Wyre Forest District Council

Pre-Audit Statement of Accounts

2025 - 2026

Wyre Forest House, Finepoint Way, Kidderminster, DY11 7WF

Contents

Narrative Report

Preface by The Leader of the Council

Introduction to the 2025-26 Statement of Accounts by Councillor Marcus Hart, Leader of the Council and Cabinet Member for Strategy

As Leader of Wyre Forest District Council, it is my pleasure to introduce our Statement of Accounts and Narrative Report for 2025–26. This report tells the story of a year in which our teams worked hard every single day to deliver the services, projects and places that make Wyre Forest a brilliant place to live, work and visit. I hope you will take a moment to read it.

It has been a year of real achievement. Regeneration in the district has taken another significant step forward, with the completion of The Piano Building and the continued success of The Old Court. We are working to bring new tenants, new businesses and new energy to Kidderminster town centre. In Stourport-on-Severn, we are progressing exciting plans for Bridge Street and working alongside the community to shape a positive future for the town.

We have also taken bold steps for our environment. We are working towards a Greener Wyre Forest. We planted thousands of trees, improved our nature reserves, our fleet is moving towards greener fuel, and we helped 33 homes become warmer through our new Warm Homes Local Grant. The good news here is that we secured further funding as a reward for acting quickly. We have also made excellent progress with our Brinton Park project, to bring back the heritage elements to the site, including a fabulous pavilion which will be home to a café and activity room.

Our everyday services have performed strongly too. Planning, car parks, waste and recycling collections, street cleaning, parks, benefits and housing advice to name a few - these are the things residents depend on, and our teams have delivered them with dedication and care.

Financially, we have managed our resources well. Our commercial services grew their income, our costs came in lower than expected, and we ended the year with net savings of around £674,000 against our revised budget. That is a testament to the commitment of everyone working for this council.

This year also marked the beginning of a significant change for all of us. Local government reorganisation is underway across Worcestershire, and the council has been fully engaged in shaping what comes next. Whatever the outcome, our focus remains firmly on the people of Wyre Forest.

I am genuinely proud of what we have achieved together with our partners, businesses and the communities that make up our district. I hope this report shows just how much your council does for you.

Narrative Report

Introduction by the Director of Resources

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.

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 2025-26. The purpose of this narrative report is to provide an easily understandable guide to Wyre Forest District and the most significant matters affecting the Council's finances during the past year.

The Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the UK and associated guidance. The Statement of Accounts provides information so that members of the public, including electors and residents of Wyre Forest District, Council Members, partners, stakeholders and other interested parties can have:

- A full and understandable explanation of the overarching financial position of the Council and the financial outturn for 2025-26.
- 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 draft Accounts were published and submitted to the External Auditors on 30th June 2026, in line with the 30th June deadline. The deadline for the completion of the audit of the 2025-26 accounts is 31st January 2027.

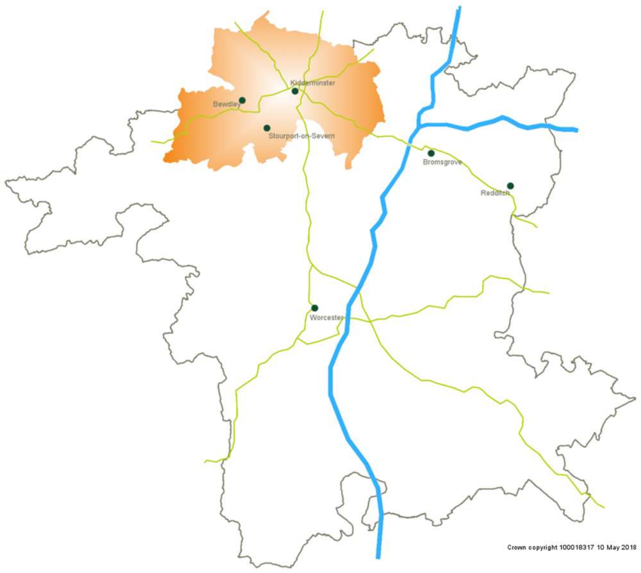
This Narrative report provides information about Wyre Forest, including the key issues affecting the Council and its accounts. It provides a summary of the Council's performance during the year and provides a commentary on how the Council has used its resources in year and how this aligns with objectives. The report is structured as follows:

- Wyre Forest District – the place
- Wyre Forest District – the Council
- Governance
- Corporate Plan 2023-27
- Risks and Opportunities
- Strategy and Resource Allocation and Strategic Planning Framework
- Our Performance
- Financial Performance
- Significant Transactions
- Statement of Accounts
- Further Information

Narrative Report

1. Wyre Forest District – the place

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



1.2 Wyre Forest is a predominantly rural district centred around the 3 towns of Kidderminster, Stourport and Bewdley. Each town has its own character and community identity. Kidderminster used to be the world leading centre for carpet production. Its economy has since successfully diversified, and the town centre has benefited recently from £40m of investment to strengthen the visitor, cultural and nighttime economy. Stourport and Bewdley are Georgian riverside towns that are popular destinations for day visitors.

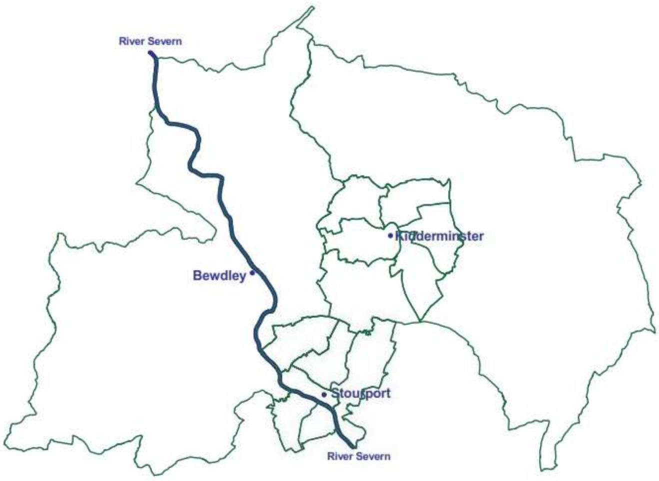
1.3 The population of the district has increased slightly since the 2021 Census, up to 103,913 residents, a 3.7% increase. Wyre Forest experienced a slower population growth rate of 3.7% between the censuses, compared to a 6.2% increase across the wider West Midlands region and a 6.6% increase nationally. Wyre Forest has a significantly older population than the wider West Midlands region. The Median age of residents is 47, which is higher than the West Midlands regional median of 39. Approximately **25%** of the district's residents are aged 65 and over, compared to the West Midlands regional average of roughly **18%.** These trends in population changes put pressure on public service infrastructure and there is a widespread shortage of affordable homes and homes which are suitable for older people.

1.4 The median full-time salary in Wyre Forest is approximately **£32,200 to £35,500 per year**. This trails slightly behind the broader West Midlands regional median of roughly **£37,000** and falls notably below the wider United Kingdom average of **£39,000 to £48,500.** The largest proportion of residents work in the Wholesale and Retail Sector with Human Health & Social Work and Manufacturing the second and third largest sectors for occupations. Almost half of all residents who work are employed in managerial, professional or associate professional and technical occupations. Wyre Forest has seen notable growth in specialized sectors, particularly in the **Business & Professional Services** and **Advanced Manufacturing** industries

1.5 The most recent data (November 2024) shows that on average there were 4,500 businesses in the district with over 90% of these being 1-9 employee sized businesses, with 10 companies employing over 250 employees.

2. Wyre Forest District – the Council

2.1 The Council delivers services to its community of around 103,900 people. Wyre Forest's 12 wards are represented by 33 Councillors (elected members). Following the all-out elections held on 4th May 2023, the Council's political leadership is provided by the Conservatives. The political groups that make up the opposition are the Independent and Green, Labour and Liberal Democrat Groups.



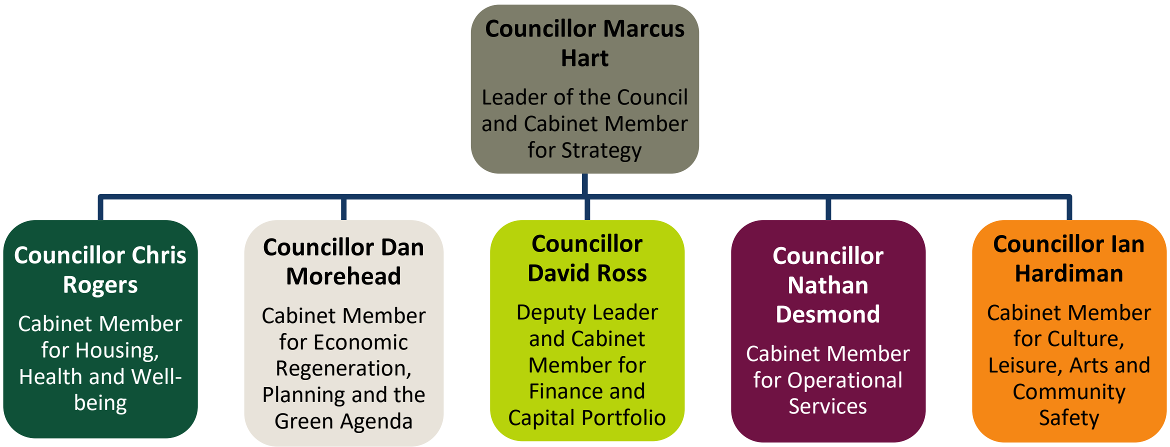
2.2 The Council has 18 Conservative, 7 Independent, 3 Labour, 2 Liberals, 1 Green Party, 1 independent non-aligned and 1 Reform UK councillors. Our 33 elected Councillors represent the people of Wyre Forest and set the overall budget and policy of the Council.

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 a Leader Councillor Marcus Hart, who was elected to this role by local councillors. Cabinet Members are appointed by the Leader with responsibilities for particular portfolios.

The Cabinet in place at 31st March 2026 was as follows:



Councillor David Ross was appointed as the new deputy leader on Friday 24th September 2025, and Councillor Nathan Desmond was appointed as Cabinet Member for Operational Services on Monday 27th October 2025, taking over from Councillor Ben Brookes.

Councillor Tracey Onslow stepped down from her Cabinet position as Cabinet Member for Culture, Leisure, Arts and Community Safety on 29th October 2025 and returned to the position previously held on 13th May 2026. Councillor Ian Hardiman covered the portfolio during the intervening period.

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

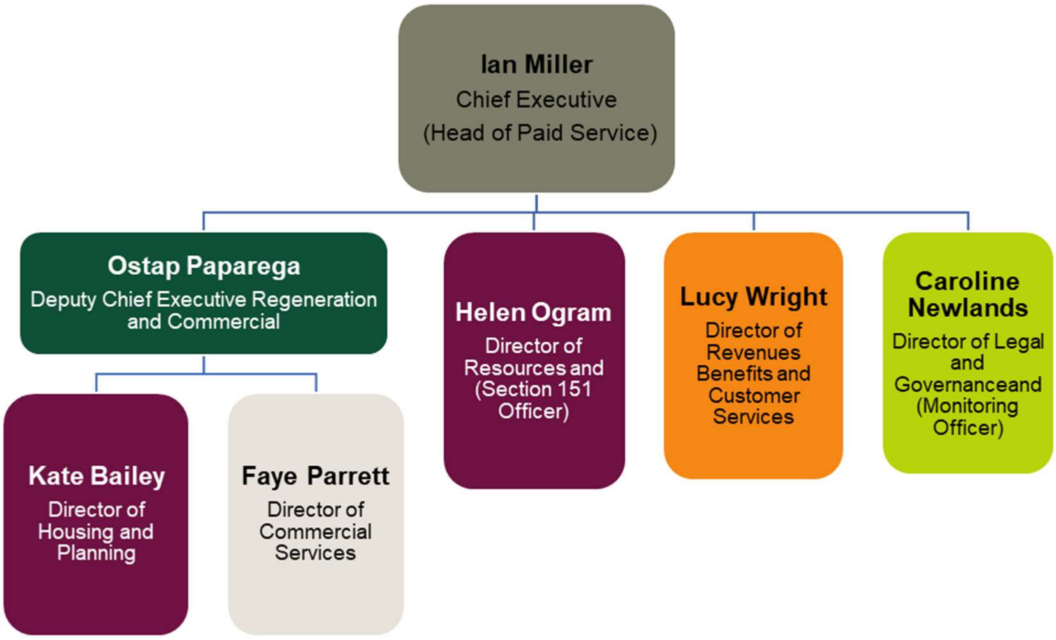
Committees are also included in the arrangements:

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

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

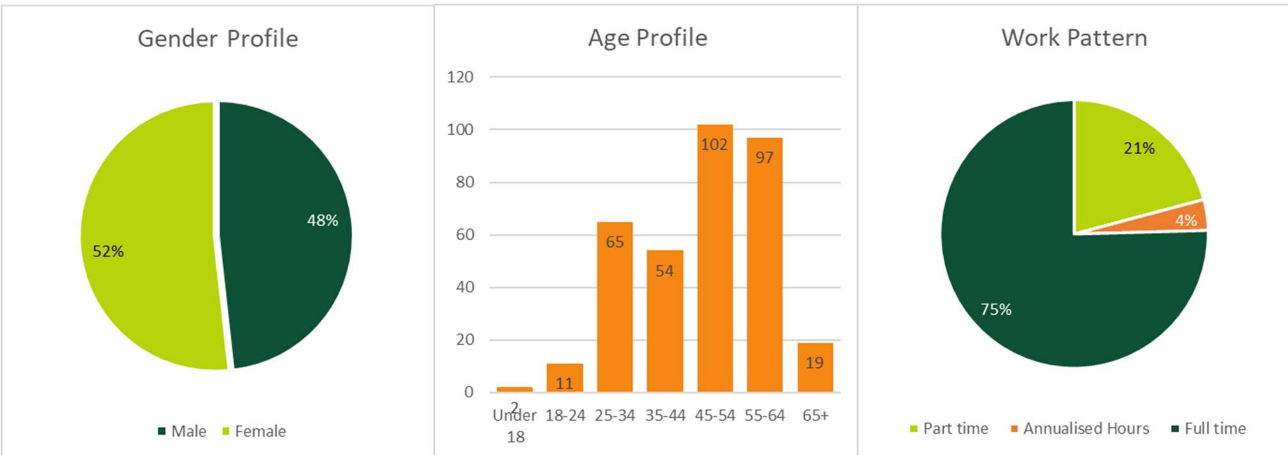
Wyre Forest District Council: Chief Officers

Senior officers, led by our Chief Executive, Ian Miller, support the work of the elected members. The Corporate Leadership Team (CLT) consists of seven officers. The statutory role of Section 151 officer is held by Helen Ogram, the Director of Resources, and the statutory role of Monitoring Officer is held by Caroline Newlands, the Director of Legal and Governance. The third statutory officer, the Head of Paid Service is the Chief Executive. 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. The structure of the senior leadership team was reviewed following the retirement of the Head of Community and Environmental Services in August 2025. The vacated CLT position was filled by the Director of Commercial Services and operational responsibilities for Waste collection, Street cleaning, Grounds maintenance, Parks, Nature reserves, Car parks, Civil enforcement, Museum, Leisure, Community and environmental strategy were transferred to the Head of Operational Services. The current Corporate Leadership Team is as follows:



Our Workforce

2.4 The council employs 350 staff, based across several sites



The Council has a set of values and behaviours that guide the way we go about our business, acting as a checklist for our actions and decisions.

Legislative Framework

2.5 The Council operates within the legislative and regulatory framework as determined by Parliament and Government. The Statement of Accounts is prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting and the 2015 Accounts and Audit Regulations (and associated amendment regulations), and complies with the relevant Local Government Acts, Accounting Standards and CIPFA guidance.

What we do

2.6 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.

2.7 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 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 CCTV monitoring.
- Encouraging economic development through investments made in infrastructure, housing growth, business support, maintaining the council's car parks and supporting tourism.
- Looking after the health of our residents through the provision of a Leisure Centre and other services (including web-based applications) and by providing and maintaining our green open spaces.

- Providing support to our most vulnerable residents who are experiencing issues of social deprivation such as homelessness, poor physical or mental health and isolation.

- Collecting council tax and business rates and helping people access financial support through housing benefit and council tax discounts.

- Supporting residents to improve the homes and areas they live in by dealing efficiently with planning applications and providing building control.

- Compiling and maintaining the electoral register and administering elections.

2.8 Council services are supported by internal professional and business services such as Human Resources, ICT (Information, Communication and Technology), Finance and Legal Services. The Council operates within a shire county structure, so services such as Education, Social Care, Children's Services, Highways and Libraries are delivered by Worcestershire County Council. There are also 12 town and parish councils across the District that deliver various local services to the community.

2.9 The government plans to abolish the system of separate county and district councils. All local services will be handled by larger unitary councils. The newly formed unitary council(s) in Worcestershire are expected to take over responsibility for services from April 2028. The future structural model in Worcestershire is expected to be announced before the summer 2026 parliamentary recess. Elections for the shadow council are expected to be held in May 2027.

2.10 Wyre Forest District Council voted to support the One Worcestershire model. It felt this offers stronger accountability, better financial sustainability and less disruption for residents. There is another proposal for two unitary councils, one for the north of the county and one for the south. Whatever the outcome, the Council remains fully focused on delivering for the people of Wyre Forest every day.

2.11 During 2025-26 the Council participated in a number of Shared Services - Worcestershire Regulatory Services, Civil Contingencies and Resilience, Water Management, Payroll, Building Control - as either host to the Shared Service or a partner in receipt of a service. In addition, the Council has a Local Authority Trading Company (LATC) in readiness for property/housing development, where this is the most viable option.

2.12 The Worcestershire Home Adaptions Service (WHAS) a county-wide shared service, hosted by Wyre Forest was officially launched on 1st April 2026. The service will help older and disabled residents to live safely and independently at home. The service is largely funded from disabled facilities grant.

2.13 The core functions of the Council will remain the things that it is required to do by law, such as collecting waste, removing litter, housing services including tackling homelessness, producing a local plan and processing planning applications and administering local taxes and benefits. These activities cost about £6.968m 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, economic development and regeneration and leisure services. The Council spends about £4.734m a year on discretionary activities with a further £2.926m on corporate costs including the costs of the democratic core and pensions deficit funding.

2.14 What we did

Economic growth and regeneration

- Completed major Kidderminster regeneration projects, including refurbishment of the Piano Building, success of Town Hall transformation and opening The Old Court as a thriving creative business hub.
- Opened Talbot Park strengthening town centre access.
- Delivered extensive skills, business and start-up support programmes.
- Supported tourism through Visit Severn Valley and partner funding initiatives.
- Advanced major housing and regeneration projects including Lion Fields and Stourport Future.

Securing financial sustainability for services that local communities value

- Strong commercial performance at Bewdley Museum with increased revenue streams.
- Significant progress on £2.9m Brinton Park restoration, including pavilion development.
- Delivered popular events programme (such as Music in the Park), increasing community engagement.
- Upgraded and enhanced nature reserves, planted thousands of trees and restored habitats across the district.

A clean, safe and green place to live, work and visit

- Introduced a new housing register system for social housing.
- Considered the biggest planning decision in more than 40 years and approved more than 1500 homes over the year.
- Invested in street cleaning and enforcement and expanded the Adopt a Street volunteer scheme.
- Achieved national recognition for major food safety prosecution.
- Continued strong planning enforcement and introduced plans for new planning regulations for houses of multiple occupation.
- Delivered over £400,000 in Warm Homes grants improving energy efficiency to dozens of homes.
- Expanded Bewdley Museum programme including major events and festivals, attracting thousands of visitors and new audiences.
- Supported community wellbeing through over-50s events and festive initiatives.

Narrative Report

3. Governance

3.1 There have been no significant changes in governance arrangements during 2025-26 following the review of decision-making arrangements and the resolution at the Council's meeting in February 2020. The overview of the Council's current governance framework and its effectiveness during 2025-26 are set out in the Annual Governance Statement (AGS) contained within this Statement of Accounts.

