



Wyre Forest
District Council

Statement of Accounts 2021 - 2022

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

Wyre Forest District Council – Statement of Accounts 2021-22

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Wyre Forest District Council – Statement of Accounts 2021-22

Preface by The Leader of the Council

Introduction to the 2021-22 Statement of Accounts by Councillor Helen Dyke, Leader of the Council and Cabinet Member for Economic Regeneration, Planning and Localism



We have lots to celebrate about our performance in the past financial year. The highlights include starting work on £40m of government-funded schemes. The money has come from our successful bids for funding from the Future High Streets Fund and the Levelling Up Fund. The works will see Kidderminster getting a new look and feel, increasing visitors and the arrival of a creative hub. There are exciting times ahead for Regenerating Kidderminster.

We have also given out almost £300,000 in Covid-19 grants to the Voluntary and Community Sector. This helped more than 2,500 households with their mental health, food and other essentials. When business grants were announced we were the fastest council in the West Midlands to hand them out. When the government schemes stopped we had awarded £38.5 million in grant funding to businesses and £870,000 to help low income households who were required to self-isolate during the pandemic under the Test and Trace Support Scheme. The recent £150 Council Tax Energy Rebates for eligible households in bands A-D have all been paid well before the 30th September deadline. We were also one of the first councils to set up our Council Tax Energy Rebate Discretionary Scheme and start paying out.

The Covid pandemic presented us with many challenges. It continues to do so, even though some sense of normality has returned to everyday life. We are now all facing a cost of living crisis as well as the challenges presented by the war in Ukraine.

All of this and we have still finished the year with our finances in a relatively robust position. Our underlying financial pressures have not reduced though. There is uncertainty about our future funding. Central Government has said it will change the way that local authorities, like ours, are funded but details are still awaited. We are always working to improve our services, make savings and offer value for money. We're doing this through our transformation programme.

This Statement of Accounts and Narrative Report for 2021-22 set out our financial position and the challenges we are facing in more detail. It explains more about what we have done with the resources available to us.

My thanks to colleagues in all teams across the Council for their hard work and dedication throughout the year and to the Finance and Internal Audit teams for preparing the accounting statements. All council workers are embracing our transformation and providing you with essential council services.

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Narrative Report

Introduction by the Head of Resources and s151 Officer

The 2021-22 financial year has been another challenging year as the Council continued to deal with the impacts of COVID-19 and its variants. The council has had to respond to providing existing and new services in the midst of restrictions imposed to control the spread of the pandemic. Covid-19 has influenced every aspect of the work of the council from the start of the first national lock down in March 2020 to the lifting of restrictions in January 2022. The Council has responded well, delivering business as usual services, adapting provision to align with circumstances as well as delivering a range of new initiatives.

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 effects of the COVID-19 pandemic have been felt to varying extents by us all and as with all local authorities Wyre Forest District Council continued to face additional costs in responding to the pandemic and shortfalls in its usual sources of income. Additional financial support from central government, mainly during the first quarter of the year, assisted the Council in ensuring that in-year budget pressures were contained within available resources.

Although the most severe impacts of the pandemic have receded the recent turbulent national economic position and rising inflation threaten our recovery and return to normality, but the lessons learnt over the last two years stand the Council and the Finance Team in good stead ready to respond, when needed, to the next emergency situation.

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 2021-22. The purpose of this narrative report is to provide an easily understandable guide to the most significant matters affecting the Council's finances during the past year and information about Wyre Forest District.

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

- A full and understandable explanation of the overarching financial position of the Council and the outturn for 2021-22;
- 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.

This Narrative report provides information about Wyre Forest, including the key issues affecting the Council and its accounts. It provides a summary of the Council's performance during the year and the financial position at 31st March 2022. It is structured as follows:

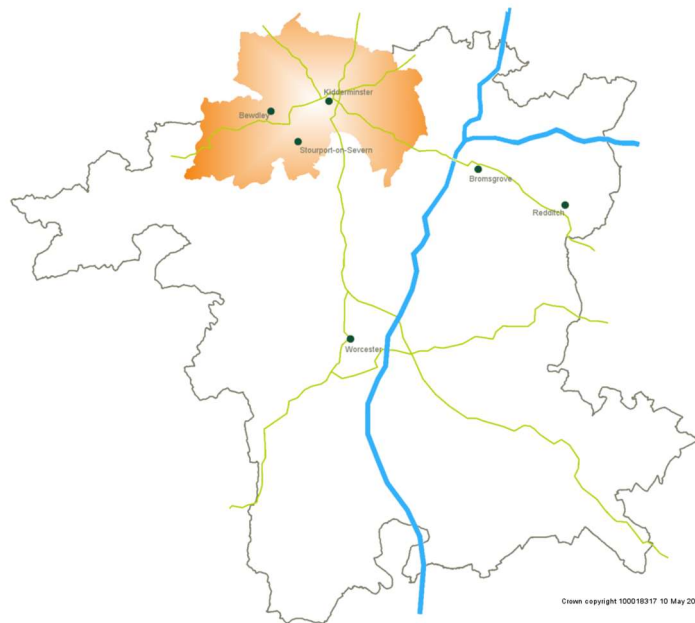
- Wyre Forest District – the place
- Wyre Forest District – the Council
- Governance
- Corporate Plan 2021-23

Narrative Report

- Risks and Opportunities
- Strategy and Resource Allocation and Strategic Planning Framework
- Our Performance
- Financial Performance
- Significant Transactions
- Statement of Accounts
- Further Information

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 was the world leading centre for carpet production, but this sector has been in decline since the 1970s. Stourport and Bewdley are Georgian riverside towns that are popular destinations for day visitors.
- 1.3 Residents in the district earn marginally more than the West Midlands average. The largest proportion of residents work in the Wholesale and Retail Sector (18.5%) with Manufacturing (15.3%) and Human Health & Social Work (12.4%) the second and third largest sectors for occupations. 49% of residents who work are employed in managerial, professional or associate professional and technical occupations.

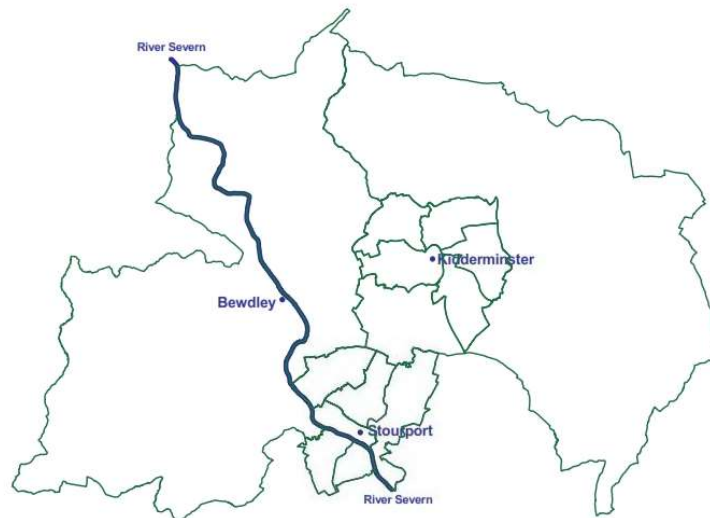
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- 1.4 The most recent data shows that there are 5,145 businesses in the district. New businesses in the district consistently perform better than average in terms of 3 year survival rates.
- 1.5 Construction has been identified as a cornerstone sector by the Worcestershire Local Enterprise Partnership (LEP) as it is important for the future growth & sustainability of the economy. Having 14% of businesses in the district in Construction suggests that there are significant opportunities for growth. Worcestershire LEP has also identified Advanced Manufacturing as opportunity sectors. With manufacturing one of the largest sectors in the district for employment, there is a strong tradition and good local skills base to maximise the opportunities for growth.

2. Wyre Forest District – the Council

- 2.1 The Council delivers services to its community of about 102,000 people. Wyre Forest's 12 wards are represented by 33 Councillors (elected members). Following the all-out elections held on 2nd May 2019, despite some minor changes during 2021-22, the Council's political leadership continues to be provided by the "Progressive Alliance". The political groups that make up the Progressive Alliance are the Independent and Labour Groups.



- 2.2 The Council has 14 Conservatives, 8 Independent Health Concern, 5 Independent, 3 Liberal Democrat, 2 Labour and 1 Green Party 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

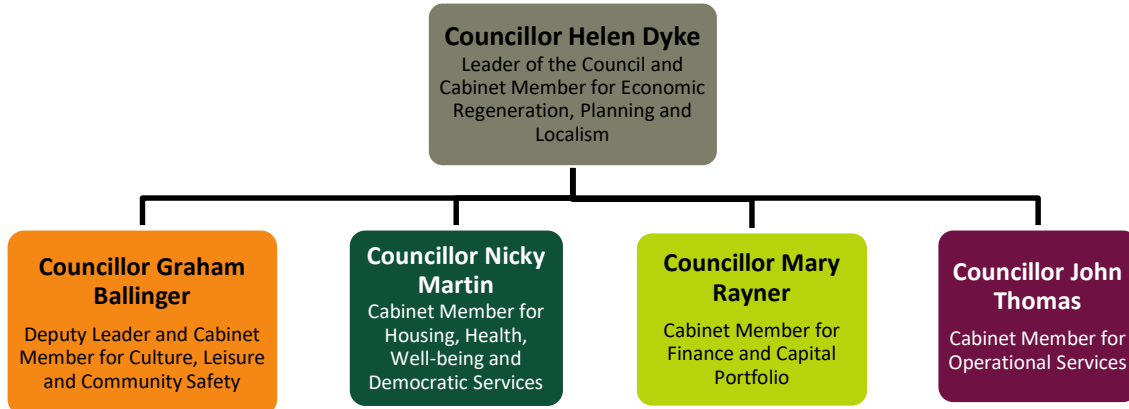
- 2.3 Wyre Forest District Council currently operates using the Leader and Cabinet Model.

The political management structure is centred upon our Leader, Councillor Helen Dyke, elected to this role by our local councillors. Cabinet Members are appointed by the Leader with responsibilities for particular portfolios. The Cabinet in place at 31st March 2022 was as follows:

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Narrative Report

Wyre Forest District Council: Cabinet Members



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.

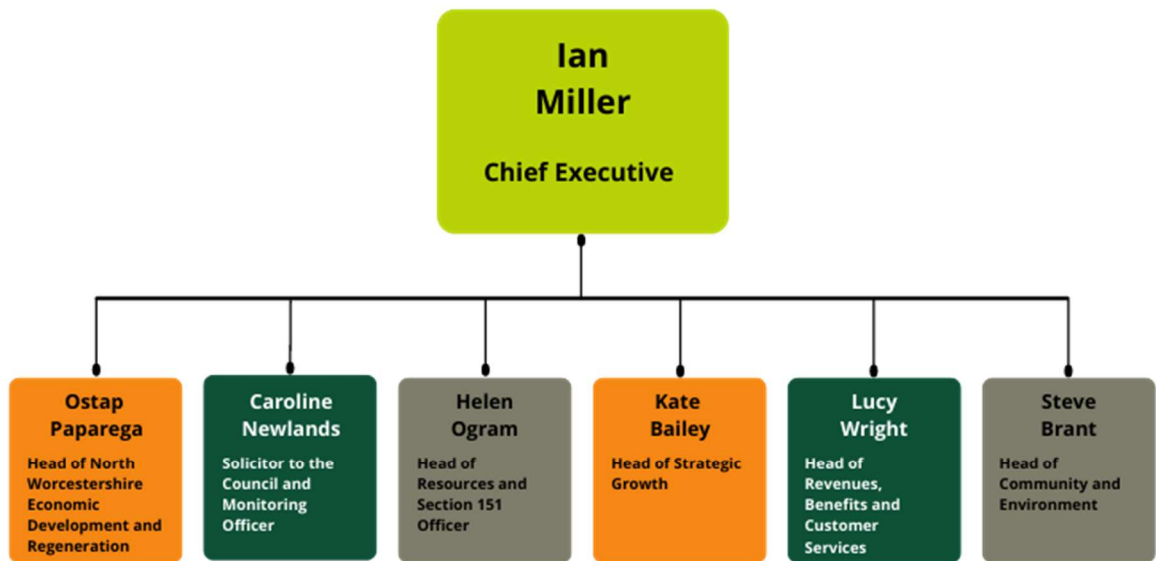
- Overview and Scrutiny
- Ethics and Standards
- Appointments and Appeals
- Audit
- Planning
- Licensing and Environmental

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

Wyre Forest District Council: Chief Officers

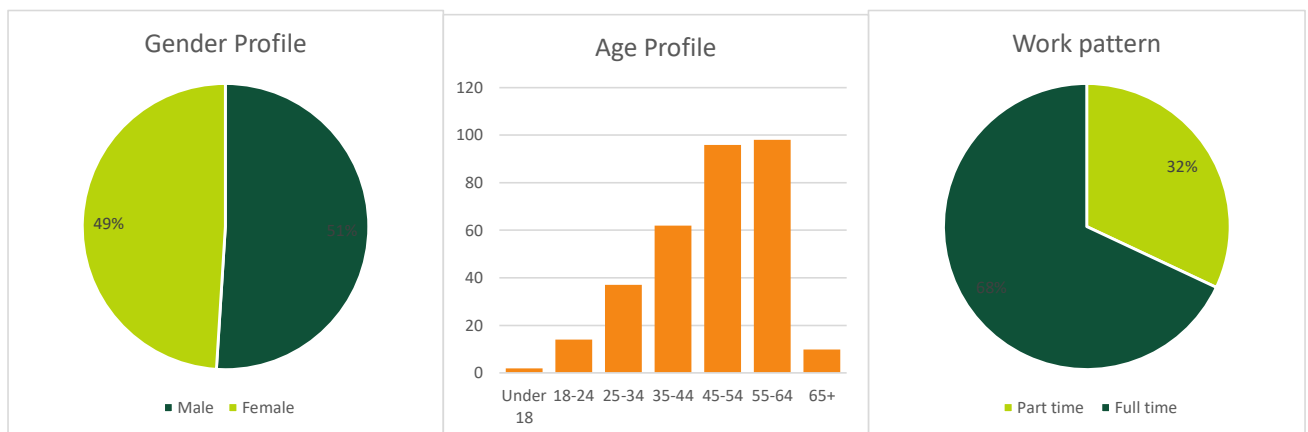
- 2.4 Senior officers, led by our Chief Executive, Ian Miller, support the work of the elected members. The Corporate Leadership Team (CLT) consists of seven officers. The statutory role of Section 151 officer is held by Helen Ogram, the Head of Resources, and the statutory role of Monitoring Officer is held by Caroline Newlands, the Solicitor to the Council. The CLT are responsible for advising councillors on policy, implementing councillors' decisions and managing the delivery of Council Services as well as directing overall service improvement and performance. The current management arrangements have been in place since 1st January 2022 following the decision on 12th May 2021 to implement a slimmed down structure to realise savings to contribute to the funding gap.

Narrative Report



Our Workforce

2.5 The council employs 319 staff, based across a number of 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.

Narrative Report



Legislative Framework

- 2.6 The Council operates within the legislative and regulatory framework as determined by 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 comply with the relevant Local Government Acts, Accounting Standards and CIPFA guidance.

What we do

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

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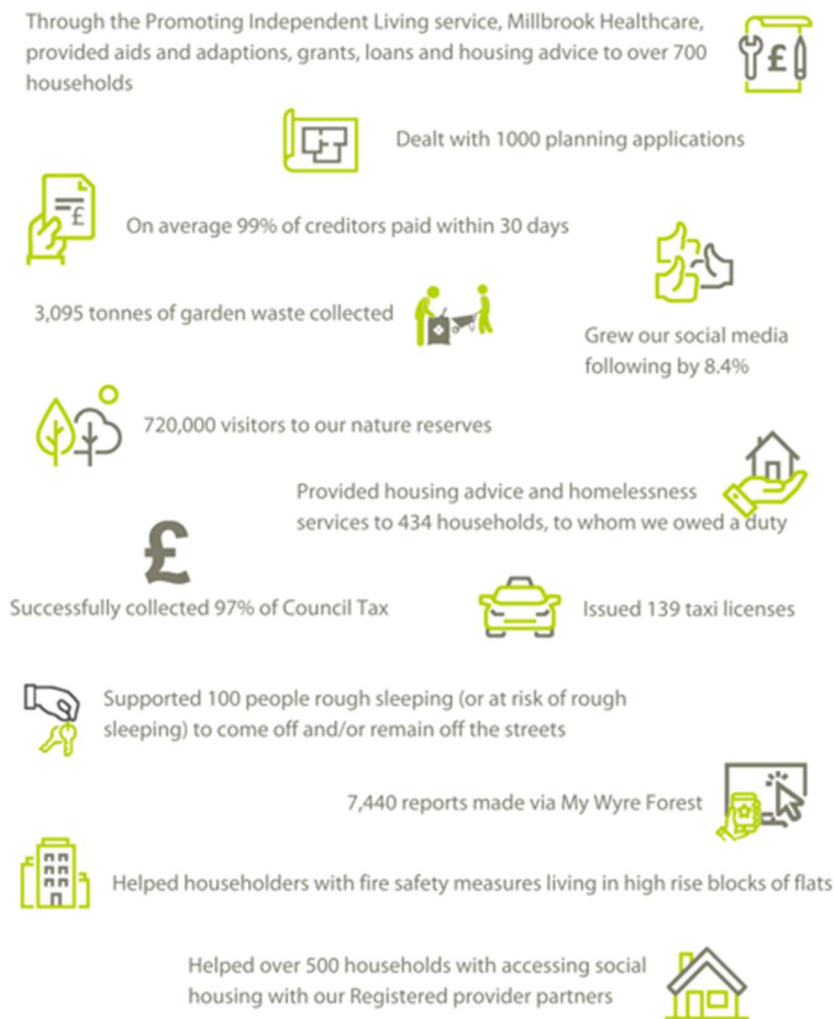
- Providing support to our most vulnerable residents who are experiencing issues of social deprivation such as homelessness, mental health and rural isolation;
- Collecting council tax and business rates and helping people access financial support through housing benefit and council tax discounts;
- Supporting residents to improve the homes and areas they live in by dealing efficiently with planning applications and providing building control;
- Compiling and maintaining the electoral register and administering elections.

- 2.9 Council services are supported by internal services such as human resources, ICT (Information, Communication and Technology), finance and legal services. The Council operates within a shire county structure so services such as education, social care, children's services, highways and libraries are delivered by Worcestershire County Council. There are also 13 town and parish councils across the District that deliver various local services to the community.
- 2.10 The Council is moving towards the role of collaborator and facilitator of key forward facing services as opposed to being the sole provider. The Council participates in a number of Shared Services - Worcestershire Regulatory Services, Civil Contingencies and Resilience, Water Management, Payroll, Building Control, Economic Development and Regeneration - and is either host to the Shared Service or a partner in receipt of a service. In addition, the Council has a Local Authority Trading Company (LATC) in readiness for property/housing development, potentially utilising the capital portfolio fund where this is the most viable option.
- 2.11 The core functions of the Council will remain the things that it is required to do by law, such as collecting waste, removing litter, producing a local plan and processing planning applications and administering local taxes and benefits. These activities cost about £4.77m 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 £3.4m a year on discretionary activities with a further £3.85m on corporate costs including the costs of the democratic core and pensions deficit funding.

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2.12 What we did



3. Governance

3.1 There have been no significant changes in governance arrangements during 2021-22 following the review of decision-making arrangements and the resolution at the Council's annual general meeting in February 2020. The overview of the Council's current governance framework and its effectiveness during 2021-22 are set out in the Annual Governance Statement (AGS) contained within this Statement of Accounts. Governance in relation to the Capital Strategy including the Capital Portfolio Fund is set out in the Capital Strategy.

4. Corporate Plan 2021-23

The Council's vision, values and priorities are set out in the Corporate Plan.

Our vision is that Wyre Forest is a network of thriving and confident communities which minimise their impact on the environment, where people have a decent and affordable home, feel safe and enjoy a good quality of life.

Our Priorities

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

Narrative Report

Our Strategic Actions

- Adopt the new Local Plan
- Implement measures to increase affordable housing
- Work with partners to protect our environment, to address air quality issues and to help to tackle climate change
- Work with partners to secure external funding and investment to support the economy
- Oversee regeneration of central Kidderminster including Future High Streets projects
- Support the visitor economy in Stourport-on-Severn and Bewdley
- Work with partners to tackle abuse of vulnerable people and environmental crimes
- Work with town and parish councils so that they have local control over assets and services
- Establish Bewdley Museum as a self-standing charity

5. Risks and Opportunities

- 5.1 **The impact of Covid-19** The impact of the unprecedented global pandemic continued throughout the 2021-22 financial year. The Council had to adapt to evolving events as the country moved through its roadmap to recovery and the full lifting of restrictions. It required flexibility and adaptability to respond to ever changing national and local circumstances. The response to Covid-19 continued to be at the forefront of all Council activities throughout the year.
- 5.2 An Extraordinary Council Meeting on 21st April 2020 made a number of changes to the Constitution required to take into account the impact of the Covid-19 pandemic on Council business, in particular on decision making, including the ability to undertake Council meetings remotely. A further Extraordinary Council meeting on 21st April 2021 approved the extension to 31st July 2021 of temporary changes to the Constitution to allow the continuation of the ability to hold remote meetings to facilitate timely decision making.
- 5.3 The pandemic has had a widespread impact on the workforce of the Council and the way in which the Council has delivered services. By utilising new technology, the Council has supported office-based staff to work seamlessly from home to minimise disruption, moving to a blended home/office approach as the impact of COVID-19 has reduced. For staff who could not work from home working practices were adapted to ensure their safety, health and wellbeing. As restrictions were lifted, the Council implemented a hybrid-working arrangement for many staff, which means that the amount of time that they work at the office or from home varies.
- 5.4 Increased customer engagement using technology has also proved successful, and whilst there will continue to be some face to face or telephone contact much more business can be transacted on-line and this is the way forward for Council service delivery, having regard to equality and fair access to services for all.
- 5.5 The Council continued to administer grant funding on behalf of the Government for a range of COVID-19 response activities. The Government continued to offer Business Rate Reliefs to the retail, leisure, hospitality and nursery sector at 100% from April to June 2021 and then at 66% for the remainder of the financial year.

