



**Wyre Forest**  
District Council

# Statement of accounts

## 2020 - 2021

Wyre Forest House, Finepoint Way, Kidderminster DY11 7WF

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2020-21**

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## WYRE FOREST DISTRICT COUNCIL

### PREFACE BY THE LEADER OF THE COUNCIL

#### **Introduction to the 2020-21 Statement of Accounts by Councillor Helen Dyke Leader of the Council and Cabinet Member for Economic Regeneration, Planning and Localism**



“Welcome to Wyre Forest District Council’s Statement of Accounts and Narrative Report for 2020-21. The Statement details the financial position of the council for the last year. The Narrative Report provides information on the council, setting out the financial performance in context by highlighting the current financial challenges it faces. It explains how we have used our resources to meet the needs of our residents, businesses and visitors. The Council continues to work hard to make sure people have the opportunity to enjoy a good quality of life and want to live, work, visit and invest in the district.

The 2020-21 year proved an extremely challenging year in terms of both finances and performance. Despite the pandemic the Council managed to adapt well to new safe working practices and continue with delivery of its core services as well as working with the Government to distribute Covid related funding. We have continued to make progress against our Wyre Forest Forward transformation plan as the approach continues to deliver results. The Covid-19 pandemic impacted throughout the whole year. Whilst lessening as the Roadmap to Recovery is implemented, ongoing uncertainty is reflected in these statements. The Council expects the significant challenges as a result of the impact of the pandemic to continue in the year ahead as it deals with the recovery from the crisis.

The Progressive Alliance have taken a fresh look at the way things are done in Wyre Forest. Following Consultation as part of the Budget Process we have updated the Council’s corporate plan priorities. In view of the increasing funding gap these have been reduced to two to focus on:

- A safe, clean and green living environment
- Supporting a successful local economy

We will continue to work to improve our services and generate financial savings through transformation initiatives to provide even greater value for money and explore different ways of delivering services including new partnering arrangements with our local town and parish councils. Delivering value for money to our residents continues to be very important and it is good to note that we made a very welcome saving against budget this year.

The financial results set out in this document are a big achievement but there is no room for complacency as we have a major challenge ahead to close our projected funding gap that has increased in 2023-24 to circa £2.7m. This increase of circa £1m is as a direct result of the forecast impact of the pandemic on the ongoing loss of income streams. It is highly probable that the recovery to former income levels will take a number of years and some income streams may never fully recover. At the same time we continue to divert significant resources to respond to Covid-19 and aid the recovery process; it is hoped that the requirement for the distribution of grants from Central Government to businesses and the local community by

## **WYRE FOREST DISTRICT COUNCIL**

Councils, including Wyre Forest, will reduce as the impact of the pandemic eases over the next few months to reduce workload pressures. Transformation work to close the forecast funding gap is critical as Central Government promises to change the way that local government (and therefore this Council) is financed. We do not know how this change will impact on us. As we look ahead it will be crucial that we continue to grow our local economy and carry on the Council's good work in supporting businesses and increasing employment opportunities for the betterment of the district as well as exploring opportunities for housing provision that is more affordable to residents. The successful award of £20.5m Future High Streets Funding to remodel and regenerate Kidderminster Town Centre is a key achievement for 2020-21 and work has commenced in earnest to deliver this innovative project."

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2020-21

#### **Narrative Report by the Corporate Director: Resources – Tracey Southall**

“My role as the Council’s statutory Chief Finance and s151 Officer is to ensure that the Council’s financial affairs are properly administered, and its financial position remains stable and robust; I hope this narrative report gives the reader a helpful insight into the Council’s strategy and performance for 2020-21 together with its future prospects. The narrative report provides an analysis of Council performance during the year, an explanation of the financial results included in the Statement of Accounts and an overview of the outlook beyond 2020-21. The purpose of this narrative report is to provide an easily understandable guide to the most significant matters affecting the Council’s finances during the past year and information about Wyre Forest District.

The Covid-19 pandemic has had a considerable impact on the Council. The three Government lockdowns, starting on 20<sup>th</sup> March 2020, have forced local businesses to close and had a significant impact on the local economy. In turn this has had a major impact on the Council’s income streams whilst supporting the most vulnerable in our community during this difficult time comes with additional cost pressures.

The pandemic has had an adverse impact on the financial outturn for 2020-21 although this has been offset to a large degree by Government grant for additional expenditure and compensation for 71.25% of the loss of most sales, fees, and charges income. The income in relation to business rates and council tax income is less certain. Due to increased deferment of payments and more debts to collect, the true impact will not be known for several years as the pandemic unwinds and recovery progresses. The Council has experienced substantial losses across many of its income streams, including commercial waste, car parking, planning and licensing fees and the management fee from our leisure centre operator. As with any economic downturn, investment income has also reduced significantly. Based on forecasts within the latest Medium-Term Financial Strategy the Funding Gap in 2023-24 has increased by circa £1m to £2.7m as a result of uncompensated Covid losses. This has inevitably created further pressures on finances. An ambitious programme of transformation was approved by Council on 1<sup>st</sup> March. Part of this was an accelerated management restructure that was approved by Council on 12<sup>th</sup> May 2021 and will be implemented by 31<sup>st</sup> December 2021. This is set out in more detail in section 2.4; in summary reductions are to be made to the Corporate Leadership Team to protect front-line jobs and services to the community.

Whilst it is difficult to quantify the overall impact of Covid-19, as yet, with any certainty, it is clear that the financial pressure on the Council will be substantial, even after the Government’s emergency funding is taken into account. Because of the Council’s reliance on income generation activity and fees and charges and consequently its exposure to the economic cycle, in recent years the Council has built up specific Earmarked Reserves to ensure financial resilience during a recession.

As the Country moves into the recovery phase the Council continues to review the changed environment and establish a new working norm including a review of services and its delivery models to ensure that the Council’s priority outcomes can be met. Throughout 2020-21 the Council adopted a pro-active approach to ensure that it responded to emerging needs of residents and businesses and it continues to take this approach.

## **WYRE FOREST DISTRICT COUNCIL**

### **NARRATIVE REPORT 2020-21**

Covid-19 shifted focus from the UK's withdrawal from the European Union; whilst the potential for another economic shockwave was planned for, in the final event it has not yet been realised and is masked by the effect of Covid-19. There have been some changes to our Constitution (Contract Procedure Rules in particular) but so far, the impact of the withdrawal has been manageable.

Through careful planning and management Wyre Forest District Council has been able to balance spending with just a modest increase of £14k over the budgeted call on reserves. Whilst a balanced budget has been set for 2021-22, the projections for future years, prior to the pandemic, indicated a significant gap of around £1.7m between the Council's expected funding streams and the Council's expenditure. This has risen to £2.7m in 2023-24, post pandemic. In 2020-21 additional Cabinet reports were prepared on Financial Stress Testing re Coronavirus Pandemic Impact to provide briefings of the projected deterioration in the Council's financial position based on information received in year highlighting that Government funding failed to cover losses in full. It is essential that the Council continues with its transformation and efficiency programme to identify further saving and income opportunities to ensure future balanced budgets can be set.

These accounts have been produced for the Council as a single entity. No group accounts are required.

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

Moving forward, the Council will reset its Medium-Term Financial Strategy (MTFS) in recognition of the success or otherwise of the Roadmap to Recovery from pandemic and the Council's strategic objectives. The Covid-19 crisis has meant that the Council has had to review what its most critical services are, which are required still to be operational even during a global pandemic. The changing environment and "new normal" in which we are likely to find ourselves will require the Council to review the services it provides, its delivery models and the outcomes that are of the highest priority. This will also require the Council to review the structural position of its budget and how that needs to change going forward, which is inevitable as part of the approved transformation programme.

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

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

- A full and understandable explanation of the overarching financial position of the Council and the outturn for 2020-21;
- Confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner;
- Assurance that the financial position of the Council is sound and secure.

## **WYRE FOREST DISTRICT COUNCIL**

### **NARRATIVE REPORT 2020-21**

The style and format of the accounts complies with CIPFA standards and is similar to that of previous years. The content has been reviewed and some of the information in notes has been streamlined in accordance with previous auditor recommendations. Whilst the final impact of the Covid-19 pandemic will continue to be felt over the next few years, the accounts are mindful of these unprecedented times and the ongoing financial sustainability in particular has been reviewed taking this into account. There has been continued enhancement of the qualitative detail within the narrative content of the notes.

This Narrative report provides information about Wyre Forest, including the key issues affecting the Council and its accounts. It provides a summary of the Council's performance during the year and the financial position at 31<sup>st</sup> March 2021. It is structured as follows:

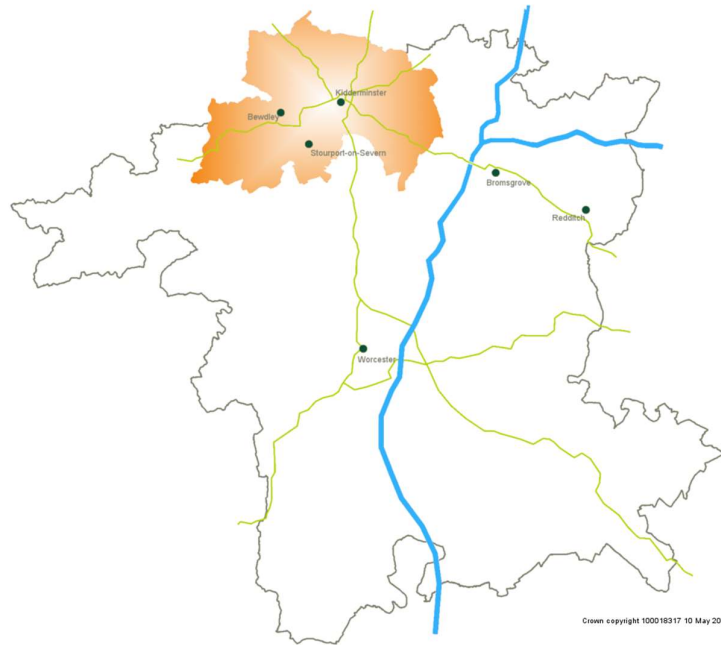
- Wyre Forest District – the place
- Wyre Forest District – the Council
- Governance
- Risks and Opportunities
- Strategy and Resource Allocation
- Our Performance

# WYRE FOREST DISTRICT COUNCIL

## NARRATIVE REPORT 2020-21

### 1. Wyre Forest District – the place

- 1.1 Wyre Forest District Council was formed in 1973, taking over responsibilities in 1974, and is one of 6 District/City/Borough Councils within Worcestershire. The area takes its name from The Forest of Wyre and comprises the three main towns of Kidderminster, Bewdley and Stourport-on-Severn together with several surrounding villages including Arley, Rock, Chaddesley Corbett and Wolverley. The area is both rural and urban and there are pockets of wealth and deprivation throughout the district. The area has some of the best attractions in the Midlands from an exciting safari and leisure park to Britain's premier steam railway.



- 1.1 The total population of Wyre Forest is 101,291 (mid 2019) of which 17.3% are aged under 16 years, 57.8% are aged 16-64 and 24.9% are aged over 65 years, the national average is 18.4% aged over 65 years. The average gross weekly earnings in Wyre Forest in 2020 were £554 compared with £537 in Worcestershire and £587 in Great Britain.
- 1.2 Figures from the 2011 Census show that 94.7% of people in Wyre Forest are white British compared with 92.4% in Worcestershire and 79.8% in England. White ethnic groups comprise 97.2% of people in Wyre Forest compared with 95.7% in Worcestershire and 85.4% in England.
- 1.3 The 2011 Census also shows that 9.2% of people in Wyre Forest have long-term health problems or disabilities compared with 8.1% in Worcestershire and 8.3% in England. In Wyre Forest, 1.4% of people defined their health as “very bad” compared with average figures of 1.2% in both Worcestershire and England.

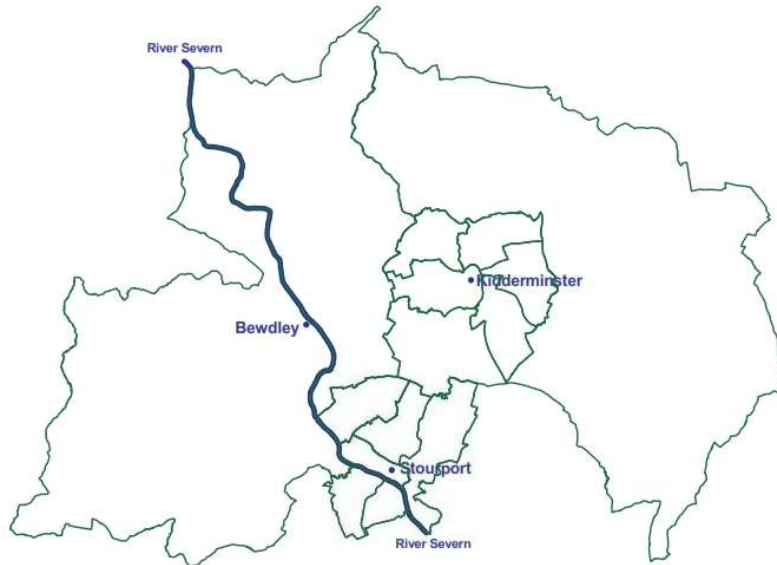


## **WYRE FOREST DISTRICT COUNCIL**

### **NARRATIVE REPORT 2020-21 (continued)**

- 1.4 The proportion of residents aged 16 plus with an NVQ level 1 or above qualification in Wyre Forest (December 2020) is 92.8% compared with a Worcestershire average of 89.5% and an average in Great Britain of 85.6%. In Wyre Forest, 35.8% of residents aged 16 plus have achieved qualification level 4 or over compared with a Worcestershire average of 39.0% and 43.1% in Great Britain.
- 1.5 The latest Office for National Statistics (ONS) figures for out-of-work Benefits (May 2021) show that in Wyre Forest there are 3,110 claimants representing 5.3% of the population aged between 16-64.
- 1.6 The ONS figures for January 2020 to December 2020 shows that 84.8% of people aged 16-64 in Wyre Forest were economically active compared with 81.0% in Worcestershire and 79.1% in Great Britain. Of the people who were in employment 83.3% were employees and 16.7% were self employed.

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



- 2.1 Wyre Forest's 12 wards are represented by 33 Councillors (elected members). Following the all-out elections held on 2<sup>nd</sup> May 2019, despite some minor changes during 2020-21, Council remains under the control of the "Progressive Alliance". The political groups that make up the Progressive Alliance are Independent Community and Health Concern Group, the Independent and Green Group.
- 2.2 The detailed political make-up of the Council as at 31<sup>st</sup> March 2021 was follows:

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2020-21 (continued)

Political Party (if any)		Political Group	
Independent Health Concern	10	Health Concern	12
Independent	5	Independent	4
Green	1		
Liberal Democrat	3	Liberal Democrat	3
Labour	2	Labour	2
Conservative	12	Conservative	12
Totals	33	Totals	33

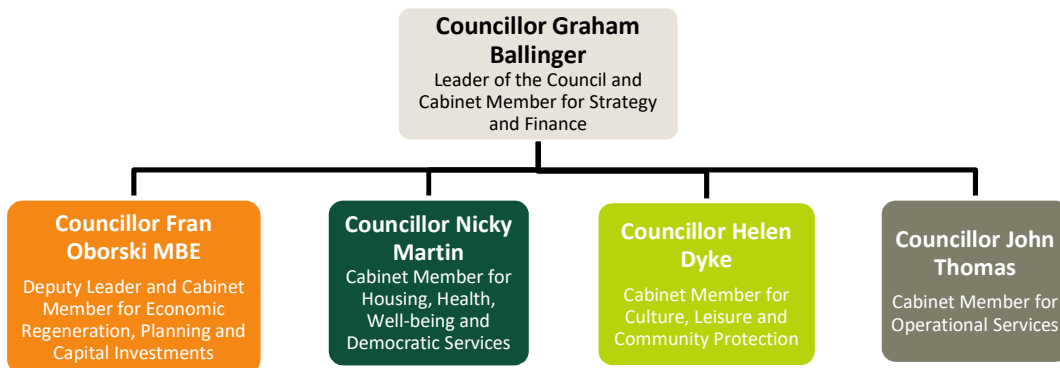
Our 33 elected Councillors represent the people of Wyre Forest and set the overall budget and policy of the Council.

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

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

The political management structure is centred upon our Leader, Councillor Helen Dyke, elected to this role by our local councillors. Cabinet Members are appointed by the Leader with responsibilities for particular portfolios. The Cabinet, in place from May 22<sup>nd</sup>, 2019 until February 2021 Council was as follows:

#### **Wyre Forest District Council: Cabinet Members for period to 20<sup>th</sup> January 2021**

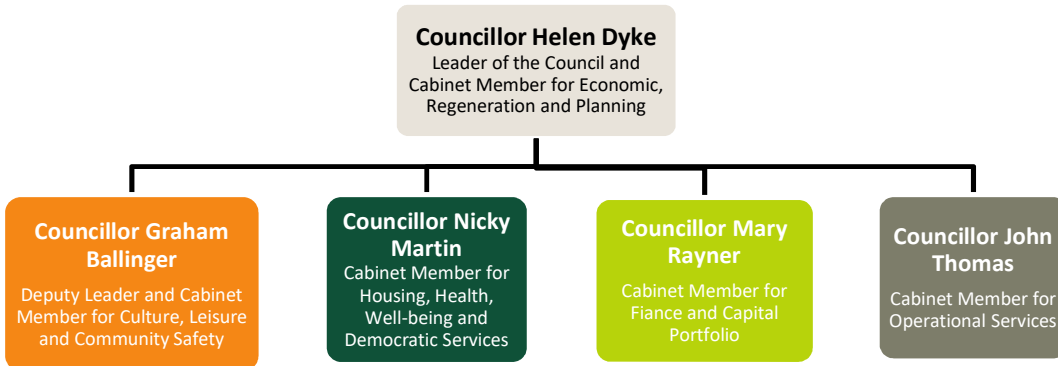


Councillor Oborski was removed from the Cabinet on 20<sup>th</sup> January 2021. On 25<sup>th</sup> February 2021, a new Cabinet Member Councillor Mary Rayner was confirmed with the Portfolio as shown below. At May 2021 Council, Councillor Helen Dyke was elected as Leader and Councillor Ballinger became Deputy Leader. This is the current Cabinet membership as shown in the diagram below:

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## NARRATIVE REPORT 2020-21 (continued)

### Wyre Forest District Council: Cabinet Members for 2021-22 (current)



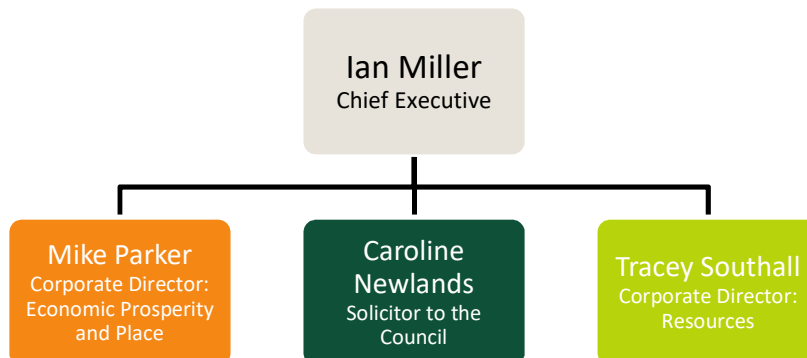
The Cabinet members are held to account by a system of scrutiny which is set out in the Constitution. When major decisions are to be discussed or made, these are published in the Cabinet's Forward Plan.

Committees are also included in the arrangements.

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

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

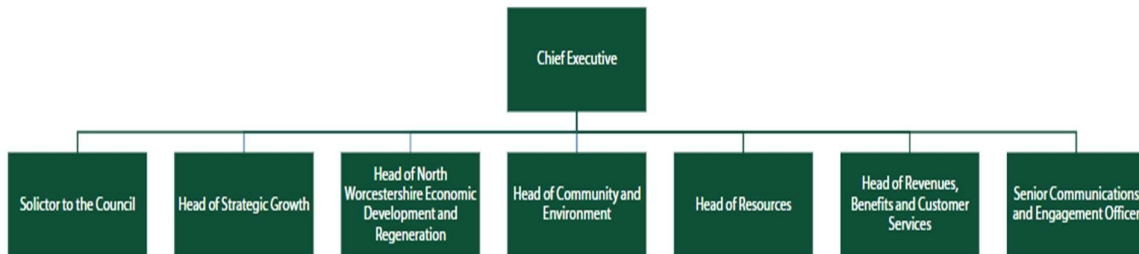
- 2.4 Senior officers, led by our Chief Executive, Ian Miller, support the work of the elected members. The Corporate Leadership Team (CLT) currently comprises the Chief Executive, our two Corporate Directors and the Solicitor to the Council. The statutory role of Section 151 officer is held by Tracey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



## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2020-21 (continued)

On 12<sup>th</sup> May, 2021 Council approved a revised, slimmed down management restructure to be implemented from 31<sup>st</sup> December 2021. This new structure will achieve ongoing net savings of £178k pa to contribute to the funding gap.



- 2.5 The Council directly employs 301 full time equivalent (FTE) staff (343 headcount) including 6 apprentices in a wide variety of roles. The Council believes that it can only achieve its Corporate Plan priorities in an effective way and can only deliver quality services to the people of Wyre Forest through the efforts of a workforce who have skills, knowledge and attitudes appropriate to those ends. We therefore review individual development and training needs as part of the annual review process (My Development Review) whilst taking into account the requirements of the Corporate Plan priorities and business requirements of service areas. Appropriate training then takes place including college-based tuition, courses, distance learning and web based training methods. Regular employee satisfaction surveys are carried out. We have policies in place to recognise the value and importance of our staff and to ensure that our human resources are managed as efficiently and effectively as our financial and physical resources. The Covid-19 pandemic prompted a review of our policies and work is on-going to ensure that the needs of our workforce are appropriately balanced with delivering critical public services. No workers have been furloughed and there are currently, on average, around 160 staff working from home. As the Government's Roadmap to Recovery from the pandemic unwinds a Hybrid approach to working will be adopted as approved by Council on 9<sup>th</sup> December 2020 with most staff continuing to work at home for at least some of their time.

#### **What we do**

- 2.6 The Council continues to face a large number of financial challenges as Central Government funding for this Council continues to fall year on year. The Covid-19 pandemic placed unprecedented stress on budgets during 2020-21 and we saw significant reduction and, in a few cases, complete failure in some of our income streams. The downturn in the economy and climb to recovery will see further volatility in interest and inflation rates and rental values. The changes to business rates retention are likely to expose the Council to a greater level of appeal losses. The financial impact of Brexit remains a significant risk, affecting not only interest and inflation rates but also the availability and cost of labour putting further potential pressure on the Council's budget.

## **WYRE FOREST DISTRICT COUNCIL**

### **NARRATIVE REPORT 2020-21 (continued)**

- 2.7 Wyre Forest District Council provides mandatory and discretionary services through a number of channels – directly, through joint working arrangements with other local authorities, through strategic partnerships with the voluntary and community sector and via third party organisations.
- 2.8 The Council runs local services as efficiently and cost-effectively as possible to ensure that the council tax our residents pay represents value for money. Everyone benefits from the universal provision of Council services such as:
- Keeping our environment clean and protected through waste collection, recycling and keeping streets free of litter, including removal of abandoned vehicles and fly-tipped waste and carrying out conservation and wildlife management at protected sites;
  - Working in partnership to keep the District safe, free from crime and anti-social behaviour, inspecting food and drink premises to make sure they are safe and hygienic and monitoring CCTV;
  - Encouraging economic development through investments made in infrastructure, housing growth, business support, maintaining existing car parks and supporting tourism;
  - Looking after the health of our residents through the provision of a leisure Centre (opened July 2016) and other services (including web based applications) and by providing and maintaining our green open spaces;
  - Providing support to our most vulnerable residents who are experiencing issues of social deprivation such as homelessness, mental health and rural isolation;
  - Collecting council tax and business rates and helping people access financial support through housing benefit and council tax discounts;
  - Supporting residents to improve the homes and areas they live in by dealing efficiently with planning applications and providing building control;
  - Compiling and maintaining the electoral register and administering elections.

During the peak of the pandemic when Government imposed lockdowns were in place, some service provision was either scaled back or delivered digitally in accordance with Government guidelines. Essential services such as waste collection continued, for the most part without interruption, and there were public thanks and recognition for this. In addition to these services the Council has also dedicated significant resource to distribute circa £31m of Covid related Government funding to the local community.

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

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2020-21 (continued)

- 2.10 In addition, the Council participates in a number of Shared Services - Worcestershire Regulatory Services, Civil Contingencies and Resilience, Water Management, Payroll, Building Control, Economic Development and Regeneration - and is either host to the Shared Service or a partner in receipt of a service. In addition, the Council entered into a Limited Liability partnership with Public Sector Plc (PSP) in 2017 and has approved the setting up of a Local Authority Trading Company (LATC) in readiness for property/housing development, potentially utilising the capital portfolio fund where this is the most viable option.
- 2.11 The core functions of the Council will remain the things that it is required to do by law, such as collecting waste, removing litter, producing a local plan and processing planning applications and administering local taxes and benefits. These activities cost about £4.61m a year. The remainder of the Council's work is discretionary. While the Council is not obliged to undertake such services, they are highly valued by local communities and businesses. They include parks and toilets, economic development and regeneration and cultural and leisure services. The Council spends about £3.72m a year on discretionary activities with a further £3.96m on corporate costs including the costs of the democratic core and pensions deficit funding.

#### **What we did**

Dealt with 1027  
planning applications



Successfully collected 97% of Council Tax  
and 95% of business rates



720,000 visitors to our nature reserves



Issued 176 taxi licences



Grew our social media  
following by 32%

On average 99% of creditors  
paid within 30 days



Collected 3,034 tonnes  
of garden waste

## **WYRE FOREST DISTRICT COUNCIL**

### **NARRATIVE REPORT 2020-21 (continued)**

#### **3. Governance**

- 3.1 There have been no significant changes in governance arrangements during 2020-21 following the review of decision-making arrangements and the resolution at the Council's annual general meeting in February 2020. The overview of the Council's current governance framework and its effectiveness during 2020-21 are set out in the Annual Governance Statement (AGS) contained within this Statement of Accounts. Governance in relation to the Capital Strategy including the Capital Portfolio Fund is set out in the Capital Strategy. Reports on the Financial Management Code and Corporate Governance Framework: Position Statement considered by Audit Committee on the 26<sup>th</sup> May 2021 have informed the AGS.

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

##### **4.1 The impact of Covid-19**

Our risk management strategies and ability to be flexible in how we work were tested during the year by the ongoing Covid-19 pandemic. The Council very quickly moved as many staff as possible to homeworking and circa 160 now have the ability to work effectively from home whilst essential services such as waste collection continued.

An Extraordinary Council Meeting on 21<sup>st</sup> April 2020 made a number of changes to the Constitution required to take into account the impact of the Covid-19 pandemic on Council business, in particular on decision making, including the ability to undertake Council meetings remotely. Timely updates ensured it remained up to date with Regulations and fit for purpose to meet ongoing business need despite national emergencies. A further Extraordinary Council meeting on 21<sup>st</sup> April 2021 approved the extension to 31<sup>st</sup> July 2021 of temporary changes to the Constitution to allow the continuation of the ability to hold remote meetings to facilitate timely decision making.

In addition to the changes to the Constitution, the Covid-19 pandemic has had and continues to have a significant impact on the Council in terms of financial sustainability, workload of key service delivery teams and how employees work. The funding gap in 2023-24 has increased by circa £1m based on forecasts of lost income that will not recover and is not compensated for by MHCLG. To address this, the approved MTFS includes a fundamental programme of work to explore and implement more shared services, alternative service delivery options and other planned transformation that will result in the Council becoming a smaller organisation. The annual Budget Council meeting was reconvened after a long meeting on the 24<sup>th</sup> February 2021 which did not result in a decision, to a further meeting on the 1<sup>st</sup> March 2021 where a revised proposal was approved; the main change being an earlier timeline for a Management Review.

The single most significant budget pressure in relation to the Covid-19 pandemic was in relation to Leisure Services provision. The impact on reserves before consideration of grant was £1.232m. Following a review of leisure centre provision within the district a new high quality leisure centre was built based on a 25-year Design, Build, Operate and Maintain contract. The new centre became operational in July 2016 delivering an improved service and saving the Council in excess of £500k annually in the cost of leisure provision.

