

***Statement
of
Accounts
2016-2017***



Wyre Forest
District Council

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2016-17

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WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

1. NARRATIVE REPORT

Welcome to the Council's Statement of Accounts for the year ended 31st March 2017 that details the financial position of the Council for the last year. This Narrative Report, 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 2017.

The most significant issue facing the Council remains its financial position. Despite the continuing austerity measures confirmed by the Government in the 2017 Financial Settlement, the updated Medium Term Financial Strategy 2017-20, approved by February Council, provides a balanced approach for the next three years. Whilst there was a projected contribution to reserves in 2016-17 of £512,050, the forecast impact of changes to the funding regime means that transfers from reserves are required in 2017-18 (£308,420), 2018-19 (£533,640) and 2019-20 (£756,320) in order to balance the budget. The overall funding gap, including efficiency saving yet to be realised, is around £2m in 2019-20 and further work on the Wyre Forest Forward Savings Strategy is actively being carried out 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 2017-18, including a freeze in Council Tax for 2017-18 and continued emphasis on both income generation and 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 £10.74m in 2019-20 based upon current plans. This represents a fall of around 35% in absolute terms, and more in real terms. The total savings target from the Wyre Forest Forward programme including all Cabinet Proposals has been increased to £3.832m in 2019-20, of which projections show we should achieve £2.836m (74%); forecast as at May 2017. 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 recently completed leisure centre. The successful completion of this project confirms even higher levels of savings than originally forecast for the Council going forward (£590k a year compared to a projection of £390k a year), 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 and our ambitious plans involve borrowing up to £35m to strengthen the council's capital property portfolio and to lend money to third parties to help them to progress regeneration and housing projects. This approach reinforces the important role the Council plays in shaping future growth and investment in Wyre Forest and beyond, while generating revenue for the Council to both protect front-line services that communities value and to deliver the Council's commitment to keep taxation low.

There was a contribution to General Reserves of £1,174,590 from the 2016-17 accounts rather than the anticipated contribution in the revised budget of £512,050 and this improvement is most welcome.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

1. NARRATIVE REPORT (continued)

The Council is a member of two local enterprise partnerships, Greater Birmingham & Solihull and Worcestershire but not a member of the West Midlands Combined Authority. It will monitor progress now that the combined authority is fully operational and what benefits start to be felt from the devolution deal for the conurbation. In Worcestershire, the Council plays a full part in initiatives to improve collaborative working across the public services, including data sharing through the Worcestershire Office of Data Analytics and Connecting Families. Work on seeking a devolution deal was paused in April 2016 following feedback from the Government. There were proposals in the General Election campaign that elected mayors will not be required in shire county areas, but this has not been confirmed by Government as at July 2017.

This has been the fourth year of the Business Rates Retention Scheme and the first year of operation of the smaller Worcestershire Business Rates Pool without Malvern Hills District Council. Results for this year are extremely positive for the Pool overall and also for Wyre Forest with the Pool retaining total levy of £1.18m, of which 50 percent (after deduction of the £10k Worcestershire County Council administration fee) is held in a risk reserve with the remainder distributed to Pool members. This Council has achieved our revised budget estimate of £2.802m including our estimated share of retained growth of £200k over baseline.

Several factors have contributed to this good news. Firstly, growth has been more positive this year. Secondly, whilst appeals remain a risk, and the new Rating list issued by the Valuation Office effective from April 2017 has caused some concern, it has been possible broadly to manage new appeals and bad debt provision within our previous provision levels. These factors, together with no significant business failings in 2016-17, have contributed to the Council's results. Based on the membership agreement of the Worcestershire Business Rates Pool, we will pay circa £210k into the risk reserve this year, and the risk pot for the whole Pool will be circa £712k to take forward to 2017-18. We should receive a Pool payment for our share of the retained levy of £89k based on our growth. However, the increased risk around appeals in relation to supermarkets, in particular, remains and although we have made provision within the accounts for such payments it is unknown if this will be sufficient.

The Council currently holds a Business Rates Equalisation/Regeneration Risk earmarked reserve of £716k to reflect the fact that we collect over £30m of business rates annually. In addition, the unknown impact of the proposed move to 100% retention of business rates income will undoubtedly involve more risk.

The Working Balance remains at £1m. The surplus of £1,175k in 2016-17 compared to the anticipated contribution to reserves of £512k (revised budget) has increased general reserves; additional savings compared to budget and release of earmarked reserves no longer required have contributed to this position. This surplus is after contributions to two major risk reserves of £450k (£300k to top up the Business Rates Equalisation/Regeneration Risk Reserve and an extra £150k to replenish the Innovation Fund). 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 commencement of the 'Brexit' process, with austerity measures set to continue to balance the national budget. However it is too early to judge the impact of Brexit 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 2016-17

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, given the unexpectedly worse position on New Homes Bonus and the lack of detail about some elements of local government finance reform. The post-Election fall-out has left local government more uncertain than ever about the future of funding for the sector. The uncertain outcome of the Election, and particularly the fall of the Local Government Finance Bill, has made it unclear whether the new government will go ahead with key policies (100% business rate retention) or change direction on others (austerity for public sector funding). 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 against 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. The total cumulative target was £2.4m in 2016-17 rising to £3.8m in 2019-20. The latest estimate of savings is that we have achieved £212k more than the target for 2016-17, almost 97% of the challenging target for 2017-18 but only about three quarters of the target for the two following years although there is still time to take action before then;
- b. **Opening of the Wyre Forest Leisure Centre on time and within budget, saving an estimated £590k a year.** This higher level of savings compared to a projection of £390k a year is because the borrowing has been undertaken at rates significantly lower than had been projected in the business case. The former sports centre site in Stourport has been sold to a local developer, whilst in Kidderminster the Wyre Forest Glades leisure centre has been demolished and the Cabinet has approved the outline of a development agreement and procurement approach to select a developer for a mixed use development including a cinema and other leisure uses;
- c. We have continued to embed our efforts to **generate more income from our services, activities and assets.** Significant additional income has been generated from depot-based services, cultural and arts events and so on, whilst at Wyre Forest House, income from tenancies and ICT support has now reached over £200k a year, with further interest being expressed by the private sector in additional rentals. In total, external income has grown from £3.7m in 2012-13 to £4.7m in 2016-17. We will continue to maximise the income that is generated from assets and services;

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

1. NARRATIVE REPORT (continued)

- d. Significant progress continues to be made with **regeneration of the district**. To highlight only a few examples: phase 2 of Silverwoods Way (the Hoobrook link road) was completed and the road opened in September 2016; Specsavers' significant investment in two large units at the former Romwire site, adjacent to Wyre Forest House, has been completed recently; and there has been strong market interest in the former Sealine and Brinton No 5 sites which are now fully let. The importance of the Stourport Road 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 with an up-to-date local development plan and are already well under way in reviewing it, with consultation on the preferred options expected in June. The first phase of the important Lions Fields development to the east of Kidderminster town centre is expected to get under way once a developer has been selected for the former Glades site.

- e. **Kidderminster Town Council was created** by reorganisation order on 1st December 2015 and approved its first precept with effect from 1st April 2016, when a number of assets and services transferred over from Wyre Forest District Council. Responsibility for the role of Trustee of the Kidderminster Educational Foundation charity also transferred from the District to the Town Council from the 1st April 2016. There is a strong relationship of partnership working for the benefit of the community between the new Town Council and the District Council.

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 Medium Term Financial Strategy 2017-20 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 2016-17 was presented to the Council's Audit Committee on 31st May 2017, 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 2017. 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 2016-17

1. NARRATIVE REPORT (continued)

The Council's accounts for the financial year ended 31st March 2017, that follow, mainly comprise:

Comprehensive Income and Expenditure Statement	Movement in Reserves Statement
<p>An accounting deficit of £3.762m has been reported; the outturn position is a net £0.292m deficit (comprising a General Fund surplus of £1.175m and reduction in Earmarked Reserves of £1.467m)</p> <p>This statement shows the accounting cost in the year of providing services rather than the amount to be funded from taxation (or rents). 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>An increase of £0.129m in the Council's total usable reserves</p> <p>This statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into usable reserves (those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves (eg, capital financing reserves).</p>
Balance Sheet	Cash Flow Statement
<p>An increase in the Council's net negative worth of £2.154m</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 2017, the Council's balance sheet shows a negative net worth of £11.183m. This negative worth is mainly due to the statutory requirement to include the Pension Fund liability.</p>	<p>A net increase of £0.529m 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>

Expenditure and Funding Analysis and main changes to the core Financial Statements

The Expenditure and Funding Analysis was introduced in 2016-17 and shows how annual expenditure is used and funded from resources in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Detailed information can be found in Notes 4-6.

There was a decrease of £0.292m in the closing General Fund balance, including Earmarked Reserves, at 31st March 2017.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

1. NARRATIVE REPORT (continued)

Following the "Telling the Story" changes to the CIPFA Code of Practice on Local Authority Accounting 2016-17 a number of amendments have been made to the Council's core financial statements and supporting disclosure notes. This includes a simplified Movement in Reserves Statement, whereby the General Fund balance and Earmarked Reserves balances have been combined, and a Comprehensive Income and Expenditure Statement presented in the Council's reporting format where previously the Net Cost of Services has been reported by Service Reporting Code of Practice classification. In line with International Financial Reporting Standards a full retrospective restatement of the 2015-16 Comprehensive Income and Expenditure Statement has been included in the 2016-17 Statement of Accounts.

Pension liabilities

The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown on the Balance Sheet have reduced by £1.05m during the year as a result of changes to the financial assumptions. The Council has net pension liabilities of £57.774m at 31st March 2017, including this Council's share of the Worcestershire Regulatory Services liability. The overall figure 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 changes relate to:

- the decrease in the discount rate used by the Actuary to discount the future cash flows of the pension fund
- gains in investment markets
- impact of experience factors as a result of the 2016 actuarial valuation

The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation. The 2016 triennial revaluation of the Fund has now concluded; this used valuations as at 31st March 2016. Based on the results of this valuation, the contribution rates payable by the individual employers have been revised with effect from 1st April 2017. Further Pension Fund information is given in Note 33.

2016-17 Budget

At its Council meeting on 24th February 2016 Wyre Forest District Council set a budget of £13.071m and a Band D Equivalent Council Tax of £205.36 (£205.36 in 2015-16).

The General Fund balance, excluding Earmarked Reserves, available for the Finance Strategy increased from £3.739m as at 31st March 2016 to £4.914m as at 31st March 2017 (including £1m Working Balance). The original approved Budget showed a planned contribution to general reserves of £211,400, revised to a contribution of £512,050 as part of the budget process; however there was a net contribution to general reserves of £1,174,590 in 2016-17.

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.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

1. NARRATIVE REPORT (continued)

The main components of the budget for the year ended 31st March 2017, 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	53,924	53,591
Less: Gross Income	(40,148)	(40,654)
Net Expenditure on Services	13,776	12,937
Less: Taxation and Non-specific Grant Income	(13,071)	(13,196)
Precept to Parish Councils	(916)	(916)
Net Deficit/(Surplus) for Year*	(211)	(1,175)

	£'000	£'000
The Net Variance is accounted for as follows:		
Reduction in Employee & Staff Related Costs	(69)	
Increase in Fees, Charges and Other Income	(430)	
Reduction in the Cost of Administration	(68)	
Other Net Savings from Services	(380)	
Rescheduled Capital Financing Charges and Improved External Interest/Borrowing Rates	(257)	
Creation of Earmarked Reserves	555	
		(649)
Release of Earmarked Reserves		(315)
*Increase in Net Surplus for Year		(964)

This financial year the Council continued with initiatives and innovation to achieve growth in income generation and expenditure reductions. We have continued to embed our efforts to generate more income from our services, activities and assets by increasing both the impetus for commercialisation and the range of alternative service delivery models. This focus on income generation and cost savings has afforded the opportunity to create earmarked reserves that allow the Council to meet the financial challenges ahead.

Budget Monitoring

Revenue and capital budget monitoring information is reported to the Corporate Leadership Team (CLT) and Cabinet Members on a monthly basis and formally reported to Cabinet on a quarterly basis.

WYRE FOREST DISTRICT COUNCIL

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1. NARRATIVE REPORT (continued)

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 2016	31st March 2017
	£'000	£'000
Cash and cash equivalents	8,206	8,735
Short term investments	8,019	9,008
TOTAL	16,225	17,743

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 2016-17, the Council spent £5.821m on capital schemes (£10.097m in 2015-16). The majority of this relates to expenditure on fixed assets and the payment of Disabled Facilities Grants/Housing Assistance Grants. The other 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 £0.644m (£0.071m in 2015-16), prudential borrowing of £3.598m (£6.409m in 2015-16), by the application of grants and contributions of £1.537m (£3.492m in 2015-16) and direct revenue financing of £0.042m (£0.125m in 2015-16).

The total external loans outstanding stood at £17.34m at the end of the financial year (£16.30m in 2015-16).

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 2016-17 are included within this Statement. The Council Tax position has reduced from a surplus of £1.065m at 31st March 2016 to a surplus of £0.461m as at 31st March 2017. This surplus, together with next year's projection, will be taken into account when setting the Council Tax for 2018-19. The Council Tax collection rate for the year was 96.70% (96.70% in 2015-16).

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

1. NARRATIVE REPORT (continued)

In 2016-17 the Business Rates ‘in year’ surplus was £4.317m, of which the share for this Council is £1.727m. Taking into account the deficit brought forward from 2015-16 means that there is a surplus of £0.986m to be carried forward into 2017-18, of which this Council’s share is £0.394m. The Council holds a Business Rates Equalisation/Regeneration earmarked reserve to smooth the impact of deficits/surpluses in future years. The Business Rates collection rate for the year was 96.17% (97.21% in 2015-16).

Non-financial Performance of the Council 2016-17

a) Council Employees

The Council had 297.7 full time equivalent (FTE) employees at 31st March 2017 (305.7 FTE at 31st March 2016) and carries out regular employee satisfaction surveys and annual reviews. The staff survey in December produced some very positive results, including increases in the percentage of respondents who said they enjoyed their work and are proud to work for the Council. 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.

We are likely to have fewer staff in the future yet we will still need to be able to deliver a wide range of services and outcomes that local residents and businesses expect. The Council’s Organisational Development Strategy and Action Plan introduced in 2014 and updated in 2016 is therefore about enhancing staff development, improving training opportunities and increasing employee satisfaction levels in order to achieve our priorities.

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.