4. Corporate Plan 2024-27

The Council adopted a new Corporate Plan in September 2023.The plan sets out the Council's vision, priorities and our values

Our vision is that Wyre Forest is

- A safe, vibrant and clean place to live, work and visit

Our Priorities

- Economic Growth and Regeneration
- Securing Financial Sustainability for Services the Local Communities Value.
- A Clean, Safe and Green Place to Live, Work, and Visit

Our Strategic Actions

Economic growth and regeneration	• Regenerate central Kidderminster including completion of Future High Streets and Levelling Up Fund projects • Redevelop former Crown House site, Lion Fields and other brownfield sites we own – mainly for housing • Progress the redevelopment of Bridge Street site, Stourport • Work with High Streets Task Force to develop and implement a vision for the regeneration of central Stourport • Work with partners to improve skill levels and make sure they are the skills employers need • Make sure business support services are available to help businesses grow
Securing financial sustainability	• Increase net income from our commercial activities • Increase the visits to our nature reserves and make them more accessible • Complete the redevelopment of Brinton Park, funded by the National Lottery Heritage Fund • Investigate options for developers to make bio-diversity contributions on alternative sites

A clean, safe and green place to live, work and visit	• Secure housing growth through the local plan • Invest more in tackling environmental crime and illegal parking • Invest more on clearing litter, particularly in summer months • Work with town councils and community groups to improve parks and open spaces • Help provide more cultural events • Increase the amount of temporary accommodation available by providing a new housing scheme • Produce and implement a carbon reduction plan for the district and for the council • Help people make their homes more energy efficient • Install electric charging points in car parks in all three towns

The support of regulatory, professional and business services is needed to deliver our priorities.

5. Risks and Opportunities

5.1 During 2025-26 the pressure on household incomes has continued to be a significant factor impacting on the local economy. For Wyre Forest, which already has some of the highest rates of deprivation in the County, this has added pressures on the Council with a significant increase in demand for financial assistance, advice and support and record numbers of households applying for housing assistance and record numbers of households being accommodated.

5.2 Alongside the impact on residents, the challenging economic climate also directly affects the Council through increases in the cost of supplies and services which the Council purchases, pay inflation and the cost of borrowing. The Council was able to mitigate these challenges during the financial year by careful and prudent investment of surplus cashflow balances and smarter procurement.

5.3 Increased customer self-service and contact using technology has also proved successful helping the council to work smarter to make sure we can continue delivering the services that matter most. Whilst there will continue to be face to face or telephone contact much more business can be transacted on-line. This is the way forward for Council service delivery, having regard to equality and fair access to services for all.

5.4 The government outlined its plans for a joint programme of devolution and local government reorganisation in December 2024. The process will lead to significant changes in local government structures and governance. The reorganisation process is complex and carries a number of risks specifically capacity challenges and funding shortfalls for local authorities and the focus on efficiency and scale in governance might challenge local identity, community engagement and the specific needs of different places. However, reorganisation will simplify the structure and provide an impetus to fundamentally reform and redesign services and achieve economies of scale. Services can be more fully integrated and opportunities may be created to tackle complex societal issues. The transition process requires careful change management.

5.5 **Risks** – Risk management is embedded in the Council through the Risk Management framework. The Council has a risk management strategy 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. The risk management framework was substantially redesigned in 2024-25 and is now fully implemented.

5.6 The Corporate Risk Register plays an integral role to support delivery of the Corporate Plan and is reviewed and updated monthly by Service Managers and reported to the Corporate Leadership Team and Audit Committee each quarter. 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.

5.7 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 quarterly reports to the Audit Committee.

5.8 The top risks and uncertainties faced by the Council, in common with many District Councils, in relation to future service provision are

- Government policy impacts
- Achieving financial plans and setting a balanced budget across the medium term
- Cyber threats
- Skills and capacity
- Resilience event challenges and business continuity

5.9 **Opportunities** - We have a track record of recognising and managing existing risks and identifying and dealing with emerging risks. We 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. Some of the key opportunities for the future include:

- ongoing investment of time and resource in our town centres to boost jobs, the economy and generate income.
- increasing income
- reducing costs through collaboration and service redesign.
- promoting tourism and the visitor economy; and
- channel shift by providing services and information in the most efficient way, encouraging self-service and the use of “apps” such as the My Wyre Forest App.

Delivering a sustainable budget for the long term

5.10 Following a long period of austerity, significant reductions in core government grants and rising demand for services, the ability to maintain financial resilience is one of the most significant challenges facing the council. It is essential to set a prudent, stable and achievable budget across the medium term. The Council is taking steps to meet corporate priorities and the future needs of residents in a way that secures financial resilience.

5.11 The scale of future changes required to achieve a stable financially resilient unitary councils will inevitably affect all services and all residents to some extent. Transitioning to unitary councils provides the opportunity to streamline the customer journey, improve preventative care and potentially lower long term demand, achieve economies of scale and reduce overheads. Whilst LGR may unlock long-term sustainability the transition is complex and will strain existing resources.

5.12 As outlined in the budget report considered by Council on 25th February 2026, the Section 151 Officer has considered the financial outlook for the authority, with a particular focus on sustainability. Consideration has been given to the robustness of the revenue and capital budgets agreed for the forthcoming year and the challenge of achieving balanced budgets over the medium-term horizon. The Section 151 Officer was satisfied that robust budgets were being set and that there were plans for achieving the agreed budget reductions. There is a structure and approach in place that will ensure a balanced position is achieved over the medium term. In addition, the adequacy of reserves has been reviewed and was considered appropriate for the size of authority and potential risks. The final revenue position for the 2025-26 year enabled further bolstering of reserves, including a £200k increase to the working balance, and has added to the level of financial sustainability.

Delivering economic growth and regeneration

5.13 The Council has continued to support economic growth, supporting the creation of jobs and achieving significant financial benefits in the form of retained business rates. There are 3 significant town centre regeneration projects that either completed during the year or are nearing completion as well as proposals for further major investment.

5.14 The Levelling Up Fund programme of work to re-kindle Kidderminster's heritage and make the canal and the river a focus and encourage visitors by providing special, vibrant places with cafes, arts and cultural activities completed in October 2025. This programme drew on £17.9m of Government investment and has improved connectivity and delivered a fresher, more vibrant Kidderminster Town Centre.

5.14.1 The refurbishment of The Piano Building, a Grade II listed building in the heart of Kidderminster town centre, was completed in October 2025, marking a significant milestone in its journey back to productive use. The building offers modern office spaces alongside opportunities for food and drink businesses in the heart of the town.

5.14.2 The transformation project for Kidderminster Town Hall, owned and operated by Kidderminster Town Council, has been delivering positive results for the local economy. Investment has created a fit for purpose modern performance venue with a packed events programme on offer. During the renovation works, contractors Speller Metcalfe directly employed 8 local people, engaged 17 local subcontractors, and sourced materials from local suppliers, more than double the social value originally agreed.

5.14.3 The canal tow path project was completed in July 2023. The upgrades created a 1.6km all-weather accessible walking and cycling route along the Staffordshire and Worcestershire canal, improving connections in the town, making the town centre more accessible and improving visitor numbers.

5.15 The £27.746m Kidderminster regeneration project funded with £20.511m Future High Street Fund grant, that has created a Creative Hub at the former Magistrates Court and the Worcester Street urban park connectivity project also saw significant progress this year. The restoration of the Grade II listed former magistrates Court is complete and open for business as The Old Court. Our connectivity project, now rebranded as Talbot Park, continued to take shape. The new park at the top of Worcester Street, provides a new and welcoming route through the town linking Bromsgrove Street and its development sites with Worcester Street and the remainder of the town centre.

5.16 The Lion Fields brownfield redevelopment in Kidderminster will transform the underused urban site into a residential and leisure led neighbourhood. It will increase high street footfall by delivering new homes as well as stimulating commercial growth in the town and attracting private investment. Prioritising previously developed, brownfield land protects the surrounding Green Belt. A specialist consultancy was appointed in December 2025 and by the end of the financial year the project has moved from feasibility into commercial structuring.

5.17 The Brinton Park Heritage Lottery Fund project will restore the park for future generations and enhance local cultural heritage. The £3.060m project for the restoration and redevelopment of Brinton Park, supported by a £2.081m National Lottery Heritage Fund contribution, made significant progress. The foundations for the new pavilion were laid and the building reached 'first fix' stage by the year end. The pavilion will house a café and community space. The ornamental pond area and new footbridge also started taking shape. The regeneration will drive economic growth by boosting footfall to Kidderminster attracting heritage tourism and supporting businesses through increased visitor spending.

A clean, safe and green place to live, work and visit

5.18 Our climate action and carbon reduction plan sets out how we intend to tackle climate change in Wyre Forest. This includes action to reduce emissions from our homes, businesses and transport and to address the impacts of climate change in the area. The Council has reaffirmed its commitment to greener places and greener travel. Plans progressed for converting to more sustainable fuel for the Council's fleet progressed with the procurement of a new tank to allow the Council to use Hydrotreated Vegetable Oil (HVO), a biofuel producing up to 85% fewer tailpipe emissions than conventional diesel. The Warm Homes Local Grant funded by the Department for Energy, Security and Net Zero, was launched by the council in October and 33 properties across the district have benefited from energy efficiency improvements.

5.19 The Council has approved applications for 1,637 new properties during the year including a plan to deliver 1,450 new homes at Woven Oaks, a major new development on the Kidderminster Eastern Extension. The plans for new homes, a new primary school and community facilities was one of the biggest planning decisions taken by the council in 40 years.

5.20 We have taken significant steps to keep our towns clean and our communities safe and our environment protected. A £27,500 Chewing Gum Task Force grant from Keep Britain Tidy funded specialist equipment to remove gum from streets around Kidderminster College, with new signage installed in the town centre to encourage responsible disposal. The equipment is now being used in other parts of the district. A community litter picking scheme which encourages residents to take pride in their area has continued to grow. The Adopt-a-Street scheme was presented as a model for other authorities at the APSE Northern Seminar in December 2025.

5.21 The Council's legal team and Worcestershire Regulatory Services received national recognition for a landmark food safety prosecution. The company trading as The Range was fined more than £400,000 including costs. The case was formally praised by the Chief Executive of the Food Standards Agency, recognising the team's commitment to protecting public health.

5.22 The Council has continued to support Arts, Culture and Community Life. Bewdley Museum welcomes thousands of visitors each month. Bewdley Bridge was removed from Historic England's Heritage at Risk Register following flood defence works by the Environment Agency. Our planning team played a part in making this possible. There were three Over-50s Showcase events in October. These free events were held in partnership with Age UK and Simply Limitless. They offered older residents advice on financial inclusion, disabled facilities grants and local support services. Christmas brought a 'Park for Free After 3' offer across all Council-owned car parks during December, helping shoppers support town centres during the festive season.

6. Strategy and Resource Allocation and Strategic Planning Framework

6.1 Our strategic planning framework creates a golden thread from the Council Plan priorities through to employees. Our latest Employee Survey found that 68% understood how their role contributes to the Council's priorities.

6.2 The Corporate Plan 2023-27 identifies the Council's strategic objectives and the strategy to deliver these corporate priorities.

6.3 The Workforce and Organisational Development Strategy action plan will deliver the Workforce and Organisational Development Strategy 2026-28. The strategy sets out our approach to upskilling and supporting the work force and making WFDC an employer of choice.

6.4 The Council's arrangements for corporate performance management were redesigned following adoption of the 2023-27 Council Plan to clearly align with Council priorities. Clearer links are made between the basket of measures reported to enable the organisation to understand progress in the delivery of our corporate priorities.

6.5 The Council's Medium-Term Financial Strategy demonstrates how the Council's financial resources will be deployed over a 3-year period 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.

6.6 The Council's MTFS is set within a robust and well-established planning framework and is based on an analysis of key influences on the financial position and an assessment of the main financial risks facing the Council. This framework enables the Council to deliver performance improvement whilst controlling use of its limited financial resources. As part of the financial strategy, consideration is given to the likely savings required in future years and services are actively working to develop plans which will change the shape of services and the way they are provided to deliver budget reductions leading up to local government reorganisation. Local demand for services continues to increase and put pressure on many of the Council's budgets.

6.7 In shaping the budget, issues are carefully considered to ensure that the financial strategy is both prudent and protects our most vulnerable residents. Ensuring that there is the capacity to invest is a critical part of the budget deliberations. In relation to council tax, the 2026-27 budget included an increase of 2.99% the same uplift as applied in 2025-26.

6.8 For many years the Council has been dealing with large reductions in government funding from the government's austerity cuts. Despite considerable success in reducing expenditure, the Council's expenditure continues to exceed its income resulting in a funding gap in future years, currently projected to be £1.5m at the end of the 3 year strategy if savings plans and targets are not met. The budget is balanced by use of reserves. Initiatives by the Council to reduce costs and increase income have assisted and the Council has been very successful in "putting off" the day when significant cuts will have to have been made to services. The additional expenditure and pressure on income from fees and charges due to pressures on household budgets, have added to an already difficult financial position for local government as a whole. 2026-27 is likely to be another challenging year as increased demand for statutory services, new burdens responsibilities that aren't fully funded and pay inflation exceed the income that can be raised from council tax.

7. Our Performance

7.1 The Council's operational model is for a mixed economy of services provided directly by the Council or through collaborative working with other councils or public bodies and a limited range of services that are provided by the private sector. The Council's financial and non-financial performance is regularly monitored and reported to Cabinet and Scrutiny committees on a quarterly basis. Details of these reports for 2025-26 can be found on the Council's website.

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

7.3 The outcomes we have achieved in the last 12 months are reported to Overview and Scrutiny Committee and Cabinet and demonstrate how the Council has been delivering its priorities and strategic actions in the Corporate Plan.

8. Financial Performance

Core Funding

8.1 The Council's net budget for 2025-26 was £15.685m with a planned use of reserves of £90,360. The 2026-29 Medium Term Strategy was prepared on a revised net expenditure assumption of £15.302m and a £293k contribution to reserves.

8.2 The Council's core revenue expenditure was funded by a combination of locally raised funds and resources allocated by central government. Services also received funding from specific grants, contributions and fees and charges.

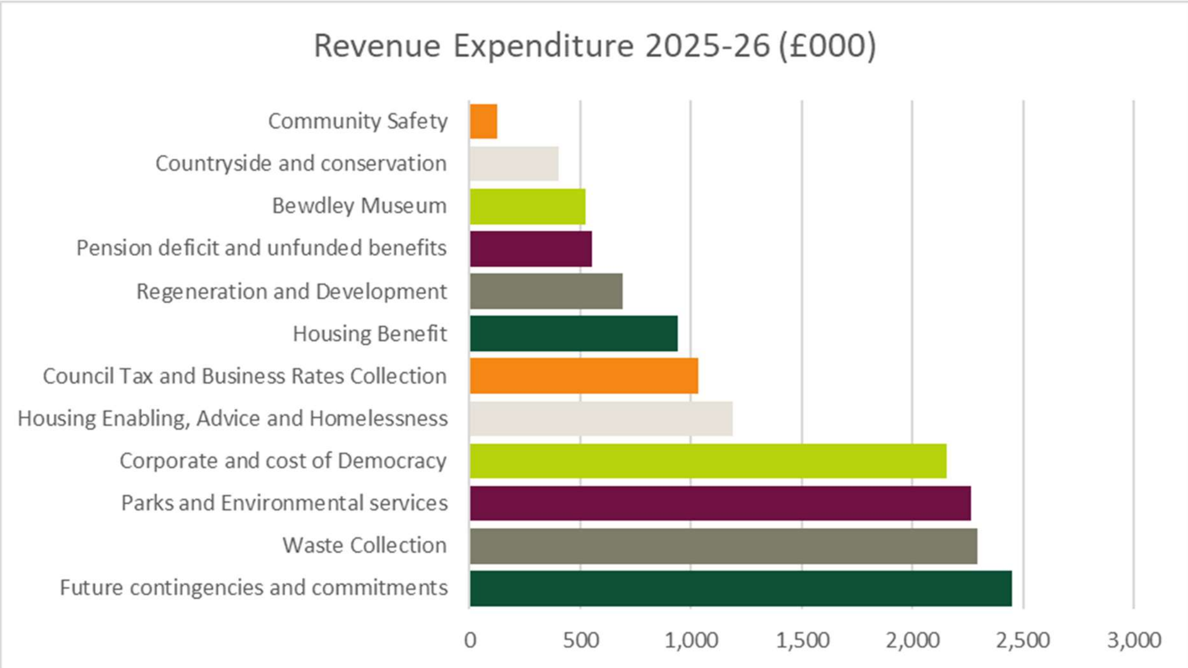
8.3 The Council adopts a cash limited approach to its budget, with Cabinet Members and the Corporate leadership team being responsible for ensuring services are delivered within budget.

Revenue Spending

8.4 Revenue expenditure covers the cost of the Council's day to day operations and contributions to and from reserves. The Council achieved an underspend in its net revenue budget of £674,000. A reduction in the cost of services has been achieved by income growth from fees and charges, prudent budget management and smarter procurement, service reviews and establishment savings from managing vacancies, lower increase in bad debt provision and prudent active management of the council's treasury balances. The saving will be used to increase the working balance by £200k in line with price inflation and reassessment of cashflow risk, £300k will be added to the General Risk Earmarked Reserve with the remainder being transferred to General Reserves.

8.5 Net revenue expenditure across services of £15.620m, is shown in the graph below.

Service Spending 2025-26



8.6 The Council has well established robust financial management procedures in place to monitor revenue and capital expenditure throughout the financial year. The Council's operations are divided into directorates. Each directorate has an approved budget which is updated throughout the year. Monitoring of actual expenditure against the current approved budget takes place frequently, with monitoring reports progressing to Overview and Scrutiny Committee and Cabinet throughout the financial year. The final outturn position for 2025-26, which is considered in more detail over the following pages, is taken to Cabinet for approval. The process for the management and monitoring of budgets and achievement of savings targets continues to be refined to further ensure the sustainability of the Council's financial position over the longer term.

8.7 The Council's 2025-26 revenue outturn position is presented in the following tables:

Narrative Report

Service Expenditure

SERVICE REPORTING GROUP	[A] Original Budget	[B] Revised Budget	[C] Outturn	[C-A] Variance Outturn to Original	[C-B] Variance Outturn to Revised
	£000	**£000**	**£000**	**£000**	**£000**
Chief Executive and Solicitor to the Council	2,807	3,054	2,985	178	(69)
Community and Environment	6,255	6,583	5,900	(355)	(683)
Economic Development and Regeneration	564	452	471	(93)	19
Resources	1,945	1,569	1,881	(64)	312
Revenues Benefits and Customer Services	1,904	1,901	1,941	37	40
Strategic Growth	2,619	2,590	2,442	(177)	(148)
Services Total	**16,094**	**16,149**	**15,620**	**(474)**	**(529)**
Investment Income	(1,036)	(1,236)	(1,379)	(343)	(143)
Capital Account Other	627	389	387	(240)	(2)
	15,685	15,302	14,628	(1,057)	(674)
Increase in working balance			200	200	200
Increase General Risk EMR			300	300	300
TOTALS	15,685	15,302	15,128	(557)	(174)

Underspends and income denoted by brackets ()

Impact of Spending on Reserves

Reconciliation to Statements	2025-26 Outturn
	£000
Service Expenditure reported to management	14,628
Exclude items funded from earmarked reserves and other items (Capital transactions and accounting adjustments) to give net cost of service to comply with the CIPFA Code	11,282
Net Cost of Services (CIES)	**25,910**
Exclude items not met by local tax payers such as depreciation, some pension costs and holiday entitlement owed	(13,774)
Add statutory charges for the use of assets (Capital)	1,723
Expenditure total	**13,859**
SOURCES OF INCOME	
Council Tax (District element only)	8,616
Business Rates retention	4,907
Central Government Grant including New Homes Bonus	2,718
Treasury Interest (net)	423
Income total	**16,664**
In Year (Surplus)/Deficit *(Note 7: EFA)*	**(2,805)**
FUNDING FROM RESERVES	
Net addition (to)/from Earmarked reserves (general)	(2,187)
Increase in working balance	(200)
Contribution (to)/from General Fund	(418)
Total movement on General Fund reserves	**(2,805)**

Underspends and income denoted by brackets ()

General (Unallocated)Reserves Statement	*Original Budget 2025-26	*Revised Budget 2025-26	Outturn 2025-26	Variance Outturn to Revised
	£000	£000	£000	£000
Reserves at 1st April 2025	4,969	4,969	4,969	0
Contribution to/(from) Reserves	(90)	293	667	374
Increase working balance	0	0	(200)	(200)
Change in Income from Business Rates (timing difference)	0	0	(49)	(49)
Reserves as at 31st March 2026	4,879	5,262	5,387	125
Movement in reserves	(90)	293	418	125

*Medium Term Financial Strategy assumptions

8.8 At the end of the financial year the useable reserves stood at £30.833m, compared to £27.008m at the end of 2024-25. The Council takes a risk-based approach to the management of useable reserves and as part of setting the annual budget, the s151 Officer (Director of Resources) undertakes a review of risks and known commitments to calculate a minimum level for the General Fund reserve; this was incorporated into the Council budget reports. In setting the budget for 2026-27 it was determined that a level of £1.8m remained an appropriate figure but that the position would be reviewed at final accounts. In light of the risks facing the council, in particular reorganisation risks, the financial risk associated with hosting the Worcestershire Homes Adaptation Service and demand led services pressures, this minimum level has been increased by £200k to £2m for 2026-27.

