV arrangements. 	<ul style="list-style-type: none"> ➤ The published Annual Statement of Accounts is a statutory summary of the Council's financial affairs for the financial year. It provides clear information on the income and expenditure of the Council and sets out the Council's stewardship of public money. ➤ The Annual Governance Statement and Local Code of Corporate Governance set out governance arrangements and consider their effectiveness against the seven key principles. ➤ The Audit Committee reviews and approves the Annual Statement of Accounts and the Annual Governance Statement. 	<ul style="list-style-type: none"> ➤ Accountability and decision-making arrangements are clearly defined within the Council's constitution. ➤ The Audit Committee provides independent assurance to the Council on the adequacy and effectiveness of governance arrangements and internal control. ➤ Risk based internal audit, compliant with Public Sector Internal Audit Standards, provides ongoing assurance that key risks material to achieving the Council's objectives are being managed. ➤ External Auditors carry out reviews of our internal control arrangements throughout the year.

ANNUAL GOVERNANCE STATEMENT

Annual Review of the Effectiveness of the Governance Framework

How has the Council Addressed the Governance Improvement Actions from 2024/25?

In 2024/25 the governance statement reported a technical breach in relation to the Pay Policy Statement. Although the statement had been approved by Employment Committee in February 2025 it was not approved before the 31 March deadline.

The extension of Formal Work Programmes to all Committees has ensured that this timetabling issue was addressed and there have been no similar breaches. In 2025/26 the Pay Policy Statement was approved by Employment Committee on 29 January 2025 and Full Council on 25 February 2025.

There were no other outstanding governance issues identified in the Annual Governance Statement 2024/25 requiring further action during 2025/26.

Governance Review 2025/26

We have a legal responsibility to conduct an annual review of the effectiveness of our Governance Framework, including the system of internal control. The outcomes of the review are considered by Audit Committee (which is charged with final approval of this statement).

The review is informed by:

- The opinions of Internal Audit, reported to Audit Committee through regular progress reports, and the Annual Internal Audit Opinion.
- An annual self-assessment carried out by the Internal Audit Partner, of the effectiveness of Internal Audit together with a 5 yearly external accreditation, provides assurance that Internal Audit is operating in accordance with its professional standards and guidance.
- The views of our External Auditors, regularly reported to Audit Committee through regular progress reports, the Auditors Annual Report, Informing the Audit Risk Assessment document, the Audit Findings Report and the Audit Plan.
- The views of the Head of Paid Service (Chief Executive), Monitoring Officer, Section 151 Officer.
- The activities and operations of Council Service Areas whose Directors/Chief Operating Officer provide written assurance statements using an Internal Control Checklist.
- The views of Committee Chairs using a Members' Questionnaire.
- The Risk Management Process, particularly the Corporate Strategic Risk Register.
- Performance information reported to Cabinet, Council and Overview & Scrutiny Committee.

ANNUAL GOVERNANCE STATEMENT

Annual Auditors Report – 2024/25

As is standard practice, the Auditor's Annual Report relating to the 2024/25 accounts was issued during the 2025/26 reporting year and has informed this Statement.

Overall, the report provided by the Council's external auditor Azets have not identified evidence of serious weakness in the Council's governance arrangements. It found that during the year, the Council had effective arrangements in place for overseeing the Council's performance, identifying risks to the achievement of its objectives, the proper management of its risks and taking key decisions.

The following recommendations were made in relation to governance 'value for money':

1. Audit Committee: That the Council ensures member attendance and engagement is strong throughout the year, especially given the key role the Audit Committee plays in the governance arrangements for the Council. We have noted that has already improved, however [we] are required to report on findings during the 2024/25 financial period.

2. Lichfield West Midlands Traded Services Ltd. - That the Council consider and implement the recommendations made by the external consultants in relation to the governance structure at LWMTS. We have noted this forms part of the agenda for a meeting on 14 October 2025 and the Council is in the process of implementing the recommendation.

Any subsequent findings arising from the 2025/26 external audit will be considered as part of the 2026/27 Annual Governance Statement.

Strengthening Governance - Present and Future Actions

(i) Audit Committee

The Council acknowledges the importance of strong Member attendance and engagement, particularly in relation to Audit Committee given its key role within the governance and assurance framework.

Although attendance to Audit Committee has shown general improvement, a meeting failed to reach a quorum in December 2025. This was due to specific circumstances including the meeting having been moved and the health of one of the Members. To mitigate this happening at future meetings:

- Changes were made to the Committee Membership/Vice-Chair appointment at Full Council in February 2026.

Governance officers will continue to support and encourage Member engagement by:

- Providing timely agendas and reports to support Members in preparing for meetings
- Providing training and development to strengthen Members' understanding of the Committee's role and responsibilities
- Reviewing attendance levels and sharing this information with the relevant political group leaders when appropriate
- Emphasising the importance of Audit Committee's role in providing assurance of governance, risk.

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(ii) Lichfield West Midlands Traded Services Ltd (LWMTS)

Historically, shareholder responsibilities have been exercised by an individual Cabinet Member. However, given the growth of LWMTS and other commercial relationships a governance review has been undertaken (Fathom Consultancy, 2025) and recommended that a shareholder advisory group would be beneficial, increasing consultation, oversight and transparency.

Accordingly:

- A Shareholder Advisory Group was formally established in September 2025 to support the Cabinet in fulfilling its roles as shareholder of LWMTS, Joint Ventures and any future council-owned companies. The establishment of the Group was reported to Council on 14 October 2025.
- The Advisory Group's terms of reference include reviewing and commenting on the LWMTS Business Plan prior to Cabinet/Cabinet Member consideration.
- The group will provide advice in relation to LWMTS, Darwin Prospects LLP and other potential JV arrangements.

Further to the recommendations of the LWMTS governance review (Fathom Consultancy, 2025) the LWMTS Board is currently in the process of identifying and interviewing suitable non-executive directors.

To help maintain a clear separation between shareholder and director roles there are currently no Members appointed to the Board.

Looking Ahead

Looking ahead to 2026–27, the Council recognises the significant implications of the anticipated programme of Local Government Reorganisation affecting Lichfield District. Current national timetables indicate that a Structural Changes Order (SCO) is likely to be made during this period, with elections to a Shadow Authority expected in May 2027.

These developments will bring challenges, particularly in relation to maintaining robust governance, sustaining service delivery, and ensuring continuity of decision-making during a time of organisational transition. The Council will continue to monitor developments closely, engage constructively with partners and stakeholders, and adapt its governance arrangements as necessary to ensure that transparency, accountability, and effective stewardship remain central to our operations throughout the reorganisation process.

Key governance considerations will include:

- Maintaining effective decision-making and internal controls during a period of organisational uncertainty and potential changes to roles, responsibilities, and accountability structures.
- Ensuring service continuity
- Managing financial governance risks and responding to any Section 24 restrictions that may be applied following the Structural Changes Order, as routinely occurs in reorganisation areas to protect the financial position of the future authority.

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- Supporting members and officers through clear communication, training, and strategic oversight as the programme develops.
- Engaging effectively with neighbouring councils and central government, reflecting the collaborative nature of reorganisation.

Conclusion of the Review

We consider the Governance Framework and Internal Control environment operating during 2025/26 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.

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.

Simon Fletcher
Chief Executive

Councillor Douglas Pullen
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.

2024/25					2025/26					
Narrative Report £000	Presentation and Earmarked Reserves £000	Net Expenditure Chargeable to the General Fund £000	Adjustments Between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000		Narrative Report £000	Presentation and Earmarked Reserves £000	Net Expenditure Chargeable to the General Fund £000	Adjustments Between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000
194	2,687	2,881	(1,793)	1,088	Active Communities	424	2,607	3,031	(606)	2,425
2,057	(471)	1,586	(45)	1,541	Confident Communities	1,761	(753)	1,008	(1,898)	(890)
4,750	(2,278)	2,472	793	3,265	Green Communities	4,650	(817)	3,833	18	3,851
(77)	3,104	3,026	(2,191)	835	Prosperous Communities	277	9	286	110	396
10,241	(2,434)	7,808	(806)	7,002	Internal Services	10,608	(2,699)	7,909	(1,454)	6,455
17,165	608	17,773	(4,042)	13,731	Cost of Services	17,720	(1,653)	16,067	(3,830)	12,237
(17,165)	(393)	(17,558)	(1,886)	(19,444)	Other Income and Expenditure	(17,720)	(250)	(17,970)	(3,268)	(21,238)
0	215	215	(5,928)	(5,713)	(Surplus) or deficit on Provision of Services (cash flow)	0	(1,903)	(1,903)	(7,098)	(9,001)
		(23,811)			Opening General Fund			(23,596)		
		215			Less/Plus (Surplus) or Deficit on General Fund Balance in Year			(1,903)		
		(23,596)			Closing General Fund			(25,499)		

31 March 2025 £000		31 March 2026 £000
5,747	General Fund Balance	5,264
17,849	Earmarked Reserves Balance	20,235
23,596	Total	25,499

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.

2024/25				2025/26		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
3,937	(2,849)	1,088	Active Communities	5,435	(3,010)	2,425
22,715	(21,174)	1,541	Confident Communities	20,213	(21,103)	(890)
12,380	(9,115)	3,265	Green Communities	14,121	(10,270)	3,851
4,403	(3,568)	835	Prosperous Communities	3,198	(2,802)	396
8,644	(1,642)	7,002	Internal Services	7,744	(1,289)	6,455
52,079	(38,348)	13,731	Cost of Services	50,711	(38,474)	12,237
2,648	(400)	2,248	Other Operating Expenditure (Note 9)	2,540	(466)	2,074
661	(3,211)	(2,550)	Financing and Investment Income and Expenditure (Note 10)	912	(3,422)	(2,510)
14,940	(34,082)	(19,142)	Taxation and Non-Specific Grant Income (Note 11)	15,689	(36,491)	(20,802)
70,328	(76,041)	(5,713)	(Surplus) or deficit on Provision of Services (cash flow)	69,852	(78,853)	(9,001)
		(2,891)	(Surplus) or deficit on revaluation of non-current assets			(2,595)
		(1,964)	Re-measurement of the net defined benefit liability			(1,342)
		(4,855)	Other Comprehensive Income and Expenditure			(3,937)
		(10,568)	Total Comprehensive Income and Expenditure			(12,938)

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 2024	23,811	2,237	6,521	32,569	43,177	75,746
Total Comprehensive Income and Expenditure	5,713	0	0	5,713	4,855	10,568
Adjustments between accounting basis and funding basis	(5,928)	(54)	374	(5,608)	5,608	0
Increase/(Decrease) in Year	(215)	(54)	374	105	10,463	10,568
Balance at 31 March 2025	23,596	2,183	6,895	32,674	53,640	86,314

	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 2025	23,596	2,183	6,895	32,674	53,640	86,314
Total Comprehensive Income and Expenditure	9,001	0	0	9,001	3,937	12,938
Adjustments between accounting basis and funding basis	(7,098)	(13)	648	(6,463)	6,463	0
Increase/(Decrease) in Year	1,903	(13)	648	2,538	10,400	12,938
Balance at 31 March 2026	25,499	2,170	7,543	35,212	64,040	99,252

31 March 2025 £000		31 March 2026 £000
5,747	General Fund Balance	5,264
17,849	Earmarked Reserves Balance	20,235
23,596	Total	25,499

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'.

2024/25 £000		Notes	2025/26 £000
59,283	Property, Plant & Equipment	12	70,915
425	Heritage Assets	13	425
5,089	Investment Property	14	4,628
45	Intangible Assets		14
225	Investment in Associates and Joint Ventures	15	225
12,892	Long Term Investments	15	10,046
4,101	Long Term Debtors	15	4,625
82,060	Long Term Assets		90,878
0	Assets Held for Sale	45	0
31	Inventories		48
7,624	Short Term Debtors	16	8,323
3,119	Short Term Investments	15	13,224
32,655	Cash and Cash Equivalents	17	20,213
43,429	Current Assets		41,808
(61)	Short Term Borrowing	15	(61)
(19,662)	Short Term Creditors	18	(16,650)
(395)	Short Term Provisions	19	(423)
(507)	Short Term Liabilities: Finance Leases	36	(530)
(2,380)	Capital Grants Receipts in Advance	33	(2,861)
(23,005)	Current Liabilities		(20,525)
(883)	Long Term Borrowing	15	(822)
(148)	Long Term Creditors	15	(58)
(1,466)	Long Term Provisions	19	(669)
(3,740)	Long Term Liabilities: Finance Leases	36	(3,226)
(9,222)	Long Term Liabilities: Defined Benefit Pension	38	(7,412)
(711)	Capital Grants Receipts in Advance (LT)	33	(722)
(16,170)	Long Term Liabilities		(12,909)
86,314	Net Assets		99,252
32,674	Usable Reserves	20	35,212
53,640	Unusable Reserves	21	64,040
86,314	Total Reserves		99,252

CASH FLOW 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.

2024/25 £000		2025/26 £000
5,713	Net surplus or (deficit) on the provision of services	9,001
5,570	Adjustments to Net Surplus or Deficit on the provision of services for non-cash movements (Note 22)	(1,717)
(7,934)	Adjustments for items included in the Net Surplus or Deficit on the provision of services that are investing and financing activities (Note 23)	(9,598)
3,349	Net cash flows from Operating Activities	(2,314)
2,835	Investing Activities (Note 24)	(11,555)
1,467	Financing Activities (Note 25)	1,427
7,651	Net increase or (decrease) in cash and cash equivalents	(12,442)
25,004	Cash and cash equivalents at the beginning of the reporting period	32,655
32,655	Cash and cash equivalents at the end of the reporting period (Note 17)	20,213

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NOTES TO THE ACCOUNTS

1. Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year end of 31 March 2026. 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 2025/26 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.
- Revenue from contracts with service recipients is recognised when it satisfies a performance obligation by transferring promised goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation.
- 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 such as Building Control are debited with the following amounts to record the cost of holding property, plant and equipment assets during the year:

- Depreciation attributable to the assets used by the relevant service.