These include:-

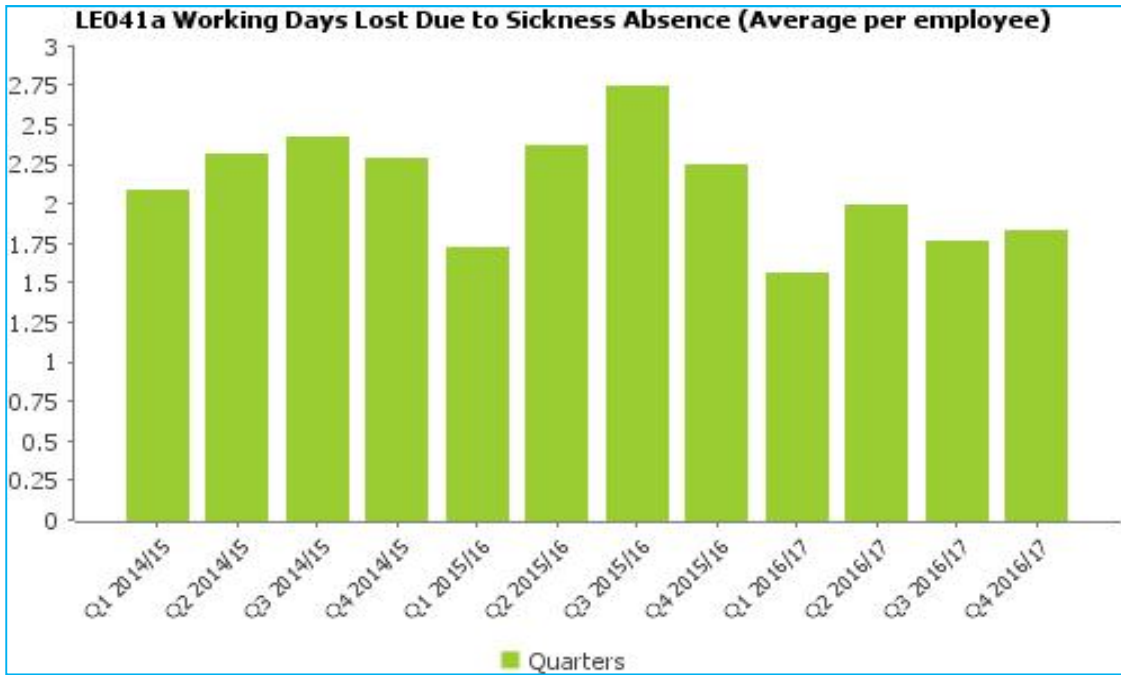
Working days lost to sickness absence

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, CLT 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.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

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 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.



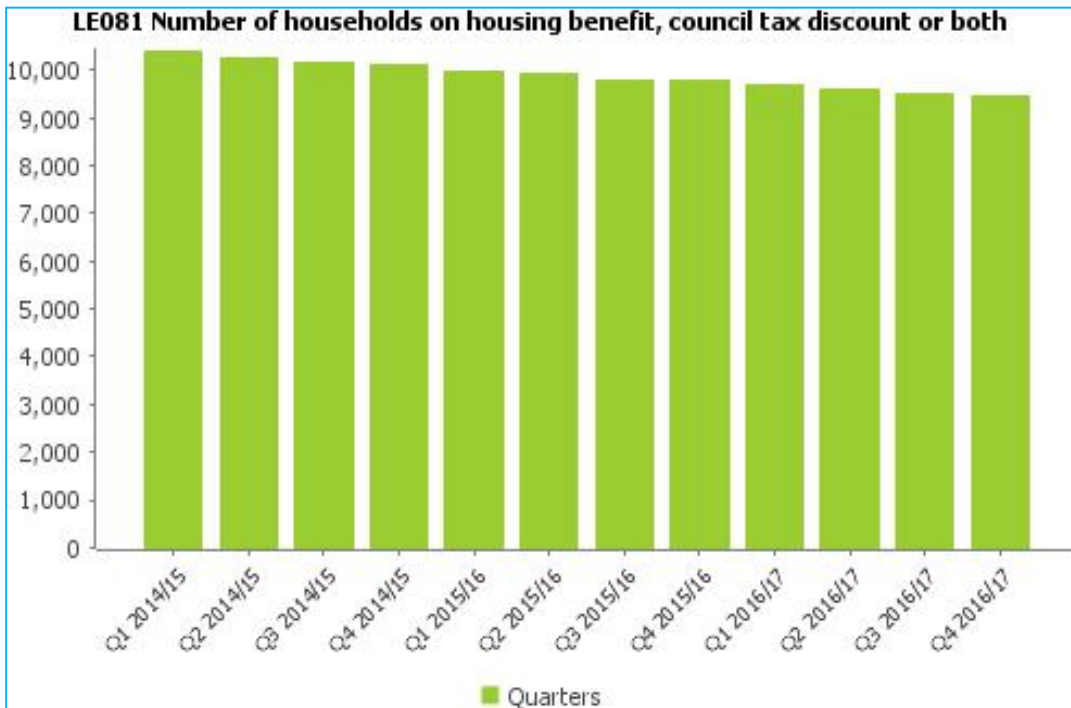
WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

1. NARRATIVE REPORT (continued)

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

The number of households 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 this category is approximately 50% of the population. 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 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. However, the trend for zero hours and other short-term employment contracts is increasing the number of change of circumstance notifications, so assessment team workloads have not decreased.



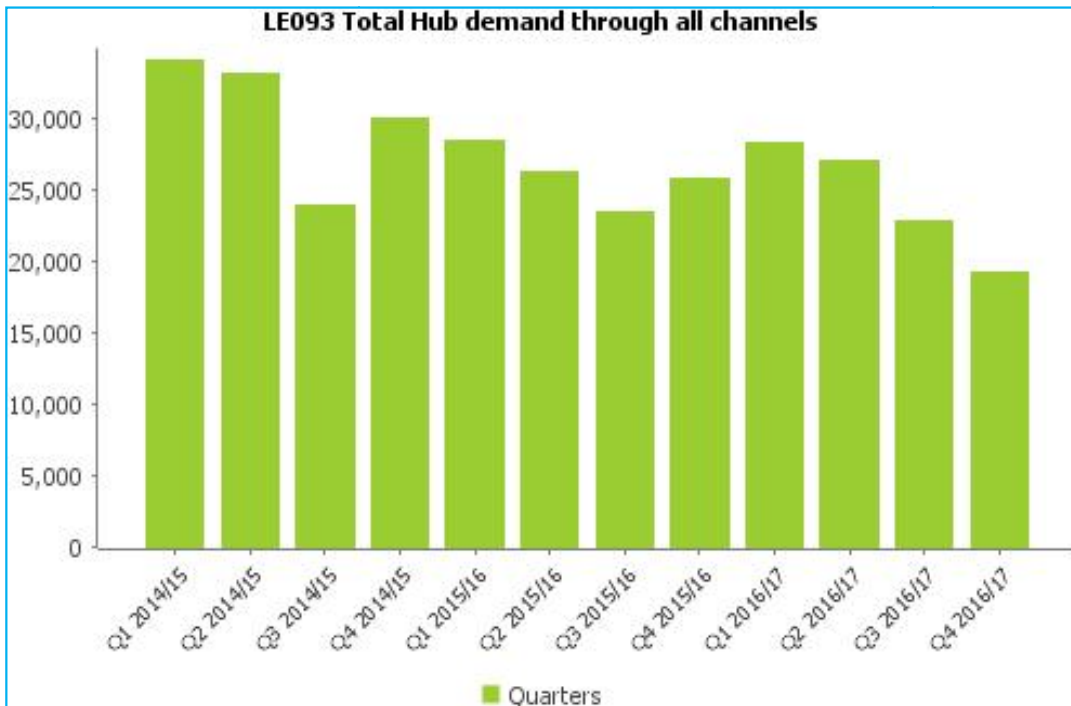
Total Worcestershire Hub demand through all channels

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 face to face customer service which is positive progression for the Council.

WYRE FOREST DISTRICT COUNCIL

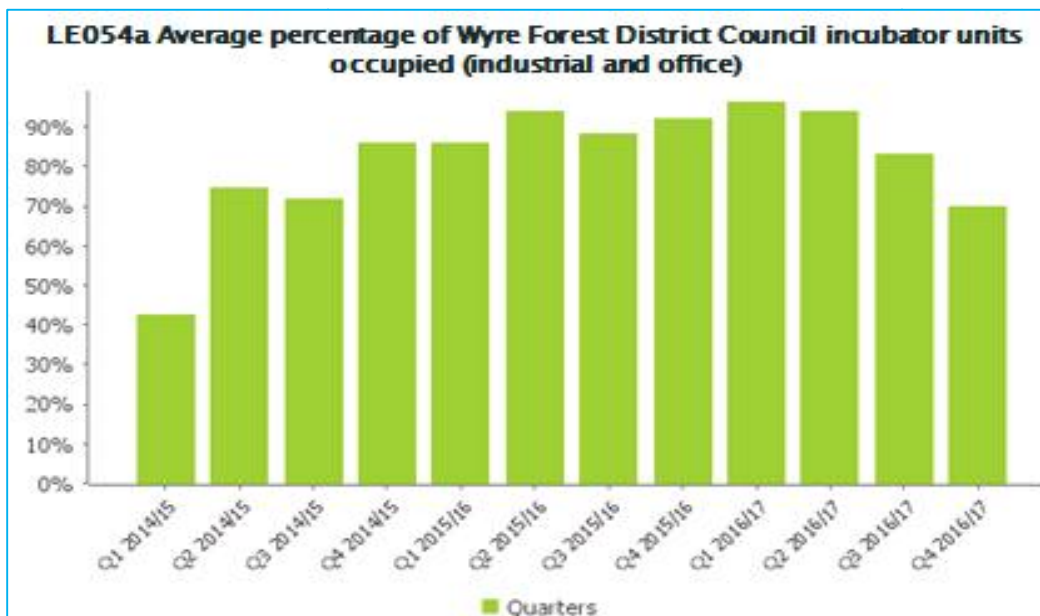
STATEMENT OF ACCOUNTS 2016-17

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 smaller units within the district that is significant. 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, although the reduction in occupancy levels towards the end of the year is due to the additional storage units purchased in June 2016 that had not been fully let at year end. Increasing the availability of these types of units is something the Council is looking to invest in either independently or with external partners in the future.



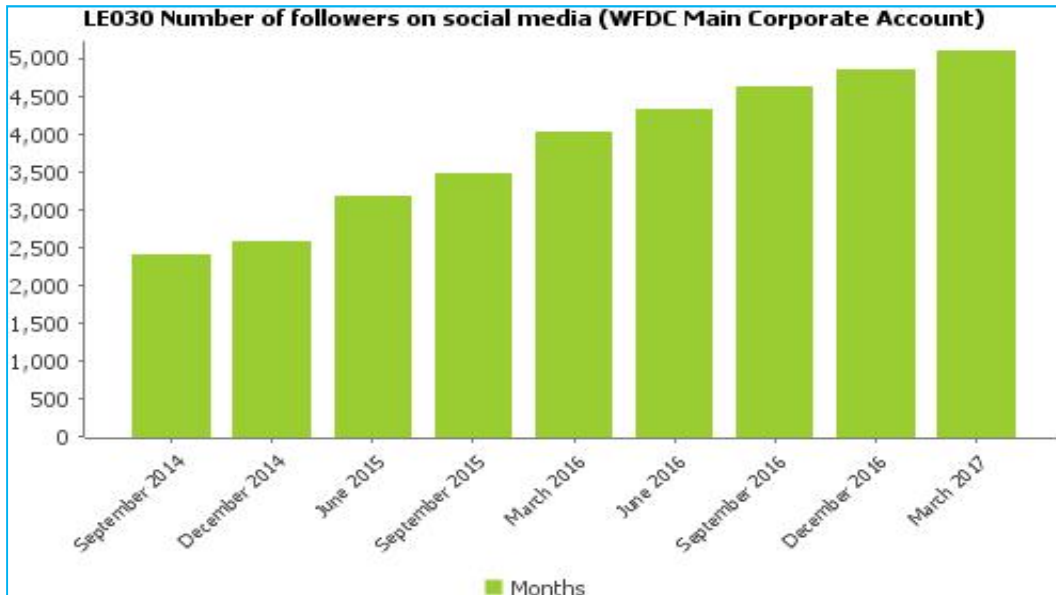
WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

1. NARRATIVE REPORT (continued)

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.



Note: Figures for March 2015 and December 2015 unavailable.

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/doc51960_20170601_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.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

1. NARRATIVE REPORT (continued)

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

- Maintain financial resilience by securing approval of a Medium Term Financial Strategy with a fully balanced budget;
- Continue with initiatives and innovation to achieve income generation and cost savings, including a refresh of the Wyre Forest Forward programme;
- Progress the implementation of the new Capital Programme policies for the Loans to Third Parties of £10m and Capital Portfolio Fund of £25m;
- Focus on emerging information governance issues and non-benefit fraud;
- Maintaining resilience in the governance process with particular regard to the increasingly complex array of partnership agreements and alternative funding solutions;
- Maintaining ICT resilience to ensure a secure network;
- Wider communication of priorities and purposes.

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/doc51784_20170320_audit_agenda.pdf

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. Corporate Director: Resources
Wyre Forest House, Finpoint 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
Corporate Director: Resources

Nathan J Desmond
Cabinet Member for Resources

31st July 2017

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required:

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

The Corporate Director: Resources' Responsibilities

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

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

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

The Corporate Director: Resources has also:

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

Issue Date

The Statement of Accounts 2016-17 was re-certified for issue on 31st July 2017. All known material events that occurred up to and including this date which relate to 2016-17 or before have been reflected in the accounts. This replaces the unaudited Statement of Accounts issued on 31st May 2017.

Certification of Accounts

In accordance with the Accounts and Audit Regulations 2015 I certify that the Statement of Accounts presents a true and fair view of the financial position of Wyre Forest District Council at 31st March 2017 and its income and expenditure for the year ended 31st March 2017.

Tracey W Southall CPFA – Corporate Director: Resources
31st July 2017

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

ANNUAL GOVERNANCE STATEMENT 2016-17

What is the annual governance statement?

Legislation requires local authorities to prepare and publish an Annual Governance Statement, in order to report publically on the effectiveness of the Council's governance arrangements. The statement provides an overview of the current governance framework and a summary of the review on the effectiveness of Wyre Forest District Council's governance framework for 2016-17 (which coincides with the annual statement of accounts). The statement openly communicates significant governance issues that have been identified during the review and sets out how the authority will secure continuous improvement in these areas over the coming year.

What do we mean by governance?

