

***Statement
of
Accounts
2015/2016***



Wyre Forest
District Council

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

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WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

1. NARRATIVE REPORT

Welcome to the Council's Statement of Accounts for the year ended 31st March 2016 that details the financial position of the Council for the last year. This Narrative Report (a change in requirement for 2015/16, replacing the Explanatory Foreword) including the accompanying forward-looking notes and explanations, outlines the main issues affecting the Council and also provides a summary of the financial position at 31st March 2016.

The most significant issue facing the Council remains its financial position. Despite the continuing austerity measures confirmed by the Government in the 2016 Financial Settlement, the updated medium term financial strategy, approved by February Council, provides a balanced approach for the next three years. Whilst there is a planned contribution to reserves in 2016/17 of £211,400 the forecast impact of changes to the funding regime mean that by 2018/19 reserves of around £875,000 are required to balance the budget. The funding gap increases to around £2m from 2019/20 and further work on the Wyre Forest Forward Savings Strategy is actively being worked on to close this gap and ensure the future financial sustainability of the Council. More certainty around the scale of future financial savings will be known following the release of detail on the Funding Reform.

The cross-party Cabinet Financial Strategy Advisory Panel previously established to inform and scrutinise the budget process successfully fed into key decisions about the shape of the strategy finally approved at the Council Tax setting meeting. Following this process, the Council set the budget for 2016/17, including a 2 year freeze in Council Tax, increased emphasis on income generation, and continued investment in the key priority of economic and regeneration initiatives, aided by membership of both the Worcestershire and Greater Birmingham & Solihull Local Enterprise Partnerships.

Our net revenue budget will have reduced from £16.4m in 2009/10 to £10.91m in 2018/19 based upon current plans. This represents a fall of around 33% in absolute terms, and more in real terms. The total savings target from the Wyre Forest Forward programme including all Cabinet Proposals have been increased to £3.349m in 2018/19, of which projections show we should achieve £2.37m (just over 70%); forecast as at mid August 2016. The further target is particularly challenging but early work has already started to progress savings plans and we are optimistic this is achievable, especially when we consider the Council's strong track record in reducing expenditure since 2009. The current and planned proposals go a considerable way towards closing the gap between what we are spending and our income. Alongside this significant reduction, the Council is overseeing its most significant capital investment programme in many years, including the completion of the new leisure centre. The successful progression of this project is confirming even higher levels of savings than forecast for the Council going forward, as well as securing first class leisure provision. Major injections of finance also continue in the Council's key priority of securing the economic prosperity of the district.

There was a contribution to General Reserves of £180,310 from the 2015/16 accounts rather than the planned use of reserves in the revised budget of £401,410 and this improvement is most welcome. This will be confirmed at Audit Committee in September 2016.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

1. NARRATIVE REPORT (continued)

The Council is a member of two local enterprise partnerships, Greater Birmingham & Solihull and Worcestershire. It has not taken a decision to join the West Midlands Combined Authority at this time. It will continue to monitor the progress of the new body and will keep under review the cost and benefits of full or non-constituent membership. Worcestershire councils and partner organisations produced proposals for devolution and had a constructive meeting with Lord Heseltine in April. Lord Heseltine set out the Government's model for devolution. It is clear that Government is working on larger geographic footprints than single Counties and would not accept proposals that lacked a combined authority and elected mayor. Organisations in Worcestershire are continuing to work together to see what can be done without a devolution deal and to assess whether a different configuration or arrangement could achieve the desired outcomes, whilst continuing to monitor the progress of those deals already agreed and the evolving position of the Government on deals outside of the City Mayor model.

This has been the third year of the Business Rates Retention Scheme and the results this year are far more positive with an overall surplus, exceeding the revised budget of £2.547m by £231k. Several factors have contributed to this good news; firstly we will receive a Pool payment for our share of the retained levy of £31k; secondly, whilst appeals remain a risk, no new significant appeals have been received this year that have required an increase in our normal provision levels and thirdly, actual growth achieved has exceeded the revised budget assumptions. All of these factors, together with no significant business failures in 2015/16, have contributed to this Council's results. Based on the membership agreement of the Worcestershire Business Rates Pool, we paid into the risk reserve this year, rather than receiving a payment from it as was the case in 2013/14 (nil in 2014/15). A payment from the 2015/16 risk reserve will be paid to Malvern Hills towards their funding shortfall, leaving a balance of £129k to be carried forward to the new Pool (excluding Malvern Hills). However, the increased risk around appeals remains and although we have made provision within the accounts for such payments it is unknown if this will be sufficient. We currently hold a Business Rates/Regeneration Risk Earmarked Reserve of £530k reflecting the fact that this Council collects over £30m of business rates annually and the unknown impact of the proposed move to 100% retention of growth which will undoubtedly involve more risk.

The Working Balance remains at £1m. The surplus of £180k in 2015/16 compared to the planned use of reserves of £401k (revised budget) has increased general reserves; a one-off release of earmarked reserves has contributed to this position. This surplus is after contributions to three risk reserves of £930k (the first was £230k to top up the Business Rates/Regeneration Risk Reserve; the second was £200k to replenish the Transformation Fund and the third was the creation of a new General Risks Reserve of £500k). Whilst this is good news for the Financial Strategy going forward, it is clear that the future financial position for the Council will continue to be challenging, particularly in the light of the fiscal uncertainty given the result of the European Referendum with austerity measures set to continue to balance the national budget. However it is too early to judge the impact of the decision to leave the European Union on Local Government Finances; at the moment the only tangible impact has been modest financial market volatility but this has not had a material impact to date. The reduced level of funding currently programmed for the Council in the future is being mitigated by a raft of transformational reviews being developed and implemented as part of the Wyre Forest Forward programme.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

1. NARRATIVE REPORT (continued)

An overview of issues now faced, together with our planned response to ensure that the Council is ready to meet future challenges, is summarised below:-

Overview of key issues facing the District and the Council

Work will continue over the coming period as the budget is progressed to ensure savings targets are achieved, as the uncertainty about future levels of Government Grant, New Homes Bonus support and Business Rates funding remain. Early work has already commenced on the Medium Term Financial Strategy with the political administration to explore options to ensure ongoing financial sustainability.

Key actions implemented linking to the priorities set in the Corporate Plan

- a. **Significant progress in achieving the target for savings in the previous medium term financial strategy** including the Wyre Forest Forward transformation programme;
- b. **Good progress with the construction of the new leisure centre** by Pellikaan Construction on behalf of Places for People, saving an estimated £500k a year. The higher level of savings is because the borrowing has been undertaken at rates significantly lower than had been projected in the business case. The new centre is on schedule to open in July 2016, when the existing sites in Kidderminster and Stourport will close and be available for redevelopment. The Stourport site is in the process of disposal and the master plan is in an advanced stage of preparation for the Kidderminster Eastern Gateway, which includes the site of the Wyre Forest Glades leisure centre;
- c. We have continued to embed our efforts to **generate more income from our services, activities and assets**. Significant additional income was generated in 2015/16 from depot-based services, cultural and arts events and so on, whilst at Wyre Forest House, income from tenancies and ICT support has grown from virtually nothing 12 months ago to over £160k a year, with further interest being expressed by the private sector in additional rentals. We will continue to maximise the income that is generated from assets and services;
- d. significant progress continues to be made with **regeneration of the district**. To highlight only a few examples: Specsavers is investing in development at the redundant Romwire site, adjacent to Wyre Forest House; Aldi has secured permission for a supermarket at the entrance to the Silverwoods development, doubling its investment and contribution to jobs in Kidderminster; and Oakleaf's new depot was opened in September 2015. Alongside Amtek's significant investment in its site on Stourport Road, the importance of this employment corridor to the district's economy has been underlined. The investments provide compelling recognition of the benefits of investing and expanding in Wyre Forest. We were the first district in Worcestershire to adopt an up-to-date local development plan by several years, and have already taken the first steps in reviewing it. The local development order for South Kidderminster Enterprise Park was renewed in August 2015 for a further 3 years. Works to improve the public realm with the creation of Exchange Square and improvements to Vicar Street and High Street are largely complete following successful joint working with Worcestershire County Council. Work on phase 2 of the Hoobrook link road is progressing well and expected to be completed during 2016;

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

1. NARRATIVE REPORT (continued)

- e. We have continued to **review and streamline internal processes** to make the Council as efficient as possible and reduce cost. Work under the Wyre Forest Forward transformation programme continues. The second stage of the review of financial processes is under way, and the significant cross-cutting review relating to human resources is producing changes that simplify systems and support our organisational development strategy. Members continue to be fully briefed on the major cross-cutting reviews;
- f. **Kidderminster Town Council was created** by reorganisation order on 1st December 2015. This new Town Council approved its first precept from April 2016 when a number of assets and services transferred over from Wyre Forest District Council. There will be a strong relationship of partnership working for the benefit of the community between the new Town Council and the District Council in the future.
- g. The local **Council Tax Reduction Scheme (CTRS) was been revised** in 2015/16 and from April 2016 the maximum discount for council tax payers reduces from 90% to 80%. This is in line with many other Councils. The impact on collection rates will be carefully monitored.

The progress that we have made in transforming the Council

We have continued with the arrangements for involving Members in the Wyre Forest Forward transformation programme. There were regular meetings of Group Leaders, the Leader of the Council, the Deputy Leader of the Council and the Chief Executive, to oversee all aspects of the programme; and we have continued with regular meetings of the Members' Forum to ensure that Members are briefed on key issues and that they receive reports back from members sitting on external bodies.

As highlighted above, these remain extremely challenging times for the Council as we come to grips with an environment where funds will continue to reduce and transformation and savings are essential. The Financial Strategy 2016/19 approved by Council in February 2016 provides a stable if challenging financial platform from which to move forward.

This Narrative Report provides a brief explanation of the financial and non-financial aspects of the Council's activities during the last year and draws attention to the main characteristics of the Council's financial position.

The Statement of Accounts for 2015/16 was presented to the Council's Audit Committee on 27th June 2016, signed by the Chief Financial Officer, meeting the end of June deadline.

The accounts present a true and fair financial position of Wyre Forest District Council for the financial year ended 31st March 2016. Up to date and proper accounting records have been maintained in accordance with the accounting policies outlined in this document (Note 1) including compliance with the statutory International Financial Reporting Standards (IFRS).

The Chief Executive and Leader of the Council are required to confirm that the Council's governance arrangements, reflected in the Annual Governance Statement, can be relied upon to produce an accurate Statement of Accounts.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

1. NARRATIVE REPORT (continued)

The Council's accounts for the financial year ended 31st March 2016, that follow, mainly comprise:

Movement in Reserves Statement	Balance Sheet
<p>An increase of £773k in the Council's total usable reserves</p> <p>This statement shows the movement in year on the different reserves held by the Council, analysed into usable reserves (those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves (eg, capital financing reserves).</p>	<p>An increase in the Council's net assets of £2.219m at 31st March 2016</p> <p>The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Council. As at 31st March 2016, the Council's balance sheet shows a negative net worth of £9.029m. This negative worth is due to the statutory requirement to include the Pension Fund liability.</p>
Comprehensive Income and Expenditure Statement	Cash Flow Statement
<p>An accounting deficit of £298k for 2015/16 has been reported; the outturn position is £180k surplus</p> <p>This statement shows the accounting cost in the year of providing services rather than the amount to be funded from taxation. The main factors in the difference of the accounting deficit to outturn position are capital financing adjustments, depreciation, revaluation adjustments, collection fund adjustments and pension charges.</p>	<p>A net decrease of £1,356k in 2015/16 in cash or cash equivalents</p> <p>This statement summarises the cash that has been paid to us and which we have paid to other organisations.</p>

Pension liabilities

The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown on the Balance Sheet, have reduced by £2.19m during the year as a result of changes to the financial assumptions and the Council has net pension liabilities of £58.821m at 31st March 2016, including this Council's share of the Worcestershire Regulatory Services (WRS) liability. Whilst at the date of transfer, the WRS Fund received a fully funded pension scheme with assets covering all liabilities and no pension deficit, since then, in common with movements in pension funds generally, WRS has moved into a deficit position. This Council's share of the deficit is included within our accounts for full transparency and completeness. This represents the value of pension liabilities which the Council is required to pay in the future as they fall due, offset by the value of assets invested in the pension fund. The main change relates to the increase in the discount rate used by the Actuary to discount the future cash flows of the pension fund. The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation. Further details are given in Note 34.

WYRE FOREST DISTRICT COUNCIL

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1. NARRATIVE REPORT (continued)

The next triennial revaluation of the Fund is in progress, using valuations as at 31st March 2016. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1st April 2017.

2015/16 Budget

At its Council meeting on 25th February 2015 Wyre Forest District Council set a budget of £12.875m and a Band D Equivalent Council Tax of £205.36 (£201.45 in 2014/15).

Total reserves available for the Finance Strategy increased from £3.559m as at 31st March 2015 to £3.739m as at 31st March 2016 (including £1m Working Balance). The original approved Budget showed a planned use of general reserves of £518,570, however there was a net contribution to general reserves of £180,310 in 2015/16.

Budget Outturn

The main areas of the Council's expenditure are Employee Costs, Running Expenses and Grants & Benefits. This expenditure is funded by Specific Government Grant, Fees & Charges, Council Tax, Business Rates, Revenue Support Grant, New Homes Bonus and the Council's reserves.

The main components of the budget for the year ended 31st March 2016, and how these compared with actual expenditure, based on the original budget, are set out below.

(a) Revenue Expenditure - General Fund Services

	Estimated Expenditure (Income) £'000	Actual Expenditure (Income) £'000
Gross Expenditure on Services	55,818	55,756
Less: Gross Income	(41,939)	(42,824)
Net Expenditure on Services	13,879	12,932
Less: Taxation and Non-specific Grant Income	(12,875)	(12,627)
Precept to Parish Councils	(485)	(485)
Net Deficit/(Surplus) for Year*	519	(180)

The Net Variance is accounted for as follows:	£'000	£'000
Reduction in Employee & Staff Related Costs	(261)	
Reduction in Fees, Charges and Other Income assumed in the budget but not received	55	
Reduction in the Cost of Administration	(92)	
Other Net Savings from Services	(247)	
Rescheduled Capital Financing Charges and Improved External Interest/Borrowing Rates	(448)	
Net Creation of Earmarked Reserves	517	
		(476)
Increase in Taxation and Non-specific Grant Income		(223)
*Increase in Net Surplus for Year		(699)

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

1. NARRATIVE REPORT (continued)

This financial year was significant in the way that savings were realised against both original and revised budgets through a variety of initiatives including reductions in staffing levels and net cost reductions. These initiatives afforded the opportunity to create earmarked reserves that will allow the Council to meet the financial challenges ahead.

Budget Monitoring

Revenue and capital budget monitoring information is reported to CLT and Cabinet Members on a monthly basis and formally reported to Cabinet on a quarterly basis.

In addition, full details of Treasury Management activities are reported to the Treasury Management Review Panel, Overview and Scrutiny Committee and Full Council three times a year and details of cash flow are set out below.

CASHFLOW	31st March 2015	31st March 2016
	£'000	£'000
Cash and cash equivalents	9,562	8,206
Short term investments	6,013	8,019
TOTAL	15,575	16,225

Total cash and cash equivalents at 31st March 2016 is £8.206m.

The main factors that would affect cash flows in the future are:

- Acquisition and disposals relating to the Capital Programme;
- Timing of prudential borrowing;
- The value of reserve balances;
- Business Rates appeals provisions;
- Grants and contributions unapplied;
- Collection Fund surpluses/deficits;
- Movements in Working Capital balance.

(b) Capital Expenditure and Capital Receipts

During the financial year 2015/16, the Council spent £10.097m on capital schemes (£4.512m in 2014/15). The majority of this relates to expenditure on fixed assets and the payment of Disabled Facilities Grants/Housing Assistance Grants. The major capital schemes were the Future Leisure Provision, Regeneration and the Vehicle Replacement Programme.

This capital expenditure was financed by the application of capital receipts of £0.071m (£1.223m in 2014/15), prudential borrowing of £6.409m (£2.573m in 2014/15), by the application of grants and contributions of £3.492m (£0.712m in 2014/15) and direct revenue financing of £0.125m in 2015/16 (£0.004m in 2014/15).

The total external loans outstanding stood at £16.30m at the end of the financial year (£10.21m in 2014/15).

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

1. NARRATIVE REPORT (continued)

Collection Fund

This reflects the statutory requirement to maintain a separate Collection Fund. The account records income received from the Council Tax and Business Rates. It also shows the distribution of that income to the billing authority (Wyre Forest District Council), Central Government and major precepting authorities, namely Worcestershire County Council, The Office of the Police and Crime Commissioner for West Mercia and The Hereford and Worcester Fire Authority.

The Collection Fund Accounts for 2015/16 are included within this Statement. The Council Tax position has reduced from a surplus of £1.327m at 31st March 2015 to a surplus of £1.065m as at 31st March 2016. This surplus, together with next year's projection, will be taken into account when setting the Council Tax for 2017/18. The Council Tax collection rate for the year was 96.70% (96.46% in 2014/15).

The Business Rates Retention Scheme is in its third year and the main aim is to give Councils a greater incentive to grow businesses in their areas. It does, however, also increase the financial risk due to non-collection and the volatility of the Business Rates tax base. The scheme allows the Council to retain a proportion of the total Business Rates received. The share of growth retained by this Council is 40% with the remainder paid to Central Government (50%), Worcestershire County Council (9%) and Hereford and Worcester Fire Authority (1%). In 2015/16 the Business Rates 'in year' surplus was £1.177m, of which the share for this Council is £0.471m. This reduces the deficit to be carried forward into 2016/17 to £3.331m, of which this Council's share is £1.333m. The Council holds an earmarked reserve to mitigate the impact of the deficit in future years. The Business Rates collection rate for the year was 97.21% (97.28% in 2014/15).

