

Statement of Accounts 2015/16

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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)¹ is currently the Internal Business Support Executive / Deputy Section 151 Officer:

- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- To approve the Statement of Accounts.

The CFO Responsibilities

The CFO is responsible for the preparation of the Authority's Financial Statements. These, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in United Kingdom ('the Code of Practice'), are required to present the true and fair financial position of the Council at the accounting date and its Income and Expenditure for the year ended 31 March 2016.

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 2016 and its income and expenditure for the year.



Anthony Thomas, CPFA, MAAT
Internal Business Support Executive / Deputy Section 151 Officer

The Statement of Accounts for 2015/2016 has been approved by Full Council on 27 September 2016. The Audit Findings Report was reported to Strategic Overview and Scrutiny Committee on 7 September 2016.



The Leader of the Council: Councillor Michael Wilcox Date: 27 September 2016

¹ The Director of Finance, Revenues and Benefits has been absent from the Authority during the preparation of the Statement of Accounts due to illness. The Statement of Accounts has therefore been certified by the Deputy Section 151 Officer.

Narrative Report

Introduction

The Statement of Accounts for the year ended 31 March 2016 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 2015/16 and the Service Accounting Code of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This is supported by the International Financial Reporting Standards (IFRS). The Statement of Accounts therefore aims to provide information so that members of the public, including electors and residents of Lichfield District, Council Members, partners, stakeholders and other interested parties can for the 2015/16 financial year:

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

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

- An Introduction to Lichfield District
- An Introduction to Lichfield District Council
- A Summary of the Performance of Lichfield District Council in 2015/16
- A Summary of the Financial Performance of Lichfield District Council in 2015/16
- A Summary of the Principal Risks and Uncertainties Facing Lichfield District Council
- Explanation of the Financial Statements

An Introduction to Lichfield District

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

Lichfield City is a compact city surrounded by Green Belt and open countryside, which is nationally significant particularly due to its unique three-spined 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

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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) 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 County Park and the Cannock Chase AONB.

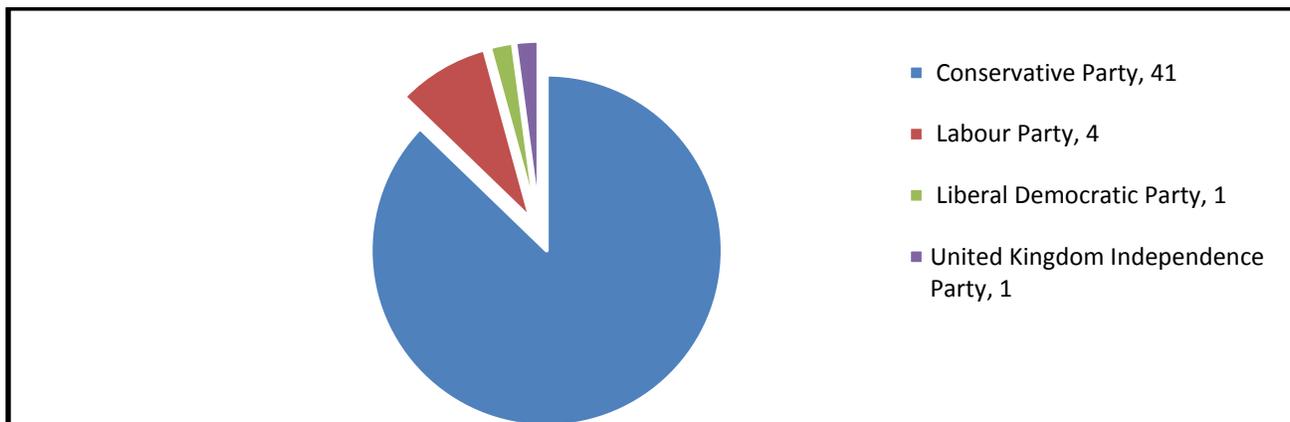
On average the District is prosperous and ranks well within the indices of deprivation (although there are areas where deprivation exists). The District performs well at all levels of education with pupils on average achieving well. Lichfield has lower than the national average levels of unemployment.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

Recently the Sunday Times voted Lichfield District as one of the top places to live in the Midlands and Britain. An extract from the Sunday Times reads: 'people aspire to live in this town-sized city, 18 miles north of Birmingham, for its mix of charming historic buildings (more than 230 are listed), energetic arts scene (the Garrick Theatre and music festivals in summer), good schools, excellent restaurants and café culture.'

An Introduction to Lichfield District Council

Lichfield District Council was formed in 1974 from Lichfield City Council and Lichfield Rural District Council. The Council has 26 wards, with 47 elected Members. The political composition of seats (after the election in May 2015) is as follows:



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The policies of the Council are directed by the Political Leadership and implemented by the Leadership Team (comprising a Chief Executive and four Directors), supported by officers. The Council employs approximately 400 people of which 60% are permanent and the remainder temporary employees.

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

- *Collecting waste and recycling and keeping streets free of litter, including removal of abandoned vehicles and fly tipped waste*
- *Maintaining parks and open spaces*
- *Collecting council tax and business rates*
- *Administering housing benefit and council tax support*
- *Managing car parks*
- *Monitoring CCTV*
- *Providing and managing public toilets*
- *Running leisure centres and leisure services*
- *Dealing with planning applications and providing building control*
- *Compiling and maintaining the electoral register and administering elections*
- *Providing advice on environmental health*
- *Inspecting food and drink premises to make sure they are safe and hygienic*
- *Providing support for people who are homeless, and home adaptations to help people live independently*
- *Providing a tourist information service, support to arts and culture, events and festivals, and promoting tourism*
- *Working in partnership to promote community safety*
- *Carrying out conservation and wildlife management at protected sites*
- *Encouraging economic regeneration and creating plans for the future development of the District, for example the Local Plan*
- *Providing support and guidance to businesses*

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

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

The list below provides examples of some of the work carried out during the year by the Council:

- *5,500 inspections of building work to keep people safe and sound*
- *Recycled 55.3% of household waste*
- *540 food safety inspections to make sure restaurants are clean and safe*
- *Allocated £192k funding for community services*
- *Dealt with more than 850 applications for planning approval*

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- *Cleaned 900,000 metres of roads, streets and green areas*
- *Maintained 4 sites of special scientific interest and hundreds of acres of heathland*
- *Had 600,000 visits to its leisure centres*
- *Helped to attract 3 million visitors to the District who spent £90m in the local economy*
- *Gave advice and support to 4,500 businesses*
- *Arranged for 75 disabled adaptations to help to keep people in their homes for longer*
- *Named and numbered 602 properties*
- *Dealt with 6,000 claims for housing benefit and council tax support*
- *Prevented 150 households from becoming homeless*
- *Emptied 111,000 bins every week across Lichfield and Tamworth*
- *Handled more than 135,000 customer enquiries*

The Council's Performance

For 2015/16, the Council had a Strategic Plan called 'A Plan for Lichfield District 2012-16' which was approved by Cabinet in February 2012. This Plan set out the ambition, focus and priorities for this period. It had three Strategic Themes and 13 aims/ambitions for the District Council and its partners to pursue. These are set out below:

- **We'll support people**
 - *Help people to feel secure by tackling crime and anti-social behaviour*
 - *Support and encourage individuals and groups to take responsibility for shaping and improving communities through voluntary effort and social action*
 - *Help and support the vulnerable to live independent and fulfilled lives, preventing homelessness*
 - *Improve the health and wellbeing of the population of the District*
- **We'll shape place**
 - *Enhance and protect the District's assets, historic environment and open spaces*
 - *Ensure a cleaner and greener environment*
 - *Work with others to provide access to market, specialist and affordable homes*
 - *Require a range of sustainable transport choices with good regional and national transport links*
 - *Reduce carbon emissions and promote energy efficiency and renewable energy*
- **We'll boost business**
 - *Grow our local economy with improved retail offer and high quality manufacturing and service sector jobs*
 - *Position the District as a good place to do business*
 - *Build a more prosperous District through heritage, tourism and culture*
 - *Create a vibrant rural economy*

The Plan for Lichfield District 2012-16 not only sets out our strategic direction but also provides the context for the Annual Action Plan, which sets out the main priorities for each financial year.

The Annual Action Plan for 2015/16, approved by Full Council in February 2015, identified a 'Corporate Top 10'. This built upon the Top 10 issues produced by each of the Directorates. The

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Directorate Top 10s were created as each Directorate identified their own critical issues for the coming year having regard to the strategic priorities (as set out in the Plan for Lichfield District 2012-16), service plans, national legislation and policy changes, the Fit for the Future Programme (phase 2), financial pressures and performance targets.

The Annual Action Plan has been performance-managed in the usual way with update reports to Leadership Team on a quarterly basis and reports to Cabinet in December 2015 (half yearly) and July 2016 (full year).

The full year outcomes for the 2015/16 **Corporate Top 10** are highlighted below:

1. Balance the budget in the Medium Term Financial Strategy (Revenue and Capital) 2015-18 (MTFS (R&C))

Action	Progress
Council to operate within +/- £250k of the approved budget	Final outturn figures produced 29 April - underspend against Approved Budget - £194,755
Quarterly production of Money Matters Report accounting for the financial performance of the Council for revenue and capital	Quarter1, Quarter2 and 8 months (Revised Estimate) reports presented to Cabinet and Strategic O&S during 2015/16 End of year report scheduled for Cabinet and Strategic O&S 7 September 2016
Deliver approved Fit for the Future savings and increased income	Savings identified for 2015/16:£473,770 ; 2015/16-2017/18 £1,116,270
Maximise collection of income	Council Tax: 98.76% collected of total income due (2014/15 98.83%) Non Domestic Rates: 97.31% collected of total income due (2014/15 98.41%)

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2. Implement Fit for the Future Phase 2

Action	Progress
<p>Complete Service Reviews in the following areas</p> <ul style="list-style-type: none"> • Housing • Assets • Revenues and Benefits • Parks, Grounds Maintenance and Countryside • Economic Development 	<p>Review completed; one-off savings: £82k; ongoing savings £6k. Action Plan produced and being implemented Disposal of industrial units in Lichfield and Burntwood; Old Mining College lease transferred to Burntwood Town Council; condition survey at District Council House Process mapping completed and report to Leadership Team Focus on reducing size of estate and becoming more efficient. The Review will also look at contract management, assessing shared services and market testing Review completed and consultation undertaken on draft Economic Development Strategy – report to Economic, Growth, Environment and Development (EGED) Overview and Scrutiny (O&S) April 2016 and Cabinet May 2016</p>
<p>Undertake Service Reviews in :</p> <ul style="list-style-type: none"> • Leisure Services 	<p>Physical Activity and Sports Strategy produced; progress made on outsourcing the running of the leisure centres. Project Manager will be recruited</p>

3. Consider and where appropriate implement the findings of the Peer Review

Action	Progress
<p>Strategic Plan 2016-20 approved by Cabinet in February 2016</p>	<p>Plan approved by Strategic O&S, Cabinet and Full Council February 2016. Performance Management Framework for the Plan drafted focusing on outcomes by 2020</p>
<p>Develop organisational values by 31 December 2016 (having regard to outcome of the Employee Survey) and introduced in the Autumn</p>	<p>Values approved as part of process of adopting the Strategic Plan. Programme of briefing sessions held with staff February 2016 to raise awareness of changes to 'working at Lichfield District Council'</p>
<p>Review purpose, structure and approach to Overview and Scrutiny by October; implement changes by May 2016</p>	<p>Member Task Group set up; fewer reports now being produced; reports have specific strategic focus; manageable meetings; Triangulation meetings between Cabinet and Scrutiny Committee Chairs. Update on progress given to all O&S Committees</p>
<p>Produce Economic Development Strategy by October 2015; review service delivery by March 2016</p>	<p>Consultation on draft strategy February and March 2016. Results presented to EGED O&S April 2016 and Cabinet May 2016</p>

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4. Deliver elections and facilitate a smooth transfer to the new Council

Action	Progress
Administer the Parliamentary, District and Parish elections on 7 May	Elections administered and results declared
Provide a comprehensive induction pack and training programme for Members in May 2016	Induction prepared in advance of election and provided to all elected Members. 14 training sessions covering, equality, diversity and respect; introduction into planning and probity; working with partners; safeguarding awareness; introduction into O&S; making defensible planning decisions

5. Develop and embed Locality Commissioning

Action	Progress
Work with partners to expand the role and influence of locality commissioning arrangements including the new Prevention Fund	Completed first two rounds of funding allocations during 2015/16. £400k available for investment in local community and voluntary organisations in 2016/17. Locality Commissioning Board agreed to enter into SLAs with eight bodies from round one and subject to satisfactory performance, agreements with round two organisations will be extended to March 2017
Performance manage new contracts (to be let in April 2015)	Online performance management tool 'Upshot' purchased. Funders and successful applicants trained to use it. Locality Commissioning Board to considered full year outcomes at meeting in May 2016
Account to Members for LDC investment in community and voluntary sector	Reports to Community, Housing and HealthH) O&S January 2016 and March 2016

6. Complete the ICT upgrade project

Action	Progress
Complete phase 1 and initiate phase 2 of the upgrade project	Phase 1 largely completed; PSN compliance certificate issued January 2016
100% of devices converted to the new IT platform	99% of devices converted, three computers remaining as software package not compatible with Windows 7 - software being upgraded by supplier and should be ready by June 2016
Achieve compliance with Government Security requirements (Public Sector Network) (PSN) achieved and maintained	Achieved - certificate received January 2016

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7. Adopt and deliver the Local Plan

Action	Progress
Adopt the Local Plan and commence work on the associated Site Allocations Plan	Plan adopted February 2015. Local Plan Strategy confirmed as forming part of the Development Plan for the District. Work is continuing to inform preparation of a Part Two Site Allocations Local Plan
Adopt the Community Infrastructure Levy Scheme (CIL) Charging Schedule and Regulation 123 List	CIL approved by Full Council April 2016 and will be adopted June 2016

8. Develop Lichfield City and Burntwood Town Centres

Action	Progress
Support the creation of a Business Improvement District (BID) for Lichfield City and ballot in summer 2015	BID operational with BID chair and Board in place and appointment of BID Manager overseeing work programme of agreed actions linked to Business Plan/Prospectus
Provide support to the Burntwood business community	On-going dialogue with local councillors, the Town Council, Local Community Partnership, Staffs County Council and other parties re re-development of certain areas of the Town
Complete car parking Strategy Review	Consultation on draft Parking Strategy ended 31 March 2016. Report to Members and agreement of final Strategy to follow

9. Implement the Friarsgate scheme

Action	Progress
Complete an amended Development Agreement	Amended Development Agreement being implemented with relevant milestones monitored and on target
Determine planning application for revised scheme	Planning application submitted and accepted May 2016

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10. Review and update the safeguarding policy and procedures

Action	Progress
Update policies and procedures to ensure they are robust and that issues of child sexual exploitation (CSE) are taken into account	Updated Safeguarding Children and Adults at Risk Policy and Annual Report approved by Cabinet December 2015. Safeguarding Policy and Procedure presented to managers' briefing (January 2016) and the addition of CSE highlighted. All staff and Members received copy of updated leaflet in January 2016
Implement recommendations from internal audit report	All recommendations implemented
Review Governance Arrangements on safeguarding	Updated Safeguarding Children and Adults at Risk Policy and Annual Report approved by Cabinet December 2015. All staff and Members received copy of an updated leaflet in January 2016
Offer training to all elected Members	15 Members trained September 2015 and further session end of April 2016
Provide training to all staff who come into contact with children and vulnerable adults	Training framework developed identifying exact level of training required by each member of staff against 5 levels of training need. Summary of framework included as appendix in revised Safeguarding Procedures. In early 2016, 61 staff received level 1 training. During 2015, 15 members of the connects team were trained in CSE awareness

Financial Performance

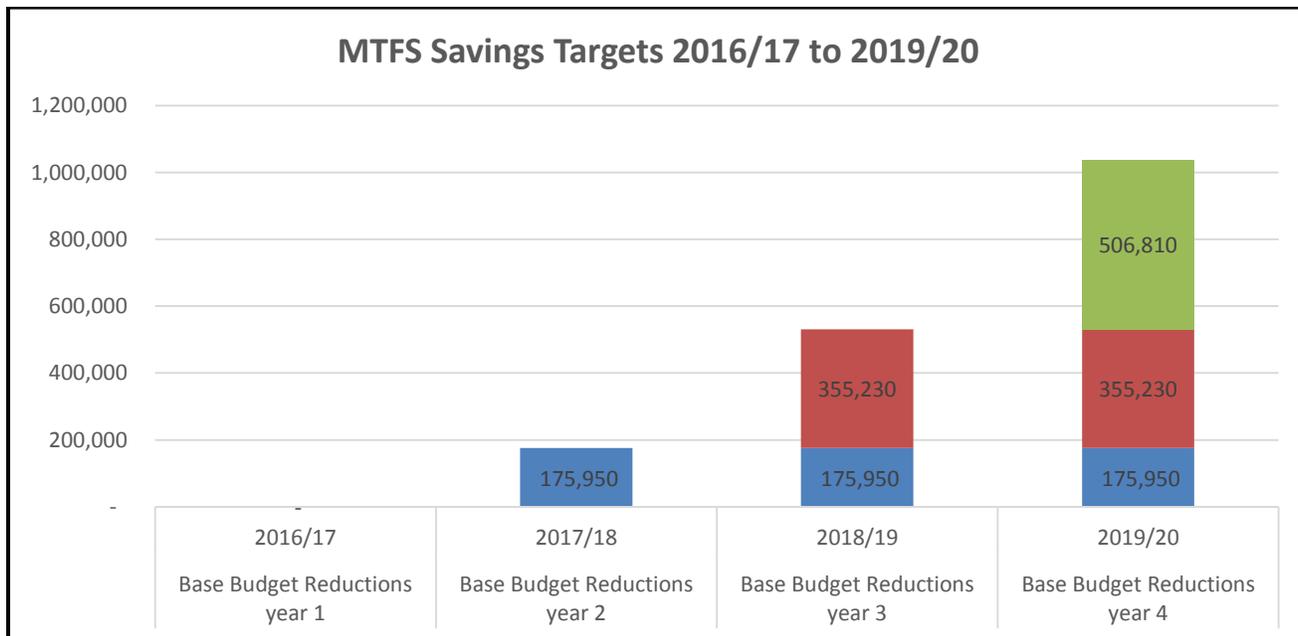
The Economic Climate and its Impact on Lichfield District Council

For the last few years, Lichfield District Council has faced significant financial challenges due to reductions in funding from Central Government, cost pressures within services and greater volatility in financing. The process is ongoing, will last until at least 2019/20 and will be continuously reviewed as the Council develops a stronger understanding of the challenges it faces.

