

***Statement  
of  
Accounts  
2014/2015***



**Wyre Forest**  
District Council

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2014/15**

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## WYRE FOREST DISTRICT COUNCIL

### STATEMENT OF ACCOUNTS 2014/15

#### **1. FINANCIAL FOREWORD**

Welcome to the Council's Statement of Accounts for the year ended 31<sup>st</sup> March 2015. This details the financial position of the Council for the last year along with accompanying notes and explanations of the main issues affecting the Council.

The most significant issue facing the Council remains its financial position. The updated medium term financial strategy, approved by February Council, provides a balanced approach for the next three years. It will draw on general reserves after 2014/15 at a rate of up to about £550k a year and this is now the scale of savings that needs to be achieved by further efficiency measures and potentially some service changes.

The cross-party Cabinet Financial Strategy Advisory Panel was established in August 2014 to inform and scrutinise the budget process. The work of the Panel fed into key decisions about the shape of the strategy finally approved at the Council Tax setting meeting. Following this process, the Council set the budget for 2015/16, including a 1.94% increase in Council Tax, increased emphasis on income generation, and continued investment in the key priority of economic and regeneration initiatives, aided by membership of both the Worcestershire and Greater Birmingham & Solihull Local Enterprise Partnerships.

Our net revenue budget will have reduced from £16.4m in 2009/10 to £11.47m in 2017/18 based upon current plans. This represents a fall of around 30% in absolute terms, and more in real terms. The total savings target from the Wyre Forest Forward programme including all Cabinet Proposals have been increased to £2.284m in 2017/18, of which projections show we should achieve £2.005m in 2017/18 (almost 88%); forecast as at mid June 2015. The further target is challenging but achievable, especially when we consider the Council's strong track record in reducing expenditure since 2009. The proposals go a very considerable way towards closing the gap between what we are spending and our income. Alongside this significant reduction, the Council is overseeing its most significant capital investment programme in many years, including the new leisure centre and the award of this contract confirms significant financial savings for the Council going forward, as well as securing first class leisure provision. Major injections of finance also continue in the Council's key priority of securing the economic prosperity of the district.

We know that Government funding will fall further in the future, and post general election there is continued uncertainty over funding including the continuation of the current New Homes Bonus. Following the Chancellor's Emergency Budget on 8<sup>th</sup> July 2015 it now looks likely that Local Government will be asked to come up with savings plans of between 25% and 40% of their budgets over the term of this Parliament. The impact on individual Councils will not be known until the Autumn Statement on the 25<sup>th</sup> November 2015 at the earliest.

There was a lower contribution to General Reserves of £264k from the 2014/15 accounts; a reduction of around £290k as a direct result of Business Rates appeals compared to the previously reported saving of £550k for this year. This will be confirmed at Audit Committee on the 28<sup>th</sup> September 2015.

This was the second year of the Business Rates Retention Scheme and the Worcestershire Business Rates Pool was unable to protect the member Councils including Wyre Forest against the severe impact of the General Practitioner (Doctors) Surgery appeals in 2014/15 notified in August 2015. Membership of the Worcestershire Business Rates Pool will be reviewed in view of the risk of the impact of such Valuation Office decisions over which the billing authorities have no control.

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2014/15**

**1. FINANCIAL FOREWORD (continued)**

The Working Balance remains at £1m. There was a surplus of £264k compared to the planned surplus of £293k (revised budget). This is after a contribution to two risk reserves of £250k (the first was £100k to top up the Business Rates Risk Reserve; the second was £150k to replenish the Transformation Fund). Whilst this is not great news for the Financial Strategy going forward the additional contributions to the risk reserves are necessary and the Council remains in a relatively strong financial position subject to future funding announcements.

An overview of issues now faced, together with our planned response to ensure that the Council is ready to meet future challenges, is summarised below:-

**Overview of key issues facing the District and the Council**

Work will continue over the coming period as the budget is progressed to ensure savings targets are achieved, as the uncertainty about future levels of Government grant support and Business Rates funding, in particular appeals, remain. There will be early work on the Medium Term Financial Strategy with the new political administration to explore options to ensure ongoing financial sustainability.

**Key actions implemented against the priorities set in the Corporate Plan**

- a. **Significant progress in achieving the target for savings in the previous medium term financial strategy** including the Wyre Forest Forward transformation programme.
- b. **Award of the contract to design, build, maintain and operate the new leisure centre to Places for People, saving at least £390k a year.** The centre is due to open in the summer of 2016, when the existing sites in Kidderminster and Stourport will close and be available for redevelopment. Since award of the contract, the first tranches of borrowing have been undertaken at rates significantly lower than had been projected, which will add to the annual savings. The successful bid to Sport England for capital funding of £2m assisted significantly with the level of savings. This funding award recognises the quality of the Council's plans to rationalise provision and invest in modern leisure facilities.
- c. **We have redoubled our efforts to generate more income from our services, activities and assets.** Over £90k of additional income has been generated in 2014/15 from depot-based services, cultural and arts events and so on. In March 2015, we welcomed dhjh LLP and Worcestershire Regulatory Services to Wyre Forest House. We will achieve income of £150k in a full year from these important tenancies, which mean that all the space that we had available for letting to partners has been taken.
- d. **Significant progress continues to be made with regeneration of the district.** Last summer's announcement about a significant investment by Amtek in the redundant recycling site on Stourport Road is the most compelling recognition of the benefits of investing and expanding in Wyre Forest. Further significant announcements have also been made. We are still the only district in Worcestershire with an up-to-date local development plan, and we have maintained a clear focus on working to support businesses at all stages in their development.

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2014/15**

**1. FINANCIAL FOREWORD (continued)**

- e. **We have continued to review and streamline internal processes** to make the Council as efficient as possible and reduce cost. Work under the Wyre Forest Forward transformation programme continues and members continue to be fully briefed on the major cross-cutting reviews.

The Council has occupied Wyre Forest House since September 2012 and has reported the achievement of annual revenue savings, which significantly exceed the business case projection of £500k. The capital account is yet to be finalised because of various unresolved issues. Gas heating has now been installed to supplement the ground source heat pump and negate the need for additional portable heaters in the colder months. Whilst the cost of this has been met by the Council, the scheme remains within the approved capital budget. Independent technical advice has been received to allow us to protect the Council's position in discussions with the contractor.

**The progress that we have made in transforming the Council**

We have continued with the arrangements for involving Members in the Wyre Forest Forward transformation programme. There is a regular meeting of Group Leaders, the Leader, the Deputy Leader and the Corporate Leadership Team (CLT), to oversee all aspects of the programme; and we have continued with regular meetings of the Members' Forum to ensure that Members are briefed on key issues and that they receive reports back from members sitting on external bodies.

In October, the Appointments and Appeals Committee completed its work on the structure of the CLT, following an independent review. The decision was to implement an "enhanced status quo". This has been reflected in the way that discussions in the regular meetings of Cabinet and CLT focus more on strategic issues, as well as how CLT spends its time as a collective body.

As highlighted above, these remain extremely challenging times for the Council as we come to grips with an environment where funds will continue to reduce and transformation and savings are essential. The Financial Strategy 2015/18 approved by Council in February 2015 provides a stable financial platform from which to move forward.

If you have any queries relating to this foreword or the rest of the Statement of Accounts please do not hesitate to contact us.

Tracey W Southall CPFA  
Chief Financial Officer

Nathan J Desmond  
Cabinet Member for Resources

28<sup>th</sup> September 2015

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2014/15**

**2. EXPLANATORY FOREWORD**

This foreword provides a brief explanation of the financial aspects of the Council's activities during the last year and draws attention to the main characteristics of the Council's financial position.

The Statement of Accounts for 2014/15 was presented to the Council's Audit Committee on 29<sup>th</sup> June 2015 and was signed by the Chief Financial Officer, meeting the end of June deadline.

The accounts present a true and fair financial position of Wyre Forest District Council for the financial year ended 31<sup>st</sup> March 2015. Up to date and proper accounting records have been maintained in accordance with the accounting policies outlined in this document (Note 1) including compliance with the statutory International Financial Reporting Standards (IFRS).

The Chief Executive and Leader of the Council are required to confirm that the Council's governance arrangements, reflected in the Annual Governance Statement, can be relied upon to produce an accurate Statement of Accounts.

The Council's accounts for the financial year ended 31<sup>st</sup> March 2015, that follow, mainly comprise:

**(a) Movement in Reserves Statement**

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

**(b) The Comprehensive Income and Expenditure Statement**

This account brings together income and expenditure relating to all of the Council's functions. It demonstrates and reconciles the accounting costs of providing services in accordance with generally accepted accounting practices; it does not show the amount to be funded from the taxpayers, as the accounting cost is different from this.

**(c) The Balance Sheet**

This is fundamental to the understanding of the Council's year end financial position. It shows the balances and reserves at the Council's disposal, including its long term indebtedness, the current assets employed in its operations, the Collection Fund and summarised information on the fixed assets held. The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown on the Balance Sheet, have increased by £11m during the year as a result of changes to the financial assumptions. The main change relates to the reduction in the discount rate used by the Actuary to discount the future cash flows of the pension fund. The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation. Further details are given in Note 34.

## **WYRE FOREST DISTRICT COUNCIL**

### **STATEMENT OF ACCOUNTS 2014/15**

#### **2. EXPLANATORY FOREWORD (continued)**

##### **(d) The Cash Flow Statement**

This statement summarises major changes of the Council's funds over the period of the financial year. 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 authority 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.

##### **(e) The Collection Fund Income and Expenditure Account**

This reflects the statutory requirement to maintain a separate Collection Fund. The account records income received from the Council Tax and Business Rates. It also shows the distribution of that income to the billing authority (Wyre Forest District Council), Central Government and precepting authorities such as Worcestershire County Council, The Office of the Police and Crime Commissioner for West Mercia and The Hereford and Worcester Fire Authority.

The Business Rates Retention Scheme is in its second year and the main aim is to give Councils a greater incentive to grow businesses in their areas. It does, however, also increase the financial risk due to non-collection and the volatility of the Business Rates tax base. The scheme allows the Council to retain a proportion of the total Business Rates received. The share retained by this Council is 40% with the remainder paid to Central Government (50%), Worcestershire County Council (9%) and Hereford and Worcester Fire Authority (1%).

#### **3. 2014/15 BUDGET**

At its Council meeting on 26<sup>th</sup> February 2014 Wyre Forest District Council set a budget of £12.996 million and a Band D Equivalent Council Tax of £201.45 (£197.62 in 2013/14).

Total reserves available for the Finance Strategy increased from £3.295 million as at 31<sup>st</sup> March 2014 to £3.559 million as at 31<sup>st</sup> March 2015 (including £1 million Working Balance). The original approved Budget showed a planned contribution to general reserves of £104,370, however there was a net contribution to general reserves of £263,890 in 2014/15.

#### **4. BUDGET OUTTURN**

The main areas of the Council's expenditure are Employee Costs, Running Expenses and Grants & Benefits. This expenditure is funded by Specific Government Grant, Fees & Charges, Council Tax, Business Rates, Revenue Support Grant and the Council's reserves.

The main components of the budget for the year ended 31<sup>st</sup> March 2015, and how these compared with actual expenditure, are set out below.

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2014/15**

**4. BUDGET OUTTURN (continued)**

(a) Revenue Expenditure - General Fund Services

	<b>Estimated Expenditure (Income) £'000</b>	<b>Actual Expenditure (Income) £'000</b>
Gross Expenditure on Services	53,451	53,816
Less: Gross Income	(40,096)	(40,780)
Net Expenditure on Services	13,355	13,036
Less: Taxation and Non-specific Grant Income	(12,996)	(12,837)
Precept to Parish Councils	(463)	(463)
Net Surplus for Year*	(104)	(264)

The Net Variance is accounted for as follows:	<b>£'000</b>	<b>£'000</b>
Increase in Employee & Staff Related Costs	24	
Reduction in Fees, Charges and Other Income	23	
Reduction in the Cost of Administration	(94)	
Net Savings from Services	(95)	
Rescheduled Capital Financing Charges and Improved External Interest	(384)	
Creation of Earmarked Reserves	207	
Total Variations in Net Expenditure on Services		(319)
Reduction in Taxation and Non-specific Grant Income		159
<b>*Increase in Net Surplus for Year</b>		<b>(160)</b>

This financial year was significant in the way that savings were realised against both original and revised budget through a variety of initiatives including reductions in staffing levels and cost reductions. These initiatives afforded the opportunity to create earmarked reserves that will allow the Council to better meet the financial challenges ahead.

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2014/15**

**4. BUDGET OUTTURN (continued)**

(b) Capital Expenditure and Capital Receipts

During the financial year 2014/15, the Council spent £4.512 million on capital schemes (£2.165 million in 2013/14). The majority of this relates to expenditure on fixed assets and the payment of Disabled Facilities/Housing Assistance Grants. The major capital schemes were the Future Leisure Provision, contribution towards replacement of Civic Facilities in Stourport-on-Severn, the Council's ICT Strategy, Regeneration and the Vehicle Replacement Programme.

This capital expenditure was financed by the application of capital receipts of £1.223 million (£0.832 million in 2013/14), prudential borrowing of £2.573 million (£0.295 million in 2013/14), by the application of grants and contributions of £0.712 million (£1.028 million in 2013/14) and direct revenue financing of £0.004 million in 2014/15 (£0.010 million in 2013/14).

The total external loans outstanding stood at £10.21 million at the end of the financial year (£5.32 million in 2013/14).

**5. COLLECTION FUND**

The Collection Fund Accounts for 2014/15 are shown on page 75 of this Statement. The Council Tax position has improved from a surplus of £0.787 million at 31<sup>st</sup> March 2014 to a surplus of £1.327 million as at 31<sup>st</sup> March 2015. This surplus, together with next year's projection, will be taken into account when setting the Council Tax for 2016/17. The Council Tax collection rate for the year was 96.46% (97.11% in 2013/14).

From 1<sup>st</sup> April 2013 the local government finance regime was revised with the introduction of the Business Rates Retention Scheme. In 2014/15 the Business Rates deficit was £2.590 million, of which the share for this Council is £1.036 million. This deficit includes the estimated impact of the GP Surgery appeals notified in August 2015. This will be taken into account in 2015/16. However, the Council created an earmarked reserve in the 2014/15 accounts to mitigate the impact. The Business Rates collection rate for the year was 97.28% (96.92% in 2013/14).

**6. ACCOUNTING POLICIES**

The accounting policies adopted by the Council comply with the relevant recommended accounting practices. The notes to the accounts form part of the accounts.

The CIPFA/LASAAC Joint Committee has fully incorporated the requirements of the International Financial Reporting Standards (IFRS) into the Code of Practice on Local Authority Accounting in the United Kingdom (The Code). This includes recognition of the net pension liability and a pensions reserve in the Balance Sheet and entries in the Comprehensive Income and Expenditure Statement and Movement In Reserves Statement for movements in this liability.

Further information about the Council's Finances is available from:

***Tracey W Southall, C.P.F.A. Chief Financial Officer***  
**Wyre Forest House, Finepoint Way**  
**KIDDERMINSTER**  
**Worcestershire, DY11 7WF**

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2014/15**

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

**The Authority's Responsibilities**

The authority 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 Chief Financial 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 Chief Financial Officer's Responsibilities**

The Chief Financial Officer 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 Chief Financial Officer has:

- (a) selected suitable accounting policies and applied them consistently;
- (b) made judgements and estimates that were reasonable and prudent;
- (c) complied with the Local Authority Code.

The Chief Financial Officer 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.

## **WYRE FOREST DISTRICT COUNCIL**

### **STATEMENT OF ACCOUNTS 2014/15**

#### **ANNUAL GOVERNANCE STATEMENT 2014/15**

##### **Scope of 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 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 The Worcestershire Hub at Wyre Forest Customer Services Centre, the Town Hall, Kidderminster. This statement explains how Wyre Forest District Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2011 in relation to the publication of a statement on internal control.

##### **The Purpose of the Governance Framework**

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

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

The governance framework has been in place at Wyre Forest District Council for the year ended 31<sup>st</sup> March 2015 and up to the date of approval of the statement of accounts.

##### **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 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 arrangements have been implemented to provide a robust framework to deliver good governance. The core principles of governance are:

## **WYRE FOREST DISTRICT COUNCIL**

### **STATEMENT OF ACCOUNTS 2014/15**

#### **ANNUAL GOVERNANCE STATEMENT 2014/15 (continued)**

1. Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
2. Members and officers working together to achieve a common purpose with clearly defined functions and roles
3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
5. Developing the capacity and capability of Members and officers to be effective
6. Engaging with local people and other stakeholders to ensure robust public accountability

#### **Delivery**

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.

#### **Review of Effectiveness**

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 Section 151 Officer's annual report as Chief Financial Officer, 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.

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2014/15**

**ANNUAL GOVERNANCE STATEMENT 2014/15 (continued)**

Regular reviews are carried out by the Corporate Leadership Team, including during March and again in May 2015. These reviews take into account:

- the Internal Audit Annual Assurance report from the Section 151 Officer as Chief Financial Officer in consultation with the Principal Auditor for 2014/15;
- comments of other review agencies, inspectorates and external bodies;
- the findings and recommendations of the External Auditor's Annual Audit Letter reported to the Audit Committee on 1<sup>st</sup> December 2014.

