

Open

Audit Committee

Agenda

6pm
Thursday, 20 July 2023
Council Chamber
Wyre Forest House
Finepoint Way
Kidderminster



Audit Committee

Members of Committee:

Chairman: Councillor N J Desmond

Vice-Chairman: Councillor A Sutton

Councillor J F Byng

Councillor K Gale

Councillor M Rayner

Councillor G Connolly

Councillor J Griffiths

Councillor P W M Young

Information for Members of the Public:

Part I of the Agenda includes items for discussion in public. You have the right to request to inspect copies of Minutes and reports on this Agenda as well as the background documents used in the preparation of these reports.

Part II of the Agenda (if applicable) deals with items of "Exempt Information" for which it is anticipated that the public may be excluded from the meeting and neither reports nor background papers are open to public inspection.

Disclosure of Interests

Members and co-opted Members of the Council are reminded that, in accordance with the Council's Code of Conduct and the statutory provisions of the Localism Act, they are required to consider in ADVANCE of each meeting whether they have a disclosable pecuniary interest (DPI), an other registrable interest (ORI) or a non-registrable interest (NRI) in relation to any matter on the agenda. If advice is needed, Members should contact the Monitoring Officer or other legal officer in good time before the meeting.

If any Member or co-opted Member of the Council identifies a DPI or ORI which they have not already registered on the Council's register of interests or which requires updating, they should complete the disclosure form which can be obtained from Democratic Services at any time, copies of which will be available at the meeting for return to the Monitoring Officer.

Members and co-opted Members are required to disclose any DPIs and ORIs at the meeting.

Where the matter relates to a DPI they may not participate in any discussion or vote on the matter and must not stay in the meeting unless granted a dispensation.

Where the matter relates to an ORI they may not vote on the matter unless granted an advance dispensation.

Where a Member or co-opted Member has an NRI which directly relates to their financial interest or wellbeing, or that of a relative or close associate, they must disclose the interest at the meeting, may not take part in any discussion or vote on the matter and must not stay in the meeting unless granted a dispensation.

Where a matter affects the NRI of a Member or co-opted Member, the Code of Conduct sets out the test which must be applied by the MEMBER to decide whether disclosure is required. Again please ensure you have spoken in ADVANCE to the relevant legal officer and determined whether it is appropriate to declare the NRI and leave.

For further information:

If you have any queries about this Agenda or require any details of background papers, further documents or information you should contact Karen Morton, Assistant Committee Services Officer, Wyre Forest House, Finepoint Way, Kidderminster, DY11 7WF. Telephone: 01562 732726 or email committee.services@wyreforestdc.gov.uk

Wyre Forest District Council

Audit Committee

Thursday, 20th July 2023

Council Chamber, Wyre Forest House, Finepoint Way, Kidderminster

Part 1

Open to the press and public

Agenda item	Subject	Page Number
1.	Apologies for Absence	
2.	Appointment of Substitute Members To receive the name of any Councillor who is to act as a substitute, together with the name of the Councillor for whom he/she is acting.	
3.	Declarations of Interests by Members In accordance with the Code of Conduct, to invite Members to declare the existence and nature of any disclosable pecuniary interest (DPI), an other registrable interest (ORI) or a non-registrable interest (NRI) in relation to any matter on the agenda. Please see the Members' Code of Conduct as set out in Section 14 of the Council's Constitution for full details.	
4.	Minutes To confirm as a correct record the Minutes of the meeting held on the 24 May 2023.	6
5.	External Audit – Audit Progress Report and Sector Update (includes VFM Planning update) To receive a report from Grant Thornton.	9
6.	Internal Audit ~ Position Statement as at 30th June 2023 To receive a report from the Audit Manager which presents the work completed as at 30 th June 2023.	24
7.	Internal Audit ~ Internal Audit Charter To receive a report from the Audit Manager presenting a review of updates to the Internal Audit Charter.	30
8.	Internal Audit Service Review 2023 To receive a report from the Head of Resources and S151 Officer which presents proposals for the delivery of an internal service for 2023-24.	42

9.	Draft Statement of Accounts 2022-23 Report To receive a report from the Head of Resources and S151 Officer which presents the draft outturn position in relation to the Final Accounts for 2022-23.	51
10.	Risk Management – Corporate Risk Register 2023-24 To receive a report from the Head of Resources which informs Members of the current Corporate Risk Register and the Budget risk Matrix.	181
11.	To consider any other business, details of which have been communicated to the Solicitor to the Council before the commencement of the meeting, which the Chairman by reason of special circumstances considers to be of so urgent a nature that it cannot wait until the next meeting.	
12.	Exclusion of the Press and Public To consider passing the following resolution: “That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting during the consideration of the following item of business on the grounds that it involves the likely disclosure of “exempt information” as defined in the paragraph 1 of Part 1 of Schedule 12A to the Act”.	

Part 2

Not open to the Press and Public

13.	To consider any other business, details of which have been communicated to the Solicitor to the Council before the commencement of the meeting, which the Chairman by reason of special circumstances considers to be of so urgent a nature that it cannot wait until the next meeting.	
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WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY,
KIDDERMINSTER

24 MAY 2023 (6PM)

Present:

Councillors: N J Desmond (Chairman), A Sutton (Vice-Chairman), J F Byng, L Carroll, G Connolly, K Gale, M Rayner and P W M Young.

AUD.01 Apologies for Absence

Apologies for absence were received from Councillor J Griffiths.

AUD.02 Appointment of Substitutes

Councillor L Carroll was appointed as a substitute for Councillor J Griffiths.

AUD.03 Declarations of Interests by Members

No declarations of interest were made.

AUD.04 Minutes

Agreed: The minutes of the meeting held on 22 March 2023 be confirmed as a correct record of the meeting and signed by the Chairman.

AUD.05 External Audit - Sector Update

The Committee received a verbal Sector Update from the Council's external auditors, Grant Thornton (GT).

The Director GT explained the current situation and outlined the key points. She advised members that Wyre Forest District Council were one of the 12% of authorities to have met the deadline of September 2022 to submit their annual accounts.

The Director GT answered questions on the update from members.

AUD.06 External Audit - Informing the Risk Assessment 2022-23

The Committee received the report on Informing the Risk Assessment 2022-23 from the Council's external auditors, Grant Thornton (GT), who highlighted key areas particularly for the benefit of new members to the Committee.

There were no further questions.

Agreed: The report be noted.

AUD. 07 External Audit – WFDC Audit Plan 2022-23

The Committee received the Annual Audit Plan for the year ending 31 March 2023 from GT.

The Director GT presented the report and highlighted the key areas, including three significant risks as detailed on pages 51-52 of the agenda.

The opportunity was offered to members to ask questions, to which the Director GT gave verbal responses.

Agreed: The report be noted.

AUD. 08 Internal Audit Monitoring Report Quarter ended 31st March 2023

The Committee received a report from the Audit Manager, which detailed the Internal Audit Monitoring Report Quarter ended 31st March 2023.

The Audit Manager presented the report and outlined the key issues, offering further explanation of certain details on pages 72-78 of the agenda.

The Head of Resources & s151 Officer and Audit Manager answered questions from members.

Agreed: The report be noted.

AUD. 09 Internal Audit Annual Assurance Report 2022-23

The Committee received the Internal Audit Annual Assurance Report 2022-23, which had been consolidated from previous monthly reports presented to the committee.

The Audit Manager presented the report and outlined the key issues.

Members were invited to ask questions and the Audit Manager was able to provide verbal responses.

Agreed: The Committee approved the Internal Audit Annual Assurance Report 2022-23 as attached at Appendix 1 of the report.

AUD. 10 Annual Governance Statement 2021-22 – Action Plan Progress report

The Committee received the Annual Governance Statement 2021-22 – Action Plan Progress report from the Head of Resources & s151 Officer.

The Head of Resources & s151 Officer presented the report and outlined key issues. She explained the slides sent to members the previous day were shared to give further background. Members were advised that the report set out the current position in relation to the Action Plan, which was developed to address the issues identified within 2021-22, and the Head of Resources & s151 Officer stated that all actions set out for 2022-23 had been achieved.

The Head of Resources & s151 Officer was able to provide members with

verbal responses to their questions.

Agreed: The Audit Committee noted the progress against the Annual Governance Statement Action Plan 2021-22 as attached at Appendix 1.

AUD. 11 Annual Governance Statement

The committee received a report on the Annual Governance Statement, which has been produced following completion of the annual review of the Council's governance arrangements and systems of internal control providing a review of performance against the Governance Framework to members.

The Head of Resources and s151 Officer presented the report and she explained that she was the author, but it had been produced in collaboration with the Corporate Leadership Team.

The opportunity was offered to members to ask questions, to which the Head of Resources and s151 Officer responded.

Action: The committee noted the draft version of the Council's 2022-23 Annual Governance Statement (AGS) as attached at Appendix 1

There being no further business, the meeting ended at 7.03pm.

Wyre Forest District Council Audit Progress Report and Sector Update

July 2023



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Value for money update	07
Sector Update	09

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

Your key Grant Thornton team members are:

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This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications <https://www.grantthornton.co.uk/en/services/public-sector-services/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at July 2023

Financial Statements Audit

We undertook our initial planning for the 2022/23 audit in March and April 2023.

Our work included:

- Updated review of the Authority's control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Understanding how the Authority makes material estimates for the financial statements
- Early work on emerging accounting issues

We took the Audit Plan to the May Audit Committee.

The Council issued its draft accounts by the end of May and we commenced the final audit in early July and expect to issue our Audit Findings Report and opinion in September 2023.

The national deadline for publishing audited local authority accounts is 30 September for 2022/23 onwards.

Value for Money

Under the 2020 Code of Audit Practice, for local government bodies auditors are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

NOA have issued Auditor Guidance Note 3 (AGN 03) in relation to Auditors' Work on Value for Money (VFM) Arrangements for 22-23 audits.

The ongoing delays in local audit continue to significantly impact audited bodies and the financial reporting and auditing process, and may therefore affect the timing of when the work on VFM arrangements set out in AGN03 is performed and reported.

The guidance states that the auditor should perform the procedures required as part of their work on VFM arrangements under AGN3 and issue their Auditor's Annual Report when their work is complete.

The Auditor's Annual Report should be issued no more than three months after the date of the opinion on the financial statements for all local government bodies.

We have yet to finalise our 2021/22 report and had yet to complete our VFM planning when we issued our audit plan. We have agreed with management that we will issue a VFM report in the Autumn 2023 which will cover the two financial years.

We have now completed our risk assessment for the 2022/23 year and our work is progressing. The VFM section of this report summarises the output from that planning. We have identified two significant risks associated with management capacity in the organisation and the capital programme.

Progress at July 2023 (cont.)

Other areas

Certification of claims and returns

We certify the Authority's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). The opinion was issued in January 2023.

We will also be completing the work in 2022/23.

Meetings

We meet with Finance Officers regularly as part of our liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We will meet with key officers as part of our ongoing Value for money work.

Events

We provide a range of workshops, along with network events for members and publications to support the Authority. Your officers attended our Accounts Workshop in January and February 2023, where we highlighted financial reporting requirements for local authority accounts and gave insight into elements of the audit approach.

Further details of the publications that may be of interest to the Authority are set out in our Sector Update section of this report.

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2022/23 is the fifth year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in the period 2018/19 to 2021/22 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We have reviewed the impact of these changes on both the cost and timing of audits. We have discussed this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, and have communicated fully with the Audit Committee.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

Audit Deliverables

2022/23 Deliverables

	Planned Date	Status
Audit Plan We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Authority's 2022/23 financial statements and to issue a commentary on the Authority's value for money arrangements in the Auditor's Annual Report	May 2023	Completed
Audit Findings Report The Audit Findings Report will be reported to the September Audit Committee.	September 2023	Not yet due
Auditors Report This includes the opinion on your financial statements.	September 2023	Not yet due
Auditor's Annual Report This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.	December 2023	Not yet due
Housing Subsidy return We will complete the audit of the subsidy claim in line with the instructions agreed with DWP	January 2024	Not yet due

Value for Money arrangements

Approach to Value for Money work for the period ended 31 March 2023

The National Audit Office –issued its latest Value for Money guidance –to auditors in January 2023 . The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body’s arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the body ensures that it makes informed decisions and properly manages its risks.

We have agreed with management that due to the delay in completion of the 2021/22 value for money work, we will combine with the 2022/23 value for money work and issue a combined report in the Autumn 2023.

Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed in the first table below, along with the further procedures we will perform. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

Risks of significant weakness

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.



Governance: capacity within the senior management team

We consider that there is a risk of significant weakness associated with management capacity within the organisation to both deliver the current significant capital programme and to ensure that there is adequate operation of internal controls and measures in place to detect and prevent fraud.



Governance and improving economy efficiency and effectiveness:

We consider that there is a risk of significant weakness associated with delivering the significant capital programme associated with the ongoing capital grants schemes.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

Delayed publication of audited local authority accounts

In December 2022 there were over 600 local audit opinions outstanding. This means that many stakeholders can't rely on audited accounts to inform decision making – a significant risk for governance and control.

Local authority accounts are becoming increasingly complex as accounting standards evolve and local authorities enter more and more innovative financing arrangements and income generation projects. A significant challenge in managing local audits is the differing needs of various stakeholders. The local government sector, central government and regulators need to agree on the purpose of local audit and find a consensus on improving efficiency in publishing accounts. Grant Thornton has produced a report that explore the reasons for delayed publication of audited local authority accounts.

Table 1 below illustrates the declining performance against the target date for publication of audited accounts in recent years.

Table 1 Audited accounts published by target date over the last six years

Financial year	Deadline for publication of unaudited accounts	Target date for publication of audited accounts	% audited accounts published by target date (all firms average)	% audited accounts published by target date (Grant Thornton audits)
2016/17	30 June 2017	30 September 2017	95	97
2017/18	31 May 2018	31 July 2018	87	91
2018/19	31 May 2019	31 July 2019	58	65
2019/20	1 September 2020	30 November 2020	45	54
2020/21	1 August 2021	30 September 2021	9	12
2021/22	1 August 2022	30 November 2022	12	20

About time?

Exploring the reasons for delayed publication of audited local authority accounts

March 2023



Delayed publication of audited local authority accounts

What more can be done?

All key stakeholders in the local audit system will need to continue their efforts to secure improvement and a return to high levels of compliance with timely publication of audited accounts. The report explores several of the causes of delay and steps which might be taken to reduce the incidence of delays.

These steps relate to systems leadership, holding both authorities and auditors to account for their performance, a continued focus on the quality of accounts preparation and audit, and the effective engagement between auditors and audited bodies.

The report makes 20 recommendations for improving timeliness in publishing audited accounts.

The report also sets out a checklist which management and the audit committee should consider. The report recommends DLUHC, CIPFA or the FRC set out expectations for the system as a whole.

[Click here for full report](#)

About time?

Exploring the reasons for delayed publication of audited local authority accounts

March 2023



Local government procurement and contract management

Background

Local authorities in England spend around £82.4 billion a year on goods and services. More than a third of all UK government spending on goods and services is spent in the local government sector¹. Allowing for capital spending as well, the UK public sector procures around £300 billion a year overall.

We reviewed a large number of reports, inspections and interventions issued by a number of firms, including 53 Annual Auditor Reports issued by Grant Thornton UK LLP. To help build on existing good practice, in this report we highlight some common themes for members and officers to consider:

This report considers a selection of issues we identified under each theme and makes recommendations both to local authorities and, in one case, to central government. The report presents a good practice checklist for local authority members and officers to reflect on.

The analysis sets out five key themes for ensuring good practice:

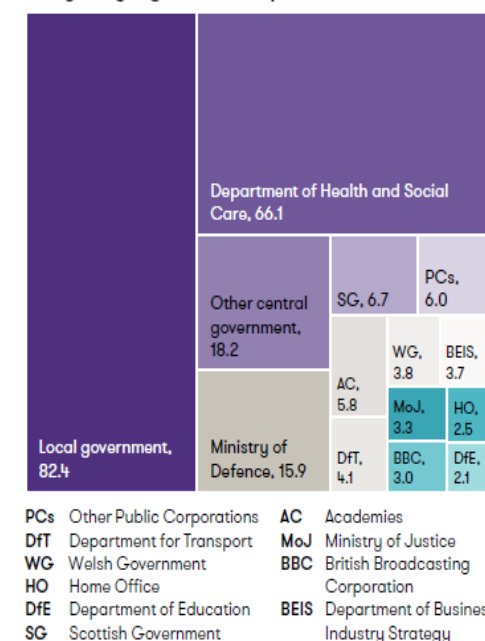
- Strategic planning
- Internal control
- Time, technical expertise, and people
- Commercial awareness
- Contract management

[full report here](#)

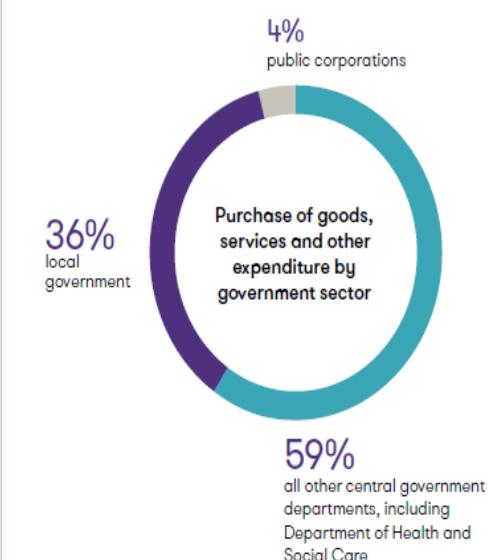
More than a third of all UK government spending on goods and services is spent by local government, so it's important councils have effective arrangements for procurement and contract management

UK public spending

Public spending on goods and services, £ billions – analysis by segment and department²



Goods, services and other expenditure by segment⁴



¹ HM Treasury, Whole of Government Accounts: year ended 31 March 2020, June 2022
² Cabinet Office, Transforming Public Procurement: Government response to consultation, December 2021
³ HM Treasury, Whole of Government Accounts: year ended 31 March 2020, June 2022
⁴ HM Treasury, Whole of Government Accounts: year ended 31 March 2020, June 2022

Stonewall Gold Employer: GT's LGBTQIA+ inclusion journey

Background

15 Feb 2023, Stonewall, Europe's largest charity for Lesbian, Gay, Bi, Trans, and Queer (LGBTQIA+) rights, launched its widely anticipated Top 100 Employers List – recognising us for our work in supporting LGBTQIA+ colleagues to be the best versions of themselves at work and awarding us Gold Employer, the highest award.

We're proud to announce that we've ranked among the UK's leading employers from the public, private, and third sectors in the Stonewall Workplace Equality Index (WEI). We've also been recognised as a Gold Employer. Overall, we've ranked 38th in the latest WEI results, and 26th in the private sector, and 9th in the financial services sector.

Sustainability: Finance at the heart of decision making

In November 2022 CIPFA published an article on public sector specific response to climate change. Below is an extract from CIPFA's website:

"Role of the finance profession"

Finance and accounting professionals need to move beyond simply measuring and reporting the impact of climate change, environmental regulation, supply chain pressure and rising energy costs. They must focus on understanding those implications and integrating them into financial management and business planning. The ability to integrate climate risks into overall operational risks is a major challenge. The finance profession will need to be able to collect data from different professions (scientists, valuation experts, biologists, meteorologists etc) and be able to understand but also challenge assumptions and projections. The importance of effective communication to both internal and external stakeholders must not be underestimated. Climate reporting should result in decision makers having all the information necessary to be effective, to measure progress and to hold those responsible to account.

Opportunities and risks must be identified and stress tested using various scenarios, including temperature rises of 2C and more. The impact of collapsed ecosystems must not be ignored – from rising sea levels to food scarcity and the mass migration of people whose land is no longer inhabitable. We need honesty, transparency and above all leadership to tackle the climate issues that exist and lie ahead.

Conclusion

The current focus on net zero emissions by 2050 misses the point that climate change is already happening. There is an urgent need for adaptation measures to be introduced that allow the UK to live with higher temperatures, wetter winters and warmer, drier summers. At the moment we are severely under prepared.

This is a call for urgent action from government, both at central and local level. The IPCC recommended threshold of limiting temperature rises to 1.5C is set to be broken. Temperature rises above 2.5C will mean ecosystems will collapse which will have severe repercussions on our society as a whole.

CIPFA and ICAEW share the view that the finance function has an important role to play in combating climate change. We would like to see the finance profession taking the lead for the public sector in its efforts to tackle climate change".

[Click here for link to the article](#)

WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

20th July 2023

INTERNAL AUDIT MONITORING REPORT
POSITION STATEMENT AS AT 30TH JUNE 2023

OPEN	
CABINET MEMBER	Councillor David Ross: Finance & Capital Portfolio
RESPONSIBLE OFFICER	Helen Ogram, Head of Resources And {S151 Officer} Extension 2907 helen.ogram@wyreforestdc.gov.uk
CONTACT OFFICER:	Cheryl Ellerton, Extension 2116 cheryl.ellerton@wyreforestdc.gov.uk

1. PURPOSE OF REPORT

- 1.1 To provide members with a position statement as at 30th June 2023 of work undertaken by Internal Audit to include allocations against the 2023~24 Internal Audit Plan.

2. RECOMMENDATION

The Audit Committee is asked to CONSIDER:

- 2.1 **The position as of 30th June 2023 of work undertaken by Internal Audit Team against the approved 2023~24 Internal Audit Plan.**

3. BACKGROUND

- 3.1 The management of the authority are obliged to safeguard public funds and use them in a way which provides value for money and thereby best value. An effective internal audit service is vital in helping management to meet these important duties as it is an independent appraisal function for the review of the entire internal control system.
- 3.2 The Audit Committee approved the operational Annual Audit plan 2023~24 in March 2023. In accordance with the Internal Audit Charter, actual performance of the Internal Audit service is monitored against the Audit Plan each quarter during the year.
- 3.3 It is acknowledged that the core structure of the Internal Audit Team remains fit for purpose, but both the position of Senior Auditor and Auditor became vacant during 2022-23 and the Internal Audit Manager has indicated her intention to retire later this year. A detailed report is presented to the Audit Committee later on the agenda to advise of the review of the Internal Audit Service and consideration of alternative

delivery models to ensure that a robust Audit Plan can be delivered for the 2023~24 financial year.

- 3.4 The aim of the position statement is to capture and advise the Committee on work undertaken by internal audit to include contributions against the approved plan as of 30th June 2023.
- 3.5 The following position statement also includes those formal reports issued to close off the 2022~23 Internal Audit Plan which supported the internal audit opinion of the overall internal control environment for 2022~23. These reports consolidated the work completed by the end of April 2023 by the temporary senior auditor in post and secondments from the Cipfa Trainee Accountants.

4. CONCLUSION

- 4.1 This information is presented to members in accordance with the Internal Audit Charter for the Internal Audit Team and the Quality Assurance & Improvement Programme as requirements of the UK Public Sector Internal Audit Standards and details for completeness the work undertaken as of 30th June 2023.

5. CONSULTEES

- 5.1 Corporate Leadership Team

6. BACKGROUND PAPERS

- 6.1 24th March 2023 ~ Audit Committee ~ Internal Audit Annual Plan 2023~24
23rd March 2022 ~ Audit Committee ~ Internal Audit Annual Plan 2022~23
28th November 2018 ~ Audit Committee ~ Quality Assurance & Improvement Programme
30th July 2018 ~ Audit Committee ~ Internal Audit Charter {Updated}
Accounts and Audit Regulations 2015 {SI 234}

FINAL AUDIT REPORTS ISSUED AS AT 30 th JUNE 2023	
	ASSURANCE
CORE FINANCIAL SYSTEM REVIEWS	
Key Systems (Annual Assurance Reviews)	
2022~23 Accounts Payable {Reconciliations}	F
2022~23 Accounts Receivable {Reconciliations}	F
2022~23 Income to Bank {Green Street}	F
2022~23 Income to Bank {HUB}	F
2022~23 Income to Bank {TIC}	F
2022~23 Income to Bank {WFH}	F
2022~23 Council Tax ~ Compliance {Change of Circumstances & Recovery}	F
2023~23 NNDR ~ Compliance {Change of Circumstances & Recovery}	F
2023~24 Council Tax ~ Gross Debit {Billings Parameters} Reconciliation	F
2023~24 NNDR ~ Gross Debit {Billing Parameters} Reconciliation	F

KEY		
Assurance Level	Description of Assurance Level	What is reported in the Quarterly Audit Report
F = Full	Robust framework of controls, any recommendations are advisory ~ provides substantial assurance.	The title of the review undertaken is reported.
S = Some	Sufficient framework of controls but some weaknesses identified ~ provides adequate assurance.	Summary page of Audit Report together with any significant findings and associated recommendations where appropriate.
L = Limited	Significant lapses/breakdown in individual controls ~ at least on significant weakness ~ provides partial assurance.	Summary page of Audit Report and significant findings and associated recommendations.
U = Unsound	Significant breakdown in the overall framework of controls with a number of significant recommendations ~ provides little or no assurance. A significant internal control is one which is key to the overall framework of controls.	Summary page of Audit Report and significant findings and associated recommendations.

A number of other reviews are currently in preparation in respect of the 2023~24 Annual Audit Plan for which formal reports will be presented to the Audit Committee in due course.

WORK IN PROGRES AS AT 30 TH JUNE 2023		Status	Action Plans/Progress Report			
RISK ASSESSMENT	AUDIT REVIEW	As At 30.06.23	DATE OF ISSUE Action Plan No 1	DATE OF ISSUE Action Plan No 2	DATE OF ISSUE Action Plan No 3	POSITION @ 30.06.23
RA40	<u>Accounting Cash To Bank</u> Bank Reconciliation	Stage 1	-			
	Income To Bank {TIC/Museum}	Stage 1	-			
	Income To Bank {Hub}	Stage 1	-			
	Income To Bank {Wyre Forest House}	Stage 1	-			
RA55	<u>Benefits {Inc Council Tax Discounts (Local Scheme)}</u> Council Tax Reduction {Local Scheme} ~ Compliance	Stage 1	-			
	Housing Benefit {Allowances}	Stage 1	-			
	Housing Benefit ~ Overpayment Debtor Accounts ~ Reconciliations	Stage 1	-			
RA21	<u>Council Tax</u> Ctax Reconciliations ~ {To include Gross Debit 2023~24}	Stage 6	28.06.23 {FR}			
	Ctax Reconciliations ~ {Valuation Office/Monthly Finance Control}	Stage 1	-			
	Ctax Compliance/Recovery	Stage 1	-			
RA44	<u>Creditors (Accounts Payable)</u> Creditors {Accounts Payable } ~ Compliance	Stage 1	-			
	Creditors {Accounts Payable} ~ Reconciliation	Stage 1	-			
RA51	<u>Debtors (Accounts Receivable)</u> Debtors {Accounts Receivable} ~ Compliance	Stage 1	-			
	Debtors {Accounts Receivable} ~Reconciliations	Stage 1	-			
RA82	<u>Establishment</u> Establishment Reconciliation	Stage 1	-			
RA21	<u>National Non-Domestic Rates</u> NNDR ~ Reconciliations ~ {To include Gross Debit 2023~24}	Stage 6	28.06.23 {FR}			
	NNDR ~ Reconciliations ~ {Valuation Office/Monthly Finance Control}	Stage 1	-			
	NNDR ~ Compliance	Stage 1	-			
RA51	<u>Payroll (Including Mileage & Subsistence Claims)</u> Payroll ~ Compliance (WFDC Accountancy Team & RBC Payroll Team)	Stage 1	-			
	Payroll ~ Reconciliations {WFDC Accountancy Team}	Stage 1	-			
RA29	<u>Treasury Management {Strategy, Reporting & Reconciliations}</u> → Reconciliation Procedures	Stage 1	-			
	→ Compliance {Investments Placed/Recalled & Borrowing}	Stage 1	-			
	→ Strategic Reporting	Stage 1	-			
KEY	Stage 1 ~ Field Work In Progress ~ {With Individual Auditor}			Stage 4 ~ Audit Complete ~ Under Review {Audit Manager}		
	Stage 2 ~ Phases 1 & 2 & 3 Field Work Complete for Peer Review			Stage 5 ~ Draft Report Issued		
	Stage 3 ~ Phases 1 & 2 & 3 Field work Complete with Action Plans/Progress Report to Service Manager			Stage 6 ~ Final Report Issued {FR}		

Additional Assurance Work Undertaken by Internal Audit

Internal Audit Team have continued to undertake work in other areas for which a formal report is not issued; however, time has been set against allocations within the 2023~24 Internal Audit Annual Plan approved by the Audit Committee in March 2023 as summarised below: -.

Information Communications Technology (ICT) Governance, Advice & Assistance

- Attend the Cyber Security & Information Governance Working Group.

Contracts & Procurement

Internal Audit are working with the NWDER Programme Delivery Manager in respect of the Future High Street Fund ~ Bromsgrove Street and Kidderminster Creative Hub {Former Magistrates Court} as part of the capital contract monitoring procedures.

➔ Kidderminster Future High Street Fund {Worcester & Oxford Street ~ Asbestos Removal}

❖ **This work was completed as at 31st May 2023**

➔ Demolitions of Commercial Properties in Worcester Street, Kidderminster

❖ **This work was commenced June 2023**

➔ Kidderminster Future High Street ~ {Former Magistrates Court} Design & Build Contract Construction of Creative Hub

❖ **This work was commenced in April 2023**

The audit reviews are undertaken to enable the detailed monitoring of payments drawn with each verified against the Interim Valuations and Certificates provided by the Agents appointment to monitor the contract{s} on behalf of the Council. As part of the testing, a monitoring spreadsheet is maintained to monitor the actual cumulative spend against the contract sum. Where it has been necessary to vary the contract sum, all documentation is sighted as evidence of authorised employers' instruction with approval from the S151 Officer. This process ensures adherence to the Councils Contract Procedure Rules and Financial Regulations. Invoices received for payment are reviewed for arithmetic accuracy including the calculation of retention.

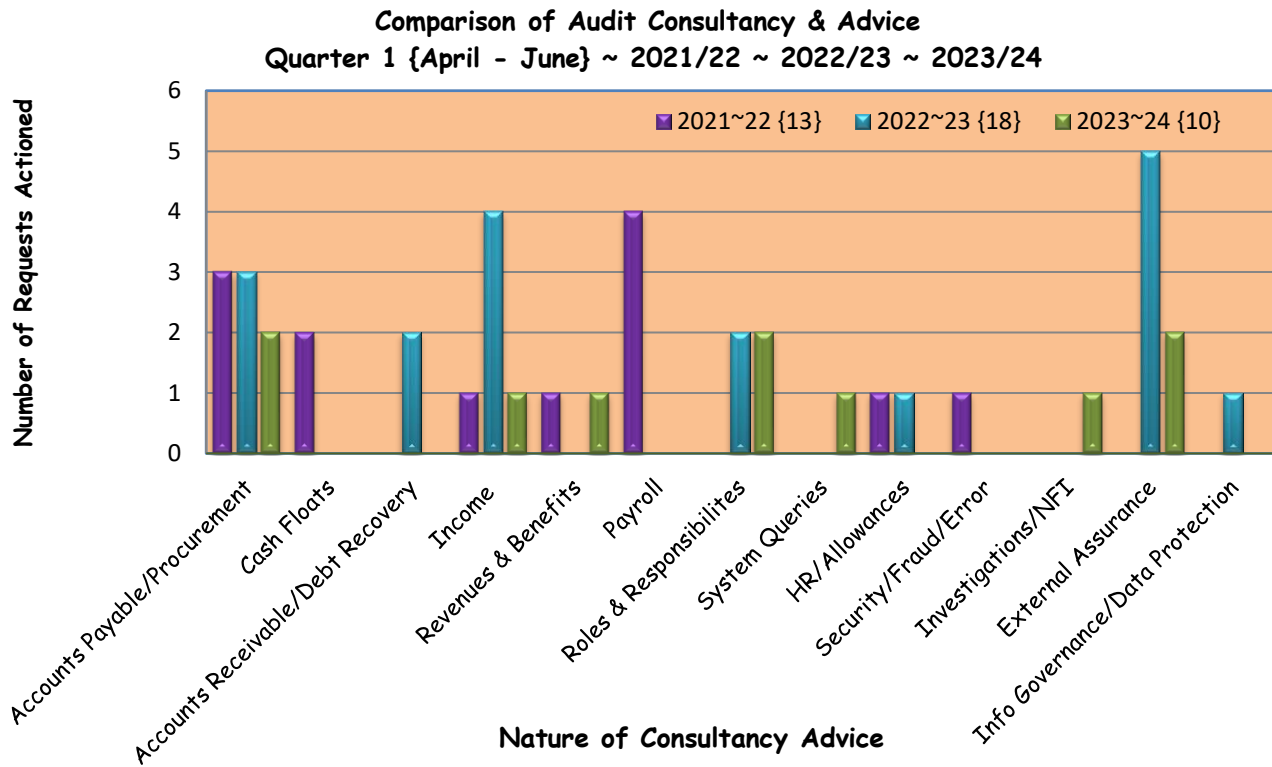
Corporate Issues

National Fraud Initiative

Internal Audit continue to support work in connection with the mandatory National Fraud Initiative hosted by the Cabinet Office. This is a continuous programme of work, an exercise that matches electronic data within and between the Council and other public and private sector bodies to prevent and detect fraud.

Advice & Consultancy

Internal audit has continued to provide ad-hoc consultancy advice. For the period 1st April – 30th June 2023, the Internal Audit Team have responded to **10** requests for advice and consultancy as categorised in the graph below in comparison to the **18** requests received and actioned for the same period in 2022~23 and the **13** requests received and actioned for the same period for 2021~22.