Council Tax and Business Rates

8.9 The Council collects Council Tax on behalf of the Office of the Police and Crime Commissioner for West Mercia, Worcestershire County Council, Hereford and Worcester Fire authority, itself (the District Council) and the District’s town and parish councils.

8.10 During the period from 2011 to 2020 the council tax charged by Wyre Forest District Council fell sharply in real terms, as a result of five years when the Council froze the tax. The annual increases from April 2020 onwards have been in-line with Government expectations to avoid a referendum on council tax.

8.11 During 2025-26 the Council was a member of the Herefordshire and Worcestershire business rates pool. The pool is a voluntary arrangement which allows retention of a greater share of local growth in business rates income. The operation of the pool is governed by a formal agreement between authorities. The pool consists of all Worcestershire districts, the County Council, the Fire Authority and Herefordshire Council. The benefit of being in the Business Rates Pool in 2025-26 was the retention of £536k which otherwise would have been paid to the Government as a growth levy.

8.12 In 2025-26 the net income before costs and tariffs from business rates was £31.632m, of which the Council receives a 40% share.

8.13 The Council maintains a separate fund for the collection and distribution of Council Tax and Business Rates. The account shows an in year surplus on both Council Tax and Business Rates for 2025-26 and an overall surplus for Business rates (£3.340m) and Council tax is in deficit by £1.035m at 31st March 2026. The District’s share of these balances will be carried forward to future years. Further detail is presented in the Collection Fund notes section of the Accounts.

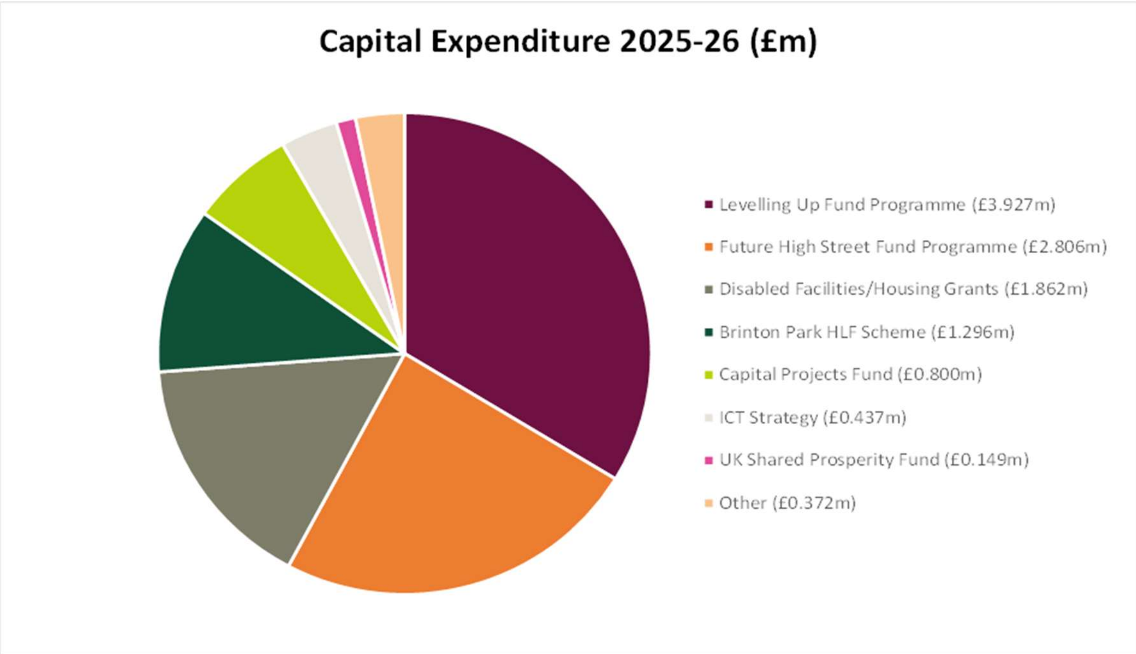
Capital Expenditure

8.14 Capital expenditure is expenditure on non-current assets that have a life expectancy of more than one year and benefit not just current but future taxpayers within the district. The assets are usually funded from grants, reserves built up over a period of time or from borrowing. 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 2025-26 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.

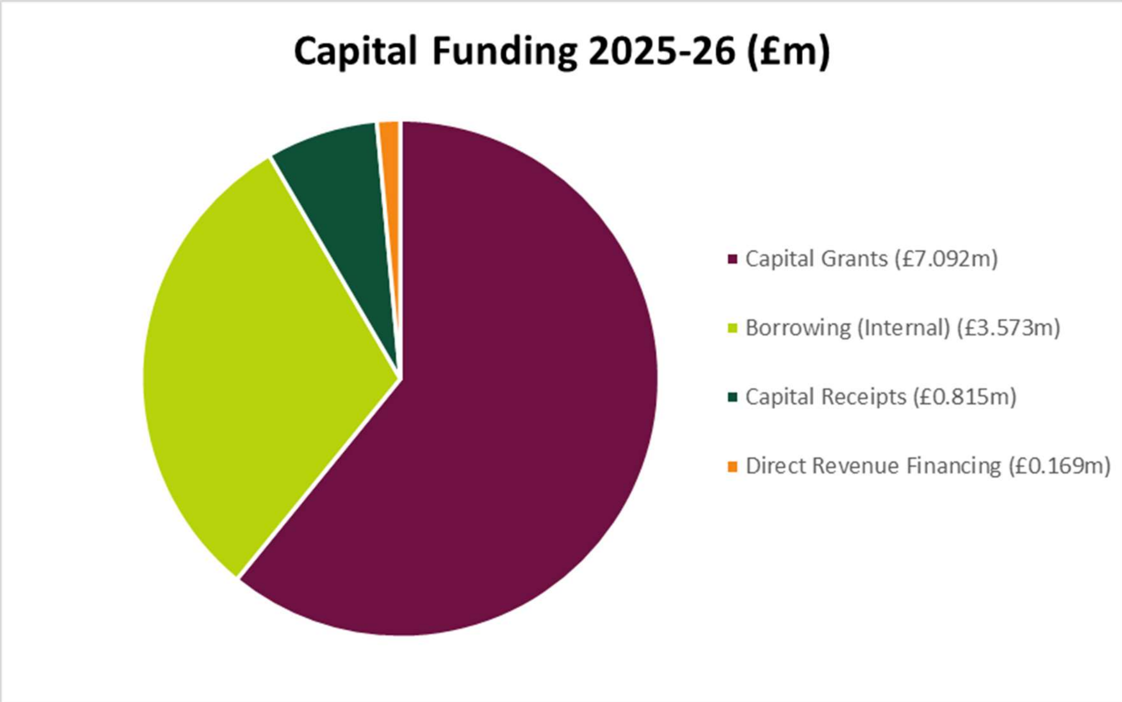
8.15 The Council has an ambitious capital programme. This investment will reshape how we deliver our services as well as helping to unlock revenue savings and efficiencies to secure ongoing financial sustainability. During 2025-26 the programme included:

- More commercial space for new and established businesses
- Funding set aside to develop a diverse Capital Portfolio of properties for regeneration and economic development or to meet housing need, that are self financing in the short to medium term
- Adaptations that improve the health and well-being of residents with disabilities
- Development of Kidderminster town centre, to include transformation of the Magistrates' Court and Bromsgrove Street sites and infrastructure interventions to improve connectivity within the town and deliver an urban park
- A programme of work to rekindle Kidderminster's heritage to make the canal and the river a focus with cafes, arts and cultural activities supported by the Levelling Up Fund.

8.16 The Council delivered £11.649m of capital projects during 2025-26. The Capital Programme budget for 2025-26 was originally set at £23.672m, revised to £16.666m following re-profiling of spend on approved schemes. Of the unspent budgeted balance £4.916m will be slipped to future years. An analysis of capital investment is shown in the chart below:



8.17 The Capital Programme was financed from a combination of internal borrowing, Government Grants, reserves (capital receipts) and revenue contributions. Capital Financing for 2025-26 is shown in the diagram below:



Treasury Management

8.18 The Treasury Management Strategy for 2025-26 was approved by Council in February 2025. During the year treasury management performance was reviewed by the Treasury Management Review Panel before being reported to Council.

8.19 **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 £23.520m of investments.

8.20 The Council's investment strategy is primarily to ensure funds are invested in institutions which are secure and to maintain sufficient cash reserves to give it necessary liquidity to ensure that funds invested are available for expenditure when needed. The Treasury team seeks to achieve optimal performance (yield) within these constraints. The Council achieved an average in-house return of 4.22%. Yields continued to exceed expectation during the year as bank rates fell at a slower rate than markets had expected. The interest received on investments during the year was £1.382m, £143k above the 2025-26 revised budget in the 2026-29 MTFS and £343k ahead of the Original Budget approved in February 2025. The increased investment return was due to both higher rates and to slippage in the capital programme, resulting in a larger balance of funds invested. The Council maintained an average investment balance of £32.764m compared to £40.246m in 2024-25, £55.237m in 2023-24, £46.567m in 2022-23 and £38.334m in 2021-22.

8.21 The outlook for investment returns for 2026-27 is likely to remain above historical averages interest rates are currently at 3.75% and not widely expected to fall further in 2026 due to geopolitical conflicts driving up energy prices and domestic inflation. Investment balances are expected to reduce as capital schemes funded from capital receipts or revenue reserves progress. The Council's overriding priority continues to be security and liquidity above yield.

8.22 **Details of borrowing:** At 31st March 2026 the Council had borrowings of £31.482m. A summary of the Council's borrowing activities (long term and short term) for 2025-26 is provided below.

Long Term Borrowing	2023-24	2024-25	2025-26
	£000	**£000**	**£000**
Balance as at 1st April:			
Principal	34,000	31,000	31,000
Accrued Interest	194	158	158
Total as at 1st April	34,194	31,158	31,158
Plus/(Less):			
New long-term borrowing	-	-	-
Long-term borrowing repaid	-	-	-
Re-classified as short-term borrowing	(3,000)	-	(1,000)
(repayable in the following year)			
Interest accrual (net movement)	(36)	-	(6)
Balance as at 31st March:			
Principal	31,000	31,000	30,000
Accrued Interest	158	158	152
Balance as at 31st March	**31,158**	**31,158**	**30,152**

ShortTerm Borrowing	2023-24	2024-25	2025-26
	£000	**£000**	**£000**
Balance as at 1st April:			
Principal	240	3,250	281
Accrued Interest	-	36	-
Total as at 1st April	240	3,286	281
Plus/(Less):			
Re-classified from long-term borrowing	3,000	-	1,000
Repayments in year	-	(3,000)	-
New short-term borrowing	10	31	43
Interest accrual (net movement)	36	(36)	6
Balance as at 31st March:			
Principal	3,250	281	1,324
Accrued Interest	36	-	6
Balance as at 31st March	**3,286**	**281**	**1,330**

8.23 The Council sets aside a prudent provision (Minimum Revenue Provision) for the repayment of debt where borrowing arrangements have been used to finance capital expenditure (historic and current) using an asset life method. The MRP policy for 2025-26 was approved by Council in February 2025 in line with statutory guidance and included the discretion for the Director of Resources (s151/Chief Financial Officer) to charge a Voluntary Revenue Provision (VRP).

9. Significant Transactions

9.1 Pensions

The cost of pensions remains a major item of expenditure. The Council is part of the Worcestershire Pension Fund; a full actuarial valuation was carried out as at 31st March 2022, this valuation sets the rates applicable for 2025-26. The latest valuation was carried out at 31st March 2025. 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 2022 revaluation assessed the funding level for Wyre Forest at 97% compared with 83% in 2019. The latest 2025 revaluation assessed the funding level at 112%. Following each triennial revaluation contribution rates payable by the individual employers within the pension fund are revised. The results of the 2022 revaluation impact on contribution rates payable from 1st April 2023 until 31st March 2026.

9.2 Capital Grants

During the year £7.092m of capital grants were applied to finance capital expenditure on council assets. This is recognised in the CIES before being reversed out via the MiRS. Of this balance, £3.927m was Levelling Up Fund Grant for works at the Piano building, £1.127m for Brinton Park HLF scheme and £0.149m UK Shared Prosperity Fund. A further £1.889m was applied to fund capital expenditure on Disabled Facilities Grants and Home Upgrade grants, that did not form an asset for the council and other small assets.

9.3 Revenue Reserves, Balances and Financial Resilience

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 financial risks facing the Council and has been increased by £200k, to provide additional risk mitigation. As at 31st March 2026, the working balance was £2m, an increase of 11%.

The Statement of Accounts shows that at 31st March 2026 the Council held general balances (resources not earmarked for any specific purpose) of £7.387m (including working balance). This is an increase of £0.618m compared to the balance held at the start of the year, reflecting the positive revenue outturn position and the planned release of earmarked reserves to support the 2026-29 MTFS. The positive position was achieved despite rising demand largely due to better than expected investment returns, planning fees and car parking ticket sales.

In addition to General Fund balances, the level of earmarked reserves, included in the balance sheet at £16.542m also underpins the financial resilience of the Council. This is an increase of £2.187m (of which £1.005m relates to grant funding set aside for future delivery of a Food Waste service and £597k of other external funding set aside to meet specific obligations) following release to general balances and expenditure during the year. These reserves are held to manage future risk and expenditure priorities and expenditure commitments.

The level of reserves and balances is a key element in the CIPFA Financial Resilience Index. There are no Wyre Forest indicators where risk was considered to be extremely high or a cause for immediate concern.

The financial challenges facing local authorities have been widely reported, with 35 councils granted exceptional financial support by the government for 2026-27. No authority, including Wyre Forest, is immune from these challenges, with work ongoing at pace to identify savings to reduce the funding gap for 2026-27 and 2027-28 and limit the reliance on cash reserves. Taken together, the level of the general fund, earmarked and working balances contributes to the financial resilience of the Council and supports the MTFS. Our financial strategy continues to represent a robust foundation to support the delivery of the Council's priorities and from which to build on our financial sustainability.

9.4 Cash Flow Management

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

There were no external loans repaid in 2025-26 and no new loans were secured. During the year we increased our internal borrowing by £2.020m in line with our Treasury Management Strategy Statement, choosing to use temporary cashflow funds instead of securing new borrowing. Total internal borrowing at 31st March 2025 was £13.812m.
The Council's cash balances are invested until required on a short-term basis up to a maximum period of 1 year. During 2025-26 funds were invested with Money Market Funds (MMFs), Certificates of Deposit (CD's), institutions (such as banks) with high credit ratings and the Government Debt Management Office facility (DMO), our primary concern always being security of funds.

10. Statement of Accounts

10.1 The Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Amendment) Regulations 2024, 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.

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

10.3 **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.

10.4 **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.

11. Further Information

If you would like to receive further information about these accounts, please contact Helen Ogram, Director of Resources, Wyre Forest House, Finepoint Way Kidderminster, Worcestershire, DY11 7WF.

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 Director of Resources.
- (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 Responsibilities of the Director of Resources

The Director of 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 Director of 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 Director of 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 2025-26 was certified for issue on 30th June 2026. All known material events that occurred up to and including this date which relate to 2025-26 or before have been reflected in the accounts.

Certification of Accounts

In accordance with the Accounts and Audit Regulations 2015, as amended, 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 2026 and its income and expenditure for the year ended 31st March 2026.

Helen Ogram CPFA – Director of Resources
30th June 2026

Approval of the Accounts – following Audit Opinion

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 and is authorised for issue.

Councillor Kevin Gale - Chair, Audit Committee
xx xx 2026

Executive Summary

This Annual Governance Statement (AGS) sets out Wyre Forest District Council's governance framework and provides assurance on its effectiveness during the 2025/26 financial year. The Council remains committed to the principles of good governance as outlined in the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016).

Overall, the Council is satisfied that its governance arrangements are robust, fit for purpose and have operated effectively throughout the year. This opinion is based on the outcomes of internal and external audit work, the annual assurance provided by the Corporate Leadership team and Service Managers, the effectiveness of the Council's risk management arrangements, and ongoing performance reporting to Members.

During 2025-26 the action points that were raised as part of the 2024-25 AGS have been addressed. The Council strengthened the existing governance arrangements set out in the statement by:

- Further progressed risk management journey, targeted support/training, work with critical friend to embedding strategy and improve the quality of operational risk registers, approving risk tolerance and appetite statements and introducing assurance measures and KPIs.
- Counter fraud arrangements were considered by Audit Committee in September 2025 including the self-assessment against the CIPFA fraud standards – anti money laundering policy brought up to date reflecting current legislation. Participation in international fraud awareness week and training.
- Managers' assurance statements – the annual self-assessment where senior managers confirm that internal controls, risk management, and governance arrangements are effective within their service areas was widened to provide more robust evidence for the Annual Governance Statement, also acting as a skills matrix to help target development opportunities.
- Governance training designed to help staff better understand how the Council's processes work has been enhanced, including the addition of the compliance collection to Bert – the Council's eLearning platform. The in-year programme covered anti-money laundering, fraud risk and whistle blowing, finance, procurement and risk. Training was mandatory for staff working in key areas.
- Partnering arrangements reviewed and the collaboration with West Mercia Police for procurement and contract management support was strengthened.
- Cyber resilience was strengthened by purchasing new fire walls with additional protection / filtering, implementation of a ZeroTrust system, introducing 24/7 monitoring and Identity Threat Protection through collaboration with Crowdstrike and working with the NCSS Cyber Assessment Framework unit at MHCLG.
- Overview and Scrutiny – the council continued the longstanding arrangement for pre scrutiny of decisions whenever feasible. A review of the role, work planning and effectiveness of the Committee was undertaken. A focused action plan to improve communication, transparency, forward planning and overall effectiveness will be delivered during 2026-27.
- Maintained positive member: officer relationships and no complaints against WFDC members were upheld under the Standards regime in 2025-26.
- To meet the challenges of the developing artificial intelligence (AI) agenda an AI policy has been developed. The policy has been created to ensure that our exploration and use of AI technologies at the Council are safe and responsible. Recognising the benefits and risks of AI the approach is to develop a structured approach that meets ethical standards, privacy by design and regulatory compliance. The policy provides a guide when using AI to improve operations whilst avoiding potential issues to support the transition into using AI in an innovative and secure manner. Access to AI will be limited to those sites deemed appropriate and safe.

Looking forward, the forthcoming programme of Local Government Reorganisation presents challenges and risks. The Council recognises the importance of maintaining effective internal controls, financial governance and service continuity during this period and will continue to monitor and adapt its governance framework accordingly.

This Statement demonstrates that the governance environment provides reasonable assurance that significant risks to the achievement of the Council's objectives have been identified and managed effectively.

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

• To demonstrate whether, and to what extent, the council has a sound system of governance and has complied with its local requirements in 2025-26. Good governance is integral to ensuring focussed, lawful and transparent decisions and is a measure of good leadership.

• 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 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 2025-26 (which coincides with the annual statement of accounts). The statement openly communicates significant governance issues that have been identified during the review and sets out how the authority will secure continuous improvement in these areas over the coming year.

What do we mean by governance?

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

This is summarised as:

The arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved	=	How the council make sure it: • Does the right things • In the right way • For the right people

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.

Elected members have overall responsibility for the governance of the Council and for the fulfilment of accountabilities to residents of the District and other stakeholders. Approval of core governance arrangements such as the Council Constitution is made by full Council whereas other aspects of governance are approved through delegated authority. The Council has delegated authority for approval of the AGS to the Audit Committee. The Council has three key statutory officers with specific governance responsibilities, being the Chief Executive (head of paid service), Director of Resources (who is the Section 151 officers and chief financial officer), and the Director of Legal & Governance (monitoring officer). Officers with governance roles are responsible for supporting the statutory officers to put in place and maintain the appropriate arrangements for governance and provide assurance on its effectiveness in their service or corporate specialist area. All members of the Corporate Leadership Team share responsibility for the accuracy of the AGS. The Director of Resources/s151 Officer is responsible for the preparation of the AGS and for its submission to the Audit Committee for approval following agreement of the Corporate Leadership Team.

What is the governance framework?

