

STATEMENT OF ACCOUNTS 2017-2018



WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2017-18

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WYRE FOREST DISTRICT COUNCIL

PREFACE BY THE LEADER OF THE COUNCIL

Introduction to the 2017-18 Statement of Accounts by Councillor Marcus Hart, Leader of the Council and Cabinet Member for Strategy



“I am very pleased to welcome you to Wyre Forest District Council’s Statement of Accounts and Narrative Report for 2017-18. The Statement details the financial position of the council for the last year. The Narrative Report provides information on the council, setting the excellent financial performance in context by highlighting the current financial challenges it faces. It explains how we have used our resources to meet the needs of our residents, businesses and visitors. We have worked hard to make sure people have the opportunity to enjoy a good quality of life and want to live, work, visit and invest in the district.

Delivering value for money to our residents is very important and we are proud of our performance during this year. There is no room for complacency as we have a major challenge ahead to close our projected funding gap. We are working to improve our services and generate financial savings through our transformation initiatives to provide even greater value for money, grow our commercial income and explore different ways of delivering services. As we look ahead and move towards becoming self-financing it will be crucial that we continue to grow our economy and carry on the Council’s good work in supporting businesses and increasing employment opportunities.”

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18

Message from the Corporate Director: Resources – Tracey Southall

“As the Council’s statutory Chief Finance and s151 Officer, I have pleasure in writing this narrative report. The narrative report provides an analysis of Council performance during the year, an explanation of the financial results included in the Statement of Accounts and an overview of the future outlook beyond 2017-18. The purpose of this narrative report is to provide an easily understandable guide to the most significant matters affecting the Council’s finances during the past year and information about Wyre Forest District. Through careful planning and management Wyre Forest District Council has been able to close its 2017-18 accounts showing a robust position which will support the Council in meeting the financial challenges of 2018-19 and beyond. Whilst a balanced budget has been set for 2018-19, the projections for future years indicate a significant gap of around £1.6m between the Council’s expected funding streams and the Council’s expenditure. It is therefore essential that the Council continues with its transformation and efficiency programme to identify further saving and income opportunities to ensure future balanced budgets can be set. These accounts have been produced for the Council as a single entity. No group accounts are required.

Despite the significant financial challenges ahead I have judged that the Council remains a going concern and prepared the accounts on this basis. In making this assessment I have considered the Council’s current and projected positions against the regulatory and control environment applicable to the Council as a local authority. The Council has a proven track record in reducing net spend by a raft of efficiency and improvement initiatives all of which stands us in good stead to close our projected funding gap in the years ahead.

I would like to thank everyone involved in producing the financial statements and managing the Council’s budgets so effectively during the year.”

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

- A full and understandable explanation of the overarching financial position of the Council and the outturn for 2017-18;
- Confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner;
- Assurance that the financial position of the Council is sound and secure.

The style and format of the accounts complies with CIPFA standards and is similar to that of previous years. The content has been reviewed and some of the information in notes has been streamlined in accordance with previous auditor recommendations. There has been continued enhancement of the qualitative detail within the narrative content of the notes.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

This Narrative report provides information about Wyre Forest, including the key issues affecting the Council and its accounts. It provides a summary of the Council's performance during the year and the financial position at 31st March 2018. It is structured as follows:

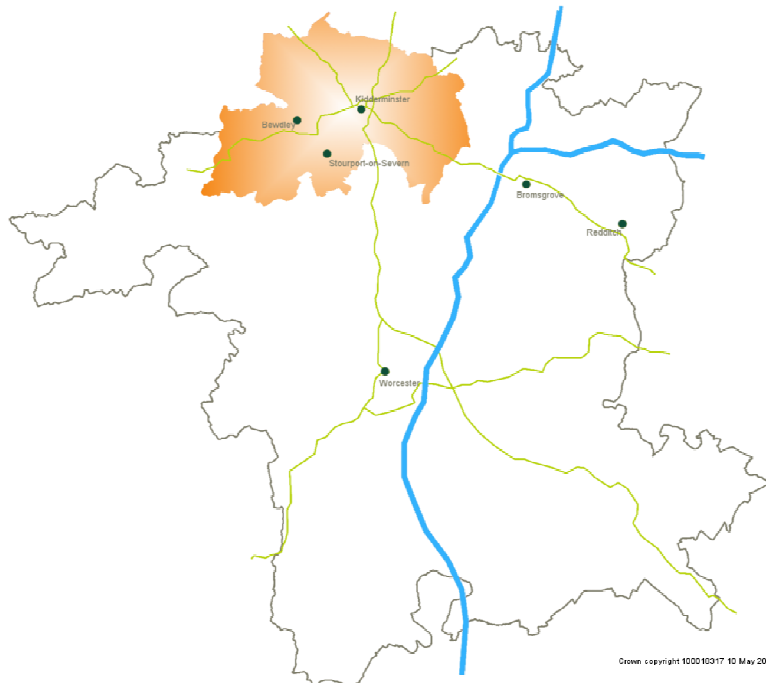
- Wyre Forest District – the place
- Wyre Forest District – the Council
- Governance
- Risks and Opportunities
- Strategy and Resource Allocation
- Our Performance

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

1. Wyre Forest District – the place

- 1.1 Wyre Forest District Council was formed in 1974 and is one of 6 District/City/Borough Councils within Worcestershire. The area takes its name from The Forest of Wyre and comprises the three main towns of Kidderminster, Bewdley and Stourport-on-Severn together with several surrounding villages including Arley, Rock, Chaddesley Corbett and Wolverley. The area is both rural and urban and there are pockets of wealth and deprivation throughout the district. The area has some of the best attractions in the Midlands from an exciting safari and leisure park to Britain's premier steam railway.



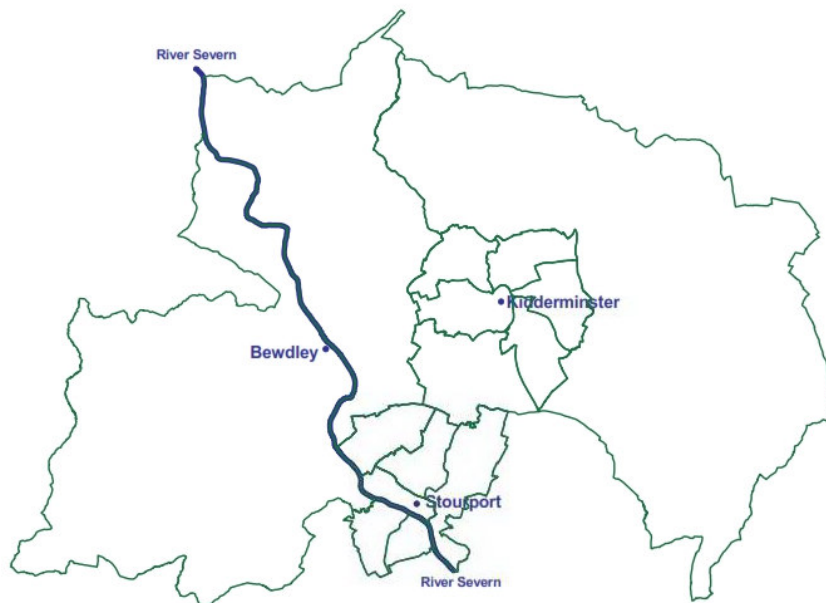
- 1.2 The total population of Wyre Forest is 99,900 of which 17.1% are aged under 16 years, 58.6% are aged 16-64 and 24.3% are aged over 65 years. The average gross weekly earnings in Wyre Forest in 2017 were £440 compared with £500 in Worcestershire and £556 in England.
- 1.3 Figures from the 2011 Census show that 94.7% of people in Wyre Forest are white British compared with 92.4% in Worcestershire and 79.8% in England. White ethnic groups comprise 97.2% of people in Wyre Forest compared with 95.7% in Worcestershire and 85.4% in England.
- 1.4 The 2011 Census also shows that 9.2% of people in Wyre Forest have long-term health problems or disabilities compared with 8.1% in Worcestershire and 8.3% in England. In Wyre Forest, 1.4% of people defined their health as “very bad” compared with average figures of 1.2% in both Worcestershire and England.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

- 1.5 The proportion of residents aged 16 plus with no qualifications in Wyre Forest is 7.1% compared with a Worcestershire average of 8.0% and an average in England of 7.8%. In Wyre Forest, 32.9% of residents aged 16 plus have achieved qualification level 4 or over compared with a Worcestershire average of 39.4% and 37.9% in England.
- 1.6 The latest Office for National Statistics (ONS) figures show that in Wyre Forest there are 6,870 claimants of Out of Work benefits representing 11.7% of the population aged between 16-64, whilst 970 people are claiming Job Seekers Allowance, representing 1.7% of this age band.
- 1.7 The ONS figures for October 2016 to September 2017 shows that 74.7% of people aged 16-74 in Wyre Forest were economically active compared with 78.8% in Worcestershire and 78.3% in England. In Wyre Forest, of people in employment, 62.5% worked full-time and 37.5% part-time compared with 66.1% and 33.9% in Worcestershire.

2. Wyre Forest District – the Council



- 2.1 Wyre Forest's 12 wards are represented by 33 Councillors (elected members) and is presently Conservative controlled. The latest election was held in May 2018.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

2.2 Our Current Members (as at May 2018)



21
Conservative



4
Labour



3
Independent



LIBERAL DEMOCRATS

3
Liberal Democrat



2
Independent
Community &
Health Concern

Our 33 elected Councillors represent the people of Wyre Forest and set the overall budget and policy of the Council.

Our Leadership and workforce

2.3 Wyre Forest District Council has adopted the Leader and Cabinet Model.

The political management structure is centred upon our Leader – Councillor Marcus Hart, who has been elected by our local councillors into this role. He is responsible for setting the vision and direction of the Council and Cabinet Members. Cabinet Members are appointed by our Leader with responsibilities for particular portfolios. The Cabinet for 2017-18 was made up as follows:

Wyre Forest District Council: Cabinet Members



Councillor
Marcus Hart

Leader of the Council and
Cabinet Member for Strategy



Councillor
Ian Hardiman

Deputy Leader and
Cabinet Member for
Planning and Economic
Regeneration



Councillor
Nathan Desmond

Cabinet Member for
Resources



Councillor
Juliet Smith

Cabinet Member for
Culture, Leisure and
Community Protection



Councillor
Rebecca Vale

Cabinet Member for
Operational Services



Councillor
Chris Rogers

Cabinet Member for Housing,
Health and Well-being

The Cabinet members are held to account by a system of scrutiny which is set out in the Constitution. When major decisions are to be discussed or made, these are published in the Cabinet's Forward Plan.

WYRE FOREST DISTRICT COUNCIL

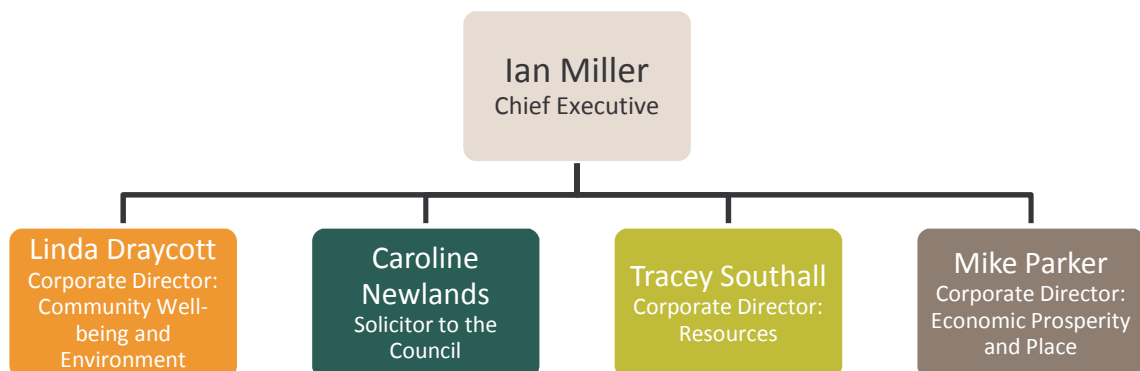
NARRATIVE REPORT 2017-18 (continued)

Committees are also included in the arrangements.

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

Full details, including Committee Chairs and membership can be found on the Council's website: [Committee Information - Wyre Forest District Council](#)

- 2.4 Senior officers, led by our Chief Executive, Ian Miller, support the work of the elected members. The organisational structure of the Council is headed by the Corporate Leadership Team (CLT) and comprises the Chief Executive, our three Corporate Directors and the Solicitor to the Council. The statutory role of Section 151 officer is held by Tracey Southall the Corporate Director: Resources and the statutory role of monitoring officer/Solicitor to the Council is held by Caroline Newlands. The CLT are responsible for advising councillors on policy, implementing councillors' decisions and managing the delivery of Council Services as well as directing overall service improvement and performance.



- 2.5 The Council directly employs 336 full time equivalent (FTE) staff including a number of apprentices in a wide variety of roles. From April 2017 the Council paid an apprenticeship levy at 0.5% of the Council's total pay bill. This money is used to pay for apprenticeship training. The Council believes that it can only achieve its Corporate Plan priorities in an effective way and can only deliver quality services to the people of Wyre Forest through the efforts of a workforce who have skills, knowledge and attitudes appropriate to those ends. We therefore review individual development and training needs as part of the annual review process (My Development Review) whilst taking into account the requirements of the Corporate Plan priorities and business requirements of service areas. Appropriate training then takes place including college based tuition, courses, distance learning and web based training methods. Regular employee satisfaction surveys are carried out. We have policies in place to recognise the value and importance of our staff and to ensure that our human resources are managed as efficiently and effectively as our financial and physical resources.

<http://www.wyreforestdc.gov.uk/media/144585/CorporatePlan20142019.pdf>

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

What we do

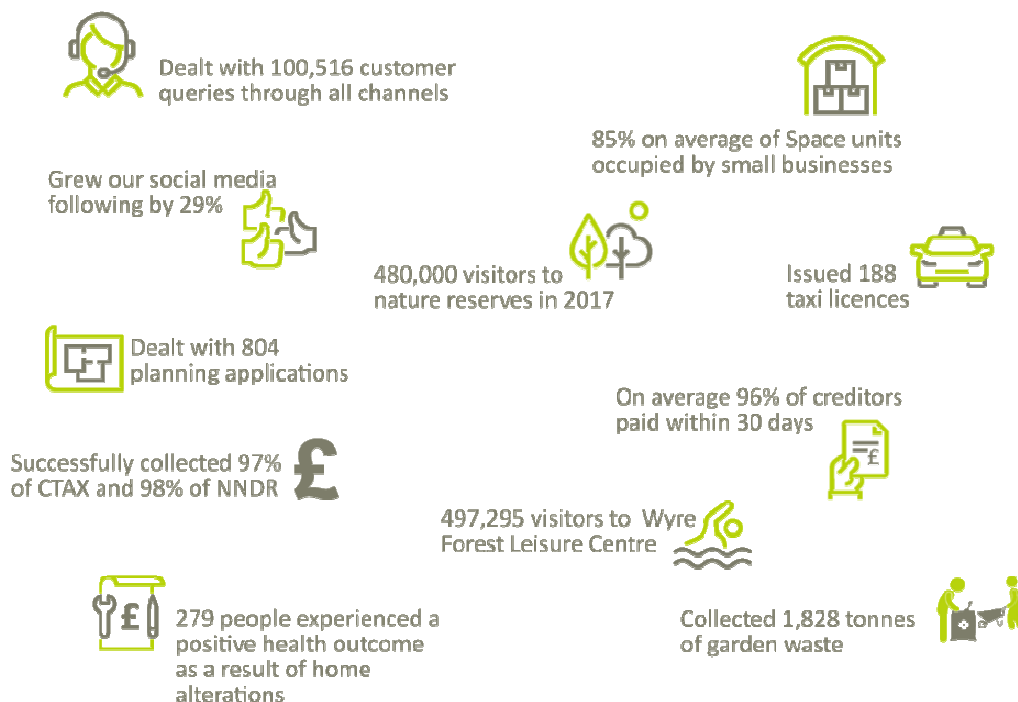
- 2.6 The Council faces a large number of financial challenges in the coming years as Central Government funding is falling year on year and the changes to business rates retention is likely to expose the Council to a greater level of appeal losses. The financial impact of Brexit is uncertain but will in all probability affect interest and inflation rates, the availability and cost of labour and property rental values that will put further pressure on the Council's budget.
- 2.7 Wyre Forest District Council provides mandatory and discretionary services through a number of channels – directly, through joint working arrangements with other local authorities, through strategic partnerships with the voluntary and community sector and via third party organisations.
- 2.8 The Council runs local services as efficiently and cost-effectively as possible to ensure that the council tax our residents pay represents value for money. Everyone benefits from the universal provision of Council services such as:
- Keeping our environments clean and protected through waste collection, recycling and keeping streets free of litter, including removal of abandoned vehicles and fly-tipped waste and carrying out conservation and wildlife management at protected sites;
 - Working in partnership to keep the District safe, free from crime and anti-social behaviour, inspecting food and drink premises to make sure they are safe and hygienic and monitoring CCTV;
 - Encouraging economic development through investments made in infrastructure, housing growth, business support and maintaining existing car parks;
 - Looking after the health of our residents through the provision of a new leisure Centre (opened July 2016) and other services (including web based applications) and by providing and maintaining our green open spaces;
 - Supporting arts and culture, events and festivals, and promoting tourism;
 - Providing support to our most vulnerable residents who are experiencing issues of social deprivation such as homelessness, mental health and rural isolation;
 - Collecting council tax and business rates and helping people access financial support through housing benefit and council tax discounts;
 - Supporting residents to improve the homes and areas they live in by dealing efficiently with planning applications and providing building control (delivered in partnership);
 - Compiling and maintaining the electoral register and administering elections.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

- 2.9 These services are supported by internal services such as communications, customer services, human resources, Information, Communication and Technology (ICT), finance and legal services. The Council operates within a shire county structure so services such as education, social care, children's services, highways and libraries are delivered by Worcestershire County Council. There are also 13 town or parish councils across the District that deliver various local services to the community.
- 2.10 In addition, the Council participates in a number of Shared Services - Worcestershire Regulatory Services, Emergency Planning, Water Management, Payroll, Building Control, Economic Development and Regeneration - and is either host to the Shared Service or a partner in receipt of a service. In addition, the Council has entered into a Limited Liability partnership with Public Sector Plc (PSP) and has approved the set up of a Local Authority Trading Company (LATC) in readiness for property/housing development, potentially utilising the capital portfolio fund where this is the most viable option.
- 2.11 The core functions of the Council will remain the things that it is required to do by law, such as collecting waste, removing litter, producing a local plan and processing planning applications and administering local taxes and benefits. These activities cost about £4.58m a year. The remainder of the Council's work is discretionary. While the Council is not obliged to undertake such services, they are often highly valued by local communities and businesses. They include such things as parks and toilets, economic development and regeneration and cultural and leisure services. The Council spends about £3.55m a year on discretionary activities with a further £3.74m on corporate costs including the costs of the democratic core and pensions deficit funding.

What we did



WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

3. Governance

- 3.1 There have been no significant changes in governance arrangements during 2017-18 although considerable work has been carried out to ensure that adequate arrangements are in place in respect of the Council's partnership with PSP, its Local Authority Trading Company and the Development Loans Fund (formerly known as Loans to Third Parties)/Capital Portfolio Fund. The overview of the Council's current governance framework and its effectiveness during 2017-18 are set out in the Annual Governance Statement contained within this Statement of Accounts. Governance in relation to the Capital Strategy including the £25m Capital Portfolio Fund is set out in the new Capital Strategy.
http://www.wyreforest.gov.uk/council/docs/doc53006_20180327_cabinet_agenda.pdf
- 3.2 A significant issue arose during the 2017-18 financial year relating to the redevelopment scheme for Bewdley Medical Centre and Former Library and provision of car parking facilities within Bewdley where additional funding was approved by Council, mainly as a result of unforeseen adverse ground conditions relating to construction of the new car park.
- 3.3 The overall conclusion of the detailed review undertaken by the Audit Manager for Audit Committee in late 2017 of this highly complex redevelopment project was that due regard was given to appropriate governance and constitutional procedures and that fair explanations of project variations were provided to all Members as issues became known as part of the implementation process. In addition, a number of learning points were highlighted to improve future risk management of property and land development schemes. This approach is of particular importance given the Council's ongoing redevelopment plans outlined in this Narrative Report.
- 3.4 The new car parking spaces became operational during April 2018, delivering extra parking spaces in the town compared to the period before the relocation of the medical centre. The final contract sum will be contained within the revised capital approval.