## **WYRE FOREST DISTRICT COUNCIL**

### **NARRATIVE REPORT 2020-21 (continued)**

The Council funded the scheme through PWLB borrowing and a grant from Sport England, the cost of the borrowing (circa. £720k p.a.) is partially off-set by a management fee paid by the contractor (PfPL) derived from the surplus generated from operations. The annual management fee amounts to £540k p.a. The impact of the restrictions and national lock downs resulted in the contractor returning a net deficit, before payment of the management fee. Following government guidance issue in Procurement Policy Notice PPN 02/20 the council agreed to pay PfPL supplier relief i.e. the net costs of the contractor during the closure and recovery periods. This was agreed in line with most other local authorities and was done on the basis of Open Book reconciliation and paid on actual expenditure/income. The agreement with PfPL was for the period up to March 2021. In addition, the management fee was not paid during this period. The lost income was eligible for Co-funding support from the Government's Fees and Charges support grant at a rate of approximately 71.25%. The supplier relief was met in part from Sport England NRF grant £64k and the balance from the Local Authority Covid Support Grant paid by MHCLG and reserves.

- 4.2 In 2020/21, the Council paid out £31.1m in business grants across 11 different schemes to support local businesses affected by the pandemic.

In October 2020, the Test & Trace Support Scheme was given to local authorities to administer and 324 payments totalling £162k were made during the final 6 months of 2020/21.

- 4.3 The following business grants were administered by the Council on behalf of central government:

<b>Business Grants</b>	<b>Total Grant Allocation £000</b>	<b>Expenditure as at 31<sup>st</sup> March 2021 £000</b>
Small Business Grants Fund/Retail, Leisure and Hospitality Grant (SBRLH)	21,035	21,420
Local Restriction Support Grant (LRSG) Closed Addendum	1,572	1,086
LRSG Sector	0	3
LRSG Closed 2 <sup>nd</sup> – 19 <sup>th</sup> December	24	26
LRSG Closed 20 <sup>th</sup> – 4 <sup>th</sup> January	123	34
Christmas Support – wet led pubs	58	44
LRSG Closed Addendum – 5 <sup>th</sup> January	4,830	5,011
Closed Business Lockdown Payments	4,716	1,667
<b>Totals</b>	<b>32,358</b>	<b>29,291</b>



## **WYRE FOREST DISTRICT COUNCIL**

### **NARRATIVE REPORT 2020-21 (continued)**

- 4.4 The Council distributed the following grants to businesses under discretionary policies, these grants are accounted for within net cost of services:

<b>Business Grants</b>	<b>Total Grant Allocation £000</b>	<b>Expenditure as at 31<sup>st</sup> March 2021 £000</b>
Small Business Grants RLH discretionary	1,667	1,087
Local Restriction Support Grant (LRSG) Open	459	96
Additional Restriction Grant	2,926	671
<b>Total</b>	<b>5,052</b>	<b>1,854</b>

- 4.5 The following grants are also reflected in the net cost of services

<b>Specified Covid support Grants</b>	<b>Total Grant Allocation £000</b>
Council Tax Hardship relief	1,077
Test and Trace Self isolation payment	284
Reopening Town Centres Safely Fund	26
Local Authority Compliance and enforcement Grant	51
Local Authority Emergency assistance – Food and essential supplies	126
National Leisure Recovery Fund	200
Homelessness Support grants	203
<b>Total</b>	<b>1,967</b>

- 4.6 In addition to the business grant funding and Covid specific grants included in the net cost of services, the Council also received non ring-fenced general grants to support its Covid response totalling £2.925m. These grants are included within Taxation and Non-specific grant income and expenditure in the Comprehensive Income and Expenditure account. These were:

<b>Non-specified Covid Grants</b>	<b>Total Grant Allocation £000</b>
3 tranches of general Local Authority Support grant	1,604
3 tranches of Sales, Fees and Charges grant compensation	1,116
Local Tax Income Guarantee	205
<b>Total</b>	<b>2,925</b>

The Council also received compensation for Business Rate reliefs awarded; businesses were granted £16.4m of expanded retail discount and nursery discount and new burdens funding to support the introduction of business grants payment arrangements and the management of Council Tax and Business Rates reliefs.

- 4.7 All unspent balances have been carried forward as either Receipts in Advance or in Earmarked Reserves to be distributed, repaid or otherwise used to meet liabilities in 2021-22.

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2020-21 (continued)

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

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2020-21 (continued)

4.12

<b>Area</b>	<b>Issue</b>
Covid-19 Pandemic	The coronavirus pandemic has had a profound impact on all aspects of life in Wyre Forest. The council faces a triple threat: unable to achieve savings; significant cost pressures due to an increased need for homelessness prevention services, business support and some contracts plus a significant impact on our income streams affecting short term cash flow and irrecoverable losses from reduced fees and charges. The pandemic has had a significant impact on our leisure centre operated by PfPL during the lockdowns. There is a risk to the ongoing financial sustainability of the Council if the Government continues with its current proposals and does not cover all costs or allow additional borrowing freedoms.
Transformation - Failure to adapt to streamlining service delivery	Despite the ambitious and successful Wyre Forest Forward programme funding pressures still remain in the Medium Term. The MTFs planning process continues to address these risks but if the funding gap is not closed the sustainability of the Council cannot be assured.
Economic prosperity	Promoting vitality in the local economy is a corporate plan priority due to the impact on the well-being of our residents and success of our businesses. The current business rates retention scheme incentivises growth but there is a risk of an adverse financial outcome if the council is unable to sustain the baseline level of the business rates reflected in government projections. Reform of the Business Rates System has been delayed and the impact of Brexit and the current pandemic exacerbates the risk.
Budget – delivery of a financially sustainable budget	Failure to deliver the approved budget will lead to a lack of resources to fund services that meet priorities and reduce ability to plan effectively in the medium and long term. In turn this could result in the need to move quickly to reduce cost with a focus on discretionary services being ceased first if localism fails and moves to digital delivery/self-service. This could lead to inconsistent service delivery and the non-achievement of objectives and outcomes.
Housing Strategy/Local Plan	A revised Local Plan was submitted in April 2020 to the Secretary of State to appoint a Planning Inspector to undertake Examination; Hearings were held by the appointed Inspector in January/February 2021 and no matters of the legality or 'soundness' of the Plan have been raised; Main Modifications expected to be published for consultation in autumn 2021 with likely adoption in early 2022: risk that the Council fails to accept the suggested amendments suggested by the Inspector as Main Modifications and has to revisit parts or all of the process causing delay in adoption. Failure to deliver a coherent strategy could lead to an inability to meet local housing needs, resulting in a lack of affordable housing providing real alternatives to homelessness.
ICT Resilience, delivery of the ICT Strategy, Information Governance and Cyber Security	Delivery of the ICT Strategy and further progression of the Council's digital offer for service delivery is essential as proven during the Covid-19 pandemic. Good information governance and continuous monitoring and improvement of cyber security is intrinsic to the ICT Strategy. Failure to progress delivery in this dynamic service area could lead to a range of impacts from failure to provide relevant up-to-date systems to invasion of privacy or release of data resulting in fines, a distrust of information provided to stakeholders and an adverse impact on the council's reputation. This in turn could impact on customer engagement and reduce the ability to make efficiency savings.
Resilience and capacity	Budget reductions have resulted in lower staff numbers, lower staffing ratios and reduced remuneration for more senior roles in the Council. At the same time a flexible resource is required to do everything that the Council has committed itself to do. As a consequence, there is a resourcing risk that could result in service failure.
Partnership and Engagement	Failure to progress and manage partnership and engagement work could lead to a failure to achieve alternative service delivery options to unlock funding opportunities to generate further revenue streams and achieve outcomes in line with its corporate priorities.

## **WYRE FOREST DISTRICT COUNCIL**

### **NARRATIVE REPORT 2020-21 (continued)**

4.13 **Opportunities** - We have a track record of recognising and managing existing risks, identifying and dealing with emerging risks and have responded well to recent financial challenges. We also work to ensure, given the current funding gap and pressures facing the Council coupled with greater expectations from our customers and residents, that we maximise our opportunities to deliver cost-effective, efficient and innovative services while minimising and managing the risks. This is even more relevant given the Council's ambition to grow income from commercial services. Following the decline in the income streams for most commercial services during the pandemic the future focus will be on recovery.

#### ***Delivering a sustainable budget for the long term***

4.14 The MTFS planning process updates the funding gap and incorporates an ambitious programme of savings and income generation. There are many ways in which expenditure can be reduced and the Council expects to use all these tools:

- Transferring more assets and services to local organisations, in particular town and parish councils. Models range from those where the district council ceases to have any role (the freehold is transferred, where there is an asset involved, and the local organisation meets 100% of the operational costs) to those where the District Council might still have a role in operating a service or asset but the cost is shared with another body instead of being met solely by the District Council;
- Implementing shared services or other collaborative arrangements with other councils and public bodies;
- Implementing efficiency measures and other changes that reduce the call on council services. The main tool that will be used is further implementation of digital services that allow residents and local businesses to access services on line, 24 hours a day, thereby improving the customer experience. They can book, pay for and report things while minimising the use of staff time at the Council. Digital services will be promoted and their use strongly encouraged in order to reduce the cost of customer service and other staff time in dealing with the public. Implementation of more digital services is also expected to improve efficiency and challenge historic approaches to service delivery;
- Undertaking a review of the organisational structure to ensure the Council's staffing structure remains fit for purpose in line with our revised corporate plan priorities;
- Reducing spend on services, and therefore reducing quality/frequency and in some cases potentially whether the service is provided at all. This will be necessary only if all other options have been exhausted.

#### ***Improving the economic prosperity of the district***

4.15 Due to the impact of the pandemic the year saw little progression of two initiatives to further the Council's ambitions to grow the local economy and provide new homes:

- The Capital Portfolio Fund, a £26.5m fund to support property acquisitions
- the Development Loans Fund, a £10m fund based on borrowing from the Public Works Loan Board (PWLB) to lend to appropriate bodies and individuals who have development proposals that further the regeneration ambitions of the Council.

**WYRE FOREST DISTRICT COUNCIL**

**NARRATIVE REPORT 2020-21 (continued)**

- 4.16 The announcement on the 26th December 2020 that our bid for Future High Streets Funding had been successful with the full £20.5m approved, is a major opportunity for town centre regeneration that should lead to improved economic prosperity for the district and growth in our key income stream of business rates. Funding must be fully spent by the end of March 2024 and an ambitious programme of work has now commenced in earnest to drive forward this work and achieve the business case objectives of improved connectivity and a fresh modern vibrant Kidderminster Town Centre.
- 4.17 There were no Capital Portfolio Fund acquisitions during 2020-21. There was a small amount of spend on properties already in the Council's ownership of £33k. During the year, a scheme previously approved for temporary accommodation in Bridge Street Stourport failed to receive planning approval, so this commitment has been removed from the control account. The remaining balance unspent at year end is £9.217m. The unspent and unallocated balance following this current activity is £9.207m.
- 4.18 The boundary for property acquisitions from the fund changed during the year. a proposal to move from the boundary being the Functional Economic Geography which includes the footprint of the two Local Enterprise Partnerships of which the Council is a member, to being within district purchases only, was approved at the 10<sup>th</sup> November, 2020 Cabinet meeting. Council approved this revision on 9<sup>th</sup> December 2020, and it remains current policy. This change was in response to expected changes in the technical accounting guidance for such activity, and also the uncertainty in the property sector as a result of Covid.
- 4.19 The Table below sets out the detail of the separate purchases/expenditure from the fund.

Capital Portfolio Capital Fund	Expenditure		Committed
	Purchase Price/ Development Cost	SDLT, Fees and Capitalised Costs	
	£000	£000	£000
<b>Acquisitions at 1st April 2019</b>			
Worcester Street/High Street Retail Units, Kidderminster	1,034	51	
Stratford Court Offices, Solihull	6,110	424	10
Buntsford Gate Offices, Bromsgrove	1,487	87	
Forest House Start-up Units, Kidderminster	730	37	
<b>Acquisitions 2019-20</b>			
Riverside Food and Beverage Units, Kidderminster	2,420	135	
Goldthorn Road Industrial Unit	4,100	240	
<b>Committed Schemes</b>			
Industrial Units, Kidderminster		428	*-
*(Council on 14th July 2021 approved a further procurement exercise would be undertaken in relation to completion of this capital scheme)			
	15,881	1,402	10
Total Capital Expenditure		17,283	17,293
Total Capital Approval (£25m plus £1.5m buffer)			26,500
<b>Balance of Funds remaining (Max)</b>			9,207

Stamp Duty Land Tax (SDLT)

## **WYRE FOREST DISTRICT COUNCIL**

### **NARRATIVE REPORT 2020-21 (continued)**

- 4.20 The first business case was approved in 2019-20 for a £1.9m loan from the £10m Development Loans Fund. The fund is marketed and managed via a Funding Management agreement with Finance Birmingham, Financial Conduct Authority (FCA) accredited financial advisors. All Development Loans will be within district and must meet corporate priorities. The first payments of this loan of £487,761 (April and May instalments) were made in early 2021-22. There were no further loan approvals during 2020-21.
- 4.21 The Council entered into a limited liability partnership with PSP Limited in March 2017 in order to progress work with more challenging property proposals. Exploratory work around suitable sites continues but schemes have proved challenging to deliver with full funding from prudential borrowing. A temporary accommodation proposal for the former Lloyds garage site in Stourport-on-Severn was progressed but failed to receive planning permission. Abortive costs for this scheme are reported in the 2020-21 accounts.
- 4.22 In May 2019 businesses in Kidderminster town centre voted in favour of creating a Business Improvement District (BID) with the aim of funding initiatives and events to boost footfall and foster growth. The scheme is funded by a BID levy paid by non-domestic ratepayers. The levy will raise over £1m over the next 5 years (from 2020-21) which will be invested into the town. A BID Company has been established to oversee delivery of the proposals. The Authority collects the BID levies on behalf of the BID Company as agent and so income and expenditure is not shown in the Council's Comprehensive Income and Expenditure Statement. The Council agreed to support the new BID Company's cashflow by advancing a temporary loan of £75k to be repaid from the future levies raised; £25k of this loan was repaid on 29<sup>th</sup> March 2021. The remaining £50k will be repaid when future levy payments are received.

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

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

Treasury Management Strategy – updated annually, this strategy sets out how the Council's treasury service will support the capital decisions taken, the day to day treasury management and the limitations on activity through treasury prudential indicators. The key indicator is the Authorised Limit, the maximum amount of debt the Council could afford in the short term, but which would not be sustainable in the longer term. (Overview and Scrutiny 4<sup>th</sup> February 2021, approved Council 1<sup>st</sup> March 2021).

Capital Strategy – updated annually the Council's Capital Strategy has been refreshed as part of the overall Financial Strategy process and follows the Ministry of Housing, Communities and Local Government (MHCLG) guidance published in February 2018. The Strategy provides the longer-term context in which capital investment decisions are made and the governance for those decisions. The Capital Strategy has been developed to ensure that the Council can take capital expenditure and investment decisions in line with Council priorities and properly take account of stewardship, value for money, prudence, risk, sustainability and affordability. The strategy ensures due consideration is given to both risk and reward and the impact on the achievement of priority outcomes (approved Council 24<sup>th</sup> 1<sup>st</sup> March 2021).

## **WYRE FOREST DISTRICT COUNCIL**

### **NARRATIVE REPORT 2020-21 (continued)**

ICT Strategy – covering the period 2018-22, this document provides a clear direction for the work of ICT, ensuring that technology supports the Council's business processes. The strategy provides the framework for evaluating the ICT element of proposals for new projects. (Approved 21<sup>st</sup> February 2018 with a further funding approval confirmed on 26<sup>th</sup> February 2020).

Core Strategy (2006-2026) - the key strategic level document within the Local Development Framework (LDF) which sets out the broad strategy and vision for development within the District up until 2026. Adopted in December 2010, it provides the overall context for the more detailed, site specific elements of the LDF and the focus for decision-making on planning applications. Although the Core Strategy does not address specific sites, it does set the overall Development Strategy for the District and the broad areas where new housing and employment development will be located. The new Local Plan will replace the current Adopted Core Strategy.

The Local Plan (2016-2036) - the review has been completed and was submitted to the Planning Inspectorate in April 2020. The new Local Plan (2016-2036) was by Inspector Mary Travers with Hearings into the Plan in January/February 2021. Subject to a successful consultation on main modifications in autumn 2021 the Council will aim for adoption in early 2022. Overall, the plan seeks to meet the standardised housing number of 276 new residential units per annum.

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

Empty Homes Strategy (2017-2022) - this strategy aims to identify the causes of empty properties, why they remain empty and a clear action plan showing what we intend to do to reduce the number of wasted homes. The overarching aim of this strategy is to help alleviate the housing need within the district, to offer wider housing choice to residents and to reduce the blight that can result where properties are left empty and neglected. As at October 2020, there were 803 empty properties in the Council area of which 282 had been vacant for over 6 months. By comparison, the Council has more than 2666 households on the housing register.

## **6. Our Performance**

- 6.1 The Council's operational model is for a mixed economy of services provided directly by the Council or through shared services with other councils or public bodies and a limited range of services that are provided by the private sector. The Council's financial and non-financial performance is regularly monitored and reported to Cabinet and Scrutiny committees on a quarterly basis. Details of these reports for 2020-21 can be found on the Council's website.
- 6.2 The Council's Corporate Plan for 2019-23 was built around three priorities: A safe, clean and green living environment; Supporting a successful local economy and Good quality and affordable homes for all.

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2020-21 (continued)

Following public consultation as part of the budget process the 2021-23 priorities were reduced to two with the priority about good quality and affordable homes one removed. However, the strategic action that mentions affordable housing remains the ambition and will be delivered through adoption of the local plan and other actions, such as regeneration of Kidderminster town centre. This change was approved by Council on 1<sup>st</sup> March and is set out in detail in Appendix 5 of the MTFS report.

6.3 The success of the Corporate Plan is measured by delivery against our strategic actions.

Overall, particularly taking into account the significant impact of the pandemic, the Council performed well during 2020-21. The outcomes we have achieved in the last 12 months are set out in the table below and demonstrate how the Council has been delivering its priorities and strategic actions 2019-23:

#### **Priority: Supporting a successful local economy**

	<b>What we've done</b>
Working with partners to create the conditions and certainty to foster a growing and sustainable local economy	Worked with Worcestershire partners and both Local Enterprise Partnerships to support businesses through the Coronavirus pandemic, distributing grants and providing access to support and funding opportunities. Enabled the successful establishment of the Kidderminster Business Improvement District (BID). Working as part of River Severn Partnership to develop projects as part of the catchment wide area.
Bringing forward regeneration and development opportunities and the infrastructure to support them	Development Agreement in place with Cordwell to deliver a cinema led leisure development of the Lionsfield site (consisting of the Bromsgrove Street car park and former Glades leisure centre sites). Successful Expression of Interest submitted to the National Lottery Heritage Enterprise Fund for gap funding to bring the former Magistrate's Court and indoor market building back into a positive use. This also forms part of the successful bid to Future High Streets Fund for Kidderminster town centre for which the full business case of £20.5m external funding was approved and confirmed on 26th December 2020; includes proposals for Crown House site, former Magistrates' Court building and Bromsgrove Street car park. Successfully supported the demolition of Crown House and surrender of lease which was completed in the first half of 2020. New Railway Station Ticket Office and forecourt works completion in summer 2020 and brought into service in June. Contract completed with Homes England for £2.7m Housing Infrastructure Fund contribution towards Churchfields highways: work is now complete.  Disposed of land in Stourport in support of new medical centre facility which began construction in summer 2020.
Creating new job opportunities and improving skills	Continuing to run the successful 'Opening Doors to Business' event for local schools. Monthly updates of District at Worcestershire Business Leaders. Eighth year of support for new apprenticeships to enable employers to cover the costs of employing them. Through the NWEDR team in liaison with GBSLEP Growth Hub a North Worcs Business Advisor appointed to support businesses.
Helping new businesses to start up and existing businesses to grow	In 2020-21: 42 entrepreneurs received business start-up advice which has resulted in 4 new business start-ups



**WYRE FOREST DISTRICT COUNCIL**

**NARRATIVE REPORT 2020-21 (continued)**

	<b>What we've done</b>
	<p>15 businesses have accessed grants totalling £20,671</p> <p>EU funds: 29 businesses accessed £667,093 worth of grant funding including 3 businesses being awarded grants of £100,000 – Beakbane Ltd, TrueLine Expanded Products Ltd and DZine Furnishing Solutions Ltd.</p> <p>In the first quarter of 2021-22: 13 entrepreneurs received business start-up advice. No new business start-ups have been reported this year. 12 businesses have accessed grants totalling £60,424</p> <p>EU funds: 13 businesses accessed £206,621 worth of grant funding.</p>
Promoting the District as a great place to invest in, live in and visit	<p>Continue to grow the Business Ambassador Scheme;</p> <p>Work in partnership with Worcestershire LEP Inward Investment team to facilitate relevant enquiries from internal and external businesses.</p> <p>Worked successfully with GBSLEP Growth Hub to facilitate a dedicated North Worcestershire Business Growth officer to work alongside NWEDR.</p> <p>Adoption of the North Worcestershire Economic Growth Strategy.</p>

	<b>What outcomes we've achieved</b>
A community with lower unemployment and improved skills	<p>Claimant count 5.9% in March 2021 which is higher than the Worcestershire average (5.3%) but below the regional and average (7.4%) and national average (6.5%).</p> <p>However, it is worth noting that this figure is more than twice the figure at the same time last year.</p>
A diverse and well connected economy with vibrant and successful town centres	<p>Completion of phase 2 of town centre public realm works of £1m opening up of Worcester Street to traffic with on street parking.</p> <p>Approval of final business case to Future High Streets Fund to bring about transformation of Crown House, Magistrates' Court and Bromsgrove Street sites.</p> <p>Completion of new Rail Station and forecourt area.</p> <p>Successful establishment of BID for Kidderminster.</p> <p>Appointment of Hemingway Design to assist the development of a Kidderminster 2040 vision.</p>
Increased visitor opportunities	<p>Bewdley Museum was awarded a Certificate of excellence for the 2019-20 season for the fourth year running. Visitor numbers in 2018-19 and 2019-20 exceeded 200,000. The 2020-21 financial year has been a difficult for the museum, with 2 long periods of lockdown. Phased opening was introduced when restrictions permitted and the visitor numbers were very good when open but clearly never going to be as high as a normal year. We ended the season at 128,053 visitors.</p>
Redevelopment of redundant and under-used land and buildings	<p>Development Agreement in place with Cordwell to facilitate cinema led leisure development on former Glades leisure centre site but impacted by Covid-19 delaying delivery until 2021 at the earliest.</p> <p>Demolition of Crown House completed in first half of 2020.</p>

**WYRE FOREST DISTRICT COUNCIL**

**NARRATIVE REPORT 2020-21 (continued)**

	<b>What outcomes we've achieved</b>
	<p>Construction of new industrial units on former Franco site due for completion by end of December 2020 delayed due to the impact of the pandemic and weakened financial standing of the main contractor.</p> <p>Completion of a separate agreement with development partner to purchase 6 new industrial units off Silverwoods Way with construction due to start in early 2021. Supported developer with Development Loan Fund to assist delivery.</p>
Improved infrastructure	<p>Silverwoods Way (Hoobrook link road) opened September 2016. All vacant plots now have residential, food and beverage or employment use proposals.</p> <p>Attracted £2.7m Housing Infrastructure Fund monies to support c£6m highway infrastructure scheme to open up brownfield land at Churchfields for residential development.</p> <p>New Rail Station building and forecourt completed in June 2020.</p>

**Priority: A clean and green living environment**

	<b>What we've done</b>
Creating a greener and cleaner local environment	<ul style="list-style-type: none"> <li>• Maintained high levels of street cleansing both mechanical and manual to ensure roads and streets remain clean and litter free</li> <li>• Increased cleansing regimes within the three towns providing specialist cleansing of street furniture for example benches</li> <li>• Undertaken a number of area deep cleans</li> <li>• Worked in partnership with key fast food providers on street clean up initiatives and subway improvements.</li> <li>• Maintain 400 acres of nature reserves and 600 acres of Parks and Open Green Spaces.</li> <li>• Burlish Top nature reserve project 3 new ponds 10 new wildflower areas and the establishment of sustainable ecological management. The cleaning of tipped waste in preparation of opening the land to the public late 2020. Development proposal for a masterplan to develop this site to include a café, retail offer, trails and activities, education programme and visitor centre. To market this reserve to local people and tourists to maximise use of the exceptional space and raising awareness and use of our reserve.</li> <li>• Burlish Top - A new off-road link for both cyclists and pedestrians has been created along the Kingsway</li> <li>• Stourport master plan project - Planting of over 1600 trees in the Stourport riverside floodplain to support targeted biodiversity goals.</li> <li>• Franche Bike Track - Working with local councillors and the local community to provide an enhanced bike track facility at White Wickets park which can be used to teach local children cycle skills.</li> <li>• Riverside North collaborative project to restore pedestrian access around the wild-life pond</li> <li>• Continue to run the localism fund allocated to parishes and community groups on environmental improvement, projects and activity.</li> </ul>

**WYRE FOREST DISTRICT COUNCIL**

**NARRATIVE REPORT 2020-21 (continued)**

	What we've done
	<ul style="list-style-type: none"> <li>• Stourgate Project – The creation of new public access area and the creation of wildflower rich areas of meadow along the river Stour corridor</li> <li>• Jubilee Gardens - Maintenance and development of the gardens by the museum team. Developing a broader offer in the gardens for visitors such as the café and events</li> <li>• Fixed penalty notices continue to increase in relation to environmental crimes for littering and fly tipping offences FPN's issued 2018/19: 171  FPN's issued 2019/20: 202  FPN's issued 2020/21: 243</li> <li>• Increased the number of cameras to tackle environmental crime such as fly tipping</li> <li>• Undertaken duty of care inspections to ensure businesses are complying with waste regulations</li> <li>• Undertaken SCRAP campaign highlighting issues surrounding fly tipping</li> <li>• Tackling ASB issues.</li> <li>• Revised introduction to tackle dog related issues</li> <li>• Supported local litter picking groups</li> <li>• To maintain high levels of enforcement and education on environmental crime. Increased dedicated team to deal with enviro crime</li> </ul>
Supporting the provision and maintenance of high-quality public spaces	<p>Bid and been awarded £2.41m Heritage Lottery Fund grant to improve Brinton Park.</p> <p>Bewdley Museum - worked with volunteers to deliver some of the areas they were previously involved with. Started a new volunteer group for the gardens.</p>
Creation of new woodland	<p>Working with the woodland trust to create a new area of woodland on part of the former golf course.</p>
Creation of state-of-the-art bat habitat in Hurcott wood.	<p>Working with the Local and National branches of the Bat conservation trust and local businesses to create a state of the art bat habitat that demonstrates best practice approaches for bat conservation that can be used as models for bat mitigation in development works.</p> <p>St George's Bike project.</p>
Working with partners to reduce crime and the fear of crime	<p>Working with Police on waste carriers licence checks to ensure they are operating correctly</p>

**WYRE FOREST DISTRICT COUNCIL**

**NARRATIVE REPORT 2020-21 (continued)**

	<b>What we've done</b>
Motor vehicle anti-social behaviour in Stourport	Set up a multi-agency meeting to address the issues and formulate an action plan
Anti-social behaviour	Action the complaints that are received via the WFDC website ASB form
Improvements to youth shelter at White Wickets	Working with KDYT, WFDC & local councillors to show young people we are listening to them by reinstating the sides of the youth shelter at the park. Balance of funding to go to the new bike track facility
White Ribbon campaign against domestic abuse in November/December	Working with partners to deliver the annual campaign
PSPOs	Worked with partners to implement PSPOs in Bewdley & Stourport to replace old Alcohol Restriction Zones
Nominated neighbour scheme	Working on the implementation of a nominated neighbour scheme to help elderly and vulnerable members of the community feel safer in their homes and reduce the chance of distraction burglars targeting the area
Loan Sharks	Worked with partners to raise awareness of loan sharks
Hate Crime	Worked with partners to raise awareness to residents of Wyre Forest on what a hate crime is and how to report it
Community Ambassadors	Our Community Ambassadors in the high schools are continuing to deliver our key community safety messages

	<b>What outcomes we've achieved</b>
Clean streets and quality open, green public spaces that are enjoyed by all	<ul style="list-style-type: none"> <li>• 2 Green flag parks and 1 Green Pennant Park</li> <li>• An area that is an outstanding example of quality open space with a wide diversity of plant and animal life</li> <li>• Maintained the high levels of street cleaning.</li> <li>• Ongoing liaison and successful joint working with community groups on litter picking</li> <li>• Creation of high quality bike, scooter and skate facility at St George's park that is used by multiple age demographics</li> </ul>
An environment that is respected and cared for, and where local people take pride in their surroundings	Delivered community safety projects including the Community Ambassadors scheme, White Ribbon against Domestic Abuse, Hate Crime Awareness campaign and seasonal crime prevention initiatives.

