

Statement of Accounts 2019-2020



Wyre Forest
District Council

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2019-20

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WYRE FOREST DISTRICT COUNCIL

PREFACE BY THE LEADER OF THE COUNCIL

Introduction to the 2019-20 Statement of Accounts by Councillor Graham Ballinger, Leader of the Council and Cabinet Member for Strategy and Finance



“Welcome to Wyre Forest District Council’s Statement of Accounts and Narrative Report for 2019-20. 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 2019-20 year proved a challenging but successful year in terms of both its finances and performance. 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 at the very end of the year and the impact is on-going and uncertain and therefore is not reflected in these statements. The Council expects significant challenges in the year ahead as it deals with the crisis.

The Progressive Alliance have taken a fresh look at the way things are done in Wyre Forest and have also updated the Council’s corporate plan priorities to focus on:

- A safe, clean and green living environment
- Supporting a successful local economy
- Good quality and affordable homes for all

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 at the same time as we respond to COVID 19. This is critical as Central Government promises to change the way that local government (and therefore this Council) is financed and 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 economy and carry on the Council’s good work in supporting businesses and increasing employment opportunities for the betterment of the district as well as exploring opportunities for housing provision that is more affordable to residents.”

WYRE FOREST DISTRICT COUNCIL

Message from the Corporate Director: Resources – Tracey Southall

“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 2019-20 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 2019-20. 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 Government lockdown, announced on 20th March 2020 has 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 caring for the most vulnerable in our community during this difficult time comes with additional cost pressures.

The pandemic has not had a dramatic impact on the financial outturn for 2019-20 as there was no noticeable effect until the last 2 weeks of March. The true scale of the impact on Council finances will be felt during 2020-21. The Council is expecting substantial losses across many of its income streams, including Commercial waste, car parking, planning fees and licensing fees. As with any economic downturn, investment income is anticipated to reduce which will create further pressures on finances.

It is difficult to quantify the impact of COVID 19 at this stage with any certainty, but 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 needs 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. Through 2020-21 the Council will adopt a pro-active approach to ensure that it responds to the emerging needs of residents and businesses.

COVID 19 has shifted focus from the UK's withdrawal from the European Union; whilst we focus on the immediate challenge the end date for the transition period is 31 December 2020 so we must not lose sight of the potential for another economic shockwave and need to plan accordingly.

Through careful planning and management Wyre Forest District Council has been able to avoid a call on reserves in 2019-20 which will support the Council's resilience in meeting the financial challenges of 2020-21 and beyond. Whilst a balanced budget has been set for 2020-21, the projections for future years, prior to the pandemic, indicated a significant gap of around £1.74m between the Council's expected funding streams and the Council's expenditure. A Cabinet report on Financial Stress Testing re Coronavirus Pandemic Impact on May 20th 2020, set out an early briefing of the projected deterioration in the Council's financial position if the Government funding fails to cover losses in full. It is therefore essential that the Council continues with its transformation and efficiency programme to identify further saving and income opportunities to ensure future balanced budgets can be set.

WYRE FOREST DISTRICT COUNCIL

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 impact of the 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 and which are required to still 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.

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 2019-20;
- Confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner;
- Assurance that the financial position of the Council is sound and secure.

The style and format of the accounts complies with CIPFA standards and is similar to that of previous years. The content has been reviewed and some of the information in notes has been streamlined in accordance with previous auditor recommendations. Whilst the true impact of the COVID-19 pandemic will not be felt until 2020-21, 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 31st March 2020. It is structured as follows:

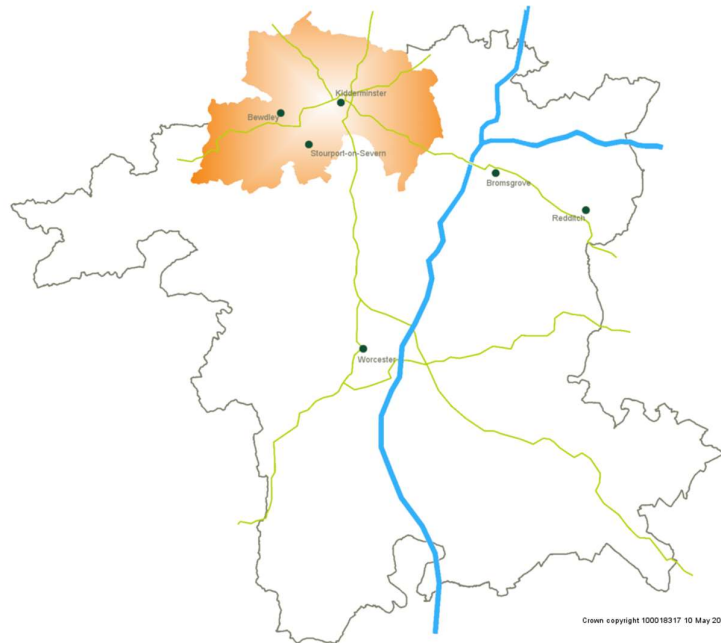
- Wyre Forest District – the place
- Wyre Forest District – the Council
- Governance
- Risks and Opportunities
- Strategy and Resource Allocation
- Our Performance

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2019-20

1. Wyre Forest District – the place

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



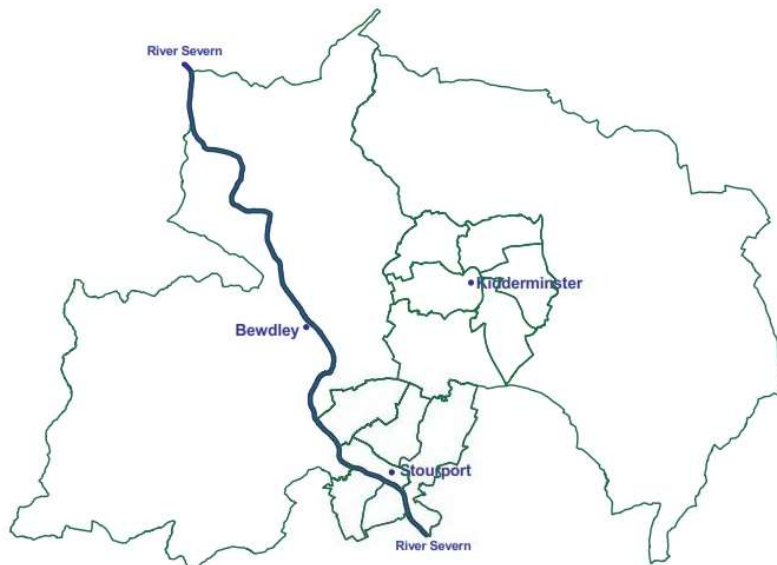
- 1.2 The total population of Wyre Forest is 101,100 of which 17.3% are aged under 16 years, 58.1% are aged 16-64 and 24.6% are aged over 65 years, the national average is 18.4% aged over 65 years. The average gross weekly earnings in Wyre Forest in 2019 were £550 compared with £565 in Worcestershire and £587 in Great Britain.
- 1.3 Figures from the 2011 Census show that 94.7% of people in Wyre Forest are white British compared with 92.4% in Worcestershire and 79.8% in England. White ethnic groups comprise 97.2% of people in Wyre Forest compared with 95.7% in Worcestershire and 85.4% in England.
- 1.4 The 2011 Census also shows that 9.2% of people in Wyre Forest have long-term health problems or disabilities compared with 8.1% in Worcestershire and 8.3% in England. In Wyre Forest, 1.4% of people defined their health as “very bad” compared with average figures of 1.2% in both Worcestershire and England.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2019-20 (continued)

- 1.5 The proportion of residents aged 16 plus with an NVQ level 1 or above qualification in Wyre Forest (December 2019) is 90.1% compared with a Worcestershire average of 87.3% and an average in Great Britain of 85.6%. In Wyre Forest, 31.5% of residents aged 16 plus have achieved qualification level 4 or over compared with a Worcestershire average of 37.1% and 40.3% in Great Britain.
- 1.6 The latest Office for National Statistics (ONS) figures for out-of-work Benefits show that in Wyre Forest there are 2,990 claimants representing 5.1% of the population aged between 16-64.
- 1.7 The ONS figures for January 2019 to December 2019 shows that 76.7% of people aged 16-64 in Wyre Forest were economically active compared with 82.2% in Worcestershire and 78.9% in Great Britain. In Wyre Forest, 76.7% of the population were economically active: of the people who were in employment 84% were employees and 16% 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 2nd May 2019, Council is under the control of the "Progressive Alliance". The three political groups that make up the Progressive Alliance are Independent Community and Health Concern Group; the Independent, Liberal Democrat and Green Group; and the Labour Group.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2019-20 (continued)

2.2 The detailed political make-up of the Council is as follows:

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

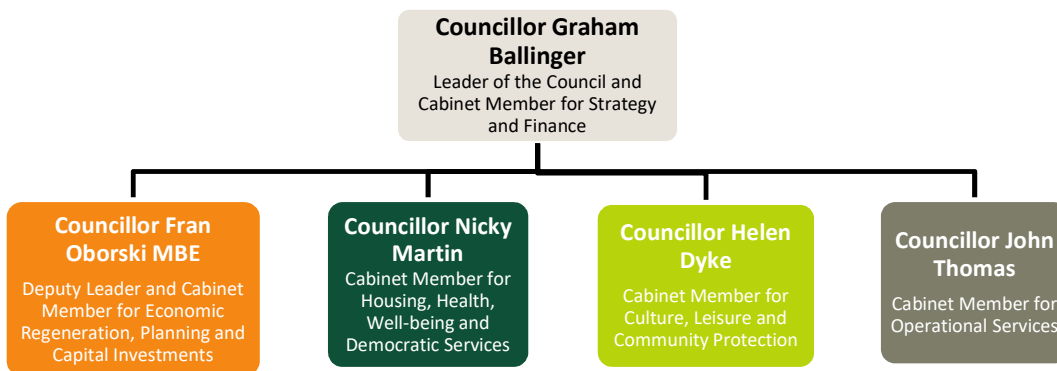
Our 33 elected Councillors represent the people of Wyre Forest and set the overall budget and policy of the Council.

Our Leadership and workforce

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

The political management structure is centred upon our Leader, Councillor Graham Ballinger, elected into this role by our local councillors. He is responsible for setting the vision and direction of the Council and Cabinet Members. Cabinet Members are appointed by our Leader with responsibilities for particular portfolios. The current Cabinet, in place from May 22nd 2019 is as follows:

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



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

WYRE FOREST DISTRICT COUNCIL

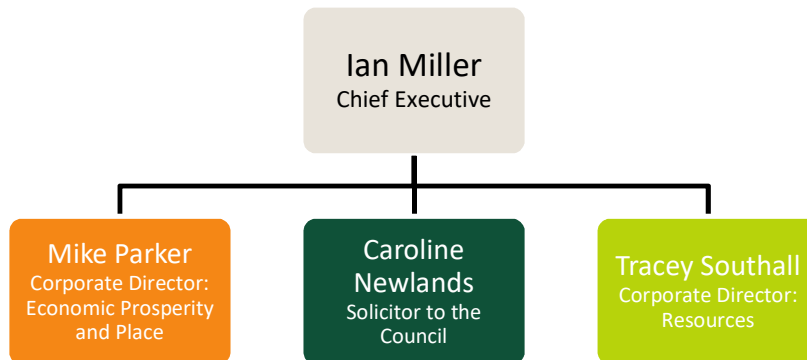
NARRATIVE REPORT 2019-20 (continued)

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. Following a restructure in 2019-20, the Corporate Leadership Team (CLT) comprises the Chief Executive, our two Corporate Directors and the Solicitor to the Council, effective from 1st April 2020. 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.



- 2.5 The Council directly employs 323 full time equivalent (FTE) staff 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 has prompted 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 homeworkers.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2019-20 (continued)

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 is placing unprecedented stress on budgets and we are likely to see significant reduction or even complete failure in some of our income streams for at least part of 2020-21. 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.
- 2.7 Wyre Forest District Council provides mandatory and discretionary services through a number of channels – directly, through joint working arrangements with other local authorities, through strategic partnerships with the voluntary and community sector and via third party organisations.
- 2.8 The Council runs local services as efficiently and cost-effectively as possible to ensure that the council tax our residents pay represents value for money. Everyone benefits from the universal provision of Council services such as:
- Keeping our environment clean and protected through waste collection, recycling and keeping streets free of litter, including removal of abandoned vehicles and fly-tipped waste and carrying out conservation and wildlife management at protected sites;
 - Working in partnership to keep the District safe, free from crime and anti-social behaviour, inspecting food and drink premises to make sure they are safe and hygienic and monitoring CCTV;
 - Encouraging economic development through investments made in infrastructure, housing growth, business support and maintaining existing car parks;
 - Looking after the health of our residents through the provision of a leisure Centre (opened July 2016) and other services (including web based applications) and by providing and maintaining our green open spaces;
 - Supporting arts and culture, events and festivals, and promoting tourism;
 - Providing support to our most vulnerable residents who are experiencing issues of social deprivation such as homelessness, mental health and rural isolation;
 - Collecting council tax and business rates and helping people access financial support through housing benefit and council tax discounts;
 - Supporting residents to improve the homes and areas they live in by dealing efficiently with planning applications and providing building control (delivered in partnership);
 - Compiling and maintaining the electoral register and administering elections.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2019-20 (continued)

- 2.9 These services are supported by internal services such as customer services, human resources, ICT (Information, Communication and Technology), finance and legal services. The Council operates within a shire county structure so services such as education, social care, children's services, highways and libraries are delivered by Worcestershire County Council. There are also 13 town and parish councils across the District that deliver various local services to the community.
- 2.10 In addition, the Council participates in a number of Shared Services - Worcestershire Regulatory Services, Civil Contingencies and Resilience, Water Management, Payroll, Building Control, Economic Development and Regeneration - and is either host to the Shared Service or a partner in receipt of a service. In addition, the Council entered into a Limited Liability partnership with Public Sector Plc (PSP) in 2017 and has approved the setting up of a Local Authority Trading Company (LATC) in readiness for property/housing development, potentially utilising the capital portfolio fund where this is the most viable option.
- 2.11 The core functions of the Council will remain the things that it is required to do by law, such as collecting waste, removing litter, producing a local plan and processing planning applications and administering local taxes and benefits. These activities cost about £4.47m a year. The remainder of the Council's work is discretionary. While the Council is not obliged to undertake such services, they are highly valued by local communities and businesses. They include parks and toilets, economic development and regeneration and cultural and leisure services. The Council spends about £3.15m a year on discretionary activities with a further £3.84m on corporate costs including the costs of the democratic core and pensions deficit funding.

What we did

Dealt with 799
planning applications



Successfully collected 98% of
both Council Tax and NNDR



517 people experienced
a positive health outcome
as a result of home alterations



480,000 visitors to our nature reserves



Issued 250 taxi licences

73% on average of Space units
occupied by small businesses



Grew our social media
following by 22%



Collected 2,601 tonnes
of garden waste

On average 97% of creditors
paid within 30 days



WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2019-20 (continued)

3. **Governance**

- 3.1 There have been no significant changes in governance arrangements during 2019-20 following the review of decision-making arrangements undertaken during 2019 following a resolution at the Council's annual general meeting. The overview of the Council's current governance framework and its effectiveness during 2019-20 are set out in the Annual Governance Statement 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.

4. **Risks and Opportunities**

- 4.1 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.
- 4.2 **Risks** - The Council has a robust process for managing risks in order to assist the achievement of its objectives. The Corporate Risk Register plays an integral role to support production of the Corporate Plan and is reviewed and updated monthly by Service Managers and reported to the Corporate Leadership Team and Audit Committee at least twice a year. The regular Performance Monitoring reports to Overview and Scrutiny Committee include risk mitigations that are unachieved/behind schedule. For significant projects separate detailed Risk Registers are held and monitored as part of the project management process linking directly to the Corporate Risk Register.
- 4.3 In addition to the Corporate Risk Register the Council maintains a separate Budget Risk Matrix (approved as part of the Medium Term Financial Strategy) which is reviewed annually. The Budget Risk Matrix is also monitored on a regular basis by the Corporate Leadership Team with bi-annual reports to the Audit Committee.
- 4.4 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 2019-20 (continued)

Area	Issue
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 cashflow and irrecoverable losses from reduced fees and charges. There is a risk that the 2020-21 budget cannot be delivered if the Government 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 where 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: risk that the Inspector finds irreconcilable issues with the ‘soundness’ of the plan and the Council 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 lower pay. 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 2019-20 (continued)

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

Delivering a sustainable budget for the long term

- 4.6 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

- 4.7 The year saw further 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 2019-20 (continued)

4.8 The total spend against the Capital Portfolio Fund capital allocation during 2019-20 was £7.359m with a further £4.539m committed and proceeding under approved delegation. The remaining balance unspent at year end is £9.208m. The unspent and unallocated balance following this current activity is £4.669m.

4.9 The Table below sets out the detail of the separate purchases/expenditure from the fund and highlights those made in 2019-20.

