SOUTH OXFORDSHIRE DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2022/23

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South Oxfordshire District Council
Abbey House, Abbey Close
Abingdon
Oxfordshire
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Introduction

This narrative statement provides a commentary on South Oxfordshire District Council's (Council) performance during 2022/23. It is a guide to the Council's performance against key targets, the most significant matters reported in the accounts, an explanation in overall terms of the Council's financial position at the end of the financial year, and a commentary on the Council's future prospects. This statement does not form part of the financial statements.

To assist the reader, a glossary of financial terms is provided on **pages 87-94**

The Council's Accounts

The Council's Statement of Accounts (SoA) shows the financial results of the Council's activities for the year ended 31 March 2023 and summarises the overall financial position of the Council as at 31 March 2023. It is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom ("the code"). The accounts have been compiled under International Financial Reporting Standards (IFRS).

In addition, the *Annual Governance Statement* sets out the purpose and nature of the Council's governance framework. It also provides a review of the effectiveness of the governance framework and highlights any significant governance issues. This statement is published as a separate document and is available on the Council's website.

Introduction to South Oxfordshire District

The South Oxfordshire District is largely rural but includes within it four thriving towns of Thame, Wallingford, Henley-on-Thames and Didcot as well as numerous picturesque villages and part of Science Vale, an internationally significant location for innovation, science-based research and business.

The population[1] of the District in 2021 was 150,000; of this figure 61.1 per cent (around 91,600 people) were aged between 16 and 64. The Office for National Statistics had previously forecast[2] that by 2033 the population of South Oxfordshire will be in the region of 146,870, which would represent a reduction of just over 2 per cent from 2021 levels.

Employment within South Oxfordshire is high and at March 2023 79 per cent of all individuals aged between 16 and 64 were in employment[3]. This compares to an average for Great Britain as a whole of 78.4 per cent.

As at March 2023 only 1.9 per cent of working age individuals within South Oxfordshire were in receipt of out of work benefits[4], compared to 2.8 per cent for the South East of England and 3.7 per cent for Great Britain as a whole.

In 2022 the ratio of lower quartile house prices to lower quartile gross annual workplace based earnings[5] was 12.18 – considerably above the English average of 7.37. This means that many people, especially those on lower incomes and/or the young, cannot afford to buy and may have to look outside the district for housing.

Much of the countryside in South Oxfordshire is protected from development by being part of the Oxford Green Belt or the Chilterns Area of Outstanding Natural Beauty (AONB). These compound the challenges of providing sufficient housing to meet identified need whilst protecting the natural environment.

How Performance is Measured

The Council's activities are guided by our four-year corporate plan for 2020-24, and by fulfilling our statutory responsibilities. Key measures will be reviewed and reported via quarterly and annual corporate plan performance reports. The reports will be subject to an approval process by the Council's Senior Management Team, Scrutiny Committee, Climate and Ecological Emergency Advisory Committee (CEEAC) and Cabinet this will ensure the necessary checks and balances are in place around monitoring, evaluation, decision-making and policymaking and then published on the Council's website.

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[1] NOMIS – *Labour Market Profile: South Oxfordshire* (total resident population 2021)
[2] Office for National Statistics – *Population projections local authorities SNPP Z1* 2018 dataset
[3] NOMIS – *Labour Market Profile: All people economically active – In employment* (Apr 2022 – Mar 2023)
[4] NOMIS – *Labour Market Profile: All claimants South Oxfordshire* (Mar 2023)
[5] Office for National Statistics – *Housing affordability in England and Wales*: 2022

The Council Corporate Priorities

The Council’s activities are guided by our four-year Corporate Plan for 2020-24, and by fulfilling our statutory responsibilities. Key measures are reviewed and reported through quarterly and annual performance reports. These reports are subject to an approval process by the Council’s Senior Management Team, Scrutiny Committee, Climate and Ecological Emergency Advisory Committee (CEEAC) and Cabinet. This ensures that the necessary controls are in place regarding monitoring, evaluation, decision-making and policymaking.

Many of our services are provided by contractors, and the performance of our five key contractors are monitored through separate annual reviews and reported to the Council’s Joint (with Vale of White Horse District Council) Scrutiny Committee.

The Council established and integrated a Performance Management Framework in 2021/22. The Council’s approach to Performance Management is now embedded within and an inherent part of the Council’s culture and is fundamental to the achievement of our priorities set out in the Corporate Plan 2020-24. It also helps us to place our residents at the centre of what we do as they can see how well we are doing and how we intend to improve.

Performance Management is about having the information needed to allow us to quickly take action if service delivery or outcomes against the Corporate Plan are not as expected. This action may be at individual, service, or thematic level.

Everyone has a role in improving performance. Our performance Management Framework helps to show how individual activities contribute to the strategic themes in the Corporate Plan 2020-24 and in turn, the overall performance of the Council. The Council's Corporate Plan 2020-24 contains six strategic themes:

1. Protect and Restore our Natural World
2. Openness and Accountability
3. Action on Climate Emergency
4. Improved Economic and Community Well-being
5. Homes and Infrastructure that meet Local Needs
6. Investment that Rebuilds our Financial Viability

The Performance Management Framework has enabled the Council to maximise the value in our data and information, by making all our performance reports publicly available. To see all quarterly Corporate Performance reports, please visit the website.

The South Oxfordshire District Council Corporate Plan for 2020-24, sets out what we hope to achieve for South Oxfordshire during this time.

Although work is underway on these themes, we are continuing to explore how best we can effectively invest, resource, and deliver these. During the development of the Plan, there was much uncertainty about the future of local government, both in terms of its structure and its financing, this uncertainty remains, and we continue to position ourselves to respond to the changing landscape we operate within. As a result, we have had to continue working hard to prioritise what we want to provide.

The annual performance review for 2022/23 aims to offer a high-level evaluation of both actions done during the preceding 12 months (April 2022 to March 2023) and progress made towards the objectives specified in the Corporate Plan.

The RAG (red, amber, green) ratings of individual actions are determined by Heads of Service and Officer Leads and aim to provide an 'at glance' indication of overall progress towards the aims.

Where aims have been identified as amber or red, some supporting commentary has been included to assist members with their discussions and suggestions for any remedial actions.

PROTECT AND RESTORE THE NATURAL WORLD

This year, in line with our commitment to connect urban communities to their local green spaces and restore nature to urban environments, tree planting was completed at a number of key sites: Castle Meadows in Wallingford, Wittenham Close in Woodcote, and Greys Road and Kings Road Car Parks in Henley. In Didcot, tree planting took place at Mowbray Fields, Buckingham Close, Worcester Drive and on the Ladygrove Estate. A wild meadow was planted at Cronshaw Close.

As part of our commitment to enhance and protect South Oxfordshire's natural assets, the Council launched a new partnership aimed at improving the health and quality of the Thames at Wallingford. Working alongside the environmental charity Thames 21 and volunteers from the local community, water samples and user surveys were used to provide important information about the overall state of the river.

The Council worked with partner organisations who are involved with in-depth mapping and surveying of ecosystems across the district. The Thames Valley Environmental Records Centre survey of Local Wildlife Sites, used, to create an Annual Monitoring Report, has been produced and will allow the council and partner organisations to monitor, protect, and respect wildlife, habitats, and priority species.

In December, the Council secured £1m of funding through HM Government's UK Shared Prosperity Fund (UKSPF). The Council's plans for this money include using £125,000 to create or improve local green spaces in 2024/25. Officers from the Economic Development team have now started work on a delivery action plan detailing how this funding will be made available to appropriate organisations. Officers also created an expression of interest form to allow external organisations (such as AONBs) to pitch appropriate projects for potential funding.

Work has begun on a tender document for the development of a visitor economy strategy for the district. It is anticipated that this strategy will include a focus on South Oxfordshire's natural capital. Officers from Economic Development joined the OxLEP steering group for the development of the Oxfordshire Destination Management Plan. Their involvement will help to ensure that OxLEP's work complements the Council's own visitor economy strategy development work. The Council also continued to promote the district to visitors through local Destination Management Organisations.

A Chair and a Manager for the Oxfordshire Local Nature Partnership were appointed. This will ensure strong leadership to promote an ambitious nature recovery programme across the county.

To recognise and support the vital role of farming in economic and ecosystem resilience, officers from Economic Development have worked to ensure that the importance of the rural economy is noted within the emerging Strategic Economic Plan for Oxfordshire.

After consultation meetings with key stakeholders including farming businesses and representatives as well as representatives of the district's AONBs, the Economic Development team submitted a bid to the Rural England Prosperity Fund (REPF) to unlock c. £730,000 of funding. Due to a delay in the Government's timetable, the Council is still awaiting a decision on its bid.

Funded by all Oxfordshire local authorities, throughout the year the Berkshire, Buckinghamshire, and Oxfordshire Wildlife Trust provided advice to farmers and landowners of Local Wildlife Sites and assisted those looking to access funding to allow habitat restoration.

Economic Development also offered business support to Earth Trust to enhance their co-working and events facilities. The emphasis of this work has been on improving relationships with local suppliers.

ACTION ON THE CLIMATE EMERGENCY

South Oxfordshire's Climate Action Plan (CAP) was published in February 2022 and progress towards its delivery has been monitored in tandem with the Council's Corporate Plan performance reporting. The first CAP quarterly report was published in Q2.

South Oxfordshire District Council is committed to becoming net carbon neutral in its own operations by 2025. Working towards this, the Council installed LED lighting in public toilets in Wallingford and Dorchester, ordered a new pool cover for Riverside, and ensured the water temperature at that location has been reduced to 25°C. The Council also reviewed a draft report from the Energy Savings Trust which examines options for the decarbonisation of staff mileage and the Council's vehicle fleet.

In Q4, the Council was informed of its successful bid for funding from the Public Sector Decarbonisation Scheme for work at Cornerstone. The Council also commissioned decarbonisation surveys for its leisure centres which will allow officers to prepare proposals for any potential future funding opportunities.

The role of the Council as a planning authority is vital in tackling the climate emergency and achieving our target to be a carbon neutral district by 2030. The first public consultation on the Joint Local Plan (JLP) took place in May and June. Topics raised included how the Plan might offer opportunities to cut carbon emissions. Planning Policy Officers, working internally with Climate and Biodiversity Officers, researched policy approaches for greener construction and appointed consultants to prepare a Net Zero Carbon Evidence Base for the JLP. This will provide recommendations on the best policy approach to take to secure zero carbon development and good growth. Alongside studies underway on Habitats, Species Decline, and Landscape, this will inform new policies within the JLP, designed to protect South Oxfordshire's environment.

Work on the strategic level plan for Oxfordshire, the Oxfordshire Plan 2050, ceased in August after the participating councils were unable to reach an agreement on the approach for future housing needs. Work on climate change, biodiversity and environmental standards continues through the JLP.

The Economic Development team contributed to the development of a route map and action plan for the Pathways to Zero Carbon Oxfordshire project. The Net Zero Route Map and Action Plan was endorsed by the Future Oxfordshire Partnership in March. Officers also reviewed potential ways District Councils can best help to accelerate the uptake of retrofit within their areas.

Supporting businesses in our district to respond effectively to the challenges of climate change and natural recovery remained an important priority. Throughout the year, the Economic Development team worked with partners to deliver training, workshops and business-networking events which have been well attended and well received.

Following a successful bid, the Economic Development team began work in Q4 to determine how the Council's UK Shared Prosperity Fund allocation could be used. £150,000 has been secured to support business decarbonisation in 2023/24 and 2024/25 and £100,000 to help build capacity to develop 'green skills' in 2024/25. Detailed proposals will be taken through the governance process during 2023/24.

The Council continue to act on its commitment to active travel including public transport. Officers from the Council worked on a steering group for the Oxfordshire Strategic Active Travel Network

(SATN) project which considered a longlist of strategic routes across Oxfordshire for walking and cycling. Officers also reviewed the safeguarded transport schemes alongside the County Council.

In addition, the Council worked with Oxfordshire County Council on the review of the Local Transport and Connectivity Plan. The Council are now participating in the new Enhancement Partnership Board which manages the additional £12.7 million in HM Government funding for the Bus Service Improvement Plan. This work is crucial in helping communities and businesses to reduce carbon emissions associated with travel.

It is a priority for the Council to maintain good air quality in the district, for the health of all residents. In conjunction with a county-wide plan to place air quality monitors at primary schools, an air quality sensor was placed at Cholsey Primary School during Q1. Monitoring will provide baseline data and will highlight any changes as a result of planned interventions, this work is ongoing.

The Council developed new Air Quality Action Plans and in Q4 a longlist of potential actions to improve air quality was discussed with the Leader of the Council, the relevant Portfolio Holder, and Members representing wards in which there is an Air Quality Management Area. Draft plans were reviewed by officers ahead of formal consultation beginning in Q1 2023/24.

To meet its commitment to increase biodiversity in the district, the Council launched a nature recovery project called ‘Let It Bee’. This aims to increase biodiversity on Council land by allowing wildflowers and plants to grow on specific sites. To help achieve this, the cutting regimes in these areas have been modified.

At a meeting of Full Council on 14 July ‘23, Members passed a motion to support farming and the food system in our district which included commitments to support sustainable food production and to reduce food waste. Work on implementation is ongoing through the Oxfordshire Food Strategy.

The Council continues to work to improve waste and recycling services in relation to the environment and to reduce recycling contamination. All homes within the district received the Council’s waste and recycling leaflet as an insert with this year’s Council Tax bill and a new waste calendar was also promoted on social media.

OPENNESS AND ACCOUNTABILITY

During 2022/23, South Oxfordshire approved a Diversity and Inclusion Strategy. This sets out the Council’s approach and vision to creating an environment which promotes respect for and understanding of everyone. The accompanying action plan sets out how South will achieve this goal.

South Oxfordshire completed the procurement of a new Customer Relationship Management (CRM) system in Q2 2022/23. The CRM will help to improve the customer experience, streamline processes and improve services. Progress is currently being made on transitioning services to the new system.

With the aim of increasing meaningful engagement with everyone, South Oxfordshire has built a database to analyse the equalities data collected from its surveys. The equalities data of participants (gender, age, ethnicity and disability) is then compared with the district’s population data to assess whether the respondents represent the characteristics of the general population. This information will then be used to develop strategies to reach demographic groups that are underrepresented in the Council’s consultations. As part of this work, South has launched the 'Help us Keep Your Community Connected’ questionnaire. This aims to collect the contact details of local organisations and community groups (especially those that represent / relate to certain protected characteristics).

Throughout 2022/23, officers have been progressing a project to replace the Council's consultation and engagement platform. The Council is currently finalising a decision on the provider, with the aim of implementing in Q1 2023/24.

Officers produced an innovative, interactive website for the first Joint Local Plan (JLP) consultation. This allowed users to explore the details of the Plan across infographics, images and maps that could be moved and manipulated. In addition, Smart Survey was also embedded within the website to allow people to respond as they explored the themes of the JLP. This novel approach received widespread praise.

South Oxfordshire has increased the amount of information that it provides through the creation of a data hub section on its website. Reports and information are published/updated on a regular basis with the aim of increasing the public's understanding of what it does, how it works and how decisions are made.

South Oxfordshire has made improvements to the Code of Corporate Governance and the Annual Governance Statements, and the Council have added both a governance map and a Managers Assurance Statement to its governance framework. The Council has also enhanced its procurement process with the aim of ensuring that a more strategic approach is taken to commissioning.

IMPROVED ECONOMIC AND COMMUNITY WELLBEING

South Oxfordshire secured £1 million of funding through HM Government's UK Shared Prosperity Fund (UKSPF). This money will be used to enable a three-year pipeline of projects designed to support local businesses and the district's economy. After accepting the award, work began immediately on implementing the planned programme of activity – proposed projects include the development of a strategy on the local visitor economy and a scheme to support businesses to decarbonise. Officers have also created an expression of interest process to allow organisations to pitch ideas that align with South Oxfordshire's UK Shared Prosperity Funding plans.

Work has begun to re-embed the South and Vale Business Support website into the main Council website. Not only will this deliver cost savings, but also better reflect Economic Development's role (through both the UK Shared Prosperity and the Rural England Prosperity Funds) in achieving our corporate objectives.

In Q1, South Oxfordshire officially launched its Digital District Programme (Virtual High Street Initiative). By the end of 2022/23, 197 businesses were registered on the Council's e-commerce platform. Due to its continued success, South renewed its contract with Shopappy (the website hosting the platform) for another year.

South Oxfordshire has become a member of OxLEP's steering group for development of the Oxfordshire Destination Management Plan with the intention of ensuring that the steering group's work complements the Council's own visitor economy strategy. It also has a connection to the working group overseeing the development of the emerging Strategic Economic Plan for Oxfordshire, with officers attending meetings and workshops with the purpose of ensuring that the Plan continues to align with the South's objectives.

Throughout the year, South Oxfordshire has continued to work with communities across the district to support them through the cost-of-living crisis (particularly in relation to food initiatives and the provision of support for those in most need). They have also maintained the support provided for the Vale's Ukrainian guests and their hosts. The budget, approved by Full Council in February, provides support for the Community Enablement and Community Hub teams for the next financial year. The Cabinet approved an Active Communities Strategy. By the end of the year, a draft delivery plan for the Strategy had been completed.

South has continued to encourage involvement in physical activities, The Active Communities team secured an additional year's funding for the 'Move Together' programme (designed to help people with long-term health conditions become more active). In addition, the Council received funding for a second year of the 'You Move' project (aimed at families with children and in receipt of benefits).

South Oxfordshire continued to work with the Oxfordshire Digital Infrastructure Partnership (DIP) Board regarding the rollout of broadband infrastructure. In Q3 2022/23, the Council attended the Digital Infrastructure Partnership (DIP) board meeting where officers received an update on the GigaHub and Broadband in Rural Oxfordshire projects.

HOMES AND INFRASTRUCTURE THAT MEET LOCAL NEEDS

During 2022/23, work progressed on the development of the Joint Local Plan (JLP).

Between 12 May and 23 June, a public consultation, known formally as a 'Regulation 18 Part 1 Issues Consultation' was held. This asked for views on a draft vision for the JLP and included matters relating to the environment, healthy lifestyles, infrastructure and sustainable growth. The results of this engagement exercise were published during Q4 and has allowed the Council to get a better understanding of the public's views on these issues.

The Planning Policy team have continued to work on the creation of a spatial strategy and the drafting of policy options for the JLP. They have also further developed the evidence base for the Plan through the commissioning / advancement of studies by outside consultants on a diverse range of topics related to the Plan.

Work on the strategic level plan for Oxfordshire (the Oxfordshire Plan 2050) ceased in August after the participating councils were unable to reach an agreement on the approach for future housing needs.