Non-financial Performance of the Council 2015/16

a) Council Employees

The Council had 305.7 full time equivalent (FTE) employees at 31st March 2016 (300.2 FTE at 31st March 2015) and carries out regular employee satisfaction surveys and annual reviews. We have policies in place that recognise the value and importance of our staff and our human resources are managed as efficiently and effectively as our financial and physical resources.

b) Performance Monitoring

The Council uses a number of measures to monitor performance that are reported to CLT monthly and Cabinet Members and Overview and Scrutiny Committee on a quarterly basis.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

1. NARRATIVE REPORT (continued)

These include:-

Working days lost to sickness absence

This Performance indicator recognises that employees are the key resource of the Council and that their attendance and subsequent productivity is highly valued and essential to meet the Corporate Priorities. Sickness absence has both a financial and non financial cost to the Council and is a barometer of the overall health of the workforce. This is particularly relevant as austerity has necessitated workforce reductions and also changes in the way we work in terms of systems and processes. In response to this the Leadership team have focused on improving the Health and well-being of employees including support to reduce sickness where possible. The Council has achieved accreditation at Level two of Worcestershire Works Well and has an active Employee Health and Well-Being Action Plan and is working towards Level three accreditation. It is the only Worcestershire District to have achieved Level two of this award.



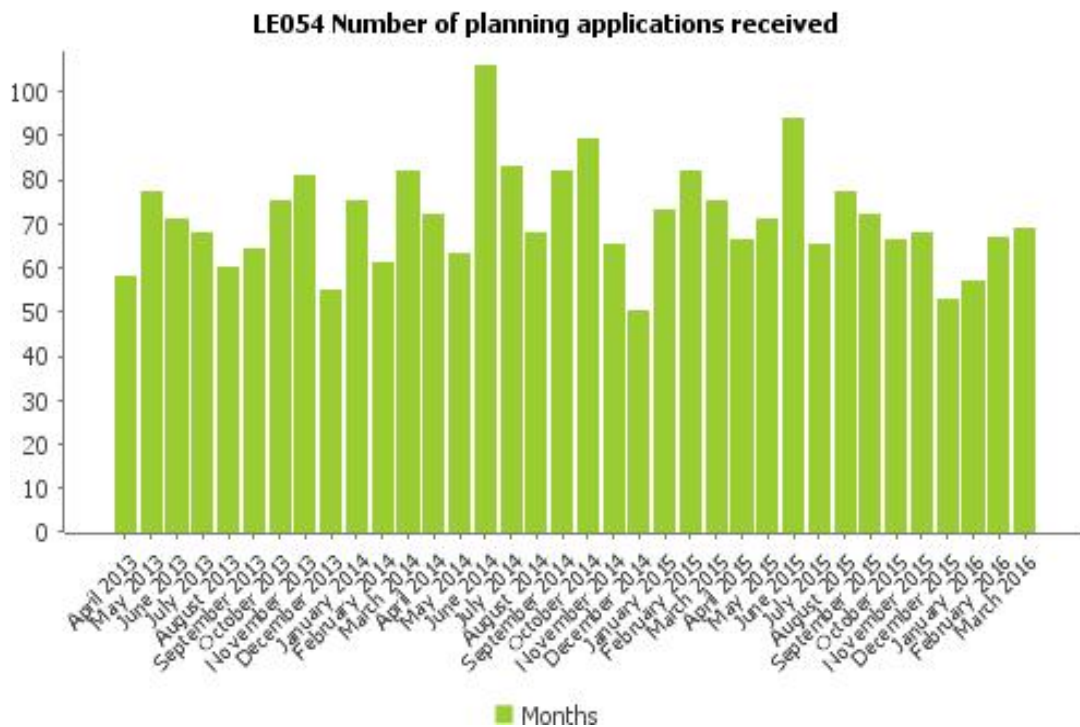
WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

1. NARRATIVE REPORT (continued)

Number of planning applications received

The number of planning applications received links directly to our corporate priorities of prosperity and place. These planning applications cover both all developments and indicate the extent of potential property investment within the district. It has strong links to the construction industry supply chain in terms of costs, supply and demand and is an indicator of confidence in future economic growth potential both in terms of people living and working in the area. It is important to track this to ensure the applications do not dip significantly leading to less optimistic forecasts of confidence and growth and a knock-on impact onto our financial resources.



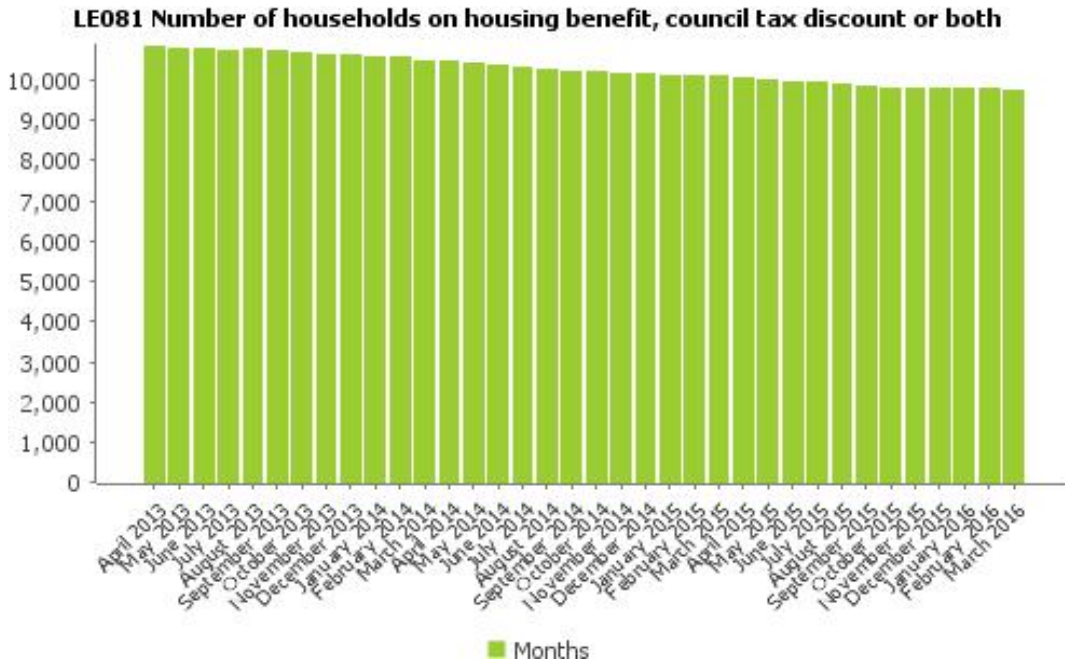
Number of households on housing benefit, council tax discount or both

The number of household on housing benefit, in receipt of council tax discount or both is important as it tracks the economic prosperity of the residents of Wyre Forest in terms of income and personal financial resources. The council tax reduction scheme is only applicable to working age residents and as this category is less than 50% of the population with the non working age category rising by 1% per annum. This indicator therefore gives information on the financial wealth of our residents and the extent of support required going forward allowing forecasts to be made of the financial cost of this support and also the consequential potential impact onto other service areas. The downward trajectory trend of this performance indicator shows the direction of travel is positive and fewer residents are reliant on housing benefit and council tax reduction support which should have a positive financial impact on budget forecasts.

WYRE FOREST DISTRICT COUNCIL

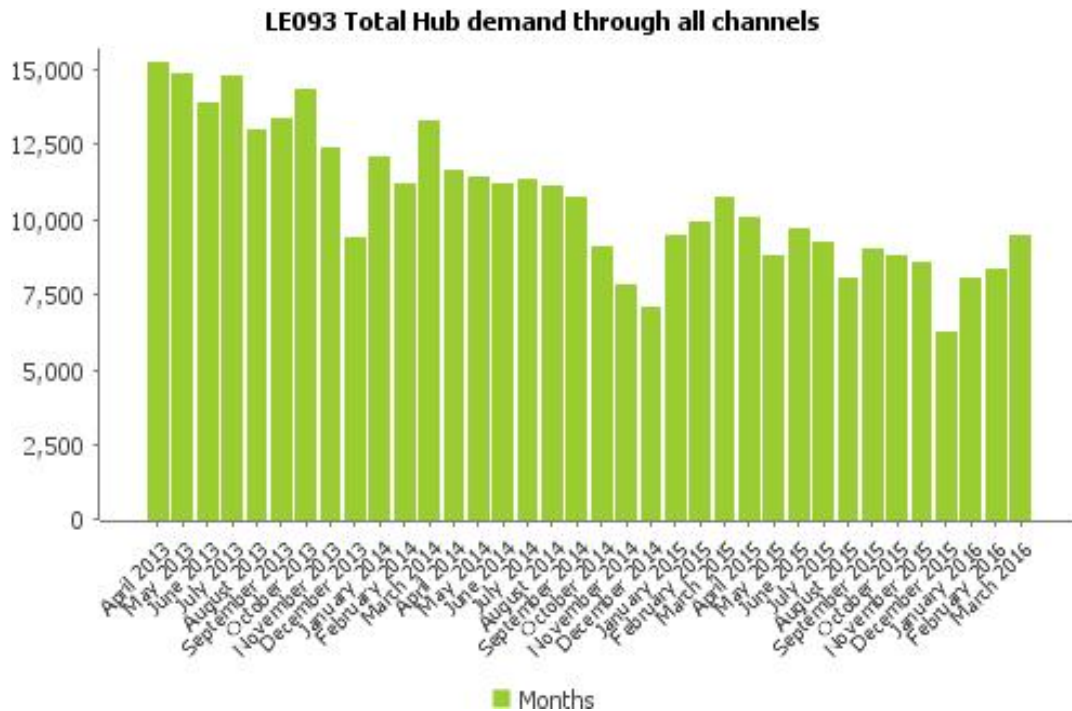
STATEMENT OF ACCOUNTS 2015/16

1. NARRATIVE REPORT (continued)



Total Worcestershire Hub demand through all channels

This performance indicator links to our values that put the customer at the heart of the organisation reflected in our chosen methodology to implement efficiency savings as part of the Wyre Forest Forward Strategy. We are changing the way we interact with our customers and offering greater choice and flexibility of self-service methods through a digital by default/channel shift approach. We are improving our systems and processes in line with this approach and this performance indicator shows the resultant reduction in serviced demand which is positive progression for the Council.



WYRE FOREST DISTRICT COUNCIL

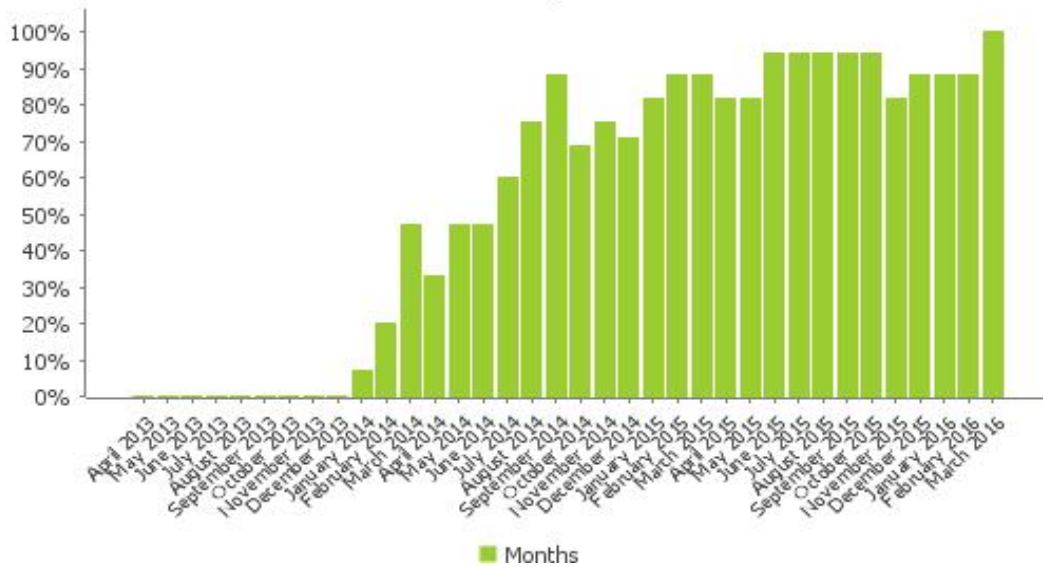
STATEMENT OF ACCOUNTS 2015/16

1. NARRATIVE REPORT (continued)

Percentage of business incubator units occupied

This performance measure links directly to our regeneration and economic prosperity corporate priority “support you to contribute to a successful local economy”. It helps towards a recognised under-provision of small smaller units within the district that is significant as this supply is needed to help start-up businesses grow that will then grow our local economy and increase opportunities for employment. The trend in the indicator shows a successful pattern in occupation of industrial units. This is something the Council is looking to invest in either independently or with external partners in the future.

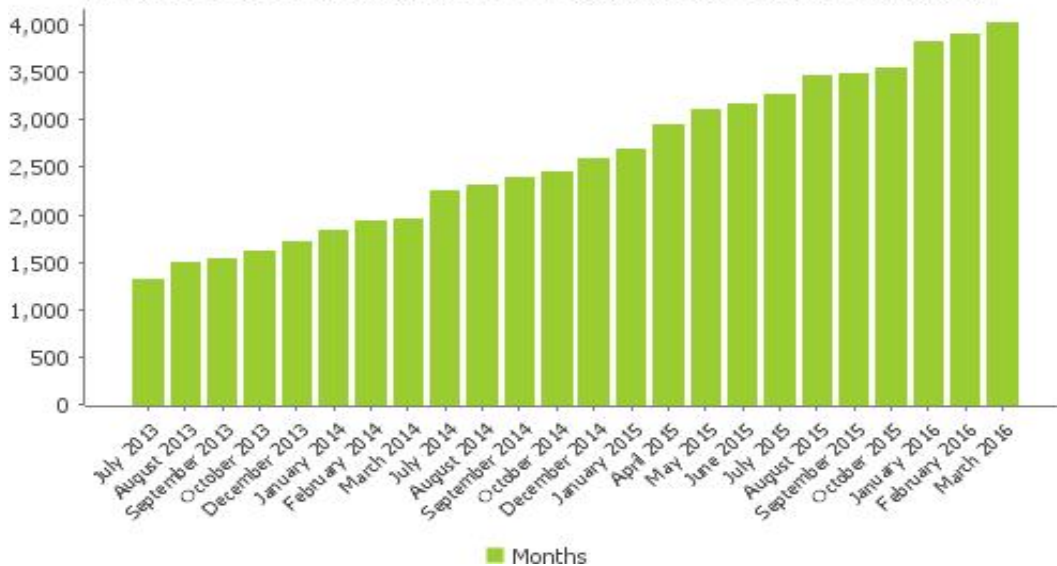
LE064a Percentage of Wyre Forest District Council incubator units occupied (industrial and office)



Number of followers on social media

Channel shift to a digital by default culture is one of the cornerstones of our Wyre Forest Forward Efficiency Strategy and interaction with members of the public on social media is a key indicator of how we are progressing with this change in customer engagement.

LE030 Number of followers on social media (WFDC Main Corporate Account)



WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

1. NARRATIVE REPORT (continued)

Performance against these measures links into our Corporate priorities.
<http://www.wyreforestdc.gov.uk/media/144585/CorporatePlan20142019.pdf>

Further information on performance data is available in the How we are Doing – Performance Update report to Overview and Scrutiny Committee at:

http://www.wyreforest.gov.uk/council/docs/doc50935_20160602_o_and_s_agenda.pdf

c) Corporate Risks

The Council has a robust process for managing risks in order to assist the achievement of its objectives. The Corporate Risk Register plays an integral role to support production of the Corporate Plan and is reviewed and updated monthly by Service Managers and reported to the Corporate Leadership Team and Audit Committee at least twice a year. The regular Performance Monitoring reports to Overview and Scrutiny Committee include risks 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.

The key strategic risks within the Corporate Risk Register are detailed in the Annual Governance Statement as follows:

- Completion of the Leisure Future project;
- Continued progression of the increasingly challenging Wyre Forest Forward programme;
- Maintain financial resilience by securing approval of a Medium Term Financial Strategy with a fully balanced budget;
- Maintaining resilience in the governance process with particular regard to the increasingly complex array of partnership agreements and alternative funding solutions;
- Maintaining financial resilience with reduced resources across Enabling teams;
- Maintaining ICT resilience to ensure a secure network;
- Focus on information governance and non benefit fraud.

Further detail on the Corporate Risk Register is available in the Risk Management report to Audit Committee at:

http://www.wyreforest.gov.uk/council/docs/doc50935_20160602_o_and_s_agenda.pdf

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

2. ACCOUNTING POLICIES

The accounting policies adopted by the Council comply with the relevant recommended accounting practices. The notes to the accounts form part of the accounts.

The CIPFA/LASAAC Joint Committee has fully incorporated the requirements of the International Financial Reporting Standards (IFRS) into the Code of Practice on Local Authority Accounting in the United Kingdom (The Code). This includes recognition of the net pension liability and a pensions reserve in the Balance Sheet and entries in the Comprehensive Income and Expenditure Statement and Movement In Reserves Statement for movements in this liability.

Further information about the Council's Finances is available from:

Tracey W Southall, C.P.F.A. Chief Financial Officer
Wyre Forest House, Finepoint Way
KIDDERMINSTER
Worcestershire, DY11 7WF

If you have any queries relating to this Narrative Report or the rest of the Statement of Accounts please do not hesitate to contact us.

Tracey W Southall CPFA
Chief Financial Officer

Nathan J Desmond
Cabinet Member for Resources

26th September 2016

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The authority 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 Chief Financial 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 Chief Financial Officer's Responsibilities

The Chief Financial 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 Chief Financial Officer has:

- (a) selected suitable accounting policies and applied them consistently;
- (b) made judgements and estimates that were reasonable and prudent;
- (c) complied with The Code of Practice on Local Authority Accounting.

