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## WYRE FOREST DISTRICT COUNCIL SUMMARY OF ACCOUNTS 2015 - 2016



Wyre Forest District Council



## 1. Introduction

Each financial year Wyre Forest District Council has to produce a set of accounts just like any other organisation. The formal document is the Statement of Accounts, which sets out the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position.

This leaflet is a summary of the accounts, designed to help you get a better understanding of the Council's financial position.

A copy of the full Statement of Accounts is available on the Council's Internet:-

<http://www.wyreforestdc.gov.uk/media/2304031/2015-16%20STATEMENT%20OF%20ACCOUNTS%20FINAL%20-%20WITH%20AUDIT%20OPINION.pdf>

## 2. Approval Process

The Accounts must be prepared and approved in accordance with statutory dates contained in the Accounts and Audit Regulations. This requires initial approval by the 30th June and final approval by the 30th September.

The Accounts were audited by Grant Thornton UK LLP, independent Auditors, and these deadlines were met.



### 3. Basis of Accounts

The Chief Financial Officer, Tracey Southall, is responsible for the preparation of the Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code).

The External Auditors have reviewed the Accounts and provided their opinion that the Accounts give a true and fair view of the financial position of Wyre Forest District Council for the year ended 31st March 2016.

Up to date and proper accounting records have been maintained in accordance with the accounting policies outlined in the detailed Statement. In addition, the Chief Executive and Leader of the Council are required to confirm the Council's Governance arrangements can be relied upon to produce an accurate Statement of Accounts; again this is contained in the main Statement.

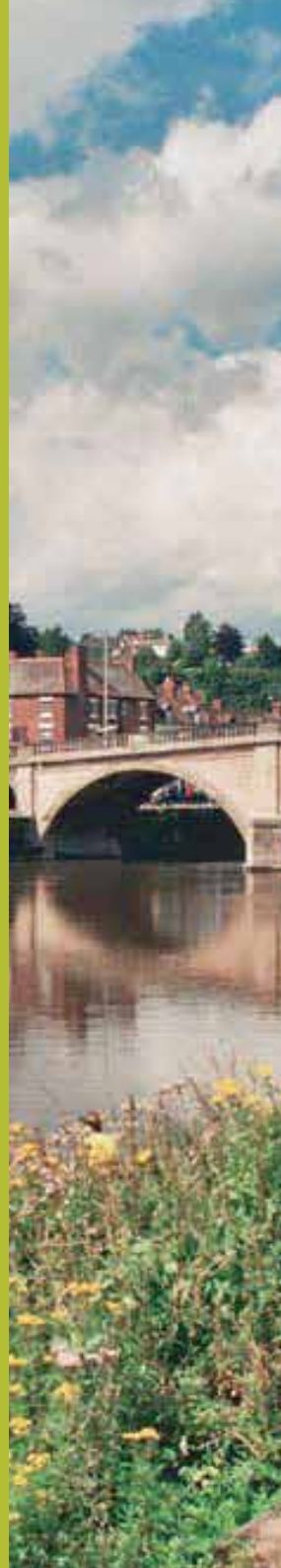
### 4. Key Components – Revenue and Capital Income and Expenditure

The Council's accounts for the financial year ended 31st March 2016 mainly comprise of the following information:

#### 4a. Revenue Income and Expenditure

This account covers many of the activities that the Council is involved with. It details revenue income and expenditure on each of the major activities which covers spending and income on day to day running costs; for example employees, premises and supplies and services.

Revenue income and expenditure for 2015/2016 is summarised on page 4.