The new Joint Design Guide (JDG) was agreed by Cabinet during Q1 2022/23. The JDG incorporates new guidance on zero and low carbon construction.

As part of South Oxfordshire's efforts to explore and consider opportunities to bring forward the delivery of homes that people can afford, the Council agreed a Housing Delivery Strategy and associated action plan in November '22. This outlines South's aspirations for achieving an increase in low carbon, affordable housing. It also sets out several short-term actions aimed at improving housing availability and quality.

Also, in Q3, an Affordable Housing Guidance Note was presented to the Joint Scrutiny Committee. The document aims to assist planning applicants and others with the identification of relevant published policy and guidance, where it relates to the provision of affordable housing. Updates have been made to the Council's website to reflect this information.

Following the earlier approval of the revised Didcot Garden Town Delivery Plan, scoping work on the priority projects was completed during Q4, activity on delivering them has now been initiated. In addition, the Didcot Placemaking Strategy was also published.

Officers developed – in consultation with the Berinsfield Steering Group – a Draft Berinsfield Community Delivery Plan. This outlines 27 projects which will support the transformation of the village and improve the health / wellbeing of its residents. Support was also secured through the

UK Shared Prosperity Fund for decarbonisation audits of the village's community buildings. Concept Energy are advancing this work and will, in due course, bring forward recommendations. Officers from the Community Wellbeing team have contributed to the consultation on the development of the Buckinghamshire, Oxfordshire and Berkshire West Integrated Care Strategy. This document will set the direction for the health and care system in the local area. As part of this work, the council highlighted the need to include infrastructure provision within the Strategy.

In January '23, a paper was presented to CEEAC looking at the ways that South Oxfordshire could accelerate its work on retrofit. This document summarised the activities already taking place within the county and the potential options / opportunities for upscaling domestic retrofit within the district. Following input from members, possible actions have been prioritised for further work.

INVESTMENT THAT REBUILDS OUR FINANCIAL VIABILITY

South Oxfordshire is a lean and efficient Council which uses its resources to provide value for money to all its residents. Through sound financial management it has consistently kept costs low, while continuing to provide high quality services. Nevertheless, years of austerity followed by the significant, and sustained economic costs of the pandemic, high levels of inflation and the ongoing cost-of-living crisis have continued to place substantial additional pressures on the Council's budgets.

However, despite these challenges, Council Tax levels in South Oxfordshire have remained consistently below those in many other comparable local authorities (for 2023/24 Band D council tax will be £141.24). Furthermore, South has been able, through its careful and considered financial management, been able to prudently invest / spend on the issues that matter most to our residents.

South Oxfordshire's Asset Management Group (established during Q3 2021/22) has continued to meet on a quarterly basis to progress implementation of the Strategic Property Review. The aim of the Group is to assess the Council's land ownerships in a holistic manner and consider opportunities for their development, usage or disposal.

The Strategic Property Team continued to lease vacant properties, progress lease renewals and review rents throughout 2022/23. Progress has also been made on work regarding potential housing development sites in liaison with Housing colleagues. This has resulted in one site being identified as a realistic opportunity (further work is ongoing in relation to smaller sites).

After the decision was taken to reduce the size of South Oxfordshire's new building to four storeys, officers have been working on revising the business case and detailed financial implications for the project.

South Oxfordshire was successfully awarded £376,071 funding from the Public Sector Decarbonisation Scheme Phase 3b during Q4 2022/23. This money will be used to deliver improvements at Cornerstone. South Oxfordshire has also commissioned decarbonisation surveys for several other council-owned buildings. This will allow officers to prepare proposals for any potential future funding opportunities.

A team is now in place to deliver South Oxfordshire's ambitious transformation programme. This work will help to ensure that the Council is delivering as efficiently and effectively as possible, and, thereby, provide opportunities to save money.

Financial Performance 2022/23

The paragraphs below show the Council's financial performance for 2022/23 in the following areas:

- Revenue Expenditure.
- Capital Expenditure; and
- Treasury Management Activities.

It also discusses the Comprehensive Income and Expenditure Statement (CIES) for the year and its Balance Sheet at the end of the year.

Revenue outturn 2022/23

The Council's funding requirement for 2022/23, including parish precepts, was £19.8 million, after accounting for the use of reserves and investment income. Direct Service Expenditure for the year was £3.4 million below budget as shown in the table below, analysed across the Council's service areas.

Direct Service expenditure excludes the Year End items, Asset Depreciation and Pension Fund movements. Consequently, the figures reported below differ to those in the Consolidated Income and Expenditure Account on page 21.

Service Expenditure	Budget £000	Actual £000	Variance £000
Strategic Management Board	852	839	(12)
Corporate Services	2,702	2,446	(255)
Development & Corporate Landlord	896	1,022	126
Finance	462	324	(138)
Housing & Environment	5,855	6,159	304
Legal Services	1,313	1,307	(6)
Partnership & Insight	2,609	2,298	(311)
Planning	230	732	502
Policy & Programmes	6,806	2,629	(4,178)
Contingency	(526)	0	526
Direct Service Expenditure	**21,200**	**17,756**	**(3,444)**
Interest	(1,675)	(3,790)	(2,115)
Government Grant Income		(2,003)	(2,003)
Transfer to / from Reserves	(3,875)	2,339	6,214
Net Revenue Spend	**15,649**	**14,301**	**(1,348)**
Transfer of Surplus to Reserves	(2,108)	(753)	1,356
Net Revenue Spend		1,348	1,348
Government Funding	0	321	321
Budget Requirement set by Council	**13,541**	**15,217**	**1,677**
Parish Precepts	6,279	6,279	0
Total Funding Requirement	**19,820**	**21,496**	**1,677**
Rural Service Delivery Grant (RSDG)	44	44	0
Council Tax Income	14,776	15,285	509
Retained Business Rates	5,000	6,167	1,167
Total Funding	**19,820**	**21,496**	**1,677**

Of the £1.3 million net revenue underspend above, £4.1 million represents slippage in one-off budgets that have been carried forward to 2023/24. The largest carry forwards are in Policy & Programmes and include £0.8 million for the Berinsfield Regeneration project and £1.6 million for projects in Didcot

Capital Outturn 2022/23

Capital expenditure totalled £9.5 million in 2022/23 and was £4.1 million below the working budget. Material capital expenditure projects include over £1.0 million in disabled facilities grants.

The main source of funding for the programme was the Council’s own reserves with the balance made up by government grants and other contributions.

Further details on both revenue and capital expenditure for 2022/23 will be considered in an outturn report to Scrutiny Committee in November 2023.

Treasury Management 2022/23

In accordance with the Treasury Management Strategy, by actively managing its investments, the Council earned interest and investment income of £3.8 million against a budget of £1.8 million. Of this income, £0.7 million represents dividends accumulated on the Council's unit trust holdings, which are distributed as additional units. The remaining income will fund revenue expenditure during 2023/24.

Further details on treasury management for 2022/23 were provided in an outturn report for consideration in December 2023 by the Joint Audit and Governance Committee and Cabinet, and by Council in January 2024.

Comprehensive Income and Expenditure Statement (CIES) 2022/23

The CIES presents the Council's income and expenditure for the year based on accounting standards, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations, but this is different to the accounting cost. These adjustments are detailed in notes 2 to 5. After the total financing from government grants and local taxpayers of £28.4 million, the Council had a deficit on provision of services of £8.6 million.

This deficit is then adjusted for items, that are not expected to materialise for many years due to their nature, to produce the total comprehensive income and expenditure figure for the year which is a surplus of £32 million. This figure corresponds to the total movement on the balance sheet for the year.

Balance Sheet

The reported net worth of the Council increased from £173.4 million to £205.0 million at 31 March 2023, an increase of £32 million due mainly to the reduction in the pension deficit of £37.1 million

Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from local taxpayers of Council tax and Non-Domestic Rates (NDR) and its distribution to precepting bodies. For the Council, the major Council tax precepting bodies are Oxfordshire County Council (OCC) and the Police and Crime Commissioner for Thames Valley.

On Council tax, income of £133 million was received and £130.9 million was paid out in precepts and demands. After taking the provision for bad debts and balance brought forward into account, the surplus on the Council tax collection fund balance at the end of the year was £7.1 million. This will be re-distributed to all major precepting authorities.

On Non-Domestic Rates (NDR), £44.7 million was received and £36.4 million was paid out to the Council, central government and Oxfordshire County Council (OCC). After taking the balance brought forward, provision for bad debts and the provision for appeals into account, the deficit on the NDR collection fund balance at the end of the year was £6.5 million. This will be shared between the Council, central government and OCC, the SODC share being £2.6 million.

Future prospects

As part of the annual budget setting process for 2023/24, Council agreed both its Medium-Term Financial Plan (MTFP) for 2023/24 to 2027/28. The MTFP provides a forward budget model for the next five years, highlighting known estimated budget pressures for new responsibilities and changes in legislation, predicted investment and capital receipts.

The MTFP highlights significant challenges ahead for the Council. This reflects the fact that revenue expenditure is expected to exceed revenue income each year. In light of the reserves and balances available to the Council, it can set a balanced revenue budget during the MTFP period by drawing heavily on reserves.

Although the budget is sustainable across the MTFP period, the forecast shows a continuing reduction in revenue reserves which cannot continue far beyond the medium term based on current projections of government funding. These projections are themselves subject to uncertainty pending further information on the outcome of the fair funding review, the review of New Homes Bonus, and the spending review. To identify ways to address the projected funding shortfall the Council is carrying out a thorough review of its Medium-Term Financial Strategy (MTFS) when there is greater certainty around future government funding, and in the next few years will take steps to reduce the gap between its income and its expenditure to ensure its longer term financial viability.

As part of budget setting for 2023/24, Council also agreed a capital programme to 2027/28 costing £50.1 million. This will be funded from a combination of the Council’s usable capital receipts and other contributions.

Simon Hewings
Head Of Finance S151 officer
5 December 2024

Statement of Responsibilities for the Statement of Accounts

1. 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 arrangements. In this Council, that officer is the Head of Finance and Chief Finance Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

2. Responsibilities of the Chief Finance Officer

The Chief Finance officer’s responsibilities include the preparation of the Council's Statement of Accounts, which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code) is required to present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2023.

In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and 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.

I certify that this Statement of Accounts presents a true and fair view of the financial position of the authority at 31 March 2023 and its income and expenditure for the year ended 31 March 2023.

Simon Hewings
Head of Finance and S151 officer
5 December 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH OXFORDSHIRE DISTRICT COUNCIL

Disclaimer of opinion

We were engaged to audit the financial statements of South Oxfordshire District Council ('the Council') for the year ended 31 March 2023. The financial statements comprise the:

- Comprehensive Income and Expenditure Statement,
- Movement in Reserves Statement,
- Balance Sheet,
- Cash Flow Statement
- the related notes 1 to 30 to the financial statements and the Statement of Accounting Policies
- Collection Fund Account and the related notes 1 to 3.

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 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Council. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13 December 2024.

We completed the audit of the 2021/22 financial statements in December 2023 and issued our audit opinion on 15 December 2023.

The backstop date and the wider requirements of the local audit system reset, meant we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements. Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)

- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- 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 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in these respects.

Responsibility of the Chief Finance Officer

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities set out on page 17, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the Council, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Chief Finance Officer 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 Council'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 the Council either intends to cease operations, or has no realistic alternative but to do so.

The Council is responsible for putting in place proper arrangements to secure 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 audit of the financial statements

Our responsibility is to conduct an audit of the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Council 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 the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether South Oxfordshire District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether South Oxfordshire District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, South Oxfordshire District Council had put in place proper arrangements to secure 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 (as amended) to satisfy ourselves that the Council 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 Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of South Oxfordshire District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of South Oxfordshire District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Caroline Mulley
Ernst + Young LLP

Caroline Mulley (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Newcastle upon Tyne
9 December 2024

The following footnote does not form part of our Auditor's Report.

Additional information related to the disclaimer of opinion is set out in our Completion Report for Those Charged with Governance dated 20 November 2024, available on the Council's website, which includes further explanations about the implementation of the statutory instrument which led to the disclaimer of our opinion on the financial statements.

Core Financial Statements

The following pages show the Council's Core Financial Statements, and the notes to the accounts. The Core Statements are as follows:

Comprehensive Income and Expenditure Statement (CIES) (page 21-22). This shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation (Council Tax) to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Movement in Reserves Statement (MiRS) (page 23). The MiRS shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e., expenditure or reduce local taxation) and other 'unusable reserves. It shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax for the year. The net increase / decrease line shows the statutory general fund balance in the year following those adjustments.

Balance Sheet (BS) (page 24). This shows the value (as at the balance sheet date) of the assets and liabilities recognised by the Council. The net assets of the Council (being assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e., those that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g., the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves includes reserves that hold unrealised gains and losses (e.g., the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the MiRS line 'adjustments between accounting basis and funding basis under regulations.

Cash Flow Statement (CFS) (page 25). This shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (e.g., borrowing) to the Council.

Notes to the Core Financial Statements (pages 26-62). The core statements are supported by comprehensive notes to the accounts.

Accounting Policies (pages 69-84). These are the accounting policies adopted in compiling the Council's accounting statements which explain the basis on which the figures in the accounts have been prepared.

Supplementary Financial Statements

In addition to core financial statements and notes the Council, as an authority that issues Council Tax and business rates bills, maintains a separate income and expenditure account, the Collection Fund, showing transactions in relation to this income and how the demands on the fund from Central Government, Oxfordshire County Council, The Police and Crime Commissioner for Thames Valley and Town and Parish Councils have been satisfied. This is shown on pages 64 to 67.

Comprehensive Income and Expenditure Statement

2021/22				2022/23		
Exp £'000	**Inc £'000**	**Net £'000**		**Exp £'000**	**Inc £'000**	**Net £'000**
1,710	(575)	1,135	Strategic Management Board	1,520	(478)	1,041
3,698	(1,185)	2,513	Corporate Services	3,763	(1,419)	2,344
10,402	(4,176)	6,226	Development & Corporate Landlord	9,467	(4,712)	4,754
22,011	(21,300)	710	Finance	21,403	(20,885)	519
12,731	(5,009)	7,722	Housing and Environment	13,376	(5,286)	8,090
4,028	(2,303)	1,725	Legal and Democratic	4,199	(2,462)	1,737
2,769	(273)	2,496	Partnership and Insight	2,890	(503)	2,387
6,506	(3,504)	3,002	Planning	12,844	(3,804)	9,040
5,831	(2,309)	3,523	Policy & Programme	6,097	(2,582)	3,515
69,686	**(40,634)**	**29,052**	**Cost of Services**	**75,559**	**(42,131)**	**33,428**
5,879	0	5,879	Parish Council Precepts and Other Grants	6,279	0	6,279
5,879	**0**	**5,879**	**Other Operating Expenditure**			
0	(1,266)	(1,266)	Interest Receivable and Similar Income	0	(3,098)	(3,098)
0	(733)	(733)	Other Investment Income (Dividends)	0	(692)	(692)
0	(676)	(676)	Other Investment Income (Long Leases)		(642)	(642)
0	(2,733)	(2,733)	(Surplus) / Deficit on Financial Instruments valued through P&L	1,378		1,378
0	419	419	Gains / Loss on Disposal of Investments			0
230	(608)	(378)	Income & Expenditure in Relation to Investment Properties		(855)	(855)
1,284	0	1,284	Net Interest on Defined Benefit Liability	1,168	0	1,168
1,514	**(5,597)**	**(4,083)**	**Financing and Investment Income & Expenditure**	**2,546**	**(5,287)**	**(2,741)**
0	(3,194)	(3,194)	Recognised Capital Grants and Contributions	0	(4,993)	(4,993)
0	(1,236)	(1,236)	Covid Grant		0	0
0	(130)	(130)	Lower Tier Services Grant	0	(321)	(321)
0	(14,255)	(14,255)	Council Tax	0	(15,311)	(15,311)
0	(21,374)	(21,374)	Retained Business Rates	0	(22,100)	(22,100)
16,390	0	16,390	Business Rates Tariff	16,390		16,390
0	(44)	(44)	Rural Services Delivery Grant	0	(44)	(44)
0	(2,549)	(2,549)	Non-ringfenced Government Grants	0	(2,003)	(2,003)
16,390	**(42,782)**	**(26,392)**	**Taxation and Non-specific Grant Income**	**16,390**	**(44,772)**	**(28,382)**

Continued…

93,469	**(89,013)**	**4,456**	**(Surplus) / Deficit on Provision of Services**	**100,775**	**(92,190)**	**8,585**
0	989	989	Total (Gain)/ Loss on Revaluation of Non-current Assets		(2,979)	(2,979)
0	(26,295)	(26,295)	Remeasurement of Net Defined Benefit Liability		(37,166)	(37,166)
0	**(25,306)**	**(25,306)**	**Total Other Comprehensive Income & Expenditure**	**0**	**(40,145)**	**(40,145)**
93,469	**(114,319)**	**(20,850)**	**Total Comprehensive Income & Expenditure**	**100,775**	**(132,335)**	**(31,560)**

Movement in Reserves Statement

For the year ended 31 March 2023

	General fund Balance Restated	Capital receipts reserve	Capital grants unapplied	Total usable Reserves	Unusable reserves	Total authority reserves
	£000	£000	£000	£000	£000	£000
Balance - 31 Mar 2022	**(57,882)**	**(28,549)**	**(48,395)**	**(134,826)**	**(38,607)**	**(173,432)**
Total comprehensive income and expenditure	8,585			8,585	(40,145)	(31,560)
Adjustments between accounting basis and funding basis under regulations (note 5)	(7,677)	1,234	3,809	(2,634)	2,634	0
Net increase/decrease before transfers to other reserves	909	1,234	3,809	5,951	(37,511)	(31,560)
Transfers to/from other reserves	0					
Increase/decrease (movement) in year	909	1,234	3,809	5,951	(37,511)	(31,560)
Balance - 31 Mar 2023	**(56,973)**	**(27,315)**	**(44,586)**	**(128,875)**	**(76,118)**	**(204,993)**

For the year ended 31 March 2022

	General fund balance Restated	Capital receipts reserve	Capital grants unapplied	Total usable reserves	Unusable reserves	Total authority reserves
	£000	£000	£000	£000	£000	£000
Balance - 31 Mar 2021	**(63,550)**	**(30,770)**	**(47,371)**	**(141,691)**	**(9,633)**	**(151,324)**
Total comprehensive income and expenditure	4,456			4,456	(26,566)	(22,110)
Adjustments between accounting basis and funding basis under regulations (note 5)	1,213	2,221	(1,024)	2,409	(2,409)	0
Net increase/decrease before transfers to other reserves	5,668	2,221	(1,024)	6,865	(28,973)	(22,110)
Transfers to/from other reserves	0					
Increase/decrease (movement) in year	5,668	2,221	(1,024)	6,865	(28,973)	(22,110)
Balance - 31 Mar 2022	**(57,882)**	**(28,549)**	**(48,395)**	**(134,826)**	**(38,607)**	**(173,432)**

The general fund balance includes earmarked revenue reserves which have been disclosed separately in prior years. Transfers between these two funds are detailed in note 5.