Capital Portfolio Capital Fund	Expenditure		Committed
	Purchase Price/ Development Cost	SDLT, Fees and Capitalised Costs	
	£000	£000	£000
Acquisitions at 1st April 2019			
Worcester Street/High Street Retail Units, Kidderminster	1,034	51	
Stratford Court Offices, Solihull	6,110	424	11
Buntsford Gate Offices, Bromsgrove	1,487	87	
Forest House Start-up Units, Kidderminster	730	37	
Acquisitions 2019-20			
Riverside Food and Beverage Units, Kidderminster	2,420	135	43
Goldthorn Road Industrial Unit	4,100	240	28
Committed Schemes			
Industrial Units, Kidderminster		395	33
Temporary Accommodation Development proposal		42	1,618
Kidderminster Town Centre proposal			2,806
	15,881	1,411	4,539
Total Capital Expenditure		17,292	21,831
Total Capital Approval (£25m plus £1.5m buffer)			26,500
Balance of Funds remaining (Max)			4,669

Stamp Duty Land Tax (SDLT)

The boundary for property acquisitions from the fund is the Functional Economic Geography which includes the footprint of the two Local Enterprise Partnerships of which the Council is a member.

The properties purchased during 2019-20 are within the boundary of the Wyre Forest district. All of the purchases support the Council's thematic corporate priority: Supporting a successful local economy, whilst also making a welcome net revenue return tested in the financial viability business case and essential affordability test for prudential borrowing.

4.10 The first business case was approved in 2019-20 for a 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.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2019-20 (continued)

- 4.11 The Council entered into a limited liability partnership with PSP Limited in March 2017 in order to progress work with more challenging property proposals. Exploratory work around suitable sites continues but 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 is being progressed through the planning system and the project timeline shows that it should be delivered within the next 12 months.
- 4.12 In May 2019 businesses in Kidderminster town centre voted in favour of creating a Business Improvement District (BID) with the aim of funding initiatives and events to boost footfall and foster growth. The scheme will be funded by a BID levy paid by non-domestic ratepayers. The levy will raise over £1m over the next 5 years (from 2020-21) which will be invested into the town. A BID Company has been established to oversee delivery of the proposals. The Authority will collect the BID levies on behalf of the BID Company as agent and so income and expenditure will not be shown in the Council's Comprehensive Income and Expenditure Statement. The Council has agreed to support the new BID Company's cashflow by advancing a temporary loan to be repaid from the levy raised during 2020-21. Discussions are on-going concerning further measures to support the Company during the COVID 19 pandemic which include deferral of the loan repayment until 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 6th February 2020, approved Council 26th February 2020).

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 26th February 2020).

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

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2019-20 (continued)

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. It is anticipated that the new Local Plan (2016-2036) will be examined during Autumn 2020 by Inspector Mary Travers and the Council will aim for adoption in 2021. Overall the plan seeks to meet the standardised housing number of 276 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 2019, there were 846 empty properties in the Council area of which 259 had been vacant for over 6 months. By comparison, the Council has more than 3000 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 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 2019-20 can be found on the Council's website.
- 6.2 The Council's Corporate Plan for 2019-23 is built around three priorities: A safe, clean and green living environment; Supporting a successful local economy and Good quality and affordable homes for all.

The success of the Corporate Plan is measured by delivery against our strategic actions. A new Corporate Plan was developed and approved by Council during 2019-20.

- 6.3 Overall the Council performed well during 2019-20. 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:

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2019-20 (continued)

Priority: Supporting a successful local economy

	What we've done
Working with partners to create the conditions and certainty to foster a growing and sustainable local economy	Renewal of the South Kidderminster Enterprise Park Local Development Order for a further 3 years. Undertaken Local Plan Pre Submission consultation. Continued working with both Local Enterprise Partnerships and particularly supporting the representations that the Council should be able to remain a member of both LEPs. Celebrated the 10 year anniversary of ReWyre setting out priorities for the next five years. Continued to support the delivery.
Bringing forward regeneration and development opportunities and the infrastructure to support them	Adopted the Delivery Framework for Lion Fields, June 2016. Site clearance of Parcel 1 (The Glades site) completed early 2017. Development Agreement completed with Cordwell to deliver a cinema led leisure development of the site. Successful Expression of Interest submitted to the National Lottery Architectural Heritage Fund for gap funding to bring the former Magistrate's Court and indoor market building back into a positive use. Successfully negotiated the demolition of Crown House, surrender of the lease – works complete in April 2020. Secured planning consent to utilise the cleared site as a temporary car park whilst a longer term redevelopment solution is brought forward. Completion of new Railway Station Ticket Office and forecourt works due for completion in June 2020. Contract completed with Homes England for £2.7m Housing Infrastructure Fund contribution towards Churchfields highways works which commenced in October 2019. Successful Expression of Interest bid to Future High Streets Fund for Kidderminster town centre; full business case to be submitted in June 2020; includes proposals for Crown House site, former Magistrates' Court building; Bromsgrove Street car park and infrastructure interventions to improve connectivity within the town.
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. Consultation with business leaders on the Local Industrial Strategy. Seventh year of support for new apprenticeships to enable employers to cover the costs of employing them.
Helping new businesses to start up and existing businesses to grow	In 2019/20: 42 entrepreneurs received business start-up advice which has resulted in 9 new business start-ups 15 businesses have accessed grants totalling £20,617 EU funds: 29 businesses accessed £667,093 worth of grant funding including 3 businesses being awarded grants of £100,000 – Beakbane Ltd, Truline Expanded Products and D-Zinc Furnishing Solutions Ltd.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2019-20 (continued)

	What we've done
Promoting the District as a great place to invest in, live in and visit	<p>Continue to develop a Business Ambassador Scheme; North Worcestershire Annual Business Awards gala evening held in November 2019.</p> <p>Work in partnership with Worcestershire LEP Inward Investment team to facilitate relevant enquiries from internal and external businesses.</p> <p>Working 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>

	What outcomes we've achieved
A community with lower unemployment and improved skills	Claimant count 2.5% in September 2019, which is slightly above the Worcestershire average (2.2%) but below the regional average (3.7%) and national average (2.8%)
A diverse and well connected economy with vibrant and successful town centres	<p>Successful completion of phase 1 of £2.3m Kidderminster Town Centre public realm improvements. Completion of phase 2 £1m opening up of Worcester Street to traffic with on street parking.</p> <p>Progressing development of the Full Business Case for the Future High Streets Fund, to be submitted in June 2020 to bring about transformation of Crown House, Magistrates' Court and Bromsgrove Streets sites and infrastructure interventions to improve connectivity within the town.</p> <p>Completion of new Rail Station and forecourt area.</p>
Increased visitor opportunities	Bewdley Museum has been awarded a Certificate of excellence for the 2019-20 season for the fourth year running.
Redevelopment of redundant and under-used land and buildings	<p>Development Agreement completed with Cordwell to facilitate cinema led leisure development on former Glades leisure centre site.</p> <p>Demolition of Crown House completed in April 2020.</p> <p>Construction of new industrial units on former Frenco site due for completion in Summer 2020.</p> <p>National Lottery Architectural Heritage Fund expression of interest bid accepted in principle for former Magistrates' site, full business case to be submitted in October 2020.</p>
Improved infrastructure	<p>Silverwoods Way (Hoobrook link road) opened September 2016. All vacant plots now have proposed residential, food and beverage, employment and car 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. Scheduled for completion in Winter 2020</p> <p>New Rail Station building and forecourt completed in June 2020.</p>

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2019-20 (continued)

Priority: A clean and green living environment

	What we've done
<p>Creating a greener and cleaner local environment</p>	<p>Increased environmental penalty charges to the government maximum guidelines</p> <ul style="list-style-type: none"> • Worked in partnership with key fast food providers on street clean up initiatives and subway improvements. • Maintain 400 acres of nature reserves including some of the most important biodiversity assets in Worcestershire and 600 acres of Parks and Open Green Spaces. • Burlish Top nature reserve project has converted large areas of former golf course community wide open biodiversity site, ponds and wildflower areas created. • Stourport master plan project continues to implement new woodland planted and specimen trees planted to provide habitat for rare moths in partnership with butterfly conservation • Brinton Park HLF project continues with a potential c£2.41m investment to restore original park heritage • Continue to run £50k localism fund allocated to parishes and community groups on environmental improvement, projects and activity. • Stour gateway Project – woodland planted and access work complete with further works on going to improve the river and introduce salmon in the river Stour • Invested in deployable CCTV equipment to tackle Enviro-crimes such as fly-tipping and litter • Undertaken the SCRAP Campaign which highlights issues surround fly tipping • Reviewed and consulted on extending the PSPO to tackle dog related issues ahead of renewal in October 2020 • Undertaken dog control campaigns to tackle dog fouling – handed out over 6,000 dog bags to support public in complying with the PSPO • Undertaken duty of care inspections to ensure businesses are complying with waste regulations • Undertaken litter campaigns to highlight issues and sanctions • Supported local litter picking groups • Increased enforcement activity against people committing Enviro--crimes yearly since 2014 • FPN's Issued 2019-20: 140 (to date) • Increased dedicated enforcement patrols to tackle Enviro- crimes
<p>Supporting the provision and maintenance of high quality public spaces</p>	<p>Bid for £2.41m Heritage Lottery Fund grant to improve Brinton Park submitted August 2017 Round 1 pass in December 2018 Round 2 final application submitted in February 2020. Announcement in July 2020 if we have been successful. Continue to work to improve the parks & engaging with the community.</p>

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2019-20 (continued)

	What we've done
Working with partners to reduce crime and the fear of crime	<p>Allocated £33,083.20 of community safety external funding for delivering projects in 2020/21.</p> <p>Continuation funding for two Community Safety Project Officers secured until 31 March 2021.</p> <p>Worked with 48 young people across all our high schools to become community ambassadors to promote safety amongst their peers. The 7th year of the project.</p> <p>Delivered community safety projects including the Community Ambassadors scheme, 16 days of Action and White Ribbon against Domestic Abuse, Hate Crime Awareness campaign and seasonal crime prevention initiatives.</p> <p>Continued to co-ordinate the Safer Wyre Forest Tasking group, the district operational arm of the North Worcestershire Community Safety Partnership</p> <p>Worked with partners to establish a new North Worcestershire ASB Complex Case Group.</p>

	What outcomes we've achieved
Clean streets and quality open, green public spaces that are enjoyed by all	<ul style="list-style-type: none"> • Green flag parks and 1 Green Pennant Park • An area that is an outstanding example of quality open space with a wide diversity of plant and animal life
An environment that is respected and cared for, and where local people take pride in their surroundings	<p>Delivered community safety projects including the Community Ambassadors scheme and commissioned a VCS organisation, KDYT to provide a detached youth work programme across the district which has seen a total of 1558 contacts from July 2019 to 21 March 2020 when the service temporarily stood down due to CV-19.</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 review the Community Trigger process across North Worcestershire.</p> <p>Continued to co-ordinate the North Worcestershire Community Safety Partnership</p> <p>Conducted an evidence review and consultation process of the PSPOs for Stourport and Bewdley ahead of implementation in October 2020</p> <p>Implemented the externally funded CCTV digital upgrade in partnership across North Worcestershire</p>
Low levels of crime and anti-social behaviour	<p>Worked with partners to improve perceptions of crime ratings</p> <p>Worked with partners to reduce crime and anti-social behaviour</p> <p>Finalised and implemented the North Worcestershire Complete Community Safety Partnership Plan</p> <p>In the period April – to date, overall crime across North Worcestershire has reduced, however ASB has increased, this is due to CV-19.</p> <p>Number of people the Community Safety Team engages with on a face to face basis via events and activities throughout the year.</p> <p>April 2017 – March 2018 1,250</p>

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2019-20 (continued)

	What outcomes we've achieved
	April 2018 – November 2018 1,160 April 2019 – November 2019 - 1300 April 2020 – June 2020 – 0 face to face contact due to CV-19

Priority: Good quality and affordable homes for all

	What we've done
Working towards meeting current and future housing needs, with an up-to-date local development plan that provides for growth in the number of houses	Consultation on Pre-submission for Local Plan, September/October 2019 as part of adoption of new Local Plan. Local Plan approved by Council February 2020. Submitted to the Planning Inspectorate April 2020. Includes allocations for minimum 276 dwellings per annum. Expecting Examination in Public Autumn 2020. Housing Needs Study undertaken for Chaddesley Corbett 2019/2020.
Preventing and reducing homelessness	Ongoing embedding of the principles and practises of the Homelessness Reduction Act 2017 across the service with a focus on provision of services to prevent homelessness. Homelessness and Rough Sleeping Strategy 2019 – 2022 adopted in December 2019 and a draft action plan developed to be agreed by the Homelessness Forum. Ongoing development of plans to increase the supply of accommodation to help prevent and reduce homelessness through a combination of new build, bringing empty properties back to use and exploring opportunities to undertake leasing agreements with private sector landlords / owners.

	What we've achieved
An increased supply of good quality and decent homes that are affordable to individuals and families	293 units of housing were approved in 2019/20 and of these 100 were for affordable housing. There were 195 completed (net of demolitions) with 51 being affordable homes. The Housing Advice Team has provided general housing advice to over 10,000 people in 2019-2020. This includes over 1500 potentially homeless applicants being given advice and assistance through council officers and commissioned services and the HAT directly helping over 350 households through preventing their homelessness or by helping them to secure alternative accommodation under the duties within the Homeless Reduction Act 2017.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2019-20 (continued)

7. Performance – Financial Core Funding

- 7.1 The 2019-20 financial performance saw an increase in general reserves due to a downwards review of the provisions held for VOA decisions affecting refunds of business rates. This increase will help the council to respond to the unprecedented pressures that the COVID 19 pandemic is placing on Council finances. The scale of the stress on finances is not yet known but the council anticipates there will be major losses in business rates and council tax collections and an added burden in the form of reliefs and discounts. The Council is seeing a significant reduction or a complete failure of some of our income streams and significant cost pressures in services that support the most vulnerable. There is an expectation that some financial losses will be mitigated by support from Central Government but clarity is still being sought.
- 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 not be implemented in April 2021 as originally planned. The FFR will examine the relative needs and allocation of resources between Authorities and the Government have announced that nationally we will move to 75% BRR and baselines from which Business Rates allocations will be determined shall be reset.
- 7.3 No indication has been given of the level of funding or whether transition protection will be given to smooth the impact and avoid potential shocks. Further uncertainty is caused by European Union withdrawal (Brexit) and lack of detail on the post Brexit replacement for European Union structural funding (the Shared Prosperity Fund).
- 7.4 During 2019-20 the Council continued to face significant financial challenges and the preparation of the 2020-23 MTFS was strongly influenced by the continued need to make significant reductions in expenditure whilst still progressing Council priorities. 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 2020-23 MTFS forecasts a funding gap of £1.74m by 2022-23 which will need to be closed by increasing income from our more commercial activities, fees and charges and council tax and by reducing costs, whether through greater efficiency, reducing how much is spent on certain activities or implementing alternative service delivery models with other organisations. The Wyre Forest Forward programme has enabled the Council to successfully deliver savings during the current Council Plan period and will continue to drive the delivery of additional efficiency savings. The delivery of additional commercial income has continued, supported by the Commercial Activity Programme Board in 2019-20. The Council will 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 COVID 19 impact and Brexit, there remains much work to do.
- 7.5 The Council has an excellent track record in generating income; the total income (from all sources excluding shared services) achieved in 2019-20 is £5.969m and has risen from £3.781m in 2012-13. The Council will continue to increase income from fees and charges, so that users of particular services contribute to the cost of providing them rather than being subsidised by council tax payers.
- 7.6 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.

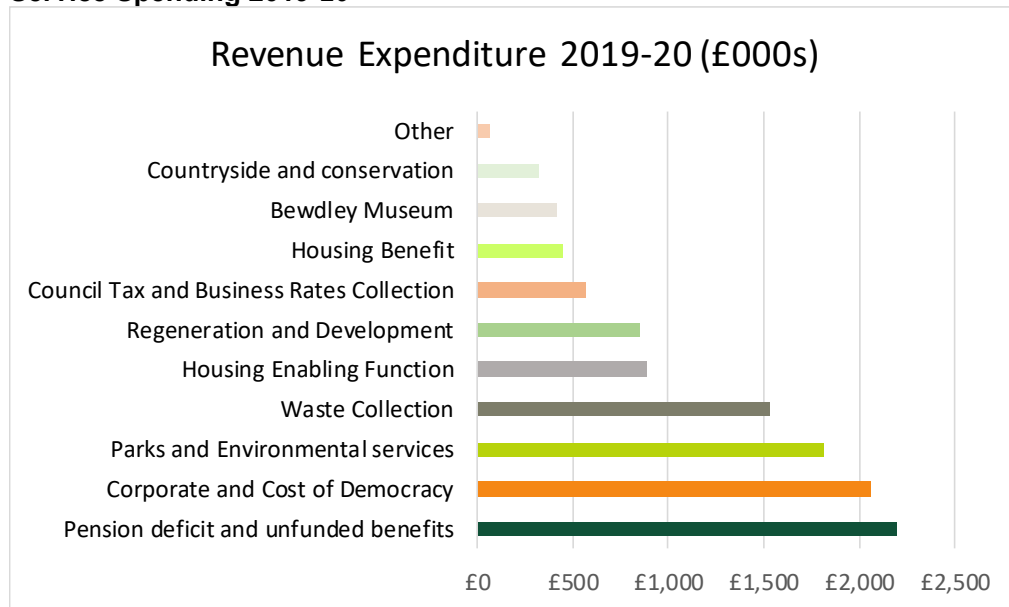
WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2019-20 (continued)

2019-20 Council Tax and Revenue Spending

- 7.7 In 2019-20 the Council collected £28.587m of business rates. For 2019-20 the Council was in a pan Worcestershire 75% business rates pilot which proved to be highly successful. The terms of reference for the larger Pool allowed Worcestershire County Council to retain extra growth for adult social care/children's services, whilst protecting the district councils by a "no detriment clause". The WFDC share of the Pool retained levy for 2019-20 is £5.803m.
- 7.8 The Council also collected £60.814m 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 £7.234m was retained by the Council.
- 7.9 During the period from 2013 to 2018 the council tax charged by Wyre Forest District Council fell sharply in real terms, as a result of three years when the Council froze the tax. The annual increase in April 2019 of £5 or 2.39% was slightly higher than inflation but below the maximum permissible rise in consideration of the financial pressure being felt by local residents.
- 7.10 Revenue expenditure covers the cost of the Council's day to day operations and contributions to and from reserves. The net revenue expenditure of £11.142m across services is shown in the graph below. Actual spend on services in 2019-20 was 3.38% below the original approved budget, reflecting sound financial management and good budgetary control.