NOTES TO THE ACCOUNTS

- 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 assets attributable to the service.

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

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

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

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 Taxpayers belongs proportionately to all the major preceptors. The difference between the amounts collected on behalf of the other major preceptors and 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 2025/26 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 2026. The appeals for the 2017 and 2023 valuation lists under the new Check, Challenge and Appeal process are based on the Government's allowance for appeals. However, this has been further informed by local experience of actual appeal outcomes for the relevant valuation list.

NOTES TO THE ACCOUNTS

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 (e.g. 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, e.g. 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 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 i.e. 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 (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.
 - Unitised securities current bid price.
 - Property market value.

NOTES TO THE ACCOUNTS

- The change in the net pensions liability is analysed into the following components:

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined benefit liability (asset), i.e. 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 applying 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, considering 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, are 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

- 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 considers 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 recognised when the Council becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are derecognised when the liability has been extinguished – that is, the obligation has been discharged or cancelled or has expired.

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

NOTES TO THE ACCOUNTS

Financial Assets

Financial assets are recognised when the Council becomes party to the contractual provisions of the financial instrument or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or when the asset has been transferred and the Council has transferred substantially all of the risks and rewards of ownership or has not retained control of the asset.

The Code allows for three classes of financial assets:

- Amortised cost
- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI).

The classification is determined by the cash flow and business model characteristics of the financial assets, as set out in the Code, and is determined at the time of initial recognition. In addition, the Council has elected to classify as FVOCI certain equity investments held for strategic purposes.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are those held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and where cash flows are solely payments of principal and interest. This includes most trade receivables, loans receivable, and other simple debt instruments (bank deposits and Certificates of Deposit).

After initial recognition, these financial assets are measured at amortised cost using the effective interest method, less an impairment loss allowance. Annual credits to the Financing Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the financial asset.

The Council has made loans, as part of its policy of homelessness prevention, at less than market rates (soft loans). When such loans are made, a loss is recorded in the CIES for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the MIRS.

Financial Assets at Fair Value through Other Comprehensive Income

Financial assets measured at FVOCI are those held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest. Annual credits to the Financing Income and Expenditure line in the CIES for interest receivable are the same as if the asset was classified at amortised cost, but the asset is held on the balance sheet at fair value; the resulting difference is taken to the Financial Instruments Revaluation Reserve.

On de-recognition, the associated balance in the Financial Instruments Revaluation Reserve (FIRR) representing the accumulated fair values gain or loss is recycled to Finance Income and Expenditure.

Financial Assets at Fair Value through Profit and Loss

All other financial assets are measured at FVPL. They are held on the balance sheet and their fair value and all gains and losses, whether realised or unrealised are taken to the Financing Income and Expenditure line in the CIES.

NOTES TO THE ACCOUNTS

On derecognition, the financial asset is derecognised with any surplus or deficit recognised financing and investment income in the CIES. A statutory mitigation is in place until 31 March 2029 for existing investments held on 31 March 2025 so that unrealised gains and losses on pooled investment funds are taken to the Pooled Investment Fund Adjustment Account instead of the General Fund and so have no impact on revenue resources available to fund service expenditure.

Impairment

For all financial assets measured at amortised cost or at FVOCI, other than those elected as FVOCI, the Council recognises a loss allowance representing expected credit losses on the financial instrument. The Code requires that local authorities shall not recognise a loss allowance for expected credit losses on a financial asset where the other party is central government or a local authority for which relevant statutory provisions prevent default.

The Council adopts the simplified approach to impairment, in accordance with the Code, and measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to lifetime expected credit losses. For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition, and otherwise at an amount equal to 12 month expected credit losses.

For financial assets that have become credit impaired since initial recognition, expected credit losses at the reporting date are measured as the difference between the net present value of all the contractual cash flows that are due to the Council in accordance with the contract for the instrument and the net present value of all the cash flows that the Council expects to receive, discounted at the original effective interest rate. Any adjustment is recognised in the Surplus or Deficit on the Provision of Service as an impairment gain or loss.

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-ringfenced 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

NOTES TO THE ACCOUNTS

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 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 amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets e.g. 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 102 (Impairment) and pages 76 to 78

(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 76 to 78 (Property, Plant and Equipment) in this Summary of Accounting Policies).

Interests in companies and other entities

The Council has a wholly owned subsidiary, Lichfield West Midlands Traded Services Ltd. The financial transactions are now considered to be material and will require the Council to prepare group accounts. In the Council's own single-entity accounts, the interest is recorded as a financial asset at fair value.

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.

NOTES TO THE ACCOUNTS

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 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 Council 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 Council 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.

Joint Ventures

Lichfield District Council has entered into an agreement for the redevelopment of part of a shopping precinct in the town centre of which it was the freeholder. The arrangement includes a number of property transfers and the creation of a limited liability partnership (Darwin Prospects LLP).

IFRS 9 permits investors to make an irrevocable election on initial recognition to measure equity investments at fair value through other comprehensive income (FVOCI). This election may be made on an investment-by-investment basis, so need not be applied consistently.

This means that the investment is held on the balance sheet at its fair value, but that movements in the fair value are taken to the Financial Instruments Revaluation Reserve (FIRR) instead of Finance Comprehensive Income and Expenditure Account.

This option was included in IFRS 9 recognising that some investments are held for strategic purposes meaning that changes in fair value are not indicative of performance and therefore should be excluded from profit and loss. This reflects the accounting treatment of property held for service purposes (see earlier).

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.

NOTES TO THE ACCOUNTS

The Council as Lessee

From 1 April 2024, the Council has applied IFRS 16 Leases as adopted by the Code of Practice on Local Authority Accounting. The new accounting standard requires that the rights to use items acquired under all leases are recognised as assets on the Balance Sheet, together with a liability for the payments to be made for the acquisition. Previously this was only done for leases where the Council acquired substantially all the risks and rewards of ownership of the leased item (finance leases).

At the commencement of a lease, a liability is recognised for the obligation to make future payments (discounted to their present value using the interest rate implicit in the lease or (where this is not readily determinable) the Council's incremental borrowing rate. The right acquired under the lease to use the leased item is recognised as an asset, measured on the commencement date at cost based on the lease liability plus any payments made before that date. Initial direct costs of the Council are added to the carrying amount of the asset.

Liabilities are recalculated where rents change as a result of a change in an index or rate used to determine future payments. Adjustments to liabilities are matched with adjustments to the cost of the right-of-use asset.

Lease payments are apportioned between:

- a charge for the acquisition of the right to use the property, plant or equipment which is applied to write down the lease liability, and
- a finance charge which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Right-of-use assets recognised under leases are accounted for using the policies applied generally to Property, Plant and Equipment assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life. This will include valuation where the cost model does not provide a reliable proxy for the current value of the right-of-use asset.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements for minimum revenue provision. 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.

Where leases are for items of low value, amounts paid under the lease are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased item. For this purpose, the Council has determined that items with a value of less than £10,000 when new are low value. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. 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 (i.e. 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.

NOTES TO THE ACCOUNTS

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 non-current 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 (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance. This means effectively that the cost of the overheads is shown in total within 'Internal Services' - in the Comprehensive Income and Expenditure Statement.

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 (i.e. repairs and maintenance) is charged as an expense when it is incurred.

NOTES TO THE ACCOUNTS

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 – current 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).

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 de-recognised and the new component added. Where the carrying value of the de-recognised/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.

NOTES TO THE ACCOUNTS

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

From 1 April 2025, the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom requirements changed in respect of revaluations of property, plant and equipment. Where authorities do not have a rolling programme of revaluations in place and/or the assets are not non-property assets subject to indexation, authorities revalue their assets every five years, with annual indexation applied to assets during the four intervening years. Where authorities cannot obtain indices without undue cost or effort, authorities revalue those assets using a quinquennial revaluation, with a desktop revaluation in year three.

For 2025/26, 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. The annual indexation will be applied starting in 2026/27.

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

Assets included in the Balance Sheet at current 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.

NOTES TO THE ACCOUNTS

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 (i.e.. freehold land and certain Community Assets) and assets that are not yet available for use (i.e.. assets under construction).

Depreciation is calculated on the following bases:

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

NOTES TO THE ACCOUNTS

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 (i.e. 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 non-current 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.

Surplus Assets

Surplus Assets are those assets within property, plant and equipment that are not used to supply goods and services and that do not meet the criteria of assets held for sale. These assets are measured at fair value as a current value base and not existing use value.

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, considering relevant risks and uncertainties.

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

Contingent Liabilities

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

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

NOTES 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 (REFCuS)

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.

For 2025/26 there are no changes in accounting requirements that are anticipated to have a material impact on the Council's financial performance or financial position. There are a number of minor amendments, but these are unlikely to have a material impact on the Council's 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. 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. At the end of March 2025, 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 **£4,076,949**. On 31 March 2026 the Net Book Value of the assets was **£2,916,941** and the value of the finance lease obligation was **£3,575,152**. The assets of the operation in respect of vehicles, equipment, land and buildings have been assessed as being under the control of both Lichfield District Council and Tamworth District Council based on the ratio of properties in each area. The current ratio is **58.48%** and **41.52%** and are assets are shown on both Authority's Balance Sheets based this split. The Joint Waste Service also shares joint income and expenditure based on the same ratio.

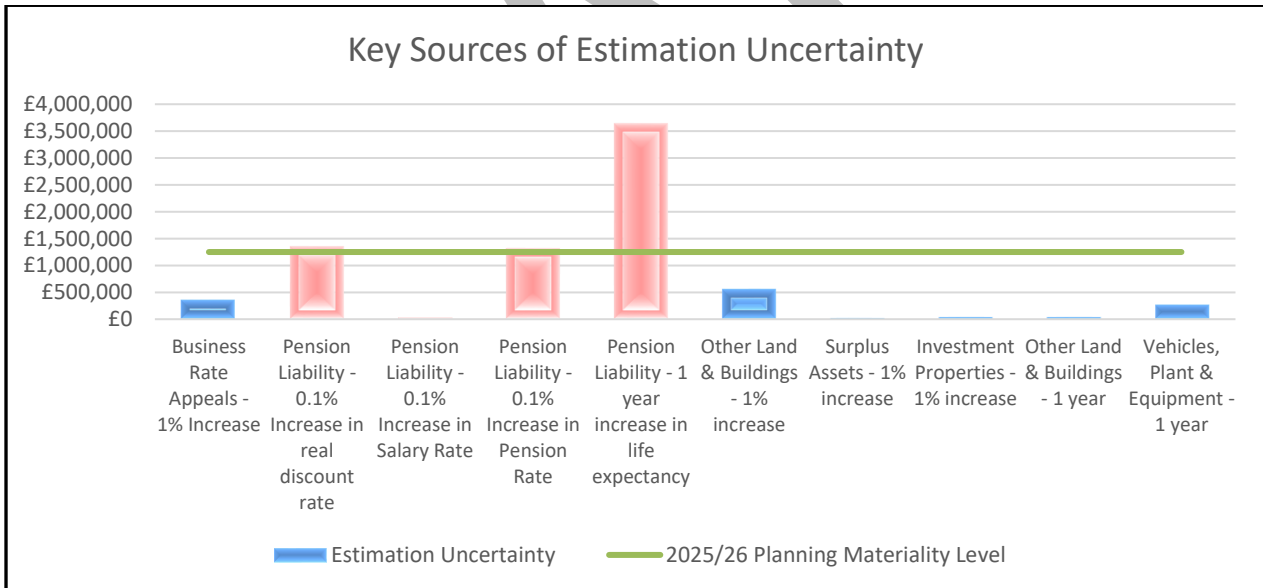
NOTES TO THE ACCOUNTS

- 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 for the 2017 and 2023 lists is based on a combination of the allowance within the Business Rates Multiplier calculated by the Government updated by local empirical evidence of settled appeals. The appeals provision is based on the Net Rates Payable and each **1%** change would alter the net locally retained income (**40%**) to the Council by **£181,000** for both the 2017 and the 2023 lists. 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.
- The Council has considered whether Group Accounts would be needed for 2025/26 to incorporate LWM Traded Services Limited and Darwin prospects LLP, into the Council's main accounts. Following a detailed assessment, the conclusion reached is that a set of Group Accounts, would be needed. Further information is provided in the group Accounts Section.

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 2026 for which there is a significant risk of material adjustment in the forthcoming financial year, are as follows:



Pensions

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. (Carrying Value at 31 March 2026: £7,412,000).

NOTES TO THE ACCOUNTS

Property, Plant and Equipment

A number of asset classes are valued by the Valuer using different valuation basis. These valuations use a combination of transactional activity and replacement costs. It is recognised therefore that valuations include a degree of uncertainty. 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.

Other land and buildings are valued periodically and includes individual assets of significant value such as Burntwood Leisure Centre, the Lichfield Garrick and the Plant Lane Depot. The External Valuer uses a valuation method that is most appropriate to the type of asset. Therefore, assets where there is no active market such as leisure and cultural facilities, use Depreciated Replacement Cost and the valuation is based on the cost of replacing the asset with a modern equivalent. Because these valuations are not based on market evidence, there is a higher level of valuation uncertainty. Investment properties are valued annually and are those assets held solely for rental, capital appreciation or both. The value of these assets is based on fair value which includes the level of rental income receivable for each asset and therefore in the current economic climate, there is a higher level of valuation uncertainty.

Valuation Methods

DRC = Depreciated Replacement Cost - The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

EUV = Existing Use Value - The estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction.

FV = Fair Value - 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.

