

WYCHAVON

Statement of Accounts

DRAFT



2023/24

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Welcome to our Statement of Accounts

Introduction

2023/24 has seen more challenges and uncertainties for the Council in meeting the ever-increasing demands on our services. We have supported our residents and communities through the cost-of-living crisis, provided financial resources and advice to our Ukraine guests and delivered against our promises. All this has been achieved whilst ensuring we continue to deliver quality services to our residents. We have also allocated over £250k of household support payments to those more vulnerable members of our communities.

Despite the challenges we face, the Council has continued to be ambitious for our residents and strived to deliver the very best for our district. With the focus on our key priorities of:

- Supporting people
- Strong economy and places
- Sustainable environment

A number of exciting projects were delivered during the year, using both our own resources and utilising funding from the £4.8m we have been allocated from the UK Shared Prosperity Fund received from Government. These included;

- Secured over £3m of funding to redevelop the Grade 2 listed building Willow Court into affordable homes
- Provision of new facilities in or parks and open spaces across the district
- Developed a national standard velo park in Evesham
- Funded grants to improve businesses in the district
- Supported charitable organisations with grants to enable services to be delivered to those affected by the cost-of-living crisis

We have delivered our promises to ensure our district continues to grow and flourish. A further number of key highlights are detailed later in this report.

We have continued to demonstrate strong financial management in the use of our resources and this has resulted in savings for the Council, and we have been able to set aside funding to further support our community and economy 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 2023/24 was just £120.08. This has not changed since 2017/18 and we are proud to say is one of the lowest in England.

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.

COUNCILLOR AARON POWELL

Executive Board Member – Resources & Investment

JAYNE PICKERING

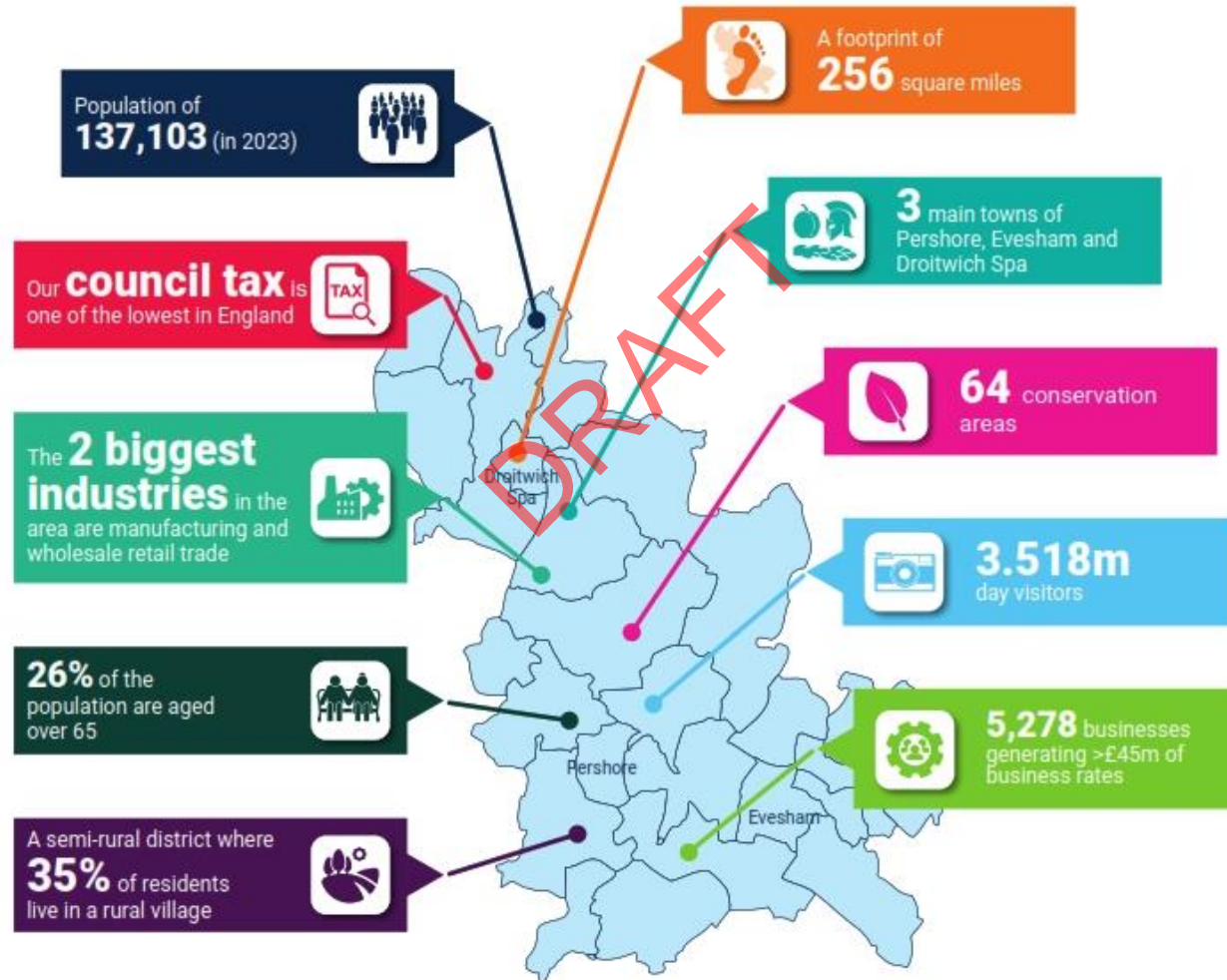
Deputy Chief Executive

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



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 planning, 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 2023/24 was made up of 43 councillors as follows:

- Conservative Party – 29 councillors
- Liberal Democrat Party – 7 councillors
- Green Party – 6 councillors
- Labour – 1 councillor



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. The Deputy Chief Executive (also the S151 Officer) does not work in a shared service arrangement.

WYCHAVON STRATEGY 2020-2024

Wychavon is an entrepreneurial council that has gained recognition for major projects like building Pershore hospital, two Waitrose stores, developing employment land at Vale Park, Evesham and the joint re-development of a listed building for the as well as 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 a four-year period on three key priorities:

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

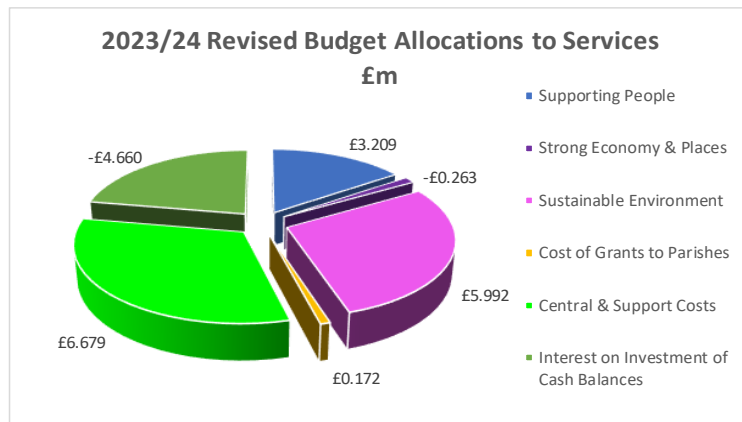
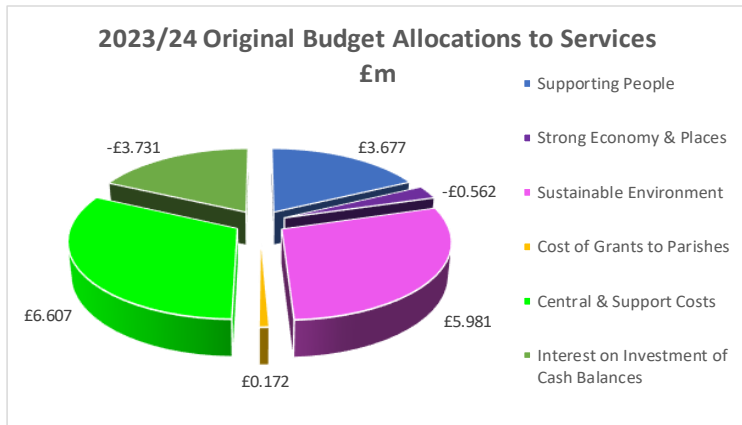
The plan's 35 promises include:

- Work with partners to promote cost of living support, provide practical help and pilot information events for residents.
- Deliver 1000 affordable homes across the district including at least 15% in rural areas.
- Create new facilities to provide housing and support to single homeless people in the district.
- Work with partners to deliver sports and leisure improvements including improved pavilions for Badsey Sports Club and Bretforton Cricket Club and improved football facilities at Prince Henry's High School and Inkberrow Football Club.
- Invest to deliver major new employment spaces at Vale Park and Worcester Six.
- Invest £180k over 4 years to provide grants to small and medium sized businesses to take on apprentices and a bursary to help overcome barriers to work.
- Invest £100k over 4 years to promote the growth of the low carbon economy in Wychavon.
- Increase car parking provision at Droitwich Spa, Honeybourne and Pershore railway stations and improve connectivity between the stations and towns.
- Continue delivering our Intelligently Green Plan including carbon literacy training for staff and councillors, supporting low income households to improve energy efficiency and investigating the use of alternative low carbon emission fuels, such as hydrotreated vegetable oil, for waste collection vehicles.
- Take action to reduce our own greenhouse gas emissions and working with our leisure centres and waste contractor.
- Reduce the average household black bin waste by at least 10% (2018/19 baseline) by 2026 through targeted waste reduction campaigns and incentivising at least five communities to set up community fridges to reduce their food waste.
- Eliminate the use of herbicides and pesticides in all our parks and open spaces
- Create ten hectares of new wetland and work with the Heart of England Forest and other partners to restore, enhance and create 30 hectares of Biodiversity Action Plan priority habitats in the district.

Narrative Report (continued)

FINANCIAL PERFORMANCE

A net budget of £12.144m for 2023/24 was approved by full Council in February 2023. For a sixth 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 third lowest in England.



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 down to £11.129m in November 2023 mainly due to additional interest expected on cash balances as interest rates remained high.

The net budget for our **Supporting People** priority reduced by 13% due to additional specific grant funding that was released during the year.

Narrative Report (continued)

Where the Money Went

The 2023/24 outturn position is a surplus of £503k which is a contribution to general balances. This is £1.222m less than the revised budget however much of the underspend against net expenditure has been earmarked and transferred to earmarked reserves. A healthy business rates growth outturn in excess of budget has also been moved to earmarked reserves. This is a strong year-end position and is reflective of strong financial management across the council. This has been achieved through a monthly budget monitoring and challenge process which ensures that budget managers and directors are held accountable for variances to budgets, with financial monitoring reports circulated to all councillors quarterly.

| 2022-23 | | 2023-2024 | | | |
|--------------|--|---------------|---------------|----------------|------------------|
| Net Actual* | | Original* | Revised* | Net Actual* | |
| Expenditure | | Budget | Budget | Expenditure | |
| £m | COUNCIL PRIORITIES | £m | £m | £m | |
| (0.344) | Supporting People | 3.677 | 3.210 | 3.087 | |
| (1.763) | Strong Economy & Places | (0.562) | (0.263) | (2.141) | |
| 4.907 | Sustainable Environment # | 5.981 | 5.992 | 5.619 | |
| 6.229 | Central & Support Costs | 6.608 | 6.679 | 6.730 | |
| 9.029 | NET COST OF SERVICES | 15.703 | 15.617 | 13.295 | |
| 0.172 | Cost of Grants to Parishes | 0.172 | 0.172 | 0.172 | |
| (2.406) | Interest and Investment Income | (3.731) | (4.660) | (5.345) | |
| 6.795 | NET EXPENDITURE (budgets shown in charts above) | 12.144 | 11.129 | 8.122 | |
| (2.665) | Non-specific Grants and Contributions | (3.841) | (4.014) | (4.080) | |
| 0.000 | Non specific revenue contributions | 0.000 | 0.000 | 1.443 | |
| 2.509 | Transfer to/(from) Earmarked Reserves | 4.158 | 4.647 | 9.959 | |
| 1.181 | Contribution to/(from) Balances | 0.900 | 1.725 | 0.503 | year-end surplus |
| 7.820 | TOTAL NET EXPENDITURE | 13.361 | 13.487 | 15.947 | |
| (2.652) | Business Rates | (2.924) | (2.924) | (2.924) | |
| (3.627) | Business Rates Growth | (2.000) | (2.000) | (4.576) | |
| (1.053) | Lower Tier Services Grant | 0.000 | 0.000 | 0.000 | |
| (0.183) | Services Grant | 0.000 | 0.000 | 0.000 | |
| (0.083) | Collection Fund Deficit/(surplus) - Council Tax | (0.021) | (0.021) | (0.021) | |
| 6.120 | Collection Fund Deficit/(surplus) - Business Rates | (2.119) | (2.119) | (2.119) | |
| 6.342 | PRECEPT ON COLLECTION FUND | 6.297 | 6.423 | 6.307 | |
| | (Excluding parish precepts) | | | | |

* includes CCLA Property Fund and Diversified Income Fund as well as interest from loans made by the Council.

excludes Special Levies.

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.

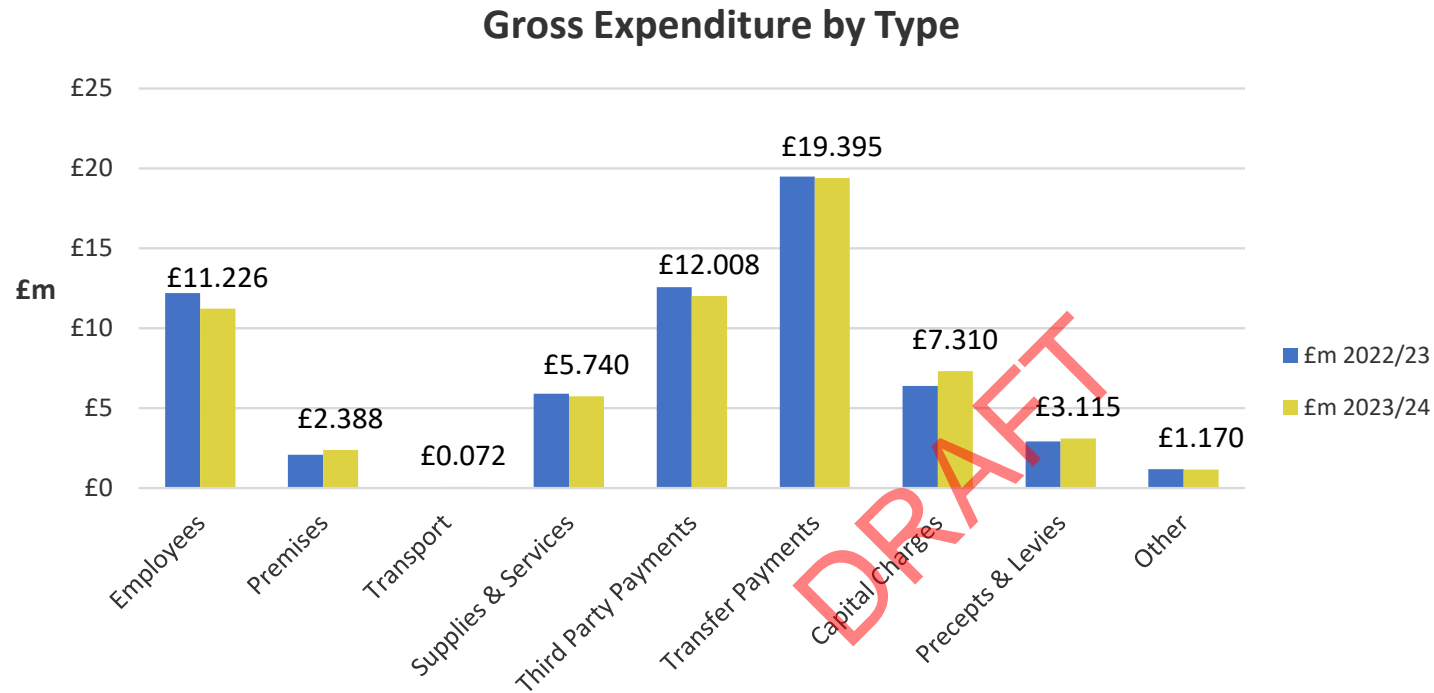
The variances contributing to a reduction in the contribution to general balances of £1.222m are shown below.