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 (Chief Financial Officer)

The constitution is under constant review, to ensure that it remains fit for purpose; a more fundamental review was undertaken in 2014/15 to ensure it is updated to reflect the ongoing Systems Thinking service reviews that form part of the Wyre Forest Forward Programme. This will continue in 2015/16.

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 Annual Audit Letter as reported to the Audit Committee on 1<sup>st</sup> December 2014 was considered at its meeting on the 30<sup>th</sup> March 2015.

The Council's Chief Financial Officer has the 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 their 3-year audit plan (2012/15).

The Council's Internal Audit complies with the UK Public Sector Internal Audit Standards – April 2013 as formally adopted. The December 2013 and March 2014 Audit Committees approved the Internal Audit Charter in compliance with the UK Public Sector Internal Audit Standards. A number of other internal and external reports considered the challenges around governance, including the Grant Thornton 2014 Governance Review to ensure all appropriate controls and updates are in place across the Council. The March 2015 Audit Committee considered and noted the Audit Commission report Protecting the Public Purse together with a detailed checklist for Wyre Forest. This highlighted the risks posed by fraud to local authorities and used the checklist to review the Council's fraud arrangements. This is particularly relevant given that the risk of fraud tends to increase in austere times and the need to focus on non benefit fraud following the transfer of the benefit investigators to the DWP Single Fraud Investigation Service in November 2014. A new part-time Corporate Fraud Investigator/Corporate Debt Recovery post has been approved by the Leadership team in March 2015 to mitigate this risk. This new post will work closely with the Revenues Compliance Officer.

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2014/15**

**ANNUAL GOVERNANCE STATEMENT 2014/15 (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 each Audit Committee with their Update Reports being of particular interest. In addition to this, the Council is also subject to formal review by other inspectorates, these reviews are considered by the Council's Cabinet.

The results of the review of the effectiveness of the governance framework by the Audit Committee have been identified, and a plan to address weaknesses and ensure continuous improvement of systems is shown below.

**Significant Governance Issues**

The main issues, which are being or need to be addressed during the coming year, include:

- Progression of the Leisure Future project to ensure that the Council meets the future needs of the District and that our appointed partner Places for People remains on target to deliver the affordable and sustainable leisure facility on the Silverwoods site;
- Continued progression of the challenging Wyre Forest Forward programme and associated transformation projects, including robust monitoring with the opportunity to challenge as appropriate, against savings plans, including the potential depot relocation;
- Maintain financial resilience by securing approval of a Medium Term Financial Strategy with a fully balanced budget, taking into account the ongoing challenges of the impact of further resource reviews following the General Election including the Business Rate Review, progression of Welfare Reform and further work around income generation and expenditure reductions;
- Maintaining resilience in the governance process following the all-out local elections in May 2015, with particular regard to the increasingly complex array of partnership agreements the Council signs up to as part of its pursuit of innovative alternative service delivery solutions including localism, joint operations and potentially devolution and combined authorities;
- Maintaining financial resilience with reduced resources across Enabling teams, particularly in view of the two-phase "Help me Make Good Financial Decisions" Intervention work stream;
- Maintaining ICT resilience to ensure a secure network, ensuring the ICT infrastructure is protected adequately from attacks and threats;
- Focus on non benefit fraud utilising the Compliance Officer and new Corporate Fraud Investigator/Corporate Debt Recovery resources. Performance and impact of these new resources to be closely monitored.

We propose over the coming year to take steps to address the above matters 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.

Signed

Ian R Miller  
Chief Executive

28<sup>th</sup> September 2015

Marcus J Hart  
Leader of the Council

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2014/15**

**MOVEMENT IN RESERVES STATEMENT**

This statement shows the movement in the year 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 reserves. The Surplus/(Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

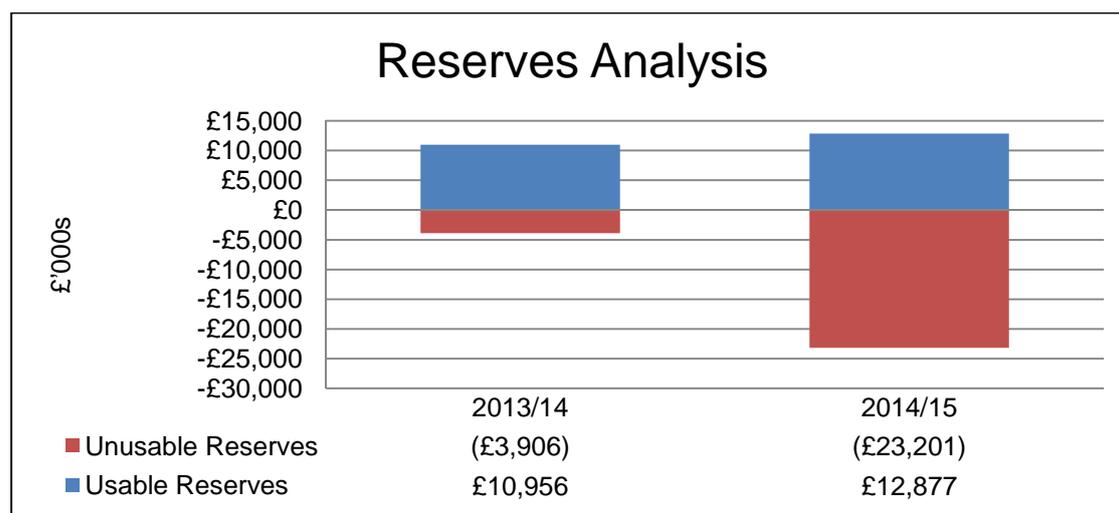
Notes	General Fund Balance 6	Earmarked Reserves 7	Capital Receipts Reserve	Capital Grants Unapplied	<b>Total Usable Reserves</b>	<b>Total Unusable Reserves 22</b>	<b>Total Reserves</b>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2014</b>	<b>3,295</b>	<b>4,955</b>	<b>2,129</b>	<b>577</b>	<b>10,956</b>	<b>(3,906)</b>	<b>7,050</b>
Surplus/(deficit) on provision of services	(5,612)	-	-	-	(5,612)	-	(5,612)
Other comprehensive income & expenditure	-	-	-	-	-	(11,762)	(11,762)
Total comprehensive income & expenditure	(5,612)	-	-	-	(5,612)	(11,762)	(17,374)
Adjustments between accounting basis & funding basis under regulations	7,992	-	(316)	(143)	7,533	(7,533)	-
Net increase/ (decrease) before transfers to earmarked reserves	2,380	-	(316)	(143)	1,921	(19,295)	(17,374)
Transfers to/(from) earmarked reserves	(2,116)	2,116	-	-	-	-	-
Increase/ (decrease) in year	264	2,116	(316)	(143)	1,921	(19,295)	(17,374)
<b>Balance at 31 March 2015</b>	<b>3,559</b>	<b>7,071</b>	<b>1,813</b>	<b>434</b>	<b>12,877</b>	<b>(23,201)</b>	<b>(10,324)</b>

**WYRE FOREST DISTRICT COUNCIL  
STATEMENT OF ACCOUNTS 2014/15**

**MOVEMENT IN RESERVES STATEMENT (continued)**

**2013/14 Comparative  
Information**

Notes	General Fund Balance 6	Earmarked Reserves 7	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves 22	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2013</b>	<b>3,168</b>	<b>4,396</b>	<b>2,139</b>	<b>719</b>	<b>10,422</b>	<b>(5,062)</b>	<b>5,360</b>
Surplus/(deficit) on provision of services	(3,970)	-	-	-	(3,970)	-	(3,970)
Other comprehensive income & expenditure	-	-	-	-	-	5,660	5,660
Total comprehensive income & expenditure	(3,970)	-	-	-	(3,970)	5,660	1,690
Adjustments between accounting basis & funding basis under regulations	4,656	-	(10)	(142)	4,504	(4,504)	-
Net increase/ (decrease) before transfers to earmarked reserves	686	-	(10)	(142)	534	1,156	1,690
Transfers to/(from) earmarked reserves	(559)	559	-	-	-	-	-
Increase/ (decrease) in year	127	559	(10)	(142)	534	1,156	1,690
<b>Balance at 31 March 2014</b>	<b>3,295</b>	<b>4,955</b>	<b>2,129</b>	<b>577</b>	<b>10,956</b>	<b>(3,906)</b>	<b>7,050</b>

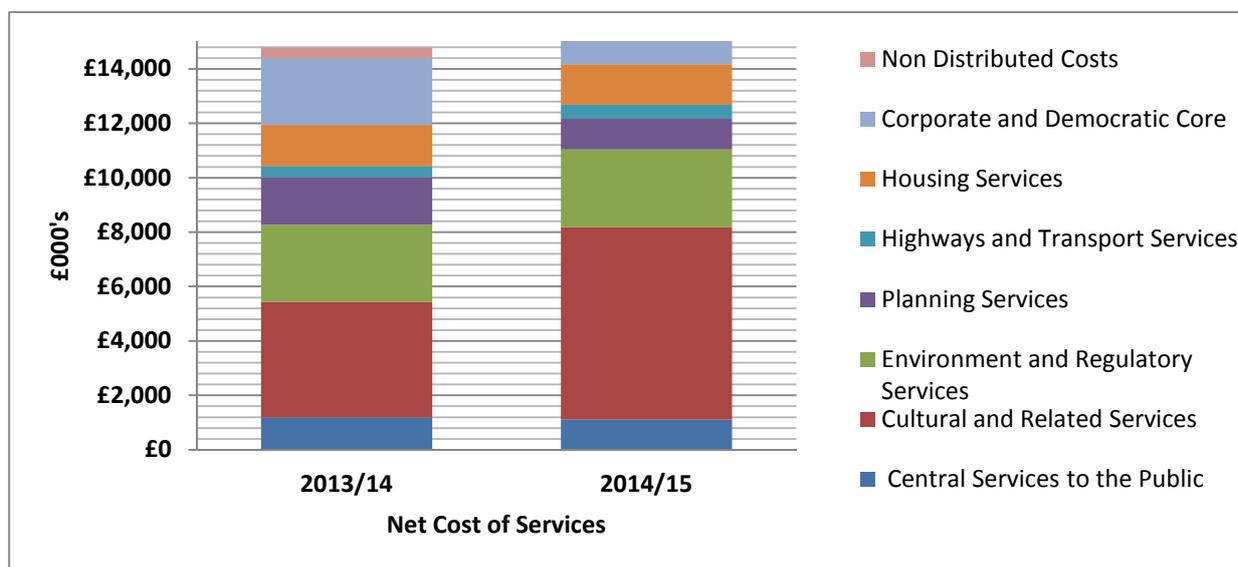


**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2014/15**

**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 regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement. Details of prior year restatements can be found in the Technical Annex.

2013/2014	2013/2014	2013/2014		2014/2015	2014/2015	2014/2015
Expenditure	Income	Net	Notes	Expenditure	Income	Net
£'000	£'000 (Restated)	£'000 (Restated)		£'000	£'000	£'000
<b>Service Expenditure Analysis</b>						
2,216	(1,033)	1,183	Central Services to the Public	2,119	(1,012)	1,107
5,230	(972)	4,258	Cultural and Related Services	7,639	(566)	7,073
4,037	(1,209)	2,828	Environment and Regulatory Services	4,090	(1,234)	2,856
2,924	(1,180)	1,744	Planning Services	2,492	(1,358)	1,134
1,834	(1,420)	414	Highways and Transport Services	1,911	(1,401)	510
35,822	(34,310)	1,512	Housing Services	35,156	(33,661)	1,495
2,710	(251)	2,459	Corporate and Democratic Core	2,915	(225)	2,690
391	(1)	390	Non Distributed Costs	271	(5)	266
<b>55,164</b>	<b>(40,376)</b>	<b>14,788</b>	<b>Cost of services</b>	<b>56,593</b>	<b>(39,462)</b>	<b>17,131</b>
619	(15)	604	<b>Other operating expenditure</b>	463	(97)	366
5,550	(4,134)	1,416	<b>Financing and investment income and expenditure</b>	5,328	(3,070)	2,258
767	(13,605)	(12,838)	<b>Taxation and non-specific grant income and expenditure</b>	1,036	(15,179)	(14,143)
<b>62,100</b>	<b>(58,130)</b>	<b>3,970</b>	<b>Deficit on the provision of services</b>	<b>63,420</b>	<b>(57,808)</b>	<b>5,612</b>
<b>Other comprehensive income and expenditure:</b>						
		(326)	(Surplus)/deficit on revaluation of non current assets			1,278
		(5,334)	Re-measurement of the net defined benefit liability			10,484
		<b>(5,660)</b>	<b>Total other comprehensive income and expenditure</b>			<b>11,762</b>
		<b>(1,690)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>17,374</b>



**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2014/15**

**BALANCE SHEET**

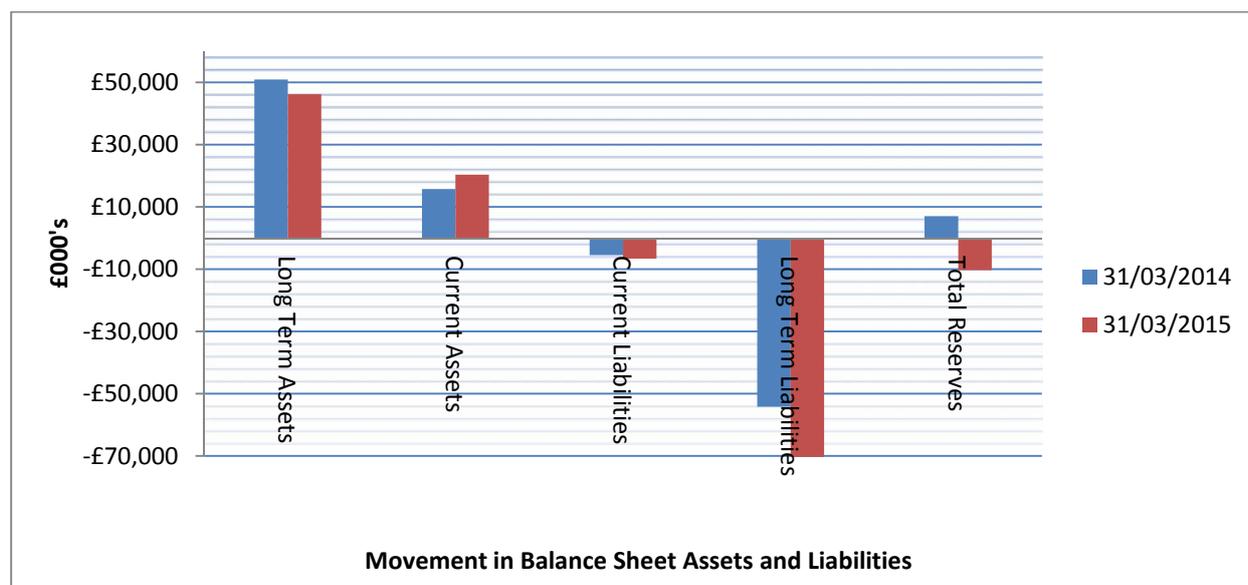
The Balance Sheet shows the value as at the Balance Sheet date of the asset and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

31 March 2014 £'000	Notes	31 March 2015 £'000
	Property, Plant and Equipment:	
36,144	Land and Buildings	30,511
2,751	Vehicles, Plant and Equipment	2,561
602	Community Assets	567
582	Surplus Assets not held for Sale	577
127	Assets under Construction	2,414
1,525	Heritage Assets	1,526
8,401	Investment Property	7,491
535	Intangible Assets	381
194	Long-term Investments	121
49	Long-term Debtors	29
<b>50,910</b>	<b>Long Term Assets</b>	<b>46,178</b>
2,006	Short-term Investments	6,013
8,165	Cash and Cash Equivalents	9,562
79	Inventories	65
4,764	Short-term Debtors	4,143
725	Assets held for Sale (less than one year)	560
<b>15,739</b>	<b>Current Assets</b>	<b>20,343</b>
(274)	Short-term Borrowing	(130)
(3,850)	Short-term Creditors	(5,179)
(1,343)	Short-term Provisions	(1,300)
<b>(5,467)</b>	<b>Current Liabilities</b>	<b>(6,609)</b>
(7)	Long-term Provisions	(1)
(5,047)	Long-term Borrowing	(10,085)
(49,012)	Other Long-term Liabilities	(60,084)
(66)	Capital Grants Receipts in Advance	(66)
<b>(54,132)</b>	<b>Long Term Liabilities</b>	<b>(70,236)</b>
<b>7,050</b>	<b>Net Assets/(Liabilities)</b>	<b>(10,324)</b>
	<b>Financed by:</b>	
10,956	Usable Reserves	12,877
(3,906)	Unusable Reserves	(23,201)
<b>7,050</b>	<b>Total Reserves</b>	<b>(10,324)</b>

Tracey Southall CPFA, Chief Financial Officer

**WYRE FOREST DISTRICT COUNCIL  
STATEMENT OF ACCOUNTS 2014/15**

**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.

2013/2014 £'000	Notes	2014/2015 £'000
(3,970)	Net deficit on the provision of services	(5,612)
4,564	Adjust net (surplus)/deficit for non cash movements:	8,580
(1,007)	Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities:	(1,013)
<b>(413)</b>	<b>Net cash flows from operating activities</b>	<b>1,955</b>
754	Net cash flows from investing activities	(5,362)
2,256	Net cash flows from financing activities	4,804
<b>2,597</b>	<b>Net increase/(decrease) in cash or cash equivalents</b>	<b>1,397</b>
<b>5,568</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>8,165</b>
<b>8,165</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>9,562</b>

# WYRE FOREST DISTRICT COUNCIL

## NOTES TO THE ACCOUNTS 2014/15

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# **WYRE FOREST DISTRICT COUNCIL**

## **NOTES TO THE ACCOUNTS 2014/15**

### **Note 1: ACCOUNTING POLICIES**

#### **1.1 General Principles**

The annual Statement of Accounts, required by The Accounts and Audit (England) Regulations 2011, summarises the Council's transactions for the 2014/15 financial year and its position at 31<sup>st</sup> March 2015. It has been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code) and the Service Reporting Code of Practice 2014/15 (SeRCOP), recognised by statute as representing proper accounting practices, supported by International Financial Reporting Standards (IFRS).