Cheryl Ellerton
Audit Manager

Helen Ogram
Section 151 Officer

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE****20th July 2023****PUBLIC SECTOR INTERNAL AUDIT STANDARDS****INTERNAL AUDIT CHARTER**

OPEN	
CABINET MEMBER	Cllr. David Ross
RESPONSIBLE OFFICER	Helen Ogram, Head of Resources And {S151 Officer} Extension 2907 helen.ogram@wyreforestdc.gov.uk
CONTACT OFFICER	Cheryl Ellerton, Extension 2116 cheryl.ellerton@wyreforestdc.gov.uk
APPENDIX	Internal Audit Charter ~ Updated

1. PURPOSE OF REPORT

The purpose of this report is to present to Members a refreshed Internal Audit Charter in compliance with the UK Public Sector Internal Audit Standards {UKPSIAS} revised from April 2016 and April 2017.

2. RECOMMENDATIONS

The Audit Committee is asked to APPROVE the updated Internal Audit Charter as attached at Appendix 1.

3. BACKGROUND

- 3.1 The Internal Audit Charter was approved by the Audit Committee in March 2014 following the adoption of the 2013 UK Public Sector Internal Audit Standards. The standards were revised with effect from April 2016, and these changes were noted by the Audit Committee at its meeting of 26th September 2016.
- 3.2 The Standards are mandatory for all internal auditors working in the public sector and the work of the WFDC Internal Audit Team is governed by the UK Public Sector Internal Audit Standards. The Internal Audit Charter was updated following the changes to the standards in 2016 with further amendments to the Standards in 2017.
- 3.3 Compliance with the UK Public Sector Internal Audit Standards are a requirement of the Accounts and Audit Regulations 2015.

4. KEY ISSUES

- 4.1 The UK Public Sector Internal Audit Standards require the Council to have an Internal Audit Charter which must be approved by the Corporate Leadership Team and the Audit Committee and formally define the purpose, authority and responsibility of the internal audit activity.

- 4.2 The Audit Charter ensures that the internal audit function is delivered in consideration of the UK Public Sector Internal Audit Standards. A key element of the standards is having a fit for purpose Audit Charter in place. The Audit Charter was revised in 2018 following amendments to the standards and as part of the external assessment at the time, areas enhanced for clarity. The refreshed Internal Audit Charter is contained in the Appendix.

5. FINANCIAL IMPLICATIONS

- 5.1 The costs of the Internal Audit section are provided for in the Council's approved budget.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 The requirement for an internal audit function is contained within Section 151 of the Local Government Act 1972 that requires local authorities to "make arrangements for the proper administration of their financial affairs". The Council has delegated these powers to the Chief Financial Officer as provided in the Council's Constitution.

- 6.2 More specifically the Accounts and Audit Regulations 2015 {2[5]} states that:

"A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".

7. RISK MANAGEMENT

- 7.1 The Internal Audit service is one element of the Council's assurance/internal control framework. This Key Assurance Service objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources and ensures the governance, risk and control frameworks are working effectively. The Internal Audit Charter ensures that the Council complies with best practice as required by the UK Public Sector Internal Audit Standards.

8. EQUALITY IMPACT NEEDS ASSESSMENT

- 8.1 An Equality Impact Assessment screening has been undertaken and it is considered that there are no discernable impacts on the nine protected characteristics.

9. CONCLUSION

- 9.1 This Internal Audit Charter defines the purpose, authority, and responsibility of the Internal Audit Service. The Internal Audit Charter {Appendix} has been refreshed to ensure it remains fit for purpose.

10. CONSULTEES

- 10.1 Corporate Leadership Team.
10.2 Cabinet Member for Finance & Capital Portfolio

11. BACKGROUND PAPERS

Accounts and Audit Regulations 2015 (SI 817)

UK Public Sector Internal Audit Standards ~ April 2017

30th May 2018 Audit Committee ~ External Assessment of WFDC Internal Audit Team

APPENDIX 1

INTERNAL AUDIT CHARTER

July 2023

The UK Public Sector Internal Audit Standards refer to the terms, Chief Audit Executive, the Board and Senior Management. For the purposes of this Charter, the Chief Audit Executive is defined as the Audit Manager (Head of Audit), the “board” as the Audit Committee and “Senior Management” as the Corporate Leadership Team.

The Internal Audit Service has been established by the Council as a key component of its governance framework. A professional, independent and objective Internal Audit Service is one of the key elements of good governance as recognised by the UK Public Sector. This Charter provides a framework for the conduct of Internal Audit in Wyre Forest District Council and recognises the mission of Internal Audit “to enhance and protect organisation value by providing risk based and objective assurance, advice and insight¹”.

The key provisions of this Charter are:-

Internal Audit Service

The Council’s internal audit service is an independent, objective assurance and consulting activity designed to add value and improve the Council’s operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. This is delivered through formal approval by the Corporate Leadership Team (Senior Management) and Audit Committee (The Board) of the Annual Internal Audit Plan.

Independence & Objectivity {Standard 1100}

In order to provide impartial and unbiased assessment of Council’s operations, the internal audit service must be seen to be independent. Internal Audit will have no operational responsibilities in the areas they audit. It shall be free to review the arrangements of any aspect of service delivery, finance or governance.

The objectivity, impartiality, integrity and conduct of the Internal Audit Team must be above reproach at all times with Internal Audit maintaining the highest level of professional objectivity when undertaking their role.

Authority {Standard 1000}

The Internal Audit Team report to the Corporate Leadership Team through the Section 151 Officer. Internal auditors are authorised to have full, free and unrestricted access to all services and functions, premises, assets, employees, elected members, suppliers and contractors, records and other documentation and information that the Audit Manager considers necessary to enable the Internal Audit Service to meet its responsibilities. All employees are required to assist the internal audit activity in fulfilling its roles and responsibilities.

Confidentiality

All records, documentation and information accessed in the course of undertaking internal audit activities shall be used solely for the conduct of internal audit activities. The Audit Manager as Head of Internal Audit and individual audit staff (including contractors and external service providers performing work on behalf of internal audit) are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work with due regard to GDPR.

Reporting

Written reports will be issued by the Audit Manager as Head of Internal Audit following the conclusion of each internal audit assignment.

Quarterly monitoring reports will be presented to the Corporate Leadership Team and the Audit Committee summarising work completed.

An annual report will be presented to the Corporate Leadership Team and the Audit Committee no later than the date at which the Council’s annual governance statement is approved, to include a formal audit opinion on the Council’s internal control environment.

¹ UK Public Sector Internal Audit Standards 2016

Purpose of Internal Audit and Statutory Requirements

The Accounts and Audit Regulations 2015 Regulation 5 state:

“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”..”

The internal audit service forms part of the assurance framework for the Council and has been established to:

- ⇒ Provide independent, objective assurance to the Council arrangements for managing and controlling its operations, both financial and operational.
- ⇒ Assist the Council through Managers to add value, improving the delivery of the Council's objectives and operations through evaluating and challenging the effectiveness of risk management, control and governance processes.

Internal audit will review the systems of internal control operating throughout the authority and provide an independent and objective opinion to the Council on the degree to which the internal control environment supports and promotes the achievement of the Council's objectives. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper economic, efficient and effective use of resources.

It is the responsibility of Managers to ensure adequate controls are in place in their areas of responsibility. This responsibility includes the duty to continuously review internal controls and ensure that they remain fit for purpose and operationally effective. Internal controls are to ensure systems meet their objectives in a secure, efficient and well-ordered manner. Internal audit is not a substitute for this, but its role is complementary in providing managers with information, professional advice and independent assurance as to the adequacy of their internal control processes.

Professionalism

The Internal Audit Team will govern itself by adherence to the UK Public Sector Internal Audit Standards (UKPSIAS) as required by the Accounts and Audit Regulations 2015 and all codes and policies operated by Wyre Forest District Council and the seven principles of public life.

The Internal Audit Team must conform to the Code of Ethics contained in the UK Public Sector Internal Audit Standards supported by any additional requirements placed on them by any other professional body that they are members of.

The Internal Audit Team will work in accordance with the Core Principles for the Professional Practice of Internal Auditing:

- Demonstrates integrity;**
- Demonstrates competence and due professional care;**
- Is objective and free from undue influence {independent};**
- Aligns with the strategies, objectives and risks of the organisation;**
- Is appropriately positioned and adequately resourced;**
- Demonstrates quality and continuous improvement;**
- Communicates effectively;**
- Provides risk-based assurance;**
- Is insightful, proactive and future focused;**
- Promotes organisational improvement.**

Non-conformance with the UK PSIAS shall be reported to the Corporate Leadership Team and the Audit Committee and included within the annual report.

Relationship with Members & Senior Management

Audit Committee

The Accounts & Audit Regulations 2015 require the Council to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

The Council has established an Audit Committee and specifically delegated to it responsibility for “ensuring there are effective arrangements for the system of internal audit of the Council.”

The Audit Manager must report to the Audit Committee and establish effective communication with free and unrestricted access to the Chair of the Audit Committee in relation to the delivery of the Internal Audit Plan, the Internal Audit Report and periodic updates of Internal Audit work to include any matters or concerns that have arisen from the work of the Internal Audit Team,

Corporate Leadership Team

The Head of Resources as Section 151 Officer and a member of the Corporate Leadership Team has management responsibility for the delivery of the Internal Audit Service.

The Audit Manager in their role as Head of Internal Audit will ensure that the Section 151 Officer is briefed without delay on any matter coming to the attention of Internal Audit that could have a material impact on the finances of the Council, and/or matters involving fraud or malpractice.

Internal Audit shall maintain effective relationships with all managers of the Council, and timings of internal audit reviews will be in consultation with the appropriate manager. Managers must also ensure that internal audit is provided with all information and explanations that are required during the course of its work.

Independence & Objectivity {Standards 1100/1110}

In order to provide impartial and unbiased assessment of Council’s operations, the internal audit service must be seen to be independent of those operations. Internal Audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a manner which facilitates impartial and effective professional judgements and recommendations.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. All members of the Internal Audit Team will act with due professional care ensuring that they are fair and objective. They must have a impartial, unbiased attitude when making a balanced assessment of all the relevant circumstances and avoiding a conflict of interest by not being unduly influenced by their own interests or by others in forming judgments, abiding by the professional standards. Internal auditors will have no direct responsibility or authority over any of the activities audited.

Internal Auditors are often consulted during system, policy or procedural development. This is good practice as it enables feedback to be made on potential control weaknesses and therefore ensures that systems, policies and procedures are fit for purpose prior to their introduction. Where their independence could be seen as being compromised, or if they have had previous operational roles, they will be precluded from reviewing and making

comments during routine or future audits, for the remainder of that financial year and/or the following financial year after their involvement.

The Audit Manager as Head of Internal Audit is responsible for the delivery of the Internal Audit Service and will confirm to the Audit Committee annually, the organisational independence of the internal audit service. It is acknowledged that being an in-house team within the Council cannot be wholly independent of all management. Where the service is delivered by an in-house team either as a whole or in part, Internal Audit's independence therefore, will be achieved through its status within the organisation, and that the Audit Manager has no other responsibilities other than the Internal Audit function.

Should the independence of Internal Audit be impaired or appear to be impaired, the Audit Manager will ensure the Audit Committee are aware.

Authority & Confidentiality {Standards 1000}

Internal auditors shall have full, free and unrestricted access to all services and functions, premises, assets, employees, elected members, suppliers and contractors, records and other documentation and information that the Audit Manager as Head of Internal Audit considers necessary to enable the Internal Audit Service to meet its responsibilities. All employees are required to assist the internal audit activity in fulfilling its roles and responsibilities which allow for Internal Audit to: -

- enter, at all reasonable times, any land, building, vehicle, or plant owned or used by the Council
- have access at all times to all records, documents or correspondences, including any stored by mechanical, electric or electronic means relating to the affairs of the Council
- possess or to take copies of any record, document or correspondence
- require any information and explanation from any member or employee of the Council concerning any matter under examination
- require any employee or member of the Council to produce records, cash, stores or any other property under his/her control.

All records, documentation and information accessed in the course of undertaking internal audit activities shall be used solely for that purpose. The Audit Manager as Head of Internal Audit and individual audit staff (including contractors and external service providers performing work on behalf of internal audit) are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

The Internal Audit Team may also undertake special reviews, provide independent advice such as consultancy which is commissioned work requested by Management. In planning this work, the Audit Manager will ensure the Internal Audit Team maintain its objectivity and independence. The impact on the Audit Plan of undertaking any commissioned work will be reported to the Head of: Resources and where appropriate the Audit Committee.

- Consultancy or advisory services requested and/or agreed may include
 1. Advising management on control improvements
 2. Facilitating Workshops
 3. Co-ordinating or participating in process review groups

Internal Audit do not have responsibility for the prevention and detection of fraud or corruption. Managers are responsible for ensuring appropriate procedures are put in place to prevent and detect fraud. Internal Audit, however, should always be alert to and aware within their work of risks and exposures that could lead to or indicate fraud and corruption.

The Corporate Fraud function is aligned to the Internal Audit Team. Financial Regulations require that instances of suspected fraud/irregularities must be reported to the S151 Officer and/or Internal Audit. Internal Audit and/or the Corporate Fraud Officer will investigate any instances of fraud and corruption being perpetrated by any employee of the Council. Where relevant, Internal Audit will advise and assist Managers in any investigation.

Internal Audit Management {Standard 2000}

For management matters, the Audit Manager will report to the Head of Resources as Section 151 Officer.

The Audit Manager as Head of Internal Audit is responsible for the day-to-day management of the Internal Audit Team and will

- effectively manage and deliver the internal audit service in accordance with this Charter.
- prepare a strategic annual audit plan based on risk to provide assurance and an internal audit opinion on the Council's services and activities as outlined in the Corporate Plan/Priorities and Risk Register.
- accept proposed consulting engagements based on the engagements potential to improve management of risk, add value and improve the Councils operations with time included within the annual audit plan
- in consultation with the Section 151 Officer, review and adjust the plans as necessary, in response to changes in the Council's risks, operations, programs, systems and controls.
- present an annual report to the Corporate Leadership Team and the Audit Committee on the Council's internal control environment.

Internal Audit's resources.

The Audit Manager in consultation with the Head of Resources will

- ensure that there is sufficient resource requirements to enable an effective internal audit service to be provided and meet the annual audit plans.
- bring to the attention of the S151 Officer any resource issues which may adversely impact on the provision of the annual internal audit opinion.
- ensure that all audit work is completed to high standards and in accordance with the internal auditing Mission, code of ethics and the standards including the practices and procedures as set out in the internal audit manual.
- undertake an annual review of the development and training needs of the internal auditors and arrange for appropriate training to be provided to ensure they can fulfil their duties and that levels of competence are maintained via the use of continual professional development
- to assist in any audit or investigation requiring detailed specialist knowledge, ensure access to appropriate specialists either from other internal or external sources.
- put in place arrangements that ensure internal audit is notified of all suspected or detected instances of non-welfare fraud, corruption or impropriety; and in conjunction with Corporate Fraud, promote a counter fraud culture within the Council.
- establish effective relationships with managers at all levels.

Role and responsibilities {Standards 2100/2200/2300}

To support the Annual Governance Statement, internal audit reviews shall examine and evaluate the adequacy and effectiveness of the Council's governance, risk management, and internal control processes. This shall be achieved via a programme of work: -

- to appraise the soundness of the internal controls system.
- the extent to which the systems of internal control ensure compliance with current policies and procedures.
- the safeguards from losses arising from fraud, irregularity and/or corruption.

→ where appropriate to investigate frauds or significant breaches of the internal control system

The programme of work will comprise: -

- ❖ **System/Risk Based Audits** – examination of the system's integrity and control, compliance with legislative requirements, as well as with the Council's Constitution. These reviews will influence the Audit Manager's opinion on the adequacy and effectiveness of the control environment, based on the areas examined.
- ❖ **Assurance Audits** – examination of transactions for accuracy, validity and compliance with financial regulations and standing orders. These reviews will influence the Audit Manager's opinion on the adequacy and effectiveness of the control environment, based on the areas examined.
- ❖ **Advice and Consultancy**
 - **Ad-hoc** ~ this work will comprise responding to queries from colleagues which are normally relatively small pieces of work taking no more than 2-3 hours to complete.
 - **Consultancy** ~ this work is more detailed than the provision of ad-hoc advice and will take longer to complete. Consultancy engagements will follow a formal request from Management to Internal Audit to look at an area or provide more detailed advice for example changes to processes to ensure adequate controls are built into the systems or a review of a minor control failure. Consultancy engagements are classified as commissioned work and can range from a day to several weeks and will be with the approval of the Audit Manager to ensure that any work adds value and improves governance, risk management and control processes all to support management in their work.
- ❖ **Computer Audit** ~ Internal audit of all ICT policies, procedures and systems to include ICT Governance. Input into the development of ICT systems and associated procedures.
- ❖ **Contract Audit** ~ Review of contract procedures (capital and revenue) ensuring compliance with the law, specifications and internal regulations.
- ❖ **Fraud, Irregularity and Special Investigations** – Investigation of instances of suspected financial malpractice, fraud or irregularity to include the National Fraud initiative. These are more detailed reviews into control failures, suspected breaches of financial regulations, fraud & corruption or other disciplinary offences where misuse of council assets has been identified.

Reporting and Monitoring {Standards 2400}

Internal Audit Reports

The reporting structure is intended to assist Management to fulfil their objectives of delivering services and contributing to the overall aims and objectives. Outputs can range from formal written reports to informal advice.

At the conclusion of a review, a report will be issued to the appropriate Manager and/or lead officer regarding: -

- The Audit Manager is responsible for the content of all written reports issued by the Internal Audit Team and the audit opinion provided to Management and those charged with governance.
- Audit findings and draft recommendations which will be discussed prior to issuing the draft audit report
- The draft audit report which will contain a summary of the quality of the control system and detailed observations and recommendations where risks and non-effective control processes require management action; include an overall assurance opinion but not provide absolute assurance on the adequacy of the governance, risk and control processes.

- The final audit report incorporating the manager's comments on the recommendations made; identify issues of good practice and an indicative timescale for corrective action.
- Three months after the issue of the final audit report internal audit will assess the implementation of the recommendations previously made and report as necessary and issue a 3 month follow up report.
- Responsibility for the response to advice and recommendations arising from internal audit reports sits with Managers who either accept and implement or formally reject accepting the risks involved in doing so.
- The Audit Manager will be responsible for reviewing the implementation of the recommendations.

Internal Audit recommendations will be categorised/ranked in terms of significance. Audit recommendations will be classified in accordance with the definitions as detailed below. The level of assurance that internal audit can give on the operation of internal controls within a system being reviewed will be classified in accordance with the following definitions as detailed in the table below.

Assurance Levels	Definition		Recommendation Rankings	Definition
Full Green	Robust framework of controls, any recommendations are advisory – provides substantial assurance.		Advisory	Low risk – recommendation for consideration
Some Yellow	Sufficient framework of controls but some weakness identified – provides adequate assurance.		Other	Medium risk - action required but not urgent
Limited Amber	Significant lapses/breakdown in individual controls – at least one significant recommendation – provides partial assurance.		Significant	High risk – urgent action needed
Unsound Red	Significant breakdown in the overall framework of controls with a number of significant recommendations – provides little or no assurance.		Significant	Very High Risk - Immediate action required.

Reporting to the Audit Committee {Standard 2500}

During the course of and at the close of each financial year, The Audit Manager shall present to the Audit Committee: -

- Quarterly monitoring reports to the Committee on actual progress compared to the approved audit plan of the Internal Audit Team, to include internal audit observations and recommendations and management comments on the implementation of recommendations and summarising the assurances given for completed audits as presented to the Audit Committee
- An annual assurance report to provide an overview of the work and performance of internal audit, summarising the overall results for the year and to support the Council's Annual Governance Statement as a key source of assurance to include an opinion of the overall adequacy and effectiveness of the Council's control environment.

Quality Assurance & Improvement Programme

The UKPSIAS require both internal and external assessments of the Internal Audit Service. Internal assessments should be on going and periodical, whilst external assessments must be undertaken at least once every 5 years.

Internal Assessments:-

The Audit Manager will develop and maintain a Quality Assurance and Improvement Programme {QAIP} in accordance with the UK Public Sector Internal Audit Standards. The QAIP will form the basis of the annual review of internal audit and will be supported by the quarterly monitoring reports, and the annual report on the effectiveness of internal audit to meet the requirements of the Account & Audit Regulations 2015. The outcome will be reported to the Corporate Leadership Team and the Audit Committee.

The outcome of the review and any resulting action plan will be reported to the Audit Committee with statement to confirm conformance to the standards. An action plan may be developed as a result of the QAIP to improve the levels of conformance to the standards.

External Assessments:-

The Audit Manager in consultation with the Section 151 Officer will arrange for an independent review of the efficiency and effectiveness of the internal audit service to be undertaken at least every 5 years. The Section 151 Officer will act as the sponsor to agree scope and nature of the external review with the Audit Manager. The outcome of the review will be reported to the Corporate Leadership Team and Audit Committee.

Relationships with external audit and other assurance activities

Internal Audit will establish and maintain an open relationship with the External Auditor and any other assurance provider. Copies of all audit reports are made available to the Council's External Auditors. Where services are provided under contract or partnership arrangements, then these should allow appropriate access for Internal Audit to those matters relating to the Council's business. This includes areas where the Council acts as the Accountable body.

Review of the Charter

The Audit Manager in consultation with the Section 151 Officer will review the Internal Audit Charter every 3 years and report the outcome to the Corporate Leadership Team, prior to formal approval by the Audit Committee.

Audit Committee 20.07.23

WYRE FOREST DISTRICT COUNCIL
AUDIT COMMITTEE
20th JULY 2023

INTERNAL AUDIT SERVICE REVIEW

OPEN	
CABINET MEMBER:	Councillor David Ross, Cabinet Member for Finance and Capital Portfolio
RESPONSIBLE OFFICER	Helen Ogram, Head of Resources and Section 151 Officer
CONTACT OFFICER	Helen.ogram@wyreforestdc.gov.uk

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to advise the Committee of the proposal to secure a new delivery model for the internal audit service to secure long term resilience in meeting the Council's regulatory obligations to undertake an internal audit.

2. RECOMMENDATION

The Audit Committee is recommended to:

- 2.1 **NOTE** that approval has been sought of Cabinet to procure a service contract for the delivery of the approved 2023-24 audit plan, in order to secure an internal audit opinion for 2023-24.

3. BACKGROUND

- 3.1 Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 3.2 The Council is required under the Accounts and Audit Regulations 2015 to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes. An effective internal audit service is also a requirement of the Council's Corporate Governance framework.
- 3.3 The UK Public Sector Internal Audit Standards have been formally adopted by the Audit Committee. The Internal Audit Team work in consideration of the Standards which are mandatory for all internal auditors working in the public sector. The standards require an external assessment of the Internal Audit Service, the next external assessment is due to be commissioned during 2023-24. The standards also require the Council to have an Internal Audit Charter; the Internal Audit Charter formally defines the purpose, authority and responsibility of the internal audit activity. The Charter was last considered and approved by Audit Committee in July 2018

following the formal external assessment. A refresh of the Charter is being considered elsewhere on the agenda.

- 3.4 The Audit Committee provides independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes and oversees both internal and external audit. The Audit Manager (Chief Audit Executive) reports to the Audit Committee providing periodic updates of internal audit work to include matters arising from internal audit reviews, progress on delivery of the audit plan and delivering an Annual Assurance Report to ensure the independence of the internal audit service and include an overall opinion of the control environment.
- 3.5 The s151 officer is responsible for establishing an adequate and effective system of internal audit and making sure that it is adequately resourced (The Accounts and Audit Regulations 2015).
- 3.6 A comprehensive review of how the service is provided was undertaken in 2014-15, this included consideration of the following options:
- Continuation of in-house provision with a reduced establishment to achieve cost savings
 - Joining the Worcestershire Internal Audit Shared Service (WIASS)

The outcome of the review was a decision to continue the provision of Internal Audit services through an in-house team (i.e. not to join WIASS) based on cost as this was the primary driver for the review.

- 3.7 Internal Audit provides a range of service, which currently includes:
- **System/Risk Based Audits** – examination of the system's integrity and control, compliance with legislative requirements, as well as with the Council's constitution. For example corporate financial systems including payroll, creditors.
 - **Regularity/Annual Assurance Audits** – examination of transactions for accuracy, validity and compliance with financial regulations and standing orders.
 - **Advice and Consultancy** – providing advice on:
 - ◆ Financial and non-financial procedures of the Council
 - ◆ New systems developments
 - ◆ Training on best financial practices
 - **Computer Audit** – Internal audit of all I.C.T. policies, procedures and systems. Input into the development of I.C.T. systems and associated procedures.
 - **Contract Audit** - Review of contract procedures (capital and revenue) ensuring compliance with the law, specifications and internal regulations.

- **Fraud and Irregularity Investigations** – Investigation of instances of suspected financial malpractice, fraud or irregularity to include the national fraud initiative.

3.8 Having a strong internal audit service has contributed to improved performance, better managed risk and delivery of a timely external audit opinion.

4. KEY ISSUES

- 4.1 The current establishment is 2.4 FTEs. The small size of the team causes issues of resilience with provision based solely on in-house resources.
- 4.2 The core structure of the Internal Audit Team remains fit for purpose, but both the position of Senior Auditor and Auditor became vacant during 2022-23 and the Internal Audit Manager has indicated her intention to retire later this year. Despite looking at both direct recruitment and use of agency temporary appointments, both positions remain vacant. Local audit delays and the resourcing issues being faced by the sector have been well publicised, this has undoubtedly impacted upon the availability of suitably qualified candidates for internal auditor positions.
- 4.3 To ensure that a robust Audit Plan could be delivered in 2022-23, a temporary senior auditor provided some limited resource and the 2 CIPFA trainee accountants were seconded to Internal Audit for part of the year. There is very limited scope to extend the secondments further due to staff turnover within Accountancy and the temporary senior auditor has indicated that she is no longer available for assignments.
- 4.4 The Annual Audit Plan 2023-24, approved by Audit Committee on 22nd March 2023, is based on 259 available audit days reduced from 394 in 2022-23. As part of the review and preparation of the 2023-24 plan the service was benchmarked against the respective internal audit plans of the other Districts within Worcestershire. An objective risk based approach was adopted to produce an overall needs assessment. The Internal Audit Manager was able to provide an internal audit opinion in 2022-23 based on completion of 180 Audit days by focussing available resource on key systems.
- 4.5 Reducing the size and scope of the Audit plan to this extent reduces the value of the Internal Audit team to the authority. The size and shape of the internal audit function should provide not only a review of key systems, but also the resources to audit all identified risks and provide management with an opinion of the control environment and governance arrangements and be available to contribute to system redesign and other value for money reviews
- 4.6 A fresh approach to resourcing for 2023-24 and future years is required, and alternative service provision has been examined.
- 4.7 **Worcestershire Internal Audit Shared Service (WIASS)** is hosted by Worcester City Council. The service is a collaboration between Worcester City Council, Wychavon District Council, Malvern Hills District Council, Redditch Borough Council, Bromsgrove District Council and Hereford and Worcester Fire and Rescue Service. The shared service has also provided contracted services to Worcestershire County

Council. WIASS has been operating since June 2010 on a non-profit making basis and the governance is by means of a joint management board of the partner s151 Officers.

- 4.8 The s151 Officer at Worcester City Council tabled an outline request at the WIASS joint management board in May for this Council to join the shared services. The board has agreed to collaborate via a service contract with the Council. The management board require collaboration on a day rate basis for a minimum period of 2 years before they will consider a request from the Council to join the shared service as a partner. The suggested composite day rate for 2023-24 is £376.00. The number of days currently available to contract is constrained and subject to successful recruitment of additional staff by WIASS.
- 4.9 **Crown Commercial Services (CCS)** is an executive agency, sponsored by the Cabinet Office. The framework enables the public and third sector to access a wide range of services at competitive rates without having to run a full tendering exercise. CCS agreement (framework) RM6188 Audit Assurance Services (A&AS) gives access to 17 suppliers able to provide Internal Audit and Assurance and Counter Fraud and Investigation Services. CCS commercial agreements use collective purchasing power to increase quality and value. Buying through CCS complies with procurement regulations but simplifies the process. There is no fee to using the CCS framework. Suppliers are required to pay a small commission on the value of sales they make through the agreement.
- 4.10 To access services, we will need to seek expressions of interest (once service requirements are scoped) then execute a mini tender exercise.
- 4.11 **The UK labour market** has been very tight over the last 12 months which has contributed to the recruitment problems. There are some signs that the labour market is starting to ease in the internal audit sector which may lead to greater success in attracting suitable candidates. As work continues on the council's employment offer, making Wyre Forest District Council the local employer of choice, there is greater chance of recruitment success.
- 4.12 The 2022-23 plan was delivered, in part, through the secondment of the CIPFA trainees for part of the year. The secondments were very successfully, both trainees produced excellent field work and gained a greater understanding of the internal control environment and our governance framework. The placements also contribute to professional studies (certificate stage module on audit and assurance) and creates a more rounded training pathway for our apprentices. Requirements for mentoring support in turn provides development opportunities for our middle and senior managers.
- 4.13 The current audit plan covers a variety of types of work. It would be possible for different resourcing options to be adopted for some aspects of the work. For example, if the resources were available (casual or permanent), the Contract Audit work could be delivered from an expanded accountancy control role within the Accountancy Team. Similarly, the fraud awareness and NFI work could be a standalone provision.
- 4.14 The following four delivery options have been considered:

1. Join the Worcestershire shared audit service (WFIASS) hosted by Worcester City Council for all or some of the audit plan
2. Procure Full Internal Audit services via a framework agreement
3. Work with WFIASS to secure Management and some operational capacity via a Services contract and either appoint on a permanent or casual basis or secure additional operational capacity via a suitable framework. This could include appointing a third CIPFA trainee to enhance the internal control role to undertake part of the plan, as well as direct delivery of audit field work.
4. Continue to seek to recruit to some or all positions either as an interim solution prior to transferring staff to WFIASS in two years under TUPE arrangements or as a permanent solution and retain an in house internal audit team.

4.15 The table below shows the advantages and disadvantages of each option considered.

	Description	Cost	Advantages	Disadvantages
1.	Join WFIASS as a full partner	££	<p>Greater service Resilience</p> <p>Anticipate lower cost than framework/Agency resource</p> <p>Specialist local government experience</p> <p>Public to Public collaboration should be considered ahead of public to private (per transformation plan)</p> <p>Local relationships</p> <p>All districts within Worcestershire would be part of the same service delivery programme.</p>	<p>2 year interim arrangement required prior to joining as a full partner – longest timeframe</p> <p>Higher cost than in-house provision</p> <p>Less flexible</p> <p>Reduced corporate knowledge/political awareness</p> <p>Least delivery risk (in 2 years time)</p>
2.	Procure full service via CCS framework	£££	<p>Improved resilience from Contracted service, service not impacted by availability of resource</p> <p>Broader experience from wider client base</p>	<p>Cost unknown until procurement</p> <p>Quality control/contract management (reduced control)</p> <p>Time scale – some delivery risk</p> <p>May have few, if any expressions of interest</p>

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				<p>Lack of flexibility (COVID grant certification work)</p> <p>limited corporate knowledge/political awareness</p> <p>Lack of local relationships</p> <p>Public to private collaboration</p>
3.	Work with WIASS and develop a hybrid delivery model with option to join WIASS as a full partner in 2 years	£££	<p>Chance to test whether culture is a good fit</p> <p>Greater service Resilience</p> <p>Anticipate lower cost than framework/Agency resource</p> <p>Specialist local government experience</p> <p>Public to Public collaboration</p> <p>Local relationships – WFDC have worked with Worcester City pre WIASS and the Head of Service does have prior knowledge of the council</p> <p>Development opportunity for CIPFA trainees</p>	<p>Capacity/availability of staff currently uncertain</p> <p>Delivery risk</p> <p>More expensive than joining as a full member of WIASS</p>
4.	Recruit in-house team – permanent or agency staff	£	<p>Cost</p> <p>Flexibility</p>	<p>Resilience</p> <p>Probability of success uncertain</p> <p>Greatest risk of being unable to deliver sufficient audit days to support annual assurance report</p>

5. FINANCIAL IMPLICATIONS

- 5.1 The table below details the current budget for Internal Audit services and is based on 394 available audit days. The composite day rate for an in-house team in 2023-24 is

£286.

	2023-24 Base Budget £	2024-25 Projection £	2025-26 Projection £
Internal Audit			
Employee Related	112,670	118,320	124,140
Transport	50	50	50
Supplies and Services	980	980	980
Sub Total	113,700	119,350	125,170
Professional and Business Service Recharge	38,540	37,760	37,260
Depot Recharges and Revenue Allocations	1,380	1,450	1,490
Gross Expenditure	153,620	158,560	163,920
External Income	-1,530	-1,560	-1,590
Internal Recharges	-152,100	-157,020	-162,380
	-10	-20	-50
Equivalent day rate	£286		

- 5.2 The current approved plan is based on 259 days and the 2022-23 audit opinion was provided on a reduced plan of 180 audit days.
- 5.3 The day rates quoted by Opus for internal auditors is between £350 and £450 per day depending on experience. The rate provided by WIASS is £376, although they have indicated that a higher charge would apply for attendance at committee meetings. The table below provides early indicative costs based on both the current approved audit plan (259 days) and, as a comparison a reduced plan sufficient only to provide an internal audit annual assurance opinion (based on 180 days). Costs available via the CCS framework will not be known until we run a mini competition.

