

# STATEMENT OF ACCOUNTS 2018-2019



**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2018-19**

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## WYRE FOREST DISTRICT COUNCIL

### PREFACE BY THE LEADER OF THE COUNCIL

**Introduction to the 2018-19 Statement of Accounts by Councillor Graham Ballinger,  
Leader of the Council and Cabinet Member for Strategy and Finance**



“As the newly elected Leader of the Council I am very pleased to welcome you to Wyre Forest District Council’s Statement of Accounts and Narrative Report for 2018-19. The Statement details the financial position of the council for the last year. The Narrative Report provides information on the council, setting out the financial performance in context by highlighting the current financial challenges it faces. It explains how we have used our resources to meet the needs of our residents, businesses and visitors. The Council continues to work hard to make sure people have the opportunity to enjoy a good quality of life and want to live, work, visit and invest in the district.

The newly formed Progressive Alliance will take a fresh look at the way things are done in Wyre Forest and will continue to work to improve our services and generate financial savings through transformation initiatives to provide even greater value for money, and explore different ways of delivering services. Delivering value for money to our residents continues to be very important and it is good to note that performance during this year is in line with the approved budget. There is no room for complacency as we have a major challenge ahead to close our projected funding gap. As we look ahead and move towards becoming self-financing it will be crucial that we continue to grow our economy and carry on the Council’s good work in supporting businesses and increasing employment opportunities for the betterment of the district as well as exploring opportunities for housing provision that is more affordable to residents.”

## WYRE FOREST DISTRICT COUNCIL

### Message from the Corporate Director: Resources – Tracey Southall

“As the Council’s statutory Chief Finance and s151 Officer, I have pleasure in writing this narrative report. The narrative report provides an analysis of Council performance during the year, an explanation of the financial results included in the Statement of Accounts and an overview of the future outlook beyond 2018-19. The purpose of this narrative report is to provide an easily understandable guide to the most significant matters affecting the Council’s finances during the past year and information about Wyre Forest District. Through careful planning and management Wyre Forest District Council has been able to close its 2018-19 accounts showing a robust position which will support the Council in meeting the financial challenges of 2019-20 and beyond. Whilst a balanced budget has been set for 2019-20, the projections for future years indicate a significant gap of around £2.1m between the Council’s expected funding streams and the Council’s expenditure. It is therefore essential that the Council continues with its transformation and efficiency programme to identify further saving and income opportunities to ensure future balanced budgets can be set. These accounts have been produced for the Council as a single entity. No group accounts are required.

Despite the significant financial challenges ahead I have judged that the Council remains a going concern and prepared the accounts on this basis. In making this assessment I have considered the Council’s current and projected positions against the regulatory and control environment applicable to the Council as a local authority. The Council has a proven track record in reducing net spend by a raft of efficiency and improvement initiatives all of which stands us in good stead to close our projected funding gap in the years ahead.

I would like to thank everyone involved in producing the financial statements and managing the Council’s budgets so effectively during the year.”

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) to provide information to members of the public, including electors and residents of Wyre Forest District, Council Members, partners, stakeholders and other interested parties. The Statement aims to give readers:

- A full and understandable explanation of the overarching financial position of the Council and the outturn for 2018-19;
- Confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner;
- Assurance that the financial position of the Council is sound and secure.

The style and format of the accounts complies with CIPFA standards and is similar to that of previous years. The content has been reviewed and some of the information in notes has been streamlined in accordance with previous auditor recommendations. There has been continued enhancement of the qualitative detail within the narrative content of the notes.

This Narrative report provides information about Wyre Forest, including the key issues affecting the Council and its accounts. It provides a summary of the Council’s performance during the year and the financial position at 31<sup>st</sup> March 2019. It is structured as follows:

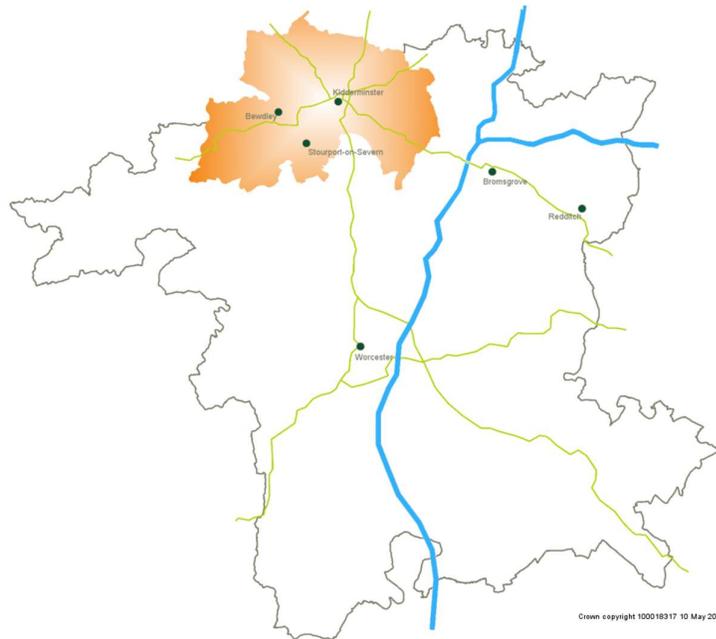
- Wyre Forest District – the place
- Wyre Forest District – the Council
- Governance
- Risks and Opportunities
- Strategy and Resource Allocation
- Our Performance

# WYRE FOREST DISTRICT COUNCIL

## NARRATIVE REPORT 2018-19

### 1. Wyre Forest District – the place

- 1.1 Wyre Forest District Council was formed in 1974 and is one of 6 District/City/Borough Councils within Worcestershire. The area takes its name from The Forest of Wyre and comprises the three main towns of Kidderminster, Bewdley and Stourport-on-Severn together with several surrounding villages including Arley, Rock, Chaddesley Corbett and Wolverley. The area is both rural and urban and there are pockets of wealth and deprivation throughout the district. The area has some of the best attractions in the Midlands from an exciting safari and leisure park to Britain's premier steam railway.



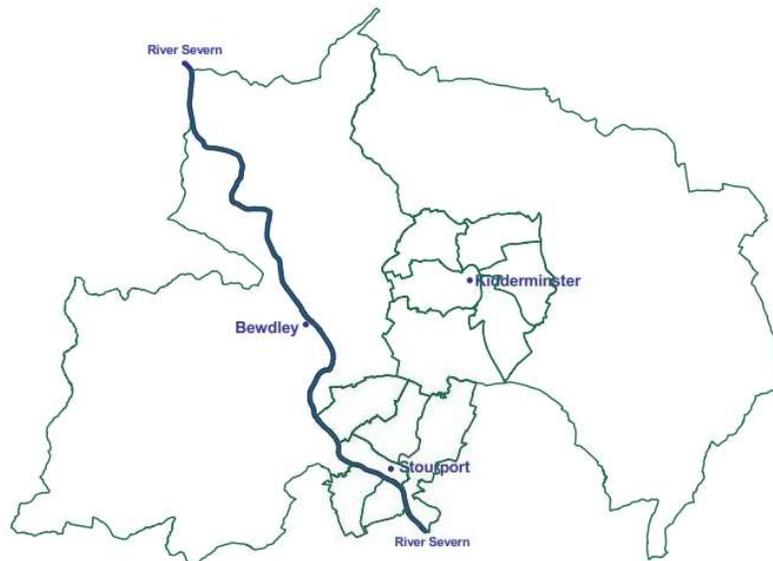
- 1.2 The total population of Wyre Forest is 100,700 of which 17.28% are aged under 16 years, 58.3% are aged 16-64 and 24.42% are aged over 65 years. The average gross weekly earnings in Wyre Forest in 2018 were £483 compared with £536 in Worcestershire and £571 in England.
- 1.3 Figures from the 2011 Census show that 94.7% of people in Wyre Forest are white British compared with 92.4% in Worcestershire and 79.8% in England. White ethnic groups comprise 97.2% of people in Wyre Forest compared with 95.7% in Worcestershire and 85.4% in England.
- 1.4 The 2011 Census also shows that 9.2% of people in Wyre Forest have long-term health problems or disabilities compared with 8.1% in Worcestershire and 8.3% in England. In Wyre Forest, 1.4% of people defined their health as “very bad” compared with average figures of 1.2% in both Worcestershire and England.

## **WYRE FOREST DISTRICT COUNCIL**

### **NARRATIVE REPORT 2018-19 (continued)**

- 1.5 The proportion of residents aged 16 plus with no qualifications in Wyre Forest is 6.1% compared with a Worcestershire average of 7.2% and an average in England of 7.8%. In Wyre Forest, 33.1% of residents aged 16 plus have achieved qualification level 4 or over compared with a Worcestershire average of 36.3% and 39.3% in England.
- 1.6 The latest Office for National Statistics (ONS) figures show that in Wyre Forest there are 6,870 claimants of Out of Work benefits representing 11.7% of the population aged between 16-64, whilst 460 people are claiming Job Seekers Allowance, representing 0.8% of this age band.
- 1.7 The ONS figures for October 2017 to September 2018 shows that 83% of people aged 16-74 in Wyre Forest were economically active compared with 82.2% in Worcestershire and 78.5% in England. In Wyre Forest, of people in employment, 59.4% worked full-time and 40.6% part-time compared with 65.5% and 34.5% in Worcestershire.

## **2. Wyre Forest District – the Council**



- 2.1 Wyre Forest's 12 wards are represented by 33 Councillors (elected members) and following the first all-out elections held on 2<sup>nd</sup> May 2019, Council is under the control of the newly formed "Progressive Alliance". All non-conservative Councillors are members of the Progressive Alliance.

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2018-19 (continued)

2.2 The results of the election are as follows:

Political Party (if any)		Political Group		Administration/Opposition
Independent Community and Health Concern	8	Independent Community and Health Concern Group	9	Progressive Alliance
Independent	1			
Independent	4	Independent Liberal Democrat and Green Group (ILDG)	8	
Liberal Democrat	3			
Green	1			
Labour	2	Labour	2	
Conservative	14	Conservative	14	Conservative
Totals	33		33	

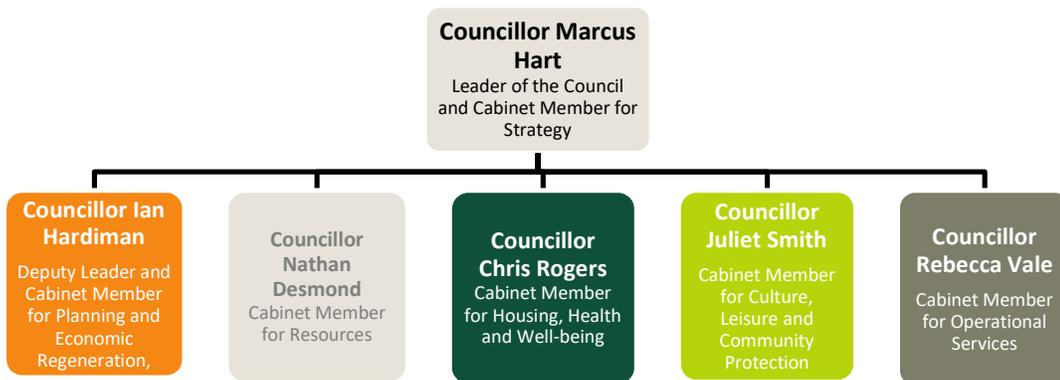
Our 33 elected Councillors represent the people of Wyre Forest and set the overall budget and policy of the Council.

#### **Our Leadership and workforce**

2.3 Wyre Forest District Council currently operates using the Leader and Cabinet Model.

The political management structure is centred upon our Leader – previously Councillor Marcus Hart, now Councillor Graham Ballinger, who were elected by our local councillors into this role. He is responsible for setting the vision and direction of the Council and Cabinet Members. Cabinet Members are appointed by our Leader with responsibilities for particular portfolios. The Cabinet for 2018-19 was made up as follows:

#### **Wyre Forest District Council: Cabinet Members for 2018-19**

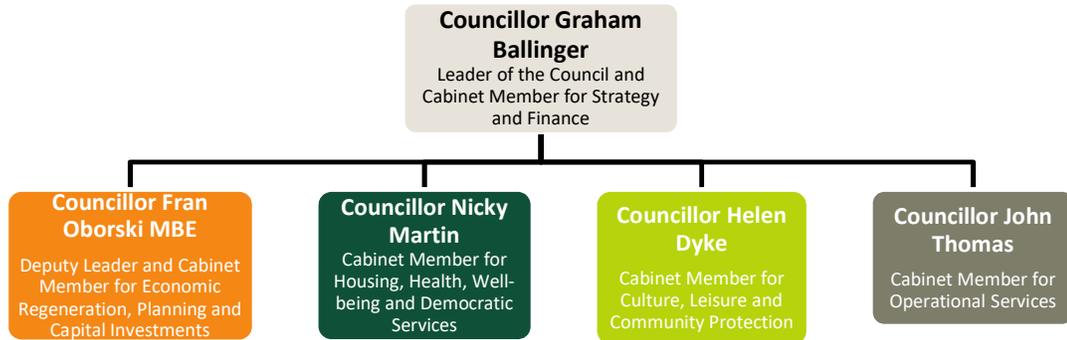


# WYRE FOREST DISTRICT COUNCIL

## NARRATIVE REPORT 2018-19 (continued)

The Cabinet in place from May 22<sup>nd</sup> 2019 is as follows:

### **Wyre Forest District Council: Cabinet Members for 2019-20 (current)**



The Cabinet members are held to account by a system of scrutiny which is set out in the Constitution. When major decisions are to be discussed or made, these are published in the Cabinet's Forward Plan.

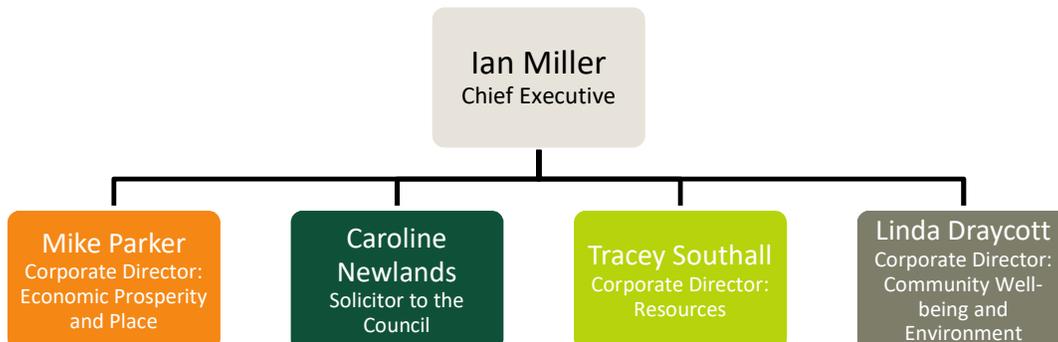
Committees are also included in the arrangements.

- Overview and Scrutiny
- Ethics and Standards
- Appointments and Appeals
- Audit Committee
- Planning Committee
- Licensing and Environmental Committee

Full details, including Committee Chairs and membership, can be found on the Council's website:

<http://www.wyreforest.gov.uk/council/committees/main.htm>

- 2.4 Senior officers, led by our Chief Executive, Ian Miller, support the work of the elected members. The organisational structure of the Council is headed by the Corporate Leadership Team (CLT) and comprises the Chief Executive, our three Corporate Directors and the Solicitor to the Council. The statutory role of Section 151 officer is held by Tracey Southall the Corporate Director: Resources and the statutory role of monitoring officer is held by Caroline Newlands. The CLT are responsible for advising councillors on policy, implementing councillors' decisions and managing the delivery of Council Services as well as directing overall service improvement and performance.



## **WYRE FOREST DISTRICT COUNCIL**

### **NARRATIVE REPORT 2018-19 (continued)**

2.5 The Council directly employs 327 full time equivalent (FTE) staff including 8 apprentices in a wide variety of roles. From April 2017 the Council paid an apprenticeship levy at 0.5% of the Council's total pay bill. This money is used to pay for apprenticeship training. The Council believes that it can only achieve its Corporate Plan priorities in an effective way and can only deliver quality services to the people of Wyre Forest through the efforts of a workforce who have skills, knowledge and attitudes appropriate to those ends. We therefore review individual development and training needs as part of the annual review process (My Development Review) whilst taking into account the requirements of the Corporate Plan priorities and business requirements of service areas. Appropriate training then takes place including college based tuition, courses, distance learning and web based training methods. Regular employee satisfaction surveys are carried out. We have policies in place to recognise the value and importance of our staff and to ensure that our human resources are managed as efficiently and effectively as our financial and physical resources.

<http://www.wyreforestdc.gov.uk/media/144585/CorporatePlan20142019.pdf>

#### **What we do**

2.6 The Council faces a large number of financial challenges in the coming years as Central Government funding is falling year on year and the changes to business rates retention are likely to expose the Council to a greater level of appeal losses. The financial impact of Brexit remains uncertain but will in all probability affect interest and inflation rates, the availability and cost of labour and property rental values that will put further pressure on the Council's budget.

2.7 Wyre Forest District Council provides mandatory and discretionary services through a number of channels – directly, through joint working arrangements with other local authorities, through strategic partnerships with the voluntary and community sector and via third party organisations.

2.8 The Council runs local services as efficiently and cost-effectively as possible to ensure that the council tax our residents pay represents value for money. Everyone benefits from the universal provision of Council services such as:

- Keeping our environment clean and protected through waste collection, recycling and keeping streets free of litter, including removal of abandoned vehicles and fly-tipped waste and carrying out conservation and wildlife management at protected sites;
- Working in partnership to keep the District safe, free from crime and anti-social behaviour, inspecting food and drink premises to make sure they are safe and hygienic and monitoring CCTV;
- Encouraging economic development through investments made in infrastructure, housing growth, business support and maintaining existing car parks;
- Looking after the health of our residents through the provision of a new leisure Centre (opened July 2016) and other services (including web based applications) and by providing and maintaining our green open spaces;
- Supporting arts and culture, events and festivals, and promoting tourism;

## **WYRE FOREST DISTRICT COUNCIL**

### **NARRATIVE REPORT 2018-19 (continued)**

- Providing support to our most vulnerable residents who are experiencing issues of social deprivation such as homelessness, mental health and rural isolation;
- Collecting council tax and business rates and helping people access financial support through housing benefit and council tax discounts;
- Supporting residents to improve the homes and areas they live in by dealing efficiently with planning applications and providing building control (delivered in partnership);
- Compiling and maintaining the electoral register and administering elections.

2.9 These services are supported by internal services such as customer services, human resources, ICT (Information, Communication and Technology), finance and legal services. The Council operates within a shire county structure so services such as education, social care, children's services, highways and libraries are delivered by Worcestershire County Council. There are also 13 town and parish councils across the District that deliver various local services to the community.

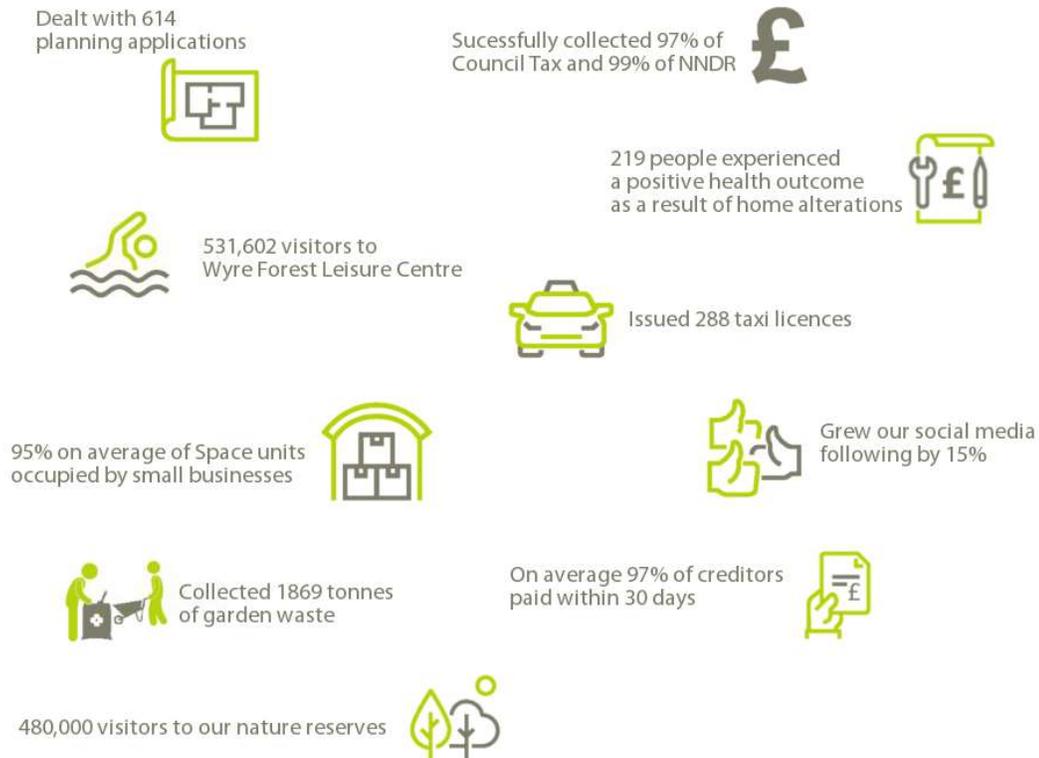
2.10 In addition, the Council participates in a number of Shared Services - Worcestershire Regulatory Services, Civil Contingencies and Resilience, Water Management, Payroll, Building Control, Economic Development and Regeneration - and is either host to the Shared Service or a partner in receipt of a service. In addition, the Council entered into a Limited Liability partnership with Public Sector Plc (PSP) in 2017 and has approved the setting up of a Local Authority Trading Company (LATC) in readiness for property/housing development, potentially utilising the capital portfolio fund where this is the most viable option.

2.11 The core functions of the Council will remain the things that it is required to do by law, such as collecting waste, removing litter, producing a local plan and processing planning applications and administering local taxes and benefits. These activities cost about £4.47m a year. The remainder of the Council's work is discretionary. While the Council is not obliged to undertake such services, they are highly valued by local communities and businesses. They include parks and toilets, economic development and regeneration and cultural and leisure services. The Council spends about £3.93m a year on discretionary activities with a further £3.62m on corporate costs including the costs of the democratic core and pensions deficit funding.

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2018-19 (continued)

#### What we did



### 3. Governance

- 3.1 There have been no significant changes in governance arrangements during 2018-19 following the extensive work undertaken in 2017-18 to ensure that adequate arrangements are in place in respect of the Council's partnership with PSP, its Local Authority Trading Company and the Development Loans Fund (formerly known as Loans to Third Parties)/Capital Portfolio Fund. The overview of the Council's current governance framework and its effectiveness during 2018-19 are set out in the Annual Governance Statement contained within this Statement of Accounts. Governance in relation to the Capital Strategy including the £25m Capital Portfolio Fund is set out in the Capital Strategy.

[http://www.wyreforest.gov.uk/council/docs/doc54337\\_20190326\\_cabinet\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc54337_20190326_cabinet_agenda.pdf)

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2018-19 (continued)

#### **4. Risks and Opportunities**

- 4.1 A risk management strategy is in place to identify and evaluate risk ensuring that adequate controls are in place to provide sufficient mitigation from risks, without stifling the opportunities for development.
- 4.2 **Risks** - The Council has a robust process for managing risks in order to assist the achievement of its objectives. The Corporate Risk Register plays an integral role to support production of the Corporate Plan and is reviewed and updated monthly by Service Managers and reported to the Corporate Leadership Team and Audit Committee at least twice a year. The regular Performance Monitoring reports to Overview and Scrutiny Committee include risk mitigations that are unachieved/behind schedule. For significant projects separate detailed Risk Registers are held and monitored as part of the project management process linking directly to the Corporate Risk Register.
- 4.3 In addition to the Corporate Risk Register the Council maintains a separate Budget Risk Matrix (approved as part of the Medium Term Financial Strategy) which is reviewed annually. The Budget Risk Matrix is also monitored on a regular basis by the Corporate Leadership Team with six monthly reports to the Audit Committee.
- 4.4 The top ten risks and uncertainties faced by the Council in relation to future service provision together with the likelihood that the risks will arise and associated mitigating actions are as summarised in the following table: -

**WYRE FOREST DISTRICT COUNCIL**

**NARRATIVE REPORT 2018-19 (continued)**

Risk	Detail of Risk	Actions
<p><b>Unable to implement and embed new ways of working and the pace of transformation is not fast enough</b></p>	<p>The Council continues to undergo major transformational change that embraces review of processes, cultural and behavioural change, increased standards of delivery etc. Continue to use systems thinking methodology and apply current values in continuous improvement work. The bold and innovative policies for development loans fund and the capital portfolio fund, together with investment in the depot to improve the Council's commercial offer, are significant and must be carefully managed with risk mitigated by robust due diligence and use of external expertise and alternative service delivery vehicles as appropriate.</p> <p><b>Impact: The funding gap is not closed in time, threatening sustainability, thus the organisation becomes unviable and is unable to deliver services to our Communities.</b></p>	<p>Regular CLT/ cabinet meetings focussed on change, regular updates at corporate briefings and team meetings.</p>
		<p>Use of external expertise to identify and manage commercial opportunities and advise on the most appropriate mode of service delivery.</p>
		<p>Demonstrating robust and focussed leadership in all transformation activity</p>
		<p>Design and publish new Corporate Plan. Preliminary design work for process to be complete by the end of March 2019. Council approval scheduled for September 2019.</p>
<p><b>Unable to improve the economic prosperity of the district</b></p>	<p>Lack of vitality in the local economy - although the District is holding up reasonably well in the current economic conditions it still aims to stimulate growth to support the recovery of the local economy. The Council is now in its seventh year of the State of the Area Programme which includes a number of projects to assist in the stimulation of economic recovery. The Council is host of the North Worcestershire Economic Development and Regeneration Service and a member of two Local Enterprise Partnerships and continues to maximise the benefit of that position. The Business Rates Retention Scheme introduced in 2013/14 increases the incentive to promote growth as there is significant financial risk to this Council if we are unable to sustain the baseline level of the business rates reflected in government projections. The detail in relation to reform of the Business Rates System towards 75% retention and Fair Funding Review is still evolving. We will continue to review our position as more information is released. Membership of the Worcestershire Business Rates Pool can only mitigate this risk to a certain extent and economic growth is key to the future financial sustainability of the Council, this may change following Business Rates Reform. Risk of LEP review removing right to be in two LEPs. Successful bid for 75% rate retention pilot for 2019/20 but all net proceeds will be invested in activity to reduce social care pressures. The impact of Brexit influences this risk.</p>	<p>Delivering actions set out in the Worcestershire Housing Partnership Plan</p>
		<p>Collection of Council Tax and Business Rates</p>
		<p>Generation of additional Business Rates Income through continued delivery of regeneration and utilisation of new policies for development loans fund and capital portfolio fund</p>
		<p>Influencing a positive outcome to the LEP Review, taking account of the potential impact of the Brexit process.</p>
		<p>Crown House/Kidderminster Western Gateway</p>

**WYRE FOREST DISTRICT COUNCIL**

**NARRATIVE REPORT 2018-19 (continued)**

Risk	Detail of Risk	Actions
	<b>Impact: Adverse financial outcome(s) for residents and businesses</b>	Stourport Canal Basins Lion Fields - Regeneration of Bromsgrove Street/Worcester Street area of Kidderminster to support town centre viability Redevelopment of forecourt and ticket office at Kidderminster Railway Station
<b>Unable to deliver good quality, affordable homes.</b>	The need for good quality, decent and affordable homes in the district is increasing but supply relative to demand is decreasing. The emerging national position regarding changes in the National Planning Policy Framework and the Voluntary Right to Buy pilot in the West Midlands adds further pressure to this risk.  <b>Impact: Increased risk of homelessness</b>	Delivering actions set out in the Worcestershire Housing Partnership Plan
<b>Unable to deliver a sustainable budget for the long term.</b>	The outcome of the Fair Funding Reform is still unknown and this represents a significant risk due to uncertainty with time running out before the planned implementation date of April 2020. The 2019/22 Medium Term Financial Strategy (MTFS) projected a much lower level of government funding over the next 2 years with RSG being phased out completely by 2019/20 and NHB being reformed with less funding being paid than previously expected. The success of this MTFS is reliant on the delivery of significant savings to close the funding gap of circa £2m per annum by 2021. This ambitious programme of savings and income generation must be carefully managed by the Leadership team (officers and members) and achieved. The reliance on external income streams/funding brings with it increased risk around the continuation of these income streams that are based on the decisions of third parties. The Business Rates Retention Scheme and the imposition of further reductions/cessation in Government funding streams represents significant corporate financial risk. These risks include the uncertainty around the future of New Homes Bonus as it is clear that there will be a significant reduction in this key funding stream. Business Rates reform, growth and the risk of Appeals resulting in lower Business Rates yield represent a key risk to future sustainability. The two significant council policies for development loans fund and capital portfolio fund should help generate both housing and business growth whilst also generating a net revenue income stream to help alleviate the significant financial pressures. Progression of proposals for a Financial Resilience Index by the Chartered Institute of Finance and Accountancy (CIPFA) may prompt further challenge to our future financial resilience. The Council will also need to respond to the findings of	Prepare budgets in accordance with all legislative requirements and the Council's Finance Strategy Collection of Council Tax and Business Rates Municipal Mutual Insurance Clawback - Budget Pressure Ensuring the business remains focussed Implementation of new policies for development loan fund and capital portfolio fund Business Rates Retention Scheme. To continue to contribute to the reform debate to maximise the council's future position

