



Supplement for

**AUDIT AND GOVERNANCE COMMITTEE - THURSDAY, 10TH AUGUST, 2023**

**Agenda No    Item**

5.    **External Audit Annual Report West Oxfordshire District Council 2021 2022 (Pages 3 - 106)**


Included is the Statement of Accounts for 2021/22 (covering report and statement of accounts document) as a background paper for item 5.

8.    **Statement of Accounts 2022/23 (Pages 107 - 214)**

Included is the covering report and statement of accounts 2022/23 document for item 8 as late papers.

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# Agenda Item 5

	<p><b>WEST OXFORDSHIRE DISTRICT COUNCIL</b></p>
<p><b>WEST OXFORDSHIRE DISTRICT COUNCIL</b></p>	
<p>Name and date of Committee</p>	<p><b>Audit &amp; Governance Committee - Thursday 10<sup>th</sup> of August 2023</b> <b>Background paper for item 5</b></p>
<p>Subject</p>	<p><b>Statement of Accounts 2021/22</b></p>
<p>Wards affected</p>	<p>All</p>
<p>Accountable member</p>	<p>Cllr Dan Levy Cabinet Member for Finance Email: dan.levy@westoxon.gov.uk</p>
<p>Accountable officer</p>	<p>Elizabeth Griffiths, Section 151 Officer Email: elizabeth.griffiths@westoxon.gov.uk</p>
<p>Summary/Purpose</p>	<p>This report presents the Council's unaudited Statement of Accounts for the period 1 April 2021 to 31 March 2022 to enable the Committee to consider and approve the Council's accounts</p>
<p>Annexes</p>	<p>Annex A Grant Thornton report: "The Audit Findings for West Oxfordshire District Council Annex B Statement of Accounts including the Annual Governance Statement Annex C Letter of Representation</p>
<p>Recommendation</p>	<p>a) That the Grant Thornton Audit Findings for West Oxfordshire District Council report be noted; b) That the Statement of Accounts 2021/22, including the Annual Governance Statement be approved; and c) That the Chief Finance Officer and the Chair of the Committee be authorised to write a letter of representation on behalf of the Committee and Council to Grant Thornton to enable the opinion to be issued.</p>
<p>Corporate priorities</p>	<p>Modern Council Services and Sustainable Finance: Delivering excellent modern services whilst ensuring the financial sustainability of the Council</p>
<p>Key Decision</p>	<p>No</p>
<p>Exempt</p>	<p>No</p>

## BACKGROUND

1.1 In a more typical year, the draft Statement of Accounts would have been presented to the July meeting of this Committee for review. Under section 10 of the Accounts and Audit Regulations 2015, the Council is required to publish its annual Statement of Accounts by 31 July each year; the publishing deadline has been extended for 2021/22 to 30 November 2022.

1.2 The Council submitted its draft Statement of Accounts to Grant Thornton on 18<sup>th</sup> August 2022.

1.3. The public inspection period ran from 22<sup>nd</sup> August to 30<sup>th</sup> September 2022. There were no objections received during this inspection period.

1.4. Due to resourcing difficulties on the part of the Council Finance Team and external auditors Grant Thornton, mainly caused by a general backlog in Council audits from the previous year, the audit of the accounts for the year ended 31st March 2022 did not meet the 30 November publication date. After consultation with Grant Thornton it was agreed to take a break from Audit activities between December 2022 and February 2023 allowing for the Council to complete the Budget setting process as discussed at this committee on 30<sup>th</sup> March 2023. The External Auditors are still awaiting assurance over the Pension Scheme liability from the Ernst & Young, the Auditors of the Oxfordshire LGPS. Until this assurance is provided we are unable to sign off the 2021/22 Statement of Accounts. There is as yet no confirmed date from Ernst & Young for their work to be completed.

1.5. The Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ('the Code'). The Council is statutorily obliged under the Accounts and Audit Regulations 2015 to prepare its Statement of Accounts in accordance with the Code.

## STATEMENT OF ACCOUNTS

2.1. The four core statements within the Accounts are:

Comprehensive Income & Expenditure Statement:

The statement shows the accounting cost of services in accordance with generally accepted accounting practices (GAAP). The 'below the line' funding & accounting entries that bring the statement back to the movement on the General Fund (reversing items such as depreciation and accounting for pension contributions) form part of the Movement in Reserves Statement below.

Movement in Reserves Statement:

The statement details the movement in the year between reserves, from the surplus/deficit on provision of services in the Comprehensive Income & Expenditure Statement, to the position on the Balance Sheet at 31 March, splitting the reserves into the usable reserves (which are available to spend) and unusable reserves which represent reserve held for accounting purposes (and are not available for use).

Balance Sheet:

The balance sheet depicts the assets and liabilities of the Authority, with the overall position representing the 'net worth' of the Council.

#### Cash Flow Statement:

The statement shows the year on year change in cash and cash equivalents (i.e. on demand deposits) available to the Council, as opposed to simply showing the movement in the bank balance.

2.2. The 'notes to the accounts' provide additional breakdown and disclosure of balances to support the primary statements.

#### Accounting Policies:

2.3. The Council's Financial Rules state that the Chief Finance Officer is responsible for setting the Council's accounting policies. The Statement of Accounts is prepared based upon these policies.

2.4. Whilst it is the Chief Finance Officer's responsibility to set the policies, it is seen as best practice for this Committee to also agree the policies. The policies have a significant influence upon the Accounts which the Committee has responsibility for approving, following completion of the audit process.

2.5. The accounting policies are set out on pages 54 to 67 of the attached Statement of Accounts. There are no changes to consider in 2021/22.

#### Revenue Outturn and Performance

2.6. The Council's approved revenue budget for 2021/22 was £14,168,952. The final outturn position saw the Council budget underspent by £4,592.

2.7. The revenue outturn position was reported to Cabinet on 13<sup>th</sup> July 2022 (for a full breakdown of the outturn for the year, please refer to the Cabinet report, agenda item 43). At their meeting, Cabinet recommended to Council to transfer £6,925,782 of the revenue surplus to earmarked reserves and to increase the General Fund Balance by £4,592. Council subsequently approved the appropriations on 20<sup>th</sup> July 2023.

#### Reconciling the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement to the Revenue Outturn position reported to Cabinet

2.8. The Comprehensive Income and Expenditure Statement (CI&ES) (page 8 of the Accounts) shows the accounting cost in the year of providing services. The statement is prepared based under International Financial Reporting Standards (IFRS) and therefore does not match the figure presented to Cabinet as part of the year-end outturn report, which is prepared on the basis of internal reporting practices. To reconcile the figures, the CI&ES and Movement in Reserves Statement (MiRS) need to be read together as the MiRS reverses out or adjusts some Income and Expenditure items to make them compatible with the Code of Practice on Local Authority Accounting, and UK statutory requirements.

2.9. Note BI “Expenditure and Funding Analysis” on page 12 of the Accounts reconciles the difference between statutory financial reporting and those figures reported internally to Cabinet. The CI&ES declares a surplus on the provision of services of £3,307,527. This figure includes changes in asset values and pension fund accounting which are not reported to Members as they are statutory accounting adjustments and do not impact upon council tax payer financing of the Council. These are set out in the column headed “Adjs. between accounting and funding basis” and amount to £4.597m. Once adjustments to earmarked reserves of £1.294m are taken into account, the net contribution from the Council’s General Fund Balance is £4,592 (£3,307k - £4,597k + £1,294k = £4,592).

### **Key Balance Sheet Movements**

2.10. The balance sheet represents the value or ‘net worth’ of the Council as at 31st March 2022. The key movements in the balance sheet between 31st March 2021 and 31st March 2022 and the reasons for the largest changes are summarised below.

2.11. The value of Investment Property increased by £3.248 million. This is due to the acquisition of an Industrial property in Carterton for £2.4 million and gains on revaluation.

2.12. Short term debtors have decreased by £3.154 million and short term creditors have increased by £5.013 million. Whilst fluctuations in these balances would be expected year on year, in 2021/22 these were exacerbated due to the size of transactions with central government departments and the Council’s partners. Specifically the Business Rates deficit, S31 compensation grant and Collection Fund balances. The level of Aged Debt balances remained high at £2,408,446.

2.13. The valuation of the pension fund net assets and liabilities which is shown in note F1 to the accounts, has shown a decrease in liability of £10.849 million. The valuation of the pension fund does fluctuate each year and is based upon a number of actuarial assumptions. At 31 March 2022 the Council’s share of the Oxfordshire Pension Fund stands at a net liability of £24.931 million compared to a liability at 31st March 2021 of £35.003 million. The future value of pension liabilities is based on the discount rate, which is based on the yield on investment grade corporate bonds. There has been a rise in yield over the period which has led to an increase in the discount rate, which in turn has had a positive effect on pension scheme liabilities. Whilst the scheme is in deficit it represents the net value of what the Council owes across all future years. The Council are making contributions to cover liabilities accruing for employees that are current members.

2.14. There was a £11.332 million increase in our cash and cash equivalents year on year due to a significant amount of Government funding being received at the end of March 2022 for Business Support Grants and additional S31 Grant compensating for the impact of Government legislation changes on Business Rates income.

2.15. The 'general fund balance' has increased by £4,592 from 1 April to 31 March. The movement represents the remaining surplus in the year (after transfers to earmarked reserves). The general fund balance represents the unallocated revenue reserves of the Council. At 31 March 2022 the General Fund balance stood at £12,813,345.

2.16. The Council's 'earmarked reserves' represent resources that have been set-aside by the Council for specific projects or money to provide particular schemes in the future. Overall contributions to earmarked reserves amounted to £8.681 million, including £5.212m to the Business Rates Deficit Reserve, £970,580 to a COMF Reserve, £450,000 for the delivery of Council Priorities and £800,000 to Inflation Reserves. Expenditure amounted to £9.976m. Of the money spent, £6.877m funded the repayment of the Business Rates deficit relating to 2020/21 and £1.762m for ARG. The value of earmarked reserves has therefore decreased by £1.294m.

2.17. The 'Net Assets' or 'Net Worth of the Council has increased by £17,608,059. The main contributing factor is the decrease in pension liability of £10.849m and an increase in cash and cash equivalents. The Council was generally in a healthy position at the end of the 2021/22 financial year with an appropriate level of reserves. It was considered that the Council would remain financially secure and sustainable for the foreseeable future. However, with increasing costs, a reduction in Government Funding and the change in the Retained Business Rates regime due in the next couple of years, the MTFS calculates that reserves will be completely depleted by 2027/28.

## **AUDIT FINDINGS**

3.1. At the time of writing this report, the audit is materially complete.

3.2. The Audit Findings Report for West Oxfordshire District Council details all of the work that Grant Thornton has undertaken as part of their formal audit of the accounts. It outlines the key findings and matters arising from the statutory audit process.

3.3. The Statement of Accounts attached to this report represents the audited accounts following the completion of the audit and incorporate a number of recommendations of minor changes required following review by Grant Thornton.

3.4. Grant Thornton's work for assurance over the pension scheme liability is awaiting confirmation from Ernst & Young, the External Auditors for the Oxfordshire LGPS. Until this assurance has been received, we are unable to sign off the Statement of Accounts and the Audit Opinion cannot be issued. Subject to the satisfactory resolution of this outstanding issue, Grant Thornton anticipate giving an unqualified opinion on the Council's financial statements for 2021/22.

### **Summary of changes resulting from the audit**

3.5. The revaluation table in note D1 included £0.109m misclassified in Land and Buildings valuations at 31 March 2022. This balance relates to Plant & Equipment and is held at historic cost rather than being revalued.

3.6. Note F2 within Financial Instruments, did not fully disclose cash and cash equivalents balances and was inconsistent with the Balance Sheet.

3.7. A small number of other misclassification and disclosure changes have been made to the accounts. These changes represent minor amendments, including changes to notes where expanded explanation has been necessary and other presentational adjustments (such as rounding within tables and the correction of spelling mistakes) to improve the quality of disclosures in the accounts. These have not been reported separately with Grant Thornton's report due to their insignificant nature. Although some changes have been made, they do not affect the 'net worth' of the Council.





WEST OXFORDSHIRE  
DISTRICT COUNCIL

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## STATEMENT OF ACCOUNTS 2021/22 (Draft)

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## West Oxfordshire District Council

West Oxfordshire is a rural district within the Cotswold Area of Outstanding Natural Beauty with a population of approximately 110,000; the three largest towns are Witney, Carterton and Chipping Norton, though the majority of the population live in rural areas. The District has an ageing population and estimates from 2017-2027 show the 65 years and over age group increasing with two-thirds of this being outside the main towns.

The Council Plan 2020-2024 was updated in January 2020 and is undergoing a substantial rewrite in 2022. The Plan sets out the Council's key priorities and shows how the Council intends to achieve its ambitions for supporting local communities and the delivery of local services as follows:

### Our Vision and Priorities

Under each priority are the 'key actions' which show what the Council plans to do to achieve each priority and objective. Service Delivery Plans are in place for Council services; and include a summary of what the

**Our vision is to support West Oxfordshire to be fit for the future through:**

- Climate action
- Healthy towns and villages
- A vibrant district economy
- Strong local communities
- Meeting the housing needs of our changing population
- Modern council services and sustainable finance

service does, and how it supports the Council's aim, priorities and objectives. They link the priorities and objectives in the Council Plan to the activities that demonstrate what the Council will do to achieve them.

Service performance is reported to Members on a quarterly basis measuring activity against KPIs and reporting progress against each Council Plan area.

During 2021/22, 378 new affordable homes have been completed in the District, far higher than the average annual requirement of 274 in the Local Plan and a similar number of completed homes is estimated for 2022/23.

The introduction of the Agile Working Strategy is on track to reduce the office footprint by 40% and enables staff to be hybrid workers, mixing home working with

office working. It is estimated that that this hybrid approach will reduce carbon emissions by 40-50% from reduced staff mileage and reduced office occupancy.

The Council's broadband rollout project with Gigaclear was formally completed in December 2021 funded through investments of £1.6m from both the Council and the Government. The extension of the broadband network to the most rural premises in the District has provided access to ultra fast broadband to more than 12,000 properties overall.

The economy of the District has been greatly affected by the Covid 19 pandemic. Efforts to address recovery and renewal have been the focus of the last year, as set out in the Covid Recovery Plan. Specific Initiatives include the investment of £160,000 Welcome Back Fund to support the safe return to the high streets with a range of public realm improvements e.g. better signage, amenity landscaping, and the procurement of the LoyalFree app to support and promote local businesses.

### Publica Group (Support) Limited

Publica Group (Support) Limited ['Publica'] is wholly owned by West Oxfordshire District Council along with Cotswold District Council, Forest of Dean District Council and Cheltenham Borough Council. It is a not-for-profit company limited by guarantee with no share capital and operates with Mutual Trading Status to deliver services on behalf of the Member councils under contract.

Publica is a Teckal company fulfilling the conditions set out in Regulation 12(4) of the Public Contracts Regulations 2015. The Company is subject to management supervision by the Members. As such, the Company is a body governed by public law as defined in the Public Contracts Regulations 2015.

While Publica works closely with the Council, the company has its own board of Directors, its own Management team, and operates independently from the Council.

### Ubico Ltd

Ubico Ltd was established in 2011/12 by Cheltenham Borough Council and Cotswold District Council to deliver integrated environmental services including household and commercial refuse collection.

During 2015/16 West Oxfordshire District Council became a shareholder of Ubico Ltd. The Council holds an equal 1/8<sup>th</sup> shareholding in the Company.

# NARRATIVE REPORT

## Medium Term Financial Strategy (MTFS)

The financial impact of the new Council priorities has been reflected in the update to the Medium Term Financial Strategy during 2021/22. The Council operates a rolling 10 year MTFS, the latest being approved by Cabinet on 16 February 2022. This latest update reflected:

- Final New Homes Bonus payment in 2022/23
- The expected loss of £2m of funding through the Business Rates Reset due in 2023/24
- The erosion of General Fund balances to fill the funding gap
- The re-profiling of our £74m Investment Strategy to recognise the difficulty in bringing suitable projects to fruition exacerbated by the increased PWLB restrictions on Public Sector borrowing
- A provision of £3.5m for appeals against both the 2010 and 2017 Business Rate rating list.
- Changes in assumptions on tax base growth and inflation

The Medium Term Financial Strategy will be revised throughout 2022 to take account of the impact on Council finances of the high level of inflation and cost of living crisis to ensure the Council remains financially operable for the duration of the current MTFS.

The latest version of the Medium Term Financial Strategy can be found on the Council's website within the documents of the Cabinet meeting of 16 February 2022.

## Financial Performance

The Council's 2021/22 budget strategy assumed a balanced budget. The outturn position (after transfers to earmarked reserves) was a surplus for the year of £4,592

The full Q4 outturn report can be viewed visiting the Council website and reading the Cabinet papers of 13 July 2022.

## Covid 19 Support Grants

The Council received a range of grants from Central Government in 2021/22 in a further response to the Covid pandemic, These included funding to support the Council's cost of services or to offset income losses. They also funded grant packages to support local businesses.

	Council as Agent	Council as Principal
	£	£
<b>Grants Distributed in 2021/22</b>		
ARG		3,056,565
Closed Lockdown	419,910	
LRSB Closed Addendum	104,022	
LRSB Closed Addendum 5th Jan-15th Feb	191,967	
LRSB Closed Addendum 16th Feb - 31st March	249,588	
Tier 4	35,960	
Restart Grant	6,078,707	
Omicron Grant	1,029,383	
	8,109,536	3,056,565

Where the Council is merely administering grants on behalf of Central Government to local businesses we are acting as an agent and therefore these transactions are not included in our financial statements. At the year end £2,483,489 remained unspent for such schemes which sits as a Creditor on our Balance Sheet (note D5). All Business Support scheme grants are now closed with all payments being made by 31 March 2022. These surplus funds were subsequently returned to the Government.

Where the Council is acting as a principal in the administration of grants i.e. the Council has control and sets the eligibility criteria for the grant to be paid out, (ARG) these transactions are recognised in our financial statements. At year end all ARG funding had been paid out to support Businesses in the District and the Earmarked Reserve set up at the end of the 2020/21 financial year to hold unspent ARG grant has been closed.

## Classification of Covid-19 income and expenditure

The Comprehensive Income and Expenditure Statement identifies separately income and expenditure in relation to both Covid Business Grants (Revenues – Covid Business Grants) and costs, as service specific grants/contributions directly attributable to the Covid-19 pandemic.

General Government Grants including the Covid-19 LA Support Grant and Sales, Fees and Charges Compensation Grant are disclosed within 'Taxation and Non Specific Grant Income', as disclosed within note B9.

## Retained Business Rates

There is a £5.017m deficit in our retained Business Rate income for 2021/22 due to the extension of government reliefs to the Retail, Leisure and Hospitality Sectors. The corresponding Section 31 compensation grant received in the year from Government has been moved to Earmarked Reserves to fund the repayment of the deficit on the Collection Fund in 2022/23. This deficit has been taken into account when setting the 2022/23 budget.

# NARRATIVE REPORT

## Capital Programme

The Council maintains a capital programme to support investment and manage its assets. The approved budget for the year was £24.1m.

In 2021/22 the Council spent £5.685m on:

Capital Investment in the year	£000
Purchase of Investment Property in Carterton	2,400
Purchase of accommodation to address Homelessness in Witney	1,427
Disabled Facilities Grants (DFGs)	766
S106 Funded Projects	203
Community Grants	167
IT Equipment and Infrastructure	30
Waste Fleet In Cab Technology	137
Replacement Litter Bins	135
Ubico Fleet Replacement	370
Other Minor Schemes	50
	5,685

The most significant of these was the purchase of Investment Property in the District, providing revenue income to support the provision of Council services. In addition the Council purchased and renovated The Old Court House in Witney to bring it into use as 15 single units of homeless accommodation for people at risk of Rough Sleeping.

## Financial Position

Net Assets increased in the year by approximately £17.608m. The Council continues to maintain a strong Balance Sheet despite financial challenges.



**Net Assets 20/21**

**£112.923m**

**Net Assets 21/22**

**£130.531m**

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**Movement**

**£17.608m**

The major contributing factors to the increase were a decrease in the pension fund obligation of £10.849m and a significant increase in temporary cash held at the year end.

## Pension Liability

West Oxfordshire District Council is a member of the Oxfordshire County Council Pension Fund, for which

Oxfordshire County Council is the administering authority. The scheme is a defined benefit statutory scheme that is administered in accordance with the Local Government Pension Scheme Regulations 1997 (as amended).

At the balance sheet date the actuarial valuation had the pension fund in deficit (liabilities exceed assets). The valuation is represented as follows:

Pension assets and liabilities	£000
Fair value of employer assets	75,517
Present value of obligations	(99,671)
Surplus / (deficit) on the pension fund	(24,154)

The Council's overall pension liability fell in the year by £10.849m. This is due to gains from the change in financial assumptions and the return on plan assets. The future value of pension liabilities is based on the discount rate, which is based on the yield on investment grade corporate bonds. As the spread on corporate bonds has increased, it has led to an increase in the discount rate, which in turn has a positive effect on pension scheme liabilities.

The 31<sup>st</sup> March 2022 position [£24,154,000 deficit] is compared to a deficit at 31<sup>st</sup> March 2021 of £35,003,000. Whilst the scheme is in deficit it represents the net value of what the Council owes across all future years. Publica and the Council are making contributions to cover liabilities accruing for employees that are current members.

## Operational Performance and Efficiency

The Council has three Overview and Scrutiny Committees – Finance and Management; Economic and Social; and Environment – to monitor the Council's progress towards achieving its aims and priorities as set out in the Corporate Strategy and Plan.

Service Performance is reported to Members quarterly through a set of Service Dashboards which measure a range of metrics i.e. the recycling rate achieved, the average number of caseload per Planner and planning decisions made within the target of 8 weeks of receipt, the Council Tax & Business Rates collection rates, the level of Aged Debt, the on call time and response time in Customer Services and the number of households in temporary emergency accommodation.

For more details on the year's performance please refer to the Council website and the 'Service Performance Report 2021/2022 Year End' from 22 June 2022.

## Risk Management

In recognition of the importance of risk management issues, a new Risk Management Group was set up in 2021/22. The Group comprises both Council Statutory Officers and Publica Senior Managers. Any risk scoring above a defined threshold are considered a 'primary' risk.

## Explanation of the Accounting Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March. It comprises core and supplementary statements, together with supporting notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, which in turn is underpinned by International Financial Reporting Standards. A glossary of key terms and abbreviations can be found at the end of this publication.

The **Core Statements** are:

The **Comprehensive Income and Expenditure Statement** – this records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area / directorate. The bottom half of the statement deals with corporate transactions and funding.

The **Movement in Reserves Statement** is a summary of the changes that have taken place in the bottom-half of the Balance Sheet over the financial year.

Reserves are divided into "usable", which can be invested in service improvements or capital investment, and "unusable" which must be set aside for specific purposes.

The **Balance Sheet** is a 'snapshot' of the Council's assets, liabilities, cash balances and reserves as at the year-end, 31 March 2022.

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

The **Supplementary Statements** are:

The **Collection Fund** summarises the transactions relating to council tax and business rates collection, and the redistribution of that money.

Business Rates are distributed to Central Government, Oxfordshire County Council and West Oxfordshire District Council. Council Tax is distributed between Oxfordshire County Council, the Police & Crime Commissioner for Thames Valley, West Oxfordshire District Council and the Town & Parish Councils within the West Oxfordshire district.

The **Annual Governance Statement** which sets out the governance structures of the Council and its key internal controls.

## Facing the Challenges Ahead

While on the face of it, the large scale disruption wrought by the pandemic would seem to be over, the impact of it is still being felt in our District and in the Council's finances.

Restrictions have been lifted and vaccination programmes have been completed but rates of infection remain high and some businesses are still struggling to either return to pre pandemic levels of trade or to recover from the long periods of reduced income.

The funding projections in our Medium Term Financial Strategy (MTFS) remain uncertain. The difficulties faced by Councils during the pandemic and the additional demands placed upon them may have influenced the Government's decision to extend the New Homes Bonus for one more year. An initial budget draft in December 21 showing a shortfall in funding of £1m became a £1.6m surplus when the expected withdrawal of this funding was deferred. Similarly, the business rates reset, which is estimated to reduce our funding by around £2m, and has been forecast as imminent for the last couple of years, has been postponed again - and may not even happen in 2023. While both of these developments are positive, the expectation is still that they are merely a deferral of expected funding issues.

Recent world events have also impacted everyone's finances with inflation at unforeseen levels and the cost of fuel and utilities in particular impacting residents, businesses and the Council alike.

So in the midst of spiralling costs, uncertainty over funding and our residents struggling with a cost of living crisis, what is West Oxfordshire District Council doing?

Our investment property income suffered through the pandemic as tenant businesses struggled but the careful management of this situation by the Estates team has allowed the Council to work through the situation with them, arranging payment plans and renegotiating rents where appropriate. This has allowed the businesses to survive the crisis and has seen confidence return to the point where our bad debt provision was able to be reduced at the March 2022 year end.

Our leisure service remains a concern with use of the leisure centres below pre pandemic levels reflecting perhaps a nervousness in the community to return to communal exercise spaces. This shortfall in revenue

is compounded by the increase in utility costs. GLL, our leisure operator are forecasting a £750k per annum increase in utility costs in 2023 when compared to 2019 levels. The Council supported GLL with loan funding through the pandemic and are still working closely with them on strategies to bring the centres back to financial viability. As a partnership, we retain our commitment to serve all sectors of the community and they, as an operator, remain committed to West Oxfordshire and our centres in this area but are clearly under financial strain having had their reserves depleted by the pandemic and their recovery hampered by the exponential rise in the cost of utilities. On average, 80% of utility costs in a leisure centre can be attributed to the swimming pool. Provision of these facilities is clearly important to the community as evidenced not only by the number of people who swim for exercise but also the huge demand, from families especially, for their children to learn to swim. The provision of these facilities and their associated costs is not something that smaller, more basic gyms bear the burden of. The Council is committed to working with GLL through this very difficult time to keep providing that incredibly important service to the community.

Our waste service has been impacted by the national driver shortage and the huge increase in the cost of fuel. A programme of service review and efficiency projects was already underway in an attempt to find innovative ways to reduce the cost of delivering our waste and recycling service. This is expected to conclude in the autumn and the outcome of this is more important than ever. In the meantime, discussions are underway with Ubico to reforecast the budget for this year.

West Oxfordshire District Council has always been careful with its budget and has previously reduced its expenditure, finding any savings possible in its revenue budget. Over the last couple of years, while funding is still being received at current levels, this has created surpluses which have been saved and allow the Council to continue to operate in spite of the coming year's inflationary pressures. The careful management of reserves also provides a buffer, however the scale of the potential impacts means that this may not be a sustainable position and care should be taken not to make decisions that worsen the situation while we seek solutions to remedy it.

The 2 year programme of Covid recovery projects implemented to help support our residents through the pandemic continues and has delivered



## NARRATIVE REPORT

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measurable benefits. This has been supplemented not only by the Council's administration of mandatory Covid business grants but also innovative business support schemes run using discretionary Covid funding. As our residents face the current inflationary and cost of living crises the Council will again seek to find ways to fund relief programmes for them.

While our reserves are adequate, they are not infinite, and many of our current sources of income and funding are under threat. New revenue streams are being sought through the investment strategy and service reviews but while so much uncertainty exists in our financial future, care must still be taken to resist any unnecessary spend.

Elizabeth Griffiths ACMA  
Chief Finance Officer

### **Further information**

For further information on the accounts please contact:

Elizabeth Griffiths, Chief Finance Officer,  
West Oxfordshire District Council,  
Woodgreen, Witney, Oxfordshire OX28 1NB;

or via email at [Elizabeth.Griffiths@westoxon.gov.uk](mailto:Elizabeth.Griffiths@westoxon.gov.uk)

## The Authority's responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

## The Chief Finance Officer's responsibility

The Chief Finance Officer is responsible for the preparation of the Authority'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 Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Local Authority Code.

The Chief Finance Officer has also:

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

## CERTIFICATE

I certify that the Statement of Accounts presented here gives a true and fair view of the financial position of the authority at the accounting date and of its income and expenditure for the year ended 31<sup>st</sup> March 2022.

\_\_\_\_\_  
Elizabeth Griffiths  
Chief Finance Officer and Deputy Chief Executive

Date: \_\_\_\_\_

In accordance with regulation 10(3) Accounts and Audit Regulations 2016, the statement of accounts is approved by the Chair of the Audit and General Purposes Committee, on behalf of West Oxfordshire District Council.

\_\_\_\_\_  
Cllr Alaric Smith  
Chairman of the Audit and General Purposes Committee

Date: \_\_\_\_\_

# COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2020/2021					2021/2022		
Gross Expenditure £	Gross Income £	Net Expenditure £		Note	Gross Expenditure £	Gross Income £	Net Expenditure £
1,328,290	(570,974)	757,316	Environmental and Regulatory Services		1,480,674	(788,253)	692,421
1,000,437	(22,850)	977,587	Finance, Human Resources & Procurement		1,231,442	(177,785)	1,053,657
2,737,120	(836,802)	1,900,318	ICT, Change and Customer Services		2,829,514	(734,386)	2,095,128
1,748,508	(835,337)	913,171	Land, Legal and Property Services		1,724,771	(872,930)	851,841
21,047,554	(19,632,558)	1,414,996	Revenues and Housing Support Services		18,995,895	(18,172,092)	823,803
962,196	(25,615)	936,581	Democratic Services		1,223,593	(210,733)	1,012,860
10,055,875	(3,547,243)	6,508,632	Environmental Services		10,580,393	(3,476,932)	7,103,461
3,875,355	(829,555)	3,045,800	Leisure and Communities Services		2,821,069	(301,042)	2,520,027
4,861,860	(2,503,716)	2,358,144	Planning and Strategic Housing Services		2,518,408	(1,389,576)	1,128,832
1,211,529	(456,848)	754,681	Other Retained Services		1,654,761	(495,452)	1,159,309
3,706,660	(5,752,558)	(2,045,898)	Covid-19 Income & Expenditure	B2A	4,216,639	(2,716,576)	1,500,063
<b>52,535,384</b>	<b>(35,014,056)</b>	<b>17,521,328</b>	<b>Cost of Services</b>	B1	<b>49,277,159</b>	<b>(29,335,757)</b>	<b>19,941,402</b>
3,995,785	(277,555)	3,718,230	Other Operating Expenditure	B3	4,092,790	(312,771)	3,780,019
1,105,382	(5,147,760)	(4,042,378)	Financing and Investment Income and Expenditure	B4	1,013,018	(5,963,906)	(4,950,888)
0	(19,965,643)	(19,965,643)	Taxation and Non-Specific Grant Income	B5	0	(22,078,060)	(22,078,060)
<b>57,636,551</b>	<b>(60,405,014)</b>	<b>(2,768,463)</b>	<b>(Surplus) / Deficit on Provision of Services</b>	B1 / B2	<b>54,382,967</b>	<b>(57,690,494)</b>	<b>(3,307,527)</b>
		(139,756)	(Surplus) / deficit on revaluation of non current assets				(1,485,531)
		(50,000)	(Gains) / Losses on Financial Instruments at FV through OCI				
		8,482,000	Remeasurement of the net defined benefit liability				(12,815,000)
		<b>8,292,244</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>(14,300,531)</b>
		<b>5,523,781</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(17,608,058)</b>

## THE MOVEMENT IN RESERVES STATEMENT

	Note	Usable Reserves				Total Usable Reserves £	Unusable Reserves £	TOTAL RESERVES £
		General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £			
<b>Balance at 1st April 2020</b>		<b>(12,759,997)</b>	<b>(11,060,046)</b>	<b>(5,980,927)</b>	<b>(8,946,460)</b>	<b>(38,747,430)</b>	<b>(79,699,497)</b>	<b>(118,446,927)</b>
Movements in reserves 2020/21		8,648,754	(8,648,754)	0	0	0	0	0
Total Comprehensive Income and Expenditure		(2,768,463)	0	0	0	(2,768,463)	8,292,244	5,523,781
Adjustments between accounting basis & funding basis under regulations	C1	(5,929,045)	613,042	(274,817)	1,005,900	(4,584,920)	4,584,920	0
<b>(Increase) / Decrease in Reserves 2020/21</b>		<b>(48,754)</b>	<b>(8,035,712)</b>	<b>(274,817)</b>	<b>1,005,900</b>	<b>(7,353,383)</b>	<b>12,877,164</b>	<b>5,523,781</b>
<b>Balance at 31 March 2021</b>		<b>(12,808,751)</b>	<b>(19,095,758)</b>	<b>(6,255,744)</b>	<b>(7,940,560)</b>	<b>(46,100,813)</b>	<b>(66,822,333)</b>	<b>(112,923,146)</b>
Movements in reserves 2021/22		(1,294,755)	1,294,755	0	0	0	0	0
Total Comprehensive Income and Expenditure		(3,307,527)		0	0	(3,307,527)	(14,300,531)	(17,608,058)
Adjustments between accounting basis & funding basis under regulations	C1	4,597,687	0	(418,720)	(3,577,948)	601,019	(601,019)	0
<b>(Increase) / Decrease in Reserves 2021/22</b>		<b>(4,594)</b>	<b>1,294,755</b>	<b>(418,720)</b>	<b>(3,577,948)</b>	<b>(2,706,508)</b>	<b>(14,901,550)</b>	<b>(17,608,058)</b>
<b>Balance at 31 March 2022</b>		<b>(12,813,345)</b>	<b>(17,801,003)</b>	<b>(6,674,464)</b>	<b>(11,518,508)</b>	<b>(48,807,321)</b>	<b>(81,723,883)</b>	<b>(130,531,204)</b>

## THE MOVEMENT IN RESERVES STATEMENT

	Note	Usable Reserves					Unusable Reserves £	TOTAL RESERVES £
		General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £		
<b>Balance at 1st April 2019</b>		<b>(12,657,896)</b>	<b>(9,565,618)</b>	<b>(5,348,318)</b>	<b>(5,001,889)</b>	<b>(32,573,721)</b>	<b>(63,397,085)</b>	<b>(95,970,806)</b>
Movements in reserves 2019/20		1,494,428	(1,494,428)	0	0	0	0	0
Total Comprehensive Income and Expenditure		(2,129,841)	0	0	0	(2,129,841)	(20,346,280)	<b>(22,476,121)</b>
Adjustments between accounting basis & funding basis under regulations	C1	533,312	0	(632,609)	(3,944,571)	(4,043,868)	4,043,868	0
<b>(Increase) / Decrease in Reserves 2019/20</b>		<b>(102,101)</b>	<b>(1,494,428)</b>	<b>(632,609)</b>	<b>(3,944,571)</b>	<b>(6,173,709)</b>	<b>(16,302,412)</b>	<b>(22,476,121)</b>
<b>Balance at 31 March 2020</b>		<b>(12,759,997)</b>	<b>(11,060,046)</b>	<b>(5,980,927)</b>	<b>(8,946,460)</b>	<b>(38,747,430)</b>	<b>(79,699,497)</b>	<b>(118,446,927)</b>
Movements in reserves 2020/21		8,648,754	(8,648,754)	0	0	0	0	0
Total Comprehensive Income and Expenditure		(2,768,463)		0	0	(2,768,463)	8,292,244	<b>5,523,781</b>
Adjustments between accounting basis & funding basis under regulations	C1	(5,929,045)	613,042	(274,817)	1,005,900	(4,584,920)	4,584,920	0
<b>(Increase) / Decrease in Reserves 2020/21</b>		<b>(48,754)</b>	<b>(8,035,712)</b>	<b>(274,817)</b>	<b>1,005,900</b>	<b>(7,353,383)</b>	<b>12,877,164</b>	<b>5,523,781</b>
<b>Balance at 31 March 2021</b>		<b>(12,808,751)</b>	<b>(19,095,758)</b>	<b>(6,255,744)</b>	<b>(7,940,560)</b>	<b>(46,100,813)</b>	<b>(66,822,334)</b>	<b>(112,923,146)</b>

## BALANCE SHEET

31st March 2021 £		Note	31st March 2022 £
67,642,584	Property, Plant & Equipment	D1	68,840,789
91,084	Heritage Assets		91,084
51,958,500	Investment Property	D2	55,207,462
37,478	Intangible Assets	D3	16,529
15,437,351	Non-Current Investments	F2	12,681,774
12,773,493	Non-Current Debtors	D7	12,392,719
<b>147,940,490</b>	<b>Non-Current Assets</b>		<b>149,230,357</b>
85,765	Investments	F2	2,639,238
35,382	Inventories		20,517
21,933,306	Debtors	D4	18,436,654
9,389,432	Cash and Cash Equivalents		20,712,184
<b>31,443,885</b>	<b>Current Assets</b>		<b>41,808,593</b>
(28,095,363)	Creditors	D5	(32,766,822)
(1,693,923)	Creditors - s.106 balances	D5	(1,687,433)
(1,259,168)	Provisions	D6	(1,448,846)
<b>(31,048,454)</b>	<b>Current Liabilities</b>		<b>(35,903,101)</b>
(35,003,000)	Defined Benefit Pension Liability	F1	(24,154,000)
(409,774)	Capital Grants Receipts in Advance	B9	(450,644)
<b>(35,412,774)</b>	<b>Non-Current Liabilities</b>		<b>(24,604,644)</b>
<b>112,923,147</b>	<b>Net Assets</b>		<b>130,531,204</b>
(46,100,813)	Usable reserves		(48,807,321)
(66,822,334)	Unusable Reserves	C3	(81,723,883)
<b>(112,923,146)</b>	<b>Total Reserves</b>		<b>(130,531,204)</b>

These financial statements were certified by the Chief Finance Officer on 31st July 2022.

Elizabeth Griffiths, ACMA  
Chief Finance Officer, West Oxfordshire District Council.