Balance Sheet

31 March 2022		31 March 2023		
£000		£000	£000	*Notes*
32,311	Property, plant & equipment		35,077	*6*
8,008	Investment Property		8,557	*7*
106	Intangible assets		104	
36,180	Long term investments		30,149	*8*
26,002	Long term debtors		25,494	*9*
102,607	**Long term assets**		**99,381**	
133,692	Short term investments	123,755		
0	Inventories	27		
21,467	Short term debtors	18,288		*9*
25,634	Cash and cash equivalents	18,863		*10*
180,793	**Current assets**		**160,933**	
(56,386)	Short term creditors	(31,084)		*11*
(1,834)	Provisions	(1,591)		*12*
0	Accumulated absence provision	(16)		
0	Capital grants - receipts in advance	(332)		
(10,280)	Capital grants receipts in advance	(13,145)		
(68,500)	**Current liabilities**		**(46,168)**	
(41,469)	**Long term Liabilities**		**(9,153)**	*17f*
173,431	**Net assets**		**204,993**	
(49,290)	Non-earmarked revenue reserves	(45,675)		
(8,591)	Earmarked revenue reserves	(11,298)		
(28,549)	Usable capital receipts reserve	(27,315)		
(48,396)	Capital grants unapplied	(44,587)		
(134,826)	**Usable reserves**		**(128,875)**	*See MIRS*
(11,287)	Revaluation reserve	(14,164)		*13a*
(4,225)	Financial instrument revaluation reserve	(2,846)		*13b*
(39,188)	Capital adjustment account	(39,574)		*13c*
41,469	Pensions reserve	9,153		*13d*
(26,094)	Deferred capital receipts reserve	(25,586)		*13e*
426	Collection Fund Adjustment Account	(3,409)		13f
292	Short-term accumulating compensated absences	308		13g
(38,607)	**Unusable reserves**		**(76,118)**	
(173,433)	**Total reserves**		**(205,450)**	

Cash Flow Statement

2021/22 £'000		2021/23 £'000	Notes
(4,456)	**Net Surplus / (Deficit) on the Provision of Services**	**(8,584)**	
24,547	Adjust net surplus or (deficit) on the provision of services for non-cash movements	(13,057)	
(3,194)	Adjust for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	(4,993)	
16,897	**Net Cash Flows from Operating Activities**	**(26,177)**	
	Investing Activities		
(626)	Purchase of property, plant and equipment, investment property and intangible assets	(983)	
(91,450)	Purchase of short-term and long-term investments	(131,051)	
(74)	Other payments for investing activities	36	
78,020	Proceeds from short-term and long-term investments	146,620	
4,359	Other receipts from investing activities	8,660	
(9,771)	**Total Investing Activities**	**23,282**	
	Financing Activities		
7,320	Billing authorities - council tax and NDR adjustments	(3,419)	
	Total Financing Activities		
14,446	**Net Increase / (Decrease) in Cash and Cash Equivalents**	**(6,771)**	
11,188	Cash and cash equivalents at the beginning of the reporting period	25,634	
25,634	**Cash and Cash Equivalents at the End of the Reporting Period**	**18,863**	*10*

Notes to the Accounts 2022/23

1. Statement of Accounting Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting these financial statements. These can be reviewed in detail on pages 69-84.

2. Expenditure and Funding Analysis

The expenditure and funding analysis shows how annual expenditure is used and funded from resources (Government Grants, Rents, Council Tax and Business Rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates / services/ departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2021/22				2022/23		
Net Expenditure Chargeable to the General Fund Balance £'000	**Adjustments between the funding and Accounting Basis £'000**	**Net Expenditure in the Comprehensive Income and Expenditure Statement £'000**		**Net Expenditure Chargeable to the General Fund Balance £'000**	**Adjustments between the funding and Accounting Basis £'000**	**Net Expenditure in the Comprehensive Income and Expenditure Statement £'000**
879	256	1,135	Strategic Management Board	839	202	1,041
2,523	(10)	2,513	Corporate Services	2,424	(80)	2,344
2,360	3,867	6,227	Development & Corporate Landlord	3,140	1,614	4,754
402	309	709	Finance	205	315	519
5,650	2,072	7,722	Housing and Environment	6,163	1,927	8,090
1,244	480	1,724	Legal and Democratic	1,308	430	1,737
2,398	98	2,496	Partnership and insight	2,298	89	2,387
1,915	1,087	3,002	Planning	1,662	7,378	9,040
2,602	921	3,523	Policy & Programmes	2,523	992	3,515
19,972	**9,080**	**29,051**	**Net Cost of Services**	**20,562**	**12,867**	**33,428**
(14,302)	**(10,293)**	**(24,595)**	**Other Income and Expenditure**	**(19,654)**	**(5,190)**	**(24,844)**
5,670	**(1,213)**	**4,456**	**(Surplus) or Deficit on Provision of Services**	**908**	**7,677**	**8,584**
(63,551)			Opening General Fund Balance	(57,881)		
5,670			Surplus or (Deficit) on General Fund Balance in Year	908		
			Transfers to / from Non-general Fund Balance Reserves			
(57,881)			**Closing General Fund Balance at 31 March**	**(56,973)**		

3. Note to the Expenditure and Funding Analysis

2021/22					2022/23			
Adjustments for Capital Purposes (note 1) £'000	Net change for the Pensions Adjustments (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £'000		Adjustments for Capital Purposes (note 1) £'000	Net change for the Pensions Adjustments (Note 2) £'000	Other Differences (Note 3) £'000	Total Adjustments £000
5	251	0	256	Strategic Management Board	1	201	0	202
34	(44)	0	(10)	Corporate Services	27	(107)	0	(80)
3,068	799	0	3,867	Development & Corporate Landlord	959	655	0	1,614
44	265	0	309	Finance	49	266	0	315
1,208	864	0	2,072	Housing and Environment	1,267	660	0	1,927
25	455	0	480	Legal and Democratic	19	411	0	430
1	97	0	98	Partnership and insight	0	88	0	89
21	1,066	0	1,087	Planning	6,528	850	0	7,378
149	772	0	921	Policy & Programmes	336	656		992
4,556	4,524	0	9,080	**Net Cost of Services**	**9,186**	**3,681**	**0**	**12,867**
(4,240)	1,284	**(7,337)**	(10,293)	**Other Income and Expenditure from the Expenditure and Funding Analysis**	**(2,524)**	**1,168**	**(3,834)**	**(5,190)**
316	**5,808**	**(7,337)**	**(1,213)**	**Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services**	**6,662**	**4,849**	**(3,834)**	**7,677**

The adjustments above are for transactions included in the CIES which cannot be charged to the general fund under statute. They include:

1) Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for other operating expenditure, capital grants received in year where there is no repayment condition.

2) Net change for the pension adjustment relates to the removal of pension contributions and the addition of IAS 19 *Employee Benefits pension related expenditure and income*

3) Other differences are for reanalysis of items between services and in other income and expenditure, the difference between what is chargeable under statutory regulations for Council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code.

4. Adjustments between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total CIES recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

31 March 2022					31 March 2023			
Usable Reserves			Movement in Unusable Reserves		Usable Reserves			Movement in unusable reserves
Gen Fund Bal & Earmarked £'000	Capital receipts Reserve £'000	Capital Grants Unapplied £'000	£'000		Gen fund bal & earmarked £'000	Capital receipts reserve £'000	Capital grants unapplied £'000	£'000
				Adjustments primarily involving the capital adjustment account:				
(844)			844	Charges for depreciation and impairment of non-current assets	(452)			452
(1,523)			1,523	Revaluation gains on property, plant and equipment	(614)			614
168			(168)	Movements in fair value of long-term leases	(489)			489
(60)			60	Movement of Fair Value or Investment Properties	470			(470)
(45)			45	Amortisation of intangible assets	(52)			52
(1,981)			1,981	Revenue expenditure funded from capital under statute	(8,521)			8,521
				Adjustments primarily involving the capital grants unapplied account:				
3,032		(3,032)	(0)	Capital grants and contributions unapplied credited to the CIES	4,701		(4,701)	0
(936)		936	0	Expenditure funded by developers contributions	(930)		930	0
				Adjustments primarily involving the capital receipts reserve:				
(831)	2,366	1,072	(2,607)	Use of the capital receipts reserve to finance new capital expenditure	624	1,249	7,580	(9,453)
				Adjustments primarily involving the deferred capital receipts reserve:				
74	(146)		72	Repayment of loans	(4)	(15)		19
2,733			(2,733)	Reversal of Surplus on Financial Instruments valued through the profit and loss	(1,378)			1,378
(5,808)			5,808	**Adjustments primarily involving the pensions reserve:**	(4,850)			4,850
				Adjustments primarily involving the Collection fund adjustment account:				
7,337			(7,337)	Amount by which council tax and NDR income credited to the CIES is different from income calculated for the year in accordance with statutory requirements	3,834			(3,834)
				Adjustment primarily involving the Accumulated Absences Account:				
(104)			104	Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	(16)			16
1,212	**2,221**	**(1,024)**	**(2,409)**	**Total Adjustments**	**(7,677)**	**1,234**	**3,809**	**2,634**

5. Transfers to / from General Fund Balance and Earmarked Reserves

This note details all movements in the reserves that comprise the general fund balance and earmarked reserves.

1 April 21 to 31 March 22					1 April 22 to 31 March 2023			
Balance brought forward	**Transfers in**	**Transfers out**	**Balance carried forward**		**Balance brought forward**	**Transfers in**	**Transfers out**	**Balance carried forward**
£000	**£000**	**£000**	**£000**		**£000**	**£000**	**£000**	**£000**
				General Fund Balances				
(731)	(19)	0	(750)	General Fund (a)	(750)	0	0	(750)
(38,921)	(9,338)	10,328	(37,931)	Enabling Fund (b)	(37,931)	(4,038)	7,652	(34,316)
(10,609)	0	0	(10,609)	Interest Allocated as Principal (c)	(10,609)	0	0	(10,609)
(52,261)	**(9,357)**	**10,328**	**(48,290)**	**Total General Fund Balance**	**(49,290)**	**(4,038)**	**7,652**	**(45,676)**
				Earmarked Reserves				
(1,886)	(1,266)	1,886	(1,266)	Revenue Funding (d)	(1,266)	(3,376)	1,266	(3,376)
(536)	0	0	(536)	Building Control (e)	(536)	0	0	(536)
(3,912)	(223)	1,460	(2,675)	Revenue Grants Reserve (f)	(2,675)	(45)	23	(2,697)
(2,755)	(2,549)	3,573	(1,732)	New Homes Bonus (g)	(1,732)	(2,093)	2,003	(1,822)
(2,751)	(471)	2,419	(803)	Unit Trust Dividend Reinvested Reserve (h)	(803)	(414)	0	(1,217)
(1,448)	(132)	0	(1,580)	Didcot Reserve (i)	(1,580)	(70)	0	(1,650)
(13,288)	**(4,641)**	**9,338**	**(8,591)**	**Total Earmarked Reserves**	**(8,591)**	**(5,998)**	**3,292**	**(11,298)**

The purpose of each reserve is as follows:	
(a)	Accumulated surpluses in previous years, which have not yet been earmarked. Enabling fund balances and movements shown for 2022/23 include carry forwards.
(b)	To hold sums received from the sale of capital assets and which have now been recycled into the equivalent amount of interest and thus could be used to meet any future costs.
(c)	To hold interest distributed on balances for capital expenditure.
(d)	By departments from underspends to cover future specific costs.
(e)	From ring fencing the building control trading account.
(f)	To fund revenue expenditure from grants received in advance.
(g)	To hold receipts of new homes bonus funding.
(h)	To hold the dividends re-invested in the Council’s unit trust investments.
(i)	To hold rental income received from land in Didcot for future investment in Didcot.

6. Property, Plant and Equipment

Table 6a Movements in property, plant and equipment 2022/23						
	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Assets under Construction £'000	Total PP&E £'000
Cost or Valuation						
At 1 Apr 2022	**30,733**	**2,958**	**930**	**1,137**	**1,256**	**37,014**
Additions	684	95		0	153	**932**
Revaluation Increases / (Decreases) to RR	2,815	0	0	164	0	**2,979**
Revaluation Increases / (Decreases) to SDPS	(614)	0	0	0	0	**(614)**
Depreciation Written Back on Revaluation	(606)	0	0	0	0	**(606)**
Reclassification	0	0	0	0	0	**0**
Disposals	0	0	0	0	0	**0**
Other Movements	0	0	0	0	0	**0**
At 31 Mar 2023	**33,012**	**3,053**	**930**	**1,301**	**1,409**	**39,705**
At 1 Apr 2022	**(1,181)**	**(2,731)**	**(790)**	**0**	**0**	**(4,702)**
Depreciation Charge for 2022/23	(467)	(64)	0	0	0	**(531)**
Depreciation Written Back on Revaluation	606	0	0	0	0	**606**
Disposals	0	0	0	0	0	**0**
Impairment Losses / Reversals to SDPS	0	0	0	0	0	**0**
At 31 Mar 2023	**(1,042)**	**(2,795)**	**(790)**	**0**	**0**	**(4,627)**
Balance Sheet at 31 Mar 2023	**31,970**	**258**	**140**	**1,301**	**1,409**	**35,078**
Balance Sheet at 31 Mar 2022	**29,552**	**227**	**140**	**1,137**	**1,256**	**32,312**
Notes						
RR = Revaluation Reserve						
SDPS = Surplus or Deficit on Provision of Services						

Table 6b Movements in Property, Plant and Equipment 2021/22	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Total PP&E
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
At 1 Apr 2021	**32,289**	**2,913**	**930**	**1,137**	**796**	**38,065**
Additions	94	45	0	0	460	**599**
Revaluation Increases / (Decreases) to RR	271	0	0	0	0	**271**
Revaluation Increases / (Decreases) to SDPS	(1,523)	0	0	0	0	**(1,523)**
Depreciation Written Back on Revaluation	(402)	0	0	0	0	**(402)**
Reclassification	0	0	0	0	0	**0**
Disposals	0	0	0	0	0	**0**
Other Movements	3	0	0	0	0	**3**
31 Mar 2022	**30,733**	**2,958**	**930**	**1,137**	**1,256**	**37,014**
At 1 Apr 2021	**(1,116)**	**(2,671)**	**(472)**	**0**	**0**	**(3,246)**
Depreciation Charge for 2021/22	(467)	(60)	(318)	0	0	**(845)**
Depreciation Written Back on Revaluation	402	0	0	0	0	**402**
Disposals	0	0	0	0	0	**0**
Impairment Losses / Reversals to SDPS	0	0	0	0	0	**0**
At 31 Mar 2022	**(1,181)**	**(2,731)**	**(790)**	**0**	**0**	**(3,689)**
Balance sheet at 31 Mar 2022	**29,551**	**227**	**140**	**1,137**	**1,256**	**32,311**
Balance sheet at 31 Mar 2021	**31,173**	**242**	**458**	**1,137**	**796**	**33,806**
Notes						
RR = Revaluation Reserve						
SDPS = Surplus or Deficit on Provision of Services						

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Other Land & Buildings – on an individual basis as assessed by the valuer.
- Vehicles, Plant, Furniture & Equipment – 1 to 24 years
- Infrastructure –on an individual basis as assessed by the valuer.

Capital Commitments

As at the end of March 2023 the Council had capital commitments on a number of contracts in 2022/23 and future years, budgeted to cost £0.715 million. The commitments are:

- Capital grants - £0.5 million.
- Leisure contracts - £0.2 million

Revaluations

The Council has a rolling programme that ensures that all property, plant and equipment required to be measured at current value or fair value as appropriate is revalued at every five years. Any assets that may be subject to special conditions will be valued more often, as required.

The Council's operational assets have been valued as at 31 January 2022 by Lambert Smith Hampton in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS Red Book, UK Appendix 5).

The significant assumptions applied in estimating the 2022/23 values are that:

- There is no contamination problem nor deleterious/hazardous substance present.
- Good title can be shown and that the properties comply with all legal and statutory requirements regarding either the structure or its existing /past usage,

Table 6c Revaluations Property, Plant and Equipment

	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Carried at Historical Cost	0	3,053	930	1,301	1,409	**6,693**
Valued at:						
31 January 2023	6,081	0	0	0	0	**6,081**
31 January 2022	19,212	0	0	0	0	**19,212**
31 January 2021	908	0	0	0	0	**908**
31 January 2020	0	0	0	0	0	**0**
31 January 2019	6,809	0	0	0	0	**6,809**
Total value	**33,010**	**3,053**	**930**	**1,301**	**1,409**	**39,703**

- There will be an adequate level of expenditure on repairs and maintenance.

All operational PPE assets are measured at current value with surplus assets at fair value. Assets under construction are valued at cost.

The Council has no material surplus assets.

7. Investment Properties

Income and expenditure in respect of investment properties is shown on the face of the CIES.

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. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

2021/22 £000		2022/23 £000
8,067	**Balance at 1 April**	**8,007**
(60)	Changes in fair value	549
8,007	**Balance at 31 March**	**8,556**

Fair Value Hierarchy

All the Council's investment properties have been value assessed as level 2 on the fair value hierarchy for valuation purposes (see accounting policy xxii for an explanation of fair value levels).

Valuation Techniques Used to Determine Level 2 for Values for Investment Property

The fair value of investment property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's investment asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

There has been no change in the valuation techniques used during the year for investment properties.

Highest and Best Use

In estimating the fair value of the Council's investment properties, the highest and best use is their current use.

Valuation Process for Investment Properties

The Council's investment property has been valued as at 31 March 2023 by Lambert Smith Hampton in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Lambert Smith Hampton has confirmed that there has been no material change in the value of properties from 31 January 2023 to 31 March 2023.