4. Risks and Opportunities

- 4.1 A risk management strategy is in place to identify and evaluate risk ensuring that the right controls are in place to provide sufficient mitigation from risks, without stifling the opportunities for development.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

- 4.2 **Risks** - The Council has a robust process for managing risks in order to assist the achievement of its objectives. The Corporate Risk Register plays an integral role to support production of the Corporate Plan and is reviewed and updated monthly by Service Managers and reported to the Corporate Leadership Team and Audit Committee at least twice a year. The regular Performance Monitoring reports to Overview and Scrutiny Committee include risk mitigations that are unachieved/behind schedule. For significant projects separate detailed Risk Registers are held and monitored as part of the project management process linking directly to the Corporate Risk Register.
- 4.3 In addition to the Corporate Risk Register the Council maintains a separate Budget Risk Matrix (approved as part of the Medium Term Financial Strategy) which is reviewed annually. The Budget Risk Matrix is also monitored on a regular basis by the Corporate Leadership Team with six monthly reports to the Audit Committee.
- 4.4 The principal risks and uncertainties faced by the Council in relation to future service provision together with the likelihood that the risks will arise and associated mitigating actions are as summarised in the following table:-

WYRE FOREST DISTRICT COUNCIL

Risk	Detail of Risk	Actions
Unable to improve the economic prosperity of the district	<p>Unable to improve the economic prosperity of the district. Lack of vitality in the local economy - although the District is holding up reasonably well in the current economic conditions it still aims to stimulate growth to support the economic recovery and to support the recovery of the local economy. The Council is now in its seventh year of the State of the Area Programme which includes a number of projects to assist in the stimulation of economic recovery. The Council is host of the North Worcestershire Economic Development and Regeneration Service and a member of two Local Enterprise Partnerships and continues to maximise the benefit of that position. The Business Rates Retention Scheme introduced in 2013/14 increases the incentive to promote growth as there is significant financial risk to this Council if we are unable to sustain the baseline level of the business rates reflected in government projections. The detail in relation to reform of the Business Rates System towards 75% retention and Fair Funding Review is still evolving. We will continue to review our position as more information is released. Membership of the Worcestershire Business Rates Pool can only mitigate this risk to a certain extent and economic growth is key to the future financial sustainability of the Council, this may change following Business Rates Reform.</p> <p>Impact: Adverse financial outcome(s) for residents and businesses</p>	Delivering actions set out in the Worcestershire Housing Partnership Plan
		Collection of Council Tax and Business Rates
		Generation of additional Business Rates Income
		Crown House/Kidderminster Western Gateway
		Stourport Canal Basins
		Lion Fields
		Delivery of Kidderminster Railway Station
Unable to deliver good quality, affordable homes.	<p>Unable to deliver good quality, affordable homes. The need for good quality, decent and affordable homes in the district is increasing but supply relative to demand is decreasing. The emerging national position regarding changes in the National Planning Policy Framework, the Voluntary Right to Buy pilot in the West Midlands and no policy decisions yet on funding social rent by Homes England is likely to exacerbate this risk.</p> <p>Impact: Increased risk of homelessness</p>	Delivering actions set out in the Worcestershire Housing Partnership Plan
Unable to deliver a sustainable budget for the long term.	<p>Unable to deliver a sustainable budget for the long term. The 2018/21 Medium Term Financial Strategy projects a much lower level of government funding over the next 2 years with RSG being phased out completely by 2019/20 and New Homes Bonus (NHB) being reformed with a higher baseline for which no funding is paid than previously expected. The success of this strategy is reliant on the delivery of significant savings to close the funding gap of circa £1.6m by 2021. This ambitious programme of savings and income generation must be carefully managed by the Leadership team (officers and members) and achieved. The reliance of external income streams/funding brings with it increased risk around the continuation of these income streams that are based on the decisions of third parties. Continuing risks around the reform of the Business Rates Retention Scheme and the imposition of further reductions/cessation in Government funding streams represents significant corporate financial risk. These risks include the uncertainty around the future of NHB as it is clear that there will be a significant reduction in this key funding stream. Business Rates reform, growth and the risk of Appeals resulting in lower Business Rates yield is also an important funding element of the budget and represent a key risk to future sustainability. The two significant council policies for development loans fund and capital portfolio</p>	Prepare budgets in accordance with all legislative requirements
		Collection of Council Tax and Business Rates
		Municipal Mutual Insurance Clawback - Budget Pressure
		Ensuring the business remains focussed
		Implementation of new policies for development loan fund and capital portfolio fund

WYRE FOREST DISTRICT COUNCIL

Risk	Detail of Risk	Actions
	<p>fund should help generate both housing and business growth whilst also generating a net revenue income stream to help alleviate the significant financial pressures.</p> <p>Impact: Underfunding, inability to deliver services</p>	<p>Business Rates Retention Scheme</p> <p>Fraud Work</p> <p>Green Street depot 2020 improvement and investment plan</p> <p>Investment in income generation through asset development</p> <p>Universal Credit</p>
Capacity to do everything is insufficient.	<p>Capacity to do everything is insufficient. A flexible resource is required to do everything that the Council has committed itself to – transformation, core service review, review of partnerships. The pace of change and need to continue to deliver key projects, represent a significant resourcing risk. This leads to concerns about sufficient capacity to deliver the Wyre Forest Forward Savings/ efficiency plan and the ability to provide effective leadership for the management of the Council. This is particularly true given the increased savings targets from 2018/19 as a result of reductions in central government funding and the additional resource required to deliver the new policies for development loans fund and capital portfolio fund.</p> <p>Impact: Failure to fulfil Council Plan objectives to improve lives of residents and prosperity of businesses</p>	<p>Monitoring and Managing Resources</p> <p>Involving appropriate staff to spread resources</p> <p>Supporting Organisational Change</p> <p>Utilise new property investment /management expertise</p>
Unable to ensure a secure network which would make ICT vulnerable to attacks and threats	<p>Unable to ensure a secure network which would make ICT vulnerable to attacks and threats. The Council has successfully achieved Public Services Network (PSN) compliance but this needs to be managed and maintained. ICT to regularly review and assess threats and impacts on the network and generate a formal risk/incident log and any remedial action required or acceptance of residual risk by the organisation where judged appropriate.</p> <p>Impact: Failure to deliver services that businesses and residents rely upon and additional cost pressures</p>	<p>Ongoing patching of servers/workstations</p> <p>Annual Penetration tests and network scans</p> <p>Review and Update Security Systems</p>

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

- 4.5 **Opportunities** - We have a track record of recognising and managing existing risks, identifying and dealing with emerging risks and have responded well to recent financial challenges. We also work to ensure, given the current funding gap and pressures facing the Council coupled with greater expectations from our customers and residents, that we maximise our opportunities to deliver cost-effective, efficient and innovative services while minimising and managing the risks. This is even more relevant given the Council's ambition to expand our more commercial services.
- 4.6 There are many ways in which expenditure can be reduced and the Council expects to use all these tools:
- Transferring more assets and services to local organisations, in particular town and parish councils. Models range from those where the district council ceases to have any role (the freehold is transferred, where there is an asset involved, and the local organisation meets 100% of the operational costs) to those where the District Council might still have a role in operating a service or asset but the cost is shared with another body instead of being met solely by the District Council;
 - Implementing shared services or other collaborative arrangements with other councils and public bodies. A range of opportunities are being explored with a view to implementation over the next 12 months, including data sharing and better use of the public estate (land and buildings);
 - Implementing efficiency measures and other changes that reduce the call on council services. The main tool that will be used is further implementation of digital services that allow residents and local businesses to access services on line, 24 hours a day, thereby improving the customer experience. They can book, pay for and report things while minimising the use of staff time at the Council. Digital services will be promoted and their use strongly encouraged in order to reduce the cost of customer service and other staff time in dealing with the public. Implementation of more digital services is also expected to improve efficiency and challenge historic approaches to service delivery;
 - Reducing spend on services, and therefore reducing quality/frequency and in some cases potentially whether the service is provided at all. This will be necessary only if all other routes have been exhausted.
- 4.7 The Council has been considering a number of options to fully realise its ambitions to invest in and develop revenue generating projects across the residential, industrial and commercial markets. The Council entered into a limited liability partnership with PSP Limited in March 2017 in order to progress work with more challenging property portfolios. Exploratory work around suitable sites has already commenced.
- 4.8 The Council has also approved the set-up of a Local Authority Trading Company (LATC) to enable commercial activity to be undertaken where such activity cannot be classified as trading spare capacity or it is not ancillary to the delivery of core Council services.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

- 4.9 The year saw two new initiatives progressed to further the Council's ambitions, approved as part of the 2017-20 Medium Term Financial Strategy, to grow the local economy and provide new homes:
- the Development Loans Fund, a £10m fund based on borrowing from the Public Works Loan Board (PWLB) to lend to appropriate bodies and individuals who have development proposals that further the regeneration ambitions of the Council;
 - a Capital Portfolio Fund of £25m backed by PWLB borrowing to invest in the district or across the combined area of the Local Enterprise Partnerships (LEPs) of which the Council is a member, to invest in development of its own assets or to acquire revenue generating assets or land and property that can be developed or refurbished to generate revenue.
- 4.10 Stimulated by the Council's desire to use its assets as a redevelopment catalyst and backed by the Council's more recent plans to invest for revenue generation the Council has become even more proactive in bringing about development. The Council has already agreed outline business cases for building new small and medium sized industrial units where the market is currently failing to meet demand, as well as to acquire a small number of residential units to enable the Council to act as private landlord.

5. Strategy and Resource Allocation

- 5.1 The Council's Medium Term Financial Strategy (MTFS) demonstrates how the Council's financial resources will be deployed over the current and the next 3 years to deliver corporate priorities. It sets the overall shape of the Council's budget by determining the level of resources that will be available and how they are allocated between services. This provides a medium term framework to enable members and officers to develop detailed annual budget allocations. The MTFS is updated annually.
<http://www.wyreforestdc.gov.uk/media/3601501/FinancialStrategy2018-2021PrintVersion.pdf>
- 5.2 The MTFS is supported by the following key strategies and plans:

Treasury Management Strategy – updated annually, this strategy sets out how the Council's treasury service will support the capital decisions taken, the day to day treasury management and the limitations on activity through treasury prudential indicators. The key indicator is the Authorised Limit, the maximum amount of debt the Council could afford in the short term, but which would not be sustainable in the longer term. (Overview and Scrutiny 1st February 2018, approved Council 21st February 2018).
http://www.wyreforest.gov.uk/council/docs/doc52708_20180201_o_and_s_agenda.pdf

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

Capital Strategy – updated annually the Council's Capital Strategy has been refreshed following Ministry of Housing, Communities and Local Government (MHCLG) guidance published in February 2018. The Strategy provides the long term context in which capital investment decisions are made and the governance for those decisions. The Capital Strategy has been developed to ensure that the Council can take capital expenditure and investment decisions in line with Council priorities and properly take account of stewardship, value for money, prudence, risk, sustainability and affordability. The strategy ensures due consideration is given to both risk and reward and the impact on the achievement of priority outcomes. (approved Council 23rd March 2018)

http://www.wyreforest.gov.uk/council/docs/doc53006_20180327_cabinet_agenda.pdf

ICT Strategy – covering the period 2018-22, this document provides a clear direction for the work of ICT, ensuring that technology supports the business processes and provides the framework for evaluating the ICT element of business proposals for new projects. (Approved 21st February 2018)

<http://www.wyreforestdc.gov.uk/media/3601501/FinancialStrategy2018-2021PrintVersion.pdf>

Core Strategy (2006-2026) - the key strategic level document within the Local Development Framework (LDF) which sets out the broad strategy and vision for development within the District up until 2026. Adopted in December 2010, it provides the overall context for the more detailed, site specific elements of the LDF and the focus for decision-making on planning applications. Although the Core Strategy does not address specific sites, it does set the overall Development Strategy for the District and the broad areas where new housing and employment development will be located. The new Local Plan will replace the current Adopted Core Strategy. The Local Plan Review (2016-2034) preferred options consultation was undertaken during 2017 and is now closed. It is anticipated that the new Local Plan (2016-2034) will be adopted in 2020. <http://www.wyreforestdc.gov.uk/media/3340508/Project-Plan-Nov2017.pdf>

Housing Strategy – the Worcestershire Housing Partnership Plan (2017) is the overarching document setting the strategic direction for housing across Worcestershire. It recognises that to maximise health, wealth and wellbeing of the residents of Worcestershire and make the most effective use of existing resources, we need to work very closely with partner organisations across a range of sectors.

<http://www.wyreforestdc.gov.uk/media/3645353/Worcestershire-Strategic-Housing-Partnership-Document-FINAL-.pdf>

Empty Homes Strategy (2017-2022) - this strategy aims to identify the causes of empty properties, why they remain empty and a clear action plan showing what we intend to do to reduce the number of wasted homes. The overarching aim of this strategy is to help alleviate the housing need within the district, to offer wider housing choice to residents and to reduce the blight that can result where properties are left empty and neglected. As at January 2017, there were 778 empty properties in the Council area of which 365 had been vacant for over 6 months. By comparison, the Council has in the region of 3,200 people on the housing waiting list and the figure is increasing year on year.

<http://www.wyreforestdc.gov.uk/media/3236924/empty-homes-strategy-2017-2022-final-version.pdf>

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

6. Our Performance

- 6.1 The Council's operational model is for a mixed economy of services provided directly by the Council or through shared services with other councils and a limited range of services that are provided by the private sector. The Council's financial and non-financial performance is regularly monitored and reported to Cabinet and Scrutiny committees on a quarterly basis. Details of these reports for 2017-18 can be found on the Council's website. <http://www.wyreforest.gov.uk/council/committees/main.htm>
- 6.2 The Council's Corporate Plan for 2014-19 is built around two priorities: Support you to contribute to a successful local economy and Support you to live in clean, green and safe communities. The plan is supported by the six Council Values. <http://www.wyreforestdc.gov.uk/media/144585/CorporatePlan20142019.pdf> The success of the Corporate Plan is measured by delivery against our strategic actions.
- 6.3 Overall the Council performed well during 2017-18. The outcomes we have achieved in the last 12 months or so are set out in the table below and demonstrate how the Council has been delivering its priorities and strategic actions 2014-19:

Priority: Support you to contribute to a successful local economy

	What we've done
Working with partners to create the conditions and certainty to foster a growing and sustainable local economy	Moved forward with the Local Plan Review to shape the future of the district up to 2034 carrying out a consultation on preferred options. Continued to work in partnership with the University of Wolverhampton to develop the Business Solutions Centre at Wyre Forest House. Worked closely with the two LEPs Growth Hubs; who have undertaken a total of 80 Business Engagements over the last 12 months. Worked in partnership with the two LEPs that Wyre Forest is a member of and secured significant funding for key schemes such as Kidderminster Railway Station and Churchfields. Working in partnership with Worcestershire County Council to design a scheme to re-introduce vehicular traffic to Worcester Street in Kidderminster town centre.
Bringing forward regeneration and development opportunities and the infrastructure to support them	The Delivery Framework for Lion Fields was adopted in June 2016. Site clearance of Parcel 1 (The Glades site) was completed early 2017. A development partner, Cordwell Property Group, has been selected to deliver a cinema led leisure scheme following a competitive procurement exercise and work is progressing on completing the development agreement for Parcel 1. Furthermore, the Council has agreed to commence a competitive procurement process to secure a development partner for Parcel 2, the former Magistrates Court. Supported the development of the new Medical Centre in Bewdley and the site of the old one was cleared and the new car parking spaces were operational from April 2018.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

	What we've done
Creating new job opportunities and improving skills	Supporting the development of two new Specsavers developments – International Glazing Services and Lens Online. Completing the full occupation of the former Sealine building by attracting Superform into last vacant unit. Kidderminster based, Greensafe IT, expanded their operations through an extension of their existing accommodation, with support from the European

	What outcomes we've achieved
	Regional Development (ERDF) funded 'Property Investment Programme'. Completion of new retail premises along the Stourport Road, including Aldi supermarket at Silverwoods, Starbucks and KFC. Further businesses have taken space at the new Ratio Park development. Running the second successful 'Opening Doors to Business' event for local schools. Hosting HS2 procurement opportunities event.
Helping new business to start up and existing businesses to grow	72 Entrepreneurs participated in workshops, 21 new businesses started and 2 grants were awarded.
Attracting inward investment and accessing alternative funding sources	Work with Worcestershire Business Central and the Greater Birmingham and Solihull LEP Growth Hub to enable eligible businesses to access a range of appropriate EU and local funding. Secured £2.7m from the Housing Infrastructure Fund to help deliver the new highway requirements to unlock the Churchfields Masterplan. Helped Greensafe IT to secure funding to contribute towards their expansion plans.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

	What outcomes we've achieved
Promoting the District as a great place to invest in, live in and visit	<p>Continued to develop and expand the North Worcestershire Ambassador Scheme, now with 45 members.</p> <p>Numerous events to promote business opportunities including HS2 supply chain opportunities; hosted a North Worcestershire wide business event at Stone Manor in partnership with Worcestershire Innovation Network (WCC), celebrating innovation within the area.</p> <p>Produced and published a bi-monthly online newsletter aimed at Businesses providing latest news, business support and advice and details of relevant events and training opportunities.</p> <p>Work in partnership with Worcestershire LEP Inward Investment team to facilitate relevant enquiries from internal and external businesses.</p> <p>Supported the publication and production of Visit Worcestershire's Explorer and Visitor Guides, Visit Wyre Forest leaflets and web site. Bewdley Tourist Information Centre promotes the whole of Wyre Forest's attractions, accommodation providers and related events.</p>
A community with lower unemployment and improved skills	Claimant count 1.7% in March 2018, which is below the national average.
A diverse and well connected economy with vibrant and successful town centres	<p>New £3m Riverside Walk development in Kidderminster Town Centre now fully let with the addition of 'Veeno'.</p> <p>Further new retailers in Kidderminster including Pandora and Warren James.</p> <p>Grants to support business ventures in Stourport and Bewdley, and supporting events in Bewdley – e.g. Riverside Market.</p>
	<p>Completion of the new Load Street Car Park in Bewdley.</p> <p>Held a successful International Food and Gift Market in Kidderminster Town Centre.</p>
Increased visitor opportunities	<p>Bewdley Museum has been awarded a Certificate of Excellence for the second year running by travel experts, Tripadvisor.</p> <p>Visitor numbers 174,000 in 2015; 190,000 in 2016; 191,000 in 2017.</p>
Redevelopment of redundant and under-used land and buildings	<p>Former Glades Leisure Centre building cleared at Phase 1, Lion Fields.</p> <p>Invested £292k to create Council-owned temporary accommodation in Stourport-on-Severn</p>
Improved infrastructure	Secured £2.7m from the Housing Infrastructure Fund to help deliver the new highway requirements to unlock the Churchfields Masterplan.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

Priority: Support you to live in clean, green and safe communities

	What we've done
Creating a greener and cleaner local environment	<p>Public spaces protection order on dog controls in force 1 October 2017.</p> <p>78% satisfaction rating with waste collection services</p> <p>84% satisfaction rating with local parks</p> <p>33% of all collected waste sent for recycling</p> <p>Introduced a trade waste recycling service</p> <p>Maintain 400 acres of nature reserves and 600 acres of green public spaces. Nature reserves around Kidderminster received 480,000 visitors in 2017 and received a regional conservation award for their management from Natural England.</p> <p>£500k in additional resources brought into the District over the past 3 years to further enhance the quality of the district's wildlife.</p> <p>£50k localism fund awarded to local parishes and community groups on environmental improvements, projects and activity.</p> <p>Working with Worcestershire County Council to undertake improved arboriculture works within the Wyre Forest boundary.</p>
Supporting the provision and maintenance of high quality public spaces	<p>Bid for £2.41m Heritage Lottery Fund (HLF) grant to improve Brinton Park submitted August 2017.</p> <p>Successful at Round 1, allows for HLF Development grant (£251,000) to prepare the Round 2 application. This will be submitted in November 2019 following the feasibility and research phase to determine the final scope of the project. Outcome expected Spring 2020.</p> <p>Supported Friends of Parks groups and worked in partnership to enhance local parks</p>
Working with partners to reduce crime and the fear of crime	<p>Continue to work with partners through Safer Wyre Forest and its Action Group, focusing on crime prevention.</p> <p>Helped secure £139,250 of Police and Crime Commissioner grant funding for the North Worcestershire Community Safety Partnership, with £19,133 being used specifically in Wyre Forest.</p> <p>Supported a number of projects including Mill Street Subway art, installation of specialised needle bins, home security for victims of domestic abuse and burglary and crime prevention equipment.</p> <p>Commenced year 4 of the Community Ambassadors scheme. Where we worked directly with 63 young people with the ContinU Trust to become community ambassadors to promote safety amongst their peers.</p>

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

	What we've done
Working towards meeting current and future housing needs, with an up-to-date local development plan that provides for growth in the number of houses	Consultation on Preferred Options for Local Plan, June to August 2017, as part of Review.
Preventing and reducing homelessness	Together with our commissioned partners we prevented or relieved homelessness for 1,054 households.