Carrying Value at 31 March 2026:

- Other Land and Buildings: £55,548,000
- Surplus Assets: £2,875,000
- Investment Properties: £4,629,000
- Vehicles, Plant and Equipment: £7,138,000

5. Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Section 151 Officer on **XX 2026**.

There have been two non adjusting event after the balance sheet date:

- Council on 15 October 2024 agreed to sell an area of land on Birmingham Road/St John Street accounted for as a surplus asset, to the developer CB Collier for the purchase price of £4.936m. The Council exchanged the sale contract on 16 September 2025, the matter will 'complete' (i.e. the land will be transferred to the developer) when conditions precedent have been satisfied. If certain conditions are not achieved by the developer, the Council has the option to repurchase the site.
- The Southern Staffordshire Building Control Service is currently a shared service with Lichfield District Council as the host authority. Consideration is currently taking place on alternative delivery models such as a trading company or joint venture to enable the service to operate more effectively moving forward.

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

	2024/25				2025/26			
	Usable Reserves				Usable Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES):								
Charges for depreciation and impairment of non-current assets	2,538			(2,538)	2,747			(2,747)
Revaluation (gains) / losses on Property, Plant and Equipment	584			(584)	1,318			(1,318)
Movements in the market value of investment properties	209			(209)	(122)			122
Amortisation of intangible assets	1			(1)	1			(1)
Capital grants and contributions applied	(4,067)			4,067	(3,260)			3,260
Revenue expenditure funded from capital under statute	2,667			(2,667)	2,603			(2,603)
Amounts on non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	342			(342)	735			(735)
Insertion of Items not debited or credited to the CIES								
Statutory provision for the financing of capital investment	(250)			250	(751)			751
Capital Expenditure charged to the General Fund	(5,894)			5,894	(3,785)			3,785
Adjustments primarily involving the Capital Grants Unapplied Account								
Capital Grants and Contributions unapplied credited to the CIES	(1,011)		1,011		(3,161)		3,161	
Application of grants to capital financing transferred to the Capital Adjustment Account			(637)	637			(2,513)	2,513
Adjustments primarily involving the Capital Receipts Reserve								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	(288)	288			(860)	860		
Unattached Capital Receipts not related to current year asset disposal to the CIES	(388)	388			(466)	466		
Use of the Capital Receipts Reserve to finance new capital expenditure			(730)	730		(1,339)		1,339
Adjustments primarily involving the Pensions Reserve								
Reversal of items relating to retirement benefits debited or credited to the CIES	2,532			(2,532)	1,974			(1,974)
Employers pension contributions and direct payments to pensioners payable in the year	(3,096)			3,096	(3,178)			3,178
Adjustments primarily involving the Collection Fund adjustment account								
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	73			(73)	(8)			8
Adjustments related to the pooled fund adjustment account								
Amounts by which income and expenditure included in the comprehensive income and expenditure statement are different from revenue for the year calculated in accordance with statutory requirements	120			(120)	(653)			653
Adjustments primarily involving the Accumulated Absences Account								
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	0			0	(232)			232
Total Adjustments	(5,928)	(54)	374	5,608	(7,098)	(13)	648	6,463

NOTES TO THE ACCOUNTS

7. Expenditure and Funding Analysis Notes

2024/25

Presentation and Earmarked Reserves

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

	Actual Outturn £000	Earmarked Reserves £000	Other £000	Total Adjustments £000	Expenditure & Funding Analysis £000
Active Communities	194	2,687	0	2,687	2,881
Confident Communities	2,057	(471)	0	(471)	1,586
Green Communities	4,750	(2,278)	0	(2,278)	2,472
Prosperous Communities	(77)	3,104	0	3,104	3,027
Internal Services	10,241	(2,434)	0	(2,434)	7,807
Net Cost of Services	17,165	608	0	608	17,773
Other Income and Expenditure	(17,165)	(446)	53	(393)	(17,558)
(Surplus) or deficit on Provision of Services (cash flow)	0	162	53	215	215

Adjustments between the Funding and Accounting Basis

This table summarises the adjustments between the Funding and Accounting basis shown in detail on page 67 under the column General Fund Balance.

	Adjustments for Capital Purposes £000	Net Change for the Pension Adjustments £000	Other Differences £000	Total Adjustments £000
Active Communities	645	(5)	(2,433)	(1,793)
Confident Communities	2	(49)	2	(45)
Green Communities	1,053	32	(292)	793
Prosperous Communities	(168)	(11)	(2,012)	(2,191)
Internal Services	294	(341)	(759)	(806)
Cost of Services	1,826	(374)	(5,494)	(4,042)
Other Income and Expenditure	(1,240)	527	(1,173)	(1,886)
(Surplus) or deficit on Provision of Services (cash flow)	586	153	(6,667)	(5,928)

NOTES TO THE ACCOUNTS

2025/26

Presentation and Earmarked Reserves

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

	Actual Outturn £000	Earmarked Reserves £000	Other £000	Total Adjustments £000	Expenditure & Funding Analysis £000
Active Communities	424	2,607	0	2,607	3,031
Confident Communities	1,761	(753)	0	(753)	1,008
Green Communities	4,650	(817)	0	(817)	3,833
Prosperous Communities	277	9	0	9	286
Internal Services	10,608	(2,699)	0	(2,699)	7,909
Net Cost of Services	17,720	(1,653)	0	(1,653)	16,067
Other Income and Expenditure	(17,720)	(732)	482	(250)	(17,970)
(Surplus) or deficit on Provision of Services (cash flow)	0	(2,385)	482	(1,903)	(1,903)

Adjustments between the Funding and Accounting Basis

This table summarises the adjustments between the Funding and Accounting basis shown in detail on page 68 under the column General Fund Balance.

	Adjustments for Capital Purposes £000	Net Change for the Pension Adjustments £000	Other Differences £000	Total Adjustments £000
Active Communities	2,038	(11)	(2,633)	(606)
Confident Communities	(1,692)	(169)	(37)	(1,898)
Green Communities	1,175	(50)	(1,107)	18
Prosperous Communities	(81)	(29)	220	110
Internal Services	173	(714)	(913)	(1,454)
Cost of Services	1,613	(973)	(4,470)	(3,830)
Other Income and Expenditure	(2,078)	505	(1,695)	(3,268)
(Surplus) or deficit on Provision of Services (cash flow)	(465)	(468)	(6,165)	(7,098)

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.

2024/25 £000		2025/26 £000
(21,378)	Fees, charges and other service income	(24,285)
(2,964)	Interest and investment income	(2,301)
(10,292)	Income from council tax	(10,848)
(25,055)	Government Grants	(25,270)
(59,689)	Total Income	(62,704)
15,681	Employee Expenses	15,758
30,713	Other Service Expenses	28,469
3,101	Depreciation, amortisation and impairment	4,985
34	Interest Payments	234
527	Pension interest and expected return on Assets	505
3,910	Precepts and Levies	4,650
278	Gain or Loss on Disposal of Fixed Assets	35
120	Gain or Loss on Fair Value of Pooled Funds	(467)
(388)	Capital Grants & Contributions	(466)
53,976	Total Expenditure	53,703
(5,713)	(Surplus)/Deficit on the provision of services	(9,001)

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 2025/26. Reserves identified as restricted are required under legal agreements and can only be used for defined purposes.

	Balance at 31 March 2024 £000	Transfers out 2024/25 £000	Transfers in 2024/25 £000	Balance at 31 March 2025 £000	Transfers out 2025/26 £000	Transfers in 2025/26 £000	Balance at 31 March 2026 £000
Earmarked General Reserve	(14,639)	4,579	(2,620)	(12,680)	3,505	(5,741)	(14,916)
Earmarked Reserve-Restricted	(1,316)	225	(2,057)	(3,148)	778	(714)	(3,084)
Election Reserve	(119)	42	(72)	(149)	8	(33)	(174)
COVID-19	(61)	61	0	0	0	0	0
Public Open Space Reserve-Restricted	(415)	55	0	(360)	82	0	(278)
Joint Waste Shared Service Reserve-Restricted	(256)	0	(168)	(424)	155	(34)	(303)
Building Regulations Reserve-Restricted	(222)	13	0	(209)	0	(392)	(601)
Birmingham Road Car Park Capital Reserve-Restricted	(983)	104	0	(879)	0	0	(879)
TOTAL	(18,011)	5,079	(4,917)	(17,849)	4,528	(6,914)	(20,235)

NOTES TO THE ACCOUNTS

The **General Earmarked Reserve** has been provided to fund expenditure items in 2025/26 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.

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 2027.

The **COVID-19 Reserve** was set up to meet residual burdens related to the pandemic.

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 Central 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 works in line with the legal agreement.

9. Other Operating Expenditure

2024/25 £000		2025/26 £000
2,358	Parish Council Precepts	2,505
278	(Gains)/Losses on the disposal of non-current assets	35
(388)	Unattached Capital Receipts	(466)
2,248	TOTAL	2,074

10. Financing and Investment Income and Expenditure

2024/25 £000		2025/26 £000
34	Interest payable and similar charges	234
527	Pensions interest cost and expected return on pensions assets	505
(2,964)	Interest receivable and similar income	(2,301)
(267)	Income and expenditure in relation to investment properties and changes in their fair value	(481)
120	Other Investment Income	(467)
(2,550)	TOTAL	(2,510)

*Other investment income relates to (increases)/decreases on the fair value of pooled investment funds from the previous financial year.

NOTES TO THE ACCOUNTS

11. Taxation and Non-Specific Grant Income

2024/25 £000		2025/26 £000
(10,292)	Council Tax Income <u>Business Rates</u>	(10,848)
(16,327)	Council Share of Retained Business Rates	(18,127)
13,367	Less: Business Rates Tariff	13,522
1,551	Less: Business Rates Levy	2,145
(931)	Add: Business Rates Levy Repayable	(1,287)
(5,397)	Non-ring fenced government grants	(4,841)
(1,113)	Capital grants and contributions	(1,366)
(19,142)	TOTAL	(20,802)

Non-Ring Fenced Government Grants

2024/25 £000		2025/26 £000
(1,189)	New Homes Bonus	(677)
(113)	Revenue Support Grant	(134)
(1,082)	Small Business Rates Relief	(1,129)
(614)	Funding Guarantee Grant	(748)
(1,126)	Retail Relief Grant	(662)
(1)	Rural Rate Relief	0
(145)	Supporting Small Business Relief	(147)
(68)	Pub Relief	(68)
(1,009)	Business Rate Inflation Cap	(1,270)
1	COVID Additional Relief Fund	0
(17)	Levy Account Surplus	0
0	Improvement Relief	(3)
(15)	Services Grant	0
(8)	Flooding Relief	0
(8)	Telecomms Relief	0
(3)	Public Toilets Relief	(3)
(5,397)	TOTAL	(4,841)

NOTES TO THE ACCOUNTS

12. Property, Plant and Equipment

Movements in 2025/26:

	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation							
At 1 April 2025	41,174	13,946	346	4,259	2,875	3,617	66,217
Additions	2,403	1,568		164	0	8,967	13,102
Revaluation increases/(decreases) recognised in the revaluation reserve	1,409						1,409
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(1,524)						(1,524)
De-recognition – disposals	(2)	(475)					(477)
Other movements in cost or valuation	12,095	(174)				(11,921)	0
At 31 March 2026	55,555	14,865	346	4,423	2,875	663	78,727
Accumulated Depreciation and Impairment							
At 1 April 2025	(31)	(6,828)	(68)	(7)	0	0	(6,934)
Depreciation charge	(1,367)	(1,369)	(3)				(2,739)
Depreciation written out to the revaluation reserve	1,185						1,185
Depreciation written out to the surplus/deficit on the provision of services	206						206
De-recognition – disposals		470					470
At 31 March 2026	(7)	(7,727)	(71)	(7)	0	0	(7,812)
Net Book Value							
At 31 March 2026	55,548	7,138	275	4,416	2,875	663	70,915
At 31 March 2025	41,143	7,118	278	4,252	2,875	3,617	59,283

NOTES TO THE ACCOUNTS

Comparative Movements in 2024/25:

	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation							
At 1 April 2024	39,848	11,767	346	4,128	0	879	56,968
Additions	2,523	4,931		131		3,312	10,897
Revaluation increases/(decreases) recognised in the revaluation reserve	799				860		1,659
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(858)				17		(841)
De-recognition – disposals	(1,311)	(2,752)					(4,063)
Assets reclassified (to)/from held for sale	84				1,512		1,596
Other movements in cost or valuation	89				486	(574)	1
At 31 March 2025	41,174	13,946	346	4,259	2,875	3,617	66,217
Accumulated Depreciation and Impairment							
At 1 April 2024	(35)	(8,353)	(65)	(7)	0	0	(8,461)
Depreciation charge	(1,326)	(1,209)	(1)				(2,538)
Depreciation written out to the revaluation reserve	1,232						1,232
Depreciation written out to the surplus/deficit on the provision of services	91						91
Impairment losses/(reversals) recognised in the revaluation reserve					1		1
De-recognition – disposals	6	2,734					2,740
Other movements in cost or valuation	1				(1)		0
At 31 March 2025	(31)	(6,828)	(68)	(7)	0	0	(6,934)
Net Book Value							
At 31 March 2025	41,143	7,118	278	4,252	2,875	3,617	59,283
At 31 March 2024	39,813	3,414	281	4,121	0	878	48,508

NOTES TO THE ACCOUNTS

Other Land & Buildings Breakdown

2024/25 £000		2025/26 £000
13,391	Arts Facility	13,790
360	Bus Station	360
2,070	Depot	2,100
1,099	Dwellings	3,112
13,122	Leisure Centres	24,170
1,800	Multi Storey Car Park	2,000
2,025	Offices	2,050
515	Other land & Buildings	513
671	Parks and Sports Grounds	768
1,325	Pavilions	1,413
276	Public Conveniences	315
166	Retail	160
4,323	Surface Car Parks	4,797
41,143	Total	55,548

Depreciation

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

- Buildings – 5 to 81 years
- Vehicles, Plant, Furniture & Equipment – 1 to 25 years
- Infrastructure – 50 years

Right of Use Assets

A breakdown of the right of use assets included in the tables above can be found in Note 36

Capital Commitments

At 31 March 2026, the Council had capital commitments of **£1.12m** for the delivery of new food waste vehicles, **£495k** for wetside changing room works at Burntwood Leisure Centre and **£448k** for the creation of Padel Courts at Beacon Park. (31 March 2025: **£7.95m**).

