



WEST OXFORDSHIRE  
DISTRICT COUNCIL

## WEST OXFORDSHIRE DISTRICT COUNCIL

Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 30 JANUARY 2025</b>
Subject	<b>FINAL 2023/24 AUDIT FINDINGS REPORT (ISA260) AND STATEMENT OF ACCOUNTS FOR WEST OXFORDSHIRE DISTRICT COUNCIL</b>
Wards affected	All
Accountable member	Cllr Alaric Smith Executive Member for Finance Email: <a href="mailto:alaric.smith@westoxon.gov.uk">alaric.smith@westoxon.gov.uk</a>
Accountable officer	Madhu Richards, Director of Finance Email: <a href="mailto:madhu.richards@westoxon.gov.uk">madhu.richards@westoxon.gov.uk</a>
Report author	Georgina Dyer, Chief Accountant Email: <a href="mailto:georgina.dyer@westoxon.gov.uk">georgina.dyer@westoxon.gov.uk</a>
Summary/Purpose	This report presents the Audit Findings Report and Audited Statement of Accounts for the period 1 April 2023 to 31 March 2024.
Annexes	Annex A: The Audit Findings for West Oxfordshire District Council. Annex B: Statement of Accounts including the Annual Governance Statement Annex C: Prior Period Adjustments Annex D: Letter of Representation
Recommendation(s)	That the Audit and Governance Committee resolves to: <ol style="list-style-type: none"><li>1. Note the contents of the report and annexes.</li><li>2. Approve the Statement of Accounts 2023/24, including the Annual Governance Statement; and</li><li>3. Authorise the Chief Finance Officer and the Chair of the Committee to write a Letter of Representation on behalf of the Committee and Council to Bishop Fleming to enable the opinion</li></ol>

	to be issued.
Corporate priorities	<ul style="list-style-type: none"> <li>• Putting Residents First</li> <li>• A Good Quality of Life for All</li> <li>• A Better Environment for People and Wildlife</li> <li>• Responding to the Climate and Ecological Emergency</li> <li>• Working Together for West Oxfordshire</li> </ul>
Key Decision	No
Exempt	No
Consultees/ Consultation	No

## 1. BACKGROUND

- 1.1 Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (“the Code”) external auditors are required to report whether, in their opinion:
- the Council’s financial statements give a true and fair view of the financial position of the Council and its 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 Local Audit and Accountability Act 2014.
- 1.2 The auditors are also required to report whether other information published together with the audited financial statements is materially inconsistent with the financial statements or their knowledge obtained during the audit or otherwise appears to be materially misstated.
- 1.3 The Statement of Accounts are 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.

## 2. MAIN POINTS

- 2.1 The Audit Findings Report (ISA260) for West Oxfordshire District Council is being presented to the Audit and Governance Committee on 30<sup>th</sup> January 2025.
- 2.2 The Auditors have completed their audit of the 2023/24 financial statements. Their testing and review have not identified any significant issue and they have given an unqualified opinion.

- 2.3** The 2023/24 audit will be signed off on 30<sup>th</sup> January 2025.
- 2.4** The annexes to this report contain the Audit Findings Report (ISA260) for West Oxfordshire District Council and the Statement of Accounts including the Governance Statement.

## **2.5 STATEMENT OF ACCOUNTS**

The four core statements within the Accounts are:

Comprehensive Income & Expenditure Statement:

This 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:

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

Balance Sheet:

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

Cash Flow Statement:

This 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.

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

## **2.6 Revenue Outturn and Performance**

The Council's approved revenue budget for 2023/24 was £14,961,541. The final outturn position saw the Council budget underspent by £11,215. The revenue outturn position was reported to Executive on 22nd July 2024 (for a full breakdown of the outturn for the year, please refer to the Executive report, agenda item 207). At their meeting, Executive recommended to Council to transfer £1,707,842 to earmarked reserves. Council subsequently approved the appropriations on 24th July 2024.