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; ie 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) 8. 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:

- Fees, charges and rents due are accounted for as income at the date the Council provides the relevant goods or services
- 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.

#### **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 or less 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.

## **WYRE FOREST DISTRICT COUNCIL**

### **NOTES TO THE ACCOUNTS 2014/15**

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

##### **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.

##### **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 wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus and Deficit on the Provision of Service, but then reversed out through the Movement in Reserve Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

## **WYRE FOREST DISTRICT COUNCIL**

### **NOTES TO THE ACCOUNTS 2014/15**

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

##### **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 accrual basis to the relevant services line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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

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. An actuarial valuation was undertaken by the funds actuaries Mercer Limited as at 1<sup>st</sup> April 2013. This has continued the annual increase in contribution rates payable by the Council in future financial years.

##### **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 mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 3.2% (based on the indicative rate of return on high quality AA rated 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

## WYRE FOREST DISTRICT COUNCIL

### NOTES TO THE ACCOUNTS 2014/15

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

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

- Service cost comprising:
  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
  - past service cost – the increase in liabilities 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 Non Distributed Costs
  - net interest on the net defined benefit liability (asset) i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line 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 (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
  - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - actuarial gains 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 is available from Mr S. Pearce C.P.F.A. Chief Financial Officer, Worcestershire County Council, County Hall, Spetchley Road, Worcester, WR5 2NP [www.worcestershire.gov.uk](http://www.worcestershire.gov.uk)

## WYRE FOREST DISTRICT COUNCIL

### NOTES TO THE ACCOUNTS 2014/15

#### **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 5 on page 37.

##### **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**

The carrying amount of the Council's investments is the initial cost plus accrued interest.

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments. The Council currently does not hold any available-for-sale financial assets.

###### **Loans and Receivables**

Loans and receivables 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. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest).

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

## **WYRE FOREST DISTRICT COUNCIL**

### **NOTES TO THE ACCOUNTS 2014/15**

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

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.

#### **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 grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

#### **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 consist of the Worcester Street clock, the Richard Eve Memorial, the Horse sculpture, the Angel of Peace statue and those exhibits that are held in the Bewdley Museum and in other Council Buildings, grouped as follows:

- the art collection
- antique musical instruments and furniture
- statues and other museum exhibits, including those relating to the carpet industry and other local working trades

## **WYRE FOREST DISTRICT COUNCIL**

### **NOTES TO THE ACCOUNTS 2014/15**

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

The Worcester Street clock is deemed to have a useful economic life so it has been measured in the Balance Sheet at depreciated historic cost. All other 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. 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.

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 line(s) 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 line(s) 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.

## **WYRE FOREST DISTRICT COUNCIL**

### **NOTES TO THE ACCOUNTS 2014/15**

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

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 Other Entities**

The Council does not have material interests in another entity that has the nature of subsidiaries, associates or jointly controlled entities that require it to prepare group accounts. The Council is a partner in the Worcestershire Regulatory Shared Service Joint Committee. This Partnership is a jointly controlled operation and does not therefore require it to prepare group accounts.

#### **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 value of works and services received under the contract during the financial year. The Council currently has long term contracts with Places for People Leisure Management Limited for the leisure centre service and the Community Housing Group for the homelessness service. The contract values in 2014/15 were £0.7m and £0.3m respectively.

#### **1.14 Jointly Controlled Operations and Jointly Controlled Assets**

The Council is a partner in the Worcestershire Regulatory Shared Service Joint Committee together with Bromsgrove District Council (the host), Worcestershire County Council, Redditch Borough Council, Malvern Hills District Council, Worcester City Council and Wychavon District Council. This partnership is a jointly controlled operation that uses the assets and resources of the partner authorities without the establishment of a separate entity. Under this arrangement, each participant in the arrangement accounts separately for its own transactions arising within the agreement, including the assets, liabilities, income, expenditure and cash flows. We are also partners with Bromsgrove District Council who host Building Control and Redditch Borough Council as host authority for Payroll Services.

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 Emergency Planning and Business Continuity. The Council is also a partner in the shared provision of services at the Worcestershire Hub with Wyre Forest Community Housing, part of the Community Housing Group.

Worcestershire County Council provides the Human Resources shared service that commenced in November 2010.

#### **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.

## **WYRE FOREST DISTRICT COUNCIL**

### **NOTES TO THE ACCOUNTS 2014/15**

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

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 or Finance Leases.

#### **1.16 Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2014/15 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs – impairment losses chargeable on Assets Held for Sale and assets that can no longer be utilised, in accordance with the Code

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

#### **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 2014/15

#### **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
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

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

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

Where decreases in value are identified, they are accounted for by:

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

## **WYRE FOREST DISTRICT COUNCIL**

### **NOTES TO THE ACCOUNTS 2014/15**

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

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 by:

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

#### **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 asset, 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.

#### **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.

## **WYRE FOREST DISTRICT COUNCIL**

### **NOTES TO THE ACCOUNTS 2014/15**

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

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 facilitate the delivery of services or production of goods or is held for sale.

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

## **WYRE FOREST DISTRICT COUNCIL**

### **NOTES TO THE ACCOUNTS 2014/15**

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

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

#### **1.19 Provisions**

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

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

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

#### **1.20 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 35 to the accounts.

#### **1.21 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 disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## **WYRE FOREST DISTRICT COUNCIL**

### **NOTES TO THE ACCOUNTS 2014/15**

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

##### **1.22 Reserves**

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

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

##### **1.23 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.

##### **1.24 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.

##### **1.25 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 Strategy.

##### **1.26 Borrowing**

In accordance with the Capital and Treasury Management 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 of £5 million against the CFR in 2014/15. 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 external borrowing being 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).

## WYRE FOREST DISTRICT COUNCIL

### NOTES TO THE ACCOUNTS 2014/15

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

CLG Regulations have been issued which require full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils to replace the existing Regulations, so long as there is a prudent provision. The Council approved MRP Policy Statement is:

- 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).

#### **1.27 Tax Income (Council Tax and Retained Business Rates)**

Income from Retained Business Rates and Council Tax included in the Comprehensive Income & Expenditure Statement for the year will be treated as accrued income and recognised in the Taxation & Non-Specific Grant Income and Expenditure line. As a billing authority the difference between the Retained Business Rates and Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Movement in Reserve Statement.

Each major preceptor's share of the accrued Business Rates and Council Tax income will be available from the information that is required to be produced in order to prepare the Collection Fund Statement. The income for Council Tax and Business Rates is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the authority, and the amount of the revenue can be measured reliably. Revenue relating to Council Tax and Business Rates shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

#### **1.28 Other Accounting Principles**

- The Bad Debt Provision is estimated by reference to previously issued CIPFA guidance and local knowledge.
- Note 30 – 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 a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2015/16 Code. If these had been adopted for the financial year 2014/15 the changes would be presentational.

## WYRE FOREST DISTRICT COUNCIL

### NOTES TO THE ACCOUNTS 2014/15

#### **Note 2: ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED (continued)**

- IFRS 13 Fair Value Measurement. This standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions). The adoption of this standard will require surplus assets (assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale) to be revalued to market value rather than value in existing use as at present. Operational property, plant and equipment assets are outside the scope of IFRS 13. Overall this standard is not expected to have a material impact on the Statement of Accounts, due to the low value of surplus assets held by the Council.

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

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

The critical judgements made in the Statement of Accounts are:

- The main critical judgement in the Statement of Accounts is the high degree of uncertainty about future levels of funding for local government from central government. The Council was given details of a reduced financial settlement based on the new funding regime for 2013/14 and 2014/15 but does not yet have a sufficient level of certainty to provide an indication that the assets of the Council might be impaired as a result of any further reduction in funding. This could lead to the need to close facilities and reduce levels of future service provision. The newly elected government issued an Emergency Budget on July 8<sup>th</sup> 2015 but it is unlikely that the full impact on future funding specific to this Council will be known for some time. To recognise the need for ongoing transformation to generate savings, a further £150k was approved to replenish the Transformation Fund to cover spend to save initiatives. Despite the future uncertainty of funding for local government, the Council is still assumed to operate for the foreseeable future.
- The Council created an earmarked reserve in 2012/13 of £270,000 in respect of its liability from Municipal Mutual Insurance (MMI) (former insurers) following advice from administrators. The liability was paid in 2013/14. A further reserve has been made as part of the 2015/16 budget process for £50k to cover a known claim outstanding. There is also a contingent liability in respect of the potential level of exposure to future claims that is currently unknown. The current level of the reserve is sufficient to meet the known liabilities as at 31<sup>st</sup> March 2015.

## WYRE FOREST DISTRICT COUNCIL

### NOTES TO THE ACCOUNTS 2014/15

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

- Under the current Business Rates Retention Scheme the Council has to make judgements in relation to anticipated future income and levels of appeals. There is a financial risk due to non-collection and the volatility of the Business Rates tax base. An earmarked reserve of £300k is held to mitigate future risk in relation to the potential deterioration of future Business Rates. The risk is increased this year due to the increase in the number of appeals lodged with the Valuation Office as a result of the change from April 2015 to restrict the time period for back-dating of appeals. Our overall performance improved compared to 2013/14 where we failed to meet our baseline but we still only exceeded our budgeted target by £46k based on the membership agreement of the Worcestershire Business Rates Pool. In addition, a provision has been made to cover this Council's share of the Business Rates retention deficit for 2014/15 that will impact in 2015/16. There is also a contingent liability in respect of the potential level of exposure to appeals finally settled in the future that is currently unknown. The current level of the reserve is sufficient to meet the known liabilities as at 31<sup>st</sup> March 2015. In addition, the Council has created an earmarked reserve totalling £1.803m to mitigate the impact of Collection Fund Business Rates deficits in 2013/14 (£767k) and 2014/15 (£1,036k) that will impact the Council's General Fund in future years.
- Given the complexity of the Future Leisure Provision project the creation of an earmarked reserve of £500k was approved to mitigate potential risk. This stands at around £416k at the end of 2014/15 with the final contribution reflected in the approved 2015/16 budget.

#### **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 Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31<sup>st</sup> March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if Actual Results Differ from Assumptions</b>
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. Two of the existing leisure centres will be taken out of use in Summer 2016. An accounting estimate was made to reduce the estimated useful lives and residual values of these assets in the 2014/15 accounts.	If the useful life of assets is reduced, depreciation will increase and the carrying amount of the assets falls.

**WYRE FOREST DISTRICT COUNCIL**

**NOTES TO THE ACCOUNTS 2014/15**

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

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if Actual Results Differ from Assumptions</b>
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Actuary, Mercer Ltd, is engaged to provide the Council with expert advice about the assumptions to be applied.	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 £1.94m. However, the assumptions interact in complex ways. During 2014/15, the Authority's actuaries advised that the net pension liability had increased by £10.48m as a result of remeasurement.
Provision for Business Rates Appeals	Following the changes in accounting for Business Rates, the Council has set up a 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 provisions upon 4% of rateable value on appeal. In August 2015 the Council was advised that the VOA would be backdating appeals on doctors surgeries, so a further £750k provision was included in the accounts. There is inherent uncertainty in estimating the value of future appeals, hence a contingent liability disclosure has been made (Note 35).	If the provision for appeals was increased by 1% the resulting increase would be £776,200 shared across the Worcestershire Pool.

**Note 5: EVENTS AFTER THE REPORTING PERIOD**

The Statement of Accounts 2014/15 was approved by the Chief Financial Officer on 29<sup>th</sup> June 2015. The Chief Financial Officer confirms that the following Post Balance Sheet Events (PBSE) have been identified as at 28<sup>th</sup> September 2015, the date that the audited Statement of Accounts 2014/15 was approved. The financial statements and notes have not been adjusted for the following event which took place after 31<sup>st</sup> March 2015 as it provides information that is relevant to an understanding of the Council's financial position but does not relate to conditions at that date:

- PBSE 1. The Council received notice from the Joint Administrators that they will be making a further interim dividend repayment in respect of the Heritable Icelandic investment late in the accounts process. The impact is not anticipated to be material and this will be reflected in the 2015/16 accounts.

## **WYRE FOREST DISTRICT COUNCIL**

### **NOTES TO THE ACCOUNTS 2014/15**

#### **Note 5: EVENTS AFTER THE REPORTING PERIOD (continued)**

The financial statements and notes have been adjusted for the following event that took place after 31<sup>st</sup> March 2015:

- PBSE 2. New information was received after 30<sup>th</sup> June 2015 advising that the Valuation Office Agency (VOA) would be settling Business Rates appeals on doctors surgeries nationally following a tribunal case. For this Council the refunds will be effective back to 1<sup>st</sup> April 2010. Therefore, the provision for appeals in the Collection Fund was increased by £750k to reflect the higher level of appeals that will be settled in 2015/16. The impact of this amendment for the Council will be £300k (40%), with the remainder being shared between Central Government (50%), Worcestershire County Council (9%) and Hereford and Worcester Fire Authority (1%).

#### **Note 6: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS**

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

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 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 2014/15**

**Note 6: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS (continued)**

2014/15	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>				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	5,625			(5,625)
Movements in the fair value of Investment Properties	201			(201)
Capital grants and contributions applied	(569)			569
Capital grants and contributions unapplied			(143)	143
Revenue expenditure funded from capital under statute	1,401			(1,401)
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	123			(123)
Direct Revenue Financing	(4)			4
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Statutory provision for the financing of capital investment	(202)			202
<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	(220)	911		(691)
Use of the Capital Receipts Reserve to finance new capital expenditure		(1,227)		1,227
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	4			(4)
<b>Adjustments involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	3,338			(3,338)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,750)			2,750
<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	960			(960)
<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	85			(85)
<b>Total Adjustments</b>	<b>7,992</b>	<b>(316)</b>	<b>(143)</b>	<b>(7,533)</b>

**WYRE FOREST DISTRICT COUNCIL**

**NOTES TO THE ACCOUNTS 2014/15**

**Note 6: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS (continued)**

2013/14 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	3,102			(3,102)
Movements in the fair value of Investment Properties	(899)			899
Capital grants and contributions applied	(885)			885
Capital grants and contributions unapplied			(142)	142
Revenue expenditure funded from capital under statute	1,576			(1,576)
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	389			(389)
Direct Revenue Financing	(10)			10
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Statutory provision for the financing of capital investment	(261)			261
<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	(218)	828		(610)
Use of the Capital Receipts Reserve to finance new capital expenditure		(838)		838
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	6			(6)
<b>Adjustments involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	3,594			(3,594)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,358)			2,358
<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	640			(640)
<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	(20)			20
<b>Total Adjustments</b>	<b>4,656</b>	<b>(10)</b>	<b>(142)</b>	<b>(4,504)</b>

**Note 7: TRANSFERS TO/FROM 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 2014/15.

**WYRE FOREST DISTRICT COUNCIL**

**NOTES TO THE ACCOUNTS 2014/15**

**Note 7: TRANSFERS TO/FROM EARMARKED RESERVES (continued)**

Earmarked Reserve	Balance at 1 <sup>st</sup> April 2013 £'000	Transfers Out 2013/14 £'000	Transfers In 2013/14 £'000	Balance at 31 <sup>st</sup> March 2014 £'000	Transfers Out 2014/15 £'000	Transfers In 2014/15 £'000	Balance at 31 <sup>st</sup> March 2015 £'000
Business Rates Collection Fund Reserve	-	-	-	-	-	1,803	1,803
Transformation Fund	368	(152)	45	261	(104)	379	536
Property Reserve	455	(4)	-	451	-	-	451
Leisure Reserve	80	-	250	330	-	86	416
Business Rates Retention	-	-	200	200	-	100	300
Town Centre Support Fund	250	-	-	250	(1)	-	249
State of the Area Projects	249	(66)	69	252	(81)	26	197
North Worcestershire EDR Shared Service	97	(31)	44	110	(40)	119	189
Icelandic Impairment Reserve	149	-	50	199	(32)	-	167
Capital Financing Earmarked Reserve	61	-	64	125	-	37	162
Asset Management/Property Reserve	-	-	150	150	-	-	150
External Funding Reserves	1,076	(354)	276	998	(380)	260	878
Other Miscellaneous Reserves (below £150,000)	1,611	(861)	879	1,629	(690)	634	1,573
<b>Total</b>	<b>4,396</b>	<b>(1,468)</b>	<b>2,027</b>	<b>4,955</b>	<b>(1,328)</b>	<b>3,444</b>	<b>7,071</b>

Other Miscellaneous Reserves include the following: Council Tax Support Scheme, District Local Development Framework, Repairs & Maintenance / Town Hall HLF Bid, Personal Search Refunds, Enterprising Worcestershire's ERDF Business Support Programme, Housing Benefits, Council Tax and NNDR, and Local Enterprise Partnership.