	What outcomes we've achieved
Clean streets and quality open, green public spaces that are enjoyed by all	<p>2 Green flag parks – Brinton Park / Queen Elizabeth II Gardens.</p> <p>20 deep clean projects across the district.</p> <p>Worked in partnership with McDonalds on clean up initiatives and subway improvements.</p> <p>Working in partnership with local community group Litter Pick-up Artists who are very actively engaged in collecting litter which is then transferred and disposed of by WFDC</p> <p>Issued 89 Fixed Penalty Notice tickets and had 4 successful prosecutions for environmental infringements (litter, waste etc).</p> <p>Undertaken a full calendar year of educational enforcement initiatives such as, public duty of care; blue badge fraud; dog fouling; littering; fly-tipping etc</p> <p>Opened a new extended 50+ space car park at Load Street Bewdley and refurbished the existing site.</p> <p>Undertaken a chewing gum and public awareness campaign.</p> <p>Introduced new and improved signage at all public car parks.</p>
An environment that is respected and cared for, and where local people take pride in their surroundings	<p>100% satisfaction with outdoor events in parks.</p> <p>Eight parish and town councils working in partnership with the District in cleansing and grass cutting as part of the localism agenda.</p> <p>Five active and successful Friends groups improving parks.</p> <p>Three paddling pools transferred to third parties to meet the cost of maintenance.</p>
Low levels of crime and anti-social behaviour	<p>Measures.</p> <p>Reductions in:</p> <p>% who think that drunk and rowdy behaviour is a problem in their local area</p> <p>2018 * 2017 22.2%; 2016 28.6%</p> <p>Number of people the Community Safety Team engage with on a face to face basis via events and activities throughout the year.**</p> <p>April 2018 – current 166</p> <p>April 2017 – November 2017 1,000</p> <p>April 2016 – November 2016 850</p>

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

	What outcomes we've achieved
An increased supply of good quality and decent homes that are affordable to individuals and families	220 dwellings completed 2017-18 Of these, 80 were affordable/social housing Planning submitted for the development of 270 new homes in Churchfields, Kidderminster having been awarded Government funding of £2.7m in February 2018 for the highways infrastructure required to support the scheme. It is anticipated that the scheme will commence in summer 2019
A reduction in the number of people prevented from becoming homeless	Number of homeless households accepted for rehousing decreased to 150 in 2017-18 from 208 in 2016-17.

7. Performance – Financial

Core Funding

- 7.1 During 2017-18 the Council continued to face significant financial challenges and the preparation of the 2018-21 MTFS was strongly influenced by the continued need to make significant reductions in expenditure whilst still progressing Council priorities. In common with the rest of local government the Council has seen a steady reduction in its core funding in recent years and reductions in Central Government grants continue to have a significant impact on the way we are able to fund our services. The Medium Term Financial Strategy was updated in February and the 2018-21 MTFS forecasts a funding gap of £1.6m by 2020-21 which will need to be closed by increasing income from commercial activities, fees and charges and council tax and by reducing costs, whether through greater efficiency, reducing how much is spent on certain activities or implementing alternative service delivery models with other organisations. The Wyre Forest Forward programme has enabled the Council to successfully deliver savings during the current Council Plan period and will continue to drive the delivery of additional efficiency savings. The delivery of additional commercial income will be supported by a Commercial Activity Programme Board from 2018-19 onwards.
- 7.2 The Council has an excellent track record in generating income; the total income (from all sources excluding shared services) achieved in 2017-18 is £4.840m and has risen from £3.781m in 2012-13. The Council will continue to increase income from fees and charges, so that users of particular services contribute to the cost of providing them rather than being subsidised by council tax payers.
- 7.3 The Council adopts a cash limited approach to its budget, with Cabinet Members and Corporate Directors being responsible for ensuring services are delivered within budget.

2017-18 Council Tax and Revenue Spending

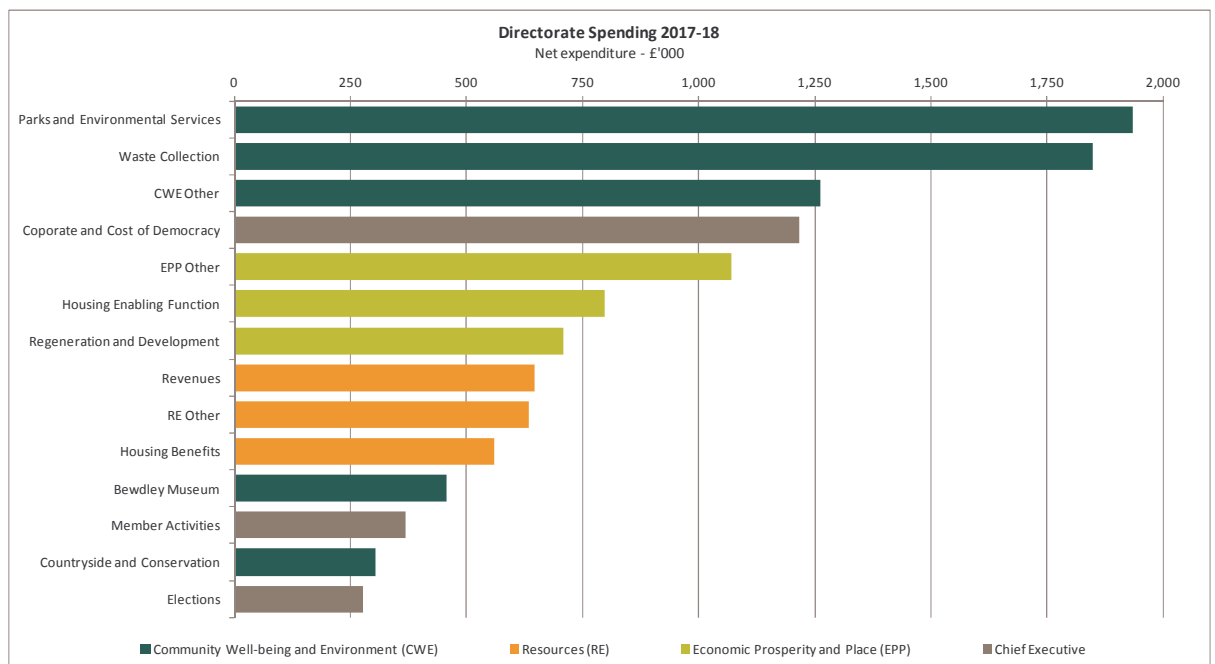
- 7.4 The Council collected £28.930m of business rates, of which 50% was passed to central government, 9% to Worcestershire County Council, 1% to Hereford and Worcester Fire Authority. The Council retained 40% and then paid a tariff of £7.9m under the business rates retention scheme.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

- 7.5 The Council also collected £55.077m of Council Tax (on behalf of Office of the Police and Crime Commissioner for West Mercia, Worcestershire County Council, Hereford and Worcester Fire authority and itself), of which £6.874m was retained by the Council.
- 7.6 During the period from 2013 to 2017 the council tax charged by Wyre Forest District Council fell sharply in real terms, as a result of three years when the Council froze the tax. The annual increase in April 2018 of 1.94% was lower than inflation in consideration of the financial pressure being felt by local residents.
- 7.7 Revenue expenditure covers the cost of the Council's day to day operations and contributions to and from reserves. The net revenue spend of £13.519m across services is shown in the graph below. Actual spend on services in 2017-18 was within 0.3% of the original approved budget, reflecting sound financial management and good budgetary control.

Service Spending 2017-18



WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

Impact of Spending on Balances

	Estimated Expenditure (Income) £'000	Actual Expenditure (Income) £'000
Gross Expenditure on Services	54,534	55,879
Less: Gross Income	(41,053)	(42,360)
Net Expenditure on Services	13,481	13,519
Less: Taxation and Non-Specific Grant Income	(12,197)	(13,359)
Precept to Parish Councils	(976)	(976)
Net Deficit/(Surplus) for Year	308	(816)
Financed by:		
Transfer (to)/from General Fund reserves	308	(237)
Transfer (to)/from Earmarked reserves	-	(579)
Net Movement on Balances	308	(816)

7.8 The above table shows that in overall terms the Outturn position was £1.124m more favourable than planned mainly due to additional taxation and non-specific grant income from business rates growth. During the 2017-18 financial year the Council's General Fund balance increased by £237k compared to a planned reduction of £308k.

7.9 Transfers to and from earmarked reserves have also had a significant effect. The total balance held at the year end was £6.293m, a net increase of £579k. The most significant movements were:

- the transfer of £900k to the Business Rates Equalisation/Regeneration Risk reserve to compensate for changes in government policy in relation to Business Rates and timing differences due to Collection Fund accounting regulations. This will be needed in future years to mitigate the risk of reduced income from the Collection Fund due to the uncertainty around this key funding stream;
- the transfer of £400k from the Business Rates Equalisation/Regeneration Risk reserve and £107k from the Town Centre Support reserve (total £507k), to fund the additional unforeseen capital costs arising from poor ground conditions uncovered during development of the car park at Load Street, Bewdley;
- the net increase of £308k in the Innovation Fund balance to support delivery of the Wyre Forest Forward programme. This reserve has been increased to support improvement and efficiency initiatives that will take time and funding to develop.
- A review of the methodology was undertaken as part of the 2018-21 MTFS. A number of smaller value reserves were transferred to the General Risk Reserve. This review has resulted in £233k of existing reserves being released back to the general balances.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

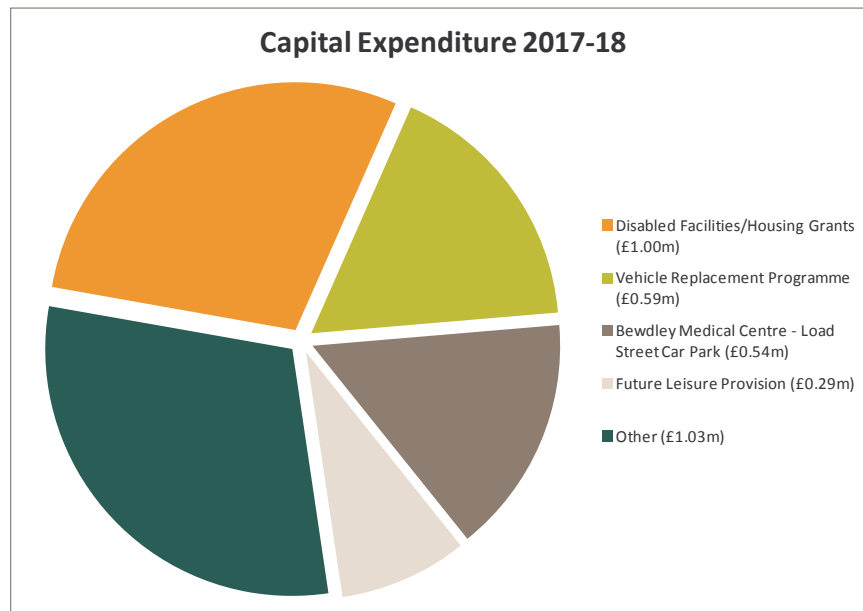
Capital Expenditure

7.10 Capital expenditure is expenditure on non-current assets that have a life expectancy of more than one year that benefits not just current but future taxpayers within the district. The assets are usually funded over a period longer than one year, either from borrowing, grants or from reserves built up over a period of time. Capital expenditure forms a large part of our spending on the provision of services and, in line with our revenue budget setting process, our Capital Programme for 2017-18 was compiled to maximise and make the best use of the available funding to deliver projects that contributed towards the key priorities of the Council.

7.11 The Council has an ambitious capital programme (2018-21) of £54.523m. This investment will reshape how we deliver our services as well as helping to unlock revenue savings and efficiencies to secure our ongoing financial sustainability including:

- More commercial space for new and established businesses;
- Improved energy efficient facilities for the Council's operational services including a new customer advice centre to meet the changing demands of our residents.

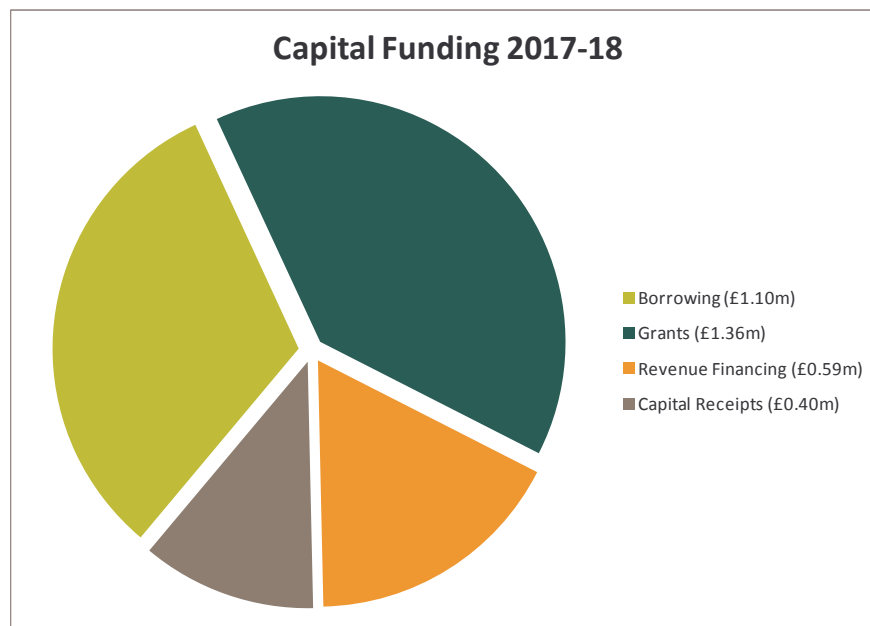
The Capital Programme for 2017-18 was originally set at £42.814m, revised to £18.317m following re-profiling of anticipated acquisitions from the Capital Portfolio fund. Capital spending during the year totalled £3.452m. Capital programme slippage will be profiled into future years. An analysis of capital investment is shown in the chart below:



WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

The Capital Programme was financed from a combination of borrowing, grants and reserves (revenue financing and capital receipts)



- 7.12 During the year Council approved a scheme to invest in the operational depot in Green Street, Kidderminster. In addition to general improvements to the welfare, office accommodation and working environment the investment will bring two locally listed buildings back into use and provide a new location for the Council's customer services and advice centre facilitating co-location of advisors with the back office support staff. The scheme will help achieve the Council's aspiration to develop its commercial service offering and improve the facilities for customers and staff. The target completion date for the scheme is spring 2019. The design work is complete and a competitive tendering exercise is under way for the construction work.

Significant transactions

Pensions

- 8.1 Wyre Forest District Council is part of the Worcestershire Pension Fund. The Council's pension liabilities are offset by the value of pension fund assets invested. The Worcestershire Pension Fund is independently revalued every three years to determine employer contribution rates. Employer contribution rates are set to achieve a 100% funding level (i.e. to be fully funded) by 2036. The most recent revaluation, as at 1st April 2017, assessed the funding level for Wyre Forest at 66% compared with 59% in 2013.
- 8.2 The agreed deficit clawback funding for the period 2017-2020 was paid in a lump sum in April 2017 as an advance payment which generated a cost saving for the Council's General Fund of £0.427m over the three year period.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

- 8.3 Whilst the pension deficit is substantial and challenging it should be remembered that the sum is a projection taking a long term view of future liabilities. There is a deficit reduction strategy in place to ensure that a neutral funding position is reached within 18 years.

Contingencies

- 8.4 The risk of any reduction in the local share of business rate yield due to the closure of businesses or appeals against rateable values is borne by the Council. The Council has set aside a provision of £4.085m within the collection fund for any business rates appeals against rateable values in future years. There were approximately 197 appeals outstanding at the 31st March 2018. The Valuation Office introduced a new Check Challenge Appeal system in April 2017 as part of the government's reforms of the business rates appeal system. This has introduced further uncertainty and therefore risk into this key funding stream.

Property Investment Fund

- 8.5 During the year the Council has evaluated opportunities to generate additional revenue streams to reduce reliance on Central Government funding. Many authorities are now acting to strengthen their funding base by developing an asset portfolio to meet Council Plan objectives and generate a commercial return. The Council approved a £25m Capital Portfolio Fund in February 2017. During 2017-18 officers developed an investment strategy, establishing robust governance arrangements and processes to ensure due diligence is exercised in appraising opportunities.

Local Authority Trading Companies

- 8.6 Council on 21st February 2018 approved a group structure of Local Authority Trading Companies (LATC). Companies House incorporation for Wyre Forest (Holdings) Ltd and ReWyre Developments Ltd (the subsidiary) is being progressed. It is expected that the companies will remain dormant until suitable development opportunities arise; activity will be reported in accordance with the governance arrangements in future years.

Revenue Reserves and Balances

- 8.7 Revenue reserves play an important part in the Council's Financial Strategy by ensuring that we have some resilience to cope with unpredictable financial pressures. The Council holds working balances to meet unforeseen spending requirements and to provide certainty for medium term financial planning. The level of working balances takes into account the strategic, operational and financing risks facing the Council and is reviewed each year as part of the budget process. The Corporate Director: Resources recommends that working balances are maintained at a minimum of £1m. As at 31st March 2018, total revenue reserves stood at £11.444m and £6.293m of our reserves have been earmarked to enable the Council to meet future expenditure plans.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

Cash Flow Management

- 8.8 The Council primarily undertakes external borrowing in order to manage the cash flow implications of incurring capital expenditure that it does not immediately fund from cash resources, and in some instances to also manage fluctuations in its cash flows more generally. Separately, the Council has cash backed resources, which it has set aside for longer term purposes (such as funds set aside in reserves and balances) and working capital balances, that can either be invested or temporarily utilised to defer the need for external borrowing.
- 8.9 External loans totalling £1m were secured in 2017-18 (from the Public Works Loans Board). The need to undertake external borrowing this year had been anticipated and budgeted for, and was undertaken in compliance with the parameters and limits set for 2017-18.
- 8.10 Cash balances the Council held during 2017-18 were invested until they were required to meet our outgoings. This primarily meant that funds were invested on a short term basis up to a maximum period of 1 year. Funds were invested with money market funds and bodies (such as banks) with high credit ratings.

9. Statement of Accounts

- 9.1 The **Statement of Accounts** is set out in the accompanying document. The Accounts consist of the following statements that are required to be prepared under the Code of Practice.
- 9.2 The **Core Statements** are:
- The **Comprehensive Income and Expenditure Statement** – this records all the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding. Expenditure represents a combination of:
 - Services and activities that the Council is required to carry out by law (statutory duties) such as street cleansing, waste collection and planning
 - Discretionary expenditure focussed on local priorities and needs.
 - The **Movement in Reserves Statement** is a summary of the changes to the Council's reserves over the course of the year. Reserves are divided into "usable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific purposes.
 - The **Balance Sheet** is a "snapshot" of the Council's assets, liabilities, cash balances and reserves at the year-end date.

WYRE FOREST DISTRICT COUNCIL

NARRATIVE REPORT 2017-18 (continued)

- The **Cash Flow Statement** shows the reason for changes in the Council's cash balances during the year, and whether that change is due to operating activities, new investments, or financing activities (such as repayment of borrowing and other long term liabilities).

The **Supplementary Financial Statements** are:

- The **Collection Fund** - summarises the collection of Council Tax and Business Rates and the redistribution of some of that money to the Office of the Police and Crime Commissioner for West Mercia, Worcestershire County Council, Hereford and Worcester Fire Authority, Worcestershire Business rates Pool and Central Government.

The **Notes** to these financial statements provide more detail about the Council's accounting policies and individual transactions. The **Annual Governance Statement** sets out the governance structures of the Council and its key internal controls which are a critical component of our overall governance arrangements.

10. Further Information

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

Tracey W Southall, C.P.F.A. Corporate Director: Resources
Wyre Forest House, Finepoint Way
Kidderminster, Worcestershire, DY11 7WF

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2017-18

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required:

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

The Corporate Director: Resources' Responsibilities

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

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

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

The Corporate Director: Resources has also:

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

Issue Date

The Statement of Accounts 2017-18 was re-certified for issue on 30th July 2018. All known material events that occurred up to and including this date which relate to 2017-18 or before have been reflected in the accounts. This replaces the unaudited Statement of Accounts issued on 30th May 2018.

Certification of Accounts

In accordance with the Accounts and Audit Regulations 2015 I certify that the Statement of Accounts presents a true and fair view of the financial position of Wyre Forest District Council at 31st March 2018 and its income and expenditure for the year ended 31st March 2018.

Tracey W Southall CPFA – Corporate Director: Resources
30th July 2018

Approval of the Accounts

I certify that the Statement of Accounts has been approved by a resolution of the Audit Committee in accordance with the Accounts and Audit Regulations 2015 and is authorised for issue.

Chair, Audit Committee
30th July 2018

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2017-18

ANNUAL GOVERNANCE STATEMENT 2017-18

What is the annual governance statement?

Legislation requires local authorities to prepare and publish an Annual Governance Statement, in order to report publically on the effectiveness of the Council's governance arrangements. The statement provides an overview of the current governance framework and a summary of the review on the effectiveness of Wyre Forest District Council's governance framework for 2017-18 (which coincides with the annual statement of accounts). The statement openly communicates significant governance issues that have been identified during the review and sets out how the authority will secure continuous improvement in these areas over the coming year.

What do we mean by governance?

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

Scope of responsibility

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

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

Wyre Forest District Council has adopted the code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework; *Delivering Good Governance in Local Government*. A copy of the code is on our website at www.wyreforestdc.gov.uk or can be obtained from The Worcestershire Hub at Wyre Forest Customer Services Centre, Town Hall, Kidderminster DY10 1DB. This statement explains how Wyre Forest District Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

The governance framework

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

The key elements of the Council's systems and processes that comprise the authority's governance arrangements are included in the Council's Constitution which is reviewed and updated throughout the year. The following diagram shows core principles and how they are delivered within the robust framework at Wyre Forest.

