



Lichfield
District Council

Statement
of
Accounts
2023/24
Audited

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Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Authority, the Chief Finance Officer (CFO) is the Assistant Director - Finance and Commissioning (Section 151) with the responsibility:

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

The CFO 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 2024.

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 2024 and its income and expenditure for the year.



Anthony Thomas, CPFA, MAAT

Director – Finance, Regulation and Enforcement (Section 151) Date: 15 January 2025

The Statement of Accounts for 2023/24 has been approved by Audit Committee on 26 November 2024. The Audit Findings Report was reported to Audit Committee on 26 November 2024. The Chair has delegated authority to approve the financial statements following this date.



Chair of Audit Committee Date: 15 January 2025

NARRATIVE REPORT

Introduction

The Statement of Accounts for the year ended 31 March 2024, 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 2023/24. This is supported by the International Financial Reporting Standards (IFRS). The Statement of Accounts, therefore, aims to provide information so that for the 2023/24 financial year members of the public, including electors and residents of Lichfield District, Council Members, partners, stakeholders and other interested parties can:

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

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

- An Introduction to Lichfield District
- An Introduction to Lichfield District Council
- A Summary of the non-financial Performance of Lichfield District Council in 2023/24
- A Summary of the Financial Performance of Lichfield District Council in 2023/24
- A Summary of the Principal Risks and Uncertainties Facing Lichfield District Council
- Explanation of the Financial Statements

NARRATIVE REPORT

An Introduction to Lichfield District

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

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

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

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

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

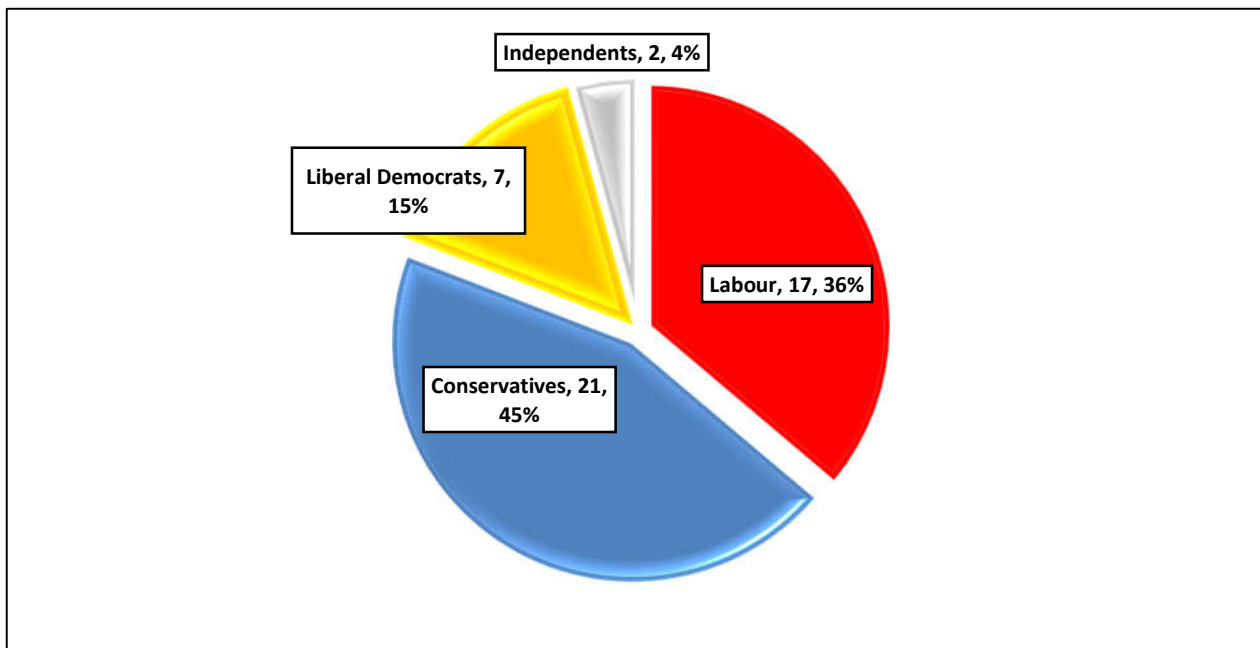
On average the district is prosperous and ranks well within the indices of deprivation (although there are areas where deprivation exists). The district performs well at all levels of education with pupils achieving above the national average. Lichfield has lower than the national average levels of unemployment.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

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

NARRATIVE REPORT

An Introduction to Lichfield District Council

Lichfield District Council was formed in 1974, from Lichfield City Council and Lichfield Rural District Council. The Council has **22** wards with **47** elected Members. The political composition of seats at 31 March 2024:



The policies of the Council are directed by Cabinet and Council and implemented by the Leadership Team supported by officers.

The Council operates in what is referred to as a 'two-tier' local government structure where services such as education, social care, children's services, highways, libraries, and trading standards are delivered by a county council, in this instance, Staffordshire County Council. There are also **26** parish, city and town councils across the district which also deliver services to the community.

Lichfield District Council provides services to a population of **106,400** people (2021 census released 28 June 2022). These services include:

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

NARRATIVE REPORT

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; governance and electoral services; insurance services; equalities; complaints and MP enquiries; mapping services.

Until 2023/24 the operational delivery of the Council's leisure centres in Burntwood and Lichfield was undertaken by Freedom Leisure in partnership with the Council (following their outsourcing in February 2018). On 1 April 2023 both leisure centres were brought back in house when they became part of the wholly owned limited company, LWM Traded Services Ltd.

NARRATIVE REPORT

The Council's non-Financial Performance

The Council has a clear vision in the form of the **Strategic Plan 2020-24** which was produced following extensive consultation and review by Member, staff, stakeholder, and resident focus groups.

The Strategic Plan is a formal statement of the Authority's purpose and intended outcomes, and it provides the basis for the Council's overall strategy, planning and other decisions. It has become increasingly important that we are clear on where we need to allocate our resources, and that we are focussing on the things that will make the biggest impact and difference. The Strategic Plan also focuses on those outcomes that are known to reduce demand and dependency on the Council's services (and the wider public purse).

The key priority outcomes that the Plan aims to achieve are:

- **Enabling people** - to help themselves and others; to collaborate and engage with us; to live healthy and active lives
- **Shaping place** - to keep it clean, green and safe; to protect our most valuable assets; to make sure sustainability and infrastructure needs are balanced
- **Developing prosperity** - to encourage growth; to enhance the district for visitors; to invest in the future
- **A good Council** - that is financially sound, transparent and accountable; is innovative and customer focussed; has respect for everyone


This Strategic Plan was approved by Full Council on 18 February 2020 and came into operation on 1 April 2020. Leadership Team and Cabinet have identified the top priority issues that needed to be addressed to ensure these are achieved during the four years after 1 April 2020. These priorities have formed the basis of the **Delivery Plan** for 2023/24 and **Service Plans** for the remainder of the plan period. The Delivery Plan captures the performance the Council has delivered so far against the aspirations set out in the Strategic Plan, then maps out the activity that will take place over the period 2020-24.

Actions are mapped directly back to commitments and aspirations in each of the Council's priorities in the Strategic Plan. They are also linked to each team service plans in addition to individual staff members' Performance targets. It is the actions that are therefore monitored.

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


The full year outcomes contained in the Strategic Plan 2020-2024 for the **Delivery Plan** relevant to 2023/24 are highlighted below:

We worked for you in 2023 - 2024 and delivered:




Lichfield District Council

Your District Council 2023/24

Contracted Everyman Cinema 


to come to Lichfield District - achieved planning permission for the reuse of the Debenhams site for the new cinema and food and beverage outlets in the city centre.

Brought Burntwood and Friary leisure centres back under direct control, investing in **new facilities** including refurbished tennis courts and a soft play centre for children at Burntwood Leisure Centre, **increasing membership by 14%.**

Worked with partners  to commence work on a **Lichfield to Chasewater greenway** for walkers and cyclists.

We supported 115 people to live independently with disabilities by approving over £1m of grants and completed **65** adaptations; halving the average time from enquiry to grant approval.

Awarded over £650k to local voluntary and community organisations to be spent over the next three years **making a difference** in our communities.

Supported over 800 residents  of all ages through our various **health and wellbeing** programmes to get active, at low or no cost.

Responded to over 91,200 customer calls, **6,084** live chats and served more than **7,800** customers face to face, **providing important support** and access to our services.

Visit www.lichfielddc.gov.uk/councilhighlights to find out more

Your District Council **2023/24**

Raised awareness

of knife crime and promoted anti-violence by bringing the Knife Angel to Lichfield district. Over **7,000 people** visited the sculpture, and over **1,200 school children** took part in educational workshops.

Investigated more than **1,100**

incidents of environmental issues such as noise, odour and smoke, protecting the environment and public health.

Provided **cost of living support**

by working with our partners to design and launch dedicated online resources at www.lichfelddc.gov.uk/costofliving, which has already had **over 1,000** unique visitors.

Engaged with over **15,000 residents**



on a range of topics, including our ambitious Lichfield District 2050 Strategy, our budget, design codes and leisure.

Processed over **1,000 planning applications,**

and **investigated 314 complaints** of planning breaches, helping to ensure the right type of developments are built in our district.

Provided **housing advice**



to 972 households, **assisted 382 people** to prevent homelessness and responded to more than 70 complaints about poor conditions in privately rented homes, **helping our residents to find homes** and challenging housing quality.

Celebrated **businesses and community heroes**

from across the district at the inaugural Beacon Awards with **40** making the shortlist.



Kept **Council Tax low**

for Lichfield District Council in 2024/25, with the average household paying **£3.71 a week** towards our services, which is **only 9%** of your total Council Tax bill.

Visit www.lichfelddc.gov.uk/councilhighlights to find out more



Lichfield District Council

The new Lichfield District 2050 Strategic Plan was approved by Council on 14 May 2024. This will mean future presentation of financial and performance information will be updated to reflect the four ambitions contained in this new plan:

- Confident Communities.
- Prosperous Communities.
- Active Communities.
- Greener Communities.

NARRATIVE REPORT

Financial Performance

The Medium Term Financial Strategy and Monitoring Financial Performance

The ability to deliver the outcomes set out in the Strategic Plan 2020-24 is dependent on the revenue and capital resources available over the life of the plan. Therefore, the Council prepares a **Medium Term Financial Strategy (MTFS)** that covers the current and next four financial years. The MTFS is monitored during each financial year through Money Matters Reports to Cabinet.

Revenue Financial Performance in 2023/24

Revenue spending represents the day-to-day cost of the services provided by the Council. The revenue spend together with details of how this spend was funded for 2023/24 is shown below:

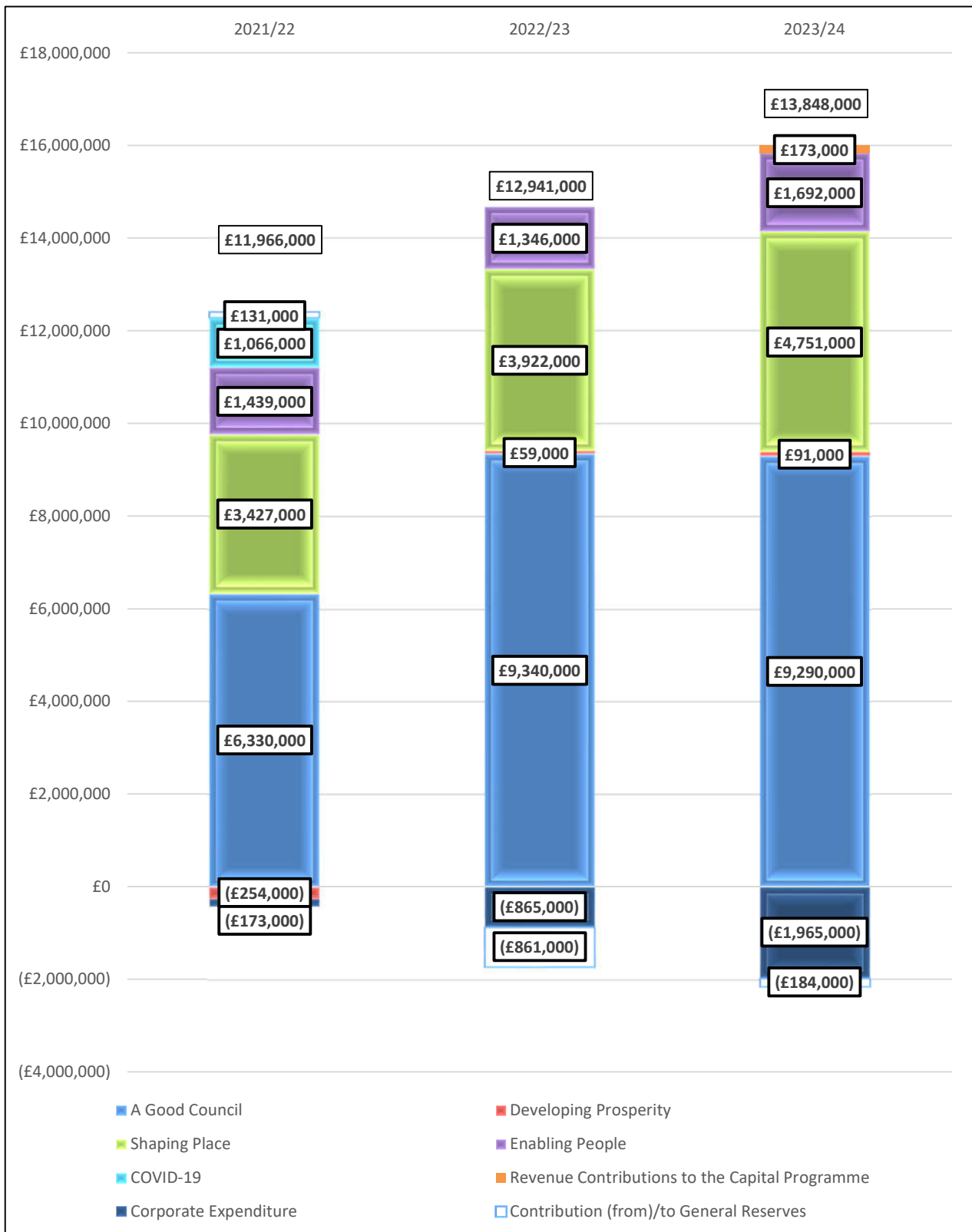
| 2022/23 | | 2023/24 | | | | |
|---------------------------|---|----------------------------|----------------------------|---------------------------|------------------------------|---------------------------------------|
| Actual Outturn £000 | | Original Budget £000 | Approved Budget £000 | Actual Outturn £000 | Amount per Person £ | Amount per Band D Property £ |
| 9,340 | A Good Council | 9,984 | 9,363 | 9,290 | £89.33 | £229.19 |
| 59 | Developing Prosperity | (721) | 51 | 91 | £0.88 | £2.26 |
| 3,922 | Shaping Place | 4,004 | 4,451 | 4,751 | £45.68 | £117.21 |
| 1,346 | Enabling People | 1,480 | 1,738 | 1,692 | £16.27 | £41.73 |
| 14,667 | Net Cost of Services | 14,747 | 15,603 | 15,824 | £152.16 | £390.40 |
| 0 | Capital & earmarked reserves | 238 | 172 | 173 | £1.66 | £4.27 |
| (865) | Interest receipts/payments | (1,170) | (1,811) | (1,965) | (£18.90) | (£48.49) |
| (861) | Transfer (from) or to General Reserves | 0 | (149) | (184) | (£1.77) | (£4.55) |
| 12,941 | Net Expenditure | 13,815 | 13,815 | 13,848 | £133.15 | £341.62 |
| (3,625) | Business Rates | (3,464) | (3,464) | (3,617) | (£34.78) | (£89.23) |
| 0 | Revenue Support Grant | (106) | (106) | (117) | (£1.12) | (£2.88) |
| (1,401) | New Homes Bonus | (992) | (992) | (992) | (£9.54) | (£24.48) |
| (489) | Other Grants and Local Council tax Support to Parishes | (1,323) | (1,323) | (1,189) | (£11.43) | (£29.32) |
| 31 | (Surplus) or Deficit on the collection of Council Tax and Business Rates from the previous year | (316) | (316) | (319) | (£3.06) | (£7.86) |
| (7,457) | Amount to be raised from Council Tax | (7,614) | (7,614) | (7,614) | £73.22 | £187.85 |

How Councils are funded has changed significantly since 2010 with Council Tax budgeted to fund **59%** of net expenditure compared to **47%** in 2010. We are among the lowest charging district councils in the country and an average home paid **£188** for the services provided. The information in Money Matters Reports and the table above is based on the statutory funding basis and shows expenditure exceeding income by **£184,000** and therefore a transfer from General Reserves. The Statement of Accounts also provides a Comprehensive Income and Expenditure Statement (CIES) that shows financial performance based on generally accepted accounting practices with a surplus of income over expenditure of **(£6,435,000)**. The **Expenditure and Funding Analysis (EFA)** also within the Statement of Accounts, reconciles financial performance under the statutory funding basis to the accounting basis:

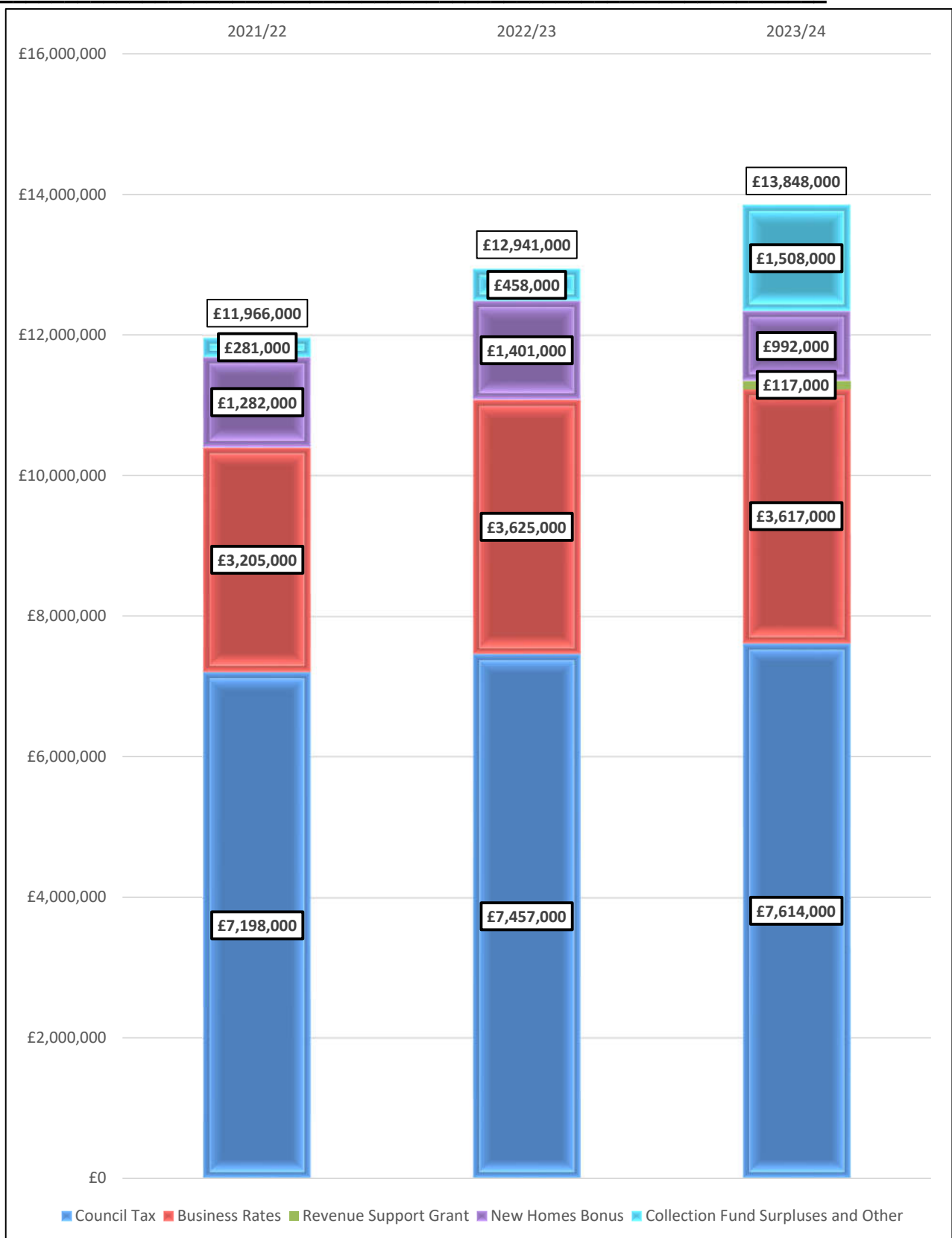
| | | 2022/23 £000 | 2023/24 £000 |
|--|---------|-----------------|-----------------|
| Money Matters Financial Performance (surplus) or deficit | Page 65 | 861 | 184 |
| Earmarked Reserves (including those in the Net Cost of Services) | Page 65 | 2,056 | (2,370) |
| Financial Performance on a Funding Basis shown in the EFA | Page 65 | 2,917 | (2,186) |
| Adjustments between Funding and Accounting Basis | Page 39 | (480) | (4,249) |
| Financial Performance on an Accounting Basis shown in the CIES (surplus) or deficit | Page 40 | 2,437 | (6,435) |