In November 2015, the Autumn Statement set out the strategic direction for public expenditure. This outlined a number of significant changes to the local government funding regime which will have a significant impact on the Council's finances in the medium term for three main reasons:

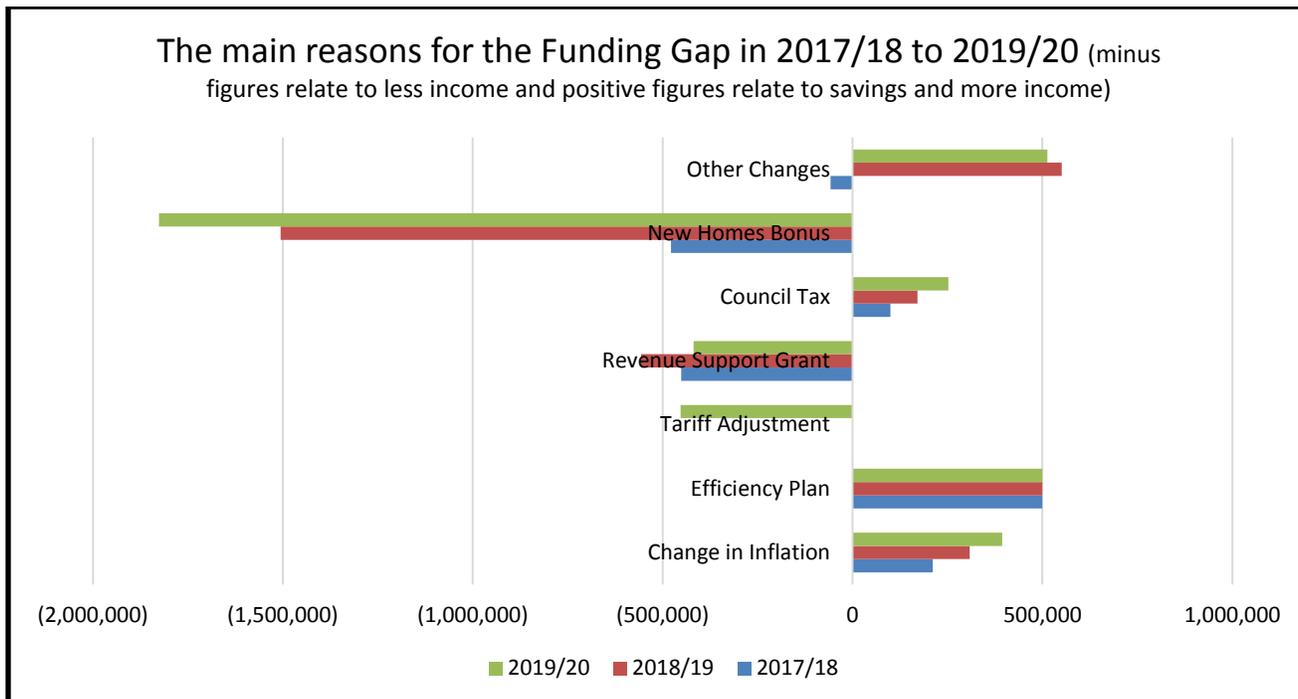
- A tapering and a reduction in the amount of New Homes Bonus (NHB) to be paid to councils. This is to ensure nationally that £800m of the NHB fund can be redirected to Adult Social Care.
- Retained Business Rates – this has changed as a result of the Government's introduction of a 'Tariff Adjustment'. This adjustment reflects the Government's new approach in determining Revenue Support Grant (RSG) allocations. This approach now takes into account the amount that can be raised locally through Council Tax. In practice this means that councils such as Lichfield which have a higher tax base, that is more properties above the average Band D, will have less RSG. Potentially for Lichfield District Council, any further national reductions could result in negative RSG. For the Council the Business Rate Tariff has been adjusted upwards with the result that it will have to pay more Business Rates to Government from 2019/20 onwards (based on the current Business Rates System where 50% is retained by local government).
- RSG – by 2019/20 this will be reduced to **£zero**.

The cumulative Funding Gap of **£1,037,990** over the next four years will require savings to be found from within the base budget as shown on the chart below.



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The main reasons for the Funding Gap identified in the MTF5 2016-20 are shown in the chart below.



The Council will need to make significant levels of savings or achieve additional income to close the Funding Gap by 2019/20.

The Fit for the Future Programme (F4F) is the Council's transformation programme. It was introduced in May 2013 to help make the Council functionally fit for the challenges ahead. It brings together a series of projects that all aim to reduce the expenditure of the Council and also reshape and redesign the Council and its services into one that is fit for the future. The programme has helped to deliver significant financial savings to date and has helped put the Council on a sounder financial footing in the short term.

If the Council wishes to take up a four-year Funding Settlement to 2019/20, it is required to have an **Efficiency Plan**. The Council has developed an **Efficiency Plan**, to both meet the Funding Gap and achieve the Government's requirements. The **Efficiency Plan** has four strands:

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

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Financial Performance in 2015/16

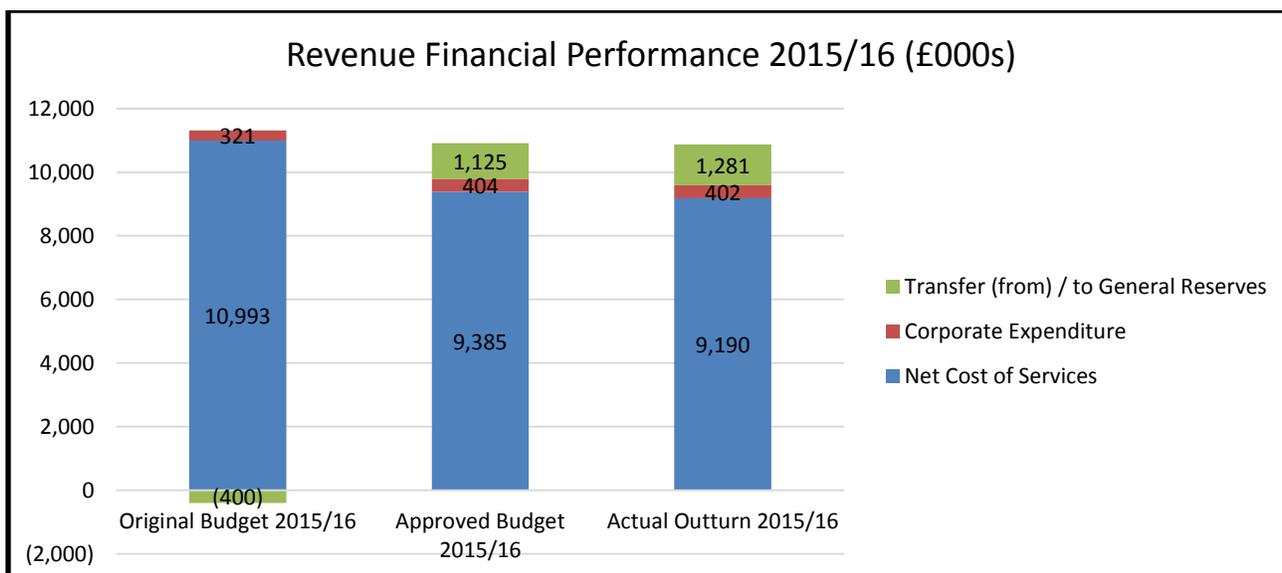
The ability to deliver the outcomes set out in the 'Plan for the District 2012-16' is dependent on the resources available over the life of the plan. Therefore, the Council prepares a Medium Term Financial Strategy (Revenue and Capital) ((MTFS (R&C))). This covers how we will use reserves, our investments, and our approach to Council Tax and how we deploy our Capital. It also looks at the medium term as the cost pressures we are likely to face and how these could be financed. We are required by Law to set a three year balanced budget. The MTFS (R&C) 2015-18 covers revenue and capital expenditure for the three financial years 2015-18. It was approved by Council on 17 February 2015.

The MTFS (R&C) is monitored and reported to Strategic Overview and Scrutiny Committee, Cabinet and Full Council in the format of our Money Matters Financial Performance Reports at the end of Quarter 1, Quarter 2 and month 8 (Revised Estimate). It is the latter against which the year-end outturn position is monitored both in terms of revenue outturn and capital outturn. The revenue and capital transactions recorded in these statements supported all of the Council's activities in 2015/16.

Revenue Financial Performance in 2015/16

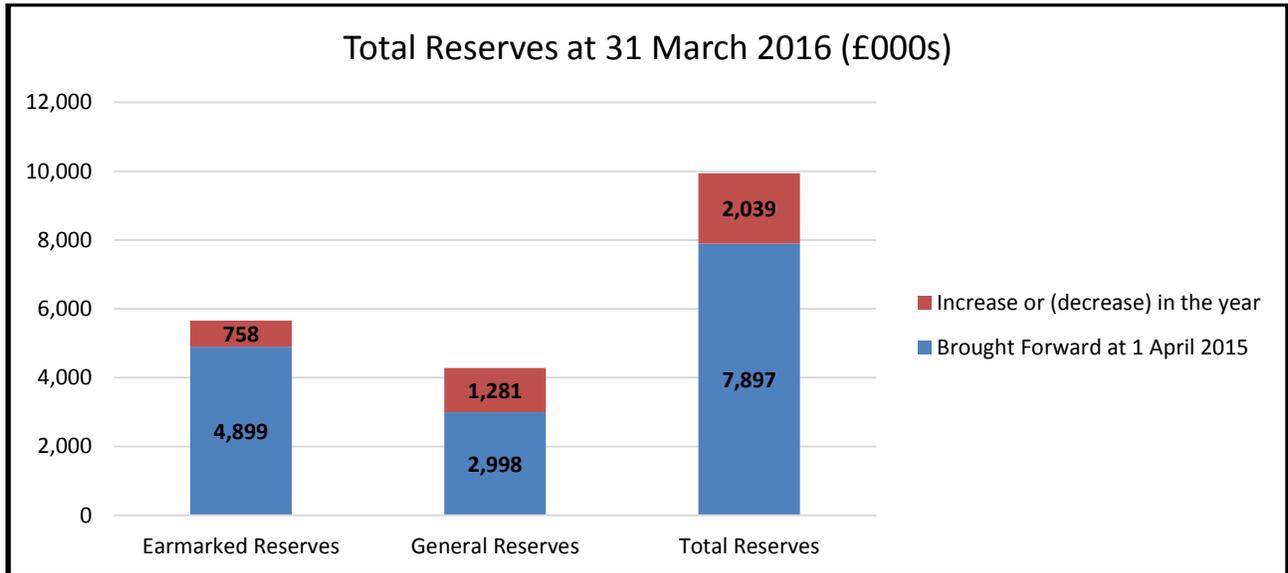
Revenue spending represents the net cost of consuming supplies and providing services delivered by the Council in its day-to-day business during the year.

The chart below shows the Revenue financial performance for 2015/16. The target set by the Council is for the net expenditure incurred in delivering services (Net Cost of Services) to be within **£250,000** of the Approved Budget. The actual performance was **£195,000** below the Approved Budget, and is in addition to the significant savings already identified during the year in Money Matters Reports. This meant that **£1.281m** was added to General Reserves compared to an estimate contained in the Original Budget of **£400,000** being withdrawn.



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



The Earmarked Reserves have been built up over time to provide funding for specific activities in line with the Council's medium term aims and objectives. The General Reserve is primarily held as a contingency to provide the Council with operational funds and as a safeguard against financial risks. The risk-based assessment for 2015/16 set the Council's Minimum Level at **£1.200m**. This means that there is a surplus of **£3.079m** of General Revenue Reserves over and above the Minimum Level.

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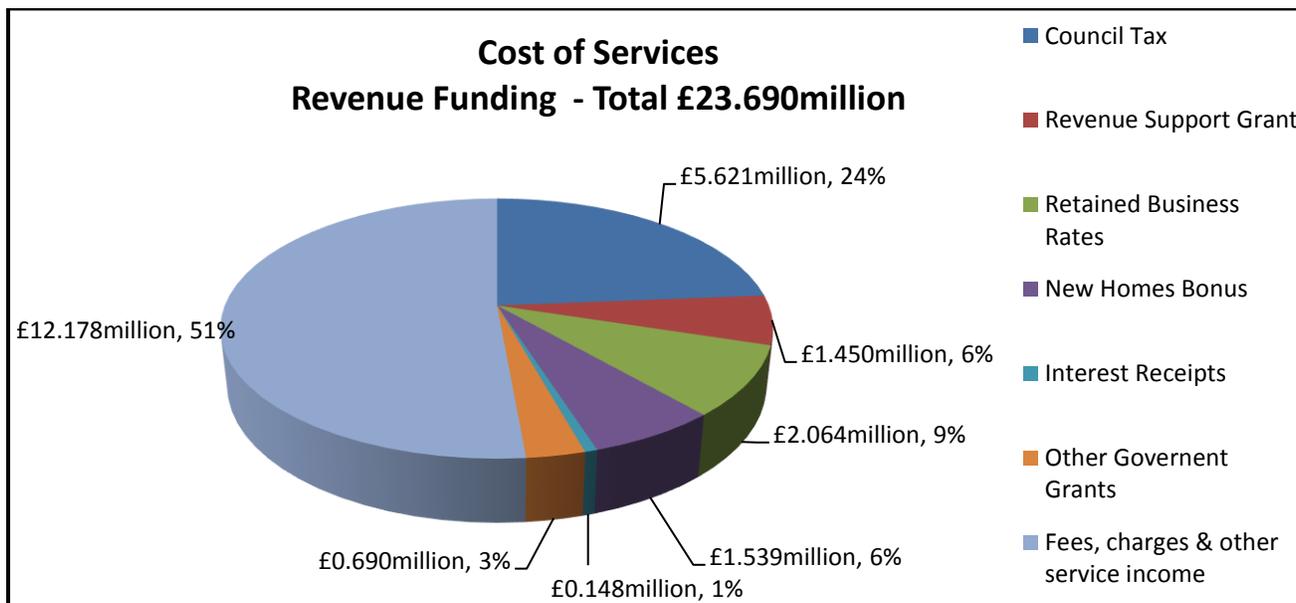
The details of net expenditure for activities included under the Net Cost of Services and Corporate Expenditure categories in the chart above together with the sources of funding in the format of the information contained in our Council Tax Leaflet is shown below:

	Original Budget £'000	Approved Budget £'000	Actual Outturn £'000	Amount per Person £	Amount per Band D Property £
Local Tax Collection, Elections, Land Charges, Community Grants	566	221	883	£8.65	£24.36
Leisure Centres, Pools, Open Spaces, Tourism, Theatre	3,171	2,957	2,788	£27.30	£76.87
Waste Collection, Recycling, Street Cleansing, Environmental Health	3,226	3,219	3,051	£29.88	£84.14
Car Parks, District Highways and Civil Parking Enforcement	(637)	(827)	(846)	(£8.28)	(£23.32)
Housing Strategy & Advice, Homelessness, Housing Benefits	1,154	919	709	£6.94	£19.55
Development & Building Control, Planning Policy, Economic Development	1,526	1,051	825	£8.08	£22.75
Trade Waste Collection	(64)	(88)	(98)	(£0.96)	(£2.71)
Corporate costs	2,052	1,932	1,878	£18.39	£51.77
Net Cost of Services	10,994	9,385	9,190	£90.01	£253.42
Revenue Contributions to the Capital Programme	154	154	154	£1.51	£4.25
Approved earmarked reserves	92	290	290	£2.84	£8.00
Interest receipts/payments	75	(40)	(42)	(£0.41)	(£1.15)
Transfer (from) or to General Reserves	(400)	1,124	1,282	£12.55	£35.34
Net Expenditure	10,914	10,914	10,874	£106.50	£299.85
Business Rates	(2,134)	(2,105)	(2,064)	(£20.22)	(£56.92)
Revenue Support Grant	(1,450)	(1,450)	(1,450)	(£14.21)	(£40.00)
New Homes Bonus	(1,539)	(1,539)	(1,539)	(£15.07)	(£42.44)
Other Grants and Local Council Tax Support to Parishes	99	70	69	£0.68	£1.91
(Surplus) or Deficit on the collection of Council Tax and Business Rates from the previous year	(269)	(269)	(269)	(£2.63)	(£7.41)
Amount to be raised from Council Tax	5,621	5,621	5,621	£55.05	£154.99

The Statement of Accounts includes the Comprehensive Income and Expenditure (CIES) on page 41 and this shows the Revenue expenditure and income in a standardised format. The information presented previously for Revenue (General Fund) shows that for 2015/16, the Council had an excess of income over expenditure (a Surplus) of **£1.281m**. However, the CIES shows a 'Deficit on Provision of Services (cashflow) of **£213,000**. The difference between these two figures is due to the different basis used in their calculation. The CIES is calculated in accordance with generally accepted accounting practices (therefore, for example, it includes depreciation) whereas the General Fund raises taxation to cover expenditure in accordance with statutory regulations (for example depreciation is replaced by the statutory provision for debt repayment).

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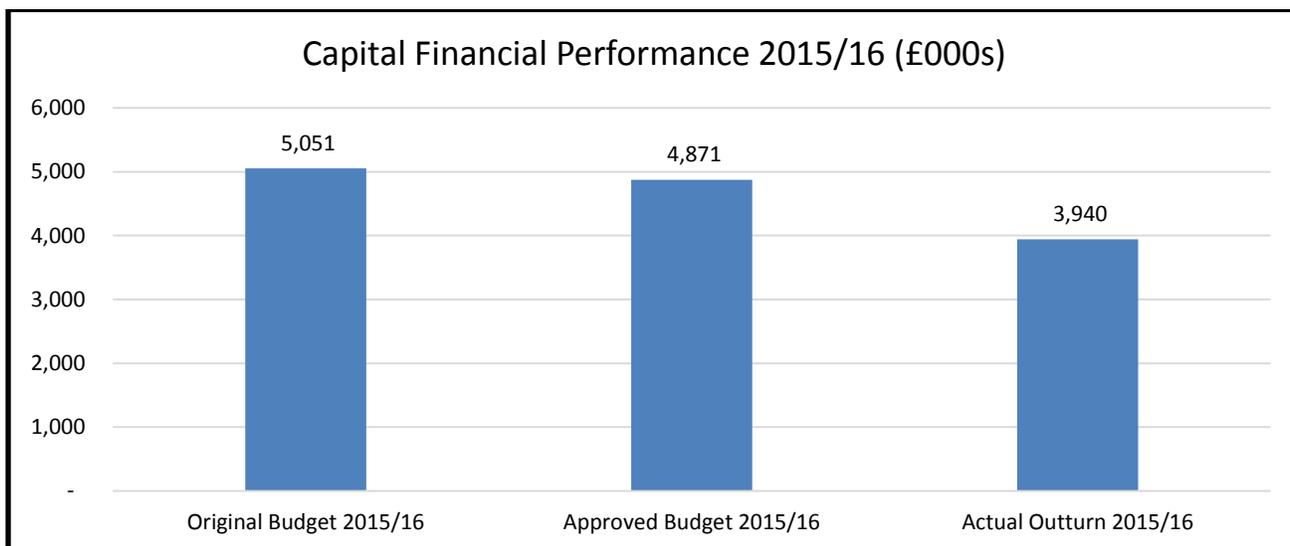
The chart below shows the make-up of our funding from the table on the previous page plus the income from fees, charges and other service income, other Government Grants and interest for 2015/16.



Capital Financial Performance in 2015/16

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

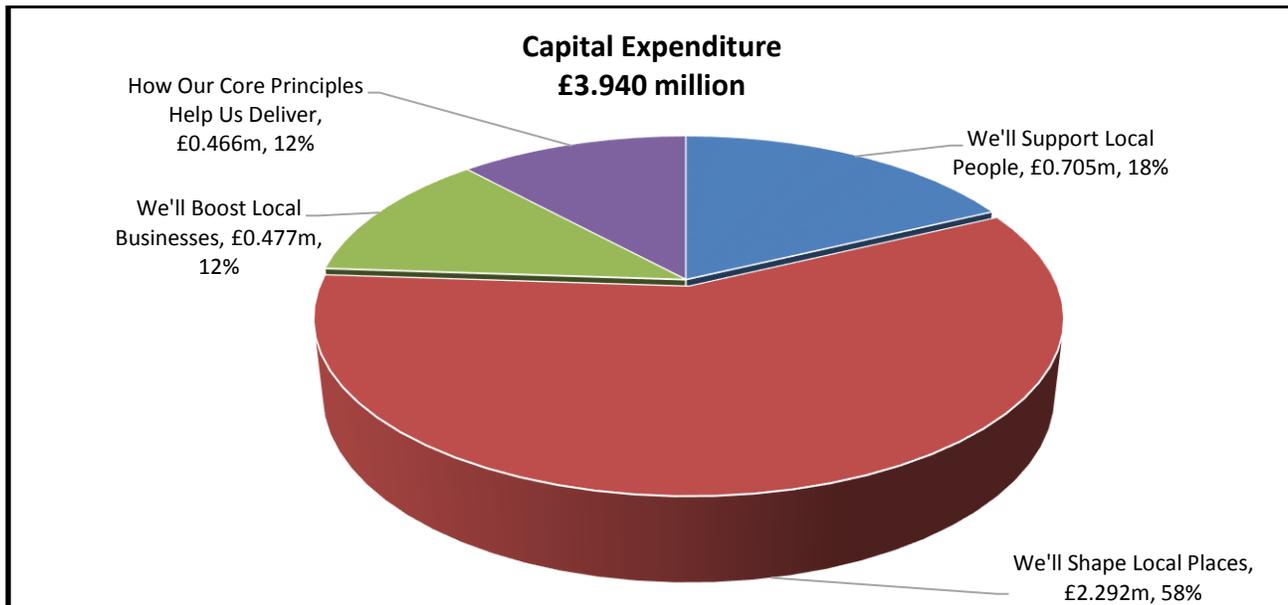
The chart below shows the final Capital financial performance for 2015/16 compared to the Original and Approved Budgets.