Service Spending 2019-20



WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2019-20 (continued)

Service Expenditure and Impact of Spending on Reserves

2019-20	[A] Original Budget	Revised Budget	[B] Outturn	[B-A] Variance
	£000	£000	£000	£000
SERVICE EXPENDITURE				
Chief Executive and Solicitor to the Council	1,491	1,791	1,760	269
Resources	3,649	3,574	3,745	96
Community Well Being and Environment	4,701	4,524	4,143	(558)
Economic Prosperity and Place	1,105	1,986	1,873	768
Capital Account	970	(321)	(379)	(1,349)
Service Expenditure reported to management	11,916	11,554	11,142	(774)
<i>Exclude items funded from earmarked reserves and other items to give net cost of service (CIPFA Code)</i>				
Transfers to/(from) Earmarked Reserves			373	
Capital transactions			379	
Other Accounting Adjustments			4,013	
Net Cost of Services (CIES)			15,907	
<i>Exclude items not met by tax payers:</i>				
Depreciation			5,786	
Pension Costs			128	
Holiday pay			17	
Add charges for capital			1,924	
Total Expenditure			11,900	
SOURCES OF INCOME				
Council Tax (District element only)			7,234	
Business Rates retention			5,640	
New Homes Bonus			906	
COVID 19 Support Grant			50	
Total Income			13,830	
In Year (Surplus)/Deficit (Note 6: EFA)			(1,930)	
FUNDING FROM RESERVES				
Net addition (to) Earmarked reserves			(884)	
Contribution (to)/from General Fund	289	19	(1,046)	(1,335)
			(1,930)	

Underspends and income denoted by brackets ()

7.11 The above table shows that in overall terms the outturn position was £1.065m more favourable than planned when compared to the revised budget approved in February 2020 and £1.335m more favourable than the original budget approved in February 2019. The £1.065m is made up of a saving on Services of £412k plus additional Business Rates funding of £603k together with £50k COVID-19 support funding.

7.12 Transfers to and from earmarked reserves have also had a significant effect. The total balance held at the year end was £8.752m, a net increase of £0.884m. The most significant movements were:

- the creation of a £1.574m reserve for the future impact of 2017 list appeals in the Council's General fund, balance previously held as a provision in the Collection Fund.
- the net decrease of £326k in the General Risk Reserve balance as funds were utilised in year to support one-off service costs;
- the utilisation of the Green Street Site contingency (£200k) as the project progressed to completion.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2019-20 (continued)

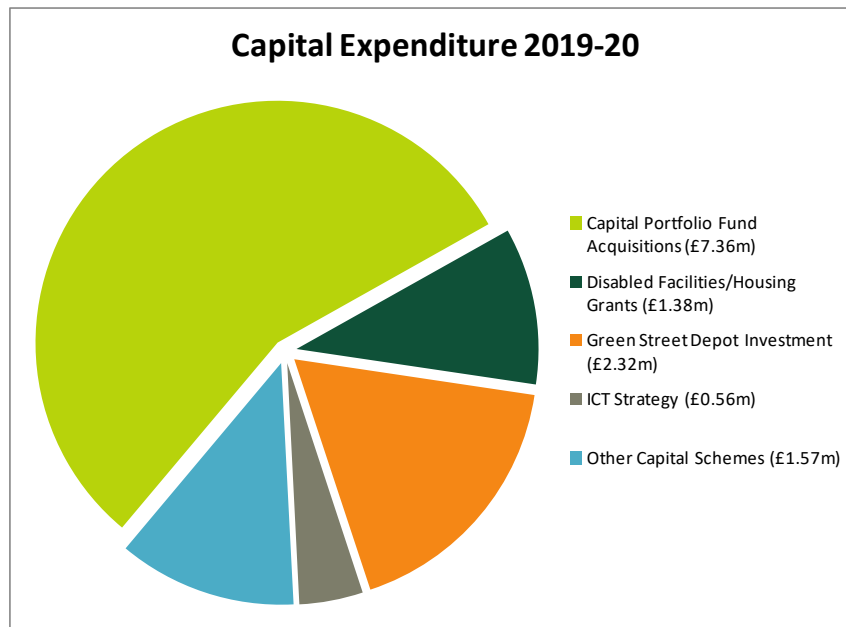
Capital Expenditure

7.13 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 2019-20 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.

7.14 The Council has an ambitious capital programme (2020-23) of £48.461m. This investment will reshape how we deliver our services as well as helping to unlock revenue savings and efficiencies to secure our ongoing financial sustainability including:

- More commercial space for new and established businesses;
- 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 if we are 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 if the business case is successful in attracting support from the Government's Future High Streets Fund

7.15 The Capital Programme for 2019-20 was originally set at £14.935m, revised to £35.461m following re-profiling of anticipated acquisitions from the Capital Portfolio fund and Development loans fund. Capital spending during the year totalled £13.2m. Capital programme slippage will be profiled into future years. An analysis of capital investment is shown in the chart below:

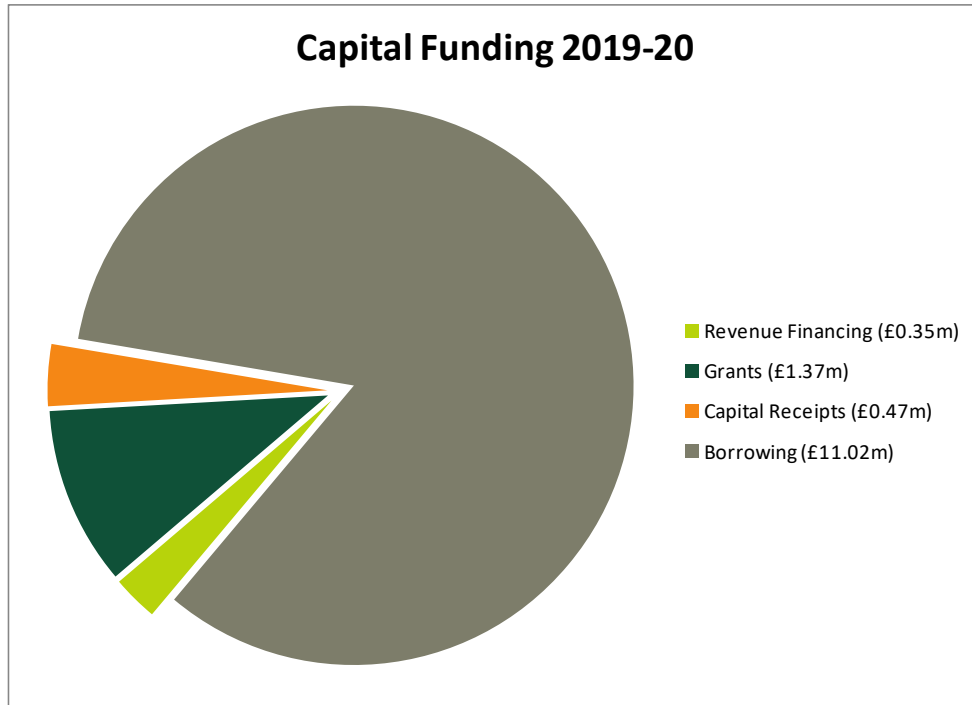


WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2019-20 (continued)

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

- 7.16 During the year the scheme to invest in the operational depot in Green Street, Kidderminster was completed. In addition to general improvements to the welfare, office accommodation and working environment the investment has brought two locally listed buildings back into use and provided a new location for the Council's customer services and advice centre facilitating co-location of advisors with the back office support staff. The scheme is helping to achieve the Council's aspiration to develop its commercial service offering and improve the facilities for customers and staff.



Treasury Management

- 7.17 The Treasury Management Strategy for 2019-20 was approved by Council on 27th February 2019. Treasury management performance is reported to Cabinet and Council with further detailed reviews being considered by the Treasury Management Review Panel.
- 7.18 **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 £19.707m of investments.
- 7.19 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 0.83%, which exceeded its 7 day LIBID benchmark of 0.53%.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2019-20 (continued)

7.20 The outlook for investment returns for 2020-21 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 has had a dramatic impact on markets as daily developments are digested. Global growth and interest are only expected to rise very modestly from their current low levels. Further there is still much uncertainty around Brexit and the shape of the future relationship. There is expectation that investment returns will fluctuate during the year as global central banks and governments make a co-ordinated effort to avert a new financial crisis. Current expectation is that negative interest rates remain a possibility but further Quantitative Easing is more likely in the short term.

7.21 **Details of borrowing:** During the year the Council secured external loans of £8m (£6m from the Public Works Loans Board and £2m from Crawley Borough Council) and as at 31st March 2020 had borrowings of £37.240m. A summary of the Council's borrowing activities for 2019-20 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 Council and Democracy page of the Council's website.

Long Term Borrowing	2017-18	2018-19	2019-20
	£000	£000	£000
Balance as at 1st April	17,000	16,000	29,000
Plus:			
New long-term borrowing	1,000	13,000	8,000
Long-term borrowing repaid	0	0	0
Re-Classified as temporary borrowing (repayable in the following financial year)	(2,000)	0	(2,000)
Balance as at 31st March	16,000	29,000	35,000

Short Term Borrowing	2017-18	2018-19	2019-20
	£000	£000	£000
Balance as at 1st April	270	2,270	270
Plus:			
New temporary borrowing	0	0	0
Re-classified from long-term borrowing	2,000	0	2,000
	2,270	2,270	2,270
Repayments in year	0	2,000	30
Balance as at 31st March	2,270	270	2,240

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

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2019-20 (continued)

Significant transactions

Pensions

- 8.1 Wyre Forest District Council is part of the Worcestershire Pension Fund. The Council's pension liabilities are offset by the value of pension fund assets invested. The Worcestershire Pension Fund is independently revalued every three years to determine employer contribution rates. Employer contribution rates are set to achieve a 100% funding level (i.e. to be fully funded) by 2035. The most recent revaluation, as at 1st 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 have been revised with effect from 1st April 2020. The Council's liability for providing pension benefits has been affected by a recent Court of Appeal judgement in the McCloud (The Lord Chancellor and Secretary of State and another v McCloud and Mostyn) case. The exact form of the remedy is not yet known and so costs can only be an estimate however an allowance has been built in to the accounting figures based on an estimation of the additional liabilities. The current service cost reported in these accounts includes an allowance for the additional costs which arise from the judgment.
- 8.2 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 due to a wider issue in relation to 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 2020, an increase in past service liabilities (as a past service cost) has been reflected in the accounts.
- 8.3 Deficit clawback funding for the period 2017-2020 was paid in a lump sum in April 2017 as an advance payment which generated a cost saving for the Council's General Fund of £0.427m over the three-year period. The clawback funding and an estimate of 90% of the employers contributions for the period 2020-23 was agreed in the year and paid in April 2020 which is expected to generate a cost saving of £0.437m.
- 8.4 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.

Contingencies

- 8.5 The risk of any reduction in the local share of business rate yield due to the closure of businesses or appeals against rateable values is borne by the Council. The Council has reviewed the provision set aside within the collection fund for any business rates appeals against rateable values in future years and reduced the value from £5.452m to £2.828m on the basis of valuation adjustments seen under the Check, Challenge, Appeal system introduced by the Valuation Office Agency in April 2017 as part of the government's reforms of the business rates system. This followed a review by the Pool Treasurers and a collective decision was made supported by specialist advice from LG Futures. Progression of appeals through this relatively new system has been slow and whilst it remains unpredictable there is insufficient evidence to justify the high levels of Appeal Provision held. To mitigate the risk to Council Tax payers £1.574m of the provision released is being held in an earmarked reserve, the remainder being transferred to general reserves to support services and Council Corporate Plan priorities.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2019-20 (continued)

Capital Portfolio Fund

- 8.6 During the year the Council has evaluated 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 2020. 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 2019-20.
- 8.7 The Council has purchased two properties of significant value during 2019-20, and granted approval for a further two acquisitions in line with our Capital Portfolio Fund Policy. These are classified as operational property, plant and equipment assets because they are not held solely to generate rental income or for capital appreciation. They all contribute to our corporate priority of “Contributing to a successful local economy” and are situated within the Wyre Forest District. 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.

Local Authority Trading Companies

- 8.8 On 21st 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 2019-20 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.

Revenue Reserves, Balances and Financial Resilience

- 8.9 Revenue reserves play an important part in the Council’s Financial Strategy by ensuring that we have some resilience to cope with unpredictable financial pressures. The Council holds working balances to meet unforeseen spending requirements and to provide certainty for medium term financial planning. The level of working balances takes into account the strategic, operational and financing risks facing the Council and is reviewed each year as part of the budget process. The Corporate Director: Resources recommended that the minimum working balances were held at £1.2m. As at 31st March 2020, total revenue reserves stood at £14.785m. Of this sum £8.752m have been earmarked to enable the Council to meet future expenditure plans.
- 8.10 The level of reserves and balances are a key element in the CIPFA Financial Resilience Index that was published for the first time in December 2019. This was included in Appendix 4 of the Cabinet Report on the MTFs 2020-23, approved on the 11th February 2020. 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. For this indicator the higher the ratio the less risk is attributed. This Council has made significant improvements in income generation and this is continuing to be a key theme in the MTFs. Rental income from property has increased since 2018-19 and this should improve the index result so this marginally Red result is not considered to represent a significant risk. The Index did provide some useful information and confirmed the position that, leading into 2019-20 the Council was financially resilient. The Index will be issued again during 2020-21 to reflect the position at the end of 2019-20.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2019-20 (continued)

Financial Management Code

- 8.11 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 1st April 2020 had been delayed until 1st 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, will continue to review practices throughout 2020-21 working towards full implementation in 2021-22.

Cash Flow Management

- 8.11 The Council primarily undertakes external borrowing in order to manage the cash flow implications of incurring capital expenditure that it does not immediately fund from cash resources, and in some instances to also manage fluctuations in its cash flows more generally. Separately, the Council has cash backed resources, which it has set aside for longer term purposes (such as funds set aside in reserves and balances) and working capital balances, that can either be invested or temporarily utilised to defer the need for external borrowing.
- 8.12 External loans totalling £8m were secured in 2019-20 (£6m from the Public Works Loans Board and £2m from Crawley Borough Council). The need to undertake external borrowing this year had been anticipated and budgeted for, and was undertaken in compliance with the parameters and limits set for 2019-20.
- 8.13 Cash balances the Council held during 2019-20 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) 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 14th 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, 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.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2019-20 (continued)

9.4 Core Statements

- The **Comprehensive Income and Expenditure Statement** – this records all the Council’s income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding. Expenditure represents a combination of the services and activities that the Council is required to carry out by law (statutory duties) such as street cleansing, waste collection and planning and discretionary expenditure focussed on local priorities and needs.
- The **Movement in Reserves Statement** is a summary of the changes to the Council’s reserves over the course of the year. Reserves are divided into “usable”, which can be invested in capital projects or service improvements, and “unusable” which must be set aside for specific purposes.
- The **Balance Sheet** is a “snapshot” of the Council’s assets, liabilities, cash balances and reserves at the year-end date.
- The **Cash Flow Statement** shows the reason for changes in the Council’s cash balances during the year, and whether that change is due to operating activities, new investments, or financing activities (such as repayment of borrowing and other long term liabilities).

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 2019-20

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 2019-20 was re-certified for issue on 11th November 2020. All known material events that occurred up to and including this date which relate to 2019-20 or before have been reflected in the accounts. This replaces the unaudited Statement of Accounts issued on 26th June 2020.

Certification of Accounts

In accordance with the Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, I certify that the Statement of Accounts presents a true and fair view of the financial position of Wyre Forest District Council at 31st March 2020 and its income and expenditure for the year ended 31st March 2020.

Tracey W Southall CPFA - Corporate Director: Resources
11th November 2020

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 2020, and is authorised for issue.