**WYRE FOREST DISTRICT COUNCIL**  
**NARRATIVE REPORT 2018-19 (continued)**

Risk	Detail of Risk	Actions
	<p>the follow up visit by the LGA peer review team.</p> <p><b>Impact: Underfunding, inability to deliver services</b></p>	<p>Fraud Work</p> <p>Green Street depot 2020 improvement and investment plan</p> <p>Implementing redevelopment proposals to generate new revenue streams</p> <p>Monitor impact of Universal Credit</p>
<p><b>Council 'misses' important issues and/or is in breach of a requirement.</b></p>	<p>The Council is a small organisation but it is still expected to respond to, and comply with, new legislation, strategies, audit requirements, health and safety requirements and inspection regimes to meet our insurer's high standards.</p> <p><b>Impact: Failure to fulfil Council Plan objectives to improve lives of residents and prosperity of businesses</b></p>	<p>Utilise external expertise, support and advice.</p> <p>Employing experienced well qualified senior officers who are kept abreast of changes in legislation and who contribute to their professions and are able to influence policy on a national scale.</p> <p>Maintain a sound system of internal control and good quality management information.</p> <p>Deliver a programme to Service managers to further embed risk management.</p>
<p><b>The Council fails to make best use of its ICT infrastructure and</b></p>	<p>There continues to be significant investment in the development of technology at the Council. The ICT Strategy was agreed in February 2018 as part of the budget process and is being implemented across the authority with progress and governance provided by the ICT Strategy Board. A number of new websites have been</p>	<p>Ensure key stakeholders understand the need to accept and support implementation of the ICT Strategy</p>

**WYRE FOREST DISTRICT COUNCIL**

**NARRATIVE REPORT 2018-19 (continued)**

Risk	Detail of Risk	Actions
<p><b>doesn't maximise efficiencies through the use of technology.</b></p>	<p>implemented and the focus continues to be on supporting the move to greater self-service by customers, ensuring continued PSN (Public Services Network) compliance, update systems to ensure best value/ efficiencies and refreshing ICT platforms to deliver ICT services and systems over the Medium Term Financial Strategy. There are emerging issues around some integration limitations that may hinder some transformation workstreams. A risk of reliance on key suppliers for network products also exists as the ICT market is very fast paced and companies can frequently be subject to merger/changed ownership. The Council needs to be aware of software support expiry dates; consideration of this issue is included within the ICT Strategy for replacement of corporate system i.e. Office and business systems. The Council needs to maintain high levels of Cyber Security to protect against malware, hacking etc.</p> <p><b>Impact: Failure to deliver services that businesses and residents rely upon and additional cost pressures.</b></p>	<p>Provide sufficient resource to deliver the strategy</p>
<p><b>Not able to maintain a skilled and motivated workforce</b></p>	<p>Against the background of the continued move away from the National Pay Agreement a second local agreement was implemented in 2018 with locally agreed modest pay increases and other changes to conditions. The Council needs to continue to maintain a workforce with adequate capacity, skills, experience and motivation – so still being seen by staff as a good employer.</p> <p><b>Impact: Service delivery compromised, poor operational performance, failure to make efficiencies and inability to meet defined plans</b></p>	<p>Progression of Wyre Forest Futures Leadership Development Programme and training and development budget to support it.</p> <p>Develop a change management programme to support staff through organisational change</p> <p>Respond to findings of the peer review</p>
<p><b>Capacity to do everything is insufficient.</b></p>	<p>A flexible resource is required to do everything that the Council has committed itself to – transformation, core service review, review of partnerships, reviews of further shared services with Redditch and Bromsgrove to commence in 2019. The pace of change and need to continue to deliver key projects represent a significant resourcing risk. This leads to concerns about sufficient capacity to deliver the Wyre Forest Forward Savings/ efficiency plan and the ability to provide effective leadership for the management of the Council. This is particularly true given the increased savings targets from 2019/20 as a result of reductions in central government funding and the additional resource required to deliver the policies for development loans fund and capital portfolio fund.</p> <p><b>Impact: Failure to fulfil Council Plan objectives to improve lives of residents and prosperity of</b></p>	<p>Monitoring and Managing Resources</p> <p>Involving appropriate staff to spread resources</p> <p>Supporting Organisational Change</p> <p>Utilise new property acquisition /management expertise</p>

**WYRE FOREST DISTRICT COUNCIL**

**NARRATIVE REPORT 2018-19 (continued)**

Risk	Detail of Risk	Actions
	<b>businesses.</b>	
<b>Unable to effectively improve the Council's reputation.</b>	The Council's reputation is extremely important, progressive improvement is important and can be subject to political influence that is difficult to predict and control. Effective consultation and communication with increased focus on customer engagement (both internal and external) are key to this gradual progression - along with purposeful service delivery.	Continue with Corporate programme of Employee and Member Engagement
<b>The Council is unable to ensure a secure network which would make ICT vulnerable to attacks and threats</b>	<p>The Council has successfully achieved PSN compliance but this needs to be managed and maintained. ICT to regularly review and assess threats and impacts on the network and generate a formal risk/incident log and any remedial account required or acceptance of residual risk by the organisation where judged appropriate.</p> <p><b>Impact: Failure to deliver services that businesses and residents rely upon and additional cost pressures.</b></p>	<p>ICT Strategy – ongoing patching of servers/work stations/software</p> <p>Annual Penetration tests and network scans.</p> <p>Review and Update Security Systems</p>

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2018-19 (continued)

- 4.5 **Opportunities** - We have a track record of recognising and managing existing risks, identifying and dealing with emerging risks and have responded well to recent financial challenges. We also work to ensure, given the current funding gap and pressures facing the Council coupled with greater expectations from our customers and residents, that we maximise our opportunities to deliver cost-effective, efficient and innovative services while minimising and managing the risks. This is even more relevant given the Council's ambition to grow our income from commercial services.
- 4.6 There are many ways in which expenditure can be reduced and the Council expects to use all these tools:
- Transferring more assets and services to local organisations, in particular town and parish councils. Models range from those where the district council ceases to have any role (the freehold is transferred, where there is an asset involved, and the local organisation meets 100% of the operational costs) to those where the District Council might still have a role in operating a service or asset but the cost is shared with another body instead of being met solely by the District Council;
  - Implementing shared services or other collaborative arrangements with other councils and public bodies. Further collaborative working with Redditch Borough and Bromsgrove District Councils will be explored over the next 12 months;
  - Implementing efficiency measures and other changes that reduce the call on council services. The main tool that will be used is further implementation of digital services that allow residents and local businesses to access services on line, 24 hours a day, thereby improving the customer experience. They can book, pay for and report things while minimising the use of staff time at the Council. Digital services will be promoted and their use strongly encouraged in order to reduce the cost of customer service and other staff time in dealing with the public. Implementation of more digital services is also expected to improve efficiency and challenge historic approaches to service delivery;
  - Undertaking a review of the organisational structure to ensure the Council's staffing structure remains fit for purpose in line with our revised corporate plan priorities;
  - Reducing spend on services, and therefore reducing quality/frequency and in some cases potentially whether the service is provided at all. This will be necessary only if all other routes have been exhausted.

## **WYRE FOREST DISTRICT COUNCIL**

### **NARRATIVE REPORT 2018-19 (continued)**

- 4.7 The year saw further progression of two initiatives to further the Council's ambitions, originally approved as part of the 2017-20 Medium Term Financial Strategy, to grow the local economy and provide new homes:
- a Capital Portfolio Fund of £25m backed predominantly by PWLB borrowing to acquire property in the district or across the combined area of the Local Enterprise Partnerships (LEPs) of which the Council is a member. This fund can also be used to invest in development of its own assets or to acquire new land and property that can be developed or refurbished to further corporate priorities whilst also generating new net income streams. The council is aiming to build a portfolio of properties that is balanced in terms of both property sector type and location. All purchases must benefit the residents of Wyre Forest by meeting approved corporate priorities whilst also making a net revenue return to service debt and contribute to the overall budget position. The slightly wider geographical location for acquisitions allows more opportunities to be considered that are better placed in terms of strategic transport connectivity so may carry less risk than ones within the district and also greater scope for diversification across the portfolio.
  - the Development Loans Fund, a £10m fund based on borrowing from the Public Works Loan Board (PWLB) to lend to appropriate bodies and individuals who have development proposals that further the regeneration ambitions of the Council.
- 4.8 The Council has been considering a number of options to fully realise its ambitions to develop a diverse capital portfolio that contributes to its corporate priorities whilst also returning a modest net income stream commensurate with the low risk appetite adopted as part of its Capital Strategy. If the Council decides to invest in and develop revenue generating projects across the wider residential, industrial and commercial markets these will be progressed via the Local Authority Trading Company. The set-up of a Local Authority Trading Company (LATC) was approved in 2017-18 to enable commercial activity to be undertaken where such activity cannot be classified as trading spare capacity or is not ancillary to the delivery of core Council services.
- 4.9 The total spend against the Capital Portfolio Fund £25m capital allocation during 2018-19 was £9.932m on four property acquisitions and upfront costs in respect of one outline-business case for industrial units that is proceeding under approved delegation. The remaining balance unspent at year end is £15.068m. A further purchase has been completed since 31<sup>st</sup> March and contracts have been exchanged for a second property with a value of £4.1m, all of which are within the district boundary. The unspent and unallocated balance following this current activity is to £7.478m.

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2018-19 (continued)

The Table below sets out the detail of the separate purchases/expenditure made in 2018-19.

Capital Portfolio Capital Fund 2018-19	Expenditure		Committed
	Purchase price	SDLT, Fees and Capitalised costs	
	£000	£000	£000
<u>Acquisitions</u>			
Worcester Street/High Street Retail Units, Kidderminster	1,000	51	0
Stratford Court Offices, Solihull	6,100	389	0
Buntsford Gate Offices, Bromsgrove	1,487	83	0
Forest House Start-up Units, Kidderminster	730	37	0
Former Frenco Site Industrial Units, Kidderminster		55	373
Committed schemes 2019-20			7,217
	9,317	615	7,590
Total Capital Expenditure		9,932	17,522
Balance of Fund remaining		15,068	7,478

Stamp Duty Land Tax (SDLT)

Three of the properties are within the boundary of the Wyre Forest district whilst the acquisitions of Stratford Court and Buntsford Gate Offices are within the Functional Economic Geography which includes the footprint of the two Local Enterprise Partnerships of which the Council is a member.

All of the purchases support the Council's thematic corporate priority: Support you to contribute to a successful local economy. For within district purchases this contribution is transparent. In the case of the Buntsford Gate purchase in Bromsgrove, evidence shows that a decline in the economic prospects of a North Worcestershire partner has a ripple effect across the wider functional economic geography which is why Wyre Forest is taking an active interest in supporting our neighbour's economic interests. By taking this acquisition opportunity at Buntsford Gate the Council will offer support to a key declining sector in the North Worcestershire local economy. Further, the Council hosts the North Worcestershire Economic Development & Regeneration Service (NWEDR) which also operates across Bromsgrove. The Council therefore has a vested interest in the success of the Bromsgrove local economy as Wyre Forest is part of the wider Functional Economic Geography that includes Bromsgrove.

The acquisition of Stratford Court supports the economic development prospects of the Functional Economic Geography of the Greater Birmingham & Solihull LEP (GBSLEP) to the benefit of the district and its residents. Wyre Forest is part of the wider Functional Economic Geography (FEG) of the GBSLEP and therefore has a vested interest in the success of the Solihull local economy. Solihull is in the travel to work area of Wyre Forest's working population (ONS Nomis official labour market statistics) with accessible rail links. Further information establishing the significance of the wider FEG was provided in the business case that was scrutinised and approved by members, this included evidence of the outflow of Wyre Forest residents to work in the Solihull area.

In summary, it is considered that all of these property purchases support the council's economic development and regeneration priority whilst also making a welcome net revenue

## **WYRE FOREST DISTRICT COUNCIL**

### **NARRATIVE REPORT 2018-19 (continued)**

return tested in the financial viability business case and essential affordability test for prudential borrowing.

- 4.10 The Development Loans Fund approval of £10m remains unspent and uncommitted as at 31<sup>st</sup> March. The Funding Management agreement with Finance Birmingham FCA accredited financial advisors was signed at the end of October 2018 and following a period of joint working to agree processes they are now actively marketing our funding offer. All Development Loans will be within district and must meet corporate priorities.
- 4.11 The Council entered into a limited liability partnership with PSP Limited in March 2017 in order to progress work with more challenging property proposals. Exploratory work around suitable sites continues but has proved challenging to deliver with full funding from prudential borrowing. It is hoped to deliver an alternative residential proposal for the former Lloyds garage site in Stourport within the next 12 months.
- 4.12 In May 2019 businesses in Kidderminster town centre voted in favour of creating a Business Improvement District (BID) with the aim of funding initiatives and events to boost footfall and foster growth. The scheme will be funded by a BID levy paid by non-domestic ratepayers. The levy will raise over £1m over the next 5 years (from 2020-21) which will be invested into the town. A BID Company will be established to oversee delivery of the proposals. The Authority will collect the BID levies on behalf of the BID Company as agent and so income and expenditure will not be shown in the Council's Comprehensive Income and Expenditure Statement.

## **5. Strategy and Resource Allocation**

- 5.1 The Council's Medium Term Financial Strategy (MTFS) demonstrates how the Council's financial resources will be deployed over the current and the next 3 years to deliver corporate priorities. It sets the overall shape of the Council's budget by determining the level of resources that will be available and how they are allocated between services. This provides a medium term framework to enable members and officers to develop detailed annual budget allocations. The MTFS is updated annually.

<https://www.wyreforestdc.gov.uk/media/4133419/2019-22FinancialStrategyWebVersion-2-.pdf>

- 5.2 The MTFS is supported by the following key strategies and plans:

Treasury Management Strategy – updated annually, this strategy sets out how the Council's treasury service will support the capital decisions taken, the day to day treasury management and the limitations on activity through treasury prudential indicators. The key indicator is the Authorised Limit, the maximum amount of debt the Council could afford in the short term, but which would not be sustainable in the longer term. (Overview and Scrutiny 7<sup>th</sup> February 2019, approved Council 27<sup>th</sup> February 2019).

[http://www.wyreforest.gov.uk/council/docs/doc54177\\_20190207\\_o\\_and\\_s\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc54177_20190207_o_and_s_agenda.pdf)

Capital Strategy – updated annually the Council's Capital Strategy has been refreshed as part of the overall Financial Strategy process and follows the Ministry of Housing, Communities and Local Government (MHCLG) guidance published in February 2018. The Strategy provides the longer term context in which capital investment decisions are made and the governance for those decisions. The Capital Strategy has been developed to ensure

## **WYRE FOREST DISTRICT COUNCIL**

### **NARRATIVE REPORT 2018-19 (continued)**

that the Council can take capital expenditure and investment decisions in line with Council priorities and properly take account of stewardship, value for money, prudence, risk, sustainability and affordability. The strategy ensures due consideration is given to both risk and reward and the impact on the achievement of priority outcomes (approved Council 27<sup>th</sup> February 2019).

<https://www.wyreforestdc.gov.uk/media/4133419/2019-22FinancialStrategyWebVersion-2-.pdf> (page 106 onwards)

ICT Strategy – covering the period 2018-22, this document provides a clear direction for the work of ICT, ensuring that technology supports the business processes and provides the framework for evaluating the ICT element of business proposals for new projects. (Approved 21<sup>st</sup> February 2018)

<http://www.wyreforestdc.gov.uk/media/3601501/FinancialStrategy2018-2021PrintVersion.pdf>

Core Strategy (2006-2026) - the key strategic level document within the Local Development Framework (LDF) which sets out the broad strategy and vision for development within the District up until 2026. Adopted in December 2010, it provides the overall context for the more detailed, site specific elements of the LDF and the focus for decision-making on planning applications. Although the Core Strategy does not address specific sites, it does set the overall Development Strategy for the District and the broad areas where new housing and employment development will be located. The new Local Plan will replace the current Adopted Core Strategy. The Local Plan Review (2016-2036) preferred options consultation was undertaken during 2017 and is now closed. It is anticipated that the new Local Plan (2016-2036) will be adopted in 2020.

<http://www.wyreforestdc.gov.uk/media/3340508/Project-Plan-Nov2017.pdf>

Housing Strategy – the Worcestershire Housing Partnership Plan (2017) is the overarching document setting the strategic direction for housing across Worcestershire. It recognises that to maximise health, wealth and wellbeing of the residents of Worcestershire and make the most effective use of existing resources, we need to work very closely with partner organisations across a range of sectors.

<http://www.wyreforestdc.gov.uk/media/3645353/Worcestershire-Strategic-Housing-Partnership-Documents-FINAL-.pdf>

Empty Homes Strategy (2017-2022) - this strategy aims to identify the causes of empty properties, why they remain empty and a clear action plan showing what we intend to do to reduce the number of wasted homes. The overarching aim of this strategy is to help alleviate the housing need within the district, to offer wider housing choice to residents and to reduce the blight that can result where properties are left empty and neglected. As at January 2018, there were 621 empty properties in the Council area of which 256 had been vacant for over 6 months. By comparison, the Council has in the region of 3,300 people on the housing waiting list and the figure continues to increase year on year.

<http://www.wyreforestdc.gov.uk/media/3236924/empty-homes-strategy-2017-2022-final-version.pdf>

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2018-19 (continued)

#### 6. Our Performance

- 6.1 The Council's operational model is for a mixed economy of services provided directly by the Council or through shared services with other councils and a limited range of services that are provided by the private sector. The Council's financial and non-financial performance is regularly monitored and reported to Cabinet and Scrutiny committees on a quarterly basis. Details of these reports for 2018-19 can be found on the Council's website.

<http://www.wyreforest.gov.uk/council/meetings/com193.htm>

- 6.2 The Council's Corporate Plan for 2014-19 is built around two priorities: Support you to contribute to a successful local economy and Support you to live in clean, green and safe communities. The plan is supported by the six Council Values.

<http://www.wyreforestdc.gov.uk/media/144585/CorporatePlan20142019.pdf>

The success of the Corporate Plan is measured by delivery against our strategic actions. A new Corporate Plan will be developed and taken to Council for approval during 2019-20.

- 6.3 Overall the Council performed well during 2018-19. The outcomes we have achieved in the last 12 months or so are set out in the table below and demonstrate how the Council has been delivering its priorities and strategic actions 2014-19:

#### **Priority: Support you to contribute to a successful local economy**

	<b>What we've done</b>
Working with partners to create the conditions and certainty to foster a growing and sustainable local economy	Reached pre-submission consultation stage on the Local Plan; Agree the Strategy for Enabling Enterprise and Business Growth; established the Wolverhampton University Business Solutions Centre in Wyre Forest House; work closely with the two LEP Growth Hubs. Agreed to extend the shared economic development and regeneration service for North Worcestershire hosted by Wyre Forest. Renewal of the South Kidderminster Enterprise Park Local Development Order for a further 3 years
Bringing forward regeneration and development opportunities and the infrastructure to support them	Adopted the Delivery Framework for Lion Fields, June 2016. Site clearance of Parcel 1 (The Glades site) completed early 2017. Procured the development partner to deliver a cinema led leisure development of the site. Agreed to procure a development partner to deliver the redevelopment of Parcel 2 (former Magistrates Court and indoor market site). Supported the development of the new Medical Centre in Bewdley and completion of construction of new car parking spaces. Highway work completed on Comberton Hill to support the redevelopment of Kidderminster Station. The main Station Forecourt works were commenced in December 2018. Planning applications submitted and approved for the next phase of the Churchfields Urban Village,

**WYRE FOREST DISTRICT COUNCIL**

**NARRATIVE REPORT 2018-19 (continued)**

	which will deliver circa 250 new homes. Linked to this, was the successful bid by the District Council to the Housing Infrastructure Fund to help pay for the required highway improvements.
Creating new job opportunities and improving skills	Running the third successful 'Opening Doors to Business' event for local schools. Monthly updates of District at Worcestershire Business Leaders. Consultation with business leaders on the Local Industrial Strategy.
Helping new businesses to start up and existing businesses to grow	In 2018/19: 98 entrepreneurs received business advice which resulted in 43 new business start-ups. 6 new businesses accessed grants totalling £4,371.03. 16 existing businesses accessed grants totalling £140,777.29.
Attracting inward investment and accessing alternative funding sources	Ratio Park – Phase 1 speculative industrial units completed (Utilised Local Development Order) and Growing Places Loan from GBSLEP). Only 5 units left available on the development Work with Worcestershire Business Central and GBSLEP Growth Hub to enable eligible businesses to access a range of appropriate EU and local funding.
Promoting the District as a great place to invest in, live in and visit	Continue to develop a Business Ambassador Scheme; Numerous events to promote business opportunities held at Wyre Forest such as on cyber security and using social media. Work in partnership with Worcestershire LEP Inward Investment team to facilitate relevant enquiries from internal and external businesses. Support the publication and production of Visit Worcestershire's Explorer and Visitor Guides, Visit Wyre Forest leaflets and web site. Bewdley Tourist Information Centre promotes the whole of Wyre Forest's attractions, accommodation providers and related events.

	<b>What outcomes we've achieved</b>
A community with lower unemployment and improved skills	Claimant count 1.5% in September 2018, which is in line with county average (1.6%) and below the national average (2.2%).
A diverse and well connected economy with vibrant and successful town centres	Successful completion of phase 1 of £2.3m Kidderminster Town Centre public realm improvements. Full occupation of new retail units at Riverside Walk. Further new retailers in Kidderminster, including Pandora and Warren James. Grants to support business ventures in Stourport and Bewdley, including the Swan PH (Stourport) and supporting events in Bewdley – e.g. Riverside Market. Commencement in October 2018 of the highways infrastructure work to Worcester Street

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2018-19 (continued)

	What outcomes we've achieved
	Kidderminster in partnership with Worcestershire County Council to open this road to traffic and reinvigorate this part of the town centre.
Successful and sustained business growth	Worcestershire Growth Barometer 2018 includes 6 Wyre Forest based companies in top 50 Worcestershire fastest growing mid size businesses with the district businesses accounting for the highest level of turnover during this and last year. The district also tops the levels of employee growth for the same period.
Increased visitor opportunities	Bewdley Museum has been awarded a Certificate of Excellence for the fourth year running by travel experts, Trip Advisor. Visitor numbers 174,000 in 2015 190,000 in 2016, 191,196 in 2017 204,186 in 2018/19
Redevelopment of redundant and under-used land and buildings	Former Glades Leisure Centre building cleared at Phase 1, Lionfields. Undertaken Ground Investigation works to understand the impacts on the proposed development.
Improved infrastructure	Silverwoods Way (Hoobrook link road) opened September 2016. Attracted £2.7m Housing Infrastructure Fund monies to support £6m highway infrastructure scheme to open up brownfield land at Churchfields for residential development. Commencement of new rail station ticket office and forecourt for Kidderminster Railway Station.

#### **Priority: Support you to live in clean, green and safe communities**

	What we've done
Creating a greener and cleaner local environment	Public spaces protection order on dog controls in force 1 October 2017.  Worked in partnership with McDonalds on clean up initiatives and subway improvements.  Issued 85 Fixed Penalty Notice tickets and had 4 successful prosecutions for environmental infringements (litter, waste etc).  Maintain 400 acres of nature reserves and 600 acres of green public spaces.  20 deep clean projects across the District.  Continue to run £50k localism fund allocated to parishes and community groups on environmental improvement, projects and activity.
Supporting the provision and maintenance of high quality public	Bid for £2.41m Heritage Lottery Fund grant to improve Brinton Park submitted August 2017

**WYRE FOREST DISTRICT COUNCIL**

**NARRATIVE REPORT 2018-19 (continued)**

	<b>What we've done</b>
spaces	Supported 5 Friends groups and worked in partnership to enhance local parks
Working with partners to reduce crime and the fear of crime	Secured £48,125 of community safety external funding for delivering projects in 2018/19.  Renewed the Public Spaces Protection Order restricting alcohol consumption in Kidderminster Town Centre for a further three years until August 2020  Set up "Safer Wyre Forest action group" to tackle town centre crime and environmental crime  Working with 50 young people across all our high schools to become community ambassadors to promote safety amongst their peers. The 5 <sup>th</sup> year of the project.  Held the Young Citizenship Celebration Event 2018.
Working towards meeting current and future housing needs, with an up-to-date local development plan that provides for growth in the number of houses	Consultation on pre-submission for Local Plan, November to December 2018 as part of adoption of new Local Plan.
Preventing and reducing homelessness	Invested £287k to create council-owned temporary accommodation in Stourport-on-Severn that successfully opened in November 2017 and has achieved 67 households staying with us since opening and is close to 100% occupancy.

	<b>What outcomes we've achieved</b>
Clean streets and quality open, green public spaces that are enjoyed by all	3 Green flag parks
An environment that is respected and cared for, and where local people take pride in their surroundings	100% satisfaction with outdoor events in parks  Eight parish and town councils working in partnership with the District in cleansing and grass cutting as part of the localism agenda  Five active and successful Friends groups improving parks  Three paddling pools transferred to third parties to meet the cost of maintenance.
Low levels of crime and anti-social behaviour	Measures

**WYRE FOREST DISTRICT COUNCIL**

**NARRATIVE REPORT 2018-19 (continued)**

	<b>What outcomes we've achieved</b>
	<p>% of respondents who think that anti-social behaviour is a problem in their local area</p> <p>2017 16.9%</p> <p>2018 27.1%</p> <p>% who think that drunk and rowdy behaviour is a problem in their local area</p> <p>2017 22.2%</p> <p>2018 33.9%</p> <p>% who think that drug use or drug dealing is a problem in their local area</p> <p>2017 36.9%</p> <p>2018 51.4%</p> <p>Viewpoint findings from 2018 are worse compared to 2017. The Community Safety Team is considering the findings and proposing actions in conjunction with partners.</p> <p>Changes in Crime and ASB (Anti Social Behaviour) figures:</p> <p>Total recorded crime WF April 2017 to March 2018 = 8,003</p> <p>Total recorded crime WF April 2017 to November 2018 = 5,564</p> <p>Total recorded crime WF April 2018 to November 2018 = 5,599 – increase of 35 offences compared to same period last year</p> <p>ASB April 2017 – March 2018= 4,450</p> <p>ASB April 2017 – November 2017 = 3,187</p> <p>ASB April 2018 – November 2018 = 2,668 decrease of 519 incidents compared to same period last year.</p> <p>Number of people the Community Safety Team engages with on a face to face basis via events and activities throughout the year.</p> <p>April 2017 – March 2018 1,250</p> <p>April 2018 – November 2018 1,160. On target to exceed 2017/18 figure.</p>
<p>An increased supply of good quality and decent homes that are affordable to individuals and families</p>	<p>169 units were completed in 2017/18. Of these 137 were open market sale properties and 32 were affordable housing units.</p>

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2018-19 (continued)

	What outcomes we've achieved
A reduction in the number of people prevented from becoming homeless	The new Homeless Reduction Act 2017 has placed new burdens on the Council and households are encouraged to approach for assistance so numbers are increasing. This indicator is therefore no longer relevant.

## 7. Performance – Financial

### Core Funding

- 7.1 This remains a challenging time for Local Government particularly with the uncertainty around the future funding for the sector. The current four-year Comprehensive spending review (CSR) period comes to an end in 2019-20. The Government has announced:
- National move to 75% Business Rates retention
  - Resetting of baselines from which Business Rates allocations will be determined
  - Fair Funding Review to examine the relative needs and allocation of resources between Authorities
- 7.2 No indication has been given of the level of funding or whether transition protection will be given to smooth the impact and avoid potential shocks. Further uncertainty is caused by European Union withdrawal (Brexit) and lack of detail on the post Brexit replacement for European Union structural funding (the Shared Prosperity Fund).
- 7.3 During 2018-19 the Council continued to face significant financial challenges and the preparation of the 2019-22 MTFs was strongly influenced by the continued need to make significant reductions in expenditure whilst still progressing Council priorities. In common with the rest of local government the Council has seen a steady reduction in its core funding in recent years and reductions in Central Government grants continue to have a significant impact on the way we are able to fund our services. The Medium Term Financial Strategy was updated in February and the 2019-22 MTFs forecasts a funding gap of £2.1m by 2021-22 which will need to be closed by increasing income from our more commercial activities, fees and charges and council tax and by reducing costs, whether through greater efficiency, reducing how much is spent on certain activities or implementing alternative service delivery models with other organisations. The Wyre Forest Forward programme has enabled the Council to successfully deliver savings during the current Council Plan period and will continue to drive the delivery of additional efficiency savings. The delivery of additional commercial income has continued supported by the Commercial Activity Programme Board in 2018-19. However, given the uncertainty around the future funding for the local government sector, coupled with Brexit, there remains much work to do.
- 7.4 The Council has an excellent track record in generating income; the total income (from all sources excluding shared services) achieved in 2018-19 is £5.073m and has risen from £3.781m in 2012-13. The Council will continue to increase income from fees and charges, so that users of particular services contribute to the cost of providing them rather than being subsidised by council tax payers.
- 7.5 The Council adopts a cash limited approach to its budget, with Cabinet Members and Corporate Directors being responsible for ensuring services are delivered within budget.