The Actual Outturn was **£3.940m** and this was **£931,000** below the Approved Budget of **£4.871m**. The main reason for the variance is due to lower spend compared to budget (**£872,000**) on the Waste Collection Vehicle Replacement Programme. This occurred because a number of the vehicles that were planned to be delivered in 2015/16 will, as a result of a delay in manufacturing, now become available in 2016/17.

NARRATIVE REPORT

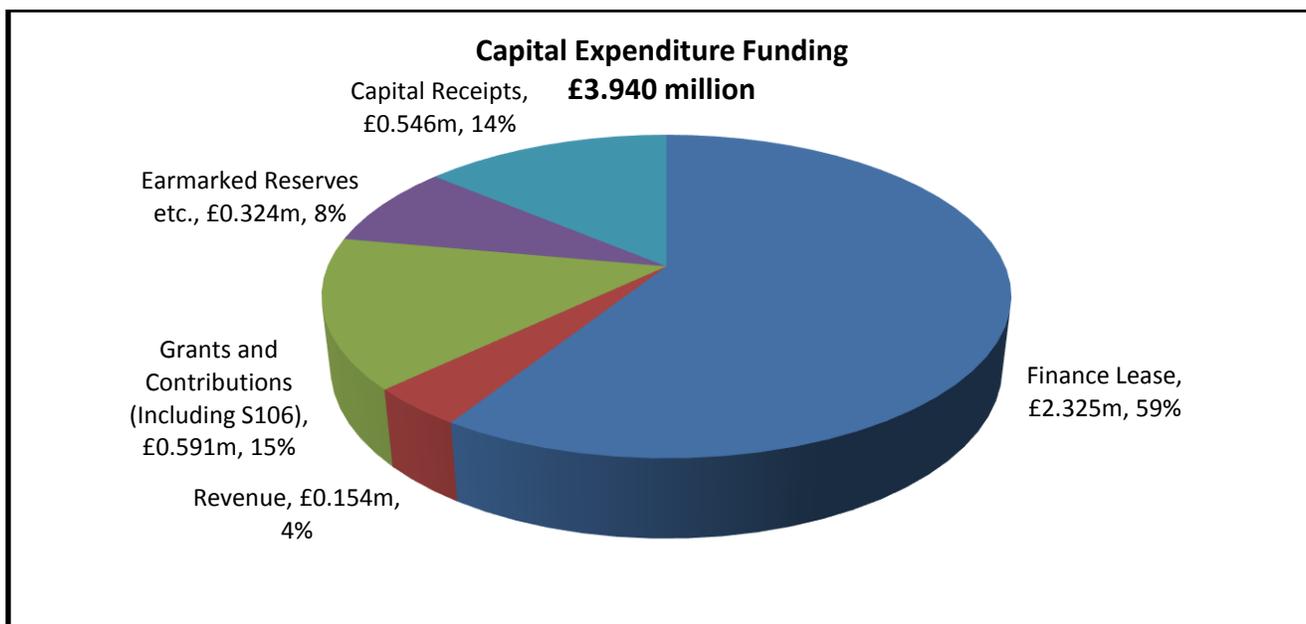
The capital expenditure shown by the Council's top priorities for 2015/16 is shown on the chart below.



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

- Capital receipts - these are receipts generated from the sale of assets
- Grants and contributions – such as Government grants supporting Housing, Heritage Lottery Fund Grant and Section 106 Planning Obligations
- Revenue – this is funded directly from the Revenue Budget
- Earmarked Reserves
- Finance Leases – these enable assets to be purchased via a series of payments over a period of time

The funding of the 2015/16 capital expenditure is illustrated in the chart below.



Principal Risks and Uncertainties

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

Many risks have either a low impact or likelihood, but those that currently have the highest overall scores and are assessed as 'Severe', are monitored by Members and Senior Officers and are reported to the Audit Committee.

There are currently three risks that are classed as 'Severe'

- Financial resilience
- Friarsgate
- Management restructure

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

Financial Resilience

Risk to the Council

This is the risk that the continued reductions in Government funding will mean that the financial resources available to the Council are not sufficient to support all of the planned priorities that we have. This will impact on the Council's ability to run its services and may mean that some services are reduced or even stopped.

Management of Risk

The F4F Programme, the Council's transformation programme, was launched in May 2013 to help make the Council financially and functionally fit for the future. This Programme has delivered significant financial savings to date and continues to include a range of Service Reviews and Projects aimed at delivering further financial savings, service improvements and organisational development.

The Council closely monitors its in-year financial position and this is reported on a quarterly basis to Cabinet and Strategic Overview and Scrutiny Committee via the Money Matters Report.

Friarsgate

Risk to the Council

Friarsgate is the Council's flagship regeneration project in the centre of Lichfield City. The Scheme will improve the retail and leisure offer in the City. It will also replace existing Council Infrastructure (the Bus Station, Public Toilets and the Multi Storey Car Park) all in need of considerable updating and investment. Risks relate to land ownership, economic conditions and project management.

The Scheme has faced a number of delays and the concern is that further delays or even failure of the Scheme could result in: public disappointment, damage to the Council's reputation and finances, adverse publicity, and a negative effect on the economy within the District.

NARRATIVE REPORT

Management of Risk

The Council is utilising employees who have skills in major development projects. Member scrutiny takes place through the Economic Growth, Environment and Development Overview and Scrutiny Committee, and a presentation of the Scheme has been given to Members (November 2015).

A revised project management structure and governance structure for the Project has been developed to ensure that the adequate skills, resource and reporting lines are in place. In addition, there are ongoing discussions with the Developer regarding the progress of the Scheme.

Management Restructure

Risk to the Council

As part of the F4F Programme, a review of senior management structures has been undertaken as part of the wider work to create a 'corporate council'. It is anticipated that re-organising the senior management structures will help to ensure that the Council has a management structure that is fit for the future.

The main risks to the Council of the management restructure are: reduction in staff morale which affects recruitment and retention; insufficient capacity to manage services if staff leave prior to restructure; loss of knowledge and experience from the Council; potential substantial costs involved in possible redundancy payments in order to move the Council to the new structure.

Management of Risk

The Council is ensuring that staff are kept advised on the progress of the review and the timescales for each phase of the work. In addition, all staff, and in particular those directly affected, are able to make their views known through consultation.

The Council also aims to manage the requests for staff to leave on the basis of business need and in accordance with Council policy and to follow this policy for any redeployment and recruitment. An Earmarked Reserve has been created for the purposes of funding potential redundancy costs.

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 2016. 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 2015/16, which in turn is underpinned by International Financial Reporting Standards.

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

The **Core Statements** are:

The **Comprehensive Income and Expenditure Statement** – this records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area – this is a standard analysis provided by CIPFA so that local authority accounts and spending can be compared.

The bottom half of the statement deals with the corporate transactions and funding. Expenditure represents a combination of:

- Services and activities that the Council is required to carry out by law (statutory duties) such as street cleaning, planning and registration; and
- Discretionary expenditure focussed on local priorities and needs.

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
Internal Business Support Executive/Deputy Section 151 Officer (Deputy CFO)

ANNUAL GOVERNANCE STATEMENT

Section 1	Scope of Responsibility
Section 2	Purpose of the Governance Framework
Section 3	The Governance Framework
Section 4	Budget Challenges Facing the Council
Section 5	Creating a Corporate Council
Section 6	Annual Review of the Effectiveness of the Governance Framework
Section 7	Update on Significant Governance Issues 2014/15

Section 1: Scope of Responsibility

Lichfield District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements (known as a Governance Framework) for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Council has adopted a Code of Corporate Governance (“the Code”), which is consistent with the principles of the CIPFA/SOLACE Framework ‘Delivering Good Governance in Local Government’.

This statement explains how the Council has complied with the Code. It also meets the requirements of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement.

Section 2: Purpose of the Governance Framework

The Governance Framework comprises the systems, processes, culture and values by which the Council is directed and controlled, and the activities through which it accounts to, engages with and leads its communities. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of Internal Control is a significant part of that Framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of Internal Control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Governance Framework has been in place at Lichfield District Council for the year ended 31 March 2016 and up to the date of approval of the Statement of Accounts.

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Section 3: The Governance Framework

The key elements of the systems and processes that comprise the Council's Governance Framework are summarised in our six Core Principles. These are discussed below.

1 Focusing on the Purpose of the Authority, on Outcomes for the Community and Creating and Implementing a Vision for the District

We ensure that we exercise strategic leadership by developing and clearly communicating the Authority's purpose and vision and its intended outcomes for citizens and service users.

We assess and review our vision and the implications for our governance arrangements through the budget and performance management framework.

We ensure our users receive a high quality of service whether directly or in partnership, or by commissioning.

We measure the quality of services for users, ensuring they are delivered in accordance with our objectives and that they represent the best use of resources and that Council Tax payers and service users receive excellent value for money. We do this through the Performance Management Framework.

Outcomes – The Strategic Plan

The Council has a Strategic Plan called 'A Plan for Lichfield District 2012-16' which was approved by Full Council in February 2012 and by the Lichfield District Board in March 2012. This sets out three strategic themes (focused on supporting people well, shaping place and boosting business) and 13 aims/ambitions for the District Council and its partners to pursue. It can be found on our website at www.lichfielddc.gov.uk

The Plan for Lichfield District sets out our strategic direction and provides the context for the Annual Action Plans (which are approved by Council each year in February).

In 2014, we moved away from producing a lengthy and detailed Annual Action Plan and instead identified and focused on a smaller number of key activities/projects in order to achieve progress against the aspirations in the Strategic Plan. Consequently, for 2014/15 a Corporate Top 10 Issues was produced which built upon Top 10s for each of the Directorates (which were endorsed by the January 2014 round of Overview and Scrutiny Committees). A similar approach has been taken for 2015/16 and all of the Overview and Scrutiny Committees considered Directorate Top 10s during the January 2015 round of meetings. The Corporate Top 10 2015/16– Annual Action Plan can be viewed at www.lichfielddc.gov.uk.

In developing the Corporate Top 10 for 2015/16, each Directorate identified their own critical issues for the coming year having regard to the strategic priorities (as set out in the Plan for Lichfield District), service plans, national legislation and policy changes, the Fit for the Future Programme (Phase 2), financial pressures and performance targets. Issues arising from the Community Consultation Exercise and Peer Review from 2014/15 were also taken into account. In addition, our operating environment and the issues that were likely to impact upon the Council in 2015/16 (and beyond) were reviewed and detailed in the form of a Political, Economic, Social and Technological (PEST) analysis.

The Annual Action Plan is performance-managed in the usual way using the Council's covalent

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system. Update reports are made to Leadership Team on a quarterly basis and reports presented to Cabinet in December (2015) for the mid-year outturn and July (2016) for the end of year outturn. A progress report on the Directorate Top 10 Issues for each of the Directorates is provided to the Overview and Scrutiny Committees at the January and June cycle of meetings as part of the Corporate Performance Management Framework. These reports also include activity and performance indicators to enable Members to track performance across the range of statutory and discretionary services which the Council provides. A copy of the year-end performance report will be published on our website with the papers for July 2016 Cabinet.

For 2016/17, there will be a new Performance Management Framework that has been developed during 2015/16 following a report from Internal Audit in October 2015. It is currently being discussed by Directorate Management Teams (following consultation with Leadership Team in March).

The Directorate Top 10 Issues are informed by the work carried out by service managers on their Annual Service Plans. During 2015/16 there was a review of the service planning process to make it more robust, consistent and corporate. In consultation with the managers, an 'Annual Service Plan – Policy and Procedure' was developed and this was published in October 2015. This forms part of the Council's Governance Framework and provides evidence of a systematic and robust management approach to service planning.

This will be the final Annual Action Plan developed within the context of the Plan for Lichfield District 2012-16. On 23 February 2016, the new Strategic Plan for Lichfield District Council 2016-20 was approved by Full Council. A copy can be found on our website at www.lichfielddc.gov.uk

Members of the Strategic Overview and Scrutiny Committee, along with all District Councillors, managers and staff, stakeholders (including the business and community and voluntary sectors) and local residents have had an opportunity to contribute to the Plan over a six month period.

The development of a new Strategic Plan was one of the five work streams within the Creating a Corporate Council (CCC) Fit for the Future (F4F) project (see section 5). The project identified a clear need to develop a new Strategic Plan not only because the previous Plan was due to end in March 2016, but more importantly due to other factors that suggested the need to review our priorities and role as a Council (this need was also a finding of the Peer Review that took place in September 2014):

- The local context – increasing overall population and numbers of older people
- The national policy environment
- Continued financial challenges facing local government

It has become increasingly important that we are clear on where we need to allocate our resources, and that we are focussing on the things that will make the biggest impact and difference. Whilst taking account of the key pledges and promises from the Administration's local election manifesto, the new Plan also focuses on those outcomes that are known to reduce demand and dependency on the Council's services (and the wider public purse).

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

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

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Engagement with Elected Members (Cabinet away day, Member Focus Group) and residents (Focus Group and 'In Touch' consultation) showed a broad agreement to these being the areas that the Council should focus on and resulted in the following priority outcomes being identified:

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

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

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

- A Council that is 'Fit for the Future'

The Council now has a new Annual Action Plan for 2016/17 that was approved by Full Council in February 2016.

Outcomes – The Local Plan

The new Local Plan took effect from 2015/16. This Plan is a framework against which all planning decisions are made. It was adopted by Full Council in February 2015. It aims to shape the future development of Lichfield District until 2029. It replaced the Plan that has been in place since 1998.

The Local Plan seeks to encourage sustainable development within the Lichfield District area, and includes policies on a number of key themes, including sustainable communities, infrastructure, homes for the future, economic development and enterprise, and healthy and safe communities. The Plan will therefore help to make sure the District is developed in the right way, including building the right number and types of houses, developing the right kind of shopping and recreational facilities, getting the right office and industrial spaces, creating opportunities for local jobs to be nurtured and protecting our wildlife, landscapes and heritage.

Progress reports on the implementation of the Local Plan are presented to the Economic Growth, Environment and Development Overview and Scrutiny Committee in addition to Cabinet.

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 subject to examination in January 2016, with the Examiner's Report received in February 2016. It has been approved by Cabinet then by Full Council on 19 April 2016 for adoption on 13 June 2016.

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Outcomes – Locality Commissioning

The District Council and its partners have adopted a locality commissioning model in order to introduce a more streamlined approach to funding local services, especially those provided by the voluntary and community sector. This model was endorsed by the Staffordshire Health and Wellbeing Board and approved by Cabinet in September 2014. Funding of £500k has been brought together between the District and County Councils, local Clinical Commissioning Group and Office of the Police and Crime Commissioner.

These partners agreed five high level aspirations and set these out in two Commissioning Prospectuses (issued in autumn 2014 and summer 2015) which divided the funding up between 20 Lots covering a range of outcomes to improve the quality of life of local people. A Locality Commissioning Board has been established by the Local Strategic Partnership (District Board) to oversee the process and this is chaired by the Cabinet Member for Community (District Council). The District Council is the 'accountable body' for the process and has led on the development of the framework which underpins the process.

The minutes of the Board are published on the District Council's website and circulated to all elected Members. Reports on the development of locality commissioning have also been received by the relevant Overview and Scrutiny Committee, and Members have been involved in agreeing the priorities for investing the contribution made by Lichfield District Council to the locality commissioning budget.

Outcomes - Partnerships

The Council is part of a number of external partnerships which provide support to its strategic agenda. These include the Staffordshire Strategic Partnership, the Staffordshire Connects Partnership, the Stoke and Staffordshire and the Greater Birmingham and Solihull Local Enterprise Partnerships, the Greater Birmingham and Solihull Business Rates Pool, county and regional waste partnerships, and housing and community safety partnerships.

During 2015/16, the Council had to consider the opportunities and challenges that combined authorities either in Staffordshire or against an economic geography, with Birmingham City Council, Black Country, Solihull and Coventry, could make to our communities. In October Full Council met to discuss and vote on whether to accept the invitation offered to us (alongside 13 other district councils) to join the West Midlands Combined Authority as a non-constituent member. The majority of Members voted against this motion. The Leader of the Council explained that whilst Members support the principle of devolving more power to the regions and have fed into the plans for the creation of the West Midlands Combined Authority, it was felt that plans for the Combined Authority had progressed so rapidly that there is as yet not enough information about what joining would mean for Lichfield District and its residents.

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2 Members and Officers Working Together to Achieve a Common Purpose with Clearly Defined Functions and Roles

We ensure that there is effective leadership throughout the Authority and that we are clear about executive and non-executive functions and of the role and responsibility of the scrutiny function.

We strive to maintain a constructive working relationship between Authority Members and Officers and that their responsibilities are carried out to a high standard.

We ensure that relationships between the Authority and the public are clear so that each knows what to expect of the other.

Outcomes

The Council has a Constitution (which can be found on our website at www.lichfielddc.gov.uk). This sets out how the Council legally operates, how formal decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.

In the Constitution we have defined and documented the roles and responsibilities of the Council, the Cabinet, Overview and Scrutiny Committees, Regulatory Committees, Standards Committee, Audit Committee, Forums and Panels and the Leadership Team.

The document also identifies the roles and responsibilities of Member and Officer functions with clear delegation arrangements and protocols for decision making and communication, for example, the statutory roles for the Head of Paid Service, the Chief Financial Officer (Section 151 Officer) and the Monitoring Officer.

The Constitution also contains the protocol for Officer/Member relations. This is reviewed and amended on a regular basis.

The Council's Constitution is updated as and when changes are needed to be made with the Cabinet Member for Finance and Democracy submitting recommendations to Full Council. During 2015/16 a number of updates were approved by Full Council, including: the constitution and membership of Cabinet, committees and panels following the May 2015 District Council Election; adoption of the new Financial Procedure Rules and Contract Procedure Rules; various amendments to officer delegations; changes to the names of Cabinet posts; appointment of Proper Officers for Public Health and Disease Control Purposes.

3 Promoting Values for the Authority and Demonstrating the Value of Good Governance through Upholding High Standards of Conduct and Behaviour

We develop, communicate and embed codes of conduct, defining standards of behaviour for Members and Officers to ensure they exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.

Outcomes

We have a Standards Committee which is responsible for promoting and maintaining high standards of conduct by Councillors and co-opted Members, ensuring that they observe the Members' Code of Conduct. The Codes of Conduct are supported by training and development programmes for both

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Members and Officers.

Communication on standards of behaviours is also facilitated through the Council's Employee Liaison Group, with regular meetings with representatives of employees through which we have built sound management-employee relationships.

The ethos of the Paid Service is that officers serve all of the Council. Issues associated with the development of the Governance Framework are regularly discussed by Leadership Team at their meetings.

There is a process in place in which complaints regarding Members' Conduct are pursued. The relatively low number of complaints regarding behaviour demonstrates that the standards are understood and adhered to. During 2015/16 there were five Members' Code of Conduct complaints received. Of these there was one breach but the Member responsible resigned before any action was taken.

Communicating the expected standards to employees is undertaken through leading by example by managers from the top (which is a specific requirement in the job description of Directors), discussion and training, and a supportive management environment which makes clear to customers that unacceptable behaviour towards employees will not be tolerated.

The Code of Conduct for employees (based on the National Code of Conduct for local government employees) is currently embedded in the disciplinary procedure. Work began in 2015/16 on refreshing and renewing this Code and our associated policies, to provide greater clarity and support to staff and managers. In January 2016 a final draft Code of Conduct was produced and this is currently out for consultation with the Unions. A copy of this draft can be found on the intranet.

This Code sets out the principles, behaviours and standards expected of employees in a single document. The purpose of the Code is to:

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

The Code is supported and reinforced by new organisational values. These have been informed by engagement with staff through the employee survey in March 2015, and also focus groups during September and October 2015. As a result, the Council now has three core values that all our staff and Members work towards. These three Values are:

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

They have been embedded into the new Strategic Plan that takes effect from 1 April 2016.

In order to reinforce the 'put customers first' value, a Customer Promise has been developed which sets out the corporate standards that customers can expect in our dealings with them and, equally, how customers should treat our staff. This was approved by Cabinet in March 2016 and Full Council in April 2016.

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A programme of briefing sessions with staff was held in February 2016 to raise awareness of the various changes to 'working at Lichfield District Council', to ensure there is understanding of the new Code and the new organisational values.