NARRATIVE REPORT

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



NARRATIVE REPORT



NARRATIVE REPORT

Capital Financial Performance in 2023/24

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

The capital spend together with details of how this spend was funded for 2023/24 is shown below:

| Original Budget £000 | | Approved Budget £000 | Actual Outturn £000 | Variance £000 | Amount per Person £ | Amount per Band D Property £ |
|-------------------------|---------------------------------------|-------------------------|------------------------|------------------|------------------------|---------------------------------|
| 448 | A Good Council | 520 | 450 | (70) | £4.33 | £11.11 |
| 4,931 | Developing Prosperity | 5,493 | 656 | (4,837) | £6.31 | £16.19 |
| 819 | Shaping Place | 386 | 277 | (109) | £2.66 | £6.83 |
| 9,222 | Enabling People | 4,421 | 2,145 | (2,276) | £20.62 | £52.91 |
| 15,420 | Total Expenditure | 10,820 | 3,528 | (7,292) | £33.92 | £87.04 |
| (1,660) | Capital Receipts | (2,458) | (416) | 2,042 | (£4.00) | (£10.27) |
| (2,333) | Borrowing and Finance Leases | 0 | 0 | 0 | £0.00 | £0.00 |
| (4,522) | Capital Grants and Contributions | (3,582) | (2,237) | 1,345 | (£21.51) | (£55.19) |
| (6,905) | Reserves and Existing Revenue Budgets | (4,780) | (875) | 3,905 | (£8.41) | (£21.58) |
| (15,420) | Total Funding | (10,820) | (3,528) | 7,292 | (£33.92) | (£87.04) |

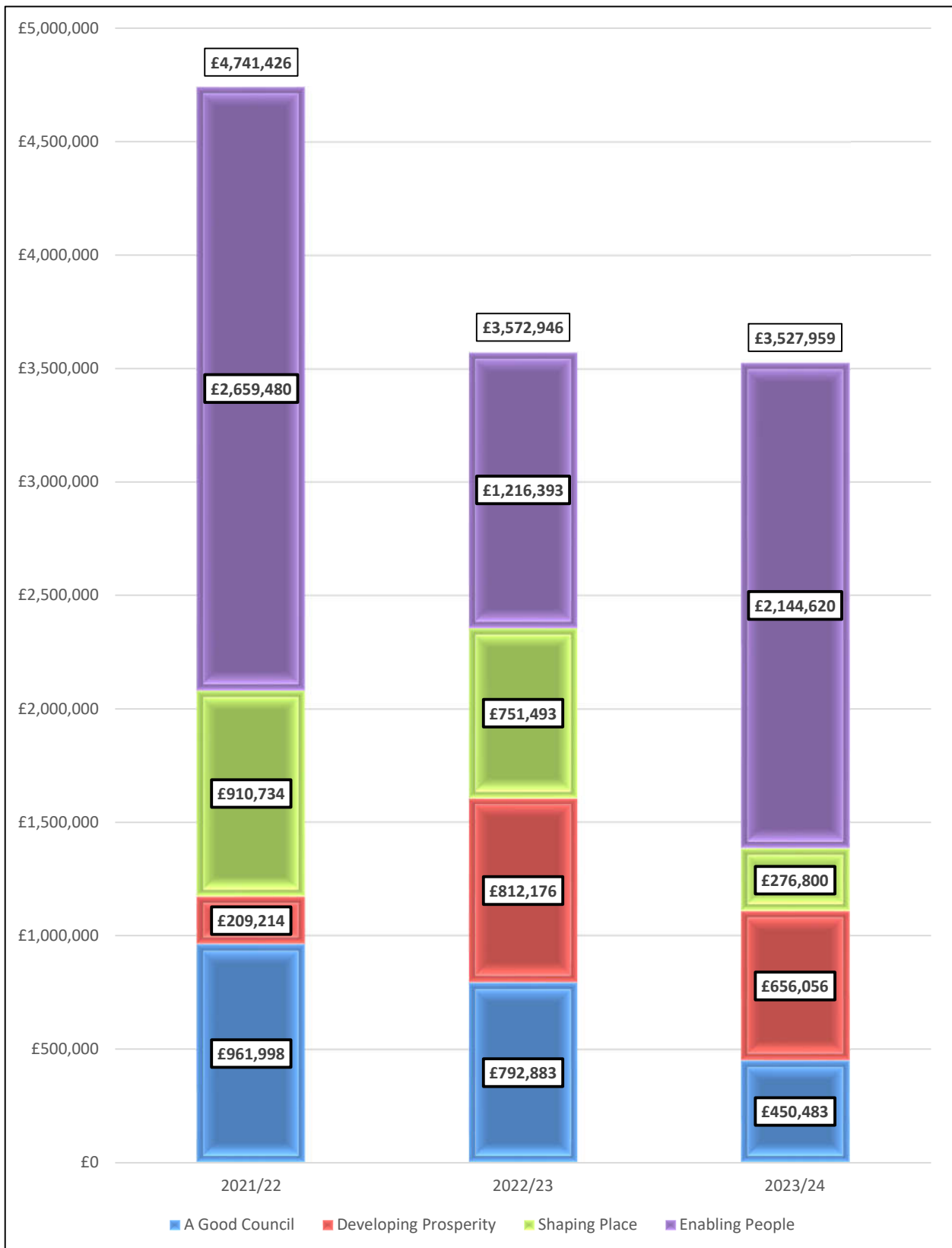
The below budget performance compared to the Approved Budget of (£7,292,000) is principally the result of underspending on the following projects:

- **Enabling People** – Streethay Community Centre (£725,000), Conversion of 36a Bore Street (£489,000), New Leisure Centre (£346,000)
- **Developing Prosperity** – Cinema Development (£2,888,000), 32-44 Baker’s Lane (£1,582,000)

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

NARRATIVE REPORT

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



NARRATIVE REPORT



NARRATIVE REPORT

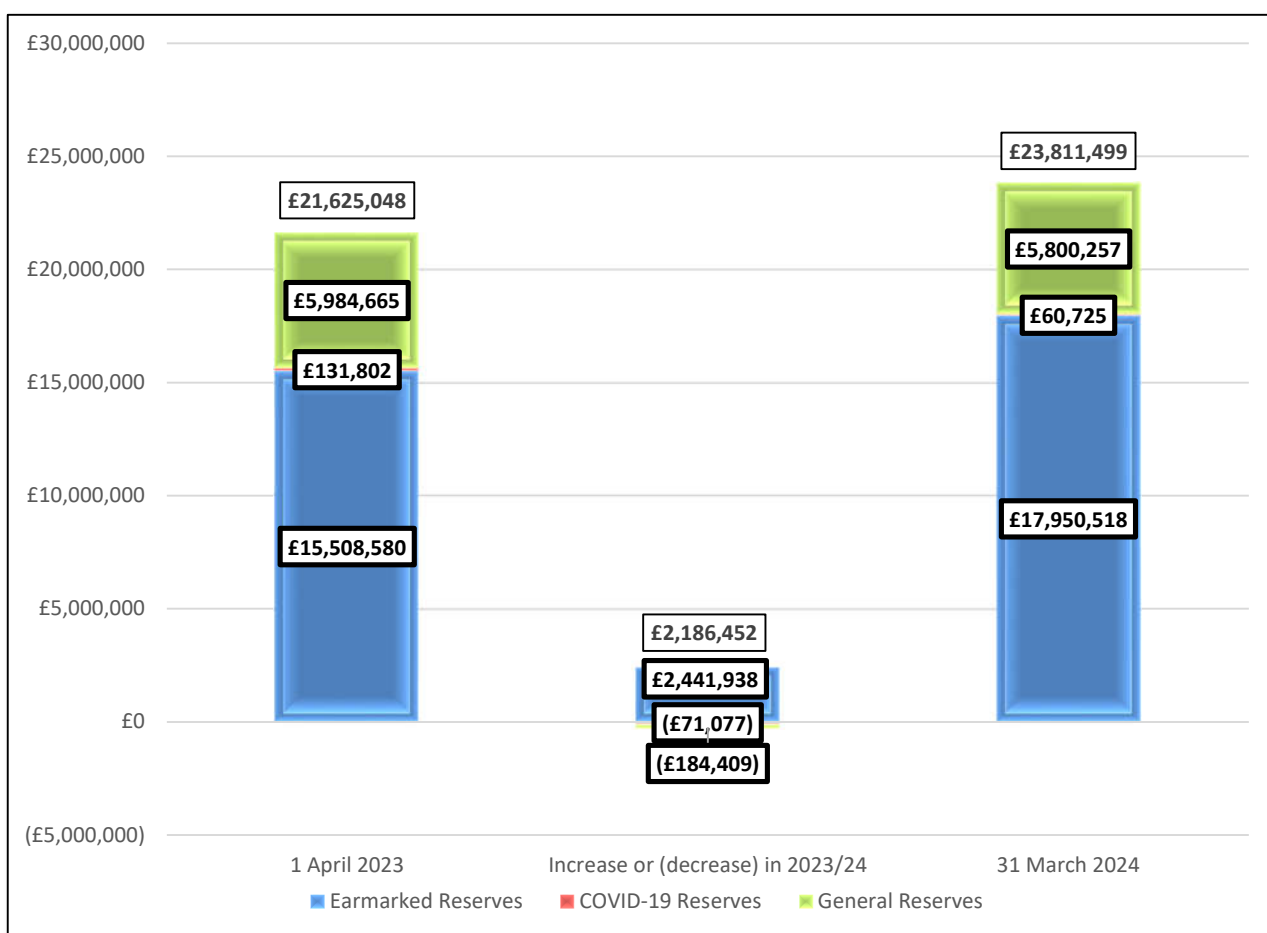
Revenue Reserves

A General Reserve is primarily held as a contingency to provide the Council with operational funds and as a safeguard against financial risks. In 2023/24 (£860,915) was transferred from General Reserves compared to an Approved Budget of (£770,250), this is an increase of (£90,665).

The total level of General Reserves at 31 March 2024 was £5,800,257 and has set a risk assessed Minimum Level at £1,900,000. This means that there are available reserves of £3,900,257 over and above the Minimum Level available to support the revenue budget or fund Council priorities.

In addition to General Reserves, Earmarked Reserves have been built up over time to provide funding for specific activities in line with the Council's medium term aims and objectives.

The total level of Revenue General and Earmarked Reserves is shown below:



The COVID-19 Earmarked Reserve was established in 2020/21 in relation to:

- Section 31 grants received in compensation for additional reliefs for retail, hospitality, leisure and nurseries that was used to offset the deficit in business rate income over the three years 2021/22, 2022/23 and 2023/24
- Other grants received related to Hardship Funding, Council Tax Compensation, Test and Trace and Additional Restrictions grant that were spent primarily in 2022/23

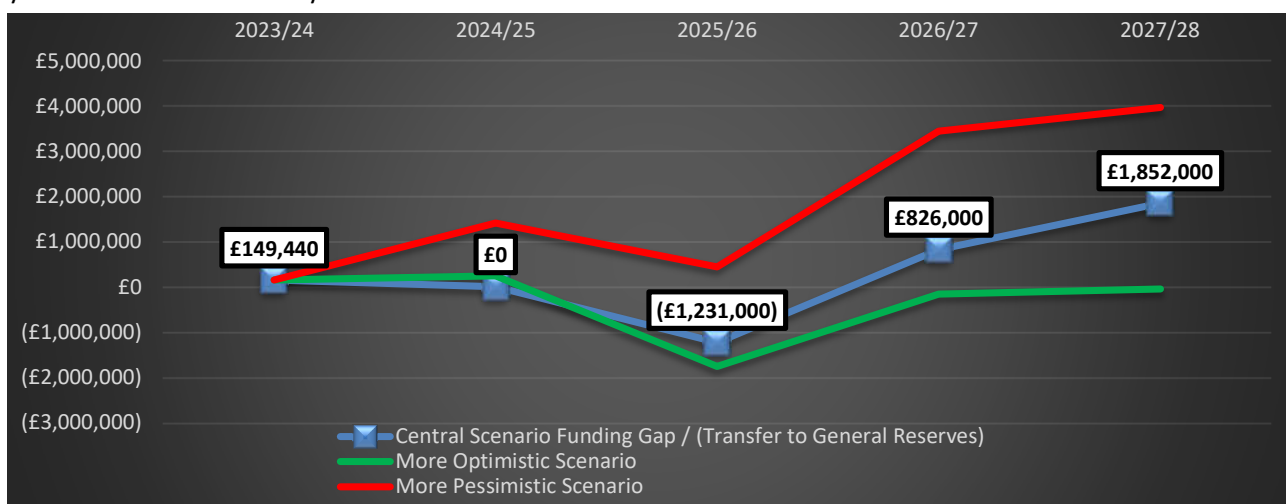
NARRATIVE REPORT

Looking Forward to the Next Four Years and Beyond

The Medium Term Financial Strategy (MTFS) provides budgets for the four financial years 2024/25, 2025/26, 2026/27 and 2027/28. It was approved by Full Council on 6 February 2024.

The Revenue Budget

The Central Scenario Revenue Budget with a balanced budget in 2024/25, a projected transfer to general reserves in 2025/26 (assuming finance reform occurs in 2026/27) and Funding Gaps (positive figures) in later years is shown in summary below:



The Capital Programme

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

| Strategic Priority | 2024/25 | | 2025/26 | 2026/27 | 2027/28 | Total | Corporate |
|----------------------------|----------------|----------------|----------------|---------------|---------------|----------------|---------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Enabling People | £10,537 | £15,280 | £3,172 | £1,320 | £1,100 | £20,872 | £1,714 |
| Shaping Place | £425 | £2,334 | £6,600 | £210 | £400 | £9,544 | £447 |
| Developing Prosperity | £4,649 | £11,185 | £3,999 | £10 | £0 | £15,194 | £3,116 |
| Good Council | £215 | £632 | £191 | £183 | £405 | £1,411 | £1,361 |
| Capital Expenditure | £15,826 | £29,431 | £13,962 | £1,723 | £1,905 | £47,021 | £6,638 |

| Funding Source | 2024/25 | 2025/26 | 2026/27 | 2027/28 | Total |
|----------------------------------|----------------|----------------|---------------|---------------|----------------|
| | £000 | £000 | £000 | £000 | £000 |
| Capital Receipts | £3,084 | £0 | £0 | £0 | £3,084 |
| Capital Receipts - Housing | £1,339 | £0 | £0 | £0 | £1,339 |
| Revenue - Corporate | £855 | £565 | £183 | £612 | £2,215 |
| Corporate Council Funding | £5,278 | £565 | £183 | £612 | £6,638 |
| Grant | £3,275 | £3,762 | £1,300 | £1,100 | £9,437 |
| Shared Prosperity Fund | £1,191 | £0 | £0 | £0 | £1,191 |
| Rural Shared Prosperity Fund | £400 | £0 | £0 | £0 | £400 |
| Section 106 | £1,744 | £0 | £0 | £0 | £1,744 |
| CIL | £1,882 | £0 | £0 | £0 | £1,882 |
| Reserves | £10,632 | £1,169 | £90 | £43 | £11,934 |
| Revenue - Existing Budgets | £150 | £150 | £150 | £150 | £600 |
| Finance Leases | £0 | £6,000 | £0 | £0 | £6,000 |
| Internal Borrowing | £4,879 | £2,316 | £0 | £0 | £7,195 |
| External Borrowing | £0 | £0 | £0 | £0 | £0 |
| Total Funding | £29,431 | £13,962 | £1,723 | £1,905 | £47,021 |

NARRATIVE REPORT

General Reserves

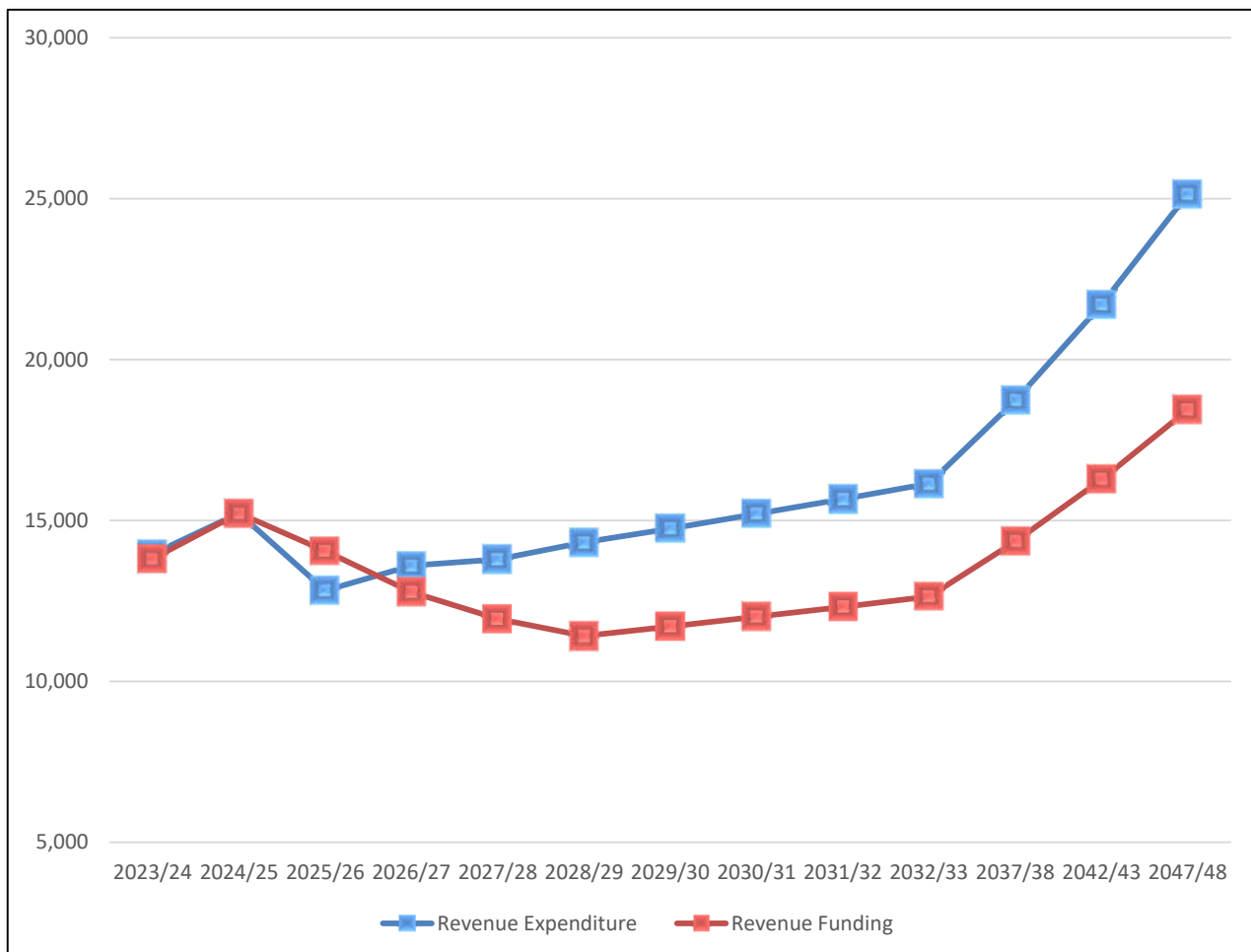
The total projected level of general reserves is shown below using the central scenario together with projections using the more optimistic and pessimistic budget scenarios:

| | 2023/24 | | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|--|-------------------------|-------------------------|---------------|--------------|--------------|----------------|
| | Original Budget £000 | Approved Budget £000 | £000 | £000 | £000 | £000 |
| LEVEL OF UNCERTAINTY / RISK | MEDIUM | MEDIUM | MEDIUM | HIGH | HIGH | HIGH |
| Available General Reserves Year Start | 4,175 | 4,085 | 3,936 | 3,836 | 5,067 | 4,241 |
| Change in Minimum Level | 0 | 0 | (100) | 0 | 0 | 0 |
| (Funding Gap) / transfer to General Reserves | 0 | (149) | 0 | 1,231 | (826) | (1,852) |
| Available General Reserves Year End | 4,175 | 3,936 | 3,836 | 5,067 | 4,241 | 2,389 |
| Minimum Level | 1,900 | 1,900 | 2,000 | 2,000 | 2,000 | 2,000 |
| Central Scenario General Reserves | 6,075 | 5,836 | 5,836 | 7,067 | 6,241 | 4,389 |
| More Optimistic Scenario | 6,075 | 5,836 | 5,592 | 7,355 | 7,517 | 7,566 |
| More Pessimistic Scenario | 6,075 | 5,836 | 4,423 | 3,979 | 533 | (3,432) |

NARRATIVE REPORT

Longer Term Financial Planning

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



A funding gap is projected from 2026/27 onwards and this will mean that subject to the outcome of the local government finance reforms, the identification of options to deliver further sustainable savings/additional income will remain necessary.

NARRATIVE REPORT

Principal Risks and Uncertainties

A **Risk Management Policy** is in place to identify and evaluate risks. This Policy was reviewed and refreshed during 2023/24 and approved by Audit Committee in November 2023.

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

At 31 March 2024, **six risks** were identified as having a potential impact on the ability to deliver the Strategic Plan:

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

At Audit Committee in July 2024, a further risk was identified:

- **SR8: Withdrawal of the Local Plan 2040**

The Council's current six strategic risks in terms of their current score for likelihood and impact are summarised below with no risks sitting in the 'red' area:

| | | | | |
|------------|--------|-----|---------------------|-----|
| | | | | |
| likelihood | | | | |
| | SR1 | | | |
| | | SR3 | SR8 | SR7 |
| | | | SR2, SR4, SR5 | |
| | Impact | | | |

NARRATIVE REPORT

Explanation of the Accounting Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2024. 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 2023/24, which in turn is underpinned by International Financial Reporting Standards.

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

The **Core Statements** are:

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

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

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

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

The **Supplementary Financial Statements** are:

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

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

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



Anthony Thomas

Director – Finance, Regulation and Enforcement (Section 151)

Date: 15 January 2025

ANNUAL GOVERNANCE STATEMENT

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Introduction and Scope of responsibility

Lichfield District Council is responsible for ensuring that:

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

To ensure effective governance the Council has adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA (Chartered Institute of Public Finance and Accountancy)/SOLACE (Society of Local Authority Chief Executives) Framework 'Delivering Good Governance in Local Government' (2016).

Purpose of the Governance Statement

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

In this document the Council:

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

The Annual Governance Statement reports on the governance framework that has been in place at for the year ended 31 March 2023 and up to the date of approval of the Statement of Accounts.