Effects of Changes in Estimates

In 2025/26, the Council made no material changes to its accounting estimates for Property, Plant and Equipment.

NOTES TO THE ACCOUNTS

Revaluations

The Council undertakes a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is re-valued at least every five years. All valuations are completed by Newmark. 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	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Total
	£000	£000	£000	£000
Carried at historical cost	59	7,138		7,197
Valued at fair value as at:				
- 31 March 2026	55,489		2,875	58,364
Total Cost or Valuation	55,548	7,138	2,875	65,561

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	Art Collection	Other Items	Total Assets
	£000	£000	£000	£000
<u>Cost or Valuation</u>				
At 1 April 2025	285	70	70	425
At 31 March 2026	285	70	70	425
<u>Cost or Valuation</u>				
At 1 April 2024	285	70	70	425
At 31 March 2025	285	70	70	425

NOTES TO THE ACCOUNTS

Statues

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

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

Art Collection

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

Other Items

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

Preservation and Management

The statues located in parks are managed by the Historic Parks Manager, the civic regalia and trophies are managed by the Executive and Civic Officer, 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:

2024/25 £000		2025/26 £000
(356)	Rental income from investment property	(384)
105	Direct operating expenses	185
(251)	Net income from Investment Property	(199)
209	Revaluation (gains) / losses	(122)
(225)	Gain on disposal	(160)
(267)	Net (gain) / loss	(481)

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:

2024/25 £000		2025/26 £000
4,640	Balance at Start of Year	5,089
(51)	Disposals	(700)
667	Additions	117
(209)	Net Gains/(losses) from fair value adjustments	122
42	Transfers	0
5,089	Balance at end of year	4,628

	2024/25			2025/26		
	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Fair Value as at 31 March 2025	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Fair Value as at 31 March 2026
	£000	£000	£000	£000	£000	£000
Residential Properties	0	906	906	0	961	961
Office Units	0	820	820	0	130	130
Commercial Units	0	3,362	3,362	0	3,538	3,538
Total	0	5,088	5,088	0	4,629	4,629

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:

- One long term loan with the Public Works Loans Board
- Finance leases detailed at note 36
- Trade payables for goods and services received

NOTES TO THE ACCOUNTS

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.

Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flows) comprising:

- cash in hand,
- bank current and deposit accounts with NatWest bank,
- fixed term deposits with banks and building societies,
- loans to other local authorities,
- treasury bills issued by the UK Government,
- trade receivables for goods and services provided.

Fair value through profit and loss (all other financial assets) comprising:

- money market funds
- property funds managed by CCLA held as strategic investments
- diversified income funds managed by CCLA, Ninety One and Aegon held as strategic investments.

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

Financial Assets	Long Term		Short Term	
	31 March 2025	31 March 2026	31 March 2025	31 March 2026
	£000	£000	£000	£000
<u>At amortised cost:</u>				
- Principal			3,000	13,000
- Accrued interest			29	166
- Loss Allowance				
<u>At fair value through profit & loss:</u>				
- Equity Investments (Diversified income and property funds)	12,892	10,046		
- Equity Investments (Associates and joint ventures)	225	225		
- Accrued interest			90	58
Total Investments	13,117	10,271	3,119	13,224
<u>At amortised cost:</u>				
- Cash (including bank accounts)			527	557
<u>At fair value through profit & loss:</u>				
- Cash equivalents at fair value			32,000	19,590
- Accrued interest			128	66
Total Cash and Cash Equivalents			32,655	20,213
<u>Debtors</u>				
Trade receivables	376	907	6,701	6,004
Joint Venture	3,725	3,718		
Total included in Debtors	4,101	4,625	6,701	6,004
Total Financial Assets	17,218	14,896	42,475	39,441

NOTES TO THE ACCOUNTS

Financial Liabilities	Long Term		Short Term	
	31 March 2025	31 March 2026	31 March 2025	31 March 2026
	£000	£000	£000	£000
<u>Loans at amortised cost:</u>				
Principal sum borrowed	(883)	(822)	(61)	(61)
Total Borrowing	(883)	(822)	(61)	(61)
<u>Liabilities at amortised cost:</u>				
Finance leases	(3,740)	(3,226)		
Total other Long Term Liabilities	(3,740)	(3,226)	0	0
<u>Liabilities at amortised cost:</u>				
Trade payables	(148)	(58)	(7,751)	(7,310)
Finance leases			(507)	(530)
Total included in Creditors	(148)	(58)	(8,258)	(7,840)
Total Financial Liabilities	(4,771)	(4,106)	(8,319)	(7,901)

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 2025			31 March 2026		
	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	90	0	90	105	0	105
Total offset financial assets	90	0	90	105	0	105
Bank overdrafts	0	0	0	0	0	0
Total offset financial liabilities	0	0	0	0	0	0

Reconciliation to Cash and Cash Equivalents

31 March 2025 £000		31 March 2026 £000
90	Main Bank Accounts Total	105
436	Total Reconciling Differences (Unpresented Cheques and Cash in Transit)	450
526	Cash & Cash Equivalents - Bank Accounts	555

NOTES TO THE ACCOUNTS

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:

2024/25		Financial Liabilities	Financial Assets			2025/26
		Amortised Cost	Amortised Cost	Elected to Fair Value through OCI	Fair Value through Profit & Loss	Total
£000		£000	£000	£000	£000	£000
34	Interest Expense	234				234
34	Interest payable and similar charges	234	0	0	0	234
(1,067)	Interest Income		(411)			(411)
(1,897)	Dividend Income				(1,890)	(1,890)
(2,964)	Interest and Investment Income	0	(411)	0	(1,890)	(2,301)
(2,930)	Net Gain / (Loss) for the Year	234	(411)	0	(1,890)	(2,067)

Financial Instruments - Fair Values

Financial instruments, except those classified at amortised cost 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.

Financial instruments classified at amortised cost 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 31st March 2025, 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

NOTES TO THE ACCOUNTS

	Fair Value Level	31 March 2025		31 March 2026	
		Balance	Fair	Balance	Fair
		Sheet	Value	Sheet	Value
		£000	£000	£000	£000
<i>Financial assets held at fair value:</i>					
Money market funds	1	32,128		19,657	
Diversified Funds	1	11,117		8,271	
Property Funds	2	1,775		1,775	
Shares in unlisted companies	3	225	400	225	399
Financial assets for which fair value is not disclosed:		14,449		24,409	
Total Financial Assets		59,694		54,337	
<i>Recorded on the Balance Sheet as:</i>					
Short Term Investments		3,119		13,224	
Long Term Investments		12,892		10,046	
Investment in Associates and Joint Ventures		225		225	
Cash & Cash Equivalents		32,655		20,213	
Short Term Debtors		6,701		6,004	
Long Term Debtors		4,101		4,625	
Total Financial Assets		59,694		54,337	

The fair value of short-term financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying value.

The Council has invested **£225,000** in its wholly owned subsidiary LWM Traded Services Ltd (LWMTS) related to 225,000 shares at a nominal value of £1 each. The investment value is based on the cost of the investment as a proxy for fair value with shareholder funds in the LWMTS draft Accounts being **£398,806** with further information provided in the Group Accounts Section. As a guide, a change in the investment value by +/- 1% would equate to an increase/decrease of **£3,988**.

	Fair Value Level	31 March 2025		31 March 2026	
		Balance	Fair	Balance	Fair
		Sheet	Value	Sheet	Value
		£000	£000	£000	£000
<i>Financial liabilities held at amortised cost:</i>					
Long Term loans from PWLB	2	(944)	(812)	(883)	(763)
Finance Lease liabilities	2	(4,247)	(4,247)	(3,756)	(3,756)
Total		(5,191)	(5,059)	(4,639)	(4,519)
Liabilities for which fair value is not disclosed		(7,899)		(7,368)	
Total Financial Liabilities		(13,090)		(12,007)	
<i>Recorded on the Balance Sheet as:</i>					
Short Term Creditors		(7,751)		(7,310)	
Long Term Creditors		(148)		(58)	
Finance Lease Liabilities		(4,247)		(3,756)	
Short Term Borrowing		(61)		(61)	
Long Term Borrowing		(883)		(822)	
Total Financial Liabilities		(13,090)		(12,007)	

NOTES TO THE ACCOUNTS

The fair value of short-term financial liabilities held at amortised cost, including trade payables, is assumed to approximate to the carrying value.

16. Short Term Debtors

31 March 2025 £000		31 March 2026 £000
6,701	Trade receivables	6,004
1,200	Prepayments	1,443
1,695	Other receivable amounts	2,543
(1,972)	Bad Debt Provision	(1,667)
7,624	Total Debtors	8,323

17. Cash and Cash Equivalents

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

31 March 2025 £000		31 March 2026 £000
1	Cash held by the authority	1
526	Bank Accounts	556
32,128	Money Market Funds	19,656
32,655	Total	20,213

18. Short Term Creditors

31 March 2025 £000		31 March 2026 £000
(7,751)	Trade payables	(7,310)
(11,911)	Other payables	(9,340)
(19,662)	Total Creditors	(16,650)

NOTES TO THE ACCOUNTS

19. Provisions

The Council has two provisions:

	Outstanding Legal Cases £000	Business Rates Appeals £000	Total £000
Balance at 1 April 2025	(100)	(1,761)	(1,861)
Release of/(Additional) provisions this year	0	769	769
Balance at 31 March 2026	(100)	(992)	(1,092)
Element categorised as current	(100)	(323)	(423)

Outstanding Legal Cases

The Authority has one legal case in progress that has 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 **£99,950**. 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. This provision is based on those claims that the Authority is currently aware of.

Business Rates Appeals

The Authority had one further provision at 31 March 2026:

- **Business Rates Appeals**

Under Business Rates Retention the Council is required to make provisions for refunding Business Rates payers who successfully appeal against the rateable value of their property set by the Valuation Office (VOA). The amount of **£992,000** relates to an estimate of Business Rate refunds from successful appeals up to 31 March 2026. The appeals provision for the 2017 and 2023 lists is based on a combination of the allowance within the Business Rates Multiplier calculated by the Government updated by local empirical evidence of settled appeals. The appeals provision is based on the Net Rates Payable and each **1%** change would alter the net locally retained income (**40%**) to the Council by **£181,000** for both the 2017 list and the 2023 list. 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. The timing of when refunds are made is dependent on the VOA's review of appeals.

NOTES TO THE ACCOUNTS

20. Usable Reserves

2024/25 £000		2025/26 £000
5,747	General Fund	5,264
6,895	Capital Grants Unapplied	7,543
2,183	Capital Receipts Reserve	2,170
17,849	Earmarked Reserves	20,235
32,674	Total	35,212

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

21. Unusable Reserves

2024/25 £000		2025/26 £000
21,395	Revaluation Reserve	23,353
41,643	Capital Adjustment Account	46,645
47	Deferred Capital Receipts	47
(9,958)	Pensions Reserve	(7,412)
2,030	Collection Fund Adjustments	2,038
(1,108)	Pooled Fund Adjustment Account	(454)
(409)	Accumulated Absence Account	(177)
53,640	Total	64,040

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.

2024/25 £000			2025/26 £000
19,176	Balance at 1 April		21,395
3,175	Upward revaluation of assets	2,677	
(284)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(82)	
2,891	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		2,595
(647)	Difference between fair value depreciation and historical cost depreciation	(635)	
(25)	Accumulated gains on assets sold or scrapped	(2)	
(672)	Amount written off to the Capital Adjustment Account		(637)
21,395	Balance at 31 March		23,353

NOTES TO THE ACCOUNTS

Capital Adjustment Account

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

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

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

2024/25 £000			2025/26 £000
35,732	Balance at 1 April		41,643
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(2,538)	· Charges for depreciation and impairment of non-current assets	(2,747)	
(584)	· Revaluation gains/losses on Property, Plant and Equipment	(1,318)	
(1)	· Amortisation of intangible assets	(1)	
(2,667)	· Revenue expenditure funded from capital under statute	(2,603)	
(2,254)	· 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	(736)	
(8,044)			(7,405)
672	Adjusting amounts written out of the Revaluation Reserve		637
28,360	Net written out amount of the cost of non-current assets consumed in the year		34,875
	Capital financing applied in the year:		
730	· Use of the Capital Receipts Reserve to finance new capital expenditure	1,339	
4,087	· Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	3,628	
617	· Application of grants to capital financing from the Capital Grants Unapplied Account	2,145	
1,914	· Asset Swap	0	
250	· Statutory provision for the financing of capital investment charged against the General Fund	751	
5,894	· Capital expenditure charged against the General Fund	3,785	
13,492			11,648
(209)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		122
41,643	Balance at 31 March		46,645

NOTES TO THE ACCOUNTS

Pensions Reserve

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

2024/25			2025/26	
£000			£000	
(12,486)		Balance at 1 April		(9,958)
16,947		Actuarial gains or losses on pensions assets and liabilities		(881)
(1,989)		Return on Plan Assets		3,861
(2,532)		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		(1,974)
3,096		Employer's pensions contributions and direct payments to pensioners payable in the year		3,178
(12,994)		Asset Ceiling		(1,638)
(9,958)		Balance at 31 March		(7,412)

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.