The new Code of Conduct is also supported by a range of HR policies and procedures. An audit of the Council's policies and procedures took place during 2014/15. This showed that there was a need to review and refresh many of the policies as it was found that there were examples of duplication of policies and a blurring of policy, guidance and procedures. As a result of these findings, work began in 2015/16 to update our suite of HR policies. So far the following policies have been updated:

- Disciplinary Policy and Procedure
- Grievance Policy and Procedure (incorporating bullying and harassment)
- Attendance Management Policy and Procedure (managing sickness and other absences)
- Performance Management Policy and Procedure (replacing the Capability Policy and Procedure)

These policies are currently out to consultation with the Unions.

4 Taking Informed and Transparent Decisions which are Subject to Effective Scrutiny, and Managing Risk

We ensure that we are rigorous and transparent about how decisions are taken and we listen and act on the outcome of constructive scrutiny.

We source good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.

We ensure that an effective Risk Management system is in place.

We ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

The Monitoring Officer advises on compliance with our policy framework, ensuring that decision making is lawful and fair.

Our financial management arrangements conform to the CIPFA Statement on the Role of the Chief Financial Officer.

We ensure that our independent Audit Committee undertakes the core functions identified in CIPFA's Audit Committees - Practical Guidance for Local Authorities.

We ensure that there are effective arrangements for "whistleblowing" and for receiving and investigating complaints from the public.

Outcomes

The Council's Contract Procedure Rules and Financial Procedure Rules form part of the Governance Framework. These are the rules set by the Council to regulate its internal procedures for the conduct of its business, in addition to how it spends money and records transactions. They form part of the Council's Constitution and are termed 'Standing Orders'. Any amendments to them are subject to approval by Full Council.

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Financial Procedure Rules were last updated in 2014, Contract Procedure Rules in 2010. There have been a number of changes to procurement guidelines, processes and best practice (for example, the Public Contracts Regulations 2015) that needed to be incorporated into the Council's Contract Procedure Rules. As a result, both the Contract Procedure Rules and Financial Procedure Rules have recently been reviewed, the latter in line with CIPFA's publication 'Financial Regulations, A Good Practice Guide for an English Modern Council'.

The new Finance Procedure Rules were approved by Full Council in July 2015 (a copy can be found on our website at www.lichfielddc.gov.uk), and training for all staff and Members took place during November and December 2015. The new Contract Procure Rules were approved by Full Council in February 2016. Training on these took place during June 2016.

During 2015/16, one of the Corporate Top 10 Issues was to review and update the safeguarding policy and procedures. In December 2015, Cabinet approved the Council's 'Safeguarding Children and Adults at Risk of Abuse and Neglect Policy 2015' (copy can be found at www.lichfielddc.gov.uk). Under the 2015 Care Act, the Council has a legal responsibility to safeguard, promote well-being and protect children and vulnerable adults. The policy sets out specific responsibilities and how to spot potential abuse and report concerns. Considerable progress was also made in 2015/16 in raising awareness of child sexual exploitation, including the development of the Child Exploitation Action Plan. Each Directorate has its safeguarding lead, and training and awareness sessions have been carried out during 2015/16 for those staff members who come into contact with children and vulnerable adults. Members, too, have been offered training.

An annual report on safeguarding has also been produced for the first time. It shows that from April to September 2015, six concerns were raised. Two related to children and four to adults. Of these only one was take forward as a formal referral.

The Council also has a Public Sector Equality Duty under the Equality Act 2010. As part of this we produce an annual Statement showing how we are meeting our obligations. This Statement also helps our customers, staff, the Equality and Human Rights Commission, regulators and other interested parties to assess our equality performance and our compliance with equality legislation. The latest Statement was published in January 2016 and can be found on the internet at www.lichfielddc.gov.uk

The Council has a Risk Management Strategy, and managers are trained in the assessment, management and monitoring of risks. The Corporate Risk Register is reported on three times a year to Audit Committee and half yearly to Cabinet.

There are Directorate risk registers which are maintained systematically. During 2015/16 more use was made of the covalent system for managing departmental and corporate risks. This was in line with recommendations following a review of the Risk Management system at the Council during 2013/14. All reports requiring a decision include a risk assessment section.

The Council continues to monitor health and safety risks and ensures these are managed. In 2015/16 we presented our first annual health and safety performance report. This highlighted the number of accidents to staff and to members of the public; trends; training provided; changes to operating procures to reduce risks; and emerging challenges.

The Internal Business Support Services Executive / Deputy Section 151 is designated as Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972.

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In 2012, CIPFA/SOLACE issued an application note on the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. The Council complies with these requirements as detailed below. The Chief Financial Officer is:

- A key member of the Leadership Team
- Actively involved in, and able to bring influence to bear on, all material business decisions to ensure alignment with the Authority's financial strategy
- The lead for the promotion and delivery by the whole Authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively
- Professionally qualified and suitably experienced
- Able to lead and direct a finance function that is resourced to be fit for purpose

During 2015/16, the Chief Finance Officer continued to provide effective financial management in accordance with the financial procedures and rules set out in the Constitution.

The Council's in-house Internal Audit function reports to the Chief Finance Officer. Following a review of the service during 2014/15, it was decided that management support for the service would change from a whole time in-house service to being a reduced service that is 'bought-in' from Tamworth Borough Council. This has been made possible by changes in the way the service is delivered which includes the use of an Audit Management Tool (Covalent Audits) to automate the entire Audit process – planning, scheduling, execution, fieldwork, reports production and recommendations tracking. This tool has increased the Audit team's productivity, resulting on more time spend on planned Audit work, whilst ensuring robust Audit reports that comply with all Local Government Codes of Practice.

For 2015/16 Internal Audit continued to operate in accordance with the Public Sector Internal Audit Standards.

An annual review of the effectiveness of the system of Internal Audit is undertaken by the Internal Audit Manager based on the Public Sector Internal Audit Standards and using feedback from Directors, the Section 151 Officer, Managers and External Audit. The review for 2015/16 concluded that the Authority's Assurance Arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit 2010. The Internal Audit Manager fulfils this role and is professionally qualified.

As part of the annual Audit Plan, Internal Audit completed fraud awareness and proactive fraud work in accordance with fraud risks identified, adhering to the CIPFA Code of Practice for Managing the Risk of Fraud. The conclusion of this work for 2015/16 is that the Authority has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

The Council has a customer feedback scheme for the public to make complaints, comments and compliments, and constructive criticism which is used to improve services. The Complaints Charter provides guidance to staff on the Council's complaints process. During 2015/16 113 complaints were received compared with 114 in 2014/15. We received 240 compliments in 2015/16 which compares with 90 in 2014/15.

In June 2015, the Council received the Annual Review Letter from the Ombudsman for the period ending March 2015. It reported that 15 complaints and enquiries were received from Lichfield District Residents, the majority of which came from benefits and tax and from planning and development. This total figure compares favourably to the average 14 complaints received by District Councils nationally.

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Of the 15 complaints and enquiries only two were upheld.

During 2015/16 two complaints were referred to the Ombudsman. Both have yet to be investigated.

The reporting of complaints and compliments continued to improve during 2015/16, with quarterly reports considered by Leadership Team and circulated to Managers. The reports include details of what we learned from the complaints and changes implemented as a result. Members were provided with monitoring reports on a six monthly basis, and Overview and Scrutiny Committees received a report on complaints received pertaining to their remit in the June (2015) cycle of meetings.

There were no whistleblowing reports during 2015/16.

5 Developing the Capacity and Capability of Members and Officers to be Effective

We make sure that Members and Officers have the skills, knowledge, experience and resources they need to perform well in their respective roles.

We identify the development needs of Members and Senior Officers in relation to their strategic roles, and support these with appropriate training.

We encourage new talent for membership of the Authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal.

Outcomes

The Council has a training plan for Members which is developed and monitored by the Employment Committee. With the creation of a new Cabinet following the May 2015 General Election, 2015/16 saw more training events, 14 in all. The areas covered included Members induction, equality, diversity and respect, introduction into planning and probity, working with partners, safeguarding awareness, introduction into Overview and Scrutiny and making defensible planning decisions.

During 2014/15 'Welcome Packs' had been developed to help new Members assimilate into the Council and these too were utilised.

The Chief Executive and Directors are set their performance targets annually. These are based on the delivery of the Annual Action Plan and the business risks anticipated for the year.

Senior politicians appraise the Chief Executive's performance against these targets and the Chief Executive appraises the Directors. As part of this process development needs and solutions are identified and agreed.

Performance Development Reviews (PDRs) are carried out for employees and training needs are identified as part of this process. The importance of the PDR process for the Council continues to be highlighted by the Chief Executive. This has contributed to the increase in the number of completed PDRs during 2015/16 as compared with 2014/15. The rate for 2015/16 was 62%. Within this there are some areas which achieved up to 100% whilst others have room for improvement. A review has taken place during 2015/16 of the PDR forms and these have been updated so that for 2016/17, the Council's new Corporate Values (discussed above) will be embedded within the PDR forms.

A structured e-learning programme is available which greatly enhances the learning and development

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opportunities for a large cross-section of employees. Areas covered include fraud awareness, equalities and data protection.

The Council seeks to ensure that its employees are kept up to date with issues affecting the Council, for instance, performance is communicated through regular emails called 'Key Messages from Leadership Team' as well as regular Manager 'Breakfast' Briefings. There are also individual team meetings and the staff newsletter Team LDC.

6 Engaging with Local People and Other Stakeholders to Ensure Robust Public Accountability

We exercise leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships.

We take an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the Authority, in partnership or by commissioning.

We have established clear channels of communication with all sections of the community and other stakeholders ensuring accountability and encouraging open consultation. Meetings are held in public unless there are good reasons for confidentiality.

Outcomes

As part of our use of partnership working, from time to time partners are invited to attend Overview and Scrutiny Committee meetings to facilitate discussions about shared priorities and the impact of plans and service delivery on local residents. Various partners have attended the Community, Housing and Health Overview and Scrutiny Committee, including the Clinical Commissioning Group (to discuss night time closure of the local Minor Injuries Unit), the Local Pharmaceutical Committee (to share concerns about reductions in resources), and the Local Policing Inspector (to update Members on community safety issues). There has also been a Member Seminar hosted by Bromford Housing, our stock transfer Registered Social Landlord (RSL). In addition, the Lichfield Garrick assisted the Leisure, Parks and Waste Management Overview and Scrutiny Committee looking at the socio-economic impact of the Theatre within the District.

There are also a number of arrangements in place for securing customer feedback. We consult with our community using the most appropriate research and communication tools available.

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

The Council maintains a website www.lichfielddc.gov.uk for customers (which was re-launched during 2015/16) and also manages a number of social media streams including Facebook and Twitter. In addition, the Council maintains a suite of supporting websites that help underpin the Council's strategic ambitions, including a tourism destination website www.visitlichfield.co.uk and service specific websites including www.southernstaffs-buildingcontrol.co.uk and www.ratemyplace.org.uk.

We are committed to being open and transparent about how we work, our decision-making processes and the services we provide. As part of this commitment we are increasing the amount of data that

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we make available publicly so that residents are able to hold us to account better. This data has been published under the INSPIRE and Transparency regulations.

We have used the Government's Code of Recommended Practice for Local Authorities on Data Transparency, which recommends the datasets councils should make available as a minimum, as a starting point for deciding what information we should make available.

We have also used feedback and requests made under the Freedom of Information Act 2000 to identify additional datasets for publication. We will continue to increase the number of datasets that we make available over time, where resources and capacity permit and there is a clear public demand for the information.

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.

Section 4: Budget Challenges facing the Council

The Plan for Lichfield District 2012-16 sets out the opportunities and challenges we face, the needs of the community, the Council's aspirations, our focus and our priorities.

To fund the Plan for the District the Council prepares a Medium Term Financial Strategy (MTFS). This covers how we will use our reserves, our investments, the approach to Council Tax, and how we will deploy our capital. It also looks over the medium term at the cost pressures we are likely to face and how these could be financed. The MTFS relevant for 2015/16 is the MTFS (Revenue and Capital) 2015-18. This was approved by Full Council in February 2015 and can be found on our website at www.lichfielddc.gov.uk

Lichfield District Council has a statutory duty to set a balanced budget in each of the three years (2015-18), and to calculate the level of Council Tax for its area. The Chief Finance Officer has a statutory duty to ensure that the figures provided for estimating and financial planning are robust and will stand up audit scrutiny. The Council is required to set Prudential Indicators for Capital Expenditure, financing and Treasury Management.

Since 2013/14, there have been significant changes in local government finance ranging from the Localisation of Council Tax Support, wider welfare reforms and local retention of an element of business rates. These changes have introduced additional financial risks such as a major proportion (19%) of the Council's funding being dependent on the level of business rates growth or decline. Consequently, the Council implemented plans and strategies to manage these financial risks, for example the Fit for the Future (F4F) Programme introduced in May 2013.

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

At the beginning of 2015/16, the F4F Programme had identified savings in excess of £1.8m. The remaining savings needing to be achieved together with the other pressures and additional income were incorporated into the Medium Term Financial Strategy (Revenue and Capital) 2015-18, which

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was approved by Full Council on 17 February 2015. This showed the total funding gap to be £1,705,030 over the period 2015/16 to 2017/18.

With the ongoing progress of the F4F Programme, this gap has now been reduced to £1,037,990 for the period 2016/17 to 2019/20 ((MTFS (Revenue and Capital) 2016-20 approved by Full Council on 23 February 2016)).

Forensic Analysis of Lichfield District Council's Budget

As Lichfield District Council (like many councils) continues to face challenging financial circumstances, a report was commissioned by the Chief Executive and Director of Finance, Revenues and Benefits with support from the Local Government Association (LGA) to identify areas where we could improve the way our budgets are managed.

The review looked at:

- The Council's approach to budget setting
- The accuracy of the budget setting process
- The effectiveness of budget monitoring
- The behaviours of budget holders

A report was produced in March 2016 and work is currently underway to produce an action plan to implement its recommendations.

Section 5: Creating a Corporate Council

The F4F Programme, the Council's transformation agenda, includes a range of service reviews and projects aimed at delivering financial savings, service changes and organisational development. One of those key projects, started in 2015, is 'Creating a Corporate Council' which comprises various work streams and initiatives that support the organisational development needed to create an organisation which operates in a more consistent manner, is informed by transparent policy, clear organisational values and good governance, and has management capacity that is structured and aligned effectively to support the future aspirations of Lichfield District Council.

The overall rationale for the 'Creating a Corporate Council' Review was the need and desire to address the areas for improvement identified by the LGA Corporate Peer Challenge (September 2014). In particular, strengthening the corporate culture and governance and create a 'one council' ethos across the organisation.

The scope of the Review (and focus for 2015/16) was:

- Reviewing management and leadership structures
- Reviewing employee terms and conditions
- Developing the role of Overview and Scrutiny
- Strengthening corporate policy and information

In addition, the formulation of a new Strategic Plan 2016-20 was considered as one of the work streams on the basis that the Plan will set out the priority outcomes the Council is striving for, as well as articulating the organisational values and operating principles.

The Review has drawn on external consultancy support and expertise to provide an independent

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analysis on which to base proposals and recommendations. For example, West Midlands Employers were commissioned to undertake a review of the current senior management structures. This comprised a desktop review and focus groups with managers and Members in June and September 2015. The LGA (Workforce Consultancy Team) was commissioned to support the work being undertaken to develop a new Employee Code of Conduct and revise some of the key HR policies (both discussed in section 3 above). Finally, the same team was commissioned to carry out a review of the current employee terms and conditions.

Summary of Key Findings and Conclusions

A report was presented to Strategic Overview and Scrutiny in February 2016 that provided an update on the Review and its findings and conclusions. This can be found on the website at www.lichfielddc.gov.uk. A summary of these findings is highlighted below.

Development of a New Strategic Plan for 2016-20

This has been discussed in section 3 above.

Review of Senior Management and Leadership Structures

There has not been a fundamental review of the senior management structure for more than 10 years. The current structure and arrangements have evolved as a result of events and changing circumstances rather than by design. As a result some parts of the current organisational structure are now neither logical nor productive as they can be. The current structures do not promote cross council working thus lacking a corporate 'one council' ethos, something the LGA Corporate Peer Challenge in September 2014 observed.

The review proposes a new management structure, informed by engagement with Directors, Managers and elected Members and shaped by the new Strategic Plan 2016-20 and the likely future context in which councils will be operating. The proposed structure also takes account of models and approaches in other authorities, and has been designed to be cost neutral. The key design features and principles of the original proposed model were:

- An approach that recognises the need for new skills and different styles of leadership to address the transformation of services and organisational development with a strong customer focus and productive and innovative partnership working
- A Chief Executive post to be retained
- Three Directors
- 12 Head of Service posts
- Flexibility across and within the structure and over time
- Realignment of capacity to business needs as opposed to removing capacity through a cost reduction exercise.

The proposals have been presented to Full Council and Employment Committee and a formal consultation period with staff and the Unions has now taken place. This closed on 8 April 2016. The consultation responses have been considered and a final proposal put to Cabinet and Employment Committee in May 2016 and Full Council in June 2016. The recommended changes from the original structure is to have two not three Directors, the creation of a Deputy Chief Executive post and eight not 12 Heads of Service posts.

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Review of Employee Terms and Conditions

The observations made by the LGA (Workforce Consultancy Team) cover areas such as time recording and flexible working, car user allowances, car parking, redundancy and bank holiday and standby payments. The key proposals and recommendations are:

- To establish two officer working groups to further consider issues, options and proposals for staff car parking and user allowances and for flexible and agile working
- Leadership Team to consider the observations and findings from the LGA review.

Any proposed changes to employee terms and conditions will be subject to formal engagement with staff and Unions.

Developing Overview and Scrutiny

This work stream is being led by a Member Task Group comprising of the Overview and Scrutiny Chairs and the Leader of the Opposition. The Group is focussing on improving the way Overview and Scrutiny operates so the Committees can make a more timely and effective contribution to key decisions and policy developments.

One of the key findings to emerge to date is that there is scope to reduce the number of reports considered by each Overview and Scrutiny Committee so that Members can provide more in-depth scrutiny of fewer specific items. This is to try to keep the focus of Committees strategic and as such another development is that Service Plans will no longer be routinely reported to Overview and Scrutiny Committees.

The Group also identified the need to develop the relationship further between the Cabinet and Scrutiny Committee Chairs, including a regular dialogue about forthcoming key decisions, policy development and other strategic matters. As a result, 'triangulation meetings' between Overview and Scrutiny Chairs, Vice Chairs and the relevant Cabinet Member(s) have recently been introduced.

There have been other minor practice improvements relating to the provision of information, meeting administration and adopting a more strategic approach.

It has been proposed that the Task Group continues and focuses on reviewing/revising the fundamental role/function of Overview and Scrutiny at Lichfield and the structure/approach that best supports that including the provision of information to Members more generally.

Strengthening Corporate Policy and Information

The focus has initially been on HR policies, and particularly those that set out the expectations of staff and managers so that a clear and consistent understanding across the organisation about the expected standards of employee behaviour and conduct. These have become confused due to there being a plethora of policies covering a range of specific topics, with examples of duplication of policies and a blurring of policy, guidance and procedures.

So far a new Employee Code of Conduct has been written, new organisational values created and an updating of HR policies begun. These have been discussed in section 3 above.

There is now a need to focus on other aspects of corporate policy and information. In particular, a register of key policies for HR, Finance and Governance summarising the purpose of the policy, the policy owner, review dates and approval mechanism will help improve understanding and clarity about the policies that support day-to-day operations and management.

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Section 6: Annual Review of the Effectiveness of the Governance Framework

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

The review is informed by:

- The views of Internal Audit, reported to Audit Committee through regular progress reports, and the Annual Internal Audit Opinion
- An annual review of the effectiveness of Internal Audit (as required by Regulation 6(3) of the Accounts and Audit Regulations 2015)
- The views of our external auditors, regularly reported to Audit Committee through regular progress reports, the Annual Audit Letter and Annual Governance Report
- The activities and operations of Council directorates who provide written assurance statements using an Internal Control Questionnaire
- The views of Members using a Members' Questionnaire
- The Risk Management Process, particularly the Strategic Risk Register
- Performance information is reported to Cabinet and Overview and Scrutiny Committees
- Progress made in addressing significant weaknesses and issues requiring significant improvement identified in previous Annual Governance Statements.

