

**ENGAGE  
CONSULT  
DELIVER**

# **THE**

# **WYRE FOREST DISTRICT COUNCIL SUMMARY OF ACCOUNTS 2012 - 2013**



**Wyre Forest District Council**



## 1. Introduction

Each financial year Wyre Forest District Council has to produce a set of accounts just like any other organisation. The formal document is the Statement of Accounts, which sets out the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position.

This leaflet is a summary of the accounts, designed to help you get a better understanding of the Council's financial position.

A copy of the full Statement of Accounts is available on the Council's Internet:-

<http://www.wyreforestdc.gov.uk/cms/your-council-meet-and-elections/council-budgets-and-spending.aspx>

## 2. Approval Process

The Accounts must be prepared and approved in accordance with statutory dates contained in the Accounts and Audit Regulations. This requires initial approval by the 30th June and final approval by the 30th September.

The Accounts were audited by Grant Thornton UK LLP, independent Auditors, and these deadlines were met.



### **3. Basis of Accounts**

The Chief Financial Officer, Tracey Southall, is responsible for the preparation of the Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the Code).

The External Auditors have reviewed the Accounts and provided their opinion that the Accounts give a true and fair view of the financial position of Wyre Forest District Council for the year ended 31st March 2013.

Up to date and proper accounting records have been maintained in accordance with the accounting policies outlined in the detailed Statement. In addition, the Chief Executive and Leader of the Council are required to confirm the Council's Governance arrangements can be relied upon to produce an accurate Statement of Accounts: again this is contained in the main Statement.

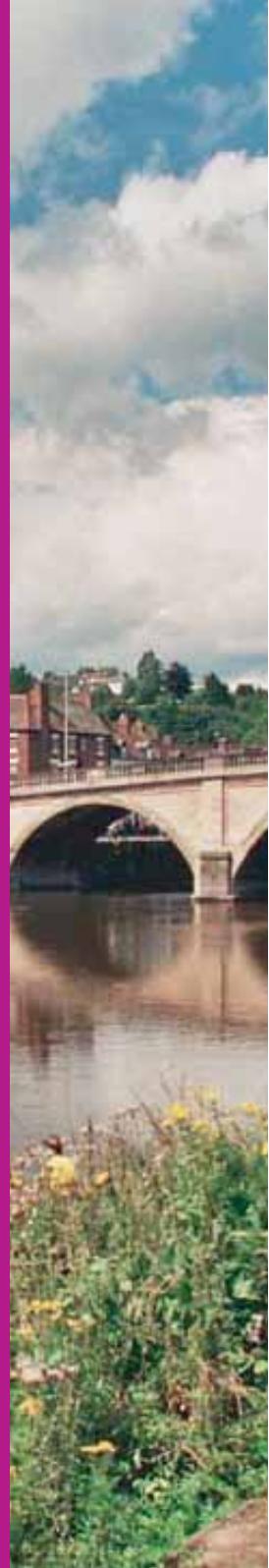
### **4. Key Components – Revenue and Capital Income and Expenditure**

The Council's accounts for the financial year ended 31st March 2013 mainly comprise of the following information:

#### **4a. Revenue Income and Expenditure**

This account covers many of the activities that the Council is involved with. It details revenue income and expenditure on each of the major activities which covers spending and income on day to day running costs; for example employees, premises and supplies and services.

Revenue income and expenditure for 2012/2013 is summarised on **page 4**.



#### 4a. Revenue Income and Expenditure (continued)

<b>Net Cost of Services</b>	<b>£'000</b>
Gross Expenditure on Services	62,083
Gross Income Received from Services	(48,084)

<b>Net Cost of Services</b>	<b><u>13,999</u></b>
-----------------------------	----------------------

#### Revenue Account -

<b>How we spent the money</b>	<b>£'000</b>
-------------------------------	--------------

Central Services to the Public	1,396
Cultural and Related Services	3,795
Environment and Regulatory Services	2,890
Planning Services	900
Highways and Transport Services	397
Housing Services	1,678
Corporate and Democratic Core	2,943

<b>Net Cost of Services</b>	<b><u>13,999</u></b>
-----------------------------	----------------------

Parish and Town Council Precepts	464
Other Operating Expenditure and Capital Financing Accounts (including interest etc.)	(1,408)

<b>Amount to be met from Government Grant/Council Tax</b>	<b><u>13,055</u></b>
---	----------------------

#### Funded by:

Government Grant	(106)
Business Rates	(5,459)
Non-service related Government Grants	(109)
Council Tax	(7,480)