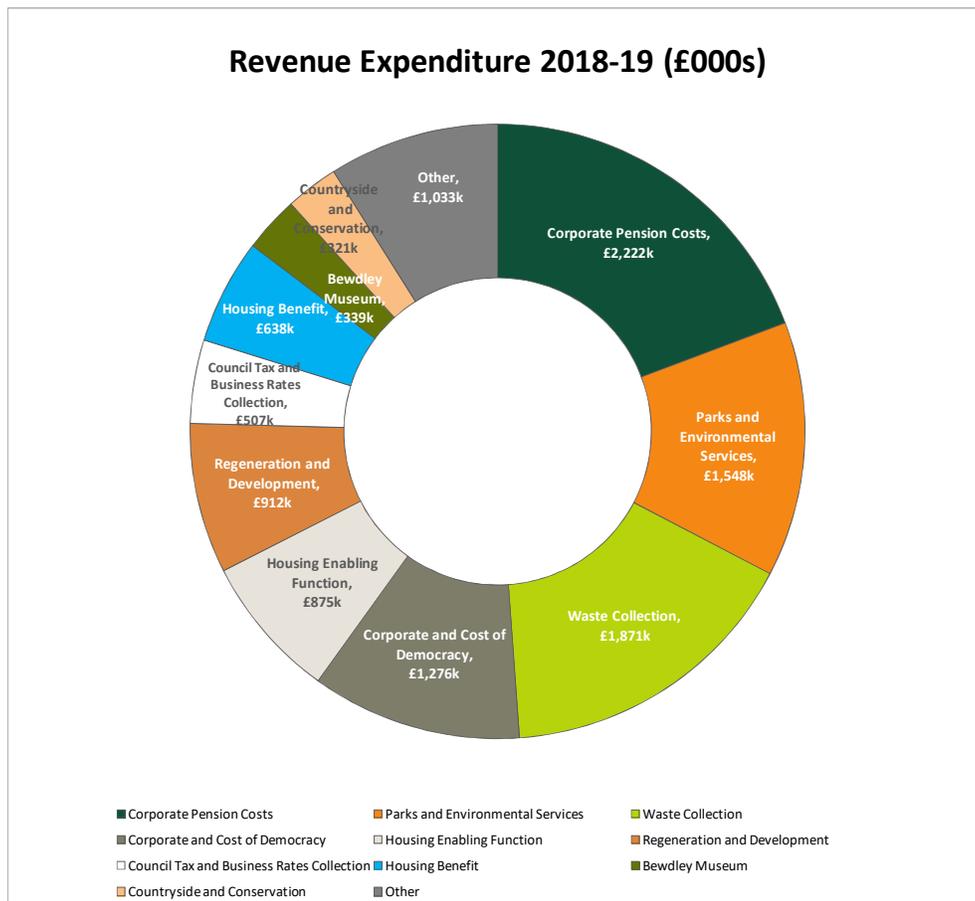
## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2018-19 (continued)

#### 2018-19 Council Tax and Revenue Spending

- 7.6 The Council collected £28.559m of business rates, of which 50% was passed to central government, 9% to Worcestershire County Council, 1% to Hereford and Worcester Fire Authority. The Council retained 40% and then paid a tariff of £8.151m under the business rates retention scheme.
- 7.7 The Council also collected £57.965m of Council Tax (on behalf of Office of the Police and Crime Commissioner for West Mercia, Worcestershire County Council, Hereford and Worcester Fire authority and itself), of which £7.054m was retained by the Council.
- 7.8 During the period from 2013 to 2018 the council tax charged by Wyre Forest District Council fell sharply in real terms, as a result of three years when the Council froze the tax. The annual increase in April 2019 of £5 or 2.39% was slightly higher than inflation but below the maximum permissible rise in consideration of the financial pressure being felt by local residents.
- 7.9 Revenue expenditure covers the cost of the Council's day to day operations and contributions to and from reserves. The net revenue spend of £11.542m across services is shown in the graph below. Actual spend on services in 2018-19 was 2.72% below the original approved budget, reflecting sound financial management and good budgetary control.

#### Service Spending 2018-19



**WYRE FOREST DISTRICT COUNCIL**

**NARRATIVE REPORT 2018-19 (continued)**

**Service Expenditure and Impact of Spending on Reserves**

2018-19	[A] Original Budget	Revised Budget	[B] Outturn	[B-A] Variance
	£000	£000	£000	£000
<b>SERVICE EXPENDITURE</b>				
Chief Executive and Solicitor to the Council	1,700	1,738	1,745	45
Resources	3,707	3,626	3,442	(265)
Community Well Being and Environment	4,445	4,636	4,336	(109)
Economic Prosperity and Place	2,400	2,724	2,724	324
Capital Account	(387)	(708)	(706)	(319)
<b>Service Expenditure reported to management</b>	<b>11,865</b>	<b>12,016</b>	<b>11,541</b>	<b>(324)</b>
<i>Exclude items funded from earmarked reserves and other items to give net cost of service (CIPFA Code)</i>			662	
<b>Net Cost of Services (CIES)</b>			<b>12,203</b>	
<i>Exclude items not met by tax payers:</i>			2,395	
<i>Add charges for capital</i>			1,274	
<b>Total Expenditure</b>	<b>11,865</b>	<b>12,016</b>	<b>11,082</b>	<b>(783)</b>
<b>SOURCES OF INCOME</b>				
Council Tax (District element only)	(7,054)	(7,054)	(7,054)	0
Business Rates retention	(2,982)	(3,324)	(4,241)	(1,259)
RSG	(101)	(101)	(101)	0
New Homes Bonus	(1,273)	(1,273)	(1,273)	0
<b>Total Income</b>	<b>(11,410)</b>	<b>(11,752)</b>	<b>(12,669)</b>	<b>(1,259)</b>
<b>In Year (Surplus)/Deficit (Note 5: EFA)</b>	<b>455</b>	<b>264</b>	<b>(1,587)</b>	<b>(2,042)</b>
<b>FUNDING FROM RESERVES</b>				
Net addition (to) Earmarked reserves			(1,575)	
Contribution (to)/from General Fund	455	264	164	
New accounting standard adjustment (IFRS15)			(176)	
	<b>455</b>	<b>264</b>	<b>(1,587)</b>	

Underspends and income denoted by brackets ()

7.10 The above table shows that in overall terms the outturn position was £2.042m more favourable than planned mainly due to additional taxation and non-specific grant income from the one-off transfer of residual balances from the Worcestershire business rates pool. During the 2018-19 financial year the Council's General Fund balance reduced by £364k, compared to a planned reduction (revised budget) of £464k, with £164k transferred to support services (see table above) and £200k to increase working balances.

## **WYRE FOREST DISTRICT COUNCIL**

### **NARRATIVE REPORT 2018-19 (continued)**

7.11 Transfers to and from earmarked reserves have also had a significant effect. The total balance held at the year end was £7.868m, a net increase of £1.575m. The most significant movements were:

- the transfer of £295k to the Business Rates Equalisation/Regeneration Risk reserve to compensate for changes in government policy in relation to Business Rates given the impending Funding Reform. This will be needed in future years to mitigate the risk of reduced income from the Collection Fund due to the uncertainty around this key funding stream;
- the transfer of £467k to the Business Rates – Collection Fund Account to cover technical accounting entries relating to timing differences due to Collection Fund accounting regulations;
- the net increase of £370k in the Innovation Fund balance to support delivery of the Wyre Forest Forward programme. This reserve has been increased to support improvement and efficiency initiatives that will take time and funding to develop;
- the net increase of £303k in capital portfolio related reserves to mitigate the risk of fluctuations in future borrowing rates (capital financing reserve) and also to set-up a sinking fund for any unexpected repairs/costs of property ownership outside budget provisions.
- the creation of a reserve in relation to waste collection of £256k given the pressures on this service as further house building progresses and also the uncertainty around the aspirations in the Government’s Resources and Waste Strategy.

#### **Capital Expenditure**

7.12 Capital expenditure is spend on non-current assets that have a life expectancy of more than one year and benefit not just current but future taxpayers within the district. The assets are usually funded over a period longer than one year, either from borrowing, grants or from reserves built up over a period of time. Capital expenditure forms a large part of our spending on the provision of services and, in line with our revenue budget setting process, our Capital Programme for 2018-19 was compiled to maximise and make the best use of the available funding to deliver projects that contributed towards the key priorities of the Council.

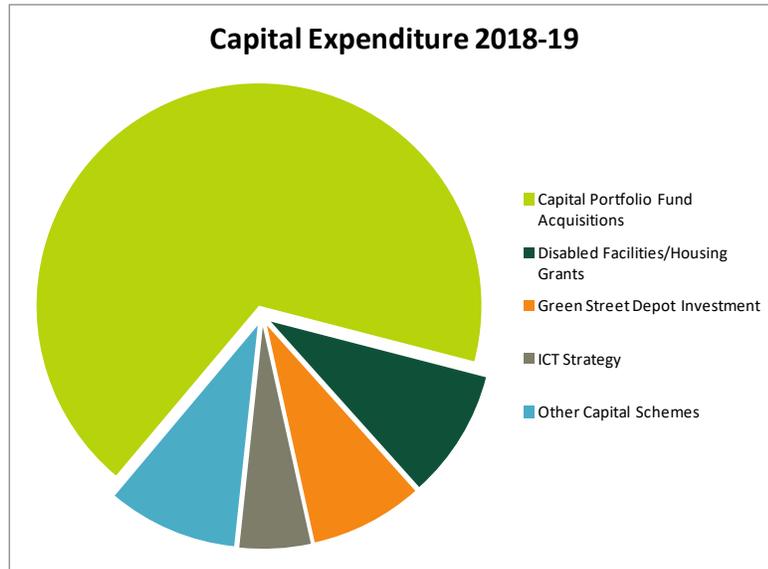
7.13 The Council has an ambitious capital programme (2019-22) of £53.848m. This investment will reshape how we deliver our services as well as helping to unlock revenue savings and efficiencies to secure our ongoing financial sustainability including:

- More commercial space for new and established businesses;
- Improved energy efficient facilities for the Council’s operational services including a new customer advice centre to meet the changing demands of our residents.
- Progression of a diverse Capital Portfolio of properties held for multiple objectives including regeneration and economic development.

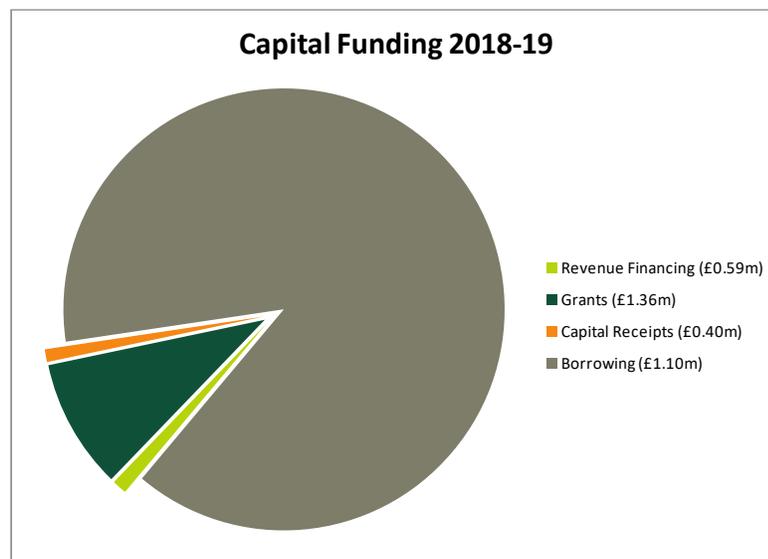
The Capital Programme for 2018-19 was originally set at £22.8165m, revised to £34.982m following re-profiling of anticipated acquisitions from the Capital Portfolio fund. Capital spending during the year totalled £14.622m. Capital programme slippage will be profiled into future years. An analysis of capital investment is shown in the chart below:

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2018-19 (continued)



The Capital Programme was financed from a combination of borrowing, grants and reserves (revenue financing and capital receipts).



7.14 During the year the scheme to invest in the operational depot in Green Street, Kidderminster was progressed. In addition to general improvements to the welfare, office accommodation and working environment the investment will bring two locally listed buildings back into use and provide a new location for the Council's customer services and advice centre facilitating co-location of advisors with the back office support staff. The scheme will help achieve the Council's aspiration to develop its commercial service offering and improve the facilities for customers and staff. The target completion date for the scheme is summer 2019. The construction work is progressing to plan while the site remains operational for depot services, the main one being domestic waste collection. Capital expenditure to year-end has been added to the asset valuation of this site. A full revaluation will be commissioned for the site when the project is complete.

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2018-19 (continued)

#### Treasury Management

- 7.15 The Treasury Management Strategy for 2018-19 was approved by Council on 21<sup>st</sup> February 2018. Treasury management performance is reported to Cabinet and Council with further detailed reviews being considered by the Treasury Management Review Panel.
- 7.16 **Details of investment performance:** The Council manages all of its investments in house with the institutions listed in the Council's approved lending list. At the end of the financial year the Council had £16.387m of investments.
- 7.17 The Council's investment strategy was to maintain sufficient cash reserves to give it necessary liquidity, whilst trying to attain a benchmark average rate of return in excess of the London Interbank Bid rate (LIBID), whilst ensuring funds were invested in institutions which were secure. The Council's overall average performance on its cash investments was 0.72%, which exceeded its 7 day LIBID benchmark of 0.51%.
- 7.18 The outlook for investment returns for 2019-20 is likely to remain low. There is an expectation that there will be a gentle increase in rates over the next few years. However, with so much uncertainty around Brexit, the investment returns are likely to fluctuate depending on the outcome of the final deal.
- 7.19 **Details of borrowing:** During the year the Council secured external loans of £13m (£11m from the Public Works Loans Board and £2m from Charnwood Borough Council) and as at 31<sup>st</sup> March 2019 had borrowings of £29.270m. A summary of the Council's borrowing activities for 2018-19 is shown below. Further details of the Council's Treasury management activities and prudential indicators will be reported to the Treasury Management Review Panel on the 2<sup>nd</sup> September 2019. The agenda for this meeting can be accessed through the Council and Democracy page of the Council's website.

Long Term Borrowing	2017-18	2018-19
	<b>£000</b>	<b>£000</b>
Balance as at 1 <sup>st</sup> April	17,000	16,000
Plus:		
New long-term borrowing	1,000	13,000
Long-term borrowing repaid	0	0
Re-Classified as temporary borrowing (repayable in the following financial year)	(2,000)	0
Balance as at 31 <sup>st</sup> March	<b>16,000</b>	<b>29,000</b>

Short Term Borrowing	2017-18	2018-19
	<b>£000</b>	<b>£000</b>
Balance as at 1 <sup>st</sup> April	270	2,270
Plus:		
New temporary borrowing	0	0
Re-classified from long-term borrowing	2,000	0
	2,270	2,270
Repayments in year	0	(2,000)
Balance as at 31 <sup>st</sup> March	<b>2,270</b>	<b>270</b>

## **WYRE FOREST DISTRICT COUNCIL**

### **NARRATIVE REPORT 2018-19 (continued)**

- 7.20 The Ministry of Housing, Communities and Local Government (MHCLG) requires Councils to set aside a 'prudent' provision for the repayment of debt where they have used borrowing arrangements to finance capital expenditure (historic and current). Council amended its Minimum Revenue Provision (MRP) policy for 2018-19 to include the option of using the annuity method in addition to the equal instalment method for the calculation of MRP under the Asset Life. The MRP policy for 2019-20 was approved at the 27<sup>th</sup> February 2019 Council in line with the statutory guidance and included the discretion for the Chief Financial Officer to charge a Voluntary Revenue Provision (VRP).

#### **Significant transactions**

##### **Pensions**

- 8.1 Wyre Forest District Council is part of the Worcestershire Pension Fund. The Council's pension liabilities are offset by the value of pension fund assets invested. The Worcestershire Pension Fund is independently revalued every three years to determine employer contribution rates. Employer contribution rates are set to achieve a 100% funding level (i.e. to be fully funded) by 2037. The most recent revaluation, as at 1<sup>st</sup> April 2017, assessed the funding level for Wyre Forest at 66% compared with 59% in 2013. The next triennial revaluation of the Fund is in progress, using valuations as at 31<sup>st</sup> March 2019. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1<sup>st</sup> April 2020. The Council's liability for providing pension benefits will be affected by a recent Court of Appeal judgement in the McCloud (The Lord Chancellor and Secretary of State and another v McCloud and Mostyn) case. The judgement relating to age discrimination within the judicial pension scheme has the potential to increase all public sector scheme liabilities, including the Local Government Pension Scheme. This Council's local pay bargaining has resulted in local pay rates increasing below CPI since introduction of local agreements in 2014. This pay restraint has led our actuaries to determine that the impact of the McCloud judgement on this Council's pension liabilities is likely to be zero. The precise size and scale of the impact is currently unknown and is a source of uncertainty nationally.
- 8.2 The agreed deficit clawback funding for the period 2017-2020 was paid in a lump sum in April 2017 as an advance payment which generated a cost saving for the Council's General Fund of £0.427m over the three year period.
- 8.3 Whilst the pension deficit is substantial and challenging it should be remembered that the sum is a projection taking a long term view of future liabilities. There is a deficit reduction strategy in place to ensure that a neutral funding position is reached within 18 years.

##### **Contingencies**

- 8.4 The risk of any reduction in the local share of business rate yield due to the closure of businesses or appeals against rateable values is borne by the Council. The Council has set aside a provision of £4.085m within the collection fund for any business rates appeals against rateable values in future years. There were approximately 64 appeals outstanding on the 2010 list at the 31<sup>st</sup> March 2019. The Valuation Office introduced a Check Challenge Appeal system in April 2017 as part of the government's reforms of the business rates appeal system. Progression of appeals through this relatively new system continues to be slow and this has introduced further uncertainty and therefore risk into this key funding stream.

## **WYRE FOREST DISTRICT COUNCIL**

### **NARRATIVE REPORT 2018-19 (continued)**

#### **Capital Portfolio Fund**

- 8.5 During the year the Council has evaluated opportunities to generate additional revenue streams to reduce reliance on Central Government funding. Many authorities are now acting to strengthen their funding base by developing an asset portfolio to meet Corporate Plan objectives whilst also contributing a net return to help funding pressures. The Council approved a £25m Capital Portfolio Fund in February 2017. A comprehensive Capital strategy was approved by Council in May 2018 and refreshed in February 2019. As part of the approval process for the Capital Strategy, robust governance arrangements and processes have been established to ensure that due diligence is exercised in appraising opportunities and these have been fully complied with in 2018-19.
- 8.6 The Council has purchased four properties of significant value during 2018-19 in line with our Capital Portfolio Fund Policy. In our judgement these are classified as operational property, plant and equipment assets because they are not held solely to generate rental income or for capital appreciation. They all contribute to our corporate priority of "Support you to contribute to a successful local economy" as they are situated within our Functional Economic Geography that encompasses the boundaries of the 2 Local Enterprise Partnerships we are members of. This is in accordance with our approved Capital Strategy that links to the Medium Term Financial Strategy, Treasury Management Strategy, various Regeneration and Economic Development Strategies and plans and, importantly, the overarching Corporate Plan 2014-19.

#### **Local Authority Trading Companies**

- 8.7 Council on 21<sup>st</sup> February 2018 approved a group structure of Local Authority Trading Companies (LATC). Companies House incorporation for Wyre Forest (Holdings) Ltd and ReWyre Developments Ltd (the subsidiary) is complete. It is expected that the companies will remain dormant until suitable development opportunities arise; activity will be reported in accordance with the governance arrangements in future years.

#### **Revenue Reserves and Balances**

- 8.8 Revenue reserves play an important part in the Council's Financial Strategy by ensuring that we have some resilience to cope with unpredictable financial pressures. The Council holds working balances to meet unforeseen spending requirements and to provide certainty for medium term financial planning. The level of working balances takes into account the strategic, operational and financing risks facing the Council and is reviewed each year as part of the budget process. The Corporate Director: Resources recommended that the minimum working balances were increased by £200k as part of the MTFS process 2019-22 so they stand at £1.2m at the end of the year. As at 31<sup>st</sup> March 2019, total revenue reserves stood at £12.855m. Of this sum £7.868m have been earmarked to enable the Council to meet future expenditure plans.

#### **Cash Flow Management**

- 8.9 The Council primarily undertakes external borrowing in order to manage the cash flow implications of incurring capital expenditure that it does not immediately fund from cash resources, and in some instances to also manage fluctuations in its cash flows more generally. Separately, the Council has cash backed resources, which it has set aside for longer term purposes (such as funds set aside in reserves and balances) and working capital balances, that can either be invested or temporarily utilised to defer the need for external borrowing.

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2018-19 (continued)

8.10 External loans totalling £13m were secured in 2018-19 (£11m from the Public Works Loans Board and £2m from Charnwood Borough Council). The need to undertake external borrowing this year had been anticipated and budgeted for, and was undertaken in compliance with the parameters and limits set for 2018-19.

8.11 Cash balances the Council held during 2018-19 were invested until they were required to meet our outgoings. This primarily meant that funds were invested on a short term basis up to a maximum period of 1 year. Funds were invested with money market funds and bodies (such as banks) with high credit ratings.

#### 9. **Statement of Accounts**

9.1 The Accounts and Audit regulations 2015 require the Council to produce a **Statement of Accounts** for each financial year. These statements contain a number of different elements which are explained below. The Statement of Accounts is set out in the accompanying document.

9.2 **Statement of Responsibilities for the Statement of Accounts** sets out the respective responsibilities of the Authority and the Chief Finance Officer (Corporate Director: Resources).

9.3 **Auditor's Report** gives the auditor's opinion of the financial statements and of the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.

#### 9.4 **Core Statements**

- The **Comprehensive Income and Expenditure Statement** – this records all the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding. Expenditure represents a combination of the services and activities that the Council is required to carry out by law (statutory duties) such as street cleansing, waste collection and planning and discretionary expenditure focussed on local priorities and needs.
- The **Movement in Reserves Statement** 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** is a "snapshot" of the Council's assets, liabilities, cash balances and reserves at the year-end date.
- The **Cash Flow Statement** shows the reason for changes in the Council's cash balances during the year, and whether that change is due to operating activities, new investments, or financing activities (such as repayment of borrowing and other long term liabilities).

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2018-19 (continued)

#### **Supplementary Statement**

- The **Collection Fund** - summarises the collection of Council Tax and Business Rates and the redistribution of some of that money to the Office of the Police and Crime Commissioner for West Mercia, Worcestershire County Council, Hereford and Worcester Fire Authority, Worcestershire Business rates Pool and Central Government.

The **Notes** to these financial statements provide more detail about the Council's accounting policies and individual transactions. The **Annual Governance Statement** sets out the governance structures of the Council and its key internal controls which are a critical component of our overall governance arrangements.

#### **10. Further Information**

If you would like to receive further information about these accounts please contact

***Tracey W Southall, C.P.F.A. Corporate Director: Resources***  
**Wyre Forest House, Finepoint Way**  
**Kidderminster, Worcestershire, DY11 7WF**

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2018-19**

**STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

**The Council's Responsibilities**

The Council is required:

- (a) 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 Corporate Director: Resources (Section 151 Officer);
- (b) to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- (c) to approve the Statement of Accounts.

**The Corporate Director: Resources' Responsibilities**

The Corporate Director: Resources is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the UK (The Code).

In preparing this Statement of Accounts, the Corporate Director: Resources has:

- (a) selected suitable accounting policies and applied them consistently, except where policy changes have been noted in these accounts;
- (b) made judgements and estimates that were reasonable and prudent;
- (c) complied with The Code of Practice on Local Authority Accounting in the UK.

The Corporate Director: Resources has also:

- (a) kept proper accounting records which were up to date;
- (b) taken reasonable steps for the prevention and detection of fraud and other irregularities.

**Issue Date**

The Statement of Accounts 2018-19 was re-certified for issue on 29<sup>th</sup> July 2019. All known material events that occurred up to and including this date which relate to 2018-19 or before have been reflected in the accounts. This replaces the unaudited Statement of Accounts issued on 29<sup>th</sup> May 2019.

**Certification of Accounts**

In accordance with the Accounts and Audit Regulations 2015 I certify that the Statement of Accounts presents a true and fair view of the financial position of Wyre Forest District Council at 31<sup>st</sup> March 2019 and its income and expenditure for the year ended 31<sup>st</sup> March 2019.

Tracey W Southall CPFA – Corporate Director: Resources  
29<sup>th</sup> July 2019

**Approval of the Accounts**

I certify that the Statement of Accounts has been approved by a resolution of the Audit Committee in accordance with the Accounts and Audit Regulations 2015 and is authorised for issue.

Chair, Audit Committee  
29<sup>th</sup> July 2019

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2018-19**

**ANNUAL GOVERNANCE STATEMENT 2018-19**

**Why we have prepared this Annual Governance Statement (AGS) 2018-19?**

To fulfil the statutory requirement for each local authority to conduct a review of its system of internal control and prepare and publish an AGS at least once a year in each financial year.

- To demonstrate whether, and to what extent, the council has sound system of governance and has complied with its local requirements in 2018-19
- To demonstrate our achievements and help us to be more effective and take action to improve

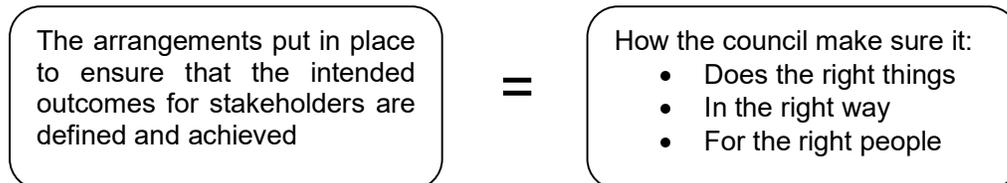
**What is the annual governance statement?**

Legislation requires local authorities to prepare and publish an Annual Governance Statement, in order to report publically on the effectiveness of the Council's governance arrangements. The statement provides an overview of the current governance framework and a summary of the review on the effectiveness of Wyre Forest District Council's governance framework for 2018-19 (which coincides with the annual statement of accounts). The statement openly communicates significant governance issues that have been identified during the review and sets out how the authority will secure continuous improvement in these areas over the coming year.

**What do we mean by governance?**

By governance, we mean the arrangements that are put in place to ensure the intended outcomes for local people are defined and achieved. It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled. Good governance is about making sure the Council does the right things, in the right way for the right people, in a timely, inclusive, open, honest and accountable manner.

This is summarised visually below:



**What is the Scope of our responsibility?**

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

In discharging this overall responsibility, Wyre Forest District Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2018-19**

**ANNUAL GOVERNANCE STATEMENT 2018-19 (continued)**

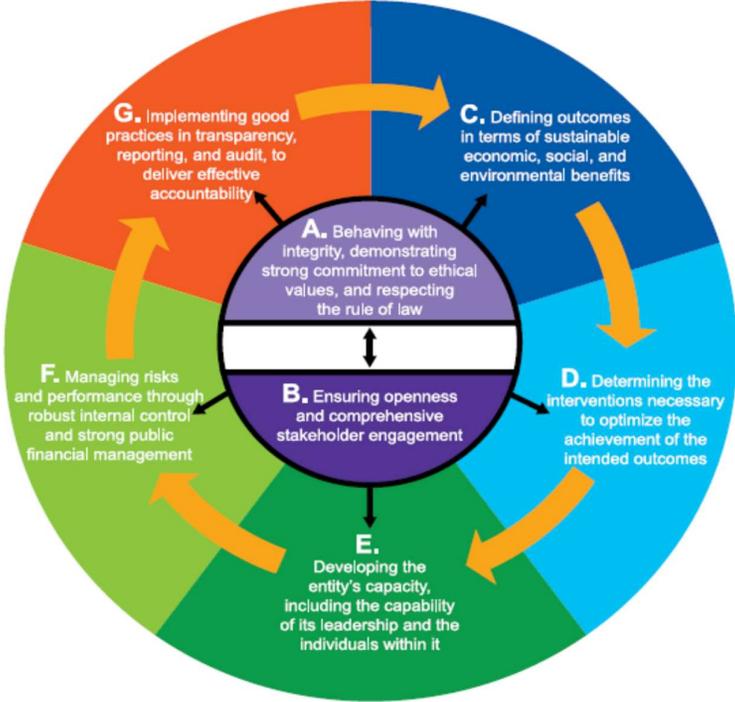
Wyre Forest District Council has adopted the code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework; *Delivering Good Governance in Local Government*. A copy of the code is on our website at [www.wyreforestdc.gov.uk](http://www.wyreforestdc.gov.uk) or can be obtained from Wyre Forest Customer Services Centre, Town Hall, Kidderminster DY10 1DB. This statement explains how Wyre Forest District Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

**What is the definition of the governance framework?**

This is defined as ‘the systems by which local authorities direct and control their functions and relate to their communities’. The governance framework encompasses the Council’s financial management arrangements that conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (Corporate Director: Resources as S151 Officer for this Council) in Local Government; the governance arrangements also conform to the requirements of the CIPFA Statement on the role of the Head of Internal Audit in public service organisations.

The key elements of the Council’s systems and processes that comprise the authority’s governance arrangements are included in the Council’s Constitution which is reviewed and updated throughout the year. The following diagram is reproduced from “Delivering Good Governance in Local Government Framework 2014” published by CIPFA/IFAC and shows core principles and how they are delivered within the robust framework at Wyre Forest.