The Business Rates Collection Fund Reserve was established in respect of deficits in 2013/14 and 2014/15 that will impact the Council's Accounts in future years. This had previously been held as a Provison but this technical changes has now been made.

**Note 8: OTHER OPERATING EXPENDITURE**

	2013/14 £'000	2014/15 £'000
Parish/Town Council Precepts	442	463
(Gains)/Losses on the disposal of non current assets	162	(97)
<b>Total</b>	<b>604</b>	<b>366</b>

**Note 9: FINANCING AND INVESTMENT INCOME AND EXPENDITURE**

	2013/14 £'000	2014/15 £'000
Interest payable and similar charges	135	213
Net interest on the net defined benefit liability/(asset)	2,179	2,096
Interest receivable and similar income	(88)	(92)
Income and expenditure in relation to investment properties and changes in their fair value	(642)	19
Icelandic investments interest adjustment	(91)	(10)
Icelandic investments impairment adjustments	(77)	32
<b>Total</b>	<b>1,416</b>	<b>2,258</b>

**WYRE FOREST DISTRICT COUNCIL**

**NOTES TO THE ACCOUNTS 2014/15**

**Note 10: TAXATION AND NON SPECIFIC GRANT INCOME AND EXPENDITURE**

	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
Council tax income	(6,521)	(6,820)
Non domestic rates income and expenditure	(1,668)	(3,070)
Revenue Support Grant	(3,753)	(2,912)
New Homes Bonus	(782)	(1,263)
Non-service related government grants	(114)	(78)
<b>Total</b>	<b>(12,838)</b>	<b>(14,143)</b>

A technical adjustment to the accounts reflects a higher level of Business Rates income in the 2014/15 Comprehensive Income and Expenditure Statement (CIES). However, an earmarked reserve of £1.803m has been created (shown in the Movement in Reserves Statement) to take account of the Collection Fund Business Rates deficit that will impact upon income in the CIES in future years.

**Note 11: PROPERTY PLANT AND EQUIPMENT (PPE)**

Movements in 2014/15:

	<b>Land and Buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets Under Construction</b>	<b>Total Property, Plant and Equipment</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or Valuation at April 1<sup>st</sup> 2014</b>	<b>39,095</b>	<b>5,917</b>	<b>624</b>	<b>582</b>	<b>127</b>	<b>46,345</b>
Additions	264	459	-	-	2,287	3,010
Net Revaluation Increases/(Decreases)	(7,483)	(221)	(28)	(5)	-	(7,737)
Derecognition (Disposals)	(85)	(106)	-	-	-	(191)
Reclassifications	17	-	-	-	-	17
<b>At 31<sup>st</sup> March 2015</b>	<b>31,808</b>	<b>6,049</b>	<b>596</b>	<b>577</b>	<b>2,414</b>	<b>41,444</b>
<b>Accumulated Depreciation and Revaluation Reductions at April 1<sup>st</sup> 2014</b>	<b>(2,951)</b>	<b>(3,166)</b>	<b>(22)</b>	<b>-</b>	<b>-</b>	<b>(6,139)</b>
Depreciation Charge	(975)	(632)	(7)	-	-	(1,614)
Depreciation Written Out	2,588	310	-	-	-	2,898
Revaluation Reductions	(7,295)	-	(28)	(5)	-	(7,328)
Revaluation Reductions Written Off/Reversed	7,295	-	28	5	-	7,328
Reclassifications	41	-	-	-	-	41
<b>At 31<sup>st</sup> March 2015</b>	<b>(1,297)</b>	<b>(3,488)</b>	<b>(29)</b>	<b>-</b>	<b>-</b>	<b>(4,814)</b>
<b>Net Book Value at 31<sup>st</sup> March 2015</b>	<b>30,511</b>	<b>2,561</b>	<b>567</b>	<b>577</b>	<b>2,414</b>	<b>36,630</b>

The Asset Under Construction at 31<sup>st</sup> March 2015 was the Future Leisure Provision Scheme.

**WYRE FOREST DISTRICT COUNCIL**

**NOTES TO THE ACCOUNTS 2014/15**

**Note 11: PROPERTY PLANT AND EQUIPMENT (continued)**

Movements in 2013/14:

	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> 2013</b>	<b>40,012</b>	<b>5,935</b>	<b>768</b>	<b>795</b>	<b>84</b>	<b>47,594</b>
Additions	350	147	-	-	43	540
Net Revaluation Increases/(Decreases)	(87)	-	-	(1,038)	-	(1,125)
Derecognition (Disposals)	-	(165)	-	(355)	-	(520)
Reclassifications	(1,180)	-	(144)	1,180	-	(144)
<b>At 31<sup>st</sup> March 2014</b>	<b>39,095</b>	<b>5,917</b>	<b>624</b>	<b>582</b>	<b>127</b>	<b>46,345</b>
<b>Accumulated Depreciation and Revaluation Reductions at April 1<sup>st</sup> 2013</b>	<b>(2,131)</b>	<b>(2,629)</b>	<b>(94)</b>	<b>-</b>	<b>-</b>	<b>(4,854)</b>
Depreciation Charge	(951)	(687)	(7)	-	-	(1,645)
Depreciation Written Out	43	150	-	88	-	281
Revaluation Reductions	(67)	-	-	(951)	-	(1,018)
Revaluation Reductions Written Off/Reversed	67	-	-	951	-	1,018
Reclassifications	88	-	79	(88)	-	79
<b>At 31<sup>st</sup> March 2014</b>	<b>(2,951)</b>	<b>(3,166)</b>	<b>(22)</b>	<b>-</b>	<b>-</b>	<b>(6,139)</b>
<b>Net Book Value at 31<sup>st</sup> March 2014</b>	<b>36,144</b>	<b>2,751</b>	<b>602</b>	<b>582</b>	<b>127</b>	<b>40,206</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:

<b>Asset Category</b>	<b>Life</b>
Sports Grounds/Fields and Parks	90
Offices, Sport & Leisure Centres, Museum and Market	4-50
Depot & Workshops	20-30
Public Conveniences	15-25
Miscellaneous Community Assets	5-15
Vehicles, Plant & Machinery, Equipment & Lighting	3-10
ICT Systems	3-5

**WYRE FOREST DISTRICT COUNCIL**

**NOTES TO THE ACCOUNTS 2014/15**

**Note 11: PROPERTY PLANT AND EQUIPMENT (continued)**

The number and type of major non current assets are:

<b>Asset Description</b>	<b>2013/14</b>	<b>2014/15</b>
<b>Land &amp; Properties:</b>		
Assets Under Construction (Future Leisure Provision)	1	1
Car Parks	29	28
Civic & Administrative Buildings	3	3
Farms	1	-
Leisure Centres (leasehold interest in Bewdley Leisure Centre)	3	3
Museums	1	1
Nature Reserves	4	4
Other Land & Buildings	32	32
Public Conveniences	13	12
Sports & Social Clubs	4	4
Sports Fields & Parks	20	20
Trading Estates & Enterprise Centres	5	5
Vehicles	73	71

The major Items of capital expenditure in 2014/15 were:

<b>Scheme</b>	<b>£'000</b>
Future Leisure Provision	2,287
Disabled Facilities Grants	599
Contribution towards replacement of Civic Facilities in Stourport	450
ICT Strategy	319
Regeneration and Economic Development	171
Vehicle Replacement Programme	166
Wyre Forest House	155
Other Capital Schemes	365
<b>Total Capital Expenditure</b>	<b>4,512</b>

The Council's Capital Programme was financed as follows:

<b>Type of Financing</b>	<b>£'000</b>
Prudential Borrowing	2,573
Application of Capital Receipts	1,223
Grants	712
Direct Revenue Financing	4
<b>Total Financing</b>	<b>4,512</b>

**Contractual Commitments**

At 31<sup>st</sup> March 2015 the following major Capital contracts had been entered into, with the following sums remaining to be paid.

**WYRE FOREST DISTRICT COUNCIL**

**NOTES TO THE ACCOUNTS 2014/15**

**Note 11: PROPERTY PLANT AND EQUIPMENT (continued)**

<b>Description</b>	<b>£'000</b>
Future Leisure Provision – Construction Contract	11,263
Wyre Forest House – Construction Contract	216
Vehicle Refurbishments	278
Disabled Facilities Grants/Housing Assistance Grants	132
Bewdley Medical Centre – Contribution	85

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

The contract for the construction of the new District Leisure Centre was awarded to PFPL Projects (Wyre Forest) Ltd in January 2015. The building is anticipated to become operational in the Summer of 2016.

**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. Investment Properties and 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 V Bendall, MRICS (the Council's Estates Surveyor) and Bruton Knowles, Independent Valuers. The valuations of assets carried at current value are analysed in the table below. This table does not include 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.

Valuations of non current assets carried at current value:

<b>Description</b>	<b>Land and Buildings £'000</b>	<b>Community Assets £'000</b>	<b>Investment Properties £'000</b>	<b>Surplus Assets £'000</b>	<b>Assets Held for Sale £'000</b>	<b>Total £'000</b>
Valued at historical cost	231	4	-	-	-	235
Valued at current value in:						
2014/2015	29,343	139	7,491	577	560	38,110
2013/2014	-	-	-	-	-	-
2012/2013	459	179	-	-	-	638
2011/2012	65	96	-	-	-	161
2010/2011	413	149	-	-	-	562
<b>Total</b>	<b>30,511</b>	<b>567</b>	<b>7,491</b>	<b>577</b>	<b>560</b>	<b>39,706</b>

**WYRE FOREST DISTRICT COUNCIL**

**NOTES TO THE ACCOUNTS 2014/15**

**Note 12: HERITAGE ASSETS**

Reconciliation of the carrying value of heritage assets held by the Council.

	Worcester Street Clock	Art Collection	Antique Musical Instruments and Furniture	Statues and Other Museum Exhibits	Total Heritage Assets
	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation at April 1<sup>st</sup> 2014</b>	<b>9</b>	<b>612</b>	<b>240</b>	<b>668</b>	<b>1,529</b>
Net Revaluation Increases/(Decreases)	-	6	(5)	1	2
<b>At 31<sup>st</sup> March 2015</b>	<b>9</b>	<b>618</b>	<b>235</b>	<b>669</b>	<b>1,531</b>
<b>Accumulated Depreciation and Impairment at April 1<sup>st</sup> 2014</b>	<b>(4)</b>	-	-	-	<b>(4)</b>
Depreciation Charge	(1)	-	-	-	(1)
Revaluation Adjustment	-	-	(7)	-	(7)
Revaluation Adjustment Written Off/Reversed	-	-	7	-	7
<b>At 31<sup>st</sup> March 2015</b>	<b>(5)</b>	-	-	-	<b>(5)</b>
<b>Net Book Value at 31<sup>st</sup> March 2015</b>	<b>4</b>	<b>618</b>	<b>235</b>	<b>669</b>	<b>1,526</b>

Comparative Information for 2013/14:

	Worcester Street Clock	Art Collection	Antique Musical Instruments and Furniture	Statues and Other Museum Exhibits	Total Heritage Assets
	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation at April 1<sup>st</sup> 2013</b>	<b>9</b>	<b>593</b>	<b>289</b>	<b>180</b>	<b>1,071</b>
Reclassifications	-	-	(54)	198	144
Net Revaluation Increases/(Decreases)	-	19	5	297	321
Derecognitions/Disposals	-	-	-	(7)	(7)
<b>At 31<sup>st</sup> March 2014</b>	<b>9</b>	<b>612</b>	<b>240</b>	<b>668</b>	<b>1,529</b>
<b>Accumulated Depreciation and Impairment at April 1<sup>st</sup> 2013</b>	<b>(2)</b>	-	-	-	<b>(2)</b>
Reclassifications	-	-	-	(79)	(79)
Depreciation Charge	(2)	-	-	-	(2)
Depreciation Written Out	-	-	-	79	79
<b>At 31<sup>st</sup> March 2014</b>	<b>(4)</b>	-	-	-	<b>(4)</b>
<b>Net Book Value at 31<sup>st</sup> March 2014</b>	<b>5</b>	<b>612</b>	<b>240</b>	<b>668</b>	<b>1,525</b>

The collection includes the William Hill Organ, built in 1855, on display at Kidderminster Town Hall. It is one of only five of its type in the world.

There have been no significant acquisitions or disposals of the Council's heritage assets in the five year period ending 31<sup>st</sup> March 2015.

## WYRE FOREST DISTRICT COUNCIL

### NOTES TO THE ACCOUNTS 2014/15

#### **Note 12: HERITAGE ASSETS (continued)**

##### Revaluations

Heritage Assets are carried at their insurance values except for one asset carried at Depreciated Historical Cost. Specialist valuations were undertaken in 2013/14 by John Austin & Partners Ltd, Chartered Quantity Surveyors, on three Statues classified as Heritage Assets. These will be formally revalued in 2015/16.

Further information is provided on the Council's web site [www.wyreforest.gov.uk/museums](http://www.wyreforest.gov.uk/museums).

#### **Note 13: INVESTMENT PROPERTIES**

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

	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
Rental income from Investment Property	617	562
Direct operating expenses arising from Investment Property	(372)	(380)
Net gain	245	182

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

The following table summarises the movement in the open market value of investment properties over the year:

	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
Balance at Start of Year	7,879	8,401
Disposals	(377)	(709)
Net Gains/(Reductions) from Open Market Value Adjustments	899	(201)
Balance at End of Year	8,401	7,491

#### **Note 14: INTANGIBLE ASSETS**

	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
Balance at Start of Year:		
Gross Carrying Amounts	2,105	2,153
Accumulated Amortisation	(1,371)	(1,618)
<b>Net Carrying Amount at Start of Year</b>	<b>734</b>	<b>535</b>
Purchases	48	101
Amortisation for Period	(247)	(255)
<b>Net Carrying Amount at End of Year</b>	<b>535</b>	<b>381</b>
Comprising:		
Gross Carrying Amount	2,153	2,254
Accumulated Amortisation	(1,618)	(1,873)
<b>Net Carrying Amount at End of Year</b>	<b>535</b>	<b>381</b>

**WYRE FOREST DISTRICT COUNCIL**

**NOTES TO THE ACCOUNTS 2014/15**

**Note 15: FINANCIAL INSTRUMENTS (INCLUDING NATURE AND EXTENT OF RISKS)**

Categories of Financial Instruments

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

	Long-term		Current	
	31 <sup>st</sup> March 2014 £'000	31 <sup>st</sup> March 2015 £'000	31 <sup>st</sup> March 2014 £'000	31 <sup>st</sup> March 2015 £'000
<b>Investments</b>				
Loans and receivables	194	121	2,006	6,013
<b>Cash and cash equivalents</b>				
Cash equivalents at amortised cost	-	-	8,165	9,562
<b>Debtors</b>				
Loans and receivables	49	29	4,764	4,143
<b>Borrowings</b>				
Financial liabilities at fair value through profit and loss	(5,047)	(10,085)	(274)	(130)
<b>Creditors</b>				
Financial liabilities at amortised cost	-	-	(3,850)	(5,179)

**Income, Expense, Gains and Losses**

Financial assets: Loans and receivables	31 <sup>st</sup> March	
	2014 £'000	2015 £'000
Interest expense in surplus or deficit on the provision of services	(60)	(133)
Interest income in surplus or deficit on the provision of services	88	92
Total	28	(41)

**Fair Values of Assets and Liabilities carried at Amortised Cost**

Investments as at 31<sup>st</sup> March 2015 for fair value purposes

	31 <sup>st</sup> March 2014		31 <sup>st</sup> March 2015	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Cash and Cash Equivalents	8,165	8,165	9,562	9,562
Add back: (Cash at Bank)/Overdraft	40	40	135	135
Short-term Investments	2,006	2,006	6,014	6,017
Long-term Investments	194	194	121	121
Total Temporary Investments	10,405	10,405	15,832	15,835

## WYRE FOREST DISTRICT COUNCIL

### NOTES TO THE ACCOUNTS 2014/15

#### **Note 15: FINANCIAL INSTRUMENTS (continued)**

Borrowing as at 31<sup>st</sup> March 2015 for fair value purposes

	31 <sup>st</sup> March 2014		31 <sup>st</sup> March 2015	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Liverpool Victoria Friendly Society Ltd	18	18	14	14
Market Debt	3,020	3,009	2,013	2,009
PWLB Loan - Maturity	2,009	1,920	8,058	8,291
Total Borrowing	5,047	4,947	10,085	10,314

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

The Council's Treasury Management activities expose it to a variety of financial risks. The key risks are:

- 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**

##### **Investments**

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, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also imposes maximum amounts and time with a financial institution located in each category.