#### 4a. Revenue Income and Expenditure (continued)

<b>Net Cost of Services</b>	<b>£'000</b>
Gross Expenditure on Services	55,849
Gross Income Received from Services	(44,466)

<b>Net Cost of Services</b>	<b>11,383</b>
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#### Revenue Account -

<i>How we spent the money</i>	<b>£'000</b>
Central Services to the Public	1,131
Cultural and Related Services	2,200
Environment and Regulatory Services	2,674
Planning Services	1,617
Highways and Transport Services	231
Housing Services	1,301
Corporate and Democratic Core	2,229

<b>Net Cost of Services</b>	<b>11,383</b>
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Parish and Town Council Precepts	485
Other Operating Expenditure and Capital Financing Accounts (including interest etc.)	1,498

<b>Amount to be met from Government Grant/Council Tax</b>	<b>13,366</b>
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#### Funded by:

Council Tax	(7,056)
Business Rates	(2,778)
Revenue Support Grant	(2,019)
New Homes Bonus	(1,693)

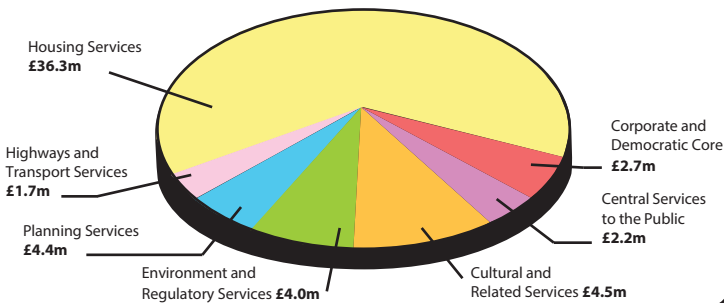
<b>(13,546)</b>
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<b>(Increase)/Decrease in General Fund Balance for the year</b>	<b>(180)</b>
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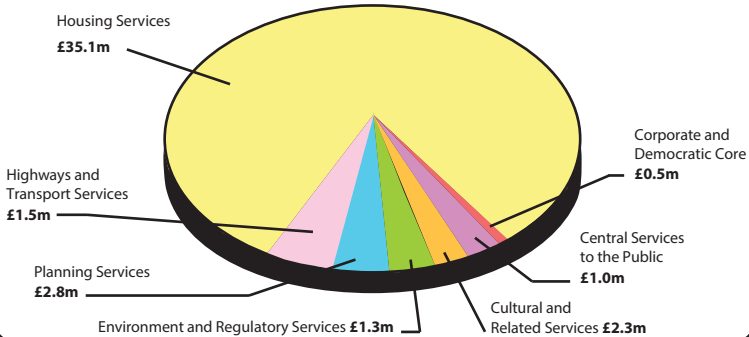


4a. Revenue Income and Expenditure (continued)

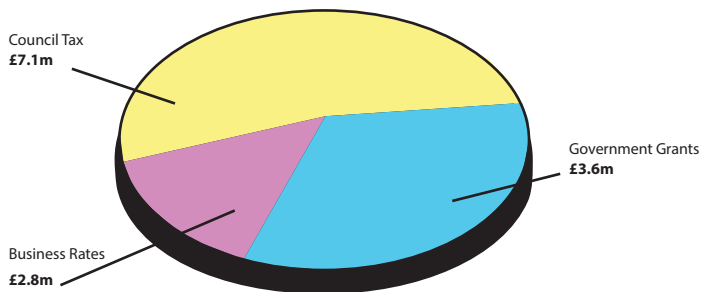
Where the revenue money was spent  
(Gross Expenditure of £55.8m)



Gross Income from Services (£44.5m)



Funding (£13.5m)

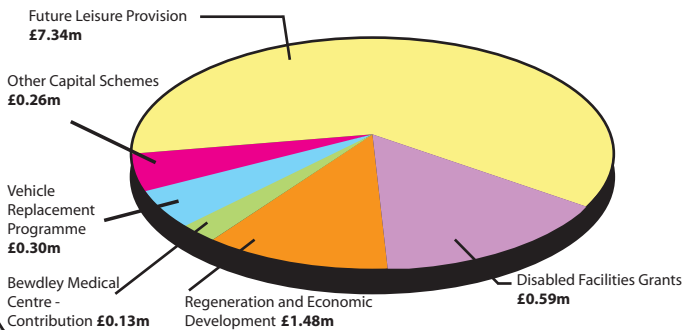


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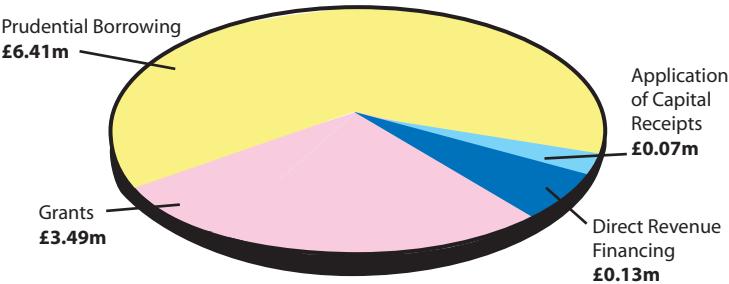
## 4b. Capital Expenditure and Funding 2015/2016