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5.6 The Council administered a total of £5.047m of brought forward COVID-19 grant funding and £10.649m of new COVID-19 related grants. Of these £0.798m were un-ringfenced with the remainder ringfenced for a specific purpose. Of the ring-fenced grants the Council paid out £6.648m acting as agent on behalf of the government.

5.7 Summary of COVID-19 grants received and paid:

	Brought Forward 31/03/21	Received 2021-22	Applied/ distributed in year	Returned	Carried Forward 01/04/22
	£000	£000	£000	£000	£000
Revenue grants paid as principal					
Additional Restriction Grant (ARG)	(951)	(2,254)	3,205	0	0
Local Restriction Support Grant LRSG	(363)	0	57	306	0
Test and Trace	(122)	(343)	707	0	242
DLUHC - Discretionary Energy Rebate	0	(228)	0	0	(228)
	(1,436)	(2,825)	3,969	306	14
Grants received and distributed as agent					
BEIS SB&RHL Grant	(160)	0	0	0	(160)
BEIS LRSG Closed Incl Sector	(483)	0	6	477	0
BEIS LRSG Closed 2/12 to 4/1	(86)	0	0	86	0
BEIS CSP wet led pubs	(14)	0	0	14	0
BEIS CBLP & LRSG Closed 5/1 onwards	(2,868)	0	104	2,019	(745)
Omicron	0	(1,104)	616	0	(488)
BEIS REST - Restart grant	0	(5,922)	5,922	0	0
	(3,611)	(7,026)	6,648	2,596	(1,393)
Un-ringfenced COVID grants					
Sales fees and charges	0	(234)	234	0	0
LA Support grant (Tranche 5)	0	(564)	564	0	0
	0	(798)	798	0	0
TOTAL	(5,047)	(10,649)	11,415	2,902	(1,379)

5.8 In February 2022, the Government announced Councils would be responsible for administering the Council Tax Energy Rebate scheme. Although this was a 2022/23 scheme the Council received a grant award of £5.925m on 30th March 2022. Therefore, at the year end the Council held this sum in its Balance Sheet as a receipt in advance.

5.9 During 2020-21, Council Tax and Business Rates collection was significantly reduced by the impact of the pandemic. However at the end of 2021-22 collection levels had recovered to almost pre-pandemic levels. The Council Tax taxbase for 2021-22, which determined the level of Council Tax that could be collected, was lower than previous years due to the number of households claiming Council Tax Reduction as their income had been reduced due to the economic impact of the pandemic and an increased number of single person discounts and other exemptions.

5.10 **Risks** – 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.

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- 5.11 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 at least twice a year. The regular Performance Monitoring reports to Overview and Scrutiny Committee include risk mitigations that are unachieved/behind schedule. For significant projects separate detailed Risk Registers are held and monitored as part of the project management process linking directly to the Corporate Risk Register.
- 5.12 In addition to the Corporate Risk Register the Council maintains a separate Budget Risk Matrix (approved as part of the Medium-Term Financial Strategy) which is reviewed annually. The Budget Risk Matrix is also monitored on a regular basis by the Corporate Leadership Team with bi-annual reports to the Audit Committee.
- 5.13 The top risks and uncertainties faced by the Council in relation to future service provision are summarised in the following table:

Risk	RAG Rating	Corporate Plan Priority*
Government policy /legislation adversely impacts delivery of Council strategies or services	R	1,2
Poor Member behaviour undermines Council's reputation and performance	R	3
Unable to deliver sustainable budget for the long term	R	1,2,3
Not having stable and effective political leadership - adversely impacts delivery of Council plan, strategies or services	R	1,2,3
High and sustained inflation adversely impacts Council's finances in the short term and increases service demand from residents above ability to deliver	R	1,2
Unable to shift priorities to deal with demands from Government at short notice (recent examples: COVID grants and reliefs, Homes for Ukraine, energy rebate, asylum seeker dispersal) resulting in service failure or damage to reputation	R	1,2
Vulnerability to cyber attacks	R	3
Insufficient organisational capacity to deliver - unable to maintain skilled, balanced and motivated workforce	A	3
Members lack skills and knowledge necessary for effective discharge of their responsibilities	A	3
Not having stable and effective managerial leadership	A	1,2,3
Inability to enforce relevant legislation effectively e.g. environmental health, licensing, environmental crime, private sector housing standards, council tax/benefits	A	1
Unable to sustain mental health & wellbeing of staff	A	3
Unable to secure effective delivery of wide range of significant projects	A	1,2
Unable to deliver Levelling Up Fund and Future High Streets Fund projects effectively	A	1,2
Unable to achieve balanced housing market to meet need	G	3

RAG – Red, Amber Green

*Key	1	Corporate Plan Priority - A safe, clean and green living environment
	2	Corporate Plan Priority - Supporting a successful local economy
	3	Core Council business

Narrative Report

5.14 **Opportunities** - We have a track record of recognising and managing existing risks, identifying and dealing with emerging risks and have responded well to recent financial challenges. We also work to ensure, given the current funding gap and pressures facing the Council coupled with greater expectations from our customers and residents, that we maximise our opportunities to deliver cost-effective, efficient and innovative services while minimising and managing the risks. Some of the key opportunities for the future include:

- ongoing investment of time and resource in our property estate to boost jobs, the economy and generate income;
- increasing income through trading and new commercial projects; 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

5.15 Following a long period of austerity and significant reductions in core government grants and rising demand it is essential to set a prudent, stable and achievable budget. In order to respond to shifts in demand led expenditure pressures, reduced local sources of income from fees and charges and rising inflation, the Council is taking steps to meet the future needs of residents and priorities. The scale of future budget reductions will inevitably affect all services and all residents to some extent. In considering what savings can be made we are taking a long term approach to the design of future services and this approach will help to protect the needs of the most vulnerable people in the district. The Medium Term Financial Strategy (MTFS) planning process updates the funding gap and incorporates an ambitious programme of savings and income generation. There are many ways in which expenditure can be reduced and the Council expects to use all these tools:

- Transferring more assets and services to local organisations, in particular town and parish councils. Models range from those where the district council ceases to have any role (the freehold is transferred, where there is an asset involved, and the local organisation meets 100% of the operational costs) to those where the District Council might still have a role in operating a service or asset but the cost is shared with another body instead of being met solely by the District Council;
- Implementing shared services or other collaborative arrangements with other councils and public bodies;
- Implementing efficiency measures and other changes that reduce the call on council services. The main tool that will be used is further implementation of digital services that allow residents and local businesses to access services on line, 24 hours a day, thereby improving the customer experience. Service users can book, pay for and report things while minimising the use of staff time at the Council. Digital services will be promoted and their use strongly encouraged while maintaining an appropriate assisted service for vulnerable members of the public who require support.
- Implementation of more digital services is also expected to improve efficiency and challenge historic approaches to service delivery;
- Undertaking a review of the organisational structure to ensure the Council’s staffing structure remains fit for purpose in line with our revised corporate plan priorities;

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- Reducing spend on services, and therefore reducing quality/frequency and in some cases potentially whether the service is provided at all. This will be necessary only if all other options have been exhausted.

Improving the economic prosperity of the district

- 5.16 The Council has continued to support economic growth, recognising the significant financial benefits in the form of retained business rates and creation of jobs. There are proposals for further major investment in a variety of schemes.
- 5.17 Following the announcement in December 2020 that our £20.51m bid for Future High Streets Funding had been successful. The Council were notified on 27 October 2021 that the bid for funding from the Levelling Up Fund to re-kindle Kidderminster's heritage and make the canal and the river a focus, encourage visitors by making them really special, vibrant places with cafes, arts and cultural activities had also been successful, delivering a further £17.9m of Government investment into Kidderminster. This is a major opportunity for town centre regeneration that should lead to improved economic prosperity for the whole district and growth in our key income stream of business rates. Funding must be fully spent by the end of March 2024 and an ambitious programme of work has now commenced in earnest to drive forward this work and achieve the business case objectives of improved connectivity and a fresh modern vibrant Kidderminster Town Centre.
- 5.18 There were no further Capital Portfolio Fund acquisitions during 2021-22 due to difficult and uncertain market conditions. During the year, a £2.838m scheme was approved to provide temporary accommodation in Kidderminster. This scheme is currently at planning stage. The unspent and unallocated balance following this current activity is £6.041m.

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 85% understood how their role contributes to the Council's priorities.
- 6.2 The Corporate Plan 2021-23 identifies the Council's strategic objectives and the strategy to deliver these corporate priorities.
- 6.3 A new Workforce and Organisational Development Strategy is being prepared to set out our approach to upskilling and supporting the work force. The corporate performance framework comprises a basket of measures to enable the organisation to understand progress in the delivery of our corporate priorities.
- 6.4 The Council's Medium-Term Financial Strategy (MTFS) demonstrates how the Council's financial resources will be deployed over the current and the next 2 years to deliver corporate priorities. It sets the overall shape of the Council's budget by determining the level of resources that will be available and how they are allocated between services. This provides a medium-term framework to enable members and officers to develop detailed annual budget allocations.

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- 6.5 The Council's MTFS is set within a robust and well-established planning framework and is based on an analysis of the 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 way services are provided and deliver budget reductions in the future. However, the council will need to continue to secure further savings and to manage cost pressures effectively. Local demand for services continues to increase, with an ageing population and continued pressure on many of the council's income budgets.
- 6.6 In shaping the budget all the issues are carefully considered to ensure a budget that 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 2021-22 budget included a council tax increase of £5 equivalent to 2.28%.
- 6.7 All aspects of the public sector were already facing challenging times and in recent years the Council has had to deal with large reductions in funding, combined with a range of significant pressures. The added pressure of additional expenditure and loss of income from fees and charges due to the COVID-19 pandemic that dominated 2020/21, and continued to have an impact in 2021-22, has added to an already difficult financial position for local government as a whole. The further postponement of the Fair Funding Review, and the uncertainty this brings, has added to the Council's financial challenges in the medium term.

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 2021-22 can be found on the Council's website.
- 7.2 The Council's Corporate Plan for 2021-23 is built around the two overarching priorities:
- A safe, clean, and green living environment and
 - Supporting a successful local economy
- 7.3 The success of the Corporate Plan is measured by delivery against our strategic actions.

The outcomes we have achieved in the last 12 months are set out in the table below and demonstrate how the Council has been delivering its priorities and strategic actions in the Corporate Plan 2021-23:

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Priority: Supporting a successful local economy

	What we've done
Working with partners to create the conditions and certainty to foster a growing and sustainable local economy	<p>Worked with Worcestershire partners and both Local Enterprise Partnerships to support businesses through the Coronavirus pandemic, distributing grants and providing access to support and funding opportunities.</p> <p>Supporting the Kidderminster Business Improvement District (BID) to deliver its annual programme.</p> <p>Working as part of River Severn Partnership to develop projects as part of the catchment wide area.</p> <p>Working with partners to develop the Worcestershire Housing Strategy to support economic and housing growth.</p>
Bringing forward regeneration and development opportunities and the infrastructure to support them	<p>Kidderminster Future High Street Fund (FHSF) programme. Acquisitions of properties on Worcester Street completed. The properties will be demolished to unlock a key development site in the town centre and delivery of a comprehensive programme of public realm works, which will improve pedestrian connectivity in the town centre significantly. Planning consent has been secured for the refurbishment of the former Magistrates Court and the contractor procurement process started.</p> <p>The £17.9m of Levelling Up Fund capital funding bid and the £523k revenue funding bid for a short term BetaDen in Wyre Forest House from the Community Renewal Fund were approved by government and several workstreams on both programmes started in January 2021.</p> <p>Contract completed with Homes England for £2.7m Housing Infrastructure Fund contribution towards Churchfields highways: work is now complete.</p> <p>Disposed of land in Stourport in support of new medical centre facility which began construction in summer 2020 and opened in June 2022.</p>
Creating new job opportunities and improving skills	<p>The successful 'Opening Doors to Business' programme for local schools was paused due to the pandemic.</p> <p>Continued support provided to the North Worcestershire Business Leaders.</p> <p>Eighth year of support for new apprenticeships to enable employers to cover the costs of employing them.</p>
Helping new businesses to start up and existing businesses to grow	<p>In 2021-22: 17 entrepreneurs received business start-up advice 17 businesses have accessed grants totalling £42,589 EU funds: 12 businesses accessed £254,528 worth of grant.</p>
Promoting the District as a great place to invest in, live in and visit.	<p>Continue to grow the Business Ambassador Scheme;</p> <p>Work in partnership with West Midlands Growth Company and Worcestershire LEP Inward Investment team to facilitate relevant enquiries from internal and external businesses.</p>

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	What outcomes we've achieved
A community with lower unemployment and improved skills	<p>Claimant count decreased from 5.9% in March 2021 to 3.7% in March 2022, which is slightly higher than the Worcestershire figure (3.5%), but lower than the West Midlands figure (5.2%) and Great Britain (4.1%).</p> <p>However, it is worth noting that this figure is still higher than the pre-pandemic figure, which was 2.7% (March 2020).</p> <p>Worked with Building Better Opportunities to support homeless households move closer to employment and take up training opportunities</p>
A diverse and well connected economy with vibrant and successful town centres	<p>Kidderminster 2040 Vision completed. This significant document setting out the long term objectives and priorities for the town centre, was completed with the support of Hemingway Design.</p>
Increased visitor opportunities	<p>Bewdley Museum was once again awarded a Certificate of excellence for 2021-22. Visitor numbers increased with the season ending at 159,918 visitors, an additional 31,865 compared to 2020-21.</p> <p>We anticipate that visitor numbers will continue to recover during 2022-23 and are on track to achieve pre pandemic visitor numbers of 200,000 per annum</p>
Redevelopment of redundant and under-used land and buildings	<p>Construction of new industrial units on former Frenco site completed.</p> <p>Construction of 6 new industrial units off Silverwoods Way completed.</p> <p>Worked with Registered Providers to explore options for council owned land to meet specific housing needs.</p> <p>Planning application for Castle Road car park submitted in June 2022.</p>
Improved infrastructure	<p>Government announced £6.2 m of growth funding for the Bewdley Left Bank Flood Risk Management scheme at Wribbenhall</p>

Priority: A clean and green living environment

	What we've done
Creating a greener and cleaner local environment	<ul style="list-style-type: none"> • Maintained high levels of street cleansing both mechanical and manual to ensure roads and streets remain clean and litter free • Increased cleansing regimes within the three towns providing specialist cleansing of street furniture for example benches • Undertaken a number of area deep cleans • Worked in partnership with key fast food providers on street clean up initiatives and subway improvements. • Maintain 400 acres of nature reserves and 600 acres of Parks and Open Green Spaces. • Development of Wyre Forest Wild Project which will gather pace in 2022-23. • Adoption of new nature reserve in Stourport called Mitton Marsh. • Project to create wetland habitat on Stourport riverside meadows has begun utilising external funding.

Narrative Report

	What we've done
	<ul style="list-style-type: none"> • Expansion of long running volunteer programme from one day to two days per week carrying out large maintenance and conservation projects led by the ranger team. These projects achieve good outcomes on the ground with minimal staff input. • Improvements to visitor experience at Hurcott pool. Car park, entrance, signage and seating areas renovated using external funding. Site is more inviting to the increasing number of visitors while the more sensitive parts of the reserve are protected • Continuing to manage 15 sites for their wildlife value, visitor experience and safety. Ensuring the council's legal requirements to protect and improve the habitats are achieved. A mixture of Local nature reserves and SSSI's composed of wetland, woodland and Lowland heath/acidic meadow. Many attracting interest and attention from specialists such as county entomologists and international orchid experts etc. • Habitat improvement planned for Burlish Meadows to increase area of good quality habitat and expand on what is already present. Works to start autumn 2022. • Car park created and opened at Burlish Meadows. Offering significant increase in parking availability at Burlish top/meadows with approx 50 spaces. • Interpretation panels have been designed and installed at Burlish Meadows, Mitton Marsh with another to be installed at Stourport riverside meadows in the near future. Panels are designed to raise awareness of the habitat present and to illustrate the council's investment in biodiversity. • Stourport master plan project – installation of more natural play. Installation of new pathway network around the north perimeter of the site. • Jubilee Gardens - Maintenance and development of the gardens by the museum team. Developing a broader offer in the gardens for visitors such as the café and events • Fixed penalty notices continue to increase in relation to environmental crimes for littering and fly tipping offences FPN's issued 2018/19: 171 FPN's issued 2019/20: 202 FPN's issued 2020/21: 243 FPN's issued 2021/22: 331 More high profile cases being processed through the court system • Increased the number of cameras to tackle environmental crime such as fly tipping - PCC funding purchased a further 10 camera kits for north Worcestershire to focus and enforce fly tipping on private land. • Looking at enforcement action for businesses failing their duty of care. • Undertaken #crimenottocare campaign - educating homeowners on their responsibilities with their waste.

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	What we've done
	<ul style="list-style-type: none"> • Tackling ASB issues surrounding waste mainly but extended to problematic dog owners, businesses from home etc • Continued to support local litter picking groups. • Continued to maintain high levels of enforcement and education on environmental crime. • Funded feasibility work exploring options for a solar farm on a site in the Council's ownership and electric vehicle charge points on council owned car parks.
Supporting the provision and maintenance of high-quality public spaces	<p>Continuing to work on the £2.41m Heritage Lottery Fund project to improve Brinton Park, with capital works intended to start this year.</p> <p>Bewdley Museum – continuing working with volunteers for the gardens.</p> <p>Work is underway to install a new bandstand at St George's Park. Reconfigured St George's Park BMX pump track to improve the facility and to make it more accessible for all users.</p> <p>Creation of new woodland</p> <p>Creation of state-of-the-art bat habitat in Hurcott wood.</p>
Working with partners to reduce crime and the fear of crime	<p>Working with Police on waste carriers' licence checks to ensure they are operating correctly.</p> <p>Working closely with the police rural team with the smart water tyre tagging scheme and combining that with the private land PCC funding. The following areas have been targeted:</p> <ul style="list-style-type: none"> • Motor vehicle anti-social behaviour in Stourport • Anti-social behaviour • Improvements to youth shelter at White Wickets • White Ribbon campaign against domestic abuse in November/December • PSPOs • Nominated neighbour scheme • Loan Sharks • Hate Crime • Community Ambassadors

	What outcomes we've achieved
Clean streets and quality open, green public spaces that are enjoyed by all	<p>An area that is an outstanding example of quality open space with a wide diversity of plant and animal life</p> <p>Maintained the high levels of street cleaning.</p> <p>Ongoing liaison and successful joint working with community groups on litter picking</p> <p>Working closely with our Friends of Parks Groups: providing officer liaison and we have helped to establish a new group for Brinton Park</p>

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	What outcomes we've achieved
An environment that is respected and cared for, and where local people take pride in their surroundings	<p>Bewdley Museum - delivery of our education programme and demonstrations on site enhancing the visitor experience.</p> <p>Management of the site and park to a high standard with volunteer help.</p> <p>Continued to co-ordinate the North Worcestershire Community Safety Partnership</p> <p>Continued to implement the externally funded CCTV digital upgrade in partnership across North Worcestershire</p>
Low levels of crime and anti-social behaviour	<p>Continuing to ensure anyone who transports waste is compliant and holds the relevant documentation</p> <p>Working with partners to reduce crime and anti-social behaviour</p> <p>Continuing to implement the North Worcestershire Community Safety Partnership Plan</p>

Strategic Action: Good quality and affordable homes for all

	What we've done
Working towards meeting current and future housing needs, with an up-to-date local development plan that provides for growth in the number of houses	<p>The Local Plan was submitted in April 2020 with an examination in January/February 2021 and, following consultation on main notifications in autumn 2021, was adopted on 26 April 2022.</p> <p>The local plan supports delivery of 276 homes p.a. until 2036</p>
Preventing and reducing homelessness	<p>Implementation of the Homelessness and Rough Sleeper Strategy 2019-2022 and led the development of the new Homelessness and Rough Sleeper Strategy 2022 – 2025.</p> <p>Led the bid for Rough Sleeper Initiative funding which will see £3m funding over three years coming into the county.</p> <p>Bid for Rough Sleeper Accommodation Programme funding to provide an additional unit of accommodation and support for female rough sleepers.</p> <p>During April – September 2021/22 the Housing Advice Team completed initial assessments under the Homelessness Reduction Act for 220 households.</p>

	What we've achieved
An increased supply of good quality and decent homes that are affordable to individuals and families	327 units of housing were built in 2021-22 and of these 132 were for affordable housing.

