

Wednesday 20 September 2023

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AUDIT AND GOVERNANCE COMMITTEE

You are summoned to a meeting of the Audit and Governance Committee, which will be held in Committee Room 1, Woodgreen, Witney, Oxfordshire OX28 1NB on **Thursday 28 September 2023 at 6.00pm.**



Giles Hughes
Chief Executive

To: Members of the Audit and Governance Committee.

Councillors: Mathew Parkinson (Chair), Ruth Smith (Vice-Chair), Jane Doughty, Michele Mead, Andrew Beaney, Elizabeth Poskitt, Colin Dingwall, David Jackson, Andrew Prosser, Alaric Smith, Edward James, Joy Aitman, Geoff Saul, David Melvin, Harry St. John, Rachel Crouch and Alex Wilson.

Recording of Proceedings – The law allows the public proceedings of Council, Executive, and Committee Meetings to be recorded, which includes filming as well as audio-recording. Photography is also permitted. By participating in this meeting, you are consenting to be filmed.

As a matter of courtesy, if you intend to record any part of the proceedings please let the Democratic Services officers know prior to the start of the meeting.

AGENDA

1. **Apologies for Absence**
To receive any Apologies for Absence from Members of the Committee.
2. **Declarations of Interest**
To receive any Declarations of Interest on any items of business to be considered at the meeting.
3. **Minutes of Previous Meeting (Pages 5 - 10)**
To approve the minutes of the previous meeting, held on Thursday 10 August 2023.
4. **Participation of the Public**
To receive any submissions from members of the public, in accordance with the Council's Rules of Procedure.
5. **Internal Audit Progress Report (Pages 11 - 28)**
Purpose:
To present a summary of the audit work concluded since the last meeting of Committee.

Recommendation(s):
That Committee Resolves to:
 1. Note the contents of the Internal Audit Progress Report.
6. **Counter Fraud and Enforcement Unit Update Report (Pages 29 - 36)**
Purpose:
To provide the Committee with assurances over the counter fraud activities of the Council.

Recommendation(s):
That Committee Resolves to:
 1. Note the contents of the report; and
 2. Note the Unit Work Plan at Annex A.
7. **Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy Review (Pages 37 - 48)**
Purpose:
To present the Audit and Governance Committee with an updated Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy for comment.

Recommendation(s):
That Committee Resolves to:
 1. Note the Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy; and
 2. Provide comment as appropriate to the Executive, to aid its deliberations and decision making.

8. **Strategic Risk Register Update (Pages 49 - 56)**

Purpose:

To update Members on the Strategic Risk Register, for information and assurance, that risks to the Council are being managed and appropriate actions are being taken to mitigate risk.

Recommendation(s):

That Committee Resolves to:

1. Note the update to the Strategic Risk Register.

9. **Statement of Accounts 2021-2022 (Pages 57 - 200)**

Purpose:

To present the Council's audited Statement of Accounts for the period 1 April 2021 to 31 March 2022, enabling Committee to consider and approve the Council's accounts.

Recommendation(s):

That Committee Resolves to:

1. Note the Grant Thornton Audit Findings for West Oxfordshire District Council;
2. Approve the Statement of Accounts 2021/22, including the Annual Governance Statement;
3. Authorise the Interim Director of Finance, in consultation with the Chair of the Committee, to write a letter of representation to Grant Thornton on behalf of the Committee and the Council, enabling the opinion to be issued.

10. **Annual Summary of Member Conduct Complaints (Pages 201 - 204)**

Purpose:

To advise the Committee of the number and status of Code of Conduct complaints received and considered by the Council's Monitoring Officer in the period from 1 April 2022 to 31 August 2023.

Recommendation(s):

That Committee Resolves to:

1. Note the report;
2. Request an annual report on Code of Conduct complaints; and
3. Request that a recording of the social media training is made available to all Members.

11. **Annual Local Government Ombudsman Letter (Pages 205 - 216)**

Purpose:

To present the Annual Complaints statistics as provided by the Local Government and Social Care Ombudsman for the year 1st April 2022 – 31st March 2023.

Recommendations:

That Committee Resolves to:

1. Note the content of the report; and
2. Note the Annual Review Letter 2022 – 2023.

12. **Audit and Governance Committee Work Programme 2023-2024** (Pages 217 - 220)

Purpose:

To review the Audit and Governance Committee Work Programme 2023-2024.

Recommendation(s):

That Committee Resolves to:

1. Note the contents of the Audit and Governance Committee Work Programme 2023-2024.

(END)

WEST OXFORDSHIRE DISTRICT COUNCIL

Minutes of the meeting of the
Audit and Governance Committee
Held in Committee Room 1 at 6.00pm on **Thursday 10 August 2023**

PRESENT

Councillors: Mathew Parkinson (Chair), Ruth Smith (Vice-Chair), Jane Doughty, Michele Mead, Andrew Beaney, Elizabeth Poskitt, Colin Dingwall, Andrew Prosser, Alaric Smith, Edward James, Joy Aitman, Geoff Saul, David Melvin, Rachel Crouch, Alex Wilson and Tim Sumner.

Officers: Lucy Cater (Assistant Director SWAP), Elizabeth Griffiths (Chief Finance Officer, Deputy Chief Executive and Section 151 Officer), Andrea McCaskie (Director of Governance), Phil Martin (Assistant Director, Business Support), Max Thompson (Senior Democratic Services Officer), Bill Oddy (Assistant Director, Commercial Development), Georgina Dyer (Chief Accountant), Kate Seeley (Investigation and Enforcement Manager) and Mandy Fathers (Business Manager, Environmental, Welfare & Revenue Service), Michelle Ouzman (Strategic Support Officer), and Anne Learmonth (Strategic Support Officer).

Other Councillors in attendance: Dan Levy.

5 Apologies for Absence

Apologies for Absence were received from Councillor David Jackson.

Councillor Tim Sumner substituted for Councillor David Jackson.

Councillor Harry St John was absent from the meeting.

Councillors Edward James and Joy Aitman arrived late to the meeting.

6 Declarations of Interest

There were no declarations of interest received.

7 Minutes of Previous Meeting

The minutes of the previous meetings held on 30 March 2023 and 24 May 2023, were approved by the Committee and signed by the Chair as a correct record.

8 Participation of the Public

There was no participation of the public.

9 External Audit Annual Report West Oxfordshire District Council 2021 2022

Peter Barber and Jason Granger introduced themselves to the Committee and stated that they were in attendance on behalf of Grant Thornton (GT), public sector auditors. The main objectives were to give an independent audit opinion on the Council's financial position and a value for money conclusion.

Mr Barber presented a summary of the External Auditors' Annual Report for 2021/22.

Mr Barber confirmed there were three areas considered as part of the report:

1. Finance sustainability, budget setting, monitoring, variances, delivery, planning for medium term and strategy;

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2. Governance, interested in how the Council makes decisions, oversees the process and the Audit and Governance Committee is key to the governance effective process;
3. Economy, efficiency and effectiveness.

Mr Barber referred the Committee to Appendix C, Page 60. In the report there were no statutory recommendations, and no key recommendations, and therefore the Council was reassured of the appropriate processes in place, in the three areas listed. The only recommendations from GT were 14 improvements, and therefore the processes at the Council were effective, with just these recommended improvements.

Mr Barber concluded that the report was very detailed.

The Chair clarified to the Committee that the report referred to was in the supplementary report pack.

Mr Granger guided the Committee through highlights of the work undertaken. Mr Granger referred the Committee to pages of interest within the report that had recommendations already in place to enhance processes. Recommendations included:

- Page 25, Financial Sustainability;
- Page 35, Governance arrangement;
- Page 48, Improvement in economy and effectiveness.

Mr Granger thanked the Chief Finance Officer and her team for the support given to GT during the audit.

The Chair invited the Committee to discuss the audit, which raised the following clarification points:

1. There seemed to be an overlap with FMOS (Finance and Management Overview and Scrutiny Committee) and this Committee, what were other Councils practices;

Mr Granger referred to the Council's constitution and that there were three Overview and Scrutiny Committees, but required further definition and terms of reference. GT would recommend that the Council conducts a self-assessment in line with CIPFA (Chartered Institute of Public Finance and Accountancy) practice statement.

2. Page 21 Executive summary says risk identified, then no risk found;

Mr Granger explained that initially when looked at, they thought there could be a risk but after investigation the verdict was no risk found.

3. In improvement recommendation seven, the Council seemed to disagree with the first part, but agree with the follow up;

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The Chief Finance Officer explained that they could agree to disagree with findings. However the first part was in relation to budget holders having access to the system and in fact they did have access, however they didn't seem to use that access. Therefore at the present time the Council disagreed that access needed to be improved.

4. Recommendation 13, to talk to Publica to aligning management, which management was this, Publica, the Council or both;

The Chief Finance Officer explained it was WODC management.

Mr Granger referred the Committee to the Audit Opinion 2021/22 and explained that at the end of March 2023, GT had presented the Audit Findings Report to Committee, which had been delayed due to the Pension fund position. It was envisaged that the letter would not be available until September, so a report was unable to be cleared. The Chief Finance Officer announced that the Council had received confirmation from Oxfordshire County Council that the letter would not be available until November, and confirmed the delay was as a result of limited resources.

The Committee thanked GT, the Chief Finance Officer, the Chief Accountant, and the Finance Team for all their incredible hard work and support.

The Committee **Resolved** to:

1. Note the Grant Thornton Audit Findings for WODC report.

10 Internal Audit Annual Opinion 2022/23

Lucy Cater, Assistant Director SWAP (Internal Audit Services), presented the Internal Audit Annual Opinion 2022/23.

The Assistant Director highlighted the following key points from her report:

- Page 68 – Overall opinion for the year;
- Page 80 – Summary of audits completed during the year;
- Page 85 – Summary of audits completed since the last Committee meeting;
- Page 97 – Outstanding agreed actions.

The Assistant Director invited the Committee to discuss the report, which raised the following questions of clarification:

1. Request for the reports to be in larger print;
Elizabeth Griffiths, the Chief Finance Officer explained that reports were sent to the print room in landscape, but were then produced in portrait, it was a computer system issue. However this would be investigated to see if the print size could be improved upon either at source or at the printing stage.
2. Further detail on the Revenues and Benefits overpayments;

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Mandy Fathers the Business Manager for Environmental, Welfare & Revenue Service explained that during Covid the service was impacted greatly, plus a new system had been implemented. ICT (Information Communication Technology) support (CIVICA) took longer during Covid on fixes for the Sundry Dept side, which was now almost up to date. Invoices had been sent out for claimants overpayments with an accompanying letter explaining the reason for the overpayment and how to make a payment. All invoices should be issued by September.

3. How many procurement cards were held in WODC;
Phil Martin the Assistant Director for Business Services informed the Councillors that there were eight procurement cards currently held within WODC. Publica were currently investigating the use of virtual cards, once proven and tested the new technology would be rolled out to Council card holders.
4. Section 106 statement, could this be improved upon;
The Assistant Director for Business Services confirmed that the statement for 2021/2022 had limited assurance, however since then a notable improvement had been made and one option to achieve this was to create a Shared Infrastructure Team. The latest update was that S106 list was being pushed forward and worked through.

The Committee **Resolved** to:

1. Note the report of the Internal Audit Annual Opinion 2022/23.

11 Statement of Accounts 2022/23 - Update and Accounting Policies

Georgina Dyer, Chief Accountant, introduced the Draft Statement of Accounts 2022/2023 and an update of the Accounting Policies.

The Chief Accountant explained to the Committee that there had been swings in pension liability, and that pensions generally go up and down. There were major movement cash balances in 2021/2022.

The Chief Accountant concluded that there were only minor changes to the policies.

The Chair asked the Committee to consider all three recommendations within the report at once, then asked for a show of hands of those Committee Members who were in approval of all three recommendations.

The Committee unanimously showed all hands in approval.

The Committee **Resolved** to:

1. Note the position with regard to preparing of the 2022/23 draft Statement of Accounts and the forecast publication date;
2. Approve the draft accounting policies for 2022/23;
3. Approve further necessary amendments to the policies set out at Annex A of the Supplementary documents to the Agenda.

12 Statement of Accounts 2022/23

The Chair of the Committee, Councillor Mathew Parkinson, introduced the Council's Statement of Accounts for the period 1 April 2022 to 31 March 2023

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The Chair invited the Committee to discuss the reports, which raised the following clarification and discussion points:

1. Councillors expressed disappointment that the reports were not issued until days before the meeting and that there was a large amount of information to digest just before the meeting.

The Chief Finance Officer confirmed to the Committee that there would be another opportunity to view the reports before they were signed off. The reason for the lateness of issuing was limited resource within the Finance Team.

2. Councillors wanted to know the difference between useable and unusable reserves.

The Chief Accountant and Chief Finance Officer explained that usable reserves could be used to fund expenditure. The unusable reserves were mainly investments (property owned for example), were used to hold technical accounting balances (required in order to comply with CIPFA – Accounting Code of Practice).

The Chair concluded that the Committee was being asked to note the report.

The Committee **Resolved** to:

1. Note the Statement of Accounts 2022/23, including the Annual Governance Statement.

13 Annual Governance Statement for 2022/23 and Action Plan for 2023/24

The Chief Finance Officer explained to Councillors that the Annual Governance Statement was produced for each financial year. It looked at governance arrangements, plans for improvements, risks in the business and what the Council was planning to do to mitigate the risks.

There were no questions from the Councillors.

Councillor Mathew Parkinson proposed that the Committee review and agree the revised Annual Governance Statement 2022/23 and Action Plan for 2023/24, and consider and approve the revised WODC Local Code of Corporate Governance 2022/23, to be signed off by the Leader and Chief Executive. This was seconded by Councillor Poskitt, was put to the vote and was agreed unanimously by the Committee.

The Committee **Resolved** to:

1. Agree the revised Annual Governance Statement 2022/23 and Action Plan for 2023/24
2. Approve the revised WODC Local Code of Corporate Governance 2022/23 be signed off by the Leader and Chief Executive.

14 Audit and Governance Committee Work Programme 2023/24

The Chair of the Committee, Councillor Mathew Parkinson, introduced the Audit and Governance Committee Work Programme 2023/24.

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The Chair stated that the Agenda item titled “Impacts of Voter ID” scheduled for the September meeting, had already been considered by Council as a Member Question, and suggested the item be removed from the Committee Work Programme.

Andrea McCaskie, Director of Governance, concurred with the Chair’s suggestion adding that the Council was expecting a review from the Electoral Commission in the Autumn, which would potentially generate an action plan for future elections under direction from the Chief Executive.

The Committee raised questions regarding the Standards Sub-Committee meetings scheduled. The Director of Governance confirmed meetings would take place as appropriate and that whilst scheduled meetings were in provisional form, meetings dates could be amended, and added that training for the Sub-Committee training had been undertaken in May 2022, and February 2023.


The Chair asked for any further comments or questions on the Committee Work Programme, there were none received.

The Committee unanimously **Resolved** to:

1. Note the report;
2. Agree to the removal of “Impacts of voter ID” from the Work Programme.

The Meeting closed at 6.58pm

CHAIR

 WEST OXFORDSHIRE DISTRICT COUNCIL	WEST OXFORDSHIRE DISTRICT COUNCIL
Name and Date of Committee	AUDIT AND GOVERNANCE – 28 SEPTEMBER 2023
Subject	INTERNAL AUDIT PROGRESS REPORT
Wards Affected	None
Accountable Member	Councillor Dan Levy – Executive Member for Finance. Email: Dan.Levy@westoxon.gov.uk
Accountable Officer	James Howse – Interim Director of Finance. Email: James.Howse@westoxon.gov.uk
Report Author	Lucy Cater – Head of Internal Audit & Assistant Director, SWAP Internal Audit Services. Email: Lucy.Cater@swpapaudit.co.uk
Summary/Purpose	To present a summary of the audit work concluded since the last meeting of Committee.
Annexes	Annex A – Report of Internal Audit Activity 2023/24 Annex B – Agreed Actions (TO FOLLOW AS ADDITIONAL SUPPLEMENT)
Recommendation(s)	<i>That Committee Resolves to:</i> <i>1. Note the contents of the Internal Audit Progress Report.</i>
Corporate Priorities	<ul style="list-style-type: none"> • Putting Residents First • A Good Quality of Life for All • A Better Environment for People and Wildlife • Responding to the Climate and Ecological Emergency • Working Together for West Oxfordshire
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Not Applicable

1. BACKGROUND

The Internal Audit Service is provided to this Council by SWAP Internal Audit Services (SWAP). SWAP is a local authority-controlled company.

The report attached at Annex A sets out the work undertaken by SWAP for the Council since the last meeting of this Committee. It follows the risk-based auditing principles and, therefore, this is an opportunity for the Committee to be aware of emerging issues which have resulted from SWAP involvement.

Officers from SWAP will be in attendance at the Committee meeting and will be available to address Members' questions.

2. MAIN POINTS

The progress report (Annex A) enables the Audit and Governance Committee to monitor the work of the Internal Audit Service and ensure that it remains effective. It also provides the Committee with assurance opinions over areas reviewed within the reporting period, details of audit recommendations and the outcome of follow-up reviews conducted on previous audit recommendations.

We have completed three audits since the last meeting of this Committee:

- Payroll
- Climate Change (Operational)
- Freedom of Information

We have a number of audits in progress including the annual audits for Revenues and Benefits, ICT Business Continuity and Estates and Property Services.

We have drafted audit briefs for the following:

- Data Breaches
- Transparency Data
- Use of Waivers

And, our plan remains flexible to respond to requests for audits or ad hoc reviews.

We continue to follow up all agreed actions. A report (Annex B) showing all open agreed actions and those that have been actioned during 2023/24 has been included for Members information.

3. ALTERNATIVE OPTIONS

Not Applicable

4. FINANCIAL IMPLICATIONS

The Internal Audit Service is operating within the contract sum.

5. LEGAL IMPLICATIONS

None directly from this report. Internal Audit reviews consider compliance with legislation relevant to the service area under review.

6. RISK ASSESSMENT

The weaknesses in the control framework, identified by the Internal Audit activity, continues to threaten organisational objectives if recommendations are not implemented.

7. EQUALITIES IMPACT

Not Applicable

8. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

8.1 Not Applicable

9. BACKGROUND PAPERS

9.1 The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:

- Internal Audit Reports

9.2 These documents will be available for inspection online at www.westoxon.gov.uk or by contacting democratic services democratic.services@westoxon.gov.uk for a period of up to 4 years from the date of the meeting.

(END)

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West Oxfordshire District Council

Report of Internal Audit Activity

September 2023

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The contacts at SWAP in connection with this report are:

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Principal Auditor

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- Contents:

Internal Audit Definitions

Audit Plan Progress

Finalised Audit Assignments

Internal Audit Definitions

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;

- No
- Limited
- Reasonable
- Substantial



Audit Framework Definitions

Control Assurance Definitions

No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Non-Opinion – In addition to our opinion based work we will provide consultancy services. The “advice” offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

Recommendations are prioritised from 1 to 3 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level.



Audit Framework Definitions

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

	Categorisation of Recommendations
Priority 1	Findings that are fundamental to the integrity of the service’s business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management
Priority 3	Finding that requires attention.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.