Alan Totty - Chair, Audit Committee
11th November 2020

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2019-20

ANNUAL GOVERNANCE STATEMENT 2019-20

Why we have prepared this Annual Governance Statement (AGS) 2019-20?

- 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 2019-20
- To demonstrate our achievements and help us to be more effective and take action to improve

What is the Annual Governance Statement?

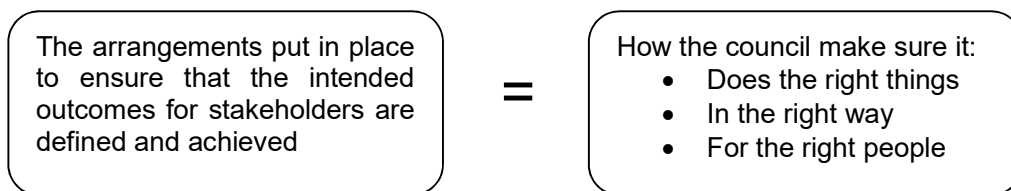
Legislation requires local authorities to prepare and publish an Annual Governance Statement, in order to report publicly on the effectiveness of the Council's governance arrangements. The statement provides an overview of the current governance framework and a summary of the review of the effectiveness of Wyre Forest District Council's governance framework for 2019-20 (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.

It should be noted that any system of internal control is designed to manage risk to a reasonable level and is based on an ongoing process to identify and manage risks to the achievement of policies, aims and priorities; it can only provide reasonable and not absolute assurance.

What do we mean by governance?

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

This is summarised visually below:



What is the Scope of our responsibility?

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

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

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2019-20

ANNUAL GOVERNANCE STATEMENT 2019-20 (continued)

Wyre Forest District Council has adopted the code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework; *Delivering Good Governance in Local Government*. A copy of the code is on the Council website 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 as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 in relation to the publication of a statement on internal control.

What is the definition of the governance framework?

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

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

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2019-20

GOVERNANCE PRINCIPLES		INTERNAL CONTROLS
<ul style="list-style-type: none"> ➤ Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area ➤ Members and officers working together to achieve a common purpose with clearly defined functions and roles ➤ Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour ➤ Taking informed and transparent decisions which are subject to effective scrutiny and managing risk ➤ Developing the capacity and capability of members and officers to be effective ➤ Engage with local people and other stakeholders to ensure robust public accountability 	<div style="text-align: center;"> </div> <p>The governance framework has been in place at Wyre Forest District Council for the year ended 31st March 2020 and up to the date of approval of the statement of accounts.</p>	<p>INTERNAL CONTROLS</p> <p>Leadership, Culture and Planning Organisational goals and priorities Strategic and operational plans Performance management Medium term financial strategy</p> <p>Statutory Officers & Decision Making The Constitution The Monitoring Officer Section 151 Officer</p> <p>Policies & Procedures 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>People, Knowledge, Finance, Assets Robust HR practices Robust Internal Audit function Information governance Performance monitoring and improvement Financial management and reporting Ethical & legal practices</p> <p>Scrutiny and Transparency 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>Partnership Working/Stakeholder Engagement 'Love to get involved' 'Let us know' Consultations Community Localism fund</p>

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2019-20

ANNUAL GOVERNANCE STATEMENT 2019-20 (continued)

How does the Council deliver these outcomes?

The Council delivers these outcomes through:

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

How is effectiveness reviewed?

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

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

- Findings and recommendations of Internal Audit;
- Updates by the managers within the authority who have responsibility for the development and maintenance of the internal control environment;
- Findings and recommendations by the External Auditors and other review agencies and inspectorates;
- Audit Committee review of current arrangements against best practice, including consideration of progress against issues identified in the Annual Governance Statement, see item 6 of the Audit Committee Officer Decision 1st April 2020 on our website.

Regular reviews are carried out by the Corporate Leadership Team, including during March and again in June 2020. These reviews take into account:

- the Internal Audit Annual Assurance report from the Audit Manager for 2019-20, 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 29th July 2019 and the Annual Audit Letter including key messages on the 27th November 2019.

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2019-20

ANNUAL GOVERNANCE STATEMENT 2019-20 (continued)

- 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. At the Annual General Meeting in May 2019, Council agreed a motion which commissioned a review of the governance of the Council, which was to be undertaken by Group Leaders and Deputy Group Leaders. Council on the 26th February 2020 received the results of this review and approved retention of the current Governance arrangements so the Cabinet and Scrutiny Systems remain in favour of a potential move back to a Committee style system.

The May 2018 Council approved a number of updates, one being an amendment to the membership of the Audit Committee to include an Independent Person as a pilot for 2019-20. A suitable candidate was recruited and continues to attend meetings. May 2019 Council approved further minor amendments including the creation of a Strategic Review Panel for 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 2020-2023 and budget options, to inform the Cabinet's proposed strategy and budget and for the meeting in February 2020 in respect of any alternative budget proposals.

An Extraordinary Council Meeting on 21st 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. These timely updates ensure it remains up to date with Regulations and fit for purpose to meet ongoing business need despite national emergencies.

The Audit Committee is the Member forum that is responsible for reviewing and monitoring Corporate Governance in relation to Risk and Audit matters. The Audit Committee also regularly considers the recommendations from Internal Audit. Progress against the External Auditor's key messages included in the Annual Audit Letter as reported to the Audit Committee on 27th November 2019 was considered in the report pack for the meeting due to be held on the 25th March 2020. That meeting was cancelled due to the Covid-19 pandemic but the papers were circulated to Members and comments taken by email and telephone. The Corporate Director: Resources subsequently approved the recommendations under delegated powers with the approval of the Audit Committee Chair and in liaison with the Leader of the Council who is also the Cabinet Member for Strategy and Finance. This included the Annual Governance Statement and Corporate Risk Register Reviews. The extended membership of the Audit Committee to include an Independent Person as a non-voting member for a 12-month trial has provided an injection of an external view and brings a new perspective and flavour to the Committee.

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2019-20

ANNUAL GOVERNANCE STATEMENT 2019-20 (continued)

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 2019-20 Annual Audit Plan.

The Council's Internal Audit team works with consideration to the UK Public Sector Internal Audit Standards. The service has also adopted an Internal Audit Charter in compliance with the UK Public Sector Internal Audit Standards that was updated at the July 2018 Audit Committee meeting. A number of other internal and external reports considered the challenges around governance, including the CIPFA delivering good governance in Local Government framework 2016 reports to ensure all appropriate controls and updates are in place across the Council discussed at the March 2017 meeting. Audit Committee on the 30th 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 28th 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 2019-20 approved at the March 2019 meeting also took into account the external review recommendations. An update on counter fraud arrangements for 2019-20 was also received at the July 2019 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 2017-18 Annual Governance Statements with ongoing issues identified also included in the 2019-20 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 2019-20 Annual Governance Statement.

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

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2019-20

ANNUAL GOVERNANCE STATEMENT 2019-20 (continued)

Significant Governance Issues for 2019-20

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 2018-19 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>General – Significant Financial Challenges</p> <p>-Continue to maintain financial resilience by securing approval of a Medium Term Financial Strategy with a fully balanced budget, taking into account the challenges of the Covid-19 pandemic and also proposed Funding Reform, noting the impact of the progression of “Brexit” and global economy volatility.</p> <p>-Potential shortfall on the delivery of savings to meet the circa £1.7m Funding Gap by 2022-23.</p> <p>-Managing Covid-19 budget pressures</p>	<p>AGS 2017-18 as highlighted by the Corporate Leadership Team and endorsed by the LGA Peer Review</p>	<p>a) Realignment of the MTFS to take into account the impact of the pandemic with appropriate updates and action plans to Members.</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 restart the Wyre Forest Forward Programme once the Covid-19 pandemic eases and to re-profile savings targets as appropriate as part of the next MTFS</p>	<p>a) Ongoing financial resilience</p> <p>b) Balanced Medium Term Financial Strategy (MTFS) for 2020-23 with developed proposals for significant savings/cost reductions to close the increased funding gap from 2019-20.</p> <p>c) Commercial Activity Programme Board to manage process of rebuilding income streams</p> <p>d) Realigned savings plan accelerated to align with MTFS</p>	<p>Corporate Director: Resources, Chief Executive and whole Corporate Leadership team</p> <p>CAPB</p> <p>CLT/Cabinet</p>	<p>April 2020 to February 2021, early work on response to Covid-19 specific plans to close Funding Gap after easing of the restrictions</p>

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2019-20

ANNUAL GOVERNANCE STATEMENT 2019-20 (continued)

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
2	Covid-19 – Recovery 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	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: • Supporting businesses - Rate relief coupled with grants for businesses in the retail, hospitality or leisure sector have to date helped around 4,500 businesses Discretionary Grant Scheme – scheme launched end May 2020 Hardship Fund - 4,887 claims have been processed reducing bills by up to £150. • Supporting residents – the Council is making contact with vulnerable residents and tenants and 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.	Continuity of high standards of council services to the community Equitable distribution of government funding	CLT/Cabinet /WF20/Service Managers Revenues, Benefits and Customer Services Manager	Dependent on easing of lockdown – within 6 months of end of restrictions. Report to July Council Within MHCLG timescales
3	Governance of Property and Loan Portfolios 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	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. b) Continue to work with Finance Birmingham to source suitable further loan applicants and progress loan approvals. c) To work with the communications team to reinforce intended impact.	a) Implementation of approved proposals/acquisition of portfolio assets that secure net income streams as revised in approved budget b) Loans approved where appropriate and robust corporate value for money and due diligence procedures are satisfied c) Less negative social media comment	CLT - Corporate Director of Economic Prosperity and Place, Corporate Director: Resources, Solicitor to the Council	a) Portfolio budget fully spent by end March 2021 b) By end 2021 c) By end of 2020-21

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2019-20

ANNUAL GOVERNANCE STATEMENT 2019-20 (continued)

Re	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
4	<p>Information governance issues and non-benefit fraud</p> <p>-utilising the Compliance Officer and Corporate Fraud Resource and separate Corporate Debt Recovery resources.</p> <p>Performance and impact of these resources to continue to be closely monitored and reported once the temporary “pause” as an impact of the pandemic passes.</p>	Annual Governance Statement 2018-19	<p>a) Information Governance Sub-Group (of the ICT Strategy Board) to continue to meet regularly to progress actions</p> <p>b) Compliance Officers within the Revenues & 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 & 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>

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2019-20

ANNUAL GOVERNANCE STATEMENT 2019-20 (continued)

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
5	<p>Partnership and Engagement Governance issues</p> <p>Maintaining resilience in the governance process with particular regard to the increasingly complex array of partnership agreements and alternative funding solutions the Council may sign up to as part of its pursuit of innovative alternative service delivery solutions to unlock funding opportunities and generate revenue income streams. This includes Public Sector Partnership Wyre Forest LLP set up on the 22nd March 2017 and the approved Group structure for a Local Authority Trading Company (LATC), localism, joint operations and potentially devolution and combined authorities</p>	Annual Governance Statement 2018-19	<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 the former Lloyds Garage site 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>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>	CLT – Corporate Director of Economic Prosperity and Place, author of Property LATC report, designated officers for PSP	<p>a)/b) Ongoing due diligence work presented to Overview and Scrutiny/Cabinet throughout 2020-21</p> <p>c) PSP deliver first approved development and utilised further during 2020-21</p> <p>d) LATC Group Structure utilised as appropriate</p>

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2019-20

ANNUAL GOVERNANCE STATEMENT 2019-20 (continued)

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
6	<p>ICT Resilience Governance Issues 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 2020-2023</p> <p>GDPR Legislation - effective date 25th 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 Information Governance Sub-Group (of the ICT Strategy Board) and ongoing work of Cyber Security Group established in 2019-20 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 homeworking arrangements</p>	<p>a) PSN compliance, secure network;</p> <p>b) Timetable proceeds to timetable</p> <p>c) Review evidenced compliance</p> <p>d) Compliant risk assessments</p>	<p>ICT Manager/ Corporate Director: Resources</p> <p>Data Controller</p> <p>ICT Manager</p>	<p>Ongoing reports to ICT Strategy Board, Information Governance and Cyber Security Sub-Groups, Cabinet Members and Group Leaders</p> <p>Initial assurance work by end October 2020, ongoing risk assessments</p>

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2019-20

ANNUAL GOVERNANCE STATEMENT 2019-20 (continued)

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

Ian R Miller
Chief Executive

Graham Ballinger
Leader of the Council

11th November 2020

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Wyre Forest District Council (the 'Authority') for the year ended 31 March 2020 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 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2020 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 2019/20; 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. 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Corporate Director: Resources and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Authority's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Authority's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an authority associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Corporate Director: Resources' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Corporate Director: Resources has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 2019/20 that the Authority's financial statements shall be prepared on a going concern basis, we considered the risks associated with the Authority's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the Authority's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Authority will continue in operation.

Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings

We draw attention to Note 4 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Authority's property, plant and equipment as at 31 March 2020. As disclosed in Note 4 to the financial statements, the outbreak of Covid-19 has impacted global financial markets and market activity has been impacted. A material valuation uncertainty was therefore disclosed in the Authority's property valuer's report. Our opinion is not modified in respect of this matter.

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 of the Authority 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 this 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 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 the '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 matter 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 gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report and the Annual Governance Statement 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 more fully in the Statement of Responsibilities for the accounts, set out on page 32, 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 2019/20, 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. This description forms part of our auditor's report.

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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 have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of the Wyre Forest District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

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

Peter Barber, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

12 November 2020

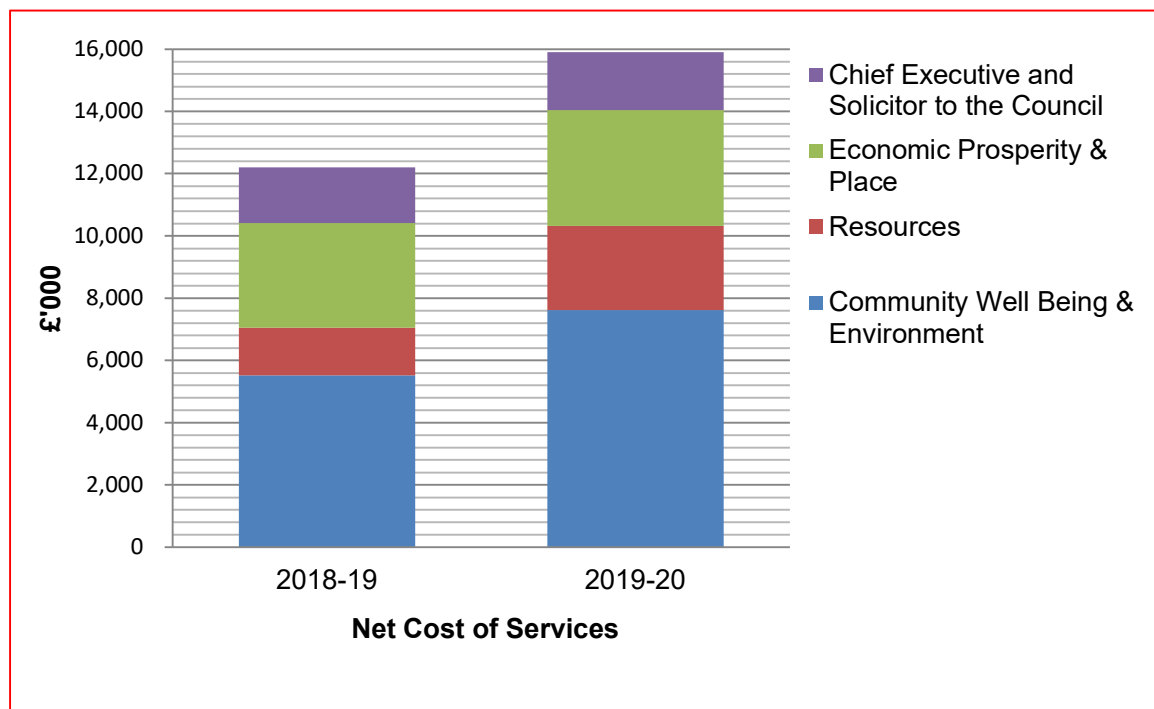
WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2019-20

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2018-19 Expenditure £'000	2018-19 Income £'000	2018-19 Net £'000	Notes	2019-20 Expenditure £'000	2019-20 Income £'000	2019-20 Net £'000
Service Expenditure Analysis						
1,950	(167)	1,783	Chief Executive and Solicitor to the Council	2,252	(382)	1,870
9,863	(4,345)	5,518	Community Well-Being and Environment	11,888	(4,268)	7,620
8,638	(5,274)	3,364	Economic Prosperity and Place	10,488	(6,770)	3,718
32,366	(30,828)	1,538	Resources	28,937	(26,236)	2,701
52,817	(40,614)	12,203	Net Cost of Services	53,565	(37,656)	15,909
1,061	(108)	953	Other Operating Expenditure	1,203	(369)	834
4,177	(2,280)	1,897	Financing and Investment Income and Expenditure	4,304	(2,199)	2,105
-	(13,288)	(13,288)	Taxation and Non-specific Grant Income and Expenditure	-	(15,209)	(15,209)
58,055	(56,290)	1,765	Deficit on the Provision of Services	59,072	(55,433)	3,639
Items that will not be reclassified to the Deficit on the Provision of Services:						
		2,209	(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets	25		(3,270)
		1,837	Re-measurement of the Net Defined Benefit Liability	25		1
		4,046	Total Other Comprehensive Income and Expenditure			(3,269)
		5,811	Total Comprehensive Income and Expenditure			370

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2019-20



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.