	Approved plan (259 days) £	Reduced Plan (180 days) £
In-House	74,098	51,496
Agency - £400 composite day rate	103,600	72,000
WIASS - £376 composite day rate	97,384	67,680

Whilst it is apparent that the alternative delivery options are more expensive than in-house provision, following the decision to reduce the scope of the Audit Plan for 2023-24, it is probable that the service can be delivered within the existing budget provision.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 The duty to approve the authority's statement of accounts, income and expenditure and balance sheet is a responsibility reserved for full Council (i.e. not a responsibility of an Authority's Executive) under The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 Misc functions, (para 8 in schedule 1). No other matter relating to audit are referred to in the schedule.

- 6.2 Part 2 of the Accounts and Audit Regulations 2015 requires that a relevant authority must ensure that it has a sound system of internal control and must undertake an effective internal audit.
- 6.3 The s151 officer has a statutory duty under section 151 of the Local Government Act 1972 to ensure that there are proper arrangements in place to administer the Council's financial affairs and is responsible for establishing an adequate and effective system of internal audit and making sure that it is adequately resourced.
- 6.4 The Council's Contract Procedure Rules require Cabinet approval for procurements where the value of the purchase (over all years) is estimated to be more than £175,000.

7. EQUALITY IMPACT NEEDS ASSESSMENT

- 7.1 This is a financial report and there is no requirement to consider an Equality Impact Assessment.

8. RISK MANAGEMENT

8.1

Risk description	Risk Score	Mitigation
Delivery risk – insufficient resource to support internal audit opinion/assurance statement and satisfy regulatory requirement for an adequate Internal Audit Service	R	Option 2, where service provision is secured under a contractual relationship is the only option that mitigates the risk to an acceptable level.
Poor corporate governance – failure to comply with Corporate governance framework	G	Securing provision under all of the options proposed ensures adequate arrangements to fulfil compliance with the corporate governance framework. Arrangements are reviewed quarterly by CLT and reported bi-annually to Audit Committee
Ineffective risk management	G	As above
Weakened internal control environment and loss of integrity of accounting statement	G	As above.
Escalation of occurrence of fraud and financial irregularity	A	Arrangements are reported annually to Audit Committee. A fraud risk assessment will be commissioned to provide additional assurance during quarter 2.

Noncompliance with UK Public Audit Standards – poor corporate governance	G	Securing provision under all of the options proposed ensures adequate arrangements to fulfil compliance.
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CONCLUSION

- 8.1 It is essential that the Council secures a sound system of internal control and must undertake an effective internal audit.
- 8.2 The options available are outlined in section 4 of the report. Option 1 – joining WIASS as a full partner is not available as a means of delivering the 2023-24 and 2024-25 audit plans, so whilst it maybe a long term ambition it fails to address the immediate risks. Options 3 and 4 have unacceptable delivery risk, since each is predicated on the ability to recruit and retain suitably experienced staff; we have had 4 failed recruitment attempts during 2022-23. Seeking an external contract (option 2) is the only viable solution in the short term.
- 8.3 Buying through CCS complies with procurement regulations but simplifies the process. The framework gives access to services at competitive rates without having to run a full tendering exercise.
- 8.4 Therefore, it is proposed that that we implement Option 2 and seek to procure the service via the CCS framework.

9. CONSULTEES

- 9.1 Corporate Leadership Team (CLT)
- 9.2 Chair of Audit Committee
- 9.3 Procurement Officer
- 9.4 Contracts Solicitor

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE REPORT****20TH JULY 2023****REPORT ON THE DRAFT FINAL ACCOUNTS/OUTTURN 2022-23**

OPEN ITEM	
CABINET MEMBER:	Councillor David Ross Cabinet Member for Finance and Capital Portfolio
RESPONSIBLE OFFICER:	Head of Resources
CONTACT OFFICER:	Helen Ogram Ext 2907 Helen.ogram@wyreforestdc.gov.uk Lisa Hutchinson Ext 2120 Lisa.hutchinson@wyreforestdc.gov.uk Kath Pearsall Ext 2119 Kath.pearsall@wyreforestdc.gov.uk
APPENDICES	Appendix 1 - Explanation of Major Variations on Revised 2022-23 Budget Appendix 2 - Capital Programme Slippage 2022-23 by Scheme Appendix 3 – Pre audit Statement of Accounts 2022-23

1. PURPOSE OF REPORT

- 1.1 To receive the draft outturn position in relation to the Final Accounts for 2022-23.

2. RECOMMENDATIONS

The Audit Committee is asked to NOTE: -

- 2.1 the welcome news that the Final Accounts Outturn position for 2022-23 is in line with the revised budget in the approved Medium Term Financial Strategy (no overall variance to report). The saving in the cost of services before the level of reserves and balances is considered was £450k. The saving has been used to increase the working balance in line with price inflation (£150k), with £300k being reserved to meet additional pressure on budgets from pay pressures in 2023-24;
- 2.2 the proposed slippage of £19.776m from 2022-23 to 2023-24 within the approved Capital Programme;
- 2.3 that the pre-audit Statement of Accounts for 2022-23 was endorsed by the Head of Resources, published and shared with Grant Thornton on the 31st May 2023. The external audit commenced on the 3rd July 2023;
- 2.4 that there will be a meeting on the 27th September 2023 for Members of the Audit Committee to receive the External Audit Findings Report and approve the audited Statement of Accounts.

BACKGROUND

- 3.1 The Accounts and Audit Regulations 2015 have been incorporated into the Council's Financial Regulations. These regulations require the Council's Statement of Accounts be produced and approved by the Chief Financial Officer on or before 31st May. For this Council the Head of Resources is the Chief Financial Officer.
- 3.2 In December 2021, proposed measures were announced by Government to support the timely completion of local government audits and the ongoing stability of the local audit market. The proposals included extending the published/audited deadline to 30th November 2022 for the 2021-22 accounts, then reverting to 30th September for five years until 2027-28. The draft accounts deadline remains at 31st May, although for 2021-22 this was overridden by Amendment Regulations to 31st July 2022. A further consultation was undertaken to examine overriding the dates for 2022-23 accounts but no action was subsequently taken.
- 3.3 The Audit Committee on the 27th September 2023 will receive the External Audit Findings Report and approve the audited Statement of Accounts.
- 3.4 This report summarises the Outturn position based on extracts from the Pre-Audit Statement of Accounts that has been endorsed by the Head of Resources. A full copy of the Pre-Audit Statement of Accounts was made available on the Council's Intranet for Members' perusal on the 31st May 2023 when they were also shared with the Grant Thornton external audit team, ready for the formal start of the audit on the 3rd July 2023.
- 3.5 The Statement is now subject to audit. The Council's external auditor, Grant Thornton, has until 30th September 2023 to complete the audit.
- 3.6 Should it be necessary for Grant Thornton to agree technical changes with the Chief Financial Officer while the accounts are subject to audit, these will be made under delegated powers. All Members of the Council will be provided with an electronic copy of the completed audited Statement.
- 3.7 The Council's Accounts were available for public inspection, as required by the new regulations, for a period of 30 working days starting on or before the first working day of June 2023. The public inspection commenced 1st June 2023 and ran until 12th July 2023. The current legal requirements no longer include an appointed day when external auditors must be available for questions or queries. If any local government elector for the area has any questions on the Accounts for the external auditor an appointment should be made in advance, in writing.
- 3.8 The draft Statement of Accounts for 2022-23 have been prepared in a format to comply with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (The Code) and reflect the 2022-23 Revenue and Capital outturn position which was reported to Cabinet on 13th June.
- 3.9 The accounting policies outline the relevant accounting principles, conventions, rules and practices applied by the Council in preparing and presenting its financial statements. They aid understanding of the Statements and facilitate comparison with other organisations. The accounting policies are reviewed annually to ensure that they continue to align with the latest CIPFA Code of Practice on Local Authority Accounting (The Code) supported by International Financial Reporting Standards (IFRSs) and

International Accounting Standards (IASs). There were no material changes to previous Accounting Policies to be brought to the attention of Committee.

- 3.10 **Revenue summary** - The Final Accounts Outturn position for 2022-23 is in line with the revised budget in the approved Medium Term Financial Strategy (no overall variance to report). The saving in the cost of services before the level of reserves and balances is considered was £450k. Achieving a reduction in the cost of services has been achieved by prudent budget management, some income growth and additional government un-ringfenced funding. The saving will be used to increase the working balance in line with price inflation (£150k), with £300k being reserved to meet additional pressure on budgets from pay pressures in 2023-24. This is welcome given the scale of required future cost reductions on top of those already made by the Council and the additional pressures on budgets from high inflation and wage growth. The Council has seen a steady reduction in its core funding over recent years and the overall reduction in Central Government grants over the last decade continues to have a significant impact on the way we are able to fund our services. A Full analysis of Revenue Outturn variances is provided in Appendix 1.

SERVICE	[A] Original Budget	[B] Revised Budget	[C] Outturn	[C-A] Outturn to Original Variance	[C-B] Outturn to Revised Variance
	£000	£000	£000	£000	£000
Chief Executive and Solicitor to the Council	1,294	2,314	2,356	1,062	42
Community and Environment	4,660	4,837	4,392	(268)	(445)
Economic Development and Regeneration	(94)	284	172	266	(111)
Resources	2,940	2,611	2,817	(123)	206
Revenues Benefits and Customer Services	978	1,034	994	16	(40)
Strategic Growth	1,894	1,847	1,788	(106)	(59)
Capital Account	355	(525)	(568)	(923)	(43)
SERVICE TOTALS	12,027	12,402	11,951	(76)	(450)
Increase General Risk reserve re Employers pay offer			300	300	300
			12,251	224	(150)
Increase in working balance (inflationary increase)			150	150	150
NET CHANGE IN USE OF RESERVES				374	0

- 3.11 **Capital summary** - progress of spend against capital programme is summarised below. It is proposed that the unspent balance of the programme, £19.775m will be re-profiled (slipped) to the 2023-24 financial year. A full list of slippage by scheme is provided in Appendix 2.

2022-23 Capital Programme	Original Capital Programme*	Latest Approved Capital Programme	Capital Outturn	Draft Outturn Slippage
	£	£	£	£
Community and Environmental Services	2,332,330	880,570	62,646	778,060
Resources and Revenues, Benefits & Customer Services	784,140	784,140	531,663	252,480
Strategic Growth	8,928,790	5,167,290	1,446,531	3,720,760
Economic Development & Regeneration	25,933,120	16,978,140	2,561,161	14,416,980
Chief Executive and Solicitor to the Council	413,610	0	0	0
Capital Portfolio Fund	6,050,830	0	0	0
Capital Projects Fund	8,267,750	500,000	0	500,000
Vehicle, Equipment and Systems Renewal Schedule	1,294,850	789,180	680,946	107,680
Total	54,005,420	25,099,320	5,282,948	19,775,960

*includes slippage from 2021-22

- 3.12 Supply and inflationary pressures have created some significant risks for the Council's capital programme, such as increasing costs for construction and equipment renewals.

4. **KEY ISSUES**

- 4.1 **The key messages for the 2022-23 draft statement of accounts are as follows:**
- 4.2 The **Narrative report** introduces the accounts and adds some contextual information. It summarises the Council's financial performance during the year, drawing attention to some of the achievements and outlining the challenges that we expect to face in 2023-24 and beyond, highlighting the financial risk to the MTFS of on-going inflationary pressures and the uncertainty caused by continual delays to funding reform.
- 4.3 The Council's core financial statements include the **Balance Sheet**. At 31st March this shows a significantly improved position mainly due to pension fund assumptions, holding a higher level of capital grants received in advance and the reduction in creditors due to the government ending the upfront Covid cashflow support for Business Rates. There has been some offsetting of the improved balance sheet position due to the reduction in value of land & buildings overall.
- 4.4 The **Movement in Reserves Statement** (MiRS) shows the funds available to support the Medium-Term Financial Strategy (MTFS). Reserves represent the Council's net worth and give a summary of the changes that have taken place in the bottom half of the Balance Sheet. The MiRS also removes the transactions required by accounting standards and adds the transactions that are required by statute (for example depreciation is replaced by MRP). The level of the Council's General reserves decreased by £373,000 and overall there was a net reduction in earmarked reserves of £2.1m, the majority of which was in respect of the final year of the unwinding of the COVID 19 business rates deficit.
- 4.5 The Statement also contains a Supplementary Statement for the **Collection Fund** – there is a statutory requirement for the Council to maintain a separate account for billing and collection of Council Tax and business rates, the statement details how taxes collected are distributed. The Collection Fund position has improved since 2021-22, reflecting the continued recovery from the impact of Covid-19. The accounts show an end of year surplus of £4.531m for Business Rates, whilst the Council Tax

remains in a deficit of £0.543m. 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.

- 4.6 Included within Appendix 1 is the identification of the significant variances against the Revised Budget for 2022-23. These variances include:
- i) Positive pay variance of £244k.
Reductions have been made in expenditure across the authority but most notably in Community Well-being and Environment where recruitment has taken longer than anticipated for operational and management posts. The savings include pay and reduced pension costs.
 - ii) Increased bad debt provision £111k
Increases have been necessary to reflect the impact on businesses and residents of current economic conditions
 - iii) Reduced saving on prepayment of pension fund of £26k.
Increase resulting from in year reconciliation of upfront payment of employer's pension contributions.
 - iv) Community Well-being and Environment – favourable variance of £257k (£445k including pay variances and admin)
There are a number of favourable variances across these services including £144k improved income position across Season tickets, Trade, Garden and Domestic waste and a net saving (£30k) from grounds maintenance. Details of all major variances are set out in Appendix 2.
 - v) Strategic Growth – positive variance of £50k (£44k including pay and admin variances)
There are favourable variances in relation to the income position from Planning fees (£52k) and a negative variance due to a shortfall in Land Charges income. Details of all major variances are set out in Appendix 2.
 - vi) Economic Development and Regeneration – positive variance of £107k (£111k including pay and admin variances)
There are favourable variances across the services including additional net income from property (£32k) and pay due to on-going recruitment delays for some professional posts. Details of all major variances are set out in Appendix 2.
 - vii) Additional External treasury investment Interest/lower interest paid on loans of £243k
Additional interest on treasury investments has resulted from slightly longer durations, robust treasury management of funds, consecutive interest rate rises and delays to the externally funded regeneration programmes. In addition, lower level of external borrowing compared to budget assumptions. £200k of the additional interest generated has been transferred to revenue programme contingencies for the externally funded regeneration schemes.

5. FINANCIAL IMPLICATIONS

- 5.1 The Final Accounts Outturn position for 2022-23 is a total saving before movements to and from reserves of £450k. The savings have been used to increase the working balance in line with inflation (£150k) to ensure that the same degree of mitigation against risks facing the council is maintained in light of the impact of the prevailing rate of inflation on costs. The remaining £300k was transferred to a risk reserve to limit the impact of the April 2023 pay award on 2023-24 budgets. The initial employers pay offer was above the provision built into the MTFS and whilst the final outcome of negotiations is unknown it is unlikely to be lower than the initial offer.
- 5.2 These remain challenging times for the Council given the prevailing economic conditions, high and persistent inflation and the impact on our residents and demand for services arising from the increases in the cost of living. Further delays to funding reform make planning for change to address the funding gap more difficult. The provisional saving on outturn is welcomed and has been utilised to create resilience to mitigate the potential future impact of funding volatility and other emerging cost pressures.
- 5.3 Total general reserves available for the 2023-26 Financial Strategy now stand at £3.468m.
- 5.4 The provisional outturn is subject to validation as part of the Final Accounts external audit process.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 None.

7. RISK MANAGEMENT

- 7.1 There is a risk to the Council of non-achievement of the statutory deadline, in respect of approval of the Statement of Accounts before 30th September 2023, and qualification of the Accounts by the Council's External Auditors due to error or mis-statement. Officers continue to work in close liaison with Grant Thornton to response to queries or additional evidence requests to mitigate the risk of not meeting the deadline.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 This is a financial report and there is no requirement to undertake an Equality Impact Assessment.

9. CONCLUSION

- 9.1 This report details the provisional outturn position as at 31st March 2023.

10. CONSULTEES

- 10.1 CLT
- 10.2 Cabinet
- 10.2 Grant Thornton – External Auditors

11. BACKGROUND PAPERS

- 11.1 Accounts and Audit Regulations 2015
- Medium Term Financial Strategy 2022-25
- Medium Term Financial Strategy 2023-26

Performance Monitoring Report
Major Revenue Variations 2022-23 Draft Revenue Outturn

Total Revised Budget 2022-23 - Net Expenditure on Services

12,401,530

Actual Net Expenditure - pre audit (Draft Outturn)

11,951,618

Reduced Expenditure on Services

(449,912)

Service Area	Month 12 - Revised to Draft Outturn			
	Cost Pressure	Income shortfall	Cost Reduction	Income Growth
	£	£	£	£
Chief Executive and Solicitor				
R405 Member Allowances			(22,000)	
R726 Wyre Forest Forward	150,200			
Pay variances			(60,440)	
Total Chief Executive and Solicitor	150,200	0	(82,440)	0
Community and Environment				
R080 Wyre Forest Leisure Centre			(19,730)	(27,300)
R001 Waste Transfer Station	8,310			
R002 Domestic Waste & Recycling			(11,490)	(17,480)
R003 Trade waste			(33,090)	(27,610)
R005 Garden Waste				(25,880)
R040 Cemetery	8,080			(18,540)
R160 Parks & Green Spaces			(6,610)	
R185 Car Parks	11,010	14,560	(16,790)	(69,490)
R189 Weavers Wharf			(12,590)	
R193 Civil & Environmental Enforcement				(25,420)
R195 Street Furniture & Nameplates	5,310		(7,120)	
R200 Highways cleansing		23,340	(5,000)	
R229 Garage	48,070	5,400		
R236 Grounds Maintenance		22,310	(45,560)	
R252 Arboricultural		15,590	(21,300)	
R253 Driver training		8,780		
R254 Landscaping		8,060		
Public conveniences (Localism)			(22,000)	
R065 Bewdley Museum	7,070			
R223 Guildhall Bewdley	4,640		(9,480)	
R755 Shared Emergency Planning			(37,890)	(7,390)
Pay variances			(188,000)	
Total Community and Environment	92,490	98,040	(436,650)	(219,110)
R431 ICT				(24,510)
R335 Increase in Bad debt provision	111,000			
R335 Collection Fund suspense adjustment	129,249			
R335 Pensions	26,420			
Pay			(27,680)	
Total Resources	266,669	0	(27,680)	(24,510)
R310 Revenues				
R320 Benefit payments - Reduce Bad debt provision			(62,000)	
R325 Pay	45,480			
Revenues, Benefits and Customer services	45,480	0	(62,000)	0
R510 Land charges		20,490		
R605 Plan fee			(9,070)	(52,300)
Pay			(9,430)	
Total Strategic Growth	0	20,490	(18,500)	(52,300)
R251 Wyre Forest House			(15,320)	(27,060)
R703 Wyre Forest Property Services	27,880	11,710		
R719 Betaden	4,790			
R270/R290 Industrial Estates and Other Property			(11,180)	(18,060)
R705 NWEDR Shared Service			(77,090)	
Pay			(4,440)	
Total Economic Development and Regeneration	32,670	11,710	(108,030)	(45,120)
R805 Investment Interest				(242,760)
Add to FHSF Revenue contingency EMR	200,000			
Total Capital Account	200,000	0	0	(242,760)
Other small variances (Net)			(23,591)	(24,970)
Grand Total	787,509	130,240	(758,891)	(608,770)
Net Saving on Service Expenditure				(449,912)
Transfer to General Risk Reserve re April 2023 Pay Settlement				300,000
Increase in Working Balance				150,000
Net Saving against budget after transfers				88

Capital Programme 2022-23 Outturn

Appendix 2

	2022-23 Revised Budget £	2022-23 Actual Expenditure £	Slippage to 2023-24 £
COMMITTED EXPENDITURE			
COMMUNITY AND ENVIRONMENTAL SERVICES			
Parking Facilities: Improvements to Car Parks	25,000		25,000
Brinton Park HLF Scheme (subject to successful HLF bid)	500,000	13,994	486,010
Innovation Fund Capital*	210,390		210,390
Stouport Riverside	28,000	(24,203)	52,200
CCTV Upgrade Bewdley and Stouport (PCC Funded)	5,460	1,000	4,460
*Subject to Business Cases & approval by the Cabinet/CLT			
SUB TOTAL	768,850	(9,209)	778,060
STRATEGIC GROWTH			
Housing Strategy:			
Disabled Facilities Grants	1,918,560	1,029,755	888,810
Property Flood Grants	137,950	137,950	0
Housing Assistance - Private Sector Measures (including Decent Homes Grant)	69,800	25,395	44,410
Future Investment Evergreen Fund (unallocated balance)*	145,000	25,499	119,500
Capital Projects Fund*	500,000		500,000
Green Homes Grants Phase 2	61,620	61,612	0
Castle Road Development	1,453,360	139,071	1,314,290
BCF Energy Efficiency	200,000		200,000
BCF Disabled Adapted Units	150,000		150,000
Flood Recovery Support (BEIS Funded)	40,000		40,000
Electric Vehicle Chargepoints	271,000		271,000
Local Authority Delivery Scheme Phase 3 (LADS3)	460,000	27,250	432,750
Home Upgrade Grant (HUGS1)	260,000		260,000
* Subject to Business Cases & Due Diligence			
SUB TOTAL	5,667,290	1,446,531	4,220,760
ECONOMIC DEVELOPMENT AND REGENERATION			
Silverwoods Way (Former Frenco Site)	10,860	10,861	0
FHSF - Public Realm (Worcester St, Oxford St & Crown House)	4,938,240	1,143,649	3,794,590
Levelling Up Fund**	8,775,110	790,019	7,985,090
FHSF - Creative Hub (former Magistrates Court)**	3,095,430	566,598	2,528,830
UK Shared Prosperity Fund*	158,500	50,035	108,470
*Subject to Business Cases & Due Diligence			
**Any Co-funding subject to full Business Case following the principles of the Capital Portfolio Fund			
SUB TOTAL	16,978,140	2,561,161	14,416,980
RESOURCES & REVENUES, BENEFITS AND CUSTOMER SERVICES			
ICT Strategy	784,140	531,663	252,480
SUB TOTAL	784,140	531,663	252,480
VEHICLE, EQUIPMENT & SYSTEMS RENEWAL SCHEDULE			
Vehicles & Equipment & Systems Renewal Schedule	900,900	752,801	107,680
SUB TOTAL	900,900	752,801	107,680
TOTAL COMMITTED EXPENDITURE	25,099,320	5,282,948	19,775,960



Wyre Forest
District Council

Pre-Audit Statement of Accounts 2022 - 2023

Wyre Forest House, Finepoint Way, Kidderminster, DY11 7WF

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Narrative Report

Preface by The Leader of the Council

Introduction to the 2022-23 Statement of Accounts by Councillor Marcus Hart, Leader of the Council and Cabinet Member for Strategy



As the newly elected Leader of the Council I am very pleased to welcome you to Wyre Forest District Council's Statement of Accounts and Narrative Report for 2022-23. The Statement details the financial position of the Council for the last year. The Narrative Report provides information on the council, setting out the 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. The Council continues to work 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.

We have lots to celebrate about our performance in the past financial year. The highlights include starting work on £40m of government-funded schemes. The money has come from our successful bids for funding from the Future High Streets Fund and the Levelling Up Fund. The works will see Kidderminster getting a new look and feel, increasing visitors and the arrival of a creative hub and the opening up of Worcester Street. There are exciting times ahead for regenerating Kidderminster.

This Statement of Accounts and Narrative Report for 2022-23 sets out our financial position and the challenges we are facing in more detail. It explains more about what we have done with the resources available to us.

Despite the challenges we have finished the year with our finances in a relatively robust position, having made a contribution to our risk reserves to cover the cost of financial pressures we know we are going to be facing in the coming year. Our underlying financial pressures continue as we await clarity on our future funding from Central Government. Central Government has said it will change the way that local authorities, like ours, are funded and we look forward to seeing the details. We are always working to improve our services that are important to our residents, businesses and visitors, whilst making efficiency savings and offering value for money. We're doing this through our transformation programme.

My thanks to colleagues in all teams across the Council for their hard work and dedication throughout the year and to the Finance and Internal Audit teams for preparing the accounting statements. All council workers are embracing our transformation and providing you with essential council services.

Narrative Report

Introduction by the Head of Resources and s151 Officer

My role as the Council's statutory Chief Finance and s151 Officer is to ensure that the Council's financial affairs are properly administered, and its financial position remains stable and robust.

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 outlook beyond 2022-23. 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.

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 2022-23;
- 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.

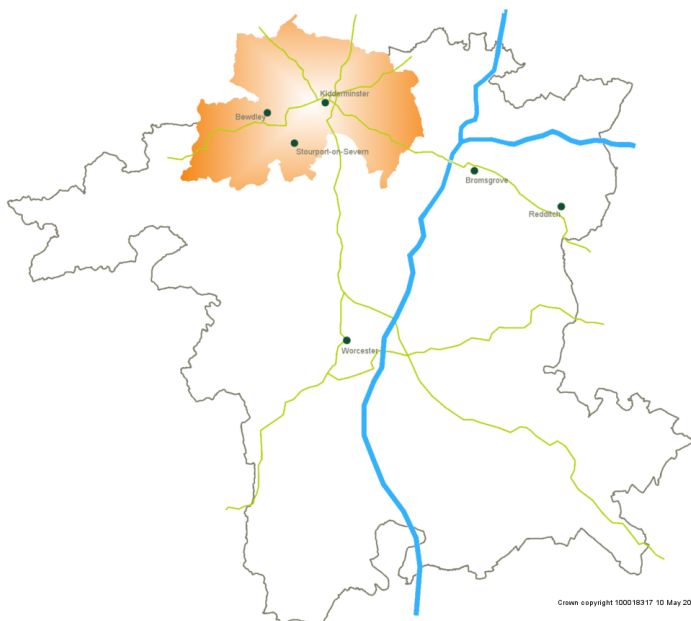
This Narrative report provides information about Wyre Forest, including the key issues affecting the Council and its accounts. It provides a summary of the Council's performance during the year and the financial position at 31st March 2023. It is structured as follows:

- Wyre Forest District – the place
- Wyre Forest District – the Council
- Governance
- Corporate Plan 2021-23
- Risks and Opportunities
- Strategy and Resource Allocation and Strategic Planning Framework
- Our Performance
- Financial Performance
- Significant Transactions
- Statement of Accounts
- Further Information

Narrative Report

1. Wyre Forest District – the place

- 1.1 Wyre Forest District Council was formed in 1973, taking over responsibilities 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.

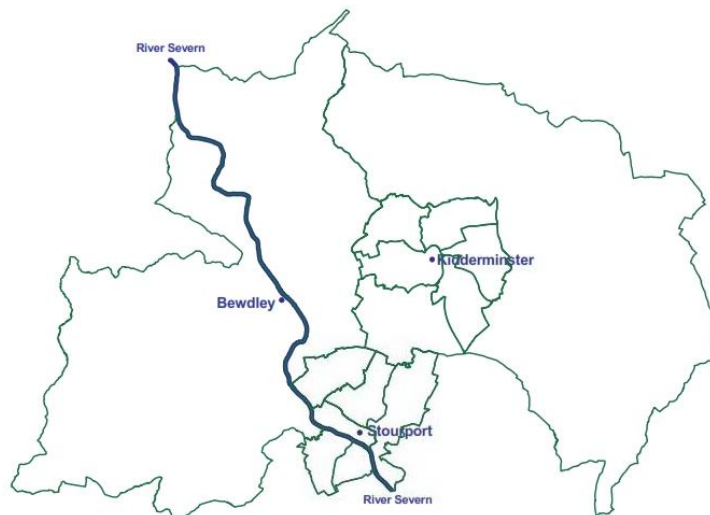


- 1.2 Wyre Forest is a predominantly rural district centred around the 3 towns of Kidderminster, Stourport and Bewdley. Each town has its own character and community identity. Kidderminster was the world leading centre for carpet production, but this sector has been in decline since the 1970s. Stourport and Bewdley are Georgian riverside towns that are popular destinations for day visitors.
- 1.3 Residents in the district earn marginally less than the West Midlands average. The largest proportion of residents work in the Wholesale and Retail Sector with Manufacturing and Human Health & Social Work the second and third largest sectors for occupations. Almost half of all residents who work are employed in managerial, professional or associate professional and technical occupations.
- 1.4 The most recent data shows that there are more than 5,000 businesses in the district. New businesses in the district consistently perform better than average in terms of 3 year survival rates.
- 1.5 Construction has been identified as a cornerstone sector by the Worcestershire Local Enterprise Partnership (LEP) as it is important for the future growth & sustainability of the economy. Worcestershire LEP has also identified Advanced Manufacturing as an opportunity sector. With manufacturing one of the largest sectors in the district for employment, there is a strong tradition and good local skills base to maximise the opportunities for growth.

Narrative Report

2. Wyre Forest District – the Council

- 2.1 The Council delivers services to its community of around 101,600 people. Wyre Forest's 12 wards are represented by 33 Councillors (elected members). Following the all-out elections held on 4th May 2023, the Council's political leadership is provided by the Conservatives. The political groups that make up the opposition are the Independent and Green, Labour and Liberal Democrat Groups.



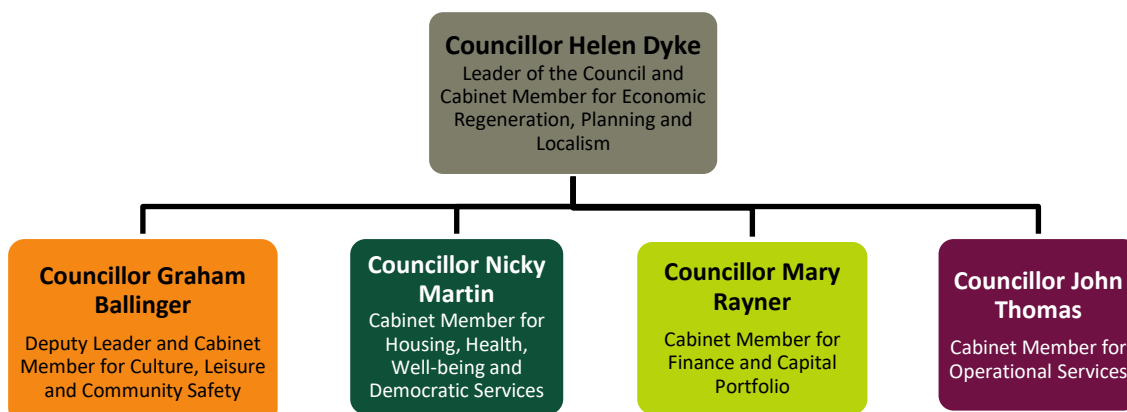
- 2.2 The Council has 20 Conservative, 6 Independent, 4 Labour, 2 Liberal Democrat and 1 Green Party councillors. Our 33 elected Councillors represent the people of Wyre Forest and set the overall budget and policy of the Council.

Our Leadership and workforce

- 2.3 Wyre Forest District Council currently operates using the Leader and Cabinet Model.

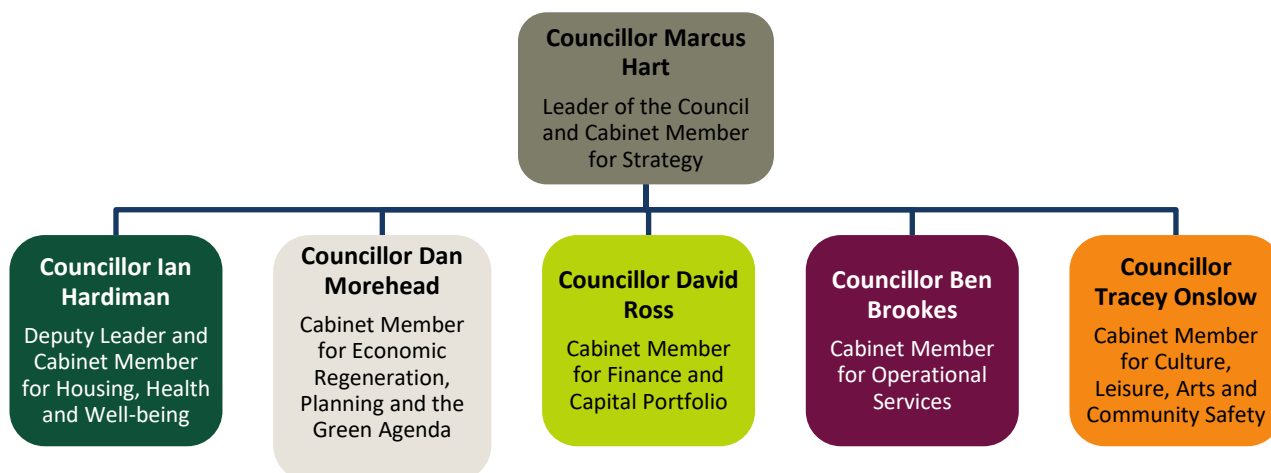
The political management structure is centred upon a Leader - previously Councillor Helen Dyke, now Councillor Marcus Hart, who were elected to this role by local councillors. Cabinet Members are appointed by the Leader with responsibilities for particular portfolios. The Cabinet in place at 31st March 2023 was as follows:

Wyre Forest District Council: Cabinet Members for 2022-23



Narrative Report

The Cabinet in place from 17th May 2023 is as follows:



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.

Committees are also included in the arrangements:

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

Full details, including Committee Chairs and membership, can be found on the Council's website.

Wyre Forest District Council: Chief Officers

- 2.4 Senior officers, led by our Chief Executive, Ian Miller, support the work of the elected members. The Corporate Leadership Team (CLT) consists of seven officers. The statutory role of Section 151 officer is held by Helen Ogram, the Head of Resources, and the statutory role of Monitoring Officer is held by Caroline Newlands, the Solicitor to the Council. 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. The current management arrangements have been in place since 1st January 2022 following the decision on 12th May 2021 to implement a slimmed down structure to realise savings to contribute to the funding gap.