Definitions of Risk

Risk	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Summary of Audit Findings

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Key Financial Control	Payroll	Final Report	High Substantial	0				Report Included
Operational	Climate Change (Operational)	Final Position Statement	N/A	0				Report included
Governance	Freedom of Information	Final Report	Medium Reasonable	4	-	2	2	Report Included
Operational	Taxi Licensing Safeguarding	Draft Report						
Operational	Estates Services	Draft Report						
Operational	Property Services	Audit in Progress						
Key Financial Control	Bank Reconciliation	Audit in Progress						
Key Financial Control	Council Tax and NNDR	Audit in Progress						
Key Financial Control	Housing Benefit and Council Tax Support	Audit in Progress						
Advisory	Revenues and Benefits Service Review	Audit in Progress						
ICT	ICT Business Continuity Management	Audit in Progress						
Operational	Applicant Tracking System	Fieldwork to Commence						
Governance	Data Breaches	Brief Agreed						

Summary of Audit Findings

APPENDIX C

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Governance	Transparency Data	Brief Agreed						
Key Financial Control	Use of Waivers	Brief Agreed						
Operational	Accounts Payable – Qtly Review	In Progress						
Support	Business Grant Funding – Aged Debt	On-Going					Quarterly review of Business Grant Overpayment Aged Debts with Head of Service, Counter Fraud and Enforcement Unit for reporting to BEIS	
Advisory	Environmental Services Improvement Programme	On-Going						
Advisory	Procurement and Commissioning Group	On-Going						
Advisory	Health and Safety Working Group	On-Going						
Advisory	Risk Management Group	On-Going						
Follow-Up	Follow-Up of Agreed Actions (not included in an audit above)	On Going						
Other Audit Involvement	Working with the Counter Fraud and Enforcement Unit	On Going						
Other Audit Involvement	Management of the IA Function and Client Support	On Going						
Other Audit Involvement	Contingency – Provision for New Work based on emerging risks							

The following are the Internal Audit reports, of each audit review finalised,
since the last Committee update

Payroll – Final Report – June 2023

Audit Objective

To provide assurance that the Payroll system is operated in accordance with agreed policy/procedure and with the Council/Clients Financial Rules.

Assurance Opinion



A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Number of Actions

Priority	Number
Priority 1	0
Priority 2	0
Priority 3	0
Total	0

Risks Reviewed

Payroll is not processed accurately or on time which means inaccurate, or ghost payments are made resulting in financial losses and reputational damage.

Assessment

Low

Key Findings



Processes have been adopted by the Payroll Team to ensure employees are paid promptly and accurately. Evidence demonstrated reconciliation, review and appropriate approval of payment files including variances, these processes ensure ghost accounts / payments are not created. Remaining leave entitlements are calculated and documented for final payments. Manual salary advances are rare but evidence of approval from Senior Management is documented when necessary. Evidence of recovery of advances and overpayments is available on the Finance system. 3rd party deduction testing did not identify errors. The Council's payroll suspense accounts balance at year end.

Audit Scope

This review includes testing accuracy of information for starters, leavers and contract variations, including name, NI, system status and hours.

An assessment of salary advances and overpayments, including recovery; and processes (including any workarounds) to ensure timely completion and accurate monthly payroll processing.

Deductions and payments for a selection of 3rd parties assessed for accuracy (HMRC not included as this was assessed in last year's audit).

Follow-up of previous agreed actions.

Other Relevant Information

Time analysis was conducted on the manual processes (workarounds) needed to ensure the payroll is processed correctly each month. We calculated that an estimate of 13%, of a Payroll Officer's time, is required for this as the system isn't able to produce a payroll without manual intervention. We are also aware that Payroll Officers only take leave once a payroll has been completed for a month. This can't be avoided without a significant financial investment for a new payroll system. Eliminating the manual workaround requirements would allow officers to concentrate on strategic and management tasks, including cleansing data on the system.

Testing on the accuracy of information identified minor administrative errors which required further assessment with Officers to confirm any impacts would not be of significant concern.

Outdated information identified on the Council's finance/spending webpages relating to pay. Officers should determine who has responsibility for this information as they will need to complete a request for a website update.

Climate Change (Operational) – Final Position Statement – August 2023

Introduction / Background

The Council has made a commitment to move towards carbon neutral for its activities by 2030. A number of activities and corporate projects are underway to deliver against these timelines to ensure this commitment can be met e.g. carbon literacy training for all employees, working from home, solar panels on council buildings, decarbonisation of leisure centres etc.

This audit, rather than look at the specific work of the climate teams, considers how other teams are seeking to embed the climate change challenges within their own operational activities. This cross organisational approach will support further the Council's commitment to the Climate Emergency.

An organisational wide survey to 27 officers (Assistant Directors, Business Managers and the Climate Change team) was utilised to inform the basis of the review and included questions to assess:

- Staff understanding of corporate objectives,
- Key Performance Indicators surrounding Climate Change operations,
- Operational risk reporting process relating to Climate Change,
- Engagement with the public on Climate Change operations.

This audit was originally planned to be an assurance piece of work to include a survey, substantive testing and evidence review. However, due to receiving only eight survey responses we are unable to progress as planned and have therefore issued this Position Statement which summarises the responses.

Key Findings

The main finding at this current time is that Climate Change operations are not sufficiently embedded into the organisation. West Oxfordshire District Council has made a commitment to be a carbon-neutral council by 2030. For these commitments to be upheld, further work must be completed to embed Climate Change into the organisation.

The survey responses highlighted the following:

- 88% of responders (7 officers) rated the operational work toward the net zero statements made by the authorities was neither effective nor ineffective.
- Only two survey respondents had specific Climate Change risks on their Operational Risk Registers. A further two respondents said they had Climate Change risks but did not specifically name them.
- 75% of survey respondents (6 officers) did not have any Climate Change key performance indicators, measures, or milestones to track the operational work being undertaken.
- 88% of officers were not actively tracking their Carbon Footprint within their service areas.
- 50% of respondents stated they had resource to actively work toward the Climate Change commitments.
- 75% (6 officers) had worked alongside the General Public whilst 25% (2 Officers) had not. When asked for specific examples of working alongside the General Public to promote the Climate Change agenda, they were not provided.

Conclusion

The survey responses indicates that there may be potentially a lack of corporate oversight and direction provided to service areas. Also, the lack of engagement from 70% of the officers surveyed suggests that Climate Change may not be high on the operational agenda.

The risk is that the Council experiences reputational damage, and potential financial penalties, through failing to deliver on one of its corporate priorities and take appropriate action to mitigate the threat of climate change, and its associated impacts. To effectively mitigate this, we suggest consideration be given to the following areas:

- Climate Change oversight and direction –Overarching direction for officers to work to in accordance with Council Plans. To include operational policy, training, and key performance indicators and milestones so that tacking delivery of work can be demonstrated.
- Climate Change operational risk management – consider service areas Climate Change related risks and mitigating actions.
- Carbon Footprint offset and tracking guidance.

Due to the low response rate, it has been agreed that we will repeat the survey in April 2024. This data will be included in a further climate audit planned for 2024/25 which will encompass the Council's Strategy and commitment to carbon reduction, and how these are being addressed by way of operational (service) activities and the wider projects / activities.

Freedom of Information – Final Report – September 2023

Audit Objective

To assess the effectiveness of the Council's Freedom of Information (FOI) procedure and provide assurance that the procedure is in line with the Freedom of Information Act 2000.

Assurance Opinion



There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Number of Actions

Priority	Number
Priority 1	0
Priority 2	2
Priority 3	2
Total	4

Risks Reviewed

The Council's reputation is damaged and financial losses occur through fines due to improper management of Freedom of Information requests.

Assessment

Medium

Key Findings



The Access to Information policy and the Publication Scheme has not been reviewed and updated since November 2018. The Freedom of Information Act 2000 requires up to date information to be published and regular review to be undertaken.



The Freedom of Information team are fully trained in handling Freedom of Information Requests (FOIs), but staff training has not been provided to the various service areas who receive requests directly. This could result in responses not meeting statutory timeframes or information provided may be of poor quality.



FOIs statistics have not been published since Quarter 1 2022/23. As recommended by the Information Commissioners Office, statistics will be published moving forwards.



A process is currently being developed to action FOIs received via social media. Finalising and formalising this document will ensure all FOI Requests are identified and responded to within the time limit.



In Quarter 1 of 2023-24, 82% of requests are being met within the 20-day time limit, this is an improvement of 14% from the previous year.

Audit Scope

This internal audit review considered the following areas:

- The authorities FOIA policy and procedure,
- The process in place for handling FOIA requests,
- The timeliness of responses to FOIA requests,
- The accuracy and quality of the information provided in response to FOIA Requests,
- The management of FOIA records,
- Overarching assessment of compliance with the Freedom of Information Act 2000.

The approach used within this audit used a combination of discussions with staff, walkthroughs, sample testing of processes in place, and review of documentation.

Summary

Overall, good practice is operating in handling FOI requests. The FOI team quality check all responses compiled by service areas to ensure that only quality information is sent out to the requestee. Personal data is managed in line with GDPR Regulations and stored in a central drive with limited staff access. A process is in place for when information is subject to a charge, but it is not common for payment to be received as generally the charge is declined. A solid audit trail is not maintained in all cases. It would be good practice to quality check the audit trail each month to ensure a sufficient audit trail is maintained.

An action plan has been agreed to enhance current controls and to provide added value to Publica and its partner authorities.

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 <p style="text-align: center;">WEST OXFORDSHIRE DISTRICT COUNCIL</p>	<p>WEST OXFORDSHIRE DISTRICT COUNCIL</p>
<p>Name and Date of Committee</p>	<p>AUDIT AND GOVERNANCE – 28 SEPTEMBER 2023</p>
<p>Subject</p>	<p>COUNTER FRAUD AND ENFORCEMENT UNIT REPORT</p>
<p>Wards Affected</p>	<p>ALL</p>
<p>Accountable Member</p>	<p>Councillor Andy Graham – Leader of the Council. Email: Andy.Graham@westoxon.gov.uk</p>
<p>Accountable Officer</p>	<p>James Howse – Interim Director of Finance Email: James.Howse@westoxon.gov.uk</p>
<p>Report Author</p>	<p>Emma Cathcart – Head of Service Counter Fraud and Enforcement Unit Email: Emma.Cathcart@cotswold.gov.uk</p>
<p>Summary/Purpose</p>	<p>To provide the Committee with assurances over the counter fraud activities of the Council.</p>
<p>Annexes</p>	<p>Annex A – Work Plan 2023-2024</p>
<p>Recommendation(s)</p>	<p><i>That Committee Resolves to:</i></p> <ol style="list-style-type: none"> 1. <i>Note the contents of the report; and</i> 2. <i>Note the Unit Work Plan at Annex A.</i>
<p>Corporate Priorities</p>	<ul style="list-style-type: none"> ● Working Together for West Oxfordshire
<p>Key Decision</p>	<p>NO</p>
<p>Exempt</p>	<p>NO</p>
<p>Consultees/ Consultation</p>	<p>Direct updates will continue to be provided biannually.</p> <p>Work plans are presented to the Committee detailing progress and results for consideration and comment as the body charged with governance in this area.</p> <p>Work plans are agreed and reviewed regularly with the Interim Director of Finance.</p>

	Any Policies drafted or revised by the Counter Fraud and Enforcement Unit have been reviewed by Legal Services and have been issued to the relevant Senior Officers, Governance Group and Corporate Management for comment.
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1. BACKGROUND

- 1.1 In administering its responsibilities, the Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee, or a Councillor.
- 1.2 The Council is committed to an effective counter fraud and corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities, thus supporting corporate priorities and community plans.
- 1.3 The Audit and Governance Committee oversees the Council's counter fraud arrangements, and it is therefore appropriate for the Committee to be updated in relation to counter fraud activity.
- 1.4 Work plans have been agreed with the Interim Director of Finance and the Council's Management. The Audit and Governance Committee, as the body charged with governance in this area, is presented with a copy of the work plan for information.
- 1.5 Attached at Annex A is a copy of the work plan for 2023/2024.

2. MAIN POINTS

2.1 Counter Fraud and Enforcement Unit Update

- 2.2 The CFEU Head of Service forms part of the core Multi-Agency Approach to Fraud (MAAF) group. The core group consists of attendees from Gloucestershire Constabulary Economic Crime Team, Trading Standards, Victim Support, NHS and colleagues from Gloucester City and County Councils. The MAAF has been set up to discuss fraud trends, victim care and communication of fraud scams across Gloucestershire. Through collaborative working the main purpose is to raise awareness to minimise and disrupt fraud.
- 2.3 The CFEU will be working with colleagues within Trading Standards and the Police to establish an effective communication strategy to provide relevant information to members of the public relating to seasonal scams and ways to avoid them. Awareness sessions have been held for all staff. Whilst the group is Gloucestershire focussed, as a member of the CFEU Partnership, West Oxfordshire residents will benefit from any communications regarding prevention and awareness.
- 2.4 In relation to the Business Grant Schemes, as previously reported, the focus now relates to debt; recovery, reconciliation and transfer to the Department for Business and Trade (DBT). Updated figures confirm that invoices totalling £545,183 were raised; £263,119 has been recovered and returned to DBT. £263,248 has not been repaid and liability for the recovery of this has been transferred to DBT. To provide some context, West Oxfordshire District Council paid out £50,465,394 in business grants between April 2020 and March 2022.

2.5 All Local Authorities participate in the Cabinet Office's National Fraud Initiative, which is a data matching exercise to help prevent and detect fraud nationwide. The use of data by the Cabinet Office in a data matching exercise is carried out with statutory authority under Part 6 of the Local Audit and Accountability Act 2014. It does not require the consent of the individuals concerned under Data Protection Legislation.

- In relation to the matches relating to the 2020/2021 and 2021/2022 data sets, 116 accounts were updated, resulting in £87,673 increased Council Tax revenue. 50 Civil Penalties totalling £3,500 were applied. 788 matches are currently being reviewed in relation to the current data set.
- 336 further matches have been received relating to Council Tax Reduction Scheme, Housing Benefit, housing applications and internal data anomalies. 229 have been reviewed to date.

2.6 In addition to the work carried under the annual work plan attached at Annex A, as a dedicated investigatory support service, the CFEU undertakes a wide range of enforcement and investigation work according to the requirements of each Council. This includes criminal investigation and prosecution support for enforcement teams, investigations into staff/member fraud and corruption, or tenancy and housing fraud investigation work.

2.7 During Quarter 1 of 2023/2024:

- The team received 16 referrals from across the Council and closed 22 cases. This excludes any Council Tax Reduction Scheme referrals.
- The CFEU supports Enforcement Teams across the Council. Work undertaken with the ERS Team resulted in a Fixed Penalty Notice, totalling £200, being issued in relation to environmental crime.
- The CFEU undertakes the investigation of alleged fraud and abuse in relation to the Council Tax Reduction Scheme (Council Tax Support) and act as the single point of contact for Department for Work and Pensions (DWP) Housing Benefit investigations. 10 referrals were received, and 9 cases were closed.

2.8 During Quarter 1 of 2023/2024, the team received 2 referrals relating to disciplinary matters.

3. ALTERNATIVE OPTIONS

3.1 The CFEU is working with all Gloucestershire Local Authorities, West Oxfordshire District Council, and other public sector bodies such as housing associations.

3.2 The Service is a shared one across the County and, as such, overheads and management costs are also shared equally meaning there is increased value for money.

4. FINANCIAL IMPLICATIONS

4.1 The report details financial savings generated by the Counter Fraud and Enforcement Unit.

5. LEGAL IMPLICATIONS

5.1 In general terms, the existence and application of an effective fraud risk management regime assists the Council in effective financial governance which is less susceptible to legal challenge.

6. RISK ASSESSMENT

- 6.1 The Council is required to proactively tackle fraudulent activity in relation to the abuse of public funds.
- 6.2 Failure to undertake such activity would accordingly not be compliant and expose the authority to greater risk of fraud and/or corruption.
- 6.3 If the Council does not have effective counter fraud and corruption controls, it risks both assets and reputation.

7. EQUALITIES IMPACT

- 7.1 The promotion of effective counter fraud controls and a zero-tolerance approach to internal misconduct promotes a positive work environment.
- 7.2 The CFEU seeks to ensure that public authorities' actions are consistent with the Human Rights Act 1998 (HRA). It balances safeguarding the rights of the individual against the needs of society to be protected from crime and other public safety risks.

8. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 8.1 Not applicable.

9. BACKGROUND PAPERS

- 9.1 The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:
 - None.
- 9.2 These documents will be available for inspection online at www.westoxon.gov.uk or by contacting democratic services democratic.services@westoxon.gov.uk for a period of up to 4 years from the date of the meeting.

(END)

Area of Work	Task	Detail
Bribery and Corruption	Assessment Template Review	
Governance	Delivery of two reports for Audit and Governance Committee	March / September
Governance	Fighting Fraud & Corruption Locally - Checklist Compliance	Draft Completed, to be presented to Governance Group
Governance	Government Functional Standard 013: Counter Fraud - Compliance	Draft Completed, to be presented to Governance Group
Governance	Fraud Risk Strategy / Response Plan	Presented to Audit and Governance Committee November 2022 - next review 2025/2026
Governance	Development of Service Specific Fraud Risk Registers	Revenues, Benefits and Procurement
Policy	Counter Fraud and Anti-Corruption Policy	Reviewed and Approved by Audit and Governance Committee November 2022 / Cabinet December 2022 - next review 2025/2026
Policy	Corporate Enforcement Policy	Approved by Cabinet April 2019 - next review 2023/2024 (consultation commenced)
Policy	CTAX, CTRS & HB Penalty and Prosecution Policy	Reviewed and Approved by Cabinet April 2019 - under review
Policy	Proceeds of Crime & Anti-Money Laundering Policy	Reviewed and Approved by Audit and General Purposes Committee June 2021 - next review 2024/2025
Policy	Whistle-Blowing Policy	Reviewed and Approved by Audit and Governance Committee April 2022 / Cabinet May 2022 - next review 2025/2026
Policy	RIPA (Surveillance & CHIS)	Reviewed and Approved by Audit and General Purposes Committee November 2019 / Cabinet December 2019 - next review 2023/2024
Policy	IPA (Acquisition of Communications Data)	Reviewed and Approved by Audit and General Purposes Committee November 2019 / Cabinet December 2019 - next review 2023/2024

RIPA = Regulation of Investigatory Powers Act 2000

IPA = Investigatory Powers Act 2016

CPIA = Criminal Procedure and Investigations Act 1996

PACE = Police and Criminal Evidence Act 1984

Area of Work	Task	Detail
Policy	Use of the Internet and Social Media in Investigations and Enforcement	Reviewed and Approved by Audit and General Purposes Committee September 2021 / Cabinet November 2021 - next review 2023/2024
Procedure	Development and roll out of Proceeds of Crime and Anti-Money Laundering Procedure	
Procedure	Development and roll out of Use of the Internet and Social Media in Investigations and Enforcement Procedure	
Serious and Organised Crime	Checklist / Risks	To be included within the Fraud Risk Registers
Serious and Organised Crime	Proactive Fraud Drive - transient / cash businesses	
Statutory / Regulatory	Collation and Publication of Fraud Transparency Data	Complete – May
Statutory / Regulatory	RIPA / IPA - Annual Report to Members / Advisory / Inspection SPoC	Annual updates completed March. Inspection complete, next inspection 2026
Strategy : Detection	Housing Waiting List review	Silver Band
Strategy : Detection	National Fraud Initiative Match Reviews - Revenues / Benefits / Housing	2021/2022 – 1045 CTAX matches reviewed / 116 accounts updated / CTAX £84,173 / 50 Penalties £3,500 2022/2023 - 1108 matches received
Strategy : Detection	National Fraud Initiative Match Reviews – Payroll	2022/2023 - 16 matches reviewed / 1 conflict of interest discrepancy identified
Strategy : Detection	Procurement Proactive Fraud Drive - Small Supplier Payment Review	Commenced