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2018-19**

GOVERNANCE PRINCIPLES		INTERNAL CONTROLS
<ul style="list-style-type: none"> <li>➤ Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area</li> <li>➤ Members and officers working together to achieve a common purpose with clearly defined functions and roles</li> <li>➤ Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</li> <li>➤ Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</li> <li>➤ Developing the capacity and capability of members and officers to be effective</li> <li>➤ Engage with local people and other stakeholders to ensure robust public accountability</li> </ul>	<div style="text-align: center;">  <p>The governance framework has been in place at Wyre Forest District Council for the year ended 31<sup>st</sup> March 2019 and up to the date of approval of the statement of accounts.</p> </div>	<p><b>INTERNAL CONTROLS</b></p> <p><b>Leadership, Culture and Planning</b> Organisational goals and priorities Strategic and operational plans Performance management Medium term financial strategy</p> <p><b>Statutory Officers &amp; Decision Making</b> The Constitution The Monitoring Officer Section 151 Officer</p> <p><b>Policies &amp; Procedures</b> Codes of conduct Ways of working Anti-fraud, Bribery and Corruption Policy Whistleblowing Policy HR Policies and procedures Corporate Communications and Engagement Programme</p> <p><b>People, Knowledge, Finance, Assets</b> Robust HR practices Robust Internal Audit function Information governance Performance monitoring and improvement Financial management and reporting Ethical &amp; legal practices</p> <p><b>Scrutiny and Transparency</b> Freedom of Information requests Complaints procedure Reports considered by legal and finance Overview and Scrutiny Committee Equality impact assessments Corporate risk register Transparency duty publication</p> <p><b>Partnership Working/Stakeholder Engagement</b> 'Love to get involved' 'Let us know' Consultations Community Localism fund</p>

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2018-19**

**ANNUAL GOVERNANCE STATEMENT 2018-19 (continued)**

**How does the Council deliver these outcomes?**

The Council delivers these outcomes through:

- Annually reviewing local procedures and practices, which together create the framework for good corporate governance as described in the CIPFA/SOLACE Framework Corporate Governance in Local Government: A Keystone for Community Governance.
- Regularly reviewing progress against the elements of the Governance Framework
- Producing an Assurance Statement on the extent to which the local code has been adhered to and the actions required where adherence has not been achieved.

**How is effectiveness reviewed?**

Wyre Forest District Council has responsibility for regularly reviewing the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the Corporate Leadership Team within the Authority, which has responsibility for the development and maintenance of the governance environment, the Audit Manager's annual report endorsed by the Corporate Director: Resources, and also by comments made by the external auditors and other review agencies and inspectorates.

The Council process for maintaining and reviewing the effectiveness of the governance framework includes:

- Findings and recommendations of Internal Audit;
- Updates by the managers within the authority who have responsibility for the development and maintenance of the internal control environment;
- Findings and recommendations by the External Auditors and other review agencies and inspectorates;
- Audit Committee review of current arrangements against best practice, including consideration of progress against issues identified in the Annual Governance Statement, see agenda item 11 of the Audit Committee Agenda 25<sup>h</sup> March 2019 on our website at [http://www.wyreforest.gov.uk/council/docs/doc54334\\_20190325\\_audit\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc54334_20190325_audit_agenda.pdf)

Regular reviews are carried out by the Corporate Leadership Team, including during March and again in April 2019. These reviews take into account:

- the Internal Audit Annual Assurance report from the Audit Manager for 2018-19, in consultation with the S151 Officer;
- comments of other review agencies, inspectorates and external bodies, including LGA Peer Review;
- the Audit Findings report of the External Auditor's was reported to the Audit Committee on 30<sup>th</sup> July 2018 and the Annual Audit Letter including key messages on the 26<sup>th</sup> November 2018.

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2018-19**

**ANNUAL GOVERNANCE STATEMENT 2018-19 (continued)**

All Councillors and Officers of the Council adhere to the Constitution and codes of conduct. The duty to ensure compliance is predominantly the responsibility of the Council's three statutory officers:

- Head of the Paid Service (Chief Executive)
- Monitoring Officer (Solicitor to the Council)
- Section 151 Officer (Corporate Director: Resources)

The constitution is under constant review, to ensure that it remains fit for purpose; May 2018 Council approved a number of updates, one being an amendment to the membership of the Audit Committee to include an Independent Person as a pilot for 2018-19. A suitable candidate was recruited and attended the November 2018 meeting. May 2019 Council approved further minor amendments including the creation of a Strategic Review Panel for 2019-20. The Panel will perform an advisory role on a range of issues including policy development on the new Corporate Plan. It will also consider the Cabinet's proposals for the Medium Term Financial Strategy for 2020-2023 and budget options, to inform the Cabinet's proposed strategy and budget and for the meeting in February 2020 in respect of any alternative budget proposals. These regular updates ensure it remains up to date for the Accounts and Audit Regulations 2015 and reflects the drive for channel shift, increased impetus for income generation, commerciality and increasing range of alternative service delivery models to meet the ongoing challenges of Local Government Finance reform.

The Audit Committee is the Member forum that is responsible for reviewing and monitoring Corporate Governance in relation to Risk and Audit matters. The Audit Committee also regularly considers the recommendations from Internal Audit. Progress against the External Auditor's key messages included in the Annual Audit Letter as reported to the Audit Committee on 26<sup>th</sup> November 2018 was considered at its meeting on the 25<sup>th</sup> March 2019 as part of the Annual Governance Statement and Corporate Risk Register Reviews. It is hoped that the extended membership of the Audit Committee to include an Independent Person as a non-voting member for a 12 month trial will provide an injection of an external view and bring a new perspective and flavour to the Committee.

The Council's Corporate Director: Resources as Chief Financial Officer has overall responsibility to ensure that the internal control environment is effective and adhered to. This is delivered through the Internal Audit service. Internal Audit undertake regular reviews of all of the Council's systems and produce reports containing recommendations for improvement wherever necessary, in line with the 2018-19 Annual Audit Plan.

The Council's Internal Audit team works with consideration to the UK Public Sector Internal Audit Standards. The service has also adopted an Internal Audit Charter in compliance with the UK Public Sector Internal Audit Standards that was updated at the July 2018 Audit Committee meeting. A number of other internal and external reports considered the challenges around governance, including the CIPFA delivering good governance in Local Government framework 2016 reports to ensure all appropriate controls and updates are in place across the Council discussed at the March 2017 meeting. Audit Committee on the 30<sup>th</sup> May 2018 received a report on the external assessment of the Internal Audit Service undertaken by Tilia Solutions. The review was positive overall, with no areas of non-compliance with the Standards found that would affect the operation of the Internal Audit function. A number of recommendations/action points were made and worked on during 2018-19 by the Audit Manager to revise the approach taken to audit planning to sharpen focus on corporate priorities and risk to increase compliance with the Standards. Audit Committee on the 28<sup>th</sup> November 2018 received a report on Quality Assurance Improvement Programme and the Internal Audit Plan 2019-20 approved at the March 2019 meeting also took into account the external review recommendations. An update on counter fraud arrangements for 2018-19 was also received at the July 2018 meeting

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2018-19**

**ANNUAL GOVERNANCE STATEMENT 2018-19 (continued)**

External audit reports are reviewed and considered by the Audit Committee and the Council's Corporate Leadership Team. The Council's External Auditors, Grant Thornton take a proactive approach to Member involvement and actively engage Members at Audit Committee with their Update Reports being of particular interest. In addition to this, the Council is also subject to formal review by government inspectorates and was the subject of a LGA Peer Review in March 2017 that considered financial planning and viability in detail. Feedback from this independent process was positive and the constructive key recommendations to the Council informed the 2016-17 and 2017-18 Annual Governance Statements with ongoing issues identified also included in the 2018-19 Action Plan. The follow-up Peer Review visit took place in February 2019 and once again, feedback was very positive overall with relevant action learning points reflected in this 2018-19 Annual Governance Statement.

We have been informed by the sources noted above on the result of the review of effectiveness of the Governance Framework, that the arrangements continue to be regarded as fit for purpose in accordance with the Council's governance framework.

The key areas for improvement to be specifically addressed with action plans are outlined below, along with an update of the progress being made in implementing the actions to improve these areas.

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2018-19**

**ANNUAL GOVERNANCE STATEMENT 2018-19 (continued)**

**Significant Governance Issues for 2018-19**

Wyre Forest District Council have completed a number of actions over the last year, that have addressed or alleviated significant governance issues identified in the 2017-18 Annual Governance Statement. The following significant governance issues have been identified and further actions have been put in place against each, in order to continue to strengthen the Council's governance arrangements.

<b>Ref</b>	<b>Governance issue</b>	<b>Source</b>	<b>Actions to address the issue</b>	<b>Measures of success</b>	<b>Lead/s</b>	<b>Timescale</b>
<b>1</b>	<p><b>General – Significant Financial Challenges</b></p> <p>-Continue to maintain financial resilience by securing approval of a Medium Term Financial Strategy with a fully balanced budget, taking into account the challenges of the proposed Funding Reform, noting the impact of the progression of “Brexit” and global economy volatility.</p> <p>-Potential shortfall on the delivery of savings to meet the circa £2m Funding Gap by 2021-22.</p> <p>-Managing emerging budget pressures</p>	<p>AGS 2017-18 as highlighted by the Corporate Leadership Team and endorsed by the LGA Peer Review</p>	<p>a) To continue to actively participate in and understand/model the impact of the fundamental Finance Reform, encompassing New Homes Bonus and Business Rate Review, phasing out of Revenue Support Grant, transfer of New Burdens, progression of Welfare Reform.</p> <p>b) Ongoing work around income generation, commercialisation and expenditure reductions. Further develop and evolve the Financial Strategy to include: -potential for large scale service redesign, alternative delivery and service providers, digitalisation and demand management.</p> <p>- a refresh of the Wyre Forest Forward Programme and robust monitoring with the opportunity to challenge as appropriate, against savings plans, to meet the increased targets from 2019-20.</p> <p>c) Continue to develop thinking about the Council's future role and purpose post 2020. Detailed work to refresh the Corporate Plan to be undertaken during early part of 2019-20 with formal Council approval at September 2019 Council. This will ensure continued realignment to the Financial Strategy and future operating model so there is cohesive and compelling narrative about what the Council is striving to achieve and how it will deliver its priorities, including the ways by which it will remain financially viable, and the further organisational transformation required.</p>	<p>a)/b) Balanced Medium Term Financial Strategy (MTFS) for 2020-23 with developed proposals for significant savings/cost reductions to close the increased funding gap from 2019-20.</p> <p>b)Early work to agree detail of WFF Programme to close the funding gap</p> <p>c) Corporate Plan post 2020.</p>	<p>Corporate Director: Resources, Chief Executive and whole Corporate Leadership team</p>	<p>April 2019 to February 2020, early work on specific plans to close Funding Gap after All-out elections in May 2019</p> <p>c) May 2019 Council for process final approval of refreshed Corporate Plan – September 2019 Council</p>

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2018-19**

**ANNUAL GOVERNANCE STATEMENT 2018-19 (continued)**

<b>Ref</b>	<b>Governance issue</b>	<b>Source</b>	<b>Actions to address the issue</b>	<b>Measures of success</b>	<b>Lead/s</b>	<b>Timescale</b>
<b>2</b>	<p><b>Governance of Commercialism Issues</b></p> <p>The ongoing drive for a more commercial council brings new Governance challenges.</p> <p>Decisions taken using increased delegations need to be transparent following revised governance processes with the opportunity for regular review</p>	AGS 2017-18. Highlighted by the Corporate Leadership Team and endorsed by the LGA Peer Review	<p>a) To work in accordance with adopted Commercial Strategy for 2018-23 using the delegation afforded to the Commercial Activity Programme Board (CAPB) to consider business case proposals for new commercial activity and allocate resources from the generic Capital and Revenue funding pots</p> <p>b) Embed the focus on commercial activity into not only reports to the CAPB but also to formal Cabinet Budget Monitoring Reports.</p>	<p>a) Increased Commercial Activity where appropriate and robust corporate value for money and due diligence procedures are satisfied</p> <p>b) Income targets included in MTFS are exceeded</p>	<p>a) Corporate Director of Community Well-Being and Environment supported by the Leadership team</p> <p>b) Corporate Director of Resources/ Financial Services Manager</p>	<p>a) Regular CAPB meetings</p> <p>b) Quarterly Progress check</p>
<b>3</b>	<p><b>Governance of Property and Loan Portfolios</b></p> <p>To further progress the implementation of the policies for the Development Loans Fund of £10m and Capital Portfolio Fund of £25m. To clarify with the wider public that the intended impact of these £35million policies is to support the Financial Strategy and the Corporate Plan priority to deliver a successful local economy rather than commercial investment.</p>	AGS 2017-18 MTFS 2019-22, endorsed by Peer Review	<p>a) Continue to implement revised Capital Portfolio Fund Strategy as approved at February 2019 Council by making proposals for suitable investment opportunities and secure approval and implementation/acquisitions.</p> <p>b) Now arrangements for external Fund Management of Development Loans Fund policy by Finance Birmingham are in place to progress this by sourcing suitable loan applicants and making loans.</p> <p>c) To work with the communications team to reinforce intended impact.</p>	<p>a) Implementation of approved proposals/acquisition of portfolio assets that secure net income streams as revised in approved budget</p> <p>b) Loans approved where appropriate and robust corporate value for money and due diligence procedures are satisfied</p> <p>c) Less negative social media comment</p>	CLT - Corporate Director of Economic Prosperity and Place, Corporate Director: Resources, Solicitor to the Council	<p>a) Further acquisitions secured by end March 2020</p> <p>b) By end 2020</p> <p>c) By end of 2019-20</p>

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2018-19**

**ANNUAL GOVERNANCE STATEMENT 2018-19 (continued)**

<b>Re</b>	<b>Governance issue</b>	<b>Source</b>	<b>Actions to address the issue</b>	<b>Measures of success</b>	<b>Lead/s</b>	<b>Timescale</b>
<b>4</b>	<p><b>Information governance issues and non-benefit fraud</b></p> <p>-utilising the Compliance Officer and Corporate Fraud Resource and separate Corporate Debt Recovery resources.</p> <p>Performance and impact of these resources to continue to be closely monitored and reported.</p>	<p>Annual Governance Statement 2016-17 and MTFs 2017-20</p>	<p>a) Information Governance Sub-Group (of the ICT Strategy Board) to continue to meet regularly to progress actions</p> <p>b) Compliance Officers within the Revenues &amp; Benefits Section in post since March 2015. They are responsible for protecting and increasing the tax base through regular monitoring and reviewing council tax discounts and exemptions to ensure they are legitimately claimed. To review the decision last year to invest in more staff for council tax and business rates recovery jointly funded by Worcestershire County Council to maximise Council Tax Income.</p> <p>c) Review revised arrangements for delivery of Corporate Fraud /Corporate Debt Recovery</p>	<p>a) Implementation timetable achieved</p> <p>b) Income collected in terms of £s and % recovery rates</p> <p>c) Reports to Audit Committee will assess success of Corporate Fraud service</p>	<p>Chief Executive, Corporate Director: Resources Revenues, Benefits &amp; Customer Services Manager</p> <p>c) Corporate Director: Resources/ Audit Manager</p>	<p>a)Ongoing consideration via Information Governance Sub-Group</p> <p>b)Monthly reporting of collections rates/amounts and half-yearly review of impact of extra resource for collection</p> <p>c) July Audit Committee for Fraud Update report</p>

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2018-19**

**ANNUAL GOVERNANCE STATEMENT 2018-19 (continued)**

<b>Ref</b>	<b>Governance issue</b>	<b>Source</b>	<b>Actions to address the issue</b>	<b>Measures of success</b>	<b>Lead/s</b>	<b>Timescale</b>
5	<p><b>Partnership and Engagement Governance issues</b></p> <p>Maintaining resilience in the governance process with particular regard to the increasingly complex array of partnership agreements and alternative funding solutions the Council may sign up to as part of its pursuit of innovative alternative service delivery solutions to unlock funding opportunities and generate revenue income streams. This includes Public Sector Partnership Wyre Forest LLP set up on the 22<sup>nd</sup> March 2017 and the approved Group structure for a Local Authority Trading Company (LATC), localism, joint operations and potentially devolution and combined authorities</p>	Annual Governance Statement 2017-18	<p>a) Ensure new partnering arrangements have robust governance arrangements including full regard to legal, financial and HR implications. Once governance arrangements are in place continue to review and ensure they remain robust</p> <p>b) Ensure arrangements for traded services and arms-length organisations are fit for purpose</p> <p>c) Progress work with PSP Wyre Forest LLP by allocating sites/projects within the district for this new partnership arrangement to explore</p> <p>d) Further investigation of various structures for different arrangements, including utilisation and or expansion of the Group Structure of the approved LATC</p>	<p>a)/b)Robust due diligence for all proposals presented in business cases to be considered by Overview and Scrutiny Committee and Cabinet</p> <p>c)That work with PSP Wyre Forest LLP commences and delivers some tangible outcomes</p> <p>d) Reports prepared for proposals for alternative service delivery models</p>	CLT – Corporate Director of Economic Prosperity and Place author of Property LATC report, designated officers for PSP	<p>a)/b)Ongoing due diligence work presented to Overview and Scrutiny/Cabinet throughout 2018-19</p> <p>c)PSP utilised by end of 2018-19</p> <p>d) LATC Group Structure utilised as appropriate</p>

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2018-19**

**ANNUAL GOVERNANCE STATEMENT 2018-19 (continued)**

<b>Ref</b>	<b>Governance issue</b>	<b>Source</b>	<b>Actions to address the issue</b>	<b>Measures of success</b>	<b>Lead/s</b>	<b>Timescale</b>
6	<p><b>ICT Resilience Governance Issues</b>                      Maintaining ICT resilience to ensure a secure network, ensuring the ICT infrastructure is protected adequately from attacks and threats;                      Progression of ICT Strategy Capital Allocation of £1.757m;                      GDPR –compliance</p>	<p>Corporate Risk Register and ICT Strategy Board;                      ICT Security {Sub-Group}</p> <p>MTFS 2019-2022</p> <p>GDPR Legislation - effective date 25<sup>th</sup> May 2018</p>	<p>a)Quarterly review of network security and cyber resilience</p> <p>b)ICT Strategy Board approvals</p> <p>c)Review of compliance by Information Governance Sub-Group (of the ICT Strategy Board)</p>	<p>a)PSN compliance, secure network;</p> <p>b)Timetable proceeds to timetable</p> <p>c)Review evidenced compliance</p>	<p>ICT Manager/                      Corporate Director:                      Resources</p> <p>Data Controller</p>	<p>Ongoing reports to ICT Strategy Board, Information Governance Sub- Group, Cabinet Members and Group Leaders</p>
7	<p><b>Communication of Vision-Corporate Plan</b>                      Wider communication of priorities and purposes and also further development of the approach to consultation, engagement and involvement of communities and stakeholders</p>	<p>LGA Peer Review Annual Governance Statement 2017-18</p>	<p>a) Results of Focus Groups to discuss Council and values, priorities and purposes to be discussed with CLT and incorporated in the new Corporate Plan.</p> <p>b)To trial the use of the new consultation template and prepare a marketing plan of actions.</p> <p>c) Continue to keep staff aware of Wyre Forest Forward Programme including updated information on the intranet and Website</p>	<p>a)Survey results included in new Corporate Plan.</p> <p>b)Improved consultation responses</p> <p>c)Increased levels of awareness and engagement with workforce</p>	<p>Chief Executive/CLT Cultural Services Manager/Media Team to prepare proposals</p> <p>CLT Cultural Services Manager/Media Team</p>	<p>By February 2019</p> <p>Ongoing</p>

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2018-19**

**ANNUAL GOVERNANCE STATEMENT 2018-19 (continued)**

We propose over the coming year to take steps to address the matters detailed in the above table to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our annual review.

Ian R Miller  
Chief Executive

Graham Ballinger  
Leader of the Council

29<sup>th</sup> July 2019

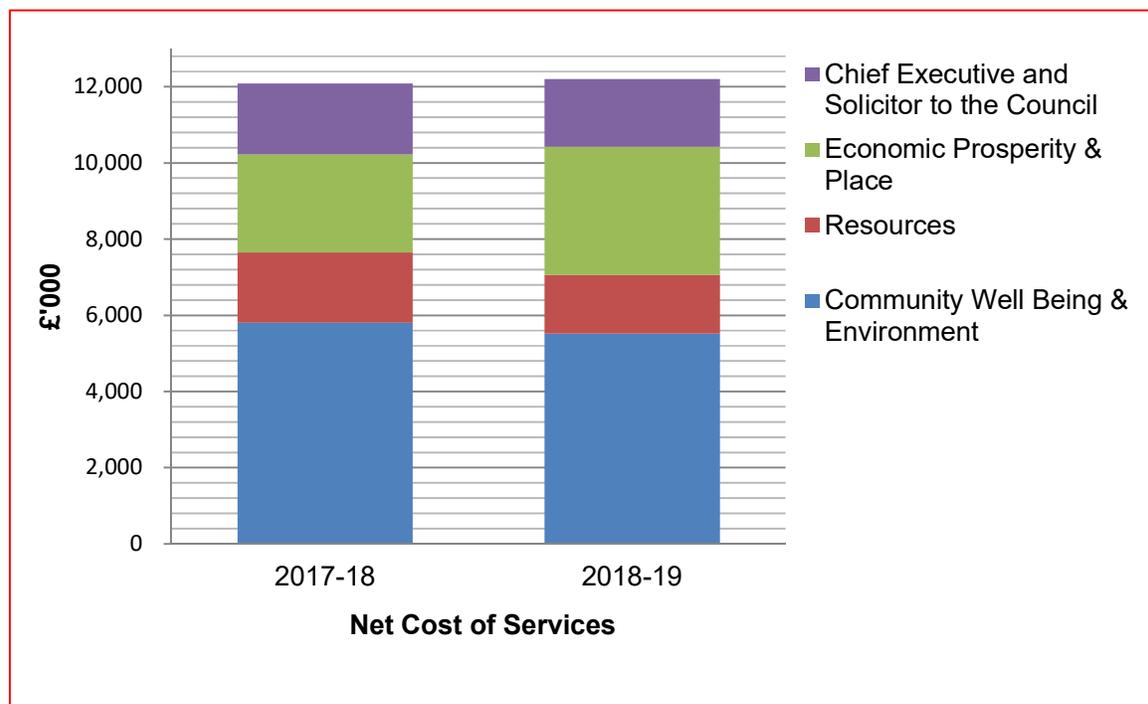
**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2018-19**

**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. The Council raises taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2017-18 Expenditure £'000	2017-18 Income £'000	2017-18 Net £'000	Notes	2018-19 Expenditure £'000	2018-19 Income £'000	2018-19 Net £'000
<b>Service Expenditure Analysis</b>						
2,184	(324)	1,860		1,950	(167)	1,783
			Chief Executive and Solicitor to the Council			
9,895	(4,089)	5,806		9,863	(4,345)	5,518
			Community Well-Being and Environment			
7,546	(4,971)	2,575		8,638	(5,274)	3,364
			Economic Prosperity and Place			
33,887	(32,045)	1,842		32,366	(30,828)	1,538
			Resources			
<b>53,512</b>	<b>(41,429)</b>	<b>12,083</b>		<b>52,817</b>	<b>(40,614)</b>	<b>12,203</b>
<b>Net Cost of Services</b>						
976	(438)	538		1,061	(108)	953
			Other Operating Expenditure			
3,888	(2,140)	1,748	10	4,177	(2,280)	1,897
			Financing and Investment Income and Expenditure			
-	(13,783)	(13,783)	11	-	(13,288)	(13,288)
			Taxation and Non-specific Grant Income and Expenditure			
<b>58,376</b>	<b>(57,790)</b>	<b>586</b>		<b>58,055</b>	<b>(56,290)</b>	<b>1,765</b>
<b>Deficit on the Provision of Services</b>						
<b>Items that will not be reclassified to the Deficit on the Provision of Services:</b>						
		(1,109)				2,209
			(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets			
		(411)				1,837
			Re-measurement of the Net Defined Benefit Liability			
		<b>(1,520)</b>				<b>4,046</b>
<b>Total Other Comprehensive Income and Expenditure</b>						
		<b>(934)</b>				<b>5,811</b>
<b>Total Comprehensive Income and Expenditure</b>						

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2018-19**



**MOVEMENT IN RESERVES STATEMENT**

This statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

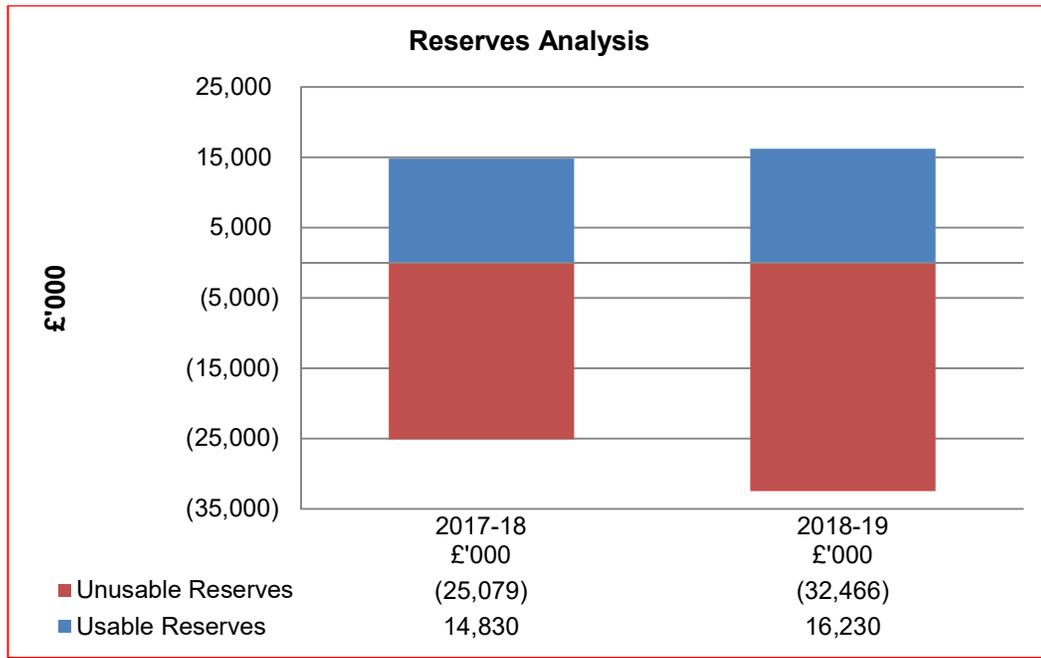
Notes	General Fund Balance 6, 9	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves 9	Total Unusable Reserves 9, 25	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> April 2018 brought forward</b>	<b>11,444</b>	<b>2,759</b>	<b>627</b>	<b>14,830</b>	<b>(25,079)</b>	<b>(10,249)</b>
<b>Movement in Reserves during 2018-19:</b>						
IFRS 15 Adjustment 1st April 2018	(176)	-	-	(176)	-	(176)
Total Comprehensive Income & Expenditure	(1,765)	-	-	(1,765)	(4,046)	(5,811)
Adjustments between accounting basis & funding basis under regulations	3,352	(7)	(4)	3,341	(3,341)	-
<b>Net increase/ (decrease) in year</b>	<b>1,411</b>	<b>(7)</b>	<b>(4)</b>	<b>1,400</b>	<b>(7,387)</b>	<b>(5,987)</b>
<b>Balance at 31<sup>st</sup> March 2019 carried forward</b>	<b>12,855</b>	<b>2,752</b>	<b>623</b>	<b>16,230</b>	<b>(32,466)</b>	<b>(16,236)</b>

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2018-19**

**MOVEMENT IN RESERVES STATEMENT (continued)**

**2017-18 Comparative Information**

Notes	General Fund Balance 6, 9	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves 9	Total Unusable Reserves 9, 25	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> April 2017 brought forward</b>	<b>10,628</b>	<b>2,572</b>	<b>579</b>	<b>13,779</b>	<b>(24,962)</b>	<b>(11,183)</b>
<b>Movement in Reserves during 2017-18:</b>						
Total Comprehensive Income & Expenditure	(586)	-	-	(586)	1,520	934
Adjustments between accounting basis & funding basis under regulations	1,402	187	48	1,637	(1,637)	-
Net increase/ (decrease) in year	816	187	48	1,051	(117)	934
<b>Balance at 31<sup>st</sup> March 2018 carried forward</b>	<b>11,444</b>	<b>2,759</b>	<b>627</b>	<b>14,830</b>	<b>(25,079)</b>	<b>(10,249)</b>



**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2018-19**

**Reconciliation of General Fund Balance**

Earmarked Reserves are combined with the General Fund Balance. A reconciliation of the General Fund Balance is provided below.