Major Budget Variances in 2023/24

| | £m |
|--|--------------|
| Transfers to earmarked reserves incl Homes for Ukraine & UKSPF | 4.599 |
| Overspend on the Environmental Health service with Worcestershire Regulatory Services | 0.031 |
| Overspend on Leisure Centres due to the new fire alarm system and condition survey | 0.055 |
| Overspend on Council Tax & Housing Benefit | 0.291 |
| Increase in the bad debt provision for sundry debts | 0.110 |
| Repayment of Alternative Fuel payments funding | 1.443 |
| Underspend on Community Programmes & Development due to additional grant funding | (0.297) |
| Underspend on Customer Services due to staff vacancies | (0.084) |
| Underspend on Grants due to slippage of project spend now expected in 2024/25 | (0.105) |
| Additional income from car parking | (0.454) |
| Additional income from out of district parking services | (0.050) |
| Underspends in Planning Services including the South Worcestershire Development Plan due to increased fee income offset by agency staff fees. Some SWDP spend is now anticipated in 2024/25. | (0.255) |
| Underspends in Economic Development & Tourism due some costs now expected in 2024/25 and other costs supported by UKSPF | (0.160) |
| Additional income from licensing including taxi licence fees | (0.079) |
| Underspends across waste collection services due to additional fee income and some works delayed. | (0.400) |
| Underspend on IT equipment & services | (0.055) |
| Underspend on the Property service due to staff vacancies | (0.127) |
| Additional investment income received | (0.684) |
| Additional business rates growth | (2.576) |
| Other smaller budget variances | 0.019 |
| | <u>1.222</u> |

Narrative Report (continued)

The gross cost of service provision amounts to £62.424m in 2023/24 and has been analysed by type as shown below:



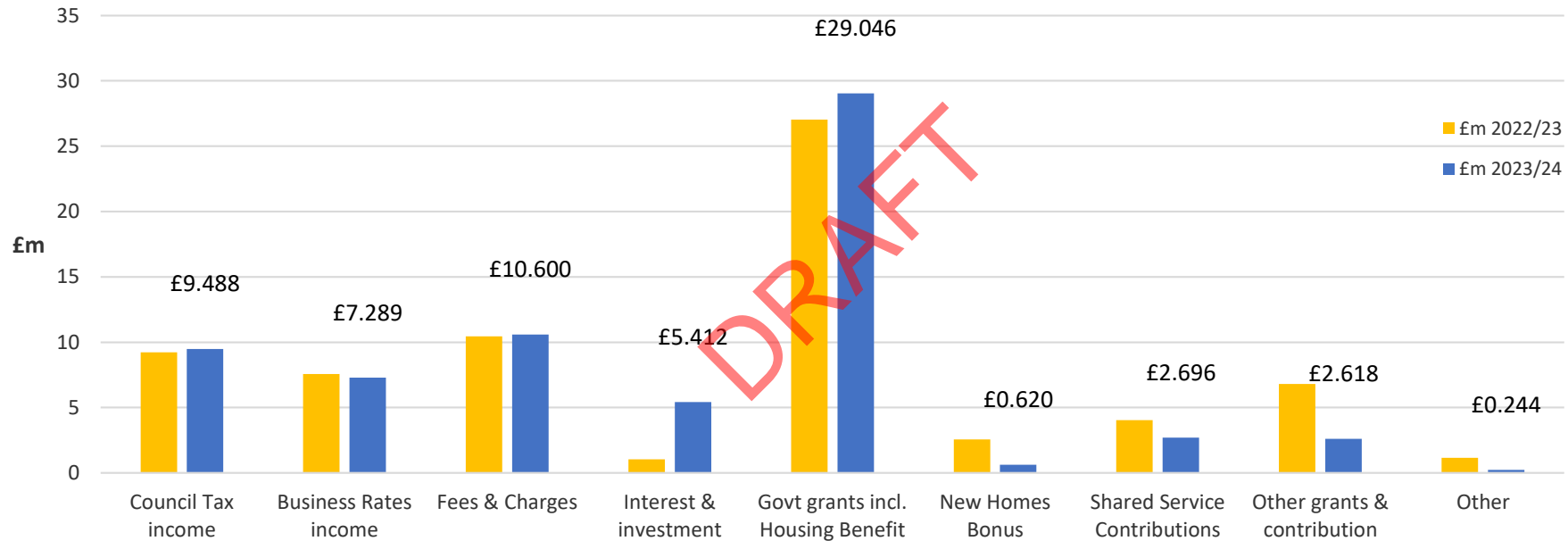
Our service expenditure is split between staffing (employees) and other running costs including capital charges. Running costs include the costs of running our buildings, transport, the payments we make to suppliers and contractors and the payments we make to people receiving benefits (called transfer 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.

Narrative Report (continued)

Where the Money Came From

Our gross income amounts to £68.013m in 2023/24. 25% 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 2023/24

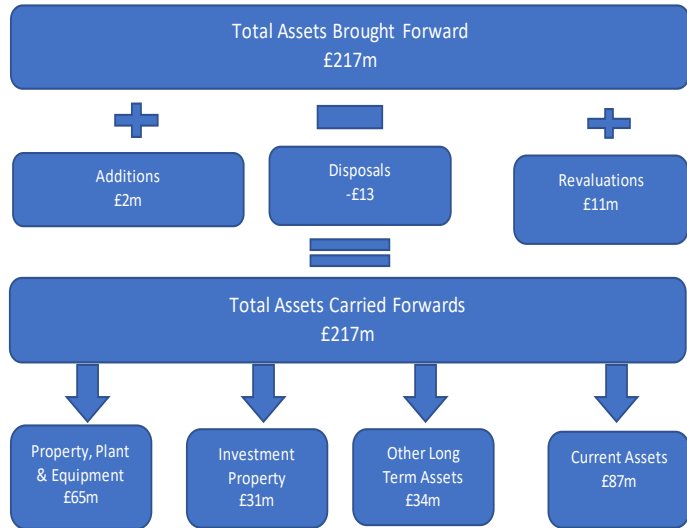


The increase in interest and investment income is due to the number of interest rate rises during 2023/24 which allowed us to earn significantly more interest on our investments than the previous year. The reduction in New Homes Bonus grant is due to the scheme coming to an end and the allocation in 2023/24 being a residual amount, The reduction in shared service contributions is due to the Revenues and Benefits service, previously hosted by Wychavon, transferring to Malvern Hills District Council.

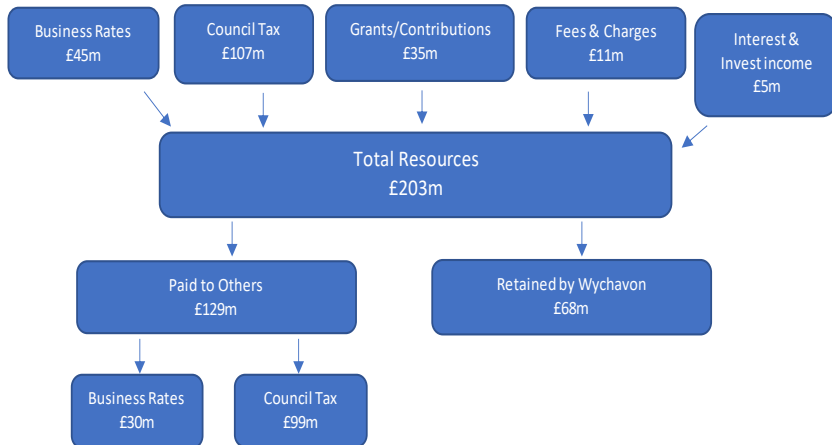
Narrative Report (continued)

Cashflows and Assets

CAPITAL CASHFLOWS



REVENUE CASHFLOWS



Wychavon District Council manages cashflows and assets of £420m, in the main by:

- Collecting £45m in business rates. The Council keeps only a proportion of this with most going to central government and Worcestershire County Council.
- Collecting £107m in council tax. The largest share is paid over to Worcestershire County Council.
- Managing a £130m portfolio of land, buildings and other assets.
- Accounting for £51m of fees and charges, grant funding, rents and investment income which are used to help deliver services and keep council tax down.

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Narrative Report (continued)

Capital Strategy

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

Our revised plan for the year 2023/24 was to allocate £17.367m on capital projects, but variations on some projects resulted in actual capital expenditure of £6.422m, a variation of £10.945m. The capital programme is not static and projects are added throughout the year. Many projects are multi-year meaning that apportioning estimates of spend to specific years (profiling the spend) involves an element of estimation. The main variances are shown below:

- Construction of a multi-user route between Evesham town centre and The Valley (project underspend £309k. Delayed while there are on-going discussions with partners)
- Investment in public open spaces and parks across the district (project underspend £249k). Some aspects of the projects have been delayed due to weather conditions. Project completion now expected in 2024.
- Refurbishment works at the Furlong Depot, Droitwich (project underspend £135k). Project completion now expected in 2024/25.
- Scheme to build a 3G pitch at Prince Henry's High School, Evesham (project underspend £300k). The Football Foundation have now approved the scheme and works are anticipated to be complete in 2024.
- Redevelopment of Evesham Public Hall (project underspend £1m. Project completion expected in future years.)
- Scheme to provide Community Legacy Grants to parish councils for capital schemes (project underspend £833k). The scheme is now extended into 2024/25.
- Ambitious plans to build a new footbridge and car park at Pershore Station (project underspend £1.4m). Delayed while footbridge solutions are being investigated.
- Scheme to build a Community Sports Facility at Pershore High School (project underspend £800k). Phase 1 of the project is complete. Phase 2 of the project is subject to a school bid to Department for Education.
- Investment in CCTV (project underspend £159k). Works to be completed by May 2024.
- Scheme to build a multi-purpose sports hall and changing rooms at Worcester Norton Sports Club (project underspend £310k). Works are progressing and the scheme is expected to be complete in 2024.

Narrative Report (continued)

- Investment in Affordable Housing (Local Authority Housing Fund) across the district (underspend £1.5m). Procurement of affordable homes by registered providers is progressing well and will be complete in 2024.
- Council Investment in Housing in Offenham, Evesham (project underspend £485k). Works are expected to commence in the Autumn 2024.

- Investment in our Leisure Centres (project underspend £400k). This is a 3-year project with completion expected in 2025.
- Archaeology Survey at Milestone Ground, Broadway (project underspend £700k). Ground investigation works are nearing completion and the survey is due to commence in 2024.
- Scheme to build affordable homes at Willow Court, Droitwich (underspend £500k). Delays were due to the legal process however works have now commenced.



Evesham Velo Park

Capital expenditure is financed from a combination of capital receipts, grant funding and the Council's own financial resources. The table below shows our 2023/24 capital spend and how it was financed.

| CAPITAL EXPENDITURE 2023/24 | £m | FINANCING OF CAPITAL EXPENDITURE | £m |
|---|---------------------|---|--------------|
| Priority - Supporting People | | | |
| Better Care Fund | 914 | Capital receipts | 1,014 |
| Changing Places - Public Conveniences | 124 | Capital grants and Contributions | 2,815 |
| Community Sports Facilities at Pershore High School | 682 | Capital expenditure charged to revenue (CERA)* | 2,593 |
| Droitwich Leisure Centre Feasibility Study | 144 | | |
| UK Shared Prosperity Fund | 461 | TOTAL FINANCING | <u>6,422</u> |
| Rural England Prosperity Fund | 70 | | |
| Local Authority Housing Fund | 1,132 | * including New Homes Bonus and Section 106 contributions | |
| Worcester 6 Business Park | 1,000 | | |
| Car Park Resurfacing | 165 | | |
| Worcester Norton Sports Club | 289 | | |
| Community Legacy Grants | 223 | | |
| Community Hall, Briar Close, Evesham | 136 | | |
| Building Enhancements | 60 | | |
| Other small schemes | 133 | | |
| | <u>5,533</u> | | |
| Priority - Strong Economy & Places | | | |
| Other small schemes | 118 | | |
| | <u>118</u> | | |
| Priority - Sustainable Environment | | | |
| Investment in CCTV Service | 141 | | |
| Parks & Public Open Spaces Improvements Programme | 553 | | |
| Other small schemes | 77 | | |
| | <u>771</u> | | |
| TOTAL CAPITAL EXPENDITURE 2023/24 | <u><u>6,422</u></u> | | |

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Narrative Report (continued)

Our Treasury Management Performance

The Council agreed a Treasury Management Policy and Strategy for 2023/24 in February 2023 and this is a key document in the management of the Council's finances. The actual income received from cash investments in 2023/2024 was £4,923k (compared to £2,061k in 2022/23) which was £263k higher than the revised budget for the year. The overall rate of return on sums invested during the year was 4.65% (compared to 1.93% in 2022/23) which was 0.31% below the target 7 Day Sterling Overnight Index Average (0.31% below in 2022/23). The increase in income since 2022/23 is due mainly to the Bank of England raising its base rate consistently during the year meaning we have been able to secure higher interest rates on our cash investments, together with higher average cash balances available to invest. In addition, the Council received £229k (£148k in 2022/23) as dividend income from its investment in a Local Authorities' Property Fund and a further £178k in dividends (£198k in 2022/23) from a Better World Cautious Fund (which was merged with the Diversified Income Fund on 16 February 2024). Both these Funds are managed by CCLA Investment Managers Limited.

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 grant support schemes to support local businesses and residents. 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 four major UK high street banking groups including Santander UK and Handelsbanken Plc; Close Brothers Ltd, Investec Bank Ltd, Goldman Sachs, 7 Building Societies, 8 overseas banks (Commonwealth Bank of Australia, Australia and New Zealand Banking Group Ltd, Toronto Dominion Bank, United Overseas Bank Ltd, DBS Bank Ltd, 2 Landesbanks, 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 AAAM credit rating and two Pooled Investment Funds managed by CCLA Investment Management Limited, namely the Local Authorities Property Fund and the Diversified Income Fund (now the Better World Cautious 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 opposite), Pershore Hospital & GP Surgery and other investments identified in Note 38 to the Accounts. The unadjusted lease income from the largest investments: Waitrose supermarkets, Pershore Hospital and GP Surgery, was £1.896m in 2023/24 (£1.341m in 2022/23).



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 end the year with our finances 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 several 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 a Regeneration Reserve. Whilst we used some £7.857m of earmarked reserves in the year we also added £15.216m, resulting in a net increase of £7.359m and giving a net balance at the year-end of £78.595m*. Full details are given in Note 20 to the accounts.

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. Working balances increased by £0.503m* during the year, giving a balance of £15.119m 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 can join this from the commencement of their employment with the Council. The Council's share of the net pension asset of the Fund on 31 March 2024, as estimated by the fund actuary, was £0.391m* compared to £6.763m* net pension liability on 31 March 2023. (*from the Balance Sheet)

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

It is important to understand that the net pension liability or asset valuation on 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 or asset, can vary considerably as market values change.

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 2023/24 Wychavon became a member of the Worcestershire Business Rates Pool, formed on 1 April 2023, along with all the Worcestershire councils.

After pooling locally and making the necessary payments to the Government, the Council generated £4.576m 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 2023 Valuation Office listing.

A Business Rates Appeals Provision is maintained against the number of appeals made to the Valuation Office. This provision reduced by £0.2m, from £3.8m at the end of 2022/23, to £3.6m at the end of 2023/24. The decrease in provision is mainly due to a reduction in appeals being upheld from the 2017 list and the introduction of the 2023 list.

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

- Helped deliver 1,112 affordable homes against a target of 1000 by March 2024.
- Processed 39 discount market sales applications and approved the sale of 18 units.
- Supported 1,566 households approaching us for support with homelessness.
- Held a successful local democracy day with 3 of the 4 local high schools to secure engagement with young people in the Council's strategy setting process.
- Provided funding to Age UK Hereford & Worcestershire to expand their services in the district.
- Set aside £1m for community projects through our Community Legacy Grants and supported town and parish councils in their applications for this funding.
- Continued to support more than 350 Ukrainian guests and 107 hosts in the district including introducing a resettlement package to enable guests to move into their own accommodation. We also held a careers and employability event and Ukrainian Independence Day celebrations.
- Supported 3 contingency hotels for asylum seekers, ensuring around 200 service users had support and access to essentials.
- Delivered £277k Household Support Fund to support vulnerable residents through 18 partner organisations.
- Paid 1,453 energy bill support payments for residents who do not have a direct relationship with an energy supplier.
- Continued to fund breakfast clubs for schools which are helping to feed 1000 children every term.
- Funded a further year of Speech and Language support meaning that 945 children have now been screened for speech and language in 55 schools and 40 children have received additional support.
- Funded a new 3G football pitch and new hockey pitch at Pershore High School.

Narrative Report (continued)

- Refurbished the derelict former Red Cross building in Evesham and transformed it into the headquarters for a charity supporting young people.
- Delivered safeguarding and managing conflict training for voluntary and community sector organisations across the district, ensuring that 52 volunteers were able to work more safely and effectively support their service users.
- Delivered 3 training sessions to 24 hairdressers, nail technicians and tattoo artists to raise awareness of and tackle domestic abuse, supporting survivors who may confide in them.
- Completed 37 Safe and Sound visits to residents who have experienced or are at fear of crime to help protect their home.
- Announced a £13m leisure and wellbeing package for Droitwich Spa including £7m to upgrade Droitwich Leisure Centre.

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

- Supported the district's largest events (including Pershore Plum Festival, Battle of Evesham, Broadway's Autumn Show) leading to a 25% increase in visitor spend and 23% increase in day trips.
- Created a new Changing Places facility as part of the refurbishment of Oat Street toilets in Evesham with work on two more being created at Lido Park in Droitwich Spa and Broadway Activity Park.
- Spent or committed £330,000 on town centre improvement projects.
- Published and consulted on our new Design Code for the district.
- Installed contactless payment machines in the majority of our car parks to increase the range of payment options for visitors travelling to our district by car.
- Approved 1,443 planning applications.
- Installed new lighting schemes in Droitwich Town Centre and Evesham's Abbey Park to support the nighttime economy.
- In response to employer concerns at business parks around Droitwich Spa we funded an out of hours bus service to assist shift working patterns and allocated £150k to fund improvements to walking and cycling routes across the district.
- Issued 27 Small Business Growth grants.
- We awarded 8 apprentice business grants enabling these local businesses to grow. We also awarded 4 apprentice bursaries to help Wychavon students to undertake apprenticeships.