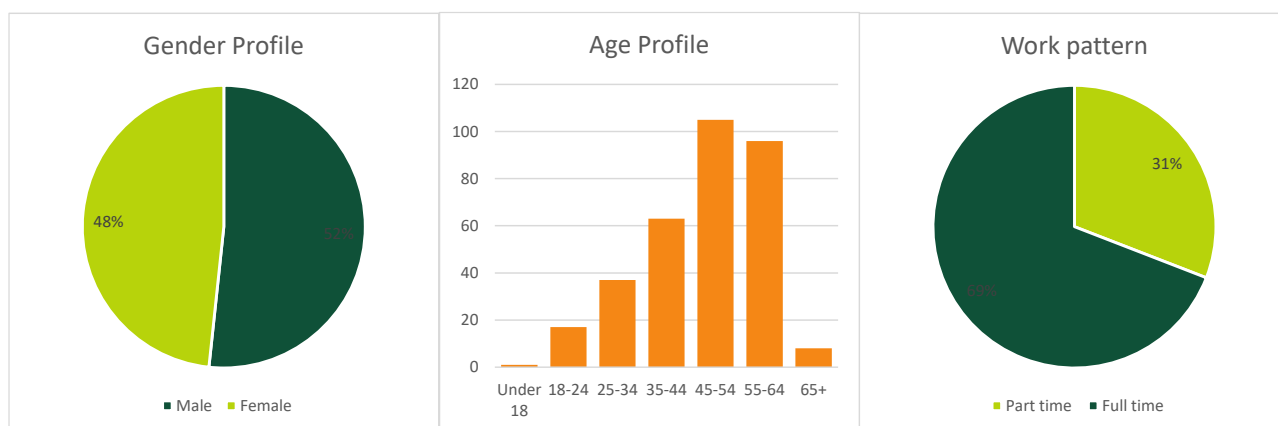
Narrative Report

The Corporate Leadership Team is as follows:



Our Workforce

2.5 The council employs 327 staff, based across a number of sites



The Council has a set of values and behaviours that guide the way we go about our business, acting as a checklist for our actions and decisions.



Narrative Report

Legislative Framework

- 2.6 The Council operates within the legislative and regulatory framework as determined by Parliament and Government. The Statement of Accounts is prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting and the 2015 Accounts and Audit Regulations (and associated amendment regulations), and comply with the relevant Local Government Acts, Accounting Standards and CIPFA guidance.

What we do

- 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 environment clean and protected through waste collection, recycling and keeping streets free of litter 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 CCTV monitoring;
 - Encouraging economic development through investments made in infrastructure, housing growth, business support, maintaining existing car parks and supporting tourism;
 - Looking after the health of our residents through the provision of a Leisure Centre and other services (including web based applications) and by providing and maintaining our green open spaces;
 - Providing support to our most vulnerable residents who are experiencing issues of social deprivation such as homelessness, poor physical or mental health and 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;
 - Compiling and maintaining the electoral register and administering elections.
- 2.9 Council services are supported by internal professional and business services such as Human Resources, ICT (Information, Communication and Technology), 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 and parish councils across the District that deliver various local services to the community.

Narrative Report

- 2.10 The Council is moving towards the role of collaborator and facilitator of key forward facing services as opposed to being the sole provider. The Council participates in a number of Shared Services - Worcestershire Regulatory Services, Civil Contingencies and Resilience, 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 a Local Authority Trading Company (LATC) in readiness for property/housing development, 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, housing services including tackling homelessness, producing a local plan and processing planning applications and administering local taxes and benefits. These activities cost about £4.434m a year. The remainder of the Council's work is discretionary. While the Council is not obliged to undertake such services, they are highly valued by local communities and businesses. They include parks, economic development and regeneration and leisure services. The Council spends about £3.581m a year on discretionary activities with a further £4.237m on corporate costs including the costs of the democratic core and pensions deficit funding.

2.12 What we did

We have lots to celebrate about our performance in the past financial year.

- Got planning permission to build a three storey residential building to offer temporary accommodation to people facing homelessness
- Created pollinator patches to increase biodiversity
- Secured the future of assets and services through our localism scheme
- Provided grants to community groups to celebrate the Queen's Platinum jubilee
- Celebrated 50 years of Bewdley Museum
- Helped more local good causes through our community lottery
- Moved forward with the transformation of Kidderminster Town Centre with appointment of contractors
- Increased the amount of Council Tax support we give to low income households
- Helped secure £3 million pounds to tackle homelessness across Worcestershire

3. Governance

- 3.1 There have been no significant changes in governance arrangements during 2022-23 following the review of decision-making arrangements and the resolution at the Council's meeting in February 2020. The overview of the Council's current governance framework and its effectiveness during 2022-23 are set out in the Annual Governance Statement (AGS) contained within this Statement of Accounts.

Narrative Report

4. Corporate Plan 2021-23

The Council's vision, values and priorities are set out in the Corporate Plan.

Our vision is that Wyre Forest is a network of thriving and confident communities which minimise their impact on the environment, where people have a decent and affordable home, feel safe and enjoy a good quality of life.

Our Priorities

- A safe, clean, and green living environment
- Supporting a successful local economy

Our Strategic Actions

- Adopt the new Local Plan
- Implement measures to increase affordable housing
- Work with partners to protect our environment, to address air quality issues and to help to tackle climate change
- Work with partners to secure external funding and investment to support the economy
- Oversee regeneration of central Kidderminster including Future High Streets projects
- Support the visitor economy in Stourport-on-Severn and Bewdley
- Work with partners to tackle abuse of vulnerable people and environmental crimes
- Work with town and parish councils so that they have local control over assets and services
- Establish Bewdley Museum as a self-standing charity

Work has commenced, following the May 2023 elections, on the Corporate Plan 2024-27 to reflect the aspirations and priorities of the new Conservative administration.

5. Risks and Opportunities

5.1 The legacy and impact of Covid-19 - For over 10 years, some staff of the Council have worked from home or in an agile way from various locations. The pandemic had a widespread impact on the wider workforce of the Council and the way in which the Council delivers services. By utilising new technology, the Council has supported staff who do office-type work to work seamlessly in a blended hybrid of work from home or one of the Council's offices. For many such staff the amount of time that they work at the office or from home varies. The greatest advantages have been:

- Improved work life balance for employees, higher motivation and greater staff engagement contributing to making Wyre Forest District Council the local employer of choice.
- Reduced greenhouse gas emissions from less travel to work by car.
- More efficient use of time, greater ability to focus leading to increased productivity,
- Rationalisation of office space and increased income generated from surplus accommodation to support local services and help close the funding gap
- Effective discharge of the Council's duties under equalities legislation

Narrative Report

- Reduced sickness absence levels. Allowing individuals choice about where they do their work while meeting business needs improves wellbeing and is a recognised mitigation measure against burnout.
- 5.2 Increased customer engagement using technology has also proved successful. Whilst there will continue to be face to face or telephone contact much more business can be transacted on-line. This is the way forward for Council service delivery, having regard to equality and fair access to services for all.
- 5.3 The Council continued to administer grant funding on behalf of the Government for a range of response activities. The Council administered a total of £6.467m of grants during the year of which £5.985m was paid as agent on behalf of the Government.
- 5.4 In February 2022, the Government announced Councils would be responsible for administering the Council Tax Energy Rebate scheme. Although this was a 2022-23 scheme the Council received a grant award of £5.925m on 30th March 2022. Therefore, at the start of the year the Council held this sum in its Balance Sheet as a receipt in advance.
- 5.5 **Risks** – The Council has a risk management strategy in place to identify and evaluate risk, ensuring that adequate controls are in place to provide sufficient mitigation from risks, without stifling the opportunities for development.
- 5.6 The Corporate Risk Register plays an integral role to support delivery 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.
- 5.7 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 bi-annual reports to the Audit Committee.
- 5.8 The top risks and uncertainties faced by the Council in relation to future service provision are summarised in the following table. All risks are rescored on a quarterly basis:

Narrative Report

Risk	RAG Rating	Corporate Plan Priority or other*
Government policy or legislation adversely impacts delivery of Council strategies or services	R	1,2
Unable to deliver sustainable budget for the long term	R	1,2,3
High and sustained inflation adversely impacts Council's finances in the short term and increases service demand from residents above ability to deliver	R	1,2
Unable to shift priorities to deal with demands from Government at short notice (recent examples: COVID grants and reliefs, Homes for Ukraine, energy rebate, asylum seeker dispersal) resulting in service failure or damage to reputation	R	1,2
Vulnerability to cyber attacks	R	3
Poor or reckless decisions or poor member behaviour undermines Council's reputation and performance	A	3
Insufficient organisational capacity to deliver - unable to maintain skilled, balanced and motivated workforce	A	3
Not having stable and effective managerial leadership	A	1,2,3
Inability to enforce relevant legislation effectively e.g. environmental health, licensing, environmental crime, private sector housing standards, council tax/benefits	A	1
Unable to sustain mental health & wellbeing of staff	A	3
Unable to secure effective delivery of wide range of significant projects	A	1,2
Unable to deliver Levelling Up Fund and Future High Streets Fund projects effectively	A	1,2
Members lack skills and knowledge necessary for effective discharge of their responsibilities	G	3
Unable to achieve balanced housing market to meet need	G	3

RAG – Red, Amber, Green

*Key	1	Corporate Plan Priority - A safe, clean and green living environment
	2	Corporate Plan Priority - Supporting a successful local economy
	3	Core Council business

5.9 Opportunities - We have a track record of recognising and managing existing risks, and identifying and dealing with emerging risks. We 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. Some of the key opportunities for the future include:

- ongoing investment of time and resource in our town centres to boost jobs, the economy and generate income;
- increasing income through collaboration and service redesign;
- promoting tourism and the visitor economy; and
- channel shift by providing services and information in the most efficient way, encouraging self-service and the use of “apps” such as the My Wyre Forest App.

Narrative Report

Delivering a sustainable budget for the long term

5.10 Following a long period of austerity and significant reductions in core government grants and rising demand it is essential to set a prudent, stable and achievable budget. In order to respond to shifts in demand led expenditure pressures, a limit to local sources of income from fees and charges and rising inflation, the Council is taking steps to meet the future needs of residents and priorities. The scale of future budget reductions will inevitably affect all services and all residents to some extent. In considering what savings can be made we are taking a long term approach to the design of future services and this approach will help to protect the needs of the most vulnerable people in the district. The Medium Term Financial Strategy (MTFS) planning process for 2022-23 updates the funding gap and incorporated an ambitious programme of savings as follows:

- Transferring 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.
- 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. Service users 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 while maintaining an appropriate assisted service for vulnerable members of the public who require support.
- 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 options have been exhausted.

The approved MTFS for 2023-24 is based on continuing this approach but in future years will be revised in light of the priorities in the corporate plan for 2023-27 which is being prepared.

Improving the economic prosperity of the district

5.11 The Council has continued to support economic growth, recognising the significant financial benefits in the form of retained business rates and creation of jobs. There are 2 significant towns centre regeneration projects underway as well as proposals for further major investment in a variety of schemes.

Narrative Report

- 5.12 The Levelling Up Fund programme of work to re-kindle Kidderminster's heritage and make the canal and the river a focus and encourage visitors by providing special, vibrant places with cafes, arts and cultural activities is in progress. Full completion of the canal tow path project is scheduled for July 2023, completion of the Kidderminster Town Hall project is due in February 2025 and a project adjustment request has been submitted to DLUHC in order to bring the grade 2 listed Piano Building back into use within the project timeframe. This is a major opportunity for town centre regeneration that will draw on £17.9m of Government investment into Kidderminster and should lead to improved economic prosperity for the whole district and growth in our key income stream of business rates. Funding must be fully spent by the end of March 2025 and an ambitious programme of work is underway to achieve the business case objectives of improved connectivity and a fresh modern vibrant Kidderminster Town Centre.
- 5.13 The £20.5m Future High Street Funded project to create a Creative Hub at the former Magistrates Court and the Worcester Street connectivity project are also progressing well. The contractor is on site at the Creative Hub and the demolition contractor has been appointed ahead of creation of the new public realm works including new slopes and steps linking Bromsgrove Street and its development sites with Worcester Street and the remainder of the town centre.
- 5.14 The temporary accommodation scheme at Castle Road in Kidderminster is similarly progressing well, the pre-construction services contract has been awarded and construction is expected to commence in the autumn of 2023.

6. Strategy and Resource Allocation and Strategic Planning Framework

- 6.1 Our strategic planning framework creates a golden thread from the Council Plan priorities through to employees. Our latest Employee Survey found that 85% understood how their role contributes to the Council's priorities.
- 6.2 The Corporate Plan 2021-23 identifies the Council's strategic objectives and the strategy to deliver these corporate priorities.
- 6.3 A new Workforce and Organisational Development Strategy action plan will deliver the Workforce and Organisational Development Strategy 2023-27. The strategy sets out our approach to upskilling and supporting the work force and making WFDC an employer of choice.
- 6.4 The corporate performance framework comprises a basket of measures to enable the organisation to understand progress in the delivery of our corporate priorities.
- 6.5 The Council's Medium-Term Financial Strategy demonstrates how the Council's financial resources will be deployed over a 3 year period 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.

Narrative Report

- 6.6 The Council's MTFS is set within a robust and well-established planning framework and is based on an analysis of key influences on the financial position and an assessment of the main financial risks facing the Council. This framework enables the Council to deliver performance improvement whilst controlling use of its limited financial resources. As part of the financial strategy, consideration is given to the likely savings required in future years and services are actively working to develop plans which will change the shape of services and the way they are provided to deliver budget reductions in the future. The Council will need to continue to secure further savings and to manage cost pressures effectively. Local demand for services continues to increase and the ongoing high level of is continuing to put pressure on many of the Council's income budgets as well as goods and services that the council buys.
- 6.7 In shaping the budget, issues are carefully considered to ensure that the financial strategy is both prudent and protects our most vulnerable residents. Ensuring that there is the capacity to invest is a critical part of the budget deliberations. In relation to council tax, the 2022-23 budget included a council tax increase of £5.
- 6.8 For many years the Council has been dealing with the large reductions in government funding from the government's austerity cuts. Despite considerable success in reducing expenditure, the Council's expenditure continues to exceed its income resulting in a funding gap, currently projected to be £1.78m in 2025-26 if savings plans and targets are not met. The budget is balanced by use of reserves. Initiatives by the Council to reduce costs and increase income have assisted and the Council has been very successful in "putting off" the day when significant cuts will have to have been made to services. The additional expenditure and pressure on income from fees and charges due to high inflation and the the cost of living crisis, have added to an already difficult financial position for local government as a whole. The further postponement of the Fair Funding Review, and the uncertainty this brings, has added to the Council's financial challenges in the medium term. In the short term, enhanced producer responsibility arrangements are due to commence in 2024. The levies paid by packaging producers are expected to provide a financial windfall for councils in the first year, although the amount for WFDC is unknown at this time. However, the concern is that the Government will seek to claw back any financial benefit in future years and that the overall funding position for the waste reforms under the Environment Act 2021 will leave the Council worse off.

7. Our Performance

- 7.1 The Council's operational model is for a mixed economy of services provided directly by the Council or through collaborative working with other councils or public bodies 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 2022-23 can be found on the Council's website.
- 7.2 The success of the Corporate Plan is measured by delivery against our strategic actions.
- 7.3 The outcomes we have achieved in the last 12 months are reported to Overview and Scrutiny Committee and Cabinet and demonstrate how the Council has been delivering its priorities and strategic actions in the Corporate Plan 2021-23.

Narrative Report

8. Financial Performance

Core Funding

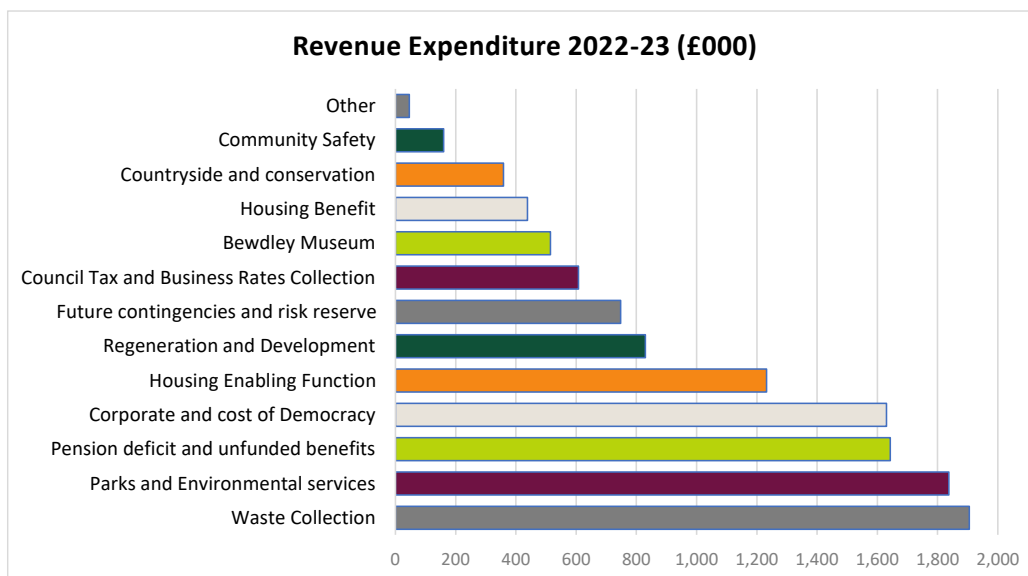
- 8.1 The Council's General Fund budget for its own net expenditure was originally set at £12.026m with a planned use of reserves of £21,750. The 2022-23 overall outturn position was £12.402m supported by a £373,000 transfer from reserves, in line with the budget approved by Council in March 2023.
- 8.2 The Council's core revenue expenditure was funded by a combination of locally raised funds and resources allocated by central government. Services also received funding from specific grants, contributions and fees and charges.
- 8.3 Income from fees and charges was hit particularly hard during the pandemic but had substantially recovered by the end of 2021-22. However, the impact of the war in Ukraine, including significant price increases for gas and electricity and more general price inflation, on household income and the profitability of businesses has suppressed revenue from many of our services and some of the fees and charges from commercial activities have not returned to pre pandemic levels. Overall, performance is ahead of that received in 2019-20 but the majority of this growth is in relation to rent reviews on commercial property leases and leases from new premises. The total income (from all sources excluding shared services) achieved in 2022-23 is £8.128m, ahead of the pre-pandemic level of £7.391m in 2019-20 but significantly less than the level assumed for the year in the 2020-23 MTFS. The Council will continue to raise income from fees and charges, so that users of particular services contribute to the cost of providing them rather than being subsidised by council taxpayers.
- 8.4 The Council adopts a cash limited approach to its budget, with Cabinet Members and the Corporate leadership team being responsible for ensuring services are delivered within budget.

Revenue Spending

- 8.5 Revenue expenditure covers the cost of the Council's day to day operations and contributions to and from reserves. Net revenue expenditure across services of £11.951m, is shown in the graph below.

Narrative Report

Service Spending 2022-23



8.6 The Council has well established robust financial management procedures in place to monitor revenue and capital expenditure throughout the financial year. The process for the management and monitoring of budgets and achievement of savings targets continues to be refined to further ensure the sustainability of the Council's financial position over the longer term.

8.7 The Council's 2022-23 revenue outturn position is presented in the following tables:

Service Expenditure

SERVICE	[A] Original Budget	[B] Revised Budget	[C] Outturn	[C-A] Outturn to Original Variance	[C-B] Outturn to Revised Variance
	£000	£000	£000	£000	£000
Chief Executive and Solicitor to the Council	1,294	2,314	2,356	1,062	42
Community and Environment	4,660	4,837	4,392	(268)	(445)
Economic Development and Regeneration	(94)	284	172	266	(111)
Resources	2,940	2,611	2,817	(123)	206
Revenues Benefits and Customer Services	978	1,034	994	16	(40)
Strategic Growth	1,894	1,847	1,788	(106)	(59)
Capital Account	355	(525)	(568)	(923)	(43)
SERVICE TOTALS	12,027	12,402	11,951	(76)	(450)
Increase General Risk reserve re Employers pay offer			300	300	300
			12,251	224	(150)
Increase in working balance (inflationary increase)			150	150	150
NET CHANGE IN USE OF RESERVES				374	0

Underspends and income denoted by brackets ()

Narrative Report

Impact of Spending on Reserves

Reconciliation to Statements	2022-23 Outturn
	£000
Service Expenditure reported to management	12,251
Exclude items funded from earmarked reserves and other items (Capital transactions and accounting adjustments) to give net cost of service to comply with the CIPFA Code	1,314
Net Cost of Services (CIES)	13,565
Exclude items not met by local tax payers such as depreciation, some pension costs and holiday entitlement owed	(4,288)
Add statutory charges for the use of assets (Capital)	1,206
Expenditure total	10,483
SOURCES OF INCOME	
Council Tax (District element only)	7,858
Business Rates retention	(534)
Central Government Grant including New Homes Bonus	814
Income total	8,138
In Year (Surplus)/Deficit (Note 6: EFA)	2,345
FUNDING FROM RESERVES	
Net addition (to)/from Earmarked reserves (general)	2,122
Increase in working balance	(150)
Contribution (to)/from General Fund	373
Total movement on General Fund reserves	2,345

Underspends and income denoted by brackets ()

Transfers from reserves	Original Budget	Revised Budget	Outturn
	£000	£000	£000
Medium Term Financial Strategy assumption	23	373	373
Variance to Original Budget			350
Variance to Revised Budget			0

The above table shows that in overall terms the outturn position was £350k less favourable than planned when compared to the original budget approved in February 2022 and in line with the revised budget approved in February 2023. There was a saving on Services of £150k less £150k inflationary increase in the working balance. This position is reported after a contribution of £300k to top-up the General Risk Reserve to limit the impact of the April 2023 pay award on 2023-24 budgets. The initial employers' pay offer was above the provision built into the Medium Term Financial Strategy and whilst the final outcome of negotiations is unknown it is highly unlikely to be lower than the initial offer. The net service expenditure saving before allocations to reserves was £450k.

Narrative Report

- 8.8 At the end of the financial year the useable reserves stood at £24.164m, compared to £25.762m at the end of 2021-22. The Council takes a risk based approach to the management of useable reserves and as part of setting the annual budget, the s151 Officer (Head of Resources) undertakes a review of risks and known commitments to calculate a minimum level for the General Fund reserve, and this was incorporated into the Council budget reports. For 2022-23 it was determined that a level of £1.5m remained an appropriate figure but that the position would be reviewed at final accounts. In light of the risks facing the council, in particular the scale of future reductions on top of those already made and the additional pressures on budgets from high inflation and wage growth, this minimum level has been increased by the prevailing rate of inflation to £1.65m.

Council Tax and Business Rates

- 8.9 The Council collects Council Tax on behalf of the Office of the Police and Crime Commissioner for West Mercia, Worcestershire County Council, Hereford and Worcester Fire authority and itself. Within the latter sum are the precepts paid to town and parish councils.
- 8.10 During the period from 2011 to 2020 the council tax charged by Wyre Forest District Council fell sharply in real terms, as a result of five years when the Council froze the tax. The annual increase in April 2020, April 2021 and April 2022 of £5 was in-line Government expectations in order to avoid a referendum on council tax.
- 8.11 During 2022-23 the Council was a member of the Worcestershire business rates pool. The pool is a voluntary arrangement which allows retention of a greater share of local growth in business rates income. The operation of the pool is governed by a formal agreement between authorities. In 2022-23 membership of the pool remained the same as in 2021-22, consisting of all Worcestershire districts, the County Council and the Fire Authority. The benefit of being in the Worcestershire Pool in 2022-23 was the retention of £292k which otherwise would have been paid to the Government as a growth levy.
- 8.12 In 2022-23 the net income before costs and tariffs from business rates was £26.297m, of which the Council receives a 40% share.
- 8.13 The Council maintains a separate fund for the collection and distribution of Council Tax and Business Rates. The account shows a deficit on Council Tax and a surplus on Business Rates at 31st March 2023. Income from business rates is better than the position previously estimated due to a significant reduction in the provision held for appeals. The District's share of these balances will be carried forward to future years. Further detail is presented in the Collection Fund notes section of the Accounts.

Capital Expenditure

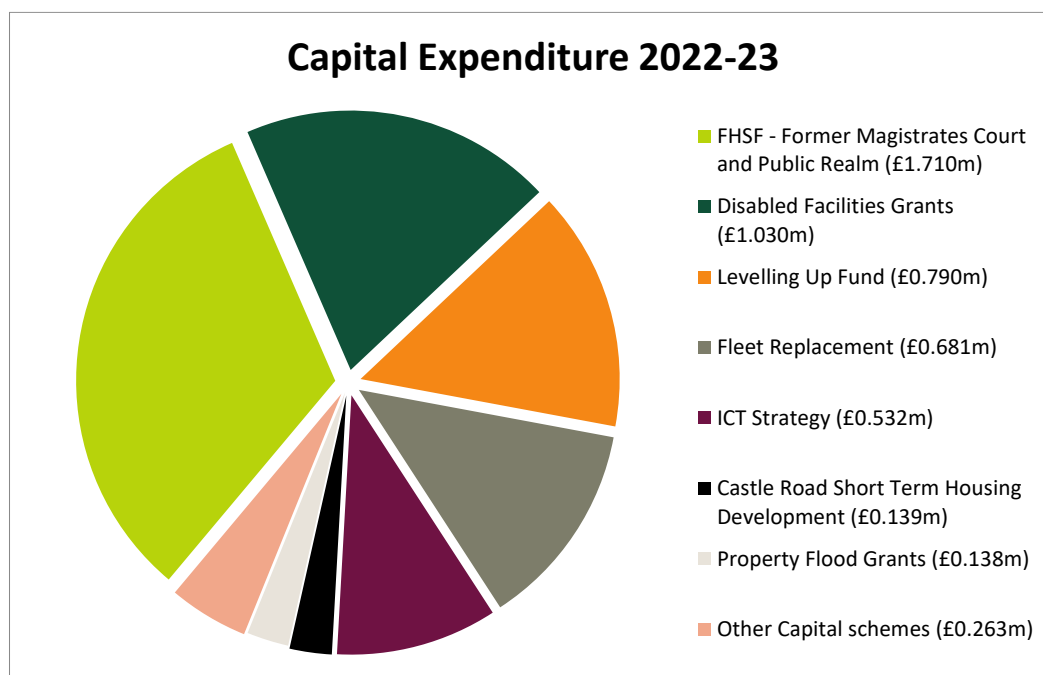
- 8.14 Capital expenditure is expenditure on non-current assets that have a life expectancy of more than one year and benefit not just current but future taxpayers within the district. The assets are usually funded over a period longer than one year, either from borrowing, from grants or from reserves 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 2022-23 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.

Narrative Report

8.15 The Council has an ambitious capital programme. This investment which includes £20.5m Future High Streets Funding and £17.9m Levelling Up Funding, 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
- Acquisition of a diverse Capital Portfolio of properties for regeneration and economic development or to meet housing need, that are self funding
- Adaptations that improve the health and well-being of residents with disabilities
- Restoration of Brinton Park following the award of funding from the National Lottery Heritage Fund Parks for People grant programme
- Development of Kidderminster town centre, to include transformation of the Magistrates' Court and Bromsgrove Street sites and infrastructure interventions to improve connectivity within the town
- A programme of work to rekindle Kidderminster's heritage to make the canal and the river a focus with cafes, arts and cultural activities supported by the Levelling Up Fund.

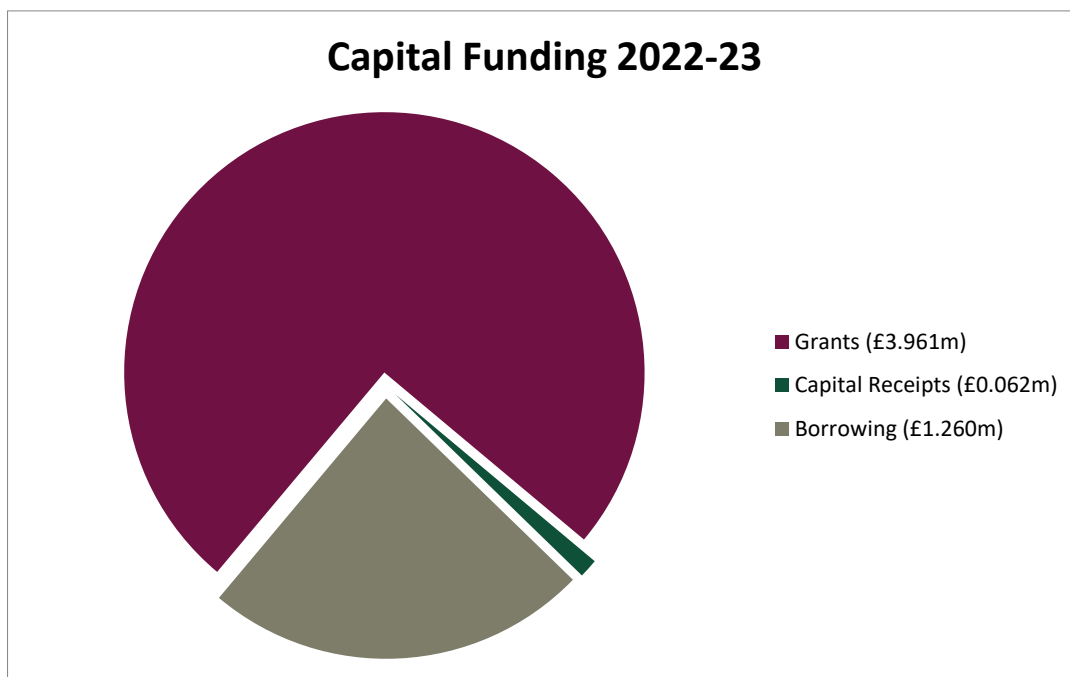
8.16 The Capital Programme budget for 2022-23 was originally set at £38.345m, revised to £25.099m following re-profiling of spend on approved schemes. The actual capital expenditure for 2022-23 was £5.283m. The balance of the programme has been reprofiled to 2023-24. An analysis of capital investment is shown in the chart below:



The Capital Programme was financed from a combination of internal borrowing, Government Grants, reserves (capital receipts) and revenue contributions.

Narrative Report

8.17 Capital Financing for 2022-23 is shown in the diagram below:



Treasury Management

- 8.18 The Treasury Management Strategy for 2022-23 was approved by Council on 23rd February 2022. During the year treasury management performance was reviewed by the Treasury Management Review Panel before being reported to Council.
- 8.19 **Details of investment performance:** The Council manages all of its investments in house with the institutions listed in the Council's approved lending list. At the end of the financial year the Council had £40.910m of investments.
- 8.20 The Council's investment strategy is primarily to ensure funds are invested in institutions which are secure, to maintain sufficient cash reserves to give it necessary liquidity, whilst also trying to attain a benchmark average rate of return in excess of the 7 day backwards looking Sterling Overnight Index Average (SONIA) rate. The average interest rate for investments held at 31st March was 4.01%. The average rate achieved during the year was 2.3%, compared to the 7 day backward looking Sterling Overnight Index Average (SONIA) benchmark rate of 2.23%. Yields continued to increase during the year as bank rates were increased. The bank rate at the start of the year was 0.75% rising to 4.25% at the year end. The interest received on investments during the year was £1.069m against the original budget of £55,000 and the revised budget of £0.850m approved in February 2023. The increased investment return was due to both the interest rate increases and to slippage in external grant funded schemes in the capital programme, resulting in a larger balance of funds invested. The Council maintained an average investment balance of £46.567m in 2022-23 compared to £38.334m in 2021-22.

Narrative Report

8.21 The outlook for investment returns for 2023-24 is likely to remain good since the bank rate isn't expected to fall until the end of the year. The Council's overriding priority continues to be security and liquidity above yield.

8.22 **Details of borrowing:** During the year the Council repaid one external loan, £2m with Portsmouth City Council and replaced it with a 2-year loan from Merseyside Fire and Rescue. A deposit invested on behalf of a local town Council (£100k) was also repaid. As at 31st March 2023 the Council had borrowings of £34.240m. A summary of the Council's borrowing activities for 2022-23 is provided below.

Long Term Borrowing	2020-21	2021-22	2022-23
	£000	£000	£000
Balance as at 1st April	35,000	34,000	32,000
Plus:			
New long-term borrowing	2,000	0	2,000
Long-term borrowing repaid	0	0	0
Re-Classified as temporary borrowing (repayable in the following financial year)	(3,000)	(2,000)	0
Balance as at 31st March	34,000	32,000	34,000

Short Term Borrowing	2020-21	2021-22	2022-23
	£000	£000	£000
Balance as at 1st April	2,240	3,280	2,340
Plus:			
New temporary borrowing	40	60	0
Re-classified from long-term borrowing	3,000	2,000	0
	5,280	5,340	2,340
Repayments in year	2,000	3,000	2,100
Balance as at 31st March	3,280	2,340	240

8.23 The Council sets aside a prudent provision for the repayment of debt where borrowing arrangements have been used to finance capital expenditure (historic and current) using an asset life method. The MRP policy for 2022-23 was approved at the 23rd February 2022 Council in line with statutory guidance and included the discretion for the Head of Resources and s151 Officer (Chief Financial Officer) to charge a Voluntary Revenue Provision (VRP).

Narrative Report

9. Significant Transactions

9.1 Pensions

The cost of pensions remains a major item of expenditure. The Council is part of the Worcestershire Pension Fund; a full actuarial valuation was carried out as at 31st March 2022. 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 2035. The most recent revaluation assessed the funding level for Wyre Forest at 97% compared with 83% in 2019. Following each triennial revaluation contribution rates payable by the individual employers within the pension fund are revised. The results of the 2022 revaluation will impact on contribution rates payable from 1st April 2023.