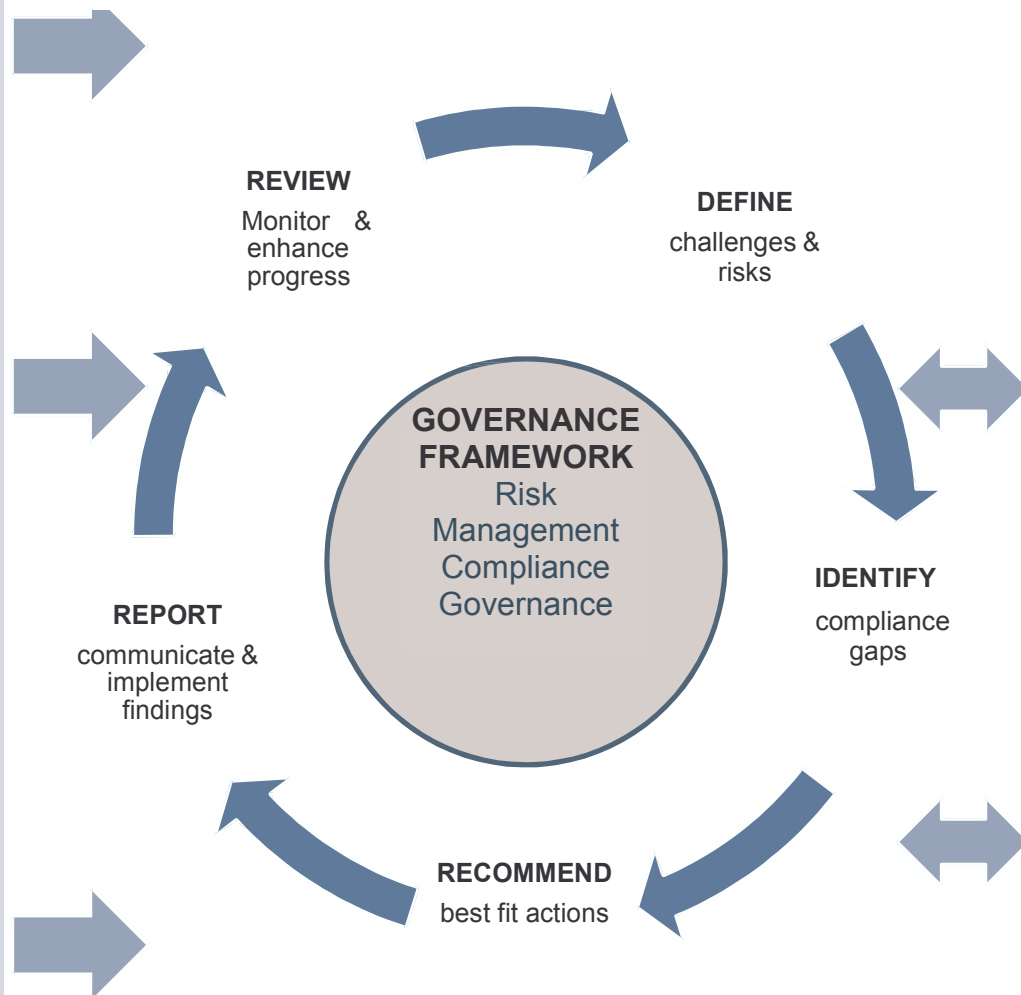
WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2017-18

ANNUAL GOVERNANCE STATEMENT 2017-18 (continued)

GOVERNANCE PRINCIPLES

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



The governance framework has been in place at Wyre Forest District Council for the year ended 31st March 2018 and up to the date of approval of the statement of accounts.

INTERNAL CONTROLS

Leadership, Culture and Planning

Organisational goals and priorities
Strategic and operational plans
Performance management
Medium term financial strategy

Statutory Officers & Decision Making

The Constitution
The Monitoring Officer
Section 151 Officer

Policies & Procedures

Codes of conduct
Ways of working
Anti-fraud, Bribery and Corruption Policy
Whistleblowing Policy
HR Policies and procedures
Corporate Communications and Engagement Programme

People, Knowledge, Finance, Assets

Robust HR practices
Robust Internal Audit function
Information governance
Performance monitoring and improvement
Financial management and reporting
Ethical & legal practices

Scrutiny and Transparency

Freedom of Information requests
Complaints procedure
Reports considered by legal and finance
Overview and Scrutiny Committee
Equality impact assessments
Corporate risk directory
Transparency duty publication

Partnership Working

'Love to get involved'
'Let us know'
Consultations
Community Localism fund

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2017-18

ANNUAL GOVERNANCE STATEMENT 2017-18 (continued)

Delivery

The Council delivers these outcomes through:

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

Review of effectiveness

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

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

- Findings and recommendations of Internal Audit;
- Updates by the managers within the authority who have responsibility for the development and maintenance of the internal control environment;
- Findings and recommendations by the External Auditors and other review agencies and inspectorates;
- Audit Committee review of current arrangements against best practice, including consideration of progress against issues identified in the Annual Governance Statement, see agenda item 11 of the Audit Committee Agenda 19th March 2018 on our website at http://www.wyreforest.gov.uk/council/docs/doc52944_20180319_audit_agenda.pdf

Regular reviews are carried out by the Corporate Leadership Team, including during March and again in April 2018. These reviews take into account:

- the Internal Audit Annual Assurance report from the Audit Manager for 2017-18, in consultation with the S151 Officer;
- comments of other review agencies, inspectorates and external bodies, including LGA Peer Review;
- the Audit Findings report of the External Auditor's was reported to the Audit Committee on 31st July 2017 and the Annual Audit Letter including key messages on the 27th November 2017.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2017-18

ANNUAL GOVERNANCE STATEMENT 2017-18 (continued)

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

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

The constitution is under constant review, to ensure that it remains fit for purpose; May 2018 Council approved a number of updates, one being an amendment to the membership of the Audit Committee to include an Independent Person as a pilot for 2018-19. These regular updates ensure it remains up to date for the Accounts and Audit Regulations 2015 and reflects the drive for channel shift, increased impetus for income generation, commerciality and increasing range of alternative service delivery models to meet the ongoing challenges of Local Government Finance reform.

The Audit Committee is the Member forum that is responsible for reviewing and monitoring Corporate Governance in relation to Risk and Audit matters. The Audit Committee also regularly considers the recommendations from Internal Audit. Progress against the External Auditor's key messages included in the Annual Audit Letter as reported to the Audit Committee on 27th November 2017 was considered at its meeting on the 19th March 2018 as part of the Annual Governance Statement and Corporate Risk Register Reviews. The extended membership of the Audit Committee to include an Independent Person as a non-voting member for a trial during 2018-19 should provide an injection of an external view and bring a new perspective and flavour to the Committee.

The Council's Corporate Director: Resources as Chief Financial Officer has overall responsibility to ensure that the internal control environment is effective and adhered to. This is delivered through the Internal Audit service. Internal Audit undertake regular reviews of all of the Council's systems and produce reports containing recommendations for improvement wherever necessary, in line with the 2017-18 Annual Audit Plan.

The Council's Internal Audit team works with consideration to the UK Public Sector Internal Audit Standards. The service has also adopted an Internal Audit Charter in compliance with the UK Public Sector Internal Audit Standards that was updated at the November 2016 Audit Committee meeting. A number of other internal and external reports considered the challenges around governance, including the CIPFA delivering good governance in Local Government framework 2016 reports to ensure all appropriate controls and updates are in place across the Council discussed at the March 2017 meeting. The November 2017 Audit Committee received a report on the progression of the mandatory Internal Audit Service external assessment as required by the Standards. The appointment of Tilia Solutions was noted and the resultant review reported to the May 30th 2018 meeting. The review was positive overall, with no areas of non-compliance with the Standards found that would affect the operation of the Internal Audit function. A number of recommendations/action points are currently being progressed by the Audit Manager to revise the approach taken to audit planning to sharpen focus on corporate priorities and risk to increase compliance with the Standards. An update on counter fraud arrangements for 2017-18 was also received at the November 2017 meeting.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2017-18

ANNUAL GOVERNANCE STATEMENT 2017-18 (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 Audit Committee with their Update Reports being of particular interest. In addition to this, the Council is also subject to formal review by government inspectorates and was the subject of a LGA Peer Review in March 2017 that considered financial planning and viability in detail. Feedback from this independent process was positive and the constructive key recommendations to the Council informed the 2016-17 Annual Governance Statement with ongoing issues identified also included in the 2017-18 Action Plan. The follow-up Peer Review visit is planned for the second half of 2018.

The results of the review of the effectiveness of the governance framework by the Audit Committee have been identified, and a plan to address weaknesses and ensure continuous improvement of systems is shown in the table that follows:

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2017-18

ANNUAL GOVERNANCE STATEMENT 2017-18 (continued)

Significant Governance Issues for 2017-18

Wyre Forest District Council have completed a number of actions over the last year, that have addressed or alleviated significant governance issues identified in the 2016-17 Annual Governance Statement. The following significant governance issues have been identified and further actions have been put in place against each, in order to strengthen the Council's governance arrangements.

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
1	Continue to maintain financial resilience by securing approval of a Medium Term Financial Strategy with a fully balanced budget, taking into account the ongoing challenges of the impact of continuing austerity measures, noting the impact of the progression of "Brexit" and global economy volatility.	AGS 2016-17 as highlighted by the Corporate Leadership Team and endorsed by the LGA Peer Review	<p>a) To continue to actively participate in and understand/model the impact of the fundamental Finance Reform, encompassing New Homes Bonus and Business Rate Review, phasing out of Revenue Support Grant, transfer of New Burdens, progression of Welfare Reform.</p> <p>b) Further work around income generation, commercialisation and expenditure reductions. Further develop and evolve the Financial Strategy to include: -potential for large scale service redesign, alternative delivery and service providers, digitalisation and demand management - a review of the impact of the revised approach to underspends and reserves so that base budget and forecasting are as accurate as possible;</p> <p>c) Continue to develop thinking about the Council's future role and purpose post 2020. Detailed work to refresh the Corporate Plan to be undertaken during later part of 2018-19 with formal Council approval at July 2019 Council. This will ensure continued realignment to the Financial Strategy and future operating model so there is cohesive and compelling narrative about what the Council is striving to achieve and how it will deliver its priorities, including the ways by which it will remain financially viable, and the further organisational transformation required.</p>	<p>a)/b) Balanced Medium Term Financial Strategy (MTFS) for 2019-22 with developed proposals for significant savings/cost reductions to close the increased funding gap from 2018-19.</p> <p>b)Proposals for savings as part of MTFS 2019-22</p> <p>b)More accurate budget monitoring reports to reduce large unexpected variances at year end</p> <p>c)MTFS 2019-22</p>	Corporate Director: Resources, Chief Executive and whole Corporate Leadership team	<p>December 2018 to February 2019</p> <p>c) July 2019 Council for formal approval of refreshed Corporate Plan</p>

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2017-18

ANNUAL GOVERNANCE STATEMENT 2017-18 (continued)

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
2	Continue with the initiatives and innovation to achieve income generation and cost savings, including a refresh of the Wyre Forest Forward Programme and robust monitoring with the opportunity to challenge as appropriate, against savings plans, to meet the increased targets from 2018-19.	AGS 2016-17. Highlighted by the Corporate Leadership Team and endorsed by the LGA Peer Review	<p>Adopt Commercial Strategy for 2018-23. Use Commercial Activity Programme Board (CAPB) to consider business case proposals for new commercial activity and allocate resources from £250k Capital pot and also £100k Revenue pot approved as part of the 2017-18 Final Accounts process.</p> <p>Continue to refine and improve budget monitoring/ achievement of generic Wyre Forest Forward Programme savings/income growth, with focus on commercial activity with regular reporting to the Commercial Activity Programme Board.</p> <p>CLT to update 'Plan on a Page' to refresh the Wyre Forest Forward Programme.</p>	<p>Increased Commercial Activity</p> <p>Income targets included in MTFS are exceeded</p> <p>Refreshed Wyre Forest Forward Programme</p>	<p>Corporate Director of Community Well-Being and Environment supported by the Leadership team</p> <p>Corporate Director of Resources/ Financial Services Manager</p> <p>Leadership Team</p>	<p>May/June 2018 for Strategy then regular CAPB meetings Recruitment by June/July</p> <p>Quarterly Progress check</p> <p>End of 2018-19</p>
3	To progress the implementation of the new policies for the Development Loans Fund of £10m and Capital Portfolio Fund of £25m. To clarify the intended impact of these £35million investment policies the Financial Strategy and the Corporate Plan priority to deliver a successful local economy as part of this work;	AGS 2016-17 MTFS 2017-20, endorsed by Peer Review	<p>a) Implement revised Capital Portfolio Fund Strategy as approved by May 2018 Council by making proposals for suitable investment opportunities and secure approval and implementation/acquisitions.</p> <p>b) Finalise arrangements for external Fund Management of Development Loans Fund policy</p>	<p>a) Implementation of approved proposals/acquisition of portfolio assets that secure net income streams as revised</p> <p>b) Fund Managers appointed and Development Loans Fund Policy implemented, Loans approved.</p>	<p>CLT - Corporate Director of Economic Prosperity and Place, Corporate Director: Resources, Property Investment Manager</p>	<p>a) Some acquisitions secured by end March 2019</p> <p>b) By end June 2018</p>

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2017-18

ANNUAL GOVERNANCE STATEMENT 2017-18 (continued)

Re	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
4	Focus on emerging Information governance issues and non-benefit fraud utilising the Compliance Officer and Corporate Fraud Officer and separate Corporate Debt Recovery resources. Performance and impact of these resources to continue to be closely monitored and reported.	Annual Governance Statement 2016-17 and MTFS 2017-20	<p>a) Information Governance Group to continue to meet regularly to progress actions</p> <p>b) Compliance Officers within the Revenues & Benefits Section in post since March 2015. They are responsible for protecting and increasing the tax base through regular monitoring and reviewing council tax discounts and exemptions to ensure they are legitimately claimed. To review the decision last year to invest in more staff for council tax and business rates recovery jointly funded by Worcestershire County Council to maximise Council Tax Income.</p> <p>c) Review revised arrangements for delivery of Corporate Fraud Investigator/Corporate Debt Recovery</p>	<p>a) Implementation timetable achieved</p> <p>b) Income collected in terms of £s and % recovery rates</p> <p>c) Reports to Audit Committee will assess success of Corporate Fraud service</p>	<p>Chief Executive, Corporate Director: Resources Revenues, Benefits & Customer Services Manager</p> <p>c) Corporate Director: Resources/Audit Manager</p>	<p>a)Ongoing consideration via Information Governance Group</p> <p>b)Monthly reporting of collections rates/amounts and half-yearly review of impact of extra resource for collection</p> <p>c) July Audit Committee for Fraud Update report</p>

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2017-18

ANNUAL GOVERNANCE STATEMENT 2017-18 (continued)

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
5	Maintaining resilience in the governance process with particular regard to the increasingly complex array of partnership agreements and alternative funding solutions the Council may sign up to as part of its pursuit of innovative alternative service delivery solutions to unlock funding opportunities and generate revenue income streams. This includes Public Sector Partnership Wyre Forest LLP set up on the 22 nd March 2017 and the approved Group structure for a Local Authority Trading Company (LATC), localism, joint operations and potentially devolution and combined authorities	Annual Governance Statement 2016-17 and MTFS 2015-16	<p>a) Ensure new partnering arrangements have robust governance arrangements including full regard to legal, financial and HR implications. Once governance arrangements are in place continue to review and ensure they remain robust</p> <p>b) Ensure arrangements for traded services and arms-length organisations are fit for purpose</p> <p>c) Progress work with PSP Wyre Forest LLP by allocating sites/projects within the district for this new partnership arrangement to explore</p> <p>d) Further investigation of various structures for different arrangements, including utilisation and or expansion of the Group Structure of the approved LATC</p>	<p>a)/b)Robust due diligence for all proposals presented in business cases to be considered by Overview and Scrutiny Committee and Cabinet</p> <p>c)That work with PSP Wyre Forest LLP commences and delivers some tangible outcomes</p> <p>d) Reports prepared for proposals for alternative service delivery models</p>	CLT – Corporate Director of Economic Prosperity and Place author of Property LATC report, designated officers for PSP	<p>a)/b)Ongoing due diligence work presented to Overview and Scrutiny/Cabinet throughout 2018-19</p> <p>c)PSP utilised by end of 2018-19</p> <p>d) LATC Group Structure utilised as appropriate</p>

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2017-18

ANNUAL GOVERNANCE STATEMENT 2017-18 (continued)

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
6	Maintaining ICT resilience to ensure a secure network, ensuring the ICT infrastructure is protected adequately from attacks and threats; Progression of new ICT Strategy Capital Allocation of £1.757m; GDPR –compliance	Corporate Risk Register and ICT Strategy Board; MTFS 2018-2021 GDPR Legislation - effective date 25 th May 2018	Quarterly review of network security ICT Strategy Board approvals Review of compliance by Information Governance Board	PSN compliance, secure network; Timetable proceeds to timetable Review evidenced compliance	ICT Manager/ Corporate Director: Resources Data Controller	Ongoing reports to ICT Strategy Board, Information Governance Board, Cabinet Members and Group Leaders
7	Wider communication of priorities and purposes and also further development of the approach to consultation, engagement and involvement of communities and stakeholders	LGA Peer Review Annual Governance Statement 2016-17	Results of Focus Groups to discuss Council and values, priorities and purposes to be discussed with CLT and incorporated in the new Corporate Plan. To trial the use of the new consultation template and prepare a marketing plan of actions.	Survey results included in new Corporate Plan. Improved consultation responses LGA Peer Review visit in later part of 2018	Chief Executive/CLT Cultural Services Manager/Media Team to prepare proposals	By February 2019

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2016-17

ANNUAL GOVERNANCE STATEMENT 2017-18 (continued)

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

Ian R Miller
Chief Executive

Marcus J Hart
Leader of the Council

30th July 2018

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Wyre Forest District Council (the 'Authority') for the year ended 31 March 2018 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2018 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

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

Who we are reporting to

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Corporate Director: Resources' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Corporate Director: Resources has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Corporate Director: Resources is responsible for the other information. The other information comprises the information included in the Statement of Accounts set out on pages 3 to 115 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Authority obtained in the course of our work including that gained through work in relation to the Authority's arrangements for securing value for money through economy, efficiency and effectiveness in the use of its resources or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- we have reported a matter in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Local Audit and Accountability Act 2014.

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

Responsibilities of the Authority, the Corporate Director: Resources and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities set out on page 31, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Corporate Director: Resources. The Corporate Director: Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18, which give a true and fair view, and for such internal control as the Corporate Director: Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporate Director: Resources is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the Authority.

The Audit Committee is Those Charged with Governance.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Responsibilities of the Authority

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

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

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

whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

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 be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of the Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Richard Percival

Richard Percival

for and on behalf of Grant Thornton UK LLP, Appointed Auditor
Grant Thornton UK LLP
Colmore Building
20 Colmore Circus
Birmingham
B4 6AT

30 July 2018

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2017-18

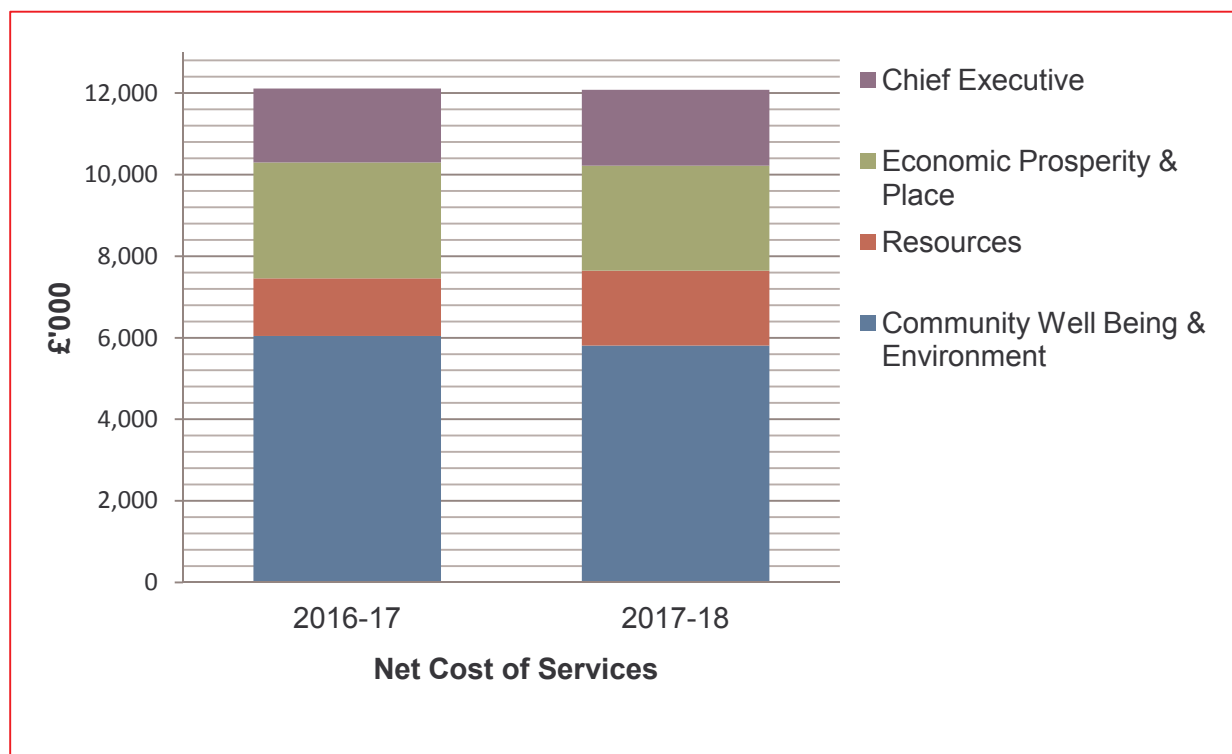
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2016-17 Expenditure	2016-17 Income	2016-17 Net		Notes	2017-18 Expenditure	2017-18 Income	2017-18 Net
£'000 (Re-stated)	£'000 (Re-stated)	£'000 (Re-stated)			£'000	£'000	£'000
Service Expenditure Analysis							
2,158	(341)	1,817	Chief Executive and Solicitor to the Council		2,184	(324)	1,860
10,114	(4,071)	6,043	Community Well-Being and Environment		9,895	(4,089)	5,806
7,254	(4,410)	2,844	Economic Prosperity and Place		7,546	(4,971)	2,575
34,907	(33,495)	1,412	Resources		33,887	(32,045)	1,842
54,433	(42,317)	12,116	Net Cost of Services		53,512	(41,429)	12,083
3,985	-	3,985	Other Operating Expenditure	9	976	(438)	538
4,664	(2,297)	2,367	Financing and Investment Income and Expenditure	10	3,888	(2,140)	1,748
-	(14,706)	(14,706)	Taxation and Non-specific Grant Income and Expenditure	11	-	(13,783)	(13,783)
63,082	(59,320)	3,762	Deficit on the Provision of Services		58,376	(57,790)	586
Other Comprehensive Income and Expenditure:							
		(216)	Surplus on Revaluation of Non Current Assets				(1,109)
		(1,392)	Re-measurement of the Net Defined Benefit Liability	23			(411)
		(1,608)	Total Other Comprehensive Income and Expenditure				(1,520)
		2,154	Total Comprehensive Income and Expenditure				(934)

With effect from 1st June 2017 the Council's Directorates were re-organised; now including a separate Resources Directorate. The 2016-17 comparative figures above have therefore been re-stated in line with the new structure and a reconciliation is provided in Note 5. Further analysis relating to the accounting adjustments contained in the above table can be found in Note 6.