Corporate governance provides structure for how organisations direct and control what they do. The governance framework comprises 'the systems by which local authorities direct and control their functions and relate to their communities'. It encompasses the Council's financial management arrangements that conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government and the Financial Management Code of Practice (the Director of Resources for this Council); 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. It enables the Council to monitor the achievement of the corporate strategic objectives as set out in the Council Plan, and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

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.

There are seven core principles of good governance in the public sector which are set out in the following diagram reproduced from "Delivering Good Governance in Local Government Framework" published by CIPFA/IFAC. The Council aims to achieve good standards of governance by adhering to the seven core principles, the diagram shows how they are delivered within the robust framework at Wyre Forest.

GOVERNANCE PRINCIPLES

- 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

The governance framework has been in place at Wyre Forest District Council for the year ended 31st March 2026 and up to the date of approval of the statement of accounts.

INTERNAL CONTROLS

Leadership, Culture and Planning
Corporate Plan and priorities
Strategic and operational plans
Performance management
Medium term financial strategy

Statutory Officers & Decision Making
The Constitution
The Monitoring Officer
Section 151 Officer
Reports considered by legal and finance

Policies & Procedures
Codes of conduct
Ways of working
Anti-fraud, Bribery and Corruption Policy
Whistleblowing Policy
HR Policies and procedures
Corporate Communications and Engagement

People, Knowledge, Finance, Assets
Robust HR practices
Robust Internal Audit function
Information governance
Performance monitoring and improvement
Financial management and reporting
Ethical & legal practices

Scrutiny and Transparency
Overview and Scrutiny Committee
Transparency data
Freedom of Information requests
'Let us know' procedure
Equality impact assessments
Corporate risk register

Partnership Working/Stakeholder Engagement
Worcestershire Leaders' Board
'Love to get involved'
Consultations
Localism strategy and Pride in Place programme

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?

The 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 Statutory Officers and wider Corporate Leadership Team within the Authority, which has responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report and conclusion on governance, risk management and internal control, and also by the external auditors in the Auditor's Annual Report 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

- The findings of external assessments from external audit, inspectorates and other regulators, peer reviews and any other commissioned reviews

- Audit Committee review of current arrangements against best practice, including consideration of progress against issues identified in the Annual Governance Statement action plan.

- Ethics and Standards Committee promotes high standards of ethical conduct, advising on the revision of the Code of Conduct for Members.

- Managers' Annual Assurance Statements completed by Service Mangers

- Annual review of the effectiveness of audit committee and Audit Committee Annual report to Council

- Overview and Scrutiny Committee work programme of performance reviews and Annual Report to Council

- Independent assessments against the NCSS Cyber Assessment Framework

The Corporate Leadership Team (CLT) met regularly throughout 2025-26 and provided on-going strategic management and oversight of the activities of the Council. CLT is chaired by the Chief Executive and consists of the most senior Council Officers. CLT approved the AGS review process and provide scrutiny of the AGS prior to approval and submission to Audit Committee.

These reviews take into account:

- the Internal Audit Annual Assurance report from the Head of Internal Audit and the work of internal audit. Internal Audit examine the effectiveness of the Council's internal controls, risk management and corporate governance arrangements. Assurance is provided through periodic monitoring reports to the Audit Committee, together with the annual Internal Audit opinion on internal control, risk management and governance, informed through delivery of a risk based Annual Audit Plan.

- the work of External Audit and the annual report and opinion - The Council's external auditors, Bishop Fleming, provide assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of arrangements for securing and improving value for money. An unqualified audit opinion and value for money statement for 2024-25 was issued in November 2025. No significant weaknesses in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources were identified. The opinion for 2025-26 is expected by 30 November 2026. This is well in advance of the backstop date of 31 January 2027 by which the audited accounts must be published regardless of the extent of audit work undertaken.

- Arrangements covering Information Governance and Complaints - Across both functions, no material adverse findings were identified during 2025-26 that indicate a significant core governance issue or a systemic failure within the Council's control environment. Each function continued to provide regular assurance through established reporting mechanisms and operated effectively during the year.

- All Councillors and Officers of the Council adhere to the Constitution and codes of conduct. The requirements and obligations are reinforced through compulsory training. 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 (Director of Legal and Governance)
    - Section 151 Officer (Director of Resources)

- The constitution is under constant review, to ensure that it remains fit for purpose. A review of the governance arrangements was undertaken and reported to Council on the 26th February 2020. No change was approved, so the Cabinet and Scrutiny Systems remain.
  http://www.wyreforest.gov.uk/council/docs/doc55603_20200226_council_agenda.pdf

- The Strategic Review Panel performs 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 2026-2029 to inform the Cabinet's proposed strategy and budget; and for consideration of any alternative budget proposals.

- The Audit Committee is the Member forum that is responsible for reviewing and monitoring Corporate Governance in relation to Risk and Audit matters. The Audit Committee also regularly considers the recommendations from Internal Audit. A review of progress against the Corporate Risk Register treatment action plan is considered by the Committee quarterly.

Identification of Governance Issues

This review is required to identify any areas of governance requiring improvement where:

- there are significant gaps in governance arrangements such as where core arrangements are not operating effectively.
- significant* governance issues (failures) occurred during the year
- governance arrangements could be easier to understand, comply with or made more efficient, and where there are barriers to achieving the principles of good governance.

* The Chartered Institute of Public Finance and Accountancy and the Auditing Practices Board set out areas to consider when determining what may be considered a "significant governance issue", as follows:

- the issue has seriously prejudiced or prevented achievement of a principal objective.
- the issue has resulted in a need to seek additional funding to allow it to be resolved or has resulted in a significant diversion of resources from another aspect of the business.
- the issue has led to a material impact on the accounts.
- the issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation (e.g.an external auditor's public interest report);
- the issue has resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.

Areas of concern where arrangements could be strengthened

- Financial sustainability – continuing demand-led service pressures, scarce resources resulting in high inflation due to geopolitical conflict, a poor funding settlement and failure by government to provide adequate new burdens funding for new statutory obligations increases the reliance on reserves to balance revenue budgets. Reducing reserves limits the council's ability to manage future shocks. Slow progress in implementing structural changes, transformation and "efficiency" programs often leads to continued financial pressure

- Partnerships and collaborations must retain clear accountability parameters, effectively manage risk and have robust oversight to ensure that they deliver the intended outcomes and outputs. The Council are delivering a homes improvement and handyperson service, funded from disabled facilities grants via a new shared service and intend to enter into a joint venture partnership to deliver ambitions for the Lion Fields site in central Kidderminster. Maintaining resilience in the governance processes will be essential.

- Cyber resilience - the Council continues to identify the stability, security and resilience of its IT systems as a significant risk in its strategic risk register. The Council maintains strong internal control arrangements and threat response capability as a result. The Council monitors and reports on the effectiveness of its cyber security arrangements to the bi-monthly ICT Strategy Board. This will remain a continuing management focus. The Council has participated in the NCSS Cyber Assessment Framework Pilot and following an independent assessment has developed an action plan to strengthen controls.

- Appropriate resilience and succession planning arrangements need to be strengthened across all teams as the workforce profile shows an aging workforce and in some areas there continues to be a reliance on a limited number of key individuals. Attracting suitable candidates to professionally graded posts continues to be challenging. Retention of staff is a significant issue due to Local Government Reorganisation: the increased risk of staff becoming unsettled due to increased turnover, problems with recruitment and retention and challenging change management.

- Local Code of Governance - The local code of Corporate Governance is described in the self-assessment/review of compliance against the CIPFA/SOLACE publication undertaken and reported to Audit Committee in May 2021 (and updated annually) against Delivering Good Governance in Local Government. The self-assessment will be reviewed and updated to fully align the Council's current core governance arrangements. This will help strengthen the evidence base and assurances for the annual review of effectiveness and improve compliance with the 2025 Addendum requirements. The local code will then be updated to reflect changes in governance arrangements on an on-going basis, reviewed annually in place of the review of the self-assessment, and used in the annual governance review to help assess the effectiveness of the arrangements in place.

- Contract management arrangements to provide robust oversight of contractual partners – management and internal audit have identified that contract management could be strengthened. A new contract management framework will be prepared, mandatory staff training will be developed, the procurement pipeline will be strengthened and business continuity arrangements, to deal with an event should a key provider/supplier fail, will be tested.

- Local Government Reorganisation (LGR) presents challenges and risks. The Council recognises the importance of maintaining effective internal controls, financial governance and service continuity during this period and will continue to monitor and adapt its governance framework accordingly. Capacity constraints and concerns about ability to influence the collective implementation work are the key governance risks.

- Health and Safety Systems to provide oversight and assurance on adequacy of arrangements to decision makers and the Corporate Leadership team concerning Health and Safety compliance and risk are to be strengthened to help embed a positive culture and remove ambiguity.

- Artificial Intelligence provides many opportunities to improve operations but there are potential ethical, privacy and regulatory issues. To ensure that our exploration continues to be safe and responsible the council will monitor the increasing use of AI within Council operations and update the AI Governance Framework as necessary.

Forward Look on Governance
The review has included a forward look on governance to identify where governance may need to change or develop to meet the future needs of the council and to ensure the continued integration of resilience into local policy and decision making. Significant matters identified include:

New Government policy and legislation requiring changes to governance structures and key interventions. In February 2026, the Council decided not to progress implementation of food waste collections because of the impact on the Council's finances arising from the absence of ongoing revenue funding from Government. A formal request to DEFRA to review funding has received no positive response. An update report will be provided to the Overview and Scrutiny committee by November 2026;

The Council operates in a rapidly changing legislative and regulatory environment, requiring it to identify changes and adapt its governance, structures and working practices to remain compliant and effective. Key changes include:

The Renters' Rights Act 2005 overhauls private renting including tenancy reform and introduces new legal duties shifting the Council's role from having discretionary powers to enforce housing standards to having a mandatory legal duty to enforce plus enhanced investigatory powers and new administrative duties.

Development of collaborative arrangements

The Council delivers many of its strategic objectives through collaborative working arrangements with other bodies. New areas in 2026-27 include:

Worcestershire Homes Adaptation Service – new shared service hosted by Wyre Forest District Council has both direct and indirect impacts that need to be planned for within the Council's governance arrangements

Significant risks or uncertainties that may change or challenge governance in future years

The Council recognises and monitors its key risks through risk management processes in place. Key risks linked to governance include:

- Financial sustainability
- Capacity and capability
- Cyber resilience
- Major capital programme management
- Standards of conduct and fraud
- Changing government policy including Local Government Reorganisation

Summary

The Council's Director of 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 Council systems and produce reports containing recommendations for improvement wherever necessary, in line with the approved Annual Audit Plan.

The Council commissions Internal Audit Services from BDO via the CCS framework to ensure that it has an adequately resources internal audit function that can effectively deliver a risk based annual audit plan. The service continued to be delivered by BDO during 2025-26.

Internal Audit is delivered in accordance with best professional practice, in particular, the principles set out in the Institute of Internal Auditor's (IIA's) International Professional Practices Framework (IPPF) which includes the new Global Internal Audit Standards that become effective from January 2025. An annual update on compliance with Standards is provided to the Audit Committee as part of the Internal Audit Manager's annual report. The Internal Audit charter is formally approved by Audit Committee each year alongside the Annual Audit Plan. A number of other internal and external reports considered the challenges around governance. Consideration of these reports helps ensure all appropriate controls and updates are in place across the Council.

In order to comply with professional standards for internal auditing, internal audit activities are required to have an external quality assessment provided by independent professionally qualified internal auditors every 5 years. The last assessment of BDO's Public Sector Audit clients was carried out in July 2021.

The Institute of Internal Auditors concluded that:
"the Public Sector outsourced internal audit services [provided by BDO] Generally Conform at an overall level with the PSIAS; Generally Conforms is the highest opinion we offer."

BDO's internal audit services are delivered by qualified, professional individuals with a strong level of client engagement.

An update on counter fraud arrangements was received at the September 2025 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. The Council has adopted a fraud response that is appropriate for its fraud and corruption risks. The Council is committed to maintaining its vigilance to tackle fraud.

External audit reports are reviewed and considered by the Audit Committee and the Council's Corporate Leadership Team. The Council's External Auditors for 2025-26 are Bishop Fleming.

The Council was the subject of an LGA Peer Review in March 2024 and follow up visit in December 2024. Feedback was positive overall. The relevant action learning points were reflected in the 2023-24 and 2024-25 Annual Governance Statements.

The conclusion of the latest review of effectiveness of Council's governance framework is that arrangements continue to be regarded as fit for purpose. Some key areas for particular focus or improvement have been identified and the action plan to specifically address these points is outlined below.

Significant Governance Issues for 2025-26: 2026-27 Action Plan

Wyre Forest District Council have completed a number of actions over the last year, that have alleviated significant governance issues identified in the 2024-25 Annual Governance Statement. The following new or continuing governance issues have been identified and further actions have been put in place against each for progression in 2026-27, to continue to strengthen the Council's governance arrangements.

On-going Governance Issues

	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
1.	**General – Significant Financial Challenges** The Council continues to face significant funding pressures. In response we will continue to maintain financial resilience by: i) Moving towards a fully balanced budget without reliance on reserves. ii) Deliver the income growth targets approved in the 2026-29 MTFS ii) Progression of the transformation plan and the Commercial Strategy through the 4 delivery Units iii) Promote commercialisation within the Council to ensure that everyone understands the part they play	Reflected in the MTFS and Corporate risk register. The need to promote commercialisation was identified by the Peer Review Team	The Medium Term Financial Strategy MTFS) reflects the expected need to make future savings over the medium term taking into account anticipated changes in financing. Actions to be progressed: a) Delivering the Council's transformation plan and the agreed initiatives and projects contained within, such as: -Thinking smarter about service delivery: Taking a fresh look at how we plan, commission and deliver services - Service collaboration, service reviews, redesigning services and digital transformation. - Increasing early intervention to reduce demand for services b) To re-focus the work around income generation and commercialisation on net income, recognising the impact of price and wage inflation and interest rates on service viability. c) To continue to work with partners on Localism to meet target savings in MTFS	a) Target savings achieved and a balanced budget for all years in the three year MTFS with progression of proposals for significant savings/cost reductions to close the funding gap and reduce the contribution from reserves. b) Income growth targets achieved c) Continue discussions with town and parish councils to seek further transfers of assets and services, in order to significantly reduce net cost to WFDC.	Cabinet/CLT, and Director of Resources Deputy Chief Executive and Director of Commercial Services Chief Executive	April to March 2027 January 2027 March 2027

Ref	Governance issue	Source	Actions to address the issue	Measures of	Lead/s	Timescale
2.	**Partnership and Engagement Governance issues** Maintaining resilience in the governance process with particular regard to the increasingly complex array of partnership agreements and alternative funding solutions the Council may enter into as part of alternative service delivery solutions to reduce cost or unlock funding opportunities. This includes the Local Authority Trading Company (LATC), localism, joint operations and other new shared service arrangements, outsourcing or other types of collaborations.	Annual Governance Statement 2024-25 and risk register	a) Ensure all 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. b) Ensure arrangements for traded services and arms-length organisations are fit for purpose c) Further investigation of various structures for different arrangements, including utilisation of the approved LATC. d) Introduce and maintain a partnership register - a corporate list of significant partnership to aid the assessment and management of risk	Robust due diligence for all proposals presented in business cases to be considered by Overview and Scrutiny Committee and Cabinet Have regard to specialist external advice in finalising joint venture arrangements for Lion Fields development	Director of Legal and Governance	Ongoing due diligence work presented to Overview and Scrutiny Cabinet throughout the year

	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
3	**Cyber Resilience Governance Issues** The Council continues to identify the stability, security and resilience of its IT systems as a significant risk in its strategic risk register. The Council maintains strong internal control arrangements and threat response capability as a result. It is vital that the council maintains ICT resilience to ensure a secure network, ensuring the ICT infrastructure is protected adequately from attacks and threats. The council needs an effective security strategy to ensure that cyber security is embedded as part of normal business activities.	Corporate Risk Register and ICT Strategy Board; ICT Security {Sub-Group} National Cyber Security Centre (NCSC) Press and journals Intelligence from suppliers and systems	a) Deliver the overall Cyber security and business continuity Strategies b) Quarterly review of network security and cyber resilience; c) ICT Strategy and Strategy Board d) Review of compliance by Cyber Security and Information Governance Sub-Group e) Risk assessments and review of security of hybrid working arrangements and remote meetings built into assurance programme. f) Regular cyber and phishing training g) on-going improvement to infrastructure and system updates including patching, firmware updates. h) annual penetration tests i) additional 2 factor authentication and cloud back-up for o365 j) Delivery of the MHCLG Cyber Assessment Framework (CAF) improvement action plan and achieve accreditation. CAF provides a systematic and comprehensive approach to assessing management of cyber risks to essential functions. k) Continued assessment and replace / upgrade systems where appropriate to enhance security l) Cyber security exercises to test service / users readiness m) Regular security policy updates	a) PSN compliance, secure network. b) Work proceeds to timetable c) Review evidenced compliance d) Compliant risk assessments e) CAF Achievement f) cyber accreditations, cyber essential g) essential functions continue h) Statistics and monitoring reports from systems	Chief Executive/ Director of Resources/ ICT Manager/ Data Controller	Ongoing reports to ICT Strategy Board, and Cyber Security and Information Governance Sub- Group, Cabinet Members and Group Leaders Ongoing risk assessments

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
4.	**Workforce planning** *Resilience, recruitment and retention*. Appropriate resilience and succession planning arrangements need to be established across all teams as in some areas there continues to be a reliance on a limited number of key individuals. Attracting suitable candidates to professionally graded posts continues to be challenging. Retention of staff significant issue due Local Government Reorganisation • the increased risk of staff becoming unsettled due to increased turnover and problems with recruitment and retention • challenging change management	Auditors Annual Report 2021-22 and 2022-23, Peer Review and Risk Register	Refresh and Implementation of the Organisation Development (OD) Strategy action plan which underpins our Wyre Forest Forward vision to become an employer of choice. Actions are based on the following priorities: • Recruitment • Retention • Growing our future workforce • Culture and leadership development • Health and Well-being Explore collaborative service solutions where resilience can't be secured internally. Include mandatory managing change and uncertainty in the corporate training plan for 2026-27	Implementation of refreshed OD Strategy (Year 1) Succession planning embedded with plans developed We are seen as the local employer of choice, demonstrated by the number and quality of applicants for roles and increased staff retention/lower staff turnover.	Chief Executive, Director of Legal and Governance, HR&OD Manager	March 2027

New Governance issues identified 2025-26

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
5.	The Council's Local code of corporate governance requires refreshing to meet the best practice standard set out in the 2025 Addendum to the CIPFA/SOLACE publication Delivering Good Governance in Local Government	Management review and Fieldwork undertaken to inform AGS	A new local code of corporate governance will be prepared and presented to Audit Committee for review and adoption The new code will be published and promoted/signposted to all stakeholders	A new local code is adopted	Chief Executive/ Director of Resources/ Director of Legal and Governance	31st October 2026

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
6.	Contract management guidance and training is not in place to ensure contract managers are aware of the minimum level of contract management required to ensure high performing suppliers and the procedure for contractor assessment for contract extensions requires clarification.	Management Internal Audit Review – Procurement and Contract Management	A new contract management framework will be developed, Mandatory training will be developed and rolled out to all contract managers The procurement pipeline will be strengthened. Business continuity arrangements, to deal with an event should a key provider/supplier fail, will be tested	A new contract management framework developed and available to guide contract managers Contract Management training and guidance is available as a self-serve module on the Council's eLearning platform The procurement pipeline is incorporated into the annual service plans	Director of Resources	31st October 2026

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
7.	**Local Government Reorganisation** The Council recognises the importance of maintaining effective internal controls, financial governance and service continuity during this period and will continue to monitor and adapt its governance framework accordingly. Capacity constraints and concerns about ability to influence the collective implementation work are the key governance risks. Short term decision making may lead to sub optimal outcomes for residents if they fail to take account of resources available both before and after the new structures are in place. Strategic partner relationships may deteriorate resulting in loss of influence and weaker outcomes	Fieldwork undertaken to inform AGS	Robust programme and project management – promote and support appointment of county-wide Programme Director Regular meetings to share progress across all workstreams Timely communication with staff Explore retention packages for critical roles Maintain processes and due diligence for decision making and ensure that decisions are taken in the best interests of the district (irrespective of future structure) Influence shape of governance framework for Joint Committee and new unitary authority Robust financial planning and modelling Clear mapping of partnership roles and maintaining parish forum	Early appointment of Programme Director Meetings held and knowledge shared Active comms plan Decision progressed	Chief Executive, Director of Resources and Director of Legal and Governance	March 2027

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
8.	Health and Safety Systems should provide oversight and assurance on adequacy of arrangements to decision makers and the Corporate Leadership team concerning Health and Safety compliance and risk. Arrangements are being strengthened to help embed a positive culture and remove ambiguity and ensure that public and staff safety is managed effectively in line with legal responsibilities and the risk management strategy	Fieldwork undertaken to inform AGS	Improvement action plan being progressed Strengthening reporting procedures by reintroducing quarterly performance and annual reports to management. External critical friend review of current system and practice to provide assurance	Action plan fully implemented and closed Reporting embedded Positive assurance on adequacy of arrangements	Deputy Chief Executive: Regeneration and Commercial	March 2027

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
9.	Artificial Intelligence provides many opportunities to improve operations but there are potential ethical, privacy and regulatory issues. To ensure that our exploration continues to be safe and responsible the council will monitor the increasing use of AI within Council operations and update the AI Governance Framework as necessary.	Fieldwork undertaken to inform AGS	Review and update AI usage policy Asset mapping and risk assessment of active AI software within service areas to maintain understanding of current exposure and vulnerabilities Identify and promote a training programme to improve knowledge regarding ethical, legal and operational challenges of AI Horizon scan to keep abreast of the regulatory environment Introduce a review of the effectiveness of controls around AI tools into the three year Internal Audit Plan to be considered by Audit Committee in March 2027		Director of Resources, other members of CLT	March 2027

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

Ian R Miller Chief Executive	Councillor Marcus Hart Leader of the Council
30th June 2026	30th June 2026

Independent Auditor's Report to the Members of Wyre Forest District Council

The Independent Auditor's Report will be included following
the xx 2026 Audit Committee.