**WYRE FOREST DISTRICT COUNCIL**

**NARRATIVE REPORT 2020-21 (continued)**

	<b>What outcomes we've achieved</b>
	<p>Bewdley Museum - delivery of our education programme and demonstrations on site enhancing the visitor experience.</p> <p>Management of the site and park to a high standard with volunteer help.</p> <p>Continued to work with partners to tackle Serious and Organised Crime covering CSE, drug related crime, county lines and modern day slavery</p> <p>Working with partners to establish a new North Worcestershire ASB Complex Case Group and to review the Community Trigger process</p> <p>Continued to co-ordinate the North Worcestershire Community Safety Partnership</p> <p>Undertook a review of the PSPOs for Stourport and Bewdley and extended from October 2020 for 3 years</p> <p>Implementing the externally funded CCTV digital upgrade in partnership across North Worcestershire</p>
Low levels of crime and anti-social behaviour	<p>To ensure anyone who transports waste is compliant and holds the relevant documentation</p> <p>Working with partners to improve perceptions of crime ratings</p> <p>Working with partners to reduce crime and anti-social behaviour</p> <p>Finalising and implementing the North Worcestershire Community Safety Partnership Plan by April 2020</p>

**Priority: Good quality and affordable homes for all**

	<b>What we've done</b>
Working towards meeting current and future housing needs, with an up-to-date local development plan that provides for growth in the number of houses	<p>The Local Plan was submitted in April 2020 with an examination in January/February 2021 and subject to successful consultation on main notifications in autumn 2021 the council will aim for adoption in early 2022.</p>
Preventing and reducing homelessness	<p>Ongoing implementation of the Homelessness Reduction Act 2017, implementation of the Homelessness and Rough Sleeper Strategy 2019-2022 and housing all those who are rough sleeping or at risk of rough sleeping through "Everyone In".</p>

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2020-21 (continued)

	<b>What we've done</b>
	During 2020/21 the Housing Advice Team gave housing advice to over 8.5k households and completed initial assessments under the Homelessness Reduction Act for 417 households.

	<b>What we've achieved</b>
An increased supply of good quality and decent homes that are affordable to individuals and families	567 units of housing were granted planning approval in 2020-21 and of these 286 were for affordable housing.

#### **7. Performance – Financial Core Funding**

- 7.1 The 2020-21 financial performance saw a modest increase (£14k) in the planned use of general reserves. This will help the council to respond to the unprecedented pressures that Covid-19 has placed on Council finances.
- 7.2 There continues to be uncertainty around the future funding for the sector. The government have announced that the Fair Funding Review (FFR) and Business Rates Retention (BRR) will be deferred once again until April 2022 at the earliest, and that this may not be achievable. The FFR will examine the relative needs and allocation of resources between Authorities.
- 7.3 Due to further delay in the FFR it is too early for any indication to be given of the level of funding or whether transitional protection will be given to smooth the impact and avoid potential shocks. Further uncertainty is caused by European Union withdrawal (Brexit) and lack of detail on the post Brexit replacement for European Union structural funding (the Shared Prosperity Fund).
- 7.4 During 2020-21 the Council continued to face significant financial challenges and the preparation of the 2021-24 MTFs was strongly influenced by the continued need to make significant reductions in expenditure whilst still progressing Council priorities and coping with the changes in resource allocation as a result of the Covid-19 pandemic. The Council has seen a steady reduction in its core funding in recent years and reductions in Central Government grants continue to have a significant impact on the way we are able to fund our services. The Medium-Term Financial Strategy was updated in February and the 2021-24 MTFs forecasts a funding gap of £2.7m by 2023-24 which will need to be closed by significant transformation in the way services are delivered. An indicative programme of work to explore and implement more shared services, alternative service delivery options and other planned transformation together with indicative timescales was included in the December MTFs report. Whilst income generation will continue to be part of the solution towards closing the funding gap, it is highly likely this will now form a lesser contribution. The Wyre Forest Forward programme has enabled the Council to successfully deliver savings during the current Council Plan period and will continue to drive the delivery of additional efficiency savings. The delivery of additional commercial income has been more challenging this year due to the impact of the pandemic.

## **WYRE FOREST DISTRICT COUNCIL**

### **NARRATIVE REPORT 2020-21 (continued)**

In particular, the Commercial offer at the Depot has struggled with the exception of garden waste. The Council has reset its Medium-Term Financial Strategy in recognition of the pandemic in order to maintain alignment with corporate priorities. Given the uncertainty around the future funding for the local government sector, coupled with the uncertainty about the progression of the Roadmap to Recovery from Covid-19 impact, there remains much work to do.

- 7.5 Prior to Covid, the Council had an excellent track record in generating income; the total income (from all sources excluding shared services) achieved in 2020-21 is £5.748m and has reduced from £7.391m in 2019-20 and is £1.731m below the original estimate for the year; although this is still more than the £3.781m achieved in 2012-13. The Council will continue to increase income from fees and charges, so that users of particular services contribute to the cost of providing them rather than being subsidised by council taxpayers.
- 7.6 The Council adopts a cash limited approach to its budget, with Cabinet Members and Corporate Directors being responsible for ensuring services are delivered within budget.

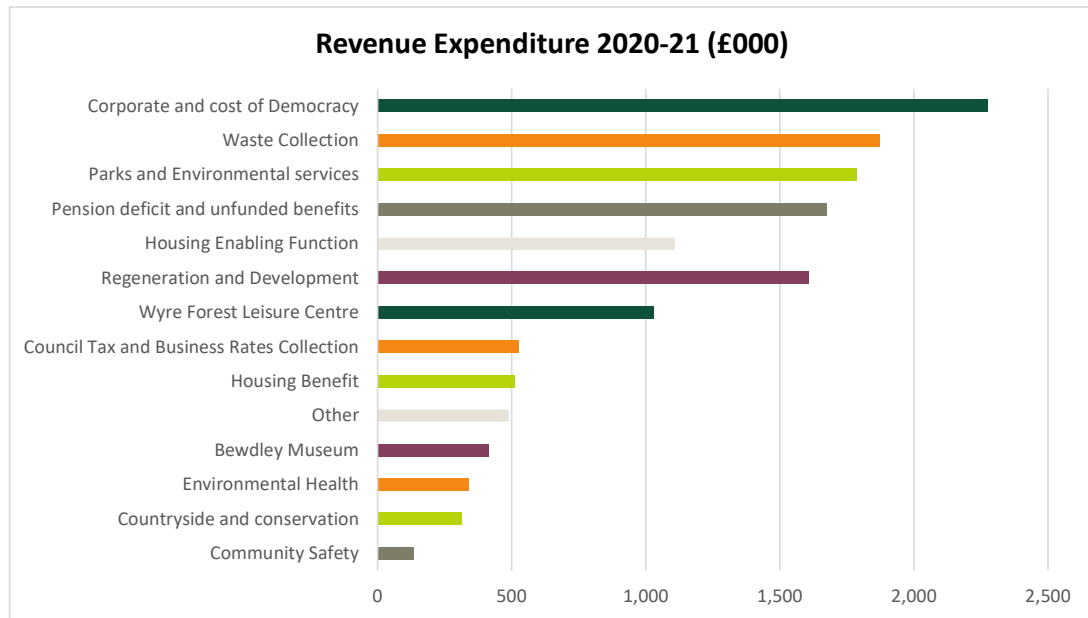
#### **2020-21 Council Tax and Revenue Spending**

- 7.7 In 2020-21 the Council collected £12.488m of business rates. For 2020-21 the Council was in a pan Worcestershire 50% business rates pilot which despite the pandemic proved to be successful. Membership of the Pool remained the same as the prior year's 75% Pilot with the Fire Authority retaining the additional levy retained as a result of their membership. The WFDC share of the Pool retained levy for 2020-21 is £47,175.
- 7.8 The Council also collected £63.118m of Council Tax (on behalf of Office of the Police and Crime Commissioner for West Mercia, Worcestershire County Council, Hereford and Worcester Fire authority and itself), of which £7.375m was retained by the Council.
- 7.9 During the period from 2011 to 2020 the council tax charged by Wyre Forest District Council fell sharply in real terms, as a result of five years when the Council froze the tax. The annual increase in April 2020 of £5 or 2.33% was slightly higher than inflation.
- 7.10 Revenue expenditure covers the cost of the Council's day to day operations and contributions to and from reserves. Net revenue expenditure across services of £14.088m, before application of non-specified (un-ring fenced) Covid Support grant, is shown in the graph below.

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2020-21 (continued)

#### Service Spending 2020-21



- 7.11 The Council has well established robust financial management procedures in place to monitor revenue and capital expenditure throughout the financial year. The process for the management and monitoring of budgets and achievement of savings targets continues to be refined to further ensure the sustainability of the Council's financial position over the longer term.
- 7.12 The reported position fluctuated throughout the year as the changing restrictions, national lockdowns and funding announcements impacted on the forecast outturn position. In order to understand the impact of the pandemic on Council reserves the projected outturn position was presented to management with the non-ringfenced grant from Central Government offsetting overspending in service areas.
- 7.13 The government supported businesses during the pandemic by reducing business rates in the retail, leisure, hospitality and nursery sectors by introducing reliefs with local government being compensated for this loss of business rates by the payment of grant during the year to support Councils' cashflow. The regulations covering accounting for business rates income requires that the loss in income is shown in the 2021-22 accounts, as the timing of the announcement granting the reliefs was after budgets were set. Grant (£7.407m) has been transferred to an Earmarked Reserve (EMR) to offset the reduction in income from Business Rates in 2021-22. A further £3.214m of Covid support funding received in 2020-21 will be utilised in 2021-22 to offset expenditure on grants to support businesses, this funding has also been transferred to an EMR.



**WYRE FOREST DISTRICT COUNCIL**

**NARRATIVE REPORT 2020-21 (continued)**

7.14 The Council's 2020-21 revenue outturn position is presented in the following table:

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

2020-21	[A] Original Budget	[B] Revised Budget	[C] Outturn	[C-A] Variance	[C-B] Variance
	£000	£000	£000	£000	£000
<b>SERVICE EXPENDITURE</b>					
Chief Executive and Solicitor to the Council	1,374	1,907	1,809	435	(98)
Resources	3,690	3,626	3,487	(203)	(139)
Community Well Being and Environment	4,422	6,593	6,070	1,648	(523)
Economic Prosperity and Place	1,591	2,462	1,935	344	(527)
Capital Account	387	(108)	109	(278)	217
COVID Support Grants		(2,715)	(2,720)	(2,720)	(5)
Transfer final account savings to EMRs			650	650	650
<b>Service Expenditure reported to management</b>	<b>11,464</b>	<b>11,765</b>	<b>11,340</b>	<b>(124)</b>	<b>(425)</b>
<i>Exclude items funded from earmarked reserves and other items to give net cost of service (CIPFA Code)</i>					
Transfers to/(from) Earmarked Reserves			(4,758)		
Non specified Covid Support grants			2,720		
Capital transactions			(109)		
Other Accounting Adjustments			3,628		
<b>Net Cost of Services (CIES)</b>			<b>12,821</b>		
<i>Exclude items not met by tax payers:</i>					
Depreciation			6,138		
Pension Costs			(668)		
Holiday pay			145		
<b>Add charges for capital</b>			<b>2,096</b>		
Total Expenditure			<b>9,302</b>		
<b>SOURCES OF INCOME</b>					
Council Tax (District element only)			7,374		
Business Rates retention			10,237		
New Homes Bonus			262		
COVID 19 Support Grant			2,925		
Total Income			<b>20,798</b>		
<b>In Year (Surplus)/Deficit (Note 6: EFA)</b>			<b>(11,496)</b>		
<b>FUNDING FROM RESERVES</b>					
Net addition (to) Earmarked reserves (general)			(1,308)		
Government grants to meet 2021-22 Obligations			(10,621)		
Contribution (to)/from General Fund	485	419	433	(52)	14
			<b>(11,496)</b>		

Underspends and income denoted by brackets ( )

7.15 The above table shows that in overall terms the outturn position was £14k less favourable than planned when compared to the revised budget approved in February 2021 and £52k more favourable than the original budget approved in February 2020. The £14k is made up of a saving on Services of £424k less a reduction in Business Rates funding of £533k and an increase in Council Tax Income grant from the Government to help fund Council Tax losses (£95k). This position is reported after a contribution of £150k to top-up the Innovation Fund and the creation of a £500k revenue reserve to support the Future High Street Programme. The net service expenditure saving before allocations to reserves was £1.074m.

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2020-21 (continued)

7.16 The funds available to allocate to reserves were higher than anticipated as the pandemic made expenditure trends and income losses more volatile and some activities were much less affected by the third lockdown than projected. There was an aspiration to replenish reserves at the year-end included within the MTFs and this has been possible.

#### **Capital Expenditure**

7.17 Capital expenditure is expenditure on non-current assets that have a life expectancy of more than one year and benefit not just current but future taxpayers within the district. The assets are usually funded over a period longer than one year, either from borrowing, grants or from reserves built up over a period of time. Capital expenditure forms a large part of our spending on the provision of services and, in line with our revenue budget setting process, our Capital Programme for 2020-21 was compiled to maximise and make the best use of the available funding to deliver projects that contributed towards the key priorities of the Council.

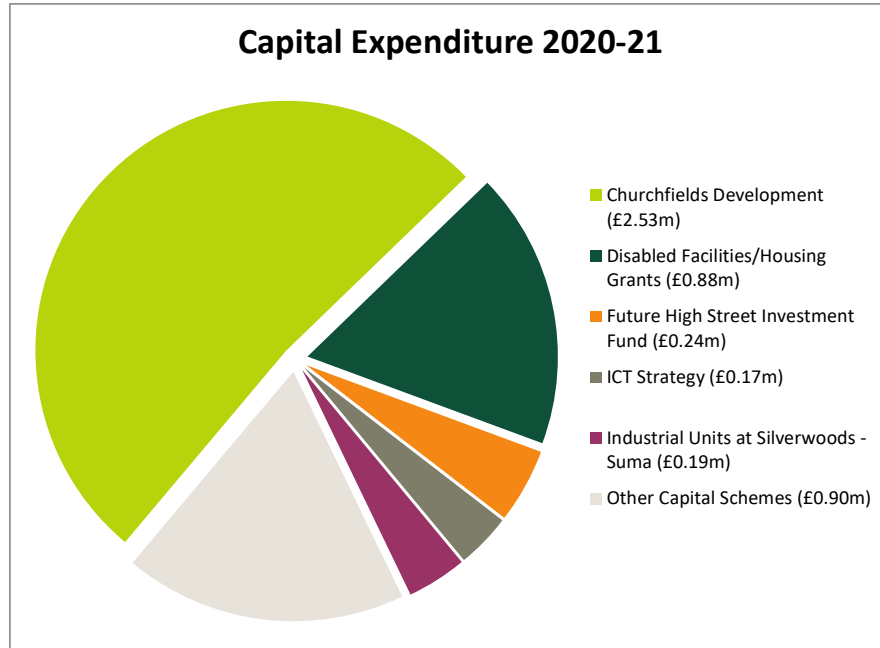
7.18 The Council has an ambitious capital programme (2021-24) of £60.037m. This investment which includes £20.5m Future High Streets Funding, will reshape how we deliver our services as well as helping to unlock revenue savings and efficiencies to secure our ongoing financial sustainability including:

- More commercial space for new and established businesses;
- Progression of a diverse Capital Portfolio of properties held for multiple objectives including regeneration and economic development;
- Adaptations that improve the health and well-being of residents with disabilities;
- Infrastructure to support the redevelopment of the former Churchfields Business Park;
- Restoration of Brinton Park now we have been successful with our application for funding from the National Lottery Heritage Fund Parks for People grant programme;
- Development of Kidderminster High Street, to include Transformation of Crown House, Magistrates' Court and Bromsgrove Streets sites and infrastructure interventions to improve connectivity within the town as the business case has been successful in attracting support from the Government's Future High Streets Fund

7.19 The Capital Programme for 2020-21 was originally set at £14.378m, revised to £15.349m following re-profiling of anticipated acquisitions from the Capital Portfolio fund and Development loans fund. Capital spending during the year totalled £4.9m. Capital programme slippage will be profiled into future years. An analysis of capital investment is shown in the chart below:

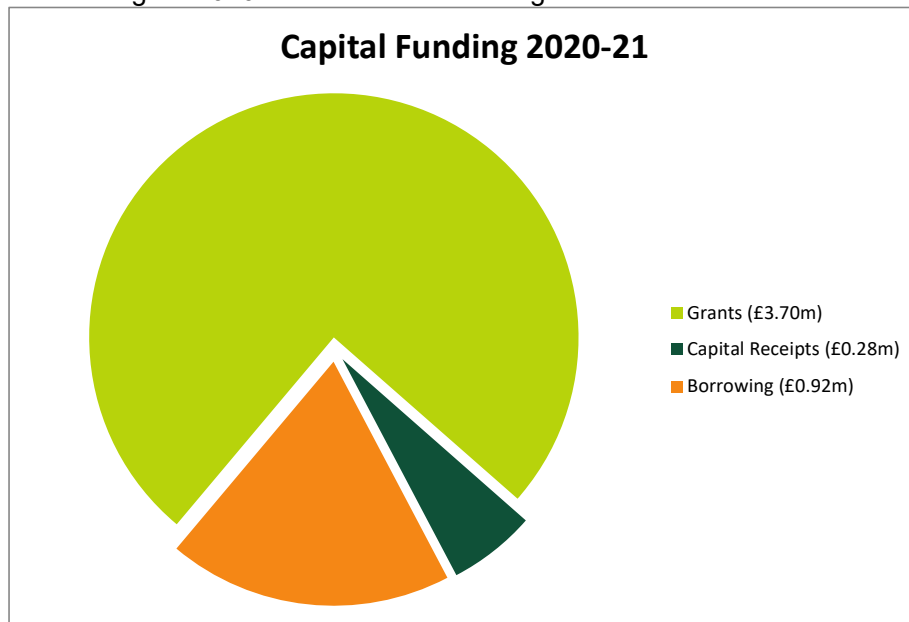
**WYRE FOREST DISTRICT COUNCIL**

**NARRATIVE REPORT 2020-21 (continued)**



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

7.20 Capital Funding for 2020-21 is shown in the diagram below:



**Treasury Management**

7.21 The Treasury Management Strategy for 2020-21 was approved by Council on 26<sup>th</sup> February 2020. Treasury management performance is reported to Overview and Scrutiny Committee and Council with further detailed reviews being considered by the Treasury Management Review Panel.

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2020-21 (continued)

- 7.22 **Details of investment performance:** The Council manages all of its investments in house with the institutions listed in the Council's approved lending list. At the end of the financial year the Council had £22.615m of investments.
- 7.23 The Council's investment strategy was to maintain sufficient cash reserves to give it necessary liquidity, whilst trying to attain a benchmark average rate of return in excess of the London Interbank Bid rate (LIBID), whilst ensuring funds were invested in institutions which were secure. The Council's overall average performance on its cash investments was 0.22%, which exceeded its 7 day LIBID benchmark of 0.071 %.
- 7.24 The outlook for investment returns for 2021-22 is likely to remain low due to the Council's overriding priority to ensure security and liquidity above yield. The uncertainty caused by Covid-19 and the emerging Roadmap to Recovery continues to have a dramatic impact on markets as daily developments are digested although there is increased optimism concerning an increased GDP. Global growth and interest are only expected to rise very modestly from their current low levels. There is expectation that investment returns will fluctuate during the year as global central banks and governments make a co-ordinated effort to regain a more stable position. Whilst the outlook for longer-term investments has shown early signs of improvement, shorter term investments show little change so it will be another challenging year for treasury management returns.
- 7.25 **Details of borrowing:** During the year the Council secured external loan of £2m (£2m from Portsmouth City Council) and as at 31<sup>st</sup> March 2021 had borrowings of £37.280m. A summary of the Council's borrowing activities for 2020-21 is shown below. Further details of the Council's Treasury management activities and prudential indicators are reported to the Treasury Management Review Panel. The agendas for these meeting can be accessed through the "Your Council" page of the Council's website.

Long Term Borrowing	2018-19	2019-20	2020-21
	£000	£000	£000
Balance as at 1st April	16,000	29,000	35,000
Plus:			
New long-term borrowing	13,000	8,000	2,000
Long-term borrowing repaid	0	0	0
Re-Classified as temporary borrowing (repayable in the following financial year)	0	(2,000)	(3,000)
Balance as at 31st March	29,000	35,000	34,000

## **WYRE FOREST DISTRICT COUNCIL**

### **NARRATIVE REPORT 2020-21 (continued)**

<b>Short Term Borrowing</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance as at 1st April	2,270	270	2,240
Plus:			
New temporary borrowing	0	0	40
Re-classified from long-term borrowing	0	2,000	3,000
	2,270	2,270	5,280
Repayments in year	2,000	30	2,000
Balance as at 31st March	<b>270</b>	<b>2,240</b>	<b>3,280</b>

7.26 The Ministry of Housing, Communities and Local Government (MHCLG) requires Councils to set aside a 'prudent' provision for the repayment of debt where they have used borrowing arrangements to finance capital expenditure (historic and current). Council amended its Minimum Revenue Provision (MRP) policy for 2018-19 to include use of either of the two Asset Life methods for the calculation of MRP, introducing the option of using the annuity method in addition to the equal instalment method. The MRP policy for 2020-21 was approved at the 26<sup>th</sup> February 2020 Council in line with the statutory guidance and included the discretion for the Chief Financial Officer to charge a Voluntary Revenue Provision (VRP).

## **8. Significant transactions**

### **8.1 Pensions**

8.1.1 Wyre Forest District Council is part of the Worcestershire Pension Fund. The Council's pension liabilities are offset by the value of pension fund assets invested. The Worcestershire Pension Fund is independently revalued every three years to determine employer contribution rates. Employer contribution rates are set to achieve a 100% funding level (i.e. to be fully funded) by 2035. The most recent revaluation, as at 1<sup>st</sup> April 2020, assessed the funding level for Wyre Forest at 83% compared with 66% in 2017. As a result of the revaluation contribution rates payable by the individual employers were revised with effect from 1<sup>st</sup> April 2020. Worcestershire Pension Fund will undertake a revaluation as at 31<sup>st</sup> March 2022.

8.1.2 Since February 2020 there has been substantial volatility in financial markets around the world in relation to the Covid-19 pandemic and while this has reduced in recent months, the potential for further volatility remains. This may have consequences for asset values, and has been reflected in these accounts. Over the same period, the market volatility has also extended to corporate bonds, and after an initial spike the yields on AA rated corporate bonds have reduced. As the discount rate for accounting purposes is based on corporate bond yields, this will also impact on accounting liabilities. The Actuary has considered the impact on life expectancy as a result of the pandemic and concluded that it would be inappropriate to make adjustment to the life expectancy assumption for these accounts.

8.1.3 The Council's liability for providing pension benefits has been affected by the Court of Appeal judgement in the McCloud (The Lord Chancellor and Secretary of State and another v McCloud and Mostyn) case. A consultation was published in July 2020 including a proposed remedy for those affected by this judgement. The current service cost reported in these accounts includes an allowance for the additional costs which arise from the proposed remedy.

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2020-21 (continued)

8.1.4 UK and European law requires pension schemes to provide equal benefits to men and women in respect of service after 17 May 1990. Public sector schemes already have a method to equalise GMP (Guaranteed Minimum Pension) benefits so no allowance has been made for additional liabilities. However, there are two further considerations relating to GMP:

- GMP equality concerning post-retirement increases which could see all public sector pension schemes being required to index-link GMP benefits in respect of those members who reach their state Pension Age after April 2021. An increase in past service liabilities has been reflected in the accounts.
- GMP equality concerning historic transfers which is being considered by HM Treasury. No allowance has been made as it is unclear how this latest ruling may apply to the pension scheme, which transfers would be in scope, difficulty in obtaining the necessary historic data and low likelihood of a material impact for employers.

8.1.5 Another recent ruling that may impact on scheme liabilities relates to dependant benefits (Employment Tribunal: Mrs Goodwin v Department for Education, application by Denise Brewster for Judicial Review, Langford v The Secretary of State for Defence). Sample analysis suggests that cost are likely to be low and no adjustments have been made.

8.1.6 Deficit clawback funding for the period 2020-2023 and an estimate of employer's contributions was paid in April 2020 as an advance payment which generated a cost saving for the Council's General Fund of £0.437m over the three-year period.

8.1.7 Whilst the pension deficit is substantial and challenging, the sum is a projection taking a long term view of future liabilities. There is a deficit reduction strategy in place to ensure that a neutral funding position is reached within 15 years.

## **8.2 Capital Portfolio Fund**

8.2.1 During the year the Council has evaluated, but not progressed, further opportunities which strengthen its funding base by developing an asset portfolio to meet Corporate Plan objectives whilst also contributing a net return to help funding pressures. A comprehensive Capital strategy was approved by Council in May 2018 and is refreshed annually, the latest refresh being in February 2021. As part of the approval process for the Capital Strategy, robust governance arrangements and processes have been established to ensure that due diligence is exercised in appraising opportunities and these have been fully complied with in 2020-21.

8.2.2 The Council has made no further capital portfolio fund property purchases during 2020-21. Properties already held are classified as operational property, plant and equipment assets because they are not held solely to generate rental income or for capital appreciation. They all contribute to our corporate priority of "Contributing to a successful local economy". This is in accordance with our approved Capital Strategy that links to the Medium-Term Financial Strategy, Treasury Management Strategy, various Regeneration and Economic Development Strategies and plans and, importantly, the overarching Corporate Plan 2019-23.

## **WYRE FOREST DISTRICT COUNCIL**

### **NARRATIVE REPORT 2020-21 (continued)**

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

8.3.1 On 21<sup>st</sup> February 2018 Council approved a group structure of Local Authority Trading Companies (LATC). Wyre Forest (Holdings) Ltd and ReWyre Developments Ltd (the subsidiary) are incorporated at Companies House. The companies remained dormant throughout 2020-21 and it is expected that they will remain so until suitable development opportunities arise; activity will be reported in accordance with the governance arrangements in future years.

#### **8.4 Revenue Reserves, Balances and Financial Resilience**

8.4.1 Revenue reserves play an important part in the Council's Financial Strategy by ensuring that we have some resilience to cope with unpredictable financial pressures. The Council holds working balances to meet unforeseen spending requirements and to provide certainty for medium term financial planning. The level of working balances takes into account the strategic, operational and financing risks facing the Council and is reviewed each year as part of the budget process. In February 2021 the Corporate Director: Resources recommended that the minimum working balances were held at £1.2m. As at 31<sup>st</sup> March 2021, total revenue reserves stood at £26.282m. Of this sum £20.682m has been earmarked, £10.061m to enable the Council to meet future expenditure plans and £10.621m created from Government grants specifically to meet Covid obligations in 2021-22.

8.4.2 The level of reserves and balances is a key element in the CIPFA Financial Resilience Index that was published for the second time in February 2021. This was referred to in Appendix 4 of the Cabinet Report on the MTFs 2021-24, approved on the 9<sup>th</sup> February 2021. There were no Wyre Forest indicators where risk was considered to be extremely high or a cause for immediate concern. However, this Council did have one red flag for the Fees and Charges to Service Expenditure Ratio; since the Index is backward rather than forward looking it shows the Pre-Covid position so is out of date and of historic interest only. This Council had previously made significant improvements in income generation and whilst this is now a smaller part of the funding gap solution it is nevertheless an important theme in the MTFs. The position post Covid is difficult to predict and will continue to be carefully monitored particularly for property rental income where there is higher risk of a slow recovery. The Index did provide some useful information and confirmed the position that, leading into 2021-22, the Council was financially resilient. The Index will be issued again during 2021-22, to reflect the position at the end of 2020-21.

#### **8.5 Financial Management Code**

8.5.1 Linked to Financial Resilience and issued in 2019-20 was the CIPFA Financial Management Code. The objectives of this code are "to support good practice in financial management and to assist Local Authorities in demonstrating their financial sustainability". The code is based upon a series of principles which will be supported by specific standards of practice which CIPFA consider necessary for a strong foundation and builds upon the success of the CIPFA Prudential Code. The implementation date of 1<sup>st</sup> April 2020 was delayed until 1<sup>st</sup> April 2021, with 2020-21 being used as a "test" year enabling Local Authorities further time to address any gaps or issues. The finance service, in conjunction with the wider organisation, reviewed practices throughout 2020-21 and worked towards full implementation in 2021-22. Audit Committee on the 26<sup>th</sup> May 2021 considered a report from the Corporate Director: Resources on the Financial Management Code and noted an initial assessment concluded that overall there is a high level of compliance, with room for improvement identified in some areas.