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8. Financial Performance

Core Funding

- 8.1 The Council's General Fund budget for its own net expenditure was set at £12.301m with a planned use of reserves of £503,000. The 2021-22 overall outturn position was £12.358m supported by a £559,000 transfer from reserves, an increase of £56,000 above the budget approved by Council in March 2021. The MTFS 2021-24 was rebased as a result of the omicron variant and the continuing impact of the pandemic. The 2021-22 revised budget assumed a contribution from reserves of £1.082m, the final saving at outturn against the revised budget was £523,000. The stronger than expected recovery in the final quarter and the reduction in the planned use of general reserves will help the council to respond to the post pandemic landscape and the unprecedented pressures that cost-of-living increases, rising inflation and wage growth are now placing on Council finances.
- 8.2 There continues to be uncertainty around the future funding for the sector. The government have announced that the Fair Funding Review (FFR) and Business Rates Retention (BRR) will be deferred once again until April 2023 at the earliest, and that this may not be achievable. The FFR will examine the relative needs and allocation of resources between Authorities. It is too early for any indication to be given of the level of funding, or whether transitional protection will be given to smooth the impact and avoid potential shocks.
- 8.3 Preparation of the 2022-25 MTFS was strongly influenced by the continued need to make significant reductions in expenditure whilst still progressing Council priorities and coping with the changes in some income streams as a result of the Covid-19 pandemic. The Council has seen a steady reduction in its core funding over recent years and the overall reduction in Central Government grants over the last decade continues to have a significant impact on the way we are able to fund our services. The Medium-Term Financial Strategy was updated in February and the 2022-25 MTFS forecasts a funding gap of £1.68m by 2024-25. This funding gap will need to be closed by significant transformation in the way services are delivered. A programme of work to explore and implement more shared services, alternative service delivery options and other planned transformation is being progressed with over £0.5m of savings having been identified from the senior management review and service redesign this year. Whilst income generation will continue to be part of the solution towards closing the funding gap, it is highly likely this will now form a lesser contribution. The Wyre Forest Forward programme has enabled the Council to successfully deliver savings during the current Council Plan period and will continue to drive the delivery of additional efficiency savings.
- 8.4 Work to preserve and protect assets by working with partners to share costs and/or take over responsibility for services is a priority. Without bold and ambitious plans to deliver on this strategy, services most valued by people could be lost. Work encompasses parks, play areas, public conveniences, the museum, community development and events.
- 8.5 Prior to Covid, the Council had an excellent track record in generating income. Income from fees and charges was hit particularly hard during the pandemic but had substantially recovered by the end of the final quarter after COVID restrictions were lifted. The total income (from all sources excluding shared services) achieved in 2021-22 is £7.186m, lower than the pre-pandemic level of £7.391m in 2019-20 but significantly more than the £5.748m achieved in 2020-21 and the £3.781m achieved in 2012-13. The Council will continue to raise income from fees and charges, so that users of particular services contribute to the cost of providing them rather than being subsidised by council taxpayers.

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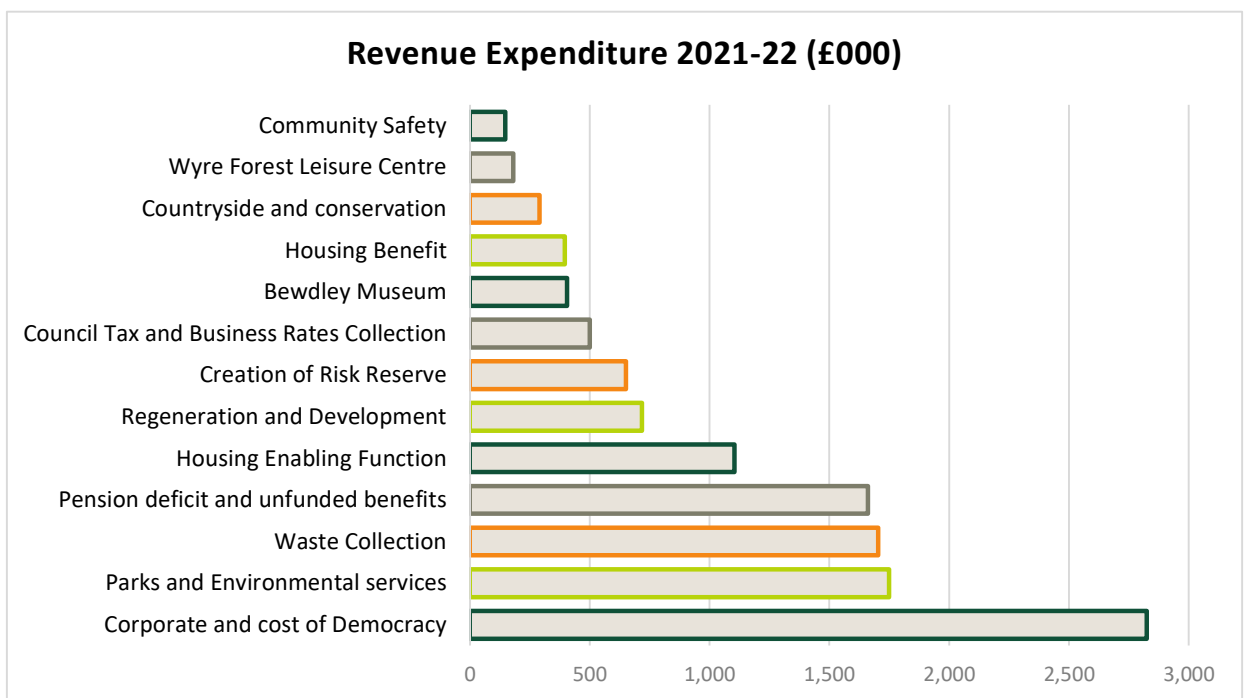
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- 8.6 The Council adopts a cash limited approach to its budget, with Cabinet Members and the Corporate leadership team being responsible for ensuring services are delivered within budget.

Revenue Spending

- 8.7 Revenue expenditure covers the cost of the Council's day to day operations and contributions to and from reserves. Net revenue expenditure across services of £12.359m, before application of non- specified (un-ring fenced) Covid Support grant, is shown in the graph below.

Service Spending 2021-22



- 8.8 The Council has well established robust financial management procedures in place to monitor revenue and capital expenditure throughout the financial year. The process for the management and monitoring of budgets and achievement of savings targets continues to be refined to further ensure the sustainability of the Council's financial position over the longer term.
- 8.9 As outlined in reports to Cabinet throughout the year, the COVID-19 pandemic has continued to have an impact on the Council's financial position and adversely affected performance against a number of indicators. However, the overall financial impact has been mitigated by continued financial support from Government in the form of COVID support grants. These one-off grants have been used, in accordance with the grant conditions to fund additional COVID related pressures across the Council, thus reducing the need to use general reserves to balance the overall position.

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8.10 The Council's 2021-22 revenue outturn position is presented in the following tables:

Service Expenditure

2021-22	[A] Original Budget	[B] Revised Budget	[C] Outturn	[C-A] Variance	[C-B] Variance
	£000	£000	£000	£000	£000
SERVICE EXPENDITURE					
Community and Environmental Services	4,626	5,083	4,366	(260)	(717)
Resources and Revenues, Benefits & Customer Services	3,940	3,577	4,037	97	460
Strategic Growth and Economic Development & Regeneration	1,945	2,376	1,950	5	(426)
Chief Executive and Solicitor to the Council	634	1,747	1,828	1,194	81
Capital Account	455	75	178	(277)	103
	11,600	12,858	12,359	759	(499)
Corporate Covid contingency	700	245	0	(700)	(245)
COVID Support Grants	(948)	(798)	(797)	151	1
Transfer final account savings to EMRs			(23)	(23)	(23)
Service Expenditure reported to management	11,352	12,305	11,539	187	(766)

Underspends and income denoted by brackets ()

Impact of Spending on Reserves

Reconciliation to Statements	2021-22 Actual
	£000
Service Expenditure reported to management	11,539
Exclude items funded from earmarked reserves and other items (Covid grants, capital transactions and accounting adjustments) to give net cost of service to comply with the CIPFA Code	3,217
Net Cost of Services (CIES)	14,756
Exclude items not met by local tax payers such as depreciation, some pension costs and holiday entitlement owed	(2,748)
Add statutory charges for the use of assets (Capital)	2,209
Expenditure total	14,217
SOURCES OF INCOME	
Council Tax (District element only)	7,457
Business Rates retention	(193)
New Homes Bonus	243
Services grant	121
COVID 19 Support Grant	1,014
Income total	8,642
In Year (Surplus)/Deficit (Note 6: EFA)	5,575
FUNDING FROM RESERVES	
Net transfer from Earmarked reserves (general)	5,316
Increase in working balance	(300)
Contribution (to)/from General Fund	559
Total movement on General Fund reserves	5,575

Underspends and income denoted by brackets ()

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MTFS surplus deficit	Original Budget	Revised Budget	Outturn
	£000	£000	£000
MTFS assumptions - transfer from reserves	503	1,082	559
Variance to original budget			56
Variance to revised budget			(523)

The above table shows that in overall terms the outturn position was £56k less favourable than planned when compared to the original budget approved in February 2021 and £523k more favourable than the revised budget approved in February 2022. The £523k is made up of a saving on Services of £766k plus additional funding from taxation (business rates and council tax) of £57k less £300k increase in the working balance. This position is reported after a contribution of £100k to top-up the Innovation Fund. The net service expenditure saving before allocations to reserves was £866k.

- 8.11 The funds available to allocate to reserves were higher than anticipated; the pandemic made expenditure trends and income losses more difficult to predict. Performance in the final quarter on income generating services exceeded expectations due to a rapid bounce back in demand following the lifting of restrictions at the start of the year. There was an aspiration to increase the minimum working balance and replenish reserves at the year-end included within the MTFS and this has been possible.
- 8.12 At the end of the financial year the useable reserves stood at £25.762m, compared to £30.385m at the end of 2020-21. The Council takes a risk based approach to the management of useable reserves and as part of setting the annual budget, the s151 Officer (Head of Resources) undertakes a review of risks and known commitments to calculate a minimum level for the General Fund reserve, and this was incorporated into the Council budget reports. For 2021-22 it was determined that a level of £1.2m remained an appropriate figure but that the position would be reviewed at final accounts. In light of the risks facing the council, in particular the scale of future reductions on top of those already made and the additional pressures on budgets from high inflation and wage growth, this minimum level has been increased to £1.5m.

Council Tax and Business Rates

- 8.13 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 and itself.
- 8.14 During the period from 2011 to 2020 the council tax charged by Wyre Forest District Council fell sharply in real terms, as a result of five years when the Council froze the tax. The annual increase in April 2020 and April 2021 of £5 was in-line with the Council Tax referendum principles and Government expectations.

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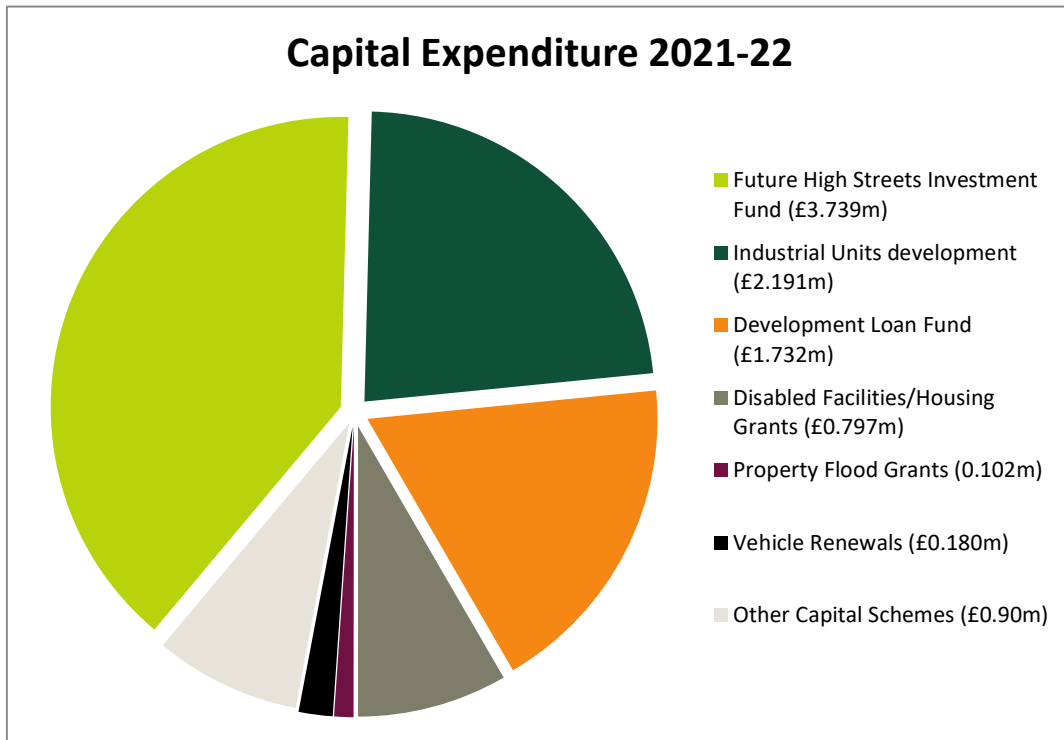
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- 8.15 The Council is a member of the Worcestershire business rates pool. The pool is a voluntary arrangement which allows retention a greater share of local growth in business rates income. The operation of the pool is governed by a formal agreement between authorities. In 2021-22 membership of the pool remained the same as in 2020-21, consisting of all Worcestershire districts, the County Council and the Fire Authority. The benefit of being in the Worcestershire Pool in 2021-22 was the retention of £345k which otherwise would have been paid to the Government as a growth levy.
- 8.16 In 2021-22 the net income before costs and tariffs from business rates was £23.304m, of which the Council receives a 40% share.
- 8.17 The Council maintains a separate fund for the collection and distribution of Council Tax and Business Rates. The account shows a deficit on Council Tax and Business Rates at 31 March 2022; as it did on 31st March 2021. The position continues to reflect the impact of the pandemic and the Government's support measures. Further detail is presented in the Collection Fund notes section of the Accounts.

Capital Expenditure

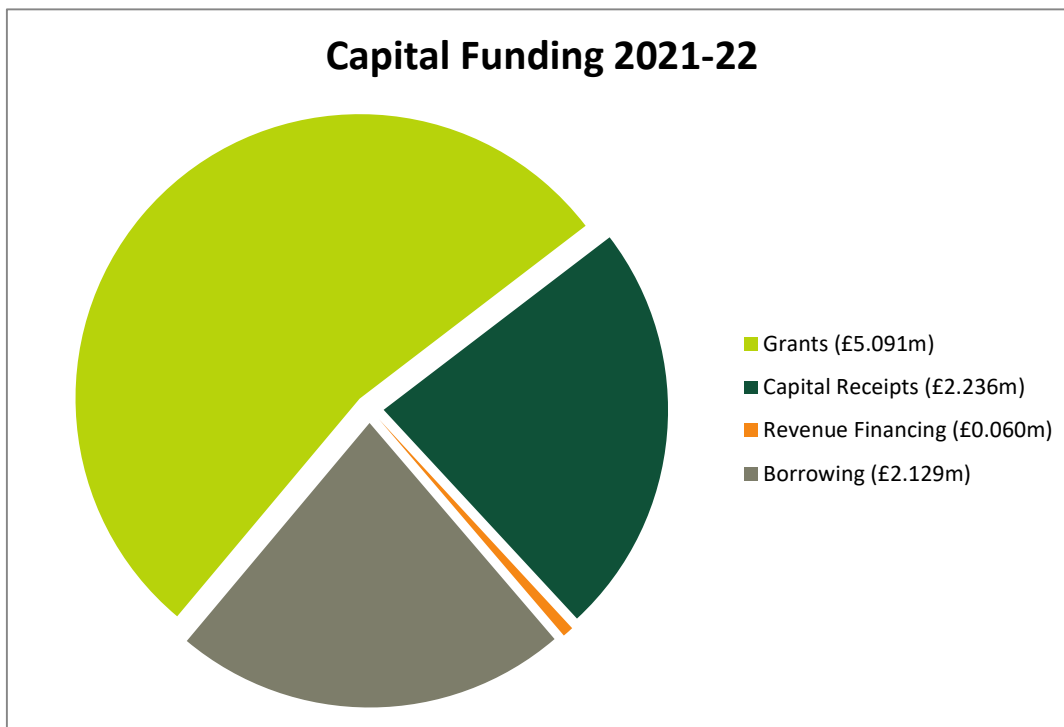
- 8.18 Capital expenditure is expenditure on non-current assets that have a life expectancy of more than one year and benefit not just current but future taxpayers within the district. The assets are usually funded over a period longer than one year, either from borrowing, from grants or from reserves built up over a period of time. Capital expenditure forms a large part of our spending on the provision of services and, in line with our revenue budget setting process, our Capital Programme for 2021-22 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.
- 8.19 The Council has an ambitious capital programme. This investment which includes £20.5m Future High Streets Funding and £17.9m Levelling Up Funding, will reshape how we deliver our services as well as helping to unlock revenue savings and efficiencies to secure our ongoing financial sustainability including:
- More commercial space for new and established businesses;
 - Acquisition of a diverse Capital Portfolio of properties for regeneration and economic development or to meet housing need, that are self funding;
 - Adaptations that improve the health and well-being of residents with disabilities;
 - Infrastructure to support the redevelopment of the former Churchfields Business Park;
 - Restoration of Brinton Park following the award of funding from the National Lottery Heritage Fund Parks for People grant programme;
 - Development of Kidderminster High Street, to include Transformation of Crown House, Magistrates' Court and Bromsgrove Street sites and infrastructure interventions to improve connectivity within the town;
 - 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
- 8.20 The Capital Programme budget for 2021-22 was originally set at £40.570m, revised to £25.188m following re-profiling of slippage of spend on approved schemes. The actual capital expenditure for 2021-22 was £9.515m. An analysis of capital investment is shown in the chart below:

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The Capital Programme was financed from a combination of internal borrowing, Government Grants, reserves (capital receipts) and revenue contributions.

8.21 Capital Financing for 2021-22 is shown in the diagram below:



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Treasury Management

- 8.22 The Treasury Management Strategy for 2021-22 was approved by Council on 24th February 2021. During the year treasury management performance was reviewed by the Treasury Management Review Panel before being reported to both Overview and scrutiny and Council.
- 8.23 **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 £32.465m of investments.
- 8.24 The Council's investment strategy is to maintain sufficient cash reserves to give it necessary liquidity, whilst trying to attain a benchmark average rate of return in excess of the 7 day backwards looking Sterling Overnight Index Average (SONIA) rate, whilst ensuring funds were invested in institutions which were secure. The Council's overall average performance on its cash investments was 0.14%, which was above its 7-day SONIA benchmark of 0.13%. The Council maintained an average investment balance of £38.33m in 2021-22 compared to £26.89m in 2020-21.
- 8.25 The outlook for investment returns for 2022-23 is likely to improve due to anticipated increases in the base rate by the Bank of England. The Council's overriding priority continues to ensure security and liquidity above yield.
- 8.26 **Details of borrowing:** During the year the Council repaid two external loans, £1m with the PWLB and £2m with Crawley Borough Council. No new loans were entered into. As at 31st March 2022 the Council had borrowings of £34.340m. A summary of the Council's borrowing activities for 2021-22 is summarised below.

Long Term Borrowing	2019-20	2020-21	2021-22
	£000	£000	£000
Balance as at 1st April	29,000	35,000	34,000
Plus:			
New long-term borrowing	8,000	2,000	0
Long-term borrowing repaid	0	0	0
Re-Classified as temporary borrowing (repayable in the following financial year)	(2,000)	(3,000)	(2,000)
Balance as at 31st March	35,000	34,000	32,000

Short Term Borrowing	2019-20	2020-21	2021-22
	£000	£000	£000
Balance as at 1st April	270	2,240	3,280
Plus:			
New temporary borrowing	0	40	60
Re-classified from long-term borrowing	2,000	3,000	2,000
	2,270	5,280	5,340
Repayments in year	30	2,000	3,000
Balance as at 31st March	2,240	3,280	2,340

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- 8.27 The Council sets aside a prudent 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 2021-22 was approved at the 24th February 2021 Council in line with the statutory guidance and included the discretion for the 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; the last full actuarial valuation was carried out as at 31st March 2019. This has been updated by independent actuaries to take account of the requirements of International Accounting Standard 19 in order to assess liabilities as at 31st March 2022. The Council's pension liabilities are offset by the value of pension fund assets invested. The Worcestershire Pension Fund is independently revalued every three years to determine employer contribution rates. Employer contribution rates are set to achieve a 100% funding level (i.e., to be fully funded) by 2035. The most recent revaluation assessed the funding level for Wyre Forest at 83% compared with 66% in 2017. Following each triennial revaluation contribution rates payable by the individual employers within the pension fund are revised. The next full revaluation as at 31st March 2022 is currently being undertaken, the results will impact on contribution rates payable from 31st March 2023.

The Council's overall pension liability has decreased during the year due largely to an increase in the present value of scheme assets. Deficit clawback funding for the period 2020-2023 and an estimate of employer's contributions was paid in April 2020 as an advance payment which generated a cost saving for the Council's General Fund of £437k over the three-year period. Further details can be found in Note 35, Defined Benefit Pension Schemes.

9.2 Capital Portfolio Fund

The Council made no further capital portfolio fund property purchases during 2021-22. Cabinet approved a contribution from the fund for a housing scheme in Kidderminster to support homeless households. The scheme is currently at planning stage. Work on site is expected to commence, subject to planning approval, towards the end of 2022. Properties already held are classified as operational property, plant and equipment assets because they are held primarily to support economic development and regeneration, not to generate rental income or for capital appreciation. They all contribute to our corporate priority of "Contributing to a successful local economy". This is in accordance with our approved Capital Strategy that links to the Medium-Term Financial Strategy, Treasury Management Strategy, various Regeneration and Economic Development Strategies and plans and, importantly, the overarching Corporate Plan 2021-23. A £1.6m contribution to support the repurposing of the Piano building was approved by Cabinet in June 2022.

9.3 Local Authority Trading Companies

On 21st February 2018 Council approved a group structure of Local Authority Trading Companies (LATC). Wyre Forest (Holdings) Ltd and ReWyre Developments Ltd (the subsidiary) are incorporated at Companies House. The companies remained dormant throughout 2021-22 and it is expected that they will remain so until suitable development opportunities arise; activity will be reported in accordance with the governance arrangements in future years.