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

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 DY10 1DB. 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 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 following diagram shows core principles and how they are delivered within the robust framework at Wyre Forest

WYRE FOREST DISTRICT COUNCIL

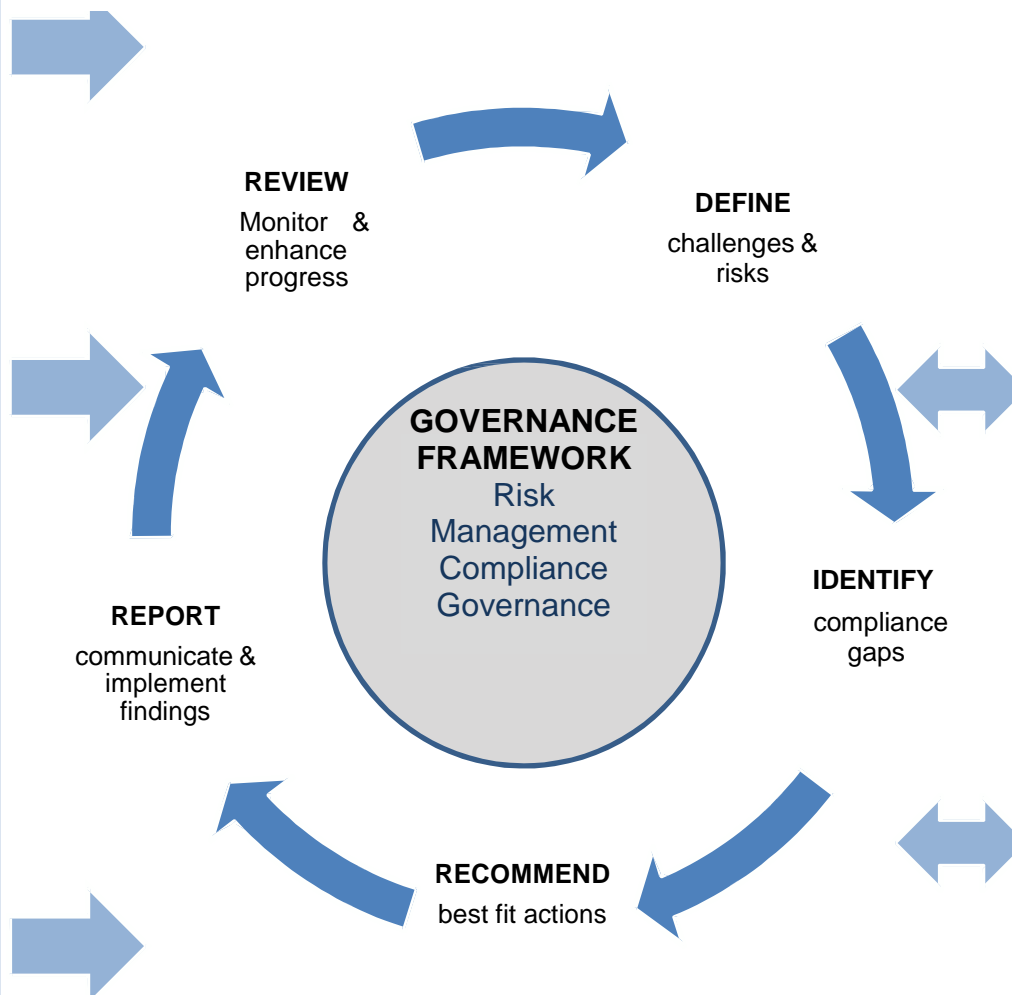
STATEMENT OF ACCOUNTS 2016-17

ANNUAL GOVERNANCE STATEMENT 2016-17 (continued)

GOVERNANCE PRINCIPLES

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

The governance framework has been in place at Wyre Forest District Council for the year ended 31st March 2017 and up to the date of approval of the statement of accounts.



INTERNAL CONTROLS

- Leadership, Culture and Planning**
 - Organisational goals and priorities
 - Strategic and operational plans
 - Performance management
 - Medium term financial strategy
- Statutory Officers & Decision Making**
 - The Constitution
 - The Monitoring Officer
 - Section 151 Officer
- Policies & Procedures**
 - Codes of conduct
 - Ways of working
 - Anti-fraud, Bribery and Corruption Policy
 - Whistleblowing Policy
 - HR Policies and procedures
 - Corporate Communications and Engagement Programme
- People, Knowledge, Finance, Assets**
 - Robust HR practices
 - Information governance
 - Performance monitoring and improvement
 - Financial management and reporting Ethical & legal practices
- Scrutiny and Transparency**
 - Freedom of Information requests
 - Complaints procedure
 - Reports considered by legal and finance
 - Overview and Scrutiny Committee
 - Equality impact assessments
 - Corporate risk directory
 - Transparency duty publication
- Partnership Working**
 - 'Love to get involved'
 - 'Let us know'
 - Consultations
 - Community Localism fund

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

ANNUAL GOVERNANCE STATEMENT 2016-17 (continued)

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 (Corporate Director: Resources), and also by comments made by the external auditors and other review agencies and inspectorates.

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

- Findings and recommendations of Internal Audit;
- Updates by the managers within the authority who have responsibility for the development and maintenance of the internal control environment;
- Findings and recommendations by the external auditors and other review agencies and inspectorates;
- Audit Committee review of current arrangements against best practice, including consideration of progress against issues identified in the Annual Governance Statement, see agenda item 11 of the Audit Committee Agenda 20th March 2017 on our website at http://www.wyreforest.gov.uk/council/docs/doc51784_20170320_audit_agenda.pdf

Regular reviews are carried out by the Corporate Leadership Team, including during March and again in April 2017. These reviews take into account:

- the Internal Audit Annual Assurance report from the Section 151 Officer as Chief Financial Officer (Corporate Director: Resources) in consultation with the Audit Manager for 2016-17;
- comments of other review agencies, inspectorates and external bodies, including LGA Peer Review;
- the findings and recommendations of the External Auditor's Annual Audit Letter reported to the Audit Committee on 26th September 2016.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

ANNUAL GOVERNANCE STATEMENT 2016-17 (continued)

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

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

The constitution is under constant review, to ensure that it remains fit for purpose; a more fundamental review was approved by May 2016 Council. This ensured it remains up to date for the Accounts and Audit Regulations 2015 and reflects 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 26th September 2016 was considered at its meeting on the 20th March 2017.

The Council's Corporate Director: Resources 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 2016-17 Annual Audit Plan.

The Council's Internal Audit complies with the UK Public Sector Internal Audit Standards and continues to receive regular updates, the last one being in September 2016. The service has also adopted an Internal Audit Charter in compliance with the UK Public Sector Internal Audit Standards that was updated at the November 2016 Audit Committee meeting. A number of other internal and external reports considered the challenges around governance, including the CIPFA delivering good governance in Local Government framework 2016 reports to ensure all appropriate controls and updates are in place across the Council discussed at the March 2017 meeting. The June and September 2016 Audit Committees received reports on the implementation of Counter 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 Policies are regularly reviewed to reflect the environment and challenges faced by local government and will build on the Fighting Fraud & Corruption Locally Strategy published in March 2016.

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

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 in the table that follows:

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

ANNUAL GOVERNANCE STATEMENT 2016-17 (continued)

Significant Governance Issues for 2016-17

Wyre Forest District Council have completed a number of actions over the last year, that have addressed or alleviated significant governance issues identified in the 2015-16 Annual Governance Statement. The following significant governance issues have been identified and further actions have been put in place against each, in order to strengthen the Council's governance arrangements.

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
1	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, the US economy volatility and impact of the "snap" General Election in June 2017.	Highlighted by the Corporate Leadership Team and endorsed by the LGA Peer Review	<p>a) To continue to actively participate in and understand/model the impact of the fundamental Finance Reform, encompassing New Homes Bonus and Business Rate Review, phasing out of Revenue Support Grant, transfer of New Burdens, progression of Welfare Reform.</p> <p>b) Further work around income generation, commercialisation and expenditure reductions. Further develop and evolve the Financial Strategy to include: –the potential impact of growth and investment on business rates, Council Tax, planning gain, and broader economic outcomes for the district. (scenario planning) -potential for large scale service redesign, alternative delivery and service providers, digitalisation and demand management - a review of the approach to underspends and reserves so that base budget and forecasting are as accurate as possible;</p> <p>c) Further develop thinking about the Council's future role and purpose post 2020. Better align the Corporate Plan, Financial Strategy and future operating model so there is a more cohesive and compelling narrative about what the Council is striving to achieve and how it will deliver its priorities, including the ways by which it will remain financially viable, and the further organisational transformation required.</p>	<p>a)/b) Balanced Medium Term Financial Strategy (MTFS) for 2018-21 with developed proposals for significant savings/cost reductions to close the increased funding gap from 2018-19. The MTFS report to also include sensitivity analysis around the impact of potential growth and investment</p> <p>b)Proposals for savings as part of MTFS 2018-21</p> <p>b)More accurate budget monitoring reports to reduce large unexpected variances at year end</p> <p>c)MTFS 2018-21</p>	Corporate Director: Resources, Chief Executive and whole Corporate Leadership team	December 2017 to February 2018

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

ANNUAL GOVERNANCE STATEMENT 2016-17 (continued)

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
2	Continue with the initiatives and innovation to achieve income generation and cost savings, including a refresh of the Wyre Forest Forward Programme and robust monitoring with the opportunity to challenge as appropriate, against savings plans, to meet the increased targets from 2018-19.	Highlighted by the Corporate Leadership Team and endorsed by the LGA Peer Review	Continue with the initiatives and innovation to achieve income generation and cost savings, including a refresh of the Wyre Forest Forward Programme and robust monitoring with the opportunity to challenge as appropriate, against savings plans, to meet the increased targets from 2018-19. CLT to update 'Plan on a Page' to refresh the Wyre Forest Forward Programme.	Income targets included in MTFS are exceeded Refreshed Wyre Forest Forward Programme	Corporate Director of Community Well-Being and Environment supported by the Leadership team Leadership Team	Quarterly Progress check CLT Meeting in May/June 2017
3	To progress the implementation of the new policies for the Loans to Third Parties of £10m and Capital Portfolio Fund of £25m. To clarify the intended impact of these £35million investment policies the Financial Strategy and the Corporate Plan priority to deliver a successful local economy as part of this work;	MTFS 2017-20, endorsed by Peer Review	a) Appoint Property Investment Manager b) Prepare Property Investment Strategy c) Prepare parameters/guidance for loans to third parties policy d) To make proposals for suitable investment opportunities and secure approval and implementation/acquisitions.	a) Post holder in place b) Property Investment Strategy approved c) Parameters/ guidance for loans to third parties approved and published d) Implementation of approved proposals/acquisition of portfolio assets that secure net income streams	CLT - Corporate Director of Economic Prosperity and Place, Corporate Director: Resources, main Report Authors	a) July 2017 b) June Cabinet for Property Investment Strategy including c) parameters/ guidance for policy on loans to third parties d) By year end March 2018

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

ANNUAL GOVERNANCE STATEMENT 2016-17 (continued)

Re	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
4	Focus on emerging Information governance issues and non-benefit fraud utilising the Compliance Officer and Corporate Fraud Investigator/Corporate Debt Recovery resources. Performance and impact of these resources to continue to be closely monitored and reported.	Annual Governance Statement 2014-15 and MTFS 2017-20	<p>a) Information Governance Group to continue to meet regularly to progress actions</p> <p>b) Compliance Officers within the Revenues & Benefits Section in post since March 2015. They are responsible for protecting and increasing the tax base through regular monitoring and reviewing council tax discounts and exemptions to ensure they are legitimately claimed. There has been a recent decision to invest in more staff for council tax and business rates recovery jointly funded by Worcestershire County Council to maximise Council Tax Income. The impact of this additional resource will be monitored regularly in terms of the recovery rates.</p> <p>c) Corporate Fraud Investigator/Corporate Debt Recovery Officer post now well established; Corporate Fraud Policies reviewed and updated; Annual Report on outcomes from this new post will be reported to the Audit Committee. The full impact of this resource will be closely monitored.</p>	<p>a) Implementation timetable achieved</p> <p>b) Income collected in terms of £s and % recovery rates</p> <p>c) Reports to Audit Committee will assess success of Corporate Fraud service</p>	<p>Chief Executive, Corporate Director: Resources, Revenues, Benefits & Customer Services Manager</p> <p>c) Corporate Director: Resources /Audit Manager</p>	<p>a)Ongoing consideration via Information Governance Group</p> <p>b)Monthly reporting of collections rates/amounts and half-yearly review of impact of extra resource for collection</p> <p>c) July Audit Committee for Fraud Update report</p>

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

ANNUAL GOVERNANCE STATEMENT 2016-17 (continued)

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
5	Maintaining resilience in the governance process with particular regard to the increasingly complex array of partnership agreements and alternative funding solutions the Council may sign up to as part of its pursuit of innovative alternative service delivery solutions to unlock funding opportunities and generate revenue income streams. This includes Public Sector Partnership Wyre Forest LLP set up on the 22 nd March 2017 and the proposed property Local Authority Trading Company (LATC), localism, joint operations and potentially devolution and combined authorities	Annual Governance Statement and MTFS 2015-16	<p>a) Ensure new partnering arrangements have robust governance arrangements including full regard to legal, financial and HR implications. Once governance arrangements are in place continue to review and ensure they remain robust</p> <p>b) Ensure arrangements for traded services and arms-length organisations are fit for purpose</p> <p>c) Progress work with PSP Wyre Forest LLP by allocating sites/projects within the district for this new partnership arrangement to explore</p> <p>d) Ongoing investigation of various structures for different arrangements, for example Property LATC</p>	<p>a)/b)Robust due diligence for all proposals presented in business cases to be considered by Overview and Scrutiny Committee and Cabinet</p> <p>c)That work with PSP Wyre Forest LLP commences and delivers some tangible outcomes</p> <p>d) Reports prepared for proposals for alternative service delivery models</p>	CLT – Corporate Director of Economic Prosperity and Place author of Property LATC report, designated officers for PSP	<p>a)/b)Ongoing due diligence work presented to Overview and Scrutiny/Cabinet throughout 2017-18</p> <p>c)PSP utilised by end of 2017-18</p> <p>d)July Cabinet for Property LATC report</p>

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

ANNUAL GOVERNANCE STATEMENT 2016-17 (continued)

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
6	Maintaining ICT resilience to ensure a secure network, ensuring the ICT infrastructure is protected adequately from attacks and threats;	Corporate Risk Register and ICT Strategy Board	Quarterly review of network security	PSN compliance, secure network	ICT Manager/ Corporate Director: Resources	Ongoing reports to ICT Strategy Board, Cabinet Members and Group Leaders
7	Wider communication of priorities and purposes and also further development of the approach to consultation, engagement and involvement of communities and stakeholders	LGA Peer Review	<p>The Media team to provide a narrative on rationale behind investment in priorities and the outcomes, impact and return on investment being sought and share as media communications.</p> <p>To explore ways that the Council can further develop the approach to consultation, engagement and involvement and prepare a marketing plan of actions.</p>	Survey to test wider understanding of priorities and purposes. Improved consultation responses LGA Peer Review visit in early 2018	Chief Executive/CLT Media Team to prepare proposals	September 2017 – February 2018

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

ANNUAL GOVERNANCE STATEMENT 2016-17 (continued)