The Governance Framework

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

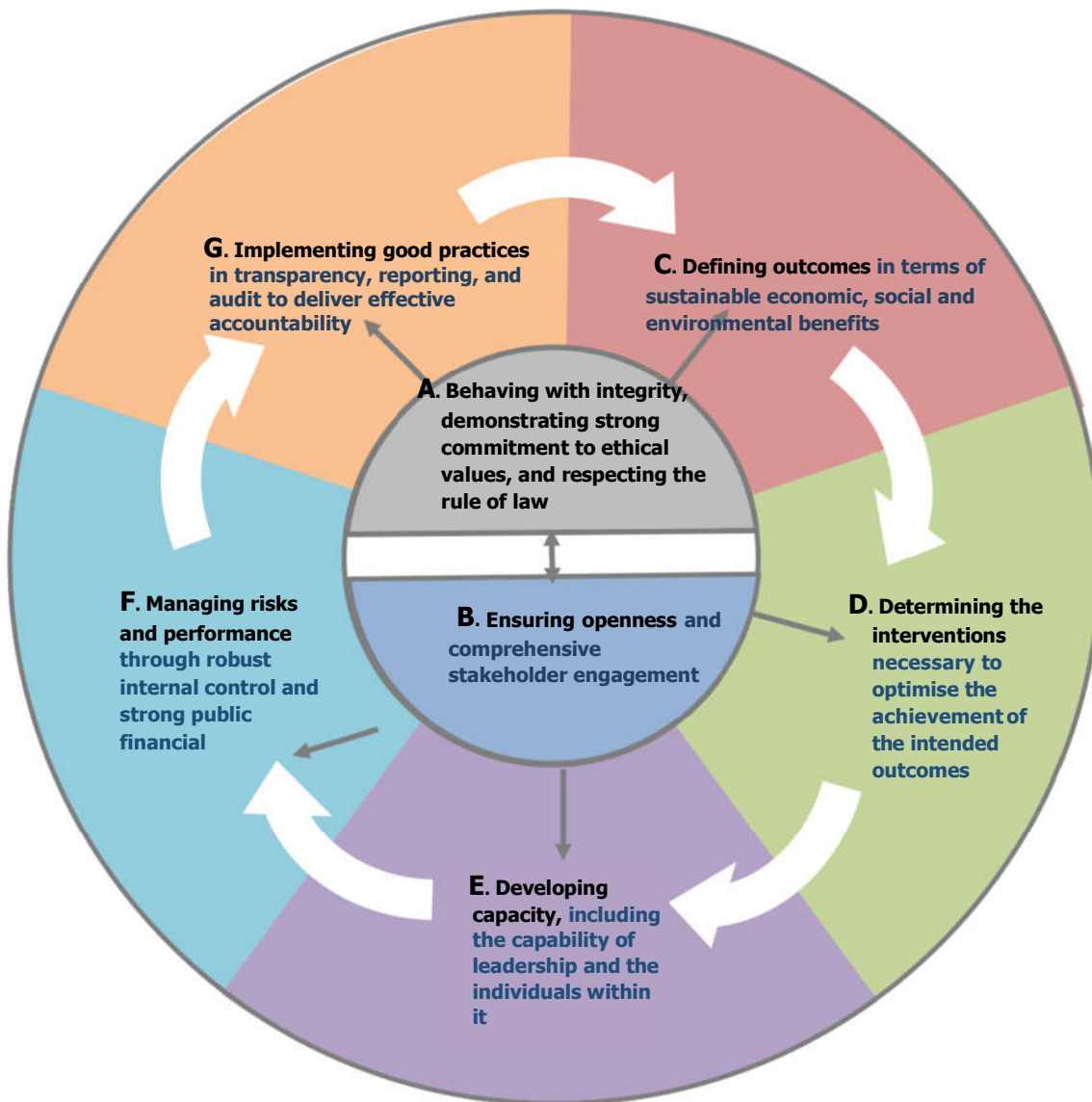
The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

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The system of Internal Control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Principles of Good Governance

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



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

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

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

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| <p>complaints to the Member Standards Committee/Review Sub-Committee.</p> <ul style="list-style-type: none"> ➤ Officer behaviour is governed by the Employee’s Code of Conduct that sets out the standards of conduct expected of employees at work. The Code is supported and reinforced by organisational values to: <ul style="list-style-type: none"> ○ Put Customers First, ○ Improve and Innovate, ○ Have Respect for Everyone. ➤ The Codes are regularly reviewed to ensure they are operating effectively. ➤ Expected behaviours are embedded into performance appraisals | | |
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B Ensuring Openness and comprehensive stakeholder engagement

| | | |
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| Supporting Principles: | | |
| Openness | Engaging Comprehensively with Institutional Stakeholders | Engaging with stakeholders effectively, including individual citizens and service users |
| How we do this: | | |
| <ul style="list-style-type: none"> ➤ To ensure open and transparent decision making the following are published on the Council’s website: <ul style="list-style-type: none"> ○ Council/Cabinet/Committee agendas and reports ○ the Cabinet Forward Plan detailing upcoming key decisions ○ Cabinet and Cabinet Member decisions ➤ To ensure maximum transparency, reports containing confidential information are split into | <ul style="list-style-type: none"> ➤ We are committed to working collaboratively with a range of partners across the public, private and voluntary sectors. ➤ The Council is part of a number of external partnerships which provide support to its strategic agenda. These include county and regional waste partnerships, and housing and community safety partnerships. ➤ The Council’s planning and decision-making processes are designed to include consultation with stakeholders. | <ul style="list-style-type: none"> ➤ Elected Members are democratically accountable to their local area and provide a clear leadership role in building sustainable communities. ➤ The 2023 Local Elections saw all 47 members of the District Council held directly accountable to their electors. ➤ The Community Power Strategy works to: <ul style="list-style-type: none"> ○ engage communities in local decisions ○ work with communities to improve outcomes. |

ANNUAL GOVERNANCE STATEMENT

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| <p>confidential and non-confidential sections whenever possible.</p> <ul style="list-style-type: none"> ➤ When reports must be considered in private, an explanation is provided on the agenda. ➤ Progress against the Financial Strategy is monitored and reported to Cabinet on a quarterly basis. ➤ We comply with the code of recommended practice for local authorities on data transparency which acts as a starting point for the information we make available. ➤ The publication scheme lists the information we make available as part of our obligations under the Freedom of Information Act 2000. ➤ Feedback and requests made under the Freedom of Information Act 2000 are used to identify datasets for publication. | | <p>Community power incorporates a wide range of practices, approaches and initiatives centred on the principle that communities have knowledge, skills and assets and are well placed to identify and respond to challenges.</p> <ul style="list-style-type: none"> ➤ The establishment of a Lichfield Youth Council has allowed for increased engagement with young people living in the district and identification of key issues that matter to them through the priorities set by Youth Councillors. ➤ The long-term vision for the Council is set out in the Strategic Plan. The outcomes have been developed through extensive consultation with staff, members, residents, and stakeholders. ➤ Additional consultation work has been done to develop the Lichfield 2050 Strategy, centred around the key themes of Environment; Place; Prosperity and Health. ➤ These consultations have been carried out under the unified “Together We” branding rolled out by the council. The consultation saw over 7,500 residents and businesses feedback their views and opinions on the District and future priorities. ➤ Budget and strategic plan consultations undertaken in line with the Community Power Strategy are used to develop the Strategic Plan and Medium-Term Financial Strategy. |
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ANNUAL GOVERNANCE STATEMENT

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| | | <ul style="list-style-type: none"> ➤ The Council continues to review and improve its Overview and Scrutiny arrangements with an annual report brought to the committee. ➤ The Council manages a number of social media streams, produces a resident newsletter and maintains websites that help underpin the Council's strategic ambitions. ➤ The Council's Contact Centre is the first contact point for customers/citizens. The Centre is a significant component in the distribution of information to residents and visitors, and for capturing information from customers to inform service development. ➤ The Council has a customer feedback scheme for the public to make complaints, comments, and compliments. The information gathered is used to improve services. ➤ The Complaints Charter provides guidance to staff on the Council's complaints process. |
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C Defining Outcomes in Terms of Sustainable Economic, Social and Environmental Benefits

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| Supporting Principles: | |
| Defining outcomes | Sustainable economic, social and environmental benefits |
| How we do this: | |
| <ul style="list-style-type: none"> ➤ The Council's long-term vision and priorities are set out in the Strategic Plan. The document provides the basis for the Council's overall strategy, planning and decisions. ➤ The key priority outcomes that the Plan aims to achieve are: | <ul style="list-style-type: none"> ➤ The Local Plan was designed to encourage sustainable development within the Lichfield District area, and include policies on a number of key themes, including sustainable communities, infrastructure, homes for the future, economic development and enterprise, and healthy and safe communities. Following the withdrawal of the Local Plan 2040 from examination in October 2023 a new local plan is being developed and the Cabinet has |

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| <ul style="list-style-type: none"> ○ Enabling people - to help themselves and others; to collaborate and engage with us; to live healthy and active lives. ○ Shaping place - to keep it clean, green and safe; to protect our most valuable assets; to make sure sustainability and infrastructure needs are balanced. ○ Developing prosperity – to encourage growth; to enhance the District for visitors; to invest in the future. ○ A good Council – that is financially sound, transparent and accountable; is innovative and customer focussed; has respect for everyone. <ul style="list-style-type: none"> ➤ Cabinet and Leadership Team have identified the top priority issues that need to be achieved over the next 12 - 18 months. These priorities form the basis of the Medium Term Priorities Plan and is embedded in Service Plans. ➤ Performance reporting takes place in line with reporting on the Council’s Medium Term Financial Strategy facilitating informed consideration of performance and budgetary pressures. ➤ The Council works with partner organisations where there are shared objectives and clear economic benefits from joint working. ➤ The Overview & Scrutiny Committee has an important role in helping to define and monitor outcomes. ➤ Local Government Association Peer Review was used in 2022/23 to provide a ‘health check’ on core components including priority setting, financial planning, and viability. | <p>approved the publication of a Local Development Scheme.</p> <ul style="list-style-type: none"> ➤ The Council publishes an Infrastructure Funding Statement (IFS). The statement explains how the spending of forecasted income from CIL and Section 106 planning obligations will be prioritised. ➤ The Council has promoted Neighbourhood Plans which will guide future development, enable parish areas to receive a share of the financial benefits of development (Community Infrastructure Levy), and also allow them to set their own priorities for its investment. ➤ The procurement strategy seeks to embed social value principles (social, economic and environmental) in procurement and contract management. ➤ A successful recruitment exercise was undertaken in March 2024 to appoint a Social Value Co-ordinator into the Procurement and Commissioning team. The focus of this role will be to support the development and implementation of social value and contract management strategies across the organisation to encourage and engage local projects through supply chain commitments, leaving positive legacies within the local communities by: <ul style="list-style-type: none"> ○ Liaising with internal and external stakeholders. ○ Identifying opportunities for social value projects and to work with local SME’s and VCSE’s. ○ Promoting social sustainability and community engagement. ○ Defining and co-ordinating a programme of social/public value activities. ○ Supporting with strategic contract management. ○ Monitoring of key performance indicators and contractual commitments. ○ Reporting of social value outcomes. ➤ Consideration is given to the environmental impact, financial implications, and social impact (equality, diversity, human rights, crime & safety) of all Cabinet decisions. ➤ A new Data Assessment section has been introduced to Committee Reports to assess the impact of policy |
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| | proposals by Ward and across the District using the Social Progress Index. |
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D Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes

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

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

How we do this:

- The Constitution sets out how the Council legally operates, how formal decisions are made and the procedures which are followed to ensure that these are efficient, transparent, and accountable to local people. The document identifies the roles and responsibilities of Member and officer functions, with clear delegation arrangements and protocols for decision making and communication. The Constitution is kept under continual review and changes are recommended to full council as appropriate.
- The Council is implementing an organisational change programme – Being a Better Council 2021-2024. It will enable the Council to be:
 - Better equipped – realigning service structures and rethinking how our services are delivered, and by whom. We will bring all residents’ facing services together and support them with better use of digital technologies that are second nature to our invisible competition. Where sensible, we will merge the functional elements of services (e.g. assessment and processing) and underpin their management and delivery with stronger performance management and greater clarity over what is expected of them.
 - Better led – creating a strong ‘can do’ culture across the organisation and equipping all our managers with the right skills to do their jobs.
 - Better performing – investing in the core capacity and capabilities of our workforce, to create an officer cohort capable of increased growth and performance.
- The Council has a training plan for Members. The areas covered included safeguarding, planning, licensing, code of conduct and governance, equality and diversity.
- The Chief Executive, Chief Operating Officer and Assistant Directors have annual performance targets. These are based on delivery of the Strategic Plan and the business risks anticipated for the year. Senior politicians appraise the Chief Executive’s performance against these targets and the Chief Executive appraises the Chief Operating Officer/Assistant Directors.
- OKRs are carried out for employees and training needs are identified as part of this process.
- A structured e-learning programme is available which greatly enhances the learning and development opportunities for a large cross-section of employees. Areas covered include fraud awareness and equalities.
- Employees are kept up to date with issues affecting the Council through regular emails from the Chief Executive, monthly ‘all-hands calls’ and a dedicated LDC Teams Channel.
- The Council is committed to Belonging and Wellbeing and aims:
 - to ensure all employees are supported
 - provide a positive environment that is compatible with promoting staff engagement, being an employer of choice, improving attendance, high organisational performance, resident focus and organisational performance.
- Wellbeing initiatives included a Wellbeing, Safety and Good Health Week that comprised a range of activities, information, and advice for employees.
- Enhanced healthcare benefits for employees have been approved and will be introduced in 2024/25.

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- Annual performance related bonuses have been introduced.
- Local Government Association Peer Review was used to provide an external ‘health check’ in early 2022, on core components including political & managerial leadership, governance & decision making and organisational capacity.
- The constitution provides for the inclusion of two independent members on Audit Committee to ensure the Committee has the necessary skills, capability, and capacity.
- A new part time role of Managing Director has been created in LWMTS to provide additional capacity given the growth in the activities being undertaken. This role is currently being undertaken the Chief Executive.
- There is recognition that there are pressures on capacity and risks inherent with under capacity. Periodic resource intensive activities such as elections place further pressure on existing capacity. To help relieve these pressures emphasis is placed on improving processes and utilising technology, including robotics, to undertake more routine work with a view to maximising existing capacity and deploying resources to maximum effect.

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

Supporting Principle:

Managing Risk

How we do this:

- The Council has a Risk Management Policy that defines the roles and responsibilities for managing risk.
- A Corporate Strategic Risk Register is produced by assessing the risk factors that could potentially impact on the Council’s ability to deliver its Strategic Plan. Risks are judged on their likelihood of occurrence and their potential impact. These are monitored by Senior Officers monthly and reported quarterly to Audit Committee.
- An ‘Acceptable Use Policy’ for IT seeks to ensure that all computer systems and networks owned or managed by the Council are updated in an effective, safe, ethical and lawful manner.
- Financial Procedure Rules form part of the Constitution and set out the financial management framework for ensuring the best use of resources. It outlines the financial roles and responsibilities for staff and Members and provides a framework for financial decision-making. The Rules ensure statutory powers and duties are complied with and reflect best professional practice.
- The Council has reviewed and revised its Contract Procedure Rules.
- The Chief Financial Officer provides effective financial management in accordance with the financial procedures and rules set out in the Constitution.
- There is Clarity over the role of Head of Paid Service and Monitoring Officer.
- Maintenance of an effective system of both internal and more detailed financial control is the agreed responsibility of Assistant Directors and Service Managers, who are responsible for managing their services within available resources, in accordance with agreed policies and procedures, and to support the sustainable delivery of strategic priorities in the Strategic Plan and maintain statutory functions. Elements include:

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| <ul style="list-style-type: none"> ○ Monthly review of budgetary control information by budget holders and Assistant Directors to compare expected to actual performance and to forecast going forward. ○ Formal budgetary monitoring reports reviewed with budget holders and Assistant Directors at quarterly intervals. These look at actual performance and provide forecasts going forward ○ Money Matters reports are produced quarterly, reviewed by Leadership Team and reported to Overview and Scrutiny, Cabinet and Full Council. <ul style="list-style-type: none"> ➤ The Financial Management Code was applied from 1 April 2020 and Reports based on the CIPFA Resilience Index are provided annually to Audit Committee. ➤ Relevant Office of Local Government (OFLOG) indicators and policies will be monitored. ➤ The Audit Committee provides independent assurance over governance, risk, and internal control arrangements with a focus on financial management, financial reporting audit and assurance. The Committee is independent of the Executive and accountable to the governing body. ➤ The Audit Committee has approved: Counter Fraud Framework, Money Laundering and Whistleblowing Policy. |
| Supporting Principle: |
| Managing Performance |
| How we do this: |
| <ul style="list-style-type: none"> ➤ The Strategic Plan outlines priorities. <p>The Strategic Plan is supported by Performance Indicators that are monitored by Leadership Team, the Cabinet, and the Overview & Scrutiny Committee.</p> <ul style="list-style-type: none"> ➤ Service Plans will set out key priorities, objectives, and risks for individual services. ➤ Performance is monitored by Leadership Team, Cabinet and the Overview and Scrutiny Committee. ➤ The Overview & Scrutiny function has been reviewed and improved to ensure effective oversight, constructive challenge, and review. ➤ Reports provide clear objective analysis and advice including risk and assess financial, social, and environmental implications. ➤ Performance on responses to information requests and complaints is registered on the Pentana system providing real-time performance information. ➤ Personal Development Reviews are used to assess performance and set goals and objectives at the individual level. ➤ The Council has identified that improved and consistent contract and relationship management will have a positive effect on the ability to secure value for money from key suppliers and partners. A contracts management policy and procedure guide has been developed with a supporting toolkit that includes: Contract overview document, contract management planner, Minutes and agenda template. |
| Support principle: |
| Robust Internal Control |
| How we do this: |
| <p>The Internal Audit Service provides an objective evaluation of internal controls to effectively manage risk and monitors any weaknesses identified to ensure these are addressed.</p> |

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The Audit Committee is independent from the Executive and provides further assurance on the governance of risk management and internal control arrangements.

Fraud is taken very seriously, and the Council has an anti-fraud and corruption policy, money laundering and a whistleblowing policy which is reviewed annually and approved by the Audit Committee.

Supporting principle:

Managing Data

How we do this:

- The Council is committed to complying with General Data Protection Regulations (GDPR) and the Data Protection Act 2018. It is recognised that the correct and lawful treatment of personal data maintains public confidence and trust.
- Compliance with the Council's Data Protection Policy is mandatory. The policy facilitates a unified GDPR compliant framework for all Members and officers when managing and processing customer data.
- In line with GDPR requirement the Council has appointed a Data Protection Officer (DPO) to oversee compliance with GDPR and provide advice in relation to the law. This is now an internal role rather than third party hire, allowing for a stronger and more responsive approach. The Council's DPO, works closely with the Chief Operating Officer, who is the Council's Senior Information Risk Owner (SIRO).
- Monitoring also includes an annual report of the Data Protection Officer to Audit Committee, internal/external audits, and Information Commissioner reviews as appropriate.
- An action plan was adopted to ensure recommendations in the 2021/22 internal audit of GDPR are delivered and reported as appropriate.
- We are registered as a Controller under the General Data Protection Regulation (GDPR) which governs how we manage and process the information we collect and retain. We have a nominated Data Protection Officer and procedures in place that explain how we use and share information, as well as arrangements for members of the public to access information.

Supporting principle:

Strong Public Financial Management

How we do this:

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

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- The Audit Committee is independent of the Executive and accountable to the governing body. It considers the external audit opinion on value for money has part of its responsibility for monitoring the effectiveness of the control environment and value for money.
- The Audit Committee comprises up to two Independent Members to help ensure strong, independent oversight.

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

| Supporting Principles: | | |
|---|--|--|
| Implementing Good Practices in Transparency | Implementing Good Practice in Reporting | Audit and Delivering Effective Accountability |
| How we do this: | | |
| <ul style="list-style-type: none"> ➤ The Agendas and Minutes of Cabinet and Committee meetings are published on the Council's website. ➤ Upcoming Key Decisions are Published on the Cabinet's Forward Plan. ➤ The Council has a Freedom of Information publication scheme | <ul style="list-style-type: none"> ➤ The published Annual Statement of Accounts is a statutory summary of the Council's financial affairs for the financial year. It provides clear information on the income and expenditure of the Council and sets out the Council's stewardship of public money. ➤ The Annual Governance Statement and Local Code of Corporate Governance set out governance arrangements and consider their effectiveness against the seven key principles. ➤ The Audit Committee reviews and approves the Annual Statement of Accounts and the Annual Governance Statement. | <ul style="list-style-type: none"> ➤ Accountability and decision-making arrangements are clearly defined within the Council's constitution. ➤ The Audit Committee provides independent assurance to the Council on the adequacy and effectiveness of governance arrangements and internal control. ➤ Risk based internal audit, compliant with Public Sector Internal Audit Standards, provides ongoing assurance that key risks material to achieving the Council's objectives are being managed. ➤ External Auditors carry out reviews of our internal control arrangements throughout the year. No weaknesses have been reported in their updates to Audit Committee during 2023/24 |

ANNUAL GOVERNANCE STATEMENT

Annual Review of the Effectiveness of the Governance Framework

How has the Council Addressed the Governance Improvement Actions from 2022/23?

In 2022/23 no significant weaknesses in Governance/Internal Control were highlighted in the feedback received from members and senior officers.

Actions taken in response to issues highlighted in the 'Looking Ahead' Section of the 2022/23 Governance Statement.

(i) Audit Committee – Independent Members

In the 2022/23 Governance Statement reference was to the appointment of an Independent Member to the Audit & Member Standards Committee (now Audit Committee) being reviewed following the local elections and subsequent skills assessment of the committee composition. This review has taken place and the decision was taken to appoint two Independent Members to the Audit Committee.