8. Financial Instruments

The borrowings and investments disclosed in the balance sheet are made up of the following categories of financial instruments:

Table 8a Categories of Financial Instrument				
	Long Term		Current	
	2021/22 £000	2022/23 £000	2021/22 £000	2022/23 £000
Investments				
Amortised Costs	16,092	11,016	159,327	142,619
Fair Value through Profit and Loss	20,088	19,133	0	0
Total Financial Assets (Investments)	**36,180**	**30,149**	**159,327**	**142,619**
Debtors				
Financial Assets carried at Contract Amount	26,002	0	19,188	16,103
Total Financial Assets	**26,002**	**0**	**19,188**	**16,103**
Creditors				
Financial Liabilities carried at Contract Amount	0	0	44,503	13,217
Total Financial Liabilities	**0**	**0**	**44,503**	**13,217**

(1) Under accounting requirements, the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs including accrued interest. Accrued interest is shown separately in current assets / liabilities where payments / receipts are due within one year. The effective interest rate is accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

(2) Financial assets at fair value through profit and loss, the Council holds £12.7 million in unit trusts with Legal & General and £6.3 million in the CCLA Pooled Property Fund. The Council has applied a statutory override to these which results in the charge to the CIES being reversed out, via the MiRS and into the Financial Instruments Revaluation Reserve.

Financial Instrument Gains / Losses

The gains and losses recognised in the CIES in relation to financial instruments are made up as follows:

Table 8b Financial Instrument Gains and Losses 2022/23			
	Financial Assets		
	Amortised Costs £'000	Fair Value through Profit and Loss £'000	Total £'000
Interest Receivable and Similar Income	3,099	0	3,099
Other Investment Income (Dividends)	0	692	692
Total Income in Surplus or Deficit on the Provision of Services	**3,099**	**692**	**3,790**
Gain / (Loss) on Revaluation	0	(1,378)	(1,378)
Surplus Arising on Revaluation of Financial Assets	**0**	**(1,378)**	**(1,378)**
Net Gain / (Loss) for the Year	**3,083**	**(687)**	**2,413**

Table 8c Financial Instrument Gains and Losses 2021/22			
	Financial Assets		
	Amortised Costs £'000	Fair Value through Profit and Loss £'000	Total £'000
Interest Receivable and Similar Income	1,266	0	1,266
Other Investment Income (Dividends)	0	733	733
Total Income in Surplus or Deficit on the Provision of Services	**1,266**	**733**	**1,999**
Gain / (Loss) on Revaluation	0	3,664	3,664
Surplus Arising on Revaluation of Financial Assets	**0**	**3,664**	**3,664**
Net Gain / (Loss) for the Year	**1,266**	**4,397**	**5,663**

Fair Values of Assets and Liabilities

Except for financial assets carried at fair value as described in table 8d below, all other financial liabilities and assets held by the Authority are carried in the Balance Sheet at amortised cost. The fair values calculated are as follows:

Table 8d Fair Value of Assets and Liabilities carried at Amortised Cost				
31 March 22			31 March 23	
Carrying Amount £'000	Fair Value £'000		Carrying Amount £'000	Fair Value £'000
159,327	159,327	Short Term Investments	142,619	142,619
36,089	36,180	Long Term Investments	30,132	30,149
19,188	19,188	Short Term Debtors	16,103	16,103
26,002	26,002	Long Term Debtors	25,494	25,494
240,606	**240,697**	**Total Financial Assets**	**214,348**	**214,364**
(44,503)	(44,503)	Short Term Creditors	(13,127)	(13,127)
(44,503)	**(44,503)**	**Total Financial Liabilities**	**(13,127)**	**(13,127)**

Some of the Council's financial assets are measured at fair value on a recurring basis. Including the valuation techniques used to measure them. The fair value hierarchy for categorising instruments is as follows:

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

The fair values for loans and receivables include accrued interest.

The comparator market rates prevailing have been taken from indicative investment rates at the balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures and the difference is likely to be immaterial.

Financial assets at fair value through other comprehensive income are carried in the balance sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

9. Debtors

31 March 22			31 March 23	
Long Term £'000	Short Term £'000		Long Term £'000	Short Term £'000
0	322	Central Government Bodies	0	327
0	4,387	Other Local Authorities	0	7,041
26,002	16,759	Other Entities and Individuals	25,494	10,920
26,002	**21,468**	**Total Debtors**	**25,494**	**18,288**

10. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

31 March 22 £'000		31 March 23 £'000
4	Cash Held by the Council	3
540	Bank Current and Instant Access Accounts	(100)
25,090	Money Market Funds	18,960
25,634	**Total Cash and Cash Equivalents**	**18,863**

Bank overdraft has been represented from prior year to better reflect the nature of the balances with our custodians.

11. Short–term Creditors

31 March 22 £'000		31 March 23 £'000
(39,839)	Central Government Bodies	(11,212)
(9,148)	Other Local Authorities	(12,109)
(7,399)	Other Entities and Individuals	(7,764)
(56,386)		**(31,085)**

12. Provisions

The provision in 2022/23 represents amounts set aside to meet future potential business rate appeals liabilities.

31 March 22 £'000	Provisions	31 March 23 £'000
(3,361)	**Balance at 1 April 22**	**(1,834)**
1,527	Movement in Year	242
(1,834)	**Balance at 31 March 23**	**(1,592)**

13. Unusable Reserves

Revaluation Reserve

The revaluation reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost.
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 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.

Table 13a Revaluation Reserve		
2021/22 £'000		**2022/23 £'000**
(11,110)	**Balance at 1 April 22**	**(11,288)**
(1,698)	Upward Revaluation of Assets	(2,982)
1,426	Downward Revaluation of Assets and Impairment Losses not Charged to the Surplus / Deficit on the Provision of Services	3
(272)	**Surplus or Deficit on Revaluation of Non-current Assets not Posted to the Surplus or Deficit on the Provision of Services**	**(2,979)**
94	Difference between Fair Value Depreciation and Historical Cost Depreciation	102
1	Other	0
(11,288)	**Balance at 31 March 23**	**(14,165)**

Financial Instruments Revaluation Reserve

The financial instruments revaluation reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost.
- Disposed of and the gains are realised.

Table 13b Financial Instruments Revaluation Reserve		
2021/22 £'000		**2022/23 £'000**
(1,492)	**Balance at 1 April**	**(4,225)**
(2,733)	Revaluation of Investments	1,379
(4,225)	**Balance at 31 March**	**(2,846)**

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 as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Council.

Table 13c Capital Adjustment Account		
2021/22 £'000		**2022/23 £'000**
(40,937)	**Balance at 1 April**	**(39,188)**
	Reversal of Items Relating to Capital Expenditure Debited or Credited to the CIES:	
749	Charges for Depreciation and Impairment of Non-current Assets	479
1,523	Revaluations (Gains) / Losses on Property, Plant and Equipment	614
45	Amortisation of Intangible Assets	53
1,981	Revenue Expenditure Funded from Capital under Statute	8,521
59	Movement in the Fair Value of Investment Properties	(550)
0	Amounts of Non-current Assets Written Off on Disposal or Sale as part of the Gain / Loss on Disposal to the CIES	0
0	Adjusting Amounts Written Out to the Revaluation Reserve	0
	Capital Financing Applied in the Year:	
(1,090)	Use of the Capital Receipts Reserve to Finance New Capital Expenditure	(1,631)
(1,517)	Capital Grants and Contributions Credited to the CIES that have been Applied to Capital Financing	(7,872)
0	Capital Expenditure Charged Against Earmarked Reserves	0
1	Other Adjustments	0
(39,188)	**Balance at 31 March**	**(39,574)**

The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains.

Pensions 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 Council accounts for post-employment benefits in the CIES 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. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council 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.

Table 13d Pensions Reserve		
2021/22 £'000		**2022/23 £'000**
61,956	**Balance at 1 April**	**41,469**
(26,295)	Remeasurement of the Net Defined Benefit Liability / (Asset) Actuarial Gain/ (Loss)	(37,166)
8,564	Reversal of Items Relating to Retirement Benefits Debited or Credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	7,710
(2,756)	Employer's Pension Contributions and Direct Payments to Pensioners Payable in the Year	(2,860)
41,469	**Balance at 31 March**	**9,153**

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.

Table 13e Deferred Capital Receipts Reserve		
2021/22 £'000		**2022/23 £'000**
(25,998)	**Balance at 1 April**	**(26,094)**
(242)	New Deferred Capital Receipts Raised in Year	0
146	Transfer to the Capital Receipts Reserve Upon Receipt of Cash	508
(26,094)	**Balance at 31 March**	**(25,586)**

Collection Fund Adjustment Account

The collection fund adjustment account manages the differences arising from the recognition of Council tax income in the CIES as it falls due from Council taxpayers compared with the statutory arrangements for paying across amounts to the general fund from the collection fund.

Table 13f Collection Fund Adjustment Account		
2021/22 £'000		**2022/23 £'000**
7,762	**Balance at 1 April**	**426**
(7,336)	Amount by which Council Tax and Non-domestic Rates Income Credited to the CIES is Different from Council Tax Income and Non-domestic Rates Calculated for the Year in Accordance with Statutory Requirements	(3,834)
426	**Balance at 31 March**	**(3,409)**

Accumulated Absences 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, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the general fund balance is neutralised by transfers to or from the account.

Table 13g Accumulated Absences Account		
2021/22 £'000		**2022/23 £'000**
188	**Balance at 1 April**	**292**
(188)	Settlement or Cancellation of Accrual made at the End of the Preceding Year	
292	Amounts Accrued at the End of the Current Year	16
292	**Balance at 31 March**	**308**

14. Interest Received, Interest Paid and Dividends Received

The cash flow for operating activities included within the cash flow statement includes the following items:

2021/22 £'000		**2022/23 £'000**
1,266	Interest Received	3,099
733	Dividends Received	692
1,999	**Total Interest Received, Interest Paid and Dividends Received**	**3,791**

15. Expenditure and Income Analysed by Nature

The authority's expenditure and income are analysed as follows:

2021/22 £'000		2022/23 £'000
	Expenditure	
24,115	Employee Benefits Expenses	24,118
44,912	Other Services Expenses	52,234
889	Depreciation and Amortisation	584
16,390	Business Rates Tariff	16,390
5,879	Precepts and Levies	6,279
1,284	Net Interest on Net Defined Benefit Liability or Asset	1,168
93,469	**Total Expenditure**	**100,773**
	Income	
(40,634)	Fees, Charges and Other Service Income	(42,131)
(3,283)	Interest, Investment Income and Income from Investment Property	(5,287)
(35,629)	Income from Council Tax and Non-domestic Rates	(37,411)
(3,959)	Government Grants and Contributions	(2,368)
(3,194)	Recognised Capital Grants and Contributions	(4,992)
(2,314)	Gain on Disposal of Assets	0
(89,013)	**Total Income**	(92,189)
4,456	**(Surplus) / Deficit on the Provision of Services**	**8,584**

16. Members' Allowances

The Council paid the following amounts to Members of the Council during the year:

2021/22 £'000		2022/23 £'000
181	Basic Allowance	201
128	Special Responsibility Allowance	139
2	Expenses	4
311		**344**

17. Employee Benefits

- **Benefits Payable during Employment**

South Oxfordshire District Council and Vale of White Horse District Council share a joint Senior Management Team. The employees detailed below therefore work across the two authorities and the costs are shared with South Oxfordshire DC contributing 53 per cent and Vale of White Horse DC contributing 47 per cent towards the costs. The three senior officers shown in table 17a are employed by South Oxfordshire DC.

A senior employee is one who earns a salary in excess of £150,000, or holds a designated position (with a salary in excess of £50,000) – these are detailed in the table below:

Table 17a Senior Officers' Emoluments Statutory						
Post Title	**Financial Year**	**Salary (Including Fees & Allowances)** £	**Expenses** £	**Total Remuneration Excluding Pension Contributions** £	**Pension Contributions** £	**Total Remuneration Including Pension Contributions** £
Head of Paid Service	2022/23	169,447	0	169,447	27,620	197,067
	2021/22	177,118	0	177,118	27,105	204,223
Chief Finance Officer (Section 151 Officer)	2022/23	102,486	563	103,049	16,656	119,705
	2021/22	100,280	332	100,612	16,346	116,958
Monitoring Officer	2022/23	102,486	451	102,937	16,657	119,593
	2021/22	63,055		63,055	10,278	73,333
Monitoring officer up to 31 July 2021	2022/23	0	0	0	0	0
	2021/22	39,382	0	39,382	5,449	44,831

The current Chief Finance Officer and Monitoring Officer are head of service in addition there are two Deputy Chief Executives and five Heads of Service.

The spot point pay level for Heads of Service is as follows:

Table 17b Spot Pay Point - Heads of Service		
Acting Deputy Chief Executive	2	124,527
Deputy Chief Executive	1	132,027
Heads of Service	1	102,817
Head of Service from 4 April 2022	1	811
Head of service from 8 July 2022	1	75,026
Heads of Service from 2 August 2022	1	68,054
Head of service from 1 April 2022-17 March 2023	1	98,728
Heads of Service from 1 October 2021 to 31 March 2022	1	7,405
Consultants		
Interim Head of Service from 26 April 2021 to 31 March 2023	1	174,201

The Council is also obliged to disclose the numbers of other employees that were paid a salary in excess of £50,000 (these numbers do not include the senior officers detailed above). Fifty four employees total remuneration, excluding employer's pension contributions, was £50,000 or more.

Table 17c Employee Remuneration over £50,000		
Number of SODC / VOWH Employees		
2021/22	Remuneration Band £	2022/23
28	50,000-54,999	25
8	55,000-59,999	14
2	60,000-64,999	4
10	65,000-69,999	7
1	70,000-74,999	4

Under the shared working arrangements, the Council recharged a total of £8,314,836of its salary costs to Vale of White Horse District Council, who in turn recharged £3,780024 of its salary costs to this Council.

Termination Benefits

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Table 17d Exit Packages Agreed								
Exit Package Cost Band (Including Special Payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band £	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
£0 - £20,000	0	0	0	1	0	1	0	4,110
£20,001 - £40,000	1	0	1	0	2	0	52,934	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
Total	**1**	**0**	**1**	**1**	**2**	**1**	**52,934**	**4,110**

The total value of exit packages paid in 2022/23 was £4,110.

Post-employment Benefits - Defined Benefit Pension Schemes

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 make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in The Local Government Pension Scheme (LGPS). The LGPS is a defined statutory scheme administered in accordance with the Local Government Scheme regulations 2013, is contracted out of the State Second Pension and currently provides benefits based on career average revalued salary and length of service on retirement.

The administering authority for the Fund is Oxfordshire County Council. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.

As administering authority to the Fund, Oxfordshire County Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Statement of Investment Principles. These should be amended when appropriate based on the Fund's performance and funding.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The actuarial valuation of the Fund has been carried out as at 31 March 2020 and sets contributions for the period 1 April 2020 to 31 March 2023. There are no minimum funding requirements in the LGPS, but the contributions are generally set to target a funding level of 100 per cent using the actuarial valuation assumptions.

On the employer's withdrawal from the Fund, a cessation valuation will be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which will determine the termination contribution due by the employer, on a set of assumptions deemed appropriate by the Fund Actuary.

This is a funded defined benefit career scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. The fund has an independent global custodian, BNP Paribas, whose main duties include the safekeeping of the fund's investments, the collection of income and the execution of corporate actions, such as company mergers or takeovers.

In addition, arrangements for the award of discretionary post-retirement benefits are awarded 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's payments as they fall due.

In general, participating in a defined benefit pension scheme means that the employer is exposed to a number of risks:

- **Investment Risk:** The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.

- **Interest Rate Risk:** The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.

- **Inflation Risk:** All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.

- **Longevity Risk:** In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Oxfordshire County Council Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All the risks above may also benefit the employer e.g., higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

These risks are also mitigated to a certain extent by the statutory requirements to charge to the general fund the amounts required by statute.

Table 17e Transactions Relating to Retirement Benefits

2021/22 £'000		2022/23 £'000
	Cost of Services:	
7,249	Current Service Cost	(6,542)
31	Past Service Cost	0
	Financing and Investment Income and Expenditure	
1,284	Net Interest Expense	(1,168)
8,564	**Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services**	**(7,710)**
	Other Post-employment Benefit Charged to the CIES	
	Remeasurement of the Net Defined Benefit Liability Comprising:	
(9,169)	Return on Plan Assets (excluding the Amount Included in the Net Interest Expense)	(6,965)
(1,544)	Actual (Gains) and Losses Arising on Changes in Demographic Assumptions	919
(8,862)	Actual (Gains) and Losses Arising on Changes in Financial Assumptions	51,651
(6,720)	Other	(8,439)
(26,295)	**Total Post-employment Benefit Charges to the Comprehensive Income and Expenditure Statement**	**37,166**
	Movement in Reserves Statement	
8,564	Reversal of Net Charges made to the Surplus or Deficit for the Provision of Services for Post-employment Benefits in Accordance with the Code	(7,710)
	Actual Amount Charged against the General Fund Balance for Pensions in the Year:	
2,756	Employers' Contributions Payable to Scheme	2,860

Transactions Relating to Retirement Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against Council Tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the general fund via the movement in reserves statement. The following transactions have been made in the CIES and the general fund balance via the movement in reserves statement during the year:

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the balance sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

17f Pension Assets and Liabilities Recognised in the Balance Sheet		
2021/22 £'000		2022/23 £'000
109,078	Fair Value of Employer Assets	104,278
(146,767)	Present Value of Funded Liabilities	(110,375)
(3,780)	Present Value of Unfunded Liabilities	(3,056)
(41,469)	**Net Liability Arising from Defined Benefit Obligation**	**(9,153)**

17g Reconciliation of the Movements in the Fair Value of the Scheme Assets		
2021/22 £'000		2022/23 £'000
109,516	Opening Balance at 1 April	**109,078**
2,176	Interest on Assets	2,933
9,169	Return on Assets less Interest	(6,965)
2,756	Employer Contributions	2,860
927	Contributions by Scheme Participants	973
(4,927)	Benefits Paid	(4,601)
(10,539)	Remeasurement - Other Experience	0
109,078	**Closing Present Value of Scheme Assets**	**104,278**

17h Reconciliation of the Movements in the Fair Value of the Scheme Liabilities		
Funded and Unfunded liabilities 2021/22 £'000		Funded and Unfunded liabilities 2022/23 £'000
(171,472)	**Opening Balance at 1 April**	**(150,547)**
(7,249)	Current Service Cost	(6,542)
(3,460)	Interest Cost	(4,101)
(927)	Contributions by Scheme Participants	(973)
8,862	Actual (Gains) and Losses Arising on Changes in Demographic Assumptions	919
1,544	Actual (Gains) and Losses Arising on Changes in Financial Assumptions	51,651
17,259	Other	(8,439)
(31)	Past Service Costs	0
4,927	Benefits Paid	4,601
(150,547)	**Closing Present Value of Liabilities**	**(113,431)**

The discretionary benefits arrangements have no assets to cover its liabilities. The LGPS' assets consist of the following categories:

Table 17i Breakdown of Fund Assets at Fair Value								
2021/22					2022/23			
Quoted £'000	Non-quoted £'000	Total £'000	%		Quoted £'000	Non-quoted £'000	Total £'000	%
				Equities				
				Bonds:				
2,240		2,240	2	Government Bonds	1,344		1,344	1
593		593	1	Other	549		549	0
5,362	1	5,363	5	Private Equity	4,893	1	4,894	5
	98,520	98,520	90	Other Investment Funds		95,911	95,911	92
(8)		(8)	0	Foreign Exchange	5		5	0
2,370		2,370	2	Cash and Cash Equivalents	1,575		1,575	2
10,557	**98,521**	**109,078**	**100**	**Total**	**8,366**	**95,912**	**104,278**	**100**

Basis for Estimating Assets and Liabilities

In order to assess the value of the Council's liabilities in the Fund as at 31 March 2023, it has rolled forward the value of the Council's liabilities calculated at the latest formal valuation date of 31 March 2020, allowing for the different financial assumptions required under the Accounting

Standard at the reporting date.