The Chief Financial 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.

Certification of Accounts

I certify that the Statement of Accounts presents a true and fair view of the financial position of Wyre Forest District Council at 31 March 2016 and its income and expenditure for the year ended 31 March 2016.

Tracey Southall – Chief Finance Officer
26 September 2016

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

ANNUAL GOVERNANCE STATEMENT 2015/16

Scope of 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 has adopted the code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework; *Delivering Good Governance in Local Government*. A copy of the code is on our website at www.wyreforestdc.gov.uk or can be obtained from The Worcestershire Hub at Wyre Forest Customer Services Centre, Town Hall, Kidderminster. 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.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Wyre Forest District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

The governance framework has been in place at Wyre Forest District Council for the year ended 31st March 2016 and up to the date of approval of the statement of accounts.

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 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 arrangements have been implemented to provide a robust framework to deliver good governance. The core principles of governance are:

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

ANNUAL GOVERNANCE STATEMENT 2015/16 (continued)

1. Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
2. Members and officers working together to achieve a common purpose with clearly defined functions and roles
3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
5. Developing the capacity and capability of Members and officers to be effective
6. Engaging with local people and other stakeholders to ensure robust public accountability

Delivery

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.

Review of Effectiveness

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 Section 151 Officer's annual report as Chief Financial Officer, 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.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

ANNUAL GOVERNANCE STATEMENT 2015/16 (continued)

Regular reviews are carried out by the Corporate Leadership Team, including during March and again in May 2016. These reviews take into account:

- the Internal Audit Annual Assurance report from the Section 151 Officer as Chief Financial Officer in consultation with the Audit Manager for 2015/16;
- comments of other review agencies, inspectorates and external bodies;
- the findings and recommendations of the External Auditor's Annual Audit Letter reported to the Audit Committee on 30th November 2015.

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 (Chief Financial Officer)

The constitution is under constant review, to ensure that it remains fit for purpose; a more fundamental review was undertaken in 2015/16 approved by May 2016 Council. This ensured it remains up to date for the Accounts and Audit Regulations 2015 and reflect the drive for channel shift, increased impetus for income generation, commerciality and increasing range of alternative service delivery models to meet the ongoing challenges of Local Government Finance reform.

The Audit Committee is the Member forum that is responsible for reviewing and monitoring Corporate Governance in relation to Risk and Audit matters. The Audit Committee also regularly considers the recommendations from Internal Audit. Progress against the External Auditor's Annual Audit Letter as reported to the Audit Committee on 30th November was considered at its meeting on the 21st March 2016.

The Council's Chief Financial Officer has the overall responsibility to ensure that the internal control environment is effective and adhered to. This is delivered through the Internal Audit service. Internal Audit undertake regular reviews of all of the Council's systems and produce reports containing recommendations for improvement wherever necessary, in line with the 2015/16 Annual Audit Plan.

The Council's Internal Audit complies with the UK Public Sector Internal Audit Standards – April 2013 as formally adopted. The December 2013 and March 2014 Audit Committees approved the Internal Audit Charter in compliance with the UK Public Sector Internal Audit Standards. A number of other internal and external reports considered the challenges around governance, including the Grant Thornton 2014 Governance Review to ensure all appropriate controls and updates are in place across the Council. The March 2015 Audit Committee considered and noted the Audit Commission report Protecting the Public Purse together with a detailed checklist for Wyre Forest. This highlighted the risks posed by fraud to local authorities and used the checklist to review the Council's fraud arrangements. This is particularly relevant given that the risk of fraud tends to increase in austere times and the need to focus on non benefit fraud following the transfer of the benefit investigators to the DWP Single Fraud Investigation Service in November 2014. As part of the governance framework, Corporate Fraud Polices are under review to reflect the environment and challenges faced by local government and will build on the Fighting Fraud & Corruption Locally Strategy published in March 2016.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

ANNUAL GOVERNANCE STATEMENT 2015/16 (continued)

A new part-time Corporate Fraud Investigator/Corporate Debt Recovery post has been in situ from September 2015 to mitigate this risk. This new post works closely with the Revenues Compliance Officers. This is a relatively new position for the Council and the full impact of this resource will be closely monitored with an Annual Report on outcomes reported to the Audit Committee in June.

In terms of the debt recovery there is evidence that by having a dedicated resource, corporate debt management is more structured enabling more prompt collection of debts to take place.

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 each Audit Committee with their Update Reports being of particular interest. In addition to this, the Council is also subject to formal review by other inspectorates, these reviews are considered by the Council's Cabinet.

The results of the review of the effectiveness of the governance framework by the Audit Committee have been identified, and a plan to address weaknesses and ensure continuous improvement of systems is shown below.

Significant Governance Issues

The main issues, which are being or need to be addressed during the coming year, include:

- Completion of the Leisure Future project to ensure that the Council meets the future needs of the District and that our appointed partner Places for People delivers the affordable and sustainable leisure facility on the Silverwoods site;
- Continued progression of the increasingly challenging Wyre Forest Forward programme and associated transformation projects, including robust monitoring with the opportunity to challenge as appropriate, against savings plans, including development of new savings ideas to meet the increased targets from 2017/18;
- Maintain financial resilience by securing approval of a Medium Term Financial Strategy with a fully balanced budget, taking into account the ongoing challenges of the impact of continuing austerity measures, noting the impact of the European Referendum. This includes 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 and further work around income generation, commercialisation and expenditure reductions;
- 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 may include Local Authority Trading Companies, localism, joint operations and potentially devolution and combined authorities;
- Maintaining financial resilience with reduced resources across Enabling teams, particularly in view of the progression of the continuous improvement work of the "Help me Make Good Financial Decisions" Intervention work stream;
- Maintaining ICT resilience to ensure a secure network, ensuring the ICT infrastructure is protected adequately from attacks and threats;
- Focus on information governance and non benefit fraud utilising the Compliance Officer and new Corporate Fraud Investigator/Corporate Debt Recovery resources. Performance and impact of these new resources to be closely monitored.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

ANNUAL GOVERNANCE STATEMENT 2015/16 (continued)

We propose over the coming year to take steps to address the above matters 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.

Signed

Ian R Miller
Chief Executive

Marcus J Hart
Leader of the Council

26th September 2016

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2015/16

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves. The Surplus/(Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

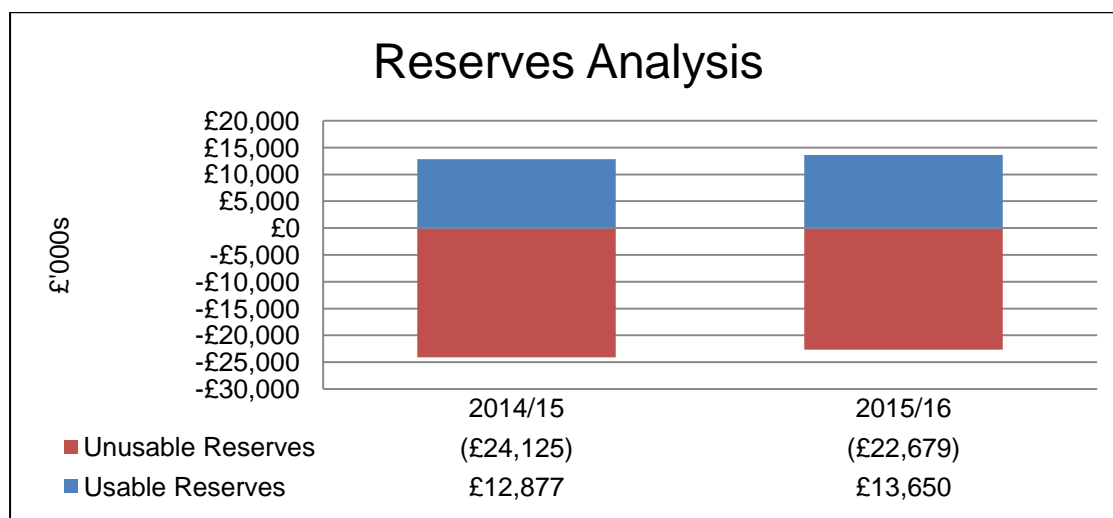
Notes	General Fund Balance 6	Earmarked Reserves 7	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves 22	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2015	3,559	7,071	1,813	434	12,877	(24,125)	(11,248)
Surplus/(deficit) on provision of services	(298)	-	-	-	(298)	-	(298)
Other comprehensive income & expenditure	-	-	-	-	-	2,517	2,517
Total comprehensive income & expenditure	(298)	-	-	-	(298)	2,517	2,219
Adjustments between accounting basis & funding basis under regulations	588	-	546	(63)	1,071	(1,071)	-
Net increase/ (decrease) before transfers to earmarked reserves	290	-	546	(63)	773	1,446	2,219
Transfers to/(from) earmarked reserves	(110)	110	-	-	-	-	-
Increase/ (decrease) in year	180	110	546	(63)	773	1,446	2,219
Balance at 31 March 2016	3,739	7,181	2,359	371	13,650	(22,679)	(9,029)

**WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2015/16**

MOVEMENT IN RESERVES STATEMENT (continued)

2014/15 Comparative
Information
(Re-stated)

	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves (Re-stated)	Total Reserves (Re-stated)
Notes	6	7				22	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2014	3,295	4,955	2,129	577	10,956	(3,906)	7,050
Surplus/(deficit) on provision of services	(5,612)	-	-	-	(5,612)	-	(5,612)
Other comprehensive income & expenditure	-	-	-	-	-	(12,686)	(12,686)
Total comprehensive income & expenditure	(5,612)	-	-	-	(5,612)	(12,686)	(18,298)
Adjustments between accounting basis & funding basis under regulations	7,992	-	(316)	(143)	7,533	(7,533)	-
Net increase/ (decrease) before transfers to earmarked reserves	2,380	-	(316)	(143)	1,921	(20,219)	(18,298)
Transfers to/(from) earmarked reserves	(2,116)	2,116	-	-	-	-	-
Increase/ (decrease) in year	264	2,116	(316)	(143)	1,921	(20,219)	(18,298)
Balance at 31 March 2015	3,559	7,071	1,813	434	12,877	(24,125)	(11,248)

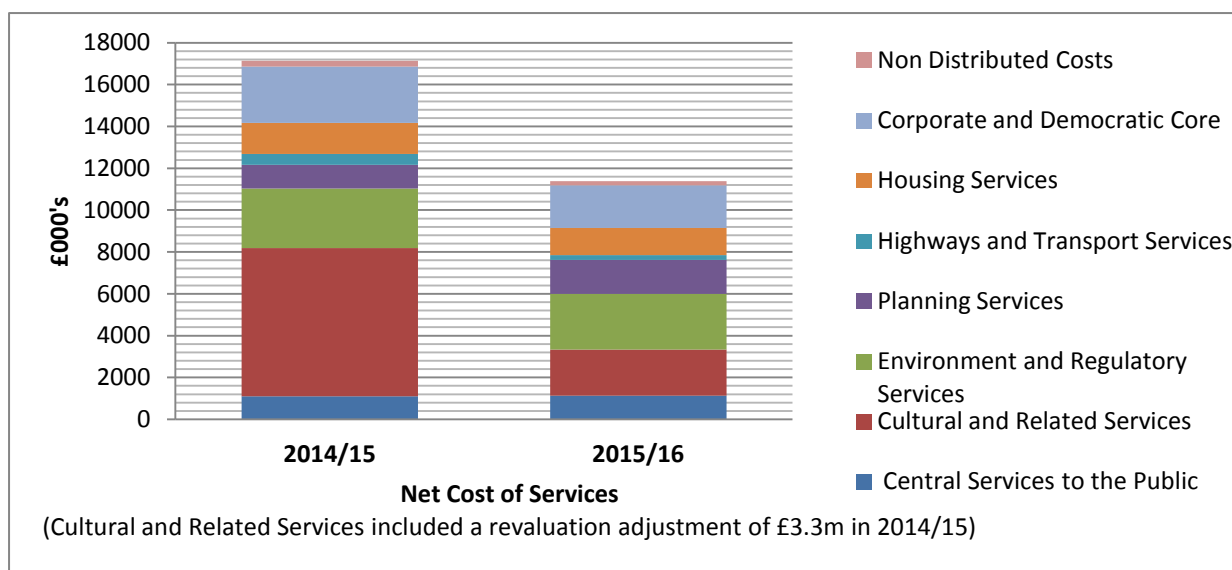


WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2015/16

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 regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2014/2015	2014/2015	2014/2015		2015/2016	2015/2016	2015/2016	
Expenditure	Income	Net	Notes	Expenditure	Income	Net	
£'000	£'000	£'000 (Restated)		£'000	£'000	£'000	
Service Expenditure Analysis							
2,119	(1,012)	1,107		2,171	(1,040)	1,131	
7,639	(566)	7,073		4,484	(2,284)	2,200	
4,090	(1,234)	2,856		3,984	(1,310)	2,674	
2,492	(1,358)	1,134		4,448	(2,831)	1,617	
1,911	(1,401)	510		1,749	(1,518)	231	
35,156	(33,661)	1,495		36,317	(35,016)	1,301	
2,915	(225)	2,690		2,488	(456)	2,032	
271	(5)	266		208	(11)	197	
56,593	(39,462)	17,131	Cost of services	55,849	(44,466)	11,383	
463	(97)	366	Other operating expenditure	8	485	(206)	279
5,328	(3,070)	2,258	Financing and investment income and expenditure	9	4,375	(2,193)	2,182
1,036	(15,179)	(14,143)	Taxation and non-specific grant income and expenditure	10	-	(13,546)	(13,546)
63,420	(57,808)	5,612	Deficit on the provision of services	60,709	(60,411)	298	
Other comprehensive income and expenditure:							
		1,278	(Surplus)/deficit on revaluation of non current assets			250	
		11,408	Re-measurement of the net defined benefit liability	22		(2,767)	
		12,686	Total other comprehensive income and expenditure			(2,517)	
		18,298	Total Comprehensive Income and Expenditure			(2,219)	



WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2015/16

BALANCE SHEET

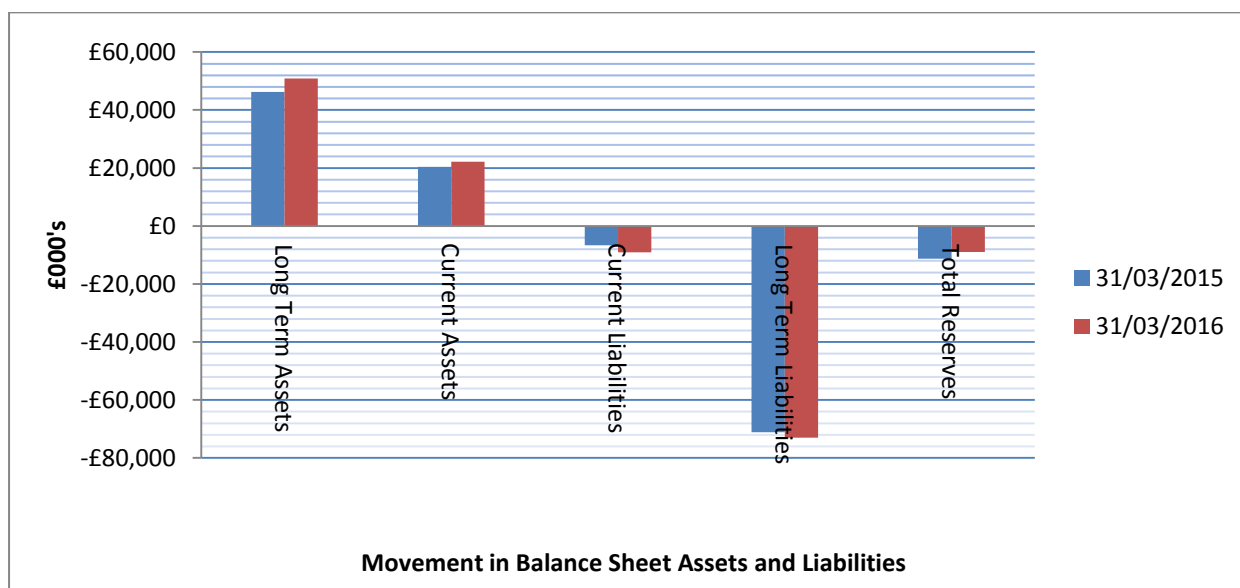
The Balance Sheet shows the value as at the Balance Sheet date of the asset and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable 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 are 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 March 2015 £'000 (Re-stated)	Notes	31 March 2016 £'000
	Property, Plant and Equipment:	
30,511	Land and Buildings	34,017
2,561	Vehicles, Plant and Equipment	2,255
567	Community Assets	2,068
577	Surplus Assets not held for Sale	911
2,414	Assets under Construction	9,762
1,526	Heritage Assets	1,556
7,491	Investment Property	-
381	Intangible Assets	250
121	Long-term Investments	59
29	Long-term Debtors	14
46,178	Long Term Assets	50,892
6,013	Short-term Investments	8,019
9,562	Cash and Cash Equivalents	8,206
65	Inventories	50
4,143	Short-term Debtors	5,075
560	Assets held for Sale (less than one year)	850
20,343	Current Assets	22,200
(130)	Short-term Borrowing	(2,193)
(5,179)	Short-term Creditors	(5,764)
(1,300)	Short-term Provisions	(1,182)
(6,609)	Current Liabilities	(9,139)
(1)	Long-term Provisions	-
(10,085)	Long-term Borrowing	(14,111)
(61,008)	Other Long-term Liabilities	(58,821)
(66)	Capital Grants Receipts in Advance	(50)
(71,160)	Long Term Liabilities	(72,982)
(11,248)	Net Assets/(Liabilities)	(9,029)
	Financed by:	
12,877	Usable Reserves	13,650
(24,125)	Unusable Reserves	(22,679)
(11,248)	Total Reserves	(9,029)

Tracey Southall CPFA, Chief Financial Officer

**WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2015/16**

BALANCE SHEET (continued)



CASH FLOW STATEMENT

This statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as: operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2014/2015 £'000		Notes	2015/2016 £'000
(5,612)	Net deficit on the provision of services		(298)
8,580	Adjust net (surplus)/deficit for non cash movements:	23	1,695
(1,013)	Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities:	23	(769)
1,955	Net cash flows from operating activities		628
(5,362)	Net cash flows from investing activities	24	(7,200)
4,804	Net cash flows from financing activities	25	5,216
1,397	Net increase/(decrease) in cash or cash equivalents		(1,356)
8,165	Cash and cash equivalents at the beginning of the reporting period	17	9,562
9,562	Cash and cash equivalents at the end of the reporting period	17	8,206

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

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WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 1: ACCOUNTING POLICIES

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2015/16 financial year and its position at 31st March 2016. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015; those Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice 2015/16 (SeRCOP), 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; ie that, under the Code, it is assumed that the services of the Council will continue to operate for the foreseeable future.