## CASH FLOW STATEMENT

	<i>Note</i>	2020/21 £	2021/22 £
Net surplus or (deficit) on provision of services		2,768,463	3,307,527
Adjustments to net surplus or (deficit) on the provision of services to exclude non-cash movements	<i>E1a</i>	(8,889,087)	11,804,764
Adjustments for items included in the net surplus or (deficit) on the provision of services that are investing or financing activities	<i>E1b</i>	(1,147,229)	(4,932,997)
<b>Net cash flows from Operating Activities</b>		<b>(7,267,853)</b>	<b>10,179,294</b>
Investing Activities	<i>E1c</i>	6,451,696	1,139,202
<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>(816,157)</b>	<b>11,318,496</b>
Cash and cash equivalents at 1 April		10,205,588	9,389,431
<b>Cash and cash equivalents at 31 March</b>		<b>9,389,431</b>	<b>20,707,927</b>
Comprising:			
Cash and bank current accounts		(530,716)	6,907,778
Short term investments		9,920,148	13,800,148
		<b>9,389,432</b>	<b>20,707,926</b>

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## B1. Expenditure and Funding Analysis

	2021/2022					
	Net Expenditure in CI&ES £	Adjs. between accounting and funding basis £	Transfers to/(from) GF Earmarked Reserves £	Net Exp. Chargeable to the General Fund £	Management Reporting Adjs. £	Outturn Reported to Management £
Environmental and Regulatory Services	692,421	(255,531)	0	436,890	(6,567)	430,323
GO Shared Services	1,053,657	(159,096)	0	894,561	1,197	895,758
ICT, Change and Customer Services	2,095,128	(490,387)	0	1,604,741	167,448	1,772,189
Land, Legal and Property Services	851,841	(198,071)	0	653,770	122,624	776,394
Revenues and Housing Support Services	823,803	91,726	0	915,529	(125,050)	790,479
Democratic Services	1,012,860	(51,405)	0	961,455	0	961,455
Environmental Services	7,103,461	(545,917)	0	6,557,544	337,863	6,895,407
Leisure and Communities Services	2,520,027	(1,488,977)	0	1,031,050	963,394	1,994,444
Planning and Strategic Housing Services	1,128,832	(415,965)	0	712,867	5,459	718,326
Other Retained Services	1,159,309	562,251	0	1,721,560	0	1,721,560
Covid-19 Income & Expenditure	1,500,063	0		1,500,063	0	1,500,063
<b>Cost of Services</b>	<b>19,941,402</b>	<b>(2,951,372)</b>	<b>0</b>	<b>16,990,030</b>	<b>1,466,368</b>	<b>18,456,398</b>
Other Income and Expenditure	(23,248,929)	7,549,057	(1,294,755)	(16,994,627)	(1,466,368)	(18,460,995)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>(3,307,527)</b>	<b>4,597,685</b>	<b>(1,294,755)</b>	<b>(4,596)</b>	<b>0</b>	<b>(4,596)</b>
Opening General Fund Balance (Unallocated) at 1 April				(12,808,749)		
(Surplus) / Deficit for the year				(4,596)		
<b>Closing General Fund Balance (Unallocated) at 31 March</b>				<b>(12,813,345)</b>		



## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2020/2021					
	Net Expenditure in CI&ES £	Adjs. between accounting and funding basis £	Transfers to / (from ) GF Earmarked Reserves £	Net Exp. Chargeable to the General Fund £	Management Reporting Adjs. £	Outturn Reported to Management £
Environmental and Regulatory Services	757,316	(154,141)	0	603,175	5,333	608,508
GO Shared Services	977,587	(105,598)	0	871,989	872	872,861
ICT, Change and Customer Services	1,900,318	(342,115)	0	1,558,203	148,129	1,706,332
Land, Legal and Property Services	913,171	(252,718)	0	660,453	171,821	832,274
Revenues and Housing Support Services	1,414,996	(205,598)	0	1,209,398	39,834	1,249,232
Democratic Services	936,581	(25,310)	0	911,271	10	911,281
Environmental Services	6,508,632	(401,801)	0	6,106,831	614,381	6,721,212
Leisure and Communities Services	3,045,800	(2,109,907)	0	935,893	966,498	1,902,391
Planning and Strategic Housing Services	2,358,144	(1,906,242)	0	451,902	9,246	461,148
Other Retained Services	754,681	4,495,388	0	5,250,069	(3,259,531)	1,990,538
Covid-19 Income & Expenditure	0	0	2,207,884	2,207,884	0	2,207,884
<b>Cost of Services</b>	<b>19,567,226</b>	<b>(1,008,042)</b>	<b>2,207,884</b>	<b>20,767,068</b>	<b>(1,303,407)</b>	<b>19,463,661</b>
Other Income and Expenditure	(20,289,791)	(4,921,002)	6,440,870	(18,769,923)	1,303,407	(17,466,516)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>(722,565)</b>	<b>(5,929,044)</b>	<b>8,648,754</b>	<b>1,997,145</b>	<b>0</b>	<b>1,997,145</b>
Opening General Fund Balance (Unallocated) at 1 April				(12,759,996)		
(Surplus) / Deficit for the year				1,997,145		
Budgeted contribution to GF				0		
<b>Closing General Fund Balance (Unallocated) at 31 March</b>				<b>(10,762,851)</b>		

## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

### Adjustments between accounting basis and funding basis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded compared with the resources consumed or earned by the Council in accordance with generally accepted accounting practices as shown in the Comprehensive Income and Expenditure Account. It also shows how these amounts are allocated for decision making purposes across the Council's Directorates and Services. The adjustments between these amounts are detailed below:

	2021/2022						
	Adjustments between funding and accounting basis (see MiRS Note C1)			Total adjs between funding and accounting £	Adjustments between amounts chargeable to the General Fund and Management Reporting		Total Management Reporting Adjustments £
	Capital Adjs £	Pension Adjs £	Other Adjs £		Depreciation £	Other Segment Adjs. £	
Environmental and Regulatory Services	0	255,531	0	255,531	0	(6,567)	(6,567)
Finance, Human Resources & Procurement	1,197	157,899	0	159,096	1,197		1,197
ICT, Change and Customer Services	167,448	322,939	0	490,387	167,448		167,448
Land, Legal and Property Services	133,965	64,106	0	198,071	133,965	(11,341)	122,624
Revenues and Housing Support Services	(403,119)	311,393	0	(91,726)	15,941	(140,991)	(125,050)
Democratic Services	0	51,405	0	51,405	0		0
Environmental Services	456,257	89,660	0	545,917	456,257	(118,394)	337,863
Leisure and Communities Services	1,336,163	152,814	0	1,488,977	943,198	20,196	963,394
Planning and Strategic Housing Services	5,459	410,506	0	415,965	5,459		5,459
Other Retained Services	0	(562,251)		(562,251)	0		0
<b>Cost of Services</b>	<b>1,697,370</b>	<b>1,254,002</b>	<b>0</b>	<b>2,951,372</b>	<b>1,723,465</b>	<b>(257,097)</b>	<b>1,466,368</b>
Other Income and Expenditure	(5,842,538)	712,000	(2,418,519)	(7,549,057)	(1,723,465)	257,097	(1,466,368)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>(4,145,168)</b>	<b>1,966,002</b>	<b>(2,418,519)</b>	<b>(4,597,685)</b>	<b>0</b>	<b>0</b>	<b>0</b>

## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2020/2021						
	Adjustments between funding and accounting basis (see MiRS Note C1)			Total adjs between funding and accounting	Adjustments between amounts chargeable to the General Fund and Management Reporting		Total Management Reporting Adjustments
	Capital Adjs	Pension Adjs	Other Adjs		Depreciation	Other Segment Adjs.	
£	£	£	£	£	£	£	
<u>Joint Committee</u>							
Environmental and Regulatory Services	1,610	152,531	0	154,141	1,610	3,723	5,333
Finance, Human Resources & Procurement	1,197	104,401	0	105,598	1,197	(325)	872
ICT, Change and Customer Services	149,346	192,769	0	342,115	149,346	(1,217)	148,129
Land, Legal and Property Services	222,500	30,218	0	252,718	164,741	7,080	171,821
Partnership MD and 2020 Programme Costs	0	0	0	0	0	0	0
Revenues and Housing Support Services	19,737	185,861	0	205,598	19,737	20,097	39,834
<u>Strategic Directors</u>							
Democratic Services	0	25,310	0	25,310	0	10	10
Environmental Services	505,453	(103,652)	0	401,801	505,453	108,928	614,381
Leisure and Communities Services	2,009,429	100,478	0	2,109,907	921,909	44,589	966,498
Planning and Strategic Housing Services	1,670,832	235,410	0	1,906,242	5,459	3,787	9,246
Other Retained Services	0	(4,504,326)	8,938	(4,495,388)	0	(3,259,531)	(3,259,531)
<b>Cost of Services</b>	<b>4,580,104</b>	<b>(3,581,000)</b>	<b>8,938</b>	<b>1,008,042</b>	<b>1,769,452</b>	<b>(3,072,859)</b>	<b>(1,303,407)</b>
Other Income and Expenditure	(1,976,538)	681,000	6,216,540	4,921,002	(1,769,452)	3,072,859	1,303,407
<b>(Surplus) / Deficit on Provision of Services</b>	<b>2,603,566</b>	<b>(2,900,000)</b>	<b>6,225,478</b>	<b>5,929,044</b>	<b>0</b>	<b>0</b>	<b>0</b>

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## Capital Adjustments

This column adjusts for depreciation and impairment, revaluations gains and losses in service lines and for transfers of income / net value of assets written off on disposals in Other Operating Income and Expenditure. Taxation and Non Specific Grant Income is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

## Pension Adjustments

This column removes the impact of IAS19 Employee Benefits. For services, this removes current or past service costs and replaces them with the actual employer pension contributions payable. In Financing and Investment Income and Expenditure, the net interest on the net defined benefit liability is removed.

## Other Adjustments

This adjustment represents the difference between the amounts chargeable under statutory regulations for Council Tax and Non Domestic Rates 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.

## B2. Expenditure and Income Analysed by Nature

	2020/21 £	2021/22 £
<b>Expenditure</b>		
Employee benefits expenses	1,603,350	2,690,621
Publica Contract Charges	9,436,327	9,833,998
Housing Benefit & Other Transfer Payments	17,358,171	15,381,453
Covid grant payments	3,778,768	4,216,640
Other service expenses	13,859,723	14,217,908
Depreciation, amortisation and impairment	1,769,452	1,723,465
Interest payments and similar expense	681,000	712,000
Precepts and Levies	3,929,780	4,092,790
Other expenditure	5,219,979	1,514,094
<b>Total Expenditure</b>	<b>57,636,550</b>	<b>54,382,969</b>
<b>Income</b>		
Fees, charges & other service income	(9,915,244)	(10,472,188)
Housing Benefit Subsidy	(17,166,683)	(15,434,231)
Government Grants (incl Covid)	(22,322,961)	(14,732,085)
Income from Council Tax	(8,687,828)	(9,275,264)
Income from Non Domestic Rates	4,217,350	438,274
Non Government Grants & Contributions	(2,763,844)	(6,259,371)
Investment Interest and similar income	(794,457)	(794,358)
Other income	(2,971,346)	(1,161,271)
<b>Total Income</b>	<b>(60,405,013)</b>	<b>(57,690,494)</b>
<b>(Surplus) / Deficit on Provision of Services</b>	<b>(2,768,463)</b>	<b>(3,307,525)</b>

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## B2a COVID Grants

<b>Expenditure</b>	<b>£</b>
High Street Re-Opening	160,614
Compliance & Enforcement	486,737
Business Support Grants (ARG)	2,983,354
Contain Outbreak Management	437,469
Community Testing Centre	94,010
Emergency Food	7,250
Winter Grants	47,206
	<b>4,216,639</b>
<b>Income</b>	<b>£</b>
High Street Re-Opening	(160,614)
Compliance & Enforcement	(214,343)
Business Support Grants (ARG)	(1,224,653)
Contain Outbreak Management	(968,806)
Community Testing Centre	(94,010)
Emergency Food	(5,382)
Winter Grants	(48,768)
	<b>(2,716,576)</b>

## B3. Other Operating Income and Expenditure

	2020/21 £	2021/22 £
(Gains) / losses on disposal of non current assets	(10,409)	(7,034)
Unattached capital receipts	(267,146)	(305,736)
Town and Parish Council support grant	66,005	0
Town and Parish Council precepts	3,929,780	4,092,790
	<b>3,718,230</b>	<b>3,780,020</b>

## B4. Financing and Investment Income and Expenditure

	2020/21 £	2021/22 £
Interest payable and similar charges	0	0
Interest receivable and similar income	(795,252)	(794,695)
Movement in the fair value of financial assets*	(1,112,699)	151,558
Movement in the creditor loss allowance	497,874	(460,783)
Movement in the fair value of investment property	257,434	(848,500)
Net investment property (income) / expenditure	(3,570,735)	(3,710,467)
Net interest on the net defined benefit pension liability	681,000	712,000
	<b>(4,042,378)</b>	<b>(4,950,887)</b>

## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

\*Movement in the fair value of financial assets largely reflects the increase in value at balance sheet date of pooled investment funds.

### B5. Taxation and Non Specific Grant Income

	2020/21 £	2021/22 £
National Non Domestic Rates:		
- Redistribution	(3,853,815)	(4,723,527)
- Renewable Energy	(221,075)	(209,141)
- Business rates levy	1,366,891	1,684,456
- Surplus from the pool	(445,269)	(731,119)
- (Surplus) / Deficit	7,150,681	4,417,603
	<u>3,997,413</u>	<u>438,272</u>
Council Tax income (Council and Town/Parish Council shares)	(8,687,828)	(9,275,264)
Revenue Support Grant	(78,830)	(79,268)
New Homes Bonus	(2,068,690)	(2,284,075)
S31 NDR Compensation Grant	(8,938,593)	(5,583,412)
Capital grants and contributions	(1,071,604)	(3,803,487)
Other non-ringfenced government grants	(1,933,302)	(1,154,221)
LG Compensation scheme for lost sales, fees and charges	(1,184,209)	(336,606)
	<u><b>(19,965,643)</b></u>	<u><b>(22,078,061)</b></u>

### B6. Members' Allowances

	2020/21 £	2021/22 £
Basic and Special Responsibility Allowances	365,054	378,034
Expenses	487	1,480
	<u><b>365,541</b></u>	<u><b>379,514</b></u>

### B7. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections, and to non-audit services provided by the Council's external auditors (Grant Thornton UK LLP):

	2020/21 £	2021/22 £
External audit services carried out by the appointed auditor	58,277	38,527
Certification of grant claims and returns	13,500	14,600
	<u><b>71,777</b></u>	<u><b>53,127</b></u>

## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Most disclosures within the Statement of Accounts give additional details about the amounts receivable and payable included in the core statements. The amounts for External Audit Costs are disclosed in accordance with annually agreed audit fee schedules.

Additional fees of £11,250 were payable in 2021/22 in respect of the 2019/20 and 2020/21 audits and an additional £19,550 for the increased amount of testing and assurance required due to Business Grants and Housing Benefit Subsidy.

### B8. Officer Remuneration

#### Senior Officer Remuneration

The Council's senior officers are those with statutory responsibility within the Council.

Post	2021/2022		
	Salary, allowances & other benefits £	Pension Contributions £	Total Remuneration £
Chief Executive	82,192	14,466	96,657
Chief Finance Officer/Deputy Chief Executive2	78,356	13,791	92,146
Monitoring Officer	48,054	7,934	55,988
	<b>208,601</b>	<b>36,191</b>	<b>244,792</b>
Post	2020/2021		
	Salary, allowances & other benefits £	Pension Contributions £	Total Remuneration £
Chief Executive and Head of Paid Service	80,977	14,252	95,229
Chief Finance Officer1	6,568	1,327	7,894
Chief Finance Officer/Deputy Chief Executive2	61,677	10,855	72,532
Monitoring Officer	63,267	10,954	74,222
	<b>212,489</b>	<b>37,388</b>	<b>249,877</b>

#### Other Officer Remuneration

The majority of the Council's staff TUPE-transferred to Publica Group (Support) Limited on 1 November 2017, only a small number of staff are now employed directly by the Council and none of the Authority's employees (excluding those identified above) received more than £50,000 remuneration of the year. (No employees received more than £50,000 in 2020/21).

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## B9. Grant Income

The following significant grants and contributions were credited to the Comprehensive Income and Expenditure Statement during the year.

	2020/21 £	2021/22 £
<u>Revenue grants credited to Cost of Services</u>		
Housing Benefit Subsidy	(16,982,983)	(15,129,505)
Housing Benefit Administration Subsidy	(183,700)	(184,987)
Other grants	0	0
	<b>(17,166,683)</b>	<b>(15,314,492)</b>
<u>Revenue grants credited to Taxation and Non Specific Grant Income</u>		
New homes bonus grant	(2,068,690)	(2,284,075)
Revenue Support Grant	(78,830)	(79,268)
S31 NDR compensation grant	(8,938,593)	(5,583,412)
Rural services delivery grant	(126,956)	(133,225)
Other specific government grants	(1,806,346)	(1,357,602)
	<b>(13,019,415)</b>	<b>(9,437,582)</b>
<u>Capital grants credited to the Comprehensive Income and Expenditure Statement</u>		
Better Care Funding	(785,467)	(766,880)
S.106 Receipts & other capital grants	(1,071,604)	(3,803,487)
	<b>(1,857,071)</b>	<b>(4,570,367)</b>

Where the Council has been given grants or contributions with conditions attached, which the Council has yet to meet, these grants are treated as receipts in advance until the conditions are met. The grants and contributions held at the balance sheet date are as follows:

	2020/21 £	2021/2022 £
Environment Agency Grant [for specific Land drainage works]	(174,266)	(174,265)
Better Care Grant Funding	(235,508)	(276,379)
Long Term Capital Receipt in advance	(409,774)	(450,644)
S106 Capital Contributions [due to third parties]	(203,818)	(142,147)
Short Term Capital Receipt in advance	(203,818)	(142,147)
Total Capital Receipt in Advance	<b>(613,592)</b>	<b>(592,791)</b>



## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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### **B10. Termination Benefits**

#### Redundancy and Compensation

There is no redundancy and compensation cost in 2021/22.

#### Pension Strain

There is no pensions strain cost in 2021/22 (nil in 2020/21). Any additional contributions (strain contributions and augmentation contributions) that are due to be paid in the year by the Council, under any agreement with the pension fund, are recognised immediately as an expense

#### Exit Packages

There is no exit package cost charged to the Council's Comprehensive Income and Expenditure Statement for the current year.

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## C1. Adjustments Between Accounting Basis and Funding Basis Under Regulations

	2021/22			
	General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £
<b>Capital Adjustments</b>				
<u>Reversal of entries included in the CI&amp;ES relating to Capital Expenditure</u>				
Charges for depreciation, amortisation and impairment	(1,723,465)			
Revaluation losses on Property, Plant and Equipment	(202,690)			
Movements in the fair value of Investment Properties	848,500			
Capital Grants and Contributions applied	1,388,630			
Revenue Expenditure funded from Capital Under Statute	(1,159,846)			
Non current assets written off on disposal or sale	(507,760)			
<u>Adjustments between Capital &amp; Revenue Resources</u>				
Transfer of cash sale proceeds from disposal of non current assets	507,760			
Capital expenditure charged against General Fund Balance	540,100			
Statutory provision for the repayment of debt	344,715			
Capital grants and contributions credited to CI&ES	3,803,487			(3,803,487)
Unattached Capital Receipts	305,736		(305,736)	
<u>Adjustments to Capital Resources</u>				
Application of grants to capital financing tfrd to CAA				225,539
Use of capital receipts reserve to finance new capital expenditure			688,073	
Capital loan repaid			(207,798)	
Transfer from Deferred Capital Receipts on receipt of cash			(593,259)	
<b>Financial Instrument Adjustments</b>				
Reversal of changes in fair value on Pooled Investment Funds	(151,557)			
<b>Pension Adjustments</b>				
Pension costs transferred to / (from) the Pensions Reserve	(1,966,000)			
<b>Accumulated Absences Adjustments</b>				
Movement in accumulated absences adjustment transferred to / (from) Accumulated Absences Adjustment Account	0			
<b>Other Adjustments</b>				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	2,570,076			
	<b>4,597,687</b>	<b>0</b>	<b>(418,720)</b>	<b>(3,577,948)</b>

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2020/21			
	General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £
<b>Capital Adjustments</b>				
Reversal of entries included in the CI&ES relating to <u>Capital Expenditure</u>				
Charges for depreciation, amortisation and impairment	(1,769,452)	0	0	0
Revaluation losses on Property, Plant and Equipment	(57,759)	0	0	0
Movements in the fair value of Investment Properties	(257,434)	0	0	0
Capital Grants and Contributions applied	2,151,892	0	0	0
Revenue Expenditure funded from Capital Under Statute	(4,904,785)	0	0	0
Non current assets written off on disposal or sale	(75,623)	0	0	0
<u>Adjustments between Capital &amp; Revenue Resources</u>				
Transfer of cash sale proceeds from disposal of non current assets	75,623	0	0	0
Capital expenditure charged against General Fund Balance	540,100	613,042	0	0
Statutory provision for the repayment of debt	344,715	0	0	0
Capital grants and contributions credited to CI&ES	1,071,603	0	0	(1,071,603)
Unattached Capital receipts	277,553	0	(277,553)	0
<u>Adjustments to Capital Resources</u>				
Application of grants to capital financing tfrd to CAA	0	0	0	2,077,503
Use of capital receipts reserve to finance new capital expenditure	0	0	684,649	0
Capital loan repaid			(91,461)	
Transfer from Deferred Capital Receipts on receipt of cash	0	0	(590,452)	0
<b>Financial Instrument Adjustments</b>				
Reversal of changes in fair value on Pooled Investment Funds	1,112,699	0	0	0
<b>Pension Adjustments</b>				
Pension costs transferred to / (from) the Pensions Reserve	2,900,000	0	0	0
<b>Accumulated Absences Adjustments</b>				
Movement in accumulated absences adjustment transferred to / (from) Accumulated Absences Adjustment Account	(8,938)	0	0	0
<b>Other Adjustments</b>				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	(7,329,239)	0	0	0
	<b>(5,929,045)</b>	<b>613,042</b>	<b>(274,817)</b>	<b>1,005,900</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### C2. Usable Reserves

#### Earmarked Reserves

The Council's General Fund comprises an unallocated element, used to meet day-to-day spending and 'Earmarked Reserves' – amounts set aside to provide financing for future specific expenditure or projects. Material transfers are £5,212,642 of exceptional S31 grant to repay the Business Rates deficit in 2022/23, £500,000 to fund unavoidable inflationary rises in the Ubico Contract and £300,000 in the Publica contract over and above the budget for 2022/23 due to the cost of living crisis, £200,000 towards the Local Plan Review commencing in September 2022 and £500,000 to deliver Council Priorities in the medium term.

Movements in 'Earmarked Reserves' during the year are shown below:

Earmarked Reserves	Balance 1 April 2021 £	Transfers between reserves £	Transfers Out £	Transfers in £	Balance 31 March 2022 £
High Speed Broadband	(1,209,217)	0	0	0	(1,209,217)
Investment Property Improvement	(164,730)		0	(165,000)	(329,730)
Business Rate Movement	(500,000)	(14,937)			(514,937)
DCLG Community Housing Fund	(165,029)		57,156		(107,873)
Garden Village Grant	(628,804)		56,752	(63,384)	(635,436)
Benefits Subsidy Smoothing Reserve	(700,000)	14,937			(685,063)
Neighbourhood Planning	(147,000)		127,574		(19,426)
Flexible Homelessness Support Grant	(194,959)		71,135	(97,500)	(221,324)
Rev & Bens One-off Grant Funding	(88,180)			(136,644)	(224,824)
Delivery of Council Priorities	(523,699)		30,000	(450,000)	(943,699)
Pay Inflation	0			(300,000)	(300,000)
Non Pay Inflation	0			(500,000)	(500,000)
Local Plan Review	0			(100,000)	(100,000)
Covid Workstreams	(600,000)		234,308		(365,692)
Additional Restrictions Grant	(1,762,767)		1,762,767		0
Contain Outbreak Management Grant	(445,118)		413,463	(970,580)	(1,002,235)
Business Rates Deficit	(7,050,000)		6,877,316	(5,212,642)	(5,385,326)
Covid Recovery	(1,000,000)				(1,000,000)
Publica Contract Growth	(1,500,000)		83,433	(11,000)	(1,427,567)
New Burdens	(170,000)			(258,548)	(428,548)
Project Contingency	(150,000)			(100,000)	(250,000)
Other earmarked reserves	(2,096,255)		262,775	(316,626)	(2,150,106)
	<b>(19,095,758)</b>	<b>0</b>	<b>9,976,679</b>	<b>(8,681,924)</b>	<b>(17,801,003)</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### C3. Unusable Reserves

#### Summary of Unusable Reserves

	2020/21 £	2021/22 £
Revaluation Reserve	(32,947,419)	(33,919,536)
Capital Adjustment Account	(73,821,532)	(74,568,945)
Pension Reserve	35,003,000	24,154,000
Deferred Capital Receipts Reserve	(2,600,568)	(2,515,069)
Collection Fund Adjustment Account	7,320,341	4,750,182
Accumulated Absences Account	15,587	15,587
Pooled Investment Fund Reserve	238,342	389,900
Financial Instruments Revaluation Reserve	(30,000)	(30,000)
	<b>(66,822,249)</b>	<b>(81,723,881)</b>

#### Revaluation Reserve

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

- re-valued 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<sup>st</sup> 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.

	2020/21 £	2021/22 £
Opening Balance - 1 April	(33,317,711)	(32,947,419)
Upward revaluation of assets	(1,488,838)	(3,383,085)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	1,349,082	1,897,554
<i>Surplus / deficit on revaluation of non current assets not posted to the Surplus/Deficit on the Provision of Services</i>	<i>(139,756)</i>	<i>(1,485,531)</i>
Difference between fair value and historic cost depreciation	510,048	513,414
Other balances written out to the Capital Adjustment Account	0	
<i>Amount written off to the Capital Adjustment Account</i>	<i>510,048</i>	<i>513,414</i>
<b>Closing Balance - 31 March</b>	<b>(32,947,419)</b>	<b>(33,919,536)</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### 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 and 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 while depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The Account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1<sup>st</sup> April 2007 [the date at which the Revaluation Reserve was created to hold such gains].

	2020/21 £	2021/22 £
Opening Balance - 1st April	(73,563,832)	(73,821,532)
<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</u>		
Charges for depreciation of non current assets	1,769,452	1,723,465
Revaluation losses on Property, Plant and Equipment	57,759	202,690
Revenue expenditure funded from capital under statute	4,904,785	1,159,846
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	75,623	507,760
	<u>6,807,619</u>	<u>3,593,760</u>
<u>Adjusting amounts written out of the Revaluation Reserve</u>		
Amounts written out on disposal or sale of non current assets	0	0
Historical cost depreciation adjustment	(510,048)	(513,414)
	<u>(510,048)</u>	<u>(513,414)</u>
<b>Net written out amount of the cost of non current assets consumed in year</b>	<b>6,297,571</b>	<b>3,080,346</b>
<u>Capital financing applied in year</u>		
Use of the Capital Receipts Reserve to finance new capital expenditure	(593,188)	(480,275)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(2,151,892)	(1,388,630)
Earmarked Reserves credited to Ci&ES to capital financing	(613,039)	0
Application of grants to capital financing from the Capital Grants Unapplied Account	(2,077,503)	(225,539)
Statutory provision for the repayment of debt	(344,715)	(344,715)
Capital expenditure charged against the General Fund Balance	(540,100)	(540,100)
	<u>(6,320,437)</u>	<u>(2,979,259)</u>
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	257,434	(848,500)
Transfer from Deferred Cap Reserves	(492,268)	
<b>Closing Balance - 31 March</b>	<b><u>(73,821,532)</u></b>	<b><u>(74,568,945)</u></b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### Pension 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 Authority 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.

Statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to the pension fund or pays any pensions for which it is directly responsible. The negative balance on the Pensions Reserve represents a shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2020/21 £	2021/22 £
Opening Balance - 1 April	29,421,000	35,003,000
Return on plan assets	(12,101,000)	(5,779,000)
Remeasurement of the net defined benefit liability	20,583,000	(7,036,000)
Reversal of items debited or credited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement	2,552,000	3,524,000
Employers' pension contributions	(5,452,000)	(1,558,000)
<b>Closing Balance - 31 March</b>	<b>35,003,000</b>	<b>24,154,000</b>

### Deferred Capital Receipts Reserve

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

	2020/21 £	2021/22 £
Opening Balance - 1 April	(3,607,662)	(2,600,568)
New loans / new deferred receipt	(75,626)	(507,760)
Transfer to the Capital Receipts Reserve on receipt of cash	590,452	593,259
Movement between reserves	492,268	0
<b>Closing Balance - 31 March</b>	<b>(2,600,568)</b>	<b>(2,515,069)</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### Collection Fund Adjustment Account

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

	Balance 1 April 2021 £	Transfers in £	Balance 31 March 2022 £
Amounts by which income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements:			
Council Tax	(158,849)	(110,365)	(269,214)
NNDR	7,479,190	(2,459,794)	5,019,396
	<b>7,320,341</b>	<b>(2,570,159)</b>	<b>4,750,182</b>

### Accumulated Absences Adjustment Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year [the cost of the annual leave entitlement still owed by the Council to its employees at 31st March.

	2020/21 £	2021/22 £
Opening Balance - 1 April	6,648	15,587
Movement in year	8,939	0
<b>Closing Balance - 31 March</b>	<b>15,587</b>	<b>15,587</b>



## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

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### Pooled Investment Fund Adjustment Account

The pooled investment fund adjustment account is used solely for the purpose of recognising fair value gains and losses on the Council's pooled investment funds under statutory provisions.

	2020/21 £	2021/22 £
Opening Balance - 1 April	1,351,041	238,342
Changes in fair value of Pooled Investment Funds	(1,112,699)	151,558
<b>Closing Balance - 31 March</b>	<b>238,342</b>	<b>389,900</b>

### Financial Instruments Revaluation Reserve

The financial instruments revaluation reserve contains the gains and losses arising from changes in the fair value of its investments that are measured at fair value through other comprehensive income.

	2020/21 £	2021/22 £
Opening Balance - 1 April	20,000	(30,000)
Changes in fair value of financial assets elected to FV through Other Comprehensive Income	(50,000)	0
<b>Closing Balance - 31 March</b>	<b>(30,000)</b>	<b>(30,000)</b>

## NOTES TO THE BALANCE SHEET

### D1. Property, Plant and Equipment

#### Property, Plant and Equipment

Movements in 2021/22	Land & Buildings £	Vehicles, Plant & Equipment £	Community Assets £	Surplus Assets £	TOTAL P&P&E £
<b><u>Asset Cost or Valuation</u></b>					
Asset values at 1 April 2021	61,922,810	2,427,462	917,659	3,783,819	<b>69,051,750</b>
Additions	1,451,494	674,146			2,125,640
Revaluation increases / (decreases)	617,500			(168,557)	448,943
Revaluation decreases to I&E	(202,690)				(202,690)
Derecognition - disposals		(658,666)			(658,666)
<b>Asset values at 31 March 2022</b>	<b>63,789,114</b>	<b>2,442,942</b>	<b>917,659</b>	<b>3,615,262</b>	<b>70,764,978</b>
<b><u>Depreciation</u></b>					
Accumulated depreciation at 1 April 2021	(140,878)	(1,268,289)	0	0	<b>(1,409,167)</b>
Depreciation charge for the year	(1,308,217)	(391,536)	0	(2,763)	(1,702,516)
Depreciation written out on revaluation	1,033,825		0	2,763	1,036,588
Derecognition - disposals		150,906	0	0	150,906
Derecognition - others			0		0
<b>Accumulated depreciation at 31 March 2022</b>	<b>(415,270)</b>	<b>(1,508,918)</b>	<b>0</b>	<b>0</b>	<b>(1,924,188)</b>
<b><u>Net Book Value of Assets</u></b>					
1st April 2021	61,781,932	1,159,173	917,659	3,783,819	67,642,584
31st March 2022	<b>63,373,844</b>	<b>934,024</b>	<b>917,659</b>	<b>3,615,262</b>	<b>68,840,789</b>

## NOTES TO THE BALANCE SHEET

Movements in 2020/21	Vehicles,		Community Assets £	Surplus Assets £	Assets under Construction £	TOTAL P&P&E £
	Land & Buildings £	Plant & Equipment £				
<b>Asset Cost or Valuation</b>						
Asset values at 1 April 2020	63,204,514	2,379,000	917,659	3,637,239	0	<b>70,138,412</b>
Additions	57,985	285,834	0	0	0	343,819
Revaluation increases / (decreases)	(1,104,689)	0	0	(88,420)	0	(1,193,109)
Reclassification	(235,000)	0	0	235,000	0	0
Derecognition - disposals	0	(237,372)	0	0	0	(237,372)
<b>Asset values at 31 March 2021</b>	<b>61,922,810</b>	<b>2,427,462</b>	<b>917,659</b>	<b>3,783,819</b>	<b>0</b>	<b>69,051,750</b>
<b>Depreciation</b>						
Accumulated depreciation at 1 April 2020	(92,536)	(1,004,979)	0	0	0	<b>(1,097,515)</b>
Depreciation charge for the year	(1,323,448)	(425,056)	0	0	0	(1,748,504)
Depreciation written out on revaluation	1,270,888		0	4,218	0	1,275,106
Derecognition - disposals	0	161,746	0	0	0	161,746
Other movements	4,218	0	0	(4,218)	0	
<b>Accumulated depreciation at 31 March 2021</b>	<b>(140,878)</b>	<b>(1,268,289)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,409,167)</b>
<b>Net Book Value of Assets</b>						
1st April 2020	63,111,978	1,374,021	917,659	3,637,239	0	69,040,897
31st March 2021	<b>61,781,932</b>	<b>1,159,173</b>	<b>917,659</b>	<b>3,783,819</b>	<b>0</b>	<b>67,642,584</b>

The Code requires that assets are formally revalued at least every 5-years. Assets are formally revalued as part of a 5-year rolling programme, with assets revalued more frequently if there is evidence that asset values may have changed. The table below summarises valuations undertaken, by year:

	Vehicles,		Community Assets £000	Surplus Assets £000	Total PPE £000
	Land & Buildings £000	Plant & Equipment £000			
Carried at (depreciated) historic cost	0	934	918	0	1,852
Valued at current value as at 31 March:					
2017/18	0	0	0	0	0
2018/19	1,277	0	0	0	1,277
2019/20	1,557	0	0	35	1,592
2020/21	11,063	0	0	108	11,171
2021/22	49,476	0	0	3,472	52,948

## NOTES TO THE BALANCE SHEET

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### Asset valuation, amortisation and depreciation

Service areas are charged depreciation to represent the real cost of holding and using non-current assets. The value of an asset (less any residual value) will be written-down on a straight-line basis over the useful economic life of the asset. The following useful lives have been used in the calculation of depreciation and amortisation:

- Land assets are generally not depreciated
- Operational buildings are typically depreciated over 30 to 60 year useful lives, depending upon the particular asset and an estimate of the asset life from the Council's valuer
- Car Parks – over 20-years or a lifetime agreed with the Council's valuer
- Vehicles, Plant and Equipment are depreciated over 5 to 7 years as appropriate
- Surplus assets will have lives based upon the type of asset – eg. Buildings 30 to 60 years, land indefinite lifespans. Useful economic lives will be agreed with the valuer.
- Heritage and Community Assets are not depreciated

### Effects of changes in estimates

The Council has not made any changes in its accounting estimates in either the life or depreciation methods of assets during the year.

### Revaluations

The 2021/22 PPE valuations and impairment review were undertaken by Carter Jonas. Valuations were undertaken in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors and the Code of Practice on Local Authority Accounting in the United Kingdom.

Assets are valued as part of a rolling programme of revaluations. All assets are valued on a 5-year rolling programme.

In estimating asset values it has been assumed that:

- The capacity of utility services [electricity, gas, water, mains drainage] are adequate for the future use of the properties
- All assets have planning consent for their existing uses
- Tenancies are not subject to any unusual or onerous restrictions
- No contamination exists in relation to property assets [land and buildings] sufficient enough to affect value.

With the introduction and application of IFRS13 in 2015/16, the Council's surplus assets have been reviewed and measured at fair value based upon 'highest and best use'. The surplus assets that the Council owns are strips of land and therefore they are not depreciated. Within the fair-value hierarchy, the Council's Surplus Assets are deemed as 'level 2' category. The Surplus Assets valuation was undertaken by Carter Jonas

## NOTES TO THE BALANCE SHEET

### D2. 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.

	2020/21	2021/22
	£	£
Rental income	(3,737,683)	(4,063,614)
Direct operating expenses	166,948	149,460
Net (gains) / losses from fair value adjustments	257,434	(848,500)
	<b>(3,313,301)</b>	<b>(4,762,654)</b>

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. There are contractual obligations on the Council to repair and maintain certain investment properties and these have been included in the relevant property valuations.

The 2021/22 Investment Property valuations were undertaken by Carter Jonas. The valuations were undertaken in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (as outlined in Note D1 above).

Under the CIPFA Code the Council's Investment Properties are classified as 'level 2' within the fair-value hierarchy. The assets have been suitably valued, based upon current market conditions, sale prices for similar assets, or contractual income for the properties. These observable inputs have been used to classify the assets accordingly. There have been no movements between categories within the hierarchy during the year.

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

	2020/21	2021/22
	£	£
Opening Balance - 1 April	52,082,002	51,958,500
Additions	133,932	2,400,462
Net gains / (losses) from fair value adjustments	(257,434)	848,500
Reclassification - transfer to Property, Plant & Equipment	0	
<b>Closing Balance - 31 March</b>	<b>51,958,500</b>	<b>55,207,462</b>

### Fair value hierarchy

International Financial Reporting Standard 13 (IFRS13) 'Fair Values' requires all assets measured at fair value to be classified into one of three levels, depending upon the basis of valuation. The 'fair value' of an asset is the reasonable estimation of its market value if sold.

The Council's Investment Property assets are deemed to be categorised as Level 2 in the valuation hierarchy, as the fair value of the assets have been derived primarily from income streams. Authorities are required to maximise the use of level 1 inputs (available prices) and minimise the use of level 3 inputs (calculations based upon non-market data such as cash-flow forecasts and other non-market data).

## NOTES TO THE BALANCE SHEET

### D3. Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and is accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include purchased software only, as the Authority has no internally generated software.

All intangible assets are amortised on a straight-line basis over a 5 year period. This represents the period over which the software is expected to be of use to the Council.

Amortisation of intangible assets is charged to the Comprehensive Income & Expenditure Account. For service-specific systems, amortisation is charged direct to the service using the asset. For corporate systems amortisation is allocated across all services benefitting from the asset.

#### Movements in Intangible Assets

	2020/21	2021/22
	£	£
-		
<b><u>Asset Cost or Valuation</u></b>		
Asset values at 1 April	232,770	232,769
Additions		
Derecognition		
<b>Asset values at 31 March</b>	<b>232,770</b>	<b>232,769</b>
-		
<b><u>Amortisation</u></b>		
Accumulated Amortisation at 1 April	(174,344)	(195,292)
Amortisation charge for the year	(20,948)	(20,948)
Derecognition	0	
<b>Accumulated Amortisation at 31 March</b>	<b>(195,292)</b>	<b>(216,240)</b>
-		
-		
<b>Net carrying amount at 31 March</b>	<b>37,478</b>	<b>16,529</b>

## NOTES TO THE BALANCE SHEET

### D4. Current Debtors

	2020/21 £	2021/22 £
Government Departments	11,677,444	6,978,511
Other Local Authorities [Statutory]	3,623,726	5,423,111
Other Local Authorities [Trading]	885,577	402,475
Collection Fund debtors (WODC Share)	1,551,481	2,335,987
Housing Benefit recovery	1,328,862	1,215,912
Sundry Debtors	2,778,323	3,329,588
Finance Leases - principal outstanding	593,259	665,796
Other Debtors	1,713,766	185,948
Prepayments	479,912	412,895
	<b>24,632,350</b>	<b>20,950,223</b>
Less provision for impairment of receivables:		
Collection Fund provisions (WODC share)	(442,293)	(378,028)
Housing Benefit recovery	(1,329,591)	(1,215,912)
Sundry Debtors	(927,160)	(577,766)
	<b>21,933,306</b>	<b>18,778,517</b>

### D5. Current Creditors

	2020/21 £	2021/22 £
Government Departments	(11,603,426)	(17,306,490)
Business Grants Agency	(5,707,366)	(2,394,153)
Other Local Authorities [Statutory]	(1,588,658)	(2,526,349)
Other Local Authorities [Trading]	(2,774,943)	(1,622,377)
Collection Fund (WODC Share)	(297,588)	(478,688)
Sundry Creditors	(3,040,713)	(5,099,843)
Receipts in advance:		
Taxpayer Creditors	(544,392)	(2,123,636)
Sundry Creditors receipts in advance	(2,538,277)	(1,557,148)
	<b>(28,095,363)</b>	<b>(33,108,684)</b>
Capital Receipt in Advance	(1,693,923)	(1,687,433)
	<b>(29,789,286)</b>	<b>(34,796,117)</b>

## NOTES TO THE BALANCE SHEET

### D6. Provisions

	Opening Provision 1 April £	New provisions in-year £	Use of provisions £	Provisions returned to revenue £	Closing Provision 31 March £
-					
Business Rates (NDR) Appeals	(1,229,167)	(446,540)	256,861	0	<b>(1,418,846)</b>
Provision - Subsidence Claims	(30,000)	0	0	0	<b>(30,000)</b>
	<b>(1,259,167)</b>	<b>(446,540)</b>	<b>256,861</b>	<b>0</b>	<b>(1,448,846)</b>

#### Business Rates (NNDR) appeals

The NNDR provision has been set aside to cover the potential cost to the Council of outstanding appeals against property revaluations.

### D7. Non - Current Debtors

	31 March 2021 £	31 March 2022 £
Cottsway Housing Association loan	7,821,039	7,739,135
Equity Loans Scheme	232,114	232,114
Parish/Town Council Loans	145,933	133,036
Charge on former Unicorn Public House - Great Rollright	20,498	20,498
GLL - COVID supporting Loans	304,301	304,301
Vehicles Leases	1,709,262	1,551,225
Southill Solar Loan	2,540,346	2,412,410
	<b>12,773,493</b>	<b>12,392,719</b>



## NOTES TO THE BALANCE SHEET

### D8. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below, including the value of assets acquired under finance leases, 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), a measure of the capital expenditure incurred that has yet to be financed.

The net movement in the Capital Financing Requirement illustrates the change in the underlying need for the Council to borrow during the year to fund capital investment, which has not been funded from resources such as grants, capital receipts and direct funding from revenue.

	2020/21 £	2021/22 £
<b>Opening Capital Financing Requirement</b>	<b>16,395,857</b>	<b>23,368,628</b>
<b>Capital Investment in Year</b>		
Property, Plant & Equipment	477,751	4,526,100
Intangible Assets	0	0
Capital Expenditure transfer Long term loans	7,994,401	0
Revenue Expenditure Funded from Capital under Statute	4,904,785	1,159,846
	<u>13,376,937</u>	<u>5,685,946</u>
<b>Sources of Finance</b>		
Capital Receipts	80,000	688,073
Government grants & other contributions	4,229,393	1,614,168
MRP / Statutory repayment of loans advance	941,632	344,715
Earmarked reserves	613,041	0
Direct Revenue Contributions	540,100	540,100
	<u>6,404,166</u>	<u>3,187,056</u>
<b>Net Increase / (Decrease) in Capital Financing Requirement</b>	<b>6,972,771</b>	<b>2,498,890</b>
<b>Closing Capital Financing Requirement</b>	<b>23,368,628</b>	<b>25,867,518</b>

## NOTES TO THE CASH FLOW STATEMENT

### E1. Notes to the Cash Flow Statement

a. Adjustments to the net surplus / (deficit) on the provision of services for non-cash movements

	2020/21 £	2021/22 £
Depreciation, amortisation and impairment	1,827,212	1,926,155
Increase / (decrease) in creditors	12,903,584	1,699,116
(Increase) / decrease in debtors	(18,318,748)	7,254,464
Increase / (decrease) in provision for bad debts	414,291	(463,072)
(Increase) / decrease in inventories	(3,437)	14,865
Pensions' liability	(2,900,000)	1,966,000
Carrying amount of non current assets sold	75,626	507,760
Increase / (decrease) in provisions	119,542	189,679
Movements in the fair value of investment properties	257,434	(848,500)
Other non cash items charged to Surplus/Deficit on the Provision of Services	(3,264,591)	(441,701)
	<b>(8,889,087)</b>	<b>11,804,764</b>

b. Adjustments for items included in the net surplus / (deficit) on the provision of services that are investing or financing activities

	2020/21 £	2021/22 £
Capital grants and contributions	(1,071,603)	(4,425,237)
Proceeds from the sale of non current assets	(75,626)	(507,760)
	<b>(1,147,229)</b>	<b>(4,932,997)</b>

c. Investing Activities

	2020/21 £	2021/22 £
Purchase of property, plant & equipment and other capital investment	(311,909)	(4,579,470)
Purchase of short term and long term investments	(57,000,000)	(31,000,000)
Proceeds from the sale of non current assets	593,259	1,259,055
Proceeds from disposal of short term and long term investments	60,000,000	31,000,000
Other (receipts) / payments from investing activities	3,170,346	4,459,617
	<b>6,451,696</b>	<b>1,139,202</b>

### F. Events after the Balance Sheet Date

The Chief Finance Officer authorised the Statement of Accounts on 30<sup>th</sup> June 2022. 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 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

#### F1. Defined Benefit Pension Scheme

##### Participation in pension schemes

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

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme (LGPS) is administered locally by Oxfordshire County Council. It is a defined benefit scheme, based upon final salary scheme and length of service upon retirement. The Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments if they are deemed due..

