

# WYCHAVON

## Statement of Accounts

SUBJECT TO AUDIT



2020-2021

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# Welcome to our Statement of Accounts

## Introduction

2020/21 was an unprecedented and challenging year for all of us and one that has had an impact on every member of our community. Almost overnight we had to enable our staff to work from home, where possible, and provide support and advice to our residents and businesses who were dealing with the pandemic and all the uncertainties that it brought.

Wychavon staff, councillors, businesses and communities showed tremendous creativity, ingenuity, partnership working and resilience during these difficult times. We kept our essential services going throughout the pandemic and played a key part in the response. From paying out over £44m in grant support to businesses, to supporting our communities, helping the vulnerable and making a start on our recovery plans, the determination and effort shown by everyone was humbling. We would again give our thanks to all our key workers across the District who provided so much support during the pandemic. Some of our key actions to help during the pandemic included:

- Allocation of £88k to food banks to help the vulnerable
- Extending the free car parking to support businesses within the town centres
- Providing financial support to Wychavon Leisure to ensure they could continue to deliver leisure activities to our residents after the lockdown
- Funded 67 laptops to enable vulnerable children to access education
- Supported the homeless into safe accommodation

We also made a start on tackling the other great challenge humanity faces – climate change – with the approval of a new Intelligently Green Plan and early implementation of some of the actions it contains. Our aim is to make our District a more sustainable place to live for ourselves and future generations.

In spite of the pandemic, we made some good progress on delivering the three priorities in the first year of our 2020-2024 strategy and maintain Wychavon's reputation as a great place to live and for businesses to locate. The district was once again named as one of the best areas to live in the country and the second best place to live in the West Midlands (2020 Halifax Quality of Life Survey). Our 2020 residents' survey showed that 84% of residents were satisfied with the area as a place to live and 77% were satisfied with the way we run things.

The main report (page 21) details all of the performance highlights that we delivered against our promises during the last year. Some of

## Welcome to our Statement of Accounts (continued)

the key outcomes included: awarding £16,800 of funding to 26 schools to provide breakfast clubs and wrap-around care for vulnerable children together with delivering over 200 creativity parcels to residents over 65. In supporting those in financial difficulties we provided hardship funding to alleviate the pressures of Council Tax and paid grants of £500 to residents who were isolating and on low incomes. In addition a wrap-around care support was provided for ten rough sleepers across the District. In terms of housing we supported the delivery of 224 affordable homes.

We started work on the construction of 10 small industrial units at Vale Park to enable smaller businesses to come into the area, invested £1m in the Worcester Six Business Park, together with supporting 20 apprentices through direct employment with us. Leisure provision was improved with £1.5m of investment in Evesham United Football Club and an active travel officer was recruited to work on new cycle and walking routes within the District. Furthermore, we approved £378,000 of New Homes Bonus funding to support a wide range of community projects across the district and invited application for £1.3million of Community Legacy Grant funding.

We worked closely with our contractors FCC, to maintain waste and recycling, both of which increased during the pandemic due to people working from home. Our last residents survey showed satisfaction at 90% for this service. We also achieved 6 Green Flag awards for our parks and open spaces, one more than last time, and continued to enhance the parks including planting of 80 trees and 24 wildflower meadows. This was so important over the last 12 months when our parks and open spaces were extensively visited by our communities.

Whilst the coronavirus pandemic resulted in significant unexpected financial pressures for the Council, strong financial management and improvements in Business Rates performance in 2020/21 have resulted in savings for the Council, and we have been able to set aside funding to further support recovery from the pandemic in the future. We are pleased to report that both our reserves and balances available remain healthy. Our element of an average Band D Council Tax bill in 2020/21 was just £120.08 and will continue to be in 2021/22. This has not changed since 2018/19 and we are proud to say is one of the lowest in England.

Supporting our communities and businesses in the recovery from the effects of the pandemic is of paramount importance to us and we are developing an economic strategy to shape our future over this challenging time. We have had positive feedback from the Local Government Association in relation to our response and recovery and we will continue to work with partners, businesses and our communities to ensure our District faces the future with clarity and purpose.

The pages which follow explain the services we provide and how your Council Tax was spent during the year. Our statutory accounts have been prepared in line with International Financial Reporting Standards but our easy to read Narrative Report explains the key issues in a way which we hope everyone will understand.

## Welcome to our Statement of Accounts (continued)

### **COUNCILLOR RON DAVIS**

Executive Board Member – Resources & Investment

Wychavon District Council, Civic Centre, Queen Elizabeth Drive, Pershore WR10 1PT



### **JAYNE PICKERING**

Deputy Chief Executive

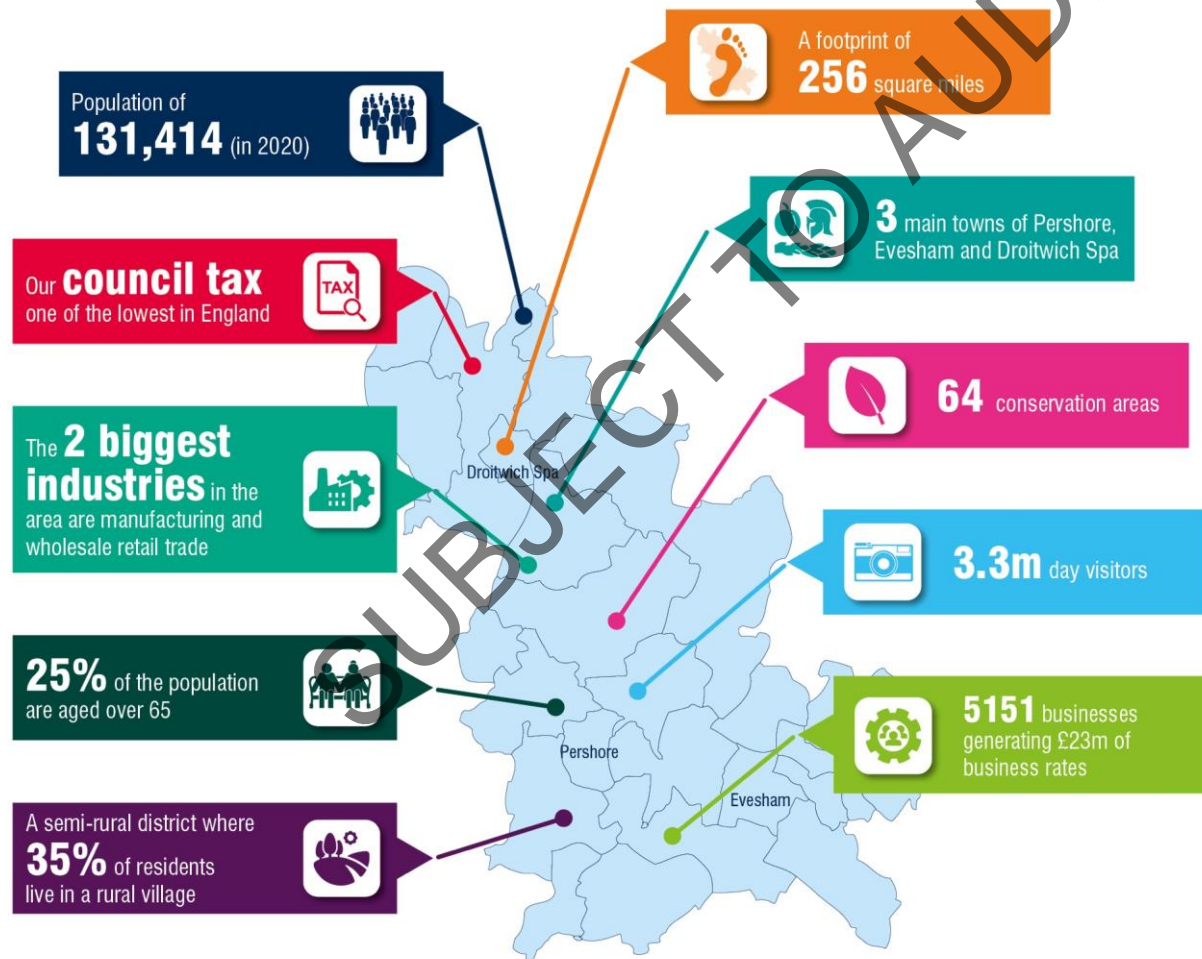


SUBJECT TO AUDIT

# Narrative Report

## ABOUT THE DISTRICT

Wychavon lies in the south and eastern part of Worcestershire in the West Midlands region and is the largest of the six Worcestershire districts.



## Narrative Report (continued)

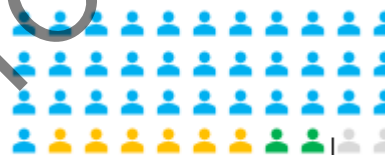
### ABOUT THE COUNCIL

Worcestershire has a two-tier system of local government, comprising Worcestershire County Council and six district councils. The County Council administers services such as education, waste disposal and social services across the whole of Worcestershire, whereas locally, Wychavon District Council operates a range of services including building regulation, homelessness, street cleaning, refuse collection, licensing, sport facilities, electoral administration, environmental health, community safety and the administration of council tax and business rates.

Policies at Wychavon District Council are directed by the political leadership (Leader and Executive Board) and implemented by the Senior Management Team.

The Council in 2020/21 was made up of 44 councillors as follows:

- Conservative Party – 34 councillors
- Liberal Democrat Party – 6 councillors
- Green Party – 2 councillors
- Independent – 2 councillors



Councillors are supported by the Senior Management Team (SMT) headed by the Council's Chief Executive, Vic Allison. Wychavon District Council shares a senior management team with Malvern Hills District Council and the management team is made up of seven officers including the Chief Executive. SMT are responsible for the overall management of the Council, for setting and monitoring overall direction and ensuring high performance in the delivery of council services.

### WYCHAVON STRATEGY 2020-2024

Wychavon is an entrepreneurial council that has gained recognition for major projects like building Pershore hospital, two Waitrose stores, regenerating and reopening the Droitwich Canals and supporting events like the British Asparagus Festival and Pershore Plum Festival. In February 2020 we agreed a bold new four-year plan that will protect and enhance our environment, continue to grow our economy and see us invest in the things that matter most to our communities.

## Narrative Report (continued)

The strategic plan focuses our spending and resources over the next four years on three key priorities:

- **Supporting people**
- **Strong economy and places**
- **Sustainable environment**

The plan's 35 promises include:

- Working with partners to address disadvantage caused by the Covid-19 pandemic and improve outcomes for free school meal eligible children and their families across the district.
- Producing an ambitious economic strategy, setting out how we will support the recovery, regrowth and diversification of the local economy over the next two decades, by 31 March 2022.
- Working with partners to deliver a white-water facility in Pershore and a multi-purpose cycling attraction in Evesham including BMX pump track, mountain bike trails and simulated road circuit by 31 March 2024
- Reducing the average household black bin waste by 10% by 2024 and setting up at least five community fridges across the district to reduce food waste
- Investing £100,000 over four years to promote the growth of Wychavon's low carbon economy
- Working with partners to create and start to deliver master plans to help revitalise Droitwich, Pershore and Evesham town centres
- Investing £180,000 over three years to encourage businesses to take on apprentices
- Working with partners to create 10 hectares of new wetland and 30 hectares of habitats to improve biodiversity.

There is a pledge to reduce carbon emissions from our own operations by at least 50% by 2030 and to deliver 1,000 affordable new homes by 2024. Action will also be taken to boost community transport, tackle loneliness and social isolation and to create Wychavon's first health and wellbeing hub.

**Covid-19 Recovery Framework Plan:** we also have a 35 point recovery framework with four keys strands focusing on **our communities and the local economy** (helping rough sleepers and those at risk of homelessness, working with Foodbanks and the voluntary sector and providing business sector support), **resetting the business of the Council** (reviewing plans in the light of the impact of the pandemic), **recovery of the organization** (supporting staff to adjust to the new 'business as usual') and **councillors and democracy** (ensuring an orderly return to normal decision-making and supporting communities during the recovery phase).

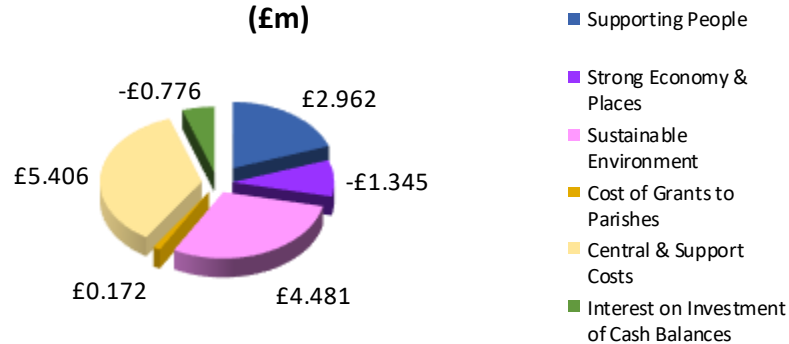


## Narrative Report (continued)

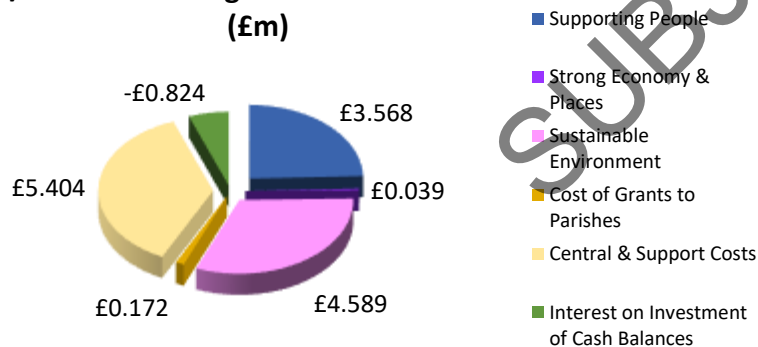
### FINANCIAL PERFORMANCE

A net budget of £10.9m for 2020/21 was approved by full Council in February 2020. For a third year running Councillors agreed a freeze on council tax charges so Band D council tax remained at £120.08, the lowest council tax in Worcestershire and the fifth lowest in England.

**2020/21 Original Budget Allocations to Services (£m)**



**2020/21 Revised Budget Allocations to Services (£m)**



**Supporting People** covers services such as housing needs, elections, environmental health, leisure centres and public conveniences.

**Sustainable Environment** is the largest share of our priorities and includes waste collection and recycling, street cleansing and parks.

Our **Strong Economy and Places** priority includes car park and rental income (hence why the budget is negative) but also includes the planning, licensing and economic development services.

Our net budget was revised upwards to £12.9m in November 2020 to take account of the impact of Covid-19.

The net budget for our **Supporting People** priority increased by 20% as we supported our leisure centres which were forced to close during lockdown.

Loss of car parking revenue during periods of lockdown was the main reason for income loss and meant that the net budget for **Strong Economy and Places** turned from an income stream to a cost.

## Narrative Report (continued)

### Where the Money Went

The 2020/21 outturn position is an underspend of £0.606m against the revised budget leading to an increased contribution to general reserves of £0.344m. This is reflective of strong financial management during a period of substantial change and uncertainty and was achieved through a monthly budget monitoring and challenge process which ensures that budget managers and directors are held accountable for variances to budgets, with budget monitoring reports circulated to all councillors monthly.

2019-20		2020-2021			
Net Actual* Expenditure		Original* Budget	Revised Budget	Net Actual Expenditure	
£m	COUNCIL PRIORITIES	£m	£m	£m	
2.045	Supporting People	2.962	3.568	<b>2.493</b>	* includes CCLA Property Fund and Diversified Income Fund as well as interest from loans made by the Council.
(1.978)	Strong Economy & Places #	(1.345)	0.039	<b>(0.323)</b>	
4.105	Sustainable Environment	4.481	4.589	<b>4.330</b>	
5.231	Central & Support Costs	5.406	5.404	<b>4.759</b>	# excludes Special Levies.
<b>9.403</b>	<b>NET COST OF SERVICES</b>	<b>11.504</b>	<b>13.600</b>	<b>11.259</b>	
0.172	Cost of Grants to Parishes	0.172	0.172	<b>0.172</b>	
(1.000)	Interest and Investment Income	(0.776)	(0.824)	<b>(0.861)</b>	
<b>8.575</b>	<b>NET EXPENDITURE (budgets shown in charts above)</b>	<b>10.900</b>	<b>12.948</b>	<b>10.570</b>	
(4.507)	Non-specific Grants and Contributions	(4.787)	(4.787)	<b>(4.655)</b>	
0	Covid-19 Emergency Funding	0	(1.738)	<b>(2.951)</b>	
10.660	Transfer to (from) Earmarked Reserves	5.928	12.643	<b>16.514</b>	
0.859	Contribution to (from) Balances	(0.037)	(0.262)	<b>0.344</b>	underspend of £0.606m
<b>15.587</b>	<b>TOTAL NET EXPENDITURE</b>	<b>12.004</b>	<b>18.804</b>	<b>19.822</b>	
(2.665)	Business Rates	(2.652)	(2.652)	<b>(2.652)</b>	
(6.207)	Business Rates Growth	(3.000)	(2.800)	<b>(2.555)</b>	
0	Additional S. 31 Grant in lieu of extended reliefs	0	(7.000)	<b>(7.567)</b>	
0	Local Taxation Income Guarantee Scheme	0	0	<b>(0.696)</b>	
(0.101)	Collection Fund Surplus - Council Tax	(0.127)	(0.127)	<b>(0.127)</b>	
(0.571)	Collection Fund Surplus - Business Rates	0	0	<b>0</b>	
<b>6.043</b>	<b>PRECEPT ON COLLECTION FUND</b>	<b>6.225</b>	<b>6.225</b>	<b>6.225</b>	
	(Excluding parish precepts)				

## Narrative Report (continued)

It should be noted that the table above reflects the net amount to be met by local taxpayers and differs from the Net Cost of Service in the Comprehensive Income and Expenditure Statement (CIES) because of the exclusion of costs relating to depreciation, revenue expenditure funded from capital under statute (REFCUS) and certain pension adjustments. This is due to requirements in the Code of Practice on Local Authority Accounting which define proper accounting practices for local authorities and some transactions have to be reported differently in the financial statements to how they are reported in the budget.

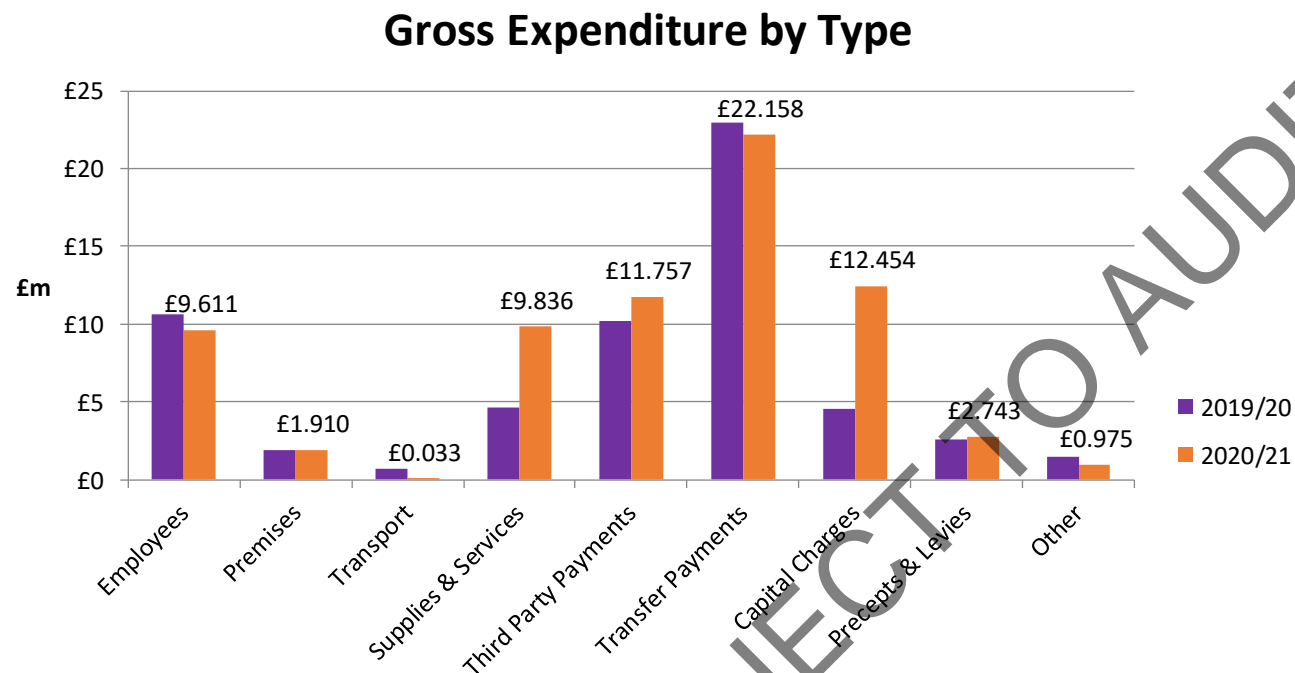
The variances contributing to an underspend of £0.606m are shown below. Additional government funding and a further national lockdown were not anticipated when the revised budget was set. This, combined with judicious spending, has allowed for an additional contribution to general reserves.

### Major Budget Variances in 2020/21

	£m
Underspend on leisure centre support which has been moved into 2021/22	0.601
Anticipated increase in cost of Council Tax Support due to Covid-19 not materialised	0.230
Underspend on Housing Needs projects carried forwards into 2021/22	0.133
Net loss of car parking income during national lockdowns	(0.668)
Over-achievement of planning fee income	0.321
Over-achievement of commercial rent	0.358
Net savings from street cleaning and other waste services budgets	0.193
Underspend on Covid-19 specific grants to be spent in 2021/22	0.284
Underspend on IT equipment and licence fees	0.268
Reduced business rates growth	(0.243)
Additional S31 grant in lieu of extended retail reliefs	0.567
Covid-19 government funding for tax income guarantee scheme and compensation for lost sales, fees and charges income	1.908
Additional contributions to reserves (this includes Covid-19 government support to cover losses in 2021/22 and New Homes Bonus monies )	(3.871)
Planning costs underspend including slippage on South Worcestershire Development Plan	0.168
Economic development underspends	0.066
Savings in central and support costs	0.093
Other smaller budget variances	0.199
	<u>0.607</u>

## Narrative Report (continued)

The gross cost of service provision amounts to £71.475m in 2020/21 and has been analysed by type as shown below:



Our service expenditure is split between staffing (employees) and other running costs including capital charges. Running costs include the costs of running our buildings, transport, the payments we make to suppliers and contractors and the payments we make to people receiving benefits (called transfer payments here). Capital charges are made to cover the annual value of depreciation of our assets and also for any capital spend that does not increase the value of our assets.

The increase in capital charges in 2020/21 relates to deferred charges for capital expenditure on assets that we don't own. Specifically this relates to two capital Housing grants for which we are the lead local authority and are managing the grants on behalf of other local councils and registered providers.

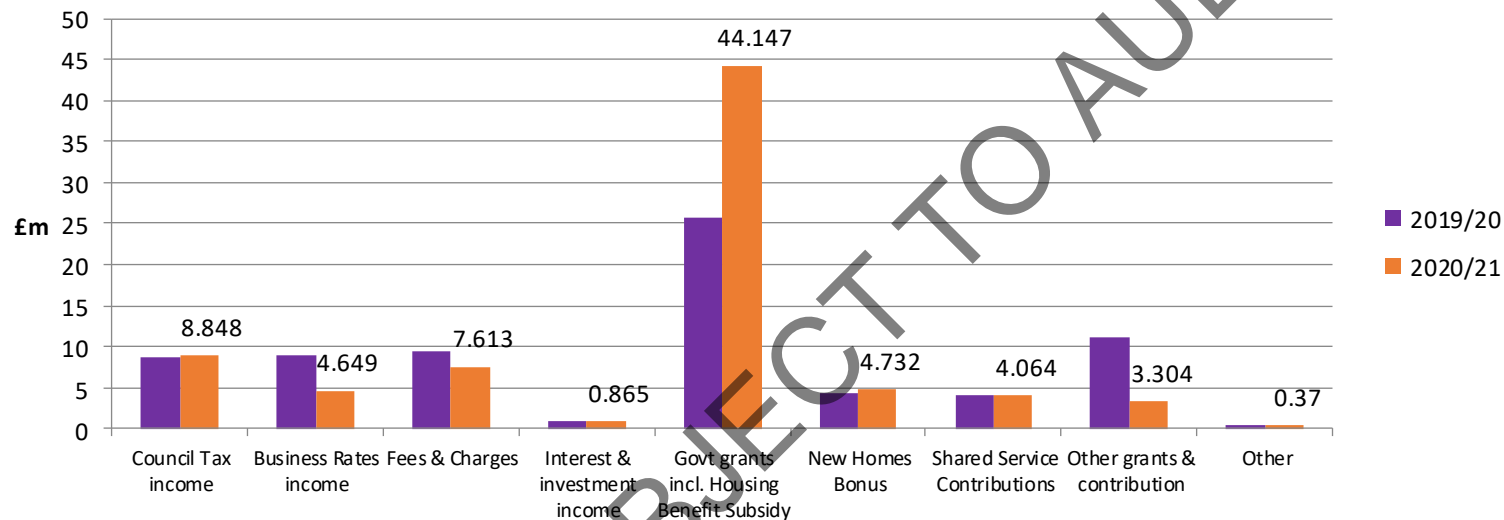
The increase in Supplies and Services in 2020/21 relates to spend on discretionary Covid-19 business grants to support local businesses.