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9.4 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 financing risks facing the Council and has been increased to £1.5m following easing of cost pressures at 31st March 2022 to provide additional risk mitigation. As at 31st March 2022, total revenue reserves stood at £20.707m. Of this sum £15.366m has been earmarked.

The level of reserves and balances is a key element in the CIPFA Financial Resilience Index that was published for the third time in February 2022. There were no Wyre Forest indicators where risk was considered to be extremely high or a cause for immediate concern. However, this Council did have one 'red flag' for the Fees and Charges to Service Expenditure Ratio due to dependence on demand led fees and charges income following success in growing this income stream. Income generation is now a smaller part of the funding gap solution it is nevertheless an important theme in the MTFs.

9.5 Cash Flow Management

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

Cash flow management has been more testing again in 2021-22 due to the Government using local Councils to passport Covid grants and other financial support to the local community and the success in attracting regeneration grants. This has meant that around £23m extra income has been received, often at short notice, and has had to be managed as part of overall treasury cashflows until disbursement.

External loans totalling £3m were repaid in 2021-22. During the year we increased our internal borrowing by £917,000 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 2022 was £6.896m.

The Council's cash balances are invested until required on a short-term basis up to a maximum period of 1 year. During 2021-22 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, 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 (Coronavirus) (Amendment) Regulations 2020 and the Accounts and Audit (Amendment) Regulations 2021, require the Council to produce a **Statement of Accounts** for each financial year. These statements contain a number of different elements which are explained below. The Statement of Accounts is set out in the accompanying document.

Wyre Forest District Council – Statement of Accounts 2021-22

Narrative Report

10.2 **Statement of Responsibilities for the Statement of Accounts** sets out the respective responsibilities of the Authority and the Chief Finance Officer (Head 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, Head of Resources and S151 Officer, Wyre Forest House, Finepoint Way Kidderminster, Worcestershire, DY11 7WF.

Wyre Forest District Council – Statement of Accounts 2021-22

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 Head of Resources and S151 Officer;
- (b) to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- (c) to approve the Statement of Accounts.

The Head of Resources and S151 Officer's Responsibilities

The Head of Resources and S151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the UK (The Code).

In preparing this Statement of Accounts, the Head of Resources and S151 Officer 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 Head of Resources and S151 Officer has also:

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

Issue Date

The Statement of Accounts 2021-22 was re-certified for issue on 30th November 2022. All known material events that occurred up to and including this date which relate to 2021-22 or before have been reflected in the accounts. This replaces the unaudited Statement of Accounts issued on 18th July 2022.

Certification of Accounts

In accordance with the Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Amendment) Regulations 2021, I certify that the Statement of Accounts presents a true and fair view of the financial position of Wyre Forest District Council at 31st March 2022 and its income and expenditure for the year ended 31st March 2022.

Helen Ogram CPFA – Head of Resources and S151 Officer
30th November 2022

Approval of the Accounts

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

Councillor Roger Coleman
Chair, Audit Committee
30th November 2022

Wyre Forest District Council – Statement of Accounts 2021-22

Annual Governance Statement 2021-22

Why have we prepared this Annual Governance Statement (AGS) 2021-22?

- To fulfil the statutory requirement for each local authority to conduct a review of its system of internal control and prepare and publish an AGS at least once a year in each financial year.
- To demonstrate whether, and to what extent, the council has a sound system of governance and has complied with its local requirements in 2021-22
- To demonstrate our achievements and help us to be more effective and take action to improve

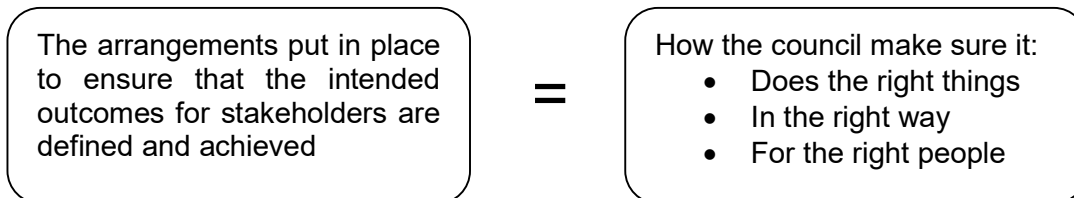
What is the Annual Governance Statement?

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 2021-22 (which coincides with the annual statement of accounts). The statement openly communicates significant governance issues that have been identified during the review and sets out how the authority will secure continuous improvement in these areas over the coming year.

What do we mean by governance?

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

This is summarised visually below:



What is the Scope of our responsibility?

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

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

Wyre Forest District Council – Statement of Accounts 2021-22


Wyre Forest District Council has adopted the code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework: *Delivering Good Governance in Local Government*. A copy of the code is on our website or can be obtained by contacting The Hub, Green Street, Kidderminster DY10 1HA. This statement explains how Wyre Forest District Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

What is the definition of the governance framework?

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

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

Wyre Forest District Council – Statement of Accounts 2021-22

GOVERNANCE PRINCIPLES		INTERNAL CONTROLS
<ul style="list-style-type: none"> ➤ Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area ➤ Members and officers working together to achieve a common purpose with clearly defined functions and roles ➤ Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour ➤ Taking informed and transparent decisions which are subject to effective scrutiny and managing risk ➤ Developing the capacity and capability of members and officers to be effective ➤ Engage with local people and other stakeholders to ensure robust public accountability 	 <p>The governance framework has been in place at Wyre Forest District Council for the year ended 31st March 2022 and up to the date of approval of the statement of accounts.</p>	<p>INTERNAL CONTROLS</p> <p>Leadership, Culture and Planning Organisational goals and priorities Strategic and operational plans Performance management Medium term financial strategy</p> <p>Statutory Officers & Decision Making The Constitution The Monitoring Officer Section 151 Officer</p> <p>Policies & Procedures Codes of conduct Ways of working Anti-fraud, Bribery and Corruption Policy Whistleblowing Policy HR Policies and procedures Corporate Communications and Engagement Programme</p> <p>People, Knowledge, Finance, Assets Robust HR practices Robust Internal Audit function Information governance Performance monitoring and improvement Financial management and reporting Ethical & legal practices</p> <p>Scrutiny and Transparency Freedom of Information requests Complaints procedure Reports considered by legal and finance Overview and Scrutiny Committee Equality impact assessments Corporate risk register Transparency duty publication</p> <p>Partnership Working/Stakeholder Engagement 'Love to get involved' 'Let us know' Consultations Community Localism fund</p>

How does the Council deliver these outcomes?

The Council delivers these outcomes through:

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

How is effectiveness reviewed?

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

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

- Findings and recommendations of Internal Audit;
- Updates by the managers within the authority who have responsibility for the development and maintenance of the internal control environment;
- Findings and recommendations by the External Auditors and other review agencies and inspectorates;
- Audit Committee review of current arrangements against best practice, including consideration of progress against issues identified in the Annual Governance Statement action plan.

Regular reviews are carried out by the Corporate Leadership Team, including during March and again in April 2022. These reviews take into account:

- the Internal Audit Annual Assurance report from the Audit Manager for 2021-22, in consultation with the S151 Officer;
- comments of other review agencies, inspectorates and external bodies, including LGA Peer Review;
- the Audit Findings report of the External Auditor which was reported to the Audit Committee on 29th September 2021 and the Annual Audit Report including key messages is reported to Audit Committee on 25th May 2022.
- The legacy impact of the Covid-19 pandemic, potential impacts on key aspects of Governance including hybrid working and remote meetings, and the revised External Audit approach to take account of this.

Wyre Forest District Council – Statement of Accounts 2021-22

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

- Head of the Paid Service (Chief Executive)
- Monitoring Officer (Solicitor to the Council)
- Section 151 Officer (Head 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.

Membership of the Audit Committee has included an Independent Person since 2019-20. May 2019 Council approved a number of minor governance amendments including the creation of a Strategic Review Panel that has operated since 2019-20. The Panel performed an advisory role on a range of issues including policy development on the latest Corporate Plan. It also considered the Cabinet's proposals for the Medium-Term Financial Strategy for 2022-2025 and budget options, to inform the Cabinet's proposed strategy and budget and for the meetings in January and February 2022 in respect of any alternative budget proposals.

The Audit Committee is the Member forum that is responsible for reviewing and monitoring Corporate Governance in relation to Risk and Audit matters. The Audit Committee also regularly considers the recommendations from Internal Audit. A review of progress against the Corporate Risk Register was considered by the Committee on the 23rd March 2022. Progress against the 2021-22 Annual Governance Action plan was reported for consideration by Committee on 25th May. Progress against the External Auditor's key messages included in the Annual Audit Report will be considered by Committee on the 28th September 2022. The extended membership of the Audit Committee to include an Independent Person as a non-voting member provides an injection of an external view and brings an alternative perspective and flavour to the Committee.

The impact of Covid-19

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

These timely updates ensured it remained up to date with Regulations and fit for purpose to meet ongoing business need despite national emergencies. A further Extraordinary Council meeting on 21st April 2021 approved the extension to 31st July 2021 of temporary changes to the Constitution to allow the continuation of the ability to hold remote meetings to facilitate timely decision making. Face to face formal meetings of the Council's decision-making bodies recommenced following the end of the temporary change, with hybrid arrangements continuing for observers. Informal meetings continue to be held remotely where this arrangement best meets business need.

The Covid-19 pandemic has had a significant impact on the Council in terms of financial sustainability and workload of key service delivery teams. To address this, the 2021-24 MTFS included a fundamental programme of work to explore and implement more shared services, alternative service delivery options and other planned transformation which will lead to the Council becoming a smaller organisation. This work stream is progressing with in the region of £600k of recurring annual savings having been identified by 31st March 2022.

The CIPFA Financial Management Code

In December 2019, CIPFA published its Financial Management code (FM Code) to provide guidance for good and sustainable financial management in local authorities. It has been

Wyre Forest District Council – Statement of Accounts 2021-22

produced to assist local authorities in demonstrating their financial sustainability through a set of standards of financial management. 2020-21 was a shadow year for the FM Code and with April 2021 being the date for formal adoption. The initial report assessing compliance with the FM Code was considered by Audit Committee on the 26th May 2021 a further report will be presented to Audit Committee in September 2022. The initial report concluded that, overall, there is a high level of compliance with the code but that in some areas there is room for continuous improvement. The significant areas for continuous improvement are included in the AGS Action Plan that follows.

Summary

The Council's Head 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 2021-22 Annual Audit Plan.

The Council's Internal Audit team works in accordance with the UK Public Sector Internal Audit Standards. The service has also adopted an Internal Audit Charter in compliance with the UK Public Sector Internal Audit Standards that was updated at the July 2018 Audit Committee meeting. A number of other internal and external reports considered the challenges around governance, including the CIPFA delivering good governance in Local Government framework 2016 reports to ensure all appropriate controls and updates are in place across the Council discussed at the March 2017 meeting. Audit Committee on the 30th May 2018 received a report on the external assessment of the Internal Audit Service undertaken by Tilia Solutions. The review was positive overall, with no areas of non-compliance with the Standards found that would affect the operation of the Internal Audit function. Recommendations/action points made have been progressed by the Audit Manager. Audit Committee on the 28th November 2018 approved a Quality Assurance Improvement Programme for the Internal Audit Service to enable an evaluation of the Internal Audit Service and its conformance to the standards, with an annual update to the Audit Committee as part of the annual report. The Internal Audit Plan 2021-22 approved at the March 2021 meeting also took into account the external review recommendations. An update on counter fraud arrangements for 2021-22 was also received at the November 2021 meeting providing members with detail on those areas managed by both the Compliance Officers and Internal Audit, evidenced by supporting national programmes for tackling fraud.

External audit reports are reviewed and considered by the Audit Committee and the Council's Corporate Leadership Team. The Council's External Auditors, Grant Thornton take a proactive approach to Member involvement and actively engage Members at Audit Committee with their Update Reports being of particular interest. In addition to this, the Council is also subject to formal review by government inspectorates and was the subject of an LGA Peer Review in March 2017 that considered financial planning and viability in detail. Feedback from this independent process was positive and the constructive key recommendations to the Council informed the 2016-17 and 2017-18 Annual Governance Statements with ongoing issues around continuous improvement included in the 2021-22 Action Plan. The follow-up Peer Review visit took place in February 2019 and once again, feedback was very positive overall with relevant action learning points reflected in the 2020-21 and this 2021-22 Annual Governance Statement. We have been informed by the sources noted above on the result of the review of effectiveness of the Governance Framework, that the arrangements continue to be regarded as fit for purpose in accordance with the Council's governance framework.

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

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Significant Governance Issues for 2021-22 and 2022-23 Action Plan

Wyre Forest District Council have completed a number of actions over the last year, that have addressed or alleviated significant governance issues identified in the 2020-21 Annual Governance Statement. The following significant new or continuing governance issues have been identified and further actions have been put in place against each for progression in 2022-23, to continue to strengthen the Council's governance arrangements.

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
1	<p>General – Significant Financial Challenges</p> <p>The Council continues to face significant funding pressures and changes to the national funding regime. In response we will continue to maintain financial resilience by moving towards a fully balanced budget. Progression of the programme of work to close the funding gap approved as part of the 2021-24 Medium Term Financial Strategy. Proposed Funding Reform, cost and supply chain issues caused by geopolitical issues, global economic volatility and recovery post Covid-19 pandemic need also to be addressed.</p> <p>Potential shortfall on the delivery of savings to meet the circa £1.7m Funding Gap by 2024-25.</p>	<p>AGS 2019-20, 2020-21 and 2021-22 highlighted by the Corporate Leadership Team and reflected in the MTFS and Corporate risk register</p>	<p>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. The council set a budget in February 2022 outlining the strategic direction towards achieving on-going savings:</p> <p>a) Progressing implementation of agreed major initiatives and projects, such as reviews of alternative service delivery models and management review set out in the medium-term financial strategy for 2021-2024.</p> <p>b) To continue to actively participate in and understand/model the impact of the fundamental Finance Reform, encompassing New Homes Bonus and Business Rate Review, phasing out of Revenue Support Grant, transfer of New Burdens, progression of Welfare Reform.</p> <p>c) To re-energise work around income generation, commercialisation and expenditure reductions post pandemic. Further develop and evolve the Financial Strategy to include: -potential for large scale service redesign, alternative delivery and service providers, digitalisation and demand management.</p> <p>d) To continue with the Localism agenda to meet target savings in MTFS</p>	<p>a) All remaining service delivery reviews to be undertaken with target savings achieved.</p> <p>b) Balanced Budget for 2023-24 included in the MTFS 2023-26 with progression of proposals for significant savings/cost reductions to close the funding gap from 2024-25.</p> <p>c) Cabinet/CLT to manage process of rebuilding income streams</p> <p>d) Successful creation of independent Bewdley Museum Trust; continue negotiations with parish councils during 2022. Conclude second round negotiations with town councils.</p>	<p>Head of Resources, Chief Executive, and whole of CLT</p> <p>Cabinet/CLT</p> <p>CLT/Cabinet</p> <p>Chief Executive</p>	<p>April 2021 to March 2023,</p> <p>January 2023</p> <p>December 2022</p> <p>As set out in Localism timetable</p>

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Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
2	<p>Governance of Property Portfolio to further progress the implementation of the policies for the £26.5m Fund. To continue to clarify with the wider public that the intended impact of the policy is to support the Financial Strategy and the Corporate Plan priority to deliver a successful local economy rather than commercial investment.</p> <p>The 2021 CIPFA Prudential and Treasury Management codes set out that the CFR cannot be increased for commercial purposes and acquisitions cannot be based primarily for a financial return</p>	AGS 2017-18 MTFS 2019-22, endorsed by Peer Review, corporate risk register	<p>a) Continue to implement revised Capital Portfolio Fund Strategy as approved at February 2022 Council by making proposals for suitable investment opportunities and secure approval and implementation/acquisitions.</p> <p>b) Review and strengthen the due diligence check list.</p> <p>c) To work with the communications team to reinforce intended impact.</p> <p>d) Update the business case model to increase the evidence requirement for the economic argument and expand the financial case to more fully cover whether capital plans and risks are proportionate i.e., any plausible losses can be absorbed within existing budgets or reserves.</p>	<p>a) Implementation of approved proposals/acquisition of portfolio assets that further the Corporate plan priorities, meet service objectives and secure net income streams in accordance with the approved strategy.</p> <p>b) Revised checklist to be approved with the Capital Strategy 2023-33</p> <p>c) Less negative social media comment</p> <p>d) Business case reports on potential acquisitions follow revised template</p>	CLT -Head of NWEDR, Head of: Resources, Solicitor to the Council	<p>a) Portfolio budget fully committed by end March 2023</p> <p>b) By end 2022</p> <p>c) On-going</p> <p>d) April 2022</p>

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Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
3	<p>Information governance issues and non-benefit fraud -utilising the Compliance Officer and Corporate Fraud Resource and separate Corporate Debt Recovery resources. Performance and impact of these resources to continue to be closely monitored and reported</p>	Annual Governance Statement 2018-19	<p>a) Cyber Security and Information Governance Sub-Group (of the ICT Strategy Board) to continue to meet regularly to progress actions</p> <p>b) Compliance Officers within the Revenues & Benefits Section are responsible for protecting and increasing the tax base through regular monitoring and reviewing council tax discounts and exemptions to ensure they are legitimately claimed. Additional work on potential fraud in relation to Council tax energy rebate or grant payments/claims to businesses will also be undertaken supported by Internal Audit in line with national guidance. Capacity within the team will be kept under review. Fraud Transparency code data set will be published annually.</p> <p>c) Regular reports activity in relation to Corporate Fraud (responsibility assigned to Internal Audit Team). These will include results of extra compliance work in relation to assurance on energy rebate and grant payments as applicable.</p>	<p>a) Information Governance is well managed with no breaches</p> <p>b) Income collected in terms of £s and % recovery rates</p> <p>c) Annual report to Audit Committee will assess success of Corporate Fraud service</p>	<p>Chief Executive, Head of Resources, Head of Revenues, Benefits & Customer Services</p> <p>c) Head of Resources/ Audit Manager</p>	<p>a) Ongoing consideration via Information Governance Sub-Group</p> <p>b) Monthly reporting of collections rates/amounts and half-yearly review of impact of extra resource for collection</p> <p>c) October Audit Committee for Fraud Update report</p>

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Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
4	<p>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 sign up to as part of its pursuit of innovative alternative service delivery solutions to unlock funding opportunities and generate revenue income streams. This includes Public Sector Partnership Wyre Forest LLP, the approved Group structure for a Local Authority Trading Company (LATC), localism, joint operations (e.g. joint waste service for northern districts and County wide food waste collaboration) other new shared service arrangements and new and existing Trusts (museum and leisure service provision).</p>	Annual Governance Statement 2018-19	<p>a) Ensure new partnering arrangements have robust governance arrangements including full regard to legal, financial and HR implications. Once governance arrangements are in place continue to review and ensure they remain robust.</p> <p>b) Ensure arrangements for traded services and arms-length organisations are fit for purpose</p> <p>c) Conclude review work of PSP Wyre Forest LLP to ascertain whether the model is still fit for purpose.</p> <p>d) Further investigation of various structures for different arrangements, including utilisation and or expansion of the Group Structure of the approved LATC.</p> <p>a) Continue to shape direction of work on joint operation of waste collection services to maximise influence and ensure adequacy of proposed governance arrangements. Business case to include governance arrangements considered by Overview and Scrutiny Committee and Cabinet.</p>	<p>a)/b) Robust due diligence for all proposals presented in business cases to be considered by Overview and Scrutiny Committee and Cabinet</p> <p>c) That work with PSP Wyre Forest LLP either delivers some tangible outcomes or is filed as dormant.</p> <p>d) Reports prepared for proposals for alternative service delivery models</p> <p>e) Comprehensive business case prepared and presented for consideration by Overview and Scrutiny Committee and Cabinet</p>	CLT – Head of NWEDR and Head of Strategic Growth designated officers for PSP, Head of Community and Environmental Services	<p>a)/b) Ongoing due diligence work presented to Overview and Scrutiny/Cabinet throughout 2022-23</p> <p>c) PSP LLP utilised as appropriate in 2022-23 or filed as dormant.</p> <p>d&e) March 2023 or as appropriate</p>

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Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
5	<p>ICT Resilience Governance Issues Maintaining ICT resilience to ensure a secure network, ensuring the ICT infrastructure is protected adequately from attacks and threats. Progression of ICT Strategy GDPR – compliance to include additional assurance for hybrid working</p>	<p>Corporate Risk Register and ICT Strategy Board; ICT Security {Sub-Group}</p> <p>MTFS 2021-2024</p> <p>GDPR Legislation - effective date 25th May 2018</p>	<p>a) Quarterly review of network security and cyber resilience; extra assurance/training for remote working/meetings</p> <p>b) ICT Strategy Board approvals</p> <p>c) Review of compliance by Cyber Security and Information Governance Sub-Group (of the ICT Strategy Board) to meet and support ICT Strategy Board; focus on cyber security business continuity plans and overall cyber security strategy.</p> <p>d) Risk assessments and review of security of hybrid working arrangements built into assurance programme</p> <p>e) Monthly phishing and regular cyber training</p> <p>f) on-going improvement to infrastructure and system updates including patching, firmware updates.</p> <p>g) annual penetration tests</p> <p>h) additional 2 factor authentication and cloud back-up for o365</p>	<p>a) PSN compliance, secure network.</p> <p>b) Work proceeds to timetable</p> <p>c) Review evidenced compliance</p> <p>d) Compliant risk assessments</p> <p>e, f g and h) Cyber essentials accreditation</p>	<p>ICT Manager/ Head of Resources</p> <p>Data Controller</p> <p>ICT Manager</p> <p>ICT Manager</p>	<p>Ongoing reports to ICT Strategy Board, and Cyber Security and Information Governance Sub- Group, Cabinet Members and Group Leaders</p> <p>Ongoing risk assessments</p> <p>Summer 2022</p>