Conclusion of the Review

We consider the Governance Framework and Internal Control environment operating during 2015/16 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact.

For 2015/16 no significant weaknesses in Governance or Internal Control were highlighted.

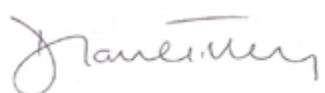
Section 7: Update on Significant Governance Issues 2014/15

The system of Governance (including the system of Internal Control) can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period, that value for money is being secured and that significant risks impacting on the achievement of our objectives have been mitigated.

The review highlighted no areas as representing a significant weakness in Governance or Internal Control during 2014/15.

Chief Executive

Leader of the Council



Date: 16 June 2016



Date: 16 June 2016

MOVEMENT IN RESERVES

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

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2014	2,810	4,081	1,463	1,328	9,682	6,702	16,384
Movement in Reserves 2014/15							
Surplus/(Deficit) on provision of services	(500)				(500)		(500)
Other Comprehensive Income and Expenditure						(8,175)	(8,175)
Total Comprehensive Income and Expenditure	(500)				(500)	(8,175)	(8,675)
Adjustments between accounting basis & funding basis (Note 6)	1,506		(110)	405	1,801	(1,801)	
Net Increase/Decrease before Earmarked Reserves	1,006		(110)	405	1,301	(9,976)	
Transfers (to) / from Earmarked Reserves (Note 7)	(818)	818					
Increase/Decrease in Year	188	818	(110)	405	1,301	(9,976)	(8,675)
Balance at 31 March 2015	2,998	4,899	1,353	1,733	10,983	(3,274)	7,708

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2015	2,998	4,899	1,353	1,733	10,983	(3,274)	7,708
Movement in Reserves 2015/16							
Surplus/(Deficit) on provision of services	(213)				(213)		(213)
Other Comprehensive Income and Expenditure						13,554	13,554
Total Comprehensive Income and Expenditure	(213)				(213)	13,554	13,341
Adjustments between accounting basis & funding basis (Note 6)	2,251		1,291	(489)	3,053	(3,053)	
Net Increase/Decrease before Earmarked Reserves	2,038		1,291	(489)	2,841	10,501	
Transfers (to) / from Earmarked Reserves (Note 7)	(758)	758					
Increase/Decrease in Year	1,280	758	1,291	(489)	2,841	10,501	13,341
Balance at 31 March 2016	4,279	5,657	2,644	1,244	13,825	7,227	21,049

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.

2014/15				2015/16		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
1,667	(464)	1,203	Central services to the public	2,242	(976)	1,266
6,445	(3,128)	3,317	Cultural and Related Services	5,984	(2,976)	3,008
6,810	(3,779)	3,031	Environmental & Regulatory Services	7,595	(4,211)	3,384
3,736	(2,395)	1,341	Planning Services	3,485	(1,590)	1,895
926	(1,949)	(1,023)	Highways and transport services	982	(1,810)	(828)
21,994	(21,069)	925	Other housing services	21,607	(20,776)	831
1,789	(108)	1,680	Corporate and democratic core	1,860	(71)	1,789
188	0	188	Non-distributed costs	180	0	180
43,555	(32,892)	10,663	Cost of Services	43,935	(32,410)	11,525
1,954	(735)	1,219	Other Operating Expenditure (Note 8)	1,720	(709)	1,011
1,608	(988)	620	Financing and Investment income and Expenditure (Note 9)	2,923	(2,198)	725
10,967	(22,968)	(12,001)	Taxation and Non-Specific Grant Income (Note 10)	11,754	(24,802)	(13,048)
58,084	(57,583)	500	(Surplus) or Deficit on Provision of Services (cash flow)	60,332	(60,119)	213
		(177)	(Surplus) or deficit on revaluation of non-current assets			(3,286)
		8,352	Re-measurement of the net defined benefit liability			(10,268)
		8,175	Other Comprehensive Income and Expenditure			(13,554)
		8,675	Total Comprehensive Income and Expenditure			(13,341)

BALANCE SHEET

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

31 March 2015		Notes	31 March 2016
£000			£000
36,832	Property, Plant & Equipment	11	41,635
515	Heritage Assets	12	515
5,408	Investment Property	13	5,572
153	Intangible Assets		119
242	Long Term Debtors	14	202
43,150	Long Term Assets		48,043
1,170	Investment Property	13	0
0	Assets Held for Sale	17	80
49	Inventories		60
3,953	Short Term Debtors	15	4,672
12,037	Short Term Investments	14	15,521
4,338	Cash and Cash Equivalents	16	4,419
21,547	Current Assets		24,752
(16)	Short Term Borrowing	14	(77)
(10,586)	Short Term Creditors	18	(9,609)
(1,863)	Provisions	19	(1,789)
(136)	Capital Grants Receipts in Advance	33	(686)
(12,601)	Current Liabilities		(12,161)
(31)	Long Term Borrowing	14	(1,415)
(60)	Long Term Liabilities: Finance Leases	36	(1,908)
(44,069)	Long Term Liabilities: Defined Benefit Pension	38	(35,820)
(228)	Capital Grants Receipts in Advance	33	(440)
(44,388)	Long Term Liabilities		(39,583)
7,708	Net Assets		21,051
10,983	Usable Reserves	20	13,825
(3,275)	Unusable Reserves	21	7,227
7,708	Total Reserves		21,051

CASHFLOW STATEMENT

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

2014/15 £000		2015/16 £000
(500)	Net surplus or (deficit) on the provision of services	(213)
8,128	Adjustments to Net Surplus or Deficit on the provision of services for non-cash movements (Note 22)	2,613
(3,839)	Adjustments for items included in the Net Surplus or Deficit on the provision of services that are investing and financing activities (Note 23)	(3,350)
3,789	Net cash flows from Operating Activities	(950)
(4,961)	Investing Activities (Note 24)	(1,579)
2,023	Financing Activities (Note 25)	2,610
851	Net increase or (decrease) in cash and cash equivalents	81
3,487	Cash and cash equivalents at the beginning of the reporting period	4,338
4,338	Cash and cash equivalents at the end of the reporting period (Note 16)	4,419

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NOTES TO THE ACCOUNTS

1. Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2015/16 financial year and its position at the year end of 31 March 2016. 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 2015/16 and the Service Reporting Code of Practice, supported by International Financial Reporting Standards (IFRS) and Statutory guidance issued under Section 12 of the 2003 Local Government Act.

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

Accruals of Income and Expenditure

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

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

Recognition of Revenues-Council Tax and Non-Domestic Rates

Accounting for Council Tax

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

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

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

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Accounting for Non-Domestic Rates (NDR)

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

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

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

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

Cash and Cash Equivalents

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

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

Exceptional Items

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

Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from Revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a

NOTES TO THE ACCOUNTS

prudent basis determined by the Council in accordance with statutory guidance known as the Minimum Revenue Provision (MRP). Our MRP policy is:

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

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

Employee Benefits

Benefits Payable during Employment

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

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

Termination Benefits

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

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

Post-Employment Benefits

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

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

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

- The liabilities of the Staffordshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

NOTES TO THE ACCOUNTS

- Liabilities are discounted to their value at current prices, using a discount rate of **3.2%** (based on the indicative rate of return on high quality corporate bonds).
- The assets of Staffordshire Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Quoted securities professional estimate.
 - Unquoted securities current bid price.
 - Unitised securities current bid price.
 - Property market value.
- The change in the net pensions liability is analysed into the following components:

Service cost comprising:

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

Re-measurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains or losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the Staffordshire Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

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measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

Events after the Balance Sheet Date

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

Two types of events can be identified:

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

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

Financial Instruments

Financial Liabilities

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

Financial Assets

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

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

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

NOTES TO THE ACCOUNTS

Government Grants and Contributions

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

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

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

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

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

Community Infrastructure Levy

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds where applicable and as set out in the charging schedule (once adopted) The Council will charge for and collect the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area. The Council has agreed a charging schedule which has been independently examined and adopted by Full Council. CIL will be implemented during 2016/17.

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

Heritage Assets

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

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.

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Art Collection:

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

Other Items:

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

Heritage Assets - General

The carrying amount of heritage assets are reviewed where there is evidence of impairment for heritage assets eg where an item has suffered physical deterioration or breakage or where doubts arise over its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment - see page 57 (Impairment) and pages 55 to 58 (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 55 to 58 (Property, Plant and Equipment) in this Summary of Accounting Policies).

Inventories

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

Investment Properties

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

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

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in

NOTES TO THE ACCOUNTS

the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than **£10,000**) the Capital Receipts Reserve.

Jointly Controlled Operations and Jointly Controlled Assets

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

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

The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs in full and not just in respect of its interest in the joint venture and income that it earns from the venture.

Leases

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

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

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

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

NOTES TO THE ACCOUNTS

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

Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2015/16 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

Property, Plant and Equipment

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

Recognition

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

De Minimis Level

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

- Infrastructure, community assets and assets under construction - depreciated historical cost.
- All other assets - fair value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

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

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

Component Accounting Policy for Property, Plant and Equipment

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

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

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

Policy for Componentisation

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

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

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

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

A component must:

- (v) Have a cost of at least **£100,000**, or
- (vi) Cost at least **15%** of the overall asset (whichever is higher), and
- (vii) Have a useful life which is at least **plus or minus five years** from other components of the overall asset.

NOTES TO THE ACCOUNTS

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

Valuation

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

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

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

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

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

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

Impairment

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

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

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

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Depreciation

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

Depreciation is calculated on the following bases:

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

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

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

NOTES TO THE ACCOUNTS

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

Provisions

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

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

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

Contingent Liabilities

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

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

Reserves

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

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

Revenue Expenditure Funded from Capital under Statute

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

VAT

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

NOTES TO THE ACCOUNTS

Carbon Reduction Commitment Allowances

ACCOUNTING FOR THE COSTS OF THE CARBON REDUCTION COMMITMENT SCHEME

The authority is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. The authority is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the authority is recognised and reported in the costs of the authority's services and is apportioned to services on the basis of energy consumption. For 2015/16, Lichfield District Council falls below the nationally agreed Carbon Reduction Commitment Scheme limit.

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

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

- International Accounting Standard (IAS) 1 Presentation of Financial Statements. This standard provides guidance on the form of the financial statements. The 'Telling the Story' presentation of the Local Authority Financial Statements as well as the December 2014 changes to IAS 1 under the International Accounting Standards Board (IASB) Disclosure Initiative, will result in changes to the format of the accounts in 2016/17. The format of the Comprehensive Income and Expenditure Account and Movement in Reserves Statement will change and introduce an new Expenditure and Funding Analysis.
- Other changes are due to Annual Improvement to International Financial Reporting Standards (IFRS) cycles; IFRS 11 Joint Arrangements; IAS 16 Property, Plant and Equipment; IAS 38 Intangible Assets; IAS 19 Employee Benefits. These changes are minor and are not expected to have a material effect on the Council's Statement of Accounts.

The Code requires implementation from 1 April 2016, and there is therefore no impact on the 2015/16 Statement of Accounts.

3. Critical judgements in applying accounting policies

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

The critical judgements made in the Statement of Accounts:

1. There is a high degree of uncertainty about future levels of funding for Local Government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
2. The Council hosts the Joint Waste Service with Tamworth Borough Council and is responsible for management of the arrangement including the refuse fleet. Each Council is responsible for showing its share of income and expenditure and assets and liabilities within its Financial Statements. In February 2016 the Council procured a new waste fleet using a contract hire arrangement that has been evaluated under IAS 17 as a finance lease. The value of assets procured and the finance lease obligation was **£2,240,000**. At the 31 March 2016 the Net Book Value of the Assets was **£1,792,000** and the value of the finance lease obligation was **£2,190,000**. The assets of the operation in respect of vehicles, equipment, land and buildings have been assessed as being under the control of Lichfield District Council and are therefore shown on this Authority's Balance Sheet. The Joint Waste Service shares joint income and expenditure based on the ratio of properties in each area and the current ratio is **57.5%** Lichfield and **42.5%** Tamworth.

NOTES TO THE ACCOUNTS

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

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

The items in the Authority's Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £57,000 and for vehicles, plant and equipment would increase by £135,000 for every year that useful lives had to be reduced.
Business Rate Appeals	<p>Local Authorities from 1 April 2013 are liable for successful appeals against business rates charged to businesses in 2014/15 and earlier years in proportion to their share (40% for this Council). A provision has been recognised as the best estimate of the amount that businesses have been overcharged up to 31 March 2016. The estimate has been calculated using the Valuation Office Agency (VOA) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2016.</p> <p>Total Rateable Value of Appeals Outstanding at 31 March 2015 = £42.0m</p> <p>Provision = £4.12m</p> <p>Provision as a % of Appeals Outstanding = 9.81%</p>	<p>The key assumptions we have made in the calculation of the provision for Business Rate Appeals using Rateable Values (RV) are summarised below for both the 2005 and 2010 lists:</p> <p><u>2005 List</u> Average success rate 45.18% Average reduction in RV 10.40% Combined 4.70%</p> <p><u>2010 List</u> Average success rate 2.20% Average reduction in RV 7.92% Combined 2.31%</p> <p><u>Overall</u> Average success rate 38.36% Average reduction in RV 9.59% Combined 3.68%</p> <p>Each 1% increase in the overall Combined figure would increase the provision by £845,000. The Council's share of this increase at 40% would be £338,000.</p>
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £11,164,000 a 1 year, increase in member life expectancy would amount to £3,001,000 and 0.5% increase in Salary and pension rate would amount to £3,807,000 and £7,137,000 respectively.
Sundry Income and Housing Benefit Overpayment Debtors	At 31 March 2016, the Council had a balance of sundry income debtors of £2,003,000 . A review of arrears suggested that an impairment of doubtful debts of 38% (£764,000) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	The element of debtors not covered by the Bad Debt Provision is £1,231,000 (62%) . Each 1% increase in the percentages used to calculate the Bad Debt provision would increase the provision by £12,000 .

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

NOTES TO THE ACCOUNTS

5. Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Deputy Section 151 on 16 June 2016.

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

Sale and Transfer of Non-Current Assets

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

- Bore Street Shops – these assets are valued at **£1,797,500** and the Council is currently in the process of identifying a purchaser.

The Council is also in the process of transferring a number of other assets such as Open Space to other bodies.

6. Adjustments between accounting basis and funding basis under Regulations

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

NOTES TO THE ACCOUNTS

	2015/16				2014/15			
	Usable Reserves			Movement in Unusable Reserves £000	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000		General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES):								
Charges for depreciation and impairment of non-current assets	1,700			(1,700)	1,399			(1,399)
Revaluation (gains) / losses on Property, Plant and Equipment	(134)			134	(180)			180
Movements in the market value of investment properties	(164)			164	(214)			214
Amortisation of intangible assets	20			(20)	43			(43)
Capital grants and contributions applied	(445)			445	(384)			384
Revenue expenditure funded from capital under statute	714			(714)	581			(581)
Amounts on non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	1,247			(1,247)	308			(308)
Movement on loans due or advanced to the CIES								
Insertion of Items not debited or credited to the CIES								
Statutory provision for the financing of capital investment	(351)			351	(334)			334
Capital Expenditure charged to the General Fund	(478)			478	(299)			299
Adjustments primarily involving the Capital Grants Unapplied Account								
Capital Grants and Contributions unapplied credited to the CIES	342		(342)		(606)		606	
Application of grants to capital financing transferred to the Capital Adjustment Account			(147)	147		(201)		201
Adjustments primarily involving the Capital Receipts Reserve								
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	(1,242)	1,242			(94)	94		
Unattached Capital Receipts not related to current year asset disposal to the CIES	(594)	594			(503)	503		
Use of the Capital Receipts Reserve to finance new capital expenditure			(546)	546		(721)		721
Contribution from the capital receipts reserve towards administrative costs of non-current asset disposals								
Contribution from the capital receipts reserve to finance the payments to the Government capital receipts pool	5	(5)			1	(1)		
Transfer from deferred capital receipts reserve upon receipt of cash			6	(6)		15		(15)
Adjustments primarily involving the Pensions Reserve								
Reversal of items relating to retirement benefits debited or credited to the CIES	3,748			(3,748)	3,345			(3,345)
Employers pension contributions and direct payments to pensioners payable in the year	(1,729)			1,729	(1,645)			1,645
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	(375)			375	84			(84)
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	(13)			13	4			(4)
Total Adjustments	2,251	1,291	(489)	(3,053)	1,506	(110)	405	(1,801)

NOTES TO THE ACCOUNTS

7. Transfers (to) / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2015/16. Reserves identified as restricted are required under legal agreements and can only be used for defined purposes.

	Balance at 31 March 2014	Transfers Out 2014/15	Transfers In 2014/15	Balance at 31 March 2015	Transfers Out 2015/16	Transfers In 2015/16	Balance at 31 March 2016
	£000	£000	£000	£000	£000	£000	£000
General Fund:							
Earmarked General Reserve	(1,963)		(485)	(2,448)	779	(857)	(2,526)
Earmarked Reserve-Restricted	(52)		(3)	(55)		(34)	(89)
Election Reserve	(117)	20		(97)	83	(115)	(129)
Public Open Spaces Reserve- Restricted	(104)	13		(91)		(356)	(447)
Joint Waste Shared Service Reserve-Restricted	(330)		(182)	(512)	11	(83)	(584)
Building Regulations Reserve (Restricted)	(61)		(24)	(85)		(61)	(146)
Development Grant Aid Reserve	(52)		(7)	(59)	54	(15)	(20)
Birmingham Road Car Park Capital Reserve -Restricted	(1,402)		(150)	(1,552)		(164)	(1,716)
Total	(4,081)	33	(851)	(4,899)	927	(1,685)	(5,657)

The **Earmarked General Reserve** has been provided to fund expenditure items in 2015/16 and beyond including Fit for the Future Budget Reduction Programme, also income from Government Grants received which have no conditions attached but which have been set aside for use in providing specific services.