2024/25				2025/26		
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total
£000	£000	£000		£000	£000	£000
96	2,008	2,104	Balance at 1 April	0	2,030	2,030
(96)	22	(74)	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	128	(120)	8
0	2,030	2,030	Balance at 31 March	128	1,910	2,038

NOTES TO THE ACCOUNTS

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

2024/25 £000		2025/26 £000
2,539	Depreciation, amortisation and impairment	2,741
1,530	Downward revaluations	1,747
(737)	Upward revaluations charged to services	(551)
2,254	Carrying Amount of non-current assets disposed in the year	735
(534)	Increase / (Decrease) in Provisions	(769)
30	(Increase) / Decrease in Stock	(17)
107	(Increase) / Decrease in Debtors	(1,651)
108	Increase / (Decrease) in Creditors	(2,830)
153	Movement in pension liability	(468)
120	Other non-cash adjustments	(654)
5,570	Adjust net surplus or deficit on the provision of services for non-cash movements	(1,717)

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

2024/25 £000		2025/26 £000
(676)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets disposed in the year	(1,326)
(5,725)	Capital Grants & Contributions	(6,274)
(1,533)	Any other items for which the cash effects are investing or financing activities	(1,998)
(7,934)	Adjust net surplus or deficit on the provision of services for investing and financing activities	(9,598)

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 24** and **Note 25** after adjusting for cash flows in respect of outstanding balances at the end of the current and prior financial year.

24. Cash Flow Statement - Investing Activities

2024/25 £000		2025/26 £000
(5,723)	Purchase of property, plant and equipment, investment property and intangible assets	(13,472)
(102,500)	Purchase of short-term and long-term investments	(99,090)
640	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,297
105,250	Proceeds from short-term and long-term investments	92,590
5,168	Other (receipts)/payments from investing activities (including capital grants and contributions)	7,120
2,835	Net cash flows from Investing activities	(11,555)

NOTES TO THE ACCOUNTS

25. Cash Flow Statement - Financing Activities

2024/25 £000		2025/26 £000
(5)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(510)
(61)	Repayments of short and long term borrowing	(61)
1,533	Council Tax and Business Rates Net Cash Inflows	1,998
1,467	Net cash flows from Financing activities	1,427

26. Cash Flow Statement - Operating Activities

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

2024/25 £000		2025/26 £000
3,044	Interest received	2,257
(26)	Interest paid	(24)
3,018	Net cash flows from operating activities	2,233

27. Reconciliation of Liabilities Arising from Financing Activities

	Borrowings		Lease	TOTAL
	Long Term	Short Term	Liabilities	
1 April 2025	883	61	4,247	5,191
Cash-flows:				
- Repayment	0	(61)	(510)	(571)
Non-cash:				
- Reclassification	(61)	61	0	0
- New leases	0	0	20	20
31 March 2026	822	61	3,757	4,640

	Borrowings		Lease	TOTAL
	Long Term	Short Term	Liabilities	
1 April 2024	944	61	0	1,005
Cash-flows:				
- Repayment	0	(61)	(6)	(67)
Non-cash:				
- Reclassification	(61)	61	0	0
- New leases	0	0	4,253	4,253
31 March 2025	883	61	4,247	5,191

NOTES TO THE ACCOUNTS

28. Principal and Agency Services

The Southern Staffordshire Building Control Service expanded in April 2019. North Warwickshire Borough Council, Nuneaton & Bedworth Borough Council and South Derbyshire District Council joined the existing shared service of Lichfield District Council, Tamworth Borough Council and South Staffordshire District. The new service is known as 'Central Building Control'.

Lichfield District Council is the principal (host) authority and is responsible for discharging and accounting for all functions relating to the shared service of Building Control.

2024/25 £000		2025/26 £000
1,319	Expenditure Incurred	1,508
(1000)	Income received	(1,323)
(51)	Fee payable by South Staffordshire District Council	(96)
(51)	Fee payable by Tamworth Borough Council	(96)
(51)	Fee payable by South Derbyshire District Council	(96)
(51)	Fee payable by North Warwickshire Borough Council	(96)
(51)	Fee payable by Nuneaton & Bedworth Borough Council	(96)
(51)	Contribution from Lichfield District Council	(96)
13	(Surplus)/Deficit Transferred (To)/From Earmarked Reserves	(391)

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 (the waste fleet – see critical judgement 1), 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 **58.48%** from Lichfield District Council and **41.52%** 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:

2024/25 £000		2025/26 £000
	Funding provided to the operation	
(2,787)	Contribution from Lichfield	(3,273)
(1,983)	Contribution from Tamworth	(2,323)
(4,770)	Total funding provided to the operation	(5,596)
	Expenditure met by the operation	
4,413	Pay and allowances	4,741
0	Premises costs	5
1,725	Transport costs	2,142
1,579	Supplies and Services	1,359
13	Third Party Payments	9
607	Support Costs	822
(3,744)	Revenue income	(3,687)
4,593	Total expenditure	5,391
(177)	Net (surplus)/deficit arising on the pooled budget during the year	(205)
104	Lichfield District Council's share of the net (surplus)/deficit arising on the operation	(120)

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.

2024/25 £000		2025/26 £000
(177)	Net (surplus) arising on the pooled budget during the year	(205)
2,787	Add: Lichfield's Contribution shown as expenditure in the CIES	3,273
476	Amounts not reported in the Joint Waste Service	(72)
3,086	Net Cost of Services in the Comprehensive Income and Expenditure Statement	2,996

At the end of March 2025, 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 **£4,076,949**. On 31 March 2026 the Net Book Value of the assets was **£3,494,528** and the value of the finance lease obligation was **£3,575,152**. The assets of the operation in respect of vehicles, equipment, land and buildings have been assessed as being under the control of both Lichfield District Council and Tamworth District council based on the ratio of properties in each area. The current ratio is **58.48%** and **41.52%** and are assets are shown on both Authority's Balance Sheets based this split. The Joint Waste Service also shares joint income and expenditure based on the same ratio.

NOTES TO THE ACCOUNTS

30. Members' Allowances

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

2024/25 £000		2025/26 £000
320	Allowances	351
2	Expenses	1
322	Total	352

31. Officers' Remuneration

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

Post (Dates included for part year appointments)		Salary, Fees and Allowances £	Expenses Allowances £	Benefit in Kind £	Pension Contribution £	Total £
Chief Executive (Simon Fletcher) (Starting date of 10/08/2021)	2025/26	171,246	-	551	36,051	207,848 ¹
	2024/25	164,295	264	484	35,933	200,976
Chief Operating Officer (Start date of 03/01/2023)	2025/26	120,354	-	343	26,258	146,955
	2024/25	117,915	-	295	25,169	143,378
Director Resident and Business Services (Transferred from Assistant Director Customer, Resident and Business Services on 01/05/2024)	2025/26	103,096	-	429	22,240	125,765
	2024/25	93,619	-	352	19,793	113,764
Director Finance, Environment and Community (Transferred from Assistant Director Finance and Commissioning on 01/05/2024)	2025/26	101,763	80	-	22,240	124,084
	2024/25	90,893	120	-	19,865	110,878
Assistant Director Customer, Resident and Business Services (Transferred to Director Resident and Business Services on 01/05/2024)	2025/26	-	-	-	-	-
	2024/25	6,841	-	32	1,505	8,378
Assistant Director Finance and Commissioning (Transferred to Director Finance, Environment and Community on 01/05/2024)	2025/26	-	-	-	-	-
	2024/25	6,841	-	45	1,505	8,390

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

2024/25 Number of employees	Remuneration band	2025/26 Number of employees
8	£50,000-£54,999	10
5	£55,000-£59,999	4
3	£60,000-£64,999	7
1	£65,000-£69,999	0
2	£70,000-£74,999	1

¹ The Chief Executive was paid £207,848, however £36,600 of this was an additional payment for work done for LWMTS on the Council's behalf, for which the Council was reimbursed by LWMTS.

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	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
£0 - £20,000	0	0	0	0	0	0	£0	£0
£20,001 - £40,000	0	0	1	0	1	0	£27,725	£0
£40,001 - £60,000	0	0	2	0	2	0	£104,725	£0
£60,001 - £80,000	0	0	0	0	0	0	£0	£0
£80,001 - £100,000	0	0	0	0	0	0	£0	£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
Total	0	0	3	0	3	0	£132,450	£0

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

Exit Package Cost Band	2024/25			2025/26		
	Redundancy Package	Employers Pension Strain	Total	Redundancy Package	Employers Pension Strain	Total
£0 - £20,000	£0	£0	£0	£0	£0	£0
£20,001 - £40,000	£27,725	£0	£27,725	£0	£0	£0
£40,001 - £60,000	£104,725	£0	£104,725	£0	£0	£0
£60,001 - £80,000	£0	£0	£0	£0	£0	£0
£80,001 - £100,000	£0	£0	£0	£0	£0	£0
£100,001 - £150,000	£0	£0	£0	£0	£0	£0
£150,001 - £200,000	£0	£0	£0	£0	£0	£0
Total	£132,450	£0	£132,450	£0	£0	£0

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, and to non-audit services provided by the Council's external auditors:

2024/25 £000		2025/26 £000
154	Fees payable to Azets Audit Services Ltd with regard to external audit services carried out by the appointed auditor for the year	174
28	Fees payable to Azets Audit Services Ltd for the certification of grant claims and returns for the year	28
25	Additional audit fees in relation to the prior year audit	30
207	TOTAL	232

NOTES TO THE ACCOUNTS

33. Grant Income

The Council credited the following grants, contributions and donations to the CIES in 2025/26:

2024/25 £000		2025/26 £000
	Credited to Taxation and Non Specific Grant Income	
1,113	Other Contributions	1,366
1,113	Sub Total (Capital)	1,366
10,292	Council Tax Income	10,848
2,340	Non-Domestic rates	3,747
5,397	Non Ring Fenced Government Grants	4,841
18,029	Sub Total (Revenue)	19,436
19,142	Total	20,802

2024/25 £000		2025/26 £000
	Credited to Cost of Services	
2,110	Disabled Facilities Grant	1,903
991	CIL - Various Sites	2,793
864	Other Contributions	359
3,965	Sub Total (Capital)	5,055
11,549	Housing and Council Tax Benefits	9,837
2,409	Ministry of Housing, Communities and Local Government	1,594
450	Other Government Departments and Agencies	1,617
21	Positive Futures	29
65	Office of the Police and Crime Commissioner	42
342	Contributions from other Local Authorities	186
2,391	Contributions from other Local Authorities - Shared Services	3,179
1,156	Other Contributions	0
18,383	Sub Total (Revenue)	16,484
22,348	Total	21,539

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:

2024/25 £000		2025/26 £000
	Capital Grants Receipts in Advance	
2,380	Other Contributions	2,861
2,380	Current Liabilities	2,861
711	Other Contributions	722
711	Long Term Liabilities	722
3,091	Total	3,583

2024/25 £000		2025/26 £000
	Revenue Grants Receipts in Advance	
580	Ecological Mitigation	601
580	Total (shown within Current Liabilities)	601

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 11**. 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 2025/2026 works and services to the value of **£310,765** were commissioned from companies in which 33 members had an interest (**£293,897** in 2024/25). Contracts were entered into in full compliance with the Council's standing orders.

In addition, the Council paid grants totalling **£210,765** to voluntary organisations (**£270,373** in 2024/25) in which 22 members held a position of Member with 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 **£389,617** from Bromford Housing Group in 2025/26 (**£360,954** in 2024/25) 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 2025/26 was **£7.288 million** (**£9.441 million** owed from the Council in 2024/25). These include Staffordshire County Council, the Police, Fire and Rescue and Crime Commissioner (PFCC), Staffordshire Fire and Rescue Service 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 such as the civil contingencies unit. In addition, the County Council provides services in relation to environmental Health sampling, land search and archaeological fees.

Payment of subsidy of **£75,000** was made to the Lichfield Garrick Theatre Trust in 2025/26 (**£100,000** in 2024/25). Support services provided by the Council to the Garrick totalled **£25,921** (**£2,312** in 2024/25).

The Council has a wholly owned subsidiary, LWM Traded Services Ltd (LWMTS). During 2025/26, the Council paid **£7,278,089** to the subsidiary (**£5,812,724** in 2024/25).

The Council entered into a Joint Venture Limited Liability Partnership with Evolve Estates during 2022/23 and paid (**£64,791**) in costs associated with the cinema project in 2025/26 (**£67,673** in 2024/25) (**Note 43**).

The Council, in partnership with Evolve Estates, has formed a 50:50 Joint Venture called Darwin Prospects LLP. As part of the agreement the Council has made initial land and cash contributions via a loan in 2024/25 to the Joint Venture of **£3.725m** (**Note 43**).

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.