## WYRE FOREST DISTRICT COUNCIL

### NARRATIVE REPORT 2020-21 (continued)

#### 8.6 Cash Flow Management

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

8.6.2 Cash flow management has been more challenging in 2020-21 due to the Government using local Councils to passport a raft of Covid grants and other financial support to the local community. This has meant that circa £31m extra income to be passed on has been received, often at short notice, and has had to be managed as part of overall treasury cashflows until disbursement.

8.6.3 External loans totalling £2m were secured in 2020-21 (£2m from Portsmouth City Council). The need to undertake external borrowing this year had been anticipated and budgeted for, and was undertaken in compliance with the parameters and limits set for 2020-21.

8.6.4 Cash balances the Council held during 2020-21 were invested until they were required to meet our outgoings. This primarily meant that funds were invested on a short-term basis up to a maximum period of 1 year. Funds were invested with Money Market Funds (MMFs), Certificates of Deposit (CD's) and bodies (such as banks) with high credit ratings, our primary concern being security of funds. On 25th March 2020, the Government Debt Management Office facility was used in favour of MMFs as a precautionary move due to liquidity concerns pending in depth analysis of the rapidly developing economic situation and impacts on financial markets of Covid-19. Following stabilization of markets MMFs were utilised again from 14<sup>th</sup> May 2020.

#### 9. Statement of Accounts

9.1 The Accounts and Audit Regulations 2015 as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 and the Accounts and Audit (Amendment) Regulations 2021, require the Council to produce a **Statement of Accounts** for each financial year. These statements contain a number of different elements which are explained below. The Statement of Accounts is set out in the accompanying document.

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

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

#### 9.4 Core Statements

- The **Comprehensive Income and Expenditure Statement** – this records all the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding. Expenditure represents a combination of the services and activities that the Council is required to carry out by law (statutory duties) such as street cleansing, waste collection and planning and discretionary expenditure focussed on local priorities and needs.



## **WYRE FOREST DISTRICT COUNCIL**

### **NARRATIVE REPORT 2020-21 (continued)**

- The **Movement in Reserves Statement** is a summary of the changes to the Council's reserves over the course of the year. Reserves are divided into "usable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific purposes.
- The **Balance Sheet** is a "snapshot" of the Council's assets, liabilities, cash balances and reserves at the year-end date.
- The **Cash Flow Statement** shows the reason for changes in the Council's cash balances during the year, and whether that change is due to operating activities, new investments, or financing activities (such as repayment of borrowing and other long term liabilities).

#### **Supplementary Statement**

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

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

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

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

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

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2020-21**

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

**The Council's Responsibilities**

The Council is required:

- (a) to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Corporate Director: Resources (Section 151 Officer);
- (b) to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- (c) to approve the Statement of Accounts.

**The Corporate Director: Resources' Responsibilities**

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

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

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

The Corporate Director: Resources has also:

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

**Issue Date**

The Statement of Accounts 2020-21 was re-certified for issue on 30<sup>th</sup> September 2021. All known material events that occurred up to and including this date which relate to 2020-21 or before have been reflected in the accounts. This replaces the unaudited Statement of Accounts issued on 16<sup>th</sup> July 2021.

**Certification of Accounts**

In accordance with the Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2021, I certify that the Statement of Accounts presents a true and fair view of the financial position of Wyre Forest District Council at 31<sup>st</sup> March 2021 and its income and expenditure for the year ended 31<sup>st</sup> March 2021.

Tracey W Southall CPFA – Corporate Director: Resources  
30<sup>th</sup> September 2021

**Approval of the Accounts**

I certify that the Statement of Accounts has been approved by a resolution of the Audit Committee in accordance with the Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2021, and is authorised for issue.

Councillor Roger Coleman - Chair, Audit Committee  
30<sup>th</sup> September 2021

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2020-21**

**Annual Governance Statement 2020-21**

**Why we have prepared this Annual Governance Statement (AGS) 2020-21?**

- To fulfil the statutory requirement for each local authority to conduct a review of its system of internal control and prepare and publish an AGS at least once a year in each financial year.
- To demonstrate whether, and to what extent, the council has a sound system of governance and has complied with its local requirements in 2020-21
- To demonstrate our achievements and help us to be more effective and take action to improve
- To indicate the impact of Covid-19 on our governance arrangements and how we have responded to the pandemic.

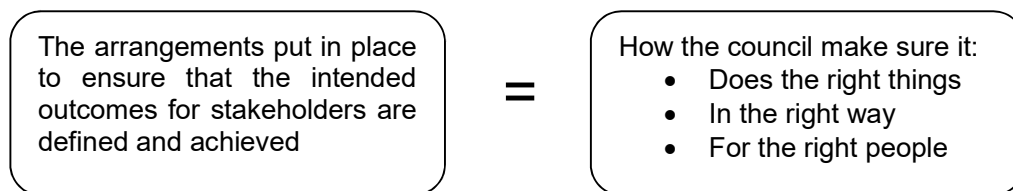
**What is the Annual Governance Statement?**

Legislation requires local authorities to prepare and publish an Annual Governance Statement, in order to report publicly on the effectiveness of the Council's governance arrangements. The statement provides an overview of the current governance framework and a summary of the review of the effectiveness of Wyre Forest District Council's governance framework for 2020-21 (which coincides with the annual statement of accounts). The statement openly communicates significant governance issues that have been identified during the review and sets out how the authority will secure continuous improvement in these areas over the coming year.

**What do we mean by governance?**

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

This is summarised visually below:



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

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

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

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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 by contacting The Hub, Green Street, Kidderminster DY10 1HA. This statement explains how Wyre Forest District Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

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

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

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

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GOVERNANCE PRINCIPLES		INTERNAL CONTROLS
<ul style="list-style-type: none"> <li>➤ Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area</li> <li>➤ Members and officers working together to achieve a common purpose with clearly defined functions and roles</li> <li>➤ Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</li> <li>➤ Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</li> <li>➤ Developing the capacity and capability of members and officers to be effective</li> <li>➤ Engage with local people and other stakeholders to ensure robust public accountability</li> </ul>	<div style="text-align: center;"> </div> <p>The governance framework has been in place at Wyre Forest District Council for the year ended 31<sup>st</sup> March 2021 and up to the date of approval of the statement of accounts.</p>	<p><b>INTERNAL CONTROLS</b></p> <p><b>Leadership, Culture and Planning</b> Organisational goals and priorities Strategic and operational plans Performance management Medium term financial strategy</p> <p><b>Statutory Officers &amp; Decision Making</b> The Constitution The Monitoring Officer Section 151 Officer</p> <p><b>Policies &amp; Procedures</b> Codes of conduct Ways of working Anti-fraud, Bribery and Corruption Policy Whistleblowing Policy HR Policies and procedures Corporate Communications and Engagement Programme</p> <p><b>People, Knowledge, Finance, Assets</b> Robust HR practices Robust Internal Audit function Information governance Performance monitoring and improvement Financial management and reporting Ethical &amp; legal practices</p> <p><b>Scrutiny and Transparency</b> Freedom of Information requests Complaints procedure Reports considered by legal and finance Overview and Scrutiny Committee Equality impact assessments Corporate risk register Transparency duty publication</p> <p><b>Partnership Working/Stakeholder Engagement</b> 'Love to get involved' 'Let us know' Consultations Community Localism fund</p>

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

The Council delivers these outcomes through:

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

**How is effectiveness reviewed?**

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

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

- Findings and recommendations of Internal Audit;
- Updates by the managers within the authority who have responsibility for the development and maintenance of the internal control environment;
- Findings and recommendations by the External Auditors and other review agencies and inspectorates;
- Audit Committee review of current arrangements against best practice, including consideration of progress against issues identified in the Annual Governance Statement, see item 9 of the Audit Committee Officer Decision 24<sup>th</sup> March 2021 on our website [http://www.wyreforest.gov.uk/council/docs/doc56491\\_20210324\\_audit\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc56491_20210324_audit_agenda.pdf)

Regular reviews are carried out by the Corporate Leadership Team, including during March and again in May 2021. These reviews take into account:

- the Internal Audit Annual Assurance report from the Audit Manager for 2020-21, in consultation with the S151 Officer;
- comments of other review agencies, inspectorates and external bodies, including LGA Peer Review;
- the Audit Findings report of the External Auditor which was reported to the Audit Committee on 28<sup>th</sup> October 2020 and the Annual Audit Letter including key messages on the 20<sup>th</sup> January 2021.

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- The impact of the Covid-19 pandemic, potential impacts on key aspects of Governance including homeworking and remote meetings, and the revised External Audit approach to take account of this.

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

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

The constitution is under constant review, to ensure that it remains fit for purpose. A review of the governance arrangements was undertaken and reported to Council on the 26<sup>th</sup> February 2020. No change was approved, so the Cabinet and Scrutiny Systems remain.

[http://www.wyreforest.gov.uk/council/docs/doc55603\\_20200226\\_council\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc55603_20200226_council_agenda.pdf)

Membership of the Audit Committee has included an Independent Person since 2019-20. May 2019 Council approved a number of minor governance amendments including the creation of a Strategic Review Panel that has operated since 2019-20. The Panel performed an advisory role on a range of issues including policy development on the latest Corporate Plan. It also considered the Cabinet's proposals for the Medium-Term Financial Strategy for 2021-2024 and budget options, to inform the Cabinet's proposed strategy and budget and for the meetings in February and March 2021 in respect of any alternative budget proposals.

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. Reviews of progress against the Annual Governance Statement and Corporate Risk Register Reviews were considered by the Committee on the 24<sup>th</sup> March 2021. Progress against the External Auditor's key messages included in the Annual Audit Letter as reported to the Audit Committee on 20<sup>th</sup> January 2021 was considered on the 26<sup>th</sup> May 2021. The extended membership of the Audit Committee to include an Independent Person as a non-voting member provides an injection of an external view and brings a new perspective and flavour to the Committee.

### **The impact of Covid-19**

An Extraordinary Council Meeting on 21<sup>st</sup> April 2020 made a number of changes to the Constitution required to take into account the impact of the Covid-19 pandemic on Council business, in particular on decision making, including the ability to undertake Council meetings remotely.

[http://www.wyreforest.gov.uk/council/docs/doc55769\\_20200421\\_extraordinarycouncil\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc55769_20200421_extraordinarycouncil_agenda.pdf)

These timely updates ensured it remained up to date with Regulations and fit for purpose to meet ongoing business need despite national emergencies. A further Extraordinary Council meeting on 21<sup>st</sup> April 2021 approved the extension to 31<sup>st</sup> July 2021 of temporary changes to the Constitution to allow the continuation of the ability to hold remote meetings to facilitate timely decision making

[http://www.wyreforest.gov.uk/council/docs/doc56566\\_20210421\\_extraordinarycouncil\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc56566_20210421_extraordinarycouncil_agenda.pdf)

In addition to the changes to the Constitution, the Covid-19 pandemic has had/continues to have a significant impact on the Council in terms of financial sustainability, workload of key service delivery teams and of how employees work. The funding gap in 2023-24 has increased by circa £1m based on forecasts of lost income that will not recover and is not compensated for by MHCLG. To address this, the approved MTFs includes a fundamental programme of work to explore and implement more shared services, alternative service delivery options and other

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planned transformation that will result in the Council becoming a smaller organisation. The annual Budget Council meeting was reconvened after a long meeting on the 24<sup>th</sup> February 2021 which did not result in an acceptable decision, to a further meeting on the 1<sup>st</sup> March 2021 where a revised proposal was approved; the main change being an earlier timeline for a Management Review.

### **The CIPFA Financial Management Code**

In December 2019, CIPFA published its Financial Management code (FM Code) to provide guidance for good and sustainable financial management in local authorities. It has been produced to assist local authorities in demonstrating their financial sustainability through a set of standards of financial management. 2020-21 was a shadow year for the FM Code and inevitably Covid-19 tested the financial resilience of the Council during the year before the April 2021 date for formal adoption. The report assessing compliance with the FM Code was considered by Audit Committee on the 26<sup>th</sup> May 2021. It is worthy of note that a significant part of the Code is based on our current activity and the assessment was based on existing reports, documentation, and process. The report concluded that overall, there is a high level of compliance but that there is room for continuous improvement in some areas. The significant areas for continuous improvement are included in the AGS Action Plan that follows.

### **Summary**

The Council's Corporate Director: Resources as Chief Financial Officer has overall responsibility to ensure that the internal control environment is effective and adhered to. This is delivered through the Internal Audit service. Internal Audit undertake regular reviews of all of the Council's systems and produce reports containing recommendations for improvement wherever necessary, in line with the 2020-21 Annual Audit Plan {revisited in July 2020 to update the audit scope for those areas where the internal audit work would vary taking account of the impact of Covid19}

The Council's Internal Audit team works with consideration to the UK Public Sector Internal Audit Standards. The service has also adopted an Internal Audit Charter in compliance with the UK Public Sector Internal Audit Standards that was updated at the July 2018 Audit Committee meeting. A number of other internal and external reports considered the challenges around governance, including the CIPFA delivering good governance in Local Government framework 2016 reports to ensure all appropriate controls and updates are in place across the Council discussed at the March 2017 meeting. Audit Committee on the 30<sup>th</sup> May 2018 received a report on the external assessment of the Internal Audit Service undertaken by Tilia Solutions. The review was positive overall, with no areas of non-compliance with the Standards found that would affect the operation of the Internal Audit function. Recommendations/action points made have been progressed by the Audit Manager. Audit Committee on the 28<sup>th</sup> November 2018 approved a Quality Assurance Improvement Programme for the Internal Audit Service to enable an evaluation of the Internal Audit Service and its conformance to the standards, with an annual update to the Audit Committee as part of the annual report. The Internal Audit Plan 2020-21 approved at the March 2020 meeting also took into account the external review recommendations. An update on counter fraud arrangements for 2020-21 was also received at the October 2020 meeting providing members with detail on those areas managed by both the Compliance Officers and Internal Audit, evidenced by supporting national programmes for tackling fraud.

External audit reports are reviewed and considered by the Audit Committee and the Council's Corporate Leadership Team. The Council's External Auditors, Grant Thornton take a proactive approach to Member involvement and actively engage Members at Audit Committee with their Update Reports being of particular interest. In addition to this, the Council is also subject to formal review by government inspectorates and was the subject of a LGA Peer Review in March 2017 that considered financial planning and viability in detail. Feedback from this independent process was positive and the constructive key recommendations to the Council informed the 2016-17 and



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2017-18 Annual Governance Statements with ongoing issues around continuous improvement included in the 2020-21 Action Plan. The follow-up Peer Review visit took place in February 2019 and once again, feedback was very positive overall with relevant action learning points reflected in this 2020-21 Annual Governance Statement.

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

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

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**Significant Governance Issues for 2020-21**

Wyre Forest District Council have completed a number of actions over the last year, that have addressed or alleviated significant governance issues identified in the 2019- 20 Annual Governance Statement. The following significant governance issues have been identified and further actions have been put in place against each, in order to continue to strengthen the Council's governance arrangements.

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
1	<p><b>General – Significant Financial Challenges</b></p> <p>-Continue to maintain financial resilience by progression of the approved programme of work to close the funding gap approved as part of the 2021-24 Medium Term Financial Strategy. To move towards a fully balanced budget, taking into account the challenges of the Covid-19 pandemic and also proposed Funding Reform, noting the impact of “Brexit” and global economy volatility.</p> <p>-Potential shortfall on the delivery of savings to meet the circa £2.7m Funding Gap by 2023-24.</p> <p>-Managing ongoing Covid-19 budget pressures in line with the Government RoadMap to Recovery.</p> <p>-Full Compliance with CIPFA introduced a new Financial Management Code with Compliance from April 2021, 2020-21 being a shadow year</p>	<p>AGS 2019-20 as highlighted by the Corporate Leadership Team and reflected in MTFS</p>	<p>a) Progressing implementation of agreed major initiatives and projects, such as reviews of alternative service delivery models and management review set out in the medium-term financial strategy for 2021-2024.</p> <p>b) To continue to actively participate in and understand/model the impact of the fundamental Finance Reform, encompassing New Homes Bonus and Business Rate Review, phasing out of Revenue Support Grant, transfer of New Burdens, progression of Welfare Reform.</p> <p>c) To re-energise work around income generation, commercialisation and expenditure reductions post pandemic. Further develop and evolve the Financial Strategy to include: -potential for large scale service redesign, alternative delivery and service providers, digitalisation and demand management.</p> <p>d) To continue with the Localism agenda to meet target savings in MTFS</p> <p>e) To progress actions as set out in the Report to Audit Committee on May 26<sup>th</sup> – most are around continuous improvement. These include the implementation of Budget Planner</p>	<p>a) Alternative service delivery reviews to be undertaken in accordance with timetable set out in the MTFS, savings achieved to programme.</p> <p>b) Balanced Medium-Term Financial Strategy (MTFS) for 2022-25 with progression of proposals for significant savings/cost reductions to close the increased funding gap from 2021-22.</p> <p>c) Cabinet/CLT to manage process of rebuilding income streams</p> <p>d) Successful creation of independent Bewdley Museum Trust; undertake negotiations with parish councils during 2021. Commence second round of negotiations with town councils.</p> <p>e) Improved compliance with FM Code including Improved more timely reporting – evidenced in Audit Ctte report</p>	<p>Corporate Director: Resources, Chief Executive, and whole Corporate Leadership team</p> <p>Cabinet/CLT</p> <p>CLT/Cabinet</p> <p>CLT/S151 and Financial Services Manager</p>	<p>April 2021 to February 2022, Management review to be implemented by April 2022, Early work on response to Covid-19 specific plans to close Funding Gap after easing of the restrictions</p> <p>by January 2022</p> <p>As set out in Localism timetable</p> <p>By March 2022 – Audit Ctte report May 2022</p>

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Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
2	<b>Covid-19 – Recovery</b> Management of the recovery from impact of the Covid-19 impact on delivery operational services and also support services to ensure the Council continues to best meet business need.	Covid-19 Emergency	<p>Recovery Plan – reversion to the “new normal”.  Reports to Cabinet/Council  The Council is working closely with central government and the health service to support businesses and residents across the district including:</p> <ul style="list-style-type: none"> <li>• Supporting businesses - Rate relief coupled with grants for businesses in the retail, hospitality, or leisure sector</li> </ul> <p>Discretionary Grant Schemes  Hardship Fund</p> <ul style="list-style-type: none"> <li>• Supporting residents – the Council is working with partners to proactively support rough sleepers. Residents who have serious underlying health conditions have been identified and there are processes in place to support this highly vulnerable group.</li> <li>• Volunteering opportunities – an interactive map on the Council website provides details of local organisations that are assisting residents through COVID-19, the kinds of support they offer, and how to get in touch</li> <li>• Implementation of hybrid working across the workforce currently homeworking</li> </ul>	<p>Continuity of high standards of council services to the community</p> <p>Equitable distribution of government funding</p> <p>Effective hybrid working, freeing up of office space to allow for increased income generation/facilitate further options for Council buildings</p>	<p>CLT/Cabinet /WF20/Service Managers</p> <p>Revenues, Benefits and Customer Services Manager</p> <p>Corporate Director: EPP</p>	<p>Dependent on progression of Roadmap for easing of lockdown – within 6 months of end of restrictions. Report to July Council Within MHCLG timescales</p> <p>Hybrid working by Summer 2021  Business case for building options – during 2021-22</p>

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Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
3	<b>Governance of Property and Loan Portfolios</b> to further progress the implementation of the policies for the Development Loans Fund of £10m and Capital Portfolio Fund of £26.5m. To continue to clarify with the wider public that the intended impact of these £36.5million policies is to support the Financial Strategy and the Corporate Plan priority to deliver a successful local economy rather than commercial investment particularly in light of pandemic impacts on property markets.	AGS 2017-18 MTFS 2019-22, endorsed by Peer Review	<p>a) Continue to implement revised Capital Portfolio Fund Strategy as approved at February 2020 Council by making proposals for suitable investment opportunities and secure approval and implementation/acquisitions. Take action to protect income streams against the pandemic impacts.</p> <p>b) Continue to work with Finance Birmingham to source suitable further loan applicants and progress loan approvals.</p> <p>c) To work with the communications team to reinforce intended impact.</p>	<p>a) Implementation of approved proposals/acquisition of portfolio assets that secure net income streams as revised in approved budget</p> <p>b) Loans approved where appropriate and robust corporate value for money and due diligence procedures are satisfied</p> <p>c) Less negative social media comment</p>	CLT - Corporate Director: Economic Prosperity and Place, Corporate Director: Resources, Solicitor to the Council	<p>a) Portfolio budget fully spent by end March 2022</p> <p>b) By end 2022</p> <p>c) By end of 2021-22</p>

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Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
4	<p><b>Information governance issues and non-benefit fraud</b></p> <p>-utilising the Compliance Officer and Corporate Fraud Resource and separate Corporate Debt Recovery resources. Performance and impact of these resources to continue to be closely monitored and reported once the temporary “pause” as an impact of the pandemic passes.</p>	Annual Governance Statement 2018-19	<p>a) Cyber Security and Information Governance Sub-Group (of the ICT Strategy Board) to continue to meet regularly to progress actions</p> <p>b) Compliance Officers within the Revenues &amp; Benefits Section in post since March 2015. They are responsible for protecting and increasing the tax base through regular monitoring and reviewing council tax discounts and exemptions to ensure they are legitimately claimed. Additional work on potential fraud in relation to grant payments/claims in relation to Covid-19 will also be undertaken supported by Internal Audit in line with national guidance. To review the decision last year to invest in more staff for council tax and business rates recovery jointly funded by Worcestershire County Council to maximise Council Tax Income.</p> <p>c) Regular reports activity in relation to Corporate Fraud (responsibility assigned to Internal Audit Team). These will include results of extra compliance work in relation to assurance on Covid-19 payments.</p>	<p>a) Information Governance is well managed with no breaches</p> <p>b) Income collected in terms of £s and % recovery rates</p> <p>c) Annual report to Audit Committee will assess success of Corporate Fraud service</p>	<p>Chief Executive, Corporate Director: Resources Revenues, Benefits &amp; Customer Services Manager</p> <p>c) Corporate Director: Resources/ Audit Manager</p>	<p>a) Ongoing consideration via Information Governance Sub-Group</p> <p>b) Monthly reporting of collections rates/amounts and half-yearly review of impact of extra resource for collection</p> <p>c) September Audit Committee for Fraud Update report</p>

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Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
5	<p><b>Partnership and Engagement Governance issues</b></p> <p>Maintaining resilience in the governance process with particular regard to the increasingly complex array of partnership agreements and alternative funding solutions the Council may sign up to as part of its pursuit of innovative alternative service delivery solutions to unlock funding opportunities and generate revenue income streams. This includes PSP Wyre Forest LLP set up on the 22<sup>nd</sup> March 2017 and the approved Group structure for a Local Authority Trading Company (LATC), localism, joint operations and potentially devolution and combined authorities.</p> <p>Progression of the delivery of Future High Streets Fund project in partnership with a number of private sector partners and the MHCLG utilising the £20.5m external funding.</p>	<p>Annual Governance Statement 2018-19</p> <p>Corporate Risk Register</p>	<p>a) Ensure new partnering arrangements have robust governance arrangements including full regard to legal, financial and HR implications. Once governance arrangements are in place continue to review and ensure they remain robust</p> <p>b) Ensure arrangements for traded services and arms-length organisations are fit for purpose</p> <p>c) Progress work with PSP Wyre Forest LLP by progressing suitable project development and allocating further sites/projects within the district for this new partnership arrangement to explore</p> <p>d) Further investigation of various structures for different arrangements, including utilisation and or expansion of the Group Structure of the approved LATC</p> <p>e) Project Board meets regularly and progresses in line with agreed timeline</p>	<p>a)/b) Robust due diligence for all proposals presented in business cases to be considered by Overview and Scrutiny Committee and Cabinet</p> <p>c) That work with PSP Wyre Forest LLP delivers some tangible outcomes and progresses the first approved development for temporary accommodation</p> <p>d) Reports prepared for proposals for alternative service delivery models</p> <p>e) Progress to timetable, Government Office satisfied with progress</p>	<p>CLT – Corporate Director of Economic Prosperity and Place, author of Property LATC report, designated officers for PSP</p> <p>e) Corporate Director: EPP and Head of Economic Development Regeneration - North Worcs</p>	<p>a)/b) Ongoing due diligence work presented to Overview and Scrutiny/Cabinet throughout 2021-22</p> <p>c) PSP deliver first approved development and utilised further during 2021-22</p> <p>d) LATC Group Structure utilised as appropriate</p> <p>e) 2024</p>

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Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
6	<p><b>ICT Resilience Governance Issues</b>  Maintaining ICT resilience to ensure a secure network, ensuring the ICT infrastructure is protected adequately from attacks and threats.  Progression of ICT Strategy Capital Allocation of £1.757m plus further allocation of £653k  GDPR –compliance  Additional assurance for increased homeworking and remote meetings</p>	<p>Corporate Risk Register and ICT Strategy Board;  ICT Security {Sub-Group}</p> <p>MTFS 2021-2024</p> <p>GDPR Legislation - effective date 25<sup>th</sup> May 2018</p> <p>Covid-19</p>	<p>a) Quarterly review of network security and cyber resilience; extra assurance/training for remote working/meetings</p> <p>b) ICT Strategy Board approvals</p> <p>c) Review of compliance by Cyber Security and Information Governance Sub-Group (of the ICT Strategy Board) to meet and support ICT Strategy Board; focus on cyber security business continuity plans and overall cyber security strategy.</p> <p>d) Risk assessments and review of security of hybrid working arrangements</p> <p>e) Monthly phishing and regular cyber training</p> <p>f) on-going improvement to infrastructure and system updates including patching, firmware updates etc</p> <p>g) annual penetration tests</p>	<p>a) PSN compliance, secure network;</p> <p>b) Work proceeds to timetable</p> <p>c) Review evidenced compliance</p> <p>d) Compliant risk assessments</p> <p>e, f and g) Cyber essentials accreditation</p>	<p>ICT Manager/  Corporate Director:  Resources</p> <p>Data Controller</p> <p>ICT Manager</p> <p>ICT Manager</p>	<p>Ongoing reports to ICT Strategy Board, and Cyber Security and Information Governance Sub- Group, Cabinet Members and Group Leaders</p> <p>Initial assurance work by end October 2021, ongoing risk assessments  By February 2022</p>

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<b>Ref</b>	<b>Governance</b>	<b>Source</b>	<b>Actions to address the issue</b>	<b>Measures of success</b>	<b>Lead/s</b>	<b>Timescale</b>
7	Adoption of Local Plan	Corporate Risk Register	Ensure timely consultation on significant amendments required following the inspector's report.	Formal adoption by full council	Corporate Director: EPP	February 2022



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

Ian R Miller  
Chief Executive

Councillor Helen Dyke  
Leader of the Council

30<sup>th</sup> September 2021

# Independent auditor's report to the members of Wyre Forest District Council

## Report on the Audit of the Financial Statements

### Opinion on financial statements

We have audited the financial statements of Wyre Forest District Council (the 'Authority') for the year ended 31 March 2021, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, notes to the core financial statements, including accounting policies and the Collection Fund Statement and notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2021 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Corporate Director: Resources use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Corporate Director: Resources conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

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

In auditing the financial statements, we have concluded that the Corporate Director: Resources use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Corporate Director: Resources with respect to going concern are described in the 'Responsibilities of the Authority, the Corporate Director: Resources and Those Charged with Governance for the financial statements' section of this report.

#### **Other information**

The Corporate Director: Resources is responsible for the other information. The other information comprises the information included in the Statement of Accounts, the Narrative Report and the Annual Governance Statement, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Other information we are required to report on by exception under the Code of Audit Practice**

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

#### **Opinion on other matters required by the Code of Audit Practice**

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

#### **Matters on which we are required to report by exception**

Under the Code of Audit Practice, we are required to report to you if:

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

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

## **Responsibilities of the Authority, the Corporate Director: Resources and Those Charged with Governance for the financial statements**

As explained in the Statement of Responsibilities for the Statement of Accounts, set out on page 41, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Corporate Director: Resources. The Corporate Director: Resources 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 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Corporate Director: Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporate Director: Resources is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

## **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Local Government Act 1972 and the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) and the Local Government Finance Act 2012.
- We enquired of senior officers and the Audit Committee, concerning the Authority's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

- We enquired of senior officers and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - Journal entries posted by senior officers
  - Reasonableness of provisions for appeals and bad debts
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a focus on large and unusual journals;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings, defined benefit pensions liability valuations and provisions for business rate appeals; and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings and defined benefit pensions liability valuations.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the local government sector
  - understanding of the legal and regulatory requirements specific to the Authority including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA, LASAAC and SOLACE
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

## **Report on other legal and regulatory requirements – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources**

### **Matter on which we are required to report by exception – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources**

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

Our work on the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Authority’s arrangements in our Auditor’s Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor’s report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2021.