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2017-18



MOVEMENT IN RESERVES STATEMENT

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

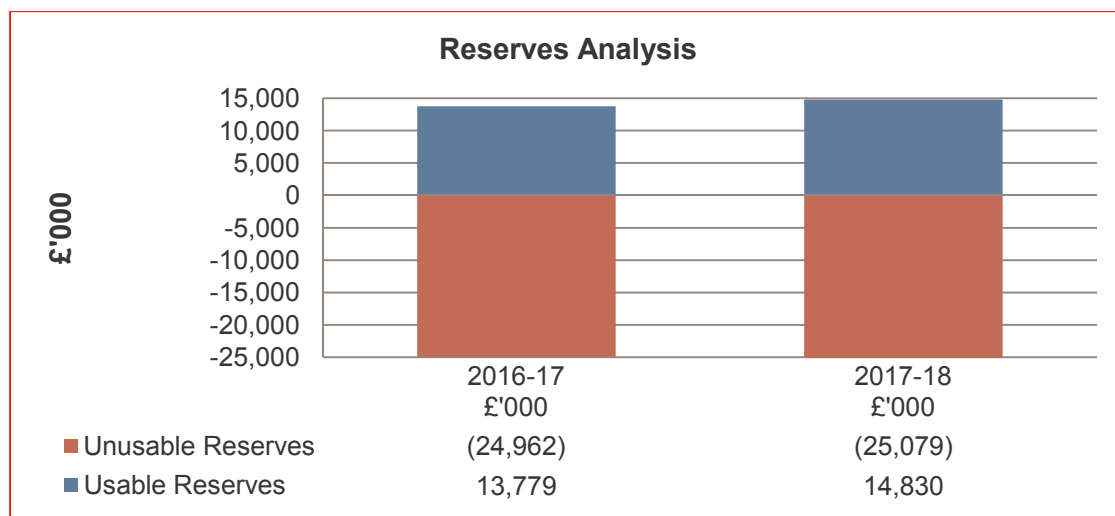
Notes	General Fund Balance 5, 8	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves 8	Total Unusable Reserves 8, 23	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1st April 2017 brought forward	10,628	2,572	579	13,779	(24,962)	(11,183)
Movement in Reserves during 2017-18:						
Total Comprehensive Income & Expenditure	(586)	-	-	(586)	1,520	934
Adjustments between accounting basis & funding basis under regulations	1,402	187	48	1,637	(1,637)	-
Net increase/ (decrease) in year	816	187	48	1,051	(117)	934
Balance at 31st March 2018 carried forward	11,444	2,759	627	14,830	(25,079)	(10,249)

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2017-18

MOVEMENT IN RESERVES STATEMENT (continued)

2016-17 Comparative Information

Notes	General Fund Balance 5, 8	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves 8	Total Unusable Reserves 8, 23	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1st April 2016 brought forward	10,920	2,359	371	13,650	(22,679)	(9,029)
Movement in Reserves during 2016-17:						
Total Comprehensive Income & Expenditure	(3,762)	-	-	(3,762)	1,608	(2,154)
Adjustments between accounting basis & funding basis under regulations	3,470	213	208	3,891	(3,891)	-
Net increase/ (decrease) in year	(292)	213	208	129	(2,283)	(2,154)
Balance at 31st March 2017 carried forward	10,628	2,572	579	13,779	(24,962)	(11,183)



WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2017-18

Reconciliation of General Fund Balance

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

2017-18

Notes	General Reserves (including £1m Working Balance)	Earmarked Reserves 12	Total General Fund Balance 5
	£'000	£'000	£'000
Balance at 1st April 2017 brought forward	4,914	5,714	10,628
Net increase/ (decrease) in year	237	579	816
Balance at 31st March 2018 carried forward	5,151	6,293	11,444

2016-17

Notes	General Reserves (including £1m Working Balance)	Earmarked Reserves 12	Total General Fund Balance 5
	£'000	£'000	£'000
Balance at 1st April 2016 brought forward	3,739	7,181	10,920
Net increase/ (decrease) in year	1,175	(1,467)	(292)
Balance at 31st March 2017 carried forward	4,914	5,714	10,628

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2017-18

BALANCE SHEET

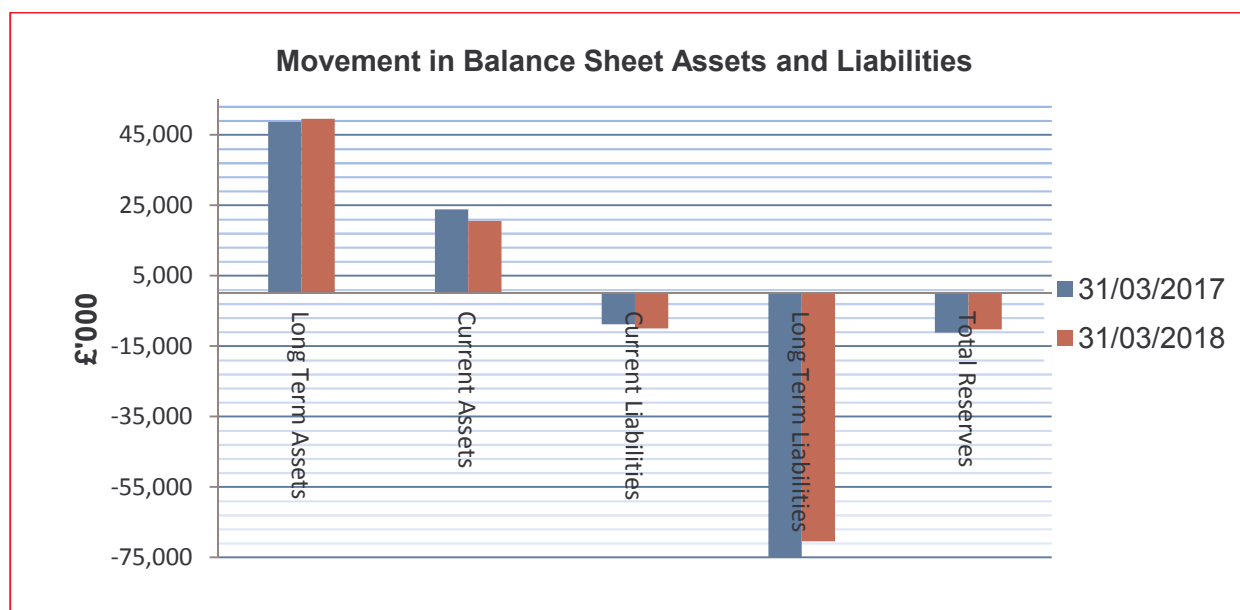
The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are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

31st March 2017		Notes	31st March 2018
£'000			£'000
	Property, Plant and Equipment:		
42,926	Land and Buildings	13	42,622
1,998	Vehicles, Plant and Equipment	13	2,116
1,939	Community Assets	13	1,923
326	Surplus Assets not held for Sale	13	326
-	Assets under Construction	13	999
1,119	Heritage Assets	14	1,247
275	Intangible Assets	15	283
85	Long-term Investments	16	35
4	Long-term Debtors	16	-
48,672	Long-term Assets		49,551
9,008	Short-term Investments	16	7,018
8,735	Cash and Cash Equivalents	16, 18	6,482
96	Inventories		83
4,543	Short-term Debtors	17	5,455
1,500	Assets held for Sale (less than one year)	19	1,500
23,882	Current Assets		20,538
(230)	Short-term Borrowing	16	(2,278)
(7,266)	Short-term Creditors	20	(6,018)
(1,304)	Short-term Provisions	21	(1,649)
(8,800)	Current Liabilities		(9,945)
(17,113)	Long-term Borrowing	16	(16,102)
(57,774)	Other Long-term Liabilities	34	(54,241)
(50)	Capital Grants Receipts in Advance		(50)
(74,937)	Long-term Liabilities		(70,393)
(11,183)	Net Assets		(10,249)
13,779	Usable Reserves	8,12	14,830
(24,962)	Unusable Reserves	23	(25,079)
(11,183)	Total Reserves		(10,249)

These financial statements replace the unaudited financial statements certified by
Tracey W Southall, Corporate Director: Resources, on 30th May 2018

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2017-18

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.

2016-17 £'000	Notes	2017-18 £'000
(3,762)	Net deficit on the provision of services	(586)
4,025	Adjust net (surplus)/deficit for non-cash movements:	(1,767)
(984)	Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities:	(682)
(721)	Net cash flows from operating activities	(3,035)
(205)	Net cash flows from investing activities	690
1,455	Net cash flows from financing activities	92
529	Net increase/(decrease) in cash or cash equivalents	(2,253)
8,206	Cash and cash equivalents at the beginning of the reporting period	8,735
8,735	Cash and cash equivalents at the end of the reporting period	6,482

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

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WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 1: ACCOUNTING POLICIES

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2017-18 financial year and its position at 31st March 2018. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015; those Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18 (the Code) supported by International Financial Reporting Standards (IFRS).

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

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

1.2 Accruals of Income and Expenditure

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

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

1.3 Cash and Cash Equivalents

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

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

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.

1.5 Charges to Revenue for Non-Current Assets

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

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

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

1.6 Employee Benefits

Benefits Payable During Employment

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 1: ACCOUNTING POLICIES (continued)

Termination Benefits

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

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

Post Employment Benefits

The Council participates in one defined benefit scheme for its employees (retirement lump sums and pensions), earned as employees work for the Council, administered by Worcestershire County Council. Pension costs are assessed in accordance with the advice of an independent qualified Actuary (Mercer Limited). An actuarial valuation was undertaken in 2016-17, effective from 1st April 2017.

The Local Government Pension Scheme

The liabilities of the Worcestershire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about life expectancy, employee turnover rates, etc, and projected earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate of 2.6% (2.7% for Worcestershire Regulatory Services) based on the indicative rate of return on high quality corporate bond.

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

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

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

• Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of the Resources Directorate.

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 1: ACCOUNTING POLICIES (continued)

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

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

- **Contributions paid to the Worcestershire County Council pension fund:**
 - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

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

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

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 1: ACCOUNTING POLICIES (continued)

1.7 Events After the Reporting Period

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

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts, detailed in Note 38.

1.8 Financial Instruments

Financial Liabilities

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

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

Financial Assets

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

Financial assets are classified into two types:

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

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest).

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

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.

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 1: ACCOUNTING POLICIES (continued)

1.9 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

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

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

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

1.10 Heritage Assets

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

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

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

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

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

1.11 Intangible Assets

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

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

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.

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 1: ACCOUNTING POLICIES (continued)

1.12 Interests in Companies and Other Entities

Where the Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures, it is required to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities will be recorded as investments, i.e. at cost, less any provision for losses. The Council has material interests in companies, but no business was transacted in 2017-18.

1.13 Inventories and Long Term Contracts

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

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

1.14 Joint Operations

The Council is a partner in the Worcestershire Regulatory Services (WRS) shared service Joint Committee together with Bromsgrove District Council (the host), Redditch Borough Council, Malvern Hills District Council, Worcester City Council and Wychavon District Council. This partnership is a joint operation where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Under this arrangement, each participant in the arrangement accounts separately for its own transactions arising within the agreement, including the assets, liabilities, income, expenditure and cash flows. There is a service level agreement between the partnership and the County Council for the provision of services to support trading standards and animal health services. In addition, WRS undertake other work for third parties to generate external income and benefit the joint operation.

This Council hosts the shared service agreements with Redditch Borough Council and Bromsgrove District Council for North Worcestershire Economic Development and Regeneration, North Worcestershire Water Management and North Worcestershire Emergency Planning and Business Continuity. The Council is also a partner in the shared provision of services at the Worcestershire Hub with The Community Housing Group.

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

1.15 Leasing

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

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

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 1: ACCOUNTING POLICIES (continued)

The Authority as Lessee

Operating Leases

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

The Authority as Lessor

Operating Leases

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

The Council has not identified any material operating leases.

1.16 Overheads and Support Services

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

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 2017-18

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

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

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

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

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

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

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 1: ACCOUNTING POLICIES (continued)

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost 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.

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 1: ACCOUNTING POLICIES (continued)

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

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

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

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

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

Surplus Assets

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

1.18 Fair Value Measurement

The Council measures some of its non-financial surplus assets and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 1: ACCOUNTING POLICIES (continued)

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

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

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

Level 3 – unobservable inputs for the asset or liability.

1.19 Provisions

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

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

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

1.20 Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in Note 35 to the accounts.

1.21 Contingent Assets

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

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 1: ACCOUNTING POLICIES (continued)

1.22 Reserves

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

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

1.23 Revenue Expenditure funded from Capital under Statute

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

1.24 Value Added Tax (VAT)

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

1.25 Interest and Investment Income

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

1.26 Borrowing

In accordance with the Capital and Treasury Management Service Strategies the Council has made use of the prudential borrowing regime. Several schemes contained within the capital programme are being financed through prudential borrowing, the result being that the Capital Financing Requirement (CFR) will increase. The Council entered into further external borrowing against the CFR in 2017-18. A statutory minimum revenue provision (MRP) is being made, based on the writing down period of the assets. The CFR is kept under review with the possibility of further external borrowing available if required.

Minimum Revenue Provision

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 1: ACCOUNTING POLICIES (continued)

Department for Communities and Local Government (DCLG) (now Ministry of Housing, Communities and Local Government (MHCLG)) Regulations require full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils so long as there is a prudent provision. The Council approved MRP Policy Statement for 2017-18 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).

The Council approved an updated MRP Policy Statement for 2018-19.

1.27 Council Tax and Non-Domestic Rates (NDR)

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

Accounting for Council Tax and NDR

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

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

1.28 Other Accounting Principles

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

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

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by new standards, or amendments to existing standards that have been issued but not yet adopted by the Code.

- IFRS 9 Financial Instruments, which introduces extensive changes to the classification and measurement of financial assets, and a new “expected credit loss” model for impairing financial assets. The impact will be to reclassify assets currently classified as loans and receivables, and available for sale to amortised cost and fair value through other comprehensive income respectively based on the contractual cashflows and business model for holding the assets.
- IFRS 15 Revenue from Contracts with Customers presents new requirements for the recognition of revenue, based on a control-based revenue recognition model.
- IAS 7 Statement of Cash Flows (Disclosure Initiative) will potentially require some additional analysis of Cash Flows from Financing Activities in future years.
- IAS 12 Income Taxes (Recognition of Deferred tax Assets for Unrealised Losses) applies to deferred tax assets related to debt instruments measured at fair value.

It is not anticipated that the above amendments will have a material impact on the information provided in the financial Statements for 2018-19. However, the prior year comparative information will be re-stated where applicable to reflect any changes in formats and reporting requirements.

Note 3: CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

- At 31st March 2018, the Asset Under Construction was the car park at Load Street, Bewdley, carried at the capital cost of conversion at that date. The car park became operational in April 2018. As the car park valuations are based upon income data, the Council proposes to commission a valuation of this car park and reclassify it as an operational asset in 2018-19, to be reflected in the Balance Sheet as at 31st March 2019.

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

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

The items in the Council’s Balance Sheet at 31st March 2018 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 2017-18

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 Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation will increase and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £41,712 for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Actuary, Mercer Limited, is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £2.15m.
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 2017-18 provisions upon 4.7% of rateable value on appeal, the estimate used by the Secretary of State in the Finance Report 2017. The Council compared this to the average appeals provision for the 2005 and 2010 lists. The result was not materially different to these, concluding that it is fair & reasonable to use 4.7% as a basis for our calculation. There is inherent uncertainty in estimating the value of future appeals, hence a contingent liability disclosure has been made (Note 35).	If the total provision for appeals was increased by 1% the resulting increase would be £968,018 shared across the Worcestershire Pool (this Council's share being £387,207).

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Fair Value Measurements	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value.</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in Note 16.</p>	<p>The Council uses the discounted cash flow model incorporating premature repayment rates and new borrowing rates from the PWLB to measure the fair value of some of its financial assets.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions (for some financial assets) and professional valuer assumptions (for some non-current assets).</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the financial assets.</p>

Note 5: EXPENDITURE AND FUNDING ANALYSIS

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

2017-18	Net Expenditure Chargeable to the General Fund Balance	Adjustments (see Note 6)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000
Chief Executive and Solicitor to the Council	1,750	110	1,860
Resources	3,436	(1,594)	1,842
Community Well-Being and Environment	3,784	2,022	5,806
Economic Prosperity and Place	1,940	635	2,575
Net Cost of Services	10,910	1,173	12,083
Other Income and Expenditure	(11,726)	229	(11,497)
(Surplus)/Deficit	(816)	1,402	586

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 5: EXPENDITURE AND FUNDING ANALYSIS (continued)

Comparative information for 2016-17.

The figures have been re-stated to reflect the change in the Council's structure from three Directorates to four with effect from 1st June 2017. A reconciliation between the old structure and the new is provided in the Prior Period Adjustment note below.

2016-17	Net Expenditure Chargeable to the General Fund Balance	Adjustments (see Note 6)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000
Chief Executive and Solicitor to the Council	1,748	69	1,817
Resources	3,341	(1,929)	1,412
Community Well-Being and Environment	4,010	2,033	6,043
Economic Prosperity and Place	2,303	541	2,844
Net Cost of Services	11,402	714	12,116
Other Income and Expenditure	(11,110)	2,756	(8,354)
(Surplus)/Deficit	292	3,470	3,762

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

Movement in General Fund Balance	2016-17 £'000	2017-18 £'000
Opening General Fund Balance as at 1 st April	(10,920)	(10,628)
(Surplus)/Deficit on General Fund Balance in Year	292	(816)
Closing General Fund Balance as at 31st March	(10,628)	(11,444)

Prior Period Adjustment - Restatement of 2016-17 in accordance with a new Directorate reporting structure

With effect from 1st June 2017 the Council's Directorates were re-organised; now including a separate Resources Directorate. The 2016-17 comparative figures have been restated to reflect this change.