Changes to the LGPS came into effect from 1st April 2014. Benefits accrued from this date are based on a career average revalued salary. Various protections will be in place for those members and benefits accrued in the scheme before the changes take effect.

The scheme is a defined benefit statutory scheme that is administered in accordance with the Local Government Pension Scheme Regulations 1997 (as amended). It is contracted out of the State Second Pension.

##### Publica Group (Support) Limited

During 2017/18 the Council transferred the majority of its staff under TUPE legislation to Publica Group (Support) Limited, a wholly owned local authority company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council. The pension fund disclosure notes on the following pages include the staff transferred to Publica. All staff are pooled (counted as one scheme by the pension fund) as the Council continues to underwrite the pension liabilities on the whole scheme.

## NOTES TO THE CASH FLOW STATEMENT

### Transactions relating to retirement benefits

The Council recognises the cost of retirement benefits in the Cost of Services when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge the Council makes to council tax is based upon the actual cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement (MiRS).

The following transactions have been charged to the Comprehensive Income & Expenditure account and General Fund Balance during the year:

	2020/21 £	2021/22 £
<b>Comprehensive Income &amp; Expenditure Statement</b>		
<i>Cost of Services:</i>		
Current Service Cost	1,871,000	2,812,000
Past Service Cost		
(Gains)/loss from settlements		
<i>Financing and Investment Income &amp; Expenditure:</i>		
Net Interest Expense	681,000	712,000
<b>Net Charge to Surplus or Deficit on Provision of Services</b>	<b>2,552,000</b>	<b>3,524,000</b>
<i>Other post employment benefit charged to Comprehensive Income &amp; Expenditure Statement</i>		
Remeasurement of the net defined benefit liability comprising:		
Return on Plan Assets	(12,101,000)	(5,779,000)
Actuarial (gains) / losses arising on changes in financial assumptions	20,408,000	(6,705,000)
Actuarial gains and losses - demographic assumptions	1,084,000	(512,000)
Experience (gains) / losses on defined benefit obligation		
Other actuarial (gains) / losses	(909,000)	181,000
	<b>8,482,000</b>	<b>(12,815,000)</b>
<b>Total post employment benefits charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>11,034,000</b>	<b>(9,291,000)</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit on Provision of Services for post employment benefits in accordance with the Code	<b>2,552,000</b>	<b>3,524,000</b>
<b>Actual amount charged against the General Fund Balance for pensions in the year</b>		
Employers' contributions payable to the scheme	<b>5,452,000</b>	<b>1,558,000</b>

## NOTES TO THE CASH FLOW STATEMENT

### Pension Assets and Liabilities recognised in the Balance Sheet

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

	2020/21 £	2021/22 £
Present value of the defined benefit obligation - funded	(103,353,000)	(99,155,000)
Present value of unfunded obligations	(566,000)	(516,000)
Fair Value of Plan Assets	68,916,000	75,517,000
<b>Net liability arising from defined benefit obligation</b>	<b>(35,003,000)</b>	<b>(24,154,000)</b>

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

	2020/21 £	2021/22 £
Opening Fair Value of Scheme Assets	52,324,000	68,916,000
Interest Income	1,195,000	1,372,000
Administration Expense		
Remeasurement Gains / (Losses)	12,101,000	5,779,000
Other Actuarial gains/losses		
Employers' Contributions [including Unfunded]	5,452,000	1,558,000
Employee Contributions	359,000	372,000
Benefits Paid [including Unfunded]	(2,515,000)	(2,480,000)
Settlement prices received /paid		
<b>Closing Balance 31 March</b>	<b>68,916,000</b>	<b>75,517,000</b>

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

	2020/21 £	2021/22 £
Opening Balance 1 April	<b>(81,745,000)</b>	<b>(103,919,000)</b>
Current Service Cost	(1,871,000)	(2,812,000)
Interest Cost	(1,876,000)	(2,084,000)
Contributions from Scheme Participants	(359,000)	(372,000)
Past Service Cost		
Remeasurement Gains / (Losses)	(19,499,000)	6,524,000
Change in demographic assumptions	(1,084,000)	512,000
Liabilities assumed/extinguished on settlements	0	0
Benefits Paid	2,474,000	2,440,000
Unfunded Benefits Paid	41,000	40,000
<b>Closing Balance 31 March</b>	<b>(103,919,000)</b>	<b>(99,671,000)</b>
	Funded	(103,353,000)
	Unfunded	(566,000)
		(99,155,000)
		(516,000)

## NOTES TO THE CASH FLOW STATEMENT

### Composition of Scheme Assets

	Period ended 31 March 2022			
	Quoted	Unquoted	Total	Percentage of total assets
	£000	£000	£000	%
<b>Equity Securities:</b>				
Consumer	0.0	0.0	0.0	0%
Manufacturing	0.0	0.0	0.0	0%
Energy and Utilities	0.0	0.0	0.0	0%
Financial Institutions	0.0	0.0	0.0	0%
Health and Care	0.0	0.0	0.0	0%
Information technology	0.0	0.0	0.0	0%
Other	0.0	0.0	0.0	0%
<b>Debt Securities:</b>				
Corporate Bonds (investment grade)	0.0	0.0	0.0	0%
Corporate Bonds (non-investment grade)	0.0	0.0	0.0	0%
UK Government	1,593.4	0.0	1,593.4	2%
Other	422.0	0.0	422.0	1%
<b>Private Equity:</b>				
All	3,813.6	0.9	3,814.5	5%
<b>Real Estate:</b>				
UK Property	0.0	0.0	0.0	0%
Overseas Property	0.0	0.0	0.0	0%
<b>Investment funds and unit trusts:</b>				
Equities	0.0	43,142.4	43,142.4	55%
Bonds	0.0	6,149.9	6,149.9	8%
Hedge Funds	0.0	0.0	0.0	0%
Commodities	0.0	0.0	0.0	0%
Infrastructure	0.0	2,298.8	2,298.8	3%
Other	0.0	18,486.7	18,486.7	24%
<b>Derivatives:</b>				
Inflation	0.0	0.0	0.0	0%
Interest rate	0.0	0.0	0.0	0%
Foreign exchange	(5.8)	0.0	(5.8)	0%
Other	(0.1)	0.0	(0.1)	0%
<b>Cash and cash equivalents</b>				
All	1,686.2	0.0	1,686.2	2%
<b>Total</b>	<b>7,509</b>	<b>70,079</b>	<b>77,588</b>	<b>100%</b>

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

### Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, as an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, the financial assumptions are summarised below:

<b>Mortality Assumptions</b>	<b>Males</b>	<b>Females</b>
Current Pensioners	22.2 yrs	24.5 yrs
Future Pensioners	23.1 yrs	26.1 yrs
<b>Financial Assumptions</b>	<b>2020/21</b>	<b>2021/22</b>
Rate of increase in pensions	2.85%	3.20%
Rate of increase in salaries	2.85%	3.20%
Discount Rate	2.00%	2.70%

### Sensitivity Analysis

IAS 19 requires disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<b>Change in assumption at 31 March 2022:</b>	<b>Approximate % increase to Employer Liability</b>	<b>Approximate monetary amount (£000)</b>
0.1% decrease in Real Discount Rate	2%	1,837
1 year increase in member life expectancy	4%	3,987
0.1% increase in the Salary increased Rate	0%	186
0.1% increase in the Pension increase Rate (CPI)	2%	1,638

The estimated employer's contributions for the year to 31<sup>st</sup> March 2022 will be approximately £1,502,000.

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

### F2. Financial Instruments

#### Categories of Financial Instruments

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

2020/2021			2021/2022	
Non-Current £	Current £		Non-Current £	Current £
		<b>Financial Assets at Amortised Cost</b>		
2,604,019	50,000	Investments	0	2,603,682
10,665,686	4,449,777	Debtors	10,455,846	3,340,245
1,709,262	593,259	Finance Leases	1,551,225	665,796
14,978,967	5,093,036		12,007,071	6,609,723
		<b>Fair Value through Profit or Loss</b>		
11,803,332	35,765	Investments	11,651,774	35,556
	9,920,148	Cash and cash equivalents		13,804,406
11,803,332	9,955,913		11,651,774	13,839,962
		<b>Fair Value through OCI</b>		
1,030,000	0	Equity Instruments	1,030,000	0
1,030,000	0		1,030,000	0
<b>27,812,299</b>	<b>15,048,949</b>	<b>Total Financial Assets</b>	<b>24,688,845</b>	<b>20,449,685</b>
		<b>Financial Liabilities at Amortised Cost</b>		
0	(11,523,022)	Creditors	0	(9,116,373)
<b>0</b>	<b>(11,523,022)</b>	<b>Total Financial Liabilities</b>	<b>0</b>	<b>(9,116,373)</b>

Not all short term debtors and creditors fall within the definition of financial instruments. The difference between the totals shown on the Balance Sheet and the values above is as follows:

	Non Current Debtors	Current Debtors £	Current Creditors £
Total on Balance Sheet	12,392,719	18,778,517	(33,108,684)
Statutory & Government Debtors / Creditors	(385,648)	(14,359,581)	20,311,527
Prepayments / Receipts in Advance	0	(412,895)	3,680,784
Finance Lease Principal / Liabilities	(1,551,225)	(665,796)	0
<b>Total Financial Instruments</b>	<b>10,455,846</b>	<b>3,340,245</b>	<b>(9,116,373)</b>



## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

### Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following items:

2020/2021				2021/2022		
Financial Assets				Financial Assets Fair Value through Profit or Loss		
Loans & Receivables	Available for Sale	Fair Value through OCI		Amortised Cost	Profit or Loss	Fair Value through OCI
£	£	£		£	£	£
			<b>Financing &amp; Investment Income and Expenditure</b>			
(396,610)	(381,346)	(16,500)	Interest / dividend income	(418,339)	(353,269)	(22,750)
0	(1,112,699)	0	Changes in fair value	0	151,558	0
0	0	0	Interest expense	0	0	0
0	0	0	Fee expense	0	0	0
			<b>Other Comprehensive Income</b>			
0	0	20,000	Changes in fair value	0	0	0
<b>(396,610)</b>	<b>(1,494,045)</b>	<b>3,500</b>	<b>Net (Gain) / Loss for the Year</b>	<b>(418,339)</b>	<b>(201,711)</b>	<b>(22,750)</b>

### Fair Values of Financial Assets and Financial Liabilities

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

The Code sets out the fair value valuation hierarchy that local authorities are required to follow to increase consistency and comparability in fair value measurements and disclosures: Level 1 assets are valued based upon ‘quoted prices in active markets for identical assets’ where such assets exist. Level 2 is based upon inputs other than quoted prices within level 1 that are observable. Level 3 represents all other unobservable inputs which can be used to estimate the fair value of the assets.

The fair values have been calculated as follows:

	Input level	As at 31/03/2022 £
<u>Fair Value through Profit or Loss</u>		
Money Market Funds	Level 1	13,804,406
Pooled Investment Funds	Level 1	11,687,330
		<b>25,491,736</b>

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

Except for the financial assets carried at fair value (as shown above), all other financial liabilities and financial assets are carried in the Balance Sheet at amortised cost. The carrying value and fair values are shown below for comparison purposes. Fair values are not required for current debtors and creditors (trade payables and receivables) since the carrying amount is deemed a reasonable approximation of fair value.

	2020/21		2021/22	
	Carrying Amount £	Fair Value £	Carrying Amount £	Fair Value £
-				
<b>Financial Assets at Amortised Cost</b>				
Investments	2,654,019	2,654,019	2,603,682	2,603,682
Non-Current Debtors	10,665,686	10,665,686	10,455,846	10,455,846
Non-Current Finance Leases	1,709,262	1,709,262	1,551,225	1,551,225
	<b>15,028,967</b>	<b>15,028,967</b>	<b>14,610,753</b>	<b>14,610,753</b>
<b>Financial Liabilities at Amortised Cost</b>				
Non-Current Finance Leases	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Soft Loans

Where loans are advanced at preferential or below market rates they are classed as 'Soft Loans'. The Code of Practice sets out specific accounting and disclosure requirements for soft loans.

Prior to transferring the majority staff to Publica, the Council offered loans at less than market rates to its employees for car purchases. No further loans are being issued to those staff transferred. The outstanding balance of loans is included on the Council balance sheet, within the debtors balances. The value of loans outstanding at the balance sheet date is approximately £433 (2020/21 £5,059).

No adjustment has been made to account for the suggested treatment for soft loans (to represent interest lost at granting the loans at below market rate) as the amounts are not material to these accounts.

### F3. Nature and extent of risks arising from Financial Instruments

The Council's activities expose it to a variety of financial risks. The Council has not yet required debt financing and currently does not have any external borrowing. As such, the key risks are in relation to its financial assets. These are as follows:

- Credit risk – the possibility that other parties may 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
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rate movements.

#### Overall procedures for managing risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA code of Practice for Treasury Management Services
- By approving annually in advance prudential indicators for the following three years limiting:
  - \* Limits on the Council's overall debt [external borrowing]
  - \* The Council's maturity structure of its external borrowing [currently £0]
  - \* The Council's upper limit for exposure to fixed and variable rate investments
  - \* The maximum exposure to investments maturing beyond a year
- By annually approving a Treasury Management Investment Strategy for the forthcoming year, setting out criteria for investments and specifying the minimum requirements for all counterparties

These are required to be reported and approved at or before the Authority's annual Council Tax setting budget. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is reported annually to Members.

The Council has adopted CIPFA's Code of Practice on Treasury Management (and subsequent amendments) and complies with The Prudential Code for Capital Finance in Local Authorities.

As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the DLUHC's Investment Guidance for local authorities. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Strategy, together with its Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

These policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices.

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

### Credit Risk

The Council manages credit risk by ensuring that investments are placed with the Debt Management Office, other local authorities, AAA-rated money market funds and Banks and Building Societies of sufficiently high credit quality as set out in the Treasury Management Strategy. A limit of £5m of the total portfolio is placed on the amount of money that can be invested with a single counterparty. The Council also sets a total group investment limit for institutions that are part of the same banking group. No more than £35m in total can be invested for a period longer than one year.

It must also be noted that although credit ratings remain a key source of information, the Council recognises that they have limitations and investment decisions are based on a range of market intelligence. All investments have been made in line with the Council's Treasury Management Strategy Statement for 2021/22, approved by Full Council in February 2021.

The ratings of the financial institutions holding Council investments (and investments classified as cash equivalents) at the Balance Sheet date is as follows:

	<b>Investment Balance (£)</b>
<u>Fixed duration deals</u>	
Bonds	2,603,682
<u>Call accounts and other 'cash equivalent' investments</u>	
Money Market Funds	13,804,406
<u>Pooled funds</u>	
Non-rating agency rated pooled fund <i>separately approved by the Council's Treasury Management advisors</i>	11,687,330
<u>REIT</u>	1,030,000

The table below summaries the nominal value of the Council's investment portfolio at 31<sup>st</sup> March 2022 and confirms that all investments were made in line with the Council's approved credit rating criteria at the time of placing the investment:

	<b>Investment values - maturing within:</b>			
	<b>0-3 mths</b>	<b>3-6 mths</b>	<b>6-12 mths</b>	<b>1 year +</b>
	£	£	£	£
<u>Internally managed funds</u>				
Call Accounts	1,800,390	0	0	0
UK Banks	50,000	0	0	0
Money Market Funds	12,004,016	0	0	0
UK Building Societies	0	0	0	0
REIT	1,030,000	0	0	0
Bonds	2,500,000	0	0	0
<u>Externally managed funds</u>				
Pooled Funds	11,687,330	0	0	0

The credit quality of debtors is reflected in the level of impairment allowance for trade debtors shown in note D4.

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

### Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority has access to borrowing facilities via the Public Works Loan Board, commercial banks, bond issues, medium term notes, tax increment financing, the European Investment Bank, and other local authorities. There is no perceived risk that the Authority will be unable to raise finance to meet its commitments.

The Council also has to manage the risk so that it will not be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates. The Authority would only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

### Market Risk – interest rate risk

The Council is exposed to risks arising from movements in interest rates. The Treasury Management Strategy aims to mitigate these risks by setting an upper limit of 50% of external debt that can be subject to variable interest rates. It should be noted that 50% is a maximum proportion, but this is a reflection of the Council's debt-free status and current minimal requirements to borrow.

Investments are also subject to movements in interest rates. As investments are made at fixed rates, but for shorter periods of time, there is greater exposure to interest rate movements. This risk has to be balanced against actions taken to mitigate credit risk.

### Price Risk

The Council holds some financial instruments, of which the capital value may fluctuate as a result of market conditions. However, these instruments are all purchased on a hold to maturity or long term basis and therefore any temporary fluctuations in the market value of such products would have no impact on the Council's finances.

## F4. Leases

The Council as Lessee [obtaining assets under a leasing arrangement]

### **Operating Leases**

The Council has entered into a number of operating leases in the local area. The minimum lease payments due under non-cancellable leases in future years are as below:

	<b>31 March 2021 £</b>	<b>31 March 2022 £</b>
Not later than one year	230,259	238,087
Later than one year & not later than five years	688,283	518,766
Later than five years	426,250	322,343
	<b>1,344,792</b>	<b>1,079,196</b>

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

The Council as Lessor [leasing assets out]

### Finance Leases

The Council leases a number of waste and recycling vehicles to Ubico Limited.

The minimum lease payments comprise settlement of the long-term debtor for the interest in the asset and finance income that will be earned by the Council for the period while the debt remains outstanding.

	31 March 2021 £	31 March 2022 £
Present value of principal payments outstanding on non current assets	2,226,895	1,709,263
Unearned finance income	112,127	123,972
	<b>2,339,022</b>	<b>1,833,235</b>

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments (excl. int)	
	31 March 2021 £	31 March 2022 £	31 March 2021 £	31 March 2022 £
- Not later than one year	636,715	711,909	593,259	665,796
Later than one year & not later than five years	1,767,131	1,467,181	1,698,459	1,395,348
Later than five years	10,804	161,904	10,803	155,878
	<b>2,414,650</b>	<b>2,340,994</b>	<b>2,302,521</b>	<b>2,217,022</b>

The Council has not included any allowance for uncollectable debts in the table above. Any outstanding debts would be considered within the Sundry Debtors bad-debt provision calculation.

### Operating Leases

The Council leases out a number of premises within the local area. The future minimum lease payments receivable under non – cancellable leases in future years are:

	31 March 2021 £	31 March 2022 £
Not later than one year	4,303,483	3,990,423
Later than one year & not later than five years	12,291,450	9,979,556
Later than five years	48,274,970	46,572,542
	<b>64,869,903</b>	<b>60,542,521</b>

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

The minimum lease payments receivable do not include rents that are contingent on events taking place after the balance sheet date.

### F5. Accounting Policies

#### i) General Principles

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the 31st March year-end. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, those regulations which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom* supported by International Financial Reporting Standards (IFRS).

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

These accounts have been prepared on the basis that the Council is a going concern.

#### ii) Accruals of Income and Expenditure

Activity is accounted for in the year it takes place, not when physical cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption they are carried as inventories [stock] on the Balance Sheet, where the value is material.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument ('what is due') rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. For all debts outstanding at the balance sheet date the balance of debtors is written down and a charge made to revenue for the income that might not be collected (doubtful debts).
- A deminimus of £500 is generally applied to Accruals

#### iii) Cash and Cash Equivalents

Cash and cash equivalents are represented by cash in hand and deposits with financial institutions repayable, without penalty, on notice of not more than 24 hours. This includes bank call-accounts, Money Market Funds (MMF) and any other 'overnight-type' investments.

#### iv) Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### v) Charges to Revenue for Non-Current Assets

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

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

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

### vi) Council Tax and Non-Domestic Rates (England)

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

#### Accounting for Council Tax and NDR

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

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

### vii) Employee Benefits

#### Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlement (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which



## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Overtime is only paid on limited occasions and requires prior Head of Service approval. Overtime is not contractual or regular, and therefore any holiday leave potentially accruing on overtime worked is not significant. The Council does not accrue for holiday pay due on overtime.

### Termination benefits

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

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 or the employee in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the pension reserve to remove the notional debits and credits for pension enhancements termination benefits and replace them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

### **viii) Post-employment Benefits**

Employees of the Council are permitted to join of the Local Government Pension Scheme, administered by Oxfordshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

#### The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Oxfordshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of future earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the gross redemption yield on the Iboxx Sterling Corporate Index, AA over 15 years, at the IAS19 valuation date. This is a high quality corporate bond of equivalent term and currency to the liability.
- The assets of the Oxfordshire County Council pension fund attributable to the Council are included in the balance sheet at their fair value.
  - \* quoted securities – current bid price
  - \* unquoted securities – professional estimate
  - \* unitised securities – current bid price
  - \* property – market value

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

Service cost comprising:

current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked

past service cost- the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement

net interest of the net defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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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

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

### Discretionary Benefits

The Council also has 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.

### **ix) Fair Value Measurement**

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

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

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

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

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

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

### x) Financial Instruments

**Financial liabilities** are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement 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.

Any borrowing that the Authority may undertake would be presented in the Balance Sheet at the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid, where material. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

**Financial assets** are classified based on a principles based classification and measurement approach that reflects the business model for holding the assets (i.e. why we are holding the asset) and the characteristics of the cashflows. There are three main classifications:

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

#### Financial Assets at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

#### *Expected Credit Loss Model*

The Council recognises material expected credit losses on its financial assets held at amortised cost, either on a 12-month or lifetime basis except for those where the counterparty is central government or another local authority, where relevant statutory provisions prevent default. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors).

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Where credit risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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Financial assets measured at fair value through other comprehensive income

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the Council becomes a 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 arise in other comprehensive income.

### Financial Assets at Fair Value through Profit or Loss

Financial assets measured at fair value through profit or loss are recognised on the Balance Sheet when the Council becomes a 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.

Fair value is measured in accordance with the Council's Fair Value Measurements policy (see viii above).

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

The Council has chosen to apply statutory provisions for mitigating the impact of fair value movements on Pooled Investment Funds as directed in the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2018 [SI 2018/1207]. This allows (where relevant criteria are met) for fair value gains and losses on Pooled Investment Funds to be reversed to an account established solely for the purpose of recognising fair value gains and losses – the Pooled Investment Funds Adjustment Account.

This statutory provision applies to the 2020/21 accounts and ceases on 31 March 2023.

### **xi) Government Grants and Contributions (updated)**

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is only then credited to Comprehensive Income and Expenditure Statement.

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

### **Community Infrastructure Levy**

The authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be 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. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However a proportion of the charges for this authority may be used to fund revenue expenditure. A share of the charges which are due to be payable to the Town and Parish Councils will remain in creditors (receipts in advance) until due.

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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### xii) Inventories and Long Term Contracts

Inventories [stocks] are included in the Balance Sheet at cost.

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

### xiii) Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or if is classified as held for sale.

Investment properties are measured initially at cost and subsequently at 'highest and best' valuation method. Properties are not depreciated but are subject to a review at year end to determine whether market conditions require properties to be revalued. Any gains or losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line 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. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account or (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### xiv) Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

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

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

#### The Council as Lessee

##### Finance leases

Property, plant and equipment held under a finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value, measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the authority may be added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the asset – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

investment in Accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### Operating leases

Lease payments made under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased asset.

### **The Council as Lessor**

#### Finance leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Any gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement on Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

#### Operating leases

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

### **xv) Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

#### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense when it is incurred.

The Council's capitalisation de minimis is £10,000, except for where the sum of a group of assets is significant, such as waste collection bins and boxes or ICT equipment.

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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### Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The 'cost' of an asset acquired other than by purchase is deemed to be its fair value, unless the acquisition was for no monetary value. Where the purchase of an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Assets are carried in the Balance sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- Surplus assets – “highest and best use”
- all other classes of asset – “current value”, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of 'current value' because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value”.

Items of equipment, which have short useful lives or low values (or both) are held on the balance sheet at depreciated historical cost, as an approximation of current value.

Assets included in the balance sheet at current value are revalued to ensure that their carrying amount is not materially different from their value at year-end. All land and buildings are revalued at least every 5-years as part of a rolling programme. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where items or property plant and equipment are revalued, and the valuers identifies an asset which has component parts that have significantly different useful lives, where one or more parts represent a significant proportion of the overall asset, then the asset may be componentised. With componentisation, one or more constituent parts may be identified, and the component parts separately valued for the accounts and depreciated over different useful lives to the main asset. Useful economic lives (and therefore depreciation calculations) will be based upon the asset lives recommended by the Council's valuers.

Upon revaluation, where decreases in value are identified, they are accounted for by:

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

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

### Impairment

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

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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

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

### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets. Assets are written-down over the useful life of the asset. An exception is made for assets without a determinable finite useful life (ie freehold land and certain Community Assets) and assets that are under construction (and not yet available for use).

Depreciation is calculated on the following bases:

- Operational buildings and surplus property – depreciated on a straight-line basis, over a 30 to 60 year useful lives, depending upon the particular asset and an estimate of the asset life from the Council's valuer
- Car Park depreciable components (surface) – 20 years
- Land is not depreciated
- Vehicles, plant, furniture and equipment – depreciated on a straight-line basis, over a 5-year period
- Investment property is not depreciated
- Infrastructure Assets are depreciated over a period of up to 25 years, depending upon the particular asset and as estimate of the asset life from the Council's valuer.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### **Disposals and non-current assets held for sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and current value less costs to sell.

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

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

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

Amounts received for disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts remains within the capital receipts reserve, and can then only be used for new capital investment (or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.



## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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### **xvi) Provisions, Contingent Liabilities and Contingent Assets**

#### Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and certainties.

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

Where some or all of the payment required to settle a provision is expected to be recovered (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

#### Contingent Liabilities

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

Any material contingent liabilities are disclosed in the notes to the accounts.

#### Contingent Assets

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

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

### **xvii) Reserves**

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement & employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

### **xviii) Revenue Expenditure Funded from Capital Under Statute**

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

### xix) Value Added Tax

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

### F6. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note F5 above, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The Council has a one-eighth share in Ubico Limited. The company provides a range of integrated environmental services including, commercial refuse collection and grounds maintenance services on behalf of the Council. The separate operating practices, management structure and the application of majority-voting on the Ubico Limited board do not constitute the Council having joint-control or significant influence over the company. The Council's interest has therefore been classified as an investment in Ubico and group accounts have not been prepared.
- The Council jointly owns (with Cotswold District Council, the Forest of Dean District Council and Cheltenham Borough Council) Publica Group (Support) Limited, a wholly owned company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council and services to other members Councils under contract. Publica can be considered to be merely an employment vehicle (in accounting terms only a 'holding account'), employing and paying staff and then recharging these costs to the Councils, via a contract sum. It does not trade and does not make a 'profit' as substantially all surpluses are redistributed back to the councils. While the Council has an interest in the Company, the Council's share of any surplus for the year and net assets at the balance sheet date have not been consolidated into the Council's single entity accounts. It is the view of management that the figures involved are not material and the production of group accounts will not enhance disclosure or provide any additional benefit to the reader of the accounts, and on that basis Group Accounts have not been prepared.
- No allowance has been made in the Councils' accounts for the transfer out of any Local Government Pension Scheme (LGPS) pension liability to Publica Group (Support) Limited. The service contract and tripartite agreement between the Council, Oxfordshire Pension Fund and Publica Group (Support) Limited mean that the pension liability and risk relating to the pension fund remains with the Council, following the TUPE transfer of the majority of the Council's staff to Publica on 1st November 2017. Therefore the Council is reporting the pension liability for both staff transferred to Publica, and the Councils retained staff, in the accounts. Although Publica, as the employer of many of the current staff may be initially responsible for paying any exit contributions (for example), for any of its staff that are members of the LGPS, such cost will be reimbursed by the relevant Council. The accounts have been prepared on the basis that the full pension fund liability for the LGPS sits in the Council's accounts. There are no separate disclosures for Publica as they are not responsible for any LGPS liability.
- Under International Financial Reporting Standards (IFRS) assessments have been made as to the correct accounting treatment for a number of lease agreements which the Council has entered into. Categorising leases as either operating or finance leases results in different accounting treatment depending upon the categorisation of the lease. In each case, a lease is classified based upon criteria contained within the Code and an assessment of the nature of the leasing arrangement in place.

The Council has entered into a lease-type agreement whereby it provides environmental services vehicles to Ubico Limited. Ubico pay a market-rate for the use of the vehicles and are responsible for insuring and maintaining the vehicles and determining their deployment (including use across other Ubico contracts where necessary). Ubico pay for the vehicles over a period of 7-years for new vehicles, which is deemed to be the useful economic life of the assets. The transaction has been accounted for on the basis that the agreement is a finance lease, because: i) the sum of the lease payments equal the cost of purchasing the asset; ii) the length of the term represents 'substantially all' of the useful life of the asset; and iii) the rights and responsibilities of ownership (maintenance, insurance, deployment) in relation to the vehicle assets sit primarily with Ubico Limited. This agreement has been formalised in a lease agreement between Ubico and the Council.

- The Council leases-in a small number of operational assets on 'peppercorn' or non-commercial terms. For such assets, the assets are not accounted for purely on the financial agreement (lease) in place, but include an assessment of the substance of the transaction or underlying arrangement to take account of the view

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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that the purpose of the lease is to provide services or benefit within the district. The terms of the lease and the desire to provide beneficial services are often represented in non-commercial lease-terms being agreed.

- A significant level of risk remains due to the volume of outstanding business rates appeals which are being processed by the Valuation Office. Where appeals are successful, refunds of business rates are generally repayable back to the latest valuation date which reduces the business rates yield in the year in which the refund is made. This set of accounts includes a provision for appeal losses. The value has been assessed using information of outstanding appeals supplied by the valuation office, as at 31st March 2021, and using experience of previous appeals rates. The Council's share of the the liability stands at £1,229,168.
- Grants are only recognised as income in the CIES, where the Council is acting as a principal. If the Council is acting as an intermediary (agent), then the net balance of monies to either be repaid or due to the council, will be shown on the balance sheet. It is deemed the Council is acting as a principal if they have control of a grant i.e. the ability to direct the use of and obtain substantially all of the remaining benefits from the grant. Following the receipt of a grant the Council had to determine whether in administering the grant it was acting as an agent or principal.

Where the Council was acting as agent the following conditions applied:

- It was acting as an intermediary between the recipient and the Government Department;
- It did not have "control" of the grant conditions and there was no flexibility in determining the level of grant payable.

Where the Council acted as principal, it was able to use its own discretion when allocating the amount of grant payable. The narrative report (page 5) highlights the business grants where the Council is acting as either the principal or agent.

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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### F7. Accounting standards not yet adopted

The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. There is also the requirement for an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

Changes to the 2021/22 code are limited to:

IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year).

The annual IFRS improvement programme notes 4 changed standards:

IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS

IAS 37 (Onerous contracts) – clarifies the intention of the standard

IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material

IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

These changes are not expected to have a material impact on the Council

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

### F8. Assumptions and Other Major Sources of Estimation

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. Significant assumptions affecting the statement of accounts include:

Item	Uncertainties	Effect if actual result differs from assumption
Property, Plant & Equipment – Operational Property	<p>Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets.</p> <p>The Valuer has stated that valuations have been prepared in accordance with RICS Valuation standards and recommendations contained within the RICS Red Book.</p> <p>In context of the Council's Property Portfolio the Valuer has assessed the impairment risk by sector and individual asset.</p> <p>During this accounting period Investment properties have been valued against assumptions of the national economic picture and local conditions that impact rental values. Lockdowns during the Covid pandemic saw a seismic shift to working from home and the lifting of restrictions has seen companies re-assessing their office footprints to reflect the new reality of increased remote &amp; hybrid working. There may well be an increase in tenants not renewing at the end of lease or breaking leases but there is also some offset from the lower number of occupiers looking to expand due to the uncertainties of the hybrid working model.</p> <p>Town Centre footfall has reacted positively to the lifting of lockdown restrictions, but is not yet back to pre pandemic levels. Retail sector rents had been in decline for 18 months prior to the Pandemic but have now moderated significantly. Inflation is now a primary concern for the economic outlook. Property is traditionally seen as a hedge against inflation as it increases the rate of rental growth and in turn property values. This contrasts with the potential lower returns for bonds and volatility in equities. As a result property as an asset class tends to perform well in inflationary periods.</p> <p>The remainder of the portfolio has been assessed and it has been confirmed that there has been no further material changes to the portfolio that is considered sufficient to affect the unvalued portion.</p> <p>Operational Assets are depreciated over the best estimate of an assets useful economic life. These asset lives are based upon assumed repairs and maintenance being carried out to maintain an asset.</p>	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve /and or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 10%, this would be unlikely to result in a significant charge to the Comprehensive Income and Expenditure Statement due to the level of revaluation reserve balance held of approximately £33.9m.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and/or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and/or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p> <p>If the useful economic life of an asset is reduced, depreciation increases and the carrying value of an asset will fall. Depreciation charges for operational buildings will change in direct relation to changes in estimated current value. The net book value of non-current assets subject to potential revaluation is over £68m.</p>
Fair Value measurement of Investment Property	<p>This includes developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumption on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available.</p>	<p>Estimates for fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date.</p>

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

	<p>In 2021/22 rental income assumptions were adjusted to assume rent free and void periods as a direct result of the Covid 19 pandemic.</p> <p>Where possible, evidence has been used for transactions that have taken place post Covid 19. Where evidence has not been available, pre Covid data has been used and, if appropriate adjusted.</p> <p>Whilst it is no longer considered appropriate to include a “Material Uncertainty” clause it is noted that there is a greater chance of market volatility than pre pandemic. The valuation of the portfolio will therefore be reviewed on an annual basis to ensure values remain materially accurate.</p>	
Pension Liability	<p>The estimation of the pension liability is based upon a number of factors and judgements applied by the scheme’s actuary including discount rate used, rate of salary increases, changes in retirement ages, mortality rates and expected return on Pension Fund investments. Estimates are made upon judgements and conditions as seen by the actuary at a point in time.</p> <p>The Council has engaged Hymans Robertson as its consulting actuary to provide expert advice about the assumptions to be applied.</p>	<p>The effect of changing assumptions will result in changes in the valuation of the pension funds’ assets and liabilities.</p> <p>For further details of the impact of variations in key assumptions, see note F1.</p>

Where other assumptions have been made these will be disclosed in the appropriate note to the accounts.

### F9. Contingent Liabilities and Contingent Assets

The Council has no significant contingent assets or liabilities to report.

### F10. Related Parties

The Council is required to disclose material transactions with related parties – i.e. 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 Authority.

#### Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides a significant element of the Council’s funding in the form of grants and prescribes the terms of many transactions that the Authority has with other parties (e.g. council tax bills and housing benefits). Details of any significant grants received in the year are listed under Note B9, *Grant Income*.

#### Members of the Council

Members of the council have direct control over the council’s financial and operating policies. The total of Members’ allowances paid in 2021/22 is disclosed in Note B6, *Members’ Allowances*.

All elected Members are required to complete a questionnaire detailing any areas where potential conflicts of interest may occur between their private interests and their position as the elected representatives of the Council.

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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Details are recorded in the register of members' interest, open to public inspection at the Council Offices during office hours.

- Fourteen Members declared an interest as a Town, Parish or County Councillor where precepts were awarded during 2021/22.

### Officers

By virtue of the Officer Code of Conduct, employees of the Council are required to declare any relationship with individuals, organisations or companies that might prejudice, or could be viewed as influencing, their professional judgement. On an annual basis, senior officers and officers within positions of influence within the Council are required to complete a related party declaration to highlight any potential conflicts of interest.

Declarations are sought even where no conflicts of interest have been reported. There were no declarations that required further disclosure in this statement of accounts.

### Cotswold District Council

Up until November 2017 the Council shared a number of senior staff with Cotswold District Council. On the 1<sup>st</sup> November the majority of the Council's staff TUPE-transferred to Publica Group (Support) Limited. Following the transfer the Council now only share the legal function and the counter fraud unit.

### Publica Group (Support) Limited

Publica Group (Support) Limited (the Company), is a not-for-profit company limited by guarantee with no share capital.

West Oxfordshire District Council, along with Cotswold, and Forest of Dean District Councils and Cheltenham Borough Council have jointly set up Publica Group (Support) Limited, a wholly owned company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council and services to other members Councils under contract.

Publica Group (Support) Limited is a Teckal company fulfilling the conditions set out in Regulation 12(4) of the Public Contracts Regulations 2015. The Company is subject to management supervision by the Members. As such, the Company is a body governed by public law as defined in the Public Contracts Regulations 2015.

While Publica Group (Support) Limited works closely with the Council, the company has its own board of Directors, its own Management team, and operates independently from the Council.

### Ubico Limited

Ubico Limited was established in 2011/12 by Cheltenham Borough Council and Cotswold District Council to deliver a range of integrated environmental services including household and commercial refuse collection, recycling, street cleansing and grounds maintenance. It commenced operations on 1 April 2012.

During 2015/16 West Oxfordshire District Council became a shareholder of Ubico Limited. The Council holds an equal 1/8<sup>th</sup> shareholding in the Company.

The company provides services to the shareholder councils on a not-for-profit basis and therefore qualifies for the teckal exemption (named after the EU case that established the principle). As a teckal company, Ubico Limited must ensure that the percentage of work undertaken outside of the shareholder contracts is less than 20% of its total activity.

While the Council has a 1/8<sup>th</sup> shareholding in Ubico Limited, and a place on the Board of Ubico Limited, the Council is not deemed to have significant influence over the company. The separate operating practices, management structure and majority-voting on the Ubico board do not constitute any means of joint-control over the company. The Council's interest is therefore classed as an investment in Ubico.

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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### Other Public Bodies

The Council collects precepts on behalf of Oxfordshire County Council, Thames Valley Police & Crime Commissioner and the Town and Parish Councils within the Council area. Precepts for the County Council and Police Authority are shown in the Collection Fund. Town and Parish precepts are shown in the Comprehensive Income and Expenditure Account.

The Local Government Pension Scheme (of which West Oxfordshire is a member) is administered by Oxfordshire County Council (see note F1).

### The Wychwood Project

The Wychwood Project is a registered charity that aims to inspire people to restore and conserve habitats and landscapes within the Wychwood area which covers 120 sq miles, mostly in the West Oxfordshire District. The Council provided a Community Revenue Grant of £30,000 to the Wychwood Project in 2021/22 and a West Oxfordshire District Council Councillor is a trustee.



## THE COLLECTION FUND

This "Agent's" statement shows the transactions of the Council as a billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and National Non Domestic Rates (Business Rates).

2020/2021				Note	2021/2022		
Business Rates £	Council Tax £	Total £			Business Rates £	Council Tax £	Total £
	(87,494,834)	(87,494,834)	Council Tax receivable	G1		(92,828,806)	(92,828,806)
(22,521,172)		(22,521,172)	Business Rates Receivable	G2	(30,909,812)		(30,909,812)
(200,176)		(200,176)	Transitional Protection Receipts		(88,790)		(88,790)
618,845		618,845	Contribution to previous year's deficit / (Surplus)		(17,193,291)		(17,193,291)
<b>(22,102,503)</b>	<b>(87,494,834)</b>	<b>(109,597,337)</b>	<b>Total Income</b>		<b>(48,191,893)</b>	<b>(92,828,806)</b>	<b>(141,020,699)</b>
			<u>Apportionment of previous year's surplus</u>				
0	0	0	Central Government				0
	78,513	78,513	West Oxfordshire District Council			149,810	149,810
	633,150	633,150	Oxfordshire County Council			1,184,898	1,184,898
	88,919	88,919	Thames Valley Police & Crime Commissioner			167,777	167,777
0	800,582	800,582			0	1,502,485	1,502,485
			<u>Precepts, Demands and Shares</u>				
19,586,176		19,586,176	Central Government		20,317,804		20,317,804
15,668,940	8,552,271	24,221,211	West Oxfordshire District Council		16,254,244	9,006,050	25,260,294
3,917,235	67,643,014	71,560,249	Oxfordshire County Council		4,063,561	70,660,892	74,724,453
0	9,578,007	9,578,007	Thames Valley Police & Crime Commissioner			10,388,626	10,388,626
39,172,351	85,773,292	124,945,643			40,635,609	90,055,568	130,691,177
			<u>Charges on the Collection Fund</u>				
445,176	39,761	484,937	Write-offs of uncollectable amounts		9,857	106,780	116,637
608,173	326,135	934,308	Increase / (decrease) in Bad Debt / Appeals Provisions	G3	1,019,775	64,978	1,084,753
163,212		163,212	Cost of Collection		168,233		168,233
209,139		209,139	Disregarded Amounts - Renewable Energy Schemes	G4	209,141		209,141
1,425,700	365,896	1,791,596			1,407,006	171,758	1,578,764
<b>40,598,051</b>	<b>86,939,770</b>	<b>127,537,821</b>	<b>Total Expenditure</b>		<b>42,042,615</b>	<b>91,729,811</b>	<b>133,772,426</b>
<b>18,495,548</b>	<b>(555,064)</b>	<b>17,940,484</b>	<b>(Surplus) / Deficit for the Year</b>		<b>(6,149,278)</b>	<b>(1,098,995)</b>	<b>(7,248,273)</b>
196,578	(1,038,089)	(841,511)	(Surplus) / Deficit brought forward		18,692,126	(1,593,153)	17,098,973
<b>18,692,126</b>	<b>(1,593,153)</b>	<b>17,098,973</b>	<b>(Surplus) / Deficit carried forward</b>	G5	<b>12,542,848</b>	<b>(2,692,148)</b>	<b>9,850,700</b>

## NOTES TO THE COLLECTION FUND

### G1. Council Tax System

Under the council tax system, West Oxfordshire District Council must collect enough money each year from local residents to cover the cost of the services we provide, which are not funded by other sources such as government grants and fees and charges.