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Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
6.	<p>Major grant funded schemes and Developments – the Council successfully bid for grant funding to support regeneration under the Future High Street Fund (FHSF) and Levelling up Fund (LUF). New governance arrangements are being developed to ensure oversight of each of these major schemes. This will include separate project boards chaired by the Head of NWEDR and be attended by the S151 Officer and Monitoring Officer. The boards will receive regular updates on all projects managed through the project delivery boards and will have responsibility for approving project variations. The boards will provide transparent governance arrangements to ensure that projects are run appropriately with vigour ensuring funding and statutory obligations are met</p>	<p>Annual Governance Statement 2021-22</p> <p>Corporate Risk Register</p>	<p>Project Boards meets regularly and in line with agreed timeline</p> <p>Grant funding agreements in place with LUF partners</p>	<p>Progress to timetable, Government Office satisfied with progress</p> <p>Monthly progress reports presented to the Boards and grant draw down meets assurance requirements</p>	<p>CLT -Head of NWEDR, Head of: Resources, Solicitor to the Council</p>	2024

Wyre Forest District Council – Statement of Accounts 2021-22

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
7.	<p>Major Capital Projects - The Council has a number of major capital projects including delivering a Housing provision scheme in Kidderminster; Solar farm Electric vehicle charging points There are significant risks associated with the major schemes, including implications for revenue as well as capital budgets.</p>	Annual Audit Report 2020-21	<p>On-going regular reporting on progress will be delivered through enhanced quarterly Capital Programme reporting. Dedicated project management expertise will be put in place for all major projects and programme and cost risks will be closely managed. Clarity of delineation of the roles of those Members and Officers concerned with the delivery of projects and those concerned with regulatory decisions will be factored into the project management and decision making protocols will provide necessary ethical walls within the organisation and in line with the council's constitution.</p>	<p>Quarterly progress/monitoring reports presented to Cab/CLT</p> <p>Projects delivered on time within cost plan</p>	CLT, Head of NWEDR, Head of Strategic Growth, Head of Resources	On-going

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
8.	<p>Workforce planning Resilience, recruitment and retention</p>	Annual Audit Report 2020-21	<p>Development and approval of New Organisation Development (OD) Strategy, including focus on workforce design, recruitment and retention, succession planning and innovation as well as issues raised in the staff survey.</p>	<p>Approval and implementation of OD Strategy</p>	Chief Executive, Solicitor to the Council, Head of HR&OD	Revised OD Strategy to be agreed by September 2022

Wyre Forest District Council – Statement of Accounts 2021-22

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

Ian R Miller
Chief Executive

Councillor Helen Dyke
Leader of the Council

30th November 2022

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

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of Wyre Forest District Council (the 'Authority') for the year ended 31 March 2022, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2022 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Head of Resources and S151 Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Head of Resources and S151 Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

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

In auditing the financial statements, we have concluded that the Head of Resources and S151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Head of Resources and S151 Officer with respect to going concern are described in the 'Responsibilities of the Authority, the Head of Resources and S151 Officer and Those Charged with Governance for the financial statements' section of this report.

Other information

The Head of Resources and S151 Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Authority, the Head of Resources and S151 Officer and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Head of Resources and S151 Officer. The Head of Resources and S151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Head of Resources and S151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Head of Resources and S151 Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003;
- We enquired of senior officers and the Audit Committee, concerning the Authority's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to large and unusual journals and accounting estimates associated with the valuation of pension fund liability and other land and buildings.
- Our audit procedures involved:
 - evaluation of the design effectiveness of controls that the Head of Resources and S151 Officer has in place to prevent and detect fraud;
 - journal entry testing, with a focus on bank income journals, S31 grants and other unusual journals.
 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings and defined benefit pensions liability valuations;
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings and defined benefit pensions liability valuations.
- Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the local government sector
 - understanding of the legal and regulatory requirements specific to the Authority including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

Our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Authority's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2022.

Responsibilities of the Authority

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

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

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

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

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

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

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

We cannot formally conclude the audit and issue an audit certificate for Wyre Forest District Council for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources and issued our Auditor's Annual Report; and
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2022.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2022.

Use of our report

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

Laurelin Griffiths
Key Audit Partner

for and on behalf of Grant Thornton UK LLP
Local Auditor

Birmingham

30 November 2022

Wyre Forest District Council – Statement of Accounts 2021-22

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.

2020-21 Expenditure £'000	2020-21 Income £'000	2020-21 Net £'000	Notes	2021-22 Expenditure £'000	2021-22 Income £'000	2021-22 Net £'000
Service Expenditure Analysis						
2,019	(72)	1,947	Chief Executive and Solicitor to the Council	2,294	(238)	2,056
10,834	(2,957)	7,877	Community and Environmental Services	9,060	(4,085)	4,975
15,172	(13,436)	1,736	Strategic Growth and Economic Development and Regeneration	13,593	(8,929)	4,664
28,771	(27,463)	1,308	Resources and Revenues, Benefits and Customer Services	26,411	(23,350)	3,061
56,796	(43,928)	12,868	Net Cost of Services	51,358	(36,602)	14,756
1,317	(412)	905	Other Operating Expenditure	1,458	(96)	1,362
4,318	(2,097)	2,221	Financing and Investment Income and Expenditure	4,277	(2,092)	2,185
-	(14,834)	(14,834)	Taxation and Non-specific Grant Income and Expenditure	-	(18,508)	(18,508)
		1,160	(Surplus)/Deficit on the Provision of Services			(205)
Items that will not be reclassified to the Deficit on the Provision of Services:						
		(8,098)	(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets	25		
		447	Re-measurement of the Net Defined Benefit Liability	25		
		(7,651)	Total Other Comprehensive (Income) and Expenditure			(6,658)
		(6,491)	Total Comprehensive (Income) and Expenditure			(6,863)

Wyre Forest District Council – Statement of Accounts 2021-22

Movement In Reserves Statement

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

2021-22						
Notes	General Fund Balance 6, 9	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves 9	Total Unusable Reserves 9, 25	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1st April 2021 brought forward	26,282	2,967	1,136	30,385	(40,500)	(10,115)
Movement in Reserves during 2021-22:						
Total Comprehensive Income & (Expenditure)	205	-	-	205	6,658	6,863
Adjustments between accounting basis & funding basis under regulations	(5,780)	122	830	(4,828)	4,828	-
Net increase/ (decrease) in year	(5,575)	122	830	(4,623)	11,486	6,863
Balance at 31st March 2022 carried forward	20,707	3,089	1,966	25,762	(29,014)	(3,252)

2020-21 Comparative Information

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

Wyre Forest District Council – Statement of Accounts 2021-22

Reconciliation of General Fund Balance

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

2021-22

Notes	General Reserves (including £1.5m Working Balance at 31 st March 2022)	Earmarked Reserves 13	Total General Fund Balance 6
	£'000	£'000	£'000
Balance at 1st April 2021 brought forward	5,600	20,682	26,282
Net increase/ (decrease) in year	(259)	(5,316)	(5,575)
Balance at 31st March 2022 carried forward	5,341	15,366	20,707

2020-21 Comparative Information

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

Wyre Forest District Council – Statement of Accounts 2021-22

Balance Sheet

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

31 st March 2021 £'000	Notes	31 st March 2022 £'000
	Property, Plant and Equipment:	
59,829	Land and Buildings	62,793
3,408	Vehicles, Plant and Equipment	2,860
4,165	Community Assets	4,080
244	Surplus Assets	2,180
831	Assets under Construction	1,757
1,190	Heritage Assets	1,183
461	Intangible Assets	406
13	Long-term Investments	-
70,141	Long-term Assets	75,259
9,614	Short-term Investments	14,008
13,031	Cash and Cash Equivalents	19,001
113	Inventories	155
15,454	Short-term Debtors	8,225
250	Assets held for Sale (less than one year)	250
38,462	Current Assets	41,639
(3,290)	Short-term Borrowing	(2,355)
(21,276)	Short-term Creditors	(22,924)
(2,090)	Short-term Provisions	(1,363)
(26,656)	Current Liabilities	(26,642)
(34,179)	Long-term Borrowing	(32,164)
(57,880)	Other Long-term Liabilities	(57,457)
(3)	Capital Grants Receipts in Advance	(3,887)
(92,062)	Long-term Liabilities	(93,508)
(10,115)	Net Liabilities	(3,252)
30,385	Usable Reserves	25,762
(40,500)	Unusable Reserves	(29,014)
(10,115)	Total Reserves	(3,252)

Helen Ogram

These financial statements replace the unaudited financial statements certified by Helen Ogram, Head of Resources and S151 Officer, on 18th July 2022

Wyre Forest District Council – Statement of Accounts 2021-22

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.

2020-21		Notes	2021-22
£'000			£'000
(1,160)	Net deficit on the provision of services		205
6,673	Adjust net (surplus)/deficit for non-cash movements:	26	13,607
(4,893)	Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities:	26	(6,612)
619	Net cash flows from operating activities		7,200
4,575	Net cash flows from investing activities	27	(542)
(2,753)	Net cash flows from financing activities	28	(688)
2,441	Net increase/(decrease) in cash or cash equivalents		5,970
10,590	Cash and cash equivalents at the beginning of the reporting period	20	13,031
13,031	Cash and cash equivalents at the end of the reporting period	20	19,001

Wyre Forest District Council – Statement of Accounts 2021-22
Notes to the Accounts

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Wyre Forest District Council – Statement of Accounts 2021-22

Notes to the Accounts

Note 1: Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2021-22 financial year and its position at 31st March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations; those Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 (the Code) supported by International Financial Reporting Standards (IFRS).

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

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

1.2 Accruals of Income and Expenditure

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

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

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1.3 Cash and Cash Equivalents

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

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

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

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

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

1.5 Charges to Revenue for Non-Current Assets

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

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

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

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1.6 Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the relevant service or, where appropriate, to a corporate service at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring. When termination benefits involve the enhancement of pensions, statutory provision requires the General Fund balance to be charged with the amount payable by the authority 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 1998, up to a maximum of 30 weeks' pay.

Post-Employment Benefits

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

The Local Government Pension Scheme

The liabilities of the Worcestershire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about life expectancy, employee turnover rates, etc, and projected earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate of 2.8% based on the indicative rate of return on high quality corporate bond.

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Notes to the Accounts

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

➤ **Remeasurements comprising:**

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

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

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

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

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

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

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

1.7 Events After the Reporting Period

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

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

Events taking place after the date of authorisation for issue, detailed in Note 39, are not reflected in the Statement of Accounts.

1.8 Financial Instruments

Financial Liabilities

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

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

Financial Assets

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

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

The Council currently only holds financial assets at amortised cost.

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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.

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Notes to the Accounts

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.

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1.11 Intangible Assets

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

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

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

1.12 Interests in Companies and Other Entities

Where the Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures, it is required to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities will be recorded as investments, i.e. at cost, less any provision for losses. The Council has interests in companies, but no material business was transacted in 2021-22 as detailed in Note 38.

1.13 Inventories and Long-Term Contracts

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

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

1.14 Joint Operations

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

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

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

1.15 Leases

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Authority as Lessor

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

The Council has not identified any material operating leases.

1.16 Overheads and Support Services

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

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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.

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

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

Impairment

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

Where impairment losses are identified, they are accounted for 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

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- 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.

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

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

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

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

Level 3 – unobservable inputs for the asset.

1.19 Provisions

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

Provisions are charged as an expense to the appropriate service in the Comprehensive Income and Expenditure Statement in the year that the Council has an obligation, or the Collection Fund in respect of business rates, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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1.20 Contingent Liabilities

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

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

1.21 Contingent Assets

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

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

1.22 Reserves

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

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

1.23 Revenue Expenditure funded from Capital under Statute

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

1.24 Value Added Tax (VAT)

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

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Notes to the Accounts

1.25 Interest and Investment Income

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

1.26 Borrowing

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

Minimum Revenue Provision

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

The Ministry of Housing, Communities and Local Government (MHCLG) Regulations require full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils so long as there is a prudent provision. The Council approved MRP Policy Statement for 2021-22 is summarised below and includes the option of using the annuity method to calculate MRP under the Asset Life Method:

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

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

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

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

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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 was approved on 17th May 2019; and 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 Resources and Revenues, Benefits & Customer Services outturn line.

1.29 Other Accounting Principles

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

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Note 2: Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2021-22 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 2022-23 Code are:

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022-23 year).
- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes four changed standards:
 - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
 - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

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

Wyre Forest District Council – Statement of Accounts 2021-22 Notes to the Accounts

Note 3: Critical Judgements in applying Accounting Policies

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

- Valuations

The Covid-19 pandemic and geopolitical events have impacted upon global financial markets meaning that valuers have been faced with an unprecedented set of circumstances on which to base valuation judgements. All valuations for 2020-21 and 2021-22 have been made at 31st March. This means there is more certainty and negates the need for changes to valuation or impairment. Several properties were purchased under the Future High Streets Capital Scheme. At 31st March 2022 they have not yet been demolished so all but one have been classified as surplus assets. The remaining property that is currently tenanted has been classified as operational in accordance with Code guidance.

- Investment Properties

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

- Accounting for Business Rates

The Council is a billing authority collecting Non-domestic rates (Business Rates), on behalf of Worcestershire Business Rates pool and central government; this is an agency arrangement. The proportion of income collected on an agency basis is 60%; the remaining 40% of the income is collected, as principal, for Wyre Forest District Council. When acting as agent the Council's balance sheet does not include the agency proportionate shares of business rate arrears, the impairment allowance for doubtful debts, prepayments and over payments and provision for appeals.

- Business Rate Appeals

The 2021-22 gross collectable business rates before prior year adjustments, standard reliefs and Covid-19 related reliefs were £36.91m. 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 both the 2010 and 2017 lists have been either settled or withdrawn during 2021-22 and consequently the overall provision held has reduced. However, we have applied a similar approach to the previous year in setting aside a provision for the 2017 list appeals anticipated for the 2021-22 financial year. The total appeals provision at 31st March 2022 stands at £3.15m; our local share being £1.26m.

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

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

- **Upfront pension payment**

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

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

Note 4: Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. 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 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

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Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Property, Plant and Equipment</p>	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Valuations are based on the assumption that the Council will be able to sustain its current spending on repairs and maintenance. The fair funding review, revisions to business rates retention and rising inflation due to the current economic climate makes it uncertain that the Council will be able to sustain its current spending, bringing into doubt the useful lives assigned to assets.</p> <p>Valuation methods result in a point estimate of value and involve judgements based on the latest most reliable information. They are based on market prices and are periodically reviewed. Current geo-political unrest and the continuing impact of COVID-19 bring into doubt the accuracy of the estimate.</p> <p>If the reduction of funding streams results in a reduction of service delivery or closure of facilities, this could result in the impairment of assets due to obsolescence. Similarly, regulation changes could result in obsolescence of some equipment.</p>	<p>If the useful life of assets is reduced, depreciation will increase and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £44,879 for every year that useful lives had to be reduced.</p> <p>Changes in estimation technique can result in the carrying amount of an asset increasing or decreasing, the movements will be reflected in the CI&E.</p> <p>Impairing the assets would be reflected in the CIES.</p>
<p>Pensions Liability</p>	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, life expectancy rates and expected returns on pension fund assets. The Actuary, Mercer Limited, is engaged to provide the Council with expert advice about the assumptions to be applied.</p> <p>Brexit and COVID-19 both initially had negative impacts on the UK economy and pension asset values, but the market appears to be recovering and stabilising. However, another serious outbreak of COVID-19 could have a detrimental impact on asset returns, as could an increase in interest rates to curb inflation increases as a result of the recovery. The outcome of pending legal cases may also affect the pension liability going forward.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £2.3m.</p>

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Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Provision for Business Rates Appeals	<p>Following the introduction of the current Business Rates Retention Scheme in April 2013, Local Authorities have been liable for a share of the cost of successful appeals by businesses against their rateable value. The Council maintains a provision to cover the cost of outstanding business rates appeals. The timing of an appeal being lodged and the outcome is uncertain, so an estimate is made based on experience to date. The 2010 list provision has been calculated based on the current list of live appeals supplemented by a separate independent analysis of the pattern of appeals across the sector and local experience. The estimation method applied in 2021-22 for 2017 list appeals is based on an average reduction across the whole list. Management are satisfied that this approach is reasonable, common with the approach frequently adopted across the sector, and reliable as it utilises assumptions adopted by government when setting the business rates multiplier.</p> <p>To mitigate the risk of a future liability arising from central decisions that affect the valuation basis of hereditaments the Council also holds an Earmarked Reserve.</p>	<p>If the provision for appeals, based upon net rates payable, was increased by 1% in 2021-22 the resulting increase to the provision would be £207,178; with the local share being £82,871.</p>
Fair Value Measurements	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value.</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in Note 17.</p>	<p>The Council uses the discounted cash flow model incorporating premature repayment rates and new borrowing rates from the PWLB to measure the fair value of some of its financial assets.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions (for some financial assets) and professional valuer assumptions (for some non-current assets).</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the financial assets.</p>

With regards to Property, Plant and Equipment, Pensions Liability and Fair Value Measurements, there is still inherent uncertainty in estimating the effect of the Covid-19 pandemic on property values, pension assets and financial liability fair values. Property assets have been revalued at 31st March 2022 so although there is still estimation by the Valuer, there is more certainty as they are valued at the Balance Sheet date.

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Note 5: Material items of Income and Expense

This note discloses material items of income and expenditure that are not disclosed on the face of the Comprehensive Income and Expenditure Statement. During the year, the Council processed Covid-19 support grant payments funded by Government. The total value of grants distributed at 31st March 2022 was £10.617m and the funding to support these payments was £14.898m. Of this balance £3.969m passed through the CIES in relation to grant awarded in accordance with criteria determined by the council. The remaining grants processed were distributed to businesses in accordance with conditions determined by the Government and are not included in the CIES. Unspent allocations at 31st March 2022 were carried forward to meet obligations in 2022-23. In February 2022, the Government announced Councils would be responsible for administering the Council Tax Energy Rebate scheme. Although this was a 2022-23 scheme the Council received a grant award of £5.925m on 30th March 2022. Therefore, at the year end the Council held this sum in its Balance Sheet as a receipt in advance.

	Grants Brought Forward 31/03/2021 £'000	Grants Received 2021-22 £'000	Grants Applied/ Distributed in year £'000	Grants Returned £'000	Grants Carried Forward 01/04/2022 £'000
Grants paid as Principal	(1,436)	(2,825)	3,969	306	14
Grants paid as agent outside of the CIES	(3,611)	(7,026)	6,648	2,596	(1,393)
Totals	(5,047)	(9,851)	10,617	2,902	(1,379)

Note 6: Expenditure and Funding Analysis

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

2021-22	Net Expenditure as reported for Resource Management	Adjustments to arrive at the Net Expenditure chargeable to General Fund (see Note 7)	Net Expenditure Chargeable to the General Fund Balance	Adjustments to arrive at the Net Expenditure in the Comprehensive Income and Expenditure Statement (see Note 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Chief Executive and Solicitor to the Council	1,828	72	1,900	156	2,056
Resources and Revenues, Benefits and Customer Services	4,037	(729)	3,308	(246)	3,062
Community and Environmental Services	4,365	(1,187)	3,178	1,796	4,974
Strategic Growth and Economic Development and Regeneration	1,949	1,672	3,621	1,043	4,664
Capital Account	178	(178)	-	-	-
Net Cost of Services	12,357	(350)	12,007	2,749	14,756
Other Income and Expenditure	(6,610)	178	(6,432)	(8,529)	(14,961)
(Surplus)/Deficit	5,747	(172)	5,575	(5,780)	(205)

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Comparative information for 2020-21

2020-21	Net Expenditure as reported for Resource Management	Adjustments to arrive at the Net Expenditure chargeable to General Fund (see Note 7)	Net Expenditure Chargeable to the General Fund Balance	Adjustments to arrive at the Net Expenditure in the Comprehensive Income and Expenditure Statement (see Note 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Chief Executive and Solicitor to the Council	1,810	19	1,829	118	1,947
Resources and Revenues, Benefits and Customer Services	3,837	(1,620)	2,217	(909)	1,308
Community and Environmental Services	6,165	(1,209)	4,956	2,921	7,877
Strategic Growth and Economic Development and Regeneration	2,371	(4,167)	(1,796)	3,532	1,736
Capital Account	(95)	95	-	-	-
Net Cost of Services	14,088	(6,882)	7,206	5,662	12,868
Other Income and Expenditure	(18,608)	(95)	(18,703)	6,995	(11,708)
(Surplus)/Deficit	(4,520)	(6,977)	(11,497)	12,657	1,160

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

Movement in General Fund Balance	2020-21 £'000	2021-22 £'000
Opening General Fund Balance as at 1 st April	(14,785)	(26,282)
(Surplus)/Deficit on General Fund Balance in Year	(11,497)	5,575
Closing General Fund Balance as at 31st March	(26,282)	(20,707)

Note 7: Note to the Expenditure and Funding Analysis

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

Adjustments to arrive at the General Fund Balance:

2021-22	Exclude Transfers to/from Reserves	Exclude Depreciation to arrive at Funding Basis	Exclude Debt Financing and MRP Reported to Management under Net Cost of Services	Adjustments to arrive at the Net Expenditure chargeable to General Fund (see Note 6)
	£'000	£'000	£'000	£'000
Chief Executive and Solicitor to the Council	72	-	-	72
Resources and Revenues, Benefits and Customer Services	(351)	(378)	-	(729)
Community and Environmental Services	(116)	(1,071)	-	(1,187)
Strategic Growth and Economic Development and Regeneration	2,159	(487)	-	1,672
Capital Account	-	-	(178)	(178)
Net Cost of Services	1,764	(1,936)	(178)	(350)
Other Income and Expenditure	-	-	178	178
(Surplus)/Deficit	1,764	(1,936)	-	(172)

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Comparative information for 2020-21

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

Adjustments to arrive at the Comprehensive Income and Expenditure Statement:

Adjustments between Funding and Accounting Basis 2021-22

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net change for Pensions Adjustments	Other Statutory Differences	Total Statutory Adjustments	Other (non statutory) Adjustments	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive and Solicitor to the Council	-	163	-	163	(7)	156
Resources and Revenues, Benefits and Customer Services	378	(595)	-	(217)	(29)	(246)
Community & Environmental Services	1,193	599	-	1,792	4	1,796
Strategic Growth and Economic Development and Regeneration	508	553	-	1,061	(18)	1,043
Net Cost of Services	2,079	720	-	2,799	(50)	2,749
Other income and expenditure from the Expenditure and Funding Analysis	(4,154)	1,272	(4,436)	(7,318)	(1,211)	(8,529)
Difference between General Fund Surplus/Deficit and Comprehensive Income and Expenditure Statement Surplus/Deficit	(2,075)	1,992	(4,436)	(4,519)	(1,261)	(5,780)

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Comparative information for 2020-21

Adjustments between Funding and Accounting Basis 2020-21

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

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.