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

Ian R Miller
Chief Executive

Marcus J Hart
Leader of the Council

31st July 2017

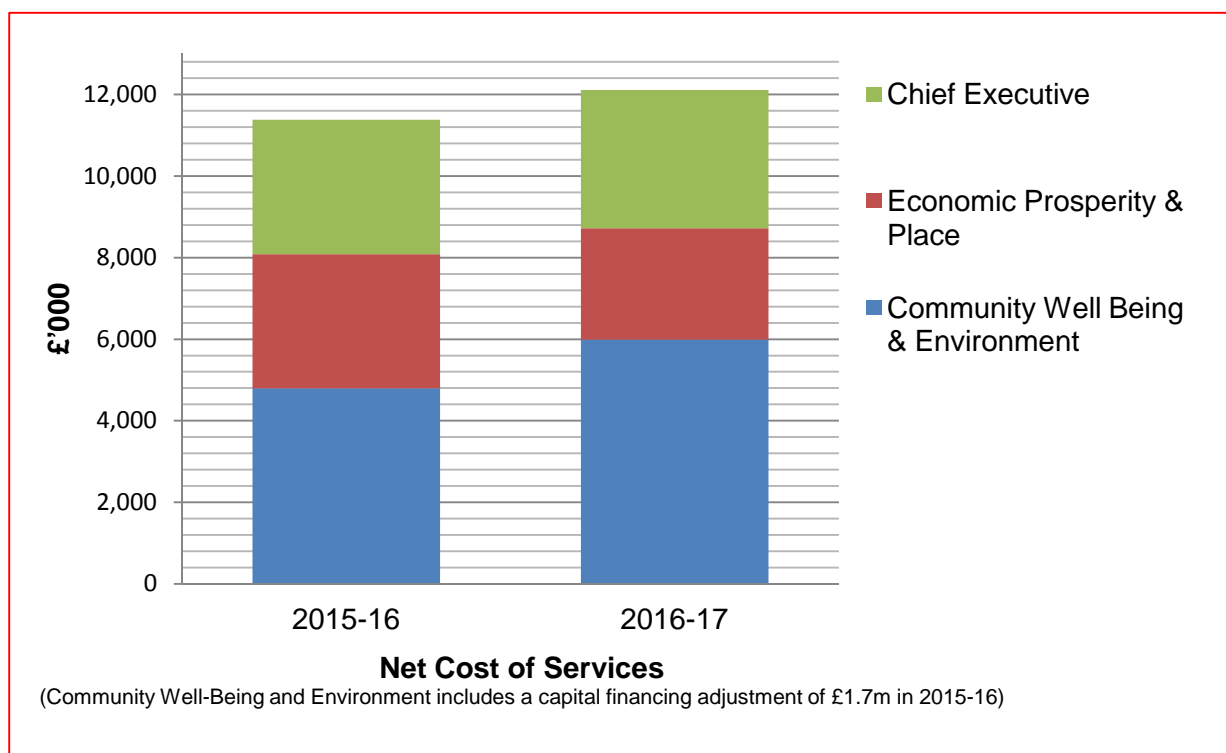
WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2016-17

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2015-16 (Restated) Expenditure	2015-16 (Restated) Income	2015-16 (Restated) Net	Notes	2016-17 Expenditure	2016-17 Income	2016-17 Net
£'000	£'000	£'000		£'000	£'000	£'000
Service Expenditure Analysis						
38,451	(35,152)	3,299		37,422	(34,023)	3,399
9,632	(4,837)	4,795		10,034	(4,045)	5,989
7,766	(4,477)	3,289		6,977	(4,249)	2,728
55,849	(44,466)	11,383		54,433	(42,317)	12,116
485	(206)	279		3,985	-	3,985
4,375	(2,193)	2,182	8	4,664	(2,297)	2,367
-	(13,546)	(13,546)	9	-	(14,706)	(14,706)
60,709	(60,411)	298	10	63,082	(59,320)	3,762
Other comprehensive income and expenditure:						
		250				(216)
		(2,767)	22			(1,392)
		(2,517)				(1,608)
		(2,219)				2,154

Refer to Note 4 for explanation of the prior period restatement



WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2016-17

MOVEMENT IN RESERVES STATEMENT

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

Notes	General Fund Balance 4, 7	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves 7	Total Unusable Reserves 7, 22	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1st April 2016 brought forward	10,920	2,359	371	13,650	(22,679)	(9,029)
Movement in Reserves during 2016-17:						
Total Comprehensive Income & Expenditure	(3,762)	-	-	(3,762)	1,608	(2,154)
Adjustments between accounting basis & funding basis under regulations	3,470	213	208	3,891	(3,891)	-
Net increase/ (decrease) in year	(292)	213	208	129	(2,283)	(2,154)
Balance at 31st March 2017 carried forward	10,628	2,572	579	13,779	(24,962)	(11,183)

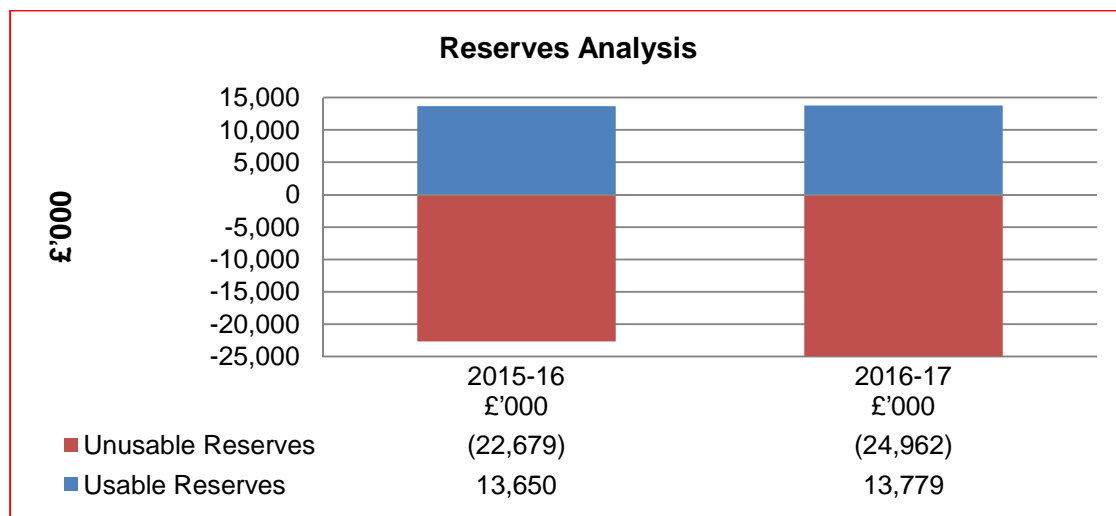
2015-16 Comparative Information

Notes	General Fund Balance (Restated) 4, 7	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves 7	Total Unusable Reserves 7, 22	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1st April 2015 brought forward	10,630	1,813	434	12,877	(24,125)	(11,248)
Movement in Reserves during 2015-16:						
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) in year	290	546	(63)	773	1,446	2,219
Balance at 31st March 2016 carried forward	10,920	2,359	371	13,650	(22,679)	(9,029)

The 2015-16 comparative information has been restated to reflect the combining of the Earmarked Reserves with the General Fund Balance with effect from 1st April 2016. A reconciliation of the General Fund Balance is provided below.

**WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2016-17**

MOVEMENT IN RESERVES STATEMENT (continued)



Reconciliation of General Fund Balance

2016-17

Notes	General Reserves (including £1m Working Balance)	Earmarked Reserves 11	Total General Fund Balance 4
	£'000	£'000	£'000
Balance at 1st April 2016 brought forward	3,739	7,181	10,920
Net increase/ (decrease) in year	1,175	(1,467)	(292)
Balance at 31st March 2017 carried forward	4,914	5,714	10,628

2015-16

Notes	General Reserves (including £1m Working Balance)	Earmarked Reserves 11	Total General Fund Balance 4
	£'000	£'000	£'000
Balance at 1st April 2015 brought forward	3,559	7,071	10,630
Net increase/ (decrease) in year	180	110	290
Balance at 31st March 2016 carried forward	3,739	7,181	10,920

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2016-17

BALANCE SHEET

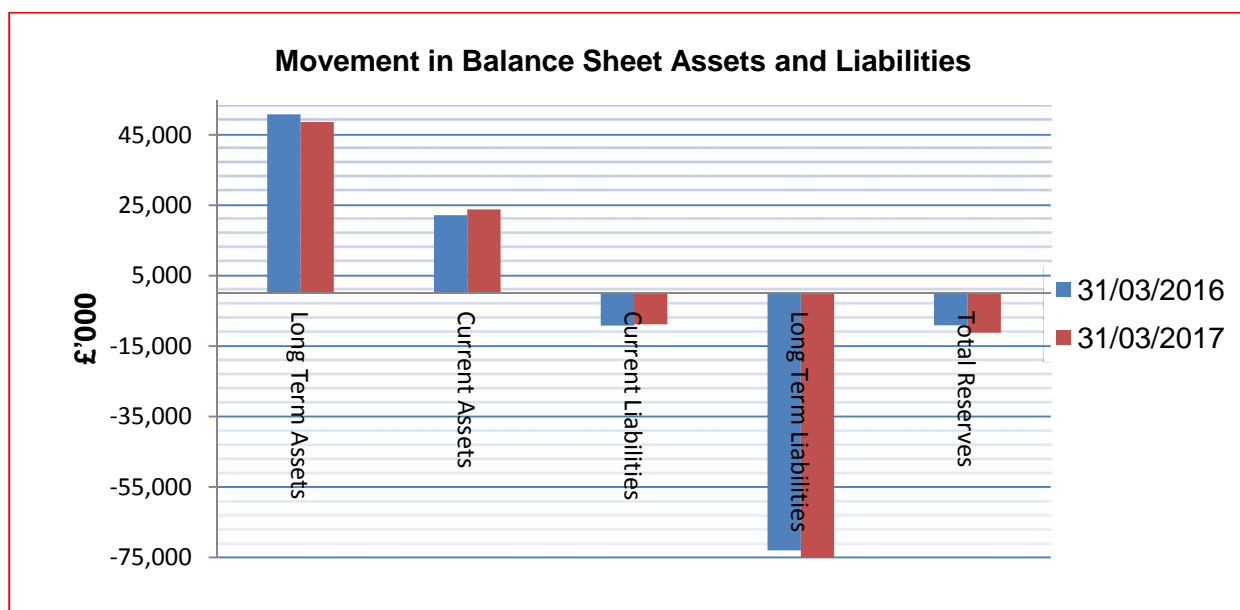
The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are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

31st March 2016	Notes	31st March 2017
£'000		£'000
	Property, Plant and Equipment:	
34,017	Land and Buildings	42,926
2,255	Vehicles, Plant and Equipment	1,998
2,068	Community Assets	1,939
911	Surplus Assets not held for Sale	326
9,762	Assets under Construction	-
1,556	Heritage Assets	1,119
250	Intangible Assets	275
59	Long-term Investments	85
14	Long-term Debtors	4
50,892	Long-term Assets	48,672
8,019	Short-term Investments	9,008
8,206	Cash and Cash Equivalents	8,735
50	Inventories	96
5,075	Short-term Debtors	4,543
850	Assets held for Sale (less than one year)	1,500
22,200	Current Assets	23,882
(2,193)	Short-term Borrowing	(230)
(5,764)	Short-term Creditors	(7,266)
(1,182)	Short-term Provisions	(1,304)
(9,139)	Current Liabilities	(8,800)
(14,111)	Long-term Borrowing	(17,113)
(58,821)	Other Long-term Liabilities	(57,774)
(50)	Capital Grants Receipts in Advance	(50)
(72,982)	Long-term Liabilities	(74,937)
(9,029)	Net Assets	(11,183)
13,650	Usable Reserves	13,779
(22,679)	Unusable Reserves	(24,962)
(9,029)	Total Reserves	(11,183)

These financial statements replace the unaudited financial statements certified by
Tracey W Southall, Corporate Director: Resources, on 31st May 2017

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2016-17

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.

2015-16 £'000	Notes	2016-17 £'000
(298) Net deficit on the provision of services		(3,762)
1,695 Adjust net (surplus)/deficit for non-cash movements:	23	4,025
(769) Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities:	23	(984)
628 Net cash flows from operating activities		(721)
(7,200) Net cash flows from investing activities	24	(205)
5,216 Net cash flows from financing activities	25	1,455
(1,356) Net increase/(decrease) in cash or cash equivalents		529
9,562 Cash and cash equivalents at the beginning of the reporting period	17	8,206
8,206 Cash and cash equivalents at the end of the reporting period	17	8,735

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

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WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 1: ACCOUNTING POLICIES

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2016-17 financial year and its position at 31st March 2017. 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 under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 (the Code) supported by International Financial Reporting Standards (IFRS).

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

The Accounts have been drawn up under the going concern concept; i.e. that, under the Code, it is assumed that the services of the Council will continue to operate for the foreseeable future.

1.2 Accruals of Income and Expenditure

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

- 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 2016-17

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 2016-17

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 accruals basis to the relevant service at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Redundancy payments are based upon an employee's actual week's pay and the number of weeks as defined in the Employment Relations Act 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 (Mercer Limited). An actuarial valuation was undertaken in 2016-17, effective from 1st April 2017. This has set an increased contribution rate of 15.3% payable by the Council for each of the next three financial years 2017-18 to 2019-20.

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 2.5% (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 2016-17

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

• **Remeasurements comprising:**

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (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 can be found in Worcestershire County Council's Superannuation Fund Annual Report available on request from:

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

www.worcestershire.gov.uk

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

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 36.

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 2016-17

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

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

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

1.10 Heritage Assets

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

- the art collection
- the Richard Eve Memorial and museum exhibits, including those relating to the carpet industry and other local working trades

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 1: ACCOUNTING POLICIES (continued)

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

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

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

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

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

1.11 Intangible Assets

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

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

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

PSP Wyre Forest LLP was incorporated by Companies House on 22nd March 2017, Company registration number OC416505. This limited liability partnership with PSP Facilitating Limited (PSP) is based around relational partnering to progress work with more challenging property portfolios. The major shareholders of PSP are the Winston Group and the William Pears Group and it is a long established joint venture arrangement working with many Councils. The LLP is a 50/50 partnership (£1 Member's Capital for each party representing initial funding contribution) with profits also shared equally. The decision making process must be unanimous and the initial term is for 10 years subject to termination provisions. There is a group relationship with PSP Wyre Forest LLP, however, no business was transacted by the partnership in 2016-17 so group accounts have not been prepared. Exploratory work around suitable sites has commenced and any progress will be reported in accordance with the governance arrangements and included in the 2017-18 Statement of Accounts.

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

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.

1.14 Joint Operations

The Council is a partner in the Worcestershire Regulatory Services (WRS) shared service Joint Committee together with Bromsgrove District Council (the host), 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. There is a service level agreement between the partnership and the County Council for the provision of services to support trading standards and animal health services. In addition, WRS undertake other work for third parties to generate external income and benefit the joint operation.

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.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 1: ACCOUNTING POLICIES (continued)

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

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. The Council has not identified any finance leases.

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

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

The Authority as Lessee

Operating Leases

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

The Authority as Lessor

Operating Leases

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

The Council has not identified any material operating leases.

1.16 Overheads and Support Services

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

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 2016-17

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 in the Comprehensive Income and Expenditure Statement.

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

- buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant and equipment – straight-line allocation over the useful life of the asset as estimated by a suitably qualified officer
- no depreciation is charged in the year of acquisition

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 1: ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

Surplus Assets

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 1: ACCOUNTING POLICIES (continued)

1.18 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.