In calculating the current service cost, it has allowed for changes in the Council's pensionable payroll as estimated from the contribution information provided. In calculating the asset share it has rolled forward the Council's share of the assets calculated at the latest formal valuation date allowing for investment returns, the effect of contributions paid into, and estimated benefits paid from, the Fund by the Council and its employees.

In preparing the balance sheet at 31 March 2023 and the revenue account to 31 March 2023 no allowance is made for the effect of changes in the membership profile since the last formal valuation date. The principal reason for this is that insufficient information is available to allow for any such adjustment. However, the effect is likely to be immaterial in actual terms.

Whilst the liabilities calculated under the Accounting Standard include an allowance for some premature retirements on the grounds of ill-health, there is no allowance for early retirements on grounds of redundancy or efficiency other than those actual cases notified.

It is not possible to assess the accuracy of the estimated rolled-forward liability without conducting a full valuation using updated individual member data. Such a valuation is generally not practical in the time available to meet the Council's reporting requirements. The estimated rolled-forward liability as at 31 March 2023 will therefore not reflect differences in demographic experience from that assumed (e.g. pensioner longevity) or the impact of differences between aggregate changes in salary / pension or changes for specific individuals.

It has no reason to believe that the approximations used in rolling forward the valuation to 31 March 2023 will introduce any undue distortion in the results.

The Employer currently participates in the South Oxfordshire District Council pool with other employers in order to share experience of risks they are exposed to in the Fund. At the 2020 valuation, the deficit for the whole pool was calculated and allocated to each employer in proportion to their value of liabilities. The next reallocation will be carried out at the 2023 valuation, should the Employer remain in the pool. Each employer within the pool pays a contribution rate based on the cost of benefits of the combined membership of the pool.

It has adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2020. The post retirement mortality tables adopted are the S2PA tables with a multiplier of 90 per cent. These base tables are then projected using the CMI 2015 Model, allowing for a long-term rate of improvement of 1.5 per cent per annum.

Table 17j Principal Actuarial Assumptions

2021/22		2022/23
	Long-term Expected Rate of Return on Assets in the Scheme	
	Mortality Assumptions	
	Longevity at 65 for Current Pensioners:	
22.3yrs	Men	20.4yrs
24.9yrs	Women	21.9yrs
	Longevity at 65 for Future Pensioners:	
23yrs	Men	24.1yrs
26.3yrs	Women	27yrs
	Other Assumptions	
3.20%	Inflation - CPI	3.00%
3.20%	Rate of General Increase in Salaries	3.00%
3.20%	Rate of Increase to Pensions	4.75%
2.70%	Discount Rate	

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases for men and women. In practice this is unlikely to be correct, and changes in some of the assumptions may be interrelated. The estimates in the sensitivity analysis have followed the accounting policies for then scheme, i.e. on an actuarial basis using the projected unit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Other assumptions are that:

- Members will exchange half of their commutable pension for cash at retirement.

- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and

The proportion of members that had taken up the 50:50 option at the previous valuation date will remain the same.

Table 17k Sensitivity Analysis		
Change in Assumption at 31 Mar 2023	Approximate Increase in Employer Liability	
	%	£'000
0.1% decrease in real discount rate	1	1,780
1 year increase in member life expectancy	4	4,537
0.1% increase in the salary increase rate	0	176
0.1% increase in the pension increase rate	1	1,631

In order to quantify the impact of a change in the financial assumptions used it has calculated and compared the value of the scheme liabilities as at 31 March 2023 on varying bases. The approach taken is consistent with that adopted to derive the IAS 19 figures provided.

The principal demographic assumption is the longevity assumption (i.e., member life expectancy). For sensitivity purposes it has estimated that a one-year increase in life expectancy would approximately increase the employer's Defined Benefit Obligation by around 3-5 per cent. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e., if improvements to survival rates predominantly apply to younger or older ages).

The above figures have been derived based on the membership profile of the employer as at the date of the most recent actuarial valuation.

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible, at a reasonable cost to the scheme employers and taxpayers, whilst ensuring the overall solvency of the fund. There are no minimum funding requirements, but contributions are generally set to target a funding level of 100 per cent. Funding levels are monitored regularly, and the latest triennial valuation was completed at the end 31 March 2023.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The actuarial estimate of the duration of the Council's liabilities is 16 years. The Council anticipates paying £2.82 million in contributions to the scheme in 2023/24.

Mcloud Judgement

An estimated McCloud judgement allowance has been added to the formal valuation results, so the impact is continued to be included within the balance sheet at 31 March 2023.

18. 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.

In 2022/23 external audit services were provided by Ernst & Young LLP.

2021/22 £'000		2022/23 £'000
62	Fees Payable with regard to External Audit Services Carried Out by the Appointed Auditor for the Year	38
11	Fees Payable to External Auditor for the Certification of Grant Claims and Returns for the Year	11
73	**Total**	**49**

19. Grant Income

The Council credited the following grants, contributions and donations to the CIES in 2022/23.

2021/22 £'000		2022/23 £'000
	Credited to Taxation and Non-specific Grant Income	
21,374	Retained Business Rates	22,100
(16,390)	Business Rates Tariff	(16,390)
18	Council Tax Family Annexe	26
14,237	Council Tax Income	15,284
1,643	Developers and Other Contributions	3,372
130	Lower Tier Service Grant	321
44	Rural Services Delivery Grant	44
1,551	Disabled Facilities Grant	1,621
2,549	New Homes Bonus	2,003
1,236	Covid Grant	0
26,392	**Total**	**28,381**
	Credited to Services	
(1)	Didcot Garden Town	0
50	Berinsfield Regeneration	0
502	Homelessness Support Grant	421
367	Housing benefit - admin	220
18,366	Housing benefit - subsidy	17,675
23	Leader	(12)
40	Neighbourhood planning	180
36	New burdens revenue and other grants	382
178	NNDR collection allowance	189
204	Partnership & community safety	52
3	Universal Credit	0
262	Community Hub (Covid Grants)	182
0	Homes for Ukraine	369
20,030	**Total**	**19,658**

20. Related Parties

The Council is required to disclose material transactions with related parties, 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 Council.

Related Parties Include:

Central Government: Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, provides a large proportion of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g., housing benefits). Grants received from government are shown in note 17 above.

Precepts: Precept transactions in relation to Oxfordshire County Council, Police and Crime Commissioner for the Thames Valley and the various Town and Parish Councils, are shown within a note to the collection fund.

Members of the Council: Members have direct control over the Council's financial and operating policies. During the year no members have undertaken any declarable, material transactions with the Council. Details of any transactions would be recorded in the register of members' interests, open to public inspection at the Council's offices. This is in addition to a specific declaration obtained from all Councillors in respect of related party transactions.

As at publication, the below elected members had yet to return their declaration:

Councillor Tim Bearder
Councillor Kellie Hinton
Councillor Alexandrine Kantor
Councillor Mocky Khan

A check of the Councillors' register of interests has shown that none of the above named members had declared any related party transactions.

Members represent the Council on various organisations. Appointments are reviewed annually unless a specific termination date for the term of office applies. None of these appointments places the member in a position to exert undue influence or control.

Officers of the Council: The Senior Officers of the Council have control over the day to day management of the Council and all Heads of Service and Management Team Members have been asked to declare any related party transactions. Officers have declared an interest in the following organisation:

- Cornerstone for Didcot Film Club

Other organisations: The Council awards grants to support a number of voluntary or charitable bodies and individuals. It does not attempt to exert control through this.

21. Capital Expenditure and Capital 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 historically by the Council that has yet to be financed.

Table 21a Capital Expenditure and Financing		
2021/22 £'000		**2022/23 £'000**
	Capital Investment:	
599	Property, Plant and Equipment	932
27	Intangible Assets	51
1,981	Revenue Expenditure Funded from Capital Under Statute	8,470
2,607	**Total Capital Investment**	**9,453**
	Sources of Finance:	
(1,090)	Capital Receipts	(1,581)
(1,517)	Government Grants and Other Contributions	(7,872)
0	Earmarked Revenue Reserves	0
(2,607)	**Total Financing**	**(9,453)**

The Council's CFR is made up of certain balances on the balance sheet and for a Council with no debt should equal zero.

Table 21b Capital Financing Requirement		
2021/22 £'000		**2022/23 £'000**
(52)	**Opening CFR**	**(100)**
31,052	Property, Plant and Equipment	35,077
8,008	Investment Properties	8,557
106	Intangible Assets	104
12,425	Long Term Investments (see note 1 below)	12,714
(39,188)	Capital Adjustment Account	(39,574)
(10,026)	Revaluation Reserve	(14,164)
(1,622)	Financial Instrument Revaluation Reserve (see note 1 below)	(1,497)
(803)	Unit Trust Dividend Reinvested Reserve (see note 2 below)	(1,217)
(100)	**Closing CFR**	**(100)**

Notes:

1) Investments in unit trusts only, excluding accrued interest.

2) Unit trust dividend reinvested reserve included to show full financing of unit trust investments.

22. Leases

Council as Lessee

Finance Leases – the Council has no finance leases.

Operating Leases – The Council has no material operating leases.

Council as Lessor

Finance Leases – The Council recognised a number of long-term leases in the 2015/16 accounts. A fourth, The Orchard Centre Phase II, was entered into in 2016/17. The leases are:

- The Orchard Centre – 150-year lease signed in 2004.
- Gym, Cattle Market, Thame – 90-year lease signed in 1976.
- Industrial estate, Thame – 10 leases in excess of 76 years duration expiring between 2061 and 2096 (see note 32)
- The Orchard Centre Phase II – 150-year lease signed in 2017.

The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding.

Table 22a Interest in Finance Lease		
	2021/22 £'000	**2022/23 £'000**
Finance Lease Debtor (Net Present Value of Minimum Lease Payments):		
Unearned Finance Income	13,713	12,959
Unguaranteed Residual Value of Property	12,156	12,155
Gross Investment in the Lease	**25,869**	**25,114**

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

Table 22b Minimum Finance Lease Payments				
	Gross Investment in the Lease		Minimum Lease Payments	
	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000
Not Later Than 1 year	754	710	754	710
Later Than 1 Year and Not Later Than 5 Years	2,598	2,447	2,598	2,447
Later Than 5 Years	22,517	21,958	10,361	9,803
Total	**25,870**	**25,114**	**13,713**	**12,959**

Operating Leases – the Council leases out property and equipment under operating leases for the following purposes:

- for economic development purposes to provide suitable affordable accommodation for local business, and

- for the provision of community services, such as sports facilities and community centres.
- The future minimum lease payments receivable under non-cancellable leases in future years are:

Table 22c Future Minimum Lease Payments Receivable		
	2021/22 £'000	2022/23 £'000
Not Later Than 1 Year	754	710
Later Than One Year and Not Later Than 5 Years	2,598	2,447
Later Than 5 Years	10,361	9,803

23. Contingent Liabilities

At 31 March 2023, the Council had the following contingent liabilities:

- **Compensation Claims for Injury and or Damage:** The majority of claims for compensation are individually immaterial. They relate to personal injuries sustained where the Authority is alleged to be at fault (for example, through a failure to repair a pavement properly). Provision has not been made for such claims as the authority's liability is limited to the individual excess on the policy, which in most cases is £5,000. Until claims are settled by the authority's insurers, the cost of the excess cannot be recognised. It is also considered that collectively the sum of these claims in any one year is not material.

24. Contingent Assets

At 31 March 2023, the Council had no contingent assets.

25. Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of risks. The main risks are:

- **Credit Risk:** the possibility that other parties might 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 required 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 rates and stock market movements.

The Council's treasury management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the resources available to fund services.

The treasury team carry out the procedures for risk management which are set out in the approved policies which cover specific areas such as interest rate risk, credit risk and the investment of surplus cash. The procedures are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA prudential code, the CIPFA code of practice on treasury management in the public services and investment guidance issued through the Act.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to the Council's customers.

The risk is managed through the Council's Annual Investment Strategy, which requires that deposits are only placed with financial institutions that meet the identified minimum credit criteria, as laid down by Fitch, Moody's and Standard & Poors credit ratings services. The strategy also sets out the maximum amounts and time limits that an investment can be made with a financial institution within each category.

The credit criteria in respect of financial assets held by the authority are as detailed as follows:

Table 25a Credit Criteria				
Deposits with banks and other financial institutions	**Min. Rating / Other Criteria**	**Counter-party Limit** **£000**	**Amount at 31 Mar 2022** **£000**	**Maturity Limit**
Banks				
Goldman Sachs International	F1	15,000	10,000	2 years
Nat Bank of Kuwait International	F1	15,000	3,000	2 years
Royal Bank of Scotland	UK Sovereign	20,000	99	4 years
Santander	F1	15,000	243	2 years
Building Societies				
National Counties	assets > £1,000m	10,000	1,000	12 months
Money Market Funds				
Goldman Sachs	AAA	20,000	18,395	Liquid
Blackrock	AAA	20,000	565	Liquid
Local Authorities				
Aberdeen City Council		20,000	6,000	25 years
Birmingham City Council		20,000	5,000	25 years
Blaenau Gwent CBC		20,000	8,000	25 years
Cheshire West & Chester Council		20,000	1,000	25 years
Cornwall Council		20,000	5,500	25 years
Craven District Council		20,000	2,000	25 years
Dorset Council		20,000	3,000	25 years
Gravesham BC		20,000	6,000	25 years
Highland Council		20,000	7,000	25 years
LB Barking & Dagenham		20,000	5,000	25 years
LB Haringey		20,000	5,000	25 years
LB Southwark		20,000	5,000	25 years
North Lanarkshire Council		20,000	5,000	25 years
Rushmoor Borough Council		20,000	8,000	25 years
Surrey County Council		20,000	10,000	25 years
Thurrock Borough Council		20,000	13,000	25 years
Uttlesford District Council		20,000	7,000	25 years
West Dunbartonshire Council		20,000	5,000	25 years
Wirral Borough Council		20,000	3,000	25 years
Housing Associations				
Places for People	F1	15,000	10,000	2 years
Property Funds				
CCLA Property Fund		10,000	6,419	Variable
Total			**171,935**	

The full annual investment strategy for 2022/23 was approved by full Council on 17 February 2022 and is available on the Council's website.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £172 million cannot be assessed generally as the risk of any institution failing to repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of recoverability applies to all the Councils' deposits but there was no evidence at 31 March 2023 that this was likely to crystallise.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

A provision is made for bad debts based on the debtors' information at the year end. The 'past due' amount is analysed below. During the reporting period the Council held no collateral as security.

Table 25b below analyses the Council's short-term debt by age:

Table 25b Short-term Debtors Aged Debt Analysis	**Total £'000**
Less than 3 Months	13,975
3 Months to 6 Months	343
6 Months to 1 Year	102
Over 1 Year	3,462
Total	**17,882**

Statutory debts are included in the figures above to enable comparison with the short-term debtors total as shown in the balance sheet and in note 9.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures set out in the treasury management strategy, as well as comprehensive cash management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council is able to access borrowing from the money markets and the Public Works Loans Board.

The Council is required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. Therefore, there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

The Council has no debt and therefore is not exposed to refinancing risk of loans at this time. All trade and other payables are due to be paid in less than one year.

Refinancing and Maturity Risk

The Council maintains a significant investment portfolio. There is a longer-term risk to the Council which relates to managing the exposure to replacing financial instruments as they mature.

Treasury indicator limits placed on investments for over one year in duration are used to manage this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team manage the operational risks within the approved limits. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer-term investments provide stability of maturities in relation to longer term cash flow needs.

The Council has no longer-term financial liabilities. The maturity analysis of financial assets, excluding sums due from customers is as follows:

Table 25c Refinancing and Maturity Risk		
31 March 22 £'000		**31 March 23 £'000**
159,291	Less than 1 Year	143,058
10,091	Between 1 and 2 Years	3,002
3,000	Between 2 and 3 Years	5,015
23,095	More than 3 Years	22,138
195,477	**Total**	**173,212**

Difference to table 25a is accrued interest.

Market Risk

a) Interest Rate Risk

The Council is exposed to some risk in terms of its exposure to interest rate movements on its investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. A rise in interest rates would have the following effects:

- Investments at Variable Rates: The interest income credited to the surplus or deficit on the provision of services will rise

- Investments at Fixed Rates: The fair value of the assets will fall.

Changes in interest receivable on variable rate investments will be posted to the surplus or deficit on the provision of services and affect the general fund balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in other CIES.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including forecast interest rate movements.

According to this assessment strategy, at 31 March 2023, if interest rates had been one per cent higher with all other variables held constant, the financial effect would be:

Table 25d Interest Rate Risk		
2021/22 £'000		**2022/23 £'000**
(251)	Increase in Interest Receivable on Variable Rate Investments	(60)
(251)	**Impact on Surplus or Deficit on the Provision of Services**	**(60)**

The impact of a one per cent fall in interest rates would be as above but with the movements being reversed.

b) Price Risk

The Council holds an investment in unit trust equity shares to the value of £12.7 million and an investment in a pooled property fund to the value of £6.4 million. Whilst these investments are primarily held for interest earning potential, the Council is exposed to losses and gains arising from the movement in prices of the shares held.

The shares are classified as financial instruments. This means that all movements in price will impact on gains and losses recognised in the Financial Instrument Revaluation Reserve.

A movement of 5% in the price of shares (positive or negative) would result in a £1.0 million gain or loss being recognised in the Financial Instrument Revaluation Reserve. The Council is not in a position to limit its exposure to price movements by further diversifying its portfolio.

26. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out on **pages 69-84** 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:

Leases

The Council has examined its leases and classified them as either operational or finance leases. In some cases, the lease transaction is not always conclusive, and the Council uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In reassessing the lease, the Council has estimated the implied interest rate within the lease to calculate interest and principal payments.

Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

Investment Properties

Investment properties have been estimated using the identifiable criteria under IAS 40 of being held for rental income or for capital appreciation. These properties have been assessed using these criteria, which is subject to interpretation to determine if there is an operational reason for holding the property such as regeneration.

27. Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

Business Rates

Since the introduction of the business rates retention scheme effective from 1 April 2013, Councils are liable for successful appeals against business rates charged to businesses in 2022/23 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2022. The estimate has been calculated using the Valuation Office Agency (VOA) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2023. The Council’s share of the balance of business rate appeals provision at this date amounted to £1.5 million. This has decreased by £0.2 million from the previous year.

Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If the Council is unable to sustain its current spending on repairs and maintenance this could bring into doubt the useful lives currently assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual charge for buildings would increase in these circumstances.

Debt Impairment

At 31 March 2023 the Council had a balance on short term debtors of £18.3 million. A review of significant balances suggested that an impairment of doubtful debts of £4.1 million was appropriate. If collection rates were to deteriorate an increase in the amount of the impairment of the doubtful debts would be required.

Pensions

The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discounts used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries (Hymans Robertson LLP) is engaged (through Oxfordshire County Pension Fund) to provide the Council with expert advice about the assumptions to be applied. Details of the pension liabilities are in note 17.

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an ‘underpin’ which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

28. Accounting Standards Issued but Not Yet Adopted

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- IFRS 16 Leases will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). The Council will adopt the amendments to IFRS 16 with effect from 1 April 2024

29. Post Balance Sheet Events

There were no material events after the balance sheet date.

30. Going Concern

The concept of a going concern assumes that an authority’s functions and services will continue in operational existence for the foreseeable future. The provisions in the Code (Code of Practice on Local Authority Accounting in the United Kingdom 2022/23) in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate.

A cash flow forecast has been produced to March 2026 that indicates Strong cash balances throughout and closing cash and equivalents of £97.1 million. As at the 31 March 2022, the Council had General Reserves of £57.8 million which subsequently declined to £57.4 million by the 31 March 2023. Both figures are significantly above the Council’s minimum recommended prudent balance of £4.5 million. The Council prepared a five-year medium term financial plan in February 2024 which forecast General Reserves of £42.7 million by March 2026.

Overall, the Council is therefore in a strong position in terms of managing its medium-term financial position.

The Council carries out functions essential to the local community and if financial difficulties were encountered alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As this is not the case the accounts have been prepared under the Code which assumes that services will be provided for the foreseeable future, at least until March 2026.

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Collection Fund Account

2021/22		2022/23			Notes
Total		**Council Tax**	**NNDR**	**Total**	
£'000	**Income**	**£'000**	**£'000**	**£'000**	
(125,410)	Council Taxpayers	(133,000)		(133,000)	
	Transfers from General Fund:				
(38,407)	- Income from Business Ratepayers		(44,653)	(44,653)	
(163,817)		**(133,000)**	**(44,653)**	**(177,653)**	
	Expenditure				
	Precepts and Demands:				
96,336	Oxfordshire County Council	101,342		101,342	
14,146	Police and Crime Commissioner	14,806		14,806	
14,117	South Oxfordshire DC	14,776		14,776	
	Business Rates:			0	
11,847	Payments to Government		18,433	18,433	
2,369	Payments to Oxfordshire County Council		14,746	14,746	
9,478	Payments to South Oxfordshire DC		3,687	3,687	
178	Cost of Collection		178	178	
0	Write-Ons credited to the Collection Fund	(1,711)	0	(1,711)	*3*
	Provisions:				
744	Provision for Bad Debts	(286)	(11)	(297)	*3*
(3,817)	Provision for Appeals		(605)	(605)	*3*
145,398		**128,927**	**36,428**	**165,355**	
(18,419)	**(Surplus) / Deficit for the Year**	**(4,073)**	**(8,225)**	**(12,298)**	
	Collection Fund Balance				
17,125	Balance Brought Forward at 1 April	(3,044)	1,750	(1,294)	
(18,419)	(Surplus) / Deficit for the Year, as Above	(4,073)	(8,225)	(12,298)	
(1,294)	**Balance Carried Forward at 31 March**	**(7,117)**	**(6,475)**	**(13,592)**	
	Allocated to:				
875	Central Government		(3,237)	(3,237)	
(2,178)	Oxfordshire County Council	(5,509)	(647)	(6,156)	
(346)	Police and Crime Commissioner	(814)	0	(814)	
355	South Oxfordshire District Council	(794)	(2,590)	(3,384)	
(1,294)		**(7,117)**	**(6,475)**	**(13,592)**	

Notes to the Collection Fund Account

1. Business Rates (Non-Domestic Rates)

Business rates are based on the rateable value of a property multiplied by a nationally determined rate (multiplier). The total amount collected by the Council is paid into the national pool managed by central government. Each Council then receives a redistributed amount from the pool based on an amount per head of population.

	£
NNDR Rateable Value as at 1 April 2022	118,467,190
NNDR Rateable Value as at 31 March 2023	120,328,172

National Multipliers (Pence):	2021/22	2022/23
Small Business Non-domestic Rating Multiplier	49.9	49.90
Non-domestic Rating Multiplier	51.2	51.2

2. Council Tax Base Calculation

Council Tax income is derived from charges according to the value of residential properties. Properties are classified into eight valuation bands. The Council, as billing authority, calculates its tax base in accordance with governance regulations. The number of properties shown in the table below reflects the various discounts and exemptions allowed and a weighting is applied to calculate the equivalent band D dwellings. The tax base calculation is shown below:

Band	Number of Properties	Band Multiplier	Band D Equivalent
A	2,117	6/9	1,411
B	5,752	7/9	4,474
C	17,564	8/9	15,612
D	14,632	9/9	14,632
E	10,418	11/9	12,733
F	6,484	13/9	9,366
G	6,062	15/9	10,103
H	911	18/9	1,822
	63,940		**70,154**
		Discounts and Exemptions	(7,924)
		Class O Exempt Properties	(668)
		Sub Total	**61,562**
		Assumed Losses on Collection	(1,218)
		Council Tax Base	**60,344**

3. Council Tax / NDR Bad Debt Provision and NDR Provision for Valuation Appeals

The collection fund account provides for bad debts on arrears on the basis of prior years' experience.

2021/22 £'000	Council Tax	2022/23 £'000
(5,690)	Balance at 1 April	(6,584)
5	Write Off of Debt During Year	0
(899)	(Increase) / Decrease in Provisions During Year	286
(6,585)	**Balance at 31 March**	**(6,298)**

The Council's proportion of these write offs and movements in provision are shown below.

2021/22 £'000	Council Tax	2022/23 £'000
(645)	Balance at 1 April	(742)
1	Write Off of Debt During Year	0
(98)	(Increase) / Decrease in Provisions During Year	39
(742)	**Balance at 31 March**	**(703)**

The collection fund account also provides for bad debt on NDR arrears.

2021/22 £'000	NDR	2022/23 £'000
(5,456)	Balance at 1 April	(5,269)
31	Write Off of Debt During Year	0
156	(Increase) / Decrease in Provisions During Year	11
(5,269)	**Balance at 31 March**	**(5,258)**

The Council's proportion of these write offs and movement in provision are shown below.

2021/22 £'000	NDR	2022/23 £'000
(2,182)	Balance at 1 April	(2,108)
12	Write Off of Debt During Year	0
62	(Increase) / Decrease in Provisions During Year	4
(2,108)	**Balance at 31 March**	**(2,104)**

The collection fund account also provides for provision for appeals against the rateable valuation set by the Valuation Office Agency not settled as at 31 March 2023.

2021/22 £'000	NDR	2022/23 £'000
(8,402)	Balance at 1 April	(4,586)
3,816	(Increase) / Decrease in Provisions During Year	606
(4,586)	**Balance at 31 March**	**(3,980)**

The Council's proportion of this provision is shown below.

2021/22 £'000	NDR	2022/23 £'000
(3,361)	Balance at 1 April	(1,834)
1,527	(Increase) / Decrease in Provisions During Year	242
(1,834)	**Balance at 31 March**	**(1,592)**

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Statement of Accounting Policies

(i) General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by 31 July 2023 and for the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under the Accounts and Audit Regulations 2015.

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.

(ii) Accruals of Income and Expenditure

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

- revenue from contracts with service receipts, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

- supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the balance sheet.

- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and

- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

(iii) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are defined as follows:

- cash and cash equivalents shall include bank overdrafts that are an integral part of the Council's cash management.

- cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes; and

- investments that can be liquidated or accessed within 3 months i.e., money market funds, call accounts and deposit accounts with a notice period of 3 months or less.

Equity investments are excluded from the definition.

(iv) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless 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 non-current assets during the year:

- depreciation attributable to the assets used by the relevant service.
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which the losses can be written off; and
- 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 required. As at 31 March 2023 this Council has no borrowing requirement, so this contribution is not required. Depreciation, revaluation and impairment losses and amortisations are replaced by the contribution in the general fund balance, by way of an adjusting transaction with the capital adjustment account in the MiRS.

(vi) 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 for current employees. They 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 entitlements and additional hours earned by employees but not taken as time off before the year-end which employees can carry forward into the next financial year. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the MiRS so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable either as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. Such benefits are charged on an accrual basis to relevant service in the CIES when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or to making an offer to encourage voluntary redundancy.

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 pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MiRS, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment Benefits

Employees of the authority are members of the Local Government Pension Scheme administered by Oxfordshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions).

The Local Government Pension Scheme (LGPS)

The LGPS 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 projected earnings for current employees;

- Liabilities are discounted to their value at current prices, using a discount rate based on the yield at the 18-year point on the Merrill Lynch AA rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Council's liabilities. This is consistent with the approach used at the last accounting date.

- The assets of 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 CIES to the services for which the employees worked.

- Past Service Cost: the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, debited to the surplus or deficit on the provision of services in the CIES.
- Net Interest on the Net Defined Benefit Liability (NDBL), i.e. Net Interest for the Council: the change during the period in the net defined benefit liability that arises from the passage of time charged to the CIES, this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

▪ Remeasurements Comprising:

- the return on scheme assets – excluding amounts included in the NDBL – charged to the pensions reserve as other CIES.
- actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the pensions reserves as other CIES.

▪ Contributions paid to the Oxfordshire County Council Pension Fund: cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the general fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MiRS this means that there are appropriations to and from the pensions 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 a 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 as 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 LGPS.

(vii) Events after the Balance Sheet Date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

▪ Those that provide evidence of conditions that existed at the end of the reporting period, the Statement of Accounts is adjusted to reflect such events; and
▪ Those that are indicative of conditions that arose after the reporting period, the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

(viii) Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the income and expenditure account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The only financial liabilities the Council has are trade creditors.

The Council currently has no borrowings and has issued no bonds to bond holders.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised Cost.
- Fair Value Through Profit and Loss (FVPL).
- Fair Value Through Other Comprehensive Income (FVOCI).

The Council has no investments measured at FVOCI.

Financial Instruments Measured at Amortised Cost

Financial instruments measure 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 CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the balance sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, if the Council has made loans at less than market rates (soft loans), then a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the financing and investment income and expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the balance sheet.

Statutory provisions require that the impact of soft loans on the general fund balance is the interest receivable for the financial year, however, the loss attributable to a loan of less than £20,000 is not material and at the current date the Council has no material loans.

Expected Credit Loss

The Council recognises expected credit losses on all of its financial assets held at amortised costs, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

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

Financial Assets Measured at Fair Value through Profit and Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority 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 except where a statutory override applies in which case, they will be recognised in an unusable financial instruments reserve.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices - the market price.
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date,

Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly,

Level 3 Inputs: Unobservable inputs for the asset.

For instruments where the statutory override applies, changes in fair value are balanced by an entry in the unusable financial instrument reserve and the gain / loss is recognised in the surplus or deficit on revaluation of the assets. The exception is where impairment losses have been incurred, these are debited to the financing and investment income and expenditure line in the CIES, along with any net gain or loss for the asset accumulated in the unusable financial instrument reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the financing and investment income and expenditure line in the CIES. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the financing and investment income and expenditure line in the CIES, along with any accumulated gains or losses previously recognised in the unusable financial instrument reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

(ix) Foreign Currency Translation

The Council makes a number of small purchases in foreign currency. However, the transaction is made at the current prevailing exchange rate, the goods or services are received immediately and, therefore, there are no gains or losses as a result of variances in the exchange rate required to be recorded.

(x) Government Grants and Contributions

Whether paid on account, by instalments or in arrears, Government Grants and third-party contributions and donations, including Community Infrastructure Levy (CIL) contributions, are recognised as due to the Council when there is reasonable assurance that:

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

Amounts recognised as due to the Council are not credited to the CIES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified. If this is not the case, then future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the balance sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or taxation and non-specific grant income (non-ring fenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the general fund balance in the MiRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. When it has been applied, it is posted to the capital adjustment account.

Community Infrastructure Levy

The Council 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 CIES 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 may be used to fund revenue expenditure.

(xi) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g., software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the CIES. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service line(s) in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the CIES.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the general fund balance. The gains and losses are therefore reversed out of the general fund balance in the MiRS and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

(xii) Interests in Companies and Other Entities – Jointly Controlled Operations and Jointly Controlled Assets

The Council has no material interests in other companies or entities that have the nature of subsidiaries, associates or jointly controlled entities and there is therefore no requirement to prepare group accounts.

Jointly controlled operations are classified as activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. They are items of property, plant or equipment that are jointly controlled by the Council and other venturers, with the assets being used to obtain benefits for the venturers. Whilst the Council has entered into joint arrangements on the provision of services with other Councils, none of the assets of those Councils can be said to be under joint control of the Councils.

(xiii) Inventories and Long-term Contracts

Inventories are included in the balance sheet at the lower of cost and net realisable value.

Long term contracts are accounted for on the basis of charging the CIES with the value of works and services received under the contract during the financial year.

(xiv) Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset from the market participants' perspective. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the CIES. 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 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 MiRS and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

(xv) Leases

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

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

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

The Council as Lessee

Finance Leases:

Property, plant and equipment held under finance leases is recognised on the balance sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability; and

- A finance charge (debited to the financing and investment income and expenditure line in the CIES).

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

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the general fund balance, by way of an adjusting transaction with the capital adjustment account in the MiRS for the difference between the two.

Operating Leases:

Rentals paid under operating leases are charged to the CIES as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

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. At the commencement of the lease, the carrying amount of the asset in the balance sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the CIES as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the CIES also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the balance sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property - applied to write down the lease debtor (together with any premiums received); and
- Finance income (credited to the financing and investment income and expenditure line in the CIES).

The gain credited to the CIES on disposal is not permitted by statute to increase the general fund balance and is posted out of the general fund balance to the capital receipts reserve in the movement in reserves statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the general fund balance to the deferred capital receipts reserve in the movement in reserves statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the general fund balance in the MiRS.

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 a creditor to the other operating expenditure line in the CIES. Credits are made on a straight-line basis over the life of the lease.

(xvi) Overheads and Support Services

The costs of overheads and support services are charged to services in accordance with the authority's arrangements for accountability and financial performance.

(xvii) Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

The Council would not capitalise borrowing costs if required to be incurred for assets under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income line of the CIES, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the CIES, they are reversed out of the general fund balance to the capital adjustment account in the MiRS.

Assets are then carried in the balance sheet using the following measurement bases:

- Infrastructure, Community Assets and Assets Under Construction: depreciated historical cost.

- Surplus Assets: fair value, estimated at highest and best use from a market participant's perspective.

- All Other Assets: current value, determined as the amount that would be paid for the asset in its existing use.

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

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.
Assets included in the balance sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service.

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 gains).

- where the balance on the revaluation reserve is less than the decrease in value the carrying amount of the asset is written down firstly against the balance on the revaluation reserve and the remaining balance against the relevant service line(s) in the CIES.

- where there is no balance in the revaluation reserve the carrying amount of the asset is written down straight to the relevant service line(s) in the CIES.

When assets are formally revalued, the accumulated depreciation and impairment balances are written down. The revaluation reserve contains revaluation gains recognised since 1 April 2007 only, 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).

- Where the balance on the revaluation reserve is less than the impairment the carrying amount of the asset is written down firstly against the balance on the revaluation reserve and the remaining balance against the relevant service line(s) in the CIES.

- Where there is no balance in the revaluation reserve the carrying amount of the asset is written down straight to the relevant service line(s) in the CIES.

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

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain community assets) and assets that are not yet available for use (i.e., assets under construction).
Depreciation is calculated on the following bases:

- Buildings and Infrastructure Assets: straight line allocation over the useful life of the property as estimated by the valuer.

- Vehicles, Plant, Furniture and Equipment: on a straight-line basis, generally over the useful life of the asset.

More detail on depreciation rates for asset categories is included in note 6 to the accounts. Where an item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

Disposals and Non-current Assets held For Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previous loss recognised in the surplus or deficit on provision of services. Depreciation is not charged on assets held for sale.

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

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the balance sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the CIES also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the capital adjustment account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts are appropriated to the reserve from the general fund balance in the MiRS.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the general fund balance in the MiRS.

(xviii) 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 CIES when the authority has an obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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 from another party (e.g., from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities:

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

Contingent Assets:

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

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

(xix) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the general fund balance in 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 CIES. The reserve is then appropriated back into the general fund balance in the MiRS so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council - these reserves are explained in the relevant note.

(xx) Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources, a transfer in the MiRS from the general fund balance to the capital adjustment account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

(xxi) Value Added Tax (VAT)

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

(xxii) Fair Value Measurement

The Council measures some of its assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or

b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council uses external valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities 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.

(xxiii) 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 (fixed or determinable payments), the asset is written down and a charge made to the collection fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

Glossary of Terms

Accounts – A generic term for statements setting out details of income and expenditure or assets and liabilities or both in a structured manner. Accounts may be categorised by the type of transactions they record e.g. revenue accounts, capital accounts or by the purpose they serve e.g. management accounts, final accounts, balance sheets.

Accounting policies – those principles, bases, conventions rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

a) recognising
b) selecting measurement bases for, and
c) presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in the financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the revenue account or balance sheet it is to be presented.

Accounting Standards - A set of rules explaining how accounts are to be kept. By law, local Councils must follow ‘proper accounting practices’, which are set out in an Act of Parliament and in professional codes and statements of recommended practices. These standards make comparability, among other things, possible.

Accrual – a fundamental accounting principle is that income and expenditure should be accounted for in the period to which it relates, irrespective of the date of settlement. An accrual is a sum included in the accounts to cover income or expenditure attributable to goods or services received within the accounting period but for which payment has not been received or made.

Actuarial Gains and Losses – changes in the net pension liability that arise because events have not coincided with assumptions. Not charged to revenue.

Agency – the provision of services by one organisation on behalf of another organisation. The organisation directly providing the services is reimbursed by the responsible organisation.