Council Tax was introduced on 1 April 1993, and is a property based tax. The District Valuer valued all domestic property in the area and placed them into one of nine bands. In order to set the Council Tax, the Council estimates the number of dwellings in each of the nine valuation bands and convert these estimates into an "equivalent number of Band D dwellings". The table below shows the calculation for 2021/22.

Band	Total Chargeable Dwellings	Band 'D' Conversion	Band 'D' Equivalent Chargeable Dwellings	New Regulation Adjustments	New Band D Equivalent Chargeable Dwellings
A*	2.75	5/9	1.53	0.00	1.53
A	1,181.75	6/9	787.83	42.33	830.16
B	4,091.50	7/9	3,182.28	27.22	3,209.50
C	14,867.25	8/9	13,215.33	87.56	13,302.89
D	10,758.04	1	10,758.04	-2,424.77	8,333.27
E	6,676.75	11/9	8,160.47	101.45	8,261.92
F	3,874.25	13/9	5,596.14	80.16	5,676.30
G	2,533.50	15/9	4,222.50	129.17	4,351.67
H	315.50	2	631.00	57.00	688.00
Total	44,301.29		46,555.12	-1,899.88	44,655.24
Collection rate %					98.50%
Plus MOD contribution					932.50
<b>TAXBASE</b>					<b>44,917.91</b>

The total number of "equivalent Band D dwellings" is divided into net budget requirement to arrive at an "average Band D Tax" per dwelling. Dwellings in bands below "Band D" will pay proportionately less than this average and dwellings in bands above "Band D" will pay proportionately more than this average.

The above calculations resulted in an "average Band D Tax" of £1,913.77 per dwelling for 2021/22 (2020/21 £1,848.10) This included precepts payable to Oxfordshire County Council, the Police & Crime Commissioner for Thames Valley and West Oxfordshire District Council (but excludes amounts payable to the Town & Parish Councils within the district).

### G2. National Non Domestic Rates

Under the Business Rates Retention Scheme the Council acts as both principal and agent, in that it is able to retain 40% of the net standard business rates collected within the local area as income within its own budget (net of tariff to central government), as well as 100% of net rates from properties relating to renewable energy schemes (Disregarded Amounts). The Council distributes the remaining net balance of standard business rate income to Central Government, who are allocated 50%, with the final 10% to Oxfordshire County Council

	2020/21	2021/22
Total Non Domestic Rateable Value at 31 March (£)	101,738,108	102,066,872
National Non-domestic Rate Multiplier - Higher	51.2p	51.2p
National Non-domestic Rate Multiplier - Lower [Small Business]	49.9p	49.9p

## NOTES TO THE COLLECTION FUND

The Business Rates receivable amount on the face of the Collection Fund Account is lower than the total of Non-domestic Rateable Value multiplied by the Non-domestic Rate Multiplier due to the award of various reliefs including Small Business Rate Relief and other mandatory and discretionary rate reliefs.

### G3. Tax Payers' Arrears & Provisions for Uncollectable Amounts

Provision has been made for uncollectable tax payers' debts. At 31 March the provisions on the Collection Fund were as follows:

	2020/21 £	2021/22 £
Council Tax	(1,651,281)	(1,390,124)
National Non Domestic Rates	(3,767,039)	(4,144,659)
	<b>(5,418,320)</b>	<b>(5,534,783)</b>

### G4. Business Rates – Disregarded Amounts

From April 2013 the Council was allowed to retain 100% of the growth from the business rates associated with renewable energy sites. All such growth is transferred to the Council's General Fund.

### G5. Collection Fund Balance Sheet Apportionment

The apportionment of the balances on the Collection Fund as at 31 March is as follows:

2021/2022	West Oxon. District Council £	Oxfordshire County Council £	Central Govt. £	Thames Valley P&CC £
<b>Council Tax</b>	10.0%	78.5%	0.0%	11.5%
Debtors	734,742	5,764,791		847,893
Bad Debt Provision	(139,012)	(1,090,691)		(160,420)
Prepayments and Overpayments	(125,589)	(985,374)		(144,930)
(Surplus) / Deficit at 31 March	(269,214)	(2,122,256)		(310,673)
<b>Business Rates</b>	40%	10%	50%	0.0%
Debtors	1,325,615	331,404	1,657,019	
Bad Debt / Appeals Provision	(1,657,864)	(414,466)	(2,072,329)	
Prepayments and Overpayments	(353,099)	(88,275)	(441,473)	
(Surplus) / Deficit at 31 March	5,017,140	1,254,287	6,271,422	

## NOTES TO THE COLLECTION FUND

2020/2021	West Oxon. District Council £	Oxfordshire County Council £	Central Govt. £	Thames Valley P&CC £
<b>Council Tax</b>	10.0%	78.9%	0.0%	11.2%
Debtors	486,327	3,846,533	n/a	544,655
Bad Debt Provision	(164,646)	(1,302,242)	n/a	(184,393)
Prepayments and Overpayments	(121,762)	(963,062)	n/a	(136,366)
(Surplus) / Deficit at 31 March	(158,849)	(1,256,400)	n/a	(177,901)
<b>Business Rates</b>	40%	10%	50%	0.0%
Debtors	1,065,154	266,288	1,331,442	n/a
Bad Debt / Appeals Provision	(1,506,816)	(376,705)	(1,883,518)	n/a
Prepayments and Overpayments	(131,576)	(32,894)	(164,470)	n/a
(Surplus) / Deficit at 31 March	7,476,851	1,869,215	9,346,063	n/a

To Follow

## ANNUAL GOVERNANCE STATEMENT 2021/2022

### 1. SCOPE OF RESPONSIBILITY

West Oxfordshire District Council is responsible for ensuring that:

- Its business is conducted in accordance with the law and proper standards;
- Public money is safeguarded and properly accounted for;
- Public money is used economically, efficiently and effectively; and
- There is a sound system of governance, incorporating the system of internal control

The Council has a Best Value 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 these responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and including arrangements for the management of risk.

The Council has developed and approved a code of corporate governance, which is consistent with the core principles and sub-principles as set out in the CIPFA/SOLACE “Delivering Good Governance in Local Government: Framework (2016)” (‘the Framework’). This statement explains how the Council has complied with the code and also meets the requirements of Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 (England) which requires the Council to conduct a review at least once a year on the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts.

In addition to this, CIPFA issued its “Statement on the Role of the Chief Finance Officer in Local Government (2015)”. The Annual Governance Statement (AGS) reflects compliance with this statement for reporting purposes.

### 2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled including activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of the governance 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 on-going process designed to:

- Identify and prioritise the risks to the achievement of the Council’s policies, aims and objectives;
- Evaluate the likelihood of those risks occurring;
- Assess the impact should those risks occur; and
- Manage the risks efficiently, effectively and economically

The governance framework has been in place at West Oxfordshire District Council for the year ended 31<sup>st</sup> March 2022 and up to the date of approval of the Annual Statement of Accounts.

## ANNUAL GOVERNANCE STATEMENT

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The management of the Government's Covid Business Grants alone has been an unprecedented task requiring cooperation across departments such as Finance, Counter Fraud, Internal Audit, IT, Project Management, Economy and of course, Revenue and Benefits. All of this coordinated work was done in constant communication with the Senior Management Team and Council Leaders with the Section 151 Officer providing the link by attending and inputting to all project team meetings and updates. Although the grant payments themselves are coming to an end, the regular reporting on them to Government continues and the audit post assurance work is well underway.

While Publica has delivered the Financial savings that it promised over the last few years, we have jointly identified some areas where more resource was required so the Council has agreed a support package to fund immediate personnel growth in those areas ongoing.

The Council, along with Publica and its other partner Councils, has invested in a leadership development programme which has discussed in the forum, some of the challenges facing our managers and has also provided one to one coaching for all senior staff.

Since March 2020, the Council has been managing the impact of Covid-19 which has had a significant impact on the Council, its residents and businesses. The Council changed the way it delivered existing services, and was innovative in the creation of new services in order to meet the needs of businesses and residents. The Annual Governance Statement illustrates how the Council's governance arrangements continued to be adapted during 2021/2022 as a consequence of the pandemic.

### 3. THE GOVERNANCE ENVIRONMENT

The key elements of the Council's governance arrangements are outlined in the Local Code of Corporate Governance. The governance framework includes arrangements for:

- Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users;
- Reviewing the Council's vision and its implications for the Council's governance arrangements;
- Measuring the quality of services for users, ensuring that they are delivered in accordance with the Council's objectives and ensuring that they represent the best use of resources;
- Defining and documenting the roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication;
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff;
- Reviewing and updating Financial Rules, Contract Rules, Constitution, Scheme of Delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;
- Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained;
- Ensuring the Council's financial management arrangements conform with the governance requirements of the *CIPFA* Statement on the Role of the Chief Financial Officer in Local Government (2015);
- Undertaking the core functions of an Audit Committee, as identified in *CIPFA's* Audit Committees: Practical Guidance for Local Authorities;
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- Whistleblowing and for receiving and investigating complaints;

## ANNUAL GOVERNANCE STATEMENT

- Identifying the development needs of members and senior officers in relation to their strategic roles, supported by the appropriate training;
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation; and
- Incorporating good governance arrangements in respect of partnerships, including shared services and other joint working and reflecting these in the Council's overall governance arrangements.

The main areas of the Council's governance framework, and the key evidence of delivery, are set out below, under the headings of the core principles and sub-principles from the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)

### **A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

- Behaving with Integrity
  - Demonstrating strong commitment to ethical values
  - Respecting the rule of the law
- The roles and responsibilities of Members generally and all office holders are set out in the Council's Constitution, along with the way in which the various elements of the Council interact and complement each other. The Constitution is supported and underpinned by a separate Code of Conduct for Members and a joint Member / Officer Protocol, which sets out guidelines as to behaviour and practical issues. This is further supported by Publica's Business Conduct rules which set out guidelines for staff on behavioural issues.
  - Declarations are made at meetings by Members and Officers, where appropriate, and are recorded in the minutes of the meeting. The Members' Code of Conduct requires Members to make declarations of interest when necessary, these are also recorded.
  - Registers of interest are completed annually by Members and published on the Council's website. A register of gifts and hospitality received by Members is maintained by the Monitoring Officer.
  - An employee declaration is completed annually by all staff. A register of gifts and hospitality is maintained by Corporate Responsibility and addressed by the Governance Group every quarter..
  - The Monitoring Officer and Section 151 Officer report directly to the Head of Paid Service and are members of the Corporate Leadership Team.
  - Internal audit reviews are designed to ensure services are complying with internal and external policies and procedures / statutory legislation. Where non-compliance is identified, this is reported to Management and to Members via the Council's Audit Committee.
  - The whistleblowing policy was last updated in January 2022 and was agreed by the Audit and General Purposes Committee in April 2022. A counter-fraud unit working across Gloucestershire and West Oxfordshire helps prevent and detect fraud and corrupt practices, including misuse of power. The service reports to the Audit and General Purposes Committee and the Publica Board's Audit and Risk Assurance Committee twice a year.
  - During 2020/21 the Council put in place a robust set of emergency measures to monitor and respond to the Covid-19 pandemic, which had an extraordinary impact across the Council, our services, residents and communities. These measures were in line with national Emergency Management protocols and involved working with partner councils and the Council's main service providers including Publica. It was necessary to extend many of these measures into 2021/2022.
  - Meetings are minuted, with decisions and key actions recorded appropriately. The Council continues to publish key decisions, in line with legal best practice. The Council has continued providing regular updates to and conversations with Members and across the



## ANNUAL GOVERNANCE STATEMENT

organisation. Although most meetings have reverted to being face-to-face, we have maintained the option for people to join remotely where possible and appropriate.

- The Communications service remained fully mobilised to ensure communications through all our channels to support public health advice / information / messaging and council service and support information to reach audiences externally and internally. A bespoke Communications strategy was put in place to help all stakeholders feel 'informed, reassured, safe and inspired' This was evaluated and adapted throughout the pandemic situation.

### **B. Ensuring openness and comprehensive stakeholder engagement**

- Openness
- Engaging comprehensively with institutional stakeholders
- Engaging with individual citizens and service users effectively

- Annual accounts are published in a timely manner to help communicate the Council's financial position and performance.
- The Council's Corporate Plan 2019-2023 (approved by full Council in December 2019) is available to the public on the Council's website.
- All Committee, Cabinet and Council reports clearly outline their purpose, so the community can understand what is trying to be achieved. Reports also address financial, legal, equalities, risk and climate change implications to aid understanding of the potential impact of their recommendations.
- The roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions are defined in the Council's Constitution
- A Scheme of Delegation of powers to officers is included within the Constitution.
- Communication channels with staff include one-to-one and team meetings, a weekly update email from Publica Directors (Keeping you connected) and an online portal (intranet).
- A Customer Feedback form is available publicly for handling comments, complaints and compliments and the Council's website includes different ways for customers to give feedback or access services. A customer satisfaction survey was carried out on the telephone service provided, with the Council receiving high satisfaction scores.
- Ensuring clear channels of communication with all sections of the community and other stakeholders
- The ability for members of the public to ask questions at Cabinet meetings, Overview and Scrutiny Committee meetings and meetings of the Full Council.
- A report is produced quarterly regarding the performance of the Council's services and the achievement of its aims and objectives. The report is presented to the Cabinet and published on the Council's website. This report has recently been redefined by the S151 officer in consultation with members and service areas to ensure that it gives a true indication of whether the services are performing appropriately or whether there is cause for concern and intervention. The report has also been condensed and reformatted to make it more accessible and transparent. Feedback has been positive.
- The Council publishes transparency data on its website which includes supplier payments, senior management structure charts and the Annual Pay Policy Statement. Where data is not available in the published data sets, instructions are available on how to make a Freedom of Information request and the procedure that will be followed to answer the request.
- While restrictions imposed as a result of the pandemic disrupted the normal democratic meeting and decision making procedures, emergency powers contained within the Council's Constitution provided the necessary facilities to allow decisions to be made by the Chief Executive, the S.151 Officer or the Monitoring Officer. From 7 May 2021, regulations allowing council/committee meetings to be held remotely ended and in person meetings have resumed.

## ANNUAL GOVERNANCE STATEMENT

### C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

- Defining outcomes
  - Sustainable economic, social and environmental benefits
- The Council's corporate priorities, expressed in its Corporate Plan as high level areas of focus, set out what the Council hopes to achieve on its own or in partnership with others. These priorities are supported by the Code of Corporate Governance as good governance should underpin all the work of the Council.
  - An annual business planning process is also conducted by Publica, which is informed by the corporate priorities, legislation and government guidance.
  - All the areas of focus (corporate priorities) are underpinned by the following principles:
    - Creating social value - we will consider the social, economic, environmental and biodiversity impacts of any activity or venture and in all our decision making
    - Considering our impact on climate change – we will consider the impact on climate change in all our decision-making, aiming to make the council (and the District) carbon neutral by 2030
    - Seeking value for money – we will aim for the highest quality and for the best value in all our decision-making to secure financial sustainability for the council and therefore secure service delivery for the future by thinking about both short and longer term implications.
  - Detailed proposals arising from the corporate priorities are individually assessed and are included within decision making reports.
  - The financial implications of delivering against the Council's priorities are included within the Council's Medium Term Financial Strategy, revenue budgets and capital programme. These key financial documents are updated annually in advance of the forthcoming financial year. Variance to budget is reported quarterly and the Medium Term Financial Strategy and the Capital Programme are updated at appropriate intervals throughout the year.
  - The Council recognises that the Covid-19 pandemic has had a significant impact and will have a long term effect on the level of resources available to the Council. As part of its Medium Term Financial Strategy (MTFS) the Council will continue to assess its forecast financial position and update its assumptions about the resources available to, and the investment needs of, the Council in light of the consequences of the Covid-19 pandemic.
  - The Council is also facing financial pressure from unprecedented inflationary pressures. These are being incorporated into subsequent iterations of the MTFS and mitigations regarding costs, especially in regards to utilities and fuel, are being developed.
  - A Recovery and Regeneration Investment Strategy was approved by the Council in 2020, which seeks to close the Council's forecast funding shortfall by generating additional revenue streams while addressing Council priorities. The strategy contains guidance on the type of investment that the Council should be pursuing and appropriate yield thresholds.

### D. Determining the interventions necessary to optimise the achievement of the intended outcomes

- Determining interventions
  - Planning interventions
  - Optimising achievement of intended outcomes
- The Council has, with three other councils, created a company, Publica Group (Support) Ltd, to deliver more efficient and improved services. Where appropriate, processes have been or are being aligned to ensure consistency across the partner councils, without compromising local priorities. In recognition that Publica is the most significant contractor of the Council, the Council monitors its performance by:
    - Considering Publica's Annual Report at Council;
    - Considering Publica's draft Business Plan annually at the Overview and Scrutiny Committee and Cabinet in February/March each year;

## ANNUAL GOVERNANCE STATEMENT

- Requiring representatives from Publica to attend relevant Scrutiny Committee(s) to support discussion on quarterly performance reports;
- In addition to the creation of Publica, the Council continues to secure savings through improved use of its assets and investments
- The Council has processes in place to identify and respond to external changes, for example: changes to legislation and regulation, emerging risks and opportunities. Corporate processes such as risk management, performance management processes, budget monitoring and other management processes are designed to capture and incorporate these external factors and to enable the Council to respond appropriately.
- The Strategic risk register is reviewed regularly by the Local Leadership Team and reported to the Audit Committee.
- Projects and services retain their own risk registers and should elevate any high or strategic risks to the Local Leadership Team and Publica as appropriate for consideration. A Risk Group reviews risk registers each quarter and should escalate any emerging risks to the strategic register. Significant progress has been made this year in improving the identification and reporting of risks but further work is planned to improve communication and processes as there is a recognition that not all risks are appropriately escalated to the strategic register and therefore visible to the Leadership Team.
- Key performance indicators are identified and reported quarterly. This reporting has been amended this year and is now more directly reviewed by senior managers in each service area encouraging more ownership and transparency.
- Budgets are prepared annually in accordance with objectives, strategies and the Medium Term Financial Strategy, following consultation with residents, members and officers.
- The Medium Term Financial Strategy is a live document and can be reviewed, updated and reported as necessary, to respond to the changing environment.
- The Council continues to monitor and analyse the impact of Covid-19 as part of its ongoing review of risks and challenges and the impact it has had on our strategic priorities. Recovery projects are underway and address not only current challenges but seek to progress both the Council and the District's ongoing recovery. The Council also now recognises that the impact of rising prices and inflation has meant that our residents also face a cost of living crisis. Mitigations and support are being developed.

### **E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

- Developing the entity's capacity
- Developing the capability of the entity's leadership and other individuals

- One of the reasons behind the creation of Publica was to increase capacity across the four partner councils by sharing common processes and procedures and eliminating (as far as possible) single

## ANNUAL GOVERNANCE STATEMENT

points of failure. By working in partnership, the Councils are able to share the cost of commissioning bespoke, specialist advice.

- There is a Scheme of Delegation at Member level covering the Council, Cabinet, individual Cabinet Members and other committees. Similarly, there is a scheme of delegation for officer decisions at Executive, Non-Executive and Regulatory meetings. These are reviewed and revised as structures change.
- Financial rules are in place and are reviewed and revised as required.
- An induction programme is available to new employees and Members. Training is also provided for both Members and Officers on an on-going basis as appropriate and necessary. Members on certain Committees (e.g. Planning and Licensing) are required to undertake training before attending the Committee meetings, and to attend further training to remain up to date and improve their knowledge.
- Training is also provided for officers on an on-going basis as appropriate and necessary.
- The Head of Paid Service, the Section 151 Officer, the Monitoring Officer and the Leader of the Council have clear statutory responsibilities. Roles and responsibilities are contained within the Constitution along with the Member/Officer Protocol.

### **F. Managing risks and performance through robust internal controls and strong public financial management**

- Managing risk
- Managing performance
- Robust internal control
- Managing data
- Strong public financial management

- The Local Leadership Team reviews the Strategic Risk Register on a quarterly basis. The Strategic Risk Register is reported to the Audit Committee on a regular basis.
- Risks are identified when undertaking Internal Audit reviews and reported when necessary. The Council, through the S151 Officer, is able to flag any areas of concern to be added to the work of the Internal Audit team in the coming year.
- The work of the Internal Audit team is reviewed and challenged by both the S151 Officer and the Audit and Governance Scrutiny Committee.
- Performance Management measures the quality of service for users to ensure services are delivered in accordance with the Council's objectives and represent best use of resources.
- Performance is measured on a regular basis through the quarterly KPI dashboards and reported to Members and Cabinet.
- Minutes of meetings are published and highlight the challenge made by Members to Officers and to Cabinet Members.

## ANNUAL GOVERNANCE STATEMENT

- The Internal Audit service is provided by SWAP Internal Audit Services and is run in partnership with other local authorities.
- A risk-based Audit Plan is drafted annually following consultation with Officers, Members and the S151 Officer. The Audit Plan is approved at the Audit Committee prior to the financial year.
- Audit reports, once completed, are discussed with the service manager. Executive summaries, including findings, and progress on the Annual Plan are reported to the Audit Committee, on a quarterly basis.
- Recommendations made in audit reports are followed up 6 months after the completion of the audit and priority 1 and 2 findings are reported to the Audit Committee. Recommendations not implemented within that timescale are reported to the S151 Officer and to the Audit and Governance Scrutiny Committee.
- The Audit Committee's Terms of Reference are contained within the Constitution, Members have experience of a scrutiny role and training is provided where appropriate.
- A Counter Fraud Unit supports West Oxfordshire District Council and other third parties. Where investigations identify possible improvements to the internal control framework the Counter Fraud Unit will liaise with the Internal Audit team to ensure the improvements are followed up and implemented by management.
- An ICT Audit and Compliance Manager has been appointed as the Council's Data Protection Officer and therefore has responsibility for Data Protection policies and ensuring that officers and members are informed and appropriately trained.
- Audit reviews ensure data is held securely whether electronically or hard-copy.
- The MTFs is reviewed and updated on a regular basis to ensure the Section 151 Officer, Head of Paid Service and Members are aware of the financial standing of the Council.

### **G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

- **Implementing good practice in transparency**
- **Implementing good practices in reporting**
- **Assurance and effective accountability**

- Data in respect of transparency is published on the Council's website.
- The Council's Statement of Accounts is produced and published annually in accordance with statutory legislation. Aligned with this is the production of the Annual Governance Statement which identifies how the Council has met its governance reporting obligations
- External Audit recommendations are reported to Audit Committee, following the completion of their annual audit process, follow-ups of recommendations are also reported
- Internal Audit processes ensure compliance with Public Sector Internal Auditing Standards. Internal Audit recommendations are followed-up and reported to the Audit Committee, further follow-up is planned if recommendations have not been actioned in full.

## 4. REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers, the annual opinion from the Head of Internal Audit, the officer Corporate Governance Group and comments made by the external auditors, other review agencies and inspectorates.

### **The Council's process for maintaining and reviewing the effectiveness of the governance framework has included the following:**

Executive Directors, Group Managers, Business Managers and Statutory Officers are required to complete an Annual Assurance Statement at the end of the financial year. These governance declarations provide appropriate management assurance that key elements of the system of internal control are in place and are working effectively and help to identify areas for improvement.

The Local Leadership Team (including the Section 151 Officer, the Monitoring Officer and Locality Director) review the Strategic Risk Register on a quarterly basis and Service/Project Risk Registers are maintained by each Group/Business Manager.

A Governance Group meets quarterly to discuss and action matters such as staff declarations of interests/gifts and hospitality, audit recommendations, cyber security and GDPR updates/breaches register and counter fraud updates.

The SWAP Assistant Director (Head of Internal Audit) provides the Audit Committee, as the Committee charged with governance, with an Annual Opinion on the control environment of the Council, which includes its governance arrangements.

Investigation of, and decisions on, allegations of failure to comply with the Members' Code of Conduct are considered and determined by the Monitoring Officer and/or an Independent Standards Panel.

Induction processes are carried out for newly elected Members.

Training and awareness sessions are carried out for the Audit Committee periodically.

The External Auditors (Grant Thornton) present progress reports to the Audit Committee.

The External Auditor's Annual Audit Letter and follow-up of management responses to issues raised in the Letter or other reports are overseen by the Audit Committee.

Quarterly performance reports, including the budget position, are presented to the appropriate Member panel and Cabinet, demonstrating performance management against agreed performance indicators and budgets.

The Audit Committee reviews the Annual Statement of Accounts, including the final AGS, the Treasury Management Strategy and quarterly progress reports from both Internal Audit (SWAP) and External Audit (Grant Thornton).

Full Council approves the annual budget and reviews and approves the Treasury Management Strategy, following recommendations from the Audit Committee.

Internal Audit monitors the quality and effectiveness of systems of internal control. Audit reports include an opinion that provides management with an independent judgement on the adequacy and effectiveness of internal controls. Reports including recommendations for improvement are detailed in an action plan agreed with the relevant Business Manager/Group Manager.

The Annual Internal Audit Opinion for 2021/2022, in respect of the areas reviewed during the year, was one of "reasonable", that there is a generally sound system of governance, risk management and control in place.

The Council's Financial Rules and Contract Rules are kept under review and revised periodically.

## ANNUAL GOVERNANCE STATEMENT

Other explicit review/assurance mechanisms, such as the Annual Report from the Local Government Ombudsman and reports from SWAP or Grant Thornton are also reviewed.

### 5. REVIEW OF GOVERNANCE ACTION PLAN FOR 2021/2022

When preparing its 2019/2020 statement the Council identified a number of areas which required focus and attention. These have been actively monitored throughout the year and progress by the end of March 2021 is detailed in the table below:

	Key Area of Focus	Proposed Actions	Progress
1.	Risk register	<ul style="list-style-type: none"> <li>Review the channels through which risks are escalated to the risk register to ensure that the contents are always current, relevant and complete.</li> </ul>	<p>IN PROGRESS</p> <p>The Governance Group reviewed operational risk registers in January and a separate Risk Group has been established to review and share risk registers across Publica and the Councils.</p> <p>Although a new policy and guidance has been put in place, there is still a need to improve the processes of escalating and monitoring risks and opportunities. Therefore, risk and opportunity management will remain as an area of focus for improvement in the 2022/2023 AGS Action Plan.</p>
2.	Performance report	<ul style="list-style-type: none"> <li>Review the KPIs measured on the performance report to ensure they reflect the Council's current priorities and concerns.</li> </ul>	<p>COMPLETE</p> <p>A review of KPIs was undertaken during Autumn 2021 and Portfolio Holders and service managers were consulted to identify and report on a new set of appropriate performance indicators.</p> <p>A mix of new and existing KPIs have been agreed along with a new reporting style. A new 'dashboard' style report has been created and is being used in performance reports.</p>
3.	Constitution and schemes of delegation review	<ul style="list-style-type: none"> <li>To review and update the Council's constitution.</li> <li>Clarify and embed responsibility and accountability between the Council's Senior Leadership Team and Publica's Management Team.</li> </ul>	<p>C/F TO 2022/2023</p> <p>The interim Monitoring Officer will be reviewing the Constitution, including a new process to record Councillor's declarations in line with their obligations.</p> <p>COMPLETE</p> <p>Local Leadership Team established which includes the Lead Director for Publica.</p> <p>Regular meetings now take place between the Local Leadership Team and Publica Group Managers to agree priorities, review targets and mitigate issues.</p>

## ANNUAL GOVERNANCE STATEMENT

4.	Budget approvals	<ul style="list-style-type: none"> <li>Review of approvers on our Finance system to ensure that all workflow approvals go to an appropriate person.</li> <li>Clarify responsibility and accountability of Publica Officers.</li> <li>Provide financial management training to cover budget management.</li> </ul>	<p>C/F TO 2022/2023 Included as part of a bigger review on Business World</p> <p>C/F TO 2022/2023 Included as part of a bigger review on Business World</p> <p>COMPLETE Financial management guidance discussed with budget holders in budget review meetings.</p>
5.	Project and Programme Management	<ul style="list-style-type: none"> <li>Improvement of Programme Management reporting across the portfolio of Publica / Council projects focusing on the consistency, completeness and timeliness of information provided.</li> </ul>	<p>IN PROGRESS</p> <p>The framework was launched in Oct 2020 and has been in use since then. The roll out of a Project Management Framework support library to support use of the framework was rolled out in October 2021.</p> <p>Monthly project updates on the project register provides a mechanism to flag that there is a new/increased project risk to raise. The Governance Group looked at a sample of project risk registers at their meeting in January 2022. A Risk Group has now been established to ensure there is a consistent approach across all Project Risk Registers.</p> <p>Much progress has been made but there is a recognition that there is still work to be done in order to ensure that project risks are identified and escalated, that project reporting is timely, complete and the depth of underlying project information is consistent across all projects.</p> <p>While S151 Officers across the Publica Councils receive a project highlight report to indicate that projects have been initiated, this does not provide the opportunity to give agreement in advance.</p> <p>There remains inconsistency in the production of appropriately detailed project plans, milestones and timelines in order to track progress.</p> <p>Some progress has been made on governance of projects with regard to the composition of teams and sponsors but further work required.</p>



## ANNUAL GOVERNANCE STATEMENT

### 6. GOVERNANCE ACTION PLAN FOR 2022/2023

In preparing this statement and reviewing the effectiveness of the governance arrangements a number of areas have been identified where the Council needs to focus attention and improve arrangements over the next financial year. These areas of work are planned to strengthen the control framework and are set out in the table below.

No.	Key Area of Focus	Planned Actions
1	Raising awareness of the contract procedure rules	<ul style="list-style-type: none"> <li>New Contract and Procurement Strategy to be approved and published to all officers, linking to the Contract Procedure Rules.</li> <li>Planned audit of contract and procurement by SWAP will cover officer awareness of the contract procedure rules.</li> </ul>
2	Accounts payable	Review of Accounts Payable (AP) on business world to cover: <ul style="list-style-type: none"> <li>raising of requisitions and approval of purchase orders</li> <li>approval of invoices</li> </ul>
3	Risk management	<ul style="list-style-type: none"> <li>Training package to be finalised and rolled out.</li> <li>Full training package and other material covering the risk and opportunity guidance to be published on the Publica portal.</li> <li>Planned audit of risk and opportunity management by SWAP will cover officer awareness of guidance.</li> <li>Processes and completeness of all risk registers.</li> </ul>
4	Compliance with audit recommendations	<ul style="list-style-type: none"> <li>Improved reporting of outstanding audit recommendations to Local Management Team, Audit Committee and Publica's Audit Risk and Compliance Committee.</li> </ul>
5	Business Continuity Plans, development and testing	<ul style="list-style-type: none"> <li>Completion of Business Impact Analysis.</li> <li>Revised strategic and tactical plans to be developed.</li> <li>Review of all operational plans prior to a complete desktop exercise.</li> <li>New plans and programme to be signed off.</li> </ul>
6	Programmes and projects	<ul style="list-style-type: none"> <li>Review of the governance arrangements surrounding programmes and project management.</li> <li>Improvement of consistency of project planning including milestones and detailed project plans.</li> <li>Improved reporting of projects to increase consistency across the programme.</li> <li>Evaluation of the sign off process and thresholds for new projects.</li> </ul>

## ANNUAL GOVERNANCE STATEMENT

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### 7. APPROVAL OF LEADER AND HEAD OF PAID SERVICE

We have been advised on the implications of the result of the review of the effectiveness of the governance framework and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Signed on behalf of West Oxfordshire District Council:

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**Andrew Graham**  
Leader of the Council

Date:

**Giles Hughes**  
Chief Executive

Date:

# GLOSSARY OF TERMS AND ABBREVIATIONS

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## A

### **Accounting Period**

The period of time covered by the accounts, normally a period of 12 months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

### **Accounting Statements**

The Council's Core Financial Statements and Supplementary Financial Statements.

### **Accruals**

Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which no payment has yet been made or received at the Balance Sheet date.

### **Actuarial Gains and Losses (Pension Schemes)**

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.

### **Amortisation**

A term used to refer to the charging of the value of a transaction or asset (usually related to intangible assets or deferred charges) to the Income and Expenditure Account over a period of time, reflecting the value to the authority; similar to the depreciation charge for non-current assets.

### **Appointed Auditors**

The Local Audit and Accountability Act 2014 includes a statutory requirement that a local authority's annual Statement of Accounts be subject to external review by a duly appointed external auditor. From 2018/19, the responsibility for the appointment of said external auditor has been devolved to Public Sector Audit Appointments (PSSA) for Local Government Authorities that have opted into its national scheme. Grant Thornton UK LLP is the Council's appointed auditors for the period 2018/19 to 2022/23.

### **Approved Institutions**

Funds that are not immediately required may be invested but only with third parties meeting the credit rating criteria approved annually as part of the Council's Treasury Management Policies and Practices.

### **Asset**

An item having value in monetary terms. See also Current Assets, Non-Current Assets and Financial Asset.

### **Audit of Accounts**

An independent examination of the Council's financial affairs.

## B

### **Billing Authority**

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

### **Budget**

The forecast of net revenue and capital expenditure over an accounting period.

## C

### **Capital Expenditure**

Expenditure for the acquisition, provision or improvement of non-current assets, which will be of long-term value to the Council, providing services beyond the current accounting period.

### **Capital Programme**

The capital schemes the Council intends to carry out over a specified time period.

### **Capital Receipts**

Money received from the disposal of non-current assets or the repayment of grants and loans, which is available for financing future capital expenditure.

# GLOSSARY OF TERMS AND ABBREVIATIONS

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## **Collection Fund**

A statutory fund maintained by a billing authority, which is used to record local taxes and Non-Domestic Rates collected by the authority, along with payments to precepting authorities, the national pool of Non-Domestic Rates and the billing authority's General Fund.

## **Community Assets**

Assets which the Authority intends to hold in perpetuity, that have no determinable finite useful life and that may have restrictions on their disposal, e.g. parks, historical buildings. See also Non-Current Assets.

## **Consistency**

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

## **Contingency**

Money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income.

## **Contingent Asset**

A possible asset that arises from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

## **Contingent Liability**

A contingent liability is either:

- a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or
- a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount cannot be measured with sufficient liability.

## **Council Tax**

The main source of local taxation for local authorities. Council Tax is levied on households within its area by the billing authority and the proceeds are paid into the Collection Fund for distribution to precepting authorities and the Authority's General Fund.

## **Creditors**

Amounts owed by the Authority for works completed, goods received or services rendered before the end of the accounting period but for which payments have not been made.

## **Current Assets**

Assets which can be expected to be consumed or realised during the next accounting period.

## **Current Liabilities**

Amounts which will become due or could be called upon during the next accounting period.

## **Current Service Cost (Pensions)**

The increase in the present value of a defined benefit scheme's liabilities as a result of employee service earned in the current period.

## **Curtailement (Pensions)**

An event that reduces the expected years of future service of present employees, or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

## **D**

### **Debtors**

Amounts due to the Authority for works completed, goods received or services rendered before the end of the accounting period but for which payments have not been received.

### **Depreciation**

The estimated benefit of an asset consumed during the accounting period, owing to age, wear and tear, deterioration or obsolescence.

**Direct Revenue Financing (DRF)**

Resources provided from an authority's revenue budget to finance the cost of capital projects.

**E****Equity**

The Authority's value of total assets less total liabilities.

**Equity Instrument**

A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

**Events After the Reporting Period**

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 signed by the responsible financial officer.

**Exceptional Items**

Events or transactions that fall within the ordinary activities of the Authority and need to be disclosed separately due to their size to give fair presentation of the accounts.

**External Audit**

The independent examination of the activities and accounts of local authorities in order to give an opinion as to whether the Statement of Accounts have been prepared in accordance with legislative requirements and proper practices, and to ensure the authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

**F****Fair Value (FV)**

The price an asset could be exchanged for in an arm's length transaction less any grant.

**Fees and Charges**

Income raised by charging users of services for facilities, e.g. leisure centres, trade refuse, etc.

**Finance Leases**

A lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee. Accounting guidance requires that it should be presumed that such transfer of risks and rewards occurs if at the inception of a lease the present value of the minimum lease payments including any initial payment, amounts to substantially all (normally 90% or more) of the fair value of the leased asset. The present value is calculated using the interest rate implicit in the lease.

**Financial Asset**

A right to future economic benefits controlled by the Authority that is represented by:

- cash
- an equity instrument of another entity
- a contractual right to receive cash (or another financial asset) from another entity
- a contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the Authority.

**Financial Instruments**

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Liability**

An obligation to transfer economic benefits controlled by the Authority that is represented by:

- a contractual obligation to deliver cash (or another financial asset) to another entity
- a contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the Authority.

# GLOSSARY OF TERMS AND ABBREVIATIONS

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## G

### **General Fund (GF)**

The main revenue fund of a billing authority, used to meet day-to-day spending.

### **Government Grants**

Grants made by the Government towards either revenue or capital expenditure to support the cost of providing the Authority's services. These grants may be specifically towards the cost of particular schemes or to support the revenue spend of the Authority.

### **Gross Expenditure**

The total cost of providing the Authority's services before taking into account income from government grants and fees and charges for services.

### **Growth**

Any increase in spending from one year to another which enables the Authority to pay for more services rather than to meet higher costs.

## H

### **Housing Benefit (Rent Allowance)**

An allowance to persons on low (or no) income to meet, in whole or part, their rent. Benefit is allowed or paid by local authorities but central government refunds part of the cost of the benefit provided and of the running costs of the service to local authorities.

## I

### **Impairment**

A reduction in the carrying value of a fixed asset below its carrying value (due to obsolescence, damage or an adverse change in the statutory environment)

### **Income**

Amounts that the Authority receives or expects to receive from any source, including fees and charges, sales and grants.

### **Infrastructure Assets**

Non-current assets belonging to the Authority which do not necessarily have a resale value e.g. highways, and for which a useful life span cannot be readily determined.

### **Intangible Assets**

Non-financial assets which do not have physical substance but are identified and controlled by the Authority through legal rights e.g. IT Software.

### **Interest Receivable**

The money earned from the investment of surplus cash.

### **Inventories**

Items of raw materials and stores an authority has procured to use on a continuing basis and which it has not yet used.

### **Investment Property**

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

## J

### **Joint Arrangement**

An arrangement under which the participants engage in joint activities but do not create a legal entity because it would not carry on a trade or business of its own.

# GLOSSARY OF TERMS AND ABBREVIATIONS

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## L

### **Liability**

A liability is where the Authority owes payment to an individual or another organisation. See also Contingent Liability, Current Liabilities and Financial Liability

### **Local Council Tax Support Scheme**

Assistance provided by billing authorities to adults on low incomes to help pay their Council Tax bill. The cost is borne by the Council.

### **Long-Term Assets**

Non-current and other assets which can be expected to be of use or benefit the Authority in providing its service for more than one accounting period.

### **Long-Term Liabilities**

Amounts which will become due or could be called upon beyond the next accounting period.

## M

### **Materiality**

The concept that the Statement of Accounts should include all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the financial statements to a reader.

### **Minimum Revenue Provision (MRP)**

The minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for repayment of debt as required by the Local Government Act 2003.

## N

### **National Non-Domestic Rates (NNDR)**

A levy on businesses, based on a national rate in the pound set by the Government, multiplied by the rateable value of the premises they occupy.

### **Net Book Value (NBV)**

The amount at which non-current assets are included in the balance sheet.

### **Net Debt**

The Authority's total borrowings less cash investments.

### **Net Expenditure**

Gross expenditure less specific service income.

### **Net Interest on the Net Defined Benefit Liability (Pensions)**

The net interest expense - the change during the period in the net benefit liability that arises from the passage of time.

### **Non-Current Assets**

Property, plant and equipment and other assets that bring longer term benefit or service potential to the Authority.

### **Non-Operational Assets**

Assets held by the Authority but not directly occupied, used or consumed in the direct delivery of services, e.g. assets in the course of construction and surplus land.

# GLOSSARY OF TERMS AND ABBREVIATIONS

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## O

### **Operating Leases**

A lease other than a Finance Lease (see above). The future obligations relating to operating leases are disclosed to provide the reader with an estimate of the outstanding un-discharged obligations in relation to such leases.

### **Operational Assets**

Non-current assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has a statutory or discretionary responsibility.

### **Outturn**

Actual income and expenditure in a financial year (accounting period).

## P

### **Past Service Costs (Pensions)**

The increase in the present value of the defined benefit scheme liabilities, related to employee service in prior periods, arising as a result of, or improvement to, retirement benefits.

### **Pension Fund**

An employees' pension fund maintained by an authority, or group of authorities, in order to make pension payments on the retirement of its participants; it is financed from contributions from the employing authority, the employee and investment income.

### **Precept**

A levy made by one statutory body (Precepting Authority) on another to meet the net cost of its services.

### **Precepting Authorities**

Those authorities that are not Billing Authorities; i.e. do not collect the Council Tax and National Non-Domestic Rates. Police authorities are 'major' precepting authorities and town and parish councils are 'local' precepting authorities.

### **Prior Period Adjustments**

Material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

### **Provisions**

Amounts set aside for the purposes of providing for any liability or loss which is likely or certain to be incurred but is uncertain as to the amount or the date on which it will arise, e.g. bad debts.

### **Prudence**

The concept that income should only be anticipated to the extent that it will be received, as cash or other assets, with reasonable certainty and full and proper allowance should be made for all known and foreseeable losses and liabilities.