Narrative Report (continued)

- Funded 17 primary schools to take part in the STEM challenge which is aimed at increasing the engineering knowledge of primary school children and contributed to transport costs for schools to attend the Apprentice and Skills shows.

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

- Work is underway to decarbonise our leisure centres and Hydrotreated Vegetable Oil (HVO) has been introduced into 8 waste fleet vehicles.
- Commissioned detailed design and specification work for new low carbon heat and energy systems for Evesham and Pershore leisure centres. These formed the basis of a bid for over £3m funding to the Public Sector Decarbonisation Scheme. We also successfully bid for £75k funding for the installation of solar panels on Evesham Leisure Centre from the Sport England Swimming Pool Support Fund.
- Supported the creation of two more SmartWater villages in the district to help reduce rural crime.
- Engaged more than 10,000 school children in anti-litter engagement sessions as part of a 4-year litter reduction campaign.
- In partnership with Worcestershire County Council developed a draft natural habitat map to highlight opportunities for creation and restoration of habitats.
- With partners, created over 50 hectares of priority habitats with further habitat creation and restoration underway.
- Delivered carbon literacy training to over 100 members of staff across Malvern Hills and Wychavon with sessions for councillors scheduled for 2024/25.
- Opened a new water play in Evesham Abbey Park, started work on installing a new Battle of Evesham themed play area in St Richard's Open Space in Evesham and started work on a new water play in Abbey Park Pershore.
- Won 6 flag awards for our parks.
- Secured £1.2m for the sustainable warmth programme to help residents cut their energy bills and carbon footprint.
- Delivered a successful and proportional Emergency Planning response to multiple flooding events across the districts, working with partners to ensure that our communities and residents were supported during the flooding events and that the resultant clean-up activities were undertaken promptly.

LOOKING AHEAD

In February 2024 the Council agreed a bold new **We Are Wychavon Plan** for the period 2024 to 2028. Some of the key proposals are:

- £200k to support the development of the existing health and wellbeing hubs and introduce tailored health and wellbeing in at least 10 villages.
- £100k to deliver a programme of support, information and advice for parents and families to give children the best start in life and education.
- £160k to work with schools and early years providers to deliver programmes so more free school meal eligible children reach a good level of development.
- £120k to develop 5 new community youth projects in rural areas.
- £100k to reduce the number of homeless people/households we place in bed and breakfast accommodation by creating at least 15 new temporary accommodation places.
- £1m to create a new housing facility in the north of the district to provide support to homeless young people.
- £1m to invest in the development of small business units in at least 2 locations across the district.
- £600k to lead the delivery of a health corridor for walking and wildlife along the canal and river from Droitwich.
- Drive investment in the key sites identified in the town centre prospectuses including Droitwich Spa Lido.
- Continue to deliver actions in our Intelligently Green Plan to reduce our carbon footprint including significantly cutting emissions from our leisure centres.

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 have seen significant delays. 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 prudent level 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 share with them a Revenues and Benefits service which brings 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.

Annual Governance Statement 2023/24

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 2024 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 2023/24 the Chief Executive as the Head of Paid Service, the Director of Legal & Governance 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 2023/24 (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 2023/24, 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 2023/24 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 2023/24 (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: seven reports gave full to moderate assurance and two gave limited assurance. The Head of Internal Audit has concluded that control arrangements in 2023/24 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 2023/24.

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 (2016). 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. *The delays to the auditing of local authority accounts means that we do not have the annual audit letter for 2021/22*

Annual Governance Statement 2023/24 (continued)

or 2022/23 and we are unlikely to know the outcome of any 2022/23 audit by the end of 2023/24. We will therefore include as necessary any statement about external audit opinion and value for money opinion once the audit(s) are complete.

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.

7. Conclusion

To the best of our knowledge, the overall governance arrangements as described and detailed above have been operating effectively during the year. Our assessment, that the corporate governance is good, is supported by the findings and evidence indicated in this statement and a lack of identified corporate issues. In addition, we are satisfied that the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

Any areas of improvement identified during the managers' annual survey will be progressed and will be monitored for implementation and operation during the year and any material areas of interest reported as part of next year's annual governance statement.

CHRIS DAY

Leader of the Council

Date September 2024



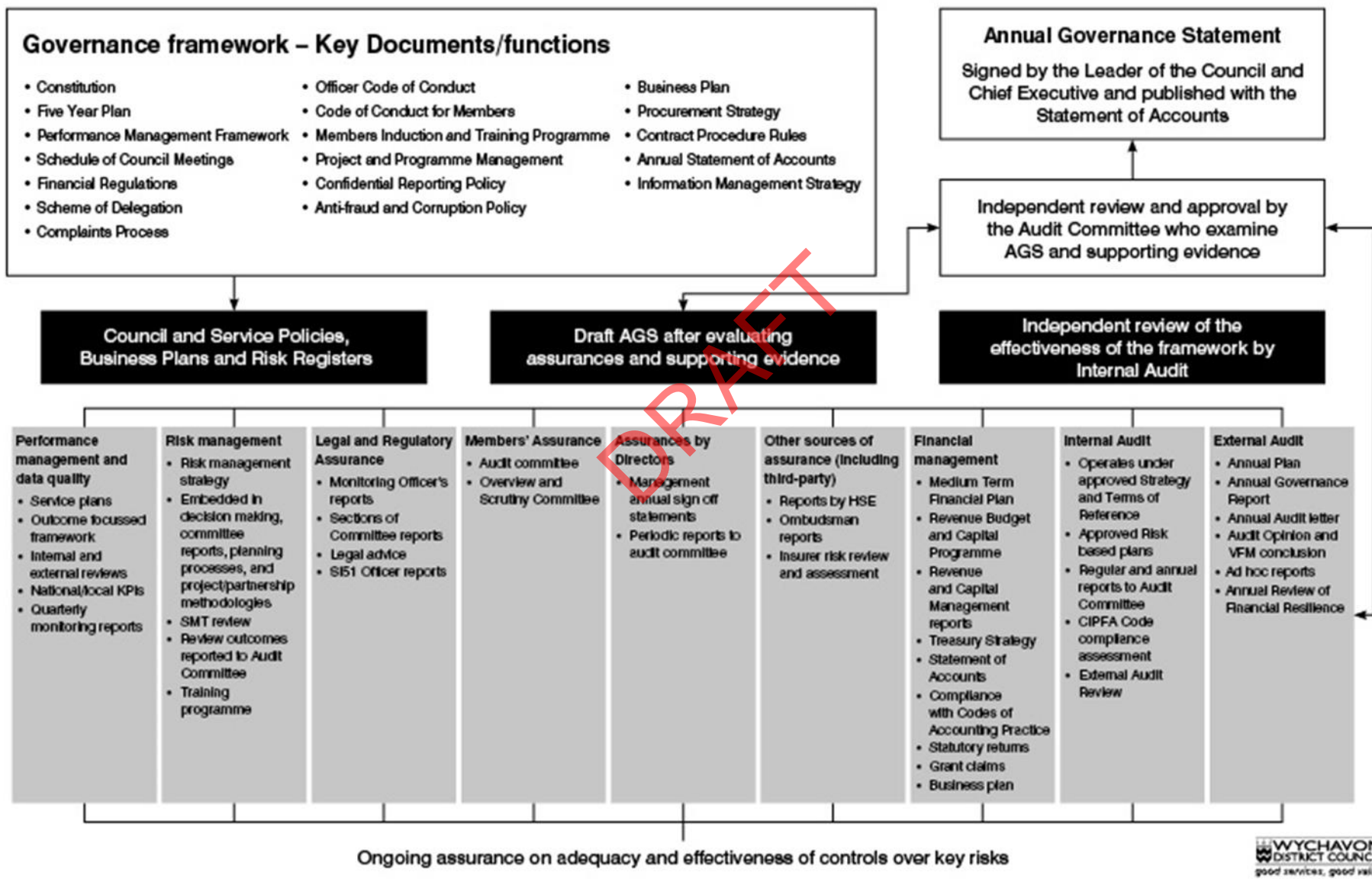
VIC ALLISON

Chief Executive

Date September 2024



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 2023/24 financial year and its position at the year end of 31 March 2024. 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 2023/24 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

Statement of Accounting Policies (continued)

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 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:

Statement of Accounting Policies (continued)

- Quoted securities – current bid price;
- Unquoted securities – professional estimate;
- 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.

Statement of Accounting Policies (continued)

- 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 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.

Statement of Accounting Policies (continued)

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:

Statement of Accounting Policies (continued)

- 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 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

Statement of Accounting Policies (continued)

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 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.

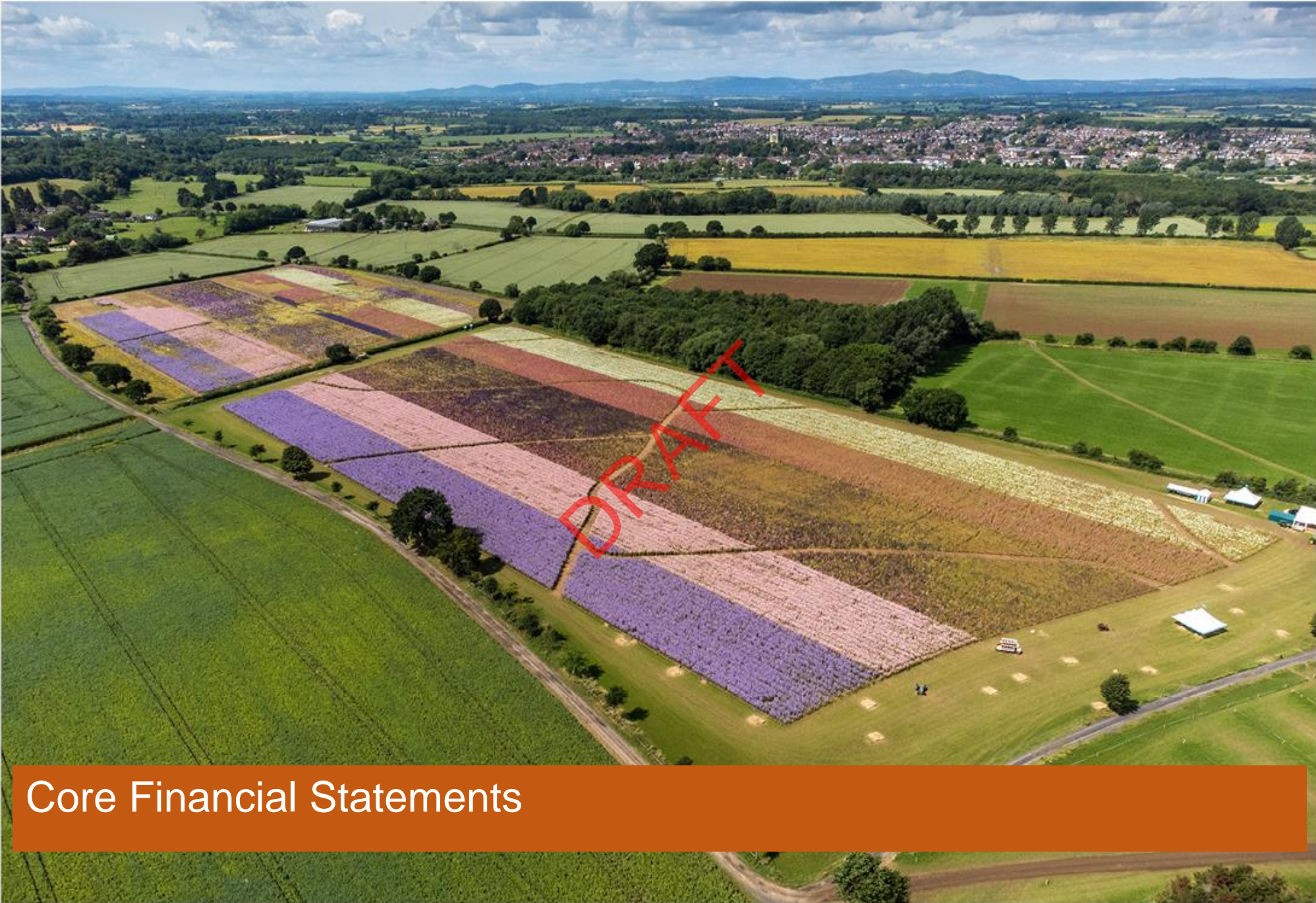
Statement of Accounting Policies (continued)

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.

| 2022/23 | | | 2023/24 | | | |
|-------------------------------------|-----------------|-----------------|--|-------------------|-----------------|-----------------|
| Gross Expenditure | Gross Income | Net Expenditure | | Gross Expenditure | Gross Income | Net Expenditure |
| £000 | £000 | £000 | | £000 | £000 | £000 |
| Service Expenditure Analysis | | | | | | |
| 33,157 | (27,686) | 5,471 | Supporting People | 31,787 | (23,357) | 8,430 |
| 8,079 | (6,972) | 1,107 | Strong Economy and Places | 9,024 | (8,310) | 767 |
| 8,247 | (2,672) | 5,575 | Sustainable Environment | 8,660 | (2,816) | 5,844 |
| 9,239 | (3,269) | 5,970 | Central and Support Costs | 8,668 | (2,659) | 6,009 |
| 58,722 | (40,599) | 18,123 | Net Cost Of Services | 58,139 | (37,142) | 21,050 |
| | | 421 | Other Operating Expenditure | see note 6 | | 2,871 |
| | (620) | | Financing and Investment Income and Expenditure | 7 | | (6,404) |
| | (24,955) | | Taxation and Non-Specific Grant Income | 8 | | (23,105) |
| | (7,031) | | (Surplus)/Deficit on Provision of Services | 9 | | (5,588) |
| | (753) | | (Surplus)/Deficit on revaluation of non current assets | | | (1,677) |
| | (37,488) | | Remeasurement of the net defined benefit (pension) liability | 14 | | (6,286) |
| | 0 | | Revaluation - available for sale financial assets | | | 0 |
| | (38,241) | | Other Comprehensive Income and Expenditure | | | (7,963) |
| | (45,272) | | Total Comprehensive (Income) and Expenditure | | | (13,551) |

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 |
|--|-----------------|----------------------------|-----------------------|--------------------------------|--------------------------------|--------------------------|----------------------|--------------------------------|
| 31 MARCH 2024 | <i>see note</i> | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Balance at 31 March 2023 carried forward | | 14,616 | 71,236 | 8,328 | 5,663 | 99,843 | 93,110 | 192,953 |
| Movement in reserves during 2022/23 | | | | | | | | |
| Total Comprehensive Expenditure and Income | | 5,588 | 0 | 0 | 0 | 5,588 | 7,963 | 13,551 |
| Adjustments between accounting basis and funding basis under Regulations | 18 | 2,274 | | 2,498 | 1,378 | 6,150 | (6,150) | 0 |
| Net Increase/(Decrease) before Transfers to Earmarked Reserves | | 7,862 | 0 | 2,498 | 1,378 | 11,738 | 1,813 | 13,551 |
| Transfers (to)/from Earmarked Reserves | 20 | (7,359) | 7,359 | 0 | 0 | 0 | 0 | 0 |
| Increase/(Decrease) in Reserves in Year | | 503 | 7,359 | 2,498 | 1,378 | 11,738 | 1,813 | 13,551 |
| Balance at 31 March 2024 carried forward | | 15,119 | 78,595 | 10,826 | 7,041 | 111,581 | 94,923 | 206,504 |
| 31 MARCH 2023 | <i>see note</i> | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Balance at 31 March 2022 carried forward | | 13,435 | 71,663 | 6,772 | 3,903 | 95,773 | 51,908 | 147,681 |
| Movement in reserves during 2022/23 | | | | | | | | |
| Total Comprehensive Expenditure and Income | | 7,031 | 0 | 0 | 0 | 7,031 | 38,241 | 45,272 |
| Adjustments between accounting basis and funding basis under Regulations | 18 | (6,277) | 0 | 1,556 | 1,760 | -2,961 | 2,961 | 0 |
| Net Increase/(Decrease) before Transfers to Earmarked Reserves | | 754 | 0 | 1,556 | 1,760 | 4,070 | 41,202 | 45,272 |
| Transfers (to)/from Earmarked Reserves | 20 | 427 | -427 | 0 | 0 | 0 | 0 | 0 |
| Increase/(Decrease) in Reserves in Year | | 1,181 | -427 | 1,556 | 1,760 | 4,070 | 41,202 | 45,272 |
| Balance at 31 March 2023 carried forward | | 14,616 | 71,236 | 8,328 | 5,663 | 99,843 | 93,110 | 192,953 |

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 2023 | | | as at 31 March 2024 | |
|---------------------|------------------|------------------------------|---------------------|------------------|
| £000 | £000 | see note | £000 | £000 |
| 63,651 | | Property, Plant & Equipment | 21 | 63,875 |
| 49 | | Heritage Property | 22 | 49 |
| 32,632 | | Investment Property | 23 | 31,727 |
| 0 | | Intangible Assets | 24 | 0 |
| 50 | | Assets Held for Sale | 25 | 662 |
| 25,196 | | Long Term Investment | 27 | 33,322 |
| 994 | | Long Term Debtors | 28 | 932 |
| | 122,572 | Long Term Assets | | 130,567 |
| 60,779 | | Short Term Investments | 29 | 69,886 |
| 10,869 | | Short Term Debtors | 30 | 7,009 |
| 13,348 | | Cash and Cash Equivalents | 31 | 3,901 |
| 9,260 | | Assets Held for Sale | 25 | 6,035 |
| 163 | | Inventories | 32 | 154 |
| | 94,419 | Current Assets | | 86,985 |
| (15,773) | | Short Term Creditors | 33 | (9,983) |
| | (15,773) | Current Liabilities | | (9,983) |
| (1,502) | | Provisions | 34 | (1,456) |
| (6,763) | | Pensions (Liability)/Asset | 14 | 391 |
| | (8,265) | Long Term Liabilities | | (1,065) |
| | 192,953 | Net Assets | | 206,504 |
| (99,843) | | Usable Reserves | 35 | (111,581) |
| (93,110) | | Unusable Reserves | 19 | (94,923) |
| | (192,953) | Total Reserves | | (206,504) |

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.

| 2022/2023 | | | 2023/2024 |
|---------------|---|----------|----------------|
| £000 | | see note | £000 |
| (7,031) | Net surplus on the provision of services | | (5,588) |
| 7,101 | Adjustments to net surplus or deficit on the provision of services for non cash movements | 39 | (7,496) |
| 4,613 | Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities | 39 | 3,424 |
| 4,683 | Net cash flows from Operating Activities | | (9,660) |
| 46,736 | Investing Activities | 40 | 14,392 |
| (6,368) | Financing Activities - adjustment due to council tax and business rates creditors as a billing authority | | 4,715 |
| 45,051 | Net increase in cash and cash equivalents | | 9,447 |
| 58,399 | Cash and cash equivalents at the 1st April | 31 | 13,348 |
| 13,348 | Cash and cash equivalents at the 31st March | 31 | 3,901 |

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.