1.2 Accruals of Income and Expenditure

All revenue and capital expenditure is accounted for on an accruals basis in accordance with the Code and International Accounting Standard (IAS) 8. 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:

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

1.3 Cash and Cash Equivalents

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 1: ACCOUNTING POLICIES (continued)

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.

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 which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus and Deficit on the Provision of Service, but then reversed out through the Movement in Reserve Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 1: ACCOUNTING POLICIES (continued)

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 accrual basis to the relevant services line in the Comprehensive Income and Expenditure Statement 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.

Where termination benefits involve the enhancement of pension benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, transfers 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 pensioners and any such amounts payable but unpaid at the year-end.

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

Post Employment Benefits

The Council participates in one defined benefit scheme for its employees (retirement lump sums and pensions), earned as employees work for the Council, administered by Worcestershire County Council. Pension costs are assessed in accordance with the advice of an independent qualified Actuary. An actuarial valuation was undertaken by the funds actuaries Mercer Limited as at 1st April 2013 (next due as at 31st March 2016). This has continued the annual increase in contribution rates payable by the Council in future financial years.

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 mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate of 3.5% (based on the indicative rate of return on high quality corporate bond).

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

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 1: ACCOUNTING POLICIES (continued)

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 as part of Non Distributed Costs
 - net interest on the net defined benefit liability (asset) i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - Contributions paid to the Worcestershire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Further information in respect of the Pension Fund Accounts is available from Mr S. Pearce C.P.F.A. Chief Financial Officer, Worcestershire County Council, County Hall, Spetchley Road, Worcester, WR5 2NP www.worcestershire.gov.uk

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 1: ACCOUNTING POLICIES (continued)

1.7 Events After the Reporting Period

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

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts, detailed in Note 5.

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

The carrying amount of the Council's investments is the initial cost plus accrued interest.

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables 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. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest).

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 1: ACCOUNTING POLICIES (continued)

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

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 grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (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 Worcester Street clock, the Richard Eve Memorial, the Horse sculpture, the Angel of Peace statue and those exhibits that are held in the Bewdley Museum and in other Council Buildings (some assets will be transferred to the new Kidderminster Town Council on 1st April 2016 in accordance with the Reorganisation Order) grouped as follows:

- the art collection
- antique musical instruments and furniture
- statues and other museum exhibits, including those relating to the carpet industry and other local working trades

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 1: ACCOUNTING POLICIES (continued)

The Worcester Street clock is deemed to have a useful economic life so it has been measured in the Balance Sheet at depreciated historic cost. This asset will transfer to Kidderminster Town Council on 1st April 2016, along with other assets that are separately disclosed in the Reorganisation Order. All other heritage assets have indeterminate useful economic lives and high residual values and, therefore, it is not considered appropriate to charge depreciation. They have been measured in the Balance Sheet at their insurance valuations, based on market values and are updated every two years unless, in the interim, evidence from the various trade press or auctions etc indicates a significant variation in prices of similar assets. The accounting treatment of revaluation gains & losses are in accordance with those for property, plant & equipment.

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

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

The Council will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Any disposal proceeds will be disclosed separately in the notes to the financial statements and will be accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (Note 1.17).

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

1.11 Intangible Assets

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

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 1: ACCOUNTING POLICIES (continued)

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

1.12 Interests in Other Entities

The Council does not have material interests in another entity that has the nature of subsidiaries, associates or joint ventures that require it to prepare group accounts. The Council is a partner in the Worcestershire Regulatory Shared Service Joint Committee. This Partnership is a jointly controlled operation and does not therefore require it to prepare group accounts.

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 value of works and services received under the contract during the financial year. The Council currently has long term contracts with Places for People Leisure Management Limited for the leisure centre service and the Community Housing Group for the homelessness service. The contract values in 2015/16 were £0.7m and £0.3m respectively.

1.14 Joint Operations

The Council is a partner in the Worcestershire Regulatory Shared Service Joint Committee together with Bromsgrove District Council (the host), Worcestershire County Council, Redditch Borough Council, Malvern Hills District Council, Worcester City Council and Wychavon District Council. This partnership is a joint operation where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Under this arrangement, each participant in the arrangement accounts separately for its own transactions arising within the agreement, including the assets, liabilities, income, expenditure and cash flows. At its meeting on 25th June 2015 the Joint Committee agreed to recommend partner councils dissolve the then current Worcestershire Shared Services Partnership on 31st March 2016 and constitute a new partnership comprising of the six district councils on 1st April 2016 along with a service level agreement between the new partnership and the County Council for the provision of trading standards and animal health services. We are also partners with Bromsgrove District Council who host Building Control and Redditch Borough Council as host authority for Payroll Services.

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 Emergency Planning and Business Continuity. The Council is also a partner in the shared provision of services at the Worcestershire Hub with Wyre Forest Community Housing, part of the Community Housing Group.

Worcestershire County Council provided the Human Resources shared service that commenced in November 2010 until 31st March 2016; this Service was brought back in-house on 1 April 2016.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 1: ACCOUNTING POLICIES (continued)

1.15 Leasing

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.

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 or Finance Leases.

1.16 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2015/16 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs – impairment losses chargeable on Assets Held for Sale and assets that can no longer be utilised, in accordance with the Code

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 1: ACCOUNTING POLICIES (continued)

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

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

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 1: ACCOUNTING POLICIES (continued)

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

Where decreases in value are identified, they are accounted for by:

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

Fair Value Measurement

The Council measures some of its non-financial 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 or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, 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 and liabilities 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 or liabilities 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 or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 1: ACCOUNTING POLICIES (continued)

Impairment

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

Where impairment losses are identified, they are accounted for by:

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) 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

Where an item of Property, Plant and Equipment asset, 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 being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

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 Provision of Services. Depreciation is not charged on Assets Held for Sale.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 1: ACCOUNTING POLICIES (continued)

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

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

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

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

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

Surplus Assets

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

1.18 Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements 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.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 1: ACCOUNTING POLICIES (continued)

Following a review of this asset category the 2015/16 accounts show no investment assets are held as at 31st March 2016.

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 line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

1.20 Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in note 35 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 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 appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. 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 appropriated back into the General Fund Balance in the Movement in Reserves Statement 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, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 1: ACCOUNTING POLICIES (continued)

1.23 Revenue Expenditure funded from Capital under Statute

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

1.24 Value Added Tax (VAT)

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

1.25 Interest and Investment Income

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

1.26 Borrowing

In accordance with the Capital and Treasury Management Strategies the Council has made use of the prudential borrowing regime. Several schemes contained within the capital programme are being financed through prudential borrowing, the result being that the Capital Financing Requirement (CFR) will increase. The Council entered into further external borrowing against the CFR in 2015/16. A statutory minimum revenue provision (MRP) is being made, based on the writing down period of the assets. The CFR is kept under review with the possibility of external borrowing being 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).

CLG Regulations have been issued which require full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils to replace the existing Regulations, so long as there is a prudent provision. The Council approved MRP Policy Statement is:

- 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).

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 1: ACCOUNTING POLICIES (continued)

1.27 Tax Income (Council Tax and Retained Business Rates)

Income from Retained Business Rates and Council Tax included in the Comprehensive Income & Expenditure Statement for the year will be treated as accrued income and recognised in the Taxation & Non-Specific Grant Income and Expenditure line. As a billing authority the difference between the Retained Business Rates and Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Movement in Reserve Statement.

Each major preceptor's share of the accrued Business Rates and Council Tax income will be available from the information that is required to be produced in order to prepare the Collection Fund Statement. The income for Council Tax and Business Rates is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the authority, and the amount of the revenue can be measured reliably. Revenue relating to Council Tax and Business Rates shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

1.28 Other Accounting Principles

- The Bad Debt Provision is estimated by reference to previously issued CIPFA guidance and local knowledge.
- Note 29 – Officers' remuneration. It has been determined that payment for Returning Officer duties are not included, but are disclosed separately within the same note where applicable.

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

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2016/17 Code. If these had been adopted for the financial year 2015/16 the changes would be presentational.

- IAS19 Employee Benefits (defined Benefit Plans: Employee Contributions)
- IFRS11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)
- IAS16 Property, Plant and Equipment and IAS38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)
- IAS1 Presentation of Financial Statements (Disclosure Initiative)
- Changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis
- Annual Improvements to IFRS's 2010 – 2012 Cycle
- Annual Improvements to IFRS's 2012 – 2014 Cycle

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

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

It is not anticipated that the above amendments will have a material impact on the information provided in the financial statements. However, in 2016/17 the comparator 2015/16 Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement must reflect the new formats and reporting requirements.

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.

- The Council has included its share of the Worcestershire Regulatory Services pension fund deficit of £965k as at 31st March 2016 (12.69%), along with a prior period adjustment of £924k for its share as at 31st March 2015 (11.62%). More detail is provided within Note 34.
- The Council classified Stourport Sports Centre as an Asset Held for Sale as at 31st March 2016 in accordance with the conditions set out in IFRS 5.

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 Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31st March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. Two of the existing leisure centres will be taken out of use in Summer 2016. An accounting estimate has been made to reduce the estimated useful lives and residual values of these assets in the 2015/16 accounts.	If the useful life of assets is reduced, depreciation will increase and the carrying amount of the assets falls.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Actuary, Mercer Ltd, is engaged to provide the Council with expert advice about the assumptions to be applied.</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 £1.94m.</p> <p>However, the assumptions interact in complex ways. During 2015/16, the Authority's actuaries advised that the net pension liability had decreased by £2.85m as a result of remeasurement.</p>
Provision for Business Rates Appeals	<p>The Council has set up a provision for Business Rates appeals. The provision has been calculated based upon the latest appeals list from the Valuation Office. Members of the Worcestershire Business Rates Pool have based their provisions upon 4% of rateable value on appeal. There is inherent uncertainty in estimating the value of future appeals, hence a contingent liability disclosure has been made (Note 35).</p>	<p>If the provision for appeals was increased by 1% the resulting increase would be £738,730 shared across the Worcestershire Pool (this Council's share being £295,492).</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 (ie Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) 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 15.</p>	<p>The Council uses the discounted cash flow (DCF) 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>

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 5: EVENTS AFTER THE REPORTING PERIOD

The Chief Financial Officer confirms the following non adjusting Post Balance Sheet Events (PBSE) identified at 26th September 2016, the date that the audited Statement of Accounts 2015/16 was approved:

- Following the creation of the Kidderminster Town Council on 1st December 2015, a number of assets have been transferred to the Town Council with effect from 1st April 2016. These transfers, that include Kidderminster Town Hall (£2.2m) and various Heritage Assets (circa £400k), will be reflected in the 2016/17 accounts.
- At its meeting on 25th June 2015 the Worcestershire Regulatory Services (WRS) Joint Committee agreed to recommend partner councils dissolve the then current Worcestershire Shared Services Partnership on 31st March 2016 and constitute a new partnership comprising of the six district councils on 1st April 2016 along with a service level agreement between the new partnership and Worcestershire County Council for the provision of trading standards and animal health services.
- The new Wyre Forest Leisure Centre opened on 6th July 2016. At 31st March 2016 the asset was still under construction with a Balance Sheet value of £9.76m. A formal valuation has been commissioned that will be reflected in the 2016/17 accounts. At 31st March 2016 Wyre Forest Glades Leisure Centre was still operational. However, the Council is now to press ahead with the demolition, signalling the beginning of ambitious plans for the redevelopment of the area known as Kidderminster Eastern Gateway. Changes in the classification and valuation of this asset will be reflected in the 2016/7 accounts.
- Following the result of the Referendum on 23rd June 2016 it is too early to judge the impact of the decision to leave the European Union on Local Government Finances; at the moment the only tangible impact has been modest financial market volatility but this has not had a material impact to date.

Note 6: 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 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.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 6: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS (continued)

Capital Receipts Reserve

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

Capital Grants Unapplied

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

2015/16	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	2,143			(2,143)
Capital grants and contributions applied	(3,428)			3,428
Capital grants and contributions unapplied			(63)	63
Revenue expenditure funded from capital under statute	2,212			(2,212)
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	(124)			124
Direct Revenue Financing	(125)			125
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(173)			173
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	(86)	621		(535)
Use of the Capital Receipts Reserve to finance new capital expenditure		(71)		71
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	4	(4)		-
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	3,559			(3,559)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,979)			2,979
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	(434)			434
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	19			(19)
Total Adjustments	588	546	(63)	(1,071)

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 6: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS (continued)

2014/15 Comparative Figures (Re-stated)	Usable Reserves			Movement in Unusable Reserves £'000
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	5,625			(5,625)
Movements in the fair value of Investment Properties	201			(201)
Capital grants and contributions applied	(569)			569
Capital grants and contributions unapplied			(143)	143
Revenue expenditure funded from capital under statute	1,401			(1,401)
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	123			(123)
Direct Revenue Financing	(4)			4
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(202)			202
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	(220)	915		(695)
Use of the Capital Receipts Reserve to finance new capital expenditure		(1,227)		1,227
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	4	(4)		-
Adjustments involving the Pensions Reserve*:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	3,338			(3,338)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,750)			2,750
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	960			(960)
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	85			(85)
Total Adjustments	7,992	(316)	(143)	(7,533)

*The Council's share of the Worcestershire Regulatory Services pension fund deficit has been re-stated for the Balance Sheet as at 31st March 2015. The impact upon Cost of Services and Financing and Investment Income and Expenditure for 2014/15 was not considered to be material. However, the movements in 2015/16 have been included within the Accounts.

Note 7: TRANSFERS TO/FROM 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 2015/16.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 7: TRANSFERS TO/FROM EARMARKED RESERVES (continued)

Earmarked Reserve	Balance at 1 st April 2014 £'000	Transfers Out 2014/15 £'000	Transfers In 2014/15 £'000	Balance at 31 st March 2015 £'000	Transfers Out 2015/16 £'000	Transfers In 2015/16 £'000	Balance at 31 st March 2016 £'000
Business Rates - Collection Fund	-	-	1,803	1,803	(471)	-	1,332
Transformation Fund	261	(104)	379	536	(108)	200	628
Business Rates / Regeneration Risk	200	-	100	300	-	230	530
Leisure	330	-	86	416	-	85	501
General Risks	-	-	-	-	-	500	500
Property	451	-	-	451	-	-	451
Capital Financing	125	-	37	162	-	45	207
State of the Area Projects	252	(81)	26	197	(40)	33	190
North Worcestershire EDR Shared Service	110	(40)	119	189	(45)	32	176
Town Centre Support Fund	250	(1)	-	249	(125)	-	124
Asset Management/Property	150	-	-	150	(32)	-	118
Icelandic Impairment	199	(32)	-	167	(97)	-	70
External Funding	998	(380)	260	878	(247)	286	917
Other Miscellaneous Reserves (below £150,000)	1,629	(690)	634	1,573	(747)	611	1,437
Total	4,955	(1,328)	3,444	7,071	(1,912)	2,022	7,181

Reserve	Purpose
Business Rates - Collection Fund	This is a technical accounting adjustment relating to the timing difference between the NNDR1 estimated income that is reflected in the CI&E and the actual position following completion of the NNDR3. The reserve will be released in future years to cover the impact of the deficit in future accounting statements.
Transformation Fund	To ensure delivery of Wyre Forest Forward programme. Costs of delivery of transformation are approved by CLT in all specific cases.
Business Rates / Regeneration Risk	To mitigate future Business Rates/economic regeneration risk. It has been increased to recognise the inevitable increased risk of failure to realise overall growth as a result of the proposed reform to achieve 100% Business Rates Retention.
Leisure	To mitigate risk of the failure to achieve the overall affordability costing assumptions approved as part of the Business Case for this major project. This includes additional net Capital and Revenue costs (taking into account the timing and amounts of related asset disposals) .
General Risks	This recognises the increased financial risk the Council faces given these significant reductions in future funding and resultant increasing funding gap that whilst we are doing early work to address, remains challenging. Areas this new reserve will cover include potential increased pension fund payments required as part of the impending triennial revaluation, and any additional property costs required as part of our Asset Management Strategy. It will also supplement the separate £100k reserve for further payments required as a result of this Council's liability under the Scheme of Arrangement with the administrators of Municipal Mutual Insurance (our former insurers).
Property	To cover the potential risk of significant property contracts around new constructions and regeneration work.
Capital Financing	Costs of servicing debt "slipped" forward in capital programme – to be applied in future budgets.
State of the Area Projects	To continue delivery of activities agreed within the Council's State of the Area regeneration / economic development programme. This is agreed at Cabinet Review Panel.
North Worcestershire EDR Shared Service	To fund a number of economic development and regeneration activities across North Worcestershire.
Town Centre Support Fund	To finance the Direct Revenue Funding of the Bewdley Medical Centre Capital Scheme in the Capital Programme that is included in the Finance Strategy.
Asset Management/Property	To provide some "spend to save" funding. £40,000 committed to Kidderminster Town Hall CIPFA survey works and a further £40,000 has been committed for Bewdley Museum roof repairs.
Icelandic Impairment	To allow for any Icelandic Investment Impairment adjustments / fluctuations.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 7: TRANSFERS TO/FROM EARMARKED RESERVES (continued)

Reserve	Purpose
External Funding	Includes the following: Primary Care Trust – Local Health projects, Welfare Assistance Scheme, Local Welfare Scheme, Community safety Initiatives, Housing Priority Needs Order (PNO) Funding, Neighbourhood Planning Bidding Round, Business Support re Flooding and other minor reserves.
Other Miscellaneous Reserves (below £150,000)	Includes the following: Municipal Mutual Insurance Ltd, Eastern Gateway Redevelopment, Evergreen Fund, Town Hall Repairs, District Local Development Framework, Bromsgrove Economic Impact Studies, Trade Waste VAT, Financial Services Reserve, Depot Improvement and Investment, Enterprising Worcestershire's European Regional Development Fund (ERDF) Business Support Programme, and other minor reserves.