(ii) Lichfield West Midlands Traded Services Ltd

It was highlighted that the Lichfield West Midlands Traded Services Ltd - the Local Authority Trading Company (LATCo) would need to be monitored as the company expands to include Disabled Facilities Grants and Leisure Centre Management and Internal Audit undertook a review in 2023/24.

Governance Review 2023/24

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

The review is informed by:

- The views of Internal Audit, reported to Audit Committee through regular progress reports, and the Annual Internal Audit Opinion. Additionally, taking into account any reports received concerning data breaches and whistleblowing allegations.
- An annual review carried out by the Audit Manager, 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 Auditors Annual Report, the Informing the Audit Risk Assessment document, the Audit Findings Report and the Audit Plan.
- The views of the Head of Paid Service (Chief Executive), Monitoring Officer, Section 151 Officer.
- The activities and operations of Council Service Areas whose Assistant Directors provide written assurance statements using an Internal Control Checklist.
- The views of Members (Committee Chairs and Leader of the Minority Group) using a Members' Questionnaire.
- The Risk Management Process, particularly the Corporate Strategic Risk Register
- Performance information reported to Cabinet, Council and Overview and Scrutiny Committee.

ANNUAL GOVERNANCE STATEMENT

Annual Auditors Report – 2021/22 & 2022/23

Overall, the auditor, Grant Thornton, reported no evidence of significant weakness in the Council’s governance arrangements. An improvement recommendation was made in relation to the Council’s wholly owned company – ‘That the Council should review its arrangements for the appointment of directors to minimise the potential for conflicts of interest.’ A review of the Companies governance arrangements was included on the internal audit plan and measures to address conflicts of interest are outlined below.

Managing Interests - Lichfield West Midlands Traded Service Ltd & Darwin Futures LLP

Managing conflicts of interests over decision-making is critical for transparent and effective governance. Board Directors have fiduciary duties to the company, including declaring conflicts of interest, as required by the Companies Act 2006. However, this can be complex where Board members are also officers or members of the Council. It is expected that each Board member records their declaration of interests, ensures this is kept up-to-date, and removes themselves from any discussions and decisions in meetings where conflicts may arise. Declarations of interest should be recorded on Cabinet Decision Notices and Board Minutes. Likewise, Interests should be declared and recorded in relation to appointees to Darwin Futures LLP.

GDPR & DWP SEARCHLIGHT

During 2023/24 we were made aware of issues in relation to the operation and management of DWP Searchlight in LWMTS whilst undertaking Disabled Facilities Grants that could impact on the Council’s access to this information that is used to assess Housing Benefit applications. These concerns were raised with management and an agreed action plan put into place to address these concerns. DWP have scheduled an audit of the Council’s DWP Searchlight arrangements for 2024/25.

Looking Ahead

The Lichfield West Midland Traded Services (LWMTS) Ltd - the Local Authority Trading Company (LATCo) has continued to expand with the addition of Planning Major Development, Bio-Diversity and Human Resource functions and continued monitoring of governance arrangements is recommended.

Conclusion of the Review

We consider the Governance Framework and Internal Control environment operating during 2023/24 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact.

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



Simon Fletcher
Chief Executive



Councillor Douglas Pullen
Leader of the Council

EXPENDITURE AND FUNDING ANALYSIS – NOTE TO THE ACCOUNTS

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

| 2022/23 | | | | | | 2023/24 | | | | |
|------------------|-------------------------------------|--|--|-----------------------------|--|------------------|-------------------------------------|--|--|-----------------------------|
| Narrative Report | Presentation and Earmarked Reserves | Net Expenditure Chargeable to the General Fund | Adjustments Between the Funding and Accounting Basis | Net Expenditure in the CIES | | Narrative Report | Presentation and Earmarked Reserves | Net Expenditure Chargeable to the General Fund | Adjustments Between the Funding and Accounting Basis | Net Expenditure in the CIES |
| £000 | £000 | £000 | £000 | £000 | | £000 | £000 | £000 | £000 | £000 |
| 9,340 | (1,871) | 7,469 | 765 | 8,234 | A Good Council | 9,290 | (2,070) | 7,220 | (776) | 6,444 |
| 59 | 811 | 870 | 1,569 | 2,439 | Developing Prosperity | 91 | 498 | 589 | 1,130 | 1,719 |
| 3,922 | 606 | 4,528 | 111 | 4,639 | Shaping Place | 4,751 | (141) | 4,610 | (2,825) | 1,785 |
| 1,346 | 441 | 1,787 | 498 | 2,285 | Enabling People | 1,692 | (157) | 1,535 | 223 | 1,758 |
| 14,667 | (13) | 14,654 | 2,943 | 17,597 | Cost of Services | 15,824 | (1,870) | 13,954 | (2,248) | 11,706 |
| (14,667) | 2,930 | (11,737) | (3,423) | (15,160) | Other Income and Expenditure | (15,824) | (316) | (16,140) | (2,001) | (18,141) |
| 0 | 2,917 | 2,917 | (480) | 2,437 | (Surplus) or deficit on Provision of Services (cash flow) | 0 | (2,186) | (2,186) | (4,249) | (6,435) |
| | | (24,542) | | | Opening General Fund | | | (21,625) | | |
| | | 2,917 | | | Less/Plus (Surplus) or Deficit on General Fund Balance in Year | | | (2,186) | | |
| | | (21,625) | | | Closing General Fund | | | (23,811) | | |

| 31 March 2023 £000 | | 31 March 2024 £000 |
|-----------------------|----------------------------|-----------------------|
| 5,985 | General Fund Balance | 5,800 |
| 15,640 | Earmarked Reserves Balance | 18,011 |
| 21,625 | Total | 23,811 |

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.

| 2022/23 | | | | 2023/24 | | |
|-------------------|-----------------|-----------------|--|-------------------|-----------------|-----------------|
| Gross Expenditure | Gross Income | Net Expenditure | | Gross Expenditure | Gross Income | Net Expenditure |
| £000 | £000 | £000 | | £000 | £000 | £000 |
| 9,125 | (891) | 8,234 | A Good Council | 7,637 | (1,193) | 6,444 |
| 7,553 | (5,114) | 2,439 | Developing Prosperity | 7,046 | (5,327) | 1,719 |
| 24,107 | (19,468) | 4,639 | Shaping Place | 23,805 | (22,020) | 1,785 |
| 3,507 | (1,222) | 2,285 | Enabling People | 7,122 | (5,364) | 1,758 |
| 44,292 | (26,695) | 17,597 | Cost of Services | 45,610 | (33,904) | 11,706 |
| 2,158 | (374) | 1,784 | Other Operating Expenditure (Note 9) | 2,249 | (372) | 1,877 |
| 1,778 | (1,793) | (15) | Financing and Investment Income and Expenditure (Note 10) | 255 | (2,576) | (2,321) |
| 13,053 | (29,982) | (16,929) | Taxation and Non-Specific Grant Income (Note 11) | 14,390 | (32,087) | (17,697) |
| 61,281 | (58,844) | 2,437 | (Surplus) or deficit on Provision of Services (cash flow) | 62,504 | (68,939) | (6,435) |
| | | (3,371) | (Surplus) or deficit on revaluation of non-current assets | | | (4,642) |
| | | (22,454) | Re-measurement of the net defined benefit liability | | | 1,534 |
| | | (25,825) | Other Comprehensive Income and Expenditure | | | (3,108) |
| | | (23,388) | Total Comprehensive Income and Expenditure | | | (9,543) |

MOVEMENT IN RESERVES

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

| | General Fund Balance £000 | Capital Receipts Reserve £000 | Capital Grants Unapplied £000 | Total Usable Reserves £000 | Unusable Reserves £000 | Total Authority Reserves £000 |
|--|------------------------------|----------------------------------|----------------------------------|-------------------------------|---------------------------|----------------------------------|
| Balance at 31 March 2022 | 24,542 | 2,928 | 4,057 | 31,527 | 11,288 | 42,815 |
| Total Comprehensive Income and Expenditure | (2,437) | 0 | 0 | (2,437) | 25,825 | 23,388 |
| Adjustments between accounting basis and funding basis | (480) | (647) | 131 | (995) | 995 | (1) |
| Increase/(Decrease) in Year | (2,917) | (647) | 131 | (3,432) | 26,820 | 23,387 |
| Balance at 31 March 2023 | 21,625 | 2,281 | 4,188 | 28,094 | 38,108 | 66,202 |

| | General Fund Balance £000 | Capital Receipts Reserve £000 | Capital Grants Unapplied £000 | Total Usable Reserves £000 | Unusable Reserves £000 | Total Authority Reserves £000 |
|--|------------------------------|----------------------------------|----------------------------------|-------------------------------|---------------------------|----------------------------------|
| Balance at 31 March 2023 | 21,625 | 2,281 | 4,188 | 28,094 | 38,108 | 66,202 |
| Total Comprehensive Income and Expenditure | 6,435 | 0 | 0 | 6,435 | 3,108 | 9,543 |
| Adjustments between accounting basis and funding basis | (4,249) | (44) | 2,333 | (1,960) | 1,961 | 1 |
| Increase/(Decrease) in Year | 2,186 | (44) | 2,333 | 4,475 | 5,069 | 9,544 |
| Balance at 31 March 2024 | 23,811 | 2,237 | 6,521 | 32,569 | 43,177 | 75,746 |

| 31 March 2023 £000 | | 31 March 2024 £000 |
|-----------------------|----------------------------|-----------------------|
| 5,985 | General Fund Balance | 5,800 |
| 15,640 | Earmarked Reserves Balance | 18,011 |
| 21,625 | Total | 23,811 |

BALANCE SHEET

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

| 2022/23 £000 | | Notes | 2023/24 £000 |
|-----------------|--|-------|-----------------|
| 46,752 | Property, Plant & Equipment | 12 | 48,508 |
| 425 | Heritage Assets | 13 | 425 |
| 4,838 | Investment Property | 14 | 4,640 |
| 56 | Intangible Assets | | 46 |
| 225 | Investment in Associates and Joint Ventures | 15 | 225 |
| 12,770 | Long Term Investments | 15 | 13,012 |
| 121 | Long Term Debtors | 15 | 879 |
| 65,187 | Long Term Assets | | 67,735 |
| 0 | Assets Held for Sale | 45 | 2,750 |
| 49 | Inventories | | 62 |
| 5,408 | Short Term Debtors | 16 | 6,712 |
| 22,260 | Short Term Investments | 15 | 9,215 |
| 11,080 | Cash and Cash Equivalents | | 25,004 |
| 38,797 | Current Assets | | 43,743 |
| (61) | Short Term Borrowing | 15 | (61) |
| (19,482) | Short Term Creditors | 18 | (17,977) |
| (450) | Short Term Provisions | 19 | (254) |
| (1,657) | Capital Grants Receipts in Advance | 33 | (2,276) |
| (21,650) | Current Liabilities | | (20,568) |
| (1,005) | Long Term Borrowing | 15 | (944) |
| (64) | Long Term Creditors | 15 | (125) |
| (2,098) | Long Term Provisions | 19 | (2,141) |
| (11,630) | Long Term Liabilities: Defined Benefit Pension | 38 | (11,033) |
| (1,333) | Capital Grants Receipts in Advance (LT) | | (921) |
| (16,130) | Long Term Liabilities | | (15,164) |
| 66,204 | Net Assets | | 75,746 |
| 28,095 | Usable Reserves | 20 | 32,569 |
| 38,109 | Unusable Reserves | 21 | 43,177 |
| 66,204 | Total Reserves | | 75,746 |

CASH FLOW STATEMENT

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

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|---|-----------------|
| (2,437) | Net surplus or (deficit) on the provision of services | 6,435 |
| 1,116 | Adjustments to Net Surplus or Deficit on the provision of services for non-cash movements (Note 22) | (2,914) |
| (4,959) | Adjustments for items included in the Net Surplus or Deficit on the provision of services that are investing and financing activities (Note 23) | (5,955) |
| (6,280) | Net cash flows from Operating Activities | (2,434) |
| (3,072) | Investing Activities (Note 24) | 13,906 |
| 1,936 | Financing Activities (Note 25) | 2,452 |
| (7,416) | Net increase or (decrease) in cash and cash equivalents | 13,924 |
| 18,496 | Cash and cash equivalents at the beginning of the reporting period | 11,080 |
| 11,080 | Cash and cash equivalents at the end of the reporting period (Note 17) | 25,004 |

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1. Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year end of 31 March 2024. 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 2023/24 and the Service Reporting Code of Practice, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Local Government Act.

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

Accruals of Income and Expenditure

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

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

Cash and Cash Equivalents

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

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

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts such as Building Control are debited with the following amounts to record the cost of holding property, plant and equipment assets during the year:

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

NOTES TO THE ACCOUNTS

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

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

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

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

Council Tax and Non-Domestic Rates

Accounting for Council Tax

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

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

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

Accounting for Non-Domestic Rates (NDR)

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

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

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

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, local authorities are liable for successful appeals against business rates charged to businesses in 2023/24 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 2024. The estimate for the 2010 valuation lists was calculated using the Valuation Office (VO) ratings list of appeals and the analysis of successful appeals to date. The appeals for the 2017 and 2023 valuation lists under the new Check, Challenge and Appeal process are based on the Government's allowance for appeals. However this has been further informed by local experience of actual appeal outcomes for the relevant valuation list.

NOTES TO THE ACCOUNTS

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (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 Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises the costs for a restructuring.

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

Post-Employment Benefits

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

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

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

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

NOTES TO THE ACCOUNTS

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

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined benefit liability (asset), 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 applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, 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; are accounted for as an expense.

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

Discretionary Benefits

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

Events after the Balance Sheet Date

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

NOTES TO THE ACCOUNTS

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.

Fair Value Measurement

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

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

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

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

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

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

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

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

Financial Instruments

Financial Liabilities

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

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

NOTES TO THE ACCOUNTS

Financial Assets

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

The Code allows for three classes of financial assets:

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

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

Financial Assets Measured at Amortised Cost

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

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

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

Financial Assets at Fair Value through Other Comprehensive Income

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

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

NOTES TO THE ACCOUNTS

Financial Assets at Fair Value through Profit and Loss

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

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

Impairment

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

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

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

Government Grants and Contributions

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-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.

NOTES TO THE ACCOUNTS

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.

Art Collection:

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

Other Items:

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

Heritage Assets - General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets 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 93 (Impairment) and pages 70 to 73 (Property, Plant and Equipment) in this Summary of Accounting Policies. Any disposals are accounted for in accordance with the general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see pages 70 to 73 (Property, Plant and Equipment) in this Summary of Accounting Policies).

Interests in companies and other entities

The Council has a wholly-owned subsidiary, Lichfield West Midlands Trading Services Ltd. The financial transactions are not currently considered to be material to require the Council to prepare group accounts. In the Council's own single-entity accounts, the interest is recorded as a financial asset at fair value.

Inventories

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

NOTES TO THE ACCOUNTS

Investment Property

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

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

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

Joint Operations

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

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

Joint Ventures

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

IFRS 9 permits investors to make an irrevocable election on initial recognition to measure equity investments at fair value through other comprehensive income (FVOCI). This election may be made on an investment-by-investment basis, so need not be applied consistently. For investments held on 31 March 2018, the election must have been made in the 2018/19 accounts.

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

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

NOTES TO THE ACCOUNTS

Leases

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

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

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from 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).

NOTES TO THE ACCOUNTS

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 non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (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 service segments in accordance with the Council's arrangements for accountability and financial performance. This means effectively that the cost of the overheads is shown in total within 'A Good Council' in the Comprehensive Income and Expenditure Statement.

Property, Plant and Equipment

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

NOTES TO THE ACCOUNTS

Recognition

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

De Minimis Level

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

Component Accounting Policy for Property, Plant and Equipment

International Accounting Standard 16 (IAS 16) – Property, Plant and Equipment (PPE) contains the accounting requirements for the separate recognition, depreciation and de-recognition of parts of assets (referred to as componentisation).

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

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

Policy for Componentisation

- Components of an asset will be separated where their value is significant in relation to the total value of the asset and where those components have different useful lives to the remainder of the asset for depreciation purposes.
- Where there is more than one significant component part of the same asset with the same useful life, such component parts will be grouped together for depreciation purposes.
- A component may be an individual item or similar items with similar useful lives grouped.
- Where a component is replaced or restored, the carrying amount of the old component will be de-recognised and the new component added. Where the carrying value of the de-recognised/replaced component is not known a best estimate will be determined by reference to the current cost.

NOTES TO THE ACCOUNTS

- Only assets with a carrying value of **£500,000** and over will be considered for componentisation.
- Of those assets, for the purpose of determining a 'significant' component of an asset, components with a value of 15% in relation to the overall value of the asset or over **£500,000** will be considered and then only if the component has a different useful life for depreciation purposes so as to result in depreciation charges that differ materially from the depreciation charges had the asset not been componentised.
- On componentisation any Revaluation Reserve balances will remain with the structure of the building. Any future revaluation gains and losses will be applied across components as appropriate.

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

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

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

A component must:

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

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

Valuation

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

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

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

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

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

NOTES TO THE ACCOUNTS

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

Impairment

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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.

NOTES TO THE ACCOUNTS

Disposals and Non-current Assets Held for Sale

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

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

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

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

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

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

Surplus Assets

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

Provisions and Contingent Liabilities

Provisions

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

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

NOTES TO THE ACCOUNTS

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 (REFCuS)

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

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. Lichfield District Council is in a VAT receivable position at year end; the balance outstanding is included in **Note 16** Short Term Debtors.

2. Accounting Standards that have been Issued but have not yet been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

For 2023/24 the following changes in accounting requirements are anticipated to have a material impact on the Council's financial performance or financial position:

- **IFRS 16: Leases** - for the 2024/25 financial year, the Council is planning to implement IFRS 16 Leases, applying the provisions as they have been adopted in the 2023/24 Accounting Code. These provisions are not mandatory until 2024/25. The main impact of IFRS 16 will relate to property that the Council holds under operating leases, for which assets and liabilities are not recognised and rents are generally charged as revenue expenditure when they are payable. Under IFRS 16, the accounting treatment for all leases (except those with a term of less than 12 months and those involving low value items) will be to recognise a right-of-use asset in the Balance Sheet, measuring the value of the Council's right to use the property over the remaining term of the lease. The Balance Sheet will also include a liability for the rents payable before the lease expires. When rents are paid, they will be applied partly to write down the liability and partly charged as interest on the outstanding liability. The cost of the right-of-use asset will be reflected in depreciation charges in the Comprehensive Income and Expenditure Statement. However, statutory arrangements are in place that will allow the impact on the General Fund Balance to be unchanged – ie, that the overall charge for each year will be the rents payable in that year.
- There are a number of minor amendments but these are unlikely to have a material impact on the Council's accounts.

3. Critical Judgements in Applying Accounting Policies

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

The critical judgements made in the Statement of Accounts:

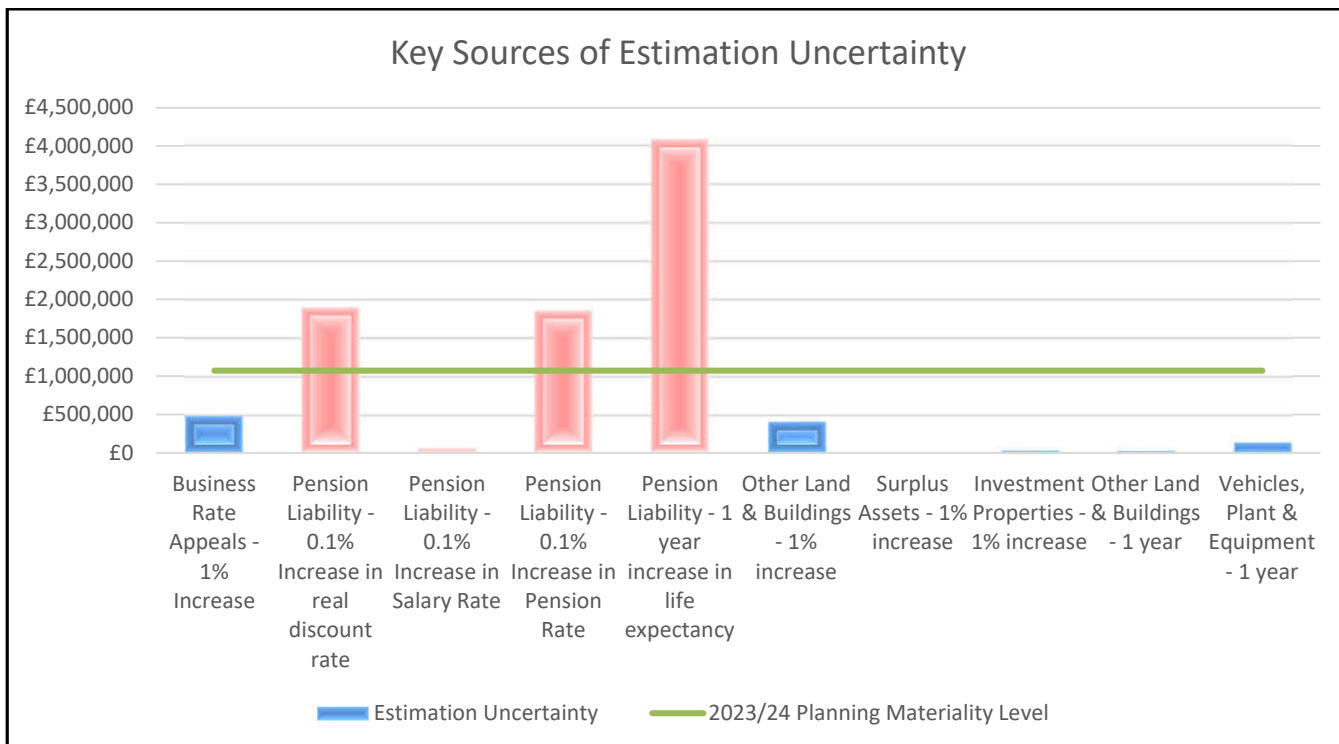
1. The Council hosts the Joint Waste Service with Tamworth Borough Council and is responsible for management of the arrangement including the refuse fleet. Each Council is responsible for showing its share of income and expenditure and assets and liabilities within its Financial Statements. In February 2016 the Council procured a new waste fleet using a contract hire arrangement that has been evaluated under IAS 17 as a finance lease. The value of assets procured, and the finance lease obligation was **£2,240,000**. A further **£680,000** of assets was added to this during 2016/17. At 31 March 2024 the Net Book Value of the assets was **£0** and the value of the finance lease obligation was **£0**. 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 **58.26%** Lichfield and **41.74%** Tamworth.
2. The assumptions around the outcome of appeals against NNDR valuations (either received to date or expected to be received in future years) represent a material and critical judgement applied to the accounts. The appeals provision for the 2017 and 2023 lists is based on a combination of the allowance within the Business Rates Multiplier calculated by the Government updated by local empirical evidence of settled appeals. The appeals provision is based on the Net Rates Payable and each **1%** change would alter the net locally retained income (**40%**) to the Council by **£786,000** for the 2017 list and **£139,000** for the 2023 list. Due to the technical adjustment relating to the Collection Fund Adjustment Account, this would not result in any change to the level of General Reserves.
3. The Council has considered whether Group Accounts would be needed for 2023/24 to incorporate LWM Traded Services Limited and Darwin prospects LLP, into the Council's main accounts. Following a detailed assessment, submitted, and agreed with the External Auditors, the conclusion reached is that a set of Group Accounts, including LWM Traded Services Limited, would not be materially different to the Council's own set of accounts because most of the income is 'intra group' i.e., from the Council to LWM Traded Services Limited. This assessment is based on LWM Traded Services Limited's Approved Business Plan for 2023/24 and forecast year end position, which showed that there were no projected material variances to this Plan. The Council has also concluded that Group Accounts are not required in relation to Darwin Prospects LLP. The LLP will be classified as a Joint Venture since the Council has rights to the net assets although during 2023/24 no material financial transactions have taken place.