The Council's overall pension liability has significantly decreased during the year due to both a reduction in life expectancy and a change in financial assumptions. Deficit clawback funding for the period 2020-2023 and an estimate of employer's contributions was paid in April 2020 as an advance payment which generated a cost saving for the Council's General Fund of £437k over the three-year period.

9.2 Capital Portfolio Fund

The Council made no further capital portfolio fund property purchases during 2022-23. Properties already held are classified as operational property, plant and equipment assets since they are held primarily to support economic development and regeneration, contributing to our corporate priority of "Contributing to a successful local economy". This is in accordance with our approved Capital Strategy that links to the Medium-Term Financial Strategy, Treasury Management Strategy, various Regeneration and Economic Development Strategies and plans and, importantly, the overarching Corporate Plan 2021-23.

9.3 Revenue Reserves, Balances and Financial Resilience

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 financial risks facing the Council and has been increased by 10% in-line with the prevailing rate of inflation following easing of cost pressures at 31st March 2023 to provide additional risk mitigation. As at 31st March 2023, the working balance was £1.65m and total revenue reserves stood at £18.362m. Of this sum £13.244m has been earmarked.

The level of reserves and balances is a key element in the CIPFA Financial Resilience Index. There are no Wyre Forest indicators where risk was considered to be extremely high or a cause for immediate concern.

9.4 Cash Flow Management

The Council primarily undertakes external borrowing to manage the cash flow implications of incurring capital expenditure that it does not immediately fund from cash resources, and in some instances also to 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.

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External loans totalling £2.1m were repaid in 2022-23 and a new two year loan totalling £2m was secured. During the year we increased our internal borrowing by £300,000 in line with our Treasury Management Strategy Statement, choosing to use temporary cashflow funds instead of securing new borrowing. Total internal borrowing at 31st March 2023 was £7.194m.

The Council's cash balances are invested until required on a short-term basis up to a maximum period of 1 year. During 2022-23 funds were invested with Money Market Funds (MMFs), Certificates of Deposit (CD's), institutions (such as banks) with high credit ratings and the Government Debt Management Office facility (DMO), our primary concern always being security of funds.

The bank rates rose from 0.75% at the start of the year to 4.25% at the year end. Resulting in an additional investment return of £1.014m. The increased investment return was due to both the interest rate increases and to slippage in external grant funded schemes in the capital programme, resulting in a larger balance of funds invested.

10. Statement of Accounts

10.1 The Accounts and Audit Regulations 2015 as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 and the Accounts and Audit (Amendment) Regulations 2021, requires the Council to produce a **Statement of Accounts** for each financial year. These statements contain a number of different elements which are explained below. The Statement of Accounts is set out in the accompanying document.

10.2 **Statement of Responsibilities for the Statement of Accounts** sets out the respective responsibilities of the Authority and the Chief Finance Officer (Head of Resources and s151 Officer).

10.3 **Auditor's Report** gives the auditor's opinion of the financial statements and of the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.

10.4 Core Statements

- 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 the services and activities that the Council is required to carry out by law (statutory duties) such as street cleansing, waste collection and planning and 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.

Narrative Report

- 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).

Supplementary Statement

- 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.

11. Further Information

If you would like to receive further information about these accounts, please contact Helen Ogram, Head of Resources and S151 Officer, Wyre Forest House, Finepoint Way Kidderminster, Worcestershire, DY11 7WF.

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 Head of Resources and S151 Officer;
- (b) to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- (c) to approve the Statement of Accounts.

The Head of Resources and S151 Officer's Responsibilities

The Head of Resources and S151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the UK (The Code).

In preparing this Statement of Accounts, the Head of Resources and S151 Officer 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 Head of Resources and S151 Officer has also:

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

Issue Date

The Statement of Accounts 2022-23 was certified for issue on 31st May 2023. All known material events that occurred up to and including this date which relate to 2022-23 or before have been reflected in the accounts.

Certification of Accounts

In accordance with the Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Amendment) Regulations 2021, 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 2023 and its income and expenditure for the year ended 31st March 2023.

Helen Ogram CPFA – Head of Resources and S151 Officer
31st May 2023

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, as amended by the Accounts and Audit (Amendment) Regulations 2021 and is authorised for issue.

Chair, Audit Committee
xx September 2023

Annual Governance Statement 2022-23

Why have we prepared this Annual Governance Statement (AGS) 2022-23?

- To demonstrate whether, and to what extent, the council has a sound system of governance and has complied with its local requirements in 2022-23.
- To fulfil the statutory requirement for each local authority to conduct a review of its system of internal control and prepare and publish an AGS at least once a year in each financial year.
- To demonstrate our achievements and help us to be more effective and take action to improve.

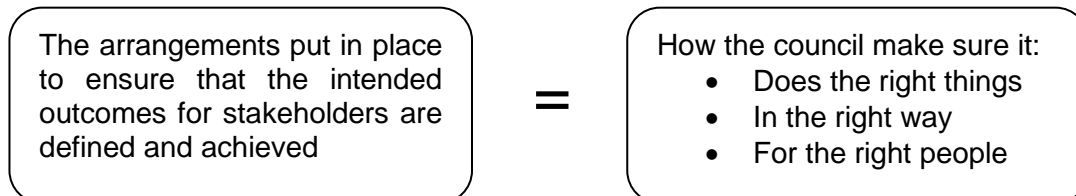
What is the Annual Governance Statement?

Legislation requires local authorities to prepare and publish an Annual Governance Statement, in order to report publicly 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 of the effectiveness of Wyre Forest District Council's governance framework for 2022-23 (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.

This is summarised as:



What is the Scope of our 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.

Agenda Item No. 9 Appendix 3

Wyre Forest District Council – Draft Statement of Accounts 2022-23


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 by contacting The Hub, Green Street, Kidderminster DY10 1HA. This statement explains how Wyre Forest District Council has complied with the code and the requirements of the Accounts and Audit Regulations 2015 which requires all relevant bodies to prepare an annual governance statement.

What is the definition of 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 (Head of Resources and 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 is reproduced from “Delivering Good Governance in Local Government Framework 2014” published by CIPFA/IFAC and shows core principles and how they are delivered within the robust framework at Wyre Forest.

Wyre Forest District Council – Draft Statement of Accounts 2022-23

GOVERNANCE PRINCIPLES		INTERNAL CONTROLS
<ul style="list-style-type: none"> ➤ 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 	 <p>The governance framework has been in place at Wyre Forest District Council for the year ended 31st March 2023 and up to the date of approval of the statement of accounts.</p>	<p>INTERNAL CONTROLS</p> <p>Leadership, Culture and Planning Organisational goals and priorities Strategic and operational plans Performance management Medium Term Financial Strategy</p> <p>Statutory Officers & Decision Making The Constitution The Monitoring Officer Section 151 Officer</p> <p>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</p> <p>People, Knowledge, Finance, Assets Robust HR practices Robust Internal Audit function Information governance Performance monitoring and improvement Financial management and reporting Ethical & legal practices</p> <p>Scrutiny and Transparency Freedom of Information requests Complaints procedure Reports considered by legal and finance Overview and Scrutiny Committee Equality Impact Assessments Corporate Risk Register Transparency duty publication</p> <p>Partnership Working/Stakeholder Engagement 'Love to get involved' 'Let us know' Consultations Community Localism fund</p>

How does the Council deliver these outcomes?

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.

How is effectiveness reviewed?

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 Head of Resources and s151, 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 action plan.

Regular reviews are carried out by the Corporate Leadership Team, including during March and May 2023. These reviews take into account:

- the Internal Audit Annual Assurance report from the Audit Manager, in consultation with the Head of Resources and s151 Officer;
- comments of other review agencies, inspectorates and external bodies, including when available LGA Peer Reviews;
- the Audit Findings report of the External Auditor which was reported to the Audit Committee on 23rd November 2022, the latest Annual Audit Report reported to Audit Committee 25th May 2022 and progress on implementing improvement recommendations.

Agenda Item No. 9 Appendix 3

Wyre Forest District Council – Draft Statement of Accounts 2022-23

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 (Head of Resources)

The constitution is under constant review, to ensure that it remains fit for purpose. A review of the governance arrangements was undertaken and reported to Council on the 26th February 2020. No change was approved, so the Cabinet and Scrutiny Systems remain.

http://www.wyreforest.gov.uk/council/docs/doc55603_20200226_council_agenda.pdf

The Strategic Review Panel has operated since 2019-20. The Panel has performed an advisory role on a range of issues including policy development on the latest Corporate Plan. It also considered the Cabinet's proposals for the Medium-Term Financial Strategy for 2023-2026 to inform the Cabinet's proposed strategy and budget; and for the meetings in January and February 2023 in respect of any alternative budget proposals.

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. A review of progress against the Corporate Risk Register was considered by the Committee on the 23rd March 2023. Progress against the 2021-22 Annual Governance Action plan is reported for consideration by Committee at the May meeting. Progress against the External Auditor's improvement recommendations included in the Annual Audit Report received April 2022 is included in the AGS progress report.

Summary

The Council's Head of 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 Council systems and produce reports containing recommendations for improvement wherever necessary, in line with the approved Annual Audit Plan.

The Council's Internal Audit team works in accordance with 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 July 2018 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. Consideration of these reports helps ensure all appropriate controls and updates are in place across the Council.

Audit Committee received a report on the external assessment of the Internal Audit Service undertaken by Tilia Solutions in May 2018. 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. Recommendations/action points made were progressed by the Audit Manager following approval by Audit Committee of a Quality Assurance Improvement Programme for the Internal Audit Service. An annual update on compliance with Standards is provided to the Audit Committee as part of the Internal Audit Manager's annual report. The Internal Audit Plan 2022-23 approved at the March 2022 meeting took into account the external review recommendations.

The Internal Audit charter will be refreshed and a further external assessment is due to be commissioned during 2023-24.

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Wyre Forest District Council – Draft Statement of Accounts 2022-23

An update on counter fraud arrangements for 2022-23 was received at the November 2022 meeting providing members with detail on those areas managed by both the Compliance Officers and Internal Audit, evidenced by supporting national programmes for tackling fraud.

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.

The Council was the subject of an LGA Peer Review in March 2017 with a follow-up peer review in February 2019. Feedback was very positive overall with relevant action learning points reflected in the 2020-21 and the 2021-22 Annual Governance Statements.

The conclusion of the latest review of effectiveness of the Council's governance framework is that arrangements continue to be regarded as fit for purpose. Some key areas for particular focus or improvement have been identified and the action plan to specifically address these points is outlined below.

Significant Governance Issues for 2022-23 and 2023-24 Action Plan

Wyre Forest District Council have completed a number of actions over the last year, that have alleviated significant governance issues identified in the 2021-22 Annual Governance Statement. The following new or continuing governance issues have been identified and further actions have been put in place against each for progression in 2023-24, to continue to strengthen the Council's governance arrangements.

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
1	<p>General – Significant Financial Challenges</p> <p>The Council continues to face significant funding pressures and changes to the national funding regime. In response we will continue to maintain financial resilience by:</p> <p>i) Moving towards a fully balanced budget without reliance on reserves.</p> <p>ii) Progression of the programme of work to close the funding gap approved as part of the 2021-24 Medium Term Financial Strategy.</p> <p>The challenges faced in achieving this include proposed funding reform, cost and supply chain issues caused by geopolitical issues, global economic volatility and continuing labour market shortages following leaving the EU and a rise in economic inactivity following the pandemic.</p> <p>The consequence is a potential shortfall on the delivery of savings to meet the circa £1.78m Funding Gap by 2025-26.</p>	<p>AGS 2021-22 highlighted by the Corporate Leadership Team and reflected in the MTFS and Corporate risk register</p>	<p>The Medium Term Financial Strategy (MTFS) reflects the expected need to make future savings over the medium term taking into account anticipated changes in financing. The council set a budget in February 2023 outlining the strategic direction towards achieving on-going savings:</p> <p>a) Progressing implementation of agreed initiatives and projects, such as major service collaborations reviews as set out in the medium-term financial strategy for 2021-2024.</p> <p>b) 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>c) To re-focus the work around income generation and commercialisation on net income, recognising the impact of price and wage inflation and interest rates on service viability.</p> <p>d) To continue with the Localism agenda to meet target savings in MTFS</p> <p>e) Work with District Council Network (DCN) members and Government on Extended producer responsibility funding and the Waste reform agenda.</p>	<p>a) All remaining service delivery reviews to be completed and target savings achieved.</p> <p>b) Balanced Budget for 2024-25 included in the MTFS 2024-27 with progression of proposals for significant savings/cost reductions to close the funding gap from 2025-26.</p> <p>c) Cabinet/CLT to manage process of rebuilding income streams.</p> <p>d) Agreement reached to safeguard Bewdley Museum, Guildhall and QE2 gardens; continue negotiations with parish councils during 2023. Commence second round negotiations with town councils.</p> <p>e) Fair distribution of funding to District Councils and streamlined allocation and draw down.</p>	<p>Head of Resources, Chief Executive, and whole of CLT</p> <p>Cabinet/CLT</p> <p>CLT/Cabinet</p> <p>Chief Executive</p> <p>Chief Executive, Head of Resources</p>	<p>April to March 2024,</p> <p>January 2024</p> <p>December 2023</p> <p>As set out in Localism timetable</p> <p>April 2024</p>

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
2	Governance of Property Portfolio to safeguard access to PWLB loans for all Council services by ensuring that the impact of the policy is to deliver corporate service objectives under the Corporate Plan priority to deliver a successful local economy whilst also supporting the Financial Strategy - recognising that the 2021 CIPFA Prudential and Treasury Management codes set out that the CFR cannot be increased for commercial purposes and acquisition decisions cannot primarily be based on generating a financial return.	Corporate risk register	<p>a) Continue to implement the agreed governance framework when considering proposals to be funded via the approved Capital Portfolio Fund Strategy</p> <p>b) Undertake thorough due diligence and complete the due diligence check list at each stage of the approval process</p> <p>c) The business case model and each business case reflects the evidence requirement for the economic argument and fully covers whether capital plans and risks are proportionate i.e., any plausible losses can be absorbed within existing budgets or reserves.</p>	<p>a) All proposals further the Corporate plan priorities, meet service objectives and secure net income streams in accordance with the approved strategy.</p> <p>b) Completed, certified checklist for all acquisitions.</p> <p>c) Business case reports on all approved acquisitions contains a strong, evidence based, economic case.</p>	CLT -Head of NWEDR, Head of: Resources, Solicitor to the Council	<p>a) On-going</p> <p>b) On-going</p> <p>c) On-going</p>

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
3	Partnership and Engagement Governance issues Maintaining resilience in the governance process with particular regard to the increasingly complex array of partnership agreements and alternative funding solutions the Council may enter into as part of alternative service delivery solutions to reduce cost or unlock funding opportunities. This includes Public Sector Partnership Wyre Forest LLP, the approved Group structure for a Local Authority Trading Company (LATC), localism, joint operations (e.g. joint waste service for northern Worcestershire districts and County wide food waste collaboration), future structure of NWEDR, other new shared service arrangements and new and existing Trusts.	Annual Governance Statement 2021-22 and corporate risk register	a) Ensure all 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. b) Ensure arrangements for traded services and arms-length organisations are fit for purpose c) Further investigation of various structures for different arrangements, including utilisation and or expansion of the Group Structure of the approved LATC. d) Continue to shape direction of work on joint operation of waste collection services to maximise influence and ensure adequacy of proposed governance arrangements. Business case to include governance arrangements considered by Overview and Scrutiny Committee and Cabinet. e) Continue to work with North Worcestershire partners on review of NWEDR to maximise influence and ensure adequacy of proposed governance arrangements. Business case to include governance arrangements considered by Overview and Scrutiny Committee and Cabinet	a)/b) Robust due diligence for all proposals presented in business cases to be considered by Overview and Scrutiny Committee and Cabinet c) Reports prepared for proposals for alternative service delivery models d&e) Comprehensive business case prepared and presented for consideration by Overview and Scrutiny Committee and Cabinet	CLT – Head of NWEDR and Head of Strategic Growth designated officers for PSP, Head of Community and Environmental Services Solicitor to the Council	a)/b) Ongoing due diligence work presented to Overview and Scrutiny Cabinet throughout 2023-24 c) On-going. d&e) September 2023 or as appropriate

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
4	ICT Resilience Governance Issues Maintaining ICT resilience to ensure a secure network, ensuring the ICT infrastructure is protected adequately from attacks and threats. Progression of ICT Strategy GDPR – compliance to include additional assurance for hybrid working	Corporate Risk Register and ICT Strategy Board; ICT Security {Sub-Group} MTFS 2023-2026 GDPR Legislation - effective date 25 th May 2018	a) Quarterly review of network security and cyber resilience; extra assurance/training for remote working/meetings b) ICT Strategy Board approvals c) Review of compliance by Cyber Security and Information Governance Sub-Group (of the ICT Strategy Board) to meet and support ICT Strategy Board; focus on cyber security business continuity plans and overall cyber security strategy. d) Risk assessments and review of security of hybrid working arrangements built into assurance programme e) Monthly phishing and regular cyber training f) On-going improvement to infrastructure and system updates including patching, firmware updates. g) Annual penetration tests h) Additional 2 factor authentication and cloud back-up for o365	a) PSN compliance, secure network. b) Work proceeds to timetable c) Review evidenced compliance d) Compliant risk assessments e, f g and h) Cyber essentials accreditation	ICT Manager/ Head of Resources Data Controller ICT Manager ICT Manager	Ongoing reports to ICT Strategy Board, and Cyber Security and Information Governance Sub- Group, Cabinet Members and Group Leaders Ongoing risk assessments Summer 2023

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
5	<p>Major grant funded regeneration schemes –</p> <p>Maintain governance arrangements to oversee Future High Street Fund (FHSF) and Levelling up Fund (LUF) programmes. This includes separate project boards chaired by the Head of NWEDR and be attended by the S151 Officer and Monitoring Officer. The boards to receive regular updates on all projects managed through the project delivery boards and to have responsibility for approving project variations. The boards will provide transparent governance arrangements to ensure that projects are run appropriately with vigour ensuring funding and statutory obligations are met. This will satisfy DLUHC's requirement for the Council to operate a strong first line of defence.</p>	<p>Annual Governance Statement 2021-22</p> <p>Corporate Risk Register</p>	<p>Project Boards meets regularly and in line with agreed timeline</p> <p>Grant funding agreements in place with LUF partners</p> <p>Financial, performance and assurance returns completed</p>	<p>Progress to timetable, Government Office satisfied with progress.</p> <p>Monthly progress reports presented to the Boards and grant draw down meets assurance requirements.</p>	<p>CLT -Head of NWEDR, Head of: Resources, Solicitor to the Council</p>	<p>Ongoing</p>

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
6.	Major Capital Projects - The Council has a number of major capital projects including delivering a Housing provision scheme in Kidderminster and installation of Electric Vehicle Charging points. There are significant risks associated with these major schemes, including implications for revenue as well as capital budgets.	Annual Audit Report 2020-21	On-going regular reporting on progress will be delivered through enhanced quarterly Capital Programme reporting. Dedicated project management expertise will be put in place for all major projects and programmes and cost risks will be closely managed. Clarity of delineation of the roles of those Members and Officers concerned with the delivery of projects and those concerned with regulatory decisions will be factored into the project management and decision making. Protocols will provide necessary ethical walls within the organisation and in line with the council's constitution.	Quarterly progress/monitoring reports presented to Cabinet/CLT and Overview and Scrutiny Committee. Projects delivered on time within cost plan.	CLT, Head of NWEDR, Head of Strategic Growth, Head of Resources	On-going

Wyre Forest District Council – Draft Statement of Accounts 2022-23

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
7.	<p>Workforce planning <i>Resilience, recruitment and retention.</i> Appropriate resilience and succession planning arrangements need to be established across all teams as in some areas there continues to be a reliance on a limited number of key individuals.</p> <p>Attracting suitable candidates to professionally graded posts continues to be challenging with key posts remaining vacant or being filled by agency resource.</p> <p>There is a regulative requirement for the Council to have an effective Internal Audit function. Where we are unable to attract people with the skills to meet the demands of niche roles alternative service provision will need to be secured.</p>	Annual Audit Report 2020-21 Corporate Risk register	<p>Implementation of the new Organisation Development (OD) Strategy action plan which underpins our Wyre Forest Forward vision to become an employer of choice. Actions are based on the following priorities:</p> <ul style="list-style-type: none"> Recruitment Retention Growing our future workforce Culture and leadership development Health and Well-being <p>Explore collaborative service solutions where resilience can't be secured internally.</p> <p>To seek approval of the detailed business case for joining the Worcestershire shared audit service.</p>	<p>Implementation of OD Strategy.</p> <p>Succession planning embedded with plans developed</p> <p>We are seen as the local employer of choice, demonstrated by the number and quality of applicants for roles and increased staff retention/lower staff turnover.</p> <p>Internal Audit resource secured</p>	<p>Chief Executive, Solicitor to the Council, Head of HR&OD</p> <p>Head of Resources</p>	<p>March 2024</p> <p>July 2023</p>

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Wyre Forest District Council – Draft Statement of Accounts 2022-23

We propose over the coming year to take steps to address the matters detailed in the above tables 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

Councillor Marcus Hart
Leader of the Council

31st May 2023

Wyre Forest District Council – Draft Statement of Accounts 2022-23

Independent Auditor's Report to the Members of Wyre Forest District Council

The Independent Auditor's Report will be included following
the September 2023 Audit Committee.

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Wyre Forest District Council – Draft Statement of Accounts 2022-23

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.

2021-22 Expenditure £'000	2021-22 Income £'000	2021-22 Net £'000	Notes	2022-23 Expenditure £'000	2022-23 Income £'000	2022-23 Net £'000
Service Expenditure Analysis						
2,294	(238)	2,056	Chief Executive and Solicitor to the Council	2,979	(436)	2,543
9,060	(4,085)	4,975	Community and Environmental Services	9,843	(5,115)	4,728
13,593	(8,929)	4,664	Strategic Growth and Economic Development and Regeneration	14,613	(10,523)	4,090
26,411	(23,350)	3,061	Resources and Revenues, Benefits and Customer Services	23,994	(21,790)	2,204
51,358	(36,602)	14,756	Net Cost of Services	51,429	(37,864)	13,565
1,458	(96)	1,362	Other Operating Expenditure	1,588	-	1,588
4,277	(2,092)	2,185	Financing and Investment Income and Expenditure	5,435	(3,896)	1,539
-	(18,508)	(18,508)	Taxation and Non-specific Grant Income and Expenditure	-	(16,596)	(16,596)
		(205)	(Surplus)/Deficit on the Provision of Services			96
			Items that will not be reclassified to the Deficit on the Provision of Services:			
		(1,880)	(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets			1,523
		(4,778)	Re-measurement of the Net Defined Benefit Liability			(52,547)
		(6,658)	Total Other Comprehensive (Income) and Expenditure			(51,024)
		(6,863)	Total Comprehensive (Income) and Expenditure			(50,928)

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.

2022-23

Notes	General Fund Balance 6, 9	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves 9	Total Unusable Reserves 9, 25	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1st April 2022 brought forward	20,707	3,089	1,966	25,762	(29,014)	(3,252)
Movement in Reserves during 2022-23:						
Total Comprehensive Income & (Expenditure)	(96)	-	-	(96)	51,024	50,928
Adjustments between accounting basis & funding basis under regulations	(2,249)	367	380	(1,502)	1,502	-
Net increase/ (decrease) in year	(2,345)	367	380	(1,598)	52,526	50,928
Balance at 31st March 2023 carried forward	18,362	3,456	2,346	24,164	23,512	47,676

2021-22 Comparative Information

Notes	General Fund Balance 6, 9	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves 9	Total Unusable Reserves 9, 25	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1st April 2021 brought forward	26,282	2,967	1,136	30,385	(40,500)	(10,115)
Movement in Reserves during 2021-22:						
Total Comprehensive Income & (Expenditure)	205	-	-	205	6,658	6,863
Adjustments between accounting basis & funding basis under regulations	(5,780)	122	830	(4,828)	4,828	-
Net increase/ (decrease) in year	(5,575)	122	830	(4,623)	11,486	6,863
Balance at 31st March 2022 carried forward	20,707	3,089	1,966	25,762	(29,014)	(3,252)

Reconciliation of General Fund Balance

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

2022-23

Notes	General Reserves (including £1.65m Working Balance at 31 st March 2023)	Earmarked Reserves 13	Total General Fund Balance 6
	£'000	£'000	£'000
Balance at 1st April 2022 brought forward	5,341	15,366	20,707
Net increase/ (decrease) in year	(223)	(2,122)	(2,345)
Balance at 31st March 2023 carried forward	5,118	13,244	18,362

2021-22 Comparative Information

Notes	General Reserves (including £1.5m Working Balance at 31 st March 2022)	Earmarked Reserves 13	Total General Fund Balance 6
	£'000	£'000	£'000
Balance at 1st April 2021 brought forward	5,600	20,682	26,282
Net increase/ (decrease) in year	(259)	(5,316)	(5,575)
Balance at 31st March 2022 carried forward	5,341	15,366	20,707

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".

31 st March 2022 £'000		Notes	31 st March 2023 £'000
	Property, Plant and Equipment:		
62,793	Land and Buildings	14	58,729
2,860	Vehicles, Plant and Equipment	14	3,059
4,080	Community Assets	14	3,950
2,180	Surplus Assets	14	1,001
1,757	Assets under Construction	14	3,708
1,183	Heritage Assets	15	1,241
406	Intangible Assets	16	588
75,259	Long-term Assets		72,276
14,008	Short-term Investments	17	26,209
19,001	Cash and Cash Equivalents	17, 20	15,471
155	Inventories		99
8,225	Short-term Debtors	18	6,828
250	Assets held for Sale (less than one year)	21	250
41,639	Current Assets		48,857
(2,355)	Short-term Borrowing	17	(240)
(22,924)	Short-term Creditors	22	(14,484)
(1,363)	Short-term Provisions	23	(893)
(26,642)	Current Liabilities		(15,617)
(32,164)	Long-term Borrowing	17	(34,194)
(57,457)	Other Long-term Liabilities	35	(9,361)
(3,887)	Capital Grants Receipts in Advance		(14,285)
(93,508)	Long-term Liabilities		(57,840)
(3,252)	Net Assets/(Liabilities)		47,676
25,762	Usable Reserves	9, 13	24,164
(29,014)	Unusable Reserves	9, 25	23,512
(3,252)	Total Reserves		47,676

Helen Ogram, Head of Resources and S151 Officer
31st May 2023

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.

2021-22		Notes	2022-23
£'000			£'000
205	Net surplus/(deficit) on the provision of services		(96)
13,607	Adjust net (surplus)/deficit for non-cash movements:	26	1,617
(6,612)	Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities:	26	(4,667)
7,200	Net cash flows from operating activities		(3,146)
(542)	Net cash flows from investing activities	27	(159)
(688)	Net cash flows from financing activities	28	(225)
5,970	Net increase/(decrease) in cash or cash equivalents		(3,530)
13,031	Cash and cash equivalents at the beginning of the reporting period	20	19,001
19,001	Cash and cash equivalents at the end of the reporting period	20	15,471

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Wyre Forest District Council – Draft Statement of Accounts 2022-23
Notes to the Accounts

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Note 1: Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2022-23 financial year and its position at 31st March 2023. 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 2022-23 (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. Local Authorities cannot be created or dissolved without statutory prescription. The provisions of the CIPFA Code on going concern reflect the economic and statutory environment in which local authorities operate and hence these accounts are prepared on this basis.

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:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- 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.

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 not material or 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 revenue accounts including professional business support and trading accounts are charged an accounting estimate of the cost of holding non-current assets during the year. This comprises:

- 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 that 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 to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the relevant service or, where appropriate, to a corporate 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. When termination benefits involve the enhancement of pensions, statutory provision requires the General Fund balance to be charged with the amount payable by the authority to the pension fund in the year, not the amount calculated according to the relevant accounting standard. In the Movement in Reserve Statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and any such amount payable but unpaid at the year end.

Redundancy payments are based upon an employee's actual week's salary 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).

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 4.8% based on the indicative rate of return on high quality corporate bond.

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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.
- 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.

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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>

1.7 Events After the Reporting Period

Events after the balance sheet reporting period are those events, both favourable and unfavourable, that occur between the Balance Sheet date 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, detailed in Note 39, are not reflected in the Statement of Accounts.

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

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council currently only holds financial assets at amortised cost.

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The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost 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.

Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest). Interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses. Where the risk of default is not material an adjustment to the accounts will not be made.

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.

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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).

Purchases and acquisitions e.g. by donations are rare, but when they do occur purchases will be initially recognised at cost and acquisitions 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 cost less accumulated depreciation and any accumulated impairment losses. 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.

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 interests in companies, but no material business was transacted in 2022-23 as detailed in Note 38.

1.13 Inventories

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

1.14 Joint Operations

The Council is a partner in the Worcestershire Regulatory Services (WRS) shared service, which discharges various of the council's statutory functions relating to Environmental Health and Licensing via a Joint Committee constituted under the relevant provisions of the Local Government Act 1972, together with Bromsgrove District Council (the host), Redditch Borough Council, Malvern Hills District Council, Worcester City Council and Wychavon District Council. All partners have rights to the assets and obligations for the liabilities relating to this shared arrangement and each participant accounts separately for its own transactions arising within the agreement, including the assets, liabilities, income, expenditure and cash flows. The shared service undertakes work for a range of other local authorities and third parties including a contractual arrangement with Worcestershire County Council for the provision of management and support services for its Trading Standards and Animal Health team that was formerly part of the partnership arrangement.

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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 Civil Contingencies and Resilience.

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 for penalty charge notices.

1.15 Leases

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

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

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

The Authority as Lessee

Operating Leases

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

The Authority as Lessor

Operating Leases

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

The Council has not identified any material operating leases.

1.16 Overheads and Support Services

The costs of overheads and support (Professional and Business) 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.

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
- land and buildings – 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
- specialised assets (for example the council offices containing the Council Chamber) – because of their specialist nature are measured at depreciated replacement cost which is used as an estimate of current value
- 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.

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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. Assets with a valuation in excess of £1m are revalued annually. 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 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 in the Comprehensive Income and Expenditure Statement.

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 unless the apportioned sum is above trivial
- a full year's depreciation will be charged on assets revalued in year (where applicable) to ensure that the service retains a consistent charge for the consumption of the asset, in accordance with the principal of total cost as defined in the CIPFA Service Reporting Code of Practice for Local Authorities.

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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.

Disposals and Non-Current Assets Held for Sale

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

Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on provision of services. Depreciation is not charged on Assets Held for Sale.

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

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

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

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

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

Surplus Assets

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

1.18 Fair Value Measurement of Non-Financial Assets

The Council's accounting policy for fair value measurement of financial assets is set out in Note 1.8. The Council also measures some of its non-financial assets such as 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 in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

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

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

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

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

Inputs to the valuation techniques in respect of assets 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 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, either directly or indirectly

Level 3 – unobservable inputs for the asset.

1.19 Provisions

Provisions are made where an event has taken place on or before the Balance Sheet date:

- that gives the authority a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

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, or the Collection Fund in respect of business rates, 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.

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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 with sufficient reliability.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in Note 36 to the accounts.

1.21 Contingent Assets

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

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

1.22 Reserves

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

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

1.23 Revenue Expenditure funded from Capital under Statute

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

1.24 Value Added Tax (VAT)

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

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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. A statutory minimum revenue provision (MRP) is 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), although it is also allowed to undertake additional voluntary payments if required at the discretion of the Chief Financial Officer (Voluntary Revenue Provision - VRP). Further details can be found in the approved Treasury Management Strategy.

The Department for Levelling Up, Housing & Communities (DLUHC) 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 2022-23 can be found in the Treasury Management Strategy; key points are summarised below and include the option of using the annuity method to calculate MRP under the Asset Life Method:

- 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).

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There are two ways of calculating MRP under the Asset Life Method:-

- i. **the equal instalment method** allows the use of a simple formula to generate a series of equal annual amounts over the estimated life of the asset.
- ii. **the annuity method** makes provision for an annual charge to the General Fund which takes account of the time value of money (e.g. whereby paying £100 in 10 years' time is less of a burden than paying £100 now). The schedule of charges produced by the annuity method results in a consistent charge to revenue over an asset's life, taking into account the real value of the annual charges when they fall due. The annuity method also matches the repayment profile to how the benefits of the asset financed by borrowing are consumed over its useful life (i.e. the method reflects the fact that asset deterioration is slower in the early years of an asset's life and accelerate towards the latter years). This is commensurate with a prudent provision matching debt repayment to the period which the capital expenditure provides benefit. This method is most appropriate for use in circumstances where the initial investment is recouped from rental yields that are subject to cyclical, upwards only reviews. It is also appropriate in connection with projects promoting regeneration or administrative efficiencies or other schemes where revenues will increase over time.

The Chief Finance Officer (Section 151 Officer) will determine whether an annuity or equal instalment method is utilised to ensure that a prudent and financially beneficial method is adopted.

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.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) 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 CIES 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.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the debt is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

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1.28 Business Improvement District

A business improvement district (BID) scheme for Kidderminster commenced with effect from 1st April 2020. The scheme is funded by a BID levy paid by non-domestic ratepayers. The authority acts as agent under the scheme, collecting the BID levy income on behalf of the BID body and therefore most BID transactions would not be recognised in the Comprehensive Income and Expenditure statement. The BID levy collection costs and associated reimbursement income will be shown in the Revenues, Benefits & Customer Services outturn line.

1.29 Long-Term Contracts

Long term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

1.30 Other Accounting Principles

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

Note 2: Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2022-23 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified. This would therefore result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2023-24 Code are:

- IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023-24 year)
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020

These changes are not expected to have a material impact on the Council's Statement of Accounts.

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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.