2024/25 £000		2025/26 £000
1,750	Opening Capital Financing Requirement	5,752
	<i>Capital Investment</i>	
10,910	Property, Plant & Equipment	13,102
667	Investment Properties	118
3,250	Joint Venture	0
2,667	Revenue Expenditure Funded from Capital under Statute	2,603
	<i>Sources of Finance</i>	
(730)	Capital receipts	(1,339)
(1,914)	Asset Swap	0
(4,704)	Government grants and other contributions	(5,773)
	<i>Sums set aside from revenue:</i>	
(5,894)	Direct revenue contributions	(3,785)
(250)	Minimum revenue provision	(751)
5,752	Closing Capital Financing Requirement	9,927

	Explanation of movements in year	
(244)	Increase/(decrease) in underlying need to borrowing (Unsupported by government financial assistance)	4,665
4,246	Net movement on Finance Leases	(490)
4,002	Increase / (decrease) in Capital Financing Requirement	4,175

NOTES TO THE ACCOUNTS

36. Leases

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, 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 2025 £000		31 March 2026 £000
292	Not later than one year	193
537	Later than one year and not later than five years	533
2,721	Later than five years	2,742
3,550	TOTAL	3,468

31 March 2025 £000		31 March 2026 £000
589	<u>Operating Leases</u> Minimum Lease Payments	381
589	TOTAL	381

Transactions under leases

The authority made the following gains and losses as a lessor during the year:

31 March 2025 £000		31 March 2026 £000
(833)	Total lease income	(643)
(833)	TOTAL	(643)

NOTES TO THE ACCOUNTS

Council as Lessee

Right-of-use assets

This table shows the change in the value of right-of-use assets held under leases by the authority:

	Land & Buildings	Vehicles, Plant and Equipment	Total
Balance at 1 April 2025	165	3,495	3,660
Additions	14	10	24
Revaluations	489	0	489
Depreciation and amortisation	0	(576)	(576)
Disposals	0	(12)	(12)
Balance at 31 March 2026	668	2,917	3,585

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2025	31 March 2026	31 March 2025	31 March 2026
Not later than one year	717	716	507	530
Later than one year and not later than five years	2,846	2,851	2,267	2,383
Later than five years	2,197	1,531	1,473	843
Total	5,760	5,098	4,247	3,756

Transactions under leases

The authority incurred the following expenses and cash flows in relation to leases:

31 March 2025 £000		31 March 2026 £000
	Comprehensive Income and Expenditure Statement	
9	Interest expense on lease liabilities	211
738	Expense relating to short-term leases	19
13	Expense relating to exempt leases of low-value items	11
0	Expense relating to leases reclassified under IFRS16 at 01/04/2024	299
	Cash Flow Statement	
760	Minimum lease payments	721

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

31 March 2025 £000		31 March 2026 £000
745	Not later than one year	0
745	TOTAL	0

NOTES TO THE ACCOUNTS

37. Impairment Losses

The Council undertook an impairment review of its non-current assets at 31 March 2026 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 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.

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:

2024/25 £000	Local Government Pension Scheme Comprehensive Income and Expenditure Statement	2025/26 £000
1,931	Cost of Services:	
74	- Current service cost	1,434
	- past service costs	35
527	Financing and Investment Income and Expenditure	
	- net interest expense	505
2,532	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	1,974
	<i>Other Post Employment Benefit Charged to the CIES</i>	
1,989	Re-measurement of the net defined benefit comprising:	
	- Return on plan assets (excluding the amount included in the net interest expense)	(3,861)
(177)	- Actuarial gains and losses arising on changes in demographic assumptions	(2,069)
(985)	- Actuarial gains and losses arising on other experience	5,060
(15,785)	- Actuarial gains and losses arising on changes in financial assumptions	(2,110)
12,994	- Asset ceiling adjustment	1,638
(1,964)	Total Post Employment Benefit Charged to the CIES	(1,342)
568	Total Charge to the CIES	632
	<i>Movement in Reserves Statement</i>	
(2,532)	- Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(1,974)
3,096	Actual amount charged against the General Fund Balance for pensions in the year	
	- employers' contributions payable to scheme	3,178

NOTES TO THE ACCOUNTS

Pension Liabilities recognised in the Balance Sheet

The Council's obligation in respect of its defined benefit plans is as follows:

2024/25 £000	Local Government Pension Scheme	2025/26 £000
(88,425)	Present value of the defined benefit obligation	(91,267)
123,595	Net liability arising from defined benefit obligation	133,237
(45,128)	Asset Ceiling Adjustment	(49,382)
736	Prepayment of future years pension contributions	0
(9,222)	Net liability arising from defined obligation	(7,412)

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

2024/25 £000	Local Government Pension Scheme	2025/26 £000
120,288	Opening fair value of scheme assets	123,595
5,869	Interest income	7,166
	Remeasurement gain / (loss):	
(1,989)	- The return on plan assets, excluding the amount included in the net interest expense	3,861
0	- Other experience	(526)
2,976	Contributions from employer	3,060
688	Contributions from employees into the scheme	700
120	Contributions in respect of unfunded benefits	118
(4,237)	Benefits paid	(4,619)
(120)	Unfunded benefits paid	(118)
123,595	Closing position as at 31 March	133,237

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

2024/25 £000	Local Government Pension Scheme	2025/26 £000
	Opening balance at 1 April	
100,905	- Present value of funded liabilities	87,348
1,221	- Present value of unfunded liabilities	1,077
1,931	Current service cost	1,434
74	Past Service cost (including curtailments)	35
0	Effect of Settlements	0
4,910	Interest costs	5,055
688	Contribution from scheme participants	700
	Remeasurement (gain) / loss:	
(177)	- Actuarial gains/losses arising from changes in demographic assumptions	(2,069)
(15,785)	- Actuarial gains/losses from changes in financial assumptions	(2,110)
(985)	- Other experiences	4,534
(4,237)	Benefits paid	(4,619)
(120)	Unfunded benefits paid	(118)
88,425	Closing position as at 31 March	91,267

NOTES TO THE ACCOUNTS

Local Government Pension Scheme assets comprised:

Asset Category	Period ended 31 March 2025				Period ended 31 March 2026			
	Quoted prices in active markets	Quoted prices not in active markets	Total	% of Total Assets	Quoted prices in active markets	Quoted prices not in active markets	Total	% of Total Assets
	£'000	£'000	£'000		£'000	£'000	£'000	
Cash and cash equivalents	2,830.6		2,830.6	2%	2,513.7		2,513.7	2%
Equity Securities:								
- Consumer	1,790.9		1,790.9	1%	0.0		0.0	0%
- Manufacturing	0.0		0.0	0%	0.0		0.0	0%
- Energy and Utilities	0.0		0.0	0%	0.0		0.0	0%
- Financial Institutions	1,723.9		1,723.9	1%	0.0		0.0	0%
- Health and Care	1,037.4		1,037.4	1%	0.0		0.0	0%
- Information technology	1,056.4		1,056.4	1%	0.0		0.0	0%
- Other	0.0		0.0	0%	0.0		0.0	0%
Debt Securities								
- Corporate Bonds (investment grade)	9,380.4		9,380.4	8%	5,436.1		5,436.1	4%
Private equity:								
- All		6,493.9	6,493.9	5%		7,514.1	7,514.1	6%
Real Estate:								
- UK Property		10,390.2	10,390.2	8%		11,847.4	11,847.4	9%
Investment Funds and Unit Trusts:								
- Equities	61,200.8		61,200.8	49%	71,873.7		71,873.7	54%
- Bonds	9,489.5		9,489.5	8%	12,071.3		12,071.3	9%
- Infrastructure		7,408.1	7,408.1	6%		8,923.5	8,923.5	7%
- Other	6,215.3	5,313.6	11,528.9	9%	7,118.4	5,938.8	13,057.2	10%
Total Assets	94,725	29,606	124,331	100%	99,013	34,224	133,237	100%
Adjust for Prepayment			(736)					
Total Assets Restated			123,595				133,237	

Basis for Estimating Assets and Liabilities

A Triennial Revaluation took place during 2023/24 and the financial implications of this Revaluation are included in these 2025/26 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 2026.

NOTES TO THE ACCOUNTS

The principal assumptions used by the actuary have been:

Period Ending	31 March 2025 % Per Annum	31 March 2026 % Per Annum
Financial Assumptions		
Pension Increase Rate	2.95%	3.00%
Salary Increase Rate	3.45%	3.50%
Discount Rate	4.75%	6.20%
	Males	Females
Mortality Rate		
Current Pensioners	21.6 years	24.9 years
Future Pensioners	22.5 years	26.0 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 2025	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £'000
0.1% decrease in Real Discount Rate	1%	1,366
1 year increase in Member Life Expectancy	4%	3,651
0.1% increase in the Salary Increase Rate	0%	45
0.1% increase in the Pension Increase Rate (CPI)	1%	1,320

Scheme History

Local Government Pension Scheme	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Present value of the defined benefit obligation	(136,581)	(98,250)	(102,126)	(88,425)	(91,267)
Net Liability arising from defined benefit obligation	105,150	103,296	120,288	123,595	133,237
Asset Ceiling Adjustment		(16,676)	(30,648)	(45,128)	(49,382)
Adjustment for prepayment of future years pension contributions	1,163		1,453	736	0
Net Liability arising from defined obligation	(30,268)	(11,630)	(11,033)	(9,222)	(7,412)

NOTES TO THE ACCOUNTS

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of **£7.412 million** has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in an overall balance of **£99.259 million** (see page 49). 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 (i.e. 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 2027 is **£3.474 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 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 2026 is **£226,471**. No provision has been made for this amount as the outcomes of the claims are currently unknown.
- The Council completed the sale of the former garage site on the corner of Birmingham Road and St John Street on 18 September 2025 and received a £50k deposit. As part of the contract, if the developer who purchased the site does not fulfil certain conditions such as submitting a planning application, completing build on the site or gets into financial difficulties the Council has the option to repurchase the site. This will mean a cash outflow from the Council.

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 Council completed the sale of the former garage site on the corner of Birmingham Road and St John Street on 18 September 2025 and received a £50k deposit. As part of the contract, if the developer who purchased the site does not fulfil certain conditions such as submitting a planning application, completing build on the site or gets into financial difficulties the Council has the option to repurchase the site. This will mean a capital asset coming to the 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.

NOTES TO THE ACCOUNTS

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: Treasury 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.

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, multiplied by 110% (2025: [52%]) to adjust for current and forecast economic conditions. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when awarded a "D" credit rating or equivalent. Although at 31st March 2026 the level is not material and therefore no loss allowance has been set aside for treasury investments.

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 March 2025 £000	31 March 2026 £000	31 March 2025 £000	31 March 2026 £000
AAA	0	0	32,000	19,590
A+	0	0	1,000	1,000
Unrated Local Authorities	0	0	2,000	12,000
Total Credit Risk Investments	0	0	35,000	32,590
Credit risk not applicable*	12,892	10,046	0	0
Total Investments	12,892	10,046	35,000	32,590
Accrued Interest	0	0	247	291
Cash in Hand and Bank Accounts	0	0	527	557
Balance Sheet Total for Short Term Investments, Long Term Investments and Cash and Cash Equivalents	12,892	10,046	35,774	33,438

*Credit risk is not applicable to pooled funds where the Council has no contractual right to receive any sum of money.

NOTES TO THE ACCOUNTS

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. Receivables can be analysed by age as follows:

31 March 2025 £000		31 March 2026 £000
2,974	Neither past due nor impaired	2,641
2,248	Less than three months	1,996
641	Three to six months	320
100	Six months to one year	139
738	More than one year	879
6,701	Total	5,975

Receivables are collectively assessed for credit risk in the following groupings:

	Average range of allowances set aside	31 March 2026			31 March 2025		
		Gross receivable	Loss allowance	Total	Gross receivable	Loss allowance	Total
Public sector	0%	733	0	733	130	0	130
Trade Receivables - not yet due	0%	2,641	0	2,641	2,974	0	2,974
Council Tax Payers	100%	1,056	(531)	525	932	(540)	392
Business Rates Payers	100%	754	(456)	298	633	(625)	8
Trade Receivables	0% - 100%	2,840	(199)	2,641	3,233	(326)	2,907
Prepayments	0%	1,443	0	1,443	1,200	0	1,200
Housing Related	0% - 100%	494	(481)	13	494	(481)	13
		9,961	(1,667)	8,294	9,596	(1,972)	7,624

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The maturity analysis of financial liabilities including the Public Works Loans Board long term loan received in April 2015 is as follows:

31 March 2025 £000		31 March 2026 £000
(61)	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)
(335)	Between ten years and twenty years	(274)
(944)	Total	(883)

NOTES TO THE ACCOUNTS

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 will fall
- Investments at variable rates – the interest income will rise
- Investments at fixed rates – the fair value of the assets will fall

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. 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 measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

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

2024/25 £000		2025/26 £000
0	Increase in interest payable on variable rate borrowings	0
(319)	Increase in interest receivable on variable rate investments	(267)
228	Decrease in fair value of investments held at FVPL	113
0	Decrease in fair value of derivative financial instruments held at FVPL	0
0	Increase in government grant receivable for financing costs	0
(91)	Impact on the Surplus or Deficit on the Provision of Services	(154)
0	Decrease in fair value of investments held at FVOCI	0
0	Impact on Comprehensive Income and Expenditure	0
43	Decrease in fair value of loans and investments at amortised cost*	47
(46)	Decrease in fair value of fixed rate borrowing*	(41)

*No impact on Comprehensive Income and Expenditure.

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 as described above.

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 £84k (2025 £101k) 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.

NOTES TO THE ACCOUNTS

The Council's investment in pooled equity funds is subject to the risk of falling share prices. This risk is limited by the Council's maximum exposure to equity investments of £12m. A 5% fall in share prices at 31st March 2026 would result in a £139k (2025 £170k) charge to the Surplus or Deficit on the Provision of Services.

42. Local Authority Company

Lichfield Housing Limited was incorporated on 2 September 2019. In April 2022, the company changed its name to LWM Traded Services Ltd. It is a private limited company with share capital and wholly owned by Lichfield District Council. Further details are included in the Group Accounts Section.

43. Material Items of Income and Expenditure

During 2024/25 and 2025/26, the Council processed the following material items of income and expenditure:

2024/25

Client Costs/Joint Venture Description	Income £	Expenditure £
Joint Venture Costs (Utilities/Rent/Consultants/Professional Fees/Legal/Insurance)	(131,124)	198,797
Transfer of Freehold to Evolve Estates	0	880,502
Demolition of 36-44 Bakers Lane	0	1,275,667
Various Work to the Birmingham Road Site (Inc. Demolition Costs/Design/Professional Fees/Other Fees)	0	1,050,502
Loan from Lichfield District Council to Darwin Prospects LLP - Joint Venture (Inc. Transfer of Freehold)	0	3,725,000
Total	(131,124)	7,130,467

2025/26

Client Costs/Joint Venture Description	Income £	Expenditure £
Joint Venture Costs (Utilities/Rent/Consultants/Professional Fees/Legal/Insurance)	(139,638)	74,847
Extended Producer Responsibility (EPR) Grant Allocation	(1,458,613)	1,458,613
Total	(1,598,251)	1,533,460

44. Joint Ventures

The Council has entered into an agreement for the redevelopment of part of a shopping precinct in the town centre of which it is the current freeholder. The arrangement includes property transfers and the creation of a Limited Liability Partnership (Darwin Prospects LLP). The LLP has been classified as a Joint Venture since the Council has rights to the net assets of the partnership but is not exposed to any net liabilities – i.e., it has limited liability.