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Notes to the Financial Statements

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 2024.

Note 2 Significant Changes in Accounting Policies

There have been no significant changes in accounting policies in 2023/24.

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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 2023/24 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)
- All valuations are dated 31 March 2024 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.
- If 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 2024 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 £396k 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 £1.335m. |
| Bad debt provisions | The Council has sundry debtor balances of £858k and Housing Benefit overpayment debtor balances of £893k. Provisions for bad or doubtful debts are made according to the age of the debt and, currently we provide for all debts over six months old. A provision of £1.26m is in place for sundry debtor and for housing benefit overpayment debts. | If recoverability of debts below 6 months old falls, further provision would be required. |
| 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 2023/24 attributable to Wychavon amounts to £1.454m (40% of £3.635m), a decrease from £1.502m in 2022/23. | If the value of business rates appeals likely to succeed increased by 10%, the provision would need to increase by a further £145k. |



Notes Supporting the Comprehensive Income and Expenditure Statement

Note 5 Material items of Income and Expense

A breakdown of net expenditure on services in 2023/24, identifying material items of income and expense during the year is shown below:

Priority - Supporting People

| Total net spend of | £3.087m |
|--|--------------|
| Net spending included: | £m |
| Environmental Health | 0.682 |
| Public Conveniences | 0.397 |
| Customer Services | 0.204 |
| Community Programmes and Sport Development | 0.443 |
| Register of Electors/Elections | 0.424 |
| Preventing Homelessness & other Housing needs | 0.736 |
| Net income from Pershore Hospital/Doctors' Surgery | (0.644) |
| Leisure Facilities | 0.223 |
| Housing Benefits & Council Tax | 0.469 |
| Total | 2.934 |

Priority - Strong Economy and Places

| Total net spend of | £(2.141)m |
|---|----------------|
| Net spending included: | £m |
| Car Parking | (1.338) |
| Net income from commercial properties including Waitrose stores | (1.408) |
| Economic Development and promotion | 0.251 |
| Tourism | 0.310 |
| Licensing | (0.226) |
| Administration of Business Rates | (0.522) |
| Development Management | 0.161 |
| Planning Policy | 0.560 |
| Total | (2.212) |

Priority - Sustainable Environment

| Total net spend of | £5.619m |
|---|--------------|
| Net spending included: | £m |
| Street Cleaning | 1.290 |
| Refuse Collection | 1.285 |
| Recycling | 1.394 |
| Parks, Recreation Grounds and open spaces | 1.732 |
| | |
| | |
| | |
| Total | 5.701 |

Central & Support Costs

| Total net spend of | £6.730m |
|---|--------------|
| Net spending included: | £m |
| Support Service costs (Legal/HR/Finance/Property) | 1.700 |
| Strategy & Comms/Member Support/Internal Audit) | 0.666 |
| Information Technology | 1.056 |
| Senior Management Team | 0.513 |
| Civic Centre | 0.579 |
| Democratic Representation | 0.490 |
| Pension backfunding costs | 0.973 |
| Household Support Funding | 0.252 |
| Total | 6.229 |

Note 6 Other Operating Expenditure

| | 2022/23 | 2023/24 |
|--|------------|--------------|
| | £000s | £000s |
| Parish council precepts and grants | 2,914 | 3,115 |
| Payments to the Government Housing Capital Receipts Pool | 1 | 0 |
| Gains/(Losses) on the disposal of non current assets | (2,494) | (244) |
| Total | 421 | 2,871 |

Note 7 Financing and Investment Income and Expenditure

| | 2022/23 | 2023/24 |
|--|--------------|----------------|
| | £000s | £000s |
| Pensions net interest cost less administrative expenses | 1,161 | 265 |
| Interest receivable and similar income | (2,416) | (5,349) |
| Income and expenditure in relation to investment properties and changes in their fair values - see Note 23 | (745) | (1,258) |
| Changes to fair value of investments in Pooled Investment Funds - see Note 27 | 1,380 | (62) |
| Total | (620) | (6,404) |

Note 8 Taxation and Non-Specific Grant Income

| | 2022/23 | 2023/24 |
|---|-----------------|-----------------|
| | £000s | £000s |
| Council Tax income | (9,229) | (9,488) |
| Business Rates | (7,561) | (7,289) |
| Revenue Support Grant | 0 | (173) |
| Non Specific Revenue Grants & Contributions | (3,930) | (2,657) |
| Capital grants and contributions | (3,531) | (3,498) |
| Right to Buy Clawback | (704) | 0 |
| Total | (24,955) | (23,105) |

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.

| 2022/23 | | | 2023/24 | | | |
|--|--|---|--|--|--|---|
| 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 |
| (344) | 5,815 | 5,471 | Supporting People | 2,733 | 5,697 | 8,430 |
| (1,681) | 2,788 | 1,107 | Strong Economy and Places | (2,504) | 3,271 | 767 |
| 4,908 | 667 | 5,575 | Sustainable Environment | 5,699 | 145 | 5,844 |
| 6,229 | (259) | 5,970 | Central and Support Costs | 6,729 | (720) | 6,009 |
| 9,112 | 9,011 | 18,123 | Net Cost of Services | 12,657 | 8,393 | 21,050 |
| (9,866) | (15,276) | (25,142) | Other Income and Expenditure | (20,519) | (6,119) | (26,638) |
| (754) | (6,265) | (7,019) | Surplus on the provision of Services | (7,862) | 2,274 | (5,588) |
| 85,098 | | | Opening General Fund Balance | 85,852 | | |
| 754 | | | Plus Surplus on General Fund Balance in Year | 7,862 | | |
| 85,852 | | | Closing General Fund Balance at 31 March | 93,714 | | |

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

| 2022/23 | | | 2023/24 | | | |
|-------------------------------|----------------------|----------------------------------|---------------------------|-------------------------------|----------------------|----------------------------------|
| 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 |
| 1,540 | 125 | (1,353) | Supporting People | 1,886 | (31) | (1,366) |
| 114 | 706 | (6,133) | Strong Economy and Places | 183 | 28 | (6,556) |
| 6 | 531 | (2,400) | Sustainable Environment | 3 | 155 | (2,539) |
| 266 | 0 | (428) | Central and Support Costs | 316 | 0 | (193) |
| 1,926 | 1,362 | (10,314) | TOTAL | 2,388 | 152 | (10,654) |

Note 9 Expenditure and Funding Analysis (continued)

Breakdown of Adjustments between Funding and Accounting Basis 2022/23:

| Adjustments from general Fund to arrive at the Comprehensive Income & 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 | 4,773 | 397 | 645 | 5,815 |
| Strong Economy and Places | 810 | 512 | 1,466 | 2,788 |
| Sustainable Environment | 539 | 128 | 0 | 667 |
| Central and Support Costs | 266 | (525) | 0 | (259) |
| Net Cost of Services | 6,388 | 512 | 2,111 | 9,011 |
| Other income and expenditure from the Expenditure and Funding Analysis | (8,348) | 1,190 | (8,118) | (15,276) |
| Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services | (1,960) | 1,702 | (6,007) | (6,265) |

Breakdown of Adjustments between Funding and Accounting Basis 2023/24:

| 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 | 5,094 | (38) | 641 | 5,697 |
| Strong Economy and Places | 1,742 | (46) | 1,575 | 3,271 |
| Sustainable Environment | 158 | (13) | 0 | 145 |
| Central and Support Costs | 316 | (1,036) | 0 | (720) |
| Net Cost of Services | 7,310 | (1,133) | 2,216 | 8,393 |
| Other income and expenditure from the Expenditure and Funding Analysis | (6,348) | 265 | (36) | (6,119) |
| Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services | 962 | (868) | 2,180 | 2,274 |

Note 9 Expenditure and Funding Analysis (continued)

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.

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:

Note 9 Expenditure and Funding Analysis (continued)

- 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 | Subsistence | Lease Car | Pension | Total |
|--|---------|------------|----------|-------------|-------------|---------------|------------|
| | | £ | Expenses | Expenses | Alternative | Contributions | |
| Joint Chief Executive | 2023/24 | 146,594.29 | 83.25 | 0.00 | 4,599.96 | 27,999.52 | 179,277.02 |
| | 2022/23 | 139,544.04 | 289.35 | 36.95 | 4,599.96 | 25,536.57 | 170,006.87 |
| Deputy Chief Executive and Section 151 Officer | 2023/24 | 94,973.04 | 133.65 | 24.00 | 4,599.96 | 18,139.81 | 117,870.46 |
| | 2022/23 | 91,760.98 | 0.00 | 0.00 | 4,599.96 | 16,792.27 | 113,153.21 |
| Director of Economy and Environment | 2023/24 | 93,102.00 | 0.00 | 0.00 | 3,399.96 | 17,514.65 | 114,016.61 |
| | 2022/23 | 88,037.81 | 0.00 | 0.00 | 3,399.96 | 16,110.93 | 107,548.70 |
| Director of Communities and Housing | 2023/24 | 91,701.78 | 0.00 | 0.00 | 3,399.96 | 17,515.04 | 112,616.78 |
| | 2022/23 | 86,301.27 | 0.00 | 0.00 | 3,399.96 | 15,793.11 | 105,494.34 |

Note 10 Officer Remuneration (continued)

Notes:

- The Joint Chief Executive, the Director of Communities & Housing 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 but funded wholly by Wychavon 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.
- 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 Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts.

| | 2022/23 | 2023/24 |
|-------------------|---------------------|---------------------|
| Remuneration Band | Number of Employees | Number of Employees |
| £50,000 - £54,999 | 4 | 4 |
| £55,000 - £59,999 | 2 | 3 |
| £60,000 - £64,999 | 3 | 4 |
| £65,000 - £69,999 | 0 | 2 |

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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 | |
|--|-------------------------------|---------|--|---------------|
| | 2022/23 | 2023/24 | 2022/23 | 2023/24 |
| £0 - £20,000 | 2 | 7 | 6,589 | 30,299 |
| £20,001 - £40,000 | 0 | 0 | 0 | 0 |
| £40,000 - £60,000 | 0 | 0 | 0 | 0 |
| Total cost included in bandings and in the CIES | | | 6,589 | 30,299 |

Note 10 Officer Remuneration (continued)

Trade Union Facility Time:

Wychavon District Council recognises UNISON for collective bargaining purposes. Facility time details for the period 1 April 2023 to 31 March 2024 were as follows:

| | |
|--|-------------|
| Number of employees who were relevant union officials in the relevant period | 2 |
| Percentage of working hours spent on facility time: | |
| 0% of working hours | 0 |
| 1% to 50% of working hours | 2 |
| 51% to 99% of working hours | 0 |
| 100% of working hours | 0 |
| Total pay bill | £11,664,767 |
| Hours spent on paid facility time | 147 |
| Hours spent on paid trade union activities | 25 |

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Note 11 Members' Allowances

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

| | 2022/23 | 2023/24 |
|-------|----------|----------|
| Total | £324,502 | £333,389 |

Note 12 External Audit Costs

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

| | 2022/23 | 2023/24 |
|---|-----------|------------|
| | £000s | £000s |
| Fees payable to Azets Audit Services Limited with regard to external audit services carried out by the appointed auditor for the year. 2022/23 fees payable to Ernst & Young LLP and includes the Redmond Review Local Audit Fees grant of £18,512. | 59 | 138 |
| Fees payable to KPMG during the year for housing benefit subsidy audit (estimate for both 22/23 and 23/24) | 20 | 20 |
| Fees payable to KPMG during the year for housing benefit 40+ audit (estimate for both 22/23 and 23/24) | 18 | 18 |
| Total | 97 | 176 |

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 2018/19 financial year. The Public Sector Audit Appointments Limited (PSAA), on behalf of the Council, have appointed Azets Audit Services Ltd for a five-year period with effect from 2023/24. KPMG have carried out the Housing Benefit Subsidy audit since 2021/22.

Note 13 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023/2024:

| | 2022/23 | 2023/24 |
|---|-----------------|-----------------|
| | £000s | £000s |
| Government Grants | | |
| Credited to Taxation and Non Specific Income | | |
| DLUHC - New Homes Bonus | (2,556) | (620) |
| DLUHC - NNDR Section 31 Grants | (4,737) | (4,741) |
| DLUHC - 3% Funding Guarantee | 0 | (3,049) |
| DLUHC - Services Grant | 0 | (107) |
| Football Foundation - Evesham 3G Pitch | (205) | (37) |
| Disabled Facilities Grant | (1,252) | (1,361) |
| Local Authority Housing Fund | (778) | (1,462) |
| UK Shared Prosperity Fund | (198) | (89) |
| DLUHC - Changing Places Grant | (66) | (144) |
| Rural Health England Prosperity Fund | 0 | (135) |
| Heritage Lottery Fund | (488) | 0 |
| DLUHC - Lower Tier Support Grant | (1,053) | 0 |
| DLUHC - Revenue Support Grant | 0 | (173) |
| Other | (263) | (87) |
| Total | (11,596) | (12,005) |
| Credited to Services | | |
| DWP - Housing Benefits Subsidy | (18,890) | (18,965) |
| DWP - Housing Benefits Administration | (269) | (273) |
| DLUHC - Council Tax Administration Grant | (119) | (180) |
| DLUHC - UK Shared Prosperity Fund (UKSPF) | (308) | (881) |
| DHSC - Test & Trace Support Payment | (145) | 0 |
| DCLG - Rebate Grant - Non-Discretionary | (5,923) | 0 |
| DCLG - CT Rebate Grant - Discretionary | (270) | 0 |
| DLUHC - New Burdens Energy Rebate | (109) | 0 |
| DLUHC - Flexible Homelessness Support Grant | (363) | (599) |
| BEIS - Business Grants New Burdens | (50) | 0 |
| Local Authority Housing Fund | 0 | (354) |
| Home Office - Asylum Dispersal Grant | 0 | (211) |
| DLUHC - Planning Skills Delivery Fund | 0 | (200) |
| DWP - Discretionary Housing Payments | 0 | (133) |
| Other | 3,719 | (607) |
| Total | (22,727) | (22,403) |

| | 2022/23 | 2023/24 |
|---|----------------|----------------|
| | £000s | £000s |
| Other Grants | | |
| Credited to Services | | |
| Rough Sleeper Initiative | (156) | (175) |
| Homes for Ukraine Grant Funding | (2,538) | (312) |
| Household Support Fund | (350) | (252) |
| Promoting Independent Living Project | 0 | (118) |
| Other Grants | (79) | (42) |
| Total | (3,123) | (899) |
| Contributions | | |
| Credited to Taxation and Non Specific Income | | |
| Section 106 Contributions | (58) | (2,517) |
| Voluntary Right to Buy Clawback | (704) | 0 |
| Community Infrastructure Levy | (551) | (271) |
| Other | 0 | 0 |
| Total | (1,313) | (2,788) |
| Credited to Services | | |
| Malvern Hills District Council - Contributions to Shared Services | (2,251) | (2,543) |
| Worcester City Council - Contributions to Shared Services | (1,687) | (991) |
| Bromsgrove DC - Contribution to Parking Services | (257) | (209) |
| Other | (2,210) | (1,609) |
| Total | (6,405) | (5,352) |

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.

The Worcestershire Pension Fund appointed a new actuary for the financial year 2023/24, moving from Mercer Limited to Hymans Robertson LLP.