Note 8: OTHER OPERATING EXPENDITURE

	2014/15 £'000	2015/16 £'000
Parish/Town Council Precepts	463	485
(Gains)/Losses on the disposal of non current assets	(97)	(206)
Total	366	279

Note 9: FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2014/15 £'000	2015/16 £'000
Interest payable and similar charges	213	456
Net interest on the net defined benefit liability/(asset)	2,096	1,910
Interest receivable and similar income	(92)	(140)
Income and expenditure in relation to investment properties and changes in their fair value	19	-
Icelandic investments interest adjustment	(10)	(7)
Icelandic investments impairment adjustments	32	(37)
Total	2,258	2,182

Note 10: TAXATION AND NON SPECIFIC GRANT INCOME AND EXPENDITURE

	2014/15 £'000	2015/16 £'000
Council Tax income	(6,820)	(7,056)
Business Rates income and expenditure	(3,070)	(2,778)
Revenue Support Grant	(2,912)	(2,019)
New Homes Bonus	(1,263)	(1,693)
Non-service related government grants	(78)	-
Total	(14,143)	(13,546)

A technical adjustment to the accounts reflects a higher level of Business Rates income in the 2014/15 Comprehensive Income and Expenditure Statement (CIES). However, an earmarked reserve of £1.803m was created in 2014/15 to take account of the Business Rates deficit that impacts in future years. In 2015/16, £471k of this reserve was released, leaving sufficient reserve to cover the Council's share of the deficit carried forward as at 31st March 2016.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 11: PROPERTY PLANT AND EQUIPMENT (PPE)

Movements on Balances

Movements in 2015/16:

	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 2015	31,808	6,049	596	577	2,414	41,444
Additions	208	299	8	-	7,348	7,863
Net Revaluation Increases/(Decreases)	(1,235)	(296)	70	-	-	(1,461)
Derecognition (Disposals)	(291)	(54)	-	-	-	(345)
Reclassifications	4,986	-	1,414	334	-	6,734
At 31st March 2016	35,476	5,998	2,088	911	9,762	54,235
Accumulated Depreciation and Revaluation Reductions at April 1st 2015	(1,297)	(3,488)	(29)	-	-	(4,814)
Depreciation Charge	(1,058)	(592)	(7)	-	-	(1,657)
Depreciation Written Out	802	337	16	-	-	1,155
Revaluation Reductions	(1,084)	-	(56)	-	-	(1,140)
Revaluation Reductions Written Off/Reversed	1,084	-	56	-	-	1,140
Reclassifications	94	-	-	-	-	94
At 31st March 2016	(1,459)	(3,743)	(20)	-	-	(5,222)
Net Book Value at 31st March 2016	34,017	2,255	2,068	911	9,762	49,013

The Asset Under Construction at 31st March 2016 was the Future Leisure Provision Scheme.

In 2015/16 the Council refreshed the Asset Management Plan and considered all assets as part of an Authority-wide review, establishing where circumstances have changed going forward. As a result, the investment properties have been reclassified as being operational, ie used in the provision of a service including future regeneration plans, community or surplus. Further details of the re-classifications can be found in Note 13.

As at 1st April 2016 ownership of a number of assets transferred to the new Kidderminster Town Council. In addition to the Heritage Assets detailed in Note 12, the Council also transferred Kidderminster Town Hall, with a net book value of £2.2m.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 11: PROPERTY PLANT AND EQUIPMENT (continued)

Comparative Movements in 2014/15:

	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 2014	39,095	5,917	624	582	127	46,345
Additions	264	459	-	-	2,287	3,010
Net Revaluation Increases/(Decreases)	(7,483)	(221)	(28)	(5)	-	(7,737)
Derecognition (Disposals)	(85)	(106)	-	-	-	(191)
Reclassifications	17	-	-	-	-	17
At 31st March 2015	31,808	6,049	596	577	2,414	41,444
Accumulated Depreciation and Revaluation Reductions at April 1st 2014	(2,951)	(3,166)	(22)	-	-	(6,139)
Depreciation Charge	(975)	(632)	(7)	-	-	(1,614)
Depreciation Written Out	2,588	310	-	-	-	2,898
Revaluation Reductions	(7,295)	-	(28)	(5)	-	(7,328)
Revaluation Reductions Written Off/Reversed	7,295	-	28	5	-	7,328
Reclassifications	41	-	-	-	-	41
At 31st March 2015	(1,297)	(3,488)	(29)	-	-	(4,814)
Net Book Value at 31st March 2015	30,511	2,561	567	577	2,414	36,630

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
Sports Grounds/Fields and Parks	90
Offices, Leisure & Recreation, Museum and Market	2-50
Depot & Workshops	20-30
Public Conveniences	15-25
Miscellaneous Community Assets	5-15
Vehicles, Plant & Machinery, Equipment & Lighting	3-10
ICT Systems	3-5

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 11: PROPERTY PLANT AND EQUIPMENT (continued)

The number and type of major non current assets are:

Asset Description	2014/15 (Restated)	2015/16
Land & Properties:		
Assets Under Construction (Future Leisure Provision)	1	1
Car Parks	28	27
Civic & Administrative Buildings	3	3
Leisure Centres (leasehold interest in Bewdley Leisure Centre)	3	3
Museums	1	1
Nature Reserves	4	4
Other Land & Buildings	33	33
Public Conveniences	12	12
Sports & Social Clubs	4	4
Sports Fields & Parks	20	19
Trading Estates & Enterprise Centres	5	5
Vehicles	71	70

The major Items of capital expenditure in 2015/16 were:

Scheme	£'000
Future Leisure Provision	7,348
Disabled Facilities Grants/Housing Assistance Grants	589
Regeneration and Economic Development	1,483
Bewdley Medical Centre - Contribution	125
Vehicle Replacement Programme	297
Other Capital Schemes	255
Total Capital Expenditure	10,097

The Council's Capital Programme was financed as follows:

Type of Financing	£'000
Prudential Borrowing	6,409
Grants	3,492
Application of Capital Receipts	71
Direct Revenue Financing	125
Total Financing	10,097

Contractual Commitments

At 31st March 2016 the following major Capital contracts had been entered into, with the following sums remaining to be paid.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 11: PROPERTY PLANT AND EQUIPMENT (continued)

Description	£'000
Future Leisure Provision – Construction Contract	3,936
Wyre Forest House – Construction Contract (including Retentions)	211
Disabled Facilities Grants/Housing Assistance Grants	151
Regeneration and Economic Development - Public Realm Improvements Contract	627

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

The contract for the construction of the new District Leisure Centre was awarded to PFPL Projects (Wyre Forest) Ltd in January 2015. The project is proceeding to plan and the building is expected to become operational in July 2016.

Worcestershire County Council provide a 75% capital contribution towards the Public Realm Improvements Contract.

Revaluations

The Council's Land, Buildings, Community Assets and Surplus Assets are valued on a five year rolling programme. This was reviewed and updated to ensure that classes of assets are revalued simultaneously and sufficiently regularly to ensure the carrying value does not differ materially from the fair value. Assets Held for Sale are subject to an annual revaluation. In addition, all residual values are reviewed annually. The current asset values used in the accounts are based on valuations provided by V Bendall, MRICS (the Council's Estates Surveyor) and Bruton Knowles, Independent Valuers. The valuations of assets carried at current value are analysed in the table below. This table does not include Vehicles, Plant and Equipment, Intangible Assets or Assets under Construction as these assets are carried at Depreciated Historical Cost and are not, therefore, subject to revaluation.

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

Valuations of non current assets carried at current value:

Description	Land and Buildings £'000	Community Assets £'000	Surplus Assets £'000	Assets Held for Sale £'000	Total £'000
Valued at historical cost	25	9	-	-	34
Valued at current value in:					
2015/2016	24,497	1,673	910	850	27,930
2014/2015	9,049	209	1	-	9,259
2013/2014	-	-	-	-	-
2012/2013	383	109	-	-	492
2011/2012	63	68	-	-	131
Total	34,017	2,068	911	850	37,846

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 12: HERITAGE ASSETS

Reconciliation of the carrying value of heritage assets held by the Council.

	Worcester Street Clock	Art Collection	Antique Musical Instruments and Furniture	Statues and Other Museum Exhibits	Total Heritage Assets
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at April 1st 2015	9	618	235	669	1,531
Net Revaluation Increases/(Decreases)	-	2	1	29	32
At 31st March 2016	9	620	236	698	1,563
Accumulated Depreciation and Impairment at April 1st 2015	(5)	-	-	-	(5)
Depreciation Charge	(2)	-	-	-	(2)
Revaluation Adjustment	-	-	-	-	-
Revaluation Adjustment Written Off/Reversed	-	-	-	-	-
At 31st March 2016	(7)	-	-	-	(7)
Net Book Value at 31st March 2016	2	620	236	698	1,556

Comparative Information for 2014/15:

	Worcester Street Clock	Art Collection	Antique Musical Instruments and Furniture	Statues and Other Museum Exhibits	Total Heritage Assets
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at April 1st 2014	9	612	240	668	1,529
Reclassifications	-	-	-	-	-
Net Revaluation Increases/(Decreases)	-	6	(5)	1	2
Derecognitions/Disposals	-	-	-	-	-
At 31st March 2015	9	618	235	669	1,531
Accumulated Depreciation and Impairment at April 1st 2014	(4)	-	-	-	(4)
Reclassifications	-	-	-	-	-
Depreciation Charge	(1)	-	-	-	(1)
Revaluation Adjustment	-	-	(7)	-	(7)
Revaluation Adjustment Written Off/Reversed	-	-	7	-	7
Depreciation Written Out	-	-	-	-	-
At 31st March 2015	(5)	-	-	-	(5)
Net Book Value at 31st March 2015	4	618	235	669	1,526

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 12: HERITAGE ASSETS (continued)

The collection includes the William Hill Organ, built in 1855, on display at Kidderminster Town Hall. It is one of only five of its type in the world.

There have been no significant acquisitions or disposals of the Council's heritage assets in the two year period ending 31st March 2016. However, following the creation of the Kidderminster Town Council on 1st December 2015, a number of Heritage Assets, including the William Hill Organ, have been transferred to the Town Council with effect from 1st April 2016. These transfers will be reflected in the 2016/17 accounts.

Revaluations

Heritage Assets are carried at their insurance values except for the Worcester Street clock, carried at Depreciated Historical Cost. Specialist valuations were undertaken in 2013/14 by John Austin & Partners Ltd, Chartered Quantity Surveyors, on three Statues classified as Heritage Assets. The Angel of Peace and Horse statues were transferred to Kidderminster Town Council on 1st April 2016. A review of the remaining statue, the Richard Eve Memorial, was carried out by John Austin & Partners Ltd as at 31st March 2016, and an 8% uplift in the value is included in the table above.

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

Note 13: INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in 2014/15. All investment properties were re-classified in 2015/16, hence there is no comparative data reflected in this note:

	2014/15 £'000
Rental income from Investment Property	562
Direct operating expenses arising from Investment Property	(380)
Net gain	182

The following table summarises the movement in the fair value of investment properties over the year (including re-classifications in 2015/16):

	2014/15 £'000	2015/16 £'000
Balance at Start of Year	8,401	7,491
Disposals	(709)	-
Net Gains/(Reductions) from Open Market (Fair) Value Adjustments	(201)	-
Reclassification to Operational Land & Buildings	-	(6,093)
Reclassification to Community Assets	-	(1,368)
Reclassification to Assets Held for Sale	-	(30)
Balance at End of Year	7,491	-

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 14: INTANGIBLE ASSETS

	2014/15 £'000	2015/16 £'000
Balance at Start of Year:		
Gross Carrying Amounts	2,153	2,254
Accumulated Amortisation	(1,618)	(1,873)
Net Carrying Amount at Start of Year	535	381
Purchases	101	21
Amortisation for Period	(255)	(152)
Net Carrying Amount at End of Year	381	250
Comprising:		
Gross Carrying Amount	2,254	2,275
Accumulated Amortisation	(1,873)	(2,025)
Net Carrying Amount at End of Year	381	250

Note 15: FINANCIAL INSTRUMENTS (INCLUDING NATURE AND EXTENT OF RISKS)

Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

	Long-term		Current	
	31 st March 2015 £'000	31 st March 2016 £'000	31 st March 2015 £'000	31 st March 2016 £'000
Investments				
Loans and receivables – Investments (Principal)	121	59	6,000	7,000
Loans and receivables – Investments (Accrued Interest)	-	-	13	11
Cash and cash equivalents				
Cash and cash equivalents at amortised cost	-	-	9,562	8,206
Available for sale financial assets (Principal)	-	-	-	1,000
Available for sale financial assets (Accrued Interest)	-	-	-	8
Total Investments	121	59	15,575	16,225
Debtors				
Loans and receivables	29	14	4,143	5,075
Borrowings				
Financial liabilities at fair value through profit and loss	(10,085)	(14,111)	(130)	(2,193)
Creditors				
Financial liabilities at amortised cost	-	-	(5,179)	(5,764)

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 15: FINANCIAL INSTRUMENTS (continued)

Income, Expense, Gains and Losses

Financial assets: Loans and receivables	31st March	
	2015 £'000	2016 £'000
Interest expense in surplus or deficit on the provision of services	(133)	(381)
Interest income in surplus or deficit on the provision of services	92	140
Total	(41)	(241)

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

All financial liabilities and financial assets represented by loans and receivables and long term debtors and creditors are carried on the balance sheet at amortised cost.

Investments as at 31st March 2016 for fair value purposes:

	31st March 2015		31st March 2016	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Cash and Cash Equivalents	9,562	9,562	8,206	8,307
Add back: (Cash at Bank)/Overdraft	135	135	94	94
Short-term Investments (excluding Certificate of Deposit)	6,013	6,017	7,011	7,009
Long-term Investments	121	121	59	59
Total Temporary Investments	15,831	15,835	15,370	15,469

The fair value of the assets is greater than the carrying amount because the Council's portfolio of loans and receivables includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

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

As at 31st March the Council held £15.370m financial assets for which Level 3 valuations will apply. All the financial assets are classed as Loans and Receivables and are held with Money Market Funds and Notice Accounts.

Financial assets for sale

The Council held a level 1 certificate of deposit with a value of £1m at 31st March 2016. The fair value has been calculated by using published price quotations.

Financial Instrument Available for Sale	31st March 2015		31st March 2016	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Certificate of Deposit	-	-	1,008	1,008

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 15: FINANCIAL INSTRUMENTS (continued)

As at 31st March the Council held £16.124m financial liabilities for which Level 2 valuations will apply. The financial liabilities are held with the Public Works Loans Board (PWLB) and Market lenders. All of these investments and 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 Capita 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 loans from the PWLB 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.

Borrowing as at 31st March 2016 for fair value purposes:

	31 st March 2015		31 st March 2016	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Liverpool Victoria Friendly Society Ltd	14	14	9	9
Market Debt	2,013	2,009	2,013	2,013
PWLB Loan - Maturity	8,058	8,291	14,102	14,658
Total Borrowing	10,085	10,314	16,124	16,680

The fair value of PWLB loans of £14.658m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the balance sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. If the Council were to seek to avoid the projected loss by repaying the loans to the PWLB, 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 £16.769m.

Nature and Extent of Risk Arising From Financial Instruments

The Council's Treasury Management activities expose it to a variety of financial risks. The key risks are:

- 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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 15: FINANCIAL INSTRUMENTS (continued)

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

Investments

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, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also imposes maximum amounts and time with a financial institution located in each category.

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

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

The full investment strategy for 2015/16 was approved by Full Council on 25th February 2015 and is available on the Council website.

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 Chief Financial Officer) 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 2016 that this was likely to crystallise.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 15: FINANCIAL INSTRUMENTS (continued)

The Council's standard credit terms are 14 days from invoice date for its trade debtors, the past due amount can be analysed by age as follows:

Age of Debt	31 st March	
	2015 £'000	2016 £'000
Less than three months	968	1,193
Three to six months	27	72
Six months to one year	17	32
More than one year	127	79
Total	1,139	1,376

Liquidity risk

The Council manages its liquidity position through its risk management procedures above (the setting and approval of prudential 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	
	2015 £'000	2016 £'000
Less than one year	15,710	16,319
Between one and two years	121	59
Total	15,831	16,378

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.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 15: FINANCIAL INSTRUMENTS (continued)

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

	Approved Maximum Limits	Approved Minimum Limits	Actual 31st March 2015 £'000	Actual 31st March 2016 £'000
Less than one year	100%	-	130	2,195
Between one and two years	100%	-	2,017	5
Between two and five years	100%	-	10	1,010
Between five and ten years	100%	-	2,009	1,001
Between ten and fifteen years	100%	-	-	2,010
Between fifteen and twenty years	100%	-	1,007	4,036
Between twenty and twenty five years	100%	-	3,022	4,026
Between twenty five and thirty years	100%	-	1,004	-
Between thirty and thirty five years	100%	-	-	-
Between thirty five and forty years	100%	-	-	-
Between forty and forty five years	100%	-	1,016	1,016
Between forty five and fifty years	100%	-	-	1,005
Total			10,215	16,304

Market risk

1. Interest rate risk

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

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

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 15: FINANCIAL INSTRUMENTS (continued)

According to this assessment strategy, at 31 March 2016, 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	(238)

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.