The following three tables – one each for Expenditure, Income and Net Expenditure – report the restatement of the 2016-17 accounts in accordance with the 2017-18 reporting structure. For each of the tables:

1. The rows represent the 2016-17 structure
2. The columns represent the 2017-18 structure

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 5: EXPENDITURE AND FUNDING ANALYSIS (continued)

TOTAL EXPENDITURE					
	2017-18 Structure				
	Chief Executive and Solicitor to the Council	Resources	Community, Well-Being and Environment	Economic Prosperity and Place	Total Expenditure
2016-17 Structure	£'000	£'000	£'000	£'000	£'000
Chief Executive	2,158	34,907	80	277	37,422
Community, Well-Being and Environment	-	-	10,034	-	10,034
Economic Prosperity and Place	-	-	-	6,977	6,977
Total Expenditure	2,158	34,907	10,114	7,254	54,433

TOTAL INCOME					
	2017-18 Structure				
	Chief Executive and Solicitor to the Council	Resources	Community, Well-Being and Environment	Economic Prosperity and Place	Total Income
2016-17 Structure	£'000	£'000	£'000	£'000	£'000
Chief Executive	(341)	(33,495)	(26)	(161)	(34,023)
Community, Well-Being and Environment	-	-	(4,045)	-	(4,045)
Economic Prosperity and Place	-	-	-	(4,249)	(4,249)
Total Income	(341)	(33,495)	(4,071)	(4,410)	(42,317)

NET EXPENDITURE					
	2017-18 Structure				
	Chief Executive and Solicitor to the Council	Resources	Community, Well-Being and Environment	Economic Prosperity and Place	Net Expenditure
2016-17 Structure	£'000	£'000	£'000	£'000	£'000
Chief Executive	1,817	1,412	54	116	3,399
Community, Well-Being and Environment	-	-	5,989	-	5,989
Economic Prosperity and Place	-	-	-	2,728	2,728
Total Net Expenditure	1,817	1,412	6,043	2,844	12,116

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 6: NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

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

Adjustments between Funding and Accounting Basis 2017-18

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net change for Pensions Adjustments	Other Statutory Differences	Total Statutory Adjustments	Other (non statutory) Adjustments	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive and Solicitor to the Council	-	110	-	110	-	110
Resources	198	(1,792)	-	(1,594)	-	(1,594)
Community Well-Being and Environment	1,536	485	-	2,021	1	2,022
Economic Prosperity and Place	322	314	-	636	(1)	635
Net Cost of Services	2,056	(883)	-	1,173	-	1,173
Other income and expenditure from the Expenditure and Funding Analysis	(1,030)	1,291	551	812	(583)	229
Difference between General Fund Surplus/Deficit and Comprehensive Income and Expenditure Statement Surplus/Deficit	1,026	408	551	1,985	(583)	1,402

Comparative information for 2016-17

Adjustments between Funding and Accounting Basis 2016-17

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net change for Pensions Adjustments	Other Statutory Differences	Total Statutory Adjustments	Other (non statutory) Adjustments	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive and Solicitor to the Council	-	67	-	67	2	69
Resources	251	(2,182)	-	(1,931)	2	(1,929)
Community Well-Being and Environment	1,829	228	-	2,057	(24)	2,033
Economic Prosperity and Place	315	222	-	537	4	541
Net Cost of Services	2,395	(1,665)	-	730	(16)	714
Other income and expenditure from the Expenditure and Funding Analysis	2,587	2,010	(1,642)	2,955	(199)	2,756
Difference between General Fund Surplus/Deficit and Comprehensive Income and Expenditure Statement Surplus/Deficit	4,982	345	(1,642)	3,685	(215)	3,470

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 6: NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS (continued)

Adjustment for Capital Purposes

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

Net Change for the Pensions Adjustments

- 1) Net change for the removal of pensions contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:
- **For services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs
 - **For Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.

Other Statutory Adjustments

- 2) Other statutory adjustments between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute:
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

Other Non-statutory Adjustments

- 3) Other non-statutory adjustments represent amounts debited/credited to service segments that need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the CIES:
- For **financing and investment income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments eg for interest income and expenditure.
 - For **taxation and non-specific grant income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments eg for non-ringfenced government grants.

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 7: EXPENDITURE AND INCOME ANALYSED BY NATURE

	2016-17	2017-18
	£'000	£'000
Expenditure		
Employee Benefits Expenses	10,274	11,495
Other Services Expenses	41,413	39,787
Support Service Recharges	20	22
Depreciation and Revaluation Adjustments	2,726	2,208
Interest Payments	525	562
Pensions	4,139	3,326
Precepts	916	976
Net Loss on Disposal of Fixed Assets	3,069	-
Total Expenditure	63,082	58,376
Income		
Fees, Charges and Other Service Income	(9,050)	(9,635)
Interest and Investment Income	(116)	(91)
Icelandic Investments Interest Adjustment	(52)	(14)
Council Tax and NNDR	(10,687)	(11,320)
Pensions	(2,129)	(2,035)
Government Grants and Contributions	(36,846)	(34,257)
Net Gain on Disposal of Fixed Assets	-	(438)
Transfer of Assets	(440)	-
Total Income	(59,320)	(57,790)
Deficit on the Provision of Services	3,762	586

Note 8: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

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

General Fund Balance

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

Capital Receipts Reserve

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 8: 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.

2017-18	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	2,208			(2,208)
Capital grants and contributions applied	(1,407)		48	1,359
Revenue expenditure funded from capital under statute	1,255			(1,255)
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	(259)			259
Direct Revenue Financing	(592)			592
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(582)			582
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	(182)	586		(404)
Use of the Capital Receipts Reserve to finance new capital expenditure		(396)		396
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	3	(3)		-
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	3,720			(3,720)
Employer's pensions contributions and direct payments to pensioners payable in the year	(3,312)			3,312
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	550			(550)
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	-			-
Total Adjustments	1,402	187	48	(1,637)

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 8: ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS (continued)

2016-17 Comparative Figures	Usable Reserves			Movement in Unusable Reserves £'000
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	2,726			(2,726)
Capital grants and contributions applied	(1,746)		208	1,538
Revenue expenditure funded from capital under statute	1,415			(1,415)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,890			(2,890)
Direct Revenue Financing	(42)			42
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(199)			199
Adjustments involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(270)	865		(595)
Use of the Capital Receipts Reserve to finance new capital expenditure		(643)		643
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	9	(9)		-
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	3,598			(3,598)
Employer's pensions contributions and direct payments to pensioners payable in the year	(3,253)			3,253
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(1,642)			1,642
Adjustment involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(16)			16
Total Adjustments	3,470	213	208	(3,891)

Note 9: OTHER OPERATING EXPENDITURE

	2016-17 £'000	2017-18 £'000
Parish/Town Council Precepts	916	976
(Gains)/Losses on the disposal of non-current assets	3,069	(438)
Total	3,985	538

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 10: FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2016-17 £'000	2017-18 £'000
Interest payable and similar charges	525	562
Net interest on the net defined benefit liability/(asset)	2,010	1,291
Interest receivable and similar income	(116)	(91)
Icelandic investments interest adjustment	(4)	(3)
Icelandic investments impairment adjustments	(48)	(11)
Total	2,367	1,748

Note 11: TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

	2016-17 £'000	2017-18 £'000
Council Tax income	(7,645)	(7,795)
Business Rates income and expenditure	(3,042)	(3,525)
Revenue Support Grant	(1,222)	(553)
New Homes Bonus	(2,357)	(1,910)
Transferred Asset	(440)	-
Total	(14,706)	(13,783)

Note 12: MOVEMENTS IN EARMARKED RESERVES

This note details the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from the earmarked reserves to meet General Fund expenditure in 2017-18.

Earmarked Reserve	Balance at 1st April 2016 £'000	Transfers Out 2016-17 £'000	Transfers In 2016-17 £'000	Balance at 31st March 2017 £'000	Transfers Out 2017-18 £'000	Transfers In 2017-18 £'000	Balance at 31st March 2018 £'000
Business Rates Equalisation / Regeneration Risk Reserve	530	(114)	300	716	(400)	900	1,216
Innovation Fund	628	(141)	293	780	(210)	518	1,088
General Risks	500	(400)	-	100	(91)	703	712
Capital Financing	207	(27)	120	300	-	93	393
Leisure	501	-	-	501	(196)	-	305
State of the Area Projects	190	(16)	59	233	(126)	33	140
Business Rates - Collection Fund	1,332	(1,332)	-	-	-	101	101
North Worcestershire EDR Shared Service	176	(50)	-	126	(58)	15	83
Property	451	-	25	476	(476)	-	-
Municipal Mutual Insurance Ltd	100	(180)	270	190	(190)	-	-
External Funding	917	(273)	403	1,047	(392)	469	1,124
Other Miscellaneous Reserves (below £150,000)	1,649	(871)	467	1,245	(679)	565	1,131
Total	7,181	(3,404)	1,937	5,714	(2,818)	3,397	6,293

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 12: MOVEMENTS IN EARMARKED RESERVES (continued)

Reserve	Purpose
Business Rates - Collection Fund	This is in relation to a technical accounting adjustment relating to the timing difference between the NNDR1 estimated income that was reflected in the CI&E and the actual position following completion of the NNDR3 in 2017-18. A modest reserve has been created this year to reflect the impact of the timing difference.
Innovation Fund	To ensure delivery of Wyre Forest Forward programme. Costs of delivery of transformation are approved by CLT in all specific cases. Given the increased funding gap from 2018-19 and Funding Reform from 2020-21, this reserve has been increased to support savings, improvement and efficiency initiatives that will inevitably take time and funding to develop and come to fruition.
General Risks	A review of the methodology for Earmarked Reserves has been undertaken as part of the 2018-21 MTFS whereby a number of more generic smaller value reserves were transferred to the General Risk Reserve. This review has resulted in a release of circa £233k to General Reserves for use to help balance the MTFS and facilitated the increase in the General Risks Reserve to support a more strategic approach to corporate risk management. This is in line with Peer Review recommendations and also recommendations included by Link Asset Services (formerly Capita) as part of an overall review of reserves. This recognises the increased financial risk the Council faces given the significant reductions in future funding and resultant increasing funding gap that whilst we are doing early work to address, remains challenging. Areas this new reserve will cover include additional Legal Resource to support new Capital Portfolio Fund / Development Loans Fund.
Capital Financing	Costs of servicing debt "slipped" forward in capital programme – to be applied in future budgets.
Business Rates Equalisation / Regeneration Risk Reserve	To mitigate future Business Rates/economic regeneration risk. This reserve has been replenished and increased this year to mitigate against the impact of unforeseen increases in appeals, rating list reductions, Business Rates reform and potential decline in growth. The increase also recognises the inevitable increased risk of failure to realise overall growth as a result of the proposed reform to achieve the potential 75% Business Rates Retention and to smooth out the effects of Business Rates surpluses and deficits arising from the prescribed retrospective method of accounting. This reserve may also be used to deliver key regeneration schemes to increase the business rates base and deliver strategic regeneration/economic development priorities. The overall level of the reserve is proportionate to potential risks and is in line with risk reserves held by neighbouring Worcestershire districts.
Leisure	The Leisure Centre major capital scheme has now been fully signed off and all retentions released. This reserve has been reduced to reflect this but the remaining sum is still required as the business case included funding from the sale of a related surplus land parcel that has not yet been realised.
State of the Area Projects	To continue delivery of activities agreed within the Council's State of the Area regeneration / economic development programme. This is agreed at Cabinet Review Panel.
North Worcestershire EDR Shared Service	To fund a number of Economic Development and Regeneration activities across North Worcestershire.
External Funding	Includes the following: Primary Care Trust – Local Health projects, Community Housing Fund, Welfare Assistance Scheme, New Burdens Funding, Local Welfare Scheme, Flexible Homeless Support Grant, Controlling Migration Fund, Community Safety Initiatives, Homeless Prevention and other minor reserves.
Other Miscellaneous Reserves (below £150,000)	Includes the following: District Local Development Framework, Bromsgrove Town Centre, Asset Management / Property, Capital Portfolio and Development Loans Fund Financing, Eastern Gateway Redevelopment, Bromsgrove Economic Impact Studies, Regeneration Proposal Preparation Reserve, Redditch Regeneration Projects, Rewyre Projects and other minor reserves.

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 13: PROPERTY PLANT AND EQUIPMENT (PPE)

Movements on Balances

Movements in 2017-18:

	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 2017	44,328	6,265	1,966	326	-	52,885
Additions	792	744	7	-	538	2,081
Net Revaluation Increases/(Decreases)	62	-	(32)	-	-	30
Derecognition (Disposals)	(124)	(257)	-	-	-	(381)
Reclassifications	(461)	-	-	-	461	-
At 31st March 2018	44,597	6,752	1,941	326	999	54,615
Accumulated Depreciation and Revaluation Reductions at April 1st 2017	(1,402)	(4,267)	(27)	-	-	(5,696)
Depreciation Charge	(982)	(604)	(5)	-	-	(1,591)
Depreciation Written Out	409	235	14	-	-	658
Revaluation Reductions	(514)	-	(27)	-	-	(541)
Revaluation Reductions Written Off/Reversed	514	-	27	-	-	541
At 31st March 2018	(1,975)	(4,636)	(18)	-	-	(6,629)
Net Book Value at 31st March 2018	42,622	2,116	1,923	326	999	47,986

The Asset Under Construction at 31st March 2018 was the car park at Load Street, Bewdley. This was completed and opened in April 2018 and will be re-classified as operational land and buildings in 2018-19.

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 13: PROPERTY PLANT AND EQUIPMENT (continued)

Comparative Movements in 2016-17:

	Land and Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at April 1st 2016	35,476	5,998	2,088	911	9,762	54,235
Additions	4,277	354	3	-	-	4,634
Net Revaluation Increases/(Decreases)	(1,541)	-	(1)	-	-	(1,542)
Derecognition (Disposals)	(2,845)	(87)	(124)	(85)	-	(3,141)
Reclassifications	8,961	-	-	(500)	(9,762)	(1,301)
At 31st March 2017	44,328	6,265	1,966	326	-	52,885
Accumulated Depreciation and Revaluation Reductions at April 1st 2016	(1,459)	(3,743)	(20)	-	-	(5,222)
Depreciation Charge	(1,004)	(606)	(7)	-	-	(1,617)
Depreciation Written Out	1,061	82	-	-	-	1,143
Revaluation Reductions	(1,089)	-	(1)	-	-	(1,090)
Revaluation Reductions Written Off/Reversed	1,089	-	1	-	-	1,090
At 31st March 2017	(1,402)	(4,267)	(27)	-	-	(5,696)
Net Book Value at 31st March 2017	42,926	1,998	1,939	326	-	47,189

Depreciation Methods:

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

Asset Category	Life
Sports Grounds/Fields and Parks	1-84
Offices, Leisure & Recreation and Museum	1-50
Depot & Workshops	18
Public Conveniences	5-17
Miscellaneous Community Assets	1-11
Vehicles, Plant & Machinery, Equipment & Lighting	1-11
ICT Systems	1-5

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 13: PROPERTY PLANT AND EQUIPMENT (continued)

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

Asset Description	2016-17 (Re-stated)	2017-18
Land, Properties and Vehicles:		
Asset Under Construction (Load Street Car Park)	-	1
Car Parks	24*	24
Civic & Administrative Buildings	2	2
Leisure Centres (leasehold interest in Bewdley Leisure Centre)	2	2
Museums	1	1
Nature Reserves	4	4
Other Land & Buildings	32	31
Public Conveniences	10	9
Sports & Social Clubs	4	4
Sports Fields & Parks	18	18
Trading Estates & Enterprise Centres	5	5
Vehicles	74	77

* Three small car parks included with the disposal of the Stourport Leisure Centre were deducted as one in the 2016-17 disclosure note; re-stated above.

The major items of capital expenditure in 2017-18 were:

Scheme	£'000
Disabled Facilities/Housing Grants	996
Vehicle Replacement Programme	588
Load Street Car Park, Bewdley	538
Wyre Forest Leisure Centre	290
Conversion of 2-3 New Street, Stourport-on-Severn	282
ICT Strategy	257
Green Street Depot, Kidderminster	190
Regeneration and Economic Development	182
Other Capital Schemes	129
Total Capital Expenditure	3,452

The Council's Capital Programme was financed as follows:

Type of Financing	£'000
Prudential Borrowing	1,104
Grants	1,360
Revenue Financing	592
Application of Capital Receipts	396
Total Financing	3,452

Contractual Commitments

At 31st March 2018 the following major capital contracts had been entered into, with the following sums remaining to be paid.

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 13: PROPERTY PLANT AND EQUIPMENT (continued)

Description	£'000
Load Street Car Park	141
Wyre Forest House – Construction Contract (including Retentions)	211
Disabled Facilities Grants/Housing Assistance Grants	451
Regeneration and Economic Development (Public Realm Improvements Contract - Retentions)	49

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

Worcestershire County Council provides a capital contribution towards the Public Realm Improvements Contract.

Revaluations

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

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

Valuations of non-current assets carried at current value:

Description	Land and Buildings £'000	Community Assets £'000	Surplus Assets £'000	Assets Held for Sale £'000	Total £'000
Valued at historical cost	17	19	-	-	36
Valued at current value in:					
2017-18	18,149	189	-	1,500	19,838
2016-17	5,213	215	325	-	5,753
2015-16	14,275	1,416	-	-	15,691
2014-15	4,968	84	1	-	5,053
Total	42,622	1,923	326	1,500	46,371

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 14: HERITAGE ASSETS

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

	Art Collection	Richard Eve Memorial and Museum Exhibits	Total Heritage Assets
	£'000	£'000	£'000
Cost or Valuation at April 1st 2017	606	513	1,119
Net Revaluation Increases/(Decreases)	38	90	128
Net Book Value at 31st March 2018	644	603	1,247

Comparative information for 2016-17:

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

There have been no significant acquisitions of heritage assets in the two year period ending 31st March 2018. However, following the creation of the Kidderminster Town Council on 1st December 2015, a number of Heritage Assets, including the William Hill Organ, have been transferred to the Town Council with effect from 1st April 2016, reflected in the appropriate table above.

Revaluations

Heritage Assets are carried at their insurance values. Following an initial specialist valuation in 2013-14, a review of the Richard Eve Memorial was carried out by Austin Newport Group Limited (Chartered Quantity Surveyors) as at 31st March 2017. An inflationary uplift in the value as at 31st March 2018 is included in the appropriate table above.

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 15: INTANGIBLE ASSETS

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

	2016-17 £'000	2017-18 £'000
Balance at Start of Year:		
Gross Carrying Amounts	2,275	2,407
Accumulated Amortisation	(2,025)	(2,132)
Net Carrying Amount at Start of Year	250	275
Purchases	132	115
Amortisation for Period	(107)	(107)
Net Carrying Amount at End of Year	275	283
Comprising:		
Gross Carrying Amount	2,407	2,522
Accumulated Amortisation	(2,132)	(2,239)
Net Carrying Amount at End of Year	275	283

Note 16: FINANCIAL INSTRUMENTS (INCLUDING NATURE AND EXTENT OF RISKS)

Categories of Financial Instruments

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

	Long-term		Current	
	31st March 2017 £'000	31st March 2018 £'000	31st March 2017 £'000	31st March 2018 £'000
Investments				
Loans and receivables – Investments (Principal)	85	35	7,000	5,000
Loans and receivables – Investments (Accrued Interest)	-	-	4	10
Cash and cash equivalents				
Cash and cash equivalents at amortised cost	-	-	8,735	6,482
Available for sale financial assets (Principal)	-	-	2,000	2,000
Available for sale financial assets (Accrued Interest)	-	-	4	8
Total Investments	85	35	17,743	13,500
Debtors				
Loans and receivables	4	-	2,186	2,219
Borrowings				
Financial liabilities at fair value through profit and loss	(17,113)	(16,102)	(230)	(2,278)
Creditors				
Financial liabilities at amortised cost	-	-	(2,801)	(2,228)

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 16: FINANCIAL INSTRUMENTS (continued)

Income, Expense, Gains and Losses

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

Financial assets: Loans and receivables	31st March	
	2017 £'000	2018 £'000
Interest expense	(525)	(562)
Interest income (including Icelandic investment interest)	120	94
Total	(405)	(468)

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

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

Investments as at 31st March 2018 for fair value purposes:

	31st March 2017		31st March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	(Re-stated) £'000	£'000	£'000
Cash and Cash Equivalents	8,735	8,808	6,482	6,482
Add back: (Cash at Bank)/Overdraft	73	73	8	8
Short-term Investments (excluding Certificate of Deposit)	7,004	7,005	5,010	5,010
Long-term Investments	85	85	35	35
Total Temporary Investments	15,897	15,971	11,535	11,535

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

As at 31st March 2018 the Council held £11.535m financial assets for which Level 2 valuations will apply. All the financial assets are classed as Loans and Receivables and are held with Money Market Funds and Notice Accounts.

Financial assets available for sale

The Council held two level 1 certificates of deposit totalling £2m at 31st March 2018. The fair values have been calculated by using published price quotations.

Financial Instrument Available for Sale	31st March 2017		31st March 2018	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Certificates of Deposit	2,004	2,004	2,008	2,006

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 16: FINANCIAL INSTRUMENTS (continued)

As at 31st March 2018 the Council held £18.111m financial liabilities for which Level 2 valuations will apply. The financial liabilities are held with the Public Works Loans Board (PWLB) and Market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, we have used a financial model valuation provided by Link Asset Services. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses both premature repayment rates and new borrowing rates to discount the future cash flows as detailed below:

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

Borrowing as at 31st March 2018 for fair value purposes:

	31 st March 2017		31 st March 2018	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Liverpool Victoria Friendly Society Ltd	4	4	1	1
Market Debt	1,000	998	1,000	993
PWLB Loan - Maturity	16,109	17,739	17,110	18,582
Total Borrowing	17,113	18,741	18,111	19,576

The fair value of PWLB loans of £18.582m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the balance sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. If interest rates fell significantly below the rates secured for its current loans, the Council could repay the loans to the PWLB. However the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £21.408m at 31st March 2018 and therefore it is not financially advantageous to repay.

Nature and Extent of Risk Arising From Financial Instruments

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

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 16: FINANCIAL INSTRUMENTS (continued)

Overall Procedures for Managing Risk

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

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

Credit risk

Investments

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

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

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

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

The full investment strategy for 2017-18 was approved by Full Council on 22nd February 2017 and is available on the Council website.

The Authority's maximum exposure to credit risk in relation to its investments in financial institutions of 25% or 50% for Government backed institutions or £5m (with specific approval by the Corporate Director: Resources) of total investments with any financial institution or group cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31st March 2018 that this was likely to crystallise.