### **Responsibilities of the Authority**

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

### **Auditor’s responsibilities for the review of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021. This guidance sets out the arrangements that fall within the scope of ‘proper arrangements’. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

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

## **Report on other legal and regulatory requirements – Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate for Wyre Forest District Council for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources and issued our Auditor’s Annual Report’

- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2021.

We are satisfied that this work does not have a material effect on the financial statements.

### **Use of our report**

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Barber, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

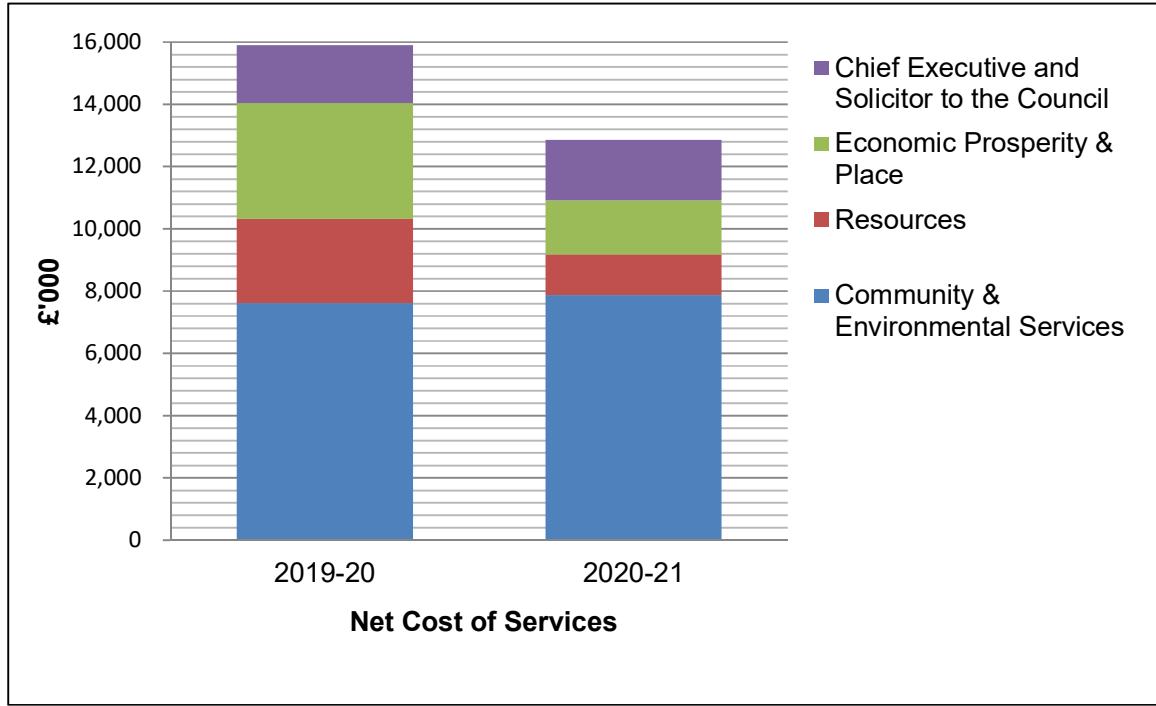
Bristol

**30 September 2021**





**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2020-21**



**MOVEMENT IN RESERVES STATEMENT**

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

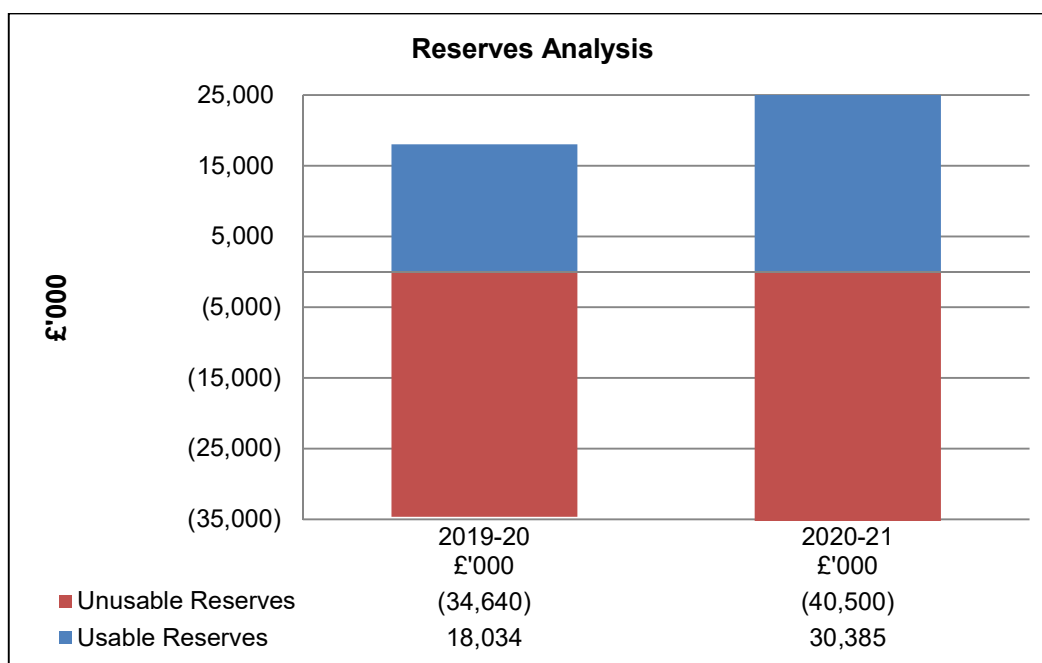
Notes	General Fund Balance 6, 9	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves 9	Total Unusable Reserves 9, 25	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> April 2020 brought forward</b>	<b>14,785</b>	<b>2,704</b>	<b>545</b>	<b>18,034</b>	<b>(34,640)</b>	<b>(16,606)</b>
<b>Movement in Reserves during 2020-21:</b>						
Total Comprehensive Income & (Expenditure)	(1,160)	-	-	(1,160)	7,651	6,491
Adjustments between accounting basis & funding basis under regulations	12,657	263	591	13,511	(13,511)	-
Net increase/ (decrease) in year	11,497	263	591	12,351	(5,860)	6,491
<b>Balance at 31<sup>st</sup> March 2021 carried forward</b>	<b>26,282</b>	<b>2,967</b>	<b>1,136</b>	<b>30,385</b>	<b>(40,500)</b>	<b>(10,115)</b>

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2020-21**

**MOVEMENT IN RESERVES STATEMENT (continued)**

**2019-20 Comparative Information**

Notes	General Fund Balance 6, 9 £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves 9 £'000	Total Unusable Reserves 9, 25 £'000	Total Reserves £'000
<b>Balance at 1<sup>st</sup> April 2019 brought forward</b>	<b>12,855</b>	<b>2,752</b>	<b>623</b>	<b>16,230</b>	<b>(32,466)</b>	<b>(16,236)</b>
<b>Movement in Reserves during 2019-20:</b>						
Total Comprehensive Income & Expenditure	(3,639)	-	-	(3,639)	3,269	(370)
Adjustments between accounting basis & funding basis under regulations	5,569	(48)	(78)	5,443	(5,443)	-
Net increase/ (decrease) in year	1,930	(48)	(78)	1,804	(2,174)	(370)
<b>Balance at 31<sup>st</sup> March 2020 carried forward</b>	<b>14,785</b>	<b>2,704</b>	<b>545</b>	<b>18,034</b>	<b>(34,640)</b>	<b>(16,606)</b>



**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2020-21**

**Reconciliation of General Fund Balance**

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

**2020-21**

Notes	General Reserves (including £1.2m Working Balance at 31 <sup>st</sup> March 2021)	Earmarked Reserves 13	Total General Fund Balance 6
	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> April 2020 brought forward</b>	<b>6,033</b>	<b>8,752</b>	<b>14,785</b>
Net increase/ (decrease) in year	<b>(433)</b>	<b>11,930</b>	<b>11,497</b>
<b>Balance at 31<sup>st</sup> March 2021 carried forward</b>	<b>5,600</b>	<b>20,682</b>	<b>26,282</b>

**2019-20**

Notes	General Reserves (including £1.2m Working Balance at 31 <sup>st</sup> March 2020)	Earmarked Reserves 13	Total General Fund Balance 6
	£'000	£'000	£'000
<b>Balance at 1<sup>st</sup> April 2019 brought forward</b>	<b>4,987</b>	<b>7,868</b>	<b>12,855</b>
Net increase/ (decrease) in year	<b>1,046</b>	<b>884</b>	<b>1,930</b>
<b>Balance at 31<sup>st</sup> March 2020 carried forward</b>	<b>6,033</b>	<b>8,752</b>	<b>14,785</b>

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2020-21**

**BALANCE SHEET**

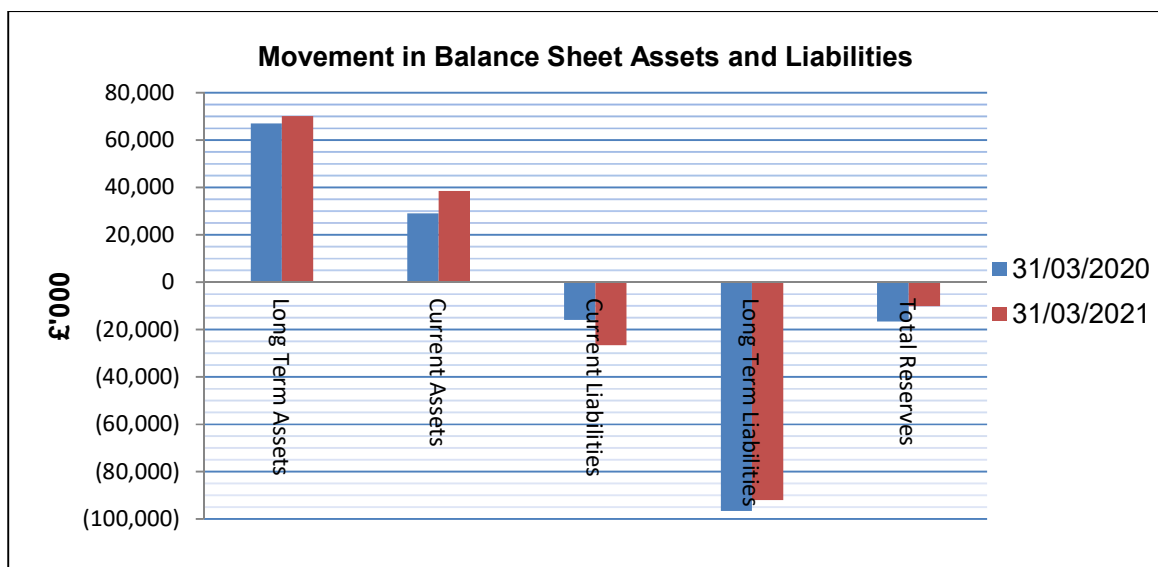
The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are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

<b>31<sup>st</sup> March 2020</b>		<b>Notes</b>	<b>31<sup>st</sup> March 2021</b>
<b>£'000</b>			<b>£'000</b>
	Property, Plant and Equipment:		
58,361	Land and Buildings	14	59,829
3,722	Vehicles, Plant and Equipment	14	3,408
2,109	Community Assets	14	4,165
826	Surplus Assets	14	244
340	Assets under Construction	14	831
1,186	Heritage Assets	15	1,190
438	Intangible Assets	16	461
18	Long-term Investments	17	13
<b>67,000</b>	<b>Long-term Assets</b>		<b>70,141</b>
9,099	Short-term Investments	17	9,614
10,590	Cash and Cash Equivalents	17, 20	13,031
89	Inventories		113
8,304	Short-term Debtors	18	15,454
1,000	Assets held for Sale (less than one year)	21	250
<b>29,082</b>	<b>Current Assets</b>		<b>38,462</b>
(2,253)	Short-term Borrowing	17	(3,290)
(13,752)	Short-term Creditors	22	(21,276)
-	Short-term Provisions	23	(2,090)
<b>(16,005)</b>	<b>Current Liabilities</b>		<b>(26,656)</b>
(35,173)	Long-term Borrowing	17	(34,179)
(61,507)	Other Long-term Liabilities	35	(57,880)
(3)	Capital Grants Receipts in Advance		(3)
<b>(96,683)</b>	<b>Long-term Liabilities</b>		<b>(92,062)</b>
<b>(16,606)</b>	<b>Net Assets</b>		<b>(10,115)</b>
18,034	Usable Reserves	9,13	30,385
(34,640)	Unusable Reserves	9, 25	(40,500)
<b>(16,606)</b>	<b>Total Reserves</b>		<b>(10,115)</b>

**These financial statements replace the unaudited financial statements certified by Tracey W Southall, Corporate Director: Resources, on 16<sup>th</sup> July 2021**

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2020-21**

**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.

2019-20 £'000		Notes	2020-21 £'000
(3,639)	Net deficit on the provision of services		(1,160)
5,216	Adjust net (surplus)/deficit for non-cash movements:	26	6,673
(624)	Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities:	26	(4,893)
<b>953</b>	<b>Net cash flows from operating activities</b>		<b>619</b>
(11,997)	Net cash flows from investing activities	27	4,575
11,552	Net cash flows from financing activities	27	(2,753)
<b>508</b>	<b>Net increase/(decrease) in cash or cash equivalents</b>		<b>2,441</b>
<b>10,082</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>	20	<b>10,590</b>
<b>10,590</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	20	<b>13,031</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

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**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

**Note 1: ACCOUNTING POLICIES**

**1.1 General Principles**

The Statement of Accounts summarises the Council's transactions for the 2020-21 financial year and its position at 31<sup>st</sup> March 2021. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations; those Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21(the Code) 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, i.e. that, under the Code, it is assumed that the services of the Council will continue to operate for the foreseeable future. Local Authorities cannot be created or dissolved without statutory prescription. The provisions of the CIPFA Code on going concern reflect the economic and statutory environment in which local authorities operate and hence these accounts are prepared on this basis.

**1.2 Accruals of Income and Expenditure**

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies and services are recorded as expenditure when they are consumed (when supplies are held for future use they are carried as inventories on the Balance Sheet).
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

**1.3 Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

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

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

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

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

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. This is the Minimum Revenue Provision (MRP). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.



**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

**1.6 Employee Benefits**

**Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which the employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year end that employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus and Deficit on the Provision of Service, but then reversed out through the Movement in Reserve Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

**Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the relevant service or, where appropriate, to a corporate service at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Redundancy payments are based upon an employee's actual week's pay and the number of weeks as defined in the Employment Relations Act 1998, up to a maximum of 30 weeks pay.

**Post Employment Benefits**

The Council participates in one defined benefit scheme for its employees (retirement lump sums and pensions), earned as employees work for the Council, administered by Worcestershire County Council. Pension costs are assessed in accordance with the advice of an independent qualified Actuary (Mercer Limited).

**The Local Government Pension Scheme**

The liabilities of the Worcestershire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about life expectancy, employee turnover rates, etc, and projected earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate of 2.1% based on the indicative rate of return on high quality corporate bond.

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

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

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

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

• **Service cost comprising:**

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- net interest on the net defined benefit liability - i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

• **Remeasurements comprising:**

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

• **Contributions paid to the Worcestershire County Council pension fund:**

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

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

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

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

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

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

**1.7 Events After the Reporting Period**

Events after the balance sheet reporting period are those events, both favourable and unfavourable, that occur between the Balance Sheet date 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, detailed in Note 39, are not reflected in the Statement of Accounts.

**1.8 Financial Instruments**

**Financial Liabilities**

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

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

**Financial Assets**

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

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

The Council currently only holds financial assets at amortised cost.

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

**Financial Assets Measured at Amortised Cost**

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

Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest). Interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

**Expected Credit Loss Model**

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

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

**1.9 Government Grants and Contributions**

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

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

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

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

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

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

**1.10 Heritage Assets**

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

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

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

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

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

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

**1.11 Intangible Assets**

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

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

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

**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 Companies and Other Entities**

Where the Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures, it is required to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities will be recorded as investments, i.e. at cost, less any provision for losses. The Council has interests in companies, but no material business was transacted in 2020-21 as detailed in note 38.

**1.13 Inventories and Long-Term Contracts**

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

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

**1.14 Joint Operations**

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

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

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

**1.15 Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. The Council has not identified any finance leases.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

**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 leases.

**1.16 Overheads and Support Services**

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

**1.17 Property, Plant and Equipment**

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

**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.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

**Measurement**

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Assets with a valuation in excess of £1m will be revalued annually from 2019-20 onwards. 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 in the Comprehensive Income and Expenditure Statement.

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



**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

**Impairment**

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

Where impairment losses are identified, they are accounted for as follows:

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

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

**Depreciation**

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

Depreciation is calculated on the following bases:

- buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant and equipment – straight-line allocation over the useful life of the asset as estimated by a suitably qualified officer
- no depreciation is charged in the year of acquisition
- a full year's depreciation will be charged on assets revalued in year (where applicable) to ensure that the service retains a consistent charge for the consumption of the asset, in accordance with the principal of total cost as defined in the CIPFA Service Reporting Code of Practice for Local Authorities (2019-20 Edition).

Where an item of Property, Plant and Equipment, valued in excess of £1million, has major components whose cost is 20% in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost.

**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 2020-21**

**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 Fair Value Measurement of Non-Financial Assets**

The Council's accounting policy for fair value measurement of financial assets is set out in note 1.8. The Council also measures some of its non-financial assets such as surplus assets and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

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

The Council measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

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

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

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

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly

Level 3 – unobservable inputs for the asset.

**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 in the Comprehensive Income and Expenditure Statement in the year that the Council has an obligation, or the Collection Fund in respect of business rates, 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 36 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 would be disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

**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 transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

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

**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 Service Strategy.

**1.26 Borrowing**

In accordance with the Capital and Treasury Management Service Strategies the Council has made use of the prudential borrowing regime. Several schemes contained within the capital programme are being financed through prudential borrowing, the result being that the Capital Financing Requirement (CFR) will increase. The Council entered into further external borrowing against the CFR in 2020-21. A statutory minimum revenue provision (MRP) is being made, based on the writing down period of the assets. The CFR is kept under review with the possibility of further external borrowing available if required.

**Minimum Revenue Provision**

The Council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision), although it is also allowed to undertake additional voluntary payments if required at the discretion of the Chief Financial Officer (Voluntary Revenue Provision - VRP). Further details can be found in the Treasury Management Strategy 2020-21.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

The Ministry of Housing, Communities and Local Government (MHCLG) Regulations require full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils so long as there is a prudent provision. The Council approved MRP Policy Statement for 2020-21 is summarised below and includes the option of using the annuity method to calculate MRP under the Asset Life Method:

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

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

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

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

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

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

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

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

**Accounting for Council Tax and NDR**

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

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

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

**1.28 Business Improvement District**

A business improvement district (BID) scheme for Kidderminster was approved on 17<sup>th</sup> May 2019; to commence with effect from 1<sup>st</sup> April 2020. The scheme will be funded by a BID levy paid by non-domestic ratepayers. The authority acts as agent under the scheme, collecting the BID levy income on behalf of the BID body and therefore most BID transactions would not be recognised in the Comprehensive Income and Expenditure statement. The BID levy collection costs and associated reimbursement income will be shown in the Resources Directorate outturn line.

**1.29 Other Accounting Principles**

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

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

**Note 2: ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED**

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

- IFRS 16 Leases will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is an exemption for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1st April 2022. At this stage it is not anticipated that the IFRS16 amendment will have a material impact on the information to be provided in future financial Statements. Work will continue to establish the opening position for the Council; effective April 2022.

The prior year comparative information will be re-stated where applicable to reflect any changes in formats and reporting requirements.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

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

- Valuations

The Covid-19 pandemic has impacted global financial markets meaning that valuers have been faced with an unprecedented set of circumstances on which to base valuation judgements. The professional valuer used by the Council has changed this year. As a consequence of this, and also the uncertainty caused by the impact of Covid-19, over 99% of the Council's land and buildings have been revalued. In addition, all valuations have been made at 31<sup>st</sup> March 2021 unlike prior years, where for practical purposes the valuation exercise was carried out at 31<sup>st</sup> December with a review at 31<sup>st</sup> March. This means there is more certainty and negates the need for changes to valuations between January and March to be reflected.

- Investment Properties

The Council's property estate has been assessed using the identifiable criteria under the International Accounting Standards to determine whether assets are being held purely for their rental income potential or for capital appreciation. Properties have been assessed using these criteria, which is subject to interpretation, and it is the council's view that all properties are held for an operational reason, such as economic development or regeneration.

- Accounting for Business Rates

The Council is a billing authority collecting Non-domestic rates (Business Rates), on behalf of Worcestershire Business Rates pool and central government; this is an agency arrangement. When acting as agent the Council's balance sheet does not include business rate arrears, the impairment allowance for doubtful debts, prepayments and over payments and provision for appeals. In 2019-20 the Council was part of a pilot 75% business rates pool where 75% of the income was collected on behalf of the Worcestershire Business Rates pool and 25% for central government; 100% of the income collected was on an agency basis so nil balance is shown on the balance sheet. In 2020-21 only 60% of the income is collected on an agency basis, 40% of the income is collected, as principal, for Wyre Forest District Council.

- Business Rate Appeals

The 2020-21 gross collectable business rates before standard reliefs and Covid-19 related reliefs were £36.15m. The amount paid by each hereditament is based on the valuation lists prepared by the Valuation Office Agency (VOA). Rate payers can appeal to the VOA against their valuations; any refunds as a result of appeal decisions fall as a cost to the Collection Fund. After considering IAS37 management are satisfied that a provision should be made against this potential liability since it is likely that a liability will arise even though the timing and amount of the potential liability is uncertain, but whilst uncertain it can be reliably estimated. We previously only made a provision for 2010 list valuations and a few 2017 appeals that had been lodged with the VOA as we weren't able to reliably estimate the value of the liability for 2017 list appeals. This position has changed due to a steep increase in the volume of appeals in the Check, Challenge, Appeal system locally and nationally. A contingent liability was made for 2017 list appeals in the 2019-20 Statement of Accounts. The increase in provision as a consequence of this change in critical judgement is £3.473m, our local share being £1.389m.



**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

The source data is primarily the hereditaments on our local list, commentary and analysis in professional journals and The Local Government Report 2017.

The Council's Business Rates/Revenues expert, Accountants and S151 officer communicate with a cross section of contacts, experts and advisors (CIPFA) throughout the year and at year end to formulate a balanced view. Calculations are based upon current data including VOA threats list in liaison with other Pool members.

- Upfront pension payment

The Council is liable to make contributions towards the cost of post-employment benefits. For the 3-year period 2020-21 to 2022-23, the Council agreed with the Worcestershire Pension Fund (WPF) that the employer contributions payable to the Local Government Pension Scheme (LGPS) could be paid as a single up-front payment. Subsequently, in April 2021 the Council paid £7.090m based on an estimated pensionable payroll of £7.290m per annum in order to make a budget saving. In line with the Council's accounting policies, in 2020-21 the amounts relating to 2021-22 and 2022-23 have been offset against the pension liability on the balance sheet. These amounts will be reflected in the pension reserve in the years to which they relate.

At the close of the triennial period the pension reserve and the pension liability will be brought into line with each other. For further details, see Note 35 Defined Benefit Pension Schemes.

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

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

The items in the Council's Balance Sheet at 31<sup>st</sup> March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<b>Property, Plant and Equipment</b>	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p> <p>Valuation methods result in a point estimate of value and involve judgements based on the latest most reliable information. They are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. Due to the continuing impact of Covid-19 on asset valuations the Council's external valuer has provided updated land and building valuations as at 31<sup>st</sup> March 2021.</p>	<p>If the useful life of assets is reduced, depreciation will increase and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £57,510 for every year that useful lives had to be reduced.</p> <p>Changes in estimation technique can result in the carrying amount of an asset increasing or decreasing, the movements will be reflected in the CI&amp;E.</p> <p>If the reduction of funding streams results in a reduction of service delivery or closure of facilities, this could result in the impairment of assets due to obsolescence. Similarly, regulation changes could result in obsolescence of some equipment. Impairing the assets would be reflected in the CIES.</p>
<b>Pensions Liability</b>	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, life expectancy rates and expected returns on pension fund assets. The Actuary, Mercer Limited, is engaged to provide the Council with expert advice about the assumptions to be applied. The ongoing impact of the Covid-19 pandemic continues to create uncertainty surrounding the financial markets. The Actuary has reflected the volatility of asset values, yields on AA rated corporate bonds and market implied RPI in the 2020-21 accounting figures. The impact on life expectancy assumptions was considered with the actuary but changes are inappropriate at this time.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £2.3m.</p>
<b>Provision for Business Rates Appeals</b>	<p>Following the introduction of the current Business Rates Retention Scheme in April 2013, Local Authorities have been liable for a share of the cost of successful appeals by businesses against their rateable value. The Council maintains a provision to cover the cost of outstanding business rates appeals. The timing of an appeal being lodged and the outcome is uncertain, so an estimate is made based on experience to date. The 2010 list provision has been calculated based on the current list of live appeals supplemented by a separate independent analysis of the pattern of appeals across the sector and local experience. The estimation method applied in 2019-20 for 2017 list appeals has been reviewed and updated and is based on an average reduction across the whole list. Management are satisfied that the change in approach is reasonable, common with the approach frequently adopted across the sector, and reliable as it is utilises assumptions adopted by government when setting the business rates multiplier.</p> <p>To mitigate the risk of a future liability arising from central decisions that affect the valuation basis of hereditaments the Council also holds an Earmarked Reserve.</p>	<p>If the provision for appeals was based on the total value of the list and if the proportion of the value was increased by 1% of the net rates payable in 2020-21 the resulting increase to the local share would be £351,370.</p>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<b>Bad Debt Provision</b>	The Council has sundry debtor and property debtor balances of £1.531m, (including the capital portfolio fund of £0.205m) and Housing Benefit overpayment debtor balances of £1.475m. Provisions for bad or doubtful debts are made according to the age of the debt and, in the case of Housing Benefit overpayments, whether the debtor is a current recipient of Housing Benefit or not. A provision of £1.641m is in place for sundry debtor and for housing benefit overpayment debts. The allowance for bad or doubtful debt is based on experience and has been reviewed to reflect the impact of the Covid-19 pandemic. However, it is not certain that this allowance is sufficient given the on-going impact of the pandemic.	The effect on the Bad Debt Provision of increasing assumptions by 1% would result in an increase of £16k
<b>Fair Value Measurements</b>	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities.  Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value.  Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in Note 17.	The Council uses the discounted cash flow model incorporating premature repayment rates and new borrowing rates from the PWLB to measure the fair value of some of its financial assets.  The significant unobservable inputs used in the fair value measurement include management assumptions (for some financial assets) and professional valuer assumptions (for some non-current assets).  Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the financial assets.

With regards to Property, Plant and Equipment, Pensions Liability and Fair Value Measurements, there is still inherent uncertainty in estimating the effect of the Covid-19 pandemic on property values, pension assets and financial liability fair values. Valuations have therefore been obtained at the optimum time to enable closure of the accounts by the statutory deadline. Property assets have been revalued at 31<sup>st</sup> March 2021 so although there is still estimation by the Valuer, there is more certainty as they are valued at the Balance Sheet date.