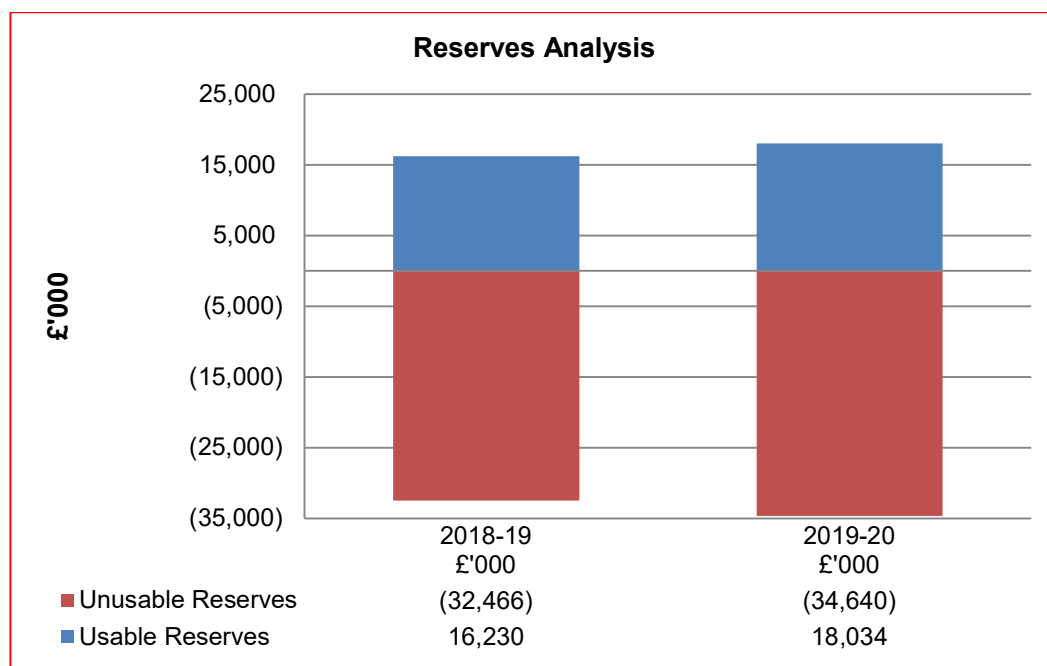
Notes	General Fund Balance 6, 9 £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves 9 £'000	Total Unusable Reserves 9, 25 £'000	Total Reserves £'000
Balance at 1st April 2019 brought forward	12,855	2,752	623	16,230	(32,466)	(16,236)
Movement in Reserves during 2019-20:						
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)
Balance at 31st March 2020 carried forward	14,785	2,704	545	18,034	(34,640)	(16,606)

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2019-20

MOVEMENT IN RESERVES STATEMENT (continued)

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



WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2019-20

Reconciliation of General Fund Balance

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

2019-20

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

2018-19

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

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2019-20

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".

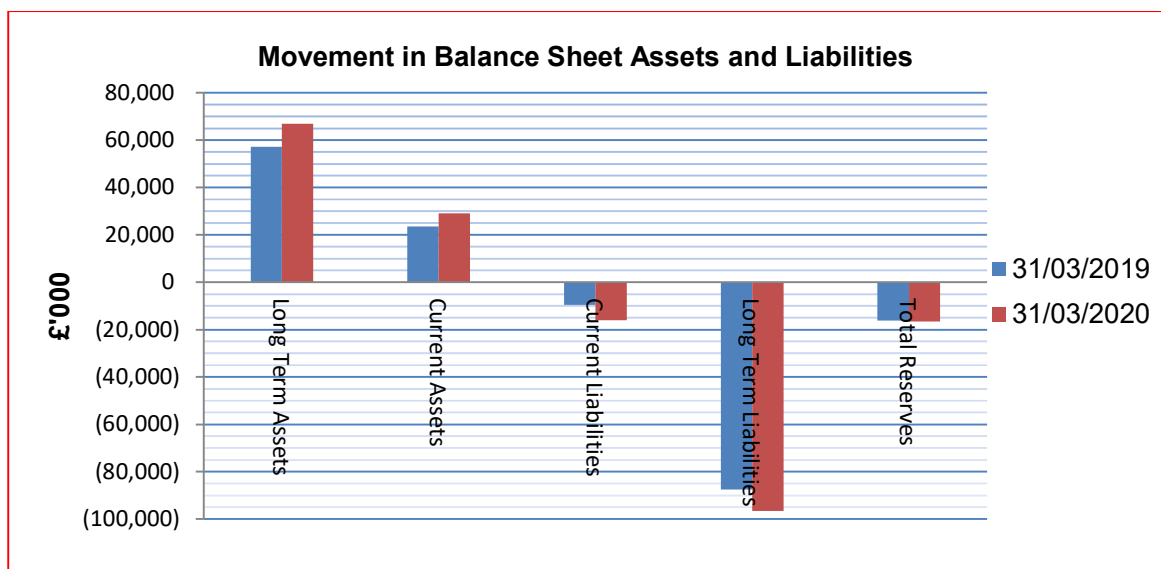
31st March 2019	Notes	31st March 2020
£'000		£'000
	Property, Plant and Equipment:	
49,685	Land and Buildings	58,361
2,890	Vehicles, Plant and Equipment	3,722
1,955	Community Assets	2,109
326	Surplus Assets	826
767	Assets under Construction	340
1,167	Heritage Assets	1,186
348	Intangible Assets	438
35	Long-term Investments	18
57,173	Long-term Assets	67,000
6,016	Short-term Investments	9,099
10,082	Cash and Cash Equivalents	10,590
97	Inventories	89
5,816	Short-term Debtors	8,304
1,500	Assets held for Sale (less than one year)	1,000
23,511	Current Assets	29,082
(270)	Short-term Borrowing	(2,253)
(7,028)	Short-term Creditors	(13,752)
(2,181)	Short-term Provisions	-
(9,479)	Current Liabilities	(16,005)
(29,144)	Long-term Borrowing	(35,173)
(58,247)	Other Long-term Liabilities	(61,507)
(50)	Capital Grants Receipts in Advance	(3)
(87,441)	Long-term Liabilities	(96,683)
(16,236)	Net Assets	(16,606)
16,230	Usable Reserves	18,034
(32,466)	Unusable Reserves	(34,640)
(16,236)	Total Reserves	(16,606)

Tracey W Southall CPFA, Corporate Director: Resources

These financial statements replace the unaudited financial statements certified by Tracey W Southall, Corporate Director: Resources, on 26th June 2020

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2019-20

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.

2018-19	Notes	2019-20
£'000		£'000
(1,765) Net deficit on the provision of services		(3,639)
5,219 Adjust net (surplus)/deficit for non-cash movements:	26	5,216
(275) Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities:	26	(624)
3,179 Net cash flows from operating activities		953
(10,561) Net cash flows from investing activities	27	(11,997)
10,982 Net cash flows from financing activities	27	11,552
3,600 Net increase/(decrease) in cash or cash equivalents		508
6,482 Cash and cash equivalents at the beginning of the reporting period	20	10,082
10,082 Cash and cash equivalents at the end of the reporting period	20	10,590

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

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WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 1: ACCOUNTING POLICIES

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2019-20 financial year and its position at 31st March 2020. 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 2020; 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 2019-20 (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.

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 2019-20

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 2019-20

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 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 2.4% 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 2019-20

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 2019-20

Note 1: ACCOUNTING POLICIES (continued)

1.7 Events After the Reporting Period

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

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue, 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 2019-20

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 an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

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

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

1.9 Government Grants and Contributions

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

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

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

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

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

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 2019-20

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 2019-20.

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 2019-20

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 2019-20

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 2019-20

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 2019-20

Note 1: ACCOUNTING POLICIES (continued)

Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on provision of services. Depreciation is not charged on Assets Held for Sale.

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

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

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

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

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

Surplus Assets

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

1.18 Investment Property

Investment Properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to provide services by the Council or is held for sale. Any investment properties acquired would be held by the Council's Local Authority Trading Company (LATC) or such other arms length legal entity.

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

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 1: ACCOUNTING POLICIES (continued)

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

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

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

1.19 Fair Value Measurement 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.

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.

1.20 Provisions

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 1: ACCOUNTING POLICIES (continued)

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.

1.21 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in Note 36 to the accounts.

1.22 Contingent Assets

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

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

1.23 Reserves

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

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 1: ACCOUNTING POLICIES (continued)

1.24 Revenue Expenditure funded from Capital under Statute

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

1.25 Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

1.26 Interest and Investment Income

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

1.27 Borrowing

In accordance with the Capital and Treasury Management Service Strategies the Council has made use of the prudential borrowing regime. Several schemes contained within the capital programme are being financed through prudential borrowing, the result being that the Capital Financing Requirement (CFR) will increase. The Council entered into further external borrowing against the CFR in 2019-20. 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 2019-20.

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 2019-20 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 1st 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:-

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 1: ACCOUNTING POLICIES (continued)

- 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.

1.28 Council Tax and Non-Domestic Rates (NDR)

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

Accounting for Council Tax and NDR

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

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

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 1: ACCOUNTING POLICIES (continued)

1.29 Business Improvement District

A business improvement district (BID) scheme for Kidderminster was approved on 17th May 2019; to commence with effect from 1st 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.

1.30 Other Accounting Principles

- The provision for impairment of bad debts is estimated by reference to CIPFA guidance and local knowledge.
- Note 30 – Officers’ remuneration. It has been determined that payment for Returning Officer duties are not included, but are disclosed separately within the same note where applicable.

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

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by 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 2021. 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 2021.
- IAS 19 Employee Benefits will require the remeasurement of net pension asset/liability following plan amendments, curtailments or settlements to be used to determine current service cost and net interest for the remainder of the year after the change to the plan. The updating of these assumptions only applies to changes from 1st April 2020 and, since this could result in positive, negative or no movement in the net pension liability, no current prediction can be made of the possible accounting impact.

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 2019-20

Note 3: CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

- A judgement has been made regarding the Balance Sheet asset classification that it is appropriate to use to account for the Capital Portfolio Fund property acquisitions completed in 2019-20. The acquisitions all support the Corporate Plan priority “to support you to contribute to a successful local economy” and bring benefits to our residents. Earning rentals is an outcome of economic development and regeneration policy. The properties are not held solely either to earn rentals or for capital appreciation. These assets are expected to be used during more than one period and the cost of the items can be measured reliably.

The Code of Practice on Local Authority Accounting 2019 (4.4.2.4) confirms that to classify a non-current asset as an investment property it has to be held “**solely** to earn rentals or for capital appreciation or both”. The properties do not meet this definition.

The properties do meet the definition of an asset given in the Code (2.1.2.27) as future economic benefit is expected to flow to the authority through both the contribution the properties make to the local economy and through the rental receipts collected. The cost of the items of property can be recognised and capitalised as they are held (partially) for rental to others, this being one of the purposes given in 4.1.2.13. The properties are expected to be used during more than one period and the cost of the properties can be measured reliably (4.1.2.18).

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

- The Council is a billing authority collecting Non-domestic rates (Business Rates), on behalf of Worcestershire Business Rates pool and central government; a critical judgement has been made that 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 2018-19 only 60% of the income was collected on an agency basis, 40% of the income was collected, as principals, for Wyre Forest District Council. The balance sheet reflects the local share in the prior year (2018-19) comparative figures.

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

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

- A critical judgement has been made that inclusion of a hereditament on the 2010 valuation list meets the definition of a provision and, following the introduction of the Check, Challenge, Appeal process by government, inclusion on the 2017 list meets the definition of a contingent liability.
 - The Council collects approximately £30m in business rates, 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 and the Council makes a provision against this potential liability. The Council makes a judgement about whether a trigger, or past event has occurred that creates a liability and will then apply an estimation method to determine what the value of the provision should be. The Council has determined that there isn't a strong enough case to support a judgement that a past event has occurred to require a provision for business rate appeals on the basis that a hereditament is included on the 2017 list. This is a different judgement to that made previously. The provision for business rate appeals on the 2017 list in these (2019-20) accounts only includes those cases where a claim has been lodged under the Check, Challenge, Appeal process or for other known events. For 2010 list appeals the trigger was considered to be inclusion on the rating list. The decision about whether a trigger, or past event has occurred represents a material and critical judgement applied to the accounts. The appeals provision is derived from the experience with the 2010 list as well as appeal determinations so far made against the 2017 list. The critical judgement resulted in an increase in Business Rates income of £4.4m.

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 31st March 2020 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 2019-20

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Property, Plant and Equipment</p>	<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. The Council's external valuer provided valuations as at 31st December 2019 for approximately 20% of its portfolio; with a further review at 31st March 2020 to ensure that the values were not materially misstated. The remaining balance of properties were also reviewed to ensure values reflect current values.</p> <p>The outbreak of Covid-19 has impacted global financial markets and as at the valuation date, less weight can be attached to previous market evidence to inform opinions of value. There is an unprecedented set of circumstances on which to base a judgement. Valuations are therefore reported on the basis of 'material valuation uncertainty' as per the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuation. At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Therefore, values have been based on the situation prior to Covid-19, on the assumption that values will be restored when the real estate market becomes more fluid.</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 £32,319 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&E.</p>

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	<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 has created uncertainty surrounding illiquid asset values. The Actuary has revisited the Pension Fund property and infrastructure allocations as at 31st March 2020 and the remeasurements have been reflected in the accounts.</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 £2.1m.</p>
Provision for Business Rates Appeals	<p>The provision has been calculated based upon the latest appeals listing from the Valuation Office for outstanding 2010 list claims and data from the Check, Challenge Appeal process for the 2017 list. The Council compared these listings to known outcomes from other appeals in each hereditament category and used the experience from these cases, together with local knowledge to calculate a likely liability. The Check, Challenge Appeal system, introduced in 2017, appears to have reduced the volume of both speculative and successful appeals. We have based this assessment on 3 years of data although there remains some uncertainty as this apparent reduction could be due to the timing of claims during the life-cycle of a list. The estimation method applied for calculating the appeals provision has been reviewed in light of this experience. Previously the provision was based on a percentage reduction (4.7%) in the total value of the list (the estimate used by the Secretary of State in the Finance report 2017). This revised approach has significantly reduced the overall value of the business rates appeals provision. A similar approach has been taken by all Worcestershire Pool members. There is inherent uncertainty in estimating the value of future appeals, hence a contingent liability disclosure has been made (Note 36). To mitigate the risk of a future liability arising from claims not yet lodged the Council has also created an Earmarked Reserve for the potential impact of appeals for which the Council no longer holds a provision.</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 2019-20 the resulting increase would be £284,344 shared across the Worcestershire Pool.</p> <p>The financial impact of changing the basis for calculating the provision for business rates appeals from a percentage reduction of the entire list to a detailed evaluation of each Check, Challenge, Appeal case lodged was £4.4m.</p>

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

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

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

With regards to Property, Plant and Equipment, Pensions Liability and Fair Value Measurements, there is inherent uncertainty in estimating the effect of Britain's departure from the European Union (Brexit) on property values, pension assets and financial liability fair values. Valuations have therefore been obtained at the optimum time to enable closure of the accounts by the statutory deadline. In addition, it is not possible to fully anticipate the impact of the Covid-19 pandemic at this time. The assumptions will therefore be reviewed for the 2020-21 accounts.

Note 5: MATERIAL ITEMS OF INCOME AND EXPENSE

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

The Green Street Depot capital works were completed in 2019-20. Significant expenditure related to sub-ground works and demolition of part of the building resulting in a reduction to the building area. Such restitution expenditure is not recovered in the end value. The revaluation was undertaken by the Council's external valuer, resulting in an overall decrease of £2.27m, adjusted through the CIES.

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

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.

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 Well-Being and Environment	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	-	-	-
Net Cost of Services	11,165	(1,186)	9,979	5,930	15,909
Other Income and Expenditure	(11,552)	(357)	(11,909)	(361)	(12,270)
(Surplus)/Deficit	(387)	(1,543)	(1,930)	5,569	3,639

Comparative information for 2018-19.

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

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

Movement in General Fund Balance	2018-19 £'000	2019-20 £'000
Opening General Fund Balance as at 1 st April	(11,444)	(12,855)
IFRS 15 Adjustment 1 st April 2018	176	-
(Surplus)/Deficit on General Fund Balance in Year	(1,587)	(1,930)
Closing General Fund Balance as at 31st March	(12,855)	(14,785)

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

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:

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

Comparative information for 2018-19.

