



WEST OXFORDSHIRE
DISTRICT COUNCIL

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

BACKGROUND

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

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

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

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

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

STATEMENT OF ACCOUNTS

2.1. The four core statements within the Accounts are:

Comprehensive Income & Expenditure Statement:

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

Movement in Reserves Statement:

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

Balance Sheet:

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

Cash Flow Statement:

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

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

Accounting Policies:

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

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

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

Revenue Outturn and Performance

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

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

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

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

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

Key Balance Sheet Movements

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

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

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

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

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

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

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

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

(END)