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 2024 for which there is a significant risk of material adjustment in the forthcoming financial year, are as follows:



Pensions

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

Property, Plant and Equipment

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

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.

Other land and buildings are valued periodically and includes individual assets of significant value such as Burntwood Leisure Centre, the Lichfield Garrick and the Plant Lane Depot. The External Valuer uses a valuation method that is most appropriate to the type of asset. Therefore, assets where there is no active market such as leisure and cultural facilities, use Depreciated Replacement Cost and the valuation is based on the cost of replacing the asset with a modern equivalent. Because these valuations are not based on

NOTES TO THE ACCOUNTS

arket evidence, there is a higher level of valuation uncertainty. Investment properties are valued annually and are those assets held solely for rental, capital appreciation or both. The value of these assets is based on fair value which includes the level of rental income receivable for each asset and therefore in the current economic climate, there is a higher level of valuation uncertainty.

Valuation Methods

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

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

FV = Fair Value - The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

5. Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Section 151 Officer on 15 January 2025.

The financial statements and notes have not been adjusted for the following events which took place after 31 March 2024 as they provide information that is relevant to an understanding of the Authority's financial position but do not relate to conditions at that date:

- Transfer of the Human Resources, Biodiversity and Planning Major Development functions to LWMTS. The financial impact of this to the Council is expected to be £nil as the budgets have been transferred to the company and the company will charge the Council for the equivalent cost to run these services.
- Full Council on 11 July 2023 agreed that Lichfield District Council's freehold ownership of the Three Spires Shopping Centre site, excluding the Debenham's building, and six retail units (no's 32 – 44 Baker Street) be exchanged for the leasehold of the same six retail properties. This land exchange completed on the 20 December 2024 with the assets being exchanged by both parties valued at **£1,582,000**.

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

| | 2022/23 | | | | 2023/24 | | | |
|---|---------------------------|-------------------------------|-------------------------------|------------------------------------|---------------------------|-------------------------------|-------------------------------|------------------------------------|
| | 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 | 1,641 | | | (1,641) | 1,831 | | | (1,831) |
| Revaluation (gains) / losses on Property, Plant and Equipment | 545 | | | (545) | 206 | | | (206) |
| Movements in the market value of investment properties | (665) | | | 665 | 335 | | | (335) |
| Amortisation of intangible assets | 3 | | | (3) | 5 | | | (5) |
| Capital grants and contributions applied | (1,187) | | | 1,187 | (1,887) | | | 1,887 |
| Revenue expenditure funded from capital under statute | 1,286 | | | (1,286) | 1,428 | | | (1,428) |
| Amounts on non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES | 33 | | | (33) | 66 | | | (66) |
| 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 | (429) | | | 429 | (147) | | | 147 |
| Capital Expenditure charged to the General Fund | (1,353) | | | 1,353 | (875) | | | 875 |
| Adjustments primarily involving the Capital Grants Unapplied Account | | | | | | | | |
| Capital Grants and Contributions unapplied credited to the CIES | (361) | | 361 | | (2,683) | | 2,683 | |
| Application of grants to capital financing transferred to the Capital Adjustment Account | | | (230) | 230 | | | (350) | 350 |
| Adjustments primarily involving the Capital Receipts Reserve | | | | | | | | |
| Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES | 0 | 0 | | | (44) | 44 | | |
| Unattached Capital Receipts not related to current year asset disposal to the CIES | (373) | 373 | | | (328) | 328 | | |
| Use of the Capital Receipts Reserve to finance new capital expenditure | | (1,020) | | 1,020 | | (416) | | 416 |
| Adjustments primarily involving the Pensions Reserve | | | | | | | | |
| Reversal of items relating to retirement benefits debited or credited to the CIES | 5,351 | | | (5,351) | 2,523 | | | (2,523) |
| Employers pension contributions and direct payments to pensioners payable in the year | (2,698) | | | 2,698 | (3,201) | | | 3,201 |
| 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 | (3,730) | | | 3,730 | (1,237) | | | 1,237 |
| Adjustments related to the pooled fund adjustment account | | | | | | | | |
| Amounts by which income and expenditure included in the comprehensive income and expenditure statement are different from revenue for the year calculated in accordance with statutory requirements | 1,458 | | | (1,458) | (242) | | | 242 |
| Total Adjustments | (479) | (647) | 131 | 995 | (4,249) | (44) | 2,333 | 1,961 |

NOTES TO THE ACCOUNTS

7. Expenditure and Funding Analysis Notes

2022/23

Presentation and Earmarked Reserves

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

| | Actual Outturn £000 | Earmarked Reserves £000 | Other £000 | Total Adjustments £000 | Expenditure & Funding Analysis £000 |
|--|---------------------------|-------------------------------|---------------|------------------------------|---|
| A Good Council | 9,340 | (1,871) | 0 | (1,871) | 7,469 |
| Developing Prosperity | 59 | 811 | 0 | 811 | 870 |
| Shaping Place | 3,922 | 606 | 0 | 606 | 4,528 |
| Enabling People | 1,346 | 441 | 0 | 441 | 1,787 |
| Net Cost of Services | 14,667 | (13) | 0 | (13) | 14,654 |
| Other Income and Expenditure | (14,667) | 2,069 | 861 | 2,930 | (11,737) |
| (Surplus) or deficit on Provision of Services (cash flow) | 0 | 2,056 | 861 | 2,917 | 2,917 |

Adjustments between the Funding and Accounting Basis

This table summarises the adjustments between the Funding and Accounting basis shown in detail on page 63 under the column General Fund Balance.

| | Adjustments for Capital Purposes £000 | Net Change for the Pension Adjustments £000 | Other Differences £000 | Total Adjustments £000 |
|--|---|---|------------------------------|------------------------------|
| A Good Council | 435 | 1,289 | (959) | 765 |
| Developing Prosperity | 1,315 | 303 | (49) | 1,569 |
| Shaping Place | 93 | 1,122 | (1,104) | 111 |
| Enabling People | 569 | 247 | (318) | 498 |
| Cost of Services | 2,412 | 2,961 | (2,430) | 2,943 |
| Other Income and Expenditure | (1,491) | 855 | (2,787) | (3,423) |
| (Surplus) or deficit on Provision of Services (cash flow) | 921 | 3,816 | (5,217) | (480) |

NOTES TO THE ACCOUNTS

2023/24

Presentation and Earmarked Reserves

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

| | Actual Outturn £000 | Earmarked Reserves £000 | Other £000 | Total Adjustments £000 | Expenditure & Funding Analysis £000 |
|--|---------------------------|-------------------------------|---------------|------------------------------|---|
| A Good Council | 9,290 | (2,070) | 0 | (2,070) | 7,220 |
| Developing Prosperity | 91 | 498 | 0 | 498 | 589 |
| Shaping Place | 4,751 | (141) | 0 | (141) | 4,610 |
| Enabling People | 1,692 | (157) | 0 | (157) | 1,535 |
| Net Cost of Services | 15,824 | (1,870) | 0 | (1,870) | 13,954 |
| Other Income and Expenditure | (15,824) | (501) | 185 | (316) | (16,140) |
| (Surplus) or deficit on Provision of Services (cash flow) | 0 | (2,371) | 185 | (2,186) | (2,186) |

Adjustments between the Funding and Accounting Basis

This table summarises the adjustments between the Funding and Accounting basis shown in detail on page 63 under the column General Fund Balance.

| | Adjustments for Capital Purposes £000 | Net Change for the Pension Adjustments £000 | Other Differences £000 | Total Adjustments £000 |
|--|---|---|------------------------------|------------------------------|
| A Good Council | 137 | (176) | (737) | (776) |
| Developing Prosperity | 1,083 | (18) | 65 | 1,130 |
| Shaping Place | (2,333) | (218) | (274) | (2,825) |
| Enabling People | 511 | (58) | (230) | 223 |
| Cost of Services | (602) | (470) | (1,176) | (2,248) |
| Other Income and Expenditure | (468) | 489 | (2,022) | (2,001) |
| (Surplus) or deficit on Provision of Services (cash flow) | (1,070) | 19 | (3,198) | (4,249) |

NOTES TO THE ACCOUNTS

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

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|---|-----------------|
| (13,591) | Fees, charges and other service income | (19,624) |
| (1,435) | Interest and investment income | (2,717) |
| (9,675) | Income from council tax | (9,791) |
| (21,318) | Government Grants | (22,816) |
| (46,019) | Total Income | (54,948) |
| 17,541 | Employee Expenses | 15,017 |
| 23,339 | Other Service Expenses | 27,216 |
| 0 | Support Service Recharges | 0 |
| 1,990 | Depreciation, amortisation and impairment | 2,539 |
| 66 | Interest Payments | 27 |
| 856 | Pension interest and expected return on Assets | 489 |
| 3,547 | Precepts and Levies | 3,773 |
| 33 | Gain or Loss on Disposal of Fixed Assets | 22 |
| 1,458 | Gain or Loss on Fair Value of Pooled Funds | (242) |
| (374) | Capital Grants & Contributions | (328) |
| 48,456 | Total Expenditure | 48,513 |
| 2,437 | (Surplus)/Deficit on the provision of services | (6,435) |

8. Transfers (to)/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2023/24. Reserves identified as restricted are required under legal agreements and can only be used for defined purposes.

| | Balance at 31 March 2022 £000 | Transfers out 2022/23 £000 | Transfers in 2022/23 £000 | Balance at 31 March 2023 £000 | Transfers out 2023/24 £000 | Transfers in 2023/24 £000 | Balance at 31 March 2024 £000 |
|---|--|-------------------------------------|------------------------------------|--|-------------------------------------|------------------------------------|--|
| General Earmarked Reserve | (6,689) | 1,567 | (6,225) | (11,347) | 1,487 | (4,779) | (14,639) |
| Earmarked Reserve-Restricted | (1,417) | 194 | (141) | (1,364) | 256 | (208) | (1,316) |
| Election Reserve | (205) | 0 | (15) | (220) | 145 | (44) | (119) |
| COVID-19 | (5,743) | 5,611 | 0 | (132) | 71 | 0 | (61) |
| Public Open Space Reserve-Restricted | (415) | 0 | 0 | (415) | 0 | 0 | (415) |
| Joint Waste Shared Service Reserve-Restricted | (1,007) | 455 | (11) | (563) | 318 | (11) | (256) |
| Building Regulations Reserve-Restricted | (313) | 22 | 0 | (291) | 69 | 0 | (222) |
| Development Grant Aid Reserve | (15) | 65 | (50) | 0 | 0 | 0 | 0 |
| Birmingham Road Car Park Capital Reserve-Restricted | (1,889) | 583 | (2) | (1,308) | 325 | 0 | (983) |
| TOTAL | (17,693) | 8,497 | (6,444) | (15,640) | 2,671 | (5,042) | (18,011) |

NOTES TO THE ACCOUNTS

The **General Earmarked Reserve** has been provided to fund expenditure items in 2023/24 and beyond including income from Government Grants received which have no conditions attached but which have been set aside for use in providing specific services.

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

The **Election Reserve** has been set up to fund the cost of District Council Elections. We build up this reserve over a four year period, the next election being in 2027.

The **COVID-19 Reserve** has been set up to meet future burdens related to the pandemic.

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

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

The **Building Regulations Reserve (Restricted)** has been set up to meet our obligations under Central Building Control Partnership.

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

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

9. Other Operating Expenditure

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|--|-----------------|
| 2,125 | Parish Council Precepts | 2,183 |
| 33 | (Gains)/Losses on the disposal of non-current assets | 22 |
| (374) | Unattached Capital Receipts | (328) |
| 1,784 | TOTAL | 1,877 |

10. Financing and Investment Income and Expenditure

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|---|-----------------|
| 66 | Interest payable and similar charges | 27 |
| 856 | Pensions interest cost and expected return on pensions assets | 489 |
| (1,435) | Interest receivable and similar income | (2,717) |
| (960) | Income and expenditure in relation to investment properties and changes in their fair value | 122 |
| 1,458 | Other Investment Income* | (242) |
| (15) | TOTAL | (2,321) |

*Other investment income relates to (profit)/loss on pooled investment funds.

NOTES TO THE ACCOUNTS

11. Taxation and Non-Specific Grant Income

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|---|-----------------|
| (9,675) | Council Tax Income <u>Business Rates</u> | (9,791) |
| (13,866) | Council Share of Retained Business Rates | (15,855) |
| 11,632 | Less: Business Rates Tariff | 12,760 |
| 1,421 | Less: Business Rates Levy | 1,589 |
| (835) | Add: Business Rates Levy Repayable | (925) |
| (5,121) | Non-ring fenced government grants | (4,978) |
| (485) | Capital grants and contributions | (497) |
| (16,929) | TOTAL | (17,697) |

Non-Ring Fenced Government Grants

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|----------------------------------|-----------------|
| (1,401) | New Homes Bonus | (992) |
| 0 | Revenue Support Grant | (117) |
| (212) | Homes for Ukraine | 0 |
| (20) | New Burdens Grants | 0 |
| (1,296) | Small Business Rates Relief | (1,229) |
| 0 | Funding Guarantee Grant | (558) |
| (813) | Retail Relief Grant | (1,198) |
| (1) | Rural Rate Relief | (1) |
| (10) | Supporting Small Business Relief | (182) |
| (67) | Pub Relief | (67) |
| (227) | Business Rate Inflation Cap | (527) |
| (828) | COVID Additional Relief Fund | 1 |
| 0 | Levy Account Surplus | (18) |
| (146) | Services Grant | (86) |
| (97) | Lower Tier Services Grant | 0 |
| (3) | Public Toilets Relief | (4) |
| (5,121) | TOTAL | (4,978) |

NOTES TO THE ACCOUNTS

12. Property, Plant and Equipment

Movements in 2023/24:

| | 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 2023 | 37,512 | 11,263 | 346 | 4,126 | 1,250 | 413 | 54,910 |
| Additions | 585 | 820 | | 2 | 70 | 486 | 1,963 |
| Revaluation increases/(decreases) recognised in the revaluation reserve | 3,459 | | | | 180 | | 3,639 |
| Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services | (414) | | | | | | (414) |
| De-recognition – disposals | (44) | (336) | | | | | (380) |
| Assets reclassified (to)/from held for sale | (1,250) | | | | (1,500) | | (2,750) |
| Other movements in cost or valuation | | 20 | | | | (20) | 0 |
| At 31 March 2024 | 39,848 | 11,767 | 346 | 4,128 | 0 | 879 | 56,968 |

| Accumulated Depreciation and Impairment | | | | | | | |
|--|-------------|----------------|-------------|------------|----------|----------|----------------|
| At 1 April 2023 | (66) | (8,022) | (63) | (7) | 0 | 0 | (8,158) |
| Depreciation charge | (1,097) | (732) | (2) | | | | (1,831) |
| Depreciation written out to the revaluation reserve | 1,003 | | | | 0 | | 1,003 |
| Depreciation written out to the surplus/deficit on the provision of services | 125 | 76 | | | 0 | | 201 |
| De-recognition – disposals | 0 | 325 | | | | | 325 |
| At 31 March 2024 | (35) | (8,353) | (65) | (7) | 0 | 0 | (8,460) |

| Net Book Value | | | | | | | |
|-------------------------|---------------|--------------|------------|--------------|--------------|------------|---------------|
| At 31 March 2024 | 39,813 | 3,414 | 281 | 4,121 | 0 | 879 | 48,508 |
| At 31 March 2023 | 37,446 | 3,241 | 283 | 4,119 | 1,250 | 413 | 46,752 |

NOTES TO THE ACCOUNTS

Comparative Movements in 2022/23:

| | 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 2022 | 34,889 | 10,080 | 346 | 4,126 | 1,250 | 293 | 50,984 |
| Additions | 772 | 1,312 | | | | 120 | 2,204 |
| Revaluation increases/(decreases) recognised in the revaluation reserve | 2,565 | | | | | | 2,565 |
| Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services | (699) | | | | | | (699) |
| De-recognition – disposals | (15) | (129) | | | | | (144) |
| At 31 March 2023 | 37,512 | 11,263 | 346 | 4,126 | 1,250 | 413 | 54,910 |
| Accumulated Depreciation and Impairment | | | | | | | |
| At 1 April 2022 | (67) | (7,454) | (60) | (7) | 0 | 0 | (7,588) |
| Depreciation charge (Land is not depreciated) | (958) | (679) | (3) | | | | (1,640) |
| Depreciation written out to the revaluation reserve | 806 | | | | | | 806 |
| Depreciation written out to the surplus/deficit on the provision of services | 153 | | | | | | 153 |
| De-recognition – disposals | | 111 | | | | | 111 |
| At 31 March 2023 | (66) | (8,022) | (63) | (7) | 0 | 0 | (8,158) |
| Net Book Value | | | | | | | |
| At 31 March 2023 | 37,446 | 3,241 | 283 | 4,119 | 1,250 | 413 | 46,752 |
| At 31 March 2022 | 34,822 | 2,626 | 286 | 4,119 | 1,250 | 293 | 43,396 |

NOTES TO THE ACCOUNTS

Other Land & Buildings Breakdown

| 2022/23 | | 2023/24 |
|----------------|--------------------------|----------------|
| £000 | | £000 |
| 10,090 | Arts Facility | 13,130 |
| 360 | Bus Station | 360 |
| 2,070 | Depot | 2,140 |
| 695 | Dwelling | 686 |
| 13,040 | Leisure Centre | 13,300 |
| 1,900 | Multi Storey Car Park | 1,885 |
| 1,930 | Offices | 1,880 |
| 504 | Other land & Buildings | 504 |
| 549 | Parks and Sports Grounds | 561 |
| 1,176 | Pavilions | 1,283 |
| 255 | Public Conveniences | 242 |
| 1,434 | Retail | 179 |
| 3,443 | Surface Car Park | 3,663 |
| 37,446 | Total | 39,813 |

Depreciation

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

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

Capital Commitments

At 31 March 2024, the Council had no material capital commitments (31 March 2023: **£0**).

Effects of Changes in Estimates

In 2023/24, 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 current value is re-valued at least every five years. All valuations are carried out by Gerald Eve LLP. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

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

| | Other Land & Buildings £000 | Vehicles, Plant, Furniture & Equipment £000 | Total £000 |
|--------------------------------|--------------------------------|---|---------------|
| Carried at historical cost | 0 | 3,414 | 3,414 |
| Valued at fair value as at: | | | |
| - 31 March 2024 | 39,079 | | 39,079 |
| - 31 March 2023 | 584 | | 584 |
| - 31 March 2021 | 150 | | 150 |
| Total Cost or Valuation | 39,813 | 3,414 | 43,227 |

13. Heritage Assets

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

| | Statues £000 | Art Collection £000 | Other Items £000 | Total Assets £000 |
|--------------------------|-----------------|---------------------------|---------------------|----------------------|
| Cost or Valuation | | | | |
| At 1 April 2023 | 285 | 70 | 70 | 425 |
| At 31 March 2024 | 285 | 70 | 70 | 425 |

| | | | | |
|--------------------------|------------|-----------|-----------|------------|
| Cost or Valuation | | | | |
| At 1 April 2022 | 285 | 70 | 70 | 425 |
| At 31 March 2023 | 285 | 70 | 70 | 425 |

NOTES TO THE ACCOUNTS

Statues

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

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

Art Collection

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

Other Items

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

Preservation and Management

The statues located in parks are managed by the Historic Parks Manager, the civic regalia and trophies are managed by the Executive and Civic Officer, and all other items are managed by the Tourism Manager.