Capital expenditure represents the money spent by the Council for the purposes of purchasing, upgrading or improving its assets. Total capital spending in the year 2015/2016 amounted to £10.1m, which included Future Leisure Provision, grants for disabled facilities, contribution towards Bewdley Medical Centre, and spending on vehicle, equipment and system renewals and operational land and buildings works.

### Items of Capital Expenditure (£10.1m)



### Capital Funding (£10.1m)





#### 4c. Simplified Balance Sheet as at 31st March 2016

The simplified Balance Sheet below shows the financial position of the Council at the end of the financial year 2015/2016.

##### **What the Council owns and is owed 31st March 2016**

**£'000**

##### **What we own:**

Buildings, Land, Vehicles and Equipment	51,669
Stock	50
Cash Invested	16,284
Money owed to the Council	5,089

##### **What we owe:**

Money owed by the Council	(23,300)
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##### **Net Value of what we own**

**£49,792**

##### **Financing:**

##### **Usable Reserves**

Capital Expenditure Reserve	2,359
Earmarked Reserves	7,181
General Reserves	3,739
Capital Grants Unapplied	371

##### **Unusable Reserves**

Capital Financing Reserves/Other	36,318
Short-term Accumulated Absences Account	(176)

##### **Total Financing**

**£49,792**

## 5. How well have we performed?

### Finances:

**Borrowing Money** the Council took out a further 6 loans during 2015/2016 (net of in-year maturities that were replaced) taking the total borrowing up to £16m.

*The rates are as follows:*

12/13	£1m	@ 2.62%	for 9 years
13/14	£1m	@ 1.52%	for 5 years
14/15	£2m	@ 0.95%	for 2 years
14/15	£1m	@ 3.99%	for 19 years
14/15	£1m	@ 3.54%	for 42 years
14/15	£1m	@ 3.44%	for 25 years
14/15	£1m	@ 2.99%	for 24 years
14/15	£1m	@ 2.87%	for 26 years
14/15	£1m	@ 2.80%	for 22 years
15/16	£1m	@ 2.96%	for 20 years
15/16	£1m	@ 3.35%	for 17 years
15/16	£1m	@ 3.40%	for 16 years
15/16	£1m	@ 3.13%	for 15 years
15/16	£1m	@ 2.96%	for 13 years
15/16	£1m	@ 2.99%	for 48 years

**Investing Money** - average interest rate: 0.57%

### Payment of what we owe:

**Prompt Payment** - we paid 97.72% of all invoices within 30 days.

### Collection of what is owed to us:

**Council Tax** - we collected 96.70%

**Business Rates** - we collected 97.21%

### Performance against national and local measures:

Over the last 12 months the Council has continued to focus on the use of measures as part of its Wyre Forest Forward Programme to underpin the delivery of the systems thinking methodology rather than relying on traditional PIs or Targets. The dash-board of measures which support our purposes are "customer focused" to ensure improvements or changes respond to the customer's experience.

The measures will continue to evolve over time. However it is important that they are not treated like PIs or targets which often imply that once they are met then no further work is needed.

Reports are considered by Corporate Leadership Team (CLT) on a monthly basis where they monitor the leading measures whilst quarterly reports are considered by the Overview and Scrutiny Committee where measures are reported. We continue to publish our 'Year in Pictures' Performance Summary to ensure we effectively communicate to the community a summary of our key service delivery performance from the previous financial year.