1.19 Provisions

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

Provisions are charged as an expense to the appropriate service in the Comprehensive Income and Expenditure Statement in the year that the Council has an obligation, 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.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 1: ACCOUNTING POLICIES (continued)

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 34 to the accounts.

1.21 Contingent Assets

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

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

1.22 Reserves

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

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

1.23 Revenue Expenditure funded from Capital under Statute

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

1.24 Value Added Tax (VAT)

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 1: ACCOUNTING POLICIES (continued)

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 Service Strategies the Council has made use of the prudential borrowing regime. Several schemes contained within the capital programme are being financed through prudential borrowing, the result being that the Capital Financing Requirement (CFR) will increase. The Council entered into further external borrowing against the CFR in 2016-17. A statutory minimum revenue provision (MRP) is being made, based on the writing down period of the assets. The CFR is kept under review with the possibility of further external borrowing available if required.

Minimum Revenue Provision

The Council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision).

Department for Communities and Local Government (DCLG) Regulations require full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils so long as there is a prudent provision. The Council approved MRP Policy Statement 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).

1.27 Council Tax and Non-Domestic Rates (NDR)

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 1: ACCOUNTING POLICIES (continued)

Accounting for Council Tax and NDR

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

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

1.28 Other Accounting Principles

- The provision for impairment of bad debts is estimated by reference to CIPFA guidance and local knowledge.
- Note 28 – 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: 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.

- With effect from 1st April 2016, the Council transferred Kidderminster Town Hall and various other assets to Kidderminster Town Council (KTC) as part of a Reorganisation Order. The Council then entered into a lease with KTC for use of the Kidderminster Town Hall.

IAS17 classifies leases into two types:

- A finance lease if the lease transfers substantially all the risks and rewards incidental to ownership; and
- An operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership.

The Council has undertaken an assessment of the lease arrangement which has included considering the commercial aspects of the transaction, freehold title, proportionate areas occupied by each party, break clauses without penalties, maintenance/service charge arrangements, the absence of any right to purchase/subsequent transfer rights and the term of the lease compared to the economic life of the asset.

It is the Council's assessment that, on balance, the risks and rewards remain with KTC and therefore the arrangement is an operating lease; this is reflected in the 2016-17 accounts.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 3: ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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

The items in the Council's Balance Sheet at 31st March 2017 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 Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation will increase and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £46,222 for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, 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.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £2.11m.
Provision for Business Rates Appeals	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 34).	If the total provision for appeals was increased by 1% the resulting increase would be £815,129 shared across the Worcestershire Pool (this Council's share being £326,051).

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 3: ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY (continued)

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Fair Value Measurements	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value.</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 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>

Note 4: EXPENDITURE AND FUNDING ANALYSIS

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

2016-17	Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000
Chief Executive	4,988	(1,589)	3,399
Community Well-Being and Environment	3,960	2,029	5,989
Economic Prosperity and Place	2,454	274	2,728
Net Cost of Services	11,402	714	12,116
Other Income and Expenditure	(11,110)	2,756	(8,354)
(Surplus)/Deficit	292	3,470	3,762

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 4: EXPENDITURE AND FUNDING ANALYSIS (continued)

The table below shows the comparative information for 2015-16 restated in the new required format.

2015-16	Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000
Chief Executive	4,626	(1,327)	3,299
Community Well-Being and Environment	4,888	(93)	4,795
Economic Prosperity and Place	2,254	1,035	3,289
Net Cost of Services	11,768	(385)	11,383
Other Income and Expenditure	(12,058)	973	(11,085)
(Surplus)/Deficit	(290)	588	298

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

Movement in General Fund Balance	2015-16	2016-17
	£'000	£'000
Opening General Fund Balance as at 1 st April	(10,630)	(10,920)
(Surplus)/Deficit on General Fund Balance in Year	(290)	292
Closing General Fund Balance as at 31st March	(10,920)	(10,628)

Prior Period Adjustment - Restatement of 2015-16 in accordance with a new Directorate reporting structure

The Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 now requires the service analysis in the CIES to be based on the organisational structure under which the Council operates and manages its services. Previously the presentation was based on the service expenditure analysis set out in CIPFA's Service Reporting Code of Practice for Local Authorities (SeRCOP). The 2015-16 comparative figures have been restated to reflect this change.

The following three tables – one each for Expenditure, Income and Net Expenditure – report the restatement of the 2015-16 accounts in accordance with the 2016-17 reporting structure. For each of the tables:

1. The rows represent the 2015-16 structure
2. The columns represent the 2016-17 structure.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 4: EXPENDITURE AND FUNDING ANALYSIS (continued)

TOTAL EXPENDITURE				
SERCOP Categories	Chief Executive	Community, Well-Being and Environment	Economic Prosperity and Place	Total Expenditure
	£'000	£'000	£'000	£'000
Central Services to the Public	2,001	-	170	2,171
Cultural and Related Services	2	4,471	11	4,484
Environment and Regulatory Services	-	3,243	741	3,984
Planning Services	6	64	4,378	4,448
Highways, Roads and Transport	-	1,749	-	1,749
Housing Services	33,961	-	2,356	36,317
Corporate and Democratic Core	2,368	20	100	2,488
Non Distributed Costs	113	85	10	208
Total Expenditure	38,451	9,632	7,766	55,849

TOTAL INCOME				
SERCOP Categories	Chief Executive	Community, Well-Being and Environment	Economic Prosperity and Place	Total Income
	£'000	£'000	£'000	£'000
Central Services to the Public	(833)	-	(207)	(1,040)
Cultural and Related Services	-	(2,284)	-	(2,284)
Environment and Regulatory Services	-	(990)	(320)	(1,310)
Planning Services	-	(22)	(2,809)	(2,831)
Highways, Roads and Transport	-	(1,518)	-	(1,518)
Housing Services	(33,876)	-	(1,140)	(35,016)
Corporate and Democratic Core	(442)	(14)	-	(456)
Non Distributed Costs	(1)	(9)	(1)	(11)
Total Income	(35,152)	(4,837)	(4,477)	(44,466)

NET EXPENDITURE				
SERCOP Categories	Chief Executive	Community, Well-Being and Environment	Economic Prosperity and Place	Net Expenditure
	£'000	£'000	£'000	£'000
Central Services to the Public	1,168	-	(37)	1,131
Cultural and Related Services	2	2,187	11	2,200
Environment and Regulatory Services	-	2,253	421	2,674
Planning Services	6	42	1,569	1,617
Highways, Roads and Transport	-	231	-	231
Housing Services	85	-	1,216	1,301
Corporate and Democratic Core	1,926	6	100	2,032
Non Distributed Costs	112	76	9	197
Total Net Expenditure	3,299	4,795	3,289	11,383

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 5: NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

This note provides a reconciliation of the main adjustments to net expenditure chargeable to the General Fund balance to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement, with detailed information in Note 7.

Adjustments between Funding and Accounting Basis 2016-17				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Chief Executive	1,829	224	(24)	2,029
Community Well-Being and Environment	49	222	3	274
Economic Prosperity and Place	517	(2,111)	5	(1,589)
Net Cost of Services	2,395	(1,665)	(16)	714
Other income and expenditure from the Expenditure and Funding Analysis	2,388	2,010	(1,642)	2,756
Difference between General Fund Surplus/Deficit and Comprehensive Income and Expenditure Statement Surplus/Deficit	4,783	345	(1,658)	3,470

Adjustments between Funding and Accounting Basis 2015-16				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Chief Executive	(432)	297	42	(93)
Community Well-Being and Environment	792	251	(8)	1,035
Economic Prosperity and Place	566	(1,878)	(15)	(1,327)
Net Cost of Services	926	(1,330)	19	(385)
Other income and expenditure from the Expenditure and Funding Analysis	(504)	1,910	(433)	973
Difference between General Fund Surplus/Deficit and Comprehensive Income and Expenditure Statement Surplus/Deficit	422	580	(414)	588

Adjustment for Capital Purposes

1) Adjustments for capital purposes – this column adds in depreciation and revaluation gains and losses in the services line, and for:

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 5: NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS (continued)

Net Change for the Pensions Adjustments

2) Net change for the removal of pensions contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- **For services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For **Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.

Other Differences

3) Other differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute:

- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Note 6: EXPENDITURE AND INCOME ANALYSED BY NATURE

	2015-16	2016-17
	£'000	£'000
Expenditure		
Employee Benefits Expenses	9,935	10,274
Other Services Expenses	43,572	41,413
Support Service Recharges	199	20
Depreciation and Revaluation Adjustments	2,143	2,726
Interest Payments	456	525
Pensions	3,919	4,139
Precepts	485	916
Gain or Loss on Disposal of Fixed Assets	-	3,069
Total Expenditure	60,709	63,082
Income		
Fees, Charges and Other Service Income	(10,008)	(9,050)
Interest and Investment Income	(140)	(116)
Icelandic Investments Interest Adjustment	(44)	(52)
Council Tax and NNDR	(9,834)	(10,687)
Pensions	(2,009)	(2,129)
Government Grants and Contributions	(38,170)	(36,846)
Gain or Loss on Disposal of Fixed Assets	(206)	-
Transfer of Assets	-	(440)
Total Income	(60,411)	(59,320)
Deficit on the Provision of Services	298	3,762

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 7: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 7: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS (continued)

2016-17	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	2,726			(2,726)
Capital grants and contributions applied	(1,746)			1,746
Capital grants and contributions unapplied			208	(208)
Revenue expenditure funded from capital under statute	1,415			(1,415)
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	2,890			(2,890)
Direct Revenue Financing	(42)			42
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(199)			199
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	(270)	865		(595)
Use of the Capital Receipts Reserve to finance new capital expenditure		(643)		643
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	9	(9)		-
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	3,598			(3,598)
Employer's pensions contributions and direct payments to pensioners payable in the year	(3,253)			3,253
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	(1,642)			1,642
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	(16)			16
Total Adjustments	3,470	213	208	(3,891)

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 7: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS (continued)

2015-16 Comparative Figures	Usable Reserves			Movement in Unusable Reserves £'000
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	2,143			(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)

Note 8: OTHER OPERATING EXPENDITURE

	2015-16 £'000	2016-17 £'000
Parish/Town Council Precepts	485	916
(Gains)/Losses on the disposal of non-current assets	(206)	3,069
Total	279	3,985

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 9: FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2015-16 £'000	2016-17 £'000
Interest payable and similar charges	456	525
Net interest on the net defined benefit liability/(asset)	1,910	2,010
Interest receivable and similar income	(140)	(116)
Icelandic investments interest adjustment	(7)	(4)
Icelandic investments impairment adjustments	(37)	(48)
Total	2,182	2,367

Note 10: TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

	2015-16 £'000	2016-17 £'000
Council Tax income	(7,056)	(7,645)
Business Rates income and expenditure	(2,778)	(3,042)
Revenue Support Grant	(2,019)	(1,222)
New Homes Bonus	(1,693)	(2,357)
Transferred Asset	-	(440)
Total	(13,546)	(14,706)

Note 11: MOVEMENTS IN EARMARKED RESERVES

This note details the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from the earmarked reserves to meet General Fund expenditure in 2016-17.

Earmarked Reserve	Balance at 1st April 2015 £'000	Transfers Out 2015-16 £'000	Transfers In 2015-16 £'000	Balance at 31st March 2016 £'000	Transfers Out 2016-17 £'000	Transfers In 2016-17 £'000	Balance at 31st March 2017 £'000
Innovation Fund (previously Transformation Fund)	536	(108)	200	628	(141)	293	780
Business Rates Equalisation / Regeneration Risk Reserve	300	-	230	530	(114)	300	716
Leisure	416	-	85	501	-	-	501
Property	451	-	-	451	-	25	476
Capital Financing	162	-	45	207	(27)	120	300
State of the Area Projects	197	(40)	33	190	(16)	59	233
Municipal Mutual Insurance Ltd	50	-	50	100	(180)	270	190
Asset Management/Property	150	(32)	-	118	(70)	100	148
North Worcestershire EDR Shared Service	189	(45)	32	176	(50)	-	126
Town Centre Support Fund	249	(125)	-	124	(17)	-	107
General Risks	-	-	500	500	(400)	-	100
Business Rates - Collection Fund	1,803	(471)	-	1,332	(1,332)	-	-
Icelandic Impairment	167	(97)	-	70	(70)	-	-
External Funding	878	(247)	286	917	(273)	403	1,047
Other Miscellaneous Reserves (below £150,000)	1,523	(797)	611	1,337	(714)	367	990
Total	7,071	(1,962)	2,072	7,181	(3,404)	1,937	5,714

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 11: MOVEMENTS IN EARMARKED RESERVES (continued)

Reserve	Purpose
Innovation Fund (previously 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 Equalisation / Regeneration Risk Reserve	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. It is also to smooth out the effects of Business Rates surpluses and deficits arising from the prescribed retrospective method of accounting. This reserve may also be used to deliver key regeneration schemes to increase the business rates base and deliver strategic regeneration/economic development priorities.
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).
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.
Municipal Mutual Insurance Ltd	Reserve due to MMI claim previously lodged and potential future levy increases.
Asset Management/Property	To provide "spend to save" funding. £40,000 committed to Depot Improvements and a further £82,000 has been committed for Bewdley Museum roof repairs.
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.
General Risks	This recognises the increased financial risk the Council faces given the significant reductions in future funding and resultant increasing funding gap that whilst we are doing early work to address, remains challenging. Areas this new reserve will cover include additional Legal Resource to support new Capital portfolio fund / loans to third parties.
Business Rates - Collection Fund	This was a technical accounting adjustment relating to the timing difference between the NNDR1 estimated income that was reflected in the CI&E and the actual position following completion of the NNDR3 in 2015-16. The reserve has been released in 2016-17 to cover the impact of the deficit.
Icelandic Impairment	Was to allow for any Icelandic Investment Impairment adjustments / fluctuations. Has now been combined with the Capital Financing Reserve.
External Funding	Includes the following: Community Housing Fund, Welfare Assistance Scheme, Primary Care Trust – Local Health projects, Local Welfare Scheme, New Burdens Funding, 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: Eastern Gateway Redevelopment, Evergreen Fund, Bromsgrove Economic Impact Studies, Financial Services Reserve, Redditch Regeneration Projects, Bromsgrove Town Centre, Bromsgrove Apprenticeships, District Local Development Framework, North Worcs Water Management other minor reserves.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 12: PROPERTY PLANT AND EQUIPMENT (PPE)

Movements on Balances

Movements in 2016-17:

	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 2016	35,476	5,998	2,088	911	9,762	54,235
Additions	4,277	354	3	-	-	4,634
Net Revaluation Increases/(Decreases)	(1,541)	-	(1)	-	-	(1,542)
Derecognition (Disposals)	(2,845)	(87)	(124)	(85)	-	(3,141)
Reclassifications	8,961	-	-	(500)	(9,762)	(1,301)
At 31st March 2017	44,328	6,265	1,966	326	-	52,885
Accumulated Depreciation and Revaluation Reductions at April 1st 2016	(1,459)	(3,743)	(20)	-	-	(5,222)
Depreciation Charge	(1,004)	(606)	(7)	-	-	(1,617)
Depreciation Written Out	1,061	82	-	-	-	1,143
Revaluation Reductions	(1,089)	-	(1)	-	-	(1,090)
Revaluation Reductions Written Off/Reversed	1,089	-	1	-	-	1,090
At 31st March 2017	(1,402)	(4,267)	(27)	-	-	(5,696)
Net Book Value at 31st March 2017	42,926	1,998	1,939	326	-	47,189

The Asset Under Construction at 1st April 2016 was the Future Leisure Provision Scheme. The facility was completed and opened in July 2016, hence the asset was re-classified as operational land and buildings. The former Wyre Forest Glades Leisure Centre was closed and has been subsequently demolished, with the residual land being re-classified as an Asset Held for Sale as at 31st March 2017.