RIPA = Regulation of Investigatory Powers Act 2000

IPA = Investigatory Powers Act 2016

CPIA = Criminal Procedure and Investigations Act 1996

PACE = Police and Criminal Evidence Act 1984

Area of Work	Task	Detail
Strategy : Detection	Business Rates Review Self Catering Accommodation - Assurance and Enforcement Activities	Pending guidance / regulations
Strategy : Detection	SMI Review (sample 20)	
Strategy : Detection	Business Grants - Assurance and Enforcement Activities	Debt recovery and transfer
Strategy : Detection	Community Activity Grants - Assurance and Enforcement Activities	
Strategy : Detection	Council Tax Reduction Scheme Proactive Fraud Drive	
Strategy : Detection	Business Rates Proactive Fraud Drive - Small Business Rates Relief	
Strategy : Detection	Homelessness Rent Deposit Scheme Review	
Strategy : Detection	CTRS Support Fund Review	
Strategy : Detection	Household Support Fund Review	
Strategy : Detection	Aged Debt Review	
Strategy : Prevention	Development of Right to Buy Debt Recovery Process	
Strategy : Prevention	Training Members / Staff - Fraud Awareness / RIPA & IPA / Criminal Enforcement CPIA, PACE, Disclosure Training, Money Laundering	
Strategy : Prevention	MAAF Support / Work Streams	Staff awareness session 13 September 2023
Strategy : Prevention	Private Rental Sector Minimum Energy Efficiency Standard (MEES) Compliance and Enforcement	


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CPIA = Criminal Procedure and Investigations Act 1996

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 <p style="text-align: center;">WEST OXFORDSHIRE DISTRICT COUNCIL</p>	<p>WEST OXFORDSHIRE DISTRICT COUNCIL</p>
<p>Name and Date of Committee</p>	<p>AUDIT AND GOVERNANCE – 28 SEPTEMBER 2023</p>
<p>Subject</p>	<p>COUNCIL TAX, HOUSING BENEFIT AND COUNCIL TAX SUPPORT PENALTY AND PROSECUTION POLICY</p>
<p>Wards Affected</p>	<p>ALL</p>
<p>Accountable Member</p>	<p>Councillor Andy Graham – Leader of the Council. Email: Andy.Graham@westoxon.gov.uk</p>
<p>Accountable Officer</p>	<p>James Howse – Interim Director of Finance. Email: James.Howse@westoxon.gov.uk</p>
<p>Report Author</p>	<p>Emma Cathcart – Head of Service Counter Fraud and Enforcement Unit. Email: Emma.Cathcart@cotswold.gov.uk</p>
<p>Summary/Purpose</p>	<p>To present the Audit and Governance Committee with an updated Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy for comment.</p>
<p>Annexes</p>	<p>Annex A – Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy</p>
<p>Recommendation(s)</p>	<p><i>That Committee Resolves to:</i></p> <ol style="list-style-type: none"> <i>1. Note the Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy; and</i> <i>2. Provide comment as appropriate to the Executive, to aid its deliberations and decision making.</i>
<p>Corporate Priorities</p>	<ul style="list-style-type: none"> ● Working Together for West Oxfordshire
<p>Key Decision</p>	<p>NO</p>
<p>Exempt</p>	<p>NO</p>
<p>Consultees/ Consultation</p>	<p>The Policy has been reviewed to ensure the content reflects current legislation and the Council's Policies and Procedures. The Policy will</p>

	<p>replace the existing Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy.</p> <p>Any Policies drafted or revised by the Counter Fraud and Enforcement Unit have been reviewed by Legal Services and have been issued to the relevant Senior Officers, Governance Group and Corporate Management for comment.</p>
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1. BACKGROUND

- 1.1** The Counter Fraud and Enforcement Unit is tasked with reviewing the Council's Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy. It is recommended good practice that the Policy is updated and reviewed at least every few years in line with any legislative changes.
- 1.2** In administering its responsibilities, the Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or a Councillor.

2. MAIN POINTS

- 2.1** The Policy, attached at Annex A, has been updated in accordance with the review period. Review frequency is as required by legislative changes or every three years. This has been delayed due to events over the last three years.
- 2.2** The Policy and fines set out therein are legislative and have not been altered since the Policy was originally drafted several years ago.
- 2.3** The Council's existing Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy was developed to reflect (i) latest legislation and (ii) the changes following the creation of the Single Fraud Investigation Services (operated by the Department for Work and Pensions) which subsumed the Council's responsibilities for investigating Housing Benefit Fraud.
- 2.4** The Council Tax Support Scheme was introduced in 2013 and replaced Council Tax Benefit. The scheme is locally agreed with some set parameters and the responsibility to enforce any fraud or abuse of the scheme rests with the Council.
- 2.5** The Council has a responsibility to ensure that Council Tax is billed correctly and that there is no abuse of exemptions and discounts. The Policy seeks to set out the action that the Council may take in relation to fraud and misinformation in relation to this.
- 2.6** It should be noted that legislation outlines that to incur a Civil Penalty for a Housing Benefit overpayment, the value of the overpayment needs to exceed £250 however, the Policy details that for decisions across the Counter Fraud and Enforcement Unit Partnership, this figure will be £500. When setting this figure, consideration was given to current cost of living pressures and the vulnerabilities of the demographic this particular Policy impacts.

- 2.7 The Policy has been reviewed and drafted for the participants within the Counter Fraud and Enforcement Unit Partnership and will provide consistency to the application of penalties and legal action across Gloucestershire and West Oxfordshire.
- 2.8 The changes are minor, to reflect changes to departmental names within the Councils and duties and responsibilities within the Department for Work and Pensions. Amendments also ensure continuity across the Counter Fraud and Enforcement Partnership as the Counter Fraud and Enforcement Unit is charged with investigation in this area for six Councils.
- 2.9 As part of the consultation process, the Policy has been reviewed by the Business Manager, Environmental, Welfare and Revenue Service, the Benefits Manager and Legal Services.
- 2.10 Awareness will be raised with all staff following the approval of the Policy.

3. ALTERNATIVE OPTIONS

- 3.1 None, the Policy is legislative. Consultation regarding local decision-making has been conducted across the Counter Fraud and Enforcement Unit Partnership.

4. FINANCIAL IMPLICATIONS

- 4.1 The Policy provides Officers with a framework that can be followed when dealing with matters arising from cases of fraud and error. This allows for financial penalties to be charged however, the intention of the Policy is not primarily for revenue raising purposes but to ensure the proper use and protection of public funds.

5. LEGAL IMPLICATIONS

- 5.1 In general terms, the existence and application of an effective fraud risk management regime assists the Council in effective financial governance which is less susceptible to legal challenge.
- 5.2 The legislation utilised by the Counter Fraud and Enforcement Unit and other service areas within the Council is identified within the Policy and the Council must comply with all legislative requirements.

6. RISK ASSESSMENT

- 6.1 The Council is required to proactively tackle fraudulent activity in relation to the abuse of public funds.
- 6.2 Failure to undertake such activity would accordingly not be compliant and expose the authority to greater risk of fraud and/or corruption. If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.

7. EQUALITIES IMPACT

- 7.1 The CFEU seeks to ensure that public authorities' actions are consistent with the Human Rights Act 1998 (HRA). It balances safeguarding the rights of the individual against the needs of society as a whole to be protected from crime and other public safety risks.

8. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 8.1 Not applicable.

9. BACKGROUND PAPERS

- 9.1 The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:
- Cabinet Report March 2019 – Council Tax, Housing Benefit, Council Tax Support Penalty and Prosecution Policy
- 9.2 These documents will be available for inspection online at www.westoxon.gov.uk or by contacting Democratic Services democratic.services@westoxon.gov.uk for a period of up to 4 years from the date of the meeting.

(END)



Version Control:	
Document Name:	Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy
Version:	2.0
Responsible Officer:	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit
Approved by:	Cabinet / Executive / Audit & Standards Committee
Next Review Date	July 2026
Retention Period:	N/A

Revision History

Revision date	Version	Description
July 2023	2	Overall review and update. Adapted to ensure the same Policy applies to all partner Councils

Consultees

Internal	External
Service Area Lead Officer – Revenues and Benefits	
One Legal / Legal Services	
Audit Committee / Audit and Governance Committee / Audit, Compliance and Governance Committee	

Distribution

Name	
Revenues and Benefits Enforcement Staff	

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1. INTRODUCTION

- 1.1. The Council is committed to the detection of fraud and has a responsibility to ensure that Housing Benefit and Council Tax Support are paid correctly. Council Tax Support is also referred to as the Council Tax Reduction Scheme or Local Council Tax Support Scheme. For the purpose of this Policy, it is referred to as Council Tax Support only. Council Tax Support replaced Council Tax Benefit from 1 April 2013.
- 1.2. The Council is also charged with ensuring that Council Tax is billed correctly and that discounts and exemptions are not claimed incorrectly.
- 1.3. This Policy sets out the Council's approach to prosecution and other sanctions in cases of fraud or misinformation in respect of Council Tax Support, Council Tax and Housing Benefit.
- 1.4. It has been revised in the light of the transfer of Housing Benefit fraud investigation to the Department of Work and Pensions (DWP) in 2015.
- 1.5. This Policy does not include specific reference to National Non-Domestic Rates (NNDR) although the Local Authority has the power to obtain particulars of persons interested in land as set out under Section 16 of the Local Government Act 1976. Pursuant to Section 16(2), if a person fails to comply with such requests, they will be guilty of an offence and liable on summary conviction to a fine not exceeding level five on the standard scale.

2. BACKGROUND

- 2.1 This Policy is governed by legislation and DWP guidance including The Local Government Act 1972, The Local Government Finance Act 1992, Welfare Reform Act 2012, Police and Criminal Evidence Act 1984, Social Security Administration Act 1992 and The Council Tax Reduction Scheme (Detection of Fraud and Enforcement) (England) Regulations 2013.
- 2.2 This Policy has been agreed by the Council and will be reviewed as required in response to changes in legislation or government guidance.

3. PURPOSE

- 3.1 The purpose of the Penalty and Prosecution Policy is to set out the action which the Council may take in cases of fraud or misinformation in relation to;
 - a) Claims, or attempted claims, for Housing Benefit.
 - b) Claims, or attempted claims, for Council Tax Support.
 - c) Council Tax Discounts and Exemptions.
- 3.2 The Policy provides guidelines that will be followed where applicable and clarifies which areas are the responsibilities of the Council and those, which are the responsibility of the DWP.

4. AREAS OF RESPONSIBILITY

- 4.1 Responsibility for investigation and the application of sanctions lies as follows:

Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy

4.2 Housing Benefit (and Council Tax Benefit for offences relating to the period prior to April 2013) where there is evidence of fraud:

- a) Investigation is the responsibility of the DWP's Operational Excellence Directorate and cases will be referred to the DWP in accordance with DWP guidance accordingly.
- b) Cautions no longer apply to these cases.
- c) The Council has retained the delegated power to offer an Administrative Penalty following a recommendation from the DWP.
- d) Prosecution of cases is the responsibility of the DWP.

4.3 Housing Benefit where there is no evidence of fraud:

- a) The Council will make enquiries in respect of cases of misinformation or error made by the customer where the overpayment is incurred wholly after 1 October 2012 and the value of any overpayment exceeds **£500**.
- b) A civil penalty of £50 may be applied by the Council in line with regulations.

4.4 Council Tax Support:

- a) The Council has retained the responsibility to investigate and sanction allegations of fraud and abuse in relation to Council Tax Support claims.
- b) A Caution, Penalty or Prosecution may be considered where there is evidence of fraud.
- c) A civil penalty of £70 may be applied where there is no evidence of fraud.
- d) An Authorised Officer within the Council has the power to obtain information as set out under Regulations 4 and 5 of The Council Tax Reduction Scheme (Detection of Fraud and Enforcement) (England) Regulations 2013. Pursuant to Regulation 6, if a person refuses or neglects to produce any documentation when required to do so, they will be guilty of an offence and liable on summary conviction to a fine not exceeding level three on the standard scale.
Where a person is convicted of an offence and the refusal or failure continues after conviction, the person shall be guilty of a further offence and liable on summary conviction to a fine not exceeding £40 for each day on which it is continued.

4.5 Council Tax:

- a) The Council has responsibility for investigating incorrectly claimed Council Tax exemptions and discounts.
- b) A civil penalty of £70 and an additional civil penalty of £280 may be applied where appropriate – see Table of Civil Penalties on page 6.

5. GENERAL PRINCIPLES

5.1 In deciding what action to take, designated Officers within the Council will consider the following:

- Each case will be considered on its own merits;
- There must be sufficient, reliable evidence to justify the action taken;
- The action taken must be in the public interest;
- Any mitigating circumstances;
- The decision to prosecute an individual is a serious step and has implications for all involved. Decisions to prosecute should always be fair, proportionate, consistent and equitable;
- In exceptional circumstances, an alternative to prosecution (Caution or Penalty) may be considered without regard to the amount of the overpayment.

6. SANCTIONS AVAILABLE FOR OFFENCES RELATING TO COUNCIL TAX SUPPORT

6.1 The three sanctions available where a criminal investigation has been undertaken are a Caution, a Penalty or Prosecution.

6.2 In cases of error or misinformation, a Civil Penalty may be applied.

6.3 LOCAL AUTHORITY CAUTION

6.4 A Caution is an oral warning given in certain, less serious circumstances as an alternative to prosecution to a person who has committed an offence. It is intended to be a meaningful penalty and deterrent where other actions are not appropriate. The Caution may be a verbal warning but both parties sign the Caution Certificate and a record is kept by the Council.

6.5 If a person declines the offer of a Caution the case will be recommended for prosecution.

6.6 A Caution will usually be considered where the amount of the recoverable Council Tax Support is of a low value where the evidence indicates that:

- a) It was a first offence, or
- b) There was no planning involved, or
- c) There was no other person involved in the fraud, and
- d) The person's circumstances and demeanour towards the offence indicates that a Caution would be the most appropriate action and
- e) The person has admitted the offence in an Interview under Caution.

6.7 In these circumstances, the Council will issue an official Local Authority Caution and require full repayment of the recoverable Council Tax Support.

6.8 A Caution is not applicable where the offence is an attempt and there is therefore no financial loss to the Council or gain to an individual.

6.9 PENALTY

6.10 A Penalty is a financial penalty offered as an alternative to prosecution, usually in circumstances not deemed serious enough to warrant prosecution.

6.11 If a person refuses a Penalty, the case will be recommended for prosecution.

6.12 A Penalty will be considered where the evidence indicates that:

- a) It was a first offence, or
- b) The person failed to attend an interview under caution, or
- c) The person has previously been cautioned within the last 5 years for a similar offence but the offence was minor and the current offence is minor; and
- d) There was no planning involved, or
- e) The person has not admitted the offence at an Interview under Caution, and
- f) There was no other person involved, and
- g) The person's circumstances and demeanour towards the offence indicates that a Penalty would be the most appropriate action.

- 6.13 In such circumstances, the Council will make an offer of a Penalty in addition to requiring full repayment of the recoverable Council Tax Support.
- 6.14 The penalty will be a minimum of £100, or 50% of the recoverable amount of Council Tax Support up to a maximum of £1,000.
- 6.15 **PROSECUTION**
- 6.16 Prosecution proceedings will usually be instigated only after the evidential and public interest tests as detailed in the Code for Crown Prosecutors are satisfied, and in line with the Council's own Corporate Enforcement Policy. Prosecution will be considered where:
- a) It was not a first offence, or
 - b) The fraud has been deliberate and calculated, or
 - c) The fraud had continued over a long period; or
 - d) The value of the overpayment or financial gain is significant; or
 - e) The person has failed to attend an interview under caution; or
 - f) There were other persons involved in the fraud and collusion has been investigated, or
 - g) The person has declined the offer of a Penalty or withdrawn agreement to pay and Penalty; or
 - h) The person has declined the offer of a Caution
- 6.17 The decision to prosecute is a serious step and has implications for all concerned. The Council will ensure that decisions to prosecute are made in a fair, proportionate, consistent and equitable-manner.
- 6.18 The Council will also consider the following:
- a) Offender's physical conditions such as illness, disability, age etc and mental capacity.
 - b) Social factors such as domestic violence, coercive control, career or employment impact, childcare etc.
 - c) Voluntary disclosure where the individual makes a full and frank admission without prompting.
 - d) Procedural difficulties, delays, failures in the investigation or administrative process.
- 6.19 **SANCTION RECOMMENDATIONS**
- 6.20 The recommendation to apply any sanction will be made in the first instance by the Counter Fraud and Enforcement Unit (CFEU) Investigating Officer, after consultation with an appropriate CFEU Senior Officer, to the appropriate Revenues and Benefits Department for approval.
- 6.21 Recommendations for criminal sanctions will be referred to the appropriate Legal Department.
- 6.22 An appropriate CFEU Senior Officer will administer Cautions and Criminal Penalties on behalf of the Revenues or Benefits Department.
- 6.23 **CIVIL PENALTIES**
- 6.24 A civil penalty is a financial penalty that that can be imposed where a person has negligently supplied incorrect information or failed to supply information that affects;

- a) The amount of Housing Benefit or Council Tax Support they have been paid or would have been paid or,
- b) The amount of Council Tax they have been billed or would have been billed.

6.25 CIVIL PENALTIES APPEAL PROCESS

- 6.26 If a customer is not satisfied with the decision to impose a civil penalty in relation to Housing Benefit, they can write to the Council’s Revenues and Benefits Department within one calendar month of the date of their letter in which the civil penalty is issued, and ask for a reconsideration of the decision. The customer will need to state and provide evidence, where appropriate, why they feel the decision is wrong. An appropriate Senior Officer within the Revenues and Benefits Department will carry out the reconsideration. The outcome of the reconsideration is final and there is no further appeal process.
- 6.27 If a customer is not satisfied with the decision to impose a civil penalty in relation to Council Tax Support, they can write to the Council’s Revenues and Benefits Department within one calendar month of the date of their letter in which the civil penalty is issued, and ask for a reconsideration of the decision. An appropriate Senior Officer within the Revenues and Benefits Department will carry out the reconsideration. If the appeal is not successful, the customer may appeal to the Valuation Tribunal. In both instances, the customer will need to state and provide evidence, where appropriate, why they feel the decision is wrong.
- 6.28 If a customer is not satisfied with the decision to impose a civil penalty in relation to Council Tax, they can write to the Council’s Revenues and Benefits Department within one calendar month of the date of their letter in which the civil penalty is issued, and ask for a reconsideration of the decision. An appropriate Senior Officer within the Revenues and Benefits Department will carry out the reconsideration. If the appeal is not successful, the customer may appeal to the Valuation Tribunal. In both instances, the customer will need to state and provide evidence where appropriate, why they feel the decision is wrong.

TABLE OF CIVIL PENALTIES			
Service	Amount of penalty	Criteria	Appeal method
Housing Benefit	£50	1. Negligently or carelessly giving incorrect information, or 2. Failing to provide without reasonable excuse, information in respect of a claim or payment of benefit, or 3. Failing to notify, without reasonable excuse, a relevant change in circumstances (reasonable excuse = ill health, significant stress)	The Council
Council Tax Support	£70		The Council and then the Valuation Tribunal
Council Tax	£70	1. Failing to supply information following a request from the Council, or 2. Supplied information about a liable person that is materially inaccurate, or 3. Failing, without reasonable excuse, to notify the Council that a dwelling is no longer exempt, or	The Council and then the Valuation Tribunal

		4. Failing, without reasonable excuse, to notify the Council that a level of discount no longer applies (reasonable excuse = ill health, significant stress)	
Council Tax	£280	1. Where a penalty has been imposed and a further request to supply the same information is made again and is not properly complied with, and may do so each time it repeats the request and the person concerned does not properly comply with it. There is no limit to the number of times this penalty can be imposed.	The Council and then the Valuation Tribunal

7. STRATEGY AND POLICY REVIEW


- 7.1 The appropriate department will review and amend this Policy as necessary to ensure that it continues to remain compliant and meets legislative requirements and the vision of the Council in consultation with the S151 Officer, the Legal Department and Members.

Responsible Department: Revenues and Housing Support Services

Policy Author: Counter Fraud and Enforcement Unit

Date: July 2023

Review frequency as required by legislative changes / every three years.