## Narrative Report (continued)

### Where the Money Came From

17.2% of our income is now raised through council tax and business rates but the government still provides our main source of income in the form of specific grants of which the largest is Housing Benefit Subsidy.

### Where the Money Came From 2020/21



### The Covid-19 Pandemic

The Covid-19 pandemic had a significant effect on the Council's finances in 2020/21. We not only immediately lost significant sources of income as the country was put into lockdown (mostly from car parking income) but we also incurred additional costs as we responded to the needs of residents and had to turn to new ways of working from home. We received significant grant support from central government which is shown in the table below. For the most part this funding has mitigated the in-year financial effects of the pandemic but the longer-term effects on business rates and council tax are not yet clear as some council tax payers remain on furlough and businesses are in receipt of significant reliefs from business rates. It is not until this support is removed that we will fully see the effect on non-payment.

## Narrative Report (continued)

### Wychavon Government Funding in 2020/21

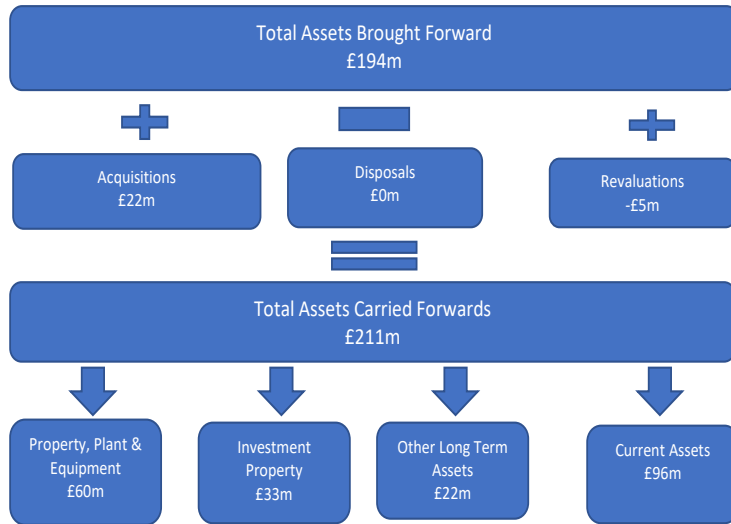
	£m		£m
<b>Covid-19 funding</b>		<b>Other Grants</b>	
Covid-19 Support grant - Tranche 2*	1.298	Hardship Fund	0.767
Covid-19 Support grant - Tranche 3	0.194	Test & Trace Self-Isolation payments	0.280
Covid-19 Support grant - Tranche 4	0.246	Reopening Town Centres Safely Fund	0.116
	<u>1.738</u>	Local Authority Compliance and Enforcement Grant	0.055
<b>Sales, Fees &amp; Charges Compensation</b>		Local Authority Emergency Assistance - Food & Essential	
Apr-July 2020	0.651	Supplies	0.101
Aug-Nov 2020	0.084	National Leisure Recovery Fund	0.290
Dec-Mar 2021	0.477	Local Tax Income Guarantee	0.696
	<u>1.212</u>		<u>2.305</u>
<b>Grant Funding for Businesses</b>			
Small Business Grant Fund & Retail, Hospitality & Leisure (RHL)	31.778		
Discretionary element of above	1.480		
	<u>33.258</u>		
		* Tranche 1 was received in March 2020 so was reported in 2019/20.	
Additional Restrictions Grant	3.738		
Local Restrictions Grants	9.896		
Wet led Pubs	0.083		
Closed Business Lockdown Payment	6.570		
	<u>20.287</u>		
<b>Total grant funding for businesses</b>	<u><u>53.545</u></u>		

As part of the government's effort to support local businesses we received £53.545m in business support grant funding to passport to local businesses. We were able to respond quickly and paid out 98.5% of Small Business and RHL grants to eligible businesses, returning the unspent money to central government. In the second tranche of business support, following the November 2020 lockdown, we paid out 100% of the Additional Restrictions Grant by the end of March 2021 and 88% of the remaining business grants, including Local Restrictions Grants, to eligible businesses.

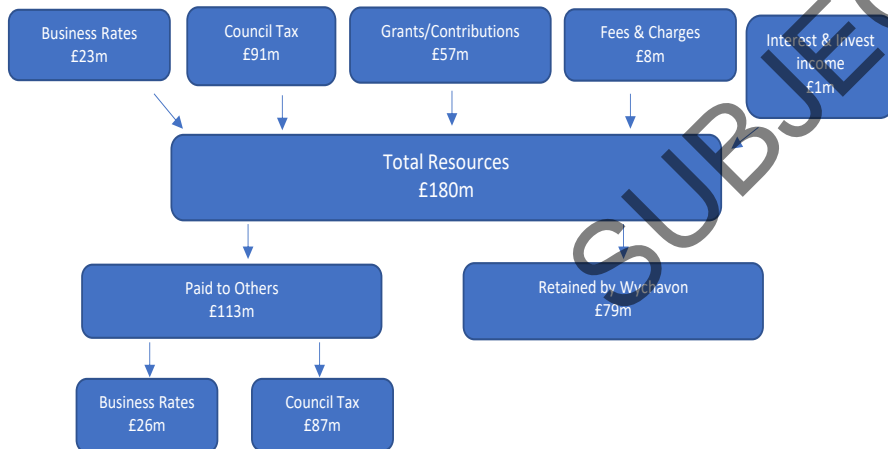
## Narrative Report (continued)

### Cashflows and Assets

#### CAPITAL CASHFLOWS



#### REVENUE CASHFLOWS



Wychavon District Council manages cashflows and assets in excess of £390m by:

- Collecting over £23m in business rates. The Council keeps only a proportion of this with most going to central government and Worcestershire County Council.
- Collecting over £90m in council tax. The largest share is paid over to Worcestershire County Council.
- Managing a £115m portfolio of land, buildings and other assets.
- Accounting for £66m of fees and charges, grant funding, rents and investment income which are used to help deliver services and keep council tax down.

Note: the Collection Fund deficits in 2020/21 – a consequence of the Covid-19 pandemic – mean that more was paid out in Council Tax and Business Rates receipts to preceptors than was collected in the year.

## Narrative Report (continued)

### Capital Strategy

The Council has a five-year capital investment programme of just under £30m.

Our plan for the year 2020/21 was to spend £14.861m on capital projects but variations on some projects resulted in actual capital expenditure of £12.418m, a variation of £2.443m. The main projects with variations to budget included:

- Investment in a property in Evesham to provide accommodation for young homeless people
- Investment in the Worcester Six business park extension to encourage business relocation to Wychavon (2021/22 project)
- Providing a development fund for continued investment in the Vale Park business centre in Evesham - (project underspend £800k)
- Redevelopment of Evesham Public Hall (project underspend £500k)
- Investment in public open spaces and parks across the district (project underspend £400k)
- Car park improvements including the installation of electric charging points (project underspend £130k)
- A scheme to directly invest in new build housing in collaboration with a local registered housing provider (project underspend £1.1m)
- Construction of a new 3G football pitch in Droitwich and Evesham (project underspend £1.3m)
- A public toilet refurbishment programme including the installation of solar panels (project underspend £310k)
- A scheme to provide Community Legacy Grants to parish councils for capital schemes (project underspend £830k)

Project underspends are in the main due to delays in planned works due to COVID-19.

In addition to the planned capital expenditure above, Wychavon successfully bid for £5.8m Social Housing Decarbonisation Grant plus a £2.08m Green Homes Grant to work with Registered Social Landlords on retrofit programmes.



## Narrative Report (continued)

Capital expenditure is financed from a combination of capital receipts, grant funding and the Councils' own financial resources. The table below shows our 2020/21 capital spend and how it was financed.

CAPITAL EXPENDITURE 2020/21	£m	FINANCING OF CAPITAL EXPENDITURE	£m
<b>Priority - Supporting People</b>			
Better Care Fund	812	Capital receipts	1,228
Social Housing Decarbonisation Fund	5,800	Capital grants	10,042
Green Homes LAD Grant	2,087	Capital expenditure charged to revenue (CERA)*	1,124
Affordable Housing Funding	34	Internal borrowing	24
Evesham 3G pitch & pavilion	411		
Droitwich 3G Pitch	23	<b>TOTAL FINANCING</b>	<b>12,418</b>
Evesham Cycling Centre	25		
Community Legacy Grants	639		
Pershore Leisure Centre	74		
7 Merstow Place, Evesham	210		
Other small schemes	27		
	<b>10,142</b>		
<b>Priority - Strong Economy &amp; Places</b>			
Pershore Northern Link road	30		
Wychavon Business Hub	134		
Support to Evesham Abbey Trust	34		
Vale Park Development Fund	1,784		
Other small schemes	40		
	<b>2,022</b>		
<b>Priority - Sustainable Environment</b>			
Droitwich Park Footpath Improvements	26		
Parks Improvements Programme	72		
Other small schemes	16		
	<b>114</b>		
<b>Priority - Central &amp; Support</b>			
Civic Centre Enhancements	140		
	<b>140</b>		
<b>TOTAL CAPITAL EXPENDITURE 2020/21</b>	<b>12,418</b>		

\* including New Homes Bonus and Section 106 contributions

## Narrative Report (continued)

### Our Treasury Management Performance

The Council agreed a Treasury Management Policy and Strategy for 2020/21 in April 2020 and this is a key document in the management of the Council's finances. The actual income received from cash investments in 2020/2021 was £503k (compared to £648k in 2019/20) which was slightly higher than the revised budget for the year. The overall rate of return on sums invested during the year was 0.66% (compared to 0.95% in 2019/20) which was 0.60% (0.29% in 2019/20) above the target 7-day LIBOR benchmark. In addition, the Council received £204k (£210k in 2019/20) as dividend income from its investment in the Local Authorities Property Fund and £163k (£84k in 2019/20) from a Diversified Income Fund. This was partially offset by £9k paid (£61k received in 2019/20) in other interest.

The Council's primary treasury management focus continued to be centred on managing treasury risk as well as ensuring that the Council retained sufficient liquidity to support its service delivery aims and to pay out Business Support Grants to support local businesses during lockdown. This was reflected in the counterparties named in the Treasury Management Strategy that the Council could either deposit cash with or lend money to. These were the Bank of England, the 4 major UK high street banking groups, Santander UK, Handelsbanken Plc, 5 Building Societies, 6 overseas banks (Commonwealth Bank of Australia, Australia and New Zealand Banking Group Ltd, Toronto Dominion Bank, United Overseas Bank Ltd, DBS Bank Ltd and First Abu Dhabi Bank PJSC) and other local authorities. The Treasury Management Strategy also allows the council to purchase units in Pooled Investment Funds such as money market funds with a AAA credit rating and 2 Pooled Investment Funds managed by CCLA Investment Management Ltd, namely the Local Authorities Property Fund and the Diversified Income Fund.

The Council has previously diversified some of its cash investments into directly owned property assets such as the Waitrose supermarket developments in Droitwich and Evesham (shown below) and Pershore Hospital & GP Surgery. The lease income from the investments in the Waitrose supermarkets, Pershore Hospital and GP Surgery was, after fair value adjustments, £1.838m in 2020/21 (£1.972m in 2019/20), securing a rate of return in excess of 7% on the original capital sum invested.



## Narrative Report (continued)

### Reserves and Balances Summary

Sound financial management and a strong track record of striking the right balance between spending and the need to maintain a core level of resources to support the revenue account means that we were able to withstand the effects of the Covid-19 pandemic and end the year with our finances still in a healthy state and with our Council Tax still amongst the lowest nationally. The state of our financial well-being is reflected in the level of reserves that we hold.

We maintain a number of earmarked reserves. These are special reserves we keep for specific types of expenditure in the future. Examples include the Section 106 Developers' Contributions Reserve, New Homes Bonus Reserve and an Invest to Save Reserve. Whilst we used some £3.955m of earmarked reserves during the course of the year we also added £19.3m, giving a net balance at the year-end of £72.672m\*. Full details are given in Note 20 to the accounts but the most significant (net) additions to earmarked reserves were £9.817m to the Business Rates Equalisation Reserve (a consequence of the timing of government grants for business rates reliefs), £1.884m to the Business Rates Covid-19 Reserve (held against potential future taxation revenue losses as a result of Covid-19) and £3.193m to the New Homes Bonus Reserve.

We also hold revenue working balances to give us a cushion should something unexpected happen, as well as providing us with day-to-day cash flow cover. 2020/21 was an unusual year where spend in some service areas was suppressed as projects were delayed due to the pandemic, we lost significant amounts of fees and charges income but received substantial compensation from central government. Combined with strong financial management, the net effect is that working balances increased by £0.344m\* during the year giving a balance of £10.917m at the year end.

\*From Movement in Reserves Statement

### Pensions

The Council is a member of the Worcestershire County Council Pension Fund, a Local Government Pension Fund, and all staff are able to join this from the commencement of their employment with the Council. The Council's share of the net pension liability of the Fund at 31 March 2021, as estimated by the fund actuary, was £46.2m\* compared to £43.8m\* at 31 March 2020. The variation between years was largely due to changes in assumptions by the actuary.

Further details on changes in the Council's pension assets and liabilities can be found in Note 14 to the Core Financial Statements.

## Narrative Report (continued)

It is important to understand that the net pension liability valuation at 31 March is as at one point in time only and as the fund assets are mainly invested in equities and bonds, then the value of these and therefore the net pension liability, can vary considerably as market values change.

\*From Balance Sheet

### Business Rates Retention Scheme

With effect from April 2013, the Government introduced a Business Rates Retention Scheme. This scheme was introduced with the aim of incentivising councils to grow the Business Rates base in their area by allowing them to retain a proportion of the increase in Business Rates yield each year to spend on Council services. Previously councils had paid all Business Rates income to the Government for redistribution. Under this scheme the Government also permits councils to work together to pool their Business Rates as this can be helpful in managing the ups and downs in Business Rates growth over a larger area. In 2020/21 Wychavon became a member of the Worcestershire Business Rates Pool, formed on 1 April 2020, along with all the Worcestershire councils.

After pooling locally and making the necessary payments to the Government, the Council generated £2.555m from business rates growth. Business Rates growth is largely due to new businesses being built in the district and increasing rateable values of properties following the 2017 Valuation Office listing. £2.250m of the business rates growth has been put into a Business Rates Equalisation Reserve for any future volatility in business rates income.

As a result of the Government's decision to give a business rates holiday to retail, hospitality of leisure businesses due to Covid-19 for 2020/21, Wychavon received £7.567m of additional Section 31 grant to compensate the general fund for the deficit this created in the collection fund. Due to timing differences, this has been put into the Business Rates Equalisation Reserve and will be used to offset the deficit in 2021/22. The Council also received a £0.627m grant from the Local Tax Income Guarantee Scheme related to irrecoverable losses in business rates income.

A Business Rates Appeals Provision is maintained against the number of appeals made to the Valuation Office. This provision increased by £2.2m, from £0.9m at the end of 2019/20, to £3.1m at the end of 2020/21. The increase in provision is mainly due to ongoing

## Narrative Report (continued)

uncertainty about future appeals and having a robust provision is prudent. The government has ruled out appeals as a result of Material Changes of Circumstance (MCC) due to Covid-19 but as MCC appeals related to other factors have not been ruled out there is a risk that if successful, such appeals could be a call on the provision. Several appeals cases have been settled in 2020/21 and these were charged against the provision rather than against Business Rates income for the year.

## Progress in the Year

This Narrative Report attempts to bring the figures in our statement of accounts alive by showing how we converted the cash into services. Highlights for each of our three priorities include:

### **Supporting People – supporting those most in need, reducing homelessness and delivering affordable homes, improving health and well-being, improving access to local transport**

- Awarded £16,800 of grant funding through our social mobility programme to 26 schools and early years settings for breakfast clubs, wrap around care and snacks for free school meal eligible children.
- Funded 67 laptops to enable vulnerable children to access education during lockdown and completed a successful speech and language programme involving 29 schools and 907 children.
- Delivered 224 new affordable homes of a decent quality across the district, around a third of these were in rural areas.
- Converted a property in Evesham to house and support single homeless people at a cost of £661k. This was completed and is due to go live in the summer of 2021.
- Implemented a pilot of Housing First to provide accommodation with wrapped round support for ten entrenched rough sleepers across Wychavon and neighbouring Malvern Hills.
- Supported low income isolating residents with £500 grants to help alleviate financial hardship.
- Delivered £1.5million of Section 106 investment in football facility improvements at Evesham United Football Club.
- Appointed an Active Travel Officer who will work on new cycle routes and the development of cycling and walking plans.
- Supported the community through the Covid-19 pandemic including supporting the Here2Help scheme, compiling a directory of community resources and signposting community groups to help and support.
- Set aside £45,000 for councillors to use to respond to the Covid.19 pandemic in their communities and to support community recovery.

## Narrative Report (continued)

- Set up a £25,000 crowd fund which supported ten community projects bringing in £53,366 from 276 backers.
- Delivered more than 200 creativity parcels to residents over 65 and 60 young people's activity packs.

### **Strong Economy and Places – growing the local economy, transforming our town centres, improving links, encouraging sustainable developments**

- Delivered over £44million of Covid grants to help support more than 3,000 businesses during the pandemic, helping to ensure that many of them and the jobs they support will survive in the future.
- Produced regular business e newsletters providing information on Covid-19, grants, business and training support initiatives to over 4,000 businesses across the district.
- Invested £1m in the expansion of the Worcester Six Business Park extension.
- Started work on the construction of ten small industrial units on Vale Park, Evesham with £600,000 from the government's Getting Building Fund.
- Constructed a business hub at the Pershore Civic Centre to provide support to at least three businesses at key stages of their development at a cost of £175k.
- Supported the county-wide Business Energy Efficiency Programme and Low Carbon Opportunities Programme offering businesses support to lower carbon emissions and for low carbon product or service development.
- Supported 20 apprentices through direct employment with us and grants to small and medium sized businesses.
- Invested £78k in the completion of town centre prospectuses to attract inward investment and increase the vibrancy of our three towns.
- Made good progress on the South Worcestershire Development Plan Review and masterplans for new settlements at Worcestershire Parkway and Throckmorton Airfield.
- Held an Evesham transport summit involving a range of partners and commenced work on exploring future development options and likely infrastructure opportunities around the town.

### **Sustainable Environment – tackling climate change, reducing crime, minimising waste, improving the natural environment**

- Developed and approved an ambitious Wychavon Intelligently Green Plan and appointed a shared Carbon Reduction Officer dedicated to delivering the plan.

## Narrative Report (continued)

- Awarded £686,700 through the Government's Green Homes Grant: Local Authority Delivery Scheme to improve the energy efficiency of low-income and low Energy Performance Certificate (EPC) rated homes, including those living in the worst quality off-gas grid homes.
- Received an energy audit of the Civic Centre through the Public Sector Energy Efficiency Programme. The audit identified additional potential for solar panels to increase renewable energy generation.
- Awarded £417,000 through the Government's Public Sector Decarbonisation Scheme to fund a comprehensive replacement of the windows at the Civic Centre to improve energy efficiency and lower carbon emissions.
- Worked closely with our contractors, FCC, to maintain waste, recycling and street cleaning services throughout the year. Our most recent residents' survey showed satisfaction levels of 90% with our waste and recycling service and 79% with our street cleaning service.
- Achieved six Green Flag Awards for our parks and open spaces, one more than previously with the inclusion of Droitwich Woods for the first time.
- Planted more than 80 trees planted across our parks and open spaces and created wildflower meadows in 24 open spaces across the district.

We also:

- Worked in partnership with 'blue light' services, local authorities and other agencies in a co-ordinated response to the Covid-19 pandemic.
- Kept residents, businesses, staff and councillors well informed throughout the Covid-19 pandemic with regular updates on the situation, the impact on our services, public health messages and where to access financial and other support.
- Mobilised all staff to work remotely and access IT systems and established comprehensive coronavirus employee advice, reporting, policy and wellbeing support response.
- Achieved Customer Service Excellence again despite the many changes to our services due to Covid- 19.
- Achieved Investors in People Gold across both councils at 2020 reassessment.
- Were recognised once again in the national Loo of the Year with lots of awards, including the overall national winner.

For more information search online for Wychavon performance.

## LOOKING AHEAD

As we move into 2021/22, the Council continues to monitor closely the impact of the Covid-19 pandemic on its business and on the local economy. We continue to receive government support to offset some of the effects of financial loss on business rates and council tax but the full effect on local taxation, an increasingly important share of our resources, will not be known until later in 2021/22 when national support ceases. We are fortunate to have a sound financial base however there are further challenges ahead including the outcome of the Government's Fair Funding Review and the planned business rates revaluation which were delayed again by the pandemic. There is also now the possibility that the impact of the pandemic will open up a much wider range of local government funding options for the Government including replacing the current business rates with an alternative business tax. With the other Worcestershire councils we continue to respond to consultations on these issues and to monitor proposals so that we can protect the Council's position as far as possible.

We continue to scrutinise budgets as part of our annual budget setting process to ensure that we keep our spending to a minimum and we continue to use transformation and efficiency processes to help us transform our services and make them even more efficient. As one of the South Worcestershire councils we continue to work with Civica, our strategic partner, to deliver a Revenues and Benefits service which continues to bring additional service and financial benefits for the Council and our residents. The Council continues to share a Chief Executive and Senior Management Team with Malvern Hills District Council, which has resulted in cost savings, better resilience and improved services for both councils.

The Council has made significant investment in the district in recent years, for example, at Vale Park, Droitwich and Evesham Leisure Centres and a Waitrose supermarket in the heart of Evesham. Over the next three years, to 2024, we aim to deliver 1,000 affordable homes across the district with at least 15% in rural areas, invest in the construction of at least 15 new houses for private rent, build new football facilities in Droitwich and additional sports facilities in Pershore, work with partners to deliver new sporting attractions in Evesham and Pershore, and increase car parking provision at Droitwich Spa, Honeybourne and Pershore railway stations as well as improving connectivity between stations and the towns and between Worcestershire Parkway and the surrounding area. Investing in the local economy, we aim to launch the new Wychavon Business Hub by the end of March 2022 which will help at least four innovative businesses to develop and grow. Over the same period we also aim to produce an ambitious economic strategy to support the recovery and regrowth of the local economy over the longer term.



# Annual Governance Statement 2020/21

## 1. Scope and Responsibility

Wychavon District Council (WDC) is responsible for ensuring that

- its business is conducted in accordance with legal requirements and proper standards,
- public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

WDC 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, WDC is responsible for maintaining proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

This Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government Framework.

## 2. The Purpose of the Governance Framework

The governance framework shown in the attached diagram comprises the cultural values, systems and processes, used by WDC to direct and control its activities, enabling it to engage, lead and account to the community. The framework enables WDC to monitor the achievement of its strategic objectives and to consider whether these have led to the delivery of appropriate, cost effective services.

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

The governance framework has been in place at WDC for the year ended 31 March 2021 and up to the date of approval of the statement of accounts.

### 3. The Governance Framework

The Council's purpose is "to be a leading, responsive and innovative council working to improve people's lives". WDC's priorities are reviewed annually and cascaded through the corporate planning process into service plans and the staff annual reviews and into individual personal objectives. WDC's performance management framework sets out how its objectives, priorities and promises are to be achieved. Monitoring of performance against agreed plans and strategies is undertaken by managers and reported quarterly to the Executive Board through the Signals of Success report. WDC's Constitution contains the necessary approvals and rules for governance, including delegations to Committees and Officers. During 2020/21 the Chief Executive as the Head of Paid Service, the Joint Head of Legal Services as the Monitoring Officer, and the Deputy Chief Executive as the Chief Finance Officer, each carried statutory responsibilities relating to the governance of the Council.

Executive decision making is carried out through the Executive Board, the Planning Committee and the senior management team. Overview and Scrutiny Committee has responsibility to review and scrutinise the activities of the Council and provide advice on the development of policies. The Audit Committee receives reports on the work of internal and external audit, sets its own work priorities and acts independently of member or officer influence.

WDC has approved a formal risk management strategy and regularly reviews and updates its strategic and operational risks. The Council continues to ensure that a risk management culture is embedded within service management with key risks being assigned to individuals for management.

WDC's Financial Regulations set out the parameters for the financial management of the Council; Heads of Service are responsible for the financial management of the services and activities delegated to them. Budget monitoring is carried out monthly at officer level, with monthly reports to all councillors. In addition, there are a range of both nationally and locally determined performance indicators against which performance is monitored during the year and the audited results are published on an annual basis.

### 4. Review of Effectiveness

Regulation 6 of the Accounts and Audit Regulations 2015 sets out WDC's responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This review is informed by the assurances provided by the Heads of Service who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report and by comments made by the external auditors, other review agencies and inspectorates.

## Annual Governance Statement 2020/21 (continued)

The Council Constitution clearly identifies the terms of reference, role and responsibilities of full Council, the Executive, Overview and Scrutiny, Audit and Standards Committees, all of which have fully understood governance responsibilities.

Throughout 2020/21, the Council adopted a robust approach to corporate governance, which has been advised through the work of the Audit Committee and the Overview and Scrutiny Committee – as well as the statutory roles of the Chief Finance Officer and Monitoring Officer. The approach taken to compiling this statement is summarised on the Annual Governance Statement framework diagram overleaf.

### **Audit Committee**

Audit Committee played a role by reviewing and monitoring internal control issues throughout the year. This included a review of risk management and updates to the corporate risk register, regular progress reports and updates from internal audit. In addition, the committee considered the reports issued by the external auditor such as the Annual Audit and Inspection letter, as well as Council's action plans in response to any recommendations.

