

***Statement
of
Accounts
2013/2014***



Wyre Forest
District Council

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

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WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

1. FINANCIAL FOREWORD

Welcome to the Council's Statement of Accounts for the year ended 31st March 2014. This details the financial position of the Council for the last year along with accompanying notes and explanations of the main issues affecting the Council.

The most significant issue facing the Council remains its financial position. The action taken by Council in 2013/14, in establishing the cross-party Strategic Review Committee, enabled detailed work to be done on future options for the Medium Term Financial Strategy at a much earlier stage than usual. This was in response to the challenging Spending Round announced in June 2013. Following this accelerated budget process, the Council set a forward-looking budget for 2014/15, including a 1.94% increase in Council Tax, a revised Council Tax Discount Scheme and continued investment in the key priority of economic and regeneration initiatives, aided by membership of both the Worcestershire and Greater Birmingham and Solihull Local Enterprise Partnerships.

This is the first year of the new Business Rates Retention Scheme and of our membership of the Worcestershire Business Rates Pool, so this has been closely monitored. This Council was also the only district in Worcestershire to have introduced a scheme whereby residents previously in receipt of full benefit had to pay at least 8.5 % of their Council Tax. It is pleasing to note collection rates have not suffered significantly as a consequence, with collection rates only slightly down compared to 2012/13 levels. Our net revenue budget will have reduced from £16.4m in 2009/10 to £10.63m in 2016/17 based upon current plans. This represents a fall of around 35% in absolute terms, and more in real terms. The savings targets from the Wyre Forest Forward programme have been increased from £801k to £1.3m in 2016/17, of which projections show we have already achieved or identified £849k in 2016/17 as at mid June 2014. The further target is challenging but achievable, when we consider the Council's strong track record in reducing expenditure since 2009. The proposals go a very 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 new leisure centre as well as major injections of finance in its key priority of securing the economic prosperity of the district.

We know that Government funding will fall further in the future, and the prospect of the General Election in May 2015 means there is further uncertainty over funding including the replacement for the current New Homes Bonus. The Working Balance remains at £1m. There was a welcome surplus of £127k from the planned £276k use of general reserves; this was as a result of final account savings of £403k. The resultant higher level of reserves will be used to mitigate the significant financial risks faced by this Council as a result of the fundamental changes to the Government Funding Regime and further austerity measures expected, including the impending Welfare Reform changes.

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 ensures savings targets are achieved, as the uncertainty about future levels of Government grant support remain. The Strategic Review Committee provided a useful cross-party forum for work on the Medium Term Financial Strategy and consideration is being given to appropriate arrangements for 2014/15.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

1. FINANCIAL FOREWORD (continued)

Key actions implemented against the priorities set in the Corporate Plan

- a. Following the State of the Area debate in 2012, we are seeing significant progress on a number of key developments: permission granted in April for demolition of Crown House and redevelopment of Lower Mill Street and Bullring, led by Henderson Global Investors; permission also in place for a medical centre and library in Bewdley; and £1.5m funding from the County Council for town centre realm improvements in Kidderminster.
- b. As reported in November, the number of housing developments under way across Stourport-on-Severn and Kidderminster was sign of an improvement in developers' confidence because Wyre Forest has an up-to-date development plan in place (still the only one in Worcestershire). This backdrop and our positive attitude to supporting business growth have now led to some significant interest from potential investors, details of which are about to be announced or will be made public shortly.
- c. A new preferred site for the leisure centre at Silverwoods was selected and announced last autumn. Conditional contracts for purchase have been exchanged and the Planning Committee granted outline planning application on 8th April 2014. Sport England is considering a bid for capital funding up to £2m – a final decision is expected in due course. We are out to tender to select the partner to build, maintain and operate the facility.
- d. Our investment in good working relationships with town and parish councils has begun to bear fruit. A number of councils are taking over various local service responsibilities, such as grass cutting and litter picking, in the early part of 2014/15. While we will pay them some money in return, the overall cost to this Council will fall. The Civic Centre and Civic Hall were transferred to Stourport-on-Severn Town Council on the 28th March 2014, the most significant transfer of a community asset in Worcestershire.

We have occupied Wyre Forest House since October 2012. The Overview and Scrutiny Committee in July 2013 received an updated report on achievement of annual revenue savings, which significantly exceed the business case projection of £500k. The capital account has still not been finalised because of various unresolved issues, principally the ground source heat pump system. Independent technical advice has been received on the steps that need to be taken to ensure that the system works fully effectively, and to allow us to protect the Council's position in discussions with the contractor.

During the summer of 2013 we also had to deal with a number of unexpected events that caused significant work for teams in the Council, including two County Council by-elections and the fire at Lawrence's Recycling plant.

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 is a regular meeting of Group Leaders and their deputies with members of the Cabinet and Corporate Leadership Team, 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. The Forum is generally well-supported with over half of councillors attending each meeting. Members have set a full programme of topics that they wish to consider over the coming 12 months.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

1. FINANCIAL FOREWORD (continued)

Our transformation work is proceeding satisfactorily. The latest reviews using systems thinking (a process that enables managers to study their organisation as a system and, on the basis of the knowledge gained, re-design their services to improve performance and drive out costs) resulted in new processes and savings including a significant reduction in management costs in respect of depot-based services; and have transformed how planning applications are handled. Following a mini-restructure of both accountancy and audit, effective from April 2014, a more detailed review of all financial processes has commenced and further reviews are being planned in order to meet the targets for savings in the medium term financial strategy.

The senior management restructure, successfully implemented by the beginning of August 2013, has settled down and is working effectively; this has contributed towards the savings target. A further review is planned for September 2014, to be implemented in Spring 2015. The shared services that we host are all progressing well.

Icelandic Investments

In addition to the transformation programme and service reviews mentioned above, the Council has also been actively seeking the recovery of the deposits with Icelandic Banks. The Council had £9m invested in these banks and has been working over the last five and a half years to secure their recovery. We participated in the 2013/14 Auction process run by Bevan Brittan in liaison with the Local Government Association and were successful in selling our Landsbanki investment on 30th January 2014 (the funds were received on 4th February 2014). Further details are provided within the Financial Instruments section of these statements. At the Certificate date, only £0.985 million principal remains outstanding and the Council is confident that the overall return will be close to a full recovery.

As we have now sold our Landsbanki investment it is hoped that the two less challenging outstanding investments will be returned to the Council within 12 to 18 months.

Financial Strategy

As highlighted above, these remain extremely challenging times for the Council as we come to grips with an environment where funds will continue to reduce and transformation and savings are essential. The Financial Strategy 2014/17 approved by Council in February 2014 provides a stable financial platform from which to move forward.

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

Tracey W Southall CPFA
Chief Financial Officer

Nathan J Desmond
Cabinet Member for Resources & Transformation

29th September 2014

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

2. EXPLANATORY FOREWORD

This foreword provides a brief explanation of the 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 2013/14 was presented to the Council's Audit Committee on 30th June 2014 and was signed by the Chief Financial Officer, meeting the end of June deadline.

The accounts present a true and fair financial position of Wyre Forest District Council for the financial year ended 31st March 2014. 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.

The Council's accounts for the financial year ended 31st March 2014, that follow, mainly comprise:

(a) Movement in Reserves Statement

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

(b) The Comprehensive Income and Expenditure Statement

This account brings together income and expenditure relating to all of the Council's functions. It demonstrates and reconciles the accounting costs of providing services in accordance with generally accepted accounting practices; it does not show the amount to be funded from the taxpayers, as the accounting cost is different from this.

(c) The Balance Sheet

This is fundamental to the understanding of the Council's year end financial position. It shows the balances and reserves at the Council's disposal, including its long term indebtedness, the current assets employed in its operations, the Collection Fund and summarised information on the fixed assets held.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

2. EXPLANATORY FOREWORD (continued)

(d) The Cash Flow Statement

This statement summarises major changes of the Council's funds over the period of the financial year. 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 authority 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.

(e) The Collection Fund Income and Expenditure Account

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 precepting authorities such as Worcestershire County Council, The Office of the Police and Crime Commissioner for West Mercia and The Hereford and Worcester Fire and Rescue Authority.

From 2013/14 the local government finance regime has been revised with the introduction of the Business Rates Retention Scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in their areas. It does, however, also increase the financial risk due to non-collection and the volatility of the Business Rates tax base. The scheme allows the Council to retain a proportion of the total Business Rates received. The share retained by this Council is 40% with the remainder paid to Central Government (50%), Worcestershire County Council (9%) and Hereford and Worcester Fire and Rescue Authority (1%).

3. 2013/14 BUDGET

At its Council meeting on 27th February 2013 Wyre Forest District Council set a budget of £12.809 million and a Band D Equivalent Council Tax of £197.62 (£197.62 in 2012/13).

Total reserves available for the Finance Strategy increased from £3.168 million as at 31st March 2013 to £3.295 million as at 31st March 2014 (including £1 million Working Balance). The approved Budget showed a planned use of general reserves of £524,300. After taking into account Final Accounts savings there was a net contribution to general reserves of £127,400 in 2013/14.

4. 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 and the Council's reserves.

The main components of the budget for the year ended 31st March 2014, and how these compared with actual expenditure, are set out below.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

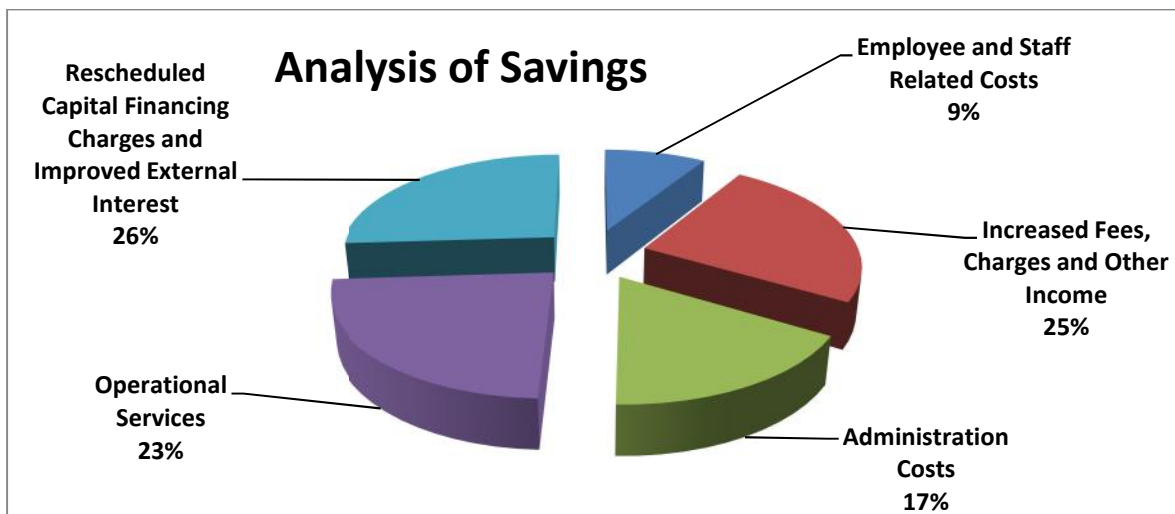
4. BUDGET OUTTURN (continued)

(a) Revenue Expenditure - General Fund Services

	Estimated Expenditure (Income) £'000	Actual Expenditure (Income) £'000
Gross Expenditure on Services	53,950	55,164
Less: Income	(41,141)	(41,158)
Net Expenditure on Services	12,809	14,006
Less: Collection Fund and Grant Income	(11,843)	(13,691)
Precept to Parish Councils	(442)	(442)
Net (Surplus)/Deficit for Year*	524	(127)

*The variance is accounted for as follows:-	£'000
Reduction in Employee and Staff Related Costs	(140)
Increased Fees, Charges and Other Income	(382)
Reduction in the Cost of Administration	(265)
Savings from Operational Services	(366)
Rescheduled Capital Financing Charges and Improved External Interest	(405)
Creation of Earmarked Reserves and Provisions	907
Total Reduction in Net Deficit on Services	(651)

This financial year was significant in the way that savings were realised against both original and revised budget through a variety of initiatives ranging from the generation of additional external income, to reduction in staffing levels and major cost reductions. These initiatives afforded the opportunity to create provisions or earmarked reserves that will allow the Council to better meet the financial challenges ahead.



WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

4. BUDGET OUTTURN (continued)

(b) Capital Expenditure and Capital Receipts

During the financial year 2013/14, the Council spent £2.165 million on capital schemes (£5.546 million in 2012/13). The majority of this relates to expenditure on fixed assets and the payment of Disabled Facilities/Improvement Grants. The major capital schemes were Stourport Sports Village, Regeneration and Economic Development (including the Space Incubator Units), Brinton Splash Park and the Vehicle Replacement Programme.

This capital expenditure was financed by the application of capital receipts of £0.832 million (£3.661 million in 2012/13), prudential borrowing of £0.295 million (£1.137 million in 2012/13), by the application of grants and contributions of £1.028 million (£0.748 million in 2012/13) and direct revenue financing of £0.010 million in 2013/14 (nil in 2012/13).

The total external loans outstanding stood at £5.32 million at the end of the financial year (£3.20 million in 2012/13).

5. SIMPLIFIED BALANCE SHEET

An extract from the main Balance Sheet to give an overview of what the Council owns and is owed is shown below:-

31/03/2013 £'000	What the Council owns and is owed	31/03/2014 £'000
53,675	What we own: Property, Land, Vehicles and Equipment	51,392
78	Inventories	79
8,506	Cash Invested	10,365
3,671	Money owed to the Council	4,813
	What we owe:	
(7,460)	Money owed by the Council	(10,587)
(53,110)	Pension Fund Liability	(49,012)
5,360	Total net value of what we own	7,050

6. COLLECTION FUND

The Collection Fund Accounts for 2013/14 are shown on page 91 of this Statement. The Council Tax position has improved from a deficit of £0.115 million at 31st March 2013 to a surplus of £0.787million as at 31st March 2014. This surplus, together with next year's projection, will be taken into account when setting the Council Tax for 2015/16. The Council Tax collection rate for the year was 97.11% (97.29% in 2012/13).

From 1st April 2013 the local government finance regime has been revised with the introduction of the Business Rates Retention Scheme. In 2013/14 the Business Rates deficit was £1.918million, of which the share for this Council is £0.767million. This will be taken into account in 2014/15, however, the Council created a provision in the 2013/14 accounts to mitigate the impact. The Business Rates collection rate for the year was 96.92% (96.85% in 2012/13).

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

7. 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 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 the liability.

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

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The authority is required:

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

The Chief Financial Officer's Responsibilities

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

In preparing this Statement of Accounts, the Chief Financial Officer has:

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

The Chief Financial Officer has also:

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

ANNUAL GOVERNANCE STATEMENT 2013/14

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, Wyre Forest Customer Services Centre at the Town Hall, Kidderminster. This statement explains how Wyre Forest District Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2011 in relation to the publication of a statement on internal control.

The purpose of the Governance Framework

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

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

The governance framework has been in place at Wyre Forest District Council for the year ended 31st March 2014 and up to the date of approval of the statement of accounts.

The Governance Framework

This is defined as 'the systems by which local authorities direct and control their functions and relate to their communities'. The governance framework encompasses the Council's financial management arrangements that conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government; the governance arrangements also conform to the requirements of the CIPFA Statement on the role of the Head of Internal Audit in public service organisations as presented to the Audit Committee at its meeting of 2nd December 2013.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

ANNUAL GOVERNANCE STATEMENT 2013/14 (continued)

The key elements of the Council's systems and processes that comprise the authority's governance arrangements are included in the Council's Constitution which is reviewed and updated throughout the year. The arrangements have been implemented to provide a robust framework to deliver good governance. The core principles of governance are:

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

Delivery

The Council delivers these outcomes through:

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

Review of Effectiveness

Wyre Forest District Council has responsibility for regularly reviewing the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the Corporate Leadership Team within the Authority, which has responsibility for the development and maintenance of the governance environment, the Section 151 Officer's annual report as Chief Financial Officer, and also by comments made by the external auditors and other review agencies and inspectorates.

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

- Findings and recommendations of Internal Audit;
- Updates by the managers within the authority who have responsibility for the development and maintenance of the internal control environment;

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

ANNUAL GOVERNANCE STATEMENT 2013/14 (continued)

- Findings and recommendations by the external auditors and other review agencies and inspectorates;
- Audit Committee review of current arrangements against best practice; this has been undertaken robustly, at the December and March meetings, particularly in light of the revised management structure from August 2013, and the adoption of the UK Public Sector Internal Audit Standards 2013.

Regular reviews are carried out by the Corporate Leadership Team, including during March and again in May 2014. These reviews take into account:

- the Internal Audit Annual Assurance report from the Section 151 Officer as Chief Financial Officer in consultation with the Principal Auditor for 2013/14;
- comments of other review agencies, inspectorates and external bodies;
- the findings and recommendations of the External Audit's Annual Audit Letter reported to the Audit Committee on 2nd December 2013.

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

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

The constitution is under constant review, to ensure that it remains fit for purpose; a more fundamental review is planned for 2014/15 to ensure it is updated to reflect the ongoing Systems Thinking service reviews that form part of the Wyre Forest Forward Programme.

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 Audit's Annual Audit Letter as reported to the Audit Committee on 2nd December 2013 was considered at its meeting on the 24th March 2014.