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 16: FINANCIAL INSTRUMENTS (continued)

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

Age of Debt	31 st March	
	2017 £'000	2018 £'000
Less than three months	1,033	1,376
Three to six months	29	10
Six months to one year	55	26
More than one year	72	79
Total	1,189	1,491

Liquidity risk

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

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

The maturity analysis of financial assets is as follows:

	31 st March	
	2017 £'000	2018 £'000
Less than one year	17,816	13,508
Between one and two years	85	35
Total	17,901	13,543

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

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

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 16: FINANCIAL INSTRUMENTS (continued)

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

	31st March	
	2017 £'000	2018 £'000
Less than one year	232	2,279
Between one and two years	2,009	-
Between two and five years	-	1,001
Between five and ten years	2,007	1,006
Between ten and fifteen years	2,010	4,025
Between fifteen and twenty years	4,036	3,025
Between twenty and twenty five years	4,026	3,022
Over twenty five years	3,023	4,023
Total	17,343	18,381

Market risk

1. Interest rate risk

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

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

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

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 16: FINANCIAL INSTRUMENTS (continued)

According to this assessment strategy, at 31st March 2018, 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	208

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

2. Price risk

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

3. Foreign Exchange Risk

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

Icelandic Bank Defaults

The Council had £0.745m outstanding of the original £9m Icelandic investments (prior to impairment) as at 31st March 2018 and is confident that the overall return will be close to full recovery.

Note 17: DEBTORS

Short Term Debtors	31st March	
	2017 £'000	2018 £'000
Amounts receivable within one year:		
Government Departments	42	303
Other Local Authorities	1,413	2,007
Sundry Debtors	2,186	2,219
Council Tax Payers	434	470
Business Rates	468	456
Total Balance at Year End	4,543	5,455

Note 18: CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprises:

Cash and Cash Equivalents	2016-17 £'000	2017-18 £'000
Cash held by the Authority	1	1
Bank current accounts	(74)	(9)
Short-term deposits with banks/building societies	8,808	6,490
Total Balance at Year End	8,735	6,482

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 19: ASSETS HELD FOR SALE

Assets Held For Sale	2016-17 £'000	2017-18 £'000
Balance at Start of Year	850	1,500
Revaluation Adjustments	199	-
Disposals	(850)	-
Reclassification from Operational Land & Buildings	801	-
Reclassification from Surplus Assets	500	-
Balance at Year End	1,500	1,500

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

Note 20: CREDITORS

Creditors	31st March	
	2017 £'000	2018 £'000
Government Departments	2,906	1,908
Local Authorities	1,135	1,307
Sundry Creditors	812	963
Council Taxpayers (overpayments/receipts in advance)	130	127
Business Rates (overpayments/receipts in advance)	387	288
Receipts in Advance	1,872	1,403
Contractors and Other Deposits	24	22
Total Balance at Year End	7,266	6,018

Note 21: PROVISIONS

Description of Provision	1st April 2017 £'000	Provided in Year £'000	Payments in Year £'000	31st March 2018 £'000
Business Rates Appeals	1,304	572	(242)	1,634
Termination Benefits	-	15	-	15
Total	1,304	587	(242)	1,649

The Council holds a provision for Business Rates appeals based upon 4.7% of the rateable value set by the Valuation Office Agency not settled at 31st March 2018. This is consistent with the approach taken by all members of the Worcestershire Pool. This Council's share of the provision is £1.634m.

The provision for termination benefits is in respect of one employee to be made redundant in 2018-19 as part of service review decisions taken before 31st March 2018.

Note 22: USABLE RESERVES

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 23: UNUSABLE RESERVES

Summary of Unusable Reserves

	31st March	
	2017 £'000	2018 £'000
Revaluation Reserve	10,201	11,084
Capital Adjustment Account	22,331	21,859
Pensions Reserve	(57,774)	(57,771)
Deferred Capital Receipts Reserve	(20)	-
Collection Fund Adjustment Account	460	(91)
Accumulated Absences Account	(160)	(160)
Total Unusable Reserves	(24,962)	(25,079)

Revaluation Reserve

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

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

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

Revaluation Reserve	2017 £'000	2018 £'000
Balance at 1st April	11,072	10,201
Revaluation Gains	739	1,122
Excess Current Value Depreciation over Historic Cost Depreciation	(154)	(190)
Revaluation reductions written off against prior balances	(87)	(33)
Balance written out following disposal	(1,369)	(16)
Balance at 31st March	10,201	11,084

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	2017 £'000	2018 £'000
Balance at 1st April	26,448	22,331
Capital Receipts Applied	644	396
Depreciation	(1,724)	(1,697)
Revaluation Adjustments	(1,002)	(511)
Direct Revenue Financing	42	592
Appropriation of Minimum Revenue Provision	199	582
Revenue Expenditure Funded From Capital Under Statute	(1,415)	(1,255)
Disposal of Non-Current Assets	(3,485)	(146)
Capital Grants	1,537	1,360
Revaluation Reserve	1,087	207
Balance at 31st March	22,331	21,859

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 23: UNUSABLE RESERVES (continued)

Pensions Reserve

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

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources available to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. As a partner to Worcestershire Regulatory Services (WRS), the debit balance in the Pension Reserve includes this Council's share of 15.30% of the overall liability as at 31st March 2018.

Pensions Reserve	2016-17 £'000	2017-18 £'000
Balance at 1st April	(58,821)	(57,774)
Increase in share of WRS liability (15.30% in 2016-17 and 15.30% in 2017-18)	(198)	-
Remeasurements of the net defined benefit (liability and asset)	1,590	411
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	(3,598)	(3,720)
Employer's pension contributions and direct payments to pensioners payable in the year	3,253	3,312
Balance at 31st March	(57,774)	(57,771)

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. This reserve has been cleared in 2017-18.

Deferred Capital Receipts Reserve	2016-17 £'000	2017-18 £'000
Balance at 31st March	(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.

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 23: UNUSABLE RESERVES (continued)

Collection Fund Adjustment Account	2016-17 £'000	2017-18 £'000
Balance at 1st April	(1,182)	460
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	1,642	(551)
Balance at 31st March	460	(91)

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	2016-17 £'000	2017-18 £'000
Balance at 1st April	(176)	(160)
Reversal of Opening Balance	176	160
Amounts accrued at the end of the current year	(160)	(160)
Balance at 31st March	(160)	(160)

Note 24: CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

Cash Flow Statement – Operating Activities	2016-17 £'000	2017-18 £'000
Interest received	(126)	(91)
Interest paid	456	480
Net cash flows from operating activities	330	389

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

Cash Flow Statement – Operating Activities	2016-17 £'000	2017-18 £'000
Depreciation	1,724	1,697
Downward re-valuations	1,002	511
Increase/(decrease) in impairment for bad debts	(25)	134
Increase/(decrease) in creditors	(4,324)	(976)
(Increase)/decrease in debtors	1,320	(507)
(Increase)/decrease in inventories	(46)	14
Movement in pension liability	345	(3,081)
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	3,923	145
Other non-cash items charged to the net surplus or deficit on the provision of services	106	296
Total	4,025	(1,767)

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

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	2016-17 £'000	2017-18 £'000
Proceeds from short-term and long term investments	(119)	(94)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(865)	(588)
Total	(984)	(682)

Note 25: CASH FLOW STATEMENT – INVESTMENT ACTIVITIES

Cash Flow Statement – Investment Activities	2016-17 £'000	2017-18 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(2,465)	(3,373)
Other payments for investing activities	(1,000)	2,000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	865	588
Proceeds from short-term and long-term investments	26	64
Other receipts from investing activities	2,369	1,411
Net cash flows from investing activities	(205)	690

Note 26: CASH FLOW STATEMENT – FINANCING ACTIVITIES

Cash Flow Statement – Financing Activities	2016-17 £'000	2017-18 £'000
Cash receipts of short and long-term borrowing	1,000	1,000
Other receipts from financing activities	2,892	-
Repayments of short and long-term borrowing	45	37
Other payments for financing activities	(2,482)	(945)
Net cash flows from financing activities	1,455	92

Note 27: TRADING OPERATIONS

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

Trading Operations	2016-17 £'000	2017-18 £'000
Industrial Estates		
Income	(582)	(606)
Expenditure	463	400
Net Income	(119)	(206)

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 28: MEMBERS' ALLOWANCES AND EXPENSES

Members' allowances and expenses paid during the year were £218,691 (£214,603 in 2016-17). Further information is provided on the Council's website.

Note 29: OFFICERS' REMUNERATION

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

Position	Salary (including fees & allowances) £	Expenses Allowances* £	Total Remuneration Excl pension contributions 2017-18 £	Pension Contributions £	Total Remuneration including pension Contributions 2017-18 £
Chief Executive	109,758	891	110,649	16,788	127,437
Corporate Director: Economic Prosperity and Place	74,101	464	74,565	11,337	85,902
Corporate Director: Community Well-being and Environment	74,101	-	74,101	11,337	85,438
Corporate Director: Resources	73,135	122	73,257	11,190	84,447
Head of Economic Development and Regeneration – North Worcestershire	58,581	521	59,102	8,963	68,065
Solicitor to the Council	50,128	296	50,424	7,670	58,094
Total	439,804	2,294	442,098	67,285	509,383

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

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

The Solicitor to the Council increased contractual hours from 22.2 per week in 2016-17 to 29.6 per week in 2017-18.

Other officers whose remuneration for the year exceeded £50,000:

Total Remuneration (excluding employer's contributions)	2016-17	2017-18
£50,000 - £54,999	-	2

In addition to the above salaries, the following Senior Officers received remuneration, and mileage allowance as appropriate, for their roles in the Parliamentary, District, Town and Parish elections:

	Role	2017-18 £
Chief Executive	Returning Officer	9,514
Solicitor to the Council	Deputy Returning Officer	2,039

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 29: OFFICERS' REMUNERATION (continued)

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

(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band		(e) Total cost of exit packages in each band (excluding WRS)	
	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17 £	2017-18 £
£0 - £20,000	1	-	-	-	1	-	3,228	-
Total	1	-	-	-	1	-	3,228	-

There were no termination payments in 2017-18. However, the Council agreed an exit package in 2017-18 for one employee to be implemented in 2018-19, for which a provision has been made – see Note 21.

Note 30: EXTERNAL AUDIT COSTS

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

Fees payable to the Council's External Auditors	2016-17 £'000	2017-18 £'000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	49	49
Fees payable in respect of other services provided by Grant Thornton during the year *	12	11
Total	61	60

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 31: GRANT INCOME

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

Grant Income	2016-17 £'000 (Re-stated)	2017-18 £'000
Credited to Taxation and Non-Specific Grant Income		
Revenue Support Grant	1,222	553
New Homes Bonus	2,356	1,910
Other Capital Grants	552	1,104
Total Credited to Taxation and Non-Specific Grant Income	4,130	3,567
Credited to Services		
Housing Benefit Subsidy	31,813	30,247
Housing Benefit Admin	530	498
Other Grants by Directorate:		
Chief Executive & Solicitor to the Council	54	24
Resources	247	245
Community Well-being and Environment	235	206
Economic Prosperity and Place	338	910
Total Grant Income Credited to Services	33,217	32,130

Note 32: RELATED PARTY TRANSACTIONS

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

Central Government

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Significant grants received from Government Departments are set out in Note 31. Grant receipts outstanding at 31st March 2018 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 2017-18 is shown in Note 28.

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

This is compliant with the Localism Act 2011.

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 32: RELATED PARTY TRANSACTIONS (continued)

Members also sit on a number of other outside bodies where transactions of less than £10k were made in 2017-18 to:

- Carpet Museum Trust
- District Councils' Network
- Kidderminster and District Youth Trust
- Age UK, Bromsgrove, Redditch and Wyre Forest

The net financial support for these bodies totalled £8k in 2017-18.

Major transactions over £10k for 2017-18 where Councillors were also members of outside bodies are shown in the table below:

Organisation	Total Income	Total Expenditure	Income due at 31/03/2018	Expenditure due at 31/03/2018
	£'000	£'000	£'000	£'000
Other Public Bodies				
Bewdley Town Council	6	19	-	-
Kidderminster Town Council*	328	73	-	-
Stourport Town Council	25	57	7	-
Worcestershire County Council	766	950	23	332
West Mercia Police & Crime Commissioner	36	7	-	-
Other Bodies				
Bewdley Development Trust	-	10	-	-
Wyre Forest Citizens Advice Bureau	-	36	-	3
Greater Birmingham & Solihull LEP	-	22	-	-
Local Government Association	-	12	-	-
Wyre Forest Nightstop & Mediation	-	15	-	3
Stourport Sports Club Limited	10	13	-	-
Stourport Forward	-	11	-	5
The Community Housing Group	291	609	183	10

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

As a result of the Regulation of Social Housing (Influence of Local Authorities) (England) 2017, changes were made to the governance structure of The Community Housing Group (TCHG) from May 2017, such that the Council no longer has a representative on the board or a shareholder interest. From June 2018, responsibility for the Homelessness & Housing Register contract will transfer to the Council, together with the transfer of 5 officers. The Right to Buy for former council tenants will continue and there is an agreement between TCHG and the Council detailing the apportionment of such monies.

Officers

The Cultural Services Manager and the Community Development Manager are board members of Stourport Sports Club Limited.

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 32: RELATED PARTY TRANSACTIONS (continued)

Operations Jointly Controlled by the Council

The Council works in partnership with various Councils/Organisations on a number of services, either as host itself or where the service is hosted by another Council and full details of these arrangements are shown in note 1.14 in the Accounting Policies. The tables below set out the movements in 2017-18:

Services Hosted by WFDC

Service	Council	Value of Service in 2017-18 £'000	Payment due from WFDC at 31/03/2018 £'000	Receipt due to WFDC at 31/03/2018 £'000
North Worcestershire Economic Development and Regeneration	Redditch Borough Council	261	-	65
	Bromsgrove District Council	237	-	59
North Worcestershire Water Management	Redditch Borough Council	64	-	16
	Bromsgrove District Council	55	-	14
North Worcestershire Emergency Planning and Business Continuity	Redditch Borough Council	8	-	4
	Bromsgrove District Council	8	-	4
Advice Services through joint occupancy of Worcestershire Hub	The Community Housing Group	10	-	10

Services Hosted by Other Councils

Service	Host Council	Value of Service in 2017-18 £'000	Payment due from WFDC at 31/03/2018 £'000	Receipt due to WFDC at 31/03/2018 £'000
Worcestershire Regulatory Services	Bromsgrove District Council	482	6	25
North Worcestershire Building Control	Bromsgrove District Council	142	38	-
Payroll	Redditch District Council	41	-	-
Car Park Administration Service	Wychavon District Council	91	8	-

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 33: CAPITAL EXPENDITURE AND CAPITAL FINANCING

Capital Expenditure and Capital Financing	2016-17 £'000	2017-18 £'000
Opening Capital Financing Requirement	14,146	17,545
Operational Assets	4,327	1,659
Non-operational Assets	79	538
Revenue Expenditure Funded from Capital Under Statute	1,415	1,255
Capital Receipts	(644)	(396)
Government Grants and other Contributions	(1,537)	(1,360)
Sums Set Aside from Revenue	(241)	(1,174)
Closing Capital Financing Requirement	17,545	18,067
Explanation of movements in the year:		
Increase in underlying requirement to borrow (unsupported by Government financial assistance)	3,399	522
Increase in Capital Financing Requirement	3,399	522

Note 34: DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

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

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

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. There are no assets within the pension plan built up to meet these pension liabilities. Where applicable, the obligation relating to unfunded benefits of £436k (£496k in 2016-17) is reflected in the Wyre Forest District Council columns within this disclosure note.

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 34: DEFINED BENEFIT PENSION SCHEMES (continued)

Transactions Relating to Post Employment Benefits

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

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

	WFDC		Share of WRS	
	2016-17 £'000	2017-18 £'000	2016-17 £'000	2017-18 £'000
Comprehensive Income and Expenditure Statement				
Cost of Services				
<i>Service cost comprising:</i>				
Current Service Cost	1,464	2,305	66	97
Past Service Costs (including Curtailments)	-	-	33	-
Administration expenses	24	26	1	1
Financing and Investment Income and Expenditure				
Net interest expense	1,969	1,264	41	27
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	3,457	3,595	141	125
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)	(14,629)	(949)	(108)	(37)
Actuarial (gains) and losses arising on changes in financial assumptions	13,071	768	76	(193)
Total remeasurement recognised in Other Comprehensive Income	(1,558)	(181)	(32)	(230)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	1,899	3,414	109	(105)
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	289	350	56	58
Actual amount charged against the General Fund Balance for pensions in the year				
Employers' contributions payable to scheme	2,672	2,809	85	67
Discretionary retirement benefits payable to pensioners	496	436	-	-

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 34: DEFINED BENEFIT PENSION SCHEMES (continued)

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	WFDC		Share of WRS	
	2016-17 £'000	2017-18 £'000	2016-17 £'000	2017-18 £'000
Present value of defined benefit obligation	130,434	132,882	4,406	4,346
Fair value of plan assets	(73,847)	(76,126)	(3,219)	(3,331)
Sub Total	56,587	56,756	1,187	1,015
Advance payment of Pension Contributions	-	(3,489)	-	(41)
Net liability arising from defined benefit obligation	56,587	53,267	1,187	974

In April 2017 the Council made an advance payment of pension contributions 2017-18 to 2019-20 to the Pension Fund in order to secure a reduction in the amount in each of the three financial years. Further detail is provided later in this note under the heading 'Impact on the Authority's cashflows'. As at 31st March 2018 the Pension Liability is £3.530m lower than the Pension Reserve representing the advance payments relating to 2018-19 (£1.775m) and 2019-20 (£1.755m).

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

	WFDC		Share of WRS	
	2016-17 £'000	2017-18 £'000	2016-17 £'000	2017-18 £'000
Opening fair value of scheme assets	58,291	73,847	3,005	3,219
Interest Income	2,021	1,948	108	87
Remeasurement gain/(loss)				
- return on plan assets, excluding amount included in net interest expense	14,629	949	108	37
Administration expenses	(24)	(26)	(1)	(1)
Contributions from employer	3,168	3,245	85	67
Contributions from employees into scheme	407	440	20	20
Benefits Paid	(4,645)	(4,277)	(106)	(98)
Closing fair value of scheme assets	73,847	76,126	3,219	3,331

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 34: DEFINED BENEFIT PENSION SCHEMES (continued)

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

	WFDC		Share of WRS	
	2016-17 £'000	2017-18 £'000	2016-17 £'000	2017-18 £'000
Opening balance at 1 st April	116,147	130,434	4,168	4,406
Current Service cost	1,464	2,305	66	97
Interest cost	3,990	3,212	149	114
Contributions from scheme participants	407	440	20	20
Remeasurement (gains) and losses- Scheme experience (gain)/loss	(3,561)	-	(1,085)	-
Actuarial (gains)/losses arising from changes in financial assumptions	18,457	768	1,226	(193)
Actuarial (gains) and losses from changes in demographic assumptions	(1,825)	-	(65)	-
Past service cost/Curtailments	-	-	33	-
Benefits paid	(4,645)	(4,277)	(106)	(98)
Closing balance at 31st March	130,434	132,882	4,406	4,346

Local Government Pension Scheme assets comprised:

Fair value of scheme assets	WFDC		Share of WRS	
	2016-17 £'000	2017-18 £'000	2016-17 £'000	2017-18 £'000
Cash:				
Cash instruments	177	228	8	10
Cash accounts	443	457	19	20
Net current assets*	1,071	228	47	10
	1,691	913	74	40
Alternatives: UK Infrastructure*	1,994	2,588	87	113
Property:				
European*	2,075	1,903	90	83
UK*	687	914	30	40
Overseas*	369	381	16	17
Sub-total Property	3,131	3,198	136	140
Equities:				
UK quoted	383	304	17	13
Overseas quoted	20,633	21,772	899	953
PIV UK Managed Funds*	19,909	18,651	868	816
PIV UK Managed Funds (Overseas equities)*	22,088	25,045	963	1,096
Sub-total equities	63,013	65,772	2,747	2,878
Bonds:				
UK Corporate	244	305	11	13
Overseas Corporate	3,774	3,350	164	147
Sub-total bonds	4,018	3,655	175	160
Total Assets	73,847	76,126	3,219	3,331

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 34: DEFINED BENEFIT PENSION SCHEMES (continued)

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions including life expectancy and salary levels etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Mercer Limited, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme effective from 1st April 2017.

The significant assumptions used by the actuary have been:

	WFDC		WRS	
	2016-17 £'000	2017-18 £'000	2016-17 £'000	2017-18 £'000
<u>Long term expected rate of return on assets in the scheme</u>				
Life Expectancy:				
Longevity at 65 of current pensioners				
Male	22.6yrs	22.7yrs	22.6yrs	22.7yrs
Female	25.6yrs	25.7yrs	25.6yrs	25.7yrs
Longevity at 65 of future pensioners				
Male	24.8yrs	24.9yrs	24.8yrs	24.9yrs
Female	27.9yrs	28.0yrs	27.9yrs	28.0yrs
Financial assumptions				
Rate of Inflation (CPI)	2.30%	2.10%	2.30%	2.10%
Rate of increase in salaries	1.50%*	3.60%*	3.80%	3.60%
Rate of increase in pensions	2.30%	2.20%	2.30%	2.20%
Discount Rate on liabilities	2.50%	2.60%	2.60%	2.70%

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

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2016-17.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumptions 2017-18	
	WFDC £'000	Share of WRS £'000
Longevity (increase in 1 year)	2,716	85
Rate of inflation (increase by 0.1%)	2,097	86
Rate of increase in salaries (increase by 0.1%)	279	15
Rate for discounting scheme liabilities (increase by 0.1%)	(2,065)	(84)

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 34: DEFINED BENEFIT PENSION SCHEMES (continued)

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 18 years.