### **Internal Audit**

WDC's responsibility for maintaining an effective internal audit function is set out in Regulation 6 of the Accounts and Audit Regulations 2015.

The Worcestershire Internal Audit Shared Service Team operates in accordance with best practice professional standards and guidelines. It independently and objectively reviews on a continuous basis, the extent to which the internal control environment supports and promotes the achievement of the Council's objectives and contributes to the proper, economic, efficient and effective use of resources.

During 2020/21 the Internal Audit team delivered a comprehensive programme including:

- Core financial audits which are designed to suitably assist the external auditors to reach their "opinion".
- A range of service area audits, follow up audits and special investigations which assisted the council to maintain/improve its control systems and risk management processes or implement/reinforce oversight of such systems.

## Annual Governance Statement 2020/21 (continued)

Internal Audit's work programme helps to assure the Audit Committee that the framework and statement can be relied upon based on the following:

- Evidence streams which were verifiable and could be relied upon,
- Monitoring and reporting mechanisms were in place to report issues,
- These streams and reporting mechanisms are embedded in the WDC governance process.

Based on good audit practice, audit risk scores were reviewed during the year. The risk scores are used to prioritise and inform the audit plan for the following financial year for approval by the Audit Committee.

Internal Audit reports are considered by the relevant Director of Service and Deputy Chief Executive, before submission to the Audit Committee for further scrutiny. The reports have not identified any governance issues which have caused major concern during the course of the year: ten reports gave full or significant assurance and three moderate assurance. The Head of Internal Audit has concluded that control arrangements in 2020/21 are generally adequate and have effectively managed the principal risks identified in the audit plan and can be reasonably relied upon to ensure that the Council's corporate objectives have been met.

### **Managers' Responsibility**

Directors of Service are responsible for establishing and maintaining an adequate system of internal control within their own services. Head of Service are also required to sign off annual Governance and Internal Control returns where they will raise any items of concern. No major issues were identified by Directors of Service in 2020/21.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on The Role of the Chief Financial Officer in Local Government (2010). The Deputy Chief Executive has statutory responsibility for the proper management of the Council's finances and is a key member of the Senior Management Team.

### **External Audit and Other Review Agencies**

WDC's external auditors have not identified any significant weaknesses in our internal control arrangements when working with us throughout the year and in their annual audit letter. The external auditors have issued an unqualified Value for Money conclusion.

## 5. Significant Governance and Internal Control Issues

The statutory duties of the Monitoring Officer and the Chief Finance Officer require them to draw to members attention any improper practices, financial imprudence or problems with the systems of internal control. No significant weaknesses or issues have been identified.

## 6. Governance Changes in Response to the Covid-19 Pandemic

The Covid-19 pandemic lockdown required a number of reactive governance changes. Throughout most of April 2020 Committees, Executive Board and Council meetings were cancelled with meetings recommencing on 30 April 2020 using remote technology once the virtual meeting regulations were in place (Coronavirus Act 2020 s78). The Council meeting on 30 April 2020 adopted a virtual meeting protocol and weekly Senior Management Team meetings continued throughout the first lockdown period moving to monthly meetings from August 2020. Key decision making was unaffected and statutory services were maintained and delivered throughout.

During May 2020 all Councillor meetings moved to Zoom webinars and were broadcast live via YouTube and from 8 July 2020 evening meetings were resumed albeit using remote technology. In line with Local Government Association advice the Council remained using remote technology until Regulations ended and face-to-face meetings had to recommence from 7 May 2021.

Other reactive governance changes were a reliance on homeworking, establishment of virtual meetings for all staff, building access arrangements, different working arrangements, and adherence to Government guidelines to ensure Wychavon services were maintained.

Financially the pandemic caused substantial income loss during 2020/21 from loss of car parking, trade waste, licensing and parks income as well as an increase in the volume of council tax support payments and payments to support our three leisure centres. Total income loss in 2020/21 was £2.004m however the Council received a central government Covid-19 Support Grant in three tranches totalling £1.738m, and £0.608m in 2021/22 to offset these losses. We also received £1.21m as government compensation against our fees and charges losses in 2020/21. Support has continued into 2021/22 with £1.1m of Lower Tier Services grant and an estimated £0.696m to compensate for tax losses.

During 2020/21 the Council received £53.545m to assess and distribute business grants to local businesses. A system was established to work in partnership with Civica to administer the grants scheme in line with central government process and deadline requirements and post assessment is taking place to try to identify any fraudulent claims. This was achieved by website development to ensure those eligible

## Annual Governance Statement 2020/21 (continued)

had all the information and facilities required to make a grant claim and the use of third party information to test for fraud. A further £1.2m was received in 2021/22 in the form of Additional Restrictions Grant to provide further discretionary funding to local businesses.

Other key systems were in the main accessed remotely so day-to-day business continued using the existing user profiling thus maintaining authorised use. The response to Covid-19 is continuing in line with the government Roadmap out of lockdown and governance arrangements will remain under constant review.

**BRADLEY THOMAS**

**Leader of the Council**

Date **X** September 2021



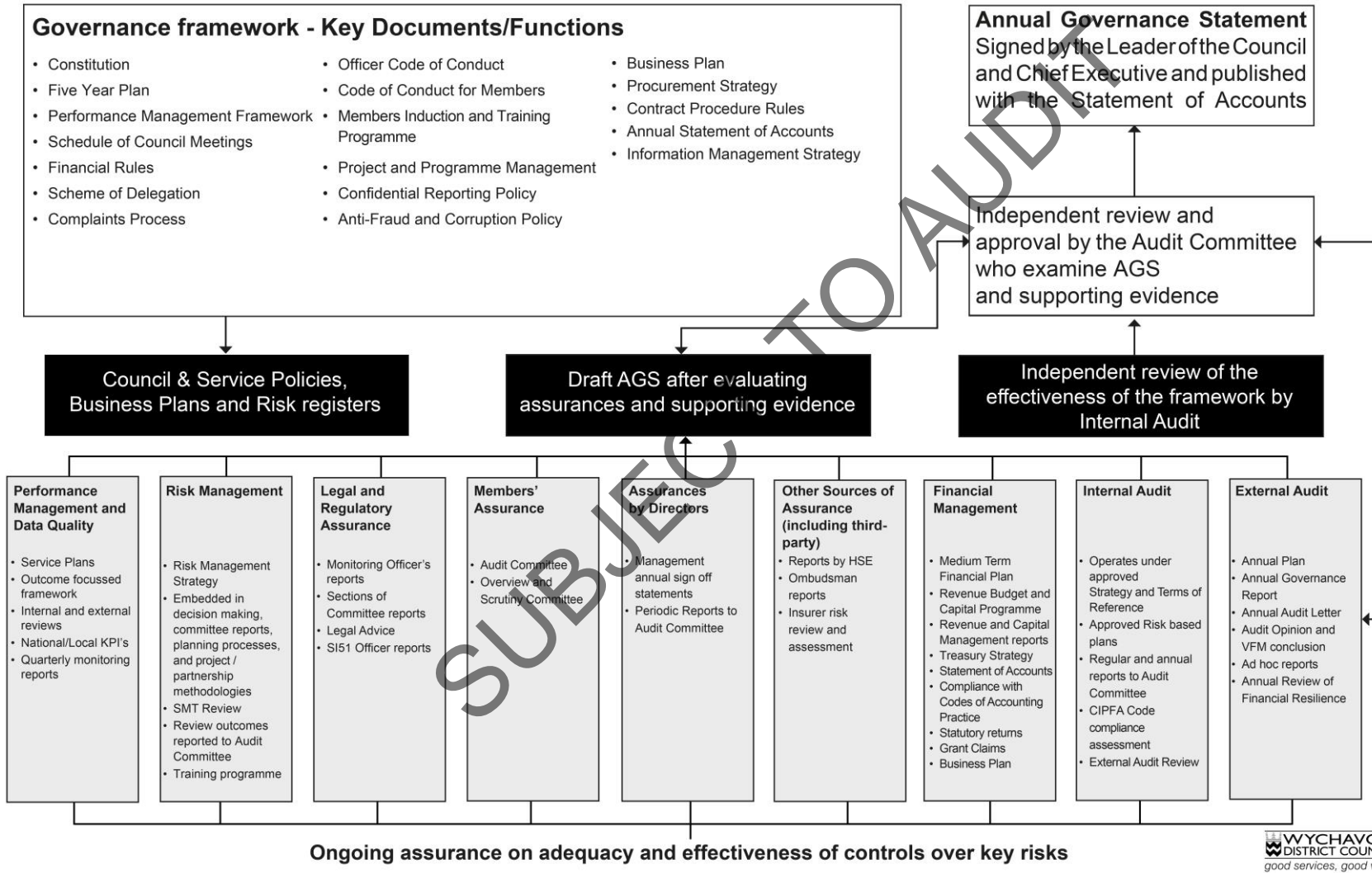
**VIC ALLISON**

**Chief Executive**

Date **X** September 2021



# ANNUAL GOVERNANCE STATEMENT (AGS) FRAMEWORK





## Statement of Accounting Policies



# Statement of Accounting Policies

## 1. General Principles

- 1.1 The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year end of 31 March 2021. The Council is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 supported by International Financial Reporting Standards (IFRS). The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

## 2. Accruals of Income and Expenditure

- 2.1 Activity is accounted for in the year in which it takes place. This means that income from the sale of goods or the provision of services is recorded in our accounts when the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract. Expenditure is recorded in our accounts when services are received, rather than when we actually make a payment, and supplies are recorded as expenditure when we use them or as inventories on the Balance Sheet until that point. 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/paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

## 3. Apprenticeship Levy

- 3.1 The apprenticeship levy is payable by qualifying employers to provide funding to support apprenticeships. The expense for levy funded training is not a cash transaction for the Council but is recognised as an expense, being a tax based on employee cost. Payments received into the Council's digital apprenticeship service account are not cash transactions but are accounted for as a government grant and the income is recognised when the levy-funded training expense has been incurred.

## 4. Cash and Cash Equivalents

- 4.1 Cash is money held in current bank accounts and overdrafts that are repayable on demand and are integral to daily cash flow management. Money held in call accounts and short-term funds invested for a term of three months or less are classified as cash equivalents because they are readily available to be converted to cash.

## Statement of Accounting Policies (continued)

### 5. Charges to Revenue for Non-Current Assets

- 5.1 Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:
- Depreciation attributable to the assets used by the relevant service;
  - Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
  - Amortisation of intangible assets attributable to the service.
- 5.2 The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (Minimum Revenue Provision or MRP). Depreciation, revaluation and impairment losses and amortisation 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 MIRS for the difference between the two.

### 6. Council Tax and National Non-Domestic Rates (Business Rates)

- 6.1 Billing authorities act as agents, collecting council tax and business rates on behalf of major preceptors (including government for business rates) and, as principals, collecting council tax and business rates for themselves. As a billing authority we are required by statute to maintain a separate fund (called the Collection Fund) for the collection and distribution of amounts due in respect of council tax and business rates. 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 council tax and business rates collected could be less or more than predicted.
- 6.2 The council tax and business rate income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of accrued income for the year. However regulations determine the amount of council tax and business rates that must be included in the Council'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 amount in the MIRS. The Balance Sheet includes the Council's share of the end-of-year balances in respect of council tax and business rates relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments. Where debtor balances are identified as impaired because of a likelihood arising from a past event that payments due under the statutory

## Statement of Accounting Policies (continued)

arrangements will not be made, the asset 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.

### 7. Employee Benefits

- 7.1 **Benefits Payable During Employment:** the accounts reflect entitlements that have been earned by employees, such as salaries and wages, as a consequence of the service completed by them as at 31 March each year even if we would never normally make payments for them, such as annual leave and time-off in lieu not yet taken. These are accrued for in the cost of services in the CIES but we currently consider the accrual immaterial for inclusion in our accounts.
- 7.2 **Termination Benefits:** these are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement age or an officer's decision to accept voluntary redundancy and are recognised immediately as an expense to the service in the CIES at the earlier of when the Council can no longer withdraw the offer or when we recognise costs of a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the MIRS 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 amounts payable but unpaid at the year end.
- 7.3 **Post Employment Benefits:** as part of the terms and conditions of employment we offer one defined benefits scheme (retirement lump sums and pensions), administered by Worcestershire County Council. Although these benefits will not actually be payable until the employee retires, we account for post-employment benefits in the CIES at the time that employees earn their future entitlement.
- The liabilities of the Worcestershire County Council Local Government Pension Scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of future payments that will be made in relation to retirement benefits earned to date by employees based on assumptions about mortality rates, employee turnover rates, etc. and projected earnings for current employees;
  - Liabilities are discounted to their value at current prices using a discount rate prescribed by the actuary;
  - The assets of the pension scheme are included in the Balance Sheet at their fair value:
    - Quoted securities – current bid price;
    - Unquoted securities – professional estimate;

## Statement of Accounting Policies (continued)

- Unitised securities – current bid price;
- Property – market value.

7.4 The change in the net pensions liability (also called the net defined benefit 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 CIES to the services for which 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 CIES;
  - Net interest on the net defined benefit liability – i.e. net interest expense for the Council - the change during the year in the net defined benefit liability that arises from the passage of time – charged to the Financing and Investment Income and Expenditure line on the CIES – 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.
- Re-measurements, comprising:
  - The return in 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 pension scheme – cash paid as employers contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

7.5 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

## Statement of Accounting Policies (continued)

standards. In the MIRS 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 the 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.

- 7.6 **Discretionary Benefits:** we also have restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

### 8. Fair Value Measurement

- 8.1 We value several classes of our assets at fair value. This is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- 8.2 We use appropriate valuation techniques, maximising the use of relevant known data and thereby minimising the use of estimates or subjective valuations. We assess the level of uncertainty by assigning our assets into three categories:

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

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

Level 3 – unobservable inputs for the asset or liability.

### 9. Financial Instruments

- 9.1 A financial instrument is defined as a transaction which generates an asset in the accounts of one organisation and a liability in the accounts of another. These are generally loans, investments or borrowings.

## Statement of Accounting Policies (continued)

- 9.2 The disclosures relating to financial instruments within the Statement of Accounts are made to assist the reader to evaluate:
- The significance of financial instruments on the Council's financial position and performance, and
  - The risks arising from financial instruments and how the Council manages those risks.
- 9.3 **Financial Liabilities:** these 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 amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For any external borrowing that the Council has this means that the amount presented in the Balance Sheet is the outstanding principal repayable plus accrued interest and interest charged to the CIES is the amount payable for the year according to the loan agreement.
- 9.4 **Financial Assets:** these are classified based on our business model for holding them and their cash flow characteristics. There are three main classes:
- amortised cost;
  - fair value through profit or loss (FVPL); and
  - fair value through other comprehensive income (FVOCI)
- 9.5 The Council'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) which are measured at fair value through profit and loss. The Council does not hold any financial assets that are required to be measured at fair value through other comprehensive income.

### Financial Assets Measured at Amortised Cost

- 9.6 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 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

## Statement of Accounting Policies (continued)

assets of the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest and interest credited to the CIES is the amount receivable for the year in the loan agreement.

- 9.7 However, the Council also recognises expected material credit losses on all of its financial assets held at amortised cost, either on a 12 month or lifetime basis, including 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 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 on 12-month expected losses. In both cases the Council calculates losses based on past due information.
- 9.8 The Council has made a loan to a voluntary organisation at less than market rate (soft loan). When soft loans are made a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Any interest received is credited to the Financing and Investment Income and Expenditure line in the CIES. Statutory provisions require that the impact of soft loans on the General Fund balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the MIRS. Any gains or losses that arise on de-recognition of an asset are credited or debited to the Financing and Investment Income line of the CIES.

### Financial Assets Measured at Fair Value through Profit and Loss (FVPL)

- 9.9 Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.
- 9.10 The fair value measurements of the financial assets are based on the following techniques:
- Instruments with quoted market prices – the market price;
  - Other instruments with fixed and determinable payments – discounted cash flow analysis.

## Statement of Accounting Policies (continued)

### 10. Going Concern

10.1 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 the basis that the functions of the Council will continue in operational existence for the foreseeable future.

### 11. Grants

11.1 Grants are shown in the accounts in the year that they relate to rather than when we actually receive them. They are only shown in the accounts if we are certain that we will receive them. General grants we receive are shown as Taxation and Non-Specific Grant Income in the CIES. Revenue grants we receive to pay for spending on specific service activities are shown as income for the relevant service area when we are confident that any grant conditions have been met. Where revenue grants have conditions outstanding the grant is held as a receipt in advance; if the conditions are met but the grant remains unspent it is held in an earmarked reserve.

11.2 Capital grants are also credited to the CIES when any relevant conditions governing their use have been met. This income is then reversed out and charged to the Capital Adjustment Account upon use, so the level of council tax is not affected. Unused non-conditional capital grants are held in the Capital Grants Unapplied Reserve. Before the conditions are met, capital grants are also held on the Balance Sheet as a receipt in advance.

11.3 The Council has elected to charge a Community Infrastructure Levy (CIL). This levy is charged on new builds (chargeable developments for the authority) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. CIL regulations require a percentage of each amount levied to be retained by the Council to cover administration costs and a further percentage to be allocated to the Town and Parish Councils in which the development takes place. The remaining income will be used to fund a number of infrastructure projects to support the development of the district. CIL is received without outstanding conditions and it is therefore recognised at the commencement date of the chargeable development in the CIES in accordance with the accounting policy for grants above.

### 12. Heritage Assets

12.1 Heritage Assets are those with cultural, environmental or historical significance that make their preservation for future generations important. These are required to be shown separately on the Council's Balance Sheet and are recognised and measured in accordance with the Council's accounting policies for Property, Plant and Equipment.



### 13. Intangible Assets

13.1 Intangible assets are non-financial non-current assets that do not have a physical substance and are controlled by the Council through custody or legal rights (such as software licences). We treat intangible assets in the same way as other non-current assets.

We gradually reduce the value of intangible assets on a straight-line basis over their useful life to reflect the consumption of the economic or service benefit and charge this to the CIES. Intangible assets are valued at amortised historic cost.

### 14. Inventories

14.1 Inventories are materials or supplies that will be consumed in producing goods or providing services. Inventories are included in the Balance Sheet at the lower of cost or net realisable value.

### 15. Investment Properties

15.1 Investment property assets are those held for rental purposes or capital value appreciation or both, they are not used for the delivery of services. Investment properties are measured initially at cost and subsequently at fair value (See Accounting Policy 8). These properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to Financing and Investment Income and Expenditure in the CIES. The same treatment is applied to gains and losses on disposal.

15.2 Rentals received in relation to investment properties are credited to Financing and Investment Income and Expenditure in the CIES and result in a gain for the General Fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance so they are therefore reversed out of the General Fund balance in the MIRS and posted to the Capital Adjustment Account and (for any sale proceeds greater than the de-minimis level of £10,000) the Capital Receipts Reserve.

### 16. Joint Operations

16.1 The Council participates in a number of Shared Services under contractual arrangements with other Councils and is a partner in the Worcestershire Regulatory Services Board. These arrangements are accounted for as Jointly Controlled Operations. A Jointly Controlled operation uses the assets and resources of the partner authorities without the establishment of a separate entity. Under these arrangements each participant in the arrangement accounts separately for its own transactions including the use of assets, liabilities, income, expenditure and cash flows.

## Statement of Accounting Policies (continued)

16.2 The Council hosts the Revenues and Benefits Shared Service (SWRBSS) and the IT Shared Service and, as such, accounts for the income and expenditure incurred by these services, including expenditure paid to Civica, a strategic partner, in respect of the Revenues and Benefits service and income from Worcester City Council and Malvern Hills District Council, its partners in the arrangements. Additionally, the Council hosts the following services: Procurement, Human Resources including payroll, Planning Policy, Planning Support and Heritage.

### 17. Leases

17.1 Leases can be designated as either finance leases or operating leases. Finance leases are those where substantially all the risks and rewards relating to the leased asset transfer to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings each element is considered separately for classification.

17.2 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.

17.3 **Council as Lessee for Operating Leases:** rentals payable are charged to the relevant service revenue account in the CIES on a straight-line basis over the term of the lease.

17.4 **Council as Lessor for Operating Leases:** rentals receivable are credited to Other Operating Expenditure line in the CIES on a straight-line basis over the term of the lease.

The Council has no material finance leases either as lessee or lessor.

### 18. Overheads and Support Services

18.1 All support service costs are held within the service area within which they are managed. This means effectively that the cost of the overheads are shown in total as 'Central and Support Costs' in the CIES.

### 19. Prior Period Adjustments, Changes in Accounting Policies and Estimates

19.1 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.

## Statement of Accounting Policies (continued)

19.2 Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

## 20. Property, Plant and Equipment

20.1 Assets that have physical substance, are held for use in the production or supply of services and that are expected to be used in more than one financial year are classified as Property, Plant and Equipment (PPE).

20.2 **Recognition:** our spending on buying, creating or improving PPE is classed as capital spending provided that it is probable that the future economic benefits or service potential associated with the item will flow to us and the cost of the item can be measured reliably. Spending that does not provide a significant benefit in terms of value, asset life or service performance or which falls below our de minimis level of £10,000 is charged to our revenue account in full in the year it occurs

20.3 **Measurement:** assets are initially measured at cost including purchase price and any costs attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended.

20.4 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.

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

- Community and infrastructure assets – historical cost for those assets with no determinable finite useful life, or depreciated historical cost for those assets with a determinable finite useful life, otherwise a nominal £1 to acknowledge their existence;
- Vehicles, plant, furniture and equipment – depreciated historical cost;
- Assets under construction – historical cost;
- All other assets – current value, which is further refined as:
  - Operational Property, Plant and Equipment, non-specialised – *existing use value*, which represents the 'value to business' and disregards potential alternate uses and any other characteristics of the property that would cause its market value to differ;

## Statement of Accounting Policies (continued)

- Operational Property, Plant and Equipment, *specialised – depreciated replacement cost (DRC)*. This involves an assessment of the gross replacement cost of a modern equivalent asset, less any allowances for relevant obsolescence factors, together with an assessment of the market value of a site suitable for the modern equivalent asset;
- Non-operational Property, Plant and Equipment, *fair value* – being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, with that transaction taking place in the principal or most advantageous market for the asset;
- The Council uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns.

20.6 Assets included in the Balance Sheet at fair value are reviewed sufficiently to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every five years. Increases in valuation are matched by credits to the Revaluation Reserve to recognise unrealised gains. Where gains arise from the reversal of a revaluation loss previously charged to a service revenue account in the CIES it is credited back to that service revenue account up to the revaluation loss previously charged.

20.7 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 revenue account in the Comprehensive Income and Expenditure Statement.

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

20.9 **Impairment:** assets are assessed at each year-end to identify 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 is recognised for the shortfall.

20.10 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;

## Statement of Accounting Policies (continued)

- 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 revenue account in the CIES.
- 20.11 Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the CIES up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.
- 20.12 **Depreciation:** depreciation is an accounting estimate used to spread the cost of an asset over its useful economic life. We charge depreciation on all PPE with the exception of assets without a determinable finite useful life (such as freehold land and certain community assets) and assets that are not yet available for use e.g. assets under construction. Where the Council does provide for depreciation, it does so on a straight-line basis; starting from the year following that in which the asset was bought or completed. Where an item of PPE has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. A component is classed as significant if its value is greater than 20% of the total value of the asset. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.
- 20.13 **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 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 Other Operating Expenditure in the CIES. Gains in fair value are only recognised 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 the asset no longer meets the criteria to be classified as Asset Held for Sale i.e. the asset is no longer being actively marketed or there is no likelihood of disposal within twelve months, it is reclassified back to non-current assets and valued back to its carrying value before being classified as Assets Held for Sale. Assets that are abandoned or scrapped are not reclassified as Assets Held for Sale.
- 20.14 When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to Other Operating Expenditure in the CIES as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the CIES also as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts received for disposal in excess of the de-minimis level of £10,000 are categorised as capital receipts. The balance of receipts remains within the Capital Receipts Reserve and can then only be used to fund new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to this Reserve from the General Fund Balance in the MIRS. The written-off value of disposals is not a

## Statement of Accounting Policies (continued)

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.

### 21. Provisions and Contingent Liabilities

21.1 We put amounts of money aside to meet future specific service payments. For future events to be reflected in provisions they need to meet three tests:

- They must be the result of a past event;
- A reliable estimate can be made; and
- There must be a clear responsibility for the Council to make a future payment because of the past event.

21.2 Provisions are charged to the appropriate service line in the CIES when we become aware that it is probable a payment will be required. The provision is based on the best estimate of the likely settlement. When payments are made they are charged to the provision already set up on the Balance Sheet. The Council maintains provisions for bad and doubtful debts in respect of council tax, business rates, housing benefit overpayments and sundry debtors. Provisions have been estimated in accordance with recommended practice and past experience. Provisions for bad and doubtful debts reduce the value of total debtors shown on the Balance Sheet.

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

### 22. Revenue Expenditure Funded From Capital Under Statute (REFCUS)

22.1 We undertake some capital spending during the year that does not result in the creation of an asset we own (e.g. housing grants). Any money we spend this way must be charged to the CIES but be funded from capital resources, and so, we make an adjustment in the MIRS equal to the expenditure to reverse this to the Capital Adjustment Account so there is no impact on the level of council tax.