The Council's Chief Financial Officer has the overall responsibility to ensure that the internal control environment is effective and adhered to. This is delivered through the Internal Audit service. Internal Audit undertake regular reviews of all of the Council's systems and produce reports containing recommendations for improvement wherever necessary, in line with their 3-year audit plan (2012/15). The Council's Internal Audit complies with the UK Public Sector Internal Audit Standards – April 2013 as formally adopted. The December 2013 and March 2014 Audit Committees approved the Internal Audit Charter in compliance with the UK Public Sector Internal Audit Standards. A number of other internal reports refreshing the governance review, were also considered by Audit Committee and approved, endorsed or noted as recommended, to ensure all appropriate controls and updates are in place across the Council.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

ANNUAL GOVERNANCE STATEMENT 2013/14 (continued)

External audit reports are reviewed and considered by the Audit Committee and the Council's Corporate Leadership Team. The Council's External Auditors, Grant Thornton take a proactive approach to Member involvement and actively engage Members at each Audit Committee with their Update Reports being of particular interest. In addition to this, the Council is also subject to formal review by other inspectorates, these reviews are considered by the Council's Cabinet.

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

Significant Governance Issues

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

- Progression of the Leisure Future project to ensure that the Council meets the future needs of the District and achieves the most affordable and sustainable option on the new Silverwoods site;
- Continued progression of the challenging Wyre Forest Forward programme and associated transformation projects, including robust monitoring with the opportunity to challenge as appropriate, against savings plans;
- 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 the 2013 Local Government Resource Review, including Business Rate Retention, Welfare Reform and further work around income generation and expenditure reductions;
- Maintaining financial resilience with reduced resources across Enabling teams, particularly in view of the "Help me Make Good Financial Decisions" Intervention work stream;
- Maintaining resilience in the governance process following the further management review planned to be implemented in Spring 2015;
- Maintaining ICT resilience to ensure a secure network, ensuring the ICT infrastructure is protected adequately from attacks and threats;
- Continued priority to be given to the on-going recovery of the Council's two remaining "Icelandic" investments.

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

Signed

Ian R Miller
Chief Executive

Marcus J Hart
Leader of the Council

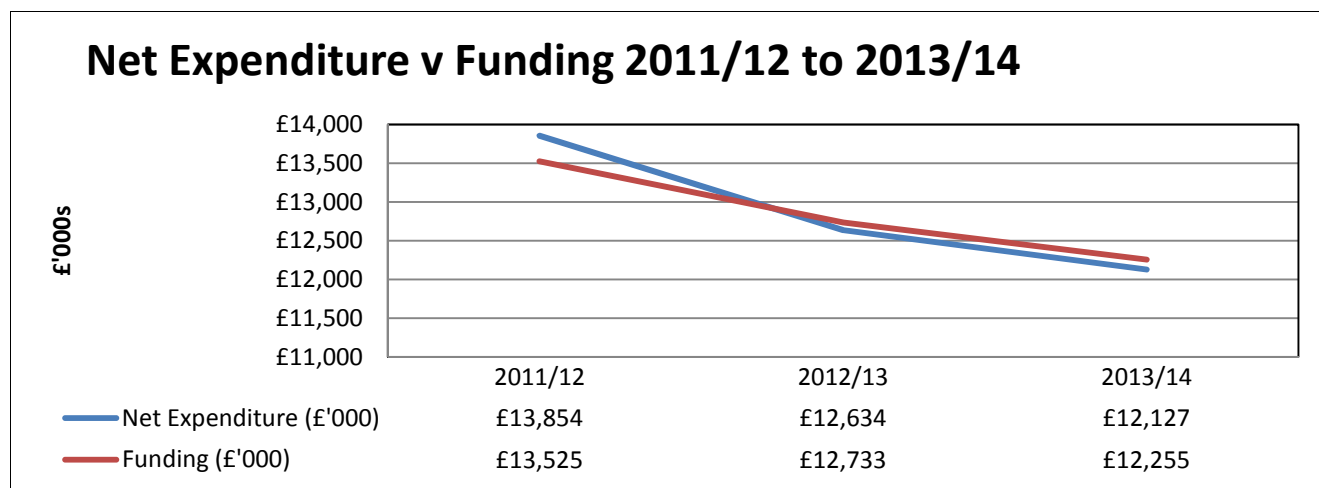
29th September 2014

**WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2013/14**

MOVEMENT IN RESERVES STATEMENT

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

Notes	General Fund Balance 6	Earmarked Reserves 7	Capital Receipts Reserve 22	Capital Grants Unapplied 22	Total Usable Reserves	Total Unusable Reserves 23	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2013	3,168	4,396	2,139	719	10,422	(5,062)	5,360
Surplus/(deficit) on provision of services	(3,970)	-	-	-	(3,970)	-	(3,970)
Other comprehensive income & expenditure	-	-	-	-	-	5,660	5,660
Total comprehensive income & expenditure	(3,970)	-	-	-	(3,970)	5,660	1,690
Adjustments between accounting basis & funding basis under regulations	4,656	-	(10)	(142)	4,504	(4,504)	-
Net increase/ (decrease) before transfers to earmarked reserves	686	-	(10)	(142)	534	1,156	1,690
Transfers to/(from) earmarked reserves	(559)	559	-	-	-	-	-
Increase/ (decrease) in year	127	559	(10)	(142)	534	1,156	1,690
Balance at 31 March 2014	3,295	4,955	2,129	577	10,956	(3,906)	7,050



WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2013/14

MOVEMENT IN RESERVES STATEMENT (continued)

2012/13 Comparative
Information
Restated

Notes	General Fund Balance 6	Earmarked Reserves 7	Capital Receipts Reserve 22	Capital Grants Unapplied 22	Total Usable Reserves	Total Unusable Reserves 23	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2012	3,069	4,003	5,484	796	13,352	131	13,483
Surplus/(deficit) on provision of services	(3,082)	-	-	-	(3,082)	-	(3,082)
Other comprehensive income & expenditure	-	-	-	-	-	(5,041)	(5,041)
Total comprehensive income & expenditure	(3,082)	-	-	-	(3,082)	(5,041)	(8,123)
Adjustments between accounting basis & funding basis under regulations	3,574	-	(3,345)	(77)	152	(152)	-
Net increase/ (decrease) before transfers to earmarked reserves	492	-	(3,345)	(77)	(2,930)	(5,193)	(8,123)
Transfers to/(from) earmarked reserves	(393)	393	-	-	-	-	-
Increase/ (decrease) in year	99	393	(3,345)	(77)	(2,930)	(5,193)	(8,123)
Balance at 31 March 2013	3,168	4,396	2,139	719	10,422	(5,062)	5,360

For details of the restatements please refer to the Technical Annex.

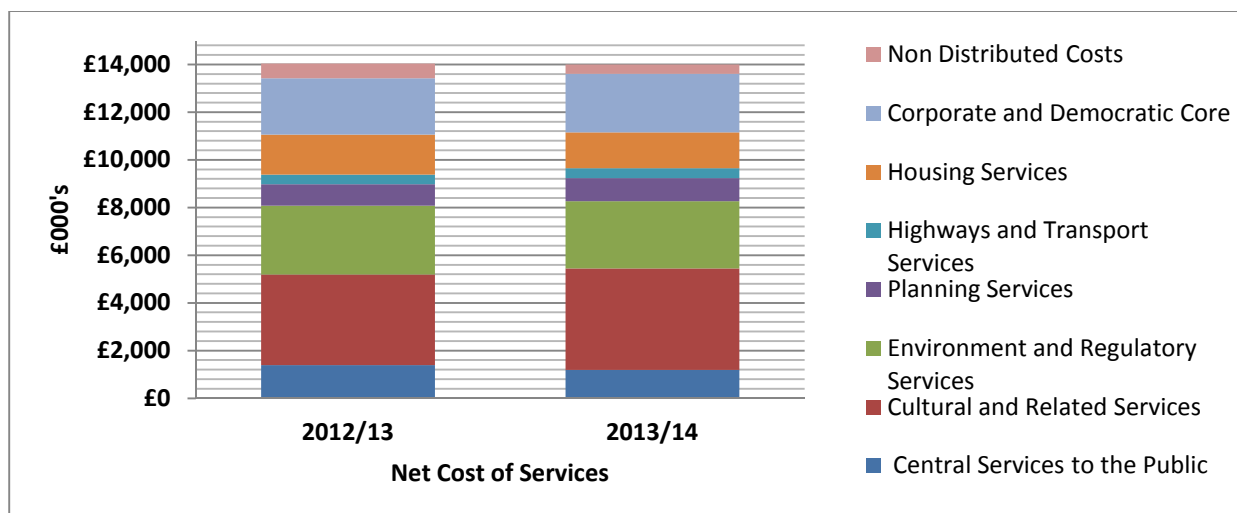
WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2013/14

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2012/2013	2012/2013	2012/2013		2013/2014	2013/2014	2013/2014
Expenditure	Income	Net	Notes	Expenditure	Income	Net
£'000	£'000	£'000		£'000	£'000	£'000
Restated	Restated	Restated				
Service Expenditure Analysis						
10,962	(9,566)	1,396		2,216	(1,033)	1,183
4,314	(519)	3,795		5,230	(972)	4,258
3,950	(1,060)	2,890		4,037	(1,209)	2,828
2,571	(1,671)	900		2,924	(1,962)	962
1,772	(1,375)	397		1,834	(1,420)	414
35,098	(33,420)	1,678		35,822	(34,310)	1,512
2,839	(473)	2,366		2,710	(251)	2,459
623	-	623		391	(1)	390
62,129	(48,084)	14,045		55,164	(41,158)	14,006
464	(113)	351	8	619	(15)	604
5,953	(4,113)	1,840	9	5,550	(4,134)	1,416
-	(13,154)	(13,154)	10	767	(12,823)	(12,056)
68,546	(65,464)	3,082		62,100	(58,130)	3,970
Other comprehensive income and expenditure:						
		(720)				(326)
		5,761	23			(5,334)
		5,041				(5,660)
		8,123				(1,690)

For details of the restatements please refer to the Technical Annex.



WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2013/14

BALANCE SHEET

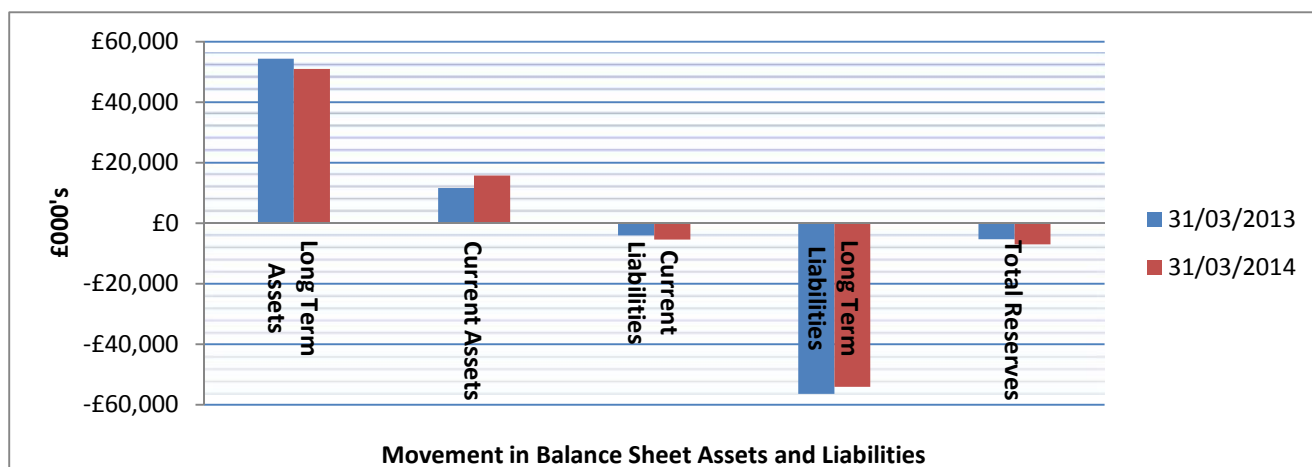
The Balance Sheet shows the value as at the Balance Sheet date of the asset and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable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

31 March 2013 £'000	Notes	31 March 2014 £'000
	Property, Plant and Equipment:	
37,881	Land and Buildings	36,144
3,306	Vehicles, Plant and Equipment	2,751
674	Community Assets	602
795	Surplus Assets not held for Sale	582
84	Assets under Construction	127
1,069	Heritage Assets	1,525
7,879	Investment Property	8,401
734	Intangible Assets	535
1,843	Long-term Investments	194
63	Long-term Debtors	49
54,328	Long Term Assets	50,910
1,095	Short-term Investments	2,006
5,568	Cash and Cash Equivalents	8,165
78	Inventories	79
3,608	Short-term Debtors	4,764
1,253	Assets held for Sale (less than one year)	725
11,602	Current Assets	15,739
(174)	Short-term Borrowing	(274)
(3,751)	Short-term Creditors	(3,850)
(156)	Short-term Provisions	(1,343)
(4,081)	Current Liabilities	(5,467)
(13)	Long-term Provisions	(7)
(3,027)	Long-term Borrowing	(5,047)
(53,110)	Other Long-term Liabilities	(49,012)
(339)	Capital Grants Receipts in Advance	(66)
(56,489)	Long Term Liabilities	(54,132)
5,360	Net Assets	7,050
	Financed by:	
10,422	Usable Reserves	10,956
(5,062)	Unusable Reserves	(3,906)
5,360	Total Reserves	7,050

Tracey Southall CPFA, Chief Financial Officer

**WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2013/14**

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.

2012/2013	Notes	2013/2014
£'000		£'000
Restated		
(3,082) Net deficit on the provision of services		(3,970)
3,306 Adjust net (surplus)/deficit for non cash movements:	24	4,564
86 Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities:	24	(1,007)
310 Net cash flows from operating activities	24	(413)
(3,278) Net cash flows from investing activities	25	754
2,382 Net cash flows from financing activities	26	2,256
(586) Net increase/(decrease) in cash or cash equivalents		2,597
6,154 Cash and cash equivalents at the beginning of the reporting period		5,568
5,568 Cash and cash equivalents at the end of the reporting period		8,165

For details of the restatements please refer to the Technical Annex.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

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WYRE FOREST DISTRICT COUNCIL

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WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 1: ACCOUNTING POLICIES

1.1 General Principles

The annual Statement of Accounts, required by The Accounts and Audit (England) Regulations 2011, summarises the Council's transactions for the 2013/14 financial year and its position at 31st March 2014. It has been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the Code) and the Service Reporting Code of Practice 2013/14 (SeRCOP), recognised by statute as representing proper accounting practices, 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.

1.2 Accruals of Income and Expenditure

All revenue and capital expenditure is accounted for on an accruals basis in accordance with the Code and International Accounting Standard (IAS) 8. That is, sums due to or from the Council during the year are recorded, irrespective of whether the cash has actually been received or paid during the year. In particular:

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

1.3 Cash and Cash Equivalents

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

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 1: ACCOUNTING POLICIES (continued)

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. The Council has adopted a revised accounting policy for retirement benefits in accordance with IAS 19 (Employee Benefits) as outlined in Accounting Policy 1.6. Prior period adjustments have been made to the Council's 2012/13 published financial statements as follows:

There have been several significant changes in relation to the international accounting standard IAS19 Employee Benefits. This has resulted in changes to accounting treatment for financial years starting on or after 1 January 2013. There is no impact on the Balance Sheet, however, the main changes are as follows:

Expected Return on Assets - This is in relation to the return on Pension Scheme assets. Advance credit for anticipated outperformance of return seeking assets (such as equities) is no longer permitted by IAS19. This has been replaced with an equivalent figure calculated using a discount rate (as opposed to using a figure calculated using expected return on assets assumptions).

Asset Disclosures - IAS19 requires a much more detailed breakdown of the pension fund assets. The values of the assets, broken down into different classes that distinguish between the nature and risk now need to be disclosed. A further breakdown is also needed showing those assets which have a quoted market price and those which do not. The disclosure included in the Council's 2012/13 published financial statements only showed the main categories of equities, bonds, property and cash as required. As a result of the change some of these categories are split further.

Disclosure Presentation - In order to be consistent with the new requirements of IAS19 the disclosures in relation to the Council's defined benefit pension scheme have changed from those published in 2012/13. By making these changes to the accounting standard, it is intended that the presentation of the information is easier for the user to understand (see note 37).

Further information relating to the restatement of the 2012/13 Accounts can be found in the Technical Annex.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 1: ACCOUNTING POLICIES (continued)

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 wage and 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.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accrual basis to the relevant services line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pension benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, transfers are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 1: ACCOUNTING POLICIES (continued)

Post Employment Benefits

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

The Local Government Pension Scheme

The liabilities of the Worcestershire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 4.4% (based on the indicative rate of return on high quality AA rated corporate bond).

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

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

The change in the net pension liability is analysed into the following components:

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 1: ACCOUNTING POLICIES (continued)

- Remeasurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the Worcestershire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

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

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.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 1: ACCOUNTING POLICIES (continued)

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. The frozen investments are also shown net of impairment charges relating to interest, as required by LAAP Bulletins 79 and 82.

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. The Council currently does not hold any available-for-sale financial assets.

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.

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.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 1: ACCOUNTING POLICIES (continued)

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

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

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

1.10 Heritage Assets

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

- the art collection
- antique musical instruments and furniture
- statues and other museum exhibits

The Worcester Street clock is deemed to have a useful economic life so it has been measured in the Balance Sheet at depreciated historic cost. All other heritage assets have indeterminate useful economic lives and high residual values and, therefore, it is not considered appropriate to charge depreciation. The Council can value these other heritage assets by whatever suitable method is appropriate and therefore they have been measured in the Balance Sheet at their insurance valuations. These are 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 Council holds no intangible heritage assets such as recordings of significant historical events. 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).