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

This note discloses material items of income and expenditure that are not disclosed on the face of the Comprehensive Income and Expenditure Statement. During the year, the Council processed a number of Covid-19 support grant payments funded by Government. The total value of grants distributed at 31<sup>st</sup> March was £31.145m and the funding received to support these payments was £37.213m. Of this balance £1.854m passed through the CIES in relation to grant awarded in accordance with criteria determined by the council. The remaining grants processed were distributed to businesses in accordance with conditions determined by the Government and are not included in the CIES. Unspent allocations at 31<sup>st</sup> March were carried forward as either earmarked reserves or receipts in advance to meet obligations in 2021-22.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

**Note 5: MATERIAL ITEMS OF INCOME AND EXPENSE (continued)**

	Grant Income £'000	Grant Paid Out £'000	Earmarked Reserve £'000	Receipt In Advance £'000
Grants paid as Principal	4,855	1,854	2,618	-
Grants paid as agent outside of the CIES	32,358	29,291	-	3,451
<b>Totals</b>	<b>37,213</b>	<b>31,145</b>	<b>2,618</b>	<b>3,451</b>

**Note 6: EXPENDITURE AND FUNDING ANALYSIS**

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2020-201	Net Expenditure as reported for Resource Management	Adjustments to arrive at the Net Expenditure chargeable to General Fund (see Note 7)	Net Expenditure Chargeable to the General Fund Balance	Adjustments to arrive at the Net Expenditure in the Comprehensive Income and Expenditure Statement (see Note 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Chief Executive and Solicitor to the Council	1,810	19	1,829	118	1,947
Resources	3,837	(1,620)	2,217	(909)	1,308
Community and Environmental Services	6,165	(1,209)	4,956	2,921	7,877
Economic Prosperity and Place	2,371	(4,167)	(1,796)	3,532	1,736
Capital Account	(95)	95	-	-	-
<b>Net Cost of Services</b>	<b>14,088</b>	<b>(6,882)</b>	<b>7,206</b>	<b>5,662</b>	<b>12,868</b>
Other Income and Expenditure	(18,608)	(95)	(18,703)	6,995	(11,708)
<b>(Surplus)/Deficit</b>	<b>(4,520)</b>	<b>(6,977)</b>	<b>(11,497)</b>	<b>12,657</b>	<b>1,160</b>

Comparative information for 2019-20.

2019-20	Net Expenditure as reported for Resource Management	Adjustments to arrive at the Net Expenditure chargeable to General Fund (see Note 7)	Net Expenditure Chargeable to the General Fund Balance	Adjustments to arrive at the Net Expenditure in the Comprehensive Income and Expenditure Statement (see Note 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Chief Executive and Solicitor to the Council	1,757	(11)	1,746	124	1,870
Resources	3,709	(432)	3,277	(576)	2,701
Community and Environmental Services	4,232	(529)	3,703	3,917	7,620
Economic Prosperity and Place	1,824	(571)	1,253	2,465	3,718
Capital Account	(357)	357	-	-	-
<b>Net Cost of Services</b>	<b>11,165</b>	<b>(1,186)</b>	<b>9,979</b>	<b>5,930</b>	<b>15,909</b>
Other Income and Expenditure	(11,552)	(357)	(11,909)	(361)	(12,270)
<b>(Surplus)/Deficit</b>	<b>(387)</b>	<b>(1,543)</b>	<b>(1,930)</b>	<b>5,569</b>	<b>3,639</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

**Note 6: EXPENDITURE AND FUNDING ANALYSIS (continued)**

The table below reconciles the opening and closing balances of the General Fund (including earmarked reserves). Additional information on the movements in the General Fund balance can be found in the Movement in Reserves Statement. \*See note 13; a transfer was made to earmarked reserves for the S31 grants received from Central Government in 2020-21 that will be repaid in 2021-22 when the business rates deficit carried forward will impact the accounts.

<b>Movement in General Fund Balance</b>	<b>2019-20</b>	<b>2020-21</b>
	<b>£'000</b>	<b>£'000</b>
Opening General Fund Balance as at 1 <sup>st</sup> April	(12,855)	(14,785)
(Surplus)/Deficit on General Fund Balance in Year *	(1,930)	(11,497)
<b>Closing General Fund Balance as at 31<sup>st</sup> March</b>	<b>(14,785)</b>	<b>(26,282)</b>

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

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

Adjustments to arrive at the General Fund Balance:

<b>2020-21</b>	<b>Exclude Transfers to/from Reserves</b>	<b>Exclude Depreciation to arrive at Funding Basis</b>	<b>Exclude Debt Financing and MRP Reported to Management under Net Cost Of Services</b>	<b>Adjustments to arrive at the Net Expenditure chargeable to General Fund (see Note 6)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Chief Executive and Solicitor to the Council	19	-	-	19
Resources	(1,272)	(348)	-	(1,620)
Community and Environmental Services	39	(1,248)	-	(1,209)
Economic Prosperity and Place	(3,544)	(623)	-	(4,167)
Capital Account	-	-	95	95
<b>Net Cost of Services</b>	<b>(4,758)</b>	<b>(2,219)</b>	<b>95</b>	<b>(6,882)</b>
Other Income and Expenditure	-	-	(95)	(95)
<b>(Surplus)/Deficit</b>	<b>(4,758)</b>	<b>(2,219)</b>	<b>-</b>	<b>(6,977)</b>

Comparative information for 2019-20.

<b>2019-20</b>	<b>Exclude Transfers to/from Reserves</b>	<b>Exclude Depreciation to arrive at Funding Basis</b>	<b>Exclude Debt Financing and MRP Reported to Management under Net Cost Of Services</b>	<b>Adjustments to arrive at the Net Expenditure chargeable to General Fund (see Note 6)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Chief Executive and Solicitor to the Council	(11)	-	-	(11)
Resources	(133)	(299)	-	(432)
Community and Environmental Services	632	(1,161)	-	(529)
Economic Prosperity and Place	(73)	(498)	-	(571)
Capital Account	-	-	357	357
<b>Net Cost of Services</b>	<b>415</b>	<b>(1,958)</b>	<b>357</b>	<b>(1,186)</b>
Other Income and Expenditure	-	-	(357)	(357)
<b>(Surplus)/Deficit</b>	<b>415</b>	<b>(1,958)</b>	<b>-</b>	<b>(1,543)</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

Adjustments to arrive at the Comprehensive Income and Expenditure Statement:

**Adjustments between Funding and Accounting Basis 2020-21**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net change for Pensions Adjustments	Other Statutory Differences	Total Statutory Adjustments	Other (non statutory) Adjustments	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive and Solicitor to the Council	-	99	-	99	19	118
Resources	348	(1,301)	-	(953)	44	(909)
Community & Environmental Services	2,526	358	-	2,884	37	2,921
Economic Prosperity and Place	3,311	176	-	3,487	45	3,532
<b>Net Cost of Services</b>	<b>6,185</b>	<b>(668)</b>	<b>-</b>	<b>5,517</b>	<b>145</b>	<b>5,662</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	<b>(412)</b>	<b>1,295</b>	<b>7,282</b>	<b>8,165</b>	<b>(1,170)</b>	<b>6,995</b>
<b>Difference between General Fund Surplus/Deficit and Comprehensive Income and Expenditure Statement Surplus/Deficit</b>	<b>5,773</b>	<b>627</b>	<b>7,282</b>	<b>13,682</b>	<b>(1,025)</b>	<b>12,657</b>

Comparative information for 2019-20

**Adjustments between Funding and Accounting Basis 2019-20**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net change for Pensions Adjustments	Other Statutory Differences	Total Statutory Adjustments	Other (non statutory) Adjustments	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive and Solicitor to the Council	-	117	-	117	7	124
Resources	299	(894)	-	(595)	19	(576)
Community and Environmental Services	3,447	490	-	3,937	(20)	3,917
Economic Prosperity and Place	2,039	415	-	2,454	11	2,465
<b>Net Cost of Services</b>	<b>5,785</b>	<b>128</b>	<b>-</b>	<b>5,913</b>	<b>17</b>	<b>5,930</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	<b>(719)</b>	<b>1,376</b>	<b>(174)</b>	<b>483</b>	<b>(844)</b>	<b>(361)</b>
<b>Difference between General Fund Surplus/Deficit and Comprehensive Income and Expenditure Statement Surplus/Deficit</b>	<b>5,066</b>	<b>1,504</b>	<b>(174)</b>	<b>6,396</b>	<b>(827)</b>	<b>5,569</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

**Adjustments for Depreciation/Rental Income**

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

**Adjustment for Capital Purposes**

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

**Net Change for the Pensions Adjustments**

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

**Other Statutory Adjustments**

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

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

**Other Non-statutory Adjustments**

3) Other non-statutory adjustments represent amounts debited/credited to service segments that need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the CIES:

- For **financing and investment income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments eg for interest income and expenditure.
- For **taxation and non-specific grant income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments eg for non-ringfenced government grants.

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

	<b>2019-20</b>	<b>2020-21</b>
	<b>£'000</b>	<b>£'000</b>
<b>Expenditure</b>		
Employee Benefits Expenses	13,454	11,980
Other Service Expenses	34,669	37,593
Support Services	172	399
Depreciation and Revaluation Adjustments	5,313	6,824
Interest Payments	952	1,012
Pensions	3,352	3,306
Precepts	1,203	1,317
<b>Total Expenditure</b>	<b>59,115</b>	<b>62,431</b>
<b>Income</b>		
Fees, Charges and Other Service Income	(11,039)	(12,485)
Interest and Investment Income	(201)	(58)
Icelandic Investments Interest Adjustment	(22)	(28)
Council Tax and NNDR	(14,253)	(11,647)
Pensions	(1,976)	(2,011)
Government Grants and Contributions	(27,616)	(34,630)
Net Gain on Disposal of Fixed Assets	(369)	(412)
<b>Total Income</b>	<b>(55,476)</b>	<b>(61,271)</b>
<b>Deficit on the Provision of Services</b>	<b>3,639</b>	<b>1,160</b>

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

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

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



**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

**General Fund Balance**

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

**Capital Receipts Reserve**

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

**Capital Grants Unapplied**

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

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

2020-21	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	6,824			(6,824)
Capital grants and contributions applied	(4,287)		591	3,696
Revenue expenditure funded from capital under statute	3,648			(3,648)
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	103			(103)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Statutory provision for the financing of capital investment	(1,170)			1,170
<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	(515)	547		(32)
Use of the Capital Receipts Reserve to finance new capital expenditure		(284)		284
<b>Adjustments involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	3,807			(3,807)
Employer's pensions contributions and direct payments to pensioners payable in the year	(3,180)			3,180
<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	7,282			(7,282)
<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	145			(145)
<b>Total Adjustments</b>	<b>12,657</b>	<b>263</b>	<b>591</b>	<b>(13,511)</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

2019-20 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	5,313			(5,313)
Capital grants and contributions applied	(1,287)		(78)	1,365
Revenue expenditure funded from capital under statute	1,759			(1,759)
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	(5)			5
Direct Revenue Financing	(350)			350
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Statutory provision for the financing of capital investment	(844)			844
<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	(364)	422		(58)
Use of the Capital Receipts Reserve to finance new capital expenditure		(470)		470
<b>Adjustments involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	5,213			(5,213)
Employer's pensions contributions and direct payments to pensioners payable in the year	(3,709)			3,709
<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	(174)			174
<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	17			(17)
<b>Total Adjustments</b>	<b>5,569</b>	<b>(48)</b>	<b>(78)</b>	<b>(5,443)</b>

**Note 10: OTHER OPERATING EXPENDITURE**

	2019-20 £'000	2020-21 £'000
Parish/Town Council Precepts	1,203	1,317
(Gains)/Losses on the disposal of non-current assets	(369)	(412)
<b>Total</b>	<b>834</b>	<b>905</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

	2019-20 £'000	2020-21 £'000
Interest payable and similar charges	952	1,012
Net interest on the net defined benefit liability/(asset)	1,376	1,295
Interest receivable and similar income	(201)	(58)
Icelandic investments interest adjustment	(1)	(1)
Icelandic investments impairment adjustments	(21)	(27)
<b>Total</b>	<b>2,105</b>	<b>2,221</b>

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

	2019-20 £'000	2020-21 £'000
Council Tax income	(8,380)	(8,582)
Business Rates income and expenditure	(5,863)	(3,041)
New Homes Bonus	(906)	(262)
NNDR Levy Redistribution	(10)	(24)
Other Government Grant	(50)	(2,925)
<b>Total</b>	<b>(15,209)</b>	<b>(14,834)</b>

**Note 13: MOVEMENTS IN EARMARKED RESERVES**

This note details the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from the earmarked reserves to meet General Fund expenditure in 2020-21.

<b>Earmarked Reserve</b>	<b>Balance at 31<sup>st</sup> March 2020 £'000</b>	<b>Receipts in year £'000</b>	<b>Payment in year £'000</b>	<b>Total in year £'000</b>	<b>Balance at 31<sup>st</sup> March 2021 £'000</b>
Business Rates Equalisation / Regeneration Risk Reserve	3,198	-	-	-	3,198
Innovation Fund	939	265	(127)	138	1,077
Capital Financing	615	300	-	300	915
General Risks	469	218	(12)	206	675
Future High Street Fund	-	500	-	500	500
Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP)	142	150	-	150	292
General Waste Reserve	251	-	-	-	251
External Funding	1,507	3,964	(452)	3,512	5,019
Other Miscellaneous Reserves (below £150,000)	1,396	347	(395)	(48)	1,348
<b>Sub Total</b>	<b>8,517</b>	<b>5,744</b>	<b>(986)</b>	<b>4,758</b>	<b>13,275</b>
Business Rates - Collection Fund (timing differences)	235	7,407	(235)	7,172	7,407
<b>Total Earmarked Reserves</b>	<b>8,752</b>	<b>13,151</b>	<b>(1,221)</b>	<b>11,930</b>	<b>20,682</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

<b>Reserve</b>	<b>Purpose</b>
Business Rates - Collection Fund (timing differences)	In relation to a technical accounting adjustment relating to the timing difference between NNDR1 (estimated income) reflected in the CIES and the actual position following completion of the NNDR3 (outturn). The government granted business rates relief to retail, hospitality, and leisure businesses during 2020-21 and compensated councils for the loss of income with a Section 31 grant. These reliefs must be shown as a deficit on the Council's share of income in the Collection Fund Adjustment Account (CFAA) (see note 25) while the grant income must be shown in the Council's General Fund. In 2021-22 £7.407m is expected to be transferred from the CFAA to the General Fund in relation to Business Rates and this will be funded from the Section 31 grant in this reserve.
Business Rates Equalisation / Regeneration Risk Reserve	To mitigate future Business Rates/economic regeneration risk. The level of this reserve has been maintained this year, to mitigate the impact of unforeseen reductions in this key funding stream. Potential reductions include increases in appeals, rating list reductions, Business Rates reform, potential decline in growth and also the unknown but likely adverse impact of recovery from the COVID19 pandemic. It also contains a sum set aside for appeals that may arise from the Check Challenge Appeal system within the 2017 list. The level of reserve also recognises the inevitable increased risk of failure to realise overall growth as a result of the delayed Business Rates Retention reform and COVID19 pandemic. This reserve may also be used to deliver key regeneration schemes to increase the business rates base and deliver strategic regeneration/economic development priorities.
Innovation Fund	To support delivery of Service Transformation required to close the funding gap.
Capital Financing	Costs of servicing debt "slipped" forward in capital programme – to be applied in future budgets.
General Risks	This recognises the financial risk the Council faces given the forecast reductions in future funding and resultant increased funding gap; whilst we have a planned transformation programme of work to address this it is increasingly challenging.
Future High Street Fund	The award of £20.51m Future High Streets Capital Funding is a major opportunity for town centre regeneration. This new revenue reserve provides additional contingency for this significant project to cover unknown risks that fall outside the capital funding approval. It will cover the temporary costs of holding property acquired for demolition necessary as part of the land consolidation phase of works.
Greater Birmingham and Solihull Local Enterprise Partnership	In relation to the estimated contribution of this Council to the GBSLEP.
General Waste Reserve	In relation to waste collection given the pressures on this service as further house building progresses and also the uncertainty around the aspirations in the Government's Resources and Waste Strategy.
External Funding	Includes the following: Covid Funding – Discretionary Schemes – ARS 7 LRSG-Open, Flexible Homeless Support Grant, Covid Funding – Test & Trace, Flood Recovery Grant, New Burdens Covid, Primary Care Trust – Local Health Projects, Homelessness Reduction Act 2017 and Rough Sleeper Funding, Welfare Assistance Scheme, Local Welfare Scheme, Covid Funding – Revs & Bens, Individual Electronic Registration, Public Rented Sector Access Housing, Community Housing Fund, New Burdens Funding, Energy Performance and other minor reserves.
Other Miscellaneous Reserves (below £150,000)	Includes the following Reserves: Property Risk, Building Control Chargeable Account, State of the Area Projects, Future Leisure Contingency, Redditch Regen Projects, Capital Portfolio and Development Loans Fund Financing, Planning, ReWyre Projects, North Worcestershire Economic Development and Regeneration, Bromsgrove Economic Impact Studies, Bromsgrove Town Centre

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

**Movements on Balances**

Movements in 2020-21:

	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> 2020</b>	<b>61,043</b>	<b>7,981</b>	<b>2,118</b>	<b>826</b>	<b>340</b>	<b>72,308</b>
Additions/enhancements	68	502	10	41	491	1,112
Revaluation Increases/(Decreases) Recognised In The Revaluation Reserve	6,088	-	2,271	(86)	-	8,273
Revaluation Increases/(Decreases) Recognised In The Surplus/Deficit On The Provision Of Services	(3,294)	-	(205)	(535)	-	(4,034)
Derecognition (Disposals)	(94)	(304)	(25)	(2)	-	(425)
Reclassifications	-	-	-	-	-	-
Other Movements In Cost Or Valuation	(3,982)	-	(4)	-	-	(3,986)
<b>Gross Book Value at 31<sup>st</sup> March 2021</b>	<b>59,829</b>	<b>8,179</b>	<b>4,165</b>	<b>244</b>	<b>831</b>	<b>73,248</b>
<b>Accumulated Depreciation and Revaluation Reductions at April 1<sup>st</sup> 2020</b>	<b>(2,682)</b>	<b>(4,259)</b>	<b>(9)</b>	-	-	<b>(6,950)</b>
Depreciation Charge	(1,299)	(797)	-	-	-	(2,096)
Depreciation Written Out To The Revaluation Reserve	(308)	-	-	-	-	(308)
Other Movements In Depreciation	4,289	285	9	-	-	4,583
Revaluation Losses/(Reversals) Recognised In The Revaluation Reserve	(2,041)	-	(12)	(86)	-	(2,139)
Revaluation Losses/(Reversals) Recognised In The Surplus/Deficit On The Provision Of Services	(3,294)	-	(205)	(535)	-	(4,034)
Other Movements In Depreciation & Revaluations	5,335	-	217	621	-	6,173
<b>At 31<sup>st</sup> March 2021</b>	<b>-</b>	<b>(4,771)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,771)</b>
<b>Net Book Value at 31<sup>st</sup> March 2021</b>	<b>59,829</b>	<b>3,408</b>	<b>4,165</b>	<b>244</b>	<b>831</b>	<b>68,477</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

<b>Capital Portfolio Fund Capital Expenditure 2020-21</b>	<b>Classification: Asset Under Construction £'000</b>
<b><u>Up front costs (part-funded by Capital Portfolio Fund)</u></b> Unity Park, former Frenco Site/Unity Park Industrial Units, Kidderminster	33
<b>Total Capital Expenditure</b>	<b>33</b>

There have been no Capital Portfolio acquisitions in 2020-21.

The Assets Under Construction at 31<sup>st</sup> March 2021 were:

- a suite of small industrial units at Silverwoods Way, Kidderminster (part funded by the Capital Portfolio Fund – see above table). Construction of this asset has not yet been completed because the company undertaking the construction works has been liquidated. Council on 14<sup>th</sup> July, 2021 approved a further procurement exercise would be undertaken in relation to this Scheme.
- the Future High Street Scheme development in Kidderminster. This major capital scheme has now commenced following the Government Grant of £20.51m awarded in December 2020. It is anticipated to reach completion by April 2024.
- Brinton Park Heritage Lottery Fund development. This capital scheme is progressing in close liaison with the Heritage Lottery Fund.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

Comparative Movements in 2019-20:

	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> 2019</b>	<b>52,620</b>	<b>7,141</b>	<b>1,978</b>	<b>326</b>	<b>767</b>	<b>62,832</b>
Additions/enhancements	9,357	1,551	-	-	340	11,248
Revaluation Increases/(Decreases) Recognised In The Revaluation Reserve	3,090	-	160	-	-	3,250
Revaluation Increases/(Decreases) Recognised In The Surplus/Deficit On The Provision Of Services	(3,354)	-	(2)	-	-	(3,356)
Derecognition (Disposals)	-	(711)	-	-	-	(711)
Reclassifications	767	-	-	500	(767)	500
Other Movements In Cost Or Valuation	(1,437)	-	(18)	-	-	(1,455)
<b>Gross Book Value at 31<sup>st</sup> March 2020</b>	<b>61,043</b>	<b>7,981</b>	<b>2,118</b>	<b>826</b>	<b>340</b>	<b>72,308</b>
<b>Accumulated Depreciation and Revaluation Reductions at April 1<sup>st</sup> 2019</b>	<b>(2,935)</b>	<b>(4,251)</b>	<b>(23)</b>	<b>-</b>	<b>-</b>	<b>(7,209)</b>
Depreciation Charge	(1,184)	(666)	(4)	-	-	(1,854)
Depreciation Written Out To The Revaluation Reserve	(250)	-	-	-	-	(250)
Other Movements In Depreciation	1,687	658	18	-	-	2,363
Revaluation Losses/(Reversals) Recognised In The Revaluation Reserve	(405)	-	-	-	-	(405)
Revaluation Losses/(Reversals) Recognised In The Surplus/Deficit On The Provision Of Services	(3,354)	-	(2)	-	-	(3,356)
Other Movements In Depreciation & Revaluations	3,759	-	2	-	-	3,761
<b>At 31<sup>st</sup> March 2020</b>	<b>(2,682)</b>	<b>(4,259)</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>(6,950)</b>
<b>Net Book Value at 31<sup>st</sup> March 2020</b>	<b>58,361</b>	<b>3,722</b>	<b>2,109</b>	<b>826</b>	<b>340</b>	<b>65,358</b>

There were two material asset additions within Land and Buildings in 2019-20; food and beverage premises at Riverside, Kidderminster (£2.555m) and an industrial unit at Goldthorn Road, Kidderminster (£4.340m).



**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

Depreciation Methods:

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

Asset Category	Life
Offices, Leisure & Recreation and Museum	1-65
Depot & Workshops	20-40
Public Conveniences	2-20
Miscellaneous Community Assets	1-10
Vehicles, Plant & Machinery, Equipment & Lighting	1-10
ICT Systems	1-5

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

Asset Description	2019-20	2020-21
<b>Land, Properties and Vehicles:</b>		
Assets Under Construction	1	3
Car Parks	24	23
Cemetery Sites	2	2
Civic & Administrative Buildings	2	2
Leisure Centres (leasehold interest in Bewdley Leisure Centre)	2	2
Museums	1	1
Nature Reserves	4	3
Other Land & Buildings	36	30
Public Conveniences	9	4
Sports & Social Clubs	4	4
Sports Fields & Parks	18	18
Trading Estates & Enterprise Centres	5	5
Vehicles	76	78

The major items of capital expenditure in 2020-21 were:

Scheme	£'000
Churchfields Development, Kidderminster	2,533
Disabled Facilities/Housing Grants	877
Vehicle & Equipment Replacement Programme	473
Future High Street Investment Fund, Kidderminster	236
Industrial Units at Silverwoods	190
ICT Strategy & Financial Management System Upgrade	173
Unity Park Development	208
Capital Portfolio Fund (contribution towards Unity Park Development)	33
Other Capital Schemes (below £50k)	181
<b>Total Capital Expenditure</b>	<b>4,904</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

The Council's Capital Programme was financed as follows:

Type of Financing	£'000
Prudential Borrowing	923
Grants	3,697
Application of Capital Receipts	284
<b>Total Financing</b>	<b>4,904</b>

At 31<sup>st</sup> March 2021 the following major capital contracts had been entered into, with the following sums remaining to be paid.

Description	£'000
Future High Streets Investment Fund	1,217
Wyre Forest House – Construction Contract (including Retentions)*	211
Disabled Facilities Grants/Housing Assistance Grants	156
Mechanical Road Sweeper	140
Brinton Park HLF Scheme Consultancy	84
ICT Strategy	79
Green Street Depot Retention	49

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

**Revaluations**

The Council's Land, Buildings, Community Assets and Surplus Assets are usually valued on a five year rolling programme, ensuring that classes of assets are revalued simultaneously and sufficiently regularly to ensure the carrying value does not differ materially from the fair value. Assets valued over £1m and Assets Held for Sale are subject to an annual revaluation. In addition, all residual values are reviewed annually. However, the professional valuer used by the Council has changed this year. As a consequence of this and also the uncertainty caused by the impact of Covid19 all of the Council's land and buildings have been revalued. In addition, all valuations have been made at 31<sup>st</sup> March 2021, unlike prior years where for practical purposes the valuation exercise was undertaken at 31<sup>st</sup> December each year with a 31<sup>st</sup> March review. The current asset values used in the accounts are based on valuations provided by Avison Young, Independent Valuers. The valuations of assets carried at current value are analysed in the table below. This table does not include other items contained within the Council's Asset Register such as Vehicles, Plant and Equipment, Intangible Assets or Assets under Construction as these assets are carried at Depreciated Historical Cost and are not, therefore, subject to revaluation.

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

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

Valuations of non-current assets carried at current value:

Description	Land and Buildings £'000	Community Assets £'000	Surplus Assets £'000	Assets Held for Sale £'000	Total £'000
Valued at historical cost	-	58	-	-	<b>58</b>
Valued at current value in:					
2020-21	59,814	4,107	244	250	<b>64,415</b>
2019-20	-	-	-	-	-
2018-19	-	-	-	-	-
2017-18	15	-	-	-	<b>15</b>
<b>Total</b>	<b>59,829</b>	<b>4,165</b>	<b>244</b>	<b>250</b>	<b>64,488</b>

**Note 15: HERITAGE ASSETS**

Reconciliation of the carrying value of heritage assets held by the Council, 2020-21.

	Art Collection £'000	Richard Eve Memorial and Museum Exhibits £'000	Total Heritage Assets £'000
<b>Cost or Valuation at April 1<sup>st</sup> 2020</b>	<b>656</b>	<b>530</b>	<b>1,186</b>
Net Revaluation Increases/(Decreases)	-	4	4
<b>Net Book Value at 31<sup>st</sup> March 2021</b>	<b>656</b>	<b>534</b>	<b>1,190</b>

Comparative information for 2019-20:

	Art Collection £'000	Richard Eve Memorial and Museum Exhibits £'000	Total Heritage Assets £'000
<b>Cost or Valuation at April 1<sup>st</sup> 2019</b>	<b>644</b>	<b>523</b>	<b>1,167</b>
Net Revaluation Increases/(Decreases)	12	7	19
<b>Net Book Value at 31<sup>st</sup> March 2020</b>	<b>656</b>	<b>530</b>	<b>1,186</b>

Revaluations

Heritage Assets are carried at their insurance values. A specialist valuation of the Richard Eve Memorial is carried out every two years; the last being by Robert Vaughan (Chartered Quantity Surveyor) as at 31<sup>st</sup> March 2021.

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

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

**Note 16: INTANGIBLE ASSETS**

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

	<b>2019-20</b> <b>£'000</b>	<b>2020-21</b> <b>£'000</b>
Balance at Start of Year:		
Gross Carrying Amounts	2,670	2,864
Accumulated Amortisation	(2,322)	(2,426)
<b>Net Carrying Amount at Start of Year</b>	<b>348</b>	<b>438</b>
Purchases	194	144
Amortisation for Period	(104)	(121)
<b>Net Carrying Amount at End of Year</b>	<b>438</b>	<b>461</b>
Comprising:		
Gross Carrying Amount	2,864	3,008
Accumulated Amortisation	(2,426)	(2,547)
<b>Net Carrying Amount at End of Year</b>	<b>438</b>	<b>461</b>

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

Categories of Financial Instruments

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

	<b>Non-Current</b>		<b>Current</b>	
	<b>31<sup>st</sup></b> <b>March</b> <b>2020</b> <b>£'000</b>	<b>31<sup>st</sup></b> <b>March</b> <b>2021</b> <b>£'000</b>	<b>31<sup>st</sup></b> <b>March</b> <b>2020</b> <b>£'000</b>	<b>31<sup>st</sup></b> <b>March</b> <b>2021</b> <b>£'000</b>
<b>Investments</b>				
Loans and receivables – Investments (Principal)	18	13	9,075	9,605
Loans and receivables – Investments (Accrued Interest)	-	-	24	9
<b>Cash and cash equivalents</b>				
Cash and cash equivalents at amortised cost (Principal)	-	-	10,590	13,031
<b>Total Investments</b>	<b>18</b>	<b>13</b>	<b>19,689</b>	<b>22,645</b>
<b>Debtors</b>				
Loans and receivables	-	-	1,953	2,790
<b>Borrowings</b>				
Financial liabilities at amortised cost	(35,173)	(34,179)	(2,253)	(3,290)
<b>Creditors</b>				
Financial liabilities at amortised cost	-	-	(2,649)	(2,533)

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

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

**Income, Expense, Gains and Losses**

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

	<b>31<sup>st</sup> March</b>	
	<b>2020</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Interest income (including Icelandic investment interest)	202	59
Interest expense	(952)	(1,012)
<b>Total</b>	<b>(750)</b>	<b>(953)</b>

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

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

The fair values of Financial Assets are as follows:

	<b>31<sup>st</sup> March 2020</b>		<b>31<sup>st</sup> March 2021</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash and Cash Equivalents	10,590	10,590	13,031	13,031
Add back: Overdraft/(Cash at Bank)	(10)	(10)	309	309
Short-term Deposits	9,099	9,099	9,614	9,614
Long-term Investments	18	18	13	13
<b>Total Temporary Investments</b>	<b>19,697</b>	<b>19,697</b>	<b>22,967</b>	<b>22,967</b>

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

As at 31st March 2021 the Council held no financial assets for which Level 1 valuations will apply and £22.967m financial assets for which Level 2 valuations will apply. All the financial assets are valued at amortised cost and are held with the UK Debt Management Office (DMO) and Notice Accounts.