## Statement of Accounting Policies (continued)

### 23. Reserves

- 23.1 We keep reserves to pay for spending on projects we will carry out in future years, to protect us against unexpected events and to manage the financial risk of uncertainties we face. Reserves include 'earmarked reserves' which we set aside for certain policy purposes and other 'general reserves' which represent resources set aside for purposes such as general events and managing our cash flow.
- 23.2 Reserves are created by transferring amounts out of the General Fund balance. When expenditure is financed from a reserve, the expenditure itself is charged against the appropriate service line in the CIES. The reserve is then transferred back into the General Fund balance via the Movement in Reserves Statement (MIRS) so that there is no net charge against council tax for the expenditure.
- 23.3 Certain reserves are kept to manage the accounting processes for items such as non current assets, financial instruments, local taxation and retirement benefits and do not represent usable reserves for the Council. These are termed unusable reserves and more details are given in the relevant note to the Financial Statements.

### 24. VAT

- 24.1 VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.



Core Financial Statements



# Comprehensive Income and Expenditure Statement

The **Comprehensive Income and Expenditure Statement (CIES)** records all of the Council's revenue income and expenditure for the year. Expenditure represents a combination of statutory duties and discretionary spend focused on local priorities and needs. The CIPFA Code of Practice on Local Authority Accounting regulates how expenditure and income relating to services is classified in the CIES.

2019/20			2019/20 Restated			2020/21			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	
						<b>Service Expenditure Analysis</b>			
33,589	(27,818)	5,771	33,589	(27,818)	5,771	Supporting People	40,879	(34,673)	6,206
6,106	(6,609)	(503)	6,106	(6,609)	(503)	Strong Economy and Places	6,225	(4,712)	1,513
6,501	(2,207)	4,294	6,501	(2,207)	4,294	Sustainable Environment	6,885	(2,301)	4,584
8,754	(2,215)	6,539	8,754	(2,215)	6,539	Central and Support Costs	13,770	(8,762)	5,008
54,950	(38,849)	16,101	54,950	(38,849)	16,101	<b>Net Cost Of Services</b>	67,759	(50,448)	17,311
							<i>see note</i>		
		2,261			2,261	Other Operating Expenditure	6		2,642
		(1,513)			(1,513)	Financing and Investment Income and Expenditure	7		(2,033)
		(31,683)			(29,699)	Taxation and Non-Specific Grant Income	8		(25,035)
		(14,834)			(12,850)	<b>(Surplus)/Deficit on Provision of Services</b>	9		(7,115)
		(3,349)			(3,349)	(Surplus)/Deficit on revaluation of non current assets			3,552
		(2,581)			(2,581)	Remeasurement of the net defined benefit (pension) liability	14		511
		0			0	Revaluation - available for sale financial assets			0
		(5,930)			(5,930)	<b>Other Comprehensive Income and Expenditure</b>			4,063
		(20,764)			(18,780)	<b>Total Comprehensive (Income) and Expenditure</b>			(3,052)

Note: figures in brackets represent income or a surplus.

# Movement in Reserves Statement

The **Movement in Reserves Statement** shows the movement in year on reserve balances held by the Council.

		General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
<b>31 MARCH 2021</b>	<i>see note</i>	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2020</b>		10,573	57,327	9,840	2,305	80,045	55,186	135,231
<b>Movement in reserves during 2020/21</b>								
Total Comprehensive Expenditure and Income		7,115	0	0	0	7,115	(4,063)	3,052
Adjustments between accounting basis and funding basis under Regulations	18	8,574	0	(538)	1,038	9,074	(9,074)	0
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>		<b>15,689</b>	<b>0</b>	<b>(538)</b>	<b>1,038</b>	<b>16,189</b>	<b>(13,137)</b>	<b>3,052</b>
Transfers (to)/from Earmarked Reserves	20	(15,345)	15,345			0	0	0
<b>Increase/(Decrease) in Reserves in Year</b>		<b>344</b>	<b>15,345</b>	<b>(538)</b>	<b>1,038</b>	<b>16,189</b>	<b>(13,137)</b>	<b>3,052</b>
<b>Balance at 31 March 2021 carried forward</b>		<b>10,917</b>	<b>72,672</b>	<b>9,302</b>	<b>3,343</b>	<b>96,234</b>	<b>42,049</b>	<b>138,283</b>
<b>31 MARCH 2020 Restated</b>	<i>see note</i>	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2019</b>		9,714	48,344	4,516	1,871	64,445	52,006	116,451
<b>Movement in reserves during 2019/20</b>								
Total Comprehensive Expenditure and Income		12,850	0	0	0	12,850	5,930	18,780
Adjustments between accounting basis and funding basis under Regulations	18	-3,008	0	5,324	434	2,750	(2,750)	0
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>		<b>9,842</b>	<b>0</b>	<b>5,324</b>	<b>434</b>	<b>15,600</b>	<b>3,180</b>	<b>18,780</b>
Transfers (to)/from Earmarked Reserves	20	(8,983)	8,983	0	0	0	0	0
<b>Increase/(Decrease) in Reserves in Year</b>		<b>859</b>	<b>8,983</b>	<b>5,324</b>	<b>434</b>	<b>15,600</b>	<b>3,180</b>	<b>18,780</b>
<b>Balance at 31 March 2020 carried forward</b>		<b>10,573</b>	<b>57,327</b>	<b>9,840</b>	<b>2,305</b>	<b>80,045</b>	<b>55,186</b>	<b>135,231</b>
<b>31 MARCH 2020</b>	<i>see note</i>	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2019</b>		9,714	48,344	4,516	1,871	64,445	52,006	116,451
<b>Movement in reserves during 2019/20</b>								
Total Comprehensive Expenditure and Income		14,834	0	0	0	14,834	5,930	20,764
Adjustments between accounting basis and funding basis under Regulations	18	(4,992)	0	7,308	434	2,750	(2,750)	0
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>		<b>9,842</b>	<b>0</b>	<b>7,308</b>	<b>434</b>	<b>17,584</b>	<b>3,180</b>	<b>20,764</b>
Transfers (to)/from Earmarked Reserves	20	(8,983)	8,983	0	0	0	0	0
<b>Increase/(Decrease) in Reserves in Year</b>		<b>859</b>	<b>8,983</b>	<b>7,308</b>	<b>434</b>	<b>17,584</b>	<b>3,180</b>	<b>20,764</b>
<b>Balance at 31 March 2020 carried forward</b>		<b>10,573</b>	<b>57,327</b>	<b>11,824</b>	<b>2,305</b>	<b>82,029</b>	<b>55,186</b>	<b>137,215</b>

# Balance Sheet

The **Balance Sheet** shows the value of assets and liabilities held by the Council. The net assets of the Council are matched by the reserves held by the Council. The reserves are presented within two categories, usable reserves and unusable reserves. Usable reserves may be used to provide services, subject to statutory limitations on their use and the need to maintain a prudent level of reserves for financial stability. Unusable reserves cannot be used to fund Council services.

as at 31 March 2020		as at 31 March 2020 Restated			as at 31 March 2021	
£000	£000	£000	£000		£000	£000
64,502		64,502		Property, Plant & Equipment	21	60,374
50		50		Heritage Property	22	49
32,864		32,864		Investment Property	23	32,854
0		0		Intangible Assets	24	0
10,248		10,248		Assets Held for Sale	25	8,948
7,594		7,594		Long Term Investment	27	12,184
836		836		Long Term Debtors	28	1,058
	<b>116,094</b>		<b>116,094</b>	<b>Long Term Assets</b>		<b>115,467</b>
49,700		49,700		Short Term Investments	29	46,813
14,767		12,783		Short Term Debtors	30	24,003
15,189		15,189		Cash and Cash Equivalents	31	24,693
358		358		Assets Held for Sale	25	358
280		280		Inventories	32	291
	<b>80,294</b>		<b>78,310</b>	<b>Current Assets</b>		<b>96,158</b>
(15,413)		(15,413)		Short Term Creditors	33	(27,107)
	<b>(15,413)</b>		<b>(15,413)</b>	<b>Current Liabilities</b>		<b>(27,107)</b>
(1)		(1)		Provisions	34	(1,262)
(43,759)		(43,759)		Pensions Liability	14	(44,973)
	<b>(43,760)</b>		<b>(43,760)</b>	<b>Long Term Liabilities</b>		<b>(46,235)</b>
	<b>137,215</b>		<b>135,231</b>	<b>Net Assets</b>		<b>138,283</b>
(82,029)		(80,045)		Usable Reserves	35	(96,234)
(55,186)		(55,186)		Unusable Reserves	19	(42,049)
	<b>(137,215)</b>		<b>(135,231)</b>	<b>Total Reserves</b>		<b>(138,283)</b>

JAYNE PICKERING  
Deputy Chief Executive  
S151 Officer

# Cash Flow Statement

The **Cash Flow 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 relating to operating, investing or financing activities.

2019/2020	2019/2020 Restated			2020/2021
£000	£000		see note	£000
(14,834)	(12,850)	Net surplus on the provision of services		(5,131)
5,959	3,975	Adjustments to net surplus or deficit on the provision of services for non cash movements	39	(16,664)
1,217	1,217	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	39	7,987
<b>(7,658)</b>	<b>(7,658)</b>	<b>Net cash flows from Operating Activities</b>		<b>(13,808)</b>
1,320	1,320	Investing Activities	40	(13,400)
(5,193)	(5,193)	Financing Activities - adjustment due to council tax and business rates creditors as a billing authority		17,704
<b>(11,531)</b>	<b>(11,531)</b>	<b>Net increase in cash and cash equivalents</b>		<b>(9,504)</b>
3,658	3,658	Cash and cash equivalents at the 1st April	31	15,189
<b>15,189</b>	<b>15,189</b>	<b>Cash and cash equivalents at the 31st March</b>	31	<b>24,693</b>

## Cash Flow Statement (continued)

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 by the Council).

Cash is represented by cash-in-hand and deposits with financial institutions repayable on notice of not more than 24 hours demand without material penalty. Cash equivalents are highly liquid investments that mature in no more than three days or less and that are readily convertible to known amounts of cash with low risk of change in value.

### Restatement of 2019/20 Balances

Throughout this document the reader will see that elements of the Core Financial Statements have been restated. The restatements relate to:

- A £1.984m over-accrual of Voluntary Right to Buy clawback monies from a registered provider. The information available to us at the time the 2019/20 accounts were completed did not identify a Homes England discount which meant that we over-estimated the amount of income due to us.
- A correction in the categorisation of elements of the Cash Flow Statement. This does not change the Cash Flow Statement itself but corrects the categorisation within the Notes to the Cash Flow Statement.

The restated amounts have been individually highlighted.



## Notes to the Accounts

## Note 1 Accounting Standards Issued but not yet Adopted

**IFRS 16 Leases** will require local authorities that are lessees to recognise most leases on their balance sheet as right-of-use assets with corresponding lease liabilities (there is recognition for low value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2022.

## Note 2 Significant Changes in Accounting Policies

There have been no significant changes in accounting policies in 2020/21.

SUBJECT TO AUDIT

## Note 3 Critical Judgements in Applying Accounting Policies

In applying its accounting policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in this Statement of Accounts are:

- The Council re-values its property assets on a rolling programme. All revaluations are undertaken by a RICS qualified person with specialist advice as appropriate. Investment properties are revalued annually, and an impairment review is also undertaken annually. When assets are revalued their useful life is assessed. During 2020/21 a number of assets were valued and their revised values are incorporated in the accounts.
- All assets with values of over £1m before depreciation have been deemed to be material and considered for componentisation, i.e. it has been considered whether any part of these assets should have a different useful life or method of depreciation. Each asset has been reviewed individually but generally they have been split into the following four components:
  - Land
  - Structure (including foundations)
  - Roof
  - Mechanical and electrical services (including boilers, heating systems, lifts)
- The Covid-19 pandemic has impacted global financial markets meaning that valuers have been faced with an unprecedented set of circumstances on which to base valuation judgements. However, the Council has a varied asset base and not all asset valuations will have been affected by Covid-19. Valuations of the asset types listed below have been reported on the basis of material uncertainty and represent 47% of the total asset base value:
  - Car Parks - Valuation method is net income/profit method. The practical effects of lockdown and the Council's amended charging policy has reduced the income received from car parks in 2020-21. As a result, the valuation of the car parks for that period will be less than the 2019-20 assessment. It is not possible at this stage to assess to what extent or what the longer-term trend may be or how much the income may recover;
  - Public Conveniences - Valuation method is Depreciated Replacement Cost (DRC) using BCIS Tender Price Index. Build costs are influenced by various general economic factors, such as availability of labour, materials, Covid compliance, and competition. The current trend indicates that building costs have increased in the last year but it is not possible to say how long or far this trend may develop;



## Note 2 Critical Judgements in Applying Accounting Policies (continued)

- Leisure Centres – The majority were revalued by the Valuation Office Agency this year, while others were updated in house. The 'Public Conveniences' statement applies equally to Leisure Centres;
- Offices – in the longer term this category is likely to be affected by Covid-19. Working from home is a trend that looks set to remain in place after the pandemic and organisations may look to make savings by divesting themselves of excess space. It is too early to assess if there is a developing structural change in office markets.

Those asset types which our Valuers have determined have valuations which have not been affected by Covid-19 are:

- Depots - unlikely to be affected as there is generally good demand for property type;
- Heritage, infrastructure assets, Vehicles, Plant & Equipment (VPE) and assets under construction – no effect. Assets under construction are valued at cost and VPE are valued at DRC;
- Investment properties - minimal effect expected if at all, due to the asset base being strong performing sectors (institutional healthcare and food retail/household name);
- Assets held for disposal - no effect expected given nature of assets being mainly land;
- Community and surplus assets – no or minimal fluctuations expected due to nature of assets. Community assets are held at historical cost.

All valuations are dated 31 March 2021 but for practical purposes the valuation exercise is started in January of each year. Any changes to valuations are reflected as necessary between January and March.

Where material uncertainty has been stated, this is to advise the reader that a level of caution should be taken however we are satisfied that the valuations are as accurate as possible given the data available at the time of the valuations. The valuers have emphasised the valuation date.

- The Council does not consider that it has any 'embedded' leases in its contracts with external suppliers, including the contract with FCC for provision of Refuse Collection and Recycling Services.
- The provision for business rates appeals is based on latest Valuation Office and government information. This information has been independently verified and analysed using a model which takes into account local knowledge, national trends and outcomes of previous appeals.

## Note 4 Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

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

The items in the Council's Balance Sheet as at 31 March 2021 for which there is a significant risk of an adjustment in the forthcoming financial year, are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, plant and equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Future economic conditions may mean that the Council will not be able to sustain its current spending on repairs and maintenance and this may bring into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £154k for every year that useful lives had to be reduced.
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effect on the net pension liability of changes in individual assumptions can be measured. For instance a 0.1% per annum increase in the discount rate assumption would result in a decrease in the net pension liability of £1.818m.
Bad debt provisions	The Council has sundry debtor balances of £1.713m and Housing Benefit overpayment debtor balances of £1.490m. Provisions for bad or doubtful debts are made according to the age of the debt and, in the case of Housing Benefit overpayments, whether the debtor is a current recipient of Housing Benefit or not. A provision of £1.297m is in place for sundry debtor and for housing benefit overpayment debts.	If recoverability of these balances falls, the amount set aside as a provision for bad and doubtful debts would have to increase. For example, if recoverability falls by 10% an additional £320k would have to be set aside.
Business Rates appeals provision	The Council maintains a provision for outstanding business rates appeals. The provision has been calculated based on the current list of live appeals supported by a separate independent analysis as to the likely success rates and amounts payable. The total provision for 2020/21 attributable to Wychavon amounts to £1.261m, an increase from £0 from 2019/20. The Council was in a pilot scheme in 2019/20, where funds were attributed to Worcestershire County Council and redistributed as compensation outside of the business rates retention scheme. This meant that none of the provision was allocated to Wychavon. This pilot was for 2019/20 only.	If the value of business rates appeals likely to succeed increased by 10%, the provision would need to increase by a further £126k.



**Notes Supporting the Comprehensive Income and Expenditure Statement**

## Note 5 Material items of Income and Expense

A breakdown of net expenditure on services in 2020/21, identifying material items of income and expense during the year is shown below:

### Priority - Supporting People

Total net spend of	£2.493m
Net spending included:	£m
Environmental Health	0.633
Public Conveniences	0.373
Customer Services	0.206
Youth and Arts initiatives and Sport Development	0.205
Register of Electors/Elections	0.183
Preventing Homelessness & other Housing needs	0.472
Net income from Pershore Hospital/Doctors' Surgery	(0.625)
Leisure facilities	0.329
Grants to community groups, parishes and other groups	0.503
	2.279

### Priority - Strong Economy and Places

Total net spend of	£(0.323m)
Net spending included:	£m
Car Parking	0.217
Net income from commercial properties including Waitrose stores	(1.151)
Economic development and promotion	0.296
Tourism	0.208
Planning	0.388
Licensing	(0.127)
Administration of Business Rates	(0.095)
Depots plus income from industrial sites in Droitwich and Evesham	(0.060)
	(0.323)

### Priority - Sustainable Environment

Total net spend of	£4.33m
Net spending included:	£m
Street Cleaning	1.242
Refuse Collection	1.020
Recycling	1.118
Parks, recreation grounds and open spaces	0.950
	4.330

### Central & Support Costs

Total net spend of	£4.759m
Net spending included:	£m
Support Service costs (Legal/HR/Finance/Property/ Strategy & Comms/Member Support/ Internal Audit)	1.834
Information Technology	0.541
Senior Management Team	0.449
Civic Centre	0.436
Democratic Representation	0.357
Pension backfunding costs	0.897
	4.513

## Note 6 Other Operating Expenditure

	2019/20	2020/21
	£000s	£000s
Parish council precepts and grants	2,563	2,743
Payments to the Government Housing Capital Receipts Pool	1	1
Gains/(Losses) on the disposal of non current assets	(303)	(102)
<b>Total</b>	<b>2,261</b>	<b>2,642</b>

## Note 7 Financing and Investment Income and Expenditure

	2019/20	2020/21
	£000s	£000s
Pensions net interest cost less administration expenses	1,059	937
Interest receivable and similar income	(1,003)	(865)
Income and expenditure in relation to investment properties and changes in their fair values	(1,973)	(1,838)
Changes to fair value of investments in Pooled Investment Funds	404	(267)
<b>Total</b>	<b>(1,513)</b>	<b>(2,033)</b>

## Note 8 Taxation and Non-Specific Grant Income

	2019/20	2019/20	2020/21
	£000s	Restated £000s	£000s
Council Tax income	(8,616)	(8,616)	(8,848)
Business Rates	(8,856)	(8,856)	(4,649)
Revenue Support Grant	0	0	0
Non Specific Revenue Grants & Contributions	(6,389)	(6,389)	(7,762)
Capital grants and contributions	(1,284)	(1,284)	(3,193)
Right to Buy Clawback	(6,538)	(4,554)	(583)
<b>Total</b>	<b>(31,683)</b>	<b>(29,699)</b>	<b>(25,035)</b>

## Note 9 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) 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 priorities. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2019/20			2019/20 Restated			2020/21			
Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	
£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
2,045	3,726	5,771	2,045	3,726	5,771	Supporting People	2,493	3,713	6,206
(1,978)	1,475	(503)	(1,978)	1,475	(503)	Strong Economy and Places	(323)	1,836	1,513
4,162	132	4,294	4,162	132	4,294	Sustainable Environment	4,397	187	4,584
5,231	1,308	6,539	5,231	1,308	6,539	Central and Support Costs	4,759	249	5,008
9,460	6,641	16,101	9,460	6,641	16,101	Net Cost of Services	11,326	5,985	17,311
						Other Income and Expenditure	(27,015)	2,589	(24,426)
(19,302)	(11,633)	(30,935)	(19,302)	(9,649)	(28,951)	Surplus on the provision of Services	(15,689)	8,574	(7,115)
(9,842)	(4,992)	(14,834)	(9,842)	(3,008)	(12,850)	Opening General Fund Balance	67,900		
58,058			58,058			Plus Surplus on General Fund Balance in Year	15,689		
9,842			9,842			Closing General Fund Balance at 31 March	83,589		
67,900			67,900						

A breakdown of the material items included in 'Net Expenditure chargeable to the General Fund Balance' column above is shown below:

2019/20			2020/21			
Depreciation and amortisation	Impairment of Assets	Revenues from external customers	Depreciation and amortisation	Impairment of Assets	Revenues from external customers	
£000s	£000s	£000s	£000s	£000s	£000s	
1,326	122	(1,046)	Supporting People	1,442	(27)	(1,058)
95	94	(5,751)	Strong Economy and Places	153	349	(4,069)
11	119	(1,906)	Sustainable Environment	9	101	(1,984)
1,136	0	(315)	Central and Support Costs	1,020	0	(281)
<b>2,568</b>	<b>335</b>	<b>(9,018)</b>	<b>TOTAL</b>	<b>2,624</b>	<b>423</b>	<b>(7,392)</b>

## Note 9 Expenditure and Funding Analysis (continued)

### Breakdown of Adjustments between Funding and Accounting Basis 2019/20:

Adjustments from general Fund to arrive at the Comprehensive Income & Expenditure Statement amounts	Adjustments for capital purposes	Net change for pension adjustments	Other differences	Total adjustments
	£000s	£000s	£000s	£000s
Supporting People	3,103	238	385	3,726
Strong Economy and Places	215	477	783	1,475
Sustainable Environment	132	0	0	132
Central and Support Costs	1,136	172	0	1,308
<b>Net Cost of Services</b>	<b>4,586</b>	<b>887</b>	<b>1,168</b>	<b>6,641</b>
Other income and expenditure from the Expenditure and Funding Analysis	(12,041)	1,059	(651)	(11,633)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(7,455)</b>	<b>1,946</b>	<b>517</b>	<b>(4,992)</b>

### Breakdown of Adjustments between Funding and Accounting Basis 2019/20 Restated:

Adjustments from general Fund to arrive at the Comprehensive Income & Expenditure Statement amounts	Adjustments for capital purposes	Net change for pension adjustments	Other differences	Total adjustments
	£000s	£000s	£000s	£000s
Supporting People	3,103	238	385	3,726
Strong Economy and Places	215	477	783	1,475
Sustainable Environment	132	0	0	132
Central and Support Costs	1,136	172	0	1,308
<b>Net Cost of Services</b>	<b>4,586</b>	<b>887</b>	<b>1,168</b>	<b>6,641</b>
Other income and expenditure from the Expenditure and Funding Analysis	(10,057)	1,059	(651)	(9,649)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(5,471)</b>	<b>1,946</b>	<b>517</b>	<b>(3,008)</b>

## Note 9 Expenditure and Funding Analysis (continued)

Breakdown of Adjustments between Funding and Accounting Basis 2020/21:

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 9a)	Net change for Pensions Adjustments (Note 9b)	Other differences (Note 9c)	Total Adjustments
	£000s	£000s	£000s	£000s
Supporting People	10,788	183	(7,258)	3,713
Strong Economy and Places	533	281	1,022	1,836
Sustainable Environment	114	73	0	187
Central and Support Costs	1,020	(771)	0	249
<b>Net Cost of Services</b>	<b>12,455</b>	<b>(234)</b>	<b>(6,236)</b>	<b>5,985</b>
Other income and expenditure from the Expenditure and Funding Analysis	(13,058)	937	14,710	2,589
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(603)</b>	<b>703</b>	<b>8,474</b>	<b>8,574</b>

### Adjustment for Capital Purposes (Note 9a)

This column adds in depreciation and impairment 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 with conditions which were satisfied in the year.



## Note 9 Expenditure and Funding Analysis (continued)

### Net Change for the Pensions Adjustments (note 9b)

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

- For services, this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and Investment Income and Expenditure - the net interest on the defined liability is charges to the CIES.

### Other Differences (note 9c)

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For Financing and Investment Income and Expenditure, the “other differences” column recognises impairment of financial assets and adjustments to the General Fund for the timing differences for premiums and discounts.
- 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 Business Rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference, as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

## Note 10 Officer Remuneration

The remuneration paid to the Council's senior employees is as follows:

Post Title		Salary	Travel Expenses	Subsistence Expenses	Lease Car Alternative	Pension Contributions	Total
		£	£	£	£	£	£
Joint Chief Executive / Managing Director (to 31/07/2020)	2020/21	57,987.54	0.00	0.00	1,533.32	8,254.28	67,775.14
	2019/20	135,315.96	769.95	34.90	4,599.96	20,026.80	160,747.57
Joint Chief Executive (from 01/08/2020)	2020/21	86,575.03	0.00	0.00	3,066.64	15,843.23	105,484.90
Deputy Managing Director (to 31/07/2020)	2020/21	28,713.00	130.05	2.40	1,533.32	5,254.48	35,633.25
	2019/20	86,139.00	882.90	47.60	4,599.96	12,748.56	104,418.02
Deputy Chief Executive and Section 151 Officer (from 12/10/2020)	2020/21	40,799.45	0.00	0.00	2,163.96	7,466.29	50,429.70
Director of Economy and Environment	2020/21	86,727.99	0.00	0.00	3,399.96	15,871.23	105,999.18
	2019/20	84,407.04	0.00	0.00	3,399.96	12,492.24	100,299.24
Director of Housing and Communities	2020/21	86,727.99	0.00	0.00	3,399.96	15,871.23	105,999.18
	2019/20	84,407.04	316.35	0.00	3,399.96	12,492.24	100,615.59

### Notes:

- The Joint Chief Executive, the Director of Housing & Communities and the Director of Economy and Environment are joint posts working for both Wychavon District Council and Malvern Hills District Council. They are formally employed by Wychavon, and Malvern Hills District Council is recharged 43.5% of their remuneration.
- The Deputy Chief Executive and Section 151 Officer is part of the Joint Senior Management Team with Malvern Hills District Council.
- The Director of Planning & Infrastructure is a joint post with Malvern Hills District Council. The individual is employed by Malvern Hills District Council and Wychavon is recharged 56.5% of their remuneration.