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 1: ACCOUNTING POLICIES (continued)

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

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

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

1.11 Intangible Assets

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

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

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

1.12 Interests in Other Entities

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 1: ACCOUNTING POLICIES (continued)

1.13 Inventories and Long Term Contracts

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

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year. The Council currently has long term contracts with DC Leisure (change of name with effect from 1st April 2014 to Places For People Leisure Management Limited) for the leisure centre service and the Community Housing Group for the homelessness service. The contract values in 2013/14 were £0.7m and £0.3m respectively.

1.14 Jointly Controlled Operations and Jointly Controlled Assets

The Council is a partner in the Worcestershire Regulatory Shared Service Joint Committee together with Bromsgrove District Council (the host), Worcestershire County Council, Redditch Borough Council, Malvern Hills District Council, Worcester City Council and Wychavon District Council. This partnership is a jointly controlled operation that uses the assets and resources of the partner authorities without the establishment of a separate entity. 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. We are also partners with Bromsgrove District Council who host Building Control and Redditch Borough Council as host authority for Payroll Services.

This Council hosts the shared service agreements with Redditch Borough Council and Bromsgrove District Council for North Worcester 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/Riverside Offices (Riverside Offices agreement ceased in December 2013) with Wyre Forest Community Housing.

Worcestershire County Council provides the Human Resources shared service that commenced in November 2010.

1.15 Leasing

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

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

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

The Authority as Lessee

Operating Leases

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 1: ACCOUNTING POLICIES (continued)

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 Finance Leases.

1.16 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2013/14 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

1.17 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 1: ACCOUNTING POLICIES (continued)

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- where applicable, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

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

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

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

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.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 1: ACCOUNTING POLICIES (continued)

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

Where an item of Property, Plant and Equipment asset, valued in excess of £1million, has major components whose cost is 20% in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit 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.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 1: ACCOUNTING POLICIES (continued)

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

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

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

Surplus Assets

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

1.18 Investment Property

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

Investment properties are measured initially at cost and subsequently at open market value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

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.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 1: ACCOUNTING POLICIES (continued)

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

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

1.20 Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in note 38 to the accounts.

1.21 Contingent Assets

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

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

1.22 Reserves

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

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 1: ACCOUNTING POLICIES (continued)

1.23 Revenue Expenditure funded from Capital under Statute

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

1.24 Value Added Tax (VAT)

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

1.25 Interest and Investment Income

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

The accounting entries for the interest due on impaired investments have been prepared in accordance with the relevant guidance and best estimates on the impairment of deposits with Icelandic banks including LAAP Bulletins 79 and 82 to meet the prevailing Capital Regulation allowing this Council to defer the impact of impairment on the frozen investments.

1.26 Borrowing

In accordance with the Capital and Treasury Management Strategies the Council has made use of the prudential borrowing regime. Several schemes contained within the capital programme are being financed through prudential borrowing, the result being that the Capital Financing Requirement (CFR) will increase. The Council entered into further external borrowing of £2 million against the CFR in 2013/14. A statutory minimum revenue provision (MRP) is being made, based on the writing down period of the assets. The CFR is kept under review with the possibility of external borrowing being available if required.

Minimum Revenue Provision

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

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

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

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 1: ACCOUNTING POLICIES (continued)

1.27 Tax Income (Council Tax and Retained Business Rates)

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

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

1.28 Other Accounting Principles

- The Bad Debt Provision is estimated by reference to previously issued CIPFA guidance and local knowledge.
- Note 30 – Officers' remuneration. It has been determined that payment for Returning Officer duties other than for District Council elections are not included, but are disclosed separately within the same note.
- Note 40 - Building Regulations has been included at the discretion of this Authority to provide additional information and meet the publication deadline of the 30th September for this service area. The decision has been taken to ring-fence this service, with surpluses held in earmarked reserves.

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

The Code of Practice on Local Council Accounting in the United Kingdom 2014/15 (the Code) has introduced several changes in accounting policies which will be required from 1 April 2014. If these had been adopted for the financial year 2013/14 there would be no material changes.

- IFRS 11 Joint Arrangements – This standard addresses the accounting for a 'joint arrangement' which is defined as a contractual arrangement over which two or more parties have joint control. These are classified as either a joint venture or a joint operation. In addition, proportionate consolidation can no longer be used for jointly controlled entities. A joint operator accounts for the assets, liabilities, revenues and expenses relating to its involvement in a joint operation in accordance with the relevant standards. The Council will be required to recognise its share of the assets and liabilities.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

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

- IFRS 12 Disclosures of Involvement with Other Entities – This is a consolidated disclosure standard requiring a range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'. The Council will be required to make disclosures relating to arrangements with other entities.
- IFRS 13 Fair Value Measurements – This accounting standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. It seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'. The changes will be presentational.
- IAS 1 Presentation of the Financial Statements – The changes clarifies the disclosure requirements in respect of comparative information of the preceding period. The Statement of Accounts fully discloses comparative information for the preceding period therefore these changes will not have a material impact on the Statement of Accounts.
- IAS 32 Financial Instruments – This outlines the accounting requirements for the presentation of financial instruments, particularly as to the classification of such instruments into financial assets, financial liabilities and equity instruments. The standard also provides guidance on the classification of related interest, dividends and gains/losses, and when financial assets and financial liabilities can be offset. The changes will be presentational.

Note 3: CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The main critical judgement in the Statement of Accounts is due to the high degree of uncertainty about future levels of funding for local government from central government. The Council was given details of a reduced financial settlement based on the new funding regime for 2013/14 and 2014/15 but does not yet have a sufficient level of certainty to provide an indication that the assets of the Council might be impaired as a result of any further reduction in funding leading to the need to close facilities and reduce levels of service provision.
- The Council had created an earmarked reserve in 2012/13 of £270,000 in respect of its liability from Municipal Mutual Insurance (MMI) (former insurers) following advice from administrators. The liability was paid in 2013/14. There is now a contingent liability in respect of the potential level of exposure to future claims that is currently unknown.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

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

- Following the changes to Business Rates Retention Scheme the Council has to make judgements in relation to anticipated future income and levels of appeals. There is a financial risk due to non-collection and the volatility of the Business Rates tax base. An earmarked reserve of £200k has been created to mitigate future risk in relation to the potential deterioration of future Business Rates compared to our baseline position. This is necessary as we were below baseline this year and the Worcestershire Pool was unable to fully meet the resultant funding shortfall from the Risk Reserve. In addition, a provision has been made to cover this Council's share of the Business Rates retention deficit for 2013/14 that will impact in 2014/15.
- Given the complexity of the Leisure Future Project an earmarked reserve of £250k, has been created to mitigate potential risk, a further significant reserve of £150k for an Asset Management/Property Reserve has been agreed towards any 'spend to save' property investment to deliver corporate objectives.

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

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

The items in the Authority's Balance Sheet at 31st March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation will increase and the carrying amount of the assets falls.
Icelandic Investments	Estimations of the repayments in respect of the two remaining Icelandic investments are included in the accounts based on guidance in LAAP Bulletins 79 and 82 and best estimates of future distributions. Adjustments have been made to reflect the most up-to-date position this year. Full details are contained in Note 15.	Adjustments to the carrying values will continue to be made until the final distributions are received. Revised impairment gains or losses will be reflected as appropriate that will impact the Comprehensive Income and Expenditure Statement. The Council has established an earmarked reserve to allow for impairment fluctuations in carrying values.
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 £1.68m. However, the assumptions interact in complex ways. During 2013/14, the Authority's actuaries advised that the net pension liability had reduced by £5.3m as a result of remeasurement.
Provision for Business Rates Appeals	Following the changes in accounting for Business Rates, 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 38).	If the provision for appeals was increased by 1% the resulting increase would be £306,350 shared across the Worcestershire Pool.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 5: EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts 2013/14 was approved by the Chief Financial Officer on 25th June 2014. The Chief Financial Officer confirms that the following Post Balance Sheet Events (PBSE) have been identified as at 25th June 2014, the date that the pre-audit Statement of Accounts 2013/14 was approved:

The financial statements and notes have not been adjusted for the following events which took place after 31st March 2014 as they provide information that is relevant to an understanding of the Council's financial position but do not relate to conditions at that date:

- PBSE 1. The Council paid a deposit of £70,000 towards the purchase of the land at Silverwoods on 9th April 2014. This will be the site for the new Leisure Centre. Completion of the site purchase is anticipated within the next two months.
- PBSE 2. In July 2014 the Council received £62,000 in Bellwin Grant to recompense it for the frontline costs incurred as a consequence of the flooding suffered during the first three months of 2014. The effect of this grant receipt will be recorded in the accounts for 2014/15.

The financial statements and notes have been adjusted for the following events which took place after 31st March 2014 as they reflect decisions taken before the end of the financial year:

- PBSE 3. Payments to seven employees will be made in 2014/15 as a result of minor restructuring decisions taken before the 31st March 2014. Details of these payments are included in Note 21 Provisions and Note 30 Officers Remuneration.

Note 6: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

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

General Fund Balance

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

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.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

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

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.

2013/14	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	3,102			(3,102)
Movements in the fair value of Investment Properties	(899)			899
Capital grants and contributions applied	(885)			885
Capital grants and contributions unapplied			(142)	142
Revenue expenditure funded from capital under statute	1,576			(1,576)
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	389			(389)
Direct Revenue Financing	(10)			10
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(261)			261
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	(218)	828		(610)
Use of the Capital Receipts Reserve to finance new capital expenditure		(838)		838
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	6			(6)
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	3,594			(3,594)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,358)			2,358
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	640			(640)
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	(20)			20
Total Adjustments	4,656	(10)	(142)	(4,504)

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

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

2012/13 Comparative Figures Restated	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	2,206			(2,206)
Movements in the fair value of Investment Properties	34			(34)
Capital grants and contributions applied	(671)			671
Capital grants and contributions unapplied			(77)	77
Revenue expenditure funded from capital under statute	1,281			(1,281)
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	(113)			113
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(202)			202
Capital expenditure charged against the General Fund balance				
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		319		(319)
Use of the Capital Receipts Reserve to finance new capital expenditure		(3,664)		3,664
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	2			(2)
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	3,462			(3,462)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,422)			2,422
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	43			(43)
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	(46)			46
Total Adjustments	3,574	(3,345)	(77)	152

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 7: TRANSFERS TO/FROM EARMARKED RESERVES

This note details the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from the earmarked reserves to meet General Fund expenditure in 2013/14.

Earmarked Reserve	Balance at 1st April 2012 £'000	Transfers Out 2012/13 £'000	Transfers In 2012/13 £'000	Balance at 31st March 2013 £'000	Transfers Out 2013/14 £'000	Transfers In 2013/14 £'000	Balance at 31st March 2014 £'000
Asset Management/Property Reserve	-	-	-	-	-	150	150
Business Rates Retention	-	-	-	-	-	200	200
Capital Financing Earmarked Reserve	-	-	61	61	-	64	125
Council Tax Support Scheme	-	-	-	-	-	57	57
District Local Development Framework	93	(1)	23	115	(61)	53	107
Enterprising Worcestershire's ERDF Business Support Programmes	-	-	76	76	-	7	83
Future Leisure Contingency Reserve (previously Future Economic Impact Schemes)	-	-	80	80	-	250	330
Housing Benefits, Council Tax & NNDR	96	(59)	62	99	(18)	-	81
Icelandic Impairment Reserve	-	-	149	149	-	50	199
ICT Reserve	49	(31)	42	60	(54)	67	73
Insurance Premiums 2014/15	-	-	-	-	-	50	50
Kidderminster Town Centre Enhancement Project	119	(32)	-	87	(56)	-	31
Municipal Mutual Insurance Ltd	-	-	270	270	(270)	-	-
New Headquarters	459	(4)	-	455	(4)	-	451
North Worcestershire EDR Shared Service	78	(15)	34	97	(31)	44	110
North Worcestershire Water Management	4	-	49	53	(11)	13	55
Pension Fund Contribution	-	-	-	-	-	67	67
Public Conveniences – Cancellation of Contractual Commitments	-	-	-	-	-	73	73
Regulatory Services	71	-	-	71	(25)	-	46
Repairs and Maintenance / Town Hall HLF Bid	83	-	33	116	(27)	-	89
State of the Area Projects	-	-	249	249	(66)	69	252
Town Centre Support Fund	250	-	-	250	-	-	250
Transformation Fund	677	(309)	-	368	(152)	45	261
External Funding Reserves	924	(314)	466	1,076	(354)	276	998
Earmarked Reserves below £50,000	1,100	(711)	275	664	(339)	492	817
Total	4,003	(1,476)	1,869	4,396	(1,468)	2,027	4,955

Note 8: OTHER OPERATING EXPENDITURE

	2012/13 £'000	2013/14 £'000
Parish/Town Council Precepts	464	442
(Gains)/Losses on the disposal of non current assets	(113)	162
Total	351	604

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 9: FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2013/14	Expenditure £'000	Income £'000	Net £'000
Interest payable and similar charges	135	-	135
Net interest on the net defined benefit liability/(asset)	4,516	(2,337)	2,179
Interest receivable and similar income	-	(88)	(88)
Income and expenditure in relation to investment properties and changes in their fair value	899	(1,541)	(642)
Icelandic investments interest adjustment	-	(91)	(91)
Icelandic investments impairment adjustments	-	(77)	(77)
Total	5,550	(4,134)	1,416

Comparative information for 2012/13 Restated	Expenditure £'000	Income £'000	Net £'000
Interest payable and similar charges	74	-	74
Net interest on the net defined benefit liability/(asset)	5,356	(3,146)	2,210
Interest receivable and similar income	-	(92)	(92)
Income and expenditure in relation to investment properties and changes in their fair value	523	(621)	(98)
Icelandic investments interest adjustment	-	(146)	(146)
Icelandic investments impairment adjustments	-	(108)	(108)
Total	5,953	(4,113)	1,840

Note 10: TAXATION AND NON SPECIFIC GRANT INCOME AND EXPENDITURE

	2012/13 £'000	2013/14 £'000
Council tax income	(7,480)	(6,521)
Non domestic rates income and expenditure	(5,459)	(1,668)
Revenue Support Grant	(106)	(3,753)
Non-service related government grants	(109)	(114)
Total	(13,154)	(12,056)

The changes to the Local Government funding regime have meant that valid comparison of the composite elements between the two years is not possible.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 11: PROPERTY PLANT AND EQUIPMENT (PPE)

Movements in 2013/14:

	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 2013	40,012	5,935	768	795	84	47,594
Additions	350	147	-	-	43	540
Net Revaluation Increases/(Decreases)	(87)	-	-	(1,038)	-	(1,125)
Derecognition (Disposals)	-	(165)	-	(355)	-	(520)
Reclassifications	(1,180)	-	(144)	1,180	-	(144)
At 31st March 2014	39,095	5,917	624	582	127	46,345
Accumulated Depreciation and Impairment at April 1st 2013	(2,131)	(2,629)	(94)	-	-	(4,854)
Depreciation Charge	(951)	(687)	(7)	-	-	(1,645)
Depreciation Written Out	43	150	-	88	-	281
Impairment	(67)	-	-	(951)	-	(1,018)
Impairment Written Off/Reversed	67	-	-	951	-	1,018
Reclassifications	88	-	79	(88)	-	79
At 31st March 2014	(2,951)	(3,166)	(22)	-	-	(6,139)
Net Book Value at 31st March 2014	36,144	2,751	602	582	127	40,206

The Asset Under Construction at 31st March 2014 was the Future Leisure Provision Scheme.

At 31st March 2013 the Civic Centre, Stourport-On-Severn was included within Land and Buildings although part of the building had been vacated during the financial year. This building was re-classified as a surplus asset in 2013/14 and was subject to a Community Asset Transfer to Stourport-on-Severn Town Council at nil value in March 2014.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 11: PROPERTY PLANT AND EQUIPMENT (continued)

Movements in 2012/13:

	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 2012	30,562	5,665	802	795	6,049	43,873
Additions	3,299	640	7	-	84	4,030
Net Revaluation Increases/(Decreases)	128	-	(41)	-	-	87
Derecognition (Disposals)	-	(370)	-	-	-	(370)
Reclassifications	6,023	-	-	-	(6,049)	(26)
At 31st March 2013	40,012	5,935	768	795	84	47,594
Accumulated Depreciation and Impairment at April 1st 2012	(1,698)	(2,306)	(82)	-	-	(4,086)
Depreciation Charge	(761)	(654)	(21)	-	-	(1,436)
Depreciation Written Out	327	331	9	-	-	667
Impairment	(434)	-	(38)	-	-	(472)
Impairment Written Off/Reversed	434	-	38	-	-	472
Reclassifications	1	-	-	-	-	1
At 31st March 2013	(2,131)	(2,629)	(94)	-	-	(4,854)
Net Book Value at 31st March 2013	37,881	3,306	674	795	84	42,740

Information about Depreciation Methodologies:

Method

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).