**2018-19**

Notes	General Reserves (including £1.2m Working Balance at 31 <sup>st</sup> March 2019)	Earmarked Reserves 13	Total General Fund Balance 6
	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> April 2018 brought forward</b>	<b>5,151</b>	<b>6,293</b>	<b>11,444</b>
Net increase/ (decrease) in year	(164)	1,575	1,411
<b>Balance at 31<sup>st</sup> March 2019 carried forward</b>	<b>4,987</b>	<b>7,868</b>	<b>12,855</b>

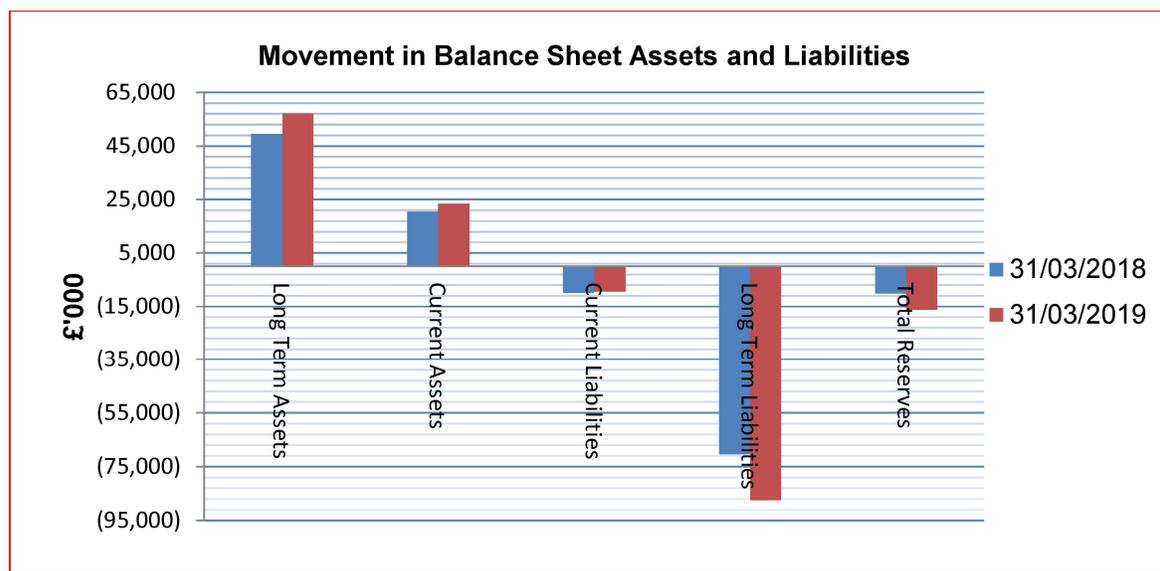
**2017-18**

Notes	General Reserves (including £1m Working Balance at 31 <sup>st</sup> March 2018)	Earmarked Reserves 13	Total General Fund Balance 6
	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> April 2017 brought forward</b>	<b>4,914</b>	<b>5,714</b>	<b>10,628</b>
Net increase/ (decrease) in year	237	579	816
<b>Balance at 31<sup>st</sup> March 2018 carried forward</b>	<b>5,151</b>	<b>6,293</b>	<b>11,444</b>



**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2018-19**

**BALANCE SHEET (continued)**



**CASH FLOW STATEMENT**

This 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. borrowing) to the Council.

<b>2017-18</b>	<b>Notes</b>	<b>2018-19</b>
<b>£'000</b>		<b>£'000</b>
(586) Net deficit on the provision of services		(1,765)
(1,767) Adjust net (surplus)/deficit for non-cash movements:	26	5,219
(682) Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities:	26	(275)
<b>(3,035) Net cash flows from operating activities</b>		<b>(3,179)</b>
690 Net cash flows from investing activities	27	(10,561)
92 Net cash flows from financing activities	27	10,982
<b>(2,253) Net increase/(decrease) in cash or cash equivalents</b>		<b>3,600</b>
<b>8,735 Cash and cash equivalents at the beginning of the reporting period</b>	20	<b>6,482</b>
<b>6,482 Cash and cash equivalents at the end of the reporting period</b>	20	<b>10,082</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Index of Notes to the Core Financial Statements**

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**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 1: ACCOUNTING POLICIES**

**1.1 General Principles**

The Statement of Accounts summarises the Council's transactions for the 2018-19 financial year and its position at 31<sup>st</sup> March 2019. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015; those Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018-19 (the Code) supported by International Financial Reporting Standards (IFRS).

The Council has complied with the two standards adopted by the Code in 2018-19 (IFRS9; Financial Instruments & IFRS15; Revenue from Contracts with Customers). IFRS9 had no impact upon the Financial Statements and IFRS15 introduced a one off opening balance impact upon General Reserves of £176k, see the Movement in Reserves Statement.

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.

The Accounts have been drawn up under the going concern concept; i.e. that, under the Code, it is assumed that the services of the Council will continue to operate for the foreseeable future.

**1.2 Accruals of Income and Expenditure**

All revenue and capital expenditure is accounted for on an accruals basis in accordance with the Code and International Accounting Standard (IAS) 1; that is, sums due to or from the Council during the year are recorded, irrespective of whether the cash has actually been received or paid during the year. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies and services are recorded as expenditure when they are consumed (when supplies are held for future use 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 is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 1: ACCOUNTING POLICIES (continued)**

**1.3 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 highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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.

**1.4 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

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

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible 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. This is the Minimum Revenue Provision (MRP). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP 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.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 1: ACCOUNTING POLICIES (continued)**

**1.6 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 for current employees and are recognised as an expense for services in the year in which the employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus and Deficit on the Provision of Service, but then reversed out through the Movement in Reserve Statement so that holiday entitlements 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 in exchange for those benefits and are charged on an accruals basis to the relevant service at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Redundancy payments are based upon an employee's actual week's pay and the number of weeks as defined in the Employment Relations Act 1996, up to a maximum of 30 weeks pay.

**Post Employment Benefits**

The Council participates in one defined benefit scheme for its employees (retirement lump sums and pensions), earned as employees work for the Council, administered by Worcestershire County Council. Pension costs are assessed in accordance with the advice of an independent qualified Actuary (Mercer Limited). The next actuarial valuation will be undertaken in 2019-20, effective from 1<sup>st</sup> April 2020.

**The Local Government Pension Scheme**

The liabilities of the Worcestershire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about life expectancy, employee turnover rates, etc, and projected earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate of 2.4% (2.5% for Worcestershire Regulatory Services) based on the indicative rate of return on high quality corporate bond.

The assets of Worcestershire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value

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

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 1: ACCOUNTING POLICIES (continued)**

• **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 as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of the Resources Directorate.
- net interest on the net defined benefit liability - i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of 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 at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

• **Remeasurements comprising:**

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- actuarial gains and 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 Worcestershire County Council pension fund:**

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

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

Further information in respect of the Pension Fund Accounts can be found in Worcestershire County Council's Superannuation Fund Annual Report available on request from:

Worcestershire County Council,  
County Hall,  
Spetchley Road,  
Worcester,  
WR5 2NP

<http://www.worcestershire.gov.uk/pensions>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 1: ACCOUNTING POLICIES (continued)**

**1.7 Events After the Reporting Period**

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – 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, detailed in Note 39.

**1.8 Financial Instruments**

**Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

The amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

**Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council currently only holds financial assets at amortised cost.

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

**Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 1: ACCOUNTING POLICIES (continued)**

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

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

**Expected Credit Loss Model**

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses. Where the risk of default is not material an adjustment to the accounts will not be made.

**1.9 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 to the grants or contributions 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 and Expenditure (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.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 1: ACCOUNTING POLICIES (continued)**

**1.10 Heritage Assets**

Heritage assets are held in support of the Council's primary objective of increasing the knowledge, understanding and appreciation of the social and industrial history of the Wyre Forest area. They currently consist of the Richard Eve Memorial, art collection and those exhibits that are held in the Bewdley Museum and in other Council Buildings.

Heritage assets have indeterminate useful economic lives and high residual values and, therefore, it is not considered appropriate to charge depreciation. They have been measured in the Balance Sheet at their insurance valuations, based on market values and are updated every two years unless, in the interim, evidence from the various trade press or auctions etc indicates a significant variation in prices of similar assets. The accounting treatment of revaluation gains & losses are in accordance with those for property, plant & equipment.

The Balance Sheet carrying values of all heritage assets are reviewed at the end of the year where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment (Note 1.17).

Purchases and acquisitions e.g. by donations are rare, but when they do occur purchases will be initially recognised at cost and acquisitions e.g. by donations will be initially recognised at valuations ascertained by either the museum's curators, with reference to the appropriate commercial markets, or by an external valuer.

The Council will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. Transfers to partners/appropriate third parties such as Town Councils under Localism principles may also be agreed. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Any disposal proceeds will be disclosed separately in the notes to the financial statements and will be accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (Note 1.17).

The Council applies a de minimis level of £10,000 for assets included in the Balance Sheet. However, there are many de minimis Heritage Assets that, when aggregated, exceed this level. Therefore, all Heritage Assets have been aggregated into the categories stated above and included in the Balance Sheet.

**1.11 Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 1: ACCOUNTING POLICIES (continued)**

Intangible assets are measured initially at cost. Amounts are only re-valued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted 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.

**1.12 Interests in Companies and Other Entities**

Where the Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures, it is required to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities will be recorded as investments, i.e. at cost, less any provision for losses. The Council has material interests in companies, but no business was transacted in 2018-19.

**1.13 Inventories and Long Term Contracts**

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

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

**1.14 Joint Operations**

The Council is a partner in the Worcestershire Regulatory Services (WRS) shared service, which discharges various of the council's statutory functions relating to Environmental Health and Licensing via a Joint Committee constituted under the relevant provisions of the Local Government Act 1972, together with Bromsgrove District Council (the host), Redditch Borough Council, Malvern Hills District Council, Worcester City Council and Wychavon District Council. All partners have rights to the assets and obligations for the liabilities relating to this shared arrangement and each participant accounts separately for its own transactions arising within the agreement, including the assets, liabilities, income, expenditure and cash flows. The shared service undertakes work for a range of other local authorities and third parties including a contractual arrangement with Worcestershire County Council for the provision of management and support services for its Trading Standards and Animal Health team that was formerly part of the partnership arrangement.

This Council hosts the shared service agreements with Redditch Borough Council and Bromsgrove District Council for North Worcestershire Economic Development and Regeneration, North Worcestershire Water Management and North Worcestershire Civil Contingencies and Resilience.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 1: ACCOUNTING POLICIES (continued)**

The Council also partners with Bromsgrove District Council who host Building Control, Redditch Borough Council as host authority for payroll services and Wychavon District Council who provide a car park administration service for penalty charge notices.

**1.15 Leasing**

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. The Council has not identified any finance 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 Authority as Lessee**

**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 (e.g. there is a rent-free period at the commencement of the lease).

**The Authority as Lessor**

**Operating Leases**

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

The Council has not identified any material operating leases.

**1.16 Overheads and Support Services**

The costs of overheads and support services are charged to services in accordance with the Council's arrangements for accountability and financial performance.

**1.17 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.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 1: ACCOUNTING POLICIES (continued)**

**Recognition**

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

**Measurement**

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- where applicable, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (EUV)

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate. In some circumstances it may be necessary for specialist valuations to be combined with an accounting estimate where there is sufficient local knowledge to justify such treatment.

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

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 current 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. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 1: ACCOUNTING POLICIES (continued)**

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 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.

**Impairment**

Assets are assessed at each year-end by the Council's Valuer to determine 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 as follows:

- 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 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.

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

Depreciation is calculated on the following bases:

- buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant and equipment – straight-line allocation over the useful life of the asset as estimated by a suitably qualified officer
- no depreciation is charged in the year of acquisition

Where an item of Property, Plant and Equipment, valued in excess of £1million, has major components whose cost is 20% 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.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 1: ACCOUNTING POLICIES (continued)**

**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 previous losses 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 (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts are required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

**Surplus Assets**

Assets that have been declared 'surplus' but are being held pending an improvement in market conditions are classified as surplus assets but continue to be held within Property, Plant and Equipment.

**1.18 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 provide services by the Council or is held for sale. Any investment properties acquired would be held by the Council's Local Authority Trading Company (LATC) or such other arms length legal entity.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 1: ACCOUNTING POLICIES (continued)**

Investment Properties are initially measured at cost. After initial recognition they are measured at fair value - highest and best use. The fair value reflects market conditions at the balance sheet date. A gain or loss arising from a change in the fair value of investment property is recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

Investment Properties are not depreciated but are revalued annually according to market conditions at year end.

An investment property is derecognised on disposal. Gains or losses arising from the disposal are recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

Revaluation and disposal gains and losses are reversed in the Movement in Reserves Statement and posted to the Capital Adjustment Account and sale proceeds over £10,000 to the Capital Receipts Reserve.

Rentals received in relation to investment properties are credited to the Financing and Investment income line in the Comprehensive Income and Expenditure Statement.

**1.19 Fair Value Measurement**

The Council measures some of its non-financial surplus assets 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:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an 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.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 1: ACCOUNTING POLICIES (continued)**

**1.20 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 in the Comprehensive Income and Expenditure Statement in the year that the Council has an 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. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

**1.21 Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it 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 Note 36 to the accounts.

**1.22 Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but would be disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

**1.23 Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. 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 transferred back into the General Fund Balance 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, local taxation (including business rates), retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 1: ACCOUNTING POLICIES (continued)**

**1.24 Revenue Expenditure funded from Capital under Statute**

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

**1.25 Value Added 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. VAT receivable is excluded from income.

**1.26 Interest and Investment Income**

Investments of surplus resources are carried out in accordance with regulations. Interest is credited to the General Fund based on the actual interest earned on investments during the year. Funds are managed in accordance with the Council's Treasury Management Service Strategy.

**1.27 Borrowing**

In accordance with the Capital and Treasury Management Service Strategies the Council has made use of the prudential borrowing regime. Several schemes contained within the capital programme are being financed through prudential borrowing, the result being that the Capital Financing Requirement (CFR) will increase. The Council entered into further external borrowing against the CFR in 2018-19. A statutory minimum revenue provision (MRP) is being made, based on the writing down period of the assets. The CFR is kept under review with the possibility of further external borrowing available if required.

**Minimum Revenue Provision**

The Council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision).

The Ministry of Housing, Communities and Local Government (MHCLG)) Regulations require full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils so long as there is a prudent provision. The Council approved MRP Policy Statement for 2018-19 is summarised below and includes the option of using the annuity method to calculate MRP under the Asset Life Method:

- For outstanding debt liability incurred prior to the new guidance – i.e. pre 2008-09 then MRP is calculated based on the previous 4% reducing balance method;
- From 1<sup>st</sup> April 2008 for all unsupported borrowing the MRP will be:

**Asset Life Method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Directive).

There are two ways of calculating MRP under the Asset Life Method:-

- i. **the equal instalment method** allows the use of a simple formula to generate a series of equal annual amounts over the estimated life of the asset.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 1: ACCOUNTING POLICIES (continued)**

- ii. **the annuity method** makes provision for an annual charge to the General Fund which takes account of the time value of money (e.g. whereby paying £100 in 10 years' time is less of a burden than paying £100 now). The schedule of charges produced by the annuity method results in a consistent charge to revenue over an asset's life, taking into account the real value of the annual charges when they fall due. The annuity method also matches the repayment profile to how the benefits of the asset financed by borrowing are consumed over its useful life (i.e. the method reflects the fact that asset deterioration is slower in the early years of an asset's life and accelerate towards the latter years). This is commensurate with a prudent provision matching debt repayment to the period which the capital expenditure provides benefit. This method is most appropriate for use in circumstances where the initial investment is recouped from rental yields that are subject to cyclical, upwards only reviews. It is also appropriate in connection with projects promoting regeneration or administrative efficiencies or other schemes where revenues will increase over time.

The Chief Finance Officer (Section 151 Officer) will determine whether an annuity or equal instalment method is utilised to ensure that a prudent and financially beneficial method is adopted.

The Council approved an updated MRP Policy Statement for 2019-20, details of which can be found in the Treasury Management Strategy 2019-20.

**1.28 Council Tax and Non-Domestic Rates (NDR)**

Billing authorities act as agents, collecting council tax and non-domestic rates on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of NDR collected could be less or more than predicted. Similarly, the billing authorities and major preceptors share proportionately the risks and rewards of the council tax predictions.

**Accounting for Council Tax and NDR**

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 1: ACCOUNTING POLICIES (continued)**

**1.29 Other Accounting Principles**

- The provision for impairment of bad debts is estimated by reference to CIPFA guidance and local knowledge.
- Note 29 – Officers’ remuneration. It has been determined that payment for Returning Officer duties are not included, but are disclosed separately within the same note where applicable.

**Note 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 new standards, or amendments to existing standards that have been issued but not yet adopted by the Code.

- IAS 40 Investment Property: Transfers of Investment Property provides further explanation of the instances in which a property can be reclassified as investment property. The Council currently has no Investment Properties.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration clarifies the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods. The Council does not have any material transactions within the scope of the amendment.
- IFRIC 23 Uncertainty over Income Tax Treatments provides additional guidance on income tax treatment where there is uncertainty. This is not anticipated to have any impact upon the Council’s accounts.
- IFRS 9 Financial instruments: prepayment features with negative compensation amends IFRS9 to make clear that amortised cost should be used where prepayments are substantially lower than the unpaid principal and interest. The Council has no loans to which this will apply.

It is not anticipated that the above amendments will have a material impact on the information provided in the financial Statements for 2019-20. However, the prior year comparative information will be re-stated where applicable to reflect any changes in formats and reporting requirements.

**Note 3: CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

In applying the accounting policies set out in Note 1, the Council has had to make certain critical judgements in the Statement of Accounts about complex transactions.

- A judgement has been made regarding the Balance Sheet asset classification that it is appropriate to use to account for the four Capital Portfolio Fund property acquisitions completed in 2018-19. The acquisitions all support the Corporate Plan priority “to support you to contribute to a successful local economy” and bring benefits to our residents. Earning rentals is an outcome of economic development and regeneration policy. The properties are not held solely either to earn rentals or for capital appreciation. These assets are expected to be used during more than one period and the cost of the items can be measured reliably.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 3: CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)**

The Code of Practice on Local Authority Accounting 2018 (p158 4.4.2.4) confirms that to classify a non-current asset as an investment property it has to be held “solely to earn rentals or for capital appreciation or both”. The properties do not meet this definition.

The properties do meet the definition of an asset given in the Code (2.1.2.25) as future economic benefit is expected to flow to the authority through both the contribution the properties make to the local economy and through the rental receipts collected. The cost of the items of property can be recognised and capitalised as they are held (partially) for rental to others, this being one of the purposes given in 4.1.2.13. The properties are expected to be used during more than one period and the cost of the properties can be measured reliably (4.1.2.18).

As such the properties are accounted for as property, plant and equipment under IAS16.

- The Council acquired the Forest House Capital Portfolio property on the 29<sup>th</sup> March 2019. This property is within district and an industrial property that is to be used to house our SPACE tenants (new small businesses that we are supporting to grow) who are currently accommodated in premises the Council leases for which the lease is about to end. It requires internal refurbishment before it can be occupied and is therefore held on the balance sheet as an asset under construction.
- The Green Street Depot, Kidderminster was revalued as at 31<sup>st</sup> December 2018 by the Council’s external valuer. Subsequently, the capital conversion works commenced and at 31<sup>st</sup> March 2019 the work in progress has been added to the valuation. The site will be revalued again in 2019-20 once the works are complete.

**Note 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 Council 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 Council’s Balance Sheet at 31<sup>st</sup> March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p> <p>Valuation methods result in a point estimate of value and involve judgements based on the latest most reliable information</p>	<p>If the useful life of assets is reduced, depreciation will increase and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £38,379 for every year that useful lives had to be reduced.</p> <p>Changes in estimation technique can result in the carrying amount of an asset increasing or decreasing, the movements will be reflected in the CI&amp;E.</p>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 4: ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY (continued)**

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Capital Portfolio Fund Property Acquisitions	Property held in the capital portfolio will be subject to factors the Council cannot control, e.g. Market/economic conditions deteriorate from initial risk assessments, failure of tenants, poor building management, changes in perception of what is a good location, voids over and above predicted. This includes uncertainty around fluctuating market rates for borrowing particularly where internal borrowing is utilised in the short to medium term.	The prudent net income assumptions within the MTFS (20% of capital portfolio net income is held in a Property Risk Reserve to cover unexpected property costs) together with the Capital Financing Reserve mitigate the risk of an adverse impact on the accounts if results differ from assumptions. If the costs of borrowing increased by 20 basis points (or 0.20%) based on the requirement to refinance half of the total £25m, the increased costs in a full year would be £25,000.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, life expectancy rates and expected returns on pension fund assets. The Actuary, Mercer Limited, is engaged to provide the Council with expert advice about the assumptions to be applied. The estimations provided by the Actuary were revised to capture the McCloud judgement and the actual returns on plan assets for the final quarter. The full impact of the McCloud judgement is currently unknown. The estimates make assumptions about the parts of the membership impacted by the judgement.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £2.22m.
Provision for Business Rates Appeals	The provision has been calculated based upon the latest appeals list from the Valuation Office. Members of the Worcestershire Business Rates Pool have based their 2018-19 provisions upon 4.7% of rateable value on appeal. This was the estimate used by the Secretary of State in the Finance Report 2017. The Council compared this to the average appeals provision for the 2005 and 2010 lists. The result was not materially different to these, concluding that it was fair & reasonable to use 4.7% as a basis for our calculation. This approach has been continued for the appeals calculation for 2018-19. There is inherent uncertainty in estimating the value of future appeals, hence a contingent liability disclosure has been made (Note 36).	If the total provision for appeals was increased by 1% the resulting increase would be £1,291,862 shared across the Worcestershire Pool (this Council's share being £516,745).

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 4: ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY (continued)**

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Fair Value Measurements	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value.</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in Note 17.</p>	<p>The Council uses the discounted cash flow model incorporating premature repayment rates and new borrowing rates from the PWLB to measure the fair value of some of its financial assets.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions (for some financial assets) and professional valuer assumptions (for some non-current assets).</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the financial assets.</p>

With regards to Property, Plant and Equipment, Pensions Liability and Fair Value Measurements, there is inherent uncertainty in estimating the effect of Brexit on property values, pension assets and financial liability fair values. Valuations have therefore been obtained at the optimum time to enable closure of the accounts by the statutory deadline.

**Note 5: MATERIAL ITEMS OF INCOME AND EXPENSE**

This note identifies material items of income and expenditure that are not disclosed on the face of the CIES.

The Council's car parks were revalued in 2018-19, resulting in an overall decrease of £3.61m, of which £0.79m was adjusted through the CIES with the remaining £2.82m adjusted through the Revaluation Reserve. The revaluations were undertaken by the Council's external valuer and are based upon the latest income and expenditure information.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 6: EXPENDITURE AND FUNDING ANALYSIS**

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax 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 directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2018-19	Net Expenditure as reported for Resource Management	Adjustments to arrive at the Net Expenditure chargeable to General Fund (see Note 7)	Net Expenditure Chargeable to the General Fund Balance	Adjustments to arrive at the Net Expenditure in the Comprehensive Income and Expenditure Statement (see Note 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Chief Executive and Solicitor to the Council	1,745	(47)	1,698	85	1,783
Resources	3,442	(253)	3,189	(1,651)	1,538
Community Well-Being and Environment	4,336	(1,170)	3,166	2,352	5,518
Economic Prosperity and Place	2,724	(969)	1,755	1,609	3,364
Capital Account	(706)	706	-	-	-
<b>Net Cost of Services</b>	<b>11,541</b>	<b>(1,733)</b>	<b>9,808</b>	<b>2,395</b>	<b>12,203</b>
Other Income and Expenditure	(10,689)	(706)	(11,395)	957	(10,438)
<b>(Surplus)/Deficit</b>	<b>852</b>	<b>(2,439)</b>	<b>(1,587)</b>	<b>3,352</b>	<b>1,765</b>

Comparative information for 2017-18.

2017-18	Net Expenditure as reported for Resource Management	Adjustments to arrive at the Net Expenditure chargeable to General Fund (see Note 7)	Net Expenditure Chargeable to the General Fund Balance	Adjustments to arrive at the Net Expenditure in the Comprehensive Income and Expenditure Statement (see Note 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Chief Executive and Solicitor to the Council	1,724	26	1,750	110	1,860
Resources	3,922	(486)	3,436	(1,594)	1,842
Community Well-Being and Environment	4,757	(973)	3,784	2,022	5,806
Economic Prosperity and Place	2,256	(316)	1,940	635	2,575
Capital Account	(624)	624	-	-	-
<b>Net Cost of Services</b>	<b>12,035</b>	<b>(1,125)</b>	<b>10,910</b>	<b>1,173</b>	<b>12,083</b>
Other Income and Expenditure	(11,103)	(623)	(11,726)	229	(11,497)
<b>(Surplus)/Deficit</b>	<b>932</b>	<b>(1,748)</b>	<b>(816)</b>	<b>1,402</b>	<b>586</b>

The table below reconciles the opening and closing balances of the General Fund (including earmarked reserves). Additional information on the movements in the General Fund balance can be found in the Movement in Reserves Statement.

Movement in General Fund Balance	2017-18 £'000	2018-19 £'000
Opening General Fund Balance as at 1 <sup>st</sup> April	(10,628)	(11,444)
IFRS 15 Adjustment 1 <sup>st</sup> April 2018	-	176
(Surplus)/Deficit on General Fund Balance in Year	(816)	(1,587)
<b>Closing General Fund Balance as at 31<sup>st</sup> March</b>	<b>(11,444)</b>	<b>(12,855)</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 7: NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS**

This note provides a reconciliation of the main adjustments to net expenditure chargeable to the General Fund balance to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

Adjustments to arrive at the General Fund Balance:

2018-19	Exclude Transfers to/from Reserves	Exclude Depreciation to arrive at Funding Basis	Exclude Debt Financing and MRP Reported to Management under Net Cost Of Services	Adjustments to arrive at the Net Expenditure chargeable to General Fund (see Note 6)
	£'000	£'000	£'000	£'000
Chief Executive and Solicitor to the Council	(47)	-	-	(47)
Resources	(95)	(158)	-	(253)
Community Well-Being and Environment	(45)	(1,125)	-	(1,170)
Economic Prosperity and Place	(305)	(399)	(265)	(969)
Capital Account	-	-	706	706
<b>Net Cost of Services</b>	<b>(492)</b>	<b>(1,682)</b>	<b>441</b>	<b>(1,733)</b>
Other Income and Expenditure	-	-	(706)	(706)
<b>(Surplus)/Deficit</b>	<b>(492)</b>	<b>(1,682)</b>	<b>(265)</b>	<b>(2,439)</b>

Comparative information for 2017-18.

2017-18	Exclude Transfers to/from Reserves	Exclude Depreciation to arrive at Funding Basis	Exclude Debt Financing and MRP Reported to Management under Net Cost Of Services	Adjustments to arrive at the Net Expenditure chargeable to General Fund (see Note 6)
	£'000	£'000	£'000	£'000
Chief Executive and Solicitor to the Council	26	-	-	26
Resources	(278)	(208)	-	(486)
Community Well-Being and Environment	141	(1,114)	-	(973)
Economic Prosperity and Place	70	(385)	-	(315)
Capital Account	-	-	624	624
<b>Net Cost of Services</b>	<b>(41)</b>	<b>(1,707)</b>	<b>624</b>	<b>(1,124)</b>
Other Income and Expenditure	-	-	(624)	(624)
<b>(Surplus)/Deficit</b>	<b>(41)</b>	<b>(1,707)</b>	<b>-</b>	<b>(1,748)</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 7: NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS (continued)**

Adjustments to arrive at the Comprehensive Income and Expenditure Statement:

**Adjustments between Funding and Accounting Basis 2018-19**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net change for Pensions Adjustments	Other Statutory Differences	Total Statutory Adjustments	Other (non statutory) Adjustments	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive and Solicitor to the Council Resources	-	98	-	98	(13)	85
Community Well-Being and Environment	158	(1,808)	-	(1,650)	(1)	(1,651)
Economic Prosperity and Place	1,905	427	-	2,332	20	2,352
<b>Net Cost of Services</b>	<b>3,382</b>	<b>(995)</b>	<b>-</b>	<b>2,387</b>	<b>8</b>	<b>2,395</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	<b>(266)</b>	<b>1,389</b>	<b>442</b>	<b>1,565</b>	<b>(608)</b>	<b>957</b>
<b>Difference between General Fund Surplus/Deficit and Comprehensive Income and Expenditure Statement Surplus/Deficit</b>	<b>3,116</b>	<b>394</b>	<b>442</b>	<b>3,952</b>	<b>(600)</b>	<b>3,352</b>

Comparative information for 2017-18

**Adjustments between Funding and Accounting Basis 2017-18**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net change for Pensions Adjustments	Other Statutory Differences	Total Statutory Adjustments	Other (non statutory) Adjustments	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive and Solicitor to the Council Resources	-	110	-	110	-	110
Community Well-Being and Environment	198	(1,792)	-	(1,594)	-	(1,594)
Economic Prosperity and Place	1,536	485	-	2,021	1	2,022
<b>Net Cost of Services</b>	<b>2,056</b>	<b>(883)</b>	<b>-</b>	<b>1,173</b>	<b>-</b>	<b>1,173</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	<b>(1,030)</b>	<b>1,291</b>	<b>551</b>	<b>812</b>	<b>(583)</b>	<b>229</b>
<b>Difference between General Fund Surplus/Deficit and Comprehensive Income and Expenditure Statement Surplus/Deficit</b>	<b>1,026</b>	<b>408</b>	<b>551</b>	<b>1,985</b>	<b>(583)</b>	<b>1,402</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 7: NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS (continued)**

**Adjustments for Depreciation/Rental Income**

For resource management purposes, the Council includes depreciation in its reporting at Directorate level. However, these charges are removed as they are not included in the net expenditure chargeable to the General Fund.

**Adjustment for Capital Purposes**

- 1) Adjustments for capital purposes – this column adds in depreciation and revaluation gains and losses in the services line, and for:
  - **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
  - **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
  - **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

**Net Change for the Pensions Adjustments**

- 1) Net change for the removal of pensions contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:
  - **For services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs
  - For **Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.