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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 allowed by statute and the replacement with current service costs
 - For **Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.

Other Statutory Adjustments

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

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Notes to the Accounts

Note 8: Expenditure and Income analysed by nature

	2020-21 £'000	2021-22 £'000
Expenditure		
Employee Benefits Expenses	11,980	14,028
Other Service Expenses	37,593	34,274
Support Services	399	214
Depreciation and Revaluation Adjustments	6,824	2,873
Interest Payments	1,012	989
Pensions	3,306	3,287
Precepts	1,317	1,458
Total Expenditure	62,431	57,123
Income		
Fees, Charges and Other Service Income	(12,485)	(13,322)
Interest and Investment Income	(58)	(77)
Icelandic Investments Interest Adjustment	(28)	-
Council Tax and NNDR	(11,647)	(13,133)
Pensions	(2,011)	(2,015)
Government Grants and Contributions	(34,630)	(28,685)
Net Gain on Disposal of Fixed Assets	(412)	(96)
Total Income	(61,271)	(57,328)
(Surplus)/Deficit on the Provision of Services	1,160	(205)

Note 9: Adjustments between Accounting basis and Funding basis under Regulations

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

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

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.

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Capital Grants Unapplied

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

2021-22	Usable Reserves			Movement in Unusable Reserves £'000
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	2,872			(2,872)
Capital grants and contributions applied	(5,921)		830	5,091
Revenue expenditure funded from capital under statute	1,130			(1,130)
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	506			(506)
Direct Revenue Financing	(60)			60
Repayment of Loan Debt		1,732		(1,732)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(1,212)			1,212
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	(602)	625		(23)
Use of the Capital Receipts Reserve to finance new capital expenditure		(2,235)		2,235
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	5,819			(5,819)
Employer's pensions contributions and direct payments to pensioners payable in the year	(3,827)			3,827
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	(4,435)			4,435
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	(50)			50
Total Adjustments	(5,780)	122	830	4,828

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

Note 10: Other Operating Expenditure

	2020-21 £'000	2021-22 £'000
Parish/Town Council Precepts	1,317	1,458
(Gains)/Losses on the disposal of non-current assets	(412)	(96)
Total	905	1,362

Note 11: Financing and Investment Income and Expenditure

	2020-21 £'000	2021-22 £'000
Interest payable and similar charges	1,012	989
Net interest on the net defined benefit liability/(asset)	1,295	1,272
Interest receivable and similar income	(58)	(77)
Icelandic investments interest adjustment	(1)	-
Icelandic investments impairment adjustments	(27)	1
Total	2,221	2,185

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Note 12: Taxation and Non-Specific Grant Income and Expenditure

	2020-21 £'000	2021-22 £'000
Council Tax income	(8,582)	(9,073)
Business Rates income and expenditure	(3,041)	(4,060)
New Homes Bonus	(262)	(243)
NNDR Levy Redistribution	(24)	-
Other non-service related Grants	(2,925)	(5,132)
Total	(14,834)	(18,508)

Note 13: Movements in Earmarked Reserves

This note details the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from the earmarked reserves to meet General Fund expenditure in 2021-22.

Earmarked Reserve	Balance at 31st March 2021 £'000	Receipts in year £'000	Payment in year £'000	Transfers between reserves £'000	Total in year £'000	Balance at 31st March 2022 £'000
Business Rates Equalisation / Regeneration Risk Reserve	3,198	500	(60)	-	440	3,638
General Risks	675	479	(50)	716	1,145	1,820
Innovation Fund	1,077	470	(494)	-	(24)	1,053
Capital Financing	915	200	-	-	200	1,115
Levelling Up Fund	-	150	-	292	442	442
Business Rates Pool - Re-distribution Timing Reserve	-	372	-	-	372	372
Future High Streets Fund	500	-	(193)	-	(193)	307
State of the Area Projects	115	83	(1)	-	82	197
Building Control Chargeable Account	117	49	-	-	49	166
Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP)	292	-	-	(292)	(292)	-
General Waste Reserve	251	-	-	(251)	(251)	-
External Funding	5,019	523	(3,110)	(333)	(2,920)	2,099
Other Miscellaneous Reserves (below £150,000)	1,116	303	(206)	(132)	(35)	1,081
Sub Total	13,275	3,129	(4,114)	-	(985)	12,290
Collection Fund (timing differences)	7,407	-	(4,331)	-	(4,331)	3,076
Total Earmarked Reserves	20,682	3,129	(8,445)	-	(5,316)	15,366

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Reserve	Purpose
Collection Fund (timing differences)	Most of this reserve is in respect of a technical accounting adjustment relating to the timing difference between NNDR1 (estimated income) reflected in the CIES and the actual position following completion of the NNDR3 (outturn). The government granted further business rates relief to retail, hospitality, and leisure businesses during 2021-22 and compensated councils for the loss of income with a Section 31 grant. These reliefs reduce the income to the collection fund resulting in a deficit shown as a deficit on the Council's share of income in the Collection Fund Adjustment Account (CFAA) (see Note 25). The grant income is shown in the Council's General Fund. There is also a small timing difference between the estimated Council Tax and the actual. In 2022-23 the reserve will be released to cover the transfer from the CFAA to the General Fund in relation to Business Rates and Council Tax.
Business Rates Equalisation / Regeneration Risk Reserve	To mitigate against future Business Rates/economic regeneration risk. The level of this risk reserve has been maintained due to continuing potential for unforeseen reductions in this key funding stream. Reductions could arise from increases in appeals, rating list reductions, Business Rates reform and potential decline in growth. The level of reserve also recognises the inevitable increased risk of failure to realise overall growth as a result of the delayed Business Rates Retention reform and COVID-19 pandemic. This reserve may also be used to deliver key regeneration schemes to increase the business rates base and deliver strategic regeneration/economic development priorities.
General Risks	This recognises the financial risk the Council faces given the forecast reductions in future funding and resultant increased funding gap; whilst we have a planned transformation programme of work to address this it is increasingly challenging.
Innovation Fund	To support delivery of Service Transformation required to close the funding gap.
Capital Financing	Costs of servicing debt "slipped" forward in capital programme – to be applied in future budgets.
Levelling Up Fund	A revenue contingency reserve to meet any costs that can't be capitalised during the development phase of the repurposing of the piano building.
Business Rates Pool - Re-distribution Timing Reserve	WFDC are the only district to have had their NNDR3 2020-21 audited. Following closure of the Council's accounts on the draft Pool figures for 2020-21 Redditch subsequently required a safety net payment from the other Pool Members, reducing the Council's distribution from £47,179 to £26,113 for which an adjustment has been made in the accounts 2021-22. At this time, it is still unknown if the 2020-21 NNDR3's for all other districts are audited. There is a risk that more adjustments will be required so the revised Pool Distribution for 2020-21 and the draft Pool Distribution for 2021-22 is to be earmarked. WFDC and Wychavon are the only NNDR3's currently submitted as draft for 2021-22. The estimated distribution for 2021-22 based upon the latest draft figures is £345,490. The total to Earmark is £371,603.
Future High Streets Fund	A revenue contingency reserve to meet unexpected costs that are revenue in nature.
State of the Area Projects	Continued delivery of activities agreed within the Council's State of the Area regeneration / economic development programme.
Building Control Chargeable Account	To be offset against future deficits to enable us to demonstrate a breakeven position over a "reasonable period of time".
Greater Birmingham and Solihull Local Enterprise Partnership	To meet future liabilities arising from membership of the GBSLEP.

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General Waste Reserve	Formerly held in relation to waste collection given the pressures on this service as further house building generates additional demand and the uncertainty around the aspirations in the Government’s Resources and Waste Strategy. This has been transferred to the General Risks reserve.
External Funding	Includes the following: Flexible Homeless Support Grant, Homelessness Reduction Act 2017 and Rough Sleeper Funding, Flood Recovery Grant, Primary Care Trust – Local Health Projects, Local Welfare Scheme, Welfare Assistance Scheme, Covid Funding – Revs & Bens, Covid Funding – Council Tax Hardship Relief, Levelling Up Fund Grant, Community Housing Fund, Public Rented Sector Access Housing, Domestic Abuse Funding, Housing Support Fund, Local Authority Delivery Scheme and other minor reserves.
Other Miscellaneous Reserves (below £150,000)	Includes the following Reserves: Property Risk, State of the Area Projects, Redditch Regen Projects, Planning Earmarked Reserve, ReWyre Projects, Capital Portfolio and Development Loans Fund Financing, Bromsgrove Economic Impact Studies, Bromsgrove Town Centre and other minor reserves.

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Note 14: Property Plant and Equipment (PPE)

Movements on Balances

Movements in 2021-22:

	Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at April 1st 2021	59,829	8,179	4,165	244	831	73,248
Additions And Enhancements	2,282	204	112	2,094	1,868	6,560
Revaluation Movements Recognised In The Revaluation Reserve	808	-	61	32	-	901
Revaluation Movements Recognised In The Surplus/Deficit On The Provision Of Services	(814)	-	(112)	(65)	-	(991)
Disposals	(370)	(610)	(146)	-	-	(1,126)
Reclassifications	1,067	-	-	(125)	(942)	-
Gross Book Value at 31st March 2022	62,802	7,773	4,080	2,180	1,757	78,592
Accumulated Depreciation at April 1st 2021	-	(4,771)	-	-	-	(4,771)
Depreciation Charge	(1,064)	(725)	(1)	-	-	(1,790)
Reversal of Depreciation On Revaluation Taken To The Revaluation Reserve	985	-	1	-	-	986
Reversal of Depreciation On Revaluation Taken To The Surplus/Deficit On The Provision Of Services	57	-	-	-	-	57
Disposals	13	583	-	-	-	596
At 31st March 2022	(9)	(4,913)	-	-	-	(4,922)
Net Book Value at 31st March 2022	62,793	2,860	4,080	2,180	1,757	73,670

There have been no Capital Portfolio acquisitions in 2021-22.

The major Assets Under Construction at 31st March 2022 were:

- the Future High Streets Scheme development in Kidderminster. This major capital scheme has now commenced following the Government Grant of £20.51m awarded in December 2020. It is anticipated to reach completion by April 2024.
- Brinton Park Heritage Lottery Fund development. This capital scheme is progressing in close liaison with the Heritage Lottery Fund.

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Comparative Movements in 2020-21 (restated):

	Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at April 1st 2020	61,043	7,981	2,118	826	340	72,308
Additions And Enhancements	68	502	10	41	491	1,112
Revaluation Movements Recognised In The Revaluation Reserve	2,636	-	2,271	(86)	-	4,821
Revaluation Movements Recognised In The Surplus/Deficit On The Provision Of Services	(3,512)	-	(209)	(535)	-	(4,256)
Disposals	(406)	(304)	(25)	(2)	-	(737)
Reclassifications	-	-	-	-	-	-
Gross Book Value at 31st March 2021	59,829	8,179	4,165	244	831	73,248
Accumulated Depreciation at April 1st 2020	(2,682)	(4,259)	(9)	-	-	(6,950)
Depreciation Charge	(1,299)	(797)	-	-	-	(2,096)
Reversal of Depreciation On Revaluation Taken To The Revaluation Reserve	3,432	-	-	-	-	3,432
Reversal of Depreciation On Revaluation Taken To The Surplus/Deficit On The Provision Of Services	238	-	4	-	-	242
Disposals	311	285	5	-	-	601
At 31st March 2021	-	(4,771)	-	-	-	(4,771)
Net Book Value at 31st March 2021	59,829	3,408	4,165	244	831	68,477

The table above has been amended to show the movements more clearly. This restatement has no impact on the gross or net book values.

Depreciation Methods:

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

Asset Category	Life
Offices, Leisure & Recreation and Museum	1-64
Depot & Workshops	19-39
Public Conveniences	15-20
Miscellaneous Community Assets	1-10
Vehicles, Plant & Machinery, Equipment & Lighting	1-10
ICT Systems	1-5

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

Asset Description	2020-21	2021-22
Land, Properties and Vehicles:		
Assets Under Construction	3	5
Car Parks	23	23
Cemetery Sites	2	2
Civic & Administrative Buildings	2	2
Leisure Centres (leasehold interest in Bewdley Leisure Centre)	2	2
Museums	1	1
Nature Reserves	3	3
Other Land & Buildings	30	33
Public Conveniences	4	4
Sports & Social Clubs	4	3
Sports Fields & Parks	18	15
Trading Estates & Enterprise Centres	5	7
Vehicles	78	73

The major items of capital expenditure in 2021-22 were:

Scheme	£'000
Future High Streets Fund, Kidderminster	3,739
Industrial Units at Silverwoods	1,830
Development Loans Fund*	1,732
Disabled Facilities/Housing Grants	861
Unity Park Development	361
Vehicle & Equipment Replacement Programme	190
Churchfields Development	167
Brinton Park (Heritage Lottery Fund Scheme)	155
Stourport Riverside	112
Green Street Depot	105
Property Flood Grants	102
ICT Strategy	97
Other Capital Schemes (below £50k)	64
Total Capital Expenditure	9,515

*The one advance made in 2021-22 via the Development Loans Fund Scheme was repaid in full by 31st March 2022.

The Council's Capital Programme was financed as follows:

Type of Financing	£'000
Prudential Borrowing	2,129
Grants	5,091
Application of Capital Receipts	2,235
Direct Revenue Financing	60
Total Financing	9,515

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At 31st March 2022 the following major capital contracts had been entered into, with the following sums remaining to be paid.

Description	£'000
Future High Streets Fund	247
Wyre Forest House – Construction Contract (including Retentions)*	211
Disabled Facilities Grants/Housing Assistance Grants	336
Vehicle Renewals	681
ICT Strategy	421
Castle Road Scheme	100
Brinton Park HLF Scheme Consultancy	53
Unity Park Retention	11

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

Revaluations

The Council's Land, Buildings, Community Assets and Surplus Assets are valued as a minimum on a five year rolling programme, ensuring that classes of assets are revalued simultaneously and sufficiently regularly to ensure the carrying value does not differ materially from the fair value. Assets valued over £1m and Assets Held for Sale are subject to an annual revaluation. In 2020-21 substantially all of the Council's property estate was valued due to a heightened risk of material misstatement due to the impact of the pandemic on property values. In addition, all residual values are reviewed annually. All valuations from 2020-21 onwards have been made at 31st March. The current asset values used in the accounts are based on valuations provided by Avison Young, Independent Valuers. The valuations of assets carried at current value are analysed in the table below. This table does not include other items contained within the Council's Asset Register such as Vehicles, Plant and Equipment, Intangible Assets or Assets under Construction as these assets are carried at Depreciated Historical Cost and are not, therefore, subject to revaluation.

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

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

Description	Land and Buildings £'000	Community Assets £'000	Surplus Assets £'000	Assets Held for Sale £'000	Total £'000
Valued in:					
2021-22	62,629	4,080	2,180	250	69,139
2020-21	164	-	-	-	164
Total	62,793	4,080	2,180	250	69,303

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Note 15: Heritage Assets

Reconciliation of the carrying value of heritage assets held by the Council, 2021-22.

	Art Collection £'000	Richard Eve Memorial and Museum Exhibits £'000	Total Heritage Assets £'000
Cost or Valuation at April 1st 2021	656	534	1,190
Net Revaluation Increases/(Decreases)	(9)	2	(7)
Net Book Value at 31st March 2022	647	536	1,183

Comparative information for 2020-21:

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

Revaluations

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

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

Note 16: Intangible Assets

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

	2020-21 £'000	2021-22 £'000
Balance at Start of Year:		
Gross Carrying Amounts	2,864	3,008
Accumulated Amortisation	(2,426)	(2,547)
Net Carrying Amount at Start of Year	438	461
Purchases	144	92
Amortisation for period	(121)	(147)
Reduction in gross values for assets no longer in use	-	(1,306)
Accumulated depreciation written off for assets no longer in use	-	1,306
Net Carrying Amount at End of Year	461	406
Comprising:		
Gross Carrying Amount	3,008	1,794
Accumulated Amortisation	(2,547)	(1,388)
Net Carrying Amount at End of Year	461	406

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Note 17: Financial Instruments (Including Nature and Extent of Risks)

Categories of Financial Instruments

	Non-Current		Current	
	31 st March 2021 £'000	31 st March 2022 £'000	31 st March 2021 £'000	31 st March 2022 £'000
Financial Assets				
Investments				
Fair Value through profit and loss				2,000
Amortised Cost – Investments (Principal)	13		9,605	14,000
Amortised Cost – Investments (Accrued Interest)			9	8
Amortised Cost - Cash and cash equivalents			13,031	17,001
Total Investments	13	0	22,645	33,009
Amortised cost - Debtors			2,790	1,573
Total Financial Assets	13	0	25,435	34,582
Financial liabilities				
Amortised cost - Borrowing	(34,179)	(32,164)	(3,290)	(2,355)
Amortised Cost - Creditors			(2,533)	(2,783)
Total Financial Liabilities	(34,179)	(32,164)	(5,823)	(5,138)

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:

	31 st March	
	2021 £'000	2022 £'000
Interest income (including Icelandic investment interest)	59	77
Interest expense	(1,012)	(989)
Total	(953)	(912)

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).

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The fair values of Financial Assets are as follows:

	31 st March 2021		31 st March 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Cash and Cash Equivalents	13,031	13,031	19,001	19,001
Add back: Overdraft/(Cash at Bank)	309	309	(196)	(196)
Short-term Deposits	9,614	9,614	14,008	14,008
Long Term Investments	13	13	-	-
Total Temporary Investments	22,967	22,967	32,813	32,813

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

As at 31st March 2022 the Council held no financial assets for which Level 1 valuations will apply and £32.813m financial assets for which Level 2 valuations will apply. All the financial assets are valued at amortised cost and are held with the UK Debt Management Office (DMO) and Notice Accounts.

As at 31st March 2022 the Council held £34.179m financial liabilities for which Level 2 valuations will apply. The financial liabilities are held with the Public Works Loan Board (PWLB) and Market lenders. All of these borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, we have used a financial model valuation provided by Link Asset Services. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses both premature repayment rates and new borrowing rates to discount the future cash flows as detailed below:

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

The fair values of Financial Liabilities are as follows:

	31 st March 2021		31 st March 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Market Debt	4,024	4,036	2,015	2,020
PWLB Loan – Maturity	33,165	36,475	32,164	27,234
Total Borrowing	37,189	40,511	34,179	29,254

The fair value of PWLB loans of £27.234m 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.

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However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. If interest rates fell significantly below the rates secured for its current loans, the Council could repay the loans to the PWLB. However, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £38.562m at 31st March 2022 and therefore it is not financially advantageous to repay.

Nature and Extent of Risk Arising from Financial Instruments

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

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

Overall Procedures for Managing Risk

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

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

Credit risk

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

This risk is minimised through the Annual Investment Strategy within the Treasury Management Strategy 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 Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies and a number of relevant overlays are detailed below:

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

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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 2022 was 0.010% (0.008% at 31st March 2021), as provided by Link Asset Services, therefore no adjustment has been made to the carrying value of the investments.

The Authority's maximum exposure to credit risk in relation to its investments in financial institutions of 25% or 50% for Government backed institutions or £5m (with specific approval by the Corporate Director: Resources) of total investments with any financial institution or group cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31st March 2022 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 2022. These are analysed by age as shown in the table below:

Age of Debt	31 st March	
	2021 £'000	2022 £'000
Less than three months	966	1,102
Three to six months	189	54
Six months to one year	222	81
More than one year	202	297
Total	1,579	1,534

The Council has an impairment allowance of £521k in place to mitigate against this risk (£381k in 2020-21).