Useful lives

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 11: PROPERTY PLANT AND EQUIPMENT (continued)

The number and type of major non current assets are:

Asset Description	2012/13	2013/14
Land & Properties:		
Assets Under Construction (Future Leisure Provision)	1	1
Car Parks	29	29
Civic & Administrative Buildings	5	3
Farms	2	1
Leisure Centres (leasehold interest in Bewdley Leisure Centre)	3	3
Museums	1	1
Nature Reserves	4	4
Other Land & Buildings	34	32
Public Conveniences	13	13
Sports & Social Clubs	4	4
Sports Fields & Parks	20	20
Trading Estates & Enterprise Centres	5	5
Heritage Assets	Various	Various
Vehicles, Equipment & Systems:		
Equipment, Systems & Software	Various	Various
Vehicles	74	73

The major Items of capital expenditure in 2013/14 were:

Scheme	£'000
Disabled Facilities Grants	669
Stourport Sports Village	400
Regeneration and Economic Development (including the Space Incubator Units)	357
Brinton Splash Park	220
Vehicle Replacement Programme	122
Affordable Housing Grants to Registered Social Landlords	65
Wyre Forest House	61
Carbon Management Scheme	55
ICT Strategy	55
Other Capital Schemes	161
Total Capital Expenditure	2,165

The Council's Capital Programme was financed as follows:

Type of Financing	£'000
Grants	1,028
Application of Capital Receipts	832
Prudential Borrowing	295
Direct Revenue Financing	10
Total Financing	2,165

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 11: PROPERTY PLANT AND EQUIPMENT (continued)

Contractual Commitments

At 31st March 2014 the following Capital contracts had been entered into, with the following sums remaining to be paid.

Description	£'000
Grant to Civic Facilities in Stourport-on-Severn	450
Wyre Forest House – Construction Contract	240
Vehicle Replacements	160
Regeneration – Grant towards Incubator Units at Civic Centre	150
Disabled Facilities Grants/Housing Assistance Grants	147
Stourport Sports Village Grant - Retentions	18
Brinton Splash Park - Retentions	10

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.

Note 12: HERITAGE ASSETS

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

	Worcester Street Clock	Art Collection	Antique Musical Instruments and Furniture	Statues and Other Museum Exhibits	Total Heritage Assets
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at April 1st 2013	9	593	289	180	1,071
Reclassifications	-	-	(54)	198	144
Net Revaluation Increases/(Decreases)		19	5	297	321
Derecognitions/Disposals	-	-	-	(7)	(7)
At 31st March 2014	9	612	240	668	1,529
Accumulated Depreciation and Impairment at April 1st 2013	(2)	-	-	-	(2)
Reclassifications	-	-	-	(79)	(79)
Depreciation Charge	(2)	-	-	-	(2)
Depreciation Written Out		-	-	79	79
At 31st March 2014	(4)	-	-	-	(4)
Net Book Value at 31st March 2014	5	612	240	668	1,525

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 12: HERITAGE ASSETS (continued)

Comparative Information for 2012/13:

	Worcester Street Clock	Art Collection	Antique Musical Instruments and Furniture	Statues and Other Museum Exhibits	Total Heritage Assets
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at April 1st 2012	73	588	275	244	1,180
Net Revaluation Increases/(Decreases)	(64)	5	14	(64)	(109)
At 31st March 2013	9	593	289	180	1,071
Accumulated Depreciation and Impairment at April 1st 2012	(4)	-	-	-	(4)
Depreciation Charge	(2)	-	-	-	(2)
Depreciation Written Out	4	-	-	-	4
At 31st March 2013	(2)	-	-	-	(2)
Net Book Value at 31st March 2013	7	593	289	180	1,069

The Worcester Street clock is reported in the Balance Sheet at depreciated historic cost valuation. The Art Collection, Antique Musical Instruments and Furniture together with Statues and other Museum Exhibits are reported at insurance valuation, based on market values and updated every two years, unless evidence from the various trade press or auctions etc indicate a significant variation in prices of similar assets. A review of insurance values for 2013/14 was undertaken.

There were no purchases, acquisitions e.g. by donations or disposals in 2013/14. The Richard Eve Memorial was re-classified from a Community Asset to a Heritage Asset in 2013/14. An insurance valuation was also obtained.

Note 13: INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2012/13 £'000	2013/14 £'000
Rental income from Investment Property	604	617
Direct operating expenses arising from Investment Property	(396)	(372)
Net gain	208	245

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 13: INVESTMENT PROPERTIES (continued)

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

The following table summarises the movement in the open market value of investment properties over the year:

	2012/13 £'000	2013/14 £'000
Balance at Start of Year	8,041	7,879
Reclassification of Assets	26	-
Disposals	(153)	(377)
Net Gains/(Reductions) from Open Market Value Adjustments	(35)	899
Balance at Close of Year	7,879	8,401

Note 14: INTANGIBLE ASSETS

	2012/13 £'000	2013/14 £'000
Balance at Start of Year:		
Gross Carrying Amounts	1,869	2,105
Accumulated Amortisation	(1,160)	(1,371)
Net Carrying Amount at Start of Year	709	734
Additions:		
Purchases	236	48
Amortisation for Period	(211)	(247)
Net Carrying Amount at End of Year	734	535
Comprising:		
Gross Carrying Amount	2,105	2,153
Accumulated Amortisation	(1,371)	(1,618)
Net Carrying Amount at End of Year	734	535

Note 15: FINANCIAL INSTRUMENTS

Investments as at 31st March 2014 (Principal)

Financial Institution	Amount Invested £'000	Maturity Date
Royal Bank of Scotland	2,305	Instant Access
Lloyds TSB Bank	470	Instant Access
NatWest Bank	175	Instant Access
Santander	1,905	Instant Access
Svenska Handelsbanken	2,300	Instant Access
Ignis MMF	1,050	Instant Access
Lloyds Bank	1,000	11/04/2014
Lloyds Bank	1,000	12/06/2014
Total	10,205	

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 15: FINANCIAL INSTRUMENTS (continued)

Long- Term (Icelandic) Investments as at 31st March 2014 (Outstanding Principal)

Financial Institution	Amount Invested £'000	Maturity Date	Balance Sheet Carrying Value £'000
Kaupthing, Singer & Friedlander Heritable Bank*	925 60	30/10/2008 30/10/2008	194 -
Total	985		194

*The Heritable investment is being carried on Balance Sheet at nil since there is no information available at this time as to the value or timing of the final distribution from the Administrator.

The above investments are classified in the Balance Sheet, along with the bank overdraft and investment interest accrued, as follows:

	£'000
Royal Bank of Scotland	2,305
Lloyds Bank	470
NatWest Bank	175
Santander	1,905
Svenska Handelsbanken	2,300
Ignis Money Market Fund	1,050
Bank Overdraft (net of cash held)	(40)
Cash and Cash Equivalents	8,165
Lloyds Bank	1,000
Lloyds Bank	1,000
Interest Accrued on Investments	6
Short-term Investments	2,006
Kaupthing, Singer & Friedlander	194
Heritable Bank	-
Long-term Investments	194

Long Term Borrowing

Borrowing as at 31st March 2014 (Principal only, excludes the interest accrual)

Lender	Amount Borrowed £'000	Maturity Date
Liverpool Victoria Friendly Society Ltd	18	Various
Borough of Kings Lynn & West Norfolk	2,000	14/07/2014
PWLB	1,000	15/03/2022
PWLB	1,000	02/04/2018
Derbyshire County Council	1,000	08/12/2014
Total	5,018	

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 15: FINANCIAL INSTRUMENTS (continued)

Key Risks

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;
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum for exposures and the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid year update.

The annual treasury management strategy which incorporated the prudential indicators was approved by Council on 27th February 2013 and is available on the Council website.

http://www.wyreforest.gov.uk/council/docs/doc47670_20130219_cabinet_agenda.pdf

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 15: FINANCIAL INSTRUMENTS (continued)

The key issues within the strategy were:

- The Authorised Limit for 2013/14 was set at £20m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £15m. This is the expected level of debt and other long term liabilities during the year.
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 100% based on the Council's net debt.

These policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies (Treasury Management Practices – TMPs) covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed periodically.

Credit risk

Investments

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also imposes maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria is applied.

The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

This Council uses the creditworthiness service provided by Capita. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies – Fitch, Moody's and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- 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 Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of 25% or 50% for Government backed institutions or £5million (with specific approval by Chief Financial Officer) of total investments with any financial institution or group cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31st March 2014 that this was likely to crystallise.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 15: FINANCIAL INSTRUMENTS (continued)

No significant breaches of the Council's counterparty criteria occurred during the reporting period although there was a single minor breach on 4th February 2014. This was due to the late receipt of funds from the sale of the Landsbanki claim, resulting in an overnight breach of Co-op £1m limit (£309k breach). The Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

In October 2008 the Icelandic banking sector defaulted on its obligations. The Council had £9m invested in this sector at that time (£0.985m at 31st March 2014). In accordance with accounting practice the Council has been notified of objective evidence that impairment has occurred and the investments have been impaired according to accounting requirements.

The impact of the principal invested has been mitigated in the revenue accounts in accordance with the successful Capitalisation direction in 2009/10 and government regulations; although all related investment income has been fully impaired.

Debtors

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

Age of Debt	31 st March	
	2013 £'000	2014 £'000
Less than three months	1,180	1,042
Three to six months	78	15
Six months to one year	10	128
More than one year	150	140
Total	1,418	1,325

Creditors

Loans, Contractual Creditors and Receivables held on the 31st March 2014 at carrying value (equivalent to fair value) were:-

Loans, Contractual Creditors and Receivables	31 st March	
	2013 £'000	2014 £'000
Sundry Creditors – contractual	1,187	1,225
Receivables:		
Mortgages	13	8
Assisted Car Purchase Scheme	50	41

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.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 15: FINANCIAL INSTRUMENTS (continued)

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, including Icelandic Investments, is as follows:

	31 st March	
	2013 £'000	2014 £'000
Less than one year	7,479	10,211
Between one and two years	358	194
Between two and three years	348	-
More than three years	650	-
Total	8,835	10,405

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. 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. As the only long term investments relate to Icelandic deposits, this risk is currently mitigated.

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

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

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

	Approved Maximum Limits	Approved Minimum Limits	Actual 31 st March 2013 £'000	Actual 31 st March 2014 £'000
Less than one year	100%	-	174	274
Between one and two years	100%	-	2,003	3,020
Between two and five years	100%	-	17	1,026
Between five and ten years	100%	-	1,007	1,001
Total	100%	-	3,201	5,321

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 15: FINANCIAL INSTRUMENTS (continued)

Market risk

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

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

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

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

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	(145)

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Key Note 3– Fair value of Assets and Liabilities carried at Amortised Cost.

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.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 15: FINANCIAL INSTRUMENTS (continued)

(1) Key Note to the Accounts – Treasury Management Prudential Indicators and Limits on Activity approved at Council 27th February 2013

This information can be found on the Council website

http://www.wyreforest.gov.uk/council/docs/doc47670_20130219_cabinet_agenda.pdf

(2) Key Note to the Accounts – Financial Instruments Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments

	Long-Term		Current	
	31 st March 2013 £'000	31 st March 2014 £'000	31 st March 2013 £'000	31 st March 2014 £'000
Financial liabilities (principal amount)	3,023	5,018	174	274
+ Accrued interest	4	29	-	-
Total Creditors	3,027	5,047	174	274
Loans and receivables (principal amount)	-	-	9,953	11,190
+ Accrued interest	-	-	23	6
+/- Accounting adjustments	-	-	(1,141)	(791)
Total Investments	-	-	8,835	10,405

(3) Key Note to the Accounts – Financial instruments Gains/Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

Financial Instruments Gains and Losses	Financial Assets Loans and Receivables 2012/13 £'000	Financial Assets Loans and Receivables 2013/14 £'000
Impairment adjustments	108	77
Interest payable and similar charges	(74)	(135)
Interest income	238	179
Net gain for the year	272	121

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 15: FINANCIAL INSTRUMENTS (continued)

Note – Fair value of Assets and Liabilities carried at Amortised Cost

The fair values calculated are as follows:

Investments as at 31st March 2014 for fair value purposes

	31 st March 2013		31 st March 2014	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Cash and Cash Equivalents	5,568	5,568	8,165	8,165
Add back: (Cash at Bank)/Overdraft	329	329	40	40
Short-term Investments	1,095	1,095	2,006	2,006
Long-term Investments	1,843	1,843	194	194
Total Temporary Investments	8,835	8,835	10,405	10,405

Borrowing as at 31st March 2014 for fair value purposes

	31 st March 2013		31 st March 2014	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Liverpool Victoria Friendly Society Ltd	23	23	18	18
Market Debt	2,003	1,996	3,020	3,009
PWLB Loan - Maturity	1,001	1,026	2,009	1,920
Total Borrowing	3,027	3,045	5,047	4,947

Icelandic Bank Defaults

In October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The authority had £9m deposited across three of these institutions, with varying interest rates. Following the sale of the Council's Landsbanki claim in February 2014 the remaining two investments are as follows:

	Date Invested	Maturity Date	Amount Invested £'000	Interest Rate	Balance Sheet Carrying Amount £'000	Total Impairment charged to C I & E as at 31 st March 2014 £'000	Principal Default %
Heritable	02/04/08	30/10/08	1,000	6.04%	-	244	6.00
Kaupthing Singer & Friedlander	02/04/08	30/10/08	5,000	6.04%	194	1,273	14.50
Total			6,000		194	1,517	

All monies within these institutions are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the authority will be determined by the administrators/receivers.

The current situation with regards to recovery of the sums deposited varies between each institution. Based on the latest information available the authority considers that it is appropriate to consider an impairment adjustment for the deposits, and has taken the action outlined below.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 15: FINANCIAL INSTRUMENTS (continued)

The Council continues to adopt a prudent approach as the available information from administrators/receivers is not definitive as to the amounts and timings of future payments, and is based on estimates. Further adjustments will be made in 2014/15 if required, once more detail has been made available on the final recovery amounts.

Heritable Bank

Heritable bank is a UK registered bank under English law. The company was placed in administration on 7th October 2008. The Council has received 94% of the claim to date. The Administrator has reported that there will be a final distribution; however, the amount and timing are unknown at this time. For the purpose of the Accounts, no further dividends have been anticipated due to this uncertainty.

Kaupthing Singer and Friedlander Ltd

The current position on actual payments received and estimated future distributions is shown in the table below. The authority has decided to recognise an impairment based on it recovering 85.5p in the £, taking into account the latest estimate of the Administrator of between 85p and 86.5p in the £. This reflects an improvement from the position reported as at 31st March 2013 of 85.25p in £.

Date	Repayment
Received to date	81.5%
December 2014	2.00%
June 2015	2.00%
Total Expected Recovery	85.5%

Recoveries are expressed as a percentage of the authority's claim in the administration, which includes interest accrued up to 7th October 2008.

Landsbanki

In January 2014 the Council sold its Landsbanki claim and has recovered almost 97% of the £3 million that it had deposited.

Note 16: INVENTORIES

Inventories	31st March	
	2013 £'000	2014 £'000
Inventories – at central stores	70	73
Inventories – other	8	6
Total Balance at Year End	78	79

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 17: DEBTORS

Short Term Debtors

Short Term Debtors	31st March	
	2013 £'000	2014 £'000
Amounts receivable within one year:		
Government Departments	651	1,693
Other Local Authorities	983	605
Sundry Debtors	2,595	2,774
Council Tax Payers	330	389
Business Rates	-	903
	4,559	6,364
Less provision for bad debts:		
Sundry Debtors	(837)	(963)
Council Tax Payers	(114)	(129)
Business Rates	-	(508)
	(951)	(1,600)
Total Balance at Year End	3,608	4,764

Long Term Debtors

Long Term Debtors	31st March	
	2013 £'000	2014 £'000
Mortgages	13	8
Assisted Car Purchase Scheme	50	41
Total Balance at Year End	63	49

Note 18: CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprises:

Cash and Cash Equivalents	2012/13 £'000	2013/14 £'000
Cash held by the Authority	15	9
Bank current accounts	(344)	(49)
Short-term deposits with banks/building societies	5,897	8,205
Total Balance at Year End	5,568	8,165

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 19: ASSETS HELD FOR SALE

Assets Held For Sale	2012/13 £'000	2013/14 £'000
Balance at Start of Year	1,408	1,253
Additions/Enhancements	-	-
Revaluation Adjustments*	(155)	(288)
Disposals	-	(240)
Balance at Year End	1,253	725

*In 2013/14 this includes a property revaluation reduction of £288k (£150k in 2012/13) that is charged to the Comprehensive Income and Expenditure Statement in accordance with The Code, but the impact is removed in the Movement in Reserves Statement. The Coventry Street property was sold in December 2013.

Assets included in the Held for Sale category are those which were being actively marketed at the balance sheet date. There are two such assets; sites at Bridge Street and Worcester Street. It is the Council's intention to market the other surplus properties in due course.

Note 20: CREDITORS

Creditors	31st March	
	2013 £'000	2014 £'000
Government Departments	843	469
Local Authorities	321	680
Sundry Creditors	1,187	1,225
Council Taxpayers (overpayments/receipts in advance)	71	78
Business Rates (overpayments/receipts in advance)	-	249
Receipts in Advance	1,313	1,132
Contractors and Other Deposits	16	17
Total Balance at Year End	3,751	3,850

Note 21: PROVISIONS

Description of Provision	1st April 2013 £'000	Provided in Year £'000	Payments in Year £'000	31st March 2014 £'000
Severn Trent Superannuation Fund	13	-	(6)	7
Termination Benefits	156	86	(156)	86
Business Rates Appeals	-	490	-	490
Business Rates Retention	-	767	-	767
Total All Provisions	169	1,343	(162)	1,350

The Severn Trent Superannuation Fund consists of income received from Severn Trent pending its payment to Worcestershire County Council, the Superannuation Fund managers for the Council.

The Provision for Termination Benefits is in respect of 7 employees to be made redundant in 2014/15 as part of service review decisions taken before the 31st March 2014.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 21: PROVISIONS (continued)

Following the introduction of the Business Rates Retention Scheme the Council created a provision for appeals based upon 4% of the rateable value set by the Valuation Office Agency not settled at 31st March 2014. This is consistent with the approach taken by all members of the Worcestershire Pool. This Council's share of the provision is £490,160.