- **Valuations**

All valuations for 2021-22 and 2022-23 have been made at 31st March. This means there is more certainty and negates the need for changes to valuation or impairment. Several properties were purchased under the Future High Streets Capital Scheme during 2021-22. At 31st March 2023 they have not yet been demolished so have been classified as surplus assets.

- **Investment Properties**

The Council's property estate has been assessed using the identifiable criteria under the International Accounting Standards to determine whether assets are being held purely for their rental income potential or for capital appreciation. Properties have been assessed using these criteria, which is subject to interpretation, and it is the council's view that all properties are held for an operational reason, such as economic development or regeneration.

- **Business Rate Appeals**

The 2022-23 gross collectable business rates before prior year adjustments, standard reliefs and Covid-19 related reliefs were £36.16m. The amount paid by each hereditament is based on the valuation lists prepared by the Valuation Office Agency (VOA). Rate payers can appeal to the VOA against their valuations; any refunds as a result of appeal decisions fall as a cost to the Collection Fund. After considering IAS37 management are satisfied that a provision should be made against this potential liability since it is likely that a liability will arise even though the timing and amount of the potential liability is uncertain, but whilst uncertain it can be reliably estimated. Many appeals from both the 2010 and 2017 lists have been either settled or withdrawn during 2022-23 and consequently the overall provision held has reduced. The total appeals provision at 31st March 2023 stands at £1.90m; our local share being £0.76m.

The source data is primarily the hereditaments on our local list, commentary and analysis in professional journals and The Local Government Report 2017. The Council's Business Rates/Revenues expert, Accountants and S151 officer communicate with a cross section of contacts, experts and advisors (CIPFA) throughout the year and at year end to formulate a balanced view. Calculations are based upon current data including VOA threats list in liaison with other Pool members.

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. The assumptions and other sources of estimation uncertainty disclosed below relate to the estimates that require the Council's most difficult, subjective or complex judgements. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

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The items in the Council's Balance Sheet at 31st March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	<p>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. Valuations are based on the assumption that the Council will be able to sustain its current spending on repairs and maintenance. The fair funding review, revisions to business rates retention and rising inflation due to the current economic climate makes it uncertain that the Council will be able to sustain its current spending, bringing into doubt the useful lives assigned to assets.</p> <p>Valuation methods result in a point estimate of value and involve judgements based on the latest most reliable information. They are based on market prices and are periodically reviewed.</p> <p>If the reduction of funding streams results in a reduction of service delivery or closure of facilities, this could result in the impairment of assets due to obsolescence. Similarly, regulation changes could result in obsolescence of some equipment.</p> <p>Property assets have been revalued at 31st March 2023 so although there is still estimation by the Valuer, there is more certainty as they are valued at the Balance Sheet date.</p>	<p>If the useful life of assets is reduced, depreciation will increase and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £20,633 for every year that useful lives had to be reduced.</p> <p>Changes in estimation technique can result in the carrying amount of an asset increasing or decreasing, the movements will be reflected in the CI&E.</p> <p>Impairing the assets would be reflected in the CIES.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, life expectancy 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 net liability to pay pensions is calculated every three years with annual updates in the intervening years.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £7.8m.</p>
Provision for Business Rates Appeals	<p>Following the introduction of the current Business Rates Retention Scheme in April 2013, Local Authorities have been liable for a share of the cost of successful appeals by businesses against their rateable value. The Council maintains a provision to cover the cost of outstanding business rates appeals. The timing of an appeal being lodged and the outcome is uncertain, so an estimate is made based on experience to date. The provision has been calculated based on the current list of live appeals supplemented by a separate independent analysis of the pattern of appeals across the sector and local experience.</p> <p>To mitigate the risk of a future liability arising from central decisions that affect the valuation basis of hereditaments the Council also holds an Earmarked Reserve.</p>	<p>If the provision for appeals, based upon net rates payable, was increased by 1% in 2022-23 the resulting increase to the provision would be £250,173; with the local share being £100,069.</p>

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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 Council'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 17.</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: Material items of Income and Expense

This note discloses material items of income and expenditure that are not disclosed on the face of the Comprehensive Income and Expenditure Statement.

In February 2022, the Government announced Councils would be responsible for administering the Council Tax Energy Rebate scheme. This was a 2022-23 scheme and the Council received a grant award of £5.925m on 30th March 2022. The Council was agent in accordance with conditions determined by the Government. Energy rebate support payments totalling £5.875m were distributed in 2022-23, the balance of funding will be returned.

As a result of the triennial full evaluation of the Pension Fund, the Pension Reserve deficit has significantly reduced from £57.46m in 2021-22 to £9.36m. The assets and liabilities have been recalculated based on current economic assumptions. The assumed inflation rate in the 2021-22 figures for the Council has been revised downwards from 3.4% to 2.7% and the discount rate has increased by 2% from 2.8% to 4.8%.

During 2022-23 the Council received £7.086m and £5.63m towards the Future High Streets and Levelling Up Fund capital schemes respectively. At 31st March 2023 the unspent balances were held as Capital Grants Receipts in Advance. No statutory accounting requirements apply until and to the extent that grant conditions have been met.

Note 6: 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 services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

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2022-23	Net Expenditure as reported for Resource Management	Adjustments to arrive at the Net Expenditure chargeable to General Fund (see Note 7)	Net Expenditure Chargeable to the General Fund Balance	Adjustments to arrive at the Net Expenditure in the Comprehensive Income and Expenditure Statement (see Note 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Chief Executive and Solicitor to the Council	2,356	(12)	2,344	199	2,543
Resources and Revenues, Benefits and Customer Services	4,110	(1,541)	2,569	(365)	2,204
Community and Environmental Services	4,392	(1,167)	3,225	1,503	4,728
Strategic Growth and Economic Development and Regeneration	1,961	(823)	1,138	2,952	4,090
Capital Account	(567)	567	-	-	-
Net Cost of Services	12,252	(2,976)	9,276	4,289	13,565
Other Income and Expenditure	(6,364)	(567)	(6,931)	(6,538)	(13,469)
(Surplus)/Deficit	5,888	(3,543)	2,345	(2,249)	96

Comparative information for 2021-22

2021-22	Net Expenditure as reported for Resource Management	Adjustments to arrive at the Net Expenditure chargeable to General Fund (see Note 7)	Net Expenditure Chargeable to the General Fund Balance	Adjustments to arrive at the Net Expenditure in the Comprehensive Income and Expenditure Statement (see Note 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Chief Executive and Solicitor to the Council	1,828	72	1,900	156	2,056
Resources and Revenues, Benefits and Customer Services	4,037	(729)	3,308	(246)	3,062
Community and Environmental Services	4,365	(1,187)	3,178	1,796	4,974
Strategic Growth and Economic Development and Regeneration	1,949	1,672	3,621	1,043	4,664
Capital Account	178	(178)	-	-	-
Net Cost of Services	12,357	(350)	12,007	2,749	14,756
Other Income and Expenditure	(6,610)	178	(6,432)	(8,529)	(14,961)
(Surplus)/Deficit	5,747	(172)	5,575	(5,780)	(205)

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	2021-22 £'000	2022-23 £'000
Opening General Fund Balance as at 1 st April	(26,282)	(20,707)
(Surplus)/Deficit on General Fund Balance in Year	5,575	2,345
Closing General Fund Balance as at 31st March	(20,707)	(18,362)

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Note 7: 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 to arrive at the General Fund Balance:

2022-23	Exclude Transfers to/from Reserves	Exclude Depreciation to arrive at Funding Basis	Exclude Debt Financing and MRP Reported to Management under Net Cost of Services	Adjustments to arrive at the Net Expenditure chargeable to General Fund (see Note 6)
	£'000	£'000	£'000	£'000
Chief Executive and Solicitor to the Council	(12)	-	-	(12)
Resources and Revenues, Benefits and Customer Services	(1,174)	(367)	-	(1,541)
Community and Environmental Services	(172)	(995)	-	(1,167)
Strategic Growth and Economic Development and Regeneration	(210)	(613)	-	(823)
Capital Account	-	-	567	567
Net Cost of Services	(1,568)	(1,975)	567	(2,976)
Other Income and Expenditure	-	-	(567)	(567)
(Surplus)/Deficit	(1,568)	(1,975)	-	(3,543)

Comparative information for 2021-22

2021-22	Exclude Transfers to/from Reserves	Exclude Depreciation to arrive at Funding Basis	Exclude Debt Financing and MRP Reported to Management under Net Cost of Services	Adjustments to arrive at the Net Expenditure chargeable to General Fund (see Note 6)
	£'000	£'000	£'000	£'000
Chief Executive and Solicitor to the Council	72	-	-	72
Resources and Revenues, Benefits and Customer Services	(351)	(378)	-	(729)
Community and Environmental Services	(116)	(1,071)	-	(1,187)
Strategic Growth and Economic Development and Regeneration	2,159	(487)	-	1,672
Capital Account	-	-	(178)	(178)
Net Cost of Services	1,764	(1,936)	(178)	(350)
Other Income and Expenditure	-	-	178	178
(Surplus)/Deficit	1,764	(1,936)	-	(172)

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Adjustments to arrive at the Comprehensive Income and Expenditure Statement:

Adjustments between Funding and Accounting Basis 2022-23

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	1	209	-	210	(11)	199
Resources and Revenues, Benefits and Customer Services	367	(712)	-	(345)	(20)	(365)
Community & Environmental Services	986	560	-	1,546	(43)	1,503
Strategic Growth and Economic Development and Regeneration	2,544	423	-	2,967	(15)	2,952
Net Cost of Services	3,898	480	-	4,378	(89)	4,289
Other income and expenditure from the Expenditure and Funding Analysis	(1,923)	1,633	(4,946)	(5,236)	(1,302)	(6,538)
Difference between General Fund Surplus/Deficit and Comprehensive Income and Expenditure Statement Surplus/Deficit	1,975	2,113	(4,946)	(858)	(1,391)	(2,249)

Comparative information for 2021-22

Adjustments between Funding and Accounting Basis 2021-22

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	-	163	-	163	(7)	156
Resources and Revenues, Benefits and Customer Services	378	(595)	-	(217)	(29)	(246)
Community & Environmental Services	1,193	599	-	1,792	4	1,796
Strategic Growth and Economic Development and Regeneration	508	553	-	1,061	(18)	1,043
Net Cost of Services	2,079	720	-	2,799	(50)	2,749
Other income and expenditure from the Expenditure and Funding Analysis	(4,154)	1,272	(4,436)	(7,318)	(1,211)	(8,529)
Difference between General Fund Surplus/Deficit and Comprehensive Income and Expenditure Statement Surplus/Deficit	(2,075)	1,992	(4,436)	(4,519)	(1,261)	(5,780)

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Adjustments for Depreciation/Rental Income

For resource management purposes, the Council includes depreciation in its reporting. However, these charges are removed as they are not included in the net expenditure chargeable to the General Fund.

Adjustment for Capital Purposes

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

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

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 NNDR 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

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:

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- For **financing and investment income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments e.g. 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 e.g. for non-ringfenced government grants.

Note 8: Expenditure and Income analysed by nature

	2021-22	2022-23
	£'000	£'000
Expenditure		
Employee Benefits Expenses	14,028	13,923
Other Service Expenses	34,274	33,189
Support Services	214	65
Depreciation and Revaluation Adjustments	2,873	4,252
Interest Payments	989	987
Pensions	3,287	4,448
Precepts	1,458	1,586
Net Loss on Disposal of Fixed Assets	-	2
Total Expenditure	57,123	58,452
Income		
Fees, Charges and Other Service Income	(13,322)	(15,282)
Interest and Investment Income	(77)	(1,081)
Council Tax and NNDR	(13,133)	(13,880)
Pensions	(2,015)	(2,815)
Government Grants and Contributions	(28,685)	(25,298)
Net Gain on Disposal of Fixed Assets	(96)	-
Total Income	(57,328)	(58,356)
(Surplus)/Deficit on the Provision of Services	(205)	96

Note 9: 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.

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Capital Receipts Reserve

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

Capital Grants Unapplied

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

2022-23	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	4,251			(4,251)
Capital grants and contributions applied	(4,341)		380	3,961
Revenue expenditure funded from capital under statute	2,060			(2,060)
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	416			(416)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(1,302)			1,302
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	(413)	429		(16)
Use of the Capital Receipts Reserve to finance new capital expenditure		(62)		62
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	5,107			(5,107)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,994)			2,994
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	(4,943)			4,943
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	(90)			90
Total Adjustments	(2,249)	367	380	1,502

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2021-22 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	2,872			(2,872)
Capital grants and contributions applied	(5,921)		830	5,091
Revenue expenditure funded from capital under statute	1,130			(1,130)
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	506			(506)
Direct Revenue Financing	(60)			60
Repayment of Loan Debt		1,732		(1,732)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(1,212)			1,212
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	(602)	625		(23)
Use of the Capital Receipts Reserve to finance new capital expenditure		(2,235)		2,235
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	5,819			(5,819)
Employer's pensions contributions and direct payments to pensioners payable in the year	(3,827)			3,827
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	(4,435)			4,435
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	(50)			50
Total Adjustments	(5,780)	122	830	4,828

Note 10: Other Operating Expenditure

	2021-22 £'000	2022-23 £'000
Parish/Town Council Precepts	1,458	1,586
(Gains)/Losses on the disposal of non-current assets	(96)	2
Total	1,362	1,588

Note 11: Financing and Investment Income and Expenditure

	2021-22 £'000	2022-23 £'000
Interest payable and similar charges	989	987
Net interest on the net defined benefit liability/(asset)	1,272	1,633
Interest receivable and similar income	(77)	(1,081)
Icelandic investments impairment adjustment	1	-
Total	2,185	1,539

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Note 12: Taxation and Non-Specific Grant Income and Expenditure

	2021-22 £'000	2022-23 £'000
Council Tax income	(9,073)	(9,422)
Business Rates income and expenditure	(4,060)	(4,434)
New Homes Bonus	(243)	(464)
NNDR Levy Redistribution	-	(24)
Other non-service related grants	(5,132)	(2,252)
Total	(18,508)	(16,596)

Note 13: 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 2022-23.

Earmarked Reserve	Balance at 1st April 2022 £'000	Receipts in year £'000	Payments in year £'000	Transfers between reserves £'000	Total movements in year £'000	Balance at 31st March 2023 £'000
Business Rates Equalisation / Regeneration Risk Reserve	3,638	-	(814)	-	(814)	2,824
General Risks	1,820	719	(25)	85	779	2,599
Innovation Fund	1,053	185	(60)	-	125	1,178
Capital Financing	1,115	300	-	-	300	1,415
Levelling Up Fund	442	-	-	-	-	442
Business Rates Pool - Re-distribution Timing Reserve	372	-	-	-	-	372
Future High Streets Fund	307	360	(298)	-	62	369
State of the Area Projects	197	57	(8)	-	49	246
Property Risk Reserve	-	27	(46)	212	193	193
Building Control Chargeable Account	166	79	(7)	(110)	(38)	128
External Funding	2,099	802	(482)	(49)	271	2,370
Other Miscellaneous	1,081	372	(207)	(138)	27	1,108
Reserves (below £150,000)						
Sub Total	12,290	2,901	(1,947)	-	954	13,244
Collection Fund (timing differences)	3,076	-	(3,076)	-	(3,076)	-
Total Earmarked Reserves	15,366	2,901	(5,023)	-	(2,122)	13,244

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Further information relating to significant earmarked reserves over £200k is given below:

Reserve	Purpose
Collection Fund (timing differences)	This reserve is held in respect of a technical accounting adjustment relating to the timing difference between NNDR1 (estimated income) reflected in the CIES and the actual position following completion of the NNDR3 (outturn).
Business Rates Equalisation / Regeneration Risk Reserve	To mitigate against future Business Rates/economic regeneration risk. The level of this risk reserve has been maintained due to continuing potential for unforeseen reductions in this key funding stream. Reductions could arise from increases in appeals, rating list reductions, Business Rates reform and potential decline in growth. The level of reserve also recognises the inevitable increased risk of failure to realise overall growth as a result of the delayed Business Rates Retention reform, any legacy impact of the COVID-19 pandemic and turbulent unfavourable economic conditions. This reserve may also be used to deliver key regeneration schemes to increase the business rates base and deliver strategic regeneration/economic development priorities.
General Risks	This recognises the financial risk the Council faces given the uncertainty surrounding the timing and impact of future(delayed) funding reform and to mitigate the impact of sustained high inflation, or funding shocks and any other unforeseen events.
Innovation Fund	To provide short term funding to support delivery of Service Transformation that will generate cost efficiencies or additional income that will over the medium term contribute to closing the funding gap.
Capital Financing	Costs of servicing debt "slipped" forward in capital programme – to be applied in future budgets.
Levelling Up Fund	A revenue contingency reserve to meet any costs that can't be capitalised during the development phase of the repurposing of the Piano Building.
Business Rates Pool - Re-distribution Timing Reserve	Whilst WFDC have accounts audited for 2020-21 and 2021-22 this is not the case across the whole Pool membership. At this time, it is still unknown if further adjustments will be required.
Future High Streets Fund	A revenue contingency reserve to meet unexpected revenue costs arising from the Creative Hub or Connectivity regeneration projects in Kidderminster.
State of the Area Projects	Continued delivery of activities agreed within the Council's State of the Area regeneration / economic development programme.
External Funding	Includes the following: Flexible Homeless Support Grant, Local Welfare Scheme, Homelessness Reduction Act 2017 and Rough Sleeper Funding, Flood Recovery Grant, Levelling Up Fund Grant, Nature Reserves Reserve, Primary Care Trust – Local Health Projects, Covid Recovery County Fund, Welfare Assistance Scheme, Domestic Abuse Funding, Housing Support Fund, Energy Performance, Public Rented Sector Access Housing and other minor reserves.
Other Miscellaneous Reserves (below £150,000)	Includes the following Reserves: Building Control Chargeable Account, District Local Development Framework, Governance / Internal Audit. ReWyre Projects, Redditch Regen Projects, ICT Reserve, Capital Portfolio and Development Loans Fund Financing, Insurance Excesses, North Worcestershire Water Management, Housing Stock Condition Survey, Bromsgrove Business Support, Green Advisory Panel and other minor reserves.

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Note 14: Property Plant and Equipment (PPE)

Movements on Balances

Movements in 2022-23:

	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 2022	62,802	7,773	4,080	2,180	1,757	78,592
Additions And Enhancements	11	965	(24)	-	1,951	2,903
Revaluation Movements Recognised In The Revaluation Reserve	(2,830)	-	(82)	(56)	-	(2,968)
Revaluation Movements Recognised In The Surplus/Deficit On The Provision Of Services	(538)	-	14	(1,463)	-	(1,987)
Disposals	(376)	(407)	(38)	-	-	(821)
Reclassifications	(340)	-	-	340	-	-
Gross Book Value at 31st March 2023	58,729	8,331	3,950	1,001	3,708	75,719
Accumulated Depreciation at April 1st 2022	(9)	(4,913)	-	-	-	(4,922)
Depreciation Charge	(1,104)	(732)	(1)	-	-	(1,837)
Reversal of Depreciation On Revaluation Taken To The Revaluation Reserve	995	-	1	-	-	996
Reversal of Depreciation On Revaluation Taken To The Surplus/Deficit On The Provision Of Services	100	-	-	-	-	100
Disposals	18	373	-	-	-	391
At 31st March 2023	-	(5,272)	-	-	-	(5,272)
Net Book Value at 31st March 2023	58,729	3,059	3,950	1,001	3,708	70,447

The major Assets Under Construction at 31st March 2023 were:

- the Future High Streets Scheme development in Kidderminster. This major capital scheme is under way following the Government Grant of £20.51m awarded in December 2020. It is anticipated to reach completion by April 2024.
- Brinton Park Heritage Lottery Fund development. This capital scheme is progressing in close liaison with the Heritage Lottery Fund.
- Castle Road Temporary Accommodation Scheme. The scheme is progressing in partnership with PSP project management. Start on site anticipated for Autumn 2023.

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Comparative Movements in 2021-22:

	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 2021	59,829	8,179	4,165	244	831	73,248
Additions And Enhancements	2,282	204	112	2,094	1,868	6,560
Revaluation Movements Recognised In The Revaluation Reserve	808	-	61	32	-	901
Revaluation Movements Recognised In The Surplus/Deficit On The Provision Of Services	(814)	-	(112)	(65)	-	(991)
Disposals	(370)	(610)	(146)	-	-	(1,126)
Reclassifications	1,067	-	-	(125)	(942)	-
Gross Book Value at 31st March 2022	62,802	7,773	4,080	2,180	1,757	78,592
Accumulated Depreciation at April 1st 2021	-	(4,771)	-	-	-	(4,771)
Depreciation Charge	(1,064)	(725)	(1)	-	-	(1,790)
Reversal of Depreciation On Revaluation Taken To The Revaluation Reserve	985	-	1	-	-	986
Reversal of Depreciation On Revaluation Taken To The Surplus/Deficit On The Provision Of Services	57	-	-	-	-	57
Disposals	13	583	-	-	-	596
At 31st March 2022	(9)	(4,913)	-	-	-	(4,922)
Net Book Value at 31st March 2022	62,793	2,860	4,080	2,180	1,757	73,670

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
Offices, Leisure & Recreation and Museum	1-64
Depot & Workshops	19-39
Public Conveniences	14-19
Miscellaneous Community Assets	1-10
Vehicles, Plant & Machinery, Equipment & Lighting	1-10
ICT Systems	1-5

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

Asset Description	2021-22	2022-23
Land, Properties and Vehicles:		
Assets Under Construction	5	6
Car Parks	23	21
Cemetery Sites	2	2
Civic & Administrative Buildings	2	2
Leisure Centres (leasehold interest in Bewdley Leisure Centre)	2	2
Museums	1	1
Nature Reserves	3	3
Other Land & Buildings	33	33
Public Conveniences	4	-
Sports & Social Clubs	3	3
Sports Fields & Parks	15	13
Trading Estates & Enterprise Centres	7	7
Vehicles	73	73

The major items of capital expenditure in 2022-23 were:

Scheme	£'000
Future High Streets Fund, Kidderminster	1,710
Disabled Facilities/Housing Grants	1,144
Levelling Up Fund	790
Vehicle & Equipment Replacement Programme	753
ICT Strategy	532
Castle Road Development	139
Property Flood Grants	138
Other Capital Schemes (below £50k)	77
Total Capital Expenditure	5,283

The Council's Capital Programme was financed as follows:

Type of Financing	£'000
Grants	3,961
Prudential Borrowing	1,260
Application of Capital Receipts	62
Total Financing	5,283

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At 31st March 2023 the following major capital contracts had been entered into, with the following sums remaining to be paid.

Description	£'000
Future High Streets Fund	11,078
Disabled Facilities Grants/Housing Assistance Grants	492
Wyre Forest House – Construction Contract (including Retentions)*	211
Castle Road Temporary Accommodation Scheme	181
Local Authority Delivery Scheme Phase 3	107
Vehicle & Equipment Renewals	88
Solar Farm	51
ICT Strategy	37
Brinton Park HLF Scheme Consultancy	37

*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.

Revaluations

Due to volatile market conditions post Covid, 100% of the Council's Land, Buildings, Community Assets and Surplus Assets have been revalued, ensuring the carrying value does not differ materially from the fair value. The current asset values used in the accounts are based on valuations provided by Avison Young, 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. 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 (fair value if surplus):

Description	Land and Buildings £'000	Community Assets £'000	Surplus Assets £'000	Assets Held for Sale £'000	Total £'000
Valued in: 2022-23	58,729	3,950	1,001	250	63,930
Total	58,729	3,950	1,001	250	63,930

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Note 15: Heritage Assets

Reconciliation of the carrying value of heritage assets held by the Council, 2022-23.

	Art Collection £'000	Richard Eve Memorial and Museum Exhibits £'000	Total Heritage Assets £'000
Cost or Valuation at April 1st 2022	647	536	1,183
Net Revaluation Increases/(Decreases)	-	58	58
Net Book Value at 31st March 2023	647	594	1,241

Comparative information for 2021-22:

	Art Collection £'000	Richard Eve Memorial and Museum Exhibits £'000	Total Heritage Assets £'000
Cost or Valuation at April 1st 2021	656	534	1,190
Net Revaluation Increases/(Decreases)	(9)	2	(7)
Net Book Value at 31st March 2022	647	536	1,183

Revaluations

Heritage Assets are carried at their insurance values. A specialist valuation of the Richard Eve Memorial is carried out every two years; the last being by Robert Vaughan (Chartered Quantity Surveyor) as at 31st March 2023.

Note 16: 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.

	2021-22 £'000	2022-23 £'000
Balance at Start of Year:		
Gross Carrying Amounts	3,008	1,794
Accumulated Amortisation	(2,547)	(1,388)
Net Carrying Amount at Start of Year	461	406
Purchases	92	320
Amortisation for period	(147)	(138)
Reduction in gross values for assets no longer in use	(1,306)	-
Accumulated depreciation written off for assets no longer in use	1,306	-
Net Carrying Amount at End of Year	406	588
Comprising:		
Gross Carrying Amount	1,794	2,115
Accumulated Amortisation	(1,388)	(1,527)
Net Carrying Amount at End of Year	406	588

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Note 17: Financial Instruments (Including Nature and Extent of Risks)

Categories of Financial Instruments

	Non-Current		Current	
	31st March 2022 £'000	31st March 2023 £'000	31st March 2022 £'000	31st March 2023 £'000
Financial Assets				
Investments				
Fair Value through profit and loss			2,000	
Amortised Cost – Investments (Principal)			14,000	26,000
Amortised Cost – Investments (Accrued Interest)			8	209
Amortised Cost - Cash and cash equivalents			17,001	15,461
Amortised Cost - Cash and cash equivalents (Accrued Interest)				10
Total Investments	0	0	33,009	41,680
Amortised cost - Debtors			1,573	1,066
Total Financial Assets	0	0	34,582	42,746
Financial liabilities				
Amortised cost - Borrowing	(32,164)	(34,194)	(2,355)	(240)
Amortised Cost - Creditors			(2,783)	(1,734)
Total Financial Liabilities	(32,164)	(34,194)	(5,138)	(1,974)

Short-term debtors and creditors in the above table include only those balances which the Council considers are receivable under a contractual arrangement, as per the Code and will therefore differ from the figures in the Balance Sheet.

Income, Expense, Gains and Losses

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

	31st March	
	2022 £'000	2023 £'000
Interest income	77	1,081
Interest expense	(989)	(987)
Total	(912)	94

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

There are no financial liabilities or financial assets carried on the balance sheet that are not measured at Fair Value (but for which Fair Value disclosures are required).

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The fair values of Financial Assets are as follows:

	31st March 2022		31st March 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Cash and Cash Equivalents	19,001	19,001	15,471	15,471
Add back: Overdraft/(Cash at Bank)	(196)	(196)	(321)	(321)
Short-term Deposits	14,008	14,008	26,209	26,209
Total Temporary Investments	32,813	32,813	41,359	41,359

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

As at 31st March 2023 the Council held no financial assets for which Level 1 valuations will apply and £41.359m financial assets for which Level 2 valuations will apply. All the financial assets are valued at amortised cost.

As at 31st March 2023 the Council held £34.194m financial liabilities for which Level 2 valuations will apply. The financial liabilities are held with the Public Works Loan Board (PWLB) and Market lenders. All of these 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.

The fair values of Financial Liabilities are as follows:

	31st March 2022		31st March 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Market Debt	2,015	2,020	2,030	1,970
PWLB Loan – Maturity	32,164	27,234	32,164	24,093
Total Borrowing	34,179	29,254	34,194	26,063

The fair value of PWLB loans of £24.093m 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.

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However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. When interest rates rise significantly above the rates secured for its current loans, the Council could repay the loans to the PWLB who would offer a discount for early redemption. The exit price for the PWLB loans including the discount would be £27.382m at 31st March 2023. However, replacement debt would be more expensive to service.

Nature and Extent of Risk Arising from Financial Instruments

The Council's Treasury Management activities expose it to a variety of financial risks, including:

- 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.

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

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 within the Treasury Management Strategy that is approved by Full Council each year and available on the Council website.

Credit Risk Management Practices

The credit criteria in respect of financial assets held by the Council are based on the creditworthiness service provided by Link Group. 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

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The Council has determined that there is no significant credit risk to financial instruments since initial recognition. The historic risk of default at 31st March 2023 was 0.012% (0.010% at 31st March 2022), as provided by Link Group, therefore no adjustment has been made to the carrying value of the investments.

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 Head of 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 2023 that this was likely to crystallise.

Credit Risk Exposure

The risk of credit exposure from the Council's customers arises from the possibility that debts raised by the Council are not collected. The Council's standard credit terms are 14 days from invoice date for its trade debtors. The authority has the following exposure to credit risk at 31st March 2023. These are analysed by age as shown in the table below:

Age of Debt	31st March	
	2022 £'000	2023 £'000
Less than three months	1,102	1,340
Three to six months	54	99
Six months to one year	81	107
More than one year	297	430
Total	1,534	1,976

The Council has an impairment allowance of £626k in place to mitigate against this risk (£521k in 2021-22).

Liquidity risk

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

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

The maturity analysis of financial assets is as follows:

	31st March	
	2022 £'000	2023 £'000
Less than one year	32,813	41,359
Total	32,813	41,359

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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.

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	
	2022 £'000	2023 £'000
Less than one year	2,355	240
Between one and two years	-	3,036
Between two and five years	2,012	2,006
Between five and ten years	6,033	6,041
Between ten and fifteen years	5,038	4,030
Between fifteen and twenty years	3,022	3,022
Between twenty and twenty-five years	-	-
Over twenty-five years	16,059	16,059
Total	34,519	34,434

Market risk

Interest rate risk

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

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

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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.

According to this assessment strategy, at 31st March 2023, 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	465

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.

4. Transfers of Financial Assets

There have been no transfers of financial assets during the year.

Note 18: Debtors

Short Term Debtors	31st March	
	2022 £'000	2023 £'000
Trade Receivables	1,573	1,066
Prepayments	397	498
Local Taxation including Major Precepting Authorities	6,007	4,823
Other Receivable Amounts	248	441
Total Net Debtors at Year End	8,225	6,828

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Note 19: Debtors for Local Taxation

Debtors for Local Taxation (Memorandum – gross debtors)	31st March	
	2022 £'000	2023 £'000
Council Tax:		
Current year	1,785	2,141
More than one year	3,805	3,962
NNDR:		
Current year	879	927
More than one year	1,065	992
Total Gross Debtors for Local Taxation	7,534	8,022

Note 20: Cash and Cash Equivalents

Cash and Cash Equivalents comprises:

Cash and Cash Equivalents	2021-22 £'000	2022-23 £'000
Cash held by the Authority	2	3
Bank current accounts	194	318
Short-term deposits with banks/building societies	18,805	15,150
Total Balance at Year End	19,001	15,471

Note 21: Assets Held for Sale

Assets Held for Sale	2021-22 £'000	2022-23 £'000
Balance at Start of Year	250	250
Balance at Year End	250	250

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

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Note 22: Creditors

Creditors	31st March	
	2022 £'000	2023 £'000
Government Departments	8,528	6,708
Local Authorities	936	2,148
Sundry Creditors	2,383	1,658
Council Taxpayers (overpayments/receipts in advance)	146	148
Business Rates (overpayments/receipts in advance)	1,019	589
Receipts in Advance	9,776	3,111
Contractors and Other Deposits	136	122
Total Balance at Year End	22,924	14,484

Creditors – Summary	31st March	
	2022 £'000	2023 £'000
Trade payables	2,783	1,734
Other payables	20,141	12,750
Total Balance at Year End	22,924	14,484

Note 23: Provisions

Description of Provision	1st April 2022 £'000	Provided in Year £'000	Payments in Year £'000	31st March 2023 £'000
Business Rates Appeals	1,363	-	(602)	761
Other Miscellaneous	-	132	-	132
Total	1,363	132	(602)	893

The Collection Fund holds a provision for backdated revaluations arising from Business Rates Retention. The Council share is shown above.

Note 24: Usable Reserves

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

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Note 25: Unusable Reserves

Summary of Unusable Reserves

	31st March	
	2022 £'000	2023 £'000
Revaluation Reserve	20,755	18,747
Capital Adjustment Account	13,511	12,578
Pensions Reserve	(59,795)	(9,361)
Collection Fund Adjustment Account	(3,205)	1,738
Accumulated Absences Account	(280)	(190)
Total Unusable Reserves	(29,014)	23,512

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	2022 £'000	2023 £'000
Balance at 1st April	19,432	20,755
Revaluation Gains	3,379	2,851
Revaluation reductions written off against prior balances	(1,499)	(4,374)
(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets	1,880	(1,523)
Excess Current Value Depreciation over Historic Cost Depreciation	(240)	(244)
Balances written out following disposal	(317)	(241)
Balance at 31st March	20,755	18,747

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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. The account also contains revaluation gains accumulated on property, plant and equipment before 1st April 2007, the date that the revaluation reserve was created to hold such gains.

Capital Adjustment Account	2022 £'000	2023 £'000
Balance at 1st April	10,620	13,511
Capital Receipts Applied	2,235	62
Depreciation	(1,936)	(1,975)
Revaluation Adjustments	(936)	(2,276)
Direct Revenue Financing	60	-
Appropriation of Minimum Revenue Provision	1,212	1,302
Revenue Expenditure Funded From Capital Under Statute	(1,130)	(2,060)
Disposal of Non-Current Assets	(530)	(431)
Capital Grants	5,091	3,961
Repayment of Loan Debt	(1,732)	-
Revaluation Reserve	557	484
Balance at 31st March	13,511	12,578

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 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 net position on the Pension Reserves includes this Council's share.