### **Prudential Code**

The CIPFA Prudential Code for Capital Finance in Local Authorities – the guidance applicable from April 2017 for the greater freedom for authorities to borrow to fund capital investment (under the Local Government Act 2003). This Code requires the Authority to set and monitor a suite of Prudential Indicators, including its Affordable Borrowing Limit, and produce a capital strategy to give weight to local circumstances and explain their approach to borrowing and investment.

## R

### **Rateable Value**

The annual assumed rental value of a hereditament that is used for NNDR purposes.

### **Revenue Expenditure Funded by Capital Under Statute (REFCUS)**

Expenditure of a capital nature but for which there is no tangible asset, e.g. renovation grants.



# GLOSSARY OF TERMS AND ABBREVIATIONS

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## **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; or
- The parties are subject to common control from the same source; or
- 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 at all times its own separate interests; or
- 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 separate interest.

Examples of related parties to an authority include Central Government, Local Authorities and other bodies precepting or levying demands on the Council Tax, its Members, its Chief Officers and its Pension Fund.

For individuals identified as related parties, it is also presumed that members of the close family, or the same household, or any partnerships, companies in which the individual or a member of their close family, or the same household has a controlling interest, are deemed to be related parties.

## **Related Party Transactions**

The transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. The materiality of related party transactions is judged not only in terms of their significance to the Authority, but also in relation to its related party.

## **Reserves**

Amounts set aside in the accounts for the purpose of meeting general, future expenditure. Reserves may also be used to smooth the cost of certain activities over a number of years. A distinction is drawn between reserves and provisions (see above), which are set up to meet known liabilities.

## **Retirement Benefits**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

## **Return on Plan Assets (Pensions)**

Changes during the period in the net benefit liability that arises from the passage of time excluding amounts included in Net Interest on the Net Defined Benefit Liability.

## **Revenue Expenditure**

Spending on day-to-day items including employees' pay, premises and transport costs and supplies and services.

## **Revenue Support Grant**

A general grant paid by the Government to Council's contributing towards the costs of their services.

## **S**

### **Specific Grants**

The term used to describe all government grants, including supplementary and special grants, to local authorities other than Revenue Support Grant and capital grants.

## **T**

### **Total Cost**

The actual cost of services reflecting all of the direct, indirect and overhead costs that have been incurred in providing the service, even where the expenditure is not under the control of the service's chief officer.

## **W**


### **Work In Progress**

The cost of work carried out on an uncompleted project at the Balance Sheet date, which should be accounted for within the accounting period.

## INDEX OF NOTES TO THE ACCOUNTS

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# Agenda Item 8

	<p><b>WEST OXFORDSHIRE DISTRICT COUNCIL</b></p>
<p>WEST OXFORDSHIRE DISTRICT COUNCIL</p>	
<p>Name and date of Committee</p>	<p><b>Audit &amp; Governance Committee - Thursday 10<sup>th</sup> of August 2023</b></p>
<p>Subject</p>	<p><b>Statement of Accounts 2022/23</b></p>
<p>Wards affected</p>	<p>All</p>
<p>Accountable member</p>	<p>Cllr Dan Levy Cabinet Member for Finance Email: <a href="mailto:dan.levy@westoxon.gov.uk">dan.levy@westoxon.gov.uk</a></p>
<p>Accountable officer</p>	<p>Elizabeth Griffiths, Section 151 Officer Email: <a href="mailto:elizabeth.griffiths@westoxon.gov.uk">elizabeth.griffiths@westoxon.gov.uk</a></p>
<p>Summary/Purpose</p>	<p>This report presents the Council's unaudited Statement of Accounts for the period 1 April 2022 to 31 March 2023 to enable the Committee to consider and approve the Council's accounts</p>
<p>Annexes</p>	<p>Annex A Statement of Accounts including the Annual Governance Statement</p>
<p>Recommendation</p>	<p>a) That the Statement of Accounts 2022/23, including the Annual Governance Statement be noted</p>
<p>Corporate priorities</p>	<p>Modern Council Services and Sustainable Finance: Delivering excellent modern services whilst ensuring the financial sustainability of the Council</p>
<p>Key Decision</p>	<p>No</p>
<p>Exempt</p>	<p>No</p>

## BACKGROUND

1.1 The Council's Chief Finance Officer is responsible for ensuring that the statement of accounts is prepared and published by 30th June following the end of a year.

1.2. The Council has not yet submitted its draft Statement of Accounts to the External Auditors Grant Thornton, but intends to do so by 4<sup>th</sup> August. This is due to the External Auditor requirement for Hymans Roberts, the Actuary for the Oxfordshire LGPS, to restate the 2021/22 carried forward pension scheme liability, taking into account the impact of the triennial revaluation of the Pension Scheme released in 2023.

1.3. The public inspection period will run from 7th August to 18th September

1.4. Due to resourcing difficulties on the part of the external auditors Grant Thornton, mainly caused by a general backlog in Council audits from the previous year, the date for the audit of the accounts for the year ended 31st March 2023 is not yet confirmed.

1.5. The Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ('the Code'). The Council is statutorily obliged under the Accounts and Audit Regulations 2015 to prepare its Statement of Accounts in accordance with the Code.

## STATEMENT OF ACCOUNTS

2.1. The four core statements within the Accounts are:

Comprehensive Income & Expenditure Statement:

The statement shows the accounting cost of services in accordance with generally accepted accounting practices (GAAP). The 'below the line' funding & accounting entries that bring the statement back to the movement on the General Fund (reversing items such as depreciation and accounting for pension contributions) form part of the Movement in Reserves Statement below.

Movement in Reserves Statement:

The statement details the movement in the year between reserves, from the surplus/deficit on provision of services in the Comprehensive Income & Expenditure Statement, to the position on the Balance Sheet at 31 March, splitting the reserves into the usable reserves (which are available to spend) and unusable reserves which represent reserve held for accounting purposes (and are not available for use).

Balance Sheet:

The balance sheet depicts the assets and liabilities of the Authority, with the overall position representing the 'net worth' of the Council.

#### Cash Flow Statement:

The statement shows the year on year change in cash and cash equivalents (i.e. on demand deposits) available to the Council, as opposed to simply showing the movement in the bank balance.

2.2. The 'notes to the accounts' provide additional breakdown and disclosure of balances to support the primary statements.

#### Accounting Policies:

2.3. The Council's Financial Rules state that the Chief Finance Officer is responsible for setting the Council's accounting policies. The Statement of Accounts is prepared based upon these policies.

2.4. Whilst it is the Chief Finance Officer's responsibility to set the policies, it is seen as best practice for this Committee to also agree the policies. The policies have a significant influence upon the Accounts which the Committee has responsibility for approving, following completion of the audit process.

2.5. The accounting policies are set out on pages 54 to 67 of the attached Statement of Accounts. Changes are summarised in the Statement of Accounts Update and Accounting Policies report (agenda item 7)

#### Revenue Outturn and Performance

2.6. The Council's approved revenue budget for 2022/23 was £13,727,413. The final outturn position saw the Council budget overspent by £573,004.

2.7. The revenue outturn position was reported to Cabinet on 12<sup>th</sup> July 2023 (for a full breakdown of the outturn for the year, please refer to the Cabinet report, agenda item 60). At their meeting, Cabinet recommended to Council to transfer £2,071,519 of the revenue surplus to earmarked reserves and to increase the General Fund Balance by £573,004. Council subsequently approved the appropriations on 19<sup>th</sup> July 2023.

#### Reconciling the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement to the Revenue Outturn position reported to Cabinet

2.8. The Comprehensive Income and Expenditure Statement (CI&ES) (page 8 of the Accounts) shows the accounting cost in the year of providing services. The statement is prepared based under International Financial Reporting Standards (IFRS) and therefore does not match the figure presented to Cabinet as part of the year-end outturn report, which is prepared on the basis of internal reporting practices. To reconcile the figures, the CI&ES and Movement in Reserves Statement (MiRS) need to be read together as the MiRS reverses out or adjusts some Income and Expenditure items to make them compatible with the Code of Practice on Local Authority Accounting, and UK statutory requirements.

2.9. Note BI “Expenditure and Funding Analysis” on page 12 of the Accounts reconciles the difference between statutory financial reporting and those figures reported internally to Cabinet. The CI&ES declares a deficit on the provision of services of £987,626. This figure includes changes in asset values and pension fund accounting which are not reported to Members as they are statutory accounting adjustments and do not impact upon council tax payer financing of the Council. These are set out in the column headed “Adjs. between accounting and funding basis” and amount to £1.288m. Once adjustments to earmarked reserves of £1.7m are taken into account, the net contribution from the Council’s General Fund Balance is £573,004 (£1,288k + £987k - £1,702k = £573k).

### **Key Balance Sheet Movements**

2.10. The balance sheet represents the value or ‘net worth’ of the Council as at 31st March 2023. The key movements in the balance sheet between 31st March 2022 and 31st March 2023 and the reasons for the largest changes are summarised below.

2.11. The value of Property, Plant and Equipment has increased by £5.257 million. This is primarily due to acquisition of Mariotts Close and the revaluation downwards of some of our investment property, operational buildings and leisure facilities. This reflects the difficult market conditions for large office premises and the performance of the leisure sector.

2.12. Short term debtors have decreased by £5.468 million and short term creditors have decreased by £18.564 million. While in a normal year fluctuations in these balances would be expected, in 2021/22 these were hugely exacerbated due to the size of transactions with central government departments and the Council’s partners. Specifically the Business Rates deficit, S31 compensation grant and Business Support grants. This impact has been reversed in 2022/23 bringing Short Term Debtors and Creditors in line with pre Covid levels.

2.13. The valuation of the pension fund net assets and liabilities which is shown in note F1 to the accounts, has shown a decrease in liability of £23.142 million. The valuation of the pension fund does fluctuate each year and is based upon a number of actuarial assumptions and a triennial revaluation cycle. At 31 March 2023 the Council’s share of the Oxfordshire Pension Fund stands at a net liability of £1.789 million compared to a liability at 31st March 2022 of £24,931,000. The future value of pension liabilities is based on the discount rate, which is based on the yield on investment grade corporate bonds. There has been a significant rise in yield over the period which has led to an increase in the discount rate, which in turn has had a positive effect on pension scheme liabilities. Whilst the scheme is in deficit it represents the net value of what the Council owes across all future years. Publica and the Council are making contributions to cover liabilities accruing for employees that are current members.

2.14. In March 2023 the Council took out short term borrowing of £5 million which was repaid in April 2023. This borrowing was to support operational cash requirements i.e. paying Precepts, paying invoices and our contract obligations. There was a £13.026 million decrease in our cash and cash equivalents year on year due to a significant amount of Government funding being received at the end of March 2022 for Business Support Grants and additional S31 Grant compensating for the impact of Government legislation changes on Business Rates income.

2.15. The 'general fund balance' has decreased by £573,004 from 1 April to 31 March. The movement represents the remaining overspend in the year (after transfers to earmarked reserves). The general fund balance represents the unallocated revenue reserves of the Council. At 31 March 2023 the General Fund balance stood at £12,240,348.

2.16. The Council's 'earmarked reserves' represent resources that have been set-aside by the Council for specific projects or money to provide particular schemes in the future. Overall contributions to earmarked reserves amounted to £4.236 million, including £2.060m to the Business Rates Deficit Reserve, £670,206 to a Budget Deficit Reserve and £633,757 to the Local Plan Reserve. Expenditure amounted to £7.317m. Of the money spent, £4.578m funded the repayment of the Business Rates deficit relating to 2021/22 and £1.187m for High Speed Broadband across the District. The value of earmarked reserves has therefore decreased by £3.081m.

2.17. The 'Net Assets' or 'Net Worth of the Council has increased by £19,875,034. The main contributing factor is the decrease in pension liability. Although the Council faces significant challenges in 2023/24 and beyond, the Council is generally in a stable position at the end of the 2022/23 financial year with a level of reserves to fund budget deficits until they are exhausted in 2027/28, although this date could be sooner as some of the funding projected in our Medium Term Financial Strategy is subjective.

(END)

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WEST OXFORDSHIRE  
DISTRICT COUNCIL

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## STATEMENT OF ACCOUNTS 2022/23 (Draft)

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# NARRATIVE REPORT

## West Oxfordshire District Council

In the last decade the population of West Oxfordshire has increased by 9% to 114,200, the fastest rise in the South East but it is still the least densely populated. The rural nature of the district makes it more difficult and more costly to provide services and the recent rises in inflation and interest rates have impacted the Council's finances in the same way as individual households have been affected.

The increase in population puts pressure on housing stocks and with 18% of households in the Private Rented sector, both the availability of homes for rent and affordability are key long term concerns.

During 2022/23, 309 new affordable homes have been completed in the District, higher than the target of 276 in the Local Plan, this has been achieved by working in partnership with both housing associations and developers.

The population is ageing, with 21.7% of residents over the age of 65, of which 10% are over 75, many of whom live alone. This brings to the fore concerns over accessibility to services, social isolation and the effect of the cost of living crisis on some of the most vulnerable residents in the District.

The Council has been running an active Cost of Living support programme which provided assistance for residents and local charities supporting residents through the winter months and beyond as the situation continues.

## Our Vision and Priorities

The Council Plan 2023-2027 was adopted in January 2023. The Plan sets out the Council's key priorities and shows how the Council intends to achieve its ambitions for supporting local communities and the delivery of local services as follows.

1. Putting residents first
2. Enabling a good quality of life for all
3. Creating a better environment for people and wildlife
4. Responding to the climate and ecological emergency
5. Working together for West Oxfordshire

An Action Plan will be developed in 2023/24 with the specific actions to be taken, including detail on the role of the Council, required partner inputs, resources required and anticipated outputs with defined 'measures of success' to enable the Council to demonstrate that the Plan priorities are being delivered.

Progress on the delivery of the Council Plan priorities will be communicated via quarterly performance management reports and an Annual Statement that will provide a detailed overview of progress to date and actions required to further progress delivery of the Plan priorities for the following twelve months.

## Shared Prosperity Fund

Announced in April 2022, West Oxfordshire will receive £1m of government funding over the next three years to improve our town centres, support community groups, help to grow the local economy and build skills and business growth in the area. A working group has been established to develop suitable programmes and includes members from Abingdon & Witney College, OXLEP, Thames Valley Chamber of Commerce and North East Cotswold Farmer Cluster.

## Rural England Prosperity Fund

Announced in September 2022, the government has allocated £716,216 for capital projects to provide new and improved community infrastructure and help small businesses to develop new facilities and products that will benefit the local economy.

## Homes for Ukraine

The Council is continuing to support the Homes for Ukraine scheme in which people in the UK are sponsoring/hosting a Ukrainian family or individual. As at 31 March 2023 there were 124 guests in 49 households.

## Cost of Living Crisis

The rise in energy prices and inflationary increases in living costs have impacted residents of the District, particularly those on low incomes. The Council paid £5.225m to 33,989 households for the Council Tax £150 rebate scheme in the year but has still seen an increase in applications for reductions in Council Tax in special circumstances (S13 1A). The Council Tax support scheme for 23/24 has been revised in line with inflation.

Collection rates for both Council Tax and Business Rates have not yet returned to pre pandemic levels with Council Tax 1.64% below target and Business Rates at 2.8% below target, in spite of a 4% improvement on 21/22.

# NARRATIVE REPORT

## Publica Group (Support) Limited

Publica Group (Support) Limited ['Publica'] is wholly owned by West Oxfordshire District Council, Cotswold District Council, Forest of Dean District Council and Cheltenham Borough Council. It is a not-for-profit company limited by guarantee with no share capital and operates with Mutual Trading Status to deliver services under contract on behalf of the Member Councils.

Publica is a Teckal company fulfilling the conditions set out in Regulation 12(4) of the Public Contracts Regulations 2015. The Company is subject to management supervision by the Members. As such, the Company is a body governed by public law as defined in the Public Contracts Regulations 2015.

While Publica works closely with the Council, the company has its own board of Directors, its own Management team, and operates independently from the Council.

## Ubico Ltd

Ubico Ltd was established in 2011/12 by Cheltenham Borough Council and Cotswold District Council to deliver integrated environmental services including household and commercial refuse collection.

During 2015/16 West Oxfordshire District Council became a shareholder of Ubico Ltd. The Council holds an equal 1/8<sup>th</sup> shareholding in the Company.

## Medium Term Financial Strategy (MTFS)

The financial impact of the new Council priorities is reflected in the updated Medium Term Financial Strategy 2022/23. The Council operates a rolling 10 year MTFS which was approved by the Executive as part of the budget papers on 8 February 2023 and published to all members as part of the Council papers a week later. That update reflected:

- The expected loss of £2m of funding through the Business Rates Reset delayed until 2025/26
- Significant inflationary pressures in both contract costs and wages growth
- The erosion of General Fund balances to fill the funding gap
- The re-profiling of our Investment Strategy to recognise the difficulty in bringing suitable projects to fruition exacerbated by the increased PWLB restrictions on Public Sector borrowing and the significant rise in interest rates.
- A provision of £4.096m for appeals against both the 2010 and 2017 Business Rate rating list.
- Changes in assumptions on tax base growth and inflation

The Medium Term Financial Strategy has since been revised for the Executive and the revisions shared with wider members as part of member training. It will continue to be updated regularly to forecast the current position and evaluate the impact, both negative and positive, of decisions made.

The version of the Medium Term Financial Strategy published with the budget papers can be found on the Council's website within the documents of the Executive meeting of 8th February 2023.

## Financial Performance

The Council's 2022/23 budget strategy assumed a contribution to General Fund balances of £1.6m. The outturn position (after transfers to earmarked reserves) was a deficit for the year of £573,004

The full Q4 outturn report can be viewed by visiting the Council website and reading the Executive papers of 12th July 2023.

## Retained Business Rates

There is a £1.273m deficit in our retained Business Rate income for 2022/23 due to the extension of government reliefs to the Retail, Leisure and Hospitality Sectors. The corresponding Section 31 compensation grant received in the year from Central Government has been moved to Earmarked Reserves to fund the repayment of the deficit on the Collection Fund in 2023/24. This deficit has been taken into account when setting the 2023/24 budget.

## Capital Programme

The Council maintains a capital programme to support investment and manage its assets. The approved budget for the year was £30.5m.

In 2022/23 the Council spent £15.291m on:

Capital Investment in the year	£000
Purchase of Marriotts Walk Shopping Centre	9,542
Affordable Housing	1,819
Disabled Facilities Grants (DFGs)	887
S106 Funded Projects	787
Community Grants	171
IT Equipment and Infrastructure	67
High Speed Broadband	1,187
Agile Working Programme	191
Ubico Fleet Replacement	488
Purchase of Land at Cogges	76
Other Minor Schemes	76
	15,291

# NARRATIVE REPORT

The most significant of these was the purchase of Marriotts Walk Shopping Centre. This acquisition allows the Council to regenerate the central Witney shopping area, protect the long term sustainability of Witney Town Centre through proactively seeking tenants who compliment traders on the High Street and ultimately increase footfall and employment in the whole of Witney due to the nature of our Marriotts offering.

## Financial Position

Net Assets increased in the year by approximately £19.875m. The Council continues to maintain a strong Balance Sheet despite financial challenges.



**Net Assets 21/22**  
**£130.531m**

**Net Assets 22/23**  
**£150.406.m**

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**Movement**  
**£19.875.m**

The major contributing factors were a decrease in the pension fund obligation of £23.142m and a decrease in temporary cash held at the year end compared to the previous year and the acquisition of Marriotts Walk in Witney.

## Pension Liability

West Oxfordshire District Council is a member of the Oxfordshire County Council Pension Fund, for which Oxfordshire County Council is the administering authority. The scheme is a defined benefit statutory scheme that is administered in accordance with the Local Government Pension Scheme Regulations 1997 (as amended).

At the balance sheet date the actuarial valuation had the pension fund in deficit (liabilities exceed assets). The valuation is represented as follows:

Pension assets and liabilities	£000
Fair value of employer assets	71,215
Present value of obligations	(73,004)
Surplus / (deficit) on the pension fund	(1,789)

The Council's overall pension liability fell in the year by £22.444m. The future value of pension liabilities is based on the discount rate, which is based on the yield on investment grade corporate bonds. There has been a significant rise in yield over the period which has led

to an increase in the discount rate, which in turn has had a positive effect on pension scheme liabilities.

The 31<sup>st</sup> March 2023 position [£1,789,000 deficit] is compared to a restated deficit at 31<sup>st</sup> March 2022 of £24,931,000. Whilst the scheme is in deficit it represents the net value of what the Council owes across all future years. The Council makes contributions to cover liabilities accruing for employees that are current members.

## Operational Performance and Efficiency

The Council has three Overview and Scrutiny Committees – Finance and Management; Economic and Social; and Climate & Environment – to monitor the Council's progress towards achieving its aims and priorities as set out in the Corporate Strategy and Plan.

Service Performance is reported to Members quarterly through a set of Service Dashboards which measure a range of metrics such as the recycling rate achieved, the average caseload per Planner and planning decisions made within the target of 8 weeks of receipt, the Council Tax & Business Rates collection rates, the level of Aged Debt, the on call time and response time in Customer Services and the number of households in temporary emergency accommodation.

For more details on the year's performance please refer to the Council website and the 'Service Performance Report 2022/2023 Year End' from the Executive meeting of 12 July 2023.

## Risk Management

A new Risk Management Group was set up in 2021/22. The Group comprises both Council Statutory Officers and Public Senior Managers. Any risk scoring above a defined threshold are considered a 'primary' risk.

Work has also been undertaken to improve the recognition, reporting and mitigation of risk. While significant progress has been made to improve the quality of information captured on the risk registers, this is recognised as an ongoing project with the need to embed the agreed criteria and documented processes in the service areas and to encourage the culture shift needed to acknowledge and flag risks early, allowing both management and members to factor them into decision making and to affording the greatest amount of time possible to develop and implement mitigations

## Explanation of the Accounting Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March. It comprises core and supplementary statements, together with supporting notes. The format and content of the financial

## NARRATIVE REPORT

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statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, which in turn is underpinned by International Financial Reporting Standards. A glossary of key terms and abbreviations can be found at the end of this publication.

The **Core Statements** are:

The **Comprehensive Income and Expenditure Statement** – this records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area / directorate. The bottom half of the statement deals with corporate transactions and funding.

The **Movement in Reserves Statement** is a summary of the changes that have taken place in the bottom-half of the Balance Sheet over the financial year.

Reserves are divided into “usable”, which can be invested in service improvements or capital investment, and “unusable” which must be set aside for specific purposes.

The **Balance Sheet** is a ‘snapshot’ of the Council's assets, liabilities, cash balances and reserves as at the year-end, 31 March 2022.

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

The **Supplementary Statements** are:

The **Collection Fund** summarises the transactions relating to council tax and business rates collection, and the redistribution of that money.

Business Rates are distributed to Central Government, Oxfordshire County Council and West Oxfordshire District Council. Council Tax is distributed between Oxfordshire County Council, the Police & Crime Commissioner for Thames Valley, West Oxfordshire District Council and the Town & Parish Councils within the West Oxfordshire district.

The **Annual Governance Statement** which sets out the governance structures of the Council and its key internal controls.

# NARRATIVE REPORT

## Facing the Challenges Ahead

2022/23 was financially a very difficult one for the Council, driven by unexpectedly high inflation affecting all aspects of spend generally, salary costs, utility bills and fuel in particular. These economic shocks and sudden increases in costs were felt everywhere, creating a Cost of Living crisis for our residents and the wider population. During the pandemic the Council had a pivotal role to play in supporting our residents and was instrumental in providing support and administering grants, much of which was funded by Central Govt. Now, the Authority is facing a situation where it is no longer receiving discretionary support to fund additional activities, the needs of its residents have changed but not reduced and it is suffering its own challenges with rising costs and reduced income.

While West Oxfordshire District Council is in no way unique, as every Local Authority at every tier is experiencing the same issues, that does not lessen the fact that it has had a significant impact on our long term financial stability.

The impact of the unprecedented cost increases is perfectly demonstrated in the closing position of 22/23. The Council set a realistic budget in February 2022 which anticipated returning a £1.6m surplus to the general fund. By March 2023 that had swung to a deficit of £573k. While this position was clearly significantly worse than budgeted, it is relatively in line with reporting through the year and also with our budget for 2023/24. While this provides some confirmation that our projections of a deficit budget position and deteriorating financial position are not overstated, it also reconfirms the need to address it.

Our largest controllable risks continue to be the Leisure contract which is experiencing the same rise in costs, especially around utilities, combined with a footfall which has still not recovered and for those reasons is struggling to deliver the contractual levels of management fee income. The Ubico waste contract whose costs continue to rise rapidly is another concern, and an emerging risk around homelessness prevention. This was an area which saw elevated costs through Covid but the level of these has not reduced to pre pandemic levels.

Income from investment properties has seen some recovery, partly due to the good work done by officers liaising with tenants through the pandemic to assist with payment plans on rents owed, but has still not completely recovered and local businesses hoping to emerge from the pandemic into a better

economic situation also find themselves suffering from the same inflationary increases and economic pressures.

In October of 2020, the Council adopted an ambitious investment strategy which it hoped would help to close the forecast budget gap in our Medium Term Financial Strategy (MTFS) which was primarily being caused by the anticipated reset of business rates income which has been deferred for several years and the discontinuation of New Homes Bonus. West Oxfordshire has benefitted disproportionately from both and therefore is expected to suffer a disproportionate impact in funding levels when they are removed.

The investment strategy has proven difficult to realise with compliant projects, which support Council priorities and deliver the necessary financial returns, very scarce indeed. West Oxfordshire has been fortunate this year to be able to invest in a large scale regeneration project in Witney, improving a shopping area which it hopes will bring increased trade and economic benefit to the whole high street and town beyond. With costs rising though, business cases that may have previously delivered returns are being hard pressed to do so and with interest rates more than twice the level they were when the investment strategy was created, most proposals investigated would result in detriment to the Council's Finances, not improvement. While the simple result of this is that we have avoided making what would now be bad investments, it does mean that some income we had previously hoped to generate will no longer happen and this is coupled with rising costs which have significantly widened the gap we are trying to close.

The positive aspect of this situation is that West Oxfordshire District Council has a healthy level of reserves. This means that we have been able to, in the short term, absorb these rapid changes in fortune. We have continued to provide services at the same level as before and have done our best to support our residents with a funded Cost of Living response which has given both direct support to those in need and indirect support through local charities and volunteer groups.

In the short to medium term however, this level of budget deficit will erode our reserves quickly and therefore cannot be sustained. We still anticipate the loss of New Homes Bonus in 2025/26 and the business rates reset which has been deferred for several years now is unlikely to be continue to be delayed indefinitely.



## NARRATIVE REPORT

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The Council is working with its teckal partners, Publica and Ubico, to examine each service area in order to identify potential savings, activities that could be deprioritised and opportunities to generate higher levels of income.

Council staff have continued the hybrid approach to working that was started through the pandemic. This has allowed the Authority to reorganise its office space, reducing its footprint and creating new revenue streams by leasing the space that has been freed up to local businesses.

The Council chamber is being modified to make it a more flexible space which will then be able to be rented out for business meetings and events. The same technology which is being installed to allow residents to view meetings and officers to interact remotely will allow people to participate in meetings and celebrations even if they are unable to attend in person.

While the difficulties highlighted above present a clear challenge, our relationship with partners such as GLL who are our leisure operator, partner Councils both to the west towards Gloucestershire and to the east across Oxfordshire and other local organisations remain strong and effective which is crucial in our delivery of services and support to our residents.

While our reserves are adequate, they are not infinite. Many of our current sources of income and funding have either reduced or have at best remained static while costs have risen to unanticipated levels. Savings, viable investments and new revenue streams are being sought but while so much uncertainty exists in our financial future, the financial stability of the Council must be a high priority in the coming year as it is the essential enabler for all other activities and objectives.

Elizabeth Griffiths ACMA  
Chief Finance Officer

### Further information

For further information on the accounts please contact:

Elizabeth Griffiths, Chief Finance Officer,  
West Oxfordshire District Council,  
Woodgreen, Witney, Oxfordshire OX28 1NB;

or via email at [Elizabeth.Griffiths@westoxon.gov.uk](mailto:Elizabeth.Griffiths@westoxon.gov.uk)

## The Authority's responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

## The Chief Finance Officer's responsibility

The Chief Finance Officer is responsible for the preparation of the Authority'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 Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Local Authority Code.

The Chief Finance Officer has also:

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

## CERTIFICATE

I certify that the Statement of Accounts presented here gives a true and fair view of the financial position of the authority at the accounting date and of its income and expenditure for the year ended 31<sup>st</sup> March 2023.

\_\_\_\_\_  
Elizabeth Griffiths  
Chief Finance Officer and Deputy Chief Executive

Date: \_\_\_\_\_

In accordance with regulation 10(3) Accounts and Audit Regulations 2016, the statement of accounts is approved by the Chair of the Audit and Governance Committee, on behalf of West Oxfordshire District Council.

\_\_\_\_\_  
Cllr Mathew Parkinson  
Chairman of the Audit and Governance Committee

Date: \_\_\_\_\_

# COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2021/2022					2022/2023		
Gross Expenditure £	Gross Income £	Net Expenditure £		Note	Gross Expenditure £	Gross Income £	Net Expenditure £
1,480,674	(788,253)	692,421	Environmental and Regulatory Services		1,416,516	(638,259)	778,257
1,231,442	(177,785)	1,053,657	Finance, Human Resources & Procurement		1,323,577	(207,870)	1,115,707
2,829,514	(734,386)	2,095,128	ICT, Change and Customer Services		2,855,798	(719,139)	2,136,659
1,724,771	(872,930)	851,841	Land, Legal and Property Services		2,131,525	(969,549)	1,161,976
18,995,895	(18,172,092)	823,803	Revenues and Housing Support Services		23,399,253	(22,101,685)	1,297,568
1,223,593	(210,733)	1,012,860	Democratic Services		1,250,980	(40,371)	1,210,609
10,580,393	(3,476,932)	7,103,461	Environmental Services		11,628,622	(3,557,560)	8,071,062
2,821,069	(301,042)	2,520,027	Leisure and Communities Services		5,210,386	(2,887,505)	2,322,881
2,518,408	(1,389,576)	1,128,832	Planning and Strategic Housing Services		4,876,613	(3,315,384)	1,561,229
1,654,761	(495,452)	1,159,309	Other Retained Services		1,808,015	(465,323)	1,342,692
4,216,639	(2,716,576)	1,500,063	Covid-19 Income & Expenditure	B2A	522,941	(91,067)	431,874
<b>49,277,159</b>	<b>(29,335,757)</b>	<b>19,941,402</b>	<b>Cost of Services</b>	B1	<b>56,424,226</b>	<b>(34,993,712)</b>	<b>21,430,514</b>
4,092,790	(312,771)	3,780,019	Other Operating Expenditure	B3	4,424,653	(996,494)	3,428,159
1,013,018	(5,963,906)	(4,950,888)	Financing and Investment Income and Expenditure	B4	2,718,795	(5,136,030)	(2,417,235)
0	(22,078,060)	(22,078,060)	Taxation and Non-Specific Grant Income	B5	0	(21,453,812)	(21,453,812)
<b>54,382,967</b>	<b>(57,690,494)</b>	<b>(3,307,527)</b>	<b>(Surplus) / Deficit on Provision of Services</b>	B1 / B2	<b>63,567,674</b>	<b>(62,580,048)</b>	<b>987,626</b>
		(1,485,531)	(Surplus) / deficit on revaluation of non current assets				1,607,582
		(12,038,000)	(Gains) / Losses on Financial Instruments at FV through Remeasurement of the net defined benefit liability				1,299,757
		<b>(13,523,531)</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>(21,639,661)</b>
		<b>(16,831,058)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(20,652,035)</b>

## THE MOVEMENT IN RESERVES STATEMENT

	Note	Usable Reserves				Total Usable Reserves £	Unusable Reserves £	TOTAL RESERVES £
		General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £			
<b>Balance at 1st April 2021</b>		<b>(12,808,751)</b>	<b>(19,095,758)</b>	<b>(6,255,744)</b>	<b>(7,940,560)</b>	<b>(46,100,813)</b>	<b>(66,822,333)</b>	<b>(112,923,146)</b>
Movements in reserves 2021/22		(1,294,755)	1,294,755	0	0	0	0	0
Total Comprehensive Income and Expenditure		(3,307,527)	0	0	0	(3,307,527)	(13,523,531)	<b>(16,831,058)</b>
Adjustments between accounting basis & funding basis under regulations	C1	4,597,687	0	(418,720)	(3,577,948)	601,019	(601,019)	0
<b>(Increase) / Decrease in Reserves 2021/22</b>		<b>(4,594)</b>	<b>1,294,755</b>	<b>(418,720)</b>	<b>(3,577,948)</b>	<b>(2,706,508)</b>	<b>(14,124,550)</b>	<b>(16,831,058)</b>
<b>Balance at 31 March 2022</b>		<b>(12,813,345)</b>	<b>(17,801,003)</b>	<b>(6,674,464)</b>	<b>(11,518,508)</b>	<b>(48,807,321)</b>	<b>(80,946,883)</b>	<b>(129,754,204)</b>
Movements in reserves 2022/23		(1,702,630)	1,702,630	0	0	0	0	0
Total Comprehensive Income and Expenditure		987,626		0	0	987,626	(21,639,661)	<b>(20,652,035)</b>
Adjustments between accounting basis & funding basis under regulations	C1	1,288,001	1,378,738	5,200,671	(1,684,802)	6,182,607	(6,182,607)	0
<b>(Increase) / Decrease in Reserves 2022/23</b>		<b>572,997</b>	<b>3,081,367</b>	<b>5,200,671</b>	<b>(1,684,802)</b>	<b>7,170,233</b>	<b>(27,822,268)</b>	<b>(20,652,035)</b>
<b>Balance at 31 March 2023</b>		<b>(12,240,348)</b>	<b>(14,719,636)</b>	<b>(1,473,793)</b>	<b>(13,203,310)</b>	<b>(41,637,088)</b>	<b>(108,769,151)</b>	<b>(150,406,239)</b>

## THE MOVEMENT IN RESERVES STATEMENT

	Note	Usable Reserves					Total Usable Reserves £	Unusable Reserves £	TOTAL RESERVES £
		General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £				
<b>Balance at 1st April 2020</b>		<b>(12,759,997)</b>	<b>(11,060,046)</b>	<b>(5,980,927)</b>	<b>(8,946,460)</b>	<b>(38,747,430)</b>	<b>(79,699,497)</b>	<b>(118,446,927)</b>	
Movements in reserves 2020/21		8,648,754	(8,648,754)	0	0	0	0	0	
Total Comprehensive Income and Expenditure		(2,768,463)	0	0	0	(2,768,463)	8,292,244	<b>5,523,781</b>	
Adjustments between accounting basis & funding basis under regulations	C1	(5,929,045)	613,042	(274,817)	1,005,900	(4,584,920)	4,584,920	0	
<b>(Increase) / Decrease in Reserves 2020/21</b>		<b>(48,754)</b>	<b>(8,035,712)</b>	<b>(274,817)</b>	<b>1,005,900</b>	<b>(7,353,383)</b>	<b>12,877,164</b>	<b>5,523,781</b>	
<b>Balance at 31 March 2021</b>		<b>(12,808,751)</b>	<b>(19,095,758)</b>	<b>(6,255,744)</b>	<b>(7,940,560)</b>	<b>(46,100,813)</b>	<b>(66,822,333)</b>	<b>(112,923,146)</b>	
Movements in reserves 2021/22		(1,294,755)	1,294,755	0	0	0	0	0	
Total Comprehensive Income and Expenditure		(3,307,527)		0	0	(3,307,527)	(14,300,531)	<b>(17,608,058)</b>	
Adjustments between accounting basis & funding basis under regulations	C1	4,597,687	0	(418,720)	(3,577,948)	601,019	(601,019)	0	
<b>(Increase) / Decrease in Reserves 2021/22</b>		<b>(4,594)</b>	<b>1,294,755</b>	<b>(418,720)</b>	<b>(3,577,948)</b>	<b>(2,706,508)</b>	<b>(14,901,550)</b>	<b>(17,608,058)</b>	
<b>Balance at 31 March 2022</b>		<b>(12,813,345)</b>	<b>(17,801,003)</b>	<b>(6,674,464)</b>	<b>(11,518,508)</b>	<b>(48,807,321)</b>	<b>(81,723,883)</b>	<b>(130,531,204)</b>	

# BALANCE SHEET

31st March 2022 £		Note	31st March 2023 £
68,840,789	Property, Plant & Equipment	D1	78,000,580
91,084	Heritage Assets		91,084
55,207,462	Investment Property	D2	51,305,000
16,529	Intangible Assets	D3	(0)
12,681,774	Non-Current Investments	F2	13,375,411
12,392,719	Non-Current Debtors	D7	11,882,089
<b>149,230,358</b>	<b>Non-Current Assets</b>		<b>154,654,163</b>
2,639,238	Investments	F2	64,433
20,517	Inventories		20,925
18,778,517	Debtors	D4	12,754,905
20,712,184	Cash and Cash Equivalents		7,686,021
<b>42,150,456</b>	<b>Current Assets</b>		<b>20,526,284</b>
(33,108,684)	Creditors	D5	(14,544,020)
0	Short Term Borrowing		(5,013,041)
(1,687,433)	Creditors - s.106 balances	D5	(1,314,063)
(1,448,846)	Provisions	D6	(1,743,670)
<b>(36,244,963)</b>	<b>Current Liabilities</b>		<b>(22,614,794)</b>
(24,154,000)	Defined Benefit Pension Liability	F1	(1,789,000)
(450,644)	Capital Grants Receipts in Advance	B9	(370,413)
<b>(24,604,644)</b>	<b>Non-Current Liabilities</b>		<b>(2,159,413)</b>
<b>130,531,206</b>	<b>Net Assets</b>		<b>150,406,240</b>
(48,807,321)	Usable reserves		(41,637,088)
(81,723,883)	Unusable Reserves	C3	(108,769,151)
<b>(130,531,204)</b>	<b>Total Reserves</b>		<b>(150,406,239)</b>

These financial statements were certified by the Chief Finance Officer on 31st July 2023.

Elizabeth Griffiths, ACMA  
Chief Finance Officer, West Oxfordshire District Council.