The Council's 50% share of the LLP is consolidated using the equity method in the Group Accounts Section.

NOTES TO THE ACCOUNTS

45. Assets Held for Sale

31 March 2025 £000		31 March 2026 £000
2,750	Balance outstanding at start of year	0
12	Additions	0
	Assets newly classified as held for sale:	
(84)	• property, plant and equipment	0
(1,512)	• surplus assets	0
(42)	• investment properties	0
(410)	• long term debtors	0
166	Revaluation gains	0
(880)	Disposals	0
0	Balance outstanding at year-end	0

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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 2024/25 £000		Council Tax £000	Business Rates £000	Total 2025/26 £000
(88,941)		(88,941)	Income			
0		0	Council Tax	(95,085)		(95,085)
	(39,459)	(39,459)	Transfer from / (to) general fund - Council Tax Benefit	(5)		(5)
	(799)	(799)	Non-Domestic Rates		(43,047)	(43,047)
			Transitional protection payments		(177)	(177)
(88,941)	(40,258)	(129,199)	Total income	(95,090)	(43,224)	(138,314)
			Expenditure			
88,613		88,613	Precepts and demands from major preceptors and the authority	93,807		93,807
	18,968	18,968	Share of non-domestic rating income to major preceptors and the authority		20,884	20,884
	18,968	18,968	Payment with respect to central share (including allowable deductions) to central government		20,884	20,884
			Impairment of Debts / Appeals			
83	7	90	· write-offs on uncollectable amounts	189	131	320
212	608	820	· allowance for impairment	(37)	(422)	(459)
	(1,335)	(1,335)	· allowance for appeals		(1,923)	(1,923)
	41	41	· Interest		0	0
	131	131	Allowance for collection costs		122	122
846	2,816	3,662	Contribution towards previous year's Collection Fund surplus	12	3,869	3,881
89,754	40,204	129,958	Total expenditure	93,971	43,545	137,516
813	(54)	759	Movement on Fund (Surplus) / Deficit	(1,119)	321	(798)
(810)	(5,046)	(5,856)	Balance at the beginning of year	3	(5,101)	(5,098)
3	(5,101)	(5,098)	Balance at the end of year	(1,116)	(4,780)	(5,896)

Council Tax £000	Business Rates £000	Total 2024/25 £000		Council Tax £000	Business Rates £000	Total 2025/26 £000
0	(2,040)	(2,040)	Lichfield District Council	(127)	(1,912)	(2,039)
2	(459)	(457)	Staffordshire County Council	(801)	(430)	(1,231)
0		0	Staffordshire OPCC	(142)		(142)
0	(51)	(52)	Staffordshire Fire Authority	(46)	(48)	(94)
	(2,551)	(2,551)	Central Government		(2,390)	(2,390)
3	(5,101)	(5,099)		(1,116)	(4,780)	(5,896)

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, Staffordshire Commissioner - Fire and Rescue Service and Staffordshire Commissioner – Police and Crime 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 **0.75%** to cover appeals, changes in discounts and bad debts that arise) of **41,522.7** for 2025/26. This basic amount of Council Tax for a Band D property (**£2,259.21** for 2025/26) 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 2025/26 is shown below:

2024/25 £000	Council Tax	2025/26 £000
63,509	Staffordshire County Council	67,337
11,248	Staffordshire Commissioner – Police and Crime	11,940
3,568	Staffordshire Commissioner – Fire and Rescue	3,811
7,929	Lichfield District Council	8,215
	Parish Precepts:	
68	Alrewas	70
119	Armitage with Handsacre	122
386	Burntwood Town Council	397
19	Clifton Campville with Thorpe Constantine	19
15	Colton	19
11	Curborough & Elmhurst, Farewell & Chorley	11
28	Drayton Bassett	28
17	Edingale	18
20	Elford	21
86	Fazeley Town Council	94
125	Fradley	131
30	Hammerwich	34
7	Hamstall Ridware	8
13	Harlaston	13
10	Hints and Canwell	10
19	Kings Bromley	21
940	Lichfield City Council	999
32	Longdon	33
28	Mavesyn Ridware	28
182	Shenstone	212
72	Streethay	72
6	Swinfen and Packington	6
11	Wall	14
2	Weeford	2
77	Whittington and Fisherwick	84
36	Wigginton and Hopwas	38
2,359	Total Parish Precepts	2,504
88,613		93,807

COLLECTION FUND

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

Band	Band Width	2024/25 Band D Equivalent (Tax Base)			2025/26 Band D Equivalent (Tax Base)		
		Number of Dwellings	%	99.0%	Number of Dwellings	%	99.25%
	£						
A	0 to 40,000	2,562	6	2,542	2,533	6	2,514
B	40,001 to 52,000	6,575	16	6,526	6,590	16	6,541
C	52,001 to 68,000	9,059	22	8,991	9,172	22	9,104
D	68,001 to 88,000	6,723	16	6,672	6,814	16	6,763
E	88,001 to 120,000	5,778	14	5,735	5,880	14	5,836
F	120,001 to 160,000	5,463	13	5,422	5,560	13	5,518
G	160,001 to 320,000	4,308	10	4,276	4,316	10	4,284
H	320,001 upwards	808	2	802	811	2	805
Class O		150		150	158		158
TOTAL		41,276	100	41,116	41,834	100	41,523

Council Tax Allowance for Impairment

A decrease in the allowance for impairment was made during 2025/26 amounting to **£37,485**. The total allowance for impairment of debt as at 31 March 2026 is **£4,689,494** and represents **76%** of the **£6,169,199** outstanding debt.

Non-Domestic Rates

NDR is organised on a national basis. The Government specifies an amount, the non-domestic rating multiplier **55.5p** (2024/25 **54.6p**) and the small business non-domestic rating multiplier **49.9p** (2024/25 **49.9p**) 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.

2024/25 £000		2025/26 £000
102,266	Non-Domestic rateable value at year end	102,073
39,459	Net rates payable by Ratepayers	43,118

In 202/26 the Council was not part of a Business Rates Pilot Scheme and as a consequence Staffordshire retained its usual 50% of Business Rates income.

2024/25 £000	Share %	Preceptors	Share %	2025/26 £000
18,968	50	Central Share Central Government	50	20,884
3,414	9	Major Precepting Bodies Staffordshire County Council	9	3,759
380	1	Staffordshire Commissioner - Fire & Rescue	1	418
15,174	40	Lichfield District Council	40	16,707
18,968	50	Total Precepting Bodies	50	20,884

NDR Allowance for Impairment

A decrease in the allowance for impairment was made during 2025/26 amounting to **£422,422**. The total allowance for impairment of debt as at 31 March 2026 is **£1,139,547** and represents **62%** of the **£1,826,522** outstanding debt.

GROUP ACCOUNTS

The Council is required under the Local Government Act 2003 to produce a set of group accounts where it has subsidiaries, joint ventures, or associates. The criteria for deciding if the Council has such relationships is laid down by the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 based on International Financial Reporting Standards (referred to within these accounts as “the Code”). The Code has been developed to bring Council accounts in line with the International Financial Reporting Standards (IFRS) which other reporting bodies must comply with and to assist users of the accounts to understand better the Council’s overall financial position.

The Council has undertaken a review of all its relationships with other bodies and is required to consolidate its accounts with Lichfield West Midlands Traded Services (LWMTS) Ltd and Darwin Prospects LLP. This is the second time that group accounts have been produced and is the result of material transactions between the Council other members of the group.

LWMTS Ltd is a wholly owned subsidiary of the authority. LWMTS Ltd manages and operates the Council’s leisure centre management, disabled facilities grants, talent acquisition, project management, corporate landlord, communications, planning major developments, human resources and ecology brokerage. The General Fund includes **£7.3m** in management fees and recharges paid to LWMTS Ltd.

LWMTS Ltd produces a set of accounts with a year end of 31 March. The accounts for 2025/26 were approved by the Board of LWMTS Ltd on **XX 2026**. These accounts, which have been consolidated here, have been produced by LWMTS Ltd finance team under the Financial Reporting Standard for Smaller Entities and have been audited by LWMTS Ltd.’s auditors and have been given an **unqualified audit opinion**. LWMTS Ltd.’s auditors for 2025/26 are Harrison Beale & Owen Ltd, Seven Stars House, 1 Wheler Road, Coventry CV3 4LB. Consolidation adjustments have been made to align these accounts with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26. LWMTS Ltd publishes an Annual Report which may be viewed at their offices at District Council House, Frog Lane, Lichfield, Staffordshire, WS13 6YY. The company is limited by share and has **£225,000** of share capital.

Darwin Prospects LLP is a 50% owned joint venture of the Council. The principal activity of the company is the development of the former Debenham’s building in Lichfield City Centre.

Darwin Prospects LLP produces a set of company accounts with a year end of 31 March. The accounts for 2025/26 have been added to the group accounts using the equity method of consolidation. These accounts have been audited by Darwin Prospects LLP auditors and have been given an **unqualified audit opinion**. Darwin Prospects LLP’s auditors for 2025/26 are Azets Audit Services, Carnac Place, Cams Hall Estate, Fareham, PO16 8UY. The LLP does not have share capital.

ACCOUNTING POLICIES

The following notes detail any variations from the accounting policies used by the Council and should be read in conjunction with the relevant notes within the Council’s accounts. The consolidation has been done on a merger basis for LWMTS Ltd as the company is 100% owned by Lichfield District Council, and on an equity basis for Darwin Prospects LLP as the latter is 50% owned by Lichfield District Council.

TAXATION

LWMTS Ltd is subject to a charge for taxation which is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Except where otherwise required full provision is made without discounting in respect of all timing differences which have arisen but not reversed by the Balance Sheet date, except as otherwise required by IAS 12.

GROUP ACCOUNTS

GOING CONCERN

The Council is satisfied that the consolidated entities are going concerns and the Group financial statements for 2025/26 have been prepared on this basis accordingly. The Council has provided a letter of support to LWM Traded Services Ltd that states that the Council will not withdraw its operations and continue to provide unconditional operational and financial support to LWM Traded Services Ltd for a period of no less than 18 months since the date of the authorisation of the financial statements of LWM Traded Services Ltd by its Directors.

Group Comprehensive Income and Expenditure Statement

2024/25				2025/26		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
1,330	(2,477)	(1,147)	Active Communities	2,584	(2,708)	(124)
2,202	84	2,286	Active Communities - LWMTS	2,354	(16)	2,338
20,709	(21,094)	(385)	Confident Communities	17,576	(21,101)	(3,525)
1,814	(52)	1,762	Confident Communities - LWMTS	2,151	(419)	1,732
12,309	(9,115)	3,194	Green Communities	13,564	(10,268)	3,296
0	70	70	Green Communities - LWMTS	535	(110)	425
4,056	(3,468)	588	Prosperous Communities	2,710	(2,702)	8
2,441	(2,153)	288	Prosperous Communities - LWMTS	358	(30)	328
7,220	(1,355)	5,865	Internal Services	6,938	(1,048)	5,890
(276)	1,431	1,155	Internal Services - LWMTS	1,819	(211)	1,608
51,805	(38,129)	13,676	Cost of Services	50,589	(38,613)	11,976
2,648	(400)	2,248	Other Operating Expenditure (Note 9)	2,540	(466)	2,074
661	(3,219)	(2,558)	Financing and Investment Income and Expenditure (Note 10)	912	(3,445)	(2,533)
14,940	(34,082)	(19,142)	Taxation and Non-Specific Grant Income (Note 11)	15,689	(36,459)	(20,770)
111	0	111	Associates and Joint Ventures accounted for on an equity basis	82	0	82
70,165	(75,830)	(5,665)	(Surplus) or deficit on Provision of Services (cash flow)	69,812	(78,983)	(9,171)
		(2,891)	(Surplus) or deficit on revaluation of non-current assets			(2,595)
		(1,964)	Re-measurement of the net defined benefit liability			(1,342)
		(4,855)	Other Comprehensive Income and Expenditure			(3,937)
		(10,520)	Total Comprehensive Income and Expenditure			(13,108)

GROUP ACCOUNTS

Group Movement in Reserves Statement

2024/25 (Restated)

	LDC			LWMTS	Total	LDC	Total
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	General Reserves (Restated)	Usable Reserves (Restated)	Unusable Reserves	Combined Reserves (Restated)
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2024	23,746	2,237	6,521	(53)	32,451	43,177	75,628
Total Comprehensive Income and Expenditure	5,502	0	0	158	5,660	4,855	10,515
Adjustments between accounting basis and funding basis	(5,928)	(54)	374		(5,608)	5,608	0
Adjustments between authority and group accounts	127			70	197	(27)	170
Increase/(Decrease) in Year	(299)	(54)	374	228	249	10,436	10,685
Balance at 31 March 2025	23,447	2,183	6,895	175	32,700	53,613	86,313

2025/26

	LDC			LWMTS	Total	LDC	Total
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	General Reserves	Usable Reserves	Unusable Reserves	Combined Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2025	23,447	2,183	6,895	175	32,700	53,613	86,313
Total Comprehensive Income and Expenditure	9,001	0	0	99	9,100	3,937	13,037
Adjustments between accounting basis and funding basis	(7,098)	(13)	648	0	(6,463)	6,463	0
Adjustments between authority and group accounts	(44)			(100)	(144)	27	(117)
Increase/(Decrease) in Year	1,859	(13)	648	(1)	2,493	10,427	12,920
Balance at 31 March 2026	25,306	2,170	7,543	174	35,193	64,040	99,233