**Other Statutory Adjustments**

- 2) Other statutory adjustments between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute:
  - The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 7: NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS (continued)**

**Other Non-statutory Adjustments**

- 3) Other non-statutory adjustments represent amounts debited/credited to service segments that need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the CIES:
- For **financing and investment income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments eg for interest income and expenditure.
  - For **taxation and non-specific grant income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments eg for non-ringfenced government grants.

**Note 8: EXPENDITURE AND INCOME ANALYSED BY NATURE**

	2017-18 £'000	2018-19 £'000
<b>Expenditure</b>		
Employee Benefits Expenses	11,495	11,848
Other Service Expenses	39,787	37,914
Support Service Recharges	22	119
Depreciation and Revaluation Adjustments	2,208	2,936
Interest Payments	562	663
Pensions	3,326	3,515
Precepts	976	1,061
<b>Total Expenditure</b>	<b>58,376</b>	<b>58,056</b>
<b>Income</b>		
Fees, Charges and Other Service Income	(9,635)	(9,865)
Interest and Investment Income	(91)	(143)
Icelandic Investments Interest Adjustment	(14)	(12)
Council Tax and NNDR	(11,320)	(11,914)
Pensions	(2,035)	(2,125)
Government Grants and Contributions	(34,257)	(32,124)
Net Gain on Disposal of Fixed Assets	(438)	(108)
<b>Total Income</b>	<b>(57,790)</b>	<b>(56,291)</b>
<b>Deficit on the Provision of Services</b>	<b>586</b>	<b>1,765</b>

**Note 9: 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 arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 9: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS (continued)**

The following sets out a description of the reserves that the adjustments are made against.

**General Fund Balance**

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources, including Earmarked Reserves, that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

**Capital Receipts Reserve**

The Capital Receipts Reserve holds the proceeds from disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at year end.

**Capital Grants Unapplied**

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 9: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS (continued)**

2018-19	Usable Reserves			Movement in Unusable Reserves £'000
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
<b>Adjustments involving the Capital Adjustment Account:</b>				
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Charges for depreciation and impairment of non-current assets	2,936			(2,936)
Capital grants and contributions applied	(1,387)		(4)	1,391
Revenue expenditure funded from capital under statute	1,833			(1,833)
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 Statement	3			(3)
Direct Revenue Financing	(158)			158
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Statutory provision for the financing of capital investment	(608)			608
<b>Adjustments involving the Capital Receipts Reserve:</b>				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(111)	130		(19)
Use of the Capital Receipts Reserve to finance new capital expenditure		(137)		137
<b>Adjustments involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	3,719			(3,719)
Employer's pensions contributions and direct payments to pensioners payable in the year	(3,325)			3,325
<b>Adjustments involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	442			(442)
<b>Adjustment involving the Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	8			(8)
<b>Total Adjustments</b>	<b>3,352</b>	<b>(7)</b>	<b>(4)</b>	<b>(3,341)</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 9: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS (continued)**

2017-18 Comparative Figures	Usable Reserves			Movement in Unusable Reserves £'000
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
<b>Adjustments involving the Capital Adjustment Account:</b>				
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Charges for depreciation and impairment of non-current assets	2,208			(2,208)
Capital grants and contributions applied	(1,407)		48	1,359
Revenue expenditure funded from capital under statute	1,255			(1,255)
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 Statement	(259)			259
Direct Revenue Financing	(592)			592
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Statutory provision for the financing of capital investment	(582)			582
<b>Adjustments involving the Capital Receipts Reserve:</b>				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(182)	586		(404)
Use of the Capital Receipts Reserve to finance new capital expenditure		(396)		396
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	3	(3)		-
<b>Adjustments involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	3,720			(3,720)
Employer's pensions contributions and direct payments to pensioners payable in the year	(3,312)			3,312
<b>Adjustments involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	550			(550)
<b>Adjustment involving the Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-			-
<b>Total Adjustments</b>	<b>1,402</b>	<b>187</b>	<b>48</b>	<b>(1,637)</b>

**Note 10: OTHER OPERATING EXPENDITURE**

	2017-18 £'000	2018-19 £'000
Parish/Town Council Precepts	976	1,061
(Gains)/Losses on the disposal of non-current assets	(438)	(108)
<b>Total</b>	<b>538</b>	<b>953</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 11: FINANCING AND INVESTMENT INCOME AND EXPENDITURE**

	2017-18 £'000	2018-19 £'000
Interest payable and similar charges	562	663
Net interest on the net defined benefit liability/(asset)	1,291	1,389
Interest receivable and similar income	(91)	(143)
Icelandic investments interest adjustment	(3)	(2)
Icelandic investments impairment adjustments	(11)	(10)
<b>Total</b>	<b>1,748</b>	<b>1,897</b>

**Note 12: TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE**

	2017-18 £'000	2018-19 £'000
Council Tax income	(7,795)	(8,039)
Business Rates income and expenditure	(3,525)	(3,832)
Revenue Support Grant	(553)	(101)
New Homes Bonus	(1,910)	(1,273)
NNDR Levy Redistribution	-	(43)
<b>Total</b>	<b>(13,783)</b>	<b>(13,288)</b>

**Note 13: MOVEMENTS IN EARMARKED RESERVES**

This note details the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from the earmarked reserves to meet General Fund expenditure in 2018-19.

Earmarked Reserve	Balance at 1 <sup>st</sup> April 2017 £'000	Transfers Out 2017-18 £'000	Transfers In 2017-18 £'000	Balance at 31 <sup>st</sup> March 2018 £'000	Transfers Out 2018-19 £'000	Transfers In 2018-19 £'000	Balance at 31 <sup>st</sup> March 2019 £'000
Business Rates Equalisation / Regeneration Risk Reserve	716	(400)	900	1,216	(153)	295	1,358
Innovation Fund	780	(210)	518	1,088	(343)	370	1,115
General Risks	100	(91)	703	712	(33)	116	795
Capital Financing	300	-	93	393	(1)	230	622
Business Rates - Collection Fund	-	-	101	101	(101)	467	467
Leisure	501	(196)	-	305	(40)	-	265
General Waste Reserve	-	-	-	-	-	256	256
Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP)	5	(5)	-	-	-	154	154
State of the Area Projects	233	(126)	33	140	(58)	30	112
Green Street Site Contingency	-	-	50	50	-	150	200
Property	476	(476)	-	-	-	-	-
Municipal Mutual Insurance Ltd	190	(190)	-	-	-	-	-
External Funding	1,047	(392)	469	1,124	(346)	592	1,370
Other Miscellaneous Reserves (below £150,000)	1,366	(732)	530	1,164	(436)	426	1,154
<b>Total</b>	<b>5,714</b>	<b>(2,818)</b>	<b>3,397</b>	<b>6,293</b>	<b>(1,511)</b>	<b>3,086</b>	<b>7,868</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 13: MOVEMENTS IN EARMARKED RESERVES (continued)**

<b>Reserve</b>	<b>Purpose</b>
Business Rates Equalisation / Regeneration Risk Reserve	To mitigate future Business Rates/economic regeneration risk. This reserve has been replenished this year to mitigate the impact of unforeseen increases in appeals, rating list reductions, Business Rates reform and potential decline in growth. The increase also recognises the inevitable increased risk of failure to realise overall growth as a result of the proposed Business Rates Retention reform. This reserve may also be used to deliver key regeneration schemes to increase the business rates base and deliver strategic regeneration/economic development priorities. The overall level of the reserve is proportionate to potential risks and is in line with risk reserves held by neighbouring Worcestershire districts.
Innovation Fund	To ensure delivery of Wyre Forest Forward programme. Costs of delivery of transformation are approved by CLT in all specific cases. Given the increased funding gap from 2018-19 and Funding Reform from 2020-21, this reserve has been increased to support savings, improvement and efficiency initiatives that will inevitably take time and funding to develop and come to fruition.
General Risks	This recognises the increased financial risk the Council faces given the significant reductions in future funding and resultant increasing funding gap that whilst we are doing early work to address, remains challenging. Areas this reserve covers include additional Legal Resource to support new Capital Portfolio Fund / Development Loans Fund.
Capital Financing	Costs of servicing debt "slipped" forward in capital programme – to be applied in future budgets.
Business Rates - Collection Fund	This is in relation to a technical accounting adjustment relating to the timing difference between the NNDR1 (estimated income) that was reflected in the CIES and the actual position following completion of the NNDR3 (outturn).
Leisure	The Leisure Centre major capital scheme has now been fully signed off and all retentions released. This reserve has been reduced to reflect this but the remaining sum is still required as the business case included funding from the sale of a related surplus land parcel that has not yet been realised.
General Waste Reserve	This is in relation to waste collection given the pressures on this service as further house building progresses and also the uncertainty around the aspirations in the Government's Resources and Waste Strategy.
Greater Birmingham and Solihull Local Enterprise Partnership	This payment is in relation to the estimated contribution of this Council to the GBSLEP given that we are not a member of the associated Business Rates Pool through which other Members meet their funding requirement.
State of the Area Projects	To continue delivery of activities agreed within the Council's State of the Area regeneration / economic development programme. This is agreed at Cabinet Review Panel.
Green Street Site Contingency	This is allocated as direct revenue funding to support the delivery of the Depot 2020 Green Street development scheme given the risk arising from the complexity of the underlying site conditions.
External Funding	Includes the following: Flexible Homeless Support Grant, Primary Care Trust – Local Health Projects, Controlling Migration Fund, Community Housing Fund, Welfare Assistance Scheme, New Burdens Funding, Local Welfare Scheme, Public Rented Sector Access Housing, Individual Electronic Registration, Custom and Self Build Funding, Homeless Prevention and other minor reserves.
Other Miscellaneous Reserves (below £150,000)	Includes the following: District Local Development Framework, Property Risk Reserve, Eastern Gateway Redevelopment, North Worcestershire EDR Shared Service, Asset Management / Property, Works and Repairs to Parks & Cemetery, Regeneration Proposal Preparation Reserve, Rewyre Projects, Trade Waste Bins, ICT Reserve and other minor reserves.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 14: PROPERTY PLANT AND EQUIPMENT (PPE)**

**Movements on Balances**

Movements in 2018-19:

	Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation at April 1<sup>st</sup> 2018</b>	<b>44,597</b>	<b>6,752</b>	<b>1,941</b>	<b>326</b>	<b>999</b>	<b>54,615</b>
Additions	10,526	1,309	39	-	767	12,641
Net Revaluation Increases/(Decreases)	(3,502)	(704)	(2)	-	-	(4,208)
Derecognition (Disposals)	-	(216)	-	-	-	(216)
Reclassifications	999	-	-	-	(999)	-
<b>Gross Book Value at 31<sup>st</sup> March 2019</b>	<b>52,620</b>	<b>7,141</b>	<b>1,978</b>	<b>326</b>	<b>767</b>	<b>62,832</b>
<b>Accumulated Depreciation and Revaluation Reductions at April 1<sup>st</sup> 2018</b>	<b>(1,975)</b>	<b>(4,636)</b>	<b>(18)</b>	<b>-</b>	<b>-</b>	<b>(6,629)</b>
Depreciation Charge	(1,082)	(513)	(5)	-	-	(1,600)
Depreciation Written Out	122	898	-	-	-	1,020
Revaluation Reductions	(4,067)	-	(15)	-	-	(4,082)
Revaluation Reductions Written Off/Reversed	4,067	-	15	-	-	4,082
<b>At 31<sup>st</sup> March 2019</b>	<b>(2,935)</b>	<b>(4,251)</b>	<b>(23)</b>	<b>-</b>	<b>-</b>	<b>(7,209)</b>
<b>Net Book Value at 31<sup>st</sup> March 2019</b>	<b>49,685</b>	<b>2,890</b>	<b>1,955</b>	<b>326</b>	<b>767</b>	<b>55,623</b>

The carrying value of the Council's car parks has decreased from £9.890m in 2017-18 to £7.669m in 2018-19 due to inclusion of more detailed information about operational costs and a refinement in the technique applied by the Council's valuers.

There were three material asset additions within Land and Buildings, comprising offices at Stratford Court, Solihull (£6.489m), Buntsford Gate, Bromsgrove (£1.57m) and retail units at High Street/Worcester Street, Kidderminster (£1.051m) as shown in the table below:

<b>Capital Portfolio Capital Expenditure 2018-19</b>	<b>Asset Classification</b>	
	<b>Land &amp; Buildings</b>	<b>Asset Under Construction</b>
	£'000	£'000
<u>Acquisitions</u>		
Worcester Street/High Street Retail Units, Kidderminster	1,051	
Stratford Court Offices, Solihull	6,489	
Buntsford Gate Offices, Bromsgrove	1,570	
Forest House Start-up Units, Kidderminster		767
<u>Up front costs</u>		
Former Frenco Site Industrial Units, Kidderminster	55	
<b>Total Capital Expenditure</b>	<b>9,165</b>	<b>767</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 14: PROPERTY PLANT AND EQUIPMENT (continued)**

The Asset Under Construction at 31<sup>st</sup> March 2019 was Forest House, Kidderminster. This was the fourth Capital Portfolio acquisition that is currently being converted into start up units prior to becoming operational in 2019-20, when it will be re-classified as operational land and buildings.

Comparative Movements in 2017-18:

	Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation at April 1<sup>st</sup> 2017</b>	<b>44,328</b>	<b>6,265</b>	<b>1,966</b>	<b>326</b>	<b>-</b>	<b>52,885</b>
Additions	792	744	7	-	538	2,081
Net Revaluation Increases/(Decreases)	62	-	(32)	-	-	30
Derecognition (Disposals)	(124)	(257)	-	-	-	(381)
Reclassifications	(461)	-	-	-	461	-
<b>Gross Book Value at 31<sup>st</sup> March 2018</b>	<b>44,597</b>	<b>6,752</b>	<b>1,941</b>	<b>326</b>	<b>999</b>	<b>54,615</b>
<b>Accumulated Depreciation and Revaluation Reductions at April 1<sup>st</sup> 2017</b>	<b>(1,402)</b>	<b>(4,267)</b>	<b>(27)</b>	<b>-</b>	<b>-</b>	<b>(5,696)</b>
Depreciation Charge	(982)	(604)	(5)	-	-	(1,591)
Depreciation Written Out	409	235	14	-	-	658
Revaluation Reductions	(514)	-	(27)	-	-	(541)
Revaluation Reductions Written Off/Reversed	514	-	27	-	-	541
<b>At 31<sup>st</sup> March 2018</b>	<b>(1,975)</b>	<b>(4,636)</b>	<b>(18)</b>	<b>-</b>	<b>-</b>	<b>(6,629)</b>
<b>Net Book Value at 31<sup>st</sup> March 2018</b>	<b>42,622</b>	<b>2,116</b>	<b>1,923</b>	<b>326</b>	<b>999</b>	<b>47,986</b>

Depreciation Methods:

All non-current assets are depreciated on a straight line basis over a period of their useful economic life (see section 1.17 of the Accounting Policies) as follows:

Asset Category	Life
Offices, Leisure & Recreation and Museum	1-60
Depot & Workshops	17
Public Conveniences	5-16
Miscellaneous Community Assets	1-19
Vehicles, Plant & Machinery, Equipment & Lighting	1-10
ICT Systems	1-5

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 14: PROPERTY PLANT AND EQUIPMENT (continued)**

The number and type of major non-current assets are:

<b>Asset Description</b>	<b>2017-18</b>	<b>2018-19</b>
<b>Land, Properties and Vehicles:</b>		
Asset Under Construction (2017-18 Load Street Car Park, Bewdley, 2018-19 Forest House, Kidderminster)	1	1
Car Parks	24	24
Cemetery Sites	2	2
Civic & Administrative Buildings	2	2
Leisure Centres (leasehold interest in Bewdley Leisure Centre)	2	2
Museums	1	1
Nature Reserves	4	4
Other Land & Buildings	30	33
Public Conveniences	9	9
Sports & Social Clubs	4	4
Sports Fields & Parks	18	18
Trading Estates & Enterprise Centres	5	5
Vehicles	77	74

The major items of capital expenditure in 2018-19 were:

<b>Scheme</b>	<b>£'000</b>
Capital Portfolio Fund Acquisitions	9,932
Disabled Facilities/Housing Grants	1,366
Green Street Depot, Kidderminster	1,194
Vehicle Replacement Programme	614
ICT Strategy	752
Load Street Car Park, Bewdley	152
Worcester Street, Kidderminster Improvement Grant	375
Regeneration and Economic Development	75
Other Capital Schemes	162
<b>Total Capital Expenditure</b>	<b>14,622</b>

The Council's Capital Programme was financed as follows:

<b>Type of Financing</b>	<b>£'000</b>
Prudential Borrowing	12,936
Grants	1,391
Revenue Financing	158
Application of Capital Receipts	137
<b>Total Financing</b>	<b>14,622</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 14: PROPERTY PLANT AND EQUIPMENT (continued)**

At 31<sup>st</sup> March 2019 the following major capital contracts had been entered into, with the following sums remaining to be paid.

Description	£'000
Green Street Depot	2,128
Wyre Forest House – Construction Contract (including Retentions)*	211
Disabled Facilities Grants/Housing Assistance Grants	348
Worcester Street Improvements Grant	450
ICT Strategy	78

\*The contract for the construction of the Wyre Forest House was awarded to Thomas Vale Construction Limited early in 2011-12. The building became operational and was occupied in September 2012. The above relates to the remaining contractual commitments including retentions.

Revaluations

The Council's Land, Buildings, Community Assets and Surplus Assets are valued on a five year rolling programme. This was reviewed and updated to ensure that classes of assets are revalued simultaneously and sufficiently regularly to ensure the carrying value does not differ materially from the fair value. Assets Held for Sale are subject to an annual revaluation. In addition, all residual values are reviewed annually. The current asset values used in the accounts are based on valuations provided by Bruton Knowles, Independent Valuers. The valuations of assets carried at current value are analysed in the table below. This table does not include other items contained within the Council's Asset Register such as Vehicles, Plant and Equipment, Intangible Assets or Assets under Construction as these assets are carried at Depreciated Historical Cost and are not, therefore, subject to revaluation.

The fair value of surplus properties has been measured using a market approach, that takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Property Portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs is significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

Valuations of non-current assets carried at current value:

Description	Land and Buildings £'000	Community Assets £'000	Surplus Assets £'000	Assets Held for Sale £'000	Total £'000
Valued at historical cost	14	58	-	-	72
Valued at current value in:					
2018-19	19,440	400	180	1,500	21,520
2017-18	15,398	189	-	-	15,587
2016-17	4,153	215	145	-	4,513
2015-16	10,675	1,093	-	-	11,768
2014-15	5	-	1	-	6
<b>Total</b>	<b>49,685</b>	<b>1,955</b>	<b>326</b>	<b>1,500</b>	<b>53,466</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 15: HERITAGE ASSETS**

Reconciliation of the carrying value of heritage assets held by the Council, 2018-19.

	<b>Art Collection</b>	<b>Richard Eve Memorial and Museum Exhibits</b>	<b>Total Heritage Assets</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or Valuation at April 1<sup>st</sup> 2018</b>	<b>644</b>	<b>603</b>	<b>1,247</b>
Net Revaluation Increases/(Decreases)	-	(80)	(80)
<b>Net Book Value at 31<sup>st</sup> March 2019</b>	<b>644</b>	<b>523</b>	<b>1,167</b>

Comparative information for 2017-18:

	<b>Art Collection</b>	<b>Richard Eve Memorial and Museum Exhibits</b>	<b>Total Heritage Assets</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or Valuation at April 1<sup>st</sup> 2017</b>	<b>606</b>	<b>513</b>	<b>1,119</b>
Net Revaluation Increases/(Decreases)	38	90	128
<b>Net Book Value at 31<sup>st</sup> March 2018</b>	<b>644</b>	<b>603</b>	<b>1,247</b>

Revaluations

Heritage Assets are carried at their insurance values. A specialist valuation of the Richard Eve Memorial was carried out by Robert Vaughan (Chartered Quantity Surveyor) as at 31<sup>st</sup> March 2019.

Further information is provided on the Council's web site <http://www.bewdleymuseum.co.uk>

**Note 16: INTANGIBLE ASSETS**

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets, including both purchased licenses and software, are given a finite useful life based on assessments of the period that they are expected to be of use.

	<b>2017-18 £'000</b>	<b>2018-19 £'000</b>
Balance at Start of Year:		
Gross Carrying Amounts	2,407	2,522
Accumulated Amortisation	(2,132)	(2,239)
<b>Net Carrying Amount at Start of Year</b>	<b>275</b>	<b>283</b>
Purchases	115	148
Amortisation for Period	(107)	(83)
<b>Net Carrying Amount at End of Year</b>	<b>283</b>	<b>348</b>
Comprising:		
Gross Carrying Amount	2,522	2,670
Accumulated Amortisation	(2,239)	(2,322)
<b>Net Carrying Amount at End of Year</b>	<b>283</b>	<b>348</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 17: FINANCIAL INSTRUMENTS (INCLUDING NATURE AND EXTENT OF RISKS)**

Categories of Financial Instruments

Financial liabilities and financial assets classed as loans and receivables and financial liabilities at amortised cost are carried in the balance sheet at amortised cost.

	Non-Current		Current	
	31 <sup>st</sup> March 2018 £'000	31 <sup>st</sup> March 2019 £'000	31 <sup>st</sup> March 2018 £'000	31 <sup>st</sup> March 2019 £'000
<b>Investments</b>				
Loans and receivables – Investments (Principal)	35	35	7,000	6,000
Loans and receivables – Investments (Accrued Interest)	-	-	10	16
<b>Cash and cash equivalents</b>				
Cash and cash equivalents at amortised cost (Principal)	-	-	6,482	10,082
Cash and cash equivalents at amortised cost (Accrued Interest)	-	-	8	-
<b>Total Investments</b>	<b>35</b>	<b>35</b>	<b>13,500</b>	<b>16,098</b>
<b>Debtors</b>				
Loans and receivables	-	-	2,219	1,994
<b>Borrowings</b>				
Financial liabilities at amortised cost	(16,102)	(29,144)	(2,278)	(270)
<b>Creditors</b>				
Financial liabilities at amortised cost	-	-	(2,228)	(3,347)

Short-term debtors and creditors in the above table include only those balances which the Council considers are receivable under a contractual arrangement, as per the Code and will therefore differ to the figures in the Balance Sheet.

**Income, Expense, Gains and Losses**

The income and expenditure recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments valued at amortised cost comprise:

	31 <sup>st</sup> March	
	2018 £'000	2019 £'000
Interest income (including Icelandic investment interest)	94	145
Interest expense	(562)	(663)
<b>Total</b>	<b>(468)</b>	<b>(518)</b>

**The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value disclosures are required)**

All financial liabilities and financial assets are carried on the balance sheet at amortised cost.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 17: FINANCIAL INSTRUMENTS (continued)**

The fair values of Financial Assets are as follows:

	31 <sup>st</sup> March 2018		31 <sup>st</sup> March 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Cash and Cash Equivalents	6,482	6,482	10,082	10,082
Add back: Overdraft/(Cash at Bank)	8	8	(157)	(157)
Short-term Deposits	5,010	5,010	4,008	4,008
Certificates of Deposit	2,008	2,006	2,008	2,008
Long-term Investments	35	35	35	35
<b>Total Temporary Investments</b>	<b>13,543</b>	<b>13,541</b>	<b>15,976</b>	<b>15,976</b>

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

As at 31st March 2019 the Council held £2.008m financial assets for which Level 1 valuations will apply and £13.968m financial assets for which Level 2 valuations will apply. All the financial assets are valued at amortised cost and are held with Money Market Funds and Notice Accounts.

As at 31st March 2019 the Council held £29.144m financial liabilities for which Level 2 valuations will apply. The financial liabilities are held with the Public Works Loans Board (PWLB) and Market lenders. All of these borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, we have used a financial model valuation provided by Link Asset Services. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses both premature repayment rates and new borrowing rates to discount the future cash flows as detailed below:

- For PWLB loans payable, new loan rates from the PWLB have been applied to provide the fair value;
- For non-PWLB loans payable, prevailing market rates have been applied to provide the fair value.

The fair values of Financial Liabilities are as follows:

	31 <sup>st</sup> March 2018		31 <sup>st</sup> March 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Liverpool Victoria Friendly Society Ltd	1	1	-	-
Market Debt	1,000	993	2,013	2,012
PWLB Loan – Maturity	17,110	18,582	27,131	29,553
<b>Total Borrowing</b>	<b>18,111</b>	<b>19,576</b>	<b>29,144</b>	<b>31,565</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 17: FINANCIAL INSTRUMENTS (continued)**

The fair value of PWLB loans of £29.553m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the balance sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. If interest rates fell significantly below the rates secured for its current loans, the Council could repay the loans to the PWLB. However the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £35.436m at 31<sup>st</sup> March 2019 and therefore it is not financially advantageous to repay.

**Nature and Extent of Risk Arising From Financial Instruments**

The Council's Treasury Management activities expose it to a variety of financial risks, including:

- 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 movements.

**Overall Procedures for Managing Risk**

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 Council in the annual treasury management strategy. 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.

This risk is minimised through the Annual Investment Strategy within the Treasury Management Strategy 2018-19 that was approved by Full Council on 21<sup>st</sup> February 2018 and available on the Council website.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 17: FINANCIAL INSTRUMENTS (continued)**

**Credit Risk Management Practices**

The credit criteria in respect of financial assets held by the Council is based on the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies and a number of relevant overlays are detailed below:

- credit watches and credit outlooks from credit rating agencies
- credit default swaps (CDS) spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

The Council has determined that there is no significant credit risk to financial instruments since initial recognition. The historic risk of default at 31<sup>st</sup> March 2019 was 0.008% (0.014% at 31<sup>st</sup> March 2018), as provided by Link Asset Services, therefore no adjustment has been made to the carrying value of the investments.

The Authority's maximum exposure to credit risk in relation to its investments in financial institutions of 25% or 50% for Government backed institutions or £5m (with specific approval by the Corporate Director: Resources) of total investments with any financial institution or group cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31<sup>st</sup> March 2019 that this was likely to crystallise.

**Credit Risk Exposure**

The risk of credit exposure from the Council's customers arises from the possibility that debts raised by the Council are not collected. The Council's standard credit terms are 14 days from invoice date for its trade debtors. The authority has the following exposure to credit risk at 31 March 2019. These are analysed by age as shown in the table below:

Age of Debt	31 <sup>st</sup> March	
	2018 £'000	2019 £'000
Less than three months	1,376	1,376
Three to six months	10	21
Six months to one year	26	71
More than one year	79	136
<b>Total</b>	<b>1,491</b>	<b>1,604</b>

The Council has an impairment allowance of £173k in place to mitigate against this risk (£100k in 2017-18).

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 17: FINANCIAL INSTRUMENTS (continued)**

**Liquidity risk**

The Council manages its liquidity position through its risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets is as follows:

	<b>31<sup>st</sup> March</b>	
	<b>2018 £'000</b>	<b>2019 £'000</b>
Less than one year	13,508	15,942
Between one and two years	35	35
<b>Total</b>	<b>13,543</b>	<b>15,977</b>

However, the Council maintains a significant debt and investment portfolio and whilst the cash flow procedures above are considered by reference to the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature.

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the treasury team address the operational risks within the approved parameters. This includes:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period being 100% and zero respectively:

	<b>31<sup>st</sup> March</b>	
	<b>2018 £'000</b>	<b>2019 £'000</b>
Less than one year	2,279	270
Between one and two years	-	2,013
Between two and five years	1,001	1,001
Between five and ten years	1,006	4,017
Between ten and fifteen years	4,025	4,028
Between fifteen and twenty years	3,025	3,024
Between twenty and twenty five years	3,022	2,016
Over twenty five years	4,023	13,045
<b>Total</b>	<b>18,381</b>	<b>29,414</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 17: FINANCIAL INSTRUMENTS (continued)**

**Market risk**

1. Interest rate risk

The Council is exposed to interest rate movements on its investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowing at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowing at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately.

According to this assessment strategy, at 31<sup>st</sup> March 2019, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	<b>£'000</b>
Increase in interest receivable on variable rate investments	201

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

2. Price risk

The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds.

3. Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

4. Transfers of Financial Assets

There have been no transfers of financial assets during the year.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 17: FINANCIAL INSTRUMENTS (continued)**

**Icelandic Bank Defaults**

The Council had £0.732m outstanding of the original £9m Icelandic investments (prior to impairment) as at 31<sup>st</sup> March 2019 and is confident that the overall return will be close to full recovery.

**Note 18: DEBTORS**

Short Term Debtors	31 <sup>st</sup> March	
	2018 £'000 (re-stated)	2019 £'000
Trade Receivables	1,834	1,707
Prepayments	385	287
Local Taxation including Major Precepting Authorities	2,933	3,282
Other Receivable Amounts	303	540
<b>Total Net Debtors at Year End</b>	<b>5,455</b>	<b>5,816</b>

**Note 19: DEBTORS FOR LOCAL TAXATION**

Debtors for Local Taxation (Memorandum - gross debtors)	31 <sup>st</sup> March	
	2018 £'000	2019 £'000
Council Tax:		
Current year	1,706	1,696
More than one year	2,924	2,983
NNDR:		
Current year	943	570
More than one year	1,306	966
<b>Total Gross Debtors for Local Taxation</b>	<b>6,879</b>	<b>6,215</b>

**Note 20: CASH AND CASH EQUIVALENTS**

Cash and Cash Equivalents comprises:

Cash and Cash Equivalents	2017-18 £'000	2018-19 £'000
Cash held by the Authority	1	2
Bank current accounts	(9)	155
Short-term deposits with banks/building societies	6,490	9,925
<b>Total Balance at Year End</b>	<b>6,482</b>	<b>10,082</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 21: ASSETS HELD FOR SALE**

<b>Assets Held For Sale</b>	<b>2017-18 £'000</b>	<b>2018-19 £'000</b>
Balance at Start of Year	1,500	1,500
Balance at Year End	1,500	1,500

Assets included in the Held for Sale category are those which were being actively marketed at the balance sheet date. It is the Council's intention to market the other surplus properties in due course.