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

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

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

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

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

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

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

NOTES TO THE ACCOUNTS

8. Other Operating Expenditure

2014/15 £000		2015/16 £000
1,506	Parish council precepts	1,523
1	Payments to the Government Housing Capital Receipts Pool	5
(4)	Deferred Receipts on loans and advances	0
214	(Gains)/Losses on the disposal of non-current assets	77
(499)	Unattached Capital Receipts	(594)
1,218	Total	1,010

9. Financing and Investment Income and Expenditure

2014/15 £000		2015/16 £000
15	Interest payable and similar charges	54
1,466	Pensions interest cost and expected return on pensions assets	1,420
(103)	Interest receivable and similar income	(148)
(644)	Income and expenditure in relation to investment properties and changes in their fair value	(566)
(114)	Net (Surplus)/Deficit on Trading Undertakings	(35)
620	Total	725

10. Taxation and Non-Specific Grant Income

2014/15 £000		2015/16 £000
(6,885)	Council tax income	(7,053)
	<u>Business Rates</u>	
(12,088)	Council Share of Retained Business Rates	(13,755)
10,967	Less : Business Rates Tariff	11,176
0	Less : Business Rates Levy	578
0	Add : Business Rates Levy Repayable	(188)
(3,957)	Non-ring fenced government grants	(3,768)
(38)	Capital grants and contributions	(38)
(12,001)	Total	(13,048)

Non-ring fenced Government Grants are comprised of:

2014/15 £000		2015/16 £000
(1,203)	New Homes Bonus	(1,539)
0	Returned New Homes Bonus	(6)
(2,116)	Formula Grant	(1,451)
(105)	New Burdens Grants	(128)
(354)	Small Business Rates relief	(362)
(2)	Long Term Empty Property Relief	(2)
(159)	Retail Relief Grant	(244)
(18)	Business Rate Inflation Cap	(36)
(3,957)		(3,768)

NOTES TO THE ACCOUNTS

11. Property, Plant and Equipment

Movements in 2015/16:

	Other Land and buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation						
At 1 April 2015	31,936	7,914	346	3,634	744	44,574
Additions	186	2,878			161	3,225
Revaluation increases/(decreases) recognised in the revaluation reserve	1,775					1,775
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(198)					(198)
De-recognition – disposals		(1,345)				(1,345)
At 31 March 2016	33,700	9,447	346	3,634	905	48,032
Accumulated Depreciation and Impairment						
At 1 April 2015	(1,504)	(6,047)	(41)	0	(151)	(7,743)
Depreciation charge	(801)	(896)	(3)			(1,700)
Depreciation written out to the revaluation reserve	1,674					1,674
Depreciation written out to the surplus/deficit on the provision of services	74					74
Impairment losses/(reversals) recognised in the revaluation reserve	12					12
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	3					3
De-recognition – disposals		1,283				1,283
At 31 March 2016	(542)	(5,661)	(44)	0	(151)	(6,397)
Net Book Value						
At 31 March 2016	33,158	3,786	302	3,634	754	41,635
At 31 March 2015	30,432	1,866	305	3,634	594	36,832

NOTES TO THE ACCOUNTS

Comparative Movements in 2014/15:

	Other Land and buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation							
At 1 April 2014	31,971	7,356	346	3,613	456	693	44,435
Additions	(21)	878		21		51	930
Revaluation increases/(decreases) recognised in the revaluation reserve	97						97
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	129						129
De-recognition – disposals	(240)	(321)					(561)
Asset reclassifications					(456)		(456)
At 31 March 2015	31,936	7,914	346	3,634	0	744	44,574
Accumulated Depreciation and Impairment							
At 1 April 2014	(906)	(5,699)	(38)	0	(17)	(151)	(6,811)
Depreciation charge	(737)	(659)	(3)				(1,399)
Depreciation written out of the revaluation reserve	88						88
Depreciation written out to the surplus/deficit on the provision of services	51						51
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	311					311	311
De-recognition – disposals				17		17	
At 31 March 2015	(1,504)	(6,047)	(41)	0	0	(151)	(7,743)
Net Book Value							
At 31 March 2015	30,432	1,866	305	3,634	0	594	36,832
At 31 March 2014	31,065	1,657	308	3,613	439	542	37,624

NOTES TO THE ACCOUNTS

Other Land & Buildings Break-down

2014/15 £000		2015/16 £000
6,466	Arts Facility	7,255
350	Bus Station	350
939	Depot	1,000
700	Garage	700
9,903	Leisure Centre	11,779
2,375	Multi-storey Car Parks	2,311
1,998	Offices	2,059
52	Other Land & Buildings	50
414	Parks and Sports Grounds	421
874	Pavilions	843
505	Pool	500
304	Public Conveniences	223
79	Residential	100
3,981	Retail	4,035
1,491	Surface Car Parks	1,532
30,432	Total	33,158

Depreciation

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

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

Capital Commitments

At 31 March 2016, the Council had **£872k** of capital commitments relating to refuse vehicles on finance leases that were not received by 31 March 2016. Last year the value was **£1.07** million which related to the upgrade of its ICT infrastructure.

Effects of Changes in Estimates

In 2015/16, the Council made no material changes to its accounting estimates for Property, Plant and Equipment.

NOTES TO THE ACCOUNTS

Revaluations

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

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

	Other Land and buildings £000	Vehicles, Plant, Furniture & Equipment £000	Total £000
Carried at historical cost	23	3,786	3,809
Valued at fair value as at:			
- 31 March 2016	23,125		23,125
- 31 March 2015	1,268		1,268
- 31 March 2014	5,793		5,793
- 31 March 2013	2,948		2,948
Total Cost or Valuation	33,158	3,786	36,944

12. Heritage Assets

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

Movements in 2015/16:

	Statues £000	Art Collection £000	Other Items £000	Total Assets £000
Cost or Valuation				
At 1 April 2015	305	80	130	515
At 31 March 2016	305	80	130	515

Cost or Valuation				
At 1 April 2014	305	80	130	515
At 31 March 2015	305	80	130	515

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.

NOTES TO THE ACCOUNTS

Art Collection

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

Other Items

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

Preservation and Management

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

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

In addition, there are four assets – the Lych Gate, a War Memorial, the Museum Gardens Balustrade and the Martys 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.

13. 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:

2014/15 £000		2015/16 £000
536	Rental income from investment property	447
107	Direct operating expenses arising from investment property	119
643	Net gain / (loss)	566

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:

2014/15 £000		2015/16 £000
5,928	Balance at the start of the year	6,578
	Disposals	(1,170)
5	Additions	0
206	Net gains/(losses) from fair value adjustments	164
439	Transfers: From Surplus Assets	0
6,578	Balance at the end of the year	5,572
5,408	Long Term Assets	5,572
1,170	Current Assets	0

	2014/15			2015/16		
	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Fair Value as at 31 March 2015 £000	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Fair Value as at 31 March 2016 £000
Residential Properties		54	54		54	54
Office Units	780		780	780		780
Commercial Units	5,400	344	5,744	4,230	508	4,738
Total	6,180	398	6,578	5,010	562	5,572

14. Financial Instruments

Financial Instruments – Classifications

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

Financial Liabilities

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:

- Two long term loans with the Public Works Loans Board and Salix.
- Finance leases detailed at note 36.
- Trade payables for goods and services received.

Financial Assets

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

NOTES TO THE ACCOUNTS

Loans and receivables comprise:

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

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

- Money market funds.
- Certificates of Deposit issued by banks and building societies.
- Treasury Bills.

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

Financial Assets	Long Term		Short Term	
	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000
Loans and receivables:				
- Principal at amortised cost			11,000	9,500
- Accrued interest			37	17
Available-for-sale investments:				
- Principal at amortised cost			1,000	6,000
- Accrued interest				4
Total Investments			12,037	15,521
Loans and receivables:				
- Cash (including bank accounts)			507	418
Available-for-sale investments:				
- Cash equivalents at fair value			3,830	4,000
- Accrued interest			1	1
Total Cash and Cash Equivalents			4,338	4,419
Debtors				
Trade receivables	242	202	3,134	3,583
Total included in Debtors	242	202	3,134	3,583
Total Financial Assets	242	202	19,509	23,523

Financial Liabilities	Long Term		Short Term	
	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000
Loans at amortised cost:				
Principal sum borrowed	(31)	(1,415)	(16)	(77) ²
Total Borrowing	(31)	(1,415)	(16)	(77)
Liabilities at amortised cost:				
Finance leases	(60)	(1,908)		
Total other Long Term Liabilities	(60)	(1,908)		
Liabilities at amortised cost:				
Trade payables			(4,466)	(4,874)
Finance leases			(188)	(414)
Included in Creditors			(4,654)	(5,288)
Total Financial Liabilities	(91)	(3,323)	(4,670)	(5,365)

Offsetting Financial Assets and Liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it either intends to settle on a net basis, or to realise the asset and settle the liability simultaneously. The Council had no legally enforceable right to set off financial assets and liabilities (all bank accounts with the Council's bank were either in credit or £0) at the 31 March 2016.

² (19)k Accrued Interest included within Short Term Creditors

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:

2014/15 Total		Financial Liabilities	Financial Assets		2015/16 Total
		Amortised Cost £000	Loans and Receivables £000	Available for Sale Assets £000	
15	Interest Expense	53			53
15	Interest payable and similar charges	53			53
(103)	Interest Income		(68)	(80)	(148)
(103)	Interest and Investment Income		(68)	(80)	(148)
(88)	Net Gain / (Loss) for the Year	53	(68)	(80)	(95)

Financial Instruments - Fair Values

Financial assets classified as available for sale are carried in the Balance Sheet at fair value. For most assets, including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated calculating the net present value of the remaining contractual cash flows at 31st March 2016, using the following methods and assumptions:

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

Financial assets classified as loans and receivables and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2016, 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 31st 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 2015		31 March 2016	
		Balance Sheet £000	Fair Value £000	Balance Sheet £000	Fair Value Level
<u>Financial assets held at fair value:</u>					
Money market funds	1	3,831		4,001	
Financial assets for which fair value is not disclosed:		15,920		19,724	
Total Financial Assets		19,751		23,725	
Recorded on the Balance Sheets as:					
Short Term Investments		12,037		15,521	
Cash & Cash Equivalents		4,338		4,419	
Short-term Debtors		3,134		3,583	
Long-term Debtors		242		202	
Total Financial Assets		19,751		23,725	

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

	Fair Value Level	31 March 2015		31 March 2016	
		Balance Sheet £000	Fair Value £000	Balance Sheet £000	Fair Value £000
<u>Liabilities</u>					
Long-term loans from PWLB	2			(1,461)	(1,499)
Other Long-term loans	2	(47)	(47)	(31)	(31)
Finance Lease liabilities	2	(248)	(251)	(2,322)	(2,377)
Total		(295)	(298)	(3,814)	(3,907)
Liabilities for which fair value is not disclosed		(4,467)		(4,874)	
Total Financial Liabilities		(4,762)		(8,688)	
Recorded on the Balance Sheet as:					
Short term creditors		(4,467)		(4,874)	
Finance Lease Liabilities		(248)		(2,322)	
Short Term Borrowing		(16)		(77)	
Long-term Borrowing		(31)		(1,415)	
Total Financial Liabilities		(4,762)		(8,688)	

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

15. Short Term Debtors

31 March 2015 £000		31 March 2016 £000
724	Central government bodies	1,020
210	Council tax payers	349
540	Business rate payers	510
1,474	Total statutory debtors	1,879
289	Manual prepayments	308
1,087	Other local authorities	958
3	NHS Bodies	7
2,044	Other entities and individuals	2,618
3,134	Total trade debtors	3,583
4,897	Total debtors	5,770
Less bad debt provision:		
(97)	Council tax payers	(127)
(213)	Business rate payers	(197)
(634)	General debtors	(763)
0	Lichfield BID	(11)
3,953	Total debtors	4,672

NOTES TO THE ACCOUNTS

16. Cash and Cash Equivalents

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

31 March 2015 £000		31 March 2016 £000
8	Cash held by the Authority	8
500	Bank Accounts	411
3,830	Money Market Funds	4,000
4,338		4,419

17. Assets Held for Sale

31 March 2015 £000		31 March 2016 £000
0	A Residential Property	80
0		80

18. Short Term Creditors

31 March 2015 £000		31 March 2016 £000
(3,292)	Central government bodies	(2,707)
(121)	Council tax payers	(222)
(310)	Business rate payers	(263)
(3,723)	Total statutory creditors	(3,192)
(2,396)	Receipts in advance	(1,544)
(2,464)	Other local authorities	(2,933)
(3)	NHS Bodies	(17)
0	Public corporations and trading funds	(1)
(2,000)	Other entities and individuals	(1,923)
(4,467)	Total trade creditors	(4,874)
(10,586)	Total creditors	(9,609)

19. Provisions

The Council had two provisions:

	Outstanding Legal Cases £000	Business Rates Appeals £'000	Other Provisions £000	Total £000
Balance at 1 April 2015	(183)	(1,670)	(10)	(1,863)
Additional provisions made in 2015/16	(42)	(200)	0	(242)
Amounts used in 2015/16	85	222	10	317
Balance at 31 March 2016	(140)	(1,648)	0	(1,789)

NOTES TO THE ACCOUNTS

Outstanding Legal Cases

The Authority has two legal cases in progress that have been provided for:

- **Personal search fees**

These relate to Environmental Information Regulations (EIR) 2004. In August 2010 the government revoked the personal search fee of the local land charges register because it was incompatible with the EIR. The EIR specifically state that environmental information contained on a register or list must be made available for personal inspection at no charge. Private property search companies have now brought legal action against authorities for charges levied from 1 January 2005 onwards which are alleged to be unlawful under the EIR our estimated liability is **£31,341**

- **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 **£109,113**. On the 13 November 2012 at the Board Meeting of Municipal Mutual the decision was made to trigger the Scheme of Arrangement, Control of the Company has been passed to the Scheme Administrators Ernst & Young LLP. Provision has been made for the amount of liability.

Business Rates Appeals

The amount of **£1,648,144** relates to an estimate of Business Rate refunds from successful appeals up to 31 March 2016.

Other Provisions

All other provisions are individually insignificant totalling **£9,520** these have been used in 2015/16.

20. Usable Reserves

2014/15 £000		2015/16 £000
2,998	General Fund	4,279
1,733	Capital Grants Unapplied	1,244
1,353	Capital Receipts Reserve	2,644
4,899	Earmarked Reserves	5,657
10,983	Total Usable Reserves	13,825

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

21. Unusable Reserves

2014/15 £000		2015/16 £000
3,450	Revaluation Reserve	6,571
37,938	Capital Adjustment Account	36,687
54	Deferred Capital Receipts	47
(44,069)	Pensions Reserve	(35,820)
(420)	Collection Fund Adjustment Accounts	(46)
(226)	Accumulated Absence Account	(213)
(3,275)	Total Unusable Reserves	7,227

NOTES TO THE ACCOUNTS

Revaluation Reserve

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

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

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

2014/15 £000			2015/16 £000
3,474	Balance at 1 April		3,450
221	Upward revaluation of assets	3,286	
(44)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services		
177	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		3,286
(109)	Difference between fair value depreciation and historical cost depreciation	(165)	
(92)	Accumulated gains on assets sold or scrapped	0	
(201)	Amount written off to the Capital Adjustment Account		(165)
3,450	Balance at 31 March		6,571

Capital Adjustment Account

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

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

NOTES TO THE ACCOUNTS

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

2014/15 £000			2015/16 £000
37,734	Balance at 1 April		37,938
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(1,399)	• Charges for depreciation and impairment of non-current assets	(1,700)	
180	• Revaluation gains/losses on Property, Plant and Equipment	134	
(43)	• Amortisation of intangible assets	(20)	
(581)	• Revenue expenditure funded from capital under statute	(714)	
(216)	• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Account	(1,247)	
(2,059)	Adjusting amounts written out of the Revaluation Reserve		(3,546)
109	Net written out amount of the cost of non-current assets consumed in the year		165
35,784	Capital financing applied in the year:		34,556
721	• Use of the Capital Receipts Reserve to finance new capital expenditure	546	
444	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	461	
142	• Application of grants to capital financing from the Capital Grants Unapplied Account	130	
334	• Statutory provision for the financing of capital investment charged against the General Fund	351	
299	• Capital expenditure charged against the General Fund	478	
1,940	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		1,967
214			164
37,938	Balance at 31 March		36,687

Pensions Reserve

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

NOTES TO THE ACCOUNTS

2014/15 £000		2015/16 £000
(34,017)	Balance at 1 April	(44,069)
(14,332)	Actuarial gains or losses on pensions assets and liabilities	11,651
5,980	Return on Plan Assets	(1,383)
(3,345)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(3,748)
1,645	Employer's pensions contributions and direct payments to pensioners payable in the year	1,729
(44,069)	Balance at 31 March	(35,820)

Deferred Capital Receipts Reserve

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

2014/15 £000		2015/16 £000
69	Balance at 1 April	54
(15)	Transfer to the Capital Receipts Reserve upon Receipt of Cash	(7)
54	Balance at 31 March	47

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.

Council Tax £000	Business Rates £000	2014/15 Total £000		Council Tax £000	Business Rates £000	2015/16 Total £000
61	(397)	(336)	Balance at 1 April	149	(569)	(420)
88	(172)	(84)	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	(108)	482	374
149	(569)	(420)	Balance at 31 March	41	(87)	(46)

Accumulated Absence Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year,

NOTES TO THE ACCOUNTS

eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2014/15 £000		2015/16 £000
(222)	Balance at 1 April	(226)
(4)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	13
(226)	Balance at 31 March	(213)

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

2014/15 £000		2015/16 £000
1,442	Depreciation, amortisation and impairment	1,720
(180)	Downward revaluations	(134)
309	Carrying Amount of non-current assets disposed in the year	1,247
989	Increase / (Decrease) in Provisions	(74)
24	(Increase) / Decrease in Stock	(10)
2,946	(Increase) / Decrease in Debtors	(834)
1,085	Increase / (Decrease) in Creditors	(1,222)
1,700	Movement in pension liability	2,019
(187)	Other non-cash adjustments	(98)
8,128	Adjust net surplus or deficit on the provision of services for non-cash movements	2,613

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

2014/15 £000		2015/16 £000
(596)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets disposed in the year	(1,831)
(992)	Capital Grants & Contributions	(102)
(2,251)	Any other items for which the cash effects are investing or financing activities	(1,417)
(3,839)	Adjust net surplus or deficit on the provision of services for investing and financing activities	(3,350)

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.

NOTES TO THE ACCOUNTS

24. Cash Flow Statement - Investing Activities

2014/15 £000		2015/16 £000
(1,017)	Purchase of property, plant and equipment, investment property and intangible assets	(945)
(5,800)	Proceeds from short and long term investments	(3,485)
697	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	750
1,158	Other (receipts)/payments from investing activities (including capital grants and contributions)	2,101
(4,961)	Net cash flows from Investing activities	(1,579)

25. Cash Flow Statement - Financing Activities

2014/15 £000		2015/16 £000
(212)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(251)
0	Cash receipts of short and long term borrowing	1,522
(16)	Repayments of short and long term borrowing	(77)
2,251	Council Tax and Business Rates Net Cash Inflows	1,416
2,023	Net cash flows from Financing activities	2,610

26. Cash Flow Statement - Operating Activities

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

2014/15 £000		2015/16 £000
107	Interest received	172
(15)	Interest paid	(15)
92	Net cash flows from operating activities	157

27. Amounts Reported for Resource Allocation Decisions

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

- The cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year.

NOTES TO THE ACCOUNTS

- Expenditure on some support services is budgeted for centrally and not charged to directorates.

The 2015/16 Financial Year

The net direct expenditure of the Council's principal Directorates recorded in the format of the regular Money Matters Financial Performance reports for the year on pages 15 and 16 has been converted into the prescribed SERCOP format and is shown below:

2015/16 Directorate	2015/16 Actual £000	SERCOP ANALYSIS								Trading £000	Investment Properties £000
		Central Services £000	Cultural & Related Services £000	Environmental & Regulatory Services £000	Planning Services £000	Highways, Roads & Transport Services £000	Other Housing Services £000	Corporate & Democratic Core £000	Non-Distributed Costs £000		
Chief Executive	864	275						589			
Community, Housing & Health	1,849	957	5	603	64		147	73			
Democratic, Development & Legal	169	928	218	4	(49)	(987)		290			(235)
Finance, Revenues & Benefits	2,282	1,776		18	(16)		149	177	178		
Leisure & Parks	2,826	470	1,703	614	39						
Waste Services	1,200			1,306							(106)
Net direct expenditure	9,190	4,406	1,926	2,545	38	(987)	296	1,129	178	(106)	(235)
						9,531					

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

2015/16	SERCOP ANALYSIS								
	Central Services £000	Cultural & Related Services £000	Environmental & Regulatory Services £000	Planning Services £000	Highways, Roads & Transport Services £000	Other Housing Services £000	Corporate & Democratic Core £000	Non-Distributed Costs £000	Total £000
Net direct expenditure	4,406	1,926	2,545	38	(987)	296	1,129	178	9,531
Full Cost Conversion	(3,140)	1,082	839	1,857	159	535	660	2	1,994
CIES – Cost of Services	1,266	3,008	3,384	1,895	(828)	831	1,789	180	11,525

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

NOTES TO THE ACCOUNTS

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

2015/16	SERCOP ANALYSIS								Total £000
	Central Services £000	Cultural & Related Services £000	Environmental & Regulatory Services £000	Planning Services £000	Highways, Roads & Transport Services £000	Other Housing Services £000	Corporate & Democratic Core £000	Non-Distributed Costs £000	
Fees, charges and other service income	(1,435)	(2,774)	(4,037)	(1,624)	(1,788)	(484)	(36)		(12,178)
Government Grants	(148)	(53)	(5)	(46)		(19,788)			(20,040)
Total Income	(1,583)	(2,827)	(4,042)	(1,670)	(1,788)	(20,272)	(36)	0	(32,218)
Employee Expenses	3,359	2,236	3,635	1,623	48	862	761	178	12,702
Other Service Expenses	2,883	2,157	2,717	625	586	19,783	334		29,085
Support Service Recharges	(3,697)	940	548	829	148	430	730	2	(70)
Depreciation, amortisation and impairment	304	502	526	488	178	28			2,026
Total Expenditure	2,849	5,835	7,426	3,565	960	21,103	1,825	180	43,743
CIES – Cost of Services	1,266	3,008	3,384	1,895	(828)	831	1,789	180	11,525

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

2015/16	SERCOP Analysis £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(12,178)	(2,029)		(14,207)
Interest and investment income			(148)	(148)
Income from council tax			(7,053)	(7,053)
Government Grants	(20,041)		(6,573)	(26,614)
Total Income	(32,219)	(2029)	(13,774)	(48,022)
Employee Expenses	12,701	43		12,744
Other Service Expenses	29,084	223		29,307
Support Service Recharges	(67)	67		
Depreciation, amortisation and impairment	2,026	1094		3,120
Interest Payments			54	54
Pension interest and expected return on Assets			1,420	1,420
Precepts and Levies			2,101	2,101
Payments to Housing Capital Receipts Pool			5	5
Gain or Loss on Disposal of Fixed Assets			77	77
Capital Grants & Contributions			(594)	(594)
Deferred Receipts on Loans and Advances				
Total Expenditure	43,744	1,427	3,063	48,233
(Surplus)/Deficit on the provision of services	11,524	(602)	(10,711)	211

NOTES TO THE ACCOUNTS

The 2014/15 Financial Year

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

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

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

NOTES TO THE ACCOUNTS

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

28. Principal and Agency Services

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

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

2014/15 £000	Building Control Service	2015/16 £000
540	Expenditure incurred	553
(462)	Income received	(509)
(35)	Fee payable by South Staffordshire Council	(35)
(35)	Fee payable by Tamworth Borough Council	(35)
(35)	Contribution from Lichfield District Council	(35)
(27)	(Surplus)/Deficit Transferred (To)/From Earmarked Reserves	(61)

NOTES TO THE ACCOUNTS

29. Jointly Controlled Operation

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

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

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

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

2014/15 £000		2015/16 £000
	Funding provided to the operation	
(1,904)	Contribution from Lichfield	(1,681)
(1,407)	Contribution from Tamworth	(1,242)
(3,311)	Total funding provided to the operation	(2,923)
	Expenditure met by the operation	
2,367	Pay and allowances	2,373
21	Premises costs	17
1,284	Transport costs	1,156
902	Supplies and Services	1,256
258	Support Costs	317
(1,576)	Revenue income	(2,233)
3,255	Total expenditure	2,886
(56)	Net (surplus)/deficit arising on the pooled budget during the year	(37)
(32)	Lichfield District Council's share of 57.5% of the net (surplus)/deficit arising on the operation	(21)

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.