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

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 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 Resources	-	117	-	117	7	124
Community Well-Being and Environment	299	(894)	-	(595)	19	(576)
Economic Prosperity and Place	3,447	490	-	3,937	(20)	3,917
Net Cost of Services	2,039	415	-	2,454	11	2,465
Other income and expenditure from the Expenditure and Funding Analysis	5,785	128	-	5,913	17	5,930
	(719)	1,376	(174)	483	(844)	(361)
Difference between General Fund Surplus/Deficit and Comprehensive Income and Expenditure Statement Surplus/Deficit	5,066	1,504	(174)	6,396	(827)	5,569

Comparative information for 2018-19

Adjustments between Funding and Accounting Basis 2018-19

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net change for Pensions Adjustments	Other Statutory Differences	Total Statutory Adjustments	Other (non statutory) Adjustments	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive and Solicitor to the Council Resources	-	98	-	98	(13)	85
Community Well-Being and Environment	158	(1,808)	-	(1,650)	(1)	(1,651)
Economic Prosperity and Place	1,905	427	-	2,332	20	2,352
Net Cost of Services	1,319	288	-	1,607	2	1,609
Other income and expenditure from the Expenditure and Funding Analysis	3,382	(995)	-	2,387	8	2,395
	(266)	1,389	442	1,565	(608)	957
Difference between General Fund Surplus/Deficit and Comprehensive Income and Expenditure Statement Surplus/Deficit	3,116	394	442	3,952	(600)	3,352

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

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 2019-20

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

	2018-19	2019-20
	£'000	£'000
Expenditure		
Employee Benefits Expenses	11,848	13,454
Other Service Expenses	37,914	34,669
Support Service Recharges	119	172
Depreciation and Revaluation Adjustments	2,936	5,313
Interest Payments	663	952
Pensions	3,515	3,352
Precepts	1,061	1,203
Total Expenditure	58,056	59,115
Income		
Fees, Charges and Other Service Income	(9,865)	(11,039)
Interest and Investment Income	(143)	(201)
Icelandic Investments Interest Adjustment	(12)	(22)
Council Tax and NNDR	(11,914)	(14,253)
Pensions	(2,125)	(1,976)
Government Grants and Contributions	(32,124)	(27,616)
Net Gain on Disposal of Fixed Assets	(108)	(369)
Total Income	(56,291)	(55,476)
Deficit on the Provision of Services	1,765	3,639

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

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

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

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

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

2019-20	Usable Reserves			Movement in Unusable Reserves £'000
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
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
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(844)			844
Adjustments involving the Capital Receipts Reserve:				
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
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement				
Employer's pensions contributions and direct payments to pensioners payable in the year	(3,709)			3,709
Adjustments involving the Collection Fund Adjustment Account:				
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
Adjustment involving the Accumulated Absences Account:				
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)
Total Adjustments	5,569	(48)	(78)	(5,443)

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

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

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

Note 10: OTHER OPERATING EXPENDITURE

	2018-19 £'000	2019-20 £'000
Parish/Town Council Precepts	1,061	1,203
(Gains)/Losses on the disposal of non-current assets	(108)	(369)
Total	953	834

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 11: FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2018-19	2019-20
	£'000	£'000
Interest payable and similar charges	663	952
Net interest on the net defined benefit liability/(asset)	1,389	1,376
Interest receivable and similar income	(143)	(201)
Icelandic investments interest adjustment	(2)	(1)
Icelandic investments impairment adjustments	(10)	(21)
Total	1,897	2,105

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

	2018-19	2019-20
	£'000	£'000
Council Tax income	(8,039)	(8,380)
Business Rates income and expenditure	(3,832)	(5,863)
Revenue Support Grant	(101)	-
New Homes Bonus	(1,273)	(906)
NNDR Levy Redistribution	(43)	(10)
Other Government Grant	-	(50)
Total	(13,288)	(15,209)

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 2019-20.

Earmarked Reserve	Balance at 1st April 2018	Transfers Out 2018-19	Transfers In 2018-19	Balance at 31st March 2019	Transfers Out 2019-20	Transfers In 2019-20	Balance at 31st March 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Business Rates Equalisation / Regeneration Risk Reserve	1,216	(153)	295	1,358	(35)	1,875	3,198
Innovation Fund	1,088	(343)	370	1,115	(588)	412	939
Capital Financing	393	(1)	230	622	(7)	-	615
General Risks	712	(33)	116	795	(426)	100	469
General Waste Reserve	-	-	256	256	(5)	-	251
Business Rates - Collection Fund	101	(101)	467	467	(232)	-	235
Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP)	-	-	154	154	(154)	142	142
Leisure	305	(40)	-	265	(175)	-	90
Green Street Site Contingency	50	-	150	200	(200)	-	-
External Funding	1,124	(346)	592	1,370	(358)	495	1,507
Other Miscellaneous Reserves (below £150,000)	1,304	(494)	456	1,266	(447)	487	1,306
Total	6,293	(1,511)	3,086	7,868	(2,627)	3,511	8,752

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 13: MOVEMENTS IN EARMARKED RESERVES (continued)

Reserve	Purpose
Business Rates Equalisation / Regeneration Risk Reserve	To mitigate future Business Rates/economic regeneration risk. This reserve has been replenished this year to mitigate the impact of unforeseen increases in appeals, rating list reductions, Business Rates reform potential decline in growth. It also contains a sum set aside for appeals that may arise from the Check Challenge Appeal system within the 2017 list. The increase also recognises the inevitable increased risk of failure to realise overall growth as a result of the proposed 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. The overall level of the reserve is proportionate to potential risks and is in line with risk reserves held by neighbouring Worcestershire districts.
Innovation Fund	To ensure delivery of Wyre Forest Forward programme. Costs of delivery of transformation are approved by CLT in all specific cases.
Capital Financing	Costs of servicing debt “slipped” forward in capital programme – to be applied in future budgets.
General Risks	This recognises the increased financial risk the Council faces given the significant reductions in future funding and resultant increasing funding gap that whilst we are doing early work to address, remains challenging. Areas this reserve covers include Burlish Golf Course works and Depot 2020 final snagging issues. It is unlikely that this reserve will be sufficient to cover the net impact of the COVID 19 pandemic if this is not met by Government.
General Waste Reserve	This is in relation to waste collection given the pressures on this service as further house building progresses and also the uncertainty around the aspirations in the Government’s Resources and Waste Strategy.
Business Rates - Collection Fund	This is in relation to a technical accounting adjustment relating to the timing difference between the NNDR1 (estimated income) that was reflected in the CIES and the actual position following completion of the NNDR3 (outturn).
Greater Birmingham and Solihull Local Enterprise Partnership	This payment is in relation to the estimated contribution of this Council to the GBSLEP given that we are not a member of the associated Business Rates Pool through which other Members meet their funding requirement.
Leisure	The Leisure Centre major capital scheme has now been fully signed off and all retentions released. This reserve has been reduced to reflect this but the remaining sum is still required as the business case included funding from the sale of a related surplus land parcel that has not yet been realised.
Green Street Site Contingency	This reserve has been fully allocated in-year as direct revenue funding to support the delivery of the Depot 2020 Green Street development scheme given the risk arising from the complexity of the underlying site conditions.
External Funding	Includes the following: Flexible Homeless Support Grant, Primary Care Trust – Local Health Projects, New Burdens Funding, Local Welfare Scheme, Controlling Migration Fund, Individual Electronic Registration, Community Housing Fund, Public Rented Sector Access Housing, Welfare Assistance Scheme, Rough Sleeper Funding, Future High Street Fund and other minor reserves.
Other Miscellaneous Reserves (below £150,000)	Includes the following: Property Risk Reserve, Building Control Chargeable Account, Bromsgrove Town Centre, District Local Development Framework, Capital Portfolio and Development Loans Fund Financing, ReWyre Projects, State of the Area Projects, Redditch Regen Projects, North Worcestershire Water Management, Bromsgrove Economic Impact Studies, Eastern Gateway Redevelopment, Planning Earmarked Reserve, Car Parks and other minor reserves.

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 14: PROPERTY PLANT AND EQUIPMENT (PPE)

Movements on Balances

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
Cost or Valuation at April 1st 2019	52,620	7,141	1,978	326	767	62,832
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)
Gross Book Value at 31st March 2020	61,043	7,981	2,118	826	340	72,308
Accumulated Depreciation and Revaluation Reductions at April 1st 2019	(2,935)	(4,251)	(23)	-	-	(7,209)
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
At 31st March 2020	(2,682)	(4,259)	(9)	-	-	(6,950)
Net Book Value at 31st March 2020	58,361	3,722	2,109	826	340	65,358

There were two material asset additions within Land and Buildings, food and beverage premises at Riverside, Kidderminster (£2.555m) and an industrial unit at Goldthorn Road, Kidderminster (£4.340m) as shown in the table below:

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 14: PROPERTY PLANT AND EQUIPMENT (continued)

Capital Portfolio Fund Capital Expenditure 2019-20	Asset Classification	
	Land & Buildings £'000	Asset Under Construction £'000
<u>Acquisitions</u>		
Riverside Food and Beverage Units, Kidderminster	2,555	
Goldthorn Road Industrial Unit, Kidderminster	4,340	
<u>Up front costs</u>		
Former Frenco Site Industrial Units, Kidderminster		340
Bridge Street, Stourport-on-Severn	41	
<u>Other capital expenditure</u>		
Worcester Street/High Street Retail Units, Kidderminster	34	
Stratford Court Offices, Solihull	49	
Total Capital Expenditure	7,019	340

The Asset Under Construction at 31st March 2020 was a suite of small industrial units at Silverwoods Way, Kidderminster. This is currently being constructed and is scheduled to become operational in 2020-21, when it will be re-classified as operational land and buildings.

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 14: PROPERTY PLANT AND EQUIPMENT (continued)

Comparative Movements in 2018-19:

	Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at April 1st 2018	44,597	6,752	1,941	326	999	54,615
Additions/enhancements	10,526	1,309	39	-	767	12,641
Revaluation Increases/(Decreases) Recognised In The Revaluation Reserve	(2,141)	-	13	-	-	(2,128)
Revaluation Increases/(Decreases) Recognised In The Surplus/Deficit On The Provision Of Services	(1,239)	-	(15)	-	-	(1,254)
Derecognition (Disposals)	-	(216)	-	-	-	(216)
Reclassifications	999	-	-	-	(999)	-
Other Movements In Cost Or Valuation	(122)	(704)	-	-	-	(826)
Gross Book Value at 31st March 2019	52,620	7,141	1,978	326	767	62,832
Accumulated Depreciation and Revaluation Reductions at April 1st 2018	(1,975)	(4,636)	(18)	-	-	(6,629)
Depreciation Charge	(1,082)	(513)	(5)	-	-	(1,600)
Depreciation Written Out To The Revaluation Reserve	(211)	-	-	-	-	(211)
Other Movements In Depreciation	333	898	-	-	-	1,231
Revaluation Losses/(Reversals) Recognised In The Revaluation Reserve	(2,828)	-	-	-	-	(2,828)
Revaluation Losses/(Reversals) Recognised In The Surplus/Deficit On The Provision Of Services	(1,239)	-	(15)	-	-	(1,254)
Other Movements In Depreciation & Revaluations	4,067	-	15	-	-	4,082
At 31st March 2019	(2,935)	(4,251)	(23)	-	-	(7,209)
Net Book Value at 31st March 2019	49,685	2,890	1,955	326	767	55,623

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

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	1-82
Depot & Workshops	20-40
Public Conveniences	4-15
Miscellaneous Community Assets	1-18
Vehicles, Plant & Machinery, Equipment & Lighting	1-9
ICT Systems	1-5

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

Asset Description	2018-19	2019-20
Land, Properties and Vehicles:		
Asset Under Construction (2018-19 Forest House, Kidderminster, 2019-20 Unity Park, Silverwoods)	1	1
Car Parks	24	24
Cemetery Sites	2	2
Civic & Administrative Buildings	2	2
Leisure Centres (leasehold interest in Bewdley Leisure Centre)	2	2
Museums	1	1
Nature Reserves	4	4
Other Land & Buildings	33	36
Public Conveniences	9	9
Sports & Social Clubs	4	4
Sports Fields & Parks	18	18
Trading Estates & Enterprise Centres	5	5
Vehicles	74	76

The major items of capital expenditure in 2019-20 were:

Scheme	£'000
Capital Portfolio Fund Acquisitions & Construction	7,359
Disabled Facilities/Housing Grants	1,384
Green Street Depot, Kidderminster	2,322
Vehicle Replacement Programme	1,184
ICT Strategy	561
Worcester Street, Kidderminster Improvement Grant	375
Other Capital Schemes	15
Total Capital Expenditure	13,200

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 14: PROPERTY PLANT AND EQUIPMENT (continued)

The Council's Capital Programme was financed as follows:

Type of Financing	£'000
Prudential Borrowing	11,015
Grants	1,365
Revenue Financing	350
Application of Capital Receipts	470
Total Financing	13,200

At 31st March 2020 the following major capital contracts had been entered into, with the following sums remaining to be paid.

Description	£'000
Green Street Depot	49
Wyre Forest House – Construction Contract (including Retentions)*	211
Disabled Facilities Grants/Housing Assistance Grants	364
Refuse Freighter	173
ICT Strategy	85

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

Revaluations

The Council's Land, Buildings, Community Assets and Surplus Assets are valued on a five year rolling programme, 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. The current asset values used in the accounts are based on valuations provided by Bruton Knowles, Independent Valuers. The valuations of assets carried at current value are analysed in the table below. This table does not include other items contained within the Council's Asset Register such as Vehicles, Plant and Equipment, Intangible Assets or Assets under Construction as these assets are carried at Depreciated Historical Cost and are not, therefore, subject to revaluation.

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

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	11	58	-	-	69
Valued at current value in:					
2019-20	53,505	834	500	1,000	55,839
2018-19	1,196	400	180	-	1,776
2017-18	1,869	189	-	-	2,058
2016-17	1,402	215	145	-	1,762
2015-16	376	413	-	-	789
2014-15	2	-	1	-	3
Total	58,361	2,109	826	1,000	62,296

Note 15: HERITAGE ASSETS

Reconciliation of the carrying value of heritage assets held by the Council, 2019-20.

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

Comparative information for 2018-19:

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

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 31st March 2019.

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

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.

	2018-19 £'000	2019-20 £'000
Balance at Start of Year:		
Gross Carrying Amounts	2,522	2,670
Accumulated Amortisation	(2,239)	(2,322)
Net Carrying Amount at Start of Year	283	348
Purchases	148	194
Amortisation for Period	(83)	(104)
Net Carrying Amount at End of Year	348	438
Comprising:		
Gross Carrying Amount	2,670	2,864
Accumulated Amortisation	(2,322)	(2,426)
Net Carrying Amount at End of Year	348	438

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

Categories of Financial Instruments

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

	Non-Current		Current	
	31st March 2019 £'000	31st March 2020 £'000	31st March 2019 £'000	31st March 2020 £'000
Investments				
Loans and receivables – Investments (Principal)	35	18	6,000	9,075
Loans and receivables – Investments (Accrued Interest)	-	-	16	24
Cash and cash equivalents				
Cash and cash equivalents at amortised cost (Principal)	-	-	10,082	10,590
Total Investments	35	18	16,098	19,689
Debtors				
Loans and receivables	-	-	1,707	1,953
Borrowings				
Financial liabilities at amortised cost	(29,144)	(35,173)	(270)	(2,253)
Creditors				
Financial liabilities at amortised cost	-	-	(3,347)	(2,649)

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 2019-20

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:

	31st March	
	2019	2020
	£'000	£'000
Interest income (including Icelandic investment interest)	145	202
Interest expense	(663)	(952)
Total	(518)	(750)

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:

	31st March 2019		31st March 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Cash and Cash Equivalents	10,082	10,082	10,590	10,590
Add back: Overdraft/(Cash at Bank)	(157)	(157)	(10)	(10)
Short-term Deposits	4,008	4,008	9,099	9,099
Certificates of Deposit	2,008	2,008	-	-
Long-term Investments	35	35	18	18
Total Temporary Investments	15,976	15,976	19,697	19,697

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

As at 31st March 2020 the Council held no financial assets for which Level 1 valuations will apply and £19.697m 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 2020 the Council held £37.187m financial liabilities for which Level 2 valuations will apply. The financial liabilities are held with the Public Works Loans Board (PWLB) and Market lenders. All of these borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, we have used a financial model valuation provided by Link Asset Services. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses both premature repayment rates and new borrowing rates to discount the future cash flows as detailed below:

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

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 st March 2019		31 st March 2020	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Market Debt	2,013	2,012	4,022	3,999
PWLB Loan – Maturity	27,131	29,553	33,165	33,942
Total Borrowing	29,144	31,565	37,187	37,941

The fair value of PWLB loans of £33.942m 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 £49.968m at 31st March 2020 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 2019-20

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 2019-20 that was approved by Full Council on 27th February 2019 and available on the Council website.

Credit Risk Management Practices

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

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

The Council has determined that there is no significant credit risk to financial instruments since initial recognition. The historic risk of default at 31st March 2020 was 0.008% (0.008% at 31st March 2019), 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 31st March 2020 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 31st March 2020. These are analysed by age as shown in the table below:

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 17: FINANCIAL INSTRUMENTS (continued)

Age of Debt	31 st March	
	2019 £'000	2020 £'000
Less than three months	1,376	1,209
Three to six months	21	40
Six months to one year	71	90
More than one year	136	176
Total	1,604	1,515

The Council has an impairment allowance of £141k in place to mitigate against this risk (£173k in 2018-19).

