



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"><i>1. Note the Grant Thornton Audit Findings for West Oxfordshire District Council;</i><i>2. Approve the Statement of Accounts 2021/22, including the Annual Governance Statement;</i><i>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.</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.

(END)