The credit criteria in respect of financial assets held by the Council 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

## WYRE FOREST DISTRICT COUNCIL

### NOTES TO THE ACCOUNTS 2014/15

#### **Note 15: FINANCIAL INSTRUMENTS (continued)**

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 £5million (with specific approval by Chief Financial Officer) 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 2015 that this was likely to crystallise.

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

The Council's standard credit terms are 14 days from invoice date for its trade debtors, the past due amount can be analysed by age as follows:

<b>Age of Debt</b>	<b>31<sup>st</sup> March</b>	
	<b>2014 £'000</b>	<b>2015 £'000</b>
Less than three months	1,042	968
Three to six months	15	27
Six months to one year	128	17
More than one year	140	127
<b>Total</b>	<b>1,325</b>	<b>1,139</b>

#### **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>2014 £'000</b>	<b>2015 £'000</b>
Less than one year	10,211	15,711
Between one and two years	194	121
<b>Total</b>	<b>10,405</b>	<b>15,832</b>

## WYRE FOREST DISTRICT COUNCIL

### NOTES TO THE ACCOUNTS 2014/15

#### **Note 15: FINANCIAL INSTRUMENTS (continued)**

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

	<b>Approved Maximum Limits</b>	<b>Approved Minimum Limits</b>	<b>Actual 31<sup>st</sup> March 2014 £'000</b>	<b>Actual 31<sup>st</sup> March 2015 £'000</b>
Less than one year	100%	-	274	130
Between one and two years	100%	-	3,020	2,017
Between two and five years	100%	-	1,026	10
Between five and ten years	100%	-	1,001	2,009
Between ten and fifteen years	100%	-	-	-
Between fifteen and twenty years	100%	-	-	1,007
Between twenty and twenty five years	100%	-	-	3,022
Between twenty five and thirty years	100%	-	-	1,004
Between thirty and thirty five years	100%	-	-	-
Between thirty five and forty years	100%	-	-	-
Between forty and forty five years	100%	-	-	1,016
Total	100%	-	5,321	10,215

#### **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).

## **WYRE FOREST DISTRICT COUNCIL**

### **NOTES TO THE ACCOUNTS 2014/15**

#### **Note 15: FINANCIAL INSTRUMENTS (continued)**

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 March 2015, 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	(176)

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.

#### **Icelandic Bank Defaults**

The Council now has £935,000 outstanding of the original £9,000,000 Icelandic investments (prior to impairment) and is confident that the overall return will be close to full recovery.

**WYRE FOREST DISTRICT COUNCIL**

**NOTES TO THE ACCOUNTS 2014/15**

**Note 16: DEBTORS**

Short Term Debtors	31 <sup>st</sup> March	
	2014 £'000	2015 £'000
<b>Amounts receivable within one year:</b>		
Government Departments	1,693	912
Other Local Authorities	605	489
Sundry Debtors	2,774	3,028
Council Tax Payers	389	483
Business Rates	903	953
	6,364	5,865
<b>Less provision for bad debts:</b>		
Sundry Debtors	(963)	(1,068)
Council Tax Payers	(129)	(146)
Business Rates	(508)	(508)
	(1,600)	(1,722)
Total Balance at Year End	4,764	4,143

**Note 17: CASH AND CASH EQUIVALENTS**

Cash and Cash Equivalents comprises:

Cash and Cash Equivalents	2013/14 £'000	2014/15 £'000
Cash held by the Authority	9	5
Bank current accounts	(49)	(140)
Short-term deposits with banks/building societies	8,205	9,697
Total Balance at Year End	8,165	9,562

**Note 18: ASSETS HELD FOR SALE**

Assets Held For Sale	2013/14 £'000	2014/15 £'000
Balance at Start of Year	1,253	725
Additions/Enhancements	-	-
Revaluation Adjustments	(288)	(148)
Disposals	(240)	-
Reclassifications	-	(17)
Balance at Year End	725	560

Assets included in the Held for Sale category are those which were being actively marketed at the balance sheet date comprising the former Magistrates Court site in Worcester Street and the Kidderminster Cemetery Chapel. It is the Council's intention to market the other surplus properties in due course.

**WYRE FOREST DISTRICT COUNCIL**

**NOTES TO THE ACCOUNTS 2014/15**

**Note 19: CREDITORS**

<b>Creditors</b>	<b>31<sup>st</sup> March</b>	
	<b>2014 £'000</b>	<b>2015 £'000</b>
Government Departments	469	1,774
Local Authorities	680	382
Sundry Creditors	1,225	1,080
Council Taxpayers (overpayments/receipts in advance)	78	100
Business Rates (overpayments/receipts in advance)	249	249
Receipts in Advance	1,132	1,568
Contractors and Other Deposits	17	26
<b>Total Balance at Year End</b>	<b>3,850</b>	<b>5,179</b>

**Note 20: PROVISIONS**

<b>Description of Provision</b>	<b>1<sup>st</sup> April 2014 £'000</b>	<b>Provided in Year £'000</b>	<b>Payments in Year £'000</b>	<b>31<sup>st</sup> March 2015 £'000</b>
Severn Trent Superannuation Fund	7	-	(6)	1
Termination Benefits	86	-	(86)	-
Property Provision	-	58	-	58
Business Rates Appeals	490	1,083	(331)	1,242
Business Rates Retention	767	-	(767)	-
<b>Total All Provisions</b>	<b>1,350</b>	<b>1,141</b>	<b>(1,190)</b>	<b>1,301</b>

A provision of £58k has been made to cover the cost of the retrospective element of a backdated rent review whose annual rent actually reduced.

Following the introduction of the Business Rates Retention Scheme in 2013/14 the Council has increased the provision for appeals based upon 4% of the rateable value set by the Valuation Office Agency not settled at 31<sup>st</sup> March 2015. This is consistent with the approach taken by all members of the Worcestershire Pool. This Council's share of the provision is £1,241,913.

No insurance provision is held. An earmarked reserve account in respect of insurance excesses is held and the total movement in the year is a reduction of £3,757.

**Note 21: USABLE RESERVES**

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

**WYRE FOREST DISTRICT COUNCIL**

**NOTES TO THE ACCOUNTS 2014/15**

**Note 22: UNUSABLE RESERVES**

Summary of Unusable Reserves

	<b>31<sup>st</sup> March</b>	
	<b>2014 £'000</b>	<b>2015 £'000</b>
Revaluation Reserve	12,926	11,474
Capital Adjustment Account	32,927	27,202
Pensions Reserve	(49,012)	(60,084)
Deferred Capital Receipts Reserve	(20)	(20)
Collection Fund Adjustment Account	(656)	(1,616)
Accumulated Absences Account	(71)	(157)
<b>Total Unusable Reserves</b>	<b>(3,906)</b>	<b>(23,201)</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>2014 £'000</b>	<b>2015 £'000</b>
<b>Balance at 1<sup>st</sup> April</b>	12,811	12,926
Revaluation Gains	423	2,316
Excess Current Value Depreciation over Historic Cost Depreciation	(203)	(114)
Revaluation reductions written off against prior balances	(98)	(3,590)
Balance written out following re-classification	-	(4)
Balance written out following disposal	(7)	(60)
<b>Balance at 31<sup>st</sup> March</b>	<b>12,926</b>	<b>11,474</b>

## WYRE FOREST DISTRICT COUNCIL

### NOTES TO THE ACCOUNTS 2014/15

#### **Note 22: 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>2014 £'000</b>	<b>2015 £'000</b>
<b>Balance at 1<sup>st</sup> April</b>	35,365	32,927
Capital Receipts Applied	838	1,227
Contribution to disposal costs of capital sales	(6)	(4)
Depreciation	(1,894)	(1,869)
Revaluation Adjustments	(309)	(3,957)
Direct Revenue Financing	10	4
Repayments of Long Term Debts	(5)	-
Appropriation of Minimum Revenue Provision	261	202
Revenue Expenditure Funded From Capital Under Statute	(1,576)	(1,401)
Disposal of Non Current Assets	(995)	(813)
Capital Grants	1,028	712
Revaluation Reserve	210	174
<b>Balance at 31<sup>st</sup> March</b>	<b>32,927</b>	<b>27,202</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.

<b>Pensions Reserve</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
<b>Balance at 1<sup>st</sup> April</b>	(53,110)	(49,012)
Remeasurements of the net defined benefit (liability)/asset	5,334	(10,484)
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	(3,594)	(3,338)
Employer's pension contributions and direct payments to pensioners payable in the year	2,358	2,750
<b>Balance at 31<sup>st</sup> March</b>	<b>(49,012)</b>	<b>(60,084)</b>

## WYRE FOREST DISTRICT COUNCIL

### NOTES TO THE ACCOUNTS 2014/15

#### **Note 22: UNUSABLE RESERVES (continued)**

##### Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve. There has been no movement on this Reserve in 2014/15.

<b>Deferred Capital Receipts Reserve</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
<b>Balance at 31<sup>st</sup> March</b>	(20)	(20)

##### 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>2013/14 £'000</b>	<b>2014/15 £'000</b>
<b>Balance at 1<sup>st</sup> April</b>	(16)	(656)
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	(640)	(960)
<b>Balance at 31<sup>st</sup> March</b>	(656)	(1,616)

##### 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>2013/14 £'000</b>	<b>2014/15 £'000</b>
<b>Balance at 1<sup>st</sup> April</b>	(91)	(71)
Reversal of Opening Balance	91	71
Amounts accrued at the end of the current year	(71)	(157)
<b>Balance at 31<sup>st</sup> March</b>	(71)	(157)

**WYRE FOREST DISTRICT COUNCIL**

**NOTES TO THE ACCOUNTS 2014/15**

**Note 23: CASH FLOW STATEMENT – OPERATING ACTIVITIES**

The cash flows for operating activities include the following items:

<b>Cash Flow Statement – Operating Activities</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
Interest received	(88)	(92)
Interest paid	60	133
<b>Net cash flows from operating activities</b>	<b>(28)</b>	<b>41</b>

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>2013/14 £'000</b>	<b>2014/15 £'000</b>
Depreciation	1,894	1,869
Downward re-valuations	1,208	3,755
Increase/(decrease) in impairment for bad debts	126	105
Increase/(decrease) in creditors	1,047	1,335
(Increase)/decrease in debtors	(1,923)	388
(Increase)/decrease in inventories	(2)	15
Movement in pension liability	1,236	588
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	987	811
Other non-cash items charged to the net surplus or deficit on the provision of services	(9)	(286)
<b>Total</b>	<b>4,564</b>	<b>8,580</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>2013/14 £'000</b>	<b>2014/15 £'000</b>
Proceeds from short-term and long term investments	(179)	(102)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(828)	(911)
<b>Total</b>	<b>(1,007)</b>	<b>(1,013)</b>

**Note 24: CASH FLOW STATEMENT – INVESTMENT ACTIVITIES**

<b>Cash Flow Statement – Investment Activities</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
Purchase of property, plant and equipment, investment property and intangible assets	(1,480)	(2,901)
Other payments for investing activities	(950)	(4,000)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	828	911
Proceeds from short-term and long-term investments	1,855	52
Other receipts from investing activities	501	576
<b>Net cash flows from investing activities</b>	<b>754</b>	<b>(5,362)</b>

**WYRE FOREST DISTRICT COUNCIL**

**NOTES TO THE ACCOUNTS 2014/15**

**Note 25: CASH FLOW STATEMENT – FINANCING ACTIVITIES**

<b>Cash Flow Statement – Financing Activities</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
Cash receipts of short and long-term borrowing	2,000	5,000
Other receipts from financing activities	564	120
Repayments of short and long-term borrowing	95	(149)
Other payments for financing activities	(403)	(167)
<b>Net cash flows from financing activities</b>	<b>2,256</b>	<b>4,804</b>

**Note 26: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS – SEGMENTAL REPORTING**

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

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to directorates.

The following tables detail the Council's net revenue expenditure by service as reported under management reporting arrangements and how this reconciles to the Comprehensive Income and Expenditure statement and the subjective analysis within the Comprehensive Income and Expenditure Statement on page 16.

**WYRE FOREST DISTRICT COUNCIL**

**NOTES TO THE ACCOUNTS 2014/15**

**Note 26: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS – SEGMENTAL REPORTING (continued)**

<b>2014/15</b>	<b>Chief Executive £'000</b>	<b>Community Well-being &amp; Environment £'000</b>	<b>Economic Prosperity &amp; Place £'000</b>	<b>Total Net Expenditure by Service £'000</b>
Fees, Charges & Other Service Income	(786)	(3,245)	(2,840)	(6,871)
Recharges	(5,549)	(3,820)	(1,465)	(10,834)
Government Grants	(33,198)	-	-	(33,198)
<b>Total Income</b>	<b>(39,533)</b>	<b>(7,065)</b>	<b>(4,305)</b>	<b>(50,903)</b>
Employee Expenses	6,525	4,723	2,655	13,903
Other Service Expenses	36,859	10,607	3,427	50,893
Support Service Recharges	1,876	1,206	675	3,757
<b>Total Expenditure</b>	<b>45,260</b>	<b>16,536</b>	<b>6,757</b>	<b>68,553</b>
<b>Net Cost of Services</b>	<b>5,727</b>	<b>9,471</b>	<b>2,452</b>	<b>17,650</b>

<b>2013/14 Comparative Figures (Restated)</b>	<b>Chief Executive £'000</b>	<b>Community Well-being &amp; Environment £'000</b>	<b>Economic Prosperity &amp; Place £'000</b>	<b>Total Net Expenditure by Service £'000</b>
Fees, Charges & Other Service Income	(1,050)	(3,143)	(2,792)	(6,985)
Recharges	(6,548)	(3,833)	(1,651)	(12,032)
Government Grants	(33,895)	-	-	(33,895)
<b>Total Income</b>	<b>(41,493)</b>	<b>(6,976)</b>	<b>(4,443)</b>	<b>(52,912)</b>
Employee Expenses	6,613	4,379	2,568	13,560
Other Service Expenses	38,111	7,679	3,690	49,480
Support Service Recharges	2,053	1,516	965	4,534
<b>Total Expenditure</b>	<b>46,777</b>	<b>13,574</b>	<b>7,223</b>	<b>67,574</b>
<b>Net Cost of Services</b>	<b>5,284</b>	<b>6,598</b>	<b>2,780</b>	<b>14,662</b>

**Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement**

	<b>2013/14 £'000 (Restated)</b>	<b>2014/15 £'000</b>
Net Cost of Service from Service Analysis	14,662	17,650
Add amounts not reported to management (see table below)	448	(282)
Amounts not included in the Comprehensive Income and Expenditure Statement (see table below)	(322)	(237)
<b>Net Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>14,788</b>	<b>17,131</b>

**WYRE FOREST DISTRICT COUNCIL**

**NOTES TO THE ACCOUNTS 2014/15**

**Note 26: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS – SEGMENTAL REPORTING (continued)**

**Reconciliation to Subjective Analysis – (Surplus)/deficit on the provision of services**

2014/15	Directorate Analysis £'000	Not reported to Management £'000	Not included in CIES £'000	Recharges £'000	Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, Charges & Other							
Service Income	(6,871)	(569)	1,174	148	(6,118)	-	(6,118)
Recharges	(10,834)	-	-	6,415	(4,419)	-	(4,419)
Surplus on Trading Account & Investment Properties	-	-	-	-	-	(181)	(181)
Changes in Fair Value of Investment Properties	-	-	-	-	-	201	201
Interest & Investment Income	-	-	-	-	-	(92)	(92)
Icelandic Investments	-	-	-	-	-	(10)	(10)
Interest Adjustment	-	-	-	-	-	(6,820)	(6,820)
Income from Council Tax Government Grants and Contributions	(33,198)	-	-	-	(33,198)	(7,624)	(40,822)
<b>Total Income</b>	<b>(50,903)</b>	<b>(569)</b>	<b>1,174</b>	<b>6,563</b>	<b>(43,735)</b>	<b>(14,526)</b>	<b>(58,261)</b>
Employee expenses	13,903	(1,513)	-	(2,864)	9,526	-	9,526
Other Service Expenses	50,893	1,800	(1,411)	(38)	51,244	-	51,244
Support Service Recharges	3,757	-	-	(3,661)	96	-	96
Long Term Investments - Impairment Adjustments	-	-	-	-	-	32	32
Pension Interest Cost & Expected Return	-	-	-	-	-	2,096	2,096
Interest Payments	-	-	-	-	-	213	213
Parish Precepts	-	-	-	-	-	463	463
Gain or Loss on Disposal of Non-current Assets	-	-	-	-	-	(97)	(97)
<b>Gross Cost of Services</b>	<b>68,553</b>	<b>287</b>	<b>(1,411)</b>	<b>(6,563)</b>	<b>60,866</b>	<b>2,707</b>	<b>63,573</b>
<b>(Surplus) /Deficit on the Provision of Services</b>	<b>17,650</b>	<b>(282)</b>	<b>(237)</b>	<b>-</b>	<b>17,131</b>	<b>(11,819)</b>	<b>5,312</b>