## Note 10 Officer Remuneration (continued)

- The Director of Legal & Governance is a joint post with Malvern Hills District Council. The individual is employed by Malvern Hills District Council and Wychavon is recharged 56% of their remuneration.
- The Joint Chief Executive / Managing Director left the post on the 31/07/2020. This post was re-titled to Joint Chief Executive, and the position commenced from 01/08/2020.
- The Deputy Managing Director left the post on the 31/07/2020. This post was re-titled to Deputy Chief Executive and Section 151 Officer, and the post holder commenced on 12/10/2020.

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts.

	2019/2020	2020/2021
Remuneration Band	Number of Employees	Number of Employees
£50,000 - £54,999	4	4
£55,000 - £59,999	3	4
£60,000 - £64,999	1	2

The numbers of exit packages with total cost per band are set out in the table below:

Exit package cost band (including special payments)	Total number of exit packages		Total cost of exit packages in each band	
	2019/20	2020/21	2019/20	2020/21
£0 - £20,000	3	0	23,302	0
£20,001 - £40,000	0	0	0	0
£40,000 - £60,000	0	0	0	0
<b>Total cost included in bandings and in the CIES</b>			<b>23,302</b>	<b>0</b>

### Trade Union Facility Time:

Wychavon District Council recognises UNISON for collective bargaining purposes. Facility time details for the period 1 April 2020 to 31 March 2021 were as follows:

## Note 10 Officer Remuneration (continued)

Number of employees who were relevant union officials in the relevant period	4
Full time equivalent employee number	2.96
Percentage of working hours spent on facility time:	
0% of working hours	0
1% to 50% of working hours	4
51% to 99% of working hours	0
100% of working hours	0
Total pay bill	£9,558,905
Total cost of facility time	£1,243
Percentage of pay spent on facility time	0.01%
Hours spent on paid facility time	72
Hours spent on paid trade union activities	1
Percentage of hours spent on paid facility time	0%

## Note 11 Members' Allowances

The Council paid the following amounts to members of the Council during the year:

	2019/2020	2020/2021
Total	£305,143	<b>£300,363</b>

## Note 12 External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts:

	2019/20	2020/21
	£000s	£000s
Fees payable to Ernst & Young LLP with regard to external audit services carried out by the appointed auditor for the year	40	33
Fees payable in respect to Ernst & Young LLP during the year for housing benefit subsidy audit (estimate for 20/21)	10	10
Fees payable in respect to Ernst & Young LLP during the year for housing benefit 40+ audit (estimate for 20/21)	0	10
PSAA - Refund of Fees	(4)	0
<b>Total</b>	<b>46</b>	<b>53</b>

The external auditors Ernst & Young LLP were appointed to audit the Council's accounts and provide a value for money opinion with effect from the 2015/16 financial year. Following a tender process carried out by Public Sector Audit Appointments Limited (PSAA), on behalf of the Council, the same auditors have been appointed for a five-year period with effect from 2018/19.

## Note 13 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020/2021:

	2019/2020	2019/2020	2020/2021		2019/2020	2019/2020	2020/2021
	£000s	Restated £000s	£000s		£000s	Restated £000s	£000s
<b>Government Grants</b>				<b>Other Grants</b>			
<b>Credited to Taxation and Non Specific Income</b>				<b>Credited to Services</b>			
MHCLG - Covid-19 Emergency Grant Funding	0	0	(1,738)	Sport England - National Leisure Recovery Fund	0	0	(290)
MHCLG - New Homes Bonus	(4,390)	(4,390)	(4,732)	Other Grants	(339)	(339)	(370)
MHCLG - NNDR Section 31 Grants	(92)	(92)	(9,400)	<b>Total</b>	<b>(339)</b>	<b>(339)</b>	<b>(660)</b>
MHCLG - Housing Renewal Grants - Capital - DFGs	(859)	(859)	(1,252)	<b>Contributions</b>			
MHCLG - Getting Building Fund	0	0	(600)	<b>Credited to Taxation and Non Specific Income</b>			
Football Foundation - Evesham 3G Pitch	0	0	(513)	Section 106 Contributions	(1,989)	(1,989)	(24)
BEIS - Public Sector Decarbonisation Scheme	0	0	(418)	Right to Buy Clawback	(411)	(411)	(570)
MHCLG - Sales, Fees & Charges Compensation Grant	0	0	(1,212)	Voluntary Right to Buy Clawback	(6,127)	(4,143)	(13)
MHCLG - Local Taxation Income Guarantee Scheme - NNC	0	0	(627)	Community Infrastructure Levy	(301)	(301)	(330)
Other	(9)	(9)	(183)	Other	(125)	(124)	(23)
<b>Total</b>	<b>(5,350)</b>	<b>(5,350)</b>	<b>(20,675)</b>	<b>Total</b>	<b>(8,953)</b>	<b>(6,968)</b>	<b>(960)</b>
<b>Credited to Services</b>				<b>Credited to Services</b>			
DWP - Housing Benefits Subsidy	(22,868)	(22,868)	(21,310)	Malvern Hills District Council - Contributions to Shared Services	(2,190)	(2,190)	(2,267)
DWP - Housing Benefits Administration	(258)	(258)	(276)	Worcester City Council - Contributions to Shared Services	(1,824)	(1,824)	(1,797)
MHCLG - Better Care Fund / Disabled Facilities Grants	(244)	(244)	0	Bromsgrove DC - Contribution to Parking Services	(223)	(223)	(242)
MHCLG - Flexible Homelessness Support Grant	(223)	(223)	(223)	Other	(1,695)	(1,695)	(1,441)
MHCLG - Council Tax Hardship Fund	0	0	(767)	<b>Total</b>	<b>(5,932)</b>	<b>(5,932)</b>	<b>(5,747)</b>
MHCLG - Next Steps Accommodation Programme	0	0	(446)				
MHCLG - Cyber Resilience Grant	0	0	(200)				
BEIS - Social Housing Decarbonisation Grant	0	0	(5,800)				
BEIS - Green Homes Grant Local Authority Delivery Scheme	0	0	(2,087)				
BEIS - Local Authority Discretionary Fund	0	0	(1,480)				
BEIS - Business Grants New Burdens	0	0	(247)				
BEIS - Local Restrictions Support Grant (Open)	0	0	(761)				
BEIS - Additional Restrictions Grant	0	0	(3,494)				
Other	(1,379)	(1,379)	(1,210)				
<b>Total</b>	<b>(24,972)</b>	<b>(24,972)</b>	<b>(38,301)</b>				

## Note 14 Pension Costs

As part of the terms and conditions of employment of its staff, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make payments and to disclose them at the time that employees earn their future entitlement.

The council participates in one defined benefit pension scheme, the Local Government Pension Scheme (LGPS), administered by Worcestershire County Council. This is a funded, defined benefit, career average revalued earnings (CARE) scheme. This means that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

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

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

### **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 benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

## Note 14 Pension Costs (continued)

	Local Government Pension Scheme 2019/2020 £000s	Local Government Pension Scheme 2020/2021 £000s	Unfunded Discretionary Benefits 2019/2020 £000s	Unfunded Discretionary Benefits 2020/2021 £000s	Total 2019/20 £000s	Total 2020/21 £000s
<b>COMPREHENSIVE STATEMENT OF INCOME &amp; EXPENDITURE</b>						
<b>Cost of services:</b>						
Service cost comprising:						
- current service cost	(2,099)	(2,057)	0	0	(2,099)	(2,057)
- past service cost	(1,134)	0	0	0	(1,134)	0
- loss from settlements & curtailments	(5)	0	0	0	(5)	0
<b>Financing and Investment Income &amp; Expenditure</b>						
- net interest expense	(967)	(857)	(67)	(54)	(1,034)	(911)
- administration	(25)	(26)	0	0	(25)	(26)
<b>Total Post-Employment Benefit Charged to the Surplus/Deficit on the Provision of Services</b>	<b>(4,230)</b>	<b>(2,940)</b>	<b>(67)</b>	<b>(54)</b>	<b>(4,297)</b>	<b>(2,994)</b>
<b>Other Post-employment Benefits Charged to the Comprehensive Statement of Income &amp; Expenditure</b>						
Remeasurements of the net defined benefit (pension) liability comprising:						
- Return on plan assets (excluding the amount included in the net interest expense)	(3,050)	12,962	0	0	(3,050)	12,962
- Actuarial gains and losses arising on changes in financial assumptions	2,150	(15,280)	31	(232)	2,181	(15,512)
- Actuarial gains and losses arising on changes in demographic assumptions	3,133	0	71	0	3,204	0
- Actuarial gains and losses arising on changes in experience	(138)	1,985	384	54	246	2,039
<b>Total remeasurements recognised in Other Comprehensive Income</b>	<b>2,095</b>	<b>(333)</b>	<b>486</b>	<b>(178)</b>	<b>2,581</b>	<b>(511)</b>
Cost of Business Combination (net)	0	0	0	0	0	0
<b>Total Post-employment Benefits Charged to the Comprehensive Statement of Income &amp; Expenditure</b>	<b>(2,135)</b>	<b>(3,273)</b>	<b>419</b>	<b>(232)</b>	<b>(1,716)</b>	<b>(3,505)</b>
<b>Movement in Reserves Statement</b>						
- Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(4,230)	(2,940)	(67)	(54)	(4,297)	(2,994)
<b>Actual Amount Charged Against the General Fund Balance for Pensions in the Year</b>						
- Employer's contributions payable to the scheme	2,155	2,100	196	191	2,351	2,291
- Retirement benefits payable to pensioners	2,082	2,966	196	191	2,278	3,157



## Note 14 Pension Costs (continued)

### Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme	Local Government Pension Scheme	Unfunded Discretionary Benefits	Unfunded Discretionary Benefits	Total	Total
	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021
	£000s	£000s	£000s	£000s	£000s	£000s
Present value of the defined benefit obligation (liability)	99,293	114,469	2,303	2,344	101,596	116,813
Fair value of plan assets	(57,837)	(71,840)	0	0	(57,837)	(71,840)
<b>Net liability arising from defined benefit obligation</b>	<b>41,456</b>	<b>42,629</b>	<b>2,303</b>	<b>2,344</b>	<b>43,759</b>	<b>44,973</b>

### Reconciliation of the Movements in the Fair Value of Scheme Assets

	Local Government Pension Scheme	Local Government Pension Scheme	Unfunded Discretionary Benefits	Unfunded Discretionary Benefits	Total	Total
	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Opening balance at 1 April</b>	<b>58,976</b>	<b>57,837</b>	<b>0</b>	<b>0</b>	<b>58,976</b>	<b>57,837</b>
The return on plan assets, excluding the amount included in the net interest expense	1,441	1,494	0	0	1,441	1,494
Remeasurement gain/(loss):						
- The return on plan assets, excluding the amount included in the net interest expense	(3,050)	12,962	0	0	(3,050)	12,962
Administration expenses	(25)	(26)	0	0	(25)	(26)
Employer contributions	2,155	2,100	196	191	2,351	2,291
Employee contributions	422	439	0	0	422	439
Benefits paid	(2,082)	(2,966)	(196)	(191)	(2,278)	(3,157)
Other - Business combinations	0	0	0	0	0	0
<b>Closing balance at 31 March</b>	<b>57,837</b>	<b>71,840</b>	<b>0</b>	<b>0</b>	<b>57,837</b>	<b>71,840</b>

## Note 14 Pension Costs (continued)

### Reconciliation of Present Value of the Scheme Liabilities

	Local Government Pension Scheme 2019/2020	Local Government Pension Scheme 2020/2021	Unfunded Discretionary Benefits 2019/2020	Unfunded Discretionary Benefits 2020/2021	Total 2019/2020	Total 2020/2021
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Opening balance as at 1 April</b>	100,452	99,293	2,918	2,303	103,370	101,596
Current service cost	2,099	2,057	0	0	2,099	2,057
Interest cost	2,408	2,351	67	54	2,475	2,405
Employees' contributions	422	439	0	0	422	439
Past service cost (gain)	1,134	0	0	0	1,134	0
Remeasurement (gains) and losses:						
- Experience (gain)/loss	138	(1,985)	(384)	(54)	(246)	(2,039)
- Actuarial (gains)/ losses arising from changes in demographic assumptions	(3,133)	0	(71)	0	(3,204)	0
- Actuarial (gains)/losses arising from changes in financial assumptions	(2,150)	15,280	(31)	232	(2,181)	15,512
Losses on curtailment	5	0	0	0	5	0
Liabilities extinguished on settlements	0	0	0	0	0	0
Benefits paid	(2,082)	(2,966)	(196)	(191)	(2,278)	(3,157)
Liabilities assumed on business combinations	0	0	0	0	0	0
<b>Closing balance as at 31 March</b>	<b>99,293</b>	<b>114,469</b>	<b>2,303</b>	<b>2,344</b>	<b>101,596</b>	<b>116,813</b>

### Local Government Pension scheme assets comprised:

	Fair Value of Scheme Assets			Fair Value of Scheme Assets	
	2019/2020 £000s	2020/2021 £000s		2019/2020 £000s	2020/2021 £000s
<b>Cash and cash equivalents</b>	364	0	<b>Property:</b>		
<b>Equity Instruments:</b>			- European Property Funds	1,330	1,373
- UK quoted	114	86	- UK Property Debt	405	275
- Overseas quoted	13,993	22,491	- Overseas property Debt	289	206
- PIV UK Managed Funds	7,285	9,976	- UK Property Funds	1,214	1,442
- PIV UK Managed Funds (overseas equities)	19,370	28,354	- Overseas REITs	116	69
- PIV Overseas Managed Funds	58	88	<b>Sub-total Property</b>	<b>3,354</b>	<b>3,365</b>
<b>Sub-total Equity Instruments</b>	<b>40,820</b>	<b>60,995</b>	<b>Alternatives:</b>		
<b>Bonds:</b>			- UK Infrastructure	2,833	2,798
- UK corporate	231	0	- European Infrastructure	1,561	1,990
- Overseas Corporate	2,660	0	- US Infrastructure	1,041	1,493
- Other Bonds	0	64	- UK Stock Options	405	249
- UK Government Fixed	4,163	0	- Overseas Stock Options	(347)	62
- Overseas Government	58	0	- Corporate Private Debt	694	808
<b>Sub-total Bonds</b>	<b>7,112</b>	<b>64</b>	<b>Sub-total Alternatives</b>	<b>6,187</b>	<b>7,400</b>
			<b>Total Assets</b>	<b>57,837</b>	<b>71,824</b>

## Note 14 Pension Costs (continued)

All scheme assets have quoted prices in active markets.

### 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 about mortality rates, salary levels, etc.

Both the Local Government Pension Scheme and unfunded discretionary benefits liabilities have been estimated by Mercer Limited, an independent firm of actuaries. The last full valuation of the scheme was at 31 March 2019.

The principal assumptions used by the actuary have been:

	2019/2020	2020/2021
<b>Mortality assumptions:</b>		
Longevity at 65 for current pensioners:		
- Male	22.6 years	22.7 years
- Female	25 years	25.1 years
Longevity at 65 for future pensioners:		
- Male	24.2 years	24.4 years
- Female	27 years	27.1 years
<b>Other:</b>		
Rate of inflation (CPI)	2.1%	2.7%
Rate of increase in salaries	3.6%	4.2%
Rate of increase in pensions	2.2%	2.8%
Rate of discounting scheme liabilities	2.4%	2.1%

The estimation of the defined benefit pension obligation (pension liability) is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on the reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption being 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.

## Note 14 Pension Costs (continued)

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 Obligations in the Scheme	Impact on Plan Assets
	£000s	£000s
Longevity (increase or decrease in 1 year) * increase in longevity increases liability	3,540	0
Rate of inflation (increase or decrease by 0.1%) * increase in inflation increases liability	1,846	0
Rate of increase in salaries (increase or decrease by 0.1%) * increase in salaries increases liability	223	0
Rate of discounting scheme liabilities (increase or decrease by 0.1%) * increase in discount decreases liability	1,818	0
Change in 2020/21 investment returns (increase or decrease by 1%) * increase in investment returns increases asset	0	763

### 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 15 years from the last pension valuation on 31 March 2019. Funding levels are monitored on an annual basis.

The Council anticipates it will pay £2.298m expected contributions to the scheme in 2021/22.

The weighted average duration of the defined benefit obligation for scheme members is 16 years for 2020/21.

Statutory arrangements for funding the pension fund deficit mean that the financial position of the Council remains healthy, as the deficit will be made good either through improved fund performance or increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

## Note 14 Pension Costs (continued)

### Pensions Liability Relating to the Worcestershire Shared Service Joint Committee

Wychavon's Regulatory Services (Environmental Health and Licensing) functions are carried out by the Worcestershire Shared Services Partnership arrangement between various Worcestershire Authorities. This shared service is hosted by Bromsgrove District Council. The income and expenditure incurred by the shared service is accounted for in the host authority's accounts. The assets and liabilities of the pension scheme are the joint responsibility of the partnership and are accounted for in full in the host authority's accounts.

The pension assets and liabilities for the shared services that are attributable to Wychavon at 31 March 2021 are as follows:

	Regulatory Services 31 March 2020	Regulatory Services 31 March 2021
	£000s	£000s
Present Value of Liabilities	(7,658)	(9,253)
Fair Value of Assets	5,406	6,128
Surplus or (Deficit) in the Scheme	(2,252)	(3,125)

## Note 15 Revenue from Contracts with Service Recipients

The following amounts are included in the Comprehensive Income and Expenditure Account for Contracts with Service Recipients:

2019/20	Revenue from Contracts with Service Recipients	2020/21
£000s		£000s
1,906	Sustainable Environment	1,983
4,680	Strong Economy and Places	2,719
417	Supporting People	331
204	Central and support costs	239
7,207		5,272

**Note 15 Revenue from Contracts with Service Recipients (continued)**

All material income from the Councils contracts with Service Recipients is accounted for as received so there are no material items on the balance sheet relating to Contracts with Service Recipients.

In addition, there is no further revenue expected to be recognised in future related to performance obligations unsatisfied or potentially satisfied at the year end.

**Note 16 Expenditure on Publicity**

Councils are required to identify the cost of publicity during the year which has been included in the Income and Expenditure Account.

Publicity is defined as “any communication, in whatever form, addressed to the public at large or to a section of the public”. The figures shown below are inclusive of recruitment advertising.

	2019/2020	2020/2021
	£000s	£000s
Total spend on publicity	116	133

**Note 17 Building Control**

Councils are required to publish their costs of providing a Building Control service and the income generated. For the chargeable service, income is not expected to exceed expenditure when averaged out over a three-year rolling period.

	Non-chargeable		Chargeable	
	2019/2020	2020/2021	2019/2020	2020/2021
	£000s	£000s	£000s	£000s
Expenditure	2	0	195	187
Income	0	0	(207)	(209)
Net cost of service	2	0	(12)	(22)



Notes Supporting the Movement in Reserves Statement

# Note 18 Adjustments between Accounting Basis and Funding Basis under Regulations

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

	Usable Reserves			
	General Fund Balance £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied £000s	Movements in Unusable Reserves £000s
<b>2020/2021</b>				
<b>Adjustments involving the Capital Adjustment Account</b>				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Changes for depreciation and impairment of non current assets	3,047	0	0	(3,047)
Movement in the fair value of Investment properties	34	0	0	(34)
Revenue expenditure funded from capital under statute	9,407	0	0	(9,407)
Minimum Revenue Provision	(200)	0	0	200
Kickstart Loan movement in value	(2)	0	0	2
Application of grants to capital financing	(1,312)	0	0	1,312
	10,974	0	0	(10,974)
<b>Adjustments involving the Capital Grants Unapplied Account</b>				
Capital grants and contributions unapplied credited to the CIES	(1,881)	0	1,881	0
Revenue contribution to capital	(9,011)	0	0	9,011
Application of grants to capital financing	0	0	(843)	843
	(10,892)	0	1,038	9,854
<b>Adjustments involving the Capital Receipts Reserve</b>				
Transfer of sale proceeds as part of the gain/loss on disposal to the CIES	(100)	100	0	0
Repayments of improvements grants	(3)	3	0	0
Payments to Housing Capital Receipts Pool	1	(1)	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(1,228)	0	1,228
Capital expenditure written back to Capital Receipts	0	1	0	(1)
Right to Buy clawback	(583)	583	0	0
Repayment of loan principal	0	4	0	(4)
	(685)	(538)	0	1,223
<b>Adjustments involving the Pensions Reserve</b>				
Reversal of items relating to retirement benefits debited or credited to the CIES	2,994	0	0	(2,994)
Employers' pension contributions and direct payments to pensioners payable in the year	(2,291)	0	0	2,291
	703	0	0	(703)
<b>Adjustments involving Pooled Investment Adjustments Account</b>				
Adjustment to fair value of pooled investments in accordance with statutory requirements	(267)	0	0	267
	(267)	0	0	267
<b>Adjustments involving the Financial Instrument Adjustments Account</b>				
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(224)	0	0	224
	(224)	0	0	224
<b>Adjustments involving the Collection Fund Adjustment Account</b>				
Amount by which Council Tax and NNDR credited to the CIES is different from Council Tax and NNDR income calculated for the year in accordance with statutory requirements	8,965	0	0	(8,965)
<b>Total Adjustments</b>	<b>8,574</b>	<b>(538)</b>	<b>1,038</b>	<b>(9,074)</b>



## Note 18 Adjustments between Accounting Basis and Funding basis under Regulations (continued)

2019/2020 Restated	Usable Reserves			
	General Fund Balance £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied £000s	Movements in Unusable Reserves £000s
<b>Adjustments involving the Capital Adjustment Account</b>				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Changes for depreciation and impairment of non current assets	2,904	0	0	(2,904)
Movement in the fair value of Investment properties	(113)	0	0	113
Revenue expenditure funded from capital under statute	1,682	0	0	(1,682)
Non current assets written off on disposal	675	0	0	(675)
Minimum Revenue Provision	(200)	0	0	200
Kickstart Loan movement in value	(1)	0	0	1
	<u>4,947</u>	<u>0</u>	<u>0</u>	<u>(4,947)</u>
<b>Statement</b>				
Capital expenditure charged against the General Fund	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Adjustments involving the Capital Grants Unapplied Account</b>				
Capital grants and contributions unapplied credited to the CIES	(1,284)	0	1,284	0
Revenue contribution to capital	(3,603)	0	0	3,603
Application of grants to capital financing				
Capital contribution to revenue				
Application of grants to capital financing	0	0	(850)	850
	<u>(4,887)</u>	<u>0</u>	<u>434</u>	<u>4,453</u>
<b>Adjustments involving the Capital Receipts Reserve</b>				
Transfer of sale proceeds as part of the gain/loss on disposal to the CIES	(978)	978	0	0
Payments to Housing Capital Receipts Pool	1	1	0	(2)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(733)	0	733
Capital expenditure written back to Capital Receipts	0	0	0	0
Right to Buy clawback	(4,554)	4,554	0	0
Repayment of loan principal	0	524	0	(524)
	<u>(5,531)</u>	<u>5,324</u>	<u>0</u>	<u>207</u>
<b>Adjustments involving the Pensions Reserve</b>				
Reversal of items relating to retirement benefits debited or credited to the CIES	4,297	0	0	(4,297)
Employers' pension contributions and direct payments to pensioners payable in the year	(2,351)	0	0	2,351
	<u>1,946</u>	<u>0</u>	<u>0</u>	<u>(1,946)</u>
<b>Adjustments involving Pooled Investment Adjustments Account</b>				
Adjustment to fair value of pooled investments in accordance with statutory requirements	404	0	0	(404)
	<u>404</u>	<u>0</u>	<u>0</u>	<u>(404)</u>
<b>Adjustments involving the Financial Instrument Adjustments Account</b>				
the year in accordance with statutory requirements	(450)	0	0	450
	<u>(450)</u>	<u>0</u>	<u>0</u>	<u>450</u>
<b>Adjustments involving the Collection Fund Adjustment Account</b>				
Amount by which Council Tax and NNDR credited to the CIES is different from Council Tax and NNDR income calculated for the year in accordance with statutory requirements	563	0	0	(563)
<b>Total Adjustments</b>	<b>(3,008)</b>	<b>5,324</b>	<b>434</b>	<b>(2,750)</b>

## Note 18 Adjustments between Accounting Basis and Funding basis under Regulations (Continued)

	Usable Reserves			
	General Fund Balance £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied £000s	Movements in Unusable Reserves £000s
<b>2019/2020</b>				
<b>Adjustments involving the Capital Adjustment Account</b>				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Changes for depreciation and impairment of non current assets	2,904	0	0	(2,904)
Movement in the fair value of Investment properties	(113)	0	0	113
Revenue expenditure funded from capital under statute	1,682	0	0	(1,682)
Non current assets written off on disposal	675	0	0	(675)
Minimum Revenue Provision	(200)	0	0	200
Kickstart Loan movement in value	(1)	0	0	1
	<u>4,947</u>	<u>0</u>	<u>0</u>	<u>(4,947)</u>
<b>Statement</b>				
Capital expenditure charged against the General Fund	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Adjustments involving the Capital Grants Unapplied Account</b>				
Capital grants and contributions unapplied credited to the CIES	(1,284)	0	1,284	0
Revenue contribution to capital	(3,603)	0	0	3,603
Application of grants to capital financing				
Capital contribution to revenue				
Application of grants to capital financing	0	0	(850)	850
	<u>(4,887)</u>	<u>0</u>	<u>434</u>	<u>4,453</u>
<b>Adjustments involving the Capital Receipts Reserve</b>				
Transfer of sale proceeds as part of the gain/loss on disposal to the CIES	(978)	978	0	0
Payments to Housing Capital Receipts Pool	1	1	0	(2)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(733)	0	733
Capital expenditure written back to Capital Receipts	0	0	0	0
Right to Buy clawback	(6,538)	6,538	0	0
Repayment of loan principal	0	524	0	(524)
	<u>(7,515)</u>	<u>7,308</u>	<u>0</u>	<u>207</u>
<b>Adjustments involving the Pensions Reserve</b>				
Reversal of items relating to retirement benefits debited or credited to the CIES	4,297	0	0	(4,297)
Employers' pension contributions and direct payments to pensioners payable in the year	(2,351)	0	0	2,351
	<u>1,946</u>	<u>0</u>	<u>0</u>	<u>(1,946)</u>
<b>Adjustments involving Pooled Investment Adjustments Account</b>				
Adjustment to fair value of pooled investments in accordance with statutory requirements	404	0	0	(404)
	<u>404</u>	<u>0</u>	<u>0</u>	<u>(404)</u>
<b>Adjustments involving the Financial Instrument Adjustments Account</b>				
the year in accordance with statutory requirements	(450)	0	0	450
	<u>(450)</u>	<u>0</u>	<u>0</u>	<u>450</u>
<b>Adjustments involving the Collection Fund Adjustment Account</b>				
Amount by which Council Tax and NNDR credited to the CIES is different from Council Tax and NNDR income calculated for the year in accordance with statutory requirements	563	0	0	(563)
<b>Total Adjustments</b>	<b>(4,992)</b>	<b>7,308</b>	<b>434</b>	<b>(2,750)</b>

## Note 19 Unusable Reserves

	31 March 2020	31 March 2021
	£000s	£000s
Revaluation Reserve	44,109	38,547
Financial Instruments Adjustment Account	747	971
Capital Adjustment Account	54,250	56,364
Pensions Reserve	(43,759)	(44,973)
Deferred Capital Receipts Reserve	88	87
Pooled Investment Funds Adj. Account	(478)	(211)
Collection Fund Adjustment Account	229	(8,736)
<b>TOTAL UNUSABLE RESERVES</b>	<b>55,186</b>	<b>42,049</b>

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment. 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 are consolidated into the balance on the Capital Adjustment Account.