**Note 22: CREDITORS**

<b>Creditors</b>	<b>31<sup>st</sup> March</b>	
	<b>2018 £'000</b>	<b>2019 £'000</b>
Government Departments	1,908	2,540
Local Authorities	1,307	852
Sundry Creditors	963	1,067
Council Taxpayers (overpayments/receipts in advance)	127	134
Business Rates (overpayments/receipts in advance)	288	335
Receipts in Advance	1,403	1,721
Contractors and Other Deposits	22	379
<b>Total Balance at Year End</b>	<b>6,018</b>	<b>7,028</b>

<b>Creditors - Summary</b>	<b>31<sup>st</sup> March</b>	
	<b>2018 £'000</b>	<b>2019 £'000</b>
Trade payables	918	1,257
Other payables	5,100	5,771
<b>Total Balance at Year End</b>	<b>6,018</b>	<b>7,028</b>

**Note 23: PROVISIONS**

<b>Description of Provision</b>	<b>1<sup>st</sup> April 2018 £'000</b>	<b>Provided in Year £'000</b>	<b>Payments in Year £'000</b>	<b>31<sup>st</sup> March 2019 £'000</b>
Business Rates Appeals	1,634	765	(218)	2,181
Termination Benefits	15	-	(15)	-
<b>Total</b>	<b>1,649</b>	<b>765</b>	<b>(233)</b>	<b>2,181</b>

The Council holds a provision for Business Rates appeals based upon 4.7% of the rateable value set by the Valuation Office Agency not settled at 31<sup>st</sup> March 2019. This is consistent with the approach taken by all members of the Worcestershire Pool. This Council's share of the provision is £2.181m.

The provision for termination benefits was in respect of one employee made redundant in 2018-19.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 24: USABLE RESERVES**

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement.

**Note 25: UNUSABLE RESERVES**

Summary of Unusable Reserves

	<b>31<sup>st</sup> March</b>	
	<b>2018 £'000</b>	<b>2019 £'000</b>
Revaluation Reserve	11,084	8,664
Capital Adjustment Account	21,859	19,573
Pensions Reserve	(57,771)	(60,002)
Collection Fund Adjustment Account	(91)	(533)
Accumulated Absences Account	(160)	(168)
<b>Total Unusable Reserves</b>	<b>(25,079)</b>	<b>(32,466)</b>

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). 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 were consolidated into the balance on the Capital Adjustment Account.

<b>Revaluation Reserve</b>	<b>2018 £'000</b>	<b>2019 £'000</b>
<b>Balance at 1<sup>st</sup> April</b>	10,201	11,084
Revaluation Gains	1,122	700
Excess Current Value Depreciation over Historic Cost Depreciation	(190)	(211)
Revaluation reductions written off against prior balances	(33)	(2,909)
Balance written out following disposal	(16)	-
<b>Balance at 31<sup>st</sup> March</b>	<b>11,084</b>	<b>8,664</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 25: UNUSABLE RESERVES (continued)**

Capital Adjustment Account

The Capital Adjustment Account reflects the timing difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.

<b>Capital Adjustment Account</b>	<b>2018 £'000</b>	<b>2019 £'000</b>
<b>Balance at 1<sup>st</sup> April</b>	22,331	21,859
Capital Receipts Applied	396	137
Depreciation	(1,697)	(1,682)
Revaluation Adjustments	(511)	(1,255)
Direct Revenue Financing	592	158
Appropriation of Minimum Revenue Provision	582	608
Revenue Expenditure Funded From Capital Under Statute	(1,255)	(1,833)
Disposal of Non-Current Assets	(146)	(21)
Capital Grants	1,360	1,391
Revaluation Reserve	207	211
<b>Balance at 31<sup>st</sup> March</b>	<b>21,859</b>	<b>19,573</b>

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources available to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. As a partner to Worcestershire Regulatory Services (WRS), the debit balance in the Pension Reserve includes this Council's share of 15.31% of the overall liability as at 31<sup>st</sup> March 2019.

<b>Pensions Reserve</b>	<b>2017-18 £'000</b>	<b>2018-19 £'000</b>
<b>Balance at 1<sup>st</sup> April</b>	(57,774)	(57,771)
Remeasurements of the net defined benefit (liability and asset)	411	(1,837)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(3,720)	(3,719)
Employer's pension contributions and direct payments to pensioners payable in the year	3,312	3,325
<b>Balance at 31<sup>st</sup> March</b>	<b>(57,771)</b>	<b>(60,002)</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 25: UNUSABLE RESERVES (continued)**

Collection Fund Adjustment Account

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

<b>Collection Fund Adjustment Account</b>	<b>2017-18 £'000</b>	<b>2018-19 £'000</b>
<b>Balance at 1<sup>st</sup> April</b>	460	(91)
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(551)	(442)
<b>Balance at 31<sup>st</sup> March</b>	(91)	(533)

Accumulated Absences Account

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

<b>Accumulated Absences Account</b>	<b>2017-18 £'000</b>	<b>2018-19 £'000</b>
<b>Balance at 1<sup>st</sup> April</b>	(160)	(160)
Reversal of Opening Balance	160	160
Amounts accrued at the end of the current year	(160)	(168)
<b>Balance at 31<sup>st</sup> March</b>	(160)	(168)

**Note 26: CASH FLOW STATEMENT – OPERATING ACTIVITIES**

The cash flows for operating activities include the following items:

<b>Cash Flow Statement – Operating Activities</b>	<b>2017-18 £'000</b>	<b>2018-19 £'000</b>
Interest received	(91)	(143)
Interest paid	480	568
<b>Net cash flows from operating activities</b>	389	425

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 26: CASH FLOW STATEMENT – OPERATING ACTIVITIES (continued)**

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

<b>Cash Flow Statement – Operating Activities</b>	<b>2017-18 £'000</b>	<b>2018-19 £'000</b>
Depreciation	1,697	1,682
Downward re-valuations	511	1,254
Increase/(decrease) in impairment for bad debts	134	(51)
Increase/(decrease) in creditors	(976)	405
(Increase)/decrease in debtors	(507)	613
(Increase)/decrease in inventories	14	(15)
Movement in pension liability	(3,081)	2,149
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	145	22
Other non-cash items charged to the net surplus or deficit on the provision of services	296	(840)
<b>Total</b>	<b>(1,767)</b>	<b>5,219</b>

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

<b>Cash Flow Statement – Operating Activities</b>	<b>2017-18 £'000</b>	<b>2018-19 £'000</b>
Proceeds from short-term and long term investments	(94)	(145)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(588)	(130)
<b>Total</b>	<b>(682)</b>	<b>(275)</b>

**Note 27: CASH FLOW STATEMENT – INVESTMENT ACTIVITIES**

<b>Cash Flow Statement – Investment Activities</b>	<b>2017-18 £'000</b>	<b>2018-19 £'000</b>
Purchase of property, plant and equipment, investment property and intangible assets	(3,373)	(13,091)
Other payments for investing activities	2,000	1,000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	588	130
Proceeds from short-term and long-term investments	64	13
Other receipts from investing activities	1,411	1,387
<b>Net cash flows from investing activities</b>	<b>690</b>	<b>(10,561)</b>

**Note 28: CASH FLOW STATEMENT – FINANCING ACTIVITIES**

<b>Cash Flow Statement – Financing Activities</b>	<b>2017-18 £'000</b>	<b>2018-19 £'000</b>
Cash receipts of short and long-term borrowing	1,000	11,000
Other receipts from financing activities	-	519
Repayments of short and long-term borrowing	37	(1)
Other payments for financing activities	(945)	(536)
<b>Net cash flows from financing activities</b>	<b>92</b>	<b>10,982</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 29: MEMBERS' ALLOWANCES AND EXPENSES**

Members' allowances and expenses paid during the year were £222,738 (£218,691 in 2017-18). Further information is provided on the Council's website.

<https://www.wyreforestdc.gov.uk/the-council/councillors-committees-and-meetings/councillors-allowances-disclosures-and-expenses.aspx>

**Note 30: OFFICERS' REMUNERATION**

The following table details the remuneration of Senior Officers whose full-time equivalent salary is more than £50,000 per year:

Position	Salary (including fees & allowances)	Expenses Allowances*	Total Remuneration Excl pension contributions 2018-19	Pension Contributions	Total Remuneration including pension Contributions 2018-19
	£	£	£	£	£
Chief Executive	111,375	945	112,320	17,040	<b>129,360</b>
Corporate Director: Economic Prosperity and Place	75,213	767	75,980	11,508	<b>87,488</b>
Corporate Director: Community Well-being and Environment	75,213	73	75,286	11,508	<b>86,794</b>
Corporate Director: Resources	75,213	247	75,460	11,508	<b>86,968</b>
Solicitor to the Council	51,755	226	51,981	7,918	<b>59,899</b>
<b>Total</b>	<b>388,769</b>	<b>2,258</b>	<b>391,027</b>	<b>59,482</b>	<b>450,509</b>

\*All mileage is reimbursed at 40p per mile which is below the HMRC approved rate of 45p per mile for cars and vans.

The Pension contributions detailed above only include the employer's contributions directly attributable to the post holder.

Other officers whose remuneration for the year exceeded £50,000:

Total Remuneration (excluding employer's contributions)	2017-18	2018-19
£50,000 - £54,999	2	2

In addition to the above salaries, the following Senior Officers received remuneration, and mileage allowance as appropriate, for their roles in the District and Parish elections and by-elections:

	Role	2018-19 £
Chief Executive	Returning Officer	216
Solicitor to the Council	Deputy Returning Officer	20

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 30: OFFICERS' REMUNERATION (continued)**

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

(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band		(e) Total cost of exit packages in each band (excluding WRS)	
	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18 £	2018-19 £
£0 - £20,000	-	1	-	-	-	1	-	15,169
<b>Total</b>	-	1	-	-	-	1	-	15,169

There were no termination payments in 2017-18. However, the Council had agreed an exit package in 2017-18 for one employee that was implemented in 2018-19.

**Note 31: EXTERNAL AUDIT COSTS**

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

<b>Fees payable to the Council's External Auditors</b>	<b>2017-18 £'000</b>	<b>2018-19 £'000</b>
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	49	49
Fee alignment 2018-19*	-	38
Fees payable in respect of other services provided by Grant Thornton during the year**	11	9
<b>Total</b>	<b>60</b>	<b>96</b>

\*In previous years audit fees were recognised in the financial year when the audit was undertaken not in the year being reviewed. In 2018-19 the cost of the audit has been recognised in the year being reviewed on the basis that the obligation for the audit is legally enforceable due to a statutory requirement and as such the liability existed at the year end. This has resulted in an increased cost being shown in the 2018-19 accounts.

\*\* The fees paid for other services related to the Housing Benefit Grant Certification Fee.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 32: GRANT INCOME**

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

Grant Income	2017-18 £'000	2018-19 £'000
<b>Credited to Taxation and Non-Specific Grant Income</b>		
Revenue Support Grant	553	101
New Homes Bonus	1,910	1,273
Other Capital Grants	1,104	1,277
<b>Total Credited to Taxation and Non-Specific Grant Income</b>	<b>3,567</b>	<b>2,651</b>
<b>Credited to Services</b>		
Housing Benefit Subsidy	30,247	29,152
Housing Benefit Admin	498	462
Other Grants by Directorate:		
Chief Executive & Solicitor to the Council	24	118
Resources	245	280
Community Well-being and Environment	206	186
Economic Prosperity and Place	910	658
<b>Total Grant Income Credited to Services</b>	<b>32,130</b>	<b>30,856</b>

**Note 33: RELATED PARTY TRANSACTIONS**

The Council is required to disclose material transactions with related parties. A related party is a body or individual that has the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows the reader 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 significant influence 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). Significant grants received from Government Departments are set out in Note 32. Grant receipts outstanding at 31<sup>st</sup> March 2019 are shown in Note 18.

**Members**

Members of the Council have a direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2018-19 is shown in Note 29.

The Council maintains a Register of Members' Interests in compliance with the Localism Act 2011, open to public inspection at Wyre Forest House during office hours (on application) and also available on the Council's website.

<https://www.wyreforestdc.gov.uk/the-council/councillors-committees-and-meetings/councillors-allowances-disclosures-and-expenses.aspx>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 33: RELATED PARTY TRANSACTIONS (continued)**

Members also sit on a number of other outside bodies where transactions of less than £10k were made in 2018-19 to:

- Carpet Museum Trust
- District Councils' Network
- Kidderminster and District Youth Trust
- Age UK, Bromsgrove, Redditch and Wyre Forest
- The Elizabeth Mills Day Centre

The net financial support for these bodies totalled £2k in 2018-19

Major transactions over £10k for 2018-19 where Councillors were also members of outside bodies are shown in the table below:

<b>Organisation</b>	<b>Total Income</b>	<b>Total Expenditure</b>	<b>Income due at 31/03/2019</b>	<b>Expenditure due at 31/03/2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Other Public Bodies</b>				
Bewdley Town Council	14	16	-	1
Kidderminster Town Council*	345	74	4	-
Stourport Town Council	24	4	-	-
Worcestershire County Council	1,645	1,233	2	150
West Mercia Police & Crime Commissioner	37	-	-	-
<b>Other Bodies</b>				
Bewdley Development Trust	1	10	-	-
Wyre Forest Citizens Advice Bureau	-	38	-	4
Local Government Association	-	11	-	-
Wyre Forest Nightstop & Mediation	-	19	-	3
Stourport Sports Club Limited	10	14	-	-
Stourport Forward	-	10	-	5

\*Financial and Legal services have been provided to Kidderminster Town Council since 1<sup>st</sup> April 2016 under a Service Level Agreement, included in the above figures.

From June 2018, responsibility for the Homelessness & Housing Register contract transferred from The Community Housing Goup (TCHG) to the Council, together with the transfer of 5 officers. The Right to Buy for former council tenants will continue and there is an agreement between TCHG and the Council detailing the apportionment of such monies.

**Officers**

The Cultural Services Manager and the Community Development Manager are board members of Stourport Sports Club Limited.

**Operations Jointly Controlled by the Council**

The Council works in partnership with various Councils/Organisations on a number of services, either as host itself or where the service is hosted by another Council and full details of these arrangements are shown in note 1.14 in the Accounting Policies. The tables below set out the movements in 2018-19:

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 33: RELATED PARTY TRANSACTIONS (continued)**

**Services Hosted by WFDC**

<b>Service</b>	<b>Council</b>	<b>Value of Service in 2018-19 £'000</b>	<b>Payment due from WFDC at 31/03/2019 £'000</b>	<b>Receipt due to WFDC at 31/03/2019 £'000</b>
North Worcestershire Economic Development and Regeneration	Redditch Borough Council	237	-	59
	Bromsgrove District Council	243	-	61
North Worcestershire Water Management	Redditch Borough Council	66	-	16
	Bromsgrove District Council	56	-	14
North Worcestershire Civil Contingencies and Resilience	Redditch Borough Council	13	-	2
	Bromsgrove District Council	13	-	2
Advice Services through joint occupancy of Worcestershire Hub*	The Community Housing Group	1	-	0

\*The contract for advice services provided by the Community Housing Group for the Homelessness and Housing Register transferred to the Council on 1<sup>st</sup> June 2018.

**Services Hosted by Other Councils**

<b>Service</b>	<b>Host Council</b>	<b>Value of Service in 2018-19 £'000</b>	<b>Payment due from WFDC at 31/03/2019 £'000</b>	<b>Receipt due to WFDC at 31/03/2019 £'000</b>
Worcestershire Regulatory Services	Bromsgrove District Council	459	5	10
North Worcestershire Building Control	Bromsgrove District Council	123	21	-
Payroll	Redditch Borough Council	41	-	-
Car Park Administration Service	Wychavon District Council	93	8	-

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 34: CAPITAL EXPENDITURE AND CAPITAL FINANCING**

<b>Capital Expenditure and Capital Financing</b>	<b>2017-18 £'000</b>	<b>2018-19 £'000</b>
<b>Opening Capital Financing Requirement</b>	17,545	18,067
Operational Assets	1,659	12,022
Non-operational Assets	538	767
Revenue Expenditure Funded from Capital Under Statute	1,255	1,833
Capital Receipts	(396)	(137)
Government Grants and other Contributions	(1,360)	(1,391)
Sums Set Aside from Revenue	(1,174)	(766)
<b>Closing Capital Financing Requirement</b>	<b>18,067</b>	<b>30,395</b>
Explanation of movements in the year:		
Increase in underlying requirement to borrow (unsupported by Government financial assistance)	522	12,328
<b>Increase in Capital Financing Requirement</b>	<b>522</b>	<b>12,328</b>

**Note 35: DEFINED BENEFIT PENSION SCHEMES**

**Participation in Pension Schemes**

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

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

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. There are no assets within the pension plan built up to meet these pension liabilities. Where applicable, the obligation relating to unfunded benefits of £428k (£436k in 2017-18) is reflected in the Wyre Forest District Council columns within this disclosure note.

Worcestershire Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pension committee of Worcestershire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (e.g. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policy notes.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 35: DEFINED BENEFIT PENSION SCHEMES (continued)**

**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 that is required to be made as part of the budget setting process 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 transactions in the table that follows have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

The Council is a partner in Worcestershire Regulatory Services, governed by the Joint Committee. Staff were transferred to the host authority – Bromsgrove District Council on a fully funded basis. The shared service was admitted to the pensions fund as a 'ghost body'; as such any liability or surplus that accrues is the responsibility of the partners of the shared service. The Council's share of the overall deficit as defined by the partnership legal agreement is currently 15.31% and this is reflected in the note below with the 2017-18 figures amended appropriately to reflect the use of this figure.

	WFDC		Share of WRS	
	2017-18 £'000	2018-19 £'000	2017-18 £'000	2018-19 £'000
<b>Comprehensive Income and Expenditure Statement</b>				
<b>Cost of Services</b>				
<i>Service cost comprising:</i>				
Current Service Cost	2,305	2,214	97	88
Past Service Costs (including Curtailments)	-	-	-	-
Administration expenses	26	27	1	1
<b>Financing and Investment Income and Expenditure</b>				
Net interest expense	1,264	1,365	27	24
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>3,595</b>	<b>3,606</b>	<b>125</b>	<b>113</b>
<b>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>				
<i>Remeasurement of the net defined liability comprising:</i>				
Return on plan assets (excluding the amount included in net interest expense)	(949)	(1,123)	(37)	(1)
Actuarial (gains) and losses arising on changes in financial assumptions	768	2,689	(193)	271
<b>Total remeasurement recognised in Other Comprehensive Income</b>	<b>(181)</b>	<b>1,566</b>	<b>(230)</b>	<b>270</b>
<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>3,414</b>	<b>5,172</b>	<b>(105)</b>	<b>383</b>
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	350	353	58	41
<b>Actual amount charged against the General Fund Balance for pensions in the year</b>				
Employers' contributions payable to scheme	2,809	2,825	67	72
Discretionary retirement benefits payable to pensioners	436	428	-	-

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 35: DEFINED BENEFIT PENSION SCHEMES (continued)**

**Pensions Assets and Liabilities Recognised in the Balance Sheet**

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

	WFDC		Share of WRS	
	2017-18 £'000	2018-19 £'000	2017-18 £'000	2018-19 £'000
Present value of defined benefit obligation	132,882	136,873	4,349	4,765
Fair value of plan assets	(76,126)	(78,198)	(3,334)	(3,438)
<b>Sub Total</b>	<b>56,756</b>	<b>58,675</b>	<b>1,015</b>	<b>1,327</b>
Advance payment of Pension Contributions	(3,489)	(1,734)	(41)	(21)
<b>Net liability arising from defined benefit obligation</b>	<b>53,267</b>	<b>56,941</b>	<b>974</b>	<b>1,306</b>

In April 2017 the Council made an advance payment of pension contributions 2017-18 to 2019-20 to the Pension Fund in order to secure a reduction in the amount in each of the three financial years. Further detail is provided later in this note under the heading 'Impact on the Authority's cashflows'. As at 31<sup>st</sup> March 2019 the Pension Liability is £1.755m lower than the Pension Reserve representing the advance payment relating to 2019-20.

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

	WFDC		Share of WRS	
	2017-18 £'000	2018-19 £'000	2017-18 £'000	2018-19 £'000
Opening fair value of scheme assets	73,847	76,126	3,222	3,334
Interest Income	1,948	2,033	87	92
Remeasurement gain/(loss) - return on plan assets, excluding amount included in net interest expense	949	1,123	37	1
Administration expenses	(26)	(27)	(1)	(1)
Contributions from employer	3,245	3,253	67	72
Contributions from employees into scheme	440	456	20	20
Benefits Paid	(4,277)	(4,766)	(98)	(80)
<b>Closing fair value of scheme assets</b>	<b>76,126</b>	<b>78,198</b>	<b>3,334</b>	<b>3,438</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 35: DEFINED BENEFIT PENSION SCHEMES (continued)**

**Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)**

	WFDC		Share of WRS	
	2017-18 £'000	2018-19 £'000	2017-18 £'000	2018-19 £'000
Opening balance at 1 <sup>st</sup> April	130,434	132,882	4,409	4,349
Current Service cost	2,305	2,214	97	88
Interest cost	3,212	3,398	114	117
Contributions from scheme participants	440	456	20	20
Remeasurement (gains) and losses- Actuarial (gains)/losses arising from changes in financial assumptions	768	2,689	(193)	271
Benefits paid	(4,277)	(4,766)	(98)	(80)
<b>Closing balance at 31<sup>st</sup> March</b>	<b>132,882</b>	<b>136,873</b>	<b>4,349</b>	<b>4,765</b>

**Local Government Pension Scheme assets comprised:**

Fair value of scheme assets	WFDC		Share of WRS	
	2017-18 £'000	2018-19 £'000	2017-18 £'000	2018-19 £'000
Cash:				
Cash instruments	228	313	10	17
Cash accounts	457	626	20	31
Net current assets*	228	860	10	38
Sub-total cash	913	1,799	40	86
Alternatives:				
UK Infrastructure*	2,588	2,815	113	120
European Infrastructure*	-	1,486	-	65
US Infrastructure*	-	235	-	10
UK Stock Options*	-	547	-	14
Sub-total alternatives	2,588	5,083	113	209
Property:				
European*	1,903	2,033	83	100
UK*	914	2,424	40	107
Overseas*	381	469	17	20
Sub-total Property	3,198	4,926	140	227
Equities:				
UK quoted	304	156	13	7
Overseas quoted	21,772	20,644	954	904
PIV UK Managed Funds*	18,651	10,479	817	461
PIV UK Managed Funds (Overseas equities)*	25,045	24,945	1,097	1,097
Sub-total equities	65,772	56,224	2,881	2,469
Bonds:				
UK Corporate	305	235	13	10
Overseas Corporate	3,350	3,597	147	165
UK Government Fixed	-	6,334	-	272
Sub-total bonds	3,655	10,166	160	447
<b>Total Assets</b>	<b>76,126</b>	<b>78,198</b>	<b>3,334</b>	<b>3,438</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 35: DEFINED BENEFIT PENSION SCHEMES (continued)**

All scheme assets have quoted prices in active markets except those marked \*.

**Basis for Estimating Assets and Liabilities**

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 including life expectancy and salary levels etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Mercer Limited, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme effective from 1<sup>st</sup> April 2017.

The significant assumptions used by the actuary have been:

	WFDC		WRS	
	2017-18 £'000	2018-19 £'000	2017-18 £'000	2018-19 £'000
<b>Long term expected rate of return on assets in the scheme</b>				
<b>Life Expectancy:</b>				
Longevity at 65 of current pensioners				
Male	22.7yrs	22.8yrs	22.7yrs	22.8yrs
Female	25.7yrs	25.8yrs	25.7yrs	25.8yrs
Longevity at 65 of future pensioners				
Male	24.9yrs	25.1yrs	24.9yrs	25.1yrs
Female	28.0yrs	28.2yrs	28.0yrs	28.2yrs
<b>Financial assumptions</b>				
Rate of Inflation (CPI)	2.10%	2.20%	2.10%	2.20%
Rate of increase in salaries	3.60%*	2.00%*	3.60%	3.70%
Rate of increase in pensions	2.20%	2.30%	2.20%	2.30%
Discount Rate on liabilities	2.60%	2.40%	2.70%	2.50%

\*An adjustment has been made for short term pay restraint in line with the latest actuarial valuation.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably 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 the other assumptions remain constant. The assumptions in longevity, for example, assume 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 types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2017-18.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumptions 2018-19	
	WFDC £'000	Share of WRS £'000
Longevity (increase in 1 year)	2,798	93
Rate of inflation (increase by 0.1%)	2,161	94
Rate of increase in salaries (increase by 0.1%)	267	16
Rate for discounting scheme liabilities (increase by 0.1%)	(2,127)	(92)

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 35: DEFINED BENEFIT PENSION SCHEMES (continued)**

The Council's liability for providing pension benefits will be affected by a recent Court of Appeal judgement in the McCloud (The Lord Chancellor and Secretary of State and another v McCloud and Mostyn) case. The judgement relating to age discrimination within the judicial pension scheme has the potential to increase all public sector scheme liabilities, including the Local Government Pension Scheme. This Council's local pay bargaining has resulted in local pay rates increasing below CPI since introduction of local agreements in 2014. This pay restraint has led our actuaries to determine that the impact of the McCloud judgement on this council's pension liabilities is likely to be zero. The precise size and scale of the impact is currently unknown and is a source of uncertainty nationally.

**Impact on the Council's Cash Flows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 18 years. The next triennial revaluation as at 31<sup>st</sup> March 2019 is in progress. Revised employer contributions will be agreed from 1<sup>st</sup> April 2020.

The scheme takes into account the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide certain benefits in relation to service after 31<sup>st</sup> March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The total payment due to the Pension Fund in respect of the 2019-20 deficit and future service contributions is £3.232m.

Worcestershire Regulatory Services anticipate paying £0.442m contributions; the Council's proportion of this is estimated to be £68k.

The weighted average duration of the defined benefit obligation for scheme members is 16 years, 2018-19 (16 years 2017-18). For Worcestershire Regulatory Services the weighted average duration is 20 years (20 years 2017-18).

On 28<sup>th</sup> April 2017 the Council made an advance payment to Worcestershire Pension Fund for the deficit payments due 2017-18 to 2019-20. The total payment was £5.260m compared with a cost of £5.687m if the payments had been made monthly. The net savings are estimated to be circa £0.427m over the 3 year period.

Worcestershire Regulatory Services also made an advance payment in April 2017 of £392k. The Council's share of this advance payment was £60k compared with a cost of £64k if the payments had been made monthly. The net savings are estimated to be circa £4k over the 3 year period.

**Note 36: CONTINGENT LIABILITIES**

The account with the Wyre Forest House construction contractor continues to remain outstanding because of a number of unresolved issues. The potential exists for a contractor's claim against the Council for prolongation of the contract time scale, so a contingent liability exists in relation to this major capital project.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 36: CONTINGENT LIABILITIES (continued)**

The Council continues to have a contingent liability in respect of the potential level of exposure to future claims relating to its liability from Municipal Mutual (MMI), its former insurers. Whilst no claims have been paid in 2018-19 the potential for further liability still exists that is not possible to quantify. The accounts include an earmarked reserve of £190k for a potential claim but there is a contingent liability for future claims that may come forward.

The Council has made a provision for Business Rates appeals based upon its best estimates of the actual liability of known appeals as at the year-end. It is not possible to quantify either those appeals that have not yet been lodged with the Valuation Office or that will be finally settled with any degree of certainty. This uncertainty is increased due to the refresh of the Valuation List effective from 1<sup>st</sup> April 2017 and also the new check, challenge, appeals process; meaning there is a risk to the Council that national and local appeals may have a future impact on the accounts.

**Note 37: TRUST FUNDS**

Wyre Forest District Council acts as trustee of the Bewdley Museum Trust and retains the shop profits partially to offset the gross expenditure incurred in running the Museum. There is, therefore, no income or expenditure accruing directly to the Trust.

**Note 38: INTERESTS IN COMPANIES AND OTHER ENTITIES**

PSP Wyre Forest LLP was incorporated by Companies House on 22<sup>nd</sup> March 2017, Company registration number OC416505. This limited liability partnership with PSP Facilitating Limited (PSPF) is based around relational partnering to progress work with more challenging property proposals. The LLP is a 50/50 partnership (£1 Member's Capital for each party representing initial funding contribution) with profits also shared equally. The decision making process must be unanimous and the initial term is for 10 years subject to termination provisions. There is a group relationship with PSP Wyre Forest LLP the first Unaudited Accounting Statement for the period ending 30<sup>th</sup> April 2018 was filed with companies house on the 21<sup>st</sup> December 2018; financial transactions were minimal consisting of a share of administrative overheads and site valuation fees (total £11k) and remain the sole responsibility of PSPF. No business was transacted by the partnership in 2018-19 so group accounts have not been prepared. Exploratory work around suitable sites continues with approval on 4<sup>th</sup> April 2018 for a budget 'not to exceed' £10,000 to explore further opportunities for the former Lloyds Garage site in Stourport to maximise value and rental income extending beyond the scope of the first stage.