A provision for the 2013/14 Business Rates Retention Deficit has been created for the impact on the General Fund in 2014/15.

No insurance provision is held. An earmarked reserve account in respect of insurance excesses is held and the total movement in the year is an increase of £4,327.

Note 22: USABLE RESERVES

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

Usable Capital Receipts Reserve

These are capital receipts which are available for financing new capital expenditure but have yet to be applied for that purpose.

Usable Capital Receipts Reserve	31st March	
	2013 £'000	2014 £'000
Balance at 1st April	5,484	2,139
Receipts from Sales of Assets etc.	319	828
Receipts applied for new Capital Expenditure	(3,661)	(832)
Disposal Costs funded from Capital Receipts	(3)	(6)
Balance at 31st March	2,139	2,129

Capital Grants Unapplied

Capital Grants Unapplied	31st March	
	2013 £'000	2014 £'000
Balance at 1st April	796	719
Receipts in Year	551	487
Applied in Year	(628)	(629)
Balance at 31st March	719	577

Note 23: UNUSABLE RESERVES

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.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 23: UNUSABLE RESERVES (continued)

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

Revaluation Reserve	31st March	
	2013 £'000	2014 £'000
Balance at 1st April	12,298	12,811
Revaluation Gains	4,241	423
Excess Current Value Depreciation over Historic Cost		
Depreciation	(191)	(203)
Impairment written off against prior balances	(3,521)	(98)
Balance written out following re-classification	(16)	-
Balance written out following disposal	-	(7)
Balance at 31st March	12,811	12,926

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	31st March	
	2013 £'000	2014 £'000
Balance at 1st April	34,272	35,365
Capital Receipts Applied	3,663	838
Contribution to disposal costs of capital sales	(2)	(6)
Depreciation	(1,649)	(1,894)
Impairment Adjustments	(444)	(309)
Direct Revenue Financing	-	10
Repayments of Long Term Debts	(14)	(5)
Appropriation of Minimum Revenue Provision	202	261
Revenue Expenditure Funded From Capital Under Statute	(1,280)	(1,576)
Disposal of Non Current Assets	(338)	(995)
Capital Grants	748	1,028
Revaluation Reserve	207	210
Balance at 31st March	35,365	32,927

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.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 23: UNUSABLE RESERVES (continued)

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources available to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Pensions Reserve	2012/13 £'000	2013/14 £'000
Balance at 1st April	(46,309)	(53,110)
Remeasurements of the net defined benefit (liability)/asset	(5,761)	5,334
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	(3,462)	(3,594)
Employer's pension contributions and direct payments to pensioners payable in the year	2,422	2,358
Balance at 31st March	(53,110)	(49,012)

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 2013/14.

Deferred Capital Receipts Reserve	2012/13 £'000	2013/14 £'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	2012/13 £'000	2013/14 £'000
Balance at 1st April	27	(16)
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	(43)	(640)
Balance at 31st March	(16)	(656)

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 23: UNUSABLE RESERVES (continued)

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	2012/13 £'000	2013/14 £'000
Balance at 1st April	(137)	(91)
Reversal of Opening Balance	137	91
Amounts accrued at the end of the current year	(91)	(71)
Balance at 31st March	(91)	(71)

Note 24: CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

Cash Flow Statement – Operating Activities	2012/13 £'000	2013/14 £'000
Interest received	(92)	(88)
Interest paid	6	60
Net cash flows from operating activities	(86)	(28)

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

Cash Flow Statement – Operating Activities	2012/13 £'000 Restated	2013/14 £'000
Depreciation	1,649	1,894
Impairment and downward valuations	557	1,208
Increase/(decrease) in impairment for bad debts	136	126
Increase/(decrease) in creditors	(2)	1,047
(Increase)/decrease in debtors	355	(1,923)
(Increase)/decrease in inventories	10	(2)
Movement in pension liability	350	1,236
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	192	987
Other non-cash items charged to the net surplus or deficit on the provision of services	59	(9)
Total	3,306	4,564

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 24: CASH FLOW STATEMENT – OPERATING ACTIVITIES (continued)

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	2012/13 £'000 Restated	2013/14 £'000
Proceeds from short-term and long term investments	(239)	(179)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(319)	(828)
Any other items for which the cash effects are investing or financing activities	644	-
Total	86	(1,007)

Note 25: CASH FLOW STATEMENT – INVESTMENT ACTIVITIES

Cash Flow Statement – Investment Activities	2012/13 £'000 (Restated)	2013/14 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(4,530)	(1,480)
Other payments for investing activities	(1,050)	(950)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	319	828
Proceeds from short-term and long-term investments	1,341	1,855
Other receipts from investing activities	642	501
Net cash flows from investing activities	(3,278)	754

Note 26: CASH FLOW STATEMENT – FINANCING ACTIVITIES

Cash Flow Statement – Financing Activities	2012/13 £'000	2013/14 £'000
Cash receipts of short and long-term borrowing	3,000	2,000
Other receipts from financing activities	-	564
Repayments of short and long-term borrowing	42	95
Other payments for financing activities	(660)	(403)
Net cash flows from financing activities	2,382	2,256

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 27: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS – SEGMENTAL REPORTING

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

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

The following tables detail the Council's net revenue expenditure by service as reported under management reporting arrangements and how this reconciles to the Comprehensive Income and Expenditure statement and the subjective analysis within the Comprehensive Income and Expenditure Statement on page 17. From 1st April 2013 there was a change in the Directorate structure, however, this has been reflected for 2012/13 for consistency of reporting. Details of restatements for the change in structure and IAS19 restatements can be found in the Technical Annex.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 27: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS – SEGMENTAL REPORTING (continued)

2013/14	Chief Executive £'000	Community Well-being & Environment £'000	Economic Prosperity & Place £'000	Total Net Expenditure by Service £'000
Fees, Charges & Other Service Income	(1,270)	(3,075)	(3,583)	(7,928)
Recharges	(6,697)	(3,697)	(1,638)	(12,032)
Government Grants	(33,734)	-	-	(33,734)
Total Income	(41,701)	(6,772)	(5,221)	(53,694)
Employee Expenses	6,689	4,264	2,607	13,560
Other Service Expenses	38,451	7,339	3,690	49,480
Support Service Recharges	2,109	1,457	968	4,534
Total Expenditure	47,249	13,060	7,265	67,574
Net Cost of Services	5,548	6,288	2,044	13,880

2012/13 Comparative Figures Restated	Chief Executive £'000	Community Well-being & Environment £'000	Economic Prosperity & Place £'000	Total Net Expenditure by Service £'000
Fees, Charges & Other Service Income	(1,240)	(2,865)	(3,014)	(7,119)
Recharges	(6,304)	(3,814)	(1,588)	(11,706)
Government Grants	(41,701)	-	-	(41,701)
Total Income	(49,245)	(6,679)	(4,602)	(60,526)
Employee Expenses	7,180	4,487	2,667	14,334
Other Service Expenses	45,623	6,932	3,733	56,288
Support Service Recharges	1,833	1,367	1,042	4,242
Total Expenditure	54,636	12,786	7,442	74,864
Net Cost of Services	5,391	6,107	2,840	14,338

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 27: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS – SEGMENTAL REPORTING (continued)

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

	2012/13 £'000 Restated	2013/14 £'000
Net Cost of Service from Service Analysis	14,338	13,880
Add amounts not reported to management (see table below)	(79)	448
Amounts not included in the Comprehensive Income and Expenditure Statement (see table below)	(214)	(322)
Net Cost of Services in Comprehensive Income and Expenditure Statement	14,045	14,006

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

2013/14	Directorate Analysis £'000	Not reported to Management £'000	Not included in CIES £'000	Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, Charges & Other Service Income	(7,928)	(885)	1,387	(7,426)	-	(7,426)
Recharges	(12,032)	-	-	(12,032)	-	(12,032)
Surplus on Trading Account & Investment Properties	-	-	-	-	257	257
Changes in Fair Value of Investment Properties	-	-	-	-	(899)	(899)
Other Gains & Losses	-	-	-	-	(15)	(15)
Interest & Investment Income	-	-	-	-	(88)	(88)
Icelandic Investments Interest Adjustment	-	-	-	-	(91)	(91)
Income from Council Tax Government Grants and Contributions	-	-	-	-	(6,521)	(6,521)
	(33,734)	-	-	(33,734)	(5,535)	(39,269)
Total Income	(53,694)	(885)	1,387	(53,192)	(12,892)	(66,084)
Employee expenses	13,560	(949)	-	12,611	-	12,611
Other Service Expenses	49,480	2,282	(1,709)	50,053	-	50,053
Support Service Recharges	4,534	-	-	4,534	-	4,534
Long Term Investments - Impairment Adjustments	-	-	-	-	(77)	(77)
Pension Interest Cost & Expected Return	-	-	-	-	2,179	2,179
Interest Payments	-	-	-	-	135	135
Parish Precepts	-	-	-	-	442	442
Gain or Loss on Disposal of Non-current Assets	-	-	-	-	177	177
Gross Cost of Services	67,574	1,333	(1,709)	67,198	2,856	70,054
(Surplus) /Deficit on the Provision of Services	13,880	448	(322)	14,006	(10,036)	3,970

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 27: AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS – SEGMENTAL REPORTING (continued)

2012/13 Restated	Directorate Analysis £'000	Not reported to Management £'000	Not included in CIES £'000	Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, Charges & Other Service Income	(7,119)	(671)	1,407	(6,383)	-	(6,383)
Recharges	(11,706)	-	-	(11,706)	-	(11,706)
Surplus on Trading Account & Investment Properties	-	-	-	-	(132)	(132)
Changes in Fair Value of Investment Properties	-	-	-	-	34	34
Interest & Investment Income Icelandic Investments Interest	-	-	-	-	(92)	(92)
Adjustment	-	-	-	-	(146)	(146)
Income from Council Tax Government Grants and Contributions	-	-	-	-	(7,480)	(7,480)
	(41,701)	-	-	(41,701)	(5,674)	(47,375)
Total Income	(60,526)	(671)	1,407	(59,790)	(13,490)	(73,280)
Employee expenses	14,334	(1,170)	-	13,164	-	13,164
Other Service Expenses	56,288	1,762	(1,621)	56,429	-	56,429
Support Service Recharges	4,242	-	-	4,242	-	4,242
Long Term Investments - Impairment Adjustments	-	-	-	-	(108)	(108)
Pension Interest Cost & Expected Return	-	-	-	-	2,210	2,210
Interest Payments	-	-	-	-	74	74
Parish Precepts	-	-	-	-	464	464
Gain or Loss on Disposal of Non-current Assets	-	-	-	-	(113)	(113)
Gross Cost of Services	74,864	592	(1,621)	73,835	2,527	76,362
(Surplus) /Deficit on the Provision of Services	14,338	(79)	(214)	14,045	(10,963)	3,082

Explanatory Note on unreported/excluded items included in previous two tables:

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

Note 28: TRADING OPERATIONS

The Council has Industrial Estate Trading Operations, where the service manager is required to operate in a commercial environment and balance the budget by generating income from other parts of the authority or other organisations. The Council provides ground leases on 4 industrial estates. It also lets and manages 27 units on 1 further small industrial estate, comprising of starter units for which an initial rent free incentive may be offered. During 2013/14 the Council launched a business centre for start-up and growing businesses within the district marketed as "Space" at Hoo Farm Industrial Estate Kidderminster. The idea for this key milestone emerged from the State of the Area events with businesses in 2012 and 2013. Details of the income and expenditure from all Trading Operations are as follows:

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 28: TRADING OPERATIONS (continued)

Trading Operations	2012/2013 £'000	2013/2014 £'000
Industrial Estates		
Income	(604)	(626)
Expenditure	396	375
Net Income	(208)	(251)

Note 29: MEMBERS' ALLOWANCES AND EXPENSES

Members' allowances and expenses paid during the year are as follows:

Description of Allowance/Expense	2012/2013 £	2013/2014 £
Allowances	291,334	288,372
Travel & Subsistence	3,600	4,146
Telephone & Broadband	5,072	4,947
Total Members' Allowances and Expenses	300,006	297,465

Note 30: OFFICERS' REMUNERATION

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

Total Remuneration	2012/2013	2013/2014
£50,000 - £54,999	1	2
£55,000 - £59,999	1	1
£60,000 - £64,999	-	-
£65,000 - £69,999	-	-
£70,000 - £74,999	3	2
£75,000 - £79,999	-	-
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	1	1

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 30: OFFICERS' REMUNERATION (continued)

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

Position/Post Holder	Salary (including fees & allowances) £	Expenses Allowances £	Total Remuneration Excl pension contributions 2013/2014 £	Pension Contributions £	Total Remuneration including pension Contributions 2013/2014 £
Chief Executive *	106,500	754	107,254	12,993	120,247
Director of Economic Prosperity and Place	71,920	1,236	73,156	8,774	81,930
Director of Community Well-Being and Environment	71,920	-	71,920	8,774	80,694
Chief Finance Officer *** (Commenced 22 nd July 2013)	55,824	47	55,871	6,810	62,681
Solicitor to the Council ** (Change of Post Title from Director of Community Assets and Localism effective 1 st August 2013)	53,341	48	53,389	6,508	59,897
Total	359,505	2,085	361,590	43,859	405,449

* In addition to the above salary, the Chief Executive received £2,683 in 2013/14 as remuneration for his role as local Returning Officer for the County Council elections (and two County Council by-elections).

** In addition to the above salary, the Solicitor to the Council received £823 in 2013/14 as remuneration for her role as Deputy Returning Officer for the County Council elections (and two County Council by-elections).

*** Following a restructure within financial services the Director of Resources post was deleted and the Chief Financial Officer post was created. The position took effect from 22nd July 2013.

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

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 [(b)+(c)]		(e) Total cost of exit packages in each band	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13 £	2013/14 £
£0 - £20,000	4	4	4	6	8	10	68,875	87,661
£20,001 - £40,000	-	-	2	3	2	3	67,920	68,378
£40,001 - £60,000	-	-	1	-	1	-	55,011	-
Total	4	4	7	9	11	13	191,806	156,039

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 30: OFFICERS' REMUNERATION (continued)

The total cost of £156,039 in the table above includes £70,173 for exit packages that have been agreed and charged to the Council's Comprehensive Income and Expenditure Statement in the current year.

Note 31: EXTERNAL AUDIT COSTS

Fees payable to the Council's External Auditors	2012/13 £	2013/14 £
External Audit Services / Statutory Inspection	94,126	64,348
Certification of Grant Claims	17,983	14,403
Total External Audit Costs	112,109	78,751

The agreed fees for external audit and statutory inspection services in 2013/14 were £64,348 (fee) and £12,850 (grant certification). This differs from the amount stated above due to supplementary grant certification work carried out.

Note 32: GRANT INCOME

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

Grant Income	2011/12 £'000 Restated	2012/13 £'000 Restated	2013/14 £'000
Credited to Taxation and Non Specific Grant Income			
Revenue Support Grant	1,474	106	3,753
Local Services Support Grant	293	109	-
Other Capital Grants	20	-	509
Total Credited to Taxation and Non Specific Grant Income	1,787	215	4,262
Credited to Services			
Housing Benefit Subsidy	37,914	40,171	32,365
Housing Benefit Admin	862	814	723
Other Grants by Directorate:			
Chief Executive	620	656	481
Community Well-being and Environment	590	415	921
Economic Prosperity and Place	1,271	1,527	1,634
Total Grant Income Credited to Services	41,257	43,583	36,124

In 2012/13 £765,000 of Shared Service income was removed that was previously classified as grant, contribution or donation income. In 2011/12, £505,000 Shared Service income was removed.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 32: GRANT INCOME (continued)

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached that may require the monies to be returned to the giver.

The balances at the year end are as follows:

Current Liabilities

Revenue Grants - Receipts in Advance	31st March 2013 £'000	31st March 2014 £'000
Other	29	82
Total Revenue Grants - Receipts in Advance	29	82

Long-term Liabilities

Capital Grants - Receipts in Advance	31st March 2013 £'000	31st March 2014 £'000
Community Safety Grant income	3	3
Franchise Street - Section 106	63	63
Stourport Sports Village - Section 106	273	-
Total Capital Grants - Receipts in Advance	339	66

Note 33: RELATED PARTY TRANSACTIONS

The following table details the transactions for the period 1st April 2013 to 31st March 2014 with organisations with which the Council has a related party interest. A related party is a body or individual that has the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows the reader to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits). Grants received from Government Departments are set out in the subjective analysis in Note 27 on reporting for resources allocation decisions. Grant receipts outstanding at 31st March 2014 are shown in Note 17.

Members

Members of the Council have a direct control over the Council's financial and operating policies. The total of members' allowances paid in 2013/14 is shown in Note 29.

Members have not disclosed any material transactions with related parties.

The Register of Members' Interest is open to public inspection at Wyre Forest House during office hours, on application, and is also available on the Council's website. This is compliant with the Localism Act 2011.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 33: RELATED PARTY TRANSACTIONS (continued)

Officers

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

The following transactions were undertaken with related parties as at 31st March 2014. All transactions were undertaken at arms length and within normal business terms and conditions.