 WEST OXFORDSHIRE DISTRICT COUNCIL	WEST OXFORDSHIRE DISTRICT COUNCIL
Name and Date of Committee	AUDIT AND GOVERNANCE – 28 SEPTEMBER 2023
Subject	STRATEGIC RISK REGISTER
Wards Affected	ALL
Accountable Member	Councillor Andy Graham – Leader of the Council. Email: andy.graham@westoxon.gov.uk
Accountable Officer	Giles Hughes – Chief Executive. Email: giles.hughes@westoxon.gov.uk
Report Author	Cheryl Sloan – Business Manager, Governance, Risk and Business Continuity Email: Cheryl.sloan@publicagroup.uk
Summary/Purpose	To update Members on the Strategic Risk Register, for information and assurance, that risks to the Council are being managed and appropriate actions are being taken to mitigate risk.
Annexes	Annex A – Strategic Risk Register
Recommendation(s)	<i>That Committee Resolves to:</i> <i>1. Note the update to the Strategic Risk Register.</i>
Corporate priorities	<ul style="list-style-type: none"> • Putting Residents First • A Good Quality of Life for All • A Better Environment for People and Wildlife • Responding to the Climate and Ecological Emergency • Working Together for West Oxfordshire
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Nil.

1. BACKGROUND

- 1.1** The strategic risk register is presented to the Audit Committee to provide assurance that risks to the Council are being managed and appropriate actions are being taken to mitigate risk.
- 1.2** Presentation of the risk register also provides an opportunity for members of the Audit Committee to raise questions and highlight any risks which they feel should be referenced and mitigated.

2. RISK REGISTER

- 2.1** Risk Management is the process used to identify, evaluate, and manage the whole range of business risks facing an organisation.
- 2.2** A risk can be defined as the potential of something happening which may have a negative impact on a council's ability to deliver services or projects and achieve its objectives. By being alert to this and putting in place mechanisms to manage risks, a council will be in a better position to continue to deliver services, remain viable, continue to innovate and use resources more efficiently.
- 2.3** Risk Management is not necessarily about being 'risk averse', it is about being 'risk aware'. Through Risk Management we proactively identify potential risks to our businesses, which could include service delivery risks, financial risks, people risks or projects risks, and then assess what the impact would be should that risk happen, what the likelihood is of that risk occurring and what we can do to manage or mitigate that risk. As a council, we then have to consider whether that risk is worth taking and if yes, do we accept it, put in place mitigations to lower the risk, pass or share the risk e.g., outsourcing the risk, or avoid the risk.
- 2.4** The risk register presented to the Audit Committee is the Strategic Risk register for the Council. This captures the high-level risks that the council is currently facing. All Council partners such as Publica have their own Strategic risk register, along with individual services areas and project risk registers, which feed into this high-level strategic risk register.
- 2.5** To ensure risks are captured, mitigated, and clearly reported, the WODC Risk Register has been recently reviewed and a new Risk Register is reported to this Audit Committee.
- 2.6** This new template should be clearer and easier to see the high-level risks for the Council, the mitigations which are currently in place and the direction of travel. This will continue to be developed over the next few months, and any feedback from the Audit Committee is welcomed.
- 2.7** The risk register includes a scoring based on impact and likelihood of the risk occurring before mitigation and then the residual risk after mitigation. The arrow shows the direction of travel since the last time the risk was reviewed and reported.

2.8 The main risks to note as part of this review are as follows: -

- **R1 Financial Stability of WODC.** This remains one of the highest risks for the Council, as it will be for most councils across the UK. Local Government is facing significant financial challenges, with uncertainty and volatility around future Council funding. WODC has a robust MTFS in place, with healthy reserves and therefore the shorter-term position for the Council remains positive, however, the risk remains high as future Council funding remains uncertain.
- **R5 Shareholder Review of Publica** - this is a new risk added this month to reflect the joint shareholder commissioned review of Publica. This will consider the future delivery options for a number of the Council services and consider the current Governance arrangements which are in place. Any recommendations cannot increase the overall cost of services, though alternatives can be proposed. The outcome from this review is due October / November.
- **R6 Cyber Attack** – whilst a lot of work has already been undertaken and continues to ensure we have a robust ICT network; the impact of a successful cyber attack could be significant. This risk therefore remains high.
- **R12 Partnership Failure (Publica).** This risk has been increased to reflect the joint shareholder commissioned review, as the recommendations from this review, are currently unknown at this time.

3. FINANCIAL IMPLICATIONS

3.1 There are no direct financial implications arising from this report.

4. LEGAL IMPLICATIONS

4.1 There are no direct legal implications arising from this report.

5. RISK ASSESSMENT

5.1 This report relates to the Council's management of risk and identifies the current strategic risks, as such no separate risk assessment has been completed.

6. EQUALITIES IMPACT

6.1 An equalities impact assessment is not required for this report.

7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS





7.1 There are no climate or ecological emergency implications arising directly from this report.

8. BACKGROUND PAPERS





- 8.1** The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:
- Previous version of the West Oxfordshire District Council Strategic Risk Register presented to the Audit and Governance Committee on 30 March 2023.
- 8.2** These documents will be available for inspection online at www.westoxon.gov.uk or by contacting democratic services democratic.services@westoxon.gov.uk for a period of up to 4 years from the date of the meeting.

(END)


West Oxfordshire District Council Strategic Risk Register - September 2023

ID	Risk Title	Description of risk / opportunity	Date raised	Risk Owner	Initial Risk			Existing Control, Mitigation or Contingency	Residual Risk (current)			Change in residual risk since previous review	Follow on Action (if required)	Target delivery date	Risk Acceptance Level	Update comments	Status: Open, Hold, or Closed	Direction of Travel since previous review)
					Impact category	Likelihood category	Score		Impact category	Likelihood category	Score							
Internal Risks																		
R1	Financial Stability of WODC	There is a risk that the Council's finances become unsustainable. The future funding available to the Council remains extremely uncertain and the Council is particularly exposed to pending changes to retained business rate growth and new homes bonus income. Commercial income streams are also subject to some volatility. There are also significantly cost pressures as a result of inflation. The Council's General Fund Balance is currently healthy but will fall below minimum levels without further action, as set out in the Medium Term Financial Strategy (MTFS).	1/5/2023	Finance Director S151	Extreme	Probable	20	General Fund Reserves are currently healthy. 23/24 Budget updated to include known cost pressures. Budget monitoring in place throughout the year. Budget setting for 24/25 to identify additional opportunities and pressures. A Transformation Group has been established to drive further efficiencies forward.	Major	Probable	16	-4	Continued in year budget monitoring and reporting. The 24/25 Budget to be collated and an updated MTFS to be reviewed by Executive and Council. Review of earmarked reserves. Further consideration of options - particularly in areas of Waste, Leisure, Homelessness and Asset Management with a view to bridging the financial gap identifies within the MTFS. In addition, more member training to be considered to increase profile of budgetary challenges.	Ongoing	Risk Reduction	The new interim S151 has revisited this risk which has been reworded and scored.	Open	
R2	GDPR / Information Management	If the council is not compliant with the General Data Protection and does not have robust processes in place for Information Management then there is a risk of financial penalties, reputational damage and impact on resources	1/5/2013	AD Business Services (PM)	Major	Probable	16	Policies and procedures in place for Data Protection Compliance Data Protection Officer and team in place. ICT systems compliant with Data Protection with PSN accreditation / cyber essentials Mandatory training for all staff Data Protection Privacy notices in place. Data sharing agreements in place Data breach processes in place	Major	Possible	12	0	All emails received from at risk location are quarantined and inspected by ICT staff before being released. See also risk P5 on cyber security. Currently rolling out new training programme for staff on data protection and cyber awareness.	Ongoing	Risk Reduction	PSN accreditation achieved again in June 2023 confirming the safety of our network	Open	
R3	Health & Safety	If the council and its contractors / partners are not compliant with the Health & Safety at Work Act, it is at risk of a serious Health & Safety incident / accident leading to financial penalties, reputational damage and risk to services.	30/8/2023	AD Business Services (PM)	Major	Possible	12	Health & Safety business partner in place to monitor compliance for Publica, with H&S Board and audit / inspection process. New H&S policy in place for Publica. Ubico have specialist H&S Officers and hold ISO45001, the highest level of H&S compliance. Services delivered by Council and Publica are low risk, highest risk is services contracted to Ubico where H&S is paramount.	Major	Remote	8	0	Health & Safety Board in place to monitor compliance and report back to the Shareholder.	Ongoing	Risk Sharing		Open	
R4	Legislative Compliance	If the Council and its contractors / partners is not compliant with relevant legislation, it is at risk of not meeting its statutory duty, reputational damage and financial impact	30/8/2023	Monitoring Officer	Moderate	Possible	9	Individual ADs and BMs responsible for Legal compliance within their respective areas with an annual declaration in place to monitor compliance. Audit process in place to check compliance. Service areas receive updates on legislation for their service areas. Review of legal services being completed.	Minor	Possible	6	-3	Work ongoing to ensure we remain compliant with current legislation and future legislation	Ongoing	Risk Reduction			
R5	Shareholder Review of Publica	The four Publica Shareholder Councils (West Oxfordshire, Cotswold, Forest of Dean and Cheltenham) have commissioned a joint review of Publica. This will consider the future delivery options for a number of the Council services, and consider the governance arrangements for Publica. The outcome of the review cannot increase the overall cost of services, though alternatives can be proposed. Any decision by an individual Shareholder Council can have an impact on the remaining Shareholders in terms of service, cost and reputation.	31/8/2023	CEO (GH)	Moderate	Possible	9	The review is currently being completed, with the final report due for completion in October. All Shareholders to be involved in the review of the findings and recommendations	moderate	possible	9	0	Provide information to consultants, and watching brief until findings and options/recommendations provided by consultant.	Ongoing	Risk Reduction			New Risk

External Risks																		
R6	Cyber Attack	If the ICT network is not adequately protected then it is susceptible to a Cyber - Security Attack leading to loss of systems and data, significant downtime, reputational damage and impact on service delivery and resources	1/5/2013	AD Business Services (PM)	Extreme	Probable	20	Blocking of USB and other devices. PSN compliance. Revised policies. Staff awareness training. Business Continuity Plan in place, reviewed and tested. Enhanced encryption software and other specialist cyber tools. Investment in cyber training for the ICT Team and specialist officer/s in post. Cyber Essentials re- accreditation submitted. Ongoing network Internal & External Penetration checks. Continual Password Audits across our network to evaluate weak password. Detailed review of Business Continuity & Disaster Recovery Plans in light of recent cyber attack on neighbouring council.	Major	Possible	12	0	Cyber Ninja training currently being rolled out across the organisation, which will be followed by Phishing emails to test understanding and awareness following the training. Ongoing investment in cyber team with dedicated team now in place. Regular review of User Privileges and Information Asset Register.	Ongoing	Risk Reduction		Open	
R7	Global Pandemic	If there was another global pandemic, then there is a risk to the delivery of council services due to lack of resource availability, impacting on costs and reputation	1/7/2023	CEO (GH)	Moderate	Possible	9	New risk to replace Covid specific risks, as Covid is now BAU. Lessons learnt from previous pandemic, Council and partners are now setup to work remotely and able to continue to deliver services in the midst of a pandemic. There is an effective framework in place with Oxfordshire partners.	Moderate	Possible	9	0	Watching brief should a further pandemic be predicted	Hold	Risk Acceptance & Retention	Risk replaces covid specific risks	Hold	
Strategic Risks																		
R8	Major Civil Emergency	District Councils are required to provide rest centres for the Public during a Civil Emergency. If staff are unwilling to come forward and volunteer with the running of a rest centre, there is a risk that the Council will be unable to fulfil its duty in providing a safe rest centre. If the Council is unable to provide a sustained response to a major civil emergency, the Council would be failing in fulfilling its statutory duty to assist and care for those affected.	1/1/2021	BM for Emergency Planning (CS)	Major	Possible	12	Emergency planning team in place. Emergency Planning Process in place, with defined roles and responsibilities. Staff trained in their roles. 24/7 callout in place. Ongoing work with the Local Resilience Forum.	Major	Possible	12	0	Developing locality response team to include locality leads, response teams and rest centre managers to add additional resilience to the emergency teams which are already in place. All documentation will be reviewed once teams are confirmed.	Dec-23	Risk Reduction	Difficult to reduce as likely to be caused by natural disaster e.g., flooding or major incident. Therefore, it is about our ability to respond and meet obligations under Civil Emergencies Act.	Open	
R9	Climate Emergency	The Council has made a commitment to achieve countywide carbon neutrality as well as carbon neutrality for the Council's own services. Failure to achieve these targets could result in the Council not meeting its commitments, as well as risk in terms of cost of delivery if the Government does not provide funding for delivery of carbon targets	1/6/2023	CEO (GH)	Moderate	Probable	12	Desire of Council to become carbon neutral, however affordability and government funding to achieve this may not be in line with ambitions	moderate	possible	9	0	Focussed delivery of key projects will be embedded in refreshed Service Delivery Plans. To achieve the targets may require significant further investment.	Mar-23	Risk Reduction	Additional risk due to increasing costs of investment, making business cases difficult	Open	

Partnership Risks																		
R10	Failure of Ubico (waste provider)	If the 'Waste' contractor does not meet their obligations under key contracts then it could lead to a fall in service standards, reduced customer service, a failure to meet legal requirements or an increase in costs to the Council and reputational impact Waste and Recycling - shortage of qualified HGV drivers, lack of loaders, along with the impact of future Covid variants could result in the Waste Contractor being unable to meet its obligations for waste and recycling collections.	15/6/2023	AD Commercial Services (B.O)	Major	Possible	12	WODC is a shareholder of Ubico, with significant control and influence over the company ensuring ongoing financial viability and affordability for the Council. Contract Management in place to ensure Ubico deliver the service in-line with agreed specification and standards. Performance reports presented to Council.	Major	possible	12	0	Sep-23	Risk Reduction	Open			
R11	Failure of Leisure provider (GLL)	If the current leisure provider continues to face national financial difficulties, there is a risk to the council in the delivery of leisure services, resulting in increased costs, and reputational damage. Whilst mitigations can be put in place to increase leisure provision locally, WODC cannot influence the overall GLL financial difficulties / pressures.	15/6/2023	AD Communities (AB)	Major	Probable	16	Work continues with GLL to make the service sustainable and affordable in the medium term.	Major	possible	12	0	Oct-23	Risk Reduction	Open			
R12	Partnership Failure (Publica)	If Publica do not deliver the Future Publica Savings, this will add additional financial pressure on the Council, also if delivered as a cutting exercise, it could impact on service delivery. If Publica are unable to recruit/retain suitably qualified staff - impact on quality of services delivered, financial impact Services are not able to adequately discharge their (legal) obligations leading to failure - this may not be reported through the quarterly performance reports	15/6/2023	CEO (GH)	Major	Possible	12	Financial incentives (market force supplement scheme) Review of pay and benefits package. Introduction of career grade structures in Planning and Project Management Recruitment improvement plan in place Investors in People HR programme in place Shareholder Forum in place to hold Publica to account.	Moderate	possible	9	3	Regular updates to be provided from Publica on savings progress against Future Publica. Performance reports to Cabinet	March 2024 for first efficiency savings	Risk Reduction	Risk increased from 6 to 9 to reflect ongoing review (see R5)	Open	
Major Project Risks																		
R13	Failure to deliver WODC programme of major projects	If the Council does deliver on it's major projects, this could result in non delivery of Council priorities , cost increases, financial pressures and reputational damage		CEO (GH)	Major	Possible	12	All projects require a detailed business case and sign off before proceeding. Project Manager appointed to manage all major projects Project reporting in place, including risk reporting on a monthly basis.	Moderate	Possible	9	0		Risk Reduction	Open			

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 WEST OXFORDSHIRE DISTRICT COUNCIL	WEST OXFORDSHIRE DISTRICT COUNCIL
Name and Date of Committee	AUDIT AND GOVERNANCE – 28 SEPTEMBER 2023
Subject	STATEMENT OF ACCOUNTS 2021-2022
Wards Affected	ALL
Accountable Member	Councillor Dan Levy – Executive Member for Finance. Email: dan.levy@westoxon.gov.uk
Accountable Officer	James Howse – Interim Director of Finance. Email: james.howse@westoxon.gov.uk
Report Author	James Howse – Interim Director of Finance. Email: james.howse@westoxon.gov.uk
Summary/Purpose	To present the Council’s audited Statement of Accounts for the period 1 April 2021 to 31 March 2022, enabling Committee to consider and approve the Council’s accounts.
Annexes	Annex A – Grant Thornton Report: “The Audit Findings for West Oxfordshire District Council” Annex B – Statement of Accounts, including the Annual Governance Statement.
Recommendation(s)	<i>That Committee Resolves to:</i> <ol style="list-style-type: none"> 1. <i>Note the Grant Thornton Audit Findings for West Oxfordshire District Council;</i> 2. <i>Approve the Statement of Accounts 2021/22, including the Annual Governance Statement;</i> 3. <i>Authorise the Interim Director of Finance, in consultation with the Chair of the Committee, to write a letter of representation to Grant Thornton on behalf of the Committee and the Council, enabling the opinion to be issued.</i>
Corporate Priorities	<ul style="list-style-type: none"> • Putting Residents First
Key Decision	NO
Exempt	NO

BACKGROUND

- 1.1 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.
- 1.2 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 with regard to 2021/22 being previously extended for all councils to 30 November 2022.
- 1.3 The Council submitted its draft Statement of Accounts to Grant Thornton on 18th August 2022.
- 1.4 The public inspection period ran from 22nd August to 30th September 2022. There were no objections received during this inspection period.
- 1.5 In common with a number of other councils, the audit process for 2021/22 has been subject to significant delay. The causes of this delay revolving largely around resources (both within the audit sector and the Council's Finance Team) and also delays related to the audit of the Oxfordshire Local Government Pension Scheme which is outside the control of the Council.
- 1.6 At its previous meeting on 10 August 2023 the Audit and Governance Committee received the draft Statement of Accounts for 21/22 and also the External Auditors Annual Report on 21/22. At that time, the audit being incomplete due to delays in receiving assurances from the Pension Scheme auditor.
- 1.7 The external auditors have now substantially completed their work and it is anticipated that the 2021/22 audit process can soon be concluded. The purpose of this report is therefore representing the finalised (and audited) 21/22 accounts (per Annex B) alongside the updated external auditors' findings report (per Annex A) on these accounts, with a view to completing the audit and reporting process for the 21/22 year.
- 1.8 This report should therefore be considered in conjunction with Annex A: "Grant Thornton report: The Audit Findings for West Oxfordshire District Council" and Annex B: "Statement of Accounts including the Annual Governance Statement."
- 1.9 It is standard practice for the Chief Finance Officer and the Chair of the Committee to write a "letter of representation" on behalf of the Council to enable the opinion to be issued. This is included an Annex C.

STATEMENT OF ACCOUNTS

2.1 The Statement of Accounts for 21/22 are included at Annex B. 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 as 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.

Notes

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.

Key Balance Sheet Movements

2.7. 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.

2.8. 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.

2.9. 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.

2.10. 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.

2.11. 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.

2.12. 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.

2.13. 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.

2.14. 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.

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 (included an Annex A) 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 (at Annex B) represents the audited accounts following the completion of the audit and incorporate some recommendations of minor changes required following review by Grant Thornton.

3.4 A small number of changes have been made due to audit and are summarised below:

- 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.

- Note F2 within Financial Instruments did not fully disclose cash and cash equivalents balances and was inconsistent with the Balance Sheet, this has been adjusted in the final version of the Statement.
- Changes to Actuarial assumptions in relation to the triennial valuation of the Oxfordshire LGPS required a change to the 2021/22 Statement of £0.777m. This is an increase in pension scheme liability and an increase in the Council's net cost of services.
- 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.

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The Audit Findings for West Oxfordshire District Council

Year ended 31 March 2022

West Oxfordshire District Council

20 September 2023



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

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

**Name : Peter Barber
For Grant Thornton UK LLP
20 September 2023**

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of West Oxfordshire District Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2022 for those charged with governance.