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)

| | Total 22022/23 | Total 2023/24 |
|--|-------------------|------------------|
| | £000s | £000s |
| COMPREHENSIVE STATEMENT OF INCOME & EXPENDITURE | | |
| Cost of services: | | |
| Service cost comprising: | | |
| - current service cost | (3,047) | (1,373) |
| - past service cost | 0 | 0 |
| - loss from settlements & curtailments | 0 | 0 |
| Financing and Investment Income & Expenditure | | |
| - net interest expense | (1,131) | (233) |
| - administration | (30) | (32) |
| Total Post-Employment Benefit Charged to the Surplus/Deficit on the Provision of Services | (4,208) | (1,638) |
| Other Post-employment Benefits Charged to the Comprehensive Statement of Income & Expenditure | | |
| Remeasurements of the net defined benefit (pension) liability comprising: | | |
| - Return on plan assets (excluding the amount included in the net interest expense) | (1,403) | 5,878 |
| - Actuarial gains and losses arising on changes in financial assumptions | 46,204 | (44) |
| - Actuarial gains and losses arising on changes in demographic assumptions | 1,899 | 1,402 |
| - Actuarial gains and losses arising on changes in experience | (9,212) | (950) |
| Total remeasurements recognised in Other Comprehensive Income | 37,488 | 6,286 |
| Cost of Business Combination (net) | 0 | 0 |
| Total Post-employment Benefits Charged to the Comprehensive Statement of Income & Expenditure | 33,280 | 4,648 |
| Movement in Reserves Statement | | |
| - Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code | (4,208) | (1,638) |
| Actual Amount Charged Against the General Fund Balance for Pensions in the Year | | |
| - Employer's contributions payable to the scheme | 2,535 | 2,506 |
| - Retirement benefits payable to pensioners | 3,111 | 3,512 |

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 2022/23 £000s | Local Government Pension Scheme 2023/24 £000s | Unfunded Discretionary Benefits 2022/23 £000s | Unfunded Discretionary Benefits 2023/24 £000s | Total 2022/23 £000s | Total 2023/24 £000s |
|--|---|---|---|---|---------------------------|---------------------------|
| Present value of the defined benefit obligation (liability) | 81,788 | 83,589 | 1,572 | 1,711 | 83,360 | 85,300 |
| Fair value of plan assets | (76,597) | (85,691) | 0 | | (76,597) | (85,691) |
| Net Asset/liability arising from defined benefit obligation | 5,191 | (2,102) | 1,572 | 1,711 | 6,763 | (391) |

Reconciliation of the Movements in the Fair Value of Scheme Assets

| | Total 2022/23 £000s | Total 2023/24 £000s |
|--|---------------------------|---------------------------|
| Opening balance at 1 April | 75,958 | 76,597 |
| Interest income | 2,152 | 3,646 |
| Remeasurement gain/(loss): | | |
| - The return on plan assets, excluding the amount included in the net interest expense | (1,403) | (5,878) |
| Administration expenses | (30) | (32) |
| Employer contributions | 2,535 | 2,506 |
| Employee contributions | 496 | 608 |
| Benefits paid | (3,111) | (3,512) |
| Other - Business combinations | 0 | 0 |
| Closing balance at 31 March | 76,597 | 73,935 |

Note 14 Pension Costs (continued)

Reconciliation of Present Value of the Scheme Liabilities

| | Total | Total |
|---|---------------|----------------|
| | 2022/23 | 2023/24 |
| | £000s | £000s |
| Opening balance as at 1 April | 118,536 | 83,360 |
| Current service cost | 3,047 | 1,405 |
| Interest cost | 3,283 | 3,879 |
| Employees' contributions | 496 | 608 |
| Past service cost (gain) | 0 | 0 |
| Remeasurement (gains) and losses: | | |
| - Experience (gain)/loss | 9,212 | 950 |
| - Actuarial (gains)/ losses arising from changes in demographic assumptions | (1,899) | (1,402) |
| - Actuarial (gains)/losses arising from changes in financial assumptions | (46,204) | 44 |
| Losses on curtailment | 0 | 0 |
| Liabilities extinguished on settlements | 0 | 0 |
| Benefits paid | (3,111) | (3,512) |
| Liabilities assumed on business combinations | 0 | 0 |
| Closing balance as at 31 March | 83,360 | 85,332 |

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Note 14 Pension Costs (continued)

Local Government Pension scheme assets comprised:

| | Fair Value of Scheme Assets | | | Fair Value of Scheme Assets | |
|---|-----------------------------|---------------|-------------------------------|-----------------------------|---------------|
| | 2022/23 | 2023/24 | | 2022/23 | 2023/24 |
| | £000s | £000s | | £000s | £000s |
| Cash and cash equivalents | 1,316 | 1,623 | Property: | | |
| Equity Instruments: | | | - European Property Funds | 0 | 0 |
| - UK quoted | 78 | 0 | - UK Property Debt | 821 | 0 |
| - Overseas quoted | 17,074 | 0 | - Overseas property Debt | 547 | 0 |
| - PIV UK Managed Funds | 9,609 | 0 | - UK Property Funds | 5,197 | 4,579 |
| - PIV UK Managed Funds (overseas equities) | 27,874 | 0 | - Overseas Property Funds | 0 | 2,255 |
| - PIV Overseas Managed Funds | 556 | 0 | Sub-total Property | 6,565 | 6,834 |
| - Other | 0 | 9,025 | | | |
| Sub-total Equity Instruments | 55,191 | 9,025 | Private Equity | | |
| | | | - All | 0 | 39 |
| Bonds: | | | Sub-total Property | 6,565 | 39 |
| - Other Bonds | 0 | 0 | | | |
| - UK Government Fixed | 1,055 | 0 | Alternatives: | | |
| - LGPS Central Global Pooled Funds | 918 | 0 | - UK Infrastructure | 4,443 | 0 |
| Sub-total Bonds | 1,973 | 0 | - European Infrastructure | 2,962 | 0 |
| | | | - US Infrastructure | 2,468 | 0 |
| Investment Funds and Unit Trusts: | | | - UK Stock Options | 395 | 0 |
| - Equities | 0 | 50,605 | - Overseas Stock Options | (197) | 0 |
| - Bonds | 0 | 1,689 | - Corporate Private Debt | 1,481 | 0 |
| - Infrastructure | 0 | 14,943 | Sub-total Alternatives | 11,552 | 0 |
| - Other | 0 | 934 | | | |
| Sub-total Investment Funds and Unit Trusts | 11,552 | 68,170 | | | |
| | | | Total Assets | 76,597 | 85,691 |

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 Hymans Robertson LLP, an independent firm of actuaries. The last full valuation of the scheme was at 31 March 2022.

Note 14 Pension Costs (continued)

The principal assumptions used by the actuary have been:

| | 2022/23 | 2023/24 |
|---|------------|-------------------|
| Mortality assumptions: | | |
| Longevity at 65 for current pensioners: | | |
| - Male | 22.0 years | 21.3 years |
| - Female | 24.2 years | 23.6 years |
| Longevity at 65 for future pensioners: | | |
| - Male | 23.3 years | 22.6 years |
| - Female | 26.1 years | 25.5 years |
| Other: | | |
| Rate of inflation (CPI) | 2.7% | 2.8% |
| Rate of increase in salaries | 4.2% | 4.3% |
| Rate of increase in pensions | 2.8% | 3.2% |
| Rate of discounting scheme liabilities | 4.8% | 4.8% |

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.

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 | |
|---|---|--------------------------------|
| | £000s | Impact on Plan Assets £000s |
| Rate of discounting scheme liabilities (increase or decrease by 0.1%) | 1,335 | 0 |
| * increase in discount decreases liability | | |
| Longevity (increase or decrease in 1 year) | 3,413 | 0 |
| * increase in longevity increases liability | | |
| Rate of increase in salaries (increase or decrease by 0.1%) | 87 | 0 |
| * increase in salaries increases liability | | |
| Rate of CPI (increase or decrease by 0.1%) | 1,270 | 0 |
| * increase in CPI increases liability | | |

Note 14 Pension Costs (continued)

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 15 years from the last pension valuation on 31 March 2022. Funding levels are monitored on an annual basis.

The Council anticipates it will pay £1.831m expected contributions to the scheme in 2023/24.

The weighted average duration of the defined benefit obligation for scheme members is 16 years for 2023/24.

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.

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 2024 are as follows:

| | Regulatory Services | Regulatory Services |
|------------------------------------|---------------------|---------------------|
| | 31 March 2023 | 31 March 2024 |
| | £000s | £000s |
| Present Value of Liabilities | (6,383) | (6,462) |
| Fair Value of Assets | 6,357 | 6,740 |
| Surplus or (Deficit) in the Scheme | (26) | 278 |

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:

| 2022/23 | Revenue from Contracts with Service Recipients | 2023/24 |
|---------|--|---------|
| £000s | | £000s |
| 2,397 | Sustainable Environment | 2,537 |
| 4,662 | Strong Economy and Places | 4,845 |
| 547 | Supporting People | 550 |
| 383 | Central and support costs | 140 |
| 7,989 | | 8,072 |

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.

| | 2022/23 | 2023/24 |
|--------------------------|---------|---------|
| | £000s | £000s |
| Total spend on publicity | 233 | 203 |

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 | |
|---------------------|----------------|---------|------------|---------|
| | 2022/23 | 2023/24 | 2022/23 | 2023/24 |
| | £000s | £000s | £000s | £000s |
| Expenditure | 0 | 0 | 211 | 223 |
| Income | 0 | 0 | (218) | (210) |
| Net cost of service | 0 | 0 | (7) | 13 |

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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 | Capital Receipts Reserve | Capital Grants Unapplied | Movements in Unusable Reserves |
| 2022/2023 | £000s | £000s | £000s | £000s |
| Adjustments involving the Capital Adjustment Account | | | | |
| Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement: | | | | |
| Changes for depreciation and impairment of non current assets | 3,288 | 0 | 0 | (3,288) |
| Movement in the fair value of Investment properties | 1,348 | 0 | 0 | (1,348) |
| Revenue expenditure funded from capital under statute | 3,100 | 0 | 0 | (3,100) |
| Non current assets written off on disposal | 2,120 | 0 | 0 | (2,120) |
| Minimum Revenue Provision | (200) | 0 | 0 | 200 |
| Kickstart Loan movement in value | (4) | 0 | 0 | 4 |
| Capital Grants and Contributions Applied | (757) | 0 | 0 | 757 |
| | 8,895 | 0 | 0 | (8,895) |
| Adjustments involving the Capital Grants Unapplied Account | | | | |
| Capital grants and contributions unapplied credited to the CIES | (2,773) | 0 | 2,773 | 0 |
| Revenue contribution to capital | (2,765) | 0 | 0 | 2,765 |
| Grants credited to Capital Receipts | 0 | 25 | (25) | 0 |
| Application of grants to capital financing | 0 | 0 | (988) | 988 |
| | (5,538) | 25 | 1,760 | 3,753 |
| Adjustments involving the Capital Receipts Reserve | | | | |
| Transfer of sale proceeds as part of the gain/loss on disposal to the CIES | (4,613) | 4,613 | 0 | 0 |
| Payments to Housing Capital Receipts Pool | 1 | 0 | 0 | (1) |
| Use of the Capital Receipts Reserve to finance new capital expenditure | 0 | (3,395) | 0 | 3,395 |
| Capital expenditure written back to Capital Receipts | 0 | (1,539) | 0 | 1,539 |
| Right to Buy clawback | (704) | 704 | 0 | 0 |
| Repayment of loan principal | 0 | 1,148 | 0 | (1,148) |
| | (5,316) | 1,531 | 0 | 3,785 |
| Adjustments involving the Pensions Reserve | | | | |
| Reversal of items relating to retirement benefits debited or credited to the CIES | 4,207 | 0 | 0 | (4,207) |
| Employers' pension contributions and direct payments to pensioners payable in the year | (2,534) | 0 | 0 | 2,534 |
| | 1,673 | 0 | 0 | (1,673) |
| Adjustments involving the Available for Sale Financial Asset Reserve | | | | |
| Adjustment for valuation | 1,379 | | | (1,379) |
| | 1,379 | 0 | 0 | (1,379) |
| Adjustments involving the Financial Instrument Adjustments Account | | | | |
| Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements | 21 | 0 | 0 | (21) |
| | 21 | 0 | 0 | (21) |
| Adjustments involving the Collection Fund Adjustment Account | | | | |
| 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 | (7,391) | 0 | 0 | 7,391 |
| Total Adjustments | (6,277) | 1,556 | 1,760 | 2,961 |

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

| 2023/24 | Usable Reserves | | | Movements in Unusable Reserves £000s |
|---|----------------------------------|--------------------------------------|--------------------------------------|---|
| | General Fund Balance £000s | Capital Receipts Reserve £000s | Capital Grants Unapplied £000s | |
| Adjustments involving the Capital Adjustment Account | | | | |
| Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement: | | | | |
| Changes for depreciation and impairment of non current assets | 2,540 | 0 | 0 | (2,540) |
| Movement in the fair value of Investment properties | 905 | 0 | 0 | (905) |
| Revenue expenditure funded from capital under statute | 4,771 | 0 | 0 | (4,771) |
| Non current assets written off on disposal | 3,180 | 0 | 0 | (3,180) |
| Minimum Revenue Provision | (200) | 0 | 0 | 200 |
| Capital Grants and Contributions Applied | (169) | 0 | 0 | 169 |
| | 11,027 | 0 | 0 | (11,027) |
| Adjustments involving the Capital Grants Unapplied Account | | | | |
| Capital grants and contributions unapplied credited to the CIES | (3,330) | 0 | 3,330 | |
| Revenue contribution to capital | (3,311) | 0 | 0 | 3,311 |
| Grants credited to Capital Receipts | 0 | 37 | (37) | |
| Application of grants to capital financing | 0 | 0 | (1,929) | 1,929 |
| | (6,641) | 37 | 1,364 | 5,240 |
| Adjustments involving the Capital Receipts Reserve | | | | |
| Transfer of sale proceeds as part of the gain/loss on disposal to the CIES | (3,424) | 3,424 | 0 | |
| Use of the Capital Receipts Reserve to finance new capital expenditure | 0 | (1,014) | 0 | 1,014 |
| Repayment of loan principal | 0 | 51 | 14 | (65) |
| | (3,424) | 2,461 | 14 | 949 |
| Adjustments involving the Pensions Reserve | | | | |
| Reversal of items relating to retirement benefits debited or credited to the CIES | 1,638 | 0 | 0 | (1,638) |
| Employers' pension contributions and direct payments to pensioners payable in the year | (2,506) | 0 | 0 | 2,506 |
| | (868) | 0 | 0 | 868 |
| Adjustments involving the Available for Sale Financial Asset Reserve | | | | |
| Adjustment for valuation | (62) | 0 | 0 | 62 |
| | (62) | 0 | 0 | 62 |
| Adjustments involving the Financial Instrument Adjustments Account | | | | |
| Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements | 49 | 0 | 0 | (49) |
| | 49 | 0 | 0 | (49) |
| Adjustments involving the Collection Fund Adjustment Account | | | | |
| 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 | 2,193 | 0 | 0 | (2,193) |
| Total Adjustments | 2,274 | 2,498 | 1,378 | (6,150) |

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Note 19 Unusable Reserves

| | 31 March 2023 | 31 March 2024 |
|--|---------------|---------------|
| | £000s | £000s |
| Revaluation Reserve | 36,706 | 36,710 |
| Financial Instruments Adjustment Account | 891 | 841 |
| Capital Adjustment Account | 59,876 | 56,712 |
| Pensions Reserve | (6,764) | 391 |
| Deferred Capital Receipts Reserve | 85 | 85 |
| Pooled Investment Funds Adj. Account | (535) | (473) |
| Collection Fund Adjustment Account | 2,851 | 657 |
| TOTAL UNUSABLE RESERVES | 93,110 | 94,923 |

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.

| | 2022/23 | 2023/24 |
|---|-----------------|-----------------|
| | £000s | £000s |
| Balance at 1 April | (38,681) | (36,706) |
| Upward revaluation of assets | (5,481) | (3,339) |
| Downward revaluation of assets and impairment | 4,728 | 1,662 |
| Amounts written out to the Capital Adjustment Account | 1,330 | 1,673 |
| Accumulated gains on assets sold or scrapped | 1,398 | 0 |
| Balance at 31 March | (36,706) | (36,710) |

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 interest free loans made to Droitwich Boxing Club in 2013/14, Evesham Abbey Trust in 2021/22 and Evesham United Football Club in 2011/12, which are deemed to be soft loans.

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.

| | 2022/23 | 2023/24 |
|----------------------------|---------|---------|
| | £000s | £000s |
| Balance at 1 April | 912 | 891 |
| Soft loans | (4) | 5 |
| Deferred rental income | (17) | (55) |
| Balance at 31 March | 891 | 841 |

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

Note 19 Unusable Reserves (continued)

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.

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.

| | 2022/23 | 2023/24 |
|--|----------|----------|
| | £000s | £000s |
| Balance as at 1 April | (58,504) | (59,876) |
| <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 | 3,288 | 2,540 |
| Revenue expenditure funded from capital under statute | 3,100 | 4,771 |
| Changes to the value of outstanding loans | (4) | 0 |
| 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 | 2,119 | 3,180 |
| | (50,001) | (49,385) |
| Adjusting amounts written out of the Revaluation Reserve | (2,728) | (1,673) |
| <i>Net amount written out of the cost of non-current assets consumed in the year</i> | (52,729) | (51,058) |
| Capital financing applied in the year: | | |
| Use of the Capital Receipts Reserve to finance new capital expenditure | (4,934) | (1,014) |
| Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing | (2,766) | (3,481) |
| Application of grants to capital financing from the Capital Grants Unapplied Account | (1,744) | (1,929) |
| | (62,173) | (57,482) |
| Capital expenditure charged against General Fund | (200) | (200) |
| Repayment of loan principal | 1,149 | 65 |
| Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement | 1,348 | 905 |
| Balance as at 31 March | (59,876) | (56,712) |

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. In 2023/24, there was a surplus on the Pensions Reserve due to the strong investment return performance, an update to the demographic assumptions to reflect the latest longevity information and an additional deficit payment made by the Council, increasing the financial asset value.