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 st March	
	2019 £'000	2020 £'000
Less than one year	15,942	19,679
Between one and two years	35	18
Total	15,977	19,697

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 2019-20

Note 17: FINANCIAL INSTRUMENTS (continued)

	31 st March	
	2019 £'000	2020 £'000
Less than one year	270	2,253
Between one and two years	2,013	3,010
Between two and five years	1,001	1,006
Between five and ten years	4,017	5,027
Between ten and fifteen years	4,028	5,032
Between fifteen and twenty years	3,024	4,035
Between twenty and twenty five years	2,016	1,004
Over twenty five years	13,045	16,059
Total	29,414	37,426

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 31st March 2020, 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	243

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

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 £0.695m outstanding of the original £9m Icelandic investments (prior to impairment) as at 31st March 2020 and is confident that the overall return will be close to full recovery.

Note 18: DEBTORS

Short Term Debtors	31 st March	
	2019 £'000	2020 £'000
Trade Receivables	1,707	1,953
Prepayments	287	381
Local Taxation including Major Precepting Authorities	3,282	3,615
Other Receivable Amounts	540	2,355
Total Net Debtors at Year End	5,816	8,304

Note 19: DEBTORS FOR LOCAL TAXATION

Debtors for Local Taxation (Memorandum - gross debtors)	31 st March	
	2019 £'000	2020 £'000
Council Tax:		
Current year	1,696	1,661
More than one year	2,983	3,127
NNDR:		
Current year	570	741
More than one year	966	997
Total Gross Debtors for Local Taxation	6,215	6,526

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 20: CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprises:

Cash and Cash Equivalents	2018-19 £'000	2019-20 £'000
Cash held by the Authority	2	1
Bank current accounts	155	9
Short-term deposits with banks/building societies	9,925	10,580
Total Balance at Year End	10,082	10,590

Note 21: ASSETS HELD FOR SALE

Assets Held For Sale	2018-19 £'000	2019-20 £'000
Balance at Start of Year	1,500	1,500
Balance at Year End	1,500	1,000

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

Creditors	31st March	
	2019 £'000	2020 £'000
Government Departments	2,540	3,587
Local Authorities	852	5,718
Sundry Creditors	1,067	757
Council Taxpayers (overpayments/receipts in advance)	134	130
Business Rates (overpayments/receipts in advance)	335	-
Receipts in Advance	1,721	3,425
Contractors and Other Deposits	379	135
Total Balance at Year End	7,028	13,752

Creditors - Summary	31st March	
	2019 £'000	2020 £'000
Trade payables	1,257	871
Other payables	5,771	12,881
Total Balance at Year End	7,028	13,752

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 23: PROVISIONS

Description of Provision	1 st April 2019 £'000	Provided in Year £'000	Payments in Year £'000	31 st March 2020 £'000
Business Rates Appeals	2,181	-	(2,181)	-

The Collection Fund holds a provision for Business Rates appeals in respect of appeals not settled at 31st March 2020, consistent with the approach taken by all members of the Worcestershire Pool. The accounting arrangements for the Worcestershire 75% Business Rates Pilot 2019-20 agreement result in no share being shown for WFDC at 31st March 2020.

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 st March	
	2019 £'000	2020 £'000
Revaluation Reserve	8,664	11,684
Capital Adjustment Account	19,573	15,727
Pensions Reserve	(60,002)	(61,507)
Collection Fund Adjustment Account	(533)	(359)
Accumulated Absences Account	(168)	(185)
Total Unusable Reserves	(32,466)	(34,640)

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.

Revaluation Reserve	2019 £'000	2020 £'000
Balance at 1st April	11,084	8,664
Revaluation Gains	700	3,675
Excess Current Value Depreciation over Historic Cost Depreciation	(211)	(250)
Revaluation reductions written off against prior balances	(2,909)	(405)
Balance at 31st March	8,664	11,684

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 25: UNUSABLE RESERVES (continued)

Capital Adjustment Account

The Capital Adjustment Account reflects the timing difference between the cost of fixed assets consumed and the capital financing set aside to pay for them. The account also contains revaluation gains accumulated on property, plant and equipment before 1st April 2007, the date that the revaluation reserve was created to hold such gains.

Capital Adjustment Account	2019 £'000	2020 £'000
Balance at 1st April	21,859	19,573
Capital Receipts Applied	137	470
Depreciation	(1,682)	(1,958)
Revaluation Adjustments	(1,255)	(3,355)
Direct Revenue Financing	158	350
Appropriation of Minimum Revenue Provision	608	844
Revenue Expenditure Funded From Capital Under Statute	(1,833)	(1,759)
Disposal of Non-Current Assets	(21)	(53)
Capital Grants	1,391	1,365
Revaluation Reserve	211	250
Balance at 31st March	19,573	15,727

Pensions Reserve

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

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources available to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. As a partner to Worcestershire Regulatory Services (WRS), the debit balance in the Pension Reserve includes this Council's share of 15.31% of the overall liability as at 31st March 2020.

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 25: UNUSABLE RESERVES (continued)

Pensions Reserve	2018-19 £'000	2019-20 £'000
Balance at 1st April	(57,771)	(60,002)
Adjustment to opening balance for unfunded benefits		40
Adjustment to opening balance for WRS* – McCloud and investment restatement not adjusted for in 2018-19 Accounts		(4)
Remeasurements of the net defined benefit (liability and asset)	(1,837)	(37)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(3,719)	(5,213)
Employer's pension contributions and direct payments to pensioners payable in the year	3,325	3,709
Balance at 31st March	(60,002)	(61,507)

*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.

Collection Fund Adjustment Account	2018-19 £'000	2019-20 £'000
Balance at 1st April	(91)	(533)
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	(442)	174
Balance at 31st March	(533)	(359)

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 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

Accumulated Absences Account	2018-19 £'000	2019-20 £'000
Balance at 1st April	(160)	(168)
Reversal of Opening Balance	160	168
Amounts accrued at the end of the current year	(168)	(185)
Balance at 31st March	(168)	(185)

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 26: CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

Cash Flow Statement – Operating Activities	2018-19 £'000	2019-20 £'000
Interest received	(143)	(201)
Interest paid	568	860
Net cash flows from operating activities	425	659

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

Cash Flow Statement – Operating Activities	2018-19 £'000	2019-20 £'000
Depreciation	1,682	1,958
Downward re-valuations	1,254	3,356
Increase/(decrease) in impairment for bad debts	(51)	174
Increase/(decrease) in creditors	405	735
(Increase)/decrease in debtors	613	(2,104)
(Increase)/decrease in inventories	(15)	8
Movement in pension liability	2,149	3,238
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	22	53
Other non-cash items charged to the net surplus or deficit on the provision of services	(840)	(2,202)
Total	5,219	5,216

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

Cash Flow Statement – Operating Activities	2018-19 £'000	2019-20 £'000
Proceeds from short-term and long term investments	(145)	(202)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(130)	(422)
Total	(275)	(624)

Note 27: CASH FLOW STATEMENT – INVESTMENT ACTIVITIES

Cash Flow Statement – Investment Activities	2018-19 £'000	2019-20 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(13,091)	(10,670)
Other payments for investing activities	1,000	(3,075)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	130	422
Proceeds from short-term and long-term investments	13	39
Other receipts from investing activities	1,387	1,287
Net cash flows from investing activities	(10,561)	(11,997)

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 28: CASH FLOW STATEMENT – FINANCING ACTIVITIES

Cash Flow Statement – Financing Activities	2018-19 £'000	2019-20 £'000
Cash receipts of short and long-term borrowing	11,000	8,000
Other receipts from financing activities	519	3,973
Repayments of short and long-term borrowing	(1)	(30)
Other payments for financing activities	(536)	(391)
Net cash flows from financing activities	10,982	11,552

Note 29: MEMBERS' ALLOWANCES AND EXPENSES

Members' allowances and expenses paid during the year were £215,192 (£222,738 in 2018-19). Further information is provided on the Council's website.

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

Note 30: OFFICERS' REMUNERATION

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

Position	Salary (including fees & allowances)	Compensation for loss of Office	Expenses Allowances**	Total Remuneration Excl pension contributions 2019-20	Pension Contributions	Total Remuneration including pension Contributions 2019-20
	£	£	£	£	£	£
Chief Executive	112,767	-	693	113,460	17,253	130,713
Corporate Director: Economic Prosperity and Place	76,153	-	874	77,027	11,651	88,678
Corporate Director: Community Well-being and Environment	76,153	40,893	37	117,083	207,600*	324,683
Corporate Director: Resources	76,153	-	190	76,343	11,651	87,994
Solicitor to the Council	52,209	-	255	52,464	7,988	60,452
Total	393,435	40,893	2,049	436,377	256,143	692,520

*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 for the year exceeded £50,000:

Total Remuneration (excluding employer's contributions)	2018-19	2019-20
£50,000 - £54,999	2	1
£55,000 - £59,999	-	2
£60,000 - £64,999	-	1
£65,000 - £69,999	-	1

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 30: OFFICERS' REMUNERATION (continued)

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

	Role	2019-20 £
Chief Executive	Returning Officer	10,484
Solicitor to the Council	Deputy Returning Officer	50

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)	
	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19 £	2019-20 £
£0 - £100,000	1	1	-	-	1	1	15,169	91,202
£100,001 - £200,000	-	1	-	-	-	1	-	108,276
£200,001 - £300,000	-	1	-	-	-	1	-	236,842
Total	1	3	-	-	1	3	15,169	436,320

The total cost of £436,320 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:

Fees payable to the Council's External Auditors	2018-19 £'000	2019-20 £'000
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	-	4
Fee alignment 2018-19* re 2017-18 fee	49	-
Fees payable in respect of other services provided by Grant Thornton during the year** paid in arrears	9	10
Public Sector Audit Appointments (PSAA) Refund relating to 2018-19	-	(5)
Total	96	47

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 31: EXTERNAL AUDIT COSTS (continued)

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

Note 32: GRANT INCOME

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

Grant Income	2018-19 £'000	2019-20 £'000
Credited to Taxation and Non-Specific Grant Income		
Revenue Support Grant	101	-
New Homes Bonus	1,273	907
Other Capital Grants	1,277	151
Total Credited to Taxation and Non-Specific Grant Income	2,651	1,058
Credited to Services		
Housing Benefit Subsidy	29,152	24,631
Housing Benefit Admin	462	422
Other Grants by Directorate:		
Chief Executive & Solicitor to the Council	118	49
Resources	280	284
Community Well-being and Environment	186	325
Economic Prosperity and Place	658	1,202
Total Grant Income Credited to Services	30,856	26,913

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 31st March 2020 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 2019-20 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.

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

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 2019-20 to:

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

The net financial support for these bodies totalled £9k in 2019-20.

Major transactions over £10k for 2019-20 where Councillors were also members of outside bodies are shown in the table below:

Organisation	Total Income	Total Expenditure	Income due at 31/03/2020	Expenditure due at 31/03/2020
	£'000	£'000	£'000	£'000
Other Public Bodies				
Bewdley Town Council	6	12	-	1
Kidderminster Town Council	196	158	8	-
Stourport Town Council	31	2	-	-
Worcestershire County Council	1,666	879	-	85
Office of the Police & Crime Commissioner for West Mercia	67	-	17	-
Other Bodies				
Bewdley Development Trust	-	10	-	-
Wyre Forest Citizens Advice Bureau	-	38	-	5
Local Government Association	-	12	-	-
Wyre Forest Nightstop & Mediation	-	19	-	8
Stourport Sports Club Limited	10	15	-	-
Stourport Forward	-	11	-	11
Kidderminster & District Youth Trust	1	21	-	-
Greater Birmingham & Solihull LEP	20	270	-	162
Worcestershire LEP	-	10	-	-
PSP Wyre Forest LLP	-	49	-	7

Officers

The Cultural Services Manager and the Community Development Manager were board members of Stourport Sports Club Limited prior to their departure from the Council during 2019-20. The new board members for 2020-21 are the Community Services Manager and the Sports and Leisure Development Officer.

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

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 2019-20.

Services Hosted by WFDC

Service	Council	Value of Service in 2019-20 £'000	Payment due from WFDC at 31/03/2020 £'000	Receipt due to WFDC at 31/03/2020 £'000
North Worcestershire Economic Development and Regeneration	Redditch Borough Council	239	-	65
	Bromsgrove District Council	281	-	71
North Worcestershire Water Management	Redditch Borough Council	62	-	16
	Bromsgrove District Council	56	-	14
North Worcestershire Civil Contingencies and Resilience	Redditch Borough Council	14	-	4
	Bromsgrove District Council	14	-	4

Services Hosted by Other Councils

Service	Host Council	Value of Service in 2019-20 £'000	Payment due from WFDC at 31/03/2020 £'000	Receipt due to WFDC at 31/03/2020 £'000
Worcestershire Regulatory Services	Bromsgrove District Council	468	11	6
North Worcestershire Building Control	Bromsgrove District Council	124	20	-
Payroll	Redditch Borough Council	43	43	-
Car Park Administration Service	Wychavon District Council	86	-	-

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 34: CAPITAL EXPENDITURE AND CAPITAL FINANCING

Capital Expenditure and Capital Financing	2018-19 £'000	2019-20 £'000
Opening Capital Financing Requirement	18,067	30,395
Operational Assets	12,022	11,101
Non-operational Assets	767	340
Revenue Expenditure Funded from Capital Under Statute	1,833	1,759
Capital Receipts	(137)	(470)
Government Grants and other Contributions	(1,391)	(1,365)
Sums Set Aside from Revenue	(766)	(1,194)
Closing Capital Financing Requirement	30,395	40,566
Explanation of movements in the year:		
Increase in underlying requirement to borrow (unsupported by Government financial assistance)	12,328	10,171
Increase in Capital Financing Requirement	12,328	10,171

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 £464k 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 2019-20

Note 35: DEFINED BENEFIT PENSION SCHEMES (continued)

Transactions Relating to Post Employment Benefits

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

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

	WFDC		Share of WRS	
	2018-19 £'000	2019-20 £'000	2018-19 £'000	2019-20 £'000
Comprehensive Income and Expenditure Statement				
Cost of Services				
<i>Service cost comprising:</i>				
Current Service Cost	2,214	2,448	88	102
Past Service Costs (including Curtailments)	-	1,234	-	24
Administration expenses	27	28	1	1
Financing and Investment Income and Expenditure				
Net interest expense	1,365	1,344	24	32
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	3,606	5,054	113	159
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement				
<i>Remeasurement of the net defined liability comprising:</i>				
Return on plan assets (excluding the amount included in net interest expense)	(1,123)	4,468	(1)	(19)
Actuarial (gains) and losses arising on changes in financial assumptions	2,689	(4,499)	271	87
Total remeasurement recognised in Other Comprehensive Income	1,566	(31)	270	68
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	5,172	5,023	383	227
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	353	1,415	41	89
Actual amount charged against the General Fund Balance for pensions in the year				
Employers' contributions payable to scheme	2,825	3,175	72	70
Discretionary retirement benefits payable to pensioners	428	464	-	-

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

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	
	2018-19 £'000	2019-20 £'000	2018-19 £'000	2019-20 £'000
Present value of defined benefit obligation	136,873	134,887	4,765	5,062
Fair value of plan assets	(78,198)	(74,868)	(3,438)	(3,574)
Sub Total	58,675	60,019	1,327	1,488
Advance payment of Pension Contributions	(1,734)	-	(21)	-
Net liability arising from defined benefit obligation	56,941	60,019	1,306	1,488

In April 2017 the Council made an advance payment of pension contributions 2017-18 to 2019-20 to the Pension Fund in order to secure a reduction in the amount in each of the three financial years.