Amortisation – the planned writing-down of the value of an asset (tangible or intangible) over its limited useful life.

Asset – the creation or purchase of an item / building that has a monetary value. Those assets of the Council which are readily marketable are valued at market value. Those which have a specialised use, such as leisure centres, are valued at depreciated replacement cost, which assesses the cost of providing a similar facility as a replacement but also allows a discount for the age of the asset. Plant, equipment and community assets are valued at historic cost.

Asset Register – a register listing the book values of all the Council’s non-current fixed assets, both tangible and intangible.

Balance Sheet – the Balance Sheet is a statement of the assets and liabilities at the end of the accounting period. It is a “snapshot” of the accounts at a single point in time.

Capital Adjustment Account - accumulates (on the debit side) the write-down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (Revenue Expenditure Funded from Capital Under Statute). The balance on the account thus represents timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital Expenditure – expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Capital Financing – assembling the money to pay for capital expenditure. This will include capital receipts, government grants and contributions from developers, also available are revenue monies and borrowing. The Council does not currently borrow to finance capital expenditure.

Capital Receipts – proceeds from the sale of an asset, e.g., land, buildings, equipment, or vehicles.

Central Administration Charges – central administration charges are an allocation of the net cost of the administrative and professional departments that support all of an authority's services, e.g., finance, or personnel.

Central Support Services – the costs of providing those central functions which are concerned with the whole range of services and undertakings of the Council and are not in the main identifiable with any particular service, e.g., the cost of office accommodation.

CIPFA – CIPFA is the Chartered Institute of Public Finance and Accountancy, which is the leading professional accountancy body for public services.

Code of Practice – the CIPFA Code of Practice for Local Authority accounting developed as part of the accounting standards to be followed in compiling this Statement of Accounts.

Collection Fund – a fund maintained by collecting authorities into which is paid Council taxes, NDR, and Community Charges. The fund then meets the requirements of the county, district and parish Councils and the Police and Crime Commissioner for the Thames Valley for Council Tax, and the County and Central Government for NDR.

Community Assets – assets that the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

Consistency – the principle 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, and to provide for inflation where this is not included in individual budgets.

Contingent Asset – a potential asset arising 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 possible to measure the amount of obligation with sufficient reliability.

Council Tax – a charge levied by all Councils on domestic property values to contribute to the cost of providing local services. Council Tax for the County Council, the Local Police & Crime Commissioner and Local Parishes is collected by this Council and paid over to them throughout the year.

Council Tax Benefit - is the assistance provided by billing authorities to adults on low incomes to help them pay their Council Tax bill.

Council Tax Requirement - the estimated revenue expenditure on General Fund services that needed to be financed from the Council Tax after deducting income from fees and charges, certain specific grants and any funding from reserves.

Creditor – the amount owed by the Council for work done, goods received, or services rendered to the Council within the accounting period but for which payment has not been made at the date of the balance sheet.

Current Asset – an asset where the value changes on a frequent basis e.g., stores, cash, debtors (as distinct from a fixed asset such as land and buildings).

Current Liability – an amount which will become payable or for which payment could be requested within the next accounting period, e.g., creditors, bank overdrafts, short term loans.

Current Service Costs (Pensions) – the increase in pension liabilities as a result of years of service earned this year. Allocated to the revenue accounts of services for which the employees worked.

Debtor – an amount due to the Council within the accounting period but not received at the date of the balance sheet.

Deferred Capital Receipts - capital income still to be received after disposals have taken place.

Defined Benefit Pension Scheme – a pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme.

Defined Contribution Pension Scheme – a pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation – the measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, passage of time or obsolescence through either change in technology, legislation or demand for goods and service produced by the asset.

Direct Revenue Financing – the financing of capital expenditure from the current year's revenue account.

Earmarked Reserves - The Council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

Events after the Balance Sheet Date – events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date (normally 31 March) and the date when the Statement of Accounts is authorised for issue, also referred to as **Post Balance Sheet Events (PBSE).** These may be classed as 'adjusting' or 'non-adjusting'.

Exceptional Items – material items which derive from events of transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give a true and fair presentation of the accounts.

External Audit - The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Council has made proper arrangements to secure value for money in its use of resources.

Extraordinary Items – material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

Fair Value – the fair value of an asset is the price at which it could be exchanged in an arms-length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

Finance Lease – this is a lease, usually of land or buildings, which is treated as capital borrowing and for which transfers substantially all the risks and rewards of ownership of the asset to the lessee; or where the residual interest in the asset transfers to the lessee on completion of the lease term.

Financial Instrument – a financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

Financial Regulations - These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

Financial Reporting Standard (FRS) – accounting practice recommended by the Accounting Standards Board (ASB) for adoption in the preparation of accounts by applicable bodies.

Fixed Asset – fixed assets are assets of the Council that continue to have value and benefit for a period longer than one financial year.

Gains / Losses on Settlements and Curtailments – the results of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees. Debited to the net costs of services as part of non-distributed costs.

General Fund – the main revenue account of an authority, which summarises the cost of all services provided by the Council which are paid for from amounts collected from Council taxpayers, Government Grants and other income.

Going Concern – the concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

Heritage Asset - A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Housing Benefit - This is an allowance to persons on low income (or none) to meet, in whole or in part, their rent. Benefit is allowed or paid by Local Authorities but Central Government refunds part of the cost of the benefits and of the running costs of the services to Local Authorities. Benefits paid to the Authority’s own tenants are known as rent rebate and that paid to private tenants as rent allowance.

IAS 19 – International Accounting Standard 19 requires the Council to account for assets and liabilities which are in, held by the pension fund administered by Oxfordshire County Council but relating to this authority, in the accounts of this authority.

IAS 40 - International Accounting Standard 40 relates to the accounting for investment properties.

iBoxx – iBoxx indices cover the cash bond market. Underlying bond prices and indices are available in real time.

Impairment – an unexpected or sudden decline in the value of a fixed asset, such as property or vehicle, below its carrying amount on the balance sheet.

Infrastructure Assets - Fixed Assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

Intangible Fixed Assets – some capital expenditure does not give rise to a physical asset, but the benefits last a number of years. These can be carried in the balance sheet as assets and written off over their useful life, an example is computer software.

International Accounting Standards (IAS) and **International Financial Reporting Standards (IFRS)** – defined Accounting Standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity’s financial position, and a standardised method of comparison with financial statements of the other entities.

Liabilities – these are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Liquid Resources – current asset investments that are readily disposable without disrupting the authority’s business and are readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.

Non-Domestic Rates (NDR) (also known as business rates) – NDR is a tax charged on commercial properties. It is calculated by multiplying a property's 'rateable value' by a nationally set amount (known as the ‘NDR multiplier’). The Council acts as a collecting agency for NDR and the proceeds are then redistributed to Central Government, the County Council and the balance, retained by the Council.

Net Book Value (NBV) – the amount at which fixed assets are included in the balance sheet, i.e.: their historical cost or current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost – the cost of replacing or recreating the particular asset in its existing condition and in its existing use.

Net Debt – the authority’s borrowings less cash and liquid resources. Where the cash and liquid resources exceed borrowings, reference should be to net funds rather than net debt.

Net Realisable Value – the open market value of an asset in its existing use, less the expenses to be incurred in realising the asset.

Non-operational Assets – fixed assets held by the authority but not used or consumed in the delivery of services or for the service or strategic objectives of the authority. Examples of non-operational assets include investment properties and assets that are surplus to requirements, pending their sale.

Operating Lease – this is a lease where ownership of the fixed asset remains with the lessor and the lease costs are revenue expenditure to the Council – generally any lease other than a finance lease.

Operational Assets – fixed assets held and occupied, used, or consumed by the authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objectives of the authority.

Past Service Cost – the increase in pension liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, debited to the net cost of services as part of non-distributed costs interest cost, and the expected increase in the present value of liabilities during the year as they move one year closer to being paid, debited to net operating expenditure.

Post Balance Sheet Events (PBSE) – see events after the balance sheet date.

Precept – the levy made by precepting authorities on billing authorities, requiring the latter to collect income from Council taxpayers on their behalf. Precepts are paid from the Collection Fund.

Prior Period Adjustment – those material adjustments applicable to prior years arising from changes in accounting policies or form the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Provisions - amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount and / or the timing of such costs is uncertain.

Related Parties – This is defined under Financial Reporting Standard 8. The Council is required to disclose material transactions with related parties, which can include Central Government, Subsidiary and Associated Companies, the Pension Fund, other Councils, and Chief and Senior

Officers. IAS24 requires attention to be drawn to the possibility that the reported financial position may have been affected by the existence of related parties and by material transactions with them.

Two or more parties are related parties when at any time during the financial period:
(a) one party has direct or indirect control of the other: or
(b) the parties are subject to common control from the same source; or
(c) one party has influence over the financial and operational policies of the other party to the extent that the other party might be inhibited from pursuing at all times its own separate interests: or
d) 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.

Remuneration – all sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the monetary value of any other benefits received other than cash. Pension contributions payable by the employer are excluded.

Reporting Standards - the Code prescribes the accounting treatment and disclosures for all normal transactions of a Local Authority. It is based on International Financial Reporting Standards (IFRS), International Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

Revenue Expenditure - expenditure incurred on the day-to-day running of the Council. This mainly includes employee costs, general running expenses and capital financing costs.

Revenue Expenditure Funded from Capital Under Statute (REFCUS) – (formerly known as a deferred charge) arises where:

- Expenditure is charged to capital but there is no tangible asset e.g., improvement grants, compensatory payments. When the expenditure is incurred, it is charged to the income and expenditure account with a compensating entry in the statement of movement on the general fund balance to ensure that there is no impact on the Council Tax; and

- Assets are transferred to another organisation and the associated transferred debt is being repaid over time. These charges are written down by the loan repayments so that the total equates to the relevant loan debt outstanding.

Since there are no long-term economic benefits in the control of the Council, these are written off to revenue (CIES) in the year incurred and no longer feature as assets in the balance sheet.

Revenue Support Grant (RSG) – this main non-specific grant paid by central government to local authorities to help fund the services that they provide. The allocation to each authority is determined by a complex formula. This comprises the Council's general government grant income.

Service Reporting Code of Practice (SeRCOP) - prepared and published by CIPFA, the Service Reporting Code of Practice (SeRCOP) replaced the previous Best Value Accounting Code of Practice (BVACOP). It is reviewed annually to ensure that it develops in line with the needs of modern local government, transparency, best value and public services reform. SeRCOP establishes proper practices with regard to consistent financial reporting for services and in England and Wales, it is given legislative backing by regulations which identify the accounting practices it propounds as proper practices under the Local Government Act 2003.

Trading Account – a method of matching income and expenditure for a particular activity or group of activities, an example of this is building control.

Transferred Debt – this is the term given to housing assets transferred to another Council, for which the Council receives repayment in the form of a loan.

Useful Life – the period over which the authority will derive benefits from the use of a fixed asset.

Annual Governance Statement

The annual governance statement forms part of the audited accounts and can be found on the South Oxfordshire Council website by accessing the link below:

https://www.southoxon.gov.uk/south-oxfordshire-district-council/about-the-council/council-finances/our-finances/

Annual Governance Statement 2022/23

Scope of responsibility

1. South Oxfordshire District Council ensures that its business is conducted legally and to proper standards, and that public money is safeguarded, accounted for, and used economically, efficiently and effectively. Under the Local Government Act 1999 the council makes arrangements for continuous improvement, with a view to economy, efficiency and effectiveness. The council must make arrangements for the governance of its affairs, facilitating effective exercise of functions, including the management of risk.

2. South Oxfordshire District Council's corporate governance arrangements are included as part of the council Constitution, approved by full Council Committee. The council has adopted a local code of governance which is consistent with the Chartered Institute of Public Finance and Accountancy's publication "*Delivering Good Governance in Local Government*."

3. This Annual Governance Statement explains how the council has complied with its code of governance, and how it met the requirements of regulation six of the Accounts and Audit Regulations 2015 in relation to an annual review of the effectiveness of the council's systems of internal control, and the preparation and approval of this statement.

4. Our website at www.southoxon.gov.uk has a copy of the local code of corporate governance within its Constitution or it can be obtained from:

   Democratic Services
   South Oxfordshire District Council
   Abbey House
   Abbey Close
   Abingdon
   OX14 3JE

   Tel. 01235 422520
   Email: democratic.services@southandvale.gov.uk

The purpose of the governance framework

5. The governance framework comprises the systems, processes, culture and values which direct and control the council, and activities through which it accounts to, engages with, and leads the community. The framework enables the council to monitor achievement of its strategic objectives and consider whether appropriate and cost-effective services have been delivered by those objectives.

6. The system of internal control is designed to manage risk to a reasonable level. It is not possible to eliminate all risk of failure to achieve the council's objectives and therefore the framework can only provide reasonable and not absolute assurance of effectiveness. An ongoing internal control process is employed, which is designed to identify and prioritise risks to the achievement of the council's objectives, to evaluate the likelihood of those risks, and mitigate their impact.

The governance framework

7. Full Council is responsible for directing and controlling the organisation through the governance framework, doing the right things, in the right way, for the right people, and in a timely manner. Full Council's responsibilities include agreeing the Constitution and key governance documents and agreeing the policy framework and the budget.

8. The council has executive arrangements in place consisting of a cabinet, a scrutiny committee and a joint scrutiny committee with Vale of White Horse District Council. Where this document refers to joint proceedings, this will be with Vale of White Horse District Council unless stated otherwise. Cabinet is responsible for proposing the budget and policy framework and implementing them once approved by Council. The scrutiny function allows a committee to question and challenge the policy and performance of Cabinet and promote public debate.

9. The Chief Executive advises councillors on policy and procedures to drive the aims and objectives of the council. As head of paid service, the Chief Executive oversees the employment and conditions of staff. The Chief Executive leads a senior management team, shared with Vale of White Horse District Council. The Chief Finance Officer, the Monitoring Officer, Deputy Chief Executives and Heads of Service are responsible for advising Cabinet and scrutiny committees on legislative, financial and other policy considerations to achieve the council's objectives. These officers are responsible for implementing councillors' decisions.

10. The governance framework for 2022/23 was based on the council's code of governance. This aims to meet the principles of good governance in all aspects of its work, with careful attention to the following main principles:
    - Focusing on the council's purpose and on outcomes for the community and creating and implementing a vision for the local area
    - Councillors and officers working together to achieve a common purpose with clearly defined functions and roles
    - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

- Taking informed and transparent decisions, which are subject to effective scrutiny
- Managing risks
- Developing the capacity and capability of councillors and officers to be effective
- Engaging with local people and other stakeholders to ensure robust public accountability

Review of effectiveness of the governance framework

12. The council has responsibility for reviewing, at least annually, the effectiveness of its governance framework, including the system of internal control. This review is informed by the work of managers who have responsibility for the upkeep of the governance environment, the internal audit manager’s annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

13. The following section sets out tables showing:
    - the governance issues affecting the council;
    - how the council has tackled these issues in 2022/23 and the controls it has in place to ensure good governance; and
    - any actions identified to improve the council’s governance.

The strategic planning framework

Ref.	Governance issue	Controls in 2022/23	Actions
1	How does the council ensure it undertakes its responsibilities correctly?	The Council follows CIPFA guidance on good governance. Openness, accountability and stakeholder consultation are key to this and incorporated in the corporate plan and embedded into working practices. To undertake responsibilities correctly, the Council consults stakeholders as well as adhering to the law and regulatory responsibilities. The Strategic Planning Framework incorporates residents' and service-providers' views, as well as national and local priorities. The council periodically conducts a residents' survey to ensure the council's objectives reflect residents' priorities. Recent surveys, consultations and engagement reports are published on our website. Public consultations link	To review the council's Engagement Strategy
2	Where are the council's corporate priorities?	During 2020, the public were consulted on the new Corporate Plan 2020-24, which has six key themes. Results were published in October 2020 and the Corporate Plan was adopted at a Full Council meeting in October 2020. The corporate delivery plan progress is monitored and reported on a quarterly basis. The themes in the plan are: 1. Protect and Restore our Natural World 2. Openness and accountability 3. Action on the climate emergency 4. Improved economic and community well-being 5. Homes and infrastructure that meet local needs 6. Investment that rebuilds our financial viability The council's Corporate Plan and Performance Reports can be downloaded from the following location: Corporate plan link	To continue to monitor progress of the Corporate Plan 2020-24 and make any necessary improvements as a result of the monitoring process.