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.

2024-25 Expenditure £000	2024-25 Income £000	2024-25 Restated Net £000		Notes	2025-26 Expenditure £000	2025-26 Income £000	2025-26 Net £000
			Service Expenditure Analysis:				
3,613	(767)	2,846	Chief Executive and Solicitor to the Council*		3,503	(575)	2,928
13,535	(5,133)	8,402	Community and Environmental Services		10,281	(5,412)	4,869
9,443	(7,252)	2,191	Strategic Growth*		8,829	(6,894)	1,935
25,655	(11,266)	14,389	Economic Development and Regeneration		17,940	(3,872)	14,068
828	(433)	395	Resources		898	(472)	426
22,653	(21,188)	1,465	Revenues, Benefits and Customer Services		19,401	(17,717)	1,684
75,727	**(46,039)**	**29,688**	**Net Cost of Services**		**60,852**	**(34,942)**	**25,910**
2,012	(343)	1,669	Other Operating Expenditure	11	2,384	(638)	1,746
6,402	(7,190)	(788)	Financing and Investment Income and Expenditure	12	6,597	(6,673)	(76)
-	(26,847)	(26,847)	Taxation and Non-specific Grant Income and Expenditure	13	-	(24,311)	(24,311)
		3,722	**(Surplus)/Deficit on the Provision of Services**				**3,269**
			Items that will not be reclassified to the (Surplus)/Deficit on the Provision of Services:				
		(1,413)	(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Asset	26			(1,836)
		(13,971)	Re-measurement of the Net Defined Benefit Liability	2, 26			(2,661)
		13,267	Asset Ceiling Adjustment	2, 26			8,965
		(2,117)	**Total Other Comprehensive (Income) and Expenditure**				**4,468**
		1,605	**Total Comprehensive (Income) and Expenditure**				**7,737**

*Strategic Growth is renamed Housing and Planning and the Chief Executive and Solicitor to the Council is renamed Chief Executive and Director of Legal and Governance with effect from 1st April 2026

Movement In Reserves Statement

This statement shows the movement during the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 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.

2025-26

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Reserves
Notes	7, 10			10	2, 10, 26	
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 1st April 2025 **(Restated)**	21,124	3,206	2,678	27,008	27,244	54,252
Movement in Reserves during 2025-26:						
Total Comprehensive Income & (Expenditure)	(3,269)	-	-	(3,269)	(4,468)	(7,737)
Adjustments between accounting basis & funding basis under regulations	6,074	631	389	7,094	(7,094)	-
Net increase/ (decrease) in year	2,805	631	389	3,825	(11,562)	(7,737)
Balance at 31st March 2026	23,929	3,837	3,067	30,833	15,682	46,515

2024-25 Comparative Information

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves Restated	Total Reserves Restated
Notes	7, 10			10	2, 10, 26	2
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 1st April 2024	22,657	2,652	2,325	27,634	28,223	55,857
Movement in Reserves during 2024-25:						
Total Comprehensive Income & (Expenditure)	(3,722)	-	-	(3,722)	2,117	(1,605)
Adjustments between accounting basis & funding basis under regulations	2,189	554	353	3,096	(3,096)	-
Net increase/ (decrease) in year	(1,533)	554	353	(626)	(979)	(1,605)
Balance at 31st March 2025	21,124	3,206	2,678	27,008	27,244	54,252

Reconciliation of General Fund Balance

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

2025-26

	General Reserves (including £2.00m Working Balance at 31st March 2026)	Earmarked Reserves	Total General Fund Balance
Notes		14	7
	£000	**£000**	**£000**
Balance at 1st April 2025	6,769	14,355	21,124
Net increase/ (decrease) in year	618	2,187	2,805
Balance at 31st March 2026	7,387	16,542	23,929

2024-25 Comparative Information

	General Reserves (including £1.80m Working Balance at 31st March 2025)	Earmarked Reserves	Total General Fund Balance
Notes		14	7
	£000	**£000**	**£000**
Balance at 1st April 2024	5,676	16,981	22,657
Net increase/ (decrease) in year	1,093	(2,626)	(1,533)
Balance at 31st March 2025	6,769	14,355	21,124

Balance Sheet

The Balance Sheet shows the value 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 2025 Restated £000		Notes	31st March 2026 £000
	Property, Plant and Equipment:		
58,691	Land and Buildings	15	60,361
2,493	Vehicles, Plant and Equipment	15	2,070
4,538	Community Assets	15	3,378
865	Surplus Assets	15	597
7,404	Assets under Construction	15	1,640
1,280	Heritage Assets	16	1,289
475	Intangible Assets	17	406
75,746	**Long-term Assets**		**69,741**
15,195	Short-term Investments	18	13,135
9,140	Cash and Cash Equivalents	18, 21	10,757
52	Inventories		57
7,984	Short-term Debtors	19	8,998
750	Assets held for Sale (less than one year)	22	1,778
33,121	**Current Assets**		**34,725**
(281)	Short-term Borrowing	18	(1,330)
(11,821)	Short-term Creditors	23	(12,684)
(1,113)	Short-term Provisions	24	(582)
(13,215)	**Current Liabilities**		**(14,596)**
(31,158)	Long-term Borrowing	18	(30,152)
(6,972)	Other Long-term Liabilities	2, 36, 44	(12,000)
(3,270)	Capital Grants Receipts in Advance	42	(1,203)
(41,400)	**Long-term Liabilities**		**(43,355)**
54,252	**Net Assets**		**46,515**
27,008	Usable Reserves	10,14	30,833
27,244	Unusable Reserves	2, 10, 26	15,682
54,252	**Total Reserves**		**46,515**

Helen Ogram, Director of Resources
30th June 2026

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.

2024-25 £000		Notes	2025-26 £000
(3,722)	Net surplus/(deficit) on the provision of services		(3,269)
19,282	Adjust net surplus/(deficit) for non-cash movements	27	15,555
(17,780)	Adjust for items included in the net surplus/(deficit) on the provision of services that are investing and financing activities	27	(6,084)
(2,220)	**Net cash flows from operating activities**		**6,202**
(4,121)	Net cash flows from investing activities	28	(2,970)
(2,503)	Net cash inflows from financing activities	29	(1,615)
(8,844)	**Net increase/(decrease) in cash and cash equivalents**		**1,617**
17,984	Cash and cash equivalents at the beginning of the reporting period	21	9,140
9,140	**Cash and cash equivalents at the end of the reporting period**	21	**10,757**

Index of Notes to the Core Financial Statements

Note 1: Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2025-26 financial year and its position at 31st March 2026. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015; those Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025-26 (the Code) supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Accounts have been drawn up under the going concern concept, i.e. that, under the Code, it is assumed that the services of the Council will continue to operate for the foreseeable future. Local Authorities cannot be created or dissolved without statutory prescription. The provisions of the CIPFA Code on going concern reflect the economic and statutory environment in which local authorities operate and hence these accounts are prepared on this basis.

1.2 Accruals of Income and Expenditure

All revenue and capital expenditure is accounted for on an accruals basis in accordance with the Code and International Accounting Standard (IAS) 1. 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.

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 not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Exceptionally, the 2025-26 Code provides that changes to the valuation of non-investment assets as set out in the Code will be applied prospectively, with no restatement of prior year figures.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

1.5 Charges to Revenue for Non-Current Assets

Service revenue accounts including professional business support and trading accounts are charged an accounting estimate of the cost of holding non-current assets during the year. This comprises:

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

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

1.6 Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the relevant service or, where appropriate, to a corporate service at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring. When termination benefits involve the enhancement of pensions, statutory provision requires the General Fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standard. In the Movement in Reserve Statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and any such amount payable but unpaid at the year end.

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

Post-Employment Benefits

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

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 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:

➢ **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.
- net interest on the net defined benefit liability/(asset) - i.e. net interest expense for the Council – the change during the period in the net defined benefit liability/(asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/(asset) at the beginning of the period, taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contribution and benefit payments.

➢ **Remeasurements comprising:**

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability/(asset), charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- asset ceiling – the present value of any economic benefit available in the form of refunds from the plan or reductions in the future contributions to the plan – 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,
Petchey Road,
Worcester,
WR5 2NP

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

1.7 Events After the Reporting Period

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

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events

- those that are indicative of conditions that arose after the reporting period – where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue, detailed in Note 40, 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 (i.e. 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.

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

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

Expected Credit Loss Model

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

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

1.9 Government Grants and Contributions

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

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

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

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

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

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 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 cost less accumulated depreciation and any accumulated impairment losses. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.12 Interests in Companies and Other Entities

Where the Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures, it is required to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities will be recorded as investments, i.e. at cost, less any provision for losses.

1.13 Inventories

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

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 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.

A new shared service across all six district councils in Worcestershire, Worcestershire Homes Improvement Services (WHAS), aimed at providing disabled facilities and home adaptions for older people, disabled individuals and those on low incomes was established on 1st April 2026. The shared service is hosted by Wyre Forest District Council.

1.15 Leases

The Council as Lessee:

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options. The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority’s incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases

- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption. The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group’s estimate of the amount expected to be payable under a residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £5,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed. Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The Council as Lessor:

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.

Finance leases

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, 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. A gain, representing the authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

• a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
• finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to [the deferred capital receipts reserve (England and Wales) in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve.

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 therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

Operating leases

Where the authority 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 or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (eg 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.

1.16 Overheads and Professional and Business Services (Support Services)

The costs of overheads and Professional and Business 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.

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
- land and buildings – 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
- specialised assets (for example the council offices containing the Council Chamber) – because of their specialist nature are measured at depreciated replacement cost which is used as an estimate of current value
- 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.

From 1st April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. Where authorities do not have a rolling programme of revaluations in place and/or the assets are not non-property assets subject to indexation, authorities revalue their assets every five years, with annual indexation applied to assets during the four intervening years. The Council has introduced a rolling programme of revaluations, with indexation applied in the intervening years, calculated by the Council's Valuer. The same indices have been used in 2025-26 as in previous years.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the surplus or deficit on the provision of services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for 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 in the Comprehensive Income and Expenditure Statement.

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 unless the apportioned sum is above trivial

- 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.

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.

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

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

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

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

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

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

Surplus Assets

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

1.18 Fair Value Measurement of Non-Financial Assets

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

a) in the principal market for the asset, or

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

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

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

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

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

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

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

Level 3 – unobservable inputs for the asset.

1.19 Provisions

Provisions are made where an event has taken place on or before the Balance Sheet date:

- that gives the authority a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

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.

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

1.20 Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in Note 37 to the accounts.

1.21 Contingent Assets

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

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

1.22 Reserves

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

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

1.23 Revenue Expenditure funded from Capital under Statute

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

1.24 Value Added Tax (VAT)

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

1.25 Interest and Investment Income

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

1.26 Borrowing

In accordance with the Capital and Treasury Management Strategies the Council has made use of the prudential borrowing regime. Several schemes contained within the capital programme are being financed through prudential borrowing, the result being that the Capital Financing Requirement (CFR) will increase. A statutory minimum revenue provision (MRP) is made, based on the writing down period of the assets (the asset life). 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 approved Treasury Management Strategy Statement.

The Ministry for 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's approved MRP Policy Statement for 2025-26 can be found in the Treasury Management Strategy Statement; key points are summarised below and include 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 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:-

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 accelerates towards the latter years). This is commensurate with a prudent provision matching debt repayment to the period which the capital expenditure provides benefit. This method is most appropriate for use in circumstances where the initial investment is recouped from rental yields that are subject to cyclical, upwards only reviews. It is also appropriate in connection with projects promoting regeneration or administrative efficiencies or other schemes where revenues will increase over time.

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

1.27 Council Tax and Non-Domestic Rates (NDR)

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

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 debt is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

1.28 Business Improvement District

A business improvement district (BID) scheme for Kidderminster commenced with effect from 1st April 2020. The scheme is 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 Revenues, Benefits & Customer Services outturn line.

1.29 Long-Term Contracts

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.

1.30 Other Accounting Principles

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

Note 2: Prior Period Adjustment

During the closure of the 2025-26 accounts, it was discovered that the asset ceiling adjustment and the remeasurement of assets and liabilities had been presented incorrectly within the 2024-25 Statement of Accounts. An amendment has been made to the opening balance to reflect the correct movements.

The impact of the prior period adjustment on the Council's Financial Statements at 31st March 2025 is shown in the table below, as well being highlighted on each impacted note where applicable.

Prior period adjustment impact on published Financial Statements	Published 31st March 2025 £000	Change Pension Liability £000	Restated 31st March 2025 £000
Comprehensive Income and Expenditure Statement:			
Re-measurement of the Net Defined Benefit Liability	(20,431)	6,460	(13,971)
Asset Ceiling Adjustment	16,854	(3,587)	13,267
Total Other Comprehensive (Income) and Expenditure	(4,990)	2,873	(2,117)
Total Comprehensive (Income) and Expenditure	(1,268)	2,873	1,605
Movement in Reserves Statement:			
Total Comprehensive Income & (Expenditure) - Unusable Reserves	4,990	(2,873)	2,117
Total Comprehensive Income & (Expenditure) - Total Reserves	1,268	(2,873)	(1,605)
Net increase/(decrease) in year - Unusable Reserves	1,894	(2,873)	(979)
Net increase/(decrease) in year - Total Reserves	1,268	(2,873)	(1,605)
Total Unusable Reserves	30,117	(2,873)	27,244
Total Reserves	57,125	(2,873)	54,252
Balance Sheet:			
Other Long Term Liabilities	(4,099)	(2,873)	(6,972)
Long-term Liabilities	(38,527)	(2,873)	(41,400)
Net Assets	57,125	(2,873)	54,252
Unusable Reserves	30,117	(2,873)	27,244
Total Reserves	57,125	(2,873)	54,252

Note 3: Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2025-26 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified. This would therefore result in an impact on disclosures spanning two financial years.
Accounting changes that are introduced by the 2026-27 Code are:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024. The main aim of the change is better guidance and disclosures.

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024 Amendments to IAS 12 International Tax Reform: Pillar Two Model Rules – introducing a temporary mandatory exception from accounting for deferred taxes. Narrow scope of changes focussing on clarifying classification and derecognition.

- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024. This was minor change to tidy up inconsistencies within the standards.

- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024. The main change here is to address energy contracts.

These changes are not expected to have a material impact on the Council's Statement of Accounts.

Note 4: 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.

- Valuation of Wyre Forest House

  Wyre Forest House is valued on a hybrid basis due to the space occupied by third parties being in excess of the amount of accommodation occupied by the local authority. The wing containing the Council Chamber continues to be valued as a specialised asset on a Depreciated Replacement Cost (DRC) basis, with the remainder now being valued at fair value using a traditional capitalisation method.

- Investment Properties

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

- Business Rate Appeals

  The 2025-26 gross collectable business rates before prior year adjustments, standard reliefs and Retail, Hospitality and Leisure reliefs were £43.038m. The amount paid by each hereditament is based on the valuation lists prepared by the Valuation Office Agency (VOA). Rate payers can appeal to the VOA against their valuations; any refunds as a result of appeal decisions fall as a cost to the Collection Fund. After considering IAS37 management are satisfied that a provision should be made against this potential liability since it is likely that a liability will arise even though the timing and amount of the potential liability is uncertain, but whilst uncertain it can be reliably estimated. Many appeals from the 2017 list have now either been settled or withdrawn during 2025-26, although a high volume still remain outstanding for the VOA to assess. The total appeals provision at 31st March 2026 stands at £1.455m; our local share being £0.582m.

  The source data is primarily the hereditaments on our local list, commentary and analysis in professional journals and Local Government Finance Reports. The Council's Business Rates/Revenues expert, Accountants and s151 officer communicate with a cross section of contacts, experts and advisors (CIPFA) throughout the year and at year end to formulate a balanced view. Calculations are based upon current data including VOA threats list in liaison with other Pool members and historic experience.

- Pensions Liability

  The Fund's liabilities are calculated every three years by the actuary. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuation are agreed with the actuary. This estimate is subject to significant variances based on changes to the underlaying assumptions.

Note 5: 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. The assumptions and other sources of estimation uncertainty disclosed below relate to the estimates that require the Council's most difficult, subjective or complex judgements. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex. 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 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	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. Valuations are based on the assumption that the Council will be able to sustain its current spending on repairs and maintenance. 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. If the reduction of funding streams results in a reduction of service delivery or closure of facilities, this could result in the impairment of assets due to obsolescence. Similarly, regulation changes could result in obsolescence of some equipment. Property assets have been revalued in line with the rolling programme or an indexation calculation using appropriate indices has been undertaken at 31st March 2026, so there is still an element of estimation by the Valuer.	If the useful life of assets is reduced, depreciation will increase and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £22,823 for every year that useful lives had to be reduced. Changes in estimation technique can result in the carrying amount of an asset increasing or decreasing, the movements will be reflected in the CIES. Impairing the assets would be reflected in the CIES.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, life expectancy rates and expected returns on pension fund assets. The Actuary, Hymans Robertson LLP, is engaged to provide the Council with expert advice about the assumptions to be applied. Wyre Forest District Council defined benefit scheme was in deficit at the last valuation. Employers with a funding deficit at the last valuation pay secondary contributions to make good the deficit. It is possible that these secondary contributions, once paid, lead to a future accounting surplus that will not be recognised due to the IFRIC14 (asset ceiling) adjustment. This is known as an onerous funding commitment and the additional liability of £26.535m is recognised on the balance sheet. The net liability to pay pensions is calculated every three years with annual updates in the intervening years. The 2025-26 statement of accounts is based on the actuarial valuation undertaken at 31st March 2022. The WRS scheme was in a surplus at the last valuation. The Asset Ceiling calculation results in an additional liability of £1.088m.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £1.333m for the WFDC scheme.

Note 6: Material items of Income and Expense

This note discloses material items of income and expenditure that are not disclosed on the face of the Comprehensive Income and Expenditure Statement (CIES).

During 2025-26 the Council received a further £2.037m towards the Levelling Up Fund capital scheme. At 31st March 2026 the unspent balance was held as Capital Grants Receipts in Advance (see Note 42).

Asset revaluation adjustments totalling £13.671m have been charged to the CIES in 2025-26. This mostly relates to the capital expenditure on one asset previously classified as an Asset under Construction being written off once it became operational following a formal revaluation at 31st March 2026, and another Asset under Construction that will be revalued once it becomes operational in 2026-27. The revaluation adjustments are not a charge to the General Fund, so the impact of the revaluation adjustments are reversed in the Movement in Reserves Statement.