Council on 21<sup>st</sup> February 2018 approved a group structure of Local Authority Trading Companies (LATC). Companies House incorporation has been registered for Wyre Forest (Holdings) Ltd, Company number 11451232 and ReWyre Developments Ltd (the subsidiary) Company number 11584919. It is expected that the companies will remain dormant until suitable development opportunities arise; activity will be reported in accordance with the governance arrangements in future years.

The Council does not have any other material interests in another entity that has the nature of subsidiaries, associates or joint ventures that require it to prepare group accounts.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2018-19**

**Note 39: EVENTS AFTER THE REPORTING PERIOD**

The Corporate Director: Resources confirms the following non-adjusting Post Balance Sheet Events (PBSE) identified at 29<sup>th</sup> May 2019, the date that the pre-audit Statement of Accounts 2018-19 was approved:

- On 15<sup>th</sup> April 2019 the Council acquired the freehold interest in a row of food & beverage outlets in Kidderminster Town Centre for £2.42m as part of the Capital Portfolio Fund. The acquisition will be funded through prudential borrowing and will support the regeneration of the town centre. Rental income from occupied units will support the delivery of services across the District.
- On 6<sup>th</sup> June 2019 the Council purchased an industrial unit in Kidderminster for £4.1m as part of the Capital Portfolio Fund to be funded through prudential borrowing.
- Cabinet on the 12<sup>th</sup> February 2019 approved the full transfer of operational responsibilities for Kidderminster Town Hall to Kidderminster Town Council (KTC) with effect from the 1<sup>st</sup> April 2019. Time limited support grants totalling £270,050 will be provided to KTC, reducing to zero over a period of five years that will result in savings for WFDC of £298,350 over the same period.

**WYRE FOREST DISTRICT COUNCIL  
STATEMENT OF ACCOUNTS 2018-19**

**THE COLLECTION FUND ACCOUNT 2018-19**

This statement represents the transactions of the Collection Fund, a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax and Non-Domestic Rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised. The costs of administering collection are accounted for in the General Fund.

2017-18 Business Rates £'000	2017-18 Council Tax £'000	2017-18 Total £'000		2018-19 Business Rates £'000	2018-19 Council Tax £'000	2018-19 Total £'000
<b>INCOME</b>						
-	(55,077)	(55,077)	Council Tax Receivable	-	(57,965)	(57,965)
(28,930)	-	(28,930)	Business Rates Receivable	(28,559)	-	(28,559)
<b>(28,930)</b>	<b>(55,077)</b>	<b>(84,007)</b>	<b>Total Income</b>	<b>(28,559)</b>	<b>(57,965)</b>	<b>(86,524)</b>
<b>EXPENDITURE</b>						
<b>Precepts, Demands and Shares:</b>						
14,072	-	14,072	Central Government	13,553	-	13,553
2,533	38,598	41,131	Worcestershire County Council	2,439	40,810	43,249
281	2,657	2,938	Hereford and Worcester Fire Authority	272	2,757	3,029
-	6,337	6,337	Office of the Police and Crime Commissioner for West Mercia	-	6,634	6,634
11,258	6,874	18,132	Wyre Forest District Council	10,842	7,054	17,896
-	976	976	Parish/Town Councils	-	1,061	1,061
<b>Charges to the Collection Fund:</b>						
453	16	469	Increase in Allowance for Impairment	316	191	507
1,429	-	1,429	Increase in Provision for Appeals	1,913	-	1,913
131	-	131	Cost of Collection Allowance	134	-	134
11	-	11	Disregarded Amounts	5	-	5
30,168	55,458	85,626	Total Expenditure	29,474	58,507	87,981
1,238	381	1,619	(Surplus)/Deficit for the Year	915	542	1,457
(986)	(461)	(1,447)	(Surplus)/Deficit b/fwd as at 1 <sup>st</sup> April	252	(80)	172
<b>252</b>	<b>(80)</b>	<b>172</b>	<b>(Surplus)/Deficit c/fwd as at 31<sup>st</sup> March</b>	<b>1,167</b>	<b>462</b>	<b>1,629</b>
<b>Allocation of (Surplus)/Deficit:</b>						
126	-	126	Central Government	584	-	584
23	(56)	(33)	Worcestershire County Council	105	322	427
2	(4)	(2)	Hereford and Worcester Fire Authority	11	22	33
-	(10)	(10)	Office of the Police and Crime Commissioner for West Mercia	-	52	52
101	(10)	91	Wyre Forest District Council	467	66	533
<b>252</b>	<b>(80)</b>	<b>172</b>		<b>1,167</b>	<b>462</b>	<b>1,629</b>

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2018-19**

**NOTES TO THE COLLECTION FUND ACCOUNT**

**Note 1: GENERAL**

The Collection Fund is a statement that reflects the statutory obligation of billing authorities to maintain a separate account in relation to Council Tax and Business Rates. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (NNDR) and its distribution to local government bodies and the Government. The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and National Non-Domestic Business Rates. The administrative costs associated with the collection process are charged to the General Fund. Collection Fund surpluses declared by the billing authority in relation to Council Tax are apportioned to the relevant major precepting bodies in the subsequent financial year. Deficits, likewise, are proportionately charged to the relevant major precepting bodies in the following year. For Wyre Forest, the Council Tax major precepting bodies are Worcestershire County Council (WCC), the Office of the Police and Crime Commissioner for West Mercia (PCC) and the Hereford and Worcester Fire Authority (H&WFA).

Business Rates surpluses or deficits declared by the billing authority in relation to the Collection Fund are apportioned in the subsequent financial year in their respective proportions. To help mitigate the risk of fluctuations in Business Rates income, Wyre Forest District Council (WFDC) remained a member of the Worcestershire Business Rates Pool (WBRP) for 2018-19. Separate accounts are maintained that form part of the WCC Accounts and are not reflected in the WFDC Collection Fund Accounts.

Since 2018-19 was the final year of the smaller Worcestershire Business Rates Pool with a move to the Pan-Worcestershire 75% Pilot for 2019-20, in line with governance arrangements, agreement was reached to redistribute the accumulated Risk Reserve to Pool members in March 2019. The Total Risk Reserve stood at £3.114m as at 31<sup>st</sup> March 2019. This Council's share was £533k and is recognised in the General Fund Accounts.

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is included in the Council's accounts. The Collection Fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet.

**Note 2: NATIONAL NON-DOMESTIC RATES (NNDR) (BUSINESS RATES RETENTION)**

The Council collects National Non-Domestic Rates (NNDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. The Business Rates Retention Scheme, introduced in 2013/14, aims to give councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Local authorities retain a proportion of the total collectable rates due.

The business rates shares payable for 2018-19 were estimated before the start of the financial year as £13.565m to Central Government (£13.141m in 2017-18), £2.442m to WCC (£2.365m in 2017-18), £0.271m to H&WFA (£0.263m in 2017-18) and £10.852m to WFDC (£10.513m in 2017-18). These sums have been paid in 2018-19 and charged to the collection fund in year. When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. The tariff payable by WFDC in 2018-19 was £8.157m (£7.919m in 2017-18).

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2018-19**

**NOTES TO THE COLLECTION FUND ACCOUNT**

**Note 2: NATIONAL NON-DOMESTIC RATES (NNDR) (BUSINESS RATES RETENTION)**  
**(continued)**

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the Valuation Office Agency (VOA) and, as such, are required to make a provision for these amounts. Appeals are charged and provided for in proportion to the precepting shares. The total provision charged to the collection fund for 2018-19 has been calculated at £1.913m (£1.428m in 2017-18) - this included estimates for the effect of backdating of appeals (along with a 100% provision relating to business rates payable on ATM machines).

The Non-Domestic rateable value of the Council's area at 31<sup>st</sup> March 2019 was £75,083,880 (31<sup>st</sup> March 2018 - £75,689,031), based upon the 2017 rating list (representing an increase of 0.8% over the 2010 list). The 2010 list rateable value was £74,469,562 (31<sup>st</sup> March 2018 - £74,878,612). The standard national multiplier for 2018-19 was 49.3p (47.9p in 2017-18) and 48.0p for qualifying Small Businesses (46.6p in 2017-18).

The total income from business rate payers collected in 2018-19 was £28.559m (£28.930m in 2017-18).

**Note 3: COUNCIL TAX**

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimating 1st 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 this Council, WCC, PCC, H&WFA and Town/Parish Councils within Wyre Forest for the forthcoming year and dividing this by the Council Tax base. This basic amount of Council Tax for a band D property, £1,700.69 for 2018-19 (£1,629.80 in 2017-18) is multiplied by the proportion specified for the particular band to give an individual amount due. Council Tax written off in the year amounted to £391,090 (£268,888 in 2017-18).

**WYRE FOREST DISTRICT COUNCIL  
STATEMENT OF ACCOUNTS 2018-19**

**NOTES TO THE COLLECTION FUND ACCOUNT**

**Note 3: COUNCIL TAX (continued)**

The Council taxbase, which is used in the calculation of the Council Tax, is based upon the number of dwellings in each valuation band on the listing produced by the Valuation Office Listing Officer. This is adjusted for exemptions, discounts, disabled banding changes and appeals. The taxbase estimate for 2018-19 was 33,458 (33,034 in 2017-18).

Valuation Band	Number of Dwellings Per Valuation List	Adjustment, Disabled Banding Appeals, Discounts & Exemptions	Full Charge Equivalent	Ratio to Band D Charge	Band D Equivalent
Band A	11,269	(4,446.54)	6,822.46	6/9	4,548.31
Band B	11,485	(2,565.13)	8,919.87	7/9	6,937.68
Band C	11,294	(1,712.90)	9,581.10	8/9	8,516.53
Band D	6,193	(638.89)	5,554.11	1	5,554.11
Band E	3,401	(232.81)	3,168.19	11/9	3,872.23
Band F	1,728	(111.52)	1,616.48	13/9	2,334.91
Band G	1,216	(45.92)	1,170.08	15/9	1,950.14
Band H	127	-	127.00	2	254.00
Total	46,713	(9,753.71)	36,959.29		33,967.91
Less Allowance for Non-Collection District Tax Base					509.91
					33,458.00

Income from Council Tax in 2018-19 was £57.965m (£55.077m in 2017-18).

**Note 4: COLLECTION FUND SURPLUSES AND DEFICITS**

The Council Tax deficit of £0.462m at 31<sup>st</sup> March 2019 will be recovered in subsequent financial years from this Council, WCC, PCC and H&WFA in proportion to the value of the respective precepts and demands made by the four Authorities on the Collection Fund.

The Business Rates deficit of £1.167m at 31<sup>st</sup> March 2019 will be adjusted accordingly in subsequent financial years between this Council, Central Government, WCC and H&WFA in proportion to the value of the respective shares of the Business Rates Retention Scheme.

**Note 5: SIGNIFICANT PRECEPTS/DEMANDS ON THE COLLECTION FUND**

The significant precepts and demands on the Collection Fund in 2018-19, excluding surplus/deficits, are as follows:

	Council Tax £'000	NNDR £'000
Worcestershire County Council	40,564	2,442
Office of the Police and Crime Commissioner for West Mercia	6,594	-
Hereford and Worcester Fire Authority	2,740	271
Wyre Forest District Council (Council Tax includes parishes)	8,065	10,852
Central Government	-	13,565

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2018-19**

**NOTES TO THE COLLECTION FUND ACCOUNT**

**Note 6: ALLOWANCE FOR IMPAIRMENT**

The Collection Fund account provides for bad debts on arrears on the basis of prior years experience and current collection rates.

2017-18			2018-19	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
986	1,031	Allowance for Impairment as at 1 <sup>st</sup> April	796	1,108
(206)	(376)	Past Years Write Offs	(297)	(530)
16	453	Increase in Year	191	316
796	1,108	Allowance for Impairment as at 31 <sup>st</sup> March	690	894

The Wyre Forest District Council share is as follows:

2017-18			2018-19	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
113	443	Wyre Forest District Council Share of Allowance for Impairment as at 31 <sup>st</sup> March	96	358

**Note 7: PROVISION FOR NNDR APPEALS**

The Collection Fund account provides for NNDR appeals against the rateable value set by the VOA not settled at 31<sup>st</sup> March 2019.

	2017-18 £'000	2018-19 £'000
Provision for Appeals as at 1 <sup>st</sup> April	3,261	4,085
Appeals settled in year	(605)	(546)
Increase in Provision	1,429	1,913
Provision for Appeals as at 31 <sup>st</sup> March	4,085	5,452

The Wyre Forest District Council share is as follows:

	2017-18 £'000	2018-19 £'000
Wyre Forest District Council Share of Appeals as at 31 <sup>st</sup> March	1,634	2,181

## WYRE FOREST DISTRICT COUNCIL

### STATEMENT OF ACCOUNTS 2018-19

#### GLOSSARY OF FINANCIAL TERMS

##### **ACCOUNTING POLICIES**

The policies and concepts used in the preparation of the accounts.

##### **ACCRUALS**

Income and expenditure are shown in the accounts in the period they are earned or incurred, not as money is received or paid. All entries shown are therefore in respect of the 2017-18 financial year.

##### **ACTUARY**

An expert on pension scheme assets and liabilities.

##### **AMORTISED COST**

A charge to the CIES that spreads the cost of an intangible asset over a number of years in line with the Council's accounting policies.

##### **ASSET**

Something the Council owns – for example a building, some cash or money owed to it.

##### **ASSET REGISTER**

Each Local Authority is required to compile a register of all its capital assets (examples include premises, vehicles, equipment and computer systems). Each asset must be professionally valued, generally at replacement cost, every five years. Capital charges for the use of assets are calculated on the values contained in the Asset Register.

##### **AUDIT OPINION**

The auditor's opinion on whether the Council's accounts show a true and fair view of its financial affairs. If the auditors are satisfied with the accounts, they will issue an unqualified audit opinion.

##### **BALANCE SHEET**

A year-end statement prepared by all public and private sector organisations, which shows the net assets controlled by the organisation and how these have been funded. The Balance Sheet is known as the Statement of Financial Position under IFRS.

##### **BUDGET**

A statement detailing the Council's financial policy over a specified period of time.

##### **CAPITAL ADJUSTMENT ACCOUNT**

Capital Adjustment Account – this reflects the timing difference between the cost of fixed assets consumed and the capital financing set aside to pay for them

##### **CAPITAL EXPENDITURE**

Expenditure on acquisition, construction or improvement of assets (property, plant and equipment) which have a value to the authority for more than one year e.g. land and buildings.

##### **CAPITAL PROGRAMME**

The Authority's plan of capital expenditure on capital schemes/projects for current and future financial years, including details on the funding of the programme.

##### **CAPITAL RECEIPTS**

Income from the sale of capital assets, such as land or buildings, which may also be available to finance other items of capital (but not revenue) expenditure.

## **WYRE FOREST DISTRICT COUNCIL**

### **STATEMENT OF ACCOUNTS 2018-19**

#### **GLOSSARY OF FINANCIAL TERMS (continued)**

##### **CODE OF PRACTICE ON LOCAL GOVERNMENT ACCOUNTING (THE CODE)**

The Code is the framework for publishing local authority statutory accounts based on accounting standards and interpretations issued by the IASB and IFRIC, modified to reflect specific statutory requirements.

##### **COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

A statement of the Council's net revenue costs in the year and how this cost was financed by Government grant and taxpayers.

##### **CONTINGENT LIABILITY**

A possible or present obligation which is difficult to quantify, or which may not come to pass (A Liability which can not be reasonably estimated and may, or may not be incurred depending on the outcome of a future event).

##### **COUNCIL TAX**

A tax collected by the District Council which is payable at the same rate by each household in the same valuation band in the same area. There are eight Council Tax bands and how much each household pays depends upon the value of the homes. The majority of Council tax income is distributed to Precepting Authorities.

##### **COUNCIL TAXBASE**

The Council Tax base of an area is equal to the number of band D equivalent properties. To calculate this, the Council counts the number of properties in each band and works out an equivalent number of band D properties. For example, one band H property is equivalent to two band D properties; because it attracts twice as much tax.

##### **COUNCIL TAX DISCOUNTS AND EXEMPTIONS**

Discounts are available to people who live alone and owners of homes that are not anyone's main home. Council Tax is not charged for certain properties, known as exempt properties, such as those lived in only by students.

##### **COUNCIL TAX REDUCTION SCHEME**

A locally determined scheme which sets the system to calculate amounts deducted from the bills of working age Council Tax payers. The scheme sets the maximum discount that can be given, so there is a minimum percentage of the Council Tax bill that all tax payers must pay. This is 20%.

##### **COUNTERPARTY REPORT**

List of approved Financial Institutions the Council can invest surplus funds with. This is based on Credit Ratings criteria approved by Council within the Treasury Management Policy.

##### **CREDITORS**

Amounts owed by the District Council for work done, goods or services received but for which payment has not been made by the end of the accounting period.

##### **CURRENT ASSET OR LIABILITY**

An asset or liability the Council expects to hold for less than one year.

##### **DEBTORS**

Amounts due to the District Council but unpaid by the end of the accounting period.

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2018-19**

**GLOSSARY OF FINANCIAL TERMS (continued)**

**DEPRECIATION**

The measure of the cost or revalued amount of the benefits of an asset that have been consumed/used during the financial year. Consumption includes wear and tear, age and obsolescence.

**DIRECT REVENUE FINANCING**

Revenue resources used to finance Capital Expenditure.

**DISCOUNTED CASH FLOW**

A method of assessing investments taking into account the expected accumulation of interest.

**EARMARKED RESERVES**

Amounts set aside for purposes falling outside the definition of provisions.

**EXPENDITURE AND FUNDING ANALYSIS**

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates.

**FAIR VALUE**

The amount for which an asset or liability could be exchanged between knowledgeable, willing parties in an arm's length transaction.

**FEES AND CHARGES**

In addition to income from the council tax, retained business rates and grants from Government, Local Authorities charge for numerous services including car parking.

**FINANCE LEASE**

An arrangement whereby the party leasing the asset has most or all of the use of an asset, and the lease payments are akin to repayments on a loan.

**FINANCIAL INSTRUMENT**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Examples include borrowings, loans receivable and investments.

**FINANCIAL REGULATIONS & STANDING ORDERS**

The rules and procedures that the Council's financial affairs are operated within.

**FINANCIAL STATEMENTS**

Another term for the Statement of Accounts.

**GOVERNMENT GRANTS**

Payments by Central Government towards the cost of Local Authority services. These are either for particular purposes or services (specific grants) or in aid of local services generally (revenue support grant).

**HEREDITAMENT**

A property appearing in a valuation list upon which business rates are levied. Applies to non-domestic property.

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2018-19**

**GLOSSARY OF FINANCIAL TERMS (continued)**

**HOUSING BENEFIT (see also note on Universal Credit)**

This scheme provides financial assistance towards the domestic rent payments of tenants in registered social landlord or privately owned accommodation, whose incomes fall below prescribed amounts.

The District Council is reimbursed by the Government for 100% of the cost as well as a Government contribution towards the cost of administering Housing Benefit.

**IMPAIRMENT**

A reduction in the value of a fixed asset below its carrying amount on the balance sheet arising from obsolescence or physical damage such as a major fire or a significant reduction in market value.

**INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

The accounting standard introduced from 2010-11.

**INVENTORIES**

Previously referred to as Stock – items purchased and paid for but not yet used.

**LIABILITY**

Something the Council owes – for example an overdraft, a loan, or a bill it has not yet paid.

**LIQUID RESOURCES**

These are assets that are readily converted into cash without significant loss, e.g. short term investments.

**MOVEMENT IN RESERVES STATEMENT (MIRS)**

A statement which analyses movements in the Council's usable and unusable reserves during the year.

**NATIONAL NON-DOMESTIC RATES (BUSINESS RATES) (NNDR)**

A business tax collected locally by District Councils.

**NET PRESENT VALUE**

Provides an estimate of the value of payments in the future in today's terms, as at the Balance Sheet date.

**NEW BURDENS**

A new burden is defined as any Central Government policy or initiative which increases the cost of providing local authority services.

**NON-CURRENT ASSETS**

A tangible asset which is intended to be used for several years, such as a vehicle or building, previously referred to as Fixed Assets.

## **WYRE FOREST DISTRICT COUNCIL**

### **STATEMENT OF ACCOUNTS 2018-19**

#### **GLOSSARY OF FINANCIAL TERMS (continued)**

##### **NON-OPERATIONAL ASSETS**

Council assets not directly used in the provision of services, such as surplus assets.

##### **OPERATING LEASES**

This is where the rewards and risks of ownership of the asset remain with the leasing company and the annual rental is charged directly to the revenue account.

##### **OPERATIONAL ASSETS**

Council owned fixed assets used to deliver services, such as buildings and equipment.

##### **OUTTURN**

Actual income and expenditure.

##### **PRECEPT**

This is the amount of council tax income that County Councils, Police and Crime Commissioners, Fire Authorities and Parish/Town Councils need to provide their services. The amounts for all Local Authorities providing services in an area appear on one council tax bill which is issued by the District Council.

##### **PROVISIONS**

These are monies set aside to meet any liabilities or losses which are likely or will be incurred, but the amounts or the dates on which they will arise are uncertain e.g. provision for bad debts.

##### **PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES**

CIPFA developed a professional code of practice to support local authorities in taking capital investment decisions. The key objectives of the code are to ensure, within a clear framework, that local authorities' capital investment decisions are affordable, prudent and sustainable; that treasury management decisions are taken in accordance with good professional practice; and that local strategic planning, asset management planning and proper option appraisal are supported.

##### **RATEABLE VALUE**

A value placed on all non-domestic properties subject to business rates to which a uniform rate poundage is applied to arrive at rates payable. The value is based on a notional rent that property could be expected to yield after deducting the cost of repairs.

##### **RESERVES**

These are monies set aside to meet the cost of specific future expenditure.

##### **REVALUATION RESERVE**

Revaluation Reserve – this records the unrealised net gains from revaluations made after 1<sup>st</sup> April 2007.

##### **REVENUE BALANCES**

The accumulated surplus or deficit of income over expenditure.

##### **REVENUE EXPENDITURE**

This is expenditure incurred on the day to day provision of services and consists principally of pay costs, capital charges and general running expenses in respect of the financial year.

## **WYRE FOREST DISTRICT COUNCIL**

### **STATEMENT OF ACCOUNTS 2018-19**

#### **GLOSSARY OF FINANCIAL TERMS (continued)**

##### **REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

Capital expenditure for which no tangible fixed asset exists is now classified as Revenue Expenditure Funded from Capital Under Statute and is charged to the Comprehensive Income and Expenditure Statement.

##### **REVENUE SUPPORT GRANT**

A central government grant given to local authorities which can be used to finance revenue expenditure on any service. The amount of Revenue Support Grant to be provided to authorities is established through the local government finance settlement.

##### **SUPPORT SERVICES**

The provision of services by the central divisions of the Council in respect of finance, personnel, legal, policy, administration, information technology and property.

##### **TRUE AND FAIR**

It is the aim of the accounts to show a true and fair view of the Council's financial position. In other words they should faithfully represent what has happened in practice.

##### **UNIVERSAL CREDIT (see also definition of Housing Benefit above)**

Universal Credit is a payment to help low income households with living costs and has replaced the following benefits:

- Child Tax Credit
- Housing Benefit (see separate definition above)
- Income Support
- income-based Jobseeker's Allowance (JSA)
- income-related Employment and Support Allowance (ESA)
- Working Tax Credit

No new claims for Housing Benefit can be made, with the following exceptions:

- Pension age claimants
- Claimants living in specified accommodation (supported housing)
- Claimants moving to temporary housing (homeless)

The existing Housing Benefit caseload for working age claims is due to be migrated to Universal Credit with a completion timetable of 2022.

##### **UNREALISED GAINS AND LOSSES**

Gains and losses may be realised or unrealised. Unrealised gains and losses are gains and losses that the Council has recognised in its accounts but which are potential as they have not been realised. An example of a gain that is recognised but not realised is where the value of assets has increased. The gain is realised when the asset is sold.

##### **VIREMENT**

The authorised transfer of an underspend in one budget head to another head.

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2018-19**  
**List of commonly Used Acronyms**

<b>Acronym</b>	<b>Description/Definition</b>
<b>AGS</b>	Annual Governance Statement – this provides an overview of the Governance arrangements within the Council, along with any potential weaknesses.
<b>BID</b>	Business Improvement District - a defined area in which a levy is charged on all business rate payers in addition to the business rates bill. This levy is used to develop projects which will benefit businesses in the local area.
<b>CFR</b>	Capital Financing Requirement – measures the authority’s underlying need to borrow, or finance by other long-term liabilities, its capital expenditure.
<b>CIES</b>	Comprehensive Income and Expenditure Statement – This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practice rather than the amount to be funded from taxation.
<b>CIPFA</b>	Chartered Institute of Public Finance and Accountancy – the institute that sets the accounting rules and guidance for Local Government.
<b>CLT</b>	Corporate Leadership Team of Wyre Forest District Council.
<b>DMADF</b>	Debt Management Account Deposit Facility - offered by the Debt Management Office (Bank of England) to provide users with a flexible and secure investment facility.
<b>DRC</b>	Depreciated Replacement Cost – valuation method used within the Statement of Accounts relating to the Replacement Cost less any accrued depreciation.
<b>DWP</b>	Department for Works and Pensions – largest central government department which amongst its responsibilities are Benefits payments.
<b>FTE</b>	Full-time equivalent – relates to employee numbers.
<b>GDPR</b>	General Data Protection Regulation - the GDPR applies to ‘personal data’ meaning any information relating to an identifiable person who can be directly or indirectly identified in particular by reference to an identifier.
<b>HMRC</b>	Her Majesty’s Revenue and Customs – central government organisation responsible for the administration and collection of national taxes including VAT.
<b>IAS</b>	International Accounting Standard – these provide detailed guidance on the application of IFRS.
<b>IASB</b>	International Accounting Standards Board – governing body of expertise on accounting standards.
<b>IFRIC</b>	International Financial Reporting Interpretations Committee
<b>IFRS</b>	International Financial Reporting Standards – international framework to ensure common approach to the production of Statement of Accounts across the world.
<b>LAAP</b>	Local Authority Accounting Panel – issues LAAP Bulletins to local authority practitioners. These Bulletins provide guidance on topical issues and accounting developments and when appropriate provide clarification on the detailed accounting requirements.
<b>LASAAC</b>	Local Authority (Scotland) Accounts Advisory Committee – operates in the same way as CIPFA within England, and often works in partnership with CIPFA on accounting guidance through a Joint Committee.
<b>LATC</b>	Local Authority Trading Company - companies that are free to operate commercially but remain wholly owned by the parent local authority. As a trading organisation, they can provide their services to a much wider market than a council department and, crucially, they can generate income, to be ploughed back into the LATC itself or the wider council.
<b>LEP</b>	Local Enterprise Partnership (the Council is a member of both the Greater Birmingham and Solihull Local Enterprise Partnership and Worcestershire Local Enterprise Partnership) – partnerships of businesses, local authorities and universities that support private sector growth and job creation.
<b>LGA</b>	Local Government Association – the body that represents Local Government nationally, this body has a key lobbying role with central government.

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2018-19**  
**List of commonly Used Acronyms**

<b>Acronym</b>	<b>Description/Definition</b>
<b>LLP</b>	Limited Liability Partnership
<b>MHCLG</b>	Ministry of Housing, Communities and Local Government – central government department which has the responsibility for Local Government. This replaced the Department of Communities and Local Government (DCLG).
<b>MIRS</b>	Movement in Resources Statement – represents the changes in the Council’s financial resources.
<b>MRP</b>	Minimum Revenue Provision – this represents the minimum which authorities must repay on their debts each year.
<b>NDR or NNDR</b>	National Non-Domestic Rates – sometimes called business rates – these are collected by Local Authorities and are the way that those who occupy non-domestic property contribute towards the cost of local services.
<b>PBSE</b>	Post Balance Sheet Event – an event taking place after the Balance Sheet event that may either be noted or adjusted in the accounts depending on its relevance.
<b>PPE</b>	Property Plant and Equipment – IFRS terminology for fixed assets.
<b>PWLB</b>	Public Works Loan Board – this is a central government body which makes loans to local government and other prescribed public bodies from the National Loans Fund.
<b>RICS</b>	Royal Institution of Chartered Surveyors – is an independent, representative professional body which regulates property professionals and surveyors in the United Kingdom and other sovereign nations.
<b>S151</b>	Section 151 – this refers to Section 151 of the Local Government Act 1972 where it states that every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.
<b>SOLACE</b>	Society of Local Authority Chief Executives – professional organisation for Chief Executives and Senior Managers within Local Government.
<b>VFM</b>	Value for Money – this represents a formal review by the auditors on whether the Council is delivering Value for Money to its residents. This opinion forms part of the overall audit certificate.
<b>WBRP</b>	Worcestershire Business Rates Pool - Under the business rates retention scheme local authorities are able to come together, on a voluntary basis, to pool their business rates, giving them scope to generate additional growth through collaborative effort and to smooth the impact of volatility in rates income across a wider economic area. At 31 <sup>st</sup> March 2019 the members of the WBRP were Worcestershire County Council (Lead Authority), Wyre Forest District Council, Wychavon District Council and Worcester City Council.