As at 31st March 2021 the Council held £37.189m financial liabilities for which Level 2 valuations will apply. The financial liabilities are held with the Public Works Loan Board (PWLb) and Market lenders. All of these borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, we have used a financial model valuation provided by Link Asset Services. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses both premature repayment rates and new borrowing rates to discount the future cash flows as detailed below:

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

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

The fair values of Financial Liabilities are as follows:

	31 <sup>st</sup> March 2020		31 <sup>st</sup> March 2021	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Market Debt	4,022	3,999	4,024	4,036
PWLB Loan – Maturity	33,165	33,942	33,165	36,475
<b>Total Borrowing</b>	<b>37,187</b>	<b>37,941</b>	<b>37,189</b>	<b>40,511</b>

The fair value of PWLB loans of £36.475m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the balance sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. If interest rates fell significantly below the rates secured for its current loans, the Council could repay the loans to the PWLB. However, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £43.587m at 31<sup>st</sup> March 2021 and therefore it is not financially advantageous to repay.

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

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

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

**Overall Procedures for Managing Risk**

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

Risk management is carried out by a central treasury team under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

**Credit risk**

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

This risk is minimised through the Annual Investment Strategy within the Treasury Management Strategy 2020-21 that was approved by Full Council on 26th February 2020 and available on the Council website.

**Credit Risk Management Practices**

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

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

The Council has determined that there is no significant credit risk to financial instruments since initial recognition. The historic risk of default at 31<sup>st</sup> March 2021 was 0.008% (0.008% at 31<sup>st</sup> March 2020), as provided by Link Asset Services, therefore no adjustment has been made to the carrying value of the investments.

The Authority's maximum exposure to credit risk in relation to its investments in financial institutions of 25% or 50% for Government backed institutions or £5m (with specific approval by the Corporate Director: Resources) of total investments with any financial institution or group cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31<sup>st</sup> March 2021 that this was likely to crystallise.

**Credit Risk Exposure**

The risk of credit exposure from the Council's customers arises from the possibility that debts raised by the Council are not collected. The Council's standard credit terms are 14 days from invoice date for its trade debtors. The authority has the following exposure to credit risk at 31<sup>st</sup> March 2021. These are analysed by age as shown in the table below:

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

Age of Debt	31 <sup>st</sup> March	
	2020 £'000	2021 £'000
Less than three months	1,209	966
Three to six months	40	189
Six months to one year	90	222
More than one year	176	202
<b>Total</b>	<b>1,515</b>	<b>1,579</b>

The Council has an impairment allowance of £381k in place to mitigate against this risk (£141k in 2019-20).

**Liquidity risk**

The Council manages its liquidity position through its risk management procedures above (the setting and approval of prudential indicators, non-treasury 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:

	31 <sup>st</sup> March	
	2020 £'000	2021 £'000
Less than one year	19,679	22,954
Between one and two years	18	13
<b>Total</b>	<b>19,697</b>	<b>22,967</b>

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

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

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

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



**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

	31 <sup>st</sup> March	
	2020 £'000	2021 £'000
Less than one year	2,253	3,290
Between one and two years	3,010	2,015
Between two and five years	1,006	1,006
Between five and ten years	5,027	6,032
Between ten and fifteen years	5,032	5,041
Between fifteen and twenty years	4,035	4,026
Between twenty and twenty-five years	1,004	-
Over twenty-five years	16,059	16,059
<b>Total</b>	<b>37,426</b>	<b>37,469</b>

**Market risk**

1. Interest rate risk

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

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

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the surplus or deficit on the provision of services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in other comprehensive income and expenditure.

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

According to this assessment strategy, at 31<sup>st</sup> March 2021, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest receivable on variable rate investments	266

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

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

2. Price risk

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

3. Foreign Exchange Risk

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

4. Transfers of Financial Assets

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

**Icelandic Bank Defaults**

The Council had £0.660m outstanding of the original £9m Icelandic investments (prior to impairment) as at 31<sup>st</sup> March 2021 and is confident that the overall return will be close to full recovery.

**Note 18: DEBTORS**

Short Term Debtors	31 <sup>st</sup> March	
	2020 £'000	2021 £'000
Trade Receivables	1,953	2,790
Prepayments	381	352
Local Taxation including Major Precepting Authorities	3,615	10,880
Other Receivable Amounts	2,355	1,432
Total Net Debtors at Year End	8,304	15,454

**Note 19: DEBTORS FOR LOCAL TAXATION**

Debtors for Local Taxation (Memorandum - gross debtors)	31 <sup>st</sup> March	
	2020 £'000	2021 £'000
Council Tax:		
Current year	1,661	1,816
More than one year	3,127	3,572
NNDR:		
Current year	741	756
More than one year	997	1,087
Total Gross Debtors for Local Taxation	6,526	7,231

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

**Note 20: CASH AND CASH EQUIVALENTS**

Cash and Cash Equivalents comprises:

<b>Cash and Cash Equivalents</b>	<b>2019-20 £'000</b>	<b>2020-21 £'000</b>
Cash held by the Authority	1	1
Bank current accounts	9	(310)
Short-term deposits with banks/building societies	10,580	13,340
<b>Total Balance at Year End</b>	<b>10,590</b>	<b>13,031</b>

**Note 21: ASSETS HELD FOR SALE**

<b>Assets Held For Sale</b>	<b>2019-20 £'000</b>	<b>2020-21 £'000</b>
Balance at Start of Year	1,500	1,000
Balance at Year End	1,000	250

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

**Note 22: CREDITORS**

<b>Creditors</b>	<b>31<sup>st</sup> March</b>	
	<b>2020 £'000</b>	<b>2021 £'000</b>
Government Departments	3,587	10,426
Local Authorities	5,718	2,265
Sundry Creditors	757	2,538
Council Taxpayers (overpayments/receipts in advance)	130	385
Receipts in Advance	3,425	5,564
Contractors and Other Deposits	135	98
<b>Total Balance at Year End</b>	<b>13,752</b>	<b>21,276</b>

<b>Creditors - Summary</b>	<b>31<sup>st</sup> March</b>	
	<b>2020 £'000</b>	<b>2021 £'000</b>
Trade payables	871	2,533
Other payables	12,881	18,743
<b>Total Balance at Year End</b>	<b>13,752</b>	<b>21,276</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

**Note 23: PROVISIONS**

Description of Provision	1 <sup>st</sup> April 2020 £'000	Provided in Year £'000	Payments in Year £'000	31 <sup>st</sup> March 2021 £'000
Business Rates Appeals	-	2,071	-	2,071
Termination Benefits	-	19	-	19
<b>Total</b>	-	2,090	-	2,090

The Collection Fund holds a provision for Business Rates appeals in respect of appeals not settled at 31<sup>st</sup> March 2021, consistent with the approach taken by all members of the Worcestershire Pool. The accounting arrangements for the Worcestershire Business Rates Pool reverted from the 75% Pilot scheme in 2019-20 to the standard 50% scheme in 2020-21, hence the relative share of Business Rates provisions is now allocated at 31<sup>st</sup> March 2021.

The provision for termination benefits was in respect of two employees.

**Note 24: USABLE RESERVES**

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

**Note 25: UNUSABLE RESERVES**

Summary of Unusable Reserves

	31 <sup>st</sup> March	
	2020 £'000	2021 £'000
Revaluation Reserve	11,684	19,432
Capital Adjustment Account	15,727	10,620
Pensions Reserve	(61,507)	(62,581)
Collection Fund Adjustment Account	(359)	(7,641)
Accumulated Absences Account	(185)	(330)
<b>Total Unusable Reserves</b>	<b>(34,640)</b>	<b>(40,500)</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.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

<b>Revaluation Reserve</b>	<b>2020 £'000</b>	<b>2021 £'000</b>
<b>Balance at 1<sup>st</sup> April</b>	8,664	11,684
Revaluation Gains	3,675	10,415
Excess Current Value Depreciation over Historic Cost Depreciation	(250)	(308)
Balances written out following disposal	-	(42)
Revaluation reductions written off against prior balances	(405)	(2,317)
<b>Balance at 31<sup>st</sup> March</b>	<b>11,684</b>	<b>19,432</b>

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. The account also contains revaluation gains accumulated on property, plant and equipment before 1<sup>st</sup> April 2007, the date that the revaluation reserve was created to hold such gains.

<b>Capital Adjustment Account</b>	<b>2020 £'000</b>	<b>2021 £'000</b>
<b>Balance at 1<sup>st</sup> April</b>	19,573	15,727
Capital Receipts Applied	470	284
Depreciation	(1,958)	(2,219)
Revaluation Adjustments	(3,355)	(4,605)
Direct Revenue Financing	350	-
Appropriation of Minimum Revenue Provision	844	1,170
Revenue Expenditure Funded From Capital Under Statute	(1,759)	(3,648)
Disposal of Non-Current Assets	(53)	(135)
Capital Grants	1,365	3,696
Revaluation Reserve	250	350
<b>Balance at 31<sup>st</sup> March</b>	<b>15,727</b>	<b>10,620</b>

Pensions Reserve

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

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources available to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. As a partner to Worcestershire Regulatory Services (WRS), the debit balance in the Pension Reserve includes this Council's share of 15.15% of the overall liability as at 31<sup>st</sup> March 2021.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

<b>Pensions Reserve</b>	<b>2019-20 £'000</b>	<b>2020-21 £'000</b>
<b>Balance at 1<sup>st</sup> April</b>	(60,002)	(61,507)
Adjustment to opening balance for WRS – Decrease in share of WRS* liability (15.31% in 2019-20 and 15.15 % in 2020-21)		15
	(60,002)	(61,492)
Adjustment to opening balance for unfunded benefits	40	
Adjustment to opening balance for WRS - McCloud	(4)	
Adjustment to opening balance for GMP		1
Remeasurements of the net defined benefit (liability and asset)	(37)	(448)
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	(5,213)	(3,822)
Employer's pension contributions and direct payments to pensioners payable in the year	3,709	3,180
<b>Balance at 31<sup>st</sup> March</b>	<b>(61,507)</b>	<b>(62,581)</b>

\*Worcestershire Regulatory Services

**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>2019-20 £'000</b>	<b>2020-21 £'000</b>
<b>Balance at 1<sup>st</sup> April</b>	(533)	(359)
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	174	(7,282)
<b>Balance at 31<sup>st</sup> March</b>	<b>(359)</b>	<b>(7,641)</b>

**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>2019-20 £'000</b>	<b>2020-21 £'000</b>
<b>Balance at 1<sup>st</sup> April</b>	(168)	(185)
Reversal of Opening Balance	168	185
Amounts accrued at the end of the current year	(185)	(330)
<b>Balance at 31<sup>st</sup> March</b>	<b>(185)</b>	<b>(330)</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

The cash flows for operating activities include the following items:

<b>Cash Flow Statement – Operating Activities</b>	<b>2019-20 £'000</b>	<b>2020-21 £'000</b>
Interest received	(201)	(74)
Interest paid	860	1,037
<b>Net cash flows from operating activities</b>	<b>659</b>	<b>963</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>2019-20 £'000</b>	<b>2020-21 £'000</b>
Depreciation	1,958	2,219
Downward re-valuations	3,356	4,605
Increase/(decrease) in impairment for bad debts	174	-
Increase/(decrease) in creditors	735	4,123
(Increase)/decrease in debtors	(2,104)	(2,820)
(Increase)/decrease in inventories	8	(24)
Movement in pension liability	3,238	(3,628)
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	53	134
Other non-cash items charged to the net surplus or deficit on the provision of services	(2,202)	2,062
<b>Total</b>	<b>5,216</b>	<b>6,673</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>2019-20 £'000</b>	<b>2020-21 £'000</b>
Proceeds from short-term and long term investments	(202)	(59)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(422)	(547)
Any other items for which the cash effects are investing or financing cash flows	-	(4,287)
<b>Total</b>	<b>(624)</b>	<b>(4,893)</b>

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

<b>Cash Flow Statement – Investment Activities</b>	<b>2019-20 £'000</b>	<b>2020-21 £'000</b>
Purchase of property, plant and equipment, investment property and intangible assets	(10,670)	(1,703)
Purchase of short-term and long-term investments	-	(498)
Other payments for investing activities	(3,075)	-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	422	547
Proceeds from short-term and long-term investments	39	59
Other receipts from investing activities	1,287	6,170
<b>Net cash flows from investing activities</b>	<b>(11,997)</b>	<b>4,575</b>

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

<b>Cash Flow Statement – Financing Activities</b>	<b>2019-20 £'000</b>	<b>2020-21 £'000</b>
Cash receipts of short and long-term borrowing	8,000	40
Other receipts from financing activities	3,973	-
Repayments of short and long-term borrowing	(30)	-
Other payments for financing activities	(391)	(2,793)
<b>Net cash flows from financing activities</b>	<b>11,552</b>	<b>(2,753)</b>

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

Members' allowances and expenses paid during the year were £218,856 (£215,192 in 2019-20). Further information is provided on the Council's website.

**Note 30: OFFICERS' REMUNERATION**

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

Position		Salary (including fees & allowances)	Compensation for loss of Office	Expenses Allowances**	Total Remuneration Excl pension contributions 2020-21	Pension Contributions	Total Remuneration including pension Contributions 2020-21
		£	£	£	£	£	£
Chief Executive	2020-21	114,459	-	12	114,471	20,780	135,251
	2019-20	112,767	-	693	113,460	17,253	130,713
Corporate Director: Economic Prosperity and Place	2020-21	77,695	-	25	77,720	14,106	91,826
	2019-20	76,153	-	874	77,027	11,651	88,678
Corporate Director: Community Well-being and Environment	2020-21	0	0	0	0	0	0
	2019-20	76,153	40,893	37	117,083	207,600*	324,683
Corporate Director: Resources	2020-21	77,295	-	-	77,295	14,033	91,328
	2019-20	76,153	-	190	76,343	11,651	87,994
Solicitor to the Council	2020-21	59,093	-	59	59,152	9,586	68,738
	2019-20	52,209	-	255	52,464	7,988	60,452

\*The pension contribution includes pension actuarial costs on loss of office.

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

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

Other officers whose remuneration (excluding employer pension contributions) for the year exceeded £50,000:

<b>Total Remuneration (excluding employer's contributions)</b>	<b>2019-20</b>	<b>2020-21</b>
£50,000 - £54,999	1	-
£55,000 - £59,999	2	2
£60,000 - £64,999	1	1
£65,000 - £69,999	1	-



**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

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

(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band		(e) Total cost of exit packages in each band (excluding WRS)	
	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20 £	2020-21 £
£0 - £20,000	-	8	-	-	-	8	-	43,286
£20,001 - £40,000	-	1	-	-	-	1	-	36,563
£40,001 - £100,000	1	-	-	-	1	-	91,202	-
£100,001 - £200,000	1	-	-	-	1	-	108,276	-
£200,001 - £300,000	1	-	-	-	1	-	236,842	-
<b>Total</b>	<b>3</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>9</b>	<b>436,320</b>	<b>79,849</b>

The total cost of £79,849 includes compulsory redundancy costs and pension contributions charged to the Council's Comprehensive Income and Expenditure Statement in the current year.

**Note 31: EXTERNAL AUDIT COSTS**

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

<b>Fees payable to the Council's External Auditors</b>	<b>2019-20 £'000</b>	<b>2020-21 £'000</b>
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	38	38
Agreed Audit Fee Variation for 2018-19 and 2019-20	4	8
Fees payable in respect of other services provided by Grant Thornton during the year* paid in arrears	10	12
Public Sector Audit Appointments (PSAA) Refund relating to 2018-19	(5)	-
<b>Total</b>	<b>47</b>	<b>58</b>

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

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

**Note 32: GRANT INCOME**

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

Grant Income	2019-20 £'000	2020-21 £'000
<b>Credited to Taxation and Non-Specific Grant Income</b>		
New Homes Bonus	907	262
Other Capital Grants	151	24
Covid 19 Business Rates Relief Grant	-	7,991
Covid 19 Local Authority Support Grant	-	1,604
Covid 19 Sales, Fees and Charges	-	1,116
Covid 19 Local Tax Income Guarantee	-	205
<b>Total Credited to Taxation and Non-Specific Grant Income</b>	<b>1,058</b>	<b>11,202</b>
<b>Credited to Services</b>		
Housing Benefit Subsidy	24,631	23,025
Housing Benefit Admin	422	313
Covid 19 Council Tax Hardship Relief	-	1,077
Covid 19 Support Grants (SBRLH)	-	1,667
Covid 19 Support Grants (LRSG and ARG)	-	3,385
Covid 19 Test and Trace and Self Isolation Grants	-	349
Other Grants by Directorate:		
Chief Executive & Solicitor to the Council	49	28
Resources	284	650
Community Well-being and Environment	325	217
Economic Prosperity and Place	1,202	1,697
<b>Total Grant Income Credited to Services</b>	<b>26,913</b>	<b>32,408</b>

**Note 33: RELATED PARTY TRANSACTIONS**

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

**Central Government**

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Significant grants received from Government Departments are set out in Note 32. Grant receipts outstanding at 31<sup>st</sup> March 2021 are shown in Note 18.

**Members**

Members of the Council have a direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2020-21 is shown in Note 29.

The Council maintains a Register of Members' Interests in compliance with the Localism Act 2011, available for inspection on the Council's website.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

Members also sit on a number of other outside bodies where transactions of less than £10k were made in 2020-21 to:

- District Councils' Network
- Age UK, Bromsgrove, Redditch and Wyre Forest
- Wolverley and Cookley Parish Council
- Stourport Town Council
- Stourport Forward

Major transactions over £10k for 2020-21 where Councillors or Officers were also members of outside bodies are shown in the table below:

<b>Organisation</b>	<b>Total Income</b>	<b>Total Expenditure</b>	<b>Income due at 31/03/2021</b>	<b>Expenditure due at 31/03/2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Other Public Bodies</b>				
Bewdley Town Council	1	21	-	-
Kidderminster Town Council	178	80	8	-
Worcestershire County Council	1,635	3,003	2	1,379
Office of the Police & Crime Commissioner for West Mercia	48	-	-	-
<b>Other Bodies</b>				
Wyre Forest Citizens Advice Bureau	-	46	-	4
Local Government Association	-	12	-	-
Wyre Forest Nightstop & Mediation	-	22	-	3
Stourport Sports Club Limited	9	14	-	-
Kidderminster & District Youth Trust	4	22	-	-
Greater Birmingham & Solihull LEP	-	162	-	-
Worcestershire LEP	-	10	-	-
PSP Wyre Forest LLP	-	131	-	-

**Officers**

The Sports Development Officer and the Community Development Manager were board members of Stourport Sports Club Limited during 2020-21. The new board members for 2021-22 are the Community Services Manager and the Community & Strategic Projects Manager.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

**Operations Jointly Controlled by the Council**

The Council works in partnership with various Councils/Organisations on a number of services, either as host itself or where the service is hosted by another Council and full details of these arrangements are shown in note 1.14 in the Accounting Policies. The tables below set out the movements in 2020-21.

**Services Hosted by WFDC**

Service	Council	Value of Service in 2020-21 £'000	Payment due from WFDC at 31/03/2021 £'000	Receipt due to WFDC at 31/03/2021 £'000
North Worcestershire Economic Development and Regeneration	Redditch Borough Council	236	-	56
	Bromsgrove District Council	289	-	70
North Worcestershire Water Management	Redditch Borough Council	59	-	12
	Bromsgrove District Council	55	-	12
North Worcestershire Civil Contingencies and Resilience	Redditch Borough Council	18	-	5
	Bromsgrove District Council	18	-	5

**Services Hosted by Other Councils**

Service	Host Council	Value of Service in 2020-21 £'000	Payment due from WFDC at 31/03/2021 £'000	Receipt due to WFDC at 31/03/2021 £'000
Worcestershire Regulatory Services	Bromsgrove District Council	479	7	12
North Worcestershire Building Control	Bromsgrove District Council	144	33	-
Payroll	Redditch Borough Council	48	48	-
Car Park Administration Service	Wychavon District Council	60	-	-

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

<b>Capital Expenditure and Capital Financing</b>	<b>2019-20 £'000</b>	<b>2020-21 £'000</b>
<b>Opening Capital Financing Requirement</b>	30,395	40,566
Operational Assets	11,101	724
Non-operational Assets	340	532
Revenue Expenditure Funded from Capital Under Statute	1,759	3,648
Capital Receipts	(470)	(284)
Government Grants and other Contributions	(1,365)	(3,697)
Sums Set Aside from Revenue	(1,194)	(1,170)
<b>Closing Capital Financing Requirement</b>	<b>40,566</b>	<b>40,319</b>
Explanation of movements in the year:		
Increase in underlying requirement to borrow (unsupported by Government financial assistance)	10,171	(247)
<b>Increase in Capital Financing Requirement</b>	<b>10,171</b>	<b>(247)</b>

**Note 35: DEFINED BENEFIT PENSION SCHEMES**

**Participation in Pension Schemes**

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

The Council participates in the Local Government Pension Scheme (LGPS), administered locally by Worcestershire County Council. This is a funded defined benefit 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.

Discretionary post-retirement benefits upon early retirement are an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. There are no assets within the pension plan built up to meet these pension liabilities. Where applicable, the obligation relating to unfunded benefits of £458k is reflected in the Wyre Forest District Council columns within this disclosure note.

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

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

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

**Transactions Relating to Post Employment Benefits**

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made as part of the budget setting process is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The transactions in the table that follows have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

The Council is a partner in Worcestershire Regulatory Services, governed by the Joint Committee. Staff were transferred to the host authority – Bromsgrove District Council on a fully funded basis. The shared service was admitted to the pensions fund as a 'ghost body'; as such any liability or surplus that accrues is the responsibility of the partners of the shared service. The Council's share of the overall deficit as defined by the partnership legal agreement is currently 15.15% (15.31% in 2019-20) and this is reflected in the note below:

	WFDC		Share of WRS	
	2019-20 £'000	2020-21 £'000	2019-20 £'000	2020-21 £'000
<b>Comprehensive Income and Expenditure Statement</b>				
<b>Cost of Services</b>				
<i>Service cost comprising:</i>				
Current Service Cost	2,448	2,343	102	108
Past Service Costs (including Curtailments)	1,234	46	24	-
Administration expenses	28	29	1	1
<b>Financing and Investment Income and Expenditure</b>				
Net interest expense	1,344	1,263	32	32
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>5,054</b>	<b>3,681</b>	<b>159</b>	<b>141</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)	4,468	(16,687)	(19)	(239)
Actuarial (gains) and losses arising on changes in financial assumptions	(4,499)	16,531	87	843
<b>Total remeasurement recognised in Other Comprehensive Income</b>	<b>(31)</b>	<b>(156)</b>	<b>68</b>	<b>604</b>
<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>5,023</b>	<b>3,525</b>	<b>227</b>	<b>745</b>
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	1,415	686	89	59
<b>Actual amount charged against the General Fund Balance for pensions in the year</b>				
Employers' contributions payable to scheme	3,175	2,537	70	185
Discretionary retirement benefits payable to pensioners	464	458	-	-

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

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

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

	WFDC		Share of WRS	
	2019-20 £'000	2020-21 £'000	2019-20 £'000	2020-21 £'000
Present value of defined benefit obligation	134,887	152,733	5,062	6,019
Fair value of plan assets	(74,868)	(92,185)	(3,574)	(3,986)
<b>Sub Total</b>	<b>60,019</b>	<b>60,548</b>	<b>1,488</b>	<b>2,033</b>
Advance payment of Pension Contributions	-	(4,702)	-	-
<b>Net liability arising from defined benefit obligation</b>	<b>60,019</b>	<b>55,846</b>	<b>1,488</b>	<b>2,033</b>

In April 2020 the Council made an advance payment of pension contributions 2020-21 to 2022-23 to the Pension Fund in order to secure a reduction in the amount in each of the three financial years. Further detail is provided later in the note under the heading 'Impact on the Council's Cash Flows.' As at 31 March 2021, the Pension Liability is £4.702m lower than the Pension Reserve representing the advance payments relating to 2021-2022 (£ 2.363m) and 2022-2023 (£2.339m).

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

	WFDC		Share of WRS	
	2019-20 £'000	2020-21 £'000	2019-20 £'000	2020-21 £'000
Opening fair value of scheme assets	78,198	74,868	3,438	3,574
Adjustment to opening balance for WRS* – McCloud and investment restatement – Decrease in share of WRS liability (15.31% in 2019-20 and 15.15% in 2020-21)			44	(37)
	78,198	74,868	3,482	3,537
Interest Income	1,889	1,923	87	88
Remeasurement gain/(loss) - return on plan assets, excluding amount included in net interest expense	(4,468)	16,687	19	239
Administration expenses	(28)	(29)	(1)	(1)
Contributions from employer	3,639	2,995	69	185
Contributions from employees into scheme	459	465	21	22
Benefits Paid	(4,821)	(4,724)	(103)	(84)
<b>Closing fair value of scheme assets</b>	<b>74,868</b>	<b>92,185</b>	<b>3,574</b>	<b>3,986</b>

\*Worcestershire Regulatory Services

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

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

	WFDC		Share of WRS	
	2019-20 £'000	2020-21 £'000	2019-20 £'000	2020-21 £'000
Opening balance at 1 <sup>st</sup> April	136,873	134,887	4,765	5,062
Adjustment to opening balance	(40)	(1)		-
Adjustment to opening balance for WRS* – McCloud and investment restatement – Decrease in share of WRS liability (15.31% in 2019-20 and 15.15% in 2020-21)	-	-	49	-
	136,833	134,886	4,814	5,010
Current Service cost	2,448	2,343	102	108
Interest cost	3,233	3,186	119	120
Contributions from scheme participants	459	465	20	22
Remeasurement (gains) and losses- Actuarial (gains)/losses arising from: experience (gain)/losses	(2,885)	(2,738)	-	(96)
changes in financial assumptions	2,448	19,269	87	939
demographic assumptions	(4,062)	-	-	-
Past Service Cost/Curtailments	1,234	46	23	-
Benefits paid	(4,821)	(4,724)	(103)	(84)
<b>Closing balance at 31<sup>st</sup> March</b>	<b>134,887</b>	<b>152,733</b>	<b>5,062</b>	<b>6,019</b>



**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

Local Government Pension Scheme assets comprised:

Fair value of scheme assets	WFDC		Share of WRS	
	2019-20 £'000	2020-21 £'000	2019-20 £'000	2020-21 £'000
Cash:				
Cash instruments	150	-	7	-
Cash accounts	150	-	7	-
Net current assets*	150	-	7	-
Sub-total cash	450	-	21	-
Alternatives:				
UK Infrastructure*	3,669	3,592	175	184
European Infrastructure*	2,021	2,554	97	131
US Infrastructure*	1,348	1,916	64	98
UK Stock Options*	524	319	25	16
Overseas Stock Options*	(449)	80	(21)	4
Corporate Private Debt*	898	1,038	43	53
Sub-total alternatives	8,011	9,499	383	486
Property:				
European*	1,722	1,762	82	91
UK*	2,096	2,202	100	114
Overseas*	524	352	25	18
Sub-total Property	4,342	4,316	207	223
Equities:				
UK quoted	150	113	7	3
Overseas quoted	18,118	28,866	865	627
PIV UK Managed Funds*	9,433	12,805	450	278
PIV UK Managed Funds (Overseas equities) *	25,081	36,392	1,197	790
PIV Overseas Managed Funds*	75	112	4	2
Sub-total equities	52,857	78,288	2,523	1,700
Bonds:				
UK Corporate	299	-	14	-
Overseas Corporate	3,444	-	165	-
UK Government Fixed	5,390	-	257	-
Overseas Government	75	-	4	-
Other	-	82	-	1,577
Sub-total bonds	9,208	82	440	1,577
<b>Total Assets</b>	<b>74,868</b>	<b>92,185</b>	<b>3,574</b>	<b>3,986</b>

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

**Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions including life expectancy and salary levels etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Mercer Limited, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme effective from 1<sup>st</sup> April 2020.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

The significant assumptions used by the actuary have been:

	WFDC		WRS	
	2019-20	2020-21	2019-20	2020-21
<b>Long term expected rate of return on assets in the scheme</b>				
<b>Life Expectancy:</b>				
Longevity at 65 of current pensioners				
Male	22.6yrs	22.7yrs	22.6yrs	22.7yrs
Female	25.0yrs	25.1yrs	25.0yrs	25.1yrs
Longevity at 65 of future pensioners				
Male	24.2yrs	24.4yrs	24.2yrs	24.4yrs
Female	27.0yrs	27.1yrs	27.0yrs	27.1yrs
<b>Financial assumptions</b>				
Rate of Inflation (CPI)	2.10%	2.70%	2.10%	2.70%
Rate of increase in salaries	3.60%*	4.20%*	3.60%	4.20%
Rate of increase in pensions	2.20%	2.80%	2.20%	2.80%
Discount Rate on liabilities	2.40%	2.10%	2.40%	2.10%

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

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The sensitivity analysis which considers the impact on an increase/decrease in investment returns does not impact on the defined benefit obligation (pension liability), but on the plan assets. However, movement on the level of plan assets will impact on the pension fund deficit, so it has been included for information.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumptions 2020-21	
	WFDC £'000	Share of WRS £'000
<b>Liabilities</b>		
Longevity (increase in 1 year)	4,686	180
Increase in longevity increases liability		
Rate of inflation (increase by 0.1%)	2,313	113
Increase in inflation increases liability		
Rate of increase in salaries (increase by 0.1%)	288	17
Increase in salaries increases liability		
Rate for discounting scheme liabilities (increase by 0.1%)	(2,277)	(111)
Increase in discount decreases liability		
<b>Assets</b>		
Change in 2020-21 investment returns (increase by 1%)	975	41
Increase in investment returns increases assets		

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

**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 15 years from the last pension valuation on 31<sup>st</sup> March 2019. Funding levels are monitored on an annual basis.