Note 7: 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 services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2025-26	Net Expenditure as reported for Resource Management	Adjustments to arrive at the Net Expenditure chargeable to General Fund (see Note 8)	Net Expenditure chargeable to the General Fund Balance	Adjustments to arrive at the Net Expenditure in the Comprehensive Income and Expenditure Statement (see Note 8)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000
Chief Executive and Solicitor to the Council	2,985	24	3,009	(81)	2,928
Community and Environmental Services	5,901	(1,620)	4,281	588	4,869
Strategic Growth	2,441	(364)	2,077	(142)	1,935
Economic Development and Regeneration	471	(322)	149	13,919	14,068
Resources	1,880	(1,233)	647	(221)	426
Revenues, Benefits and Customer Services	1,942	31	1,973	(289)	1,684
Capital	(992)	992	-	-	-
Net Cost of Services	**14,628**	**(2,492)**	**12,136**	**13,774**	**25,910**
Other Income and Expenditure	(13,949)	(992)	(14,941)	(7,700)	(22,641)
(Surplus)/Deficit	**679**	**(3,484)**	**(2,805)**	**6,074**	**3,269**

Comparative information for 2024-25

2024-25	Net Expenditure as reported for Resource Management £000	Adjustments to arrive at the Net Expenditure chargeable to General Fund (see Note 8) £000	Net Expenditure chargeable to the General Fund Balance £000	Adjustments to arrive at the Net Expenditure in the Comprehensive Income and Expenditure Statement (see Note 8) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Chief Executive and Solicitor to the Council	2,870	14	2,884	(38)	2,846
Community and Environmental Services	5,526	(1,298)	4,228	4,174	8,402
Strategic Growth	2,229	215	2,444	(253)	2,191
Economic Development and Regeneration	474	(434)	40	14,349	14,389
Resources	2,113	(1,201)	912	(517)	395
Revenues, Benefits and Customer Services	1,496	3	1,499	(34)	1,465
Capital	(1,385)	1,385	-	-	-
Net Cost of Services	**13,323**	**(1,316)**	**12,007**	**17,681**	**29,688**
Other Income and Expenditure	(9,089)	(1,385)	(10,474)	(15,492)	(25,966)
(Surplus)/Deficit	**4,234**	**(2,701)**	**1,533**	**2,189**	**3,722**

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	2024-25 £000	2025-26 £000
Opening General Fund Balance at 1st April	(22,657)	(21,124)
(Surplus)/Deficit on General Fund Balance in year	1,533	(2,805)
Closing General Fund Balance at 31st March	**(21,124)**	**(23,929)**

Note 8: 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:

2025-26	Exclude Transfers to/from Reserves £000	Exclude Depreciation to arrive at Funding Basis £000	Exclude Debt Financing and MRP Reported to Management under Net Cost of Services £000	Adjustments to arrive at the Net Expenditure chargeable to General Fund (see Note 7) £000
Chief Executive and Solicitor to the Council	24	-	-	24
Community and Environmental Services	(447)	(1,173)	-	(1,620)
Strategic Growth	(302)	(62)	-	(364)
Economic Development and Regeneration	278	(600)	-	(322)
Resources	(946)	(287)	-	(1,233)
Revenues, Benefits and Customer Services	31	-	-	31
Capital	-	-	992	992
Net Cost of Services	**(1,362)**	**(2,122)**	**992**	**(2,492)**
Other Income and Expenditure	-	-	(992)	(992)
(Surplus)/Deficit	**(1,362)**	**(2,122)**	**-**	**(3,484)**

Comparative information for 2024-25

2024-25	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 7)
	£000	£000	£000	£000
Chief Executive and Solicitor to the Council	14	-	-	14
Community and Environmental Services	(141)	(1,157)	-	(1,298)
Strategic Growth	261	(46)	-	215
Economic Development and Regeneration	80	(514)	-	(434)
Resources	(901)	(300)	-	(1,201)
Revenues, Benefits and Customer Services	3	-	-	3
Capital	-	-	1,385	1,385
Net Cost of Services	**(684)**	**(2,017)**	**1,385**	**(1,316)**
Other Income and Expenditure	-	-	(1,385)	(1,385)
(Surplus)/Deficit	**(684)**	**(2,017)**	**-**	**(2,701)**

Adjustments to arrive at the Comprehensive Income and Expenditure Statement:

Adjustments between Funding and Accounting Basis 2025-26

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 Adjustments (non-statutory)**	**Total Adjustments**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Chief Executive and Solicitor to the Council	-	(89)	-	(89)	8	(81)
Community and Environmental Services	1,238	(622)	-	616	(28)	588
Strategic Growth	(77)	(77)	-	(154)	12	(142)
Economic Development and Regeneration	13,961	(40)	-	13,921	(2)	13,919
Resources	288	(497)	-	(209)	(12)	(221)
Revenues, Benefits and Customer Services	-	(282)	-	(282)	(7)	(289)
Net Cost of Services	**15,410**	**(1,607)**	**-**	**13,803**	**(29)**	**13,774**
Other income and expenditure from the Expenditure and Funding Analysis	(6,044)	347	(451)	(6,148)	(1,552)	(7,700)
Difference between General Fund Surplus/Deficit and Comprehensive Income and Expenditure Statement Surplus/Deficit	**9,366**	**(1,260)**	**(451)**	**7,655**	**(1,581)**	**6,074**

Adjustments between Funding and Accounting Basis 2024-25 Comparative information

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 Adjustments (non-statutory)	Total Adjustments
	£000	£000	£000	£000	£000	£000
Chief Executive and Solicitor to the Council	-	(30)	-	(30)	(9)	(39)
Community and Environmental Services	4,265	(96)	-	4,169	4	4,173
Strategic Growth	(244)	(12)	-	(256)	3	(253)
Economic Development and Regeneration	14,353	(3)	-	14,350	-	14,350
Resources	300	(826)	-	(526)	10	(516)
Revenues, Benefits and Customer Services	-	(43)	-	(43)	10	(33)
Net Cost of Services	**18,674**	**(1,010)**	**-**	**17,664**	**18**	**17,682**
Other income and expenditure from the Expenditure and Funding Analysis	(13,768)	219	(505)	(14,054)	(1,439)	(15,493)
Difference between General Fund Surplus/Deficit and Comprehensive Income and Expenditure Statement Surplus/Deficit	**4,906**	**(791)**	**(505)**	**3,610**	**(1,421)**	**2,189**

Adjustments for Depreciation/Rental Income

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

Adjustment for Capital Purposes

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

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 required 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

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.

Other Non-statutory Adjustments

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 e.g. 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 e.g. for non-ringfenced government grants.

Note 9: Expenditure and Income analysed by nature

	2024-25 £000	2025-26 £000
Expenditure		
Employee Benefits Expenses	13,766	14,323
Other Service Expenses	42,939	30,741
Support Services	49	(5)
Depreciation and Revaluation Adjustments	18,974	15,794
Interest Payments	1,041	988
Pensions	5,361	5,609
Precepts	2,012	2,384
Total Expenditure	**84,142**	**69,834**
Income		
Fees, Charges and Other Service Income	(22,280)	(14,335)
Interest and Investment Income	(2,048)	(1,411)
Council Tax and NNDR	(15,407)	(16,358)
Pensions	(5,142)	(5,262)
Government Grants and Contributions	(35,200)	(28,561)
Net Gain on Disposal of Fixed Assets	(343)	(638)
Total Income	**(80,420)**	**(66,565)**
(Surplus)/Deficit on the Provision of Services	**3,722**	**3,269**

Note 10: Adjustments between Accounting basis and Funding basis under Regulations

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

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

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 funds, 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.

2025-26	Usable Reserves General Fund Balance £000	Usable Reserves Capital Receipts Reserve £000	Usable Reserves Capital Grants Unapplied £000	Movement in Unusable Reserves £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	15,793	-	-	(15,793)
Capital grants and contributions applied	(7,481)	-	389	7,092
Revenue expenditure funded from capital under statute	1,861	-	-	(1,861)
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	(7)	-	-	7
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(1,553)	-	-	1,553
Revenue contribution to finance capital	(169)	-	-	169
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	(632)	1,445	-	(813)
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(814)	-	814
Adjustments involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	1,688	-	-	(1,688)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,947)	-	-	2,947
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	(451)	-	-	451
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	(28)	-	-	28
Total Adjustments	**6,074**	**631**	**389**	**(7,094)**

2024-25 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	18,974	-	-	(18,974)
Capital grants and contributions applied	(20,259)	-	353	19,906
Revenue expenditure funded from capital under statute	9,670	-	-	(9,670)
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	(61)	-	-	61
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(1,439)	-	-	1,439
Revenue contribution to finance capital	(3,137)	-	-	3,137
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	(282)	641	-	(359)
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(87)	-	87
Adjustments involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	1,966	-	-	(1,966)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,756)	-	-	2,756
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	(505)	-	-	505
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	18	-	-	(18)
Total Adjustments	**2,189**	**554**	**353**	**(3,096)**

Note 11: Other Operating Expenditure

	2024-25 £000	2025-26 £000
Parish/Town Council Precepts	2,012	2,384
Gains/Losses on the disposal of non-current assets	(343)	(638)
Total	**1,669**	**1,746**

Note 12: Financing and Investment Income and Expenditure

	2024-25 £000	2025-26 £000
Interest payable and similar charges	1,041	988
Net interest on the net defined benefit liability/(asset)	219	347
Interest receivable and similar income	(2,048)	(1,411)
Total	**(788)**	**(76)**

Note 13: Taxation and Non-Specific Grant Income and Expenditure

	2024-25 £000	2025-26 £000
Council Tax income (including Town & Parish Councils)	(10,441)	(11,060)
Business Rates income and expenditure	(4,942)	(5,298)
Extended Producer Responsibility Grant	-	(1,734)
Recovery Grant	-	(400)
New Homes Bonus	(285)	(313)
Revenue Support Grant	(160)	(179)
National Insurance Funding	-	(93)
NNDR Levy redistribution	(24)	-
Other non-service related grants	(10,995)	(5,234)
Total	**(26,847)**	**(24,311)**

Note 14: 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 2025-26.

Earmarked Reserve	Balance at 1st April 2025	Receipts in year	Payments in year	Transfers between reserves	Total movements in year	Balance at 31st March 2026
	£000	£000	£000	£000	£000	£000
General Risks	2,269	500	(225)	-	275	2,544
Innovation Fund	1,540	150	(40)	-	110	1,650
Capital Financing	1,000	-	-	-	-	1,000
Pension Fund Contribution	1,000	350	-	-	350	1,350
Levelling Up Fund	811	-	(164)	-	(164)	647
State of the Area Projects	549	307	(475)	-	(168)	381
Property Risk Reserve	290	115	(11)	-	104	394
District Local Development Framework	256	104	-	-	104	360
Future High Streets Fund	221	76	(192)	(105)	(221)	-
Future High Streets Fund – DRF for Capital Financing	200	-	-	-	-	200
Insurance Reserve	-	177	(12)	140	305	305
External Funding	1,634	1,985	(384)	-	1,601	3,235
Other Miscellaneous Reserves (below £150,000)	1,389	203	(400)	(35)	(232)	1,157
Sub Total	**11,159**	**3,967**	**(1,903)**	**-**	**2,064**	**13,223**
Business Rates Pool – Re-distribution Timing Reserve	1,863	-	-	-	-	1,863
Collection Fund (timing differences)	1,333	141	(18)	-	123	1,456
Total Earmarked Reserves	**14,355**	**4,108**	**(1,921)**	**-**	**2,187**	**16,542**

Note 15: Property Plant and Equipment (PPE)

Movements on Balances

Movements in 2025-26:

	Land and Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Gross Book Value at 1st April 2025	**58,744**	**8,224**	**4,538**	**865**	**7,404**	**79,775**
Additions and Enhancements	4,541	300	-	-	4,059	8,900
Revaluation movements recognised in the Revaluation Reserve	1,047	-	(264)	28	-	811
Revaluation movements recognised in the Surplus/Deficit on the Provision of Services	(6,386)	-	-	(18)	(7,372)	(13,776)
Disposals	-	(71)	-	-	-	(71)
Reclassifications	2,524	-	(896)	(278)	(2,451)	(1,101)
Cost or Gross Book Value at 31st March 2026	**60,470**	**8,453**	**3,378**	**597**	**1,640**	**74,538**
Accumulated Depreciation at 1st April 2025	**(53)**	**(5,731)**	**-**	**-**	**-**	**(5,784)**
Depreciation Charge	(1,251)	(715)	-	-	-	(1,966)
Reversal of Depreciation on Revaluation taken to the Revaluation Reserve	1,063	-	-	-	-	1,063
Reversal of Depreciation on Revaluation taken to the Surplus/Deficit on the Provision of Services	132	-	-	-	-	132
Disposals	-	63	-	-	-	63
Accumulated Depreciation at 31st March 2026	**(109)**	**(6,383)**	**-**	**-**	**-**	**(6,492)**
Net Book Value at 31st March 2026	**60,361**	**2,070**	**3,378**	**597**	**1,640**	**68,046**

The major Assets Under Construction at 31st March 2026 were:

- the Future High Streets Fund regeneration programme in Kidderminster of Talbot Park. This major capital scheme reached completion in May 2026.
- Brinton Park Heritage Lottery Fund development. This capital scheme is now under way in close liaison with the Heritage Lottery Fund. The scheme is anticipated to reach completion in summer 2026.

The £7.372m reduction in the valuation of Assets Under Construction reflects the current estimated future value of Talbot Park once the construction works are complete and the asset becomes operational (in 2026-27), this reflects that the existing use value as public open space is significantly lower than cost.

Comparative Movements in 2024-25:

	Land and Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Gross Book Value at 1st April 2024	**58,922**	**8,376**	**4,368**	**750**	**7,942**	**80,358**
Right of Use Assets recognised upon transition (IFRS16)	212	-	-	-	-	212
Additions and Enhancements	12,255	750	15	-	3,999	17,019
Revaluation movements recognised in the Revaluation Reserve	263	-	155	-	-	418
Revaluation movements recognised in the Surplus/Deficit on the Provision of Services	(14,576)	-	-	(34)	(2,435)	(17,045)
Disposals	(285)	(902)	-	-	-	(1,187)
Reclassifications	1,953	-	-	149	(2,102)	-
Cost or Gross Book Value at 31st March 2025	**58,744**	**8,224**	**4,538**	**865**	**7,404**	**79,775**
Accumulated Depreciation at 1st April 2024	**-**	**(5,879)**	**-**	**-**	**-**	**(5,879)**
Depreciation Charge	(1,121)	(740)	-	-	-	(1,861)
Reversal of Depreciation on Revaluation taken to the Revaluation Reserve	980	-	-	-	-	980
Reversal of Depreciation on Revaluation taken to the Surplus/Deficit on the Provision of Services	88	-	-	-	-	88
Disposals	-	888	-	-	-	888
Accumulated Depreciation at 31st March 2025	**(53)**	**(5,731)**	**-**	**-**	**-**	**(5,784)**
Net Book Value at 31st March 2025	**58,691**	**2,493**	**4,538**	**865**	**7,404**	**73,991**

Depreciation Methods:

All non-current assets are depreciated on a straight-line basis over the 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 - 61
Depot, Workshops & Other Buldings	7 - 50
Vehicles, Plant & Machinery, Equipment and Lighting	1 - 10
ICT Systems	1 - 5

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

	2024-25	2025-26
Land, Properties and Vehicles:		
Assets Under Construction	6	4
Car Parks	19	19
Cemetery Sites	2	2
Civic & Administrative Buildings	2	2
Leisure Centres (including an interest in Bewdley Leisure Centre)	2	2
Museums	1	1
Nature Reserves	4	4
Other Land & Buildings	38	38
Public Conveniences	1	1
Sports & Social Clubs	2	2
Sports Fields & Parks	13	13
Trading Estates & Enterprise Centres	7	7
Vehicles	76	72

The major items of capital expenditure in 2025-26 were:

Scheme	£000
Levelling Up Fund	3,927
Future High Streets Fund, Kidderminster	2,806
Disabled Facilities/Housing Grants	1,862
Brinton Park HLF	1,296
Capital Projects Fund	800
ICT Strategy	437
Vehicle & Equipment Replacement Programme	163
UK Shared Prosperity Fund Grants	149
Castle Road Development	84
Other Capital Schemes	125
Total Capital Expenditure	**11,649**

The Council's Capital Programme was financed as follows:

Type of Financing	£000
Grants	7,092
Prudential Borrowing	3,573
Application of Capital Receipts	815
Direct Revenue Funding	169
Total Financing	**11,649**

At 31st March 2026 the following capital contracts had been entered into, with the following sums remaining to be paid in 2026-27.

Description	£000
Vehicle & Equipment Replacement Programme	3,587
Brinton Park HLF Scheme	1,269
Future High Streets Fund, Kidderminster	579
Disabled Facilities/Housing Grants	262
ICT Strategy	99
Bewdley Museum Scheme	79

Revaluations

The current asset values used in the accounts are based on valuations or indexation uplifts provided by Avison Young, Independent Valuers in accordance with the Council's rolling programme. The valuations of assets carried at current or indexed value are analysed in the table below. This table does not include other items contained within the Council's Asset Register such as Vehicles, Plant and Equipment, Intangible Assets or Assets under Construction as these assets are carried at Depreciated Historical Cost and are not, therefore, subject to revaluation.

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

Valuations of non-current assets carried at current value (fair value if surplus) or indexation:

	Land and Buildings	Community Assets	Surplus Assets	Assets Held for Sale	Total
	£000	£000	£000	£000	£000
Historic Cost	97	-	-	-	97
2025-26 (Indexation)	23,096	2,701	175	-	25,972
2025-26 (Valuation)	37,168	677	422	1,778	40,045
Total	**60,361**	**3,378**	**597**	**1,778**	**66,114**

Note 16: Heritage Assets

Reconciliation of the carrying value of heritage assets held by the Council, 2025-26.

	Art Collection £000	Richard Eve Memorial and Museum Exhibits £000	Total Heritage Assets £000
Cost or Valuation at 1st April 2025	**658**	**622**	**1,280**
Net Revaluation Increases/(Decreases)	7	2	9
Net Book Value at 31st March 2026	**665**	**624**	**1,289**

Comparative information for 2024-25:

	Art Collection £000	Richard Eve Memorial and Museum Exhibits £000	Total Heritage Assets £000
Cost or Valuation at 1st April 2024	**658**	**607**	**1,265**
Net Revaluation Increases/(Decreases)	-	15	15
Net Book Value at 31st March 2025	**658**	**622**	**1,280**

Revaluations

Heritage Assets are carried at their insurance values, updated every two years. 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 2025.

Note 17: 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.

	2024-25 £000	2025-26 £000
Balance at 1st April:		
Gross Carrying Amount	2,141	1,557
Accumulated Amortisation	(1,707)	(1,082)
Net Carrying Amount at 1st April	**434**	**475**
Purchases	196	87
Amortisation for period	(155)	(156)
Reduction in gross values for assets no longer in use	(780)	-
Accumulated depreciation written off for assets no longer in use	780	-
Net Carrying Amount at 31st March	**475**	**406**
Comprising:		
Gross Carrying Amount	1,557	1,644
Accumulated Amortisation	(1,082)	(1,238)
Net Carrying Amount at 31st March	**475**	**406**

Note 18: Financial Instruments (Including Nature and Extent of Risks)

Categories of Financial Instruments

	Non-Current		Current	
	2025 £000	2026 £000	2025 £000	2026 £000
Financial Assets				
Investments				
Amortised Cost – Investments (Principal)	-	-	15,000	13,000
Amortised Cost – Investments (Accrued Interest)	-	-	195	135
Amortised Cost - Cash and cash equivalents	-	-	9,111	10,703
Amortised Cost - Cash and cash equivalents (Accrued Interest)	-	-	29	54
Total Investments	**-**	**-**	**24,335**	**23,892**
Amortised cost - Debtors	-	-	271	1,750
Total Financial Assets	**-**	**-**	**24,606**	**25,642**
Financial liabilities				
Amortised cost - Borrowing	(31,158)	(30,152)	(281)	(1,330)
Amortised Cost - Creditors	-	-	(2,107)	(2,530)
Total Financial Liabilities	**(31,158)**	**(30,152)**	**(2,388)**	**(3,860)**

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.

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:

	2025 £000	2026 £000
Interest income	2,048	1,411
Interest expense	(1,041)	(988)
Total	**1,007**	**423**

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

There are no financial liabilities or financial assets carried on the balance sheet that are not measured at Fair Value (but for which Fair Value disclosures are required).

The fair values of Financial Assets are as follows:

	2025		2026	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Cash and Cash Equivalents	9,140	9,140	10,756	10,756
Add back: Overdraft/(Cash at Bank)	316	316	(371)	(371)
Short-term Deposits	15,195	15,195	13,135	13,135
Total Temporary Investments	**24,651**	**24,651**	**23,520**	**23,520**

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

As at 31st March 2026 the Council held no financial assets for which Level 1 valuations will apply and £23.520m financial assets for which Level 2 valuations will apply. All the financial assets are valued at amortised cost.