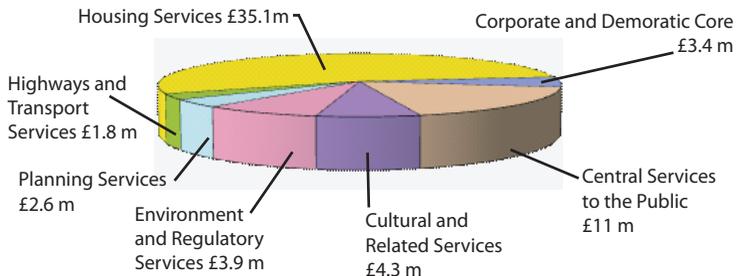
	<b><u>(13,154)</u></b>
--	------------------------

<b>(Increase)/Decrease in General Fund Balance for the year</b>	<b>(99)</b>
---	-------------

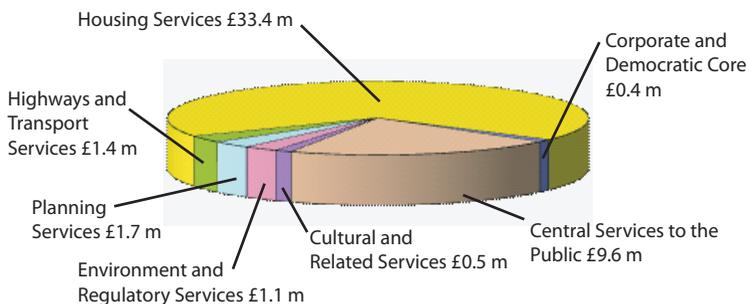


## 4a. Revenue Income and Expenditure (continued)

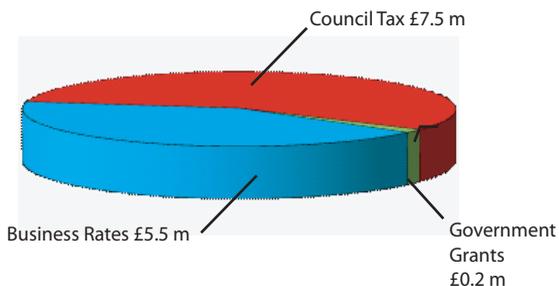
### Where the revenue money was spent (Gross Expenditure of £62.1 m)



### Gross income from services (£48.1 m)



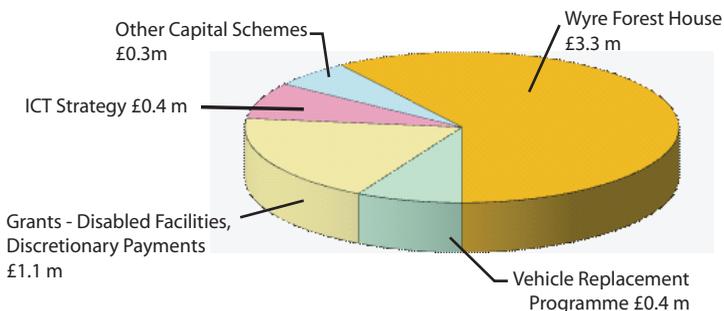
### Funding (£13.2 m)



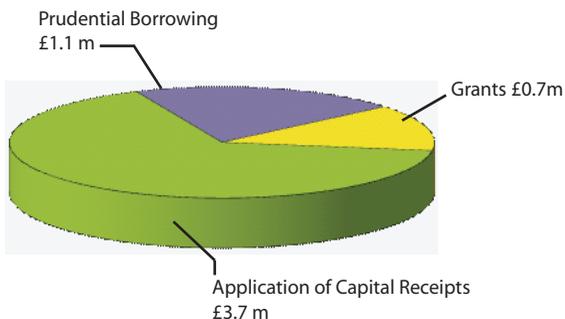
## 4b. Capital Expenditure and Funding 2012/2013

Capital expenditure represents the money spent by the Council for the purposes of purchasing, upgrading or improving its assets. Total capital spending in the year 2012/2013 amounted to £5.5m, which included Wyre Forest House, grants for items such as property renovation and for disabled facilities, spending on vehicle, equipment and system renewals and operational land and buildings works.

### Items of Capital Expenditure (£5.5 m)



### Capital Funding (£5.5m)



## 4c. Simplified Balance Sheet as at 31st March 2013

The simplified Balance Sheet below shows the financial position of the Council at the end of the financial year 2012/13.