On 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 13, the Council also transferred Kidderminster Town Hall, with a net book value of £2.2m.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 12: PROPERTY PLANT AND EQUIPMENT (continued)

Comparative 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

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	85
Offices, Leisure & Recreation and Museum	1-50
Depot & Workshops	19
Public Conveniences	9-18
Miscellaneous Community Assets	1-11
Vehicles, Plant & Machinery, Equipment & Lighting	1-12
ICT Systems	1-5

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 12: PROPERTY PLANT AND EQUIPMENT (continued)

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

Asset Description	2015-16	2016-17
Land & Properties:		
Assets Under Construction (Future Leisure Provision)	1	-
Car Parks	27	26
Civic & Administrative Buildings	3	2
Leisure Centres (leasehold interest in Bewdley Leisure Centre)	3	2
Museums	1	1
Nature Reserves	4	4
Other Land & Buildings	33	32
Public Conveniences	12	10
Sports & Social Clubs	4	4
Sports Fields & Parks	19	18
Trading Estates & Enterprise Centres	5	5
Vehicles	70	74

The major items of capital expenditure in 2016-17 were:

Scheme	£'000
Future Leisure Provision	3,862
Disabled Facilities/Housing Grants	767
Regeneration and Economic Development	591
Vehicle Replacement Programme	303
ICT Strategy	145
Other Capital Schemes	153
Total Capital Expenditure	5,821

The Council's Capital Programme was financed as follows:

Type of Financing	£'000
Prudential Borrowing	3,598
Grants	1,537
Application of Capital Receipts	644
Direct Revenue Financing	42
Total Financing	5,821

Contractual Commitments

At 31st March 2017 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 2016-17

Note 12: PROPERTY PLANT AND EQUIPMENT (continued)

Description	£'000
Future Leisure Provision – Construction Contract (Retentions)	162
Bewdley Medical Centre – Demolition & re-laying of Load Street Car Park	234
Wyre Forest House – Construction Contract (including Retentions)	211
Disabled Facilities Grants/Housing Assistance Grants	232
Regeneration and Economic Development - Public Realm Improvements Contract (including Retentions)	83

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 was completed on time and on budget, becoming operational in July 2016. The above relates to retentions due to be finalised in 2017-18.

Worcestershire County Council provides 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 other items contained within the Council's Asset Register such as Vehicles, Plant and Equipment, Intangible Assets or Assets under Construction as these assets are carried at Depreciated Historical Cost and are not, therefore, subject to revaluation.

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 12: PROPERTY PLANT AND EQUIPMENT (continued)

Valuations of non-current assets carried at current value:

Description	Land and Buildings £'000	Community Assets £'000	Surplus Assets £'000	Assets Held for Sale £'000	Total £'000
Valued at historical cost	483	12	-	-	495
Valued at current value in:					
2016-17	18,747	215	325	1,500	20,787
2015-16	16,691	1,488	-	-	18,179
2014-15	6,683	194	1	-	6,878
2013-14	-	-	-	-	-
2012-13	322	30	-	-	352
Total	42,926	1,939	326	1,500	46,691

Note 13: 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, Memorial and Museum Exhibits	Total Heritage Assets
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at April 1st 2016	9	620	236	698	1,563
Net Revaluation Increases/(Decreases)	-	-	-	11	11
Derecognitions/disposals	(9)	(14)	(236)	(196)	(455)
At 31st March 2017	-	606	-	513	1,119
Accumulated Depreciation and Impairment at April 1st 2016	(7)	-	-	-	(7)
Depreciation Written Off on Disposal	7	-	-	-	7
At 31st March 2017	-	-	-	-	-
Net Book Value at 31st March 2017	-	606	-	513	1,119

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 13: HERITAGE ASSETS (continued)

Comparative Information for 2015-16:

	Worcester Street Clock	Art Collection	Antique Musical Instruments and Furniture	Statues, Memorial and 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)
At 31st March 2016	(7)	-	-	-	(7)
Net Book Value at 31st March 2016	2	620	236	698	1,556

There have been no significant acquisitions of heritage assets in the two year period ending 31st March 2017. 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, reflected in the appropriate table above.

Revaluations

Heritage Assets are carried at their insurance values (except for the Worcester Street clock in 2015-16, carried at Depreciated Historical Cost, transferred to Kidderminster Town Council on 1st April 2016). 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 Richard Eve Memorial was carried out by John Austin & Partners Ltd as at 31st March 2017, and an uplift in the value is included in the appropriate table above.

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

Note 14: INTANGIBLE ASSETS

	2015-16 £'000	2016-17 £'000
Balance at Start of Year:		
Gross Carrying Amounts	2,254	2,275
Accumulated Amortisation	(1,873)	(2,025)
Net Carrying Amount at Start of Year	381	250
Purchases	21	132
Amortisation for Period	(152)	(107)
Net Carrying Amount at End of Year	250	275
Comprising:		
Gross Carrying Amount	2,275	2,407
Accumulated Amortisation	(2,025)	(2,132)
Net Carrying Amount at End of Year	250	275

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

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 2016 £'000	31 st March 2017 £'000	31 st March 2016 £'000	31 st March 2017 £'000
Investments				
Loans and receivables – Investments (Principal)	59	85	7,000	7,000
Loans and receivables – Investments (Accrued Interest)	-	-	11	4
Cash and cash equivalents				
Cash and cash equivalents at amortised cost	-	-	8,206	8,735
Available for sale financial assets (Principal)	-	-	1,000	2,000
Available for sale financial assets (Accrued Interest)	-	-	8	4
Total Investments	59	85	16,225	17,743
Debtors				
Loans and receivables	14	4	2,589	2,186
Borrowings				
Financial liabilities at fair value through profit and loss	(14,111)	(17,113)	(2,193)	(230)
Creditors				
Financial liabilities at amortised cost	-	-	(4,790)	(2,801)

Income, Expense, Gains and Losses

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

Financial assets: Loans and receivables	31 st March	
	2016 £'000	2017 £'000
Interest expense	(456)	(525)
Interest income (including Icelandic investment interest)	147	120
Total	(309)	(405)

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 15: FINANCIAL INSTRUMENTS (continued)

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 2017 for fair value purposes:

	31 st March 2016		31 st March 2017	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Cash and Cash Equivalents	8,206	8,307	8,735	8,808
Add back: (Cash at Bank)/Overdraft	94	-	73	-
Short-term Investments (excluding Certificate of Deposit)	7,011	7,009	7,004	7,005
Long-term Investments	59	59	85	85
Total Temporary Investments	15,370	15,375	15,897	15,898

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 £15.897m financial assets for which Level 2 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 available for sale

The Council held two level 1 certificates of deposit totalling £2m at 31st March 2017. The fair values have been calculated by using published price quotations.

Financial Instrument Available for Sale	31 st March 2016		31 st March 2017	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Certificates of Deposit	1,008	1,008	2,004	2,004

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 15: FINANCIAL INSTRUMENTS (continued)

As at 31st March the Council held £17.113m 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 2017 for fair value purposes:

	31 st March 2016		31 st March 2017	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Liverpool Victoria Friendly Society Ltd	9	9	4	4
Market Debt	2,013	2,013	1,000	998
PWLB Loan - Maturity	14,102	14,658	16,109	17,739
Total Borrowing	16,124	16,680	17,113	18,741

The fair value of PWLB loans of £17.739m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the balance sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. If interest rates fell significantly below the rates secured for its current loans, the Council could repay the loans to the PWLB. However the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £20.390m at 31st March 2017 and therefore it is not financially advantageous to repay.

Nature and Extent of Risk Arising From Financial Instruments

The Council's Treasury Management activities expose it to a variety of financial risks. 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 2016-17

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 investment durations 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 2016-17 was approved by Full Council on 24th February 2016 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 the Corporate Director: Resources) of total investments with any financial institution or group cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31st March 2017 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 2016-17

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	31st March	
	2016 £'000	2017 £'000
Less than three months	1,193	1,033
Three to six months	72	29
Six months to one year	32	55
More than one year	79	72
Total	1,376	1,189

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:

	31st March	
	2016 £'000	2017 £'000
Less than one year	16,319	17,816
Between one and two years	59	85
Total	16,378	17,901

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 2016-17

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 being 100% and zero respectively:

	31 st March	
	2016 £'000	2017 £'000
Less than one year	2,195	232
Between one and two years	5	2,009
Between two and five years	1,010	-
Between five and ten years	1,001	2,007
Between ten and fifteen years	2,010	2,010
Between fifteen and twenty years	4,036	4,036
Between twenty and twenty five years	4,026	4,026
Over twenty five years	2,021	3,023
Total	16,304	17,343

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 2016-17

Note 15: FINANCIAL INSTRUMENTS (continued)

According to this assessment strategy, at 31st March 2017, 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	215

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 £0.808m outstanding of the original £9m Icelandic investments (prior to impairment) as at 31st March 2017 and is confident that the overall return will be close to full recovery.

Note 16: DEBTORS

Short Term Debtors	31st March	
	2016 £'000	2017 £'000
Amounts receivable within one year:		
Government Departments	853	42
Other Local Authorities	768	1,413
Sundry Debtors	2,589	2,186
Council Tax Payers	375	434
Business Rates	490	468
Total Balance at Year End	5,075	4,543

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 17: CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprises:

Cash and Cash Equivalents	2015-16 £'000	2016-17 £'000
Cash held by the Authority	4	1
Bank current accounts	(98)	(74)
Short-term deposits with banks/building societies	8,300	8,808
Total Balance at Year End	8,206	8,735

Note 18: ASSETS HELD FOR SALE

Assets Held For Sale	2015-16 £'000	2016-17 £'000
Balance at Start of Year	560	850
Revaluation Adjustments	(362)	199
Disposals	(105)	(850)
Reclassification to Surplus Assets	(500)	-
Reclassification from Investment Properties	30	-
Reclassification from Operational Land & Buildings	1,227	801
Reclassification from Surplus Assets	-	500
Balance at Year End	850	1,500

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	
	2016 £'000	2017 £'000
Government Departments	156	2,906
Local Authorities	546	1,135
Sundry Creditors	2,813	812
Council Taxpayers (overpayments/receipts in advance)	115	130
Business Rates (overpayments/receipts in advance)	199	387
Receipts in Advance	1,908	1,872
Contractors and Other Deposits	27	24
Total Balance at Year End	5,764	7,266

Note 20: PROVISIONS

Description of Provision	1st April 2016 £'000	Provided in Year £'000	Payments in Year £'000	31st March 2017 £'000
Business Rates Appeals	1,182	323	(201)	1,304

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 2017. This is consistent with the approach taken by all members of the Worcestershire Pool. This Council's share of the provision is £1.304m.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 21: USABLE RESERVES

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

Note 22: UNUSABLE RESERVES

Summary of Unusable Reserves

	31st March	
	2016 £'000	2017 £'000
Revaluation Reserve	11,072	10,201
Capital Adjustment Account	26,448	22,331
Pensions Reserve	(58,821)	(57,774)
Deferred Capital Receipts Reserve	(20)	(20)
Collection Fund Adjustment Account	(1,182)	460
Accumulated Absences Account	(176)	(160)
Total Unusable Reserves	(22,679)	(24,962)

Revaluation Reserve

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

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

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

Revaluation Reserve	2016 £'000	2017 £'000
Balance at 1st April	11,474	11,072
Revaluation Gains	797	739
Excess Current Value Depreciation over Historic Cost Depreciation	(131)	(154)
Revaluation reductions written off against prior balances	(1,048)	(87)
Balance written out following disposal	(20)	(1,369)
Balance at 31st March	11,072	10,201

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 22: UNUSABLE RESERVES (continued)

Capital Adjustment Account

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

Capital Adjustment Account	2016 £'000	2017 £'000
Balance at 1st April	27,202	26,448
Capital Receipts Applied	71	644
Depreciation	(1,812)	(1,724)
Revaluation Adjustments	(331)	(1,002)
Direct Revenue Financing	125	42
Appropriation of Minimum Revenue Provision	173	199
Revenue Expenditure Funded From Capital Under Statute	(2,212)	(1,415)
Disposal of Non-Current Assets	(411)	(3,485)
Capital Grants	3,492	1,537
Revaluation Reserve	151	1,087
Balance at 31st March	26,448	22,331

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, for example discretionary post-retirement benefits. The debit balance on the Pensions Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources available to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. As a partner to Worcestershire Regulatory Services (WRS), the debit balance in the Pension Reserve includes this Council's share of 15.30% of the overall liability as at 31st March 2017.

Pensions Reserve	2015-16 £'000	2016-17 £'000
Balance at 1st April	(61,008)	(58,821)
Increase in share of WRS liability (12.69% in 2015-16 and 15.30% in 2016-17)	(84)	(198)
Remeasurements of the net defined benefit (liability)/asset	2,851	1,590
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	(3,559)	(3,598)
Employer's pension contributions and direct payments to pensioners payable in the year	2,979	3,253
Balance at 31st March	(58,821)	(57,774)

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 22: UNUSABLE RESERVES (continued)

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 2016-17.