Liquidity risk

The Council manages its liquidity position through its risk management procedures above (the setting and approval of prudential indicators, non-treasury indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets is as follows:

	31 st March	
	2021 £'000	2022 £'000
Less than one year	22,954	32,813
Between one and two years	13	-
Total	22,967	32,813

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

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

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

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

	31st March	
	2021 £'000	2022 £'000
Less than one year	3,290	2,355
Between one and two years	2,015	-
Between two and five years	1,006	2,012
Between five and ten years	6,032	6,033
Between ten and fifteen years	5,041	5,038
Between fifteen and twenty years	4,026	3,022
Between twenty and twenty-five years	-	-
Over twenty-five years	16,059	16,059
Total	37,469	34,519

Market risk

1. Interest rate risk

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

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

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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 2022, 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	379

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

2. Price risk

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

3. Foreign Exchange Risk

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

4. Transfers of Financial Assets

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

Note 18: Debtors

Short Term Debtors	31st March	
	2021 £'000	2022 £'000
Trade Receivables	2,790	1,573
Prepayments	352	397
Local Taxation including Major Precepting Authorities	10,880	6,007
Other Receivable Amounts	1,432	248
Total Net Debtors at Year End	15,454	8,225

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Note 19: Debtors for Local Taxation

Debtors for Local Taxation (Memorandum - gross debtors)	31st March	
	2021 £'000	2022 £'000
Council Tax:		
Current year	1,816	1,785
More than one year	3,572	3,805
NNDR:		
Current year	756	879
More than one year	1,087	1,065
Total Gross Debtors for Local Taxation	7,231	7,534

Note 20: Cash and Cash Equivalents

Cash and Cash Equivalents comprises:

Cash and Cash Equivalents	2020-21 £'000	2021-22 £'000
Cash held by the Authority	1	2
Bank current accounts	(310)	194
Short-term deposits with banks/building societies	13,340	18,805
Total Balance at Year End	13,031	19,001

Note 21: Assets Held for Sale

Assets Held for Sale	2020-21 £'000	2021-22 £'000
Balance at Start of Year	1,000	250
Balance at Year End	250	250

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

Note 22: Creditors

Creditors	31st March	
	2021 £'000	2022 £'000
Government Departments	10,426	8,528
Local Authorities	2,265	936
Sundry Creditors	2,538	2,383
Council Taxpayers (overpayments/receipts in advance)	158	146
Business Rates (overpayments/receipts in advance)	227	1,019
Receipts in Advance	5,564	9,776
Contractors and Other Deposits	98	136
Total Balance at Year End	21,276	22,924

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Creditors - Summary	31st March	
	2021 £'000	2022 £'000
Trade payables	2,533	2,783
Other payables	18,743	20,141
Total Balance at Year End	21,276	22,924

Note 23: Provisions

Description of Provision	1st April 2021 £'000	Provided in Year £'000	Payments in Year £'000	31st March 2022 £'000
Business Rates Appeals	2,071	389	(1,097)	1,363
Termination Benefits	19	-	(19)	-
Total	2,090	389	(1,116)	1,363

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

The provision for termination benefits arose as a result of service redesign and is in respect of two employees.

Note 24: Usable Reserves

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

Note 25: Unusable Reserves

Summary of Unusable Reserves

	31st March	
	2021 £'000	2022 £'000
Revaluation Reserve	19,432	20,755
Capital Adjustment Account	10,620	13,511
Pensions Reserve	(62,581)	(59,795)
Collection Fund Adjustment Account	(7,641)	(3,205)
Accumulated Absences Account	(330)	(280)
Total Unusable Reserves	(40,500)	(29,014)

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.

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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	2021 £'000	2022 £'000
Balance at 1st April	11,684	19,432
Revaluation Gains	10,415	3,379
Revaluation reductions written off against prior balances	(2,317)	(1,499)
(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets	8,098	1,880
Excess Current Value Depreciation over Historic Cost Depreciation	(308)	(240)
Balances written out following disposal	(42)	(317)
Balance at 31st March	19,432	20,755

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	2021 £'000	2022 £'000
Balance at 1st April	15,727	10,620
Capital Receipts Applied	284	2,235
Depreciation	(2,219)	(1,936)
Revaluation Adjustments	(4,605)	(936)
Direct Revenue Financing	-	60
Appropriation of Minimum Revenue Provision	1,170	1,212
Revenue Expenditure Funded From Capital Under Statute	(3,648)	(1,130)
Disposal of Non-Current Assets	(135)	(530)
Capital Grants	3,696	5,091
Repayment of Loan Debt	-	(1,732)
Revaluation Reserve	350	557
Balance at 31st March	10,620	13,511

Pensions Reserve

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

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However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources available to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. As a partner to Worcestershire Regulatory Services (WRS), the debit balance in the Pension Reserve includes this Council's share of 15.15% of the overall liability as at 31st March 2022.

Pensions Reserve	2020-21 £'000	2021-22 £'000
Balance at 1st April	(61,507)	(62,581)
Adjustment to opening balance for WRS – Decrease in share of WRS* liability (15.31% in 2019-20 and 15.15 % in 2020-21)	15	
Adjustment to WRS Opening Balance		77
	(61,492)	(62,504)
Adjustment to opening balance for GMP	1	-
Remeasurements of the net defined benefit (liability and asset)	(448)	4,701
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(3,822)	(5,819)
Employer's pension contributions and direct payments to pensioners payable in the year	3,180	3,827
Balance at 31st March	(62,581)	(59,795)

*Worcestershire Regulatory Services

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Collection Fund Adjustment Account	2020-21 £'000	2021-22 £'000
	(359)	(7,641)
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(7,282)	4,436
Balance at 31st March	(7,641)	(3,205)

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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	2020-21 £'000	2021-22 £'000
Balance at 1st April	(185)	(330)
Reversal of Opening Balance	185	330
Amounts accrued at the end of the current year	(330)	(280)
Balance at 31st March	(330)	(280)

Note 26: Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

Cash Flow Statement – Operating Activities	2020-21 £'000	2021-22 £'000
Interest received	(74)	(77)
Interest paid	1,037	990
Net cash flows from operating activities	963	913

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

Cash Flow Statement – Operating Activities	2020-21 £'000	2021-22 £'000
Depreciation	2,219	1,936
Downward re-valuations	4,605	936
Increase/(decrease) in creditors	4,123	4,073
(Increase)/decrease in debtors	(2,820)	2,543
(Increase)/decrease in inventories	(24)	(41)
Movement in pension liability	(3,628)	4,355
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	134	530
Other non-cash items charged to the net surplus or deficit on the provision of services	2,062	(725)
Total	6,673	13,607

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	2020-21 £'000	2021-22 £'000
Proceeds from short-term and long-term investments	(59)	(65)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(547)	(626)
Any other items for which the cash effects are investing or financing cash flows	(4,287)	(5,921)
Total	(4,893)	(6,612)

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Note 27: Cash Flow Statement – Investment Activities

Cash Flow Statement – Investment Activities	2020-21 £'000	2021-22 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(1,703)	(6,654)
Purchase of short-term and long-term investments	(498)	(4,395)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	547	626
Proceeds from short-term and long-term investments	59	76
Other receipts from investing activities	6,170	9,805
Net cash flows from investing activities	4,575	(542)

Note 28: Cash Flow Statement – Financing Activities

Cash Flow Statement – Financing Activities	2020-21 £'000	2021-22 £'000
Cash receipts of short and long-term borrowing	40	60
Repayments of short and long-term borrowing	-	(3,000)
Other payments for financing activities	(2,793)	2,252
Net cash flows from financing activities	(2,753)	(688)

Note 29: Members' Allowances and Expenses

Members' allowances and expenses paid during the year were £223,421 (£218,856 in 2020-21). Further information is provided on the Council's website.

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Note 30: Officers' Remuneration

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

Position	Year	Salary (including fees & allowances)	Compensation for loss of Office	Expenses Allowances*	Total Remuneration excluding pension contributions 2021-22	Pension Contributions	Total Remuneration including pension Contributions 2021-22
		£	£	£	£	£	£
Chief Executive	2021-22	115,890	-	72	115,962	21,092	137,054
	2020-21	114,459	-	12	114,471	20,780	135,251
Corporate Director: Economic Prosperity and Place	2021-22	58,697	42,776	-	101,473	**184,757	286,230
	2020-21	77,695	-	25	77,720	14,106	91,826
Corporate Director: Resources	2021-22	58,697	42,776	38	101,511	**177,971	279,482
	2020-21	77,295	-	-	77,295	14,033	91,328
Solicitor to the Council	2021-22	50,365	-	16	50,381	***140,105	190,486
	2020-21	59,093	-	59	59,152	9,586	68,738
Head of Community and Environment	2021-22	66,476	-	-	66,476	12,062	78,538
Head of NWEDR	2021-22	66,415	-	34	66,449	12,088	78,537
Head of Strategic Growth	2021-22	57,731	-	52	57,783	10,507	68,290
Head of Resources and S151 Officer	2021-22	55,528	-	-	55,528	10,106	65,634
Head of Revenues, Benefits and Customer Services	2021-22	50,840	-	-	50,840	9,253	60,093

On 12th May 2021 Council agreed the implementation of a revised management restructure. The Corporate Director: Economic, Prosperity and Place and the Corporate Director: Resources were made redundant from 31st December 2021. The new Corporate Management Team from 1st January 2022 are:

Chief Executive (head of paid service)
Solicitor to the Council (monitoring officer)
Head of Resources (section 151 Officer confirmed at Council on 8th December 2021)
Head of Strategic Growth
Head of North Worcestershire Economic Development and Regeneration
Head of Community and Environment
Head of Revenues, Benefits & Customer Services

- * All mileage is reimbursed at 40p per mile which is below the HMRC approved rate of 45p per mile for cars and vans.
- ** The pension contribution includes pension actuarial costs on loss of office.
- *** The pension contribution for the Solicitor to the Council includes pension actuarial costs agreed as part of flexible retirement.

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

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Other officers whose remuneration (excluding employer pension contributions) for the year exceeded £50,000, the three officers whose remuneration is disclosed for 2020-21 are now members of the Corporate Leadership Team and are disclosed in the senior officer remuneration table above:

Total Remuneration (excluding employer's contributions)	2020-21	2021-22
£50,000 - £54,999	-	-
£55,000 - £59,999	2	-
£60,000 - £64,999	1	-

In addition to the above salaries, the Elections Returning Officer (Chief Executive) received £13,808 remuneration, and mileage allowance (includes pension contributions) as appropriate, for his role in the County, Kidderminster Town and West Mercia Police & Crime Commissioner Elections.

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

(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band		(e) Total cost of exit packages in each band (excluding WRS)	
	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21 £	2021-22 £
£0 - £20,000	8	3	-	-	8	3	43,286	22,147
£20,001 - £40,000	1	2	-	-	1	2	36,563	45,111
£40,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £200,000	-	2	-	-	-	2	-	250,476
£200,001 - £300,000	-	2	-	-	-	2	-	426,913
Total	9	9	-	-	9	9	79,849	744,647

The total cost of £744,647 includes compulsory redundancy costs and Actuarial strain charged to the Council's Comprehensive Income and Expenditure Statement in the current year.

Note 31: External Audit Costs

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

Fees payable to the Council's External Auditors	2020-21 £'000	2021-22 £'000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	38	41
Agreed Audit Fee Variation for 2019-20 and 2020-21	8	29
Fees payable in respect of other services provided by Grant Thornton during the year* paid in arrears	12	12
Total	58	82

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

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Note 32: Grant Income

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

Grant Income	2020-21 £'000	2021-22 £'000
Credited to Taxation and Non-Specific Grant Income		
New Homes Bonus	262	243
Lower Tier Services Grant	-	121
Other Capital Grants	24	-
Covid 19 Business Rates Relief Grant	7,991	4,214
Covid 19 Local Authority Support Grant	1,604	748
Covid 19 Sales, Fees and Charges	1,116	234
Covid 19 Local Tax Income Guarantee	205	32
Subtotal	11,202	5,592
WFDC Council Tax Income	8,582	9,073
Business Rates Retention	(4,950)	(154)
Capital Grants Applied	-	3,997
Total Credited to Taxation and Non-Specific Grant Income	14,834	18,508
Credited to Services		
Housing Benefit Subsidy	23,025	20,178
Housing Benefit Admin	313	409
Covid Support Grants	6,478	1,391
Other Grants:		
Chief Executive & Solicitor to the Council Resources	28	23
Community and Environmental Services	650	526
Strategic Growth & North Worcestershire Economic Development and Regeneration	217	342
	1,697	1,985
Total Grant Income Credited to Services	32,408	24,854

Total Grant income credited to services includes government grants & contributions of £23.310m (as per Note 8) along with grants & contributions from other organisations.

Note 33: Related Party Transactions

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

Central Government

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Significant grants received from Government Departments are set out in Note 32. Grant receipts outstanding at 31st March 2022 are shown in Note 18.

Members

Members of the Council have a direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2021-22 is shown in Note 29.

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

Members also sit on several other outside bodies where transactions of less than £10k were made in 2021-22 to:

- District Councils' Network
- Age UK, Bromsgrove, Redditch and Wyre Forest
- Office of the Police & Crime Commissioner for West Mercia

Major transactions over £10k for 2021-22 where Councillors or Officers were also members of outside bodies are shown in the table below:

Organisation	Total Income £'000	Total Expenditure £'000	Income due at 31/03/2022 £'000	Expenditure due at 31/03/2022 £'000
Other Public Bodies				
Worcestershire County Council	3,108	1,007	273	45
Kidderminster Town Council	181	93	8	-
Stourport Town Council	8	19	-	4
Bewdley Town Council	2	18	-	-
Wolverley and Cookley Parish Council	-	11	-	-
Other Bodies				
Wyre Forest Citizens Advice Bureau	-	176	-	4
Kidderminster & District Youth Trust	1	86	-	23
PSP Wyre Forest LLP	-	29	-	-
Wyre Forest Nightstop & Mediation	1	24	-	4
Stourport Sports Club Limited	11	14	-	-
Local Government Association	-	12	-	-
Worcestershire LEP	-	10	-	-

Officers

The Community Services Manager and the Community & Strategic Projects Manager were board Members of Stourport Sports Club Limited during 2021-2022.

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 2021-22.

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Services Hosted by WFDC

Service	Council	Value of Service in 2021-22 £'000	Payment due from WFDC at 31/03/2022 £'000	Receipt due to WFDC at 31/03/2022 £'000
North Worcestershire Economic Development and Regeneration	Redditch Borough Council	234	-	38
	Bromsgrove District Council	277	-	47
North Worcestershire Water Management	Redditch Borough Council	57	-	12
	Bromsgrove District Council	53	-	11
North Worcestershire Civil Contingencies and Resilience	Redditch Borough Council	18	-	4
	Bromsgrove District Council	18	-	4

Services Hosted by Other Councils

Service	Host Council	Value of Service in 2021-22 £'000	Payment due from WFDC at 31/03/2022 £'000	Receipt due to WFDC at 31/03/2022 £'000
Worcestershire Regulatory Services	Bromsgrove District Council	456	10	48
North Worcestershire Building Control	Bromsgrove District Council	156	39	-
Payroll	Redditch Borough Council	54	54	-
Car Park Administration Service	Wychavon District Council	61	-	-

Note 34: Capital Expenditure and Capital Financing

Capital Expenditure and Capital Financing	2020-21 £'000	2021-22 £'000
Opening Capital Financing Requirement	40,566	40,319
Operational Assets	724	3,052
Non-operational Assets	532	3,602
Revenue Expenditure Funded from Capital Under Statute	3,648	1,130
Development Loan (repaid in year)	-	1,731
Capital Receipts	(284)	(2,235)
Government Grants and other Contributions	(3,697)	(5,091)
Sums Set Aside from Revenue	(1,170)	(1,272)
Closing Capital Financing Requirement	40,319	41,236
Explanation of movements in the year:		
Increase in underlying requirement to borrow (unsupported by Government financial assistance)	(247)	(917)
Increase in Capital Financing Requirement	(247)	(917)

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Note 35: Defined Benefit Pension Schemes

Participation in Pension Schemes

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

The Council participates in the Local Government Pension Scheme (LGPS), administered locally by Worcestershire County Council. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Discretionary post-retirement benefits upon early retirement are an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. There are no assets within the pension plan built up to meet these pension liabilities. Where applicable, the obligation relating to unfunded benefits of £435k is reflected in the Wyre Forest District Council columns within this disclosure note.

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

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

The Council terminated the contracts of 9 employees in 2021-22, incurring liabilities of £745k (£80k in 2020-21) – see note 30 for the number of exit packages and total cost per band. Of this total, £43k was payable to Corporate Director: Economic Prosperity and Place and £43k was payable to Corporate Director: Resources in the form of compensation for loss of office and enhanced pension benefits of £427k, as disclosed in Note 30. The remaining £318k is payable to 3 officers from Benefits Administration, 1 officer from Legal Services Administration, 1 officer from Facilities Management, 1 officer from Leisure Services and 1 officer from Revenues Services who were made redundant as part of the Council's transformation programme.

Transactions Relating to Post-Employment Benefits

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

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The Council is a partner in Worcestershire Regulatory Services, governed by the Joint Committee. Staff were transferred to the host authority – Bromsgrove District Council on a fully funded basis. The shared service was admitted to the pensions fund as a 'ghost body'; as such any liability or surplus that accrues is the responsibility of the partners of the shared service. The Council's share of the overall deficit as defined by the partnership legal agreement is currently 15.15% (15.15% in 2020-21) and this is reflected in the note below:

	WFDC		Share of WRS	
	2020-21 £'000	2021-22 £'000	2020-21 £'000	2021-22 £'000
Comprehensive Income and Expenditure Statement				
Cost of Services				
Service cost comprising:				
Current Service Cost	2,343	3,033	108	171
Past Service Costs (including Curtailments)	46	1,311	-	-
Administration expenses	29	30	1	2
Financing and Investment Income and Expenditure				
Net interest expense	1,263	1,232	32	40
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	3,681	5,606	141	213
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)	(16,687)	(3,748)	(239)	(31)
Actuarial (gains) and losses arising on changes in actuary assumptions	16,531	(775)	843	(147)
Total remeasurement recognised in Other Comprehensive Income	(156)	(4,523)	604	(178)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	3,525	1,083	745	35
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	686	1850	59	142
Actual amount charged against the General Fund Balance for pensions in the year				
Employers' contributions payable to scheme	2,537	3,321	185	71
Discretionary retirement benefits payable to pensioners	458	435	-	-

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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	
	2020-21 £'000	2021-22 £'000	2020-21 £'000	2021-22 £'000
Present value of defined benefit obligation	152,733	155,167	6,019	6,112
Fair value of plan assets	(92,185)	(97,292)	(3,986)	(4,192)
Sub Total	60,548	57,875	2,033	1,920
Advance payment of Pension Contributions	(4,702)	(2,338)	-	-
Net liability arising from defined benefit obligation	55,846	55,537	2,033	1,920

In April 2020 the Council made an advance payment of pension contributions 2020-21 to 2022-23 to the Pension Fund in order to secure a reduction in the amount in each of the three financial years. Further detail is provided later in the note under the heading 'Impact on the Council's Cash Flows.' As at 31 March 2022, the Pension Liability is £2.338m lower than the Pension Reserve representing the advance payment relating to 2022-2023.

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

	WFDC		Share of WRS	
	2020-21 £'000	2021-22 £'000	2020-21 £'000	2021-22 £'000
Opening fair value of scheme assets	74,868	92,185	3,574	3,986
Adjustment to opening balance for WRS*				77
Decrease in share of WRS liability (15.31% in 2019-20 and 15.15% in 2020-21)**	-	-	(37)	-
	74,868	92,185	3,537	4,063
Interest Income	1,923	1,930	88	86
Remeasurement gain/(loss) - return on plan assets, excluding amount included in net interest expense	16,687	3,748	239	31
Administration expenses	(29)	(30)	(1)	(2)
Contributions from employer	2,995	3,756	185	71
Contributions from employees into scheme	465	477	22	28
Benefits Paid	(4,724)	(4,774)	(84)	(85)
Closing fair value of scheme assets	92,185	97,292	3,986	4,192

*Worcestershire Regulatory Services

**Recalculation of the share of WRS liability from 15.31% in 2019-20 to 15.15% in 2020-21 resulted in a reduction of £37k in the opening balance for 2020-21.