Organisation	Member/Senior Officer	Relationship	Income £'000	Expenditure £'000
Community Housing Group (including Wyre Forest Sheltered Housing)	Cllr S Clee, Cllr N Gale, Cllr B McFarland	Non-Executive Board Members	49	923
Age UK Wyre Forest	Cllr M Salter	Member	-	7
Carpet Museum Trust	Cllr M Price, Cllr S Williams, Chief Executive - I Miller	Members Trustee	10	-
Bewdley Development Trust	Cllr J Phillips, Town Centres Manager	Director Member	-	12
Disability Action Wyre Forest	Cllr R Bishop	Member	-	1
Kidderminster & District Youth Trust	Cllr J Greener, Cllr I Hardiman, Cllr M Kelly, Cllr D McCann	Member	-	6
Citizens' Advice Bureau	Cllr P Harrison	Member	-	60
Local Government Association (includes Rural & Urban Commissions)	Cllr D Godwin, Cllr J Phillips, Cllr H Martin, Cllr F Oborski	Member	-	21
Stourport Forward	Cllr M Salter	Member	-	5
The Elizabeth Mills Centre	Cllr D Shepherd	Member	-	1
Stourport Sports Club Ltd	Cultural Services Manager, Community Development Manager	Director & Chairman	25	49
West Midlands Employers	Cllr N Desmond	Member	-	14
Worcestershire County Council (excludes precepts & pension)	Cllr J-P Campion*, Cllr S Clee, Cllr N Desmond, Cllr, M Hart*, Cllr A Hingley, Cllr F Oborski, Cllr J Parish, Cllr G Yarranton, Cllr M Rayner	Members (of which 2 Cabinet Members*)	575	662
Wyre Forest Nightstop & Mediation	Cllr A Hingley	Member	-	16
Walshes Community Centre Action Group	Cllr J Shaw	Member	-	2

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 33: RELATED PARTY TRANSACTIONS (continued)

Other Public Bodies:

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

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

Parish Councils	Numbers of Members	Income £'000	Payments (excl. precepts) £'000
Kidderminster Charter Trustees	23	4	-
Stourport Town Council	6	3	2
Bewdley Town Council	3	6	-

The following amounts were due to/from related parties as at 31st March 2014:

Organisation	Income £'000s	Expenditure £'000
Community Housing Group	41	87
Citizens' Advice Bureau	-	9
Stourport Town Council	2	464
Kidderminster Charter Trustees	1	-
Bewdley Town Council	5	-
Worcestershire County Council	203	339
Wyre Forest Nightstop & Mediation	-	4

Jointly Controlled Operations:

The Council is a partner in the Worcestershire Regulatory Shared Service Joint Committee, which is a jointly controlled operation hosted by Bromsgrove District Council (BDC). Under this shared service the Council paid £651,727 to BDC and placed an accrual in 2013/14 for a refund which is owed for £15,485 relating to 2013/14. The Council received £13,864 from them for recharges, and at 31st March 2014 £5,548 was owed by BDC.

The Council is also a partner in the North Worcestershire Building Control shared service which is a collaborative agreement hosted by BDC. Under this shared service the Council paid £170,691 to BDC of which £24,569 was accrued and paid in 2014/15. The Council received £770 from them for recharges. At 31st March 2014 £512 was owed by BDC.

The Council hosts the North Worcestershire Economic Development and Regeneration shared service which is a collaborative agreement. Under this shared service the council received £216,150 from BDC and £295,763 from Redditch Borough Council (RBC). Of these amounts £56,015 (BDC) and £76,720 (RBC) were still owed at 31st March 2014. The Council paid £2,706 back to BDC and £29,829 to RBC for expenditure they had incurred.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 33: RELATED PARTY TRANSACTIONS (continued)

The Council has a collaborative agreement with RBC for the provision of Payroll Services. This shared service commenced on the 1st April 2011. Under this shared service the Council paid £35,451 to RBC in 2013/14.

The Council entered into a shared service with The Community Housing Group Limited (CHG) to jointly provide advice and services to the public through the shared occupancy of the Worcestershire Hub. This agreement commenced on 9th May 2011. Under this agreement the Council receives £24,643 from the CHG. As of 31st March 2014, this amount was owed by CHG. The Council also has a shared occupancy at the Community Housing Group premises at their Riverside Offices. This agreement commenced on 26th September 2012 and was terminated on 2nd December 2013. Under the agreement the Council paid £3,840 for this service in 2013/14.

The Council also hosts the North Worcestershire Water Management Shared Service which is a collaborative agreement that commenced on 1st November 2011. Under this shared service the Council received £62,637 from BDC and £114,296 from RBC. Of these amounts £22,108 (BDC) and £13,574 (RBC) were still owed at 31st March 2014.

Worcestershire County Council provides the Human Resources shared service that commenced in November 2010. Under this agreement the Council paid £122,600 for this service in 2013/14.

This Council hosts a shared service for Emergency Planning and Business Continuity commencing with Redditch and Bromsgrove Councils from 1st April 2012. Under this agreement we were paid £26,500 for this service in 2013/14.

Note 34: CAPITAL EXPENDITURE AND CAPITAL FINANCING

Capital Expenditure and Capital Financing	2012/13 £'000	2013/14 £'000
Opening Capital Financing Requirement	4,570	5,505
Operational Assets	84	589
Non-operational Assets	4,182	-
Revenue Expenditure Funded from Capital Under Statute	1,280	1,576
Capital Receipts	(3,661)	(832)
Government Grants and other Contributions	(748)	(1,028)
Sums Set Aside from Revenue	(202)	(271)
Closing Capital Financing Requirement	5,505	5,539
Explanation of movements in the year:		
Increase in underlying requirement to borrow (unsupported by Government financial assistance)	935	34
Increase in Capital Financing Requirement	935	34

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 35: LEASES

The authority was committed at 31st March 2014 to making payments of £27,240 under operating leases in 2014/15.

The future minimum lease payments due under non-cancellable leases in future years are:

Leases	31 st March 2013		31 st March 2014	
	Land and Buildings £'000	Other Operating Leases £'000	Land and Buildings £'000	Other Operating Leases £'000
Not later than one year	34	-	27	-
Later than one year and not later than five years	69	-	27	-
Total	103	-	54	-

Other Operating Leases

The Council has previously provided vehicles, equipment and systems through operating leases. Following the introduction of the Prudential Code there were no assets acquired by lease during 2013/14.

Land and Buildings

The Council leases land at Rushock Trading Estate, accounted for as an operating lease. The rentals payable in 2013/14 were £27,240 (2012/13 £27,240). The Council also leased an automated public convenience in Stourport. This lease was terminated in March 2013. The amount payable in 2013/14 was £21,190 (2012/13 £7,061).

Note 36: VALUATION OF NON CURRENT ASSETS

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. Investment Properties and Assets Held for Sale are subject to an annual revaluation. In addition, all residual values are reviewed annually. The current asset values used in the accounts are based on valuations provided by V Bendall, MRICS (the Council's Estates Surveyor) and Bruton Knowles, Independent Valuers. The valuations of assets carried at current value are analysed in the table below. This table does not include Vehicles, Plant and Equipment, Intangible Assets or Assets under Construction as these assets are carried at Depreciated Historical Cost and are not, therefore, subject to revaluation. Heritage Assets are carried at their insurance values except for one asset carried at Depreciated Historical Cost. Specialist valuations were undertaken in 2013/14 by John Austin & Partners Ltd, Chartered Quantity Surveyors, on three Statues classified as Heritage Assets.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 36: VALUATION OF NON CURRENT ASSETS (continued)

Valuations of non current assets carried at current value:

Description	Land and Buildings £'000	Community Assets £'000	Investment Properties £'000	Surplus Assets £'000	Assets Held for Sale £'000	Total £'000
Valued at historical cost	278	6	-	-	-	284
Valued at current value in:						
2013/2014	9,589	-	7,474	581	725	18,369
2012/2013	1,695	213	333	-	-	2,241
2011/2012	579	111	580	-	-	1,270
2010/2011	24,003	272	14	1	-	24,290
Total	36,144	602	8,401	582	725	46,454

Note 37: DEFINED BENEFIT PENSION SCHEMES

Key accounting changes principally introduced by the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the 2012/13 Code Update included extensive revisions to Post-employment benefits to reflect code changes to the classification, recognition, measurement and disclosure requirements introduced by the June 2011 amendments to IAS19. Details of the restatement of the 2012/13 post-employment benefit disclosures can be found in the Technical Annex.

Participation in Pension Schemes

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

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

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 against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 37: DEFINED BENEFIT PENSION SCHEMES (continued)

	Funded Benefits		Unfunded Benefits	
	2012/13 £'000 Restated	2013/14 £'000	2012/13 £'000	2013/14 £'000
Comprehensive Income and Expenditure Account				
Cost of Services				
<i>Service cost comprising:</i>				
Current Service Cost	1,141	1,389	-	-
Past Service Costs (including Curtailments)	93	2	-	-
Administration expenses	18	24	-	-
Financing and Investment Income and Expenditure				
Net interest expense	1,914	1,914	296	265
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	3,166	3,329	296	265
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement				
<i>Remeasurement of the net defined liability comprising:</i>				
Return on plan assets (excluding the amount included in net interest expense)	-	1,487	-	-
Actuarial gains and losses arising on changes in demographic assumptions	980	613	-	30
Actuarial gains and losses arising on changes in financial assumptions	9,279	(6,006)	481	(142)
Other	(4,979)	(2,320)	-	1,004
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	8,446	(2,897)	777	1,157
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits	(1,040)	(1,236)	-	-
Actual amount charged against the General Fund Balance for pensions in the year				
Employers' contributions payable to scheme	1,917	1,855	505	503
Retirement benefits payable to pensioners	(4,868)	(4,263)	(505)	(503)

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 37: 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:

	Funded Benefits		Unfunded Benefits	
	2012/13 £'000	2013/14 £'000	2012/13 £'000	2013/14 £'000
Present value of defined benefit obligation	103,208	97,261	6,562	7,216
Fair value of plan assets	(56,660)	(55,465)	-	-
Net liability arising from defined benefit obligation	46,548	41,796	6,562	7,216

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

	Funded Benefits		Unfunded Benefits	
	2012/13 £'000 Restated	2013/14 £'000	2012/13 £'000	2013/14 £'000
Opening fair value of scheme assets	51,761	56,660	-	-
Interest Income	2,474	2,337	-	-
Remeasurement gain/(loss) - return on plan assets, excluding amount included in net interest expense	4,979	(1,487)	-	-
Administration expenses	(18)	(24)	-	-
Contributions from employer	1,917	1,855	505	503
Contributions from employees into scheme	415	387	-	-
Benefits Paid	(4,868)	(4,263)	(505)	(503)
Closing fair value of scheme assets	56,660	55,465	-	-

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 37: DEFINED BENEFIT PENSION SCHEMES (continued)

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

	Funded Liabilities		Unfunded Liabilities	
	2012/13 £'000 Restated	2013/14 £'000	2012/13 £'000	2013/14 £'000
Opening balance at 1 April	91,780	103,208	6,290	6,562
Current Service cost	1,141	1,389	-	-
Interest cost	4,388	4,251	296	265
Contributions from scheme participants	415	387	-	-
Remeasurement (gains) and losses:				
- Scheme experience of (gain)/loss	-	(2,320)	-	1,004
- Actuarial (gains)/losses arising from change in demographic assumptions	980	613	-	30
- Actuarial (gains)/losses arising from change in financial assumptions	9,279	(6,006)	481	(142)
Past service cost/Curtailments	93	2	-	-
Benefits paid	(4,868)	(4,263)	(505)	(503)
Closing balance at 31 March	103,208	97,261	6,562	7,216

Local Government Pension Scheme assets comprised:

Fair value of scheme assets	2012/13 £'000	2013/14 £'000
Cash and cash equivalents	2,097	1,332
Equities:		
UK quoted	14,052	14,365
Overseas quoted	21,927	19,967
PIV UK Managed Funds	6,346	6,489
PIV UK Managed Funds (Overseas equities)	7,762	9,485
PIV Overseas Managed Funds	907	333
Sub-total equities	50,994	50,639
Bonds:		
UK Corporate	453	388
Overseas Corporate	3,116	3,106
Sub-total bonds	3,569	3,494
Total Assets	56,660	55,465

All scheme assets have quoted prices in active markets

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 37: DEFINED BENEFIT PENSION SCHEMES (continued)

Basis for Estimating Assets and Liabilities

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

The significant assumptions used by the actuary have been:

	2012/13	2013/14
Long term expected rate of return on assets in the scheme		
Equities	7.00%	7.00%
Government Bonds	2.80%	3.40%
Other Bonds	3.90%	4.30%
Property	5.70%	6.20%
Cash/Liquidity	0.50%	0.50%
Other	7.00%	Dependent on Type of Asset
Mortality assumptions		
Longevity at 65 of current pensioners		
Male	22.5yrs	23.3yrs
Female	25.0yrs	25.7yrs
Longevity at 65 of future pensioners		
Male	24.3yrs	25.5yrs
Female	27.0yrs	28.0yrs
Financial assumptions		
Rate of Inflation (CPI)	2.40%	2.40%
Rate of increase in salaries	3.90%	3.90%
Rate of increase in pensions	2.40%	2.40%
Discount Rate on liabilities	4.20%	4.40%

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 2012/13.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 37: DEFINED BENEFIT PENSION SCHEMES (continued)

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption £'000
Longevity (increase in 1 year)	2,098
Rate of inflation (increase by 0.1%)	1,703
Rate of increase in salaries (increase by 0.1%)	299
Rate for discounting scheme liabilities (increase by 0.1%)	(1,676)

Funding Strategy

Worcestershire County Council Pension Fund Annual Report and Accounts include the Statement prepared by Worcestershire County Council (the Administering Authority) that sets out the funding strategy for the Worcestershire County Council Pension Fund, in accordance with Regulation 35 of the Local Government Pension Scheme (Administration) Regulations 2008 and the guidance paper issued in July 2009 by the Chartered Institute of Public Finance and Accountancy (CIPFA) Pensions Panel. The report is available from the Worcestershire County Council website:

<http://www.worcestershire.gov.uk/cms/jobs-and-careers/pensions.aspx>

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 21 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31st March 2016.

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 (or service after 31st March 2015 for other main existing public service pension schemes in England and Wales). 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 Council anticipates paying £2.703m expected contributions to the scheme in 2014/15.

The weighted average duration of the defined benefit obligation for scheme members is 16 years, 2013/14 (13 years 2012/13).

Pensions Liability Relating to Shared Services

For the Regulatory shared services governed by Joint Committee this Council transferred its staff to the host authority – Bromsgrove District Council on a fully funded basis. The shared service was admitted to the pensions fund as a ghost admitted body, as such any liability or surplus that accrues is the responsibility of the partners to those shared services.

The table below shows the overall deficit of the Worcestershire Regulatory Services together with this Council's share as defined by the partnership legal agreement.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 37: DEFINED BENEFIT PENSION SCHEMES (continued)

	2012/13 £'000	2013/14 £'000
Present value of liabilities	21,858	21,545
Fair value of assets	(19,618)	(17,397)
(Surplus)/Deficit in scheme	2,240	4,148
WFDC Share – 10.82%	242	449

Further information can be found in the Worcestershire County Council's Pension Fund Annual Report which is available upon request from Worcestershire County Council (see Note 1.6 for details of the address).

Note 38: CONTINGENT LIABILITIES

Following the move to Wyre Forest House in October 2012, the account with the construction contractor has still not been finalised because of a number of unresolved issues, the main one being the ground source heat pump system. Further technical studies have been commissioned to ensure the system works effectively and also to protect the Council's position in discussion with the contractor. There may also be an issue of a contractor's claim against the council for prolongation of the contract time scale, so a potential contingent liability exists in relation to this major capital project.

The Council has a number of Service Reviews in progress as part of the Wyre Forest Forward Work Programme; these are programmed over the Medium Term Financial Strategy. It is possible that these Service Reviews will result in reductions in employee numbers and a reduction in overall service costs necessitating the payment of severance costs that may be classed as future termination benefits. As the exact details of these future severance costs are not yet known they are a potential contingent liability. The Council has recognised the need to resource the cost of implementing such Cabinet Proposals and has a Transformation Fund earmarked reserve towards funding such one-off costs. There is £261k remaining in the Transformation Fund as at 31st March 2014 with £61k being uncommitted. This has been supplemented by an additional £200k from the 2014/15 budget to help fund the challenging savings programme moving forward.

The Council has a contingent liability in respect of the potential level of exposure to future claims in respect of its liability from Municipal Mutual (MMI) its former insurers. An earmarked reserve previously included in the accounts based on advice from administrators has now been paid but the potential for further liability still exists.

A group of Property Search Companies are seeking to claim refunds of fees paid to the Council to access land charges data. Proceedings have not yet been issued but the Council may be proven to have a liability. The claimants have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been initiated at present, although we hold an earmarked reserve towards this liability it may be insufficient to meet final claims that may include compound interest and legal fees.

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

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 39: TRUST FUNDS

The Kidderminster Educational Foundation is a registered charity governed by a Scheme made by the Secretary of State on 31st July 1973, varied by a Scheme approved by the Charity Commissioners on 7th August 1991. In the original trust deeds, Kidderminster Borough Council was appointed Corporate Trustee of the Foundation. Wyre Forest District Council succeeded as Corporate Trustee on 1st April 1974 under Section 210 of the Local Government Act 1972. The Council is the Corporate Trustee of the Charity. Individual Members are not themselves Trustees. The assets of the Foundation were mainly derived from the sale of assets (the Old Schools of Art and Science) and these are held in trust by the Council and can only be used to further the objectives expressed in the governing scheme. The basic activity of the Foundation is a grant-maker to individuals and to assist other organisations in their activities, which comply with the governing objectives. This Fund is invested in the money market but is not included within the Balance Sheet. The capital balance invested during the year was £271,209 (£271,209 at 31st March 2013) whilst the revenue balance was £8,849 at 31st March 2014 (£9,840 at 31st March 2013).