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

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

14. Investment Properties

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

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

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

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

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|--|-----------------|
| 358 | Rental income from investment property | 306 |
| (63) | Direct operating expenses | (93) |
| 295 | Net income from Investment Property | 213 |
| 665 | Revaluation (losses)/ gains | (335) |
| 960 | Net (loss) / gain | (122) |

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:

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|--|-----------------|
| 4,153 | Balance at Start of Year | 4,838 |
| 20 | Additions | 137 |
| 665 | Net Gains/(losses) from fair value adjustments | (335) |
| 4,838 | Balance at end of year | 4,640 |

| | 2022/23 | | | 2023/24 | | |
|------------------------|--|---|--|--|---|--|
| | Quoted prices in active markets for identical assets (Level 1) £000 | Other significant observable inputs (Level 2) £000 | Fair Value as at 31 March 2023 £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 2024 £000 |
| Residential Properties | 0 | 918 | 918 | 0 | 888 | 888 |
| Office Units | 0 | 755 | 755 | 0 | 805 | 805 |
| Commercial Units | 0 | 3,165 | 3,165 | 0 | 2,947 | 2,947 |
| Total | 0 | 4,838 | 4,838 | 0 | 4,640 | 4,640 |

15. Financial Instruments

Financial Instruments – Classifications

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

Financial Liabilities

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

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

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

NOTES TO THE ACCOUNTS

Financial Assets

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

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

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

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

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

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

| Financial Assets | Long Term | | Short Term | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | 31 March 2023 £000 | 31 March 2024 £000 | 31 March 2023 £000 | 31 March 2024 £000 |
| <u>At amortised cost:</u> | | | | |
| - Principal | | | 22,000 | 9,000 |
| - Accrued interest | | | 169 | 117 |
| <u>At fair value through profit & loss:</u> | | | | |
| - Equity Investments (Diversified income and property funds) | 12,770 | 13,012 | 0 | 0 |
| - Equity Investments (Associates and joint ventures) | 225 | 225 | | |
| - Accrued interest | | | 91 | 98 |
| Total Investments | 12,995 | 13,237 | 22,260 | 9,215 |
| <u>At amortised cost:</u> | | | | |
| - Cash (including bank accounts) | | | 257 | 552 |
| <u>At fair value through profit & loss:</u> | | | | |
| - Cash equivalents at fair value | | | 10,780 | 24,340 |
| - Accrued interest | | | 43 | 112 |
| Total Cash and Cash Equivalents | | | 11,080 | 25,004 |
| <u>Debtors</u> | | | | |
| Trade receivables | 57 | 814 | 4,429 | 4,966 |
| Joint Venture | 64 | 65 | 0 | 0 |
| Total included in Debtors | 121 | 879 | 4,429 | 4,966 |
| Total Financial Assets | 13,116 | 14,116 | 37,769 | 39,185 |

NOTES TO THE ACCOUNTS

| Financial Liabilities | Long Term | | Short Term | |
|---------------------------------------|------------------|------------------|------------------|------------------|
| | 31 March 2023 | 31 March 2024 | 31 March 2023 | 31 March 2024 |
| | £000 | £000 | £000 | £000 |
| <u>Loans at amortised cost:</u> | | | | |
| Principal sum borrowed | (1,005) | (944) | (61) | (61) |
| Total Borrowing | (1,005) | (944) | (61) | (61) |
| <u>Liabilities at amortised cost:</u> | | | | |
| Trade payables | (64) | (125) | (8,237) | (7,888) |
| Finance leases | | | 0 | 0 |
| Total included in Creditors | (64) | (125) | (8,237) | (7,888) |
| Total Financial Liabilities | (1,069) | (1,069) | (8,298) | (7,949) |

Offsetting Financial Assets and Liabilities

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

| | 31 March 2023 | | | 31 March 2024 | | |
|---|----------------------------------|-----------------------------------|-------------------------------------|----------------------------------|-----------------------------------|-------------------------------------|
| | Gross assets (liabilities) | (Liabilities) assets offset | Net position on balance sheet | Gross assets (liabilities) | (Liabilities) assets offset | Net position on balance sheet |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Bank accounts in credit | 99 | (66) | 33 | 105 | (27) | 78 |
| Total offset financial assets | 99 | (66) | 33 | 105 | (27) | 78 |
| Bank overdrafts | (66) | 66 | 0 | (27) | 27 | 0 |
| Total offset financial liabilities | (66) | 66 | 0 | (27) | 27 | 0 |

Reconciliation to Cash and Cash Equivalents

| 31 March 2023 £000 | | 31 March 2024 £000 |
|-----------------------|---|-----------------------|
| 33 | Main Bank Accounts Total | 78 |
| 223 | Total Reconciling Differences (Unpresented Cheques and Cash in Transit) | 472 |
| 256 | Cash & Cash Equivalents - Bank Accounts | 550 |

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:

| 2022/23 | | Financial Liabilities | Financial Assets | | 2023/24 |
|----------------|---|-----------------------|------------------|----------------------------------|----------------|
| | | Amortised Cost | Amortised Cost | Fair Value through Profit & Loss | Total |
| £000 | | £000 | £000 | £000 | £000 |
| 66 | Interest Expense | 27 | | | 27 |
| 66 | Interest payable and similar charges | 27 | 0 | 0 | 27 |
| (451) | Interest Income | | (1,109) | | (1,109) |
| (984) | Dividend Income | | | (1,608) | (1,608) |
| (1,435) | Interest and Investment Income | 0 | (1,109) | (1,608) | (2,717) |
| (1,369) | Net Gain / (Loss) for the Year | 27 | (1,109) | (1,608) | (2,690) |

Financial Instruments - Fair Values

Financial instruments, except those classified at amortised cost are carried in the Balance Sheet at fair value. For most assets, including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2024, using the following methods and assumptions:

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

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

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

NOTES TO THE ACCOUNTS

| | Fair Value Level | 31 March 2023 | | 31 March 2024 | |
|---|------------------|-----------------------|--------------------|-----------------------|--------------------|
| | | Balance Sheet £000 | Fair Value £000 | Balance Sheet £000 | Fair Value £000 |
| <i>Financial assets held at fair value:</i> | | | | | |
| Money market funds | 1 | 10,823 | | 24,452 | |
| Diversified Funds | 1 | 10,958 | | 11,271 | |
| Property Funds | 2 | 1,812 | | 1,741 | |
| Shares in unlisted companies | 3 | 225 | | 225 | |
| Financial assets for which fair value is not disclosed: | | 27,068 | | 15,612 | |
| Total Financial Assets | | 50,885 | | 53,301 | |
| <i>Recorded on the Balance Sheet as:</i> | | | | | |
| Short Term Investments | | 22,260 | | 9,215 | |
| Long Term Investments | | 12,770 | | 13,012 | |
| Investment in Associates and Joint Ventures | | 225 | | 225 | |
| Cash & Cash Equivalents | | 11,080 | | 25,004 | |
| Short Term Debtors | | 4,429 | | 4,966 | |
| Long Term Debtors | | 121 | | 879 | |
| Total Financial Assets | | 50,885 | | 53,301 | |

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

The Council has invested £225,000 in its wholly owned subsidiary LWM Traded Services Ltd (LWMTS) related to 225,000 shares at a nominal value of £1 each. The investment value is based on the cost of the investment as a proxy for fair value with shareholder funds in the LWMTS draft Accounts being £241,838. As a guide, a change in the investment value by +/- 1% would equate to an increase/decrease of £2,418.

| | Fair Value Level | 31 March 2023 | | 31 March 2024 | |
|--|------------------|-----------------------|--------------------|-----------------------|--------------------|
| | | Balance Sheet £000 | Fair Value £000 | Balance Sheet £000 | Fair Value £000 |
| <i>Financial liabilities held at amortised cost:</i> | | | | | |
| Long Term loans from PWLB | 2 | (1,065) | (917) | (1,005) | (883) |
| Total | | (1,065) | (917) | (1,005) | (883) |
| Liabilities for which fair value is not disclosed | | (8,301) | | (8,013) | |
| Total Financial Liabilities | | (9,366) | | (9,018) | |
| <i>Recorded on the Balance Sheet as:</i> | | | | | |
| Short Term Creditors | | (8,237) | | (7,888) | |
| Long Term Creditors | | (64) | | (125) | |
| Short Term Borrowing | | (61) | | (61) | |
| Long Term Borrowing | | (1,005) | | (944) | |
| Total Financial Liabilities | | (9,367) | | (9,018) | |

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

NOTES TO THE ACCOUNTS

16. Short Term Debtors

| 31 March 2023 £000 | | 31 March 2024 £000 |
|-----------------------|--------------------------|-----------------------|
| 4,429 | Trade receivables | 4,966 |
| 781 | Prepayments | 1,487 |
| 1,788 | Other receivable amounts | 1,953 |
| (1,590) | Bad Debt Provision | (1,694) |
| 5,408 | Total Debtors | 6,712 |

17. Cash and Cash Equivalents

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

| 31 March 2023 £000 | | 31 March 2024 £000 |
|-----------------------|----------------------------|-----------------------|
| 1 | Cash held by the authority | 2 |
| 256 | Bank Accounts | 550 |
| 10,823 | Money Market Funds | 24,452 |
| 11,080 | Total | 25,004 |

18. Short Term Creditors

| 31 March 2023 £000 | | 31 March 2024 £000 |
|-----------------------|------------------------|-----------------------|
| (8,237) | Trade payables | (7,888) |
| (11,245) | Other payables | (10,089) |
| (19,482) | Total Creditors | (17,977) |

NOTES TO THE ACCOUNTS

19. Provisions

The Council has two provisions:

| | Outstanding Legal Cases £000 | Business Rates Appeals £000 | Total £000 |
|--------------------------------|------------------------------------|-----------------------------------|---------------|
| Balance at 1 April 2023 | (100) | (2,448) | (2,548) |
| Amounts used this year | 0 | 153 | 153 |
| Balance at 31 March 2024 | (100) | (2,295) | (2,395) |
| Element categorised as current | (100) | (154) | (254) |

Outstanding Legal Cases

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

- **Municipal Mutual Insurance**

In 1992, Municipal Mutual Insurance (MMI) ceased to trade and now exists solely to discharge its responsibilities under policies that it had previously issued. These responsibilities relate mainly to legal claims which will take many years to materialise and finalise. In the event of MMI's insolvency during this period, local authority policy holders have agreed to enter into a 'scheme of arrangement' under which there are claw-back provisions on claims payments made by MMI after the implementation of the scheme. The potential liability if the scheme is triggered is **£99,950**. On 13 November 2012, at the Board Meeting of Municipal Mutual, the decision was made to trigger the Scheme of Arrangement. Control of the Company has been passed to the Scheme Administrators Ernst & Young LLP. Provision has been made for the amount of liability. This provision is based on those claims that the Authority is currently aware of.

Provisions

The Authority had one further provision at 31 March 2024:

- **Business Rates Appeals**

Under Business Rates Retention the Council is required to make provisions for refunding Business Rates payers who successfully appeal against the rateable value of their property set by the Valuation Office (VOA). The amount of **£2,295,000** relates to an estimate of Business Rate refunds from successful appeals up to 31 March 2024. The appeals provision for the 2017 and 2023 lists is based on a combination of the allowance within the Business Rates Multiplier calculated by the Government updated by local empirical evidence of settled appeals. The appeals provision is based on the Net Rates Payable and each **1%** change would alter the net locally retained income (**40%**) to the Council by **£786,000** for the 2017 list and **£139,000** for the 2023 list. Due to the technical adjustment relating to the Collection Fund Adjustment Account, this would not result in any change to the level of General Reserves. The timing of when refunds are made is dependant on the VOA's review of appeals.

NOTES TO THE ACCOUNTS

20. Usable Reserves

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|--------------------------|-----------------|
| 5,985 | General Fund | 5,800 |
| 4,189 | Capital Grants Unapplied | 6,521 |
| 2,281 | Capital Receipts Reserve | 2,237 |
| 15,640 | Earmarked Reserves | 18,011 |
| 28,095 | Total | 32,569 |

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

21. Unusable Reserves

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|--------------------------------|-----------------|
| 14,970 | Revaluation Reserve | 19,176 |
| 35,494 | Capital Adjustment Account | 35,733 |
| 47 | Deferred Capital Receipts | 47 |
| (11,630) | Pensions Reserve | (12,486) |
| 867 | Collection Fund Adjustments | 2,104 |
| (1,230) | Pooled Fund Adjustment Account | (988) |
| (409) | Accumulated Absence Account | (409) |
| 38,109 | Total | 43,177 |

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.

| 2022/23 £000 | | | 2023/24 £000 |
|-----------------|--|-------|-----------------|
| 11,897 | Balance at 1 April | | 14,969 |
| 3,420 | Upward revaluation of assets | 4,777 | |
| (48) | Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services | (135) | |
| 3,372 | Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services | | 4,642 |
| (295) | Difference between fair value depreciation and historical cost depreciation | (423) | |
| (4) | Accumulated gains on assets sold or scrapped | (12) | |
| (299) | Amount written off to the Capital Adjustment Account | | (435) |
| 14,970 | Balance at 31 March | | 19,176 |

NOTES TO THE ACCOUNTS

Capital Adjustment Account

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

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

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

| 2022/23 £000 | | | 2023/24 £000 |
|-----------------|--|---------|-----------------|
| 33,819 | Balance at 1 April | | 35,494 |
| | Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement: | | |
| (1,641) | · Charges for depreciation and impairment of non-current assets | (1,831) | |
| (545) | · Revaluation gains/losses on Property, Plant and Equipment | (206) | |
| (3) | · Amortisation of intangible assets | (5) | |
| (1,286) | · Revenue expenditure funded from capital under statute | (1,428) | |
| (32) | · 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 | (66) | |
| (3,507) | | | (3,536) |
| 299 | Adjusting amounts written out of the Revaluation Reserve | | 435 |
| 30,611 | Net written out amount of the cost of non-current assets consumed in the year | | 32,393 |
| | Capital financing applied in the year: | | |
| 1,020 | · Use of the Capital Receipts Reserve to finance new capital expenditure | 416 | |
| 1,267 | · Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing | 1,887 | |
| 149 | · Application of grants to capital financing from the Capital Grants Unapplied Account | 350 | |
| 429 | · Statutory provision for the financing of capital investment charged against the General Fund | 147 | |
| 1,353 | · Capital expenditure charged against the General Fund | 875 | |
| 4,218 | | | 3,675 |
| 665 | Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement | | (335) |
| 35,494 | Balance at 31 March | | 35,733 |

NOTES TO THE ACCOUNTS

Pensions Reserve

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

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|--|-----------------|
| (31,431) | Balance at 1 April | (11,630) |
| 43,929 | Actuarial gains or losses on pensions assets and liabilities | 3,202 |
| (4,799) | Return on Plan Assets | 8,444 |
| (5,351) | 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 | (2,523) |
| 2,698 | Employer's pensions contributions and direct payments to pensioners payable in the year | 3,201 |
| (16,676) | Asset Ceiling | (13,180) |
| (11,630) | Balance at 31 March | (12,486) |

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

| 2022/23 | | | | 2023/24 | | |
|---------------------|------------------------|---------------|---|---------------------|------------------------|---------------|
| Council Tax £000 | Business Rates £000 | Total £000 | | Council Tax £000 | Business Rates £000 | Total £000 |
| 30 | (2,893) | (2,863) | Balance at 1 April | 165 | 702 | 867 |
| 135 | 3,595 | 3,730 | 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 | (69) | 1,306 | 1,237 |
| 165 | 702 | 867 | Balance at 31 March | 96 | 2,008 | 2,104 |

NOTES TO THE ACCOUNTS

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

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|--|-----------------|
| 1,644 | Depreciation, amortisation and impairment | 1,837 |
| 763 | Downward revaluations | 872 |
| (883) | Upward revaluations charged to services | (331) |
| 33 | Carrying Amount of non-current assets disposed in the year | 66 |
| (424) | Increase / (Decrease) in Provisions | (154) |
| (5) | (Increase) / Decrease in Stock | (12) |
| (860) | (Increase) / Decrease in Debtors | (2,042) |
| (4,426) | Increase / (Decrease) in Creditors | (776) |
| 3,816 | Movement in pension liability | (2,131) |
| 1,458 | Other non-cash adjustments | (243) |
| 1,116 | Adjust net surplus or deficit on the provision of services for non-cash movements | (2,914) |

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

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|---|-----------------|
| (374) | Proceeds from the sale of property, plant and equipment, investment property and intangible assets disposed in the year | (372) |
| (2,205) | Capital Grants & Contributions | (3,070) |
| (2,380) | Any other items for which the cash effects are investing or financing activities | (2,513) |
| (4,959) | Adjust net surplus or deficit on the provision of services for investing and financing activities | (5,955) |

These items are included in the (Surplus)/Deficit on Provision of Services and are adjusted as they relate to Investing and Financing activities. The cash flows relating to these items are presented in **Note 24** and **Note 25** after adjusting for cash flows in respect of outstanding balances at the end of the current and prior financial year.

24. Cash Flow Statement - Investing Activities

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|--|-----------------|
| (1,917) | Purchase of property, plant and equipment, investment property and intangible assets | (2,808) |
| (50,064) | Purchase of short-term and long-term investments | (43,300) |
| 416 | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | 398 |
| 45,000 | Proceeds from short-term and long-term investments | 56,300 |
| 3,493 | Other (receipts)/payments from investing activities (including capital grants and contributions) | 3,316 |
| (3,072) | Net cash flows from Investing activities | 13,906 |

NOTES TO THE ACCOUNTS

25. Cash Flow Statement - Financing Activities

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|---|-----------------|
| (382) | Cash payments for the reduction of the outstanding liabilities relating to finance leases | 0 |
| (61) | Repayments of short and long term borrowing | (61) |
| 2,379 | Council Tax and Business Rates Net Cash Inflows | 2,513 |
| 1,936 | Net cash flows from Financing activities | 2,452 |

26. Cash Flow Statement - Operating Activities

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

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|---|-----------------|
| 1,196 | Interest received | 2,718 |
| (65) | Interest paid | (27) |
| 1,131 | Net cash flows from operating activities | 2,691 |

27. Reconciliation of Liabilities Arising from Financing Activities

| | Borrowings | | Lease | TOTAL |
|----------------------|------------|------------|-------------|--------------|
| | Long Term | Short Term | Liabilities | |
| 1 April 2023 | 1,005 | 61 | 0 | 1,066 |
| Cash-flows: | | | | |
| - Repayment | 0 | (61) | 0 | (61) |
| Non-cash: | | | | |
| - Reclassification | (61) | 61 | 0 | 0 |
| 31 March 2024 | 944 | 61 | 0 | 1,005 |

| | Borrowings | | Lease | TOTAL |
|----------------------|--------------|------------|-------------|--------------|
| | Long Term | Short Term | Liabilities | |
| 1 April 2022 | 1,065 | 61 | 383 | 1,509 |
| Cash-flows: | | | | |
| - Repayment | 0 | (61) | (383) | (444) |
| Non-cash: | | | | |
| - Reclassification | (61) | 61 | 0 | 0 |
| - Other | 1 | 0 | 0 | 1 |
| 31 March 2023 | 1,005 | 61 | 0 | 1,066 |

28. Principal and Agency Services

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

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

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|---|-----------------|
| 1,194 | Expenditure Incurred | 1,123 |
| (960) | Income received | (844) |
| (35) | Fee payable by South Staffordshire District Council | (35) |
| (35) | Fee payable by Tamworth Borough Council | (35) |
| (35) | Fee payable by South Derbyshire District Council | (35) |
| (35) | Fee payable by North Warwickshire Borough Council | (35) |
| (35) | Fee payable by Nuneaton & Bedworth Borough Council | (35) |
| (35) | Contribution from Lichfield District Council | (35) |
| 23 | (Surplus)/Deficit Transferred (To)/From Earmarked Reserves | 69 |

NOTES TO THE ACCOUNTS

29. Jointly Controlled Operations

The Authority is engaged in a jointly controlled operation with Tamworth Borough Council for waste collection for both the Lichfield District and Tamworth Borough areas, known as the Joint Waste Service. The Authority provides the financial administration service for this joint operation. The Service is administered through the Lichfield and Tamworth Joint Waste Board. The assets of the operation in respect of vehicles (the waste fleet – see critical judgement 1), equipment and land and buildings are held by Lichfield District Council and are shown on this Authority's balance sheet.

The parties have an agreement in place for funding this operation with contributions to the agreed budget of **58.26%** from Lichfield District Council and **41.74%** 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 and income for both authorities. It includes the (surplus)/deficit for Lichfield only. The operation went live in July 2010 and details for this financial year are as follows:

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|---|-----------------|
| | Funding provided to the operation | |
| (2,550) | Contribution from Lichfield | (2,770) |
| (1,839) | Contribution from Tamworth | (1,984) |
| (4,389) | Total funding provided to the operation | (4,754) |
| | Expenditure met by the operation | |
| 4,169 | Pay and allowances | 4,467 |
| 6 | Premises costs | 0 |
| 1,904 | Transport costs | 1,786 |
| 1,485 | Supplies and Services | 1,569 |
| 11 | Third Party Payments | 11 |
| 607 | Support Costs | 607 |
| (3,793) | Revenue income | (3,420) |
| 4,389 | Total expenditure | 5,020 |
| 0 | Net deficit arising on the pooled budget during the year | 266 |
| 0 | Lichfield District Council's share of 58.26% of the net deficit arising on the operation | 155 |

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.