Icelandic Bank Defaults

The Council had £0.833m outstanding of the original £9m Icelandic investments (prior to impairment) as at 31st March 2016 and is confident that the overall return will be close to full recovery.

Note 16: DEBTORS

Short Term Debtors	31st March	
	2015 £'000	2016 £'000
Amounts receivable within one year:		
Government Departments	912	853
Other Local Authorities	489	768
Sundry Debtors	3,028	3,828
Council Tax Payers	483	537
Business Rates	953	998
	5,865	6,984
Less provision for bad debts:		
Sundry Debtors	(1,068)	(1,239)
Council Tax Payers	(146)	(162)
Business Rates	(508)	(508)
	(1,722)	(1,909)
Total Balance at Year End	4,143	5,075

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 17: CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprises:

Cash and Cash Equivalents	2014/15 £'000	2015/16 £'000
Cash held by the Authority	5	4
Bank current accounts	(140)	(98)
Short-term deposits with banks/building societies	9,697	8,300
Total Balance at Year End	9,562	8,206

Note 18: ASSETS HELD FOR SALE

Assets Held For Sale	2014/15 £'000	2015/16 £'000
Balance at Start of Year	725	560
Revaluation Adjustments	(148)	(362)
Disposals	-	(105)
Reclassification to Surplus Assets	(17)	(500)
Reclassification from Investment Properties	-	30
Reclassification from Operational Land & Buildings	-	1,227
Balance at Year End	560	850

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

Note 19: CREDITORS

Creditors	31st March	
	2015 £'000	2016 £'000
Government Departments	1,774	156
Local Authorities	382	546
Sundry Creditors	1,080	2,813
Council Taxpayers (overpayments/receipts in advance)	100	115
Business Rates (overpayments/receipts in advance)	249	199
Receipts in Advance	1,568	1,908
Contractors and Other Deposits	26	27
Total Balance at Year End	5,179	5,764

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 20: PROVISIONS

Description of Provision	1 st April 2015 £'000	Provided in Year £'000	Payments in Year £'000	31 st March 2016 £'000
Severn Trent Superannuation Fund	1	-	(1)	-
Property Provision	58	-	(58)	-
Business Rates Appeals	1,242	303	(363)	1,182
Total All Provisions	1,301	303	(422)	1,182

The Council holds a provision for Business Rate appeals based upon 4% of the rateable value set by the Valuation Office Agency not settled at 31st March 2016. This is consistent with the approach taken by all members of the Worcestershire Pool. This Council's share of the provision is £1.182m..

Note 21: USABLE RESERVES

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

Note 22: UNUSABLE RESERVES

Summary of Unusable Reserves

	31 st March	
	2015 (Re-stated) £'000	2016 £'000
Revaluation Reserve	11,474	11,072
Capital Adjustment Account	27,202	26,448
Pensions Reserve	(61,008)	(58,821)
Deferred Capital Receipts Reserve	(20)	(20)
Collection Fund Adjustment Account	(1,616)	(1,182)
Accumulated Absences Account	(157)	(176)
Total Unusable Reserves	(24,125)	(22,679)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date were consolidated into the balance on the Capital Adjustment Account.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 22: UNUSABLE RESERVES (continued)

Revaluation Reserve	2015 £'000	2016 £'000
Balance at 1st April	12,926	11,474
Revaluation Gains	2,316	797
Excess Current Value Depreciation over Historic Cost Depreciation	(114)	(131)
Revaluation reductions written off against prior balances	(3,590)	(1,048)
Balance written out following re-classification	(4)	-
Balance written out following disposal	(60)	(20)
Balance at 31st March	11,474	11,072

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.

Capital Adjustment Account	2015 £'000 (Re-stated)	2016 £'000
Balance at 1st April	32,927	27,202
Capital Receipts Applied	1,227	71
Depreciation	(1,869)	(1,812)
Revaluation Adjustments	(3,957)	(331)
Direct Revenue Financing	4	125
Appropriation of Minimum Revenue Provision	202	173
Revenue Expenditure Funded From Capital Under Statute	(1,401)	(2,212)
Disposal of Non Current Assets	(817)	(411)
Capital Grants	712	3,492
Revaluation Reserve	174	151
Balance at 31st March	27,202	26,448

Pensions Reserve

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

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources available to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. As a partner to the Worcestershire Regulatory Services (WRS), the debit balance in the Pension Reserve includes this Council's share of 11.62% of the overall liability as at 31st March 2015. The Council's share was revised as at 1st April 2015 to 12.69% to ensure all partners received a fair allocation.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 22: UNUSABLE RESERVES (continued)

Pensions Reserve	2014/15 £'000 (Re-stated)	2015/16 £'000
Balance at 1st April	(49,012)	(61,008)
Re-statement – share of WRS pension liability	(924)	-
Increase in share of WRS liability to 12.69%	-	(84)
Remeasurements of the net defined benefit (liability)/asset	(10,484)	2,851
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	(3,338)	(3,559)
Employer's pension contributions and direct payments to pensioners payable in the year	2,750	2,979
Balance at 31st March	(61,008)	(58,821)

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve. There has been no movement on this Reserve in 2015/16.

Deferred Capital Receipts Reserve	2014/15 £'000	2015/16 £'000
Balance at 31st March	(20)	(20)

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	2014/15 £'000	2015/16 £'000
Balance at 1st April	(656)	(1,616)
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	(960)	434
Balance at 31st March	(1,616)	(1,182)

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.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 22: UNUSABLE RESERVES (continued)

Accumulated Absences Account	2014/15 £'000	2015/16 £'000
Balance at 1st April	(71)	(157)
Reversal of Opening Balance	71	157
Amounts accrued at the end of the current year	(157)	(176)
Balance at 31st March	(157)	(176)

Note 23: CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

Cash Flow Statement – Operating Activities	2014/15 £'000	2015/16 £'000
Interest received	(92)	(140)
Interest paid	133	381
Net cash flows from operating activities	41	241

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

Cash Flow Statement – Operating Activities	2014/15 £'000	2015/16 £'000
Depreciation	1,869	1,812
Downward re-valuations	3,755	331
Increase/(decrease) in impairment for bad debts	105	171
Increase/(decrease) in creditors	1,335	(689)
(Increase)/decrease in debtors	388	(756)
(Increase)/decrease in inventories	15	15
Movement in pension liability	588	580
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	811	409
Other non-cash items charged to the net surplus or deficit on the provision of services	(286)	(178)
Total	8,580	1,695

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	2014/15 £'000	2015/16 £'000
Proceeds from short-term and long term investments	(102)	(147)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(911)	(622)
Total	(1,013)	(769)

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 24: CASH FLOW STATEMENT – INVESTMENT ACTIVITIES

Cash Flow Statement – Investment Activities	2014/15 £'000	2015/16 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(2,901)	(8,779)
Other payments for investing activities	(4,000)	(2,000)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	911	622
Proceeds from short-term and long-term investments	52	106
Other receipts from investing activities	576	2,851
Net cash flows from investing activities	(5,362)	(7,200)

Note 25: CASH FLOW STATEMENT – FINANCING ACTIVITIES

Cash Flow Statement – Financing Activities	2014/15 £'000	2015/16 £'000
Cash receipts of short and long-term borrowing	5,000	6,000
Other receipts from financing activities	120	-
Repayments of short and long-term borrowing	(149)	45
Other payments for financing activities	(167)	(829)
Net cash flows from financing activities	4,804	5,216

Note 26: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS – SEGMENTAL REPORTING

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement),
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year,
- expenditure on some support services is budgeted for centrally and not charged to directorates.

The following tables detail the Council's net revenue expenditure by service as reported under management reporting arrangements and how this reconciles to the Comprehensive Income and Expenditure statement and the subjective analysis within the Comprehensive Income and Expenditure Statement.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 26: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS – SEGMENTAL REPORTING (continued)

2015/16	Chief Executive £'000	Community Well-being & Environment £'000	Economic Prosperity & Place £'000	Total Net Expenditure by Service £'000
Fees, Charges & Other Service Income	(1,144)	(3,291)	(3,363)	(7,798)
Recharges	(5,046)	(4,029)	(1,420)	(10,495)
Government Grants	(34,395)	(3)	(60)	(34,458)
Total Income	(40,585)	(7,323)	(4,843)	(52,751)
Employee Expenses	6,456	4,947	2,702	14,105
Other Service Expenses	38,099	7,286	3,743	49,128
Support Service Recharges	1,662	1,138	760	3,560
Total Expenditure	46,217	13,371	7,205	66,793
Net Cost of Services	5,632	6,048	2,362	14,042

2014/15 Comparative Figures	Chief Executive £'000	Community Well-being & Environment £'000	Economic Prosperity & Place £'000	Total Net Expenditure by Service £'000
Fees, Charges & Other Service Income	(786)	(3,245)	(2,840)	(6,871)
Recharges	(5,549)	(3,820)	(1,465)	(10,834)
Government Grants	(33,198)	-	-	(33,198)
Total Income	(39,533)	(7,065)	(4,305)	(50,903)
Employee Expenses	6,525	4,723	2,655	13,903
Other Service Expenses	36,859	10,607	3,427	50,893
Support Service Recharges	1,876	1,206	675	3,757
Total Expenditure	45,260	16,536	6,757	68,553
Net Cost of Services	5,727	9,471	2,452	17,650

Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement

	2014/15 £'000	2015/16 £'000
Net Cost of Service from Service Analysis	17,650	14,042
Add amounts not reported to management (see table below)	(282)	(2,215)
Amounts not included in the Comprehensive Income and Expenditure Statement (see table below)	(237)	(444)
Net Cost of Services in Comprehensive Income and Expenditure Statement	17,131	11,383

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 26: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS – SEGMENTAL REPORTING (continued)

Reconciliation to Subjective Analysis – (Surplus)/deficit on the provision of services

2015/16	Directorate Analysis £'000	Not reported to Management £'000	Not included in CIES £'000	Recharges £'000	Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, Charges & Other Service Income	(7,798)	(3,429)	1,218	131	(9,878)	-	(9,878)
Recharges	(10,495)	-	-	6,220	(4,275)	-	(4,275)
Surplus on Trading Account & Investment Properties	-	-	-	-	-	-	-
Changes in Fair Value of Investment Properties	-	-	-	-	-	-	-
Interest & Investment Income	-	-	-	-	-	(140)	(140)
Icelandic Investments	-	-	-	-	-	(7)	(7)
Interest Adjustment	-	-	-	-	-	(7,056)	(7,056)
Income from Council Tax	-	-	-	-	-	-	-
Government Grants and Contributions	(34,458)	-	-	-	(34,458)	(6,490)	(40,948)
Total Income	(52,751)	(3,429)	1,218	6,351	(48,611)	(13,693)	(62,304)
Employee expenses	14,105	(1,330)	-	(2,970)	9,805	-	9,805
Other Service Expenses	49,128	2,544	(1,662)	(20)	49,990	-	49,990
Support Service Recharges	3,560	-	-	(3,361)	199	-	199
Long Term Investments - Impairment Adjustments	-	-	-	-	-	(37)	(37)
Pension Interest Cost & Expected Return	-	-	-	-	-	1,910	1,910
Interest Payments	-	-	-	-	-	456	456
Parish Precepts	-	-	-	-	-	485	485
Gain or Loss on Disposal of Non-current Assets	-	-	-	-	-	(206)	(206)
Gross Cost of Services	66,793	1,214	(1,662)	(6,351)	59,994	2,608	62,602
(Surplus) /Deficit on the Provision of Services	14,042	(2,215)	(444)	-	11,383	(11,085)	298

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 26: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS – SEGMENTAL REPORTING (continued)

2014/15	Directorate Analysis £'000	Not reported to Management £'000	Not included in CIES £'000	Recharges £'000	Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, Charges & Other Service Income	(6,871)	(569)	1,174	148	(6,118)	-	(6,118)
Recharges	(10,834)	-	-	6,415	(4,419)	-	(4,419)
Surplus on Trading Account & Investment Properties	-	-	-	-	-	(181)	(181)
Changes in Fair Value of Investment Properties	-	-	-	-	-	201	201
Other Gains & Losses	-	-	-	-	-	-	-
Interest & Investment Income	-	-	-	-	-	(92)	(92)
Icelandic Investments	-	-	-	-	-	(10)	(10)
Interest Adjustment	-	-	-	-	-	(6,820)	(6,820)
Income from Council Tax	-	-	-	-	-	(6,820)	(6,820)
Government Grants and Contributions	(33,198)	-	-	-	(33,198)	(7,324)	(40,522)
Total Income	(50,903)	(569)	1,174	6,563	(43,735)	(14,226)	(57,961)
Employee expenses	13,903	(1,513)	-	(2,864)	9,526	-	9,526
Other Service Expenses	50,893	1,800	(1,411)	(38)	51,244	-	51,244
Support Service Recharges	3,757	-	-	(3,661)	96	-	96
Long Term Investments - Impairment Adjustments	-	-	-	-	-	32	32
Pension Interest Cost & Expected Return	-	-	-	-	-	2,096	2,096
Interest Payments	-	-	-	-	-	213	213
Parish Precepts	-	-	-	-	-	463	463
Gain or Loss on Disposal of Non-current Assets	-	-	-	-	-	(97)	(97)
Gross Cost of Services	68,553	287	(1,411)	(6,563)	60,866	2,707	63,573
(Surplus) /Deficit on the Provision of Services	17,650	(282)	(237)	-	17,131	(11,519)	5,612

Items not reported to management are in respect of technical accounting adjustments not known until year-end, such as impairment and pension adjustments. These cannot be made until the relevant guidance is issued/ information known.

Note 27: TRADING OPERATIONS

The Council has Industrial Estate Trading Operations, where the service manager is required to operate in a commercial environment and balance the budget by generating income from other parts of the authority or other organisations. Details of the income and expenditure from trading operations are as follows:

Trading Operations	2014/2015 £'000	2015/2016 £'000
Industrial Estates		
Income	(580)	(721)
Expenditure	373	454
Net Income	(207)	(267)

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 28: MEMBERS' ALLOWANCES AND EXPENSES

Members' allowances and expenses paid during the year were £215,835 (£292,132 in 2014/15). This reflects the reduction in number of Councillors from 42 to 33, effective from May 2015. Further information is provided on the Council's website: www.wyreforest.gov.uk

Note 29: OFFICERS' REMUNERATION

The number of officers whose remuneration for the year exceeded £50,000 (including salary, redundancy payments and other minor allowances):

Total Remuneration	2014/2015	2015/2016
£50,000 - £54,999	1	2
£55,000 - £59,999	1	1
£60,000 - £64,999	1	1
£65,000 - £69,999	-	-
£70,000 - £74,999	2	2
£75,000 - £104,999	-	-
£105,000 - £109,999	1	1

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

Position	Salary (including fees & allowances)	Expenses Allowances*	Total Remuneration Excl pension contributions 2014/2015	Pension Contributions	Total Remuneration including pension Contributions 2015/2016
	£	£	£	£	£
Chief Executive	108,640	1,181	109,821	14,340	124,161
Director of Economic Prosperity and Place	73,365	570	73,935	9,684	83,619
Director of Community Well-Being and Environment	73,365	-	73,365	9,684	83,049
Chief Finance Officer	61,696	271	61,967	8,144	70,111
Solicitor to the Council	38,254	60	38,314	5,049	43,363
Head of Economic Development & Regeneration – North Worcs	58,011	637	58,648	7,674	66,322
Head of Transformation & Communications	52,390	210	52,600	6,915	59,515
Total	465,721	2,929	468,650	61,490	530,140

*All mileage is reimbursed at 40p per mile which is below the HMRC approved rate of 45p per mile.

The Solicitor to the Council works 22.2 contractual hours per week.

The Pension contributions detailed above only include the employer's contributions directly attributable to the Post Holder.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 29: OFFICERS' REMUNERATION (continued)

In addition to the above salaries, the following Senior Officers received remuneration for their roles in the General, European, District and Parish elections:

	Role	2015/16 £
Chief Executive	Returning Officer	5,669
Solicitor to the Council	Deputy Returning Officer	659
Head of Transformation & Communications	Deputy Returning Officer	693

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)	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15 £	2015/16 £
£0 - £20,000	1	2	2	2	3	4	17,717	29,525
Total	1	2	2	2	3	4	17,717	29,525

As a partner to Worcestershire Regulatory Services (WRS), the Council also paid the additional sum of £54,223 as our share of the termination benefits to ten members of staff, one of which was compulsory. The cost of all exit packages that have been agreed and charged to the Council's Comprehensive Income and Expenditure Statement (CI&E) in the current year includes the WRS element.