## CASH FLOW STATEMENT

	<i>Note</i>	2021/22 £	2022/23 £
Net surplus or (deficit) on provision of services		3,307,525	(987,626)
Adjustments to net surplus or (deficit) on the provision of services to exclude non-cash movements	<i>E1a</i>	11,804,764	(10,572,052)
Adjustments for items included in the net surplus or (deficit) on the provision of services that are investing or financing activities	<i>E1b</i>	(4,932,997)	(3,034,335)
<b>Net cash flows from Operating Activities</b>		<b>10,179,292</b>	<b>(14,594,013)</b>
Investing Activities	<i>E1c</i>	1,139,202	(3,446,453)
Financing Activities	<i>E1d</i>		5,000,000
<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>11,318,494</b>	<b>(13,040,466)</b>
Cash and cash equivalents at 1 April		9,389,432	20,707,926
<b>Cash and cash equivalents at 31 March</b>		<b>20,707,926</b>	<b>7,667,461</b>
Comprising:			
Cash and bank current accounts		6,907,778	(472,539)
Short term investments		13,800,148	8,140,000
		<b>20,707,926</b>	<b>7,667,461</b>

## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

### B1. Expenditure and Funding Analysis

	2022/2023					
	Net Expenditure in CI&ES £	Adjs. between accounting and funding basis £	Transfers to / (from ) GF Earmarked Reserves £	Net Exp. Chargeable to the General Fund £	Management Reporting Adjs. £	Outturn Reported to Management £
Environmental and Regulatory Services	778,257	(193,694)	0	584,563	(14,034)	570,529
GO Shared Services	1,115,707	(135,619)	0	980,088	1,197	981,285
ICT, Change and Customer Services	2,136,659	(381,589)	0	1,755,070	138,577	1,893,647
Land, Legal and Property Services	1,161,976	(229,195)	0	932,781	156,257	1,089,038
Revenues and Housing Support Services	1,297,568	(312,398)	0	985,170	55,882	1,041,052
Democratic Services	1,210,609	(58,825)	0	1,151,784	0	1,151,784
Environmental Services	8,071,062	(489,491)	0	7,581,571	449,803	8,031,374
Leisure and Communities Services	2,322,881	(2,984,518)	0	(661,637)	1,426,647	765,010
Planning and Strategic Housing Services	1,561,229	(644,415)	0	916,814	1,040	917,854
Other Retained Services	1,342,692	377,985	0	1,720,677	275,721	1,996,398
Covid-19 Income & Expenditure	431,874	0	0	431,874	0	431,874
<b>Cost of Services</b>	<b>21,430,514</b>	<b>(5,051,759)</b>	<b>0</b>	<b>16,378,755</b>	<b>2,491,091</b>	<b>18,869,846</b>
Other Income and Expenditure	(20,442,888)	6,339,760	(1,702,630)	(15,805,758)	(2,491,091)	(18,296,848)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>987,626</b>	<b>1,288,001</b>	<b>(1,702,630)</b>	<b>572,997</b>	<b>0</b>	<b>572,997</b>
Opening General Fund Balance (Unallocated) at 1 April (Surplus) / Deficit for the year				(12,813,346) 572,997		
<b>Closing General Fund Balance (Unallocated) at 31 March</b>				<b>(12,240,349)</b>		



## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2021/2022					
	Net Expenditure in CI&ES £	Adjs. between accounting and funding basis £	Transfers to / (from ) GF Earmarked Reserves £	Net Exp. Chargeable to the General Fund £	Management Reporting Adjs. £	Outturn Reported to Management £
Environmental and Regulatory Services	692,421	(255,531)	0	436,890	(6,567)	430,323
GO Shared Services	1,053,657	(159,096)	0	894,561	1,197	895,758
ICT, Change and Customer Services	2,095,128	(490,387)	0	1,604,741	167,448	1,772,189
Land, Legal and Property Services	851,841	(198,071)	0	653,770	122,624	776,394
Revenues and Housing Support Services	823,803	91,726	0	915,529	(125,050)	790,479
Democratic Services	1,012,860	(51,405)	0	961,455	0	961,455
Environmental Services	7,103,461	(545,917)	0	6,557,544	337,863	6,895,407
Leisure and Communities Services	2,520,027	(1,488,977)	0	1,031,050	963,394	1,994,444
Planning and Strategic Housing Services	1,128,832	(415,965)	0	712,867	5,459	718,326
Other Retained Services	1,159,309	562,251	0	1,721,560	0	1,721,560
Covid-19 Income & Expenditure	1,500,063	0	0	1,500,063	0	1,500,063
<b>Cost of Services</b>	<b>19,941,402</b>	<b>(2,951,372)</b>	<b>0</b>	<b>16,990,030</b>	<b>1,466,368</b>	<b>18,456,398</b>
Other Income and Expenditure	(23,248,929)	7,549,057	(1,294,755)	(16,994,627)	(1,466,368)	(18,460,995)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>(3,307,527)</b>	<b>4,597,685</b>	<b>(1,294,755)</b>	<b>(4,596)</b>	<b>0</b>	<b>(4,596)</b>
Opening General Fund Balance (Unallocated) at 1 April				(12,808,750)		
(Surplus) / Deficit for the year				(4,596)		
Budgeted contribution to GF				0		
<b>Closing General Fund Balance (Unallocated) at 31 March</b>				<b>(12,813,346)</b>		

## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

### Adjustments between accounting basis and funding basis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded compared with the resources consumed or earned by the Council in accordance with generally accepted accounting practices as shown in the Comprehensive Income and Expenditure Account. It also shows how these amounts are allocated for decision making purposes across the Council's Directorates and Services. The adjustments between these amounts are detailed below:

	2022/2023						
	Adjustments between funding and accounting basis (see MiRS Note C1)			Total adjs between funding and accounting £	Adjustments between amounts chargeable to the General Fund and Management Reporting		Total Management Reporting Adjustments £
	Capital Adjs £	Pension Adjs £	Other Adjs £		Depreciation £	Other Segment Adjs. £	
Environmental and Regulatory Services	0	193,694		193,694		(14,034)	(14,034)
Finance, Human Resources & Procurement	1,197	134,422		135,619	1,197		1,197
ICT, Change and Customer Services	138,577	243,012		381,589	138,577		138,577
Land, Legal and Property Services	185,713	43,482		229,195	141,032	15,225	156,257
Revenues and Housing Support Services	67,430	244,968		312,398	46,566	9,316	55,882
Democratic Services	0	58,825		58,825			0
Environmental Services	480,115	9,376		489,491	480,115	(30,312)	449,803
Leisure and Communities Services	2,801,972	182,546		2,984,518	915,651	510,996	1,426,647
Planning and Strategic Housing Services	279,915	364,500		644,415	1,040		1,040
Other Retained Services	(308,160)	(69,825)		(377,985)		275,721	275,721
<b>Cost of Services</b>	<b>3,646,759</b>	<b>1,405,000</b>	<b>0</b>	<b>5,051,759</b>	<b>1,724,178</b>	<b>766,913</b>	<b>2,491,091</b>
Other Income and Expenditure	(2,645,229)	0	(3,694,531)	(6,339,760)	(1,724,178)	(766,913)	(2,491,091)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>1,001,530</b>	<b>1,405,000</b>	<b>(3,694,531)</b>	<b>(1,288,001)</b>	<b>0</b>	<b>0</b>	<b>0</b>

## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2021/2022							
	Adjustments between funding and accounting basis (see MiRS Note C1)				Adjustments between amounts chargeable to the General Fund and Management Reporting			
	Capital Adjs £	Pension Adjs £	Other Adjs £	Total adjs between funding and accounting £	Depreciation £	Other Segment Adjs. £	Total Management Reporting Adjustments £	
-								
Environmental and Regulatory Services	0	255,531	0	255,531	0	(6,567)	(6,567)	
Finance, Human Resources & Procurement	1,197	157,899	0	159,096	1,197		1,197	
ICT, Change and Customer Services	167,448	322,939	0	490,387	167,448		167,448	
Land, Legal and Property Services	133,965	64,106	0	198,071	133,965	(11,341)	122,624	
Revenues and Housing Support Services	(403,119)	311,393	0	(91,726)	15,941	(140,991)	(125,050)	
-								
Democratic Services	0	51,405	0	51,405	0		0	
Environmental Services	456,257	89,660	0	545,917	456,257	(118,394)	337,863	
Leisure and Communities Services	1,336,163	152,814	0	1,488,977	943,198	20,196	963,394	
Planning and Strategic Housing Services	5,459	410,506	0	415,965	5,459		5,459	
Other Retained Services	0	(562,251)		(562,251)	0		0	
<b>Cost of Services</b>	<b>1,697,370</b>	<b>1,254,002</b>	<b>0</b>	<b>2,951,372</b>	<b>1,723,465</b>	<b>(257,097)</b>	<b>1,466,368</b>	
Other Income and Expenditure	(5,842,538)	712,000	(2,418,519)	(7,549,057)	(1,723,465)	257,097	(1,466,368)	
<b>(Surplus) / Deficit on Provision of Services</b>	<b>(4,145,168)</b>	<b>1,966,002</b>	<b>(2,418,519)</b>	<b>(4,597,685)</b>	<b>0</b>	<b>0</b>	<b>0</b>	

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## Capital Adjustments

This column adjusts for depreciation and impairment, revaluations gains and losses in service lines and for transfers of income / net value of assets written off on disposals in Other Operating Income and Expenditure. Taxation and Non Specific Grant Income is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

## Pension Adjustments

This column removes the impact of IAS19 Employee Benefits. For services, this removes current or past service costs and replaces them with the actual employer pension contributions payable. In Financing and Investment Income and Expenditure, the net interest on the net defined benefit liability is removed.

## Other Adjustments

This adjustment represents the difference between the amounts chargeable under statutory regulations for Council Tax and Non Domestic Rates 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.

## B2. Expenditure and Income Analysed by Nature

	2021/22 £	2022/23 £
<b>Expenditure</b>		
Employee benefits expenses	2,690,621	2,323,225
Publica Contract Charges	9,833,998	10,945,341
Housing Benefit & Other Transfer Payments	15,381,453	14,541,926
Covid grant payments	4,216,640	522,941
Other service expenses	14,217,908	21,846,127
Depreciation, amortisation and impairment	1,723,465	1,724,178
Interest payments and similar expense	712,000	683,000
Precepts and Levies	4,092,790	4,424,653
Other expenditure	1,514,094	6,556,283
<b>Total Expenditure</b>	<b>54,382,969</b>	<b>63,567,674</b>
<b>Income</b>		
Fees, charges & other service income	(10,472,188)	(11,338,967)
Housing Benefit Subsidy	(15,434,231)	(14,615,574)
Government Grants (incl Covid)	(14,732,085)	(14,019,352)
Income from Council Tax	(9,275,264)	(9,866,659)
Income from Non Domestic Rates	438,274	(1,210,215)
Non Government Grants & Contributions	(6,259,371)	(9,214,416)
Investment Interest and similar income	(794,358)	(1,318,370)
Other income	(1,161,271)	(996,494)
<b>Total Income</b>	<b>(57,690,494)</b>	<b>(62,580,047)</b>
<b>(Surplus) / Deficit on Provision of Services</b>	<b>(3,307,525)</b>	<b>987,627</b>

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## B2a COVID Grants

<b>Expenditure</b>	<b>£</b>
High Street Re-Opening	0
Compliance & Enforcement	327,910
Business Support Grants (ARG)	89,336
Contain Outbreak Management	105,694
	<b>522,940</b>
<b>Income</b>	<b>£</b>
High Street Re-Opening	(730)
Compliance & Enforcement	(1,000)
Business Support Grants (ARG)	(89,336)
	<b>(91,066)</b>

## B3. Other Operating Income and Expenditure

	<b>2021/22</b>	<b>2022/23</b>
	<b>£</b>	<b>£</b>
(Gains) / losses on disposal of non current assets	(7,034)	(30,670)
Unattached capital receipts	(305,736)	(965,824)
Town and Parish Council support grant	0	0
Town and Parish Council precepts	4,092,790	4,424,653
	<b>3,780,020</b>	<b>3,428,159</b>

## B4. Financing and Investment Income and Expenditure

	<b>2021/22</b>	<b>2022/23</b>
	<b>£</b>	<b>£</b>
Interest payable and similar charges	0	13,260
Interest receivable and similar income	(794,695)	(1,364,483)
Movement in the fair value of financial assets*	151,558	327,112
Movement in the creditor loss allowance	(460,783)	319,803
Movement in the fair value of investment property	(848,500)	1,002,462
Net investment property (income) / expenditure	(3,710,467)	(3,398,346)
Net interest on the net defined benefit pension liability	712,000	683,000
	<b>(4,950,887)</b>	<b>(2,417,192)</b>

\*Movement in the fair value of financial assets largely reflects the increase in value at balance sheet date of pooled investment funds.

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## B5. Taxation and Non Specific Grant Income

	2021/22 £	2022/23 £
National Non Domestic Rates:		
- Redistribution	(4,723,527)	(2,545,704)
- Renewable Energy	(209,141)	(209,076)
- Business rates levy	1,684,456	1,700,607
- Surplus from the pool	(731,119)	(822,139)
- (Surplus) / Deficit	4,417,603	834,112
	<u>438,272</u>	<u>(1,042,200)</u>
Council Tax income (Council and Town/Parish Council shares)	(9,275,264)	(9,866,659)
Revenue Support Grant	(79,268)	(82,008)
New Homes Bonus	(2,284,075)	(2,378,105)
S31 NDR Compensation Grant	(5,583,412)	(4,432,596)
Capital grants and contributions	(3,803,487)	(2,588,665)
Other non-ringfenced government grants	(1,154,221)	(1,063,579)
LG Compensation scheme for lost sales, fees and charges	(336,606)	0
	<u><b>(22,078,061)</b></u>	<u><b>(21,453,812)</b></u>

## B6. Members' Allowances

	2020/21 £	2021/22 £
Basic and Special Responsibility Allowances	365,054	378,034
Expenses	487	1,480
	<u><b>365,541</b></u>	<u><b>379,514</b></u>

## B7. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections, and to non-audit services provided by the Council's external auditors (Grant Thornton UK LLP):

	2021/22 £	2022/23 £
External audit services carried out by the appointed auditor	58,277	58,277
Certification of grant claims and returns carried out by KPMG	14,600	39,930
	<u><b>72,877</b></u>	<u><b>98,207</b></u>

Most disclosures within the Statement of Accounts give additional details about the amounts receivable and payable included in the core statements. The amounts for External Audit Costs are disclosed in accordance with annually agreed audit fee schedules.

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## B8. Officer Remuneration

### Senior Officer Remuneration

The Council's senior officers are those with statutory responsibility within the Council.

Post	2022/2023		
	Salary, allowances & other benefits £	Pension Contributions £	Total Remuneration £
Chief Executive	84,117	15,236	99,353
Chief Finance Officer/Deputy Chief Executive2	80,281	14,129	94,410
Interim Monitoring Officer	76,608	0	76,608
	<b>241,006</b>	<b>29,366</b>	<b>270,372</b>
Post	2021/2022		
	Salary, allowances & other benefits £	Pension Contributions £	Total Remuneration £
Chief Executive	82,192	14,466	96,657
Chief Finance Officer/Deputy Chief Executive2	78,356	13,791	92,146
Monitoring Officer	48,054	7,934	55,988
	<b>208,601</b>	<b>36,191</b>	<b>244,792</b>

### Other Officer Remuneration

The majority of the Council's staff TUPE-transferred to Publica Group (Support) Limited on 1 November 2017, only a small number of staff are now employed directly by the Council and none of the Authority's employees (excluding those identified above) received more than £50,000 remuneration of the year. (No employees received more than £50,000 in 2021/22).

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## B9. Grant Income

The following significant grants and contributions were credited to the Comprehensive Income and Expenditure Statement during the year.

	2021/22 £	2022/23 £
<u>Revenue grants credited to Cost of Services</u>		
Housing Benefit Subsidy	(15,129,505)	(14,322,427)
Housing Benefit Administration Subsidy	(184,987)	(186,895)
Council Tax Rebate Scheme	0	(4,740,584)
	<b>(15,314,492)</b>	<b>(19,249,906)</b>
<u>Revenue grants credited to Taxation and Non Specific Grant Income</u>		
New homes bonus grant	(2,284,075)	(2,378,105)
Revenue Support Grant	(79,268)	(82,007)
S31 NDR compensation grant	(5,583,412)	(4,432,596)
Rural services delivery grant	(133,225)	(133,225)
Other specific government grants	(1,357,602)	(494,573)
	<b>(9,437,582)</b>	<b>(7,520,506)</b>
<u>Capital grants credited to the Comprehensive Income and Expenditure Statement</u>		
Better Care Funding	(766,880)	(807,750)
S.106 Receipts & other capital grants	(3,803,487)	(2,588,665)
	<b>(4,570,367)</b>	<b>(3,396,415)</b>

Where the Council has been given grants or contributions with conditions attached, which the Council has yet to meet, these grants are treated as receipts in advance until the conditions are met. The grants and contributions held at the balance sheet date are as follows:

	2021/22 £	2022/2023 £
Environment Agency Grant [for specific Land drainage works]	(174,265)	(174,265)
Better Care Grant Funding	(276,379)	(196,148)
Long Term Capital Receipt in advance	(450,644)	(370,413)
S106 Capital Contributions [due to third parties]	(142,147)	(29,493)
Short Term Capital Receipt in advance	(142,147)	(29,493)
Total Capital Receipt in Advance	<b>(592,791)</b>	<b>(399,906)</b>



## NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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### **B10. Termination Benefits**

#### Redundancy and Compensation

There is no redundancy and compensation cost in 2022/23.

#### Pension Strain

There is no pensions strain cost in 2022/23 (nil in 2021/22). Any additional contributions (strain contributions and augmentation contributions) that are due to be paid in the year by the Council, under any agreement with the pension fund, are recognised immediately as an expense

#### Exit Packages

There is no exit package cost charged to the Council's Comprehensive Income and Expenditure Statement for the current year.

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## C1. Adjustments Between Accounting Basis and Funding Basis Under Regulations

	2022/23			
	General Fund - Unallocated	General Fund - Earmarked	Capital Receipts Reserve	Capital Grants Unapplied
	£	£	£	£
<b>Capital Adjustments</b>				
<u>Reversal of entries included in the CI&amp;ES relating to Capital Expenditure</u>				
Charges for depreciation, amortisation and impairment	(1,724,178)			
Revaluation losses on Property, Plant and Equipment	(371,793)			
Movements in the fair value of Investment Properties	(1,002,462)			
Capital Grants and Contributions applied	2,479,256			
Revenue Expenditure funded from Capital Under Statute	(4,614,415)			
Non current assets written off on disposal or sale	(445,669)			
<u>Adjustments between Capital &amp; Revenue Resources</u>				
Transfer of cash sale proceeds from disposal of non current assets	445,669			
Capital expenditure charged against General Fund Balance	308,160			
Statutory provision for the repayment of debt	420,313			
Capital grants and contributions credited to CI&ES	2,537,766			(2,537,766)
Unattached Capital Receipts	965,824		(965,824)	
<u>Adjustments to Capital Resources</u>				
Application of grants to capital financing trfd to CAA				852,964
Use of capital receipts reserve to finance new capital expenditure			7,055,961	
Capital loan repaid			(223,670)	
Transfer from Deferred Capital Receipts on receipt of cash			(665,796)	
<b>Financial Instrument Adjustments</b>				
Reversal of changes in fair value on Pooled Investment Funds				
<b>Pension Adjustments</b>				
Pension costs transferred to / (from) the Pensions Reserve	(1,405,000)			
<b>Accumulated Absences Adjustments</b>				
Movement in accumulated absences adjustment transferred to / (from) Accumulated Absences Adjustment Account	0			
<b>Other Adjustments</b>				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	3,694,531			
Capital expenditure charged against General Fund Balance		1,378,738		
	<b>1,288,001</b>	<b>1,378,738</b>	<b>5,200,671</b>	<b>(1,684,802)</b>

# NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2021/22			
	General Fund - Unallocated	General Fund - Earmarked	Capital Receipts Reserve	Capital Grants Unapplied
	£	£	£	£
<b>Capital Adjustments</b>				
<u>Reversal of entries included in the CI&amp;ES relating to Capital Expenditure</u>				
Charges for depreciation, amortisation and impairment	(1,723,465)			
Revaluation losses on Property, Plant and Equipment	(202,690)			
Movements in the fair value of Investment Properties	848,500			
Capital Grants and Contributions applied	1,388,630			
Revenue Expenditure funded from Capital Under Statute	(1,159,846)			
Non current assets written off on disposal or sale	(507,760)			
<u>Adjustments between Capital &amp; Revenue Resources</u>				
Transfer of cash sale proceeds from disposal of non current assets	507,760			
Capital expenditure charged against General Fund Balance	540,100			
Statutory provision for the repayment of debt	344,715			
Capital grants and contributions credited to CI&ES	3,803,487			(3,803,487)
Unattached Capital Receipts	305,736		(305,736)	
<u>Adjustments to Capital Resources</u>				
Application of grants to capital financing tfrd to CAA				225,539
Use of capital receipts reserve to finance new capital expenditure			688,073	
Capital loan repaid			(207,798)	
Transfer from Deferred Capital Receipts on receipt of cash			(593,259)	
<b>Financial Instrument Adjustments</b>				
Reversal of changes in fair value on Pooled Investment Funds	(151,557)			
<b>Pension Adjustments</b>				
Pension costs transferred to / (from) the Pensions Reserve	(1,966,000)			
<b>Accumulated Absences Adjustments</b>				
Movement in accumulated absences adjustment transferred to / (from) Accumulated Absences Adjustment Account	0			
<b>Other Adjustments</b>				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	2,570,076			
	<b>4,597,687</b>	<b>0</b>	<b>(418,720)</b>	<b>(3,577,948)</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### C2. Usable Reserves

#### Earmarked Reserves

The Council's General Fund comprises an unallocated element, used to meet day-to-day spending and 'Earmarked Reserves' – amounts set aside to provide financing for future specific expenditure or projects. Material transfers in 2022/23 are £2,060,045 to repay the Business Rates deficit in 2023/24 and £633,757 towards the Local Plan Review due for completion by 31<sup>st</sup> March 2024.

Movements in 'Earmarked Reserves' during the year are shown below:

Earmarked Reserves	Balance 1	Transfers		Balance 31
	April 2022	between	Transfers	March 2023
	£	reserves	Out	£
		£	£	
High Speed Broadband	(1,209,217)		1,187,041	(22,176)
Investment Property Improvement	(329,730)			(329,730)
Business Rate Movement	(514,937)			(514,937)
DCLG Community Housing Fund	(107,873)	48,074		(59,799)
Garden Village Grant	(635,436)		99,549	(535,887)
Benefits Subsidy Smoothing Reserve	(685,063)			(685,063)
Neighbourhood Planning	(19,426)		19,426	(0)
Flexible Homelessness Support Grant	(221,324)		70,000	(254,862)
Rev & Bens One-off Grant Funding	(224,824)			(32,000)
Delivery of Council Priorities	(943,699)	443,626		(500,073)
Pay Inflation	(300,000)			(300,000)
Non Pay Inflation	(500,000)			(500,000)
Local Plan Review	(100,000)			(633,757)
Covid Workstreams	(365,692)		154,175	(211,517)
New Initiatives	0	(614,600)	79,984	(534,616)
Contain Outbreak Management Grant	(1,002,235)		297,391	(704,844)
Business Rates Deficit	(5,385,326)		4,578,231	(2,060,405)
Covid Recovery	(1,000,000)			(1,000,000)
Publica Contract Growth	(1,427,567)		272,832	(1,154,735)
New Burdens	(428,548)	170,000	70,040	(197,590)
Project Contingency	(250,000)		19,550	(230,450)
Budget Deficit Reserve	0			(670,206)
Other earmarked reserves	(2,150,106)	(47,100)	469,675	(387,706)
	<b>(17,801,003)</b>	<b>0</b>	<b>7,317,893</b>	<b>(4,236,526)</b>
				<b>(14,719,636)</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### C3. Unusable Reserves

#### Summary of Unusable Reserves

	2021/22	2022/23
	£	£
Revaluation Reserve	(33,919,536)	(31,823,758)
Capital Adjustment Account	(74,568,946)	(79,170,345)
Pension Reserve	24,931,000	1,789,000
Deferred Capital Receipts Reserve	(2,515,069)	(2,294,942)
Collection Fund Adjustment Account	4,750,182	1,055,651
Accumulated Absences Account	15,587	15,587
Pooled Investment Fund Reserve	389,900	1,689,657
Financial Instruments Revaluation Reserve	(30,000)	(30,000)
	<b>(80,946,883)</b>	<b>(108,769,150)</b>

#### Revaluation Reserve

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

- re-valued 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<sup>st</sup> 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.

	2021/22	2022/23
	£	£
Opening Balance - 1 April	(32,947,419)	(33,919,536)
Upward revaluation of assets	(3,383,085)	(894,621)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	1,897,554	2,502,202
<i>Surplus / deficit on revaluation of non current assets not posted to the Surplus/Deficit on the Provision of Services</i>	<i>(1,485,531)</i>	<i>1,607,582</i>
Difference between fair value and historic cost depreciation	513,414	488,196
Other balances written out to the Capital Adjustment Account	0	
<i>Amount written off to the Capital Adjustment Account</i>	<i>513,414</i>	<i>488,196</i>
<b>Closing Balance - 31 March</b>	<b>(33,919,536)</b>	<b>(31,823,758)</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### 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 and 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 while depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The Account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1<sup>st</sup> April 2007 [the date at which the Revaluation Reserve was created to hold such gains].

	2021/22 £	2022/23 £
Opening Balance - 1st April	(73,821,532)	(74,568,945)
<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</u>		
Charges for depreciation of non current assets	1,723,465	1,724,178
Revaluation losses on Property, Plant and Equipment	202,690	371,793
Revenue expenditure funded from capital under statute	1,159,846	4,614,415
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	507,760	445,669
	3,593,760	7,156,055
<u>Adjusting amounts written out of the Revaluation Reserve</u>		
Amounts written out on disposal or sale of non current assets	0	0
Historical cost depreciation adjustment	(513,414)	(488,196)
	(513,414)	(488,196)
<b>Net written out amount of the cost of non current assets consumed in year</b>	<b>3,080,346</b>	<b>6,667,859</b>
<u>Capital financing applied in year</u>		
Use of the Capital Receipts Reserve to finance new capital expenditure	(480,275)	(6,832,291)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,388,630)	(2,479,256)
Earmarked Reserves credited to Ci&ES to capital financing	0	(1,378,738)
Application of grants to capital financing from the Capital Grants Unapplied Account	(225,539)	(852,964)
Statutory provision for the repayment of debt	(344,715)	(420,313)
Capital expenditure charged against the General Fund Balance	(540,100)	(308,160)
	(2,979,259)	(12,271,721)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(848,500)	1,002,462
Transfer from Deferred Cap Reserves		
<b>Closing Balance - 31 March</b>	<b>(74,568,945)</b>	<b>(79,170,345)</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### Pension 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 Authority 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.

Statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to the pension fund or pays any pensions for which it is directly responsible. The negative balance on the Pensions Reserve represents a shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2021/22	2022/23
	£	£
Opening Balance - 1 April	35,003,000	24,931,000
Return on plan assets	(5,779,000)	4,757,000
Remeasurement of the net defined benefit liability	(6,259,000)	(29,304,000)
Reversal of items debited or credited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement	3,524,000	3,055,000
Employers' pension contributions	(1,558,000)	(1,650,000)
2122 adjustment		
<b>Closing Balance - 31 March</b>	<b>24,931,000</b>	<b>1,789,000</b>

### Deferred Capital Receipts Reserve

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

	2021/22	2022/23
	£	£
Opening Balance - 1 April	(2,600,568)	(2,515,069)
New loans / new deferred receipt	(507,760)	(445,669)
Transfer to the Capital Receipts Reserve on receipt of cash	593,259	665,796
<b>Closing Balance - 31 March</b>	<b>(2,515,069)</b>	<b>(2,294,942)</b>

## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

### Collection Fund Adjustment Account

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

	<b>Balance 1 April 2022</b>	<b>Transfers in</b>	<b>Balance 31 March 2023</b>
	£	£	£
Amounts by which income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements:			
Council Tax	(269,214)	49,588	(219,626)
NNDR	5,019,396	(3,744,119)	1,275,277
	<b>4,750,182</b>	<b>(3,694,531)</b>	<b>1,055,651</b>

### Accumulated Absences Adjustment Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year [the cost of the annual leave entitlement still owed by the Council to its employees at 31st March.

	<b>2021/22</b>	<b>2022/23</b>
	£	£
Opening Balance - 1 April	15,587	15,587
Movement in year	0	0
<b>Closing Balance - 31 March</b>	<b>15,587</b>	<b>15,587</b>



## NOTES TO THE MOVEMENT IN RESERVES STATEMENT

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### Pooled Investment Fund Adjustment Account

The pooled investment fund adjustment account is used solely for recognising fair value gains and losses on the Council's pooled investment funds under statutory provisions.

	2021/22 £	2022/23 £
Opening Balance - 1 April	238,342	389,900
Changes in fair value of Pooled Investment Funds	151,558	1,299,757
<b>Closing Balance - 31 March</b>	<b>389,900</b>	<b>1,689,657</b>

### Financial Instruments Revaluation Reserve

The financial instruments revaluation reserve contains the gains and losses arising from changes in the fair value of its investments that are measured at fair value through other comprehensive income.

	2021/22 £	2022/23 £
Opening Balance - 1 April	(30,000)	(30,000)
Changes in fair value of financial assets elected to FV through Other Comprehensive Income	0	0
<b>Closing Balance - 31 March</b>	<b>(30,000)</b>	<b>(30,000)</b>

## NOTES TO THE BALANCE SHEET

### D1. Property, Plant and Equipment

#### Property, Plant and Equipment

Movements in 2022/23	Vehicles, Land & Plant & Community			Surplus Assets	TOTAL P&P&E
	Buildings	Equipment	Assets		
	£	£	£	£	£
<b>Asset Cost or Valuation</b>					
Asset values at 1 April 2022	63,789,114	2,442,942	917,659	3,615,262	<b>70,764,978</b>
Additions	9,542,112	774,318	76,054		10,392,483
Revaluation increases / (decreases)	(2,651,273)			(47,237)	(2,698,510)
Revaluation decreases to I&E	(327,112)			(206,263)	(533,375)
Derecognition - disposals		(445,669)			(445,669)
Transfer	2,900,000				
<b>Asset values at 31 March 2023</b>	<b>73,252,841</b>	<b>2,771,591</b>	<b>993,713</b>	<b>3,361,762</b>	<b>80,379,906</b>
<b>Depreciation</b>					
Accumulated depreciation at 1 April 2022	(415,270)	(1,508,918)	0	0	<b>(1,924,188)</b>
Depreciation charge for the year	(1,318,478)	(386,545)		0	(1,705,024)
Depreciation written out on revaluation	1,249,886				1,249,886
Derecognition - disposals					0
Derecognition - others					0
<b>Accumulated depreciation at 31 March 2023</b>	<b>(483,863)</b>	<b>(1,895,463)</b>	<b>0</b>	<b>0</b>	<b>(2,379,326)</b>
<b>Net Book Value of Assets</b>					
1st April 2022	63,373,844	934,024	917,659	3,615,262	68,840,789
31st March 2023	<b>72,768,978</b>	<b>876,127</b>	<b>993,713</b>	<b>3,361,762</b>	<b>78,000,580</b>

The Code requires that assets are formally revalued at least every 5-years. Assets are formally revalued as part of a 5-year rolling programme, with assets revalued more frequently if there is evidence that asset values may have changed. The table below summarises valuations undertaken, by year:

## NOTES TO THE BALANCE SHEET

Movements in 2021/22	Land & Buildings £	Vehicles, Plant & Equipment £	Community Assets £	Surplus Assets £	TOTAL P&P&E £
<b>Asset Cost or Valuation</b>					
Asset values at 1 April 2021	61,922,810	2,427,462	917,659	3,783,819	<b>69,051,750</b>
Additions	1,451,494	674,146			2,125,640
Revaluation increases / (decreases)	617,500			(168,557)	448,943
Reclassification	(202,690)				(202,690)
Derecognition - disposals	0	(658,666)			(658,666)
<b>Asset values at 31 March 2022</b>	<b>63,789,114</b>	<b>2,442,942</b>	<b>917,659</b>	<b>3,615,262</b>	<b>70,764,978</b>
<b>Depreciation</b>					
Accumulated depreciation at 1 April 2021	(140,878)	(1,268,289)	0	0	<b>(1,409,167)</b>
Depreciation charge for the year	(1,308,217)	(391,536)	0	(2,763)	(1,702,516)
Depreciation written out on revaluation	1,033,825		0	2,763	1,036,588
Derecognition - disposals		150,906	0	0	150,906
Other movements			0		
<b>Accumulated depreciation at 31 March 2022</b>	<b>(415,270)</b>	<b>(1,508,918)</b>	<b>0</b>	<b>0</b>	<b>(1,924,188)</b>
<b>Net Book Value of Assets</b>					
1st April 2021	61,781,932	1,159,173	917,659	3,783,819	67,642,584
31st March 2022	<b>63,373,844</b>	<b>934,024</b>	<b>917,659</b>	<b>3,615,262</b>	<b>68,840,789</b>

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Surplus Assets £000	Total PPE £000
Carried at (depreciated) historic cost	0	876	994	0	1,870
Valued at current value as at 31 March:					
2018/19	98	0	0	0	98
2019/20	36	0	0	35	71
2020/21	10,669	0	0	108	10,777
2021/22	1,194	0	0	163	1,357
2022/23	60,772	0	0	3,056	63,828
<b>Total</b>	<b>72,769</b>	<b>876</b>	<b>994</b>	<b>3,362</b>	<b>78,001</b>

## NOTES TO THE BALANCE SHEET

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### Asset valuation, amortisation and depreciation

Service areas are charged depreciation to represent the real cost of holding and using non-current assets. The value of an asset (less any residual value) will be written-down on a straight-line basis over the useful economic life of the asset. The following useful lives have been used in the calculation of depreciation and amortisation:

- Land assets are generally not depreciated
- Operational buildings are typically depreciated over 30 to 60 year useful lives, depending upon the particular asset and an estimate of the asset life from the Council's valuer
- Car Parks – over 20-years or a lifetime agreed with the Council's valuer
- Vehicles, Plant and Equipment are depreciated over 5 to 7 years as appropriate
- Surplus assets will have lives based upon the type of asset – e.g. Buildings 30 to 60 years, land indefinite lifespans. Useful economic lives will be agreed with the valuer.
- Heritage and Community Assets are not depreciated

### Effects of changes in estimates

The Council has amended its policy to depreciate Vehicles and Plant over 7 years rather than 5 years. The 7 year period is aligned with the existing vehicle leasing arrangement that the Council has with Ubico.

### Revaluations

The 2022/23 PPE valuations and impairment review were undertaken by Carter Jonas. Valuations were undertaken in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors and the Code of Practice on Local Authority Accounting in the United Kingdom.

Assets are valued as part of a rolling programme of revaluations. All assets are valued on a 5-year rolling programme.

In estimating asset values it has been assumed that:

- The capacity of utility services [electricity, gas, water, mains drainage] are adequate for the future use of the properties
- All assets have planning consent for their existing uses
- Tenancies are not subject to any unusual or onerous restrictions
- No contamination exists in relation to property assets [land and buildings] sufficient to affect value.

With the introduction and application of IFRS13 in 2015/16, the Council's surplus assets have been reviewed and measured at fair value based upon 'highest and best use'. The surplus assets that the Council owns are strips of land and therefore they are not depreciated. Within the fair-value hierarchy, the Council's Surplus Assets are deemed as 'level 2' category. Carter Jonas undertook the Surplus Assets valuation

## NOTES TO THE BALANCE SHEET

### D2. 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.

	2021/22 £	2022/23 £
Rental income	(4,063,614)	(4,149,434)
Direct operating expenses	149,460	684,674
Net (gains) / losses from fair value adjustments	(848,500)	1,002,462
	<b>(4,762,654)</b>	<b>(2,462,298)</b>

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. There are contractual obligations on the Council to repair and maintain certain investment properties and these have been included in the relevant property valuations.

Carter Jonas undertook the 2022 /23 Investment Property valuations. The valuations were undertaken in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (as outlined in Note D1 above).

Under the CIPFA Code, the Council's Investment Properties are classified as 'level 2' within the fair-value hierarchy. The assets have been suitably valued, based upon current market conditions, sale prices for similar assets, or contractual income for the properties. These observable inputs have been used to classify the assets accordingly. There have been no movements between categories within the hierarchy during the year.

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

	2021/22 £	2022/23 £
Opening Balance - 1 April	51,958,500	55,207,462
Additions	2,400,462	0
Net gains / (losses) from fair value adjustments	848,500	(1,002,462)
Reclassification - transfer to Operational Buildings		(2,900,000)
<b>Closing Balance - 31 March</b>	<b>55,207,462</b>	<b>51,305,000</b>

#### Fair value hierarchy

International Financial Reporting Standard 13 (IFRS13) 'Fair Values' requires all assets measured at fair value to be classified into one of three levels, depending upon the basis of valuation. The 'fair value' of an asset is the reasonable estimation of its market value if sold.

The Council's Investment Property assets are deemed to be categorised as Level 2 in the valuation hierarchy, as the fair value of the assets have been derived primarily from income streams. Authorities are required to maximise the use of level 1 inputs (available prices) and minimise the use of level 3 inputs (calculations based upon non-market data such as cash-flow forecasts and other non-market data).

## NOTES TO THE BALANCE SHEET

### D3. Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and is accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include purchased software only, as the Authority has no internally generated software.

All intangible assets are amortised on a straight-line basis over a 5 year period. This represents the period over which the software is expected to be of use to the Council.

Amortisation of intangible assets is charged to the Comprehensive Income & Expenditure Account. For service-specific systems, amortisation is charged direct to the service using the asset. For corporate systems amortisation is allocated across all services benefitting from the asset.

#### Movements in Intangible Assets

	2021/22 £	2022/23 £
<b><u>Asset Cost or Valuation</u></b>		
Asset values at 1 April	232,769	232,769
Additions		
Derecognition		
<b>Asset values at 31 March</b>	<b>232,769</b>	<b>232,769</b>
<b><u>Amortisation</u></b>		
Accumulated Amortisation at 1 April	(195,292)	(216,240)
Amortisation charge for the year	(20,948)	(16,529)
Derecognition		
<b>Accumulated Amortisation at 31 March</b>	<b>(216,240)</b>	<b>(232,769)</b>
<b>Net carrying amount at 31 March</b>	<b>16,529</b>	<b>(0)</b>

## NOTES TO THE BALANCE SHEET

### D4. Current Debtors

	2021/22	2022/23
	£	£
Government Departments	6,978,511	709,580
Other Local Authorities [Statutory]	5,423,111	2,690,641
Other Local Authorities [Trading]	402,475	1,449,846
Collection Fund debtors (WODC Share)	2,335,987	1,840,798
Housing Benefit recovery	1,215,912	1,224,110
Sundry Debtors	3,329,588	4,038,122
Finance Leases - principal outstanding	665,796	726,683
Other Debtors	185,948	2,329,559
Prepayments	412,895	472,425
	<u>20,950,223</u>	<u>15,481,763</u>
Less provision for impairment of receivables:		
Collection Fund provisions (WODC share)	(378,028)	(552,728)
Housing Benefit recovery	(1,215,912)	(1,210,147)
Sundry Debtors	(577,766)	(963,983)
	<u>18,778,517</u>	<u>12,754,905</u>

### D5. Current Creditors

	2021/22	2022/23
	£	£
Government Departments	(17,306,490)	(3,566,527)
Business Grants Agency	(2,394,153)	(508,791)
Other Local Authorities [Statutory]	(2,526,349)	(2,553,955)
Other Local Authorities [Trading]	(1,622,377)	(491,992)
Collection Fund (WODC Share)	(478,688)	(802,257)
Sundry Creditors	(5,099,843)	(2,549,162)
Receipts in advance:		
Government Departments		(1,460,722)
Taxpayer Creditors	(2,123,636)	(266,393)
Sundry Creditors receipts in advance	(1,557,148)	(2,344,219)
	<u>(33,108,684)</u>	<u>(14,544,020)</u>
Capital Receipt in Advance	(1,687,433)	(1,314,063)
	<u>(34,796,117)</u>	<u>(15,858,083)</u>

## NOTES TO THE BALANCE SHEET

### D6. Provisions

	Opening Provision 1 April £	New provisions in-year £	Use of provisions £	Provisions returned to revenue £	Closing Provision 31 March £
Business Rates (NDR) Appeals	(1,418,846)	(376,464)	156,640	0	<b>(1,638,670)</b>
Provision - Subsidence Claims	(30,000)				<b>(30,000)</b>
Carterton Leisure Centre	0	(75,000)	0	0	<b>(75,000)</b>
	<b>(1,448,846)</b>	<b>(451,464)</b>	<b>156,640</b>	<b>0</b>	<b>(1,743,670)</b>

#### Business Rates (NNDR) appeals

The NNDR provision has been set aside to cover the potential cost to the Council of outstanding appeals against property revaluations.

### D7. Non - Current Debtors

	31 March 2022 £	31 March 2023 £
Cottsway Housing Association loan	7,739,135	7,655,816
Equity Loans Scheme	232,114	232,114
Parish/Town Council Loans	133,036	119,884
Charge on former Unicorn Public House - Great Rollright	20,498	20,498
GLL - COVID supporting Loans	304,301	304,301
Vehicles Leases	1,551,225	1,270,212
Southill Solar Loan	2,412,410	2,279,264
	<b>12,392,719</b>	<b>11,882,089</b>



## NOTES TO THE BALANCE SHEET

### D8. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below, including the value of assets acquired under finance leases, 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), a measure of the capital expenditure incurred that has yet to be financed.

The net movement in the Capital Financing Requirement illustrates the change in the underlying need for the Council to borrow during the year to fund capital investment, which has not been funded from resources such as grants, capital receipts and direct funding from revenue.

	2021/22 £	2022/23 £
<b>Opening Capital Financing Requirement</b>	<b>23,368,628</b>	<b>25,867,518</b>
<b>Capital Investment in Year</b>		
Property, Plant & Equipment	4,526,100	10,392,483
Intangible Assets	0	0
Capital Expenditure transfer Long term loans	0	0
Revenue Expenditure Funded from Capital under Statute	1,159,846	4,614,415
	<u>5,685,946</u>	<u>15,006,898</u>
<b>Sources of Finance</b>		
Capital Receipts	688,073	7,055,961
Government grants & other contributions	1,614,168	3,332,220
MRP / Statutory repayment of loans advance	344,715	420,313
Earmarked reserves	0	1,378,738
Direct Revenue Contributions	540,100	308,160
	<u>3,187,056</u>	<u>12,495,391</u>
<b>Net Increase / (Decrease) in Capital Financing Requirement</b>	<b>2,498,890</b>	<b>2,511,507</b>
<b>Closing Capital Financing Requirement</b>	<b>25,867,518</b>	<b>28,379,025</b>

# NOTES TO THE CASH FLOW STATEMENT

## E1. Notes to the Cash Flow Statement

### a. Adjustments to the net surplus / (deficit) on the provision of services for non-cash movements

	2021/22 £	2022/23 £
Depreciation, amortisation and impairment	1,926,155	1,724,178
Increase / (decrease) in creditors	1,699,116	(13,438,940)
(Increase) / decrease in debtors	7,254,464	337,071
Increase / (decrease) in provision for bad debts	(463,072)	380,452
(Increase) / decrease in inventories	14,865	(407)
Pensions' liability	1,966,000	1,405,000
Carrying amount of non current assets sold	507,760	445,669
Increase / (decrease) in provisions	189,679	294,824
Movements in the fair value of investment properties	(848,500)	1,002,462
Other non cash items charged to Surplus/Deficit on the Provision of Services	(441,701)	(2,722,361)
	<b>11,804,764</b>	<b>(10,572,052)</b>

### b. Adjustments for items included in the net surplus / (deficit) on the provision of services that are investing or financing activities

	2021/22 £	2022/23 £
Capital grants and contributions	(4,425,237)	(2,588,666)
Proceeds from the sale of non current assets	(507,760)	(445,669)
	<b>(4,932,997)</b>	<b>(3,034,335)</b>

### c. Investing Activities

	2021/22 £	2022/23 £
Purchase of property, plant & equipment and other capital investment	(4,579,470)	(9,958,958)
Purchase of short term and long term investments	(31,000,000)	(132,300,000)
Proceeds from the sale of non current assets	1,259,055	1,392,479
Proceeds from disposal of short term and long term investments	31,000,000	132,856,606
Other (receipts) / payments from investing activities	4,459,617	4,563,420
	<b>1,139,202</b>	<b>(3,446,453)</b>

### F. Events after the Balance Sheet Date

The Chief Finance Officer authorised the Statement of Accounts on 31st July 2023. 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 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

#### F1. Defined Benefit Pension Scheme

##### Participation in pension schemes

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

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme (LGPS) is administered locally by Oxfordshire County Council. It is a defined benefit scheme, based upon final salary scheme and length of service upon retirement. The Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments if they are deemed due.