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Pensions Reserve	2021-22 £'000	2022-23 £'000
Balance at 1st April	(62,504)	(59,795)
Adjustment to WRS* Opening Balance**		6
	(62,504)	(59,789)
Remeasurements of the net defined benefit (liability and asset)	4,701	52,542
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	(5,819)	(5,108)
Employer's pension contributions and direct payments to pensioners payable in the year	3,827	2,994
Balance at 31st March	(59,795)	(9,361)

*Worcestershire Regulatory Services

**Recalculation of the share of WRS liability from 15.15% in 2021-22 to 15.11% in 2022-23

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Collection Fund Adjustment Account	2021-22 £'000	2022-23 £'000
Balance at 1st April	(7,641)	(3,205)
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	4,436	4,943
Balance at 31st March	(3,205)	1,738

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	2021-22 £'000	2022-23 £'000
Balance at 1st April	(330)	(280)
Reversal of Opening Balance	330	280
Amounts accrued at the end of the current year	(280)	(190)
Balance at 31st March	(280)	(190)

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Note 26: Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

Cash Flow Statement – Operating Activities	2021-22 £'000	2022-23 £'000
Interest received	(77)	(881)
Interest paid	990	842
Net cash flows from operating activities	913	(39)

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

Cash Flow Statement – Operating Activities	2021-22 £'000	2022-23 £'000
Depreciation	1,936	1,975
Downward re-valuations	936	2,276
Increase/(decrease) in creditors	4,073	(6,790)
(Increase)/decrease in debtors	2,543	(313)
(Increase)/decrease in inventories	(41)	56
Movement in pension liability	4,355	4,451
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	530	431
Other non-cash items charged to the net surplus or deficit on the provision of services	(725)	(469)
Total	13,607	1,617

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	2021-22 £'000	2022-23 £'000
Proceeds from short-term and long-term investments	(65)	102
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(626)	(407)
Any other items for which the cash effects are investing or financing cash flows	(5,921)	(4,362)
Total	(6,612)	(4,667)

Note 27: Cash Flow Statement – Investment Activities

Cash Flow Statement – Investment Activities	2021-22 £'000	2022-23 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(6,654)	(3,223)
Purchase of short-term and long-term investments	(4,395)	(12,102)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	626	407
Proceeds from short-term and long-term investments	76	-
Other receipts from investing activities	9,805	14,759
Net cash flows from investing activities	(542)	(159)

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Note 28: Cash Flow Statement – Financing Activities

Cash Flow Statement – Financing Activities	2021-22 £'000	2022-23 £'000
Cash receipts of short and long-term borrowing	60	2,000
Repayments of short and long-term borrowing	(3,000)	(2,100)
Other payments for financing activities	2,252	(125)
Net cash flows from financing activities	(688)	(225)

Note 29: Members' Allowances and Expenses

Members' allowances and expenses paid during the year were £227,323 (£223,421 in 2021-22). Further information is provided on the Council's website.

Note 30: Officers' Remuneration

The following table details the full year remuneration of Senior Officers who serve or have served on the Corporate Leadership team for all, or part of the year, and whose full-time equivalent salary is more than £50,000 per year:

Position	Year	Salary (including fees & allowances) £	Compensation for loss of Office £	Expenses Allowances* £	Total Remuneration excluding pension contributions £	Pension Contributions £	Total Remuneration including pension Contributions £
Chief Executive	2022-23	120,760	-	458	121,218	21,978	143,196
	2021-22	115,890	-	72	115,962	21,092	137,054
Solicitor to the Council	2022-23	46,586	-	-	46,586	7,949	54,535
	2021-22	50,365	-	16	50,381	***140,105	190,486
Head of Community and Environment	2022-23	66,548	-	395	66,943	12,112	79,055
	2021-22	66,476	-	-	66,476	12,062	78,538
Head of North Worcestershire Economic Development and Regeneration	2022-23	72,750	-	-	72,750	13,241	85,991
	2021-22	66,415	-	34	66,449	12,088	78,537
Head of Strategic Growth	2022-23	66,548	-	-	66,548	12,112	78,660
	2021-22	57,731	-	52	57,783	10,507	68,290
Head of Resources and S151 Officer	2022-23	70,107	-	-	70,107	12,760	82,867
	2021-22	55,528	-	-	55,528	10,106	65,634
Head of Revenues, Benefits and Customer Services	2022-23	59,194	-	-	59,194	10,773	69,967
	2021-22	50,840	-	-	50,840	9,253	60,093
Corporate Director: Economic Prosperity and Place	2022-23	-	-	-	-	-	-
	2021-22	58,697	42,776	-	101,473	**184,757	286,230
Corporate Director: Resources	2022-23	-	-	-	-	-	-
	2021-22	58,697	42,776	38	101,511	**177,971	279,482

On 12th May 2021 Council agreed the implementation of a revised management restructure. The Corporate Director: Economic, Prosperity and Place and the Corporate Director: Resources were made redundant from 31st December 2021. The Corporate Management Team from 1st January 2022 are:

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Chief Executive (head of paid service)
 Solicitor to the Council (monitoring officer)
 Head of Resources (section 151 Officer confirmed at Council on 8th December 2021)
 Head of Strategic Growth
 Head of North Worcestershire Economic Development and Regeneration
 Head of Community and Environment
 Head of Revenues, Benefits & Customer Services

- * 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 contribution includes pension actuarial costs on loss of office in 2021-22.
- *** The pension contribution for the Solicitor to the Council in 2021-22 included pension actuarial costs agreed as part of flexible retirement.

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

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

Total Remuneration (excluding employer's contributions)	2021-22	2022-23
£50,000 - £54,999	-	4
£55,000 - £59,999	-	-
£60,000 - £64,999	-	-

In addition to the above salaries, the Elections Returning Officer (Chief Executive) received £587 remuneration, and mileage allowance (includes pension contributions) as appropriate, for his role in the Bewdley Town Council and Stourport Town Council By-Elections.

(Elections etc in 2022-23 relate to Parish Councils)

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)	
	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22 £	2022-23 £
£0 - £20,000	3	1	-	-	3	1	22,147	3,920
£20,001 - £40,000	2	-	-	-	2	-	45,111	-
£40,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £200,000	2	-	-	-	2	-	250,476	-
£200,001 - £300,000	2	-	-	-	2	-	426,913	-
Total	9	1	-	-	9	1	744,647	3,920

The total cost of £744,647 in 2021-22 included compulsory redundancy costs and Actuarial strain charged to the Council's Comprehensive Income and Expenditure Statement in that year.

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Note 31: 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	2021-22 £'000	2022-23 £'000
Fees payable to Grant Thornton relating to external audit services carried out by the appointed auditor for the year	41	45
Agreed Audit Fee Variation for 2019-20 to 2021-22	29	3
Fees payable in respect of other services provided by Grant Thornton during the year* paid in arrears	12	14
Total	82	62

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

Note 32: Grant Income

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

Grant Income	2021-22 £'000	2022-23 £'000
Credited to Taxation and Non-Specific Grant Income		
New Homes Bonus	243	464
Lower Tier Services Grant	121	130
One Off Services Grant	-	196
NNDR Levy Redistribution	-	24
Covid 19 Business Rates Relief Grant	4,214	3,105
Covid 19 Local Authority Support Grant	748	-
Covid 19 Sales, Fees and Charges	234	-
Covid 19 Local Tax Income Guarantee	32	-
Subtotal	5,592	3,919
WFDC Council Tax Income	9,073	9,422
Business Rates Retention	(154)	1,329
Capital Grants Applied	3,997	1,926
Total Credited to Taxation and Non-Specific Grant Income	18,508	16,596
Credited to Services		
Housing Benefit Subsidy	20,178	19,671
Housing Benefit Admin	409	404
Covid Support Grants	1,391	50
Other Grants:		
Chief Executive & Solicitor to the Council	23	27
Resources	526	729
Community and Environmental Services	342	602
Strategic Growth & North Worcestershire Economic Development and Regeneration	1,985	3,538
Total Grant Income Credited to Services	24,854	25,021

Total Grant income credited to services includes government grants & contributions of £22.558m (as per Note 8) along with grants & contributions from other organisations.

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Note 33: 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 32. Grant receipts outstanding at 31st March 2023 are shown in Note 18.

Members

Members of the Council have a direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2022-23 is shown in Note 29. The Council maintains a Register of Members' Interests in compliance with the Localism Act 2011, available for inspection on the Council's website.

Members also sit on several other outside bodies where transactions of less than £10k were made in 2022-23 to:

- District Councils' Network
- Age UK, Bromsgrove, Redditch and Wyre Forest
- Wolverley & Cookley Parish Council
- Stourport Forward
- Elizabeth Mills Day Centre

Major transactions over £10k for 2022-23 where Councillors or Officers were also members of outside bodies are shown in the table below:

Organisation	Total Income £'000	Total Expenditure £'000	Income due at 31/03/2023 £'000	Expenditure due at 31/03/2023 £'000
Other Public Bodies				
Worcestershire County Council	3034	403	18	71
Kidderminster Town Council	189	232	-	-
Stourport Town Council	13	5	-	-
Bewdley Town Council	2	14	-	-
Other Bodies				
Wyre Forest Citizens Advice Bureau	-	279	-	5
Kidderminster & District Youth Trust	1	114	-	18
PSP Wyre Forest LLP	-	59	-	-
Wyre Forest Nightstop & Mediation	-	19	-	5
West Mercia PCC	35	29	-	-
Local Government Association	-	12	-	-
Stourport Sports Club	2	15	-	-

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Officers

The Community Strategic Projects Manager and the Community and Environment Strategic Manager were board Members of Stourport Sports Club Limited during 2022-2023.

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 2022-23.

Services Hosted by WFDC

Service	Council	Value of Service in 2022-23 £'000	Payment due from WFDC at 31/03/2023 £'000	Receipt due to WFDC at 31/03/2023 £'000
North Worcestershire Economic Development and Regeneration	Redditch Borough Council	240	-	115
	Bromsgrove District Council	192	-	66
North Worcestershire Water Management	Redditch Borough Council	67	-	34
	Bromsgrove District Council	62	-	32
North Worcestershire Civil Contingencies and Resilience	Redditch Borough Council	6	-	5
	Bromsgrove District Council	6	-	5

Services Hosted by Other Councils

Service	Host Council	Value of Service in 2022-23 £'000	Payment due from WFDC at 31/03/2023 £'000	Receipt due to WFDC at 31/03/2023 £'000
Worcestershire Regulatory Services	Bromsgrove District Council	534	12	8
North Worcestershire Building Control	Bromsgrove District Council	163	-	-
Payroll	Redditch Borough Council	60	60	-
Car Park Administration Service	Wychavon District Council	65	-	-

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Note 34: Capital Expenditure and Capital Financing

Capital Expenditure and Capital Financing	2021-22 £'000	2022-23 £'000
Opening Capital Financing Requirement	40,319	41,236
Operational Assets	3,052	1,272
Non-operational Assets	3,602	1,951
Revenue Expenditure Funded from Capital Under Statute	1,130	2,060
Development Loan (repaid in year)	1,731	-
Capital Receipts	(2,235)	(62)
Government Grants and other Contributions	(5,091)	(3,961)
Sums Set Aside from Revenue	(1,272)	(1,302)
Closing Capital Financing Requirement	41,236	41,194
Explanation of movements in the year:		
Increase in underlying requirement to borrow (unsupported by Government financial assistance)	(917)	(42)
Increase in Capital Financing Requirement	(917)	(42)

Note 35: 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 final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Discretionary post-retirement benefits upon 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 £430k is reflected in the Wyre Forest District Council columns within this disclosure note.

Worcestershire Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pension Committee of Worcestershire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

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

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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. The Council's share of the overall deficit as defined by the partnership legal agreement is currently 15.11% (15.15% in 2021-22) and this is reflected in the note below:

	WFDC		Share of WRS	
	2021-22 £'000	2022-23 £'000	2021-22 £'000	2022-23 £'000
Comprehensive Income and Expenditure Statement				
Cost of Services				
Service cost comprising:				
Current Service Cost	3,033	3,288	171	152
Past Service Costs (including Curtailments)	1,311	-	-	-
Administration expenses	30	32	2	2
Financing and Investment Income and Expenditure				
Net interest expense	1,232	1,581	40	52
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	5,606	4,901	213	206
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined liability comprising:				
Return on plan assets (excluding the amount included in net interest expense)	(3,748)	90	(31)	83
Actuarial (gains) and losses arising on changes in actuary assumptions	(775)	(50,537)	(147)	(2,178)
Total remeasurement recognised in Other Comprehensive Income	(4,523)	(50,447)	(178)	(2,095)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	1,083	(45,546)	35	(1,889)
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	1,850	1,988	142	125
Actual amount charged against the General Fund Balance for pensions in the year				
Employers' contributions payable to scheme	3,321	2,483	71	81
Discretionary retirement benefits payable to pensioners	435	430	-	-

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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	
	2021-22 £'000	2022-23 £'000	2021-22 £'000	2022-23 £'000
Present value of defined benefit obligation	155,167	107,435	6,112	4,159
Fair value of plan assets	(97,292)	(98,019)	(4,192)	(4,214)
Sub Total	57,875	9,416	1,920	(55)
Advance payment of Pension Contributions	(2,338)	-	-	-
Net liability arising from defined benefit obligation	55,537	9,416	1,920	(55)

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

	WFDC		Share of WRS	
	2021-22 £'000	2022-23 £'000	2021-22 £'000	2022-23 £'000
Opening fair value of scheme assets	92,185	97,292	4,063	4,192
Adjustment to opening balance for WRS**	-	-	-	(11)
	92,185	97,292	4,063	4,181
Interest Income	1,930	2,698	86	117
Remeasurement gain/(loss)				
- return on plan assets, excluding amount included in net interest expense	3,748	(90)	31	(83)
Administration expenses	(30)	(32)	(2)	(2)
Contributions from employer	3,756	2,913	71	81
Contributions from employees into scheme	477	507	28	26
Benefits Paid	(4,774)	(5,269)	(85)	(106)
Closing fair value of scheme assets	97,292	98,019	4,192	4,214

WRS - Worcestershire Regulatory Services

**Recalculation of the share of WRS liability from 15.15% in 2021-22 to 15.11% in 2022-23

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

	WFDC		Share of WRS	
	2021-22 £'000	2022-23 £'000	2021-22 £'000	2022-23 £'000
Opening balance at 1 st April	152,733	155,167	6,019	6,112
Adjustment to opening balance for WRS**	-	-	-	(17)
	152,733	155,167	6,019	6,095
Current Service cost	3,033	3,288	171	152
Interest cost	3,162	4,279	126	170
Contributions from scheme participants	477	507	28	26
Remeasurement (gains) and losses- Actuarial (gains)/losses arising from: experience (gain)/losses	386	8,670	14	397
changes in financial assumptions	-	(56,715)	(114)	(2,478)
demographic assumptions	(1,161)	(2,492)	(47)	(97)
Past Service Cost/Curtailments	1,311	-	-	-
Benefits paid	(4,774)	(5,269)	(85)	(106)
Closing balance at 31st March	155,167	107,435	6,112	4,159

**Recalculation of the share of WRS liability from 15.15% in 2021-22 to 15.11% in 2022-23

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Local Government Pension Scheme assets comprised:

Fair value of scheme assets	WFDC		Share of WRS	
	2021-22 £'000	2022-23 £'000	2021-22 £'000	2022-23 £'000
Cash:				
Cash instruments*	-	74		3
Cash accounts*	-	667		29
Net current assets*	-	705		30
Sub-total cash	-	1,446		62
Alternatives:				
UK Infrastructure*	4,584	5,699	218	227
European Infrastructure*	3,056	3,799	145	152
US Infrastructure*	2,547	3,166	121	126
UK Stock Options*	407	507	19	20
Overseas Stock Options*	(204)	(253)	(10)	(10)
Corporate Private Debt*	1,528	1,900	72	76
Sub-total alternatives	11,918	14,818	565	591
Property:				
UK*	4,966	7,720	235	308
Overseas*	451	702	21	28
Sub-total Property	5,417	8,422	256	336
Equities:				
UK quoted	111	101	3	2
Overseas quoted	23,823	21,903	585	509
PIV UK Managed Funds*	13,407	12,327	329	287
PIV UK Managed Funds (Overseas equities) *	38,892	35,758	954	832
PIV Overseas Managed Funds*	776	713	19	17
Sub-total equities	77,009	70,802	1,890	1,647
Bonds:				
UK Government Fixed	1,576	1,353	792	844
LGPS Central Global Pooled Funds	1,372	1,178	689	734
Sub-total bonds	2,948	2,531	1,481	1,578
Total Assets	97,292	98,019	4,192	4,214

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

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions including 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 2023.

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The significant assumptions used by the actuary have been:

	WFDC		WRS	
	2021-22	2022-23	2021-22	2022-23
Long term expected rate of return on assets in the scheme				
Life Expectancy:				
Longevity at 65 of current pensioners				
Male	22.6yrs	22.0yrs	22.6yrs	22.0yrs
Female	25.0yrs	24.2yrs	25.0yrs	24.2yrs
Longevity at 65 of future pensioners				
Male	24.1yrs	23.3yrs	24.1yrs	23.3yrs
Female	27.0yrs	26.1yrs	27.0yrs	26.1yrs
Financial assumptions				
Rate of Inflation (CPI)	3.40%	2.70%	3.30%	2.70%
Rate of increase in salaries	4.90%	4.20%	4.80%	4.20%
Rate of increase in pensions	3.50%	2.80%	3.40%	2.80%
Discount Rate on liabilities	2.80%	4.80%	2.80%	4.80%

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 sensitivity analysis which considers the impact on an increase/decrease in investment returns does not impact on the defined benefit obligation (pension liability), but on the plan assets. However, movement on the level of plan assets will impact on the pension fund deficit, so it has been included for information.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumptions 2022-23	
	WFDC £'000	Share of WRS £'000
Liabilities		
Longevity (increase in 1 year)	2,257	83
Increase in longevity increases liability		
Rate of inflation (increase by 0.25%)	4,001	182
Increase in inflation increases liability		
Rate of increase in salaries (increase by 0.25%)	570	34
Increase in salaries increases liability		
Rate for discounting scheme liabilities (increase by 0.5%)	(7,460)	(337)
Increase in discount decreases liability		
Assets		
Change in 2022-23 investment returns (increase by 1%)		
Increase in investment returns increases assets	971	42

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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 12 years from the last pension valuation on 31st March 2022. Funding levels are monitored on an annual basis.

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 weighted average duration of the defined benefit obligation for scheme members is 15 years, 2022-23 (15 years 2021-22). For Worcestershire Regulatory Services the weighted average duration is 18 years (19 years 2021-22).

Note 36: 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. There is a contingent liability for payment of future claims that may come forward.

Note 37: 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. A new Trust, the Bewdley Heritage Trust, was registered with the Charity Commission on 25th April 2022, as the Council seeks to explore alternative delivery models to safeguard Bewdley Museum.

Note 38: Interests in Companies and Other Entities

PSP Wyre Forest LLP was incorporated by Companies House on 22nd March 2017, under registration number OC416505. This limited liability partnership with PSP Facilitating Limited (PSPF) was established in order to unlock more challenging property proposals. 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. The total transactions in year totalled £29k.

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.

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Note 39: Events after the Balance Sheet Reporting Period

The Head of Resources and S151 Officer confirms that there were the following non-adjusting Post Balance Sheet Events (PBSE) identified at 31st May 2023, the date that the pre-audit Statement of Accounts 2022-23 was approved:

The Council was notified on 26th May 2023 that PSP wished to dissolve PSP Wyre Forest LLP. The Partnership documentation sets out a process for dissolution. This process will take up to 12 months to complete. The LLP is currently considered dormant by the Council and were expecting the company to be filed as dormant at the next financial year end.

High inflation and increased interest rates continue to have an impact on the viability of major capital projects. It was necessary to submit project adjustment requests to DLUHC during 2022-23 to reduce or amend the scope of the significant grant funded projects currently underway. The inflation figures release in May 2023 (at 8.9%) were higher than the market had anticipated. This will put additional strain on cash limited project resources. It is more likely that alternative or internal resources will need to be identified in order to deliver the outcomes in the original grant bids.

The high inflation figures released in May 2023 make it more likely that the Bank of England will either increase rates further or maintain high rates for longer. This will have a significant impact on the timing of any decisions to borrow. The additional investment income received is expected to off-set any increase in the cost of borrowing.

Note 40: Going Concern Disclosure

The Statement of Accounts is prepared on a going concern basis, on the assumption that it will continue in existence into the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to significantly curtail the scale of operations. The CIPFA Code (paragraph 2.1.2.9) confirms that local authority accounts must be prepared on a going concern basis.

Our balances at 31st March 2023 compared to prior years are as follows:

Comparison of Balance of Reserves	General Reserves including £1.65m Working Balance (£1.5m at 31/03/22)	Earmarked Reserves Note 13	Total General Fund Balance Note 6
	£'000	£'000	£'000
Balance at 31st March 2023 carried forward	5,118	13,244	18,362
Balance at 31st March 2022 carried forward	5,341	15,366	20,707

Worst case scenario planning has been undertaken and the Head of Resources and S151 Officer has concluded that the Council has sufficient headroom, (including e.g. access to borrowing, General Fund reserve, cashflow and remaining government grant funding) over the next 12 months to manage the financial position – therefore management consider that the adoption of the going concern basis remains appropriate.

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The Collection Fund Account

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.

2021-22 Business Rates £'000	2021-22 Council Tax £'000	2021-22 Total £'000		2022-23 Business Rates £'000	2022-23 Council Tax £'000	2022-23 Total £'000
Income						
-	(65,812)	(65,812)	Council Tax Receivable	-	(69,196)	(69,196)
(20,560)	-	(20,560)	Business Rates Receivable	(24,793)	-	(24,793)
(2,744)	-	(2,744)	Appeals settled against Provision	(1,504)	-	(1,504)
(23,304)	(65,812)	(89,116)	Total Income	(26,297)	(69,196)	(95,493)
Expenditure						
Precepts, Demands and Shares:						
6,215	-	6,215	Central Government	6,652	-	6,652
2,867	44,653	47,520	Worcestershire County Council	1,198	47,845	49,043
137	2,913	3,050	Hereford and Worcester Fire Authority	133	3,062	3,195
-	7,986	7,986	Office of the Police and Crime Commissioner for West Mercia	-	8,555	8,555
4,469	7,432	11,901	Wyre Forest District Council	5,322	7,858	13,180
-	1,458	1,458	Parish/Town Councils	-	1,586	1,586
Charges to the Collection Fund:						
388	63	451	Write Offs and Increase in Allowance for Impairment	441	454	895
974	-	974	Increase/(Decrease) in Provision for Appeals	-	-	-
130	-	130	Cost of Collection Allowance	131	-	131
5	-	5	Disregarded Amounts	6	-	6
15,185	64,505	79,690	Total Expenditure	13,883	69,360	83,243
(8,119)	(1,307)	(9,426)	(Surplus)/Deficit for the Year	(12,414)	164	(12,250)
16,002	1,686	17,688	(Surplus)/Deficit b/fwd as at 1st April	7,883	379	8,262
7,883	379	8,262	(Surplus)/Deficit c/fwd as at 31st March	(4,531)	543	(3,988)
Allocation of (Surplus)/Deficit:						
3,942	-	3,942	Central Government	(2,266)	-	(2,266)
709	268	977	Worcestershire County Council	(408)	379	(29)
79	18	97	Hereford and Worcester Fire Authority	(45)	25	(20)
-	41	41	Office of the Police and Crime Commissioner for West Mercia	-	65	65
3,153	52	3,205	Wyre Forest District Council	(1,812)	74	(1,738)
7,883	379	8,262		(4,531)	543	(3,988)

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Notes to the Collection Fund Account

Note 1: General

The Collection Fund 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 (WFDC) remained a member of the Worcestershire Business Rates Pool (WBRP) for 2022-23. Separate accounts are maintained that form part of the WCC Accounts and are not reflected in the WFDC 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 2022-23 were estimated before the start of the financial year as £11.928m to Central Government (£14.272m in 2021-22), £2.147m to WCC (£2.569m in 2021-22), £0.239m to H&WFA (£0.285m in 2021-22) and £9.543m to WFDC (£11.418 in 2021-22). These sums have been paid in 2022-23 and charged to the collection fund in year. WFDC draft share of the Pool retained levy for 2022-23 was £292k, although this is an estimated figure and is subject to the remaining district councils submitting their year-end information to WCC.

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 source data is primarily the hereditaments on our local list, the list of cases in the Check, Challenge, Appeal process and commentary and analysis in professional journals.

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The Non-Domestic rateable value of the Council's area at 31st March 2023 was £74,509,670 (31st March 2022 - £74,288,258), based upon the 2017 rating list. The standard national multiplier for 2022-23 was 51.2p (51.2p in 2021-22) and 49.9p for qualifying Small Businesses (49.9p in 2021-22).

The net income from business rate payers collected in 2022-23 was £26.297m; an increase on the sum collected in 2021-22 (£23.304m). Income in 2021-22 was lower due to the impact of some government funded Covid-19 reliefs which extended into 2021-22. The Council has been compensated for the loss in income resulting from the granting of Covid reliefs via grant received from DLUHC.

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 based on estimates of the income required from the Collection Fund by this Council, WCC, PCC, H&WFA and Town/Parish Councils within Wyre Forest for the forthcoming year and dividing this by the Council Tax base. The basic amount of Council Tax for a band D property (excluding Town & Parish Councils), £1,965.18 for 2022-23 (£1,896.04 in 2021-22) 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 £381,493 (£331,302 in 2021-22).

The Council taxbase, is based upon the number of dwellings in each valuation band on the listing produced by the Valuation Office Listing Officer. This is adjusted for exemptions, discounts, disabled banding changes and appeals. The taxbase estimate for 2022-23 was 34,220 (33,780 in 2021-22).

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	11,628	4,575.49	7,052.51	6/9	4,701.67
Band B	11,666	2,754.73	8,911.27	7/9	6,930.99
Band C	11,544	1,673.26	9,870.74	8/9	8,774.00
Band D	6,295	572.18	5,722.82	1	5,722.82
Band E	3,485	226.09	3,258.91	11/9	3,983.12
Band F	1,763	117.13	1,645.87	13/9	2,377.37
Band G	1,245	48.77	1,196.23	15/9	1,993.72
Band H	128	(0.53)	128.53	2	257.06
Total	47,754	9,967.12	37,786.88		34,740.75
Less Allowance for Non-Collection					520.75
District Tax Base					34,220.00

Income from Council Tax in 2022-23 was £69.196m (£65.812m in 2021-22).

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Note 4: Collection Fund Surpluses and Deficits

The Council Tax deficit of £0.543m at 31st March 2023 will be recovered in subsequent financial years from this Council, WCC, PCC and H&WFA in proportion to the value of the respective precepts and demands made by the four Authorities on the Collection Fund.

The Business Rates surplus of £4.531m at 31st March 2023 will be adjusted accordingly in subsequent financial years between this Council, Central Government, WCC and H&WFA 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 2022-23, excluding surplus/deficits, are as follows:

	Council Tax £'000	NNDR £'000
Worcestershire County Council	47,798	2,147
Office of the Police and Crime Commissioner for West Mercia	8,543	-
Hereford and Worcester Fire Authority	3,059	239
Wyre Forest District Council (Council Tax includes parishes)	9,434	9,543
Central Government	-	11,928

Note 6: Allowance for Impairment

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

2021-22			2022-23	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
1,090	919	Allowance for Impairment as at 1 st April	898	987
(255)	(320)	Past Years Write Offs	(378)	(289)
63	388	Increase in Year	454	415
898	987	Allowance for Impairment as at 31 st March	974	1,113

The Wyre Forest District Council share is as follows:

2021-22			2022-23	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
123	395	Wyre Forest District Council Share of Allowance for Impairment as at 31 st March	134	445

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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 2023.

	2021-22 £'000	2022-23 £'000
Provision for Appeals as at 1 st April	5,177	3,406
Appeals settled/withdrawn in year	(2,745)	(1,504)
Increase/(Reduction) in Provision	974	-
Provision for Appeals as at 31 st March	3,406	1,902

The Wyre Forest District Council share is as follows:

	2021-22 £'000	2022-23 £'000
Wyre Forest District Council Share of Appeals as at 31 st March	1,363	761

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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 financial year to which the set of accounts relate.

Actuary

An expert on pension scheme assets and liabilities.

Amortised Cost

A charge to the Comprehensive Income and Expenditure Statement (CIES) that spreads the cost of an intangible asset over a number of years in line with the council's accounting policies.

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, at least 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 International Financial Reporting Standards (IFRS).

Budget

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

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.

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Code of Practice on Local Authority Accounting (the Code)

The code is the framework for publishing local authority statutory accounts based on accounting standards and interpretations issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (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 cannot 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 taxbase 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 was 20% in 2022-23 and will reduce to 10% for 2023-24.

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.

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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 and Standing Orders

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

Financial Statements

Another term for the statement of accounts.

Going Concern

The assumption that the services of the council will continue to operate for the foreseeable future.

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.

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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. The district council is reimbursed by the government for 100% of the cost as well as a government contribution towards the cost of administering housing benefit.

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 standards introduced from 2010-11. They constitute a standardised way of describing financial performance so that financial statements are understandable and comparable across international boundaries.

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 Investments

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.

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.

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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

The Chartered Institute of Public Finance and Accountancy (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.

Quantitative Easing

Quantitative easing (QE) is a monetary policy whereby a central bank buys government bonds or other financial assets in order to inject money into the economy to expand economic activity.

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.

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.

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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, i.e., 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 working age households with living costs and has replaced 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

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)

The existing housing benefit caseload for working age claims is due to be migrated to universal credit with an estimated completion timetable of 2028.

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.

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.
DLUHC	Department for Levelling Up, Housing and Communities - central government department which has the responsibility for Local Government. This replaced the Ministry of Housing, Communities and Local Government.
DMO	UK Debt Management Office - The DMO is legally and constitutionally part of HM Treasury (HMT) and, as an executive agency, it operates at arm's length from Ministers.
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.
FHSF	Future High Streets Fund – central government funding to renew and reshape town centres and high streets to drive growth and future sustainability.
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	His 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.
IFAC	International Federation of Accountants – the global organisation for the accountancy profession.
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.
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.

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Acronym	Description/Definition
LEP	Local Enterprise Partnership - partnerships of businesses, local authorities and universities that support private sector growth and job creation.
LGA	Local Government Association – the body that represents Local Government nationally, this body has a key lobbying role with central government.
LLP	Limited Liability Partnership.
LUF	Levelling up Fund – the governments major regeneration initiative for providing grants to support capital investment projects across Great Britain.
MCC	Material change in circumstances appeals – a business rate challenge can be lodged with the where there has been physical change to a property or in the locality affecting its value.
MIRS	Movement in Reserves 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.
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. At 31 st March 2023 the members of the WBRP were Worcestershire County Council (Lead Authority), Wyre Forest District Council, Wychavon District Council, Worcester City Council, Malvern Hills District Council, Redditch Borough Council, Bromsgrove District Council and Hereford and Worcester Fire Authority. This Pool will be replaced by the Herefordshire and Worcestershire Business Rates Pool that will come into effect from 1 st April 2023.

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE****20th July 2023****Risk Management – Corporate Risk Register**

OPEN	
CABINET MEMBER:	Councillor David Ross, Cabinet Member for Finance and Capital Portfolio
RESPONSIBLE OFFICER:	Head of Resources and s151 Officer
CONTACT OFFICER:	Helen Ogram Helen.ogram@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 - Corporate Risk Register 2023-24 Appendix 2 – Budget Risk Matrix 2023-26

1. PURPOSE OF REPORT

- 1.1 To inform Members of the Audit Committee of the current Corporate Risk Register and the Budget Risk Matrix attached as Appendices 1 and 2.

2. RECOMMENDATIONS

- 2.1 The Audit Committee are asked to **CONSIDER AND NOTE** the Corporate Risk Register 2023-24 and the associated mitigating actions and the 2023-26 Budget Risk Matrix.

3. BACKGROUND

- 3.1 Council's approved Risk Management policy statement and strategy requires that the Corporate risk register is considered by the Audit Committee.
- 3.2 The authority manages a corporate risk register for significant organisational risks. The risk registers are held within the Pentana Performance (formerly Covalent) computer application. Arrangements are in place to ensure that access is available to all officers who require it.
- 3.3 Zurich Municipal are appointed as the Council's insurers and to provide specialist advice on Risk Management. The Risk Register is one of the key documents we provide to our insurers for the review of risk. We are also working with an Independent Specialist Insurance and Risk Management expert from Gallagher commissioned to work across the Insurance Consortium and this is proving beneficial to supplement the Zurich contract.
- 3.4 In addition to external review, the Risk Register is reconsidered and updated annually by the Corporate Leadership Team (CLT). This ongoing review is led by the Head of Resources in liaison with the Cabinet Member for Finance and Capital Portfolio. The Corporate Risk Register for 2023-24 is attached at Appendix 1; it has

been developed and approved by the Corporate Leadership Team with input from all Service Managers as appropriate.

- 3.5 The Corporate Risk Register is closely allied to the Budget Risk Matrix approved annually by Council as part of the Medium-Term Financial Strategy and updated as part of the Quarterly Budget Monitoring reports attached as Appendix 2.
- 3.6 A monitoring report as at 31st January 2023 was considered and noted by Audit Committee on the 22nd March 2023. The report reviewed the Corporate Risk Register and progress against mitigating actions. The next monitoring report will be presented to Audit Committee in September 2023.