	2019/20	2020/21
	£000s	£000s
<b>Balance at 1 April</b>	(43,279)	(44,109)
Upward revaluation of assets	(5,060)	(4,567)
Downward revaluation of assets and impairment	1,710	8,119
Amounts written out to the Capital Adjustment Account	2,043	2,010
Accumulated gains on assets sold or scrapped	477	0
<b>Balance at 31 March</b>	<b>(44,109)</b>	<b>(38,547)</b>

## Note 19 Unusable Reserves (continued)

### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The account is used to manage the interest free loan made to Droitwich Boxing Club in 2013/14, which is deemed to be a soft loan.

A loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest forgone over the life of the loan. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax and managed by a transfer to the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

The Financial Instruments Adjustment Account also recognises lease incentives resulting from rent free periods. The CIPFA Code states that these incentives should be recognised over the term of the lease. Details of these incentives are recorded at Note 38.

As stated above, over time the expense is posted back to the General Fund Balance in accordance with statutory arrangements.

	2019/2020	2020/2021
	£000s	£000s
<b>Balance at 1 April</b>	297	747
Soft loan - Droitwich Boxing Club	2	2
Deferred rental income	448	222
<b>Balance at 31 March</b>	747	971

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets, for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair values to an historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

## Note 19 Unusable Reserves (continued)

The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Council.

The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 18 provides details of the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2019/2020	2020/2021
	£000s	£000s
<b>Balance as at 1 April</b>	(52,016)	<b>(54,250)</b>
<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</i>		
Charge for the depreciation and impairment of non-current assets	2,904	<b>3,047</b>
Revenue expenditure funded from capital under statute	1,682	<b>9,407</b>
Changes to the value of outstanding loans	0	<b>(1)</b>
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 Account	675	<b>0</b>
	(46,755)	<b>(41,797)</b>
Adjusting amounts written out of the Revaluation Reserve	(2,520)	<b>(2,010)</b>
<i>Net amount written out of the cost of non-current assets consumed in the year</i>	(49,275)	<b>(43,807)</b>
<b>Capital financing applied in the year:</b>		
Use of the Capital Receipts Reserve to finance new capital expenditure	(733)	<b>(1,228)</b>
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(3,603)	<b>(10,323)</b>
Application of grants to capital financing from the Capital Grants Unapplied Account	(850)	<b>(843)</b>
	(54,461)	<b>(56,201)</b>
Capital expenditure charged against General Fund	(200)	<b>(200)</b>
Repayment of loan principal	524	<b>3</b>
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(113)	<b>34</b>
<b>Balance as at 31 March</b>	(54,250)	<b>(56,364)</b>

## 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 therefore shows a substantial shortfall in the benefits earned by the past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

## Note 19 Unusable Reserves (continued)

	2019/2020	2020/2021
	£000s	£000s
<b>Balance as at 1 April</b>	(44,394)	<b>(43,759)</b>
Remeasurement gains or losses on pensions assets and liabilities as per the actuary	2,581	<b>(511)</b>
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	(4,297)	<b>(2,994)</b>
Employer's pension contributions and direct payments to pensioner's payable in the year	2,351	<b>2,291</b>
Asset opening balance adjustment	0	<b>0</b>
<b>Balance at 31 March</b>	<b>(43,759)</b>	<b>(44,973)</b>

### Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2019/2020	2020/2021
	£000s	£000s
<b>Balance as at 1 April</b>	(90)	<b>(88)</b>
Transfer to the Capital Receipts Reserve upon receipt of cash	2	<b>1</b>
<b>Balance as at 31 March</b>	<b>(88)</b>	<b>(87)</b>

## Note 19 Unusable Reserves (continued)

### Pooled Investment Funds Adjustment Account

The Pooled Investment Funds Adjustments Account holds the difference on the Council's investments in the Local Authorities Property Fund and Diversified Income Fund, in order to show it at market value rather than at cost.

	2019/2020	2020/2021
	£000s	£000s
<b>Balance as at 1 April</b>	(74)	<b>(478)</b>
Notional gain/(loss) on investment	(404)	<b>267</b>
<b>Balance as at 31 March</b>	(478)	<b>(211)</b>

### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Business Rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rate payers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2019/2020	2020/2021
	£000s	£000s
<b>Balance as at 1 April</b>	792	<b>229</b>
Amount by which Council Tax income credited to the Comprehensive Income & Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	24	<b>(211)</b>
Amount by which Business Rate income credited to the Comprehensive Income & Expenditure Statement is different from Business Rate income calculated for the year in accordance with statutory requirements	(587)	<b>(8,754)</b> * see Note 20
<b>Balance as at 31 March</b>	229	<b>(8,736)</b>

## Note 20 Transfers to/from Earmarked Reserves

This note shows the amounts set aside from the General Fund balances in earmarked reserves, to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2020/21.

	Balance at 1 April 2020	Receipts in year	Payments in year	Total in year	Balance at 31 March 2021
	£000s	£000s	£000s	£000s	£000s
Developer s106 Cont-WDC Projects	(13,713)	(873)	599	(274)	(13,987)
Developer s106 Cont-Non WDC	(5,421)	(243)	395	152	(5,269)
Developer s106 Cont-WDC Non Projects	(1,735)	0	0	0	(1,735)
New Homes Bonus	(12,947)	(4,732)	1,539	(3,193)	(16,140)
Business Rates Equalisation	(4,856)	(2,250)	0	(2,250)	(7,106)
Evesham Town Centre Development	(8,800)	0	200	200	(8,600)
Business Rates Covid-19	(4,480)	0	0	0	(4,480)
Covid-19	(24)	(1,908)	24	(1,884)	(1,908)
Economic Development	(1,172)	0	19	19	(1,153)
Wychavon Leisure Support	0	(665)	0	(665)	(665)
Treasury Investments (Brexit & Markets)	(452)	(48)	0	(48)	(500)
Flexible Homeless Support Fund (MHCLG)	(399)	(227)	166	(61)	(460)
Invest To Save	(373)	0	13	13	(360)
CCLA Pooled Funds	(477)	0	266	266	(211)
Cyber Resilience Fund	0	(200)	0	(200)	(200)
Community Housing Fund	(186)	0	6	6	(180)
Pershore Hospital Maintenance	(151)	0	0	0	(151)
Homelessness Reduction Act Initiatives	(86)	(64)	0	(64)	(150)
Housing & Plan. Delivery Grant (HPDG)	(298)	0	162	162	(136)
Neighbourhood Planning	(86)	(40)	2	(38)	(124)
Willow Court Enabling Works	(145)	0	28	28	(117)
Community Grants	(94)	(148)	142	(6)	(100)
Other Miscellaneous Reserves (46 reserves)	(1,432)	(335)	394	59	(1,373)
Subtotal	(57,327)	(11,733)	3,955	(7,778)	(65,105)
				0	
Collection Fund (timing difference)**	0	(7,567)	0	(7,567)	(7,567)
<b>TOTAL EARMARKED RESERVES</b>	<b>(57,327)</b>	<b>(19,300)</b>	<b>3,955</b>	<b>(15,345)</b>	<b>(72,672)</b>

\*\* The government granted business rates relief to retail, hospitality and leisure businesses during 2020/21 and compensated councils for the loss of income with a Section 31 grant. These reliefs must be shown as a deficit on the Council's share of income in the Collection Fund Adjustment Account (CFAA) (see note 19) while the grant income must be shown in the Council's General Fund. In 2021/22 £7.036m is expected to be transferred from the CFAA to the General Fund and this will be funded from the Section 31 grant in this reserve. Note that the CFAA balance of £8.754m includes other movements and not just £7.036m which is to be funded from earmarked reserves.



## Note 20 Transfers to/from Earmarked Reserves (continued)

The reserves have been set up for the following purposes:

Reserve	Purpose
Developer s106 Contributions - WDC projects	To fund future Wychavon projects of the type stated within the various individual agreements.
Developer s106 Contributions - non-WDC projects	To fund future non Wychavon projects of the type stated within the various individual agreements.
Developer s106 Contributions - WDC non projects	To fund the maintenance of adopted open spaces.
New Homes Bonus	To fund the future costs of the various projects as per the agreed New Homes Bonus protocol.
Business Rates Equalisation	To set aside the Business Rates growth achieved in the Business rates Retention Scheme for use in offsetting possible deficits in future years.
Evesham Town Centre Development	To fund the project from revenue over the life of the asset created.
Business rates Covid-19	To fund the effects on Business rates of the Covid-19 pandemic.
Covid-19	To help fund the recovery from the Covid-19 pandemic.
Economic Development	To fund future initiatives to help the local economy.
Wychavon Leisure Support	To provide support during and immediately after the Covid-19 pandemic
Treasury Investments (Bexit & Markets)	To help fund any potential future losses.
Flexible Homeless Support Funds	To set aside funds received from MHCLG for future projects.
Invest to Save	To fund equipment and projects that in the longer term will result in savings to the Council.
CCLA Pooled Funds	To help offset any potential future losses.
Cyber Resilience Fund	To set aside funds received from MHCLG for future projects.
Community Housing Fund	A government grant to support community-led housing developments.
Pershore Hospital Maintenance	To fund the future replacement of major plant and equipment.
Homelessness Reduction Act Initiatives	To set aside funds received from MHCLG for future projects.
Housing Planning Delivery Grant	To fund future housing and planning initiatives.
Neighbourhood Planning	To set aside funds received from MHCLG for later stages of the Plan setting process.
Willow Court Enabling Works	To fund works necessary to bring the property up to a certain standard.
Community Grants	To fund approved grant applications from local groups and organisations for projects.
Other Miscellaneous Reserves	Includes the following: Homelessness Prevention, Car Parks Equipment Maintenance, Sportivate, Brexit Issues, Leisure Centre Repairs, Test & Trace / Self-Isolation Support, Reduction of Household Black Bin Waste, Social Mobility Phase 2, Private Rented Sector Access Fund, Civic Centre Plant, Youth Bus, Food Enterprise Zone, Rough Sleepers, Community Safety.



## Notes Supporting the Balance Sheet

## Note 21 Movement of Property, Plant and Equipment

The freehold and leasehold properties which make up the Council's property portfolio have been valued internally at 31 March 2021 by A Galvin and T Wright, MRICS Registered Valuers, on the undermentioned bases and in accordance with the RICS Appraisal and Valuation Manual – Valuation of Local Council Assets for Financial Statements.

The basis of valuation is as set out in the Statement of Accounting Policies. Plant and machinery are included in the valuation of buildings. Valuations are performed on a rolling basis to cover all the assets over a five year cycle. Where classes of assets have not been valued in the current year, these assets are reviewed to ensure that their carrying amount does not differ materially from their fair value.

Comparative movements in 2020/21 are as follows:

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Cost or Valuation</b>							
<u>At 1 April 2020</u>	84,151	6,282	20	827	9,836	1,916	<b>103,032</b>
Additions	379	10	0	101	245	436	<b>1,171</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(3,672)	0	0	0	120	0	<b>(3,552)</b>
Assets reclassified (to)/from Held for Sale	0	0	0	0	1,300	0	<b>1,300</b>
Reclassifications	0	0	0	0	821	(821)	<b>0</b>
<b>At 31 March 2021</b>	<b>80,858</b>	<b>6,292</b>	<b>20</b>	<b>928</b>	<b>12,322</b>	<b>1,531</b>	<b>101,951</b>
<b>Accumulated Depreciation and Impairment</b>							
<u>At 1 April 2020</u>	29,149	6,142	0	469	2,132	638	<b>38,530</b>
Depreciation Charge	2,531	19	0	0	74	0	<b>2,624</b>
Impairment losses/(Reversals) recognised in the Surplus/Deficit in the Provision of Services	74	0	0	101	248	0	<b>423</b>
Derecognition - Disposal	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2021</b>	<b>31,754</b>	<b>6,161</b>	<b>0</b>	<b>570</b>	<b>2,454</b>	<b>638</b>	<b>41,577</b>
<b>Net Book Value</b>							
<b>at 31 March 2021</b>	<b>49,104</b>	<b>131</b>	<b>20</b>	<b>358</b>	<b>9,868</b>	<b>893</b>	<b>60,374</b>
<b>at 31 March 2020</b>	<b>55,002</b>	<b>140</b>	<b>20</b>	<b>358</b>	<b>7,704</b>	<b>1,278</b>	<b>64,502</b>

## Note 21 Movement of Property, Plant and Equipment (continued)

Comparative movements in 2019/20 are as follows:

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Cost or Valuation</b>							
<u>At 1 April 2019</u>	80,488	6,165	20	725	13,565	1,508	<b>102,471</b>
Additions	608	117	0	102	1,277	408	<b>2,512</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	3,055	0	0	0	294	0	<b>3,349</b>
Assets reclassified (to)/from Held for Sale	0	0	0	0	(5,300)	0	<b>(5,300)</b>
Reclassifications	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2020</b>	<b>84,151</b>	<b>6,282</b>	<b>20</b>	<b>827</b>	<b>9,836</b>	<b>1,916</b>	<b>103,032</b>
<b>Accumulated Depreciation and Impairment</b>							
<u>At 1 April 2019</u>	26,285	6,131	0	367	1,195	638	<b>34,616</b>
Depreciation Charge	2,513	11	0	0	43	0	<b>2,567</b>
Impairment losses/(Reversals) recognised in the Surplus/Deficit in the Provision of Services	295	0	0	102	344	0	<b>741</b>
Derecognition - Disposal	56	0	0	0	550	0	<b>606</b>
<b>At 31 March 2020</b>	<b>29,149</b>	<b>6,142</b>	<b>0</b>	<b>469</b>	<b>2,132</b>	<b>638</b>	<b>38,530</b>
<b>Net Book Value</b>							
<b>at 31 March 2020</b>	<b>55,002</b>	<b>140</b>	<b>20</b>	<b>358</b>	<b>7,704</b>	<b>1,278</b>	<b>64,502</b>
<b>at 31 March 2019</b>	<b>54,203</b>	<b>34</b>	<b>20</b>	<b>358</b>	<b>12,370</b>	<b>870</b>	<b>67,855</b>

## Note 21 Movement of Property, Plant and Equipment (continued)

Information on Assets Held: non-current assets held by the Council include the following:

	Number as at 31 March 2020	Number as at 31 March 2021
Civic Centre	1	1
Leisure Centres with Swimming Pools	3	3
Outdoor Swimming Pools	1	1
Pay & Display Car Parks	23	23
Depots	2	2
Parks and Open Spaces (sites)	117	117
Public Conveniences	11	11
Retail Units	11	11
Hospital	1	1
GP Surgery	1	1

Assets are being depreciated based on their remaining useful life using the following expected life-spans:-

Asset	Lifespan (years)
Civic Centre	65
Roof	60
Mechanical and electrical	25
Droitwich Spa Lido and buildings	61
Roof	35
Mechanical and electrical	37
Leisure centres	56-70
Roof	40-42
Mechanical and electrical	34-37
Public conveniences	65
Supermarket	45
Roof	30
Mechanical and electrical	25
Other buildings	individual
IT hardware	3-5
Hospital and GP Surgery, Pershore	65
Roof	50
Mechanical and electrical	25

## Note 21 Movement of Property, Plant and Equipment (continued)

Revaluations - changes in asset values, net of impairment, may be summarised as follows:

	31 March 2020	31 March 2021
	£000s	£000s
Public Conveniences	(298)	98
Parking	996	(4,507)
Depots	48	65
Parks and Open Spaces	0	0
Swimming Pools and Leisure Complexes	1,338	(77)
Offices	971	749
Investment Properties	112	0
Heritage	0	0
Surplus Assets	294	120
Assets held for Disposal	0	0
Assets Under Construction	0	0
Vehicles Plant and Equipment	0	0
Community Assets	0	0
Sundry Land/Properties	0	0
<b>Total</b>	<b>3,461</b>	<b>(3,552)</b>

## Note 22 Heritage Assets

	Brine Pumping Station	Other Land & Buildings	Total Assets
	£000s	£000s	£000s
Cost or Valuation @ 1 April 2020	48	2	50
Addition	0	0	0
Revaluation Increase	0	0	0
Other Movements	0	(1)	(1)
Depreciation	0	0	0
<b>Cost or Valuation @ 31 March 2021</b>	<b>48</b>	<b>1</b>	<b>49</b>
Cost or Valuation @ 1 April 2019	48	2	50
Addition	0	0	0
Revaluation Increase	0	0	0
Other Movements	0	0	0
Depreciation	0	0	0
<b>Cost or Valuation @ 31 March 2020</b>	<b>48</b>	<b>2</b>	<b>50</b>

## Note 23 Investment Properties

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

	2019/2020	2020/2021
	£000s	£000s
Rental income from investment property	(1,860)	(2,733)
Net Gains / losses from fair value adjustments	(113)	34
<b>Total</b>	<b>(1,973)</b>	<b>(2,699)</b>

The following table summarises the fair value of investment properties and the movement in the fair value of those properties over the year:

	2019/2020	2020/2021
	£000s	£000s
Balance at start of the year	31,896	32,864
Acquisitions	855	24
Net gains / (losses) from fair value adjustments	113	(34)
	32,864	32,854

All the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes.

### Valuation Techniques Used to Determine Level 2 Fair Values for Investment Property

The fair value of investment property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Investment Asset portfolio. Market

conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

There has been no change in the valuation techniques used during the year for investment properties.

## Note 23 Investment Properties (continued)

### Highest and Best Use

In estimating the fair value of the Council's investment properties, the highest and best use is their current use.

### Valuation Process

The investment property portfolio has been valued at 31 March 2021 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors.

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

## Note 24 Intangible Assets

The Council accounts for its software as intangible assets and not as part of the hardware item of Property, Plant and Equipment, as it is not an integral part of a particular IT system.

All software is depreciated over 5 years, based on assessments of the period that the software is expected to be of use to the Council.

The carrying amount of intangible assets for 2020/21 is fully amortised with a net carrying value of zero. Any future purchase of intangible assets will be charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Asset balances during the year is as follows:



## Note 24 Intangible Assets (continued)

	2019/2020		2020/2021	
	Other Assets £000s	Total £000s	Other Assets £000s	Total £000s
- Gross carrying amounts	1,108	1,108	1,108	1,108
- Accumulated amortisation	(1,107)	(1,107)	(1,108)	(1,108)
Net carrying amount at start of year	1	1	0	0
Additions - purchases	0	0	0	0
Amortisation for the period	(1)	(1)	0	0
Net carrying amount at end of year	0	0	0	0
Adjusted carrying amounts:				
- Gross carrying amounts	1,108	1,108	0	0
- Accumulated amortisation	(1,108)	(1,108)	0	0
	0	0	0	0

## Note 25 Assets Held for Sale

	Current Assets		Non-current assets	
	2019/2020 £000s	2020/2021 £000s	2019/2020 £000s	2020/2021 £000s
<b>Balance outstanding at start of year</b>	358	358	4,518	10,248
Assets newly classified as held for sale				
Property, Plant and Equipment	70	0	5,430	0
Expenditure	0	0	95	(1)
Revaluation losses	0	0	(95)	1
Revaluation gains	0	0	500	0
Assets declassified as held for sale				
Property, Plant and Equipment	0	0	(200)	(1,300)
Assets sold	(70)	0	0	0
Other movements	0	0	0	0
<b>Balance outstanding at year-end</b>	358	358	10,248	8,948

Land at Vale Park, Evesham and land at Milestone Ground, Broadway are the major assets held for sale and included in the balance outstanding at 31 March 2021.

## Note 26 Financial Instruments

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

	Current (Short Term)					Non Current (Long Term)						
	Investments		Debtors			Investments		Debtors		Total		
	31/03/2020	31/03/2021	31/03/2020	31/03/2020 Restated	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2020 Restated	31/03/2021
<b><u>Financial Assets</u></b>	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Fair value through profit or loss	0	0	0	0	0	7,022	9,789	0	0	7,022	7,022	9,789
Amortised Cost	49,700	46,813	14,542	12,558	20,055	572	2,395	836	1,058	65,650	63,666	70,321
<b>Total Financial Assets</b>	49,700	46,813	14,542	12,558	20,055	7,594	12,184	836	1,058	72,672	70,688	80,110
Non-financial assets	0	0	225	225	3,948	0	0	0	0	225	225	3,948
<b>Total as per Balance Sheet</b>	49,700	46,813	14,767	12,783	24,003	7,594	12,184	836	1,058	72,897	70,913	84,058

	Current (Short Term)				Non Current (Long Term)					
	Borrowings		Creditors		Borrowings		Creditors		Total	
	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021
<b><u>Financial Liabilities</u></b>	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Amortised Cost	0	0	(12,695)	(26,289)	0	0	0	0	(12,695)	(26,289)
<b>Total Financial Liabilities</b>	0	0	(12,695)	(26,289)	0	0	0	0	(12,695)	(26,289)
Non-financial liabilities	0	0	(2,718)	(818)	0	0	0	0	(2,718)	(818)
<b>Total as per Balance Sheet</b>	0	0	(15,413)	(27,107)	0	0	0	0	(15,413)	(27,107)

## Note 26 Financial Instruments (continued)

### Value and Classification of Financial Instruments

All the financial and non-financial assets and liabilities above are carried at 'fair value'. Details of how fair value is determined for each type of financial instrument is given in the Council's accounting policy 9 on Financial Instruments. Loans and Receivables are classed as Financial Assets at amortised cost and Creditors are classed as Financial Liabilities at amortised cost. Payments in advance and receipts in advance are classed as Non-Financial Assets and Liabilities respectively.

Where an instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the carrying amount or the billed amount.

### Material Soft Loans made by the Council

Included in the long-term loans above is a loan of £100k which was made to Droitwich Boxing Club in 2013/14. This loan is an interest free loan, repayable over 25 years and is deemed to be a material soft loan. The interest rate at which this soft loan has been made is arrived at by using a fair market rate of 4%. No allowance has been added to cover the risk that the loan might not be repaid, as the loan is supported by a legal charge on the property.

	2019/2020	2020/2021
	£000s	£000s
Balance at start of year:		
<b>Opening balance</b>	54	52
Loans repaid	(4)	(4)
Increase in discounted amount during the year	2	2
<b>Closing balance at end of year</b>	52	50
Nominal value at 31 March	52	50

### Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks. As such, the key risks in relation to its financial assets are Credit Risk, the possibility that other parties might fail to pay amounts due to the Council; Liquidity Risk, the possibility that the Council might not have funds available to meet its commitments to make payments; Refinancing Risk, the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms and Market Risk, the possibility that financial loss might arise for the Council as a result of changes in interest rates.

## Note 26 Financial Instruments (continued)

The Council uses risks management practices in Treasury Management not only to minimise the risks stated above but also to manage cash flows, maximise interest receivable, etc. It minimises its risks using the following measures:

- by adopting the requirements of the CIPFA Treasury Management in the Public Services Code of Practice.
- by approving annually in advance prudential indicators for the following five years, limiting the Council's borrowing and maximum and minimum exposures to fixed and variable rates, the maturity structure of debt and exposure to investments maturing beyond a year
- by approving a Treasury Management Strategy annually, which includes an investment strategy for the forthcoming year.

In addition, Treasury Management Practices setting out clear operational procedures are followed and reviewed on a day to day basis.