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|---|-----------------|
| 0 | Net deficit arising on the pooled budget during the year | 266 |
| 2,550 | Add: Lichfield's Contribution shown as expenditure in the CIES | 2,770 |
| 526 | Amounts not reported in the Joint Waste Service | 141 |
| 3,076 | Net Cost of Services in the Comprehensive Income and Expenditure Statement | 3,177 |

NOTES TO THE ACCOUNTS

30. Members' Allowances

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

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|--------------|-----------------|
| 286 | Allowances | 300 |
| 2 | Expenses | 3 |
| 288 | Total | 303 |

31. Officers' Remuneration

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

| Post (Dates included for part year appointments) | Salary, Fees and Allowances £ | Expenses Allowances £ | Pension Contribution £ | Total £ |
|---|----------------------------------|--------------------------|---------------------------|----------------------|
| Chief Executive (Simon Fletcher) (Starting date of 10/08/2021) | 2023/24 159,486 | - | 34,441 | 193,927 ¹ |
| | 2022/23 123,235 | 5,689 | 19,808 | 148,733 |
| Chief Operating Officer (Start date of 03/01/2023) | 2023/24 98,899 | - | 21,465 | 120,364 |
| | 2022/23 23,077 | - | 3,738 | 26,816 |
| Chief Operating Officer (Transferred to Assistant Director Operations, Regulation and Enforcement on 03/01/2023) | 2023/24 - | - | - | - |
| | 2022/23 67,466 | 412 | 10,712 | 78,589 |
| Assistant Director Customer, Resident and Business Services (Start date of 24/08/2023) | 2023/24 80,947 | 421 | 17,639 | 99,007 |
| | 2022/23 46,856 | 85 | 7,591 | 54,531 |
| Assistant Director Finance and Commissioning (Transferred from Head of Finance & Procurement on 24/05/2023) | 2023/24 80,512 | - | 17,639 | 98,151 |
| | 2022/23 65,084 | - | 10,544 | 75,628 |
| Assistant Director Operations, Regulation and Enforcement (Transferred from Chief Operating Officer on 03/01/2023) | 2023/24 83,917 | 195 | 18,313 | 102,425 |
| | 2022/23 19,430 | 10 | 3,147 | 22,586 |
| Head of Finance & Procurement (Transferred to Assistant Director Finance and Commissioning on 24/05/2023) | 2023/24 - | - | - | - |
| | 2022/23 10,986 | - | 1,780 | 12,766 |

The comparative figures have been updated to remove employers' national insurance costs

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

| 2022/23 (Restated) Number of employees | Remuneration band | 2023/24 Number of employees |
|--|-------------------|--------------------------------|
| 5 | £50,000-£54,999 | 9 |
| 2 | £55,000-£59,999 | 2 |
| - | £60,000-£64,999 | 2 |
| 1 | £65,000-£69,999 | - |
| 1 | £110,000-£114,999 | - |

¹ The Chief Executive received salary, fees, expenses and pension contributions of £193,927, however £36,600 of this was an additional payment for work done for LWMTS on the Council's behalf, for which the Council was reimbursed by LWMTS.

NOTES TO THE ACCOUNTS

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

| Exit Package Cost Band | Number of compulsory redundancies | | Number of other departures agreed | | Total number of exit packages by cost band | | Total cost of exit packages in each band | |
|------------------------|-----------------------------------|----------|-----------------------------------|----------|--|----------|--|---------------|
| | 2022/23 | 2023/24 | 2022/23 | 2023/24 | 2022/23 | 2023/24 | 2022/23 | 2023/24 |
| £0 - £20,000 | 0 | 0 | 8 | 1 | 8 | 1 | £63,724 | £6,027 |
| £20,001 - £40,000 | 0 | 0 | 6 | 0 | 6 | 0 | £168,774 | £0 |
| £40,001 - £60,000 | 0 | 0 | 4 | 0 | 4 | 0 | £211,593 | £0 |
| £80,001 - £100,000 | 0 | 0 | 1 | 0 | 1 | 0 | £90,826 | £0 |
| Total | 0 | 0 | 19 | 1 | 19 | 1 | £534,917 | £6,027 |

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

| Exit Package Cost Band | 2022/23 | | | 2023/24 | | |
|------------------------|--------------------|--------------------------|-----------------|--------------------|--------------------------|---------------|
| | Redundancy Package | Employers Pension Strain | Total | Redundancy Package | Employers Pension Strain | Total |
| £0 - £20,000 | £55,662 | £8,062 | £63,724 | £6,027 | £0 | £6,027 |
| £20,001 - £40,000 | £129,695 | £39,079 | £168,774 | £0 | £0 | £0 |
| £40,001 - £60,000 | £173,686 | £37,907 | £211,593 | £0 | £0 | £0 |
| £80,001 - £100,000 | £10,370 | £80,456 | £90,826 | £0 | £0 | £0 |
| Total | £369,413 | £165,504 | £534,917 | £6,027 | £0 | £6,027 |

32. External Audit Costs

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

| 2022/23 (Restated) £000 | | 2023/24 £000 |
|-------------------------------|---|-----------------|
| 66 | Fees payable to Azets Audit Services Ltd (Grant Thornton UK LLP 22/23) with regard to external audit services carried out by the appointed auditor for the year | 162 |
| 30 ² | Fees payable to Azets Audit Services Ltd (Grant Thornton UK LLP 22/23) for the certification of grant claims and returns for the year | 28 |
| 96 | TOTAL | 190 |

33. Grant Income

The Council credited the following grants, contributions and donations to the CIES in 2023/24:

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|---|-----------------|
| 485 | Credited to Taxation and Non Specific Grant Income | |
| | Other Contributions | 497 |
| 485 | Sub Total (Capital) | 497 |
| 9,675 | Council Tax Income | 9,791 |
| 1,648 | Non-Domestic rates | 2,431 |
| 5,121 | Non Ring Fenced Government Grants | 4,978 |
| 16,444 | Sub Total (Revenue) | 17,200 |
| 16,929 | Total | 17,697 |

² Re-stated once costs for 22/23 were confirmed

NOTES TO THE ACCOUNTS

| 2022/23 (Restated) £000 | | 2023/24 £000 |
|-------------------------------|--|-----------------|
| | Credited to Cost of Services | |
| 818 | Disabled Facilities Grant | 1,121 |
| 161 | CL - Various Sites | 1,703 |
| 82 | Other Contributions | 1,351 |
| 1,061 | Sub Total (Capital) | 4,175 |
| 11,547 | Housing and Council Tax Benefits | 11,645 |
| 921 | Department for Levelling Up, Housing and Communities | 1,201 |
| 4 | Other Government Departments and Agencies | 36 |
| 33 | Positive Futures | 27 |
| 61 | Office of the Police and Crime Commissioner | 60 |
| 328 | Contributions from other Local Authorities | 523 |
| 2,128 | Contributions from other Local Authorities - Shared Services | 2,071 |
| 6 | Other Contributions | 30 |
| 15,027 | Sub Total (Revenue) | 15,593 |
| 16,088 | Total | 19,768 |

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:

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|---|-----------------|
| | Capital Grants Receipts in Advance | |
| 1,656 | Other Contributions | 2,276 |
| 1,656 | Current Liabilities | 2,276 |
| 1,333 | Other Contributions | 921 |
| 1,333 | Long Term Liabilities | 921 |
| 2,989 | Total | 3,197 |

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|---|-----------------|
| | Revenue Grants Receipts in Advance | |
| 576 | Ecological Mitigation | 573 |
| 576 | Total (shown within Current Liabilities) | 573 |

34. Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central Government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in **Note 7**. Grants received during the year are shown in **Note 33**.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' Allowances paid is shown in **Note 30**. During 2023/2024 works and services to the value of **£303,000** were commissioned from companies in which twenty seven members had an interest (**£628,000** in 2022/23). Contracts were entered into in full compliance with the Council's standing orders.

In addition, the Council paid grants totalling **£165,353** to voluntary organisations (**£73,000** in 2022/23) in which 7 members held a position of Member with the governing body. Details of these declarations are recorded in the Register of Members' Interest, open to public inspection by appointment.

Other Public Bodies

The Council received the sum of **£325,204** from Bromford Housing Group in 2023/24 (**£352,145** in 2022/23) 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 2023/24 was **£9.710 million** (**£10.724 million** owed from the Council in 2022/23). These include Staffordshire County Council, the Police, Fire and Rescue and Crime Commissioner (PFCC), Staffordshire Fire and Rescue Service and Parish Councils, all of which issue precepts on the Council shown in the Collection Fund.

Staffordshire County Council is the administering authority for the Pension Fund and details of the employer's contributions paid by this Council are shown as a note to the accounts. Lichfield District Council works together with the County Council in a number of areas such as the civil contingencies unit. In addition, the County Council provides services in relation to environmental Health sampling, land search and archaeological fees.

Payment of subsidy of **£150,000** was made to the Lichfield Garrick Theatre Trust in 2023/24 (**£210,000** in 2022/23). Support services provided by the Council to the Garrick totalled **£0** (**£0** in 2022/23).

The Council has a wholly owned subsidiary, LWM Traded Services Ltd (LWMTS). During 2023/24, the Council paid **£3,617,470** to the subsidiary (**£385,000** in 2022/23).

The Council entered into a Joint Venture Limited Liability Partnership with Evolve Estates during 2022/23 and paid **£461,000** in costs associated with the cinema project in 2023/24 (**£244,000** in 2022/23) (**Note 44**).

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.

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|---|-----------------|
| 2,542 | Opening Capital Financing Requirement | 1,897 |
| | <i>Capital Investment</i> | |
| 2,203 | Property, Plant & Equipment | 1,963 |
| 20 | Investment Properties | 137 |
| 64 | Joint Venture | 0 |
| 1,286 | Revenue Expenditure Funded from Capital under Statute | 1,428 |
| | <i>Sources of Finance</i> | |
| (1,020) | Capital receipts | (416) |
| (1,416) | Government grants and other contributions | (2,237) |
| | <i>Sums set aside from revenue:</i> | |
| (1,353) | Direct revenue contributions | (875) |
| (429) | Minimum revenue provision | (147) |
| 1,897 | Closing Capital Financing Requirement | 1,750 |

| | | |
|--------------|--|--------------|
| | Explanation of movements in year | |
| (262) | Increase/(decrease) in underlying need to borrowing (Unsupported by government financial assistance) | (147) |
| (383) | Net movement on Finance Leases | 0 |
| (645) | Increase / (decrease) in Capital Financing Requirement | (147) |

36. Leases

Council as Lessor

Finance Leases

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

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

NOTES TO THE ACCOUNTS

Operating Leases

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

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

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

| 31 March 2023 £000 | | 31 March 2024 £000 |
|-----------------------|---|-----------------------|
| 230 | Not later than one year | 245 |
| 612 | Later than one year and not later than five years | 504 |
| 2,662 | Later than five years | 2,613 |
| 3,504 | TOTAL | 3,362 |

Council as Lessee

Operating Leases

| 31 March 2023 £000 | | 31 March 2024 £000 |
|-----------------------|---|-----------------------|
| 1,187 | Not later than one year | 1,211 |
| 1,195 | Later than one year and not later than five years | 26 |
| 483 | Later than five years | 478 |
| 2,865 | TOTAL | 1,715 |

The charge to the CIES in respect of operating leases is as follows: CIES

| 31 March 2023 £000 | | 31 March 2024 £000 |
|-----------------------|--------------|-----------------------|
| 1,227 | Vehicles | 1,257 |
| 16 | Equipment | 22 |
| 182 | Buildings | 144 |
| 6 | Land | 11 |
| 1,431 | TOTAL | 1,434 |

37. Impairment Losses

The Council undertook an impairment review of its non-current assets at 31 March 2024 and no impairment was chargeable.

38. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The Council participates in the Local Government Pension Scheme, administered locally by Staffordshire County Council - this is a funded defined benefit final salary

NOTES TO THE ACCOUNTS

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.

On 1 April 2023, the Council's previously outsourced leisure centres were brought back in house into the Council's wholly owned subsidiary, Lichfield West Midlands Traded Services Ltd. Many of these employees were already in the Local Government Pension Scheme and are now included within the pension figures for the Council.

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:

| 2022/23 £000 | Local Government Pension Scheme Comprehensive Income and Expenditure Statement | 2023/24 £000 |
|-----------------|---|-----------------|
| 4,043 | Cost of Services: | |
| 452 | - Current service cost | 2,034 |
| 0 | - past service costs | 0 |
| | - settlements and curtailments | 0 |
| 856 | Financing and Investment Income and Expenditure | |
| | - net interest expense | 489 |
| 5,351 | Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services | 2,523 |
| | <i>Other Post Employment Benefit Charged to the CIES</i> | |
| | Re-measurement of the net defined benefit comprising: | |
| 4,799 | - Return on plan assets (excluding the amount included in the net interest expense) | (8,444) |
| (821) | - Actuarial gains and losses arising on changes in demographic assumptions | (585) |
| 7,704 | - Actuarial gains and losses arising on other experience | 3,297 |
| (50,812) | - Actuarial gains and losses arising on changes in financial assumptions | (5,914) |
| 16,676 | - Asset ceiling adjustment | 13,180 |
| (22,454) | Total Post Employment Benefit Charged to the CIES | 1,534 |
| (17,103) | Total Charge to the CIES | 4,057 |
| | <i>Movement in Reserves Statement</i> | |
| (5,351) | - Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code | (2,523) |
| | Actual amount charged against the General Fund Balance for pensions in the year | |
| 2,698 | - employers' contributions payable to scheme | 3,201 |

NOTES TO THE ACCOUNTS

Pension Liabilities recognised in the Balance Sheet

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

| 2022/23 £000 | Local Government Pension Scheme | 2023/24 £000 |
|-----------------|---|-----------------|
| (98,250) | Present value of the defined benefit obligation | (102,126) |
| 103,296 | Net liability arising from defined benefit obligation | 120,288 |
| (16,676) | Asset Ceiling Adjustment | (30,648) |
| 0 | Prepayment of future years pension contributions | 1,453 |
| (11,630) | Net liability arising from defined obligation | (11,033) |

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

| 2022/23 (Restated) £000 | Local Government Pension Scheme | 2023/24 £000 |
|-------------------------------|--|-----------------|
| 105,150 | Opening fair value of scheme assets | 103,296 |
| 2,854 | Interest income | 5,102 |
| | Remeasurement gain / (loss): | |
| (4,799) | - The return on plan assets, excluding the amount included in the net interest expense | 8,444 |
| 2,590 | Contributions from employer | 3,021 |
| 583 | Contributions from employees into the scheme | 693 |
| 108 | Contributions in respect of unfunded benefits | 115 |
| 0 | Effect of business combinations and disposals | 3,349 |
| (3,082) | Benefits paid | (3,617) |
| (108) | Unfunded benefits paid | (115) |
| 103,296 | Closing position as at 31 March | 120,288 |

NOTES TO THE ACCOUNTS

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

| 2022/23 £000 | Local Government Pension Scheme | 2023/24 £000 |
|-----------------|--|-----------------|
| | Opening balance at 1 April | |
| 135,095 | - Present value of funded liabilities | 96,996 |
| 1,486 | - Present value of unfunded liabilities | 1,254 |
| 4,043 | Current service cost | 2,034 |
| 452 | Past Service cost (including curtailments) | 0 |
| 0 | Effect of Settlements | 0 |
| 3,710 | Interest costs | 4,799 |
| 583 | Contribution from scheme participants | 693 |
| | Remeasurement (gain) / loss: | |
| (821) | - Actuarial gains/losses arising from changes in demographic assumptions | (585) |
| (50,812) | - Actuarial gains/losses from changes in financial assumptions | (5,914) |
| 7,704 | - Other experiences | 3,297 |
| 0 | Effect of business combinations and disposals | 3,284 |
| (3,082) | Benefits paid | (3,617) |
| (108) | Unfunded benefits paid | (115) |
| 98,250 | Closing position as at 31 March | 102,126 |

NOTES TO THE ACCOUNTS

Local Government Pension Scheme assets comprised:

| Asset Category | Period ended 31 March 2023 | | | | Period ended 31 March 2024 | | | |
|--------------------------------------|---------------------------------|-------------------------------------|----------------|-------------------|---------------------------------|-------------------------------------|----------------|-------------------|
| | Quoted prices in active markets | Quoted prices not in active markets | Total | % of Total Assets | Quoted prices in active markets | Quoted prices not in active markets | Total | % of Total Assets |
| | £'000 | £'000 | £'000 | | £'000 | £'000 | £'000 | |
| Cash and cash equivalents | 4,048.8 | | 4,048.8 | 4% | 1,979.5 | | 1,979.5 | 2% |
| Equity Securities: | | | | | | | | |
| - Consumer | 3,477.6 | | 3,477.6 | 3% | 3,296.7 | | 3,296.7 | 3% |
| - Manufacturing | 2,838.0 | | 2,838.0 | 3% | 1,642.6 | | 1,642.6 | 1% |
| - Energy and Utilities | 779.5 | | 779.5 | 1% | 749.6 | | 749.6 | 1% |
| - Financial Institutions | 3,701.6 | | 3,701.6 | 4% | 4,473.1 | | 4,473.1 | 4% |
| - Health and Care | 3,908.8 | | 3,908.8 | 4% | 3,370.9 | | 3,370.9 | 3% |
| - Information technology | 4,495.4 | | 4,495.4 | 4% | 5,384.0 | | 5,384.0 | 4% |
| Debt Securities | | | | | | | | |
| - Corporate Bonds (investment grade) | 6,068.1 | | 6,068.1 | 6% | 9,062.4 | | 9,062.4 | 7% |
| Private equity: | | | | | | | | |
| - All | | 5,118.1 | 5,118.1 | 5% | 6,407.1 | | 6,407.1 | 5% |
| Real Estate: | | | | | | | | |
| - UK Property | | 8,272.1 | 8,272.1 | 8% | 8,986.3 | | 8,986.3 | 7% |
| Investment Funds and Unit Trusts: | | | | | | | | |
| - Equities | 49,069.7 | | 49,069.7 | 48% | 55,166.4 | | 55,166.4 | 45% |
| - Bonds | 6,464.8 | | 6,464.8 | 6% | 9,553.9 | | 9,553.9 | 8% |
| - Hedge Funds | | 38.0 | 38.0 | 0% | | 0.0 | 0.0 | 0% |
| - Infrastructure | | 275.1 | 275.1 | 0% | | 5,290.7 | 5,290.7 | 4% |
| - Other | | 4,740.4 | 4,740.4 | 5% | | 6,377.7 | 6,377.7 | 5% |
| Total Assets | 84,852 | 18,444 | 103,296 | 100% | 94,679 | 27,062 | 121,741 | 100% |
| Adjust for Prepayment | | | | | | | (1,453) | |
| Total Assets Restated | | | 103,296 | | | | 120,288 | |

Basis for Estimating Assets and Liabilities

A Triennial Revaluation took place during 2023/24 and the financial implications of this Revaluation are included in these 2023/24 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 2024.

NOTES TO THE ACCOUNTS

The principal assumptions used by the actuary have been:

| Period Ending | 31 March 2023 | 31 March 2024 |
|------------------------------|---------------|----------------|
| | % Per Annum | % Per Annum |
| Financial Assumptions | | |
| Pension Increase Rate | 2.95% | 2.75% |
| Salary Increase Rate | 3.45% | 3.25% |
| Discount Rate | 4.75% | 4.85% |
| | Males | Females |
| Mortality Rate | | |
| Current Pensioners | 21.2 years | 24.4 years |
| Future Pensioners | 21.8 years | 25.6 years |

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assumes that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

The methods and type of assumptions used in preparing the sensitivity analysis below did not change from those used in previous period.

| Change in assumption at 31 March 2024 | Approximate % increase to Defined Benefit Obligation | Approximate monetary amount £'000 |
|--|--|--------------------------------------|
| 0.1% decrease in Real Discount Rate | 2% | 1,902 |
| 1 year increase in member life expectancy | 4% | 4,085 |
| 0.1% increase in the Salary Increase Rate | 0% | 75 |
| 0.1% increase in the Pension Increase Rate (CPI) | 2% | 1,863 |

NOTES TO THE ACCOUNTS

Scheme History

| Local Government Pension Scheme | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 |
|---|------------------|------------------|------------------|------------------|------------------|
| Present value of the defined benefit obligation | (108,874) | (141,533) | (136,581) | (98,250) | (102,126) |
| Net Liability arising from defined benefit obligation | 76,156 | 97,812 | 105,150 | 103,296 | 120,288 |
| Asset Ceiling Adjustment | | | | (16,676) | (30,648) |
| Adjustment for prepayment of future years pension contributions | | 2,267 | 1,163 | 0 | 1,453 |
| Net Liability arising from defined obligation | (32,718) | (41,454) | (30,268) | (11,630) | (11,033) |

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of **£11.033 million** has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in an overall balance of **£75.746 million** (see page 42). However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

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

The total Employers contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2024 is **£2.121 million**.

39. Contingent Liabilities

- Under the Deed of Transfer of the Council's Housing Stock to **Bromford Housing Association** (HomeZone) on 24 March 1997, the Council entered into certain limited warranties and covenants, which will terminate on the fortieth anniversary. The amount of any potential liability cannot be estimated.
- The Council manages risk associated with insurance cover by a combination of **external insurance and self-funding**; the latter being limited to the policy excess. The estimated potential liability of the Council for existing claims as at 31 March 2024 is **£299,567**. No provision has been made for this amount as the outcomes of the claims are currently unknown.

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.

41. Financial Instruments - Risks

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

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

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Cabinet and Full Council in the annual Treasury Management Strategy Report. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

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

Credit Risk: Treasury Investments

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

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

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, multiplied by 86% (2023: [112%]) to adjust for current and forecast economic conditions. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when awarded a "D" credit rating or equivalent. Although at 31st March 2024 the level is not material and therefore no loss allowance has been set aside for treasury investments.