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

	WFDC		Share of WRS	
	2020-21 £'000	2021-22 £'000	2020-21 £'000	2021-22 £'000
Opening balance at 1 st April	134,887	152,733	5,062	6,019
Adjustment to opening balance	(1)	-	-	-
Decrease in share of WRS liability (15.31% in 2019-20 and 15.15% in 2020-21)	-	-	(52)	-
	134,886	152,733	5,010	6,019
Current Service cost	2,343	3,033	108	171
Interest cost	3,186	3,162	120	126
Contributions from scheme participants	465	477	22	28
Remeasurement (gains) and losses- Actuarial (gains)/losses arising from: experience (gain)/losses	(2,738)	386	(96)	14
changes in financial assumptions	19,269	-	939	(114)
demographic assumptions	-	(1,161)	-	(47)
Past Service Cost/Curtailments	46	1,311	-	-
Benefits paid	(4,724)	(4,774)	(84)	(85)
Closing balance at 31st March	152,733	155,167	6,019	6,112

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Local Government Pension Scheme assets comprised:

Fair value of scheme assets	WFDC		Share of WRS	
	2020-21 £'000	2021-22 £'000	2020-21 £'000	2021-22 £'000
Alternatives:				
UK Infrastructure*	3,592	4,584	184	218
European Infrastructure*	2,554	3,056	131	145
US Infrastructure*	1,916	2,547	98	121
UK Stock Options*	319	407	16	19
Overseas Stock Options*	80	(204)	4	(10)
Corporate Private Debt*	1,038	1,528	53	72
Sub-total alternatives	9,499	11,918	486	565
Property:				
European*	1,762	-	91	-
UK*	2,202	4,966	114	235
Overseas*	352	451	18	21
Sub-total Property	4,316	5,417	223	256
Equities:				
UK quoted	113	111	3	3
Overseas quoted	28,866	23,823	627	585
PIV UK Managed Funds*	12,805	13,407	278	329
PIV UK Managed Funds (Overseas equities) *	36,392	38,892	790	954
PIV Overseas Managed Funds*	112	776	2	19
Sub-total equities	78,288	77,009	1,700	1,890
Bonds:				
UK Government Fixed	-	1,576	-	792
LGPS Central Global Pooled Funds	-	1,372	-	689
Other	82	-	1,577	-
Sub-total bonds	82	2,948	1,577	1,481
Total Assets	92,185	97,292	3,986**	4,192

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

**Fair value of scheme assets for 2020-21 adjustment of £77k to £4,063.

Basis for Estimating Assets and Liabilities

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

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The significant assumptions used by the actuary have been:

	WFDC		WRS	
	2020-21	2021-22	2020-21	2021-22
Long term expected rate of return on assets in the scheme				
Life Expectancy:				
Longevity at 65 of current pensioners				
Male	22.7yrs	22.6yrs	22.7yrs	22.6yrs
Female	25.1yrs	25.0yrs	25.1yrs	25.0yrs
Longevity at 65 of future pensioners				
Male	24.4yrs	24.1yrs	24.4yrs	24.1yrs
Female	27.1yrs	27.0yrs	27.1yrs	27.0yrs
Financial assumptions				
Rate of Inflation (CPI)	2.70%	3.40%	2.70%	3.30%
Rate of increase in salaries	4.20%*	4.90%	4.20%	4.80%
Rate of increase in pensions	2.80%	3.50%	2.80%	3.40%
Discount Rate on liabilities	2.10%	2.80%	2.10%	2.80%

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

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

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumptions 2021-22	
	WFDC £'000	Share of WRS £'000
Liabilities		
Longevity (increase in 1 year)	4,712	181
Increase in longevity increases liability		
Rate of inflation (increase by 0.1%)	2,349	114
Increase in inflation increases liability		
Rate of increase in salaries (increase by 0.1%)	268	16
Increase in salaries increases liability		
Rate for discounting scheme liabilities (increase by 0.1%)	(2,314)	(112)
Increase in discount decreases liability		
Assets		
Change in 2021-22 investment returns (increase by 1%)		
Increase in investment returns increases assets	970	42

Wyre Forest District Council – Statement of Accounts 2021-22 Notes to the Accounts

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 15 years from the last pension valuation on 31st March 2019. Funding levels are monitored on an annual basis.

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

The weighted average duration of the defined benefit obligation for scheme members is 15 years, 2021-22 (15 years 2020-21). For Worcestershire Regulatory Services the weighted average duration is 19 years (19 years 2020-21).

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

Note 36: Contingent Liabilities

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

The Council continues to have a contingent liability in respect of the potential level of exposure to future claims relating to its liability from Municipal Mutual (MMI), its former insurers. There is a contingent liability for payment of future claims that may come forward.

Note 37: Trust Funds

Wyre Forest District Council acts as trustee of the Bewdley Museum Trust and retains the shop profits partially to offset the gross expenditure incurred in running the Museum. There is, therefore, no income or expenditure accruing directly to the Trust. A new Trust, the Bewdley Heritage Trust, was registered with the Charity Commission on 25th April 2022 as part of the Localism Agenda for running of Bewdley Museum independently from the Council.

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Note 38: Interests in Companies and Other Entities

PSP Wyre Forest LLP was incorporated by Companies House on 22nd March 2017, under registration number OC416505. This limited liability partnership with PSP Facilitating Limited (PSPF) was established in order to unlock more challenging property proposals. The LLP is a 50/50 partnership (£1 Member's Capital for each party representing initial funding contribution) with profits also shared equally. The decision-making process must be unanimous, and the initial term is for 10 years subject to termination provisions. There is a group relationship with PSP Wyre Forest LLP. The total transactions in year totalled £29k.

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

Note 39: Events after the Balance Sheet Reporting Period

The Head of Resources and S151 Officer confirms the following non-adjusting Post Balance Sheet Events (PBSE) identified at 18th July 2022, the date that the pre-audit Statement of Accounts 2021-22 was approved:

- Levelling Up Fund – First drawdown of £245k was paid to Kidderminster Town Council in May 2022, to support the planned works to the Kidderminster Town Hall, being part of the Levelling Up Fund programme.
- A new Trust, the Bewdley Heritage Trust was registered with the Charity Commission on 25th April 2022 as part of the Localism Agenda for running of Bewdley Museum independently from the Council. On 15th June 2022 the Trustees notified the decision that they didn't wish to proceed, and the Council is therefore considering other options.
- Cabinet approved a £1.6m contribution from the Capital Portfolio Fund towards the acquisition and repurposing of the Piano Building, Kidderminster to support viability in light of cost inflation.
- The conditional agreement, signed in October 2019 to develop the Lionsfield site where the Glades Leisure Centre in Kidderminster once stood, was terminated in June 2022. New uses for the site will be explored by the Council.

Note 40: Going Concern Disclosure

The Statement of Accounts is prepared on a going concern basis, on the assumption that it will continue in existence into the foreseeable future, 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.

Our balances at 31 March 2022 compared to prior years are as follows:

Comparison of Balance of Reserves	General Reserves including £1.5m Working Balance (£1.2m at 31/03/2021)	Earmarked Reserves Note 13	Total General Fund Balance Note 6
	£'000	£'000	£'000
Balance at 31st March 2022 carried forward	5,341	15,366	20,707
Balance at 31st March 2021 carried forward	5,600	20,682	26,282

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Worst case scenario planning has been undertaken and the Head of Resources and S151 Officer 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.

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The Collection Fund Account

This statement represents the transactions of the Collection Fund, a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax and Non-Domestic Rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised. The costs of administering collection are accounted for in the General Fund.

2020-21 Business Rates £'000	2020-21 Council Tax £'000	2020-21 Total £'000		2021-22 Business Rates £'000	2021-22 Council Tax £'000	2021-22 Total £'000
Income						
-	(63,118)	(63,118)	Council Tax Receivable	-	(65,812)	(65,812)
(11,778)	-	(11,778)	Business Rates Receivable	(20,560)	-	(20,560)
(710)	-	(710)	Appeals settled against Provision	(2,744)	-	(2,744)
(12,488)	(63,118)	(75,606)	Total Income	(23,304)	(65,812)	(89,116)
Expenditure						
Precepts, Demands and Shares:						
13,934	-	13,934	Central Government	6,215	-	6,215
3,803	44,149	47,952	Worcestershire County Council	2,867	44,653	47,520
288	2,895	3,183	Hereford and Worcester Fire Authority	137	2,913	3,050
-	7,584	7,584	Office of the Police and Crime Commissioner for West Mercia	-	7,986	7,986
10,774	7,375	18,149	Wyre Forest District Council	4,469	7,432	11,901
-	1,317	1,317	Parish/Town Councils	-	1,458	1,458
Charges to the Collection Fund:						
259	604	863	Increase in Allowance for Impairment	388	63	451
3,059	-	3,059	Increase/(Decrease) in Provision for Appeals	974	-	974
132	-	132	Cost of Collection Allowance	130	-	130
2	-	2	Disregarded Amounts	5	-	5
32,251	63,924	96,175	Total Expenditure	15,185	64,505	79,690
19,763	806	20,569	(Surplus)/Deficit for the Year	(8,119)	(1,307)	(9,426)
(3,761)	880	(2,881)	(Surplus)/Deficit b/fwd as at 1 st April	16,002	1,686	17,688
16,002	1,686	17,688	(Surplus)/Deficit c/fwd as at 31 st March	7,883	379	8,262
Allocation of (Surplus)/Deficit:						
8,630	-	8,630	Central Government	3,942	-	3,942
(195)	1,175	980	Worcestershire County Council	709	268	977
160	78	238	Hereford and Worcester Fire Authority	79	18	97
-	199	199	Office of the Police and Crime Commissioner for West Mercia	-	41	41
7,407	234	7,641	Wyre Forest District Council	3,153	52	3,205
16,002	1,686	17,688		7,883	379	8,262

Notes to the Collection Fund Account

Note 1: General

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

Business Rates surpluses or deficits declared by the billing authority in relation to the Collection Fund are apportioned in the subsequent financial year in their respective proportions. To help mitigate the risk of fluctuations in Business Rates income, Wyre Forest District Council (WFDC) remained a member of the Worcestershire Business Rates Pool (WBRP) for 2021-22. 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) multiplied by a uniform business rate set nationally by Central Government. The Business Rates Retention Scheme, introduced in 2013-14, aims to give councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Local authorities retain a proportion of the total collectable rates due.

The business rates shares payable for 2021-22 were estimated before the start of the financial year as £14.272m to Central Government (£13.762m in 2020-21), £2.569m to WCC (£2.477m in 2020-21), £0.285m to H&WFA (£0.275m in 2020-21) and £11.418m to WFDC (£11.009 in 2020-21). These sums have been paid in 2021-22 and charged to the collection fund in year. WFDC draft share of the Pool retained levy for 2021-22 was £345k, although this is an estimated figure and is subject to the remaining district councils submitting their year-end information to WCC.

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

The Non-Domestic rateable value of the Council's area at 31st March 2022 was £74,288,258 (31st March 2021 - £75,057,413), based upon the 2017 rating list. The 2010 list rateable value was £74,110,664 (31st March 2021- £74,280,614). The standard national multiplier for 2021-22 was 51.2p (51.2p in 2020-21) and 49.9p for qualifying Small Businesses (49.9p in 2020-21).

The net income from business rate payers collected in 2021-22 was £23.304m; an increase on the sum collected in 2020-21 (£12.488m). Income in 2020-21 was significantly lower due to the granting of Covid-19 reliefs, some of which extended into 2021-22. The Council has been compensated for the loss in income resulting from the granting of Covid reliefs via grant received from MHCLG.

Note 3: Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimating 1st April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by this Council, WCC, PCC, H&WFA and Town/Parish Councils within Wyre Forest for the forthcoming year and dividing this by the Council Tax base. The basic amount of Council Tax for a band D property (excluding Town & Parish Councils), £1,896.04 for 2021-22 (£1,841.58 in 2020-21) 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 £331,302 (£157,446 in 2020-21).

The Council taxbase, which is used in the calculation of the Council Tax, is based upon the number of dwellings in each valuation band on the listing produced by the Valuation Office Listing Officer. This is adjusted for exemptions, discounts, disabled banding changes and appeals. The taxbase estimate for 2021-22 was 33,780 (33,945 in 2020-21).

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	11,550	4,673.27	6,876.73	6/9	4,584.49
Band B	11,603	2,725.04	8,877.96	7/9	6,905.08
Band C	11,432	1,706.57	9,725.43	8/9	8,644.83
Band D	6,246	612.20	5,633.80	1	5,633.80
Band E	3,447	238.54	3,208.46	11/9	3,921.45
Band F	1,751	115.19	1,635.81	13/9	2,362.83
Band G	1,223	30.62	1,192.38	15/9	1,987.30
Band H	128	0.75	127.25	2	254.50
Total	47,380	10,102.18	37,277.82		34,294.28
Less Allowance for Non-Collection					514.28
District Tax Base					33,780.00

Income from Council Tax in 2021-22 was £65.812m (£63.118m in 2020-21).

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Note 4: Collection Fund Surpluses and Deficits

The Council Tax deficit of £0.379m at 31st March 2022 will be recovered in subsequent financial years from this Council, WCC, PCC and H&WFA in proportion to the value of the respective precepts and demands made by the four Authorities on the Collection Fund.

The Business Rates deficit of £7.883m at 31st March 2022 will be adjusted accordingly in subsequent financial years between this Council, Central Government, WCC and H&WFA in proportion to the value of the respective shares of the Business Rates Retention Pilot Scheme. This higher than usual accounting adjustment is due to the granting of additional Covid-19 related business rates reliefs, funded by Central Government.

Note 5: Significant Precepts/Demands on the Collection Fund

The significant precepts and demands on the Collection Fund in 2021-22, excluding surplus/deficits, are as follows:

	Council Tax £'000	NNDR £'000
Worcestershire County Council	45,395	2,569
Office of the Police and Crime Commissioner for West Mercia	8,114	-
Hereford and Worcester Fire Authority	2,962	285
Wyre Forest District Council (Council Tax includes parishes)	9,036	11,418
Central Government	-	14,272

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.

2020-21			2021-22	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
569	897	Allowance for Impairment as at 1 st April	1,090	919
(83)	(236)	Past Years Write Offs	(255)	(320)
604	258	Increase in Year	63	388
1,090	919	Allowance for Impairment as at 31 st March	898	987

The Wyre Forest District Council share is as follows:

2020-21			2021-22	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
150	368	Wyre Forest District Council Share of Allowance for Impairment as at 31 st March	123	395

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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 2022.

	2020-21 £'000	2021-22 £'000
Provision for Appeals as at 1 st April	2,828	5,177
Appeals settled/withdrawn in year	(710)	(2,745)
Increase/(Reduction) in Provision	3,059	974
Provision for Appeals as at 31 st March	5,177	3,406

The Wyre Forest District Council share is as follows:

	2020-21 £'000	2021-22 £'000
Wyre Forest District Council Share of Appeals as at 31 st March	2,071	1,363

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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

Something the council owns – for example a building, some cash or money owed to it.

Asset Register

Each local authority is required to compile a register of all its capital assets (examples include premises, vehicles, equipment and computer systems). Each asset must be professionally valued, generally at replacement cost, at least every five years. Capital charges for the use of assets are calculated on the values contained in the asset register.

Audit Opinion

The auditor's opinion on whether the council's accounts show a true and fair view of its financial affairs. If the auditors are satisfied with the accounts, they will issue an unqualified audit opinion.

Balance Sheet

A year-end statement prepared by all public and private sector organisations, which shows the net assets controlled by the organisation and how these have been funded. The balance sheet is known as the statement of financial position under 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.

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Code of Practice on Local Authority Accounting (the Code)

The code is the framework for publishing local authority statutory accounts based on accounting standards and interpretations issued by the 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 same area. There are eight council tax bands and how much each household pays depends upon the value of the homes. The majority of council tax income is distributed to precepting authorities.

Council Taxbase

The council 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; because it attracts twice as much tax.

Council Tax Discounts and Exemptions

Discounts are available to people who live alone and owners of homes that are not anyone's main home. Council tax is not charged for certain properties, known as exempt properties, such as those lived in only by students.

Council Tax Reduction Scheme

A locally determined scheme which sets the system to calculate amounts deducted from the bills of working age council tax payers. The scheme sets the maximum discount that can be given, so there is a minimum percentage of the council tax bill that all tax payers must pay. This is 20%.

Counterparty Report

List of approved financial institutions the council can invest surplus funds with. This is based on credit ratings criteria approved by council within the Treasury Management Policy.

Creditors

Amounts owed by the district council for work done, goods or services received but for which payment has not been made by the end of the accounting period.

Current Asset or Liability

An asset or liability the council expects to hold for less than one year.

Debtors

Amounts due to the district council but unpaid by the end of the accounting period.

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Depreciation

The measure of the cost or revalued amount of the benefits of an asset that have been consumed/used during the financial year. Consumption includes wear and tear, age and obsolescence.

Direct Revenue Financing

Revenue resources used to finance capital expenditure.

Discounted Cash Flow

A method of assessing investments taking into account the expected accumulation of interest.

Earmarked Reserves

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

Expenditure and Funding Analysis

The expenditure and funding analysis shows how annual expenditure is used and funded from resources in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates.

Fair Value

The amount for which an asset or liability could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Fees and Charges

In addition to income from the council tax, retained business rates and grants from government, local authorities charge for numerous services including car parking.

Finance Lease

An arrangement whereby the party leasing the asset has most or all of the use of an asset, and the lease payments are akin to repayments on a loan.

Financial Instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Examples include borrowings, loans receivable and investments.

Financial Regulations and Standing Orders

The rules and procedures that the council's financial affairs are operated within.

Financial Statements

Another term for the statement of accounts.

Going Concern

The assumption that the services of the council will continue to operate for the foreseeable future.

Government Grants

Payments by central government towards the cost of local authority services. These are either for particular purposes or services (specific grants) or in aid of local services generally.

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Housing Benefit (see also note on Universal Credit)

This scheme provides financial assistance towards the domestic rent payments of tenants in registered social landlord or privately owned accommodation, whose incomes fall below prescribed amounts. The district council is reimbursed by the government for 100% of the cost as well as a government contribution towards the cost of administering housing benefit.

Impairment

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

International Financial Reporting Standards (IFRS)

The accounting standards introduced from 2010-11. They constitute a standardised way of describing financial performance so that financial statements are understandable and comparable across international boundaries.

Inventories

Previously referred to as stock – items purchased and paid for but not yet used.

Liability

Something the council owes – for example an overdraft, a loan, or a bill it has not yet paid.

Liquid Investments

These are assets that are readily converted into cash without significant loss, e.g. Short term investments.

Movement in Reserves Statement (MiRS)

A statement which analyses movements in the council's usable and unusable reserves during the year.

National Non-Domestic Rates (Business Rates) (NNDR)

A business tax collected locally by district councils.

Net Present Value

Provides an estimate of the value of payments in the future in today's terms, as at the balance sheet date.

New Burdens

A new burden is defined as any central government policy or initiative which increases the cost of providing local authority services.

Non-current Assets

A tangible asset which is intended to be used for several years, such as a vehicle or building, previously referred to as fixed assets.

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.

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Operational Assets

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

Outturn

Actual income and expenditure.

Precept

This is the amount of council tax income that county councils, police and crime commissioners, fire authorities and parish/town councils need to provide their services. The amounts for all local authorities providing services in an area appear on one council tax bill which is issued by the district council.

Provisions

These are monies set aside to meet any liabilities or losses which are likely or will be incurred, but the amounts or the dates on which they will arise are uncertain e.g. Provision for bad debts.

Prudential Code for Capital Finance in Local Authorities

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 in respect of the financial year.

Revenue Expenditure funded from Capital under Statute

Capital expenditure for which no tangible fixed asset exists is now classified as revenue expenditure funded from capital under statute and is charged to the comprehensive income and expenditure statement.

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Support Services

The provision of services by the central divisions of the council in respect of finance, personnel, legal, policy, administration, information technology and property.

True and Fair

It is the aim of the accounts to show a true and fair view of the council's financial position, i.e.; they should faithfully represent what has happened in practice.

Universal Credit (see also definition of Housing Benefit above)

Universal credit is a payment to help low income 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 2024.

Unrealised Gains and Losses

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

Virement

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

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List of commonly used Acronyms

Acronym	Description/Definition
AGS	Annual Governance Statement – this provides an overview of the Governance arrangements within the Council, along with any potential weaknesses.
ARG	Additional Restrictions Grant.
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.
DLUHC	Department for Levelling Up, Housing and Communities - central government department which has the responsibility for Local Government. This replaced the Ministry of Housing, Communities and Local Government.
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	Her Majesty’s Revenue and Customs – central government organisation responsible for the administration and collection of national taxes including VAT.
IAS	International Accounting Standard – these provide detailed guidance on the application of IFRS.
IASB	International Accounting Standards Board – governing body of expertise on accounting standards.
IFAC	International Federation of Accountants – the global organisation for the accountancy profession.
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards – international framework to ensure common approach to the production of Statement of Accounts across the world.
LASAAC	Local Authority (Scotland) Accounts Advisory Committee – operates in the same way as CIPFA within England, and often works in partnership with CIPFA on accounting guidance through a Joint Committee.
LATC	Local Authority Trading Company - companies that are free to operate commercially but remain wholly owned by the parent local authority. As a trading organisation, they can provide their services to a much wider market than a council department and, crucially, they can generate income, to be ploughed back into the LATC itself or the wider council.

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Acronym	Description/Definition
LEP	Local Enterprise Partnership (the Council is a member of both the Greater Birmingham and Solihull Local Enterprise Partnership and Worcestershire Local Enterprise Partnership) – partnerships of businesses, local authorities and universities that support private sector growth and job creation.
LGA	Local Government Association – the body that represents Local Government nationally, this body has a key lobbying role with central government.
LLP	Limited Liability Partnership.
LUF	Levelling up Fund – the governments major regeneration initiative for 2021 providing grants to support capital investment projects across Great Britain.
LRG	Local Restrictions Grant.
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.
MIRS	Movement in Reserves Statement – represents the changes in the Council's financial resources.
MRP	Minimum Revenue Provision – this represents the minimum which authorities must repay on their debts each year.
NDR or NNDR	National Non-Domestic Rates – sometimes called business rates – these are collected by Local Authorities and are the way that those who occupy non-domestic property contribute towards the cost of local services.
PBSE	Post Balance Sheet Event – an event taking place after the Balance Sheet event that may either be noted or adjusted in the accounts depending on its relevance.
PPE	Property Plant and Equipment – IFRS terminology for fixed assets.
PWLB	Public Works Loan Board – this is a central government body which makes loans to local government and other prescribed public bodies from the National Loans Fund.
S151	Section 151 – this refers to Section 151 of the Local Government Act 1972 where it states that every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.
SOLACE	Society of Local Authority Chief Executives – professional organisation for Chief Executives and Senior Managers within Local Government.
VFM	Value for Money – this represents a formal review by the auditors on whether the Council is delivering Value for Money to its residents. This opinion forms part of the overall audit certificate.
WBRP	Worcestershire Business Rates Pool - Under the business rates retention scheme local authorities are able to come together, on a voluntary basis, to pool their business rates, giving them scope to generate additional growth through collaborative effort and to smooth the impact of volatility in rates income across a wider economic area. At 31 st March 2022 the members of the WBRP were Worcestershire County Council (Lead Authority), Wyre Forest District Council, Wychavon District Council, Worcester City Council, Malvern Hills District Council, Redditch Borough Council, Bromsgrove District Council and Hereford and Worcester Fire Authority.