As at 31st March 2026 the Council held £31.158m financial liabilities for which Level 2 valuations will apply. The financial liabilities are held with the Public Works Loan Board (PWLB) and Market lenders. All of these borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, we have used a financial model valuation provided by MUFG Corporate Markets (MUFG) (formerly Link Asset Services). This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses both premature repayment rates and new borrowing rates to discount the future cash flows as detailed below:

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

The fair values of Financial Liabilities are as follows:

	2025		2026	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
PWLB Loan – Maturity	31,158	20,488	31,158	20,174
Total Borrowing	**31,158**	**20,488**	**31,158**	**20,174**

The fair value of PWLB loans of £20.174m 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. When interest rates rise significantly above the rates secured for its current loans, the Council could repay the loans to the PWLB who would offer a discount for early redemption. The exit price for the PWLB loans including the discount would be £22.177m at 31st March 2026. However, replacement debt would be more expensive to service.

Nature and Extent of Risk Arising from Financial Instruments

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

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

Overall Procedures for Managing Risk

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

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

Credit risk

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

This risk is minimised through compliance with the Annual Investment Strategy within the Treasury Management Strategy that is approved by Full Council each year and available on the Council website.

Credit Risk Management Practices

The credit criteria in respect of financial assets held by the Council are based on the creditworthiness service provided by MUFG. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies and a number of relevant overlays as 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 2026 was 0.012% (0.018% at 31st March 2025), as provided by MUFG, therefore no adjustment has been made to the carrying value of the investments.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions cannot be assessed generally. The current TMSS limits this risk by limiting total investments with any financial institution or group to 25% or 50% for Government backed institutions and the Council's own bank (with specific approval by the Director of Resources). 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 31st March 2026 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 2026. These are analysed by age as shown in the table below:

	2025 £000	2026 £000
Less than three months	1,695	2,055
Three to six months	158	119
Six months to one year	105	163
More than one year	501	655
Total	**2,459**	**2,992**

The Council has an impairment allowance of £840K in place to mitigate against this risk (£864k in 2024-25).

Liquidity risk

The Council's liquidity position is managed 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:

	2025 £000	**2026 £000**
Less than one year	24,651	23,520
Total	**24,651**	**23,520**

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's 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:

	2025 £000	2026 £000
Less than one year	281	1,330
Between one and two years	1,006	1,001
Between two and five years	4,021	4,026
Between five and ten years	5,032	4,026
Between ten and fifteen years	4,036	5,040
Between fifteen and twenty years	1,004	-
Between twenty and twenty-five years	-	-
Over twenty-five years	16,059	16,059
Total	**31,439**	**31,482**

Market risk

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 2026, 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	**328**

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 administered by Worcestershire County Council, 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.

Note 19: Debtors

Short-term Debtors	**2024-25 £000**	**2025-26 £000**
Trade Receivables	271	1,750
Prepayments	552	628
Local Taxation including Major Precepting Authorities	6,135	6,449
Other Receivable Amounts	1,026	171
Total	**7,984**	**8,998**

Note 20: Debtors for Local Taxation

Debtors for Local Taxation (memorandum - gross debtors)	**2024-25 £000**	**2025-26 £000**
Council Tax:		
Current year	2,463	2,480
More than one year	4,357	4,992
NNDR:		
Current year	924	1,424
More than one year	991	1,141
Total	**8,735**	**10,037**

Note 21: Cash and Cash Equivalents

Cash and Cash Equivalents comprises:

	2024-25 £000	2025-26 £000
Cash held by the Council	2	3
Bank current accounts	(318)	368
Short-term deposits with banks/building societies	9,456	10,386
Total Balance at 31st March	**9,140**	**10,757**

Note 22: Assets Held for Sale

	2024-25 £000	2025-26 £000
Balance at 1st April	750	750
Assets newly classified as held for sale:		
Property, plant & equipment	-	1,101
Revaluation losses	-	(86)
Revaluation gains	-	13
Balance at 31st March	**750**	**1,778**

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 other surplus properties in due course.

Note 23: Creditors

Short-term Creditors	2024-25 £000	2025-26 £000
Government Departments	4,109	4,195
Local Authorities	1,568	1,883
Sundry Creditors	2,227	2,498
Council Taxpayers (overpayments/receipts in advance)	177	174
Business Rates (overpayments/receipts in advance)	753	413
Receipts in Advance	2,800	3,319
Contractors and other Deposits	187	202
Total	**11,821**	**12,684**

Creditors - Summary	2024-25 £000	2025-26 £000
Trade payables	2,107	2,529
Other payables	9,714	10,155
Total	**11,821**	**12,684**

Note 24: Provisions

	1st April 2025 £000	Provided/ (Released) in Year £000	Payments in Year £000	31st March 2026 £000
Business Rates Appeals	1,113	(155)	(376)	582
Total	**1,113**	**(155)**	**(376)**	**582**

The Collection Fund holds a provision for backdated revaluations arising from Business Rates Retention. The Council share is shown above.

Note 25: Usable Reserves

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

Note 26: Unusable Reserves

Summary of Unusable Reserves

	2024-25 Restated £000	2025-26 £000
Revaluation Reserve	21,447	22,982
Capital Adjustment Account	12,252	3,720
Pensions Reserve (Note 2)	(6,955)	(12,000)
Collection Fund Adjustment Account	745	1,196
Accumulated Absences Account	(245)	(216)
Total Unusable Reserves	**27,244**	**15,682**

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	**2024-25 £000**	**2025-26 £000**
Balance at 1st April	**20,571**	**21,447**
Revaluation Gains	2,754	2,711
Revaluation reductions written off against prior balances	(1,341)	(874)
(Surplus)/Deficit on revaluation of property, plant and equipment assets	1,413	1,837
Excess current value depreciation over historic cost depreciation	(252)	(302)
Balances written out following disposal	(285)	-
Balance at 31st March	**21,447**	**22,982**

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	2024-25 £000	2025-26 £000
Balance at 1st April	**16,088**	**12,252**
Capital receipts applied	87	814
Depreciation	(2,016)	(2,123)
Revaluation adjustments	(16,958)	(13,671)
Direct revenue financing	3,137	169
Appropriation of minimum revenue provision	1,439	1,553
Revenue expenditure funded from capital under statute	(9,670)	(1,861)
Loan repayment	-	(800)
Disposal of non-current assets	(298)	(7)
Capital grants	19,906	7,092
Revaluation reserve	537	302
Balance at 31st March	**12,252**	**3,720**

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 in the year the future 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 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 Council includes its share of the net position on the Pension Reserves.

Pensions Reserve	2024-25 Restated £000	2025-26 £000
Balance at 1st April	**(8,449)**	**(6,955)**
Remeasurements of the net defined benefit (liability and asset)	13,971	2,661
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	(1,966)	(1,688)
Employer's pension contributions and direct payments to pensioners payable in year	2,756	2,947
Asset ceiling adjustment	(13,267)	(8,965)
Balance at 31st March	**(6,955)**	**(12,000)**

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	2024-25 £000	2025-26 £000
Balance at 1st April	**240**	**745**
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 calculated for the year in accordance with statutory requirements	505	451
Balance at 31st March	**745**	**1,196**

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	2024-25 £000	2025-26 £000
Balance at 1st April	**(227)**	**(245)**
Reversal of Opening Balance	227	245
Amounts accrued at the end of the current year	(245)	(216)
Balance at 31st March	**(245)**	**(216)**

Note 27: Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

Cash Flow Statement - Operating Activities	2024-25 £000	2025-26 £000
Interest received	(2,101)	(1,471)
Interest paid	861	809
Net cash flows from operating activities	**(1,240)**	**(662)**

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

Cash Flow Statement - Operating Activities	2024-25 £000	2025-26 £000
Depreciation	2,016	2,123
Downward revaluations	16,958	13,671
Increase/(decrease) in creditors	(465)	2,503
(Increase)/decrease in debtors	1,448	(954)
(Increase)/decrease in inventories	20	(5)
Movement in pension liability	(790)	(1,259)
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	298	7
Other non-cash items charged to the net surplus or deficit on the provision of services	(203)	(531)
Total	**19,282**	**15,555**

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	2024-25 £000	2025-26 £000
Proceeds from short-tem and long-term investments	3,031	2,043
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(641)	(590)
Any other items for which the cash effects are investing or financing cash flows	(20,170)	(7,537)
Total	**(17,780)**	**(6,084)**

Note 28: Cash Flow Statement – Investment Activities

Cash Flow Statement - Investment Activities	2024-25 £000	2025-26 £000
Purchase of property, plant and equipment, investment property and intangible assets	(17,303)	(8,987)
Purchase of short-term and long-term investments	(31)	(43)
Proceeds fom the sale of property, plant and equipment, investment property and intangible assets	641	590
Other receipts from investing activities	12,572	5,470
Net cash flows from investing activities	**(4,121)**	**(2,970)**

Note 29: Cash Flow Statement – Financing Activities

Cash Flow Statement - Financing Activities	2024-25 £000	2025-26 £000
Cash receipts of sort-term and long-term borrowing	32	42
Cash payments for the reduction of outstanding liabilities relating to leases	(51)	(55)
Repayments of short-term and long-term borrowing	(3,000)	-
Other payments for financing activities	516	(1,602)
Net cash flows from financing activities	**(2,503)**	**(1,615)**

Note 30: Members' Allowances and Expenses

Members' allowances and expenses paid during the year were £248,255 (£249,003 in 2024-25). Further information is provided on the Council's website.

Note 31: Officers' Remuneration

The following table details the full year remuneration of Senior Officers who serve on the Corporate Leadership team and whose full-time equivalent salary is more than £50,000 per year:

Position	Year	Salary (including fees & allowances)	Expenses Allowances	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
		£	£	£	£	£
Chief Executive (Head of Paid Service)	2025-26	134,923	604	135,527	26,410	161,937
	2024-25	131,236	244	131,480	25,591	157,071
Deputy Chief Executive: Regeneration and Commercial *	2025-26	101,396	-	101,396	19,772	121,168
	2024-25	72,694	-	72,694	14,175	86,869
Head of North Worcestershire Economic Development and Regeneration*	2025-26	-	-	-	-	-
	2024-25	19,261	-	19,261	3,756	23,017
Solicitor to the Council (Monitoring Officer)	2025-26	54,093	-	54,093	10,548	64,641
	2024-25	48,698	-	48,698	9,496	58,194
Head of Resources and S151 Officer	2025-26	83,314	-	83,314	16,246	99,560
	2024-25	78,255	-	78,255	15,260	93,515
Head of Strategic Growth	2025-26	76,494	28	76,522	14,916	91,438
	2024-25	73,096	36	73,132	14,254	87,386
Head of Community and Environment **	2025-26	33,611	76	33,687	6,442	40,129
	2024-25	73,668	50	73,718	14,365	88,083
Head of Commercial Services***	2025-26	24,878	-	24,878	4,851	29,729
	2024-25	-	-	-	-	-
Head of Revenues, Benefits and Customer Services	2025-26	77,913	84	77,997	15,193	93,190
	2024-25	73,496	-	73,496	14,332	87,828

*The post of Deputy Chief Executive: Regeneration and Commercial was created and filled from 1st July 2024. Prior to that date the Head of North Worcestershire Economic Development and Regeneration provided services for both the Council, Bromsgrove District Council and Redditch Borough Council.

**The Head of Community and Environment retired in September 2025.

***A new role, the Head of Commercial Services, was created in 2025-26. The Head of Commercial Services was in post for four months during 2025-26.

As a result of these structural changes, figures are not directly comparable with the previous financial year. All mileage is reimbursed at 40p per mile which is below the HMRC approved rate of 45p per mile for cars and vans.

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

Total Remuneration (excluding employer's contributions)	2024-25	2025-26
£50,000 - £54,999	2	5
£55,000 - £59,999	2	4
£60,000 - £64,999	1	4
£65,000 - £69,999	2	1

In addition to the above salaries, the Elections Returning Officer (Chief Executive) received £6,288 remuneration (includes pension contribution and mileage allowance), for his role in the County Council elections for electoral divisions in Wyre Forest in May 2025.

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:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (excluding WRS)	
	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26
							£	£
£0 - £20,000	2	1	-	1	2	2	4,563	3,632
£20,001 - £40,000	-	-	-	1	-	1	-	17,000
Total	**2**	**1**	**-**	**2**	**2**	**3**	**4,563**	**20,632**

Note 32: External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts provided by the Council's External Auditors:

Fees payable to the Council's External Auditors	**2024-25** £000	**2025-26** £000
Fees payable relating to external audit services carried out by the appointed auditor	159	164
PSAA approved audit fee variation (2023-24)	16	-
PSAA approved audit fee variation (2024-25)	-	11
Total	**175**	**175**

Note 33: Grant Income

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

	2024-25	**2025-26**
	£000	**£000**
Credited to Taxation and Non-Specific Grant Income:		
New Homes Bonus	285	313
Revenue Support Grant	160	179
Funding Guarantee	687	-
Services Grant	20	-
NNDR Levy Redistribution	24	-
Extended Producer Responsibility Grant	-	1,734
Recovery Grant	-	400
National Insurance Funding	-	93
S31 Business Rates Relief Grant	3,699	2,852
Subtotal	4,875	5,571
WFDC Council Tax Income	10,441	11,060
Business Rates Retention	1,243	2,446
Capital Grants Applied	10,288	5,234
Total Credited to Taxation and Non-Specific Grant Income	**26,847**	**24,311**
Credited to Services:		
Housing Benefit Subsidy	19,990	16,677
Housing Benefit Admin	260	265
Other Grants:		
Chief Executive & Solicitor to the Council	20	39
Community and Environmental Services	192	539
Economic Development & Regeneration	1,190	1,032
Resources	114	170
Revenues, Benefits and Customer Services	357	278
Strategic Growth	3,142	2,964
Total Grant Income Credited to Services	**25,265**	**21,964**

Grant income credited to services in the above table includes government grants & contributions totalling £20.608m (these are included in Government Grants & Contributions in Note 9).

Note 34: 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 33. Grant receipts outstanding at 31st March 2026 are included in Note 19.

Members

Members of the Council have a direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2025-26 is shown in Note 30.
The Council maintains a Register of Members' Interests in compliance with the Localism Act 2011, available for inspection on the Council's website.

Members sit on several other outside bodies where transactions of less than £10k were made in 2025-26 to:

- Age UK, Bromsgrove, Redditch and Wyre Forest
- Bewdley Town Council
- District Councils' Network
- Elizabeth Mills Day Centre
- Patrol – Parking
- Rock Parish Council
- Wolverley & Cookley Parish Council

Major transactions over £10k for 2025-26 where Councillors or Officers were also members of outside bodies are shown in the table below:

	Total Income 2025-26 £000	Total Expenditure 2025-26 £000	Income due at 31/03/2026 £000	Expenditure due at 31/03/2026 £000
Other Public Bodies				
Worcestershire County Council	4,121	1,149	2	-
Kidderminster Town Council	200	2	-	-
Stourport Town Council	30	5	-	-
Other Bodies				
Local Government Association	-	13	-	-
Needs More Robots Ltd	-	10	-	-
Stourport Sports Club	13	17	-	-
The Herbery	-	16	-	-
West Mercia PCC	52	82	-	-
Wyre Forest Citizens Advice Bureau	-	145	-	-
Wyre Forest Nightstop & Mediation	-	23	-	-

Officers

The Community and Strategic Projects Manager and Head of Operations (until 3rd October 2025) were board Member of Stourport Sports Club Limited during 2025-26.

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 2025-26.

Services Hosted by WFDC

Service	Council	Value of Service in 2025-26 £000	Payment due from WFDC at 31/03/2026 £000	Receipt due to WFDC at 31/03/2026 £000
North Worcestershire Water Management	Redditch Borough Council	81	-	20
	Bromsgrove District Council	124	-	31

Services Hosted by Other Councils

Service	Host Council	Value of Service in 2025-26 £000	Payment due from WFDC at 31/03/2026 £000	Receipt due to WFDC at 31/03/2026 £000
Worcestershire Regulatory Services	Bromsgrove District Council	673	10	-
North Worcestershire Building Control	Bromsgrove District Council	188	-	-
Payroll	Redditch Borough Council	61	61	-
Car Park Administation Service	Wychavon District Council	77	-	-

Officers employed by other Councils where services are shared are jointly funded by this Council.

Note 35: Capital Expenditure and Capital Financing

	2024-25 £000	2025-26 £000
Opening Capital Financing Requirement	40,264	42,792
Right of Use Assets included upon transition Lease Liabilities (IFRS16)	212	-
Less: Peppercorn lease gain reversal through Capital Adjustment Account	(89)	-
	40,387	**42,792**
Operational assets	13,216	4,929
Non-operational asset	3,999	4,059
Revenue expenditure funded from capital under statute	9,670	1,861
Capital Projects Fund Loan	-	800
Capital receipts	(87)	(814)
Government grants and other contributions	(19,817)	(7,092)
Sums set aside from revenue	(4,525)	(1,668)
Sums set aside from revenue Lease Liabilities (IFRS16)	(51)	(55)
Closing Capital Financing Requirement	**42,792**	**44,812**
Explanation of movements in the year:		
Increase in underlying requirement to borrow (unsupported by Government financial assistance)	2,528	2,020
Increase/(decrease) in Capital Financing Requirement	**2,528**	**2,020**

Note 36: 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 pension scheme, meaning that the Council and employees pay contributions into a fund, at a level calculated 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 £450k 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, structural changes (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 as described in the accounting policy notes.

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 accounting 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 (WRS), 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 15.24% (equal to the 2024-25 share) and this is reflected in the note below:

	WFDC		Share of WRS	
	2024-25 £000	2025-26 £000	2024-25 £000	2025-26 £000
Comprehensive Income and Expenditure Statement				
Cost of Services				
Service cost comprising:				
Current Service Cost	1,639	1,244	70	54
Administration expenses	38	43	-	-
Financing and Investment Income and Expenditure				
Net interest expense	228	345	(9)	2
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	**1,905**	**1,632**	**61**	**56**
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined liability comprising:				
Return on plan assets (excluding the amount included in net interest expense) and other experience	(3,094)	7,378	(136)	422
Actuarial (gains) and losses arising on changes in actuary assumptions	(16,499)	4,935	(701)	205
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	**(17,688)**	**13,945**	**(776)**	**683**
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	(758)	(1,217)	(32)	(42)
Actual amount charged against the General Fund Balance for pensions in the year				
Employers' contributions payable to scheme	2,242	2,399	93	98
Discretionary retirement benefits payable to pensioners	421	450	-	-

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	
	2024-25 £000	2025-26 £000	2024-25 £000	2025-26 £000
Present value of defined benefit obligation	94,808	101,496	3,709	4,080
Fair value of plan assets	(103,927)	(115,204)	(4,489)	(5,168)
IFRIC14 (Asset Ceiling) Adjustment	16,027	25,708	827	1,088
Net liability/(Surplus) aising from defined benefit obligation	**6,908**	**12,000**	**47**	**-**

Asset Ceiling (IFRIC14 adjustment)

Wyre Forest District Council defined benefit scheme was in deficit at the last valuation. Employers with a funding deficit at the last valuation pay secondary contributions to make good the deficit. It is possible that these secondary contributions, once paid, lead to a future accounting surplus that will not be recognised due to the IFRIC14 (asset ceiling) adjustment. This is known as an onerous funding commitment. The recovery period (funding horizon) is based on 12 years and the additional liability of £25.709m is recognised on the balance sheet.

Following the pensions valuation (effective from 1st April 2023) for WRS by the actuary, Hymans Robertson LLP, the host authority, Bromsgrove District Council, determined that the fair value of its pension plan assets outweighed the present value of the plan obligations resulting in a pension plan asset for the first time. IAS19 Employee Benefits required that, when a pension plan asset exists, it is measured at the lower of:

- The surplus in the defined benefit plan
- The asset ceiling

The asset ceiling is a specified estimate of the present value of any economic benefit which the employer can realise, either through refunds or by gaining economic benefit through reductions in future contributions. The actuary calculated the asset ceiling as the net present value of the future service costs less net present value of future contributions.

The host authority has therefore limited the Pension asset recognised in its balance sheet to the asset ceiling. The adjustment has been recognised within other comprehensive income and expenditure of the CIES.