NOTES TO THE ACCOUNTS

The table below summarises the credit risk exposures of the Council's Investment Portfolio (Investments and Money Market Funds) by Credit Rating:

| Credit Rating | Long Term | | Short Term | | Historic Rate of Default |
|--|---------------|---------------|---------------|---------------|--------------------------|
| | 31 March 2023 | 31 March 2024 | 31 March 2023 | 31 March 2024 | |
| | £000 | £000 | £000 | £000 | |
| AAA | 0 | 0 | 10,780 | 24,340 | 0.00% |
| A+ | 0 | 0 | 1,000 | 1,000 | 0.10% |
| A | 0 | 0 | 1,000 | 0 | 0.00% |
| UK Government | 0 | 0 | 12,000 | 0 | N/A |
| Unrated Local Authorities | 0 | 0 | 8,000 | 8,000 | N/A |
| Total Credit Risk Investments | 0 | 0 | 32,780 | 33,340 | |
| Credit risk not applicable* | 12,770 | 13,012 | 0 | 0 | |
| Total Investments | 12,770 | 13,012 | 32,780 | 33,340 | |
| Accrued Interest | 0 | 0 | 303 | 327 | |
| Cash in Hand and Bank Accounts | 0 | 0 | 257 | 552 | |
| Balance Sheet Total for Short Term Investments, Long Term Investments and Cash and Cash Equivalents | 12,770 | 13,012 | 33,340 | 34,219 | |

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

Credit Risk: Receivables

Customers for goods and services are assessed for credit, taking into account their financial position, past experience and other factors. The Council does not generally allow credit for customers. Receivables can be analysed by age as follows:

| 31 March 2023 | | 31 March 2024 |
|---------------|-------------------------------|---------------|
| £000 | | £000 |
| 1,734 | Neither past due nor impaired | 1,167 |
| 1,336 | Less than three months | 948 |
| 715 | Three to six months | 1,425 |
| 132 | Six months to one year | 703 |
| 512 | More than one year | 723 |
| 4,429 | Total | 4,966 |

NOTES TO THE ACCOUNTS

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

| | Average range of allowances set aside | 31 March 2024 | | | 31 March 2023 | | |
|---------------------------------|---------------------------------------|------------------|----------------|--------------|------------------|----------------|--------------|
| | | Gross receivable | Loss allowance | Total | Gross receivable | Loss allowance | Total |
| Public sector | 0% | 742 | 0 | 742 | 697 | 0 | 697 |
| Trade Receivables - not yet due | 0% | 1,167 | 0 | 1,167 | 1,734 | 0 | 1,734 |
| Council Tax Payers | 100% | 822 | (524) | 298 | 744 | (506) | 238 |
| Business Rates Payers | 100% | 388 | (382) | 6 | 348 | (348) | 0 |
| Trade Receivables | 0% - 100% | 3,305 | (308) | 2,997 | 2,180 | (236) | 1,944 |
| Prepayments | 0% | 1,487 | 0 | 1,487 | 781 | 0 | 781 |
| Housing Related | 0% - 100% | 494 | (481) | 13 | 515 | (501) | 14 |
| | | 8,405 | (1,695) | 6,710 | 6,999 | (1,591) | 5,408 |

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The maturity analysis of financial liabilities including the Public Works Loans Board long term loans received in April 2015 and May 2018 (this loan was repaid early in 2022/23) is as follows:

| 31 March 2023 £000 | | 31 March 2024 £000 |
|-----------------------|------------------------------------|-----------------------|
| (61) | Less than one year | (61) |
| (61) | Between one year and two years | (61) |
| (183) | Between two years and five years | (183) |
| (304) | Between five years and ten years | (304) |
| (457) | Between ten years and twenty years | (396) |
| (1,066) | Total | (1,005) |

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

Market Risks: Interest Rate Risk

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

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

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments

NOTES TO THE ACCOUNTS

measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

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

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|--|-----------------|
| (239) | Increase in interest receivable on variable rate investments | (285) |
| 211 | Decrease in fair value of investments held at FVPL | 258 |
| (28) | Impact on the Surplus or Deficit on the Provision of Services | (27) |
| 66 | Decrease in fair value of loans and investments at amortised cost* | 58 |
| (58) | Decrease in fair value of fixed rate borrowing* | (53) |

*No impact on Comprehensive Income and Expenditure.

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

Market Risks: Price Risk

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

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £2m. A 5% fall in commercial property prices would result in a £76k (2023 £109k) charge to Other Comprehensive Income & Expenditure – this would have no impact on the Surplus or Deficit on the Provision of Services until the investment was sold.

The Council's investment in pooled equity funds is subject to the risk of falling share prices. This risk is limited by the Council's maximum exposure to equity investments of £12m. A 5% fall in share prices at 31st March 2024 would result in a £166k (2023 £127k) charge to the Surplus or Deficit on the Provision of Services.

42. Local Authority Company

Lichfield Housing Limited was incorporated on 2 September 2019. In April 2022, the company changed its name to LWM Traded Services Ltd. It is a private limited company with share capital and wholly owned by Lichfield District Council. Turnover in their accounts was **£4,816,336** during 2023/24 with the majority of this (£4,720,344) derived from the provision of services to the Council. Services provided by the Council totalled **£670,652**. With turnover predominantly derived from the Council, and a relatively small profit being made, it was therefore agreed that Group Accounts for the Council would not be required.

NOTES TO THE ACCOUNTS

43. Material Items of Income and Expenditure

During 2022/23 and 2023/24, the Council processed the following material items of income and expenditure:

2022/23

| Cost of Living Grant/Covid-19 Grant/Joint Venture Description | Grant Income £ | Grant Paid Out / Expenditure £ |
|---|-------------------|--------------------------------------|
| Council Tax Rebate Grant | 0 | 4,994,120 |
| COVID-19 Additional Relief Fund Allocation | 0 | 827,724 |
| Joint Venture Costs (Rent/Business Rates/Service Charge) | 0 | 243,696 |
| Total | 0 | 6,065,540 |

2023/24

| Client Costs/Joint Venture Description | Income £ | Expenditure £ |
|---|------------------|------------------|
| Client Costs for Operating the Leisure Centres | (286,000) | 469,108 |
| Cinema Project Costs (Utilities/Rent/Business Rates/Consultants/Professional Fees/Legal/Service Charge) | 0 | 460,995 |
| Total | (286,000) | 930,103 |

- *Grants where the Council acts as Principal (i.e. the Council could determine how the money was spent within defined guidance).
- The Council also acted as an agent for the other grants (i.e. the Government prescribed how the money was spent).

44. Joint Ventures

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

In advance of the Joint Venture becoming operational, the Council incurred **£461,000** in costs related to the cinema project during 2023/24.

NOTES TO THE ACCOUNTS

45. Assets Held for Sale

| 31 March 2023 £000 | | 31 March 2024 £000 |
|--------------------------|---|--------------------------|
| 0 | Balance outstanding at start of year | 0 |
| | Assets newly classified as held for sale: | |
| | • Bakers Lane | 1,250 |
| 0 | • Birmingham Road Site | 1,500 |
| 0 | Balance outstanding at year-end | 2,750 |

Birmingham Road Site – this asset is being sold as part of the comprehensive redevelopment of this city centre site. This site was marketed for sale and a preferred purchaser has been agreed by Council during 2024/25.

Bakers Lane – this asset is to be exchanged for the leasehold of shopping units in the shopping centre to enable the redevelopment of the Former Debenhams building into a cinema with food and beverage outlets. The exchange is expected to be completed during 2024/25.

COLLECTION FUND

Collection Fund

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and Government of Council Tax and Non-Domestic Rates.

| Council Tax £000 | Business Rates £000 | Total 2022/23 £000 | | Council Tax £000 | Business Rates £000 | Total 2023/24 £000 |
|---------------------|------------------------|--------------------------|--|---------------------|------------------------|--------------------------|
| (80,043) | | (80,043) | Income | | | |
| 8 | | 8 | Council Tax | (83,671) | | (83,671) |
| 0 | | 0 | Transfer from / (to) general fund - Council Tax Benefit | 0 | | 0 |
| | (34,222) | (34,222) | Transfer (from) / to general fund – Hardship Payments | (124) | | (124) |
| | | | Non-Domestic Rates | | (37,037) | (37,037) |
| | | | Transitional protection payments | | (2,469) | (2,469) |
| (345) | (7,211) | (7,556) | Contribution towards previous year's Collection Fund deficit | 0 | 0 | 0 |
| (80,380) | (41,433) | (121,813) | Total income | (83,795) | (39,506) | (123,301) |
| | | | Expenditure | | | |
| 78,264 | | 78,264 | Precepts and demands from major preceptors and the authority | 83,410 | | 83,410 |
| | 16,424 | 16,424 | Share of non-domestic rating income to major preceptors and the authority | | 17,869 | 17,869 |
| | 16,424 | 16,424 | Payment with respect to central share (including allowable deductions) to central government | | 17,868 | 17,868 |
| | | | Impairment of Debts / Appeals | | | |
| 112 | (3) | 109 | · Write-offs on uncollectable amounts | 230 | 34 | 264 |
| 881 | (156) | 725 | · Allowance for impairment | 211 | 83 | 294 |
| | (452) | (452) | · Allowance for appeals | | (384) | (384) |
| | 0 | 0 | · Interest | | 15 | 15 |
| | 119 | 119 | Allowance for collection costs | | 131 | 131 |
| | 91 | 91 | Transitional protection payments | | 0 | 0 |
| 0 | 0 | 0 | Contribution towards previous year's Collection Fund surplus | 516 | 595 | 1,111 |
| 79,257 | 32,447 | 111,704 | Total expenditure | 84,367 | 36,211 | 120,578 |
| (1,123) | (8,986) | (10,109) | Movement on Fund (Surplus) / Deficit | 572 | (3,295) | (2,723) |
| (259) | 7,235 | 6,976 | Balance at the beginning of year | (1,382) | (1,751) | (3,133) |
| (1,382) | (1,751) | (3,133) | Balance at the end of year | (810) | (5,046) | (5,856) |

| Council Tax £000 | Business Rates £000 | Total 2022/23 £000 | | Council Tax £000 | Business Rates £000 | Total 2023/24 £000 |
|---------------------|------------------------|--------------------------|------------------------------|---------------------|------------------------|--------------------------|
| (169) | (700) | (870) | Lichfield District Council | (95) | (2,018) | (2,113) |
| (983) | (158) | (1,140) | Staffordshire County Council | (579) | (454) | (1,033) |
| (174) | | (174) | Staffordshire OPCC | (103) | | (103) |
| (57) | (18) | (74) | Staffordshire Fire Authority | (33) | (50) | (84) |
| | (876) | (876) | Central Government | | (2,523) | (2,523) |
| (1,382) | (1,751) | (3,133) | | (810) | (5,046) | (5,856) |

Council Tax

Council Tax derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimating 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the collection fund by the District Council, Staffordshire County Council, Staffordshire Commissioner - Fire and Rescue Service and Staffordshire Commissioner – Police and Crime for the forthcoming year and dividing this by the Council Tax base (the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted by **0.75%** to cover appeals, changes in discounts and bad debts that arise) of **40,534** for 2023/24. This basic amount of Council Tax for a Band D property (**£2,057.76** for 2023/24) 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 2023/24 is shown below:

| 2022/23 £000 | Council Tax | 2023/24 £000 |
|-----------------|--|-----------------|
| 55,625 | Staffordshire County Council | 59,635 |
| 9,867 | Staffordshire Commissioner – Police and Crime | 10,562 |
| 3,189 | Staffordshire Commissioner – Fire and Rescue | 3,415 |
| 7,457 | Lichfield District Council | 7,614 |
| | Parish Precepts: | |
| 41 | Alrewas | 42 |
| 116 | Armitage with Handsacre | 116 |
| 358 | Burntwood Town Council | 363 |
| 19 | Clifton Campville with Thorpe Constantine | 19 |
| 12 | Colton | 14 |
| 10 | Curborough & Elmhurst, Farewell & Chorley | 10 |
| 26 | Drayton Bassett | 26 |
| 15 | Edingale | 16 |
| 17 | Elford | 19 |
| 78 | Fazeley Town Council | 78 |
| 180 | Fradley and Streethay ³ | - |
| - | Fradley | 115 |
| 26 | Hammerwich | 27 |
| 7 | Hamstall Ridware | 7 |
| 11 | Harlaston | 12 |
| 9 | Hints and Canwell | 10 |
| 17 | Kings Bromley | 18 |
| 835 | Lichfield City Council | 861 |
| 29 | Longdon | 31 |
| 26 | Mavesyn Ridware | 26 |
| 182 | Shenstone | 182 |
| - | Streethay | 71 |
| 6 | Swinfen and Packington | 6 |
| 11 | Wall | 11 |
| 2 | Weeford | 2 |
| 65 | Whittington and Fisherwick | 71 |
| 28 | Wigginton and Hopwas | 33 |
| 2,126 | Total Parish Precepts | 2,183 |
| 78,264 | | 83,410 |

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

³ The approval of the outcome of the Community Governance Review by Council meant that this Parish has been split into two separate Parishes from 2023/24.

| Band | Band Width | 2022/23 Band D Equivalent (Tax Base) | | | 2023/24 Band D Equivalent (Tax Base) | | |
|--------------|--------------------|--|------------|---------------|--|------------|---------------|
| | | Number of Dwellings | % | 99.0% | Number of Dwellings | % | 99.25% |
| | £ | | | | | | |
| A | 0 to 40,000 | 2,467 | 6 | 2,443 | 2,591 | 6 | 2,572 |
| B | 40,001 to 52,000 | 6,403 | 16 | 6,339 | 6,558 | 16 | 6,508 |
| C | 52,001 to 68,000 | 8,684 | 22 | 8,597 | 8,909 | 22 | 8,843 |
| D | 68,001 to 88,000 | 6,483 | 16 | 6,418 | 6,581 | 16 | 6,531 |
| E | 88,001 to 120,000 | 5,647 | 14 | 5,591 | 5,689 | 14 | 5,647 |
| F | 120,001 to 160,000 | 5,289 | 13 | 5,236 | 5,349 | 13 | 5,309 |
| G | 160,001 to 320,000 | 4,185 | 11 | 4,143 | 4,224 | 10 | 4,192 |
| H | 320,001 upwards | 790 | 2 | 782 | 793 | 2 | 787 |
| Class O | | 146 | | 146 | 145 | | 145 |
| TOTAL | | 40,094 | 100 | 39,695 | 40,839 | 100 | 40,534 |

Council Tax Allowance for Impairment

An increase in the allowance for impairment was made during 2023/24 amounting to **£210,992**. The total allowance for impairment of debt as at 31 March 2024 is **£4,514,641** and represents **97%** of the **£4,630,437** outstanding debt.

Non-Domestic Rates

NDR is organised on a national basis. The Government specifies an amount, the non-domestic rating multiplier **51.2p** (2022/23 **51.2p**) and the small business non-domestic rating multiplier **49.9p** (2022/23 **49.9p**) and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from the business ratepayers in its area.

| 2022/23 £000 | | 2023/24 £000 |
|-----------------|---|-----------------|
| 91,846 | Non-Domestic rateable value at year end | 100,816 |
| 34,222 | Net rates payable by Ratepayers | 37,037 |

In 2023/24 the Council was not part of a Business Rates Pilot Scheme and as a consequence Staffordshire retained its usual 50% of Business Rates income.

| 2022/23 £000 | Share % | Preceptors | Share % | 2023/24 £000 |
|-----------------|------------|--|------------|-----------------|
| 16,424 | 50 | Central Share Central Government | 50 | 17,869 |
| 2,956 | 9 | Major Precepting Bodies Staffordshire County Council | 9 | 3,217 |
| 328 | 1 | Staffordshire Commissioner - Fire & Rescue | 1 | 357 |
| 13,139 | 40 | Lichfield District Council | 40 | 14,295 |
| 16,424 | 50 | Total Precepting Bodies | 50 | 17,869 |

NDR Allowance for Impairment

An increase in the allowance for impairment was made during 2023/24 amounting to **£82,995**. The total allowance for impairment of debt as at 31 March 2024 is **£954,205** and represents **100%** of the **£954,205** 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.

Community Infrastructure Levy

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

Comprehensive Income and Expenditure Statement

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

Consistency

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

GLOSSARY OF TERMS

Creditors

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

Revenue expenditure funded from capital under statute (REFCUS)

Revenue expenditure funded from capital under statute relates to capital expenditure, which does not result in the acquisition of assets controlled by the Authority. An example of a revenue expenditure funded from capital under statute would be an improvement grant made by the Council to another organisation.

Defined Benefit Scheme

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

Depreciation

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

Debtors

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

Earmarked Reserve

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

Expenditure and Funding Analysis Statement

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

Finance Lease

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

Financial Instruments

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

General Fund

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

Government Grants

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

Gross Expenditure (Total Cost)

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

Heritage Assets

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

Impairment

A reduction in the value of a fixed asset resulting from either: obsolescence, physical damage or an accepted method of asset valuation (most commonly market valuation). The present economic climate has resulted in more volatile asset values and authorities are required to consider whether circumstances

GLOSSARY OF TERMS

are such that an Impairment is indicated and some or all asset values have revised. Asset values are revised where values have changed materially.

Infrastructure Assets

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

Intangible Assets

These assets are similar to Property, Plant & Equipment in that they provide benefits to the Council and the services it provides for a period of more than one year, these however do not have physical substance. The main example is IT Software.

International Financial Reporting Standards (IFRS)

IFRS advises the accounting treatment and disclosure requirements of transactions so that the Authority's accounts present a 'true & fair view' of the financial position of the Authority.

Inventories

These are stores held for resale. They have been purchased by the Authority for use in a particular service and will be sold after the balance sheet date.

Investment Properties

Interests in land and/or buildings are described as Investment Properties where:

- (a) Construction work and development have been completed; and
- (b) They are held for investment potential, any rental income being negotiated at arm's length

Liabilities

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

Materiality

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

National Non-Domestic Rates (NNDR)

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

Non-Domestic Rates (NNDR)

From 1 April 2013 until 31 March 2019, the Council collected Business Rates and distributed them on the basis of 50% Central Government, 40% Lichfield District Council, 9% Staffordshire County Council and 1% Staffordshire Fire & Rescue Service.

Net Book Value

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

Net Expenditure

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

Operating Leases

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

Events after the Balance Sheet Date (Post Balance Sheet Events)

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

GLOSSARY OF TERMS

Property, Plant & Equipment

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

Provision

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

Revaluation Reserve

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

Revenue Expenditure

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

Non-Ring-fenced Government Grant

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

Unusable and Usable Reserves

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

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Lichfield District Council

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Lichfield District Council (the 'Council') for the year ended 31 March 2024, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including accounting policies and other information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2024 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom', as required by the Code of Audit Practice 2024 ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director – Finance, Regulation and Enforcement (Section 151)'s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director – Finance, Regulation and Enforcement (Section 151) with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT

Other information

The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Director – Finance, Regulation and Enforcement (Section 151) is responsible for the other information contained within the Statement of Accounts. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the audited financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the "Code of Audit Practice"), we are required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE, or is misleading or inconsistent with information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in respect of the above matter.

Responsibilities of the Director – Finance, Regulation and Enforcement (Section 151)

As explained in the Statement of responsibilities, the Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director – Finance, Regulation and Enforcement (Section 151). The Director – Finance, Regulation and Enforcement (Section 151) is responsible for the preparation of the Council's 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 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Director – Finance, Regulation and Enforcement (Section 151) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director – Finance, Regulation and Enforcement (Section 151) is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable,

INDEPENDENT AUDITOR'S REPORT

matters related to going concern and using the going concern basis of accounting unless there is an intention by government to cease the provision of the services provided by the Council. The Director – Finance, Regulation and Enforcement (Section 151) is required to comply with the requirements set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISA's (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtain and update our understanding of the Council, its activities, control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the Council is complying with that framework. We determined that the most significant legal and regulatory frameworks that are applicable to the Council, which are directly linked to specific assertions in the financial statements, are those related to the financial reporting frameworks. These include The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Local Government Finance Acts of 1988, 1992 and 2012 and international accounting standards, as interpreted and adapted by the Code of practice on local authority accounting in the United Kingdom 2023/24. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the Council that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management, internal audit, and those charged with governance concerning the Council's operations, the key policies and procedures, and the establishment of internal controls to mitigate risks related to fraud and non-compliance with laws and regulations,

INDEPENDENT AUDITOR'S REPORT

together with their knowledge of any actual or potential litigation and claims and actual, suspected and alleged fraud;

- Reviewing minutes of meetings of the Council and those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the Council's financial statements and the operations of the Council through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of high-risk journal entries and other adjustments for appropriateness, evaluating the rationale of any significant transactions outside the normal course of business.
- Reviewing key accounting estimates including valuation of other land and buildings and investment property and valuation of the defined benefit pension net liability for indicators of potential bias;
- Other audit procedures responsive to the risk of fraud, non-compliance with laws and regulation or irregularity; and
- Assessing whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. We concluded that more experienced audit team members needed to be allocated to perform work on the significant risks identified and engaged audit specialists to support our work on the defined benefit pension net liability and property valuations.

We also communicated potential non-compliance with laws and regulations, including potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulations. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Report on other legal and regulatory matters

Reports in the public interest or use of other statutory powers

Under the Code of Audit Practice, we are required to report to you if, in the course of or at the conclusion of the audit, we:

- issue a report in the public interest under Section 24 of the Local Audit and Accountability Act 2014;
- make a written recommendation to the Council under section 24 of the Local Audit and Accountability Act 2014;
- make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- make an application for judicial review under Section 31 of the Local Audit and

Accountability Act 2014. We have nothing to report in respect of the above matters.

INDEPENDENT AUDITOR'S REPORT

Report on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in this respect.

Responsibilities of the Council

As explained in the Statement of responsibilities, the Council is required to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets. The Council is responsible for putting in place proper arrangements for securing 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.

Auditor's responsibilities for the review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Council 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 Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements.' When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Council ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Council has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Delayed certificate

We cannot formally conclude the audit and issue an audit certificate for Lichfield District Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice 2024 (the "Code") until we have completed all our responsibilities mandated by the Code.

INDEPENDENT AUDITOR'S REPORT

Our Whole of Government Accounts work for the year ended 31 March 2024, as mandated under the National Audit Office's group instructions, is not yet complete. The Group Audit Instructions state that auditors of components below the audit threshold may be directed to undertake additional work.

We are satisfied that this work does not have a material effect on the financial statements, or on our conclusion on the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources for the year ended 31 March 2024.

Use of our report

This report is made solely to the members of the Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Council's 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 Council and the members of the Council as a body, for our audit work, for this report, or for the opinions we have formed.

L Hinsley

Laura Hinsley, Key Audit Partner

**for and on behalf of Azets Audit Services,
Local Auditor Birmingham**

15 January 2025

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 ਇੰਟਰਪ੍ਰੈਟਰ ਦੀ ਲੋੜ ਹੈ, ਤਾਂ ਤੁਸੀਂ ਸਾਨੂੰ ਦੱਸੋ।

Arabic

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

Cantonese

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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