**WYRE FOREST DISTRICT COUNCIL**

**NOTES TO THE ACCOUNTS 2014/15**

**Note 26: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS – SEGMENTAL REPORTING (continued)**

<b>2013/14 (Restated)</b>	<b>Directorate Analysis</b>	<b>Not reported to Management</b>	<b>Not included in CIES</b>	<b>Recharges</b>	<b>Net Cost of Services</b>	<b>Corporate Amounts</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fees, Charges & Other Service Income	(6,985)	(885)	1,387	80	<b>(6,403)</b>	-	<b>(6,403)</b>
Recharges	(12,032)	-	-	7,012	<b>(5,020)</b>	-	<b>(5,020)</b>
Surplus on Trading Account & Investment Properties	-	-	-	-	-	257	<b>257</b>
Changes in Fair Value of Investment Properties	-	-	-	-	-	(899)	<b>(899)</b>
Other Gains & Losses	-	-	-	-	-	(15)	<b>(15)</b>
Interest & Investment Income	-	-	-	-	-	(88)	<b>(88)</b>
Icelandic Investments	-	-	-	-	-	(91)	<b>(91)</b>
Interest Adjustment	-	-	-	-	-	(6,521)	<b>(6,521)</b>
Income from Council Tax	-	-	-	-	-	(6,521)	<b>(6,521)</b>
Government Grants and Contributions	(33,895)	-	-	-	<b>(33,895)</b>	(6,317)	<b>(40,212)</b>
<b>Total Income</b>	<b>(52,912)</b>	<b>(885)</b>	<b>1,387</b>	<b>7,092</b>	<b>(45,318)</b>	<b>(13,674)</b>	<b>(58,992)</b>
Employee expenses	13,560	(949)	-	(2,747)	<b>9,864</b>	-	<b>9,864</b>
Other Service Expenses	49,480	2,282	(1,709)	(24)	<b>50,029</b>	-	<b>50,029</b>
Support Service Recharges	4,534	-	-	(4,321)	<b>213</b>	-	<b>213</b>
Long Term Investments - Impairment Adjustments	-	-	-	-	-	(77)	<b>(77)</b>
Pension Interest Cost & Expected Return	-	-	-	-	-	2,179	<b>2,179</b>
Interest Payments	-	-	-	-	-	135	<b>135</b>
Parish Precepts	-	-	-	-	-	442	<b>442</b>
Gain or Loss on Disposal of Non-current Assets	-	-	-	-	-	177	<b>177</b>
<b>Gross Cost of Services</b>	<b>67,574</b>	<b>1,333</b>	<b>(1,709)</b>	<b>(7,092)</b>	<b>60,106</b>	<b>2,856</b>	<b>62,962</b>
<b>(Surplus) /Deficit on the Provision of Services</b>	<b>14,662</b>	<b>448</b>	<b>(322)</b>	<b>-</b>	<b>14,788</b>	<b>(10,818)</b>	<b>3,970</b>

Items not reported to management are in respect of technical accounting adjustments not known until year-end, such as impairment and pension adjustments. These cannot be made until the relevant guidance is issued/ information known.

**Note 27: TRADING OPERATIONS**

The Council has Industrial Estate Trading Operations, where the service manager is required to operate in a commercial environment and balance the budget by generating income from other parts of the authority or other organisations. Details of the income and expenditure from trading operations are as follows:

<b>Trading Operations</b>	<b>2013/2014 £'000</b>	<b>2014/2015 £'000</b>
<b>Industrial Estates</b>		
Income	(626)	(580)
Expenditure	375	373
Net Income	(251)	(207)

**WYRE FOREST DISTRICT COUNCIL**

**NOTES TO THE ACCOUNTS 2014/15**

**Note 28: MEMBERS' ALLOWANCES AND EXPENSES**

Members' allowances and expenses paid during the year was £292,132 (£297,465 in 2013/14). Further information is provided on the Council's website [www.wyreforest.gov.uk](http://www.wyreforest.gov.uk)

**Note 29: OFFICERS' REMUNERATION**

The number of officers whose remuneration for the year exceeded £50,000 (including salary, redundancy payments and other minor allowances):

<b>Total Remuneration</b>	<b>2013/2014</b>	<b>2014/2015</b>
£50,000 - £54,999	2	1
£55,000 - £59,999	1	1
£60,000 - £64,999	-	1
£65,000 - £69,999	-	-
£70,000 - £74,999	2	2
£75,000 - £104,999	-	-
£105,000 - £109,999	1	1

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

<b>Position</b>	<b>Salary (including fees &amp; allowances)</b>	<b>Expenses Allowances*</b>	<b>Total Remuneration Excl pension contributions 2014/2015</b>	<b>Pension Contributions</b>	<b>Total Remuneration including pension Contributions 2014/2015</b>
	£	£	£	£	£
Chief Executive	107,831	1,112	108,943	13,695	<b>122,638</b>
Director of Economic Prosperity and Place	72,819	931	73,750	9,248	<b>82,998</b>
Director of Community Well-Being and Environment	72,819	-	72,819	9,248	<b>82,067</b>
Chief Finance Officer	61,240	339	61,579	7,777	<b>69,356</b>
Solicitor to the Council	40,040	40	40,080	5,085	<b>45,165</b>
Head of Economic Development & Regeneration – North Worcs	55,688	544	56,232	7,072	<b>63,304</b>
Head of Transformation & Communications	52,000	55	52,055	6,604	<b>58,659</b>
<b>Total</b>	<b>462,437</b>	<b>3,021</b>	<b>465,458</b>	<b>58,729</b>	<b>524,187</b>

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

In addition to the above salaries, the following Chief Officers received remuneration for their roles in the European, District and Parish elections:

	<b>Role</b>	<b>2014/15 £</b>
Chief Executive	Returning Officer	2,538
Solicitor to the Council	Deputy Returning Officer	514
Head of Transformation & Communications	Deputy Returning Officer	1,276

The Solicitor to the Council works 22.2 contractual hours per week.

The Pension contributions detailed above only include the employer's contributions directly attributable to the Post Holder.

**WYRE FOREST DISTRICT COUNCIL**

**NOTES TO THE ACCOUNTS 2014/15**

**Note 29: 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	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14 £	2014/15 £
£0 - £20,000	4	1	6	2	10	3	87,661	17,717
£20,001 - £40,000	-	-	3	-	3	-	68,378	-
<b>Total</b>	4	1	9	2	13	3	156,039	17,717

The total cost in the table above is for exit packages that have been agreed and charged to the Council's Comprehensive Income and Expenditure Statement (CI&E) in the current year (the prior year cost includes £70,173 charged to the CI&E in 2013/14).

**Note 30: EXTERNAL AUDIT COSTS**

<b>Fees payable to the Council's External Auditors</b>	<b>2013/14 £</b>	<b>2014/15 £</b>
External Audit Services / Statutory Inspection	64,348	52,129
Certification of Grant Claims	14,403	7,920
<b>Total External Audit Costs</b>	<b>78,751</b>	<b>60,049</b>

The agreed fees for external audit and statutory inspection services in 2014/15 were £65,248 and for Grant Certification £12,220. These differ from the amounts stated above due to an additional fee of £2,300 for the National Fraud Initiative, a rebate from Audit Commission of £15,419 and the timing of payments. The Council also purchased a non-audit service from Grant Thornton totalling £5,000.

**Note 31: GRANT INCOME**

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

<b>Grant Income</b>	<b>2013/14 £'000 (Restated)</b>	<b>2014/15 £'000</b>
<b>Credited to Taxation and Non Specific Grant Income</b>		
Revenue Support Grant	3,753	2,912
New Homes Bonus	774	1,263
Other Capital Grants	509	651
<b>Total Credited to Taxation and Non Specific Grant Income</b>	<b>5,036</b>	<b>4,826</b>
<b>Credited to Services</b>		
Housing Benefit Subsidy	32,365	31,702
Housing Benefit Admin	723	648
Other Grants by Directorate:		
Chief Executive	481	338
Community Well-being and Environment	921	384
Economic Prosperity and Place	860	310
<b>Total Grant Income Credited to Services</b>	<b>35,350</b>	<b>33,382</b>

## WYRE FOREST DISTRICT COUNCIL

### NOTES TO THE ACCOUNTS 2014/15

#### **Note 32: RELATED PARTY TRANSACTIONS**

The following table details the transactions for the period 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015 with organisations with which the Council has a related party interest. 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). Grants received from Government Departments are set out in the subjective analysis in Note 26 on reporting for resources allocation decisions. Grant receipts outstanding at 31<sup>st</sup> March 2015 are shown in Note 16.

#### **Members**

Members of the Council have a direct control over the Council's financial and operating policies. The total of members' allowances paid in 2014/15 is shown in Note 28.

Members have not disclosed any material transactions with related parties.

The Register of Members' Interest is open to public inspection at Wyre Forest House during office hours, on application, and is also available on the Council's website. This is compliant with the Localism Act 2011.

#### **Officers**

Senior Officers have not disclosed any material transactions with related parties.

**WYRE FOREST DISTRICT COUNCIL**

**NOTES TO THE ACCOUNTS 2014/15**

**Note 32: RELATED PARTY TRANSACTIONS (continued)**

The following transactions were undertaken with related parties as at 31<sup>st</sup> March 2015. All transactions were undertaken at arms length and within normal business terms and conditions.

<b>Organisation</b>	<b>Member/Senior Officer</b>	<b>Relationship</b>	<b>Income £'000</b>	<b>Expenditure £'000</b>
Community Housing Group	Cllr M Rayner, Cllr B McFarland Cllr John Hart *Cllr C Rogers, *Cllr G Yarranton * Cllr D Godwin *Cllr J Greener *Cllr F Orborski *Cllr S Clee	Non-Executive Board Members *Community Members	116	687
Aged UK Wyre Forest	Cllr D Sheppard	Member	-	13
Carpet Museum Trust	Cllr M Price, Cllr S Williams, Chief Executive - I Miller	Members Trustee	1	-
Bewdley Development Trust	Cllr J Phillips, Town Centres Manager	Director Member	-	7
Kidderminster & District Youth Trust	Cllr J Greener, Cllr M Kelly, Cllr M Price, Cllr M Rayner	Member	-	2
Citizens' Advice Bureau	Cllr P Harrison	Member	-	88
Local Government Association	Cllr M Hart	Member	-	18
Stourport Forward	Cllr C Rogers	Member	-	6
The Elizabeth Mills Centre	Cllr D Sheppard	Member	-	1
Stourport Sports Club Ltd	Cultural Services Manager, Community Development Manager	Director Director	9	15
Worcestershire County Council (excludes precepts & pension)	Cllr J-P Champion*, Cllr S Clee, Cllr N Desmond, Cllr, M Hart*, Cllr A Hingley, Cllr F Oborski, Cllr J Parish, Cllr G Yarranton, Cllr M Rayner	Members (of which 2 Cabinet Members*)	567	660
Wyre Forest Nightstop & Mediation	Cllr A Hingley	Member	-	16

**Other Public Bodies:**

The Council collects precepts on behalf of Worcestershire County Council, The Office of the Police and Crime Commissioner for West Mercia, Hereford and Worcester Fire Authority, and the Town and Parish Councils.

## WYRE FOREST DISTRICT COUNCIL

### NOTES TO THE ACCOUNTS 2014/15

#### **Note 32: RELATED PARTY TRANSACTIONS (continued)**

Some Wyre Forest District Council Councillors are also members of these bodies – major transactions between Wyre Forest District Council and other Parishes are shown below:

<b>Parish Councils</b>	<b>Numbers of Members</b>	<b>Income £'000</b>	<b>Payments (excl. precepts) £'000</b>
Stourport Town Council	8	0	485
Bewdley Town Council	3	10	4

The following amounts were due to/from related parties as at 31<sup>st</sup> March 2015:

<b>Organisation</b>	<b>Income £'000s</b>	<b>Expenditure £'000</b>
Community Housing Group	17	10
Citizens' Advice Bureau	-	11
Worcestershire County Council	132	12
Wyre Forest Nightstop & Mediation	-	14

#### **Jointly Controlled Operations:**

The Council is a partner in the Worcestershire Regulatory Shared Service Joint Committee, which is a jointly controlled operation hosted by Bromsgrove District Council (BDC). Under this shared service the Council paid £555,320 to BDC and accrued for a refund of £29,531 relating to 2014/15. An accrual was made for additional expenditure of £37,851 relating to redundancy costs, pension strain and pest control charges. In addition, the Council received £16,145 from BDC for recharges, with £8,970 still owing as at 31<sup>st</sup> March 2015.

The Council is a partner in the North Worcestershire Building Control shared service, a collaborative agreement hosted by BDC. Under this shared service £157,142 was payable to BDC in 2014/15 of which £35,203 was still owing as at 31<sup>st</sup> March 2015. In addition, the Council received £195 for recharges.

The Council hosts the North Worcestershire Economic Development and Regeneration shared service, a collaborative agreement. Under this shared service £253,513 was due from BDC and £341,057 from Redditch Borough Council (RBC) in 2014/15. Of these amounts £53,378 (BDC) and £79,014 (RBC) were still owing at 31<sup>st</sup> March 2015. The Council paid £28,474 to RBC for expenditure incurred.

The Council has a collaborative agreement with RBC for the provision of Payroll Services. Under this shared service the Council paid £28,716 to RBC in 2014/15.

The Council participates in a shared service with The Community Housing Group Limited (CHG) to jointly provide advice and services to the public through the shared occupancy of the Worcestershire Hub. Under this agreement £19,231 was due from CHG in 2014/15 and is still owing at 31<sup>st</sup> March 2015.

The Council hosts the North Worcestershire Water Management Shared Service, a collaborative agreement. Under this shared service £52,983 was due from BDC and £119,865 from RBC. Of these amounts £13,245 (BDC) and £18,716 (RBC) were still owing at 31<sup>st</sup> March 2015.

## WYRE FOREST DISTRICT COUNCIL

### NOTES TO THE ACCOUNTS 2014/15

#### **Note 32: RELATED PARTY TRANSACTIONS (continued)**

Worcestershire County Council provides the Human Resources shared service. Under this agreement the Council paid £122,600 for this service in 2014/15.

This Council hosts a shared service for Emergency Planning and Business Continuity with RBC and BDC. Under this agreement £25,660 was due for this service in 2014/15. As of 31<sup>st</sup> March 2015, £2,462 was owed by both BDC and RBC.