Note 19 Unusable Reserves (continued)

| | 2022/23 | 2023/24 |
|--|----------|----------------|
| | £000s | £000s |
| Balance as at 1 April | (42,578) | (6,764) |
| Remeasurement gains or losses on pensions assets and liabilities as per the actuary | 37,488 | 6,286 |
| 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 | (4,208) | (1,638) |
| Employer's pension contributions and direct payments to pensioner's payable in the year | 2,534 | 2,507 |
| Asset opening balance adjustment | 0 | |
| Balance at 31 March | (6,764) | 391 |

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.

| | 2022/23 | 2023/24 |
|---|---------|-------------|
| | £000s | £000s |
| Balance as at 1 April | (86) | (85) |
| Transfer to the Capital Receipts Reserve upon receipt of cash | 1 | 0 |
| Balance as at 31 March | (85) | (85) |

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, to show it at market value rather than at cost.

| | 2022/23 | 2023/24 |
|------------------------------------|--------------|--------------|
| | £000s | £000s |
| Balance as at 1 April | 844 | (535) |
| Notional gain/(loss) on investment | (1,379) | 62 |
| Balance as at 31 March | (535) | (473) |

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 taxpayers and business ratepayers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

| | 2022/23 | 2023/24 |
|--|--------------|----------------|
| | £000s | £000s |
| Balance as at 1 April | (4,540) | 2,851 |
| 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 | (11) | 137 |
| 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 | 7,402 | (2,331) |
| Balance as at 31 March | 2,851 | 657 |

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 2023/24.

| | Balance at 1 April 2023 | Transfers in year | Receipts in year | Payments in year | Total in year | Balance at 31 March 2024 |
|--|----------------------------|----------------------|---------------------|---------------------|------------------|-----------------------------|
| | £000s | £000s | £000s | £000s | £000s | £000s |
| Developer s106 Cont-Non WDC | (5,086) | (4,463) | (1,608) | 2,023 | (4,048) | (9,134) |
| Developer s106 Cont-WDC Projects | (11,888) | 5,340 | (988) | 1,523 | 5,875 | (6,013) |
| Developer s106 Cont-WDC Non Projects | (1,855) | (877) | 0 | 0 | (877) | (2,732) |
| Regeneration Projects | (22,003) | 0 | (7,744) | 0 | (7,744) | (29,747) |
| New Homes Bonus | (10,493) | 53 | (620) | 629 | 62 | (10,431) |
| Evesham Town Centre Development | (8,200) | 0 | 0 | 200 | 200 | (8,000) |
| Business Rates Equalisation | (2,168) | 0 | (1,791) | 0 | (1,791) | (3,959) |
| Homes for Ukraine | (2,225) | 0 | 0 | 196 | 196 | (2,029) |
| Homelessness Prevention | (892) | (280) | (634) | 64 | (850) | (1,742) |
| CCLA Pooled Funds | (535) | 0 | 0 | 62 | 62 | (473) |
| Collection Fund Adjustment | 0 | 0 | (434) | 0 | (434) | (434) |
| Car Park Maintenance Reserve | (410) | 0 | 0 | 0 | 0 | (410) |
| UK Shared Prosperity Fund | (204) | 0 | (70) | 0 | (70) | (274) |
| Invest To Save | (286) | 0 | 0 | 28 | 28 | (258) |
| Abbey Gates Riverside Rent | (171) | 0 | (86) | 0 | (86) | (257) |
| Active Travel | (8) | 0 | (242) | 0 | (242) | (250) |
| Asylum Seekers | (31) | 0 | (162) | 0 | (162) | (193) |
| Community Grants | (169) | (53) | (33) | 85 | (1) | (170) |
| Community Housing Fund | (173) | 0 | 0 | 10 | 10 | (163) |
| Pershore Hospital Maintenance | (151) | 0 | 0 | 0 | 0 | (151) |
| Planning Consultancy | 0 | 0 | (150) | 0 | (150) | (150) |
| Willow Court, Droitwich | 0 | 0 | (144) | 0 | (144) | (144) |
| Neighbourhood Planning | (135) | 0 | 0 | 0 | 0 | (135) |
| Projects (was Sports Development) | (115) | 0 | 0 | 0 | 0 | (115) |
| Reduction of Household Black Bin Waste | (112) | 0 | 0 | 0 | 0 | (112) |
| Wychavon Leisure Centre Surplus Share | (25) | 0 | (75) | 0 | (75) | (100) |
| Planning Skills Delivery Fund | 0 | 0 | (100) | 0 | (100) | (100) |
| Other Miscellaneous Reserves (40 reserves) | (3,901) | 280 | (335) | 3,037 | 2,982 | (919) |
| Subtotal | (71,236) | 0 | (15,216) | 7,857 | (7,359) | (78,595) |
| Collection Fund (timing difference) | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EARMARKED RESERVES | (71,236) | 0 | (15,216) | 7,857 | (7,359) | (78,595) |

Note 20 Transfers to/from Earmarked Reserves (continued)

The reserves have been set up for the following purposes:

| Reserve | Purpose |
|---|---|
| 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 projects | To fund future 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. |
| Regeneration | To fund regeneration projects within the district. |
| New Homes Bonus | To fund the future costs of the various projects as per the agreed New Homes Bonus protocol. |
| Evesham Town Centre Development | To fund the project from revenue over the life of the asset created. |
| 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. |
| Homes for Ukraine | A government grant to support the housing of our Ukrainian guests. |
| Homelessness Prevention | To set aside funds received from DLUHC for future projects. |
| CCLA Pooled Funds | To help offset any potential future losses. |
| Collection Fund Adjustment | To fund possible future adjustments to Wychavon's element of the Collection Fund. |
| Car Park Maintenance Reserve | To finance future maintenance of the Council's car parks. |
| UK Shared Prosperity Fund | A Government grant to fund various initiatives across the district. |
| Invest to Save | To fund equipment and projects that in the longer term will result in savings to the Council. |
| Abbey Gates - Riverside Rent | Set aside to finance a potential repayment of rents. |
| Active Travel | To develop and implement initiatives identified in the Active Travel Action Plan. |
| Asylum Seekers | To fund costs and initiatives concerning asylum seekers residing within the district. |
| Community Grants | To fund approved grant applications from local groups and organisations for 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. |
| Planning Consultancy | To help fund future planning consultancy costs associated with the South Worcestershire Development Plan. |
| Willow Court, Droitwich | To help finance costs incurred bringing Willow Court, Droitwich back to a safe and useable state of repair. |
| Neighbourhood Planning | To set aside funds received from MHCLG for later stages of the Plan setting process. |
| Projects (was Sports Development) | To help fund future project costs such as providing bikes for the disabled at the new Cycle Centre in Evesham. |
| Reduction of Household Black Bin Waste | To fund a Council Promise to reduce household black bin waste. |
| Evesham Leisure Centre Surplus Share | To help fund future initiatives and projects at Evesham Leisure Centre. |
| Planning Skills Delivery Fund | To help fund increased capacity and other initiatives within Planning Services to improve service delivery. |
| Other Miscellaneous Reserves | Includes the following: Economic Development, Domestic Abuse Support Fund, Youth Initiatives, Community Infrastructure Levy, COVID 19, Creative Light Installation Project, Business Support & Regeneration, Leisure Centre Repairs, Cyber Resilience Grant, Household Support Fund, Civic Centre Plant, Housing & Planning Delivery Grant, Couttryside Stewardship Grant, Car Parking Agency IT, Town Regeneration Panel Initiatives. |



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 2023 by A Galvin, MRICS Registered Valuer, 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 2023/24 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 |
|--|-----------------------------|---|--------------------------|---------------------|----------------|------------------------------|---|
| Cost or Valuation | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| <u>At 1 April 2023</u> | 86,856 | 6,292 | 20 | 1,705 | 14,577 | 1,818 | 111,268 |
| Additions | 449 | 29 | 0 | 109 | 179 | 801 | 1,567 |
| Revaluation increases/(decreases) recognised in the Revaluation Reserve | 1,344 | 0 | 0 | 0 | 333 | 0 | 1,677 |
| Assets reclassified (to)/from Held for Sale | 0 | 0 | 0 | 0 | (104) | 0 | (104) |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2024 | 88,649 | 6,321 | 20 | 1,814 | 14,985 | 2,619 | 114,408 |
| Accumulated Depreciation and Impairment | | | | | | | |
| <u>At 1 April 2023</u> | 36,645 | 6,198 | 0 | 1,348 | 2,788 | 638 | 47,617 |
| Depreciation Charge | 2,234 | 0 | 0 | 0 | 140 | 0 | 2,374 |
| Impairment losses/(Reversals) recognised in the Surplus/Deficit in the Provision of Services | (139) | 14 | 0 | 109 | 97 | 0 | 81 |
| Derecognition - Disposal | 0 | 0 | 0 | 0 | 0 | 461 | 461 |
| At 31 March 2024 | 38,740 | 6,212 | 0 | 1,457 | 3,025 | 1,099 | 50,533 |
| Net Book Value | | | | | | | |
| at 31 March 2024 | 49,909 | 109 | 20 | 357 | 11,960 | 1,520 | 63,875 |
| at 31 March 2023 | 50,211 | 94 | 20 | 357 | 11,789 | 1,180 | 63,651 |

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

Comparative movements in 2022/23 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 |
|--|-----------------------------|---|--------------------------|---------------------|----------------|------------------------------|---|
| Cost or Valuation | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| <u>At 1 April 2022</u> | 84,620 | 6,292 | 20 | 1,171 | 11,945 | 2,516 | 106,564 |
| Additions | 255 | 0 | 0 | 556 | 108 | 5,393 | 6,312 |
| Revaluation increases/(decreases) recognised in the Revaluation Reserve | 230 | 0 | 0 | (22) | 547 | 0 | 755 |
| Assets reclassified (to)/from Held for Sale | 0 | 0 | 0 | 0 | 0 | (2,363) | (2,363) |
| Reclassifications | 1,751 | 0 | 0 | 0 | 1,977 | (3,728) | 0 |
| At 31 March 2023 | 86,856 | 6,292 | 20 | 1,705 | 14,577 | 1,818 | 111,268 |
| Accumulated Depreciation and Impairment | | | | | | | |
| <u>At 1 April 2022</u> | 34,349 | 6,181 | 0 | 814 | 2,538 | 638 | 44,520 |
| Depreciation Charge | 1,830 | 17 | 0 | 0 | 78 | 0 | 1,925 |
| Impairment losses/(Reversals) recognised in the Surplus/Deficit in the Provision of Services | 466 | 0 | 0 | 534 | 172 | 0 | 1,172 |
| Derecognition - Disposal | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2023 | 36,645 | 6,198 | 0 | 1,348 | 2,788 | 638 | 47,617 |
| Net Book Value | | | | | | | |
| at 31 March 2023 | 50,211 | 94 | 20 | 357 | 11,789 | 1,180 | 63,651 |
| at 31 March 2022 | 50,271 | 111 | 20 | 357 | 9,407 | 1,878 | 62,044 |

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 2023 | Number as at 31 March 2024 |
|-------------------------------------|----------------------------|----------------------------|
| 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 |
| Velo Park | 1 | 1 |
| 3G Pitches | 2 | 2 |

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 |
| 3G Pitches | 25 |
| Hospital and GP Surgery, Pershore | 65 |
| Roof | 50 |
| Mechanical and electrical | 25 |

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

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

| | 31 March 2023 | 31 March 2024 |
|--------------------------------------|---------------|---------------|
| | £000s | £000s |
| Public Conveniences | (109) | (26) |
| Parking | 3,073 | 349 |
| Depots | (13) | (100) |
| Swimming Pools and Leisure Complexes | (3,001) | 821 |
| Offices | (178) | 300 |
| Surplus Assets | (547) | 333 |
| Community Assets | 22 | 0 |
| Total | (753) | 1,677 |

Note 22 Heritage Assets

| | Brine Pumping Station | Other Land & Buildings | Total Assets |
|-----------------------------------|-----------------------|------------------------|--------------|
| | £000s | £000s | £000s |
| Cost or Valuation @ 1 April 2023 | 48 | 1 | 49 |
| Addition | 0 | 0 | 0 |
| Revaluation Increase | 0 | 0 | 0 |
| Other Movements | 0 | 0 | 0 |
| Depreciation | 0 | 0 | 0 |
| Cost or Valuation @ 31 March 2024 | 48 | 1 | 49 |
| Cost or Valuation @ 1 April 2022 | 48 | 1 | 49 |
| Addition | 0 | 0 | 0 |
| Revaluation Increase | 0 | 0 | 0 |
| Other Movements | 0 | 0 | 0 |
| Depreciation | 0 | 0 | 0 |
| Cost or Valuation @ 31 March 2023 | 48 | 1 | 49 |

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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:

| | 2022/23 | 2023/24 |
|--|------------|--------------|
| | £000s | £000s |
| Rental income from investment property | 2,111 | 2,163 |
| Net Gains / losses from fair value adjustments | (1,349) | (905) |
| Total | 762 | 1,258 |

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

| | 2022/23 | 2023/24 |
|--|---------------|---------------|
| | £000s | £000s |
| Balance at start of the year | 33,981 | 32,632 |
| Acquisitions | 0 | 0 |
| Net gains / (losses) from fair value adjustments | (1,349) | (905) |
| | 32,632 | 31,727 |

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 2024 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of 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 2023/24 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)

| | 2022/23 | | 2023/24 | |
|--------------------------------------|-----------------------|----------------|-----------------------|----------------|
| | Other Assets £000s | Total £000s | Other Assets £000s | Total £000s |
| - Gross carrying amounts | 1,108 | 1,108 | 1,108 | 1,108 |
| - Accumulated amortisation | (1,108) | (1,108) | (1,108) | (1,108) |
| Net carrying amount at start of year | 0 | 0 | 0 | 0 |
| Additions - purchases | 0 | 0 | 0 | 0 |
| Amortisation for the period | 0 | 0 | 0 | 0 |
| Net carrying amount at end of year | 0 | 0 | 0 | 0 |
| Adjusted carrying amounts: | | | | |
| - Gross carrying amounts | 1,108 | 1,108 | 1,108 | 1,108 |
| - Accumulated amortisation | (1,108) | (1,108) | (1,108) | (1,108) |
| | 0 | 0 | 0 | 0 |

Note 25 Assets Held for Sale

| | Current Assets | | Non-current assets | |
|---|------------------|------------------|--------------------|------------------|
| | 2022/23 £000s | 2023/24 £000s | 2022/23 £000s | 2023/24 £000s |
| Balance outstanding at start of year | 9,127 | 9,260 | 100 | 50 |
| Assets newly classified as held for sale | | | | |
| Property, Plant and Equipment | 2,363 | 104 | 0 | 0 |
| Expenditure | 35 | 88 | 0 | 0 |
| Revaluation losses | (145) | 0 | (50) | 0 |
| Revaluation gains | 0 | 0 | 0 | 0 |
| Assets moved from non-current to current | 0 | (612) | 0 | 612 |
| Assets declassified as held for sale | | | | |
| Property, Plant and Equipment | 0 | 0 | 0 | 0 |
| Assets sold | (2,120) | (2,719) | 0 | 0 |
| Other movements | 0 | (86) | 0 | 0 |
| Balance outstanding at year-end | 9,260 | 6,035 | 50 | 662 |

Major assets included in the balance outstanding at 31 March 2024 are Land at Vale Park, Evesham (Phase 2) and land at Milestone Ground, Broadway. However, the balance shown at Note 25 does not reflect the true value of these assets at that date.