Changes to the LGPS came into effect from 1st April 2014. Benefits accrued from this date are based on a career average revalued salary. Various protections will be in place for those members and benefits accrued in the scheme before the changes take effect.

The scheme is a defined benefit statutory scheme that is administered in accordance with the Local Government Pension Scheme Regulations 1997 (as amended). It is contracted out of the State Second Pension.

##### Publica Group (Support) Limited

During 2017/18 the Council transferred the majority of its staff under TUPE legislation to Publica Group (Support) Limited, a wholly owned local authority company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council. The pension fund disclosure notes on the following pages include the staff transferred to Publica. All staff are pooled (counted as one scheme by the pension fund) as the Council continues to underwrite the pension liabilities on the whole scheme.

## NOTES TO THE CASH FLOW STATEMENT

### Transactions relating to retirement benefits

The Council recognises the cost of retirement benefits in the Cost of Services when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge the Council makes to council tax is based upon the actual cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement (MiRS).

The following transactions have been charged to the Comprehensive Income & Expenditure account and General Fund Balance during the year:

	2021/22 £	2022/23 £
<b>Comprehensive Income &amp; Expenditure Statement</b>		
<i>Cost of Services:</i>		
Current Service Cost	2,812,000	2,372,000
Past Service Cost		
(Gains)/loss from settlements		
<i>Financing and Investment Income &amp; Expenditure:</i>		
Net Interest Expense	712,000	683,000
<b>Net Charge to Surplus or Deficit on Provision of Services</b>	<b>3,524,000</b>	<b>3,055,000</b>
<i>Other post employment benefit charged to Comprehensive Income &amp; Expenditure Statement</i>		
Remeasurement of the net defined benefit liability comprising:		
Return on Plan Assets	(5,779,000)	4,757,000
Actuarial (gains) / losses arising on changes in financial assumptions	(6,020,000)	(34,096,000)
Actuarial gains and losses - demographic assumptions	(1,323,000)	(584,000)
Experience (gains) / losses on defined benefit obligation	1,084,000	5,376,000
Other actuarial (gains) / losses		
	<b>(12,038,000)</b>	<b>(24,547,000)</b>
<b>Total post employment benefits charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>(8,514,000)</b>	<b>(21,492,000)</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit on Provision of Services for post employment benefits in accordance with the Code	<b>3,524,000</b>	<b>3,055,000</b>
<b>Actual amount charged against the General Fund Balance for pensions in the year</b>		
Employers' contributions payable to the scheme	<b>1,558,000</b>	<b>1,650,000</b>

## NOTES TO THE CASH FLOW STATEMENT

### Pension Assets and Liabilities recognised in the Balance Sheet

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

	2021/22 £	2022/23 £
Present value of the defined benefit obligation - funded	(98,932,000)	(72,555,000)
Present value of unfunded obligations	(518,000)	(449,000)
Fair Value of Plan Assets	74,519,000	71,215,000
<b>Net liability arising from defined benefit obligation</b>	<b>(24,931,000)</b>	<b>(1,789,000)</b>

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

	2021/22 £	2022/23 £
Opening Fair Value of Scheme Assets	68,916,000	74,519,000
Interest Income	1,372,000	2,003,000
Administration Expense		
Remeasurement Gains / (Losses)	5,779,000	(4,757,000)
Other Actuarial gains/losses	(998,000)	
Employers' Contributions [including Unfunded]	1,558,000	1,650,000
Employee Contributions	372,000	378,000
Benefits Paid [including Unfunded]	(2,480,000)	(2,578,000)
Settlement prices received /paid		
<b>Closing Balance 31 March</b>	<b>74,519,000</b>	<b>71,215,000</b>

## NOTES TO THE CASH FLOW STATEMENT

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

	2021/22 £	2022/23 £
Opening Balance 1 April	<b>(103,919,000)</b>	<b>(99,450,000)</b>
Current Service Cost	(2,812,000)	(2,372,000)
Interest Cost	(2,084,000)	(2,686,000)
Contributions from Scheme Participants	(372,000)	(378,000)
Past Service Cost		
Re-measurement Gains / (Losses)	5,934,000	28,720,000
Change in demographic assumptions	1,323,000	584,000
Liabilities assumed/extinguished on settlements	0	
Benefits Paid	2,440,000	2,537,000
Unfunded Benefits Paid	40,000	41,000
<b>Closing Balance 31 March</b>	<b>(99,450,000)</b>	<b>(73,004,000)</b>
	Funded	(99,155,000)
	Unfunded	(72,476,000)
		(516,000)
		(449,000)

## NOTES TO THE CASH FLOW STATEMENT

### Composition of Scheme Assets

	Period ended 31 March 2023			
	Quoted	Unquoted	Total	Percentage of total assets
	£000	£000	£000	%
<b>Equity Securities:</b>				
Consumer	0.0	0.0	0.0	0%
Manufacturing	0.0	0.0	0.0	0%
Energy and Utilities	0.0	0.0	0.0	0%
Financial Institutions	0.0	0.0	0.0	0%
Health and Care	0.0	0.0	0.0	0%
Information technology	0.0	0.0	0.0	0%
Other	0.0	0.0	0.0	0%
<b>Debt Securities:</b>				
Corporate Bonds (investment grade)	0.0	0.0	0.0	0%
Corporate Bonds (non-investment grade)	0.0	0.0	0.0	0%
UK Government	917.7	0.0	917.7	1%
Other	374.8	0.0	374.8	1%
<b>Private Equity:</b>				
All	3,342.1	0.8	3,342.9	5%
<b>Real Estate:</b>				
UK Property	0.0	0.0	0.0	0%
Overseas Property	0.0	0.0	0.0	0%
<b>Investment funds and unit trusts:</b>				
Equities	0.0	39,748.8	39,748.8	56%
Bonds	0.0	4,556.7	4,556.7	6%
Hedge Funds	0.0	0.0	0.0	0%
Commodities	0.0	0.0	0.0	0%
Infrastructure	0.0	2,455.1	2,455.1	3%
Other	0.0	18,739.9	18,739.9	26%
<b>Derivatives:</b>				
Inflation	0.0	0.0	0.0	0%
Interest rate	0.0	0.0	0.0	0%
Foreign exchange	3.2	0.0	3.2	0%
Other	0.0	0.0	0.0	0%
<b>Cash and cash equivalents</b>				
All	1,075.9	0.0	1,075.9	2%
<b>Total</b>	<b>5,714</b>	<b>65,501</b>	<b>71,215</b>	<b>100%</b>

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

### Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, as an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels. The financial assumptions are summarised below:

<b>Mortality Assumptions</b>	<b>Males</b>	<b>Females</b>
Current Pensioners	21.9	24.6
Future Pensioners	23.2	26.1
<b>Financial Assumptions</b>	<b>2021/22</b>	<b>2022/23</b>
Rate of increase in pensions	3.20%	3.00%
Rate of increase in salaries	3.20%	3.00%
Discount Rate	2.70%	4.75%

### Sensitivity Analysis

IAS 19 requires disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<b>Change in assumption at 31 March 2023:</b>	<b>Approximate % increase to Employer Liability</b>	<b>Approximate monetary amount (£000)</b>
0.1% decrease in Real Discount Rate	2%	1,189
1 year increase in member life expectancy	4%	2,920
0.1% increase in the Salary increased Rate	0%	143
0.1% increase in the Pension increase Rate (CPI)	1%	1,064

The estimated employer's contributions for the year to 31<sup>st</sup> March 2023 will be approximately £1,609,000.



## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

### F2. Financial Instruments

#### Categories of Financial Instruments

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

2021/2022			2022/2023	
Non-Current £	Current £		Non-Current £	Current £
		<b>Financial Assets at Amortised Cost</b>		
0	2,603,682	Investments	0	0
10,455,846	3,340,245	Debtors	10,239,382	7,368,031
1,551,225	665,796	Finance Leases	1,270,212	726,683
12,007,071	6,609,723		11,509,593	8,094,714
		<b>Fair Value through Profit or Loss</b>		
11,651,774	35,556	Investments	12,375,411	64,433
	13,804,406	Cash and cash equivalents		8,158,780
11,651,774	13,839,962		12,375,411	8,223,213
		<b>Fair Value through OCI</b>		
1,030,000	0	Equity Instruments	1,000,000	0
1,030,000	0		1,000,000	0
<b>24,688,845</b>	<b>20,449,685</b>	<b>Total Financial Assets</b>	<b>24,885,004</b>	<b>16,317,927</b>
		<b>Financial Liabilities at Amortised Cost</b>		
0	(9,116,373)	Borrowing		(5,013,260)
		Creditors	0	(4,106,827)
<b>0</b>	<b>(9,116,373)</b>	<b>Total Financial Liabilities</b>	<b>0</b>	<b>(9,120,087)</b>

Not all short term debtors and creditors fall within the definition of financial instruments. The difference between the totals shown on the Balance Sheet and the values above is as follows:

	Non Current Debtors	Current Debtors £	Current Creditors £
Total on Balance Sheet	11,882,089	12,754,905	(14,544,020)
Statutory & Government Debtors / Creditors	(372,496)	(4,187,766)	6,365,858
Prepayments / Receipts in Advance	0	(472,425)	4,071,335
Finance Lease Principal / Liabilities	(1,270,212)	(726,683)	0
<b>Total Financial Instruments</b>	<b>10,239,382</b>	<b>7,368,031</b>	<b>(4,106,827)</b>

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

### Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following items:

2021/2022				2022/2023		
Financial Assets				Financial Assets fair value		
Loans & Receivables	Available for Sale	Fair Value through OCI		Amortised Cost	through Profit or Loss	Fair Value through OCI
£	£	£		£	£	£
(418,339)	(353,269)	(22,750)	<b>Financing &amp; Investment Income and Expenditure</b>	13,260		
0	151,558	0	Interest Expense	(706,594)	(586,078)	(26,875)
			Interest / Dividend income		1,269,757	
			Changes in fair value			
0	0	0	<b>Other Comprehensive Income</b>			
			Changes in fair value			30,000
<b>(418,339)</b>	<b>(201,711)</b>	<b>(22,750)</b>	<b>Net (Gain) / Loss for the Year</b>	<b>(693,334)</b>	<b>683,679</b>	<b>3,125</b>

### Fair Values of Financial Assets and Financial Liabilities

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

The Code sets out the fair value valuation hierarchy local authorities are required to follow to increase consistency and comparability in fair value measurements and disclosures: Level 1 assets are valued based upon ‘quoted prices in active markets for identical assets’ where such assets exist. Level 2 is based upon inputs other than quoted prices within level 1 that are observable. Level 3 represents all other unobservable inputs, which can be used to estimate the fair value of the assets.

The fair values have been calculated as follows:

	Input level	As at 31/03/2023 £
<b>Fair Value through Profit or Loss</b>		
Money Market Funds	Level 1	4,315,504
Pooled Investment Funds	Level 1	12,439,844
Call Accounts	Level 1	3,843,276
		<b>20,598,624</b>

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

Except for the financial assets carried at fair value (as shown above), all other financial liabilities and financial assets are carried in the Balance Sheet at amortised cost. The carrying value and fair values are shown below for comparison purposes. Fair values are not required for current debtors and creditors (trade payables and receivables) since the carrying amount is deemed a reasonable approximation of fair value.

	2021/22		2022/23	
	Carrying Amount £	Fair Value £	Carrying Amount £	Fair Value £
-				
<b>Financial Assets at Amortised Cost</b>				
Investments	2,603,682	2,603,682	0	0
Non-Current Debtors	10,455,846	10,455,846	10,239,382	10,239,382
Non-Current Finance Leases	1,551,225	1,551,225	1,270,212	1,270,212
	<b>14,610,753</b>	<b>14,610,753</b>	<b>11,509,593</b>	<b>11,509,593</b>
<b>Financial Liabilities at Amortised Cost</b>				
Borrowing			(5,013,260)	(5,013,260)
	<b>0</b>	<b>0</b>	<b>(5,013,260)</b>	<b>(5,013,260)</b>

### Soft Loans

Where loans are advanced at preferential or below market rates, they are classed as 'Soft Loans'. The Code of Practice sets out specific accounting and disclosure requirements for soft loans.

Prior to transferring the majority staff to Publica, the Council offered loans at less than market rates to its employees for car purchases. No further loans are being issued to those staff transferred. The outstanding balance of loans was paid off in 22/23 (balance 2021/22 £433).

No adjustment has been made to account for the suggested treatment for soft loans (to represent interest lost at granting the loans at below market rate) as the amounts are not material to these accounts.

### F3. Nature and extent of risks arising from Financial Instruments

The Council's activities expose it to a variety of financial risks. The Council has not yet required debt financing and currently does not have any external borrowing. As such, the key risks are in relation to its financial assets. These are as follows:

- Credit risk – the possibility that other parties may 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
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Council because of changes in such measures as interest rate movements.

#### Overall procedures for managing risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA code of Practice for Treasury Management Services
- By approving annually in advance prudential indicators for the following three years limiting:
  - \* Limits on the Council's overall debt [external borrowing]
  - \* The Council's maturity structure of its external borrowing [currently £0]
  - \* The Council's upper limit for exposure to fixed and variable rate investments
  - \* The maximum exposure to investments maturing beyond a year
- By annually approving a Treasury Management Investment Strategy for the forthcoming year, setting out criteria for investments and specifying the minimum requirements for all counterparties

These are required to be reported and approved at or before the Authority's annual Council Tax setting budget. These items are reported with the annual treasury management strategy, which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is reported annually to Members.

The Council has adopted CIPFA's Code of Practice on Treasury Management (and subsequent amendments) and complies with The Prudential Code for Capital Finance in Local Authorities.

As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the DLUHC's Investment Guidance for local authorities. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Strategy, together with its Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

A central treasury team implements these policies. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices.

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

### Credit Risk

The Council manages credit risk by ensuring that investments are placed with the Debt Management Office, other local authorities, AAA-rated money market funds and Banks and Building Societies of sufficiently high credit quality as set out in the Treasury Management Strategy. A limit of £5m of the total portfolio is placed on the amount of money that can be invested with a single counterparty. The Council also sets a total group investment limit for institutions that are part of the same banking group. No more than £25m in total can be invested for a period longer than one year.

It must also be noted that although credit ratings remain a key source of information, the Council recognises that they have limitations and investment decisions are based on a range of market intelligence. All investments have been made in line with the Council's Treasury Management Strategy Statement for 2022/23, approved by Full Council in February 2022.

The ratings of the financial institutions holding Council investments (and investments classified as cash equivalents) at the Balance Sheet date is as follows:

	<b>Investment Balance (£)</b>
<u>Call accounts and other 'cash equivalent' investments</u>	
Money Market Funds	4,315,504
Call Accounts	3,843,276
<u>UK Equities</u>	
Real Estate Investment Trust (REIT)	1,000,000
<u>Pooled funds</u>	
Non-rating agency rated pooled fund <i>separately approved by the Council's Treasury Management advisors</i>	12,439,844

The table below summaries the nominal value of the Council's investment portfolio at 31<sup>st</sup> March 2023 and confirms that all investments were made in line with the Council's approved credit rating criteria at the time of placing the investment:

	<b>Investment values - maturing within:</b>			
	<b>0-3 mths</b>	<b>3-6 mths</b>	<b>6-12 mths</b>	<b>1 year +</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<u>Internally managed funds</u>				
Money Market Funds	4,315,504			
Call Accounts	3,843,276			
UK Equities				1,000,000
<u>Externally managed funds</u>				
Pooled Funds	64,433			12,375,411

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

	Investment values - maturing within:			
	0-3 mths	3-6 mths	6-12 mths	1 year +
	£	£	£	£
<u>Internally managed funds</u>	-	-	-	-
Call Accounts	1,800,390	0	0	0
UK Banks	50,000	0	0	0
Money Market Funds	12,004,016	0	0	0
UK Building Societies	0	0	0	0
REIT	1,030,000	0	0	0
Bonds	2,500,000	0	0	0
<u>Externally managed funds</u>	-	-	-	-
Pooled Funds	11,687,330	0	0	0

The credit quality of debtors is reflected in the level of impairment allowance for trade debtors shown in note D4.

### Liquidity Risk

The Council has a cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority has access to borrowing facilities via the Public Works Loan Board, commercial banks, bond issues, medium term notes, tax increment financing, the European Investment Bank, and other local authorities. There is no perceived risk that the Authority will be unable to raise finance to meet its commitments.

The Council also has to manage the risk so that it will not be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates. The Authority would only borrow in advance of the forecast spend in the capital programme where the spend can be reliably committed and the cost of borrowing, such as rising interest rates, make a clear business case for doing so. Although there is currently no external borrowing, there is significant internal borrowing so even if loans were drawn down ahead of a planned capital spend, the Authority would still not be deemed to be borrowing ahead of need. There is no intention to borrow outside of funding spend in the capital programme or to finance future debt maturities.

### Market Risk – interest rate risk

The Council is exposed to risks arising from movements in interest rates but in a time of large movements in interest rates, the decision on whether to borrow at a fixed rate or a variable rate is taken on a case by case basis and this is reflected in the Treasury Management Strategy which does not preclude borrowing under either option.

### Price Risk

The Council holds some financial instruments, of which the capital value may fluctuate because of market conditions. However, these instruments are all purchased on a hold to maturity or long term basis and therefore any temporary fluctuations in the market value of such products have no immediate impact on the Council's finances. The losses that have been incurred in these funds would need to be recognised if the investment was withdrawn or at the end of March 2025 when the statutory override on recognising losses in financial instruments is expected to end.

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

### F4. Leases

The Council as Lessee [obtaining assets under a leasing arrangement]

#### Operating Leases

The Council has entered into a number of operating leases in the local area. The minimum lease payments due under non-cancellable leases in future years are as below:

	31 March 2022 £	31 March 2023 £
Not later than one year	238,087	224,556
Later than one year & not later than five years	518,766	354,060
Later than five years	322,343	266,199
	<b>1,079,196</b>	<b>844,816</b>

The Council as Lessor [leasing assets out]

#### Finance Leases

The Council leases a number of waste and recycling vehicles to Ubico Limited.

The minimum lease payments comprise settlement of the long-term debtor for the interest in the asset and finance income that will be earned by the Council for the period while the debt remains outstanding.

	31 March 2022 £	31 March 2023 £
Present value of principal payments outstanding on non current assets	1,709,263	1,996,896
Unearned finance income	123,972	166,280
	<b>1,833,235</b>	<b>2,163,176</b>

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments (excl. int)	
	31 March 2022	31 March 2023	31 March 2022	31 March 2023
	£	£	£	£
- Not later than one year	711,909	781,833	665,796	726,683
Later than one year & not later than five years	1,467,181	1,170,032	1,395,348	1,070,342
Later than five years	161,904	211,311	155,878	199,871
	<b>2,340,994</b>	<b>2,163,176</b>	<b>2,217,022</b>	<b>1,996,896</b>

The Council has not included any allowance for uncollectable debts in the table above. Any outstanding debts would be considered within the Sundry Debtors bad-debt provision calculation.

### Operating Leases

The Council leases out a number of premises within the local area. The future minimum lease payments receivable under non – cancellable leases in future years are:

	31 March 2022	31 March 2023
	£	£
Not later than one year	3,766,655	4,577,499
Later than one year & not later than five years	9,459,014	12,547,073
Later than five years	47,579,640	29,014,775
	<b>60,805,309</b>	<b>46,139,347</b>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the balance sheet date.

## F5. Accounting Policies

### i) General principles

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the 31st March year-end. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, those regulations which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom* supported by International Financial Reporting Standards (IFRS) and statutory guidance.

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

These accounts have been prepared on the basis that the Council is a going concern.



## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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### ii) Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption they are carried as inventories (stock) on the Balance Sheet, where the value is material.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure 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 revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to the Comprehensive Income and Expenditure Statement for the income that might not be collected (doubtful debts).
- The council has set a de-minimis level for accruals of creditors and debtors that are calculated manually in order to avoid additional time and cost in estimating and recording accruals. This level is set at £500 with the exception of any grant where applying the de-minimis level would affect a grant claim and any accruals included therein.

### iii) Cash and cash equivalents

Cash and cash equivalents are represented by cash in hand and deposits with financial institutions repayable, without penalty, on notice of not more than 24 hours. This includes bank call-accounts, Money Market Funds (MMF) and any other 'overnight-type' investments.

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

### iv) Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### v) Charges to revenue for non-current assets

Services, support services and trading accounts are charged an accounting estimate of the cost of holding non-current assets during the year. This comprises:

- depreciation attributable to the assets used by the relevant service

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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

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

### vi) Council tax and non-domestic rates

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

#### Accounting for council tax and NDR

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

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

### vii) Employee benefits

#### Benefits payable during employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual for the cost of holiday entitlement (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end is not provided for in the accounts. This is because the Council TUPE-transferred the majority of its staff to Publica Group (Support) Limited in 2017/18. Due to the vastly reduced number of staff employed by the Council, a balance is no longer maintained for the cost of untaken annual leave, as the amount involved is not material to the accounts.

#### Termination benefits

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

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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 or the employee in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the pension 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 pensioners and any such amounts payable but unpaid at the year end.

### viii) Post-employment benefits

Employees of the Council are permitted to join the Local Government Pension Scheme, administered by Oxfordshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Council.

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Oxfordshire County Council Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about 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 based on the gross redemption yield on the Iboxx Sterling Corporate Index, AA over 15 years, at the IAS19 valuation date. This is a high quality corporate bond of equivalent term and currency to the liability.
- The assets of the Oxfordshire County Council Pension Fund attributable to the Council are included in the balance sheet at their fair value.
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value

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

- Service cost comprising:
  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
  - past service cost- the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement
  - net interest on the net defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments
- Remeasurements comprising
  - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the pensions reserve as other comprehensive income and expenditure
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

- updated their assumptions – charged to the pensions reserve as other comprehensive income and expenditure
- o contributions paid to the Oxfordshire County Council Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

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

### Discretionary benefits

The Council also has 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.

### **ix) Events after the reporting period**

Events after the Balance Sheet reporting period are those events, both favourable and unfavourable, that occur between the Balance Sheet date and the date when the statement of accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the statement of accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the statement of accounts is not adjusted to reflect such events, but where such a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

### **x) Financial instruments**

**Financial liabilities** are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement 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.

Any borrowing that the Council may undertake would be presented in the Balance Sheet at the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid, where material. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

**Financial assets** are classified based on a classification and measurement approach that reflects the business model for holding the financial assets (i.e. why we are holding the asset) and their cash flow characteristics. There are three main classifications:

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

The Council primarily holds 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 (ie where the cash flows do not take the form of a basic debt instrument).

### Financial assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

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

### *Expected credit loss model*

The Council recognises material expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis except for those where the counterparty is central government or another local authority, where relevant statutory provisions prevent default. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors).

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

### Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets that are measured at fair value through other comprehensive income are recognised on the Balance Sheet when the Council becomes a 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 arise in other comprehensive income.

### Financial assets measured at fair value through profit or loss (FVPL)

Financial assets that are measured at fair value through profit or loss are recognised on the Balance Sheet when the Council becomes a 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 arise in the Surplus or Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement.

The Council has chosen to apply statutory provisions for mitigating the impact of fair value movements on Pooled Investment Funds as directed in the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2018 (SI 2018/1207) subsequently amended by SI 2023/241. This allows (where relevant criteria are met) for fair value gains and losses on Pooled Investment Funds to be reversed to an account established solely for the purpose of recognising fair value gains and losses – the Pooled Investment Funds Adjustment Account.

This statutory provision ceases on 31 March 2025.

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

### Fair value measurements of financial assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Council's 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.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

### **xi) Government grants and contributions**

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

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

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

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

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

### Community infrastructure levy

The Council does not currently charge a Community Infrastructure Levy (CIL) but may do so in future. When in place, the levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council will be responsible for charges and collecting the levy, which is a planning charge. Future income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

When charged, the CIL is recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement as a contribution without outstanding conditions. CIL charges, once introduced, will be largely used to fund capital expenditure. However a proportion of the charges

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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may be used to fund revenue expenditure. A share of the charges which are due to be payable to the County, Town or Parish Councils will remain in creditors (receipts in advance) until due.

### **xii) Heritage assets**

Heritage assets are those assets that are held and maintained principally for their contribution to knowledge and culture.

The Council owns several public artworks. These items meet the classification of Heritage Assets adopted by the Code (FRS102).

Where assets have been purchased or recently obtained, information on their cost or value will be available. The Code allows that where this information is not available, or cannot be obtained at a value which is commensurate with the benefits to users of the financial statements, that the assets need not be recognised in the Balance Sheet.

When purchased or where a value is available, heritage assets are recognised on the balance sheet at historic cost. Assets within the Council's ownership are deemed to have indeterminate lives; hence the Council does not consider it appropriate to charge depreciation on those heritage assets on the Council's balance sheet. Due to the nature of the type of assets held, the Council's heritage assets are not subject to revaluation and will only be impaired if there is clear reason to suspect the assets have become impaired.

### **xiii) Intangible assets**

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

The depreciable amount of an intangible asset is amortised over its useful life (usually 5 years) to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. The Council carries no internally generated intangible assets on its balance sheet.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account or (for any sale proceeds greater than £10,000) the capital receipts reserve.

### **xiv) Inventories and long-term contracts**

Inventories (stocks) are included in the Balance Sheet at cost.

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

### **xv) Investment property**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line 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. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account or (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### **xvi) Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

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

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

#### **The council as lessee**

##### Finance leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value, measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

##### Operating leases

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

#### **The council as lessor**

##### Finance leases



## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. . At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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 therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### Operating leases

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

### **xvii) Property, plant and equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense when it is incurred.

The Council's capitalisation de minimis is £10,000, except for where the sum of a group of assets is significant, such as waste collection bins and boxes or ICT equipment.

### Measurement

Assets are initially measured at cost, comprising:

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both) depreciated historical cost basis is used as an approximation of current value.

Assets included in the balance sheet at current value are revalued to ensure that their carrying amount is not materially different from their value at year-end. All land and buildings are revalued at least every 5-years as part of a rolling programme. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the surplus or deficit on the provision of services within the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where items or property plant and equipment are revalued, and the valuer identifies an asset which has component parts that have significantly different useful lives, where one or more parts represent a significant proportion of the overall asset, then the asset may be componentised. With componentisation, one or more constituent parts may be identified, and the component parts separately valued for the accounts and depreciated over different useful lives to the main asset. Useful economic lives (and therefore depreciation calculations) will be based upon the asset lives recommended by the Council's valuer.

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 line in the Comprehensive Income and Expenditure Statement.

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

### Impairment

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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

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

### Depreciation

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

Depreciation is calculated on the following bases:

- Operational buildings and surplus property – depreciated on a straight-line basis, over a 30 to 60 year period, depending upon the particular asset and an estimate of the asset life from the Council's valuer
- Car Park depreciable components (surface) – 20 years
- Land is not depreciated
- Vehicles and plant - depreciated on a straight-line basis, over a 7-year period
- Furniture and equipment – depreciated on a straight-line basis, over a 5-year period
- Investment property is not depreciated

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### Disposals and non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

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

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

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

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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

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

### **xviii) Provisions, contingent liabilities and contingent assets**

#### Provisions

Provisions are made where an event has taken place on or before the balance sheet date:

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

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

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

Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

#### Contingent liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

#### Contingent assets

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

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

### **xix) Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

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

### **xx) Revenue expenditure funded from capital under statute**

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

### **xxi) Value Added Tax**

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

### **xxii) Fair value measurement of non-financial assets**

The Council's accounting policy for fair value measurement of financial assets is set out in the 'Financial Instruments' section (above). The Council also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings (other financial instruments as applicable) at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

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

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

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

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

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 – unobservable inputs for the asset.

### F6. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note F5 above, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The Council has a one-eighth share in Ubico Limited. The company provides a range of integrated environmental services including, commercial refuse collection and grounds maintenance services on behalf of the Council. The separate operating practices, management structure and the application of majority voting on the Ubico Limited board do not constitute the Council having joint-control or significant influence over the company. The Council's interest has therefore been classified as an investment in Ubico and group accounts have not been prepared.
- The Council jointly owns (with Cotswold District Council, the Forest of Dean District Council and Cheltenham Borough Council) Publica Group (Support) Limited, a wholly owned company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council and services to other members Councils under contract. Publica can be considered to be an employment vehicle (in accounting terms only a 'holding account'), employing and paying staff and then recharging these costs to the Councils, via a contract sum. It does not trade and does not make a 'profit' as substantially all surpluses are redistributed back to the councils. While the Council has an interest in the Company, the Council's share of any surplus for the year and net assets at the balance sheet date have not been consolidated into the Council's single entity accounts. It is the view of management that the figures involved are not material and the production of group accounts will not enhance disclosure or provide any additional benefit to the reader of the accounts, and on that basis, Group Accounts have not been prepared.
- No allowance has been made in the Councils' accounts for the transfer out of any Local Government Pension Scheme (LGPS) pension liability to Publica Group (Support) Limited. The service contract and tripartite agreement between the Council, Oxfordshire Pension Fund and Publica Group (Support) Limited mean that the pension liability and risk relating to the pension fund remains with the Council, following the TUPE transfer of the majority of the Council's staff to Publica on 1st November 2017. Therefore, the Council is reporting the pension liability for both staff transferred to Publica, and the Councils retained staff, in the accounts. Although Publica, as the employer of many of the current staff may be initially responsible for paying any exit contributions (for example), for any of its staff that are members of the LGPS, such cost will be reimbursed by the relevant Council. The accounts have been prepared on the basis that the full pension fund liability for the LGPS sits in the Council's accounts. There are no separate disclosures for Publica as they are not responsible for any LGPS liability.
- Under International Financial Reporting Standards (IFRS), assessments have been made as to the correct accounting treatment for a number of lease agreements, which the Council has entered into. Categorising leases as either operating or finance leases results in different accounting treatment depending upon the categorisation of the lease. In each case, a lease is classified based upon criteria contained within the Code and an assessment of the nature of the leasing arrangement in place.

The Council has entered into a lease-type agreement whereby it provides environmental services vehicles to Ubico Limited. Ubico pay a market-rate for the use of the vehicles and are responsible for insuring and maintaining the vehicles and determining their deployment (including use across other Ubico contracts where necessary). Ubico pay for the vehicles over a period of 7-years for new vehicles, which is deemed to be the useful economic life of the assets. The transaction has been accounted for on the basis that the agreement is a finance lease, because: i) the sum of the lease payments equal the cost of purchasing the asset; ii) the length of the term represents 'substantially all' of the useful life of the asset; and iii) the rights and responsibilities of ownership (maintenance, insurance, deployment) in relation to the vehicle assets sit primarily with Ubico Limited. This agreement has been formalised in a lease agreement between Ubico and the Council.

- The Council leases-in a small number of operational assets on 'peppercorn' or non-commercial terms. For such assets, the assets are not accounted for purely on the financial agreement (lease) in place, but include an assessment of the substance of the transaction or underlying arrangement to take account of the view that the purpose of the lease is to provide services or benefit within the district. The terms of the lease and the desire to provide beneficial services are often represented in non-commercial lease-terms being agreed.
- A significant level of risk remains due to the volume of outstanding business rates appeals, which are being processed by the Valuation Office. Where appeals are successful, refunds of business rates are generally repayable back to the latest valuation date, which reduces the business rates yield in the year in which the refund is made. This set of accounts includes a provision for appeal losses. The value has been assessed

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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using information of outstanding appeals supplied by the valuation office, as at 31st March 2023, and using experience of previous appeals rates. The Council's share of the liability stands at £1,638,670.

- Grants are only recognised as income in the CIES, where the Council is acting as a principal. If the Council is acting as an intermediary (agent), then the net balance of monies to either be repaid or due to the council, will be shown on the balance sheet. It is deemed the Council is acting as a principal if they have control of a grant i.e. the ability to direct the use of and obtain substantially all of the remaining benefits from the grant. Following the receipt of a grant the Council had to determine whether in administering the grant it was acting as an agent or principal.

Where the Council was acting as agent, the following conditions applied:

- It was acting as an intermediary between the recipient and the Government Department
- It did not have "control" of the grant conditions and there was no flexibility in determining the level of grant payable.

Where the Council acted as principal, it was able to use its own discretion when allocating the amount of grant payable. The narrative report (page 5) highlights the business grants where the Council is acting as either the principal or agent.

### **F7. Accounting standards not yet adopted**

The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. There is also the requirement for an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

The following standards and amendments are not expected to be introduced until 1 April 2024:

#### IFRS 16 Leases

IFRS 16 is not anticipated to have a material effect on the financial statements or balances of the council since the changes mainly affect the recognition of leases by lessees. Although the authority does have lease liabilities as lessee the level is below the materiality limit for the Statement of Accounts set by the External Auditors. The Council have not opted to adopt the standard early.



## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

### F8. Assumptions and Other Major Sources of Estimation

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. Significant assumptions affecting the statement of accounts include:

Item	Uncertainties	Effect if actual result differs from assumption
Property, Plant & Equipment – Operational Property	<p>Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets.</p> <p>The Valuer has stated that valuations have been prepared in accordance with RICS Valuation standards and recommendations contained within the RICS Red Book.</p> <p>In context of the Council's Property Portfolio, the Valuer has assessed the impairment risk by sector and individual asset.</p> <p>The remainder of the portfolio has been assessed and it has been confirmed that there has been no further material changes to the portfolio that is considered sufficient to affect the unvalued portion.</p> <p>Operational Assets are depreciated over the best estimate of an assets useful economic life. These asset lives are based upon assumed repairs and maintenance being carried out to maintain an asset.</p>	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve /and or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 10%, this would be unlikely to result in a significant charge to the Comprehensive Income and Expenditure Statement due to the level of revaluation reserve balance held of approximately £31.8m.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and/or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and/or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p> <p>If the useful economic life of an asset is reduced, depreciation increases and the carrying value of an asset will fall. Depreciation charges for operational buildings will change in direct relation to changes in estimated current value. The net book value of non-current assets subject to potential revaluation is £78m.</p>
Fair Value measurement of Investment Property	<p>This includes developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumption on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available.</p> <p>During this accounting period Investment properties have been valued against assumptions of the national economic picture and local conditions that impact rental values.</p>	<p>Estimates for fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date.</p>

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

Pension Liability	<p>The estimation of the pension liability is based upon a number of factors and judgements applied by the scheme's actuary including discount rate used, rate of salary increases, changes in retirement ages, mortality rates and expected return on Pension Fund investments. Estimates are made upon judgements and conditions as seen by the actuary at a point in time.</p> <p>The Council has engaged Hymans Robertson as its consulting actuary to provide expert advice about the assumptions to be applied.</p>	<p>The effect of changing assumptions will result in changes in the valuation of the pension funds' assets and liabilities.</p> <p>For further details of the impact of variations in key assumptions, see note F1.</p>

Where other assumptions have been made these will be disclosed in the appropriate note to the accounts.

### F9. Contingent Liabilities and Contingent Assets

The Council has no significant contingent assets or liabilities to report.

### F10. Related Parties

The Council is required to disclose material transactions with related parties – i.e. 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 Authority.

#### Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides a significant element of the Council's funding in the form of grants and prescribes the terms of many transactions that the Authority has with other parties (e.g. council tax bills and housing benefits). Details of any significant grants received in the year are listed under Note B9, *Grant Income*.

#### Members of the Council

Members of the council have direct control over the council's financial and operating policies. The total of Members' allowances paid in 2022/23 is disclosed in Note B6, *Members' Allowances*.

All elected Members are required to complete a questionnaire detailing any areas where potential conflicts of interest may occur between their private interests and their position as the elected representatives of the Council. Details are recorded in the register of members' interest, open to public inspection at the Council Offices during office hours.

- Fourteen Members declared an interest as a Town, Parish or County Councillor where precepts were awarded during 2022/23.

#### Officers

By virtue of the Officer Code of Conduct, employees of the Council are required to declare any relationship with individuals, organisations or companies that might prejudice, or could be viewed as influencing, their professional

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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judgement. On an annual basis, senior officers and officers within positions of influence within the Council are required to complete a related party declaration to highlight any potential conflicts of interest.

Declarations are sought even where no conflicts of interest have been reported. There were no declarations that required further disclosure in this statement of accounts.

### Cotswold District Council

Up until November 2017 the Council shared a number of senior staff with Cotswold District Council. On the 1<sup>st</sup> November the majority of the Council's staff TUPE-transferred to Publica Group (Support) Limited. Following the transfer, the Council now only share the legal function and the counter fraud unit.

### Publica Group (Support) Limited

Publica Group (Support) Limited (the Company), is a not-for-profit company limited by guarantee with no share capital.

West Oxfordshire District Council, along with Cotswold, and Forest of Dean District Councils and Cheltenham Borough Council have jointly set up Publica Group (Support) Limited, a wholly owned company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council and services to other members Councils under contract.

Publica Group (Support) Limited is a Teckal company fulfilling the conditions set out in Regulation 12(4) of the Public Contracts Regulations 2015. The Company is subject to management supervision by the Members. As such, the Company is a body governed by public law as defined in the Public Contracts Regulations 2015.

While Publica Group (Support) Limited works closely with the Council, the company has its own board of Directors, its own Management team, and operates independently from the Council.

### Ubico Limited

Ubico Limited was established in 2011/12 by Cheltenham Borough Council and Cotswold District Council to deliver a range of integrated environmental services including household and commercial refuse collection, recycling, street cleansing and grounds maintenance. It commenced operations on 1 April 2012.

During 2015/16 West Oxfordshire District Council became a shareholder of Ubico Limited. The Council holds an equal 1/8<sup>th</sup> shareholding in the Company.

The company provides services to the shareholder councils on a not-for-profit basis and therefore qualifies for the teckal exemption (named after the EU case that established the principle). As a teckal company, Ubico Limited must ensure that the percentage of work undertaken outside of the shareholder contracts is less than 20% of its total activity.

While the Council has a 1/8<sup>th</sup> shareholding in Ubico Limited, the Council is not deemed to have significant influence over the company. The separate operating practices, management structure and majority voting on the Ubico board do not constitute any means of joint-control over the company. The Council's interest is therefore classed as an investment in Ubico.

### Other Public Bodies

The Council collects precepts on behalf of Oxfordshire County Council, Thames Valley Police & Crime Commissioner and the Town and Parish Councils within the Council area. Precepts for the County Council and Police Authority are shown in the Collection Fund. Town and Parish precepts are shown in the Comprehensive Income and Expenditure Account.

The Local Government Pension Scheme (of which West Oxfordshire is a member) is administered by Oxfordshire County Council (see note F1).

## ADDITIONAL DISCLOSURES – UNDERSTANDING THE ACCOUNTS

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### The Wychwood Project

The Wychwood Project is a registered charity that aims to inspire people to restore and conserve habitats and landscapes within the Wychwood area, which covers 120 sq miles, mostly in the West Oxfordshire District. The Council provided a Community Revenue Grant of £30,000 to the Wychwood Project in 2022/23 and a West Oxfordshire District Council Councillor is a trustee.

## THE COLLECTION FUND

This "Agent's" statement shows the transactions of the Council as a billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and National Non Domestic Rates (Business Rates).

2021/2022					2022/2023		
Business Rates	Council Tax	Total		Note	Business Rates	Council Tax	Total
£	£	£			£	£	£
	(92,828,806)	(92,828,806)	Council Tax receivable	G1		(99,702,337)	(99,702,337)
(30,909,812)		(30,909,812)	Business Rates Receivable	G2	(36,000,794)		(36,000,794)
(88,790)		(88,790)	Transitional Protection Payments		46,291		46,291
(17,193,291)		(17,193,291)	Contribution to previous year's deficit / (Surplus)		(11,445,577)		(11,445,577)
<b>(48,191,893)</b>	<b>(92,828,806)</b>	<b>(141,020,699)</b>	<b>Total Income</b>		<b>(47,400,080)</b>	<b>(99,702,337)</b>	<b>(147,102,417)</b>
		0	<u>Apportionment of previous year's surplus</u>				
			Central Government				0
	149,810	149,810	West Oxfordshire District Council			210,394	210,394
	1,184,898	1,184,898	Oxfordshire County Council			1,650,734	1,650,734
	167,777	167,777	Thames Valley Police & Crime Commissioner			242,692	242,692
0	1,502,485	1,502,485			0	2,103,820	2,103,820
			<u>Precepts, Demands and Shares</u>				
20,317,804		20,317,804	Central Government		18,225,958		18,225,958
16,254,244	9,006,050	25,260,294	West Oxfordshire District Council		14,580,766	9,705,853	24,286,619
4,063,561	70,660,892	74,724,453	Oxfordshire County Council		3,645,192	76,258,830	79,904,022
0	10,388,626	10,388,626	Thames Valley Police & Crime Commissioner			11,140,491	11,140,491
40,635,609	90,055,568	130,691,177			36,451,916	97,105,174	133,557,090
			<u>Charges on the Collection Fund</u>				
9,857	106,780	116,637	Write-offs of uncollectable amounts		74,186	21,800	95,986
1,019,775	64,978	1,084,753	Increase / (decrease) in Bad Debt / Appeals Provisions	G3	1,136,600	966,368	2,102,968
168,233		168,233	Cost of Collection		168,007		168,007
209,141		209,141	Disregarded Amounts - Renewable Energy Schemes	G4	209,076		209,076
1,407,006	171,758	1,578,764			1,587,869	988,168	2,576,037
<b>42,042,615</b>	<b>91,729,811</b>	<b>133,772,426</b>	<b>Total Expenditure</b>		<b>38,039,785</b>	<b>100,197,162</b>	<b>138,236,947</b>
<b>(6,149,278)</b>	<b>(1,098,995)</b>	<b>(7,248,273)</b>	<b>(Surplus) / Deficit for the Year</b>		<b>(9,360,295)</b>	<b>494,825</b>	<b>(8,865,470)</b>
18,692,126	(1,593,153)	17,098,973	(Surplus) / Deficit brought forward		12,542,848	(2,692,148)	9,850,700
<b>12,542,848</b>	<b>(2,692,148)</b>	<b>9,850,700</b>	<b>(Surplus) / Deficit carried forward</b>	G5	<b>3,182,553</b>	<b>(2,197,323)</b>	<b>985,230</b>

## NOTES TO THE COLLECTION FUND

### G1. Council Tax System

Under the council tax system, West Oxfordshire District Council must collect enough money each year from local residents to cover the cost of the services we provide, which are not funded by other sources such as government grants and fees and charges.