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

The total payment to the Pension Fund in respect of the 2021-22 deficit and future service contributions is £2.952m. This includes the upfront payment for the Pension Deficit and prepayment of employer's contributions of £2.363m. Worcestershire Regulatory Services payment contribution is £0.441m (£0.398m upfront payment for Pension Deficit and prepayment of employer's contributions); the Council's proportion of this is estimated to be £66k.

The weighted average duration of the defined benefit obligation for scheme members is 15 years, 2020-21 (15 years 2019-20). For Worcestershire Regulatory Services the weighted average duration is 19 years (19 years 2019-20).

On 29<sup>th</sup> April 2020 the Council made an advance payment to Worcestershire Pension Fund for the pension fund deficit payments and 90% of the employer superannuation contributions due 2020-21 to 2022-23. The total payment was £7.090m compared with a cost of £7.526m if the payments had been made monthly. The net savings were circa £0.437m over the 3 year period.

**Note 36: CONTINGENT LIABILITIES**

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

The Council continues to have a contingent liability in respect of the potential level of exposure to future claims relating to its liability from Municipal Mutual (MMI), its former insurers. Whilst no claims were actually settled in 2020-21 there remains a potential claim, therefore the potential for further liability still exists that is not possible to quantify. There is a contingent liability for payment of future claims that may come forward.

**Note 37: TRUST FUNDS**

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

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

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

PSP Wyre Forest LLP was incorporated by Companies House on 22<sup>nd</sup> March 2017, under registration number OC416505. This limited liability partnership with PSP Facilitating Limited (PSPF) has been established in order to unlock more challenging property proposals. The LLP is a 50/50 partnership (£1 Member's Capital for each party representing initial funding contribution) with profits also shared equally. The decision-making process must be unanimous, and the initial term is for 10 years subject to termination provisions. There is a group relationship with PSP Wyre Forest LLP. The third set of financial statements for the period ending 31<sup>st</sup> March 2020 were filed with Companies' House on the 30<sup>th</sup> March 2021 (Accounts for a Small Company). During the year, a temporary accommodation proposal for the former Lloyds garage site in Stourport-on-Severn was progressed but failed to receive planning permission. This is reflected in the financial transactions for the year, which include abortive costs in respect of the facilitation return for the work on the Lloyds Garage site of £22k. These costs were paid by the Council in 2021-22 and are reflected in the latest accounts. The annual statutory accounts for the PSP Wyre Forest LLP are subject to independent audit by BDO LLP.

Exploratory work for an alternative temporary accommodation site, that could utilise work completed on the former Lloyds Garage site where possible, is progressing with an approved budget of £20k. Approvals for £45k have also been agreed for preliminary work in relation to a potential solar farm on Council owned land.

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

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

The Corporate Director: Resources confirms the following non-adjusting Post Balance Sheet Events (PBSE) identified at 16<sup>th</sup> July 2021, the date that the pre-audit Statement of Accounts 2020-21 was approved:

- On May 12<sup>th</sup>, 2021 Council approved a revised, slimmed down management restructure to be implemented by 31<sup>st</sup> December 2021. This new structure will achieve ongoing savings of £178k pa to contribute to the funding gap.
- Work on the Future High Street's Fund Capital project to regenerate Kidderminster Town Centre utilising £20.5m external funding commenced in earnest in 2021. This includes the purchase of a number of redundant properties in High Street, Kidderminster as part of a land consolidation package prior to demolition and redevelopment. To date, two Kidderminster Town Centre properties have been purchased by the Council as part of this major scheme.

**WYRE FOREST DISTRICT COUNCIL**  
**NOTES TO THE ACCOUNTS 2020-21**

**Note 40: GOING CONCERN DISCLOSURE**

The CIPFA Code (paragraph 2.1.2.9 of the Code) confirms that local authority accounts must be prepared on a going concern basis.

The ongoing Covid-19 pandemic and the deferred Government Roadmap to Recovery continues to have a significant impact on the Council's financial income and expenditure streams. The Emergency Local Authority Covid-19 support grant received was £1.604m. Whilst this should mitigate additional costs, loss of non-collection fund income is currently estimated to be circa £1.8m with projected co-funding from the Government of £1.116m leaving a significant shortfall. This together with the Collection Fund losses (to be spread over 3 future years) means there is a significant impact, the full extent of which cannot be accurately forecast and actions will need to be taken to mitigate the impact in the short to medium term.

Our balances at 31 March 2021 compared to prior years are as follows:

Comparison of Balance of Reserves	General Reserves (including £1.2m Working Balance)	Earmarked Reserves Note 13	Total General Fund Balance Note 6
	£'000	£'000	£'000
<b>Balance at 31<sup>st</sup> March 2021 carried forward</b>	<b>5,600</b>	<b>20,682</b>	<b>26,282*</b>
<b>Balance at 31<sup>st</sup> March 2020 carried forward</b>	<b>6,033</b>	<b>8,752</b>	<b>14,785</b>

*\*Note: 2021 EMR balances include £10.621m exceptional Covid related reserves as a result of Section 31 Covid related grants/reliefs to meet future obligations*

We have carried out an assessment of the impact of Covid-19 on our future finances and we are satisfied that there is no material uncertainty relating to going concern. The budget projections for 2022-23 onwards includes assumptions related to the recovery of income streams as the pandemic unwinds. The risk of this recovery being slower than forecast is mitigated by a £700k Covid-risk budget provision; the level of this budget provision reflects the risk around in particular, the recovery of income from our externally managed leisure centre.

We have therefore already mitigated the risk of recovery of income budgets not being achieved as part of the 2021-22 budget process. The longer-term impact on local taxation is not yet clear but it is estimated that increases in Local Council Tax Support (LCTS) will cost an additional £75k in 2021-22, being Wyre Forest's share of an estimated £0.5m additional cost of LCTS. The council has undertaken an assessment of the impact on 2021-22 and 2022-23, considering liquidity, general fund balances and reserves. Our current medium-term financial plan assumes a deficit of £503k in 2021-22 funded from the planned use of general reserves with transformation work progressing with spend to save funding from earmarked reserves and a general fund balance of circa £5.6m. It assumes a deficit of £657k in 2022-23 due to loss of Business Rates Growth leaving a general fund balance of £4.440m.

Worst case scenario planning has been undertaken and the Corporate Director; Resources has concluded that the Council has sufficient headroom, (including e.g. access to borrowing, General Fund reserve, cashflow and remaining government grant funding) over the next 12 months to manage the financial position – therefore management consider that the adoption of the going concern basis remains appropriate.

**WYRE FOREST DISTRICT COUNCIL  
STATEMENT OF ACCOUNTS 2020-21**

**THE COLLECTION FUND ACCOUNT 2020-21**

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.

2019-20 Business Rates £'000	2019-20 Council Tax £'000	2019-20 Total £'000		2020-21 Business Rates £'000	2020-21 Council Tax £'000	2020-21 Total £'000
<b><u>INCOME</u></b>						
-	(60,814)	(60,814)	Council Tax Receivable	-	(63,118)	(63,118)
(28,587)	-	(28,587)	Business Rates Receivable	(12,488)	-	(12,488)
<b>(28,587)</b>	<b>(60,814)</b>	<b>(89,401)</b>	<b>Total Income</b>	<b>(12,488)</b>	<b>(63,118)</b>	<b>(75,606)</b>
<b><u>EXPENDITURE</u></b>						
<b>Precepts, Demands and Shares:</b>						
6,301	-	6,301	<b>Central Government</b>	13,934	-	13,934
19,457	42,552	62,009	<b>Worcestershire County Council</b>	3,803	44,149	47,952
258	2,847	3,105	<b>Hereford and Worcester Fire Authority</b>	288	2,895	3,183
-	7,312	7,312	<b>Office of the Police and Crime Commissioner for West Mercia</b>	-	7,584	7,584
(232)	7,234	7,002	<b>Wyre Forest District Council</b>	10,774	7,375	18,149
-	1,203	1,203	<b>Parish/Town Councils</b>	-	1,317	1,317
<b>Charges to the Collection Fund:</b>						
244	84	328	<b>Increase in Allowance for Impairment</b>	259	604	863
(2,507)	-	(2,507)	<b>Increase/(Decrease) in Provision for Appeals</b>	3,059	-	3,059
133	-	133	<b>Cost of Collection Allowance</b>	132	-	132
5	-	5	<b>Disregarded Amounts</b>	2	-	2
23,659	61,232	84,891	Total Expenditure	32,251	63,924	96,175
(4,928)	418	(4,510)	<b>(Surplus)/Deficit for the Year</b>	19,763	806	20,569
1,167	462	1,629	<b>(Surplus)/Deficit b/fwd as at 1<sup>st</sup> April</b>	(3,761)	880	(2,881)
<b>(3,761)</b>	<b>880</b>	<b>(2,881)</b>	<b>(Surplus)/Deficit c/fwd as at 31<sup>st</sup> March</b>	<b>16,002</b>	<b>1,686</b>	<b>17,688</b>
<b>Allocation of (Surplus)/Deficit:</b>						
(794)	-	(794)	<b>Central Government</b>	8,630	-	8,630
(3,164)	613	(2,551)	<b>Worcestershire County Council</b>	(195)	1,175	980
(38)	41	3	<b>Hereford and Worcester Fire Authority</b>	160	78	238
-	102	102	<b>Office of the Police and Crime Commissioner for West Mercia</b>	-	199	199
235	124	359	<b>Wyre Forest District Council</b>	7,407	234	7,641
<b>(3,761)</b>	<b>880</b>	<b>(2,881)</b>		<b>16,002</b>	<b>1,686</b>	<b>17,688</b>

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2020-21**

**NOTES TO THE COLLECTION FUND ACCOUNT**

**Note 1: GENERAL**

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

Business Rates surpluses or deficits declared by the billing authority in relation to the Collection Fund are apportioned in the subsequent financial year in their respective proportions. To help mitigate the risk of fluctuations in Business Rates income, Wyre Forest District Council (WFDC) remained a member of the Worcestershire Business Rates Pool (WBRP) for 2020-21. Separate accounts are maintained that form part of the WCC Accounts and are not reflected in the WFDC Collection Fund Accounts.

Wyre Forest District Council was a member of the Pan-Worcestershire 75% Pilot for 2019-20. The accounts and balance sheet figures reflect the percentages for 2019-20, however, the Pool reverted to being a 50% Pool from 1<sup>st</sup> April 2020. The accounts for 2020-21 therefore show the reversion back to the original Pool percentages.

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 2020-21 were estimated before the start of the financial year as £13.762m to Central Government (£6.591m in 2019-20 under the one year Pilot arrangement), £2.477m to WCC (£19.509m in 2019-20), £0.275m to H&WFA (£0.264m in 2019-20) and £11.009m to WFDC (zero in 2019-20). These sums have been paid in 2020-21 and charged to the collection fund in year. WFDC share of the Pool retained levy for 2020-21 was £47k.

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2020-21**

**NOTES TO THE COLLECTION FUND ACCOUNT**

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

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the Valuation Office Agency (VOA) and, as such, are required to make a provision for these amounts. Appeals are charged and provided for in proportion to the precepting shares. The Pool Treasurers in consultation with specialist advisor's LG Futures undertook a review of the accounting approach to Provision for Appeals held within the Pool as part of the close-down process. In 2019-20 all Councils within the Worcestershire Business Rate Pool only recognised a potential liability for business rate appeals when an appeal had been lodged and consequently amended the calculation of the accounting estimate to only reflect known appeals. However, this approach has been revised this year to capture the risk of MCC appeals as appeals are starting to be settled by the VOA and more reliable information is available. The source data is primarily the hereditaments on our local list, the list of cases in the Check, Challenge, Appeal process and commentary and analysis in professional journals.

The Non-Domestic rateable value of the Council's area at 31<sup>st</sup> March 2021 was £75,057,413 (31<sup>st</sup> March 2020 - £75,292,274), based upon the 2017 rating list (representing an increase of 1.0% over the 2010 list). The 2010 list rateable value was £74,280,614 (31<sup>st</sup> March 2020 - £74,467,562). The standard national multiplier for 2020-21 was 51.2p (50.4p in 2019-20) and 49.9p for qualifying Small Businesses (49.1p in 2019-20).

The net income from business rate payers collected in 2020-21 was £12.488m; less than the sum collected in 2019-20 (£28.587m) due to the granting of £16.4m of Covid-19 reliefs. The loss in income to the CIES will be reflected in the 2021-22 accounts and the grant received in year to compensate for the loss has been transferred to an earmarked reserve to be applied in 2021-22.

**Note 3: COUNCIL TAX**

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimating 1st April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by this Council, WCC, PCC, H&WFA and Town/Parish Councils within Wyre Forest for the forthcoming year and dividing this by the Council Tax base. The basic amount of Council Tax for a band D property (excluding Town & Parish Councils), £1,841.58 for 2020-21 (£1,776.09 in 2019-20) 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 £157,446 (£289,091 in 2019-20).



**WYRE FOREST DISTRICT COUNCIL  
STATEMENT OF ACCOUNTS 2020-21**

**NOTES TO THE COLLECTION FUND ACCOUNT**

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

The Council taxbase, which is used in the calculation of the Council Tax, is based upon the number of dwellings in each valuation band on the listing produced by the Valuation Office Listing Officer. This is adjusted for exemptions, discounts, disabled banding changes and appeals. The taxbase estimate for 2020-21 was 33,945 (33,751 in 2019-20).

Valuation Band	Number of Dwellings Per Valuation List	Adjustment, Disabled Banding Appeals, Discounts & Exemptions	Full Charge Equivalent	Ratio to Band D Charge	Band D Equivalent
Band A	11,425	4,551.34	6,873.66	6/9	4,582.44
Band B	11,575	2,671.06	8,903.94	7/9	6,925.29
Band C	11,366	1,648.17	9,717.83	8/9	8,638.07
Band D	6,227	597.96	5,629.04	1	5,629.04
Band E	3,431	234.40	3,196.60	11/9	3,906.96
Band F	1,741	95.96	1,645.04	13/9	2,376.17
Band G	1,215	31.17	1,183.83	15/9	1,973.05
Band H	130	1.75	128.25	2	256.50
<b>Total</b>	<b>47,110</b>	<b>9,831.81</b>	<b>37,278.19</b>		<b>34,287.52</b>
Less Allowance for Non-Collection District Tax Base					342.52
					<b>33,945.00</b>

Income from Council Tax in 2020-21 was £63.118m (£60.814m in 2019-20).

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

The Council Tax deficit of £1.686m at 31<sup>st</sup> March 2021 will be recovered in subsequent financial years from this Council, WCC, PCC and H&WFA in proportion to the value of the respective precepts and demands made by the four Authorities on the Collection Fund.

The Business Rates deficit of £16.002m at 31<sup>st</sup> March 2021 will be adjusted accordingly in subsequent financial years between this Council, Central Government, WCC and H&WFA in proportion to the value of the respective shares of the Business Rates Retention Pilot Scheme. This higher than usual accounting adjustment is due to the granting of additional Covid-19 related business rates reliefs, funded by Central Government.

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

The significant precepts and demands on the Collection Fund in 2020-21, excluding surplus/deficits, are as follows:

	<b>Council Tax £'000</b>	<b>NNDR £'000</b>
Worcestershire County Council	44,149	2,477
Office of the Police and Crime Commissioner for West Mercia	7,584	-
Hereford and Worcester Fire Authority	2,895	275
Wyre Forest District Council (Council Tax includes parishes)	8,692	11,009
Central Government	-	13,762

**WYRE FOREST DISTRICT COUNCIL  
STATEMENT OF ACCOUNTS 2020-21**

**NOTES TO THE COLLECTION FUND ACCOUNT**

**Note 6: ALLOWANCE FOR IMPAIRMENT**

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

2019-20			2020-21	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
690	894	Allowance for Impairment as at 1 <sup>st</sup> April	569	897
(205)	(241)	Past Years Write Offs	(83)	(236)
84	244	Increase in Year	604	258
569	897	Allowance for Impairment as at 31 <sup>st</sup> March	1,090	919

The Wyre Forest District Council share is as follows:

2019-20			2020-21	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
79	-	Wyre Forest District Council Share of Allowance for Impairment as at 31 <sup>st</sup> March	150	368

The accounting arrangements for the Worcestershire 75% Business Rates Pilot 2019-20 agreement resulted in no share being shown for WFDC at 31<sup>st</sup> March 2020. This has reverted back to the original percentage shares from 1<sup>st</sup> April 2020, with the 2020-21 accounts reflecting a return to the 50% Business Rates Retention Scheme.

**Note 7: PROVISION FOR NNDR APPEALS**

The Collection Fund account provides for NNDR appeals against the rateable value set by the VOA not settled at 31<sup>st</sup> March 2021.

	2019-20 £'000	2020-21 £'000
Provision for Appeals as at 1 <sup>st</sup> April	5,452	2,828
Appeals settled in year	(117)	(710)
Increase/(Reduction) in Provision	(2,507)	3,059
Provision for Appeals as at 31 <sup>st</sup> March	2,828	5,177

The Wyre Forest District Council share is as follows:

	2019-20 £'000	2020-21 £'000
Wyre Forest District Council Share of Appeals as at 31 <sup>st</sup> March	-	2,071

The accounting arrangements for the Worcestershire 75% Business Rates Pilot 2019-20 agreement resulted in no share being shown for WFDC at 31<sup>st</sup> March 2020. This has reverted back to the original percentage shares from 1<sup>st</sup> April 2020, with the 2020-21 accounts reflecting a return to the 50% Business Rates Retention Scheme.

## WYRE FOREST DISTRICT COUNCIL

### STATEMENT OF ACCOUNTS 2020-21

#### 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 2020-21 financial year.

##### **ACTUARY**

An expert on pension scheme assets and liabilities.

##### **AMORTISED COST**

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

##### **ASSET**

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

##### **ASSET REGISTER**

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

##### **AUDIT OPINION**

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

##### **BALANCE SHEET**

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

##### **BUDGET**

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

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

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

##### **CAPITAL EXPENDITURE**

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

##### **CAPITAL PROGRAMME**

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

##### **CAPITAL RECEIPTS**

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

## **WYRE FOREST DISTRICT COUNCIL**

### **STATEMENT OF ACCOUNTS 2020-21**

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

##### **CODE OF PRACTICE ON LOCAL AUTHORITY 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 cannot be reasonably estimated and may, or may not be incurred depending on the outcome of a future event).

##### **COUNCIL TAX**

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

##### **COUNCIL TAXBASE**

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

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

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

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

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

##### **COUNTERPARTY REPORT**

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

##### **CREDITORS**

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

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

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

##### **DEBTORS**

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

## WYRE FOREST DISTRICT COUNCIL

### STATEMENT OF ACCOUNTS 2020-21

#### GLOSSARY OF FINANCIAL TERMS (continued)

##### **DEPRECIATION**

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

##### **DIRECT REVENUE FINANCING**

Revenue resources used to finance Capital Expenditure.

##### **DISCOUNTED CASH FLOW**

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

##### **EARMARKED RESERVES**

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

##### **EXPENDITURE AND FUNDING ANALYSIS**

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

##### **FAIR VALUE**

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

##### **FEES AND CHARGES**

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

##### **FINANCE LEASE**

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

##### **FINANCIAL INSTRUMENT**

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

##### **FINANCIAL REGULATIONS & STANDING ORDERS**

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

##### **FINANCIAL STATEMENTS**

Another term for the Statement of Accounts.

##### **GOING CONCERN**

The assumption that the services of the Council will continue to operate for the foreseeable future.

##### **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.

**WYRE FOREST DISTRICT COUNCIL**

**STATEMENT OF ACCOUNTS 2020-21**

**GLOSSARY OF FINANCIAL TERMS (continued)**

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

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

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

**IMPAIRMENT**

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

**INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

The accounting standards introduced from 2010-11. They constitute a standardised way of describing financial performance so that financial statements are understandable and comparable across international boundaries.

**INVENTORIES**

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

**LIABILITY**

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

**LIQUID INVESTMENTS**

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

**MOVEMENT IN RESERVES STATEMENT (MIRS)**

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

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

A business tax collected locally by District Councils.

**NET PRESENT VALUE**

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

**NEW BURDENS**

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

**NON-CURRENT ASSETS**

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

## WYRE FOREST DISTRICT COUNCIL

### STATEMENT OF ACCOUNTS 2020-21

#### GLOSSARY OF FINANCIAL TERMS (continued)

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

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

##### **OPERATING LEASES**

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

##### **OPERATIONAL ASSETS**

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

##### **OUTTURN**

Actual income and expenditure.

##### **PRECEPT**

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

##### **PROVISIONS**

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

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

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

##### **QUANTITATIVE EASING**

Quantitative Easing (QE) is a monetary policy whereby a central bank buys government bonds or other financial assets in order to inject money into the economy to expand economic activity.

##### **RATEABLE VALUE**

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

##### **RESERVES**

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

##### **REVALUATION RESERVE**

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

##### **REVENUE BALANCES**

The accumulated surplus or deficit of income over expenditure.

## WYRE FOREST DISTRICT COUNCIL

### STATEMENT OF ACCOUNTS 2020-21

#### GLOSSARY OF FINANCIAL TERMS (continued)

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

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

##### **SUPPORT SERVICES**

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

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

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

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

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

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

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

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

The existing Housing Benefit caseload for working age claims is due to be migrated to Universal Credit with an estimated completion timetable of 2024.

##### **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 2020-21**  
**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>ARG</b>	Additional Restrictions Grant.
<b>BID</b>	Business Improvement District - a defined area in which a levy is charged on all business rate payers in addition to the business rates bill. This levy is used to develop projects which will benefit businesses in the local area.
<b>CFR</b>	Capital Financing Requirement – measures the authority's underlying need to borrow, or finance by other long-term liabilities, its capital expenditure.
<b>CIES</b>	Comprehensive Income and Expenditure Statement – This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practice rather than the amount to be funded from taxation.
<b>CIPFA</b>	Chartered Institute of Public Finance and Accountancy – the institute that sets the accounting rules and guidance for Local Government.
<b>CLT</b>	Corporate Leadership Team of Wyre Forest District Council.
<b>DMO</b>	UK Debt Management Office - The DMO is legally and constitutionally part of HM Treasury (HMT) and, as an executive agency, it operates at arm's length from Ministers.
<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>FHSF</b>	Future High Streets Fund – central government funding to renew and reshape town centres and high streets to drive growth and future sustainability.
<b>FTE</b>	Full-time equivalent – relates to employee numbers.
<b>GDPR</b>	General Data Protection Regulation - the GDPR applies to 'personal data' meaning any information relating to an identifiable person who can be directly or indirectly identified in particular by reference to an identifier.
<b>HMRC</b>	Her Majesty's Revenue and Customs – central government organisation responsible for the administration and collection of national taxes including VAT.
<b>IAS</b>	International Accounting Standard – these provide detailed guidance on the application of IFRS.
<b>IASB</b>	International Accounting Standards Board – governing body of expertise on accounting standards.
<b>IFAC</b>	International Federation of Accountants – the global organisation for the accountancy profession.
<b>IFRIC</b>	International Financial Reporting Interpretations Committee
<b>IFRS</b>	International Financial Reporting Standards – international framework to ensure common approach to the production of Statement of Accounts across the world.
<b>LASAAC</b>	Local Authority (Scotland) Accounts Advisory Committee – operates in the same way as CIPFA within England, and often works in partnership with CIPFA on accounting guidance through a Joint Committee.
<b>LATC</b>	Local Authority Trading Company - companies that are free to operate commercially but remain wholly owned by the parent local authority. As a trading organisation, they can provide their services to a much wider market than a council department and, crucially, they can generate income, to be ploughed back into the LATC itself or the wider council.
<b>LEP</b>	Local Enterprise Partnership (the Council is a member of both the Greater Birmingham and Solihull Local Enterprise Partnership and Worcestershire Local Enterprise Partnership) – partnerships of businesses, local authorities and universities that support private sector growth and job creation.
<b>LGA</b>	Local Government Association – the body that represents Local Government nationally, this body has a key lobbying role with central government.

**WYRE FOREST DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS 2020-21**  
**List of commonly Used Acronyms**

<b>Acronym</b>	<b>Description/Definition</b>
<b>LLP</b>	Limited Liability Partnership.
<b>LUF</b>	Levelling up Fund – the governments major regeneration initiative for 2021 providing grants to support capital investment projects across Great Britain.
<b>LRG</b>	Local Restrictions Grant.
<b>MCC</b>	Material change in circumstances appeals – a business rate challenge can be lodged with the where there has been physical change to a property or in the locality affecting its value.
<b>MHCLG</b>	Ministry of Housing, Communities and Local Government – central government department which has the responsibility for Local Government. This replaced the Department of Communities and Local Government (DCLG).
<b>MIRS</b>	Movement in Reserves Statement – represents the changes in the Council's financial resources.
<b>MRP</b>	Minimum Revenue Provision – this represents the minimum which authorities must repay on their debts each year.
<b>NDR or NNDR</b>	National Non-Domestic Rates – sometimes called business rates – these are collected by Local Authorities and are the way that those who occupy non-domestic property contribute towards the cost of local services.
<b>PBSE</b>	Post Balance Sheet Event – an event taking place after the Balance Sheet event that may either be noted or adjusted in the accounts depending on its relevance.
<b>PPE</b>	Property Plant and Equipment – IFRS terminology for fixed assets.
<b>PWLB</b>	Public Works Loan Board – this is a central government body which makes loans to local government and other prescribed public bodies from the National Loans Fund.
<b>S151</b>	Section 151 – this refers to Section 151 of the Local Government Act 1972 where it states that every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.
<b>SOLACE</b>	Society of Local Authority Chief Executives – professional organisation for Chief Executives and Senior Managers within Local Government.
<b>VFM</b>	Value for Money – this represents a formal review by the auditors on whether the Council is delivering Value for Money to its residents. This opinion forms part of the overall audit certificate.
<b>WBRP</b>	Worcestershire Business Rates Pool - Under the business rates retention scheme local authorities are able to come together, on a voluntary basis, to pool their business rates, giving them scope to generate additional growth through collaborative effort and to smooth the impact of volatility in rates income across a wider economic area. At 31 <sup>st</sup> March 2021 the members of the WBRP were Worcestershire County Council (Lead Authority), Wyre Forest District Council, Wychavon District Council, Worcester City Council, Malvern Hills District Council, Redditch Borough Council, Bromsgrove District Council and Hereford and Worcester Fire Authority. Following 2019-20 which was a 75% pilot scheme approved by MHCLG, from 1 <sup>st</sup> April 2020 the Pool reverted to the standard 50% scheme.