The CIPFA Code dictates that upward revaluations cannot take place while an asset is categorised as Held for Sale. However, the internal valuers valued the assets above as:
Land at Vale Park, Evesham (Phase 2) – £2.1m
Land at Milestone Ground, Broadway - £15m

Note 26 Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet (also see Notes 27 to 30, and Note 33 below):

| | Current (Short Term) | | | | Non Current (Long Term) | | | | | |
|-----------------------------------|----------------------|------------|------------|------------|-------------------------|------------|------------|------------|------------|------------|
| | Investments | | Debtors | | Investments | | Debtors | | Total | |
| | 31/03/2023 | 31/03/2024 | 31/03/2023 | 31/03/2024 | 31/03/2023 | 31/03/2024 | 31/03/2023 | 31/03/2024 | 31/03/2023 | 31/03/2024 |
| <i>Financial Assets</i> | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| Fair value through profit or loss | 0 | 0 | 0 | 0 | 9,465 | 9,527 | 0 | 0 | 9,465 | 9,527 |
| Amortised Cost | 60,779 | 69,886 | 10,194 | 6,533 | 15,731 | 23,795 | 1,011 | 932 | 87,715 | 101,146 |
| Total Financial Assets | 60,779 | 69,886 | 10,194 | 6,533 | 25,196 | 33,322 | 1,011 | 932 | 97,180 | 110,673 |
| Non-financial assets | 0 | 0 | 674 | 476 | 0 | 0 | 0 | 0 | 674 | 476 |
| Total as per Balance Sheet | 60,779 | 69,886 | 10,868 | 7,009 | 25,196 | 33,322 | 1,011 | 932 | 97,854 | 111,149 |

| | Current (Short Term) | | | | Non Current (Long Term) | | | | | |
|-------------------------------------|----------------------|------------|------------|------------|-------------------------|------------|------------|------------|------------|------------|
| | Borrowings | | Creditors | | Borrowings | | Creditors | | Total | |
| | 31/03/2023 | 31/03/2024 | 31/03/2023 | 31/03/2024 | 31/03/2023 | 31/03/2024 | 31/03/2023 | 31/03/2024 | 31/03/2023 | 31/03/2024 |
| <i>Financial Liabilities</i> | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| Amortised Cost | 0 | 0 | (14,953) | (8,804) | 0 | 0 | 0 | 0 | (14,953) | (8,804) |
| Total Financial Liabilities | 0 | 0 | (14,953) | (8,804) | 0 | 0 | 0 | 0 | (14,953) | (8,804) |
| Non-financial liabilities | 0 | 0 | (820) | (1,179) | 0 | 0 | 0 | 0 | (820) | (1,179) |
| Total as per Balance Sheet | 0 | 0 | (15,773) | (9,983) | 0 | 0 | 0 | 0 | (15,773) | (9,983) |

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, a loan granted to Evesham Abbey Trust in 2021/22 of £68k plus a loan granted to Evesham United Football Club in 2011/12 which is recorded as a soft loan for 2023/24. These loans are interest free and are deemed to be material soft loans. The interest rate at which the loans have been made is arrived at by using a fair market rate of 4%. No allowance has been added to cover the risk that the loans might not be repaid as they are supported by legal agreements plus a charge on the property for the Droitwich Boxing Club loan.

| | 2022/23 | 2023/24 |
|--|---------|---------|
| | £000s | £000s |
| Balance at start of year: | | |
| Opening balance | 109 | 131 |
| Loans granted | 26 | 0 |
| Loans repaid | (9) | (9) |
| Increase / (Decrease) in discounted amount during the year | 5 | 6 |
| Closing balance at end of year | 131 | 128 |
| Nominal value at 31 March | 131 | 128 |

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 on 31 March 2024 that this was likely to occur. The Council's treasury management investments on 31 March, except those with CCLA Investment Management Ltd and Northern Trust Global Funds PLC (see below) and Investec Bank Limited which has chosen not to obtain a credit rating, had credit ratings between AA- (DBS Bank Ltd, plus 9 other local authorities) and A- (Landesbank Baden Wuerttemberg).

The Council has cash invested in a Money Market Fund: Better World Cautious Fund (formerly the Diversified Income Fund), and Local Authorities' Property Fund, all managed by CCLA Investment Management Ltd. This company does not have a specific credit rating, although the Money Market Fund has a credit rating of AAAm. 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 Council also has cash invested in a Money Market Fund managed by Northern Trust Global Funds PLC. The Fund has a credit rating of AAAm.

The fair value of the Council's investments in the CCLA funds on 31 March is the quoted market price. Full details are given below.

Note 26 Financial Instruments (continued)

| Fund | Original Investment | Value as at 31 March 2024 |
|---|---------------------|---------------------------|
| | £000s | £000s |
| CCLA Local Authorities' Property Fund | £5,000 | £4,396 |
| Better World Cautious Fund (formerly Diversified Income Fund) | £5,000 | £5,131 |

The Council's maximum exposure on other, non-treasury management, financial assets is limited to the carrying value of its debtors. Around 50% of the Council's current debtor balance of £8.465m (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 on 31 March 2024 is shown in the table below:

| | Individual Debtors & Other Entities | Housing Benefit Overpayment Debtors | Individual Debtors & Other Entities | Housing Benefit Overpayment Debtors |
|---------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | 31 March 2023 | 31 March 2023 | 31 March 2024 | 31 March 2024 |
| | £000s | £000s | £000s | £000s |
| Less than 3 months | 1,428 | 63 | 460 | 38 |
| 3 to 6 months | 45 | 11 | 99 | 30 |
| 6 to 12 months | 99 | 13 | 93 | 50 |
| More than 12 months | 1,914 | 895 | 2,201 | 775 |
| | 3,486 | 982 | 2,853 | 893 |

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 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.

Note 26 Financial Instruments (continued)

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 2023/24 would have increased by £1,057k. 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.

| | 2022/23 | 2023/24 |
|---|---|---|
| | Surplus or Deficit on the Provision of Services | Surplus or Deficit on the Provision of Services |
| | £000 | £000 |
| <u>Net (gains) / losses on:</u> | | |
| Financial assets measured at fair value through profit or loss | 1,380 | (62) |
| Total net gains / losses | 1,380 | (62) |
| <u>Interest revenue:</u> | | |
| Financial assets measured at amortised cost | (2,416) | (5,344) |
| Total Interest Revenue | (2,416) | (5,344) |

The main movements year on year are due to an increase in the fair value of the council's investment in the CCLA Better World Cautious Fund, partially offset by a decrease in the fair value of the CCLA Local Authorities' Property Fund, together with an increase in interest yield, due to higher investment interest rates on offer during the year combined with a higher average principal sum invested.

Note 27 Long Term Investments

| | 31 March 2023 | 31 March 2024 |
|---|---------------|---------------|
| | £000s | £000s |
| CCLA Local Authorities' Property Fund | 4,574 | 4,396 |
| CCLA Better World Cautious Fund | 4,891 | 5,131 |
| Loans to Councils and Other Organisations | 15,731 | 23,795 |
| | 25,196 | 33,322 |

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'. On 31 March 2024 the CCLA Local Authorities' Property Fund (LAPF) and the Better World Cautious Fund (BWCF) (formerly the Diversified Income Fund (DIF)) 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.

The performance of our two CCLA investments contrasted markedly during the year. Whilst the LAPF continued its gradual decline in notional value, the DIF / BWCF reversed its decline and ended the year with a notional surplus value. The changes in value are notional. There were no actual cash purchases / sales during the year in either Fund.

Due to forecasts indicating that the base rate had peaked at 5.25%, we increased the total amount deposited long term with UK Banks and loaned to other Local Authorities, to lock in interest rates, in the expectation rates will fall during 2024/25 and beyond.

Note 28 Long Term Debtors

| | 31 March 2023 | 31 March 2023 |
|------------------------------------|---------------|---------------|
| | £000s | £000s |
| Deferred Lease Payments | 922 | 868 |
| Assisted Car Purchase | 0 | 6 |
| Home Improvement Loans (Kickstart) | 72 | 58 |
| | 994 | 932 |

Note 29 Short Term Investments

This represents amounts held as deposits with banks, building societies, and loaned to other local authorities, which are due to mature sometime between 3 months and 1 year from the time of deposit.

| | 2022/23 | 2023/24 |
|---------------------|---------|---------------|
| | £000s | £000s |
| Balance at 31 March | 60,779 | 69,886 |

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 on 31 March 2024 includes accrued interest at the Balance Sheet date.

Interest rates, along with the Bank of England Base Rate, increased consistently during 2023/24 with the peak for the current cycle expected to have been reached by the end of the financial year. Accordingly, the Council moved more of its cash into both long term and short-term investments, hence the increase between the years, and away from cash deposits (duration < 3 months). This is also reflected in Notes 27 and 31.

Note 30 Short Term Debtors

| | 2022/23 | 2023/24 |
|--------------------------------|---------|----------------|
| | £000s | £000s |
| Central Government Bodies | 1,278 | 1,716 |
| Other Local Authorities | 5,948 | 2,506 |
| NHS Bodies | 55 | 38 |
| Other Entities and Individuals | 5,143 | 4,205 |
| | 12,424 | 8,465 |
| /less Provision for Bad Debts | (1,555) | (1,456) |
| | 10,869 | 7,009 |

Note 31 Cash and Cash Equivalents

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

| | 31 March 2023 | 31 March 2024 |
|----------------------------|---------------|---------------|
| | £000s | £000s |
| Cash held by the Authority | 306 | 525 |
| Short-term deposits | 13,042 | 3,376 |
| | 13,348 | 3,901 |

The decrease in cash and cash equivalent balances on 31 March 2024 was mainly due, as mentioned in Notes 27 and 29, to a shift back towards longer term investments, from cash equivalents, to lock in higher rates in the belief that interest rates have peaked for this cycle.

Note 32 Inventories

| | 2022/23 | 2023/24 |
|--------------------------------------|---------|---------|
| | £000s | £000s |
| Balance outstanding at start of year | 197 | 163 |
| Purchases | 11 | 21 |
| Consumed during the year | (45) | (30) |
| Balance outstanding at year-end | 163 | 154 |

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Note 33 Short Term Creditors

| | 31 March 2023 | 31 March 2024 |
|--------------------------------|---------------|---------------|
| | £000s | £000s |
| Central Government Bodies | (7,112) | (2,648) |
| Other Local Authorities | (5,064) | (4,491) |
| NHS Bodies | (1) | (17) |
| Other Entities and Individuals | (2,763) | (2,827) |
| Bank Current Accounts | (833) | 0 |
| | (15,773) | (9,983) |

Note 34 Provisions

| | Balance at 31 March 2023 | Receipts in year | Payments in year | Balance at 31 March 2024 |
|---|-----------------------------|---------------------|---------------------|-----------------------------|
| | £000s | £000s | £000s | £000s |
| Business Rates Appeals (attributable to Wychavon) | (1,501) | (612) | 659 | (1,456) |
| Other Provisions | (1) | 0 | 1 | 0 |
| | (1,502) | (612) | 660 | (1,456) |

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.

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 2023 | 31 March 2024 |
|------------------------------|---------------|----------------|
| | £000s | £000s |
| General Fund Balance | 14,616 | 15,119 |
| Earmarked Reserves | 71,236 | 78,595 |
| Capital Receipts Reserve | 8,328 | 10,826 |
| Capital Grants Unapplied | 5,663 | 7,041 |
| Total Usable Reserves | 99,843 | 111,581 |

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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.

| | 2022/23 | 2023/24 |
|--|---------|---------|
| | £000s | £000s |
| Opening Capital Financing Requirement | 10,629 | 9,935 |
| Capital Investment | | |
| Property, Plant and Equipment | 6,345 | 1,653 |
| Revenue Expenditure Funded from Capital under Statute | 3,100 | 4,771 |
| Capital Debtors | 663 | 0 |
| Sources of Finance | | |
| Capital Receipts | (3,395) | (1,015) |
| Loan repayments | (1,157) | (50) |
| Government Grants and Other Contributions | (6,050) | (5,409) |
| Earmarked Reserves (Minimum Revenue Provision set aside) | (200) | (200) |
| Closing Capital Financing Requirement | 9,935 | 9,685 |
| Explanation of movements in year: | | |
| Movement in Capital Debtors balance | (494) | (50) |
| Evesham Town Centre Development to be funded by internal borrowing | 0 | 0 |
| Minimum Revenue Provision | (200) | (200) |
| Increase (decrease) in Capital Financing Requirement | (694) | (250) |

Note 37 Capital Commitments

There were no material contractual commitments for capital projects on 31 March 2024.

Our proposed capital expenditure is as follows:

| | 2023/24 | 2024/25 | Future Years |
|---|---------|---------|--------------|
| Priorities | £000s | £000s | £000s |
| Supporting People | 10,608 | 20,844 | 7,202 |
| Strong Economy & Places | 4,774 | 9,398 | 165 |
| Sustainable Environment | 1,985 | 270 | 0 |
| | 17,367 | 30,512 | 7,367 |
| Major Schemes included above: | | | |
| Community Legacy grants | 1,056 | 500 | 500 |
| Changing Places - Public Conveniences | 226 | 0 | 0 |
| Delivering Affordable Homes and Preventing Homelessness | 0 | 1,000 | 0 |
| Better Care Fund | 1,674 | 1,674 | 6,702 |
| Council Investment in Housing | 500 | 3,957 | 0 |
| Local Authority Housing Fund | 2,593 | 0 | 0 |
| Worcester Norton Sports Club | 600 | 936 | 0 |
| Worcester 6 Business Park Extension | 1,000 | 0 | 0 |
| Archaeology Survey - Milestone Ground | 700 | 0 | 0 |
| Community Sports Facilities at Pershore High School | 1,500 | 0 | 0 |
| Parks Improvement Programme | 465 | 270 | 0 |
| Droitwich Leisure Centre Enhancements | 0 | 13,000 | 0 |
| Pershore Station Footbridge and Car park investment in CCTV | 674 | 1,941 | 0 |
| Growing the Local Economy | 300 | 0 | 0 |
| UK Shared Prosperity Fund | 0 | 1,000 | 0 |
| Car Park Resurfacing Programme | 495 | 769 | 0 |
| Evesham Public Hall | 390 | 245 | 165 |
| | 1,000 | 3,200 | 0 |

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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

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 2010. Further rent reviews were undertaken on 11 January 2016 and 28 February 2020 no increase in rent was the outcome at the time.
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 £325,000 on 15th December 2009, £328,000 per annum on 15th December 2012, £331,500 per annum on 15 December 2015, £341,500 on 15 December 2018 and £348,000 from 15th December 2021.
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 £274,500 per annum on 23 November 2009, £276,000 per annum on 23 November 2012, £278,950 per annum from 23 November 2015, £287,500 per annum from 23 November 2018. The rent was further reviewed to £293,000 per annum from 23 November 2021.
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 2023/24).
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. There rent increased to £579,579 on 23rd July 2023 with the amount received in 2023/24 being £554,999.45.

Note 38 Leases (continued)

6. To A. F. Blackmore & Son Limited (trading as SPAR) – Blake Avenue Shop, Droitwich, at £45,000 per annum for 15 Years commencing 1 December 2018, adjusted for the three month rent free period to £44,000 per annum for the straight-line charge over the lease term.
7. To Carsmetix Limited – Units 1 to 4 Willmotts Business Centre, Pershore at £78,032 per annum plus VAT, for 15 years commencing 03/03/2020, adjusted for a £15,000 reduction in rent for the first year giving a straight-line charge of £77,032 per annum over the lease term.
8. To Bradsett Limited – Sites 7 & 21 Berry Hill Industrial Estate, Droitwich at current rental income of £38,243.84. Commencing 25/03/1966 for 99 years assigned to Bradsett Limited 23/04/2004. Rent reviews at years 33 and 66. A new ground lease commenced for the period 26th January 2024 – 31st March 2024, at a rate of £26,550 per year.
9. To Dyson Properties (West Midlands) Limited – site 28B Berry Hill Industrial Estate, Droitwich at a current rental income of £12,735. Commencing 18/06/1975 for 99 years, lease assigned to Dyson Properties (West Midlands) Limited 24/04/2020. Rent reviews at years 33 and 66.
10. To Wales and The West Utilities Limited – Site Number 5 Four Pools Industrial Estate, Evesham at a current rental income of £5,800. Commencing 16/10/1978 for 99 years with rent reviews every 7 years. Lease assigned to Wales and The West Utilities Ltd 26/03/2019.
11. To Harrison Products Co Ltd – Unit C Vale Park, Evesham. Term 10 years commencing 19/01/2023 with a rent free period of 3 months. Rent commencing 19/04/2023 at £190,868 per annum, giving a straight-line adjusted amount for the rent free period of £186,161.67 per annum. However, this was sold to Harrison Products Co Ltd on 27th July 2023, resulting in £54,976.61 being received in rental income for the year 2023/24.

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:

Note 38 Leases (continued)

| | 2022/23 | 2023/24 |
|---|---------|---------|
| | £000s | £000s |
| Not later than one year | 1,972 | 1,786 |
| Later than one year and not later than five years | 7,889 | 7,145 |
| Later than five years | 22,438 | 19,757 |
| | 32,299 | 28,688 |

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2023/24 £388,626.29 contingent rents were received by the Council (2022/23 £279,631).

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.