4. KEY ISSUES

- 4.1 Risk Management is embedded within the Council through the Corporate Risk Register. Reports considered by Members include a Risk Management Section and in addition to this, specific registers are maintained and monitored separately for significant individual projects such as the Future High Streets Fund and the Levelling Up Fund programmes.
- 4.2 The Budget Risk Matrix is closely allied to the Corporate Risk Register and is reported to Members as part of the budget process. It is updated at least quarterly and reported as part of the regular Budget and Performance Monitoring Reports to Overview and Scrutiny and Cabinet. The inability to deliver a balanced budget is one of the Council's key corporate risks.
- 4.3 The Risk Register for 2023-24 has been reviewed by CLT and discussed with Cabinet. The table below details the 15 Risks that are reviewed quarterly by management. Progress on mitigating actions for Red and Amber risks are reported to Audit Committee. Full detail of risks and mitigating actions are provided in Appendix 1.

	Risk description	Risk owner or Manager	Latest score	RAG Rating
R001	Adverse impact of Government legislation on council strategies or services – particularly planning, housing, Environment Act, Elections Act	Chief Executive; CLT	I4/L5 20	Red
R002	Poor member behaviour undermines Council's reputation and performance	Chief Executive; Solicitor to the Council	I4/L4 16	Red
R003	Unable to deliver sustainable budget for the long term with a detrimental impact on ability to deliver Corporate Plan Priorities	Head of Resources	I4/L4 16	Red
R004	High and sustained inflation leads to increased service demand from residents and additional cost pressures that can't be met from approved budgets or reserves	Head of Resources	I4/L4 16	Red
R005	Unable to shift priorities to deal with demands from Government at short notice	Corporate Leadership Team	I3/L5 15	Red

R006	Vulnerability to cyber attacks results in disruption in service delivery	ICT Manager	I5,L3 15	Red
R007	Organisational capacity to deliver - unable to maintain skilled, balanced and motivated workforce	Chief Executive	I3/L4 12	Amber
R008	Not having stable and effective managerial leadership	Chief Executive	I4/L3 12	Amber
R009	Inability to enforce relevant legislation effectively e.g. environmental health, licensing, environmental crime, private sector housing standards, council tax/benefits	Chief Executive	I4/L3 12	Amber
R010	Unable to sustain mental health & wellbeing of staff	Chief Executive	I3/L3 9	Amber
R011	Unable to secure effective delivery of wide range of significant projects	Head of NWEDR Head of Strategic Growth	I3/L3 9	Amber
R012	Unable to deliver Levelling Up Fund and Future High Street Fund projects effectively	Head of NWEDR	I4/L2 8	Amber
R013	Unable to achieve balanced housing market to meet need	Head of Strategic Growth	I2/L3 6	Green
R014	Lack of effective governance and oversight of local authority trading company (if operating)	Solicitor to the Council	I3/L2 6	Green
R015	Members lack skills and knowledge necessary for effective discharge of their committee responsibilities	Chief Executive	I3/L2 6	Green

4.4 The Corporate Risk Register will be reported on a six-monthly basis to the Audit Committee, following consideration by the Corporate Leadership Team. The next report of progress against actions will be the Quarter 1 2023-24 monitoring report and will be included on the Audit Committee agenda in September.

4.5 The latest Annual Audit Report, received April 2022, made a number of Improvement Recommendations in relation to the risk management process including:

- Review the corporate risk register, in particular focussing on the key risks associated with the strategic priorities.

The key risks have been mapped with strategic priorities and presentation of the monitoring reports has been refined.

4.6 The Council's current approved Risk Management Policy Statement and strategy was last update in May 2023 and has been used to inform the 2023-24 Risk Register.

5. FINANCIAL IMPLICATIONS

- 5.1 There are no financial implications arising from this report.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 Regulation 3 of the Accounts and Audit Regulations 2015, state that:
“A relevant authority must ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.”
- 6.2 In addition, Regulation 4 of the Accounts and Audit Regulations 2015 also state that:
“The financial control systems determined must include measures to ensure that risk is appropriately managed”.
- 6.3 The Council's corporate Governance Framework considered by the Audit Committee on 17th March 2008, includes Core Principle 4 - Taking informed transparent decisions which are subject to effective scrutiny and management of risk.

7. RISK MANAGEMENT

- 7.1 The consideration and management of risk is good practice. Risk Management processes are required to effectively manage and evidence the management of key risks as an aid to achieving the Council's corporate objectives and demonstrating good Corporate Governance allowing Managers to manage their risks and bring to a corporately acceptable level.
- 7.2 Financial risk continues to be one of the top three most significant risks facing this Council. Sections 25-27 of the Local Government Act 2003 require the Section 151 Officer to report on the robustness of the estimates and the adequacy of its proposed financial reserves and this is included as Appendix 4 to the MTFs Council report approved by Council on 22nd February 2023.
- 7.3 The risks associated with the Capital Portfolio Fund Strategy and the steps to be adopted to mitigate them, were set out in depth in appendices 3/1 and 3/2 to the medium term financial strategy report, which was considered by Cabinet on 20th December 2016 and are regularly updated as part of the Capital Strategy reports. The refresh of policies and strategies in relation to the Capital Portfolio can be found in the December 2022 Capital Strategy 2023-2033 report. The suite of related Quantitative Indicators in accordance with CIPFA guidance, is included with both the Treasury Management Reports and also the Annual Capital Strategy.

8. EQUALITY IMPACT NEEDS ASSESSMENT

- 8.1 An Equality Impact Assessment screening has been undertaken and it is considered that there are no discernible impacts on the nine protected characteristics.

9. CONCLUSION

- 9.1 The corporate risk management process ensures that risks are monitored, and action taken to minimise the impact on the Council. The Corporate Risk Register and Budget Risk Matrix as attached at Appendices 1 and 2 provide a realistic overview of the major risks affecting the Council and will be monitored on a regular basis by the Corporate Leadership Team with six monthly reports to the Audit Committee.

10. CONSULTEES

- 10.1 Corporate Leadership Team.
10.2 Cabinet Member for Finance and Capital Portfolio
10.3 Cabinet

11. BACKGROUND PAPERS

- 11.1 Cabinet - 20 December 2016. Risk mitigation in relation to the Capital Portfolio Fund and Development Loans Fund
<http://www.wyreforestdc.gov.uk/media/2639628/20161220FinancialStrategy2017-2020IncludingCover.pdf> (pages 34 to 54).
11.2 Medium Term Financial Strategy Report 2023-26 – Cabinet 22nd December 2022
11.3 Capital Strategy 2023-2033 Report – Cabinet 22nd December 2022
11.4 Audit Committee Report 22nd March 2023 - Risk Management Corporate Risk Register

Draft Corporate Risk Register 2023-24



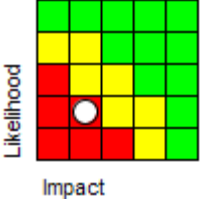
Introductory note: many mitigating actions are pursued on an ongoing basis and will not be reported through the performance management system. Only those mitigating actions shown in italics will be reported against in quarterly performance management reports.

Risk Status	
	Alert
	High Risk
	Warning
	OK
	Unknown

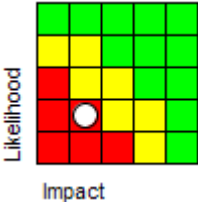
Risk: R001	Adverse impact of Government legislation or policy on council strategies or services – particularly planning, housing, Environment Act, Elections Act	Corporate Plan Priority:	A Safe Green and clean living environment Supporting a successful local economy	Risk Scores: I4/L5 20	
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MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
Keep abreast of legislative programme	Regular assessment of implications of government policy announcements/legislation	Chief Executive, Solicitor to the Council	31-Mar-2024
Networking/training	To share knowledge and work in conjunction with peers to share	Corporate Leadership	31-Mar-2024

	expertise and assessment of implications on the sector. All officers encouraged to participate in networking events within their individual professionalisms. Participate in government consultations and participate in seminars and training as appropriate.	Team HR and OD Manager	
Influencing – through DCN/LGA. Submitting responses to consultation	To be a visible and regular contributor to the DCN special interest group and the LGA in order to influence lobbying of Government.	Chief Executive	31-Mar-2024
Suspension of lower priority activities, meetings and projects	Regular monitoring of priorities within teams and services to facilitate the suspension of lower priority actions or activities and where necessary transferring resources between teams or services.	Managers' Forum	31-Mar-2024

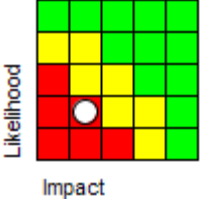
Risk: R002	Poor member behaviour undermines Council's reputation and performance	Corporate Plan Priority:	Organisational and Corporate Health	Risk Scores: I4/L4 16	
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MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
Ethics & standards regime	The Ethics and Standards Committee promotes and seeks to maintain high standards of conduct by councillors and co-opted members and assists them to observe the Code of Conduct including provision of training on matters relating to the Code of Conduct. Member training continues to be the primary means of addressing the risk with an annual programme being prepared. Terms of reference of the Committee kept under review	Solicitor to the Council	31-Mar-2024
Register of interests	The Monitoring Officer maintains the register of interests to record financial and other interests to provide openness and transparency. The register is maintained as a current record and is available on the council's website.	Solicitor to the Council	31-Mar-2024
Robust officer support	Focus on training strong and knowledgeable chairpersons to ensure the efficient and effective running of meetings. Engaging group leaders to promote high standards and ensure group discipline.	Chief Executive	31-Mar-2024
Continue to lobby Government to change legislation to provide stronger sanctions for standards committees	Continue to lobby Government to change legislation to provide stronger sanctions in respect of serious incidents of bullying and harassment or disruptive behaviour.	Chief Executive, Solicitor to the Council	31-Mar-2024
Adopt the Members' Planning Code of Good practice as part of the constitution and actively promote its significance in member training.	Poor or reckless planning decisions taken contrary to officer recommendation risk costly appeals or judicial review which could ultimately result in planning decisions being removed from local authority control. The Members' Planning Code of Good practice sets clear expectations for appropriate behaviour by members in respect of planning matters.	Solicitor to the Council, Head of Strategic Growth	31-Mar-2024

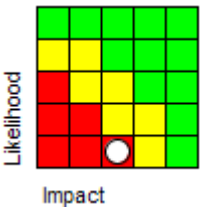
Risk: R003	Unable to deliver sustainable budget for the long term with a detrimental impact on ability to deliver Corporate Plan Priorities	Corporate Plan Priority:	A Safe Green and clean living environment Supporting a successful local economy	Risk Scores: I4/L4 16	
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MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
Progression of the Transformation Programme including exploring shared services and other service collaborations and to secure the transfer of assets under localism to reduce the net cost of services	The Medium-term financial Strategy is prepared annually but is forecast to be balanced by a transfer from reserves for each year in the MTFS. The strategy reviews progress against savings targets to close the funding gap. The interventions introduced to close the funding gap include the service transformation programme, Wyre Forest Forward savings and the localism agenda. Progress is monitored and managed by CLT with regular Cabinet/CLT meetings focussed on change. The programme of service reviews will ensure that resources are aligned to the Council's priorities and are operating efficiently. There will be a continuation of the work stream to secure future joint service delivery agreements with Town and Parish Councils and other public sector partners. Progress is monitored and reported regularly to Cabinet in quarterly performance reports.	Corporate Leadership Team All relevant WFDC Managers	31-Mar-2024
Implementing a robust local plan to achieve sustainable housing development	The Local Plan was adopted at Council on 26/04/2022. Having a robust local plan enables the council to control where development happens. Implementing a robust local plan will lead to sustainable housing development which will meet demand and help to grow council tax. The plan is supported by	Head of Strategic Growth	31-Mar-2024

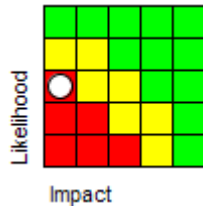
	supplementary planning documents.		
Continue to grow income	Continue to grow income by: <ul style="list-style-type: none"> - implementing development proposals to meet council priorities and to generate new revenue streams - reviewing proposals to establish new income streams - increasing council tax every year - increasing fees & charges every year (subject to any legal requirements and business case for not implementing increases) 	Head of NWEDR Head of Community and Environment Services Head of Resources Head of Strategic Growth	31-Mar-2024
Support DCN/LGA in lobbying for local government finance reform and fair and equitable funding for new government policy decisions e.g. waste strategy	On-going contact with MP, DCN, West Midlands Chief Executives, LGA and directly with ministers to promote role of district councils to achieve the best possible outcome from reform.	Chief Executive	31-Mar-2024

Risk: R004	High and sustained inflation leads to increased service demand from residents and additional cost pressures that can't be met from approved budgets or reserves	Corporate Plan Priority:	Organisational and Corporate Health	Risk Scores: I4/L4 16	
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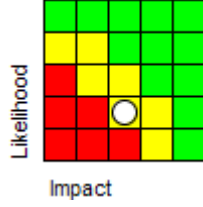
MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
Review levels of reserves in 2024-27 MTFS to deal with short term shocks and make appropriate provision in service budgets for embedded inflation	The impact of price and wage inflation and other cost pressures will be closely monitored during 2023-24 and the impact on the current year and future years' budgets will be reflected in the MTFS. Further mitigating actions will be proposed to address any widening of the budget gap as a result.	Head of Resources	31-Mar-2024
Increase minimum reserves	The Council has adopted the general principles of CIPFA guidance on Local Authority Reserves and balances. The Council holds a working balance of £1.5m (increased from £1.2m during final accounts closedown 2021-22) as an additional risk mitigation measure given the high inflation, low growth environment. The size of the balance will continue to be kept under review and will be reassessed as part of the budget setting process ahead of the Head of Resources S25 report.	Head of Resources	31-Mar-2024
Make adequate contingencies in project costing	Standard inflation factors and PWLB rates will be kept under review and assessed for appropriateness when each business case is prepared. External advice will be sought as appropriate to ensure that any contingencies are adequate given the prevailing environment.	Head of Resources	31-Mar-2024
Preventative activity – early provision of assistance e.g. financial inclusion and homeless prevention	Capacity kept under review within all service teams and, subject to business case, requests to recruit will be viewed positively by CLT to provide the necessary resources within teams to deliver early intervention or provision of advice	Chief Executive, Head of Revenues, Benefits and Customer Services, Head of Strategic Growth	31-Mar-2024

Risk: R005	Unable to shift priorities to deal with demands from Government at short notice (recent examples: COVID grants and reliefs, Homes for Ukraine, energy rebate, asylum seeker dispersal)	Corporate Plan Priority:	A Safe Green and clean living environment Supporting a successful local economy Organisational and Corporate Health	Risk Scores: I3/L5 15	
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MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
Achieve a flexible & dedicated workforce through implementation of the refreshed OD strategy	Efficient and effective recruitment and retention with targeted HR support and advice provided to hiring managers. Deep dive reviews supported by the LGA to support succession planning and talent management. Working practices that ensures people with the right skills and behaviours are employed.	Chief Executive HR and OD Manager	31-Mar-2024
Agile & capable managers	Supporting managers to ensure they have the skills required through the Learning and Development framework. Effective project management. Access to interim staff via framework. Guidance and support in delivering agile approaches to project management promoting iterative development and fostering internal and external collaboration.	Chief Executive HR and OD Manager	31-Mar-2024
Regular review of service priorities	Regular monitoring of priorities within teams and services to facilitate the suspension of lower priority actions or activities and where necessary transferring resources between teams or services.	Wyre Forest managers	31-Mar-2024

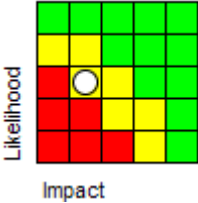
Risk: R006	Vulnerability to cyber attacks results in disruption in service delivery. Threats may originate both inside and outside the organisation	Corporate Plan Priority:	A Safe Green and clean living environment Supporting a successful local economy Organisational and Corporate Health	Risk Scores: I5/L3 15	
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MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
Maintain and enhance ICT Security and Governance	ICT Security and Governance is key to maintaining high levels of Cyber Security and ICT Security in general to protect the Council ICT Infrastructure and Data from malware, hacking and data breaches. This is particularly important with the increase in home/remote working, rise in sophisticated cyber-attacks and use of mobile devices. Mitigation of the risks doesn't just involve the use of technology such as firewalls, virus software etc but user training and awareness of Council's ICT Security policies. The ICT policy in place is regularly reviewed, the ICT security perimeter is regularly tested and a cycle is in place to ensure all system versions are patched and up to date.	ICT Manager	31-Mar-2024

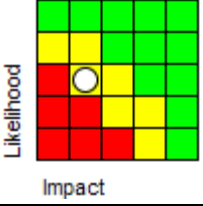
Risk: R007	Organisational capacity to deliver - unable to maintain skilled, balanced and motivated workforce	Corporate Plan Priority:	A Safe Green and clean living environment Supporting a successful local economy Organisational and Corporate Health	Risk Scores: I3/L4 12	
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MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
Implement the refreshed Organisational Development strategy and associated action plan	The OD strategy sets out what is required of staff and councillors in terms of leadership, behaviour and engagement in order to deliver the Council's vision. It explains expectations of staff and the support the council will provide to further develop skills and commitment. The actions arising from the strategy will provide the framework for developing and maintaining a skilled, balanced and motivated workforce. It underpins the council's commitment to its workforce, ensuring that working practices make WFDC an employer of choice enabling the council to attract and retain high quality employees.	Chief Executive HR&OD Manager	31-Mar-2024
The pay policy and pay strategy that delivers a pay system that is effective, fair and transparent is regularly reviewed and refreshed.	The use of pay ranges to form grades enables the council to recognise elements of loyalty, competence, experience or scarcity. The council recognises the importance of managing pay fairly and in a way that motivates staff to make a positive contribution. The pay and grading review implemented in July 2021, underpinned by job evaluation ensures fairness and equality of opportunity. The review was based on a clear and rational process for setting and reviewing pay, levels of remuneration which are sufficiently flexible and reasonably competitive. The pay policy is reviewed annually.	Chief Executive (Head of Paid Service)	31-Mar-2024
Flexible employment policies including use of market supplements for recruitment and retention maintained.	The Council offers flexible employment policies including hybrid/homeworking to successfully deliver day to day services and projects. In order to retain a flexible and committed	Chief Executive (Head of Paid Service)	31-Mar-2024

	workforce service managers can offer market supplements at the discretion of the Head of Paid Service.		
Apprenticeship programme	To maximise usage of apprenticeship schemes. To continue considering the suitability of apprenticeships as part of the approval to recruit to all vacant posts and to increase development opportunities internally by supporting staff to access suitable apprenticeships to maximise the opportunity to grow internal talent to develop a skilled and motivated workforce.	HR and OD Manager	31-Mar-2024
To maintain and promote the Leadership & development programmes	To maintain, promote and further develop training and development opportunities to capture, nurture and retain emerging talent	Chief Executive (Head of Paid Service), HR and OD Manager	31-Mar-2024
Employee assistance programme	Staff are given access to mental health support through the employee assistance programme. Supporting mental wellbeing encourages a happy and engaged workforce. The communication plan will be refreshed to promote availability of the support	Chief Executive (Head of Paid Service), HR and OD Manager	31-Mar-2024
Listening to staff feedback and responding positively	To develop and enhance existing two way communication channels. Gauging satisfaction through the staff suggestion scheme and responding positively to feedback, developing regular communication channels to engage hard to reach teams and develop initiatives to support staff through organisational change.	Corporate Leadership Team	31-Mar-2024

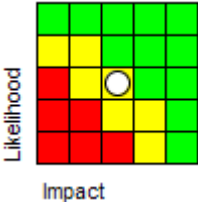
Risk: R008	Not having stable and effective managerial leadership	Corporate Plan Priority:	A Safe Green and clean living environment Supporting a successful local economy Organisational and Corporate Health	Risk Scores: I4/L3 12	
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MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
Regular CLT and Managers' Forum meetings	Regular meetings to discuss strategic issues and to provide a strong framework	Chief Executive	31-Mar-2024
Leadership development programme	Progression of Wyre Forest Futures Leadership Development Programme and training and development budget to support it.	Chief Executive, HR & OD Manager	31-Mar-2024
Professional networks/CPD/training	Membership of professional networks encouraged, Peer to peer support facilitated where appropriate. Training and development opportunities (degree/MBA courses)	Chief Executive	31-Mar-2024
OD strategy: succession planning Implement Organisational Development strategy action plan	The OD strategy sets out what is required of staff and councillors in terms of leadership, behaviour and engagement in order to deliver the Council's vision and seek to ensure the long term viability of the District Council It also explains expectations of staff and the support the council provides to further develop skills and commitment. Succession planning is addressed in the action plan developed to deliver the strategy	Chief Executive, HR & OD Manager	31-Mar-2024
Flexible employment policies including hybrid/home working and use of market supplements for recruitment and retention to attract and retain high calibre officers .	The Council offers flexible employment policies including hybrid/homeworking; to retain a flexible and committed workforce market supplements can be offered at the discretion of the Head of Paid Service.	Chief Executive (Head of Paid Service)	31-Mar-2024

Risk: R009	Inability to enforce relevant legislation effectively e.g., environmental health, licensing, environmental crime, private sector housing standards, council tax/benefits	Corporate Plan Priority:	A Safe Green and clean living environment Supporting a successful local economy	Risk Scores: I4/L3 12	
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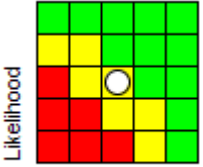
MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
Participation in Worcestershire Regulatory Services shared service	Continue participation in the shared service working collaboratively to support initiatives to improve efficiency and service delivery. Working together as part of a larger shared service enhances resilience and capacity of individual staff members sharing knowledge, experience and best practice.	Chief Executive	31-Mar-2024
PSPOs reviewed	To stop behaviour in a particular area that is making life worse for the local community the use of Public Spaces Protection Orders to be reviewed in good time before October 2023, to decide whether there is a need to change or amend including a wider range of behaviours and locations.	Head of Community and Environment	31-Mar-2024
Risk-based hierarchy to enforcement (Strategic Growth)	A risk-based approach to regulation to introduce a more agile approach aimed at minimising harm rather than solely focussing on technical compliance to ensure that finite resources achieve maximum public value.	Head of Strategic Growth	31-Mar-2024
Maintain good links with other enforcement agencies	The benefits of knowledge sharing with other agencies is recognised. We continue to pursue and promote new and existing opportunities.	Chief Executive	31-Mar-2024
Data sharing including National Fraud Initiative	Continued participation in the data-matching exercise to identify fraud and non-compliance with regulations.	Head of Revenues and Benefits and Customer Services, Internal Audit Manager, Head of Resources	31-Mar-2024
Issuing fixed penalty notices and taking court action where	To keep under review the appropriate use of fixed penalty	Head of Community	31-Mar-2024

appropriate	notices and taking court action for enforcing regulations	and Environment	
Fraud and compliance officers	Compliance Officers within the Revenues & Benefits Section 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. Internal Audit continue to undertake ad hoc compliance and assurance work including post payment assurance work on all government funded support payments.	Head of Revenues and Benefits, Head of Resources	31-Mar-2024

Risk: R010	Unable to sustain mental health & wellbeing of staff having a negative impact on service delivery and achieving Corporate Plan Priorities	Corporate Plan Priority:	A Safe Green and clean living environment Supporting a successful local economy	Risk Scores: I3/L3 9	
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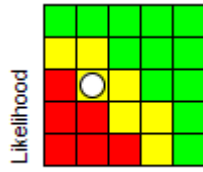
MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
Worcestershire Works Well accreditation	To actively seek to improve the health and well being of staff by meeting and maintaining the criteria of the scheme.	Chief Executive, HR & OD Manager	31-Mar-2024
Mental health first aiders	To maintain commitment to mental first aiders who provide a first point of contact for colleagues, providing guidance and support.	Chief Executive, HR & OD Manager	31-Mar-2024
Health and safety plan	Ensures appropriate Corporate Health and Safety arrangements are in place including regular reviews of health and safety in practice, risk assessments and lone working procedure. Employee induction includes focus on health and safety and all employees provided with health and safety guidance.	Chief Executive, Head of Community and Environment	31-Mar-2024

Deliver the OD strategy action plan	The OD strategy sets out what is required of staff and councillors in terms of leadership, behaviour and engagement in order to deliver the Council's vision and ensure the long term viability of the District Council. It will also explain expectations of staff and the support the council will provide to support mental health and well being. The strategy will be the first step in identifying the actions that need to be taken to sustain the mental health and well being of staff.	Chief Executive, HR & OD Manager	31-Mar-2024
Employee assistance programme	Staff are given access to mental health support through the employee assistance programme. Supporting mental well being encourages a happy and engaged workforce. The communication plan will be refreshed to promote availability of the support.	Chief Executive, HR & OD Manager	31-Mar-2024

Risk: R011	Unable to secure effective delivery of wide range of significant projects	Corporate Plan Priority:	A safe, clean and green living environment Supporting a successful local economy Organisational and Corporate Health	Risk Scores: 13/L3 9	
Includes waste shared service; food waste collections; temporary accommodation, Castle Road; localism including future arrangements for Bewdley Museum; ICT strategy; EVC charging points and other "green" projects; Lionfields Phase One; UKSPF; Wyre Forest Wild					


MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
Achieve a flexible & dedicated workforce through adoption and implementation of the refreshed OD strategy	Efficient and effective recruitment and retention with targeted HR support and advice provided to hiring managers. Deep dive reviews supported by the LGA to support succession planning and talent management. Working practices that ensures people with the right skills and behaviours are employed.	Chief Executive; HR & OD Manager	31-Mar-2024

Agile & capable managers	Supporting managers to ensure they have the skills required through the Learning and Development framework. Effective project management. Access to interim staff via framework	Chief Executive; HR & OD Manager	31-Mar-2024
Effective governance mechanisms	Major projects are closely monitored by CLT and Cabinet members, effective risk registers and issue logs, robust budgetary control and effective Financial Regulations and contract procedure rules.	Chief Exec, Solicitor to the Council; Head of Resources	31-Mar-2024
Use of external support/advice	Use of procurement frameworks to access external resources, project support or advice	Head of Resources	31-Mar-2024
Adequate contingencies	Business and budget planning aligned to ensure adequate contingencies are held, project specific held outside programme budgets and balance of general risk reserve and minimum level of reserves kept under review.	Head of Resources	31-Mar-2024

Risk: R012	Unable to deliver Levelling Up Fund and Future High Street Fund projects effectively	Corporate Plan Priority:	Supporting a successful local economy	Risk Scores: I4/L3 12	 Likelihood Impact

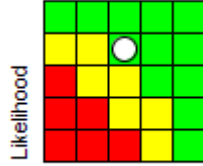
MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
Governance arrangements: Programme boards in place	The governance structures include the Programme Boards, chaired by the Head of North Worcestershire Economic Development and Regeneration (NWEDR) who is also a member of WFDC Corporate Leadership Team (CLT) and includes WFDC Leader of the Council and Cabinet Member for	Head of NWEDR, Solicitor to the Council, Head of Resources	31-Mar-2024

	Economic Regeneration, Planning and Localism; Solicitor to the Council; Head of Resources (S151 Officer); Worcestershire County Council Assistant Director Economy; Worcestershire LEP Director of Operations and Re-Wyre Public-Private Regeneration Partnership member. Regular meetings of the boards provide senior officer oversight. The programme Board monitors progress, receives financial reports and considers risk and issue logs. Grant funding agreements in place with LUF partners.		
Project management including delivery managers in place and project specific issues and risk registers maintained	A programme team leads the delivery of the LUF programme and a separate team leads on FHSF. The teams are chaired by the Head of North Worcestershire Economic Development and Regeneration (SRO) and led by dedicated Programme Delivery Managers who manage a multi-disciplinary team (architects; quantity surveyors; structural and highways engineers; planning consultants; contractors).	Head of NWEDR	31-Mar-2024
External advice including procurement support	Use of procurement frameworks to access external project support/ advice	Head of NWEDR, Head of Resources	31-Mar-2024
Financial contingencies	Revenue contingencies held. Revenue cost limitation during design and development mitigated by commissioning external rating agents to progress claims with VOA.	Head of NWEDR, Head of Resources	31-Mar-2024
Formal reporting of spend and forecast spend	Actual spend and forecast spend against the programme and delivery progress is subject to formal reporting and monitoring at each Kidderminster LUF and FHSF Board meetings (held every six weeks) and that actual spend and forecast spend is reported as part of regular quarterly budgetary control reporting to Cabinet. Actual spend and forecast spend is also reported at Monthly Treasury Management Review meetings, the minutes of which are circulated to the Cabinet Member with responsibility for Finance. In addition, written monitoring reports on progress are presented to regular meetings of Cabinet and the Corporate Leadership Team.	Head of NWEDR, Head of Resources	31-Mar-2024

Risk: R013	Unable to achieve balanced housing market to meet need	Corporate Plan Priority:	A safe, clean and green living environment	Risk Scores: I2/L3 6	 Likelihood Impact
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MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
Implementing a robust local plan to achieve sustainable housing development	The Local Plan was adopted at Council on 26/04/2022. Having a robust local plan enables the council to control where development happens. Implementing a robust local plan will lead to sustainable housing development which will meet demand and help to grow council tax. The plan is supported by supplementary planning documents.	Head of Strategic Growth	31-Mar-2024
Partnerships with registered providers in respect of affordable housing and delivery of Local Authority Housing Fund to secure units to meet demand	Work continues with registered providers to bring forward new units or sites including land transfers to increase supply.	Head of Strategic Growth, Head of NWEDR	31-Mar-2024
Work on homelessness prevention and domestic abuse	To continue to provide support to help people stay in their current housing. Finding suitable alternative accommodation, including in the private rented sector. Increased resource to help customers with their financial situation to help them to sustain their tenancies.	Head of Strategic Growth	31-Mar-2024
Direct provision of temporary accommodation	The construction phase of the temporary accommodation units at Castle Road likely to commence this autumn, with units available for use in 2024-25.	Head of Strategic Growth	31-Mar-2024
Welfare support	To continue to help vulnerable people with support where they can't meet their immediate short term needs or where they need help to keep their independence or re-integrate within the community. We will work in partnership with other organisations to help people in the longer term. To include financial inclusion	Head of Strategic Growth, Head of Revenues and Benefits	31-Mar-2024

	officers providing interventions to ultimately support customers to maintain their tenancies and improve their financial situation.		
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Risk: R014	Lack of effective governance and oversight of local authority trading company (if operating)	Corporate Plan Priority:	Organisational and Corporate Health	Risk Scores: I3/L2 6	 Likelihood Impact	
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MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
External advice commissioned	External advice will be commissioned and taken to ensure the Council acts within current legislation on individual proposals as appropriate.	Solicitor to the Council	31-Mar-2024
Appropriate due diligence of financial transactions between Council and LATC	Any financial transactions between the Council and the LATC will be subject to individual scrutiny and due diligence including financial viability sensitivity analysis before final decisions are proposed/taken	Head of Resources	31-Mar-2024
Business Plan	Through the shareholder agreement and through the establishment of the business plan within which the LATC operates, the Council will be able to ensure that all governance as well as financial arrangements are appropriate/viable	Solicitor to the Council, Head of Resources	31-Mar-2024
Exit strategy to collapse LATC implemented	In the event that a catastrophic event requires it the LATC will be closed down - an exit strategy will be considered as a contingency plan to protect the Council against unknown events in the future.	Solicitor to the Council	31-Mar-2024
Directors and board	The Council ensures that only those officers and members of the Council who are able to take objective decisions are appointed to the LATC	Solicitor to the Council	31-Mar-2024

Monitoring of individual projects	Governance arrangements for oversight of activity established using the external advice from Mazars. Individual projects will be monitored as the LATC business progresses.	Solicitor to the Council	31-Mar-2024
Knowledge development	Further training and guidance will be taken to ensure sufficient knowledge is developed. The PWC VAT Helpline the Council already subscribes to will be used and other specialist advice taken as appropriate.	Head of Resources	31-Mar-2024
Response to legislative change	The LATC or the Council amends or introduces new policy to reflect legislative changes.	Solicitor to the Council	31-Mar-2024

Risk: R015	Members lack skills and knowledge necessary for effective discharge of their Committee responsibilities	Corporate Plan Priority:	Organisational and Corporate Health	Risk Scores: I3/L2 6	 Likelihood Impact
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MITIGATING ACTIONS			
Action	Description	Managed By	Due Date
Member induction & training programmes including members' forum	Comprehensive suite of training modules through in person and I-learn sessions provided and updated on a rolling basis. Bespoke additional training provided according to circumstances. Annual regulatory training Individual Member training records reviewed at annual Council	Solicitor to the Council	31-Mar-2024
LGA training programme & support from LGA political groups,	Leaderships Essentials is a series of programmes and	Solicitor to the Council	31-Mar-2024

including events and eLearning	workshops designed as themed learning opportunities for councillors. The member intranet signposts the training and development opportunities available. Specific training tailored to Planning Committee members.		
Corporate governance framework	The Council has adopted the SOLACE/CIPFA corporate governance framework and reviews its compliance with it regularly, including through the annual governance statement and the annual report of internal audit.	Head of Resources, Solicitor to the Council	31-Mar-2024
Cabinet system	Wyre Forest District Council has adopted the Strong Leader and Cabinet Model. This concentrates responsibility into one decision-making body on most issues while still allowing a cross cutting perspective across the Council. Cabinet members offer a clear point of contact and strategic decisions can be taken in a swifter, more co-ordinated way. There is a strong scrutiny system that provides a means of ensuring all councillors can have a role in the development of council policy and review specific areas of concern, and many items are considered in pre-decision scrutiny by the overview and scrutiny committee. The scrutiny committee receives quarterly reports on performance which, for 2022-23 onwards, include budget information. In addition, the Cabinet uses cross-party advisory panels on specific issues. The Cabinet system enables the targeting of developmental opportunities to raise skills and knowledge swiftly if the need arises.	Chief Executive, Solicitor to the Council, Head of Resources	31-Mar-2024

BUDGET RISK MATRIX 2023-26