GROUP ACCOUNTS

Group Balance Sheet

2024/25	Group	2025/26				
Group (Restated) £000		Notes	LDC £000	LWMTS £000	Inter- Comp £000	Group £000
59,731	Property, Plant & Equipment	G1	70,915	155		71,070
425	Heritage Assets		425			425
5,089	Investment Property		4,628			4,628
45	Intangible Assets		14			14
0	Investment in Associates and Joint Ventures			225		(225)
12,892	Long Term Investments		10,046			10,046
3,990	Long Term Debtors	G2	4,432			4,432
82,172	Long Term Assets		90,685	155	(225)	90,615
	Assets Held for Sale					0
42	Inventories		48	19		67
6,830	Short Term Debtors		8,323	280	(569)	8,034
3,119	Short Term Investments		13,224			13,224
34,230	Cash and Cash Equivalents	G3	20,213	2,186		22,399
44,221	Current Assets		41,808	2,485	(569)	43,724
(61)	Short Term Borrowing		(61)			(61)
(20,556)	Short Term Creditors	G4	(16,650)	(1,804)	569	(17,885)
(395)	Short Term Provisions		(423)	(24)		(447)
(507)	Short Term Liabilities: Finance Leases		(530)			(530)
(2,380)	Capital Grants Receipts in Advance		(2,861)			(2,861)
(23,899)	Current Liabilities		(20,525)	(1,828)	569	(21,784)
(883)	Long Term Borrowing		(822)			(822)
(159)	Long Term Creditors		(58)	(7)		(65)
(1,466)	Long Term Provisions		(669)	(406)		(1,075)
(3,740)	Long Term Liabilities: Finance Leases		(3,226)			(3,226)
(9,222)	Long Term Liabilities: Defined Benefit Pension			(7,412)		
(711)	Capital Grants Receipts in Advance (LT)		(722)			(722)
(16,181)	Long Term Liabilities		(12,909)	(413)	0	(13,322)
86,313	Net Assets		99,059	399	(225)	99,233
32,700	Usable Reserves	G7	35,019	174		35,193
53,613	Unusable Reserves	G8	64,040	225	(225)	64,040
86,313	Total Reserves		99,059	399	(225)	99,233

GROUP ACCOUNTS

Group Cash Flow Statement

2024/25		2025/26			
Group £000		LDC £000	LWMTS £000	Inter- Comp £000	Total £000
5,665	Net surplus or (deficit) on the provision of services	9,001	99	(100)	9,000
5,695	Adjustments to Net Surplus or Deficit on the provision of services for non-cash movements (Note G10)	(1,717)	638		(1,079)
(7,934)	Adjustments for items included in the Net Surplus or Deficit on the provision of services that are investing and financing activities	(9,664)	0		(9,664)
3,426	Net cash flows from Operating Activities	(2,380)	737	(100)	(1,743)
2,785	Investing Activities	(11,555)	(26)		(11,581)
1,467	Financing Activities	1,494	(100)	100	1,494
7,678	Net increase or (decrease) in cash and cash equivalents	(12,441)	611	0	(11,830)
26,552	Cash and cash equivalents at the beginning of the reporting period	32,655	1,575		34,230
34,230	Cash and cash equivalents at the end of the reporting period (Note G6)	20,214	2,186	0	22,400

GROUP ACCOUNTS

Group Account Notes

The following notes have been prepared on an exception basis, with only those items which have changed from the District Council's Statement of Accounts being included. For all other items, reference should be made to the District Council's Comprehensive Income and Expenditure Statement, Balance Sheet, and the appropriate note.

G1 – Inter Company Transactions

The Group accounts exclude transactions between the various organisations; this ensures that expenditure and income is only reflected once in the accounts. The elements of the accounts adjusted for inter company transactions are detailed below:

Group 2024/25 £000	Group Comprehensive Income and Expenditure Statement	Group Net Expenditure 2025/26			
		Lichfield DC £000	LWMTS £000	Inter Company £000	Group £000
1,139	Active Communities	2,425	(149)	(62)	2,214
1,379	Confident Communities	(890)	(816)	(87)	(1,793)
3,264	Green Communities	3,851	(92)	(38)	3,721
876	Prosperous Communities	396	(95)	35	336
7,019	Internal Services	6,455	1,043		7,498
13,676	Cost of Services	12,237	(109)	(152)	11,976
2,248	Other Operating Expenditure	2,074	0		2,074
(2,558)	Financing and Investment Income and Expenditure	(2,510)	(23)		(2,533)
(19,142)	Taxation and Non-Specific Grant Income	(20,802)	33		(20,769)
111	Associates and Joint Ventures accounted for on an equity basis	81	0		81
(5,665)	(Surplus) or deficit on Provision of Services (cash flow)	(8,920)	(99)	(152)	(9,171)

G2 – Expenditure and Income Analysed by Nature

Group 2024/25 £000	Group Expenditure and Income Analysed by Nature	Group Net Expenditure 2025/26			
		Lichfield DC £000	LWMTS £000	Inter Company £000	Group £000
(22,596)	Fees, charges and other service income	(24,285)	(7,873)	(5,982)	(38,140)
(2,964)	Interest and investment income	(2,301)	(26)		(2,327)
(10,292)	Income from council tax	(10,848)	0		(10,848)
(25,055)	Government Grants	(25,270)	0		(25,270)
(60,907)	Total Income	(62,704)	(7,899)	(5,982)	(76,585)
18,894	Employee Expenses	15,758	3,219		18,977
28,633	Other Service Expenses	28,469	4,551	5,830	38,850
0	Support Service Recharges				0
3,123	Depreciation, amortisation and impairment	4,985	26		5,011
34	Interest Payments	234	4		238
527	Pension interest and expected return on Assets	505			505
3,910	Precepts and Levies	4,650			4,650
0	Payments to Housing Capital Receipts Pool				0
278	Gain or Loss on Disposal of Fixed Assets	35			35
120	Gain or Loss on Fair Value of Pooled Funds	(467)			(467)
(388)	Capital Grants & Contributions	(466)			(466)
0	Deferred Receipts on Loans and Advances				0
111	Associates and Joint Ventures accounted for on an equity basis	81			81
55,242	Total Expenditure	53,784	7,800	5,830	67,414
(5,665)	(Surplus)/Deficit on the provision of services	(8,920)	(99)	(152)	(9,171)

GROUP ACCOUNTS

G3 – Property, Plant and Equipment

Group 2024/25 £000		Lichfield DC £000	LWMTS £000	Inter Company £000	Group 2025/26 £000
57,110	Cost or Valuation as at 1 April	66,217	191		66,408
11,239	Additions	13,102	26		13,128
1,659	Revaluation increases/(decreases) recognised in the revaluation reserve	1,409			1,409
(841)	Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(1,524)			(1,524)
(4,063)	Disposals	(477)			(477)
1,596	Other movements in cost or valuation	0			0
66,700	Cost or Valuation as at 31 March	78,727	217	0	78,944
(8,474)	Accumulated Depreciation and Impairment as at 1 April	(6,934)	(36)		(6,970)
(2,560)	Depreciation Charge	(2,739)	(26)		(2,765)
1,232	Depreciation written out to the revaluation reserve	1,185			1,185
91	Depreciation written out to the surplus/deficit on the provision of services	206			206
1	Impairment losses/(reversals) recognised in the revaluation reserve	0			0
2,740	Disposals	470			470
0	Other movements in cost or valuation	0			0
(6,970)	Accumulated Depreciation and Impairment as at 31 March	(7,812)	(62)	0	(7,874)
59,730	Net Book Value 31 March	70,915	155	0	71,070

G4 – Long Term Debtors

Group 2024/25 £000		Lichfield DC £000	LWMTS £000	Group 2025/26 £000
56	Housing Loans	55		55
320	Community Infrastructure Levy	852		852
3,614	Joint Venture LLP	3,718		3,718
3,990	Total Long Term Debtors	4,625	0	4,625

G5 – Short Term Debtors

Group 2024/25 £000		Lichfield DC £000	LWMTS £000	Group 2025/26 £000
6,899	Trade receivables	6,004	169	6,173
1,392	Prepayments	1,443	111	1,554
1,700	Other receivable amounts	2,543		2,543
(1,189)	Intercompany Amounts	(528)	(41)	(569)
(1,972)	Bad Debt Provision	(1,667)		(1,667)
6,830	Total Debtors	7,795	239	8,034

G6 – Cash and Cash Equivalents

Group 2024/25 £000		Lichfield DC £000	LWMTS £000	Group 2025/26 £000
1	Cash held by the authority	1		1
2,101	Bank Accounts	556	2,186	2,742
32,128	Money Market Funds	19,656		19,656
34,230	Total	20,213	2,186	22,399

GROUP ACCOUNTS

G7 – Short Term Creditors

The amounts owed by the Group are:

Group 2024/25 (Restated) £000		Lichfield DC £000	LWMTS £000	Group 2025/26 £000
(8,107)	Trade payables	(7,310)	(717)	(8,027)
(13,281)	Other payables	(9,340)	(1,088)	(10,428)
832	Intercompany Amounts	41	528	569
(20,556)	Total Creditors	(16,609)	(1,277)	(17,886)

G8 – Useable Reserves

Group 2024/25 £000		Lichfield DC £000	LWMTS £000	Group 2025/26 £000
5,747	General Fund	5,264		5,264
6,895	Capital Grants Unapplied	7,543		7,543
2,183	Capital Receipts Reserve	2,170		2,170
17,849	Earmarked Reserves	20,235		20,235
69	Retained Profits		174	174
(38)	Intercompany Amounts			
32,705	Total Useable Reserves	35,212	174	35,386

G9 – Unusable Reserves

Group 2024/25 £000		Lichfield DC £000	LWMTS £000	Group 2025/26 £000
21,395	Revaluation Reserve	23,353		23,353
41,643	Capital Adjustment Account	46,645		46,645
47	Deferred Capital Receipts	47		47
(9,958)	Pensions Reserve	(7,412)		(7,412)
2,030	Collection Fund Adjustments	2,038		2,038
(1,108)	Pooled Fund Adjustment Account	(454)		(454)
(409)	Accumulated Absence Account	(177)		(177)
225	Share Capital		225	225
(252)	Intercompany Amounts			0
53,613	Total Unusable Reserves	64,040	225	64,265

G10 - Adjustments to Net Surplus or Deficit on the provision of services for non-cash movements

Group 2024/25 £000		Lichfield DC £000	LWMTS £000	Inter Company £000	Group 2025/26 £000
2,561	Depreciation, amortisation and impairment	2,741	26		2,767
1,530	Downward revaluations	1,747			1,747
(737)	Upward revaluations charged to services	(551)			(551)
2,254	Carrying Amount of non-current assets disposed in the year	735			735
(534)	Increase / (Decrease) in Provisions	(769)	430		(339)
27	(Increase) / Decrease in Stock	(17)	(8)		(25)
0	(Increase) / Decrease in Work in Progress				0
80	(Increase) / Decrease in Debtors	(1,651)	115		(1,536)
30	Increase / (Decrease) in Creditors	(2,830)	75		(2,755)
153	Movement in pension liability	(468)			(468)
331	Other non-cash adjustments	(654)		(100)	(754)
5,695	Adjust net surplus or deficit on the provision of services for non-cash movements	(1,717)	638	(100)	(1,179)

GLOSSARY OF TERMS

Accounting Policies

Accounting policies define the process whereby transactions and other events are treated in the financial statements.

Accrual

This is one of the fundamental accounting concepts and ensures that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Accumulated Absences Account

This represents an accrual required by International Financial Reporting Standards (IFRS). It recognises the net value of time either owed by an employee to the Council or owed by the Council to an employee. This is generally a timing difference between an employee's holiday year and the Council's financial year.

Balance Sheet

The Balance Sheet sets out the Authority's total assets and liabilities at the end of the accounting period and shows how they were financed.

Capital Adjustment Account

An account which reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.

Capital Grants Receipts in Advance

These relate to capital grant receipts that we have received ahead of executing the Capital Expenditure. Therefore it represents Grant monies that will be used after the Balance Sheet date to fund future projects.

Capital Receipts

Money received from the disposal of land or property and from the repayment of grants and loans made by the Council. Capital receipts cannot be used to fund revenue services.

Cash Equivalents

These are short term investments (usually deposits) with a low risk of change in value. They are considered liquid enough to be presented alongside cash.

Collection Fund

A separate fund administered by the Council recording the expenditure and income relating to council tax and non-domestic rates.

Community Assets

Assets that the Local Authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

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

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 (e.g. 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 circumstances

GLOSSARY OF TERMS

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 until 31 March 2019, the Council collected Business Rates and distributed them on the basis of 50% Central Government, 40% Lichfield District Council, 9% Staffordshire County Council and 1% Staffordshire Fire & Rescue Service.

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.

Events after the Balance Sheet Date (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.

GLOSSARY OF TERMS

Property, Plant & Equipment

Assets that provide benefits to the Council and the services it provides for a period of more than one year. Examples include land, buildings and vehicles.

Provision

These are amounts set aside in the accounts for liabilities or losses that are due but where the amount due or the timing of the payment is not known with certainty.

Revaluation Reserve

An account which reflects the net gain from revaluations made since 1 April 2007.

Revenue Expenditure

Expenditure on the day-to-day running costs of services e.g. 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

Independent Auditor's Report to the members of Lichfield District Council
Report on the audit of the financial statements

DRAFT

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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 ਇੰਟਰਪ੍ਰੈਟਰ 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

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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

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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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