Ref.	Governance issue	Controls in 2022/23	Actions
3	How does the council address issues beyond its legal control and geographic limits?	The council continues to work with partners to address local and wider issues. This is done through either formal partnerships or more informal liaison with other service providers. Examples of the formal partnerships include: • The Future Oxfordshire Partnership and its advisory groups • Enterprise Zones • South and Vale Community Safety Partnership • Oxfordshire Joint Health Overview and Scrutiny Committee	Continue partnership work and consider new partnership arrangements that benefit local people and help the council to address and input into issues that affect it and are outside of geographical and legal control.
4	What other key strategic planning strategies does the council have?	The council has a newly adopted local plan, the South Oxfordshire Local Plan 2035. Working under a Direction from the Secretary of State, the council progressed the plan through examination and to adoption in December 2020. The local plan sets out the planning framework under Town and Country Planning legislation. The adoption statements and evidence base is found here In March 2021 Full Council decided to prepare the next Local Plan as a joint plan with the Vale of White Horse District Council. During 2021/22, the Joint Local Plan Governance arrangements were established, which were first approved in August 2020. The current version can be located here: Joint Local Plan governance arrangements During 2024 the council will be working with the Vale of White Horse District Council on developing the 2041 Joint Local Plan.	To work with the Vale of White Horse District Council to develop the 2041 Joint Local Plan

The performance management framework

Ref.	Governance issue	Controls in 2022/23	Actions
5	How does the council set performance targets to achieve its strategic objectives?	In the Corporate Plan 2020/24, the council has set performance targets to achieve its strategic objectives and corporate priorities. A corporate delivery plan ensures that the council meets targets and achieves objectives. This is monitored by Scrutiny Committee and Cabinet and a	To monitor the progress of Corporate Plan

Ref.	Governance issue	Controls in 2022/23	Actions
		report is published on a quarterly basis as part of a performance framework. The council shares its Senior Management Team and staff with Vale of White Horse District Council. Joint working has many benefits for both councils where there are many shared visions, priorities and projects. Service areas have service plans to implement objectives and meet targets. Staff have individual workplans and targets, ensuring they work towards achieving a *golden thread* that aligns the council's top-level objectives to the work of each council officer. Managers are responsible to ensure these have been met.	delivery in the year 2023/24 Continued flexibility of staffing and assessment of resource distribution when needed. Continue to align service area and staff priorities with corporate priorities
6	How does the council monitor performance against key targets?	The Senior Management Team receive regular board reports, which monitor performance of key measures. Analysis of the board report demonstrates that the council is meeting most of the key performance measures. In addition, the analysis shows a long-term, on-going trend of improvement. Staff performance objectives and reviews link with the corporate objectives.	To ensure the presentation of the board report is kept under review to measure performance against the strategic objectives. To continue performance monitoring of the Corporate Plan.
7	Does the council monitor its performance against others?	Senior Management receive regular reports which monitor performance of key measures. The council works collaboratively with county council and local district councils to share ideas and new initiatives. The council monitors its performance nationally, for example, recycling rates, employment figures etc.	To continue to review the council's performance and benchmarking work. Continue to look out for new opportunities and initiatives

Ref.	Governance issue	Controls in 2022/23	Actions
		For example, for recycling rates – South was the second highest local authority in 2022/23 with 64% of its waste being recycled.	
8	How does the council monitor its contractors' performance?	The council operates a formal framework for monitoring contractors' performance and has officers monitoring performance on a regular basis. For the major contracts, monitoring reports are submitted to the Joint Scrutiny Committee and a report is made to the relevant Cabinet member. Officers work closely with contractors to ensure timely data reporting. Data on key performance indicators (KPIs) is collected and presented by officers and undergoes scrutiny review. For corporate contracts with Capita, the council has membership to a Joint Committee to monitor the contracts under the Five Councils Partnership. The same standards of the council are expected of contractors and this is challenged through regular review, as well as highlighting achievement and improvement.	To continue to scrutinise contractors' performance

The legal framework

Ref.	Governance issue	Controls in 2022/23	Actions
9	How does the council ensure it is acting lawfully?	The council employs a Monitoring Officer, who is responsible for ensuring the council acts lawfully. The Monitoring Officer will report directly to full Council or to Cabinet where it is considered that any proposal, decision or omission would give rise to unlawfulness, or to the Joint Audit and Governance Committee, if any decision or omission has given rise to maladministration.	
10	How does the council ensure lawful decision-making? Does it have proper procedures in place?	The council's Constitution sets out how it is managed and guides decision-making towards objectives and includes a set of procedure rules that govern how the council conducts its business. The Constitution also includes protocols covering the disclosure of interests in contracts and the relationship between officers and councillors. The Monitoring Officer is responsible for ensuring the lawfulness of decision-making and maintaining the Constitution. The Constitution sets	Continued review of the constitution Continued monitoring of legislative changes and updating any relevant process

Ref.	Governance issue	Controls in 2022/23	Actions
		out the terms of reference to each committee and the level of delegated authority to officers.	and documents for the council.
11	Does the council have a leader and a cabinet?	The Council appoints a leader, having adopted the 'strong leader' model under the Part 3 of the Local Government and Public Involvement in Health Act 2007. The leader has delegated authority to Cabinet members to make decisions within a given remit. Individual Cabinet member decisions are recorded and published. Any key decisions taken by Cabinet, an individual Cabinet member or an officer are subject to the council's scrutiny call-in procedure, which is set out in the council's Constitution.	Training that covers ICMD and call-in procedures in 2023/24.
12	Do officer reports to council meetings contain legal advice?	All officer reports to the Council, Cabinet or committee meetings contain a section on the legal implications of taking a decision. All draft reports are subject to consultation with Senior Management Team, legal and finance officers before publication.	Officer training in 2023/24 to strengthen report writing, with advice, including request to submit legal advice requests in good time to enable thorough review by Legal.
13	How does the council ensure councillors uphold strong ethical standards?	The council's Constitution incorporates the Councillors' Code of Conduct, which requires high standards of conduct. The Monitoring Officer provides training to councillors on compliance with the Councillors' Code of Conduct. Code of conduct complaints are recorded and managed accordingly, and a yearly report is provided to Joint Audit and Governance Committee on complaints and their outcomes. Details of the Councillors' Code of Conduct and associated documents can be found here	Councillor Code of Conduct to be implemented and training will be provided to councillors by the Monitoring Officer.
14	Does the council's legal team meet the	Lexcel is the Law Society's accreditation quality mark. This has been awarded to the council's legal team, which undergoes a rigorous independent assessment each year to ensure that it meets the required	To continue to ensure the council meets the Law

Ref.	Governance issue	Controls in 2022/23	Actions
	high-quality standards?	standards of excellence in areas such as customer care, case management and risk management.	Society's Lexcel accreditation quality mark.

The financial framework

Ref.	Governance issue	Controls in 2022/23	Actions
15	How does the council ensure correct financial procedures?	The council appoints a Section 151 Officer, who is responsible for the overall management of its financial affairs. The Section 151 Officer determines all financial systems, procedures and supporting records of the council, after consultation with Acting Deputy Chief Executives and Heads of Service. Any new or amended financial systems, procedures or practices are agreed with the Section 151 Officer before implementation. Click the following link to access published finances Our Finances	Ongoing development of the financial systems to support more efficient working practices and to aid financial management
16	How do councillors and officers work together to ensure financial accountability?	Cabinet and the Senior Management Team exercise collective responsibility for financial matters. All members of the Senior Management Team accept individual and collective responsibility for the use of resources and financial accountability. Senior Management Team supports Cabinet in the budget-setting process before Cabinet recommends the budget to full Council. Portfolio holders have meetings with service managers on developments in their area. Officers provide briefings and information to assist Portfolio holders in their role. All councillor briefings are held to keep members up to date on developments.	Further budget challenge activity in setting the 2023/24 budget

Ref.	Governance issue	Controls in 2022/23	Actions
17	Who approves the budget?	Full Council is responsible for setting the budget and the council tax. The budget setting includes the revenue budget for the forthcoming year, and the capital programme for the forthcoming five-year period. The Council also approves a medium-term financial plan for the next five years and a capital strategy for the forthcoming ten-year period. This ensures better long-term financial planning. The Section 151 Officer reports to Council on the robustness of the budget of the financial estimates and the adequacy of reserves.	
18	Does the council share resources to save costs?	To save costs, the council shares its staff and office resources with Vale of White Horse District Council. The council has several joint contracts to achieve efficiency savings.	To continue to find ways of sharing costs in 2023/24 Ongoing efficiencies from office reorganisation and hybrid working.
19	How does the council manage its financial investments?	Full Council is responsible for approving the Treasury Management Strategy. This governs the operation of the council's treasury function and is reviewed at least annually or when otherwise necessary. This strategy includes parameters for lending and borrowing and identifies the risks of treasury activity. The Joint Audit and Governance Committee and Cabinet review the draft strategy proposals before they are recommended to Council. The Joint Audit and Governance Committee and Cabinet review the operation of the current strategy with mid-year and end of year monitoring reports, which are also recommended to Council.	
20	Once the budget is set, how is it implemented?	Cabinet has overall responsibility for the implementation of the council's financial strategies and spending plans. It is authorised to make financial decisions, subject to these being consistent with the budget and policy framework and the Constitution. Cabinet receives periodic budget monitoring reports. Heads of service are required to provide reasons for budget variances; these recorded in the budget monitoring report.	To present regular budget monitoring reports to Scrutiny Committee and Cabinet.

Ref.	Governance issue	Controls in 2022/23	Actions
		In year budget virements can be considered as set out in the Constitution. This ensures that the council is able to realign resources to ensure that over- or underspends do not impact on its ability to deliver services. In exceptional circumstances, as experienced during 2020/21 with the Coronavirus pandemic, the budget may need to be increased in year. This increase must be agreed by full Council.	
21	How are finances managed at service level?	Deputy Chief Executives and Heads of Service are responsible for ensuring the proper maintenance of financial procedures and records, and the security of assets, property, records, and data within their service area, and for ensuring that the services that they are responsible for are delivered within budget.	
22	Is the management of budgets subject to audit?	Internal Audit conducts a periodic review of the council's budgetary control and considers budget implications in any review undertaken.	To ensure that budget management is included in all reviews where possible.
23	Do officer reports to council meetings contain financial advice?	All officer reports to the Council, Cabinet or committee meetings contain a section on the financial implications of taking a decision. All draft reports are subject to consultation with Senior Management Team, legal and finance officers before publication.	
24	How are the council's accounts approved?	The council prepares a set of financial statements each year, which are submitted to the Joint Audit and Governance Committee for approval.	To complete the 2023/24 statement of accounts during 2024/25
25	Are the accounts audited?	The council's financial statements are audited by its external auditor, Ernst and Young (EY). Each year's accounts and EY's annual Audit Letter are available to the public and are published on the council's website. The audited accounts and the external auditor's report are considered by the Joint Audit and Governance Committee. The audited 2021/22 statement of accounts are available on our website	

Ref.	Governance issue	Controls in 2022/23	Actions
26	How does the council ensure it follows the correct accountancy practices?	Officers keep up to date with the latest accounting developments, which enable them to be prepared for the changes in accounting practice that affect the preparation and presentation of the financial statements. The council subscribes to the Chartered Institute of Finance and Accountancy's (CIPFA) Finance Advisory Network and officers regularly attend these network events, enabling them to prepare for changes to accounting requirements.	

The risk management framework

Ref.	Governance issue	Controls in 2022/23	Actions
27	How does the council assess risks to ensure services are not disrupted?	Risk management is important to the successful delivery of the council's objectives. It identifies and assesses risks, decides on appropriate responses, and provides assurance that the chosen responses are effective. The overall responsibility for effective risk management in the council lies with the Chief Executive, supported by the Senior Management Team. The council uses a standard risk management methodology which encompasses the identification, analysis, prioritisation, management and monitoring of risks in a corporate risk register. Councillors are made aware of how these risks are being managed through reports to the Joint Audit and Governance Committee. The council employs a risk and insurance officer to implement the risk management strategy.	To conduct a review of the risk management strategy and supporting framework beyond 2023/24
28	How does management monitor risks?	Risk champions have been identified for each service area, and operational risk registers are in place for these and all heads of service are responsible for ensuring that risks are identified and prioritised and entered onto the risk register. A monthly meeting reviews the operational risk registers and 'horizon scans' future risks. The risk reporting framework in place is as follows:	Line managers to ensure risk is considered as part of all officer activities

Ref.	Governance issue	Controls in 2022/23	Actions
		• Monthly reporting from project groups, service areas, third party contractors and corporate risks to the Risk Forum. • Quarterly reporting to the programmes and assurance team. • Quarterly reporting as and when required to Cabinet, Strategic Management Team, and the Operational Management Group. • Half yearly reporting to the Joint Audit and Governance Committee. All line managers are responsible for implementing strategies at team level through adequate communication, training and the assessment and monitoring of risks. All officers must consider risk as part of everyday activities and provide input to the risk management process.	
29	Does the council have any business continuity arrangements?	The council has business continuity management arrangements in place to ensure continuation of priority services in the event of an unforeseen disruption, as was employed for example during the recent Covid-19 pandemic. Formal council meetings are continuing in a hybrid format to increase accessibility, which has increased since the pandemic due to remote viewing. Considering the temporary legislation to hold virtual council meetings was removed, formal decision making occurs in person with a live stream onto Youtube.	To ensure business continuity arrangements continue to be regularly reviewed. Review of the Business continuity strategy.
30	Do officer reports to council meetings advise on risk?	Risk management has been incorporated into officer reports to Council, Cabinet and committee meetings, where officers are required to detail the risks and implications that the council faces in making its decision.	

The management development framework

Ref.	Governance issue	Controls in 2022/23	Actions
31	How does the council help new councillors in their roles?	Councillors are offered a comprehensive induction programme after their election. This includes a welcome event, a councillor's guide, a briefing on essential issues affecting the council, and targeted training sessions on planning and licensing law, and effective scrutiny. There will be a further assessment of ongoing training needs. Members of the Joint Audit and Governance Committee will also have a training programme. Councillors are allocated a buddy – an experienced officer who can answer questions or signpost new members to the right place.	To continue to implement the councillors' induction programme and to induct any councillors elected at a by-election. Review and planning of induction programme and updates to the councillor induction handbook and accessibility of information given priority.
32	Does the council have an audit committee?	The council has a Joint Audit and Governance Committee (JAGC) with Vale of White Horse District Council. The purpose of the joint committee is to ensure a consistent approach, avoid duplication of resources and improve joint working between both councils. The Joint Audit and Governance Committee undertakes the core functions of an audit committee, as set out in CIPFA's Audit Committees – Practical Guidance for Local Authorities and Police (2022). The committee has a work programme to keep track of workstreams for the year ahead. Each council continues to have an individual audit and governance sub-committee to agree procedures for handling individual code of conduct complaints against district, town and parish councillors.	To continue to ensure that the Joint Audit and Governance Committee membership is trained appropriately. Review of JAGC operation as per CIPFA guidance update.
33	Does the council have a scrutiny function?	The council has a Joint Scrutiny Committee with Vale of White Horse District Council to consider matters that affect both councils, and a separate Scrutiny Committee to consider its own matters. The scrutiny committees continue to help develop council policy. They also review	To continue to ensure that the Joint Scrutiny Committee and Scrutiny

Ref.	Governance issue	Controls in 2022/23	Actions
		performance in meeting council objectives, and the council's own Scrutiny Committee holds Cabinet to account for its decisions. The scrutiny committees can set up task and finish groups to continue the work of scrutiny between meetings by investigating issues and suggest improvements. Scrutiny meetings Joint scrutiny meetings	Committee members are trained appropriately.
34	Does the council have a management training programme?	The development opportunities for senior officers includes support towards a nationally recognised qualification. They can also attend other strategic leadership programmes. Attendees evaluate these programmes, provide feedback and line managers review training as part of the development and performance review and the formal one to one process. Where identified executive coaching and mentoring is made available to senior managers.	To continue the management development training programme in 2023/24 to consolidate management development through refresher and follow-up sessions.

Internal Audit

Ref.	Governance issue	Controls in 2022/23	Actions
35	How does the council audit its functions?	Internal Audit is the council's independent assurance function that provides an objective assessment on the effectiveness of the council's services. It assists the council by evaluating the adequacy of governance, risk management, internal controls and use of resources through its planned audit work and recommends improvements where necessary. Significant weaknesses identified in governance, risk management and internal controls will be communicated to the appropriate level of management through an audit report, and advice issued on how	Continuation of the audit programme for 2022/23.

Ref.	Governance issue	Controls in 2022/23	Actions
		particular problems may be resolved and control strengthened to minimise the level of risk to an acceptable level. Senior Management Team has a standing agenda item to deal with any limited assurance reports at the earliest possible opportunity. Internal Audit provides assurance that it has complied with the relevant Internal Audit Standard setters. These include the Chartered Institute of Public Finance and Accountancy's Public Sector Internal Audit Standards, which came into effect on 1 April 2013. From 1 April 2017 these standards encompassed the mandatory elements of the Chartered Institute of Internal Auditors' International Professional Practices Framework.	
36	Does the council pro-actively combat fraud?	The primary responsibility for the prevention and detection of fraud lies with management, who are also responsible for managing the risk of fraud, bribery and corruption. The internal audit team are responsible for remaining alert to the possibility of fraud, including intentional wrongdoing, errors and omissions, poor value for money, failure to comply with management policy and conflicts of interest when performing their individual audits. Auditors are responsible for having sufficient knowledge to identify indicators that fraud or corruption may have been committed. The risk of fraud is formally considered in every audit and where necessary, the effectiveness of controls to prevent/detect fraud are tested. The profile of the anti-fraud, bribery and corruption policy and the joint whistleblowing policy have been raised by increased visibility, resulting from inclusion on the council's website. The council actively participates in the national anti-fraud initiative, publicises successful cases against fraud, and shares intelligence with relevant partner organisations such as the Police, the Department for Work and Pensions, and the National Anti-Fraud Network (NAFN). The council prosecutes those committed of fraud. It undertakes active	Continue to remain alert to the possibility of fraud when performing individual audits.

Ref.	Governance issue	Controls in 2022/23	Actions
		recovery of fraudulent overpayments and ensures policies are applied consistently. The internal control arrangements include the council's Constitution, the provision of an internal audit service, reports to the Joint Audit and Governance Committee when necessary, transparent governance reporting through an assurance framework, and compliance with relevant laws and regulations. The council has an anti-money laundering policy and procedure and has designated the Section 151 Officer to be the council's anti-money laundering reporting officer. Anti-fraud and corruption response plan While the risk of money laundering to the council remains low, the council remains vigilant. The council has in place an anti-fraud, bribery and corruption policy and a whistleblowing policy.	

External sources of assurance

Ref.	Governance issue	Controls in 2022/23	Actions
37	How does the council respond to issues raised by its external auditor?	Issues raised by the council's external auditor, and other external inspectors are used to identify improvement areas in the council's governance arrangements. EY was appointed as the council's external auditor by the Public Sector Audit Appointments to continue to act as external auditors to South Oxfordshire District Council from 2018/19. During 2021/22 the council opted into the Public Sector Audit Appointments framework for the audits from 2023/24 onwards. The council prepares its accounts under International Financial Reporting Standards. Any issues raised by the council's external auditor are reported to the Joint Audit and Governance Committee. The committee ensures the actions are taken by instructing Senior Management Team accordingly.	

Ref.	Governance issue	Controls in 2022/23	Actions
		The Local Government Ombudsman provides a summary information on complaints about the council to enable it to incorporate any feedback into service improvement. These are reported to the Joint Audit and Governance Committee annually. The Senior Management Team has used the ombudsman's feedback to review service provision.	

Current governance issues

Ref.	Governance issue	Controls in 2022/23	Actions
38	How does the council monitor its contract under the Five Councils Partnership?	The council has a contract for some of its corporate services with a contractor, through the Five Councils Partnership with Hart District Council, Havant Borough Council the former Mendip District Council, and Vale of White Horse District Council. The council entered into an inter-authority agreement with the other partner councils to cover the procurement and the governance of the future partnership. In addition, a joint client team and a joint committee oversee the delivery of the contract. The Joint Scrutiny Committee with Vale of White Horse District Council undertakes the scrutiny role. The contract is also monitored by a joint committee of members from all of the participating councils; by officers representing the councils on a Joint Tactical Board, and by chief executives on a Senior Management Board.	To keep the corporate services contract under review in 2023/24, taking any opportunities for commercial or operational improvement.
39	Does the council monitor the effectiveness of individual projects?	Following a series of programme governance reviews in 2018/19, the council reviewed and updated its project management framework.	To continue to monitor the effectiveness of projects in 2023/4.

Conclusion

14. The council proposes over the coming year to take steps to address the actions above. These will further enhance governance arrangements. We, the undersigned, are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signature	Mark Stone, Chief Executive	Date	9 December 2024
Signature	Councillor David Rouane, Leader of the Council	Date	9 December 2024