Deferred Capital Receipts Reserve	2015-16 £'000	2016-17 £'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	2015-16 £'000	2016-17 £'000
Balance at 1st April	(1,616)	(1,182)
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	434	1,642
Balance at 31st March	(1,182)	460

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Accumulated Absences Account	2015-16 £'000	2016-17 £'000
Balance at 1st April	(157)	(176)
Reversal of Opening Balance	157	176
Amounts accrued at the end of the current year	(176)	(160)
Balance at 31st March	(176)	(160)

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 23: CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

Cash Flow Statement – Operating Activities	2015-16 £'000	2016-17 £'000
Interest received	(140)	(126)
Interest paid	381	456
Net cash flows from operating activities	241	330

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

Cash Flow Statement – Operating Activities	2015-16 £'000	2016-17 £'000
Depreciation	1,812	1,724
Downward re-valuations	331	1,002
Increase/(decrease) in impairment for bad debts	171	(25)
Increase/(decrease) in creditors	(689)	(4,324)
(Increase)/decrease in debtors	(756)	1,320
(Increase)/decrease in inventories	15	(46)
Movement in pension liability	580	345
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	409	3,923
Other non-cash items charged to the net surplus or deficit on the provision of services	(178)	106
Total	1,695	4,025

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	2015-16 £'000	2016-17 £'000
Proceeds from short-term and long term investments	(147)	(119)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(622)	(865)
Total	(769)	(984)

Note 24: CASH FLOW STATEMENT – INVESTMENT ACTIVITIES

Cash Flow Statement – Investment Activities	2015-16 £'000	2016-17 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(8,779)	(2,465)
Other payments for investing activities	(2,000)	(1,000)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	622	865
Proceeds from short-term and long-term investments	106	26
Other receipts from investing activities	2,851	2,369
Net cash flows from investing activities	(7,200)	(205)

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 25: CASH FLOW STATEMENT – FINANCING ACTIVITIES

Cash Flow Statement – Financing Activities	2015-16 £'000	2016-17 £'000
Cash receipts of short and long-term borrowing	6,000	1,000
Other receipts from financing activities	-	2,892
Repayments of short and long-term borrowing	45	45
Other payments for financing activities	(829)	(2,482)
Net cash flows from financing activities	5,216	1,455

Note 26: 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 Council or other organisations. Details of the income and expenditure from trading operations are as follows:

Trading Operations	2015-16 £'000	2016-17 £'000
Industrial Estates		
Income	(721)	(582)
Expenditure	454	463
Net Income	(267)	(119)

Note 27: MEMBERS' ALLOWANCES AND EXPENSES

Members' allowances and expenses paid during the year were £214,603 (£215,835 in 2015-16). Further information is provided on the Council's website: www.wyreforest.gov.uk

Note 28: OFFICERS' REMUNERATION

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

Position	Salary (including fees & allowances)	Expenses Allowances*	Total Remuneration Excl pension contributions 2016-17	Pension Contributions	Total Remuneration including pension Contributions 2016-17
	£	£	£	£	£
Chief Executive	109,183	1,063	110,246	14,958	125,204
Director of Economic Prosperity and Place	73,732	840	74,572	10,101	84,673
Director of Community Well-Being and Environment	73,732	88	73,820	10,101	83,921
Chief Financial Officer	62,435	148	62,583	8,554	71,137
Solicitor to the Council	37,461	115	37,576	5,132	42,708
Head of Economic Development & Regeneration – North Worcs	58,290	848	59,138	7,988	67,126
Head of Transformation & Communications	52,652	-	52,652	7,213	59,865
Total	467,485	3,102	470,587	64,047	534,634

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 28: OFFICERS' REMUNERATION (continued)

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

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

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

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

Total Remuneration	2015-16	2016-17
£50,000 - £54,999	1	-

In addition to the above salaries, the following Senior Officers received remuneration, and mileage allowance as appropriate, for their roles in the European Union Referendum and the Police and Crime Commissioner, District and Parish elections:

	Role	2016-17 £
Chief Executive	Returning Officer	6,134
Solicitor to the Council	Deputy Returning Officer	1,871
Head of Transformation & Communications	Deputy Returning Officer	2,725

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)	
	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16 £	2016-17 £
£0 - £20,000	2	1	2	0	4	1	29,525	3,228
Total	2	1	2	0	4	1	29,525	3,228

In 2015-16, as a partner to Worcestershire Regulatory Services (WRS), the Council paid the sum of £54,223 as its share of the termination benefits to ten members of staff, one of which was compulsory. No payments have been made in 2016-17.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 29: 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	2015-16 £'000	2016-17 £'000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	65	49
Fees payable in respect of other services provided by Grant Thornton during the year *	17	12
Total	82	61

* The fees for other services payable related to Housing Benefit Grant Certification Fee and Place Analytics Subscription.

Note 30: GRANT INCOME

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

Grant Income	2015-16 £'000	2016-17 £'000
Credited to Taxation and Non-Specific Grant Income		
Revenue Support Grant	2,019	1,222
New Homes Bonus	1,693	2,356
Other Capital Grants	670	552
Total Credited to Taxation and Non-Specific Grant Income	4,382	4,130
Credited to Services		
Housing Benefit Subsidy	33,020	31,813
Housing Benefit Admin	544	530
Other Grants by Directorate:		
Chief Executive	341	301
Community Well-being and Environment	312	235
Economic Prosperity and Place	234	338
Total Grant Income Credited to Services	34,451	33,217

Note 31: RELATED PARTY TRANSACTIONS

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 31: RELATED PARTY TRANSACTIONS (continued)

Central Government

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Significant grants received from Government Departments are set out in Note 30. Grant receipts outstanding at 31st March 2017 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 2016-17 is shown in Note 27.

The Council maintains a Register of Members' Interests 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.

Members also sit on a number of other outside bodies where transactions of less than £10k were made in 2016-17 to:

- Friends of Bewdley Museum
- Carpet Museum Trust
- District Councils' Network
- Kidderminster and District Youth Trust
- Stourport Forward
- The Elizabeth Mills Centre

The net financial support for these bodies totalled £3k in 2016-17.

Major transactions over £10k for 2016-17 where Councillors were also members of outside bodies are shown in the table below:

Organisation	Total Income	Total Expenditure	Income due at 31/03/2017	Expenditure due at 31/03/2017
	£'000	£'000	£'000	£'000
Other Public Bodies				
Bewdley Town Council	12	12	-	-
Kidderminster Town Council*	357	70	-	-
Stourport Town Council	12	2	-	-
Worcestershire County Council	2,036	235	-	96
West Mercia Police & Crime Commissioner	81	5	19	-
Other Bodies				
Bewdley Development Trust	-	10	-	-
Citizens Advice Bureau	-	81	-	6
Local Government Association	-	13	-	-
Wyre Forest Nightstop & Mediation	-	19	-	-
Stourport Sports Club Ltd	10	14	-	-
West Midlands Employers Community Housing Group	-	37	-	-
	373	436	270	-

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 31: RELATED PARTY TRANSACTIONS (continued)

*Financial, legal and human resources services have been provided to Kidderminster Town Council since 1st April 2016 under a Service Level Agreement, included in the above figures.

Officers

The Cultural Services Manager and the Community Development Manager sit on the board of Stourport Sports Club. The Chief Executive of Wyre Forest District Council was a Trustee of the Carpet Museum Trust but resigned on 31st January 2017.

Operations Jointly Controlled by the Council

The Council works in partnership with various Councils/Organisations on a number of services, either as host itself or where the service is hosted by another Council and full details of these arrangements are shown in note 1.14 in the Accounting Policies. The tables below set out the movements in 2016-17:

Services Hosted by WFDC

Service	Council	Value of Service in 2016-17 £'000	Payment due from WFDC at 31/03/2017 £'000	Receipt due to WFDC at 31/03/2017 £'000
North Worcestershire Economic Development and Regeneration	Redditch Borough Council	256	4	65
	Bromsgrove District Council	229	4	58
North Worcestershire Water Management	Redditch Borough Council	64	-	16
	Bromsgrove District Council	55	-	14
North Worcestershire Emergency Planning and Business Continuity	Redditch Borough Council	13	-	3
	Bromsgrove District Council	13	-	3
Advice Services through joint occupancy of Worcestershire Hub	Community Housing Group	9	-	9

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 31: RELATED PARTY TRANSACTIONS (continued)

Services Hosted by Other Councils

Service	Host Council	Value of Service in 2016-17 £'000	Payment due from WFDC at 31/03/2017 £'000	Receipt due to WFDC at 31/03/2017 £'000
Worcestershire Regulatory Services	Bromsgrove District Council	471	24	16
North Worcestershire Building Control	Bromsgrove District Council	136	35	-
Payroll	Redditch District Council	40	40	-
Car Park Administration Service	Wychavon District Council	91	8	-

Note 32: CAPITAL EXPENDITURE AND CAPITAL FINANCING

Capital Expenditure and Capital Financing	2015-16 £'000	2016-17 £'000
Opening Capital Financing Requirement	7,910	14,146
Operational Assets	7,885	4,327
Non-operational Assets	-	79
Revenue Expenditure Funded from Capital Under Statute	2,212	1,415
Capital Receipts	(71)	(644)
Government Grants and other Contributions	(3,492)	(1,537)
Sums Set Aside from Revenue	(298)	(241)
Closing Capital Financing Requirement	14,146	17,545
Explanation of movements in the year: Increase in underlying requirement to borrow (unsupported by Government financial assistance)	6,236	3,399
Increase in Capital Financing Requirement	6,236	3,399

Note 33: 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 2016-17

Note 33: 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, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. There are no assets within the pension plan built up to meet these pension liabilities. Where applicable, the obligation relating to unfunded benefits of £496k (£506k in 2015-16) is reflected in the Wyre Forest District Council columns within this disclosure note.

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

The Council is a partner in Worcestershire Regulatory Services, governed by the Joint Committee. Staff were transferred to the host authority – Bromsgrove District Council on a fully funded basis. The shared service was admitted to the pensions fund as a 'ghost body'; as such any liability or surplus that accrues is the responsibility of the partners of the shared service. This Council's share of the overall deficit (15.3%), as defined by the partnership legal agreement is included in this note.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 33: DEFINED BENEFIT PENSION SCHEMES (continued)

	WFDC		Share of WRS	
	2015-16 £'000	2016-17 £'000	2015-16 £'000	2016-17 £'000
Comprehensive Income and Expenditure Statement				
Cost of Services				
<i>Service cost comprising:</i>				
Current Service Cost	1,512	1,464	74	66
Past Service Costs (including Curtailments)	-	-	39	33
Administration expenses	23	24	1	1
Financing and Investment Income and Expenditure				
Net interest expense	1,877	1,969	33	41
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	3,412	3,457	147	141
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)	3,025	(14,629)	132	(108)
Actuarial (gains) and losses arising on changes in financial assumptions	(5,775)	13,071	(234)	76
Total remeasurement recognised in Other Comprehensive Income	(2,750)	(1,558)	(102)	(32)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	662	1,899	45	109
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	522	289	58	56
Actual amount charged against the General Fund Balance for pensions in the year				
Employers' contributions payable to scheme	2,384	2,672	89	85
Discretionary retirement benefits payable to pensioners	506	496	-	-

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 33: DEFINED BENEFIT PENSION SCHEMES (continued)

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	WFDC		Share of WRS	
	2015-16 £'000	2016-17 £'000	2015-16 £'000	2016-17 £'000
Present value of defined benefit obligation	116,147	130,434	3,457	4,406
Fair value of plan assets	(58,291)	(73,847)	(2,492)	(3,219)
Net liability arising from defined benefit obligation	57,856	56,587	965	1,187

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

	WFDC		Share of WRS	
	2015-16 £'000	2016-17 £'000	2015-16 £'000	2016-17 £'000
Opening fair value of scheme assets	60,746	58,291	2,307	2,492
Revision in % share of WRS liability			210	513
Re-stated opening fair values	60,746	58,291	2,517	3,005
Interest Income	1,923	2,021	86	108
Remeasurement gain/(loss) - return on plan assets, excluding amount included in net interest expense	(3,025)	14,629	(132)	108
Administration expenses	(23)	(24)	(1)	(1)
Contributions from employer	2,890	3,168	89	85
Contributions from employees into scheme	389	407	20	20
Benefits Paid	(4,609)	(4,645)	(87)	(106)
Closing fair value of scheme assets	58,291	73,847	2,492	3,219

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

	WFDC		Share of WRS	
	2015-16 £'000	2016-17 £'000	2015-16 £'000	2016-17 £'000
Opening balance at 1 st April	120,830	116,147	3,229	3,457
Revision in % share of WRS liability			297	711
Re-stated opening balance at 1 st April	120,830	116,147	3,526	4,168
Current Service cost	1,512	1,464	74	66
Interest cost	3,800	3,990	119	149
Contributions from scheme participants	389	407	20	20
Remeasurement (gains) and losses- Scheme experience (gain)/loss	-	(3,561)	-	(1,085)
Actuarial (gains)/losses arising from changes in financial assumptions	(5,775)	18,457	(234)	1,226
Actuarial (gains) and losses from changes in demographic assumptions	-	(1,825)	-	(65)
Past service cost/Curtailments	-	-	39	33
Benefits paid	(4,609)	(4,645)	(87)	(106)
Closing balance at 31st March	116,147	130,434	3,457	4,406

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 33: DEFINED BENEFIT PENSION SCHEMES (continued)

Local Government Pension Scheme assets comprised:

Fair value of scheme assets	WFDC		Share of WRS	
	2015-16 £'000	2016-17 £'000	2015-16 £'000	2016-17 £'000
Cash and cash equivalents	1,235	1,691	53	74
Alternatives: UK Infrastructure*	2,162	1,994	92	87
Property:				
European*	1,824	2,075	78	90
UK*	682	687	29	30
Overseas*	130	369	6	16
Sub-total Property	2,636	3,131	113	136
Equities:				
UK quoted	428	383	18	17
Overseas quoted	19,908	20,633	851	899
PIV UK Managed Funds*	16,323	19,909	698	868
PIV UK Managed Funds (Overseas equities)*	11,597	22,088	496	963
PIV Overseas Managed Funds*	429	-	18	-
Sub-total equities	48,685	63,013	2,081	2,747
Bonds:				
UK Corporate	242	244	10	11
Overseas Corporate	3,332	3,774	142	164
Sub-total bonds	3,574	4,018	152	175
Total Assets	58,292	73,847	2,491	3,219

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, estimates for the Fund being based on the latest full valuation of the scheme effective from 1st April 2017.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 33: DEFINED BENEFIT PENSION SCHEMES (continued)

The significant assumptions used by the actuary have been:

	WFDC		WRS	
	2015-16 £'000	2016-17 £'000	2015-16 £'000	2016-17 £'000
<u>Long term expected rate of return on assets in the scheme</u>				
Mortality assumptions				
Longevity at 65 of current pensioners				
Male	23.5yrs	22.6yrs	23.5yrs	22.6yrs
Female	25.9yrs	25.6yrs	25.9yrs	25.6yrs
Longevity at 65 of future pensioners				
Male	25.8yrs	24.8yrs	25.8yrs	24.8yrs
Female	28.2yrs	27.9yrs	28.2yrs	27.9yrs
Financial assumptions				
Rate of Inflation (CPI)	2.00%	2.30%	2.00%	2.30%
Rate of increase in salaries	3.50%*	1.50%*	3.50%	3.80%
Rate of increase in pensions	2.00%	2.30%	2.00%	2.30%
Discount Rate on liabilities	3.50%	2.50%	3.60%	2.60%

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

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2015-16.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumptions 2016-17	
	WFDC £'000	Share of WRS £'000
Longevity (increase in 1 year)	2,666	86
Rate of inflation (increase by 0.1%)	2,059	87
Rate of increase in salaries (increase by 0.1%)	352	19
Rate for discounting scheme liabilities (increase by 0.1%)	(2,027)	(85)

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 18 years.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 33: DEFINED BENEFIT PENSION SCHEMES (continued)

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.

The total payment due to the Pension Fund in respect of the 2017-18 deficit and future service contributions is £3.203m. However, an upfront payment for the deficit contribution element for three years 2017-18 to 2019-20 was made in April 2017 to achieve a significant discount of circa £120k per annum (see also Note 36, events after the reporting period). Worcestershire Regulatory Services anticipate paying £0.433m contributions; the Council's proportion of this is estimated to be £66k.