**Credit Risk** - This is minimised by use of a specified list of investment counterparties, each one having a set monetary and duration maximum limit. The Council receives credit rating details from its treasury management advisers daily. It also monitors various websites and the Financial Times newspaper daily. Any counterparty consistently falling below a satisfactory level will be removed from the list. During the year it will not be used unless it returns to a satisfactory level and the Council is confident that it will remain so. The Council's maximum exposure to credit risk in relation to its investments in banks and building societies 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. However, the credit risk for the Council's financial investments in total have not increased significantly since initial recognition due to the nature of the investments made. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of default applies to all the Council's deposits but there was no evidence at 31 March 2021 that this was likely to crystallise. The Council's treasury management investments at 31 March, except those with CCLA Investment Management Ltd (see below) had credit ratings between A (Santander UK Plc) and AA- (Handelsbanken Plc, plus 10 other local authorities).

The Council has cash invested in a Money Market Fund, Diversified Income Fund, and Local Authorities' Property Fund, all managed by CCLA Investment Management Ltd. This company does not have a specific credit rating. However, the trustee of the Local Authorities' Property Fund is the Local Authorities' Mutual Investment Trust (LAMIT), a body controlled by members and officers appointed by the Local Government Association, amongst others.

The fair value of the Council's investments in the CCLA funds at 31 March is the quoted market price. The only credit impaired investment is the investment in the CCLA property fund. Full details are given below.

## Note 26 Financial Instruments (continued)

Fund	Original Investment	Value as at 31 March 2021
	£000s	£000s
CCLA Local Authorities' Property Fund	£5,000	£4,659
CCLA Diversified Income fund	£5,000	£5,130

The Council's maximum exposure on other, non-treasury management, financial assets is limited to the carrying value of its debtors. Around 78% of the Council's current debtor balance of £26.554m (before provision for doubtful debts) relates to central government bodies and local authorities (see Note 30) and these debtors are assumed to have good credit worthiness. An aged analysis of the Council's remaining debtors relating to other entities and individuals and Housing Benefit Overpayment debtors as at 31 March 2021 is shown in the table below:

	Individual Debtors & Other Entities	Individual Debtors & Other Entities	Housing Benefit Overpayment Debtors	Individual Debtors & Other Entities	Housing Benefit Overpayment Debtors
	31 March 2020	31 March 2020 Restated	31 March 2020	31 March 2021	31 March 2021
	£000s	£000s	£000s	£000s	£000s
Less than 3 months	7,117	5,133	106	2,276	112
3 to 6 months	39	39	144	82	80
6 to 12 months	46	46	211	123	96
More than 12 months	456	456	1,129	1,685	1,197
	7,658	5,674	1,590	4,166	1,485

Significant provisions have been made for doubtful debts in respect of the above sums and it is therefore considered that there should be no further impairment of these debts.

**Liquidity Risk** – The Council manages its liquidity position through the risk management practices and procedures referred to above as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. The Council's Money Plan (medium term financial strategy) ensures sufficient monies are raised to cover annual expenditure. In the event of an unexpected cash

## Note 26 Financial Instruments (continued)

requirement the Council has significant balances and access to borrowing to cover day to day cash flow need. There is therefore no significant liquidity risk.

**Re-financing Risk and Market Risk** – The Council has several strategies for managing interest rate risk and these are addressed in the Treasury Management Strategy. These include investing in asset classes other than cash, such as the Local Authorities' Property Fund and Diversified Income Fund which are financial assets held for sale. In addition, during periods of falling interest rates and where economic circumstances make it favourable, the treasury management team may take fixed rate cash investments for longer periods to secure better long-term returns. Movements in interest rates have a complex impact on the Council as some investments have variable rates and some have fixed interest rates for different periods of time. If, however, all interest rates were 1% higher, investment income credited to the Comprehensive Income and Expenditure Statement in 2020/21 would have increased by £791k. Conversely the approximate impact of a 1% fall would result in a decrease in investment income by that amount.

### Items of Income, Expense, Gains and Losses

The table below shows the net gains, losses and interest revenue received on Financial Instruments during the year.

	2019/20	2020/21
	Surplus or Deficit on the Provision of Services £000	Surplus or Deficit on the Provision of Services £000
<u>Net (gains) / losses on:</u>		
Financial assets measured at fair value through profit or loss	404	(267)
<b>Total net gains / losses</b>	<b>404</b>	<b>(267)</b>
<u>Interest revenue:</u>		
Financial assets measured at amortised cost	0	(861)
<b>Total Interest Revenue</b>	<b>0</b>	<b>(861)</b>

## Note 27 Long Term Investments

	31 March 2020	31 March 2021
	£000s	£000s
CCLA Local Authorities' Property Fund	4,692	<b>4,659</b>
CCLA Diversified Income Fund	2,330	<b>5,130</b>
Loans to organisations	572	<b>2,395</b>
	7,594	<b>12,184</b>

As stated in the Financial Instruments note above, the value of the Council's long-term investments has been reviewed along with all financial instruments shown in the Balance Sheet, to ensure that the accounts show these at 'fair value'. At 31 March 2021 the CCLA Local Authorities' Property Fund and the Diversified Income Fund are classified as Financial Investments held at Fair Value through Profit and Loss and are valued at market value at the balance sheet date. Loans to other organisations are valued at amortised cost.

## Note 28 Long Term Debtors

	31 March 2020	31 March 2021
	£000s	£000s
Deferred Lease Payments	771	<b>993</b>
Car Loans	0	<b>0</b>
Housing Advances - Private	0	<b>0</b>
- Council Houses	4	<b>2</b>
Home Improvement Loans (Kickstart)	61	<b>63</b>
	836	<b>1,058</b>

## Note 29 Short Term Investments

This represents amounts held as deposits with banks, building societies, and other local authorities which mature within one year or less.

	2019/2020	2020/2021
	£000s	£000s
Balance at 31 March	49,700	<b>46,813</b>

## Note 29 Short Term Investments (continued)

As stated in Note 26 Financial Instruments, the value of the Council's short-term investments has been reviewed, along with all financial instruments shown in the Balance Sheet, to ensure that the accounts show these at 'fair value'. In practice this means that the valuation of these investments at 31 March 2021 includes accrued interest at the Balance Sheet date.

## Note 30 Short Term Debtors

	2019/2020	2019/2020 Restated	2020/2021
	£000s	£000s	£000s
Central Government Bodies	1,260	1,260	10,800
Other Local Authorities	5,314	5,314	9,857
NHS Bodies	52	52	40
Other Entities and Individuals	9,466	7,482	5,857
	16,092	14,108	26,554
less Provision for Bad Debts	(1,325)	(1,325)	(2,551)
	14,767	12,783	24,003

## Note 31 Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

	31 March 2020	31 March 2021
	£000s	£000s
Cash held by the Authority	245	382
Short-term deposits	14,944	24,311
	15,189	24,693



## Note 32 Inventories

	Waste Bins	
	2019/2020	2020/2021
	£000s	£000s
Balance outstanding at start of year	275	280
Purchases	50	26
Consumed during the year	(45)	(15)
Balance outstanding at year-end	280	291

## Note 33 Short Term Creditors

	31 March 2020	31 March 2021
	£000s	£000s
Central Government Bodies	(4,857)	(13,768)
Other Local Authorities	(8,904)	(4,704)
NHS Bodies	0	(2)
Bank Current Accounts	(43)	0
Other Entities and Individuals	(1,609)	(8,633)
	(15,413)	(27,107)

## Note 34 Provisions

	Balance at	Receipts	Payments	Balance at
	31 March 2020	in year	in year	31 March 2021
	£000s	£000s	£000s	£000s
Business Rates Appeals (attributable to Wychavon)	0	(1,261)	0	(1,261)
Other Provisions	(1)	0	0	(1)
	(1)	(1,261)	0	(1,262)

## Note 34 Provisions (continued)

Business Rates Appeals attributable to Wychavon:

To cover the cost of appeals against valuations for Business Rates purposes. The provision is estimated based on information from the District Valuer and the Government. It is supported by a separate independent report taking into account both national and local knowledge regarding which appeals are likely to be successful and the possible value of these appeals. Due to Wychavon District Council participating in a business rates pilot in 2019/20, it did not receive a direct share from the collection fund of business rates, and therefore there was no provision attributable to Wychavon for 2019/20.

## Note 35 Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Note 20 (Earmarked Reserves).

	31 March 2020	31 March 2020 Restated	31 March 2021
	£000s	£000s	£000s
General Fund Balance	10,573	10,573	10,917
Earmarked Reserves	57,327	57,327	72,672
Capital Receipts Reserve	11,824	9,840	9,302
Capital Grants Unapplied	2,305	2,305	3,343
<b>Total Usable Reserves</b>	<b>82,029</b>	<b>80,045</b>	<b>96,234</b>

## Note 36 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR). This is a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The movement in the CFR is analysed below.

	2019/2020	2020/2021
	£000s	£000s
<b>Opening Capital Financing Requirement</b>	11,196	10,431
<b>Capital Investment</b>		
Property, Plant and Equipment	3,463	1,193
Revenue Expenditure Funded from Capital under Statute	1,682	9,407
Capital Debtors	0	1,224
<b>Sources of Finance</b>		
Capital Receipts	(733)	0
Loan repayments	(524)	0
Government Grants and Other Contributions	(4,453)	(10,576)
Earmarked Reserves (Minimum Revenue Provision set aside)	(200)	(200)
<b>Closing Capital Financing Requirement</b>	10,431	11,479
Explanation of movements in year:		
Movement in deferred debtors balance	(524)	1,224
Evesham Town Centre Development to be funded by internal borrowing	(41)	24
Minimum Revenue Provision	(200)	(200)
<b>Increase (decrease) in Capital Financing Requirement</b>	(765)	1,048

## Note 37 Capital Commitments

There were no material contractual commitments for capital projects at 31 March 2021. Our proposed capital expenditure is as follows:

	2021/2022	2022/2023	Future Years
Priorities	£000s	£000s	£000s
Supporting People	3,342	2,592	4,098
Strong Economy & Places	4,705	0	0
Sustainable Environment	613	0	0
Central & Support	0	0	0
	8,660	2,592	4,098
<b>Major Schemes included above:</b>			
Park Footpath Improvements	126	0	0
Decarbonisation Scheme - Civic Centre	417	0	0
Evesham Public Hall	3,700	0	0
Worcester 6 Business Park	1,000	0	0
Better Care Fund	1,392	1,392	4,098
Council Investment in Housing	1,100	1,200	0
Droitwich 3G Pitch	500	0	0

## Note 38 Leases

### Council as Lessor

#### Operating Leases

The Council leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres and
- for economic development purposes to provide suitable affordable accommodation for local businesses

### Note 38 Leases (continued)

The Council has granted the following, which are accounted for as operational leases:

1. To Waitrose Limited - land and store adjacent to The Saltway, Droitwich, at £595,000 per annum (minimum) for 26 years and 3 months, commencing April 2005. The rent was reviewed to £700,000 per annum on 28 February 2015. A further rent review was undertaken on 11 January 2016 the outcome was no increase in rent. A further review was undertaken 28 February 2020 no increase in rent was the outcome.
2. To Worcestershire Health and Care NHS Trust – hospital, Queen Elizabeth Drive, Pershore, at £307,151 per annum for 25 years, commencing 28 October 2006. The rent was reviewed to £331,500 per annum on 15 December 2015. The rent was reviewed to £341,500 on 15 December 2018.
3. To The Partners of Pershore Medical Centre – health centre, Queen Elizabeth Drive, Pershore, at £224,978 per annum for 25 years, commencing 28 October 2006. The rent was reviewed to £276,000 per annum on 23 November 2012. The rent was reviewed to £278,950 from 23 November 2015. The rent was further reviewed to £287,500 on 23 November 2018.
4. To PJK Investments (Riverside Evesham) Limited – ground floor of Riverside Shopping Centre, Evesham, at 9% of the rental income from retail units, for 175 years, from 31 March 1989. (£85,500 was received in 2020/21).
5. To Waitrose Limited – Waitrose, Merstow Green, Evesham, at £499,950 per annum adjusted for the rent free period to £447,248 per annum for the straight-line charge over the lease term. For 21 years commencing 23 July 2018 with an initial rent free period to 08/10/2020.

The accounts were adjusted in 2018/19 and 2019/20 to take account of the rent free period adjustments.

6. To A. F. Blackmore & Son Limited (trading as SPAR) – Blake Avenue Shop, Droitwich, at £45,000 per annum adjusted for the three month rent free period to £44,000 per annum for the straight-line charge over the lease term. For 15 years commencing 1 December 2018.
7. To Carsmetix Limited – Units 1 to 4 Willmotts Business Centre, Pershore at £77,032.00 per annum plus VAT straight-line charge adjusted for a £15,000 reduction in rent for the first year. For 15 years commencing 03/03/2020. Unit C at £4,475 per annum plus VAT, commencing 03/03/2020 to 28/09/2024.

### Note 38 Leases (continued)

- To Ophill Limited – Units A1 and A2 Willmotts Business Centre, Pershore at £5,500 and £3,500 per annum plus VAT, commencing 03/03/2020 to 24/07/2022, the rent was subsequently reduced to £4,750 per annum for both units, this was agreed in 2020/21.
- To Cybertech Digital Limited – Unit B Willmotts Business Centre, Pershore at £5,500 per annum plus VAT, commencing 03/03/2020 to 12/07/2021.

The operating leases detailed above are held by the authority as Investment Properties. Any additions, impairments or revaluations are accounted for and recorded in Note 23.

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

	2019/2020	2020/2021
	£000s	£000s
Not later than one year	1,538	1,763
Later than one year and not later than five years	7,100	7,078
Later than five years	24,506	22,740
	33,144	31,581

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2020/21 £213,121 contingent rents were received by the Council (2019/20 £217,371).

#### Council as a Lessee

The Council leases a few property assets and some of the leases that were previously treated as operational leases were re-classified as finance leases upon IFRS implementation. All of these were considered to be immaterial in value and thus no adjustments have been made to the accounts in respect of leased assets.



## Notes Supporting the Cash Flow Statement

## Note 39 Cash Flow Statement – Operating Activities

The cash flows for the operating activities include the following:

	2019/2020	2020/2021
	£000s	£000s
Interest received	(661)	(430)

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

	2019/2020	2019/2020 Restated	2020/2021
	£000s	£000s	£000s
Depreciation of non-current assets	(2,567)	(2,567)	(2,624)
Impairment and downward valuations of non-current assets	(741)	(741)	(423)
Amortisation of intangible fixed assets	(1)	(1)	0
Movement in pension liability	(1,946)	(1,946)	(703)
Adjustments involving the Financial Instrument Adjustments Account	2	2	2
Adjustments involving the Investment Adjustments Account	(404)	(404)	266
(Increase)/Decrease in provisions	2,132	2,132	(1,261)
Carrying amount of non-current assets and non current assets held for sale, sold or de-recognised	(176)	(176)	0
Other non-cash items charged to the net surplus or deficit on the provision of services	968	968	(11)
Increase/(Decrease) in inventories	5	5	11
Increase/(Decrease) in debtors	7,585	5,601	447
(Increase)/Decrease in creditors	1,102	1,102	(12,368)
<b>Net Non-Cash Movements</b>	<b>5,959</b>	<b>3,975</b>	<b>(16,664)</b>



### Note 39 Cash Flow Statement – Operating Activities (continued)

The surplus on the provision of services has been adjusted for the following items that are investing or financing activities:

	2019/2020	2019/20 Restated	2020/2021
	£000s	£000s	£000s
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	973	973	100
Capital Grants credited to surplus on the provision of services	0	244	7,887
Any other items for which the cash effects are investing or financing cash flows	244	0	0
<b>Net adjustments that are investing or financing</b>	<b>1,217</b>	<b>1,217</b>	<b>7,987</b>

### Note 40 Cash Flow Statement – Investing Activities

	2019/2020	2019/2021 Restated	2020/2021
	£000s	£000s	£000s
Purchase of property, plant & equipment, investment property and intangible assets	3,062	3,062	1,182
Purchase of short-term and long-term investments	74,500	74,500	55,814
Proceeds from the sale of property, plant & equipment, investment property and intangible assets	(973)	(973)	(8,009)
Proceeds from short and long term investments	(75,025)	(75,025)	(54,500)
Capital Grants Received (Govt)	0	(244)	(7,887)
Other Receipts from Investing Activities	(244)	0	0
<b>Net cash flows from investing activities</b>	<b>1,320</b>	<b>1,320</b>	<b>(13,400)</b>

SUBJECT TO AUDIT

**Other Notes and Supplementary Accounts**

## Note 41 Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council, or to be controlled or influenced by the Council. Disclosure of these transactions allows readers 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.

### UK Government

The UK Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from Government departments are set out in detail in Note 13.

### Local Government

The Council provides a number of services on behalf of other local authorities and has service level agreements for these arrangements. The services include a car parking administration service for Wyre Forest District Council, Malvern Hills District Council and Telford & Wrekin Council, a car parking service for Redditch Borough Council, Bromsgrove District Council and for Stratford on Avon District Council, and a CCTV service for Worcester City Council.

In addition, the Council provides a procurement service for Worcester City Council and Malvern Hills District Council, as well as a Land Drainage service for Worcestershire County Council, Malvern Hills District Council and Worcester City Council. The value of these services, amounts received and any amounts outstanding at 31 March 2021 are included in the table below:

## Note 41 Related Parties (continued)

Service	Council	Value of Service in 2020/21	Amount Received in 2020/21	Payment from Wychavon outstanding at 31/03/2021	Receipt due to Wychavon outstanding at 31/03/2021
		£	£	£	£
Car parking administration	Wyre Forest District Council	60,000	(60,000)	0	0
Car parking administration	Malvern Hills District Council	27,221	(30,262)	3,041	0
Car parking administration	Telford & Wrekin Council	4,124	(4,124)	0	0
Car parking services	Redditch Borough Council	80,634	(80,634)	0	0
Car parking services	Bromsgrove District Council	242,426	(242,426)	0	0
Car parking services	Stratford-upon-Avon District Council	58,605	(58,605)	0	0
CCTV	Worcester City Council	47,009	(35,257)	0	(11,752)
Procurement service	Worcester City Council	36,686	(36,995)	309	0
Procurement service	Malvern Hills District Council	18,343	(18,497)	154	0
South Worcestershire Land Drainage Partnership	Worcestershire County Council	54,000	(54,000)	0	0
South Worcestershire Land Drainage Partnership	Malvern Hills District Council	40,000	(40,000)	0	0
South Worcestershire Land Drainage Partnership	Worcester City Council	14,000	(14,000)	0	0

### Members

Members of the Council have direct control over the Council's financial and operating policies. Members' allowances paid in 2020/21 are shown in Note 11. The Council maintains a register of Councillors' interests that is regularly updated and available for public inspection. During 2020/21, a number of Wychavon District Councillors were also members of Worcestershire County Council, Hereford and Worcester Fire and Rescue Authority, West Mercia Police and Crime Panel and town and parish councils, all of which are preceptors of the Council. In 2020/21 the Council had member representatives on the following outside bodies:

- Cotswold Area of Outstanding Natural Beauty Conservation Board
- Coventry Charity
- Deacle & Prince Henry's Education Foundation
- Evesham Arts Centre Management Committee

#### Note 41 Related Parties (continued)

- Number 8 – Company Board (Persnore Arts Centre)
- Peopleton Parish Land Trustees
- Persnore Volunteer Centre
- Persnore Youth Fellowship – Riverside Centre
- Smith Memorial Collection Trust
- Parking and Traffic Regulations Outside London Adjudication Joint Committee
- Vale of Evesham Commerce & Tourism Association (VECTA)
- Vale of Evesham Volunteer Centre Management Committee
- Welcome to Our Future
- Worcestershire Local Access Forum
- Wychavon & Malvern CAB (Citizens Advice Bureau)

Members also represent the Council on the Worcestershire Regulatory Services Board.

In 2020/21 the Council paid grants and contributions of £5,082 to Cotswold Area of Outstanding Natural Beauty Board. Wychavon Citizens Advice Bureau were paid £37,500 in relation to an ongoing SLA, and a £10,000 Discretionary Business Grant. The Persnore Volunteer Centre was paid £5,000 as part of an ongoing SLA, and £5,431 total Additional Restrictions Grant. Welcome to Our Future received a £10,000 Discretionary Business Grant.

In 2020/21 some Members registered an interest in companies or organisations that the Council paid grants or contributions to during the year. EW Huxley & Son was paid a £5,000 contribution towards the Evesham Angling Festival. The Council paid a grant of £1,094 to Gloverspiece School from the Breakfast Club Grant Fund. Erinstar Ltd was paid a business apprenticeship grant of £2,500. The Council paid PGA Management £5,431 total Additional Restrictions Grant.

#### Officers

There is a single Joint Senior Management Team for both Wychavon District Council and Malvern Hills District Council. The Council's Joint Chief Executive, Vic Allison, is also the Chief Executive of Malvern Hills District Council and has been in this post since 1<sup>st</sup> August

#### Note 41 Related Parties (continued)

2020. Other shared posts include the Director of Economy and Environment, the Director of Housing & Communities, the Director of Planning & Infrastructure and the Director of Legal and Governance.

The Council's Managing Director until 31<sup>st</sup> July 2020, Jack Hegarty, held a position of Chairman of the Avon Navigation Trust. This was a voluntary role and was not remunerated. He was also the Chairman of Malvern Hills Science Park Ltd. This position was not remunerated. He held both positions when he vacated the Managing Director position at Wychavon District Council.

The Joint Director of Housing and Communities, Stephen Gabriel, is a Board Member of Trident Group. He took up this position in September 2019, and is remunerated to cover expenses.

#### Operations Jointly Controlled by the Council

The Council is a member of the Worcestershire Regulatory Services Board. This partnership is a jointly controlled operation which is hosted by Bromsgrove District Council.

Revenues and Benefits, Building Control and IT are managed as shared services in South Worcestershire. The South Worcestershire Joint Committee was dissolved in October 2016 and management boards are now responsible for the strategic management of these services.

In addition, Worcester City Council hosts Worcestershire Internal Audit Shared Service and the Council is a partner in this arrangement.

The value of these services, payments and receipts and any outstanding amounts are detailed in the table below:

## Note 41 Related Parties (continued)

Shared Service / Council	Value of Service in 2020/21	Payment / Receipt in 2020/21	Payment from Wychavon outstanding as at 31/03/2021	Receipt due to Wychavon outstanding at 31/03/2021
	£	£	£	£
Regulatory Services – Bromsgrove District Council	771,690	751,410	20,280	0
Building Control – Malvern Hills District Council	148,288	200,957	0	(52,669)
Revenues & Benefits – Worcester City Council	1,211,434	(1,260,800)	49,366	0
Revenues & Benefits – Malvern Hills District Council	550,661	(573,100)	22,439	0
Revenues & Benefits – Wychavon District Council	991,109	(991,109)	0	0
IT Service – Worcester City Council	549,044	(574,152)	25,108	0
IT Service – Malvern Hills District Council	332,931	(348,156)	15,225	0
IT Service - Wychavon District Council	578,248	(578,248)	0	0
Internal Audit - Worcester City Council	69,551	72,330	0	(2,779)

### Joint working with Malvern Hills District Council

As detailed under the 'Officers' section of this Note, there is a Joint Senior Management Team in place for Wychavon District Council and Malvern Hills District Council. Details of payments between the two Councils for these employees are included under Note 10, Officer Remuneration.

Further joint working between the two Councils includes:

- A shared Legal Service hosted by Malvern Hills District Council.
- A shared Communications Service, with posts hosted by both Councils and recharged accordingly.
- A shared Housing Service hosted by Wychavon District Council.
- A shared Heritage Service hosted by Wychavon District Council.
- A shared Planning Policy Service hosted by Wychavon District Council.
- A shared Corporate Database Service hosted by Wychavon District Council.

**Note 41 Related Parties (continued)**

- A shared Planning Administration Service hosted by Wychavon District Council and
- A shared Development Management & Planning Enforcement Service hosted by Malvern Hills District Council.
- A shared HR Service hosted by Wychavon District Council.
- Management of Wychavon's Property Service by Malvern Hills District Council.
- A joint Carbon Reduction Officer post employed by Malvern Hills District Council.

The value of these services, payments and receipts and any outstanding amounts are detailed in the table below:

Service	Value of Service in 2020/21 £	Payment/ Receipt in 2020/21 £	Payment from Wychavon outstanding as at 31/03/2021 £	Receipt due to Wychavon outstanding at 31/03/2021 £
Legal Shared Service	283,333	207,424	75,909	0
Communications - Wychavon District Council	63,586	(63,586)	0	0
Communications - Malvern Hills District Council	40,520	40,520	0	0
Housing Shared Service	296,770	(231,000)	0	(65,770)
Heritage Shared Service	147,254	(148,364)	1,110	0
Policy Planning Shared Service	226,574	(228,337)	1,763	0
Corporate Database Shared Service	117,908	(62,500)	0	(55,408)
Planning Administration Shared Service	164,277	(164,277)	0	0
Development Management & Planning Enforcement Shared Service	734,366	545,653	188,713	0
HR Shared Service	162,481	(125,742)	0	(36,739)
Property Service Management	51,108	51,108	0	0
Carbon Reduction Officer	10,480	9,040	1,440	0



## Note 42 Events After the Balance Sheet Date

The Deputy Chief Executive (S151 Officer) authorised the Statement of Accounts on XXX 2021. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

It has been agreed that there are no non-adjusting events after the Balance Sheet date.