Note 30: 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	2014/15 £'000 (Re-stated)	2015/16 £'000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	50	65
Fees payable in respect of other services provided by Grant Thornton during the year *	15	17
Total	65	82

* The fees for other services payable in 2014/15 related to Housing Benefit Grant Certification fee, the National Fraud Initiative and Place Analytics Subscription. In 2015/16 it related to Housing Benefit Grant Certification Fee and Place Analytics Subscription. The agreed fee for external audit services in 2014/15 was £65,248. This differs from the amount stated above due to timing differences of the payments and rebates from the Audit Commission totalling £15,419.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 31: GRANT INCOME

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

Grant Income	2014/15 £'000	2015/16 £'000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	2,912	2,019
New Homes Bonus	1,263	1,693
Other Capital Grants	651	670
Total Credited to Taxation and Non Specific Grant Income	4,826	4,382
Credited to Services		
Housing Benefit Subsidy	31,702	33,020
Housing Benefit Admin	648	544
Other Grants by Directorate:		
Chief Executive	338	341
Community Well-being and Environment	384	312
Economic Prosperity and Place	310	234
Total Grant Income Credited to Services	33,382	34,451

Note 32: RELATED PARTY TRANSACTIONS

The following table details the transactions for the period 1st April 2015 to 31st March 2016 with organisations with which the Council has a related party interest. 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). Grants received from Government Departments are set out in the subjective analysis in Note 26 on reporting for resources allocation decisions. Grant receipts outstanding at 31st March 2016 are shown in Note 16.

Members

Members of the Council have a direct control over the Council's financial and operating policies. The total of members' allowances paid in 2015/16 is shown in Note 28.

Members have not disclosed any material transactions with related parties.

The Register of Members' Interest is open to public inspection at Wyre Forest House during office hours, on application, and is also available on the Council's website:

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

This is compliant with the Localism Act 2011.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 32: RELATED PARTY TRANSACTIONS (continued)

Officers

Senior Officers have not disclosed any material transactions with related parties.

The following transactions were undertaken with related parties as at 31st March 2016. All transactions were undertaken at arm's length and within normal business terms and conditions.

Organisation	Member/Senior Officer	Relationship	Income £'000	Expenditure £'000
Community Housing Group	Cllr John Hart Cllr C Rogers Cllr G Yarranton Cllr J Greener Cllr S Clee Cllr J Smith Cllr H Dyke Cllr T Muir Cllr N Knowles Cllr M Rayner	Community Members	53	995
Age UK Wyre Forest	Cllr S Arnold	Member	-	3
Carpet Museum Trust	Cllr J Baker, Cllr S Williams, Chief Executive - I Miller	Members Trustee	-	1
Bewdley Development Trust	Cllr J Phillips, Town Centres Manager	Director Member	-	10
Kidderminster & District Youth Trust	Cllr J Greener, Cllr J Baker, Cllr H Dyke, Cllr M Rayner	Member	-	25
Citizens' Advice Bureau	Cllr T Onslow	Member	-	79
Local Government Association	Cllr M Hart	Member	-	16
Stourport Forward	Cllr C Rogers	Member	-	6
The Elizabeth Mills Centre	Cllr D Little	Member	-	1
Stourport Sports Club Ltd	Cultural Services Manager, Community Development Manager	Director Director	9	18
Worcestershire County Council (excludes precepts & pension)	Cllr J-P Champion*, Cllr, M Hart*, Cllr S Clee, Cllr G Yarranton, Cllr N Desmond, Cllr F Oborski, Cllr M Rayner, Cllr A Hingley, Cllr T Muir	Members (of which 2 are also Cabinet Members*)	2,255 [^]	531
Wyre Forest Nightstop & Mediation	Cllr S Chambers	Member	-	26

[^] Includes Passporting of Disability Facilities Grant via the Better Care Fund and capital contribution towards Public Realm Improvements capital scheme.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 32: RELATED PARTY TRANSACTIONS (continued)

Other Public Bodies:

The Council collects precepts on behalf of Worcestershire County Council, The Office of the Police and Crime Commissioner for West Mercia, Hereford and Worcester Fire Authority, and the Town and Parish Councils.

Some Wyre Forest District Council Councillors are also members of these bodies – major transactions between Wyre Forest District Council and other Parishes are shown below:

Parish Councils	Numbers of Members	Income £'000	Payments (excl. precepts) £'000
Stourport Town Council	5	9	3
Bewdley Town Council	2	6	14
Kidderminster Charter Trustees *	18	3	-
Kidderminster Town Council *	18	3	-

* Kidderminster Town Council formed with effect from 1st December 2015.

The following amounts were due to/from related parties as at 31st March 2016:

Organisation	Income £'000s	Expenditure £'000
Community Housing Group	68	6
Citizens' Advice Bureau	-	3
West Midlands Employers	1	21
Worcestershire County Council	90	8
Wyre Forest Nightstop & Mediation	-	26

Joint Operations

The Council is a partner in the Worcestershire Regulatory Shared Service Joint Committee, which is a jointly controlled operation hosted by Bromsgrove District Council (BDC). Under this shared service the Council paid £500,000 to BDC and accrued for a refund of £18,922 relating to 2015/16. An accrual was made for additional expenditure of £64,412 relating to redundancy costs, pension strain, disturbance costs and pest control charges. In addition, the Council received £38,990 from BDC for recharges, with £15,578 still owing as at 31st March 2016.

The Council is a partner in the North Worcestershire Building Control shared service, a collaborative agreement hosted by BDC. Under this shared service, £130,288 was payable to BDC in 2015/16 of which £34,241 was still owing as at 31st March 2016. In addition, the Council received £388 for recharges.

The Council hosts the North Worcestershire Economic Development and Regeneration shared service, a collaborative agreement. Under this shared service £239,424 was due from BDC and £344,095 from Redditch Borough Council (RBC) in 2015/16. Of these amounts £49,989 (BDC) and £79,401 (RBC) were still owing at 31st March 2016. The Council paid £38,868 to RBC for expenditure incurred.

The Council has a collaborative agreement with RBC for the provision of Payroll Services. Under this shared service the Council accrued £33,000 for this service in 2015/16.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 32: RELATED PARTY TRANSACTIONS (continued)

The Council participates in a shared service with The Community Housing Group Limited (CHG) to jointly provide advice and services to the public through the shared occupancy of the Worcestershire Hub. Under this agreement £11,890 was due from CHG in 2015/16 and is still owing at 31st March 2016.

The Council hosts the North Worcestershire Water Management Shared Service, a collaborative agreement. Under this shared service £53,974 was due from BDC and £99,798 from RBC in 2015/16. Of these amounts £13,494 (BDC) and £15,887 (RBC) were still owing at 31st March 2016.

Worcestershire County Council provided the Human Resources shared service. Under this agreement the Council paid £122,600 for this service in 2015/16. The service has been brought back in-house from 1st April 2016.

This Council hosts a shared service for Emergency Planning and Business Continuity with RBC and BDC. Under this agreement £24,559 was due for this service in 2015/16. As of 31st March 2016, £3,197 was owed by both BDC and RBC.

Note 33: CAPITAL EXPENDITURE AND CAPITAL FINANCING

Capital Expenditure and Capital Financing	2014/15 £'000	2015/16 £'000
Opening Capital Financing Requirement	5,539	7,910
Operational Assets	3,111	7,885
Non-operational Assets	-	-
Revenue Expenditure Funded from Capital Under Statute	1,401	2,212
Capital Receipts	(1,223)	(71)
Government Grants and other Contributions	(712)	(3,492)
Sums Set Aside from Revenue	(206)	(298)
Closing Capital Financing Requirement	7,910	14,146
Explanation of movements in the year:		
Increase in underlying requirement to borrow (unsupported by Government financial assistance)	2,371	6,236
Increase in Capital Financing Requirement	2,371	6,236

Note 34: 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.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 34: DEFINED BENEFIT PENSION SCHEMES (continued)

The Council participates in the Local Government Pension Scheme (LGPS), administered locally by Worcestershire County Council. This is a funded defined benefit salary scheme. The LGPS is now a career average scheme for benefits built up from 1st April 2014, 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.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. 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.

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 following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 34: DEFINED BENEFIT PENSION SCHEMES (continued)

	Funded Benefits		Unfunded Benefits	
	2014/15 £'000 (Re-stated)	2015/16 £'000	2014/15 £'000 (Re-stated)	2015/16 £'000
Comprehensive Income and Expenditure Account				
Cost of Services				
<i>Service cost comprising:</i>				
Current Service Cost	1,219	1,586	-	-
Past Service Costs (including Curtailments)	61	39	-	-
Administration expenses	24	24	-	-
Financing and Investment Income and Expenditure				
Net interest expense	1,810	1,672	306	238
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	3,114	3,321	306	238
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement				
<i>Remeasurement of the net defined liability comprising:</i>				
Return on plan assets (excluding the amount included in net interest expense)	(4,650)	3,157	-	-
Actuarial (gains) and losses arising on changes in financial assumptions	14,887	(5,761)	665	(248)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	13,351	717	971	(10)
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits	611	580	-	-
Actual amount charged against the General Fund Balance for pensions in the year				
Employers' contributions payable to scheme	2,298	2,473	511	506
Retirement benefits payable to pensioners	(4,269)	(4,190)	(511)	(506)

The 2014/15 figures have been amended to include the Worcestershire Regulatory Services Share Service transactions for comparative purposes.

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:

	Funded Benefits		Unfunded Benefits	
	2014/15 £'000 (Re-stated)	2015/16 £'000	2014/15 £'000 (Re-stated)	2015/16 £'000
Present value of defined benefit obligation	116,384	112,444	7,676	7,160
Fair value of plan assets	(63,052)	(60,783)	-	-
Net liability arising from defined benefit obligation	53,332	51,661	7,676	7,160

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 34: DEFINED BENEFIT PENSION SCHEMES (continued)

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

	Funded Benefits		Unfunded Benefits	
	2014/15 £'000 (Re-stated)	2015/16 £'000	2014/15 £'000 (Re-stated)	2015/16 £'000
Opening fair value of scheme assets	55,465	63,052	-	-
Amended to include share of WRS liability	2,022	-	-	-
Revision in % share of WRS liability	-	211	-	-
Re-stated opening fair values	57,487	63,263		
Interest Income	2,406	2,009	-	-
Remeasurement gain/(loss) - return on plan assets, excluding amount included in net interest expense	4,487	(3,157)	-	-
Administration expenses	(23)	(24)	-	-
Contributions from employer	2,239	2,473	511	506
Contributions from employees into scheme	389	409	-	-
Benefits Paid	(4,217)	(4,190)	(511)	(506)
Amended to include share of WRS liability	284	-	-	-
Closing fair value of scheme assets	63,052	60,783	-	-

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

	Funded Liabilities		Unfunded Liabilities	
	2014/15 £'000 (Re-stated)	2015/16 £'000	2014/15 £'000 (Re-stated)	2015/16 £'000
Opening balance at 1 st April	97,261	116,384	7,216	7,676
Amended to include share of WRS liability	2,504	-	-	-
Revision in % share of WRS liability	-	296	-	-
Re-stated opening balance at 1st April	99,765	116,680	7,216	7,676
Current Service cost	1,160	1,586	-	-
Interest cost	4,196	3,681	306	238
Contributions from scheme participants	389	409	-	-
Remeasurement (gains) and losses- Actuarial (gains)/losses arising from change in financial assumptions	14,306	(5,761)	665	(248)
Past service cost/Curtailments	59	39	-	-
Benefits paid	(4,217)	(4,190)	(511)	(506)
Amended to include share of WRS liability	726	-	-	-
Closing balance at 31st March	116,384	112,444	7,676	7,160

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 34: DEFINED BENEFIT PENSION SCHEMES (continued)

Local Government Pension Scheme assets comprised:

Fair value of scheme assets	2014/15 £'000	2015/16 £'000
Cash and cash equivalents	1,009	1,288
Alternatives: UK Infrastructure*	-	2,254
Property:		
European*	-	1,902
UK*	-	711
Overseas*	-	136
Sub-total Property	-	2,749
Equities:		
UK quoted	13,998	446
Overseas quoted	24,149	20,759
PIV UK Managed Funds*	6,431	17,021
PIV UK Managed Funds (Overseas equities)*	12,862	12,093
PIV Overseas Managed Funds*	505	447
Sub-total equities	57,945	50,766
Bonds:		
UK Corporate	441	252
Overseas Corporate	3,657	3,474
Sub-total bonds	4,098	3,726
Total Assets	63,052	60,783

Figures include share of Worcestershire Regulatory Services attributable to the Council.

All scheme assets have quoted prices in active markets except those quoted in non-active markets which are marked *.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions including mortality rates and salary levels etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Mercer Ltd, an independent firm of actuaries, and estimates for the Council fund are based on the latest full valuation of the scheme as at 31st March 2013.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 34: DEFINED BENEFIT PENSION SCHEMES (continued)

The significant assumptions used by the actuary have been:

	2014/15	2015/16
<u>Long term expected rate of return on assets in the scheme</u>		
Mortality assumptions		
Longevity at 65 of current pensioners		
Male	23.4yrs	23.5yrs
Female	25.8yrs	25.9yrs
Longevity at 65 of future pensioners		
Male	25.6yrs	25.8yrs
Female	28.1yrs	28.2yrs
Financial assumptions		
Rate of Inflation (CPI)	2.00%	2.00%
Rate of increase in salaries	3.50%	3.50%*
Rate of increase in pensions	2.00%	2.00%
Discount Rate on liabilities	3.20%	3.50%

*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 estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2014/15.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption £'000
Longevity (increase in 1 year)	2,396
Rate of inflation (increase by 0.1%)	1,971
Rate of increase in salaries (increase by 0.1%)	358
Rate for discounting scheme liabilities (increase by 0.1%)	(1,938)

Figures include share of Worcestershire Regulatory Services attributable to the Council.

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 21 years. Funding levels are monitored on an annual basis. The next triennial revaluation as at 31st March 2016 is in progress. Revised employer contributions will be agreed effective from 1st April 2017.

The scheme will need to take account of 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.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 34: DEFINED BENEFIT PENSION SCHEMES (continued)

The Council anticipates paying £3.135m contributions to the scheme in 2016/17. Worcester Regulatory Services anticipate paying £0.456m contributions; the Council's contribution to this is estimated to be £58k.

The weighted average duration of the defined benefit obligation for scheme members is 16 years, 2015/16 (16 years 2014/15). For Worcestershire Regulatory Services the weighted average duration is 22 years (22 years 2014/15).

Note 35: CONTINGENT LIABILITIES

The account with the Wyre Forest House construction contractor remains outstanding because of a number of unresolved issues, the main one being the Council Chamber heating and cooling. A gas heating system has been successfully installed to supplement the ground source heating. There may also be an issue of a contractor's claim against the Council for prolongation of the contract time scale, so a potential contingent liability exists in relation to this major capital project.

The Council has a number of Service Reviews in progress as part of the Wyre Forest Forward Work Programme; these are programmed over the Medium Term Financial Strategy. It is possible that these Service Reviews will result in reductions in employee numbers and a reduction in overall service costs necessitating the payment of severance costs that may be classed as future termination benefits. As the exact details of these future severance costs are not yet known they are a potential contingent liability. The Council has recognised the need to resource the cost of implementing such Cabinet Proposals and has a Transformation Fund earmarked reserve towards funding such one-off costs. There is £628k remaining in the Transformation Fund as at 31st March 2016 with £324k being uncommitted. This includes an extra £200k to replenish the fund from the 2015/16 final account savings to help fund the challenging savings programme moving forward.

The Council has 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. An earmarked reserve previously included in the accounts based on advice from administrators has now been paid. The potential for further liability still exists, and a further earmarked reserve of £100k has been included in the 2015/16 accounts for a potential claim but there is a contingent liability for future claims that may come forward.

The Council has made a provision for NNDR Appeals based upon its best estimates of the actual liability as at the year-end in known appeals. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office or that will be finally settled with any degree of certainty. This uncertainty means there is a risk to the Council that national and local appeals may have a future impact on the accounts.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2015/16

Note 36: TRUST FUNDS

Wyre Forest District Council acts as Corporate Trustee for Kidderminster Educational Foundation, a registered charity, whose main activity is as grant-maker to individuals, and also to assist other organisations in activities which comply with the governing objectives of the Foundation. The Fund is invested in the money market but is not included within the Council's Balance Sheet. The capital balance invested during the year was £271,209 (£271,209 at 31st March 2015) whilst the revenue balance was £6,367 at 31st March 2016 (£8,202 at 31st March 2015). Responsibility for the role of Trustee of this registered charity transferred to Kidderminster Town Council from the 1st April 2016.

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

2015/2016	Income £'000	Expenditure £'000	Assets £'000	Liabilities £'000
Kidderminster Educational Foundation	1	3	278	-
TOTAL	1	3	278	-

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

THE COLLECTION FUND ACCOUNT 2015/16

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.

2014/2015 Business Rates £'000	2014/2015 Council Tax £'000	2014/2015 Total £'000		2015/2016 Business Rates £'000	2015/2016 Council Tax £'000	2015/2016 Total £'000
<u>INCOME</u>						
-	(48,499)	(48,499)	Council Tax Receivable	-	(50,280)	(50,280)
(29,420)	-	(29,420)	Business Rates Receivable	(29,030)	-	(29,030)
(29,420)	(48,499)	(77,919)	Total Income	(29,030)	(50,280)	(79,310)
<u>EXPENDITURE</u>						
Precepts, Demands and Shares:						
14,395	-	14,395	Central Government	13,312	-	13,312
2,591	33,007	35,598	Worcestershire County Council	2,396	34,719	37,115
288	2,339	2,627	Hereford and Worcester Fire Authority	266	2,459	2,725
-	5,680	5,680	Office of the Police and Crime Commissioner for West Mercia	-	5,978	5,978
11,516	6,281	17,797	Wyre Forest District Council	10,650	6,608	17,258
-	463	463	Parish/Town Councils	-	485	485
Charges to the Collection Fund:						
376	189	565	Increase in Bad Debt Provision	336	293	629
2,707	-	2,707	Increase in Provision for Appeals	757	-	757
137	-	137	Cost of Collection Allowance	136	-	136
32,010	47,959	79,969	Total Expenditure	27,853	50,542	78,395
2,590	(540)	2,050	(Surplus)/Deficit for the Year	(1,177)	262	(915)
1,918	(787)	1,131	(Surplus)/Deficit b/fwd as at 1st April	4,508	(1,327)	3,181
4,508	(1,327)	3,181	(Surplus)/Deficit c/fwd as at 31st March	3,331	(1,065)	2,266
Allocation of (Surplus)/Deficit:						
2,254	-	2,254	Central Government	1,665	-	1,665
406	(917)	(511)	Worcestershire County Council	300	(736)	(436)
45	(65)	(20)	Hereford and Worcester Fire Authority	33	(52)	(19)
-	(158)	(158)	Office of the Police and Crime Commissioner for West Mercia	-	(127)	(127)
1,803	(187)	1,616	Wyre Forest District Council	1,333	(150)	1,183
4,508	(1,327)	3,181		3,331	(1,065)	2,266

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

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 Collection Fund. 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 remains a member of the Worcestershire Business Rates Pool. Separate accounts are maintained that form part of the Worcestershire County Council Accounts and are not reflected in the Wyre Forest District Council 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 2015/16 were estimated before the start of the financial year as £14.546m to Central Government (£14.395m in 2014/15), £2.618m to WCC (£2.591m in 2014/15), £0.291m to H&WFRA (£0.288m in 2014/15) and £11.637m to Wyre Forest District Council (£11.516m in 2014/15). These sums have been paid in 2015/16 and charged to the collection fund in year. When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. The tariff payable by Wyre Forest District Council in 2015/16 was £8.916m (£8.749m in 2014/15).