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

	WFDC		Share of WRS	
	2018-19 £'000	2019-20 £'000	2018-19 £'000	2019-20 £'000
Opening fair value of scheme assets	76,126	78,198	3,334	3,438
Adjustment to opening balance for WRS* – McCloud and investment restatement				44
				3,482
Interest Income	76,126	78,198		
Remeasurement gain/(loss) - return on plan assets, excluding amount included in net interest expense	2,033	1,889	92	87
Administration expenses	1,123	(4,468)	1	19
Contributions from employer	(27)	(28)	(1)	(1)
Contributions from employees into scheme	3,253	3,639	72	69
Benefits Paid	456	459	20	21
	(4,766)	(4,821)	(80)	(103)
Closing fair value of scheme assets	78,198	74,868	3,438	3,574

*Worcestershire Regulatory Services

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 35: DEFINED BENEFIT PENSION SCHEMES (continued)

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

	WFDC		Share of WRS	
	2018-19 £'000	2019-20 £'000	2018-19 £'000	2019-20 £'000
Opening balance at 1 st April	132,882	136,873	4,349	4,765
Adjustment to opening balance for unfunded benefits		(40)		
Adjustment to opening balance for WRS* – McCloud and investment restatement				49
		136,833		4,814
Current Service cost	2,214	2,448	88	102
Interest cost	3,398	3,233	117	119
Contributions from scheme participants	456	459	20	20
Remeasurement (gains) and losses- Actuarial (gains)/losses arising from: experience (gain)/losses		(2,885)		
changes in financial assumptions	2,689	2,448	271	87
demographic assumptions		(4,062)		
Past Service Cost/Curtailments	-	1,234	-	23
Benefits paid	(4,766)	(4,821)	(80)	(103)
Closing balance at 31st March	136,873	134,887	4,765	5,062

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 35: DEFINED BENEFIT PENSION SCHEMES (continued)

Local Government Pension Scheme assets comprised:

Fair value of scheme assets	WFDC		Share of WRS	
	2018-19 £'000	2019-20 £'000	2018-19 £'000	2019-20 £'000
Cash:				
Cash instruments	313	150	17	7
Cash accounts	626	150	31	7
Net current assets*	860	150	38	7
Sub-total cash	1,799	450	86	21
Alternatives:				
UK Infrastructure*	2,815	3,669	120	175
European Infrastructure*	1,486	2,021	65	97
US Infrastructure*	235	1,348	10	64
UK Stock Options*	547	524	14	25
Overseas Stock Options*	-	(449)		(21)
Corporate Private Debt*	-	898		43
Sub-total alternatives	5,083	8,011	209	383
Property:				
European*	2,033	1,722	100	82
UK*	2,424	2,096	107	100
Overseas*	469	524	20	25
Sub-total Property	4,926	4,342	227	207
Equities:				
UK quoted	156	150	7	7
Overseas quoted	20,644	18,118	904	865
PIV UK Managed Funds*	10,479	9,433	461	450
PIV UK Managed Funds (Overseas equities)*	24,945	25,081	1,097	1,197
PIV Overseas Managed Funds*	-	75	-	4
Sub-total equities	56,224	52,857	2,469	2,523
Bonds:				
UK Corporate	235	299	10	14
Overseas Corporate	3,597	3,444	165	165
UK Government Fixed	6,334	5,390	272	257
Overseas Government	-	75	-	4
Sub-total bonds	10,166	9,208	447	440
Total Assets	78,198	74,868	3,438	3,574

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 1st April 2020.

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 35: DEFINED BENEFIT PENSION SCHEMES (continued)

The significant assumptions used by the actuary have been:

	WFDC		WRS	
	2018-19 £'000	2019-20 £'000	2018-19 £'000	2019-20 £'000
Long term expected rate of return on assets in the scheme				
Life Expectancy:				
Longevity at 65 of current pensioners				
Male	22.8yrs	22.6yrs	22.8yrs	22.6yrs
Female	25.8yrs	25.0yrs	25.8yrs	25.0yrs
Longevity at 65 of future pensioners				
Male	25.1yrs	24.2yrs	25.1yrs	24.2yrs
Female	28.2yrs	27.0yrs	28.2yrs	27.0yrs
Financial assumptions				
Rate of Inflation (CPI)	2.20%	2.10%	2.20%	2.10%
Rate of increase in salaries	2.00%*	3.60%*	3.70%	3.60%
Rate of increase in pensions	2.30%	2.20%	2.30%	2.20%
Discount Rate on liabilities	2.40%	2.40%	2.50%	2.40%

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

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2018-19.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumptions 2019-20	
	WFDC £'000	Share of WRS £'000
Longevity (increase in 1 year)	3,708	135
Rate of inflation (increase by 0.1%)	2,042	95
Rate of increase in salaries (increase by 0.1%)	272	15
Rate for discounting scheme liabilities (increase by 0.1%)	(2,012)	(93)

As a result of COVID 19 and the potential impact on the Pension Fund, the Actuary revisited the assumptions. The updated remeasurements as at 31st March 2020, are reflected in these accounts.

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

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. The next triennial revaluation is effective from 1st April 2020.

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

The total payment due to the Pension Fund in respect of the 2020-21 deficit and future service contributions is £2.971m. Worcestershire Regulatory Services anticipate paying £0.431m 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, 2019-20 (16 years 2018-19). For Worcestershire Regulatory Services the weighted average duration is 19 years (20 years 2018-19).

On 29th 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 £7.527m if the payments had been made monthly. The net savings were circa £0.437m over the 3 year period.

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

Note 36: CONTINGENT LIABILITIES

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

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 a small claim has been settled in 2019-20 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.

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 37: TRUST FUNDS

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

Note 38: INTERESTS IN COMPANIES AND OTHER ENTITIES

PSP Wyre Forest LLP was incorporated by Companies House on 22nd March 2017, Company registration number OC416505. This limited liability partnership with PSP Facilitating Limited (PSPF) is based around relational partnering to progress work with more challenging property proposals. The LLP is a 50/50 partnership (£1 Member's Capital for each party representing initial funding contribution) with profits also shared equally. The decision making process must be unanimous and the initial term is for 10 years subject to termination provisions. There is a group relationship with PSP Wyre Forest LLP, the second set of financial statements for the period ending 31st March 2019 was filed with companies house on the 3rd January 2020 (Accounts for a Small Company): financial transactions were minimal consisting of a share of administrative overheads and site valuation fees (total £27k) and remain the sole responsibility of PSPF. These financial statement were subject to independent audit by BDO LLP. There was no material transactions in this financial year. Exploratory work around suitable sites continues with approval on 4th April 2018 for a budget 'not to exceed' £10,000 to explore further opportunities for the former Lloyds Garage site in Stourport to maximise value and rental income extending beyond the scope of the first stage. A second approval for £20,000 for early work in relation to a potential solar farm on the former Golf Course was also approved on the 14th May 2020.

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

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

Note 39: EVENTS AFTER THE REPORTING PERIOD

The Corporate Director: Resources confirms the following non-adjusting Post Balance Sheet Events (PBSE) identified at 26th June 2020, the date that the pre-audit Statement of Accounts 2019-20 was approved:

- Places Leisure wrote to the Council in early April to advise us of a claim for costs "*as the contract requires us under clause 58.2 to notify you in detail of the impact of the Qualifying Change in Law and closure of the Facilities.*" They set out in this letter their initial estimate of the financial impact and the change to the Services required as a result of the Qualifying Change in Law which includes the relevant information. This is a national issue and the Council are being supported by Sport England to reach a settlement.

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2019-20

Note 39:EVENTS AFTER THE REPORTING PERIOD (continued)

- The Covid-19 pandemic and the Government lockdown announced on the 20th March continues to have a significant impact on the Council's financial income and expenditure streams. The Emergency Covid-19 expenditure grant (inclusive of New Burdens funding) received as reported in the Quarter 1 Budget Monitoring report (received by Cabinet 16th September 2020) is £1.37m. Whilst this should mitigate additional costs, loss of non-collection fund income is currently estimated to be circa £2.62m with projected co-funding from the Government estimated to fall short of the loss at £1.3m. This together with the expected 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. However some 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, GF reserves, cash etc) over the next 12 months to manage the financial position – therefore management consider that the adoption of the going concern basis remains appropriate.

- Pension Fund Deficit and Employer Superannuation Contributions totalling £7.090m for the three years 2020-21 to 2022-23 were paid on the 29th April 2020 to Worcestershire County Council, the Pension Fund Administrators of our Local Government Pension Scheme. This three year upfront payment was in return for a significant discount to reflect early payment and the related detail will be included in the Statement of Accounts for 2020-21 to 2022-23.

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2019-20

THE COLLECTION FUND ACCOUNT 2019-20

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.

2018-19 Business Rates £'000	2018-19 Council Tax £'000	2018-19 Total £'000		2019-20 Business Rates £'000	2019-20 Council Tax £'000	2019-20 Total £'000
<u>INCOME</u>						
-	(57,965)	(57,965)	Council Tax Receivable	-	(60,814)	(60,814)
(28,559)	-	(28,559)	Business Rates Receivable	(28,587)	-	(28,587)
(28,559)	(57,965)	(86,524)	Total Income	(28,587)	(60,814)	(89,401)
<u>EXPENDITURE</u>						
Precepts, Demands and Shares:						
13,553	-	13,553	Central Government	6,301	-	6,301
2,439	40,810	43,249	Worcestershire County Council	19,457	42,552	62,009
272	2,757	3,029	Hereford and Worcester Fire Authority	258	2,847	3,105
-	6,634	6,634	Office of the Police and Crime Commissioner for West Mercia	-	7,312	7,312
10,842	7,054	17,896	Wyre Forest District Council	(232)	7,234	7,002
-	1,061	1,061	Parish/Town Councils	-	1,203	1,203
Charges to the Collection Fund:						
316	191	507	Increase in Allowance for Impairment	244	84	328
1,913	-	1,913	Increase/(Decrease) in Provision for Appeals	(2,507)	-	(2,507)
134	-	134	Cost of Collection Allowance	133	-	133
5	-	5	Disregarded Amounts	5	-	5
29,474	58,507	87,981	Total Expenditure	23,659	61,232	84,891
915	542	1,457	(Surplus)/Deficit for the Year	(4,928)	418	(4,510)
252	(80)	172	(Surplus)/Deficit b/fwd as at 1st April	1,167	462	1,629
1,167	462	1,629	(Surplus)/Deficit c/fwd as at 31st March	(3,761)	880	(2,881)
Allocation of (Surplus)/Deficit:						
584	-	584	Central Government	(794)	-	(794)
105	322	427	Worcestershire County Council	(3,164)	613	(2,551)
11	22	33	Hereford and Worcester Fire Authority	(38)	41	3
-	52	52	Office of the Police and Crime Commissioner for West Mercia	-	102	102
467	66	533	Wyre Forest District Council	235	124	359
1,167	462	1,629		(3,761)	880	(2,881)

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2019-20

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 2019-20. 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 will revert to being a 50% Pool from 1st April 2020. The accounts for 2020-21 will 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 2019-20 under the one year Pilot arrangement were estimated before the start of the financial year as £6.591m to Central Government (£13.565m in 2018-19), £19.509m to WCC (£2.442m in 2018-19), £0.264m to H&WFA (£0.271m in 2018-19) and zero to WFDC (£10.852m in 2018-19). These sums have been paid in 2019-20 and charged to the collection fund in year. It should be noted that under the 'no detriment' clause of the Pilot, WFDC received payments from WCC totalling £3.529m during the year, being the estimated income that would have been distributed under the previous pooling arrangements. Following the change in appeals provision the actual WFDC share of the Pool retained levy for 2019-20 was £5.803m.

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2019-20

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. There has been a lack of information coming through from the Valuation Office Agency due in part to administration backlogs but also the revised Check Challenge Appeal process, whereby upfront evidence is required before submission of an Appeal. This has resulted in a lack of evidence to continue to justify the high level of Appeal Provisions for the 2017 list held within the Pool and led to the decision that these should be held locally in each Council's General Fund Account as an earmarked reserve at a level deemed appropriate by each pool member. This change in approach increased the Business Rate Pool surplus which has been used to create new Earmarked Reserves in the accounts of each Pool Member; the new EMR for this Council is £1.574m.

The Non-Domestic rateable value of the Council's area at 31st March 2020 was £75,292,274 (31st March 2019 - £75,083,880), based upon the 2017 rating list (representing an increase of 1.1% over the 2010 list). The 2010 list rateable value was £74,467,562 (31st March 2019 - £74,469,562). The standard national multiplier for 2019-20 was 50.4p (49.3p in 2018-19) and 49.1p for qualifying Small Businesses (48.0p in 2018-19).

The net income from business rate payers collected in 2019-20 was £28.587m (£28.559m in 2018-19).

Note 3: COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimating 1st April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by this Council, WCC, PCC, H&WFA and Town/Parish Councils within Wyre Forest for the forthcoming year and dividing this by the Council Tax base. This basic amount of Council Tax for a band D property, £1,776.09 for 2019-20 (£1,700.69 in 2018-19) 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 £289,091 (£391,090 in 2018-19).

**WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2019-20**

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 2019-20 was 33,751 (33,458 in 2018-19).

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	11,347	(4,425.40)	6,921.60	6/9	4,614.40
Band B	11,559	(2,572.32)	8,986.68	7/9	6,989.64
Band C	11,357	(1,646.60)	9,710.40	8/9	8,631.47
Band D	6,205	(611.94)	5,593.06	1	5,593.06
Band E	3,416	(234.21)	3,181.79	11/9	3,888.86
Band F	1,732	(113.39)	1,618.61	13/9	2,338.00
Band G	1,211	(35.98)	1,175.02	15/9	1,958.37
Band H	126	(0.50)	125.50	2	251.00
Total	46,953	(9,640.34)	37,312.66		34,264.80
Less Allowance for Non-Collection District Tax Base					513.80
					33,751.00

Income from Council Tax in 2019-20 was £60.814m (£57.965m in 2018-19).

Note 4: COLLECTION FUND SURPLUSES AND DEFICITS

The Council Tax deficit of £0.880m at 31st March 2020 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 surplus of £3.761m at 31st March 2020 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.

Note 5: SIGNIFICANT PRECEPTS/DEMANDS ON THE COLLECTION FUND

The significant precepts and demands on the Collection Fund in 2019-20, excluding surplus/deficits, are as follows:

	Council Tax £'000	NNDR £'000
Worcestershire County Council	42,552	19,509
Office of the Police and Crime Commissioner for West Mercia	7,312	-
Hereford and Worcester Fire Authority	2,847	264
Wyre Forest District Council (Council Tax includes parishes)	8,438	-
Central Government	-	6,591

**WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2019-20**

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.

2018-19			2019-20	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
796	1,108	Allowance for Impairment as at 1 st April	690	894
(297)	(530)	Past Years Write Offs	(205)	(241)
191	316	Increase in Year	84	244
690	894	Allowance for Impairment as at 31 st March	569	897

The Wyre Forest District Council share is as follows:

2018-19			2019-20	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
96	358	Wyre Forest District Council Share of Allowance for Impairment as at 31 st March	79	-

The accounting arrangements for the Worcestershire 75% Business Rates Pilot 2019-20 agreement result in no share being shown for WFDC at 31st March 2020. This will revert back to the original percentage shares from 1st 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 31st March 2020

	2018-19 £'000	2019-20 £'000
Provision for Appeals as at 1 st April	4,085	5,452
Appeals settled in year	(546)	(117)
Increase/(Reduction) in Provision	1,913	(2,507)
Provision for Appeals as at 31 st March	5,452	2,828

The Wyre Forest District Council share is as follows:

	2018-19 £'000	2019-20 £'000
Wyre Forest District Council Share of Appeals as at 31 st March	2,181	-

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2019-20

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 2019-20 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 2019-20

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 2019-20

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 2019-20

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 2019-20

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 1st April 2007.

REVENUE BALANCES

The accumulated surplus or deficit of income over expenditure.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2019-20

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.

REVENUE SUPPORT GRANT (RSG)

A central government grant given to local authorities which can be used to finance revenue expenditure on any service. RSG is being phased out and replaced by greater business rates retention.

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 a completion timetable of 2022.

UNREALISED GAINS AND LOSSES

Gains and losses may be realised or unrealised. Unrealised gains and losses are gains and losses that the Council has recognised in its accounts but which are potential as they have not been realised. An example of a gain that is recognised but not realised is where the value of assets has increased. The gain is realised when the asset is sold.

VIREMENT

The authorised transfer of an underspend in one budget head to another head.

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2019-20
List of commonly Used Acronyms

Acronym	Description/Definition
AGS	Annual Governance Statement – this provides an overview of the Governance arrangements within the Council, along with any potential weaknesses.
BID	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.
CFR	Capital Financing Requirement – measures the authority’s underlying need to borrow, or finance by other long-term liabilities, its capital expenditure.
CIES	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.
CIPFA	Chartered Institute of Public Finance and Accountancy – the institute that sets the accounting rules and guidance for Local Government.
CLT	Corporate Leadership Team of Wyre Forest District Council.
DMO	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.
DRC	Depreciated Replacement Cost – valuation method used within the Statement of Accounts relating to the Replacement Cost less any accrued depreciation.
DWP	Department for Works and Pensions – largest central government department which amongst its responsibilities are Benefits payments.
FTE	Full-time equivalent – relates to employee numbers.
GDPR	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.
HMRC	Her Majesty’s Revenue and Customs – central government organisation responsible for the administration and collection of national taxes including VAT.
IAS	International Accounting Standard – these provide detailed guidance on the application of IFRS.
IASB	International Accounting Standards Board – governing body of expertise on accounting standards.
IFAC	International Federation of Accountants – the global organisation for the accountancy profession.
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards – international framework to ensure common approach to the production of Statement of Accounts across the world.
LASAAC	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.
LATC	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.
LEP	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.
LGA	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 2019-20
List of commonly Used Acronyms

Acronym	Description/Definition
LLP	Limited Liability Partnership
MHCLG	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).
MIRS	Movement in Reserves Statement – represents the changes in the Council's financial resources.
MRP	Minimum Revenue Provision – this represents the minimum which authorities must repay on their debts each year.
NDR or NNDR	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.
PBSE	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.
PPE	Property Plant and Equipment – IFRS terminology for fixed assets.
PWLB	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.
S151	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.
SOLACE	Society of Local Authority Chief Executives – professional organisation for Chief Executives and Senior Managers within Local Government.
VFM	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.
WBRP	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 st March 2020 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 and Bromsgrove District Council. 2019-20 was a 75% pilot scheme approved by MHCLG, that will revert to the standard 50% scheme from 1 st April 2020.