The weighted average duration of the defined benefit obligation for scheme members is 16 years, 2016-17 (16 years 2015-16). For Worcestershire Regulatory Services the weighted average duration is 20 years (22 years 2015-16).

Note 34: CONTINGENT LIABILITIES

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

The Council continues to have a contingent liability in respect of the potential level of exposure to future claims relating to its liability from Municipal Mutual (MMI), its former insurers. Whilst no claims have been paid in 2016-17 the potential for further liability still exists that is not possible to quantify. The accounts include an earmarked reserve of £190k for a potential claim but there is a contingent liability for future claims that may come forward.

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

Note 35: TRUST FUNDS

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

The Council previously acted as Corporate Trustee for Kidderminster Educational Foundation, a registered charity. Responsibility for the role of Trustee transferred to Kidderminster Town Council on 1st April 2016. Further information can be found at:

<http://apps.charitycommission.gov.uk/showcharity/registerofcharities/RegisterHomePage.aspx>

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2016-17

Note 36: EVENTS AFTER THE REPORTING PERIOD

The Corporate Director: Resources confirms the following non-adjusting Post Balance Sheet Events (PBSE) identified at 31st July 2017, the date that the audited Statement of Accounts 2016-17 was approved:

- Following the result of the Referendum on 23rd June 2016 and the “snap” General Election called for early June 2017, it is too early to judge the impact of the planned exit from 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.
- Pension Fund Deficit Contributions totalling £5.26m for the three years 2017-18 to 2019-20 were paid on the 28th April 2017 to Worcestershire County Council, the Pension Fund Administrators of our Local Government Pension Scheme. This three year upfront payment was in return for a significant discount to reflect early payment and the related detail will be included in the Statement of Accounts for 2017-18 to 2019-20.
- The Valuation Office Agency (VOA) undertook a revaluation of business rateable values effective from 1st April 2017. The March 2017 Budget announcement included an allocation of £300m for councils to implement local schemes to support businesses most affected by the revaluation; the share for this Council is £207k tapered over 4 years. Whilst the overall average impact for rateable values in Wyre Forest is a reduction of 0.5%, valuations for individual properties can vary significantly. Cabinet on 23rd May 2017 adopted a proposal for a local scheme:

http://www.wyreforest.gov.uk/council/docs/doc51903_20170523_cabinet_agenda.pdf

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

THE COLLECTION FUND ACCOUNT 2016-17

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.

2015-16 Business Rates £'000	2015-16 Council Tax £'000	2015-16 Total £'000		2016-17 Business Rates £'000	2016-17 Council Tax £'000	2016-17 Total £'000
<u>INCOME</u>						
-	(50,280)	(50,280)	Council Tax Receivable	-	(53,230)	(53,230)
(29,030)	-	(29,030)	Business Rates Receivable	(30,883)	-	(30,883)
(29,030)	(50,280)	(79,310)	Total Income	(30,883)	(53,230)	(84,113)
<u>EXPENDITURE</u>						
Precepts, Demands and Shares:						
13,312	-	13,312	Central Government	12,450	-	12,450
2,396	34,719	37,115	Worcestershire County Council	2,241	37,190	39,431
266	2,459	2,725	Hereford and Worcester Fire Authority	249	2,585	2,834
-	5,978	5,978	Office of the Police and Crime Commissioner for West Mercia	-	6,284	6,284
10,650	6,608	17,258	Wyre Forest District Council	9,960	6,815	16,775
-	485	485	Parish/Town Councils	-	916	916
Charges to the Collection Fund:						
336	293	629	Increase in Bad Debt Provision	719	44	763
757	-	757	Increase in Provision for Appeals	809	-	809
136	-	136	Cost of Collection Allowance	134	-	134
-	-	-	Disregarded Amounts	4	-	4
27,853	50,542	78,395	Total Expenditure	26,566	53,834	80,400
(1,177)	262	(915)	(Surplus)/Deficit for the Year	(4,317)	604	(3,713)
4,508	(1,327)	3,181	(Surplus)/Deficit b/fwd as at 1st April	3,331	(1,065)	2,266
3,331	(1,065)	2,266	(Surplus)/Deficit c/fwd as at 31st March	(986)	(461)	(1,447)
Allocation of (Surplus)/Deficit:						
1,665	-	1,665	Central Government	(493)	-	(493)
300	(736)	(436)	Worcestershire County Council	(89)	(318)	(407)
33	(52)	(19)	Hereford and Worcester Fire Authority	(10)	(23)	(33)
-	(127)	(127)	Office of the Police and Crime Commissioner for West Mercia	-	(55)	(55)
1,333	(150)	1,183	Wyre Forest District Council	(394)	(65)	(459)
3,331	(1,065)	2,266		(986)	(461)	(1,447)

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

NOTES TO THE COLLECTION FUND ACCOUNT

Note 1: GENERAL

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

Business Rates surpluses or deficits declared by the billing authority in relation to the Collection Fund are apportioned in the subsequent financial year in their respective proportions. To help mitigate the risk of fluctuations in Business Rates income, Wyre Forest District Council remains a member of the Worcestershire Business Rates Pool (WBRP). 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. Malvern Hills District Council left the WBRP on 31st March 2016 so 2016-17 is the first year of the smaller reformed Pool.

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 2016-17 were estimated before the start of the financial year as £14.341m to Central Government (£14.546m in 2015-16), £2.581m to WCC (£2.618m in 2015/16), £0.287m to H&WFA (£0.291m in 2015-16) and £11.473m to Wyre Forest District Council (£11.637m in 2015-16). These sums have been paid in 2016-17 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 2016-17 was £8.990m (£8.916m in 2015-16).

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

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 2016-17 was £2.407m (£2.387m in 2015-16). 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 2016-17. In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the Valuation Office Agency (VOA) and, as such, are required to make a provision for these amounts. Appeals are charged and provided for in proportion to the precepting shares. The total provision charged to the collection fund for 2016-17 has been calculated at £809k (£757k in 2015-16) - this included estimates for the effect of backdating of appeals.

The Non-Domestic rateable value of the Council's area at 31st March 2017 was £74,456,183 (31st March 2016 - £73,956,769). The standard national multiplier for 2016-17 was 49.7p (49.3p in 2015-16) and 48.4p for qualifying Small Businesses (48.0p in 2015-16).

The total income from business rate payers collected in 2016-17 was £30.883m (£29.030m in 2015-16).

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, £1,595.27 for 2016-17 (£1,547.53 in 2015-16) 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 £243,345 (£222,079 in 2015-16).

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

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 2016-17 was 32,727 (31,814 in 2015-16).

Valuation Band	Number of Dwellings Per Valuation List	Adjustment, Disabled Banding Appeals, Discounts & Exemptions	Full Charge Equivalent	Ratio to Band D Charge	Band D Equivalent
Band A	11,256	(4,707.02)	6,548.98	6/9	4,365.99
Band B	11,383	(2,742.94)	8,640.06	7/9	6,720.05
Band C	11,160	(1,716.90)	9,443.10	8/9	8,393.87
Band D	6,152	(670.98)	5,481.02	1	5,481.02
Band E	3,319	(219.78)	3,099.22	11/9	3,787.94
Band F	1,713	(102.68)	1,610.32	13/9	2,326.01
Band G	1,193	(54.57)	1,138.43	15/9	1,897.38
Band H	126	0.62	126.62	2	253.24
Total	46,302	(10,214.25)	36,087.75		33,225.50
Less Allowance for Non-Collection District Tax Base					498.50
					32,727.00

Income from Council Tax in 2016-17 was £53.230m (£50.280m in 2015-16).

Note 4: COLLECTION FUND SURPLUSES AND DEFICITS

The Council Tax surplus of £0.461m at 31st March 2017 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 surplus of £0.986m at 31st March 2017 will be distributed in subsequent financial years to 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 2016-17, excluding surplus/deficits, are as follows:

	Council Tax £'000	NNDR £'000
Worcestershire County Council	36,730	2,581
Office of the Police and Crime Commissioner for West Mercia	6,205	-
Hereford and Worcester Fire Authority	2,553	287
Wyre Forest District Council (including parishes)	7,636	11,473
Central Government	-	14,341

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

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.

2015-16			2016-17	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
1,033	1,270	Provision for Bad Debts as at 1 st April	1,152	1,270
(174)	(314)	Past Years Write Offs	(210)	(958)
293	314	Increase in Provision	44	719
1,152	1,270	Provision for Bad Debts as at 31 st March	986	1,031

The Wyre Forest District Council share is as follows:

2015-16			2016-17	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
163	508	Wyre Forest District Council Share of Provision for Bad Debts as at 31 st March	142	412

Note 7: PROVISION FOR NNDR APPEALS

The Collection Fund account provides for NNDR appeals against the rateable value set by the VOA not settled at 31st March 2017.

	2015-16 £'000	2016-17 £'000
Provision for Appeals as at 1 st April	3,104	2,955
Appeals settled in year	(906)	(503)
Increase in Provision	757	809
Provision for Appeals as at 31 st March	2,955	3,261

The Wyre Forest District Council share is as follows:

	2015-16 £'000	2016-17 £'000
Wyre Forest District Council Share of Appeals as at 31 st March	1,182	1,304

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

CORPORATE DIRECTOR: RESOURCES' AND LEADER'S CERTIFICATE

The Statement of Accounts on pages 2 to 95 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 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also with the CIPFA guidance notes 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 2017.

TRACEY W SOUTHALL, CPFA
CORPORATE DIRECTOR: RESOURCES

COUNCILLOR MARCUS J HART
LEADER OF THE COUNCIL

31st July 2017

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 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves 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 2016/17.

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 Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Corporate Director: Resources and auditor

As explained more fully in the Statement of Responsibilities, the Corporate Director: Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, 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, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") 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 Corporate Director: Resources; 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 2017 and of its expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report, the Annual Governance Statement for the financial year for which the financial statements are prepared 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: Framework (2016)' published by CIPFA and SOLACE; or
- we have reported a matter in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Authority under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Act.

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

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Respective responsibilities of the Authority and auditor

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

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 for securing economy, efficiency and effectiveness in its use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, 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 this criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, we are satisfied that in all significant respects the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the financial statements of the Authority in accordance with the requirements of the Act and the Code of Audit Practice.

Richard Percival

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

Grant Thornton UK LLP
The Colmore Building
20 Colmore Circus
Birmingham
B4 6AT

31 July 2017

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

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 2016-17 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 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 2016-17

GLOSSARY OF FINANCIAL TERMS (continued)

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).

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

A locally determined scheme which sets the system to calculate amounts deducted from the bills of working age Council Tax payers. The scheme sets the maximum discount that can be given, so there is a minimum percentage of the Council Tax bill that all tax payers must pay. This was 10% in 2015-16 and 20% from 1st April 2016.

COUNTERPARTY REPORT

List of approved Financial Institutions the Council can invest surplus funds with. This is based on Credit Ratings criteria approved by Council within the Treasury Management Policy.

CREDITORS

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

CURRENT ASSET OR LIABILITY

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

DEBTORS

Amounts due to the District Council but unpaid by the end of the accounting period.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

GLOSSARY OF FINANCIAL TERMS (continued)

DEPRECIATION

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

DIRECT REVENUE FINANCING

Revenue resources used to finance Capital Expenditure.

DISCOUNTED CASH FLOW

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

EARMARKED RESERVES

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

EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis was introduced in 2016-17 and shows how annual expenditure is used and funded from resources in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates.

FAIR VALUE

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

FEES AND CHARGES

In addition to income from the Government, Local Authorities charge for numerous services including car parking.

FINANCE LEASE

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

FINANCIAL INSTRUMENT

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

FINANCIAL REGULATIONS & STANDING ORDERS

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

FINANCIAL STATEMENTS

Another term for the Statement of Accounts.

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).

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

GLOSSARY OF FINANCIAL TERMS (continued)

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 accounting standard introduced from 2010-11.

INVENTORIES

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

LIABILITY

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

LIQUID 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 business tax collected locally by District Councils.

NET PRESENT VALUE

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

NEW BURDENS

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

GLOSSARY OF FINANCIAL TERMS (continued)

NON-CURRENT ASSETS

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

NON-OPERATIONAL ASSETS

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

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.

OUTTURN

Actual income and expenditure.

PRECEPT

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

PROVISIONS

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

PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES

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

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.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Capital expenditure for which no tangible fixed asset exists is now classified as Revenue Expenditure Funded from Capital Under Statute and is charged to the Comprehensive Income and Expenditure Statement.

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.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

GLOSSARY OF FINANCIAL TERMS (continued)

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.

SUPPORT SERVICES

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

TRUE AND FAIR

It is the aim of the accounts to show a true and fair view of the Council's financial position. 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 2016-17
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.
CFR	Capital Financing Requirement – measures the authority’s underlying need to borrow, or finance by other long-term liabilities, its capital expenditure.
CIES	Comprehensive Income and Expenditure Statement – This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practice rather than the amount to be funded from taxation.
CIPFA	Chartered Institute of Public Finance and Accountancy – the institute that sets the accounting rules and guidance for Local Government.
CLT	Corporate Leadership Team of Wyre Forest District Council.
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.
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 – 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	Local Enterprise Partnership (the Council is a member of both the Greater Birmingham and Solihull Local Enterprise Partnership and Worcestershire Local Enterprise Partnership) – partnerships of businesses, local authorities and universities that support private sector growth and job creation.
LGA	Local Government Association – the body that represents Local Government nationally, this body has a key lobbying role with central government.
LLP	Limited Liability Partnership

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2016-17
List of commonly Used Acronyms

Acronym	Description/Definition
MIRS	Movement in Resources Statement – represents the changes in the Council's financial resources.
MRP	Minimum Revenue Provision – this represents the minimum which authorities must repay on their debts each year.
NDR or NNDR	National Non-Domestic Rates – sometimes called business rates – these are collected by Local Authorities and are the way that those who occupy non-domestic property contribute towards the cost of local services.
PBSE	Post Balance Sheet Event – an event taking place after the Balance Sheet event that may either be noted or adjusted in the accounts depending on its relevance.
PPE	Property Plant and Equipment – IFRS terminology for fixed assets.
PWLB	Public Works Loan Board – this is a central government body which makes loans to local government and other prescribed public bodies from the National Loans Fund.
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.
SOLACE	Society of Local Authority Chief Executives – professional organisation for Chief Executives and Senior Managers within Local Government.
VFM	Value for Money – this represents a formal review by the auditors on whether the Council is delivering Value for Money to its residents. This opinion forms part of the overall audit certificate.
WBRP	Worcestershire Business Rates Pool - Under the business rates retention scheme local authorities are able to come together, on a voluntary basis, to pool their business rates, giving them scope to generate additional growth through collaborative effort and to smooth the impact of volatility in rates income across a wider economic area. The current members of the WBRP are Worcestershire County Council (Lead Authority), Wyre Forest District Council, Wychavon District Council and Worcester City Council.