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Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Council's financial statements give a true and fair view of the financial position of the Council and the Council's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report, are materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We commenced our post-statements audit in October 2022, followed by an additional visit in February 2023. Our initial findings were presented to the Audit & Governance Committee in March 2023. We have now concluded almost all our outstanding work and this report provides an update to our initial findings.

This year we adopted a hybrid approach involving a combination of on-site and remote working. Our findings are summarised on pages 5 to 18. Our work has not identified any material errors or adjustments to the financial statements. No adjustments have been identified that have resulted in an adjustment to the Council's Comprehensive Income and Expenditure Statement.

We have recommended a small number of audit adjustments to improve the presentation of the financial statements as detailed in Appendix C. We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B. The draft financial statements were submitted for audit in line with the agreed timetable, along with supporting working papers.

The time taken to complete this opinion audit work for 2021/22 reflects the decision taken in December 2022 to halt the audit to allow finance officers to prioritise internal financial reporting tasks including preparation for the 2023/24 budget. It was agreed to recommence work in February 2023 after the budget had been agreed by Council. The resulting queries have delayed completion and involved further input on both sides. In the intervening period an updated pension fund triennial valuation was undertaken as at 31 March 2022. In response to this, the Council commissioned an updated pension fund liability calculation that has now been reflected in the final version of the financial statements. More detail is provided on page 9.

The Council recognises that capacity within the finance team remains a significant issue. We are of the view that there is not sufficient skilled finance expertise below the S151 officer and Chief Accountant to support the multiple responsibilities of a LG finance team. Specifically, the reliance on the Chief Accountant, who has for a number of years taken on almost sole responsibility for supporting the external audit process, means that timely audit completion is compromised. We recommend that the Council strengthen its finance capacity to enable it to commit sufficient time to all aspects of internal and external financial reporting.

A recent topic on the news concerning aerated concrete has also been brought to our attention. This is a historic issue despite recent news attention. We have inquired of officers at the Council who've indicated a full review is being performed of relevant properties, with the current indication being Council owned properties are at low risk. We will continue to monitor the results of the review as this is completed.

There are no other matters arising that would require modification of our audit opinion [Appendix E] or material changes to the financial statements. Subject to completing our remaining audit procedures set out on page 5 and having regard to any further national guidance, we anticipate issuing an unqualified audit opinion after the the Audit & Governance Committee on 29 September 2023. We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated audit report opinion will be unmodified.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have completed our VFM work for 2021/22, which is summarised on page 19 -20. Our detailed commentary is set out in the separate Auditor's Annual Report, which was presented to the August meeting of the Audit & Governance Committee.

We are satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources but made a number of improvement recommendations to further strengthen arrangements going forward.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

Significant Matters

As set out on the previous page resourcing constraints within the finance team have impacted on the efficiency and timeliness of the delivery of our audit.

This, combined with the raising of the bar and the application of increased challenge and scepticism within this year's audit has resulted in additional audit time being required to complete the audit. We also recognise that this further impacts on your own finance officers who continue to respond to audit queries throughout the duration of the audit.

The additional time spent by the audit team in gaining assurance over all elements of the financial statements as well as the extra work required on the update pension fund liability disclosures has resulted in an increase in our fee from the indicative fee at the planning stage of the audit. Further details are set out on page 27 of this report.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance and collaboration provided by the finance team and other staff during these unprecedented times.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- An evaluation of the Council's internal controls environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have not had to alter our audit plan, as communicated to you in September 2022.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Committee meeting on 28 September 2023, as detailed in [Appendix E]. These outstanding items include:

- Satisfactory responses to our final queries to the Pension Fund Auditor following receipt of the updated Pension Fund Auditor Assurance letter;
- Receipt of management letter of representation;
- Review of the final set of financial statements; and
- Completion of our subsequent events review.

2. Financial Statements



Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

We have not changed our materiality, performance materiality and our level of triviality set out within our Audit Plan.

We detail in the table our determination of materiality for West Oxfordshire District Council.

	Planning	Final
Materiality for the financial statements	£0.930m	£0.930m
Performance materiality	£0.700m	£0.700m
Trivial matters	£0.045m	£0.045m
Materiality for Senior Officer Remuneration	£4,650	£4,650



2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan

Commentary

Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.

As part of our work we:

- evaluated the design effectiveness of management controls over journals;
- analysed the journals listing and determine the criteria for selecting high risk unusual journals;
- gained an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and
- evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.
- Tested high value and unusual journals processed during the year and at the accounts production stage for appropriateness and corroboration.

Our audit work, including our review of journal entries and the related control environment, has not identified any significant issues with regards to management override of controls. For all the journals reviewed we concluded that they were appropriate transactions.

There were a number of back-posted journals (11) in the ledger. We would note that this is a high number compared to other Councils with the expectation being this is not a common occurrence however our review indicated that proper procedures were followed. We also noted made a number of recommendations (detailed in Appendix A) to further strengthen control arrangements in this area.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

The revenue cycle includes fraudulent transactions (rebutted)

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.

This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

In our Audit Plan we set out that having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:

- there is little incentive to manipulate revenue recognition
- opportunities to manipulate revenue recognition are very limited
- the culture and ethical frameworks of local authorities, including West Oxfordshire District Council mean that all forms of fraud are seen as unacceptable.

We re-considered this assessment on receipt of the draft financial statement and have not identified any reasons to change this assessment.

The expenditure cycle includes fraudulent transactions (rebutted)

Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom (PN10) states:

"As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition". Public sector auditors therefore need to consider whether they have any significant concerns about fraudulent financial reporting of expenditure which would need to be treated as a significant risk for the audit.

In our Audit Plan we set out that we had rebutted this presumed risk for West Oxfordshire District Council because:

- expenditure is well controlled and the Council has a strong control environment; and
- the Council has clear and transparent reporting of its financial plans and financial position to the Council.

We re-considered this assessment on receipt of the draft financial statement and have not identified any reasons to change this assessment.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of the pension fund net liability and the key assumptions that underpin this significant estimate

The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£24m in the Council's balance sheet) and the sensitivity of the estimate to changes in key assumptions.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the Authority's pension fund net liability as a significant risk.

We have:

- updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluated the design of the associated controls;
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and
- undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report.
- obtained assurances from the auditor of Gloucestershire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

As highlighted earlier in our report, all unsigned audits for 2021-22 were paused at the 31 March 2023 to consider the impact of publication of the results of the triennial actuarial review of pensions valuations. This resulted in changes in member numbers within pension funds and has led to an adjustment in the pension liability disclosures for the Council as at 31 March 2022. This has required management to commission a new actuarial valuation and adjust the accounts accordingly. The Council has prepared revised financial statements reflecting the new actuarial assumptions relevant to 31 March 2022. This has resulted in an overall increase to the Council's net pensions liability of £0.777m and an increase in the cost of services by the same amount.

We have performed additional audit procedures to ensure the revised pension valuation has been adjusted appropriately within the financial statements. Furthermore, we have reviewed the revised actuarial assumptions used by the actuary in preparing its revised valuation and we are satisfied that these revised assumptions are within expected tolerances as set out by our consulting actuary (as auditor's expert).

Subject to the resolution of some final queries with the Pension Fund Auditor, our work on pensions is complete.

Our audit work has not identified any other issues in respect of valuation of the pension fund liability.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of Investment Property [Annual Revaluation]

The Council revalue its investment property on an annual basis to ensure that the carrying value is not material different from the fair value as at the balance sheet date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.

We have therefore identified the appropriateness of the specific inputs and assumptions that drive the valuation of investment property as a significant risk, which was one of the most significant assessed risks of material misstatement.

As part of our work we have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;
- evaluated the competence, capabilities and objectivity of the valuation expert;
- written to the valuer to confirm the basis on which the valuation was carried out;
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the Council's valuer's report and the assumptions that underpin the valuation; and
- tested revaluations made during the year to see if they had been input correctly into the Council's asset register.
- evaluated the assumptions made by the valuer for those assets revalued at 31 March 2022.

Our audit work has not identified any issues in respect of valuation of the Council's investment properties.

Valuation of land and buildings and the key assumptions and judgements that underpin this significant estimate

The Council revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used.

We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter. In particular the key assumptions that underpin the valuations.

As part of our work we have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;
- evaluated the competence, capabilities and objectivity of the valuation expert;
- written to the valuer to confirm the basis on which the valuation was carried out;
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the Council's valuer's report and the assumptions that underpin the valuation; and
- tested revaluations made during the year to see if they had been input correctly into the Council's asset register.
- evaluated the assumptions made by the valuer for those assets revalued at 31 March 2022.

Our audit work has not identified any issues in respect of valuation of the Council's Land and Buildings.

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment																																
Net pension liability – £24.9m	<p>The Council's net pension liability at 31 March 2022 is £24.9m (PY £35m) comprising the West Oxfordshire Pension Fund Local Government funded defined benefit scheme. The Council uses Hymans Robertson to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2022. As a result of the updated Triennial Valuation to Oxfordshire Pension Fund, West Oxfordshire District Council have obtained an update IAS19 report and have opted to amend the accounts for the material movement in their share of net liabilities. This has resulted in a balance sheet movement in the net liabilities line of £0.777m.</p>	<p>We have carried out the following work in relation to this estimate:</p> <ul style="list-style-type: none"> Assessed management's expert to ensure suitably qualified and independent, Assessed the actuary's roll forward approach taken, We have used PwC as auditors expert to assess actuary and assumptions made by actuary. The table below summarises where West Oxfordshire District Council fall in the acceptable ranges set by PwC: <table border="1"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.70%</td> <td>2.70% - 2.75%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>3.20%</td> <td>3.15%-3.30%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>3.20%</td> <td>3.20%-4.20%</td> <td>●</td> </tr> <tr> <td>Duration of liabilities</td> <td>20 years</td> <td>15-22 years</td> <td>●</td> </tr> <tr> <td rowspan="2">Life expectancy - Males currently ages 45 / 65</td> <td>Current 22.2</td> <td>Current 20.1 - 22.7</td> <td rowspan="2">●</td> </tr> <tr> <td>Future 23.1</td> <td>Future 21.4 - 24.3</td> </tr> <tr> <td rowspan="2">Life expectancy - Females currently ages 45 / 65</td> <td>Current 24.5</td> <td>Current 22.9 - 24.9</td> <td rowspan="2">●</td> </tr> <tr> <td>Future 26.1</td> <td>Future 24.8 - 26.7</td> </tr> </tbody> </table> <ul style="list-style-type: none"> We have gained assurance over the completeness and accuracy of the underlying information used to determine the estimate, We have gained assurance over the reasonableness of the Council's share of LGPS pension assets, and We have reviewed the adequacy of disclosure of the estimate in the financial statements. 	Assumption	Actuary Value	PwC range	Assessment	Discount rate	2.70%	2.70% - 2.75%	●	Pension increase rate	3.20%	3.15%-3.30%	●	Salary growth	3.20%	3.20%-4.20%	●	Duration of liabilities	20 years	15-22 years	●	Life expectancy - Males currently ages 45 / 65	Current 22.2	Current 20.1 - 22.7	●	Future 23.1	Future 21.4 - 24.3	Life expectancy - Females currently ages 45 / 65	Current 24.5	Current 22.9 - 24.9	●	Future 26.1	Future 24.8 - 26.7	Light purple
Assumption	Actuary Value	PwC range	Assessment																																
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	Future 26.1	Future 24.8 - 26.7																																	

Assessment

- Dark Purple** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- Blue** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- Grey** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- Light Purple** We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Investment Property Valuation - £55.2m	<p>The Investment properties comprises £55.2m of assets, which are required to be valued at fair value.</p> <p>The Council has used the internal valuer to complete the valuation of properties as at 31 March 2022. In line with the CIPFA Code, all investment properties were revalued during 2021/22.</p> <p>The total year end valuation of investment properties was £55.2m, this is a net increase of £3.2m from 2020/21 (£52m).</p>	<p>We have carried out the following work in relation to this estimate:</p> <ul style="list-style-type: none"> Assessed management's expert to ensure suitably qualified and independent, Assessed the completeness and accuracy of the underlying information used to determine the estimate, Confirmed there were no changes to valuation method, Assessed the consistency of the estimate against near neighbours and using the Gerald Eve report, and Assessed the adequacy of disclosure of the estimate in the financial statements. 	Light purple

Assessment

- **Dark Purple** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- **Blue** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- **Grey** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- **Light Purple** We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £63.374m	<p>Other land and buildings comprises £63.4m of assets which are required to be valued at either current market value or depreciated replacement cost (DRC) at year end reflecting the cost of a modern equivalent asset necessary to deliver the same service provision.</p> <p>The Council used its in house valuer to complete the valuation of properties as at 31/03/22 on a five yearly cyclical basis. 78% of total assets were revalued during 2021/22.</p> <p>For the remaining assets not formally revalued an exercise is undertaken to ensure that the carrying value is not materially different to the current value. Management applied indices to the values of those assets that have not been formally revalued in year to determine whether there has been a material change in the total value of these assets. Management's assessment of assets not revalued has identified no material change to the values.</p> <p>The total year end valuation of land and buildings was £63.4m, a net increase of £2.1m from 2020/21</p>	<p>We have carried out the following work in relation to this estimate:</p> <ul style="list-style-type: none"> Assessed management's expert to ensure suitably qualified and independent, Assessed the completeness and accuracy of the underlying information used to determine the estimate, Confirmed there were no changes to valuation method, Assessed the consistency of the estimate against near neighbours and using the Gerald Eve report, and Assessed the adequacy of disclosure of the estimate in the financial statements. 	Light purple

Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit & Governance Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A management letter of representation will be requested from the Council.

2. Financial Statements - other communication requirements



Issue	Commentary
Confirmation requests from third parties	We requested from management permission to send confirmation requests for bank and investment balances. This permission was granted and the requests were sent. No discrepancies were noted with bank confirmation balances.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management was provided.

2. Financial Statements - other communication requirements



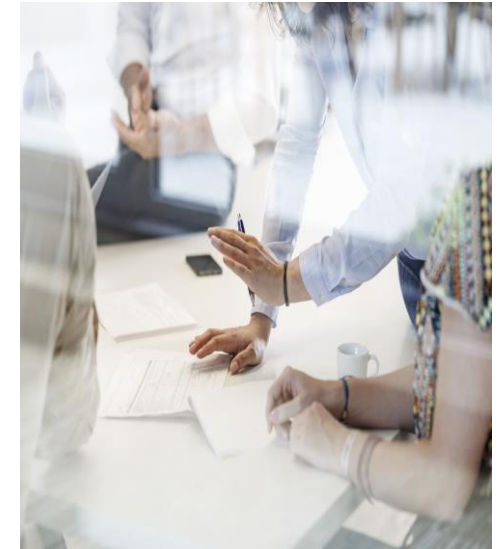
Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA [UK] 570).

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Council and the environment in which it operates the Council's financial reporting framework the Council's system of internal control for identifying events or conditions relevant to going concern management's going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement, and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>We have nothing significant to report on these matters. A small number of minor changes were made to the draft statements.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. <p>We have nothing to report on these matters.</p>



2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. No detailed work is required in this area as the Council is below the thresholds set by the NAO.

3. Value for Money arrangements

Approach to Value for Money work for 2021/22

The National Audit Office issued its guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



Statutory recommendation

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



Key recommendation

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



Improvement recommendation

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



3. VFM: our procedures and conclusions

We have completed our VFM work for 2021/22 and our detailed commentary is set out in the separate Auditor's Annual Report presented to Audit & Governance Committee in August 2023.

The key findings in each of the 3 areas are set out below:

Financial sustainability

The Council, like others, continues to operate in an uncertain financial environment. As part of our initial audit plan, we identified a risk of significant weakness in relation to financial sustainability reflecting the uncertainty regarding local government funding in the medium term. Our subsequent work has not identified any significant weaknesses in arrangements to secure financial sustainability but has identified four improvement recommendations.

Governance

The Council enhanced its governance arrangements during 2021/22 through a review of the Council's constitution and the introduction of a revised Risk and Opportunity Management Strategy, with further development of the Council's governance and control environment planned as part of the Council's annual governance statement action plan. Our work has not identified any significant weaknesses in arrangements but has identified seven improvement recommendations.

Improving economy, efficiency and effectiveness

The Council has demonstrated a clear understanding of its role in securing economy, efficiency and effectiveness in its use of resources. The Council has an established regime of service and corporate plan performance monitoring supported by oversight. The Council, during 2021/22 strengthened its procurement and contract management arrangements and subsequently adopted a new Procurement and Contract Management Strategy.

We are satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

4. Independence and ethics

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons relating to our independence.

In this context, we disclose to you that during the early part of the 2019/20 financial year, the previous audit manager, applied for a job with Publica. Following the application process, she was successful and has now take up her new role. The role has the ability to be involved in the completion of accounting transactions and the preparation of the financial statements for West Oxfordshire District Council. As a result this has required us to put certain safeguards in place to ensure that we can continue with the audit appointment and comply with the ethical standards as a firm.

The safeguard has been agreed by our ethics function and is such that the audit with effect from 2021/22 has been conducted with a new engagement lead from the South West Office, but then with the remainder of the audit team being sourced from our Midlands Public Sector Team. This is the last year these safeguarding procedures are required to be in place.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. No non-audit services were identified which were charged from the beginning of the financial year to date.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

Appendices

A. Action plan – Audit of Financial Statements

We have identified four recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2022/23 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards. Management have agreed with our recommendations.

Assessment	Issue and risk	Recommendations
High	The S151 office recognises that capacity within the finance team remains a significant issue. We are of the view that there is not sufficient skilled finance expertise below the S151 officer and Chief Accountant to support the multiple responsibilities of a LG finance team. Specifically, the reliance on the Chief Accountant, who has for a number of years taken on almost sole responsibility for supporting the external audit process, means that timely audit completion is compromised.	We recommend that the Council strengthen its finance capacity to enable it to commit sufficient time to all aspects of internal and external financial reporting.
Low	The journal authorisation process in place involves the Chief accountant reviewing all journals, with any journals posted by the latter subject to a separate review by the Business Partner Accountant. The second review did not consistently include a date.	We recommend that all levels of review be properly documented with the date the review took place.
Low	As part of our review of the ledger we noted one journal had a blank description. Journal line descriptions are not mandated in the Agresso system. It is best practise within the Council that this be filled in.	We would recommend that journal line description be a mandatory field in the Agresso system.
Low	We have noted that an officer included in the Council's journal user list was no longer employed at the Council.	We would recommend that management regularly update the user list for any leavers.

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

B. Follow up of prior year recommendations

We identified the following issues in the audit of West Oxfordshire District Council's 2020/21 financial statements, which resulted in two recommendations being reported in our 2020/21 Audit Findings report. We have followed up on the implementation of our recommendations and note these have been addressed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	Disclosures relating to both critical judgements and estimation uncertainty lack the level of detail envisaged by IAS 540 and as described in the most recent FRC thematic review. Given the additional focus on accounting estimates, management should consider working more closely with experts to ensure more detailed disclosures can be provided in relation to both estimation uncertainty and critical judgements.	More detail has been added to note F8 compared to 2020/21 in the estimation uncertainties around the value of PPE & Investment Property.
✓	Our audit testing identified a number of assets recorded in the asset register at nil net book value. While this has no bottom line impact on the accounts, it does suggest that officers need to review the UEL and determine whether they remain appropriate for the assets that are still recorded in the asset register. Officers to review the assets held in the asset register at nil net book value.	Review of the closing Fixed Asset Register as at 31/3/22 - confirms that assets at nil value have been reviewed by the Council.