What the Council owns and is owed 31st March 2013	£'000
<b>What we own:</b>	
Buildings, Land, Vehicles and Equipment	53,675
Stock	78
Cash Invested	8,506
Money owed to the Council	3,671
<b>What we owe:</b>	
Money owed by the Council	(7,460)
<b>Net Value of what we own</b>	<b><u>£58,470</u></b>
<b>Financing:</b>	
<b>Usable Reserves</b>	
Capital Expenditure Reserve	2,139
Earmarked Reserves	4,396
General Reserves	3,152
Capital Grants Unapplied	719
<b>Unusable Reserves</b>	
Capital Financing Reserves	48,155
Short-term Accumulated Absences Account	(91)
<b>Total Financing</b>	<b><u>£58,470</u></b>

## 5. How well have we performed?

### Finances:

**Borrowing Money** - the Council took out 2 loans during 2012/13 at the following rates:

£2m @ 0.75% for 18 months

£1m @ 2.62% for 9 years

**Investing Money** - average interest rate: 0.73%

### Payment of what we owe:

**Prompt Payment** - we paid 96.48% of all invoices within 30 days.

### Collection of what is owed to us:

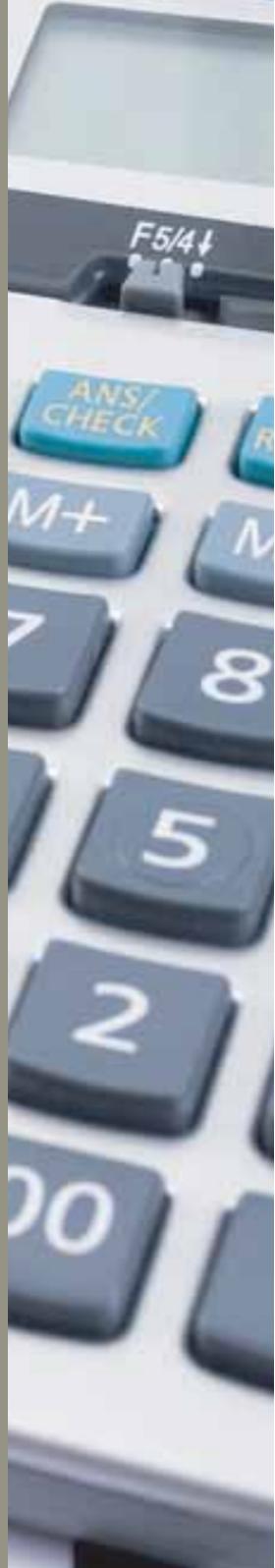
**Council Tax** - we collected 98.2%

### Performance against national and local measures:

Over the last 12 months the Council has focused greatly on developing leading and lagging measures as part of its Wyre Forest Forward Programme to underpin the delivery of the systems thinking methodology rather than relying on traditional PIs or Targets. The dashboard of measures which support our purposes are customer focused to ensure improvements or change respond to the customer's experience.

The measures will continue to evolve over time, however it is important that they are not treated like PIs or targets which often imply that once they are met then no further work is needed. We have been supported with this particular piece of performance work by the Head of Business and Transformation from Rugby Borough Council funded as part of an LGA Productivity grant we were awarded to support our systems thinking work. This officer has shared his learning and experiences with us which has supported the development of our Covalent system for capturing relevant and timely data as well as ensuring the data is presented in a way which enables its effective monitoring and reporting. His work has also included positively challenging the Council's organisational approach to cultural and behavioural change.

Reports are considered by CMT and Cabinet/CMT on a monthly basis where they monitor the leading measures whilst quarterly reports are considered by the Overview and Scrutiny Committee where both leading and lagging measures are reported. We continue to publish our 'Year in Pictures' Performance Summary to ensure we effectively communicate a summary of our key service delivery performance from the previous financial year to the community.



## 6. Summary

This Overview gives a summary of the Statement of Accounts, which is a snapshot of this Council's finances as at 31st March 2013, showing:-

- How we raised income during the year
- How we spent money during the year
- How we performed against our budget
- How we performed in looking after the money
- How much money we have at 31st March 2013 (reserves)
- How the money is invested at 31st March 2013 (buildings, equipment and cash)



## 7. Financial Terms Explained

We have tried to avoid using too many financial terms in this Overview, but here are a few of them explained for you:-

**Assets:** Buildings, land, vehicles and money in the bank.

**Borrowing:** Money borrowed to pay for fixed assets and are repaying over a number of years.

**Capital Expenditure:** Spending on new assets and the refurbishment of old ones like buildings and vehicles.

**Capital Expenditure Reserve:** Allocated usable capital receipts.

**Capital Financing Reserve:** Capital accounting reserve “backed” or balanced within balance sheet by fixed assets - not a funding resource available to spend.