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

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

Note B1 “Expenditure and Funding Analysis” on page 13 of the Accounts reconciles the difference between statutory financial reporting and those figures reported internally to Executive. The CI&ES declares a surplus on the provision of services of £3,091,095. This figure includes changes in asset values and pension fund accounting which are not reported to Members as they are statutory accounting adjustments and do not impact upon council tax payer financing of the Council. These are set out in the column headed “Adjs. between accounting and funding basis” and amount to £230,183. Once adjustments to earmarked reserves of £2,849,697 are considered, the net contribution to the Council’s General Fund Balance is £11,215 (£230,183 - £3,091,095 + £2,849,697).

## 2.8 Key Balance Sheet Movements

The balance sheet represents the value or ‘net worth’ of the Council as at 31st March 2024. The key movements in the balance sheet between 31st March 2023 and 31st March 2024 and the reasons for the largest changes are summarised below:

The value of Property, Plant and Equipment has decreased by £2.87 million. This is due to continuing difficult market conditions for large office buildings and the performance of the leisure sector, resulting in a revaluation of some of our operational buildings and leisure facilities downwards by £2.8m. The valuation of our Investment Property meanwhile has increased by £1.9m.

Short term debtors have decreased by £1.597 million and short term creditors have decreased by £2.918 million, mainly due to Collection fund balances. Year on year fluctuations are normal and expected.

The valuation of the pension fund fluctuates each year and is based upon a number of actuarial assumptions and a triennial revaluation cycle. At 31 March 2024, the Council’s share of the Oxfordshire Pension Fund stands at a net liability of £4.970m compared to a restated liability at 31st March 2023 of £4.874m.

The 2022/23 valuation of the pension fund net liabilities, shown in note F2 in the accounts, has been restated with an increase in liability of £3.085m. The return on scheme assets has materially benefited from high interest rates and higher than normal bond yields. The result, for the first time, is the pension scheme showing as an asset rather than a liability.

Accounting standards only allow an asset to be recognised as far as the employer can gain an economic benefit i.e. through a reduction in future contributions. This limit is known as the asset ceiling. In practice, employers are bound by the contribution level set by the Pension Scheme Administrators every three years and the requirement to contribute enough to fund all future commitments, known as the Minimum Funding Requirement.

The Asset Ceiling charge, levied against the Pension Scheme to maintain the minimum future funding requirement has been calculated by the Actuaries, Hyman Robertson for 2023/24, and in line with CIPFA guidance and external audit request, also for 2022/23. The pension scheme liability opening balance for 2023/24 has therefore been restated by the amount of the asset ceiling.

The Council will continue to make sufficient contributions to cover liabilities accruing for all employees that are current members of the scheme.

The 'general fund balance' has increased by £11,215 from 1 April to 31 March. The movement represents the remaining underspend in the year (after transfers to earmarked reserves). The general fund balance represents the unallocated revenue reserves of the Council. At 31 March 2024, the General Fund balance stood at £12,251,563.

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 £8.168m, including £2.5m to the Business Rates Deficit Reserve, £0.995m to a Budget Deficit Reserve and £1.35m to the Publica Review Reserve. Expenditure amounted to £5.318m. Of the money spent, £1.272m funded the repayment of the Business Rates deficit relating to 2022/23 and £3m was transferred between reserves to fund the Financial Instrument Impact Reserve and the Investment Property Reserve. The value of earmarked reserves has therefore increased by £2.849m.

The 'Net Assets' or 'Net Worth' of the Council has increased by £2.33m. The main contributing factors are the decrease in short term borrowing of £5m, the decrease in Creditors of £2.9m and a decrease in cash held at year end of £5.77m. Although the Council faces significant challenges in 2026/27 and beyond, the Council is in a stable position at the end of the 2023/24 financial year with a level of reserves to fund budget deficits until they are potentially exhausted in 2029/30 as per the MTFs, updated in January 2025.

### **3. ALTERNATIVE OPTIONS**

3.1 None.

### **4. CONCLUSIONS**

4.1 The Audit and Governance Committee are requested to note the report and annexes and approve the Statement of Accounts 2023/24, including the Annual Governance Statement. They are also requested to authorise the writing the Letter of Representation to the Chief Financial Officer and the Chair of the Committee.

### **5. FINANCIAL IMPLICATIONS**

5.1 None.

### **6. LEGAL IMPLICATIONS**

6.1 None.

### **7. RISK ASSESSMENT**

7.1 None.

**8. EQUALITIES IMPACT**

8.1 None.

**9. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

None.

(END)