Assessment

- ✓ Action completed
- X Not yet addressed

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Adjusted?
In Note D4 for Debtors and Note D5 for Creditors, the totals do not agree to the Balance Sheet. We understand this is due to an adjustment made to the Balance Sheet and Primary statement notes that had not been carried through to the detailed notes.	✓
Audit fees in Note B7 did not agree to the balance disclosed in the audit plan and agreed with management. This resulted from the exclusion of additional fees.	✓
The revaluation table at Note D1 includes £0.109m misclassified in Land and Buildings valuations as at 31/03/2022. This balance relates to Vehicles, Plant and Equipment and is held at historic cost rather than being revalued.	✓
During the course of the audit a number of small disclosure amendments including typos or syntax improvements were made to the financial statements, Annual Governance Statement and Narrative Report. These have not been reported separately due to their insignificant nature.	✓
Note F2 within Financial Instruments did not fully disclose cash and cash equivalents balances and was inconsistent with the Balance Sheet.	✓

C. Audit Adjustments



Impact of unadjusted misstatements

We have not identified any unadjusted misstatements during the course of the audit.

Impact of adjusted misstatements

The table below provides details of adjustments identified during the 2021/22 audit which have been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Income and Expenditure £	Balance Sheet £	Impact on total net expenditure £
As a result of the Triennial valuation dated 31/03/2022, there has been an increase in the value of the Council's share of the Pension Fund net liability.	£777,000	(£777,000)	0
Overall impact	777,000	(777,000)	0

D. Fees

We confirm below our final fees charged for the audit and provision of non-audit services.

Audit fees	Proposed 2021/22 fee	Final 2021/22 fee
Anticipated fee at planning stage	£63,628	£63,628
Additional IAS19 procedures required in relation to triennial pensions valuation as at 31 March 2022		£6,000
Final audit fees (excluding VAT)		£69,628*

* Final fee subject to PSAA approval for additional fees in year.

E. Draft Audit opinion

Our draft audit opinion is included below. We anticipate we will provide the Council with an unmodified audit report.

Independent auditor's report to the members of West Oxfordshire District Council

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of West Oxfordshire District Council (the 'Authority') for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22.

In our opinion, the financial statements: give a true and fair view of the financial position of the Authority as at 31 March 2022 and of its expenditure and income for the year then ended;

- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Chief Finance Officer's with respect to going concern are described in the 'Responsibilities of the Authority, Chief Finance Officer's and Those Charged with Governance for the financial statements' section of this report.

E. Audit opinion (continued)

Other information

The Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

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

Responsibilities of the Authority, the Chief Finance Officer's and Those Charged with Governance for the financial statements

As explained in the Statement of 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.

E. Audit opinion (continued)

The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer's determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit and General Purposes Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003, and the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) and the Local Government Finance Act 2012.
- We enquired of senior officers and the Audit and General Purposes Committee, concerning the Authority's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers, internal audit and the Audit and General Purposes Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

E. Audit opinion (continued)

- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to journals, accounting estimates and critical judgements made by management.
- Our audit procedures involved:
 - evaluation of the design effectiveness of controls that the Chief Finance Officer has in place to prevent and detect fraud;
 - journal entry testing, with a focus on management override of controls;
 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings, investment property and defined benefit pensions liability valuations;
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector
- understanding of the legal and regulatory requirements specific to the Authority including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

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

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

E. Audit opinion (continued)

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

Responsibilities of the Authority

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

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

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

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We certify that we have completed the audit of West Oxfordshire District Council for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

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

Peter Barber, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

F. Management Letter of Representation

X X 2022

Dear Sirs

West Oxfordshire District Council
Financial Statements for the year ended 31 March 2022

This representation letter is provided in connection with the audit of the financial statements of West Oxfordshire District Council for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.

The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

Except as disclosed in the financial statements:

- a. there are no unrecorded liabilities, actual or contingent
- b. none of the assets of the Council has been assigned, pledged or mortgaged
- c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

F. Management Letter of Representation (continued)

We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

The financial statements are free of material misstatements, including omissions.

Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

We have updated our going concern assessment. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:

- a. the nature of the Council means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
- b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
- c. the Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements

The Council has complied with all aspects of ring-fenced grants that could have a material effect on the Council's financial statements in the event of non-compliance.

Information Provided

We have provided you with:

- a. access to all information of which we are aware that is relevant to the preparation of the Council's financial statements such as records, documentation and other matters;
- b. additional information that you have requested from us for the purpose of your audit; and
- c. access to persons within the Council via remote arrangements from whom you determined it necessary to obtain audit evidence.

We have communicated to you all deficiencies in internal control of which management is aware.

All transactions have been recorded in the accounting records and are reflected in the financial statements.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:

- a. management;
- b. employees who have significant roles in internal control; or
- c. others where the fraud could have a material effect on the financial statements.

F. Management Letter of Representation (continued)

We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

- i. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- ii. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.
- iii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council's financial statements.

Signed on behalf of the Council

Date

G. Delivering audit quality – proven success in regulatory inspections

The Financial Reporting Council (FRC) published the findings of its annual Quality Inspection of our firm, alongside the six other ‘Tier One’ auditing firms in the UK, on 20 July 2022.

Our results

- We’re the first firm to ever be awarded the highest quality grading for 100% of files reviewed
- For the second consecutive year, we have the highest proportion of audits with the top-quality grades out of the seven major firms
- [Click here](#) to see FRC’s latest inspection report into our firm. The graph to the right shows Grant Thornton is the only firm to have all files reviewed in the highest quality grading bracket awarded (“Good or limited improvements required”).

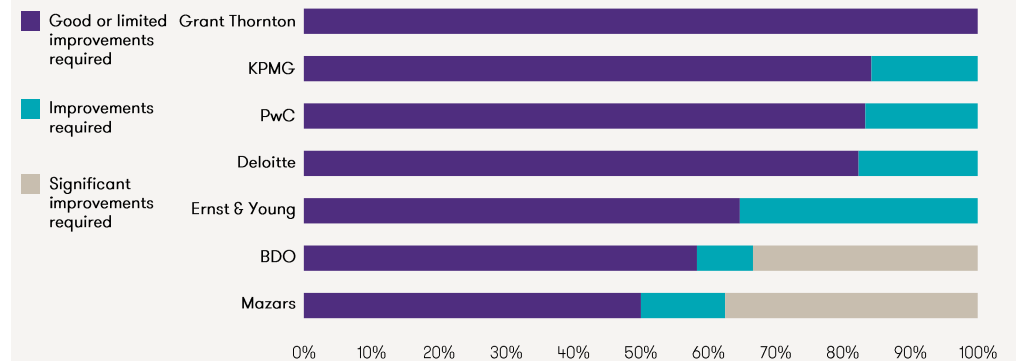
Continued commitment to audit quality

We continuously evolve our audit practice, so we deliver quality against the backdrop of continually evolving scrutiny and challenge, whilst ensuring we exceed client stakeholder expectations. The past two FRC inspection results are evidence of this.

Our commitment to quality, includes us continuing to:

- **hold ourselves accountable.** It’s what our Audit Quality Board, with external audit experts, does
- **challenge management.** It’s part of our approach – to robustly explore areas that are complex, significant or highly judgmental, for example, certain accounting estimates, going concern evaluations, revenue recognition and other such areas
- **challenge ourselves.** It’s why we have a continuous improvement approach focussed on how we can be even better year on year, in technical skills, project management skills, digital, culture, and working as effectively as possible with you
- **invest, significantly.** It’s why we have centres of excellence and an Audit Quality Academy, and have grown and developed our IT audit and Digital Audit Technology practices

FRC’s Audit Quality Inspection and Supervision Report Findings 2021-22 (%), July 2022



What has the FRC said about us?

Our firm is immensely proud of the “good practice” areas highlighted by the FRC:

- Detailed reporting and effective communication with Audit Committees
- Robust challenge and scepticism to Management’s accounting around complex areas, particularly around impairment and journals
- Discussions with those outside of the finance team to provide broader audit evidence and insight

In our recent reports, our internal use of specialists and approach to use of data analytics has also been highlighted by the regulator; both of which remain integral to the success of our results and approach to quality.



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WEST OXFORDSHIRE
DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2021/22

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NARRATIVE REPORT

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 1/8th 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
	£	£
Grants Distributed in 2021/22		
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

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 31st March 2022 position [£24,154,000 deficit] is compared to a deficit at 31st 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

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.

James Howse
Chief Finance Officer

Further information

For further information on the accounts please contact:

James Howse, Chief Finance Officer,
West Oxfordshire District Council,
Woodgreen, Witney, Oxfordshire OX28 1NB;

or via email at james.howse@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 31st March 2022.

James Howse
Chief Finance Officer

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 Matthew Parkinson
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
52,535,384	(35,014,056)	17,521,328	Cost of Services	B1	49,277,159	(29,335,757)	19,941,402
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)
57,636,551	(60,405,014)	(2,768,463)	(Surplus) / Deficit on Provision of Services	B1 / B2	54,382,967	(57,690,494)	(3,307,527)
		(139,756)	(Surplus) / deficit on revaluation of non current assets				(1,485,531)
		(50,000)	(Gains) / Losses on Financial Instruments at FV through				
		8,482,000	Remeasurement of the net defined benefit liability				(12,038,000)
		8,292,244	Other Comprehensive Income and Expenditure				(13,523,531)
		5,523,781	Total Comprehensive Income and Expenditure				(16,831,058)

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 £			
Balance at 1st April 2020		(12,759,997)	(11,060,046)	(5,980,927)	(8,946,460)	(38,747,430)	(79,699,497)	(118,446,927)
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
(Increase) / Decrease in Reserves 2020/21		(48,754)	(8,035,712)	(274,817)	1,005,900	(7,353,383)	12,877,164	5,523,781
Balance at 31 March 2021		(12,808,751)	(19,095,758)	(6,255,744)	(7,940,560)	(46,100,813)	(66,822,333)	(112,923,146)
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)	(13,523,531)	(16,831,058)
Adjustments between accounting basis & funding basis under regulations	C1	4,597,687	0	(418,720)	(3,577,948)	601,019	(601,019)	0
(Increase) / Decrease in Reserves 2021/22		(4,594)	1,294,755	(418,720)	(3,577,948)	(2,706,508)	(14,124,550)	(16,831,058)
Balance at 31 March 2022		(12,813,345)	(17,801,003)	(6,674,464)	(11,518,508)	(48,807,321)	(80,946,883)	(129,754,204)

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 £				
Balance at 1st April 2019		(12,657,896)	(9,565,618)	(5,348,318)	(5,001,889)	(32,573,721)	(63,397,085)	(95,970,806)	
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)	(22,476,121)	
Adjustments between accounting basis & funding basis under regulations	C1	533,312	0	(632,609)	(3,944,571)	(4,043,868)	4,043,868	0	
(Increase) / Decrease in Reserves 2019/20		(102,101)	(1,494,428)	(632,609)	(3,944,571)	(6,173,709)	(16,302,412)	(22,476,121)	
Balance at 31 March 2020		(12,759,997)	(11,060,046)	(5,980,927)	(8,946,460)	(38,747,430)	(79,699,497)	(118,446,927)	
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	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	
(Increase) / Decrease in Reserves 2020/21		(48,754)	(8,035,712)	(274,817)	1,005,900	(7,353,383)	12,877,164	5,523,781	
Balance at 31 March 2021		(12,808,751)	(19,095,758)	(6,255,744)	(7,940,560)	(46,100,813)	(66,822,334)	(112,923,146)	

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
147,940,490	Non-Current Assets		149,230,358
85,765	Investments	F2	2,639,238
35,382	Inventories		20,517
21,933,306	Debtors	D4	18,778,517
9,389,432	Cash and Cash Equivalents		20,712,184
31,443,885	Current Assets		42,150,456
(28,095,363)	Creditors	D5	(33,108,684)
(1,693,923)	Creditors - s.106 balances	D5	(1,687,433)
(1,259,168)	Provisions	D6	(1,448,846)
(31,048,454)	Current Liabilities		(36,244,963)
(35,003,000)	Defined Benefit Pension Liability	F1	(24,931,000)
(409,774)	Capital Grants Receipts in Advance	B9	(450,644)
(35,412,774)	Non-Current Liabilities		(25,381,644)
112,923,147	Net Assets		129,754,206
(46,100,813)	Usable reserves		(48,807,321)
(66,822,334)	Unusable Reserves	C3	(80,946,883)
(112,923,146)	Total Reserves		(129,754,204)

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

James Howse
Chief Finance Officer, West Oxfordshire District Council.

CASH FLOW STATEMENT

	Note	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)	11,037,884
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)	(5,238,733)
Net cash flows from Operating Activities		(7,267,853)	9,106,678
Investing Activities	<i>E1c</i>	6,451,696	2,211,819
Net increase or (decrease) in cash and cash equivalents		(816,157)	11,318,497
Cash and cash equivalents at 1 April		10,205,588	9,389,431
Cash and cash equivalents at 31 March		9,389,431	20,707,928
Comprising:			
Cash and bank current accounts		(530,716)	6,907,778
Short term investments		9,920,148	13,800,148
		9,389,432	20,707,926

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
Cost of Services	19,941,402	(2,951,372)	0	16,990,030	1,466,368	18,456,398
Other Income and Expenditure	(23,248,929)	7,549,057	(1,294,755)	(16,994,627)	(1,466,368)	(18,460,995)
(Surplus) / Deficit on Provision of Services	(3,307,527)	4,597,685	(1,294,755)	(4,596)	0	(4,596)
Opening General Fund Balance (Unallocated) at 1 April				(12,808,749)		
(Surplus) / Deficit for the year				(4,596)		
Closing General Fund Balance (Unallocated) at 31 March				(12,813,345)		

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	(2,045,898)	0	2,207,884	161,986	0	161,986
Cost of Services	17,521,328	(1,008,042)	2,207,884	18,721,170	(1,303,407)	17,417,763
Other Income and Expenditure	(20,289,791)	(4,921,002)	6,440,870	(18,769,923)	1,303,407	(17,466,516)
(Surplus) / Deficit on Provision of Services	(2,768,463)	(5,929,044)	8,648,754	(48,753)	0	(48,753)
Opening General Fund Balance (Unallocated) at 1 April				(12,759,996)		
(Surplus) / Deficit for the year				(48,753)		
Budgeted contribution to GF				0		
Closing General Fund Balance (Unallocated) at 31 March				(12,808,749)		

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
Cost of Services	1,697,370	1,254,002	0	2,951,372	1,723,465	(257,097)	1,466,368
Other Income and Expenditure	(5,842,538)	712,000	(2,418,519)	(7,549,057)	(1,723,465)	257,097	(1,466,368)
(Surplus) / Deficit on Provision of Services	(4,145,168)	1,966,002	(2,418,519)	(4,597,685)	0	0	0

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)
Cost of Services	4,580,104	(3,581,000)	8,938	1,008,042	1,769,452	(3,072,859)	(1,303,407)
Other Income and Expenditure	(1,976,538)	681,000	6,216,540	4,921,002	(1,769,452)	3,072,859	1,303,407
(Surplus) / Deficit on Provision of Services	2,603,566	(2,900,000)	6,225,478	5,929,044	0	0	0

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 £
Expenditure		
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
Total Expenditure	57,636,550	54,382,969
Income		
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)
Total Income	(60,405,013)	(57,690,494)
(Surplus) / Deficit on Provision of Services	(2,768,463)	(3,307,525)

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B2a COVID Grants

Expenditure	£
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
	4,216,639
Income	£
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)
	(2,716,576)

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
	3,718,230	3,780,020

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
	(4,042,378)	(4,950,887)

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>(19,965,643)</u>	<u>(22,078,061)</u>

B6. Members' Allowances

	2020/21 £	2021/22 £
Basic and Special Responsibility Allowances	365,054	378,034
Expenses	487	1,480
	<u>365,541</u>	<u>379,514</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	63,628
Certification of grant claims and returns carried out by KPMG	13,500	14,600
	<u>71,777</u>	<u>78,228</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 Executive	78,356	13,791	92,146
Monitoring Officer	48,054	7,934	55,988
	208,601	36,191	244,792
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 Officer ¹	6,568	1,327	7,894
Chief Finance Officer/Deputy Chief Executive	61,677	10,855	72,532
Monitoring Officer	63,267	10,954	74,222
	212,489	37,388	249,877

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)	(14,944,518)
Housing Benefit Administration Subsidy	(183,700)	(184,987)
Other grants	0	0
	(17,166,683)	(15,129,505)
<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)
	(13,019,415)	(9,437,582)
<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)
	(1,857,071)	(4,570,367)

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)	(174,266)
Better Care Grant Funding	(235,508)	(276,379)
Long Term Capital Receipt in advance	(409,774)	(450,645)
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	(613,592)	(592,792)

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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 £
Capital Adjustments				
<u>Reversal of entries included in the CI&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 & 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 trfd 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)	
Financial Instrument Adjustments				
Reversal of changes in fair value on Pooled Investment Funds	(151,557)			
Pension Adjustments				
Pension costs transferred to / (from) the Pensions Reserve	(1,966,000)			
Accumulated Absences Adjustments				
Movement in accumulated absences adjustment transferred to / (from) Accumulated Absences Adjustment Account	0			0
Other Adjustments				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	2,570,076			
	4,597,687	0	(418,720)	(3,577,948)

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2020/21			
	General Fund - Unallocated £	General Fund - Earmarked £	Capital Receipts Reserve £	Capital Grants Unapplied £
Capital Adjustments				
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 & 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
Financial Instrument Adjustments				
Reversal of changes in fair value on Pooled Investment Funds	1,112,699	0	0	0
Pension Adjustments				
Pension costs transferred to / (from) the Pensions Reserve	2,900,000	0	0	0
Accumulated Absences Adjustments				
Movement in accumulated absences adjustment transferred to / (from) Accumulated Absences Adjustment Account	(8,938)	0	0	0
Other Adjustments				
Council Tax and NDR transfers to / (from) the Collection Fund Adjustment Account	(7,329,239)	0	0	0
	(5,929,045)	613,042	(274,817)	1,005,900

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)
	(19,095,758)	0	9,976,679	(8,681,924)	(17,801,003)

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	24,931,000
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)
	(66,822,249)	(80,946,881)

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 1st 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
<i>Amount written off to the Capital Adjustment Account</i>	<i>510,048</i>	<i>513,414</i>
Closing Balance - 31 March	(32,947,419)	(33,919,536)

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 1st 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
	6,807,619	3,593,760
Historical cost depreciation adjustment	(510,048)	(513,414)
	(510,048)	(513,414)
Net written out amount of the cost of non current assets consumed in year	6,297,571	3,080,346
<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)
	(6,320,437)	(2,979,259)
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)	
Closing Balance - 31 March	(73,821,532)	(74,568,945)

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	(6,259,000)
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)
Closing Balance - 31 March	35,003,000	24,931,000

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
Closing Balance - 31 March	(2,600,568)	(2,515,069)

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
	7,320,341	(2,570,159)	4,750,182

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
Closing Balance - 31 March	15,587	15,587

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

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
Closing Balance - 31 March	238,342	389,900

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
Closing Balance - 31 March	(30,000)	(30,000)

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 £
Asset Cost or Valuation					
Asset values at 1 April 2021	61,922,810	2,427,462	917,659	3,783,819	69,051,750
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)
Asset values at 31 March 2022	63,789,114	2,442,942	917,659	3,615,262	70,764,978
Depreciation					
Accumulated depreciation at 1 April 2021	(140,878)	(1,268,289)	0	0	(1,409,167)
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
Accumulated depreciation at 31 March 2022	(415,270)	(1,508,918)	0	0	(1,924,188)
Net Book Value of Assets					
1st April 2021	61,781,932	1,159,173	917,659	3,783,819	67,642,584
31st March 2022	63,373,844	934,024	917,659	3,615,262	68,840,789