The Council became trustee of the Bewdley Museum Trust in May 1975, and operates the Museum as a local service under powers contained in the Public Libraries and Museums Act 1964. The Council retains the shop profits to partially offset the gross expenditure incurred in running the Museum. There is, therefore, no income or expenditure accruing directly to the Trust.

2013/2014	Income £'000	Expenditure £'000	Assets £'000	Liabilities £'000
Kidderminster Educational Foundation	1	2	280	-
TOTAL	1	2	280	-

Note 40: BUILDING REGULATIONS CHARGEABLE AND NON-CHARGEABLE ACCOUNT

The Building (Local Authority Charges) Regulations 2010 require local authorities to publish a financial statement relating to the Building Regulations Chargeable and Non-chargeable Account by 30th September each year.

On 1st September 2011, the North Worcestershire Building Control Shared Service was formed comprising of Wyre Forest District Council, Redditch Borough Council and Bromsgrove District Council. The shared service is hosted by Bromsgrove District Council. Outturn for 2012/13 is also shown below for comparison purposes.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 40: BUILDING REGULATIONS CHARGEABLE AND NON-CHARGEABLE ACCOUNT
(continued)

	2012/13			2013/14		
	Chargeable £	Non- Chargeable £	Total £	Chargeable £	Non- Chargeable £	Total £
Expenditure						
Premises	6,320	2,000	8,320	8,740	3,750	12,490
Supplies & Services	15,490	3,640	19,130	14,470	6,000	20,470
Third Party Payments	169,190	35,300	204,490	122,260	48,430	170,690
Support Services	5,450	640	6,090	5,440	630	6,070
Total Expenditure	196,450	41,580	238,030	150,910	58,810	209,720
Income						
Building Regs Charges	(140,690)	-	(140,690)	(152,920)	-	(152,920)
Partnership Income	(7,480)	-	(7,480)	(3,240)	-	(3,240)
Miscellaneous Income	(630)	-	(630)	(440)	-	(440)
Reimbursement of Expenditure	(920)	-	(920)	(680)	(90)	(770)
Total Income	(149,720)	-	(149,720)	(157,280)	(90)	(157,370)
<i>(Surplus)/Deficit for the Year</i>	46,730	41,580	88,310	(6,370)	58,720	52,350
<u>(Surplus)/Deficit Balance</u>						
Brought Forward	(56,830)			(20,600)		
Additional Earmarked Reserve Created to Fund Further 2013/14 Expenditure	(10,500)					
Carried Forward	(20,600)			(26,970)		

The Building Regulations Chargeable account continues to be “ring-fenced” with year end surpluses/deficits held in earmarked reserves subject to review and comparison of costs and income.

Note 41: HERITAGE ASSETS: FIVE-YEAR SUMMARY OF TRANSACTIONS

The Code of Practice for Local Authority Accounting in the United Kingdom requires a disclosure note, in table format, showing, over the last five years; the total cost of purchases, total value of acquisitions (by donations) together with the carrying value and proceeds from disposals. A table format is not considered to assist in the further understanding of the transactions over the last five years as there were no transactions of any significance prior to 2011/12. The only transaction in 2011/12 was the cost of acquiring the Horse sculpture (£11,992). There were no transactions in 2012/13. In 2013/14 the Carpet Collection was transferred to the Carpet Museum at nil value and the Richard Eve Memorial was re-classified from a Community Asset to a Heritage Asset.

WYRE FOREST DISTRICT COUNCIL

NOTES TO THE ACCOUNTS 2013/14

Note 42: HERITAGE ASSETS: FURTHER INFORMATION ON MUSEUM COLLECTIONS

There are approximately 30,000 items held by the Council, of which (approximately) 10,000 items are in the Bewdley collection and 20,000 items in the Kidderminster collection, acquired in 1990 following the closure of the Kidderminster Museum and Art Gallery. The collection includes the William Hill Organ, built in 1855, on display at Kidderminster Town Hall. It is one of only five of its type in the world.

The Council owns over 95% of the museum collections of which 30% of those on display relate to the working trades of the Wyre Forest area and include wooden artefacts (spale baskets, besoms, tools etc) pewter, brass, fire and agricultural equipment and some large scale industrial machinery. The reserve social and industrial collections include additional materials associated with these trades and materials relating to coalmining, the carpet industry together with domestic & personal life. The Kidderminster collection includes paintings, textiles, printed matter and small collections of natural history, geology, archaeology and ethnography. There is also a significant photographic and oral history archive held in the Bewdley Museum.

At any one time, 10% of the collection is on display, the rest are held in storage for either repair or because of the Museum's policy of periodically changing items on display. Although not open to the public, access is permitted to scholars and others for research purposes.

Further information is provided on the Council's web site www.wyreforest.gov.uk/museums.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

THE COLLECTION FUND ACCOUNT 2013/14

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.

2012/2013	2012/2013	2012/2013		2013/2014	2013/2014	2013/2014
Business Rates £'000	Council Tax £'000	Total £'000		Business Rates £'000	Council Tax £'000	Total £'000
<u>INCOME</u>						
-	(53,402)	(53,402)	Council Tax Receivable	-	(46,413)	(46,413)
(27,973)	-	(27,973)	Business Rates Receivable	(27,639)	-	(27,639)
(27,973)	(53,402)	(81,375)	Total Income	(27,639)	(46,413)	(74,052)
<u>EXPENDITURE</u>						
Precepts, Demands and Shares:						
27,259	-	27,259	Central Government	14,097	-	14,097
-	37,098	37,098	Worcestershire County Council	2,537	31,296	33,833
-	2,629	2,629	Hereford and Worcester Fire and Rescue Authority	282	2,218	2,500
-	6,381	6,381	Office of the Police and Crime Commissioner for West Mercia	-	5,383	5,383
-	7,059	7,059	Wyre Forest District Council	11,278	5,952	17,230
-	464	464	Parish/Town Councils	-	442	442
Charges to the Collection Fund:						
578	79	657	Increase in Bad Debt Provision	-	220	220
-	-	-	Increase in Provision for Appeals	1,225	-	1,225
136	-	136	Cost of Collection Allowance	138	-	138
27,973	53,710	81,683	Total Expenditure	29,557	45,511	75,068
-	308	308	(Surplus)/Deficit for the Year	1,918	(902)	1,016
-	(193)	(193)	(Surplus)/Deficit b/fwd as at 1 st April	-	115	115
-	115	115	(Surplus)/Deficit c/fwd as at 31st March	1,918	(787)	1,131
Allocation of (Surplus)/Deficit:						
-	-	-	Central Government	959	-	959
-	79	79	Worcestershire County Council	173	(544)	(371)
-	6	6	Hereford and Worcester Fire and Rescue Authority	19	(39)	(20)
-	14	14	Office of the Police and Crime Commissioner for West Mercia	-	(93)	(93)
-	16	16	Wyre Forest District Council	767	(111)	656
-	115	115		1,918	(787)	1,131

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

NOTES TO THE COLLECTION FUND ACCOUNT

Note 1: GENERAL

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

In 2013/14, the local government finance regime was revised with the introduction of the Business Rates Retention Scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the District. It does, however, also increase the financial risk due to non-collection and the volatility of the Business Rates tax base. The scheme allows the Council to retain a proportion of the total NNDR growth received. The Wyre Forest share is 40% with the remainder paid to Central Government (50%) and precepting bodies; WCC (9%) and H&WFRA (1%). 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 became a member of the Worcestershire Business Rates Pool and received a payment of £81,966 from the Pool Risk Reserve in 2013/14 towards the under achievement of Business Rates Income for the year.

There are separate accounts for the Worcestershire Business Rates Pool. These are part of the Worcestershire County Council Accounts and are not reflected in the Wyre Forest District Council Collection Fund Accounts.

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

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

The Council collects National Non-Domestic Rates (NNDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. In previous financial years the total amount due, less certain allowances, was paid to a central pool (the NNDR pool) administered by Central Government, which, in turn, paid to Local Authorities their share of the pool, such shares being based on a standard amount per head of the local adult population. In 2013/14, the administration of NNDR changed following the introduction of a Business Rates Retention Scheme which aims to give Councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NNDR to the central pool, local authorities retain a proportion of the total collectable rates due.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

NOTES TO THE COLLECTION FUND ACCOUNT

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

The business rates shares payable for 2013/14 were estimated before the start of the financial year as £14.097m to Central Government, £2.537m to WCC, £0.281m to H&WFRA and £11.278m to Wyre Forest District Council. These sums have been paid in 2013/14 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.

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 is £2.297m. 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 revision to Small Business Rate Relief (announced in the Autumn Statement 2012) not allowed for when the safety net was set. The Council does not qualify for a safety net payment for 2013/14. In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates outstanding as at 31 March 2014. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision charged to the collection fund for 2013/14 has been calculated at £1.225m.

The Non-Domestic rateable value of the Council's area at 31st March 2014 was £73,756,339 (31st March 2013 - £74,270,670). The standard national multiplier for 2013/14 was 47.1p (45.8p in 2012/13) and 46.2p for qualifying Small Businesses (45.0p in 2012/13).

The total income from business rate payers collected in 2013/14 was £27.368m (£27.973m in 2012/13).

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 and The Hereford and Worcester Fire and Rescue Authority for the forthcoming year and dividing this by the Council Tax base. This basic amount of Council Tax for a band D property, £1,489.04 for 2013/14 (£1,489.04 in 2012/13) 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 £127,252.54 (£103,036.11 in 2012/13).

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

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 2013/14 was 30,119 (35,461 in 2012/13). This reduction between financial years is as a result of the Government's changes that replaced Council Tax benefit with schemes of Local Council Tax Discounts.

Valuation Band	Number of Dwellings Per Valuation List	Adjustment for Disabled Banding Appeals, Discounts & Exemptions	Full Charge Equivalent	Ratio to Band D Charge	Band D Equivalent
Band A	10,909	(5,389.42)	5,519.58	6/9	3,679.72
Band B	11,101	(3,337.94)	7,763.06	7/9	6,037.94
Band C	10,909	(2,133.54)	8,775.46	8/9	7,800.41
Band D	5,983	(823.52)	5,159.48	1	5,159.48
Band E	3,210	(331.36)	2,878.64	11/9	3,518.34
Band F	1,680	(147.52)	1,532.48	13/9	2,213.58
Band G	1,147	(75.69)	1,071.31	15/9	1,785.52
Band H	122	(7.96)	114.04	2	228.08
Total	45,061	(12,246.95)	32,814.05		30,423.07
Less Allowance for Non Collection District Tax Base					(304.07)
					30,119.00

Income from Council Tax in 2013/14 was £46.413m (£53.402m in 2012/13). The reduction in income was as a result of changes to Council Tax support for low income households, thereby transferring Council Tax Benefit from a subsidy to a discount.

Note 4: COLLECTION FUND SURPLUSES AND DEFICITS

The Council Tax surplus of £787,111 at 31st March 2014 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 and Rescue Authority in proportion to the value of the respective precepts and demands made by the four Authorities on the Collection Fund.

The Business Rates deficit of £1,917,964 at 31st March 2014 will be recovered in subsequent financial years from the Council, Central Government, Worcestershire County Council and Hereford and Worcester Fire and Rescue Authority in proportion to the value of the respective shares of the Business Rates Retention Scheme.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

NOTES TO THE COLLECTION FUND ACCOUNT

Note 5: SIGNIFICANT PRECEPTS/DEMANDS ON THE COLLECTION FUND

The significant precepts and demands on the Collection Fund in 2013/14 are as follows:

	Council Tax £'000	NNDR £'000
Worcestershire County Council	31,296	2,537
Office of the Police and Crime Commissioner for West Mercia	5,383	-
Hereford and Worcester Fire and Rescue Authority	2,218	282
Wyre Forest District Council (including parishes)	6,394	11,278
Central Government	-	14,096

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.

2012/13			2013/14	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
835	691	Provision for Bad Debts as at 1 st April	819	1,270
(95)	(166)	Past Years Write Offs	(112)	-
79	745	Increase in Provision	220	-
819	1,270	Provision for Bad Debts as at 31 st March	927	1,270

The Wyre Forest District Council share is as follows:

2012/13			2013/14	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
114	-	Wyre Forest District Council Share of Provision for Bad Debts as at 31 st March	129	508

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

NOTES TO THE COLLECTION FUND ACCOUNT

Note 7: PROVISION FOR NNDR APPEALS

The Collection Fund account provides for NNDR appeals against the rateable value set by the Valuation Office Agency (VOA) not settled at 31st March 2014. All members of the Worcestershire Pool have agreed to calculate their provisions based upon 4% of the VOA Appeals List. This is the first year of this provision.

	2012/13 £'000	2013/14 £'000
Provision for Appeals as at 1 st April	-	-
Provision for Current Year Appeals	-	322
Provision for Past Years Appeals	-	903
Provision for Appeals as at 31 st March	-	1,225

The Wyre Forest District Council share is as follows:

	2012/13 £'000	2013/14 £'000
Wyre Forest District Council Share of Appeals as at 31 st March	-	490

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

TECHNICAL ANNEX

This technical annex has been included with the Statement of Accounts 2013/14 to reflect the restatements for 2012/13 comparative information following the changes brought about by IAS19, as detailed in Note 37.

RESTATED EMPLOYEE BENEFITS 2012/13

Key accounting changes principally introduced by the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the 2012/13 Code Update included extensive revisions to Post-employment benefits to reflect code changes to the classification, recognition, measurement and disclosure requirements introduced by the June 2011 amendments to IAS 19. The restatement of the 2012/13 post-employment benefit disclosures are as follows:

	2012/13 Original IAS 19 Disclosure £'000	2012/13 Revised IAS 19 Disclosure £'000	Difference £'000
Changes in benefit obligations during the period to 31st March 2013			
Current service cost	1,113	1,141	(28)
Interest on pension liabilities	4,712	4,684	28
Actuarial (gains)/losses on liabilities	10,740	-	10,740
Remeasurements (liabilities)	-	10,740	(10,740)
Changes in plan assets during the period to 31st March 2013			
Expected return on plan assets	3,146	-	3,146
Interest on plan assets	-	2,474	(2,474)
Actuarial gains/(losses) on assets	4,289	-	4,289
Remeasurement (assets)	-	4,979	(4,979)
Administration expenses	-	(18)	18
Components of pension costs for the period to 31st March 2013			
Current service cost	1,113	1,141	(28)
Interest on pension liabilities	4,712	-	4,712
Expected return on assets	(3,146)	-	(3,146)
Net interest cost	-	2,210	(2,210)
Administration expenses	-	18	(18)
Effect of Curtailments	93	93	-
Total pension costs recognised in CI&E	2,772	3,462	(690)
Statement of Other Comprehensive Income (SOI)			
Actuarial (gains)/losses	6,451	-	6,451
Remeasurements (liabilities and assets)	-	5,761	(5,761)
Total included in SOI			690

The impact of the IAS19 restatements upon the 2012/13 Comprehensive Income And Expenditure Statement, Movement in Reserves Statement, Cashflow Statement and Segmental Reporting Analysis Disclosure Notes are shown below:

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

TECHNICAL ANNEX

RESTATED COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2012/13

	2012/2013	2012/2013	2012/2013
	Net Expenditure (Income)	IAS19 Restatements	Net Expenditure (Income) Restated
	£'000	£'000	£'000
Service Expenditure Analysis			
Central Services to the Public	1,396	-	1,396
Cultural and Related Services	3,795	-	3,795
Environment and Regulatory Services	2,890	-	2,890
Planning Services	900	-	900
Highways and Transport Services	397	-	397
Housing Services	1,678	-	1,678
Corporate and Democratic Core	2,320	46	2,366
Non Distributed Costs	623	-	623
Net cost of services	13,999	46	14,045
Other operating expenditure	351	-	351
Financing, investment income and expenditure	1,196	644	1,840
Taxation & non-specific grant income	(13,154)	-	(13,154)
Deficit on the provision of services	2,392	690	3,082
Other comprehensive income and expenditure:			
(Surplus)/deficit on revaluation of non current assets	(720)	-	(720)
Actuarial losses/(gains) on assets and liabilities	6,451	(690)	5,761
Total other comprehensive income and expenditure	5,731	(690)	5,041
Total Comprehensive Income and Expenditure	8,123	-	8,123

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

TECHNICAL ANNEX

RESTATED MOVEMENT IN RESERVES STATEMENT 2012/13

	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at	3,069	4,003	5,484	796	13,352	131	13,483
31 March 2012							
Surplus/(deficit) on provision of services	(2,392)	-	-	-	(2,392)	-	(2,392)
Other comprehensive income & expenditure	-	-	-	-	-	(5,731)	(5,731)
IAS 19 Restatements	(690)	-	-	-	(690)	690	-
Total comprehensive income & expenditure	(3,082)	-	-	-	(3,082)	(5,041)	(8,123)
Adjustments between accounting basis & funding basis under regulations	2,884	-	(3,345)	(77)	(538)	538	-
IAS 19 Restatements	690	-	-	-	690	(690)	-
Net increase/ (decrease) before transfers to earmarked reserves	492	-	(3,345)	(77)	(2,930)	(5,193)	(8,123)
Transfers to/(from) earmarked reserves	(393)	393	-	-	-	-	-
Increase/ (decrease) in year	99	393	(3,345)	(77)	(2,930)	(5,193)	(8,123)
Balance at	3,168	4,396	2,139	719	10,422	(5,062)	5,360
31 March 2013							