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

	WFDC		Share of WRS	
	2024-25 £000	2025-26 £000	2024-25 £000	2025-26 £000
Opening fair value of scheme assets	103,755	103,927	4,147	4,489
Adjustment to opening balance (Note 2)			282	-
Restated opening balance			4,429	4,489
Interest income	4,928	5,979	214	260
Remeasurement gain/(loss) - return on plan assets, excluding amount included in net expense and other experience	(3,094)	7,378	(136)	421
Contributions from employer	2,663	2,849	93	98
Contributions from employees into scheme	607	665	35	30
Benefits Paid	(4,931)	(5,594)	(146)	(130)
Closing fair value of scheme assets	**103,928**	**115,204**	**4,489**	**5,168**
Asset Ceiling adjustment	(16,027)	(25,709)	(827)	(1,088)
Closing fair value of scheme assets (Adjusted)	**87,901**	**89,495**	**3,662**	**4,080**

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

	WFDC		Share of WRS	
	2024-25 £000	2025-26 £000	2024-25 £000	2025-26 £000
Opening balance at 1st April	108,798	94,808	4,202	3,709
Adjustment to opening balance (Note 2)			44	-
Restated balance at 1st April			4,246	3,709
Current service cost	1,677	1,287	70	54
Interest cost	5,156	5,395	205	214
Contributions from scheme participants	607	665	35	29
Remeasurement (gains)/losses				
Actuarial (gains)/losses arising from:				
Experience (gains)/losses	(1,493)	5,591	(33)	220
Changes in financial assumptions	(14,816)	(2,578)	(661)	(90)
Demographic assumptions	(190)	1,922	(7)	74
Past service costs/curtailments	-	-	-	-
Benefits paid	(4,931)	(5,594)	(146)	(130)
Closing balance at 31st March	**94,808**	**101,496**	**3,709**	**4,080**

Local Government Pension Scheme assets comprised:

	WFDC		Share of WRS	
	2024-25 £000	2025-26 £000	2024-25 £000	2025-26 £000
Cash and Cash Equivalents	1,623	1,788	74	79
Investment Funds and Unity Trusts:				
Equities	56,577	62,323	1,524	342
Bonds	3,305	3,641	695	831
Infrastructure	18,708	20,609	610	690
Other	2,116	2,331	400	532
Subtotal Investment Funds and Unity Trust	80,706	88,904	3,229	2,395
Property:				
UK	5,823	6,415	199	215
Overseas	2,543	2,801	84	94
Subtotal Property	8,366	9,216	283	309
Equity Securities	10,693	11,779	296	1,811
UK Government Debt Securities	2,250	2,478	605	566
Private Equity	284	312	1	9
Derivatives	5	6	-	-
Total Assets	**103,927**	**114,482**	**4,488**	**5,169**

Note: Total Assets are presented gross before the IFRIC14 asset ceiling adjustment

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 Hymans Robertson LLP, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme effective from 1st April 2023.

The significant assumptions used by the actuary have been:

	WFDC		Share of WRS	
	2024-25 £000	**2025-26 £000**	**2024-25 £000**	**2025-26 £000**
Long term expected rate of return on assets in the scheme				
Life expectancy				
Longevity at 65 of current pensioners				
Male	21.2 yrs	21.9 yrs	21.2 yrs	21.9 yrs
Female	23.6 yrs	24.6 yrs	23.6 yrs	24.6 yrs
Longevity at 65 of future pensioners				
Male	22.5 yrs	22.7 yrs	22.5 yrs	22.7 yrs
Female	25.4 yrs	26.0 yrs	25.4 yrs	26.0 yrs
Financial assumptions				
Pension Increase/Revaluation Rate (CPI)	2.80%	3.00%	2.75%	3.00%
Rate of increase in salaries	4.30%	4.50%	4.25%	4.50%
Discount rate on liabilities	5.80%	6.20%	5.80%	6.20%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below is 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.

	Approximate increase in assumptions 2025-26			
Impact on the Defined Benefit Obligation in the Scheme	**WFDC**		**Share of WRS**	
	£000	**%**	**£000**	**%**
0.1% decrease in real discount rate	1,333	1%	447	2%
1 year increase in member life expectancy	4,060	4%	973	4%
0.1% increase in salary increase rate	79	0%	39	0%
0.1% increase in the pension increase/revaluation rate (CPI)	1,253	1%	419	2%

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 scheme's actuary was asked to achieve a funding level of 100% over the next 12 years from the last pension valuation on 31st March 2022, to give a fully funded position by 31st March 2035. Funding levels are monitored on an annual basis.

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

The weighted average duration of the defined benefit obligation for scheme members is 14 years. For Worcestershire Regulatory Services the weighted average duration is 16 years.

Note 37: Contingent Liabilities

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. There is a contingent liability for payment of any future insurance claims that may come forward.

Note 38: Trust Funds

Wyre Forest District Council acts as trustee of the Bewdley Museum Trust (charity number 527511) and is the sole managing trustee of the unregistered Brinton Park charitable trust.

Note 39: Interests in Companies and Other Entities

The Council does not have any material interests in another entity that has the nature of subsidiaries, associates or joint ventures that require it to prepare group accounts in 2025-26.

Note 40: Events after the Balance Sheet Reporting Period

The Director of Resources confirms that there were no non-adjusting Post Balance Sheet Events (PBSE) identified at 30th June 2026, the date that the pre-audit Statement of Accounts 2025-26 was approved.

Note 41: Going Concern Disclosure

The Statement of Accounts is prepared on a going concern basis. In carrying out its assessment that this basis is appropriate, made for the going concern period to 30 June 2026, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cash flow forecasting. In particular that the revenue accounts and balance sheet assume no intention to significantly curtail the scale of operations. The CIPFA Code (paragraph 2.1.2.9) confirms that local authority accounts must be prepared on a going concern basis.

The English Devolution White Paper (published on 16 December 2024) set out the government's vision for simpler local government structures. Two proposals have been submitted to Government for Worcestershire: a single unitary Council was supported by Wyre Forest District Council and the County Council and a two unitary proposal, one council covering the North of the county and the other covering the South. The Government's decision on which proposal goes forward will not be known until summer 2026. Vesting day for new unitary authorities is expected to be 1st April 2028. This will mean that Wyre Forest District Council will cease to exist on the 31st March 2028.

The Council's balances at 31st March 2026 compared to prior years are as follows:

	General Reserves including £2.00m Working Balance (£1.80m Working Balance at 31/03/25)	Earmarked Reserves Note 14	Total General Fund Balance Note 7
	£000	£000	£000
Balance at 31st March 2025	**6,769**	**14,355**	**21,124**
Balance at 31st March 2026	**7,387**	**16,542**	**23,929**

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

Note 42: Capital Grants Receipts in Advance

The Council holds the following capital grants receipts in advance at 31st March:

	2024-25 £000	2025-26 £000
Levelling Up Fund	1,891	1
Defra Food Waste Grant	1,371	1,156
UK Shared Prosperity Fund	-	42
Other	8	4
Balance at 31st March	**3,270**	**1,203**

Any capital grants or contributions that have been received, but not applied to finance capital expenditure, that have conditions attached, are classified as Capital Grants Receipts in Advance. The various capital schemes for which these balances are held at 31st March are detailed above. The schemes are currently in progress, and the funding will be applied in future years or returned to the grantor if the conditions are not met.

Note 43: Leases

The Council adopted IFRS16 from 1 April 2024, to recognise all right of use assets. Under this reporting standard some leases where the Council acts as lessee will be brought onto the balance sheet. Lessor accounting is effectively unchanged.

Council as Lessee

Right of Use (RoU) assets identified along with a corresponding lease liability were brought onto the balance sheet with effect from 1st April 2024. Leases for items of low value and leases that expired on or before 31st March 2025 are exempt from these arrangements.

The Council has elected not to recognise RoU assets for leases of low value assets and lease liabilities for short-term leases that have a term of 12 months or less. The Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right of Use Assets	**Land and Buildings £000**
Value at 1st April 2025	**159**
Depreciation charged in year	(56)
Value at 31st March 2026	**103**

Transactions under Leases	**Land and Buildings 2025-26 £000**
Interest expense on lease liability	3
Expense relating to short-term leases	55
Expense relating to exempt leases of low value items	115
Income from subletting RoU Assets	(2)
Cashflow Statement	
Minimum lease payments	56

	2025-26 £000
RoU assets liabilities (net present value of minimum lease payments) - current	17
RoU assets liabilities (net present value of minimum lease payments) - non-current	-
Finance costs payable in future years	1
Total	**18**

The minimum lease payments will be payable over the following periods:

	2025-26 £000
Less than one year	19
One to five years	-
Total	**19**

The disclosures below relate to low value (below £10k assets) and leases that have less than 12 months to run that fall outside the scope of IFRS16. The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was as follows:

	2025-26 £000
Minimum lease payments	115
Total	**115**

Council as Lessor

Operating Leases - The Council leases out property under operating leases primarily in relation to property and industrial estates.

Note 44: Other Long-term Liabilities

Other long-term liabilities are amounts which must be paid back at some time after the next financial year or are amounts to be paid off over a period in yearly instalments. The Balance Sheet reflects the amortised values (see also Notes 2 and 36).

	2024-25 Restated £000	2025-26 £000
Liability related to defined benefit pension scheme (Note 2)	6,955	12,000
Liability under IFRS16 (Property)	17	-
Balance at 31st March	**6,972**	**12,000**

The Collection Fund Account

This statement shows the transactions of the billing authority in relation to the collection of council tax and non-domestic rates from local taxpayers and its subsequent distribution to local authorities and the Government. There is no requirement for a separate Collection Fund Balance Sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the bodies concerned (i.e. major preceptors, the billing authority and the Government). The Council's share of council tax and business rates is reflected in the Comprehensive Income and Expenditure Statement on an accruals basis in line with the Code. The adjustment between the statutory credit to the General Fund and the accrued income is made through the Movement in Reserves Statement and the Collection Fund adjustment Account.

2024-25 Business Rates £000	2024-25 Council Tax £000	2024-25 Total £000		2025-26 Business Rates £000	2025-26 Council Tax £000	2025-26 Total £000
			Income			
-	(77,248)	(77,248)	Council Tax Receivable	-	(81,552)	(81,552)
(27,609)	-	(27,609)	Business Rates Receivable	(30,693)	-	(30,693)
(2,819)	-	(2,819)	Appeals settled against Provision	(939)	-	(939)
(30,428)	**(77,248)**	**(107,676)**	**Total Income**	**(31,632)**	**(81,552)**	**(113,184)**
			Expenditure			
			Precepts, Demands and Shares:			
13,232	-	13,232	Central Government	15,315	-	15,315
2,382	53,196	55,578	Worcestershire County Council	2,757	55,874	58,631
265	3,360	3,625	Hereford and Worcester Fire Authority	306	3,534	3,840
-	9,592	9,592	Office of the Police and Crime Commissioner for West Mercia	-	10,081	10,081
10,585	8,390	18,975	Wyre Forest District Council	12,252	8,616	20,868
-	2,012	2,012	Parish/Town Councils	-	2,385	2,385
			Charges to the Collection Fund:			
143	412	555	Write Offs and Increase in Allowance for Impairment	277	624	901
2,520	-	2,520	Increase/(Decrease) in Provision for Appeals	(388)	-	(388)
132	-	132	Cost of Collection Allowance	131	-	131
4	-	4	Disregarded Amounts	4	-	4
29,263	**76,962**	**106,225**	**Total Expenditure**	**30,654**	**81,114**	**111,768**
(1,165)	(286)	(1,451)	**(Surplus)/Deficit for the Year**	(978)	(438)	(1,416)
(1,197)	1,759	562	**(Surplus)/Deficit at 1st April**	(2,362)	1,473	(889)
(2,362)	**1,473**	**(889)**	**(Surplus)/Deficit at 31st March**	**(3,340)**	**1,035**	**(2,305)**
			Allocation of (Surplus)/Deficit:			
(1,181)	-	(1,181)	Central Government	(1,671)	-	(1,671)
(212)	1,023	811	Worcestershire County Council	(300)	722	422
(24)	65	41	Hereford and Worcester Fire Authority	(33)	45	12
-	185	185	Office of the Police and Crime Commissioner for West Mercia	-	128	128
(945)	200	(745)	Wyre Forest District Council	(1,336)	140	(1,196)
(2,362)	**1,473**	**(889)**		**(3,340)**	**1,035**	**(2,305)**

Notes to the Collection Fund Account

Note 1: General

The Collection Fund 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) was a member of the Herefordshire and Worcestershire Business Rates Pool (HWBRP) with WCC being the lead authority. Separate accounts are maintained that form part of the WCC Accounts and are not reflected in the WFDC Collection Fund Accounts.

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

Note 2: National Non-Domestic Rates (NNDR) (Business Rates Retention)

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

Business rates income payable for 2025-26 was estimated before the start of the financial year as £14.605m to Central Government (£13.720m in 2024-25), £2.629m to WCC (£2.470m in 2024-25), £0.292m to H&WFA (£0.274m in 2024-25) and £11.684m to WFDC (£10.976m in 2024-25). These sums have been paid in 2025-26 and recorded in the collection fund in year. WFDC's draft share of the H&W Business Rates Pool retained levy for 2025-26 was £536k, although this is an estimated figure and is subject to the remaining district councils submitting their year-end information to WCC.

In addition to the local management of business rates, local authorities finance appeals made in respect of rateable values as set by the Valuation Office Agency (VOA) and are required to make a provision for these amounts. Appeals are charged and provided for in proportion to the precepting shares. The source data is primarily the hereditaments on our local list, the list of cases in the Check, Challenge, Appeal process, commentary and analysis in professional journals and local experience.

Notes to the Collection Fund Account

The Non-Domestic rateable value of premises on the rating list in the Council's area at 31st March 2026 was £72,887,631 (31st March 2025 - £73,201,531), based upon the 2017 rating list and £81,276,786 (31st March 2025 - £79,993,291), based upon the 2023 rating list. The standard national multiplier for 2025-26 was 55.5p (54.6p in 2024-25) and 49.9p for qualifying Small Businesses (49.9p in 2024-25).

The net income from business rate payers collected in 2025-26 was £31.632m; an increase on the sum collected in 2024-25 (£30.428m). The Council has been compensated for the loss in income resulting from the granting of retail, hospitality and leisure relief to eligible businesses via grant received from MHCLG.

Note 3: Council Tax

Council Tax is charged on residential properties based upon valuation bandings established when the system was introduced in 1993. Individual charges are based on estimates of the income required from the Collection Fund by this Council, WCC, PCC, H&WFA and Town/Parish Councils within Wyre Forest for the forthcoming year and dividing this by the Council Tax base. The basic amount of Council Tax for a band D property (excluding Town & Parish Councils), £2,260.01 for 2025-26 (£2,156.93 in 2024-25) 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 £468,613 (£361,105 in 2024-25).

The Council taxbase 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 2025-26 was 35,338 (34,902 in 2024-25).

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	11,753	4,685.02	7,067.98	6/9	4,711.98
Band B	11,943	2,736.62	9,206.38	7/9	7,160.52
Band C	11,984	1,698.20	10,285.80	8/9	9,142.93
Band D	6,500	546.09	5,953.91	1	5,953.91
Band E	3,573	218.73	3,354.27	11/9	4,099.67
Band F	1,806	92.39	1,713.61	13/9	2,475.21
Band G	1,282	40.04	1,241.96	15/9	2,069.93
Band H	135	3.81	131.19	2	262.38
Total	48,976	10,020.90	38,955.10		35,876.53
Less allowance for non-collection					(538.53)
District Tax Base					**35,338**

Income from Council Tax in 2025-26 was £81.552m (£77.248m in 2024-25).

Notes to the Collection Fund Account

Note 4: Collection Fund Surpluses and Deficits

The Council Tax deficit of £1.035m at 31st March 2026 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 £3.340m at 31st March 2026 will be adjusted accordingly in subsequent financial years between this Council, Central Government, WCC and H&WFA in proportion to the value of the respective shares of the Business Rates Retention Scheme.

Note 5: Significant Precepts/Demands on the Collection Fund

The significant precepts and demands on the Collection Fund in 2025-26, excluding surplus/deficits, are as follows:

	Council Tax £000	NNDR £000
Worcestershire County Council	57,096	2,629
Office of the Police and Crime Commissioner for West Mercia	10,301	-
Hereford and Worcester Fire Authority	3,612	292
Wyre Forest District Council	11,240	11,684
of which Town & Parish Council Tax demands	*2,385*	-
Central Government	-	14,605

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.

2024-25			2025-26	
Council Tax £000	NNDR £000		Council Tax £000	NNDR £000
1,035	1,618	Allowance for impairment at 1st April	1,085	1,339
(361)	(367)	Past years write offs	(469)	(435)
411	88	Increase in year	624	266
1,085	**1,339**	**Allowance for impairment at 31st March**	**1,240**	**1,170**

Notes to the Collection Fund Account

The Wyre Forest District Council share is as follows:

2024-25			2025-26	
Council Tax £000	NNDR £000		Council Tax £000	NNDR £000
148	536	**Wyre Forest District Council share of allowance for impairment at 31st March**	167	468

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 2026.

	2024-25 £000	2025-26 £000
Provision for appeals at 1st April	3,081	2,782
Appeals settled/withdrawn in year	(2,819)	(939)
Increase/(reduction) in provision	2,520	(388)
Provision for appeals at 31st March	**2,782**	**1,455**

The Wyre Forest District Council share is as follows:

	2024-25 £000	2025-26 £000
Wyre Forest District Council share of provision for appeals at 31st March	**1,113**	**582**

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 financial year to which the set of accounts relate.

Actuary
An expert on pension scheme assets and liabilities.

Amortised Cost
A charge to the Comprehensive Income and Expenditure Statement (CIES) that spreads the cost of an intangible asset over a number of years in line with the council's accounting policies.

Asset
Any resource the council owns – for example a building or a vehicle and also cash or money owed.

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 International Financial Reporting Standards (IFRS).

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

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.

Glossary Of Financial Terms

Code of Practice on Local Authority Accounting (the Code)
The code is the framework for preparing and publishing local authority statutory accounts based on accounting standards and interpretations issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (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 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 (the County Council, the police and fire authorities) and also to parish and town councils.

Council Taxbase
The council taxbase 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, attracting twice as much tax.

Council Tax Discounts and Exemptions
Discounts are available to people who live alone or have a severe mental impairment. 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 taxpayers must pay; currently 10%.

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.

Glossary Of Financial Terms

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 service areas.

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 some services, including car parking, as they are used.

Finance Lease
An arrangement whereby the party leasing an asset has most or all of the use of that 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 and Standing Orders
The rules and procedures that the council’s financial affairs are operated within.

Financial Statements
Another term for the primary statements (Balance sheet, Consolidated Income and Expenditure Account and Movement in Reserves Statement that are published in the annual 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.

Glossary Of Financial Terms

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 (NNDR)
A business tax collected locally by district councils also referred to as Business Rates.

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.

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.

Glossary Of Financial Terms

Outturn
Actual income and expenditure for the financial year.

Pension Asset Ceiling Adjustment
The pension asset ceiling adjustment is made to ensure that the council's balance sheet properly reflect how the value of any defined benefit deficit or surplus is affected by the pensions scheme's rules and funding requirement.

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
The Chartered Institute of Public Finance and Accountancy (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.

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.

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.

Glossary Of Financial Terms

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. Now referred to as Professional and Business services.

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 working age households with living costs and has replaced the following benefits:

- Child tax credit
- Housing benefit (see separate definition above)
- Income support
- Income-based jobseeker's allowance (JSA)
- Income-related employment and support allowance (ESA)
- Working tax credit

No new claims for housing benefit can be made, with the following exceptions:

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

The existing housing benefit caseload for working age claims is due to be migrated to universal credit with an estimated completion timetable of 2028.

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 approved budget from area to another.

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.
FHSF	Future High Streets Fund – central government funding to renew and reshape town centres and high streets to drive growth and future sustainability.
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	His Majesty's Revenue and Customs – central government organisation responsible for the administration and collection of national taxes including VAT.
HWBRP	Herefordshire & 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. The members of the HWBRP were Worcestershire County Council (Lead Authority), Herefordshire County Council, Wyre Forest District Council, Wychavon District Council, Worcester City Council, Malvern Hills District Council, Redditch Borough Council, Bromsgrove District Council and Hereford and Worcester Fire Authority. Pooling arrangements ceased on 31st March 2026.
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.

Commonly used Acronyms

Acronym	Description/Definition
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 - 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.
LLP	Limited Liability Partnership.
LUF	Levelling up Fund – the governments major regeneration initiative for providing grants to support capital investment projects across Great Britain.
MCC	Material change in circumstances appeals – a business rate challenge can be lodged with the where there has been physical change to a property or in the locality affecting its value.
MHCLG	Ministry of Housing, Communities & Local Government
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.