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				
	£	£	£	£	£	£
Asset Cost or Valuation						
Asset values at 1 April 2020	63,204,514	2,379,000	917,659	3,637,239	0	70,138,412
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)
Asset values at 31 March 2021	61,922,810	2,427,462	917,659	3,783,819	0	69,051,750
Depreciation						
Accumulated depreciation at 1 April 2020	(92,536)	(1,004,979)	0	0	0	(1,097,515)
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	
Accumulated depreciation at 31 March 2021	(140,878)	(1,268,289)	0	0	0	(1,409,167)
Net Book Value of Assets						
1st April 2020	63,111,978	1,374,021	917,659	3,637,239	0	69,040,897
31st March 2021	61,781,932	1,159,173	917,659	3,783,819	0	67,642,584

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:

	Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Total PPE
	£000	£000	£000	£000	£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
Total	63,373	934	918	3,615	68,840

NOTES TO THE BALANCE SHEET

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)
	(3,313,301)	(4,762,654)

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	
Closing Balance - 31 March	51,958,500	55,207,462

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

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
	24,632,350	20,950,223
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)
	21,933,306	18,778,517

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)
	(28,095,363)	(33,108,684)
Capital Receipt in Advance	(1,693,923)	(1,687,434)
	(29,789,286)	(34,796,118)

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	(1,418,846)
Provision - Subsidence Claims	(30,000)	0	0	0	(30,000)
	(1,259,167)	(446,540)	256,861	0	(1,448,846)

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
	12,773,493	12,392,719

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 £
Opening Capital Financing Requirement	16,395,857	23,368,628
Capital Investment in Year		
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>
Sources of Finance		
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>
Net Increase / (Decrease) in Capital Financing Requirement	6,972,771	2,498,890
Closing Capital Financing Requirement	23,368,628	25,867,518

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	2,040,977
(Increase) / decrease in debtors	(18,318,748)	6,704,804
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)
Movement in Reserves - for other non cash items charged to Surplus/deficit on Provision of Services	0	(559,082)
	(8,889,087)	11,037,884

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)	(813,496)
	(1,147,229)	(5,238,733)

NOTES TO THE CASH FLOW STATEMENT

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	1,564,791
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	5,226,498
	6,451,696	2,211,819

F. Events after the Balance Sheet Date

The Chief Finance Officer authorised the Statement of Accounts on 30th 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 £
Comprehensive Income & Expenditure Statement		
<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 & Expenditure:</i>		
Net Interest Expense	681,000	712,000
Net Charge to Surplus or Deficit on Provision of Services	2,552,000	3,524,000
<i>Other post employment benefit charged to Comprehensive Income & 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	(6,020,000)
Actuarial gains and losses - demographic assumptions	1,084,000	(1,323,000)
Experience (gains) / losses on defined benefit obligation		
Other actuarial (gains) / losses	(909,000)	1,084,000
	8,482,000	(12,038,000)
Total post employment benefits charged to the Comprehensive Income & Expenditure Statement	11,034,000	(8,514,000)
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on Provision of Services for post employment benefits in accordance with the Code	2,552,000	3,524,000
Actual amount charged against the General Fund Balance for pensions in the year		
Employers' contributions payable to the scheme	5,452,000	1,558,000

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)	(98,932,000)
Present value of unfunded obligations	(566,000)	(518,000)
Fair Value of Plan Assets	68,916,000	74,519,000
Net liability arising from defined benefit obligation	(35,003,000)	(24,931,000)

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		(998,000)
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		
Closing Balance 31 March	68,916,000	74,519,000

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

	2020/21 £	2021/22 £
Opening Balance 1 April	(81,745,000)	(103,919,000)
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)	6,020,000
Change in demographic assumptions	(1,084,000)	1,237,000
Liabilities assumed/extinguished on settlements	0	0
Benefits Paid	2,474,000	2,440,000
Unfunded Benefits Paid	41,000	40,000
Closing Balance 31 March	(103,919,000)	(99,450,000)
	Funded	(103,353,000)
	Unfunded	(566,000)
		(98,932,000)
		(518,000)

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	%
Equity Securities:				
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%
Debt Securities:				
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	1,530.3	0.0	1,530.3	2%
Other	405.3	0.0	405.3	1%
Private Equity:				
All	3,662.8	0.9	3,663.7	5%
Real Estate:				
UK Property	0.0	0.0	0.0	0%
Overseas Property	0.0	0.0	0.0	0%
Investment funds and unit trusts:				
Equities	0.0	41,435.8	41,435.8	56%
Bonds	0.0	5,906.6	5,906.6	8%
Hedge Funds	0.0	0.0	0.0	0%
Commodities	0.0	0.0	0.0	0%
Infrastructure	0.0	2,207.9	2,207.9	3%
Other	0.0	17,755.5	17,755.5	24%
Derivatives:				
Inflation	0.0	0.0	0.0	0%
Interest rate	0.0	0.0	0.0	0%
Foreign exchange	(5.5)	0.0	(5.5)	0%
Other	(0.1)	0.0	(0.1)	0%
Cash and cash equivalents				
All	1,619.5	0.0	1,619.5	2%
Total	7,212	67,307	74,519	100%

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:

Mortality Assumptions	Males	Females
Current Pensioners	22.3 yrs	24.9 yrs
Future Pensioners	23.0 yrs	26.3 yrs
Financial Assumptions	2020/21	2021/22
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:

Change in assumption at 31 March 2022:	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	1,706
1 year increase in member life expectancy	4%	3,987
0.1% increase in the Salary increased Rate	0%	225
0.1% increase in the Pension increase Rate (CPI)	1%	1,468

The estimated employer's contributions for the year to 31st 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 £
		Financial Assets at Amortised Cost		
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
		Fair Value through Profit or Loss		
11,803,332	35,765	Investments	11,651,774	35,556
	9,920,148	Cash and cash equivalents		20,711,279
11,803,332	9,955,913		11,651,774	20,746,835
		Fair Value through OCI		
1,030,000	0	Equity Instruments	1,030,000	0
1,030,000	0		1,030,000	0
27,812,299	15,048,949	Total Financial Assets	24,688,845	27,356,558
		Financial Liabilities at Amortised Cost		
0	(11,523,022)	Creditors	0	(9,116,373)
0	(11,523,022)	Total Financial Liabilities	0	(9,116,373)

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
Total Financial Instruments	10,455,846	3,340,245	(9,116,373)

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		
Loans & Receivables	Available for Sale	Fair Value through OCI		Amortised Cost	Profit or Loss	Fair Value through OCI
£	£	£		£	£	£
			<u>Financing & Investment Income and Expenditure</u>			
(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
			<u>Other Comprehensive Income</u>			
0	0	20,000	Changes in fair value	0	0	0
(396,610)	(1,494,045)	3,500	Net (Gain) / Loss for the Year	(418,339)	(201,711)	(22,750)

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	20,711,279
Pooled Investment Funds	Level 1	11,687,330
		32,398,609

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 £
-				
Financial Assets at Amortised Cost				
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
	15,028,967	15,028,967	14,610,753	14,610,753
Financial Liabilities at Amortised Cost				
Non-Current Finance Leases	0	0	0	0
	0	0	0	0

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:

	Investment Balance (£)
<u>Fixed duration deals</u>	
Bonds	2,603,682
<u>Call accounts and other 'cash equivalent' investments</u>	
Money Market Funds	20,711,279
<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 31st 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:

	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.

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:

	31 March 2021	31 March 2022
	£	£
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
	1,344,792	1,079,196

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
	2,339,022	1,833,235

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
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
	2,414,650	2,340,994	2,302,521	2,217,022

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
	64,869,903	60,542,521

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 de minimus 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.

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

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(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 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.

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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 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

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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

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

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

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

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

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

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.

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:

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 & 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

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 1st 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 1/8th 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 1/8th 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

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)
(22,102,503)	(87,494,834)	(109,597,337)	Total Income		(48,191,893)	(92,828,806)	(141,020,699)
			<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
40,598,051	86,939,770	127,537,821	Total Expenditure		42,042,615	91,729,811	133,772,426
18,495,548	(555,064)	17,940,484	(Surplus) / Deficit for the Year		(6,149,278)	(1,098,995)	(7,248,273)
196,578	(1,038,089)	(841,511)	(Surplus) / Deficit brought forward		18,692,126	(1,593,153)	17,098,973
18,692,126	(1,593,153)	17,098,973	(Surplus) / Deficit carried forward	G5	12,542,848	(2,692,148)	9,850,700

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
TAXBASE					44,917.91

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)
	(5,418,320)	(5,534,783)

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 £
Council Tax	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)
Business Rates	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 £
Council Tax	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)
Business Rates	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

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 31st March 2022 and up to the date of approval of the Annual Statement of Accounts.

ANNUAL GOVERNANCE STATEMENT

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;

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- 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

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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.

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

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<ul style="list-style-type: none">• Defining outcomes• Sustainable economic, social and environmental benefits
<ul style="list-style-type: none">• 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:<ul style="list-style-type: none">• 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;

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- 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

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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.
- The Internal Audit service is provided by SWAP Internal Audit Services and is run in partnership with other local authorities.

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- 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.

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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.

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.

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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"> Review the channels through which risks are escalated to the risk register to ensure that the contents are always current, relevant and complete. 	<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"> Review the KPIs measured on the performance report to ensure they reflect the Council's current priorities and concerns. 	<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"> To review and update the Council's constitution. Clarify and embed responsibility and accountability between the Council's Senior Leadership Team and Publica's Management Team. 	<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>
4.	Budget approvals	<ul style="list-style-type: none"> Review of approvers on our Finance system to ensure that all workflow 	<p>C/F TO 2022/2023</p> <p>Included as part of a bigger review on Business World</p>

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		<p>approvals go to an appropriate person.</p> <ul style="list-style-type: none"> Clarify responsibility and accountability of Publica Officers. Provide financial management training to cover budget management. 	<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"> Improvement of Programme Management reporting across the portfolio of Publica / Council projects focusing on the consistency, completeness and timeliness of information provided. 	<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>

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

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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"> New Contract and Procurement Strategy to be approved and published to all officers, linking to the Contract Procedure Rules. Planned audit of contract and procurement by SWAP will cover officer awareness of the contract procedure rules.
2	Accounts payable	Review of Accounts Payable (AP) on business world to cover: <ul style="list-style-type: none"> raising of requisitions and approval of purchase orders approval of invoices
3	Risk management	<ul style="list-style-type: none"> Training package to be finalised and rolled out. Full training package and other material covering the risk and opportunity guidance to be published on the Publica portal. Planned audit of risk and opportunity management by SWAP will cover officer awareness of guidance. Processes and completeness of all risk registers.
4	Compliance with audit recommendations	<ul style="list-style-type: none"> Improved reporting of outstanding audit recommendations to Local Management Team, Audit Committee and Publica's Audit Risk and Compliance Committee.
5	Business Continuity Plans, development and testing	<ul style="list-style-type: none"> Completion of Business Impact Analysis. Revised strategic and tactical plans to be developed. Review of all operational plans prior to a complete desktop exercise. New plans and programme to be signed off.
6	Programmes and projects	<ul style="list-style-type: none"> Review of the governance arrangements surrounding programmes and project management. Improvement of consistency of project planning including milestones and detailed project plans. Improved reporting of projects to increase consistency across the programme. Evaluation of the sign off process and thresholds for new projects.

7. APPROVAL OF LEADER AND HEAD OF PAID SERVICE

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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:

Andrew Graham
Leader of the Council

Date:

Giles Hughes
Chief Executive

Date:

GLOSSARY OF TERMS AND ABBREVIATIONS

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

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.

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

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

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

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

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.

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 <p>WEST OXFORDSHIRE DISTRICT COUNCIL</p>	<p>WEST OXFORDSHIRE DISTRICT COUNCIL</p>
<p>Name and Date of Committee</p>	<p>AUDIT AND GOVERNANCE – 28 SEPTEMBER 2023</p>
<p>Subject</p>	<p>CODE OF CONDUCT - SUMMARY OF COMPLAINTS AND INDIVIDUAL DISPENSATIONS – 1 APRIL 2022 UNTIL 31 AUGUST 2023</p>
<p>Wards Affected</p>	<p>None</p>
<p>Accountable Member</p>	<p>Councillor Mathew Parkinson – Chair of Audit and Governance Committee. Email: mathew.parkinson@westoxon.gov.uk</p>
<p>Accountable Officer</p>	<p>Andrea McCaskie – Director of Governance. Email: andrea.mccaskie@westoxon.gov.uk</p>
<p>Report Author</p>	<p>Andrew Brown – Business Manager, Democratic Services. Email: democratic.services@westoxon.gov.uk</p>
<p>Summary/Purpose</p>	<p>To advise the Committee of the number and status of Code of Conduct complaints received and considered by the Council’s Monitoring Officer in the period from 1 April 2022 to 31 August 2023.</p>
<p>Annexes</p>	<p>None</p>
<p>Recommendation(s)</p>	<p><i>That Committee Resolves to:</i></p> <ol style="list-style-type: none"> <i>1. Note the report;</i> <i>2. Request an annual report on Code of Conduct complaints; and</i> <i>3. Request that a recording of the social media training is made available to all Members.</i>
<p>Corporate Priorities</p>	<ul style="list-style-type: none"> • Working Together for West Oxfordshire
<p>Key Decision</p>	<p>NO</p>
<p>Exempt</p>	<p>NO</p>
<p>Consultees/ Consultation</p>	<p>N/A</p>

1. BACKGROUND

- 1.1 The Council has in place complaint handling arrangements to enable an individual to make a formal complaint that an elected or co-opted member of West Oxfordshire District Council, or a Town or Parish Council within the district area, has failed to comply with their Council's Member Code of Conduct. The complaint handling arrangements seek to ensure that complaints are dealt with fairly and are resolved informally where appropriate.
- 1.2 The Audit and Governance Committee is responsible for promoting high standards of ethical behaviour by developing, maintaining and monitoring the Members' Code of Conduct. The Committee has appointed a Standards Sub-Committee, which has responsibility for undertaking hearings to determine whether or not a Member has breached the Code of Conduct.
- 1.3 This report is to update the Committee on the numbers of Code of Conduct complaints received and the outcomes of those complaints. It also identifies any issues or learning points arising from the complaints.

2. NUMBER AND STATUS OF CODE OF CONDUCT COMPLAINTS RECEIVED

- 2.1 The table below sets out the numbers of Code of Conduct complaints received by the Council's Monitoring Officer in the period from 1 April 2022 to 31 August 2023, broken down by district and town/parish members, and at which stage of the complaint process the complaints were resolved.

Stage of complaints process resolved	Outcome	# District	# Town or Parish
Assessment stage	No action – complaint withdrawn	3	5
	No action - complaint dismissed	2	10
	Local resolution		1
Investigation stage	No action – complaint dismissed		
	Local resolution		
	Unresolved	1	
Local hearing stage	No action – complaint dismissed		
	Sanctions applied or recommended	1	1
Total #		7	17
Overall Total #		24	

- 2.2** The table shows that the majority of complaints are resolved at the assessment stage, with half of all complaints dismissed at this stage. These are complaints where the Monitoring Officer, in consultation with an Independent Person, concluded that the Code of Conduct was not engaged or that the complaint was not sufficiently serious or in the public interest to be referred for an investigation, having regard to the time and expense involved in an investigation and the potential sanctions. One complaint was resolved at this stage by way of a local resolution (apology and social media training).
- 2.3** A third of all complaints received were withdrawn or not progressed by the complainant. In some of these cases initial contact was made with the Monitoring Officer and a complaint file was opened but a formal complaint was never submitted. In other cases a formal complaint was received but was later withdrawn or was not followed up in a timely manner e.g. no evidence was provided to support the complaint.
- 2.4** Three of the 24 complaints progressed to the investigation stage. Two of these complaints resulted in a local hearing conducted by the Standards Sub-Committee where in both cases a breach was found and sanctions were applied. A third complaint remains open at the investigation stage at the time of writing.

3. CONCLUSIONS AND LEARNINGS RESULTING FROM CODE OF CONDUCT COMPLAINTS

- 3.1** For the town of parish complaint that reached a hearing stage a breach was found in respect of objectivity (the details of this complaint are exempt). By way of a sanction it was recommended that the Member makes a public apology to the complainant at the next meeting of their council.
- 3.2** The district complaint that progressed to a hearing related to social media posts causing offence to individuals. The Standards Sub-Committee determined that the Member had breached the provisions of the Code of Conduct relating to respect and bullying and applied the following sanctions:
- Member to be censured for breaching the Member Code of Conduct.
 - Member to attend training on Equality and Diversity.
 - Member to attend training on the use of social media.
- 3.3** The Standards Sub-Committee recommended that the Council's Constitution Working Group consider a Social Media Policy. Following that consideration by the working group, Council on 22 March 2023 agreed to formally adopt a Social Media Policy as part of the Constitution. A copy of the Social Media Policy was included in the welcome packs for members returned at the 4 May 2023 local elections. It has also been shared with Oxfordshire Association of Local Councils (OALC).
- 3.4** The Standards Sub-Committee further recommended that the Audit and Governance Committee considers a report on member training and development and that equality and diversity awareness training, and training on the use of social media, are made mandatory for all Members and should be undertaken on a regular basis. The Audit and Governance

Committee on 22 March 2023 resolved that the training should be “strongly encouraged” for all members, rather than mandatory.

- 3.5 Social media training was held remotely for councillors across the Publica partnership on 8 June 2023. This training was attended by 15 members although only one of these was a member of West Oxfordshire District Council. A separate session was delivered to town and parish councillors across the partnership on 10 August 2023. This report recommends that a recording of the social media training is made available to all Members.
- 3.6 Inclusion and diversity training took place remotely on 18 September at 5.30pm and was attended by 9 Members.

4. FINANCIAL IMPLICATIONS

- 4.1 The social media training was delivered internally and had no direct cost. The cost of the diversity and inclusion training is £1,485 including VAT. This is funded from the budget for member training (£4k per annum). There are no other financial implications arising from this report.

5. LEGAL IMPLICATIONS

- 5.1 The Localism Act 2011 requires the Council to have a Code of Conduct which sets out the standards expected of Members whenever they act in their official capacity. The Code must also have in place a suitable procedure at a local level to investigate and determine allegations that elected Members and co-opted Members of the district council or town and parish councils within the district area have breached the Code of Conduct.

6. RISK ASSESSMENT

- 6.1 If the Council fails to adopt and maintain a Code of Conduct and a process for the investigation of complaints that are fit for purpose, robust and transparent then there are risks to the Council’s reputation and to the integrity of its corporate governance and decision-making processes.

7. EQUALITIES IMPACT

- 7.1 Equalities and Human Rights issues are taken into account in the handling of Code of Conduct complaints.

8. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 8.1 Not applicable.

9. BACKGROUND PAPERS

- 9.1 None.