## 6. Summary

This Overview gives a summary of the Statement of Accounts, which is a snapshot of this Council's finances as at 31st March 2016, showing:-

- How we raised income during the year
- How we spent money during the year
- How we performed in looking after the money
- How much money we have at 31st March 2016 (reserves)
- How the money is invested at 31st March 2016 (buildings, equipment and cash)



## 7. Financial Terms Explained

We have tried to avoid using too many financial terms in this Overview, but here are a few of them explained for you:-

**Assets:** Buildings, land, vehicles and money in the bank.

**Borrowing:** Money we have borrowed to pay for fixed assets and are repaying over a number of years.

**Capital Expenditure:** Spending on new assets and the refurbishment of old ones like buildings and vehicles.

**Capital Expenditure Reserve:** Allocated usable capital receipts.

**Capital Financing Reserve:** Capital accounting reserve “backed” or balanced within balance sheet by fixed assets - not a funding resource available to spend.

**Creditors:** Those to whom we owe money.

**Debtors:** People or organisations who owe us money.

**Depreciation:** Some assets lose their value as they get older; this is called depreciation.

**Earmarked Reserves:** Savings or money set aside for the future for a specific purpose.

**Fixed Assets:** Things that will last more than one year.

**International Financial Reporting Standards (IFRS):** An international framework to ensure common approach to the production of Statement of Accounts across the world.

**Inventories:** Things we have bought but have not yet used.

**Reserves:** Savings or money set aside for the future.

**Revenue Expenditure and Income:** Spending (and income) on day to day running costs, for example, employees, running expenses including items like premises costs and supplies and services.



## Chief Financial Officer's Endorsement

The purpose of this overview is to help with the overall understanding of the Council's finances and accounts. This is an on-going process; if you have any comments in relation to how we can improve this understanding please let me know.

The most significant issue facing the Council remains its financial position. Our net revenue budget will have reduced from £16.4m in 2009/10 to £10.91m in 2018/19 based upon current plans. This represents a fall of around 33% in absolute terms, and more in real terms. The Council continued to protect key front-line services in 2015/16 despite significant reductions in government grant. It is streamlining services as part of the Wyre Forest Forward Programme. The approved budget proposals go a very considerable way towards closing the gap between what we are spending and our income. Alongside this work, 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.

This has been the third year of the Business Rates Retention Scheme and the results this year are far more positive with an overall surplus, exceeding the revised budget of £2.547m by £231k. Several factors have contributed to this good news; firstly we will receive a Pool payment for our share of the retained levy of £31k; secondly, whilst appeals remain a risk, no new significant appeals have been received this year that have required an increase in our normal provision levels and thirdly, actual growth achieved has exceeded the revised budget assumptions. All of these factors, together with no significant business failures in 2015/16, have contributed to this Council's results. Based on the membership agreement of the Worcestershire Business Rates Pool, we paid into the risk reserve this year, rather than receiving a payment from it as was the case in 2013/14 (nil in 2014/15).

We know that Government Funding will fall further in the future; the Summer Budget announced in early July 2016 launched the Chancellor's spending review with a call for £20bn cuts to Whitehall budgets. Local Government is expected to face significant cuts likely to range between 25% and 40% of budgets over the next few years. This has set the scene for another challenging budget cycle for 2016/17.

Whilst we are progressing well with ambitious savings plans, it is likely the next budget process will introduce increased savings plans. The progression of the new Town Council for Kidderminster and other proactive transformation work streams will provide some mitigation of risk during the next budget cycle and help ensure continuity of a sustainable budget.

If you have any questions or would like further explanation of our financial position, please contact Customer Services on **01562 732928**.

Feedback on the format and information provided are welcome for future leaflets. To make these comments please email: **[worcestershirehub@wyreforestdc.gov.uk](mailto:worcestershirehub@wyreforestdc.gov.uk)** or alternatively use the Customer Services contact (given above).

**Tracey Southall,**  
**CPFA**





**For all Council Services call us...**

## **Wyre Forest Customer Service Centres**



face to face:  
Monday - Friday  
Kidderminster Office  
8.30am - 5.00pm  
(Wednesdays 10.00am - 5.00pm)



email:  
[worcestershirehub@  
wyreforestdc.gov.uk](mailto:worcestershirehub@wyreforestdc.gov.uk)



telephone:  
01562 732928