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

TECHNICAL ANNEX

RESTATED CASHFLOW STATEMENT 2012/13

	2012/2013	2012/2013
	£'000	£'000
		Restated
Net deficit on the provision of services	(2,392)	(3,082)
Adjust net (surplus)/deficit for non cash movements:	3,260	3,306
Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities:	(558)	86
Net cash flows from operating activities	310	310
Net cash flows from investing activities	(3,278)	(3,278)
Net cash flows from financing activities	2,382	2,382
Net increase/(decrease) in cash or cash equivalents	(586)	(586)
Cash and cash equivalents at the beginning of the reporting period	6,154	6,154
Cash and cash equivalents at the end of the reporting period	5,568	5,568

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

TECHNICAL ANNEX

RESTATED SEGMENTAL REPORTING NOTES 2012/13

The following tables were included within the published Statement of Accounts 2012/13:

AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS – SEGMENTAL REPORTING

2012/13	Resources £'000	Chief Executive £'000	Community Well-being & Environment £'000	Economic Prosperity & Place £'000	Community Assets & Localism £'000	Total Net Expenditure by Service £'000
Fees, Charges & Other Service Income	(730)	(122)	(3,064)	(2,844)	(359)	(7,119)
Recharges	(2,374)	(525)	(5,053)	(1,583)	(2,171)	(11,706)
Government Grants	(41,701)	-	-	-	-	(41,701)
Total Income	(44,805)	(647)	(8,117)	(4,427)	(2,530)	(60,526)
Employee Expenses	4,058	972	5,525	2,599	1,180	14,334
Other Service Expenses	42,703	212	7,256	3,681	2,436	56,288
Support Service Recharges	787	520	1,443	1,006	486	4,242
Total Expenditure	47,548	1,704	14,224	7,286	4,102	74,864
Net Cost of Services	2,743	1,057	6,107	2,859	1,572	14,338

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

	2012/13 £'000
Net Cost of Service from Service Analysis	14,338
Add amounts not reported to management (see table below)	(125)
Amounts not included in the Comprehensive Income and Expenditure Statement (see table below)	(214)
Net Cost of Services in Comprehensive Income and Expenditure Statement	13,999

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

TECHNICAL ANNEX

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

2012/13	Directorate Analysis	Not reported to Management	Not included in CIES	Net Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges & Other Service Income	(7,119)	(671)	1,407	(6,383)	-	(6,383)
Recharges	(11,706)	-	-	(11,706)	-	(11,706)
Surplus on Trading Account & Investment Properties	-	-	-	-	(132)	(132)
Changes in Fair Value of Investment Properties	-	-	-	-	34	34
Interest & Investment Income	-	-	-	-	(92)	(92)
Icelandic Investments Interest Adjustment	-	-	-	-	(146)	(146)
Income from Council Tax Government Grants and Contributions	(41,701)	-	-	(41,701)	(5,674)	(47,375)
Total Income	(60,526)	(671)	1,407	(59,790)	(13,490)	(73,280)
Employee expenses	14,334	(1,216)	-	13,118	-	13,118
Other Service Expenses	56,288	1,762	(1,621)	56,429	-	56,429
Support Service Recharges	4,242	-	-	4,242	-	4,242
Long Term Investments - Impairment Adjustments	-	-	-	-	(108)	(108)
Pension Interest Cost & Expected Return	-	-	-	-	1,566	1,566
Interest Payments	-	-	-	-	74	74
Parish Precepts	-	-	-	-	464	464
Gain or Loss on Disposal of Non-current Assets	-	-	-	-	(113)	(113)
Gross Cost of Services	74,864	546	(1,621)	73,789	1,883	75,672
(Surplus) /Deficit on the Provision of Services	14,338	(125)	(214)	13,999	(11,607)	2,392

Following a divisional re-structure and IAS19 restatements, the revised notes are as follows:

2012/13 Comparative Figures	Chief Executive	Community Well-being & Environment	Economic Prosperity & Place	Total Net Expenditure by Service
Restated	£'000	£'000	£'000	£'000
Fees, Charges & Other Service Income	(1,240)	(2,865)	(3,014)	(7,119)
Recharges	(6,304)	(3,814)	(1,588)	(11,706)
Government Grants	(41,701)	-	-	(41,701)
Total Income	(49,245)	(6,679)	(4,602)	(60,526)
Employee Expenses	7,180	4,487	2,667	14,334
Other Service Expenses	45,623	6,932	3,733	56,288
Support Service Recharges	1,833	1,367	1,042	4,242
Total Expenditure	54,636	12,786	7,442	74,864
Net Cost of Services	5,391	6,107	2,840	14,338

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

TECHNICAL ANNEX

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

	2012/13 £'000	2012/13 £'000 Restated
Net Cost of Service from Service Analysis	14,338	14,338
Add amounts not reported to management	(125)	(79)
Amounts not included in the Comprehensive Income and Expenditure Statement	(214)	(214)
Net Cost of Services in Comprehensive Income and Expenditure Statement	13,999	14,045

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

2012/13 Restated	Directorate Analysis £'000	Not reported to Management £'000	Not included in CIES £'000	Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, Charges & Other Service Income	(7,119)	(671)	1,407	(6,383)	-	(6,383)
Recharges	(11,706)	-	-	(11,706)	-	(11,706)
Surplus on Trading Account & Investment Properties	-	-	-	-	(132)	(132)
Changes in Fair Value of Investment Properties	-	-	-	-	34	34
Other Gains & Losses	-	-	-	-	-	-
Interest & Investment Income	-	-	-	-	(92)	(92)
Icelandic Investments Interest Adjustment	-	-	-	-	(146)	(146)
Income from Council Tax	-	-	-	-	(7,480)	(7,480)
Government Grants and Contributions	(41,701)	-	-	(41,701)	(5,674)	(47,375)
Total Income	(60,526)	(671)	1,407	(59,790)	(13,490)	(73,280)
Employee expenses	14,334	(1,216)	-	13,118	-	13,118
IAS19 Restatements	-	46	-	46	-	46
Other Service Expenses	56,288	1,762	(1,621)	56,429	-	56,429
Support Service Recharges	4,242	-	-	4,242	-	4,242
Long Term Investments - Impairment Adjustments	-	-	-	-	(108)	(108)
Pension Interest Cost & Expected Return	-	-	-	-	1,566	1,566
IAS19 Restatements	-	-	-	-	644	644
Interest Payments	-	-	-	-	74	74
Parish Precepts	-	-	-	-	464	464
Gain or Loss on Disposal of Non-current Assets	-	-	-	-	(113)	(113)
Gross Cost of Services	74,864	592	(1,621)	73,835	2,527	76,362
(Surplus) /Deficit on the Provision of Services	14,338	(79)	(214)	14,045	(10,963)	3,082

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

CHIEF FINANCIAL OFFICER AND LEADER'S CERTIFICATE

The Statement of Accounts on pages 2 to 102 is prepared and published in accordance with the Accounts and Audit (England) Regulations 2011.

The accounts have been prepared on a historic cost basis, in accordance with the Code of Practice on Local Authority Accounting and the Service Reporting Code of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also with the guidance notes issued by CIPFA on the application of Accounting Standards. They present a true and fair position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2014.

TRACEY W SOUTHALL, CPFA
CHIEF FINANCIAL OFFICER

COUNCILLOR MARCUS J HART
LEADER OF THE COUNCIL

29th September 2014

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

Opinion on the Authority financial statements

We have audited the financial statements of Wyre Forest District Council for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the Collection Fund Account 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 2013/14.

This report is made solely to the members of Wyre Forest District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword 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:

- give a true and fair view of the financial position of Wyre Forest District Council as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and applicable law.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if :

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place 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 arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those 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 2014.

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 had put in place proper arrangements to secure 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 published by the Audit Commission in October 2013, we are satisfied that, in all significant respects, Wyre Forest District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

Certificate

We certify that we have completed the audit of the financial statements of Wyre Forest District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Mark Stocks
Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor
Colmore Plaza
20 Colmore Circus
BIRMINGHAM
West Midlands
B4 6AT
29 September 2014

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/2014

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 2013/14 financial year.

ACTUARY

An expert on pension scheme assets and liabilities.

ASSET

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

ASSET REGISTER

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

AUDIT OPINION

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

BALANCE SHEET

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

BUDGET

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

CAPITAL ADJUSTMENT ACCOUNT

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

CAPITAL EXPENDITURE

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

CAPITAL GUIDELINES

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

CAPITAL PROGRAMME

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

CAPITAL RECEIPTS

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

GLOSSARY OF FINANCIAL TERMS (continued)

CENTRAL SUPPORT SERVICES

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

CODE OF PRACTICE ON LOCAL GOVERNMENT ACCOUNTING (THE CODE)

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

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

CONTINGENT LIABILITY

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

CORPORATE AND DEMOCRATIC CORE (CDC)

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

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

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

COUNCIL TAX

A tax collected by the District Council which is payable at the same rate by each household in the same valuation band in the same area. There are eight Council Tax bands and how much each household pays depends upon the value of the homes. Council tax income is distributed to Precepting Authorities.

COUNCIL TAX DISCOUNTS AND EXEMPTIONS

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

COUNCIL TAXBASE

The Council Tax base of an area is equal to the number of band D equivalent properties. To calculate this, the Government counts the number of properties in each band and works out an equivalent number of band D properties. For example, one band H property is equivalent to two band D properties; because it attracts twice as much tax.

COUNCIL TAX BENEFIT

Amounts deducted from the bills of council tax payers whose incomes fall below prescribed amounts which take into account the financial circumstances of the taxpayer.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

GLOSSARY OF FINANCIAL TERMS (continued)

COUNTERPARTY REPORT

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

CREDITORS

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

CURRENT ASSET OR LIABILITY

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

DEBTORS

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

DEPRECIATION

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

DIRECT REVENUE FINANCING

Revenue resources used to finance Capital Expenditure.

EARMARKED RESERVES

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

FAIR VALUE

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

FEES AND CHARGES

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

FINANCE LEASE

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

FINANCIAL INSTRUMENT

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

FINANCIAL REGULATIONS

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

FINANCIAL STATEMENTS

Another term for the Statement of Accounts.

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 2013/14

GLOSSARY OF FINANCIAL TERMS (continued)

GROSS AND NET TOTAL COST

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

HEREDITAMENT

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

HOUSING ADVANCES

Loans by an Authority to individuals towards the cost of acquiring or improving their homes.

HOUSING ASSOCIATION

A non-profit making body concerned with the construction, improvement or management of houses.

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 physical damage such as a major fire or a significant reduction in market value.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The new accounting standard that this Council has adopted from 2010/2011.

INVENTORY

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

LIABILITY

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

LIQUID RESOURCES

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

LOCAL COUNCIL TAX DISCOUNT SCHEME

From 1 April 2013 the government abolished the national council tax benefit scheme and all Councils were required to develop and approve their own local Council Tax Reduction schemes.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

GLOSSARY OF FINANCIAL TERMS (continued)

MOVEMENT IN RESERVES STATEMENT (MiRS)

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

NATIONAL NON-DOMESTIC RATES (BUSINESS RATES) (NNDR)

A tax collected locally by District Councils.

NON-CURRENT ASSETS

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

NON DISTRIBUTABLE COSTS (NDC)

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

NON OPERATIONAL ASSETS

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

OPERATIONAL ASSETS

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

OPERATING LEASES

This is where the rewards and risks of ownership of the asset remain with the leasing company and the annual rental is charged directly to the revenue account.

OUT-TURN

Actual income and expenditure.

PRECEPT

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

PROVISIONS

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

PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES

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

RATEABLE VALUE

A value placed on all non-domestic properties subject to business rates to which a uniform rate poundage is applied to arrive at rates payable. The value is based on a notional rent that property could be expected to yield after deducting the cost of repairs.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2013/14

GLOSSARY OF FINANCIAL TERMS (continued)

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Capital expenditure for which no tangible fixed asset exists is now classified as Revenue Expenditure Funded from Capital Under Statute (previously termed Deferred Charges) and is charged to the Income and Expenditure Account.

RESERVES

These are monies set aside to meet the cost of specific future expenditure.

REVALUATION RESERVE

Revaluation Reserve – this records the unrealised net gains from revaluations made after 1st April 2007

REVENUE BALANCES

The accumulated surplus or deficit of income over expenditure.

REVENUE EXPENDITURE

This is expenditure incurred on the day to day provision of services and consists principally of pay costs, capital charges and general running expenses in respect of the financial year.

REVENUE SUPPORT GRANT

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

SERVICE REPORTING CODE OF PRACTICE (SeRCOP)

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

SPECIFIC GRANTS

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

STANDING ORDERS

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

TRUE AND FAIR

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

UNREALISED GAINS AND LOSSES

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

VIREMENT

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

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2013/14
List of commonly Used Acronyms

Acronym	Description/Definition
AGS	Annual Governance Statement – this provides an overview of the Governance arrangements within the Council, along with any potential weaknesses.
CDC	Corporate and Democratic Core – central account which identifies the corporate costs of the authority, including Members and the democratic process.
CFR	Capital Financing Requirement – measures the authority’s underlying need to borrow, or finance by other long-term liabilities, its capital expenditure.
CI&E	Comprehensive Income and Expenditure Statement – This new statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practice rather than the amount to be funded from taxation. It replaces the former Income and Expenditure Account and Statement of Total Recognised Gains and Losses.
CIPFA	Chartered Institute of Public Finance and Accountancy – the institute that sets the accounting rules and guidance for Local Government.
DCLG	Department for Communities and Local Government – central government department which has the responsibility for Local Government.
DMADF	Debt Management Account Deposit Facility - offered by the Debt Management Office (Bank of England) to provide users with a flexible and secure investment facility
DRC	Depreciated Replacement cost – valuation method used within the Statement of Accounts relating to the Replacement Cost less any accrued depreciation.
DWP	Department for Works and Pensions – largest central government department which amongst its responsibilities are Benefits payments.
ERDF	European Regional Development Fund – part of the European Union’s Structural Fund that allocates funds to regions to stimulate economic development. Worcestershire County Council leads the bid in this County.
FTE	Full-time equivalent – relates to employee numbers.
HMRC	Her Majesty’s Revenue and Customs – central government organisation responsible for the administration and collection of national taxes including VAT.
IAS	International Accounting Standard – these provide detailed guidance on the application of IFRS.
IASB	International Accounting Standards Board – governing body of expertise on accounting standards.
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards – new international framework to ensure common approach to the production of Statement of Accounts across the world.
LAAP	Local Authority Accounting Panel – issues LAAP Bulletins to local authority practitioners. These Bulletins provide guidance on topical issues and accounting developments and when appropriate provide clarification on the detailed accounting requirements.
LASAAC	Local Authority (Scotland) Accounts Advisory Committee – operates in the same way as CIPFA within England, and often works in partnership with CIPFA on accounting guidance through a Joint Committee.
LEP(GBSLEP & WLEP)	Local Enterprise Partnership (Greater Birmingham and Solihull Local Enterprise Partnership and Worcestershire Local Enterprise Partnership) – partnerships of businesses, local authorities and universities that support private sector growth and job creation.
LGA	Local Government Association – the body that represents Local Government nationally, this body has a key lobbying role with central government.

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2013/14
List of commonly Used Acronyms

Acronym	Description/Definition
MIRS	Movement in Resources Statement – this statement replaces the former Statement of Movement on the General Fund Balance and the note on the movement in reserves. It represents the changes in the Council’s financial resources.
MRP	Minimum Revenue Provision – this represents the minimum which authorities must repay on their debts each year.
NDR or NNDR	National Non Domestic Rates – sometimes called business rates – these are collected by Local Authorities and are the way that those who occupy non-domestic property contribute towards the cost of local services.
NAO	National Audit Office – The National Audit Office (NAO) scrutinises public spending on behalf of Parliament. The NAO does not audit local government spending.
OMV	Open Market Value – valuation method within the accounts which relates directly to the current valuation of the asset.
PBE	Post Balance Sheet Event – an event taking place after the Balance Sheet event that may either be noted or adjusted in the accounts depending on its relevance.
PFI	Private Finance Initiative – is a way of creating “public-private partnerships” (PPPs) by funding public infrastructure projects with private capital
POP	Purchase Order Processing – the method by which goods and services are electronically ordered at the Council.
PPE	Property Plant and Equipment – new IFRS terminology for fixed assets.
PPP	Public-private Partnership – describes a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies.
PWLB	Public works Loan Board – this is a central government body which makes loans to local government and other prescribed public bodies from the National Loans Fund.
RICS	Royal Institution of Chartered Surveyors – is an independent, representative professional body which regulates property professionals and surveyors in the United Kingdom and other sovereign nations.
S151	Section 151 – this refers to Section 151 of the Local Government Act 1972 where it states that every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.
SeRCOP	Service Reporting Code of Practice – this Code issued by CIPFA identifies standard definitions of services and total cost for consistency of data for Government returns, and comparisons with other local authorities.
SOLACE	Society of Local Authority Chief Executives – professional organisation for Chief Executives and Senior Managers within Local Government.
TUPE	Transfer of Undertakings (Protection of Employment) Regulations – protects employees’ terms and conditions of employment when a business is transferred from one owner to another.
UITF	Urgent Issues Task Force -a committee of the UK Accounting Standards Board that considers major urgent and emerging accounting issues. Its publications are known as UITF Abstracts.
VFM	Value for Money – this represents a formal review by the auditors on whether the Council is delivering Value for Money to its residents. This opinion forms part of the overall audit certificate.