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

NOTES TO THE COLLECTION FUND ACCOUNT

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

In addition to the tariff, a 'safety net' figure is calculated at 92.5% of baseline amount which ensures that authorities are protected to this level of Business Rates income. For Wyre Forest District Council the value of safety net figure in 2015/16 was £2.387m (£2.342m in 2014/15). The comparison of business rate income to the safety net uses the total income collected from business rate payers and adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and the Small Business Rate Relief scheme not allowed for when the safety net was set. The Council does not qualify for a safety net payment for 2015/16. In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by 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 total provision charged to the collection fund for 2015/16 has been calculated at £757k (£2.707m in 2014/15 - this included estimates for the effect of back dating of appeals and £750k in respect of Doctors Surgeries appeals that were settled in 2015/16).

The Non-Domestic rateable value of the Council's area at 31st March 2016 was £73,956,769 (31st March 2015 - £74,375,008). The standard national multiplier for 2015/16 was 49.3p (48.2p in 2014/15) and 48.0p for qualifying Small Businesses (47.1p in 2014/15).

The total income from business rate payers collected in 2015/16 was £29.030m (£29.420m in 2014/15).

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 the Council, Worcestershire County Council, The Office of the Police and Crime Commissioner for West Mercia, The Hereford and Worcester Fire Authority and Town/Parish Councils for the forthcoming year and dividing this by the Council Tax base. This basic amount of Council Tax for a band D property, £1,547.53 for 2015/16 (£1,518.01 in 2014/15) 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 £222,079 (£98,434 in 2014/15).

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

NOTES TO THE COLLECTION FUND ACCOUNT

Note 3: COUNCIL TAX (continued)

The Council taxbase, which is used in the calculation of the Council Tax, is based upon the number of dwellings in each valuation band on the listing produced by the Listing Officer. This is adjusted for exemptions, discounts, disabled banding changes and appeals. The taxbase estimate for 2015/16 was 31,814 (30,930 in 2014/15).

Valuation Band	Number of Dwellings Per Valuation List	Adjustment for Disabled Banding Appeals, Discounts & Exemptions	Full Charge Equivalent	Ratio to Band D Charge	Band D Equivalent
Band A	11,142	(5,022.89)	6,119.11	6/9	4,079.41
Band B	11,301	(2,961.60)	8,339.40	7/9	6,486.20
Band C	11,059	(1,859.93)	9,199.07	8/9	8,176.95
Band D	6,111	(693.72)	5,417.28	1	5,417.28
Band E	3,283	(246.69)	3,036.31	11/9	3,711.05
Band F	1,701	(105.88)	1,595.12	13/9	2,304.06
Band G	1,174	(45.32)	1,128.68	15/9	1,881.13
Band H	125	(3.73)	121.27	2	242.54
Total	45,896	(10,939.76)	34,956.24		32,298.62
Less Allowance for Non Collection District Tax Base					484.62
					31,814.00

Income from Council Tax in 2015/16 was £50.280m (£48.499m in 2014/15).

Note 4: COLLECTION FUND SURPLUSES AND DEFICITS

The Council Tax surplus of £1.065m at 31st March 2016 will be distributed in subsequent financial years to the Council, Worcestershire County Council, The Office of the Police and Crime Commissioner for West Mercia and Hereford and Worcester Fire Authority 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 £3.331m at 31st March 2016 will be recovered in subsequent financial years from the Council, Central Government, Worcestershire County Council and Hereford and Worcester Fire Authority in proportion to the value of the respective shares of the Business Rates Retention Scheme.

Note 5: SIGNIFICANT PRECEPTS/DEMANDS ON THE COLLECTION FUND

The significant precepts and demands on the Collection Fund in 2015/16, excluding surplus/deficits, are as follows:

	Council Tax £'000	NNDR £'000
Worcestershire County Council	34,352	2,618
Office of the Police and Crime Commissioner for West Mercia	5,914	-
Hereford and Worcester Fire Authority	2,434	291
Wyre Forest District Council (including parishes)	7,018	11,637
Central Government	-	14,546

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

NOTES TO THE COLLECTION FUND ACCOUNT

Note 6: PROVISION FOR BAD DEBTS

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

2014/15			2015/16	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
927	1,270	Provision for Bad Debts as at 1 st April	1,033	1,270
(84)	(376)	Past Years Write Offs	(174)	(314)
190	376	Increase in Provision	293	314
1,033	1,270	Provision for Bad Debts as at 31 st March	1,152	1,270

The Wyre Forest District Council share is as follows:

2014/15			2015/16	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
146	508	Wyre Forest District Council Share of Provision for Bad Debts as at 31 st March	163	508

Note 7: PROVISION FOR NNDR APPEALS

The Collection Fund account provides for NNDR appeals against the rateable value set by the Valuation Office Agency (VOA) not settled at 31st March 2016. This includes an additional £750k in 2014/15 in respect of Doctors Surgeries appeals that were settled in 2015/16.

	2014/15 £'000	2015/16 £'000
Provision for Appeals as at 1 st April	1,225	3,104
Appeals settled in year	(828)	(906)
Increase in Provision	2,707	757
Provision for Appeals as at 31 st March	3,104	2,955

The Wyre Forest District Council share is as follows:

	2014/15 £'000	2015/16 £'000
Wyre Forest District Council Share of Appeals as at 31 st March	1,242	1,182

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

CHIEF FINANCIAL OFFICER AND LEADER'S CERTIFICATE

The Statement of Accounts on pages 2 to 90 is prepared and published in accordance with the Accounts and Audit (England) Regulations 2015.

The accounts have been prepared on a historic cost basis, in accordance with the Code of Practice on Local Authority Accounting and the Service Reporting Code of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also with the guidance notes issued by CIPFA on the application of Accounting Standards. They present a true and fair position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2016.

TRACEY W SOUTHALL, CPFA
CHIEF FINANCIAL OFFICER

COUNCILLOR MARCUS J HART
LEADER OF THE COUNCIL

26th September 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WYRE FOREST DISTRICT COUNCIL

We have audited the financial statements of Wyre Forest District Council (the "Authority") for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act 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 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.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial 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 2015/16, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report and the Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- present a true and fair view of the financial position of the Authority as at 31 March 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report and the Annual Governance Statement is consistent with the audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 24 of the Act; or
- we make a written recommendation to the Authority under section 24 of the Act; or
- we exercise any other special powers of the auditor under the Act.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements to secure value for money through economic, efficient and effective use of its resources

Respective responsibilities of the Authority and auditor

The Authority is responsible for putting in place proper arrangements to secure 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.

We are required under Section 20(1)(c) of the Act 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.

Scope of the review of the Authority's arrangements to secure value for money through economic, efficient and effective use of its resources

We have undertaken our review in accordance with the Code of Audit Practice prepared by the Comptroller and Auditor General as required by the Act (the "Code"), having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined these criteria as those necessary for us

to consider under the Code in satisfying ourselves whether the Authority put in place proper arrangements to secure value for money through the economic, efficient and effective use of its resources for the year ended 31 March 2016.

We planned our work in accordance with the Code. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether in all significant respects the Authority has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, we are satisfied that in all significant respects the Authority has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year ended 31 March 2016.

Certificate

We certify that we have completed the audit of the accounts of the Authority in accordance with the requirements of the Act and the Code.

Richard Percival

Richard Percival for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Colmore Plaza
20 Colmore Circus
BIRMINGHAM
West Midlands
B4 6AT

27 September 2016

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

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 2015/16 financial year.

ACTUARY

An expert on pension scheme assets and liabilities.

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, every five years. Capital charges for the use of assets are calculated on the values contained in the Asset Register.

AUDIT OPINION

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

BALANCE SHEET

A year-end statement prepared by all public and private sector organisations, which shows the net assets controlled by the organisation and how these have been funded. The Balance Sheet is known as the Statement of Financial Position under IFRS.

BUDGET

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

CAPITAL ADJUSTMENT ACCOUNT

Capital Adjustment Account – this reflects the timing difference between the cost of fixed assets consumed and the capital financing set aside to pay for them

CAPITAL EXPENDITURE

Expenditure on acquisition, construction or improvement of assets (property, plant and equipment) which have a value to the authority for more than one year e.g. land and buildings.

CAPITAL GUIDELINES

The sum set by the Government as their view of appropriate capital spending levels on services.

CAPITAL PROGRAMME

The Authority's plan of capital expenditure on capital schemes/projects for current and future financial years, including details on the funding of the programme.

CAPITAL RECEIPTS

Income from the sale of capital assets, such as land or buildings, which may also be available to finance other items of capital (but not revenue) expenditure.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

GLOSSARY OF FINANCIAL TERMS (continued)

CENTRAL 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.

CODE OF PRACTICE ON LOCAL GOVERNMENT ACCOUNTING (THE CODE)

The Code is the framework for publishing local authority statutory accounts based on accounting standards and interpretations issued by the IASB and IFRIC, modified to reflect specific statutory requirements.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

A statement of the Council's net revenue costs in the year and how this cost was financed by Government grant and taxpayers.

CONTINGENT LIABILITY

A possible or present obligation which is difficult to quantify, or which may not come to pass (A Liability which can not be reasonably estimated and may, or may not be incurred depending on the outcome of a future event).

CORPORATE AND DEMOCRATIC CORE (CDC)

The Corporate and Democratic Core consists of two elements, Democratic Representation and Management (DRM) and Corporate Management.

DRM includes all aspects of members' activities including corporate programme and service policy making, together with officer time in support of these functions. Examples of costs charged to DRM includes all members allowances and expenses.

Corporate Management concerns those activities and costs which allow services to be provided, whether by the authority or not, and the information which is required for public accountability. Costs properly charged to this heading include time spent in allocating corporate resources and producing the annual accounts, treasury management activities and external audit fees for the statutory audit.

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. Council tax income is distributed to Precepting Authorities.

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, like those lived in only by students.

COUNCIL TAXBASE

The Council Tax base of an area is equal to the number of band D equivalent properties. To calculate this, the Government 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 REDUCTION SCHEME (CTRS)

A locally determined scheme which sets the system to calculate amounts deducted from the bills of working age Council Tax payers. The CTRS 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 was 10% in 2015/16 and 20% from 1st April 2016.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

GLOSSARY OF FINANCIAL TERMS (continued)

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.

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.

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 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

The rules that the Council's financial affairs are operated within.

FINANCIAL STATEMENTS

Another term for the Statement of Accounts.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

GLOSSARY OF FINANCIAL TERMS (continued)

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 (revenue support grant).

GROSS AND NET TOTAL COST

The gross total cost of a service includes all expenditure relating to the service/activity including employee costs, transport, support services and capital charges. Net total cost is the gross total cost of a service less income other than specific grants.

HEREDITAMENT

A property appearing in a valuation list upon which business rates are levied. Applies to non-domestic property.

HOUSING BENEFIT

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. Income Support claimants may claim Housing Benefit at the same time as they claim Income Support from Central Government. Income Support claimants may also claim direct to the District Council for Housing Benefit. All other claimants must make their claim to the District Council.

In the case of private tenants, a payment (rent allowance) is made to the tenant or to the landlord if requested by the claimant.

The District Council is reimbursed by the Government for 100% of the cost of benefits to private sector tenants. The Government also contributes towards the costs of administering the scheme. Some Authorities may choose to operate a 'local scheme' whereby allowances in excess of the standard payments are granted. This extra cost is borne by the District Council.

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 new accounting standing that this Council has adopted from 2010/11.

INVENTORY

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 RESOURCES

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 tax collected locally by District Councils.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

GLOSSARY OF FINANCIAL TERMS (continued)

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 DISTRIBUTABLE COSTS (NDC)

These are costs which cannot reasonably be charged to the cost of individual services and include, for example, contributions to meet pension fund deficits.

NON OPERATIONAL ASSETS

Council assets not directly used in the provision of services, such as investment properties.

OPERATIONAL ASSETS

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

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.

OUT-TURN

Actual income and expenditure.

PRECEPT

This is the amount of council tax income County Councils, Police Authorities, Parish Councils and some Fire Authorities need to provide their services. The amounts for all Local Authorities providing services in an area appear on one council tax bill which is issued by the District Council.

PROVISIONS

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

PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES

CIPFA developed a professional code of practice to support local authorities in taking capital investment decisions. The key objectives of the code are to ensure, within a clear framework, that local authorities' capital investment decisions are affordable, prudent and sustainable; that treasury management decisions are taken in accordance with good professional practice; and that local strategic planning, asset management planning and proper option appraisal are supported. The code was implemented with effect from 1st April 2004.

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.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

GLOSSARY OF FINANCIAL TERMS (continued)

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 (previously termed Deferred Charges) and is charged to the Income and Expenditure Account.

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 SUPPORT GRANT

Grant paid by the Government to local authorities as a contribution towards the costs of their services. The grant is distributed so that if each Authority were to spend at the level of its Formula Grant all charging Authorities could set the same council tax known as the Council Tax for Standard Spending.

SERVICE REPORTING CODE OF PRACTICE (SeRCOP)

This code of practice replaces the Best Value Accounting Code of Practice (BVACOP) with effect from 1st April 2011. It details standard definitions of services and total cost, for consistency of data for Government Returns, and comparisons with other Local Authorities.

SPECIFIC GRANTS

Government grants to Local Authorities in aid of particular projects or services e.g. Disabled Facilities Grants.

STANDING ORDERS

Rules and procedures determined by the Council to assist in the efficient performance of its activities.

TRUE AND FAIR

It is the aim of the accounts to show a true and fair view of the Council's financial position. In other words they should faithfully represent what has happened in practice.

UNREALISED GAINS AND LOSSES

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

VIREMENT

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

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2015/16
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.
CDC	Corporate and Democratic Core – central account which identifies the corporate costs of the authority, including Members and the democratic process.
CFR	Capital Financing Requirement – measures the authority’s underlying need to borrow, or finance by other long-term liabilities, its capital expenditure.
CI&E	Comprehensive Income and Expenditure Statement – This new 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. It replaces the former Income and Expenditure Account and Statement of Total Recognised Gains and Losses.
CIPFA	Chartered Institute of Public Finance and Accountancy – the institute that sets the accounting rules and guidance for Local Government.
DCLG	Department for Communities and Local Government – central government department which has the responsibility for Local Government.
DMADF	Debt Management Account Deposit Facility - offered by the Debt Management Office (Bank of England) to provide users with a flexible and secure investment facility
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.
ERDF	European Regional Development Fund – part of the European Union’s Structural Fund that allocates funds to regions to stimulate economic development. Worcestershire County Council leads the bid in this County.
FTE	Full-time equivalent – relates to employee numbers.
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.
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards – new international framework to ensure common approach to the production of Statement of Accounts across the world.
LAAP	Local Authority Accounting Panel – issues LAAP Bulletins to local authority practitioners. These Bulletins provide guidance on topical issues and accounting developments and when appropriate provide clarification on the detailed accounting requirements.
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.
LEP(GBSLEP & WLEP)	Local Enterprise Partnership (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

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2015/16
List of commonly Used Acronyms

Acronym	Description/Definition
MIRS	Movement in Resources Statement – this statement replaces the former Statement of Movement on the General Fund Balance and the note on the movement in reserves. It 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.
NAO	National Audit Office – The National Audit Office (NAO) scrutinises public spending on behalf of Parliament. The NAO does not audit local government spending.
OMV	Open Market Value – valuation method within the accounts which relates directly to the current valuation of the asset.
PBE	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.
PFI	Private Finance Initiative – is a way of creating “public-private partnerships” (PPPs) by funding public infrastructure projects with private capital
POP	Purchase Order Processing – the method by which goods and services are electronically ordered at the Council.
PPE	Property Plant and Equipment – new IFRS terminology for fixed assets.
PPP	Public-private Partnership – describes a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies.
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.
RICS	Royal Institution of Chartered Surveyors – is an independent, representative professional body which regulates property professionals and surveyors in the United Kingdom and other sovereign nations.
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.
SeRCOP	Service Reporting Code of Practice – this Code issued by CIPFA identifies standard definitions of services and total cost for consistency of data for Government returns, and comparisons with other local authorities.
SOLACE	Society of Local Authority Chief Executives – professional organisation for Chief Executives and Senior Managers within Local Government.
TUPE	Transfer of Undertakings (Protection of Employment) Regulations – protects employees’ terms and conditions of employment when a business is transferred from one owner to another.
UITF	Urgent Issues Task Force -a committee of the UK Accounting Standards Board that considers major urgent and emerging accounting issues. Its publications are known as UITF Abstracts.
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.