2014/15 £000		2015/16 £000
(56)	Net (surplus) arising on the pooled budget during the year	(37)
1,904	Add: Lichfield's Contribution shown as expenditure in the CIES	1,681
(106)	Amounts not reported in the Joint Waste Service	200
1,742	Net Cost of Services in the Comprehensive Income and Expenditure Statement	1,844

NOTES TO THE ACCOUNTS

30. Members' Allowances

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

2014/15 £000		2015/16 £000
259	Allowances	272
6	Expenses	3
265	Total	275

31. Officers' Remuneration

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

		Salary, Fees and Allowances £	Performance Pay ³ £	Expenses Allowances £	Compensation for Loss of Office £	Pension Contribution £	Total £
Chief Executive	2015/16	100,283	9,507	502		22,418	132,710
	2014/15	96,029	9,137	399		20,424	125,989
Strategic Director Democratic , Development and Legal Services	2015/16	80,339	1,556	197		16,686	98,778
	2014/15	79,172	1,556	397		15,634	96,759
Strategic Director Community, Housing and Health	2015/16	80,339	1,556	236		16,672	98,803
	2014/15	79,172	1,556	320		15,634	96,682
Director of Finance, Revenues and Benefits	2015/16	72,622	1,405	156		15,051	89,234
	2014/15	71,568	1,405	187		14,114	87,274
Director of Leisure and Parks	2015/16	72,622	1,405	389		15,071	89,487
	2014/15	71,568	2,778	414		14,402	89,162

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

2014/15 Number of employees	Remuneration band	2015/16 Number of employees
2	£50,000-£54,999	3
1	£55,000-£59,999	
1	£70,000-£74,999	

³ Performance pay – this relates to the percentage of pay that is withheld and then released on the basis of performance. The amounts can vary depending on percentage and timing of payment. The payment made in 2015/16 relates to that earned in 2014/15.

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	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
£0 - £20,000	1		8		9		£50,324	
£20,001 - £40,000			2	1	2	1	£47,067	£25,734
£40,001 - £60,000			1		1		£53,218	
£100,001 - £150,000			1		1		£106,166	
Total	1	0	12	1	13	1	£256,775	£25,734

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

Exit Package Cost Band	2014/15			2015/16		
	Redundancy Package	Employers Pension Strain	Total	Redundancy Package	Employers Pension Strain	Total
£0 - £20,000	£50,129	£195	£50,324			
£20,001 - £40,000	£47,067		£47,067	£25,734		£25,734
£40,001 - £60,000	£45,584	£7,634	£53,218			
£100,001 - £150,000	£46,943	£59,223	£106,166			
Total	£189,723	£67,052	£256,775	£25,734	0	£25,734

32. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims, statutory inspections and to non-audit services provided by the Council's external auditors:

2014/15 £000		2015/16 £000
61	Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year	47
16	Fees payable to the Audit Commission for the certification of grant claims and returns for the year	5
2	Fees payable in respect of other services provided by the Audit Commission during the year (NFI)	0
79	Total	52

The fees for other services payable in 2014/15 related to the National Fraud Initiative. From 2014/15 the audit fees are being accounted for in the year to which they relate; 2014/15 includes both 2013/14 (£9k) and 2014/15 (£7k).

NOTES TO THE ACCOUNTS

33. Grant Income

The Council credited the following grants, contributions and donations to the CIES in 2015/16:

2014/15 £000		2015/16 £000
	Credited to Taxation and Non Specific Grant Income	
38	Other Contributions	38
38	Sub Total (Capital)	38
6,885	Council Tax Income	7,053
1,121	Non-Domestic rates	2,189
3,957	Non Ring Fenced Government Grants	3,768
11,963	Sub Total (Revenue)	13,010
12,001	Total	13,048

2014/15 £000		2015/16 £000
	Credited to Services	
343	Disabled Facilities Grant	384
200	Section 106 – Laurel House	0
380	Section 106 - Hawksyard	(387) ⁴
30	Other Contributions	66
953	Sub Total (Capital)	63
19,859	Housing and Council Tax Benefits	19,705
248	Department for Communities and Local Government	276
84	Other Government Departments and Agencies	272
8	Positive Futures	6
89	Office of the Police and Crime Commissioner	97
0	Planning Obligation Contributions	500
328	Contributions from other Local Authorities	358
1,409	Contributions From other Local Authorities-Shared Services	1,242
22,025	Sub Total (Revenue)	22,456
22,978	Total	22,519

⁴ Additional new information has revealed that there are conditions attached to these contributions and so they are now shown as receipts in advance.

NOTES TO THE ACCOUNTS

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver if the conditions are not met. The balances at the year-end are as follows:

31 March 2015 £000			31 March 2016 £000
	Capital Grants Receipts in Advance		
136	Other Contributions	686	
	Current Liabilities		686
228	Other Contributions	440	
	Long Term Liabilities		440
364	Total		1,125

31 March 2015 £000			31 March 2016 £000
	Revenue Grants Receipts in Advance		
75	Natural England-Environmental Stewardship	8	
688	Heritage Lottery Fund	550	
81	Neighbourhood Planning	104	
30	Other Contributions	17	
	Current Liabilities		
874	Total (shown within Current Liabilities)		679

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 (eg council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in **Note 27** on reporting for resources allocation decisions. Grant 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 2015/16, works and services to the value of **£177,000** were commissioned from companies in which twenty eight members had an interest (**£93,000** in 2014/15). Contracts were entered into in full compliance with the Council's standing orders.

NOTES TO THE ACCOUNTS

In addition, the Council paid grants totalling **£108,000** to voluntary organisations (**£107,000** in 2014/15) in which one member had a position on the governing body. Details of these declarations are recorded in the Register of Members' Interest, open to public inspection by appointment.

Other Public Bodies

The Council received the sum of **£421,000** from Bromford Housing Group in 2015/16 (**£426,000** in 2014/15) 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 2015/16 was **£2.729 million** (**£3.175 million** owed to the Council in 2014/15).

These include Staffordshire County Council, the Office of Police and Crime Commissioner (OPCC), the Fire Authority and Parish Councils, all of which issue precepts on the Council shown in the Collection Fund.

Staffordshire County Council is the administering authority for the Pension Fund and details of the employer's contributions paid by this Council are shown as a note to the accounts. Lichfield District Council works together with the County Council in a number of areas and is in receipt of funding in relation to Children's Services, Safer Community Partnership and Local Strategic Funding. In addition the County Council provides services in relation to Environmental Health sampling, Land Search and structural survey fees, hire of school premises and joint user leisure facilities.

Payment of subsidy of **£460,000** was made to the Lichfield Garrick Theatre Trust in 2015/16 (**£610,000** in 2014/15). Support services provided by the Council to the Garrick totalled **£70,520** (**£153,000** in 2014/15). Two District Councillors are members of the Board of Trustees.

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.

2014/15 £000		2015/16 £000
3,036	Opening Capital Financing Requirement	2,690
	<i>Capital Investment</i>	
930	Property, Plant & Equipment	3,225
5	Investment Properties	0
78	Intangible Assets	1
581	Revenue Expenditure Funded from Capital under Statute	714
	<i>Sources of Finance</i>	
(721)	Capital receipts	(547)
(586)	Government grants and other contributions	(591)
	<i>Sums set aside from revenue:</i>	
(299)	Direct revenue contributions	(478)
(334)	Minimum revenue provision	(351)
2,690	Closing Capital Financing Requirement	4,663

(346)	Explanation of movements in year	
	Increase/(decrease) in underlying need to borrowing (Unsupported by government financial assistance)	1,974
0	Finance lease assets returned	
(346)	Increase / (decrease) in Capital Financing Requirement	1,974

36. Leases

Council as Lessee

Finance Leases

The Council has acquired vehicles, plant furniture and equipment for waste collection, grounds maintenance, vending machines and printing devices under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2015	31 March 2016
	£000	£000
Vehicles, Plant, Furniture and Equipment	94	1,930
Total	94	1,930

NOTES TO THE ACCOUNTS

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2015	31 March 2016
	£000	£000
Finance lease liabilities (net present value of minimum lease payments)		
- current	188	415
- non-current	60	1,908
Finance costs payable in future years	9	151
Minimum lease payments	257	2,473

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2015	31 March 2016	31 March 2015	31 March 2016
	£000	£000	£000	£000
Not later than one year	196	458	188	415
Later than one year and not later than five years	61	2,015	60	1,908
Total	257	2,473	248	2,323

Operating Leases

The Council leases land, vehicles, plant and equipment to enable the provision of services to the area in line with the Council's strategic priorities.

The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2015	31 March 2016
	£000	£000
Not later than one year	461	46
Later than one year and not later than five years	67	52
Later than five years	486	481
Total	1,014	579

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

	31 March 2015	31 March 2016
	£000	£000
Minimum Lease Payments	550	430
Total	550	430

NOTES TO THE ACCOUNTS

Council as Lessor

Finance Leases

The Council only has one lease categorised as a finance lease:

- Former Arts Centre Site, Lichfield with Pergola Properties for 125 years from 25 February 2005. The Council received a single lease premium and this was treated as a usable capital receipt. Therefore, no asset or long-term debtor is shown within the Council's Financial Statements

Operating Leases

The Council leases out shops, industrial units, offices, leisure facilities and other property under operating leases to third party organisations for the following purposes:

- To provide services to the area in line with the Council's strategic priorities
- To generate income for the Council

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2015	31 March 2016
	£000	£000
Not later than one year	445	328
Later than one year and not later than five years	1,238	939
Later than five years	3,290	3,119
Total	4,973	4,386

37. Impairment Losses

The Council undertook an impairment review of its non-current assets at 31 March 2016 and no impairment was chargeable.

38. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered locally by Staffordshire County Council - this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

NOTES TO THE ACCOUNTS

Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

2014/15 £000	Local Government Pension Scheme Comprehensive Income and Expenditure Statement	2015/16 £000
	<i>Cost of Services:</i>	
1,838	- current service cost	2,328
41	- past service costs	-
	- settlements and curtailments	
	<i>Financing and Investment Income and Expenditure</i>	
1,466	- net interest expense	1,420
3,345	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	3,748
	<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	
	Remeasurement of the net defined benefit comprising:	
(5,980)	- Return on plan assets (excluding the amount included in the net interest expense)	1,383
	- Actuarial gains and losses arising on changes in demographic assumptions	
(740)	- Actuarial gains and losses arising on other experience	(1,263)
15,072	- Actuarial gains and losses arising on changes in financial assumptions	(10,388)
8,352	Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(10,268)
	<i>Movement in Reserves Statement</i>	
(10,052)	- reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	8,249
	Actual amount charged against the General Fund Balance for pensions in the year:	
1,645	- employers' contributions payable to scheme	1,729

NOTES TO THE ACCOUNTS

Pension assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

2014/15 £000	Local Government Pension Scheme	2015/16 £000
(108,083)	Present value of the defined benefit obligation	(100,029)
64,014	Net liability arising from defined benefit obligation	64,209
(44,069)	Net liability arising from defined obligation	(35,820)

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

2014/15 £000	Local Government Pension Scheme	2015/16 £000
56,238	Opening fair value of scheme assets	64,014
2,404	Interest income	2,041
5,980	Remeasurement gain(loss): - The return on plan assets, excluding the amount included in the net interest expense	(1,383)
1,528	Contributions from employer	1,611
498	Contributions from employees into the scheme	492
118	Contributions in respect of unfunded benefits	118
(2,634)	Benefits paid	(2,566)
(118)	Unfunded benefits paid	(118)
64,014	Closing position as at 31 March	64,209

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

2014/15 £000	Local Government Pension Scheme	2015/16 £000
88,303	Opening balance at 1 April	106,113
1,953	- Present value of funded liabilities	1,970
1,838	- Present value of unfunded liabilities	2,328
41	Current service cost	0
3,870	Past Service cost (including curtailments)	3,461
498	Interest costs	492
	Contribution from scheme participants	
	Remeasurement (gain)loss:	
	- Actuarial gains/losses arising from changes in demographic assumptions	
15,072	- Actuarial gains/losses from changes in financial assumptions	(10,388)
(740)	- Other experiences	(1,263)
(2,634)	Benefits paid	(2,566)
(118)	Unfunded benefits paid	(118)
108,083	Closing position as at 31 March	100,029

NOTES TO THE ACCOUNTS

Local Government Pension Scheme assets comprised:

Asset Category	Period ended 31 March 2015				Period ended 31 March 2016			
	Quoted process in active markets	Quoted process not in active markets	Total	% of Total Assets	Quoted process in active markets	Quoted process not in active markets	Total	% of Total Assets
	£000	£000	£000		£000	£000	£000	
Cash and cash equivalents	2,529.3		2,529.3	4%	3,506.7		3,506.7	5%
Equity Securities:								
- Consumer	5,489.7		5,489.7	9%	4,575.5		4,575.5	7%
- Manufacturing					3,743.3		3,743.3	6%
- Energy and Utilities	1,664.3		1,664.3	3%	1,464.3		1,464.3	2%
- Financial institutions	4,085.6		4,085.6	6%	4,140.7		4,140.7	6%
- Health and Care	2,686.6		2,686.6	4%	3,449.5		3,449.5	5%
- Information technology	2,483.1		2,483.1	4%	3,910.5		3,910.5	6%
- Other	4,921.1		4,921.1	8%	76.0		76.0	0%
Debt Securities								
- Corporate Bonds	4,859.3		4,859.3	8%	3,231.0		3,231.0	5%
Private equity:								
- All		2,033.7	2,033.7	3%		2,009.2	2,009.2	3%
Real Estate:								
- UK Property		5,210.0	5,210.0	8%		5,699.8	5,699.8	9%
Investment Funds and Unit Trusts:								
- Equities	21,213.7		21,213.7	33%	21,823.8		21,823.8	36%
- Bonds	3,422.1		3,422.1	5%	3,279.2		3,279.2	5%
- Hedge Funds		1,530.2	1,530.2	2%		1,502.8	1,502.8	2%
- Other		1,885.3	1,885.3	3%		1,796.7	1,796.7	3%
Total Assets	53,355	10,659	64,014	100%	53,201	11,009	64,209	100%

Basis for Estimating Assets and Liabilities

A Triennial Revaluation took place during 2013/14 and the financial implications of this Revaluation are included in these 2015/16 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 2016.

NOTES TO THE ACCOUNTS

The principal assumptions used by the actuary have been:

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below have been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assumes that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and type of assumptions used in preparing the sensitivity analysis below did not change from those used in previous period.

Change in assumption at 31 March 2016	Approximate % increase to employer Liability	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	11%	11,164
1 year increase in member life expectancy	3%	3,001
0.5% increase in the Salary Increase Rate	4%	3,807
0.5% increase in the Pension Increase Rate	7%	7,137

Scheme History

Local Government Pension Scheme	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £'000	2015/16 £'000
Present value of the defined benefit obligation	(66,234)	(72,884)	(85,886)	(90,255)	(108,083)	(100,029)
Net Liability arising from defined benefit obligation	46,047	47,847	54,640	56,238	64,014	64,209
Net Liability arising from defined obligation	(20,187)	(25,037)	(31,246)	(34,017)	(44,069)	(35,820)

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of **£35.820 million** has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in an overall balance of **£21.051 million** (see page 43). However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (ie before payments fall due), as assessed by the scheme actuary
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total Employers contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2017 is **£1.729 million**.

39. Contingent Liabilities

- Under the Deed of Transfer of the Council's Housing Stock to Bromford Housing Association (HomeZone) on 24 March 1997, the Council entered into certain limited warranties and covenants, which will terminate on the fortieth anniversary. The amount of any potential liability cannot be estimated.
- The Staffordshire County Council Pension fund policy requires a guarantor when admitting charitable body staff members. As such, Lichfield District Council is guarantor of pension commitments for employees transferred by TUPE to the Lichfield Garrick Theatre Trust. This affects 9 former Lichfield District Council officers. Prior to 1 February 2013, the Lichfield Garrick Theatre traded as Lichfield District Council. The amount of any potential liability is difficult to estimate due to the long term nature and market sensitivities of pension funds.
- The Council manages risk associated with insurance cover by a combination of external insurance and self-funding; the latter being limited to the policy excess. The estimated potential liability of the Council for existing claims as at 31 March 2016 is **£434,741**. No provision has been made for this amount as the outcomes of the claims are currently unknown.
- The Council is in the process of reviewing its Senior Management and Leadership structures. The final proposal will be presented to Cabinet and Employment Committee in May 2016 and Full Council in June 2016. The full cost of the restructure has yet to be determined and as a result the Council has put aside **£418,000** into an Earmarked Reserve to help mitigate this risk.
- In January 2016 the Council along with other Local Authorities received a claim for backdated mandatory Business Rate Relief under s. 43(5) and (6) of the Local Government Finance Act 1988 in relation to Burton Hospitals NHS Foundation Trust and South Staffordshire and Shropshire Healthcare NHS Foundation Trust backdated for six years. The Local Government Association (LGA) (the representative body for Local Authorities) has sought legal advice from Counsel, on our behalf, on the applications for mandatory relief from business rates, issued by GVA Grimley Ltd, on behalf of NHS trusts. Counsel advice is that NHS Trusts and Foundation Trusts are not charities, and that the applications for rate relief are therefore unfounded.

40. Contingent Assets

- Under the Deed of Transfer of the Council's Housing Stock to Bromford Housing Association (HomeZone) on 24 March 1997, the Council is entitled to a share of any housing receipts the Association receives in relation to transferred properties.
- The critical judgment in relation to the finance lease for the Joint Waste Service vehicles mean the finance lease liability is shown in this Council's Financial Statements. In the event that the Joint Waste Service ceases to operate, the Council would seek to recover an element of the outstanding lease obligations from Tamworth Borough Council.