#### **Note 33: CAPITAL EXPENDITURE AND CAPITAL FINANCING**

<b>Capital Expenditure and Capital Financing</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
Opening Capital Financing Requirement	5,505	5,539
Operational Assets	589	3,111
Non-operational Assets	-	-
Revenue Expenditure Funded from Capital Under Statute	1,576	1,401
Capital Receipts	(832)	(1,223)
Government Grants and other Contributions	(1,028)	(712)
Sums Set Aside from Revenue	(271)	(206)
Closing Capital Financing Requirement	5,539	7,910
<b>Explanation of movements in the year:</b>		
Increase in underlying requirement to borrow (unsupported by Government financial assistance)	34	2,371
Increase in Capital Financing Requirement	34	2,371

#### **Note 34: 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 final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. 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 2014/15**

**Note 34: 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 following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Funded Benefits		Unfunded Benefits	
	2013/14 £'000	2014/15 £'000	2013/14 £'000	2014/15 £'000
<b>Comprehensive Income and Expenditure Account</b>				
<b>Cost of Services</b>				
<i>Service cost comprising:</i>				
Current Service Cost	1,389	1,160	-	-
Past Service Costs (including Curtailments)	2	59	-	-
Administration expenses	24	23	-	-
<b>Financing and Investment Income and Expenditure</b>				
Net interest expense	1,914	1,790	265	306
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>3,329</b>	<b>3,032</b>	<b>265</b>	<b>306</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)	1,487	(4,487)	-	-
Actuarial (gains) and losses arising on changes in demographic assumptions	613	-	30	-
Actuarial (gains) and losses arising on changes in financial assumptions	(6,006)	14,306	(142)	665
Other	(2,320)	-	1,004	-
<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>(2,897)</b>	<b>12,851</b>	<b>1,157</b>	<b>971</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	(1,236)	(588)	-	-
<b>Actual amount charged against the General Fund Balance for pensions in the year</b>				
Employers' contributions payable to scheme	1,855	2,239	503	511
Retirement benefits payable to pensioners	(4,263)	(4,217)	(503)	(511)

**WYRE FOREST DISTRICT COUNCIL**

**NOTES TO THE ACCOUNTS 2014/15**

**Note 34: 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:

	Funded Benefits		Unfunded Benefits	
	2013/14 £'000	2014/15 £'000	2013/14 £'000	2014/15 £'000
Present value of defined benefit obligation	97,261	113,154	7,216	7,676
Fair value of plan assets	(55,465)	(60,746)	-	-
<b>Net liability arising from defined benefit obligation</b>	<b>41,796</b>	<b>52,408</b>	<b>7,216</b>	<b>7,676</b>

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

	Funded Benefits		Unfunded Benefits	
	2013/14 £'000	2014/15 £'000	2013/14 £'000	2014/15 £'000
Opening fair value of scheme assets	56,660	55,465	-	-
Interest Income	2,337	2,406	-	-
Remeasurement gain/(loss) - return on plan assets, excluding amount included in net interest expense	(1,487)	4,487	-	-
Administration expenses	(24)	(23)	-	-
Contributions from employer	1,855	2,239	503	511
Contributions from employees into scheme	387	389	-	-
Benefits Paid	(4,263)	(4,217)	(503)	(511)
<b>Closing fair value of scheme assets</b>	<b>55,465</b>	<b>60,746</b>	<b>-</b>	<b>-</b>

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

	Funded Liabilities		Unfunded Liabilities	
	2013/14 £'000	2014/15 £'000	2013/14 £'000	2014/15 £'000
Opening balance at 1 April	103,208	97,261	6,562	7,216
Current Service cost	1,389	1,160	-	-
Interest cost	4,251	4,196	265	306
Contributions from scheme participants	387	389	-	-
Remeasurement (gains) and losses:				
- Scheme experience of (gain)/loss	(2,320)	-	1,004	-
- Actuarial (gains)/losses arising from change in demographic assumptions	613	-	30	-
- Actuarial (gains)/losses arising from change in financial assumptions	(6,006)	14,306	(142)	665
Past service cost/Curtailments	2	59	-	-
Benefits paid	(4,263)	(4,217)	(503)	(511)
<b>Closing balance at 31 March</b>	<b>97,261</b>	<b>113,154</b>	<b>7,216</b>	<b>7,676</b>

**WYRE FOREST DISTRICT COUNCIL**

**NOTES TO THE ACCOUNTS 2014/15**

**Note 34: DEFINED BENEFIT PENSION SCHEMES (continued)**

**Local Government Pension Scheme assets comprised:**

<b>Fair value of scheme assets</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
Cash and cash equivalents	1,332	972
Equities:		
UK quoted	14,365	13,486
Overseas quoted	19,967	23,266
PIV UK Managed Funds	6,489	6,196
PIV UK Managed Funds (Overseas equities)	9,485	12,392
PIV Overseas Managed Funds	333	486
Sub-total equities	50,639	55,826
Bonds:		
UK Corporate	388	425
Overseas Corporate	3,106	3,523
Sub-total bonds	3,494	3,948
<b>Total Assets</b>	<b>55,465</b>	<b>60,746</b>

All scheme assets have quoted prices in active markets.

**Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions including mortality rates and salary levels etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Mercer Ltd, an independent firm of actuaries, and estimates for the Council fund are based on the latest full valuation of the scheme as at 31<sup>st</sup> March 2013.

The significant assumptions used by the actuary have been:

	<b>2013/14</b>	<b>2014/15</b>
<b>Long term expected rate of return on assets in the scheme</b>		
Equities	7.00%	6.50%
Government Bonds	3.40%	2.20%
Other Bonds	4.30%	2.90%
Property	6.20%	5.90%
Cash/Liquidity	0.50%	0.50%
Other	Dependent on Type of Asset	Dependent on Type of Asset
<b>Mortality assumptions</b>		
Longevity at 65 of current pensioners		
Male	23.3yrs	23.4yrs
Female	25.7yrs	25.8yrs
Longevity at 65 of future pensioners		
Male	25.5yrs	25.6yrs
Female	28.0yrs	28.1yrs
<b>Financial assumptions</b>		
Rate of Inflation (CPI)	2.40%	2.00%
Rate of increase in salaries	3.90%	3.50%
Rate of increase in pensions	2.40%	2.00%
Discount Rate on liabilities	4.40%	3.20%

## WYRE FOREST DISTRICT COUNCIL

### NOTES TO THE ACCOUNTS 2014/15

#### **Note 34: DEFINED BENEFIT PENSION SCHEMES (continued)**

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 2013/14.

<b>Impact on the Defined Benefit Obligation in the Scheme</b>	<b>Increase in Assumption £'000</b>
Longevity (increase in 1 year)	2,427
Rate of inflation (increase by 0.1%)	1,970
Rate of increase in salaries (increase by 0.1%)	346
Rate for discounting scheme liabilities (increase by 0.1%)	(1,938)

#### **Funding Strategy**

Worcestershire County Council Pension Fund Annual Report and Accounts include the Statement prepared by Worcestershire County Council (the Administering Authority) that sets out the funding strategy for the Worcestershire County Council Pension Fund, in accordance with Regulation 35 of the Local Government Pension Scheme (Administration) Regulations 2008 and the guidance paper issued in July 2009 by the Chartered Institute of Public Finance and Accountancy (CIPFA) Pensions Panel. The report is available from the Worcestershire County Council website:

<http://www.worcestershire.gov.uk/cms/jobs-and-careers/pensions.aspx>

#### **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 21 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31<sup>st</sup> March 2016.

The scheme will need to take account of 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 (or service after 31<sup>st</sup> March 2015 for other main existing public service pension schemes in England and Wales). 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 Council anticipates paying £2.893m contributions to the scheme in 2015/16.

The weighted average duration of the defined benefit obligation for scheme members is 16 years, 2014/15 (16 years 2013/14).

## WYRE FOREST DISTRICT COUNCIL

### NOTES TO THE ACCOUNTS 2014/15

#### **Note 34: DEFINED BENEFIT PENSION SCHEMES (continued)**

##### **Pensions Liability Relating to Shared Services**

For the Regulatory shared services governed by Joint Committee this Council transferred its staff 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 to those shared services.

The table below shows the overall deficit of the Worcestershire Regulatory Services together with this Council's share as defined by the partnership legal agreement.

	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
Present value of liabilities	21,545	27,790
Fair value of assets	(17,397)	(19,841)
<b>(Surplus)/Deficit in scheme</b>	<b>4,148</b>	<b>7,949</b>
WFDC Share – 10.82%	449	860

Further information can be found in the Worcestershire County Council's Pension Fund Annual Report which is available upon request from Worcestershire County Council (see Note 1.6 for details of the address).

#### **Note 35: CONTINGENT LIABILITIES**

The account with the Wyre Forest House construction contractor remains outstanding because of a number of unresolved issues, the main one being the Council Chamber heating and cooling. A gas heating system has been successfully installed to supplement the ground source heating. There may also be an issue of a contractor's claim against the Council for prolongation of the contract time scale, so a potential contingent liability exists in relation to this major capital project.

The Council has a number of Service Reviews in progress as part of the Wyre Forest Forward Work Programme; these are programmed over the Medium Term Financial Strategy. It is possible that these Service Reviews will result in reductions in employee numbers and a reduction in overall service costs necessitating the payment of severance costs that may be classed as future termination benefits. As the exact details of these future severance costs are not yet known they are a potential contingent liability. The Council has recognised the need to resource the cost of implementing such Cabinet Proposals and has a Transformation Fund earmarked reserve towards funding such one-off costs. There is £536k remaining in the Transformation Fund as at 31<sup>st</sup> March 2015 with £266k being uncommitted. This includes an extra £150k to replenish the fund from the 2014/15 final account savings to help fund the challenging savings programme moving forward.

The Council has 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. An earmarked reserve previously included in the accounts based on advice from administrators has now been paid. The potential for further liability still exists, and a further earmarked reserve of £50k has been included in the 2014/15 accounts for a known claim but there is a contingent liability for future claims that may come forward.

## WYRE FOREST DISTRICT COUNCIL

### NOTES TO THE ACCOUNTS 2014/15

#### **Note 35: CONTINGENT LIABILITIES (continued)**

The Council has made a provision for NNDR Appeals based upon its best estimates of the actual liability as at the year-end in known appeals. It is not possible to quantify 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 change from April 2015 to restrict the time period for the backdating of appeals so there is a risk to the Council that national and local appeals may have a future impact on the accounts.

The Council is currently progressing a Community Governance Review (CGR) that could result in the transfer of a number of freehold assets to a new town council for Kidderminster. This may significantly reduce the value of land and buildings held on the asset register.

#### **Note 36: TRUST FUNDS**

Wyre Forest District Council acts as Corporate Trustee for Kidderminster Educational Foundation, a registered charity, whose main activity is as grant-maker to individuals, and also to assist other organisations in activities which comply with the governing objectives of the Foundation. The Fund is invested in the money market but is not included within the Council's Balance Sheet. The capital balance invested during the year was £271,209 (£271,209 at 31<sup>st</sup> March 2014) whilst the revenue balance was £8,202 at 31<sup>st</sup> March 2015 (£8,849 at 31<sup>st</sup> March 2014).

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

<b>2014/2015</b>	<b>Income £'000</b>	<b>Expenditure £'000</b>	<b>Assets £'000</b>	<b>Liabilities £'000</b>
Kidderminster Educational Foundation	1	2	279	-
<b>TOTAL</b>	<b>1</b>	<b>2</b>	<b>279</b>	<b>-</b>

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2014/15**

**THE COLLECTION FUND ACCOUNT 2014/15**

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.

2013/2014	2013/2014	2013/2014		2014/2015	2014/2015	2014/2015
Business Rates £'000	Council Tax £'000	Total £'000		Business Rates £'000	Council Tax £'000	Total £'000
<b><u>INCOME</u></b>						
-	(46,413)	(46,413)	Council Tax Receivable	-	(48,499)	(48,499)
(27,639)	-	(27,639)	Business Rates Receivable	(29,420)	-	(29,420)
<b>(27,639)</b>	<b>(46,413)</b>	<b>(74,052)</b>	<b>Total Income</b>	<b>(29,420)</b>	<b>(48,499)</b>	<b>(77,919)</b>
<b><u>EXPENDITURE</u></b>						
<b>Precepts, Demands and Shares:</b>						
14,097	-	14,097	<b>Central Government</b>	14,395	-	14,395
2,537	31,296	33,833	<b>Worcestershire County Council</b>	2,591	33,007	35,598
282	2,218	2,500	<b>Hereford and Worcester Fire Authority</b>	288	2,339	2,627
-	5,383	5,383	<b>Office of the Police and Crime Commissioner for West Mercia</b>	-	5,680	5,680
11,278	5,952	17,230	<b>Wyre Forest District Council</b>	11,516	6,281	17,797
-	442	442	<b>Parish/Town Councils</b>	-	463	463
<b>Charges to the Collection Fund:</b>						
-	220	220	<b>Increase in Bad Debt Provision</b>	376	189	565
1,225	-	1,225	<b>Increase in Provision for Appeals</b>	2,707	-	2,707
138	-	138	<b>Cost of Collection Allowance</b>	137	-	137
29,557	45,511	75,068	Total Expenditure	32,010	47,959	79,969
1,918	(902)	1,016	<b>(Surplus)/Deficit for the Year</b>	2,590	(540)	2,050
-	115	115	<b>(Surplus)/Deficit b/fwd as at 1<sup>st</sup> April</b>	1,918	(787)	1,131
<b>1,918</b>	<b>(787)</b>	<b>1,131</b>	<b>(Surplus)/Deficit c/fwd as at 31<sup>st</sup> March</b>	<b>4,508</b>	<b>(1,327)</b>	<b>3,181</b>
<b>Allocation of (Surplus)/Deficit:</b>						
959	-	959	<b>Central Government</b>	2,254	-	2,254
173	(544)	(371)	<b>Worcestershire County Council</b>	406	(917)	(511)
19	(39)	(20)	<b>Hereford and Worcester Fire Authority</b>	45	(65)	(20)
-	(93)	(93)	<b>Office of the Police and Crime Commissioner for West Mercia</b>	-	(158)	(158)
767	(111)	656	<b>Wyre Forest District Council</b>	1,803	(187)	1,616
<b>1,918</b>	<b>(787)</b>	<b>1,131</b>		<b>4,508</b>	<b>(1,327)</b>	<b>3,181</b>

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2014/15**

**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 Collection Fund. 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 precepting bodies in the subsequent financial year. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year. For Wyre Forest, the Council Tax 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 became a member of the Worcestershire Business Rates Pool. Separate accounts are maintained that form part of the Worcestershire County Council Accounts and are not reflected in the Wyre Forest District Council Collection 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 2014/15 were estimated before the start of the financial year as £14.395m to Central Government, £2.591m to WCC, £0.288m to H&WFRA and £11.516m to Wyre Forest District Council. These sums have been paid in 2014/15 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 Wyre Forest District Council in 2014/15 was £8.749m (£8.582m in 2013/14).

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2014/15**

**NOTES TO THE COLLECTION FUND ACCOUNT**

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

In addition to the tariff, a 'safety net' figure is calculated at 92.5% of baseline amount which ensures that authorities are protected to this level of Business Rates income. For Wyre Forest District Council the value of safety net figure in 2014/15 was £2.342m (£2.297m in 2013/14). The comparison of business rate income to the safety net uses the total income collected from business rate payers and adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and the Small Business Rate Relief scheme not allowed for when the safety net was set. The Council does not qualify for a safety net payment for 2014/15. In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and, as such, are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision charged to the collection fund for 2014/15 has been calculated at £2.707m (£1.225m in 2013/14). This includes an additional £750k in respect of Doctors Surgeries appeals that are to be settled in 2015/16.

The Non-Domestic rateable value of the Council's area at 31st March 2015 was £74,375,008 (31st March 2014 - £73,756,339). The standard national multiplier for 2014/15 was 48.2p (47.1p in 2013/14) and 47.10p for qualifying Small Businesses (46.2p in 2013/14).

The total income from business rate payers collected in 2014/15 was £29.420m (£27.639m in 2013/14).

**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 the Council, Worcestershire County Council, The Office of the Police and Crime Commissioner for West Mercia and The Hereford and Worcester Fire Authority for the forthcoming year and dividing this by the Council Tax base. This basic amount of Council Tax for a band D property, £1,518.01 for 2014/15 (£1,489.04 in 2013/14) 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 £98,434.35 (£127,252.54 in 2013/14).

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2014/15**

**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 Listing Officer. This is adjusted for exemptions, discounts, disabled banding changes and appeals. The taxbase estimate for 2014/15 was 30,930 (30,119 in 2013/14).

Valuation Band	Number of Dwellings Per Valuation List	Adjustment for Disabled Banding Appeals, Discounts & Exemptions	Full Charge Equivalent	Ratio to Band D Charge	Band D Equivalent
Band A	10,990	(5,092.51)	5,897.49	6/9	3,931.66
Band B	11,227	(3,114.88)	8,112.12	7/9	6,309.43
Band C	10,967	(2,004.92)	8,962.08	8/9	7,966.29
Band D	6,032	(768.26)	5,263.74	1	5,263.74
Band E	3,231	(267.80)	2,963.20	11/9	3,621.69
Band F	1,687	(123.96)	1,563.04	13/9	2,257.73
Band G	1,150	(62.43)	1,087.57	15/9	1,812.61
Band H	126	(7.02)	118.98	2	237.96
Total	45,410	(11,441.78)	33,968.22		31,401.11
Less Allowance for Non Collection District Tax Base					(471.11)
					30,930.00

Income from Council Tax in 2014/15 was £48.499m (£46.413m in 2013/14).

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

The Council Tax surplus of £1,327,371 at 31st March 2015 will be distributed in subsequent financial years to the Council, Worcestershire County Council, The Office of the Police and Crime Commissioner for West Mercia and Hereford and Worcester Fire Authority 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 £4,508,054 at 31st March 2015 will be recovered in subsequent financial years from the Council, Central Government, Worcestershire County Council and Hereford and Worcester Fire Authority 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 2014/15, excluding surplus/deficits, are as follows:

	Council Tax £'000	NDR £'000
Worcestershire County Council	32,762	2,591
Office of the Police and Crime Commissioner for West Mercia	5,638	-
Hereford and Worcester Fire Authority	2,322	288
Wyre Forest District Council (including parishes)	6,694	11,516
Central Government	-	14,395

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2014/15**

**NOTES TO THE COLLECTION FUND ACCOUNT**

**Note 6: PROVISION FOR BAD DEBTS**

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

2013/14			2014/15	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
819	1,270	Provision for Bad Debts as at 1 <sup>st</sup> April	927	1,270
(112)	-	Past Years Write Offs	(84)	(376)
220	-	Increase in Provision	190	376
927	1,270	Provision for Bad Debts as at 31 <sup>st</sup> March	1,033	1,270

The Wyre Forest District Council share is as follows:

2013/14			2014/15	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
129	508	Wyre Forest District Council Share of Provision for Bad Debts as at 31 <sup>st</sup> March	146	508

**Note 7: PROVISION FOR NNDR APPEALS**

The Collection Fund account provides for NNDR appeals against the rateable value set by the Valuation Office Agency (VOA) not settled at 31<sup>st</sup> March 2015. This includes an additional £750k in 2014/15 in respect of Doctors Surgeries appeals to be settled in 2015/16.