**Creditors:** Those to whom we owe money.

**Debtors:** People or organisations who owe us money.

**Depreciation:** Some assets lose their value as they get older; this is called depreciation.

**Earmarked Reserves:** Savings or money set aside for the future or a specific purpose.

**Fixed Assets:** Things that will last more than one year.

**International Financial Reporting Standards (IFRS):** an international framework to ensure common approach to the production of Statement of Accounts across the world.

**Inventories:** Things we have bought but have not yet used.

**Reserves:** Savings or money set aside for the future.

**Revenue Expenditure and Income:** Spending (and income) on day to day running costs, for example, employees, running expenses including items like premises costs and supplies and services.



## Chief Financial Officer's Endorsement

The purpose of this overview is to help with the overall understanding of the Council finances and accounts. This is an on-going process; if you have any comments in relation to how we can improve this understanding please let me know.

The Council continues to meet the significant challenges of reduced government funding and following a complex budget process set a forward-looking budget, including a Council Tax freeze, a new Council Tax Localisation Scheme from April 2013 and continued investment in the key priority of Economic and Regeneration initiatives. We also joined the Worcestershire Business Rates Pool to mitigate the risk of financial loss due to the introduction of the Business Rates Retention Scheme from 1st April 2013. The most significant issue facing the Council remains its financial position. Our net revenue budget will have reduced from £16.4m in 2009/10 to £11.8m in 2015/16 on current plans. This represents a fall of over 25% in absolute terms, and more in real terms. Alongside this significant reduction, the Council is over seeing its most significant capital investment programme in many years, including Wyre Forest House and new leisure centre as well as major injections of finance into its key priority of securing the economic prosperity of the district. But there is much more to do.

The level of Government funding will have reduced by 45% in four years. We know that it will fall further in future, and the Spending Round published on 26th June announced reduction of a further 10% in 2015/16 but this is highly likely to mean reductions of around 15% for most districts. The Council Budget decision on the 24th February 2013, included approval that Final Accounts savings arising from this year's accounts, over and above the target allowed for in the Council's Financial Strategy, together with surplus earmarked reserves, be allocated to the Working Balance. The Outturn position allowed for an increase of £300,000 to the Working Balance that now stands at £1m. This is a welcome addition to this reserve to reflect the significant financial risks faced by this Council as a result of the fundamental changes to the Government Funding Regime this year and further continuing measures, including the impending Welfare Reform changes.

To ensure that the Council is ready to meet future challenges, a number of initiatives continue to be undertaken including Wyre Forest Forward, the Corporate Plan, significant service review and transformation work. We have been in Wyre Forest House since October 2012 and this has successfully brought together the many diverse service teams, providing the catalyst for the release of further synergies that will help delivery of further efficiency savings.



## Chief Financial Officer's Endorsement continued...

In addition to the transformation programme and service reviews mentioned above the Council has also been seeking the recovery of the deposits with "Icelandic Banks". The Council had £9m invested in these banks and has been working over the last three and half years to secure their recovery. Full details are provided within the Financial Instruments section of the Statement, however, as at 31st March over £5.99m had been recovered and the Council is confident of improved overall returns.

As highlighted above, these remain extremely challenging times for the Council as we come to grips with an environment where funds will be reducing. The Financial Strategy 2013/16 approved by Council in February 2013 provides a stable financial platform to move forward with. For the current year, Council approved a freeze in Council Tax which released an additional one-off grant from Government, however, in each of the following two years annual increases of 2% have been assumed, along with a 45% reduction in Government Grant since 2011.

If you have any questions or would like further explanation of our financial position, please contact Customer Services on 01562 732928.

Feedback on the format and information provided are welcome for future leaflets. To make these comments please email: [worcestershirehub@wyreforestdc.gov.uk](mailto:worcestershirehub@wyreforestdc.gov.uk) or alternatively use the Customer Services contact (given above).

Tracey Southall, CPFA



face to face:  
Monday - Friday  
Kidderminster Office  
8.30am - 5.00pm  
(Wednesdays 10.00am - 5.00pm)

Bewdley Office  
9am - 1pm



email:  
[worcestershirehub@wyreforestdc.gov.uk](mailto:worcestershirehub@wyreforestdc.gov.uk)



telephone:  
01562 732928

**For all Council Services  
call us...  
Wyre Forest  
Customer Service Centres**