Council Tax was introduced on 1 April 1993, and is a property based tax. The District Valuer valued all domestic property in the area and placed them into one of nine bands. In order to set the Council Tax, the Council estimates the number of dwellings in each of the nine valuation bands and convert these estimates into an "equivalent number of Band D dwellings". The table below shows the calculation for 2022/23.

Band	Total Chargeable Dwellings	Band 'D' Conversion	Band 'D' Equivalent Chargeable Dwellings	New Regulation Adjustments	New Band D Equivalent Chargeable Dwellings
A*	0.00	5/9	1.11	0.00	1.11
A	0.00	6/9	691.87	0.00	691.87
B	0.00	7/9	2,689.19	0.00	2,689.19
C	0.00	8/9	12,334.49	0.00	12,334.49
D	0.00	1	10,572.34	0.00	10,572.34
E	0.00	11/9	8,480.99	0.00	8,480.99
F	0.00	13/9	5,888.63	0.00	5,888.63
G	0.00	15/9	4,512.12	0.00	4,512.12
H	0.00	2	706.17	0.00	706.17
Total	0.00		45,876.91	0.00	45,876.91
Collection rate %					98.50%
Plus MOD contribution					983.66
<b>TAXBASE</b>					<b>46,172.42</b>

The total number of "equivalent Band D dwellings" is divided into net budget requirement to arrive at an "average Band D Tax" per dwelling. Dwellings in bands below "Band D" will pay proportionately less than this average and dwellings in bands above "Band D" will pay proportionately more than this average.

The above calculations resulted in an "average Band D Tax" of £2,103.10 per dwelling for 2022/23 (2021/22 £1,913.77) This included precepts payable to Oxfordshire County Council, the Police & Crime Commissioner for Thames Valley and West Oxfordshire District Council (but excludes amounts payable to the Town & Parish Councils within the district).

### G2. National Non Domestic Rates

Under the Business Rates Retention Scheme the Council acts as both principal and agent, in that it is able to retain 40% of the net standard business rates collected within the local area as income within its own budget (net of tariff to central government), as well as 100% of net rates from properties relating to renewable energy schemes (Disregarded Amounts). The Council distributes the remaining net balance of standard business rate income to Central Government, who are allocated 50%, with the final 10% to Oxfordshire County Council

	2021/22	2022/23
Total Non Domestic Rateable Value at 31 March (£)	102,066,872	116,197,248
National Non-domestic Rate Multiplier - Higher	51.2p	51.2p
National Non-domestic Rate Multiplier - Lower [Small Business]	49.9p	49.9p

## NOTES TO THE COLLECTION FUND

The Business Rates receivable amount on the face of the Collection Fund Account is lower than the total of Non-domestic Rateable Value multiplied by the Non-domestic Rate Multiplier due to the award of various reliefs including Small Business Rate Relief and other mandatory and discretionary rate reliefs.

### G3. Tax Payers' Arrears & Provisions for Uncollectable Amounts

Provision has been made for uncollectable tax payers' debts. At 31 March the provisions on the Collection Fund were as follows:

	2021/22 £	2022/23 £
Council Tax	(1,390,124)	(2,356,492)
National Non Domestic Rates	(4,144,659)	(4,889,659)
	<b>(5,534,783)</b>	<b>(7,246,151)</b>

### G4. Business Rates – Disregarded Amounts

From April 2013 the Council was allowed to retain 100% of the growth from the business rates associated with renewable energy sites. All such growth is transferred to the Council's General Fund.

### G5. Collection Fund Balance Sheet Apportionment

The apportionment of the balances on the Collection Fund as at 31 March is as follows:

2022/2023	West Oxon. District Council £	Oxfordshire County Council £	Central Govt. £	Thames Valley P&CC £
<b>Council Tax</b>	10.0%	78.5%	0%	11.5%
Debtors	820,660	6,447,923		941,963
Bad Debt Provision	(235,536)	(1,850,605)		(270,351)
Prepayments and Overpayments	(152,829)	(1,201,329)		(175,500)
(Surplus) / Deficit at 31 March	(219,626)	(1,725,603)		(252,089)
<b>Business Rates</b>	40.0%	10.0%	50.0%	0.0%
Debtors	1,020,138	255,034	1,275,172	
Bad Debt / Appeals Provision	(1,955,863)	(488,966)	(2,444,830)	
Prepayments and Overpayments	(141,867)	(113,494)	(28,374)	
(Surplus) / Deficit at 31 March	(1,273,021)	(318,257)	(1,591,274)	

## NOTES TO THE COLLECTION FUND

2021/2022	West Oxon. District Council £	Oxfordshire County Council £	Central Govt. £	Thames Valley P&CC £
<b>Council Tax</b>	10.0%	78.5%	0.0%	11.5%
Debtors	734,742	5,764,791		847,893
Bad Debt Provision	(139,012)	(1,090,691)		(160,420)
Prepayments and Overpayments	(125,589)	(985,374)		(144,930)
(Surplus) / Deficit at 31 March	(269,214)	(2,122,256)		(310,673)
<b>Business Rates</b>	40%	10%	50%	0.0%
Debtors	1,325,615	331,404	1,657,019	
Bad Debt / Appeals Provision	(1,657,864)	(414,466)	(2,072,329)	
Prepayments and Overpayments	(353,099)	(88,275)	(441,473)	
(Surplus) / Deficit at 31 March	5,017,140	1,254,287	6,271,422	



## ANNUAL GOVERNANCE STATEMENT 2022/2023

### I. SCOPE OF RESPONSIBILITY

West Oxfordshire District Council ('the Council') is responsible for ensuring that:

- Its business is conducted in accordance with the law and proper standards;
- Public money is safeguarded and properly accounted for;
- Public money is used economically, efficiently and effectively; and
- There is a sound system of governance, incorporating the system of internal control

The Council has a Best Value 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 these responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and including arrangements for the management of risk.

The Council has developed and approved a Local Code of Corporate Governance ('the Code'), which is consistent with the core principles and sub-principles as set out in the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)" ('the Framework'). This statement explains how the Council has complied with the Code and also meets the requirements of Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 (England) which requires the Council to conduct a review at least once a year on the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts.

In addition to this, CIPFA issued its 'Statement on the Role of the Chief Finance Officer in Local Government (2015)'. The Annual Governance Statement ('the AGS') reflects compliance with this statement for reporting purposes.

### 2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled including activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of the governance 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 on-going process designed to:

- Identify and prioritise the risks to the achievement of the Council's policies, aims and objectives;
- Evaluate the likelihood of those risks occurring;
- Assess the impact should those risks occur; and
- Manage the risks efficiently, effectively and economically

## ANNUAL GOVERNANCE STATEMENT

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The governance framework has been in place at the Council for the year ended 31<sup>st</sup> March 2023 and up to the date of approval of the Annual Statement of Accounts.

While Financial savings have been delivered over the last few years, we have identified some areas where more resources are required, so additional support has been given and further reviews are being undertaken, particularly in areas such as the Finance Team which has been identified as being significantly under-resourced.

Since March 2020, the Council has been managing the impact of Covid-19 which has had a significant impact on the Council, its residents and businesses. The Council changed the way it delivered existing services, and was innovative in the creation of new services in order to meet the needs of businesses and residents. During 2022-23 this challenge has been extended by the cost of living crisis that has also impacted many of our communities, requiring us to change the way we deliver services and driving the creation of new services in order to meet the needs of our residents.

### 3. THE GOVERNANCE ENVIRONMENT

The key elements of the Council's governance arrangements are outlined in the Code. The governance framework includes arrangements for:

- Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users;
- Reviewing the Council's vision and its implications for the Council's governance arrangements;
- Measuring the quality of services for users, ensuring that they are delivered in accordance with the Council's objectives and ensuring that they represent the best use of resources;
- Defining and documenting the roles and responsibilities of the Executive (Cabinet), Non-Executive, Scrutiny and Officer functions, with clear delegation arrangements and protocols for effective communication;
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for Members and staff;
- Establishment of a Constitution Working Group to review and update Financial Rules, Contract Rules, Constitution, Scheme of Delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;
- Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained;
- Ensuring the Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015);
- Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities;
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- Whistleblowing and for receiving and investigating complaints;
- Risk based Internal Audit Strategy and Annual Plan;
- Identifying the development needs of Members and Senior Officers in relation to their strategic roles, supported by the appropriate training;

## ANNUAL GOVERNANCE STATEMENT

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- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation;
- Incorporating good governance arrangements in respect of partnerships, including shared services and other joint working and reflecting these in the Council's overall governance arrangements;
- Reports from external bodies such as the Local Government & Social Care Ombudsman, HM Revenue & Customs, Information Commissioner, Investigatory Powers Commissioner and Planning Inspectorate.
- Overview & Scrutiny Committees represent public forums through which Councillors can monitor the implementation of the Council's policies and the quality of its services; make recommendations on the discharge of the Council's functions and/or matters effecting the District and hold the Executive (Cabinet) to account for their decisions and actions.

The main areas of the Council's governance framework, and the key evidence of delivery, are set out below, under the headings of the core principles and sub-principles from the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)

### **A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

- Behaving with Integrity
  - Demonstrating strong commitment to ethical values
  - Respecting the rule of the law
- The roles and responsibilities of Members generally and all office holders are set out in the Council's Constitution, along with the way in which the various elements of the Council interact and complement each other. The Constitution is supported and underpinned by a separate Code of Conduct for Members and a joint Member / Officer Protocol, which sets out guidelines as to behaviour and practical issues. This is further supported by Publica's<sup>1</sup> Business Conduct rules which set out guidelines for staff on behavioural issues.
  - Declarations are made at meetings by Members and Officers, where appropriate, and are recorded in the minutes of the meeting. The Members' Code of Conduct requires Members to make declarations of interest when necessary, these are also recorded.
  - Registers of interest are completed annually by Members and published on the Council's website. A register of gifts and hospitality received by Members is maintained by the Monitoring Officer.
  - An employee declaration is completed annually by all staff. A register of gifts and hospitality is maintained by Corporate Responsibility and addressed by the Governance Group every quarter.
  - The Monitoring Officer and Section 151 Officer report directly to the Head of Paid Service and are members of the Corporate Leadership Team.
  - Internal audit reviews are designed to ensure services are complying with internal and external policies and procedures / statutory legislation. Where non-compliance is identified,

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<sup>1</sup> Publica Group (Support) Limited is a local authority owned company, jointly owned by Cheltenham Borough Council and Cotswold, Forest of Dean and West Oxfordshire District Councils. Over 95% of staff formerly employed by West Oxfordshire District Council are now employed by Publica which delivers services on behalf of the Council.

this is reported to Management and to Members via the Council's Audit & Governance Committee.

- The Whistleblowing Policy was last updated in January 2022 and was agreed by the Audit and Governance Committee in April 2022. A counter-fraud unit working across Gloucestershire and West Oxfordshire helps prevent and detect fraud and corrupt practices, including misuse of power. The service reports to the Audit and Governance Committee and the Publica Board's Audit and Risk Assurance Committee twice a year.
- Training is compulsory for regulatory committees, that is, Development Control and Licensing.
- There are safeguards in the Constitution for handling planning and licensing applications from Members and Officers.
- During 2020/21 the Council put in place a robust set of emergency measures to monitor and respond to the Covid-19 pandemic, which had an extraordinary impact across the Council, our services, residents and communities. These measures were in line with national Emergency Management protocols. Whilst the World Health Organisation has declared the pandemic is over, we have good preparedness for any future pandemics.
- Meetings are minuted, with decisions and key actions recorded appropriately. The Council continues to publish key decisions, in line with legal best practice. The Council has continued providing regular updates to and conversations with Members and across the organisation. Although all Member decision making meetings have reverted to being face-to-face in line with legislation, we have maintained the option for people to join remotely where possible and appropriate. This facility will be extended soon with the planned alterations in the Council Chamber which will enable participants in meetings or events to join remotely where appropriate to do so.
- The Communications Service remains fully mobilised to ensure communications through all our channels to support public health advice / information / messaging and Council service and support information to reach audiences externally and internally. A bespoke Communications Strategy has been put in place to help all stakeholders feel 'informed, reassured, safe and inspired' through the current cost-of-living crisis.

### **B. Ensuring openness and comprehensive stakeholder engagement**

- Openness
  - Engaging comprehensively with institutional stakeholders
  - Engaging with individual citizens and service users effectively
- 
- Annual accounts are published in a timely manner to help communicate the Council's financial position and performance.
  - The Council's Corporate Plan 2023 - 2027 was reviewed and adopted in January 2023. This is available on the Council website.
  - All Committee, Executive (Cabinet) and Council reports clearly outline their purpose, so the community can understand what is trying to be achieved. Reports also address financial, legal, equalities, risk and climate change implications to aid understanding of the potential impact of their recommendations.
  - The roles and responsibilities of the Executive (Cabinet), Non-Executive, Scrutiny and Officer functions are defined in the Council's Constitution.
  - A Scheme of Delegation of powers to Officers is included within the Constitution.
  - Communication channels for Publica staff include one-to-ones and team meetings, a weekly update email from Publica Directors (Keeping you connected) and an online portal (intranet).
  - A Customer Feedback form is available publicly for handling comments, complaints and compliments and the Council's website includes different ways for customers to give feedback or access services. A customer satisfaction survey was carried out on the telephone service provided, with the Council receiving high satisfaction scores.
  - Ensuring clear channels of communication with all sections of the community and other stakeholders
  - The ability for members of the public to ask questions at Executive (Cabinet) meetings, Overview and Scrutiny Committee meetings and meetings of the Full Council.
  - A report is produced quarterly regarding the performance of the Council's services and the achievement of its aims and objectives. The report is presented to the Executive (Cabinet), discussed at the relevant Overview & Scrutiny Committees and published on the Council's website.
  - The Council publishes transparency data on its website which includes supplier payments, senior management structure charts and the Annual Pay Policy Statement. Where data is not available in the published data sets, instructions are available on how to make a Freedom of Information requests and the procedure that will be followed to answer the requests.
  - Some Committee meetings are webcast live and the recordings are available to view on the Council's website. Council and Executive (Cabinet) meetings will follow when the facility to do so has been installed in the Council Chamber.
  - A Locality Leadership Team, comprising the Head of Paid Service, the S151 Officer, Monitoring Officer and Publica's Locality Lead Assistant Directors, meets monthly to discuss projects and reports.

### C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

- Defining outcomes
  - Sustainable economic, social and environmental benefits
- 
- The Council's vision and corporate priorities are contained within the Council Plan 2023 - 2027 which was adopted by Council in January 2023. This sets out the high level areas of focus, and what the Council hopes to achieve on its own or in partnership with others. These priorities are supported by the Code of Corporate Governance as good governance should underpin all the work of the Council.
  - An annual business planning process is also conducted by Publica, which is informed by the corporate priorities, legislation and government guidance. All the areas of focus (corporate priorities) are underpinned by the following principles:
    - Putting Residents First
    - Enabling a Good Quality of Life for All
    - Creating a Better Environment for People and Wildlife
    - Responding to the Climate and Ecological Emergency
    - Working together for West Oxfordshire
  - Detailed proposals arising from the corporate priorities are individually assessed and are included within decision making reports.
  - The financial implications of delivering against the Council's priorities are included within the Council's Medium Term Financial Strategy ('MTFS'), revenue budgets and capital programme. These key financial documents are updated annually in advance of the forthcoming financial year. Variance to budget is reported quarterly and the MTFS and the Capital Programme are updated at appropriate intervals throughout the year.
  - As part of its MTFS the Council assesses its forecast financial position and updates its assumptions about the resources available to, and the investment needs of, the Council.
  - The Council is facing financial pressure from unprecedented inflationary pressures. These are being incorporated into subsequent iterations of the MTFS and mitigations regarding costs are being developed.
  - A Recovery and Regeneration Investment Strategy ('the Strategy') was approved by the Council in 2020 which sought to close the Council's forecast funding shortfall by generating additional revenue streams while addressing Council priorities. The Strategy contains guidance on the type of investment that the Council could pursue and appropriate yield thresholds. Due to the high cost of borrowing and a shortage of appropriate investments, the Council has not been able to achieve the level of investment that it would have liked to and this is reflected in a lower expectation of investment, borrowing and yield in the MTFS with the factors limiting this explained in the Strategy papers.

### D. Determining the interventions necessary to optimise the achievement of the intended outcomes

- Determining interventions
  - Planning interventions
  - Optimising achievement of intended outcomes
- 
- The Council has, with three other councils, created a company, Publica Group (Support) Ltd, to deliver more efficient and improved services. Where appropriate, processes have been or are being aligned to ensure consistency across the partner councils, without compromising local priorities. In recognition that Publica is a significant contractor of the Council, the Council monitors its performance by:
    - Considering Publica’s Annual Report at Council;
    - Considering Publica’s draft Business Plan annually at the Overview and Scrutiny Committees and Executive (Cabinet) in February/March each year;
    - Requiring representatives from Publica to attend relevant Overview & Scrutiny Committee(s) to support discussion on quarterly performance and other reports;
    - Receiving monthly “Keeping You Connected” updates by email from Publica to all Members;
    - Inviting Publica senior Officers to attend monthly Informal Executive (Cabinet) meetings to discuss progress against the Business Plan and Corporate Plan
    - Creation of quarterly WoDC retained Officers/Publica Executives meetings where performance and progress against Corporate Plan priorities is a key agenda item.
    - Develop informal mechanisms to share best practice, learning and Councillor development.
  - In addition to the creation of Publica, the Council continues to secure savings through improved use of its assets and investments.
  - Given the creation of Publica is five years on, over the coming year all Shareholder Councils will jointly conduct a robust review of future options to make sure the solutions needed for the council to achieve financial stability can be achieved, given the MTFS shortfall over the years ahead. This review will examine the priorities for service delivery, options for reduction or transformation and how the Publica model fits into this.
  - The Council is also a Shareholder in Ubico, who deliver the Council’s environmental services including waste and recycling collection services. The Council is focusing on ensuring effective governance arrangements are in place for this jointly owned company.
  - The Council has processes in place to identify and respond to external changes, for example: changes to legislation and regulation, emerging risks and opportunities. Corporate processes such as risk management, performance management processes, budget monitoring and other management processes are designed to capture and incorporate these external factors and to enable the Council to respond appropriately.
  - The Strategic risk register is reviewed regularly by the Local Leadership Team and reported to the Audit & Governance Committee. This is under review to ensure all required risks are escalated and reported.

## ANNUAL GOVERNANCE STATEMENT

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- Projects and services retain their own risk registers and should elevate any high or strategic risks to the Local Leadership Team and Publica as appropriate for consideration. A Risk Group reviews risk registers each quarter and should escalate any emerging risks to the strategic register. Significant progress has been made this year in improving the identification and reporting of risks but further work is planned to improve communication and processes as there is a recognition that not all risks are appropriately escalated to the strategic register and therefore visible to the Local Leadership Team.
- Key performance indicators are measured and reported quarterly.
- Budgets are prepared annually in accordance with objectives, strategies and the MTFS, following consultation with residents, Members and Officers.
- The MTFS is a live document and can be reviewed, updated and reported as necessary, to respond to the changing environment.
- As we move forward we will continue to analyse the impact of the current cost of living crisis and understand how that has impacted our strategic priorities. We will need to understand and manage a variety of impacts, including financial, service delivery, health and wellbeing. The Council will continue to work with residents and local businesses to review and respond to their changing needs and to help them protect themselves and others, as well as recover from the health and economic costs arising from the cost-of-living crisis.



### **E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

- Developing the entity's capacity
  - Developing the capability of the entity's leadership and other individuals
- 
- One of the reasons behind the creation of Publica was to increase service delivery capacity across the four partner councils by sharing common processes and procedures and eliminating (as far as possible) single points of failure. By working in partnership, the Councils are able to share the cost of commissioning bespoke and specialist advice. As part of the review cited at the third paragraph in section D above, the Council will consider how the Publica governance model and Executive arrangements support the Council's Retained Officers' capacity to lead the Council and develop ideas, strategies and political engagement.
  - The move to provision of services via wholly owned companies provides the opportunity to engage with a number of Non-Executive Directors that bring a wealth of experience from a range of different economic sectors. Councillors also have a range of experience which is a valuable asset to the Council.
  - There is a Scheme of Delegation at Member level covering the Council, Executive (Cabinet), individual Executive Members and other Committees. Similarly, there is a Scheme of Delegation for Officer decisions at Executive, Non-Executive and Regulatory meetings. These are reviewed and revised as structures change.
  - Financial rules are in place and are reviewed and revised as required.
  - An induction programme is available to new employees and Members. Training is also provided for both Members and Officers on an on-going basis as appropriate and necessary. Members on certain Committees (e.g., Planning and Licensing) are required to undertake training before attending the Committee meetings, and to attend further training to remain up to date and improve their knowledge. A new induction process is being introduced for staff in 2023/24.
  - Officers undertake regular 121 meetings with their line manager. As part of these 121 meetings, Officers discuss work plans/tasks and any training requirements associated with the successful delivery of the work plan. Officers are encouraged to complete Continuing Professional Development as relevant to their professional qualifications and service areas hold budgets to ensure that training can be undertaken to maintain skills and knowledge.
  - Training is also provided for Officers on an on-going basis as appropriate and necessary.
  - The Head of Paid Service, the Section 151 Officer, the Monitoring Officer and the Leader of the Council have clear statutory responsibilities. Roles and responsibilities are contained within the Constitution along with the Member/Officer Protocol.
  - A Leadership Development Programme has been run for senior managers within Publica and the Council and during 2023/24 will be further developed to ensure positive leadership.

### F. Managing risks and performance through robust internal controls and strong public financial management

- Managing risk
  - Managing performance
  - Robust internal control
  - Managing data
  - Strong public financial management
- 
- The Council explains and reports regularly on activities, performance and the Council's financial position through reports to its Executive (Cabinet) and Committees. Timely, objective and understandable information about the Council's activities, achievements, performance and financial position is provided. This includes publication of:
    - Quarterly Performance Reports, publicly reported to the Executive (Cabinet)
    - Externally audited accounts including an Annual Governance Statement.
  - A Risk Management Group has been established to undertake quarterly reviews of risk registers, escalating any emerging risks to a strategic level. The Local Leadership Team reviews the Strategic Risk Register on a quarterly basis. The Strategic Risk Register is reported to the Audit & Governance Committee on a regular basis.
  - Risks are identified when undertaking Internal Audit reviews and reported when necessary. The Council, through the S151 Officer, is able to flag any areas of concern to be added to the work of the Internal Audit team in the coming year.
  - The work of the Internal Audit team is reviewed and challenged by both the S151 Officer and the Audit and Governance Committee.
  - Performance Management measures the quality of service for users to ensure services are delivered in accordance with the Council's objectives and represent best use of resources.
  - Performance is measured on a regular basis through the quarterly KPI dashboards and reported to Members and Executive (Cabinet).
  - Minutes of meetings are published and highlight the challenge made by Members to Officers and to Executive (Cabinet) Members.
  - The Internal Audit service is provided by South West Audit Partnership Internal Audit Services ('SWAP') and is run in partnership with other local authorities.
  - A risk-based Audit Plan is drafted annually following consultation with Officers, Members and the S151 Officer. The Audit Plan is approved at the Audit & Governance Committee prior to the financial year.
  - Audit reports, once completed, are discussed with the service manager. Executive summaries, including findings, and progress on the Annual Plan are reported to the Audit & Governance Committee, on a quarterly basis.
  - Recommendations made in audit reports are followed up 6 months after the completion of the audit and priority 1 and 2 findings are reported to the Audit & Governance Committee. Recommendations not implemented within that time scale are reported to the S151 Officer and to the Audit and Governance Committee.
  - The Audit & Governance Committee's Terms of Reference are contained within the Constitution. Training is provided where appropriate.

## ANNUAL GOVERNANCE STATEMENT

- A Counter Fraud Unit supports the Council and other third parties. Where investigations identify possible improvements to the internal control framework the Counter Fraud Unit will liaise with the Internal Audit team to ensure the improvements are followed up and implemented by management.
- An ICT Audit and Compliance Manager has been appointed as the Council's Data Protection Officer and therefore has responsibility for Data Protection policies and ensuring that Officers and Members are informed and appropriately trained.
- The Council has invested in its cyber security capability to increase its resilience against a cyber-attack, by implementing additional security solutions, recruiting additional staff and resourcing an ongoing training programme to maintain the impact of this investment.
- Audit reviews ensure data is held securely whether electronically or hard-copy.
- The MTFs is reviewed and updated on a regular basis by the Section 151 Officer to ensure that the Head of Paid Service, Monitoring Officer and Members are aware of the financial standing of the Council.

### **G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

- **Implementing good practice in transparency**
- **Implementing good practices in reporting**
- **Assurance and effective accountability**

- Data in respect of transparency is published on the Council's website.
- The Council's Statement of Accounts is produced and published annually in accordance with statutory legislation. Aligned with this is the production of the Annual Governance Statement which identifies how the Council has met its governance reporting obligations
- External Audit recommendations are reported to Audit & Governance Committee, following the completion of their annual audit process, follow-ups of recommendations are also reported
- Internal Audit processes ensure compliance with Public Sector Internal Auditing Standards. Internal Audit recommendations are followed-up and reported to the Audit & Governance Committee, further follow-up is planned if recommendations have not been actioned in full.
- The Council has a process for the receipt and processing of freedom of information requests made under the Freedom of Information Act and environmental information requests under Environmental Information Regulations.
- There is a presumption that all reports and the associated annexes to be considered in public meetings will be published. The Council's Legal Officer is consulted in circumstances where reports or annexes contain information which is considered to be exempt from publication.

## **4. REVIEW OF EFFECTIVENESS**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers, the annual opinion from the Head of Internal Audit, the Officer

## ANNUAL GOVERNANCE STATEMENT

Corporate Governance Group and comments made by the External Auditors, other review agencies and inspectorates.

### **The Council's process for maintaining and reviewing the effectiveness of the governance framework has included the following:**

Statutory Officers, Executive Directors, Assistant Directors and Business Managers are required to complete an Annual Assurance Statement at the end of the financial year. These governance declarations provide appropriate management assurance that key elements of the system of internal control are in place and are working effectively and help to identify areas for improvement.

The Local Leadership Team (including the Section 151 Officer, the Monitoring Officer and Locality Directors) review the Strategic Risk Register on a quarterly basis and Service/Project Risk Registers are maintained by each Group/Business Manager.

A Governance Group meets quarterly to discuss and action matters such as staff declarations of interests/gifts and hospitality, audit recommendations, cyber security and GDPR updates/breaches register and counter fraud updates.

The SWAP Assistant Director (Head of Internal Audit) provides the Audit & Governance Committee, as the Committee charged with governance, with an Annual Opinion on the control environment of the Council, which includes its governance arrangements.

Investigation of, and decisions on, allegations of failure to comply with the Members' Code of Conduct are considered and determined by the Monitoring Officer and/or an Independent Standards Panel taking into account the views of the Independent Person.

Induction processes are carried out for newly elected Members.

Training and awareness sessions are carried out for the Audit & Governance Committee periodically.

The External Auditors (Grant Thornton) present progress reports to the Audit & Governance Committee.

The External Auditor's Annual Audit Letter and follow-up of management responses to issues raised in the Letter or other reports are overseen by the Audit & Governance Committee.

Quarterly performance reports, including the budget position, are presented to the appropriate Member panel and Executive (Cabinet), demonstrating performance management against agreed performance indicators and budgets.

The Audit & Governance Committee reviews the Annual Statement of Accounts, including the final AGS, the Treasury Management Strategy and quarterly progress reports from both Internal Audit (SWAP) and External Audit (Grant Thornton).

Full Council approves the annual budget and reviews and approves the Treasury Management Strategy, following recommendations from the Audit & Governance Committee.

## ANNUAL GOVERNANCE STATEMENT

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Internal Audit monitors the quality and effectiveness of systems of internal control. Audit reports include an opinion that provides management with an independent judgement on the adequacy and effectiveness of internal controls. Reports including recommendations for improvement are detailed in an action plan agreed with the relevant Business Manager/Group Manager.

The Annual Internal Audit Opinion for 2022/2023, in respect of the areas reviewed during the year, was one of low “Reasonable” Assurance, that there is a generally sound system of governance, risk management and control in place.

The Council’s Financial Rules and Contract Rules are kept under review and revised periodically.

Other explicit review/assurance mechanisms, such as the Annual Report from the Local Government & Local Care Ombudsman and reports from SWAP or Grant Thornton are also reviewed.

To Follow

# GLOSSARY OF TERMS AND ABBREVIATIONS

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## A

### **Accounting Period**

The period of time covered by the accounts, normally a period of 12 months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

### **Accounting Statements**

The Council's Core Financial Statements and Supplementary Financial Statements.

### **Accruals**

Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which no payment has yet been made or received at the Balance Sheet date.

### **Actuarial Gains and Losses (Pension Schemes)**

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.

### **Amortisation**

A term used to refer to the charging of the value of a transaction or asset (usually related to intangible assets or deferred charges) to the Income and Expenditure Account over a period of time, reflecting the value to the authority; similar to the depreciation charge for non-current assets.

### **Appointed Auditors**

The Local Audit and Accountability Act 2014 includes a statutory requirement that a local authority's annual Statement of Accounts be subject to external review by a duly appointed external auditor. From 2018/19, the responsibility for the appointment of said external auditor has been devolved to Public Sector Audit Appointments (PSSA) for Local Government Authorities that have opted into its national scheme. Grant Thornton UK LLP is the Council's appointed auditors for the period 2018/19 to 2022/23.

### **Approved Institutions**

Funds that are not immediately required may be invested but only with third parties meeting the credit rating criteria approved annually as part of the Council's Treasury Management Policies and Practices.

### **Asset**

An item having value in monetary terms. See also Current Assets, Non-Current Assets and Financial Asset.

### **Audit of Accounts**

An independent examination of the Council's financial affairs.

## B

### **Billing Authority**

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

### **Budget**

The forecast of net revenue and capital expenditure over an accounting period.

## C

### **Capital Expenditure**

Expenditure for the acquisition, provision or improvement of non-current assets, which will be of long-term value to the Council, providing services beyond the current accounting period.

### **Capital Programme**

The capital schemes the Council intends to carry out over a specified time period.

### **Capital Receipts**

Money received from the disposal of non-current assets or the repayment of grants and loans, which is available for financing future capital expenditure.

## GLOSSARY OF TERMS AND ABBREVIATIONS

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### **Collection Fund**

A statutory fund maintained by a billing authority, which is used to record local taxes and Non-Domestic Rates collected by the authority, along with payments to precepting authorities, the national pool of Non-Domestic Rates and the billing authority's General Fund.

### **Community Assets**

Assets which the Authority intends to hold in perpetuity, that have no determinable finite useful life and that may have restrictions on their disposal, e.g. parks, historical buildings. See also Non-Current Assets.

### **Consistency**

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

### **Contingency**

Money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income.

### **Contingent Asset**

A possible asset that arises from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

### **Contingent Liability**

A contingent liability is either:

- a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control; or
- a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount cannot be measured with sufficient liability.

### **Council Tax**

The main source of local taxation for local authorities. Council Tax is levied on households within its area by the billing authority and the proceeds are paid into the Collection Fund for distribution to precepting authorities and the Authority's General Fund.

### **Creditors**

Amounts owed by the Authority for works completed, goods received or services rendered before the end of the accounting period but for which payments have not been made.

### **Current Assets**

Assets which can be expected to be consumed or realised during the next accounting period.

### **Current Liabilities**

Amounts which will become due or could be called upon during the next accounting period.

### **Current Service Cost (Pensions)**

The increase in the present value of a defined benefit scheme's liabilities as a result of employee service earned in the current period.

### **Curtailed (Pensions)**

An event that reduces the expected years of future service of present employees, or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

## **D**

### **Debtors**

Amounts due to the Authority for works completed, goods received or services rendered before the end of the accounting period but for which payments have not been received.

### **Depreciation**

The estimated benefit of an asset consumed during the accounting period, owing to age, wear and tear, deterioration or obsolescence.



# GLOSSARY OF TERMS AND ABBREVIATIONS

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## **Direct Revenue Financing (DRF)**

Resources provided from an authority's revenue budget to finance the cost of capital projects.

## **E**

### **Equity**

The Authority's value of total assets less total liabilities.

### **Equity Instrument**

A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

### **Events After the Reporting Period**

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 signed by the responsible financial officer.

### **Exceptional Items**

Events or transactions that fall within the ordinary activities of the Authority and need to be disclosed separately due to their size to give fair presentation of the accounts.

### **External Audit**

The independent examination of the activities and accounts of local authorities in order to give an opinion as to whether the Statement of Accounts have been prepared in accordance with legislative requirements and proper practices, and to ensure the authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

## **F**

### **Fair Value (FV)**

The price an asset could be exchanged for in an arm's length transaction less any grant.

### **Fees and Charges**

Income raised by charging users of services for facilities, e.g. leisure centres, trade refuse, etc.

### **Finance Leases**

A lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee. Accounting guidance requires that it should be presumed that such transfer of risks and rewards occurs if at the inception of a lease the present value of the minimum lease payments including any initial payment, amounts to substantially all (normally 90% or more) of the fair value of the leased asset. The present value is calculated using the interest rate implicit in the lease.

### **Financial Asset**

A right to future economic benefits controlled by the Authority that is represented by:

- cash
- an equity instrument of another entity
- a contractual right to receive cash (or another financial asset) from another entity
- a contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the Authority.

### **Financial Instruments**

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### **Financial Liability**

An obligation to transfer economic benefits controlled by the Authority that is represented by:

- a contractual obligation to deliver cash (or another financial asset) to another entity
- a contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the Authority.

# GLOSSARY OF TERMS AND ABBREVIATIONS

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## G

### **General Fund (GF)**

The main revenue fund of a billing authority, used to meet day-to-day spending.

### **Government Grants**

Grants made by the Government towards either revenue or capital expenditure to support the cost of providing the Authority's services. These grants may be specifically towards the cost of particular schemes or to support the revenue spend of the Authority.

### **Gross Expenditure**

The total cost of providing the Authority's services before taking into account income from government grants and fees and charges for services.

### **Growth**

Any increase in spending from one year to another which enables the Authority to pay for more services rather than to meet higher costs.

## H

### **Housing Benefit (Rent Allowance)**

An allowance to persons on low (or no) income to meet, in whole or part, their rent. Benefit is allowed or paid by local authorities but central government refunds part of the cost of the benefit provided and of the running costs of the service to local authorities.

## I

### **Impairment**

A reduction in the carrying value of a fixed asset below its carrying value (due to obsolescence, damage or an adverse change in the statutory environment)

### **Income**

Amounts that the Authority receives or expects to receive from any source, including fees and charges, sales and grants.

### **Infrastructure Assets**

Non-current assets belonging to the Authority which do not necessarily have a resale value e.g. highways, and for which a useful life span cannot be readily determined.

### **Intangible Assets**

Non-financial assets which do not have physical substance but are identified and controlled by the Authority through legal rights e.g. IT Software.

### **Interest Receivable**

The money earned from the investment of surplus cash.

### **Inventories**

Items of raw materials and stores an authority has procured to use on a continuing basis and which it has not yet used.

### **Investment Property**

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

## J

### **Joint Arrangement**

An arrangement under which the participants engage in joint activities but do not create a legal entity because it would not carry on a trade or business of its own.

# GLOSSARY OF TERMS AND ABBREVIATIONS

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## L

### **Liability**

A liability is where the Authority owes payment to an individual or another organisation. See also Contingent Liability, Current Liabilities and Financial Liability

### **Local Council Tax Support Scheme**

Assistance provided by billing authorities to adults on low incomes to help pay their Council Tax bill. The cost is borne by the Council.

### **Long-Term Assets**

Non-current and other assets which can be expected to be of use or benefit the Authority in providing its service for more than one accounting period.

### **Long-Term Liabilities**

Amounts which will become due or could be called upon beyond the next accounting period.

## M

### **Materiality**

The concept that the Statement of Accounts should include all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the financial statements to a reader.

### **Minimum Revenue Provision (MRP)**

The minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for repayment of debt as required by the Local Government Act 2003.

## N

### **National Non-Domestic Rates (NNDR)**

A levy on businesses, based on a national rate in the pound set by the Government, multiplied by the rateable value of the premises they occupy.

### **Net Book Value (NBV)**

The amount at which non-current assets are included in the balance sheet.

### **Net Debt**

The Authority's total borrowings less cash investments.

### **Net Expenditure**

Gross expenditure less specific service income.

### **Net Interest on the Net Defined Benefit Liability (Pensions)**

The net interest expense - the change during the period in the net benefit liability that arises from the passage of time.

### **Non-Current Assets**

Property, plant and equipment and other assets that bring longer term benefit or service potential to the Authority.

### **Non-Operational Assets**

Assets held by the Authority but not directly occupied, used or consumed in the direct delivery of services, e.g. assets in the course of construction and surplus land.

## O

### **Operating Leases**

A lease other than a Finance Lease (see above). The future obligations relating to operating leases are disclosed to provide the reader with an estimate of the outstanding un-discharged obligations in relation to such leases.

# GLOSSARY OF TERMS AND ABBREVIATIONS

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## **Operational Assets**

Non-current assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has a statutory or discretionary responsibility.

## **Outturn**

Actual income and expenditure in a financial year (accounting period).

## **P**

### **Past Service Costs (Pensions)**

The increase in the present value of the defined benefit scheme liabilities, related to employee service in prior periods, arising as a result of, or improvement to, retirement benefits.

### **Pension Fund**

An employees' pension fund maintained by an authority, or group of authorities, in order to make pension payments on the retirement of its participants; it is financed from contributions from the employing authority, the employee and investment income.

### **Precept**

A levy made by one statutory body (Precepting Authority) on another to meet the net cost of its services.

### **Precepting Authorities**

Those authorities that are not Billing Authorities; i.e. do not collect the Council Tax and National Non-Domestic Rates. Police authorities are 'major' precepting authorities and town and parish councils are 'local' precepting authorities.

### **Prior Period Adjustments**

Material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

### **Provisions**

Amounts set aside for the purposes of providing for any liability or loss which is likely or certain to be incurred but is uncertain as to the amount or the date on which it will arise, e.g. bad debts.

### **Prudence**

The concept that income should only be anticipated to the extent that it will be received, as cash or other assets, with reasonable certainty and full and proper allowance should be made for all known and foreseeable losses and liabilities.

### **Prudential Code**

The CIPFA Prudential Code for Capital Finance in Local Authorities – the guidance applicable from April 2017 for the greater freedom for authorities to borrow to fund capital investment (under the Local Government Act 2003). This Code requires the Authority to set and monitor a suite of Prudential Indicators, including its Affordable Borrowing Limit, and produce a capital strategy to give weight to local circumstances and explain their approach to borrowing and investment.

## **R**

### **Rateable Value**

The annual assumed rental value of a hereditament that is used for NNDR purposes.

### **Revenue Expenditure Funded by Capital Under Statute (REFCUS)**

Expenditure of a capital nature but for which there is no tangible asset, e.g. renovation grants.

### **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; or
- The parties are subject to common control from the same source; or

## GLOSSARY OF TERMS AND ABBREVIATIONS

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- 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 at all times its own separate interests; or
- 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 separate interest.

Examples of related parties to an authority include Central Government, Local Authorities and other bodies precepting or levying demands on the Council Tax, its Members, its Chief Officers and its Pension Fund.

For individuals identified as related parties, it is also presumed that members of the close family, or the same household, or any partnerships, companies in which the individual or a member of their close family, or the same household has a controlling interest, are deemed to be related parties.

### **Related Party Transactions**

The transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. The materiality of related party transactions is judged not only in terms of their significance to the Authority, but also in relation to its related party.

### **Reserves**

Amounts set aside in the accounts for the purpose of meeting general, future expenditure. Reserves may also be used to smooth the cost of certain activities over a number of years. A distinction is drawn between reserves and provisions (see above), which are set up to meet known liabilities.

### **Retirement Benefits**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

### **Return on Plan Assets (Pensions)**

Changes during the period in the net benefit liability that arises from the passage of time excluding amounts included in Net Interest on the Net Defined Benefit Liability.

### **Revenue Expenditure**

Spending on day-to-day items including employees' pay, premises and transport costs and supplies and services.

### **Revenue Support Grant**

A general grant paid by the Government to Council's contributing towards the costs of their services.

## **S**

### **Specific Grants**

The term used to describe all government grants, including supplementary and special grants, to local authorities other than Revenue Support Grant and capital grants.

## **T**

### **Total Cost**

The actual cost of services reflecting all of the direct, indirect and overhead costs that have been incurred in providing the service, even where the expenditure is not under the control of the service's chief officer.

## **W**

### **Work In Progress**

The cost of work carried out on an uncompleted project at the Balance Sheet date, which should be accounted for within the accounting period.

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