(END)

 <p style="text-align: center;">WEST OXFORDSHIRE DISTRICT COUNCIL</p>	<p>WEST OXFORDSHIRE DISTRICT COUNCIL</p>
<p>Name and Date of Committee</p>	<p>AUDIT AND GOVERNANCE – 28 SEPTEMBER 2023</p>
<p>Subject</p>	<p>ANNUAL SUMMARY OF COMPLAINTS STATISTICS FROM THE LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN – YEAR ENDING 31 MARCH 2023</p>
<p>Wards Affected</p>	<p>ALL</p>
<p>Accountable Member</p>	<p>Councillor Andy Graham – Leader of the Council. Email: andy.graham@westoxon.gov.uk</p>
<p>Accountable Officer</p>	<p>Giles Hughes – Chief Executive. Email: giles.hughes@westoxon.gov.uk</p>
<p>Report Author</p>	<p>Cheryl Sloan – Business Manager, Governance, Risk & Business Continuity Email: cheryl.sloan@publicagroup.uk</p>
<p>Summary/Purpose</p>	<p>To present the Annual Complaints statistics as provided by the Local Government and Social Care Ombudsman for the year 1st April 2022 – 31st March 2023.</p>
<p>Annexes</p>	<p>Annex A – Annual Review Letter 2022 – 2023 Annex B – Upheld complaint by Local Government and Social Care Ombudsman</p>
<p>Recommendation(s)</p>	<p><i>That Committee Resolves to:</i></p> <ol style="list-style-type: none"> <i>1. Note the content of the report; and</i> <i>2. Note the Annual Review Letter 2022 – 2023.</i>
<p>Corporate Priorities</p>	<ul style="list-style-type: none"> • Putting Residents First • A Good Quality of Life for All • A Better Environment for People and Wildlife • Responding to the Climate and Ecological Emergency • Working Together for West Oxfordshire
<p>Key Decision</p>	<p>NO</p>
<p>Exempt</p>	<p>NO</p>

Consultees/ Consultation	N/A
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1. BACKGROUND

- 1.1** At the end of each financial year, the Local Government and Social Care Ombudsman (LGO) write to the Chief Executive, Leader of the Council, and Chair of Scrutiny to provide an annual summary of the complaint statistics which have been received by the LGO in relation to the West Oxfordshire District Council (WODC).
- 1.2** The information is provided to give insight about the organisations approach to complaints, and for consideration as part of the Council corporate governance processes.
- 1.3** WODC has three stages to its' internal complaints process as detailed below. Once this is exhausted, if the complainant remains unsatisfied with the response provided, it is at this point that they can refer their complaint to the LGO.
 - Stage 1: Service Area Response
 - Stage 2: Independent Review
 - Stage 3: Appeal
- 1.4** The Annual Letter details the complaints which have been escalated to the LGO in relation to services provided by WODC.
- 1.5** It should be noted, as detailed in the Annual Letter (appendix 1), the LGO have changed their process for complaints review for 2022 – 2023. The LGO is now more selective about the complaints which are reviewed in detail, prioritising where it is in the public interest to investigate, therefore, changes in uphold rates in this year's reporting, are not solely down to the nature of the cases being referred to the LGO.
- 1.6** As such, this report, will focus on 2022-2023 only, and performance will not be compared to previous years, as they are no longer comparable. However, to provide comparative information, the report includes the statistics for Cotswold District Council and Forest of Dean Council, and additional statistics for similar Authorities as provided by the LGO.

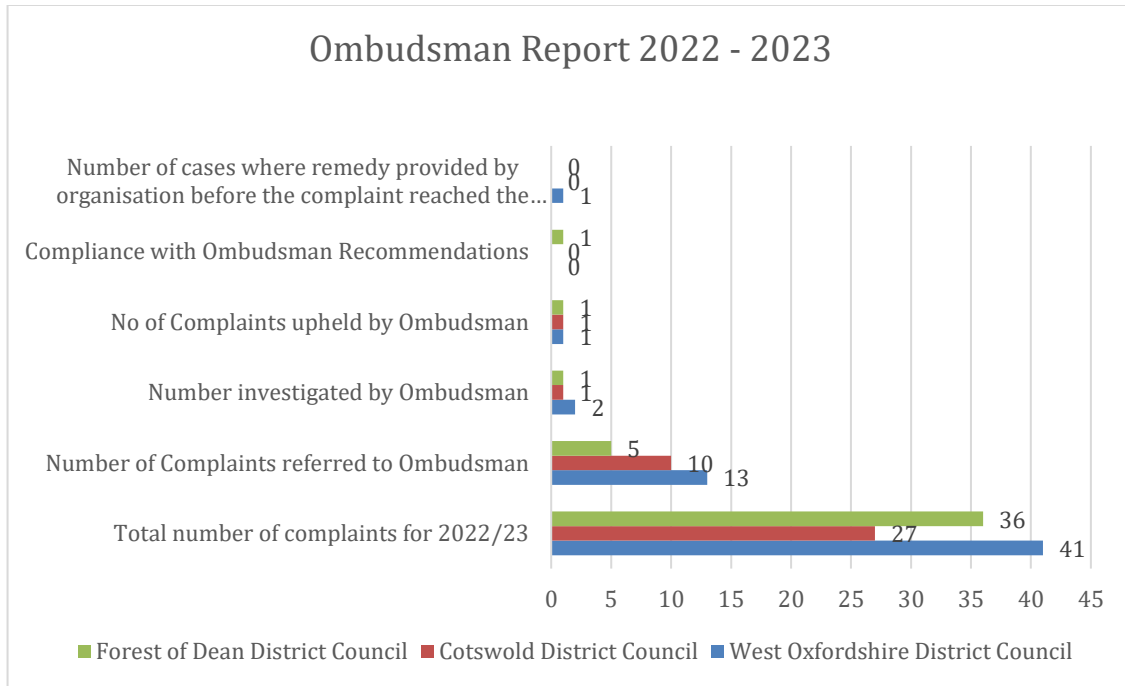
2. OVERVIEW

- 2.1** A total of 13 complaints were escalated to the LGO about services provided by WODC during financial year 2022 - 2023.
- 2.2** Of the 13 complaints received by the LGO, a total of 2 complaints were investigated, of which one complaint was 'upheld'.
- 2.3** The table below provides a summary of the 13 complaints received by the LGO, the complaint category (service area), the decision which has been made and the reason for the decision.

Category	Decided	Decision	Decision Reason
Benefits & Tax	27/04/2022	Not Upheld	no fault
Environmental Services & Public Protection & Regulation	11/05/2022	Advice given	Previously considered and decided
Benefits & Tax	23/05/2022	Referred back for local resolution	Premature Decision - referred to Organisation
Planning & Development	20/07/2022	Closed after initial enquiries	Not warranted by alleged fault
Environmental Services & Public Protection & Regulation	21/06/2022	Referred back for local resolution	Premature Decision - advice given
Planning & Development	06/07/2022	Referred back for local resolution	Premature Decision - advice given
Planning & Development	18/08/2022	Referred back for local resolution	Premature Decision - advice given
Planning & Development	22/09/2022	Referred back for local resolution	Premature Decision - advice given
Environmental Services & Public Protection & Regulation	03/01/2023	Closed after initial enquiries	Not warranted by alleged injustice
Corporate & Other Services	18/11/2022	Closed after initial enquiries	Not warranted by alleged fault
Benefits & Tax	20/01/2023	Closed after initial enquiries	At request of complainant
Planning & Development	01/02/2023	Upheld	Injustice remedied during organisations complaint processes
Planning & Development	31/01/2023	Closed after initial enquiries	Not warranted by alleged fault

- 2.4** A total of 5 complaints were referred to the Council, this is due to the complainant having not exhausted the 3 stages of the internal complaints process, 5 were closed after initial enquiries, one complainant was provided with advice, as the complaint had already been considered and an outcome had been decided, one was not upheld and the one was upheld.
- 2.5** Of the one complaint upheld, the Council had already rectified the complaint before the LGO provided its recommendations, therefore, no action needed to be taken. Please see appendix B for the detail of the complaint.
- 2.6** The complaint was regarding delays to the provision of pre-planning advice for solar installation on a resident's home. The LGO did not investigate the complaint as the Council had already rectified the complaint through the internal processes, however, the LGO upheld the complaint as the Council had confirmed that its service had fallen short of expectation on this occasion.
- 2.7** During 2022-2023, WODC recorded a total of 41 complaints, which equates to 31% being referred to the LGO. Whilst this seems high, it should be noted that some of the complaints referred to the LGO may not have been received by the Council at all.
- 2.8** Whilst the council receives a wide range of complaints, the majority relate to where decisions have been made, as opposed to the standard of services provided. This includes decisions around planning, revenues and benefits and enforcement. A number of these complaints could be rejected by the Council as they are excluded under the Complaints policy, however, to try to mitigate residents' concerns, they are, in the main, still responded to under the complaints process.
- 2.9** Comparing this to our partner Councils; Cotswold District and Forest of Dean. Both Councils had one complaint investigated by the LGO and one complaint upheld. The graph below details the total number of complaints received by each Council during 22/23, and the breakdown of complaints referred to the LGO.

Ombudsman Report 2022 - 2023



2.10 Comparative data for other similar Authorities, as provided by the LGO, was that an average of 59% of the complaints investigated were upheld, this is higher than WODC, for which 50% of the complaints were upheld (one out of two complaints).

2.11 Given the number of services provided by WODC, to have one complaint upheld by the LGO, of which remedy had already been provided, should be seen as a positive reflection of the way in which services are provided, and complaints are managed and subsequently rectified.

3. ALTERNATIVE OPTIONS

3.1 None.

4. FINANCIAL IMPLICATIONS

4.1 There are no financial implications arising from this report.

5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from this report.

6. RISK ASSESSMENT

6.1 If the Council's governance arrangements are weak then the Council is at risk of failing to safeguard the use of public funds. In turn this would lead to poor external assessments, damaging the reputation of the Council.

7. EQUALITIES IMPACT

7.1 An equalities impact assessment is not required for this report.

8. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

8.1 There are no climate or ecological emergency implications arising directly from this report.

9. BACKGROUND PAPERS

1.1 The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:

- Annual Complaints Statistics and Annual Letter from the LGO

9.1 These documents will be available for inspection online at www.westoxon.gov.uk or by contacting Democratic Services democratic.services@westoxon.gov.uk for a period of up to 4 years from the date of the meeting.

(END)

19 July 2023

By email

Mr Hughes
Head of Paid Service
West Oxfordshire District Council

Dear Mr Hughes

Annual Review letter 2022-23

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2023. The information offers valuable insight about your organisation's approach to complaints. As always, I would encourage you to consider it as part of your corporate governance processes. As such, I have sought to share this letter with the Leader of your Council and Chair of the appropriate Scrutiny Committee, to encourage effective ownership and oversight of complaint outcomes, which offer such valuable opportunities to learn and improve.

The end of the reporting year, saw the retirement of Michael King, drawing his tenure as Local Government Ombudsman to a close. I was delighted to be appointed to the role of Interim Ombudsman in April and look forward to working with you and colleagues across the local government sector in the coming months. I will be building on the strong foundations already in place and will continue to focus on promoting improvement through our work.

Complaint statistics

Our statistics focus on three key areas that help to assess your organisation's commitment to putting things right when they go wrong:

Complaints upheld - We uphold complaints when we find fault in an organisation's actions, including where the organisation accepted fault before we investigated. We include the total number of investigations completed to provide important context for the statistic.

Over the past two years, we have reviewed our processes to ensure we do the most we can with the resources we have. One outcome is that we are more selective about the complaints we look at in detail, prioritising where it is in the public interest to investigate. While providing a more sustainable way for us to work, it has meant that changes in uphold rates this year are not solely down to the nature of the cases coming to us. We are less likely to carry out investigations on 'borderline' issues, so we are naturally finding a higher proportion of fault overall.

Our average uphold rate for all investigations has increased this year and you may find that your organisation's uphold rate is higher than previous years. This means that comparing uphold rates with previous years carries a note of caution. Therefore, I recommend comparing this statistic with that of similar organisations, rather than previous years, to better understand your organisation's performance.

Compliance with recommendations - We recommend ways for organisations to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

Satisfactory remedy provided by the authority - In these cases, the organisation upheld the complaint and we were satisfied with how it offered to put things right. We encourage the early resolution of complaints and credit organisations that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your organisation with similar authorities to provide an average marker of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

Your annual data, and a copy of this letter, will be uploaded to our interactive map, [Your council's performance](#), on 26 July 2023. This useful tool places all our data and information about councils in one place. You can find the detail of the decisions we have made about your Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

Supporting complaint and service improvement

I know that complaints offer organisations a rich source of intelligence and insight that has the potential to be transformational. These insights can indicate a problem with a specific area of service delivery or, more broadly, provide a perspective on an organisation's culture and ability to learn. To realise the potential complaints have to support service improvements, organisations need to have the fundamentals of complaint handling in place. To support you to do so, we have continued our work with the Housing Ombudsman Service to develop a joint complaint handling code that will provide a standard for organisations to work to. We will consult on the code and its implications prior to launch and will be in touch with further details.

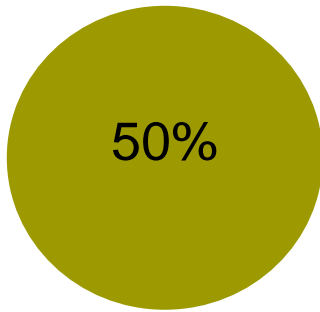
In addition, our successful training programme includes practical interactive workshops that help participants develop their complaint handling skills. We can also offer tailored support and bespoke training to target specific issues your organisation might have identified. We delivered 105 online workshops during the year, reaching more than 1350 people. To find out more visit www.lgo.org.uk/training or get in touch at training@lgo.org.uk.

Yours sincerely,



Paul Najsarek
Interim Local Government and Social Care Ombudsman
Interim Chair, Commission for Local Administration in England

Complaints upheld



50% of complaints we investigated were upheld.

This compares to an average of **59%** in similar organisations.

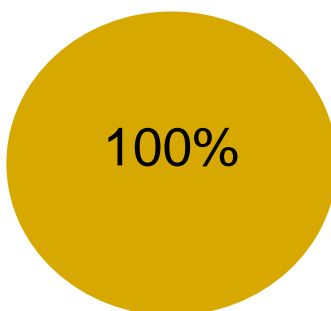
1
upheld decision

Statistics are based on a total of **2** investigations for the period between 1 April 2022 to 31 March 2023

Compliance with Ombudsman recommendations

No recommendations were due for compliance in this period

Satisfactory remedy provided by the organisation



In **100%** of upheld cases we found the organisation had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **15%** in similar organisations.

1
satisfactory remedy decision

Statistics are based on a total of **1** upheld decision for the period between 1 April 2022 to 31 March 2023

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The Ombudsman's final decision

Summary: We will not investigate this complaint about pre-planning application advice given by the Council. Further investigation is unlikely to lead to a different outcome. Nor can we achieve the outcome the complainant is seeking.

The complaint

1. The complainant. I shall call Mr X, says the Council:
 - Delayed in provide pre-planning application advice to him; and
 - Has confused the information he provided and government guidance.
2. He wants the Council to:
 - reissue its guidance to him to confirm he does not need planning permission; and
 - publish details of exactly when installation of solar panels requires planning permission and when it does not on its website.

The Ombudsman's role and powers

3. The Ombudsman investigates complaints about 'maladministration' and 'service failure', which we call 'fault'. We must also consider whether any fault has had an adverse impact on the person making the complaint, which we call 'injustice'. We provide a free service but must use public money carefully. We do not start or may decide not to continue with an investigation if we decide:
 - further investigation would not lead to a different outcome
 - we cannot achieve the outcome someone wants.

(Local Government Act 1974, section 24A(6))

How I considered this complaint

4. I considered information provided by Mr X and the Council.
5. I considered the Ombudsman's Assessment Code.

My assessment

6. Mr X requested pre-planning application advice on installing solar panels on his home which is in a conservation area.

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7. In its response to Mr X's complaint, the Council says he did not provide enough information with his request to enable it to make an informed decision. Therefore its' Officer set out the relevant planning legislation and criteria. However, as he had provided more information, it confirmed it considers Mr X must put in a full planning application.
 8. Mr X says the Council delayed in providing the information and its advice that he needs planning permission for solar panels is wrong.
 9. The Council's website says it aims to provide advice within twenty working days. It does not change for the advice Mr X is seeking. It has apologised for not meeting this timeframe due to staff sickness.
 10. Mr X says the Council's advice that he requires planning permission to install solar panels is wrong. And then it is confusing a roof for a wall.
 11. We consider complaints about administrative fault. The Council failed to provide Mr X with pre-planning application advice with the timescale stated on its website. It apologised for this and I consider this is an appropriate remedy to this part of the complaint.
 12. It is clear Mr X disagrees with the Council's interpretation of the government guidance on installation of solar panels in a conservation area. However, it is not our role to adjudicate on disputed points of law. Nor can we require the Council to publish information on its website.
 13. Pre-application advice is not binding, it is for Mr X to decide whether to apply for planning permission to install the solar panels.

Final decision

14. We will not investigate Mr X's complaint because the Council has apologised for the delay in its response to his enquiries.

Investigator's decision on behalf of the Ombudsman



WEST OXFORDSHIRE
DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME
1 OCTOBER 2023 – 31 JANUARY 2024

The Audit and Governance Committee responsible for monitoring the adequacy and effectiveness of the Council's governance arrangements. This includes overseeing the audit function, annual accounts and the work of the internal auditors, promoting and maintaining high standards of conduct of members and, through its Standards Sub-Committee, determining standards matters.

The Committee has the following powers under the Council's Constitution:

- To require the attendance of any Council officers and/or members in order to respond directly to any issue under consideration;
- To review any issues referred to it by the Chief Executive, other statutory officer or any Council body;
- To report and make recommendations to Council;
- To call expert witnesses from outside the Council to give advice on matters under review or discussion;
- The ability to raise issues at a meeting of the Executive; and
- The power to establish Sub-Committees.

This work programme sets out the expected business for meetings of the Audit and Governance Committee.

Item	Meeting Date	Lead Officer
28 September 2023 meeting (final report deadline: 19 September 2023)		
Internal Audit Progress Report	28 Sep 2023	Lucy Cater, Assistant Director, SWAP Internal Audit
Counter Fraud and Enforcement Unit Update Report	28 Sep 2023	Emma Cathcart, Head of Counter Fraud & Enforcement Unit
Council Tax, Housing Benefit and Council Tax Support Penalty and Prosecution Policy (review)	28 Sep 2023	Emma Cathcart, Head of Counter Fraud & Enforcement Unit
Corporate Risk Register Update	28 Sep 2023	Cheryl Sloan, Business Manager - Business Continuity, Governance and Risk
Annual Summary of Member Conduct Complaints	28 Sep 2023	Andrew Brown, Democratic Services Business Manager
Annual Local Government Ombudsman Letter	28 Sep 2023	Cheryl Sloan, Business Manager - Business Continuity, Governance and Risk
23 November 2023 meeting (final report deadline: 14 November 2023)		
External Audit Plan - for year ending 31 March 2023	23 Nov 2023	Georgina Dyer, Chief Accountant
External Audit Progress Report and Sector Update	23 Nov 2023	Georgina Dyer, Chief Accountant
Monitoring Report on Management's responses to the External Auditors findings and implementation of External Audit recommendations	23 Nov 2023	Director of Finance

Internal Audit Progress Report	23 Nov 2023	Lucy Cater, Assistant Director, SWAP Internal Audit
Treasury Management Mid-Term Report	23 Nov 2023	Georgina Dyer, Chief Accountant
CIPFA's Position Statement on Audit Committees	23 Nov 2023	Lucy Cater, Assistant Director, SWAP Internal Audit
Cyber Security Update	23 Nov 2023	Phil Martin, Assistant Director for Business Services
23 March 2024 meeting (final report deadline: 8 March 2024)		
External Audit Findings Report – year ending 31 March 2023	19 Mar 2024	Director of Finance
Internal Audit Progress Report	19 Mar 2024	Lucy Cater, Assistant Director, SWAP Internal Audit
Internal Audit Plan and Internal Audit Charter 2024/25	19 Mar 2024	Lucy Cater, Assistant Director, SWAP Internal Audit
Counter Fraud and Enforcement Unit Update Report (RIPA and IPA Annual Update)	19 Mar 2024	Emma Cathcart, Head of Counter Fraud & Enforcement Unit
Treasury Management Strategy	19 Mar 2024	Georgina Dyer, Chief Accountant
Corporate Risk Register Update	19 Mar 2024	Cheryl Sloan, Business Manager - Business Continuity, Governance and Risk
Risk Management Policy	19 Mar 2024	Cheryl Sloan, Business Manager - Business Continuity, Governance and Risk
Annual Governance Statement Action Plan Update	19 Mar 2024	Andrea McCaskie, Director of Governance

Polling District and Places Review	19 Mar 2024	Andrew Brown, Democratic Services Business Manager
Provisional Member Induction and Training Programme	19 Mar 2024	Andrew Brown, Democratic Services Business Manager
Evaluation and Recommendations following completion of the Self-Assessment Toolkit	19 Mar 2024	Lucy Cater, Assistant Director, SWAP Internal Audit