41. Financial Instruments - Risks

The Council's activities expose it to a variety of financial risks:

- Credit risk - the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by

NOTES TO THE ACCOUNTS

the Cabinet and Full Council in the annual Treasury Management Strategy Report. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

Credit Risk: Investments

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by the three major ratings agencies – Fitch, Standard and Poor and Moodys. In addition, we will continue to monitor the credit standard of financial institutions on a regular basis through reference to:

- Credit Default Swaps (where quoted);
- Share prices (where quoted);
- Gross Domestic Product (GDP) and Net Debt as a percentage of GDP;
- Sovereign Support Mechanisms/potential support from well-resourced parent institutions
- Macroeconomic indicators;
- Corporate developments and information in the general and financial media.

The Annual Investment Strategy also imposes a maximum sum to be invested with each financial institution together with limits in relation to groups of counterparties. The credit criteria in respect of financial assets held by the Council are as detailed overleaf:

Specified Investments⁵

Financial Asset Category	Strategy Approved 3 February 2015		Strategy Approved 23 February 2016	
	Minimum Criteria	Limits	Criteria	Limits
UK Banks and Building Societies	<p><u>Minimum Long Term Rating</u></p> <p>Fitch = A- Moody's = A3 Standard and Poors = A-</p>	<p>£2 million and subject to Arlingclose advice</p>	<p>AAA AA+ AA AA- A+ A A- BBB+ BBB BBB- None</p>	<p>£1m, 5yrs £1m, 5yrs £1m, 4yrs £1m, 3yrs £1m, 2yrs £1m, 13mths £1m, 6mths £0.5m, 100days £0.5m, 1 Day £0.5m, 1 Day £0.5m, 6Mths</p>
Deposits with Money Market Funds	<p>Fitch = AAAmmf</p> <p>Moody's = Aaa/MR1+</p> <p>Standard and Poors = AAAM</p>	<p>£1.5 million</p>	<p>List provided by Financial Advisors</p>	<p>£1m</p>
UK Government	<p>Not applicable</p>	<p>No Limit</p>	<p>Not applicable</p>	<p>No Limit</p>
Local Authorities, Parish Councils etc	<p>Not applicable</p>	<p>No Limit</p>	<p>Not applicable</p>	<p>£2m</p>
Group Limit	<p>£3 million</p>		<p>£1 million</p>	
Money Market Funds Limit	<p>No Limit</p>		<p>£12 million in total</p>	
Sovereign Limits	<p>100% UK 25% Canada 25% Australia 25% Singapore</p>		<p>No Limit</p>	

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

NOTES TO THE ACCOUNTS

Non Specified Investments

Financial Asset Category	Strategy Approved 3 February 2015		Strategy Approved 23 February 2016	
	Minimum Criteria	Limits	Minimum Criteria	Limits
The Council's own bank (where credit ratings are not sufficient)	The Authority banks with National Westminster Bank. At the current time, it does meet the minimum credit criteria of A- (or equivalent) long term (BBB+). However, Even if the credit rating falls below the Authority's minimum criteria National Westminster Bank will continue to be used for short term liquidity requirements (overnight and weekend investments) and business continuity arrangements.		Unsecured investment with banks rated BBB are restricted to overnight deposits.	
Deposits with a maturity of greater than one year	<u>Minimum Long Term Rating</u> Fitch = A- Moody's = A3 Standard and Poors = A-	£2.0 million	<u>Minimum Long Term Rating</u> A	Banks /Building Societies / Corporates - £1m Government - £2m
Group Limit	£3 million		£1 million	
Sovereign Limits	100% UK 25% Canada 25% Australia 25% Singapore		No Limit	

The table below summarises the credit risk exposures of the Council's Investment Portfolio (Investments and Money Market Funds) by Credit Rating (there were no long term investments):

Credit Rating	Short Term	
	31/03/2015 £000s	31/03/2016 £000s
AAA	3,830	4,000
AA+	0	3,000
AA-	1,500	6,000
A+	1,000	1,000
A	6,000	4,000
A-	1,500	0
Unrated Building Societies	0	500
Unrated Local Authorities	2,000	1,000
Total Investments	15,830	19,500
Accrued Interest	38	27
Pre-Paid Interest	0	(4)
Cash in Hand and Bank Accounts	507	417
Balance Sheet Total for Short Term investments and Cash and Cash Equivalents	16,375	19,940

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of **£19.940m (£15.521m** of short term investments and **£4.419m** of cash equivalents) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2016 that this was likely to crystallise.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits

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. The past due but not impaired amount can be analysed by age as follows:

	31 March 2015 £000	31 March 2016 £000
Less than three months	2,513	2,917
Three to six months	117	84
Six months to one year	181	196
More than one year	324	386
Total	3,135	3,583
Average % default adjusted for current conditions	20%	21%
Credit Risk exposure	634	763

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 new Public Works Loans Board long term loan received in April 2015 is as follows:

	31 March 2015 £000	31 March 2016 £000
Less than one year	(16)	(77)
Between one year and two years	(31)	(76)
Between two years and five years	(15)	(183)
Between five years and ten years	0	(304)
Between ten years and twenty years	0	(609)
Between twenty years and thirty years	0	(243)
Total	(62)	(1,492)

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

Market Risks: Interest Rate Risk

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

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

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

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates. At 31 March 2016, 0% (2015: 0%*m*) of net principal borrowed (i.e. debt net of investments) was exposed to fixed rates and 70% (2015: 70%) to variable rates.

NOTES TO THE ACCOUNTS

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

	£000
Increase in interest receivable on variable rate investments	87
Impact on the surplus or Deficit on the Provision of Services	87
Decrease in fair value of available for sale assets	(17)
Impact on Comprehensive Income and Expenditure	(17)
Decrease in fair value of loans and receivables*	(26)
Decrease in fair value of fixed rate borrowings / liabilities*	(136)

*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.

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	2014/15 £000	Collection Fund	Council Tax £000	Business Rates £000	2015/16 £000
(53,088)		(53,088)	Income			
			Council Tax	(54,388)		(54,388)
43		43	Transfer from / (to) general fund - Council Tax Benefit	(30)		(30)
	(33,116)	(33,116)	Non-Domestic Rates		(34,460)	(34,460)
	(327)	(327)	Deferral Scheme			
	225	225	Transitional protection payments		215	215
(5)		(5)	Council Tax Family Annex's Discount Grant			
	(640)	(640)	Contribution towards previous year's Collection Fund deficit			
(53,050)	(33,858)	(86,908)	Total income	(54,418)	(34,245)	(88,663)
			Expenditure			
51,648		51,648	Precepts and demands from major preceptors and the authority	53,949		53,949
	15,645	15,645	Share of non-domestic rating income to major preceptors and the authority		16,279	16,279
	15,645	15,645	Payment with respect to central share (including allowable deductions) to central government		16,279	16,279
			Impairment of Debts / Appeals			
42	68	110	• write-offs on uncollectable amounts	56	110	166
209	235	444	• allowance for impairment	228	(42)	186
	2,570	2,570	• allowance for appeals		(54)	(54)
	125	125	Allowance for collection costs		124	124
488		488	Contribution towards previous year's Collection Fund surplus	1,006	344	1,350
52,387	34,288	86,675	Total expenditure	55,239	33,040	88,279
(663)	430	(233)	Movement on Fund (Surplus) / Deficit	821	(1,205)	(384)
(477)	993	516	Balance at the beginning of year	(1,140)	1,423	283
(1,140)	1,423	283	Balance at the end of year	(319)	218	(101)

Council Tax £000	Business Rates £000	2014/15 £000	Allocation of Collection Fund (Surplus) / Deficit	Council Tax £000	Business Rates £000	2015/16 £000
(149)	569	420	Lichfield District Council	(41)	87	46
(800)	128	(672)	Staffordshire County Council	(224)	20	(204)
(138)		(138)	Staffordshire OPCC	(39)		(39)
(53)	14	(39)	Staffordshire Fire Authority	(15)	2	(13)
	712	712	Central Government		109	109
(1,140)	1,423	283		(319)	218	(101)

COLLECTION FUND

Council Tax

Council Tax derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimating 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the collection fund by the District Council, Staffordshire County Council, Stoke-on-Trent and Staffordshire Fire and Rescue Authority and the office of the Police and Crime Commissioner Staffordshire for the forthcoming year and dividing this by the Council Tax base (the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted by **1.0%** to cover appeals, changes in discounts and bad debts that arise) **36,264** for 2015/16. This basic amount of Council Tax for a Band D property (**£1,487.67** for 2015/16) 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 2015/16 is shown below:

2014/15 £000	Council Tax	2015/16 £000
36,257	Staffordshire County Council	37,979
6,269	Staffordshire Office of Police & Crime Commissioner (OPCC)	6,441
2,387	Staffordshire Fire Authority	2,501
5,364	Lichfield District Council	5,621
	Parish Precepts :	
33	Alrewas	35
70	Armitage with Handsacre	67
219	Burntwood Town Council	224
14	Clifton Campville with Thorpe Constantine	15
13	Colton	13
2	Curborough & Elmhurst, Farewell & Chorley	3
20	Drayton Bassett	20
10	Edingale	10
11	Elford	11
53	Fazeley Town Council	53
57	Fradley and Streethay	58
19	Hammerwich	21
3	Hamstall Ridware	4
5	Harlaston	6
7	Hints and Canwell	7
12	Kings Bromley	12
596	Lichfield City Council	612
17	Longdon	17
14	Mavesyn Ridware	15
126	Shenstone	134
4	Swinfen and Packington	4
6	Wall	6
1	Weeford	1
42	Whittington and Fisherwick	42
17	Wigginton and Hopwas	18
1,371	Total Parish Precepts	1,408
51,648		53,949

COLLECTION FUND

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

Band	Band Width	2014/15 Band D Equivalent (Tax Base)			2015/16 Band D Equivalent (Tax Base)		
		Number of Dwellings	%	98.9%	Number of Dwellings	%	99.0%
	£						
A	0 to 40,000	2,229	6	2,206	2,367	6	2,343
B	40,001 to 52,000	5,835	16	5,776	6,006	16	5,946
C	52,001 to 68,000	7,428	21	7,354	7,692	21	7,615
D	68,001 to 88,000	5,693	16	5,636	5,813	16	5,755
E	88,001 to 120,000	5,205	15	5,153	5,302	15	5,249
F	120,001 to 160,000	4,635	13	4,589	4,697	13	4,650
G	160,001 to 320,000	3,804	11	3,766	3,893	11	3,854
H	320,001 upwards	707	2	700	732	2	725
Class O		115		115	127		127
TOTAL		35,651	100	35,295	36,627	100	36,264

Council Tax Allowance for Impairment

An increase in the allowance for impairment was made during 2015/16 amounting to **£227,788**. The total allowance for impairment of debt as at 31 March 2016 is **£968,515** and represents **60%** of the **£1,624,696** outstanding debt.

Non-Domestic Rates

NDR is organised on a national basis. The Government specifies an amount, the non-domestic rating multiplier **49.3p** (2014/15 **48.2p**) and the small business non-domestic rating multiplier **48.0p** (2014/15 **47.1p**) 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.

2014/15 £000		2015/16 £000
83,140	Non-Domestic rateable value at year end	82,631
33,116	Net rates payable by Ratepayers	34,460

In 2013/14, the local government finance regime was revised with the introduction of the retained business rates scheme. The scheme allows the Council to retain a proportion of the total NDR received. The Council's Share is **40%** with the remainder paid to precepting bodies.

2014/15 £000	Preceptors	Share %	2015/16 £000
15,645	Central Share Central Government	50	16,279
2,816	Major Precepting Bodies Staffordshire County Council	9	2,930
313	Staffordshire Fire Authority	1	326
12,516	Lichfield District Council	40	13,023
15,645	Total Precepting Bodies	50	16,279

NDR Allowance for Impairment

A reduction in the allowance for impairment was made during 2015/16 amounting to **£42,160**. The total allowance for impairment of debt as at 31 March 2016 is **£491,336** and represents **39%** of the **£1,269,054** outstanding debt.

GLOSSARY OF TERMS

Accounting Policies

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

Accrual

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

Accumulated Absences Account

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

Balance Sheet

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

Capital Adjustment Account

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

Capital Grants Receipts in Advance

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

Capital Receipts

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

Cash Equivalents

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

Collection Fund

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

Community Assets

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

Comprehensive Income and Expenditure Statement

This statement summarises the Council's Income and Expenditure during the financial year as well as gains and losses on assets & liabilities. Some gains and losses may not be "realised" which means the real cash impact of the gain or loss will happen at some time in the future.

Consistency

This is one of the fundamental accounting concepts requiring like items to be treated in the same way, both within an accounting period and from one period to the next.

Creditors

An amount owed by the Council for work done, goods received or services rendered, for which payment has not been made at the end of the accounting period.

Revenue expenditure funded from capital under statute (REFCUS)

Revenue expenditure funded from capital under statute relates to capital expenditure, which does not result in the acquisition of assets controlled by the Authority. An example of a revenue

GLOSSARY OF TERMS

expenditure funded from capital under statute would be an improvement grant made by the Council to another organisation.

Defined Benefit Scheme

A defined benefit scheme is a pension scheme in which the rules specify the benefits to be paid to members and the scheme is financed accordingly.

Depreciation

This is a charge made to the Comprehensive Income and Expenditure Account each year to reflect the reduction in value of Long Term Assets used to deliver services.

Debtors

Sums of money owed to the Council but not received at the end of the year.

Earmarked Reserve

A sum set aside from either External Funding (eg Grants with no conditions & Partner contributions) or Lichfield District Council Internal Revenue. Within any specified funding restrictions these sums are set aside for projects to be completed in future years.

Finance Lease

Leased Property, Plant and Equipment are treated as a Finance Lease if a substantial amount of risks and rewards of ownership are transferred to the lessee. This means that whilst legal title of ownership does not apply to the Council they are treated as “owned” on the Council’s Balance Sheet. The payments usually cover the full cost of the asset together with a return for the cost of finance.

Financial Instruments

These are contracts that give rise to a financial asset of one entity and a financial liability of another entity, including the borrowing and lending of money and the making of investments.

General Fund

The total services of the Council except for the Collection Fund, the net cost of which is met by Council Tax.

Government Grants

Grants made by the Government towards either revenue or capital expenditure, some of which have restrictions on how they may be used.

Gross Expenditure (Total Cost)

Gross expenditure includes employee costs, expenditure relating to premises, transport, supplies and services, third party payments, transfer payments, support services and capital charges.

Heritage Assets

These are assets that are held by the authority principally for their contribution to knowledge or culture.

Impairment

A reduction in the value of a fixed asset resulting from either: obsolescence, physical damage or an accepted method of asset valuation (most commonly market valuation). The present economic climate has resulted in more volatile asset values and authorities are required to consider whether circumstances are such that an Impairment is indicated and some or all asset values have revised. Asset values are revised where values have changed materially.

Infrastructure Assets

These are specialised assets that can be part of a network, do not have alternative uses, are immovable or can have constraints on their disposal. Expenditure on these assets is recoverable only by continued use of the asset created. Examples of these assets are highways and footpaths.

GLOSSARY OF TERMS

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 arms length

Liabilities

Amounts due to individuals or organisations which will have to be paid some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

Materiality

An item is material if its omission, non-disclosure or misstatement in financial statements could be expected to lead to a distortion of the view given by the financial statements.

National Non-Domestic Rates (NNDR)

Prior to 1 April 2013, the Council collected and paid rates collected into a national pool, which was then re-distributed on the basis of population.

Non-Domestic Rates (NNDR)

From 1 April 2013, the Council collects Business Rates and distributes them on the basis of **50%** Central Government, **40%** Lichfield District Council, **9%** Staffordshire County Council and **1%** Staffordshire Fire Authority.

Net Book Value

The amount at which Long Term Assets are included in the balance sheet i.e. their historical cost or current value less the cumulative amounts provided for depreciation and impairment.

Net Expenditure

Net expenditure is gross expenditure less fees, charges, recharges and specific grants.

Operating Leases

A lease whereby ownership of the asset remains with the lessor.

Post Balance Sheet Events

Material events, both favourable and unfavourable, that occur between the balance sheet date and the date on which the statement of accounts is signed by the responsible financial officer.

Property, Plant & Equipment

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

Provision

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

Revaluation Reserve

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

GLOSSARY OF TERMS

Revenue Expenditure

Expenditure on the day-to-day running costs of services eg employees, premises, supplies and services.

Non-Ring-fenced Government Grant

Central Government grant towards the cost of providing services. Being non-ring-fenced, the grant can be spent on activities at the council's discretion. The main grant falling into this category is the Formula Grant, formerly known as Revenue Support Grant. The amount received is dictated by central government.

Unusable and Usable Reserves

This is the name given to a group of accounts on the face of the Balance Sheet. The individual accounts are linked by a Note and are described earlier in this glossary. Usable reserves generally represent transactions that have happened at the Balance Sheet date. Unusable reserves usually recognise the value of transactions that will actually happen in the future.

INDEPENDENT AUDITORS REPORT

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

We have audited the financial statements of Lichfield District Council (the "Authority") for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed. Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report and the Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- present a true and fair view of the financial position of the Authority as at 31 March 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and applicable law.

INDEPENDENT AUDITORS REPORT

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report and the Annual Governance Statement is consistent with the audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 24 of the Act; or
- we make a written recommendation to the Authority under section 24 of the Act; or
- we exercise any other special powers of the auditor under the Act.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements to secure value for money through economic, efficient and effective use of its resources

Respective responsibilities of the Authority and auditor

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 20(1)(c) of the Act to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the Authority's arrangements to secure value for money through economic, efficient and effective use of its resources

We have undertaken our review in accordance with the Code of Audit Practice prepared by the Comptroller and Auditor General as required by the Act (the "Code"), having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code in satisfying ourselves whether the Authority put in place proper arrangements to secure value for money through the economic, efficient and effective use of its resources for the year ended 31 March 2016.

We planned our work in accordance with the Code. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether in all significant respects the Authority has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources.

INDEPENDENT AUDITORS REPORT

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, we are satisfied that in all significant respects the Authority has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year ended 31 March 2016.

Certificate

We certify that we have completed the audit of the accounts of the Authority in accordance with the requirements of the Act and the Code.

James Cook

James Cook
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

The Colmore Building, 20 Colmore Circus, Birmingham B4 6AT

29 September 2016

If you would like this document in another language or format, or if you require the services of an interpreter, please contact us.

Urdu

یہ دستاویز اگر آپ کو کسی دیگر زبان یا دیگر شکل میں درکار ہو، یا اگر آپ کو ترجمان کی خدمات چاہئیں تو برائے مہربانی ہم سے رابطہ کیجئے۔

Punjabi

ਜੇ ਇਹ ਦਸਤਾਵੇਜ਼ ਤੁਹਾਨੂੰ ਕਿਸੇ ਹੋਰ ਭਾਸ਼ਾ ਵਿਚ ਜਾਂ ਕਿਸੇ ਹੋਰ ਰੂਪ ਵਿਚ ਚਾਹੀਦਾ ਹੈ, ਜਾਂ ਜੇ ਤੁਹਾਨੂੰ ਗੱਲਬਾਤ ਸਮਝਾਉਣ ਲਈ ਕਿਸੇ ਖਿੱਟਰਪੈਟਰ ਦੀ ਲੋੜ ਹੈ, ਤਾਂ ਤੁਸੀਂ ਸਾਨੂੰ ਦੱਸੋ।

Arabic

إذا أردت هذه الوثيقة بلغة أخرى أو بطريقة أخرى، أو إذا كنت بحاجة إلى خدمات مترجم، فنرجو أن تقوم بالاتصال بنا.

Cantonese

本文件可以翻譯為另一語文版本，或製作成另一格式，如有此需要，或需要傳譯員的協助，請與我們聯絡。

Bengali

যদি আপনি এই ডকুমেন্ট অন্য ভাষায় বা ফরমেটে চান অথবা যদি আপনার একজন ইন্টারপ্রেটারের প্রয়োজন হয়, তাহলে দয়া করে আমাদের সাথে যোগাযোগ করুন।

French

Si vous souhaitez obtenir ce document dans une autre langue ou sous un autre format ou si vous avez besoin des services d'un interprète, veuillez nous contacter.

Farsi

اگر این مدرک را به زبانی دیگر یا در فرمتی دیگر میخواهید و یا اگر احتیاج به سرویس مترجم دارید، لطفاً با ما تماس بگیرید

Polish

Jeżeli chcieliby Państwo otrzymać ten dokument w innym języku lub w innym formacie albo jeżeli potrzebna jest pomoc tłumacza, to prosimy o kontakt z nami.

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