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

The total payment due to the Pension Fund in respect of the 2018-19 deficit and future service contributions is £3.228m.

Worcestershire Regulatory Services anticipate paying £0.441m contributions; the Council's proportion of this is estimated to be £67k.

The weighted average duration of the defined benefit obligation for scheme members is 16 years, 2017-18 (16 years 2016-17). For Worcestershire Regulatory Services the weighted average duration is 20 years (20 years 2016-17).

On 28th April 2017 the Council made an advance payment to Worcestershire Pension Fund for the deficit payments due 2017-18 to 2019-20. The total payment was £5.260m compared with a cost of £5.687m if the payments had been made monthly. The net savings are estimated to be circa £0.427m over the 3 year period.

Worcester Regulatory Services also made an advance payment in April 2017 of £392k. The Council's share of this advance payment was £60k compared with a cost of £64k if the payments had been made monthly. The net savings are estimated to be circa £4k over the 3 year period.

Note 35: CONTINGENT LIABILITIES

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

The Council continues to have a contingent liability in respect of the potential level of exposure to future claims relating to its liability from Municipal Mutual (MMI), its former insurers. Whilst no claims have been paid in 2017-18 the potential for further liability still exists that is not possible to quantify. The accounts include an earmarked reserve of £190k for a potential claim but there is a contingent liability for future claims that may come forward.

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

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 36: TRUST FUNDS

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

Note 37: INTERESTS IN COMPANIES AND OTHER ENTITIES

PSP Wyre Forest LLP was incorporated by Companies House on 22nd March 2017, Company registration number OC416505. This limited liability partnership with PSP Facilitating Limited (PSP) is based around relational partnering to progress work with more challenging property portfolios. The major shareholders of PSP are the Winston Group and the William Pears Group and it is a long established joint venture arrangement working with many Councils. The LLP is a 50/50 partnership (£1 Member's Capital for each party representing initial funding contribution) with profits also shared equally. The decision making process must be unanimous and the initial term is for 10 years subject to termination provisions. There is a group relationship with PSP Wyre Forest LLP, however, no business was transacted by the partnership in 2017-18 so group accounts have not been prepared. Exploratory work around suitable sites continues with approval on 4th April 2018 for a budget 'not to exceed' £10,000 to explore further opportunities for the former Lloyds Garage site in Stourport to maximise value and rental income extending beyond the scope of the first stage.

Council on 21st February 2018 approved a group structure of Local Authority Trading Companies (LATC). Companies House incorporation for Wyre Forest (Holdings) Ltd and ReWyre Developments Ltd (the subsidiary) is being progressed. It is expected that the companies will remain dormant until suitable development opportunities arise; activity will be reported in accordance with the governance arrangements in future years.

Cabinet on 11th July 2017 approved that work on a Business Improvement District (BID) for Kidderminster Town Centre proceeded to stage 2 of the BID process. The outcome of the ballot will be declared on 20th July 2018.

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

Note 38: EVENTS AFTER THE REPORTING PERIOD

The Corporate Director: Resources confirms the following non-adjusting Post Balance Sheet Events (PBSE) identified at 30th May 2018, the date that the pre-audit Statement of Accounts 2017-18 was approved:

- It is too early to judge the impact on Local Government Finances of the planned exit from the European Union; at the moment the only tangible impact has been modest financial market volatility but this has not had a material impact to date.
- The capital programme scheme for Load Street Car Park, Bewdley was completed and became operational in early April 2018. As stated in Note 3, this car park will be reclassified from an Asset under Construction to Operational and formally valued for the 2018-19 accounts.
- The tender for the significant Depot 2020 Capital Scheme was published on 4th May 2018; the deadline for the submission of completed tenders is the 11th July 2018.

WYRE FOREST DISTRICT COUNCIL
NOTES TO THE ACCOUNTS 2017-18

Note 38: EVENTS AFTER THE REPORTING PERIOD (continued)

- The decision was taken in 2017-18 to bring the housing register, advice and homelessness service currently outsourced to The Community Housing Group (TCHG) back in-house from the 1st June 2018. This insourcing will include the transfer of 5 TCHG employees to this Council and represents a significant service decision for this Council. This change was reflected in the action plan as part of the overall Homelessness Strategy consultation process.
- On 23rd June 2018 the Council acquired the freehold interest in a row of retail units in Kidderminster Town Centre as part of the £25m capital Portfolio Strategy. The acquisition will be funded through prudential borrowing and will support the regeneration of the town centre. Rental income from occupied units will support the delivery of services across the District.

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2017-18

THE COLLECTION FUND ACCOUNT 2017-18

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.

2016-17 Business Rates £'000	2016-17 Council Tax £'000	2016-17 Total £'000		2017-18 Business Rates £'000	2017-18 Council Tax £'000	2017-18 Total £'000
<u>INCOME</u>						
-	(53,230)	(53,230)	Council Tax Receivable	-	(55,077)	(55,077)
(30,883)	-	(30,883)	Business Rates Receivable	(28,930)	-	(28,930)
(30,883)	(53,230)	(84,113)	Total Income	(28,930)	(55,077)	(84,007)
<u>EXPENDITURE</u>						
Precepts, Demands and Shares:						
12,450	-	12,450	Central Government	14,072	-	14,072
2,241	37,190	39,431	Worcestershire County Council	2,533	38,598	41,131
249	2,585	2,834	Hereford and Worcester Fire Authority	281	2,657	2,938
-	6,284	6,284	Office of the Police and Crime Commissioner for West Mercia	-	6,337	6,337
9,960	6,815	16,775	Wyre Forest District Council	11,258	6,874	18,132
-	916	916	Parish/Town Councils	-	976	976
Charges to the Collection Fund:						
719	44	763	Increase in Bad Debt Provision	453	16	469
809	-	809	Increase in Provision for Appeals	1,429	-	1,429
134	-	134	Cost of Collection Allowance	131	-	131
4	-	4	Disregarded Amounts	11	-	11
26,566	53,834	80,400	Total Expenditure	30,168	55,458	85,626
(4,317)	604	(3,713)	(Surplus)/Deficit for the Year	1,238	381	1,619
3,331	(1,065)	2,266	(Surplus)/Deficit b/fwd as at 1st April	(986)	(461)	(1,447)
(986)	(461)	(1,447)	(Surplus)/Deficit c/fwd as at 31st March	252	(80)	172
<u>Allocation of (Surplus)/Deficit:</u>						
(493)	-	(493)	Central Government	126	-	126
(89)	(318)	(407)	Worcestershire County Council	23	(56)	(33)
(10)	(23)	(33)	Hereford and Worcester Fire Authority	2	(4)	(2)
-	(55)	(55)	Office of the Police and Crime Commissioner for West Mercia	-	(10)	(10)
(394)	(65)	(459)	Wyre Forest District Council	101	(10)	91
(986)	(461)	(1,447)		252	(80)	172

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2017-18

NOTES TO THE COLLECTION FUND ACCOUNT

Note 1: GENERAL

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

Business Rates surpluses or deficits declared by the billing authority in relation to the Collection Fund are apportioned in the subsequent financial year in their respective proportions. To help mitigate the risk of fluctuations in Business Rates income, Wyre Forest District Council remains a member of the Worcestershire Business Rates Pool (WBRP). Separate accounts are maintained that form part of the Worcestershire County Council Accounts and are not reflected in the Wyre Forest District Council Collection Fund Accounts.

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

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

The Council collects National Non-Domestic Rates (NNDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. The Business Rates Retention Scheme, introduced in 2013/14, aims to give councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Local authorities retain a proportion of the total collectable rates due.

The business rates shares payable for 2017-18 were estimated before the start of the financial year as £13.141m to Central Government (£14.341m in 2016-17), £2.365m to WCC (£2.581m in 2016-17), £0.263m to H&WFA (£0.287m in 2016-17) and £10.513m to Wyre Forest District Council (£11.473m in 2016-17). These sums have been paid in 2017-18 and charged to the collection fund in year. When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. The tariff payable by Wyre Forest District Council in 2017-18 was £7.919m (including a one-off tariff reduction of £6,279) (£8.990m in 2016-17).

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2017-18

NOTES TO THE COLLECTION FUND ACCOUNT

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

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the Valuation Office Agency (VOA) and, as such, are required to make a provision for these amounts. Appeals are charged and provided for in proportion to the precepting shares. The total provision charged to the collection fund for 2017-18 has been calculated at £1.428m (£0.809m in 2016-17) - this included estimates for the effect of backdating of appeals.

The Non-Domestic rateable value of the Council's area at 31st March 2018 was £75,689,031, based upon the new 2017 rating list (representing an increase of 1.1% over the 2010 list). The 2010 list rateable value was £74,878,612 (31st March 2017 - £74,456,183). The standard national multiplier for 2017-18 was 47.9p (49.7p in 2016-17) and 46.6p for qualifying Small Businesses (48.4p in 2016-17).

The total income from business rate payers collected in 2017-18 was £28.930m (£30.883m in 2016-17). The tariff has also been reduced to ensure that the Council was not adversely affected.

Note 3: COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimating 1st April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council, Worcestershire County Council, The Office of the Police and Crime Commissioner for West Mercia, The Hereford and Worcester Fire Authority and Town/Parish Councils for the forthcoming year and dividing this by the Council Tax base. This basic amount of Council Tax for a band D property, £1,629.80 for 2017-18 (£1,595.27 in 2016-17) 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 £268,888 (£243,345 in 2016-17).

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2017-18

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 2017-18 was 33,034 (32,727 in 2016-17).

Valuation Band	Number of Dwellings Per Valuation List	Adjustment, Disabled Banding Appeals, Discounts & Exemptions	Full Charge Equivalent	Ratio to Band D Charge	Band D Equivalent
Band A	11,213	(4,502.41)	6,710.59	6/9	4,473.73
Band B	11,434	(2,685.06)	8,748.94	7/9	6,804.73
Band C	11,202	(1,732.80)	9,469.20	8/9	8,417.07
Band D	6,169	(685.65)	5,483.35	1	5,483.35
Band E	3,362	(202.05)	3,159.95	11/9	3,862.16
Band F	1,711	(108.06)	1,602.94	13/9	2,315.36
Band G	1,209	(49.69)	1,159.31	15/9	1,932.19
Band H	125	(1.23)	123.77	2	247.54
Total	46,425	(9,966.95)	36,458.05		33,536.13
Less Allowance for Non-Collection District Tax Base					502.13
					33,034.00

Income from Council Tax in 2017-18 was £55.077m (£53.230m in 2016-17).

Note 4: COLLECTION FUND SURPLUSES AND DEFICITS

The Council Tax surplus of £0.080m at 31st March 2018 will be distributed in subsequent financial years to the Council, Worcestershire County Council, The Office of the Police and Crime Commissioner for West Mercia and Hereford and Worcester Fire Authority in proportion to the value of the respective precepts and demands made by the four Authorities on the Collection Fund.

The Business Rates deficit of £0.252m at 31st March 2018 will be adjusted accordingly in subsequent financial years between the Council, Central Government, Worcestershire County Council and Hereford and Worcester Fire Authority in proportion to the value of the respective shares of the Business Rates Retention Scheme.

Note 5: SIGNIFICANT PRECEPTS/DEMANDS ON THE COLLECTION FUND

The significant precepts and demands on the Collection Fund in 2017-18, excluding surplus/deficits, are as follows:

	Council Tax £'000	NNDR £'000
Worcestershire County Council	38,165	2,365
Office of the Police and Crime Commissioner for West Mercia	6,263	-
Hereford and Worcester Fire Authority	2,627	263
Wyre Forest District Council (including parishes)	7,760	10,513
Central Government	-	13,141

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2017-18

NOTES TO THE COLLECTION FUND ACCOUNT

Note 6: PROVISION FOR BAD DEBTS

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

2016-17			2017-18	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
1,152	1,270	Provision for Bad Debts as at 1 st April	986	1,031
(210)	(958)	Past Years Write Offs	(206)	(376)
44	719	Increase in Provision	16	453
986	1,031	Provision for Bad Debts as at 31 st March	796	1,108

The Wyre Forest District Council share is as follows:

2016-17			2017-18	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
142	412	Wyre Forest District Council Share of Provision for Bad Debts as at 31 st March	113	443

Note 7: PROVISION FOR NNDR APPEALS

The Collection Fund account provides for NNDR appeals against the rateable value set by the VOA not settled at 31st March 2018.

	2016-17 £'000	2017-18 £'000
Provision for Appeals as at 1 st April	2,955	3,261
Appeals settled in year	(503)	(605)
Increase in Provision	809	1,429
Provision for Appeals as at 31 st March	3,261	4,085

The Wyre Forest District Council share is as follows:

	2016-17 £'000	2017-18 £'000
Wyre Forest District Council Share of Appeals as at 31 st March	1,304	1,634

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2017-18

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 2017-18 financial year.

ACTUARY

An expert on pension scheme assets and liabilities.

ASSET

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

ASSET REGISTER

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

AUDIT OPINION

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

BALANCE SHEET

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

BUDGET

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

CAPITAL ADJUSTMENT ACCOUNT

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

CAPITAL EXPENDITURE

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

CAPITAL PROGRAMME

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

CAPITAL RECEIPTS

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2017-18

GLOSSARY OF FINANCIAL TERMS (continued)

CODE OF PRACTICE ON LOCAL GOVERNMENT ACCOUNTING (THE CODE)

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

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

CONTINGENT LIABILITY

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

COUNCIL TAX

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

COUNCIL TAXBASE

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

COUNCIL TAX DISCOUNTS AND EXEMPTIONS

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

COUNCIL TAX REDUCTION SCHEME

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

COUNTERPARTY REPORT

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

CREDITORS

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

CURRENT ASSET OR LIABILITY

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

DEBTORS

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2017-18

GLOSSARY OF FINANCIAL TERMS (continued)

DEPRECIATION

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

DIRECT REVENUE FINANCING

Revenue resources used to finance Capital Expenditure.

DISCOUNTED CASH FLOW

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

EARMARKED RESERVES

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

EXPENDITURE AND FUNDING ANALYSIS

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

FAIR VALUE

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

FEES AND CHARGES

In addition to income from the council tax, retained business rates and grants from Government, Local Authorities charge for numerous services including car parking.

FINANCE LEASE

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

FINANCIAL INSTRUMENT

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

FINANCIAL REGULATIONS & STANDING ORDERS

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

FINANCIAL STATEMENTS

Another term for the Statement of Accounts.

GOVERNMENT GRANTS

Payments by Central Government towards the cost of Local Authority services. These are either for particular purposes or services (specific grants) or in aid of local services generally (revenue support grant).

HEREDITAMENT

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

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2017-18

GLOSSARY OF FINANCIAL TERMS (continued)

HOUSING BENEFIT (see also note on Universal Credit)

This scheme provides financial assistance towards the domestic rent payments of tenants in registered social landlord or privately owned accommodation, whose incomes fall below prescribed amounts. Income Support claimants may claim Housing Benefit at the same time as they claim Income Support from Central Government. Income Support claimants may also claim direct to the District Council for Housing Benefit. All other claimants must make their claim to the District Council.

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

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

IMPAIRMENT

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The accounting standard introduced from 2010-11.

INVENTORIES

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

LIABILITY

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

LIQUID RESOURCES

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

MOVEMENT IN RESERVES STATEMENT (MIRS)

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

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

A business tax collected locally by District Councils.

NET PRESENT VALUE

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

NEW BURDENS

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

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.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2017-18

GLOSSARY OF FINANCIAL TERMS (continued)

NON-OPERATIONAL ASSETS

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

OPERATING LEASES

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

OPERATIONAL ASSETS

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

OUTTURN

Actual income and expenditure.

PRECEPT

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

PROVISIONS

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

PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES

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

RATEABLE VALUE

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

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.

WYRE FOREST DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2017-18

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 and is charged to the Comprehensive Income and Expenditure Statement.

REVENUE SUPPORT GRANT

A central government grant given to local authorities which can be used to finance revenue expenditure on any service. The amount of Revenue Support Grant to be provided to authorities is established through the local government finance settlement.

SUPPORT SERVICES

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

TRUE AND FAIR

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

UNIVERSAL CREDIT (see also definition of Housing Benefit above)

Universal Credit is a payment to help low income households with living costs. Full service Universal Credit is being rolled out in Wyre Forest in November 2018 and will replace the following benefits:

- Child Tax Credit
- Housing Benefit (see separate definition above)
- Income Support
- income-based Jobseeker's Allowance (JSA)
- income-related Employment and Support Allowance (ESA)
- Working Tax Credit

From November 2018, no new claims for Housing Benefit can be made, with the following exceptions:

- Pension age claimants
- Claimants living in specified accommodation (supported housing)
- Claimants moving to temporary housing (homeless)
- Households with 3 or more children (until approximately January 2019)

The District Council will still be responsible for administering Housing Benefit for the above claimants. The Council will also be providing Personal Budgeting and Assisted Digital Support as part of joint working with the Department for Work and Pensions to support people to make their Universal Credit claim and help them get back into work.

The remaining Housing Benefit existing caseload for working age claims is due to be migrated to Universal Credit with a completion timetable of 2022.

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 2017-18
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.
BID	Business Improvement District - a defined area in which a levy is charged on all business rate payers in addition to the business rates bill. This levy is used to develop projects which will benefit businesses in the local area.
CFR	Capital Financing Requirement – measures the authority's underlying need to borrow, or finance by other long-term liabilities, its capital expenditure.
CIES	Comprehensive Income and Expenditure Statement – This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practice rather than the amount to be funded from taxation.
CIPFA	Chartered Institute of Public Finance and Accountancy – the institute that sets the accounting rules and guidance for Local Government.
CLT	Corporate Leadership Team of Wyre Forest District Council.
DMADF	Debt Management Account Deposit Facility - offered by the Debt Management Office (Bank of England) to provide users with a flexible and secure investment facility.
DRC	Depreciated Replacement Cost – valuation method used within the Statement of Accounts relating to the Replacement Cost less any accrued depreciation.
DWP	Department for Works and Pensions – largest central government department which amongst its responsibilities are Benefits payments.
FTE	Full-time equivalent – relates to employee numbers.
GDPR	General Data Protection Regulation - the GDPR applies to 'personal data' meaning any information relating to an identifiable person who can be directly or indirectly identified in particular by reference to an identifier.
HMRC	Her Majesty's Revenue and Customs – central government organisation responsible for the administration and collection of national taxes including VAT.
IAS	International Accounting Standard – these provide detailed guidance on the application of IFRS.
IASB	International Accounting Standards Board – governing body of expertise on accounting standards.
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards – international framework to ensure common approach to the production of Statement of Accounts across the world.
LAAP	Local Authority Accounting Panel – issues LAAP Bulletins to local authority practitioners. These Bulletins provide guidance on topical issues and accounting developments and when appropriate provide clarification on the detailed accounting requirements.
LASAAC	Local Authority (Scotland) Accounts Advisory Committee – operates in the same way as CIPFA within England, and often works in partnership with CIPFA on accounting guidance through a Joint Committee.
LATC	Local Authority Trading Company - companies that are free to operate commercially but remain wholly owned by the parent local authority. As a trading organisation, they can provide their services to a much wider market than a council department and, crucially, they can generate income, to be ploughed back into the LATC itself or the wider council.
LEP	Local Enterprise Partnership (the Council is a member of both the Greater Birmingham and Solihull Local Enterprise Partnership and Worcestershire Local Enterprise Partnership) – partnerships of businesses, local authorities and universities that support private sector growth and job creation.
LGA	Local Government Association – the body that represents Local Government nationally, this body has a key lobbying role with central government.

WYRE FOREST DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2017-18
List of commonly Used Acronyms

Acronym	Description/Definition
LLP	Limited Liability Partnership
MHCLG	Ministry of Housing, Communities and Local Government – central government department which has the responsibility for Local Government. This replaced the Department of Communities and Local Government (DCLG).
MIRS	Movement in Resources Statement – represents the changes in the Council's financial resources.
MRP	Minimum Revenue Provision – this represents the minimum which authorities must repay on their debts each year.
NDR or NNDR	National Non-Domestic Rates – sometimes called business rates – these are collected by Local Authorities and are the way that those who occupy non-domestic property contribute towards the cost of local services.
PBSE	Post Balance Sheet Event – an event taking place after the Balance Sheet event that may either be noted or adjusted in the accounts depending on its relevance.
PPE	Property Plant and Equipment – IFRS terminology for fixed assets.
PWLB	Public Works Loan Board – this is a central government body which makes loans to local government and other prescribed public bodies from the National Loans Fund.
RICS	Royal Institution of Chartered Surveyors – is an independent, representative professional body which regulates property professionals and surveyors in the United Kingdom and other sovereign nations.
S151	Section 151 – this refers to Section 151 of the Local Government Act 1972 where it states that every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.
SOLACE	Society of Local Authority Chief Executives – professional organisation for Chief Executives and Senior Managers within Local Government.
VFM	Value for Money – this represents a formal review by the auditors on whether the Council is delivering Value for Money to its residents. This opinion forms part of the overall audit certificate.
WBRP	Worcestershire Business Rates Pool - Under the business rates retention scheme local authorities are able to come together, on a voluntary basis, to pool their business rates, giving them scope to generate additional growth through collaborative effort and to smooth the impact of volatility in rates income across a wider economic area. The current members of the WBRP are Worcestershire County Council (Lead Authority), Wyre Forest District Council, Wychavon District Council and Worcester City Council.