	2013/14 £'000	2014/15 £'000
Provision for Appeals as at 1 <sup>st</sup> April	-	1,225
Appeals settled in year	-	(828)
Increase in Provision	1,225	2,707
Provision for Appeals as at 31 <sup>st</sup> March	1,225	3,104

The Wyre Forest District Council share is as follows:

	2013/14 £'000	2014/15 £'000
Wyre Forest District Council Share of Appeals as at 31 <sup>st</sup> March	490	1,242

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2014/15**

**TECHNICAL ANNEX**

This technical annex has been included with the Statement of Accounts 2014/15 to reflect the restatements for 2013/14 comparative information following the changes brought about by cost centre changes between directorates and the presentational change to show New Homes Bonus as non specific grant. In addition, the direct salary recharges have been removed from the employee expenses shown in the table detailing the Reconciliation to Subjective Analysis – (Surplus)/deficit on the provision of services.

**RESTATED SEGMENTAL REPORTING NOTES 2013/14**

The following tables were included within the published Statement of Accounts 2013/14:

**AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS – SEGMENTAL REPORTING**

2013/14	Chief Executive £'000	Community Well-being & Environment £'000	Economic Prosperity & Place £'000	Total Net Expenditure by Service £'000
Fees, Charges & Other Service Income	(1,270)	(3,075)	(3,583)	(7,928)
Recharges	(6,697)	(3,697)	(1,638)	(12,032)
Government Grants	(33,734)	-	-	(33,734)
<b>Total Income</b>	<b>(41,701)</b>	<b>(6,772)</b>	<b>(5,221)</b>	<b>(53,694)</b>
Employee Expenses	6,689	4,264	2,607	13,560
Other Service Expenses	38,451	7,339	3,690	49,480
Support Service Recharges	2,109	1,457	968	4,534
<b>Total Expenditure</b>	<b>47,249</b>	<b>13,060</b>	<b>7,265</b>	<b>67,574</b>
<b>Net Cost of Services</b>	<b>5,548</b>	<b>6,288</b>	<b>2,044</b>	<b>13,880</b>

**Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement**

	2013/14 £'000
Net Cost of Service from Service Analysis	13,880
Add amounts not reported to management (see table below)	448
Amounts not included in the Comprehensive Income and Expenditure Statement (see table below)	(322)
<b>Net Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>14,006</b>

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2014/15**

**TECHNICAL ANNEX**

**Reconciliation to Subjective Analysis – (Surplus)/deficit on the provision of services**

2013/14	Directorate Analysis £'000	Not reported to Management £'000	Not included in CIES £'000	Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, Charges & Other Service Income	(7,928)	(885)	1,387	(7,426)	-	(7,426)
Recharges	(12,032)	-	-	(12,032)	-	(12,032)
Surplus on Trading Account & Investment Properties	-	-	-	-	257	257
Changes in Fair Value of Investment Properties	-	-	-	-	(899)	(899)
Other Gains & Losses	-	-	-	-	(15)	(15)
Interest & Investment Income	-	-	-	-	(88)	(88)
Icelandic Investments Interest Adjustment	-	-	-	-	(91)	(91)
Income from Council Tax	-	-	-	-	(6,521)	(6,521)
Government Grants and Contributions	(33,734)	-	-	(33,734)	(5,535)	(39,269)
<b>Total Income</b>	<b>(53,694)</b>	<b>(885)</b>	<b>1,387</b>	<b>(53,192)</b>	<b>(12,892)</b>	<b>(66,084)</b>
Employee expenses	13,560	(949)	-	12,611	-	12,611
Other Service Expenses	49,480	2,282	(1,709)	50,053	-	50,053
Support Service Recharges	4,534	-	-	4,534	-	4,534
Long Term Investments - Impairment Adjustments	-	-	-	-	(77)	(77)
Pension Interest Cost & Expected Return	-	-	-	-	2,179	2,179
Interest Payments	-	-	-	-	135	135
Parish Precepts	-	-	-	-	442	442
Gain or Loss on Disposal of Non-current Assets	-	-	-	-	177	177
<b>Gross Cost of Services</b>	<b>67,574</b>	<b>1,333</b>	<b>(1,709)</b>	<b>67,198</b>	<b>2,856</b>	<b>70,054</b>
<b>(Surplus) /Deficit on the Provision of Services</b>	<b>13,880</b>	<b>448</b>	<b>(322)</b>	<b>14,006</b>	<b>(10,036)</b>	<b>3,970</b>

The revised 2013/14 comparative notes are as follows:

2013/14 Comparative Figures (Restated)	Chief Executive £'000	Community Well-being & Environment £'000	Economic Prosperity & Place £'000	Total Net Expenditure by Service £'000
Fees, Charges & Other Service Income	(1,050)	(3,143)	(2,792)	(6,985)
Recharges	(6,548)	(3,833)	(1,651)	(12,032)
Government Grants	(33,895)	-	-	(33,895)
<b>Total Income</b>	<b>(41,493)</b>	<b>(6,976)</b>	<b>(4,443)</b>	<b>(52,912)</b>
Employee Expenses	6,613	4,379	2,568	13,560
Other Service Expenses	38,111	7,679	3,690	49,480
Support Service Recharges	2,053	1,516	965	4,534
<b>Total Expenditure</b>	<b>46,777</b>	<b>13,574</b>	<b>7,223</b>	<b>67,574</b>
<b>Net Cost of Services</b>	<b>5,284</b>	<b>6,598</b>	<b>2,780</b>	<b>14,662</b>

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2014/15**

**TECHNICAL ANNEX**

**Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement**

	<b>2013/14 £'000 (Restated)</b>
Net Cost of Service from Service Analysis	14,662
Add amounts not reported to management	448
Amounts not included in the Comprehensive Income and Expenditure Statement	(322)
<b>Net Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>14,788</b>

**Reconciliation to Subjective Analysis – (Surplus)/deficit on the provision of services**

<b>2013/14 (Restated)</b>	<b>Directorate Analysis £'000</b>	<b>Not reported to Management £'000</b>	<b>Not included in CIES £'000</b>	<b>Recharges £'000</b>	<b>Net Cost of Services £'000</b>	<b>Corporate Amounts £'000</b>	<b>Total £'000</b>
Fees, Charges & Other Service Income	(6,985)	(885)	1,387	80	<b>(6,403)</b>	-	<b>(6,403)</b>
Recharges	(12,032)	-	-	7,012	<b>(5,020)</b>	-	<b>(5,020)</b>
Surplus on Trading Account & Investment Properties	-	-	-	-	-	257	<b>257</b>
Changes in Fair Value of Investment Properties	-	-	-	-	-	(899)	<b>(899)</b>
Other Gains & Losses	-	-	-	-	-	(15)	<b>(15)</b>
Interest & Investment Income	-	-	-	-	-	(88)	<b>(88)</b>
Icelandic Investments Interest Adjustment	-	-	-	-	-	(91)	<b>(91)</b>
Income from Council Tax	-	-	-	-	-	(6,521)	<b>(6,521)</b>
Government Grants and Contributions	(33,895)	-	-	-	<b>(33,895)</b>	(6,317)	<b>(40,212)</b>
<b>Total Income</b>	<b>(52,912)</b>	<b>(885)</b>	<b>1,387</b>	<b>7,092</b>	<b>(45,318)</b>	<b>(13,674)</b>	<b>(58,992)</b>
Employee expenses	13,560	(949)	-	(2,747)	<b>9,864</b>	-	<b>9,864</b>
Other Service Expenses	49,480	2,282	(1,709)	(24)	<b>50,029</b>	-	<b>50,029</b>
Support Service Recharges	4,534	-	-	(4,321)	<b>213</b>	-	<b>213</b>
Long Term Investments - Impairment Adjustments	-	-	-	-	-	(77)	<b>(77)</b>
Pension Interest Cost & Expected Return	-	-	-	-	-	2,179	<b>2,179</b>
Interest Payments	-	-	-	-	-	135	<b>135</b>
Parish Precepts	-	-	-	-	-	442	<b>442</b>
Gain or Loss on Disposal of Non-current Assets	-	-	-	-	-	177	<b>177</b>
<b>Gross Cost of Services</b>	<b>67,574</b>	<b>1,333</b>	<b>(1,709)</b>	<b>(7,092)</b>	<b>60,106</b>	<b>2,856</b>	<b>62,962</b>
<b>(Surplus) /Deficit on the Provision of Services</b>	<b>14,662</b>	<b>448</b>	<b>(322)</b>	<b>-</b>	<b>14,788</b>	<b>(10,818)</b>	<b>3,970</b>

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2014/15**

**CHIEF FINANCIAL OFFICER AND LEADER'S CERTIFICATE**

The Statement of Accounts on pages 2 to 82 is prepared and published in accordance with the Accounts and Audit (England) Regulations 2011.

The accounts have been prepared on a historic cost basis, in accordance with the Code of Practice on Local Authority Accounting and the Service Reporting Code of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also with the guidance notes issued by CIPFA on the application of Accounting Standards. They present a true and fair position of the Authority at the accounting date and its income and expenditure for the year ended 31<sup>st</sup> March 2015.

**TRACEY W SOUTHALL, CPFA**  
**CHIEF FINANCIAL OFFICER**

**COUNCILLOR MARCUS J HART**  
**LEADER OF THE COUNCIL**

28<sup>th</sup> September 2015

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

We have audited the financial statements of Wyre Forest District Council for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund, the related notes and technical annex. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of Wyre Forest District Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Chief Financial Officer and auditor**

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of Wyre Forest District Council as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

## **Opinion on other matters**

In our opinion, the information given in the financial and explanatory forewords for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which we report by exception**

We are required to report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
- we designate under section 11 of the Audit Commission Act 1998 a recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

## **Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources**

### **Respective responsibilities of the Authority and the auditor**

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

## **Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

### **Conclusion**

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, Wyre Forest District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

### **Certificate**

We certify that we have completed the audit of the financial statements of Wyre Forest District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Mark Stocks  
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Colmore Plaza  
20 Colmore Circus  
Birmingham  
B4 6AT

30 September 2015

## WYRE FOREST DISTRICT COUNCIL

### STATEMENT OF ACCOUNTS 2014/2015

#### 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 2014/15 financial year.

##### **ACTUARY**

An expert on pension scheme assets and liabilities.

##### **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 GUIDELINES**

The sum set by the Government as their view of appropriate capital spending levels on services.

##### **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 2014/15

#### GLOSSARY OF FINANCIAL TERMS (continued)

##### **CENTRAL 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.

##### **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).

##### **CORPORATE AND DEMOCRATIC CORE (CDC)**

The Corporate and Democratic Core consists of two elements, Democratic Representation and Management (DRM) and Corporate Management.

DRM includes all aspects of members' activities including corporate programme and service policy making, together with officer time in support of these functions. Examples of costs charged to DRM includes all members allowances and expenses.

Corporate Management concerns those activities and costs which allow services to be provided, whether by the authority or not, and the information which is required for public accountability. Costs properly charged to this heading include time spent in allocating corporate resources and producing the annual accounts, treasury management activities and external audit fees for the statutory audit.

##### **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. Council tax income is distributed to Precepting Authorities.

##### **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, like those lived in only by students.

##### **COUNCIL TAXBASE**

The Council Tax base of an area is equal to the number of band D equivalent properties. To calculate this, the Government 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 BENEFIT**

Amounts deducted from the bills of council tax payers whose incomes fall below prescribed amounts which take into account the financial circumstances of the taxpayer.

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2014/15**

**GLOSSARY OF FINANCIAL TERMS (continued)**

**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.

**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.

**EARMARKED RESERVES**

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

**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 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**

The rules 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).

## WYRE FOREST DISTRICT COUNCIL

### STATEMENT OF ACCOUNTS 2014/15

#### GLOSSARY OF FINANCIAL TERMS (continued)

##### **GROSS AND NET TOTAL COST**

The gross total cost of a service includes all expenditure relating to the service/activity including employee costs, transport, support services and capital charges. Net total cost is the gross total cost of a service less income other than specific grants.

##### **HEREDITAMENT**

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

##### **HOUSING ASSOCIATION**

A non-profit making body concerned with the construction, improvement or management of houses.

##### **HOUSING BENEFIT**

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. Income Support claimants may claim Housing Benefit at the same time as they claim Income Support from Central Government. Income Support claimants may also claim direct to the District Council for Housing Benefit. All other claimants must make their claim to the District Council.

In the case of private tenants, a payment (rent allowance) is made to the tenant or to the landlord if requested by the claimant.

The District Council is reimbursed by the Government for 100% of the cost of benefits to private sector tenants. The Government also contributes towards the costs of administering the scheme. Some Authorities may choose to operate a 'local scheme' whereby allowances in excess of the standard payments are granted. This extra cost is borne by the District Council.

##### **IMPAIRMENT**

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

##### **INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

The new accounting standing that this Council has adopted from 2010/2011.

##### **INVENTORY**

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.

##### **LOCAL COUNCIL TAX DISCOUNT SCHEME**

From 1 April 2013 the government abolished the national council tax benefit scheme and all Councils were required to develop and approve their own local Council Tax Discount schemes.

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2014/15**

**GLOSSARY OF FINANCIAL TERMS (continued)**

**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 tax collected locally by District Councils.

**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.

**NON DISTRIBUTABLE COSTS (NDC)**

These are costs which cannot reasonably be charged to the cost of individual services and include, for example, contributions to meet pension fund deficits.

**NON OPERATIONAL ASSETS**

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

**OPERATIONAL ASSETS**

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

**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.

**OUT-TURN**

Actual income and expenditure.

**PRECEPT**

This is the amount of council tax income County Councils, Police Authorities, Parish Councils and some Fire Authorities 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. The code was implemented with effect from 1<sup>st</sup> April 2004.

**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.

## WYRE FOREST DISTRICT COUNCIL

### STATEMENT OF ACCOUNTS 2014/15

#### 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 (previously termed Deferred Charges) and is charged to the Income and Expenditure Account.

##### **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.

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

Grant paid by the Government to local authorities as a contribution towards the costs of their services. The grant is distributed so that if each Authority were to spend at the level of its Formula Grant all charging Authorities could set the same council tax known as the Council Tax for Standard Spending.

##### **SERVICE REPORTING CODE OF PRACTICE (SeRCOP)**

This code of practice replaces the Best Value Accounting Code of Practice (BVACOP) with effect from 1<sup>st</sup> April 2011. It details standard definitions of services and total cost, for consistency of data for Government Returns, and comparisons with other Local Authorities.

##### **SPECIFIC GRANTS**

Government grants to Local Authorities in aid of particular projects or services e.g. Disabled Facilities Grants.

##### **STANDING ORDERS**

Rules and procedures determined by the Council to assist in the efficient performance of its activities.

##### **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.

##### **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 2014/15**  
**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>CDC</b>	Corporate and Democratic Core – central account which identifies the corporate costs of the authority, including Members and the democratic process.
<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>CI&amp;E</b>	Comprehensive Income and Expenditure Statement – This new 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. It replaces the former Income and Expenditure Account and Statement of Total Recognised Gains and Losses.
<b>CIPFA</b>	Chartered Institute of Public Finance and Accountancy – the institute that sets the accounting rules and guidance for Local Government.
<b>DCLG</b>	Department for Communities and Local Government – central government department which has the responsibility for Local Government.
<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>ERDF</b>	European Regional Development Fund – part of the European Union’s Structural Fund that allocates funds to regions to stimulate economic development. Worcestershire County Council leads the bid in this County.
<b>FTE</b>	Full-time equivalent – relates to employee numbers.
<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 – new 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>LEP(GBSLEP &amp; WLEP)</b>	Local Enterprise Partnership (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.
<b>LLP</b>	Limited Liability Partnership

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2014/15**  
**List of commonly Used Acronyms**

<b>Acronym</b>	<b>Description/Definition</b>
<b>MIRS</b>	Movement in Resources Statement – this statement replaces the former Statement of Movement on the General Fund Balance and the note on the movement in reserves. It 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>NAO</b>	National Audit Office – The National Audit Office (NAO) scrutinises public spending on behalf of Parliament. The NAO does not audit local government spending.
<b>OMV</b>	Open Market Value – valuation method within the accounts which relates directly to the current valuation of the asset.
<b>PBE</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>PFI</b>	Private Finance Initiative – is a way of creating “public-private partnerships” (PPPs) by funding public infrastructure projects with private capital
<b>POP</b>	Purchase Order Processing – the method by which goods and services are electronically ordered at the Council.
<b>PPE</b>	Property Plant and Equipment – new IFRS terminology for fixed assets.
<b>PPP</b>	Public-private Partnership – describes a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies.
<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>SeRCOP</b>	Service Reporting Code of Practice – this Code issued by CIPFA identifies standard definitions of services and total cost for consistency of data for Government returns, and comparisons with other local authorities.
<b>SOLACE</b>	Society of Local Authority Chief Executives – professional organisation for Chief Executives and Senior Managers within Local Government.
<b>TUPE</b>	Transfer of Undertakings (Protection of Employment) Regulations – protects employees’ terms and conditions of employment when a business is transferred from one owner to another.
<b>UITF</b>	Urgent Issues Task Force -a committee of the UK Accounting Standards Board that considers major urgent and emerging accounting issues. Its publications are known as UITF Abstracts.
<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.