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Notes Supporting the Cash Flow Statement

Note 39 Cash Flow Statement – Operating Activities

The cash flows for the operating activities include the following:

| | 2022/23 | 2023/24 |
|-------------------|---------|---------|
| | £000s | £000s |
| Interest received | (1,343) | (3,322) |

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

| | 2022/23 | 2023/24 |
|---|--------------|----------------|
| | £000s | £000s |
| Depreciation of non-current assets | (1,925) | (2,374) |
| Impairment and downward valuations of non-current assets | (1,172) | (81) |
| Movement in pension liability | (1,673) | 868 |
| Adjustments involving the Financial Instrument Adjustments Account | (43) | (48) |
| Adjustments involving the Investment Adjustments Account | (1,380) | 62 |
| (Increase)/Decrease in provisions | 512 | 46 |
| Carrying amount of non-current assets and non current assets held for sale, sold or de-recognised | (2,315) | (3,266) |
| Other non-cash items charged to the net surplus or deficit on the provision of services | (1,346) | (905) |
| Increase/(Decrease) in inventories | (34) | (9) |
| Increase/(Decrease) in debtors | 818 | (3,525) |
| (Increase)/Decrease in creditors | 15,659 | 1,736 |
| Net Non-Cash Movements | 7,101 | (7,496) |

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:

| | 2022/23 | 2023/24 |
|--|--------------|--------------|
| | £000s | £000s |
| Proceeds from the sale of property, plant and equipment, investment property and intangible assets | 4,613 | 3,424 |
| Net adjustments that are investing or financing | 4,613 | 3,424 |

Note 40 Cash Flow Statement – Investing Activities

| | 2022/23 | 2023/24 |
|--|---------------|---------------|
| | £000s | £000s |
| Purchase of property, plant & equipment, investment property and intangible assets | 10,423 | 2,279 |
| Purchase of short-term and long-term investments | 73,891 | 85,500 |
| Proceeds from the sale of property, plant & equipment, investment property and intangible assets | (4,578) | (3,336) |
| Proceeds from short and long term investments | (33,000) | (70,051) |
| Net cash flows from investing activities | 46,736 | 14,392 |



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 2024 are included in the table below:

Note 41 Related Parties (continued)

| Council | Value of Service in 2023/24 | Amount Received in 2023/24 | Payment from Wychavon outstanding at 31/03/2024 | Receipt due to Wychavon outstanding at 31/03/2024 |
|--------------------------------------|-----------------------------|----------------------------|---|---|
| | £ | £ | £ | £ |
| Wyre Forest District Council | 69,576 | (69,576) | | |
| Malvern Hills District Council | 33,249 | (37,159) | 3,910 | |
| Telford & Wrekin Council | 19,628 | (21,159) | 1,531 | |
| North Warwickshire Borough Council | 25,000 | (27,083) | 2,083 | |
| Redditch Borough Council | 71,414 | (39,009) | | (32,405) |
| Bromsgrove District Council | 208,639 | (158,300) | | (50,339) |
| Stratford-upon-Avon District Council | 53,929 | (53,929) | | |
| Worcester City Council | 84,512 | (84,512) | | |
| Worcester City Council | 63,800 | (46,875) | | (16,925) |
| Malvern Hills District Council | 20,500 | (15,200) | | (5,300) |
| Worcestershire County Council | 54,000 | (54,000) | | |
| Malvern Hills District Council | 40,000 | (40,000) | | |
| Worcester City Council | 14,000 | (14,000) | | |

Members

Members of the Council have direct control over the Council's financial and operating policies. Members' allowances paid in 2023/24 are shown in Note 11. The Council maintains a register of Councillors' interests that is regularly updated and available for public inspection. During 2023/24, 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 2023/24 the Council had member representatives on the following outside bodies:

- Cotswold National Landscape (CNL)
- Deacle & Prince Henry's Education Foundation
- Peopleton Parish Land Trustees

Note 41 Related Parties (continued)

- Pershore Volunteer Centre
- Pershore Youth Fellowship – Riverside Centre
- Parking and Traffic Regulations Outside London Adjudication Joint Committee
- Vale of Evesham Volunteer Centre Management Committee
- Worcestershire Local Access Forum
- Wychavon & Malvern CAB (Citizens Advice Bureau)

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

In 2023/24 the Council paid Car parking transaction charges of £3,561.75 to Parking and Traffic Regulations Outside London.

In 2023/24 some Members registered an interest in companies or organisations that the Council paid to during the year.

- Pershore Riverside Centre was paid £44,530 in grants relating to Youth Support, £3,500 Sing for Health Grant and £1,000 contribution towards Pershore River Festival.
- Pershore Wellbeing Hub was paid £13,640 in grants, a £10,000 to hire a new operational manager, and another £10,000 grant for Community Recovery.
- Abbey Park First and Nursery School, Pershore, was paid £6,000 in Breakfast Club Grants.
- Gloverspiece School, Droitwich, was paid £4,750 in Breakfast Club Grants.
- Droitwich Spa High School & Sixth Form Centre was paid £4,990 in Breakfast Club Grants, and £2,592 contribution for Gym Membership Opportunity.
- St Andrews Church Hall, Droitwich, was paid £1,200 for the Hire of the Hall as a Polling Station.
- Wychavon Leisure Community Association Ltd were paid £2,000 from the Social Mobility Grant Scheme.
- Worcestershire Wildlife Trust were paid £120 contribution towards Droitwich Community Woods.
- Evesham Volunteer Centre were paid £14,000 for Household Support Grant, £2,000 grant for Community Stories Film Project, £5,000 Grant for extension to the SLA, £5,000 Contribution towards aiding Cost of Living and £6,750 grant for Community Builder Agreement.
- Wychavon Festival of Brass were paid £1,500 contribution towards the Wychavon Festival of Brass.
- Evesham Vale Welcomes Refugees were paid £6,200 grant towards Childrens activities over summer, and £3,900 grant towards aiding refugees and asylum seekers.

Note 41 Related Parties (continued)

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 1st August 2020. Other shared posts include the Director of Economy and Environment, the Director of Communities & Housing, the Director of Planning & Infrastructure and the Director of Legal and Governance.

The Director of Communities and Housing, Jennifer Taylor, is a Trustee of Gloucester Culture Trust. She took up this position in November 2022. This is a voluntary role and is not remunerated.

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. Revenues and Benefits is no longer hosted by the Council, as this is now Hosted by Malvern Hills District Council

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 2023/24 | Payment / Receipt in 2023/24 | Payment from Wychavon outstanding as at 31/03/2024 | Receipt due to Wychavon outstanding at 31/03/2024 |
|--|-----------------------------|------------------------------|--|---|
| | £ | £ | £ | £ |
| Regulatory Services – Bromsgrove District Council | 842,882 | (820,112) | 22,770 | |
| Building Control – Malvern Hills District Council | 187,052 | (175,990) | 11,062 | |
| Revenues & Benefits – Worcester City Council | 0 | 0 | | |
| Revenues & Benefits – Malvern Hills District Council | 0 | 0 | | |
| Revenues & Benefits – Wychavon District Council | 0 | 0 | | |
| IT Service – Worcester City Council | 678,575 | (530,442) | | (148,133) |
| IT Service – Malvern Hills District Council | 411,476 | (321,651) | | (89,825) |
| IT Service - Wychavon District Council | 714,670 | (714,670) | | |
| Internal Audit - Worcester City Council | 87,784 | (65,840) | 21,944 | |

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 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
- A shared Planning Administration Service hosted by Wychavon District Council and
- A shared Development Management & Planning Enforcement Service hosted by Malvern Hills District Council.

Note 41 Related Parties (continued)

- A shared HR Service hosted by Wychavon 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 2023/24 £ | Payment / Receipt in 2023/24 £ | Payment from Wychavon outstanding as at 31/03/2024 £ | Receipt due to Wychavon outstanding at 31/03/2024 £ |
|--|----------------------------------|-----------------------------------|---|--|
| Legal Shared Service | 378,102 | (296,944) | 81,158 | |
| Communications - Wychavon District Council | 17,053 | (12,600) | | (4,453) |
| Communications - Malvern Hills District Council | 21,775 | (16,339) | 5,436 | |
| Housing Shared Service | 357,636 | (291,420) | | (66,216) |
| Heritage Shared Service | 156,963 | (107,400) | | (49,563) |
| Policy Planning Shared Service | 249,900 | (196,700) | | (53,200) |
| Corporate Database Shared Service | 100,535 | (73,500) | | (27,035) |
| Planning Administration Shared Service | 227,900 | (171,000) | | (56,900) |
| Development Management & Planning Enforcement Shared Service | 1,222,675 | (694,873) | 527,802 | |
| HR Shared Service | 174,722 | (143,775) | | (30,947) |
| Property Service Management | 12,489 | (8,970) | 3,519 | |
| Community Safety and Environmental Protection | 226,025 | (197,413) | 28,612 | |
| Carbon Reduction Officer | 28,621 | (20,423) | 8,198 | |

Note 42 Events After the Balance Sheet Date

The Deputy Chief Executive (S151 Officer) authorised the Statement of Accounts on 31 May 2024. 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 2024, 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 2024, the Council had two contingent liabilities 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 £3.6m at 31 March 2024 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 always some uncertainty around the volume of refunds which will be liable under the three-stage appeal mechanism of Check, Challenge and Appeal. 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 impact of inflation on our budgets was addressed in 2023/24 by increasing all expenditure budgets by 9.5% and we assumed a 1% non-payment of council tax in our tax base calculations (normally 0.5%). Our generous General Fund balances have allowed us to absorb these pressures without affecting service delivery.

Our balances at 31 March 2024 compared to prior years are as follows:

| Date | General Fund £m | Housing Revenue £m | Earmarked Reserves £m |
|------------|--------------------|--------------------------|-----------------------------|
| 31/03/2021 | £10.92 | n/a | £72.67 |
| 31/03/2022 | £13.44 | n/a | £71.66 |
| 31/03/2023 | £14.62 | n/a | £71.24 |
| 31/03/2024 | £15.12 | n/a | £78.60 |

Our current medium-term financial plan assumes a surplus of £337k in 2024/25 with no use of reserves other than those earmarked for specific purposes and a general fund balance in excess of £16m. It assumes a deficit of £236k in 2025/26 due to an expected loss of government grants (New Homes Bonus and the Funding Guarantee) leaving a general fund balance of £16.4m at the end of 2025/26.

A detailed cashflow forecast has been prepared covering the period to 31st March 2025. This demonstrates the Council has sufficient liquidity throughout the period to meet requirements without using any longer-term investments or borrowing.

Collection Fund Accounts 2023/24

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.

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Collection Fund Accounts 2023/24 (continued)

| REVENUE ACCOUNT | 2022/2023 | | 2023/2024 | | Notes |
|---|-------------------------|----------------------|-------------------------|----------------------|-------|
| | Business Rates £000s | Council Tax £000s | Business Rates £000s | Council Tax £000s | |
| INCOME | | | | | |
| Council Tax Receivable | | (101,737) | | (107,415) | 1 |
| Business Rates Receivable | (43,294) | | (50,560) | | 2 |
| Total Income | (43,294) | (101,737) | (50,560) | (107,415) | |
| EXPENDITURE | | | | | |
| Apportionment of Previous Year Surplus/(deficit) | | | | | |
| Central Government | (7,650) | 0 | 2,648 | 0 | |
| Wychavon District Council | (6,120) | 83 | 2,119 | 31 | |
| Worcestershire County Council | (1,377) | 655 | 477 | 266 | |
| Police and Crime Commissioner for West Mercia | 0 | 119 | 0 | 49 | |
| Hereford & Worcester Fire Authority | (153) | 43 | 53 | 17 | |
| | (15,300) | 900 | 5,297 | 363 | |
| Precepts, Demands and Shares | | | | | |
| Central Government | 20,233 | 0 | 25,277 | 0 | |
| Wychavon District Council - General Fund | 16,186 | 6,342 | 20,221 | 6,204 | |
| Wychavon District Council - Special Levies | 0 | 73 | 0 | 79 | |
| Worcestershire County Council | 3,642 | 73,776 | 4,550 | 76,859 | |
| Police and Crime Commissioner for West Mercia | 0 | 13,187 | 0 | 13,869 | |
| Hereford & Worcester Fire Authority | 405 | 4,722 | 506 | 4,950 | |
| Town and Parish Councils | | 2,815 | | 3,115 | |
| | 40,466 | 100,915 | 50,554 | 105,076 | |
| Charges to Collection Fund | | | | | |
| Write Offs / (Ons) | 515 | 28 | (122) | 429 | |
| Interest | 0 | 0 | 0 | 0 | |
| Increase / (Decrease) in Provision for Appeals | (1,276) | 0 | (121) | 0 | |
| Cost of Collection | 189 | 0 | 193 | 0 | |
| Renewable Energy Disregard | 483 | 0 | 457 | 0 | |
| Transitional Protection Payable/(Receivable) | 54 | 0 | 0 | 0 | |
| | (35) | 28 | 407 | 429 | |
| Movement on the Fund Balance | | | | | |
| Fund Balance on 1 April | 11,482 | (561) | (6,681) | (455) | |
| (Surplus) / Deficit for the Year | (18,163) | 106 | 5,698 | (1,547) | |
| Fund Balance on 31 March | (6,681) | (455) | (983) | (2,002) | |

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 2023/24 as follows:

| Tax Band | Property Value | Equivalent No. of Dwellings | Band D Ratio | Band D Equivalent |
|---|-------------------------------|-----------------------------|--------------|-------------------|
| Disabled Band A | | 10.8 | 5/9 | 6 |
| A | up to £40,000 | 4,398.0 | 6/9 | 2,932 |
| B | between £40,001 and £52,000 | 9,230.1 | 7/9 | 7,179 |
| C | between £52,001 and £68,000 | 11,607.8 | 8/9 | 10,318 |
| D | between £68,001 and £88,000 | 7,505.0 | 9/9 | 7,505 |
| E | between £88,001 and £120,000 | 7,168.1 | 11/9 | 8,761 |
| F | between £120,001 and £160,000 | 6,339.5 | 13/9 | 9,157 |
| G | between £160,001 and £320,000 | 4,504.8 | 15/9 | 7,508 |
| H | over £320,000 | 207.0 | 18/9 | 414 |
| Total | | 50,971.1 | | 53,780 |
| Less adjustment for non-collection (0.5%) | | | | -1,345 |
| Council Tax Base | | | | 52,435 |
| (Band D Equivalent figures have been rounded) | | | | |

Note 1 to the Collection Fund Council Tax (continued)

Council Tax Levy at Band D

The basic amount of council tax for 2023/24 for a band D property was as follows:

| | |
|---|------------------|
| Worcestershire County Council | £1,465.78 |
| Police and Crime Commissioner for West Mercia | £264.50 |
| Wychavon District Council* | £120.08 |
| Hereford & Worcester Fire Authority | £94.40 |
| | |
| | £1,944.76 |
| ADD Town and Parish Councils (average) | £56.12 |
| | |
| Average Council Tax Levy at Band D* | £2,000.88 |

*Before special levies

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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 2024 was £137,285,197 (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.

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Note 3 to the Collection Fund Surplus and Deficits

The Collection Fund surplus for Council Tax as at 31 March 2024 was £2.002m (31 March 2023 £455k surplus). An estimated surplus for the year of £2.254m was declared in January 2024 and this was taken into account by the Council and its preceptor authorities when setting the Council Tax for 2024/25.

The Collection Fund surplus for Business Rates as at 31 March 2024 was £983k (31 March 2023 £6.681m surplus). An estimated Business Rates surplus of £482k was declared in January 2024 and this was taken into account by the Council and its preceptor authorities when producing the 2024/25 NNDR1 Government return.

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

| Preceptor | Council Tax | | Business Rates | |
|---|--------------|----------------|----------------|--------------|
| | 2022/23 | 2023/24 | 2022/23 | 2023/24 |
| | £000s | £000s | £000s | £000s |
| Central Government | 0 | 0 | (3,340) | (491) |
| Wychavon District Council | (40) | (178) | (2,672) | (393) |
| Worcestershire County Council | (333) | (1,465) | (602) | (88) |
| Police and Crime Commissioner for West Me | (61) | (264) | 0 | 0 |
| Hereford & Worcester Fire Authority | (21) | (95) | (67) | (10) |
| Total | (455) | (2,002) | (6,681) | (983) |

Note 4 to the Collection Fund Other Information

Council Tax 2023/24

| | Worcestershire County Council | Police and Crime Commissioner for West Mercia | Hereford & Worcester Fire Authority | Wychavon District Council | Total |
|----------------------------|----------------------------------|--|--|------------------------------|---------|
| | £000s | £000s | £000s | £000s | £000s |
| Debtors (in Arrears) | 563 | 4,631 | 835 | 293 | 6,321 |
| Provision for Non-Payment | (46) | (381) | (69) | (24) | (520) |
| Creditor (in Advance) | (217) | (1,784) | (322) | (113) | (2,436) |
| Amounts Written Off / (On) | 0 | 0 | 0 | 0 | 0 |

Business Rates 2023/24

| | Central Government | Worcestershire County Council | Hereford & Worcester Fire Authority | Wychavon District Council | Total |
|----------------------------|-----------------------|-------------------------------|--|------------------------------|---------|
| | £000s | £000s | £000s | £000s | £000s |
| Debtors (in Arrears) | 1,058 | 191 | 21 | 847 | 2,117 |
| Provision for Non-Payment | 61 | 11 | 1 | 49 | 122 |
| Creditor (in Advance) | (463) | (83) | (9) | (371) | (927) |
| Provision for Appeals | (1,878) | (338) | (38) | (1,502) | (3,755) |
| Amounts Written Off / (On) | 145 | 26 | 3 | 116 | 290 |

Note 5 to the Collection Fund Collection Rates

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

| Collection Rate | 2022/23 | 2023/24 |
|-----------------|---------|--------------|
| | % | % |
| Council Tax | 96.11 | 96.44 |
| Business Rates | 96.28 | 97.07 |



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 1st 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.

CIPFA

Chartered Institute of Public Finance and Accountancy

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.

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.

CONSUME

The use of goods and services. The consumption of a fixed asset is the decline in value of that asset as a result of normal wear and tear or obsolescence.

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.

Glossary (continued)

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.

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.

Glossary (continued)

INCOME

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

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.

Glossary (continued)

RATEABLE VALUE

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

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.

Glossary (continued)

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.

DRAFT

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 2024.

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 47 and the Balance Sheet on page 49, was approved by the Audit Committee at its meeting held on XX **September 2024**.

Signed on behalf of Wychavon District Council.

COUNCILLOR ADRIAN HARDMAN

Chairman of the Audit Committee

XX September 2024