## Note 43 Contingent Liabilities

At 31 March 2021, the Council had one contingent liability as follows:

- **Municipal Mutual Insurance - Employers Liability Policy**

On 28 March 2012, a Supreme Court judgement in the Employers Liability Policy 'trigger litigation' relating to mesothelioma claims found against Municipal Mutual Insurance Limited (MMI), a previous insurer of the Council, which ceased writing insurance business on 30 September 1992 and went into run off. The directors of MMI triggered MMI's Scheme of Arrangement under section 425 of the Companies Act 1985 (now section 899 of the Companies Act 2006) on 13 November 2012 and appointed Ernst and Young to manage the businesses, affairs and assets of MMI in accordance with the terms of the Scheme. In 2013/14 the Council, a scheme creditor, paid MMI a levy of £7,720 and in early 2016/17 the Council paid a further levy of £24,976 as part of this Scheme of Arrangement. Although we believe that a significant proportion of the liability under this scheme has now been settled, there is a possibility of further levies from MMI and it is still the case that the final liability is unknown.

- **Business Rates Appeals**

The Council's Collection Fund account shows that there is a provision of £3.1m at 31 March 2021 for potential Business Rates appeals, of which 40% is attributable to Wychavon District Council, 50% to the Government, 9% to Worcestershire County Council and 1% to Hereford and Worcester Fire Authority. Although the Council has been prudent in setting its Business Rates appeals provision, there is still some uncertainty around the volume of refunds which will be liable under the new three stage appeal mechanism of Check, Challenge and Appeal. In addition there is an increasing risk of appeals being allowed for Material Change of Circumstance (MCC) although the government have ruled that MCC as a result of Covid-19 is to be disallowed. If the number and scale of successful appeals exceed the provision, then the cost of this will need to be funded from the Council's reserves.

## Note 44 Going Concern Disclosure

The CIPFA Code (paragraph 2.1.2.9 of the Code) confirms that local authority accounts must be prepared on a going concern basis.

The Covid-19 restrictions have created significant issues for many businesses and residents and as a result from April 2020, Council income was affected detrimentally as payers sought to defer payments, could not pay or the Council could not charge for services that were suspended. The government has provided some support for lost income and additional costs borne by authorities because of the crisis and the Council has received £4.559m in this regard in 2020/21 and expects to receive £1.3m in 2021/22 for compensation against tax losses and the final tranche of Covid-19 support grant.

Our balances at 31 March 2021 compared to prior years are as follows:

Date	General Fund	Housing Revenue	Earmarked Reserves
31/03/2020	£10.573m	n/a	£57.327m
31/03/2021	£10.917m	n/a	£72.672m

We have carried out an assessment of the impact of Covid-19 on our future finances and we are satisfied that there is no material uncertainty relating to going concern. Through our assessment we have identified that we expect, in 2021/22, reductions in revenue relating to:

	Anticipated loss
Car parking	£0.615m
Planning fees	£0.207m
Land charges	£0.055m
Leisure centres	£0.100m
Trade waste	<u>£0.090m</u>
	£1.067m

**Note 44 Going Concern Disclosure (continued)**

We have therefore already reduced relevant income budgets accordingly as part of the 2021/22 budget process. The longer-term impact on local taxation is not yet clear but it is estimated that increases in Local Council Tax Support (LCTS) will cost an additional £187k in 2021/22, being Wychavon's share of an estimated £2m additional cost of LCTS.

The council has undertaken an assessment of the impact on 2021/22 and 2022/23, considering liquidity, general fund balances and reserves. Our current medium-term financial plan assumes a surplus of £91k in 2021/22 with no use of reserves other than those earmarked for specific purposes and a general fund balance in excess of £10m. It assumes a deficit of £768k in 2022/23 due to loss of new Homes Bonus and assumed loss of Business Rates Growth leaving a general fund balance of £9.6m.

A detailed cashflow forecast has been prepared covering the period to 30th September 2022. This demonstrates the Council has sufficient liquidity throughout the period to meet requirements without using any longer-term investments or borrowing. The modelling undertaken has used best and worst-case scenarios as well as a most reasonable estimate which show that collection rates for income, Council Tax and Business Rates would have decrease significantly below the worst-case scenarios to cause liquidity or going concern issues. Stress testing we have carried out suggests that the most pessimistic scenario remains above our minimum level of General Fund balances as set by our CFO of £2.5 million <sup>1</sup>.

1. 'Report of the Chief Financial Officer on the Robustness of the Budget Estimates and the Adequacy of the Council's Reserves' Appendix C of the Grow Save Charge - 2021/22 Budget report to Council on 24 February 2021.

## Collection Fund Accounts 2020/21

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to Business Rates (non-domestic rates) and Council Tax, and illustrates how these have been distributed to the Government, preceptors and the Council's General Fund.

The Collection Fund is managed and administered by Wychavon District Council, as the billing authority, on behalf of the council tax payers and business rate payers within its area. All sums levied from Council Tax and Business Rates are paid into the Fund together with relevant Government grants. Payments out of the Fund include precept payments to Central Government, Worcestershire County Council, the Police and Crime Commissioner for West Mercia, Hereford & Worcester Fire Authority, Wychavon District Council and Town and Parish Councils to fund their net service requirements.

SUBJECT TO AUDIT

## Collection Fund Accounts 2020/21 (continued)

REVENUE ACCOUNT	2019/2020		2020/2021		Notes
	Business Rates	Council Tax	Business Rates	Council Tax	
	£000s	£000s	£000s	£000s	
<b>INCOME</b>					
Council Tax Receivable	0	(88,362)	0	(92,147)	1
Business Rates Receivable	(43,854)	0	(27,542)	0	2
<b>Total Income</b>	<b>(43,854)</b>	<b>(88,362)</b>	<b>(27,542)</b>	<b>(92,147)</b>	
<b>EXPENDITURE</b>					
<b>Apportionment of Previous Year Surplus</b>					
Central Government	713	0	1,130	0	
Wychavon District Council	571	101	106	127	
Worcestershire County Council	129	731	2,978	947	
Police and Crime Commissioner for West Mercia	0	119	0	163	
Hereford & Worcester Fire Authority	14	49	43	63	
	1,427	1,000	4,257	1,300	
<b>Precepts, Demands and Shares</b>					
Central Government	9,932	0	21,588	0	
Wychavon District Council - General Fund	0	6,043	17,271	6,224	
Wychavon District Council - Special Levies	0	57	0	68	
Worcestershire County Council	29,398	63,444	3,886	67,958	
Police and Crime Commissioner for West Mercia	0	10,903	0	11,673	
Hereford & Worcester Fire Authority	397	4,244	432	4,457	
Town and Parish Councils	0	2,391	0	2,571	
	39,727	87,082	43,177	92,951	
<b>Charges to Collection Fund</b>					
Write Offs / (Ons)	309	(3)	2,733	62	
Interest	0	0	0	0	
Increase / (Decrease) in Provision for Appeals	(4,399)	0	2,220	0	
Cost of Collection	188	0	187	0	
Renewable Energy Disregard	366	0	371	0	
Transitional Protection Payable/(Receivable)	(257)	0	476	0	
	(3,793)	(3)	5,987	62	
<b>Movement on the Fund Balance</b>					
Fund Balance on 1 April	(1,691)	(1,072)	(8,184)	(1,356)	
(Surplus) / Deficit for the Year	(6,493)	(284)	25,879	2,166	
<b>Fund Balance on 31 March</b>	<b>(8,184)</b>	<b>(1,356)</b>	<b>17,695</b>	<b>810</b>	

## Note 1 to the Collection Fund Council Tax Base

Council tax income derives from charges made to domestic properties. Each property was classified into one of eight valuation bands (A-H), based on their market value as at 1 April 1991.

The council tax base, which is the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts and exemptions apply) expressed as an equivalent number of Band D dwellings was calculated for 2020/21 as follows:

Tax Band	Property Value	Equivalent No. of Dwellings	Band D Ratio	Band D Equivalent
Disabled Band A		14.4	5/9	8
A	up to £40,000	4,345.5	6/9	2,897
B	between £40,001 and £52,000	8,910.0	7/9	6,930
C	between £52,001 and £68,000	11,236.5	8/9	9,988
D	between £68,001 and £88,000	7,485.0	9/9	7,485
E	between £88,001 and £120,000	6,876.0	11/9	8,404
F	between £120,001 and £160,000	6,114.5	13/9	8,832
G	between £160,001 and £320,000	4,292.4	15/9	7,154
H	over £320,000	198.5	18/9	397
<b>Total</b>		<b>49,472.8</b>		<b>52,095</b>
Less adjustment for non-collection (0.5%)				-260
<b>Council Tax Base</b>				<b>51,835</b>
(Band D Equivalent figures have been rounded)				

### Council Tax Levy at Band D

The basic amount of council tax for 2020/21 for a band D property was as follows:

Worcestershire County Council	£1,311.05
Police and Crime Commissioner for West Mercia	£225.20
Wychavon District Council*	£120.08
Hereford & Worcester Fire Authority	£85.99
	<b>£1,742.32</b>
ADD Town and Parish Councils (average)	£49.61
<b>Average Council Tax Levy at Band D*</b>	<b>£1,791.93</b>

\*Before special levies

## Note 2 to the Collection Fund Business Rates/National Non Domestic Rates (NNDR)

The Council is responsible for collecting Business Rates (non-domestic rates) for its area which are based on local rateable values multiplied by a national uniform rate. The total local rateable value at 31 March 2021 was £112,531,199 (as per the Valuation Office) and national uniform rate was 51.2p and 49.9p for small businesses.

Following the localisation of Business Rates (non-domestic rates), the Council now pays the rates collected over to the Government and major preceptors – Worcestershire County Council and Hereford & Worcester Fire Authority, in accordance with a payment schedule determined at the start of the financial year and retains an amount for itself. The Council is also a member of the Worcestershire Business Rates Pool, meaning that levy and safety net payments are calculated on a pooled basis rather than on an individual Council basis.

## Note 3 to the Collection Fund Surplus and Deficits

The Collection Fund deficit for Council Tax as at 31 March 2021 was £810k (31 March 2020 £1.356m surplus). An estimated deficit for the year of £900k was declared in January 2021 and this was taken into account by the Council and its preceptor authorities when setting the Council Tax for 2021/22.

The Collection Fund deficit for Business Rates as at 31 March 2021 was £17.695m (31 March 2020 £8.184m surplus). An estimated Business Rates deficit of £13.662m was declared in January 2021 and this was taken into account by the Council and its preceptor authorities when producing the 2021/22 NNDR1 Government return.

The table below shows the split of the Council Tax and Business Rates (surpluses) / deficits between the preceptors.

Preceptor	Council Tax	Council Tax	Business Rates	Business Rates
	2019/20	2020/21	2019/20	2020/21
	£000s	£000s	£000s	£000s
Central Government	0	0	(2,112)	9,829
Wychavon District Council	(132)	79	(106)	8,649
Worcestershire County Council	(988)	594	(5,884)	(960)
Police and Crime Commissioner for West Mercia	(170)	98	0	0
Hereford & Worcester Fire Authority	(66)	39	(82)	177
<b>Total</b>	<b>(1,356)</b>	<b>810</b>	<b>(8,184)</b>	<b>17,695</b>

### Note 3 to the Collection Fund Surplus and Deficits (continued)

During 2019/20 the Council participated in a Business Rates pilot and did not receive a direct share from the collection fund of business rates income arising in the year. The Council received compensatory income to its general fund. The £106k reported above for the Council relates to its share of surplus arising in previous years. This was a one-off, and the Council returned to the regular scheme in 2020/21, remaining as a member of the Worcestershire Business Rates Pool.

### Note 4 to the Collection Fund Other Information

<b>Council Tax 2020/21</b>					
	<b>Worcestershire County Council</b>	<b>Police and Crime Commissioner for West Mercia</b>	<b>Hereford &amp; Worcester Fire Authority</b>	<b>Wychavon District Council</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Debtors (in Arrears)	1,966	352	128	252	2,698
Provision for Non-Payment	(216)	(38)	(14)	(28)	(296)
Creditor (in Advance)	(1,477)	(264)	(96)	(189)	(2,026)
Amounts Written Off / (On)	(16)	(3)	(1)	(2)	(22)

<b>Business Rates 2020/21</b>					
	<b>Central Government</b>	<b>Worcestershire County Council</b>	<b>Hereford &amp; Worcester Fire Authority</b>	<b>Wychavon District Council</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Debtors (in Arrears)	1,385	249	28	1,108	2,770
Provision for Non-Payment	(1,534)	(276)	(31)	(1,227)	(3,068)
Creditor (in Advance)	(183)	(33)	(4)	(146)	(366)
Provision for Appeals	(1,577)	(284)	(31)	(1,261)	(3,153)
Amounts Written Off / (On)	13	2	0	10	25

### Note 5 to the Collection Fund Collection Rates

The Council's collection rates are detailed in the table below:

<b>Collection Rate</b>	<b>2019/19</b>	<b>2020/21</b>
	<b>%</b>	<b>%</b>
Council Tax	98.63	<b>98.61</b>
Business Rates	99.09	<b>89.83</b>





Glossary, Statement of Responsibilities & Auditor's Report

# Glossary

## ACCOUNTING PERIOD

This is the length of time covered by the accounts. It is normally a period of twelve months commencing on 1<sup>st</sup> April. The end of the accounting period is the balance sheet date

## ACCOUNTING POLICIES

The policies and concepts used in the preparation of the accounts.

## ACCRUAL

This is an accounting concept used when preparing accounts and is carried out to ensure that items of income and expenditure are shown in the accounting period that they are earned or incurred, not as the money is received or paid.

## ACTUARY

An expert who puts a value to pension scheme assets and liabilities.

## ACTUARIAL GAINS AND LOSSES

Changes in the net pensions liability that arise because events have not matched assumptions at the last actuarial valuation or because actuarial assumptions have changed.

## AMORTISED COST

This is the written down value of an asset or liability e.g. the value after depreciation or impairment has been applied.

## ASSET

An asset is something that Wychavon owns that has a value, such as premises, equipment or cash.

- A **current** asset is one that will be used or cease to have material value by the end of the next financial year e.g. inventories (stock) and debtors
- A **long term** or **non-current** asset provides Wychavon benefits for a period of more than one year e.g a building like the Civic Centre.

## ASSETS UNDER CONSTRUCTION

Assets that are partly completed at the balance sheet date

## AUDIT OF ACCOUNTS

An audit is an examination by an independent expert of an organisation's financial affairs to check that the relevant legal obligations and codes of practice have been followed.

## BALANCE SHEET

A financial statement summarising the council's assets, liabilities and other balances at the end of each accounting period.

## BILLING AUTHORITY

A local authority responsible for collecting Council Tax and National Non-Domestic Rates.

## BUDGET

A budget is a financial statement that expresses an organisation's service delivery plans and capital programmes in monetary terms.

## Glossary (continued)

### **BUSINESS RATES OR NATIONAL NON-DOMESTIC RATES (NNDR)**

This is a national scheme for collecting contributions from businesses towards the cost of local government services. Each business property has a rateable value. The Government determines how much a business has to pay per £ of rateable value each year. Prior to April 2013 all NNDR income collected by the council was paid over to the Government for redistribution. From April 2013 councils have been able to retain a proportion of NNDR growth to supplement their own income

### **CAPITAL CHARGES**

This is a charge made to an organisation's Comprehensive Income and Expenditure Statement to reflect the cost of utilising long term assets in the provision of services.

### **CAPITAL EXPENDITURE**

Expenditure on the acquisition of long term assets e.g. property, plant or equipment that will be used to provide services beyond the current accounting period or expenditure that adds value to an existing long term asset. Also included in this definition is expenditure that does not add value to a council asset but is permitted to be capitalised and is treated as Revenue Expenditure funded from Capital under Statute (REFCUS).

### **CAPITAL RECEIPT**

These are the proceeds from the sale of non current assets, such as land or buildings. Capital receipts cannot be used to fund revenue services.

### **CAPITAL FINANCING**

This term describes the various sources of money used to pay for capital expenditure. There are various options available – the methods used by Wychavon District Council are financing from general or earmarked reserves, usable capital receipts, capital grants and capital contributions.

### **CAPITAL PROGRAMME**

This is a financial summary of planned capital expenditure that Wychavon intends to carry out over a specified time period.

### **CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING**

The code of practice provides a 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.

### **CIPFA**

Chartered Institute of Public Finance and Accountancy.

### **COLLECTION FUND**

A separate fund recording the expenditure and income relating to council tax and national non-domestic business rates.

### **COMMUNITY ASSETS**

This is the land and property Wychavon intends to own forever. They generally have no determinable useful life and there are often restrictions regarding their sale. Examples of Wychavon

## Glossary (continued)

District Council's community assets are its parks and open spaces.

### **COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

This is a statement of the council's net revenue costs (or cost of providing services) in the year. The surplus or deficit for the year shown on this statement is reconciled to the use of Council's reserves in the linked Movement in Reserves Statements (MIRS)

### **CONSISTENCY**

This is one of the fundamental accounting concepts. It requires accountants to treat similar items of income and expenditure the same way – both within an accounting period and from one accounting period to the next.

### **CONTINGENT LIABILITY**

This is a possible financial obligation that arises from past events and whose existence will only be confirmed by the occurrence of uncertain future events not within the council's control.

### **COUNCIL TAX BASE**

The amount calculated by each billing authority from which the entitlement of its share is derived.

### **CREDITOR**

This is the amount of money the council owes to others for goods and services that have been supplied in the accounting period but not paid for.

### **DEBTOR**

This is the amount of money others owe the council for goods and services that they have received but have not paid for by the end of the accounting period.

### **DEPRECIATION**

This is a charge made to the Comprehensive Income and Expenditure Statement each year that reflects the reduction in the value of property, plant and equipment used to deliver services.

### **DONATED ASSETS**

These are assets that have been given to the council by benefactors and for which no consideration has been paid.

### **EARMARKED RESERVES**

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

### **EVENTS AFTER THE BALANCE SHEET DATE**

Those (non-adjusting) events, both favourable and unfavourable, of such materiality that their disclosure is required for the fair presentation of the Statement of Accounts, which occur between the Balance Sheet date and the date on which the Accounts are authorised for issue by the responsible financial officer.

### **FAIR VALUE**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## Glossary (continued)

### **FINANCE LEASE**

This is a lease where the risk or reward of holding the asset is taken on by the lessee.

### **FINANCIAL INSTRUMENTS**

These are transactions which generate an asset in the accounts of one organisation and a liability in the accounts of another.

### **GENERAL FUND**

This is the account in which annual running costs of the council and income, including grant income, are held, with the balance on the account being the amount chargeable to the council tax payers.

### **GOVERNMENT GRANTS**

Grants made by the Government towards either revenue or capital expenditure to help with the cost of providing services and capital projects. Some government grants have restrictions on how they may be used whilst others are unrestricted.

### **IFRS (INTERNATIONAL FINANCIAL REPORTING STANDARDS)**

International Financial Reporting Standards advise the accounting treatment and disclosure requirements of transactions so that the Council's accounts present a 'true and fair view' of the financial position of the Council.

### **INVESTMENT PROPERTY**

Land and buildings non-current assets held only for investment potential.

### **HERITAGE ASSETS**

These are assets that are deemed to have cultural, environmental or historical significance and that are held principally for their contribution to knowledge and culture.

### **HOUSING ACT ADVANCES**

These are loans that Wychavon has previously made to individuals or housing associations to help fund the cost of constructing, acquiring or improving homes. Loans to individuals are termed mortgages.

### **HOUSING BENEFITS**

This is the national system for giving financial assistance to individuals towards certain housing costs. The Revenues and Benefits Shared Service administers the scheme for Wychavon residents. The Government subsidises the cost of the service. From October 2018, individuals in receipt of Housing Benefits are gradually being moved by the Government to a Government-managed scheme called Universal Credit.

### **IMPAIRMENT**

This is a reduction in the value of an asset as shown in the balance sheet to reflect its true value.

### **INCOME**

This is the money that the council receives or expects to receive from any source including fees, charges, sales, grants and interest.

## Glossary (continued)

### INVENTORIES (OR STOCKS)

These are items that have been bought to use on a continuing basis but are stored and have not yet been used. Examples are wheeled bins for waste and recycling collection and consumables.

### INVESTMENT PROPERTIES

These are the assets owned by the council that it does not directly occupy or use in the delivery of services. The main objective of owning these assets is to generate income for the council.

### LIABILITY

The council has a liability that has to be included in its accounts when it owes money to others. There are several types of liability:-

- A **current** liability is a sum of money that will or might be payable during the next accounting period e.g. creditors.
- A **deferred** liability is a sum of money that will not be payable until some point after the next accounting period or is paid off over a number of accounting periods.

### MATERIALITY

This is one of the main accounting concepts. It ensures that the accounts include all the transactions that, if omitted, would lead to a significant distortion of the financial position at the end of the accounting period.

### MOVEMENT IN RESERVES STATEMENT

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

### OPERATING LEASE

This is a lease where the ownership and risk and reward of holding an asset remains with the lessor.

### PRECEPT

The levy made by one authority to another to finance its expenditure.

### PROVISION

This is a sum of money that has been put aside in the accounts for liabilities or losses that are due but where the amount due or the timing of the payment is not known with any certainty.

### PRUDENCE

An accounting concept used in preparing the accounts that ensures that income is only included in the accounts if it is considered likely that it will be received.

### PRUDENTIAL INDICATORS

A set of indicators that inform the council as to whether their capital investment plans are affordable, prudent and sustainable.

### RATEABLE VALUE

The annual assumed rental value of a property that is used for business purposes.

## Glossary (continued)

### RELATED PARTIES

Two or more parties are related parties when at any time during the financial period:-

- one party has direct or indirect control of the other party
- the parties are subject to common control from the same source
- one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing its own interests
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own interests.

### RELATED PARTY TRANSACTIONS

A related party transaction is the transfer of assets, liabilities or services between the council and its related party irrespective of whether a charge is made.

The materiality of related party transactions is judged both in terms of their significance to the council and its related party.

### RESERVES

A reserve is an amount set aside in the accounts to be spent in future years. Reserves of a revenue nature are available and can be spent or earmarked for a specific purpose at the council's discretion.

### REVENUE EXPENDITURE

The day to day expenses associated with the provision of services.

### REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Capital expenditure which does not create or add to the value of an item of property, plant or equipment belonging to the council.

### REVENUE SUPPORT GRANT

A general grant paid by the Government to local authorities as a contribution towards the cost of their services.

### TRUST FUNDS

Funds administered by the authority for such purposes as prizes, charities, and specific projects.

### UNUSABLE RESERVES

Reserves that cannot be applied by the council to fund expenditure or reduce council tax

### USABLE RESERVES

Reserves that can be applied by the council to fund expenditure or reduce council tax.

### WORK IN PROGRESS

The value of works that has been completed or is partially complete at the end of the accounting period that should be included in the financial statements.

# Statement of Responsibilities for the Statement of Accounts

## The Council's Responsibilities

The council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this council, that officer is the Deputy Chief Executive.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

## The S151 Officer's Responsibilities

The S151 Officer (the Deputy Chief Executive) 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 United Kingdom ('the Code').

In preparing this Statement of Accounts, the S151 Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code.

The S151 Officer has also:

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of the council at the reporting date and of its expenditure and income for the year ended 31 March 2021.



**Statement of Responsibilities for the Statement of Accounts (continued)**

**JAYNE PICKERING**

Deputy Chief Executive

S151 Officer

**Approval of the Statement of Accounts**

I confirm that this Statement of Accounts, including the Comprehensive Income and Expenditure Statement on page 49 and the Balance Sheet on page 51, was approved by the Audit Committee at its meeting held on XX September 2021.

Signed on behalf of Wychavon District Council.

**COUNCILLOR ADRIAN HARDMAN**

**Chairman of the Audit Committee**

XX November 2021

SUBJECT TO AUDIT

# Independent Auditor's Report to the members of Wychavon District Council

## Opinion

We have audited the financial statements of Wychavon District Council for the year ended 31 March 2021 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority's Movement in Reserves Statement
- Authority's Cash Flow Statement
- Authority's Comprehensive Income and Expenditure Statement
- Authority's Collection Fund and the related notes 1 to 5
- Authority's Balance Sheet
- The related notes 1 to 44

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion the financial statements:

- give a true and fair view of the financial position of Wychavon District Council as at 31 March 2021 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Wychavon District Council in accordance with the ethical requirements that are relevant to our audit of

## Independent Auditor's Report to the members of Wychavon District Council (continued)

the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

### Other Information

The other information comprises the information included in the 2020-21 Statement of Accounts set out on pages 3 to 24 and 130 to 137, other than the financial statements and our auditor's report thereon. The Deputy Chief Executive is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## Independent Auditor's Report to the members of Wychavon District Council (continued)

### Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

#### Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, we are satisfied that, in all significant respects, Wychavon District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

#### Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

#### Responsibility of the Deputy Chief Executive

As explained more fully in the Statement of the Deputy Chief Executive's Responsibilities set out on page 136, the Deputy Chief Executive is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view.

## Independent Auditor's Report to the members of Wychavon District Council (continued)

In preparing the financial statements, the Deputy Chief Executive is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

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

### Auditor's responsibilities for the audit of the financial statements

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

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

### Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2020, as to whether the Wychavon District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Wychavon District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

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

## **Independent Auditor's Report to the members of Wychavon District Council (continued)**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

### **Use of our report**

This report is made solely to the members of Wychavon District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Hassan Rohimun (Key Audit Partner)  
Associate Partner (Local Auditor)  
Ernst & Young LLP  
Manchester  
Date: XX November 2021